

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Finance & Operations Committee  
September 7, 2017**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, September 7, 2017 at 7:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, and Mary Holz-Clause; Interim Chancellor Lori Carrell; Senior Vice President Brian Burnett; Vice Presidents Katrice Albert, Kathryn Brown, Bernard Gulachek, and Matt Kramer; Interim Vice Presidents Michael Berthelsen and Allen Levine; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason, Julie Tonneson, and Michael Volna.

Student Representatives present: Marta Dean and Alexandra Ulland.

**2017-18 COMMITTEE WORK PLAN**

Regent Anderson and Senior Vice President Burnett reviewed the 2017-18 work plan for the Finance & Operations Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

**PRESIDENT'S RECOMMENDED SIX-YEAR CAPITAL PLAN  
& 2018 STATE CAPITAL REQUEST**

Regent Anderson invited Senior Vice President Burnett and Interim Vice President Berthelsen to present for review the president's recommended six-year capital plan (Capital Plan) and 2018 state capital request (Capital Request), as detailed in the docket.

Burnett explained that the Capital Plan includes major capital improvements planned for fiscal years 2018-2023. Year 1 of the Plan (2018) outlines the projects that the University will be submitting to the State of Minnesota for consideration during the 2018 legislative session. He described how the Capital Plan seeks to address both mission and facility priorities.

Berthelsen reported on the University's building profile, noting that a large percentage of the University's buildings are older, with many having been built during a period of lower quality construction from 1951 to 1990. Roughly 8.6 million gross square feet was built during the period of lower quality construction. He described how insufficient stewardship has increased the backlog of necessary lifecycle investment in the University's facilities. Berthelsen outlined the building-by-building strategy used to redirect funding to sustain or renovate identified facilities, while also decommissioning other facilities.

Burnett described Capital Plan priorities, types of projects, and source of funds. He summarized the Capital Request, highlighting the focus on Higher Education Asset Preservation and Replacement (HEAPR) projects, as well as two other projects previously included in the 2016 and 2017 state capital requests.

Regent Lucas expressed her appreciation that the Capital Plan included funding for the renovation of Pillsbury Hall. Burnett noted that the total project cost for Pillsbury will be split between the state and the University, with the University paying \$12 million. He described how the building will house the Department of English after renovation.

Regent Johnson asked about prioritization of projects within the \$200 million HEAPR request. Berthelsen responded that each campus is allocated a percentage of funding based on space needs and condition. Each campus considers its program priorities and directs funding to match those priorities while also addressing health and safety issues. He described the process as iterative, with engagement from many stakeholders.

Regent McMillan asked for more detail on the types of projects that are eligible for HEAPR funding. Berthelsen stated that projects that replace facilities with like facilities are eligible for funding. He noted that those projects are often infrastructure improvements, offering the replacement of utilities or heating and cooling systems as examples. He indicated that projects that convert offices to laboratories, or add new equipment to upgrade programs, are not eligible for HEAPR funding.

In response to questions from Regent Omari, Berthelsen acknowledged that the building housing the Boynton Health Service is on the edge of qualifying for replacement. He offered his view that the building's lifecycle will not extend past 50 years, but will continue to operate for at least 10 to 15 years. Given that outlook, Berthelsen explained that projects aimed at stabilizing the building will continue, including those included in the Capital Plan. He added that renovation work is underway in Shepard Hall and the projects noted in the Capital Plan are in addition to that work.

Omari asked why the Saint Paul Gym and Recreation Center is listed in multiple areas of the Capital Plan. Berthelsen responded that while he is not sure, sometimes projects are labeled to indicate where in the facility the work is planned. He clarified that although projects may be listed separately, they could be merged for purposes of bidding and constructing the project.

Regent Beeson noted that repair and replacement projects are now shown in the Capital Plan and offered his opinion that it is important to note those projects. He expressed that his concern is always with those projects that are not included in the plan, and added his appreciation for project placeholders in the out years. Berthelsen commented that repair and replacement projects are included this year to demonstrate to the state the investment the University is already making in addition to the HEAPR funding included in the Capital Request.

Regent Johnson asked about a plan for Les Bolstad Golf Course. Berthelsen stated that no decisions have been made yet despite ongoing conversations. In response to a second question from Johnson, Burnett commented that the University's strategy for this Capital Request is to focus on a few specific priorities. He offered that the request was created in close collaboration with Government Relations and that Vice President Kramer will talk more about the legislative strategy in October.

Regent Sviggum recognized that there is a clear need for the amount of HEAPR funding included in the Capital Request. He asked what the University will do to ensure its success. Burnett responded that the Capital Request is aimed to show the Legislature that the University is seeking to care for the buildings it has and not asking for new buildings. He offered his belief that Minnesota State will also submit a large request.

Sviggum shared his concern that the Capital Request in its current form will be unsuccessful. He provided that on average, the University receives approximately \$68 million when there is a bonding bill, or roughly 10 to 15 percent of the total allocation included in the bill. He predicted that the 2018 bonding bill will be approximately \$800 million in total funding, making the University's potential allocation \$115 to \$120 million. He recommended

reevaluating the Capital Request amount, and indicated that simply trying to out-do Minnesota State is not a good strategy.

Regent Hsu commented that it is difficult to know where to allocate capital funding without a system-wide strategic plan. He wondered where unspent HEAPR funding is allocated and about the status of the Mayo Building. Berthelsen described the process for reallocating HEAPR funding, which is done on a monthly basis and invested in other projects. He explained that given the projected lifecycle of Mayo, only projects aimed at ensuring the health and safety of occupants within the building are being funded.

In response to a question from Regent Lucas, Berthelsen acknowledged no plan to renovate Eddy Hall since a programmatic use had not yet been identified.

Regent Rosha noted his support for a Capital Request that includes a larger range of funding. He recalled that in the past, the Board submitted a more modest and specific request and still had a straight percentage taken off. He observed that if others in the state are taking an aggressive approach with their requests, it puts the University at a disadvantage to take a more defensive approach.

Rosha asked how the University balances program priorities against what the legislature might find of interest during session. President Kaler offered the funding of the new Bell Museum as an example of a project that is of interest to members of the House of Representatives, but was not included in the University's request that session. Kaler described how he worked with Board leadership to adjust the University's request and secure funding. He stated that the University seeks to remain nimble and responsive to specific interest from legislators.

### **EXPANSION OF COMMERCIAL PAPER PROGRAM**

Regent Anderson invited Senior Vice President Burnett, Associate Vice President Volna, Associate Vice President Mason, and Carole Fleck, Director of Debt Management, to present for review a proposed expansion of the University's commercial paper (CP) program, as detailed in the docket.

Burnett defined the goals of the CP program. Volna described the program framework and potential benefits to the University. Fleck outlined the current debt process for issuing commercial paper. She described how that process will change under the CP program, identifying the changes for how and when the Board will grant approval.

Fleck noted that the proposed program gives the administration the authority to issue up to \$400 million in CP debt. She explained that the University has issued \$239 million in CP, so the available balance that could be used for additional project funding under the program will be \$161 million. She added that the University has \$200 million in approved projects that require debt financing. She identified how the CP program will affect the mix of debt and average cost of capital.

Mason explained that the University currently uses funds from the Temporary Investment Pool (TIP) to finance construction until debt is issued. He described how the average cost of tax-exempt commercial paper is below the average TIP yield. He noted that the CP program will allow funds to remain in TIP and that the difference in TIP yield versus the cost of commercial paper will provide increased revenue of approximately \$1 million annually.

Fleck described the advantages of the proposed program, its potential risks, and how those risks could be mitigated.

Regent Hsu expressed his support for reducing the cost of capital. He asked for clarification on where the savings will accrue and how interest is charged on a project. Volna responded that the departments that use the project are charged payments, including interest. He noted that departments are not charged interest during construction, since it has been the practice to bear those costs centrally. He offered that Central Reserves will receive the net benefits. Burnett added that in addition to the potential TIP gains, the CP program will gain the opportunity cost of what the TIP funds could be used for, including the additional potential investment yield.

In response to a question from Hsu, Burnett explained that the \$400 million limit was chosen in light of current potential debt capacity and as a comfortable starting point to show performance of the CP program before increasing its size.

Regent Omari asked how the rating agencies will view the \$400 million and whether they will add that to the University's total debt even if it is not fully issued. Volna responded that rating agencies will view the University's total debt as if the full \$400 million was issued. He added that the rating agencies indicated they are comfortable with the additional debt load.

Regent Beeson expressed his support for the program. Anderson commented that the program is straightforward and make good sense for the University.

Regent Sviggum asked if the CP program will increase the University's exposure to potential risk if interest rates increase. Fleck responded that the University will always have the option to issue fixed debt to replace any CP debt. She noted that the University will have to wait for the CP to mature and seek Board approval to convert it into fixed rate debt. Mason emphasized that while it will take two to three months to convert the debt, interest rates are not spiking in under 30 days and there will be an opportunity to make the conversion. Burnett added that the University's current credit rating is listed as stable.

## **UPDATE TO ASSET ALLOCATION GUIDELINES**

Regent Anderson invited Senior Vice President Burnett, Associate Vice President Mason, and Andrew Parks, Senior Director, Office of Investments and Banking (OIB), to present for review proposed recommendations to update the asset allocation guidelines, as detailed in the docket.

Burnett described the goal of the guidelines and challenges implementing them. Mason noted the annual asset management report in the Information Items and summarized the performance of the Consolidated Endowment Fund (CEF), Long-Term Reserves (GIP), Short-Term Reserves (TIP), RUMINCO, and other assets related to indebtedness.

Mason compared the CEF with the assets held by the University of Minnesota Foundation (UMF). He explained that when the two are combined, the University has a total endowment of roughly \$3.5 billion, giving the University the fifth largest endowment in the Big Ten.

Mason outlined the annual growth target for CEF. Since 2002, \$200 million has been added to CEF, meeting the annual growth target. He described the proposed guidelines and the process used by OIB to design them, including significant consultation with the Investment Advisory Committee (IAC).

Parks reviewed the programmatic risk assessment as the first step in forming the guidelines. He identified long-term returns and liquidity risk as high areas of concern. He explained that while performance versus peers is worth reporting, it does not drive the strategy used to shape the proposed guidelines. Parks described the potential levers to that could be used to weather a low-return environment.

Parks described how the stability component of the guidelines is defined and how illiquidity constraints are determined. He defined the two other guideline categories, detailing the types of investments included within the diversifiers and growth categories. He also explained the geographic mix of investments sought within the guidelines.

Mason compared the current asset allocation guidelines with the proposed guidelines, noting the major differences. He outlined the improved risk versus return profile that the guidelines will create.

In response to a question from Regent Hsu, Mason explained that Board policy requires the Board to approve any update to the asset allocation guidelines. He stated that the quarterly and annual asset management reports provide information that highlight actual investment distribution compared to the guidelines. He offered that OIB tracks that information daily, checks asset allocation ranges weekly, and rebalances as needed. Mason noted that some changes in ranges are outside of immediate adjustment given the time horizon on some investments. He emphasized that OIB reports to the Board when the ranges fall outside of targets. Parks explained that OIB will work with IAC on a plan to phase in the new guidelines and make the necessary change in investments over the next three to five years. Mason clarified that OIB is able to make those adjustments without Board approval.

Regent McMillan expressed his support for the guidelines. He asked how the portfolio addresses issues of social responsibility. Mason responded that an evaluation of social responsibility in investments permeates the work of OIB in evaluating and selecting investments and investment managers. He noted that top investment managers have made social responsibility a part of how they set up investment funds and that commitment is made apparent during OIB's due diligence.

Regent Beeson referenced his role as chair of the IAC and noted that IAC members support the guidelines. He offered that the IAC provides important oversight of OIB. He described the healthy tension between OIB and IAC in reviewing investments being made.

Regent Omari expressed his appreciation that OIB provided a place to examine peer comparisons without allowing those comparisons to drive strategic direction. He encouraged the administration to think about adopting that mindset across the institution.

In response to a question from Anderson, Mason noted that the ideal target range for stability is eight to nine percent. As the overall fund increases in size, so will each category including stability to maintain the ideal distribution between the categories. He explained that the ranges are wide to allow for those adjustments and noted that more could be added to the stability area if financial markets warranted it.

Burnett commented that earnings in CEF are largely directed and constrained to a particular use, limiting how those funds can be adjusted or used. Mason agreed and added that the first source of liquidity for the University is through TIP. He clarified that the stability category in the guidelines is designed to ensure that items funded through CEF, like endowed chairs or research fellowships, can have uninterrupted funding.

Mason noted that of CEF's \$1.3 billion, roughly 45 percent comes from rents and royalties derived from the University's land grants. Mason stated that the land grant legacy is the establishment of CEF and the continued royalties and rents paid to the fund. He explained that the rest of the funds that make up CEF were gifts to the University before the establishment of UMF. He offered that the asset allocations for CEF and the funds managed by UMF are contrasting given the difference in cash flow in to the two accounts. He suggested that CEF will likely do better in a rising financial market and UMF will do better in a down financial market.

McMillan stressed the important legacy of land grant gifts and the need to honor those gifts.

In response to a question from Student Representative Ulland, Mason noted that OIB has considered ways to engage students about the University's investment operations and the role of CEF but it has been difficult to institute. He explained that members of OIB have advised student-run investment funds in the Carlson School of Management and periodically give lectures. He added that OIB has also provided internships for interested students.

Student Representative Dean asked if active funds from the University's land grant are still deposited into CEF. Mason responded yes but noted that the cash flow of those funds is modest based on timber and mining output, with roughly \$13-14 million deposited last year. Dean asked if restrictions on mining will impact University income. Mason noted that mining royalties are difficult to forecast, and that iron ore royalties have had peaks and valleys but mining and timber royalties will likely continue to be relatively stable. He added that establishment of new precious metal mines will increase revenue to the University.

### **CONSENT REPORT**

Senior Vice President Burnett 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 Birch Technical Productions, LLC; Marsden Building Maintenance LLC; and Multi Venue Productions, Inc. for an estimated \$7,959,000 for services needed in support of athletic events at TCF Bank stadium and other athletic venues for Intercollegiate Athletics for the three-year period of September 1, 2017, through June 30, 2020, with optional contract extensions through June 30, 2022, for an additional \$3,258,000. Total contract value if all options are exercised would be \$11,217,000. Funds for these services are budgeted in the Intercollegiate Athletics Departments Facilities unit. Some of the expenses are billed back to renters of facilities as appropriate. Suppliers were selected through a competitive process.
- To Johnson Brothers Liquor Company, JJ Taylor Distributing Company of Minnesota, Inc. and Hohensteins for an estimated \$1,500,000 for purchases of beer for Intercollegiate Athletic venues for the period of October 1, 2017, through September 30, 2022. Beer is budgeted by Intercollegiate Athletics on the Twin Cities campus for resale at TCF Bank Stadium, Williams Arena, and the 3M Arena at Mariucci. Suppliers were selected through a competitive process.
- To TCF Financial Corporation and TCF National Bank for \$8,000,000 for new TCF Bank Stadium title sponsorship rights and \$4,000,000 if an option for a ten-year extension is exercised.

Real Estate Transactions:

- Purchase of 63.14 Acres, Clearwater County (Itasca Biological Station and Laboratories); purchase price of \$104,250; to provide land for land-based research by the College of Biological Sciences' Itasca Biological Station and Laboratories; funded by College of Biological Sciences and centrally-held balances (each one-half); seller is Jeff R. Huschle.

- Purchase of 614 Huron Boulevard SE, Minneapolis (Twin Cities Campus); purchase price of \$3,593,695; to provide potential site for relocation of uses on other property the University has targeted for acquisition and land for roadway expansion in the Huron Boulevard SE and Fulton Street SE area; seller is Linda LaMere, as Trustee of the Key Trust.

Regent Omari commented on the purchase of land on Huron Boulevard, offering that he has heard positive feedback from an alumnus on the entrance signage located on previous land purchased by the University and visible when exiting Interstate 94. He requested additional information regarding the title sponsorship rights amendment for TCF Bank Stadium. Burnett outlined the proposed amendment between the University, TCF Financial Corporation, and TCF National Bank. He noted that, from a financial standpoint, the proposed agreement will be among the top three in intercollegiate athletics. He noted that TCF's involvement was key to building the stadium and offered that TCF is seeking to continue that support.

Regent Beeson stated his support for the consent report, noting his recollection that the original agreement included protections for the University if TCF is sold to another company. He asked if those provisions remain. Burnett responded that the amendment does not change that part of the original agreement.

Regent Rosha referred to the addition of field logos and asked whether that will continue through the full term of the potential extension. Burnett responded that the agreement creates an expectation that TCF will have logos on the field and if that is not able to happen, the amount paid by TCF will be reduced. He reported that the field logo will remain through the full term of the amendment and the optional extension.

Rosha expressed his appreciation for TCF's ongoing support, but voiced his discomfort with the amendment coming as review and action in one meeting. Noting that he understands why the administration negotiated the contract in this manner, Rosha suggested that by the end of the second extension in 2033, Athletes Village will be obsolete and future Boards will have limited ability to leverage the stadium naming rights for additional capital. He offered his full support for the initial extension, but not the second one.

Regent McMillan offered his understanding of why the second extension is included in the amendment now. He expressed his support for the amendment given the benchmark comparisons, but also noted his appreciation for Rosha's comments.

Regent Hsu asked why this is listed as a purchase of goods and services. Burnett responded that while it is not a purchase, contracts of this type previously have been approved via this mechanism. Hsu questioned the urgency of approving the amendment. Burnett explained that the administration has been working on the terms of the amendment for some time and stated that TCF is eager to have the new logos on the field in time for the next Gopher Football game taking place this Saturday.

In response to questions from Hsu, Burnett outlined the terms of the amendment, noting that the total value of the amendment is \$25 million and that the revenue will be used to pay off TCF Bank Stadium debt. He described how the refinancing of that debt will account for the lower debt payments defined in the amendment. Of the remaining funds, Burnett reported that \$8 million will be used for the Athletes Village project and \$4 million will be set aside for other capital projects within Gopher Athletics. Those additional projects will come to the Board for approval. He additionally clarified that only the ATMs in TCF Bank Stadium are included in the amendment extension.

Hsu asked how the purchase price of the land on Huron Boulevard compared to other recent purchases by the University. Associate Vice President Volna responded that the most recent purchase of land in that area by the University is not a comparable property. He stated that it

is the administration's practice to pay the average of two appraisals obtained by the University. He noted that the price being proposed is at that average and that the price is good. Hsu inquired about potential revenue from the apartment building currently on the site compared to having the site be an empty lot. Volna explained that the purchase agreement requires that the seller bare the full cost of demolition. He noted that the University plans to use the land to relocate tenants from other land it is seeking.

In response to questions from Hsu, Tom McGinnis, Senior Associate Athletic Director, responded that the University looks at previous years to determine how much alcohol to purchase for sale at TCF Bank Stadium. He explained that under state law, the holder of the alcohol license is required to purchase the alcohol that will be sold. Since the University is the holder of that license, it purchases the alcohol and Aramark, the University's service provider, reimburses the University. He added that with the exception of the first year, the University has made a profit on the sale of alcohol at TCF Bank Stadium.

Rosha requested that the title sponsorship rights amendment for TCF Bank Stadium be considered separately from the other items in the Consent Report. Anderson granted the request.

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

A motion was made and seconded, and the committee voted 8-2 to recommend approval of the title sponsorship rights amendment for TCF Bank Stadium. Regents Hsu and Rosha voted no.

#### **INFORMATION ITEMS**

Senior Vice President Burnett referred the committee to the information items in the docket:

- Annual Asset Management Report
- Quarterly Purchasing Report
- Investment Advisory Committee Update
- Final Project Review: Health Sciences Education Center (Twin Cities Campus)

The meeting adjourned at 10:19 a.m.



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



**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Audit & Compliance Committee  
September 7, 2017**

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, September 7, 2017, at 10:30 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Michael Hsu, Peggy Lucas, David McMillan, and Abdul Omari.

Staff present: Chancellor Lendley Black; Senior Vice President Brian Burnett; Vice Presidents Kathryn Brown and Bernard Gulachek; Interim Vice President Allen Levine; Executive Director Brian Steeves; Associate Vice President Michael Volna; and Chief Auditor Gail Klatt.

Student Representatives present: Sean Chen and Mina Kian.

**2017-18 COMMITTEE WORK PLAN**

Regent Cohen and Chief Auditor Klatt reviewed the 2017-18 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.

**REVIEW OF THE CHARTERS THAT GUIDE INTERNAL AUDIT WORK**

Regent Cohen invited Chief Auditor Klatt to review the charters that guide internal audit work, as detailed in the docket.

Klatt provided an overview of changes to the Office of Internal Audit Charter, explaining that they are intended to maintain alignment with professional standards and guidance and do not change how the office conducts its work. She added that there are many technical changes due to the change in her title and the name of the committee.

Klatt introduced several discussion questions and reported that the Governance & Policy Committee is scheduled formally review Board of Regents Policy: *Audit Committee Charter* later in the year. She noted that this committee's discussion will inform the direction of the Governance & Policy Committee's formal review of the policy.

Regent McMillan suggested adding policy language to elevate the Chief Compliance Officer so that the committee has a formal relationship with that office similar to the Chief Auditor. He offered that those changes would further instill the importance of the "tone at the top" regarding compliance. Regents Cohen and Omari agreed, stressing the importance of formally emphasizing compliance in the policy.

In response to questions from McMillan, Klatt explained that the committee has authority under *Audit Committee Charter* to request reviews or specific audit procedures of the chief auditor or an independent firm.

## **INSTITUTIONAL RISK PROFILE, PART I: PROCESS AND PLAN FOR UPDATING**

Regent Cohen invited Chief Auditor Klatt to present the process and plan for updating the institutional risk profile, as detailed in the docket.

Klatt provided an overview of the proposed plan and timeline to update the risk profile, which was developed in 2014. She suggested that at three future meetings, the committee review the draft profile, finalize the profile, and discuss mitigation plans and oversight responsibilities for those plans.

Regent Lucas expressed her satisfaction with the proposed plan and process, noting the importance of implementing risk mitigation plans and continued oversight.

Regent McMillan suggested the committee discuss the risk principles in depth before moving on to the conversation about specific risk areas. Cohen and Klatt concurred, and the committee agreed to add a discussion of the risk principles during the October meeting before continuing the conversation as planned in December.

The meeting adjourned at 11:33 a.m.



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

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Litigation Review Committee  
September 7, 2017**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, September 7, 2017 at 10:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Thomas Anderson, Dean Johnson, Darrin Roshia, and Steven Sviggum. Patricia Simmons participated by phone.

Staff present: President Eric Kaler, General Counsel Douglas Peterson, Executive Director Brian Steeves.

Others present: Brian Slovut and Jon Steadland.

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

The meeting convened in public session at 10:32 a.m. A motion was made and seconded that the following resolution be adopted:

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on Thursday, September 7, 2017 at 10:30 a.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *Regents of the University of Minnesota v. AT&T, et al.*
- II. *Regents of the University of Minnesota v. LSI Corporation and Avago Technologies U.S. Inc.*
- III. *Regents of the University of Minnesota v. Gilead Sciences, Inc.*
- IV. *Pro Life Action Ministries, Incorporated, Brian Gibson, and Bridget Busacker v. Regents of the University of Minnesota*

The committee voted unanimously to adopt the resolution and the public portion of the meeting ended at 10:33 a.m.

The meeting adjourned at 11:21 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**

**Board of Regents Meeting  
September 7, 2017**

A meeting of the Board of Regents was held on Thursday, September 7, 2017 at 11:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Dean Johnson, Peggy Lucas, Abdul Omari, Kendall Powell, Darrin Rosha, and Steven Sviggum. Patricia Simmons participated by phone.

Staff present: President Eric Kaler, Senior Vice President Brian Burnett, Vice President Kathy Brown, General Counsel Douglas Peterson, and Executive Director Brian Steeves.

Others present: Shelley Carthen Watson, Don Lewis, Karen Schanfield, Brian Slovut, and Jon Steadland.

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

The meeting convened in public session at 11:38 a.m. A motion was made and seconded that the following resolution be adopted:

WHEREAS, based on advice of the General Counsel, the Board of Regents has balanced the purposes served by the Open Meeting Law and 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, 13D.03, and 13D.05 Subd. 3(b), a non-public meeting of Board of Regents be held on Thursday, September 7, 2017 at 11:30 a.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing labor negotiations strategy and attorney-client privileged matters including the following:

- I. *Regents of the University of Minnesota v. Service Employees International Union, Local 284.*
- II. Potential Minnesota Government Data Practices Act litigation by University employee.

The Board voted unanimously to adopt the resolution and the public portion of the meeting ended at 11:39 a.m.

The meeting adjourned at 1:22 p.m.

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

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

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Mission Fulfillment Committee  
September 7, 2017**

A meeting of the Mission Fulfillment Committee of the Board of Regents was held on Thursday, September 7, 2017, at 1:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, Mary Holz-Clause; Interim Chancellor Lori Carrell; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Bernard Gulachek and Matt Kramer; Interim Vice President Allen Levine; General Counsel Douglas Peterson; and Executive Director Brian Steeves.

Student Representatives present: Lauren Anderson and Apoorva Malarvannan.

**2017-18 COMMITTEE WORK PLAN**

Regent Omari and Provost Hanson reviewed the 2017-18 work plan for the Mission Fulfillment Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

**REPORT ON UNDERGRADUATE AND GRADUATE ACADEMIC PROGRAM CHANGES**

Regent Omari invited Provost Hanson to provide a summary of 2016-17 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.

Hanson reported that over the last year, four baccalaureate degrees, four post-baccalaureate degrees, five certificate programs, 14 minors, and six Medical School fellowships were added. She noted that the number of degree programs remains relatively constant, with additions and discontinuations each year. Hanson provided an overview of the review process academic program changes undergo prior to a recommendation to the Board. She emphasized that the process is highly consultative and engages participants at all levels.

Leadership from several programs shared examples of an academic program change from the past year:

- Katherine Hayes, Associate Professor, Anthropology, College of Liberal Arts, UTMC
- Christopher Cramer, Associate Dean, College of Science and Engineering, UMTC
- Michael White, Associate Dean, College of Food, Agricultural and Natural Resource Sciences, UMTC
- Barbara Keinath, Vice Chancellor for Academic and Student Affairs, UMC
- Fernando Delgado, Executive Vice Chancellor for Academic Affairs, UMD
- Jodi Dworkin, Associate Professor, Family Social Science, College of Education and Human Development, UMTC

- Paul Siliciano, Associate Professor, Biochemistry, Molecular Biology, and Biophysics, College of Biological Sciences, UMTC

Regent Johnson commented on the success of faculty and academic leaders in communicating across disciplines to create or change academic programs. He expressed his satisfaction that academic programs are responding to industry needs, citing the rapidly changing agriculture industry and the food systems degree as one example. Regent Anderson added that it is important to be strategic and flexible in order to meet the demands of industry.

Regent Rosha asked how students are involved in the process of revision or creation of academic programs. Keinath responded that four students serve on Crookston's campus-wide curriculum review committee. White noted that students also serve on the curriculum committee for the College of Food, Agricultural and Natural Resource Sciences on the Twin Cities campus and shared an example of an academic program change initiated by student interest in a particular subject.

Rosha asked how new programs and program changes are communicated to and consulted with the public, especially alumni and industry partners. Delgado explained that each college on the Duluth campus has an external advisory board that provides feedback throughout the process. He shared that those boards are valuable partners in determining workforce needs in specific industries.

In response to a question from Regent Beeson, Hanson noted that the decision to discontinue or change an academic program is not always difficult and often responds to student demand.

In response to questions from Regent Powell, Siliciano explained that the Campus Curriculum Committee approves new courses but is not responsible for approving discontinuations. Hanson noted that the process for discontinuing courses has a similar level of review.

Student Representative Malarvannan observed that academic programs are often created in response to a local or statewide workforce need and asked if national or international workforce needs are considered as well. Cramer shared the example of the master's degree in data science, which was developed in response to the rapidly expanding needs for data scientists nationally and internationally.

## **SYSTEM-WIDE ENROLLMENT PLANNING**

Regent Omari invited President Kaler; Provost Hanson; Lori Carrell, Interim Chancellor, UMR; Sandra Olson-Loy, Vice Chancellor for Student Affairs, UMM; and Robert McMaster, Vice Provost and Dean for Undergraduate Education, UMTC to discuss system-wide enrollment planning, as detailed in the docket.

Kaler introduced the discussion as a critical component in the system-wide strategic planning effort over the next year. Hanson explained the complexities of enrollment management and introduced the work of the System Enrollment Management Workgroup. Olson-Loy reported that enrollment management is central to the success of each campus as well as the University system as a whole. She added that although the system campuses are not interchangeable, enrollment principles are consistent across the system.

McMaster provided an overview of current collaborative enrollment efforts across the campuses, including recruitment and retention initiatives. Carrell reported on the work of the System Enrollment Management Workgroup, its timeline, and draft recommendations.



In response to a question from Regent Lucas, McMaster explained that many out-of-state colleges actively recruit students from Minnesota high schools, especially from the Twin Cities metro area. He cited the quality of Minnesota high school graduates and the sheer number of students as reasons Minnesota sees a greater number of students leaving the state for college.

Regent Johnson asked if the programs offered at the University are similar to those offered at peer institutions. McMaster explained that business, engineering, and liberal arts programs are similar to peer institutions, but that the University has unique programs in agriculture, design, and education that set it apart.

Johnson commented on the disproportionate number of students leaving Minnesota to attend college in neighboring states, and asked if the University should work to keep more of those students in Minnesota. Olson-Loy explained that the workgroup is looking at how migration out of the state affects the University and noted that many factors influence a student's college decision.

In response to questions from Regent Beeson, McMaster described the process of the Share My App program, noting that every student who applies to the Twin Cities campus receives a letter asking them if they would like their application sent to the system campuses as well. McMaster reported that during the last admissions cycle, Share My App yielded 13 students attending at Crookston, 214 at Duluth, 22 at Morris, and 37 at Rochester. Beeson urged the presenters to consider using strategies similar to those that have been successful in increasing enrollment of non-resident/non-reciprocity students, notably personal calls from recruiters.

Regent Rosha noted that although the number of high school graduates in the Midwest is projected to shrink overall, Minnesota's number is expected to increase. Olson-Loy agreed and added that competition for recruiting Minnesota students will also increase. McMaster cautioned the committee against relying on the long-term demographic data since, until recently, the number of high school graduates in Minnesota was expected to drop in 2025.

Regent Powell stressed the importance of understanding the data and trends of each individual campus as well as the University system and how they are interrelated. Olson-Loy agreed, noting that leaders from each campus met a year ago to discuss campus-specific data and that the workgroup will look deeper into the inter-relationships.

In response to a question from Student Representative Malarvannan, McMaster reported that the University is moving forward with collecting more detailed race and ethnicity data on the application for admission.

In response to questions from Regent Hsu, Olson-Loy confirmed that identifying the enrollment capacity of each campus is within the scope of the workgroup. McMaster reported that the Twin Cities campus is expecting the largest incoming class since the 1970. Carrell noted that the Rochester campus will see its largest incoming class this fall, and plans to grow each future incoming class by 50 students per year.

President Kaler reported on the enrollment challenges of the Twin Cities and Duluth campuses that admit college-by-college, explaining that some colleges are full while others have room to grow.

### **ROLE OF UNIVERSITY LIBRARIES IN ADVANCING THE THREE-PART MISSION**

Regent Omari invited Provost Hanson and Wendy Pradt Lougee, University Librarian and McKnight Presidential Professor, to present the role of the University Libraries in advancing the three-part mission, as detailed in the docket.

Hanson introduced the item and reminded the committee that the University Libraries was the recipient of the 2017 National Medal for Museum and Library Service, the nation's highest honor for service to the community. She added that the University Libraries serve not only the University's faculty, students, and staff but all Minnesotans, which is important to the University's outreach mission.

Lougee summarized the scope of the University Libraries and explained the evolution of libraries in the digital age, with an increasing amount of the collection and resources stored and available online. She reported that the role of the librarian in an academic setting has grown and expanded accordingly, as more content is available outside of the walls of the physical library building.

In response to questions from Regent Lucas, Lougee reported that a third cavern in Anderson Library would not be as cost effective as other archive and storage space for the University Libraries collection. Kaler reminded the committee that the six-year capital plan calls for renovation of the Murphy warehouse property in order to house collections and artifacts.

Regent Beeson asked if the word library is still descriptive of what libraries do and whether there are national trends of renaming or rebranding libraries. Lougee shared that most libraries are continuing to use the term as it has traditional and ethical implications. She added that some are moving away from the term, citing an example of one graduate program in library science changing to a school of information.

In response to a question from Regent Anderson, Lougee reported that Wilson Library has seen a 65 percent increase in walk-in usage since the recent renovation that included expansion of seating and collaborative study spaces.

Regent McMillan inquired about changing cost drivers as libraries move from physical facilities to digital collections. Lougee cited one study from an economist that estimated the cost of a digital asset under \$1 while a physical asset in an active library cost just under \$5.

Regent Hsu shared that when he has conversations with students, a recurring theme is the lack of study spaces available on campus. He asked if libraries are open 24-hours to students. Lougee reported that select libraries are open 24-hours during final exams, but that it would not be cost-effective to have libraries regularly open 24-hours.

In response to a question from Regent Powell, Lougee reported that two libraries will move in conjunction with the construction of the Health Science Education Center, and that other top capital priorities include the Murphy Warehouse storage facility and renovation of Wilson Library.

## **CONSENT REPORT**

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

- **Request for Approval of New Academic Programs**
  - College of Continuing Education—Create post-baccalaureate certificate in Human Sexuality and deliver online

- **Request for Approval of Changed Academic Programs**
  - College of Food, Agricultural and Natural Resource Sciences (Twin Cities campus)—Create integrated B.S./M.S. degree program in Plant Science and Applied Plant Sciences
  - College of Science and Engineering and the Medical School (Twin Cities campus)—Create integrated B.Bm.E./M.S. degree program in Rehabilitation Science
  - Carlson School of Management (Twin Cities campus)—Deliver the M.B.A. degree in partnership with Tongji University
  - College of Science and Engineering (Twin Cities campus)—Create sub-plan in Analytics within the M.S.I.S.Y.E. degree
  - College of Food, Agricultural and Natural Resource Sciences (Twin Cities campus)—Discontinue sub-plan in Corporate Environmental Management within the B.S. degree in Environmental Sciences, Policy and Management
- **Request for Approval of Discontinued Academic Programs**
  - College of Education and Human Development (Twin Cities campus)—Discontinue the postbaccalaureate certificate in Applied Developmental Psychology
- **Request for Academic Unit Name Change**
  - College of Continuing Education—Change academic unit name to the College of Continuing and Professional Studies
- **Request for Conferral of Tenure for Outside Hires**
  - Anthony Azakie, Professor with tenure, Surgery, Medical School
  - Nicola Elia, Professor with tenure, Electrical and Computer Engineering, College of Science and Engineering
  - Miranda Joseph, Professor with tenure, Gender, Women, and Sexuality Studies, College of Liberal Arts
  - Ning Ma, Associate Professor with tenure, Asian Languages and Literatures, College of Liberal Arts
  - Sujaya Rao, Professor with tenure, Entomology, College of Food, Agricultural, and Natural Resource Sciences
  - Jessica Stanton, Associate Professor with tenure, Hubert H. Humphrey School of Public Affairs
  - Michael Todd, Professor with tenure, Anesthesiology, Medical School

### **INFORMATION ITEMS**

Provost Hanson referred the committee to the information items contained in the docket materials, which included a report of student activities and awards. Hanson also reminded the committee of President Kaler's recent memo to the University community, which committed to continuing to support students after the federal decision to rescind the Deferred Action for Childhood Arrivals (DACA). His memo also encouraged any students who may be affected by the decision to contact the Immigration Response Team.

Regent Hsu asked how many of the University's students are affected. President Kaler responded that the Office of Higher Education reports about 6,300 such students in Minnesota, but the University does not record that information about its students.

Regent Omari invited Meredith McQuaid, Associate Vice President of Global Programs and Strategy Alliance and Marissa Hill-Dongre, Director of the Immigration Response Team, to answer additional questions from the committee.

In response to questions from Regent Hsu, Hill-Dongre explained that the number of students contacting the Immigration Response Team (IRT) has increased after the DACA announcement. She added that faculty, advisors, and other staff have been reaching out with questions and for resources. She explained that the IRT is a centralized, system-wide resource that often refers students to other offices on campus. McQuaid added that the IRT also educates the University community.

Regent Rosha commented that the six months Congress has to enact a permanent solution provides an opportunity for the President and others to reach out to Minnesota's Congressional delegation to communicate the impact on the University. Kaler responded that the issue not only affects students, but also has implications on the future workforce of the state.

The meeting adjourned at 4:36 p.m.



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

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Governance & Policy Committee  
September 8, 2017**

A meeting of the Governance & Policy Committee of the Board of Regents was held on Friday, September 8, 2017 at 8:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, and Mary Holz-Clause; Interim Chancellor Lori Carrell; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Kathryn Brown and Matt Kramer; Interim Vice Presidents Michael Berthelsen and Allen Levine; General Counsel Douglas Peterson; Executive Director Brian Steeves; Chief Auditor Gail Klatt; and Associate Vice Presidents Julie Tonneson and Michael Volna.

**2017-18 COMMITTEE WORK PLAN**

Regent Rosha and Executive Director Steeves reviewed the 2017-18 work plan for the Governance & Policy Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

In response to a question from Regent Simmons, Rosha explained that the purpose of the first conversation related to Board approval thresholds is for the committee to provide input on potential changes. He noted that policy language will be drafted for review based on that conversation.

**BOARD OF REGENTS POLICY: *INSTITUTIONAL CONFLICT OF INTEREST*  
(CHANGE IN FINANCIAL DISCLOSURE REQUIREMENTS)**

Regent Rosha invited Boyd Kumher, Chief Compliance Officer, to review proposed amendments to Board of Regents Policy: *Institutional Conflict of Interest* related to a change in financial disclosure requirements, as detailed in the docket.

Kumher outlined the current conflict of interest process for University employees, describing the difference between individual and institutional conflict of interest. He described the annual Report of External Professional Activities (REPA) process and the types of employees required to complete a REPA. He explained that the REPA ensures the University is aware of potential conflicts of interest and can work with the employee to manage them.

Kumher compared the REPA to the Financial Disclosure for University Officials (FDUO). He explained that employees defined in policy as being University officials are required to complete both the REPA and the FDUO. He noted that the FDUO duplicates much of the information required by the REPA, but also examines whether a University official has any interests in a business entity that may create a conflict of interest.

Kumher reviewed the proposed amendments, noting that they would reduce the number of employees defined as University officials from 180 to 51. He emphasized that the individuals removed from the FDUO filing will still be required to complete a REPA. Kumher stated that the amendments will reduce the compliance burden without substantially changing the level of oversight. He noted the absence of institutional conflict of interest issues in the last five years for those positions being eliminated from the University official definition.

Regent Simmons asked why coaches are excluded. Kumher explained that they are required to file a REPA and that 100 percent of coaches have filed a REPA over the past three to four years. If a REPA raises concerns about a coach's financial interests, the coach could be added to the list of those required to file a FDUO. He observed that conflict of interest programs must try to balance oversight and the cost of compliance. He reiterated the ability to increase the level of oversight for any REPA filer.

In response to a question from Regent Anderson, Kumher explained that the REPA discloses potential conflicts of interest, but is not made public. The FDUO requires additional details on significant economic interests that could create a conflict of interest for a University official, including the requirement to disclose any real estate holdings outside of the filer's primary residence. Kumher noted that the FDUO is considered a public document and has been released to the public upon request. He added that the proposed changes are intended to right size compliance in this area for the University.

In response to a question from Roshia, Kumher agreed that the public nature of the FDUO helps create a check on potential conflict of interest actions taken by University officials. He added that the REPA creates a high degree of oversight internally.

Regent Hsu inquired about the monetary value of the administrative burden for the conflict of interest program, including the current number of FDUO filers. Kumher responded that the Office of Institutional Compliance is working on how to calculate the cost of compliance for the University. He noted that since the Office of Institutional Compliance has not made any findings on the 129 positions being eliminated from the policy in recent years, the cost is minimal. He offered that the other cost is the filer's time to complete the FDUO, which varies depending on a person's assets and real estate.

In response to Simmons, Kumher agreed to confirm that the title of University Librarian is not being used by other positions.

Regent Beeson commented that he previously raised the need for the University to have a full understanding of the total cost of compliance. He stressed the importance of defining and monitoring that cost and communicating it to public officials. Kumher agreed, noting that the diversity of enterprises within higher education makes it challenging to calculate that cost. One key challenge is how to account for employee time used to comply with regulations.

Roshia commented that having to disclose personal financial matters to the public could be a deterrent in attracting some individuals to work for the University. He added that he does not find the lack of recent issues with filers being eliminated from the FDUO requirements as a compelling reason to amend policy. Roshia stated his belief that the public wants to ensure that public officials at the University are not benefiting from potential conflict of interests. He requested that the Office of the General Counsel describe other processes in place for these groups outside of the FDUO requirements.

## **BOARD OPERATIONS, PART 1: FUNDAMENTAL PLANNING DOCUMENTS**

Regent Rosha invited Executive Director Steeves to review fundamental planning documents contained in Board of Regents Policy: *Board Operations and Agenda Guidelines* (BOAG), as detailed in the docket.

Steeves explained the importance of BOAG and the role it plays in establishing the structure and processes that facilitate the Board's work. He reminded the committee that BOAG is currently undergoing comprehensive review and that the committee has already done significant work in reviewing the policy. He outlined the remaining items that require review.

Steeves defined the fundamental planning documents described in BOAG, which include the *University Plan, Performance, and Accountability Report*; Annual Operating Budget; and Capital Budget. He outlined the components of each document and how the document has evolved versus how policy defines it. He offered discussion questions for the committee's consideration.

Regent McMillan shared his appreciation for the focus on how the Board does its work and defining the intersection of governance and management.

Regent Beeson stated that a system-wide strategic plan should be included in BOAG. He noted that the additional operating budget agenda items should not be codified in policy, but should instead be a part of the Board's annual planning process. He suggested adding the University Progress Card to policy, and shared his hope that the *University Plan, Performance, and Accountability Report* could be more formally presented to the Minnesota Legislature, perhaps during a committee hearing. He noted that in the absence of a formal hearing, the administration should consider how to communicate the report to legislators more effectively.

Regent Omari suggested that a more robust conversation on the University Progress Card and its role take place before the card is included in BOAG.

Regent Powell commented that the *University Plan, Performance, and Accountability Report* could accommodate within it many of the improvements, including the University Progress Card and system-wide strategic plan. He wondered if the plan could be refreshed and expanded to include those items instead of adding them to policy.

Regent Hsu stated his support for adding a long-range system-wide strategic plan. He noted his belief that without such a plan, decisions are made for the next year without a long-range context. He explained that with a system-wide strategic plan, the Board could ensure that priorities are funded at the level needed to succeed.

Regent Johnson referenced the perception of some elected officials that the University does not feel budgetary pain and suggested that perhaps the budget process should show where the potential pain would be. He added that raising tuition to account for decreased legislative funding is not as appropriate as it once was. He emphasized the need for the University to show what it is willing to give up to make the institution more efficient.

Regent Sviggum shared that he finds the University's operating budget more complicated than the State of Minnesota's. He suggested that the operating budget be clearer to both Regents and the public. He commented on a lack of public input into the operating budget and offered his view that public testimony should be a part of the operating budget process. Rosha agreed that public input is important and offered that the Board will need to address the topic of increased public input and clarity within the operating budget materials.

Steeves agreed that the operating budget content provided to the Board and public along with opportunities for public input are questions for the full Board. He observed that there are many models for obtaining public input and noted that the Board used an online comment method during that last budget cycle that received more public input than what was provided via the public forum approach used previously.

Rosha commented that the system-wide strategic plan and University Progress Card are essential. He noted the potential overlap between the system-wide strategic plan and the *University Plan, Performance, and Accountability Report*.

President Kaler remarked that operating budget input by the Board has evolved. He noted that while he is open to finding additional ways for the Board to offer input within the process, the timing and schedule imposed by the Minnesota Legislature is a limiting factor. He expressed his belief that the current process provides enough lead time for conversations around tuition and priorities for the upcoming year and how those align to the strategic plan.

### **COMMITTEE CHARGES: FINANCE & OPERATIONS COMMITTEE**

Regent Rosha invited Senior Vice President Burnett and Jason Langworthy, Board Associate, Policy & Committees, to discuss a draft committee charge for the Finance & Operations Committee, as detailed in the docket.

Langworthy reminded the committee that when the Board approved the *Resolution Related to Board Committee Structure*, it created temporary committee descriptions and directed the executive director and corporate secretary to draft amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines* (BOAG) to codify the new committee structure. He outlined the committee charge structure and reviewed the committee description.

Langworthy detailed the types of items the committee will recommend to the Board for action. He described how the section incorporates cross references to areas of reserved authority to ensure that if changes are made to approval thresholds in Board of Regents Policy: *Reservation and Delegation of Authority*, further amendments will not need to be made to BOAG.

Burnett described the action items the committee will recommend to the Board. He offered his view that the work of this committee is to provide support and structure needed to ensure that items being considered in the Mission Fulfillment Committee can be carried out. Burnett described how the new committee will be able to review the financial and project aspects of the state capital request together, instead of across two committees. He offered that the annual operating budget will benefit from the new committee charge since all 12 Regents will be able to participate in the more detailed committee discussions.

Langworthy described the areas of committee oversight. Burnett offered examples from the current work plan, highlighting the long-range financial planning and student housing discussions as examples of how the committee will provide oversight and input on areas defined within the draft charge. Langworthy outlined the last section of the charge, which includes required reports and updates.

Regent Simmons asked for clarification on whom the committee makes recommendations to, noting that the charge should be clear on when the committee is recommending action, when it is advising the Board or administration, and when it is directing the administration to take an action. Langworthy clarified that the committee is making recommendations to the full Board and agreed that language could be updated to prevent confusion. He added that the draft language will be in a broader context within BOAG, which will provide further clarity.



Regent McMillan commented that while it might feel redundant for a committee of all Regents to recommend action to the full Board, that practice will remain. Simmons agreed, noting that although the committee may vote to recommend approval of an item, the full Board may vote against approval if new information arises between the two meetings.

Regent Beeson wondered how the consent report will be expanded to address the increased number of approval recommendations, asking Regent Anderson if the work laid out in the charge was manageable. Anderson responded that the committee took up real estate actions in the consent report yesterday, which is a new practice. He noted the committee split out an item from the consent report yesterday and indicated that the process worked well. He expressed his belief that the amount of work before the committee is manageable. He offered his agreement with Simmons that the Board could change its position on a recommendation between the committee and full Board meeting.

Regent Powell highlighted the link between the Mission Fulfillment Committee and the Finance & Operations Committee around employee engagement and recruitment. He asked about shared accountability between the two committees on the development of employees. Burnett agreed that Finance & Operations will need to be flexible to provide what is needed to support the academic mission of the institution.

Rosha noted that this conversation allowed the committee to think through the broader themes that cross committee charges and where to draw the lines of responsibility between committees. He agreed that the topics in Mission Fulfillment will drive conversations in Finance & Operations, but offered that certain conversations in Finance & Operations may determine how Mission Fulfillment approaches some topics. He noted the use of the consent report in Finance & Operations and cautioned that while items could be pulled out of the consent report, the majority of the report needs to be approved efficiently to avoid significant time pressure.

The meeting adjourned at 10:00 a.m.



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

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Board of Regents Meeting  
September 8, 2017**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, September 8, 2017 at 10:15 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, and Mary Holtz-Clause; Interim Chancellor Lori Carrell; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Bernard Gulachek and Matt Kramer; Interim Vice Presidents Michael Berthelsen and Allen Levine; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt and Julie Tonneson.

**RECOGNITIONS**

**Regents Professor**

Recognition was given to Fionnuala Ní Aoláin, newly appointed Regents Professor. A Regents Professorship is the highest honor the University 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. Ní Aoláin is a Robina Chair in Law, Public Policy, and Society; and faculty director of the Human Rights Center at the Law School. Ní Aoláin briefly addressed the Board.

**University of Minnesota Libraries**

Recognition was given to the University of Minnesota Libraries for receiving the 2017 National Medal for Museum and Library Service. This medal is the nation's highest honor given to museums and libraries for service to the community. For more than two decades, the award has celebrated institutions that respond to societal needs in innovative ways, making a difference for individuals, families, and their communities. This is only the third time the award has been given to an academic library.

**INTRODUCTIONS**

**Dean, College of Design**

President Kaler and Provost Hanson introduced Carol Strohecker, Dean of the College of Design, who began her appointment on August 31, 2017. Strohecker holds a Ph.D. in Media Arts and Sciences and an M.S. in Visual Studies, both from the Massachusetts Institute of Technology. She briefly addressed the Board.

### **Dean, College of Pharmacy**

President Kaler and Provost Hanson introduced Lynda Welage, Dean of the College of Pharmacy, who began her appointment on July 31, 2017. Welage holds a Pharm.D from the State University of New York at Buffalo and a B.S. in pharmacy from the University of Michigan. She briefly addressed the Board.

### **Faculty Consultative Committee Chair**

President Kaler and Provost Hanson introduced Joseph Konstan, incoming Chair of the Faculty Consultative Committee. Konstan has both a Ph.D. and an M.S. in Computer Science from the University of California, Berkeley, and an A.B. in Computer Science from Harvard University. He briefly addressed the Board.

### **APPROVAL OF MINUTES**

A motion was made and seconded to approve the minutes as presented in the docket materials. Regent Rosha moved to amend the July 12, 2017 Board of Regents minutes to reflect his intended remarks regarding the agenda item on Board of Regents Policy: *Reservation and Delegation of Authority*. Regent Simmons seconded the motion and the Board of Regents voted unanimously to approve the amendment to the minutes.

The Board of Regents voted unanimously to approve the amended minutes of the Board of Regents meeting on July 12, 2017 and the following minutes as presented in the docket materials:

Board of Regents – June 20, 2017  
Presidential Performance Review Committee – FY 2017  
Special Selection Committee – July 12, 2017  
Litigation Review Committee – July 20, 2017  
Special Oversight Committee – August 16, 2017

### **REPORT OF THE PRESIDENT**

President Kaler reported on the President's Initiative to Prevent Sexual Misconduct, led by the Dean of the School of Public Health. Kaler remarked on the decision to rescind the Deferred Action for Childhood Arrivals (DACA) program. He emphasized the impact of this decision on the University's students and on the state's workforce. He also discussed initial efforts to promote the University's budget request to the legislature. Kaler noted several transitions within University leadership, including new chancellors at the Morris and Crookston campuses and the announced departure of the Vice President for Equity and Diversity.

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

### **REPORT OF THE CHAIR**

Chair McMillan remarked on changes to the Board's committee structure and thanked all involved for their efforts to make that new structure a success. He reported on the Board retreat held July 12, 2017, during which the following strategic priorities were developed for 2017-18:

- Preserve and enhance the University's academic excellence and reputation.

- Drive impact of the University’s land-grant mission through access, inclusion, and student success.
- Achieve the vision for an integrated academic medical enterprise.
- Complete system-wide strategic plan that incorporates an academic investment strategy and long-term financial framework.
- Increase private and public support for the University’s mission.

McMillan noted that these priorities will guide the Board’s agenda planning and development throughout the year, and help the president and senior leaders advance their work.

McMillan called on Regent Johnson, Chair of the Presidential Performance Committee. Johnson reported that the committee, with input from the University community and external stakeholders, conducted a review of the president’s performance. He detailed several highlights of the past year, including strong philanthropic efforts, construction of new facilities across the system, and several new hires among the senior leadership team. Johnson acknowledged challenges and identified several priorities for the coming year. He reported that the committee is confident in the president’s leadership of the institution.

Regent Simmons thanked the internal and external stakeholders for their input into the review process. She commended Mrs. Kaler for her efforts and commitment to the University.

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

### **RECEIVE AND FILE REPORTS**

Chair McMillan noted the receipt and filing of the Quarterly Report of Grant and Contract Activity.

Regent Simmons expressed concern that government funding is down \$36 million from last year. She requested an update on the implications of that decrease at a future meeting. She suggested a broader qualitative discussion about research, noting that certain departments and projects do not receive as much funding but serve an important role in advancing the University’s mission.

### **CONSENT REPORT**

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

- Gifts
- Summary of Expenditures

Regent Powell recused himself from action on the Consent Report due to a potential conflict of interest related to a gift from General Mills. A motion was made and seconded, and the Board of Regents voted unanimously to approve the Consent Report.

### **SYSTEM-WIDE STRATEGIC PLAN NEXT STEPS**

Chair McMillan invited President Kaler to introduce a discussion on the system-wide strategic plan, as detailed in the docket.

Kaler reviewed the timeline of the planning process to date. He emphasized the importance of including the University community, business leaders and public officials in evaluating next

steps. He acknowledged the need for a greater understanding of the University's position within the higher education landscape of the state and region. Kaler noted the importance of considering the University's impact in the community and on the state's economy.

Kaler reported the establishment of a System-Wide Oversight Committee, chaired by himself, and composed of system-wide senior leaders. He detailed the five focus areas, noting that each area will be led by a member of the committee:

1. Research and discovery
2. Outreach and public service
3. Teaching and learning
4. Medicine and health
5. Supporting the mission

Kaler outlined a tentative timeline for the planning process, noting that during the next year the Board will have an opportunity to provide feedback on progress. He anticipated finalizing the strategic plan by October 2018, to be included with the FY 2018-19 biennial budget request. McMillan added that Regents Powell and Rosha have volunteered to provide guidance in the planning process.

Rosha applauded the strategic plan next steps. Powell stressed that the process is ongoing and that ample time is required to develop a comprehensive plan.

Regent Omari observed that the committee has no representation from the Office for Equity and Diversity or from the student body and encouraged their inclusion. He asked how the concept of public engagement is being defined, suggesting it might not fit well in its current focus area: outreach and public service.

Kaler responded that diversity and inclusion are important considerations for every member of the committee. He noted that the current transition in OED precluded involvement by the vice president of that office, and committed to considering alternative representation. Kaler remarked that because the focus areas are interconnected, engagement and outreach will be considered in all aspects of the plan. He agreed with the importance of gathering input from students and committed to doing so, but added he believes it is not necessary to include a student on the committee. McMillan noted that student representatives to the Board will help bring the student voice to the discussion.

Rosha added that other groups do not have representation on the committee but their input will still be gathered. He suggested that senior leaders are accountable to the president in a way that students are not. Rosha added that each member of the committee has a responsibility to consider matters of diversity and inclusion. He offered that representation on the committee is not necessary to ensure input from a specific group.

## **UMF REPORT AND UPDATE**

Chair McMillan invited UMF President and CEO Kathy Schmidlkofer and Campaign Committee Co-Chairs John and Nancy Lindahl to present the annual report and update, as detailed in the docket.

Schmidlkofer reported on the formal launch of *Driven: the University of Minnesota Campaign*, only the third major campaign in the institution's history. She emphasized that this is a unique opportunity for the University's campuses, colleges, and units to showcase their philanthropic priorities. The Campaign's goal is to raise \$1 billion for students, \$2 billion for faculty and research, and \$1 billion for University initiatives and outreach. To date, the Campaign has

raised \$2.5 billion. Schmidlkofer outlined the campaign timeline and planning process, noting a projected end date of 2021.

John and Nancy Lindahl detailed the five campaign priorities and provided examples of ways the University is already delivering in each area:

1. Drive a Minnesota plan for innovation.
2. Protect and sustain agriculture, food, and water resources.
3. Provide a place of opportunity for everyone.
4. Accelerating advances in health.
5. Elevate a world-class student experience.

Regent Lucas moved approval of the Resolution Related to *Driven: The University of Minnesota Campaign*. Regent Omari seconded the motion.

Several Regents commended UMF and the Campaign committee for their efforts. They thanked the Lindahls for their continued support of the University.

The Board of Regents voted unanimously to adopt the Resolution Related to *Driven: The University of Minnesota Campaign*, as follows:

WHEREAS, today marks the launch of the largest fundraising campaign in University of Minnesota (University) history, harnessing private support from alumni, friends, and industry partners in every corner of the state and across the globe to serve future generations and help solve our world's grand challenges; and

WHEREAS, the University is a powerful economic engine for our state, driving innovations that attract world-class talent, fuel industries, and transform communities, contributing \$9 billion annually to Minnesota's economy; and

WHEREAS, the University is one of only five universities in the nation with schools of engineering, human and veterinary medicine, business, law, public policy, and agriculture on one campus; and

WHEREAS, as Minnesota's only land-grant institution and public research university, with campuses in Crookston, Duluth, Morris, Rochester, and the Twin Cities, the University's presence is felt in all 87 counties of the state, and the contributions of its alumni and faculty have global impact; and

WHEREAS, as Minnesota's sixth-largest employer, the University provides more than 26,000 jobs statewide; trains 70 percent of Minnesota's healthcare workforce; and the majority of its 15,000 graduates each year choose to live and work in Minnesota, creating a steady pipeline of talent and leadership; and

WHEREAS, in its 166-year history, the University has transformed the lives of generations of students, pioneered historic breakthroughs in such areas as medical devices, organ transplant, and regenerative medicine, and become a trusted source of expertise and solutions for people around the world; and

WHEREAS, the University's \$4 billion campaign will support five priorities: elevating a world-class student experience; accelerating advances in health; protecting and sustaining agriculture, food, and water; driving a Minnesota plan for innovation; and providing a place of opportunity for all; and

WHEREAS, the University is elevating a world-class student experience, enabling talented and curious students to participate fully in University life, perfect the craft of learning in classrooms, labs, and in hands-on, real-world experiences, grow in ways they never could have imagined, and go on to transform the world; and

WHEREAS, the University is accelerating advances in health, bringing new approaches to research and care and improving quality of life for people worldwide, by fighting infectious disease, preventing and treating conditions that threaten animals and humans, promoting health equity, and using new teamwork-focused models to educate the health workforce of the future; and

WHEREAS, the breadth of the University's expertise and the geographic locations of its campuses – in urban centers and on our country's greatest river, greatest lake, and greatest prairie – position it to play a leading role in protecting and sustaining agriculture, food, and water for future generations; and

WHEREAS, the University is driving a Minnesota plan for innovation based on deeper engagement with industry, transformative student experiences that produce business thinkers and leaders who thrive in a global economy, and creative incubation hubs that encourage collaboration among experts from multiple disciplines; and

WHEREAS, the University believes everyone should have the opportunity to reach their full potential and is committed to providing a place of opportunity for all, by advocating for equity and justice, enriching our collective quality of life through statewide arts initiatives, and working to eliminate the achievement gap in our schools;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of Minnesota endorse *Driven: The University of Minnesota Campaign*, and express appreciation to the campaign's leadership and donors for their contributions, which together will ensure its success.

### **REPORT OF THE FINANCE & OPERATIONS COMMITTEE**

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

- 1) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the September 7, 2017 committee minutes.
- 2) Approval of the amendment to the title sponsorship rights agreement with TCF Financial Corporation and TCF National Bank.

Regent Johnson thanked TCF for its continued support of the University and Gopher Athletics. He added that TCF's commitment sets an example for partnership and philanthropy for other companies in the region.

Regent Rosha asked if the allocation of funds generated from the amended agreement will return to the Board for approval. Kaler responded that stewardship of funds received for a specific facility remain with the unit that oversees that facility's operation, and so these funds will be allocated to the Department of Intercollegiate Athletics (Athletics). Senior Vice President Burnett confirmed that the initial \$8 million will support Athletes Village debt service, and the additional \$4 million will also support Athletics projects should TCF elect to execute the agreement extension. He clarified that the allocation of those funds will be included in Athletics' budget, which is part of the University's annual budget that comes to the Board for approval.

Rosha observed the difference between financing a current project and holding funds in reserve for a specific purpose. He noted that this practice limits the use of those dollars and allows little flexibility for future considerations. He suggested it is more prudent to invest the \$4 million until the extension is executed. Rosha reiterated his concern with items coming to the Board for review and action in the same meeting, in that this does not allow for careful consideration of important issues.

In response to a question from Regent Hsu, Burnett confirmed that the amended agreement does not violate any existing agreements between the University and the NCAA or Big Ten.

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

#### **REPORT OF THE AUDIT & COMPLIANCE COMMITTEE**

Regent Powell, Vice Chair of the committee, reported that the committee reviewed the charters that guide internal audit work and discussed a process and plan for updating the institutional risk profile.

#### **REPORT OF THE LITIGATION REVIEW COMMITTEE**

Regent Beeson, Chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on July 20, 2017 and September 7, 2017. At each meeting, a resolution was considered and adopted that authorized the closing of the meeting. In the closed meetings, discussion was held on matters subject to the attorney-client privilege.

#### **REPORT OF THE MISSION FULFILLMENT COMMITTEE**

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

- 1) Approval of the Consent Report for the Mission Fulfillment Committee as presented to the committee and described in the September 7, 2017 committee minutes.

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

Regent Omari reported that the committee also discussed system-wide enrollment planning; reviewed the role of the University Libraries; and discussed the implications of elimination of the DACA program.

#### **REPORT OF THE GOVERNANCE & POLICY COMMITTEE**

Regent Rosha, Chair of the committee, reported that the committee had no action items this month.



## REPORT OF THE SPECIAL OVERSIGHT COMMITTEE

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

- 1) Approval of the Resolution Related to Joint Report and Recommendations on Title IX and Athletic Discipline Practices.

Regent Sviggum emphasized that the report of the outside counsel stated that no laws, procedures, policies, or rules were broken in the University's handling of the incident.

Regent Simmons suggested that the Board, not the president, determine its procedures for handling future incidents. She noted potential changes at the federal level regarding sexual assault that could affect the University's response to future incidents of misconduct.

Regent Rosha clarified that approval of the resolution indicates only that the report has been received by the Board and does not endorse its findings.

Regent Hsu commented on inaccuracies in the report and asked about the procedure to correct them. Executive Director Steeves responded that the resolution directs the president to return to the Board with recommendations, so there will be an opportunity for future Board consideration. He added that Regents could work through the University's General Counsel to correct any discrepancies in the report.

The Board of Regents voted unanimously to adopt the Resolution Related to Joint Report and Recommendations on Title IX and Athletic Discipline Practices, as follows:

WHEREAS, on April 14, 2017 the Board of Regents (Board) chair and vice chair appointed a Special Oversight Committee (Committee) consisting of Regents Anderson (chair), Lucas, and Sviggum; and

WHEREAS, the Committee was charged to oversee review of the following issues:

1. Practices and policies with respect to suspensions and other discipline within the Department of Intercollegiate Athletics (Twin Cities Campus), including how these practices and policies interact or relate to Board of Regents Policy: *Student Conduct Code* (Conduct Code) process and the criminal justice process.
2. The standards of review and processes at each stage of the Conduct Code process as it relates to Title IX matters.
3. Practices and policies regarding permissible communication during the Conduct Code process, including specifically when that process involves student-athletes.
4. Lessons learned from the threatened boycott by the football team, including review of involvement by Regents, senior University leaders, coaches, and individuals from outside the University; and

WHEREAS, the Committee met on May 4, 2017 and endorsed retention of John Marti and Jillian Kornblatt from Dorsey & Whitney to conduct this review; and

WHEREAS, working in concert with the University's Office of the General Counsel and the University's Office of Internal Audit, Dorsey & Whitney has now delivered a report concluding that no laws or policies were violated, but making recommendations for improvement that require consideration and evaluation.

NOW, THEREFORE, BE IT RESOLVED, that the Board formally acknowledges receipt of the Joint Report and Recommendations on Title IX and Athletic Discipline Practices and charges the President to review and evaluate its recommendations and develop a plan to implement changes where appropriate as part of ongoing work related to the President's Initiative to Prevent Sexual Misconduct; and

BE IT FURTHER RESOLVED that the President shall provide to the Board a report on progress and implementation plans no later than February 2018.

The meeting adjourned at 12:21 p.m.



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