

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Presidential Performance Review Committee
June 3, 2016**

A meeting of the Presidential Performance Review Committee of the Board of Regents reconvened in public session on Friday, June 3, 2016 at 10:03 a.m., in 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Laura Brod and David McMillan. All by phone.

Staff present: Executive Director Brian Steeves.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE PRESIDENTIAL PERFORMANCE REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be adopted:

RESOLVED, that as provided by Minnesota Statute 13D.05, Subd. 3(a), a non-public meeting of the Presidential Performance Review Committee of the Board of Regents will reconvene on Friday, June 3, 2016 at 10:00 a.m., in the Office of the Board of Regents, 600 McNamara Alumni Center, 200 Oak Street, SE, Minneapolis, Minnesota, for the purpose of evaluating the performance of the President of the University of Minnesota.

The committee voted unanimously to adopt the resolution. The public portion of the meeting ended at 10:04 a.m.

The committee discussed feedback on the president's performance. The meeting recessed at 11:21 a.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Presidential Performance Review Committee
June 8, 2016**

A meeting of the Presidential Performance Review Committee of the Board of Regents reconvened in public session on Wednesday, June 8, 2016 at 8:20 a.m., in 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; and David McMillan. Laura Brod participated by phone.

Staff present: Executive Director Brian Steeves.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE PRESIDENTIAL PERFORMANCE REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be adopted:

RESOLVED, that as provided by Minnesota Statute 13D.05, Subd. 3(a), a non-public meeting of the Presidential Performance Review Committee of the Board of Regents will reconvene on Wednesday, June 8, 2016 at 8:00 a.m., in the Office of the Board of Regents, 600 McNamara Alumni Center, 200 Oak Street, SE, Minneapolis, Minnesota, for the purpose of evaluating the performance of the President of the University of Minnesota.

The committee voted unanimously to adopt the resolution. The public portion of the meeting ended at 8:21 a.m.

The committee discussed feedback on the president's performance. The meeting recessed at 9:02 a.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
June 9, 2016**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, June 9, 2016 at 7:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Thomas Devine, presiding; Thomas Anderson, Linda Cohen, Michael Hsu, Dean Johnson, David McMillan, and Darrin Rosha.

Staff present: President Eric Kaler; Vice President Brian Herman; General Counsel William Donohue; and Executive Director Brian Steeves.

Others present: Greg Brown, Amy Phenix, and Brian Slovut.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE LITIGATION REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be adopted:

WHEREAS, based on advice of the General Counsel, the Board of Regents Litigation Review Committee has balanced the purposes served by the Open Meeting Law and by the attorney-client privilege, and determined that there is a need for absolute confidentiality to discuss litigation strategy in particular matters involving the University of Minnesota;

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on Thursday, June 9, 2016 at 7:45 a.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. Potential Claims Arising from Patent Infringement
- II. Environmental contamination claims: Gopher Ordnance Works
- III. *Olga Issaenko v. University of Minnesota*

The committee voted unanimously to adopt the resolution. The public portion of the meeting ended at 7:46 a.m.

The meeting adjourned at 8:31 a.m.



**BRIAN R. STEEVES
Executive Director and
Corporate Secretary**

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents Work Session:
Driving Transformational Change Through Implementation of the UMTC Strategic Plan**

June 9, 2016

A work session of the Board of Regents of the University of Minnesota was held on Thursday, June 9, 2016 at 8:30 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Laura Brod, Linda Cohen, Thomas Devine, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Darrin Rosha, and Patricia Simmons.

Staff present: President Eric Kaler; Chancellors Stephen Lehmkuhle, and Fred Wood; Executive Vice President and Provost Karen Hanson; Vice President Brian Herman; Interim Vice President Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice President Julie Tonneson.

Student Representatives present: Callie Livengood.

Chair Johnson introduced Executive Vice President and Provost Hanson to provide context for a discussion about implementation of the UMTC Strategic Plan (plan). Hanson discussed the plan's strategic framework and outlined its four pillars. She explained that the plan is a way to order and integrate existing institutional priorities and goals. She noted that colleges, schools and units made strong efforts over the past year toward achieving the plan's goals.

Hanson reported on progress in several key areas, explaining that the grand challenges curriculum is not advancing as quickly as anticipated but that progress is being made. She emphasized the integration and reevaluation of core liberal education requirements, and the importance of maintaining compliance with statewide transfer requirements. She explained that many colleges and units have increased their commitment to the plan, working with leaders to adjust their budgets to allow for progress on the plan.

She explained that research teams are working to foster collaborations across structural and disciplinary boundaries. She remarked that differences between units have resulted in productive discussions about collaboration and compromise. Hanson emphasized that grand challenges research goals do not replace more traditional goals of specialized research, for which the University is known globally; rather the two goals are complimentary.

Hanson reported on several additional progress steps, including cluster hiring, campus-community engagement, faculty and leadership development, operational excellence, and academic program review. She noted that future action steps should be aligned with the measures of the University Progress Card. She also remarked on additional indicators of success in the strategic initiatives, as well as the grand challenges curricular and research goals.

Regent Simmons commented that a traditional goal of research is to seek federal grants or other external funding, to achieve a larger allocation as well as broader recognition. She asked about incentives for seeking internal funding and if there is a way to leverage the process towards external grants and notoriety. Hanson replied that external funding is the ultimate goal of the research initiatives. She explained that the process of seeking internal funding helps faculty develop the necessary skills to apply for larger external grants. She added that the team

structure brings together senior researchers with younger, less experienced faculty, remarking that this collaboration can help researchers obtain greater funding and recognition.

Simmons asked about opportunities to connect research goals with undergraduate priorities, suggesting that this could provide students with experience in research fields and advance their occupational goals. Hanson remarked that those connections are possible and not dissimilar from existing opportunities such as research assistantships or lab work. She emphasized that the plan's goals explicitly create connections between undergraduate programs that wouldn't otherwise collaborate.

In response to a question from Regent McMillan, Hanson noted that a goal of the faculty team approach is to expose students to a variety of teaching methods and disciplines, such as scientific research and public policy. She offered as an example the field of precision medicine, which is a scientific endeavor with a greater focus on actionable goals due to inclusion of a broad range of faculty. She explained that creating multi-disciplinary research teams yields a more policy-focused scope.

Regent Cohen commented that she believes the reevaluation of liberal education requirements is a positive initiative, since it could be a good way to increase enrollment. In response to a question from Cohen, Hanson noted the College of Liberal Arts as one unit with funding specifically for cluster hiring across its departments. She reported that greater recognition of the position and a stronger faculty cohort are some of the benefits of this type of hiring.

In response to several questions from Regent Devine about the student experience and community engagement, Hanson replied that both aspects of the plan help enhance a student's curriculum. She noted that reciprocal engagements with University partners provide students with hands-on experience and enhance their learning. Devine asked about demand from the private sector and business community, or if the University is driving the partnerships. Hanson added that the private sector and University both drive demand for the partnerships, describing an upcoming networking event designed to attract local business leaders and agency heads to discuss community goals and gather input from the community about University engagement and outreach.

Regent Omari asked several questions about funding models and revenue sources for certain aspects of the plan, including interdisciplinary courses and cluster hires. Hanson replied that revenue from course enrollment and tuition can help fund the cluster hires, but cautioned that it is not a simple exchange. Communication is needed among deans and support units to coordinate funding for cross-department searches. Hanson added that the budget is not the only barrier to interdisciplinary collaboration, explaining that colleges can be competitive about preserving their respective funds and metrics.

Regent Rosha emphasized the University's unique offerings and remarked on the importance of maintaining a distinct brand within the broader, statewide higher education community. He suggested that the University's brand and value are important factors to emphasize to the legislature, specifically the impact on the state and its people. He commented that he would like to see similar efforts made on the system campuses.

Regent Beeson commented on positive alignment between the plan and the University Progress Card. He remarked on the importance of incremental costs and funding for the plan. Hanson replied that the University hopes to gather funds from external grants, noting that the plan is funded by the regular budget, not a specific pool of money within the University. She stressed the importance of strategic, unit-level decisions throughout the budget planning session, and reiterated commitment to the plan goals and aligning budgets accordingly. Kaler emphasized that the state is one of the main sources of funding, noting that the plan's initiatives will be organizing principles for additional state funding requests.

Regent Hsu asked which elements of the plan are being tracked and for a progress update. Hanson replied that specific data could be provided at a later time.

The meeting adjourned at 9:27 a.m.

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive, flowing style.

BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Academic & Student Affairs Committee
June 9, 2016**

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, June 9, 2016 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Thomas Anderson, Dean Johnson, Peggy Lucas, Patricia Simmons, and Darrin Rosha.

Staff present: Chancellors Jacqueline Johnson and Fred Wood; Executive Vice President and Provost Karen Hanson; Vice President Katrice Albert; General Counsel William Donohue; Interim Vice President Bernard Gulachek; and Executive Director Brian Steeves.

Student Representatives present: Callie Livengood and Cory Schroeder

REGISTRATION AND PAYMENT PROCESSES

Provost Hanson invited Robert McMaster, Vice Provost and Dean of Undergraduate Education, and Susan Van Voorhis, Associate Vice Provost and University Registrar, to present information on registration and payment processes, as detailed in the docket.

McMaster shared an overview of Academic Support Resources (ASR). Registration interface allows all students across the system to see their registration time, search for and enroll in classes, view their grades, and view and order transcripts in one place. The billing and payment interfaces allows all students and parents with guest access to view and pay bills, monitor account balances, accept and manage financial aid, and get forms to file for tax credits and deductions.

Van Voorhis walked through the history of registration and payment process innovations, and highlighted the dollar value and number of transactions. In 1997, the University became the first in the country with online registration. She pointed to the MyU portal as the University's latest offering to meet student expectations for registration and payment resources. Van Voorhis identified current challenges as maintenance, compliance with changing regulations, desire to complete tasks on mobile phones, and students' desire to know all costs at the point of registration.

Regent Johnson asked whether the University could offer students an estimate of costs when they register. Van Voorhis responded that providing students a single accurate number as soon as it is known keeps communication clear and avoids confusion.

In response to a question from Regent Cohen, Van Voorhis explained that new students learn about online registration and payment tools at Welcome Week and through word of mouth.

VISION, APPROACH AND STRATEGIES FOR ONLINE LEARNING

Regent Cohen invited Provost Hanson to introduce presenters to lead a discussion on online learning, as detailed in the docket. Hanson introduced Rebecca Ropers-Huilman, Vice Provost for Faculty and Academic Affairs; Chancellor Fred Wood, UMC; John Finnegan, Dean of the School of Public Health; and Bob Rubinyi, Senior Analyst for Online Learning, Center for Educational Innovation.

Ropers-Huilman highlighted the strategic objectives of online learning, which are to improve quality and availability of academic programs; provide graduate and professional students with alternative access to post-baccalaureate programs; support undergraduate graduation and retention via scheduling flexibility and redesign of high-demand classes; provide adult learners the opportunity to complete undergraduate degrees with online programs; and improve access to continuing education and noncredit offerings for professionals and lifelong learners.

Rubinyi shared the history of distance and online learning at the University. He described requirements to secure its future, including high-quality technical infrastructure; improved coordination among central support units; a system-wide approach to state authorization regulations; launch of a new U of M Online site in May 2016; and alignment with the Twin Cities strategic plan.

Wood described the history of online learning on the Crookston campus, where 52 percent of students are online-only, crediting the campus's transformational culture as enabling distinct progress in this area. He observed that online-only students report a stronger link to faculty than on-campus students.

Finnegan stated that technology has focused his school on curricular design and quality of the learning experience. He recalled federal dollars being available in the early days of online learning to make such opportunities available to public health workers as part of their ongoing professional development.

In response to a question from Regent Rosha regarding the future of online learning, Rubinyi commented on a programmatic emphasis on two-year master's degrees, undergraduate offerings for working adults, professional education such as licensure maintenance, and additional forays into programs for traditional resident students.

Regent Simmons requested a future presentation to the committee on outcomes, such as time to graduation and the success of hybrid learners in the marketplace.

BOARD OF REGENTS POLICY: *STUDENT CONDUCT CODE*

Regent Cohen asked Provost Hanson to present proposed amendments to Board of Regents Policy: *Student Conduct Code* for action, as detailed in the docket.

Hanson outlined revisions since the policy came before the committee in May, and noted that additional background in the docket was gathered to respond to questions and concerns raised by committee members. She emphasized that while the policy codifies institutional expectations about student behavior and is shaped by its role as a developmental tool encouraging student reflection, it must also allow the institution to hold students and student groups accountable. Hanson added that most student conduct matters are resolved informally.

Hanson stated that the people and groups involved in shaping the updated code share the Board's concern for students, and that the revised policy has the full support of all five campuses. She offered that repeated emphasis on the widespread consultation that shaped revisions is a reminder that the process reflects the institutional wisdom of those involved in this work every day, and argued that such wisdom should not be ignored.

A motion was made and seconded to adopt amendments to Board of Regents Policy: *Student Conduct Code*.

Regent Simmons expressed support for the policy and thanked those who worked on the language, calling the revised policy impressive and extraordinary. She noted that the policy is a good candidate for additional post implementation review.

Student Representative Livengood expressed concern about the unresolved definition of sexual misconduct. Hanson responded that the policy would use existing language until the Title IX policy development process is resolved.

In response to questions from Regent Anderson seeking clarification on this matter, Cohen invited Brent Benrud, Senior Associate General Counsel, to address the committee.

Benrud noted that the University is working with the federal Office for Civil Rights (OCR) on a resolution agreement, which includes revisions to the University's sexual misconduct policies. He reported that the University has completed an initial exchange of definitions with OCR, and that a final policy draft would be submitted to OCR in the next several weeks. If OCR approves the draft, it will then go through the University's policy review process. Benrud noted that the policy has definitions of such things as sexual assault, sexual harassment, and stalking, which in turn impact the Student Conduct Code. He stressed that the two policies must be consistent, and that the University must follow the OCR lead on definitions in order to satisfy the resolution agreement. Benrud added that OCR is quite specific on what it will accept.

Rosha described his difficulty in acting on the policy given his lack of full understanding of what, exactly, the committee was voting to adopt. He questioned the purpose of the student conduct code, noting its evolution from addressing misbehavior such as campus vandalism to felony sexual misconduct. In response to a question from Rosha regarding the code's "reflection" focus in cases of rape, Hanson reiterated that in some cases, maintenance of community necessitates an approach that may include sanctions as severe as expulsion.

Rosha offered comments on the nature of adjudication of student conduct cases, concluding that such processes must be clear and fair to the victims, respondents, and the University given what is at stake. He wondered whether there could be any down side to a clear process with informed participants, and noted that clarity for all parties can remove additional issues in the future or later in the process. Rosha emphasized that the proposed policy contains a number of gaps and that the University is not putting forth a national model.

Rosha refuted the argument that the committee must act now. He voiced concerns about exclusion of certain student group input, noting that the revised policy language before the committee for action has not been vetted by the same groups that reviewed it earlier.

Rosha suggested referring the policy to a Board subcommittee to work with the Office of the General Counsel through the OCR review process. He offered that the policy would return to the committee for review in September, undergo the system-wide policy review process, and be acted on in October.

Simmons thanked Rosha for his thoughtful engagement, expressed appreciation for the additional context, and emphasized her support for immediate action and implementation.

Rosha reiterated his view that the committee does not understand what it is voting for. He identified components of the policy he characterized as bad, noting that the policy shortchanges both respondents and victims, fails to provide legal assistance and victim support, and inadequately extends medical amnesty.

Cohen called the question. Roshia moved to refer the proposed policy to a subcommittee. The motion was seconded. The committee voted 2-4 against the motion; the motion failed. Regents Cohen, Johnson, Lucas, and Simmons voted no.

The committee voted 5-1 to adopt amendments to Board of Regents Policy: *Student Conduct Code*. Roshia voted no.

STUDENT MENTAL HEALTH ACROSS THE SYSTEM

Provost Hanson invited Danita Brown Young, Vice Provost for Student Affairs and Dean of Students, and Sandra Olson-Loy, Vice Chancellor for Student Affairs, UMM, to lead a discussion of student mental health across the system, as detailed in the docket.

Brown Young provided an overview of the nationwide student mental health landscape. She detailed mental health needs on the Twin Cities campus, the resulting demands on campus resources, and the campus's response and approach. Olson-Loy reviewed the same for the system campuses.

Brown Young walked through findings and recommendations of the Provost's Committee on Student Mental Health. She reported the approximate UMTC cost due to mental health illnesses as \$4.6 million over a four-year period. For the Twin Cities campus, 39 percent of tuition refund requests are related to mental health concerns. She noted a number of report recommendations for the Twin Cities campus, including increased number and diversity of clinical staff; single entry point for clinical services; leveraging community therapists; and maximized funding from third-party payers.

Olson-Loy detailed report recommendations for the system campuses, including exploring opportunities for new funding or reallocation of existing funding; decreasing wait times and increasing access to resources and support; and strengthening collaborations with external partners.

For all campuses, the report recommends an increased focus on prevention and early intervention; evaluation of opportunities for academic policy, programmatic, and cultural changes that would support student mental health; and increased mental health data collection.

Brown Young identified a number of barriers to implementing the recommendations. They include space limitations; funding for additional clinical staff; insurance constraints; and overstretched staff finding too little time to plan for the level of systems change needed to respond to the shifting student mental health landscape.

Olson-Loy thanked the 2015-16 student representatives for highlighting this issue in their annual report to the Board.

Regent Simmons noted an additional barrier of access to services beyond the campuses given many communities' lack of access to mental health services. She asked about the reality of increasing staff. Brown Young agreed that the campuses refer a number of students to community providers and acknowledged the difficulty recruiting staff – particularly diverse staff – to campus positions. She identified a need to leverage alternatives such as counseling by Skype or via a crisis line, or perhaps through a technology not yet developed. Olson-Loy acknowledged similar challenges on the system campuses, adding that the Morris campus was unable to fill a director of student counseling, health and wellness position due to a scant applicant pool. In a follow-up comment, Simmons noted the link between substance abuse and mental health issues.

Regent Johnson referenced the many speakers at the Board's May 2016 public forum who highlighted the impact of mental health issues on students and the broader University community. He noted that his thinking on the matter had undergone a sea-change, and that he had spoken with President Kaler about related access and insurance issues. Johnson stressed that whatever the University could do, it should do to address this serious topic.

In response to a question from Regent Cohen about the effectiveness of mental health stigma-reduction programs, Livengood highlighted the "How Are You?" campaign as increasing awareness and the need for students to support one another. Student Representative Schroeder cited mental health awareness week as having a positive impact, but noted that the rural location of Morris remains a barrier.

Regent Lucas expressed appreciation that additional funding was identified in the budget to support mental health services, calling it a good start. She indicated that next year's budget would have a better accounting of the full resources needed to address the system's wide-ranging mental health needs.

Regent Anderson agreed with Johnson that he was very moved by the public forum and is committed to addressing the identified needs. He added that, like issues related to student conduct, the rising demand for mental health services is a societal trend and not just a campus or University trend. Olson-Loy responded with a reminder that while the current focus is on clinical services, the University must also address prevention.

CONSENT REPORT

A motion was made and seconded, and the committee voted unanimously to recommend approval of the following program changes, as described in the Consent Report:

- **Request for Approval of New Academic Programs**

- Medical School and College of Liberal Arts (Twin Cities campus)—Create combined B.A./M.D. degree program
- Medical School (Twin Cities campus)—Create fellowship in Geriatric Orthopaedic Trauma
- Medical School (Twin Cities campus)—Create fellowship in Spinal Cord Injury Medicine
- College of Liberal Arts (Twin Cities campus)—Create undergraduate certificate in French Advanced Level Proficiency
- College of Liberal Arts (Twin Cities campus)—Create undergraduate certificate in German Advanced Level Proficiency
- College of Liberal Arts (Twin Cities campus)—Create a post-baccalaureate certificate in Music Education
- Humphrey School of Public Affairs (Twin Cities campus)—Create a post-baccalaureate certificate in Human Services Leadership
- College of Food, Agricultural and Natural Resource Sciences (Twin Cities campus)—Create undergraduate minor in Wildlife Care and Handling

- **Request for Changes to Academic Programs**

- Law School (Twin Cities campus)—Create sub-plans in Family Law and Immigrant Law within the J.D. and LL.M. degrees
- College of Liberal Arts (Twin Cities campus)—Deliver the Technical Communication Post-baccalaureate certificate online
- Medical School (Twin Cities campus)—Change the name of the residency program in Family Medicine – University of Minnesota Medical Center

- Humphrey School of Public Affairs (Twin Cities campus)—Change the name of the Public and Nonprofit Management sub-plan within the Ph.D. degree in Public Affairs to Management and Governance
 - College of Education and Human Service Professions (Duluth campus)—Change the degree designation from master of education degree in Education Administration Specialist to an Education Specialist degree
 - Swenson College of Science and Engineering (Duluth campus)—Create sub-plans in Human Biology and Life Sciences within the Biology B.A. degree
 - Swenson College of Science and Engineering (Duluth campus)—Create sub-plans in Ecology, Evolution and Behavior and Genetics, Cell and Development within the Biology B.S. degree
- **Request for Approval of Discontinued Academic Programs**
 - College of Education and Human Development (Twin Cities campus)— Discontinue the undergraduate certificate in Disability Policy and Services
 - Humphrey School of Public Affairs (Twin Cities campus)—Discontinue the post-baccalaureate certificate in Executive Leadership
 - School of Nursing (Twin Cities campus)—Discontinue the post-baccalaureate certificate in Family Nurse Practitioner

The meeting adjourned at 11:41 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Finance Committee
June 9, 2016**

A meeting of the Finance Committee of the Board of Regents was held on Thursday, June 9, 2016 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Laura Brod, Thomas Devine, Michael Hsu, David McMillan, and Abdul Omari.

Staff present: President Eric Kaler; Chancellors Stephen Lehmkuhle and Fred Wood; Vice Presidents Kathryn Brown, Richard Pfutzenreuter, and Pamela Wheelock; Executive Director Brian Steeves; and Associate Vice Presidents Michael Berthelsen, Julie Tonneson, and Michael Volna.

Student Representatives present: Samantha Jensen and Nikki Ripp.

Regent Beeson recognized Vice President Pfutzenreuter for his outstanding service to the University and noted that this is Pfutzenreuter's final Finance Committee meeting. The committee expressed appreciation to Pfutzenreuter for his service.

PRESIDENT'S RECOMMENDED FY 2017 ANNUAL OPERATING BUDGET

Vice President Pfutzenreuter and Associate Vice President Julie Tonneson presented for action the President's recommended FY 2017 Annual Operating Budget (operating budget), as detailed in the docket.

Tonneson reminded the committee of key components of the operating budget as presented in May. She detailed changes to the operating budget made in response to the May discussion and based on the supplemental budget bill passed by the legislature.

Pfutzenreuter reported that the legislative auditor had found a conflict between how the University normally receives funds from the state and how the Legislative-Citizen Commission on Minnesota Resources (LCCMR) allocates funds. He explained that the University received the full funding for projects instead of being reimbursed as the projects moved forward. Since the University received the full amount up front, the funds were able to gain interest before they were used. He stated that the legislature responded by fixing the conflict between the statutes, and emphasized that the University was unaware of the conflict or it would have sought to have the statutes amended. In response to a question from Regent Hsu, Pfutzenreuter reported that the total interest earned was just over half a million dollars.

Hsu asked whether the increase in mental health spending was enough given the comments Regents heard at the public budget forum and from the student representative report. Kaler responded that in addition to the increases noted in the operating budget, both he and Provost Hanson have each pledged \$100,000 from their discretionary funds to cover increased mental health staff expenses on the Twin Cities campus. He emphasized that this was only the beginning of a long-term investment in mental health and that the provost is working to determine the optimal structure to best serve students.

Hsu asked the student representatives their thoughts on the current level of funding. Student Representative Ripp responded that she does not see the same issues in access at the Rochester campus as those she has been told about at the Twin Cities campus. Student Representative Jensen added that the Duluth campus does a great job in providing mental health services to students, noting that wait time is significantly less than at the Twin Cities. She encouraged the administration to perform a full assessment of demand at all campuses, but especially the Twin Cities, to ensure that students have access.

Regent Devine expressed his support for this approach and commended the administration for the work already completed in a short amount of time. He wondered how the Affordable Care Act might impact capacity. President Kaler responded that half of Boynton Health's mental health costs are covered by insurance obtained by students or through their parents or guardians.

Regent Omari offered his support for the increased funding and noted efforts to keep up with demand. He emphasized the need to fund increased training for faculty and staff to help them identify students who may be struggling and refer them to mental health resources. He added that any training for faculty and staff should include cultural competency.

In response to a question from Hsu about 6.5 new mental health positions being funded, Kaler noted that there is no set number of staff needed at this point given the desire to examine how to best address the mental health service needs of students. He stressed that if he knew an exact number, he would seek funding for that amount. Kaler added that there is already the ability to fund the additional half position, but that additional items will need to be funded based on the provost's recommendations.

Hsu expressed concern about the lower non-resident, non-reciprocity (NRNR) tuition increase. He asked whether progress toward reaching the midpoint of the Big Ten would be made if the University kept the effective rate at 7.5 percent but raised the advertised rate closer to 15 percent. Pfutzenreuter observed that such a change would only impact the rates and not the proposed operating budget. Regent Brod expressed her view that a higher advertised rate would be problematic and would have an impact on families. Omari added that there was still not a clear understanding of elasticity and expressed his sense that a 7.5 percent increase is a good pace to move the University toward the midpoint.

In response to a question from Omari, Tonneson explained that the Colleges of Liberal Arts and Science and Engineering on the Twin Cities campus would experience a greater budgetary impact from decreasing the proposed NRNR tuition increase due to their size and the higher proportion of NRNR students. She noted that both colleges are prepared for the decrease in revenue.

Beeson commented that the administration should closely monitor the impact of NRNR increases over the next year. He suggested a separate tuition rate for international students.

Devine asked for comparison data that would allow the Board to understand student fees across the system. He expressed his support for a higher advertised price, but noted the influence it could have on marketing.

In response to a question from Hsu, Pfutzenreuter agreed that the committee should examine whether the targeted balance for the central reserves fund is the right amount.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the FY 2017 Annual Operating Budget.

**FINANCIAL COMPONENTS OF THE PRESIDENT'S RECOMMENDED
FY 2017 ANNUAL CAPITAL IMPROVEMENT BUDGET**

Regent Beeson invited Vice President Pfutzenreuter to present for action the President's recommended FY 2017 Annual Capital Improvement Budget (capital budget), as detailed in the docket.

Pfutzenreuter updated the committee on changes to the capital budget since May. He noted that the legislature did not pass a bonding bill and all projects included in the University's capital request had been removed from the capital budget. He reported the adjusted capital budget authorizes projects totaling \$92,524,000 to begin design or construction during the next fiscal year. He identified the change in source funding for the projects.

In response to a question from Regent Omari, Vice President Wheelock offered that a number of projects could be affected by the lack of a bonding bill, such as the Chemistry and Advanced Materials Science Building in Duluth, which was being moved forward at an accelerated rate. She added that for all of the projects, the inflationary impact of a significant delay would increase the cost of construction.

Regent Devine expressed his concern about allocating funds to residence halls that may eventually be torn down. He highlighted the need to balance projects that are absolutely necessary to keep residence halls in use with those projects that would add features. He noted his desire to see how all residential life allocations align with each other to help the Board ensure that balance.

Beeson commented that costs of constructions are starting to increase once more in the private market and that the University needs to monitor those closely given the potential delay in projects.

In response to questions from Regent Hsu, Wheelock stated that funding for lead remediation in the Armory would come from the central facilities management pool for the Twin Cities campus. She noted that the Armory would be included in the six-year capital plan next fall, but emphasized that the Armory does not meet the federal definition of an armory and is not eligible for federal or state armory funding. She added that she is not aware of any additional lead remediation in the Armory and would provide the committee with a list of any other remediation needed.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the financial components of the FY 2017 Annual Capital Improvement Budget.

**LONG-RANGE FINANCIAL PLANNING & BIENNIAL
REQUEST PLANNING: UPDATE 2017-2022**

Regent Beeson invited Vice President Pfutzenreuter and Lincoln Kallsen, Director, Institutional Analysis, to present the long-range financial planning model for discussion, as detailed in the docket.

Kallsen explained that this discussion would update the six-year operating budget forecast based on the FY 2017 operating budget, begin the discussion of the University's next biennial request, and review baseline assumptions. He presented how long-range financial planning interacts with annual operating budget recommendations, the biennial budget request to the state, trends in state funding, changes in student enrollment, changes in federal research funding, base revenue assumptions, and investment and expense assumptions.

Kallsen offered two revenue scenarios for consideration. He explained that each scenario manipulates the annual change in all tuition rates and in state appropriations.

In response to a question from Regent Devine, Kallsen explained that the new enrollment management plan for the Twin Cities campus had been included in the forecast for both the operating and capital projections. He identified additional student advisors and updated and expanded classrooms as examples of affected items. Kallsen specified that only the increased enrollment for the Twin Cities was included and that enrollment at the other campuses was kept flat. Devine responded that the two models were encouraging and demonstrated the need to renovate and fund new buildings to meet increased demand.

Beeson suggested continuing to reduce administrative costs through the Operational Excellence initiative at a rate of \$15 million per year. He asked if the forecast included any additional reductions. Kallsen responded that it does not, but offered that reallocations are one lever the Board could use to balance future budgets. Pfitzenreuter observed that during his time at the University, very few years did not include reallocations. He asserted that reallocations would need to continue but the Board and administration should look at what is included.

Regent Brod agreed with Beeson. She added that she would like to see the University meet and exceed Operational Excellence goals, but cautioned that a clear strategy is needed. She shared that the Audit & Compliance Committee has started to see a slip in administrative oversight, noting that programmatic evaluations and cuts should be considered in addition to administrative cuts.

In response to a question from Brod, Kallsen explained that a 2 percent cut would be necessary to keep the budget flat. Brod responded that the higher education model itself is the issue and that the Board should discuss how to make adjustments to the model moving forward. Kaler offered his agreement that conversations on changes to the model are needed, noting that administrative costs could not be the only area affected by cuts. He added that this is an opportunity for the University to be strategic and communicate with the legislature and donors.

Regent Hsu agreed that the current higher education model was nearing the end of its utility. He emphasized the need to examine the true capacity for students and his belief that there is still capacity to add students within the system. He offered that employee headcount has increased since the administrative cuts began, and that he believed additional reallocations could be made.

In response to a question from Hsu, Kallsen explained that the model uses the Higher Education Price Index (HEPI) instead of the Consumer Price Index (CPI) because HEPI more accurately reflects the true cost growth of higher education. He offered as examples that HEPI takes into account that research buildings tend to cost more to build and operate and does a better job of aligning with faculty salaries.

Hsu suggested that the need for additional housing on the Twin Cities campus should be reflected in the forecast. Wheelock responded that there is enough residential housing capacity now for first-year students. She explained that additional housing for second-year and transfer students during the first semester would be challenging, along with any unforeseen increase in first-year students. She noted that increasing capacity to meet the residential housing goals of housing more second-year and transfer students would take time.

Regent Omari commented on the need for balance between expense savings and cuts to programming. He encouraged the administration to build upon new efficiencies, and stressed that the increased employee head count needs to be placed in the context of what role those employees play in the University.

Beeson suggested a need to understand the full cost of compliance and share that with the legislature. He emphasized the need for the legislature to provide the University with a baseline of core funding, and encouraged the administration to look for additional research funds.

ANNUAL INSURANCE & RISK MANAGEMENT

Regent Beeson invited Associate Vice President Michael Volna and Steven Pardoe, Director of Risk Management and Insurance, to present the annual insurance and risk management report, as detailed in the docket.

Pardoe outlined casualty insurance claims and operations costs covered by the Regents of the University of Minnesota Insurance Company (RUMINCO). The University's total cost of risk for FY 2015 was \$13.4 million, up 2.4 percent over the prior year's total cost of risk of \$13.2 million. Pardoe explained that the total cost of risk is the sum of captive costs, self-insurance costs, and the cost of commercially purchased insurance. He noted that claims were flat for the period and that he was pleased with the cost performance.

Volna reported on completion of FY 2015 goals for Risk Management, including completion of a return-to-work light duty program. He noted the results of a pilot program to reduce the back injury incidence rate from trash handling, and determined that services offered by the University were not able to be merged given the unique needs of both programs.

Volna outlined goals for FY 2016: Issue an RFP for third-party administration services for the University's liability and workers' compensation programs, and evaluate whether the marketplace offers a competitively advantageous property insurance product versus the Midwest Higher Education Compact property insurance program. He added that the proposal for a new property insurance provider was included in the consent report.

Regent Devine expressed support for the work of Risk Management, noting that the program trends helped to keep costs down over the past year. He voiced his support for the change in property insurance provider.

CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket:

General Contingency:

- There are no items requiring approval this period.

Purchase of Goods and Services \$1,000,000 and Over:

- To Academic Programs International (API), Academic Studies Abroad (ASA), American Institute for Foreign Studies (AIFS), CEA Study Abroad, Center for International Studies (CISabroad), International Studies Abroad (ISA), University Studies Abroad Consortium (USAC) and others for an estimated \$1,007,000 to provide services to support overseas study abroad programs for the UMD International Programs and Services' Study Abroad Office for Fiscal Year 2017. The program fees cover the costs of the academic program and the administrative costs for the UMD Study Abroad office. See documentation for the basis of vendor selection.
- To EMKAY for \$17,000,000 for vehicle financing and leases initiated during the contract period from August 1, 2016, to July 31, 2021, with contract extension through July 31, 2022 for Parking and Transportation Services – Fleet Services. Financing costs will be paid by internally generated departmental funds. Vendor was selected through a competitive process.
- To Hewlett-Packard Company (HP) for an estimated \$1,500,000 to lease approximately 1,400 HP Elitebook series notebook computers for the period from July 2016 through August 2018 for the Crookston campus (UMC). The program is funded through a

Collegiate fee, a fee that has not increased since the year 2000. Students are eligible for Financial Aid support to cover the cost of the Collegiate Fee. The risk of taking no action and thus discontinuing the notebook computer program, may negatively impact student interest in attending UMC. This funding model has generated positive revenue, with funds generated supporting the purchase/lease of equipment, the notebook gifting initiative (where graduates are able to keep their UMC issued notebook computer upon successful graduation), and other services to support the notebook computer program at UMC. Vendor was selected through a competitive process.

Approval of Underwriter

- To RBC Capital Markets, LLC (RBC) as senior manager for underwriting and investment banking services for the issuance and sale of long-term debt related to University of Minnesota Twin Cities athletic facilities during FY 2017 – FY 2020. The vendor is one of the pre-qualified firms in the senior manager pool for the period FY 2016 – FY 2020 that was chosen through a competitive bidding process and approved by the Board of Regents in February 2016.

Commercial Transactions or Other Matters Subject to Board Approval

- To FM Global for a three-year contract for property insurance. The estimated cost of the property insurance premiums, covering the period June 29, 2016 through June 28, 2019 will be an estimated \$9.3 million, with rate increases in years 2 and 3.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

Vice President Pfutzenreuter referred the committee to the information items in the docket:

- University Tax Compliance Activities
- Quarterly Investment Advisory Committee Update
- Quarterly Asset Management Report
- Debt Management Advisory Committee Update

The meeting adjourned at 11:46 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Presidential Performance Review Committee
June 9, 2016**

A meeting of the Presidential Performance Review Committee of the Board of Regents reconvened in public session on Thursday, June 9, 2016 at 12:00 p.m., in 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Laura Brod, Linda Cohen, Thomas Devine, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Darrin Rosha, and Patricia Simmons.

Staff present: Executive Director Brian Steeves.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE PRESIDENTIAL PERFORMANCE REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be adopted:

RESOLVED, that as provided by Minnesota Statute 13D.05, Subd. 3(a), a non-public meeting of the Presidential Performance Review Committee of the Board of Regents will reconvene on Thursday, June 9, 2016 at 12:00 p.m., in the Office of the Board of Regents, 600 McNamara Alumni Center, 200 Oak Street, SE, Minneapolis, Minnesota, for the purpose of evaluating the performance of the President of the University of Minnesota.

The committee voted unanimously to adopt the resolution. The public portion of the meeting ended at 12:01 p.m.

The committee discussed feedback on the president's performance. The meeting recessed at 12:58 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Facilities, Planning & Operations Committee
June 9, 2016**

A meeting of the Facilities, Planning & Operations Committee of the Board of Regents was held on Thursday, June 9, 2016 at 1:15 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Thomas Anderson, Thomas Devine, Dean Johnson, Peggy Lucas, and Darrin Rosha.

Staff present: President Eric Kaler; Chancellors Jacqueline Johnson, Stephen Lehmkuhle, and Fred Wood; Executive Vice President and Provost Karen Hanson; Vice Presidents Brooks Jackson, Richard Pfitzenreuter and Pamela Wheelock; Interim Vice President Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice President Michael Berthelsen.

Student Representatives present: Samantha Jensen and Callie Livengood.

PLANNING FOR UNIVERSITY FACILITIES ACROSS THE LIFECYCLE

Regent McMillan invited Associate Vice President Michael Berthelsen to discuss planning for University facilities across the lifecycle, as detailed in the docket.

Berthelsen summarized the University's enterprise facility portfolio and offered examples of the types of buildings the University owns. He defined total cost of ownership as including the total project cost, operating costs, capital renewal funding, and funds need to decommission the building. He outlined the facility lifecycle stages, giving examples. Berthelsen noted that Facilitates Management seeks to increase efficiency of space, improve density, and reuse facilities where possible. He offered classroom management as an example of how efficiency can be managed and increased.

Berthelsen portrayed the University as a place-based experience. Given that experience, he explained that planning for campus buildings and grounds is aimed to last 50 to 100 years. He noted that the University's utility infrastructure creates the opportunity to link buildings, like the new Clinics and Surgery Center, to the system and free up internal space that would have been used for heating and cooling equipment. Building those connections creates a higher construction cost but lowers operating costs over time.

Berthelsen described facility spend, noting major sources of funding. He highlighted changing maintenance practices for buildings and land care. He described how land care has defined certain areas of campus, like Northrop Mall, as formal and requiring a higher level of maintenance, while other areas of campus have been allowed to look more natural. Berthelsen commented that this distinction between campus areas helps save money and time.

Berthelsen reviewed the building eras and number of buildings the University owns. He noted that many of the buildings the University owns were built during the post-war to modern era with low quality construction and materials. He presented the needed renewal funding by year, showing the historical underinvestment, and shared feedback from faculty and staff who use the Mayo building to illustrate poor facility conditions across campus.

Regent Lucas expressed her appreciation that the University is focused on constructing high-quality buildings that are meant to last, compared to buildings that she views as being of lesser quality near the Twin Cities campus.

Regent Johnson commented that the grounds are an important aspect of how the University looks, identifying commencement as a time where the campus needs to look its best. He shared his disappointment with the condition of some planting beds. Wheelock agreed that commencement in the spring and the first week of classes in the fall are high traffic times. She highlighted Northrop Mall and areas around Mariucci Arena as high traffic areas requiring additional care. Wheelock noted that progress is being made but more work is needed, adding that the weather plays a role.

Regent Rosha shared differences he has noticed between how the University's golf course is maintained and the course he worked on in his hometown. He wondered how the administration could build a sense of ownership among faculty and staff for the buildings and grounds to encourage them to do small things that would help make the buildings look better. Wheelock responded that the University's labor agreements restrict what individuals can do as volunteers, but agreed that building and incentivizing a sense of ownership should be discussed further.

Berthelsen agreed as well. He explained that the Twin Cities campus is divided into 15 areas with a responsible individual assigned to each and charged with partnering with the college or unit to improve the buildings and grounds. Berthelsen described how committees for each building were being formed that would include occupants and a key contact from Facilities Management to improve communication. Wheelock added that certain areas of campus provide their own land care, including Athletics, Recreation Sports, and Coffman Union, adding that Facilities Management is working with them on a more comprehensive land care plan.

Regent Devine expressed his appreciation for this presentation and the capital project delivery discussion in May. He relayed criticism that he hears regarding the University's higher construction costs and emphasized that the story should be told about why that is. He commented that the high standard for campus care had started with President Yudof and continues with President Kaler.

ACADEMIC HEALTH SCIENCES STRATEGIC FACILITIES PLANNING: PHASE II FINAL REPORT

Regent McMillan invited Monique MacKenzie, Director of Planning, and Michael Pukszta of Cannon Design to discuss the phase II final report for Academic Health Sciences strategic facilities planning, as detailed in the docket.

MacKenzie reviewed creation of the strategic facilities plan (plan) and reminded the committee of the work done during phase I. She placed the plan in the context of the campus development framework, noting current and future patterns of development. MacKenzie explained key development strategy areas, such as the areas along Huron Boulevard and around TCF Bank Stadium. She emphasized the importance of proximity and the benefits and drawbacks of density.

Pukszta gave an overview of the strategic planning objectives, noting that the plan was envisioned over a 10-year period, but the impact could last for a century. He explained that the Academic Health Sciences did not suffer from a space issue, but instead could reduce the space they are using while increasing utilization. One goal of the plan is to better integrate the academic health district into the broader Twin Cities campus, producing a stronger campus feel. Pukszta reported that the University is at the cutting edge of academic health sciences with the team-based care and comprehensive system already in place, and noted that the plan aligns facilities with that approach.

MacKenzie summarized the phase I recommendations and noted the physical condition of current facilities. She explained the phase II investment strategy, describing how the new district would be laid out. She summarized the five big ideas of the plan as:

1. Essex Street pedestrian corridor that would create a new visual link.
2. Expanded Academic Health Center and campus core connectivity.
3. Riverview residential neighborhood.
4. Use of a phasing strategy for renovation and new construction.
5. Patient access at campus-community edge.

MacKenzie reviewed future land use, building heights and open space, and an increased connection to the Mississippi River. She outlined the renewal and removal strategy, identifying which buildings would be demolished and which would be renovated. MacKenzie explained that the expected 1.3 million square feet of office space would ensure no need for super blocks of land, allowing for Essex Street to become a pedestrian corridor. She reviewed the sequence of projects and noted where in the plan the Health Sciences Learning Center would be built and staged.

Lucas expressed her support for the plan and highlighted the Essex Street pedestrian corridor as a strong feature.

In response to a question from Student Representative Livengood, MacKenzie commented that University Services mitigates the impact of construction on units in a variety of ways. She explained that any planning process starts by understanding what the impact will be and then works with the occupants to think about the best location and phasing to lessen that impact. Wheelock added that the Academic Health Sciences are spread across campus and that the University as a whole lacks sufficient swing space.

Wheelock commented that the plan identifies buildings that will continue to play an important role and those where the University should cease investment. She suggested that the University will need to be flexible and innovative to find funding, potentially looking to donors to help move the project faster.

Regent Devine commented that the deans should help communicate the vision of the Academic Health Sciences to donors and members of the legislature. He offered the Mayo Clinic research park as an example of how the University should frame its vision. Devine asked about a plan to accommodate joint ventures. Pukszta responded that the zones on the edge of campus are designed to offer spaces to accommodate joint ventures. Wheelock added that the deans and the Office of the Vice President for Research are talking with possible partners about physical space needs. Wheelock reminded the committee that private use restrictions on buildings using tax-exempt debt need to be carefully considered when thinking about those types of partnerships, but that the University is ready to embrace them.

In response to a question from Devine, MacKenzie responded that the University is working with the Minnesota Department of Transportation to create a more intuitive entrance and experience from Interstate 94. The University hopes for a pedestrian crossing that would include University signage.

RESOLUTION RELATED TO LONG-TERM DEVELOPMENT IN KEY AREAS OF THE TWIN CITIES CAMPUS

Regent McMillan invited Vice President Wheelock and Assistant Vice President Suzanne Smith to review the resolution related to long-term development in key areas of the Twin Cities campus, as detailed in the docket.

Wheelock explained that the proposed resolution endorses a vision for the southeast gateway district of the Twin Cities campus and noted previous committee and Board discussions on this topic. She added that it is a 30-year vision for the area, but this vision could change. She noted the planning principles and assumptions, highlighting the desire to create a more attractive area for sightlines to the Mississippi River and better traffic and pedestrian flow. She outlined the riverfront housing plan, noting alignment with the enrollment plan, and summarized the economics of University housing. She stated that the private market does not offer any residence hall housing, making this a key area for continued University investment.

McMillan emphasized the need for regular reporting and engagement between the Board and administration as the plan evolves and moves forward.

President Kaler commented that the vision provides clarity to the administration. He explained that it moves the Board toward a decision on Pioneer Hall. Kaler suggested that master leasing helps to ensure the necessary capacity to meet the Twin Cities enrollment plan goals. He noted that since the vision stretches over 30 years, major decision points would be spread out.

Regent Johnson commented that the centerpiece of the vision will be a determination regarding a new hospital, stating that the current hospital is quite antiquated with too many double rooms. Wheelock responded that it was not clear there would be an immediate opportunity to build a new facility. She noted that the University could move forward with the Academic Health Sciences and residence hall parts of the vision given the proposed locations and available land. Kaler added that current M Health language includes roughly \$100 million to renovate the current facility to add single rooms and update operating rooms, extending the useful life of the building by 20 to 25 years.

McMillan asked if this meant the plan was to keep the current hospital, but reduce the total number of rooms. Kaler responded that the renovation would reduce the total number of rooms and M Health would need to reconcile facilities on both the East and West Banks.

In response to a question from Regent Anderson, Wheelock explained that the current plan addresses the needed additional student beds while seeking to maintain affordability. She emphasized that the University cannot instantly add the needed permanent capacity. She noted that the long-term plan focuses on housing all first-year students, while using apartments and master lease agreements to house a higher percentage of second-year students.

Student Representative Jensen suggested that housing is a key attractor for incoming students. She urged the Board and administration to prioritize quality housing and move that section of the vision forward quickly.

Regent Rosha expressed his view that a renovation of Pioneer Hall offers significant opportunities and expressed his hope that the project could move forward quickly in a way that is economically prudent and aligned with preservation of the historic building. He observed that while the proposed vision is for 30 years, it may extend to a century or more. Rosha offered his support for the increased connection to the river and the creation of new dramatic green spaces along Essex Street to Coffman Union, wondering whether tunnels and skyway connections could also be added. He strongly encouraged the administration to be bold in executing the vision, noting that while it might cost more in the short-term, it would yield returns and support from donors and the state.

Regent Devine expressed his support and appreciation for moving this conversation forward. He agreed that the hospital location is the key piece of the vision. He reiterated that the University's challenge is to tell its story and convince the legislature to build a state-of-the-art facility on campus. He emphasized that it is the Board and administration's responsibility to articulate the vision and challenge the legislature to match the \$100 million investment proposed for the hospital.

**PROJECT COMPONENTS OF THE PRESIDENT'S RECOMMENDED
FY 2017 ANNUAL CAPITAL IMPROVEMENT BUDGET**

Regent McMillan invited Vice President Wheelock to review project components of the President's recommended FY 2016 Capital Improvement Budget (capital budget), as detailed in the docket.

Wheelock explained that with no bonding bill passed by the Minnesota Legislature, the capital budget now authorizes projects totaling \$92,524,000 to begin design or construction during the next fiscal year. She outlined other changes since May, noting projects that had been added.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the project components of the FY 2017 Annual Capital Improvement Budget.

REAL ESTATE TRANSACTIONS

A. Sale of 217.46 Acres of Salt Spring Lands in the Bear Head Lake State Park, St. Louis County, to the State of Minnesota, Department of Natural Resources – Salt Spring Lands

A motion was made and seconded to recommend approval of the following action:

On recommendation of the President and the Vice President for University Services, the appropriate administrative officers receive authorization to execute the appropriate documents providing for the sale of 217.46 acres of Salt Spring Lands in Bear Head Lake State Park, St. Louis County, to the Minnesota Department of Natural Resources (DNR).

Susan Carlson Weinberg, Director of Real Estate, explained the real estate transaction as follows:

- The subject property is located on the northerly shoreline of Bear Head Lake in Bear Head Lake State Park, St. Louis County. The property consists of 217.46 acres of land. The legal description of the property is as follows: Government Lots 6, 7 and 10, the Southwest Quarter of the Northeast Quarter, and the Northwest Quarter of the Southeast Quarter, all in Section 2, Township 61 North, Range 14 West, and the North Half of the Northeast Quarter of the Southwest Quarter, Section 1, Township 61 North, Range 14 West, St. Louis County; Except minerals and mineral rights.
- Basis for the Request: The subject 217.46 acres represents twenty two percent (22%) of the Salt Spring Lands totaling 970.48 acres in the Bear Head Lake State Park, St. Louis County. In 2015, the Minnesota Legislature passed a \$1,000,000 one-time appropriation to the Minnesota Department of Natural Resources (DNR) to acquire Salt Spring Lands within the Bear Head Lake State Park. The DNR proceeded to identify Salt Spring Lands they desired to purchase. After appraisals were completed, the University and the DNR agreed on a valuation of \$4,500 per acre for the subject 217.46 acres.
- Details of Transaction: The sale price is \$978,570, cash. The parties desire to close the transaction on or before June 30, 2016.

Regent Devine commented that the University might want to explore holding the land and offering a lease to the DNR or attempting to trade it for another piece of land.

The committee voted unanimously to recommend approval of the real estate transaction for the sale of 217.46 Acres of Salt Spring Lands in the Bear Head Lake State Park, St. Louis County, to the State of Minnesota, Department of Natural Resources.

INFORMATION ITEMS

Vice President Wheelock referred committee members to the following information items:

- Capital Planning and Project Management Semi-Annual Report

The meeting adjourned at 3:25 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Faculty & Staff Affairs Committee
June 9, 2016**

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, June 9, 2016 at 1:15 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Richard Beeson, Laura Brod, Linda Cohen, Michael Hsu, and Abdul Omari.

Staff present: Chancellors Lendley Black, Jacqueline Johnson, and Stephen Lehmkuhle; Executive Vice President and Provost Karen Hanson; Vice President Kathryn Brown; Interim Vice President Bernard Gulachek; and Executive Director Brian Steeves.

Student Representatives present: Love Odetola and Cory Schroeder.

AFFORDABLE CARE ACT: IMPLICATIONS AND RESPONSE

Regent Simmons invited Vice President Brown and Ken Horstman, Senior Director, Total Compensation, to discuss implications of the Affordable Care Act (ACA) and the University's response, as detailed in the docket.

Brown provided introductory framing comments regarding the ACA excise tax and the financial exposure faced by the University.

Horstman covered a variety of issues related to the ACA, including application of the excise tax; what the tax is for; ACA fees and what they fund; and calculations and potential impacts related to UPlan. He detailed steps taken by the University to reduce the potential tax impact, such as a carve-out of internal administration fees; adjustments to plan design regarding deductibles, co-pays and premium tiers; introduction of Accountable Care Organizations; and very low premium increases.

Brown shared the University's pride in achieving a zero percent premium increase followed by a 1.3 percent increase over the past two years. She commented on efforts being taken to meet legal requirements, manage costs, and sustain employee satisfaction in their health care coverage.

Simmons recognized the benefits team and led the room in a round of applause.

Regent Brod asked about the effects of an aging workforce on the potential impact of the excise tax. Horstman acknowledged that demographics are a challenge, with 3 percent of active University employees over age 70, but noted that 36 percent are Millennials. Horstman mentioned that programs such as medication management, condition management, and individual case workers, as well as the University's wellness programs, help keep employees out of the high-cost claim category.

In response to a question from Simmons, Horstman stated that at age 65, active employees can stay in any University plan available or apply for Medicare. Early retirees who reach age 65 have access to negotiated benefits with four carriers providing coverage locally.

Regent Omari asked about the impact on graduate assistants. Horstman responded that while they are not directly affected by the excise tax, they must meet certain requirements in their plans regarding minimum essential benefits. He added that Boynton Health staff are exploring how to address such things as whether the graduate assistant plan should be subsidized.

Brod asked at what level of excise tax it would make sense financially for the University to buy its way out of providing health insurance for employees. Horstman responded that even if the University paid the penalty, it would likely have to pay above that to be competitive as an employer. He added that as premiums and costs for employers go down, debt and medical bankruptcies for employees go up. Brod reminded the committee that the decision to provide health care coverage to employees is a policy choice made by the Board of Regents.

UMTC STRATEGIC PLAN: IMPLICATIONS FOR HUMAN RESOURCES

Regent Simmons invited Brandon Sullivan, Director, Leadership and Talent Development, and Rebecca Ropers-Huilman, Vice Provost for Faculty and Academic Affairs, to present for discussion the human resources implications of the UMTC strategic plan, as detailed in the docket.

Sullivan discussed how human resources enable three key aspects of strategic development: motivated employees, common direction, and aligned effort. He detailed strategic plan demands and HR needs related to leadership development; employee engagement and wellbeing; talent and performance management; and compensation, rewards and recognition.

Ropers-Huilman walked through strategic plan demands and HR needs related to recruitment and retention; diversity and inclusion; and evidence-based decision making. She identified coordination and communication between central and local levels to support the strategic plan as a key challenge, along with extensive reliance on unit-level leadership within a culture that values independent and individual action through its recognition structures.

In response to a question from Simmons about engagement with units, Sullivan noted that they start with an assessment and adopt a tailored approach. Ropers-Huilman referenced meetings with deans to understand the needs of each college.

Simmons asked Brown whether different people will be needed to fully implement the strategic plan. Brown responded that the biggest challenge is scaling up resources related to leadership and supervision.

Regent Omari commented on the multiple strategic plan impacts on graduate students, and on the need for leadership development and helping graduate students stay at the University as faculty or staff. Sullivan agreed on the need for graduate student leadership development. He shared that HR has talked with a number of deans who are interested in the topic, but acknowledged that not much has been done in this area yet.

Regent Hsu asked about faculty frustrations. Sullivan referenced key findings of the employee engagement survey that show faculty are highly engaged, but frustrated about such things as workload policies that go unenforced, operational inefficiencies, or inefficient decision-making processes. In response to an additional question from Hsu, Sullivan noted that the survey includes items that track the workplace factors that can heighten engagement, but includes no direct measure of happiness.

Regent Beeson observed the ongoing disruption of higher education and asked about the turnover of talent. Sullivan and Ropers-Huilman reported having no national data on that issue, but anecdotally could confirm such turnover.

Regent Brod wondered when the Board should follow up regarding attracting and retaining field-shaping researchers. Simmons asked Provost Hanson to respond. Hanson assured the committee that they are able to report on progress annually, using such measures as the number of faculty with national awards and the quality of candidate pools for each hire.

In response to a question from Student Representative Odetola about non-monetary compensation, Ropers-Huilman identified improving campus culture and climate and attention by leaders to the needs of particular groups such as associate professors.

SECURITY OF HUMAN RESOURCES DATA

Regent Simmons invited Amy Kucera, Senior Director of Operations, Office of Human Resources, and Brian Dahlin, Chief Information Security Officer, Office of Information Technology, to present on the security of human resources data, as detailed in the docket.

Kucera covered the importance of data security, what data is considered private, how the law and the University protect HR data, where such data lives at the University and how it is used.

Dahlin outlined the University's information security program, which includes security policy and governance; risk management; security architecture; intrusion detection; and incident response. He also shared future security initiatives around log management, risk management, and two-factor authentication for end users.

Simmons commented that data about the University's people is the most attractive to theft, and must be protected.

In response to a question from Regent Hsu about wide-scale security breaches, Dahlin emphasized that the University has not experienced significant hacks.

Regent Omari asked about the impact of data security measures on the University's ability to conduct business with small vendors. Dahlin explained that the University added a vendor management standard within the past year and that the Office of the General Counsel reviews contracts for potential security problems.

Regent Brod referenced the Audit & Compliance Committee's interest in identifying protection and noted the importance of data security related to former as well as current employees. In response to a question from Brod, Dahlin noted that the University has automatic triggers to remove access for former employees. He noted, however, security complications related to "email for life" for alumni. He referenced a scheduled account management risk assessment that will evaluate and help the University determine its tolerance for risk in this matter.

In response to a question from Regent Cohen about sunshine laws, Kucera stressed that public information is clearly defined in the Minnesota Government Data Practices Act. Brown added that while directory information is public, employees can suppress some of that data.

Regent Beeson asked whether email accounts are deactivated or scrubbed when an employee leaves. Dahlin responded that the decision is left up to units. Beeson expressed astonishment, noting that in private industry employees do not leave with their email accounts. Brown clarified that students can keep their accounts because they are alumni. Alumni who become employees and then leave the University create a situation that is less clear. Dahlin confirmed that retirees who are alumni also keep their accounts. Brown stressed that this issue will be raised during the upcoming HR risk assessment. Regent Hsu noted that the University has outsourced its email function to Google and wondered about confidentiality and security. Simmons identified email security as a matter of significant interest and directed that the risk assessment results return to the committee for discussion at a future meeting.

Simmons asked about patient information and HIPAA compliance. Kucera characterized the area of data transfer and benefits as rock solid. Dahlin referenced a recent risk assessment of HIPAA data that specified remediation plans that are reducing risk. Simmons suggested to Regent Brod that the Audit & Compliance Committee take up the matter of HIPAA compliance.

In response to a follow-up question from Simmons regarding the status of the University's policies around data security practices and expectations, Dahlin noted a major policy overhaul over the past year that resulted in a variety of new standards for the institution.

In response to a question from Regent Brod, Dahlin affirmed risk equality across the system, including the system campuses.

CONSENT REPORT

Vice President Brown invited Provost Hanson to join her in presenting for review and action the Consent Report, which included the following items:

- Appointment of Garry Jenkins, J.D., as dean of the Law School.
- Conferral of tenure for two outside hires.
- Amendments to the Civil Service Rules.
- Correction of a clerical error from the May 2016 docket.
- Appointment of trustees to the Minnesota Landscape Arboretum Foundation.

Hanson presented for approval Garry Jenkins as dean of the Law School. Brown walked through the other items. A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

Vice President Brown referred the committee to the information items contained in the docket materials, which included the annual UPlan update, personnel highlights, University highlights, and faculty and staff activities and awards.

The meeting adjourned at 2:55 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Audit & Compliance Committee
June 9, 2016**

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, June 9, 2016, at 3:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Laura Brod, presiding; Richard Beeson, Michael Hsu, Peggy Lucas, Abdul Omari, and Patricia Simmons.

Staff present: Chancellor Stephen Lehmkuhle; Executive Vice President and Provost Karen Hanson; Vice President Brian Herman; Interim Vice President Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt and Michael Volna.

Student Representatives present: Dalton Javner and Cory Schroeder.

**UPDATE ON IMPLEMENTATION OF
HUMAN PARTICIPANT RESEARCH PROTECTION PLAN**

Regent Brod invited Vice President Herman to provide an update on progress made since May 2016 on the Human Participant Research Protection plan, as detailed in the docket.

Herman provided a brief update on work plan progress. He noted that he and Vice President for Health Sciences Brooks Jackson had testified before the Minnesota Senate Higher Education and Workforce Development Committee in response to a report issued by the Legislative Auditor. He reminded the committee that the report noted that implementation work is on time and on target, and that faculty and staff are committed to the process.

Herman offered that by the end of December, the work plan should be completed. He added that monthly reports to the legislature may be able to stop then, and that his updates to the committee may not need to be as frequent.

Brod congratulated the implementation team on its significant progress. She noted her desire for the committee to evaluate the frequency of updates to determine the right oversight schedule going forward. She offered that the updates are not just focused on oversight but on supporting progress.

Regent Beeson echoed the praise for progress made, and suggested the committee hear in the fall from external advisor David Strauss. Brod agreed and noted it would be considered during annual planning.

In response to a question from Associate Vice President Klatt, Herman noted that the Association for the Accreditation of Human Research Protection Programs (AAHRPP) would return in September for a site visit. He added that the institution remains fully accredited by AAHRPP and that the formal current status is "reaccreditation pending."

INTERNAL AUDIT UPDATE

Regent Brod invited Associate Vice President Klatt to present the Internal Audit Update, as detailed in the docket.

Klatt noted that as director of Internal Audit, she serves on the Audit Committee of the Fairview Health Services board of directors under the University's current affiliation agreement with Fairview. She reported that the committee was disbanded after its April meeting, with no information on whether that relationship would be reestablished. The committee met quarterly.

Klatt reported that since the last update in February 2016, University departments implemented 43 percent of outstanding recommendations rated as "essential," above the expected implementation rate of 40 percent. Seven units fully implemented all their remaining "essential" recommendations. Eight audit reports containing 51 recommendations rated as "essential" were issued in the last four months.

Klatt sought the committee's direction on an outstanding finding regarding compliance with a state statute that affects the University's purchasing practices. She reported that the University believes it cannot comply given vague statutory language and the statute's inference of outdated practices, and that her office cannot mark this issue as complete.

Following a wide-ranging discussion with Associate Vice President Volna regarding the history and meaning of the statute, the University's autonomy, and internal efforts to increase compliance, Brod on behalf of the committee directed the administration to work with the Office of the General Counsel and the state Department of Administration to clarify the statutory language or find a different path to compliance.

Klatt highlighted the results of three recently completed audits and outlined improvements needed in the control environment. For the Law School, she noted financial pressures and understaffing; for University of Minnesota Duluth College of Education and Human Service Professions, she noted oversight and control of information technology activities; and for Athletics finance and operations, contract management and human resources.

Brod recognized new Athletics Director Mark Coyle in the audience and shared her intent to bring Athletics before the committee more often to support its administration in making needed changes.

Regent Beeson supported adding athletics audit monitoring to the committee's work plan, noting that the checklist format used around the human participant research protection plan worked well.

Regent Hsu raised a number of concerns regarding the Athletics and Law School audit findings. Brod noted that Klatt would bring updates to the committee at future meetings in keeping with the management plan but that the committee could consider adding the Law School to a future agenda as well. Klatt explained her office's remediation follow-up approach, noting a diligent "trust but verify" culture.

Brod stated her intent to bring Athletics administration before the committee in September.

INTERNAL AUDIT PLAN

Regent Brod invited Associate Vice President Klatt to present the FY 2017 Internal Audit Plan (plan), as detailed in the docket.

Klatt reminded the committee of the process and risk factors used to develop the plan, and noted the nine operational risk factors highly correlated to audit findings. She noted FY 2016's significant attention to centralized business processes, and that the new plan provides greater audit coverage of academic units in response to requests from deans. The plan includes 28 audits of University processes, academic units, and colleges.

Klatt pointed out that the plan intentionally excludes certain high-risk areas that are well known and already being addressed, that lack the maturity for meaningful auditing, or that are receiving extensive external review. These risk areas include M Health, the Department of Psychiatry, fetal tissue procurement, and the Healthcare Center of (IT) Excellence.

Brod thanked Klatt and her team for their positive partnership approach to building a culture of compliance. She asked whether the University has the right resource balance between auditing and monitoring. Klatt responded that she can only speak to the auditing resource question, and that she believes her resources are adequate. She added that monitoring is receiving greater appreciation and interest recently, noting President Kaler's emphasis on monitoring around such things as the enterprise upgrade. Brod referenced Regent Simmons' historical attention to the committee's role in compliance and monitoring, and agreed that the administration has been paying more attention to monitoring.

Regent Beeson suggested that the definitive agreements for the new M Health structure should include the University's internal auditor as a member of the Audit Committee. Brod and Simmons agreed.

In response to a question from Regent Omari, Klatt clarified that 4 percent of her office's time is spent on follow-up. She added that follow-up occurs for each reporting period, or three times a year.

In response to a question from Brod, Klatt explained that her office does not "write off" or "write-down" findings, but has on occasion supported a unit when its leaders reach the point where the institution can accept residual risk.

Regent Hsu asked whether follow-up occurs until an item is green, or just not red. Klatt confirmed the latter.

INFORMATION ITEMS

Regent Brod invited Associate Vice President Klatt to present the information items, as detailed in the docket.

Klatt referred Regents to the semi-annual controller's report. She called the committee's attention to the many new accounting rules that the University must adopt and to the report's discussion of Payment Card Industry Data Security Standard compliance, an area of ongoing committee interest.

The meeting adjourned at 4:40 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Governance & Policy Committee
June 9, 2016**

A meeting of the Governance & Policy Committee of the Board of Regents was held on Thursday, June 9, 2016 at 3:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Thomas Devine, Dean Johnson, David McMillan, and Darrin Rosha.

Staff present: President Eric Kaler; Chancellor Fred Wood; Vice President Kathryn Brown; General Counsel William Donohue; and Executive Director Brian Steeves.

Student Representatives present: Love Odetola

SPECIFICATION OF BOARD APPOINTMENT AUTHORITY

Regent Cohen invited President Kaler and Vice President Brown to present for action a proposed amendment to Board of Regents Policy: *Reservation and Delegation of Authority*, as detailed in the docket.

Kaler reviewed the proposed amendment, noting that the language broadens Board appointment authority and was drafted in response to the committee's conversation in May. He added that the committee had also discussed an additional reporting requirement, but it was not included in this amendment. Kaler proposed that the reporting language be developed over the summer and reviewed by the Faculty & Staff Affairs Committee in the fall.

A motion was made and seconded to recommend adoption of the proposed amendment to Board of Regents Policy: *Reservation and Delegation of Authority*.

Regent Rosha offered his appreciation to Kaler and Brown for addressing both appointment authority and reporting. He wondered about the impact of excluding incentive compensation from the proposed policy language. Kaler responded that incentive compensation was excluded because it is highly variable by employee and by year. He added that he was willing to consider including incentive compensation, suggesting that the midpoint of potential incentive compensation be used. Rosha commented that he viewed incentive compensation as something that should be included. Brown responded that staff would create a sustainable, replicable definition.

In response to a question from Regent Johnson, Brown stated that staff would need to retrieve incentive information from the system manually. Director Lincoln Kallsen, Institutional Analysis, added that the current language was drafted based on what data is readily available in the system, noting that incentive compensation is not preloaded. Kaler agreed that the data would have to be figured out by hand.

Kaler proposed adding "and the average value of any incentive compensation" after "supplemental compensation" and striking "incentive" from the proposed amendment. Rosha moved to amend the proposed policy with Kaler's language; the motion was seconded.

Kallsen commented that administrative policy language would need to be developed and sent out to units. He added that incentive compensation contracts that would be covered by the Roshia amendment were likely already identified for Board approval under the proposed language.

The committee voted 4-1 in favor of the Roshia amendment. Cohen voted no.

The committee voted 4-1 to approve Board of Regents Policy: *Reservation and Delegation of Authority* as amended. Cohen voted no.

BOARD OF REGENTS ANNUAL PLANNING PROCESS

Regent Cohen invited Executive Director Steeves to present an overview of the Board's annual planning process, as detailed in the docket.

Steeves outlined the annual planning process and the objectives that guide that process. He articulated the three levels of planning – priorities, planning calendar, and committee work plans – and gave examples of each. Steeves noted that the Board planning calendar and committee work plans are informed by the Board's priorities and often include agenda arcs that span across the year. He explained how Board staff, working with committee leadership and senior leaders, seeks to create balanced agendas that include fiduciary items, educational topics, and governance discussions.

The committee discussed the effectiveness of the planning process, and offered input on the increased number of work sessions and how fundamental planning documents should move through the Board and committees for approval. The committee expressed enthusiasm for the additional work sessions held over the past year, with members pointing to the operating budget and the enrollment and tuition philosophy work sessions as being highly effective. The committee also encouraged President Kaler to take a more active role during work session discussions.

Cohen summarized the consensus of the committee: that the full Board be given additional opportunities to engage with the fundamental planning documents before they come for review and approval, and that those additional opportunities be incorporated into the 2016-17 planning calendar.

DRAFT 2016 BOARD POLICY REPORT

Regent Cohen invited Executive Director Steeves and Jason Langworthy, Board Associate, Policy & Committees, Office of the Board of Regents, to present the draft 2016 Board policy report (report), as detailed in the docket.

Steeves reviewed the practice of policy work planning. He noted the goal of comprehensively reviewing each of the Board's 92 policies every six years. He explained that to manage the process, the policies were divided into six classes of 14 to 16 policies each.

Langworthy reminded the committee of the objectives and key questions policy implementers are asked to consider when undertaking a comprehensive review of a policy. He outlined the three outcomes of the comprehensive review process and offered recent examples from the past year for each.

Langworthy summarized 2015-16 policy work. He also reviewed the 2016-17 plan, identifying those policies that will be comprehensively reviewed, carried forward from the previous year, and that could be added as requested by the Board or administration. He noted that the final report would come to the Board as a receive and file item in July.

RECORDING VOTES IN BOARD MINUTES

Regent Cohen invited Regent Johnson to discuss potential changes to how votes are recorded in the Board's minutes.

Johnson reminded the committee of its discussion in May and outlined the current process for recording votes. He described his proposal that a voice vote be recorded only as approved or not approved, a division be recorded with the number of votes in favor and opposed, and a roll call be recorded as a list showing each Regent and his or her vote. McMillan voiced his support for the proposal and the desire to ensure that Board staff is able to accurately and effectively record the Board's votes.

The committee discussed the proposal, with members expressing their desire to ensure accuracy; the difficulty of recording who voted during a voice vote; their role as a public body that should have public votes recorded; the possibility that roll call votes could increase tension during deliberations; a proposal to automatically require roll call votes on specific items; and the ability for any Regent to amend the minutes if they felt a vote had not been recorded accurately.

Johnson suggested that given the lack of consensus among the committee, and since any change impacts the full Board, the current practice be used until the full Board could discuss the topic further.

The meeting adjourned at 4:45 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
June 10, 2016**

A meeting of the Board of Regents was held on Friday, June 10, 2016 at 7:30 a.m. in the Minnesota Room, McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Laura Brod, Linda Cohen, Thomas Devine, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Darrin Rosha, and Patricia Simmons.

Staff present: President Eric Kaler; Vice President Kathy Brown; General Counsel William Donohue; and Executive Director Brian Steeves.

Others present: Brent Benrud, Mark Coyle, and Amy Phenix.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE BOARD OF REGENTS**

A motion was made and seconded that the following resolution be adopted:

WHEREAS, based on advice of the General Counsel, the Board of Regents has balanced the purposes served by the Open Meeting Law and determined that there is a need for absolute confidentiality to discuss particular matters involving the University of Minnesota;

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3; 13D.03; and 13D.05 Subd. 3(b), a non-public meeting of the Board of Regents be held on Friday, June 10, 2016 at 7:30 a.m. in the Minnesota Room, McNamara Alumni Center, for the purpose of discussing labor negotiations strategy and an attorney-client privileged matter.

The Board voted unanimously to adopt the resolution. The public portion of the meeting ended at 7:31 a.m.

The Board discussed labor negotiations strategy and an attorney-client privileged matter. The meeting adjourned at 8:42 a.m.



**BRIAN R. STEEVES
Executive Director and
Corporate Secretary**

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
June 10, 2016**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 10, 2016 at 8:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Laura Brod, Linda Cohen, Thomas Devine, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Darrin Rosha, and Patricia Simmons.

Staff present: President Eric Kaler; Chancellors Lendley Black, Jacqueline Johnson, Stephen Lehmkuhle, and Fred Wood; Executive Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert, Kathy Brown, Brooks Jackson, and Richard Pfitzenreuter; Interim Vice President Bernard Gulachek; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Michael Berthelsen, Gail Klatt, Julie Tonneson, and Michael Volna.

ANNUAL MEETING

Chair Johnson called the Annual Meeting to order at 8:55 a.m.

ESTABLISHMENT OF MEETING DATES

Chair Johnson outlined proposed meeting dates for 2016-17. A motion was made and seconded to approve the meeting schedule.

Regent Hsu moved that an additional meeting be added to the 2016-17 calendar and suggested the month of August. The motion was not seconded.

The meeting was interrupted by the actions of protesters. Johnson called the meeting to order, instructing the protesters to leave the room or they would be removed. He recessed the meeting when the protesters did not disperse; the Board left the room.

The annual meeting reconvened at 9:21 a.m.

Regent Hsu withdrew his motion to add another meeting.

The Board of Regents voted unanimously to approve the following meeting schedule for 2016-17:

- July 6-8, 2016 (includes annual retreat)
- September 8-9, 2016
- October 13-14, 2016
- December 8-9, 2016
- February 9-10, 2017
- March 23-24, 2017
- May 11-12, 2017
- June 8-9, 2017

The annual meeting adjourned at 9:23 a.m.

The regular meeting of the Board of Regents convened at 9:23 a.m.

REGULAR MEETING

RECOGNITIONS

Vice President and Chief Financial Officer/Treasurer

Recognition was given to Richard Pfutzenreuter, Vice President & Chief Financial Officer, and Treasurer of the Board, who will retire at the end of the fiscal year.

General Counsel

Recognition was given to William Donohue, University General Counsel, who will retire at the end of the fiscal year.

Academic Professionals & Administrators Consultative Committee Outgoing Chair

Recognition was given to Susanne Vandergon, Senior Financial Analyst in the Office of Information Technology and outgoing 2015-16 chair of the Academic Professionals & Administrators Consultative Committee.

Student Representatives to the Board of Regents

Recognition was given to the 2015-16 Student Representatives to the Board of Regents:

Callie Livengood, Chair
Twin Cities (MSA)

Samantha Jensen
Duluth

Cory Schroeder, Vice Chair
Morris

Love Odetola
Twin Cities (COGS)

Max Hall
Twin Cities (PSG)

Nikki Ripp
Rochester

Dalton Javner
Crookston

Chase Taylor
Twin Cities (MSA)

INTRODUCTION OF DIRECTOR OF INTERCOLLEGIATE ATHLETICS

President Kaler introduced Mark Coyle, new Director of Intercollegiate Athletics.

APPROVAL OF MINUTES

A motion was made and seconded, and the Board of Regents voted unanimously to approve the minutes of the following meetings:

Board of Regents Meeting – May 12, 2016
Facilities, Planning & Operations Committee – May 12, 2016
Faculty & Staff Affairs Committee – May 12, 2016
Audit & Compliance Committee – May 12, 2016

Governance & Policy Committee – May 12, 2016
Academic & Student Affairs Committee – May 12, 2016
Finance Committee – May 12, 2016
Board of Regents Meeting – May 13, 2016
Board of Regents Public Forum – May 13, 2016
Presidential Performance Review Committee – May 13, 2016
Presidential Performance Review Committee – May 27, 2016
Presidential Performance Review Committee – May 31, 2016

REPORT OF THE PRESIDENT

President Kaler reported on the appointment of a new athletics director, discussed challenges facing that department, and highlighted the accomplishments of the University's athletic teams. He discussed the outcome of the legislative session and expressed disappointment at the lack of a bonding bill. He emphasized the importance of student mental health and assured the campus community that he is aware of their concerns.

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

REPORT OF THE CHAIR

Chair Johnson reported on Regent outreach during the past month, including attendance at events throughout the state. He discussed Presidential Performance Review Committee progress, noting that its summary of conclusions would be provided at the Board's July meeting.

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

RECEIVE AND FILE REPORTS

Chair Johnson noted the receipt and filing of the Report of the Academic Professionals and Administrators Consultative Committee, the Report of the Civil Service Consultative Committee, and the Quarterly Report of Grant and Contract Activity.

CONSENT REPORT

Chair Johnson presented for action the Consent Report as described in the docket materials, including:

- Regents Professor Recommendations
- Report of the All-University Honors Committee
- Gifts

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Consent Report.

Kaler remarked that one item in the Consent Report was the posthumous conferral of an Honorary Doctor of Humane Letters degree to Prince Rogers Nelson (Prince). He added that a public event is being planned in Prince's honor and that details would be released when known.

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Chair Johnson invited Professor Colin Campbell, chair of the Faculty Consultative Committee (FCC), to report on the committee's recent activities. Campbell highlighted the committee's focus on equity and diversity, shared governance, academic freedom and freedom of expression, and faculty unionization efforts. He announced that he will continue as FCC chair for the 2016-17 academic year and added that a vice chair has not yet been elected.

Regent Simmons noted that faculty are a driving force in developing a broader, more diverse University community. She remarked on the importance of the FCC in the process of shared governance and is pleased that Campbell will continue as chair.

Regent Brod thanked Campbell for developing strong relationships with the Board and with his fellow faculty. She applauded his general candor and his efforts related to freedom of speech and intellectual diversity.

BOARD OF REGENTS POLICY: CODE OF ETHICS FOR MEMBERS OF THE BOARD OF REGENTS – ANNUAL REVIEW

General Counsel William Donohue reviewed Board of Regents Policy: *Code of Ethics for Members of the Board of Regents*. The Board, with assistance of the general counsel, annually reviews the requirements and procedures set forth in the policy.

Donohue highlighted the guiding principles Board members are obligated to follow. First, Board members are responsible for the governance of the University and must be accountable in the areas of financial disclosure, gifts, expenses, and conflicts of interest; and second, Board members are expected to put aside parochial interests, keeping the welfare of the entire University paramount at all times. He described when conflicts of interest exist, how to manage them, and what to do if a Board member has a conflict.

SYSTEM-WIDE STRATEGIC PLANNING: UMC

Chair Johnson invited Chancellor Wood to report on the University of Minnesota Crookston (UMC) strategic planning process. Wood provided an overview of the UMC mission statement, emphasizing the vision and core values of campus. He discussed real-time strategic planning, a non-profit planning approach Wood characterized as a good fit for the campus community and culture. He detailed the key strategic initiatives of the UMC plan, including enrollment management, philanthropic engagement, diversity and inclusion, and employee engagement. Wood emphasized alignment between the UMC and Twin Cities strategic plans.

Regent Devine applauded Wood for his efforts to improve the student experience and student life at UMC.

In response to a question from Regent Cohen, Wood remarked that it can be difficult to recruit and retain faculty, especially given geographic challenges. He noted that there has been less turnover this year than in years past, and commented that there is a strong commitment to the campus from the younger faculty. He attributed this to factors such as improved benefits.

In response to a question from Regent Beeson, Wood reported that 24 academic programs are offered online and that those programs are directly aligned with the strategic plan. The online portal through which the courses are offered provides technology support, but the content of the courses is driven exclusively by Crookston faculty.

Regent Rosha commented on the positive alignment with the UMTC strategic plan, and stated he is eager for additional conversations about system-wide strategies.

In response to a question from Regent McMillan about workforce development, Wood noted that the program dates back to the beginning of the school. He highlighted changes in workforce development as the campus transitioned from an agricultural school, to a technical college, to a four-year campus. He remarked that faculty are deeply committed to workforce development and its integration into the curriculum, since it is central to the mission and history of the institution. He commented that the business community in Crookston is smaller than that of the Twin Cities, but emphasized their strong partnerships and involvement.

UNIVERSITY OF MINNESOTA HEALTH

Chair Johnson invited Regent Simmons to provide the Board with an update on the University of Minnesota Health (M Health) agreement. Simmons reported on the progress of searches for board members and a CEO. She explained that the new board will be made up equally of University and Fairview appointees. University appointments will be made by the Board of Regents.

Simmons asked for feedback on desired characteristics and skills of board appointees, and requested suggestions for attracting top talent. She discussed the importance of finding the right attributes, characteristics and competencies, and asked for Regent input on the search process.

Regent Beeson stated that the top priority after establishing a competency-based board is to clearly define the organization's mission statement and organizational objectives, since that will drive future progress.

Regent Lucas emphasized that this board is not merely honorary, which means it is critical to appoint competent, skilled members.

Regent Cohen remarked on the importance of academic experience among the board members, in addition to strengths in finance and health care.

In response to a question from Regent Omari regarding term limits, Simmons replied that one of the main goals is continuity. She explained that to avoid having the entire board turn over at once, terms will be staggered. She noted that desired competences for board members will likely evolve as the entity becomes more established. Simmons added that three- to four-year terms are very common among similar boards.

Regent Brod supported the idea of three-year term limits for board members, given the dynamic nature of the health care industry. She agreed with the importance of a strong organizational mission. She cautioned that board loyalty must be to the new entity and not to the appointing institution.

PRESIDENT'S RECOMMENDED FY 2017 ANNUAL CAPITAL IMPROVEMENT BUDGET

Chair Johnson introduced Vice Presidents Pfutzenreuter and Wheelock to present for action the President's recommended FY 2017 Annual Capital Improvement Budget (Capital Budget), as presented in the docket.

Wheelock reminded the Board that policy directs the administration to develop a Capital Budget with a six-year time horizon, updated annually. She explained that approval of the budget allows individual projects with completed predesigns and financing plans to proceed with design and construction. She reviewed the major components of the Capital Budget.

Wheelock noted that all projects requiring state funding have been pulled from the proposed budget due to the results of the legislative session. She noted that if a special session is called to discuss a bonding bill, the Board and relevant committees will be notified. She outlined the projects that are able to proceed despite the lack of state funding, and discussed additional changes to the budget since May.

Regent McMillan, Chair of the Facilities, Planning & Operations Committee, reported that the committee reviewed the project components of the Capital Budget and recommends approval of the Resolution Related to the FY 2017 Capital Improvement Budget. He moved its approval.

Regent Beeson, Chair of the Finance Committee, reported that the committee reviewed the financial components of the Capital Budget and recommends approval of the resolution. He seconded the motion.

In response to questions from Regent Simmons regarding a special legislative session, Kaler noted that he is encouraged by recent conversations and meetings but cannot speak to the likelihood of a special session. He emphasized his continued commitment to advocating for requested projects and funds.

In response to a question from Regent Lucas about the status of the track, Wheelock reported that progress is ongoing. She remarked that a more detailed report would be ready in the fall, which will include possible recommendations for next steps. Lucas commented that a plan being provided sooner is preferable, especially given the quality of both track teams this season. Wheelock emphasized that there are designated funds for the new track.

The Board of Regents voted unanimously to approve the Resolution Related to the FY 2017 Capital Improvement Budget, as follows:

WHEREAS, the Board of Regents (Board) directed the administration to annually submit a capital improvement budget and a six-year capital improvement plan; and

WHEREAS, the Board has adopted principles to guide the formulation of the capital improvement budget and six-year capital improvement plan; and

WHEREAS, the Board recognizes the importance of sustaining and improving the University's facilities in support of teaching, research, and outreach; and

WHEREAS, the administration has developed a capital planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is realistic; and

NOW, THEREFORE, BE IT RESOLVED, that the Board approves the FY 2017 Capital Improvement Budget and reaffirms its prior year capital expenditure.

**PRESIDENT'S RECOMMENDED FY 2017
ANNUAL OPERATING BUDGET**

Regent Johnson invited President Kaler to present for action his recommended FY 2017 Annual Operating Budget (Operating Budget) as detailed in the docket materials. Kaler invited Vice President Pfutzenreuter and Associate Vice President Julie Tonneson to join the discussion.

Kaler reported that the Operating Budget is a reflection of the University's values and priorities and focuses on several institutional goals: a commitment to accessibility, affordability, and academic excellence; creating a culture of operational excellence and accountability; and appreciation for faculty and staff.

Kaler detailed sources of revenue and reported that the total FY 2017 budget is \$3.8 billion. He explained that the incremental changes in the budget are due to unit-level reallocations and resources, as well as tuition dollars. Kaler noted the proposed reallocation of administrative costs, which leaves only about 20 percent remaining to achieve the six-year goal of reallocating \$90 million in administrative costs.

Kaler described his updated proposal for tuition and fees, stating his goal of limiting the impact of a tuition increase for most Minnesota undergraduates. The revised budget proposes a tuition increase of 2.5 percent for resident undergraduate students on the Twin Cities campus – with increases in the Promise Scholarship program – and zero increase for resident undergraduates on system campuses. For non-resident, non-reciprocity (NRNR) undergraduates, the revised budget proposes a tuition increase of 7.5 percent on the Twin Cities campus – versus the previously proposed 9.9 percent increase – an increase of 2.5 percent on the Duluth campus, and reinstatement of a separate NRNR rate for the Morris campus. The Crookston and Rochester campuses will charge resident and NRNR students the same rates. Tuition for most graduate programs increase by approximately 2.5 percent.

Kaler outlined total cost of attendance under the proposed budget, including modest increases to room and board rates for undergraduate students. He discussed changes to student aid programs, including the federal Pell Grant, the Minnesota State Grant Program, and the U Promise Scholarship.

Kaler discussed the timeline for the 2017-19 biennial budget request. He noted that the administration is already focusing on key priorities for the biennial budget request, including MnDRIVE efforts, investing in student success, and core mission support.

Regent Beeson, Chair of the Finance Committee, reported that the committee recommends approval of the Resolution Related to the Fiscal Year 2016-17 Annual Operating Budget. He moved its approval. The motion was seconded.

Regent Hsu moved to amend the operating budget to adopt Scenario 1 in Attachment 14 and add 1.5 full-time equivalent (FTE) positions to mental health services. He explained that any remaining deficit will be provided by central reserves. Pfutzenreuter confirmed sufficient funds in central reserves to allow for a balanced budget. The motion was seconded.

Regent Brod cautioned that the proposed change could decrease funding for compliance, which is a critical University function.

Regent Anderson commented that his support for the motion is primarily due to the additional mental health resources. He asked for clarification on the use of funds allocated to mental health services. Kaler replied that funds will go toward alleviating the challenges of mental health support for students. He committed to investing the funds needed to find a reasonable solution to the challenges.

Regent McMillan commented that he fully supports the president's efforts toward improving mental health services, though he does not support the amendment.

Regent Simmons added that mental health is a critical issue and suggested that additional funds are justified, with a guarantee that the funds will truly support programs or services.

Regent Rosha disagreed that the amendment would result in a decrease in compliance. He voiced support for the amendment.

Regent Cohen agreed with the importance of mental health services, but disagreed that now is the appropriate time to make changes to the budget.

A roll call vote was requested on the Hsu amendment to the operating budget, which proposes to adopt Scenario 1 in Attachment 14 of the budget, add 1.5 FTE to mental health services, and balance remaining gaps in the budget with funds from the central reserve. The vote was as follows:

Thomas Anderson	yay
Richard Beeson	nay
Laura Brod	nay
Linda Cohen	nay
Thomas Devine	abstain
Michael Hsu	yay
Peggy Lucas	nay
David McMillian	nay
Abdul Omari	nay
Darrin Rosha	yay
Patricia Simmons	nay
Dean Johnson	nay

Three votes were cast in favor of the motion, eight votes were cast against the motion, and one Regent abstained. The motion failed.

Regent Omari remarked on the importance of issues highlighted by protesters at the beginning of the meeting. He stated that even if some disagree with the method used to voice those concerns, the students are still the people the Board supports and it is critical to pay attention to their issues.

Regent Devine commented on the total cost of attendance, disagreeing with the increases to room and board rates. He added that student fees on the Twin Cities campus are much higher than on system campuses, and suggested that many fees are included for resources not all students use. He voiced his support for the operating budget, despite his concerns.

Regent Rosha remarked that he cannot support an increase in tuition that exceeds the rate of inflation. He thanked the administration for providing more detail about compensation increases but noted his discomfort with the pool since tuition is also being raised. He suggested that NRNR tuition could be increased without too great an effect on enrollment or recruitment. Rosha remarked on the perceived value of the institution in contrast to the sticker price. He cautioned that by using tuition increases to cover costs, the legislature may be less inclined to provide sufficient funding to the University in the future.

Regent Brod commented that the budget, while not perfect, delivers on the value proposition. She suggested the University can be better in areas such as compliance and condition of facilities. She emphasized that the budget only increases spending by 1 percent, which is quite low.

Regent Beeson identified strong alignment between resources and strategic goals. He voiced support for merit-based aid. He commented that he does not support lowering the compensation pool and taking resources away from faculty and staff. He appreciated the robust discussion surrounding NRNR tuition and suggested that data should drive the decision about price elasticity, as well as enrollment and recruitment. Beeson expressed support for the budget.

Regent McMillan remarked that the budget is for the whole system. He pointed out that when system campus tuition is considered, the increases are not that high. He called for greater

focus on the cost side of the budget and the need to reduce spending so the University is not relying solely on allocations from the state.

Regent Simmons remarked that the budget is well thought out and reasonable, and cautioned against making last-minute changes to such a complex document. She voiced support for the budget.

Regent Anderson voiced support for the budget. He expressed his desire to make education as affordable as possible for residents, but realizes the complexity of the budget and acknowledged that there is no simple solution.

Regent Hsu moved to add 1.5 FTE positions for mental health services. The motion was not seconded.

The Board of Regents voted 10-2 to approve the Resolution Related to the Fiscal Year 2016-17 Annual Operating Budget, as follows. Regents Hsu and Rosha voted no.

WHEREAS, the University of Minnesota as the state's public, land grant university is charged with the responsibility to pursue knowledge and help apply that knowledge through research and discovery, teaching and learning, and outreach & public service; and

WHEREAS, the State of Minnesota, through its legislative and executive branches, has appropriated \$626,449,000 in state general fund monies for fiscal year 2016-17 to the University of Minnesota, which includes an increase over fiscal year 2015-16 of \$900,000, for the pursuit of its mission and in support of our goals and objectives; and

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence; and

WHEREAS, the future of the University is premised on partnerships within the University community of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents hereby approves the University of Minnesota Fiscal Year 2016-17 Annual Operating Budget as follows:

The Fiscal Year 2016-17 Annual Operating Budget approved by the Board of Regents includes the following attachments from the President's Recommended FY17 Operating Budget:

Attachment 3	Resource and Expenditure Budget Plan (University Fiscal Page)
Attachment 6	University of Minnesota 2016-17 Tuition Plan: Tuition Rates
Attachment 8	University of Minnesota 2016-17 Tuition Plan: Course/Class Fees
Attachment 9	University of Minnesota 2016-17 Tuition Plan: Miscellaneous Fees
Attachment 10	University of Minnesota 2016-17 Tuition Plan: Academic Fees
Attachment 11	University of Minnesota 2016-17 Student Services Fees
Attachment 12	Fund Forecast – Centrally Distributed and Attributed Funds

REPORT OF THE FACILITIES, PLANNING & OPERATIONS COMMITTEE

Regent McMillan, Chair of the committee, reported that the committee voted unanimously to recommend:

1. Approval of following real estate transactions as presented to the committee and described in the June 9, 2016 minutes:
 - A. Sale of 217.46 Acres of Salt Spring Lands in the Bear Head Lake State Park, St. Louis County, to the State of Minnesota, Department of Natural Resources (Salt Spring Lands).

The Board of Regents voted unanimously to approve the recommendation of the Facilities, Planning & Operations Committee.

McMillan reported that the committee also discussed long-term planning for University facilities; received a report on academic health sciences strategic facilities planning; reviewed a resolution related to long-term development on the Twin Cities campus; and reviewed information items as outlined in the docket materials.

REPORT OF THE FACULTY & STAFF AFFAIRS COMMITTEE

Regent Simmons, Chair of the committee, reported that the committee voted unanimously to recommend:

1. Approval of the Consent Report for the Faculty & Staff Affairs Committee as presented to the committee and described in the June 9, 2016 minutes.

The Board of Regents voted unanimously to approve the recommendations of the Faculty & Staff Affairs Committee.

Simmons reported that the committee also reviewed implications of the Affordable Care Act; discussed human resources components of the Twin Cities strategic plan; received an update on the security of human resources data; and reviewed information items as outlined in the docket materials.

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE

Regent Brod, Chair of the committee, reported that the committee received an update on the human participant research protection plan; discussed the 2016-17 internal audit plan; received an update on recent internal audits; and reviewed information items as outlined in the docket materials.

REPORT OF THE FINANCE COMMITTEE

Regent Beeson, Chair of the committee, reported that committee voted unanimously to recommend:

1. Approval of the Consent Report for the Finance Committee as presented to the committee and described in the June 9, 2016 minutes.

The Board of Regents voted unanimously to approve the recommendation of the Finance Committee.

Beeson reported that the committee also discussed long-range financial and biennial request planning; received a report on annual insurance and risk management; and reviewed information items as outlined in the docket materials.

REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

Regent Cohen, Chair of the committee, reported that committee voted to recommend:

1. Adoption of amendments to Board of Regents Policy: *Student Conduct Code*.

Regent Rosha opposed the proposed amendments as described in the docket materials. He noted that work is still being done to finalize certain definitions related to sexual misconduct and his belief that there are key protections for victims and the accused that are missing from the policy.

Regent Devine suggested that student groups should have an opportunity to provide feedback on the final draft, since changes have been made since they last saw the document.

Regent Simmons remarked that the proposed policy is better than existing policy and she feels it is important to implement changes in time to be communicated to the incoming fall class.

Regent Cohen noted that while the committee did not vote unanimously to recommend approval, there was strong support for its adoption. She clarified that the Board policy is in its final form; any drafts still pending are part of a separate administrative policy.

Regent Hsu voiced concern that the policy modifies the definition of sexual assault. He moved to table the discussion until a memorandum can be produced that would outline the impact of a changed definition of sexual assault. The motion was seconded.

Regent Omari commented that the revision process has been long and has involved faculty and staff. He stated it would be unfortunate to discount all the work to bring forth a revised policy. He noted that the Board can always bring back a matter for future review and revision.

Regent Devine commented that he does not oppose delaying approval of the policy, if there is more information pending. He suggested there is still time to review and act before students arrive in the fall.

Regent Rosha suggested it is unlikely the matter would be resolved by the July meeting, which is the only meeting scheduled before school begins. He noted that the policy draft reviewed by students last year is not what is before the Board for action and reiterated a preference for language that has been fully reviewed.

The Board of Regents voted 8-3 against the motion. Brod, Devine, and Hsu voted yes. The motion failed.

The Board of Regents voted 8-3 to adopt amendments to Board of Regents Policy: *Student Conduct Code* as follows. Devine, Hsu, and Rosha voted no.

SECTION I. SCOPE.

This policy applies to all students and student groups at the University of Minnesota (University), whether or not the University is in session.

SECTION II. GUIDING PRINCIPLES.

- (a) The University seeks an environment that promotes academic achievement and integrity, that is protective of free inquiry, and that serves the educational mission of the University.
- (b) The University seeks a community that is free from violence, threats, and intimidation; that is respectful of the rights, opportunities, and welfare of

- students, faculty, staff, and guests of the University; and that does not threaten the physical or mental health or safety of members of the University community.
- (c) The University is dedicated to responsible stewardship of its resources and to protecting its property and resources from theft, damage, destruction, or misuse.
 - (d) The University supports and is guided by state and federal law while also setting its own standards of conduct for its academic community.
 - (e) The University is dedicated to the rational and orderly resolution of conflict.
 - (f) Students are entitled to the rights and responsibilities of other citizens with regard to freedom of speech, peaceable assembly, and right to petition. Students are entitled to exercise their rights to inquire and dissent, speak freely, and peaceably assemble and protest to the extent permissible under both the First Amendment and the Student Conduct Code.
 - (g) Students are entitled to due process and procedural fairness protections, including the prompt notification of charges, the opportunity to respond, the right to an advocate of choice, and the right to the resolution of a case within a reasonable period of time.

SECTION III. DEFINITIONS.

Subd. 1. Academic Environment. *Academic environment* shall mean any setting where a student is engaged in work toward academic credit, satisfaction of program-based requirements, or related activities including but not limited to on line courses, learning abroad, and field trips.

Subd. 2. Campus. *Campus* shall mean all University premises, including all land, buildings, facilities, and other property owned, possessed, leased, used, or controlled by the University, and adjacent streets and sidewalks.

Subd. 3. Plagiarism. *Plagiarism* shall mean representing the words, creative work, or ideas of another person as one's own without providing proper documentation of source. Examples include, but are not limited to:

- copying information word for word from a source without using quotation marks and giving proper acknowledgement by way of footnote, endnote, or in-text citation;
- representing the words, ideas, or data of another person as one's own without providing proper attribution to the author through quotation, reference, in-text citation, or footnote;
- producing, without proper attribution, any form of work originated by another person such as a musical phrase, a proof, a speech, an image, experimental data, laboratory report, graphic design, or computer code;
- paraphrasing, without sufficient acknowledgment, ideas taken from another person that the reader might reasonably mistake as the author's; and
- borrowing various words, ideas, phrases, or data from original sources and blending them with one's own without acknowledging the sources.

It is the responsibility of all students to understand the standards and methods of proper attribution and to clarify with each instructor the standards, expectations, and reference techniques appropriate to the subject area and class requirements, including group work and internet use. Students are encouraged to seek out information about these methods from instructors and other resources and to apply this information in all submissions of academic work.¹

Subd. 4. Student. *Student* shall mean any person taking courses at the University or enrolled in a University program; any person participating as a student in University activities prior to the start of classes; any student who is

not enrolled or registered for a particular term but has a continuing relationship with the University; any student who withdraws, transfers, or graduates after an alleged violation of the Student Conduct Code; and any already graduated student when the conduct at issue implicates the student's University degree.

Subd. 5. Student Group. *Student group* shall mean any group of students that is or has been registered as a University student group under applicable University policies or procedures.

Subd. 6. University-Sponsored Activities. *University-sponsored activities* shall mean any program or event sponsored by the University, including but not limited to those sponsored by student groups, or athletics.

Subd. 7. Medical Amnesty. *Medical amnesty* shall align with Minnesota Statutes § 340A.503, Subd. 8, and it shall mean that a student is not subject to Student Conduct Code disciplinary sanctions for underage possession and consumption of alcohol if the student contacts a 911 operator to report that the student or another student is in need of medical assistance for an immediate health or safety concern. To be eligible for medical amnesty, the student who initiates contact must be the first person to make such a report, must provide a name and contact information, must remain on the scene until assistance arrives, and must cooperate with the authorities at the scene. The student who receives medical assistance and up to two students acting in concert with the student initiating contact with a 911 operator shall also be immune from disciplinary sanctions.

SECTION IV. DISCIPLINARY OFFENSES.

Any student or student group found to have committed, attempted to commit, or assisted or abetted another person or group to commit the following misconduct is subject to appropriate disciplinary action under this policy:

Subd. 1. Scholastic Dishonesty. Scholastic dishonesty means plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using course materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; altering, forging, misrepresenting, or misusing a University academic record; or fabricating or falsifying data, research procedures, or data analysis.

Subd. 2. Disruption of the Academic Environment. Disruption of the academic environment means engaging in behavior that substantially or repeatedly interrupts either the instructor's ability to teach and/or a student's ability to learn.

Subd. 3. Falsification. Falsification means willfully providing University offices or officials with false, misleading, or incomplete information; forging or altering without proper authorization official University records or documents or conspiring with or inducing others to forge or alter without proper authorization University records or documents; misusing, altering, forging, falsifying, or transferring to another person University-issued identification; or intentionally making a false report of a bomb, fire, natural disaster, or other emergency to a University official or an emergency service agency.

Subd. 4. Refusal to Identify and Comply. Refusal to identify and comply means willfully refusing to or falsely identifying one's self or willfully failing to comply with a proper order or summons when requested by law enforcement personnel,

by emergency medical staff responding to an emergency, or by a University employee acting within the purview of his or her job responsibilities.

Subd. 5. Attempt to Injure or Defraud. Attempt to injure or defraud means making, forging, printing, reproducing, copying, or altering any record, document, writing, or identification used or maintained by the University when done with intent to injure, defraud, or misinform.

Subd. 6. Harm to Person. Harm to person means engaging in conduct that endangers or threatens to endanger the physical and/or mental health, safety, or welfare of another person, including, but not limited to, threatening, stalking, harassing, intimidating, or assaulting behavior.

Subd. 7. Bullying. Bullying means aggressive behavior directed at another person that causes stress or harm and that is repeated over time, including but not limited to assaulting, defaming, terrorizing, making obscene gestures, or invading privacy.

Subd. 8. Sexual Misconduct. Sexual misconduct means any non-consensual behavior of a sexual nature that is committed by force or intimidation, or that is otherwise unwelcome. Sexual misconduct includes the following behaviors: sexual assault, relationship violence, stalking, and sexual or gender-based harassment.

Subd. 9. Disorderly Conduct. Disorderly conduct means engaging in conduct that incites or threatens to incite an assault or breach of the peace; breaching the peace; obstructing or disrupting teaching, research, administrative, or public service functions; or obstructing or disrupting disciplinary procedures or authorized University activities.

Subd. 10. Illegal or Unauthorized Possession or Use of Weapons. Illegal or unauthorized possession or use of weapons means possessing or using weapons or articles or substances usable as weapons, including, but not limited to, firearms, incendiary devices, explosives, and dangerous biological or chemical agents, except in those instances when authorized by law and, where applicable, by proper University authority.

Subd. 11. Illegal or Unauthorized Possession or Use of Drugs or Alcohol. Illegal or unauthorized possession or use of drugs or alcohol means possessing or using drugs or alcohol illegally or, where applicable, without proper University authorization.

Subd. 12. Providing Alcohol to Minors. Providing alcohol to minors means directly or indirectly providing alcohol to anyone under the legal drinking age.

Subd. 13. Unauthorized Use of University Facilities or Services. Unauthorized use of University facilities or services means wrongfully using University properties or facilities; misusing, altering, or damaging fire-fighting equipment, safety devices, or other emergency equipment or interfering with the performance of those specifically charged to carry out emergency services; or acting to obtain fraudulently—through deceit, unauthorized procedures, bad checks, or misrepresentation—goods, quarters, services, or funds from University departments or student groups or individuals acting on their behalf.

Subd. 14. Theft, Property Damage, or Vandalism. Theft, property damage, or vandalism means theft or embezzlement of, damage to, destruction of, unauthorized possession of, or wrongful sale or gift of property.

Subd. 15. Unauthorized Access. Unauthorized access means accessing without authorization University property, facilities, services, or information systems, or obtaining or providing to another person the means of such unauthorized

access, including, but not limited to, using or providing without authorization keys, access cards, or access codes.

Subd. 16. Disruptive Behavior. Disruptive behavior means willfully disrupting University events; participating in a campus demonstration that disrupts the normal operations of the University and infringes on the rights of other individuals; leading or inciting others to disrupt scheduled or normal activities of the University; engaging in intentional obstruction that interferes with freedom of movement, either pedestrian or vehicular, on campus; using sound amplification equipment on campus without authorization; or making or causing noise, regardless of the means, that disturbs authorized University activities or functions.

Subd. 17. Hazing. Hazing means any behavior or activity that endangers the physical and/or mental health or safety of an individual (including, without limitation, an act intended to cause personal degradation or humiliation), for the purpose of initiation in, admission to, affiliation with, or as a condition for continued membership in a student group or University athletic team.

Subd. 18. Rioting. Rioting means engaging in, or inciting others to engage in, harmful or destructive behavior in the context of an assembly of three or more persons disturbing the peace on campus, in areas proximate to campus, or in any location when the riot occurs in connection with, or in response to, a University-sponsored event. Rioting includes, but is not limited to, such conduct as using or threatening violence to others, damaging or destroying property, impeding or impairing fire or other emergency services, or refusing the direction of an authorized person.

Subd. 19. Violation of University Rules. Violation of University rules means engaging in conduct that violates University, collegiate, or departmental regulations that have been posted or publicized, including provisions contained in University contracts with students.

Subd. 20. Violation of Local, State, or Federal Laws or Ordinances. Violation of local, state, or federal laws or ordinances means engaging in conduct that violates a local, state, or federal law, or ordinance, including, but not limited to, laws governing alcoholic beverages, drugs, gambling, sex offenses, indecent conduct, or arson.

Subd. 21. Persistent Violations. Persistent violations means engaging in repeated conduct or action in violation of this Code.

SECTION V. SANCTIONS.

Students and student groups found responsible for disciplinary offenses under the Student Conduct Code are subject to sanctions. Factors to consider in determining appropriate sanctions include: the nature of the offense, the severity of the offense, the culpability of the student or student group, the impact on other students or members of the University community, and the opportunity for student development. Separation from the University through suspension or expulsion is a serious sanction that may be appropriate for: repeated violations of the Student Conduct Code, for serious scholastic dishonesty, and for misconduct that constitutes a threat to community safety or well-being (including, but not limited to harm to person and sexual assault), or significantly disrupts the rights of others or the operations of the University.

The University seeks to provide a safe, secure, and healthy environment for all students. Recognizing that the potential application of disciplinary sanctions could deter students from seeking medical attention for themselves or others, the University will provide medical amnesty as defined in Section III, Subd. 7.

However, a student requiring emergency evaluation or treatment at a medical facility may be required to complete an alcohol assessment or education program. This is not considered a disciplinary response. Amnesty is granted only for violations of Section IV, Subd. 11, and does not apply to other possible violations of the Student Conduct Code (e.g., property damage or assault) which may have occurred during the time of intoxication. In circumstances involving a student group, the willingness of the student group's members to seek medical assistance for a member or a guest will be viewed as a mitigating factor in the review process for any possible violations.

The following sanctions, which are listed in order of least severe to most severe, may be imposed upon students or student groups found to have violated the Student Conduct Code:

Subd. 1. Academic Sanction. An academic sanction means a sanction affecting the course or academic work of the student for violation of Section IV, Subd. 1.

Subd. 2. Warning. A warning means the issuance of an oral or written warning or reprimand.

Subd. 3. Probation. Probation means special status with conditions imposed for a defined period of time and includes the probability of more severe disciplinary sanctions if the student or student group is found to violate any institutional regulation during the probationary period.

Subd. 4. Required Compliance. Required compliance means satisfying University requirements, work assignments, community service, participating in a restorative justice process, or other discretionary assignments.

Subd. 5. Confiscation. Confiscation means confiscation of goods used or possessed in violation of University regulations or confiscation of falsified identification or identification wrongly used.

Subd. 6. Restitution. Restitution means making compensation for loss, injury, or damage.

Subd. 7. Restriction of Privileges. Restriction of privileges means the denial or restriction of specified privileges, including, but not limited to, access to an official transcript for a defined period of time.

Subd. 8. University Housing Suspension. University housing suspension means separation of the student from University Housing for a defined period of time.

Subd. 9. University Housing Expulsion. University housing expulsion means permanent separation of the student from University Housing.

Subd. 10. Suspension. Suspension means separation of the student or student group from the University for a defined period of time, after which the student is eligible to return to the University. Suspension may include conditions for readmission. The suspension may be deferred when an offense is serious enough to warrant separation from the University, but where the specific circumstances of the case justify special consideration.

Subd. 11. Expulsion. Expulsion means the permanent separation of the student from the University.

Subd. 12. Withholding of Diploma or Degree. Withholding of diploma or degree means the withholding of diploma or degree otherwise earned for a defined period of time or until the completion of assigned sanctions.

Subd. 13. Revocation of Admission or Degree. Revocation of admission or degree means revoking a student's admission to the University or revoking a degree already awarded by the University.

SECTION VI. INTERIM SUSPENSION.

The president or delegate may impose an immediate suspension on a student or student group pending a hearing before the appropriate disciplinary committee (1) to ensure the safety and well-being of members of the University community or to preserve University property, (2) to ensure the student's own physical or emotional safety and well-being, or (3) if the student or student group poses an ongoing threat of disrupting or interfering with the operations of the University. During the interim suspension, the student or student group may be denied access to all University activities or privileges for which the student or student group might otherwise be eligible, including access to University housing or property. The student or student group has a right to a prompt hearing before the president or delegate on the questions of identification and whether the interim suspension should remain in effect until the full hearing is completed.

SECTION VII. HEARING AND APPEALS OF STUDENT DISCIPLINE.

Subd. 1. Hearing Process. Any student or student group charged with violation of the Student Conduct Code shall have the opportunity to receive a fair hearing. A finding of responsibility for violation of the Student Conduct Code must be based on a preponderance of the evidence. The president or delegate shall ensure that each campus has a hearing process that includes the following:

- (a) notification of the report and a request to meet;
- (b) an informal meeting to learn more about the steps of the disciplinary process and to share information related to the incident;
- (c) if the student or student group is found responsible, a proposal of an informal resolution that includes the findings and disciplinary sanctions being offered to resolve the incident;
- (d) if the informal resolution is not accepted, a request for a formal hearing in which a panel will determine responsibility and potential sanctions; and
- (e) if the formal resolution is not accepted, a request for an appeal. In exceptional circumstances where the University determines that an informal resolution is not appropriate, a student's responsibility will be decided through a formal hearing in which a panel will determine responsibility and possible sanctions. In regard to sexual misconduct cases, both the reporting party and the accused student have the opportunity to request a formal hearing and appeal as part of due process.

Subd. 2. Appeals Process. To safeguard the rights of students and student groups, the president or delegate shall ensure that each campus has a campus-wide appeals procedure to govern alleged violations of this policy. The appeals procedure shall provide both substantive and procedural fairness for the student or student group alleged to have violated the Student Conduct Code and shall provide for resolution of cases within a reasonable period of time.

The appeals procedure must describe:

- (a) grounds for an appeal;
- (b) procedures for filing an appeal; and
- (c) the nature of an appellate review.

SECTION VIII. JURISDICTION.

Subd. 1. The Student Conduct Code shall apply to student and student group conduct that occurs on campus or at University-sponsored activities.

Subd. 2. The Student Conduct Code shall apply to student and student group conduct that directly relates to the University's education, services, programs, or

rules, including but not limited to scholastic dishonesty, hazing, violation of University rules, and falsification, whether the conduct occurs on campus or off campus.

Subd. 3. At the discretion of the president or delegate, the Student Conduct Code also shall apply to off-campus student and student group conduct when the conduct, as alleged, adversely affects a substantial University interest and either:

- (a) constitutes a criminal offense as defined by local, state, or federal law or ordinance, regardless of the existence or outcome of any criminal proceeding; or
- (b) indicates that the student or student group may present a danger or threat to the health or safety of the student or others.

Subd. 4. Conduct of a student who is a member of a student group will not be considered to be conduct of the student group unless the facts and circumstances surrounding the conduct suggest that the student group sponsored, organized, or otherwise endorsed the conduct.

SECTION IX. THE RESPONSIBILITIES OF DUAL MEMBERSHIP.

Students are both members of the University community and of the state. Students are responsible to the community of which they are a part, and they are responsible to the academic community of the University. By enforcing the Student Conduct Code, the University neither substitutes for nor interferes with other civil or criminal legal processes. When a student is charged in both jurisdictions, the University will decide on the basis of its interests, the interests of affected students, and the interests of the community whether to proceed with its disciplinary process or to defer action. Determinations made or sanctions imposed under the Student Conduct Code will not be subject to change because criminal charges arising out of the same facts were dismissed, reduced, or resolved in favor of the criminal law defendant.

SECTION X. DELEGATION OF AUTHORITY.

The president or delegate shall implement this policy, including publishing and distributing the Student Conduct Code and the procedures governing the student disciplinary process at the University.

2. Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the June 9, 2016 minutes.

The Board of Regents voted unanimously to approve the Consent Report for the Academic & Student Affairs Committee.

Cohen reported that the committee also reviewed registration and payment processes; discussed online learning; and discussed student mental health.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Devine, Chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on June 9, 2016. A resolution was considered and adopted that authorized the closing of the meeting. In the closed meeting a discussion was held on matters subject to the attorney-client privilege.

REPORT OF THE GOVERNANCE & POLICY COMMITTEE

Regent Cohen, Chair of the committee, reported that the committee voted to recommend:

1. Adoption of an amendment to Board of Regents Policy: *Reservation and Delegation of Authority*.

Regent Simmons moved to refer the amendment to the Faculty & Staff Affairs Committee (FSA) prior to a vote by the Board.

Regent Rosha expressed his concern with the motion, noting it could set a precedent that any committee could request delay of an issue.

Regent Simmons clarified that this situation is unique, since the amendment specifies matters directly within the purview of FSA.

Regent Cohen explained that passage of the amendment in committee was not unanimous. She noted that she voted against the amendment but does not want to take advantage of her position as committee chair to influence others.

The Board voted 10-1 in favor of referring the policy amendment to FSA. Regent Rosha voted no.

Cohen reported that the committee also discussed the Board's annual planning process; reviewed a draft of the Board policy report; and discussed the recording of votes in official minutes.

The meeting adjourned at 12:39 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary