

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Audit & Compliance Committee
February 9, 2017**

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, February 9, 2017, at 8:00 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellor Michelle Behr; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Katrice Albert and Brooks Jackson; Interim Vice Presidents Bernard Gulachek and Allen Levine; Executive Director Brian Steeves; Associate Vice President Michael Volna; and Chief Auditor Gail Klatt.

Student Representatives present: Connor Klemenhausen and Tareyn Stomberg.

**OVERVIEW OF EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION OFFICE
COMPLIANCE RESPONSIBILITIES AND OUTCOMES**

Regent Brod invited Kimberly Hewitt, Deputy Chief of Staff in the Office for Equity and Diversity, and Tina Marisam, Director of the Office of Equal Opportunity and Affirmative Action (EOAA) and the University's Title IX Coordinator, to present an overview of EOAA's compliance responsibilities and outcomes, as detailed in the docket. Brod introduced the item by explaining that it was on the committee's work plan for several months and unrelated to any current issues.

Hewitt reviewed the primary responsibilities of EOAA, noting that student sexual misconduct investigations were added to the office's portfolio in 2014. Previously, the Office of Student Conduct and Academic Integrity (OSCAI) handled those investigations. Hewitt outlined EOAA's staffing and organizational structure, noting that it is funded through the Office for Equity and Diversity (OED).

Marisam explained the types of cases that EOAA investigates under Title IX for students and employees and reviewed the investigation process. She noted that while the EOAA and the Title IX coordinator reports to OED at this institution, the placement and reporting structure of similar offices varies greatly across peer institutions and there is no clear best practice.

Brod expressed her concern about the placement of EOAA at the University and noted examples of other institutions where EOAA reports directly to the President.

In response to a question from Regent Simmons, Marisam explained that outside of EOAA's investigation process, employees can file grievances with the University's Office of Conflict Resolution, which differs from the student process. She confirmed that appeals from those cases go to the Minnesota Court of Appeals, and that neither the President nor Board of Regents gets involved in the process.

Simmons asked about the greatest challenges facing EOAA. Hewitt explained that it has been difficult to educate the University community on the role of EOAA and the investigation

process. She added that the process is long and complicated, and finding ways to make it less burdensome for students and employees also poses a challenge.

Regent Hsu congratulated Hewitt on her new role and asked for her opinion on whether the University should adjudicate cases of sexual misconduct. Hewitt explained that the University has a legal obligation under Title IX to review such cases. She added that it is advantageous for the University to address such cases in order to achieve an inclusive campus climate. Hewitt noted that the University investigates cases of sexual misconduct separate from criminal investigations, similar to how it would investigate any student misconduct case.

In response to questions from Hsu, Hewitt explained that the investigation and hearing process for cases of student sexual misconduct can be time consuming and challenging, regardless of the number of students involved. She added that EOAA is working continuously to improve all aspects of the investigation and hearing processes.

In response to questions from Brod, Marisam explained that a police investigation and a University investigation can happen simultaneously; the police investigation determines what laws may have been broken while the University's investigation addresses University policy. She noted that the University coordinates with the police at the start of any investigation to ensure the office does not interfere with a criminal investigation. EOAA gathers evidence from the police investigation and will share information with police when requested via subpoena.

Brod asked whether EOAA has used external investigators for any cases. Marisam responded that EOAA has used external investigators for employee cases where there may have been a perceived conflict between EOAA and the parties in the investigation, or when EOAA did not have the capacity. She added that EOAA has not used external investigators for student cases.

In response to a question from Regent Omari, Marisam explained that under a new presidential administration, the Office for Civil Rights could make changes to the recommendations issued during the Obama administration, notably from the 2011 "Dear Colleague" letter. She explained that the University would not roll back changes it had made since the 2011 letter.

Regent Beeson recognized Hewitt for her work and her integrity during her tenure at the University. He asked Hewitt if including students on adjudication panels is appropriate, and whether other schools have students sitting on such panels. Hewitt explained that not all institutions use this same model. She offered that the University's model of including staff, faculty, and students is appropriate since staff and faculty may have more training, but students are able to share certain perspectives as peers of the students under investigation.

In response to a question from Hsu, Hewitt reported that EOAA does not make decisions about student-athlete eligibility.

In response to questions from Simmons, Marisam explained that additional communication and follow-up is taking place. With employee investigations, once EOAA has made recommendations, the office follows up with the University administrator responsible for implementation and collects documentation for EOAA's records. A revised draft of the student sexual misconduct policy is being reviewed that addresses EOAA's need to provide timely updates throughout the investigation process and to follow up after an investigation ends. Marisam added that EOAA is exploring implementing a new database that will automate and streamline these communication efforts.

Regent Lucas expressed her confidence in EOAA after learning more about their processes.

Brod encouraged EOAA's focus on continuing to improve communication across the University community.

EXTERNAL AUDITOR'S REVIEW OF COMPLETED AUDIT WORK

Regent Brod invited Suzanne Paulson, Assistant Controller, to introduce the external auditor's review, as detailed in the docket. Paulson introduced Katie Knudtson from Deloitte & Touche LLP (Deloitte) and noted that this report concludes the FY16 audit work performed by Deloitte.

Knudtson provided an overview of the six remaining audits of FY16. She described findings in two audits. Knudtson explained that findings related to student fees funded-organizations were consistent with previous years and related to documentation of expenses of student organizations. Findings in the NCAA agreed-upon procedures that are performed on behalf of the NCAA and required for all Division I schools did not call into question any NCAA violations.

In response to a question from Regent Omari, Knudtson commented that her team has worked closely with the Office of Student Affairs (OSA) over the last two years to determine which procedures are more important in helping them make student organization funding decisions. She added that students could keep better records, including receipts and spreadsheets of expenditures, but noted the challenges inherent in annual turnover in student organization leadership.

In response to questions from Regent Hsu, Knudtson explained that Deloitte reports to OSA how funds are spent but that OSA must determine if the funds are spent appropriately. She added that most groups have reserve funds that carry over from year to year and generally support a large conference or event in the future. Brod suggested Hsu contact the OSA for more detail regarding the appropriate use of funds.

RECOMMENDATION FOR ENGAGEMENT OF EXTERNAL AUDITOR

Regent Brod invited Brian Burnett, Senior Vice President, Finance & Operations, and Michael Volna, Associate Vice President & Controller, to present the administration's recommendation for engagement of external auditor, as detailed in the docket.

Burnett shared the recommendation to engage in a new contract for external audit services with the current vendor, Deloitte & Touche (Deloitte). Volna reported that the University issued a national RFP in September 2016 and received two responses. The administration interviewed both firms – Deloitte and CliftonLarsonAllen. Based on the administration's recommendation, Deloitte interviewed with the chair and vice chair of the committee. The proposed contract with Deloitte is a four-year commitment with three options for a one-year extension.

Brod asked why the University only received two responses to the RFP. Volna explained that considerable consolidation in audit and accounting firms in the last two decades means fewer, larger firms that have greater specialty by industry. He added that he was not surprised to receive two responses, and that those responses came from the firms that have held the last two external audit contracts with the University. Volna shared that other firms would have to travel from other cities to engage in in-person meetings with the University.

Regent Beeson expressed his disappointment with the low number of responses to the RFP, adding that it is not a best practice to issue a contract of this nature to the incumbent firm. In response to a question by Beeson, Volna reported that he had not contacted other firms to determine why they did not bid. Klatt added that other firms with higher education expertise do not have any local presence in higher education auditing. She offered that other firms likely did not bid because they know the University is well served by Deloitte and therefore perceive the likelihood of being awarded a contract as low.

In response to a question from Regent Beeson, Volna reported that the RFP criteria did not identify local presence specifically, but it did include timely response, feedback, and

availability. He added that the Board has not always supported the incumbent firm bidding on a new external audit contract. Brod added that CliftonLarsonAllen currently serves as the external auditor for the University of Minnesota Foundation.

In response to a question from Regent Hsu, Volna explained that Deloitte's bid came in slightly higher than that of CliftonLarsonAllen. He emphasized the importance of the other criteria outlined in the RFP and reviewed by the committee at the September meeting.

Hsu asked if the Board would act on the one-year extensions after the four-year term of the contract. Volna explained that the administration would make a recommendation to the Board at that time for approval to renew or seek a new firm.

Regent Simmons expressed her support for the contract emphasizing the importance that the external audit firm have experience with research universities. She concurred with Beeson's concern about long-time incumbency and asked about mitigating risk. Burnett explained that the lead partner from Deloitte will rotate during the timeframe of the new contract. Brod referred to the materials in the docket that describe the timeline for rotating lead partners.

A motion was made and seconded to recommend approval of the contract with Deloitte.

Beeson emphasized the importance of engaging the committee in the process to renew the contract at the end of the four-year term. Volna and Burnett again confirmed they would seek Board approval for any contract extensions.

The committee voted unanimously to recommend approval of the contract with Deloitte.

UPDATE ON THE LAW SCHOOL'S PROGRESS IN ADDRESSING AUDIT RECOMMENDATIONS

Regent Brod invited Garry Jenkins, Dean of the Law School, to provide an update on the Law School's progress in addressing audit recommendations, as detailed in the docket.

Jenkins shared that the audit of the Law School began in December 2015 and Internal Audit issued their report in May 2016. He reported that beginning immediately after the report was issued, the Law School began to address the eight "essential" audit recommendations via communications and trainings with faculty and staff to ensure compliance with University policies.

Jenkins reported full implementation of all eight recommendations.

Regent Omari congratulated Jenkins on the recent \$25 million gift the Law School received and for being named one of the 100 people to know in Minnesota. Jenkins thanked Omari and noted that the gift will elevate experiential learning in the Law School.

UPDATE ON HUMAN PARTICIPANT RESEARCH PROTECTION IMPLEMENTATION PLAN

Regent Brod invited Allen Levine, Interim Vice President for Research and Brooks Jackson, Vice President for Health Sciences and Dean of the Medical School, to provide an update on human participant research protection implementation plan, as detailed in the docket.

Levine recognized the work of former Vice President for Research Brian Herman and the Academic Health Center, among others, to implement the recommendations. He reported that all 63 recommendations from the external review have been fully implemented.

Jackson reported that Sophia Vinogradov began her tenure as head of the department of psychiatry in July 2016 and has already had an impact on the department and the greater community.

Brod thanked the presenters for their work and emphasized the importance of continuous improvement in compliance now that all recommendations have been fully implemented.

Regent Beeson echoed Brod's remarks and expressed his desire for the committee to hear from Vinogradov in order to understand the culture of the department of psychiatry. Brod responded that Vinogradov has been invited to the committee and a date is being sought for her presentation.

Regent Simmons expressed the importance of the committee continuing to exercise oversight of human participant research. Brod confirmed that the committee's work plan includes regular updates through June 2017, and new committee leadership can consider including updates in the 2017-18 work plan.

In response to a question from Regent Lucas, Levine explained that the transition to an electronic Institutional Review Board system will provide more timely response to researchers and allow deeper investigations of proposed research.

In response to a question from Brod, Levine and Jackson confirmed that the research enterprise and the Academic Health Center continue to work collaboratively.

Regent Hsu wondered what else needs to be done in the department of psychiatry. Jackson noted the integral role of monitoring and oversight, especially with the population of human subjects in clinical trials, and the importance of training for faculty.

INTERNAL AUDIT UPDATE

Regent Brod invited Chief Auditor Gail Klatt to present the internal audit updated, as detailed in the docket.

Klatt recognized Brod, expressing her appreciation for Brod's service as Chair of the Audit & Compliance Committee and her commitment to governance at the University. Regent Lucas thanked Brod, on behalf of the committee, for her service and leadership.

Klatt reviewed four changes in the Internal Audit Plan. She reported that since the last update to the committee, University departments implemented 55 percent of the outstanding recommendations rated as "essential," exceeding the expected implementation rate of 40 percent. Six units fully implemented all their remaining "essential" recommendations and 12 audit reports have been issued with 54 "essential" recommendations.

The meeting adjourned at 9:38 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
February 9, 2017**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, February 9, 2017 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Vice President Kathy Brown; Interim Vice President Michael Berthelsen; General Counsel Douglas Peterson; and Executive Director Brian Steeves.

Others present: Timothy Pramas, Brian Slovut, Shelly Carthen Watson, and William Woodford.

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

The meeting convened in public session at 8:02 a.m. A motion was made and seconded that the following resolution be adopted:

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

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

- I. *University of Minnesota v. Doran University III, LLC*
- II. *Stephanie Jenkins v. University of Minnesota*
- III. *Shannon Miller, Jen Banford and Annette Wiles v. The Board of Regents of the University of Minnesota*
- IV. *Friends of the Electric Steel Elevator, LLC, et al. v. University of Minnesota*
- V. *Pro-Life Action Ministries, Incorporated, Brian Gibson, and Bridget Busacker vs. Regents of the University of Minnesota*
- VI. *Service Employees International Union, Local 284, South St. Paul, Minnesota and University of Minnesota, Unit 8, Minneapolis, Minnesota*
- VII. *University of Minnesota v. AT&T, et al.*
- VIII. *Rod Raymond v. Board of Regents of the University of Minnesota*

The committee voted unanimously to adopt the resolution and the public portion of the meeting ended at 8:03 a.m.

The meeting adjourned at 9:25 a.m.

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

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Facilities, Planning & Operations Committee
February 9, 2017**

A meeting of the Facilities, Planning & Operations Committee of the Board of Regents was held on Thursday, February 9, 2017 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Interim Chancellor Barbara Keinath; Senior Vice President Brian Burnett; Vice President Brooks Jackson; Interim Vice Presidents Michael Berthelsen and Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice President Michael Volna.

Student Representatives present: Mckenzie Dice and Connor Klemenhausen

UPDATE ON LONG-RANGE TWIN CITIES HOUSING PLAN

Regent McMillan invited Interim Vice President Berthelsen and Laurie McLaughlin, Director of Housing and Residential Life, to present an update on the Twin Cities long-range housing plan (plan), as detailed in the docket.

Berthelsen reminded the committee of the work that has been done around the plan and the guiding documents that have shaped it. He referenced the housing strategy progress card, noting that it summarizes the work to advance the plan and notes where items are complete, in progress, or on hold.

McLaughlin outlined how the University forecasts housing demand. She noted the plan goals and actual performance against those goals. She gave an update on the new master leased apartment facilities and the current lease rate of each. She presented the change in housing capacity by type from 2015 to the end of the current enrollment strategy in 2021 and outlined the capacity needed to support the enrollment strategy. McLaughlin outlined the supportive services matrix that guides what kind of housing best fits specific types of students. She described the available housing for both the University and the neighborhoods around the East Bank and West Bank, breaking the information down by University housing, non-profit housing, and for-profit housing. She walked through the support systems available to students using non-University housing.

In response to a question from Student Representative Dice, McLaughlin explained that Housing and Residential Life (HRL) sends out evaluations to all students to seek feedback on their housing experience. She added that HRL also uses a student advisory group and student focus groups on specific topics to gather feedback. McLaughlin agreed that student feedback is critical to the success of HRL. She explained that space is being held in multiple dorms to accommodate the need for additional first-year housing while Pioneer Hall is closed for renovation. She acknowledged that this temporarily will limit the ability of returning students to live in University-owned housing, but reminded the committee that the master leases of two private apartment buildings will fill that gap. McLaughlin added that space will still be held for those students in the living learning communities located in residence halls.

Regent Devine encouraged the administration to think about how to continue to increase available housing for second-year and transfer students, given the evidence regarding retention and graduation rates. He wondered how capacity will be supplemented when the current master leases end and whether the University should consider housing more student-athletes. He asked about implementation of alcohol and sexual consent training. Berthelsen responded that HRL continues to evaluate how to house a higher percentage of transfer students, noting their fluctuating numbers. He noted that HRL will continue to monitor the master leases and whether renewal is needed beyond the enrollment plan. McLaughlin explained that HRL partners with the Office of Student Affairs and others to provide training on alcohol and sexual consent. She stressed that the challenge is to find the best way to provide students information that they will retain.

In response to a question from Regent Rosha, Berthelsen indicated that the change in University apartments is a direct result of the new master leases and includes the end of the current lease of University Village.

Rosha asked about the impact the Pioneer Hall renovation and master leases will have on housing rates and student costs. Berthelsen responded that the increase from the master leases will remain with those students who lease apartments in those buildings. He noted that an increase in rates for the Pioneer Hall renovation will be spread across all residence hall rates. He estimated that the marginal rate increase added to the average 3 percent annual HRL increase will be 1.5 percent this year, followed by several years at 3 percent, and then back to 1.5 percent. He noted that the rate increase will be spread over six years.

Rosha referenced the investment made to improve retention and graduation rates, noting that students in residence halls are shown to have higher graduation rates, which demonstrates the benefit of investments in those facilities. He added that the Board has made a significant investment in the Pioneer Hall renovation. He suggested making an additional investment in quality capacity to avoid using lounges to meet excess demand, as has been done in the past. He stated that quality capacity should be the goal, even if it means the University occasionally absorbs the cost of unused beds. McMillan added that the committee will have a broader discussion on housing cost and quality at a future meeting.

In response to a question from Student Representative Klemenhagen, Berthelsen commented that the University is working on a new listing service for the Twin Cities campus to help students identify quality non-University housing options.

Regent Anderson expressed his support for the use of master leases and the increase in capacity. He noted that students from other institutions also live in the areas around the Twin Cities campus and help create a vibrant community.

CAPITAL BUDGET AMENDMENT: CONTAMINATED REAL ESTATE REMEDIATION - TWIN CITIES CAMPUS

Regent McMillan invited Associate Vice President Volna and Bruce Gritters, Director of Project Delivery, to present for review and action a capital budget amendment for contaminated real estate remediation, as detailed in the docket.

Gritters outlined the project and description. He explained the need for an additional \$3.5 million due to remediation not identified in initial environmental studies. Interim Vice President Berthelsen reported that the purchase of the land made sense given its proximity to campus, but the extent of the contamination in the land, including contaminated debris that had been buried under the building and significant amounts of asbestos in the roofs of the electric steel

elevators, was not known at the time of purchase. He expressed his disappointment, but conveyed that the remediation must be done.

McMillan asserted that the lack of knowledge about the site appears to be a big miss. He asked what the University could learn from this situation to improve for the future. Berthelsen conveyed the tension between the price paid for the land versus the price that would need to be paid to have full knowledge of what is being purchased beforehand. He described the type of testing typically done and the testing that was done on this project. He agreed that the administration will review its testing standard.

Regent Devine suggested that given the history of the land, it is not fully unexpected to have to perform significant remediation. He expressed that while the location of the land made it desirable, the University should do more to determine potential problems with future purchases. He asked if more remediation will be needed to ensure the land could be used for various purposes later. Gritters responded that this amendment addresses all of the known asbestos and other materials.

In response to a question from Regent Lucas, Gritters stated that the contingency for the project is not enough and that the contaminated concrete cannot be crushed and buried given the high water table, which surprised the administration.

Regent Rosha agreed with the disappointment of his colleagues. He asked who completed the review of the land. Susan Carlson Weinberg, Director of Real Estate, explained that an outside consultant was used. Rosha wondered about the obligation and potential liability of that consultant, expressing his disappointment in not having all the information before voting on the initial decision. He explained that while he agrees that land near campus is precious, the full information might have changed the decision on what the University should have paid. He reiterated his disappointment and the need for the administration to review the consultant's role and where accountability lies for this error.

A motion was made and seconded to recommended approval of the capital budget amendment.

In response to a question from Rosha, Volna told the committee that the University as a whole finances the debt service to support land purchases.

Regent Johnson suggested that the seller must have had some knowledge of the underlying issues. He advised that the University perhaps include in future contracts an obligation shared by the seller if significant remediation is found.

Regent Anderson added his disappointment, but reminded the committee of the many other locations that they have considered and noted that he did not have all the information needed on those other site locations.

Devine commented that even with additional costs, this purchase remains a bargain compared to other prices that the University has paid for land near campus.

Rosha asked for assurance that the University will conduct an investigation to determine if the other parties that were involved have any liability for the additional remediation cost. President Kaler responded that he shares the committee's disappointment. He expressed his intention to explore legal and professional avenues to determine accountability. He added that while these consultants are often careful in their work, the University must determine if they are the right ones to use moving forward.

The committee voted unanimously to recommend approval of the capital budget amendment for remediation of contaminated real estate.

**SCHEMATIC DESIGN: INTERCOLLEGIATE ATHLETICS TRACK AND FIELD FACILITY
AND RELOCATED RECREATION WELLNESS FACILITIES - TWIN CITIES CAMPUS**

Regent McMillan invited Bruce Gritters, Director of Project Delivery; Scott Ellison, Associate Athletics Director; and George Brown, Assistant Vice Provost and director of University Recreation and Wellness, to present for review and action the schematic design for the intercollegiate athletics track and field facility and relocated recreation wellness facilities, as detailed in the docket.

Gritters summarized the location of the proposed track and field and the relocation of the recreational wellness facilities. Ellison explained the project rationale for the track and field and Brown offered the project rationale for the recreational wellness facilities. Gritters outlined the project description and cost estimates.

In response to a question from McMillan, Ellison responded that the University has not had a competition-level track for some time. He added that the track was repaired in the late 1990s and hosted its last major competition around 2002-2004.

Regent Lucas expressed her appreciation for the incorporation of a historical marker and elements of the electric steel elevators in the design. She asked about the status of the lawsuit against the University regarding the demolition of the electric steel elevators. Interim Vice President Berthelsen explained that the court lifted the restraining order and that demolition is underway. The University is awaiting a ruling, which should come in 90 days.

In response to a question from Lucas, Gritters noted there are no plans to improve fan access specific to the track and field location, but that the project will improve overall access to Athletes Village. He reported that southeast Eighth Street is being resurfaced, which will also improve access. Ellison added that Athletics encourages fans to use the Fourth Street Ramp for events that take place in the Athletes Village area and plans to improve signage.

In response to a question from Student Representative Dice, Trevor Dickie, project manager, described that use of LED lighting within the recreation sports bubble as a key energy efficiency strategy for the project.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the schematic design for the intercollegiate athletics track and field facility and relocated recreation wellness facilities.

**CAPITAL BUDGET AMENDMENT AND SCHEMATIC DESIGN:
AHC RENOVATION AND RELOCATION PROGRAM - TWIN CITIES CAMPUS**

Regent McMillan invited Vice President Jackson and Bruce Gritters, Director of Project Delivery, to present for review the capital budget amendment and schematic design for the AHC renovation and relocation program (project), as detailed in the docket.

Gritters summarized the location of the project and identified the multiple buildings affected by it. Jackson explained the project rationale, noting it will ensure critical research and clinical activities can continue in more modern facilities. He explained that both buildings are designated “do not invest,” and the site will be used for the proposed Health Sciences Education Center. Gritters outlined the cost estimate, funding sources, anticipated completion date, and estimated difference in annual operating costs, and reviewed the floor plans.

McMillan described the project as one that will move forward regardless of legislative and gubernatorial action. He expressed his view that the University needs to make this move given

the state of the current facilities. In response to a question from McMillan, Jackson noted that none of the moves are temporary.

In response to a question from Regent Johnson, Jackson commented that the project accommodates research and some clinical trials. While he agreed that faculty travel across campus to the Clinics and Surgery Center (CSC) might not be ideal from the project site, the freestanding CSC is beneficial. Jackson noted that he also travels between the two sites and it takes five minutes to walk that distance, which he characterized as not difficult.

In response to questions from Regent Anderson, Interim Vice President Berthelsen explained that the space to be renovated is available now and the estimated annual operating savings are \$1.8 million. He noted that the savings includes reductions from power usage and custodial services from the two buildings. He indicated that the two buildings will remain standing since the demolition cost is included in the Health Sciences Education Center project, but both buildings will be mothballed to save operating costs.

Anderson asked if the committee would be willing to take action on the recommendation today. Berthelsen noted that unlike the remediation item, this is a fully vetted and designed project. He told the committee that if the project is approved today, the project timeline will move up six weeks. Anderson responded that when he toured the facility, it reminded him of the hospital he was treated in during the 1960s, and he advocated for action today.

Regent Devine expressed his view that review in one meeting and action in another leaves time for comment and thoughtful consideration. He offered that he had heard from the legislature the need for a plan that shows how all of the AHC projects fit together. He noted his belief that this project is an incremental move that should not be made until all funding is secured. McMillan responded that while he shares those concerns, he views this project moving forward regardless of any future action on the Health Sciences Education Center. Jackson told the committee that Governor Dayton supports the Health Sciences Education Center and would like that project to be shovel-ready, which advancing this project will do. He emphasized that the project is needed regardless of the outcome of the Health Sciences Education Center.

Regent Rosha expressed his concern that the Board has established a rule and adherence to that rule should be the expectation. He stated that the Board has a duty to ensure that the public understands what it will be doing, noting that since the item was posted for review, the public would not anticipate a vote and not have the ability to provide input before the vote. He commented that while he does not take issue with the merits of the project, allowing the administration to bring a project for review and action takes away the motivation to plan accordingly.

McMillan noted he is also an advocate of review and action in separate meetings and has reinforced it as the practice of the committee. He relayed his concern in continuing the use of outdated facilities.

Regent Johnson noted that this project is not a surprise. He indicated that while he has also supported review and action in separate meetings, this situation is special given funding, need, and the legislative session.

A motion was made and seconded to recommended approval of the capital budget amendment and schematic design.

Devine cautioned the committee not to do this frequently.

Rosha stated that since the project is listed as review, he did not take the offered tour. He reiterated that the Board should hold to its established rule, and suggested that approval of this project will be viewed as presumptuous by the legislature with regard to the Health Sciences Education Center. Rosha argued that he is being forced into a decision that pits the

merits of the project against the established process. McMillan responded that review and action in the same meeting used to be a common practice on capital budget amendments and reiterated that he has worked hard to change that practice.

Anderson explained that he does not tie the two projects together and the committee should advance the project since the space is already available and to ensure the University benefits from the estimated operational savings. Jackson agreed and added that the legislature wants the University to operate efficiently with the resources it has.

Rosha stated that he will vote no since neither he nor the public was informed that it would be review and action in the same meeting.

The committee voted five to one to recommend approval of the capital budget amendment and schematic design for the AHC renovation and relocation program. Rosha voted no.

SCHEMATIC DESIGN: HEALTH SCIENCES EDUCATION CENTER - TWIN CITIES CAMPUS

Regent McMillan invited Vice President Jackson and Bruce Gritters, Director of Project Delivery, to present for review the schematic design for the Health Sciences Education Center (center), as detailed in the docket.

Gritters reviewed the location of the center. Jackson explained the project rationale. He reported that the center is extremely important to the University's health sciences, and identified expanded clinical simulations as a major advancement the center will offer. Jackson noted that the center's location helps ensure that team training across Academic Health Sciences programs is possible and convenient, adding that the University was cited for poor educational space by its accreditor. He emphasized that the planned location is ideal given its access to existing research and educational facilities.

Gritters outlined the cost estimate, funding sources, anticipated completion date, and estimated difference in annual operating costs, and reviewed the floor plans.

Regent Lucas asked about plans for the unused space in the Phillips-Wangensteen Building. Jackson noted that the medical school and others are planning to increase enrollment and the impact of that growth is a consideration. He added that one option is to use the space to consolidate and create a central student services location.

THE INTERNET OF THINGS IN UNIVERSITY OPERATIONS

Regent McMillan announced that due to time constraints, the discussion of the Internet of Things in University operations will move to a future meeting.

CONSENT REPORT

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

- Amendment to Lease to Extend the Term an Additional 5 Years, First Floor, 1100 Washington Avenue South, Minneapolis - Twin Cities Campus
- Amendment to Lease to Extend the Term an Additional 5 Years, Second Floor, 1100 Washington Avenue South, Minneapolis - Twin Cities Campus

- Amendment to 99-Year Lease to Include Lecture Hall in Leased Premises, 801 16th Avenue NE, Austin - Hormel Institute

In response to a question from Regent Lucas, Susan Carlson Weinberg, Director of Real Estate, explained that the University previously sought to purchase 1100 Washington Ave South. She offered that the owner, as part of an estate plan, might give the University the opportunity to purchase the property in the future. Weinberg added that the property will be very expensive given development in that area, and noted that the joint venture site near TCF Bank Stadium might be a better option for this programming if the University is unable to purchase that property. Lucas shared her concern that the programming will be required to move soon given how underdeveloped the land is.

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

INFORMATION ITEMS

Interim Vice President Berthelsen referred the committee to the information items in the docket:

- Assignment of Ground Lease at 615 Washington Avenue SE, Minneapolis (Twin Cities Campus)
- 2016 State Capital Appropriations Expenditures Report

The meeting adjourned at 11:49 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Faculty & Staff Affairs Committee
February 9, 2017**

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, February 9, 2017 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellor Stephen Lehmkuhle; Executive Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert and Kathryn Brown; and Executive Director Brian Steeves.

Student Representatives present: Lauren Anderson and Phillip Guebert.

**BOARD OF REGENTS POLICY: *RESERVATION AND DELEGATION OF AUTHORITY*
(APPOINTMENT AUTHORITY)**

Regent Simmons invited Vice President Brown to present for review appointment authority changes to Board of Regents Policy: *Reservation and Delegation of Authority*, as detailed in the docket. Simmons explained that after the committee's review of the policy in December, the administration provided new language and so the policy is once again before the committee for review.

Brown reviewed the proposed amendments. She explained that the amended language articulates the authority of the president to consult with the Board Chair and Vice Chair if he deems it appropriate for any personnel agreement.

Simmons noted that the revised policy adds the Vice Chancellor for Academic Affairs to the list of positions requiring Board approval and makes technical edits to reflect current position titles. She clarified that new language clearly excludes personnel hires from the dollar amount threshold for the purchase of goods and services that require Board approval.

Simmons recognized Regent Hsu for his work on this issue and asked him to share his opinion on the current revisions. Hsu stated that he does not support the current revisions other than the technical corrections to titles. He noted that in the policy, the Board reserves the authority to approve purchases of goods and services of \$1 million or more, and emphasized the importance of the Board approving high-value contracts like that of the head football coach, in which the guaranteed value is \$12.5 million. Hsu stressed the Board's role as fiduciary of the University. He added that in the February joint legislative committee meeting to screen Regent candidates, all were asked if the Board should approve coach contracts. Each candidate said yes. He urged the committee to continue the discussion and be aware of legislative perceptions.

Simmons expressed her support for language clarifying that financial thresholds outlined in other sections of the policy do not apply to personnel appointments. She encouraged the committee to consider whether the Board should approve high-profile coach contracts, noting that if the committee decides to do so, Regents must have a common understanding of all implications of such a decision. Simmons added that the Board is responsible to the people of

Minnesota, not the legislature, and asked the committee to consider how else the Board should exercise oversight of athletics beyond approving coach contracts.

Simmons asked President Kaler to share his opinion on the amended language. Kaler stated that the language adjustments are overdue and timely given public scrutiny of high-value coach contracts. He added that peer institutions have varying levels of board involvement in approval of coach contracts, and asked the committee to consider flexibility in its policy language. Kaler suggested an approval process of consultation with the Chair and Vice Chair during the negotiation phase followed by action by the full Board. He reminded the committee that in today's meeting it will consider a contract for the head football coach that is subject to Board approval even though policy does not explicitly require it. Kaler expressed his indifference in adding specific coaches to the list of titles in the policy, but suggested that the Board consider how doing so may change how it interacts with Athletics.

Simmons asked the committee whether the Board should approve coach contracts. Regent Beeson conveyed his support for the amended language, noting it adheres to good governance practices but also recognizes the amount of money involved in the transactions. He added that he is unsure of the value the Board brings to the coach selection and hiring process. Beeson recognized the Board's desired outcome, but cautioned the committee to consider the unintended consequences of creating relationships with coaches while considering approval of their contract. He suggested that if the Board amends the policy to include the titles of individual coaches, the Board should also review its code of ethics and write guidelines for Regent interaction with coaches and the athletic director.

Hsu explained that his original proposal did not include listing individual coaches, but established an arbitrary salary threshold that would address a number of highly paid employees. He added that the Governance & Policy Committee utilized the president's salary as a threshold in its amended language, but that the Faculty & Staff Affairs Committee did not want to tie approvals to a salary threshold, but rather include specific individual positions that would be subject to approval, including head coaches and some assistant coaches. Hsu expressed his support for expanding the policy to include other highly paid employees of the University.

Simmons agreed that the policy should not include the president's salary as a threshold for Board approval, noting that the markets for university presidents and coaches are not parallel. She added that the policy should address the very highly paid employees at the University, and emphasized the importance of defining who those employees are.

In response to a question from Regent Omari, Brown stated she is unsure how many employees have a higher salary than that of the president.

Simmons asked the committee to confirm that it is not their desire to use the president's salary as a threshold for Board approval. Regent Hsu responded that he would like to see a financial threshold.

Regent Brod proposed utilizing a top percent of employees rather than the threshold of the president's salary or an arbitrary dollar amount. She expressed her discomfort with identifying coaches explicitly, since athletics does not directly support the three-part mission of the University. Brod stressed that she does not want the Board's approval process to defer any hiring decisions, adding that the Board often accomplishes its fiduciary responsibilities through ratification of administrative decisions. She reminded the committee that the Chair and Vice Chair of the Board have been positioned to advance the Board's voice with the administration and asked members to consider including in policy a consultation with Chair and Vice Chair at the time of hire, with Board ratification later.

Simmons shared her summary of the discussion by noting it would be inappropriate to list coaches in the policy because they do not deliver on the core mission. She added that because of the financial implications and the high visibility of athletics, there should be Board oversight through approval or ratification, and that the Board should add value to any process it considers.

Hsu disagreed with the assertion that athletics does not deliver on the three-part mission, stating that athletics helps fulfill the outreach mission of the University. He added that athletics is a critical component of the University brand, with success or failure of sports teams affecting student applications and donations. Hsu argued that the Board should not be involved in hiring or contract negotiations but should approve or ratify contracts in order to exercise its oversight appropriately. He reiterated that it is important for the Board to provide oversight of large financial transactions because of the University's reliance on public funding.

Simmons concluded that the committee would work with the administration to revise language for action at the May meeting.

PRIMER ON THE MINNESOTA PUBLIC EMPLOYEES LABOR RELATIONS ACT (PELRA) AND LABOR RELATIONS AT THE UNIVERISTY

Regent Simmons invited Vice President Brown to present an overview of the Minnesota Public Employees Labor Relations Act (PELRA) and discuss labor relations at the University, as detailed in the docket.

Brown reviewed PELRA and explained the statutory employee group structure at the University. She reviewed the University's union structure and noted that the University has respectful and collaborative working relationships with the many unions represented across the system. Brown reported that approximately 30 percent of the University's workforce is represented by a labor union.

In response to questions from Regent Beeson, Brown clarified that all University employees are statutory employees organized into bargaining units. She explained that unions represent only some bargaining units.

Regent Hsu asked about a scorecard or other mechanism to measure union relationships. Brown noted that scores of the Employee Engagement Survey are comparable across the employee groups, but no other mechanisms are in place to measure satisfaction of union-represented employees or the University's relationship with labor unions. She added that she is unaware of any such tool.

In response to questions from Regent Omari, Brown shared that her colleagues from peer institutions characterize relationships with labor unions as adversarial, while she would describe the University's relationship with its labor unions as collaborative. Brown reported that laws differ by state, but that PELRA in Minnesota is similar to the national law.

BEST PRACTICES IN TALENT ACQUISITION

Regent Simmons invited Vice President Brown to provide an update on talent acquisition, as detailed in the docket.

Brown noted the shift in language from "hiring" to "talent acquisition" and explained the importance of putting talented faculty and staff in place to achieve the University's strategic vision. She reviewed the University's talent acquisition program, explaining it is an ongoing process of attracting, recruiting, and hiring employees.

Brown described the changing demographics of the state's workforce and the retirement risk of many employees across the University to illustrate that candidate pools are younger and more diverse, which necessitates new recruiting activities and strategies for talent acquisition.

Regent Omari encouraged the committee to think about how the University can better create an inclusive environment and retain talented employees, noting the cost of high turnover. Brown commented that turnover is a challenge with millennials, as they tend to change jobs frequently.

CONSENT REPORT

Vice President Brown invited President Kaler and Athletic Director Mark Coyle to join her in presenting for review and action the Consent Report, which included the following items:

- Conferral of Tenure for two outside hires.
- Appointment of Peter Matthew (Matt) Kramer as Vice President for University and Government Relations.
- Appointment of Phillip John (P.J.) Fleck as Head Football Coach, Twin Cities campus.

Regent Simmons requested that the committee consider separate action on each item in the consent report. A motion was made and seconded and the committee voted unanimously to recommend approval of conferral of tenure for two outside hires.

Kaler presented for approval the appointment of Matthew (Matt) Kramer as Vice President for University and Government Relations, and explained the reorganization of University and Government Relations that he would present for approval by the Board on the following day. A motion was made and seconded.

In response to a question from Regent Omari, Kaler explained that the Board would consider the reorganization of University and Government Relations before approving Kramer's hire.

Regent Hsu asked Kaler to share the current supervisory structure of these two areas. Kaler explained that Government Relations reports to him, and Marketing and the News Service report to his chief of staff. He added that this restructure would allow the chief of staff to have a greater internal focus. Kaler emphasized the importance of University and Government Relations reporting to one leader since it must ensure cohesive messages to all external audiences, including media and the legislature.

In response to a question from Hsu, Kaler clarified that this is a replacement position.

Regent Beeson expressed his support for the appointment and asked if the position will allow him to engage with the corporate community. Kaler shared that the Office of University Economic Development (UED), which primarily engages the corporate community, currently reports to the Vice President for Research. The Interim Vice President for Research will review and make a recommendation on the appropriate reporting structure for UED.

Regent Brod congratulated Kaler on the creation of the position and noted that Kramer is well suited for the role. She expressed her satisfaction with the proposed reorganization of University and Government Relations.

The committee voted unanimously to recommend approval of the appointment.

Coyle presented for approval the appointment of Phillip John (P.J.) Fleck as Head Football Coach, Twin Cities campus. Kaler offered his support of the hire. A motion was made and seconded.

Hsu explained that he is unable to support the recommendation without additional information about the financial implications of the hire. Kaler confirmed next steps for Hsu to receive that information. He added that Athletics would need to borrow from the central reserves budget but that it also anticipated increased revenue from media and ticket sales. The committee voted 3-2 to recommend approval. Hsu and Omari voted no.

INFORMATION ITEMS

Vice President Brown referred the committee to the information items. She highlighted the Workforce Metrics Report, which includes updates from the ninth payroll of the 2016-17 fiscal year. Brown also noted the information report and recognized Sandra Echlin, who recently retired, for her work in compiling the information report for the agenda for decades. Simmons also expressed her best wishes to Echlin.

The meeting adjourned at 11:26 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents Work Session:
Discussion of M Health Agreement**

February 9, 2017

A work session of the Board of Regents of the University of Minnesota was held on Thursday, February 9, 2017 at 12:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Michelle Behr and Stephen Lehmkuhle; Interim Chancellor Barbara Keinath; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice President Kathy Brown; Interim Vice Presidents Michael Berthelsen, Bernard Gulachek, and Allen Levine; Executive Director Brian Steeves; and Chief Auditor Gail Klatt.

Student Representatives present: Lauren Mitchell.

Chair Johnson invited Vice President Brooks Jackson and University of Minnesota Physicians CEO Bobbi Daniels to introduce a discussion of the M Health agreement between the University and Fairview Health Services (FHS), as detailed in the docket. Jackson discussed the Medical School's strategic plan and outlined measures of success for an integrated academic health system. Daniels provided a brief history of the M Health collaboration, outlined the co-leadership model, and detailed goals for the system. She reported on several key outcomes, including the opening of a new facility, expanded programs, and enhanced training opportunities.

Jackson explained that the initial term of the M Health agreement ends next year and will automatically renew unless termination notice is given one year in advance, which is June 1, 2017. If either party chooses to terminate, the current agreement will end June 1, 2018. He noted that termination of the agreement would lead to termination of other elements of the structure, such as branding rights. Jackson recommended that the contract not be renewed in its current form. He outlined several critical improvements to the agreement, including clearer financial targets, simplified contracting, improved dissemination of clinical trials, and increased alignment between FHS and the University. Jackson also reviewed questions to guide the Board's discussion.

Regent Hsu commented that the strategic plan needs updating and that without a clear understanding of the University's priorities, it is difficult for him to determine next steps. He asked for clarification on the University's options. Jackson responded that to terminate the agreement, notice must be given by June 1, but no notice is required for modifications. Hsu observed that acceptable terms may not be reached by June, in which case the University should give notice of termination and develop a new agreement. Jackson agreed that is an option, but added that the University and FHS are working well together in some important ways and that the agreement includes no stipulations that would prevent the parties from negotiating changes after June 1. Hsu reiterated that the University should work toward negotiating acceptable terms, but be prepared to give notice by June 1 if it is not satisfied.

Regent Beeson commented that the agreement made sense when it was first negotiated, but that it would be troubling to renew without a clearer path forward. He expressed his hope that new FHS leadership would help guide more productive negotiations. He offered that a continued agreement should not preclude the University from looking into other partnerships. Beeson additionally suggested that planning begin soon in anticipation of the end of the long-term affiliation agreement, cautioning that 10 years will go by quickly.

Regent Devine remarked on the importance of mutual goals between the University and the state, such as student success, top faculty, and quality facilities. Jackson identified several opportunities for achieving those outcomes, such as increased capital for facility improvements and equipment upgrades, additional training sites throughout the state, and a more robust system for clinical trials. Devine urged clarity about the resources needed to achieve those goals. Jackson clarified that the state is still a main partner, explaining that the state has been key in some of the larger facilities projects and that special funding is available for particular research areas. He emphasized that there are many ways to make progress on these goals outside of the agreement.

Regent Anderson agreed with the importance of aspirational goals but suggested also valuing achievements of the partnership. He noted a long way to go toward final integration. He stressed the need to be fiscally responsible with public dollars and suggested improving the agreement.

Regent Brod asked how leadership is planning within a somewhat chaotic health care environment. Jackson stressed the importance of doing everything possible to be prepared for uncertainties. Brod responded that it is wise to pursue as many options as possible.

In response to a question from Regent Cohen, Daniels noted that the M Health Board voted strongly in favor of renewal with modifications. Cohen observed that there are many important benefits to building on the strength of the M Health brand. She suggested it is important to establish a functional integration now and move toward a structural integration in the future.

Regent Rosha acknowledged positive elements of the agreement and stressed the importance of strengthening the relationship with FHS. He noted the University should have clear objectives for being a leader in the industry. He advised communicating those objectives to the legislature, articulating the costs, and providing the state with the opportunity to invest in the Medical School. Rosha advocated an evaluation of the FHS relationship while also considering other partnerships, stressing developing collaborations and partnering with the statewide medical community rather than becoming a competitor.

Jackson reiterated the state's support for the school. He emphasized that the school is committed to being a resource to the statewide medical community and does not just serve FHS. Jackson noted that the University strives to maximize its resources by garnering support from philanthropic groups, applying for federal grants, submitting requests to the state, and engaging in partnerships with industry. He stressed that the primary focus is serving the people of the state through research and clinical care, adding that while the market is competitive the M Health brand has been very well received.

In response to several questions from Regent McMillan, Jackson replied that a relatively small percentage of services are completed by tertiary and quaternary providers. He added that a system that includes easy access to a wide variety of services is appealing to many patients. He agreed that it is important to remain competitive. He explained that tertiary and quaternary services are more expensive, but the ability to provide training in those areas attracts students to the school. Daniels responded that physicians need to be maintain a wide range of skills to remain versatile, since highly specialized procedures are typically infrequent. She noted that access to specialized service providers allows the school to innovate and provide unique care to

patients. She added that many patients who undergo complex procedures may need more routine care in the future, making it important to offer a variety of services.

Chair Johnson invited FHS CEO James Hereford to speak. Hereford reported a deep appreciation for the value of academic medicine and the school's expectations for success. He explained he was drawn to FHS by the potential of the partnership with the University. Hereford suggested that all the parts are in place to create a world-class health system, but more work is required. He cautioned that less federal funding is likely in the future, so it is imperative to establish the strongest partnerships possible. He offered that these partnerships and a commitment to quality care will help sustain the brand through inevitable change.

In response to a question from Regent Hsu, Hereford responded that he believes there is an advantage to renewing the agreement but agreed that it is a complicated document. He emphasized that trust is a key element of any agreement, which is difficult to codify. He suggested there are opportunities to simplify the agreement, better articulate the flow of funds, and achieve smoother alignment between the two entities.

In response to a question from Regent Beeson, Daniels explained that it is difficult to determine the exact savings achieved through the integrated structure. Each institution operates on a different fiscal year and employs varying budget processes.

Regent Simmons emphasized the importance of the partnership with FHS and expressed confidence in Hereford. She observed that the University will be better prepared to face changes in health care if it is in a strong partnership. She recommended that the agreement be renewed but with specific and targeted revisions.

Simmons emphasized that additional support is essential for academic growth, which in turn is essential to the Medical School's success. She argued that the school should be considered an investment, not just a cost. Simmons recommended aligning financial targets between the University and FHS to support quality education and clinical care. She noted there must also be a clear understanding of necessary capital improvements. She also emphasized that contracting must be more efficient and effective, offering that many opportunities are missed due to a prolonged process.

Simmons noted there are other areas for improvement but that these are the most important. She requested that the Board have a proposed agreement by its May meeting, but emphasized the need to identify all options, not just to renew or terminate. Simmons applauded the faculty for engaging in the process and reiterated that the Medical School is one of the Board's top priorities.

Kaler thanked the Board for its feedback. He acknowledged that improvements to the agreement are needed but feels there is a shared vision between the University and FHS. He suggested that expectations of the Board and the administration are aligned and that the University is moving in the right direction.

The meeting adjourned at 2:12 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Academic & Student Affairs Committee
February 9, 2017**

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, February 9, 2017 at 2:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellor Stephen Lehmkuhle; Executive Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert and Brooks Jackson; Interim Vice President Allen Levine; General Counsel Douglas Peterson; and Executive Director Brian Steeves.

Student Representatives present: Mina Kian and Lauren Mitchell.

DELIVERING ON THE ACADEMIC MISSION OF THE MEDICAL SCHOOL

Regent Cohen invited Provost Hanson to introduce the Brooks Jackson, Vice President for Health Sciences and Dean of the Medical School, and Mark Rosenberg, Vice Dean for Education and Academic Affairs at the Medical School, to discuss the academic mission of the Medical School, as detailed in the docket.

Jackson shared the importance of the Medical School to the state, noting the significance of meeting the needs of Minnesota's health care workforce. Rosenberg reviewed the Medical School's latest national rankings and highlighted accomplishments in producing family physicians, primary care physicians, and those who practice in rural areas. He added that 70 percent of Minnesota's practicing physicians are graduates of the University of Minnesota Medical School. Rosenberg reviewed plans to increase enrollment and diversity in the student body and explained new approaches they have implemented for clinical rotations and clerkships.

Regent Anderson asked how many students applied for the new BA/MD program. Rosenberg responded that he is unsure, but that in conjunction with the College of Liberal Arts, they had identified 20 applicants to interview and will enroll 10 students to begin the program in the fall.

In response to questions from Regent Lucas, Rosenberg explained that a shift from traditional Block Clerkships to a new model of Longitudinal Integrated Clerkships would increase capacity at clinical training sites. He added that one of the challenges in increasing enrollment at the Medical School is expanding the clinical training site capacity.

Regent Johnson inquired about the Medical School's admissions process and asked what factors are predictive of success in the profession. Rosenberg reported that the Medical School utilizes holistic review of applications and explained the importance of academic success and a commitment to the human condition as important success factors.

In response to questions from Student Representative Kian, Rosenberg explained that the College of Liberal Arts, the Office of Undergraduate Admissions, and the Medical School collaboratively review applications for the BA/MD program and that diversity is among the

factors considered. He reported that the BA/MD program, currently in its first-year pilot phase, was created to address diversity in the Medical School when the University realized many diverse applicants were selecting other medical schools because of competitive scholarship offers. Rosenberg added that medical schools in most other countries admit students immediately out of high school and their education model is often two years of undergraduate work followed by four years of medical school. He concluded that this BA/MD program is pushing the model of medical education in the United States.

Rosenberg confirmed a comment from Regent Rosha that there is no correlation between national rankings of medical schools and their tuition rates.

Student Representative Mitchell commented that the Medical School is doing well in terms of increasing and sustaining diversity in the student body and asked how they have accomplished that. Rosenberg explained that the Medical School has had success with pipeline programs and active recruitment with underrepresented populations. He added that the shift to holistic review and a change of leadership and culture in admissions have also been important factors in increasing diversity.

UPDATE ON STUDENT MENTAL HEALTH

Regent Cohen invited Provost Hanson; Gary Christenson, Chief Medical Officer of Boynton Health; and Sue Wick, Professor of Plant Biology and Biology Teaching & Learning, to present an update on student mental health at the Twin Cities campus, as detailed in the docket. Cohen also acknowledged Student Representative Mitchell for her engagement with the campus community on student mental health.

Christenson reviewed and differentiated the services that are available to Twin Cities students through Boynton and Student Counseling Services (SCS). He noted that demand for and utilization of services at both are increasing, projecting 25,000 student visits by the end of the academic year. Christenson reported that although demand has increased, waitlists for services have been eliminated due to increased staffing.

Wick explained the charge of the Joint Task Force on Student Mental Health is to understand and recommend the role of the instructor in working with students with mental health concerns, and identifying mental health concerns in their students. She reported that the committee, which is composed of faculty and instructional staff, non-instructional staff, and students, will outline five recommendations to the provost and the FCC.

Student Representative Mitchell commented that the progress is good, but that work remains. She advised the establishment of measures to ensure ongoing progress. She suggested the system campuses also need to address the issue of student mental health so that services are equitable across the system.

In response to a question from Regent Rosha, Christenson explained that most counseling services nationally do not seek insurance reimbursement and it would be difficult for SCS to do so. Christenson reported that the increase in use of services can be attributed to an increase in the number of appointments and service providers available. He explained that they also measure the number of first-time appointments, which has increased from the previous year.

Student Representative Kian inquired about the Joint Task Force's potential recommended policy changes. Wick shared that they have begun to look at policies such as the one related to completing make-up work.

In response to a question from Regent Lucas, Christenson reported that the majority of the therapists are women and that applicants for new positions have also been predominately women.

Regent Anderson commented that great work has been done in addressing student mental health on the Twin Cities campus and the focus should turn to the system campuses.

UPDATE ON THE GREEK TASK FORCE RECOMMENDATIONS

Regent Cohen invited Provost Hanson to introduce Maggie Towle, Associate Vice Provost for Student Life; Lamar Hylton, Assistant Vice Provost for Student Life; Lynn Swon, President of the Minnesota Greek Alumni Council; and undergraduate student Emma Mazour to present an update on the Greek Task Force recommendations, as detailed in the docket.

Towle explained that President Kaler created a Greek Community Strategic Task Force in 2012 that returned a report with 47 recommendations. Hylton provided an overview of the University's Office for Fraternity and Sorority Life and reported on its growth in staff, budget, and Greek chapters on campus. He reported that 11 percent of the student body participates in Greek organizations, surpassing the 9 percent goal set forth in the 2012 recommendations. Hylton also highlighted the success of Greek students in academics and community service.

Mazour shared her experience as a student involved in Greek organizations on campus and emphasized support systems and the drive for improvement as two characteristics of the University's Greek community.

Hylton provided an overview of the campus' multicultural and identity-based Greek organizations, explaining that they are smaller and often lesser known to the University community.

Swon outlined the Greek Alumni Council, explaining that the task force recommendations urged its creation. She explained that the UMAA, Office for Student Affairs, and the Office for Fraternity and Sorority Life meet monthly as partners of the council. Swon shared examples of the council's work, citing a recent mentorship event and program development opportunities for House Directors.

Towle referred the committee to the 2016 Progress Report in the docket materials, explaining that it outlines the status of all 47 task force recommendations.

In response to questions from Regent Lucas, Swon reported that some of the issues with city ordinances include the number of individuals that can live in one house and the allowable square footage and number of levels of the homes. She reported that many of the homes are not in compliance. Towle added that it is also difficult to secure funding for repairs in existing homes or for down payments for new homes.

Regent Rosha commended the presenters on the growth they have been able to achieve in the number of students participating in Greek organizations. Hylton reported that they are working to improve recording of student engagement, as the historical data is not entirely accurate.

Regent Johnson thanked the presenters for their work and expressed his frustration with the aesthetics of many of the fraternity and sorority houses on University Avenue. He explained that as the gateway to campus, it does not reflect the University well.

CONSENT REPORT

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

- ***Postsecondary Planning: A Joint Report to the Minnesota Legislature***

This is the eighth report produced jointly since 2001 by Minnesota State and the University of Minnesota, as required by the Minnesota Session Laws 2003, Regular Session, Chapter 133, Article 1, Section 7. The report reflects the long-term working relationship between the two systems to develop and coordinate joint post-secondary programs in the Twin Cities and throughout Minnesota.

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

- Carlson School of Management (Twin Cities campus)—Create Doctor of Business Administration
- College of Science and Engineering (Twin Cities campus)—Create Post-baccalaureate certificate in Data Science and deliver online
- Medical School (Twin Cities campus)—Create fellowship in Epilepsy
- College of Liberal Arts (Duluth campus)—Create undergraduate minor in Digital Writing, Literature and Design
- Labovitz School of Business and Economics (Duluth campus)—Create undergraduate minor in Sustainable Business and Organization
- The Morris campus—Create B.A. degree and undergraduate minor in Medieval Studies

- **Request for Changes to Academic Programs**

- College of Food, Agricultural, and Natural Resource Sciences (Twin Cities campus)—Create joint Bachelor/Master of Science degree in Nutrition
- College of Design (Twin Cities campus)—Create sub-plan in Research Practices within the M.S. degree in Architecture
- College of Liberal Arts (Twin Cities campus)—Discontinue sub-plan in Ancient Art and Archaeology within the M.A. and Ph.D. degrees in Classical and Near Eastern Studies
- School of Fine Arts (Duluth campus)—Create sub-plans in Marketing and Studio within the B.F.A. degree in Graphic Design
- Swenson College of Science and Engineering (Duluth campus)—Move the academic home of the M.S. degree in Integrated Biosciences from the Twin Cities campus to the Duluth campus
- College of Education and Human Development (Twin Cities campus)—Change the name of the post-baccalaureate certificate in Emerging Leaders in Private Colleges to Private College Leadership
- College of Education and Human Development (Twin Cities campus)—Change the name of the B.S. degree in Recreation, Park and Leisure Studies to Recreation Administration

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

- College of Continuing Education (Twin Cities campus)—Discontinue the Master of Liberal Studies degree
- College of Continuing Education (Twin Cities campus)—Discontinue the graduate minor in Liberal Studies
- College of Continuing Education (Twin Cities campus)—Discontinue the postbaccalaureate certificate in Innovation Studies
- College of Liberal Arts (Twin Cities campus)—Discontinue the B.A. degree in Statistics
- College of Liberal Arts (Duluth campus)—Discontinue the M.A. degree in Criminology

- Swenson College of Science and Engineering (Duluth campus)—Discontinue the B.S. degree in Computer Information Systems
- School of Fine Arts (Duluth campus)—Discontinue the B.F.A. in Graphic Design and Marketing

The meeting adjourned at 4:30 p.m.

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

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Finance Committee
February 9, 2017**

A meeting of the Finance Committee of the Board of Regents was held on Thursday, February 9, 2017 at 2:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellor Michelle Behr; Interim Chancellor Barbara Keinath; Senior Vice President Brian Burnett; Vice President Kathryn Brown; Interim Vice Presidents Allen Levine and Bernard Gulachek; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason, Julie Tonneson, and Michael Volna.

Student Representatives present: Mike Kenyanya and Tareyn Stomberg.

FULLY ALLOCATED COST OF MISSION ACTIVITIES: UNIT ANALYSIS

Regent Beeson invited Associate Vice President Tonneson and Lincoln Kallsen, Director of Institutional Analysis, to lead a discussion on the fully allocated cost of mission activities, unit analysis (analysis), as detailed in the docket.

Tonneson reminded the committee of the general analysis methodology. She reviewed the FY 2014 fully allocated mission expenditures by instruction, research, public service, auxiliaries, and student aid. She outlined the type of revenue source for each mission activity.

In response to a question from Beeson, Tonneson explained that administrative costs are categorized as indirect costs. She clarified that this analysis uses the same spending data as the administrative cost definition and benchmarking analysis but a different methodology to focus on spending within the broad mission expenditures.

Tonneson reported the unit-specific findings, offering examples of units that receive significant funding from their work in research, public service, and instruction. She indicated that while each unit is unique with regard to the mix of specific revenue sources from mission activities, sources of instruction revenue predominantly come from tuition. Tonneson emphasized that the goal of the analysis is to better understand the cost influences in different unit contexts and does not provide any information on the quality of the specific academic programs. She also provided examples of research and public service findings.

Regent McMillan expressed his concern that system campuses are not comparable to Twin Cities academic units. Tonneson agreed that the difference between auxiliary units is not comparable across the system campuses. She explained that beyond auxiliaries, the cost pool sharing that Twin Cities academic units pay into makes the units comparable to each other. In response to a question from Regent Hsu, Tonneson identified athletics, housing, dining services, bookstores, parking, and other areas of University Services as being included in the auxiliaries.

Devine asked why UMAA and UMF are not included in auxiliaries. Tonneson clarified that for example, Athletics, as a full unit of the University, is in the auxiliary category and not included in any of the mission categories. She specified that support given by the University to UMF would be included as an expense, but any revenue taken in by UMAA or UMF would not be included since they are separate units from the University.

Kallsen explained the second-level analysis done on the cost per full year equivalent by student (FYE). He noted that for some units, like the College of Continuing Education or the College of Education and Human Development (CEHD), the FYE appears lower because programs like College in the Schools flow revenue through Continuing Education or physical education classes that are taken by a wide variety of students flow revenue through CEHD. Kallsen added that controlling for those items, the FYE for those units looks similar to other units. Hsu commented that it would be helpful to have tuition prices by unit to compare what the University is spending to what the University is charging.

Regent Brod wondered about the cost to spend a dollar on the research side and which units are more efficient in using research dollars. Kallsen offered that he and Tonneson plan to meet with each dean and chancellor to review the findings of the analysis in order to build knowledge of what it costs for their units to carry out the mission.

In response to a question from Regent Hsu, Tonneson noted that the difference between cost per FYE and tuition varies by unit, but can include funding from the state, endowment revenues, clinical income, or sales of services.

Kallsen reviewed the second-level analysis for graduate and professional education and outlined factors that influence higher and lower instructional costs. He walked through an example from the College of Science and Engineering showing where costs were higher and lower depending on the way instruction is delivered. Brod encouraged the administration to think about how that example could inform the budget process. McMillan requested a breakdown of system campus colleges to compare with Twin Cities colleges.

Kallsen outlined the changes between the FY 2010 and the FY 2014 analyses, and described the next steps. Senior Vice President Burnett commented that this analysis would help encourage units to think about resource management, plan for the types of resources that are funding those units, and look across the system at what others are doing.

Hsu raised the idea of considering variable tuition by school, given the FYE data. President Kaler responded that five years ago the Board created a surcharge for the Carlson School of Management, but held tuition the same elsewhere. He noted that variable tuition carries both benefits and drawbacks, and recommended that the full Board discuss the topic.

Burnett commented that high-cost programs have become standard in states with less public support for higher education. He warned that communicating multiple tuition rates to perspective students can create a recruiting issue. Hsu agreed that it can be difficult to tell what the tuition rate is at a school that uses differential tuition. He commented that the University has to be responsible to cover expenses and to attract the top talent, and should be charging at or above market prices for exceptional programs. Kaler responded that differential tuition could work against the goal of a more diverse student body, noting that diverse students often come from lower income families, requiring incremental financial aid for higher priced programs.

OPERATIONAL EXCELLENCE: NEXT STEPS

Regent Beeson invited President Kaler and Senior Vice President Burnett to lead a discussion on the next steps for the Operational Excellence program (OpEx), as detailed in the docket.

Kaler outlined OpEx and its many initiatives. He noted that the focus of this discussion is the goal to reduce and reallocate \$90 million in administrative costs by the end of FY 2019. Burnett reviewed the reallocations made to date, noting the \$21.5 million planned for FY 2018-19. He offered that deans and chancellors across the system are concerned with finding additional administrative costs to reallocate in the final two years of OpEx.

Burnett outlined the oversight and accountability for OpEx results, reviewing the legislative appropriation tied to \$15 million in annual cost reductions and reallocations and the gold measure included in the University Progress Card. He reminded the committee of the administrative cost benchmarking and the challenge of not being able to benchmark against peers. He advised that the University continue to benchmark like this since there is value in continuing to monitor the analysis over time.

Burnett offered observations and lessons learned since the inception of the OpEx program. He noted that it is difficult to effect material changes between the administrative cost benchmarking categories of mission, mission support and facilities, and leadership and oversight since it takes a \$3 million shift to change one-tenth of one percent of the budget. He added that units are increasingly using those reallocations to cover core cost increases and not just for investment in new mission activities. Burnett outlined potential paths forward, including the need to find a way to do external benchmarking on administrative costs.

Beeson observed that the University does not have data showing what portion of administrative costs is due to compliance oversight, emphasizing the need for a study of compliance oversight costs. Regent Devine agreed, adding that the University is criticized for administrative costs but has no comparable benchmark within the Big Ten. Kaler agreed that the University should study the cost of compliance, asserting that the cost is both high and mandatory. Regent Omari noted that the cost could be even greater if the University did not fully fund the cost of compliance.

Regent Brod warned the Board and administration to be careful in the language used around compliance. She offered that framing it as the cost of regulation or cost of mandates would be a better way to refer to those costs. She commented that the University is working hard and using resources to elevate a culture of compliance. Brod added that being critical of compliance could be viewed as counterproductive.

Regent Hsu referenced an opinion piece in the *St. Paul Pioneer Press*, asking about the accuracy of its calculations on administrative costs. Burnett responded that it appeared to combine “mission support” and “leadership” to arrive at its number. Burnett emphasized that items in mission support are not the same as administration, referring to the cost of facilities as an example. Burnett noted that Board leadership recommended a response and that a submitted letter to the editor sought to strike a measured tone.

Burnett asserted that continuous improvement should be the ultimate goal for OpEx, compared to reaching 100 percent on any measure. He suggested that the University clearly define peers for comparison, establishing different peer groups that relate to each of the campuses. Beeson commented that the University is still improving and needs to continue to push performance.

Brod shared that the \$90 million in administrative cuts is an important goal but that OpEx now should not simply be cuts but push the University to be innovative. She proposed focusing future efforts on programmatic innovations, cuts and additions, and identifying where the University can be a leader in a given field.

Student Representative Kenya observed that 71 percent of the administrative cuts were personnel. He expressed his concern that the work done by those individuals is now on a smaller workforce, and cautioned that students would eventually feel the change. Kenya

asked whether the administration has reviewed the effectiveness of those cuts and how they have affected the University. Burnett agreed that such cuts do affect the workforce and that the administration should review them. He indicated that the University has reallocated resources from eliminated positions to higher priority positions.

In response to Kenya, Kaler offered an example of the Office of Information Technology (OIT) employing people to answer the main University phone number. The University eliminated those positions, which did not affect the function of the University, and reallocated the funds within OIT to improve instructional materials development. Kaler added that the administration has pushed units to ensure their work is valued and needed, and not being done simply because they have always done that work. Kaler suggested that cuts up to this point have not significantly affected students, but that might not be true as the \$90 million is completed.

Assistant Vice President Volna reported that the University reports a detailed list of cuts to the Board each year. He expressed his view that cuts were easier to make in the first years of OpEx but have become more difficult. He noted that many colleges have not eliminated programs, but have moved positions between programs.

Omari agreed that a concerted effort toward reducing administrative costs must continue, but argued that cutting student jobs is unacceptable. He noted that the committee could review the impact on total number of student jobs across the University to see if new jobs in one unit offset cuts in another, but stressed prioritizing the impact on student employment.

In response to a question from Beeson, Tonneson explained that reallocations always are made to balance the budget, and that reallocations within the academic portion of the mission are not counted toward the \$90 million administrative cost goal.

Hsu expressed his support for continuing OpEx and advocated that it be a part of the University's strategic planning. He suggested that the University seek other opportunities to control costs and ensure tuition remains reasonable. Kaler responded that additional revenue from the state is unlikely, so the University must focus on maximizing revenue-generating opportunities while continuing to maintain costs. He identified professional development, continuing education, auxiliary units, and sales as sources of additional revenue. Kaler noted that accelerating those areas could balance the need for cuts elsewhere.

ANNUAL CAPITAL FINANCING AND DEBT MANAGEMENT REPORT

Regent Beeson invited Carole Fleck, Director of Debt Management, to present the annual capital financing and debt management report, as detailed in the docket.

Fleck reported that as of June 30, 2016, the University's long-term outstanding debt was \$1,500,632,000, consisting of general obligation bonds, special purpose revenue bonds supported by state appropriations, commercial paper notes, infrastructure development bond obligations, capital leases, and the related remaining unamortized premium and discount. The balance outstanding at June 30, 2016 of University supported debt (at face value) plus capital leases was approximately \$1,118,548,000.

Fleck reviewed guiding principles for issuance of debt, explained the process for issuing debt, provided a long-term debt analysis, reviewed the University's capital structure, and outlined the current amortization structure. She discussed the institution's credit rating and debt capacity determinants, noting that an analysis of student demand, market position, and financial indicators places the University in a strong position. Fleck reported that the University is currently rated Aa1 by Moody's and AA by Standard and Poor's. She offered that University was given a stable outlook by both rating agencies, with Standard and Poor's revising the

University's outlook from negative. Fleck noted key financial indicators, and compared the University to peer groups.

Regent Devine observed that peers like the University of Michigan, University of Virginia, and Pennsylvania State University all have high reserves and a history of strong athletic programs. He suggested that strong athletic programs help build alumni giving.

President Kaler noted the size of Ohio State University's debt and asked if it is close to having its credit rating downgraded. Senior Vice President Burnett responded that the primary piece of Ohio State's debt is the rebuilding of the academic health center, and suggested the institution spent over \$1 billion to do so. Associate Vice President Volna agreed and added that many of the outliers have health systems, which drive their credit ratings differently.

In response to a question from Regent Hsu, Volna noted that ratings are a combination of multiple factors. He explained that the University has spoken to rating agencies in the past about the possibility of the University moving up. He noted that given the difference in interest costs between an Aa1 and AAA credit rating, along with turbulent economic times and the risk of being downgraded, the administration is comfortable remaining at an Aa1 rating. Volna added that the cost differential between the two ratings is minimal given the compression of interest rates and the overall low interest rate market.

REVIEW OF REQUIRED REPORTS

Regent Beeson invited Associate Vice President Volna to review the reports that are required to come to the committee, as detailed in the docket.

Volna outlined the required reports and noted the administration's recommendations for each. He recommended that the quarterly purchasing report, which includes transactions and any purchasing violations, be changed to an annual report. He explained that the administration is already using a more strategic, forward-looking annual report and this could replace the more transactional quarterly reports. Volna added that on average, there are only five to six purchasing violations each year.

Regent Devine expressed his preference for more information rather than less and stated his inclination to keep the quarterly report. Regent Hsu agreed, adding that it should not be difficult to generate a quarterly report if the information is available and that it ensures the Board is aware of any purchasing violation sooner rather than later.

Regent Omari offered that the committee could adopt a semi-annual report, pilot the change next year, and then reevaluate.

Regent McMillan noted that part of the challenge with required reports is that they are included as information items and left until the end of the meeting. He suggested that reports most important to the committee be moved to the front of the agenda.

Beeson informally polled the committee on its preference for a semi-annual versus quarterly report. Beeson stated that the consensus of the committee is to keep the quarterly report.

CONSENT REPORT

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

General Contingency:

- There were no items requiring approval this period.

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

- To CDW Government LLC for \$27,044,499 for Cisco equipment for core segment of Next Generation Network equipment and support and maintenance for the Office of Information Technology (OIT) for the period of February 15, 2017, through February 14, 2022. The first year purchase of equipment and support and maintenance is funded through the financing plan for The Next Generation Network project, which was reviewed and approved by the Board of Regents in October 2016. Subsequent years' expense will be paid for as part of OIT's annual operating budget. Vendor was selected through a competitive process.
- To CDW Government LLC for \$2,965,032 for Cisco equipment for data center segment of Next Generation Network equipment and support and maintenance for the Office of Information Technology (OIT) for the period February 15, 2017, through February 14, 2022. The first year purchase of equipment and support and maintenance is funded through the financing plan for The Next Generation Network project, which was reviewed and approved by the Board of Regents in October 2016. Subsequent years' expense will be paid for as part of OIT's annual operating budget. Vendor was selected through a competitive process.
- To Comcast Cable Communications Management LLC for an estimated \$1,950,126 for a bulk rate cable TV service agreement for Housing & Residential Life, Office of Classroom Management, and Office of Information Technology Video and Conferencing Services for the period of July 1, 2017, through June 30, 2021, with the option to renew through June 30, 2024. Housing & Residential Life will cover costs to residents with other costs covered by the departments using the service. Vendor was selected through a competitive process.
- To Computer Concepts & Services, Inc. for an estimated \$3,000,000 for the purchase of essential analysis and programming services for the University of Minnesota Veterinary Diagnostic Laboratory (VDL) for the period of May 1, 2017, through April 30, 2020, with contract extensions through April 30, 2022. VDL user fees and a Minnesota Department of Agriculture appropriation provide sources of funding for modifications specified by the VDL. This has been budgeted for in FY17. Vendor was selected through a competitive process.
- To Deloitte & Touche LLP for an estimated \$2,344,000 to provide external audit and related services to the University for the Controller's Office for fiscal years 2017 through 2020, with options for contract extensions through fiscal year 2023 for an additional \$1,877,500. Total contract value, if all options are exercised, would be \$4,231,500. The cost of the contract is budgeted and funded out of the Controller's office operating budget on a recurring annual basis. Vendor was selected through a competitive process.
- To Kudelski Security for \$14,832,716 for Fortinet equipment for the firewall segment of Next Generation Network equipment, software, services and support and maintenance for the Office of Information Technology (OIT) for the period February 15, 2017, through February 14, 2022. The first year purchase of equipment and support and maintenance is funded through the financing plan for The Next Generation Network project, which was reviewed and approved by the Board of Regents in October 2016. Subsequent years' expense will be paid for as part of OIT's annual operating budget. Vendor was selected through a competitive process.

- To Ortega y Gasset Foundation (Spain), University Paul-Valery (Montpellier, France), CAPA (Sydney & London), Jose Suarez & Dolores Lopez (MSID-Ecuador), Fundacion Ortega y Gasset, Argentina (Buenos Aires, Argentina), Mohamud Jama (MSID-Kenya), Ousmane Sene (MSID Senegal), CIEE, Accent, and others for an estimated \$17,000,000 to provide services to support overseas study abroad programs for FY 2016-17 for the Learning Abroad Center. The program fees cover the costs of the academic program and the administrative costs for the Learning Abroad Center. See enclosed documentation for basis of vendor selection.
- To Siemens Medical Solutions USA, Inc. for a 5-year service contract \$1,105,820 for the renewal of the existing service contract on the PET/CT mCT 64 Scanner, for the Center for Clinical Imaging Research, Department of Radiology for the period of March 1, 2017, through February 28, 2022. The financial model that supports the profitable operation of the PET/CT mCT 64 Scanner currently pays for the existing service contract of \$226,040. The long-term five-year financial projections for this equipment with the incurred costs of this service contract, which will decrease \$4,876 annually, will fully support this renewal and all ongoing operations. See enclosed documentation for basis of vendor selection.

Regent McMillan noted that the information technology (IT) contracts total \$45 million, an example of the increased cost of IT spending.

In response to a question from Regent Hsu, Associate Vice President Volna clarified that the two contracts with CDW are for the next-generation wireless network, but since they are for different components of the network, they were bid out separately and resulted in separate contracts.

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

INFORMATION ITEMS

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

- Annual Risk Management and Insurance Report
- Annual Investment Performance: Peer Comparisons
- Quarterly Purchasing Report
- FY 2016 Year End Balances Report - Non-Sponsored Funds
- Debt Management Advisory Committee Update
- Budget Allocation Report

Regent Beeson expressed the gratitude of the Finance Committee to Regent Brod for her service to the committee and the Board of Regents.

The meeting adjourned at 4:31 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents Meeting
February 10, 2017**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 10, 2017 at 8:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Michelle Behr and Stephen Lehmkuhle; Interim Chancellor Barbara Keinath; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Katrice Albert, Kathy Brown, and Brooks Jackson; Interim Vice Presidents Michael Berthelsen, Bernard Gulachek, and Allen Levine; General Counsel Douglas Peterson; Executive Director Brian Steeves; Chief Auditor Gail Klatt; and Associate Vice Presidents Andrew Furco, Julie Tonneson, Maggie Towle, and Michael Volna.

INTRODUCTIONS

Chancellor, University of Minnesota Morris

President Kaler introduced Michelle Behr, Chancellor of the University of Minnesota Morris, who began her appointment on February 6, 2017. Behr received a Ph.D. in geography and an M.A. in anthropology from Arizona State University. She also holds a bachelor's degree in anthropology from the University of California Santa Cruz. Previously, she served as the Provost, Senior Vice President for Academic Affairs, and Dean of the College at Birmingham-Southern College in Birmingham, Alabama. Behr briefly addressed the Board.

Dean, Graduate Education

Provost Hanson introduced Scott Lanyon, Dean of Graduate Education, who began his tenure as dean on June 20, 2016. Lanyon received a Ph.D. in ornithology from Louisiana State University in 1985. He previously served as the head of the University of Minnesota Department of Ecology, Evolution, and Behavior, and before that as the director of the Bell Museum of Natural History. Lanyon briefly addressed the Board.

APPROVAL OF MINUTES

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

- Special Selection Committee – December 7, 2016
- Litigation Review Committee – December 8, 2016
- Facilities, Planning & Operations Committee – December 8, 2016
- Faculty & Staff Affairs Committee – December 8, 2016
- Board of Regents Work Session – December 8, 2016
- Academic & Student Affairs Committee – December 8, 2016

Finance Committee – December 8, 2016
Audit & Compliance Committee – December 8, 2016
Governance & Policy Committee – December 8, 2016
Board of Regents – December 8, 2016
Board of Regents Closed – December 9, 2016
Board of Regents – December 9, 2016

REPORT OF THE PRESIDENT

President Kaler reported on outreach efforts with the Muslim and Somali communities on campus following a recent executive order from President Trump. He emphasized the importance of building and maintaining strong relationships with these communities. He highlighted a \$25 million donation from the Robina Foundation to the Law School's Center for New Americans, the largest single donation in the school's history.

Kaler reported on efforts to improve education and training on sexual assault and harassment prevention, emphasizing the University's commitment to ensuring a safe and respectful community. He discussed ongoing legislative activities and changes in senior leadership. Kaler thanked Regent Brod for her service to the Board and congratulated Regent Cohen for being named to the Minnesota School Boards Association's 2017 All-State School Board.

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

REPORT OF THE CHAIR

Chair Johnson also congratulated Regent Cohen on her prestigious honor. He reported on recent legislative outreach efforts, stressing the importance of continued state investment in the University. He thanked Regent Brod for her leadership and service to the Board.

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

RECEIVE AND FILE REPORTS

Chair Johnson noted the receipt and filing of the Annual Capital Financing and Debt Management Report.

CONSENT REPORT

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

- Summary of Gifts through December 31, 2016
- Summary of Expenditures
- Report of the All-University Honors Committee

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

RESOLUTION ON RESTRUCTURING UNIVERSITY AND GOVERNMENT RELATIONS

Chair Johnson invited President Kaler to discuss the proposed resolution on administrative restructuring, as detailed in the docket. Kaler reported that the resolution would combine into one unit the Offices of University Relations and Government and Community Relations, and create a vice president position that would oversee the new office. He explained that the restructuring responds to three considerations:

1. Attract a seasoned government relations professional with a record of success.
2. Add strategic public affairs and issue management leadership and capacity.
3. Continue to flatten and align the University's leadership structure and create a more cohesive senior leadership team.

A motion was made and seconded to approve the proposed resolution.

Regent Omari suggested elevating on the organizational chart the position of Executive Vice President and Provost, to indicate the position's senior academic role in the administration.

Regent Hsu suggested that the proposed change to the chart is unnecessary, since the title indicates the position's elevated rank.

Omari made a motion to modify the organizational chart to elevate the position of Executive Vice President and Provost above the rest of the vice presidents. Regent Simmons seconded the motion.

Simmons noted that while the title indicates the position's seniority, the visual representation is also important, since it is the second highest position in the administration

Regent Rosha agreed that the title indicates the position's senior rank, so its location on the organizational chart is less important. He remarked that he does not support the motion because it sends a message that the organizational structure is merely an afterthought, adding that he does not believe the position of Executive Vice President and Provost should not be clearly positioned.

Regent Brod offered that the chart merely indicates a reporting structure, in which case it should not matter where the boxes are on the chart. She suggested that if the chart does represent administrative hierarchy, the Chief of Staff (COS) should not be included at the same level as the Vice Presidents. Johnson agreed.

Simmons emphasized the need for clarity since organization charts are communication tools and people may confuse reporting lines for hierarchy. She expressed concern that the chart indicates the University Senate appears to report to the COS, adding that while the intent may have been to indicate that the Senate staff reports to the COS, it looks as though the faculty governing body reports to the COS.

Regent Hsu expressed confusion over the Chief Auditor having a dotted line reporting to the President.

Regent Devine suggested tabling discussion about the organizational chart to a later time and proceeding with a vote on the resolution. Omari emphasized the need to approve the structure prior to voting on the resolution. Johnson suggested adopting the resolution so the Vice President for University and Government Relations could be approved, and revisiting the matter of the organizational chart. Kaler agreed and suggested that further edits to the organizational chart come to him directly. He committed to bringing a new draft to the Board at a later meeting.

Omari withdrew his motion. Simmons withdrew her second.

A motion was made and seconded and the Board voted unanimously to approve the Resolution Related to Restructuring University and Government Relations, as follows:

WHEREAS, the Regents of the University of Minnesota recognize and reaffirm the President's responsibilities and accountability for developing, recommending, and administering the policies of the Board of Regents; and

WHEREAS, the Regents recognize and reaffirm the importance of providing the President with flexibility in the organization, reporting lines, and position descriptions of central administration; and

WHEREAS, the University of Minnesota must continue to pursue a comprehensive agenda of assessing the improving administrative structure, processes, and procedures in order to improve quality, efficiency, effectiveness, and public accountability; and

WHEREAS, the University of Minnesota's strategic planning and decision-making processes are best served by designing and implementing administrative structures that ensure clear responsibility, authority, and accountability at the college and campus levels; and

WHEREAS, the organization of central administration and appointment of senior leaders at the University shall be consistent with University and Board policies and procedures; and

WHEREAS, senior leadership transitions create an opportunity to achieve greater alignment, efficiency and coordination of the University's system-wide operating units; and

WHEREAS, the President desires to continue to flatten and align the University's system-wide leadership structure and create a more cohesive senior leadership team, while strengthening government relations and public affairs capacity by combining University Relations and Government and Community Relations into one unit.

NOW, THEREFORE, BE IT RESOLVED that the organization of the University's central administration shall consist of the following executive officers reporting to the President:

Executive Vice President and Provost
Senior Vice President for Finance and Operations
Dean of the Medical School and Vice President for Health Sciences
Vice President for Research
Vice President for Equity and Diversity
Crookston, Duluth, Morris, and Rochester Chancellors
Chief of Staff
Director of Intercollegiate Athletics, Twin Cities Campus
Vice President for University and Government Relations
Chief Compliance Officer
General Counsel (also reports to the Board of Regents)
Chief Auditor (dotted line report)
Chief Executive Officer, University of Minnesota Foundation (dotted line report)
Chief Executive Officer, University of Minnesota Alumni Association (dotted line report)

BE IT FURTHER RESOLVED that the Board of Regents accepts the reorganization of the University's senior leadership as described in this resolution, which shall become effective upon approval, and directs the Secretary to make any necessary revisions to Board policy.

INTERCOLLEGIATE ATHLETICS: DEVELOPING THE WHOLE PERSON

Chair Johnson invited Director of Intercollegiate Athletics Mark Coyle to discuss the department's approach to developing the whole person. Coyle provided an overview of the department and the profile of student-athletes. He discussed key changes in the past few years, highlighting several high-profile incidents. He reviewed the department's guiding principles and values, emphasizing that they are universal standards of behavior for the whole department.

Coyle discussed the education that all student-athletes receive and reviewed recent sessions that have been offered. He noted steps that the department is and will take to better improve efforts to develop the whole person.

Regent Simmons applauded Coyle for directly addressing the department's challenges. She remarked that the focus on developing the whole person is a preventative approach to misconduct. She acknowledged recent negative incidents, but shared that she feels it is important to continue with the whole person approach to educating student-athletes.

In response to comments from Regent Anderson, Coyle reported that the University has some of the highest academic rankings in the nation. He emphasized that staff and coaches are committed to the academic success of the student-athletes.

Regent Rosha observed that educational programs have existed in the past, but misconduct still occurred. He asked what the department is doing to change or improve education for student-athletes. Coyle responded that following feedback from student-athletes, the department is planning to involve the Office of Equal Opportunity and Affirmative Action, as well as the Office for Student Conduct and Academic Integrity, in educational sessions to help student-athletes better understand issues related to violations of the Student Conduct Code or Title IX. He also noted a planned increase in interactive learning, rather than just lectures or presentations, to better engage student-athletes. Rosha suggested that the sessions not be merely tasks to check off, but rather a real educational experience.

Regent Brod agreed with the importance of shifting from a "check the box" approach to a more interactive approach. She wondered how much student-athletes really take away from those sessions. She observed that behavior changes are critical, and appreciated increased efforts to support behavioral change and increase accountability.

Regent Cohen agreed with the need for more substantive and engaged educational programs. She stressed the importance of shifting behaviors and attitudes, not just learning information, and suggested that while improvements are needed, the department is on the right path.

Regent Beeson commented that sexual assault is a critical issue in higher education and across campus, and not just an issue for student-athletes. He noted that training for coaches and staff is as important as for the students. He proposed inviting representatives from the Aurora Center to present to the Board for additional perspective on next steps.

Regent Hsu expressed disappointment with the level of education on affirmative consent, noting that training is mandatory for athletes but not for all students. He asked if there is a clear method for tracking student-athlete participation in training, since the sessions are conducted by team. Hsu suggested implementing a measure to determine whether students have learned the content, and expressed hope that recent incidents of misconduct will help better inform future processes.

Regent Omari shared his belief that participation in educational sessions is tracked at a student level, and noted a need for clarity about how attendance is recorded. He suggested

additional resources to ensure that all students receive appropriate training, and urged the Board to hold itself accountable on this matter.

Chair Johnson noted that he is pleased by the shift in department culture to reinforce acceptable behaviors. He agreed that more resources should be provided to ensure better training for all students.

In response to a question from Johnson, Coyle reported that the Athletes Village project is on time and on budget; the target completion date is January 2018. He reported significant donor support and that the project has already met more than half of its fundraising goal.

Regent Devine was excused from the meeting due to a prior commitment.

2016 UNIVERSITY PLAN, PERFORMANCE, AND ACCOUNTABILITY REPORT

Chair Johnson invited Executive Vice President and Provost Karen Hanson to present the 2016 *University Plan, Performance & Accountability Report* for approval, as detailed in the docket. Hanson reported several changes since the February review: a footnote was added to better define “student debt” and a summary leaflet was developed to provide a high-level overview of key information.

Regent Omari thanked the provost and her staff for their efforts. He commented that the report is the best resource for highlighting the University’s achievements.

The Board of Regents voted unanimously to approve the 2016 *University Plan, Performance & Accountability Report*.

BUILDING COMMUNITY: NEIGHBORHOOD ENGAGEMENT & UNIVERSITY COMMUNITY SAFETY

Chair Johnson invited Interim Vice President Michael Berthelsen; Associate Vice Presidents Andrew Furco and Maggie Towle; Directors Monique MacKenzie and Jan Morlock; and UMPD Chief Matt Clark to discuss neighborhood engagement and University community safety, as detailed in the docket.

Berthelsen discussed reasons strong community engagement is important for the University, emphasizing the place-based learning experience and the high concentration of near-campus housing.

Furco reported on academic elements of community engagement, detailing outreach efforts by students and faculty. He noted the importance of reciprocal involvement with the community and discussed ways the Twin Cities strategic plan helps guide engagement efforts. Towle discussed student involvement with the neighborhoods. Morlock reviewed planning and development priorities, and discussed partnerships with various agencies and community groups, such as the University District Alliance.

MacKenzie reviewed elements of the 2009 Twin Cities Campus Master Plan, highlighted areas of influence near campus, and discussed joint planning with the surrounding communities. She provided an overview of the Public Participation Spectrum, a tool that facilitates communication with the community about the University’s engagement activities.

Furco reported on research and courses that involve the surrounding community. He noted several community-partnered research projects and student service-learning opportunities.

Morlock discussed efforts by the University to contribute financially to the community, highlighting the Good Neighbor Fund.

Clark discussed partnerships between the UMPD and local law enforcement agencies. MacKenzie provided a brief overview on transportation issues, real estate acquisition, and the District Alliance joint planning task force.

Regent Lucas suggested greater property development partnerships with Minneapolis, citing past city programs that provided incentives for investing in homestead properties. Berthelsen commented that the District Alliance be a good place to start those conversations to allow all partners to have a voice. Lucas agreed that those partnerships are key, but expressed concern about a lack of resources to support them and urged direct collaboration with the city.

Regent Beeson remarked that he is unimpressed with the level at which the city of Minneapolis has engaged with the University. He noted that the University has been a leader in most of the discussions with the surrounding community. He observed that the majority of residential development in near-campus neighborhoods is student housing, and encouraged increased investment in affordable housing for faculty and staff.

In response to a question from Regent Hsu, Berthelsen noted that is difficult to determine exactly how much money has been invested in community initiatives since many different units are involved. Hsu noted student homelessness and suggested there are too few options for lower-cost student housing, adding that homelessness has a direct effect on student mental health. Clark responded that the homeless individuals UMPD officers encounter on campus are typically not students, but added that some students do not have a permanent address. He reported that historic crime trends in the area are fairly steady, with occasional dips and spikes.

Regent Rosha commented that he would like to see a similar presentation about the Duluth campus and its relationship with the surrounding community. He noted he is pleased to see more partnerships with the community and appreciates that the University is being more intentional in its outreach. He noted the importance of having faculty and staff housing options, recalling such neighborhoods in the past.

In response to a question from Regent Anderson, MacKenzie explained that past proposals for faculty and staff housing have not come to fruition. She noted that while the student housing market is saturated, developers continue to invest in similar projects. Berthelsen added that the UMF Real Estate Advisors have been key in conversations with alumni and donors about faculty and staff housing.

Lucas suggested the Pillsbury Court complex for potential redevelopment. She indicated that that staff from UMF recently traveled to other campuses where faculty and staff housing is being developed, and suggested it would be helpful to hear about those facilities.

PROGRESS UPDATE ON TWIN CITIES 5-YEAR ENROLLMENT PLAN

Chair Johnson invited Executive Vice President and Provost Karen Hanson and Vice Provost Robert McMaster to present on the Twin Cities 5-year enrollment plan, as detailed in the docket.

McMaster explained that one goal of the plan is modest total enrollment growth, noting steady increase in freshman enrollment over the last few years. He outlined a model for undergraduate enrollment, which includes new freshman and transfer students, adding that it requires consideration of the housing impact. He noted that initial applications for 2017 are down, with

a marginal increase in international and resident students but a decrease for domestic students, especially those from Illinois and Wisconsin.

McMaster stressed the importance of admitting students for success, as defined by graduating in a timely manner. Hanson discussed the holistic admissions process. McMaster reviewed average ACT scores by college to demonstrate the broad range of scores for admitted students across the University. He discussed affordability and access for residents, highlighting an increased focus on students from greater Minnesota. He reviewed elements of the student experience and student success initiatives.

Hanson reported on the University's commitment to transfer students, noting increased availability of programs designed to enhance the overall campus experience. She emphasized the importance and value of diversity. McMaster provided data on incoming freshman and overall headcount for students of color. He noted recruitment and outreach efforts for multicultural students, including partnerships with University and statewide groups.

McMaster reviewed historic retention rates for new freshman, students of color, and other domestic students, emphasizing the importance of first-year retention in timely graduation. He discussed need- and merit-based aid programs and reported that a work group has been formed to simplify the aid application process. Hanson discussed the state's workforce needs.

Regent Hsu observed that enrollment targets are capped by housing availability. He argued that current housing projects do not support enrollment goals and that he would like to see more options for campus housing. He suggested considering test-optional for admissions since applications are down, noting this could increase applications as well as diversity. In response to a question from Hsu, Kaler clarified that the proposed 2018 tuition rates were included to prompt initial discussions about tuition. Hsu suggested automatic admission for top-ranked Minnesota students.

Regent McMillan shared his appreciation for ongoing Board discussions about admissions policy. He requested greater consideration for Minnesota students.

Regent Simmons remarked that such information helps the Board make data-driven, rather than opinion-driven, decisions. She expressed concern about the decrease in applications from non-resident and international students and wondered if that would lead to decreased enrollment in the fall. She emphasized the need to better understand the long-term outcomes of non-resident students, such as whether they stay in the state and contribute to the community post-graduation. She suggested including that data to the enrollment discussion.

In response to questions from Regent Omari, McMaster replied there is a strong evidence to suggest most transfer students who come to the University from non-Minnesota institutions are Minnesota residents. McMaster clarified that those students are counted as residents.

Regent Omari moved a resolution to amend the Twin Cities 5-year Enrollment Plan. Lucas seconded the motion.

Omari stated the primary aim of his resolution: to increase enrollment to proportionally reflect the African American and Latino/Latina populations in the Minneapolis and St. Paul metro area. He noted the lack of significant increase in enrollment for these populations in the four years he has been on the Board. He agreed that ACT is an indicator of first-year retention, which is an indicator of 4-year graduation rates, but suggested there are additional retention factors. He acknowledged potential legal concerns about the resolution but feels it is sound. Omari stated that one goal of the enrollment plan is to minimize the equity gap and suggested his resolution would help reach that goal. He recognized that there are many different populations in the metro area, but suggested that the African American and Latino communities are struggling the most.

In response to a question from Chair Johnson, Omari clarified that he identified the Minneapolis/St. Paul metro area because the enrollment plan is for the Twin Cities campus. Students of color from other communities would still be included.

Regent Simmons remarked on the importance of Omari's remarks and the issues he raised. She voiced concern over the Twin Cities focus, emphasizing that the University is a statewide institution and suggesting that the population represent the state. Omari responded that the Twin Cities campus proportionally represents the population of the state, but urged continued efforts to increase diversity. Simmons agreed that increasing diversity should be an ongoing priority, but stressed the importance of diversity and inclusion at all campuses.

Regent Rosha agreed with the importance of the issue but suggested that the resolution is too narrow and excludes other communities that may be facing obstacles. He disagreed that the Twin Cities campus should only reflect the surrounding community, noting he would be equally opposed to the Duluth campus only reflecting the population of the Duluth metro or St. Louis County. Rosha suggested compiling additional data to inform future discussion. He stressed that if the resolution does not pass, it does not mean the Board is not committed to diversity. He suggested referring the discussion to a committee, such as Academic & Student Affairs (ASA). Omari declined the suggestion.

Rosha moved to refer the proposed resolution to ASA. Brod seconded the motion.

Brod agreed with the intent of the resolution but not its approach. She observed that the current demographics of the University represent the demographics of the state, but that diversity should be an ongoing priority. She argued that the resolution defines a too-narrow population, noting that Native Americans are not included despite being an underserved community. Brod agreed that the issue should be discussed by an appropriate committee. She echoed concerns that defeat of the resolution would build a false perception that the Board does not consider diversity a priority.

Omari expressed appreciation for the remarks of his colleagues. He urged clarity in defining struggling populations, suggesting that the African American and Latino communities are in crisis. He agreed that Native American populations are also underserved. Omari stressed that his intention is not to suggest that the Board is not committed to diversity, but to hold himself and others accountable.

In response to a suggestion from Chair Johnson, Omari declined to withdraw his motion.

Regent Hsu emphasized that the Board is committed to diversity. He disagreed with the referral to ASA, since the full Board would not participate. He suggested that the discussion come to the full Board with a subsequent referral to ASA, if needed. He noted concerns with the current enrollment plan and his belief that there are ways to increase diversity.

Regent Lucas noted her appreciation for the issue being brought to the Board. She remarked on the lack of significant increase in diversity in the past four years and her hope that the Board will continue discussions and hold itself accountable. She disagreed with the Twin Cities-specific language.

Regent McMillan echoed concerns about the Board being perceived as not committed to issues of diversity. He stressed the importance of the intended goal, but noted the resolution excludes the rest of the system. He added his appreciation for the ongoing, full-Board discussions about the enrollment plan and that he would be concerned if the issue were only discussed in committee. He asked if the matter could return for a full-Board work session. Johnson confirmed that it could.

Regent Beeson supported the motion to refer to a committee or work session discussion. He warned that the Board cannot be casual about goal setting and that the issue warrants additional discussion. He voiced concern about the legality of the resolution and expressed hope that a discussion about underserved populations continues and includes other populations like rural students. He suggested that it is not only a matter of enrolling students from these populations, but investing in better recruitment efforts.

Regent Cohen thanked Omari for raising these issues to the Board. She expressed her preference that any future discussion come to the full board, not just ASA.

Regent Anderson agreed that a committee discussion alone does not offer an opportunity for the full Board to engage. He thanked Omari for bringing the issue to the Board, noting that it took courage. He remarked that he has gained new perspectives by serving with Omari.

Johnson committed to holding a full Board work session on the topic in May. He remarked that he would rather refer the issue to a future Board meeting than see the resolution defeated.

Rosha amended his motion to refer the discussion to a work session of the full Board. Brod seconded the motion. Johnson committed to the May timeframe.

The Board of Regents voted 11-1 to refer the Resolution Related to Amendment to Twin Cities Campus 5-Year Enrollment Plan to a work session of the full Board in May 2017. Regent Omari voted no.

ROTC OVERVIEW

Chair Johnson invited the following presenters to discuss ROTC programs: Vice Provost McMaster; Captain Curtis Gilbert, Navy ROTC; Lt. Colonel Lizabeth Wenzel, Air Force ROTC; and Lt. Colonel Collin Keenan, Army ROTC. McMaster reviewed a history of the program, discussed the reporting structure within the University, and highlighted challenges. Gilbert, Wenzel, and Keenan provided an overview of their respective units, discussing staff, cadet composition, curriculum, and program highlights.

In response to a question from Regent Hsu, McMaster reported that ROTC graduation rates are slightly higher than rates for the general student body. In response to a question from Hsu about the firing range, Kaler responded that the current facility will not be recommissioned. He noted that the UMPD has offered its facility for ROTC weapons training.

Regent Brod commented that she is pleased with progress toward improving the ROTC facilities, noting that the program does a lot with limited resources.

REPORT OF THE FACULTY & STAFF AFFAIRS COMMITTEE

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

- 1) Approval of the Consent Report for the Faculty & Staff Affairs Committee as presented to the committee and described in the February 9, 2017 committee minutes. Consent Report items are as follows:

- A. Conferral of Tenure for two outside hires.

A motion was made and seconded and the Board of Regents voted unanimously to approve the conferral of tenure.

- B. Appointment of Peter Matthew (Matt) Kramer as Vice President for University and Government Relations.

A motion was made and seconded and the Board of Regents voted unanimously to approve the appointment of Kramer as Vice President for University and Government Relations.

- C. Appointment of Phillip John (P.J.) Fleck as Head Football Coach, Twin Cities Campus.

Regent Rosha remarked that the financial assumptions associated with the appointment appear sound. He voiced concern about short-term costs, but also his belief that those costs will be offset in the long run. He noted the importance of having a quality football program.

Regent McMillan stressed the importance of considering the fiscal outcomes of hiring decisions.

Kaler expressed confidence in Fleck's ability to increase the recruiting power of the football program, which will lead to increased ticket sales. He acknowledged the transitional costs, noting that these will be covered by a loan to Athletics from central reserves. The loan will be paid off over two years with football revenue.

Regent Hsu noted that he voted against the appointment in committee due to a lack of financial data. He added that after seeing an overview of athletics finances, he is convinced that the central reserves loan and repayment plan is reasonable.

A motion was made and seconded and the Board of Regents voted 10-1 to approve the appointment of P.J. Fleck as Head Football Coach, Twin Cities. Regent Omari voted no.

REPORT OF THE FINANCE COMMITTEE

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

- 1) Approval of the Consent Report for the Finance Committee as presented to the committee and described in the February 9, 2017 committee minutes.

A motion was made and seconded and the Board of Regents voted unanimously to approve the recommendation of the Finance Committee.

REPORT OF THE FACILITIES, PLANNING & OPERATIONS COMMITTEE

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

- 1) Approval of a Capital Budget Amendment for Contaminated Real Estate Remediation, Twin Cities Campus.

Regent Omari observed that the item was discussed at length in committee. He added that although he does not serve on the committee, he wanted to emphasize that the Board takes seriously the additional costs associated with the project.

Regent Hsu echoed Omari's remarks and asked if the additional abatement costs would be covered by Athletics. Senior Vice President Burnett replied that land costs are traditionally covered by the University as a whole and not an individual unit. Burnett clarified that the initial project budget included modest borrowing from future debt issuance.

A motion was made and seconded and the Board of Regents voted unanimously to approve the capital budget amendment for contaminated real estate remediation.

- 2) Approval of Schematic Design for Intercollegiate Athletics Track and Field Facility and Relocated Recreation Wellness Facilities, Twin Cities Campus.

A motion was made and seconded and the Board of Regents voted unanimously to approve the schematic design for intercollegiate athletics track and field facility and relocated recreation wellness facility.

- 3) Approval of Capital Budget Amendment and Schematic Design for the AHC Renovation and Relocation Program, Twin Cities Campus.

Regent Rosha indicated his opposition to the change in committee from review to review/action, with no emergency basis for the change, and stressed the importance of not making last-minute agenda changes for a publicly noticed meeting. He acknowledged that he has heard of no public objections to the projects and feels comfortable moving forward.

Regent Hsu indicated that he was also unaware of the change from review to review/action, and asked for clarification about the change. McMillan replied that the justification for the decision was to advance the project's timeline. Since the Facilities, Planning & Operations Committee will not meet again until May, approval allows the project to begin. He added that there is no connection between this project and the bonding bill.

A motion was made and seconded and the Board of Regents voted unanimously to approve the capital budget amendment and schematic design for the AHC renovation and relocation program.

- 4) Approval of the Consent Report for the Facilities, Planning & Operations Committee as presented to the committee and described in the February 9, 2017 committee minutes.

A motion was made and seconded and the Board of Regents voted unanimously to approve the consent report.

REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

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

- 1) Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the February 9, 2017 committee minutes.

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

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE

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

- 1) Approval of a new contract for external audit services with the current vendor, Deloitte & Touche, as detailed in the February 9, 2017 minutes.

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

NEW BUSINESS

Regent Omari thanked Regent Brod for her service to the Board.

The meeting adjourned at 12:29 p.m.

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

BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
March 7, 2017**

A meeting of the Litigation Review Committee of the Board of Regents was held on Tuesday, March 7, 2017 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

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

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

Others present: Jay Schrankler, Brian Slovut, Jon Steadland, and William Woodford.

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

The meeting convened in public session at 1:30 p.m. A motion was made and seconded that the following resolution be adopted:

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on Tuesday, March 7 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *University of Minnesota v. AT&T, et al.*

The committee voted unanimously to adopt the resolution and the public portion of the meeting ended at 1:31 p.m.

The meeting adjourned at 3:10 p.m.



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