

Year 2014-15

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Board of Regents  
March 27, 2015**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, March 27, 2015, at 8:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Lendley Black, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; Vice Presidents Brian Herman, Brooks Jackson, Richard Pfutzenreuter, Scott Studham, and Pamela Wheelock; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt and Michael Volna.

**OATH OF OFFICE**

The Honorable G. Barry Anderson, Associate Justice of the Minnesota Supreme Court, administered the oath of office to the following Regents:

Thomas J. Anderson, representing the 7<sup>th</sup> Congressional District – Six-year Term  
Richard B. Beeson, representing the 4<sup>th</sup> Congressional District – Six-year Term  
Michael D. Hsu, representing the 6<sup>th</sup> Congressional District – Six-year Term  
Darrin M. Rosha, representing the 3<sup>rd</sup> Congressional District – Two-year Term  
Patricia S. Simmons, representing the 1<sup>st</sup> Congressional District – Six-year Term

The meeting adjourned at 9:00 a.m.



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

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

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**APPROVAL OF MINUTES**

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

Audit Committee – February 12, 2015  
Litigation Review Committee – February 12, 2015  
Facilities & Operations Committee – February 12, 2015  
Faculty & Staff Affairs Committee – February 12, 2015  
Academic & Student Affairs Committee – February 12, 2015  
Finance Committee – February 12, 2015  
Board of Regents – February 13, 2015

**REPORT OF THE PRESIDENT**

President Kaler congratulated Regents Anderson, Beeson, Hsu, Rosha, and Simmons on their election to the Board. He identified several ways each of the new Regents is connected to the University, its mission, and its community.

Kaler spoke briefly on human subjects research, the Dan Markingson matter, and the report of the Legislative Auditor. He offered his sympathies to the Markingson family, identifying Dan's mother specifically and apologizing to her for the death of her son under the University's care. Kaler emphasized that although the administration does not agree with all of the Auditor's findings, he is committed to restoring the public's faith in University research and to conducting research in a manner that is both ethical and safe.

Kaler discussed the University's biennial budget request. He conveyed his gratitude to the Governor for continued support of two University priorities: freezing tuition and investment in the medical school. He shared that the House is proposing less than half of what the Governor

committed. Kaler urged the University community to advocate for the University's request in the coming weeks.

Kaler also highlighted the University's continued prominence as a leading institution; expressed support for several of the University's student-athletes and teams, including the national champion Gopher women's hockey team; and described several upcoming events on campus.

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

### **REPORT OF THE CHAIR**

Regent Beeson reported on the previous day's Board activities, which began with a breakfast with state legislators in St. Paul. The Board spent the rest of the day visiting the College of Education and Human Development (CEHD). Beeson detailed that Regents met with students and faculty, learned how brain imaging is used to increase understanding of cognitive development, and tested a new classroom technology that was developed at the University. Beeson offered his thanks to CEHD Dean Jean Quam for hosting the day-long event.

Beeson explained that at last July's retreat, the Board established five priorities for the year. He noted that three of those priorities were on the day's agenda: implementation of the Twin Cities strategic plan, continued progress on resource prioritization through Operational Excellence, and guiding principles for long-range Twin Cities campus planning.

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

### **RECEIVE AND FILE REPORTS**

Chair Beeson noted the receipt and filing of the Annual Capital Financing and Debt Management Report and the Quarterly Report of Grant and Contract Activity.

### **CONSENT REPORT**

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

- Report of the All-University Honors Committee recommendation forwarded in a letter from President Kaler dated March 18, 2015.
- Report of the University Naming Committee recommendation forwarded in a letter from President Kaler dated March 18, 2015.
- Summary of Gifts through February 28, 2015.
- Discovery Capital Program Purchase Approval.
- Finance Committee Consent Report, including:

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

- Iceberg Technology Group for an estimated \$1,500,000 for post-implementation enhanced support consulting services for both direct services and backfill for the period of April 20, 2015 through June 30, 2015, following the enterprise-wide PeopleSoft systems upgrade. Funding for the post-implementation enhanced support

budget, which includes this contract, will be provided by the University's Enterprise Assessment. Vendor was selected through a competitive process.

- Sierra-Cedar, Inc. for an estimated \$1,500,000 for post-implementation enhanced support consulting services for the period of April 20, 2015 through June 30, 2015, following the enterprise-wide PeopleSoft systems upgrade. Funding for the post-implementation enhanced support budget, which includes this contract, will be provided by the University's Enterprise Assessment. Vendor was selected through a competitive process.
- ServiceNow.com for an additional \$1,600,000 for an online IT service management tool and support and maintenance for the period of June 20, 2016 through June 19, 2019 for the Office of Information Technology. The Office of Information Technology (OIT) funds this subscription, product support and software updates to ensure continuous operation of mission critical functions. The expense will be covered from OIT's central O&M funds. The FY16 budget includes planning and funding for this expense. Vendor was selected through a competitive process.

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

### **RECOGNITION OF MCKNIGHT LAND-GRANT PROFESSORS**

Recognition was given to the 2015 recipients of the McKnight Land-Grant Professorship:

Kate Derickson, Geography, Environment, and Society, UMTC  
Rafael Fernandes, Physics and Astronomy, UMTC  
Matthew Johnson, Biomedical Engineering, UMTC  
Dan Knights, Computer Science and Engineering, UMTC  
Will Northrop, Mechanical Engineering, UMTC  
Erik Redix, American Indian Studies, UMD  
Emilie Snell-Rood, Ecology, Evolution, and Behavior, UMTC  
Kechun Zhang, Chemical Engineering and Materials Science, UMTC

### **REPORT OF THE STUDENT REPRESENTATIVES TO THE BOARD OF REGENTS**

Student Representatives Hannah Kiel, Chair, and Callie Livengood, Vice Chair, presented a report from the group, as detailed in the docket. The report offered perspectives on four main topics of concern to University students: innovation and entrepreneurship, graduation outcomes, sustainability, and financial literacy.

In response to a question from Regent Devine, Livengood stated that students sometimes feel discouraged by a perceived lack of communication and action within the administration.

In response to a question from Regent Simmons, Kiel emphasized that good resources are in place for students in the area of innovation and entrepreneurship. Kiel suggested that the University could do more to raise awareness of those resources so students can take advantage of them.

In response to a question from Regent Omari, Kiel explained that Indiana University has established a good program for promoting financial literacy, asserting that it would be a helpful model to consider at the University of Minnesota. She suggested that financial literacy

programs and outreach be offered not just in the first year but integrated throughout a student's experience.

Regent Anderson noted that he is encouraged to see students making financial literacy a priority.

### **ASSUMPTIONS AND PRINCIPLES GUIDING LONG-RANGE TWIN CITIES CAMPUS PLANNING**

President Kaler explained that for over 160 years, the University's identity has been directly linked to its location in Minneapolis and St. Paul. He emphasized that the history, breadth of programs, urban location, and research mission all are draws for students, and that a place-based learning experience is one of the University's biggest competitive advantages in attracting and retaining exceptional students, staff, and faculty.

Kaler introduced Senior Vice President and Provost Karen Hanson, Vice President for Health Sciences and Dean of the Medical School Brooks Jackson, Vice President for University Services Pam Wheelock, and Vice President for Research Brian Herman to lead a discussion of assumptions and principles guiding long-range Twin Cities campus planning, as detailed in the docket.

Wheelock reminded the Board that the Twin Cities Campus Master Plan (Plan) was adopted in 2009 and was the result of a two-year process that engaged a broad spectrum of the University community. She explained that the Plan's 11 guiding principles fall into four general areas: building community, creating a model campus, integrating local and regional systems, and using the University's resources wisely.

Hanson reported that many issues surrounding space use and development relate to the student experience on campus. She explained that they are linked to the University's goals for undergraduate, graduate and professional student enrollment. Hanson noted that changes in pedagogy, as well as in students' expectations, will affect classroom and other campus facility needs.

Herman and Jackson discussed a shift in research trends toward team-based and collaborative activities. They emphasized the importance of keeping up with these trends so that the University continues its successes in research and recruitment. Each noted that current research and medical facilities are outdated and need improvement. Jackson highlighted some of the advances in the University's clinical facilities, but explained that there is still a long way to go toward meeting the needs of the expanding programs within the Academic Health Center.

Wheelock detailed development and real estate changes near campus and their effect on long-range planning. She emphasized the importance of continuing to work with the broader community and the city of Minneapolis to advance the University's strategic goals. Wheelock added that the student housing strategy would be discussed in greater detail at a future Facilities & Operations Committee meeting.

In response to questions from Regent Devine, Wheelock explained that campus development must be driven by the business plan. She noted that the challenge is finding spaces that are supportive of the mission while keeping the University competitive with other institutions. Hanson additionally commented on luxury student housing. She noted that housing plays a large role in the value of a student's experience, but cautioned that living alone in luxury housing is not necessarily the best way to integrate students into the University community. Hanson offered that the challenge for the administration is meeting the desires of the students

while still providing for their educational needs. Regarding recruitment of faculty, Hanson explained that faculty consider both research space and housing space.

In response to a question from Regent Hsu, Wheelock stated that she did not have immediate access to data that separately listed leased versus owned space but would provide those data for the Board.

In response to a question from Regent Lucas, Wheelock noted that wresting land from the railroads bordering campus is complicated. She explained that it is difficult to interest companies in the discussion, since the area near campus is only a small part of a much larger infrastructure. As a result, the University is dependent upon companies deciding it is in their long-term interest to release property. Wheelock noted some success in acquiring small parcels of land, but added that it is slow process. She also emphasized that parking is an ongoing issue in the area of campus dense with athletic venues.

Regent McMillan explained that he hopes the focus on growth is not just incremental, but also focuses on transformational projects.

Regent Rosha expressed hope that Regents who do not serve on the Facilities & Operations Committee will still have opportunities for input.

#### **TWIN CITIES STRATEGIC PLAN IMPLEMENTATION STEPS AND METRICS**

Chair Beeson invited Senior Vice President and Provost Karen Hanson, and Lincoln Kallsen, Director of Institutional Analysis, to share Twin Cities Strategic Plan implementation steps and metrics, as detailed in the docket.

Hanson reminded the Board that the Twin Cities strategic plan (strategic plan) is a focused framework for accelerating advancement in strategic areas to invigorate the University's core academic mission over the next decade. She explained that though there are four broader goals, the primary goal of the strategic plan is institutional invigoration and excellence.

Hanson outlined several of the implementation priorities already underway. She explained that work has been ongoing since fall semester 2014 to integrate strategic plan goals into the annual compact processes that drive University planning and budgeting. Hanson highlighted the College of Liberal Arts and the School of Public Health as examples of units that are integrating aspects of the strategic plan into their operations.

She explained that a continuity team has been established to assist colleges and units in implementing action steps associated with the strategic plan. This team will provide guidance on implementation issues, priorities, and metrics, and advance campus engagement with the plan's implementation.

Hanson reported on efforts surrounding the concept of "grand challenges." In the student sphere, grand challenges curriculum is being integrated into courses that will help students develop a foundational set of knowledge, skills, and values that can be applied across a range of potential grand-challenge topics. These courses will be team-taught by faculty from different units to provide multiple perspectives on inherently interdisciplinary topics. Hanson reported that similar initiatives are being addressed at the faculty level. In addition, a Grand Challenges Research Strategies Team is shaping a broad, campus-wide process to identify areas to embrace as institutional priorities.

Kallsen explained that the administration is already using many metrics. He stressed that while these existing metrics are important, there is a need to develop new metrics that are specifically in line with the strategic plan. He noted that reaching consensus about interdisciplinary work and related metrics is difficult, and that the strategic plan represents a true culture shift. Kallsen cited the use of student, faculty and staff engagement surveys as one way the University's culture is shifting. He cautioned that it is hard to move these types of measures quickly and so it is important to set smaller goals to track progress.

In response to a question from Regent Brod, Hanson stated that there is already much collaboration between colleges and departments related to implementation of the strategic plan. She hopes to use units that are experiencing success as models for others.

In response to a comment by Regent Omari, Hanson clarified that she does not see a disconnect between the strategic plan and efforts by the Office of Equity and Diversity and others to recruit and establish a more diverse faculty.

Regent Beeson reminded Board members that they will discuss a governance-level progress card in May. That progress card will be parallel and complementary to the metrics being used to track the strategic plan.

#### **FINDINGS OF INDEPENDENT REVIEWS & RESOLUTION RELATED TO IMPROVING THE CONDUCT OF HUMAN SUBJECTS RESEARCH**

Regent Beeson introduced the item on findings of independent reviews and a resolution related to improving the conduct of human subjects research, as detailed in the docket. He stressed that the University is at the beginning of a process to develop a plan to improve human subjects research practices. He noted that the Board is committed to being open and transparent throughout the process. He identified Regent Simmons as the liaison between the Board and the implementation team, adding that the Board will also provide oversight through its Audit Committee.

President Kaler described the situation leading up to the resolution presented to the Board. He stated that two independent external reviews related to the University's human subjects research were recently completed – an independent external review focused on current practices, and a report by the Legislative Auditor focused primarily on the 2004 death of a patient, Dan Markingson, while enrolled in a clinical trial. Kaler noted that the independent external review recognizes considerable strengths and people dedicated to advancing clinical research ethics at the University, but that both reports identify a need for substantial improvements and offer significant recommendations.

Kaler introduced Vice President for Health Sciences and Dean of the Medical School Brooks Jackson, Vice President for Research Brian Herman, and Associate Vice President Gail Klatt, Internal Audit, to provide additional information.

Herman expressed great sympathy for Markingson's family. He emphasized that the University can only change procedure and policy moving forward to ensure that research is conducted as ethically as possible. Herman expressed hope that the University would regain the public's trust and confidence and stressed that clinical research is essential to the University community, the state, and the world.

He explained several recommendations made by the independent external review panel. These recommendations focus on institutional review board (IRB) membership and the review process, enhancing education and training, scientific review of protocols, engagement of research subjects in the community, post-review monitoring, and the consent process.

Herman noted that the report of the Legislative Auditor made nine findings and two recommendations. The report recommended legislation requiring the University to suspend Department of Psychiatry drug studies until the external review panel's recommendations have been implemented. It also recommended legislation directing the Office of the Ombudsman for Mental Health and Developmental Disabilities to monitor patients in Department of Psychiatry drug studies.

Jackson outlined six action steps that are already underway:

1. Suspending enrollment in all Department of Psychiatry interventional drug studies currently active or awaiting approval until they have been reviewed by an independent institutional review board (IRB).
2. Appointing an Implementation Team to review and plan for recommendations and report to the President and Board of Regents in 60 days (May 15, 2015).
3. Using an independent IRB to sample additional interventional clinical studies targeting vulnerable populations.
4. Appointing a Community Oversight Board, including external experts in human subjects research and research ethics.
5. Visiting leading institutions to learn best practices for IRBs.
6. Implementing new IRB software to improve review processes and oversight.

Jackson explained that a number of improvements identified by the external review are already in progress. These improvements include structural and composition changes to the biomedical IRB; changes to IRB process and documentation; enhancing post-approval review; and education and training staffing.

He emphasized that the challenge is balancing the potential for conflicts of interest. He stated that the goal is to create a clinical trial that positively affects people, is academically productive, provides access to additional trials and resources, and lowers participation costs for future trials.

Regent Simmons stated that the Board is accountable for everything the University does, and has a responsibility to the people of the state of Minnesota. She added that this responsibility includes policy, ethics, and culture of the University. Simmons noted that the events that triggered this resolution predate the current administration, and that the Board was previously given reassurances from the institutional review board, the FDA, and the accrediting bodies of the state. These reassurances were unfounded and Simmons expressed confidence that the resolution shows commitment to upholding the highest ethical standards.

In response to a question from Regent Brod, Jackson agreed that it is important to continue other trials during this investigation. He stated that general issues related to conflict of interest exist beyond the Department of Psychiatry, and the University needs to minimize the risk of coercion. He added, however, that it is important to continue recruiting and providing opportunities for individuals to participate.

Regent Brod emphasized the importance of continued partnerships with the private sector to help fund clinical trials. She cited a University of California, Berkeley, study that found 75 percent of all U.S. trials in medicine are privately funded.

Regent Lucas offered her support for the resolution, noting that a member of her family benefited greatly from the University's bone marrow research. She shared that she has heard from others recently who have benefited from other clinical research in the areas of shingles and macular degeneration. She emphasized that these clinical trials are vital to the state of



Minnesota. She emphasized that increased oversight should not lose sight of the importance of clinical trials.

Regent Cohen stated that she is proud of the research being done in clinical trials, and that the Faculty Senate and President commissioned an external review team to look at human subjects research.

The Board of Regents voted unanimously to approve the Resolution Related to Improving the Conduct of Human Subjects Research, as follows:

WHEREAS, the University is committed to meeting, upholding and exceeding the highest ethical standards in research practices involving human subjects; and

WHEREAS, these ethical standards are critically important in the context of clinical research involving those with limited decision-making capacity; and

WHEREAS, our current human research protection program always aspires to function at a level that is above reproach; and

WHEREAS, conducting clinical research is critical to finding treatments and cures to improve human health and save lives and to fulfilling our mission as a research university; and

WHEREAS, an independent external review of current human subject research practices finds opportunities to improve and create a human subjects research program that is beyond reproach and serves as a national model; and

WHEREAS, a Legislative Auditor's review recommends that the University adopt the independent external review panel findings;

WHEREAS, we take these reports seriously and we will hold ourselves accountable, implement the external review panel recommendations, and strengthen oversight processes internally and at the governance level; and

WHEREAS, we value our strong tradition of shared governance and the faculty's unique role in shaping culture and creativity and in upholding the highest standards of excellence at the University

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents endorses the President's announced immediate and longer term administrative actions to strengthen the University's human subject protections overall, and specifically within the Department of Psychiatry, including but not limited to:

a) Suspending enrollment in all Department of Psychiatry interventional drug studies currently active or awaiting approval until they have been reviewed by an independent institutional review board (IRB), which will recommend to the University Institutional Official (Dr. Brian Herman) whether or not the suspension should be lifted.

b) Creating a Task Force comprised primarily of faculty and including external experts to plan implementation of the external review panel recommendations and report an implementation plan and action items to President Kaler and the Board of Regents in 60-days (May 15, 2015).

c) Using an independent IRB and the University's post approval monitoring process to sample additional interventional clinical studies targeting vulnerable

populations to guarantee that ongoing activities are appropriate and consistent with approved protocols, and that interactions with human subjects are consistent with the recommendations of the external review panel.

d) Appointing a Community Oversight Board, comprised of external experts in human subjects research and research ethics, with special emphasis in the area of interfacing with individuals with diminished mental capacity, to make sure that the University's approaches to human subject research are best practices.

BE IT FURTHER RESOLVED that the Board of Regents commits to an open and transparent process that solicits input from faculty and others throughout the University community and affirms the University's mission to engage in cutting-edge clinical research of the highest quality;

BE IT FURTHER RESOLVED that the Board of Regents will take an active role to shape the University's action plan and provide ongoing oversight and monitoring of these activities through its Audit Committee by evaluating the implementation plan and receiving regular progress reports on the implementation of the recommendations.

#### **UPDATE: OPERATIONAL EXCELLENCE INITIATIVES**

Kaler introduced the item on Operational Excellence (OpEx) initiatives, as detailed in the docket. He reviewed its principles: minimizing administrative costs, raising productivity, reducing redundancy, promoting entrepreneurship, and recalibrating the risk profile of the University. Kaler highlighted the unprecedented ESUP launch, stating that this type of complete process redesign is at the core of the OpEx initiative.

Kaler introduced Vice President & Chief Financial Officer Richard Pfitzenreuter; Vice President & Chief Information Officer Scott Studham; Patti Dion, Director of Employee Relations and Compensation; and Sue Van Voorhis, Associate Vice Provost and Registrar, to provide the Board with an update on OpEx.

Pfitzenreuter reminded the Board of the goal to reallocate \$90 million in administrative costs. He noted that to date, the University has reallocated \$39 million.

Studham shared ways in which the Office of Information Technology (OIT) is reducing its costs and redundancy. He discussed several issues surrounding software rationalization, indicating that the University has upgraded many smaller processes. These upgrades have saved money and created more efficient technology. Studham reported that OIT has cut help desk spending from \$1.7 million to \$1 million by eliminating 52 of the 73 helpdesks campus wide. He also noted investments in academic technology, where OIT is shifting money into critical support areas.

Dion reported that the University has implemented several HR changes in response to the 2013 Huron Consulting report. She reported on other ongoing HR initiatives related to the upgrade and changes to the HRMS portion of PeopleSoft, as well as continuation of the job family studies. Dion cited call center streamlining and the continued work on spans and layers as additional ways that HR is supporting OpEx initiatives.

Pfitzenreuter reported completion of several major projects in the areas of finance and procurement, which have created more streamlined processes. He identified three projects underway that will address procurement thresholds, new cash handling tools, and new policies and procedures for travel and expense reimbursement.

Van Voorhis discussed areas where OpEx is being implemented in student services. She offered that the PeopleSoft upgrade has eliminated 50 percent of modifications. She reported improvements to student processes such as registration, document processing, scholarship standardization, and the OneStop service area.

In response to a question from Regent Hsu, Kaler offered that there is no simple answer when it comes to lowering undergraduate tuition. He added that the University is constrained by resources from the state as well as by the marketplace. He emphasized the balance between setting a responsible tuition level while maintaining an appropriate value for the dollar.

In response to questions from Regent Rosha, Studham reported that some help-desk transitions take extra time because OIT is working to ensure that each unit and department receives the specific support they require. Pfitzenreuter added that the University has responded well to incentives historically, and that he believes there will be ways to apply incentives to the adoption of spans and layers initiatives across departments.

In response to a question from Regent McMillan, Kaler shared that one goal is to derive greater value from the money the University receives from the state. He stated that the University serves a variety of missions, and that budget requests to the legislature are about more than just tuition.

The meeting adjourned at 12:26 p.m.

**BRIAN R. STEEVES**

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive style with a large initial "B".

**Executive Director  
and Corporate Secretary**