



Finance & Operations Committee

Sept 2022

September 8, 2022

1:45 p.m.

Boardroom, McNamara Alumni Center

FIN - SEPT 2022

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 8, 2022

AGENDA ITEM: 2022-23 Committee Work Plan

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Regent Douglas Huebsch
Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

The purpose of this item is to review and discuss the 2022-23 committee work plan.

BACKGROUND INFORMATION

Board of Regents Policy: *Board Operations and Agenda Guidelines* describes the role of the Finance & Operations Committee as follows:

The Finance & Operations Committee oversees and makes recommendations to the Board related to the University’s operations, fiscal stability, physical assets (e.g., land, buildings, infrastructure, technology, and equipment), and long-term economic health. The committee also advises the administration on faculty and staff compensation strategy, benefits, recruitment, and engagement.

Specifically, this committee recommends to the Board:

- appointments reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section IV.
- budgetary, financial, and investment matters reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section VII.
- property, facilities, and capital budgets reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section VIII.
- employment and labor relations matters reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section XI.

This committee provides oversight of:

- long-range financial planning strategies, including total indebtedness of the University and investment portfolio;

- the financial relationship between the University and its partners, including affiliated foundations, clinical operations, and external entities;
- potential risks within University finance and operations;
- long-range physical asset planning strategies, including technology infrastructure;
- public safety and emergency preparedness;
- operational services such as housing, parking, transportation, and dining;
- faculty and staff employment, compensation and benefits policy, including senior leader compensation, benchmarking, and terms of employment; and
- employee engagement and workforce development.

This committee also reviews:

- the annual central reserves fund report;
- the annual capital financing and debt management report;
- annual strategic facilities and real estate report, which includes updates on the University's facilities condition assessment and space utilization, real estate transactions from the past fiscal year, and capital project management updates for projects in process that have been approved in the annual capital improvement budget and have a value equal to or greater than \$1,000,000;
- exceptions to a competitive bid process for purchases requiring Board approval;
- annual asset management report;
- the annual financial report;
- selected financial metrics that measure the University's fiscal condition;
- periodic updates on future facilities projects;
- design guidelines when a project design represents an exception to adopted campus master plans; and
- other financial reports, employment reports, and facilities management reports and significant issues.

**Finance & Operations Committee
2022-23 Work Plan**

Date	Topics
2022	
September 8-9	<ul style="list-style-type: none"> • 2022-23 Committee Work Plan • President’s Recommended FY 2024-25 Biennial Budget Request – Review • President’s Recommended 2022 Six-Year Capital Plan – Review • Overview of the 2021 Employee Engagement Survey The committee will review the results of the 2021 Employee Engagement Survey. The presentation will highlight relevant trends and identify strengths and opportunities for improvement. • Resolution Related to Strategic Property Planning – Review/Action This item will present for review and action a resolution establishing internal workgroups to apply the guiding principles for the acquisition and disposition of property as codified in Board of Regents Policy: <i>Real Estate and Facilities</i> to the University’s real estate portfolio. • [Real Estate Transaction – Review/Action] • Consent Report • Information Items <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ Capital Finance & Debt Management Report
October 13-14	<ul style="list-style-type: none"> • President’s Recommended FY 2024-25 Biennial Budget Request – Action • President’s Recommended 2022 Six-Year Capital Plan – Action • Key Cost Drivers of Systemwide Information Technologies The committee will take part in a conversation focused on the key cost drivers for the University’s information technologies, including, their purpose, cost to replace, and expected lifespan. • Consent Report • Information Items <ul style="list-style-type: none"> ○ [Central Reserves General Contingency Allocations] ○ Annual Asset Management Report ○ Debt Management Advisory Committee Update ○ Investment Advisory Committee Update ○ Permanent University Fund Report ○ Strategic Facilities & Real Estate Report
December 15-16	<ul style="list-style-type: none"> • President’s Recommended 2023 State Capital Request – Review • FY 2024 Budget Variables & Levers The committee will engage in a policy discussion regarding the preliminary budget planning assumptions for the FY 2024 annual operating budget. Included in this discussion will be elements of the University’s long-range financial planning. The discussion will highlight current and potential revenue sources beyond state operations and maintenance (O&M) funding and tuition revenue. • Compensation Data and Metrics This item will provide the committee with a summary of the types of current metrics used to determine compensation for those positions requiring Board

December 15-16	<p>approval. The committee will review and provide feedback on a template that will be used to communicate key compensation information to the Board when it is requested to act on an employment agreement.</p> <ul style="list-style-type: none"> • Strategic Properties Update This item will provide an update on the work being done to review the University’s real estate portfolio if approved at the September meeting. • MPact 2025 Capital Financing Program Update The committee will receive an update on the MPact 2025 Capital Financing Program and hear about current plans for deploying those funds. The committee will provide input on the current plan and priority of projects. • Consent Report • Information Items <ul style="list-style-type: none"> ○ [Central Reserves General Contingency Allocations] ○ Annual Report on Targeted Business, Community Economic Development, and Small Business Programs ○ FY 2022 Annual Financial Report ○ Investment Advisory Committee Update
2023	
February 9-10	<ul style="list-style-type: none"> • President’s Recommended 2023 State Capital Request – Action • FY 2024 Annual Operating Budget Framework The committee will review and provide input on a draft framework for the FY 2023 Annual Operating Budget. The item will include an update on the current level of the Central Reserves Fund and steps being taken to replenish the fund. • Ongoing Impacts of COVID-19 on University Finance and Operations The committee will hear an update regarding the continued impact of the COVID-19 pandemic on University finances and operations. The presentation will highlight changes in human resources, operation functions, impact to auxiliaries, and anticipated ongoing adjustments to unit budgets. • PEAK Implementation Update This item will outline progress made by the implementation of the PEAK Initiative and will provide an update on Phase 1 implementation, which is focused on transitioning services for a specific set of academic units, administrative units, and system campuses. Information regarding the preparations for the transition of the Phase 2 group of academic and administrative units, as well as a preview of the units transitioning in Phases 3 and 4, will also be discussed. • Consent Report • Information Items <ul style="list-style-type: none"> ○ [Central Reserves General Contingency Allocations] ○ UMF Fund for University Strategic Initiatives

<p>May 11-12</p>	<ul style="list-style-type: none"> • President’s Recommended FY 2024 Annual Capital Improvement Budget – Review • MPact 2025 – Sustainability Update This item will outline current steps being taken to meet the sustainability goals within the MPact 2025 Systemwide Strategic Plan. The item will also include information from the annual Progress Report on Sustainability & Energy Efficiency Targets and Standards included in the information items. • Annual Workforce & Human Resources Strategy Report The committee will review and discuss the annual report. The committee engage with key strategic initiatives underway within the Office of Human Resources. Included with the report is annual compensation and benefits data. • [Board of Regents Policy: <i>Endowment Fund</i> – Review] The committee will review proposed off-cycle changes to the Board policy. • Consent Report • Information Items <ul style="list-style-type: none"> ○ [Central Reserves General Contingency Allocations] ○ Investment Advisory Committee Update ○ Progress Report on Sustainability & Energy Efficiency Targets and Standards
<p>June 8-9</p>	<ul style="list-style-type: none"> • President’s Recommended FY 2024 Annual Capital Improvement Budget – Action • Presidents Recommended FY 2024 Annual Operating Budget – Review • Strategic Property and Campus Planning Update This item will engage the committee on the work being done to review the University’s real estate portfolio if approved at the September meeting. The item will also provide the status of current campus planning across the system. • [Board of Regents Policy: <i>Endowment Fund</i> – Action] • Consent Report • Information Items <ul style="list-style-type: none"> ○ [Central Reserves General Contingency Allocations] ○ Investment Advisory Committee Update



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 8, 2022

AGENDA ITEM: President’s Recommended FY 2024-25 Biennial Budget Request

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: President Joan T.A. Gabel
Myron Frans, Senior Vice President
Julie Tonneson, Vice President and Budget Director

PURPOSE & KEY POINTS

The purpose of this item is to review the University’s Biennial Budget Request to the State of Minnesota for FY 2024 and FY 2025.

As the state’s only land grant and research institution, the University has a unique responsibility to better the lives of Minnesotans. As one of the nation’s top research institutions, the University is a venue where human talent, ideas and innovations, and discoveries and services converge to fuel Minnesota’s economy and improve quality of life. The value the University creates for all Minnesotans has never been higher, as evidenced during the pandemic: vaccine development and increasing testing capacity by the Medical School; Extension’s work on rural mental health; the College of Science and Engineering’s invention of low-cost ventilators, and pandemic modeling from the School of Public Health. A strong University of Minnesota serves to strengthen the State of Minnesota and benefits its people. This imperative has guided the development of this biennial budget request.

Strong financial support from the State of Minnesota is key to the University’s success. Of the University’s \$4.2 billion revenue budget for FY23 (excluding internal sales), the majority (60 percent) is restricted to use by the source of the funds or is directly related to sales and other miscellaneous revenue generating activity where the revenues pay for the direct costs of the associated goods and services. For that portion of the budget, the revenues must grow to cover the cost increases, or decisions must be made to reduce spending. Those funds cannot be moved around the institution to address emerging needs on a discretionary basis. It is the remaining 40 percent of University revenues from the unrestricted Operations and Maintenance (O&M) appropriation and tuition that must be directed to increasing costs and pressing investments in core mission activities and the infrastructure necessary to support them. The only way these general operating revenues grow is through enrollment growth, increasing tuition rates, or a decision by the state to increase the University’s O&M appropriation.

The University will continue to do its part in this equation. The budget framework for the next biennium will include a continued plan to increase efficiencies, reorganize, and restructure organizations, and reduce scope in targeted areas. At a reasonable savings level, this process allows

the University to “self-fund” a portion of the inflation and compensation cost increases, but on its own does not completely cover those costs. If revenues do not increase, the level of internal savings required to balance the budget will lead to a reduction in the breadth and depth of the University’s impact and/or a sacrifice in quality.

Recent forecasts indicate a positive financial situation for the state, with billions of dollars available to support its priorities related to state responsibilities and activities, higher education, local community needs, and tax relief. This biennial budget proposal is a request for the University to be a participant in the conversations about what is best for the state and to receive an increase in base funding to ensure the University continues its high-quality education, research, and service activities.

The Request Items

In total, the University’s request includes a continuation of our base health care access fund appropriation (\$2,157,000 annually for primary care education initiatives), our cigarette tax appropriation (\$22,250,000 annually for the academic health center), and our general fund appropriations (\$689,256,000 annually as Operations & Maintenance and State Specials) with incremental increases as described in the following paragraphs of this section.

Core Mission Support

Continuing the University’s approach from the last biennium, this biennial budget request is focused on appropriately maintaining our strengths and supporting the most pressing needs of students. First, this proposal seeks state funding to generally support the core mission of the University. Additional appropriations will contribute to holding down tuition increases, supporting student services, ensuring delivery of high-quality instruction, research, and public service, and providing safe, maintained spaces for students, employees, and the many thousands of citizens that share the University’s campuses every year. The total requested for this item is \$45,000,000 recurring in FY 24 and an additional \$45,000,000 recurring in FY 25. These annual increments represent a 1 percent increase in the University’s total revenues. In the state process, the \$45,000,000 each year would be a 6.5 percent and 6.1 percent annual increase to the base general fund appropriation, and in biennial math (year one increment times two plus year two increment) the \$135,000,000 increase would be a growth of 9.8 percent.

Each year the University faces cost increases related to:

- growth in services to support the needs of students (e.g., education, health, career development, etc.);
- growth in research activity and the associated infrastructure needs;
- retention and recruiting of talented employees that are critical to delivering our mission; and
- inflation, particularly in areas such as health care, lab supplies and equipment, library materials, technology licensing and maintenance, and facility costs.

Based on current spending and the Consumer Price Index (CPI), inflation could cost the University as much as \$120 million each year (growth over the prior year). However, this total can be somewhat tempered for planning purposes due to several factors: the most recent rates from other inflation indices (Higher Education Price Index - HEPI, Personal Consumption Expenditure Index - PCE) are slightly less than the CPI. All the current inflation rates may stabilize or even drop over the next 24 months, and University departments will act where

possible to buy less and buy differently in reaction to high prices. A reasonable estimate, supported by actual refined expenditure projections in targeted areas, puts annual cost increases at approximately \$90 million (6 percent to 7 percent growth). The proposed request seeks to partner with the state to fund this level of required spending increases: 50 percent from the state in new O&M appropriation and 50 percent from University action to increase tuition revenues (enrollment and low rates of increase) and implement additional internal spending reductions on lower priority items.

An increase in O&M support at this level would allow the University to achieve goals consistent with its priorities - including those stated in the MPact 2025 Systemwide Strategic Plan. Specific allocation of the base appropriation plus any incremental increase across the institution would be implemented consistent with those systemwide strategic priorities and determined through the annual internal budget development process.

Pressing Needs of Students and Families

For the 2022 legislative session, the University proposed a series of high-priority funding opportunities, but no supplemental bill was agreed to or signed into law. No special session was held to further discuss the proposals. Given those developments, the proposed request includes a resubmission of the three highest non-capital priorities carried over from the last session. These three priorities focus on addressing the financial and safety concerns of many University students and families, and cannot advance without additional state funding.

1. Promise Program

\$10 million recurring added to the existing systemwide Promise Program (current base funding = \$28 million) would better support students with financial needs, including historically underrepresented students and middle-income students, through the following components:

- increase the number of students eligible for both Promise and Promise Plus by expanding the upper-income threshold for eligibility from \$120,000 to \$140,000 for Promise and from \$50,000 to \$60,000 for Promise Plus; and
- increase the award amounts, moving up the income scale for the Promise Program.

2. Greater Minnesota Scholarship

\$20 million recurring would create a new Greater Minnesota Scholarship to attract and retain Minnesota students to UMC, UMD, UMM, and UMR by providing:

- a four-year guaranteed scholarship to every Minnesota resident entering as a freshman at those campuses;
- up to \$4,000 in year one; and
- awards tapering down each year before leveling off at \$1,300 to \$1,600 for students in their fourth year.

This program is over and above all other existing aid programs, including the Promise Program. These estimates cover total Minnesota enrollment as it stands today, plus support growth toward the enrollment goals for each of these campuses.

3. Public Safety Enhancements

\$5 million recurring would fund more public safety staff and begin implementation of a state-of-the-art security system for all five campuses, both of which are essential to transforming public safety capabilities and ultimately keeping students, staff, faculty, and visitors as safe as possible. Funding new positions and enhancing safety infrastructure would allow the University to:

- implement 25 to 30 additional overtime patrol shifts per week on the Twin Cities campus for six months of the year, increasing the visibility of officers on campus and decreasing response times;
- add 14 to 16 security officers on the Twin Cities campus to provide more escorts as part of the 624-WALK program and increase building coverage and general security presence;
- add new lighting, camera trailers, and K-9 services on the Twin Cities campus; and
- create an ongoing cycle to replace end-of-life cameras, vehicles, and security equipment across the system and upgrade/manage card access technology.

BACKGROUND INFORMATION

Board of Regents Policy: *Reservation and Delegation of Authority* reserves to the Board the authority to approve all requests for appropriations from the State of Minnesota.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to State Biennial Budget Request for FY 2024-2025.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

State Biennial Budget Request for FY 2024-2025

WHEREAS, the University of Minnesota (University), the State of Minnesota's (State) only public, land grant university, is charged with the responsibility to pursue knowledge through research and discovery, apply this knowledge through teaching and learning, and outreach and public engagement; and

WHEREAS, the University is committed to a continuous process of reevaluating priorities and increasing the efficiency and effectiveness of both direct mission and support activities, reinvesting budget savings into mission-critical strategies; and

WHEREAS, the University, in partnership with the State, can better support financial access and affordability to postsecondary education for Minnesota students and families; and

WHEREAS, the University's annual budget process is designed to surface and act on the most pressing priorities each year, including competitive compensation, compliance with federal and state regulations, research and technology infrastructure, facility maintenance, and public safety; and

WHEREAS, the state biennial budget request for FY 2024-2025 seeks to advance the direction and priorities defined by the MPact 2025 Systemwide Strategic Plan; and

WHEREAS, the University recognizes the many competing priorities for State general fund support.

NOW, THEREFORE, BE IT RESOLVED that the biennial budget request for the 2024-2025 biennium be adopted by the Board of Regents (Board) for presentation to the State. The request is for a general fund appropriation of \$769,256,000 in fiscal year 2024 and \$814,256,000 in fiscal year 2025 for a biennial total of \$1,583,512,000 in the form of general operations and maintenance and state special appropriations. The Board further requests the continuation of the fiscal year 2023 base funding levels for the Primary Care Education Initiatives totaling \$2,157,000, and for the Academic Health Center funding under Minnesota Statutes 297F.10 totaling \$22,250,000.

President's Recommended FY 2024-2025 Biennial Budget Request

President Joan T. A. Gabel
Myron Frans, Senior Vice President
Julie Tonneson, Vice President and Budget Director

Finance & Operations Committee

September 8, 2022

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

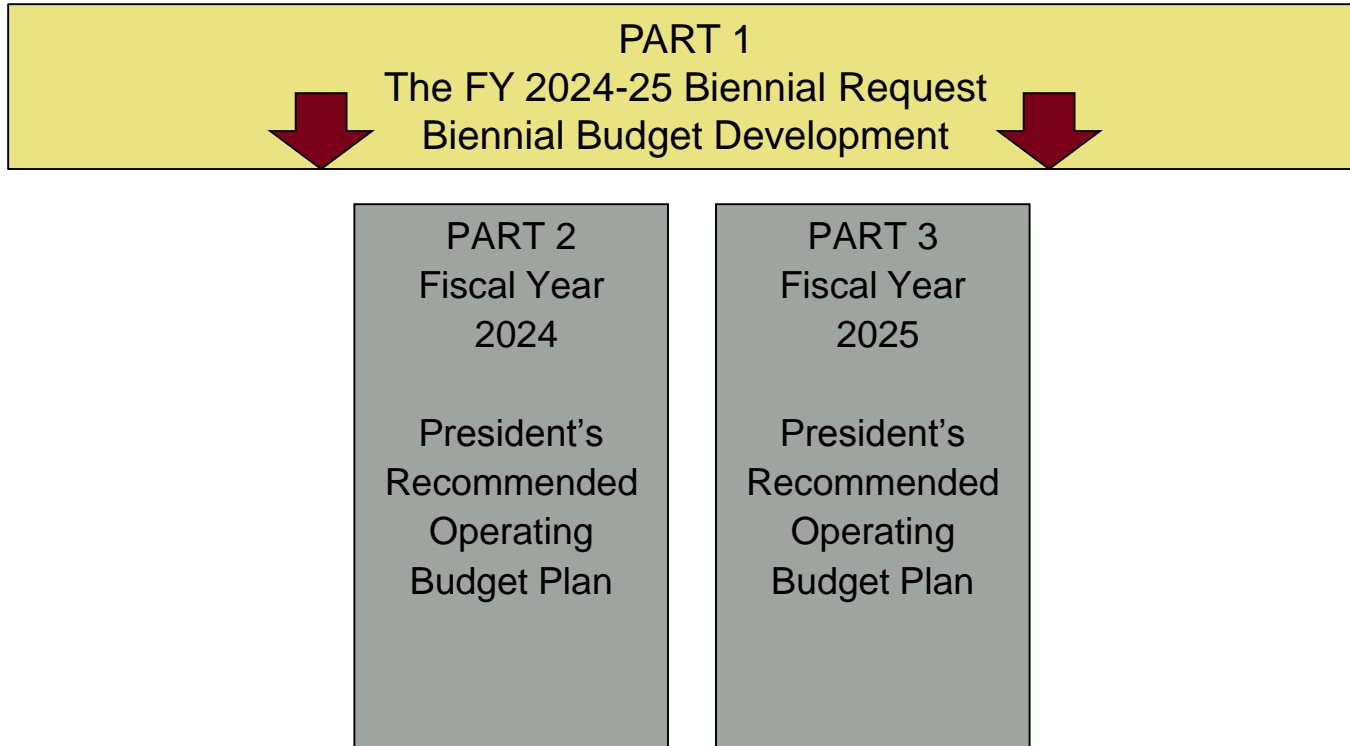
World Class Services for a World Class University



UNIVERSITY BUDGET

UNIVERSITY OF MINNESOTA

Biennial Request vs. Annual Operating Budget



Operating Budget Biennial Request Strategy

To prepare an FY 2024-25 biennial budget proposal that:

- Reflects the values of the institution
- Emphasizes a partnership with the State in supporting the core needs of the University
- Emphasizes a partnership with the State in supporting the needs of students and families
- Recognizes today's economic realities
- Is easily understood and compelling



Timeline - Full Budget Development Cycle

Develop U of M
Biennial Budget
Request (FY24 &
FY25) –

Leads to
FY24 & FY25 Annual
Budget Framework

Biennial Budget (BB)

Annual Budget Development for FY24



July 2022

August – September

October-December

January-February

March-May

June 2023

Annual Budget Development for FY25



July 2023

August – September

October-December

January-February

March-May

June 2024



General Fund Base Appropriation

	FY22	FY23
Operations and Maintenance	621,968,000	621,818,000

5 Special Appropriations:

a) <u>Agriculture and Extension Service</u>	42,922,000	42,922,000
b) <u>Health Sciences</u>	9,204,000	9,204,000
c) <u>Institute of Technology</u>	1,140,000	1,140,000
d) <u>System Special</u>	7, 431,000	7,431,000
e) <u>University of Minnesota and Mayo Foundation Partnership</u>	7,991,000	7,991,000
	690,656,000	690,506,000
Less Nonrecurring Appropriations		(1,250,000)

General Fund Base for the next biennium

689,256,000 x 2 = 1,378,512,000
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Primary Care Education Initiatives	2,157,000	2,157,000
This appropriation is from the health care access fund.		

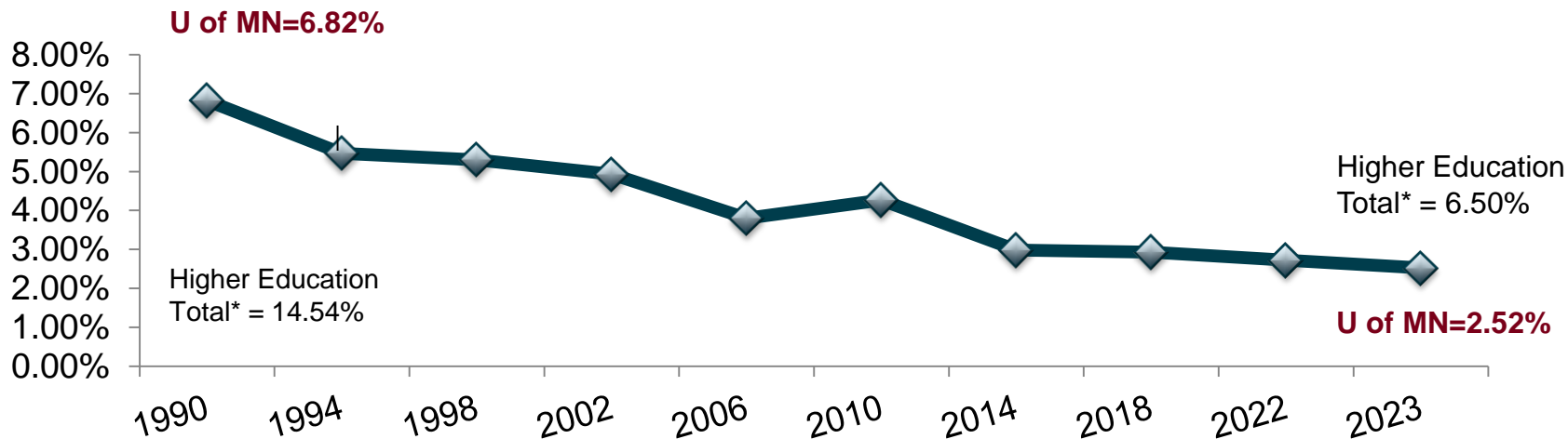
Academic Health Center

The appropriation to the Academic Health Center under Minnesota Statutes, section 297F.10, is \$22,250,000 each year.

* Note – O&M included \$150,000 in FY22 for a Rare Disease Advisory Council.



University of Minnesota Appropriations as % of State General Fund

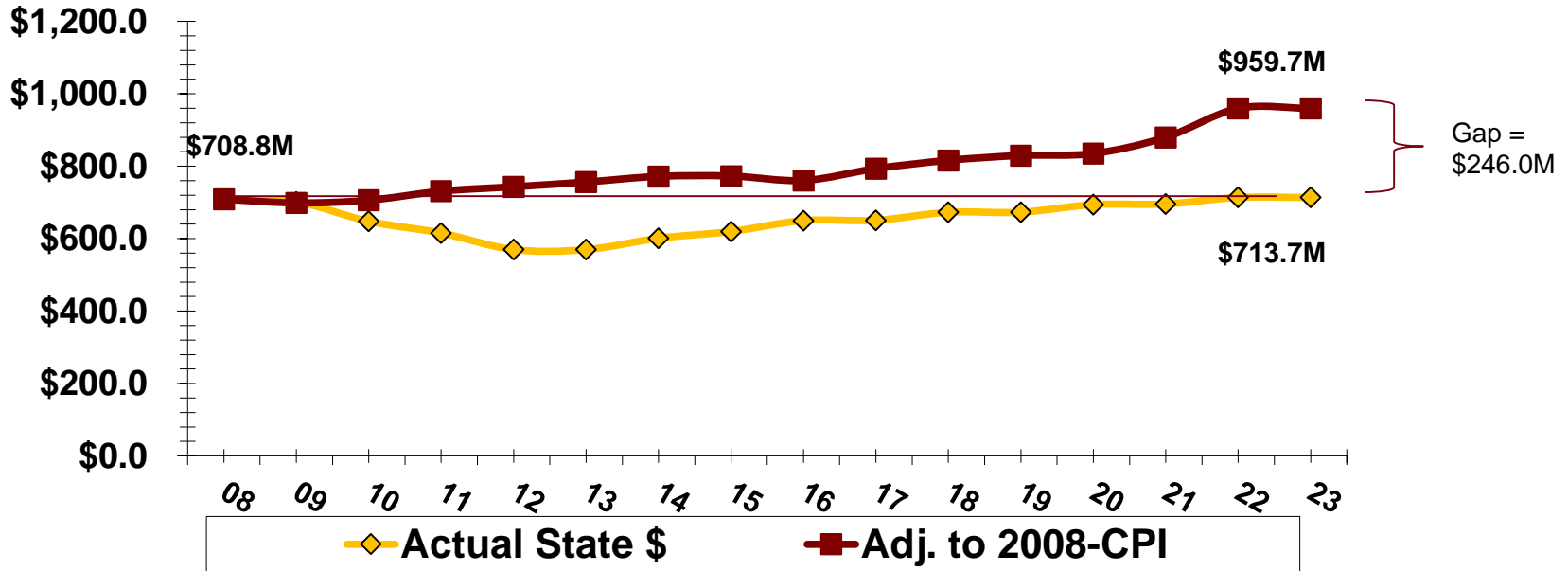


*Higher Education Total includes the two systems plus the Mayo Medical School (0% of GF in FY23) and the Office of Higher Education with the state grant program (1.09% of GF in FY23).

Source: Minnesota Management and Budget



The actual \$708.8M appropriation* in FY08, if adjusted for CPI, would equal \$959.7M in FY23. The actual appropriation for FY23 is \$713.7M.



*Includes Cigarette Tax and MnCare – excludes nonrecurring project appropriations
 Source for adjusted data: U.S. Bureau of Labor Statistics, CPI Inflation Calculator, August 2022



Biennial Budget Request – General Fund Annual Increase

Incremental over prior year	2024	2025
Core Mission	\$45.0M	\$45.0M
Percent Increase	6.5%	6.1%
Promise Program	\$10.0M	\$0.0M
Greater MN Scholarship	\$20.0M	\$0.0M
Public Safety	\$5.0M	\$0.0M
Total University Request:	\$80.0M	\$45.0M
Percent Increase:	11.6%	5.8%



Biennial Budget Request – General Fund Biennial Math Increase

<i>Change to current base</i>	2024	2025	Biennial
Beginning base	\$689.3	\$689.3	\$1,378.5
Core Request	\$45.0	\$90.0	\$135.0
Total Core Appropriation	\$734.3	\$779.3	\$1,513.6
% change from base			9.8%
Priorities from 2022 Supplemental	\$35.0	\$35.0	
Total Appropriation	\$769.3	\$814.3	\$1,583.6
% change from base			14.9%

(dollars in millions)



Core Mission – Most Pressing Needs

- Student counseling/advising/academic support
- Retention of professors and instructors
- Classroom and equipment maintenance
- Research and technology infrastructure
- Maintenance of core facilities
- Targeted program enhancement & safety improvements
- Compliance with federal/state regulations



50/50 Partnership on Core Mission:

Cost drivers in maintaining excellence for students and the state:

Compensation

Facilities

Technology

Other Operating Pressures:
Lab Supplies, Equipment,
Security, Library Materials,
Mental Health Support, etc.

Proposal (incremental each year):

\$45M – Increased O&M

\$45M – University Spending Cuts and
Increased Tuition Revenue

(enrollment and low-rate increases)



Increase Access and Reduce Cost of Attendance Burden for Minnesota Resident Undergraduates

- \$10M to Expand Promise Program scholarship eligibility and increase awards
- \$20M to Create new Greater Minnesota scholarship (Crookston, Duluth, Morris, and Rochester)

Requested investment: \$30 million



Supplement Public Safety Investments - Now and Into the Future

\$5M to immediately:

- Increase security presence on campus
- Update and replace critical safety/IT infrastructure

Systemwide Needs



As one of the nation's top research institutions, the University of Minnesota is a venue where human talent, ideas and innovations, and discoveries and services converge to fuel Minnesota's economy and improve our quality of life. This request recognizes and seeks to maintain those outcomes.





UNIVERSITY OF MINNESOTA

Driven to Discover[®]

Crookston Duluth Morris Rochester Twin Cities

The University of Minnesota is an equal opportunity educator and employer.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 8, 2022

AGENDA ITEM: President’s Recommended 2022 Six-Year Capital Plan

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

The purpose of this item is to review the President’s recommended 2022 Six-Year Capital Plan.

The President’s recommended 2022 Six-Year Capital Plan (Plan) includes major capital improvements planned for calendar years 2023 through 2028. The Plan includes projects to be funded with State of Minnesota (state) capital bonding as well as major projects funded by the University through a combination of debt, local unit resources, fundraising, and public/private partnerships. The Plan is a resubmittal of the 2021 plan, updated to reflect the University’s December 2021 Supplemental State Capital Request. No new projects have been added.

The unpredictability of state funding has made multi-year planning difficult. There has not been a state bonding bill in two years and the lack of funding has resulted in a backlog of projects in the early years of the plan. The Plan will be adjusted next year to reflect the next round of investments by the state. Similarly, given the unprecedented construction inflation occurring in the market and the uncertainty of project timing, cost figures will be updated in future plans as projects progress towards approval in the Annual Capital Improvement Budget.

This plan reflects the projects approved by the Board as part of the supplemental request in December 2021. An updated 2023 State Capital Request, both the projects and the cost estimates, will be presented for review at the December meeting.

2022 Plan Highlights

The Plan continues to emphasize reinvestment into the University’s existing infrastructure. Growing deferred renewal backlog has widespread impacts on academic programs, research initiatives, student experience, and general competitiveness. Higher Education Asset Preservation and Replacement (HEAPR) continues to be the smartest, most cost-effective investment that protects and extends the useful life of investments made by the taxpayers through capital bonding, by students who pay tuition, and by donors who give to support the University’s vision. This Plan recommends HEAPR requests of \$200 to \$400 million each year to align with actual deferred renewal needs. This plan also defines specific projects and placeholders that advance the MPact 2025 Systemwide Strategic Plan (MPact 2025) objectives and positions the University for success through five strategic capital priorities:

1. Renew high-priority buildings and right-size the overall amount of campus space

The Plan puts a strong emphasis on fixing or replacing some of the University’s worst buildings. High-priority projects reinforce the commitments made in MPact 2025 by complementing institutional values and optimizing how resources are used across the campus system. HEAPR funding remains at the core of this strategy. The Facility Condition Assessment (FCA) identifies the physical condition and needs of buildings across the enterprise. This process identifies deferred, non-recurring, and projected renewal needs to determine a facility condition needs index (FCNI). The FCNI (the ten-year projected needs divided by the estimated replacement value) determines where a building is rated on a scale that starts at 0.0 (excellent) and extends to 1.0 (critical). The below table (fall 2021 data) is updated annually to monitor progress toward reducing poor and critical space.

Campus	Total GSF ¹	Estimated Replacement Value ²	Projected 10-Year Needs ²	10 Year Needs/Replacement Value = (FCNI)	GSF Poor / Critical
Twin Cities	25,032,852	\$10,855,966,719	\$4,243,168,738	0.39	7,596,953
Duluth	3,312,263	\$1,204,014,201	\$445,441,336	0.37	550,865
Morris	997,104	\$435,429,041	\$181,536,077	0.42	481,564
Crookston	724,138	\$353,786,629	\$97,909,542	0.28	106,981
ROCs	1,781,760	\$317,805,877	\$103,418,746	0.33	119,097
TOTALS	31,848,117	\$13,167,002,468	\$5,071,474,438	0.39	8,855,460

¹ Total Gross Square Feet from UM Analytics. Excludes Rochester Campus and parking ramp decks.

² Figures include formally assessed facilities plus actual or modeled values for non-assessed facilities less than 10 years old.

³ Increase of approximately 1% from previous year.

2. Invest in high-demand academic programs and mission-support facilities

This priority supports teaching and learning as well as research scholarship across disciplines. High-demand academic programs have an established record of consistent enrollment and academic success. Recent examples of actual and proposed investments include the Chemistry Teaching Facility, Lind Hall Renewal, and the UMD Labovitz Sales Center/Library Annex Repurposing project. Other programs may be emerging and benefit from investment in facilities to bolster their ability to thrive.

3. Advance innovation in health sciences, agriculture, biotechnology, and other MNtersections priorities

This priority promotes a long-term investment strategy into core areas of research and scholarship dedicated to improving human potential and the natural and physical world in which we live. Representative projects include the Health Discovery Hub (former working title of Clinical Research Facility) and key lab renovation projects to support active health sciences research. Anticipated investments in applied agricultural technology and research will further this priority in future years of the plan and connect researchers and key educators in Extension to this important part of Minnesota’s economy and community. HEAPR investments in Food Science and Nutrition, Biosystems and Agricultural Engineering (BAE), and the Biological

Science Center will optimize existing facilities and infrastructure to support teaching and research.

4. Enhance student-facing facilities and services

To enhance the student experience, wellness, and success, some facilities require renewal to respond to a range of pressing needs, including libraries, unions, recreation, wellness, student counseling, and academic support. For example, the Student Unions Investments address replacing the Saint Paul Student Center and McGrath Library and improving Coffman Memorial Union's student, retail, and dining facilities on the Twin Cities campus.

5. Create spaces and places that make campuses more inclusive, accessible, and welcoming

This priority focuses on the many ways that change to the physical campus can make University campuses more welcoming, foster a sense of belonging, and improve accessibility related to daily life. For example, projects might address Americans with Disabilities Act (ADA) accessibility on all campuses, the renewal of important public spaces and landscapes, the ability to provide identity space indoors or outdoors, and wayfinding systems, including how campus entry points are treated. This priority will also guide plans to balance the level of investment in specialized-use facilities while considering equity and diversity. Candidate projects that support this principle will be considered in future iterations of the Six-Year Capital Plan.

BACKGROUND INFORMATION

Board of Regents Policy: *Board Operations and Agenda Guidelines* require a Six-Year Capital Plan that sets priorities and direction for ongoing academic and capital planning efforts. This policy specifically directs the administration to conduct capital planning with a “six-year time horizon, updated annually.” It is the University’s primary capital investment planning tool.

Forming the Plan

Formation of the Plan is directed by University leadership including the Executive Vice President and Provost, the Senior Vice President for Finance and Operations, and the Vice Presidents for Health Sciences, Research, University Relations, and University Services. A multi-stage capital improvement planning process yields a draft plan for the President’s consideration and ultimate recommendation to the Board.

Stage 1 Proposal	Stage 2 Planning and Feasibility	Stage 3 Predesign	Stage 4 Resource Acquisition	Stage 5 Implementation
Define the problem or opportunity <ul style="list-style-type: none"> • Programmatic needs • Facility conditions • Financial resources assessment 	Evaluate scope, scale, and alternatives <ul style="list-style-type: none"> • Strategic positioning • Academic priorities • Financial constraints • Space needs 	Advance the optimal scenario <ul style="list-style-type: none"> • Project scope • Project budget • Project schedule 	Confirm source and availability of funds <ul style="list-style-type: none"> • Financial impact • Debt capacity 	Deliver Project <ul style="list-style-type: none"> • Schematic design and GMP approval by the Board.
Chancellors, vice presidents, and deans submit proposals	Budget 5 – Capital Strategy Group authorizes proposals for feasibility	The Six Year Plan authorizes projects eligible to begin to predesign	Predesign completion authorizes resource acquisition to begin	Board of Regents authorize projects >\$1 million to commence

Although many projects have both academic and organizational value, the projects that demonstrate both a programmatic urgency and implementation readiness are advanced for further analysis in the six-year timeframe. Other factors considered before projects are placed in the Plan include:

- *Financial parameters* such as state economic forecasts, state debt capacity, past trends, University debt capacity, and project-specific fundraising potential.
- *Operating budget impacts* such as the ability to fund the incremental operating (facility and programmatic) and debt costs associated with proposed projects.
- *Timing and sequencing of projects* to complete a series of related projects in process or other capital project “dominoes.”
- *Impact on programs (both research and instructional)* to manage the level of disruption while still maintaining research and teaching functions.
- *Health, safety, and regulatory requirements* result in issues that require some projects to be included in the Plan.
- *Geographic distribution* recognizes the University as a system and balances investment across the state.
- *Alignment with MPact 2025 Systemwide Strategic Plan objectives.*

Project Costs

Costs for projects in the feasibility stage and projects under consideration are order-of-magnitude estimates. Predesign studies are prepared for projects at the appropriate time to determine more accurate cost figures. Total project costs and funding will be confirmed for each project prior to inclusion in the Annual Capital Improvement Budget.

PRESIDENT’S RECOMMENDATION

The President recommends approval of the resolution related to the 2022 Six-Year Capital Plan.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

The 2022 Six-Year Capital Plan

WHEREAS, preserving the University of Minnesota (University) campuses through stewardship of public investments that have been made over 165 years is a commitment the Board of Regents (Board) has made to the State of Minnesota (State); and

WHEREAS, advancing key academic priorities is critical for the University to achieve and maintain excellence; and

WHEREAS, continuing investment in research infrastructure is essential for the future competitiveness of the University and the State; and

WHEREAS, enhancing the student experience for both undergraduate education and graduate and professional education is required as the core of its mission in order to generate and disseminate knowledge; and

WHEREAS, improving outreach and engagement is necessary in order to transform state communities, fuel the state economy, address state social issues, and improve the state's health; and

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

NOW, THEREFORE, BE IT RESOLVED that the Board approves the 2022 Six-Year Capital Plan in order to create and maintain facilities that serve as tools for accomplishing the University's education, research, and outreach objectives.

2022 Six Year Capital Plan
Project Funding Report

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

REVISED

Project Costs

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates. Project costs and funding will be verified prior to consideration for the Annual Capital Budget.

Project Priority

Projects are shown in order of priority for 2023 based on the supplemental state capital request approved at the December 2021 Regents meeting. Projects in future years of the plan and projects under consideration are not prioritized.

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

REVISED

2023

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
349	Higher Education Asset Preservation and Replacement	Systemwide	\$400,000	\$400,000	\$0
187	Chemistry Undergraduate Teaching Laboratory	Twin Cities	\$108,000	\$72,000	\$36,000
277	UMD Science Building Renewal - Design	Duluth	\$2,460	\$1,640	\$820
320	Agricultural Research and Education Complex (FAARM)	ROCs & Stations	\$120,000	\$60,000	\$60,000
180	Health Discovery Hub (formerly Clinical Research Facility)	Twin Cities	\$210,000	\$140,000	\$70,000
153	Academic Health Center Duluth - Design	Duluth	\$18,000	\$12,000	\$6,000
			\$858,460	\$685,640	\$172,820

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
158	CSOM Building Revitalization - Design	Twin Cities	\$2,500	\$0	\$2,500
413	St Paul Student Union Investment - Design	Twin Cities	\$1,000	\$0	\$1,000
222	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
288	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
228	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
240	R&R - Morris Campus	Morris	\$160	\$0	\$160
216	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
258	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
264	R&R - Twin Cities Dining Services	Twin Cities	\$4,650	\$0	\$4,650
234	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$18,400	\$0	\$18,400
246	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$10,550	\$0	\$10,550
252	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
270	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800

	\$66,410	\$0	\$66,410
FY Total:	\$924,870	\$685,640	\$239,230
Running Total:	\$924,870	\$685,640	\$239,230

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

REVISED

2024

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
361	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
			\$200,000	\$200,000	\$0

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
414	St Paul Student Union Investment - Construction	Twin Cities	\$83,000	\$0	\$83,000
308	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
306	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
305	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
310	R&R - Morris Campus	Morris	\$160	\$0	\$160
307	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
313	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
314	R&R - Twin Cities Dining Services	Twin Cities	\$3,700	\$0	\$3,700
309	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$6,800	\$0	\$6,800
311	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$6,900	\$0	\$6,900
312	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
315	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$129,710	\$0	\$129,710
		FY Total:	\$329,710	\$200,000	\$129,710
		Running Total:	\$1,254,580	\$885,640	\$368,940

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

REVISED

2025

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
362	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
348	Strategic Plan Renewal or Replacement	Twin Cities	\$100,000	\$66,667	\$33,333
409	UMD Science Building Renewal	Duluth	\$25,540	\$17,027	\$8,513
			\$325,540	\$283,694	\$41,846

University Funded

File	Project Title	Campus	Total	State Funds	University Funds	
366	CSOM Building Revitalization	Twin Cities	\$35,000	\$0	\$35,000	
359	R&R - Crookston Campus	Crookston	\$300	\$0	\$300	
355	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000	
354	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000	
360	R&R - Morris Campus	Morris	\$160	\$0	\$160	
357	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300	
352	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500	
356	R&R - Twin Cities Dining Services	Twin Cities	\$3,900	\$0	\$3,900	
350	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$12,300	\$0	\$12,300	
353	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$3,800	\$0	\$3,800	
358	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250	
351	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800	
			\$84,310	\$0	\$84,310	
			FY Total:	\$409,850	\$283,694	\$126,156
			Running Total:	\$1,664,430	\$1,169,334	\$495,096

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

REVISED

2026

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
365	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
411	Strategic Plan Renewal; Wilson Library	Twin Cities	\$50,000	\$33,333	\$16,667
			\$250,000	\$233,333	\$16,667

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
377	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
373	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
372	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
378	R&R - Morris Campus	Morris	\$160	\$0	\$160
375	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
370	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
374	R&R - Twin Cities Dining Services	Twin Cities	\$3,900	\$0	\$3,900
368	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$6,600	\$0	\$6,600
371	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$5,900	\$0	\$5,900
376	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
369	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$45,710	\$0	\$45,710
		FY Total:	\$295,710	\$233,333	\$62,377
		Running Total:	\$1,960,140	\$1,402,667	\$557,473

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

REVISED

2027

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
397	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
316	Strategic Plan Renewal; East Bank	Twin Cities	\$50,000	\$33,333	\$16,667
140	Strategic Plan Renewal; St. Paul	Twin Cities	\$50,000	\$33,333	\$16,667
412	Strategic Plan Renewal; Systemwide	Systemwide	\$50,000	\$33,333	\$16,667
			\$350,000	\$300,000	\$50,000

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
163	Limnology Building and Property Capital Renewal	Duluth	\$9,000	\$0	\$9,000
136	LSH 1st Floor Renovation & Expansion	Duluth	\$13,000	\$0	\$13,000
407	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
403	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
402	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
408	R&R - Morris Campus	Morris	\$160	\$0	\$160
405	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
400	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
404	R&R - Twin Cities Dining Services	Twin Cities	\$2,700	\$0	\$2,700
398	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$4,700	\$0	\$4,700
401	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$2,750	\$0	\$2,750
406	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
399	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$61,460	\$0	\$61,460
FY Total:			\$411,460	\$300,000	\$111,460
Running Total:			\$2,371,600	\$1,702,667	\$668,933

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

REVISED

2028

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
429	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
304	Strategic Plan Renewal or Replacement	Twin Cities	\$100,000	\$66,667	\$33,333
			\$300,000	\$266,667	\$33,333

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
431	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
440	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
432	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
434	R&R - Morris Campus	Morris	\$160	\$0	\$160
430	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
437	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
438	R&R - Twin Cities Dining Services	Twin Cities	\$1,500	\$0	\$1,500
433	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$10,600	\$0	\$10,600
435	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$6,150	\$0	\$6,150
436	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
439	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$47,560	\$0	\$47,560
		FY Total:	\$347,560	\$266,667	\$80,893
		Running Total:	\$2,719,160	\$1,969,334	\$749,826

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2022 Six-Year Capital Plan
Project Funding Report

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Project Funding Report

Project Costs

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates. Project costs and funding will be verified prior to consideration for the Annual Capital Budget.

Project Priority

Projects are shown in order of priority for 2023 based on the supplemental state capital request approved at the December 2021 Board of Regents meeting. Projects in future years of the plan and projects under consideration are not prioritized.

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Project Funding Report

2023

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
349	Higher Education Asset Preservation and Replacement	Systemwide	\$400,000	\$400,000	\$0
187	Chemistry Undergraduate Teaching Laboratory	Twin Cities	\$108,000	\$72,000	\$36,000
277	UMD Science Building Renewal - Design	Duluth	\$2,460	\$1,640	\$820
320	Agricultural Research and Education Complex (FAARM)	ROCs & Stations	\$120,000	\$60,000	\$60,000
180	Health Discovery Hub (formerly Clinical Research Facility)	Twin Cities	\$210,000	\$140,000	\$70,000
153	Academic Health Center Duluth - Design	Duluth	\$18,000	\$12,000	\$6,000
			\$858,460	\$685,640	\$172,820

University Funded

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Project Funding Report

File	Project Title	Campus	Total	State Funds	University Funds
158	CSOM Building Revitalization - Design	Twin Cities	\$2,500	\$0	\$2,500
413	St Paul Student Union Investment - Design	Twin Cities	\$1,000	\$0	\$1,000
222	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
288	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
228	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
240	R&R - Morris Campus	Morris	\$160	\$0	\$160
216	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
258	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
264	R&R - Twin Cities Dining Services	Twin Cities	\$4,650	\$0	\$4,650
234	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$18,400	\$0	\$18,400
246	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$10,550	\$0	\$10,550
252	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
270	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$66,410	\$0	\$66,410
		FY Total:	\$924,870	\$685,640	\$239,230
		Running Total:	\$924,870	\$685,640	\$239,230

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Project Funding Report

2025

2024

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
361	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
			\$200,000	\$200,000	\$0

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
414	St Paul Student Union Investment - Construction	Twin Cities	\$83,000	\$0	\$83,000
308	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
306	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
305	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
310	R&R - Morris Campus	Morris	\$160	\$0	\$160
307	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
313	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
314	R&R - Twin Cities Dining Services	Twin Cities	\$3,700	\$0	\$3,700
309	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$6,800	\$0	\$6,800
311	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$6,900	\$0	\$6,900
312	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
315	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$129,710	\$0	\$129,710
		FY Total:	\$329,710	\$200,000	\$129,710
		Running Total:	\$1,254,580	\$885,640	\$368,940

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Project Funding Report

2026

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
362	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
348	Strategic Plan Renewal or Replacement	Twin Cities	\$100,000	\$66,667	\$33,333
409	UMD Science Building Renewal	Duluth	\$25,540	\$17,027	\$8,513
			\$325,540	\$283,694	\$41,846

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
366	CSOM Building Revitalization	Twin Cities	\$35,000	\$0	\$35,000
359	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
355	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
354	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
360	R&R - Morris Campus	Morris	\$160	\$0	\$160
357	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
352	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
356	R&R - Twin Cities Dining Services	Twin Cities	\$3,900	\$0	\$3,900
350	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$12,300	\$0	\$12,300
353	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$3,800	\$0	\$3,800
358	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
351	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800

	\$84,310	\$0	\$84,310
FY Total:	\$409,850	\$283,694	\$126,156
Running Total:	\$1,664,430	\$1,169,334	\$495,096

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Project Funding Report

2027

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
365	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
411	Strategic Plan Renewal; Wilson Library	Twin Cities	\$50,000	\$33,333	\$16,667
			\$250,000	\$233,333	\$16,667

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
377	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
373	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
372	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
378	R&R - Morris Campus	Morris	\$160	\$0	\$160
375	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
370	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
374	R&R - Twin Cities Dining Services	Twin Cities	\$3,900	\$0	\$3,900
368	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$6,600	\$0	\$6,600
371	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$5,900	\$0	\$5,900
376	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
369	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$45,710	\$0	\$45,710
		FY Total:	\$295,710	\$233,333	\$62,377
		Running Total:	\$1,960,140	\$1,402,667	\$557,473

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Project Funding Report

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
397	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
316	Strategic Plan Renewal; East Bank	Twin Cities	\$50,000	\$33,333	\$16,667
140	Strategic Plan Renewal; St. Paul	Twin Cities	\$50,000	\$33,333	\$16,667
412	Strategic Plan Renewal; Systemwide	Systemwide	\$50,000	\$33,333	\$16,667
			\$350,000	\$300,000	\$50,000

University Funded

File	Project Title	Campus	Total	State Funds	University Funds	
163	Limnology Building and Property Capital Renewal	Duluth	\$9,000	\$0	\$9,000	
136	LSH 1st Floor Renovation & Expansion	Duluth	\$13,000	\$0	\$13,000	
407	R&R - Crookston Campus	Crookston	\$300	\$0	\$300	
403	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000	
402	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000	
408	R&R - Morris Campus	Morris	\$160	\$0	\$160	
405	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300	
400	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500	
404	R&R - Twin Cities Dining Services	Twin Cities	\$2,700	\$0	\$2,700	
398	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$4,700	\$0	\$4,700	
401	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$2,750	\$0	\$2,750	
406	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250	
399	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800	
			\$61,460	\$0	\$61,460	
			FY Total:	\$411,460	\$300,000	\$111,460
			Running Total:	\$2,371,600	\$1,702,667	\$668,933

2028

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Project Funding Report

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
429	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
304	Strategic Plan Renewal or Replacement	Twin Cities	\$100,000	\$66,667	\$33,333
			\$300,000	\$266,667	\$33,333

University Funded

File	Project Title	Campus	Total	State Funds	University Funds	
431	R&R - Crookston Campus	Crookston	\$300	\$0	\$300	
440	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000	
432	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000	
434	R&R - Morris Campus	Morris	\$160	\$0	\$160	
430	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300	
437	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500	
438	R&R - Twin Cities Dining Services	Twin Cities	\$1,500	\$0	\$1,500	
433	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$10,600	\$0	\$10,600	
435	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$6,150	\$0	\$6,150	
436	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250	
439	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800	
			\$47,560	\$0	\$47,560	
			FY Total:	\$347,560	\$266,667	\$80,893
			Running Total:	\$2,719,160	\$1,969,334	\$749,826

2022 Six Year Capital Plan
Project Description Report

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Description Report

Project Costs

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates. Project costs and funding will be verified prior to consideration for the Annual Capital Budget.

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Description Report

136 LSH 1st Floor Renovation & Expansion

Campus: Duluth - Remodel and expand the 1st floor of Lake Superior Hall (LSH)
Unit: UMN Duluth - Provide improved space for students and more efficient office space for staff
Total Cost: \$13,000
Plan Year: 2027

140 Strategic Plan Renewal; St. Paul

Campus: Twin Cities - Enhance existing teaching, research, and student support space in alignment with the Strategic Plan
Unit: Academic Affairs and Provost - Project(s) will be defined in a future Six Year Plan update
Total Cost: \$50,000
Plan Year: 2027

153 Academic Health Center Duluth - Design

Campus: Duluth - Design a new facility in the Duluth Medical District to provide high demand healthcare education and interprofessional training.
Unit: Academic Clinical Affairs, Ofc
Total Cost: \$18,000
Plan Year: 2023

158 CSOM Building Revitalization - Design

Campus: Twin Cities - Align the functionality of teaching and scholarship user space with new pedagogical and technological trends
Unit: Carlson School of Management - Improve utilization of existing space through more flexible learning environments facilitating student, staff and faculty collaboration
Total Cost: \$2,500 - Address building infrastructure, systems, accessibility, and other deficiencies
Plan Year: 2023

163 Limnology Building and Property Capital Renewal

Campus: Duluth - Renovate the existing limnology research station and construct a new addition
Unit: UMN Duluth - Create a learning lab, meeting space, and workstations
Total Cost: \$9,000 - Relocate MN Sea Grant Center from its current location at UMD Chester Park
Plan Year: 2027 - Timeline for investment may adjust pending availability of funds

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Description Report

180 Health Discovery Hub (formerly Clinical Research Facility)

Campus: Twin Cities - Construct a new clinical research facility to support clinical and translational health science research
Unit: Academic Clinical Affairs, Ofc - Program includes integrated research, clinical exam, consultation, computational, and collaboration space
Total Cost: \$210,000
Plan Year: 2023

187 Chemistry Undergraduate Teaching Laboratory

Campus: Twin Cities - Create a state-of-the-art undergraduate chemistry teaching facility with teaching laboratories, student collaboration spaces, and classrooms
Unit: College of Science and Engineering - Provide 18 new teaching laboratories for general and organic chemistry
Total Cost: \$108,000 - Renovate the original Fraser Hall building, demolish earlier additions, and construct a new addition
Plan Year: 2023

277 UMD Science Building Renewal - Design

Campus: Duluth - Invest in space that was vacated with the completion of the Chemistry and Advanced Materials Science building
Unit: UMN Duluth - Provide students and faculty in the Swenson College of Science and Engineering with collaborative spaces for learning, active learning classrooms, laboratories, and research spaces
Total Cost: \$2,460
Plan Year: 2023

304 Strategic Plan Renewal or Replacement

Campus: Twin Cities - Enhance existing teaching, research, and student support space in alignment with the Strategic Plan
Unit: Academic Affairs and Provost - Projects may be a combination of renewal or replacement of existing facilities
Total Cost: \$100,000 - Project(s) will be defined in a future Six Year Plan update
Plan Year: 2028

316 Strategic Plan Renewal; East Bank

Campus: Twin Cities - Enhance existing teaching, research, and student support space in alignment with the Strategic Plan
Unit: Academic Affairs and Provost - Project(s) will be defined in a future Six Year Plan update
Total Cost: \$50,000
Plan Year: 2027

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Description Report

320 Agricultural Research and Education Complex (FAARM)

Campus: ROCs & Stations - The Agricultural Research and Education Complex project will create sites for the 'Future of Advanced Agricultural Research in Minnesota' (FAARM) for innovative solutions in food systems that will lead the evolution of regenerative, systems-based agriculture

Unit: College of Food, Agricultural & Natural Resource Sciences

Total Cost: \$120,000

Plan Year: 2023

348 Strategic Plan Renewal or Replacement

Campus: Twin Cities - Enhance existing teaching, research, and student support space in alignment with the Strategic Plan

Unit: Academic Affairs and Provost - Projects may be a combination of renewal or replacement of existing facilities

Total Cost: \$100,000 - Project(s) will be defined in a future Six Year Plan update

Plan Year: 2025

366 CSOM Building Revitalization

Campus: Twin Cities - Aligns teaching and scholarship user space with new pedagogical and technological trends

Unit: Carlson School of Management - Improves utilization of existing space through more flexible learning environments facilitating student, staff and faculty collaboration

Total Cost: \$35,000 - Addresses building infrastructure, systems, accessibility, and other deficiencies

Plan Year: 2025

409 UMD Science Building Renewal

Campus: Duluth - Invest in space that was vacated with the completion of the Chemistry and Advanced Materials Science building

Unit: UMN Duluth - Provide students and faculty in the Swenson College of Science and Engineering with collaborative spaces for learning, active learning classrooms, laboratories, and research spaces

Total Cost: \$25,540

Plan Year: 2025

411 Strategic Plan Renewal; Wilson Library

Campus: Twin Cities - Renovate to better support contemporary learning and scholarship with services focused on enabling new discovery, interaction with digital media and technology tools, community engagement, teaching, and study areas

Unit: University Libraries

Total Cost: \$50,000

Plan Year: 2026

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Description Report

412 Strategic Plan Renewal; Systemwide

Campus: Systemwide - Enhance existing teaching, research, and student support space in alignment with the Strategic Plan
Unit: Academic Affairs and Provost - Project(s) will be defined in a future Six Year Plan update
Total Cost: \$50,000
Plan Year: 2027

413 St Paul Student Union Investment - Design

Campus: Twin Cities - Create replacement space for the St Paul Student Center
Unit: Academic Affairs and Provost - Project planning and preliminary design is anticipated to begin in 2022 followed by complete design and construction in 2023
Total Cost: \$1,000
Plan Year: 2023

414 St Paul Student Union Investment - Construction

Campus: Twin Cities - Create replacement space for the St Paul Student Center
Unit: Academic Affairs and Provost - Project planning and preliminary design is anticipated to begin in 2022 followed by complete design and construction in 2023
Total Cost: \$83,000
Plan Year: 2024

2022 Six-Year Capital Plan
Under Consideration List

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Under Consideration List

Proposals included on the Under Consideration list have been identified as priorities by the responsible unit. Projects under consideration are recommended to complete a feasibility study to support further decision making. Projects will be included in the Six-Year Plan when the source of funding and year is determined.

Projects must complete predesign, obtain necessary funds and receive approval in the Annual Capital Budget to proceed with design and construction.

Preliminary cost estimates are included on the Under Consideration list where available. Estimates prepared at this time have a low expectation of accuracy. Estimates may be regarded as preliminary, ballpark or order of magnitude. Multiple factors including location, size, complexity, level of finish and inflation may impact the final cost. These figures are intended to support a decision to proceed with the proposal and must be verified through later phases of design.

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Under Consideration List

111 PTRF Renovation - Turkey Research Facility

<i>Campus:</i>	Twin Cities	- Renovate the Poultry Teaching and Research Facility in St. Paul
<i>Unit:</i>	College of Food, Agricultural & Natural Resource Sciences	- Relocate small scale turkey research from Rosemount to St. Paul
<i>Total Cost:</i>	\$11,000	- Maximize research effectiveness and space utilization
<i>Status:</i>	Predesign	- Replace or upgrade exterior enclosure, HVAC systems and lab casework

118 Athletic Facilities Targeted Improvement Projects

<i>Campus:</i>	Systemwide	- Implement targeted investments to improve gender equity in athletics facilities on the Crookston, Morris, Duluth, and Twin Cities campuses
<i>Unit:</i>	Systemwide	- Project(s) to be defined pending outcome of individual campus planning studies
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Feasibility	

120 Forestry Research and Outreach Capital Investments

<i>Campus:</i>	ROCs & Stations	- Provide a setting for field-based teaching and applied learning and research in northern forest and wilderness ecosystems
<i>Unit:</i>	College of Food, Agricultural & Natural Resource Sciences	- Construct lodging, dining and kitchen facilities for students, staff, professionals and families
<i>Total Cost:</i>	To Be Determined	- Create flexible research labs, classrooms and support spaces
<i>Status:</i>	Planning	- Scope, budget, and schedule to be confirmed pending outcome of site master plans

121 Cowles Stadium Hitting Facility

<i>Campus:</i>	Twin Cities	- Construct an indoor hitting facility and restrooms accessible from the dugout for the Gopher Women's Softball Team
<i>Unit:</i>	Intercollegiate Athletics	- Budget and schedule to be confirmed pending availability of funds
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Predesign	

142 Briggs Library Capital Renewal

<i>Campus:</i>	Morris	- Renovate the existing library and construct a new east link/entry addition and west entry
<i>Unit:</i>	UMN Morris	- Replace mechanical, electrical, and plumbing systems, technology infrastructure, elevator, and provide ADA/Code compliant restrooms
<i>Total Cost:</i>	\$27,900	- Revitalize the Briggs Library at the "heart of the campus" to best meet the academic, co-curricular, social and safety needs of the UMM Community
<i>Status:</i>	Predesign	

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Under Consideration List

171 Animal Science Facility

Campus: Crookston - Construct a new pole barn facility to consolidate the animal facilities at the Crookston campus with adjacent academic and research space
Unit: UMN Crookston - Accommodate birthing, controls noise and protects against illness
Total Cost: To Be Determined - Support teaching needs of the Agriculture and Natural Resource program and provide space for student research
Status: Proposal - Scope, budget, and schedule to be defined pending outcome of feasibility study

175 Historic District Capital Renewal

Campus: Morris - Invest in programmatic needs of the Morris campus
Unit: UMN Morris - Modernize systems and infrastructure in the campus national register historic district
Total Cost: To Be Determined - Renovate learning spaces and student support spaces to meet the needs of future students
Status: Planning - Projects to be defined pending outcome of campus strategic facilities plan

191 CUHCC Clinic Renewal

Campus: Twin Cities - Renew clinic facilities to increase CUHCC services
Unit: Academic Clinical Affairs, Ofc
Total Cost: To Be Determined
Status: Feasibility

205 Kirby Student Center Expansion

Campus: Duluth - Expand and update the Kirby Student Center to provide space for student programming, social and active study spaces for students, meeting and event facilities
Unit: UMN Duluth
Total Cost: To Be Determined
Status: Planning

272 Shepherd Laboratories Phase 2 (Floors 3-5) Renovation

Campus: Twin Cities - Renovate space on floors 3-5 of Shepherd Labs to provide academic space for the Computer Science and Engineering Department
Unit: College of Science and Engineering
Total Cost: To Be Determined
Status: Feasibility

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Under Consideration List

280 Strategic Campus Development

<i>Campus:</i>	Rochester	- Create academic and student life space for the growing UMR student community
<i>Unit:</i>	UMN Rochester	- Provide space to support active, collaborative, and adaptive learning environments, student laboratories and faculty/student interaction
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Planning	

290 Molecular and Cellular Therapeutics Expansion

<i>Campus:</i>	Twin Cities	- Expand the existing Molecular and Cellular Therapeutics facility to accommodate Vector Production and Gene Therapy (VP/GT) and other health sciences research
<i>Unit:</i>	Academic Clinical Affairs, Ofc	- Provide cleanroom, lab and lab support spaces
<i>Total Cost:</i>	To Be Determined	- Scope, budget, and schedule to be defined pending outcome of feasibility study
<i>Status:</i>	Planning	

298 Arboretum Access and Egress Improvements

<i>Campus:</i>	ROCs & Stations	- Repair and extend the internal circulation and parking network at the Arboretum including public access points and gatehouses
<i>Unit:</i>	College of Food, Agricultural & Natural Resource Sciences	
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Pre-design	

299 Strategic Land Acquisitions

<i>Campus:</i>	Twin Cities	- In support of potential opportunities for strategic land and asset acquisitions that support the University mission
<i>Unit:</i>	Planning, Space, and Real Estate	
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Planning	

318 Cedar Creek Science Barn

<i>Campus:</i>	ROCs & Stations	- Construct a new building for research, education, and outreach
<i>Unit:</i>	College of Biological Sciences	- Provide classrooms, restrooms, and storage for year-round use
<i>Total Cost:</i>	\$3,300	
<i>Status:</i>	Feasibility	

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Under Consideration List

328 Developing Institutional Animal Resources Space

Campus: Twin Cities - Construct or renovate facilities for animal resources (housing and research support spaces)
Unit: Research - Scope, budget, and schedule to be defined pending outcome of feasibility study
Total Cost: To Be Determined
Status: Feasibility

343 Coffman Programming and Retail Renovation

Campus: Twin Cities - Renovate portions of Coffman Union including upgrades to retail and dining facilities
Unit: Student Affairs
Total Cost: To Be Determined
Status: Feasibility

410 UMD Kirby Plaza Food Court and Kitchen Renovation

Campus: Duluth - Provide up to two more food court venues, redesign flow, increase visibility, and offer more options.
Unit: UMN Duluth - Remodel the main production kitchen for efficiency and safety, along with equipment replacement.
Total Cost: \$12,000
Status: Feasibility

415 Morrill Hall Re-Envisioned Building Use

Campus: Twin Cities - Explore options to provide additional student-centric programming
Unit: Office of the President
Total Cost: To Be Determined
Status: Feasibility

428 Library Annex Renovation

Campus: Duluth - Renovate the second floor of Library Annex into an adaptable, state of the art Labovitz School of Business and Economics (LSBE) sales center of excellence to be heavily utilized by students, staff, and community members.
Unit: UMN Duluth - Consolidate both Library Archives and Special Collections and Library Archives Offices.
Total Cost: To Be Determined
Status: Predesign

UNIVERSITY OF MINNESOTA

2022 Six-Year Capital Plan - Under Consideration List

441 3M Arena at Mariucci and Ridder Arena Centennial Improvements - Phase 2

Campus: Twin Cities

Unit: Intercollegiate Athletics

Total Cost: \$16,000

Status: Predesign

- Update fan amenities including seating, concessions, and branding in both facilities

- Improve team spaces in Ridder to include locker room, training room and coaching area for the women's hockey program

- Phase 1 was authorized in the FY23 capital budget to replace ice refrigerant systems in both arenas

President's Recommended 2022 Six-Year Capital Plan

Myron Frans, Senior Vice President

Finance & Operations Committee

September 8, 2022

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



University Services

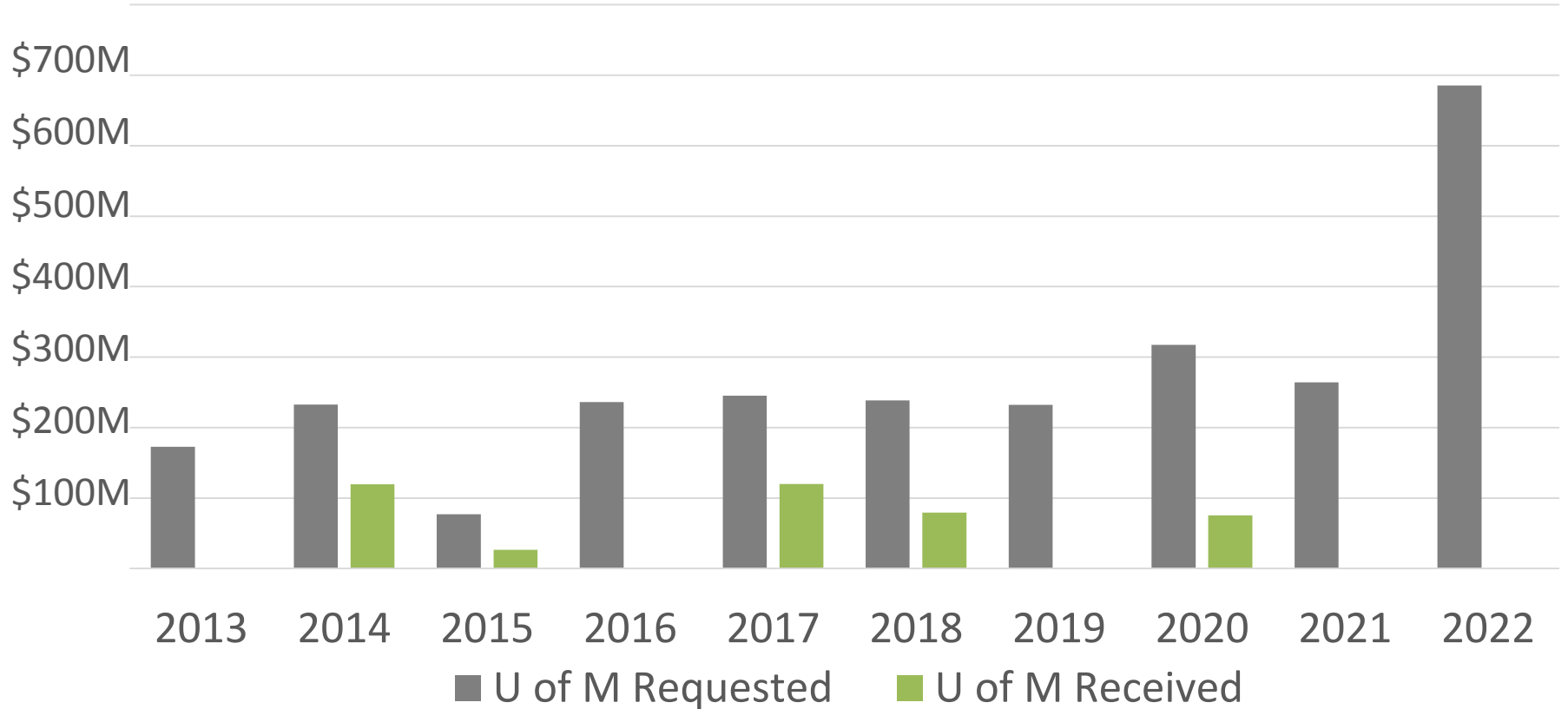
We Make the University Work

The Six-Year Plan

- Prescribed in Board Policy
- Primary long-range capital planning tool
- Reflects the University's highest priorities
- Most specificity and certainty in the early years
- Foundation for state requests and annual capital budget



State Capital Request: Requested vs. Received



2022 State Capital Request

as amended in Dec. 2021

- **Original request**
 - Capital Renewal (HEAPR) \$200M
 - Chemistry Teaching (UMTC) \$72M
 - Science Building Renewal (UMD) \$1.6M
- **December 2021 additions**
 - Increase Capital Renewal (HEAPR) by \$200M
 - Duluth Academic Health Center (UMD) \$12M
 - Agricultural Research and Education Complex (FAARM) \$60M
 - Health Discovery Hub (UMTC) \$140M
- **Requested investment: \$685.6M**





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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 8, 2022

AGENDA ITEM: Overview of the 2021 Employee Engagement Survey

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: Kenneth Horstman, Vice President, Office of Human Resources
Brandon Sullivan, Senior Director, Talent Strategy

PURPOSE & KEY POINTS

The purpose of this item is to discuss the results of the 2021 Employee Engagement Survey (survey) The survey includes key data to better understand the experiences of faculty and staff since the last employee engagement survey was administered in 2019.

To assess employee ‘sense of belonging,’ a question was added to the 2021 survey as part of the University’s MPact 2025 Systemwide Strategic Plan (MPact 2025) under Commitment 4, Community and Belonging, action items 4.2 (Increase Job Satisfaction). Under MPact 2025, the goal is to increase the Commitment and Dedication favorability to 77 percent by 2025 from the 75 percent baseline. The 2021 University-wide results show 73 percent overall favorability in the Commitment and Dedication driver.

Results of the survey found that both the key metrics Commitment and Dedication and Effective Environment declined slightly since the previous survey was administered. However, the University’s results remain in line with other high-performing organizations.

This item will highlight key takeaways from the survey data, as well as efforts to ensure leadership accountability.

BACKGROUND INFORMATION

The 2021 Employee Engagement Survey was administered from October 11-29, 2021 and was the sixth survey administered since 2013 among benefits-eligible faculty and staff. Survey response rates continue to be high at 75 percent. The survey contains 40 scored questions with two slightly different versions of the survey for faculty and staff to better reflect their respective areas of focus. The survey is administered by an external vendor, Korn Ferry, to ensure the confidentiality of the data. Leaders who have five or more responses received an online report in January 2022. Additionally, leaders have access to online resources, in-person consulting, plus leadership development opportunity sessions to support them in interpreting, discussing, and acting based on engagement data. The University’s engagement survey is intended to encourage leaders to make positive changes in the work environment by measuring two key areas: Commitment and Dedication as well as Effective Environment.

Overview of the 2021 Employee Engagement Survey

Kenneth Horstman, Vice President, Office of Human Resources
Brandon Sullivan, Senior Director, Talent Strategy

Finance & Operations Committee

September 8, 2022



Office of Human Resources

UNIVERSITY OF MINNESOTA

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Employee Engagement at the University

Employee engagement is the level of employee energy and motivation supported or hindered by the work environment.



Employee Engagement Model

- Clear and promising direction
- Commitment to excellence
- Confidence in leaders
- Development opportunities
- Respect and recognition
- Sense of belonging



**Commitment
& Dedication**



Employee Engagement

- Authority and empowerment
- Clear expectations and feedback
- Collaboration
- Support and resources
- Work, structure, and process



**Effective
Environment**



Our Employee Engagement Survey Process

WHEN



- Administered October 11 - October 29
- Faculty and staff have participated in six surveys since 2013.

WHAT



- 40 questions including two open ended.

HOW



- Faculty and staff receive an email with an invitation to complete the survey.
- An external vendor administers the survey to ensure confidentiality.

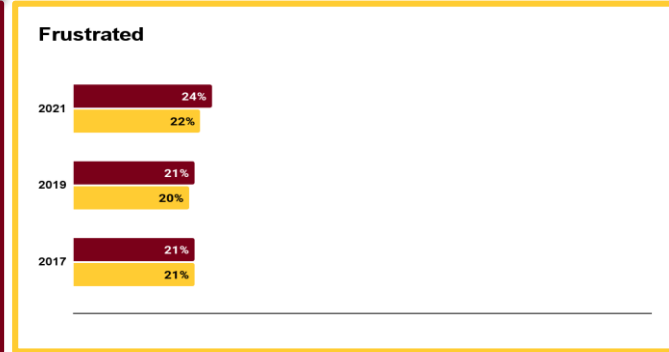
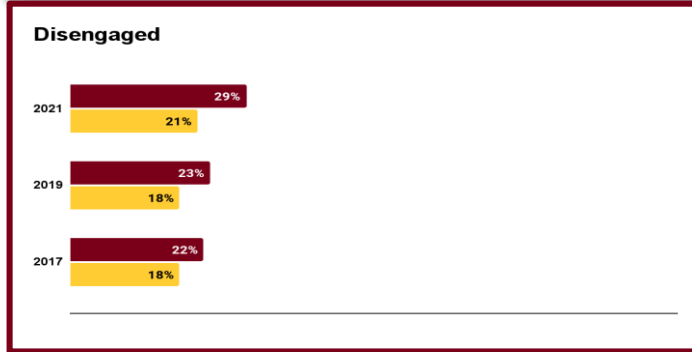
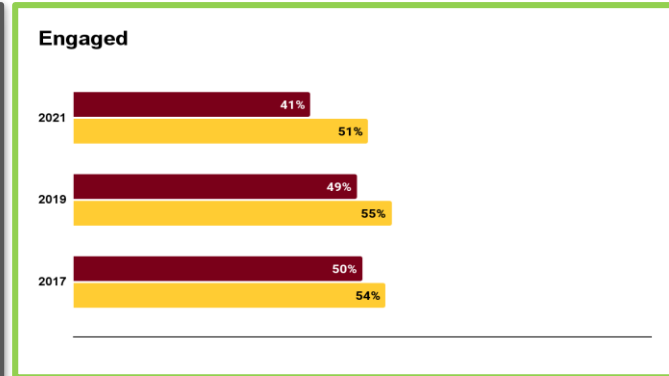


Summary of Findings From the 2021 Survey

- Observations:
 - Faculty and staff experience varies throughout the University.
 - ‘Survey Follow Up’ dimension is low across the University system.
- Planned actions:
 - Conduct a follow-up survey in the fall to inform progress on actions being taken.



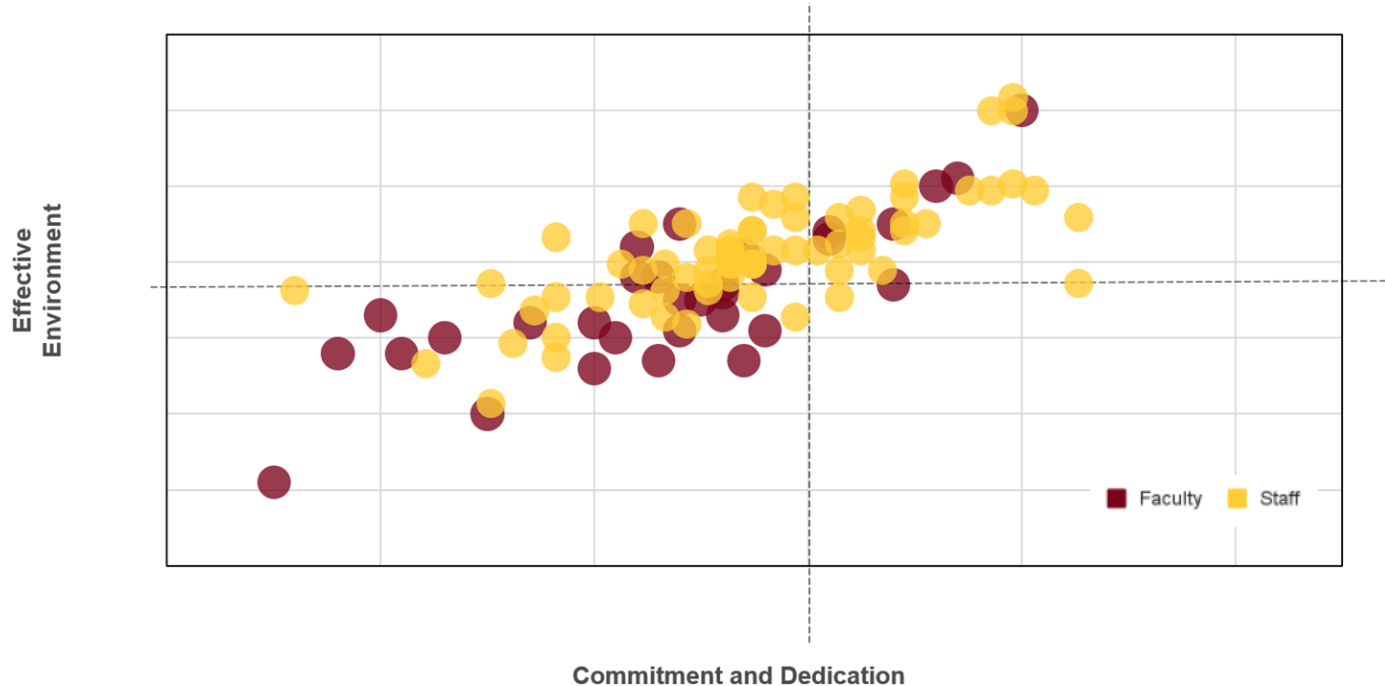
Engagement Overview



■ Faculty ■ Staff

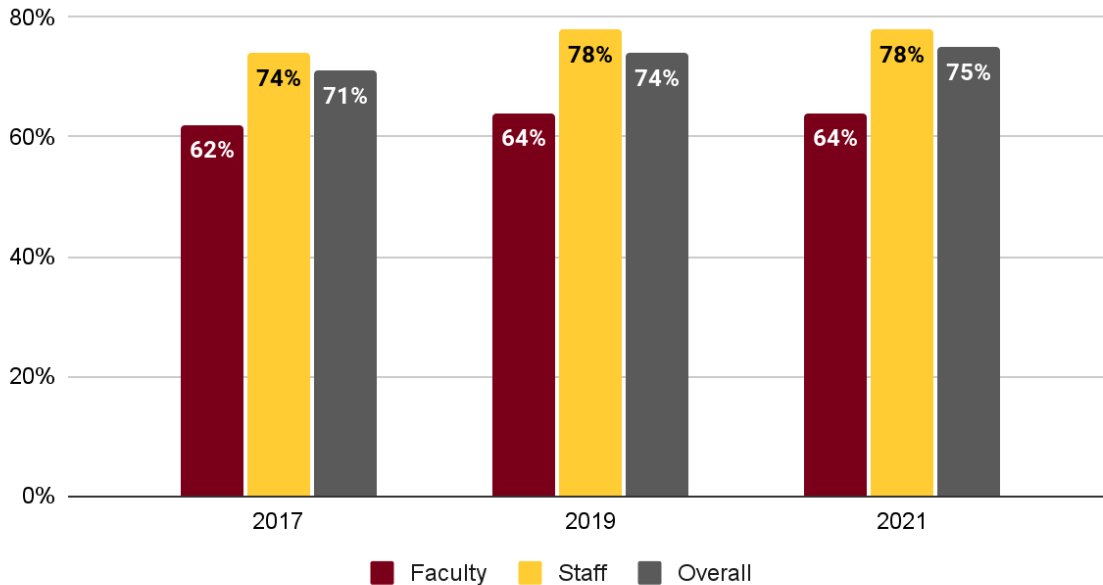


Faculty and Staff Experiences Vary by Campus, College, and Unit



Strong Survey Response Rates Continue

Survey Response Rates



75%

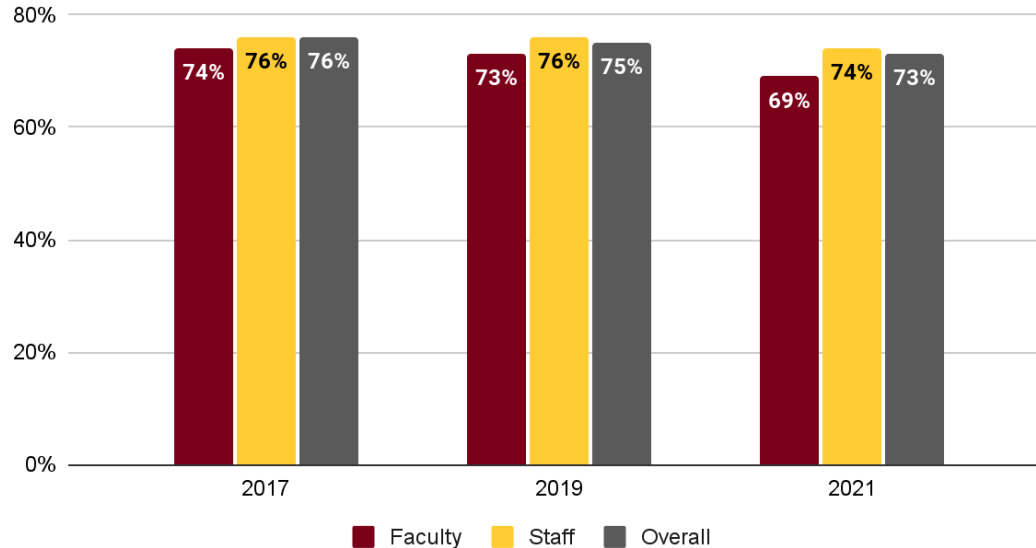
overall response
rate

Overall response rate exceeded the Board of Regents Gold Measure of 72% by 2023.



Commitment and Dedication Dimension Falls Slightly

Commitment and Dedication



73%

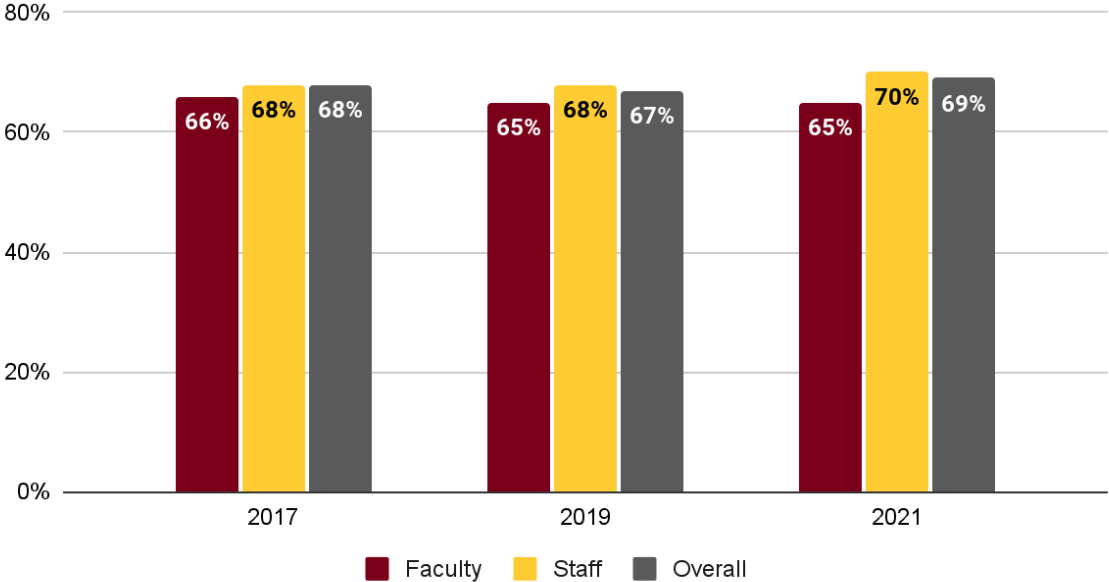
Commitment and
dedication

New scorecard metric:
Increase overall job
satisfaction to 77% by
2025.



Effective Environment Dimension Remains Strong

Effective Environment



Most Favorable Survey Items

+ or - indicates change since last survey

Faculty

90% - My job provides me the opportunity to do interesting and challenging work. (-2)

84% - I understand the results expected of me in my work. (0)

82% - I have enough authority to carry out my job effectively. (0)

Staff

89% - I understand the results expected of me in my work. (+1)

87% - The people in my department are committed to delivering high-quality services (-1)

85% - I am treated with respect as an individual. (0)



Least Favorable Survey Items

+ or - indicates change since last survey

Faculty

41% - There is equitable distribution of workload within my department. (-3)

42% - My department proactively identifies and eliminates barriers to getting work done efficiently. (+3)

48% - My department offers effective mentoring and coaching to support my development. (-2)

Staff

53% - There is equitable distribution of workload within my department. (-1)

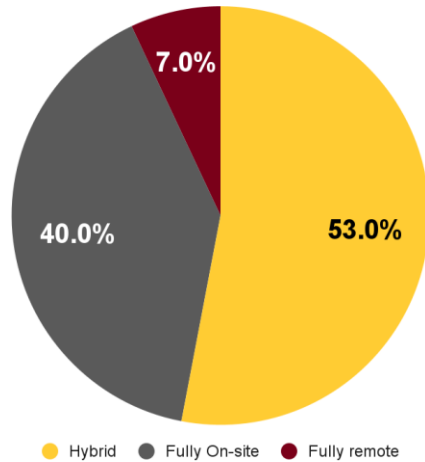
54% - The training that new employees receive in my department is effective. (-2)

57% - There is good cooperation and sharing of ideas between my department and other departments. (-1)

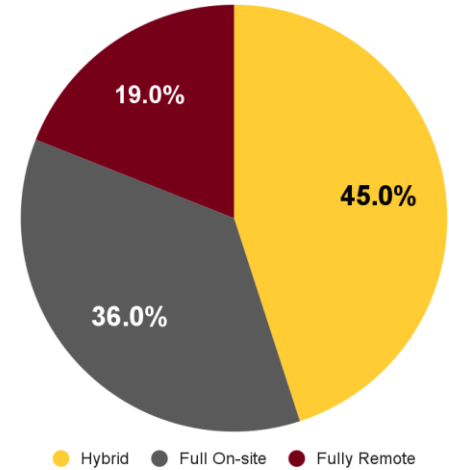


Flexible Work Arrangements Vary by Campus, College, Unit, and Job Type

Faculty



Staff



New Survey Dimension: Sense of Belonging

Definition: A sense of belonging is the feeling that you are genuinely seen and valued as a member of your department, campus, and the University of Minnesota.

Commitment 4: Community & Belonging

Goal: Recruit and retain diverse talent.

Actions related to HR:

- Recruit diverse students, faculty, and staff.
- Retain diverse students, faculty, and staff.
- Reduce disparities among underrepresented groups

Goal: Cultivate a welcoming & inclusive campus climate.

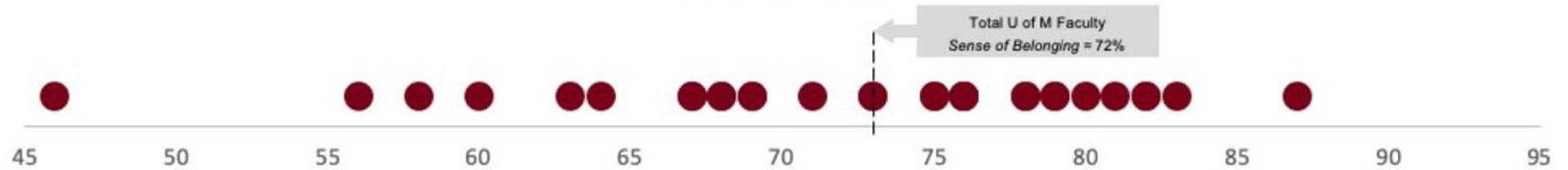
Actions related to HR:

- Increase job satisfaction.

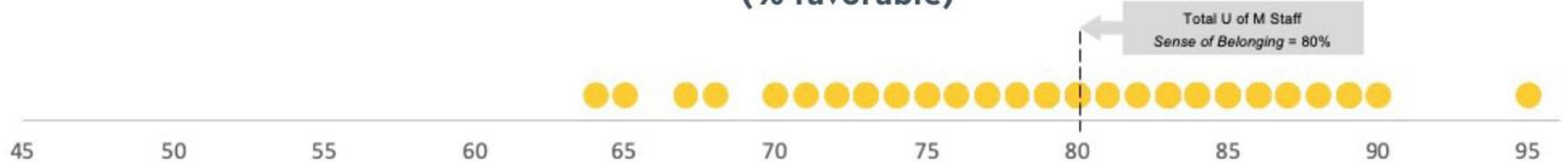


Sense of Belonging Driver Indicates Gaps in Employee Experiences Across the University

Faculty Sense of Belonging by Colleges and Units Systemwide (% favorable)



Staff Sense of Belonging by Colleges and Units Systemwide (% favorable)



Survey Follow-Up and Action Remains the Most Significant Way to Improve Engagement

91%

Commitment and Dedication score for faculty who were strongly favorable to the survey follow-up and action item.

Faculty that were strongly favorable on the survey follow-up and action item were also:

- 17.9x more likely to feel the survey will be used constructively.
- 8.5x more likely to feel work barriers were reduced.
- 3.4x more likely to recommend the University.
- 2x less likely to leave the University.

92%

Commitment and Dedication score for staff who were strongly favorable to the survey follow-up and action item.

Staff that were strongly favorable on the survey follow-up and action item were also:

- 6.8x more likely to feel the survey will be used constructively.
- 3.3x more likely to feel work barriers were reduced.
- 1.7x more likely to recommend the University.
- 1.6x less likely to leave the University.



Ensuring Accountability

- Brief follow-up survey administered this October to inform progress.
- Survey data is connected to the budget compact process.
- MPact 2025 and Maroon/Gold dashboard measurement



Discussion





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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 8, 2022

AGENDA ITEM: Resolution Related to Strategic Property Planning

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Regent Douglas Huebsch
Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

The purpose of this item is to review and act on the resolution related to strategic property planning. The resolution directs two main actions. The first is a charge to the President to establish a Strategic Property Planning Workgroup. The workgroup will use the guiding principles for the acquisition and disposition of property as defined by Board of Regents Policy: *Real Estate and Facilities* (guiding principles) to lead their work. Any properties that the workgroup identifies for either acquisition or disposition that require Board approval will return to the Board. The workgroup will provide an update to the committee at the June 2023 meeting and subsequently as a component of the annual strategic facilities and real estate report.

The second part of the resolution creates an Eastcliff Property Task Force. The task force will be charged by the Board to consider the retention or disposition of Eastcliff in alignment with the guiding principles. The task force will provide their recommendation to the full Board at the December 2022 meeting.

BACKGROUND INFORMATION

The Board amended Board of Regents Policy: *Real Estate and Facilities* to include the guiding principles for the acquisition and disposition of property in May 2022.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Strategic Property Planning

WHEREAS, the Board of Regents (Board) has adopted guiding principles for the acquisition and disposition of property (guiding principles) as codified in Board of Regents Policy: *Real Estate and Facilities*; and

WHEREAS, those guiding principles direct the University of Minnesota (University) to consider the acquisition and disposition of property within the context of the University's mission and the impact those properties can have on the future of the University; and

WHEREAS, the MPact 2025 Systemwide Strategic Plan, Commitment 5: Fiscal Stewardship directs the president to establish a land retention, acquisition, and use strategy to maximize the University's property resources.

NOW, THEREFORE, BE IT RESOLVED that the Board directs the president to establish a systemwide Strategic Property Planning Workgroup (workgroup) and charge it with using the guiding principles to determine potential properties for either acquisition or disposition.

BE IT FURTHER RESOLVED that the workgroup shall make recommendations on an ongoing basis to the president and the president shall recommend to the Board those properties requiring Board approval.

BE IT FURTHER RESOLVED that the president or delegate shall update the Finance & Operations Committee on the workgroup's progress at the June 2023 meeting and thereafter as a component of the annual Strategic Facilities and Real Estate Report.

BE IT FURTHER RESOLVED that the Board establishes an Eastcliff Property Task Force (task force) that is charged with considering the retention or disposition of the property in alignment with the guiding principles. The Board appoints the following individuals to the task force:

- Regent Mary Davenport, chair
- Senior Vice President Myron Frans
- Vice President Matt Kramer

- President and CEO Kathy Schmidlkofer
- Associate Vice President Bill Paulus

BE IT FURTHER RESOLVED that the task force shall be staffed by the Office of the Board of Regents and report its recommendation to the Board at the December 2022 meeting. The task force is an advisory group to the Board without any delegated authority from the Board and its meetings are not required to be open under the Minnesota Open Meeting Law.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 8, 2022

AGENDA ITEM: Real Estate Transactions

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Leslie Krueger, Assistant Vice President for Planning, Space, and Real Estate

PURPOSE & KEY POINTS

The purpose of this item is review and act on the following real estate transactions:

- A. Purchase of 512 Ontario St. SE, Minneapolis, MN (Twin Cities campus)
- B. Purchase of 639 Erie St. SE, Minneapolis, MN (Twin Cities campus)

BACKGROUND INFORMATION

Board of Regents Policy: *Reservation and Delegation of Authority* states that “The Board reserves to itself authority to approve the purchase or sale of real property (a) with a value greater than \$1,000,000; (b) located on or within 2 miles of a University campus; or (c) larger than 10 acres,” and “leases of real property, easements, and other interests in real property if the initial term amount to be paid by or to the University exceeds \$1,000,000.”

PRESIDENT’S RECOMMENDATION

The President recommends approval of the following real estate transaction:

- Purchase of 512 Ontario St. SE, Minneapolis, MN (Twin Cities campus)
- Purchase of 639 Erie St. SE, Minneapolis, MN (Twin Cities campus)

PURCHASE OF 512 ONTARIO ST SE, MINNEAPOLIS, MN (TWIN CITIES CAMPUS)

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to purchase the property at 512 Ontario Street SE, Minneapolis, Minnesota.

2. Location and Description of the Property

The subject property is improved with a 2.5-story single-family house constructed in 1903, containing approximately 2,224 gross square feet, and situated on a .114 acre parcel. The subject property is located south of the Oak Street Parking Ramp on Block 11 and is the last remaining parcel on Block 11 that is not currently owned by the University.

The legal description of the property is as follows:

North ½ of Lot 5, Block 11, Baker's Addition to St. Anthony

3. Basis for Request

The University intends to use the property to assemble the last remaining parcel on Block 11 for the proposed future Health Discovery Hub.

4. Details of the Transaction

The total purchase price for this transaction is \$1,884,000.00. This price exceeds the appraised value of the property. The seller is Araxes El Rawi. In order to accommodate the seller's need to identify a new residence and move, the seller will be allowed to ground lease the property from the University at no cost until December 1, 2023. The University will pay to the seller the purchase price in three equal installments of \$628,000.00 each: the first installment at close, the second installment upon termination of the ground lease, and the third installment one year after termination of the ground lease.

5. Use of the Property

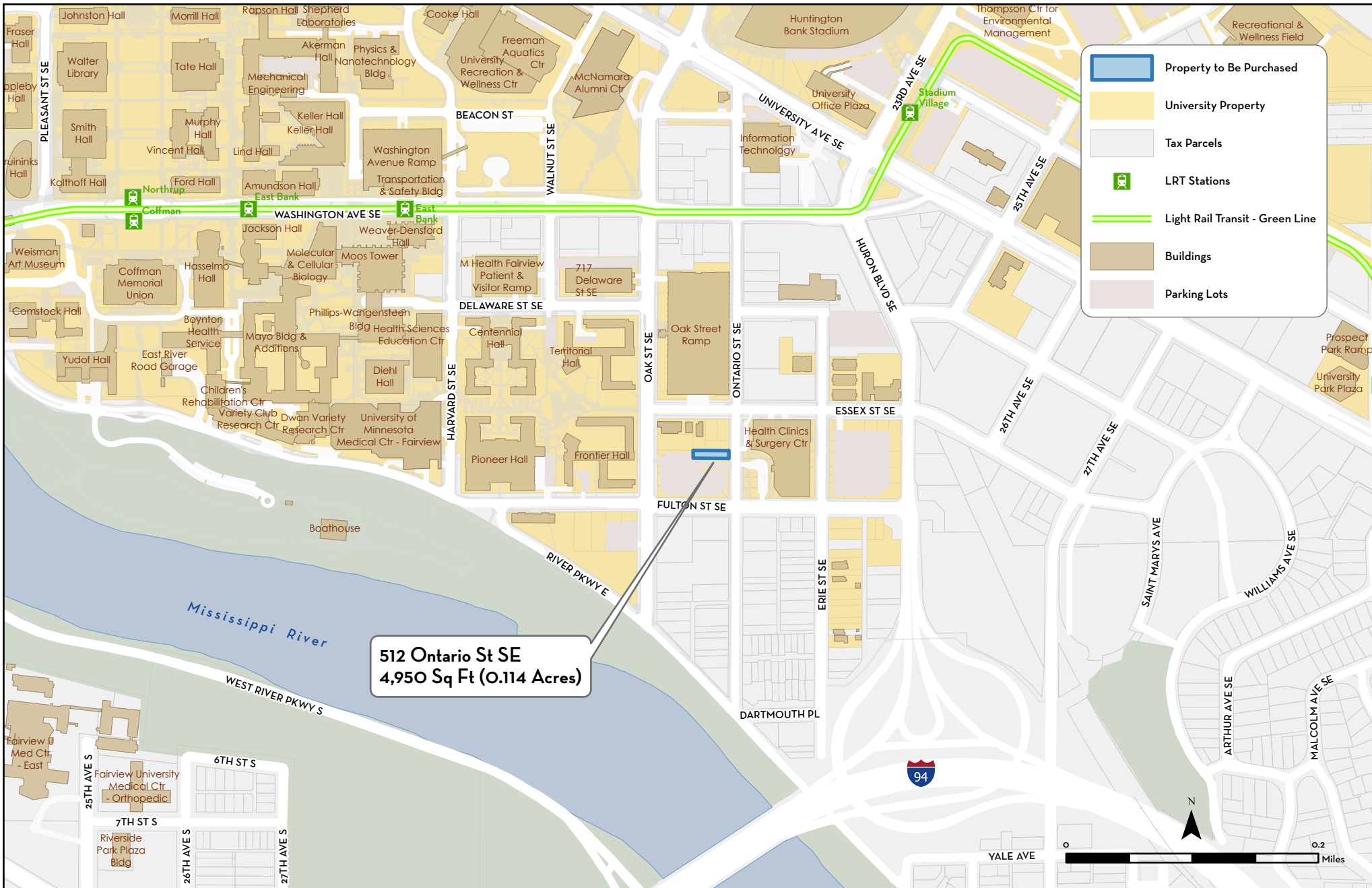
The University will demolish the structure at 512 Ontario St SE after close to prepare for the potential future Health Discovery Hub.

6. Environmental

The University will complete the necessary environmental due diligence prior to close and prior to demolition of the property at 512 Ontario St SE.

7. Source of Funding

The University will use debt proceeds from state-supported debt that was refinanced in 2021. The University received permission to retain the state appropriation savings generated by the refinancing and apply the savings to support new debt for funding the design and acquisition-related expenses for the University's proposed Health Discovery Hub.



512 Ontario St SE
4,950 Sq Ft (0.114 Acres)



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Purchase of 512 Ontario St SE, Minneapolis, MN

Twin Cities Campus

This map is intended to be used for planning purposes only and should not be relied upon where a survey is required.

Base Data: Real Estate Office,
 University Services GIS, MnDNR, Met
 Council, Hennepin Co

5/11/2022

Real Estate Transaction: Purchase of 512 Ontario St. SE, Minneapolis (Twin Cities Campus)

Leslie Krueger, Assistant Vice President for Planning, Space, and Real Estate

Finance & Operations Committee

September 8, 2022

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

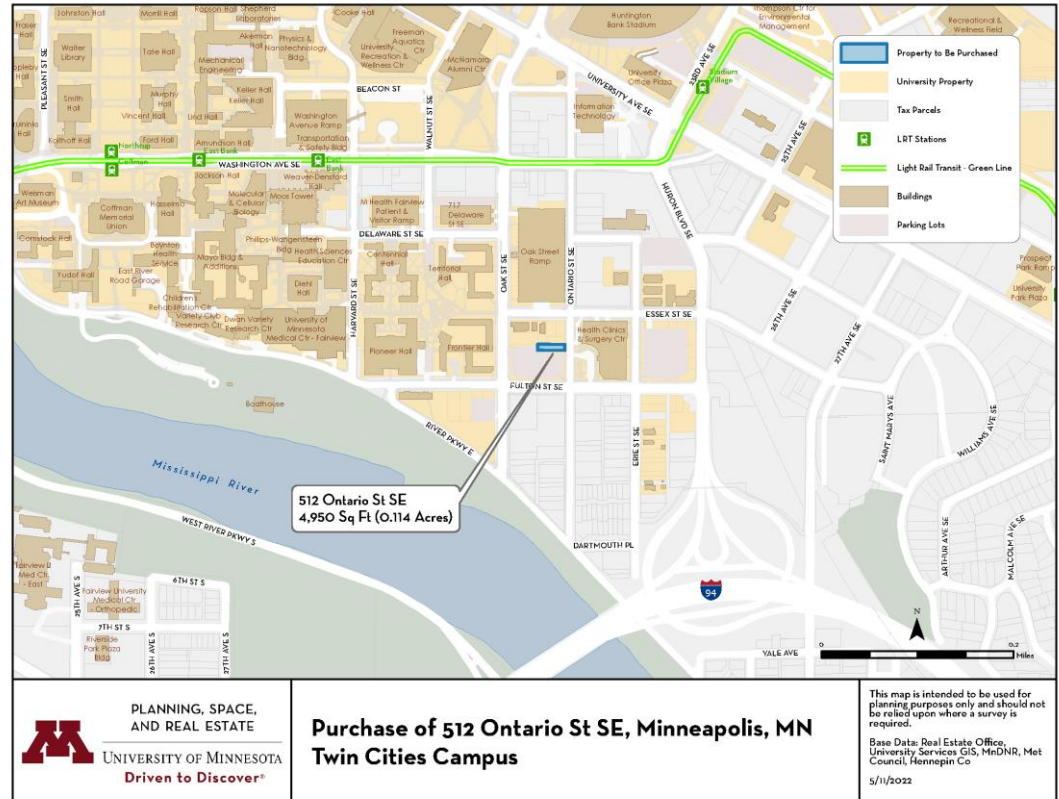
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University Services
We Make the University Work

Property Overview

- Located on “Block 11” south of the Oak Street Parking Ramp
- Final parcel on block that is not currently owned by University
- Potential future site of University’s proposed Health Discovery Hub



Property Overview



- Single parcel of .114 acres
- Parcel is improved with 2.5-story single-family house comprising 2,224 gross square feet
- Existing residential structure to be demolished after closing

What is the strategic value to the University in acquiring this property?

Guiding Principles for Real Estate Transactions	
Support the University's teaching, research, and service mission and align with the MPact 2025 Systemwide Strategic Plan	✓
Align with campus master plans	✓
Provide strategic value when balanced against scarce resources and minimize financial liability	
Positively impact areas adjacent to the University or limit negative impact	

Transaction Overview

- Purchase Price: \$1,884,000
- Use of debt proceeds from state-supported debt that was refinanced in 2021
- Owner/seller is Araxes El Rawi
- Estimated closing date on or before December 31, 2022
- Ground lease to seller at no cost following closing





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PURCHASE OF 639 ERIE ST SE, MINNEAPOLIS, MN (TWIN CITIES CAMPUS)

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to purchase the property at 639 Erie St. SE, Minneapolis, Minnesota.

2. Location and Description of the Property

The subject property is improved with a 1.5-story single-family house constructed in 1900, containing approximately 1,497 gross square feet, and situated on a .08 acre parcel. The subject property is located south of Fulton St. SE and between other University-owned properties.

The legal description of the property:

Lot 26, Block 11, including 10 feet of the adjoining vacated alleyway, Meeker Island and Power Company Addition (Revised).

3. Basis for Request

In May 2019, the Board of Regents approved the acquisition and purchase of 13 parcels on Erie St. SE for the potential relocation of Block 11 properties and/or land banking for future development, including the properties on either side of 639 Erie St. SE. At the time, the owners of 639 Erie St. SE were not ready to sell their property. Recently, the owners approached the University, offering to sell the University their property.

4. Details of the Transaction

The total purchase price for this transaction is \$437,875.00. The purchase price is consistent with the two MAI appraisals obtained for the property and consistent with the purchase price originally offered in 2019. The sellers are Larry J. Lorence and Rebekah J. Lorence. Closing will occur 120 days after an executed Purchase and Sale Agreement unless otherwise agreed by the parties. In order to accommodate the sellers' need to identify a new residence and move, the Purchase and Sale Agreement allows the sellers the right to extend the closing for additional 16 months and allows the sellers seven days following closing to remove their personal property.

5. Use of Properties

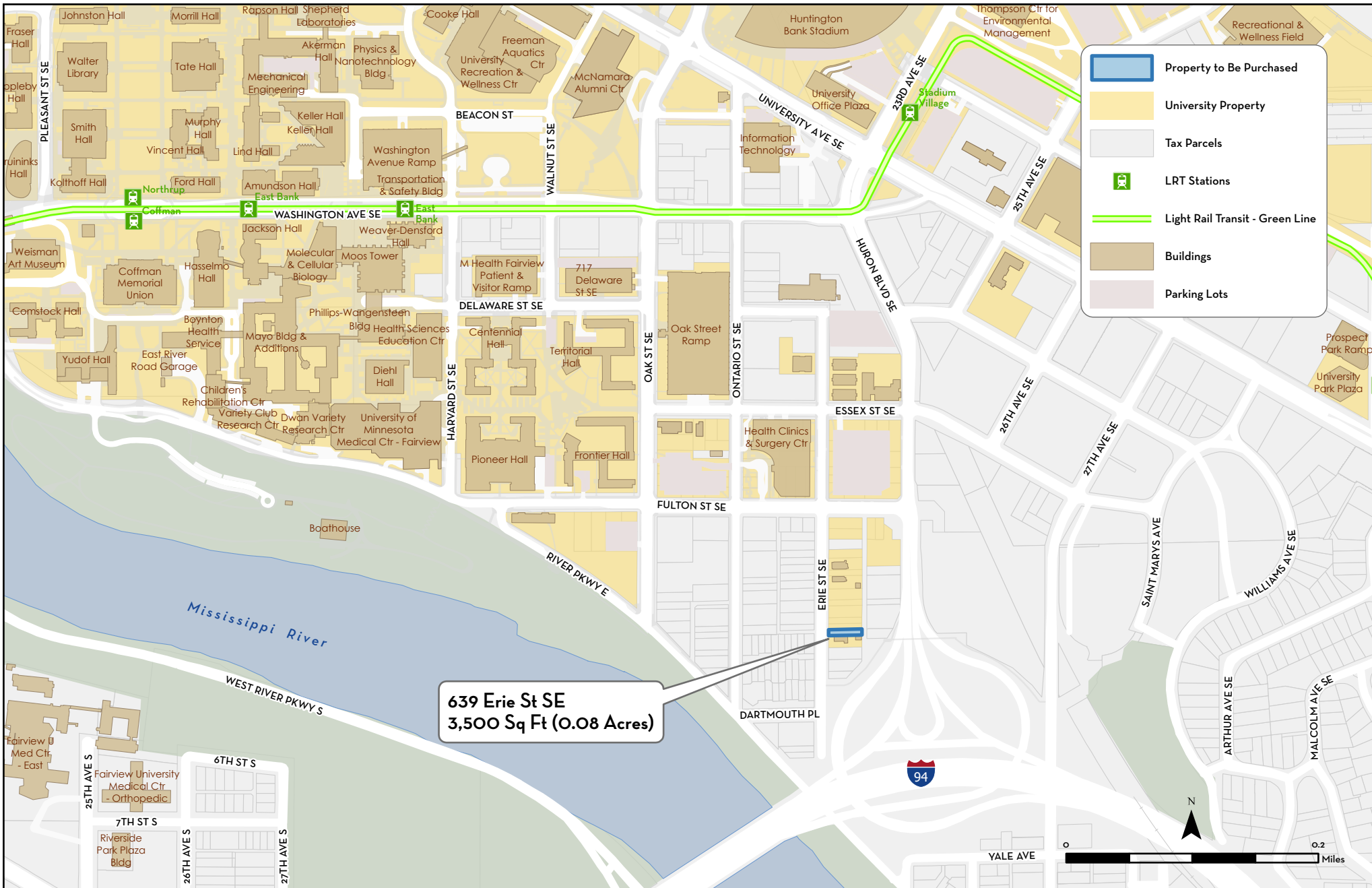
The University will demolish the structure at 639 Erie St. SE after close and land bank the site for future development associated with the future expansion of the clinical campus.

6. Environmental

The University will complete the necessary environmental due diligence prior to close and prior to demolition of the property at 639 Erie St. SE.

7. Source of Funding

The University will use University balances for this transaction.



639 Erie St SE
3,500 Sq Ft (0.08 Acres)



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 AND REAL ESTATE**
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Purchase of 639 Erie St SE, Minneapolis, MN
Twin Cities Campus

This map is intended to be used for planning purposes only and should not be relied upon where a survey is required.

Base Data: Real Estate Office,
 University Services GIS, MnDNR, Met
 Council, Hennepin Co

5/11/2022

Real Estate Transaction: Purchase of 639 Erie St. SE, Minneapolis (Twin Cities Campus)

Leslie Krueger, Assistant Vice President for Planning, Space, and Real Estate

Finance & Operations Committee

September 8, 2022

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

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Property Overview

- Located on Erie St. SE, south of Fulton
- University acquired other properties on this block in 2017 and 2019
- Future support for clinical campus expansion



Property Overview



- Single parcel of .08 acres
- Improved by a 1.5-story single-family home comprising 1,497 gross square feet
- Existing structure will be demolished after closing.

What is the strategic value to the University in acquiring this property?

Guiding Principles for Real Estate Transactions	
Support the University's teaching, research, and service mission and align with the MPact 2025 Systemwide Strategic Plan	✓
Align with campus master plans	✓
Provide strategic value when balanced against scarce resources and minimize financial liability	
Positively impact areas adjacent to the University or limit negative impact	

Transaction Overview

- Purchase Price: \$437,875.00
- Use of University balances for this transaction
- Owners/sellers are Larry Lorence and Rebekah Lorence
- Closing will occur 120 days after an executed Purchase and Sale Agreement
- Allows the sellers the right to extend the closing for additional 16 months



Transaction Overview

- Final details of the transaction are still being negotiated, with closing scheduled ninety days after an executed Purchase and Sale Agreement.
- Seller will have the right to extend the closing for an additional 16 months to identify a replacement property.





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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 8, 2022

AGENDA ITEM: Consent Report

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

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

The purpose of this item is to seek approval for purchases of goods and services of \$1,000,000 and over.

- To Computer Concepts and Systems Inc., Creative Business Solutions, and Total Solutions Group for an estimated \$950,000 for IT support services contracts to support the Auxiliary Services application environment as needed for Auxiliary Services (Twin Cities) for the period of October 1, 2022 through September 30, 2024, with optional contract extensions through September 30, 2026 for an additional estimated \$950,000. Total contract value, if all options are exercised, would be an estimated \$1,900,000. These services are budgeted, and the source of funds is Auxiliary Services departmental funds. Computer Concepts and Systems Inc., Creative Business Solutions, and Total Solutions Group were selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services. Six suppliers responded to the RFP, three were targeted businesses.
- To Daktronics for \$5,728,430 for LED Video Board Equipment and Installation Services for Huntington Bank Stadium for the Department of Intercollegiate Athletics – Twin Cities (ICA) for the period of September 10, 2022 through August 31, 2023. The purchase will be funded with a combination of philanthropy, sponsorships, and University commercial paper. Daktronics was selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services. Seven suppliers responded to the RFP and none were a targeted business.
- To Huron Consulting Group for an additional \$3,550,000 for consulting services for the period of September 19, 2022 to June 30, 2023 to complete the PEAK Initiative (Positioned for Excellence, Alignment, and Knowledge) on all campuses. Services are for Phase 1 implementation that will focus on transitioning services for a specific set of academic units, administrative units, and system campuses and prepare for the Phase 2 transition of the second group of academic and administrative units. Funding will be provided from amounts approved in the FY23 budget for PEAK. Huron Consulting Group was selected as

the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services in November 2020. At that time, seven suppliers responded to the RFP and one was a targeted business.

- To Lyra Health for an estimated \$1,771,880 to provide employee assistance program services systemwide through the University of Minnesota Office of Human Resources' Total Rewards program for the period of January 1, 2023 through December 31, 2025 with optional contract extensions through December 31, 2029 for an additional estimated \$3,746,810. Total contract value if all options are exercised would be an estimated \$5,518,690. The contract will be funded on an annual basis out of the fringe benefits pool recoveries. Lyra Health was selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services. 11 suppliers responded to the RFP and three were targeted businesses.
- To Metro First Call for \$1,350,000 for donor transportation services for the Anatomy Bequest Program (Twin Cities) for the period of September 15, 2022 through September 14, 2027. The source of funds will be external and internal sales. Donor transportation expenses are built into Anatomy Bequest Program rates and study transportation expenses are a pass-through to the customer. Metro First Call was selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services. Metro First Call was the only respondent to the RFP.
- To Ottertail-Minn Dakota for \$1,300,000 for charter transportation services for University of Minnesota Crookston Athletics for the period of September 12, 2022 through August 15, 2027. The cost of team travel will be paid with funds from each team's department budget and is included in the annual budget for the next five years. Ottertail-Minn Dakota was selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services. Ottertail-Minn Dakota was the only respondent to the RFP.
- To PIER Group for an estimated \$1,001,226 for a high-performance storage system for the Minnesota Supercomputing Institute (Twin Cities). The new system will be purchased using funds from the MnDRIVE Initiative, in keeping with its focus on enabling data-intensive research. PIER Group was selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services. Three suppliers responded to the RFP and two were targeted businesses.
- To Roth IAMS for \$2,244,842 for enterprise Facility Condition Assessment (FCA) and Utility Condition Assessment (UCA) services covering 625 buildings and 32 million gross square feet and corresponding Utility Infrastructure, and a software solution for managing all current and future FCA and UCA information systemwide for the period of September 13, 2022 through December 31, 2026. Basic services (Assessments and Software implementation and licensing for a 5-year period) total \$2,244,842. University Services' Facilities Management will fund the Twin Cities assessments and software, supplemented by central funds for non-Twin Cities facilities and utilities, and internal Twin Cities auxiliary partners for their respective facilities. Roth IAMS was selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services. Seven suppliers responded to the RFP and one was a targeted business.
- To Sasaki Associates, Inc. for \$500,000 to prepare an integrated campus and climate action plan for each of the Duluth, Rochester, Crookston, and Morris campuses for the

Department of Planning, Space, and Real Estate for the period of September 15, 2022 through June 30, 2023 with optional contract extensions through October 31, 2025 for an additional \$1,000,000. The total contract value, if all options are extended, would be \$1,500,000. The fee to support this service has been budgeted for the current and next fiscal years. Given this work only happens once every 10-15 years, using non-recurring funds is appropriate. The source of funds is expected to be balances from within University Services or Central Reserves. Sasaki Associates was selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services. Six suppliers responded to the RFP and none were a targeted business.

Capital Improvement Budget Amendment

The purpose of this item is to seek approval of capital budget amendments for the following project on the Twin Cities campus:

- Smith Hall: Rooms 17 and 35 Modifications

Project overviews, which provide the basis for the request, project scope, cost estimate, funding, and schedule, are included in the docket. Site maps locating the project on the Twin Cities campus are also included.

Employment Agreement

The purpose of this item is to seek approval for the following appointment and employment agreement for the Duluth campus:

- Forrest Karr, Athletic Director

BACKGROUND INFORMATION

Approvals are sought in compliance with Board of Regents Policy as follows:

- Purchase of Goods and Services \$1,000,000 and Over: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 6.
- Capital Budget Amendments: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 8.
- Employment Agreements: *Reservation and Delegation of Authority*, Article I, Section IV, Subd. 1.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Consent Report.

Purchase of Goods and Services \$1,000,000 and over

To Computer Concepts and Systems Inc., Creative Business Solutions, and Total Solutions Group for an estimated \$950,000 for IT support services contracts to support the Auxiliary Services application environment as needed for Auxiliary Services (Twin Cities) for the period of October 1, 2022 through September 30, 2024, with optional contract extensions through September 30, 2026 for an additional estimated \$950,000. The total contract value, if all options are exercised, would be an estimated \$1,900,000.

Auxiliary Services, a unit of University Services, is a diverse collection of nine primarily self-supporting service organizations including Housing & Residential Life, Dining, Parking & Transportation Services, Fleet Services, Bookstores, U Market Services, Printing Services, Addressing & Mailing Services, and the UCard Office. These organizations have a highly integrated application system environment. Auxiliary Services utilizes contracted vendors for supplemental programming, ongoing maintenance, and support for existing and new applications including those for the Universal Transit Pass, Parking access and revenue control system, and the U Card and identity management integration.

A competitive Request for Proposal (RFP) was issued. Suppliers were selected based on multiple criteria, including necessary experience and technical expertise, as well as cost-effectiveness to provide service.

These services are budgeted, and the source of funds is Auxiliary Services departmental funds.

Submitted by: Christian Nederloe, IT Manager
University Services Information and Systems
2818 Como Ave SE
Minneapolis, MN 55414
Phone: (612) 624-2306

Approval for this item requested by:

Myron Frans
Senior Vice President for Finance and Operations
(Signature on file in Purchasing Services)

August 8, 2022

Purchase of Goods and Services \$1,000,000 and over

To Daktronics for \$5,728,430 for LED Video Board Equipment and Installation Services for Huntington Bank Stadium for the Department of Intercollegiate Athletics – Twin Cities (ICA) for the period of September 10, 2022 through August 31, 2023.

Huntington Bank Stadium’s (HBS) large LED video boards are a key aspect of the fan experience value proposition offered by Big Ten football. Depending on usage, the expected life of outdoor LED displays is typically about 10 years. HBS’s LED boards were installed before the stadium opened in 2009. Over time, HBS’s displays have become noticeably dimmer, worn, and washed out. Due to the age of the HBS displays, replacement parts are no longer manufactured for the existing display, and the manufacturer, Daktronics, no longer offers a service contract to the University. The LED displays at Huntington Bank Stadium need to be replaced in the summer of 2023.

This is phase two of the process to replace digital production equipment throughout ICA facilities. Phase one was to replace the control room equipment which was approved in February 2022 and installed during the summer of 2022. The control room presented the most immediate risk for operational failure and required IT security upgrades. Phase three will be the replacement of digital displays in other Athletics venues including “The Barn” and 3M at Mariucci Arena. The timeline for phase three is TBD.

Through a competitive RFP process, Daktronics was selected for the contract based on the best overall value to the University as evaluated primarily on experience, project plan and schedule, and total cost to the University. To assist with the project, ICA contracted with a consultant, WJHW, which specializes in consulting and design for many contemporary sports venues in the United States.

The purchase will be funded with a combination of philanthropy, sponsorships, and University commercial paper.

Submitted by: Tim McCleary, Senior Associate AD/CFO
Intercollegiate Athletics
Phone: 612-625-2524

Approval for this item requested by:

Mark Coyle
Athletics Director
(Signature of file in Purchasing Services)

August 4, 2022

Purchase of Goods and Services \$1,000,000 and over

To Huron Consulting Group for an estimated \$3,550,000 for consulting services (plus actual out-of-pocket expenses not to exceed \$400,000, subject to approval by the University) in support of the PEAK Initiative's implementation activities for the period of September 19, 2022 through June 30, 2023.

The PEAK Initiative is a systemwide effort that supports the MPact 2025 Systemwide Strategic Plan's commitment to fiscal stewardship to promote access, efficiency, trust, and collaboration with the state, students, faculty, staff, and partners. PEAK aims to identify opportunities across non-academic functions to redesign the delivery of administrative services. The outcomes will be superior services, enhanced career opportunities for administrative staff, improved compliance and security, and reduced administrative costs, all while helping to advance the University's teaching, research, and outreach missions.

The following summarizes previous contracts with Huron related to the PEAK Initiative since its inception:

- *Analysis and Assessment, March 2021 through December 2021*
 - *Deliverables: Identified opportunities for administrative service improvement and redesign, based on analysis of systemwide administrative service delivery activities and related staffing to provide those services; analyzed staffing implications and financial impacts*
 - *Contract amount of \$1,002,500 for professional fees. The actual amount paid was \$1,019,169 (fees plus expenses)*
- *Design and Planning, January 2022 through September 15, 2022*
 - *Deliverables: Redesigned administrative service delivery models for finance, procurement, human resources, information technology, and marketing & communications; developed a detailed, multi-year implementation plan for transitioning service and staffing to the new models in four overlapping phases. In each of the phases, Huron and the University will transition the participating units to the new service delivery models for the critical functions of human resources, finance, human resources, and marketing and communications.*
 - *Contract amount of \$1,942,000. Actual spent through August 29, 2022 is \$1,559,391 (fees plus expenses)*

Based on Huron's work under the two previous contracts, the University is poised for success and seeks to sustain momentum. The administration is recommending a new contract with Huron for the implementation of the new service delivery models. This new contract will include transitioning the first phase of units, including the Crookston, Duluth, Morris, and Rochester campuses, and the Twin Cities units of Humphrey School of Public Affairs, the Law School, the Office of the Senior Vice President for Finance and Operations, University Finance, Office of Information Technology, and the Office of Human Resources. During this contract, Huron will also finalize planning for the second phase of units and assist the University in launching the Phase 2 transition. (The specific units in the second, third, and fourth Implementation phases have not yet been finalized).

Implementation deliverables for units in Phases 1 and 2 during the new contract period (September 19, 2022 through June 30, 2023) are:

- *Finalize business process redesigns for services being transitioned, finalize position descriptions for new positions needed to transition services, finalize budgetary and financial transition plans, and finalize procedural documentation (Phases 1 and 2 units)*
- *Develop and execute go/no-go evaluation process and plan (Phases 1 and 2 units)*
- *Support UMN with technology transition (Phases 1 and 2 units)*
- *Assist UMN in standing up new service center, finalizing service level agreements for new services, and obtaining signoffs (Phase 1 units only)*
- *Assist UMN in transitioning services and workforce (Phase 1 units only)*

At the conclusion of this contract, the University will determine the plan for transitioning the remaining academic and administrative units and begin preparation for the third cohort of academic and administrative units. The PEAK executive sponsors will share the plan with the Board of Regents at that time.

Huron Consulting Group was originally selected through a competitive Request for Proposal (RFP) conducted by Purchasing Services in November 2020. Seven suppliers responded and one was a targeted supplier. This additional consulting work is within the scope of the original RFP and will complete the Phase 1 implementation portion of the project.

Funding will be provided from amounts approved in the FY23 budget for PEAK.

Submitted by: Phil Klein
PEAK Program Director
Phone: 612-269-4719

Approval for this item requested by:

Myron Frans
Senior Vice President for Finance and Operations
(Signature on file in Purchasing Services)

August 25, 2022

Purchase of Goods and Services \$1,000,000 and over

To Lyra Health for an estimated \$1,771,880 to provide employee assistance program services systemwide through the University of Minnesota Office of Human Resources' Total Rewards program for the period of January 1, 2023 through December 31, 2025 with optional contract extensions through December 31, 2029 for an additional estimated \$3,746,810. The total contract value if all options are exercised would be an estimated \$5,518,690.

The Employee Assistance Program (EAP) is offered to the University's approximately 19,000 benefit-eligible faculty, professional and administrative, civil service, and labor-represented employees and their spouses and dependents. The University is expanding its EAP to include more mental health, emotional health, and substance-use services through Lyra Health.

Lyra Health was selected as a provider for employee assistance program services through a Request for Proposal conducted from March through July 2022. The initial contract is for a two-year period, with options to extend the contract through December 31, 2029.

The contract will be funded on an annual basis out of the fringe benefits pool recoveries.

Submitted by: Mary Rohman Kuhl
Senior Director, Total Rewards
Office of Human Resources
612-625-2575

Approval for this item is requested by:

Kenneth E. Horstman
Vice President, Human Resources
(Signature on file in Purchasing Services)

August 21, 2022

Purchase of Goods and Services \$1,000,000 and over

To Metro First Call for \$1,350,000 for donor transportation services for the Anatomy Bequest Program (Twin Cities) for the period of September 15, 2022 through September 14, 2027.

The University of Minnesota Anatomy Bequest Program (ABP) is an anatomical donation program that accepts whole body donations for the purpose of medical education and research. Each year approximately 700 people donate their bodies. The ABP covers the expenses associated with body donation, including transportation from the place of death to Jackson Hall (when the death occurred within MN). At the time of death, it is vital that the transportation of the donor's remains to the ABP is completed in a professional, sensitive, and timely manner. In addition to the transportation needs which occur at the time of the donor's death, ABP operations require metro area transport of donors to surgical training laboratories for medical education and research events.

Metro First Call was selected through a Request for Proposal (RFP) process that was conducted by Purchasing Services in May 2022. Metro First Call was the only respondent to the RFP.

The source of funds will be external and internal sales. Donor transportation expenses are built into Anatomy Bequest Program rates and study transportation expenses are a pass-through to the customer.

Submitted by: Angela McArthur and Sarah Paulsen
3-102 Nils Hasselmo Hall
312 Church St. SE, Minneapolis, MN 55455
612-625-1111
612-625-1688

Approval for this item requested by:

Tammy Price
Director of Finance and Accounting
(Signature on file in Purchasing Services)

August 9, 2022

Purchase of Goods and Services \$1,000,000 and over

To Ottertail-Minn Dakota for \$1,300,000 for charter transportation services for University of Minnesota Crookston Athletics for the period of September 12, 2022 through August 15, 2027.

The University of Minnesota Crookston NCAA Division II NSIC (Northern Sun Intercollegiate Conference) athletic department has twelve NCAA sports; Men's & Women's Basketball, Men's & Women's Golf, Men's & Women's Cross-Country, Women's Soccer, Women's Volleyball, Men's Baseball, Women's Softball, Women's Tennis, and Equestrian. They also have two club sports, ACHA Hockey and USA Club Trap. They serve approximately 300 student-athletes.

A Request for Proposal was conducted in June 2022 by Purchasing Services. Ottertail-Minn Dakota was the only respondent.

The cost of team travel will be paid with funds from each team's department budget and is included in the annual budget for the next five years.

Submitted by: Blake Bergeron
2900 University Ave
Crookston, MN 56716
218-281-8506
berge823@crk.umn.edu

Approval for this item requested by:

Mary Holz-Clause
Chancellor
(Signature on file in Purchasing Services)

June 29, 2022

Purchase of Goods and Services \$1,000,000 and over

To PIER Group for an estimated \$1,001,226 for a high-performance storage system for the Minnesota Supercomputing Institute (MSI), Twin Cities campus.

The proposed new data storage system will complement MSI's existing HPC computational systems to enable users to run jobs requiring data-intensive i/o capabilities, which are critical for the growing field of informatics in the life sciences, machine learning, and fast and large-scale computation. These capabilities are critical to the University's ability to do the research that leads to medical, scientific, and other breakthroughs of benefit to society, thus helping fulfill the outreach mission of the University. Moreover, this high-performance data storage capability will help the University attract and retain first-class researchers, who will keep the University competitive and increase its competitiveness in attracting research funding.

A need for a high-performance storage platform was determined after consulting on peer institution experiences and an on-site proof-of-concept evaluation. A competitive Request for Proposal process received three qualifying responses. From these, it was determined that the Pier Group bid represented the best value for the money.

The new system will be purchased using funds from the MnDRIVE Initiative, in keeping with its focus on enabling data-intensive research.

Submitted by: Graham Allen
Minnesota Supercomputing Institute
599 Walter Library
Minneapolis, MN 55414
Phone: 612-625-6905/651-964-8273

Approval for this item requested by:

Frances Lawrenz
Interim Vice President for Research
(Signature on file in Purchasing Services)

August 11, 2022

Purchase of Goods and Services \$1,000,000 and over

To Roth IAMS for \$2,244,842 for enterprise Facility Condition Assessment (FCA) and Utility Condition Assessment (UCA) services covering 625 buildings and 32 million gross square feet systemwide and corresponding Utility Infrastructure, and a software solution for managing all current and future FCA and UCA information systemwide for the period of September 13, 2022 through December 31, 2026.

The FCA is the central repository of building and infrastructure conditions and needs that are systematically codified, prioritized, and cost estimated. FCA information produces a high-level description of campus needs, supports prioritization and budgeting of renewal programs, and provides order of magnitude scoping for capital projects.

University facility assessments are 8 years old on average (best practice prescribes updates every 5 years). The database used to capture, analyze, and report data is well beyond its useful life with several documented security, performance, and usability issues. This upgrade in services includes additional scope to include enterprise Utility Condition Assessments that will support the coordinated systemwide campus planning efforts that are also scheduled to commence this fall.

Through a competitive Request for Proposal (RFP) process, seven suppliers responded, and Roth IAMS provided the best value. The RFP selection committee was made up of a broad team of enterprise stakeholders.

Basic services (Assessments and Software implementation and licensing for a 5-year period) total \$2,244,842. University Services and Facilities Management will fund the Twin Cities assessments and software, supplemented by central funds for non-Twin Cities facilities and utilities and internal Twin Cities auxiliary partners for their respective facilities.

Submitted by: Brian Swanson
Assistant Vice President, Finance and Systems, University Services
335 Morrill Hall
612-625-6665

Approval for this item requested by:

Mike Berthelsen
Vice President, University Services
(Signature of file in Purchasing Services)

August 4, 2022

Purchase of Goods and Services \$1,000,000 and over

To Sasaki Associates, Inc. for \$500,000 to prepare an integrated campus and climate action plan for each of the Duluth, Rochester, Crookston, and Morris campuses for the Department of Planning, Space, and Real Estate for the period of September 15, 2022 through June 30, 2023 with optional contract extensions through October 31, 2025 for an additional \$1,000,000. The total contract value, if all options are extended, would be \$1,500,000.

The Board of Regents approved the MPact 2025 Systemwide Strategic Plan (MPact 2025) in 2021. MPact 2025 calls for new long-term physical master plans for each campus and directs the establishment of a next-generation systemwide climate action plan for 2030 with accompanying campus-level plans. University leadership is implementing these directives through a deeply integrated, seamless set of plans that unites the common themes and recommendations that will shape the campus of the future in terms of physical plans and climate action mandates.

The five campuses of the University of Minnesota system play a pivotal role in fulfilling the tripartite mission of the University: advancing learning, research, and outreach within our communities. Each campus has its own unique identity, valued by students, faculty, staff, and the surrounding community. The efforts undertaken by these campus and climate action plans will create coordinated, integrated planning for the future to ensure financially, physically, and societally sustainable conditions.

Through a competitive Request for Proposal (RFP) process, Sasaki Associates, Inc. provided the best value based on a combination of cost, staffing allocations/efforts, work plan, schedule, and experience/qualifications. The RFP selection committee consisted of individuals from Planning, Space, and Real Estate, Sustainability, and all five system campuses.

The cost of this service has been budgeted for the current and next fiscal year. Given that this work only happens once every 10-15 years, using non-recurring funds is appropriate. The source of funds is expected to be balances from within University Services or Central Reserves.

Submitted by: Leslie Krueger
Assistant Vice President
Planning, Space, and Real Estate
612-624-5899

Approval for this item requested by:

Mike Berthelsen
Vice President, University Services
(Signature on file in Purchasing Services)

Date: August 19, 2022

**Capital Budget Amendment
Smith Hall: Rooms 17 and 35 Modifications
Twin Cities Campus
Project No. 01-035-22-1795**

1. Basis for Project:

This project is primarily a mechanical infrastructure project that will convert an existing robotics lab in Smith Hall room 35 into suitable new research space for the Chemistry Department.

Changes in Smith Hall room 17 will primarily include mechanical changes to activate a decommissioned chemical fume hood to support the research in room 35.

2. Scope of Project:

Smith Hall Rooms 35 and 17 will be renovated to align with the objectives of the Chemistry Department to create suitable research spaces.

The spaces are located on the basement level of Smith Hall and the project scope includes minor demolition, lab casework, electrical and mechanical upgrades, and research equipment.

3. Campus Plan

The project complies with the Twin Cities Campus Plan dated December 2021.

4. Environmental Issues:

Identified abatement costs include hazardous materials within the project area. The project budget includes the associated hazardous materials abatement costs.

5. Cost Estimate:

Construction Cost	\$633,000
<u>Non-Construction Cost</u>	<u>\$866,000</u>
Total Project Cost	\$1,499,000

* Note: Non-Construction cost includes department purchase of a Waters Mass Spectrometer for the space (value of \$699,000).

6. Capital Funding:

<u>Department of Chemistry (Department Funds):</u>	<u>\$1,499,000</u>
Total Capital Funding	\$1,499,000

7. Capital Budget Approvals:

This project was identified as a potential project in the 2023 capital budget.

8. Annual Operating and Maintenance Cost:

An increase in the operating and maintenance costs is not anticipated with the renovation of rooms 35 and 17.

9. Time Schedule:

Proposed Design Completion:
Proposed Substantial Completion:

August 2022
March 2023

10. Project Team:

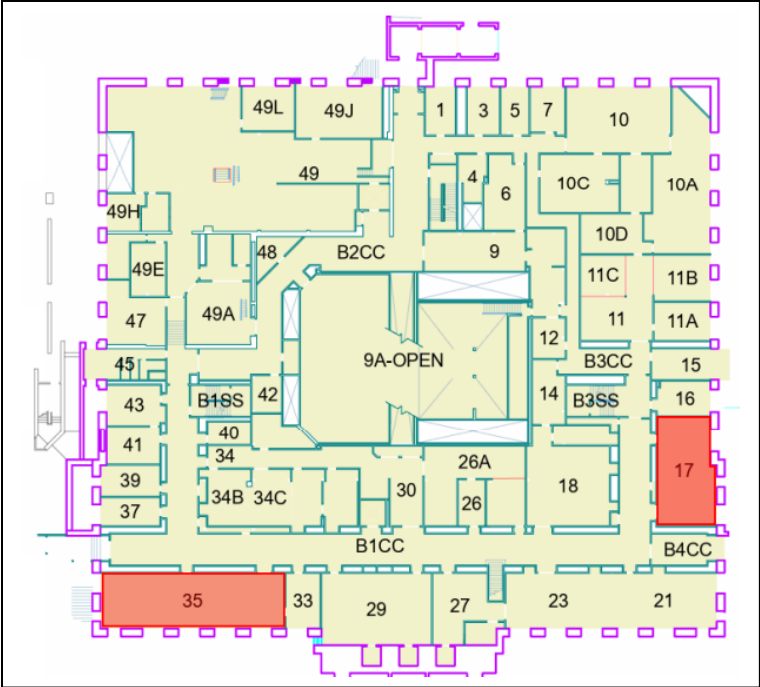
Architect:
Contractor:

BWBR
TBD

Smith Hall: Rooms 17 and 35 Modifications



Campus Location – Twin Cities: East Bank



Smith Hall – Basement Level

Finance & Operations Committee

Consent Report

September 8, 2022

Personnel Appointment

Pending approval by the Board of Regents, **Forrest L. Karr** will be appointed Athletics Director for the University of Minnesota, Duluth, effective August 29, 2022.

Position Overview

The athletics director at UMD reports directly to the Chancellor. The Athletic Director will diligently and conscientiously devote their attention and efforts in performing and discharging the usual and customary duties of an athletic director of an intercollegiate athletics program with both NCAA Division I and Division II sports. Among the Athletics Director's primary responsibilities are to supervise all head coaches and administrative personnel, develop and administer the annual budget for the department, ensure the department's compliance with rules and regulations of the University and the rules and regulations of any designated governing association, ensure the commitment to academic integrity and the timely graduation of student-athletes, ensure the department's compliance with Title IX including development and implementation of a long-term gender equity plan, conduct and supervise the department's media and public relations efforts, direct and lead the department's fundraising efforts including using best efforts to increase the annual fund and endowment, and serve and represent the University on all appropriate athletic governing or oversight bodies and any governing associations.

Appointee Background and Qualifications

Mr. Karr has served as the Director of Athletics at Northern Michigan University since June 2012. Prior to his appointment at Northern Michigan, he served as the Director of Athletics and Campus Recreation at the University of Alaska Fairbanks from 2005 to 2012 and Assistant Athletic Director for Compliance from 2004-2005. Mr. Karr has also held adjunct assistant appointments with Northern Michigan University and the University of Alaska Fairbanks.

Education:

- Sports Management Institute, Executive Education Program (2007)
- University of Wisconsin Law School, Juris Doctor (2004)
 - State Bar of Wisconsin – member number 1044244
- University of Notre Dame, Bachelor of Business Administration (1999)
 - Major: Finance and Business Economics – Mendoza College of Business
Concentration: Peace Studies – Joan B. Kroc Institute for International Peace Studies.
 - Honors included magna cum laude, four-year letter winner, 2nd Team Academic All-American, Central Collegiate Hockey Association (CCHA) All-Academic Team, Rockne Student-Athlete Award, and Team MVP (1998-99).

NCAA Participation:

Additionally, Mr. Karr has served on the NCAA Board of Governors-appointed Campus Sexual Violence Implementation Task Force. Mr. Karr chaired the NCAA Committee on Competitive Safeguards and Medical Aspects of Sports (CSMAS) collaborating with the NCAA Sports Science Institute (SSI) to develop and advance nine strategic health and safety priorities - Established the Institutional Performance Program (IPP) Health & Safety component - Developed, proposed and advocated for the adoption of Independent Medical Care legislation, which established the Athletics Health Care Administrator designation, and was passed by Division I and Divisions II/III.

Fundraising:

Increased pre-pandemic department annual revenue by an average of over 5% per year from \$9,172,188 (FY13) to \$13,000,985 (FY20). Secured 7 endowed funds.

Operations:

- Mr. Karr initiated the NMU Department of Athletics Diversity, Equity, and Inclusion Council.
- Started the NMU Student-Athlete Well-Being and Safety Committee
- Secured funding, planned, and managed operations for several projects, such as:
 - Campus Recreation -Construction of the Wildcat Fit Zone to serve student wellness needs
 - Revitalization of the Wright Street tennis courts for students and community users Superior Dome
 - Construction of a media relations building, scoreboard, and permanent team shelters for women's and men's soccer
 - Construction of a new athletic training room for women's soccer and women's cross country/track and field

Student-Athlete Success:

Student success at NMU included 145 All-America honors with 127 Honorable Mention All-America honors, Five NCAA Champions, and six College Sports Information Director of America (CoSIDA) Academic All-America honors.

Recommended Salary and Appointment Type

Mr. Karr's annual base salary for 2022-2023 will be \$185,000. His appointment as Athletics Director is a 100%-time, 12-month agreement, reporting to and serving at the pleasure of the chancellor. Mr. Karr will be eligible for annual increases at the discretion of the Chancellor. The full employment agreement between the University of Minnesota and Mr. Karr is attached as an exhibit.

Individually Negotiated Terms of Employment or Separation Agreements

There are several individually negotiated elements of the employment agreement. The agreement has a five-year term – commencing on August 29, 2022 and ending on June 30, 2027. Mr. Karr will receive a monthly automobile allowance of \$500.

Retention Incentive

Mr. Karr will receive a \$10,000 increase to his base salary if he remains continuously employed as Athletic Director for the Department through May 31, 2024, the vesting date, and an additional \$15,000 to his base salary if he remains continuously employed as Athletic Director for the Department through May 31, 2026, the vesting date.

Incentive Compensation

Mr. Karr shall have the right to receive the following competition-related incentive bonuses: \$1,000 if the Bulldog Women's Hockey Team is selected to participate in the NCAA Women's Hockey Tournament; and \$1,000 if the Bulldog Men's Hockey Team is selected to participate in the NCAA Men's Hockey Tournament.

No bonus under this section will be earned or paid unless/until the University has determined that the conditions related to the payment have been met, including the Athletic Director's compliance with the material terms of this Agreement and any other conditions established by the Chancellor. Further, no bonus will be earned or paid unless the Athletic Director is employed as Athletic Director for the Department on the final day of post-season play for the team whose selection to the NCAA Hockey Tournament triggers the bonus. The payment, if earned, will be made within thirty (30) days following the final day of post-season play.

In accordance with the University's Relocation Policy, Mr. Karr will receive a lump sum of \$15,000 for relocation expenses. This is in accordance with the University Policy (<https://policy.umn.edu/finance/employeerelocation>). Included in the agreement is language explaining the terms and conditions of the University's right to terminate the athletics director for cause and without just cause, as well as language explaining the terms and conditions of the athletics director's right to terminate.

Comparable Market Data

With regard to salary comparables, we note that UMD's men's and women's hockey teams compete in NCAA Division I. All other UMD teams compete in NCAA Division II. The Division II teams compete in the Northern Sun Intercollegiate Conference (NCSC). The UMD men's hockey team competes in the National Collegiate Hockey Conference (NCHA). The UMD women's hockey team competes in the Western Collegiate Hockey Conference (WCHA). Because many schools in the NCSC have no Division I teams, we do not believe they are good salary comparators. The WCHA includes many large universities with full Division I programs, including the Minnesota Gophers, Wisconsin Badgers, and Ohio State Buckeyes. As such, we do not believe they are good salary comparators. We believe the schools in the NCHA provide the best salary comparators. Among those schools, Athletic Director Karr's UMD salary would rank in the bottom one-third.

President's Recommendation

The President recommends the appointment of **Forrest L. Karr** to the position of Athletics Director at the University of Minnesota Duluth.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into as of this 17th day of August, 2022, between Regents of the University of Minnesota (the “University”), on behalf of its Department of Intercollegiate Athletics for its Duluth campus (“the Department”), and Forrest L. Karr (“Mr. Karr”).

WHEREAS, the University desires to appoint Mr. Karr to serve as Athletic Director of the Department, and Mr. Karr has agreed to accept the appointment,

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement and such other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties agree as follows:

I. EMPLOYMENT TERM AND DUTIES

1.1 Employment Term. Subject to the terms and conditions of this Agreement, the University hereby employs Mr. Karr as the Athletic Director for the Department, and Mr. Karr agrees to be so employed, for a term commencing on August 29, 2022, and ending on June 30, 2027 (the “Term of Employment”). For purposes of this Agreement, contract year one runs from August 29, 2022, through June 30, 2023; and each subsequent contract year runs from July 1 through the following June 30.

1.2 Duties.

1.2.1 During the Term of Employment, Mr. Karr shall report to the Chancellor or such other person as the Chancellor may reasonably designate. Mr. Karr shall diligently and conscientiously devote his full time, attention, and best efforts in performing and discharging the usual and customary duties of an Athletic Director of an NCAA Division I and Division II intercollegiate athletics program, including, but not limited to, the following duties:

- a. Supervise all head coaches and administrative personnel, including, without limitation, subject to the rules and regulations of the University, reviewing the performance for all University employees who report to Mr. Karr, setting compensation for the Department employees, and hiring, promoting, demoting or terminating any such employee in accordance with applicable University policy;

- b. Develop and administer the annual budget for the Department, subject to the approval of the Chancellor;
- c. In conjunction with the Assistant Athletic Director for Compliance and the Office of the General Counsel, ensure the Department's compliance with the rules and regulations of the University (as contained in the University Policy Library found at www.umn.edu) and the rules and regulations of any Governing Association as defined below in Section 1.4, including, without limitation, policies regarding academic standards;
- d. In conjunction with the University's Office of the General Counsel and the Athletics Compliance Director, ensure the Department's compliance with Title IX, including, without limitation, development and implementation of a long-term gender-equity plan;
- e. Conduct and supervise the relationship and presentation of the Department to the media, including, without limitation, radio and television appearances;
- f. Direct, lead, and organize the Department's fund raising, public relations, promotions, and marketing efforts, including, without limitation, using best efforts to increase the annual fund and endowment for the Department;
- g. Serve on and represent the University on all appropriate athletic governing or oversight bodies and any Governing Association or other professional duties as approved by the Chancellor, as defined below in Section 1.4; and
- h. Perform such other reasonable duties, consistent with the position of Athletic Director, as directed by the Chancellor.

1.2.2. Unless otherwise expressly permitted in this Agreement, Mr. Karr shall not engage in any other business activity or be employed by any other person, firm, or entity, whether or not such activity is pursued for gain, profit, or other pecuniary benefit, without the prior written consent of the Chancellor.

1.2.3. Mr. Karr shall not undertake commercial endorsements without prior written consent of the Chancellor. Mr. Karr shall not engage in any activity, if identified as the Athletic Director, that directly or indirectly implies approval or endorsement of any good or service, including, but not limited to, the wearing of garments which display a manufacturer's trademark, name or other logo, unless such activity is consistent with University contracts or is first approved in writing by the Chancellor.

- 1.3. Classification.** Mr. Karr’s employment is a professional appointment subject to the University of Minnesota Academic Professional and Administrative Policies and Procedures (Policies and Procedures) (as contained in the University Policy Library found at www.umn.edu), as the same may be amended from time to time. In the event of a conflict between the terms of this Agreement and the terms of the policies and procedures, the terms of this Agreement shall govern.
- 1.4. Compliance.** Throughout the Term of Employment, Mr. Karr shall comply with the current and hereafter enacted or promulgated laws, policies, rules, and regulations of and governing the University, and the bylaws, rules and regulations of the National Collegiate Athletic Association (“NCAA”), the Western Collegiate Hockey Association (“WCHA”), the Northern Sun Intercollegiate Conference (NSIC), the National Collegiate Hockey Conference (NCHC), and any other conference or organization with which the University becomes associated (the “Governing Associations”). Mr. Karr shall use his best efforts to ensure that all Department coaches, and representatives of the University’s athletic interests comply with the foregoing laws, policies, rules, and regulations. Mr. Karr acknowledges and certifies that he is familiar with the rules, regulations, and policies of each Governing Association and will work collaboratively and cooperatively with the Compliance Officer to educate the employees and students in the Department of such rules, regulations and policies; and will enforce strictly in the Department all such rules, regulations, and policies. Mr. Karr shall promptly report to the Compliance Officer all violations of such rules, regulations, and policies involving him or any Department employee, coach (head or assistant), student, alumnus or representative of the University’s athletic interests of which Mr. Karr becomes aware.

II. COMPENSATION

2.1 Base Salary.

- 2.1.1** Subject to the terms of this Agreement, for all services rendered by Mr. Karr to and on behalf of the University, for the Term of Employment, the University shall pay him an annual base salary of \$185,000.00. Mr. Karr will be eligible for annual salary increases at the discretion of the Chancellor.
- 2.1.2** All compensation hereunder shall be paid in accordance with the University’s regular payroll procedures for professional and administrative employees, and shall be subject to withholding for applicable federal, state, and local income taxes, federal social security taxes, and other applicable taxes and deductions.

- 2.1.3** Mr. Karr's base salary is subject to furloughs, pay freezes, salary reductions or other adjustments to the same extent they may be required from time to time of other employees of the University or Athletic Department.
- 2.2** **Benefits.** The University shall provide Mr. Karr with a benefit program as provided generally for its professional and administrative employees as described in the Policies and Procedures.
- 2.3** **Automobile.** Subject to University policy applicable generally to its coaches of intercollegiate athletics, the University shall provide Mr. Karr a monthly automobile allowance of \$500.
- 2.4** **Retention Incentive.** Mr. Karr will receive a \$10,000 increase to his base salary if he remains continuously employed as Athletic Director for the Department through May 31, 2024, the vesting date. Mr. Karr will receive an additional \$15,000 increase to his base salary if he remains continuously employed as Athletic Director for the Department through May 31, 2026, the vesting date. These increases will become effective as of the start of the next full pay period following the vesting date. The salary increases provided under this paragraph are in addition to any salary increases otherwise provided pursuant to Section 2.1 above.
- 2.5** **Incentive Compensation.** Starting with the 2022-2023 competition season, and continuing through the Term of Employment, Mr. Karr shall have the right to receive the following competition related incentive bonuses: \$1,000 if the Bulldog Women's Hockey Team is selected to participate in the NCAA Women's Hockey Tournament; and \$1,000 if the Bulldog Men's Hockey Team is selected to participate in the NCAA Men's Hockey Tournament. No bonus under this section will be earned or paid unless/until the University has determined that the conditions related to the payment have been met, including Athletic Director's compliance with the material terms of this Agreement and any other conditions established by the Chancellor. Further, no bonus will be earned or paid unless Athletic Director is employed as Athletic Director for the Department on the final day of post-season play for the team whose selection to the NCAA Hockey Tournament triggers the bonus. The payment, if earned, will be made within thirty (30) days following the final day of post-season play.
- 2.6** **Moving Expenses.** The University will provide Mr. Karr with a one-time payment in the amount of Fifteen Thousand dollars (\$15,000.00) which Mr. Karr may use to cover moving and relocation expenses. This payment represents Mr. Karr's exclusive benefit for moving and relocation expenses and is provided in lieu of any payment or reimbursement that might otherwise be available under the Policies and Procedures.

III. TERMINATION

- 3.1 The University's Right to Terminate for Cause.** The University may terminate this Agreement, suspend payments required hereunder, or take other disciplinary action as it deems appropriate for cause. "Cause" as used in this Agreement shall include, but not be limited to, the following:
- a. A Level I, II, or equivalent violation of a rule of a Governing Association by or involving Mr. Karr as reasonably determined by the University, and for which the University has submitted notice to the Governing Association;
 - b. A Level I, II, or equivalent violation of a rule of a Governing Association by the Athletic Department or a member of the Athletic Department which, in the reasonable judgment of the University, Mr. Karr knew or should have known about with reasonable diligence and oversight, and for which the University has submitted notice to the Governing Association;
 - c. Multiple Level III, IV, or equivalent violations of the rules of a Governing Association that, taken together, constitute a Level I, II, or equivalent violation, as reasonably determined by the University, and for which the University reasonably determines Mr. Karr knew or should have known about with reasonable diligence and oversight;
 - d. Failure to report any and all violations, regardless of Level, of the rules of a Governing Association, when the University reasonably determines that Mr. Karr knew or should have known about such failure with reasonable diligence and oversight;
 - e. A substantial failure to perform Mr. Karr's duties/responsibilities under this Agreement following written notice from the University specifying such failure and providing, where practicable, a twenty (20) day opportunity to cure such failure;
 - f. Fraud or intentional dishonesty by Mr. Karr in the performance of Athletic Director's duties/responsibilities under this Agreement;
 - g. Fraud or intentional dishonesty by Mr. Karr in preparing, falsifying, submitting or altering documents or records of the University or a Governing Association, or documents or records required to be prepared or maintained by law, Governing Association rules or University rules, or other required documents or records

pertaining to the Athletic Department; or condoning such fraudulent or intentional dishonest acts by any other person under his supervision, as reasonably determined by the University;

- h. Mr. Karr's instruction to any employee, student, or other person to respond inaccurately or incompletely to any request or inquiry concerning a matter relevant to the University's athletic programs or other University programs, propounded by the University, a Governing Association, or any other body having oversight of the athletic programs of the University or other University functions, or required by law, Governing Association rules or University rules, as reasonably determined by the University;
- i. Failure by Mr. Karr to manage the Athletic Department in a manner that reflects the academic values of the University;
- j. Mr. Karr's soliciting, placing or accepting a bet on any intercollegiate or professional athletic contest; Mr. Karr's permitting, condoning, or encouraging any illegal gambling, bookmaking or illegal betting involving any intercollegiate or professional athletic contest; or Mr. Karr's furnishing information or data relating in any manner to the Athletic Department to any individual known by Mr. Karr or whom Mr. Karr should reasonably know to be involved in gambling, betting or bookmaking; or Mr. Karr's consorting or associating with such persons;
- k. Sale, use or possession by Mr. Karr of any narcotics, drugs, controlled substances, steroids or other chemicals, in violation of law, Governing Association rules or University rules, or Athletic Director's encouraging or condoning such sale, use or possession by a student-athlete, coach, or other athletic staff member, as reasonably determined by the University;
- l. Use or consumption by Mr. Karr of alcoholic beverages, drugs, controlled substances, or other chemicals that impairs Mr. Karr's ability to perform his duties/responsibilities hereunder;
- m. Failure by Mr. Karr to obtain prior approval for outside activities, or to report accurately all sources and amounts of income and benefits, as required by this Agreement, NCAA rules, or University rules, as reasonably determined by the University.
- n. Failure by Mr. Karr to honor the authority of team doctors, athletic trainers, and other sports medicine staff to make decisions regarding student athlete health and

wellbeing, including decisions regarding fitness to practice, train, or compete; or encouraging or pressuring student athletes or others to ignore or deviate from medical advice or directives from team doctors, athletic trainers, and other sports medicine staff; or condoning or directing others to encourage or pressure student athletes to ignore or deviate from medical advice or directives from team doctors, athletic trainers, and other sports medicine staff; or taking any action that poses a direct threat to student athlete health and well-being.

- o. Mr. Karr's commission of or participation in any act, situation, or occurrence, which, in the University's judgment, brings Mr. Karr or the University into public disrepute, embarrassment, contempt, scandal or ridicule; or failure by Mr. Karr to conform Mr. Karr's personal conduct to conventional and contemporary standards of good citizenship, in a manner that offends prevailing social mores and values or reflects unfavorably on the University's reputation and overall mission and objectives.

3.2 The University's Right to Terminate Without Just Cause. The University may terminate this Agreement at any time without just cause upon 90 days written notice. In the event of such termination, the University shall pay Mr. Karr the base salary amount under Section 2.1.1. of this Agreement for the remainder of the Term of Employment. If such payment is made, for the remainder of the term, Mr. Karr hereby waives his rights under the rules, policies, and practices of the University, including, without limitation, the Policies and Procedures, to grieve or otherwise contest the termination.

3.3 NCAA Enforcement Provisions. (NCAA Bylaw 11.2.1). Notwithstanding any other provision of this Agreement to the contrary, Mr. Karr and the University stipulate that if Mr. Karr is found in violation of any NCAA rule or regulation, Mr. Karr is subject to disciplinary or corrective actions as set forth in the provisions of the NCAA enforcement procedures.

3.4 Procedure. In the event of any proposed disciplinary action by the University against Mr. Karr, the Chancellor shall give Mr. Karr, orally or in writing, notice of the allegations and an opportunity to present, in person or in writing, information relating to the allegations. If the Chancellor then determines that discipline is appropriate, the Chancellor shall, in writing, notify Mr. Karr of the discipline and the reasons therefore.

3.5 Limited Liability. Subject to the terms of this Agreement, in no event shall the University be liable for the loss by Mr. Karr of any bonuses, benefits, perquisites, or

income, including, but not limited to, those arising out of or relating to consulting relationships, camps, clinics, media appearances, or from any other sources whatsoever, that may ensue as a result of the University's breach or termination of this Agreement, unless otherwise expressly stated herein.

IV. PROVISIONS OF GENERAL APPLICATION

4.1 Agreement Renewal. Prior to the end of the term of this Agreement, Mr. Karr will be given notice of the renewal or non-renewal of this Agreement and the terms of the renewal. If the Agreement is not renewed, Mr. Karr shall be given one hundred eighty (180) days notice of non-renewal and if such notice is not given one hundred eighty (180) days before the end of the Term of Employment, the Agreement shall be extended to cover the notice period. This provision shall supersede all rights under University Policies and Procedures including, but not limited to, any notice requirements of layoff programs.

4.2 Report of Athletically Related Income. The University and Mr. Karr hereby stipulate that Mr. Karr shall annually provide to the Chancellor a written detailed account of all athletically related income and benefits from sources outside the University including, but not limited to, the following:

- a. Income from annuities;
- b. Sports camps;
- c. Housing benefits (including preferential housing arrangements);
- d. Country Club memberships;
- e. Complimentary ticket sales;
- f. Television and radio programs; or
- g. Endorsement or consultation contracts with athletic shoe, apparel or equipment manufacturers.

In addition, Mr. Karr shall comply with University of Minnesota Policies and Procedures regarding "Outside Consulting and Commitments by Intercollegiate Athletic Staff." The policies and procedures include, but are not limited to, receiving prior approval for any endorsement of a product or service, use of University trademarks, and outside consulting commitments, including potential work as an adjunct faculty member.

4.3 Notices/Administration. All notices, requests, and other communications from one of the parties to the other shall be in writing and, except as otherwise provided herein, shall be considered to have been duly given or served if sent by United States mail, first-class, certified or registered, postage pre-paid, return receipt requested, to the

respective party at his or its address set forth below or to such other address set forth below as such party may hereafter designate by notice to the other.

As to Athletic Director: Forrest L. Karr
University of Minnesota Duluth
1216 Ordean Court, 178 SpHC
Duluth, MN 55812

As to the University: Chancellor
University of Minnesota Duluth
515 Darland Administration Building
1049 University Drive
Duluth, MN 55812

Office of the General Counsel
Attn: General Counsel
360 McNamara Alumni Center
200 Oak Street SE
Minneapolis, MN 55455

- 4.4 Amendment.** Any amendment to this Agreement must be in a writing executed and delivered by the parties.
- 4.5 Parties Interest/Assignment.** This Agreement shall be binding upon the parties hereto and the benefits and obligations provided for herein shall inure to the parties hereto and their respective heirs, legal representatives, successors, assigns, transferees or donees, as the case may be. No portion of this Agreement shall be assignable without the prior written consent of the other party.
- 4.6 Effect of Prior Agreements.** The parties intend this Agreement as the final and binding expression of their contract and agreement and as the complete and exclusive statement of the terms thereof. This Agreement supersedes and revokes all prior negotiations, representations, and agreements, whether oral or written, relating to the subject matter hereof.
- 4.7 Enforceability.** If any provision contained herein shall be deemed or declared unenforceable, invalid, or void, the same shall not impair any of the other provisions contained herein, which shall be enforced in accordance with their respective terms. This Agreement shall bind the University only if and after its approval by the University's Board of Regents.
- 4.8 Construction.** The headings preceding and labeling the sections of this Agreement are for the purpose of identification only and shall not in any event be employed or used for the purpose of construction or interpretation of any portion of this Agreement. No waiver by any party of any default or nonperformance hereunder shall be deemed a waiver of any subsequent default or nonperformance. As used herein and

where necessary, the singular shall include the plural and vice versa, and masculine, feminine and neuter expressions shall be interchangeable.

4.9. Applicable Law. The laws of the state of Minnesota shall govern and be applicable to this Agreement and any construction or interpretation thereof.

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


Date: August 17, 2022



Forrest L. Karr

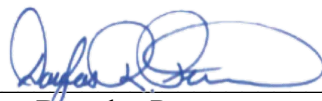
REGENTS OF THE UNIVERSITY
OF MINNESOTA

Date: August 17, 2022


By: _____
David J. McMillan
Interim Chancellor

Approved as to Form:

Date: August 17, 2022


By: _____
Douglas Peterson
General Counsel



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 8, 2022

AGENDA ITEM: Information Items

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

- A. Central Reserves General Contingency Allocations
- B. Capital Finance and Debt Management Report

A. Central Reserves General Contingency Allocations

Allocations from the Central Reserves General Contingency greater than \$250,000 require Board approval. There are no items requiring approval this period.

B. Capital Finance and Debt Management Report

The purpose of this item is to provide the Annual Capital Financing and Debt Management Report for FY2022. The University is rated Aa1 by Moody’s Investors Service and AA by S&P Global Ratings. As of June 30, 2022, the overall debt portfolio totals approximately \$2.0 billion in outstanding debt, with about 89 percent of that being fixed rate and about 11 percent representing variable rate instruments. The weighted average cost of capital at fiscal year end was approximately 3.62 percent.

This report is prepared and provided to the Finance & Operations Committee annually as required by Board of Regents Policy: *Board Operations and Agenda Guidelines* and Board of Regents Policy: *Debt Transactions and Long-Term Capital Financing Program*.

Central Reserves General Contingency Allocations

Finance & Operations Committee

September 2022

Fiscal Year 2023 (7/1/2022-6/30/2023)

Recipient	Amount	Running Balance	Purpose
1 Carryforward from FY22 to FY23		\$1,173,773	
2 FY23 General Contingency Allocation	\$1,000,000	\$2,173,773	
3 New items this reporting period:			
4 Capital Project Management	(\$70,440)	\$2,103,333	Duluth Health Sciences Project: Preliminary planning and site visits for Academic Health Center in downtown Duluth.
5 Capital Project Management	(\$55,811)	\$2,047,522	Morrill Hall Project: Staff programming and location analysis for relocation of building occupants.
6 University Health & Safety	(\$31,457)	\$2,016,065	Mondale Memorial Service: Support for event on May 1, 2022 at Northrup Auditorium.
7 Current Balance		\$2,016,065	

* Items \$250,000 or more subject to Board approval.

Capital Financing and Debt Management Report Fiscal Year 2022

Executive Summary and Highlights

The University of Minnesota (the “University”) enjoys a very favorable credit profile which results in low borrowing costs to finance capital projects. The University’s debt is highly rated by two rating agencies – **Aa1** by Moody’s Investors Service (“Moody’s”) and **AA** by S&P Global Ratings (“S&P”) – which provides strong demand and competitive pricing in the marketplace for the University’s bonds.

Fiscal Year 2022 Highlights:

- The University refinanced \$92,385,000 of outstanding state-supported BioDiscovery District debt at a new all-in weighted average interest rate of 1.397%, which generated net present value savings of \$38.6 million.
- The University issued \$36.9 million of new taxable debt that will be paid for with the savings from the refinancing noted above. Since the new debt is paid for with state appropriation savings, it does not add any new cost to the University or the State of Minnesota.
- The University advanced an innovative new capital financing strategy involving the issuance of \$500 million of 30-year interest-only bonds, which will be used to finance capital needs and will be recycled over the life of the bonds through an internal bank model. The bonds were issued at 4.048%.

Key debt-related metrics:

- The University’s *total long-term debt outstanding* (including capital leases) was approximately **\$2.0 billion**.
- The *weighted average cost of capital (WACC)* was **3.62%**. Due to the issuance of the \$500.0 million interest-only bond in April 2022, the WACC has increased from previous years. Had the interest-only bond not been issued, the weighted average cost of capital would have been 3.05%.
- The *mix of tax-exempt to taxable debt* was **55% tax-exempt to 45% taxable**.
- The *mix of fixed-rate and variable-rate debt* was **89% fixed** and **11% variable**.
- The University’s *debt is rated* **Aa1** by Moody’s and **AA** by S&P.
- *Debt service paid* (principal and interest) has been approximately \$150.0 million in each of the last two years, of which **\$95.0 million** was applied to paying down principal each year.
- The University has realized *net present value savings* of **\$84.0 million** since 2015 by refinancing previously issued debt on or before optional redemption dates.
- *External revenue sources* funded approximately **27%** of the University’s debt service.

Fiscal Year 2022 Debt Activity

Fiscal Year 2022 was a busy year for debt-related activity, including the refunding of existing state-supported bonds, issuance of commercial paper, issuance of a 30-year interest-only bond, and the selection of a new debt advisor.

Refunding of State Supported Revenue Bonds – Biomedical Science Research Facilities Funding Program

On October 12, 2020, during the fifth special session of the 2020 Legislative year, the Minnesota Legislature passed a capital infrastructure bill that included an amendment to Minnesota Statutes 137.61 through 137.65 that:

- 1) allowed the University to refinance the Special Purpose Revenue Bonds, (State Supported Biomedical Science Research Facilities Funding Program), and
- 2) allowed the University to keep the annual appropriation savings and use the savings to support additional new debt to be issued to finance the design of a Clinical Research Facility (currently referred to as the Health Discovery Hub).

The Board of Regents (the “Board”) had already approved the refunding of the state-supported bonds in December 2019, subject to the State legislation being amended during the 2020 session. The issuance of the refunding bonds occurred on September 30, 2021.

Special Purpose Revenue (SPR) Refunding Bonds, Series 2021A, were issued in the par amount of \$92,385,000 at coupon rates of 4.0 – 5.0 percent. Proceeds were used to refund, on a current basis, the outstanding maturities of the SPRB Series 2010A and Series 2011B. With the savings realized by the refunding, General Obligation Taxable Bonds, Series 2021C, in the par amount of \$36,875,000 at coupon rates of 0.13 – 2.59 percent were also issued. Proceeds are being used to finance portions of the costs of design, land acquisition, site preparation, and preconstruction services for the Health Discovery Hub.

Issuance of Commercial Paper Series H (Tax-exempt) and Series I (Taxable)

On November 17, 2021, the University issued new Series H and Series I commercial paper notes and has added to these amounts throughout FY22.

A total of \$34,000,000 of Series H was issued throughout FY22 to fund a portion of the following capital projects that are currently in various stages of design and construction:

- Masonic Institute for the Developing Brain (MIDB) – renovation of existing facility
- Lind Hall – renovation of existing facility
- Main Energy Plant (MEP) – expansion of chilled water plant
- Institute of Child Development – existing facility renovation plus new construction
- Offsite Collections Facility – new facility design & construction
- Murphy Hall Media Lab – partial renovation of existing facility

A total of \$34,000,000 of Series I was issued throughout FY22 for certain operating purposes and to fund a portion of capital projects under construction:

Capital Projects

- MIDB – portion of renovation funded with bridge financing until pledged gifts are received
- Child Care Center – Vendor-Leased Daycare – new facility construction
- Microbial Cell Production Facility – new facility construction
- Child Development Center Lab School – portion of expansion funded with bridge financing until pledged gifts are received

Operating Purposes

- Operating loan to TC Athletics for deficits as a result of the COVID-19 pandemic

Issuance of 30-year Interest-Only Bonds

On April 19, 2022, the University closed on the issuance of a \$500,000,000 taxable bond at a yield of 4.048%, issued as an interest-only bond, with principal due in 30 years at maturity. This issuance, along with the use of internal lending practices and a principal payment reserve, will be used to implement the new MPact 2025 Capital Financing Program. The initial plan was to issue a century bond, with interest due semiannually and the final principal payment due in 100 years. Due to the market volatility in the spring of 2022, with Board authorization,

the University pivoted to the 30-year maturity that provided a more attractive rate of interest in support of the MPact 2025 Systemwide Strategic Plan.

The terms of the long-term capital financing program have been documented in a revised Board policy: *Debt Transactions and Long-Term Capital Financing Program*, which was approved by the Board in July 2022.

The following actions have been taken in support of the long-term capital financing program:

- In May 2022, the Board affirmed the authorization of the Office of Investments and Banking (OIB) to prudently invest the bond proceeds in a manner that will generate returns to cover the University's interest payment obligations.
- In late May 2022, an external firm, Payden & Rygel, was hired to invest and manage most of the proceeds in a laddered bond portfolio. In June 2022, approximately \$65 million of the remaining proceeds were allocated to private fixed income managers. Combined, the total portfolio is expected to yield approximately 4.5%, producing the required cash flow over the next 6 years.
- On May 20, 2022, proceeds in the amount of \$500,140 were drawn and used to fund the costs of issuance incurred in issuing the debt.
- Investment earnings will be withdrawn over the coming year to fund interest expenses on the bonds. No proceeds will be withdrawn without Board approval.
- The University will set aside \$8.0 million into a Principal Repayment Reserve from sources other than the bond proceeds. These funds will be invested in the Consolidated Endowment Fund and reserved for future principal repayment.

Long-Term Debt

Debt financing allows the University to pay for an asset over a period of time, rather than pay for it at the time of purchase. Per Board policy, debt shall be used to finance the purchase of land and buildings, construction of and remodeling projects to University facilities, and acquisition of and installation of equipment. Debt may not be used to fund University operating purposes without Board approval. Each debt transaction of the University is completed in the most effective and professional manner, in accordance with the highest standards of the industry, laws, and governmental practices, guided by the following principles:

- Minimize borrowing costs at acceptable levels of risk over the life of the debt;
- Maintain key financial metrics to assure continued access to capital markets and manage credit-related risks;
- Exhibit a maturity profile that meets liquidity requirements and manages the balance sheet of the institution; and
- Provide financial and budgetary stability.

Most of the University's outstanding debt can be categorized in one of the following three designations:

- General Obligation (GO) Bonds – long-term fixed rate bonds secured by the full faith and credit of the University. Bonds have been issued as either tax-exempt or taxable with 20-, 25-, or 30-year maturities. The tax-exempt bonds are issued with a 10-year optional redemption at par. Each series, except for Series 2022, has been structured with approximately equal annual debt service payments over its life. Series 2022 has been structured as interest-only bonds, with the full amount of principal due at maturity.
- Special Purpose Revenue Bonds (State-Supported Debt) – long-term fixed rate bonds that are special limited obligations of the University. These bonds were issued by the University for Huntington Bank Stadium and the Biomedical Science Research Facilities, but Minnesota law provides for an annual appropriation to reimburse the University for the annual debt service on these bonds. No other revenues

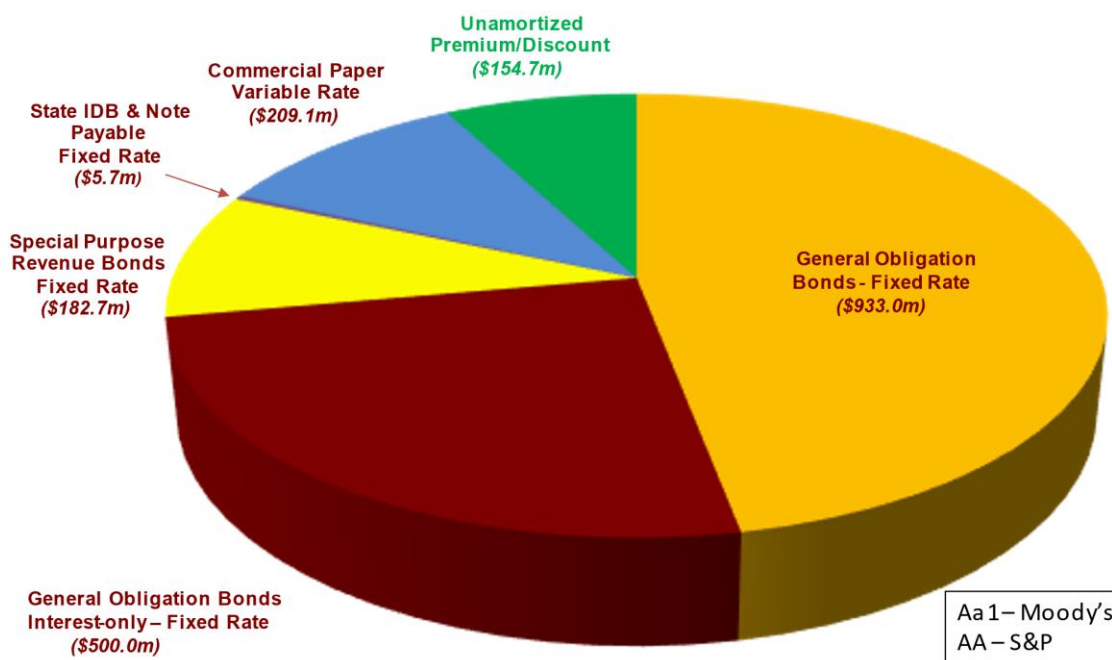
or assets of the University, nor the full faith and credit of the University, is pledged for the payment of the principal or interest on these bonds.

- Commercial Paper (CP) Notes – short-term obligations that are backed by the full faith and credit of the University and supported by the University’s self-liquidity. With maturities of 1 to 270 days, the CP is classified as current liabilities in the financial statements. However, the University currently treats certain series of the outstanding CP as a long-term financing vehicle by renewing the notes for extended periods as they come due, with annual required “pay-downs” established in the original offering memorandums.

In addition, long-term debt contains a small outstanding balance of State of Minnesota Infrastructure Development Bonds (IDB), a note payable, and unamortized premiums and discounts on the bonds.

The mix of the components of outstanding long-term debt is shown in the following pie chart.

Debt Profile as of June 30, 2022 (preliminary)
\$1.8 billion par outstanding; \$ 1.6 billion University supported



The table below reflects the beginning and ending fiscal year balances and fiscal 2022 activity of the various debt series summarized in major categories:

<i>(000s omitted)</i>	Final payment due in FY	Beginning Balance June 30, 2021	Additions	Reductions	Ending Balance June 30, 2022
General Obligation Taxable Bonds – Series 2022	2052	\$ 0	\$ 500,000		\$ 500,000
General Obligation Bonds - Series 2020A, 2019A, 2019B, 2017A, 2017B, 2016A, 2014B, 2013A (tax-exempt)	2046	762,400		40,450	721,950
General Obligation Taxable Bonds - Series 2021C, 2020B, 2019C, 2017C, 2015B, and 2013B	2046	130,645	36,875	7,205	160,315
General Obligation Taxable Bonds – Series 2013D, 2011C, and 2010B (University Supported Biomedical Science Research Facilities Funding Program)	2039	53,310		2,560	50,750
Special Purpose Revenue Refunding Bonds – Series 2015A (State Supported Stadium Debt)	2032	64,990		5,800	59,190
Special Purpose Revenue Bonds – Series 2021A (tax-exempt) <i>(refunded Series 2011B, 2010A in FY22)</i> (State Supported Biomedical Science Research Facilities Funding Program)	2037	123,880	92,385	123,880	92,385
Special Purpose Revenue Bonds – Series 2021B (taxable) <i>(refunded Series 2013C in FY22)</i> (State Supported Biomedical Science Research Facilities Funding Program)	2039	29,510	31,100	29,510	31,100
Commercial Paper Notes Series A, B, C, D, F, G and H (tax-exempt) and E and I (taxable)	2022 thru 2044	178,070	68,000	36,949	209,121
Note Payable	2025	4,500		0	4,500
756,103 Obligations to the State of Minnesota pursuant to Infrastructure Development Bonds (IDB)	2025	2,325		1,105	1,220
Balance – at par		1,349,630	728,360	247,459	1,830,531
Unamortized premiums and discounts	2046	148,921	27,743	21,992	154,672
TOTAL PER FINANCIALS		\$ 1,498,551	\$ 756,103	\$ 269,451	\$ 1,985,203

No hedging transactions exist in the debt portfolio on June 30, 2022.

The University's **weighted average cost of capital** at June 30, 2022 approximates **3.62%**.

Commercial Paper Facility

On October 12, 2017, the Board authorized a revolving commercial paper facility (the "Facility") through which the University may issue tax-exempt and taxable variable rate debt from time to time as general obligation indebtedness for the short or long-term financing of capital projects. The aggregate principal amount outstanding of the notes issued in 2005 through 2018 (Series A, B, C, D, E, F, and G) and the additional notes to be issued (Series H and I) shall not exceed \$400.0 million. Since the Facility is considered revolving in nature, CP can be issued for approved projects, paid off, and then re-issued for newly approved projects, so long as the total amount of CP issued and outstanding does not exceed the Board's maximum authorization of \$400.0 million. The capacity to issue increases as paydowns occur.

Counterparty risk is an inherent risk in a program of this type. This is the risk that the dealer with whom the University contracts to remarket the CP will default on its obligations under that contract. This risk has been mitigated by utilizing two separate dealers for the sale and remarketing of new notes, thereby spreading counterparty risk among dealers.

CP is an effective and efficient method to maintain an acceptable percentage of variable rate debt within an overall debt portfolio, with the goal of lowering the overall cost of capital. It can be restructured to long-term debt quickly and efficiently since it is short-term in duration. The weighted average rate of the CP outstanding at June 30, 2022 was approximately 1.159% as compared to 0.10% at June 30, 2021.

External rating agencies rate the entire CP program based on the maximum amount authorized by the Board, as opposed to previous CP financing issued under a single debt offering and rated as an individual series of CP. The current rating of the \$400.0 million facility is P-1 by Moody's and A-1+ by S&P, both the highest short-term rating possible from each rating agency.

During FY2022, the net CP outstanding increased by a total of \$31.1 million. This net increase was due to the issuance of \$68.0 million for capital projects and certain operating purposes, offset by scheduled payments on Series A - F of \$30.8 million and payments on Series G of \$6.1 million as a result of receipts of pledged gifts for the debt-financed facilities.

Since June 30, 2022, \$10.0 million has been issued for capital projects and \$10.8 million has been paid off as scheduled payments, resulting in a net \$0.8 million decrease. Additional CP is expected to be issued throughout the remainder of FY2023 to finish the funding for board-approved capital projects identified to date. In addition, up to \$8.0 million is expected to be issued for the acquisition of the 51% equity ownership in 2407 University Investment LLC, as approved by the Board in July 2022.

Long-Term Bond Credit Ratings

The University's debt is highly rated by two rating agencies – **Aa1** by Moody's and **AA** by S&P – which provides strong demand and competitive pricing in the marketplace for the University's bonds. Each rating agency has its own methodologies that weigh a number of factors to arrive at a letter rating.

Letter Ratings to Designate University Credit Quality

Moody's Investors Service Rating	Financial Security Evaluation	Standard and Poor's Rating
Aaa	Exceptional	AAA
Aa1 , Aa2, Aa3	Excellent	AA+, AA , AA-
A1, A2, A3	Good	A+, A, A-
Baa1, Baa2, Baa3	Adequate	BBB+, BBB, BBB-
Ba1, Ba2, Ba3	Moderate	BB+, BB, BB-
B1, B2, B3	Weak	B+, B, B-
Caa to C	Default	CCC to D

The University of Minnesota is currently rated Aa1 by Moody's, and AA by Standard and Poor's.

Moody's uses the broad weighting factors of market profile, leverage, wealth and liquidity, and operating performance, with subsets of each. Other credit considerations include multi-year trends, governance & management, debt structure, liquidity quality, government relationship, pension, and other post-employment obligations, and healthcare operations. This methodology does not include an exhaustive treatment of all factors that might be relevant when evaluating an individual university's credit attributes. As stated in the most recent rating report for the University of Minnesota:

"The **Aa1 rating** assigned by Moody's reflects the University's excellent brand and strategic positioning derived from its strong student and research market positions combined with ample financial resources.

The **stable outlook** reflects Moody's expectations of favorable student demand, tuition revenue, and sponsored research trends. The outlook also incorporates longer-term stability to improve operating margins and debt service coverage.

Moody's recently began assigning scores for Environmental, Social, and Governance (ESG) factors to all their issuers in the Higher Education Sector. The scores are developed to provide transparency around Moody's views of ESG exposures and have no impact on our current ratings. Their scores are NOT an opinion about a company's sustainability performance or ESG disclosures. The scores include an overall Credit Impact Score (CIS) ranging from 1 to 5 and will speak to the risk that ESG factors pose to the rating once mitigants to the exposure are considered. Moody's has rated the University with an ESG Credit Impact Score of CIS-2. For an issuer scored CIS-2, its ESG attributes are considered overall to have a neutral-to-low impact on the current rating, i.e., the overall influence of these attributes is considered not material.

S&P's methodology results in a convergence of a detailed analysis of a university's "Enterprise Profile" and "Financial Profile" with qualitative adjustments for compelling factors or qualifiers. The "enterprise profile" includes market position and demand, management and governance, industry risk, and economic fundamentals. The "financial profile" includes debt and contingent liabilities, financial resources, financial performance, and financial management policies. As reported by S&P:

"The **AA rating** reflects S&P's view of the University's, 1) position as Minnesota's flagship research university and land-grant institution, 2) relatively stable enrollment over a longer time horizon, with some decline in freshman applicants for the past five fall enrollment periods, 3) manageable pro forma maximum annual debt service burden, and 4) robust philanthropic support."

The **stable outlook** reflects S&P's view that "over the next two years, UM's FTE enrollment will stabilize as the adverse impact of the pandemic subsides, while other demand metrics remain firm. The outlook also recognizes the turn-around in financial performance realized in fiscal 2021 and anticipates management will work very hard to continue positive results in fiscal 2022 and 2023."

Debt Management Oversight

Debt management is the responsibility of the Treasurer, with day-to-day oversight assigned to the Director of Debt Management as designee. The Director, in turn, relies on various individuals in certain University departments for the expertise needed to ensure compliance with policy, laws and regulations, and to handle specific tasks. This team of individuals – referred to as the Debt Process Team (DPT) – acts as a Trustee to approve the draws on unspent bond proceeds, verifying the appropriateness of expenditures and projects to which the bond proceeds are allocated. In addition, the group establishes and ensures that appropriate accounting and compliance procedures are in place and working properly. DPT members and their respective responsibilities are summarized below:

Debt Process Team (DPT)



The University also retains an independent registered municipal advisor (IRMA). The University was represented by and relied on its municipal advisor, PFM Financial Advisors LLC (PFM), through June 2022 to provide advice on transactions involving municipal financial products and on proposals from financial services firms concerning the issuance of municipal securities. Janney Montgomery Scott, LLC (Janney) represented the University during the Series 2022 issuance and has been awarded the role of debt advisor effective July 1, 2022 for a three-year period. Both PFM and Janney have represented to the University that they are an "independent registered municipal advisor" within the meaning of Section 15Ba1-1(d)(3)(vi) of the Securities Exchange Act of 1934.

Taxable vs. Tax-Exempt Debt

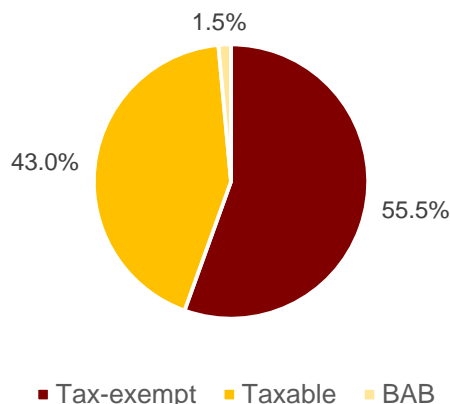
Financings generally are on a tax-exempt interest rate basis, unless there are risks that private business use (“PBU”) of the financed asset may exceed the University’s allowable threshold, or when other considerations indicate the use of taxable debt is in the best interest of the University.

Situations where taxable debt may be more advantageous than tax-exempt debt include:

- PBU limitations are expected to be exceeded;
- Unknown future use of the property;
- Longer or unknown construction timeline;
- Market rates for both tax-exempt and taxable debt are similar or taxable debt has a lower interest rate;
- The rate difference between taxable debt and tax-exempt debt is so small as to make the costs of post-issuance compliance on tax-exempt debt an overly burdensome requirement.

Taxable debt may take the form of CP, variable rate debt, or fixed rate debt.

The mix of tax-exempt to taxable debt outstanding as of June 30, 2022, is approximately **55% tax-exempt to 45% taxable**. The taxable percentage increased significantly from the last year-end due to the issuance of the \$500.0 million Series 2022 Bond.



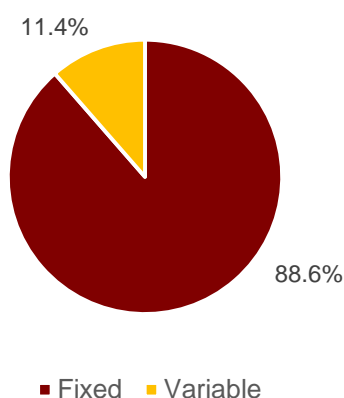
Included in the taxable debt is one outstanding series that was issued as Build America Bonds-Direct Payment to Issuer, whereby the University expects to receive a 35 percent annual interest subsidy from the federal government for the life of the bonds. Due to the implementation of federal sequestration effective with the subsidy payment received beginning June 2, 2013, the subsidy payments received have been reduced by 5.7% for fiscal 2022.

Fixed Rate vs. Variable Rate

Long-term fixed-rate tax-exempt debt is the most common form of debt issued by institutions of higher education, in which interest rates are fixed for a single or multiple maturities. This type of debt allows institutions to lock into certain debt service obligations at tax-advantaged interest rates over a long period of time. Long-term fixed-rate debt generally includes a call option by the University within 0-10 years after the issuance date to allow for refinancing opportunities – i.e., either reduce interest rates (subject to market conditions) or restructure principal payments.

Variable rate financings can lower the overall cost of capital. Financings of all maturities can carry a variable rate. Bonds are callable at any interest payment date (daily, weekly, monthly, etc.) with no premium. Risks include interest rate risk, credit risk, tax law risk, and remarketing risk. All of the University's variable rate debt is currently in the form of commercial paper.

The mix of fixed rate to variable rate as of June 30, 2022, is approximately **89% fixed** to **11% variable**.



Refinancing Savings

The University has taken advantage of the optional par call feature that is generally part of the structure when tax-exempt debt is issued. This allows us to refund the individual bond series prior to its final maturity date and defease the existing bonds.

Refunding of bonds is the issuance of a new bond for the purpose of retiring an already outstanding bond issue. Outstanding debt may be refunded to achieve interest rate savings, restructure principal and/or interest payments, or eliminate burdensome covenants with bondholders. The refunding is considered an advance refunding when done more than 90 days prior to the optional redemption date ("call date"). Prior to December 31, 2017, bonds could be advance refunded as tax-exempt debt, but it could only be done once. The tax law changes enacted in December 2017 eliminated the tax-exempt advance refunding option entirely, but still allow *taxable* advance refundings.

A legal defeasance occurs when the proceeds of new bonds that are sufficient to pay all principal and interest on the outstanding bonds up to and including the call date are deposited in escrow at a bank. The escrow is irrevocably pledged to the retirement of such debt, and thus the escrow and the refunded debt do not appear on the University's balance sheet.

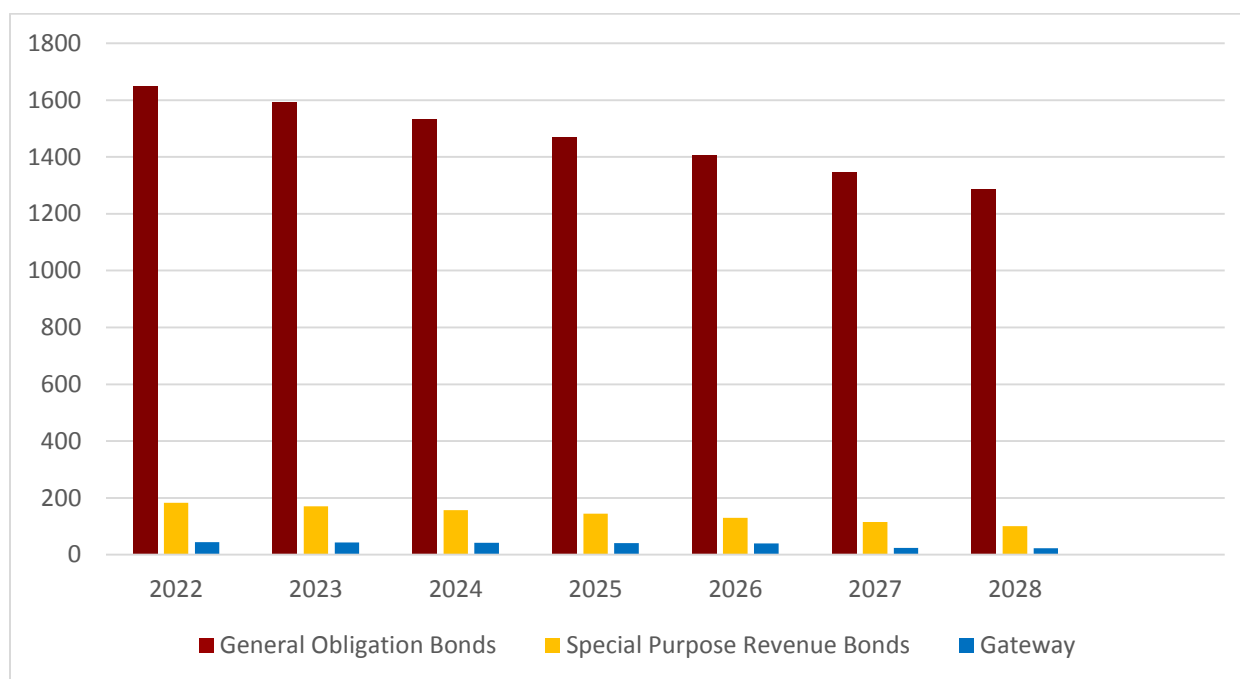
The University has realized savings of approximately **\$84.0 million** on debt that has been refunded and defeased since 2015.

Amortization Structure

The debt service structure for each bond issue is determined on a case-by-case basis. The University has typically structured its debt so that the annual debt service payments for each bond issue are somewhat equal. The following graph reflects the scheduled amortization of the bonds and commercial paper outstanding as of June 30, 2022. It does not reflect the ongoing issuances of CP for capital projects and subsequent refinancings with bond proceeds that we expect will occur over the next few years.

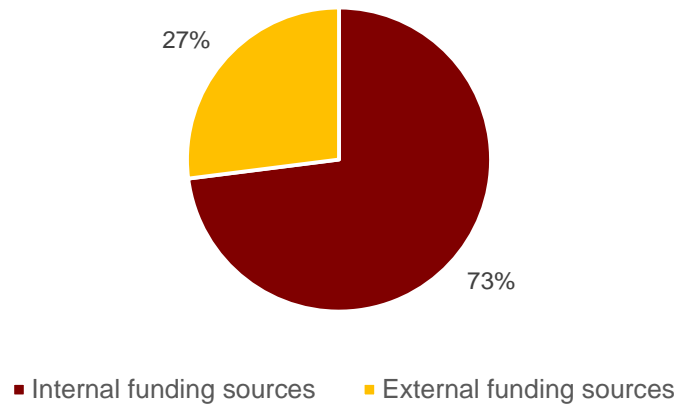
The maroon bar reflects the University supported debt, the gold bar reflects the state-supported bonds, and the blue bar represents the debt of Gateway Corporation. Since Gateway Corporation is a component unit of the University, its debt is included as part of the University's "total debt" for ratio calculation purposes and therefore is shown in the table below.

Scheduled Debt Amortization, Balances at June 30, 2022-2028 (at par, in millions)



Funding of External Debt Service

The University has both internal and external sources that fund the external debt service paid to bondholders. Principal, interest, and associated bond fees, including an amount for certain administrative costs, are charged to the University's academic and administrative units and auxiliaries based on the use and occupancy of buildings that required debt for construction and/or renovation. Certain series of debt are supported by external sources through receipt of state appropriations, naming agreements, or lease payments. The approximate mix of the funding sources is 73% internal compared to 27% external.



Key Financial Indicators

As indicated earlier, debt capacity and credit ratings are not a function of ratios alone. However, the University annually calculates certain ratios as outlined by Moody's based on the financial information contained in the audited yearend financial statements. The University uses three ratios to calculate the debt capacity of the University:

- Total Cash & Investments to Total Debt – measures coverage of total debt by assets that generate investment return
- Spendable Cash & Investments to Total Debt – measures the university's ability to repay bondholders from wealth that can be accessed over time or for a specific purpose.
- Debt Service to Operating Expenses – measures annual debt service burden on the annual operating budget

Ratios calculated by the rating agencies are based on the par amount of the debt outstanding, excluding the net unamortized premium or discount on the bonds.

Definitions for the numerators and denominators in these three ratios as calculated by Moody's are provided below.

Total cash & investments – total cash and cash equivalents plus short-term investments plus noncurrent investments of the University, UMF and UMP (does not include the restricted cash and cash equivalents)

Spendable cash and investments – total cash and investments as computed above less restricted, nonexpendable net assets of the University, less the permanently restricted net assets of UMF and UMP

Total debt – the sum of the University's outstanding debt as shown on the financials, less net unamortized premium/discount on the bonds, plus UMF bonds payable

Debt service – the sum of the principal paid and interest expense on capital debt by the University

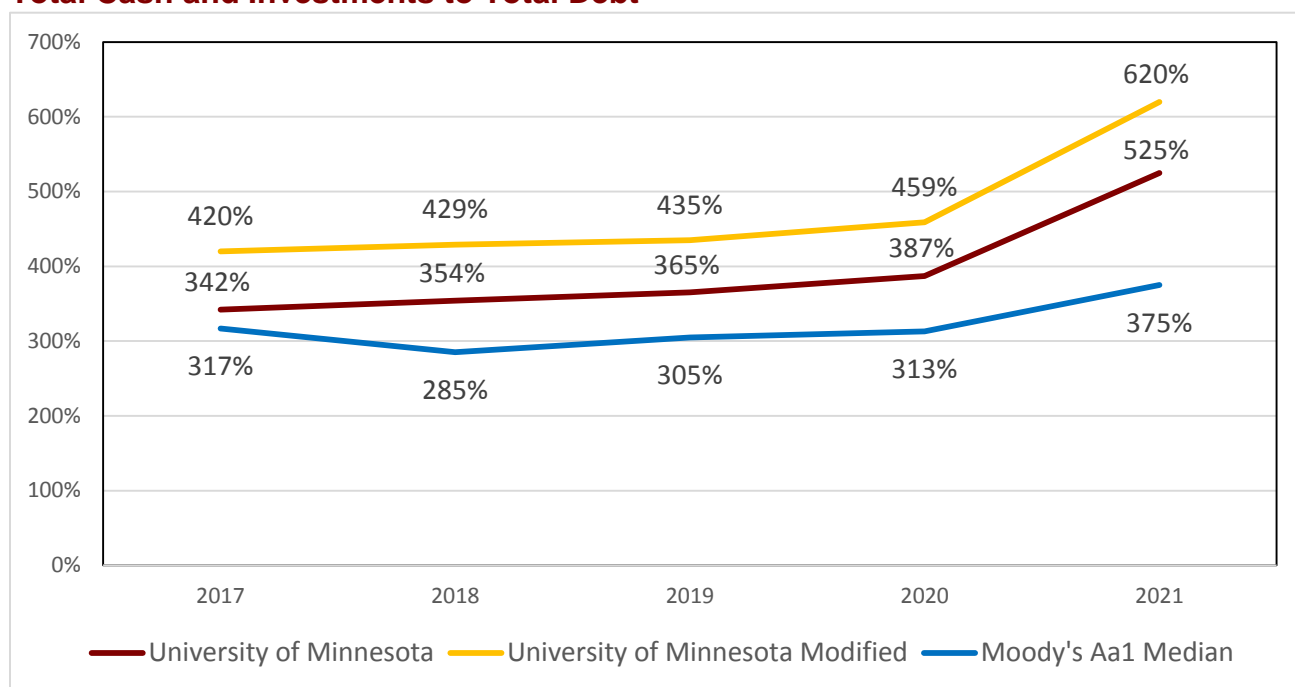
Operations – University operating expenses less scholarships & fellowships, plus interest on capital asset-related debt

In addition, the University performs a second calculation of the ratios modifying the Total Debt amount by subtracting out the University's special purpose debt and modifying the Debt Service and Operations amounts by subtracting the principal and interest on the special purpose debt.

The graphs on the following three pages reflect these ratios for the last five years for the University of Minnesota, the University of Minnesota, as modified, and the median of the 14 public universities rated Aa1 by Moody's for each of the years 2017 - 2021. The 14 Aa1-rated public Universities are:

- | | |
|--|---|
| • North Carolina State University at Raleigh | Ohio State University |
| • Pennsylvania State University | State University of Iowa |
| • Texas Tech University System | University of Colorado |
| • University of Delaware | University of Minnesota |
| • University of Missouri System | University of Nebraska |
| • University of Pittsburgh | University of Utah |
| • University System of Maryland | Virginia Polytechnic Institute & State University |

Total Cash and Investments to Total Debt



DESIRED TREND

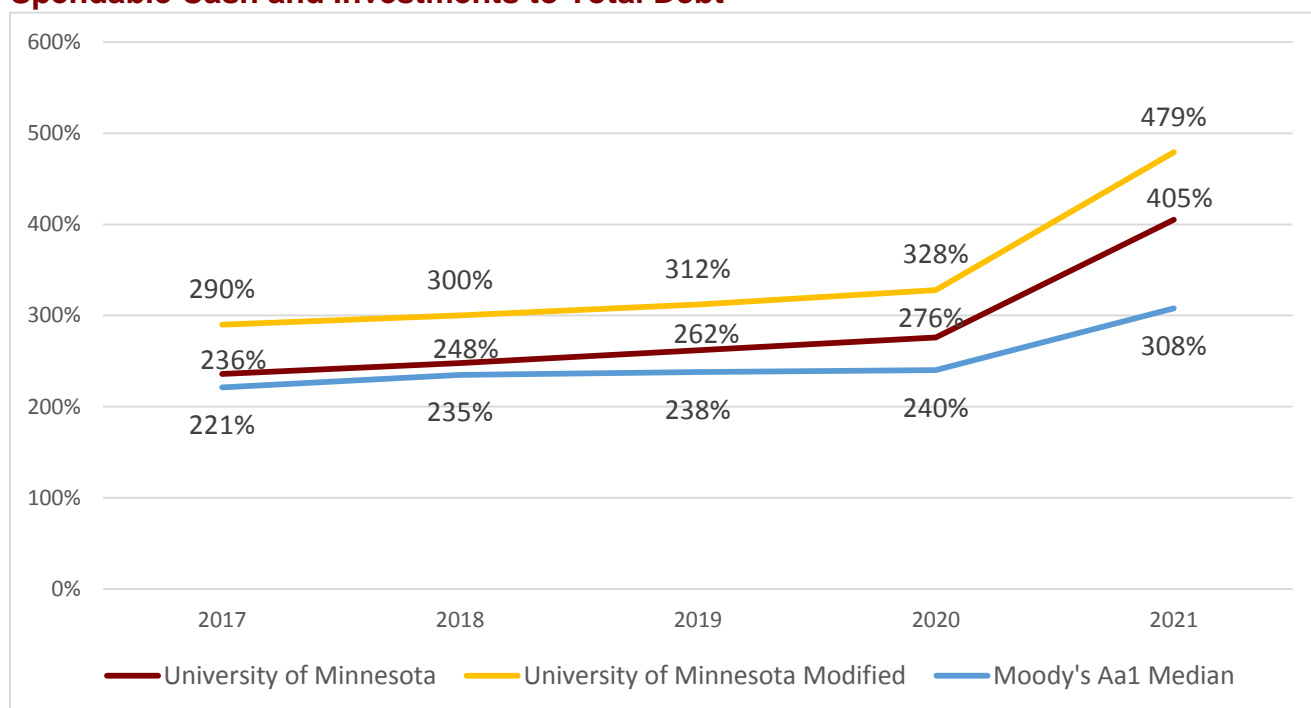


Total Cash and Cash Equivalents, (excluding restricted), and Investments,
+ UMF's & UMP's Cash and Cash Equivalents, and Investments

Divided by Total Debt

As shown above, the University is above the median in its peer group of Aa1-rated institutions. In addition, when the state-supported debt is taken out of the calculations, the calculated ratio is even better.

Spendable Cash and Investments to Total Debt



DESIRED TREND

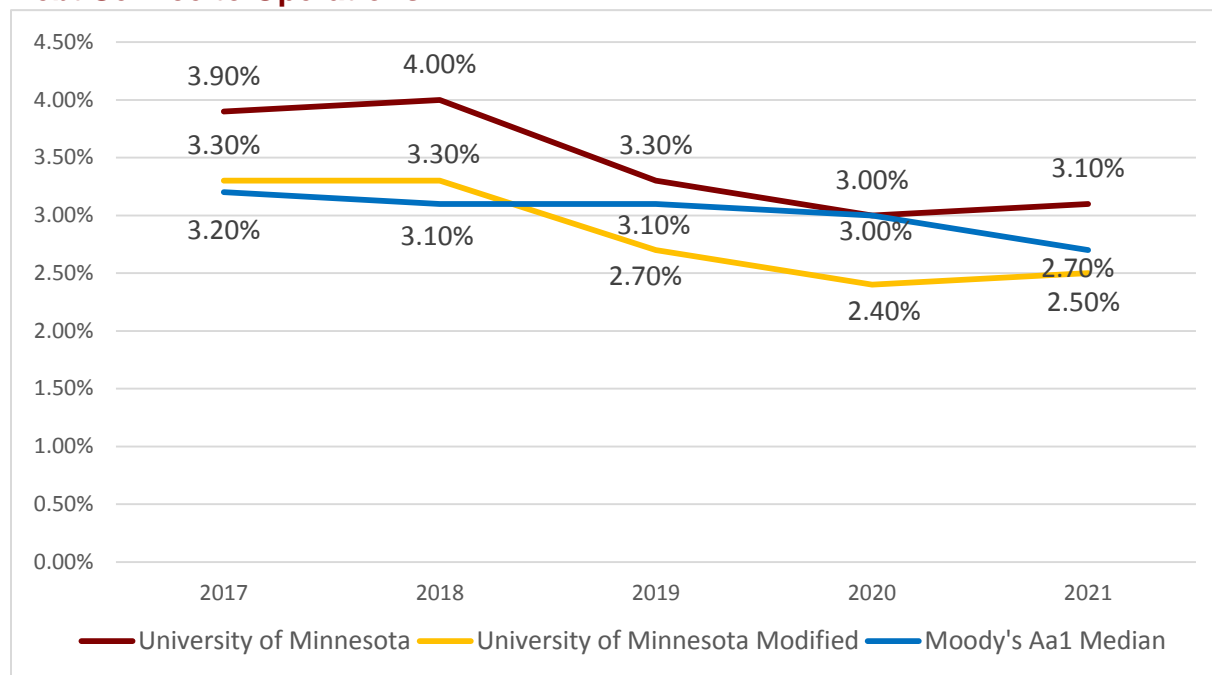


Total Cash and Investments of the University, UMF & UMP, less restricted, nonexpendable net assets of the University, less the permanently restricted net assets of UMF & UMP

Divided by Total Debt

Like the first ratio, the University is again solidly in the middle of the range for Aa1-rated public institutions and above the median for this group of institutions. In addition, when the state-supported debt is taken out of the calculations, the calculated ratio is even better.

Debt Service to Operations



DESIRED TREND

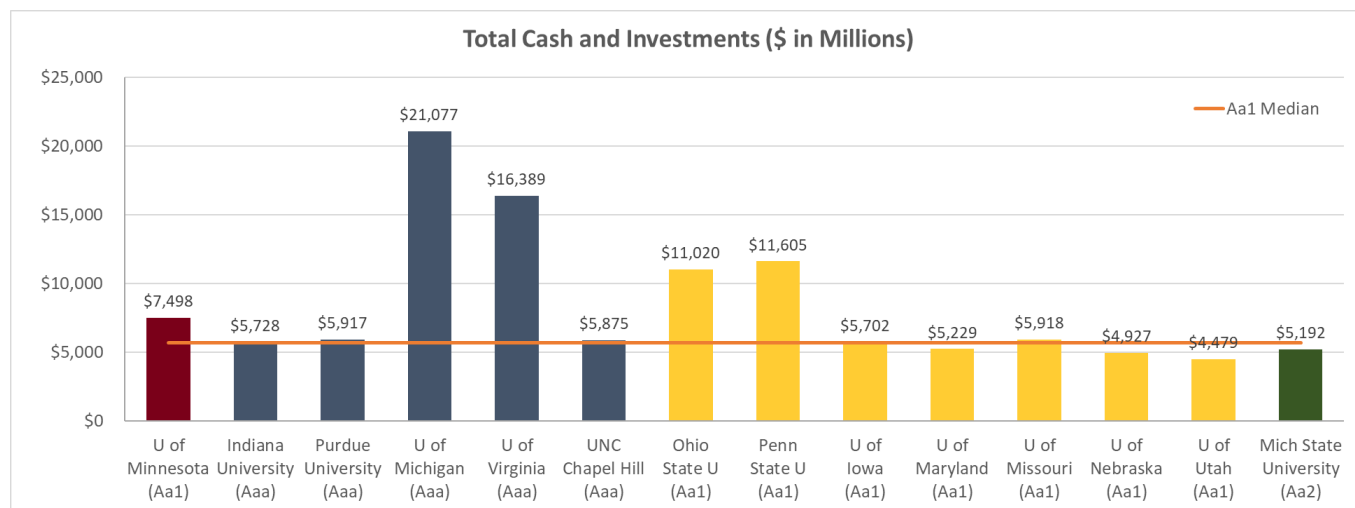


Annual Debt Service
Divided by Total Operations

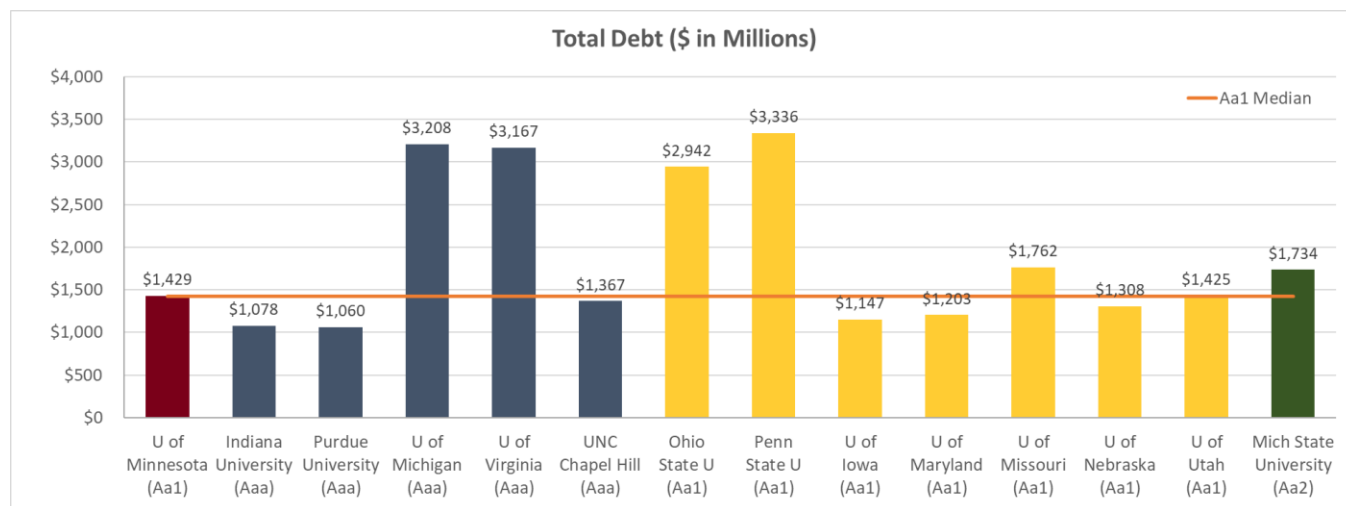
The University is above the median for this ratio but is fairly consistent from year-to-year. In addition, as also shown in the previous two ratios, when the state-supported debt is removed from the calculation, the ratio improves – in this case, by decreasing – which is the desired direction for this ratio.

Peer Analysis

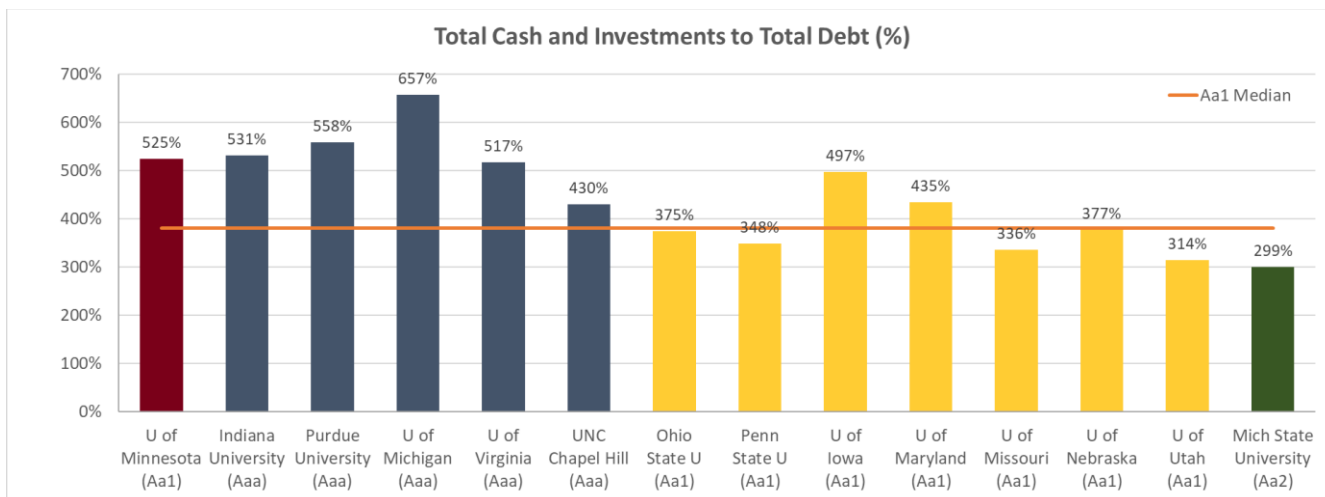
The University annually compares selected financial ratios, consistent with major credit rating agency criteria, to other Big 10 institutions and to other public institutions with the same or higher rating. This peer group consists of highly rated preeminent public research universities. The following charts provide the comparisons **as of June 30, 2021**, the most recent year-end that is available for all institutions. The different colors of the bars represent the University of Minnesota (maroon), Aaa-rated institutions (navy), Aa1-rated institutions (gold), and one Aa2-rated institution (green).



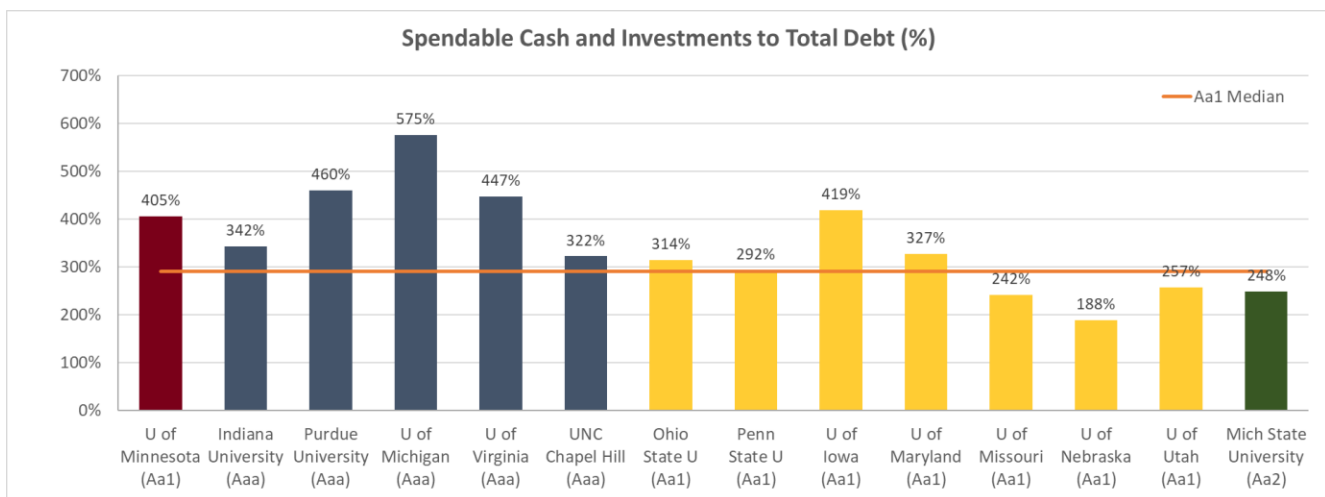
Measures the wealth of a university and its affiliated foundation(s)



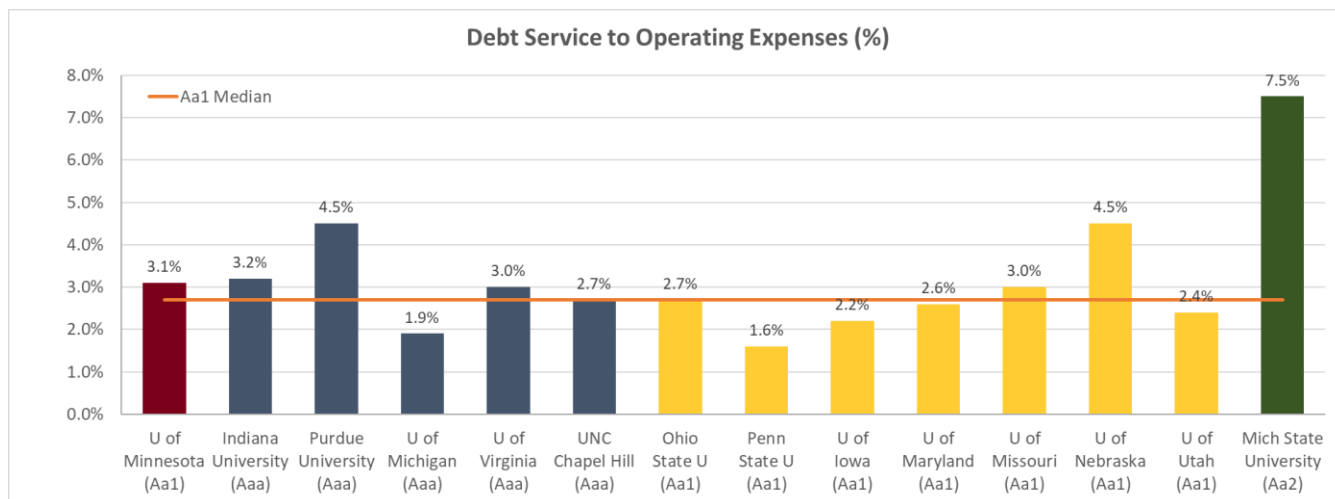
Measures direct obligations of a university and its affiliated foundation(s)



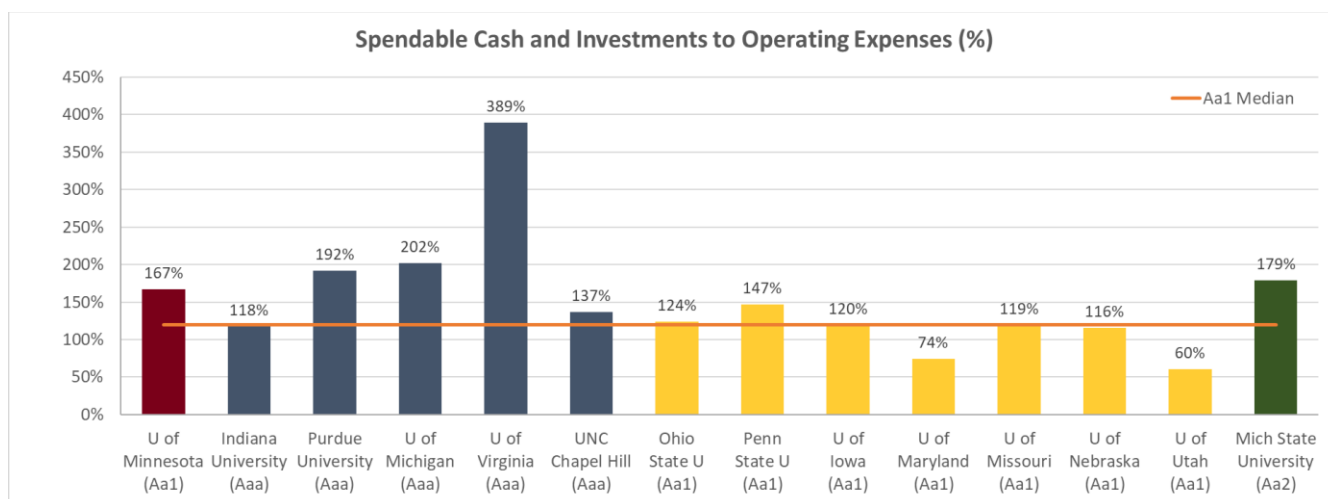
Measures coverage of total debt by assets that generate investment return. Higher percentages are more desirable.



Measures the university's ability to repay bondholders from wealth than can be accessed over time or for a specific purpose. Higher percentages are more desirable.



Measures annual debt service burden on the annual operating budget. Lower percentages are more desirable.



Measures the extent to which a university can rely on wealth than can be accessed over time or for a specific purpose to operate without earning any additional revenue. Higher percentages are more desirable.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 8, 2022

AGENDA ITEM: Resolution to Conduct Non-Public Meeting of the Finance & Operations Committee Pursuant to Minnesota Statutes Section 13D.05, subdivision 3(c)(3)

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Myron Frans, Senior Vice President
Douglas Peterson, General Counsel
Leslie Krueger, Assistant Vice President for Planning, Space, and Real Estate

PURPOSE & KEY POINTS

The purpose of this item is to review and act on a resolution to conduct a non-public meeting of the Finance & Operations Committee to develop or consider offers or counteroffers for the sale of approximately 280 acres of real property at UMore Park for Light Industrial Development bounded by Audrey Avenue to the west, Blaine Avenue to the east, and County Road 42 to the north.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION TO

Conduct Non-Public Meeting of the Finance & Operations Committee to Develop or Consider Offers for the Purchase or Sale of Real Property

WHEREAS, based on advice of the General Counsel, the Board of Regents has balanced the purposes served by the Open Meeting Law and determined that there is a need to review confidential or protected nonpublic real estate data 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(c), a non-public meeting of the Finance & Operations Committee be held on Thursday, September 8, 2022, in the Boardroom, 600 McNamara Alumni Center, for the purpose of developing or considering offers or counteroffers for the sale of the following real property:

- *approximately 280 acres at UMore Park for Light Industrial Development bounded by Audrey Avenue to the west, Blaine Avenue to the east, and County Road 42 to the north.*