

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
July 11, 2018**

A meeting of the Board of Regents of the University of Minnesota was held on Wednesday, July 11, 2018, at 12:15 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Dean Johnson, Peggy Lucas, Abdul Omari, Kendall Powell, Darrin Rosha, Randy Simonson, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellor Lori Carrell; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Michael Berthelsen, Kathryn Brown, Bernard Gulachek, Matt Kramer, and Allen Levine; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice President Julie Tonneson.

INTRODUCTIONS

Civil Service Consultative Committee Chair

President Kaler introduced Becky Nelson, incoming Chair of the Civil Service Consultative Committee. Nelson holds a position in Student Support for Online and Hybrid Courses at the University of Minnesota Duluth.

APPROVAL OF MINUTES

The Board voted unanimously to approve the following minutes as presented in the docket materials:

Finance & Operations Committee – June 7, 2018
Audit & Compliance Committee – June 7, 2018
Litigation Review Committee – June 7, 2018
Mission Fulfillment Committee – June 7, 2018
Governance & Policy Committee – June 8, 2018
Board of Regents – June 8, 2018
Board of Regents Special Meeting – June 18, 2018

REPORT OF THE PRESIDENT

President Kaler reported on several items, including the initiative to prevent sexual misconduct; his recent trip to Israel to meet with higher education and political leaders; a grant awarded to UMM from the Andrew W. Mellon Foundation; increasing enrollment of underrepresented students in STEM courses at UMD; Chancellor Carrell's upcoming inauguration; and the University's commitment to the agricultural community.

A copy of the Report of the President is on file in the Board Office.

REPORT OF THE CHAIR

Regent McMillan offered examples from the Board's July agenda to demonstrate how the Board is working to achieve its priorities, including continued progress on the Systemwide Strategic Plan. He also noted that the Presidential Performance Review Committee has been gathering input from University stakeholders, and plans to present a report at the September Board of Regents meeting.

A copy of the Report of the Chair is on file in the Board Office.

CONSENT REPORT

Regent McMillan presented for review and action the Consent Report as described in the docket materials, including:

- Gifts
- Finance & Operations Consent Report
- Mission Fulfillment Consent Report
- Guidelines Related to Ticket Courtesies

A motion was made and seconded.

Regent Rosha offered the following amendment to item D of the Consent Report by deleting the current language and inserting the following:

Guidelines Related to Ticket Policies

The Board of Regents has a long history of ensuring regent participation in and oversight of University of Minnesota cultural and athletic events. Consistent with the Regents' role as ambassadors and agents of the University of Minnesota, and to maximize oversight and representation by regents without regard to their personal financial circumstances, the University is directed to implement the following guidelines related to tickets provided to Regents:

- Upon request, Regents will be provided access to up to four tickets to University of Minnesota cultural or athletic events. Regents may request additional tickets for exceptional circumstances through the Office of the Board of Regents.
- To encourage attendance at the broadest range of University activities and events, each Regent will be provided annually one pass to all University athletics facilities subject to the rules and regulations of the Department of Intercollegiate Athletics for all-access passes.
- Tickets in the Regents and President's box at TCF Bank Stadium shall be made by Regent request to OBR with identification of each Regent's guests.
- Regents are encouraged to host and/or provide tickets to cultural and athletic events to a wide variety of University of Minnesota constituents, including civic leaders, alumni, students, employees, prospective students and employees, and past, current, and future donors.
- Regents are invited to periodically invite family members to attend cultural and athletic events to interact with public constituencies and observe the experience of similar attendees.
- As agents of the University, Regents are expected to use tickets to cultural and athletic events in good faith and with legitimate oversight and hosting purposes and shall seek to maximize the business purpose and value of tickets issued through the regents.
- Non-use of Regent issued tickets is strongly discouraged. However, because unused tickets render no value to a Regent or any other party, unused tickets shall not be

considered value provided to a Regent or third party. OBR shall inform BOR leadership if a pattern of a non-use of tickets requested and received by any individual Regent.

- If a Regent receives access via season tickets to cultural or athletic events and will be absent from Minnesota for a period of two or more weeks during the respective season, the Regent shall return the tickets for that period to OBR for alternative distribution or coordinate with OBR for an appropriate business use of the tickets during the absence.
- Regents may be reimbursed for reasonable expenses related to attendance at cultural or athletic events by filing a proper expense report.
- If a Regent uses a ticket or provides a ticket to a third party inconsistent with the purposes described herein, the Regent shall document and report the use to OBR to permit production of a Form 1099-MISC reporting for the value of such ticket. These guidelines are intended to comply with IRS regulations regarding business use of tickets provided to Regents of a public University. If any changes to relevant tax law occur or if a formal determination by the IRS is rendered in conflict with these provisions, the BOR will as soon as practicable modify these guidelines in compliance thereof.

Rosha emphasized the importance of changing the word from courtesies to policies in the amendment header, and provided some context for the proposed amendment.

The amendment was seconded.

In response to a question from Regent Sviggum, Rosha clarified that the proposed amendment requires Regents to return unused tickets only during an absence of two or more weeks, not for the entire season.

Regents Beeson, Powell, and McMillan expressed concern about approving an amendment without input from the University's tax attorney. Powell noted that passing the amendment without counsel might give the impression that the Board is writing its own policy.

In response to a question from Regent Omari, Executive Director Steeves and McMillan clarified that this meeting of the Board is the last opportunity to make a change to the existing guidelines before the August 31, 2018 reporting deadline previously established by the University.

Regent Hsu asked for information on the University of Michigan's ticket policy. Steeves shared that the University of Michigan is currently reviewing its ticket guidelines, and is the only member of the Big Ten providing a significant number of tickets to trustees that does not file 1099s.

Regent Cohen and Regent Johnson offered support for the originally proposed guidelines in the docket. Regent Johnson cautioned that not filing a 1099 could damage public perception of the Board.

Rosha noted that some Regents see tickets as a gift, whereas others see them as a necessary tool for their work. He emphasized that his proposed amendment prevents Regents from being taxed on tickets for games they did not attend. He asserted that senior leaders at the University are held to similar standards as those outlined in his proposed amendment, and that Board policy should be no different.

McMillan called for a vote, and the Board voted against the Rosha amendment. Rosha called for a division, and McMillan asked for a show of hands. The Board voted 6-6, and the Rosha amendment failed. Regents Beeson, Cohen, Johnson, Lucas, McMillan and Powell voted no.

McMillan called for a return to discussion on the original Consent Report.

In response to a question from Omari, Vice President Berthelsen stated that the U Pass cost will not increase in the next fiscal year. Regent Hsu asked if the University will take a loss if the estimated revenue is not reached for U Pass sales. Berthelsen confirmed that there will be no financial consequence to the University.

The Board voted unanimously to approve the Consent Report as it appears in the docket.

**COLLECTIVE BARGAINING AGREEMENT:
MINNESOTA STATE BUILDING AND CONSTRUCTION TRADES COUNCIL**

Regent McMillan invited Vice President Brown and Patti Dion, Senior Director of Employee Relations, Human Resources, to present for action the proposed Collective Bargaining Agreement for the Minnesota State Building and Construction Trades Council, as detailed in the docket.

Dion described the unique nature of the contract, which is an umbrella agreement covering approximately 300 employees working across 19 trades in University Services on the Twin Cities campus. She noted that the proposal will increase shift differential rates by \$0.50 per hour starting on July 1, 2018, and outlined the financial impact.

Regent Sviggum asked for clarification on whether the prevailing wage is set during union negotiations, or if it is set by the Department of Labor and Industry (DOLI). Dion clarified that the prevailing wage set by DOLI applies to the University, and that the prevailing wage is a result of negotiations with unions assigned by the state Legislature, as required by the Public Employee Labor Relations Act.

A motion was made and seconded, and the Board voted unanimously to approve the Collective Bargaining Agreement for the Minnesota State Building and Construction Trades Council, and approve the resolution, as follows:

WHEREAS, the parties have met and negotiated and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, the Minnesota State Building and Construction Trades Council has ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: Reservation and Delegation of Authority, approval of labor agreements by the Board of Regents is required;

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for July 11, 2018.

**APPOINTMENT OF VICE PRESIDENT FOR CLINICAL AFFAIRS
AND DEAN OF THE MEDICAL SCHOOL**

Regent McMillan invited President Kaler to present for action the proposed appointment of Jakub Tolar as the Vice President for Clinical Affairs and Dean of the Medical School, as detailed in the docket.

Kaler voiced his support of the appointment and for the proposed reorganization of the Academic Health Center (AHC) leadership structure. He noted that the goals of the

reorganization are to strengthen collaboration in the University's research and teaching mission in the health sciences, and to increase operational alignment. He outlined the proposed reporting structure for the new positions, and emphasized that the reorganization will not increase the department headcount of senior administrators.

McMillan applauded the work to streamline the AHC structure and asked about the consultative process. Kaler explained that he consulted with a number of faculty members, some of whom suggested that the Dean of the Medical School should be a separate role from the Vice President for Clinical Affairs. He shared that he had decided against that recommendation.

A motion was made and seconded.

Regent Beeson expressed his support. He voiced concern that the new structure lists a Chief Financial Officer (CFO) for the AHC, in addition to the CFO of the entire University. He encouraged further conversations about bringing the AHC into the University to help with cost savings. Kaler noted that each college has a CFO who has a dotted line report to Senior Vice President Burnett. He also indicated that his team will continue to consolidate roles whenever possible.

Regent Omari referenced the restructuring and asked if aspirational institutions were reviewed for comparison. Kaler noted that a variety of institutions were analyzed, and that the structure differed dramatically from one to the next depending upon whether the institution owns a hospital. He described examples from other universities.

Regent Cohen asked how the four direct reports to the Vice President for Clinical Affairs and Dean of the Medical School were chosen. Kaler responded that the positions were chosen primarily by importance, and described some of the other factors that went into making those decisions.

In response to a question from Regent Hsu, Kaler responded that while the Associate Vice President position is new in the proposed organizational chart, there is no increase in staff because someone is already performing those duties. Regent Hsu expressed appreciation for the administration closely monitoring the head count and shared support for the reorganization.

Regent Simonson voiced support for Tolar's appointment. He asked how the Office of Technology Commercialization (OTC) relates to the proposed restructure. Kaler responded that OTC reports to the Vice President for Research and that he does not believe OTC should be included in the proposed organizational chart.

Regent Johnson shared his praise of Tolar, citing a recent encounter with a community member who characterized Tolar as a valuable asset to the University and one of the best in his field.

The Board voted unanimously to approve the proposed employment agreement for Jakub Tolar as the Vice President for Clinical Affairs and Dean of the Medical School, as follows:

THIS EMPLOYMENT AGREEMENT is entered into as of this 2nd day of July, 2018, by and between Regents of the University of Minnesota, a Minnesota constitutional educational corporation (the "University"), and Dr. Jakub Tolar ("Dr. Tolar" or "you").

WHEREAS, the University wishes to employ Dr. Tolar as the its Vice President for Clinical Affairs (VPCA) and Dean of the Medical School, and Dr. Tolar wishes to accept employment as VPCA and Dean of the Medical School;

WHEREAS, this Employment Agreement is subject to the approval of the Board of Regents of the University of Minnesota;

THEREFORE, the University and Dr. Tolar agree as follows, subject to the approval of the Board of Regents:

I. EMPLOYMENT TERM

Subject to the terms and conditions of this Agreement and University Policies and Procedures, the University appoints Dr. Tolar as its VPCA and Dean of the Medical School, and Dr. Tolar agrees to be so employed by the University for a term commencing on July 12, 2018. The VPCA and Dean of the Medical School position is a 100 percent time, 12-month, L appointment in the professional and academic personnel classification that serves as an at will employee at the pleasure of the President. As such, you will report to and serve at the pleasure of the President, and your appointment may be terminated at any time without advance notification.

II. DUTIES

During the term of your employment as VPCA and Dean of the Medical School you will diligently and conscientiously devote your full-time attention and best efforts in performing and discharging the duties of VPCA and Dean of the Medical School including, but not limited to, the following:

- A. Advance the University's academic, research, and outreach mission in the Medical School, including shared collaboration between the Twin Cities and Duluth Medical School campuses, the Health Sciences colleges and schools, the broader University, and affiliated clinical education settings across the state;
- B. Oversee the responsible planning, stewardship, management and accountability of capital, human, fiscal and other critical resources of the Medical School, providing leadership in securing adequate resources and support for the school through philanthropy and public and private partnerships;
- C. Ensure the Medical School is accountable to the University's Executive Vice President and Provost on issues regarding faculty promotion and tenure in, and academic programming for the Medical School.
- D. Supervise the staff, responsibilities, and operations of the offices of the VPCA and Dean of the Medical School, and of those units that report to you;
- E. Cultivate strong relationships within the broader University community and with key external stakeholders, including state policymakers and CEOs of the state's health care systems, and represent the University and those units that report to you in a positive fashion in private and public forums;
- F. Lead the University's health sciences clinical agenda, including clinical research and clinical training, working closely with the health sciences schools and colleges to advance strategic alignment, coordination and integration;
- G. Oversee the responsible planning, stewardship, management and accountability of fiscal, capital, and human resources of the units that report to you; and
- H. Perform such other duties as related to your employment position and assigned to you by the President.

III. PERFORMANCE

In accordance with University Policy, you will receive regular annual performance evaluations and, in accordance with University Policy, you will receive a broader systemic review of your performance no later than the end of your third year in the position.

IV. COMPENSATION

- A. Subject to the terms of this Agreement for all services provided by you on behalf of the University, the University shall pay you an annual salary of Seven Hundred Fourteen Thousand and No/100 Dollars (\$714,000).
- B. All salary shall be paid in accordance with the University's regular payroll procedures for Professional and Administrative employees and shall be subject to withholding for applicable federal and state income taxes, federal social security taxes, and other applicable taxes and deductions.
- C. In accordance with University Policies and Procedures, you shall be eligible for salary increases on an annual basis based upon the evaluation of the President or his/her designee.
- D. The salary is subject to furloughs, pay freezes, salary reductions or other adjustments to the same extent they are required of other employees of the University.

V. SUPPLEMENTAL RETIREMENT

As part of this appointment, you will participate in the University of Minnesota Faculty Retirement Plan. In addition to the regular retirement contributions made under the Plan, the University will contribute an additional \$50,000 annually toward your retirement so long as you hold the position of VPCA and Dean of the Medical School. Each annual amount will vest on June 30th of each year, beginning in 2019. The University will deposit these funds each year on the vesting date (or such business day immediately following the vesting date) to the University of Minnesota Optional Retirement Plan or, to the extent such contribution exceeds contribution limits for such plan, to the University of Minnesota 415(m) Retirement Plan.

VI. BENEFITS

The University shall provide you with a benefits program as provided generally for its Professional and Administrative employees as described in its Policies and Procedures (<http://www.umn.edu/ohr/benefits/summary/>). These programs shall be subject to amendments and modifications by the University.

VII. SEPARATION

- A. Your appointment as VPCA and Dean of the Medical School is an L appointment, which means you serve at the pleasure of the President. Your appointment may be terminated at any time without any required advance notice.
- B. In the event you are separated from your administrative position, you may be eligible for certain benefits provided by the University, in accordance with University policy. Any exception from or waiver of University policy related to your separation must be approved by the Board of Regents.

VIII. UNIVERSITY POLICIES AND GENERAL CONDITIONS

- A. Your appointment is subject to the University's policies and procedures that govern your position (<http://policy.umn.edu/>), which may be amended from time to time.
- B. Amendment. Any amendment to this Agreement shall be in a writing executed and delivered by the parties.
- C. Parties In Interest/Assignment. This Agreement shall be binding upon and the benefits and obligations provided for herein shall inure to the parties hereto and their respective heirs, legal representatives, successors, assigns, transferees or donees, as the case may be. No portion of this Agreement shall be assignable without the prior written consent of the other party.

- D. Effect of Prior Agreements. This Agreement is intended by the parties as the final and binding expression of their contract and agreement and as the complete and exclusive statement of the terms thereof. This Agreement supersedes and revokes all prior negotiations, representations, and agreements, whether oral or written, relating to the subject matter hereof.
- E. Enforceability. If any provision contained herein shall be deemed or declared unenforceable, invalid, or void, the same shall not impair any of the other provisions contained herein, which shall be enforced in accordance with their respective terms.
- F. Construction. The headings preceding and labeling the sections of this Agreement are for the purpose of identification only and shall not in any event be employed or used for the purpose of construction or interpretation of any portion of this Agreement. No waiver by any party of any default or nonperformance hereunder shall be deemed a waiver of any subsequent default or nonperformance. As used herein and where necessary, the singular shall include the plural and vice versa, and masculine, feminine and neuter expressions shall be interchangeable.

IX. BOARD OF REGENTS APPROVAL

This agreement is subject to the approval of the Board of Regents and a background check that is satisfactory to the University.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first shown above.

Dr. Jakub Tolar

REGENTS OF THE UNIVERSITY
OF MINNESOTA

By: _____
Eric W. Kaler
President

Approved as to Form and Execution

By: _____
Douglas Peterson
General Counsel

UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION ANNUAL REPORT

Regent McMillan invited Lisa Lewis, UMAA President and CEO; Sandra Ulsaker Wiese, 2018 UMAA Board Chair; and Doug Huebsch, 2019 UMAA Board Chair to provide an update on the status of alumni relations at the Twin Cities campus, as detailed in the docket.

Huebsch provided an overview of alumni engagement. He indicated positive growth in the rate of engagement. Ulsaker Wiese described the UMAA five-year strategic plan, which was influenced by surveys of the alumni community. Lewis described the new strategy of targeted digital communications, the launch of the Minnesota Alumni Market, and alumni philanthropic support.

McMillan asked if alumni believe the value of, and respect for, their degree increases when the rankings of the University increase. Lewis responded that rankings and caliber are very important to alumni and are seen as adding value to their degree.

In response to a question from Regent Johnson, Ulsaker Wiese responded that engagement factors vary greatly depending on the age bracket, with older alumni caring about giving back to the University and younger alumni desiring mentorship.

Regent Lucas expressed appreciation for what the UMAA is able to accomplish with a \$4.9 million budget, and asked how that budget compares to other Big Ten institutions. Lewis stated that the budget is significantly lower, but is comparable to other institutions with similar numbers of alumni. In response to a question from Lucas, Lewis stated that UMAA does not share funding with UMF but does share non-monetary resources such as databases.

Regent Cohen urged colleagues to recognize the importance of providing a high-quality education when discussing making cuts to the University.

Regent Omari asked if UMAA tries to mirror the demographics of the alumni population they serve when making decisions about staffing and board members. Lewis responded that UMAA is in the early stages of a plan to mirror alumni demographics within the staff, and noted that the board has a Student and Recent Alumni Council that represents a younger demographic.

Regent Rosha expressed appreciation for the work of UMAA. He noted that he does not consider a focus on excellence to be at odds with affordability. He made suggestions for a better legislative engagement outcome moving forward.

Regent Anderson shared his support for the MN Sparks program. He conveyed appreciation for the alumni emails, which he noted tend to be customized to his interests. He asked if UMAA had considered discontinuing printed materials to cut costs. Lewis noted that she expects a shift to take place over time, but that based on alumni surveys there is a need to continue printing the alumni magazine for now.

ANNUAL REPORT ON INTERCOLLEGIATE ATHLETICS

Regent McMillan invited Mark Coyle, Director of Intercollegiate Athletics; Senior Vice President Burnett; Rhonda McFarland, Deputy Athletics Director; and Associate Vice President Tonneson to present the Annual Report on Intercollegiate Athletics, as detailed in the docket.

Coyle described his focus on accountability, consistency in leadership, and building relationships on campus. He reported that the Athletics Department had 100 percent participation in the training to prevent sexual misconduct before the required deadline of June 30, 2018. He described the importance of the department's guiding principles and noted that student-athletes have sustained an average GPA of over 3.2 for nine consecutive semesters. Coyle provided an overview of the budget and described several facilities upgrades, including the opening of Athletes Village. He discussed some of the challenges, including lower ticket sales and a crowded fundraising market.

Burnett provided details and historical perspective on fundraising for Gopher Athletics. He described the decrease in state support for Athletics in the past 15 years, and shared an overview of the subsidies each campus receives from the University for athletics programs. He and President Kaler emphasized the value of Gopher Athletics to the University.

Regent Lucas expressed hope for a positive cash flow for Gopher Athletics women's sports, and asked about other Big Ten institutions. Coyle reported that he believes Nebraska makes a profit from women's volleyball.

Regent Beeson reminded the Board that every athletics department receives subsidies from the larger institution. He emphasized the incalculable value that Gopher Athletics brings to the University. He concluded by voicing concern over the changing media landscape and the impact it may have on future revenue. President Kaler echoed Beeson's concern.

Regent Omari expressed appreciation for the positive change in audit results. He asked for details on several financial statistics. He also asked for perspective on a recent study claiming lower graduation rates for black male athletes. Burnett and Coyle committed to producing answers, and clarified one point about how subsidies are allocated. Omari concurred with Beeson's assertion that Gopher Athletics holds intrinsic value, but offered the perspective that it may be worth examining some sports more closely to assess their return on investment.

Regent Rosha expressed his belief that sports programs are fundamental to the institution. He described some of the dynamics on each campus that make athletics revenue and investment drastically different depending on location.

Regent Johnson praised the department for its improvements in recent years. He cautioned the Board against becoming engaged in daily operations of the Athletics Department.

Regent Hsu conveyed concern over player safety. Coyle assured the Board that safety is a top priority. Hsu cited concerns over the way some of the finances are characterized in the presentation, requesting copies of the budget for the past three years.

Regent Anderson expressed concern over the decrease in ticket sales, and noted that he expects the decline to continue. He described the unique challenges of being located within the Twin Cities, which has significant competition.

Regent Powell urged the Athletics Department to focus on mitigating the risk from declining media income in the future. Burnett reassured Powell that this risk is being closely monitored as part of the overall institutional risk profile.

In response to a question from Regent Sviggum, Coyle noted that students in Athletes Village are not segregated from the general student body. Sviggum shared suggestions on expanding competitions to include regional opponents. Coyle shared some challenges posed by such an effort.

SYSTEMWIDE STRATEGIC PLAN: SUPPORTING THE MISSION

Regent McMillan invited Senior Vice President Burnett to present the final of five systemwide strategic planning presentations, on Supporting the Mission, as detailed in the docket.

President Kaler recalled the topics of the previous four presentations, and summarized the importance of this final section regarding alignment of strategic priorities with budget and operating decisions.

Burnett outlined the goal of University operations as ensuring appropriate resources to achieve the goals, mission and priorities of the institution. He briefly detailed how University operations supports each of the four previous sections of the Systemwide Strategic Plan. He stressed the importance of ensuring that this part of the plan be aligned with the University Progress Card, and outlined several examples. He discussed the goal of optimizing human resources, information technologies, and asset management. He described the development of a biennial budget request that aligns with the strategic priorities.

McMillan noted that since the meeting was running long the Board would not discuss this item now. He added that the Board will have time at its retreat for discussion. Kaler added that the Board had received a draft copy of the Systemwide Strategic Plan for that discussion.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Beeson, chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on July 11, 2018. At this meeting, a resolution was considered and adopted that authorized the closing of the meeting. In the closed meeting, discussion was held on matters subject to the attorney-client privilege.

The meeting adjourned at 3:27 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary