UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Minutes of the Board of Regents Meetings
and Committee Meetings

February 9-10, 2012

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UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Audit Committee
February 9, 2012

A meeting of the Audit Committee of the Board of Regents was held on Thursday, February 9, 2012 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Clyde Allen, Laura Brod, Maureen Ramirez and Patricia Simmons. David Larson participated via telephone.

Staff present: President Eric Kaler; Senior Vice President & Provost Karen Hanson; Vice President Kathy Brown; General Counsel Mark Rotenberg; Acting Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt and Michael Volna.

Student Representatives present: Tyler Dirks and James Rook.

INTERNAL AUDIT UPDATE

Associate Vice President Klatt presented the Internal Audit Update, as detailed in the docket materials. Since the last update to the Audit Committee in December 2011, 67 percent of all recommendations rated as essential were implemented and 71 percent of all outstanding recommendations with an information technology component have been brought to closure.

Klatt noted that she would continue to update the committee on recently completed audits related to intercollegiate athletics and payroll. Vice President Brown indicated that she has already initiated conversations with staff to address the problems detailed in the payroll audit report.

In response to questions from Regents Brod and Frobenius, Brown explained that it was not economical to outsource the payroll function at this point in time due to impending software system upgrades.

EXTERNAL AUDIT UPDATE

Associate Vice President Michael Volna introduced Kirsten Vosen and Katie Knudtson from Deloitte & Touche LLP (Deloitte) to present the external auditor’s opinion on the University’s FY 2011 A-133 audit and other audits performed by Deloitte & Touche.
Vosen reported that Deloitte has judged that their comments relative to FY 2011 were not significant enough to warrant discussion with the audit committee. She noted that a letter would be issued directly to University management.

THE AUDIT COMMITTEE LANDSCAPE IN HIGHER EDUCATION

Associate Vice President Klatt introduced Deb DeHaas, Vice Chairman and Central Region Managing Partner, Deloitte & Touche LLP, and Nina Thanjan, Director, Deloitte & Touche LLP to present information on the audit landscape in higher education.

DeHaas explained that audit protocols within higher education are used as a component of public perception and brand management. She noted that colleges and universities experience risk intelligence through velocity, the speed of an event, and momentum, a series of related or unrelated events producing cumulative effects. Compliance and competitiveness present various risks and opportunities.

Thanjan provided several examples from higher education that demonstrate ways to address risk in the control environment. She explained that many institutions are purchasing technology solutions to address financial, human resources and payroll functions.

In response to questions from Regents Brod and Larson regarding risk, Thanjan explained that brand management is a critical component in the competitive higher education marketplace. President Kaler noted that the University must adjust its appetite for risk in the future so it can be more nimble.

The meeting adjourned at 9:30 a.m.

Brian R. Steeves
BRIAN R. STEEVES
Acting Executive Director and
Corporate Secretary

119 Audit Committee
February 9, 2012
A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, February 9, 2012 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Venora Hung, Clyde Allen, Linda Cohen, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellor Charles Casey; Vice President Richard Pfutzenreuter; Acting Executive Director Brian Steeves; and Associate Vice Presidents Terry Bock, Stuart Mason, Julie Tonneson, and Mike Volna.

Student Representatives present: Madeleine Hammerlund and James Rook.

**CARLSON SCHOOL OF MANAGEMENT TUITION SURCHARGE DIFFERENTIAL**

Vice President Pfutzenreuter invited Srilata Zaheer, Interim Dean, Carlson School of Management, to discuss the school's proposed tuition surcharge, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Zaheer provided an overview of the increased demand for undergraduate degree programs at Carlson, which led to the decision to build Hanson Hall in 2008. The additional space allowed the school to increase undergraduate enrollment by nearly 20 percent over the past several years. It was intended that this growth would be accompanied by an increase in tenured/tenure-track faculty, but reductions in state support have hindered the school's ability to carry out this plan.

The proposed tuition surcharge of $1,000 per semester on undergraduate students would be gradually phased in over four years and would be dedicated to hiring additional faculty, explained Zaheer. She noted that the surcharge would be in line with differential tuition charges at peer institutions such as University of Michigan, University of Illinois, University of Texas, and University of Wisconsin. Zaheer stressed that the Carlson School remains committed to providing access to students from all income levels and would raise funds to provide scholarships to students in need. She added that 46 percent of undergraduates at Carlson complete their degrees with no debt.

In response to questions from the committee, Zaheer indicated that the proposed tuition surcharge would apply to all undergraduate students and believes the increase in resources from the surcharge would help increase the percentage of classes
taught by tenure-track faculty from the current 29 percent to the desired 40 percent. She also provided a potential set of metrics for measuring the impact of the surcharge, which include the number of students being taught by tenure-track faculty, the number of reduced class sizes, and student satisfaction scores.

**ANNUAL INSURANCE AND RISK MANAGEMENT REPORT**

Vice President Pfutzenreuter invited Associate Vice President Volna and Steven Pardoe, Director of Risk Management and Insurance, to discuss the University's annual insurance and risk management report, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Volna provided an overview of major risk programs, including casualty, workers' compensation, and property. Pardoe indicated that annual litigation costs are down one-third since FY 2008 and noted two changes in property insurance beginning in FY 2010, which were an increased deductible and decreased insured value rate. The FY 2012 program goals are:

- Extra-Minnesota Clinical Trials Excess Liability;
- Review and update the Standard Contracts Insurance section and the Administrative Policy on Insurance; and
- Physical safety improvements.

In response to questions from the committee, Pardoe explained that there are currently fifteen clinical trials being conducted outside of Minnesota around the world; Volna commented that these are the most complex trials involving the highest risk.

**ISSUES RELATED TO: ANNUAL CAPITAL FINANCE AND DEBT MANAGEMENT REPORT**

Vice President Pfutzenreuter invited Carole Fleck, Director, Debt Management, to provide an update of the University’s debt profile, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Fleck explained that as of June 30, 2011, the University’s long-term outstanding debt was $1,145,419,000 with an effective interest rate of 3.63 percent. Long-term debt primarily consists of general obligation bonds, special purpose revenue bonds, commercial paper notes, auxiliary bonds, infrastructure development bond obligations, and capital leases.

Fleck described the guiding principles of debt issuance and the University's capital structure, credit rating, key financial indicators, and peer group analysis.

In response to questions from the committee, Pfutzenreuter indicated that much of the University's debt service goes towards buildings, parking garages, and other auxiliary services that have revenue streams.
ISSUES RELATED TO: 2012 SIX-YEAR CAPITAL PLAN

Vice President Pfutzenreuter presented issues related to the 2012 Six-Year Capital Plan, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Pfutzenreuter reported that the plan includes major capital improvements planned for FY 2013-18 and projects to be funded with state capital support as well as those funded by the University through a combination of University debt obligations, local unit resources, and fundraising. The plan projects a total of $1,321,515,000 in capital investments and assumes a proposed state contribution of $987,243,000, which will be requested through the normal state capital request process. The University’s estimated expenditure will be $334,272,000.

Pfutzenreuter provided criteria for academic programs proposing capital projects, including:

- Centrality to the University’s mission;
- Quality, productivity, and impact;
- Uniqueness and comparative advantage;
- Enhancement of academic synergies;
- Demand and availability of resources;
- Efficiency and effectiveness; and
- Development and leveraging of resources.

In response to questions from the committee, Pfutzenreuter acknowledged that the Ambulatory Care Clinic is not included in the plan and stated that the Board of Regents would receive additional information on that project at an upcoming meeting.

CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket materials.

A motion was made and seconded to recommend approval of the Consent Report, which included:

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

- Forte Research for an estimated $4,800,000 for an enterprise-level clinical trials management system for the Academic Health Center for a period of three years plus two one-year optional extensions. Funding for the project will come from the University’s federal Clinical and Translational Award grant and O&M funds from the Academic Health Center and programs. Vendor was selected through a competitive process.
• Isilon Systems and other vendors for an estimated $2,500,000 over three years to purchase EMC storage units, including installation, maintenance, and support. The initial purchase to Isilon Systems will be about $900,000 in February 2012. Subsequent purchases over the next three years could add up to $1,600,000, for a total expense of $2,500,000. The purchase is for the Office of Information Technology. Vendor was selected through a competitive process.

• Karas Dental, Anderson Dental, Webster Dental, Murphey Dental, Doctors Dental, Hermanson Dental, Harrison Dental, and Udell Dental, for an estimated $10,000,000 of dental services as needed for the period March 1, 2012, through February 28, 2017, for the School of Dentistry. Vendors were selected through a competitive process.

The committee voted unanimously to recommend approval of the Consent Report. Regent Sviggum abstained.

INFORMATION ITEMS

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

• Annual Report on Central Reserves; and
• Quarterly Investment Advisory Committee Update.

The meeting adjourned at 11:28 a.m.

BRIAN R. STEEVES
Acting Executive Director
and Corporate Secretary
A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, February 9, 2012 at 10:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Maureen Ramirez, presiding; Laura Brod, Dean Johnson, David McMillan, and Patricia Simmons. David Larson participated via telephone.

Staff present: President Eric Kaler; Chancellors Lendley Black and Stephen Lehmkuhle; Senior Vice President & Provost Karen Hanson; Vice President R. Timothy Mulcahy; and Acting Executive Director Brian Steeves.

Student Representatives present: Tyler Dirks and Chantal Wilson.

BOARD OF REGENTS POLICY: TUITION AND FEES

Senior Vice President & Provost Hanson presented for review and action amendments to Board of Regents Policy: Tuition and Fees, as detailed in the docket materials. She explained that the policy was being revised to allow for a college specific tuition surcharge as a supplement to the relevant undergraduate tuition rate. Hanson noted that the committee had heard the Carlson School of Management’s proposal for this type of surcharge in its December 2011 meeting.

In response to questions from Regents Brod and Larson, Srilata Zaheer, Interim Dean, Carlson School of Management, explained that the proposal being advanced by her school would be used to increase the number of tenure track faculty. This would allow for new course offerings as well as reductions in class sizes.

In response to questions from Regents Simmons and Johnson, President Kaler stated that college specific tuition surcharges would be brought forward for Board approval as part of the tuition plan in the University’s annual operating budget. He added that he does not anticipate requests for such surcharges to come rapidly or in large numbers.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of proposed amendments to Board of Regents Policy: Tuition and Fees.
BOARD OF REGENTS POLICY: SUBMITTING AND ACCEPTING SPONSORED PROJECTS

Vice President Mulchay presented for review amendments to Board of Regents Policy: Submitting and Accepting Sponsored Projects, as detailed in the docket materials. He explained that the policy was being revised to clarify intent and make language within the policy more consistent and to modify reporting requirements to align with current practice.

In response to a question from Regent Brod, Mulcahy indicated that there is a clear line of delegated authority from the President to others within the University who are authorized to submit and accept sponsored projects.

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

TWIN CITIES UNDERGRADUATE CURRICULUM OVERVIEW

Senior Vice President & Provost Hanson invited Robert McMaster, Vice Provost & Dean of Undergraduate Education, to present an overview of the Twin Cities undergraduate curriculum. McMaster noted that the Twin Cities campus currently has 30,610 undergraduate students and offers 149 majors in a comprehensive range of subject matters. McMaster then reviewed baccalaureate credit and degree requirements as well as statistics about demand for majors, course enrollment, and class sizes.

McMaster highlighted the availability of freshman seminars, which are small discussion-oriented classes designed just for first-year students and taught by faculty who have developed each class around their particular interests. He provided data showing that students who participate in these seminars tend to have higher grade point averages, improved retention rates, and are more likely to graduate within four years than students who do not take a freshman seminar. McMaster added that undergraduate writing is enhanced through a first year writing course as well as a requirement to take four additional writing intensive courses. This is intended to provide a solid foundation in academic writing as well as introduce students to research practices, writing processes and genres, and writing as a knowledge-making activity.

Additional information was provided on a number of other initiatives aimed at enhancing the undergraduate experience. The curriculum is intended to support the University’s goal of providing all students a liberal education. Regardless of major, students are required to take one course in each of seven areas (arts and humanities; biological sciences; historical perspectives; literature; mathematical thinking; physical sciences; and social sciences). These core requirements are further supported by a requirement to complete courses in four out of five themes areas (civic life and ethics; diversity and social justice in the United States; environment; global perspectives; and technology and society). The University’s Council on Liberal Education reviews and approves all courses designated for completion of core and theme requirements.

In response to questions from several Regents, McMaster explained that the goal of creating greater alignment in total credit requirements is driven primarily by time to degree objectives. He also noted that the University’s growth in admissions to science, technology, engineering, and mathematics (STEM) related majors will be accompanied by an increase in faculty and course offerings to ensure that time to degree bottlenecks do not emerge due to lack of course availability. McMaster noted that the University has a four-year guarantee, which provides tuition-free courses at the end of four years if
a student has been unable to access a required course. He added that the University has never had to deliver on this guarantee.

In response to a question from Regent Simmons, McMaster observed that there is a correlation between the perceived employability of certain degree programs and the demand for admission to those programs.

In response to questions from Regents Johnson and Larson, McMaster emphasized that the curriculum is the intellectual backbone of the University and should not be a source for cost savings. Provost Hanson added that course accessibility and time to degree are key to containing cost for students. McMaster described how the University has begun to use StrengthsFinder to help students select majors and make curriculum choices that are consistent with their strengths. This complements other efforts to help students progress toward degree completion within four years.

CONSENT REPORT

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

• **New Academic Programs**
  - College of Science and Engineering (Twin Cities Campus) and the Medical School—Create Ph.D. Minor in Neuroengineering
  - School of Public Health (Twin Cities Campus)—Create post-baccalaureate certificate in Applied Biostatistics
  - College of Liberal Arts (Duluth Campus)—Create B.A. degree in French Studies
  - Labovitz School of Business and Economics (Duluth Campus)—Create B.B.A. degree in Economics
  - Labovitz School of Business and Economics (Duluth Campus)—Create minor in Marketing Analytics
  - Swenson College of Science and Engineering (Duluth Campus)—Create minor in Energy Engineering

• **Changes to Academic Programs**
  - College of Science and Engineering (Twin Cities Campus)—Create coursework only (Plan C) option within the Master of Science in Materials Science and Engineering (M.S.Mat.S.E.) degree
  - College of Science and Engineering (Twin Cities Campus)—Create coursework only (Plan C) option within the M.S.Ch.E degree
  - College of Liberal Arts (Twin Cities Campus)—Change the subplans within the B.A. degree in Asian Languages and Literatures to Chinese, Japanese, Korean, Hindi/Urdu, and Hmong
  - College of Liberal Arts (Twin Cities Campus)—Change the subplans within the minor in Asian Languages and Literatures to include Chinese, Hindi-Urdu, Japanese, Korean, and Hmong
  - School of Public Health (Twin Cities Campus)—Change name of the M.P.H. degree in Community Health Education to Community Health Promotion
• Swenson College of Science and Engineering (Duluth Campus)—
  Change
  name of Bachelor of Science in Electrical and Computer Engineering
  (B.S.E.C.E.) degree to Bachelor of Science in Electrical Engineering
  (B.S.E.E)
• Swenson College of Science and Engineering (Duluth Campus)—
  Change name of the minor in Electrical and Computer Engineering to
  Computer Engineering
• College of Liberal Arts (Duluth Campus)—Change name of the B.A.
  degree in Environmental Studies to Environment and Sustainability

The meeting adjourned at 11:49 a.m.

BRIAN R. STEEVES
Acting Executive Director and
Corporate Secretary
A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, February 9, 2012 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons presiding; Linda Cohen, David McMillan, Maureen Ramirez, and Steve Sviggum.

Staff present: Chancellors Lendley Black and Stephen Lehmkuhle; Senior Vice President & Provost Karen Hanson; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown and R. Timothy Mulcahy; and Acting Executive Director Brian Steeves.

Student Representatives present: Kristen Kranzler and Abdul Omari.

COLLECTIVE BARGAINING AGREEMENT WITH GRAPHIC COMMUNICATIONS CONFERENCE OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS LOCAL 1-M

Vice President Brown invited Patti Dion, Director of Employee Relations, to present information on the Collective Bargaining Agreement with Graphic Communications Conference of the International Brotherhood of Teamsters Local 1-M, as detailed in the docket materials.

Dion explained that this contract will provide the terms and conditions of employment for employees between the date of signing and October 31, 2013. During FY 2012, the contract provides no base salary adjustments or progression step increases. During FY 2013, employees in all classifications are scheduled to receive a 2.5 percent salary adjustment effective July 1, 2012. Total recurring costs from FY 2012-13 include base salary adjustments of $10,386.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Collective Bargaining Agreement with Graphic Communications Conference of the International Brotherhood of Teamsters Local 1-M. Regent Sviggum abstained.
COLLECTIVE BARGAINING AGREEMENT WITH INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 292

Vice President Brown invited Patti Dion, Director of Employee Relations, to present information on the Collective Bargaining Agreement with International Brotherhood of Electrical Workers Local 292, as detailed in the docket materials.

Dion indicated that this contract will provide the terms and conditions of employment for employees between the date of signing and June 30, 2013. During FY 2012, the contract provides no base salary adjustments or progression step increases. During FY 2013, employees in all classifications will receive a 0.43 percent salary adjustment effective July 1, 2012, and eligible employees also will receive a step progression increase on July 1, 2012. Recurring costs from FY 2012-13 include base salary adjustments of $693 and progression steps of $3,338, for a total recurring cost of $4,031.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Collective Bargaining Agreement with International Brotherhood of Electrical Workers Local 292. Regent Sviggum abstained.

BOARD OF REGENTS POLICY: SEXUAL HARASSMENT

Vice President Brown invited Kimberly Hewitt, Director of Equal Opportunity and Affirmative Action, to present for review amendments to Board of Regents Policy: Sexual Harassment, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Hewitt provided an overview of the proposed changes to the policy. There is a new section on the definition of retaliation and a section has been added that provides a new set of guiding principles on the commitment of the University to awareness, prevention, and response to sexual harassment.

In response to questions from the committee, Brown commented that the amended policy is consistent with state and federal law and that the new section on retaliation was benchmarked against other institutions.

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

BOARD OF REGENTS POLICY: NEPOTISM AND PERSONAL RELATIONSHIPS

Vice President Brown invited Kimberly Hewitt, Director of Equal Opportunity and Affirmative Action, to present for review amendments to Board of Regents Policy: Nepotism and Personal Relationships, as detailed in the docket materials.

Hewitt explained that the language has been broadened to include instances where a relationship has a negative indirect impact on the educational or work environment. She added that the definition of personal relationships has been updated and that there is also a new provision that directs the University to ensure a compliance monitoring process and to remedy any practices that deviate from that policy.

In response to questions from the committee, Hewitt clarified that there are currently no University policies that expressly forbid faculty relationships with
students. Brown noted that the language regarding faculty and student romantic relationships in this policy is intended to ensure that any such relationships are upfront and that one person cannot reward or otherwise benefit the other.

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

WELLNESS PROGRAM

Regent Simmons introduced Dann Chapman, Director of Employee Benefits, and Karin Chapin, Manager of Health Programs, to present information on the University’s Wellness Program, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Simmons invited Vice President Brown to begin the discussion.

Brown explained the four main goals within the Office of Human Resources:

- Define the functions of the Office of Human Resources;
- Simplify;
- Empower; and
- Deliver.

The goals of Empower and Deliver are partially fulfilled by the Wellness Program, in that its purpose is to create an environment where UPlan members feel in control of their health-related goals and also have the appropriate tools to achieve those goals.

Chapman reported that benefit programs are changing, with more emphasis on consumerism, individualization, and the inclusion of non-traditional benefits, including wellness programs. He stressed the need to reform benefits programs from sick care to health care, a more proactive approach that is a cost-effective component of a total compensation program. He noted that the most recent UPlan premium increase was 5 percent versus the national average increase of 7.8 percent.

Chapin presented information on key factors of an effective wellness program and reviewed the tools available to evaluate health within the program, which are the wellness assessment and health screenings. She added that the University has several health improvement programs in place and indicated that current cash incentives to encourage participation are moving to a Wellness Points Bank in 2012, allowing participants to earn points toward a medical premium reduction in 2013.

In response to questions from the committee, Chapman identified weight loss as a popular component of the wellness program and noted that program offerings can accommodate people at any fitness level. Chapin added that weight loss programs create camaraderie within offices and noted that in 2010 UPlan members collectively lost 15,220 pounds.

A NEW VISION FOR UNIVERSITY OF MINNESOTA DULUTH

Vice President Brown invited Chancellor Black and Bilin Tsai, Interim Associate Vice Chancellor for Academic Administration, to discuss the new vision for University of Minnesota Duluth (UMD), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.
Black reported that 11,806 students were enrolled at UMD last year, which is 17 percent of all University of Minnesota students and 22 percent of undergraduates in the entire Minnesota system.

Tsai provided an overview of the UMD Campus Action Plan, which includes six major goals:

- Promote integrated curricular, co-curricular, and living-learning undergraduate experiences that achieve UMD’s learning goals and prepare students for lifelong learning, globally engaged citizenship, and success in their academic, personal, and professional lives;
- Create a positive and inclusive campus climate for all by advancing equity, diversity, and social justice;
- Establish UMD as a center of excellence for graduate studies in the Upper Midwest;
- Advance UMD’s stature as a major campus for research and creative activities, leveraging our region’s unique natural, human, and cultural resources;
- Strengthen ties with Duluth and surrounding communities in an intentional, visible, and mutually beneficial partnership; and
- Enhance UMD’s infrastructure, technologies, and information, financial, and human resources to support the campus in a sustainable manner.

Black referred the committee to UMD’s Mission Statement and Vision Statement, which support the Campus Action Plan. The Mission Statement focuses on the importance of liberal education, research, creative activity, and public engagement to provide a foundation for the Vision Statement, which aims to make UMD a premier comprehensive university building upon its unique land-grant and sea-grant traditions. Black emphasized the work done to advance equity, diversity and social justice at UMD and noted how integral this is to achieving other parts of the action plan.

In response to questions from the committee, Black explained that although there are currently no specific research budget goals, UMD will be selective in its collaborations and will continue its work in fresh water and mining-related research.

**CONSENT REPORT**

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

- Appointment of vice president and chief information officer; and
- Conferral of tenure for faculty who have been hired at the University of Minnesota.

Brown provided a brief summary of R. Scott Studham’s appointment as vice president and chief information officer; and a brief summary of two faculty being recommended for tenure.

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

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

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

The meeting adjourned at 2:53 p.m.

BRIAN R. STEEVES
Acting Executive Director and
Corporate Secretary
A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 9, 2012 at 1:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellor Charles Casey; Senior Vice President Robert Jones; Vice Presidents Kathleen O'Brien and Richard Pfitzenreuter; Acting Executive Director Brian Steeves; and Associate Vice President Mike Berthelsen.

Student Representatives present: Kathryn Holmquist and Molly Tomfohrde.

CAPITAL BUDGET AMENDMENTS

A. 4th St. SE Residence Hall and Dining Facility - Twin Cities Campus

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

On recommendation of the President and the Vice President for University Services, the FY 2012 Capital Budget is amended to include the following project:

4th St. SE Residence Hall and Dining Facility - Twin Cities Campus
Scope of Project: 227,000 gross square foot new building, to include 600 bed residence hall, 350 seat dining facility, 3 Greek Chapter Houses and extension of utility infrastructure.
Master Plan: No impact to the Campus Master Plan
Cost Estimate: $62,500,000
Capital Funding: University Bonds

The committee voted 4-1 to recommend approval of the Capital Budget Amendment for the 4th St. SE Residence Hall and Dining Facility - Twin Cities Campus. Regent Brod voted no.
B. **Crookston Residence Hall and Academic Classroom Building** – 
**C. Crookston Campus**

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

On recommendation of the President and the Vice President for University Services, the FY 2012 Capital Budget is amended to include the following project:

Crookston Residence Hall and Academic Classroom Building – Crookston Campus  
Scope of Project: 43,000 gross square foot new building, to include 141 bed residence hall and academic building consisting of 5,100 gross square feet.  
Master Plan: No impact to the Campus Master Plan  
Cost Estimate: $9,800,000  
Capital Funding: University of Minnesota, Crookston and University bonds.

The committee voted unanimously to recommend approval of the Capital Budget Amendment for the Crookston Residence Hall and Academic Classroom Building – Crookston Campus.

C. **Lind Hall – First Floor Remodel project – Structural Repairs, Twin Cities Campus**

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

On recommendation of the President and the Vice President for University Services, the FY 2012 Capital Budget is amended to include the following project:

Lind Hall – First Floor Remodel project – Structural Repairs, Twin Cities Campus  
Scope of Project: Remodel 20,200 gross square feet of the first floor of Lind Hall.  
Master Plan: No impact to the Campus Master Plan  
Cost Estimate: $7,096,000  
Capital Funding: 2012 Capital Budget.

The committee voted unanimously to recommend approval of the Capital Budget Amendment for the Lind Hall – First Floor Remodel project – Structural Repairs, Twin Cities Campus.

D. **Lind Hall – First Floor Remodel project – Taylor Center Upgrade, Twin Cities Campus**

A motion was made and seconded to recommend approval of the following action:
On the recommendation of the President and the Vice President for University Services, the FY 2012 Capital Budget is amended to include the following project:

Lind Hall – First Floor Remodel project – Taylor Center Upgrade, Twin Cities Campus
Scope of Project: Remodel the Taylor Center and allow space for 50 computer workstations, upgraded wireless access and electrical outlets.
Master Plan: No Impact to the Campus Master Plan
Cost Estimate: $754,000
Capital Funding: Private Donations.

The committee voted unanimously to recommend approval of the Capital Budget Amendment for the Lind Hall – First Floor Remodel project – Taylor Center Upgrade, Twin Cities Campus.

**ISSUES RELATED TO: 2012 SIX-YEAR CAPITAL PLAN**

Senior Vice President Jones and Vice President O’Brien presented information on issues related to the 2012 Six-Year Capital Plan as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Jones explained the major capital improvements planned for FY 2013-18. He noted that all projects contribute directly or indirectly to student success for undergraduate, graduate and professional students. O’Brien indicated that most projects on the Six-Year Capital Plan would be completed within six years, but noted that project start dates sometimes change due to funding availability and changes in priorities.

In response to questions from Regents Brod and Frobenius, O’Brien explained that the administration thoroughly explores public-private partnerships for many projects, but acknowledged that no formal review process currently exists for these arrangements.

**TWIN CITIES CAMPUS MASTER PLAN: OPEN SPACE PLAN PROGRESS**

Vice President O’Brien introduced Monique Mackenzie, Director of Capital Planning and Project Management, to present information related to the Twin Cities Campus Master Plan report as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Mackenzie explained the history of the Twin Cities Campus Master Plan and commented on the growing size of campus in relation to the demand for open space for both recreational and aesthetic use. She noted that the master plan has evolved to accommodate for the expansion of the University as well as the demolition of unwanted or condemned buildings.
UTILITIES AND ENERGY MANAGEMENT ANNUAL REPORT

Vice President O'Brien introduced Associate Vice President Berthelsen and Jerome Malmquist, Director of Facilities Management, to present the Utilities and Energy Management Annual Report as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Berthelsen explained how energy management efforts contribute to cost savings on nearly all University properties. He noted that the energy and utilities system delivers reliable, cost effective energy within sustainable guidelines. Malmquist provided information related to the University's energy management system and steam delivery system. He reported that extreme weather conditions drive peak demand for energy resources on the Twin Cities campus.

CONSENT REPORT

Vice President O'Brien presented the consent report as detailed in the docket materials.

- Agreements for Use of University Facilities and Services with National Sports Foundation, Inc. for USA Cup Soccer, July 12 through 22, 2012 (Twin Cities Campus)

The committee voted unanimously to recommend approval of the consent report.

INFORMATION ITEMS

There are no information items this month.

The meeting adjourned at 3:30 p.m.

BRIAN R. STEEVES
Acting Executive Director
and Corporate Secretary
A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 10, 2012 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Lendley Black, Charles Casey, and Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Aaron Friedman, R. Timothy Mulcahy, Kathleen O’Brien, and Richard Pfutzenreuter; General Counsel Mark Rotenberg; Acting Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Michael Volna, and Pamela Webb.

INTRODUCTION

President Kaler introduced Senior Vice President for Academic Affairs and Provost Karen Hanson to the University community. Hanson began her appointment February 1, 2012. She briefly addressed the Board.

APPROVAL OF MINUTES

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

Audit Committee – December 8, 2011
Facilities Committee – December 8, 2011
Faculty, Staff & Student Affairs Committee – December 8, 2011
Educational Planning & Policy Committee – December 8, 2011
Finance & Operations Committee – December 8, 2011
Board of Regents Work Session – December 8, 2011
Board of Regents – December 9, 2011
Litigation Review Committee – January 17, 2012
REPORT OF THE PRESIDENT

President Kaler reported on the recent announcement of Joel Maturi’s retirement as athletics director, effective June 30, 2012, and the continuation of Maturi’s appointment as special assistant to the President. Kaler noted the search for a new athletics director would begin soon.

Kaler discussed his appearances before legislative committees to speak in support of the institution’s biennial capital budget request. The request emphasizes the need for fully funding the Higher Education Asset Preservation and Restoration (HEAPR) funds, which are critical for preserving and updating system-wide infrastructure.

Kaler provided updates on other activities: the external review of the Academic Health Center; the status of searches for dean of the Carlson School of Management and dean of the School of Dentistry; and the formation of a search committee for University of Minnesota Crookston chancellor. Chancellor Casey announced his intention to retire effective June 30, 2012.

Kaler summarized results of this year’s statewide Public Perception and Attitude Research survey. He noted that public perceptions of the institution are positive and stable. Minnesotans believe the University delivers educational excellence, variety of academic programs, and strong medical and research programs. In addition, there has been an increase in the number of people who perceive the University as a major contributor to the state’s economy. The report also includes areas for improvement in public perceptions.

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

REPORT OF THE CHAIR

Chair Cohen reported on a number of activities Regents have attended recently: the Minnesota Chamber of Commerce Session Priorities dinner; a legislative reception hosted by President Kaler; President Kaler’s testimony to the Senate Higher Education Finance Committee; and the University of Minnesota Alumni Association’s annual legislative briefing.

Cohen noted that the next regular meeting of the Board of Regents would be held on March 8-9, 2012 on the Twin Cities campus.

RECEIVE AND FILE REPORTS

There are no reports for receipt and filing this month.

CONSENT REPORT

Chair Cohen presented the Consent Report, as described in the docket materials, including:
• Report of the All-University Honors Committee recommendation forwarded in a letter from President Kaler dated February 1, 2012; and
• Summary of Gifts through December 31, 2011.

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

2012 SIX-YEAR CAPITAL PLAN

President Kaler introduced his recommended 2012 Six-Year Capital Plan (Plan), which includes major capital improvements planned system-wide for FY 2013-18. The Plan includes projects to be funded with state capital support as well as projects funded by the University through a combination of University debt obligations, local unit resources, fundraising, and public/private partnerships. Kaler indicated that the Plan is measured against key capital planning principles of student success, scholarly faculty impacts, outreach and engagement, and being excellent stewards of facilities while responsibly managing finances. He welcomed Senior Vice President Jones and Vice Presidents O’Brien and Pfutzenreuter to present the Plan as included in the docket and associated materials distributed at the meeting and on file in the Board Office.

O’Brien explained that the Plan aligns capital planning with strategic academic and financial planning. She described the capital planning process from conception to approval and implementation, and how priorities emerge from the academic compact process and the ‘core priorities’ of academic units, and facility conditions. She also described the progression of Plan projects and next steps.

Jones discussed five capital planning principles and academic objectives used to evaluate potential projects in the Plan. He reported on a number of key findings that have evolved throughout the planning process, and how these findings drive academic decisions and prioritize projects. He also described four areas of focus in the Plan:

• Research excellence;
• Student success;
• Asset renewal; and
• Space utilization.

Jones highlighted several projects to illustrate each of the focus areas.

Pfurtenreuter summarized the Plan’s $1.3 billion financial framework. The Plan assumes $987.2 million in state support, a required one-third University contribution of $240 million, and $94 million in University self-funding. He summarized the projected impact on the institution’s debt capacity, noting that the University does not exhaust its reserve capacity.

Regent Beeson commented that it is important to keep in mind the institutional goal of reducing the University’s total building “footprint” by 5 percent, and to continue to focus on the importance of HEAPR funds. O’Brien noted that the Plan does not contain any new construction and includes just one building expansion; all other projects are renovation.
Regent Brod stated it would be helpful to see the administration work on a set of
criteria, parameters, and benchmarks related to public/private collaborative projects,
and encouraged the administration to carefully evaluate those opportunities.

The 2012 Six Year Capital Plan will return for action at a future meeting of the
Board of Regents.

**RECALIBRATION OF RISK IN THE RESEARCH ENTERPRISE**

President Kaler introduced the item and explained that the presentation
summarizes the process and representative outcomes of a strategic risk calibration
initiative in the Office of the Vice President for Research (OVPR), illustrates the benefits
of the institution being more nimble and less risk averse, and describes outcomes and
lessons learned from the process. He invited Vice President Mulcahy, Associate Vice
President Webb, and Sarah Waldemar, Director, Research, Integrity and Oversight, to
lead the presentation.

Mulcahy reported that OVPR launched an effort to “recalibrate” research risks
and regulatory compliance activities to guide the University community toward a more
strategic approach to the management of risks across all aspects of the institution’s
operations. It was determined that such an approach would better inform decision
making in the interest of enhancing innovation, creativity, productivity, morale, and
overall performance. In addition, such efforts could also provide relief from some of the
financial, personnel and systems costs associated with the University’s highly regulated
culture. Mulcahy described how a Strategic Risk Management Work Group defined
important operational next steps and recommended that functional leaders across the
University be charged with re-examining current approaches to risk management and,
where appropriate, redefining acceptable tolerances for individual risk situations within
their areas of responsibilities. He explained that it is expected that some form of
risk/benefit approach will be used to evaluate current business process to achieve one
or several of the following benefits:

- More innovative approach to research mission
- Reduction of unnecessary oversight
- Greater openness to opportunity
- Enhanced competitiveness
- Better staff engagement and empowerment
- Increased efficiency; reduction of burden
- Cost savings.

Webb described the process of identifying risks, exploring opportunities for
change, developing a plan, and implementing change. She noted the challenges in
initiating a process that would allow units to determine a focus area to achieve results
quickly with minimum administrative burden.

Waldemar described a number of sample initiatives, outcomes, and resulting
refinement of OVPR policies and practices. She noted that these changes better reflect
a strategic approach to risk management, balancing decisions and activities that
contribute to the optimal pursuit of mission along with ethical, responsible conduct and
accountability. Waldemar summarized major activities undertaken toward achieving a
number of goals and objectives.
In response to comments from Board members, Mulcahy stated that risk implies a negative outcome but assuming more risk also presents opportunities. He indicated that this is a multi-year initiative requiring consistent effort to have a positive impact, and is also an excellent opportunity for the institution to make key changes that reduce liability. Mulcahy emphasized that this initiative requires cultural changes and consistent effort to have a positive impact.

In response to comments from Regent Simmons, President Kaler indicated that as changes occur he would expect to see changes in operating policies and procedures. Mulcahy stressed the importance of Board of Regents support and guidance as well as involvement in critical areas.

**BOARD OF REGENTS POLICY: BOARD OPERATIONS AND AGENDA GUIDELINES**

Chair Cohen presented for action proposed amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines*, as detailed in the docket materials. The proposed amendments will: 1) update the threshold for the approval of purchase of goods and services from $250,000 to $1,000,000, 2) add April and November to the months in which the Board does not hold a regular meeting, and 3) update activities undertaken during the annual retreat. Cohen noted that the proposed threshold change reflects previous actions and current practices of the Board. Cohen stated the amendments were reviewed at the December 2011 Board of Regents meeting.

A motion was made and seconded to adopt the proposed amendments.

Regent Frobenius commented that it would increase accountability of committees if they had a greater role in making formal recommendations to the Board of Regents on items the committee reviews. Regent Simmons added that it would also be helpful to allow time for key information from committees to be shared with the Board during committee reports.

The Board of Regents voted unanimously to adopt amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines*. Regent Sviggum abstained.

**Board Operations and Agenda Guidelines**

**SECTION I. PRINCIPLES OF BOARD OPERATIONS.**

The Board of Regents (Board), created under the Minnesota Territorial Laws of 1851 by the passage of the University charter and perpetuated by the Constitution of the State of Minnesota, is the governing body of the University. The Board, guided by the laws and constitution of the state:

- holds itself accountable to the public for accomplishing the mission of the University;
- meets openly, in the spirit of the Minnesota Open Meeting Law;
- fosters communication with the citizens of Minnesota, its elected representatives, and the University community; and
- works with the president to create a relationship characterized by trust and openness.
This policy provides an overview of the Board’s operations, committee structure, and agenda guidelines.

SECTION II. BOARD OPERATIONS.

Subd. 1. Governing Documents. The Board exercises its authority consistent with the University Charter, the Constitution of the State of Minnesota, the Board of Regents Bylaws, and relevant Board policies. These documents provide the basic framework for the conduct of the business of the Board.

Subd. 2. Board Business. The Board conducts business through meetings of the Board and its committees. Items placed on the Board agenda have the most fundamental importance and broad policy implications for the University. The following items are required to come to the Board:

(a) Fundamental planning documents, including:

- University Plan, Performance, and Accountability Report - The University Plan, Performance, and Accountability Report (Plan) articulates the mission and vision of the University; identifies critical issues and challenges confronting the University; and sets forth major goals, objectives, and timelines for the ongoing pursuit of the teaching, research, and outreach functions of the University. The Plan publicly demonstrates the University’s accountability for progress in reaching its stated goals and objectives; links planning, performance evaluation, and resource allocation at the system and campus/college level; illustrates and analyzes longitudinal trends in key areas; provides a means for comparisons with peer institutions; and identifies areas for continued work. The Plan sets the framework for the University budget.

- University Budget: Operating and Capital — The University budget sets forth the operating and capital requirements and authorizations for financing the activities of the University. The budget includes all funds (revenues and expenditures), all campuses, and all programs of the University. It incorporates historical background and projections.

The capital budget has two parts. Part I is the six-year capital plan, which is updated annually and identifies capital projects approved to proceed with preliminary project planning but not authorized to proceed with design and construction. Part II is the annual capital improvement budget, which authorizes the completion of design and construction of projects with approved financing and schematic design, consistent with Board policies.

The president recommends to the Board both the operating and capital budgets in successive meetings.

(b) Legislative funding requests, including the biennial budget request.
and the capital request.

(c) Reports on federal and legislative relations and issues.

(d) Annual report of asset management.

(e) Annual report of capital financing and debt management.

(f) Annual financial report.

(g) Summary of expenditures for the Office of the President, Eastcliff, and the Board of Regents Office.

(h) Gifts.

(i) Other reports, including, but not limited to, reports of the Faculty Consultative Committee, the University of Minnesota Foundation, the University of Minnesota Alumni Association, and the Student Representatives to the Board.

(j) Additional items as decided by the chair of the Board in consultation with the president and vice chair.

At the chair’s discretion, any of these items may be referred for discussion in committee.

Subd. 3. Committees. Committees provide recommendations for action by the Board. Typically, standing committees have the following responsibilities:

- act on consent reports;
- review and make recommendations on relevant new and existing Board policies;
- receive reports on local, regional, and national policy-related issues affecting University departments and units;
- receive information items (e.g., status reports on current issues of concern and administrative searches); and
- review other items placed on the agenda by the Board chair in consultation with the president and the Board vice chair.

(a) Responsibilities of Committee Chairs. Committee chairs preside over the meetings of their respective committees, ensuring the orderly, open, and timely conduct of committee business. The president or delegate consults with committee chairs prior to committee meetings regarding background issues for committee agendas.

(b) Committee Descriptions. Standing, nominating, and special committees meet on a varying schedule set through the agenda development process. These committees, specific committee responsibilities, and required agenda items are listed below. The Board chair has the authority to name and identify the responsibilities of all committees. Any changes in committee structure are to be noted in this policy.

(1) Audit Committee. The Audit Committee oversees the University’s system of internal controls, audits, and financial reporting practices.
This committee also provides a direct channel of communication to the Board for the independent auditor and internal auditors.

Specifically, this committee:

- recommends the engagement and related fees of the independent auditor to perform the annual audit of the University;
- approves all engagements of external audit firms;
- annually reviews the results of the independent auditor’s work;
- recommends appointment or removal of the director of audits;
- reviews the director of audits’ annual audit plan and approves subsequent material revisions to the plan or the department’s budget; and
- recommends changes in the Audit Department charter.

This committee also reviews:

- the annual financial report, prior to issuance;
- periodic reports of the work of the internal audit department, including a report on the implementation of audit recommendations;
- semi-annual reports of the controller;
- the independent auditor’s annual audit and management letter; and
- responses to previous requests regarding audit issues, reports on financial management systems, and other items relevant to the audit function.

(2) Educational Planning and Policy Committee. The Educational Planning and Policy Committee advises on academic priorities and the teaching, research, and outreach missions of the University. This committee assesses academic programs for relevance to students and consistency with the University’s mission and strategies and reviews internal evaluations of academic programs.

Specifically, this committee recommends:

- new academic programs, academic program name changes, and additions or discontinuations of academic programs;
- tuition rates and certain fees;
- reciprocity agreements; and
- support for commercialization of technology to non-University entities.

This committee also receives reports on:

- strategic plans of academic units;
- program reviews; and
- issues raised by external accreditation agencies.

(3) Facilities Committee. The Facilities Committee oversees the University’s physical assets (e.g., land, buildings, infrastructure, and equipment). This committee considers the general adequacy, condition, and use of existing facilities; oversees policy related to physical planning; reviews renewal, replacement, and new construction decisions; and recommends the financing of capital projects.
Specifically, this committee recommends:

- district and campus master plans;
- real estate transactions;
- capital budget amendments; and
- schematic plans prior to the inclusion of a project in the annual capital budget.

This committee also:

- reviews semi-annual capital planning and project management reports;
- receives miscellaneous facilities management reports and notification of significant issues;
- reviews design guidelines when a project design represents an exception to adopted campus master plans; and
- reviews approved capital budget projects prior to the award of construction contracts, consistent with Board policies.

(4) Faculty, Staff, and Student Affairs Committee. The Faculty, Staff, and Student Affairs Committee advises the administration on broad quality of life matters affecting students, faculty, and staff, including health, safety, insurance, retirement, and working conditions. This committee also reviews personnel-related issues and policies.

Specifically, this committee recommends:

- the granting of faculty promotion and tenure and continuous appointments;
- appointments to specific boards and advisory committees;
- appointments of senior administrators, negotiated labor agreements, retirement plans, and other personnel items, consistent with Board policy; and
- changes in the University Senate Constitution and civil service rules.

This committee also reviews:

- faculty and staff compensation and benefits;
- changes to administrative policies related to academic and professional staff;
- reports on faculty, staff, and student diversity; and
- reports on intercollegiate athletics.

(5) Finance and Operations Committee. The Finance and Operations Committee oversees the fiscal stability and long-term economic health of the University. This committee monitors the University’s financial operations, debt level, and investment performance; requires the maintenance of accurate and complete financial records; and maintains open lines of communication with the Board about the institution’s financial condition.

Specifically, this committee recommends:

- approval of purchases of goods and services over $1,000,000;
- the issuance of debt; and
- changes to the approved central reserves budget.
This committee also reviews:

- quarterly purchasing reports and violations of Board of Regents Policy: Purchasing;
- semi-annual capital financing and debt management reports;
- the annual report on central reserves;
- quarterly asset management reports;
- semi-annual management reports; and
- other financial reports as requested by the committee.

(6) Litigation Review Committee. The Litigation Review Committee’s function is to review litigation matters and obtain legal advice regarding specific University actions and their legal consequences. This committee typically meets in non-public session and consults with the general counsel on cases and claims, consistent with Board policy. The committee determines which matters shall be referred to the Board for review or approval.

(7) Nominating Committee. The Nominating Committee is charged with nominating candidates to serve as Board chair, vice chair, secretary, and treasurer.

(8) Presidential Performance Review Committee. The Presidential Performance Review Committee evaluates the president’s performance. This committee meets in non-public session, reporting its findings to the Board.

(9) Special Committees. The chair of the Board identifies the responsibilities, appoints the members, and designates the chair of special committees.

Subd. 4. Board Meetings. The Annual Meeting of the Board is held on the second Friday in June, unless otherwise determined by Board bylaws. At the Annual Meeting a schedule is approved for regular meetings, which are usually held on the second Friday and preceding Thursday of each month in February, March, May, June, July, September, October and December.

Other meetings are scheduled as needed and may include work sessions, open forums, and public hearings. Retreats, typically held annually in the summer, are opportunities for the Board to step back from its usual business to plan, to assess its performance, develop a workplan for the year, and/or to consider a particular topic.

The documents, minutes, and recordings related to the public deliberations of the Board are available in the Board Office.

Subd. 5. Committee Meetings. Committees usually meet as follows:

- Audit: Meets four to five times a year.
- Educational Planning and Policy: Most months when Board meets.
- Facilities: Most months when Board meets.
- Faculty, Staff, and Student Affairs: Most months when Board meets.
- Finance and Operations: Most months when Board meets.
• Litigation Review: Meets four to five times a year and as called by the committee chair.
• Nominating: May of odd-numbered years prior to Board’s Annual Meeting and election of officers in June.
• Presidential Review: As called by the chair.

Subd. 6. Meeting Procedures. The Board chair presides over meetings of the Board. The vice chair presides in the absence of the chair. Board and committee meetings are conducted consistent with Board bylaws and Robert’s Rules of Order. The general counsel rules on all disputed questions of procedure.

Items are presented in one of the following ways:

✔ Review — All significant items typically are reviewed one month with action in a subsequent month.

✔ Action — Previously reviewed items requiring Board approval.

✔ Review/Action — Items for review and action in the same meeting. Line items are specifically allowed by Board policy or under special circumstances with permission of the Board chair. The Consent Report includes routine action items that normally do not require discussion. Any Board member may request discussion or separate action on any Consent Report item.

✔ Discussion — Items for discussion that require no action when presented.

✔ Other

✔ Information Items — Items of interest to a committee or the Board requiring no action or discussion, such as status reports on current issues of concern and administrative searches.

✔ Receive and File Reports — Submitted reports that are not intended for discussion and do not require action, but are listed on the agenda and officially noted by the chair in the form of a statement to “receive and file.”

Subd. 7. Workplans. Each year the Board and its committees develop workplans with the advice of the president or delegate.

Subd. 8. Staff Responsibilities.

(a) Administrative Staff. The president identifies a senior administrator for each committee to facilitate committee meetings, assist in agenda development, prepare docket materials, coordinate presentations, and fulfill other duties. Assignments to standing committees are typically as follows:

• Audit — Director of Audits
• Educational Planning and Policy — Senior Vice President for Academic Affairs & Provost
• Facilities — Vice President, University Services
• Faculty, Staff, and Student Affairs — Vice President, Human Resources
• Finance and Operations — Vice President and Chief Financial Officer
• Litigation Review — General Counsel

(b) Board Staff. The Board appoints an executive director/corporate secretary whose duties and responsibilities include:

- maintaining the official records of the meetings of the Board and its committees;
- managing the monthly agenda and docket process;
- advising the president regarding the standards and protocols of Board meetings;
- maintaining the Board of Regents Calendar; and
- ensuring that logistical support is provided so that Board proceedings are conducted in an open, timely, and accountable manner.

The executive director assigns staff to each committee. Staff responsibilities include:

- reviewing docket cover sheets, resolutions, and revisions to Board policies;
- scheduling and attending docket previews;
- facilitating communication on agenda items;
- assisting in workplan and agenda development; and
- supporting the committee chair as needed.

Subd. 9. Docket. The docket is the set of recommendations, reports, and all supporting documents prepared for each item on an agenda of the Board and its committees. A docket cover for each agenda item includes a statement related to the policy and financial impact of the item. Materials are submitted to the Board by the president or delegate with the assistance of Board staff. The Board Office distributes the docket to Regents one week prior to meeting dates, after which it is publicly available.

Subd. 10. Emergency Approvals. Upon the recommendation of the president, the Board chair, vice chair, and the respective committee chair may act on behalf of the Board when delay for Board approval poses a significant health, safety, or financial risk to the University. Any such emergency approvals will be brought to the next meeting of the Board, consistent with Board policy.

SECTION III. BOARD MEETING AGENDAS

Subd. 1. Agenda Development. The agenda is set in the following manner:

Approximately two months prior to each Board meeting, the executive director develops a draft agenda for discussion at Agenda I, a meeting with the president and senior administrators. Agenda items are identified from Board and committee workplans, the Board of Regents Calendar, requests, and other reports and items as specified in Board policy.
The Board chair approves the agenda at a subsequent meeting (Agenda II), also attended by the vice chair and participants in the Agenda I meeting. Subsequent changes to an approved agenda require the approval of the Board chair.

Subd. 2. Requests to Appear Before the Board. Anyone requesting to appear before the Board must submit a written request to the executive director, who reviews the request with the Board chair.

SECTION IV. BOARD OF REGENTS CALENDAR.

The Board of Regents Calendar lists required actions, reports, and other items routinely presented for consideration by the Board and its committees. The calendar is reviewed annually by the Board and is on file in the Board Office.

SECTION V. PRESIDENTIAL PERFORMANCE REVIEW, EVALUATION, AND COMPENSATION.

Subd. 1. Presidential Performance Review. The Presidential Performance Review Committee evaluates the president’s performance annually in order to: assess outcomes; support the president’s efforts to strengthen performance; enable the president and the Board to establish mutually-agreeable goals; and inform decisions regarding annual compensation and other terms of employment. This committee meets in non-public session as permitted by law, reporting its findings to the Board at a public meeting.

The following principles shall guide the performance review process:

(a) All Board members shall be involved.
(b) Comments on the president’s performance shall be requested from multiple sources.
(c) Collegiality shall be a hallmark of all discussions.
(d) Confidentiality of personnel matters shall be maintained.

Performance review process procedures shall be on file in the Board Office.

Subd. 2. Presidential Compensation. The compensation of the president shall be set by the Board at a public meeting. The Board shall exercise reasonable care and set compensation in a transparent, prudent, and responsible manner.

The following principles shall guide compensation setting:

(a) The compensation plan shall support the organization’s mission, goals, and strategy.
b) Compensation shall enable the recruitment and retention of an individual who can achieve excellence for the University and contribute to the vitality of the state of Minnesota.
(c) Compensation is meant to appropriately reward and motivate the president, be commensurate with the president’s responsibilities and performance, and be responsive to the president’s requests.
(d) Compensation shall be informed by appropriate data that helps determine comparability or fair market value.
The Board shall consider data from a comparable peer group of public research universities and private universities that are substantially similar to the University and designate a list for comparison purposes. It shall be the responsibility of the chair, in consultation with the vice chair, to recommend presidential compensation and other contract terms for Board action. The chair also shall be responsible for reviewing the president's total compensation and approving all reimbursements for presidential business travel and entertainment expenses.

Compensation-setting procedures shall be on file in the Board Office.


BOARD OF REGENTS POLICY: RESERVATION AND DELEGATION OF AUTHORITY

Chair Cohen presented for action proposed amendments to Board of Regents Policy: Reservation and Delegation of Authority, as outlined in the docket materials. If adopted, the amendments will increase the financial threshold for Board approval of the purchase of real property and easements from $250,000 to $1,250,000. Cohen noted that additional amendments were made in order to remain consistent with current policies and practices. Cohen noted the amendments were reviewed at the December 2011 Board of Regents meeting.

A motion made and seconded to adopt amendments to Board of Regents Policy: Reservation and Delegation of Authority.

Regent Brod expressed concern about the real estate thresholds. She indicated her belief that real estate transactions precede other actions, and by increasing the thresholds, the Board may lose the opportunity to review purchases at coordinate campuses. She stated she does not support the amendments.

Regent Allen stated that he supports adoption of the amendments, but is concerned about potential loss of visibility of smaller property transactions. Regent Simmons commented on the sensitive nature of real estate transactions and importance of adequate reporting to the Board as purchasing thresholds increase. Regent Frobenius indicated his belief that reporting elements are critical and that more discussion is warranted. He indicated that he does not support the amendments.

In response to the comments, President Kaler indicated that those real estate actions that are strategic in nature would continue to be presented to the Board of Regents for review.

Regent Beeson indicated his belief that keeping thresholds low decreases efficiency. He added that he supports the amendments. Regents Larson and McMillan agreed.
The Board of Regents voted 9-2 to adopt amendments to Board of Regents Policy: Reservation and Delegation of Authority. Regents Brod and Frobenius voted no. Regent Sviggum abstained.

Reservation and Delegation of Authority

ARTICLE I

RESERVATION OF AUTHORITY

SECTION I. GENERAL RESERVATIONS OF AUTHORITY.

Subd. 1. The Board of Regents reserves to itself all authority necessary to carry out its legal and fiduciary responsibilities under the University Charter, the Constitution of the State of Minnesota, and the Board of Regents (Board) Bylaws. This reservation specifically includes all authority to enact laws and policies for the governance of the University of Minnesota (University) and to issue Board directives to executive officers and employees. The Board’s reserved authority shall be exercised consistent with the University Charter, the Constitution of the State of Minnesota, Board Bylaws, and relevant Board policies.

Subd. 2. The Board reserves to itself authority to ensure constitutional and institutional autonomy, to approve the University’s mission and vision, to set the overall direction of the institution, including the adoption of fundamental plans for the educational, financial, and physical development of the University, and to declare a fiscal emergency.

Subd. 3. No authority that the Board reserves to itself in this policy shall be exercised by any other person or body unless expressly authorized by Board policy or directive.

Subd. 4. The Board reserves to itself authority to approve the use, and revocation of the use, of its corporate name or any abbreviated name, including University of Minnesota, by any non-University person or entity, consistent with Board policies. The Board also reserves authority over the removal of the corporate name or any abbreviated name from the name of any University campus, college, school, division, or unit, consistent with Board policies.

Subd. 5. The Board reserves to itself authority to approve any commercial transaction or matter not otherwise subject to Board approval if the transaction or matter:

(a) raises unusual questions of public interest or public policy;
(b) has a significant impact on the University’s mission; or
(c) has a value greater than $2 million.

SECTION II. CONDUCT OF BOARD BUSINESS.

The Board reserves to itself authority to establish procedures for the conduct of its business, create committees, set its agenda, require reports from executive officers and employees, hear appeals, and enforce
its code of ethics.

SECTION III. ELECTION OF BOARD OFFICERS.

The Board reserves to itself authority to elect and remove Board officers, including the president, chair, vice chair, secretary, and treasurer.

SECTION IV. APPOINTMENT AUTHORITY.

Subd. 1. The Board reserves to itself authority to appoint all individuals and approve any individually negotiated terms of employment for those who serve in each of the following positions:

(a) Senior Vice President for Academic Affairs and Provost
(b) Senior Vice President for System Academic Administration
(c) Chancellor
(d) Vice President
(e) Provost
(f) General Counsel
(g) Librarian
(h) Director of Audits
(i) Dean
(j) Athletic Director, Twin Cities campus
(k) Such other administrative positions as the Board may specify from time to time.

The president shall recommend individuals for appointment to these positions, consistent with Board policies and directives.

Subd. 2. The Board reserves to itself authority to remove University officers as provided in the University Charter. The president (a) may remove the general counsel with Board approval and (b) may remove any other individual appointed under subd. 1 of this section, except the director of audits.

Subd. 3. The Board reserves to itself authority to appoint members of the boards of University-associated foundations, institutes, committees, and other bodies, consistent with Board policies.

SECTION V. ACADEMIC MATTERS.

Subd. 1. The Board reserves to itself authority to grant academic degrees, grant faculty indefinite tenure, grant continuous appointments to academic professionals, and award the title faculty emeritus, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to establish, name, and abolish colleges, academic institutes, programs, and courses of study, consistent with Board policies.

Subd. 3. The Board reserves to itself authority to establish tuition and student fees and approve policies and reciprocity agreements related to such matters, consistent with Board policies.
Subd. 4. The Board reserves to itself authority to: (a) establish and review policies relating to the conduct of research and the receipt and accounting of sponsored research funds; (b) require timely reporting to the Board of sponsored research activity; and (c) approve financial support greater than $250,000 to non-University entities for the commercialization of technology, consistent with Board policies.

Subd. 5. The Board reserves to itself authority to approve educational policies and procedures, in consultation with the president and the faculty governance process, consistent with Board policies. This policy is not intended to alter the relationship between the Board, the University Senate, and the faculties regarding educational policies.

SECTION VI. AWARDS, HONORS, AND NAMINGS.

Subd. 1. The Board reserves to itself authority to establish and bestow awards, honors, and recognition, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to name and revoke names of University buildings and other assets, consistent with Board policies.

SECTION VII. BUDGETARY, FINANCIAL, AND INVESTMENT MATTERS.

Subd. 1. The Board reserves to itself authority to approve the following: annual operating budgets; the central reserves budget and minimum reserve level; and adjustments and amendments, consistent with Board policies. The Board also reserves to itself authority to approve any modifications to the central reserves budget and any expenditures from the central reserves general contingency account, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to approve all requests for operating and capital budget appropriations from the State of Minnesota and positive or negative adjustments to the budget caused by a 1% or more change in total appropriations within a fiscal year.

Subd. 3. The Board reserves to itself authority to establish investment objectives, approve asset allocation guidelines, and approve the payout rate for endowment distributions.

Subd. 4. The Board reserves to itself authority to authorize issuance and retirement of debt and to engage debt advisers and/or underwriters, consistent with Board policies.

Subd. 5. The Board reserves to itself authority to accept gifts for the benefit of the University, consistent with Board policies.

Subd. 6. The Board reserves to itself authority to approve individual purchases of goods and services with a value greater than $1,000,000, consistent with Board policies.
SECTION VIII. PROPERTY, FACILITIES, AND CAPITAL BUDGETS.

Subd. 1. The Board reserves to itself authority to approve the purchase or sale of real property with a value greater than $1,250,000 or larger than ten (10) acres, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to approve leases of real property, easements, and other interests in real property if the initial term amount to be paid by or to the University exceeds $1,250,000, consistent with Board policies.

Subd. 3. The Board reserves to itself authority to exercise the power of eminent domain to acquire land for University purposes.

Subd. 4. The Board reserves to itself authority to (a) exercise property owner rights regarding the designation, decommissioning, or demolition of historic resources; and (b) take final action on all environmental reviews of historic resources initiated by the administration for which the University is the responsible governmental unit, consistent with Board policies and applicable state and federal laws.

Subd. 5. The Board reserves to itself authority to approve campus master plans and amendments thereto.

Subd. 6. The Board reserves to itself authority to approve multi-year capital plans consisting of projects with a value greater than $1,000,000.

Subd. 7. The Board reserves to itself authority to approve annual capital budgets consisting of projects with a value greater than $500,000.

Subd. 8. The Board reserves to itself authority to approve capital budget amendments to approved projects and new projects when the amendment has a value greater than $500,000.

Subd. 9. The Board reserves to itself authority to approve project schematic plans for (a) interior renovations with a value greater than $5,000,000; (b) projects with a value greater than $2,000,000 that have an exterior visual impact; (c) projects that vary from adopted campus master plans or that have a significant visual impact; and (d) projects noted during the annual review of the capital budget.

Subd. 10. The Board reserves to itself authority for a subsequent review of approved capital budget projects with a value greater than $5,000,000 prior to the award of construction contracts.

SECTION IX. LEGAL MATTERS.

The Board reserves to itself, or to one of its committees, authority to direct the president or the general counsel to settle any legal claim or initiate or appeal a lawsuit or administrative proceeding, consistent with Board policies.
SECTION X. AUDIT FUNCTION.

The Board reserves to itself authority to adopt policies regulating the audit function; approve selection of external auditors and the director of audits; and evaluate the performance of the independent auditor, and, jointly with the president, the performance of the internal audit function.

SECTION XI. EMPLOYMENT AND LABOR RELATIONS.

Subd. 1. The Board reserves to itself authority to approve all contracts and other agreements with the exclusive collective bargaining representatives of its employees.

Subd. 2. The Board reserves to itself authority to approve civil service rules and annual pay and benefit plans for University employees.

Subd. 3. The Board reserves to itself authority to establish or discontinue retirement plans for University faculty and staff. For those plans sponsored by the University and governed by formal plan documents, the Board reserves to itself authority to approve amendments to those plans that significantly affect the cost structure of the plans. An amendment is considered to significantly affect the cost structure of the plan if the change causes a cost impact of more than $250,000.

Subd. 4. The Board reserves to itself authority to review individually negotiated employee severance agreements of unusual importance or significance.

SECTION XII. ASSOCIATED ORGANIZATIONS.

The Board reserves to itself authority to approve the legal structure and scope of any relationship between the University and any associated organization, non-profit corporation, foundation, institute, or similar entity that substantially relies upon University resources or personnel to carry out its mission.

ARTICLE II

DELEGATION OF AUTHORITY

SECTION I. DELEGATION OF AUTHORITY TO THE PRESIDENT.

The Board delegates to the president authority to act as chief executive officer of the University, with such general executive management and administrative authority over the University as is reasonable and necessary to carry out the policies and directives of the Board, subject to the limitations noted in Article II, Section II below.

SECTION II. LIMITATIONS UPON PRESIDENTIAL AUTHORITY.

The authority delegated to the president is limited by the following:
(a) The provisions of the University Charter and the Constitution of the State of Minnesota;

(b) The provisions of Board Bylaws;

(c) The provisions of Board policies and directives, including specifically Article I of this policy; and

(d) The directive that the president shall notify the Board of any matter not otherwise addressed in this section that significantly involves the authority and role of the Board, including its fiduciary, oversight, and public accountability responsibilities.

SECTION III. DELEGATION OF AUTHORITY BY THE PRESIDENT.

Subd. 1. Unless otherwise restricted by specific Board policies or directives, the president shall be responsible for delegating general executive management and administrative authority to other executive officers and employees as necessary and prudent, including authority to execute contracts and other legal documents. The president may condition, limit, or revoke any presidential authority so delegated.

Subd. 2. All delegations and revocations under this section shall be in writing, name the individual to whom such authority is delegated, describe the scope and limitations of such authority, and prescribe the extent to which such authority may be further sub-delegated.

Subd. 3. All delegations and revocations under this section shall be reviewed as to form, legality, and consistency by the general counsel.

Subd. 4. Annually, the president shall report to the Board significant changes to the delegations.

SECTION IV. DELEGATION OF AUTHORITY TO THE CHAIR AND VICE CHAIR.

The chair and vice chair of the Board shall have such authority as is authorized by Board Bylaws and policies and is customarily exercised by such officers of a corporation. The chair shall have authority to execute any and all instruments and documents on behalf of the Board.

SECTION V. DELEGATION OF AUTHORITY TO THE BOARD SECRETARY, TREASURER, GENERAL COUNSEL, AND DIRECTOR OF AUDITS.

The secretary, treasurer, general counsel, and director of audits shall have authority to perform such duties for the Board as provided by Board Bylaws, policies, and directives.

The secretary shall have authority to execute such instruments and documents that would customarily devolve upon a corporate officer and are usual to that office.
The secretary and the general counsel shall have authority to accept legal service on behalf of the University.

SECTION VI. CONFORMANCE WITH THIS POLICY.

Subd. 1. No executive officer or employee of the University shall have any authority to take any action or make any representation on behalf of the University beyond the scope of, or materially inconsistent with, the authority delegated to such executive officer or employee as provided in this policy.

Subd. 2. The secretary and the general counsel each shall have the duty to inform the Board of any existing or proposed Board policy or directive that is inconsistent with or alters the delegations of authority as provided in this policy.

BOARD OF REGENTS POLICY: CODE OF ETHICS FOR MEMBERS OF THE BOARD OF REVIEWS

Chair Cohen invited Regent Allen to present amendments to Board of Regents Policy: Code of Ethics for Members of the Board of Regents as outlined in the docket materials. Allen reported that the amendments change the date when annual financial disclosure statements must be filed to more closely align with internal reporting requirements and the Regent election cycle; clarify compensation exclusions; and address University employment by members of the Board of Regents, as recommended by the Ad Hoc Group in its report dated March 31, 2011. This section also clarifies that the Regent elected as a student may engage in student employment. Allen noted that the item had been delayed from the December 2011 meeting, and is before the Board today for review and action. A motion was made and seconded, and the Board of Regents voted unanimously to adopt amendments to Board of Regents Policy: Code of Ethics for Members of the Board of Regents, as follows. Regent Sviggum abstained.

Code of Ethics for Members of the Board of Regents

This policy governs the activities of members of the Board of Regents (Board) of the University of Minnesota (University) regarding financial disclosure, gifts, expense reimbursement, and conflicts of interest.

SECTION I. GUIDING PRINCIPLES.

The following principles shall guide the accountability of Regents:

Subd. 1. Public Trust. The Board is responsible for the governance of the University. In carrying out this constitutionally conferred public trust, Regents must be accountable in the areas of financial disclosure, gifts, expenses, and conflicts of interest, and shall not use the authority, title, or prestige of their office to solicit or otherwise obtain private financial, social, or political benefit that in any manner is inconsistent with the public interest. In serving the people of Minnesota, Regents shall adhere to the highest ethical standards.

Subd. 2. Paramount Interest. Regents bring to their task varied backgrounds and expertise, but they are expected to put aside parochial
interests, keeping the welfare of the entire University, not just a particular constituency, at all times paramount.

Subd. 3. Time Commitment. In undertaking the duties of the office, Regents shall make the necessary commitment of time and diligence to fulfill their public governance responsibilities.

SECTION II. FINANCIAL DISCLOSURE REQUIREMENTS.

Upon election to office and annually on March 31 thereafter, Regents shall file a financial disclosure statement with the executive director/secretary of the Board in a form consistent with the financial disclosure required for senior University officials. The general counsel shall review the disclosure forms for compliance with this policy.

SECTION III. GIFTS.

No Regent shall accept any gift or accommodation, except as permitted by Board policy. This prohibition does not apply to complimentary tickets to University events furnished in accordance with guidelines on file in the Board Office.

SECTION IV. EXPENSES.

Regents serve without compensation, but they are entitled to reimbursement for expenses incurred while representing the University in an official capacity in accordance with guidelines on file in the Board Office.

SECTION V. DEFINITIONS.

Subd. 1. Recusal. Recusal shall mean noninvolvement of a Regent in any discussion of, and decision regarding, the relevant matter to ensure that the Regent’s independence of judgment is not compromised, that the public’s confidence in the integrity of the Board is preserved, and that the University’s public mission is protected.

Subd. 2. Financial Conflict of Interest. A financial conflict of interest exists whenever a Regent, a Regent’s family member, and/or a business associated with a Regent or a Regent’s family member has an actual or potential financial interest or any other interest in a matter pending before the Board that may impair independence of judgment or objectivity in the discharge of the Regent’s public governance responsibilities.

Subd. 3. Family Member. Family member shall mean a spouse, parent, sibling, child, domestic partner, or any person residing in the Regent’s household.

Subd. 4. Business Associated with a Regent. Business associated with a Regent shall mean an organization, corporation, partnership, proprietorship, or other entity if either the Regent or a member of the Regent’s family:
(a) receives compensation in excess of $500 in any month or has any contractual right to future income in excess of $6,000 per year;
(b) serves as an officer, director, partner, or employee; or
(c) holds a financial interest valued in excess of $10,000.

For purposes of this policy, compensation shall not include reimbursement for expenses under Section IV above, any non-employment related funds from a governmental source, investment or savings income, retirement or insurance benefits, or alimony.

Subd. 5. Financial Interest. Financial interest shall mean a foreseeable, nontrivial financial effect that may result from Board action.

Subd. 6. Employment-Related Conflict of Interest. An employment-related conflict of interest exists whenever a Regent’s employment relationships may impair independence of judgment.

SECTION VI. FINANCIAL AND EMPLOYMENT-RELATED CONFLICT OF INTEREST PROCEDURES.

Subd. 1. Interpretation and Application. The conflict of interest provisions of this policy shall be interpreted and applied to best serve the interests of the University. In some cases, full disclosure and consideration of the particular facts may indicate that a potential conflict of interest is insubstantial so that the University’s interests are best served by the Regent’s participation. If doubt remains regarding the need for recusal, the Regent involved must elect recusal. Recusal on a particular matter because of a conflict does not reflect adversely on the Regent involved; rather, it simply recognizes that in a complex and interconnected society conflicts cannot be entirely avoided and will occur.

Subd. 2. Disclosure or Acknowledgment of Actual or Potential Conflicts. Actual or potential conflicts of interest shall be brought to the attention of the chair of the Board at the earliest opportunity. Such actual or potential conflicts may be reported by an individual Regent or by any other person. Disclosure or acknowledgment of such a conflict of interest and recusal shall be noted appropriately in Board minutes.

Subd. 3. Consultation with General Counsel. A Regent with a conflict of interest question is encouraged to consult with the general counsel who, if requested, shall provide a written opinion on whether a conflict of interest exists under this policy. A copy of any such opinion shall be provided to the chair. The chair also may request an opinion from the general counsel on any conflict of interest question.

Subd. 4. Disputed Conflicts of Interest. Any disputed issues relating to the existence of a conflict of interest requiring recusal shall be decided by the chair, who may choose to refer the question to an ad hoc group of Regents consisting of the chair, the vice chair, and one other Regent appointed by the chair. If the chair or vice chair is the subject of the conflict of interest dispute, another Regent shall be appointed by the ranking Regent. The chair (or the ad hoc group if appointed) shall determine whether there is a conflict of interest and report the decision to
the Board; however, in all cases the Board is the final authority on conflict questions.

Subd. 5. Deliberations and Voting. Regents who declare or have been found to have an actual or potential financial or employment-related conflict of interest shall recuse themselves regarding the matter determined to be a conflict and shall not take any action to influence the outcome of the matter.

SECTION VII. CANDIDACY FOR PUBLIC OFFICE.

A Regent shall resign from the Board upon officially announcing candidacy for any partisan elective public office.

SECTION VIII. UNIVERSITY EMPLOYMENT.

Notwithstanding any other provision of this policy, a Regent shall not serve as a compensated University employee, except that the Regent elected to hold the seat designated for a student may engage in student employment at the University.

SECTION IX. ANNUAL REVIEW OF POLICY.

At the beginning of each fiscal year, the Board, with the assistance of the general counsel, shall publicly review the requirements and procedures of this policy.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

a) Approval of the Consent Report of the Educational Planning & Policy Committee as presented to the committee and described in the February 9, 2012 committee minutes.

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

Tuition and Fees

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

SECTION I. GUIDING PRINCIPLES.

The University is a publicly-supported institution whose programs benefit individual students, the state, and the nation. The following principles shall guide the assessment, collection, and management of tuition and fees at the University:
Subd. 1. Shared Responsibility. The University's tuition and fee assessments shall reflect the shared responsibility, benefits, and needs of the individual student, the University, and the state.

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

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

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

SECTION II. TUITION GUIDELINES.

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

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

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

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

Subd. 5. Tuition Rates. The president shall recommend to the Board for action the following tuition rates:
(a) Undergraduate Students — For each campus, the resident tuition rates shall be the same for all undergraduate students and the nonresident tuition rates shall be the same for all undergraduate students. A college specific tuition surcharge may be established as a supplement to the relevant undergraduate tuition rate.

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

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

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

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

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

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

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

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

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

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

Subd. 2. Course Fees. Course fees may be assessed when academic units:

(a) purchase materials that will be used in developing products that students will retain or consume;
(b) purchase from non-University vendors services or products that are subsequently provided to students as a requirement of a course;
(c) provide individual lessons to students; or
(d) deliver distance education courses by correspondence or electronically.

Course fees shall be assessed only in specifically justified situations and shall not be substituted for general budget support.

Subd. 3. Academic Fees.

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

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

SECTION IV. DELEGATION OF AUTHORITY.

Subd. 1. Recommendations. The president shall recommend for Board action tuition rates for all levels of students and estimate tuition revenue in the Annual Operating Budget, which also shall include information regarding tuition practices, any proposed tuition refund schedules, and administrative, academic, or course fees.
Subd. 2. Implementation. The president or delegate shall implement tuition policy and assess tuition.


The Board of Regents voted unanimously to approve the recommendations of the Educational Planning and Policy Committee. Regent Sviggum abstained.

Ramirez reported that the committee also reviewed amendments to Board of Regents Policy: Submitting and Accepting Sponsored Projects; and received a Twin Cities curriculum overview.

REPORT OF THE FACILITIES COMMITTEE

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

a) Approval of the Consent Report for the Facilities Committee as presented to the committee and described in the February 9, 2012 committee minutes.

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

Johnson reported that the committee also voted 4 to 1 to recommend:

b) Approval of an amendment to the FY2012 Capital Budget by:

1) $59,070,000 to fund the construction of the 4th Street SE Residence Hall and Dining Facility on the Twin Cities campus.

The Board of Regents voted by a majority of 10-1 to approve the recommendation of the Facilities Committee. Regent Brod voted no. Regent Sviggum abstained.

Johnson reported that the committee also voted unanimously to recommend:

c) Approval of amendments to the FY2012 Capital Budget by:

1) $9,050,000 to provide the additional funding for the completion of the design and construction of the Crookston Residence Hall and Academic Classroom Building, Crookston campus.

2) $696,000 to fund structural repairs to the Lind Hall First Floor renovation project Twin Cities campus.

3) $754,000 to fund the addition of fifty computer work stations to the Taylor Center, Lind Hall First Floor renovation, Twin Cities campus.
The Board of Regents voted unanimously to approve the recommendations of the Facilities Committee. Regent Sviggum abstained.

Johnson reported that the committee also discussed Issues Related to the 2012 Six-Year Capital Plan; received a report on the Twin Cities Campus Master Plan: Open Space Plan Progress; and received the Utilities and Energy Management annual report.

**REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE**

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

a) Approval of the Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the February 9, 2012 committee minutes.

b) Approval of a Resolution Related to the Proposed Labor Agreement with Graphic Communications Conference of the International Brotherhood of Teamsters (Printers Local 1-M) 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 Printers, Local 1-M 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 February 9, 2012.

c) Approval of a Resolution Related to the Proposed Labor Agreement with the International Brotherhood of Electrical Workers Local 292 (Radio and Broadcast Technicians) 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 IBEW Local Union 292 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 February 9, 2012.

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

Simmons reported that the committee also reviewed amendments to Board of Regents Policy: Sexual Harassment and Board of Regents Policy: Nepotism and Personal Relationships; discussed the institution’s Wellness Program; received a presentation on a new vision for the University of Minnesota Duluth; and reviewed a number of information items in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the February 9, 2012 committee minutes.

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

Frobenius reported that the committee also discussed: the Carlson School of Management tuition surcharge differential; the Annual Insurance and Risk Management Report; issues related to the Annual Capital Finance and Debt Management Report; issues related to the 2012 Six-Year Capital Plan; and; reviewed several of information items included in the docket materials.

REPORT OF THE AUDIT COMMITTEE

Regent Frobenius reported that the committee received an internal audit update; discussed the external auditor’s review of completed audit work and letters to management; and received a presentation on external perspective on the approaches being taken by other higher education institutions and their audit committees to address areas of strategic importance.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Hung, Chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on January 17, 2012. A resolution was considered and passed that authorized the closing of the meeting. In the closed meeting a discussion was held of matters that are subject to the attorney-client privilege.
NEW BUSINESS

Chair Cohen read a statement indicating she feels that, based on her understanding of Regent Sviggum's employment responsibilities with the Minnesota Senate Majority Caucus, his position appears to constitute an employment-related conflict of interest with his duties as a Regent. Cohen has requested the University's General Counsel to provide an opinion as to whether an employment-related conflict of interest exists and, if so, the degree of pervasiveness of that conflict. She has also directed the Office of the General Counsel to engage an independent attorney, John Stout of Fredrikson & Byron, P.A., to consult and render an opinion on this matter by February 24, 2012. She noted that following consideration of the opinions of both attorneys she will make a determination regarding the conflict and bring forward a recommendation to the Board or will appoint an ad hoc group to assist her with these tasks. Cohen indicated her intent to have the Board of Regents discuss and act upon any recommendation before or at the beginning of the regular March, 2012 meeting.

Regent Sviggum briefly addressed the Board.

The meeting adjourned at 11:30 a.m.

BRIAN R. STEEVES
Acting Executive Director
and Corporate Secretary