

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Audit & Compliance Committee
September 10, 2015**

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, September 10, 2015, at 8:00 a.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 Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Brian Herman, Brooks Jackson, and Richard Pfitzenreuter; Interim Vice President Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, and Michael Volna.

Student Representatives present: Max Hall and Laura Smith.

DISCUSSION ON COMMITTEE NAME CHANGE

Regent Brod discussed the genesis of the name change from the 'Audit Committee' to the 'Audit & Compliance Committee' and the outcomes expected from the change, as detailed in the docket.

Brod shared that the name change was the result of conversations over the past several months to advance the Board's oversight of compliance. She noted increased emphasis was placed on compliance in development of the committee's draft work plan for the coming year.

Regent Simmons commented that she supported the theme in the work plan and emphasized that University leadership must set the expectation that responsibility for monitoring occurs at all levels of the institution.

**UPDATE ON IMPLEMENTATION OF THE
HUMAN RESEARCH PROTECTION PROGRAM WORK PLAN**

Regent Brod invited Vice President Herman to update the Board on progress made since June 2015 related to Human Research Protection Program work plan implementation, as detailed in the docket.

Herman shared that since implementation began in July, the University has updated two Institutional Review Board (IRB) policies. The policies now prohibit the recruitment of people temporarily confined under an involuntary medical hold, commonly known as the 72-hour hold, into a psychiatric drug, device, or biologic trial. The Fairview University Research Oversight Committee has been charged and membership formed. Human Research Protection Program staff have begun visiting other institutions to learn best practices. Herman noted that new software, IRB Renew, has also been procured.

Herman updated the committee on the studies under review by Quorum IRB. He reported that 10 studies have been reviewed and of those, nine reopened enrollment. One study was not approved. Two new studies had also been submitted. Of those, one has been approved and the other is still under review.

In response to a question from Regent Brod, Herman indicated that the implementation schedule used three-, six-, 12- and 18-month timeframes. The work is on schedule, with most three-month goals implemented or close to implementation.

Regent Simmons stated support for the policy change eliminating recruitment during the 72-hour hold period, but acknowledged that the change reduces the University's opportunity to help those patients.

In response to a question from Regent Omari, Herman indicated that the legislature has not provided any direct feedback on the monthly reports.

EXTERNAL ASSESSMENT OF UMN DATA SECURITY PROGRAM AND MATURITY

Regent Brod invited Interim Vice President Gulachek and Brian Dahlin, Chief Information Security Officer, to lead a discussion around strategic goals of the University's data security program and the trade-offs inherent in further growing program-level maturity, as detailed in the docket.

Gulachek briefly reviewed the University's Information Security Framework Model, noting significant progress over the past four years to plug security gaps. He shared that BerryDunn, an independent audit and consulting firm, was retained to assess the University using the Higher Education Information Security Council (HEISC) model. He invited Clinton Davies, principal with BerryDunn LLC, to review the results of the assessment.

Davies reported that the assessment placed the University at a 2.4 on the five-point HEISC maturity scale, ahead of the higher education range of 1.6 to 2.1. A 2.0 rating on the scale indicates that base requirements for the control area are planned, implemented, and repeatable. A 3.0 rating indicates that processes are more mature and are documented, approved and implemented organization-wide. Davies recommended that the University increase consistent deployment of policies and standards, and work to grow participation and compliance organization-wide.

Dahlin explained that BerryDunn provided detailed recommendations within each of the 12 areas covered in the HEISC evaluation. He shared example projects that would address the recommendations within several areas, and identified the projected financial costs and cultural impact associated with each. He noted that these were just a few of hundreds of potential projects that are under evaluation.

In response to a question from Regent Hsu, Dahlin noted 22 breaches affecting 4,500 records in FY 2015. He indicated that most were related to health care or Social Security information and that none involved credit card information.

In response to a question from Regent Beeson, Davies indicated that health care records are becoming more valuable to hackers.

In response to a question from Regent Simmons, Dahlin stated that units across the institution are evaluated on their compliance with the 25 published data security standards. While it is unlikely that any unit would meet all 25 standards, they provide a benchmark and a way to evaluate security gaps.

Regent Brod expressed interest in continuing the conversation at a future meeting to discuss and provide input on the monetary, cultural, and opportunity costs to move the University to a higher level on the HEISC maturity scale.

INTERNAL AUDIT UPDATE

Associate Vice President Klatt presented the Internal Audit Update, as detailed in the docket.

Klatt reported that since the last update in June 2015, University departments implemented 16 percent of outstanding recommendations rated as “essential,” below the expected implementation rate of 40 percent. Klatt attributed the low rate to several audits being at the first follow-up stage, and that many of the findings were related to compliance with the new data security standards, which take longer to address. Four units fully implemented all their remaining “essential” recommendations.

Klatt noted that the Office of Internal Audit was engaged in several activities outside the audit plan for the year and consequently issued only one audit report during the previous period. That report contained one recommendation rated as “essential.”

In response to questions and comments from Regents, Klatt clarified that the past two reports have had very low implementation rates but noted that this was unusual. Regents emphasized that obstacles to compliance must be addressed.

In response to a question from Regent Beeson, Klatt indicated that about half the audits planned for the coming year were process audits, mostly around financial systems affected by the upgrade.

2015-16 COMMITTEE WORK PLAN

Regent Brod and Associate Vice President Klatt reviewed the 2015-16 work plan for the Audit & Compliance Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

CONSENT REPORT

Regent Brod presented the Consent Report, as detailed in the docket:

Emergency Approval:

- To retain external legal counsel on behalf of the Board and establish an oversight committee.

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

INFORMATION ITEMS

Associate Vice President Klatt presented the information item, as detailed in the docket.

Klatt referred Regents to the biography of Katie Knutson, the University’s new audit partner with Deloitte.

The meeting adjourned at 9:29 a.m.

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

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
September 10, 2015**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, September 10, 2015 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

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

Others present: Brent Benrud, Greg Brown, Amy Phenix, Brian Slovut, and Tracy Smith.

Student Representatives present: Samantha Jensen.

The meeting convened in public session at 8:00 a.m.

ANNUAL REPORT ON LEGAL MATTERS

General Counsel Donohue presented highlights from the Annual Report on Legal Matters.

In response to a question from Regent McMillan, Donohue explained that the Office of the General Counsel (OGC) serves all University campuses, specifying that system campuses do not have designated counsel. Donohue added that the OGC is the hiring authority for retention of external legal services.

Regent Rosha asked if there is enough volume on any system campus to warrant designated counsel, citing the Duluth campus as an example. Donohue stated that there is significant interaction between system campus staff and the OGC, adding that he feels the current system works well and provides a high level of service. Rosha replied that he would like to evaluate the current structure to ensure that system campuses are receiving an appropriate level of support.

Rosha asked if there is tension for the OGC around matters of compliance and its ability to provide objective advice to the Board. Donohue stated that the current system seems to work well and that there has been no tension. He emphasized that while the OGC provides legal counsel across the University, its ultimate client is the Board.

In response to several questions from Regent Johnson, Donohue stated that the OGC would provide legal representation to a faculty member in the course of his or her official University duties but not if the faculty member was operating in a consultant role. He commented that all lawsuits must be given the same level of attention even if they seem to be frivolous, noting that only a judge can determine the frivolity of a case. Donohue clarified that once a plaintiff files in court, only a state or federal judge is able to dismiss a case.

Regent McMillan asked whether the OGC collaborates with faculty in the Law School. Donohue stated that it does occasionally collaborate, but not often.

Regent Rosha commented that he would be interested in better understanding the process of defending intellectual property. Donohue stated that there is a Board policy addressing patents and property rights, which clarifies the distribution of profits.

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

At 8:40 a.m. a motion was made and seconded that the following resolution be approved:

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, September 10, 2015 at 8:40 a.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *Minnesota Police and Peace Officers Association and Police Officers Federation of Minneapolis (MPPOA) v. National Football League, Minnesota Vikings Football, LLC, and Regents of the University of Minnesota*
- II. *Environmental contamination claims*
- III. *OCR Matter Re: Harassment claim*

The committee voted unanimously to approve the resolution. The public portion of the meeting concluded at 8:41 a.m. and the meeting was closed.

The meeting adjourned at 9:35 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Academic & Student Affairs Committee
September 10, 2015**

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, September 10, 2015 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, Darrin Rosha, and Patricia Simmons.

Staff present: Chancellors Jacqueline Johnson and Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; and Executive Director Brian Steeves.

Student Representatives present: Callie Livengood and Cory Schroeder.

**ANNUAL REPORT ON UNDERGRADUATE, GRADUATE &
PROFESSIONAL ACADEMIC PROGRAM CHANGES**

Provost Hanson invited Joseph Schultz, Deputy Chief of Staff, Office of the Senior Vice President and Provost; Michael White, Associate Dean for Academic Programs and Faculty Affairs, College of Food, Agricultural, and Natural Resource Sciences (CFANS); and Stephen Parente, Associate Dean, Carlson School of Management (CSOM), to provide a summary of 2014-15 academic program changes and share examples of the process by which faculty and units develop proposals for new academic programs, as detailed in the docket.

Shultz briefly outlined the review process academic program changes undergo prior to recommendation to the Board. He emphasized that the process is highly consultative and engages participants at all levels. Shultz reported that over the last year, eight baccalaureate degrees, 10 undergraduate-level minors, and 11 graduate-level degrees were added. Four undergraduate degrees, three undergraduate minors, four graduate degrees and two graduate minors were discontinued.

White shared results of a five-year process within CFANS to evaluate current programs, test pilot projects, and launch new majors to respond to changing demographics in the college and prepare students for 21st century workforce needs. As a result of the work, CFANS restructured four majors into two new interdisciplinary majors and one department-based major. The college also increased the number of elective credits within each major and required experiential and interdisciplinary learning for all graduates. He shared positive enrollment trends for the two new interdisciplinary majors since their introduction in 2013.

Parente reported that traditional MBA markets are flat to declining nationally and locally. Prior to FY 2015 CSOM had not developed a new program in several years, resulting in a mature portfolio of offerings. To strategically grow in a mature market, CSOM added three new professional masters programs, increased its dual degree offerings, and is seeking approval for an Industry MBA program. Parente shared that the Industry MBA is an innovative one-year MBA program, with 90% of course instruction on-line, with a focus on complex, highly regulated industries.

In response to a question from Regent Simmons, Parente explained that joint degree programs must utilize existing courses and the time to completion must be 50 percent less than

pursuing each degree individually. White emphasized that the potential for reducing the integrity of both disciplines must be weighed carefully when considering joint degree programs.

In response to a question from Regent Rosha, White explained that students are active in developing new curriculum through input from student boards and elected student groups, and listening sessions held two times per year.

In response to questions and comments by Regents, Parente shared some history and statistics regarding CSOM's national ranking. He stated that it would be unlikely for CSOM to achieve a top-10 ranking but that the school could potentially advance into the top 20. Parente explained that the new M.S. degree in Finance will increase the candidate pool in that field, which could entice recruiters from the East Coast to visit the campus. The Industry MBA program would also provide an opportunity to renew relationships with companies in several industries. Parente noted the relevance of those examples given that salary and placement are key drivers of the rankings.

Student Representative Livengood commented on the importance of elective credits, particularly in the physical sciences where there are very few, to offer students the flexibility to pursue or change a minor midway through their undergraduate tenure.

PREPARATIONS FOR TWIN CITIES AND ROCHESTER ACCREDITATION & ASSESSMENT OF STUDENT LEARNING EFFORTS

Provost Hanson introduced Joseph Schultz, Deputy Chief of Staff, Office of the Senior Vice President and Provost and Robert McMaster, Vice Provost and Dean of Undergraduate Education, to provide an overview of the accreditation process and preparation for the accreditation visit in October, as detailed in the docket.

Schultz explained that accreditation is a quality assurance exercise. It is voluntary and self-regulated, though with some government oversight; institutional accreditation such as the University's is additionally tied to federal financial aid eligibility. Schultz outlined the components of the accreditation process: self-study, peer review and site visit, action by accrediting organization, and monitoring and oversight. Preparations for the October accreditation visit have been underway for more than three years.

McMaster presented three tools used to assess student learning: an annual progress report developed by each college; pre- and post-assessment of students participating in the Writing-Enriched Curriculum; and a student survey titled "Student Experience in the Research University." The results are collected centrally but are also shared and discussed within colleges. Colleges and individual programs are working to utilize the assessment results to make program changes and improvements.

Hanson invited Jane Glazebrook, Associate Dean for Faculty and Academic Affairs, College of Biological Sciences (CBS), and Gary Oehlert, Associate Dean of Undergraduate Education, College of Liberal Arts (CLA), to provide examples of how student learning is assessed within each college.

Glazebrook explained that since all majors are closely related, assessments in the biological sciences are conducted on a college-wide basis. She shared an example of how the University's Student Learning Outcomes (SLOs) are mapped onto CBS-specific SLOs, providing greater specificity. CBS utilizes student surveys and objective evaluation of student performance as its assessments.

Oehlert shared that CLA assesses all freshmen students enrolled in CLA 1001-2, the First Year Experience course, and again as students complete fourth-semester language courses. He

explained that given the wide variety of majors within the college, three classes within each major are selected for assessment, with three SLOs evaluated in each.

In response to a question from Regent Simmons, McMaster explained that most institutions would pass an accreditation visit easily, but the exercise and results are beneficial for the University. For example, an area of focus for the University that developed out of the 2005 accreditation results was graduation and retention rates.

2015-16 COMMITTEE WORK PLAN

Regent Cohen and Provost Hanson reviewed the 2015-16 work plan for the Academic & Student Affairs Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

CONSENT REPORT

A motion was made and seconded, and the committee unanimously recommended approval of the following, as described in the Consent Report:

- **Request for Approval of New Academic Programs**
 - Humphrey School of Public Affairs and College of Liberal Arts (Twin Cities campus)—Create Master of Human Rights (M.H.R.) degree
 - College of Liberal Arts (Twin Cities campus)—Create B.A. degree in Statistical Practice and B.S. degree in Statistical Science
 - College of Liberal Arts (Twin Cities campus)—Create undergraduate minor in Health Psychology and provide for online delivery
 - Swenson College of Science and Engineering (Duluth campus)—Create undergraduate minor in Materials Science and Engineering
- **Request for Changes to Academic Programs**
 - Carlson School of Management (Twin Cities campus)—Create subplan for dual M.S./M.B.A. degree program in Business Analytics
 - Carlson School of Management (Twin Cities campus)—Create subplan for the Industry M.B.A. degree
 - School of Public Health (Twin Cities campus)—Create subplan for dual M.P.H./J.D. degree partnership with William Mitchell College of Law
 - School of Dentistry (Twin Cities campus)—Change the name of the TMJ and Orofacial Pain certificate to Orofacial Pain
- **Request for Approval of Discontinued Academic Programs**
 - College of Science and Engineering (Twin Cities campus)—Discontinue the graduate minor in Nanoparticle Science and Engineering

The meeting adjourned at 11:44 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**

**Finance Committee
September 10, 2015**

A meeting of the Finance Committee of the Board of Regents was held on Thursday, September 10, 2015 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 Lendley Black, Jacqueline Johnson, and Fred Wood; Vice Presidents Kathryn Brown, Richard Pfutzenreuter, and Pamela Wheelock; Interim Vice President Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason and Michael Volna.

Student Representatives present: Max Hall and Nikki Ripp.

UNIVERSITY TAX COMPLIANCE ACTIVITIES & PROGRAMS

Regent Beeson introduced Kelly Farmer, University Tax Management Director, to present an update on University tax compliance activities and programs, as detailed in the docket.

Farmer explained the role of the University Tax Management Office (TMO). He defined specific tax subject areas, delineating those areas where TMO has specific tasks and where it partners with other areas of the University.

In response to questions from Regent Devine, Farmer explained that TMO advises the more than 800 student organizations, but does not have direct responsibility for them since they are independent non-profit organizations. Farmer additionally noted that TMO has been working with the Office of Human Resources (OHR) on the tax implications of the Affordable Care Act. He offered that he is comfortable with the University's tax position based on the law and work with OHR.

In response to a question from Regent Brod, Farmer responded that differences in federal and state law regarding undocumented students do not impact University tax issues since undocumented students have a filing obligation to report the income in the same way that documented students do.

Regent McMillan asked about the impact of private business use in University facilities. Farmer observed that this is an area of risk for the University. If not managed well, it could affect the University's bond rating and bond holders. Farmer added that another tax risk area is fringe payments to employees.

ANNUAL ASSET MANGEMENT REPORT

Regent Beeson invited Associate Vice President Mason to provide an overview of the Annual Asset Management Report, as detailed in the docket.

Mason reported that the invested assets of the University totaled approximately \$2.4 billion on June 30, 2015. The Consolidated Endowment Fund (CEF) value as of June 30, 2015, was

\$1,293.6 million, an increase of \$21.1 million over last year after distributions of \$48.6 million. The total investment return for CEF was up 5.7 percent over the last 12 months, compared to a benchmark return of 2.1 percent.

Mason explained that the investment return for CEF exceeded the benchmark through outperformance in all underlying asset classes except for Return Generating Fixed Income. The primary contributor to outperformance was the Private Capital portfolio, which was up 16.1 percent vs. its benchmark of 7.6 percent. This alone added 2.5 percent of outperformance vs. the CEF benchmark.

Mason also discussed the Temporary Investment Pool, Group Income Pool, and Regents of the University of Minnesota Insurance Company (RUMINCO) fund performance.

In response to a question from Regent Hsu, Mason explained that the Office of Investments and Banking (OIB) monitors the 85 managers and 130 funds in CEF. OIB reviews each manager on a case-by-case basis, developing criteria for termination. Mason asserted that OIB performs extensive due diligence before investing and outlines clear expectations in a memorandum or contract with the managers. He noted that it takes time to assess and understand why managers may be underperforming, and indicated that public securities are easier to assess than private securities. Mason also emphasized that some funds are long term and difficult to leave, highlighting the need for full due diligence. Beeson added that the Investment Advisory Committee (IAC) maintains a watch list and is currently reducing an investment with a manager by half due to underperformance.

In response to questions from Regent Brod, Mason noted that the asset allocation targets in Board policy are changed slowly and infrequently, and typically only after a strategic analysis. The last strategic analysis of policy targets was performed in 2008, and IAC has asked OIB to perform a new study. Mason indicated that IAC would review the study and make recommendations to the Board if changes to the targets are needed. He additionally noted that next year will be the best time to evaluate the impact on return given the change to Board of Regents Policy: *Endowment Fund* to invest in socially responsible funds. He added that the manager that was targeted this year has performed well so far.

FINANCIAL COMPONENTS OF THE PRESIDENT'S RECOMMENDED 2015 SIX-YEAR CAPITAL PLAN AND 2016 CAPITAL REQUEST

Vice President Pfutzenreuter presented for review the financial components of the President's Recommended 2015 Six-Year Capital Plan (Plan) and 2016 capital request, as detailed in the docket.

Pfutzenreuter explained that the Plan includes major capital improvements planned for fiscal years 2016-2021. He noted that Year 1 of the Plan (2016) outlines the projects that the University will be submitting to the State of Minnesota for consideration during the 2016 legislative session. The 2016 state capital request totals \$303.3 million in project costs, with the State of Minnesota contributing \$235.6 million and the University responsible for \$67.8 million.

In response to a question from Regent Brod, Pfutzenreuter observed that other projects beyond the request to the State of Minnesota are unable to be incorporated into the Plan since there is no final list of additional projects with preliminary cost estimates. He added that additional projects would be added as they are defined, and noted that the debt capacity conversation in October would help show the University's capacity to add projects.

In response to a question from Regent Hsu, Pfutzenreuter stated that the current Plan focuses solely on those projects included in the state capital request. Additional University capital projects anticipated beyond the state request will be added to the debt capacity report in

October. Vice President Wheelock added that the Athletics Village project would be added once approved as a capital budget amendment.

RESOLUTION RELATED TO ISSUANCE OF DEBT

Regent Beeson invited Vice President Pfutzenreuter and Carole Fleck, Director of Debt Management, to present for review and action a resolution related to issuance of debt for the new James Ford Bell Natural History Museum and Planetarium (Bell Museum) on the Twin Cities campus, as detailed in the docket.

Pfutzenreuter explained that a capital budget amendment reflecting the increase in the cost of the Bell Museum project is being presented for review and approval in the Facilities, Planning & Operations Committee, concurrent with review and approval of the schematic design of the project.

Fleck reminded the committee that the Board approved the Bell Museum project in June 2014 as part of the 2015 Annual Capital Budget. She explained that the original total project cost was \$57.5 million, with \$51.5 million funded with University debt and \$6 million of non-debt funding. For fiscal years 2016 to 2041, \$3.5 million was added to the base operations and maintenance (O&M) apportionment from the State of Minnesota to the University to cover debt service. Fleck stated that the estimated cost of the project has now increased by \$6.725 million to \$64.225 million due to changes in building design. She reported that the resolution would replace the previous debt and issue new debt that would result in additional proceeds to cover a portion of the increased cost of the project. The resolution authorizes the issuance of up to \$56.9 million of University debt. Fleck commented that the amount of debt required would depend on the mix of taxable and tax-exempt debt that is issued.

In response to questions from Regent Hsu, Pfutzenreuter explained that if the \$3.5 million from the State of Minnesota was not fully used for debt service, the remaining O&M appropriation could be used for operating expenses. President Kaler added that any additional funding would be put to the highest and best use. Adding items to the Bell Museum construction or using funds for operating expenses are both options that could be considered. Hsu expressed a desire to use any additional funds on additions to the project and not for operating costs. Beeson asked the administration to bring back a recommendation for use of any additional funds.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution to issuance of debt.

2015-16 COMMITTEE WORK PLAN

Regent Beeson and Vice President Pfutzenreuter reviewed the 2015-16 work plan for the Finance Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

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 Dentsply/Astra-Zeneca, BioHorizons, Straumann, Zimmer for an estimated \$3,000,000 for dental implants and related supplies for the School of Dentistry for the period of October 1, 2015 through September 30, 2018. This purchase of dental implants has been budgeted by the School of Dentistry. Vendor was selected through a competitive process.
- To OptumHealth for the estimated amount of \$2,206,200 for nurse-line and treatment decision support for the Office of Human Resources Employee Benefits for the period of January 1, 2016 through December 31, 2016, with contract extensions through December 31, 2021. Vendor was selected as a provider for nurse-line and treatment decision support as a result of a request for proposal conducted May-June 2015. This contract will be funded out of the Fringe Benefits Recovery.
- To Siemens, Simplex, Life Safety Systems and Summit Companies for an estimated \$1,186,056 for providing Fire Alarm Systems Testing and Inspection Services as needed for the Facilities Management Department for the period of October 1, 2015 through September 30, 2018, with contract extensions through September 30, 2020. These vendors were selected through a competitive RFP process. Testing and inspection of fire alarm systems is budgeted by a variety of organizations on the Twin Cities campus through their facilities budget.

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 contained in the docket:

- Quarterly Purchasing Report
- Issuance of Debt – Series 2015A and 2015B

The meeting adjourned at 11:36 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Faculty & Staff Affairs Committee
September 10, 2015**

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, September 10, 2015 at 1:00 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: Senior Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert and Kathryn Brown; Interim Vice President Bernard Gulachek; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice President Gail Klatt.

Student Representatives present: Morrine Omolo and Cory Schroeder.

**UNIVERSITY LEADERSHIP DEVELOPMENT MODEL
AND PRACTICE**

Regent Simmons invited Vice President Brown, Senior Vice President and Provost Hanson, Allen Levine, Vice Provost for Faculty and Academic Affairs, Brandon Sullivan, Leadership and Talent Development Director, and Brian Buhr, Dean, College of Food, Agricultural and Natural Resource Sciences (CFANS) to lead a discussion on the University's leadership development model and practice, as detailed in the docket.

Brown described the University's leadership development model. Hanson linked leadership development to the Twin Cities campus strategic plan, noting the critical role that department chairs and heads play in the culture of the University.

Levine outlined leadership development programs lead by the Provost's Office, detailing the Provost's department heads and chairs leadership program, the "Talking Heads" program, new faculty orientation, and other collaborative programs outside of the University.

Sullivan gave an overview of the Office of Human Resources' (OHR) assessment of leadership department needs. He explained that four needs appear consistently across the institution:

1. Consistent performance feedback and development coaching.
2. Effective goal setting and alignment.
3. Strong sense of ownership and accountability for managers and individual employees.
4. Leaders navigating change: roles, communication, decision-making, and shared goals.

Sullivan stated that leadership effectiveness is a key driver of employee engagement. He noted that strategic goals are defined at the University, college, and department levels, which requires that leadership development be customized to support achievement of goals at all levels. He detailed the strong partnership between the Provost's Office, OHR, and campus, college, and unit leaders as key to leadership development.

Buhr presented a case study based on his leadership of CFANS, highlighting concentric leadership development, the impact of implementing a 360-degree review of the Dean's Council, and the effect that leadership development has had on the CFANS leadership team. Buhr noted that the focus on intentional leadership development has resulted in open and direct communication within the team and a better framework for evaluating decisions given the group's varied decision making styles.

In response to a question from Regent Omari, Sullivan explained that a four-day training program was launched in spring 2015 to give new supervisors the opportunity to develop soft skills. He noted that a custom soft skills training will be offered at the college level in the future. Levine added that the Provost's Office works with new department heads to help develop those skills, but that soft skills are not yet a part of new faculty orientation. Hanson explained that the department head model takes individuals who have excelled as faculty members and puts them into positions of leadership. She noted that faculty are not trained for that in their graduate school course of study, and that the transition requires a structure that provides help and guidance.

In response to a question from Student Representative Schroeder, Hanson explained that department heads have funds that can help give new faculty members support until they secure outside funding for their research. Levine added that many start-up packages include research funding for two to three years, with the expectation that new faculty members will secure funding after that.

In response to questions from Regent Brod, Hanson agreed that it is difficult for faculty to adapt to the process of leading peers. New leaders must balance the needs of the department against their own research, teaching, and outreach. She noted that a healthy climate depends on an attentive department chair who honors the aspirations of fellow faculty members and creates a culture of shared excellence. Hanson observed that good governance models within departments help ensure a clear decision-making process and give faculty a sense of ownership, helping create a sense of collective will toward a shared mission. Levine emphasized that new faculty are encouraged to look for mentors outside of their assigned faculty member. Sullivan noted that OHR is working to build leadership into the culture of the University, creating an expectation that everyone is a leader and mutually accountable for the performance of the University.

Hanson observed that the direction of higher education and research is moving toward more interdisciplinary collaboration and noted a new focus on interdisciplinary leadership based on the Twin Cities campus strategic plan. She noted a number of faculty committees charged with developing interdisciplinary collaboration and ways to help faculty understand and adapt to working with faculty from different research styles. Brown added that in addition to different academic cultures, faculty members bring their own cultures to their work. OHR is working with the Office of Equity and Diversity to ensure that the University is building inclusive leaders.

Regent Cohen asked whether department head training is required. Levine stated that it is and that new deans are assigned a mentor. There is an assumption that by the time someone reaches the dean position, he or she has had leadership development training and experience. Levine commented that there has been discussion about additional leadership training for deans.

In response to a question from Regent Beeson, Levine noted the length of term for department heads and chairs varies by college – from as few as three years to 10 years or more. The deans are charged with monitoring those positions to ensure the best leadership for departments. Levine offered that there has been recent discussion on how long leadership terms should be.

COLLECTIVE BARGAINING AGREEMENT WITH MINNESOTA STATE BUILDING AND CONSTRUCTION TRADES COUNCIL

Regent Simmons invited Vice President Brown and Patti Dion, Director of Employee Relations, to present for review and action a collective bargaining agreement between the Regents of the University of Minnesota and the Minnesota State Building and Construction Trades Council, as detailed in the docket.

Dion stated that the Minnesota State Building and Construction Trades Council is composed of crafts and trades employees represented by 19 different locals on the Twin Cities campus. This unit has approximately 250 employees and includes pipefitters, electricians, carpenters, painters, plumbers, and others. Dion outlined the terms and conditions of the agreement.

In response to questions from Regent Brod, Dion stated that the work is primarily maintenance and construction within University Services. The construction work fluctuates, allowing the University to send surplus workers back to the union hall. She specified that there is no commitment on the length of time those workers will be utilized by the University. Brown added that a minimum of hours is not required, allowing the University to control the amount of work. Dion noted that the University has the ability to select which workers to use and that the decision is not based on seniority.

In response to a question from Regent Hsu, Dion offered that increases over the past 10 to 15 years have been 2 percent to 2.5 percent. She added that increases to both wages and fringe were included.

A motion was made and seconded and the committee voted unanimously to recommend approval of the collective bargaining agreement.

COMPENSATION PRINCIPLES AND APPLICATION

Regent Simmons invited Vice President Brown and John Adams, Towers Watson Executive Compensation Practice Leader, to discuss compensation principles and application, as detailed in the docket.

Brown reviewed relevant sections of Board of Regents Policy: *Employee Compensation and Recognition* and detailed 2015 compensation report highlights, noting that 60 percent of University non-sponsored funds are used for salaries and fringe. She outlined incremental salary and fringe costs planned in the annual framework. Brown identified the six components of total compensation and the need to define and prioritize total compensation categories.

Adams detailed key trends and issues in higher education compensation. He advocated for the development of a compensation philosophy that connects with a strategic process, moving away from a transactional process. He conveyed the need to clearly identify peer groups and markets with a rationale of why they are being used for comparison. Adams identified selected key trends in executive compensation for base salaries, annual incentive or variable compensation, benefits, and retirement and deferred compensation.

Regent Beeson shared his belief that the guiding principles contained within Board of Regents Policy: *Employee Compensation and Recognition* require further discussion.

In response to related questions from Regents Beeson and Hsu, Adams commented that historically, higher education institutions have offered more robust benefits and somewhat lower salaries than private business or industry. He explained that higher education institutions are moving toward higher salary, which they see as a better return on investment with more control over individual performance, while maintaining competitive benefits

compared to the private market. Brown added that the salary and fringe numbers for the University could be further broken down to show benefits like the Regents Scholarship.

In response to questions from Regents Brod and Omari, Adams suggested that philosophical questions are being raised around executive pay. He noted that critics have raised a variety of issues, including the perception of higher education and the reality of the higher education market. He advocated for a balance between what the market will support and achievement of the mission of the institution given limited resources, noting that if a higher education institution wanted to align executive pay closer to that of state officials, the institution would need to ensure that the decision to pay below the market would not impact the ability to fulfill the mission. Adams additionally advocated for a strong, transparent process for how executive compensation is set.

In response to a follow-up question from Brod, Adams described the difference between merit and incentive pay. He offered that merit pay is designed to recognize individuals who perform well, but cautioned that it is not an effective way to drive performance unless individual performance measures and assessments have been clearly defined. Incentive pay is focused more on the performance of a unit as a whole. He suggested that they are different tools that can be used together to help drive performance.

2015-16 COMMITTEE WORK PLAN

Regent Simmons and Vice President Brown reviewed the 2015-16 work plan for the Faculty & Staff Affairs Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

CONSENT REPORT

Vice President Brown presented for review and action the Consent Report, which included the following items:

- Conferral of tenure for two outside hires.
- Conferral of tenure for one internal hire.
- Amendment to Article VII of the Civil Service Constitution.
- Appointment of Professor Jeffrey Peterson to the Minnesota Clean Water Council.

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 personnel highlights and faculty and staff activities and awards.

The meeting adjourned at 3:01 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Facilities, Planning & Operations Committee
September 10, 2015**

A meeting of the Facilities, Planning & Operations Committee of the Board of Regents was held on Thursday, September 10, 2015 at 1:00 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 Lendley Black, Jacqueline Johnson, Stephen Lehmkuhle, and Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Richard Pfutzenreuter and Pamela Wheelock; Executive Director Brian Steeves; and Associate Vice President Michael Berthelsen.

Student Representatives present: Samantha Jensen and Chase Taylor.

SCHEMATIC PLANS

A. Bell Museum of Natural History – Twin Cities Campus

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

The schematic plans for Bell Museum of Natural History – Twin Cities Campus are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Wheelock invited Suzanne Smith, Assistant Vice President for Capital Planning & Project Management (CPPM), and Brian Buhr, Dean, College of Food, Agricultural, and Natural Resource Sciences, to present the schematic plans, as detailed in the docket.

Buhr shared that the existing Bell Museum is outdated and that the new facility would enhance the visitor experience through improved technology and interactive exhibits; showcase innovative research; and increase K-12 access and adult education opportunities.

Smith detailed the design of the 89,860-square-foot building, which would include permanent and traveling exhibit galleries, a “touch and see” exhibit, 120-seat digital dome theater, classrooms, event space, retail and food service, support spaces, and flexible shelled space for future expansion.

In response to questions and comments from Regents, Buhr underscored the collaborative effort to advance the project by the Bell Museum staff, Bell Advisory Board members, CPPM staff and others, including the Regents, President Kaler, and the legislature.

In response to a question from Regent Lucas, Smith shared that 2,000 square feet on the first level, 3,500 square feet on the second level and about half of the 18,000 square foot basement would be flexible space for future growth. Wheelock added that educational opportunities are expected to expand outside over time.

Regent Rosha indicated his preference that as many of the artistically and historically significant dioramas as possible be moved to the new museum.

The committee voted unanimously to recommend approval of the schematic plans for Bell Museum of Natural History – Twin Cities Campus.

B. Residence Dining Renovation – Duluth Campus

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

The schematic plans for Residence Dining Renovation – Duluth Campus are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Wheelock invited Suzanne Smith, Assistant Vice President for Capital Planning & Project Management, and Corbin Smyth, Associate Vice Chancellor for Student Life, University of Minnesota Duluth, to present the schematic plans, as detailed in the docket.

Smyth shared that the existing food service stations at the dining center are outdated and the interior finishes are significantly worn and in need of replacement. The renovation would result in 20 percent greater efficiency by improving traffic flow, and providing a greater variety of food options at five new serving stations.

Smith mentioned that the project would include upgrades to utility infrastructure, a new cooler and walk-in pantry, and renovations and multimedia technology upgrades to two meeting rooms.

In response to a question from Regent McMillan, Smyth explained that the facility would primarily be used by freshman living in the residence halls, but would be open to all students, faculty, and staff.

Regent Devine asked about the source of funds to pay for the renovation. Smyth explained that the student life fund would cover the costs. The student life fund is direct revenue from food service operations. He clarified that the primary income source for food service operations is the student board plan.

The committee voted unanimously to recommend approval of the schematic plans for Residence Dining Renovation – Duluth Campus.

CAPITAL BUDGET AMENDMENT

A. Bell Museum of Natural History (Twin Cities Campus)

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 FY 2015 Capital Budget is amended to include the following project:

- Bell Museum of Natural History – Twin Cities Campus
- Scope of Project: New construction of an 89,860 gross square foot facility to house a permanent exhibit gallery, traveling exhibit gallery, planetarium, touch and see room, classrooms, retail/food service, flexible shell space on the first and second levels, basement, and administrative support spaces. Site improvements include parking, burying power lines, pollinator gardens, and water reuse ponds.
- Master Plan: The project is in compliance with the 2009 Twin Cities Campus Master Plan.
- Cost Estimate: \$64,225,000
- Capital Funding: University debt and private giving

The committee voted unanimously to recommend approval of the capital budget amendment for the Bell Museum of Natural History – Twin Cities Campus.

LONG RANGE FACILITY PLANNING PART 1: CURRENT PRACTICE AND PRINCIPLES

Vice President Wheelock and Senior Vice President and Provost Karen Hanson, along with Mike Berthelsen, Associate Vice President, shared the process and principles used to guide facility improvement priorities and funds allocation and presented the annual Facilities Condition Assessment (FCA), as detailed in the docket.

Wheelock summarized three levels at which campus planning is carried out and stressed that the University's Master Plan does not identify building uses. Facility investments are prioritized based on academic and service unit strategies, which are identified within strategic facility plans. She noted that the University's highest-level strategic facility plan is the Six-Year Capital Plan.

Hanson noted that each academic unit identifies project priorities in annual compact meetings, and is asked how projects align with the University's strategic plan. She cautioned that academic program priorities change over time due to enrollment demands and student interest, or changes in pedagogy. Wheelock emphasized that changes in facility condition priorities are usually in response to changes in academic priorities.

Berthelsen reviewed the FCA, noting that 7,731,760 gross square feet were rated in poor or critical condition this year, up 2.9 percent over last year. Poor and critical facilities are those with a Facility Condition Needs Index (FCNI) score of .51 and up. The major risk area is medical facilities, with 59 percent of space deemed poor or critical. He shared that the University's average investment in facilities is \$3.27 per square foot each year, with a target range of \$8-12 per square foot. He stressed that a combination of space reduction and increased investment would be needed to adequately maintain or improve the overall condition of campus facilities.

Berthelsen outlined the process for selecting Higher Education Asset Preservation and Replacement (HEAPR) projects. He explained that once funding is in place, projects are selected from the list of identified needs. Priority is given to projects in buildings with a high FCNI score, and that have been identified as buildings to improve and maintain the condition. Consideration is also given to efficiencies gained from timing of other planned investments.

In response to a question from Regent Rosha, Berthelsen explained that the FCNI calculation is the projected 10-year facility needs cost, or the cost of a complete renovation, divided by the cost of replacement for the entire building. Wheelock emphasized that while many buildings

are in critical condition, the University does not have students or employees in buildings that are unsafe.

In response to a question from Student Representative Taylor, Berthelsen noted that resources have been targeted toward classroom space. Hanson added that even classroom spaces in good condition might present challenges for student learning given changes in pedagogy.

PROJECT COMPONENTS OF THE PRESIDENT'S RECOMMENDED SIX-YEAR CAPITAL PLAN AND THE 2016 STATE CAPITAL BUDGET REQUEST

Vice President Wheelock outlined the President's recommended Six-Year Capital Plan (Plan) for fiscal years 2016-2021 and the 2015 State Capital Budget Request, as detailed in the docket. She began by presenting the objectives of the Plan and highlighted a strategic emphasis on projects that advance the health sciences, modernize research laboratories on the St. Paul campus, and expand capacity in STEM programs. She emphasized that up to one million square feet of current space could be demolished if the project sequences outlined in the Plan are completed.

Wheelock also reviewed the five projects included in the President's recommended 2016 State Capital Request, in addition to a request for \$100 million of HEAPR funds. The five additional projects are: Chemistry and Advanced Materials Science facility on the Duluth campus, Health Science Education Facility on the Twin Cities campus, Plant Growth Research Facility on the Twin Cities campus, renovation of Pillsbury Hall on the Twin Cities campus, and funds to make targeted strategic investments in teaching, research, and student experience spaces on the Crookston, Duluth, Morris and Twin Cities campuses.

In response to a question from Regent Lucas, Wheelock explained that this was the first time Pillsbury Hall had appeared on the Six-Year Capital Plan because of project sequencing required to vacate the building in preparation for a complete renovation.

In response to a question from Student Representative Jensen, Wheelock explained that the University could operate efficiently and competitively with less than 29 million square feet through renovations that create more flexible spaces and improve space utilization.

UPDATE ON TWIN CITIES ATHLETIC FACILITIES

President Kaler introduced Beth Goetz, Interim Athletic Director, to provide an update on Twin Cities athletic facilities, including the status of the Athletes Village project, as detailed in the docket.

Goetz shared that the Athletes Village project is in the final phase of schematic design and would be ready to share with Regents in October. She also noted that almost \$5 million in additional funds has been raised for the project.

Goetz announced that in conjunction with the Athletes Village project, the University is committed to building a competition-level track facility on the east bank of the Twin Cities campus. She emphasized that a specific location has not yet been identified.

In response to a question from Regent Lucas, Goetz stated that while the Athletes Village project would improve day-to-day operations for all sports and benefit all student athletes, it would not fulfill the requests of every sport. She noted that a wish list and project proposals to remain competitive with other institutions would probably always exist.

2015-16 COMMITTEE WORK PLAN DISCUSSION

Regent McMillan and Vice President Wheelock reviewed the 2015-16 work plan for the Facilities, Planning & Operations Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

INFORMATION ITEMS

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

- Annual Report on Real Estate Transactions Over \$250,000 and/or Over 10 Acres
- Termination of Purchase Agreement for University Sale of 51.72 Acres, Carver County (Landscape Arboretum)
- Final Project Review: Tate Science and Teaching (Twin Cities Campus)
- Final Project Review: Residence Dining Center Renovation (Duluth Campus)

The meeting adjourned at 2:58 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents Work Session
September 10, 2015**

A work session of the Board of Regents of the University of Minnesota was held on Thursday, September 10, 2015 at 3:15 p.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 Lendley Black, Jacqueline Johnson, Stephen Lehmkuhle, and Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Kathy Brown, Pamela Wheelock; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Julie Tonneson, and Michael Volna.

Student Representatives present: Callie Livengood.

Chair Johnson introduced Vice President Richard Pfutzenreuter, Associate Vice President Julie Tonneson, and Lincoln Kallsen, Director of Institutional Analysis, to provide context for a discussion about FY 2017 budget assumptions. Pfutzenreuter described the components of budget development and the development timeline, explaining that the priorities established in the fall help frame the proposed budget that comes for action the next spring. He added that this process involves working with support and academic units to determine budget recommendations. Pfutzenreuter discussed revenue assumptions and investment and expense assumptions, noting that the primary sources of revenue are tuition and state appropriations.

Pfutzenreuter described the main resource components of the budget framework: state appropriations, reallocations, tuition, and other miscellaneous resources. He noted a steady decline over the past 10 years in the percentage of funds received from the state, and that the University does not expect any additional funds in the next fiscal year. Pfutzenreuter highlighted a steady increase in reallocations since FY 2013 and emphasized that the University is ahead of schedule in its goal to reallocate \$90 million in administrative costs. He described increases in tuition revenue since 2001, with average annual growth slowing in the last four years. He explained that the University ranks in the middle of the Big Ten in resident tuition, and has the lowest non-resident, non-reciprocity (NRNR) tuition in the conference.

Pfutzenreuter detailed the expense and investment components of the budget framework: compensation, facilities and capital expenses, operations, and strategic choices. He outlined historical salary and fringe costs, explaining that fringe rates can increase even in years with a salary freeze. He explained that a 2.5 percent estimated increase in FY 2017 would result in lower total costs than a 2 percent increase in FY 2016. He highlighted that proceeds from a recent legal settlement went into the fringe pool, resulting in lower fringe rates for FY 2017.

Pfutzenreuter explained that future operations costs would need to include funds for a major network upgrade due to aging equipment and network capacity limits. He noted a likely decrease in facilities operation costs, thanks to lower gas prices and strategic project planning. He also discussed institutional financial aid, noting additional costs associated with the Promise Scholarship if tuition rates increase.

Regent Beeson commented that a top budget priority should be working toward a larger state appropriation. He stated that he does not believe the Board should slow down on its reallocation goals, and requested more data to clarify the NRNR tuition discussion. Beeson suggested increased focus on the total cost of an education, emphasizing that value and quality are important measures. He urged the administration to provide more advance warning of non-real estate costs, such as technology upgrades.

Regent Devine agreed with Beeson, noting that individual colleges or schools might support technology upgrades. He proposed evaluating the recruitment model to focus on specific colleges or schools that need more attention. He suggested a deeper focus on inter-campus recruitment given higher application volume for some campuses. Devine indicated the importance of continuing with reallocation goals. He also emphasized the importance of focusing on long-range facilities planning when working with the legislature.

Regent Anderson observed that though it is becoming more difficult to meet reallocation goals, the legislature is expecting them to be met. He noted that it is crucial that the legislature remember it is key to keeping tuition low. Anderson emphasized the importance of focusing recruitment efforts on rural students, sharing his belief that those students often choose other schools over the University. He suggested a recruitment strategy that would automatically provide high-performing undergraduates at system campuses access to graduate programs at the Twin Cities campus. In response to a question from Anderson, Pfutzenreuter stated that current annual debt service is approximately 3 percent of the operating budget, and that the debt capacity calculation would be updated and presented at the December meeting of the Finance Committee.

Regent Brod suggested a greater focus on big ideas that feature the University as a leader in some way, such as cost savings or efficiencies. She suggested an evaluation of the costs and benefits of increasing the number of students on the Twin Cities campus. She asked for data to support alternate tuition strategies, such as a four-year tuition band for students when they enter the University. Brod proposed evaluating the limits and benefits of the Promise Scholarship to clarify what expenses are and should be covered. She observed that the Board has asked many of these same questions for years.

President Kaler commented on the feedback from Regents. He noted a variety of activities to promote movement across the University campuses. He agreed on the importance of continuing progress on reallocation goals, emphasizing that the commitment to the legislature was for a reduction of \$15 million dollars per year, not just \$90 million overall. Kaler remarked on the importance of recruiting students from rural Minnesota as well as those from out-of-state, agreeing that a four-year tuition band is one recruitment tool. He cautioned against increasing the number of students without knowing where they can be admitted, and emphasized the need to find the proper academic fit for each student. Kaler indicated that he is open to a discussion about the Promise Scholarship and financial aid.

Vice President Pfutzenreuter provided details on the cost pools. Under a model in place since 2007, academic units receive all tuition revenues and state appropriations, and support unit costs are charged. He offered that this model creates healthy tension in the financial system and accountability among the units. He acknowledged large initial costs involved in the construction of a combined heat and power plant, but that the investment will pay off in the long run.

Regent McMillan remarked on the difficulty but importance of evaluating cost-side strategies, with the revenue side becoming harder to control. He commented that the University should continue its reallocation efforts, adding that it could be even more aggressive. He requested assistance from the President and the administration in identifying ways to reduce costs.

Regent Cohen commented on the need to preserve the excellence of the University, noting that this is key in maintaining good staff. She agreed that it is important to continue toward the

reallocation goals. She indicated an interest in the possibility of increasing the student body if there is reasonable capacity to do so. Cohen suggested that perhaps the University consider admitting students with slightly lower than average test scores. She also suggested that the University reevaluate need versus merit scholarships.

Student Representative Livengood commented that it is difficult for out-of-state students to plan for their education when they do not know if tuition rates will increase. She noted support for alternative tuition strategies such as a four-year tuition band. Livengood requested statistics on out-of-state students who stay in Minnesota after graduation and asked about plans to mitigate tuition increases in the coming year. Kaler stated that he did not know how many students stay in the state following graduation.

Regent Rosha shared concerns that reallocation efforts may simply move, rather than save, money. He emphasized that cost reduction would help restore the legislature's faith in the institution. He suggested that compensation and tuition rates should increase with the rate of inflation, with anything above inflation requiring a specific reason. Rosha proposed the idea of waivers as a way mitigate increases in NRNR tuition. He shared his belief that a lower tuition rate for in-state students is the best form of financial aid given and that the government has mechanisms for providing aid to students with substantial need. He offered that reliance on tuition dollars to balance the budget results in less incentive to find cost-saving measures.

Regent Omari suggested focusing more on graduate tuition rates. He noted that test scores might not be the best way to measure a student's aptitude and suggested there is not a marked difference between a 26 and 28 on the ACT. He asked how the University is measuring excellence.

Regent Lucas commented that the University should not forfeit excellence for affordability. She asked for additional data to show the relationship between a higher NRNR tuition rate and maintaining value. She noted that value is key, and that students choose between the University and private schools, not just other public institutions.

Regent Hsu stated that he would like to see an actual reduction in costs, not just movement of funds. He emphasized that the University cannot rely only on state appropriations for viability, adding that other state schools receive far less legislative support and that the University should plan for no increased state funding. Hsu expressed shock that there is capacity for additional students and yet some are not admitted. He agreed that students could be admitted with slightly lower test scores.

Regent Simmons commented that anything that slows progress toward graduation would also increase overall cost to students. She called for greater understanding of the future of graduate and professional programs, given the cost of maintaining those programs. She urged a greater focus on demographic and economic factors. Simmons added it is a difficult time to be addressing tough issues, but that it is imperative to tackle the larger questions.

President Kaler addressed the comments and questions from the Board. He acknowledged a need to reduce costs, but that it is still important to consider how cost-saving decisions affect students, faculty, and staff. He stressed that decisions about tuition must be weighed against the value of the education, and disagreed with suggestions to accept students with significantly lower test scores.

Kaler additionally disagreed with comments that reallocation efforts are simply a movement of funds, noting that without the reallocations the resident tuition increase would have been 5 percent in FY 2016. He suggested that the University cannot maintain its reputation if it does not appropriately compensate its employees, emphasizing that increases at the rate of inflation are not adequate. He noted that labor-represented government employees recently were awarded an increase of 2.5 percent across the board in addition to a 2.5 percent step increase.

The meeting adjourned at 4:54 p.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**

**Board of Regents
September 11, 2015**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, September 11, 2015 at 9:00 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; Senior Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert, Kathy Brown, Brian Herman, Brooks Jackson, Richard Pfitzenreuter, and Pamela Wheelock; Interim Vice President Bernard Gulachek; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Stuart Mason, and Michael Volna.

Chair Johnson called for a moment of silence in recognition of the terrorist attacks on September 11, 2001.

RECOGNITIONS

Regents Professors

Recognition was given to newly appointed Regents Professors. Regents Professorships are the highest honor the University of Minnesota bestows on its faculty. The individual holds the title as long as he or she retains a full-time, tenured appointment as a faculty member of the University.

- R. Lawrence Edwards is a Robert D. and Carol C. Gunn Professor and Distinguished McKnight University Professor in the Department of Earth Sciences, College of Science and Engineering.
- Vipin Kumar is a William Norris Professor and head of the Department of Computer Science and Engineering, College of Science and Engineering.
- Michael T. Osterholm is the McKnight Presidential Endowed Chair in Public Health; Distinguished University Teaching Professor in the Division of Environmental Health Sciences in the School of Public Health; professor, Technological Leadership Institute in the College of Science and Engineering; and an adjunct professor in the School of Medicine.

INTRODUCTION

Dean, College of Biological Sciences

President Kaler and Provost Karen Hanson introduced Valery Forbes, Dean of the College of Biological Sciences, who began her appointment on July 31, 2015. Forbes briefly addressed the Board.

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 – June 26, 2015
Board of Regents – July 8, 2015

REPORT OF THE PRESIDENT

President Kaler reported on his recent outreach efforts to connect with students, alumni, legislators, and community members throughout state. He described his participation in residence hall move-ins at both Crookston and Twin Cities campuses. He emphasized the energy felt at New Student Convocation and detailed several statistics about the incoming class. He discussed recent successes at system campuses and other breakthroughs, such as the launch of a public school outreach program and progress on the Twin Cities strategic plan.

Kaler commented on the resignation of former Athletic Director Norwood Teague. He explained that he looks forward to the results of the external review, citing the importance of transparency in the review process. He expressed confidence in Interim Athletic Director Beth Goetz, noting her steady leadership. He emphasized his commitment to creating a community that does not tolerate sexual harassment.

Kaler noted the resignation of former Vice President Scott Studham, stating that he felt it was time for a change in leadership. He expressed confidence in Bernard Gulachek, who will serve as Interim Vice President & Chief Information Officer.

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

REPORT OF THE CHAIR

Chair Johnson reported on the Board of Regents retreat held July 8-10, 2015 in Red Wing, during which the following five priorities were developed for 2015-16:

1. Raise national profile of the University's academic health sciences and guide evolution of the M-Health partnership.
2. Oversee implementation of UMTC strategic plan, monitor progress toward Operational Excellence goal of \$90 million in administrative cost reallocations by FY 2019, and identify additional opportunities for transformational change within the University.
3. Establish principles and objectives to govern campus enrollment strategies, graduation targets, and tuition/aid philosophy over the next decade.
4. Define and give voice to the University's 21st Century land grant mission and demonstrate its impact on all corners of Minnesota.
5. Create a vision to guide long-term development and change in key areas of campus and bring UMTC Master Plan into alignment.

These priorities are intended to guide the Board's agenda planning and development throughout the year and assist the president and senior leaders in advancing their work.

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 Annual Report on Legal Matters, the Annual Asset Management Report, 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:

- Summary of Gifts through July 31, 2015.
- Summary of Expenditures.

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

ADMINISTRATIVE POLICY: SEXUAL ASSAULT, STALKING AND RELATIONSHIP VIOLENCE

Chair Johnson invited President Kaler to discuss events surrounding Board ratification of Administrative Policy: *Sexual Assault, Stalking and Relationship Violence*. Kaler explained that implementation of the policy was delayed at the Board's request to allow for review by the Office of the General Counsel, which resulted in the addition of clarifying language. He detailed the specific changes to the policy and explained that after review by student body organizations and direction from the Board Chair and Vice Chair, the new policy was implemented in August. He offered that the discussion surrounding the implementation helped lead to a better policy.

Regent Hsu expressed gratitude for the opportunity to engage in additional discussion. He added that he hopes for additional research on the value and merit of the policy, stating that the University could be an example to other institutions interested in adopting such a policy.

Regent Brod expressed hope that there will be strong monitoring of the program.

Regent Devine congratulated student leadership for their efforts related to the policy changes.

A motion was made and seconded, and the Board of Regents voted unanimously to ratify Administrative Policy: *Sexual Assault, Stalking and Relationship Violence*.

UNIVERSITY PROGRESS CARD

Chair Johnson invited President Kaler and Lincoln Kallsen, Director of Institutional Analysis, to present the University progress card for review. Kaler explained that the purpose of the progress card is to focus oversight, provide a roadmap for the future, and inform and align metrics to the strategic plan. He added that it is focused on governance and policy and is intended to be updated annually but referenced frequently.

Kaler described the progress card's two categories. Gold measures have been identified as high priorities for the University. He stated that these measures come from well-understood and agreed-upon data sources, enable the setting of quantifiable goals, and can be influenced directly by the University. Examples of these measures include graduation rates, student aid, medical school rankings, and faculty awards.

Maroon measures illustrate trends, rather than set firm goals. Kaler explained that these measures are directional, may change with time, may only need monitoring, and are factors that cannot necessarily be influenced by the University. Examples of these measures include student debt, outreach and public service, and national scholarships awarded to students.

Chair Johnson invited Regent Beeson to comment on the progress card. Beeson expressed hope that the measures will prompt questions about additional goals. He suggested that the card is a preliminary effort and that refinements can be made. Beeson noted the importance of aligning the progress card with the strategic plan.

Regent Simmons commented that a quality health sciences program and medical school need to be measured on multiple elements of education and patient care, not a single measure of research dollars.

Regent Devine noted that the progress card provides a level of accountability for the Board, not just a way to set goals. He observed that the current draft is a good place to start in determining the correct measures.

Regent Omari expressed gratitude for a measure on diversity and inclusion. He observed that there could be more depth to the measures for graduate and professional education. Kaler acknowledged the difficulty in establishing graduate program goals, given the heterogeneity of programs. He noted that there is little consensus across the country on measures of successful graduate programs.

Regent Rosha observed that it would be helpful to have clarity around which measures reflect actual dollars versus inflation-adjusted dollars. He commented that he would like to see a measure that reflects the balance of resident versus non-resident students, and added that he would like to see a similar metric that shows the number of urban versus rural resident students.

Regent Brod stated that she would like to see greater improvement in the measure of employee engagement. She observed that since a majority of the budget is spent on human capital, it is crucial to have an engaged staff.

Kaler observed that the targets may change and that it is important for the Board to assist with setting the goals and targets. Director Kallsen urged the Board not to create too many measures or those that are too specific, emphasizing that importance of broader governance goals.

Chair Johnson expressed gratitude to Regent Beeson for his work on the creation of the progress card.

DATA SECURITY: POLICIES, PRACTICES, AND ROLES AT THE UNIVERSITY

Chair Johnson invited Interim Vice President Bernard Gulachek and Chief Information Security Officer Brian Dahlin to discuss data security, and asked President Kaler to introduce the topic. Kaler spoke briefly about Gulachek's accomplishments, emphasizing his confidence in Gulachek's interim leadership.

Dahlin discussed the spectrum of data security adversaries in the University environment, from simple mistakes to targeted, malicious offenders. He explained the language used by information technology (IT) professionals to describe security risk. He detailed the number of actual security breaches on University campuses, explaining that these incidents are measured against peer institutions.

Dahlin reported that the University's information security framework model is internationally recognized and incorporates multiple levels from governance to specific security controls. He explained that the University works to balance security goals with operational needs. Dahlin described the inadequate risk management framework of several years ago compared to the current, more secure program. He explained that the University has created more detailed levels of data classifications, using those to create better security standards.

Gulachek noted that an external review helped determine how secure the University is and where there is room for improvement, explaining the levels by which security was measured. The results showed that the University rates favorably compared to its peers and that the current plan is well defined. Gulachek cautioned that there is always room to improve and that there is always a chance that offenders could breach the system. He asked for the Board's assistance in setting future goals and priorities.

In response to several questions from Regent Hsu, Gulachek replied that the amount of money spent on data security may seem relatively low but that the University measures spending against its peers. He agreed with the importance of knowing what resources are needed to improve data security measures. Dahlin explained that a recent breach involving tax returns was not included in the data provided in the presentation, since it could not be linked directly to activity within the University.

Regent Brod observed that many issues that come before the Audit & Compliance Committee are related to IT and data security. She agreed that the University should work to improve its ranking, noting that she looks forward to the next steps in the process to establish institutional risk tolerance.

Regent Devine asked where the University should focus its efforts to ensure security of proprietary and research data. Dahlin explained that the challenge is global and emphasized the importance of partnering with outside agencies like the FBI to assist in investigations.

Regent Simmons commented that the most valuable data at the University is the human data. She stated that risk tolerance is important, but that compliance at every level is crucial. Citing the highly decentralized IT department, she suggested University-wide compliance monitoring.

In response to a question from Regent Beeson, Gulachek replied that recent improvements have helped with monitoring compliance across the decentralized IT department. He reported that stronger relationships have been formed across the system between all levels of staff and management. Gulachek noted that IT professionals now have clearer, more detailed standards.

Regent Omari commented that there is now a much stronger connection between the governance level and ground-level efforts. He thanked the presenters for their willingness to work with the Board, and their efforts to meet data security goals.

**PRESIDENT'S RECOMMENDED 2015 SIX-YEAR CAPITAL PLAN
AND
PRESIDENT'S RECOMMENDED 2016 STATE CAPITAL REQUEST**

Chair Johnson invited Vice Presidents Pfutzenreuter and Wheelock to present the President's Recommended 2015 Six-Year Capital Plan (Plan) and 2016 state capital request. Wheelock explained that the Plan balances decisions about facility conditions, budget considerations, and academic priorities, and noted the importance of aligning with the strategic plan. She outlined the objectives of, and highlighted the major projects included in, the Plan, explaining that additional projects may be added.

Wheelock reviewed the timeline and financial summary of the President's 2016 state capital request. She explained that in addition to Higher Education Asset Preservation and Renovation (HEAPR) funds, the request includes three renovation and design projects on the Twin Cities campus, construction of a new building on the Duluth campus, and system-wide investments in the academic and student experience.

In response to a question from Regent Lucas, Wheelock explained that a previous state appropriation was used for the design phase of the Duluth project. She added that University Services received authorization to use funds from the refinancing of TCF Bank Stadium bonds to help with the planning and design phase of the health sciences facilities project.

Chair Johnson asked about the plan for demolition of AHC buildings. Wheelock explained that there might be reinvestment in and renovation of the current spaces, as well as new construction space.

In response to several questions from Regent Hsu, Wheelock explained that HEAPR funds are distributed to each campus based on population and square footage and that the process includes evaluating current plans and identifying ways to maximize projects. She stated that the future of any given project will depend on how much money is appropriated. Wheelock stated the importance of evaluating the usefulness of a building and the resources needed to restore it to reasonable standards, noting that decommissioning is one option. She explained that this process involves evaluating the life cycle of a building, its significance to the campus, and its relevance and ability to adapt to institutional priorities.

Chair Johnson urged the Board to advocate with their local legislators on behalf of the University.

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE

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

1. Approval of the Consent Report for the Audit & Compliance Committee as presented to the committee and described in the September 10, 2015 committee minutes.

In response to a question from Regent Hsu, President Kaler explained that the Office of the General Counsel has a specific budget to engage external legal counsel, such as those retained for the external review of the athletics department.

The Board of Regents voted unanimously to approve the recommendations of the Audit & Compliance Committee.

Regent Brod reported that the committee also discussed the committee name change, reviewed the annual work plan, received an update on the human research protection program, discussed the University's data security, received an update on the internal audit process, and reviewed several information items as outlined in the docket materials.

REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

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

1. Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the September 10, 2015 committee minutes.

The Board of Regents voted unanimously to approve the recommendations of the Academic & Student Affairs Committee.

Regent Cohen reported that the committee also reviewed the committee's annual work plan, received a report on academic program changes, and discussed preparations for Twin Cities and Rochester accreditation and assessment of student learning efforts.

REPORT OF THE FACILITIES, PLANNING & OPERATIONS COMMITTEE

Regent McMillan, Chair of the committee, invited Regent Devine to comment on the Bell Museum project. Devine offered that the museum will help advance the outreach element of the University's mission, adding that the museum will be a new gateway to the St. Paul campus. He explained that the project is the result of collaboration with the state, St. Paul campus staff and faculty, and University Services. Devine recognized the efforts of state Representative Alice Hausman over the past 12 years.

McMillan reported that the committee voted unanimously to recommend:

- 1) Approval of Schematic Plans for the following projects as presented to the committee and described in the September 10, 2015 minutes:
 - A. Residence Dining Center Renovation (Duluth Campus)
 - B. Bell Museum of Natural History (Twin Cities Campus)
- 2) Approval of amendments to the FY 2016 Capital Budget as presented to the committee and described in the September 10, 2015 minutes:
 - A. Bell Museum of Natural History (Twin Cities Campus)

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

Regent McMillan reported that the committee also discussed long-range facilities planning, reviewed project components of the President's six-year capital plan and state capital request, discussed the committee's annual work plan, received an update on Twin Cities athletic facilities, and reviewed several 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 September 10, 2015 committee minutes.
- 2) Approval of a Resolution Related to Collective Bargaining Agreement with Minnesota State Building and Construction Trades Council as follows:

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

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

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

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for September 11, 2015.

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

Regent Simmons reported that the committee also discussed the University leadership development model and practice, reviewed the committee's annual work plan, received information about compensation principles and application, and reviewed several information items as outlined in the docket materials.

REPORT OF THE FINANCE COMMITTEE

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

1. Approval of the Consent Report for the Finance Committee as presented to the committee and described in the September 10, 2015 committee minutes.
2. Approval of a Resolution Related to the Issuance of Debt, as follows:

WHEREAS, in December 2014 the University of Minnesota (the "University") issued its Taxable Commercial Paper, Series E (the "Series E CP") in the amount of \$51,620,000 to finance a portion of the construction and furnishing of the new Bell Museum on the St. Paul campus (the "Project");

WHEREAS, the cost of the Project has increased due to design changes;

WHEREAS, it has been proposed that the University refinance the Series E CP and restructure the debt by the issuance and sale of fixed rate indebtedness (such indebtedness, whether issued in the form of bonds, notes, or such other form as may be designated by the University, the "Debt"), the proceeds of which are also to be used to accommodate the increased cost of the Project and to pay the costs of issuance of the Debt, and which with the approval of the Treasurer may also be used to finance other University capital projects;

WHEREAS, the Debt will be issued pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee or pursuant to an Order of the University;

WHEREAS, the Indenture of Trust or Order pursuant to which the Debt will be issued will contain the terms of such Debt and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such Debt;

WHEREAS, the principal amount of the Debt authorized will be the amount outstanding at any time, and not an aggregate principal amount;

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of the University of Minnesota (Board) as follows:

1. To provide funds to refinance the Series E CP, finance the additional cost of the Project, and pay the costs of issuance of such refinancing, as well as to finance capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, the Board hereby authorizes the sale and issuance of the Debt in the principal amount of up to \$56,900,000. The Debt may be issued in one or more series and shall mature not later than the date that is 25 years after the date of issuance of each series. The Treasurer is authorized to determine whether or not the Debt shall be issued as a general obligation of the University and whether or not the Debt shall be issued as tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended.
2. The purchases of land and buildings, construction and remodeling projects, or acquisition of equipment to be financed by the proceeds of the Debt shall be those the source of funding of which is so designated by the Board of Regents or by the Treasurer as part of the University's capital planning process.
3. If issued in the form of bonds, the Debt may be sold in either a negotiated sale or a competitive process, as determined by the Treasurer. The Treasurer is authorized to negotiate and approve the terms and conditions of the appropriate agreement or agreements with financial advisors, banks, investment banking firms, or other financial institutions, including the terms and conditions upon which their services will be rendered and the terms and conditions upon which the Debt will be sold and issued. The Treasurer is further authorized to negotiate and approve the terms and conditions of any credit support or liquidity facility for any series of the Debt. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as are approved by the Treasurer and the General Counsel.
4. In connection with the issuance of any series of the Debt, the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture of Trust or Order or any supplement or amendment thereto under which the Debt is to be issued in the form and containing such covenants, agreements, representations and warranties as is approved by the Treasurer and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the Debt in accordance with such Indenture of Trust or Order or any supplement or amendment thereto. The signatures of the Secretary and/or Treasurer on the documents evidencing the Debt may be by facsimile.
5. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of the Debt in the form and containing such covenants, agreements, representations and warranties of the University as are approved by the Treasurer and General Counsel.
6. The Treasurer is authorized to approve the Preliminary Official Statement, final Official Statement, Offering Memorandum, Offering Circular, or other offering material or any supplements or amendments thereto to be prepared and distributed to any purchaser or potential purchaser of a series of the Debt, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto. In the case of the sale of any series of the Debt in a competitive process, the Treasurer is authorized to approve the Notice of Sale and any amendment thereto.
7. The appropriate University officers are authorized to execute and deliver all other documents, certificates and to take such action as may be necessary or appropriate in connection with the issuance and sale of the Debt.

8. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Debt certified copies of all proceedings and records of the University as may be required or appropriate to evidence the facts relating to the legality of the Debt as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the University as to the truth of all statements contained therein.

9. The execution of any document by the appropriate University officers herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the President or Treasurer, any Indenture of Trust, Order, final Official Statement, purchase agreement or any other document to be executed by the President or Treasurer in connection with the Debt may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

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

Regent Beeson reported that the committee also reviewed its annual work plan, discussed University tax compliance, received an annual asset management report, reviewed the financial components of the six-year capital plan and state capital request, and received several information items as outlined in the docket materials.

REPORT OF THE GOVERNANCE & POLICY COMMITTEE

Regent Cohen, Chair of the committee, reported that the committee did not meet this month.

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 September 10, 2015. After receiving the Annual Report on Legal Matters, a resolution was considered and passed that authorized the closing of the meeting. In the closed meeting a discussion was held of matters subject to the attorney-client privilege.

The meeting adjourned at 11:26 a.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary