UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

May 25, 2012
May 29, 2012
June 7-8, 2012

Office of the Board of Regents

600 McNamara Alumni Center
UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Minutes of the Board of Regents Meetings
and Committee Meetings

May 25, 2012
May 29, 2012
June 7-8, 2012

PAGE

I. Committee Meetings
   A. Audit Committee - June 7, 2012 ------------------------------------------------- 238
   B. Facilities Committee - June 7, 2012 ------------------------------------------------- 241
   C. Faculty, Staff & Student Affairs Committee - June 7, 2012 ------------------------- 244
   D. Educational Planning & Policy Committee - June 7, 2012 --------------------------- 250
   E. Finance & Operations Committee - June 7, 2012 ------------------------------------- 255

II. Board of Regents Work Session - June 7, 2012
   A. University of Minnesota Workforce Analysis ---------------------------------------- 260

III. Board of Regents Annual Meeting - June 8, 2012
   A. Establishment of Meeting Dates for 2012-13 ---------------------------------------- 262

IV. Board of Regents Meeting - June 8, 2012
   A. Recognitions ------------------------------------------------------------------------ 262
      1. Chancellor, University of Minnesota Crookston
      2. Vice President for University Services
      3. Athletic Director, Twin Cities Campus
      4. Academic Professionals & Administrators Consultative Committee Outgoing Chair
      5. Civil Service Consultative Committee Outgoing Chair
   B. Approval of Minutes ------------------------------------------------------------------ 263
   C. Report of the President ------------------------------------------------------------- 264
   D. Report of the Chair ------------------------------------------------------------------- 264
   E. Receive and File Reports ------------------------------------------------------------- 264
      1. Report of the Academic Professionals & Administrators Consultative Committee
      2. Report of the Civil Service Consultative Committee
   F. Approval of Consent Report ----------------------------------------------------------- 265
      1. Report of the All-University Honors Committee
      2. Gifts
   G. Report of the Faculty Consultative Committee ----------------------------------------- 265
   H. Recognition of Faculty Consultative Committee Outgoing Chair ----------------------- 265
   I. University of Minnesota Alumni Association Annual Report --------------------------- 265
   J. Board of Regents Policy: Code of Ethics for Members of the Board of Regents - Annual Review ------------------------- 265
   K. Review Amendments to Board of Regents Policy: Institutional Conflict of Interest------- 266
   L. Report from the Special Committee on Executive Compensation & Administrative Transitional Leaves ----------------------------------- 266
   M. Report of the UMMCF Board of Trustees Nominating Committee ------------------------- 267
   N. Approval of Resolution Related to FY 2013 Annual Capital Improvement Budget -------- 268
   O. Approval of Resolution Related to FY 2013 Annual Operating Budget ------------------ 269
   P. Report of the Finance & Operations Committee ----------------------------------------- 271
      1. Approval of Consent Report -------------------------------------------------------- 271
      2. Approval of Resolution Related to: Asset Allocation Guidelines ---------------------- 271
      3. Long Range Financial Planning Model ------------------------------------------------- 271
      4. Long Term Financial Planning: Fully Allocated Cost of Mission Activities, Part II ---- 271
      5. Update on Enterprise Systems Upgrade Project ----------------------------------------- 271
      6. Information Items -------------------------------------------------------------------- 271
   Q. Report of the Audit Committee -------------------------------------------------------- 272
      1. Review Amendments to Board of Regents Policy: Internal Control --------------------- 272
      2. Internal Audit Plan ------------------------------------------------------------------ 272
      3. Internal Audit Update ---------------------------------------------------------------- 272
4. Mobile Devices: Realizing the Opportunity Responsibly

5. Information Items

R. Report of the Educational Planning & Policy Committee
1. Approval of Consent Report
2. Adoption of Amendments to Board of Regents Policy: Tuition and Fees
3. e-Learning & e-Textbooks Strategies
4. University of Minnesota Crookston Curriculum Overview
5. University of Minnesota Duluth Curriculum Overview

S. Report of the Facilities Committee
1. Approval of Schematic Plans
   A. Green Prairie Living & Learning Center, Morris Campus
2. Capital Project Delivery - Methods & Experience
3. Space Utilization & Building Decommissioning/Demolition Impact Update
4. Information Items

T. Report of the Faculty, Staff & Student Affairs Committee
1. Approval of Consent Report
2. Adoption of Amendments to Board of Regents Policy: Faculty Emeriti
3. Review Amendments to Board of Regents Policy: Student Conduct Code
4. Review Amendments to Board of Regents Policy: Private Practice Plan: School of Dentistry
5. Annual UPlan Health Insurance Update
6. Intercollegiate Athletics Report
7. Information Items

U. Report of the Litigation Review Committee
1. No meeting this month

V. Committee Meetings
A. Special Committee on Executive Compensation and Administrative Transitional Leaves - May 25, 2012
B. Presidential Performance Review Committee - May 29, 2012
C. University of Minnesota Medical Center Fairview Board of Trustees Nominating Committee - June 7, 2012
A meeting of the Audit Committee of the Board of Regents was held on Thursday, June 7, 2012 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Clyde Allen, Laura Brod, John Frobenius, David Larson, and Maureen Ramirez. Thomas Devine was also present as a non-voting member of the committee.

Staff present: Senior Vice President & Provost Karen Hanson; Vice President Kathryn Brown; Acting Executive Director Brian Steeves; and Associate Vice Presidents Bernard Gulachek, Gail Klatt, and Michael Volna.

Student Representative present: Meghan Mason and James Rook.

**BOARD OF REGENTS POLICY: INTERNAL CONTROL**

Associate Vice President Klatt presented for review amendments to Board of Regents Policy: *Internal Control*, as detailed in the docket materials. She explained that the policy was being revised to align with President Kaler’s risk recalibration initiative.

The policy will return to the committee for action at a future meeting.

**INTERNAL AUDIT PLAN**

Associate Vice President Klatt presented the 2012-13 Internal Audit Plan (Plan), as detailed in the docket. The Plan places less emphasis on unit-level audits in favor of a more process focused audit approach. This is intended to provide:

- Efficient audit coverage of activities identified during the internal risk assessment;
- Support of the administration’s strategic risk management initiative; and
- Identification of operational best practices or the need for process improvements.

The Plan will focus on high-risk process audits in the financial, research, technology, and human resources areas. Klatt stated that it is important for the Plan to remain flexible because of the high number of new senior leaders and additional planned transitions. She added that it might be appropriate to adjust the audit plan as leaders become more familiar with their portfolios, and further define their priorities.
The Office of Internal Audit will have a staffing complement of 14.5 full-time equivalent (FTE) professionals in 2012-13 and intends to devote 56 percent of its audit resources to completion of planned audit projects, 3 percent to completion of carry-over work from the 2011-12 audit plan, 11 percent to requests from the President, Board of Regents and executive committee members, and the remainder to administrative functions, investigations and other activities. The Plan consists of 17 process audits and 11 unit-based audits.

In response to a question from Regents Allen and Frobenius, Klatt noted that the Office of Internal Audit is working with the administration to gather information on reputational risk.

In a response to a question from Regent Brod, Klatt explained that the budget for the Office of Internal Audit has remained relatively flat over the last five years.

**INTERNAL AUDIT UPDATE**

Associate Vice President Klatt presented the Internal Audit Update, as detailed in the docket. Since the last update to the Audit Committee in February 2012, 29 percent of outstanding recommendations rated as “essential” were implemented by University departments, a percentage that is less than the expected implementation rate of 40 percent. Four units fully implemented all their remaining “essential” recommendations. Five audit reports containing nine recommendations rated as “essential” were issued in the last four months.

Klatt explained that the Minnesota Medical Foundation (MMF) has had an external review of its internal controls performed, as required by the Memorandum of Understanding with the University. She noted that LarsonAllen, LLP, performed the review and the results were presented to the Foundation’s Audit Committee in October 2012.

**MOBILE DEVICES: REALIZING ITS OPPORTUNITY RESPONSIBLY**

Associate Vice President Klatt introduced Associate Vice President Bernard Gulachek, Brad Cohen, Associate Chief Information Officer, Office of Information Technology, and Dave Ernst, Director, Academic and Information Technology, College of Education and Human Development, to lead the discussion on mobile devices.

Gulachek explained that mobile devices are becoming a growing component of the landscape of higher education. He noted that mobile devices have dramatically changed the information technology (IT) environment on campus as more students, faculty and staff interact with the University through a mobile device. Gulachek added that as more transactions are performed on mobile devices, strategic investment in IT becomes more critical.

Cohen reviewed the use of mobile devices in the academic setting and the need for the University to allow more content to be accessed via mobile devices. He noted that mobile devices have the potential to advance the University’s core mission in new and unique ways.
Ernst clarified the role of mobile devices as a teaching and learning tool. He reviewed current initiatives by the College of Education and Human Development to distribute iPads to incoming students and the creation of local learning networks.

A lengthy discussion ensued in which the following issues and questions were addressed:

- e-Learning initiatives at the University;
- the development of mobile applications for academic use;
- the ownership of intellectual property created on University owned mobile devices;
- the strategic significance of mobile computing; and
- the impact of mobile devices on the University's research and outreach mission.

The meeting adjourned at 9:30 a.m.

BRIAN R. STEEVES
Acting Executive Director and
Corporate Secretary
A meeting of the Facilities Committee of the Board of Regents was held on Thursday, June 7, 2012 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Clyde Allen, Laura Brod, John Frobenius, Venora Hung, and David Larson.

Staff present: Chancellors Charles Casey and Jacqueline Johnson; Vice Presidents Kathleen O’Brien and Richard Pfizenreuter; and Acting Executive Director Brian Steeves.

Student Representatives present: Jesse Jennings and Mike Schmit.

SCHEMATIC PLANS

A. Green Prairie Living and Learning Center, Morris Campus

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

The schematic plans for the Green Prairie Living and Learning Center, Morris Campus, are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O’Brien noted that the Green Prairie Living and Learning Center, Morris Campus was being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Chancellor Johnson reviewed the project and described the need for a residence hall on the Morris campus. She reported that 95 percent of first-year students live in residence halls. Johnson noted that a new on-campus housing project would increase access to learning opportunities during the summer. She added that the building is designed to meet B3 and LEED Gold sustainability guidelines.

In response to a question from Regent Larson, Johnson indicated that enrollment over the past ten years has been strong despite the declining population of western Minnesota.
In response to questions from Regent Frobenius, Johnson noted that current plans do not include the construction of additional residence halls on the Morris campus.

The committee voted unanimously to recommend approval of the schematic plans for the Green Prairie Living and Learning Center, Morris Campus.

**CAPITAL PROJECT DELIVERY – METHODS AND EXPERIENCE**

Vice President O’Brien provided an overview of Capital Project Delivery – Methods and Experiences as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Suzanne Smith, Assistant Vice President, explained that the primary project delivery methods utilized on campus include: Construction Manager at Risk, Design-Build and Design-Bid-Build. She noted that each method employs the overarching framework of the best value approach, which considers construction quality and completion time in addition to the overall price of the project. Smith added that the delivery method selected is tailored to each project using the criteria that is included in the Request for Proposal (RFP). She noted that use of the best value approach has been key factor in the completion of University projects.

In response to a question from Regent Johnson, Smith indicated that the University’s relationship with the Association of Contractors has improved substantially over the past several years.

In response to a question from Regent Frobenius, O’Brien indicated that LEED standards are considered on a case-by-case basis. She explained that the University tries to meet Minnesota B3 standards whenever possible, as they are equivalent to LEED Bronze certification.

**SPACE UTILIZATION AND BUILDING DECOMMISSIONING / DEMOLITION IMPACT UPDATE**

Vice President O’Brien provided an overview of the Space Utilization and Building Decommissioning / Demolition Impact Update as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Brian Swanson, Assistant Vice President, explained that on-campus space is a valuable resource for the University. He noted that individual offices and work areas occupy a considerable amount of the University’s space, and explained that an alternative workspace strategy is necessary in order to protect the physical assets of the University. Swanson added that faculty and staff have been receptive to the idea of more collaborative workspace as conventional office work has decreased over the past ten years.

A lengthy discussion ensued in which the following issues and questions were addressed:
• work cultures across units and departments;
• the University's space reduction strategy;
• the use of office space in the private sector;
• the amount of space utilized by the Department of Athletics; and
• the total square footage of peer institutions.

INFORMATION ITEMS

Vice President O'Brien referred committee members to the following Information Items:

• Final Project Review – Siebert Field Ballpark Replacement, Twin Cities Campus
• Final Project Review – Green Prairie Living and Learning Community, Morris Campus
• Capital Planning and Project Management Semi-Annual Project Report

The meeting adjourned at 11:05 a.m.

BRIAN R. STEEVES
Acting Executive Director
and Corporate Secretary
A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, June 7, 2012 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Richard Beeson, Linda Cohen, Thomas Devine, David McMillan, and Maureen Ramirez.

Staff present: President Eric Kaler; Chancellors Lendley Black and Jacqueline Johnson; Senior Vice President & Provost Karen Hanson; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Aaron Friedman, and Timothy Mulcahy; General Counsel Mark Rotenberg; Acting Executive Director Brian Steeves; and Associate Vice President Gail Klatt.

Student Representatives present: Melissa Erlandson and Julia Schliesing.

BOARD OF REGENTS POLICY: FACULTY EMERITI

Regent Simmons indicated that the proposed amendments to Board of Regents Policy: Faculty Emeriti were before the committee for review on May 10, 2012, as detailed in the docket. Vice President Brown noted that there is one substantive change in language, which gives the President the ability to revoke the title of Emeritus.

A motion was made and seconded and the committee voted unanimously to recommend adoption of the amendments to Board of Regents Policy: Faculty Emeriti.

BOARD OF REGENTS POLICY: STUDENT CONDUCT CODE

Vice President Brown invited Jerry Rinehart, Vice Provost for Student Affairs and Dean of Students, Sharon Dzik, Director, Student Conduct and Academic Integrity, and General Counsel Mark Rotenberg to discuss proposed amendments to Board of Regents Policy: Student Conduct Code, as detailed in the docket.

Rinehart explained that this policy is reviewed every 5 years and was last amended in 2006. The proposed amendments address several topics, including bullying, alcohol consumption, and sexual assault. He indicated that the policy is non-judicial and focuses on responsibility, not guilt.
Rinehart noted that the proposed amendments:

- Reflect changes in the environment such as the use of social media and changes to city ordinances;
- Establish greater consistency with enforcement practices; and
- Include new language on determining the severity of offenses.

Rotenberg explained that the proposed amendments do not represent any increased liability to the University, and added that state laws are also a factor in determining liability.

In response to a question from Regent Ramirez, Rinehart clarified that the phrase "citizens of the state" is intended to be a general term referring to members of the Minnesota community.

In response to questions from Regents and Student Representatives regarding behavior of students when they are off campus, Rinehart stated that the University only tends to get involved in the more extreme student conduct situations including but not limited to alcohol consumption and violent behavior.

This policy will return for action at a future committee meeting.

**BOARD OF REGENTS POLICY: PRIVATE PRACTICE PLAN: SCHOOL OF DENTISTRY**

Regent Simmons invited Vice President Friedman, Judith Buchanan, Interim Dean, School of Dentistry, and Keith Dunder, Academic Health Center Counsel, to present the proposed new version of Board of Regents Policy: Private Practice Plan: School of Dentistry, as detailed in the docket.

Buchanan explained that this new version of the policy would replace the existing policy, which was adopted in 1993 and last amended in 2002. It provides that private clinical activity will be managed and regulated under the revised policy, allowing the dean and a committee of faculty to be more engaged in aligning the private practice activity with the goals and mission of the School of Dentistry. The revised policy is consistent with the related policies for other health sciences schools and colleges. Friedman added that clinical activity is crucial to the next generation of dentists and praised Buchanan for her work on this revised policy.

In response to questions from the committee, Buchanan indicated that this revised policy contains more flexibility in private clinical activity, with the potential of a positive financial impact on the School of Dentistry.

In response to a question from a Regent about potential compliance issues, Dunder noted that this revised policy is flexible with manageable limits.

This policy will return for action at a future committee meeting.
ANNUAL UPLAN HEALTH INSURANCE UPDATE

Vice President Brown invited Dann Chapman, Director of Employee Benefits, to present the annual UPlan health insurance update, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Chapman provided a UPlan program overview, including its history and projection of costs and strategic positioning efforts. Program cost increases over the past five years have been reasonable and within benchmarking trends, with the exception of 2009. Chapman attributed that uncharacteristic cost increase of 10.1 percent to an unpredictable spike in claims and noted this is always a risk. Cost projections for 2012 and 2013 are well within benchmark parameters.

Benefits of the UPlan program include its high value to employees, making it an effective tool in attracting and retaining quality faculty and staff at the University. The field of employee benefits is facing several challenges including federal health care reform (The Affordable Care Act), Minnesota health care reform and an uncertain political environment. The University's employee benefits office is planning for several potential scenarios and is assembling tools that can be arranged in various configurations.

In response to questions and comments from several Regents, Chapman agreed that the UPlan program is of value to both employees and the University, and views money put towards benefits as an investment. He noted that the return on this investment is primarily dependent on disease management and reductions in hospital stays.

INTERCOLLEGIATE ATHLETICS REPORT

Regent Simmons invited Joel Maturi, Director of Athletics, to present the annual report on Intercollegiate Athletics (ICA), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Maturi provided detailed information to the committee on numerous areas of ICA, including academic performance, athletic accomplishments, and departmental financial outlook. Highlights of the presentation included:

• ICA had 25 teams, 750 student-athletes, and the equivalent of 324 full scholarships in 2011;
• ICA had a budget of $78 million in 2011, marking the 10th consecutive year with a balanced operating budget;
• The projected 2011 student-athlete graduation rate is a record-breaking 74 percent;
• More than 82 percent of student-athletes volunteered their time for more than 12,000 hours in 2011;
• The cumulative 2011-12 GPA for all student athletes is 3.18, the highest since 1999; and
• ICA had five NCAA and Conference Championships in 2011-12, including the Women's Hockey Team winning the NCAA National Championship.
Maturi acknowledged that this is his final report to the committee as Athletics Director and expressed pride and gratitude for having such strong support from the athletics coaches, administration, and Board of Regents. Regents expressed gratitude to Maturi for his service and contributions to the University.

UNIVERSITY OF MINNESOTA MORRIS: A PUBLIC LIBERAL ARTS LEARNING COMMUNITY

Vice President Brown invited Chancellor Johnson to present on the University of Minnesota Morris campus, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Johnson explained that the University of Minnesota Morris (UMM) is a public liberal arts campus that provides access and affordability to a small, distinctive and diverse group of students. Ensuring accessibility to talented students otherwise underrepresented in higher education is one of the primary goals of UMM. A dedicated and accomplished group of faculty and staff support the holistic educational mission of UMM, encouraging students to explore multiple disciplines and perspectives while providing both the traditional liberal arts majors and innovative curriculum, such as the Summer Transition for English Language and Liberal Arts Readiness (STELLAR) program for international students. STELLAR allows students to earn credit, improve their English language speaking skills, and introduces them to U.S. culture and Morris campus life before the beginning of fall semester.

Johnson reviewed the current challenges in higher education:

- Cost;
- Demographics;
- Competition; and
- Faculty and staff diversity.

UMM meets these challenges by:

- A philanthropic focus;
- Grant applications;
- Marketing and branding; and
- Leveraging system resources.

The UMM campus has developed an infrastructure that allows them to serve as a model community; by using natural, local resources to heat and cool the campus, putting dollars back into the local economy and by focusing on local foods and healthy eating. All of these efforts are led by and involve UMM students, faculty, and staff.

Johnson highlighted several student and faculty/staff features of UMM:

- Six-year graduation rate for Morris students is second highest among all public universities in the state, is higher than 10 of 25 of Minnesota’s private undergraduate liberal arts college campuses, and comparable to four others;
- 99 percent of tenured faculty have terminal degrees;
• 1 in 5 Morris faculty members are Horace T. Morse award winners for undergraduate teaching excellence; and
• Student retention, first year fall to second year fall is 86.4 percent.

In response to questions from several Regents, Johnson noted that UMM works with the community in an effort to provide access to all underrepresented students, including the growing Hispanic population in the region.

CONSENT REPORT

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

• Appointment of Chancellor, University of Minnesota Crookston;
• Appointment of Dean, School of Dentistry;
• Appointment of Dean, UMD School of Fine Arts;
• Appointment of Minnesota Landscape Arboretum Foundation Board of Trustees; and
• Conferral of tenure for a faculty member who has been hired at the University of Minnesota.

Brown invited Senior Vice President Jones to provide a brief summary of Dr. Fred E. Wood’s appointment as Chancellor of University of Minnesota Crookston. Jones described the chancellor position, Wood’s educational and work experience, and stated that Wood’s appointment is effective July 2, 2012.

Brown invited Senior Vice President and Provost Hanson to provide a brief summary of Dr. Leon Assael’s appointment as Dean of the School of Dentistry. Friedman described the dean position, Assael’s educational and work experience, and stated that Assael’s appointment is effective August 1, 2012.

Brown invited Chancellor Black to provide a brief summary of William E. Payne’s appointment as Dean, University of Minnesota Duluth School of Fine Arts. Black described the dean position, Payne’s educational and work experience, and stated that Payne’s appointment is effective May 7, 2012.

Brown spoke on the appointments of John Bryant, Julie Potts Close, Julie Hagen Showers, and Allen Levine to the Minnesota Landscape Arboretum Foundation Board of Trustees.

Brown reported the conferral of tenure to Lynne Bemis, associate professor at the University of Minnesota Duluth Department of Biomedical Sciences.

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

Vice President Brown referred the committee to the information items contained in the docket materials, which included:

- Personnel highlights;
- University highlights;
- Faculty and staff activities and awards; and
- Student activities and awards.

The meeting adjourned at 12:08 p.m.

[Signature]

BRIAN R. STEEVES
Acting Executive Director and Corporate Secretary
A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, June 7, 2012 at 3:00 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Maureen Ramirez, presiding; Patricia Simmons, Linda Cohen, Dean Johnson, David Larson, and David McMillan.

Staff present: Chancellors Lendley Black, Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; Senior Vice President Robert Jones; Acting Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt and Julie Tenneson.

Student Representatives present: Kevin Lang and Molly Tomfohrde.

**BOARD OF REGENTS POLICY: TUITION AND FEES**

Senior Vice President and Provost Hanson invited Associate Vice President Tenneson to discuss proposed amendments to Board of Regents Policy: *Tuition and Fees* as detailed in the docket materials.

Tenneson summarized proposed amendments to the policy, which are intended to clarify language related to fees “in lieu of tuition”; revise the definition of allowable course fees to emphasize purpose and rationale rather than specific examples; address distance delivery fees; and include language specifying delegation of authority related to the fee process outside of the annual operating budget. She noted future reviews would focus on an analysis of administrative fees; process simplification and improved administrative guidelines; ongoing review of proposed fees conducted annually as part of the annual operating budget; and periodic course fees audits.

A motion was made and seconded and the committee voted unanimously to recommend adoption of proposed amendments to Board of Regents Policy: *Tuition and Fees*.

**eLEARNING & eTEXTBOOKS STRATEGIES**

Senior Vice President and Provost Hanson introduced Brad Cohen, Associate Chief Information Officer for Academic Technology, Michelle Driessen, Associate Education Specialist, Department of Chemistry, Jean Quam, Dean, College of Education and Human Development (CEHD), and Bob Rubinyi, Director, Distributed Education, to discuss eLearning and eTextbook trends and strategies at the University
Cohen reported that eLearning has evolved rapidly over the last decade with the widespread availability of broadband Internet access, personal computers, and multimedia. Higher education institutions are leveraging eLearning to address strategic academic objectives. eTextbooks are emerging as an important component of the eLearning strategy. He indicated that higher education is experiencing disruption, and teaching practices need to evolve with advances in technology. Several opportunities were discussed:

- Strategic uses of eLearning where the institution has a comparative advantage and for which a well-defined market exists;
- How the University can engage proactively in eLearning as a core component of the University’s mission; and
- Opportunities for eTextbooks at the University.

Rubinyi discussed research underway to evaluate various aspects of online distance education and blended learning. He noted that blended learning is shown to be more effective than either purely online or face-to-face education delivery. He indicated that the University has taken a distributed approach to eLearning by encouraging individual academic units and coordinate campuses to take the lead in employing eLearning and allowing delivery modes that will benefit all students at all levels. Cohen noted that a staff group in the Office of Information Technology is dedicated to studying and following trends in eLearning.

Driessen described how the chemistry courses she teaches have evolved with use of technology. Students work in teams using technology to find answers, access course materials digitally allowing for dynamic content, and may view videos demonstrating techniques. Students are allowed to access lectures on their own time and faculty have more structured time to help with students engage in hands-on problem solving.

Quam described eLearning and eText use throughout the CEHD. iPads are used for faculty development, advising, during orientation, and by financial aid staff. iPads are given to incoming freshman, allowing for instant access to information inexpensively, making learning fun and engaging, and encouraging learning outside the classroom. Quam provided a hands-on demonstration of a CEHD course with each Regent using an iPad and accessing information digitally and experiencing what a CEHD student would experience.

**UNIVERSITY OF MINNESOTA CROOKSTON CURRICULUM OVERVIEW**

Regent Ramirez invited Chancellor Casey and Thomas Baldwin, Senior Vice Chancellor, Academic and Student Affairs, to present an overview of the Crookston curriculum, as described in the docket and associated materials distributed at the meeting and on file in the Board Office. Ramirez acknowledged Casey’s final presentation to the committee prior to his retirement later in the month.

Casey reported that the Crookston Campus is integral to the University’s statewide land grant mission. The college provides its unique contribution through applied, career-oriented learning programs that combine theory, practice, and experimentation in a technologically rich environment. Crookston connects its
teaching, research, and outreach to serve the public good. Casey presented the Crookston Strategic Plan Vision 2015 Goals:

- To provide students an outstanding academic experience;
- To engage students in an exemplary co-curricular experience; and
- To promote engagement and collaboration among the University of Minnesota, Crookston students, faculty, staff and the community, region, state, and beyond.

Casey discussed enrollment trends, the student profile, success, retention, and graduation rates. He described how Crookston programs are employment-oriented, technology-driven, and focused on three core competencies: communication, critical thinking and working with others. He described student community engagement and service learning opportunities and presented information on national recognition the campus has received for its educational offerings and online program delivery.

Baldwin summarized the academic degree programs, with 27 undergraduate majors through four academic departments, several of which are unique to the Crookston campus. He reported that online education has been a significant growth area for Crookston, described how use of technology contributes to student learning and success, and noted that ten degrees can be earned entirely online.

**UNIVERSITY OF MINNESOTA DULUTH CURRICULUM OVERVIEW**

Regent Ramirez introduced Chancellor Black to present an overview of the University of Minnesota Duluth curriculum, as described in the docket and associated materials distributed at the meeting an on file in the Board Office. The Duluth Campus is a mid-sized comprehensive university known locally, nationally, and internationally for excellence in teaching, groundbreaking faculty research and creative activity, and a community-based and service learning culture; where curricular and co-curricular aspects of the student experience are integrated into the whole. Black introduced Andrea Schokker, Executive Vice Chancellor for Academic Affairs.

Black reported that Duluth offers 82 undergraduate and 25 graduate programs. He indicated that enrollment has remained strong, with over 11,000 students entered in Fall 2011. Black described several colleges and programs for undergraduate and graduate students, discussed graduation, retention, and diversity on campus.

Black described the recent strategic planning process Duluth has undertaken to clarify its mission, identify a new campus vision, define core values, and establish future goals. He highlighted a number of significant campus initiatives resulting from the process.

In response to questions from the committee, Black described how changing state demographics have changed recruitment strategies and trends. He noted that enrollment was at a record high last year but included fewer traditional freshman. Increased retention and more transfer students made up for this decline. Black indicated that the Campus is recruiting in areas that have been underserved in the past, including Duluth and surrounding communities. Schokker indicated that space and amenities continue to be a challenge; Black reported that the administration is pursuing facilities on and off campus, which could help the campus develop a stronger presence in downtown Duluth.
CONSENT REPORT

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

- **New Academic Programs**
  - College of Liberal Arts (Duluth campus)—Create B.A. degree in Geographic Information Science

- **Changes to Academic Programs**
  - Medical School (Twin Cities campus)—Discontinue the Transition subplan within the Doctor of Physical Therapy degree
  - College of Food, Agriculture and Natural Resource Sciences (Twin Cities campus)—Create Park and Protected Area Management subplan within the B.S. degree in Forest Resources
  - School of Nursing (Twin Cities campus)—Change name of Post-DNP Specialty Nursing certificates to Post-Graduate Specialty Nursing (program plans in Adult Health/Gerontological Clinical Nurse Specialist, Adult Health/ Gerontological Nurse Practitioner, Women’s Health Care Nurse Practitioner, Family Nurse Practitioner, Nurse Midwifery, Pediatric Clinical Nurse Specialist, Pediatric Nurse Practitioner, and Psychiatric Mental Health Nurse Practitioner)
  - School of Nursing (Twin Cities campus)—Discontinue subplans (Adult Health/Gerontological Clinical Nurse Specialist, Adult Health/Gerontological Nurse Practitioner, Women’s Health Care Nurse Practitioner, Family Nurse Practitioner, Nurse Midwifery, Pediatric Clinical Nurse Specialist, Pediatric Nurse Practitioner, Psychiatric Mental Health Nurse Practitioner, Healthcare Innovation and Leadership, Informatics, Integrative Health and Healing, Nurse Anesthesia, Public Health Nursing, and Public Health Nursing Adolescent) within the M.S. degree (Plan B) in Nursing
  - College of Liberal Arts (Duluth campus)—Change name of the B.A. degree and minor in Spanish to Hispanic Studies
  - Crookston campus—Create Communication Studies, Organization Communication/Public Relations, and Writing subplans within the B.S. degree in Communication
  - Swenson College of Science and Engineering (Duluth campus)—Change name of Master of Science in Electrical and Computer Engineering (M.S.E.C.E.) degree to Master of Science in Electrical Engineering (M.S.E.E.)
  - College of Liberal Arts (Duluth campus)—Deliver the Master of Tribal Administration and Governance degree at an off-campus location
• Discontinuations to Academic Programs

• College of Veterinary Medicine (Twin Cities campus)—Discontinue graduate minor in Comparative and Molecular Biosciences

• Medical School (Twin Cities campus)—Discontinue the graduate minor in Physical Therapy

The meeting adjourned at 4:50 p.m.

[Brian R. Steeves]

BRIAN R. STEEVES
Acting Executive Director and
Corporate Secretary
A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, June 7, 2012 at 3:00 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Clyde Allen, Richard Beeson, Laura Brod, Thomas Devine, and Venora Hung.

Staff present: President Eric Kaler; Chancellor Jacqueline Johnson; Vice Presidents Timothy Mulcahy and Richard Pfutzenreuter; Acting Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Stuart Mason, Julie Tonneson and Mike Volna.

Student Representatives present: Meghan Mason and James Rook.

RESOLUTION RELATED TO: ASSET ALLOCATION GUIDELINES

Vice President Pfutzenreuter invited Associate Vice President Mason to present the Resolution Related to Asset Allocation Guidelines, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Mason explained that the Office of Investments and Banking and the Investment Advisory Committee have been discussing potential changes to the Board of Regents asset allocation guidelines and this item was brought to the committee for discussion on May 10, 2012.

Recommendations for the portfolio structure involve three categories with allocation ranges for each:

- Risk Mitigating Fixed Income assets: 8 to 15 percent;
- Return Generating assets: 70 to 85 percent; and
- Absolute Return assets: 8 to 15 percent.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Resolution Related to Asset Allocation Guidelines.
LONG RANGE FINANCIAL PLANNING MODEL

Vice President Pfutzenreuter and Lincoln Kallsen, Director of Financial Research, provided an overview of the long-range financial planning model, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Pfurtenreuter stated that this model is a baseline forecast that will be used to establish a clear set of principles and processes regarding long-range financial planning. The focus is on core assumptions for developing a six-year financial forecast and the effect of those assumptions on financial management ratios.

Kallsen explained the long-range financial planning framework, which includes principles for the University’s long-term financial plan and strategic decision elements and analysis for: institutional alignment, revenue clusters, cost drivers, and cost containment.

Given the assumption that the University needs to balance its budget every year, the analysis shows:

- Baseline forecast trends illuminate the challenges of:
  - State disinvestment in higher education;
  - Limiting tuition rate increases;
  - Demographics and enrollment management;
  - National and international competition for talent; and
  - General cost increase trends;
- Costs will need to be managed;
- Revenues will need to grow; and
- Strategies to close the gap will require a variety of tools.

In response to questions from the committee, President Kaler noted that federal grants and contracts are sponsored funds that can be taken out of the equation without negatively impacting the forecast. He added that efficiency and the ability to reallocate are key elements. Kallsen indicated that there are tools set up to do sensitivity analyses of the model to calculate reallocations. The committee expressed support.

This model will provide a basis for discussion at a future meeting and will include the biennial request.

LONG TERM FINANCIAL PLANNING: FULLY ALLOCATED COST OF MISSION ACTIVITIES, PART II

Vice President Pfutzenreuter welcomed Associate Vice President Tonneson and Lincoln Kallsen, Director of Financial Research, to discuss the fully allocated cost of mission activities, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Tonneson explained that this is the first University study of the fully allocated cost of each of the mission activities and shows how much the University has spent on the direct costs of instruction, research, public service, auxiliary operations, and student aid. It further shows the full allocation of indirect/overhead costs associated
with each of those activities and identifies the unique funding sources that paid for them. All data is based on FY 2009-10 financial activity.

Tonneson and Kallsen provided an overview of the methodology employed, total spending in each mission activity, and revenue sources supporting each mission activity. Key points include:

- Mission direct costs plus indirect support costs equal fully allocated costs of mission activities;
- Fully allocated revenue refers to revenue sources that support both direct and indirect costs, allocated to mission activities in the same way costs are allocated;
- The total cost of instruction for a resident undergraduate full year equivalent (FYE) student in FY 2009-10 was broken down by campus: Twin Cities - $10,320; Duluth - $10,030; Morris - $10,030; and Crookston - $8,588; and
- Factors that may cause instructional costs to vary among campuses include market driven faculty salaries, volume of service teaching, and cost and complexity of unique instructional space and equipment/materials.

Next steps are to:

- Replicate this study with FY 2011-12 data to construct trend lines;
- Work with colleges and campuses on providing appropriate sub-analysis to meet local needs and correct unique methodological issues;
- Work with senior academic leadership to incorporate this information into the compact planning process;
- Move revenue analysis to the collegiate/campus level, to better anticipate opportunities and threats to different missions as revenue streams vary; and
- Use data for unit-level long range financial planning discussions and analysis.

In response to comments and questions from the committee, President Kaler expressed his support and stated that the framework for this analysis is a valuable tool in measuring financial success. He added that this study is accumulating data that can be used to investigate correlations.

**UPDATE ON ENTERPRISE SYSTEMS UPGRADE PROJECT**

Vice President Pfutzenreuter invited Vice President Mulcahy and Andrew Hill, Program Director, Enterprise Systems Upgrade Project, to present an update on the Enterprise Financial Systems (EFS) Upgrade project, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Hill provided an overview of the system history, an explanation of why the University needs to upgrade, EFS project vision, governance and timeline, and potential cost categories. Highlights include:
• The University needs to upgrade now because the current version of the system has an unsupportable platform, outdated processes, and there is untapped potential in the technology environment;
• The purpose of the Enterprise Systems Upgrade project is to continue to contribute to the University's goal of establishing itself as a leading institution by providing an enterprise solution, backed by processes, systems and methodologies across administrative functions;
• Potential cost categories include: implementation partner, software and hardware, project team, office space, and contingency; and
• The next step is to identify an implementation partner.

In response to questions from the committee, Pfutzenreuter stated that an implementation partner is required for the scope and timing of the project. Hill added that this upgrade will allow more flexibility in the future with smoother and faster upgrades, in addition to a delivery model that is more advanced and less costly.

This item will return to a future committee meeting.

CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket and on file in the Board Office, which included:

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

• Dell Marketing, a Microsoft Education Large Account Reseller, for an estimated $1,750,000 to provide software licensing for commonly used Microsoft products for all University of Minnesota staff, faculty and students (all campuses), for the period July 1, 2012, through June 30, 2013, for the Office of Information Technology (OIT). OIT will purchase the Campus Agreement with O&M funds for a total of $1,750,000. A portion of this, $80,000 (representing the cost of the physical media for these Microsoft products), will be recovered through a nominal charge to the student upon purchase. Vendor was selected through a competitive process.

• Duffy Paper Company, Anchor Paper Company, Wilcox Paper Company, Midland Paper Company and Xpedx for an estimated $1,450,000 of printing paper stock as needed for the period of July 1, 2012, through June 30, 2015, for Printing Services’ use at the main plant facility and copy centers. Payment for these purchases will come from the Printing Services operating budget. The Printing Services operating budget is approved annually through the operating budget process. Vendors were selected through a competitive process.
• Royall & Company for a maximum estimated $8,000,000 for the contract for direct marketing services for the Office of Admissions. The initial period of the contract is for August 1, 2012, through July 31, 2015, with the option to renew the contract for two additional one-year terms. The initial contract maximum would be $5,000,000 and the annual renewals maximum would total $3,000,000. These services will be purchased with Office of Admissions departmental funds. Vendor was selected through a competitive process.

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

INFORMATION ITEMS

Vice President Pfutzenreuter referred the committee to the Information Items contained in the docket materials:

• Quarterly Investment Advisory Committee Update;
• Quarterly Asset Management Report; and
• Quarterly Purchasing Report.

The meeting adjourned at 5:01 p.m.

BRIAN R. STEEVES
Acting Executive Director
and Corporate Secretary
A work session of the Board of Regents was held on Thursday, June 7, 2012 at 1:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Clyde Allen, Richard Beeson, Laura Brod, Thomas Devine, John Frobenius, Venora Hung, Dean Johnson, David Larson, David McMillan, Maureen Ramirez, and Patricia Simmons.

Staff Present: President Eric Kaler; Vice President Kathryn Brown and Richard Pfutzenreuter; and Acting Executive Director Brian Steeves.

Chair Cohen introduced Vice President Brown and Lincoln Kallsen, Director, Financial Analysis, to present an analysis of the University of Minnesota’s workforce, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Brown reviewed the current number of employees within each job category at the University. She noted that the Professional and Administrative (P&A) classification has increased significantly over the last twenty years as the nature of work has evolved. Brown reviewed the overall employee headcount in contrast to the number of students per degree seeking program. She noted that the number of employees has decreased despite an increase in student enrollment, which demonstrates greater employee efficiency than in the past. Brown explained that technology in combination with other workforce changes have reduced demand for clerical support.

Kallsen explained that institutions of higher education receiving public funds are required to submit workforce data to the Integrated Postsecondary Education Data System (IPEDS). He noted IPEDS workforce data is often inaccurate, as universities do not collect or report employment information in a uniform method. He observed that universities often report workforce data differently from year-to-year, which can make it unreliable and misleading. Brown commented that it is difficult to compare the University’s workforce data to that of its peers due to the absence of standard data elements.

A lengthy discussion ensued in which the following issues and questions were addressed:

- the impact of e-Learning on the University’s workforce;
- the way in which adjunct faculty are counted in the total workforce;
- the need to define the cost of administration;
- the use of outsourcing and contractors;
- the necessity to measure key cost components;
- the role of the colleges in job code reclassification;
• efforts to determine the cost of higher education;
• the lack of common data practices in higher education; and
• the use of technology as it relates to workforce productivity.

The work session adjourned at 2:30 p.m.

BRIAN R. STEEVES
Acting Executive Director
and Corporate Secretary
UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

June 8, 2012

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 8, 2012 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Clyde Allen, Richard Beeson, Laura Brod, Thomas Devine, John Frobenius, Venora Hung, Dean Johnson, David Larson, David McMillan, Maureen Ramirez, and Patricia Simmons.

Staff present: President Eric Kaler; Chancellors Lendley Black, Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Timothy Mulcahy, Kathleen O'Brien, and Richard Ptuzenreuter; General Counsel Mark Rotenberg; Acting Executive Director Brian Steeves; Associate Vice Presidents Michael Berthelsen, Phil Esten, Gail Klatt, and Julie Tonneson.

ANNUAL MEETING

Chair Cohen called the Annual Meeting to order at 9:00 a.m.

ESTABLISHMENT OF MEETING DATES

A motion was made and seconded and the Board of Regents voted unanimously to approve the following meeting schedule for 2012-2013:

- July 11, 2012
- July 12-13, 2012
- August, 2012
- September 13-14, 2012
- October 11-12, 2012
- November, 2012
- December 13-14, 2012
- January, 2013
- February 7-8, 2013
- March 7-8, 2013
- April, 2013
- May 9-10, 2013
- June 13-14, 2013

The annual meeting adjourned at 9:01 a.m.

The regular meeting of the Board of Regents was convened at 9:02 a.m.
RECOGNITIONS

Chancellor, University of Minnesota Crookston

Recognition was given to Charles H. Casey, Chancellor, University of Minnesota Crookston, upon his retirement effective at the end of the 2011-2012 academic year. Casey has served as chancellor since September 2005 and has held other University leadership roles including serving as a member of the Board of Regents and as dean and director of University of Minnesota Extension.

Vice President for University Services

Recognition was given to Kathleen O'Brien, Vice President for University Services, upon her retirement effective June 30, 2012. O'Brien has served as vice president since October 2002.

Athletic Director, Twin Cities Campus

Recognition was given to Joel Maturi for his service as Athletic Director, Twin Cities Campus. Maturi was named the first Director of Athletics for men’s and women’s programs in July 2002. Maturi will join the College of Education and Human Development’s Department of Kinesiology July 1, 2012.

Academic Professionals & Administrators Consultative Committee Outgoing Chair

Recognition was given to Steven Pearthree, 2011-12 outgoing chair of the Academic Professionals and Administrators Consultative Committee.

Civil Service Consultative Committee Outgoing Chair

Recognition was given to Don Cavalier, 2011-12 outgoing chair of the Civil Service Consultative Committee.

APPROVAL OF MINUTES

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

Audit Committee – May 10, 2012
Litigation Review Committee – May 10, 2012
Facilities Committee – May 10, 2012
Faculty, Staff & Student Affairs Committee – May 10, 2012
Educational Planning & Policy Committee – May 10, 2012
Finance & Operations Committee – May 10, 2012
Board of Regents – May 10, 2012
Board of Regents – May 10, 2012
Board of Regents – May 11, 2012
Special Committee on Executive Compensation and Administrative Transitional Leaves – April 26, 2012
Special Committee on Executive Compensation and Administrative Transitional Leaves – May 14, 2012
Presidential Performance Review Committee – May 15, 2012
Presidential Performance Review Committee – May 23, 2012
REPORT OF THE PRESIDENT

President Kaler reflected on a number of items and activities as his first year as president draws to a close, noting the distribution of his accomplishments report. He indicted that the administration is preparing for the 2013 legislative session and the institution’s biennial budget request; previewed a new video on what it means to be a land grant university; reported on the launch of Ramp-Up to Readiness, a University-sponsored school-wide guidance program that helps students prepare for higher education; and the development of an interactive website that will communicate progress in a number of key areas of the institution.

Kaler acknowledged the upcoming retirement of Executive Director Ann Cieslak and commended her for her guidance and counsel during the presidential search and transition. Kaler noted the recent passing of Carl Platou, senior advisor to the Medical School dean and key player in fundraising for the new Biomedical Discovery District, which includes the Platou Plaza named in his honor.

Kaler announced his intention to return the Regents Scholarship subsidy to 100 percent for any University employee seeking a first college degree. The Regents Scholarship benefit was previously scaled back in response to budget constraints.

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

REPORT OF THE CHAIR

Chair Cohen presented a Report of the Presidential Performance Review Committee, which was comprised of Regents Cohen, Chair, and Regents Larson and Brod. The committee met in closed session on May 15 and May 23, 2012, and with President Kaler on May 29, 2012 to discuss the report (distributed at the meeting and on file in the Board Office). Cohen highlighted items in the report, which speaks to the outstanding job Kaler has done over the past year. She discussed his exceptional leadership, how he has exceeded high expectations, fostered internal and external relationships, and built a strong leadership team. Cohen reported that Kaler has cultivated a culture of innovation and operational excellence, whose first priority is academic excellence. As only the second alumnus to ascend to the position, he is in a unique position to serve as advocate and ambassador for the institution. He and his wife Karen Kaler have worked hard on philanthropy and have represented the University well. On behalf of the Board of Regents, Cohen expressed appreciation to Kaler for his leadership.

Cohen noted the passing of Carl Platou, whose legacy includes over 40 years of leadership for Fairview Health Services and assistance with the creation of the Medical School Board of Visitors. Cohen acknowledged new and returning Student Representatives to the Board of Regents, and highlighted a number of events Regents participated in recently. Cohen also acknowledged the retirement of Ann Cieslak, who served as Executive Director and Corporate Secretary to the Board for nearly 13 years.

RECEIVE AND FILE REPORTS

CONSENT REPORT

Chair Cohen presented the Consent Report, as described in the docket materials, including:

- Report of the University Naming Committee recommendation forwarded in a letter from President Kaler dated June 1, 2012; and
- Summary of Gifts through April 30, 2012.

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

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor Christopher Cramer, Chair of the Faculty Consultative Committee (FCC), reported on the activities of the committee since its last report to the Board of Regents. Issues the FCC has been working on include gender inequity in faculty salaries; faculty accounting/productivity; outreach and public engagement; and graduate and professional education.

A copy of the Report of the Faculty Consultative Committee is on file in the Board Office.

RECOGNITION OF FACULTY CONSULTATIVE COMMITTEE OUTGOING CHAIR

Recognition was given to Professor Christopher Cramer for his service as chair of the Faculty Consultative Committee (FCC). Cramer served as chair during the 2011-12 academic year.

UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION ANNUAL REPORT

Chair Cohen introduced Associate Vice President Esten and Maureen Reed, 2011-12 University of Minnesota Alumni Association (UMAA) Board Chair, to provide an update on the 2011-12 accomplishments of the UMAA, including increasing membership to more than 17,400 life members; connecting nearly 1,500 students with alumni mentors through the Mentor Connection Program; engaging more than 30,000 alumni via monthly surveys; and increased use and reach of social media.

A copy of the report and associated materials distributed at the meeting are on file in the Board Office.

BOARD OF REGENTS POLICY: CODE OF ETHICS FOR MEMBERS OF THE BOARD OF REGENTS – ANNUAL REVIEW

General Counsel Rotenberg reviewed Board of Regents Policy: Code of Ethics for Members of the Board of Regents. Once each year, the Board, with the assistance of the general counsel, publicly reviews the requirements and procedures of the policy. Rotenberg highlighted the guiding principles that Board members are obligated to follow:
1) Board members are responsible for the governance of the University and must be accountable in the areas of financial disclosure, gifts, expenses, and conflicts of interest; and 2) Board members are expected to put aside parochial interests, keeping the welfare of the entire University, not just a particular constituency, at all times paramount. He described when conflicts of interest exist, how to manage them, and what is allowed if a Board member has a conflict of interest. This policy seeks to manage conflicts of interest when they arise.

**BOARD OF REGENTS POLICY: INSTITUTIONAL CONFLICT OF INTEREST**

Chair Cohen invited General Counsel Rotenberg and Amy Phenix, Chief of Staff, to present proposed amendments to Board of Regents Policy: *Institutional Conflict of Interest*, as detailed in the docket materials. Phenix reported that minor procedural amendments are proposed in accordance with revisions to the administrative policy *Managing Potential Institutional Conflict of Interest*. The proposed amendments provide greater clarification on the definition of institutional conflict of interest and remove the specific date requirement of when University officials must file a financial disclosure statement.

Rotenberg explained that when the policy was adopted in 2005, institutional conflicts of interest were poorly understood and individual conflicts of interest were not aggressively pursued, putting the University at the forefront at that time. Rotenberg indicated that the administration sought to streamline and rationalize the process by which institutional conflicts can be evaluated to avoid a cumbersome process. Rotenberg provided examples of potential institutional conflicts of interest and how the institution’s reputation maybe compromised or appear to be compromised at an institutional level.

The policy will return for action at a future meeting of the Board of Regents.

**REPORT FROM THE SPECIAL COMMITTEE ON EXECUTIVE COMPENSATION AND ADMINISTRATIVE TRANSITIONAL LEAVES**

Chair Cohen invited Regent Beeson to provide a report from the Special Committee on Executive Compensation and Administration Transitional Leaves, as described in the docket and associated materials distributed at the meeting an on file in the Board Office. Beeson served as committee chair, with Regents Frobenius and Johnson. The committee undertook a comprehensive review of current Board of Regents and administrative policies related to executive compensation to ensure adequate Board oversight.

Beeson reported that Chair Cohen charged the committee to:

- Establish principles to guide policy revisions and task the administration with bringing proposals to the committee for consideration;

- Review current Board and administrative policies related to executive compensation and administrative transitional leaves at the institution as well as practices at comparable institutions;
• Work with the administration to refine its proposals and develop a set of committee recommendations to enhance Board oversight and provide clearer guidance on these issues; and

• Report the committee’s recommendations to the Board of Regents at its June 8, 2012 meeting.

Beeson noted that this report is intended to provide an outline of key findings and broad policy recommendations. Beeson discussed guiding principles: 1) that the president needs to continue to be the responsible party for hiring, evaluating, and compensating senior management; and 2) governance has changed in all sectors, and it is commonplace for boards to have a compensation committee or controls that ensure prudent compensation decisions done in a consultative way.

Beeson described how the committee performed its work and presented a number of recommendations to:

• Address senior leader compensation specifically and comprehensively in Board policy, including new policy language on separations and presidential transitions;
• Require an annual report to the Board regarding senior leader compensation;
• Charge a Board committee with new responsibilities related to oversight of senior leader compensation;
• Establish a standard contract for senior leaders;
• Provide the Board with a standard set of employment terms, including annual salary, separation provisions and any other terms, such as moving expenses, at time of appointment;
• Require Board Chair and Vice Chair written approval for significant changes to compensation, and non-standard compensation elements or separation agreements;
• Require the president to development administrative policy for senior leader compensation; and
• Elimination of administrative transitional leaves.

In response to a question from Regent Simmons, President Kaler indicated that it is unknown if the new process might hamper the ability to recruit top talent. Regent Brod commented that ensuring the public trust around compensation issues is critical to the institution.

A copy of the Report of the Special Committee on Executive Compensation and Administrative Transitional Leaves is on file in the Board Office.

Amendments to Board policy implementing the Special Committee’s recommendation will come to the Board for consideration at a future meeting.

REPORT OF THE UMMCF BOARD OF TRUSTEES NOMINATING COMMITTEE

Regent Simmons recused herself for the item due to a potential conflict of interest. She left the meeting.
Regent Allen, Chair of the University of Minnesota Medical Center Fairview (UMMCF) Board of Trustees Nominating Committee presented the report of the committee and the following resolution for approval:

RESOLVED, that on the recommendation of the Board of Regents for the University of Minnesota Medical Center Fairview (UMMCF) Board of Trustees Nominating Committee, the following appointments are hereby approved:

Greg Beilman  Reappointed for a three-year term expiring May 2015

Mark Paller  Reappointed for a three-year term expiring May 2015

A motion was made and seconded, and the Board of Regents voted unanimously to approve the resolution. Regent Simmons returned to the meeting.

PRESIDENT’S RECOMMENDED FY 2013 ANNUAL CAPITAL IMPROVEMENT BUDGET

President Kaler introduced the President’s Recommended FY 2013 Annual Capital Improvement Budget (Budget) by briefly highlighting the economic impact of the University and how capital projects create employment opportunities in construction related projects. He added that such improvements upgrade and enhance facilities to ensure student success, foster research productivity and impact, and protect public assets and investment. He invited Vice Presidents O’Brien and Pfutzenreuter to lead the discussion.

O’Brien reported that the $379.8 million Budget represents the first year of the Six-Year Capital Improvement Plan and authorizes projects that have funding in place to proceed with design and/or construction. She noted that each of the projects in the Budget have a value greater than $500,000 and continue to build on the established capital planning framework. O’Brien highlighted a number of projects included in the Budget, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. She noted that the Budget has been adjusted since the May 2012 Board of Regents meeting to include the final outcome of the University’s legislative request.

Pfutzenreuter reported that the original Budget included an assumption of full funding of the state capital request. He summarized the adjustments made to reflect recent legislative action and described the sources of funding for the Budget and how matching funds, grants and gifts, and University and state of Minnesota debt will finance several of the projects.

A motion was made and seconded to approve the Resolution Related to FY 2013 Capital Improvement Budget as follows:

WHEREAS, the Board of Regents directed the administration to annually submit a capital improvement budget and a six-year capital improvement plan; and

WHEREAS, the Board has adopted principles to guide the formulation of the capital improvement budget and six-year capital improvement plan; and
WHEREAS, the Board recognizes the importance of sustaining and improving the University’s facilities in support of teaching, research, and outreach; and

WHEREAS, the administration has developed a capital planning framework designed to focus its capital planning efforts toward projects that support the University’s institutional priorities within a financial strategy that is realistic:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the FY 2013 Capital Improvement Budget and reaffirms its prior year capital expenditure authorizations.

PRESIDENT’S RECOMMENDED FY 2013 ANNUAL OPERATING BUDGET

President Kaler presented the President’s Recommended FY 2013 Annual Operating Budget (Budget) as included in the docket and associated materials distributed at the meeting and on file in the Board Office. He invited Vice President Pfutzenreuter to join the discussion.

Kaler indicated the Budget is built on the following priorities:

• Holding tuition increases to 3.5 percent for Minnesota undergraduates, which is the lowest tuition increase in over 10 years;

• Maintaining accessibility to qualified students regardless of income. The modest tuition increase will be offset by additional funds in need-based aid, made available by cost savings from a restructuring of the U’s Promise Scholarship program and additional funding for merit-based aid to attract the top students from Minnesota and the region.

• Investing in faculty and staff to continue fostering excellence in education and research. This includes new academic program investments and a 2.5 percent compensation pool increase for faculty and staff, following three years of furloughs, wage freezes and increased health care costs.

• Investments in operational excellence, holding down operating and support costs and redeploying funds to ensure the highest use of limited resources. New investment in operations and support is being held to about one-half of 1 percent of the annual spending base.

Kaler summarized the all funds revenue sources within the $3.5 billion Budget. He described a number of initiatives to increase financial aid, invest in research, human capital and technology; reduce operating costs while reinvesting savings in the academic enterprise; recalibrating the institution’s risk profile; and other plans to enhance and strengthen the University’s mission. Kaler stated that the Budget positions the institution for the future and allows the University to grow, prosper and operate effectively despite state budget constraints.

A motion was made and seconded to approve the FY 2013 Annual Operating Budget.
In response to questions from Regent Larson, Kaler indicated that the University is attractive to top faculty prospects but stressed the importance of remaining competitive with salaries in the marketplace. Regent Brod indicated that she supports the Budget. She commended Kaler for his collaborative spirit in dealing with public responses to the Budget and concerns over tuition increases. Regent Devine indicated that he supports the Budget, but urged the administration to continue looking at increased student housing costs.

The Board of Regents voted unanimously to approve the FY 2012-13 Annual Operating Budget as follows:

WHEREAS, the University of Minnesota as the state’s public, land grant university is charged with the responsibility to pursue knowledge and to help apply that knowledge through research and discovery, teaching and learning, and outreach and public service; and

WHEREAS, the State of Minnesota, through its legislative and executive branches, has appropriated $545,344,000 in state general fund monies for fiscal year 2012-13 to the University of Minnesota, which is equal to the prior year’s funding level, for the pursuit of its mission and in support of our goals and objectives; and

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence; and

WHEREAS, the future of the University is premised on partnerships within the University community of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents hereby approves the University of Minnesota Fiscal Year 2012-13 Annual Operating Budget as follows:

The Fiscal Year 2012-13 Annual Operating Budget approved by the Board of Regents includes the following attachments which are included in the President’s Recommended FY13 Operating Budget:

Attachment 3 - University of Minnesota 2012-13 Tuition Plan: Tuition Rates - REVISED
Attachment 5 - Resource and Expenditure Budget Plan (University Fiscal Page)
Attachment 6 - University of Minnesota 2012-13 Tuition Plan: Course Fees
Attachment 7 - University of Minnesota 2012-13 Tuition Plan: Admin./Misc. Fees
Attachment 8 - University of Minnesota 2012-13 Tuition Plan: Fees in Lieu of Tuition
Attachment 9 - University of Minnesota 2012-13 Tuition Plan: Academic Fees
Attachment 10 - Student Services Fees
Attachment 13 - Fund Forecast - Centrally Distributed and Attributed Funds
REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

a) Approval of the Revised Consent Report for the Finance & Operations Committee as presented to the committee and described in the June 7, 2012 committee minutes.

b) Approval of a Resolution Related to: Asset Allocation Guidelines, as follows:

WHEREAS, Board of Regents Policy: Endowment Fund provides in part that the president or delegate shall recommend asset allocation ranges for approval by the Board; and

WHEREAS, the following asset allocation ranges have been recommended:

1. Risk Mitigating Assets: The long-term target allocation for risk-mitigating assets shall be between 8 and 15 percent.

2. Public Equity: The long-term target allocation for publicly traded equities, both domestic and international, shall be between 25 and 35 percent.

3. Private Capital: The long-term target allocation for private capital (such as venture capital, distressed debt/equity, and mezzanine debt) shall be between 15 and 25 percent.

4. Inflation Hedges: The long-term target allocation for real assets (such as core real estate, energy/timber, oil and gas, and other investable commodities) shall be between 10 and 20 percent.

5. Fixed Income: The long-term target allocation for fixed income shall be between 10 and 15 percent.

6. Absolute Return: The long-term target allocation for diversification assets shall be between 8 and 15 percent.

NOW, THEREFORE, BE IT RESOLVED that the asset allocation ranges that have been recommended for investments in the Endowment Fund are hereby approved effective as of the date of this meeting.

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

Frobenius reported that the committee also discussed the long range financial planning model; received an update on the Enterprise Systems upgrade project; received a presentation on long term financial planning: fully allocated cost of mission activities; and reviewed a number of information items included in the docket materials.
REPORT OF THE AUDIT COMMITTEE

Regent Beeson, Chair of the committee, reported that the committee reviewed proposed amendments to Board of Regents Policy: Internal Control; discussed the internal audit plan; received an internal audit update; received a presentation on mobile devices: realizing the opportunity responsibly; and discussed the information items included in the docket materials.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

a) Approval of the Consent Report of the Educational Planning & Policy Committee as presented to the committee and described in the June 7, 2012 committee minutes.

b) Adoption of amendments to Board of Regents Policy: Tuition and Fees, as follows:

Tuition and Fees

This policy establishes the basic principles for assessing, collecting, and managing tuition and fees at the University of Minnesota (University).

SECTION I. GUIDING PRINCIPLES.

The University is a publicly-supported institution whose programs benefit individual students, the state, and the nation. The following principles shall guide the assessment, collection, and management of tuition and fees at the University:

Subd. 1. Shared Responsibility. The University's tuition and fee assessments shall reflect the shared responsibility, benefits, and needs of the individual student, the University, and the state.

Subd. 2. Access, Retention, and Timely Progress. The tuition rate structure shall provide appropriate incentives for access, retention, and timely progress toward the degree.

Subd. 3. Determinants of Tuition Rates and Related Fees. Tuition rates and related fees shall take into account the competitive environment of individual programs, personal benefits to individual students, and social needs as well as the level of state appropriations for the University's instructional programs. Graduate tuition rates, graduate assistant wage rates, and tuition waiver and remission policies shall enable recruitment of the best students to ensure that the quality of graduate programs is maintained and that the institution benefits from the contributions of graduate students to instructional and research programs.

Subd. 4. Assessment and Collection of Tuition and Fees. All tuition and fees assessed by the University shall be collected and managed under approved University business procedures.
SECTION II. TUITION GUIDELINES.

Subd. 1. Tuition Assessment. All students receiving credit-based instruction shall be assessed tuition or a comprehensive fee in lieu of tuition.

Subd. 2. Residency. The Board shall establish the University's residency policy, consistent with state and federal law. The president or delegate shall approve interpretive conventions of resident tuition status, subject to Board review. Students shall be provided an opportunity to present arguments for possible classification as a resident for University purposes.

Subd. 3. Tuition Reciprocity Agreements. Subject to Board approval, the University may participate in tuition reciprocity agreements with other states and Canadian provinces. These agreements shall specify the extent to which tuition is waived. Consistent with state law, the president shall recommend to the Board for action any additions or modifications to reciprocity agreements. The Board affirms that participation in reciprocity agreements involving the remission of nonresident tuition is based on adequate funding through the Governor's Office and the Minnesota State Legislature.

Subd. 4. Consortium and Exchange Agreements. The president may approve consortium and exchange agreements with other institutions and other academic programs for the conduct of student exchanges and visiting student/scholar programs.

Subd. 5. Tuition Rates. The president shall recommend to the Board for action the following tuition rates:

(a) Undergraduate Students — For each campus, the resident tuition rates shall be the same for all undergraduate students and the nonresident tuition rates shall be the same for all undergraduate students. A college specific tuition surcharge may be established as a supplement to the relevant undergraduate tuition rate.

(b) Graduate Students — Tuition rates for graduate students may vary by program, but shall be established on a cost-related basis within market rates.

(c) Professional Students — Tuition rates for professional students may vary by program, but shall be established on a cost-related basis within market rates. The president or delegate shall determine the appropriate market comparisons for the professional schools of medicine, dentistry, veterinary medicine, pharmacy, and law.

(d) Departmental Master’s Degree Students — Tuition rates for departmental master’s students may vary by program, but shall be established at a level above the undergraduate rate.

(e) Non-degree Students — The president shall recommend tuition rates for non-degree students on each campus, recognizing that differences
between degree-seeking and non-degree-seeking students may justify differences in tuition rates.

(f) Nonresidents — Nonresident, non-reciprocity tuition rates for undergraduate, graduate, professional, and departmental master’s degree students shall be set at rates higher than for resident students.

(g) Part-time Students — Tuition rates and fees shall recognize the difference in cost between full-time and part-time students.

(h) Fees in lieu of tuition shall be set so that the total fee is equal to or greater than the tuition rate applicable to the credits earned. The total fee in lieu of tuition may include multiple components.

Subd. 6. Exceptions. The president may recommend for Board action that nonresident, non-reciprocity students be charged resident student tuition rates on a campus, in certain colleges or programs, or for distance education courses delivered by correspondence or electronically to students defined as off-campus by administrative policy.

Subd. 7. Tuition Waivers and Remissions. Tuition may be waived or remitted selectively in order to accommodate state law, to provide financial discounts to students the University is seeking to attract, to offer University employees a benefit, to promote cooperation with other educational institutions, to support the international exchange of students, and to serve humanitarian purposes. As a general rule, a tuition waiver or remission program shall be offered only if the University intends to provide such a benefit to all qualifying students, regardless of financial circumstance. The president shall recommend for Board action the terms and conditions of any new tuition waiver or tuition remission programs, and the University shall state publicly the exceptions it will approve.

SECTION III. FEES.

Fees within this section shall be assessed only in specifically justified situations consistent with the definitions and parameters identified, and shall be set based on consideration of actual cost and the impact to students.

The president may recommend for Board action assessment of the following fees:

Subd. 1. Administrative Fees. Administrative fees affect large classes of students directly benefiting from the services for which the fees are assessed.

Subd. 2. Course Fees. Course fees may be assessed to recover costs of goods and services provided beyond the normal expectations of instructional delivery when those goods and services:

(a) are essential to the educational outcomes of the course;
(b) are unique to the type of course;
(c) are used during the term of enrollment;
(d) represent direct costs or assignable indirect costs calculated on a per-student basis.
Course fee rates shall be set to recover but not exceed actual costs.

Subd. 3. Distance Delivery Fees. Fees in excess of tuition may be assessed for delivery of instruction that does not require the physical presence of the student on campus. Fees for distance delivery of courses may be set to reflect market considerations.

Subd. 4 Academic Fees.

(a) Campus/Collegiate Fees. Campus/collegiate fees are campus- and college-wide fees that may be assessed to all students enrolled on a campus or in a college for goods and services that directly benefit students but that are not part of actual classroom instruction. Allowable goods and services include advising, career services, computer labs, special equipment, orientation activities, and other goods or activities intended to enhance the student experience outside of actual classroom instruction. Each campus shall assess no more than one campus-wide fee and each college shall assess no more than one college-wide fee.

(b) Durable Goods Fees. Durable goods fees may be charged by a campus or a college to their enrolled students (or any cohort or subset of their enrolled students) for educational materials and equipment that will be owned by, potentially owned by, or assigned to a specific student for their use during the entire term. Durable goods fees may not be charged for services, or for use of any equipment owned and retained by the University, with the exception of computer or other specialized equipment assigned for a full term to a specific student.

SECTION IV. DELEGATION OF AUTHORITY.

Subd. 1. Recommendations. The president shall recommend for Board action tuition rates for all levels of students and estimate tuition revenue in the Annual Operating Budget, which also shall include information regarding tuition practices, any proposed tuition refund schedules, and administrative, academic, or course fees.

Subd. 2. Implementation. The president or delegate shall implement tuition policy and assess tuition. The President or delegate shall have the authority to implement changes to administrative, academic, distance delivery, or course fees outside of the Annual Operating Budget to correct errors or to establish fees essential for the delivery of new courses, provided the fees in question meet the standards set forth in Section III.

The Board of Regents voted unanimously to approve the recommendations of the Educational Planning & Policy Committee.

Ramirez reported that the committee also received a presentation on eLearning and eTextbooks strategies; and received a curriculum overview for the University of Minnesota Crookston and Duluth Campuses.
REPORT OF THE FACILITIES COMMITTEE

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

a) Approval of schematic plans for the following project as presented to the committee and described in the June 7, 2012 committee minutes:

1) Green Prairie Living and Learning Center, Morris Campus.

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

Johnson reported that the committee also received a report on capital project delivery: methods and experience; received a space utilization and building decommissioning/demolition impact presentation; and discussed a number of information items included in the docket materials.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

a) Approval of the Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the June 7, 2012 committee minutes.

b) Adoption of amendments to Board of Regents Policy: Faculty Emeriti, as follows:

Faculty Emeriti

SECTION I. SCOPE

This policy governs the relationship between the University of Minnesota (University) and faculty emeriti.

SECTION II. DEFINITIONS.

Subd. 1. Faculty Emeritus. “Faculty emeritus” “(emeritus)” shall mean a tenured faculty member who has retired from the University under any circumstances, including a terminal agreement or completion of a phased retirement, after at least five years of employment at the University and at an age where retirement is allowable under University policy. This term does not include a faculty member who was terminated under cause.

Subd. 2. Unit. “Unit” means a department, college, campus, or other division within the University.
SECTION III. FACULTY EMERITUS TITLE.

Subd. 1. Title. In recognition of years of valued service and contribution to the institution, the University awards the title “emeritus” to a faculty member who meets the standards of a faculty emeritus as defined in this policy. The emeritus title will be of the rank held by the faculty member at the time of retirement. Granting the title does not provide employment status or employee rights.

Subd. 2. Special Circumstances. Under special circumstances the following may apply:

(a) On the recommendation of the president, the Board of Regents may award the title of emeritus to a faculty member not meeting the definition or make a promotion in the emeritus rank.

(b) The president, following notice to the faculty member and an opportunity to be heard on the issue, may withhold or withdraw the emeritus title in circumstances: (1) where a faculty member has retired while suspension or termination proceedings initiated under Board of Regents Policy: Faculty Tenure are pending; or (2) where evidence presented to the president demonstrates that the faculty member has engaged in conduct that violates the standards of Board of Regents Policy: Faculty Tenure. Section IV. Services and Privileges.

SECTION IV. SERVICES AND PRIVILEGES.

Subd. 1. The University shall provide the following services and privileges to a faculty emeritus equal to those provided to regular faculty:

(1) email accounts;
(2) library privileges;
(3) listing in the University directory;
(4) some faculty discounts offered by the University as identified in the administrative procedures; and
(5) other services of a cost and nature similar to those listed above and as identified in the administrative procedures.

Subd. 2. Other Services and Privileges. Subject to cost, availability, and approval at the collegiate level, collegiate units may provide a faculty emeritus with services, privileges, and facilities, not to exceed those provided to regular faculty.

Subd. 3. Health Insurance. The University shall extend access to the University’s health and dental insurance plans to a faculty emeritus who meets criteria established in the administrative procedures. The emeritus is responsible for the full cost of any such benefits.

SECTION V. CONTINUED RELATIONSHIP WITH THE UNIVERSITY.

Subd. 1. Contractual Agreements. A unit may contract with a faculty emeritus to provide compensated work services in accordance with applicable laws, rules and policies.
Subd. 2. Volunteer Agreements. A unit may authorize a faculty emeritus to provide volunteer services related to the University’s programs and activities. Faculty emeriti who perform such volunteer services shall be provided:

(a) the facilities and services deemed necessary to perform their volunteer services as determined by the unit in consultation with the volunteer;

(b) legal indemnification and defense pursuant to the Board of Regents Policy: Legal Defense and Indemnification of Employees; and

(c) academic freedom.

SECTION VI. INFORMAL DISPUTE RESOLUTION.

The administrative procedures shall provide an informal dispute resolution process to address disputes arising under this policy.

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

Simmons reported that the committee also reviewed amendments to Board of Regents Policy: Student Conduct Code and Board of Regents Policy: Private Practice Plan: School of Dentistry; received an update on the UPlan health insurance program; a report on intercollegiate athletics; a presentation on the University of Minnesota Morris: a public liberal arts learning community; and reviewed a number of information items in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

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

The meeting adjourned at 11:47 a.m.

BRIAN R. STEEVES
Acting Executive Director
and Corporate Secretary
UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Special Committee on Executive Compensation and Administrative Transitional Leaves

May 25, 2012

A meeting of the Special Committee on Executive Compensation and Administrative Transitional Leaves, established by the Chair of the Board of Regents pursuant to Board of Regents Policy: Board Operations and Agenda Guidelines, Sec. II, subdivision 3, was held on Friday, May 25, 2012 at 9:00 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; John Frobenius, and Dean Johnson. Thomas Devine was also present as a non-member of the Special Committee.

Staff Present: Vice President Kathryn Brown; General Counsel Mark Rotenberg; Acting Executive Director Brian Steeves; and Chief of Staff Amy Phenix.

Regent Beeson introduced Vice President Brown and Amy Phenix, Chief of Staff, to present information regarding amendments to applicable Board and administrative policies, as detailed in the materials distributed at the meeting and on file in the Board Office.

Phenix reviewed the tasks charged to the administration at the previous meeting of the committee. Brown explained possible changes to the Faculty, Staff and Student Affairs Committee, which would now focus on hiring, compensation, professional development, performance evaluation, promotion, tenure and strategic workforce planning. She noted that the Board already exercises some oversight of executive compensation through Board policy.

Brown explained that current hiring practices for senior administrators are performed using a hiring letter. She recommended that the University transition to the use of contracts at the time of appointment of senior leaders. Brown noted that the use of contracts would allow the University to determine the terms of separation at the beginning of the employment period.

Brown reviewed amendments to Board of Regents Policy: Employee Compensation and Recognition and Board of Regents Policy: Employee Development, Education and Training, which call for the president to provide an annual report on executive compensation to the Board and establish corresponding administrative policies. The amendments also clarify procedures for when the president transitions from the office of the president to another University position and delete provisions allowing for administrative transitional leaves. She explained that a new administrative policy on senior leadership compensation and severance would be routed through the administrative policy review process. Brown added that the new administrative policy would specify how tenured senior administrators have the option to return to the faculty by receiving a sabbatical of up to six months.
A lengthy discussion ensued in which the following issues and questions were addressed:

- where the new policy on senior leader compensation and severance should reside, Board Policy or administrative policy;
- the procedure for extending retention offers to senior leaders;
- the creation of compensation pools for senior leaders;
- Board oversight of employee compensation;
- the need for distinction between governance oversight and management; and
- the importance of maintaining public trust and transparency as it relates to executive compensation.

The committee adjourned at 10:31 a.m.

BRIAN R. STEEVES
Acting Executive Director and Corporate Secretary
UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Presidential Performance Review Committee

May 29, 2012

A meeting of the Presidential Performance Review Committee of the Board of Regents was held on Tuesday, May 29, 2012 at 6:14 p.m. in the Hearth Room of the Minneapolis Club, 729 - 2nd Avenue South, Minneapolis Minnesota.

Regents present: Linda Cohen, presiding; Laura Brod, and David Larson.

Staff present: President Eric Kaler and Acting Executive Director Brian Steeves.

RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE PRESIDENTIAL PERFORMANCE REVIEW COMMITTEE

At 6:14 p.m. a motion was made and seconded that the following resolution be approved:

RESOLVED, that as provided by Minnesota State Statute 471.705, Subd. 1d(d), a non-public meeting of the Presidential Performance Review Committee of the Board of Regents will be held on Tuesday, May 29, 2012 at 6:00 p.m. in the Hearth Room of the Minneapolis Club, 729 - 2nd Avenue South, Minneapolis, Minnesota, for the purpose of evaluating the performance of the President of the University of Minnesota.

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 6:15 p.m.

The non-public portion of the meeting adjourned at 8:06 p.m.

BRIAN R. STEEVES
Acting Executive Director and
Corporate Secretary
UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
UMMCF Board of Trustees Nominating Committee
June 7, 2012

A meeting of the University of Minnesota Medical Center Fairview (UMMCF) Board of Trustees Nominating Committee of the Board of Regents was held on Thursday, June 7, 2012 at 1:05 p.m. in the W.R. Peterson Conference Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Richard Beeson and John Frobenius.

Staff present: Vice President Aaron Friedman; and Acting Executive Director Brian Steeves.

Regent Allen called the meeting to order and indicated that the item for discussion is consideration of appointments to the UMMCF Board of Trustees. Vice President Friedman referred the committee to the associated materials distributed at the meeting and on file in the Board Office, which included biographical information on Greg Bielman and Mark Paller, the two candidates for consideration for reappointment to the UMMCF Board of Trustees.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the reappointment of Greg Bielman and Mark Paller for a three-year term expiring May 2015 to the UMMCF Board of Trustees.

The meeting adjourned at 1:10 p.m.

BRIAN R. STEEVES
Acting Executive Director and Corporate Secretary