

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
October 6, 2016**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, October 6, 2016 at 2:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Executive Vice President and Provost Karen Hanson; Vice President Kathy Brown; General Counsel Douglas Peterson; and Executive Director Brian Steeves.

Others present: Amy Phenix, Brian Slovut, Shelly Carthen Watson.

The meeting convened in public session at 2:34 p.m.

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

A motion was made and seconded that the following resolution be adopted:

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on Thursday, October 6, 2016 at 2:30 p.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

I. SEIU / Bureau of Mediation Services Matter

The committee voted unanimously to adopt the resolution. The public portion of the meeting ended at 2:35 p.m.

The meeting adjourned at 3:28 p.m.



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

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Governance & Policy Committee
October 13, 2016**

A meeting of the Governance & Policy Committee of the Board of Regents was held on Thursday, October 13, 2016 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellor Fred Wood; Vice President Kathryn Brown; and Executive Director Brian Steeves.

Student Representatives present: Lauren Mitchell

2016-17 COMMITTEE WORK PLAN

Regent Cohen and Executive Director Steeves reviewed the 2016-17 work plan for the Governance & Policy Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

BOARD OF REGENTS POLICY: BOARD POLICY DEVELOPMENT

Regent Cohen invited Executive Director Steeves and Jason Langworthy, Board Associate, Policy & Committees, Office of the Board of Regents, to lead the committee in a discussion of Board of Regents Policy: *Board Policy Development*, as detailed in the docket.

Steeves outlined the objectives of the discussion, reminding the committee of its two discussions last year that focused on the Board policy review process and the development of administrative policy. He explained that the committee would be asked to give input on Board of Regents Policy: *Board Policy Development* and if that input yielded potential changes, those amendments would be presented at a future meeting for review.

Langworthy reviewed the Board policy review process and the University policy hierarchy – Board policies, Administrative policies, and other University policies. He described the objectives of the comprehensive review process and noted the role of other University policies.

Regent Devine wondered how the University can ensure that other University policies align with Board policy, such as recent changes to Board of Regents Policy: *Student Conduct Code*. Steeves noted that the University Policy Office works to ensure that relevant Administrative policies align with any changes made to Board policy, but that there is no other mechanism to review and test for alignment. Cohen added that the Board, administration, and stakeholders engaged in back-and-forth dialogue around the *Student Conduct Code*.

Regent McMillan asked how the Board could ensure that its policy content is at an appropriate level or whether portions should be moved to Administrative policies. Steeves responded that the comprehensive review process evaluates the level at which a given policy belongs, noting the recent example of amendments to Board of Regents Policy: *Awards, Honors, and Recognition*. He explained that amendments adopted by the committee moved a number of

awards into Administrative policy. He also noted that in December, the committee would review Board of Regents Policy: *Board Authority* with the recommendation to absorb that policy into Board of Regents Policy: *Reservation and Delegation of Authority*.

In response to a question from Regent Anderson, Steeves noted that he was not aware of a checklist or procedure to ensure a unit or departmental policy is aligned with the policies above it. He noted that other units, like Internal Audit, look at alignment of unit and departmental policies during their reviews. He stated that there is a clear expectation that units are looking up to Board and Administrative policies to ensure alignment. Anderson responded that he thought a process to ensure alignment would be helpful to have in place before policies are implemented.

Regent Rosha offered that there are too many Board policies. He noted that some policies do require more specificity, but others should be broader and move specificity into Administrative policy. Rosha responded to Anderson that as policies are implemented, a question may arise as to whether it is aligned with Board policy and the determination can be made at that point.

Langworthy proposed to the committee that the comprehensive review process be codified within policy. He noted that this would ensure that the Board's desire to have its policies comprehensively reviewed is made clear to the administration along with an explicit charge to ensure that review takes place every six years.

Rosha asked about language that would ensure a policy could be amended outside of the comprehensive review cycle. Langworthy responded that the Board may already amend a policy outside of the review cycle, but that additional clarifying language could be drafted. McMillan expressed his support for codifying the review process with the additional provision.

Langworthy described the relationship between Board and Administrative policy and whether that relationship needs to be clarified. He noted language in the policy that describes when other University policies should be brought to the Board for approval, and asked how those circumstances should be determined given the vagueness of the policy language.

Rosha responded that he views that determination on a case-by-case basis. He noted that in his professional life, he prefers to have those in authority above him approve all of his work until that authority indicates that they do not need to approve it. He offered that this ensures he is in alignment with their expectations. Rosha noted that if the administration wants the Board's input on important policies, it should bring those forward. He expressed his view that the administration should bring more than the Board can consume and let the Board define what it does or does not want to see.

Cohen agreed that "unusual circumstances" appears to be the right language since it gives the Board flexibility, but does not require the Board to approve all Administrative policies. She wondered whether the administration reviews the number of other University policies with an eye toward consolidation, the way the Board Office is doing.

Johnson wondered how the University compares to other institutions in the policy review process. Steeves referenced discussions with other institutions about how they perform their policy review process and expressed his belief that the proposed process, along with the groundwork and long focus on policy development by the Board, is ahead of other institutions.

In response to a question from Johnson, Steeves agreed that there are too many Board policies. He noted that when a question comes in from a unit regarding how something aligns with a Board policy, it takes time to consider all 92 policies. Steeves asserted that there is an opportunity to streamline the Board's policies. Johnson encouraged Board staff to review the current Board policies and return with a recommendation on how to streamline them. Devine added his assent, but cautioned that each policy was put in place for a reason and proper consultation should be taken before making any changes.

Johnson asked whether changes to Board policy are necessitated by changes to Administrative policy, or if Administrative policy is more frequently changed by amendments to Board policy. Steeves responded that while both situations happen, most changes are identified within the comprehensive review process. Langworthy agreed, adding that an aim of the comprehensive review process is to align Board policy with current practice. He noted that sometimes current practice has moved beyond Board policy or Board policy is pushing current practice forward, requiring alignment of Administrative policies.

BOARD OPERATIONS: FUNDAMENTAL PLANNING DOCUMENTS, COMMITTEE CHARGES, & REQUIRED REPORTS

Regent Cohen invited Executive Director Steeves and Sarah Dirksen, Deputy Director, Office of the Board of Regents, to discuss fundamental planning documents, committee charges, and required reports, as detailed in the docket.

Steeves outlined the objectives of the discussion, noting that Board of Regents Policy: *Board Operations and Agenda Guidelines* is up for comprehensive review this year. He explained a proposed timeline to discuss each section of the policy, obtain input from the committee, and return next year with a draft that reflects that input.

Steeves noted the fundamental planning documents defined in policy. Regent Roshia commented that a system-wide strategic plan should be included since he views it as an essential document. Regent Devine agreed and added the need for a clear understanding of who the University's peers are, having the right data to compare, and expressed his support for the use of dashboards to help with that work. Cohen suggested that the University Progress Card be in policy and added her support for the strategic plan.

Dirksen reviewed the current standing committees of the Board and outlined discussion questions focusing on the alignment of committees with the University's administrative structure, whether committee portfolios need to be revised, and whether the Governance & Policy Committee should become a standing committee.

Roshia stated his support for the committee of the whole model. He noted that merging the work being done by this committee with the work session format would enable the whole Board to discuss governance topics together. He noted a recent example of one committee asking to review an item that was approved by another committee. Roshia wondered if that should only be used in a special circumstance or if the Board should move to a legislative model where each committee hears items that cross multiple committees. He suggested that for those items that touch multiple committees, a committee of the whole would be the better venue to discuss those so that all Regents have the ability to hear and comment on those topics.

Regent Devine stated his support for having the chair and vice chair of a committee review docket materials before they are published to the Board and released to the public. He argued that this would allow committee leadership to ensure that the right level of detail is in the docket, making the work of the Board more efficient and ensuring time for Regents to review all materials.

Devine additionally observed that the charge of this committee and the Litigation Review Committee are aligned and have the same membership. While he noted the need for the two to remain separate, he wondered if they should have the same committee leadership.

Regent Johnson addressed how the Board and committee agendas are put together currently. He asked what should happen if a committee chair wants to advance a topic that the administration does not support. He offered that since he has been chair, he has focused on accommodations when disagreements have arisen, but wondered whether it is the president or

Board chair who should make the final decision. Steeves responded that Board of Regents Policy: *Board Operations and Agenda Guidelines* gives the chair authority to approve any changes to the agenda after the Agenda II meeting. He explained that the policy does require the Board chair to consult with the appropriate committee chair for agenda items that impact a committee. Steeves added that the *Bylaws* also give any Regent the ability to make a motion to add an item to the agenda during a meeting.

Regent Anderson suggested that more communication is needed among committees, offering the recent approval of the renovation of Pioneer Hall as an example. He noted that as a member of the Facilities, Planning, & Operations Committee (FAC), he had to make decisions on the facilities side of the project without the understanding how the Finance Committee (FIN) viewed the financial aspects.

Johnson responded that timing often plays a key role in how items like Pioneer move through the Board. He noted that it would be ideal for FAC to review the project aspects, re-refer it to FIN for review, and then to the full Board for action. He asserted that such a process does not work well for some time-sensitive items like real estate purchases. Johnson offered that the Board has to trust the judgment of committee members, but stressed that the trust shown to the committees does not preclude any Regent from asking questions or stating their opinion during the full Board meeting. He added that whole Board agendas are sometimes too full, which causes Regents to feel squeezed at the end of the meeting during committee reports. Johnson suggested that ensuring ample time for those reports is a first step.

Rosha commented that Pioneer Hall was an exceptional project given its size and scope. He shared his view that there are the day-to-day management items the Board does not see because they are delegated to the administration and fall under current thresholds. He noted that the Board is informed of other items that do not require approval. He pointed to routine items on consent reports that are above Board thresholds and require approval, as well as items that are not routine and fall within the purview of a committee. Rosha suggested that the full Board should discuss significant projects like Pioneer that cross committee charges. He agreed with Johnson that for many items, the Board should trust the committees, but for major items the full Board should review.

Johnson considered how the creation of the senior vice president for finance and operations would change the planning of large projects. He encouraged the administration to be more proactive in planning and informing the Board of big issues over 6-12 months, noting that practice would allow the Board to know the issues well ahead of any decision and give Board staff and the administration time to plan accordingly. He shared his view that sometimes it feels like decisions are being made in response to a crisis, and urged that with proactive planning, the Board could take the time needed to thoughtfully examine issues.

Devine agreed with having items move through multiple committees and noted it would require more proactive planning by the administration, which he viewed as a positive.

Rosha noted that a system-wide strategic plan will help give the Board and administration the structure necessary to move decisions forward and anticipate what is coming next.

Cohen expressed her support for keeping the current committee portfolios and adding the Governance & Policy Committee as a standing committee of the Board. She wondered if it would be better to combine Facilities, Planning & Operations and Finance into one committee, and whether the Board has too many committees and if they should be consolidated by function.

Rosha agreed that given the Board's meeting schedule, broader committees would be helpful. He expressed his surprise that the President attends standing committee meetings and wondered if the President should instead focus on specific issues and let his senior leaders report back on other topics.

Dirksen outlined the required reports by committee. She explained that of the 52 reports required in Board policy, 31 are articulated in *Board Operations and Agenda Guidelines*. She asked how the Board would want to evaluate the value of those reports and how that functions at the committee level.

Rosha offered that he would not want to burden the administration to prepare reports if they are not high value. He noted that each report would need to be reviewed to determine its value and how much effort it requires. He asserted that reports do help the Regents by placing information in front of them on a regular basis and reminding them of what is underway. Rosha added that the administration should review the reports and see which ones take significant effort to create yet do not yield significant value, and then discuss with the Board whether that report should continue.

Cohen agreed that it would be helpful to review the reports and expressed confidence that the Board staff could work with the administration to review them and bring recommendations to the respective committees. Rosha supported that idea, noting that any report stated in Board policy would require that policy to be amended before the report was changed or eliminated.

Johnson explained that he has wondered for quite some time why the President needs to attend the standing committees when he has senior leaders in attendance. He expressed that while the President is welcome, there is no requirement that he be there. Cohen offered that she has observed that the President attends those items where he has something to offer or a specific interest. She noted that he often moves between committees. Devine recommended that given the time demands placed on senior leaders, presentations should be delegated down to other staff members. He explained that in certain situations it could create a better presentation since the content expert is presenting directly to the Board.

The meeting adjourned at 9:33 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Academic & Student Affairs Committee
October 13, 2016**

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, October 13, 2016 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

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

Student Representatives present: Phillip Guebert and Mina Kian.

ACADEMIC PROGRESS AND TRENDS IN GOPHER ATHLETICS

Regent Cohen invited Provost Hanson; Mark Coyle, Director of Intercollegiate Athletics; J.T. Bruett, Director of the McNamara Academic Center for Student Athletes; and Robert McMaster, Vice Provost and Dean of Undergraduate Education, to present an update on academic progress and trends in Gopher Athletics, as detailed in the docket.

Hanson emphasized that student-athletes are first and foremost students, and Gopher Athletics (Athletics) is aligned with that principle. Coyle noted a strong correlation between academic success and athletic success. He explained that he tells recruits two things: they will get a degree, and they will compete for championships. He noted this is a guiding principle of accountability; coaches are accountable for success in academics and athletics.

McMaster shared that the McNamara Academic Center (MAC) for student-athletes was formally founded in 1983, but student-athlete academic advisors existed before that. Today, MAC serves over 700 student-athletes and has an annual budget of over \$1.8 million, which is funded by the Provost's Office and Athletics.

McMaster explained the governance and oversight responsibilities shared by Athletics, the Provost's Office, and the Office of the General Counsel (OGC). He added that two faculty members, appointed by the President, serve as Faculty Athletics Representatives who counsel and advise the President, Athletics Director, and Provost. McMaster noted that the Provost's Office is responsible for the admissions process, determining eligibility of student-athletes, and overseeing MAC. The Provost's Office offers a course for all freshman student-athletes that focuses on study skills, expectations, and career exploration. He explained that OGC is responsible for all NCAA and Big Ten compliance and regulations.

Bruett provided an overview of MAC's staffing and structure, noting that each of the seven academic advisors is assigned to 100-140 student-athletes. The University has the largest athletics tutoring program in the Big Ten. He added that MAC academic advisors work in close collaboration with advisors in the colleges.

Bruett reported that the six-year graduation rate among student-athletes is closely correlated to that of all students at the University. For the 2009 cohort, scholarship student-athletes had a six-year graduation rate of 80 percent, while the University rate was 77 percent. He outlined the NCAA's Academic Performance Rate and pointed out that for the 2014-15 academic year, the University had 14 programs in the top 10 percent nationally. Bruett shared that 22 of the 23 sport programs at the University have a team cumulative GPA above 3.0.

In response to a question from Regent Johnson, Bruett explained that faculty representatives are an NCAA requirement. They serve as a liaison between the faculty and athletics and have major responsibilities in compliance. He added that they regularly attend Big Ten and NCAA meetings.

Johnson inquired about the perception within the Big Ten that the standards for admission to the University for student-athletes is higher than for others institutions. McMaster responded that overall GPA and ACT scores for all admitted students have gone up. Coyle emphasized that Athletics is recruiting students who will succeed both academically and in their sport.

In response to a question from Regent Lucas, Bruett noted that the 200 tutors who work in MAC are juniors, seniors, or graduate students who are paid on an hourly basis. He talked about a rigorous interview process, explaining that tutoring is available to all student-athletes in all subjects. Regent Simmons commented that the opportunity for students to work as tutors in MAC is of tremendous value.

In response to a question from Simmons, Bruett explained that the men's basketball program is the only University program with a team cumulative GPA under 3.0, noting that the current GPA is 2.68 and has remained generally consistent.

Student Representative Kian commented that in the data for the 2009 cohort, graduation rates for African American males were 13 percent lower than white males who participated in the football program. Bruett explained that the 2009 cohort was recruited under Coach Brewster and has transitioned to two other head coaches. He noted the changes and improvements in recruiting strategies, as well as transitions in football leadership. Bruett emphasized that historically and nationally, the difference in these rates is common, and that it is something Athletics monitors closely and works to improve. McMaster added that a similar gap exists in the overall student population, but evidence shows it is closing.

In response to a question from Regent Anderson, Bruett shared that as the Twin Cities campus has seen an increase in student mental health concerns, so has the student-athlete population. He added that MAC has increased its counselors on staff and that academic advisors, athletic trainers, and coaches can identify mental health concerns and work with students to find appropriate resources.

Regent Rosha expressed his satisfaction with the current outcomes and noted that it is a great accomplishment considering the demanding schedules of student-athletes.

Student Representative Guebert asked what safeguards exist to prevent academic fraud. Bruett responded that risks always exist with peer-to-peer tutoring, but that tutors and student-athletes receive training and understand the expectations. He added that after each tutoring session, the tutor completes a report of the session that is reviewed by the tutoring coordinator for quality assurance.

ENHANCING THE UNDERGRADUATE STUDENT EXPERIENCE

Regent Cohen invited Provost Hanson; Lori Carrell, Vice Chancellor for Academic Affairs and Student Development, UMR; Fernando Delgado, Vice Chancellor for Academic Affairs, UMD; and Sandra Olson-Loy, Vice Chancellor for Student Affairs, UMM to present examples from the five system campuses of ways each is enhancing the undergraduate student experience, as detailed in the docket.

Hanson noted that the Twin Cities campus was recognized in 2008 for expanding new student orientation into welcome week programming, adding that these efforts continue across the system. She cited the new Wellness Center on the Crookston campus and increased support for student mental health services on the Twin Cities campus as examples of continued efforts to enhance the student experience.

Carrell described three major phases in the chronological journey of an undergraduate student. In the first phase, new and arriving students undergo a transition that is both exciting and stressful. She shared examples of the enhanced student experience at this stage, highlighting a recent pilot program on the Rochester campus, where students arrived on campus two weeks prior to the start of the semester and engaged in academic and social activities.

Delgado defined the second phase – the enrolled student – noting the importance of engagement with the campus and the community. He shared the success of on-campus, late-night programming at UMD that provides the opportunity for students to engage in a fun and safe atmosphere with their peers and form a strong connection to the campus.

Olson-Loy described the final phase of the journey – the student who is nearing graduation – noting that this phase is met with celebration and apprehension. She shared that across the system, these students are engaged in capstone experiences that serve as the culminating experience of their education. Nationally, 70 percent of undergraduate students report participating in a capstone experience. Olson-Loy invited Barbara Keinath, Vice Chancellor, Academic and Student Affairs, UMC, and Robert McMaster, Vice Provost and Dean of Undergraduate Education, to join the presenters for questions from the committee.

In response to a question from Regent Simmons, Olson-Loy noted that success can be measured by looking at the correlation between student engagement and retention. As an example, she pointed out that students on the Morris campus who have an on-campus job are more likely to be retained year to year. Carrell added that the Rochester campus continues to analyze student learning and assess programming to determine where the focus should be.

In response to a question from Student Representative Kian, Keinath noted that the Crookston campus aims to equip students with the tools to speak about difference and welcome diversity. Delgado shared that the Duluth campus just completed a campus survey that will be used to define where gaps exist and what types of programming will be included. Carrell added that peer-to-peer communication and peer mentors are critical in making a positive campus climate.

Regent Johnson inquired about why students decide to leave the University without completing their degree. McMaster reported that UMTC has been collecting data for several years to answer that question, and has put effort into making resources available to those students. He added that the University has established an emergency fund that can provide funding to students facing financial hardship that might otherwise force them to leave.

Regent Anderson commented on the importance of students finding the institution where they fit. He suggested a need for more financial literacy training for students.

Regent Lucas recalled a recent story of a student who committed suicide, and inquired about resources for students who feel they have exhausted their options. Carrel noted that this concern exists on all campuses. Olson-Loy added that it is important to continue work to reduce the stigma around mental health disorders so students are more comfortable in disclosing their struggle and identifying appropriate resources.

CONSENT REPORT

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

- **Request for Approval of New Academic Programs**
 - Medical School (Twin Cities campus)—Create fellowship in Congenital Cardiac Surgery
- **Request for Changes to Academic Programs**
 - College of Education and Human Development (Twin Cities campus)—Create sub-plans in Data Management, Data Science, Development & Operations, Networking, Security, Systems, and Self-Designed within the B.A.Sc. degree in Information Technology and Infrastructure
- **Request for Approval of Discontinued Academic Programs**
 - College of Education and Human Development (Twin Cities campus)—Discontinue the B.S. degree in Career and Technical Education
 - Swenson College of Science and Engineering (Duluth campus)—Discontinue the B.S. degree in Applied Physics

The meeting adjourned at 11:37 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Finance Committee
October 13, 2016**

A meeting of the Finance Committee of the Board of Regents was held on Thursday, October 13, 2016 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellor Fred Wood; Vice President Kathryn Brown; Interim Vice Presidents Michael Berthelsen, Bernard Gulachek, and Michael Volna; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Stuart Mason, and Julie Tonneson.

Student Representatives present: Mike Kenyanya and Connor Klemenhausen.

**FINANCIAL COMPONENTS OF THE PRESIDENT'S RECOMMENDED
FY 2018-19 BIENNIAL BUDGET REQUEST**

Interim Vice President Volna and Associate Vice President Tonneson presented for action the financial components of the President's recommended FY 2018-19 biennial budget request, as detailed in the docket.

Tonneson reminded the committee of the goals of the biennial budget request:

- Student success.
- MnDRIVE.
- Core mission.
- Health training restoration.
- Bell Museum funding.

She explained that since the committee reviewed the request in September, the administration had added an item requesting funding for applied research for economic development at the Natural Resources Research Institute (NRRI). The updated total for all six programs is \$147.2 million, a change from base of 11.8 percent.

In response to a question from Regent Hsu, Kaler stated that when the University has received an increase in funding, it has averaged 9 percent. He noted that while the request does not make up the 5.2 percent difference from what the University received in FY 2008, it balances an aggressive ask with not exceeding what he thinks is obtainable. If the legislature chooses to make up that difference, Kaler indicated that the additional funds would be added to the core mission item.

Regent Beeson added that he has observed recent trends demonstrating the legislature's desire for specific funding projects over general operating funding. He expressed that this has served programs like MnDRIVE well, but has left general operating funds with less. Kaler agreed and offered that the current strategy is to request funding for special, targeted items.

Regent Devine reiterated his belief that there is willingness from the legislature to add operating funding for the Bell Museum. He suggested that this should be an automatic addition since the commitment for that additional funding was already made. He expressed support for the NRRI funding addition. Devine remarked that he is also very supportive of the student success item, explaining his view that the University can do better in building advising infrastructure.

Hsu suggested that the University should request additional funds in order to return the level of funding back to FY 2008 levels.

Beeson noted that it would be ideal to have an established compact with the state to plan for steady funding, but expressed the difficulty in doing so with a legislature that turns over.

Regent Omari commented that if the state does not fund the health training replacement item, the University would need to be thoughtful in how it approaches that program. Volna responded that Health Sciences is working on an alternative plan, but funding it would not be easy.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the financial components of the President's recommended FY 2018-19 biennial budget request.

**FINANCIAL COMPONENTS OF THE PRESIDENT'S RECOMMENDED
2016 SIX-YEAR CAPITAL PLAN, 2017 STATE CAPITAL REQUEST,
AND DEBT CAPACITY UPDATE**

Interim Vice President Volna and Carole Fleck, Director, Debt Management, presented for action the financial components of the President's recommended 2016 six-year capital plan (plan), 2017 state capital request, and an update on the debt capacity of the University, as detailed in the docket.

Fleck reminded the committee that the plan includes major capital improvements planned for fiscal years 2017-22. Year 1 of the Plan (2017) outlines the projects that the University will be submitting to the State of Minnesota for consideration during the 2017 legislative session. No changes were made to the plan since the committee reviewed it in September.

Fleck reviewed the University's long-term debt and amortization structure. She outlined the debt assumptions in the plan by year, noting the University-supported and state-supported portions. She reviewed projected debt issuances, including those projects approved in past capital plans. Fleck presented the projected outstanding debt as of June 30, 2016, including current outstanding debt, approved projects, and other related debt issuances. The net increase from 2016 to 2022 is \$101 million. She offered an analysis of key credit indicators and ratios, sharing the theoretical projected debt capacity based on Moody's Aa1 credit rating medians.

In response to a question from Regent Beeson, Fleck explained that the Debt Management Advisory Committee reviewed a preliminary draft of the debt capacity update and had expressed support for the plan. Volna reminded the committee of DMAC's membership and stated that the plan requires prudent management to maintain the current credit rating.

Regent Beeson expressed that his perennial concern is not the projected capacity, but the projects that seem to suddenly appear and were not included in the plan.

In response to a question from Regent Hsu, Fleck explained that the Bell Museum debt was issued as a general obligation bond and connected to operations spending since the funding from the state for the debt service is included as a part of the University's operating appropriation. She noted that savings resulting from a lower interest rate on bonds for this project would be held in contingency until the project is completed and then used to help offset operating costs.

Regent Omari asked whether it was better to be near the median or simply within the range of the three key credit ratios presented. Fleck responded that they aim for the median since that is a number they can easily identify. She added that the ratios are based on the analysis of 14 peer institutions and give the University a guide. She cautioned that the three ratios are not the only measure used to determine the University's credit rating.

Regent Devine recommended pushing the legislature to fund a larger portion of projects that provide a direct service to the state. He offered the proposed relocation of various library collections used within the Minitex program as an example, along with the Bell Museum.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the financial components of the President's recommended 2016 six-year capital plan and 2017 state capital request

UPDATE ON LONG-RANGE FINANCIAL PLANNING

Regent Beeson invited Lincoln Kallsen, Director of Institutional Analysis, to present an update on long-range financial planning, as detailed in the docket.

Kallsen outlined the process of updating the long-range financial plan and noted that the plan now incorporates the President's recommended FY 2018-19 biennial budget request.

Kallsen reviewed the assumptions from June 2016, enrollment trends since 2011, federal research funding trends, and budgeted FY 2017 tuition revenue. He outlined the updated revenue assumptions and investment and expense assumptions, noting that in years past, the model projected future deficits. He summarized the budget levers the Board could use to close those deficits.

A broad discussion ensued regarding the updated plan; the assumptions for revenues and expenses; the need to continue with reallocations once the \$90 million reduction in administrative costs was completed; the possibility of expanding capacity; trends in federal funding; and the role of rankings in attracting students.

RESOLUTION RELATED TO REFUNDING OF DEBT

Regent Beeson invited Interim Vice President Volna and Carole Fleck, Director, Debt Management, to present for review and action a resolution related to refunding of debt, as detailed in the docket.

Volna explained that given the favorable interest rate market, the University has been exploring the possibility of refinancing some of its debt. He noted that timing is a key component in refinancing and that the resolution delegates to the administration the ability over the next 12 months to refinance the specific bonds noted within the resolution.

In response to a question from Regent Beeson, Fleck explained that the bonds allow for a par value call at 10 years and one advanced refunding. The proceeds from the refunding would be issued and held to pay bondholders. The current bond would be in legal defeasance and removed from the University's balance sheet. The bond would be replaced with the new bond at a lower interest rate. She offered that potential savings have to be balanced against the current rates and fees required to refinance the bonds before moving forward.

Regent Hsu wondered where the savings from the refinancing would accrue. Volna responded that savings would go to the units that are currently paying the debt service for the buildings the debt was issued for.

Volna offered additional information on interest rate swaps. He noted that the University had not made any interest rate swaps since 2003. He explained that the University savings from lower interest rates covered the interest rate swap termination costs. Volna offered that this is a common risk management technique and appeared to be a prudent choice at the time.

In response to related questions from Regents McMillan and Hsu, Volna responded that the Board approved the termination in 2011 and any future use of swaps would be vetted with the Debt Management Advisory Committee (DMAC) and then brought to the Board for approval.

McMillan offered that DMAC had reviewed the resolution and supported it.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of the resolution related to refunding of debt.

FINANCIAL UPDATE ON NETWORK UPGRADE PROJECT

Regent Beeson invited Interim Vice President Volna and Interim Vice President Gulachek to give a financial update on the network upgrade project, as detailed in the docket.

Gulachek provided the history and context of the current network and summarized the project. He explained the need to upgrade the network now, noting increased security needs, the aging equipment that will soon reach the end of supported life and is already at maximum capacity, and the significant increase in daily usage. He compared network usage from 2006 and 2016, and projected usage in 2026.

Volna outlined the project's financing plan, noting the current estimate of \$70 million. He emphasized that the project would not exceed \$70 million. He explained that \$43 million of that cost would come from the recent change to Board of Regents Policy: *Investment of Reserves* that allows the temporary investment pool to be invested in limited illiquid investments. The other sources would include one-time funds already reserved for the project and additional funds from the annual budget at \$400,000 per year for 10 years.

Beeson wondered if the project would be reconsidered next year given the cyber security needs of the State of Minnesota. Kaler responded that Governor Dayton is developing his legacy initiatives and if he chooses to advance funding for cyber security, the University will ask to be included.

In response to a question from Regent Devine, Volna offered that the University has an enterprise tax on units that is used to pay for a portion of projects of this type. He explained that a 10-year strategy like the one for this project would continue to be used to build up a future reserve.

Student Representative Kenya stated that fast WiFi is mission critical and expressed his hope that outages during the project are kept to a minimum during the academic year.

CONSENT REPORT

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

General Contingency:

- There were no items requiring approval this period.

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

- To Cardinal Health for an estimated \$5,000,000 for the purchase of pharmaceuticals and related supplies for the period of November 1, 2016, through October 31, 2017, for Boynton Health Center. This purchase will be paid for from the sale of prescriptions and other items to patients and from payments by U of M departments for pharmaceuticals. Vendor was selected through a competitive process.
- To Definitive Logic for \$1,700,000 for a professional service for the Integrated Workplace Management System (IWMS) technology solution and implementation and integration services as part of the Enterprise Asset Management (EAM) program as needed for the period of November 1, 2017, through October 31, 2019, for University Services. The purchase of this service will be “self-funded” from University Services balances that have been reserved over several years in anticipation of replacing its current facilities management maintenance system, which will no longer be supported by the vendor after 2017. Vendor was selected through a competitive process.
- To eCIFM Solutions Inc., for \$6,205,200 for a new Integrated Workplace Management System (IWMS) technology solution and implementation and integration services as part of the Enterprise Asset Management (EAM) program, including post implementation annual operating cost for 10 years, as needed for the period of January 1, 2017, thru June 30, 2029, for University Services, in support of the University of Minnesota system. The purchase of this service will be self-funded from University Services balances that have been reserved over several years in anticipation of replacing its current facilities management maintenance system, which will no longer be supported by the vendor after 2017. Vendor was selected through a competitive process.
- To Elsevier, Inc. for an estimated \$2,687,457 for subscription to Elsevier ScienceDirect as needed for the period of January 1, 2107, through December 31, 2017, for the University Libraries. This is the last year of a three-year license with Elsevier. In year 1 (2015) and 2 (2016) the total amount paid was \$2,531,808 and \$2,615,403, respectively, totaling the three-year contract at \$7,834,668. The remaining \$2,687,457 allotted as payment to Elsevier over the next year is included in the University Libraries FY 2017 budget, as well as the FY 2017 budgets for Duluth, Morris and Crookston Libraries. Vendor was selected through a competitive process.
- To Geronimo Energy, LLC for an estimated \$10,611,335 in community solar garden subscription fees for Facilities Management for the period of October 17, 2016, through December 31, 2042. These services will be purchased with funds from the Electric Utility ISO. Vendor was selected through a competitive process.
- To John Wiley & Sons, Inc. (Wiley) for an estimated \$2,793,583 for journal subscriptions available via Wiley Online Library as needed for the period of January 1, 2017, through December 31, 2018, for the University Libraries. In year 1 the total amount paid was \$1,363,568, totaling the three-year contract at \$4,157,151. The remaining \$2,793,583 allotted as payment for Wiley over the next two years is included in the University Libraries FY 2017 and FY 2018 budget, as well as the FY 2017 and FY 2018 budgets for the Law Library, Duluth and Morris Libraries. Vendor was selected through a competitive process.

Update to Central Reserves Budget:

- To update the FY 2017 central reserves budget estimates by \$511,714 to \$17,602,172 from the approved amount of \$18,113,886.

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

INFORMATION ITEMS

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

- Update on Enterprise Asset Management System
- Greek Housing Loan Program

The meeting adjourned at 11:51 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Facilities, Planning & Operations Committee
October 13, 2016**

A meeting of the Facilities, Planning & Operations Committee of the Board of Regents was held on Thursday, October 13, 2016 at 1:15 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellors Jacqueline Johnson and Fred Wood; Interim Vice Presidents Michael Berthelsen, Bernard Gulachek, and Michael Volna; and Executive Director Brian Steeves.

Student Representatives present: Mckenzie Dice and Connor Klemenhagen

ENSURING A SAFE UNIVERSITY: CAMPUS SAFETY UPDATE

Regent McMillan invited Interim Vice President Berthelsen; Lisa Dressler, Director, Emergency Management; and Matt Clark, UMPD Chief of Police, to present an update on campus safety, as detailed in the docket.

Berthelsen summarized Board of Regents Policy: *Health and Safety* and connected it to campus safety work across the system. Clark outlined the police forces serving each of the campuses. He explained Clery Act reporting requirements and how those are handled. Berthelsen added that Crookston was ranked as one of the 10 safest campuses nationwide.

Clark detailed the public safety strategies used on the Twin Cities campus. He identified community policing and engagement as a key strategy in building relationships that best serve the campus community. He reported that the Twin Cities campus is safe, stating that most campus crime is theft. Clark noted that while there was a slight increase in crime in 2015 versus 2014, the overall trend continues to go down. He reported that compared to the rest of Minneapolis, violent crime on campus was low. He outlined the training process for the UMPD, highlighting that it was the first department in the state to have all officers trained in crisis intervention.

Dressler outlined emergency management training undertaken since 2013 and explained the preparedness plans and infrastructure in place to react to an emergency. She described the All Hazards Mitigation Plan, which is submitted to the Federal Emergency Management Agency and the Board for approval.

Berthelsen described the campus environment initiatives undertaken to increase campus safety. He identified the building access program and improved lighting and cameras as examples of environmental design aimed at crime prevention. Berthelsen noted that one of the challenges regarding campus safety is that one quarter of students are new each year.

Dressler outlined the emergency and crisis communications program. Clark described the timely warning notices and differentiated them from neighborhood safety notices. Timely warning notices are those required by the federal Clery Act. He added that public safety updates are issued to communicate general information regarding campus safety issues.

In response to a question from Regent Lucas, Clark noted that UMPD works closely with the Minneapolis Police Department (MPD). He offered that when Twin Cities student David Miller was missing last spring, MPD provided 100 officers within 24 hours to aid in the search, which is something UMPD does not have the capacity to do.

Regent Johnson wondered if lighting around the Twin Cities campus had been addressed with the City of Minneapolis. Berthelsen responded that the University made a map of each light around campus and which agency owns it. He explained that a number of agencies control lighting around campus and the list has been helpful in knowing whom to contact to when there is an outage. He reported that the University is working in collaboration with those agencies to see where to add or upgrade lighting.

In response to a question from Johnson, Clark explained that many of the sexual assaults reported are investigated by MPD or other agencies. The University has resources online that explain how a victim or third party can report such a crime. Clark stated that he has met with the Ramsey and Hennepin county attorneys to discuss the complexity of sexual assault cases given multiple jurisdiction and implications of Title IX. He emphasized that UMPD would process all rape kits and send those results to the appropriate county attorney in all cases.

Student Representative Dice asked how UMPD handles crimes on and off campus. Clark responded that UMPD does not have jurisdiction off campus, but will sometimes volunteer to be the lead investigating department or work as a partner.

Regent Devine expressed his appreciation that crime is trending down. He offered the joint work being done by UMPD and Greek organizations as a positive example of community policing and expressed his support for the changes to campus alerts. He wondered if students were receiving public safety information at orientation. Clark responded that officers are dedicated to orientation to talk with students and address parents' concerns. He explained that the officers stress to students to never walk alone, to know what they are drinking, and to drink responsibility when they do.

ISSUES RELATED TO THE 2016 SIX-YEAR CAPITAL PLAN AND THE 2017 STATE CAPITAL REQUEST

Regent McMillan invited Interim Vice President Berthelsen to present for action the project components of the President's recommended 2016 six-year capital plan (Plan) and 2017 state capital request, as detailed in the docket.

Berthelsen outlined the process for developing the Plan. He explained how the University's building stock is spread out across the system, on five campuses and 19 research and outreach centers and field stations across the state. He noted that roughly 20 percent of the University's space is outside of the Twin Cities campus. He highlighted research stations in the College of Food, Agriculture and Natural Resource Sciences and the College of Biological Sciences, along with other specialty locations like the Hormel Institute and Poultry Testing Laboratory. He reviewed a few of the Plan's projects and noted HEAPR priorities.

Berthelsen reminded the committee of the 2017 state capital request, noting that there were no changes from when the committee reviewed it in September.

Student Representative Klemenhausen expressed his support for the Saint Paul campus and the need to ensure that it continues as a core component of the University's mission. He expressed his hope that the Minnesota Legislature will view the request for additional HEAPR funds favorably. Klemenhausen added that he would like to see more focus on creating a campus community in Saint Paul by adding housing and classroom buildings. Berthelsen responded that the deans with units housed on the Saint Paul campus are in discussions to build a broader plan for its development.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the project components of the President's recommended 2016 six-year capital plan and 2017 state capital request.

**CAPITAL BUDGET AMENDMENT:
CFANS SOILS TESTING LAB - TWIN CITIES CAMPUS**

Regent McMillan invited Interim Vice President Berthelsen, Assistant Vice President Suzanne Smith, and Carl Rosen, Department Head, Department of Soil, Water, and Climate, to present for review and action a capital budget amendment for the renovation of the CFANS Soils Testing Lab, as detailed in the docket.

Smith outlined the project and description. She explained that the cost of the project was funded in total through the State of Minnesota Agricultural Research, Education, Extension, and Technology Transfer (AGREETT) program. Berthelsen noted the accelerated project timeline given state funding, which led to this amendment coming before the Board as review/action.

Regent Rosha expressed his support for the project and added that the investment was consistent with the mission of the Saint Paul campus. He offered his thanks to the state for the AGREETT funding and encouraged the administration to tout this project within the Minnesota agriculture industry and community.

In response to a question from Student Representative Dice, Smith responded that there would be a small increase in operating cost, but that the difference between operating cost and maintenance cost of the current facility was marginal.

Student Representative Klemenhausen expressed his support for the project as a CFANS student who has used the laboratory.

Regent Anderson wondered if there were any strings attached to the grant. Berthelsen responded that there was no specific provision that the University had to follow beyond continuing to use the lab for agricultural research.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the capital budget amendment for renovation of the CFANS Soils Testing Lab.

**RESOLUTION RELATED TO DEMOLITION
OF THE ELECTRIC STEEL ELEVATOR PROPERTY**

Regent McMillan invited Assistant Vice President Suzanne Smith and Director of Planning Monique MacKenzie to present for action the resolution related to the demolition of the electric steel elevator property, as detailed in the docket.

Interim Vice President Berthelsen described the location of the property and reminded the committee of its conversation in September. MacKenzie identified the characteristics of the property and the electric steel elevators, noting the purpose of the design and lack of improvements made to the elevators. She summarized their historic status and an adaptability study performed by the University, stating that the current structures have no viable economic or physical reuse that is consistent with the University's mission. She summarized the stakeholder outreach and comments received by the University.

A motion was made and seconded to recommend adoption of the resolution related to the demolition of the electric steel elevator property.

In response to a question from Regent Johnson, Smith stated that a determination had not been made regarding saving one or two of the elevators, but that the possibility of doing so could be determined during the design phase for the recreational sports facility relocation. She offered that they would examine that option quickly and aggressively, but noted it could delay the project longer. She reminded the committee that the recreational sports bubble is not a permanent structure and that keeping some of the elevators could limit future uses of the property. Berthelsen added that they did examine the possibility of using some of the nearby parking lots, but using those presented other challenges such as relocation of the district storm water infrastructure and loss of parking.

McMillan wondered how the administration would interpret the second resolved of the resolution. Smith responded that the second resolved allows the administration to further explore which components could be reused and how, and determine costs.

Regent Devine expressed his thanks to the community for the input received by the University. He noted that the University's reuse study looked for options to reuse the structure but found none. He added that no individual or organization had come forward to purchase the land before the University, or to pay to preserve the elevators. He commented that it is unclear what will happen to the land if Minnesota is awarded the World's Expo. Devine expressed his belief that large industrial sites are difficult to maintain and keep safe. He offered that while the Board was presented with conceptual alternatives by the public, no money was attached to fund those ideas or to estimate how much they would cost.

Regent Lucas offered her appreciation for the work of the administration and the new focus on working with the District Alliance neighborhoods to build a better working relationship. She offered her respect for the input given by the neighborhood. She noted that this is a historic resource, but there is no way to reuse the property while fully preserving the site and the University cannot accept the responsibility to keep it safe. Lucas suggested that to many, replacing a historic structure with a sports bubble is hard to accept. She explained that she saw the decision in two parts: first to take down the elevators but find ways to preserve portions for display on the site, and second to find a use for the land, which in the short term will be the sports bubble. Lucas emphasized her belief that the elevators are not being taken down simply to build a sports bubble, but to use the land for a higher purpose.

Student Representative Dice expressed her view that the Board should not demolish the elevators. She offered that they should be preserved because they are the last elevators of this type. She suggested that the elevators could bring attention to the University by showing its focus on preserving this historic resource. She questioned how much community engagement was done and advocated for preserving the elevators as an educational site.

Regent Rosha noted the space limitations around the Twin Cities campus since the University cannot simply buy more land easily. He expressed his desire to have multiple uses for every space, and wondered if a bubble could be placed over the TCF Bank Stadium field. He offered that the elevator site could be used to add green space to campus and preserve a portion of the elevators to align with the public desire to do so. Rosha stated his belief that it is inappropriate for the University to use funding for preservation, but suggested that perhaps a six-month delay could give an opportunity to those who want to fund that preservation to come forward.

McMillan offered that the University has to operate with three sets of resources: money; real estate and space; and time, talent and brainpower. He noted that in this situation the University is clearly short of real estate and space and funding. McMillan expressed his support for the resolution, but stated his concern that determining possible preservation must happen quickly to ensure that the track and field project is not delayed.

Regent Anderson asked how the second resolved factors into the timeline for demolition. McMillan responded that the administration would move forward with demolition, but at the same time look for options to save a portion of the elevators. Rosha agreed and expressed that

he will oppose the demolition since the opportunity to allow an entity to step forward and fund the preservation by delaying the project six months had not been publically announced. McMillan noted ample opportunity for other parties to step forward. Devine agreed that a delay of six months is not needed since no group has come forward to purchase the land or with a preservation plan that includes funding.

Lucas reiterated her belief that the location of the bubble is separate from this resolution as long as saving a portion of the elevators is not optional. Berthelsen responded that the further resolved directs the administration to develop and consider options. Smith added that the study would consider multiple options as well as the budget and impact on the schedule. She offered that the recommendation could be to remove all parts of the elevators, but that the study had not been completed. She explained that to ensure the track was operational by August 2018, the recreational sports facilities would have to be moved by November 2017. Smith indicated that demolition of the elevators would take four months, concluding that there is a four- to five-week window while the demolition permit is finalized to determine preservation options. Berthelsen added that to make the site work, everything would need to be demolished or deconstructed and removed from the site, emphasizing that nothing could remain in its current location.

McMillan asked if demolition would be delayed until the further studies were completed. Smith offered that the way she interprets the resolution, the schedule could be maintained. She wondered if a determination of portions to preserve would need to come back to the Board. If so, Smith explained that the six weeks needed to prepare for a Board meeting would delay the project.

Rosha stated that the track is the critical piece. He suggested that the mere passage of time is not enough to justify moving forward. He suggested that the University is now putting the public on notice that it plans to move forward with demolition and is asking if anyone wants to step forward and pay for preservation or pay to remove a section and reconstruct on another piece of land. Rosha explained that if the site were used as green space instead of the recreational sports bubble, there would be more time to wait for someone to come forward. Berthelsen explained that since student fees were used to build the current bubble and field, the idea was to honor that payment and have a recreational sports field and bubble built first to ensure student access to a recreational sports space throughout construction.

The committee approved the motion on a vote of four to one with Rosha voting no and Lucas not voting.

CAPITAL BUDGET AMENDMENT: INTERCOLLEGIATE ATHLETICS TRACK AND FIELD FACILITY AND REC SPORTS FACILITIES RELOCATION - TWIN CITIES CAMPUS

Regent McMillan invited Assistant Vice President Suzanne Smith, Director of Intercollegiate Athletics Mark Coyle, and Assistant Vice Provost George Brown to present for action the capital budget amendment regarding the Intercollegiate Athletics track and field facility and recreational sports facilities relocation, as detailed in the docket.

Berthelsen reminded the committee of the location of the proposed track and field and the relocation of the recreational sports bubble and softball field. He outlined the project description and cost estimates.

A motion was made and seconded to recommend approval of the capital budget amendment for the Intercollegiate Athletics track and field facility and recreational sports facilities relocation.

Regent Rosha expressed his concern with the proposed location of the recreational sports bubble. He stated that it would be prudent to approve the track and field now, but treat the recreational sports bubble differently, noting his desire to examine other alternatives, including

using a bubble over the TCF Bank Stadium field. He expressed his support for recreational sports facilities, but explained his desire to maximize space use and his belief that the proposed location does not do that. Berthelsen responded that when TCF Bank Stadium was built, a bubble was considered but eliminated due to cost and the schedule of using the field. He added that this capital budget amendment is specific for this site and other sites for the recreational sports bubble would have different costs.

McMillan commented that it is the clear priority of the committee to build the new track and field, but to do that, the recreational sports facilities have to be demolished. He stated that the risk of not making a decision on location would jeopardize recreational sports.

Regent Devine wondered if using a parking lot for the recreational sports facilities was a possibility given the infrastructure that runs under those lots, noting they had been considered for the track and field. Berthelsen agreed that it may be possible to build on those parking lots, but such a move would carry significant costs and create time issues.

Regent Anderson noted that last month both Recreational Sports and Athletics expressed their support for the location. He expressed his belief that this is the right choice.

Regent Lucas responded that Professor Tom Fisher's vision that was shared with the Board could be an alternative to be used later, noting her belief that the recreational sports bubble being in that location was not forever.

A motion was made to bifurcate the motion and vote on the track and field and recreational sports facilities separately. The committee voted three to three and the motion failed. Devine, McMillan, and Johnson voted no.

The committee approved the motion on a vote of five to one. Rosha voted no.

REAL ESTATE TRANSACTIONS

A. Purchase of 2.47 Acres at 600, 600 ½, and 625 27th Avenue SE, Minneapolis (Twin Cities campus)

Susan Carlson Weinberg, Director of Real Estate, explained the real estate transaction as follows:

- The subject property is located at 600, 600½, and 602 27th Avenue SE, Minneapolis, directly adjacent and contiguous to the University-owned property at 600 25th Avenue SE (formerly known as the Electric Steel Elevator property).
- The property is known as the Mathisen Elevator property (former Kurth Malting property), with two separate grain elevator facilities on two separate parcels that are bifurcated by part of an old, narrow rail spur owned by Union Pacific Railroad (formerly Chicago and Northwestern Railroad). The grain elevators are vacant and empty, and the University has been advised they have not been used for grain storage and distribution purposes for at least ten years. The property includes additional obsolete building structures totaling an estimated 11,323 square feet.
- Basis for the Request: The purchase of this property is an opportunity purchase. The current owner of the subject property, Mathisen Properties LLC, contacted the University to advise that the property is for sale.
- Details of Transaction: The purchase price for the subject property will be \$1,300,000 to be paid in cash at closing. The closing is expected to occur on or before October 31, 2016.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the purchase of 2.47 Acres at 600, 600 ½, and 625 27th Avenue SE, Minneapolis (Twin Cities campus).

A motion was made and seconded, and the committee voted unanimously to recommend approval of the capital budget amendment for the demolition of the Mathisen Elevators located at 600, 600 ½, and 625 27th Avenue SE, Minneapolis (Twin Cities campus).

B. Sale of 158.881 Acres at UMore Park (UMore Park)

Weinberg explained the real estate transaction as follows:

- The subject property consists of approximately 158.881 acres located in the northeast corner of UMore Park, abutting Blaine Avenue on the west and County Highway #42 (145th Street E) on the north. The property is undeveloped, fairly level, and currently has an agricultural zoning.
- Basis for the Request: The University offered this property for sale for industrial-business park development by Request for Proposal (RFP) in August 2015. No acceptable proposals were received, and the property remained for sale for industrial-business park development. Opus Development Company LLC (“Opus”) has offered to purchase the property for industrial-business park development on a phased take-down basis, with take-down timing reflective of market demand and identification of end-use clients by Opus, over a term of up to 10 years, which may be extended at University’s sole discretion for an additional 5 years. Nothing in the agreement prevents Opus from acquiring all of the property in the first take-down or all of the remaining property in a successive take-down, if market opportunities so allow.
- Details of Transaction: The sale price for the subject property will be \$2.25 per square foot of net developable area, which is defined to exclude non-buildable areas subject to easements for roadways, a sewer line, and a gas line. The total net developable area for the 158.881 gross acres is estimated at 143.095 net developable acres, reflecting a total price of \$14,024,750 for the property (before needed expenditures for utility infrastructure, and relocation of a gas line, and removal of Ranney pipes impacting development of the property). Opus will have a 120-day Due Diligence Period to investigate the property, including its environmental and physical condition, the City of Rosemount processes for infrastructure improvements and development approvals, and the condition of title.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the sale of 158.881 Acres at UMore Park (UMore Park).

CONSENT REPORT

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

- Agreements for Facilities and Services for Minnesota United’s Use of TCF Bank Stadium (Twin Cities campus)

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

INFORMATION ITEMS

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

- Community Solar Garden Subscription
- Enterprise Asset Management System
- Driven to Discover Building - Minnesota State Fair Grounds

The meeting adjourned at 3:27 p.m.

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

BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Faculty & Staff Affairs Committee
October 13, 2016**

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, October 13, 2016 at 1:15 p.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Lendley Black, Jacqueline Johnson, and Stephen Lehmkuhle; Executive Vice President and Provost Karen Hanson; Vice President Kathryn Brown; Executive Director Brian Steeves; and Associate Vice President Gail Klatt.

Student Representatives present: Lauren Anderson and Lauren Mitchell.

COLLECTIVE BARGAINING AGREEMENT WITH THE MINNESOTA PUBLIC EMPLOYEE ASSOCIATION, REPRESENTING POLICE OFFICERS AND SERGEANTS

Regent Simmons invited Vice President Brown and Patti Dion, Director of Employee Relations, to present the Collective Bargaining Agreement with the Minnesota Public Employees Association, Representing Police Officers and Sergeants, as detailed in the docket.

Dion noted that the agreement covers 53 employees on the Duluth, Morris, and Twin Cities campuses. She added that the pay increase parameters were consistent with other agreements recently approved by the Board.

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

FAIR LABOR STANDARDS ACT BRIEFING

Regent Simmons invited Vice President Brown; Kenneth Horstman, Senior Director of Total Compensation; and Mary Rohman Kuhl, Director of Compensation, to discuss changes to the Fair Labor Standards Act (FLSA) and its implications for the University, as detailed in the docket.

Brown noted that FLSA is a federal act that determines, based on salary threshold, which employees are eligible to receive overtime pay. She noted that OHR has implemented changes in order to be compliant by the December 1, 2016, deadline.

Horstman explained that when the Department of Labor announced final changes to FLSA, it was estimated to affect 4 million employees in the United States. He described that the University identified about 1,200 employees who would be affected; 40 percent of those were post-doctoral associates.

Rohman Kuhl detailed the unique challenge presented by the group of post-doctoral associates, acknowledging that research hours go beyond the typical 40-hour workweek. She explained that 500 post-doctoral associates were paid under the new threshold of \$913 per week and

that 10-20 hours of overtime was typical for that group at the University and across the Big Ten. She added that the cost to raise salaries to the new minimum was lower than paying overtime on non-adjusted salaries.

Regent Simmons commented that the committee would not normally take action on a salary decision such as the adjustment for post-doctoral associates, but added that this decision presented long-term implications for the University's mission. Regent Omari presented a resolution to ratify the decision made by OHR and require a report on the status of the changes at the committee's February 2018 meeting.

A motion to recommend adoption of the resolution was made and seconded.

In response to a question from Regent Hsu, Brown clarified that 1,200 employees across the University are affected by the FLSA change, and that post-doctoral associates are the only group for which OHR is taking action uniformly. She explained that colleges and administrative units would be responsible for determining whether an employee moves to the threshold or not.

In response to a question from Student Representative Mitchell, Horstman noted that supervisors need to clarify expectations with those employees who will move to reporting their time on an hourly basis in order to ensure accurate recording. He added that overtime should be managed proactively between supervisor and employee.

Mitchell asked whether grant-funded post-doctoral associates are included in this group. Horstman confirmed that they are. He explained that these changes could impact how principal investigators staff grant funded research.

Regent Brod commented on the cost of the decision to raise all post-doctoral associates' salaries to the new threshold in the context of tuition increases, noting that it would equal approximately a 0.5 percent tuition increase. Simmons added that this is \$2.5 million in unplanned expenses to the University. Brown clarified that about two-thirds of all post-doctoral associates are paid through federally funded research grants.

The committee voted unanimously to recommend adoption of the resolution.

PEOPLESOFT HRMS SYSTEM: MAXIMIZING INVESTMENT IN SUPPORT OF PEOPLE

Regent Simmons invited Vice President Brown; Amy Kucera, Senior Director of Operations for the Office of Human Resources; and Associate Vice President Gail Klatt to discuss the Human Resource Management System (HRMS), 18 months after the upgrade, as detailed in the docket.

Brown explained that the PeopleSoft HRMS upgrade was a complicated project that ultimately moved the University away from a highly customized system. She described that the less customized system has resulted in the need for different skill sets for the employees who work in HRMS, and that OHR has struggled to communicate changes to University employees.

Kucera explained that the initial upgrade took place in April 2015 and that the HRMS software continues to update, similar to software updates required on a smartphone. Those updates fix bugs and improve functionality. Kucera described the ongoing challenges of the upgrade, explaining that the system is complex and HRMS users report the need for deeper knowledge and more sophisticated skills. She shared that OHR continues to communicate regular training materials with HRMS users.

Klatt addressed preliminary findings of the OHR Operations audit and explained that the final report will be completed soon. The audit included over 700 comments collected through a survey and focus group conversations with HRMS users. Klatt noted that the audit also

included testing of accuracy of OHR data and findings from other recent audits where HRMS was tested. She concluded that the audit confirmed that removal of customization in HRMS has compromised the integrity of some data.

In response to a question from Regent Simmons, Kucera explained that OHR could have acknowledged, and made HRMS users more aware of, the challenges that would be experienced after the upgrade. She added that due to limited resources, training was primarily available online, while in-person training could have been more useful to users. Klatt added that although there is better maintenance and cost savings at the central level, individual units are facing more of the burden of training and hiring additional staff. Brown responded that OHR could not have anticipated all of the challenges before the system went live.

Regent Brod inquired how HRMS will be monitored going forward. Klatt responded that Internal Audit will continue to monitor through its regular follow-up process and that HRMS is unique because all departmental audits include systems analysis.

In response to a question from Brod, Brown responded that OHR is still learning what skills are needed to perform HRMS tasks. Kucera added that they are continuing to collect data from users to determine future training and development.

In response to a question from Regent Hsu, Kucera explained that the HRMS upgrade was a much larger project than the student and financial modules that were also part of the PeopleSoft upgrade. She noted that it was more akin to a re-implementation. Klatt reported that a recent audit of the finance system showed positive results and an audit of the student modules is underway.

Hsu asked who ultimately owns the upgrade project. Brown explained that the upgrade was a collaboration between OHR, finance, student services, and OIT. Today, OHR is the business owner and OIT remains a business partner for technical expertise.

Student Representative Anderson encouraged the presenters to continue training and make sure HRMS users are aware.

UPDATE ON LEADERSHIP DEVELOPMENT OPPORTUNITIES FOR FACULTY, STAFF, AND GRADUATE STUDENTS

Regent Simmons invited Vice President Brown; Provost Hanson; Brandon Sullivan, Director of Leadership and Talent Development; Rebecca Ropers-Huilman, Vice Provost for Faculty and Academic Affairs; and Scott Lanyon, Vice Provost and Dean of Graduate Education, to present an update on leadership development opportunities for faculty, staff, and graduate students, as detailed in the docket.

Brown explained that results of the employee engagement survey consistently show increased need and desire for leadership development and management training opportunities. Hanson added that the culture of development is also integral to the goals of the UMTC strategic plan.

Ropers-Huilman noted that it is especially important in higher education to promote a culture of leadership development in order to educate staff, faculty and students on society's rapid changes. Sullivan explained that leadership development is important and difficult, and that successful leadership development is not solely related to supervisory or management training, but supporting growth of employees at all levels.

Ropers-Huilman shared examples of leadership programs for faculty and academic leaders, noting that specialized programs exist for deans, department chairs, and faculty who may pursue those leadership roles in the future. She added that leadership development opportunities for staff exist for both managers and non-managers. Ropers-Huilman pointed out

that leadership development opportunities for post-baccalaureate students are primarily specific to their area of discipline, and that this group has been identified as an opportunity for growth.

Sullivan summarized the assessment tools that are available to current faculty and staff, and noted that they have been used as part of the search process to select University leaders.

In response to a question from Regent Cohen, Sullivan explained that self-awareness is about understanding one's strengths and development opportunities. He added that it is equally important for leaders to do work that plays to their strengths and allows growth in their areas of limitations.

Regent Beeson thanked the presenters for their proactive work in offering developmental opportunities at the University, noting that the answer is not always to hire leaders, but to grow faculty and staff into leadership positions.

In response to a question from Regent Hsu, Hanson described that faculty leadership includes being a leader in a specific area of discipline by publishing in leading journals and participating in research. Regent Simmons added that being a leader in academics does not mean moving into an administrative role.

Regent Omari offered that too often, only managers are seen as leaders. He explained that by creating a culture of leadership at the University, the value of leadership to non-managers would be more evident. Simmons agreed that leadership is not exclusive to managers. Hanson explained that although leadership implies having followers, it is not just about leading people, but also leading through ideas in an academic field or discipline.

CONSENT REPORT

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

- Appointment of Brian Burnett as Senior Vice President for Finance and Operations
- Conferral of tenure for seven outside hires.

President Kaler presented for approval the appointment of Brian Burnett as senior vice president for finance and operations. Brown walked through the other items. A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

Vice President Brown referred the committee to the information items contained in the docket materials, which included personnel highlights and faculty and staff activities and awards.

The meeting adjourned at 3:06 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents Work Session:
Enhancing the Student Experience: Admissions Principles and Holistic Review**

October 13, 2016

A work session of the Board of Regents of the University of Minnesota was held on Thursday, October 13, 2016 at 3:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Lendley Black, Jacqueline Johnson, Stephen Lehmkuhle, and Fred Wood; Executive Vice President and Provost Karen Hanson; Interim Vice President Bernard Gulachek; General Counsel Douglas Peterson, Executive Director Brian Steeves; and Associate Vice President Gail Klatt.

Student Representatives present: Lauren Mitchell.

Chair Johnson invited President Kaler; Robert McMaster, Vice Provost and Dean of Undergraduate Education; Barbara Keinath, Vice Chancellor for Academic Affairs, UMC; and Brian Slovut, Director of Litigation Services, to lead the Board in a discussion of admissions principles and holistic review, as detailed in the docket.

Kaler conveyed the importance of undergraduate admissions, noting that admissions staff are responsible for bringing in the best students every year and with that, generating a large portion of the University budget – about \$500 million. He explained that the University uses a holistic review process to enhance access for all students at all campuses.

Keinath walked through the 10 guiding principles included in the Twin Cities Campus Enrollment Management Plan. She explained that the principles are applied to the admissions practices at the system campuses differently based on their mission. She noted that all campuses utilize a holistic review that considers high school coursework, GPA, and ACT or SAT scores among other factors that vary by campus. Keinath added that holistic review assists each campus in shaping an incoming class appropriate to their mission. She provided two examples of student applicants to UMD and UMC and explained how the decision to admit or deny was made, based on the information provided on the applications.

McMaster noted that holistic review is used by all seven freshman-admitting colleges on the Twin Cities campus. He outlined the primary and secondary review factors used in the process, noting that primary factors are those that illustrate academic preparation. McMaster provided several examples of applicants to different colleges and explained how the review factors were utilized to determine admissions decisions.

Slovut reviewed the Supreme Court case *Fisher v. University of Texas* and its implications on admissions at the University. He explained that the case decided that universities can consider race in admission decisions if the institution has a “compelling interest” to do so and if consideration of race is necessary to achieve the institution’s goals. He added that the Supreme Court ruled an institution’s goal of attaining a diverse student body is a compelling interest.

In response to questions from Chair Johnson, McMaster explained that admissions staff is aware of the goal that the incoming class includes approximately 65 percent students from Minnesota high schools. He added that this goal is used in making admissions decisions and ultimately shaping the class. McMaster confirmed that there are no automatic disqualifiers of a student application.

Regent Omari compared the percentage of African American and Latino students on the Twin Cities campus to the percentages of the overall population in Minneapolis and St. Paul, noting the percentages are smaller on campus. He inquired if the number of African American and Latino students would be lower without the holistic review. McMaster explained that that diversity on campus is more proportionate to that of the state of Minnesota, and not the Twin Cities metro area.

In response to a question from Regent Beeson, McMaster shared three ways the University system is working to keep and share applicants among the system campuses: the Share My App program that allows students who apply to the Twin Cities campus to apply to any of the system campuses at no additional fee and without further application materials; the sharing of waitlist rosters from the Twin Cities campus to system campuses; and the system-wide committee charged by President Kaler to find additional ways to get Twin Cities campus applications to the system campuses.

Regent Hsu inquired about the scoring of applications and asked what amount or what kind of secondary factors can overcome a deficiency in a primary factor. McMaster responded that there is no quantitative scoring mechanism, only the individual judgement of the two application readers and review committee, adding that there is a balance between the art and science of the holistic review process. He noted that undergraduate admissions had undergone an audit several years ago that resulted in positive outcomes. Regent Hsu recommended taking a backward look, reviewing the admissions application metrics of a group of recent graduates to determine what metrics lead to successful students.

Hsu commented on the difference between admitted students and enrolled students and referred to Regent Omari's comment about the disparity in racial diversity on campus. He added that the numbers for admitted students should be examined more closely, rather than enrolled students.

Regent Rosha indicated that since moving away from an open enrollment policy, holistic review is appropriate. He added that a number of factors are used in the admissions process, yet only GPA and ACT are shared as success metrics.

In response to comments from Rosha, President Kaler described a new effort, the Core 2025 program. He explained that this program will work to identify students from underrepresented populations, as young as eighth grade, who can be successful at the University but do not know it. Kaler shared that the program will employ social media and communications strategies as well as on-campus programming for students and their families.

In response to a comment from Regent Devine, Keinath shared that there have been significant conversations over the last two years about sharing applications across the University system. She added that the directors of undergraduate admission continue to have conversations on this topic.

Regent Anderson commented that the Share My App program would better reach students if it used texting or e-mail rather than a mailed letter.

In response to comments from Regent Simmons, McMaster agreed that legacy admissions could adversely affect goals of campus diversity. He explained that legacy is a secondary admissions factor.

In response to questions from Student Representative Mitchell, McMaster shared that the majority of students who apply meet the minimum high school coursework requirements. With holistic review, the reason course requirements have not been met is also considered. He explained that traditionally the admissions application has included questions about felony conviction, arrest for sexual assault, and accusation of academic misconduct. He noted it is likely for the next admission cycle that the felony conviction question will be removed.

Regent Lucas inquired about rolling admissions. McMaster explained that although students are admitted as early as October, they do not need to confirm their enrollment until May.

In response to comments from Regent Brod, Kaler responded that while it is likely the felony conviction question will be removed from the application, there is more research to be shared and data to confirm that it will not impact campus safety.

Brod commented that the Share My App program has the potential to automatically admit students to another campus while their application is under review at UMTC. She explained the super-scoring concept for ACT and SAT, which averages the highest score of each section to achieve the highest composite score. Brod noted that schools are marketing this approach to prospective students and wondered if the University is missing an opportunity by not doing so.

Regent Cohen stressed the importance of programs like Core 2025, and commented that the University should be reaching students even earlier than eighth grade. She suggested that the University continue to admit high-achieving students from Minnesota high schools, as they are likely to stay in the state after graduation. Regent Cohen offered her satisfaction with the system admissions directors continuing to discuss a system-wide admissions application.

In response to questions from Hsu, McMaster clarified that there are no limitations on the number of students who can be admitted from any particular high school, zip code or city. He explained that the University admits a higher proportion of transfer students than peer institutions as a result of closing the General College. Hsu stated that he would support some type of automatic admission based on the applicant's academic factors, and a holistic review of all other applications. He also noted that transfer students do not report ACT scores to the University. McMaster agreed that the reported average ACT scores reflect only first-year, full-time students.

Mitchell commented that super-scoring standardized tests may benefit only those students able to take the test more than once, and thus those with financial means. McMaster responded that although undergraduate admissions does not utilize super scoring, they do examine individual sub-scores to determine fit and success in certain colleges. He explained that the College of Science and Engineering, for example, will pay close attention to the math sub-score in considering a student for admission.

Regent Omari shared that he would be interested in learning about the impact of the Share My App program on the system campuses.

The meeting adjourned at 4:58 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
October 14, 2016**

A meeting of the Board of Regents was held on Friday, October 14, 2016 at 7:30 a.m. in the Gateway Room, McNamara Alumni Center.

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

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

Others present: Amy Phenix.

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

A motion was made and seconded that the following resolution be adopted:

BE IT RESOLVED, that in accordance with Minnesota Statutes § 13D.01, Subd. 3 and 13D.03 Subd. 1, a non-public meeting of Board of Regents will be held on Friday, October 14, 2016 at 7:30 a.m. in the Gateway Room, 600 McNamara Alumni Center, 200 Oak Street, SE, Minneapolis, Minnesota for the purpose of discussing labor negotiations strategy.

The Board voted unanimously to adopt the resolution. The public portion of the meeting ended at 7:48 a.m., at which time the Board discussed labor negotiations.

The meeting adjourned at 8:37 a.m.



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

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
October 14, 2016**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 14, 2016 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Lendley Black, Jacqueline Johnson, Stephen Lehmkuhle, and Fred Wood; Executive Vice President and Provost Karen Hanson; Vice President Kathy Brown; Interim Vice Presidents Michael Berthelsen, Bernard Gulachek, and Michael Volna; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice President Julie Tonneson.

INTRODUCTION OF GENERAL COUNSEL

President Kaler introduced General Counsel Douglas Peterson, who began his appointment on September 19, 2016. Peterson received his J.D. cum laude from Harvard Law School and his B.A. summa cum laude in economics from Yale University. Peterson briefly addressed the Board.

RECOGNITION: AWARD OF OUTSTANDING MERIT

Recognition was given to the University of Minnesota Bands as they celebrate their 125th anniversary. The Award of Outstanding Merit is given to an individual or group of individuals that has demonstrated long and meritorious service to the University.

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 & Compliance Committee – September 8, 2016
Facilities, Planning & Operations Committee – September 8, 2016
Faculty & Staff Affairs Committee – September 8, 2016
Board of Regents Work Session – September 8, 2016
Academic & Student Affairs Committee – September 8, 2016
Finance Committee – September 8, 2016
Board of Regents Closed Meeting – September 9, 2016
Board of Regents Meeting – September 9, 2016

REPORT OF THE PRESIDENT

President Kaler reported on activities at the system campuses, including the ongoing search for a new UMM Chancellor as well as UMC Chancellor Wood's retirement at the end of the calendar year. He discussed the launch of a system-wide study program, which will allow students to spend a semester at a different campus within the system. He also discussed statistics of the incoming class and recent campus climate issues.

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

REPORT OF THE CHAIR

Chair Johnson reported on Regent attendance at a recent outreach event and commended the faculty who presented for addressing regional issues and fulfilling the University's land grant mission. Johnson remarked on the Board's work session related to admissions principles and commented on upcoming discussions about enhancing the student experience.

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

CONSENT REPORT

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

- Summary of Gifts through July 31, 2016
- Appointments to the University of Minnesota Foundation
- Conflict Management Plan

A motion was made and seconded, and the Board of Regents voted 11-0 to approve the Consent Report. Regent Rosha abstained.

OVERVIEW OF SYSTEM-WIDE STRATEGIC PLANNING PROCESS

Chair Johnson invited UMR Chancellor Stephen Lehmkuhle and Vice Provost Rebecca Ropers-Huilman to present on the system-wide strategic planning process, as detailed in the docket. Lehmkuhle discussed the purpose of the strategic plan and the guiding questions for its development. Ropers-Huilman discussed the makeup of the planning committee and explained the three-phase process by which the plan will be developed. She emphasized that there will be opportunities for input and feedback from various stakeholders, including the Board.

Regent Devine suggested including alumni or community members in the process. He emphasized the importance of community involvement and public-private partnerships.

Regent Rosha applauded the inclusion of a variety of campus groups and noted his approval that the Board will have an opportunity to provide input. He remarked on the importance of collaborations with the legislature and Minnesota State system, and urged including those entities to the extent possible.

Regent McMillan agreed with the need to capture statewide support. He asked about a master list that details the status of each campus plan. He remarked on the importance of outreach and research, in addition to curricular goals, and asked how progress is tracked regarding those aspects of the mission.

Kaler replied that each campus plan is at a different stage of development. He agreed with the importance of tracking progress on all facets of the University's mission, and that resource allocation and alignment with state partners are additional components of the process. Ropers-Huilman added that individuals from CFANS and Extension will be included to provide representation for research and outreach.

Regent Cohen remarked on the importance of the strategic planning process and noted alignment with Board discussions about campus admissions. She applauded the study-away program as a way for students to explore options and broaden their overall experience.

In response to a comment from Regent Hsu, Kaler agreed with the importance of paying attention to the financial aspects of the plan. He clarified that the new senior vice president/chief financial officer (SVP/CFO) will have primary responsibility for financial oversight, though the committee will also pay attention to financial factors. Kaler added that the new SVP/CFO will not serve on the committee, but will remain informed and involved in the process.

OVERVIEW OF MAJOR BUDGET LEVERS

Chair Johnson invited Interim Vice President and CFO Mike Volna and Associate Vice President Julie Tonneson to provide an overview of major budget levers, as detailed in the docket.

Tonneson discussed the University's revenue sources and explained the difference between framework and non-framework funds. She detailed total revenue for colleges and academic units, highlighting specific sources of funding for each. Tonneson provided a summary of the revenue levers and highlighted the tuition implications of various changes. She noted the importance of considering the short- and long-term implications of shifts to the revenue levers.

Tonneson discussed the University's expenditures, broken down by sponsored and non-sponsored funds, and detailed average growth in costs over the past 20 years. She explained that costs are categorized as objects or functions and emphasized the importance of both during the budget planning process. Tonneson detailed several possibilities for adjusting cost levers and considerations for each option.

In response to a comment from Regent Brod, Kaler cautioned that assigning sunsets to spending for centers would be difficult to implement, although he noted that he agrees with the idea in principle. He explained that the operations of a center are complex, especially when it comes to hiring and salaries. Regent Omari added that grant cycles can further complicate center funding and that outcomes can be difficult to predict.

Regent Hsu observed that the medical school receives the largest amount of state funding of any college or unit, and that its spending is the highest overall. He asked about the reasons. Tonneson clarified that the spending included costs associated with research and clinical operations, and did not just represent the cost of instruction. She added that the medical school has always had one of the highest rates of spending, though the current activity also reflects additional funding allotted through the Governor's Blue Ribbon initiative.

In response to a question from Hsu, Kaler remarked that there are several ways for the University to reach the mid-point of the Big Ten for its non-resident, non-reciprocity tuition rate. He added that there are many different options for increases and for the rate of those increases, and the decision will depend on the action of the Board.

Regent Beeson cautioned against evaluating the budget line by line, emphasizing the importance of a broader focus. In response to a question from Beeson, Volna replied that many options for additional budget planning exist once the six-year allocation plan is complete. He

stressed the importance of allowing the new SVP/CFO to provide his input for additional initiatives.

In response to a question from Brod, Tonneson explained that the budget model is set up to support department-level spending incentives, but such action can be challenging to implement effectively. She noted the importance of structuring incentives in a way that a department receives the benefit of their efforts.

In response to comments from Regent Anderson, Volna remarked that it is possible to focus greater efforts on improved revenue generation. He cautioned that each revenue source or lever has a unique level of complexity.

Regent Devine commented that improving the medical school was one of the Board's main priorities. He suggested that high spending is necessary to maintain and improve the school's standing.

PRESIDENT'S RECOMMENDED FY 2018-19 BIENNIAL BUDGET REQUEST

Chair Johnson invited President Kaler to present the President's Recommended FY 2018-19 Biennial Budget Request (Budget Request) as detailed in the docket.

Kaler reported that the Budget Request includes four FY 2018-19 initiatives, the last of which was added since review in September:

1. Student Success
2. MnDRIVE
3. Core Mission
4. NRRI – Applied Research for Economic Development

Kaler explained that the goal of the student success initiative is to improve students' long-term success, enhance equity, and reduce student debt system-wide. He detailed several intended outcomes, including graduating more students in STEM fields to help support the state's workforce needs, and increasing enrollment and retention for students of color. He outlined new components of the MnDRIVE initiative, explaining that these goals will help the University and the state be more competitive in areas of discovery. Kaler emphasized that the core mission initiative will support academic and operational excellence on all campuses and across all facets of the institution's mission. The NRRI initiative will assist in developing collaborative research programs and partnerships to further the University's outreach mission.

Kaler reported that the Budget Request also includes two initiatives related to the past legislative session:

1. Replacement of UCare funding.
2. Bell Museum and Planetarium operations.

He explained that health training restoration is necessary to continue providing critical health training and services statewide. He added that outcomes of the initiative will support core clinical training education and research programs, fund the Mobile Dental Clinic, and enhance access to care in greater Minnesota. Kaler noted that funding for the Bell Museum will support operations of the new museum, classroom spaces, and increases to educational programs.

The total request for all six initiatives for the biennium is \$147.2 million, a change from base of 11.8 percent.

Regent Beeson, Chair of the Finance Committee, reported that the committee reviewed the financial components of the Budget Request and voted to recommend approval of the resolution. He moved its approval.

The motion was seconded and the Board voted unanimously to approve the Resolution Related to State Biennial Budget Request for FY 2018-19, as follows:

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

WHEREAS, the University proposes to strengthen its focus on the long-term success of its students by improving retention and graduation success, in accordance with the Progress Card approved by the Board of Regents and the performance measures included in 2013 and 2015 appropriation law from the State of Minnesota; and

WHEREAS, the University and the State of Minnesota play a critical role in supporting and strengthening economic and community vitality, improving the environment, and advancing health and wellness of Minnesota's citizens by advancing research initiatives and programs that benefit the state, business and industry and its citizens ; and

WHEREAS, the University is committed to achieving operational excellence and efficiencies through internal actions to reduce administrative and operating costs and reinvest those savings in mission critical strategies; and

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

WHEREAS, many research opportunities are developing across the University's research community for which the Natural Resources Research Institute (NRRI) is viewed as a valuable partner, where added investment will allow those partnerships to grow, resulting in statewide, regional and global impacts; and

WHEREAS, the University plays a critical role in delivering essential education and training of the medical professionals across the state, and

WHEREAS, the new Bell Museum is scheduled to open in the summer of 2018 and the University is poised to fully utilize and realize the vision for the new facility,

NOW, THEREFORE, BE IT RESOLVED that the biennial budget request for the 2018-2019 biennium be adopted by the Board of Regents for presentation to the State of Minnesota. The request is for a general fund appropriation of \$674,949,000 in fiscal year 2018 and \$724,949,000 in fiscal year 2019 for a biennial total of \$1,399,898,000 in the form of general operations and maintenance and state specials appropriations. The Board of Regents further requests continuation of fiscal year 2017 base funding levels for the Primary Care Education Initiatives totaling \$2,157,000, and for the Academic Health Center funding under Minnesota Statutes 297F.10 totaling \$22,250,000.

**PRESIDENT'S RECOMMENDED 2016 SIX-YEAR CAPITAL PLAN
& PRESIDENT'S RECOMMENDED 2017 STATE CAPITAL REQUEST**

Chair Johnson invited Interim Vice Presidents Michael Berthelsen and Michael Volna to present the 2016 six-year capital plan (Capital Plan) and 2017 state capital request (Capital Request), as detailed in the docket.

Berthelsen discussed the objectives of the Capital Plan and detailed each of its strategic emphases, which include renovation or removal of critical buildings, advancing the health sciences, modernizing labs and research facilities on the St. Paul campus, expanding STEM program facilities, and investing in improvements to the University's libraries. Volna explained the financial components of the Capital Plan.

Berthelsen reviewed the timeline and financial summary of the Capital Request, reiterating that it is the same as that made in 2016, with the addition of the library projects. He explained that in addition to Higher Education Asset Preservation and Renovation (HEAPR) funds, the request includes three renovation and design projects on the Twin Cities campus, construction of a new building on the Duluth campus, and system-wide investments in the academic and student experience.

Regent McMillan, Chair of the Facilities, Planning & Operations Committee, reported that the committee reviewed issues related to the Capital Plan and Capital Request and voted to recommend approval of the resolutions. He moved for approval.

Regent Beeson, Chair of the Finance Committee, reported that the committee reviewed the financial components of the Capital Plan and Capital Request and voted to recommend approval of the resolutions. He seconded the motion.

In response to a question from Regent Omari, Berthelsen noted that the savings from decommissioned buildings are returned through a variety of cost pools. He added that the operating costs of a building are assigned to specific departments or colleges. When the building is no longer in use, the University stops charging those departments for use of the facility.

Regent Brod suggested that the University investigate alternatives to HEAPR funds, noting that she would appreciate more collaborative ways to seek funding. She emphasized that HEAPR has not been successful. Kaler remarked that past attempts to craft a new approach have not been met with much success, but agreed there ought to be conversations with the legislature about funding. Brod encouraged the University to be a leader in beginning those conversations and suggested a partnership with the Minnesota State system.

Regent Hsu commented that he is unsure how to achieve the needed amount for deferred maintenance. He noted that elements of repair and replacement are included in tuition, and he would not want tuition increases due to an inability to secure appropriate capital funds. Berthelsen agreed that HEAPR is not the only solution and noted that the University has several auxiliary funds and mechanisms to assist with infrastructure maintenance. He remarked that the process also needs to be about cost savings and suggested that it will require cultural as well as financial shifts.

In response to comments from Chair Johnson, Kaler remarked that plans related to athletics facilities, such as the rec sports bubble, are fluid and evolving. He agreed that his administration will bring back to the Board new options for consideration.

In response to a question from Hsu, Kaler confirmed that discussions about funding for athletics facilities would include the "linemen's facility." Johnson noted that the current name of the facility is a misnomer, since it is a multi-purpose, multi-gender facility.

Regent Lucas asked if the president's commitment to investigating athletic facility options would impact the demolition of the steel elevators. Kaler clarified that it would not, and that he would respect the decision of the Facilities, Planning & Operations Committee and the Board.

The Board of Regents voted unanimously to approve the Resolution Related to the 2016 Six-Year Capital Plan, as follows:

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

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the 2016 Six-Year Capital Plan in order to create and maintain facilities that serve as tools in accomplishing the University's education, research, and outreach objectives.

The Board of Regents voted unanimously to approve the Resolution Related to the 2017 State Capital Request, as follows:

WHEREAS, the Board of Regents has directed the administration to annually submit a capital improvement budget and a six-year capital improvement plan in support of the University's strategic priorities; and

WHEREAS, the Board of Regents 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 University's 2017 State Capital Request to the Minnesota Legislature in the amount of \$317,600,000 consisting of \$245,066,000 from the State of Minnesota and \$72,534,000 from the University of Minnesota.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Devine, Chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on October 6, 2016. A resolution was considered and adopted that authorized the closing of the meeting. In the closed meeting a discussion was held on matters subject to the attorney-client privilege.

REPORT OF THE GOVERNANCE & POLICY COMMITTEE

Regent Cohen, Chair of the committee, reported that the committee reviewed its annual work plan; discussed Board of Regents Policy: *Board Policy Development*; and discussed several aspects of Board operations.

REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

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

- 1) Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the October 13, 2016 committee minutes.

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

Regent Cohen reported that the committee also received an update on academic progress and trends in Gopher athletics; and discussed ways to enhance the undergraduate student experience.

REPORT OF THE FINANCE COMMITTEE

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

- 1) Approval of a Resolution Related to Refunding of Debt, as follows:

WHEREAS, the University of Minnesota (University) has outstanding, among others, the following series of bonds the total outstanding principal amount of which is \$348,160,000 and each of which by its terms has the stated optional redemption date (the "Outstanding Bonds"):

<u>Series Name</u>	<u>Optional Redemption Date</u>
General Obligation Bonds, Series 2009A	4/1/2019
General Obligation Taxable Bonds, Series 2009B	4/1/2019
General Obligation Bonds, Series 2009C	6/1/2019
General Obligation Bonds, Series 2011A	12/1/2020
General Obligation Bonds, Series 2011D	12/1/2021

WHEREAS, Section V. Subd. 1(b) of Board of Regents Policy: *Debt Transactions* states that it shall be a goal to minimize University borrowing costs at acceptable levels of risk over the life of the debt; and

WHEREAS, current economic conditions, including those presently existing and those that may exist within a period of 12 months after the date of this Resolution ("Near-Term Conditions"), may present an opportunity to realize significant savings to the University through the refunding of some or all of the Outstanding Bonds prior to the optional redemption date of each issue (such refunding, an "Advance Refunding"); and

WHEREAS, it has been proposed that if it is determined by the President and the Treasurer, after consultation with the University's debt advisor, that an Advance Refunding of one or more series of the Outstanding Bonds is in the best interests of the University (such series, the "Identified Series"), the University proceed with a plan of financing to refund the Identified Series by the issuance and sale of indebtedness in the

form of one or more series of bonds (the "Debt"), the proceeds of which will be used to refund the Identified Series and to pay the costs of issuance of the Debt; and

WHEREAS, the Debt would be issued pursuant to one or more Indentures of Trust between the University and a bank or trust company acting as trustee or pursuant to one or more Orders of the University; and

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

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

1. To provide funds to refund the Identified Series of Outstanding Bonds, the Board hereby authorizes the sale and issuance of Debt in a total principal amount not to exceed the amount necessary to defease the Identified Series immediately prior to refunding and to pay costs of issuance thereof. The Debt may be issued in one or more series, each to mature not later than the current maturity date of the Identified Series being refunded, provided that if series are combined, the resulting series may bear the latest maturity date of the component series, subject to applicable tax law. The Treasurer is authorized to determine whether or not the Debt shall be restructured, and whether or not the Debt shall be tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended. This authorization shall remain in effect until the date that is 12 months from the date of this Resolution.

2. The Debt may be sold in either a negotiated sale or a competitive process, as determined by the Treasurer. The Treasurer is authorized to negotiate and approve the terms and conditions of the appropriate agreement or agreements with financial advisors, banks, investment banking firms, or other financial institutions, including the terms and conditions upon which their services will be rendered and the terms and conditions upon which the Debt will be sold and issued. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as are approved by the Treasurer and the General Counsel.

3. In connection with the issuance of any series of Debt, the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture(s) of Trust or Order(s) or any supplement or amendment thereto under which the Debt is to be issued in the form and containing such covenants, agreements, representations and warranties as are approved by the Treasurer and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the documents evidencing the Debt in accordance with such Indenture(s) of Trust or Order(s) or any supplement or amendment thereto. The signatures of the Secretary and/or Treasurer on the documents evidencing the Debt may be by facsimile.

4. The President and Treasurer are authorized to execute and deliver one or more purchase agreements with the initial purchaser or purchasers of any series of Debt in the form and containing such covenants, agreements, representations and warranties of the University as are approved by the Treasurer and General Counsel.

5. The Treasurer is authorized to approve the Preliminary Official Statement(s), final Official Statement(s), Offering Memorandum or Memoranda, Offering Circular(s), or other offering material or any supplements or amendments thereto to be prepared and distributed to any purchaser or potential purchaser of a series of Debt, and the President is authorized to execute and deliver the final Official Statement(s) or any supplements or amendments thereto. In the case of the sale of any series of Debt in a competitive process, the Treasurer is authorized to approve the Notice of Sale and any

amendment thereto.

6. The appropriate University officers are authorized to execute and deliver all other documents, certificates and to take such action as may be necessary or appropriate in connection with the issuance and sale of the Debt.

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

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

- 2) Approval of the Consent Report for the Finance Committee as presented to the committee and described in the October 13, 2016 committee minutes.

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

Beeson reported that the committee also received an update on financial aspects of the network upgrade project and reviewed several information items as detailed in the docket.

REPORT OF THE FACILITIES, PLANNING & OPERATIONS COMMITTEE

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

- 1) Approval of Capital Budget Amendment: CFANS Soil Testing Lab – Twin Cities Campus.

A motion was made and seconded and the Board of Regents voted unanimously to approve the capital budget amendment.

- 2) Approval of a Resolution Related to Demolition of the Electric Steel Elevator Property – Twin Cities Campus.

Regent Rosha noted his opposition to the motion, explaining that he believes there is time for the community to identify outside funding to preserve the elevators in their current location. If funding exists, then additional options for the location should be considered; if not, then he would support demolition.

Regent Lucas remarked that she is conflicted about the resolution. She agreed with community supporters that the elevators hold historical significance, but countered that adaptive reuse would be difficult in the current location. She would like to find a way to preserve elements of the building and honor the historic value, but feels there is not enough time to determine the best method of reuse.

Regent Simmons suggested that the community has had considerable time to identify alternate funding sources or uses for the land.

Regent Devine voiced support for the motion, but agreed it has been a difficult decision. He called attention to the many conversations about the best use of the land and property since its purchase. He emphasized that it does not make sense for the University to maintain the property and added that no one else has come forward in the past few years to redevelop the property.

In response questions from Regent Hsu, Executive Director Steeves confirmed that the resolution in the Facilities, Planning & Operations docket is the recommended version currently under discussion. Berthelsen explained that the plan would be to demolish the elevators and investigate options for design of the sports bubble. He noted that part of the design process would be to investigate options for, and evaluate the cost of, preserving elements of the elevators for reuse. Berthelsen added that the majority of the scrap would go to the demolition company for recycling. He clarified that the materials for reuse would come from only one or two of the many silos on the property.

Simmons remarked that the resolution is limiting, since it specifies use of the land only for the sports bubble. Devine disagreed, suggesting that the language allows for adequate flexibility of land use. Kaler replied that the resolution allows for flexibility, but that he would be open to modifying the resolution.

Simmons moved to amend the resolution to remove from the final paragraph the phrase, "...as part of the schematic design phase for the recreational sports bubble." Regent Anderson seconded the motion.

The Board voted unanimously to adopt the Simmons amendment.

Regent Beeson suggested the current location of the Gibson Nagurski practice facility as an option for the bubble.

Devine moved to call the question but withdrew his motion upon clarification from Johnson.

In response to a question from Regent Lucas, Kaler noted that if the amended resolution is passed, the administration will identify additional options for design and use of the land. Those options would come back to the Board for consideration.

Rosha clarified that the amended resolution would result in complete demolition of the elevators in their current location even if elements of the building were reused or reconstructed at a different site. He reiterated both his lack of support of University funds being used to save the elevators in their current location and his desire that the community have time to identify funds to do so.

Regent Brod commented that she is at odds with the amended resolution since it removes a specific purpose for the land. She suggested that without an identified higher and better use for the land, perhaps the University should not spend money demolishing the elevators.

Beeson urged that the land be used for the best possible purpose, whether by the University, community, or developer. He explained that he is not opposed to constructing the sports bubble on the elevator site but would support another use for the land. He suggested additional options be investigated.

Kaler clarified that the track is being constructed on the site previously used for the sports bubble, and so a new location for that facility must be identified. He emphasized that the elevators are a safety concern for the University and it is important that they be demolished.

In response to questions from Regent Omari, Berthelsen explained that funds have been allocated and contracts signed for the demolition. He noted that construction of the athletic

facilities is sequential, so a delay in demolition of the elevators would lead to delays in construction of the track. He added that these delays would have associated costs.

Regent McMillan suggested that demolition should continue, but noted opportunity for discussion about future use of the land. Regent Simmons agreed, adding that the intent of her motion was to proceed with demolition and then discuss the best use of the site.

In response to a question from Hsu, Kaler confirmed that elements of the elevators would be maintained if the amended resolution were passed.

The Board of Regents voted 10-2 to approve the amended Resolution Related to Demolition of the Electric Steel Elevator Property, as follows. Regents Brod and Rosha voted no.

WHEREAS, the Electric Steel Elevator property (Property) at 600 25th Avenue SE and 649 26th Avenue SE in Minneapolis was acquired by the University in November 2015 as an opportunity purchase; and

WHEREAS, the Property's many large and vacant industrial structures collectively present an "attractive nuisance" vulnerable to trespass and vandalism, similar to other vacant grain elevators in the area; and

WHEREAS, the Property was determined eligible by Minnesota State Historic Preservation Office for listing on the National Register of Historic Places in 2004, based on the Electric Steel Elevators' existing condition and its association with the history of the grain industry in Minnesota; and

WHEREAS, the Property has been documented to meet the State Historic Preservation Office's standards for archival Historic Property Record documentation; and

WHEREAS, the University cooperated with the Minnesota Historical Society to identify many items of historic value to be salvaged from the property and donated to Mill City Museum for interpretive display; and

WHEREAS, the Board of Regents (Board) has reserved to itself authority to take final action on all reviews of historic resources initiated by the administration for which the University is the responsible governmental unit; and

WHEREAS, in order to consider the demolition of the Property the University completed a study to evaluate its potential for adaptive reuse and completed a thorough and complete analysis of reasonable options for a financially feasible reuse of the Electric Steel Elevator property; and

WHEREAS, the adaptive reuse study identified no feasible alternatives that are consistent with the University's needs, mission, or operational model; and

WHEREAS, the University of Minnesota Twin Cities Campus Master Plan Guiding Principles and Core Values include efforts that "make the campus environmentally and operationally sustainable," and recognizes the need for judicious removal of obsolete buildings to meet functional academic goals and enhance public spaces; and

WHEREAS, based on the foregoing the Board finds no feasible alternative to demolition.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the demolition of the Electric Steel Elevator property.

BE IT FURTHER RESOLVED that the administration is directed to consider options to integrate elements from the Electric Steel Elevator property with other project components so as to display and interpret the property's historic significance.

- 3) Approval of a Capital Budget Amendment: Intercollegiate Athletics Track and Field Facility and Rec Sports Facilities Relocation – Twin Cities Campus.

Regent Rosha suggested that funding for the two facilities be divided, given the amended resolution regarding demolition of the steel elevators. He moved to divide the amendment to approve funding for the track and sports bubble separately. Regent Simmons seconded the motion.

In response to a question from Regent Anderson, Kaler confirmed that the current location of the sports bubble is the proposed site for the new track, therefore the bubble would need to be moved for construction of the track to progress.

In response to a question from Regent Johnson, Berthelsen remarked that the current contract is for a combined design and build of the two facilities. He noted that tabling one project would create complications and delays. Associate Vice President Smith added that the two projects are linked in the contract, but she does not believe that the projects are site-specific.

Simmons offered to withdraw her second if the motion were too complicated to execute.

Rosha withdrew his motion but asked for clarification about allocation of demolition costs. Smith remarked that demolition costs and site preparation are included in the budget for each project. The costs associated with demolition of the current bubble are included in the budget for the track.

In response to a question from Regent Lucas, Interim Vice President Volna replied that the demolition costs for the elevators were included in the purchase price of the land. There was an existing contract for demolition and the University assumed that contract at the time of purchase.

Regent Omari remarked on the impact of any changes to the student body, adding that student fees paid for the current bubble. He suggested that it would be unacceptable to proceed on a course that would deprive the students of the services they paid for.

In response to a question from Anderson, Berthelsen responded that changes to the projects would not affect use of the facilities this winter but that there could be future delays.

Regent McMillan clarified that the motion approved funding for the projects only and not the location for either facility. He emphasized the need to approve the funding to avoid delays.

In response to a comment from Regent Brod, Kaler confirmed that students, Athletics, and other stakeholders had input into the projects. Brod cautioned against taking action that would reverse a decision that had ample buy-in from other University groups. She appreciated the president's willingness to be flexible, but urged her colleagues to consider the actions that have gone into the current amendment.

Rosha emphasized the importance of input from students and other stakeholders, but clarified that the Board must consider the broader implications of each decision.

The Board of Regents voted unanimously to approve the capital budget amendment.

- 4) Approval of the following real estate transactions as presented to the committee and described in the October 13, 2016 minutes:

- A. Purchase of 2.47 Acres at 600, 600½, and 602 27th Avenue SE, Minneapolis – Twin Cities Campus.
- B. Sale of 158.881 Acres at UMore Park – UMore Park.

A motion was made and seconded and the Board of Regents voted unanimously to approve the real estate transactions.

- 5) Approval of the Consent Report for the Facilities, Planning & Operations Committee as presented to the committee and described in the October 13, 2016 committee minutes.

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

Regent McMillan reported that the committee also received an update on campus safety and reviewed several information items as outlined in the docket materials.

REPORT OF THE FACULTY & STAFF AFFAIRS COMMITTEE

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

- 1) Approval of the Resolution Related to the Proposed Labor Agreement with the Minnesota Public Employees Association, Representing Police Officers and Sergeants, as follows:

WHEREAS, the parties have met and negotiated over the course of the past several months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, the Minnesota Public Employee Association, representing Police Officers and Sergeants, has ratified acceptance of this agreement; and

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

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for October 13, 2016.

- 2) Approval of the Consent Report for the Faculty & Staff Affairs Committee as presented to the committee and described in the October 13, 2016 committee minutes.
- 3) Approval of the Resolution Related to Implementation of Requirements from the Fair Labor Standards Act, as follows:

WHEREAS, significant changes were made to the Fair Labor Standards Act by the United States Department of Labor in 2016; and

WHEREAS, the changes to the Fair Labor Standards Act pertain to the definition of exempt and nonexempt employees based on salary; and

WHEREAS, 1,200 University employees are estimated to be impacted by the changes, including post-doctoral associates; and

WHEREAS, the University of Minnesota (University) has evaluated the impact and is preparing to implement the requirements by the effective date of December 1, 2016, consistent with actions taken by other Big Ten institutions.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents ratifies the actions taken by the Office of Human Resources, as approved by the University's senior leadership, to address and implement the requirements of the amended federal Fair Labor Standards Act and its regulations regarding the new threshold for exempt status related to overtime payments, including the following:

- 1) Changes in the human resource management system to implement and monitor employee status and pay decisions made at the campus, collegiate and administrative unit level.
- 2) Assigning decision making on individual employee exempt/non-exempt status to the local campus, college and administrative unit level with the benefit of OHR support and expertise.
- 3) Bringing the salary floor for post-doctoral associates, job class 9546, to the new FLSA threshold of \$913 per week to help ensure fair and equitable treatment, administrative efficiency, market competitiveness, and to help minimize financial impact and institutional risk.

BE IT FURTHER RESOLVED that the Office of Human Resources will report on the status and impact of the implementation of these changes to the Faculty & Staff Affairs Committee in February 2018.

Regent Simmons commented that the Board would not normally approve changes such as those related to the Fair Labor Standards Act, but clarified that since the financial implications proceed into the future, the committee felt it warranted Board approval.

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

Hsu reported that the committee also received an update on leadership development opportunities; discussed the PeopleSoft HRMS system; and reviewed information items outlined in the docket materials.

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE

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

The meeting adjourned at 12:01 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary