

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

March 10-11, 2011

March 22, 2011

March 30, 2011

March 31, 2011

Office of the Board of Regents

600 McNamara Alumni Center

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Minutes of the Board of Regents Meetings
and Committee Meetings**

**March 10-11, 2011
March 22, 2011
March 30, 2011
March 31, 2011**

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

March 10, 2011

A meeting of the Audit Committee of the Board of Regents was held on Thursday, March 10, 2011 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Richard Beeson, Laura Brod, John Frobenius, Maureen Ramirez, and Patricia Simmons.

Staff present: Senior Vice President & Provost E. Thomas Sullivan; Vice Presidents Steve Cawley, and R. Timothy Mulcahy; Executive Director Ann Cieslak, and Associate Vice Presidents Gail Klatt, and Michael Volna.

Student Representatives present: Matt McGeachy and Matt Privratsky.

EMERGING ISSUES IN HIGHER EDUCATION AND AUDIT COMMITTEE IMPACT

Associate Vice President Klatt introduced Deb DeHaas, Vice Chairman and Midwest Regional Managing Partner, Deloitte & Touche, LLP (Deloitte) to provide her perspective on approaches being taken by other higher education institutions and their audit committees to address current economic conditions.

DeHaas began by noting that the University of Minnesota is further along in managing enterprise risk than many other universities. She summarized some of the major risk areas that need to be managed by higher education institutions, including: reputation, technology, investments, regulatory environment, and funding sources. DeHaas noted that even if a university is anticipating these risks, the velocity of change occurring in these areas makes them challenging to manage. Reputational risk is among the most difficult to manage, which is why it is important for governing boards to think ahead about what role they will play if a crisis arises.

In response to questions from Regents Beeson and Frobenius, DeHaas reported that funding uncertainty has led many higher education institutions to look at cost efficiency models being employed in the private sector, particularly those involving standardization and scalability of operations. Technology has been a good vehicle to bring disparate functions together. She noted that performance measures are also getting increased attention in higher education, but best practices have not yet emerged.

In response to a question from Regent Simmons, DeHaas commented that the role of governing boards is very important to help drive transparency as well as deliberate discussion and planning around enterprise risk management.

In response to a question from Associate Vice President Klatt, DeHaas stated that the private sector has been trying to measure the cost of compliance, but has found it challenging. Many costs are not easy to track accurately, which means that most estimates are imprecise.

Regent Ramirez commented that it would be helpful for the Board of Regents to articulate a set of operating principles to guide future discussions on issues such as risk management, efficiency, and standardization of operations.

CONFLICT OF INTEREST AND CONFLICT OF COMMITMENT

Senior Vice President & Provost Sullivan and Lynn Zentner, Director, Office of Institutional Compliance presented an overview of the interplay between the Board of Regents policies on *Outside Consulting and Other Commitments* and *Individual Conflicts of Interest*, as well as related administrative policies. Sullivan explained that, like other major research universities, the University of Minnesota believes it is important for faculty and professional staff to be engaged in the community as long as it is done within the parameters set forth in Board and administrative policy.

The primary method used to monitor outside commitments is the Report of External Professional Activities (REPA), which is required annually from all faculty and academic professional and administrative (P&A) employees. Senior University officials are also required to complete a Financial Disclosure for University Officials (FDUO) form each year. These reports are reviewed to determine whether there are potential conflicts of interest that require further action.

Zentner reported that the University currently has 103 conflict management plans in effect, with more the 90 percent related to individual conflicts of interest. The balance of the plans are related to institutional conflicts of interest. These plans attempt to address issues with specific action steps to reduce or mitigate conflicts and they remain in effect as long as the conflict exists.

In response to a question from Regent Frobenius, Zentner reported that conflict of interest policy updates related to clinical activities in the Academic Health Center are currently being developed in concert with University of Minnesota Physicians (UMP) to ensure compatibility. These changes will be brought to the Board of Regents for consideration at a future date.

EXTERNAL AUDITOR REVIEW

Associate Vice President Volna provided an overview of audit and non-audit services provided by Deloitte & Touche, LLP (Deloitte) for FY 2010, as detailed in the docket and on file in the Board Office. He reported that the firm was paid \$546,531 for various engagements during the past year.

INFORMATION ITEMS

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

- Report of audit and non-audit services provided by all public accounting firms related to FY 2010 (through February, 2011). Six different firms were paid a total of \$650,253 during the period outlined in the report. This includes the amount paid to Deloitte.

The meeting adjourned at 9:16 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

March 10, 2011

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, March 10, 2011 at 8:15 a.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Venora Hung, David McMillan, and Steve Sviggum. Patricia Simmons participated for the first agenda item.

Staff present: President Robert Bruininks; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

Others present: Kathryn Brown and William Donohue.

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of the Board of Regents Litigation Review Committee be held on Thursday, March 10, 2011 8:15 a.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *Jacqueline R. Picek, Trustee for the next-of-kin of Judith Pontinen v. University of Minnesota Physicians and Regents of the University of Minnesota;*
- II. *Regents of the University of Minnesota v. AGA Medical Corporation;*

- III. *Regents of the University of Minnesota v. Union Pacific Railroad Company and Vertellus Specialties; and*
- IV. *Kathryn Brenny v. the Board of Regents of the University of Minnesota, and John Harris, Individually and in his Capacity as Director of Golf.*

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 8:16 a.m.

The non-public portion of the meeting adjourned at 9:02 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

March 10, 2011

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, March 10, 2011 at 10:00 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Venora Hung, presiding; Clyde Allen, John Frobenius, Dean Johnson, David McMillan, and Steve Sviggum.

Staff present: Vice Presidents Aaron Friedman, Kathleen O'Brien, and Richard Pfitzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen and Michael Perkins.

Student Representatives present: Chelsey Doepner and Lauren Snively.

REAL ESTATE TRANSACTIONS

A. Fifty-Year Land Lease for Hotel at 615 Washington Avenue SE, Minneapolis, 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 appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

Lease for Fifty Years for Hotel at 615 Washington Avenue SE, Minneapolis, Twin Cities campus.

Location and description: 615 Washington Avenue SE, Minneapolis, Twin Cities campus. Ground lease for the 2.019 acres and parking facilities agreement for 120 parking spaces.

Basis for Request: New owners, Platinum Equity Advisors, LLC, requested a 50-year lease on the land and a parking facilities agreement.

Detail of transaction: Both agreements would commence upon sale of the hotel building, expected in April 2011.

O'Brien noted this real estate transaction had been included in the information items at the February 2011 committee meeting, and was being presented for both review and action. Susan Carlson Weinberg, Director of Real Estate, described provisions for the lease, plans for extensive renovation of the hotel, and the payment agreement for use of University parking facilities by the hotel.

The committee unanimously recommended approval of the Lease for Fifty Years for Hotel at 615 Washington Avenue SE, Minneapolis, Twin Cities campus.

B. Ten-Year Lease for Pediatrics Faculty Offices on UMMC-Fairview, Riverside Campus, 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 appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

Ten-Year Lease for Pediatrics Faculty Offices at UMMC-Fairview, Riverside Campus, Twin Cities Campus.

Location and description of property: 23,923 usable square feet on the first, fifth, and sixth floors of the Riverside East Building, 2450 Riverside Avenue, Minneapolis.

Basis for request: With the Amplatz Children's Hospital opening on the University of Minnesota Medical Center-Fairview, Riverside Campus, the University needs to lease space for Pediatrics faculty offices on the Riverside Campus.

Details of the transaction: The lease will commence April 2011 with an initial term of ten years with two successive five-year renewal options. Leasehold improvements will be completed by Fairview Health Services.

O'Brien noted this real estate transaction had been included in the information items at the February 2011 committee meeting and was being presented for both review and action. Susan Carlson Weinberg, Director of Real Estate, described details of the lease agreement and noted the lease will provide adjacency of pediatrics faculty office space with clinical enterprise, resulting in more effective, efficient and productive academic clinical care and educational programs.

The committee unanimously recommended approval of the Ten-Year Lease for Pediatrics Faculty Offices at UMMC-Fairview, Riverside Campus, Twin Cities Campus.

REAL ESTATE TRANSACTIONS

A. Agreement with Manchester Grand Hyatt Hotel, San Diego, for Continuing Medical Education's 2012 World Symposium, February 5-12, 2012

The committee reviewed an agreement with Manchester Grand Hyatt Hotel, San Diego, for the Continuing Medical Education (CME) 2012 World Symposium, February 5-12, 2012. Susan Carlson Weinberg, Director of Real Estate, described details of the agreement that includes the use of conference facilities, 1760 guest rooms, and food and beverages for the CME's 7th annual World Symposium, focusing on Lysosomal disease. Registration fees, educational support grants, and exhibit/display fees will cover the cost of the conference facilities, function and exhibition space, and food and beverages; attendees will pay directly for their guest rooms. The Medical School and CME have purchased cancellation insurance for this event through the University's Risk Management and Insurance Office.

This item will return for action at a future meeting of the committee.

BIOSCIENCES DISCOVERY DISTRICT/MEDICAL BIOSCIENCES FACILITIES UPDATE

Vice President O'Brien invited Vice President Friedman and Richard Johnson, Director, Biomedical Facilities Program, to present an update on the development of the Biomedical Discovery District (District) and the Biomedical Facilities Program (Program), as detailed in the revised docket and associated materials distributed at the meeting and on file in the Board Office.

Friedman highlighted Program goals, including:

- Advance Minnesota's leadership in biomedical science through discovery of new cures and treatments, recruitment and retention of top research faculty, capture a greater share of research funding, and fuel partnerships with the public and private sectors;
- Enhance Academic Health Center research capability and productivity by expanding research space and clustering faculty, support staff, laboratories and equipment to complement research strengths; and
- Expand competitive jobs for Minnesota's economy by creating short-term construction jobs and creating new jobs in the biomedical industry.

Friedman reviewed the types of research conducted in the existing buildings in the District. The significant collaboration among researchers across campus is a result of the District and the Program. The Cancer/Cardio Building (Building) will provide facilities for specific research on chemical biology and the development of new models to fight cancer. The Lillehie Heart Institute and Department of Integrative Biology and Physiology will have investigators who focus research on cardiac regeneration and development, muscular dystrophy, congenital heart medicine, and genomics.

Johnson detailed the growth of the District over the past several years and reviewed District building designs. He observed that the District is the largest expansion at the Twin Cities campus since the West Bank was developed.

In response to questions from the committee, Vice President Pfitzenreuter explained that building operating costs and University debt for the capital project are charged to its occupants. The University can choose to reallocate from other units, as needed, to pay the debt. Pfitzenreuter noted that the Medical School's financial outlook has improved over the past several years, and that the building's pro-forma included debt, utilities, and the cost of faculty and staff in the building.

PUBLIC SAFETY PLANS AND OPERATIONS

Vice President O'Brien invited Assistant Vice President and Chief of Police Greg Hestness to present an overview of the current public safety plans and operations and initiatives, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Hestness observed that the Department of Public Safety (Department) includes 2,300 employees with a \$293 million budget and is a state licensed full service police department whose effectiveness is information and partnership driven. He detailed the system-wide responsibilities of the Department, including:

- Continuous system monitoring services responsible for monitoring cameras on all campuses; intercoms and call boxes in ramps, garages, elevator lobbies, skyways, links, and tunnels campus-wide; access control systems; emergency police, fire, and medical response; and providing data for police, human resources and general counsel investigations.
- Access control services such as programming of automated building unlocks and lock-up, configuration of clearances, and card additions and deletions for 40,000 University cardholders.
- Provide consultation services for facility and site security assessments and prepare security system plans.
- Security system installation, support, testing, and preventative maintenance.

Hestness described Department of Emergency Management responsibilities system-wide, including: Emergency Medical Services and the management of up to 50 student volunteers for campus-wide events; maintain the Emergency Operations Plan; ensure compliance with the National Incident Management System; support departments with Operational Continuity Plans; plan and prepare for special events; coordinate emergency response and support of incident command; staff the Emergency Operations Center; maintain and support emergency notification; and provide ongoing training and exercises. Hestness stressed the Department's role in responding to mental health crises as Department personnel transported 56 people to the hospital in 2010.

The Coordinated Response Team extends the Department's presence into the communities immediately adjacent to the University. Hestness reviewed campus neighborhood robbery trends, noting a significant decrease from a high of 194 incidents in 2005 to 63 reported in 2010.

In response to questions from the committee, Hestness explained that Central Security has an on campus presence system-wide, and that coordinate campus security video cameras, access, and other security measures are monitored and controlled on the Twin Cities campus. In response to a question from Regent Frobenius, Hestness reported that extensive planning for safety, security, and education regarding the Light Rail Transit construction on Washington Avenue is underway.

CONSENT REPORT

The committee unanimously recommended approval of the Consent Report, which included:

- Agreements for Use of University Facilities and Services for USA Cup Soccer 2011, July 14 through 24, 2011, Twin Cities Campus.

INFORMATION ITEMS

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

- Final Project Review – Northrop Revitalization Phase II Renovation, Twin Cities Campus; and University Recreation Center Expansion, Twin Cities Campus; and
- Project Update – Eastcliff Renovation Projects, Twin Cities Campus.

The meeting adjourned at 11:43 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

March 10, 2011

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, March 10, 2011 at 10:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Richard Beeson, Laura Brod, Linda Cohen, David Larson, and Maureen Ramirez.

Staff present: Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President & Provost E. Thomas Sullivan; Vice President R. Timothy Mulcahy, Executive Director Ann Cieslak, and Associate Vice Presidents Stuart Mason, and Sharon Reich Paulsen.

Student Representatives present: Matt Privratsky and Paul Strain.

BOARD OF REGENTS POLICY: ACADEMIC FREEDOM AND RESPONSIBILITY

Senior Vice President & Provost Sullivan led discussion of amendments to Board of Regents Policy: *Academic Freedom and Responsibility*. Sullivan explained that the policy was being revised to clarify the original intent of a 2009 amendment to the policy.

In response to a question from Regent Larson, Sullivan explained that interpretation of the policy is his responsibility as Provost. Regents Simmons and Cohen expressed concern that the revised language could be confusing and suggested that Sullivan work with faculty to ensure that the language is clear before the Board of Regents takes action.

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

UPDATE ON FINDINGS OF BLUE RIBBON COMMITTEES SYSTEM-WIDE

Senior Vice President & Provost Sullivan and Senior Vice President Jones presented highlights from the reports of Blue Ribbon Committees system-wide, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. These committees were launched in September 2009 to analyze and recommend priorities for continued and new investments, as well as cost saving strategies. This effort marked the latest phase of the strategic positioning initiative approved by the Board of Regents in 2005.

Sullivan explained that the committees were asked to consider and make recommendations in four categories:

- Size and Scope
- Revenue Generation
- Cost Containment
- Investments

Sullivan and Jones outlined a number of specific recommendations from individual Blue Ribbon Committee reports to illustrate the work done by these groups.

In response to questions from Regent Beeson and Student Representative Strain, Sullivan explained that before programs are scaled back or expanded departments analyze the quality, reputation, market demand, costs, and benefits of the offering. The Provost also reviews potential changes to ensure that impacts on other academic units and functions are considered.

In response to questions from Regents Cohen and Larson, Sullivan reported that a variety of University-wide changes are being considered in addition to those identified by individual Blue Ribbon Committees. These include evaluating the size and scope of the Twin Cities Campus, increased delivery of online education and summer offerings, changes to tuition policy, and enhanced indirect cost recovery.

CONSENT REPORT

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

- **New Academic Programs**
 - College of Biological Sciences (Twin Cities Campus) – Create minor in Microbiology.
- **Discontinued Academic Programs**
 - College of Liberal Arts (Twin Cities Campus) – Discontinue minor in Land, Nature and Environmental Values.

INFORMATION ITEMS

Senior Vice President & Provost Sullivan referred the committee to the information items as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office, which included:

- Achieving Excellence: Academic Strategic Positioning 2005-10.

The meeting adjourned at 11:42 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance & Operations Committee

March 10, 2011

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, March 10, 2011 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Clyde Allen, Richard Beeson, Venora Hung, Patricia Simmons, and Steve Sviggum.

Staff present: Chancellor Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Vice Presidents Steve Cawley, Timothy Mulcahy, and Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen, Stuart Mason, Beth Nunnally, and Michael Volna.

Student Representatives present: Matt Privratsky and Chantal Wilson.

ANNUAL INVESTMENT CONSULTANTS REPORT: CAMBRIDGE ASSOCIATES

Associate Vice President Mason introduced George Pendergast and Timur Yontar from Cambridge Associates to present the annual investment consultants report, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Pendergast reported that although the investment markets have experienced gains in 2010 and 2011, there remain concerns such as high unemployment, the amount of national debt, and market volatility in Europe and other locations around the world.

Yontur explained several recommendations regarding the University's asset allocation guidelines. Such recommendations included limiting exposure to private equity and venture capital, substantially increasing liquidity, and committing more funds to emerging market equity investments. Yontar observed that increasing liquidity will provide greater portfolio flexibility to preserve capital, meet distribution requirements, and better align with the investment approach of peer institutions.

Mason agreed that the illiquidity of the current portfolio remains a concern. In response to a question from Regent Beeson, Mason reported that the current portfolio's bias toward private equity provides a relatively high amount of risk in the event of an economic downturn.

ANNUAL INSURANCE & RISK MANAGEMENT REPORT

Vice President Pfutzenreuter introduced Associate Vice President Volna and Steven Pardoe, Director of Risk Management and Insurance, to present the Annual Risk

Management and Insurance Report, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Volna explained that the report would provide information on such areas as casualty insurance, workers' compensation, property insurance, and overall risk costs. Pardoe reported that the Office of Risk Management and Insurance is involved in a wide variety of operational issues, including contract reviews, vendor oversight, claims management, and risk financing strategies.

Pardoe provided details on several areas of operational focus, including casualty insurance, workers' compensation, and institutional risk costs. Highlights included:

- Casualty insurance covers general liability, professional liability, automobile liability, and employment-related litigation.
- The workers' compensation program cost the University \$4.1 million in FY 2010 primarily through medical expenses and lost payroll.
- The University's property insurance program insures \$8.6 billion as part of the Midwest Higher Education Compact Master Property Program.
- The total cost of risk at the University has decreased from approximately \$14.8 million in FY2008 to \$12.9 million in FY2010.

In response to a question from Regent Sviggum, Volna explained that the University is studying options for a return-to-work component as part of the workers' compensation program. Regent Frobenius requested an update on this program once it is implemented.

UNIVERSITY BIENNIAL BUDGET UPDATE

Vice President Pfutzenreuter explained that the presentation would provide an update on the FY 2012-13 University biennial budget, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Pfutzenreuter reported that the budget proposal from Governor Dayton allocates 3.3 percent of the overall State budget to the University, which is a historical lowpoint. He explained, however, that the University is preparing for the possibility of more significant decreases in State appropriations in advance of a final State budget agreement.

Pfutzenreuter reported that the University is modeling both a 15 percent and 20 percent cut to current State appropriations and explained several responses to the budget challenges. He observed that the potential cuts will likely result in no additional financial aid investments, no new faculty positions, a salary freeze, and limits to inflation adjustments. One-third of the remaining shortfall will be addressed through tuition increases and two-thirds through University costs reductions. Pfutzenreuter explained that dealing with a 15 percent cut solely through staff reductions would result in 1800 layoffs. He added that a solely tuition response would result in an 18 percent tuition increase.

In response to a question from Student Representative Wilson, Pfutzenreuter explained that the University has been hesitant to initiate a guaranteed four-year tuition rate program because of the volatility of State appropriations. He acknowledged, however, that the recent focus on long-term financial planning will hopefully make it easier for students to plan their four-year expenses. In response to a question from Regent Beeson, Pfutzenreuter observed that a more detailed analysis of potential cuts will be presented with the annual operating budget.

ENTERPRISE FINANCIAL SYSTEM UPDATE

Vice Presidents Pfutzenreuter and Mulcahy provided an update on the continued implementation of the Enterprise Financial System (EFS), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Pfutzenreuter explained that the presentation would focus on some of the ongoing challenges posed by the system. He observed that EFS, which has been in operation for over two and a half years, is stable and working, but that the user community remains unsatisfied with such issues as efficiency, reporting, and lost functionality from the previous financial system.

Pfutzenreuter provided examples of the problems in the reporting area and noted that the University is working to improve such features as linking payroll data with expenditures and providing access to sponsored and nonsponsored data concurrently. He observed that disbursements and purchasing account for nearly three-quarters of the ongoing system technical issues. Pfutzenreuter reported that a complete structural review of EFS is being completed by the user community to examine workflow processes, controls and approvals, computer interfaces, and organizational models. He estimated that the cost to address all of the ongoing challenges as approximately \$3.2 million.

In response to a question from Regent Beeson, Pfutzenreuter explained that while they are not looking to implement a new system, they have reached out to other institutions using similar platforms to gain insight on dealing with the ongoing challenges. He added that the biggest lesson from recent analysis is the importance of listening and responding to the user community.

CONSENT REPORT

Vice President Pfutzenreuter presented the Revised Consent Report, which was distributed at the meeting and included the following:

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

- To Mega Farms for \$1,500,000 for snow removal for the University of Minnesota Twin Cities campus for FY11 for Facilities Management Landcare.
- To Oracle America, Inc., for up to an estimated \$2,000,000 to provide scope definition and planning services for an enterprise-wide PeopleSoft upgrade for the period of March 15, 2011, through December 31, 2011, for the Office of Information Technology (OIT).

Approval of New Investment Manager:

The Office of Investment and Banking proposes engaging a new investment manager to invest target allocations in CEF. The proposed manager has been reviewed and is recommended by the Investment Advisory Committee.

Bessemer Venture Capital Partners

- \$10 million investment
- Addition to the existing Venture Capital Managers
- Focus is on early stage technology companies
- Geographic focus: 50% in US; 30% India; 20% Israel & Europe


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

INFORMATION ITEMS

Vice President Pfutzenreuter referred committee members to the Information Items, including:

- Quarterly Purchasing Report;
- Quarterly Asset Management Report;
- Semi-Annual Management Report; and
- Debt Management Advisory Committee Update.

The meeting adjourned at 3:33 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

March 10, 2011

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, March 10, 2011 at 1:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President Robert Jones; Vice President Carol Carrier; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

Student Representatives present: Chelsey Doepner and Abdul Omari.

**COLLECTIVE BARGAINING AGREEMENT WITH GRAPHIC COMMUNICATIONS
INTERNATIONAL UNION, LOCAL 1B (PRINTERS, UNIT 2)**

Vice President Carrier noted the agreement was being introduced for review and action and invited Patti Dion, Director of Employee Relations and Compensation, to present highlights of the agreement as detailed in the docket materials.

Dion observed that there are six University employees who are represented by this union, and she noted that the union agreed to withhold salary increases for FY 2012.

In response to a question from Regent Larson, Dion explained that, because of the increased use of electronic communication there have been layoffs in the graphic communication area. The layoffs were facilitated through a clearly defined layoff policy and did not include pay-outs.

A motion was made and seconded and the committee voted unanimously to recommend approval of the collective bargaining agreement with Graphic Communications International Union Local 1B (Printers, Unit 2).

**COLLECTIVE BARGAINING AGREEMENT WITH
MINNESOTA STATE BUILDING AND CONSTRUCTION TRADES COUNCIL**

Vice President Carrier noted the agreement was being introduced for review and action and invited Patti Dion, Director of Employee Relations and Compensation, to present highlights of the agreement as detailed in the docket materials.

Dion reviewed the agreement and observed that the contract serves as an umbrella agreement for 19 different trades groups at the University. The new agreement adjusts the contract from a traditional calendar year to a fiscal-year cycle. To achieve the transition the new agreement will be in effect for 18 months.

A motion was made and seconded and the committee voted unanimously to recommend approval of the collective bargaining agreement with the Minnesota State Building and Construction Trades Council.

BOARD OF REGENTS POLICY: STUDENT EDUCATION RECORDS

Vice President Carrier invited Robert McMaster, Vice Provost and Dean of Undergraduate Education, to present for review proposed amendments to Board of Regents Policy: *Student Education Records*, as detailed in the docket materials.

McMaster explained that the policy amendments reflect recent changes to Family Educational Rights and Privacy Act (FERPA) language and policy. FERPA health and safety laws have been broadened to allow for release of information to appropriate University authorities when a situation warrants, including: disclosing information without consent about University students who are registered sex offenders; and, in an emergency situation, sharing information both within and outside the University to protect a student or the campus community.

In response to a question from the committee, McMaster clarified that students convicted of crimes are ineligible for federal student financial aid.

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

COORDINATE CAMPUS STUDENT SERVICES

Vice President Carrier invited Senior Vice President Jones and Chancellors Casey, Johnson, and Lehmkuhle, and Vice Chancellor Greg Fox to present information on coordinate campus student engagement initiatives, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Jones described questions the committee may wish to consider when discussing student engagement initiatives on coordinate campuses, including: 1) what is the value of the experience to the student; 2) what is the value to the community and to the State of Minnesota; and 3) what is the value to the particular campus and the University?

Lehmkuhle described decisions made and initiatives begun at the University of Minnesota Rochester (UMR) campus to prepare students for work and life following graduation. He remarked that UMR's second undergraduate degree, the Bachelor of Science in Health Professions, was developed to address the shortage of health care professionals with baccalaureate level preparation. Student success coaches use a

holistic approach to advise students and support their success throughout their education. By intentionally embedding curricular and student development into their everyday educational experience, students at UMR are fully prepared to enter the workforce.

Fox reported on programs and opportunities that enhance student engagement at the University of Minnesota Duluth (UMD) while preparing them for work and life after graduation, including:

- The Office of Civic Engagement's partnership with more than 60 community organizations offering 2,000 students direct service opportunities in the community each year;
- Development of practical work and personal skills while receiving feedback and encouragement through student employment;
- The Leadership Institute where students develop an online portfolio and acquire leadership and citizenship skills;
- Student Association, whose members are exposed to political and lobbying processes to become better educated city and state citizens; and
- The UMD Tutoring program, where students mentor their peers and learn to broaden their thinking, enhance their ability to listen, and embrace differences in learning.

Fox observed that the opportunities offered to UMD students promote self-efficacy, communication, and cultural competence.

Johnson reviewed how the University of Minnesota Morris (UMM) responds to workforce needs by preparing students who: understand how to learn; have fully developed oral and written communications skills; demonstrate the capacity to create, criticize, and think analytically; demonstrate technical ability; and who embrace culturally diverse environments. UMM students demonstrate their preparedness through continuing education: one third of UMM graduates enter graduate or professional schools within one year of graduating; and by becoming gainfully employed: 75 percent are employed within twelve months of graduation. She described community engagement opportunities that support the institutional mission of intellectual growth, civic engagement, intercultural competence, and environmental stewardship. UMM embraces cultural awareness and is ranked in the top 100 schools in the country for students studying abroad. Johnson concluded by noting that UMM provides an outstanding liberal arts education and prepares students for active citizenship and professional engagement.

Casey described student learning engagement opportunities at the University of Minnesota Crookston (UMC), including:

- Civic engagement through student government and shared campus governance;
- Student club activities, such as Students in Free Enterprise, Wild Life Society, National Association of Colleges and Teachers of Agriculture, and Crookston Students for Sustainable Development;
- Campus opportunities for engagement through their education and residential life experiences; and
- Diversity programs that expose students to far-reaching cultural experiences.

Casey highlighted community service and public engagement activities available to UMC students, and he noted that each UMC student is required to perform two community service activities each semester, resulting in more than 12,000 hours of service to the community and the University.

STAFF COMPENSATION: TRENDS AND BENCHMARKS

Vice President Carrier invited Mary Luther, Director of Compensation, Jackie Singer, Director of Retirement Benefits, and Peter Bartosh and Fred Crandall, Towers Watson, to present a report on staff compensation, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Carrier stated that the employee group reviewed today includes both academic and non-academic staff and was compared with companies in the local private sector using a total compensation model.

Luther reviewed University compensation and classification initiatives, including:

- Achieve and maintain compensation and recognition systems that are competitive to appropriate labor markets;
- Provide classification and compensation systems that are transparent, easily administered, and equitable; and
- Provide systems that recognize and reward meritorious performance.

Crandall described the compensation and classification project objectives. He stated that the scope of the project included analysis of core benefits compared with five large Twin Cities-based companies, and included an analysis of total compensation for a sampling of academic and non-academic staff positions. For non-academic staff, results reveal the University's medical benefits are above market, however, the lack of employer contribution to a defined contribution plan combined with lower base pay results in generally lower total overall compensation.

Academic staff benefit from a higher-than-market defined contribution plan, but they do not participate in formal variable pay programs making their total compensation lower than market. Overall benefits value is 16 percent higher than the peer group average and is driven primarily by retirement, medical, and vacation benefits. (For this group the value of non-academic staff overall benefits is 16 percent lower than the peer group average, driven by the lower value of the retirement benefits.)

In response to questions from the committee, Luther noted that public entities have a very good reputation for total compensation, and that job security was not a consideration for the study.

CONSENT REPORT

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

- University Senate Constitution Amendments; and
- Appointment of Senior Administrator.

Regent Allen addressed the appointment of President-Designate's Chief of Staff, Amy Phenix, noting that the redesigned position does not include the title of Vice President. Allen observed that the Chief of Staff position was expanded to include: oversight of athletics operational matters; communications; marketing; college relations; compliance; and the University Senate Office. Allen clarified that the Athletic Director will report directly to the President.

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

INFORMATION ITEMS

Vice President Carrier 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 3:32 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

March 10, 2011

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, March 10, 2011, at 9:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks; Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Kathleen O'Brien, Timothy Mulcahy, and Richard Pfitzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt and Sharon Reich Paulsen.

OATH OF OFFICE

The Honorable Lorie Skjerven Gildea, Chief Justice of the Minnesota Supreme Court, administered the oath of office to the following Regents:

Laura M. Brod, representing an at large position – Six-year Term
David M. Larson, representing the 3rd Congressional District – Six-year Term
David M. McMillan, representing the 8th Congressional District – Six-year Term
Steven A. Sviggum, representing the 2nd Congressional District – Six-year Term.

The meeting adjourned at 9:35 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Work Session

March 11, 2011

A work session of the Board of Regents was held on Friday, March 11, 2011 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks and Executive Director Ann Cieslak.

Regent Allen introduced President Bruininks to present information on a recent study conducted to measure the economic impact of the University of Minnesota. Bruininks observed that the cost of the study was privately funded through an endowment for the Office of the President and reported that the study leaves the University with a newly-created database of economic information that could eventually be used for the *University Plan, Performance, and Accountability* report.

Bruininks introduced Paul Umbach from the consulting firm Tripp Umbach to present the results of the study. Umbach explained that the goals of the study were to: quantify the economic and employment impacts of the University system on the State of Minnesota and the individual campuses on each region of the state; and better articulate the benefits of a major research institution and its partnership with the State and its citizens. He reported that the data was primarily collected through the University and included such things as capital expenditures, operational expenditures, jobs, payroll, benefits, and taxes.

Umbach provided several details on the statewide impact of the University. Highlights included the following:

- The University's overall economic impact is \$8.6 billion per year, which amounts to 1 out of every 26 dollars in the State economy.
- 1 in every 43 jobs in the State is attributable to the U of M.
- \$1 in State investment results in a \$13.20 return on investment to the State economy.
- The University generates \$136 Million in direct state and local tax revenue.
- University research expenditures generate \$1.5 billion and support over 16,000 jobs.

Umbach provided information on the indirect impact of the University, highlighting the number of students educated and granted degrees, companies founded by University alumni, and the University's role as a strong community partner.

In response to a question from Regent Larson, Umbach reported that some institutions in other states have partnered with the business community to lobby state legislatures regarding the return on investment provided by research institutions. Bruininks added that communication of the information is critical, as it will help to define the University's competitive advantage. In response to a question from Regent Frobenius, Umbach observed that greater reliance on tuition revenue at a public institution makes it more likely that students will consider other options including private college enrollment.

The work session adjourned at 10:20 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

March 11, 2011

A meeting of the Board of Regents of the University of Minnesota was held on Friday, March 11, 2011 at 10:20 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks; Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Steve Cawley, Timothy Mulcahy, Kathleen O'Brien, and Richard Pfitzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Terry Bock, Gail Klatt, and Sharon Reich Paulsen.

INTRODUCTIONS & RECOGNITIONS

Recognition was given to the 2011-13 McKnight Land-Grant Professors:

Brian Aukema, Entomology
Aditya Bhan, Chemical Engineering & Materials Science
Christopher Hogan, Mechanical Engineering
Chad Myers, Computer Science & Engineering
Chengyan Yue, Horticulture Science & Applied Economics

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 – February 10, 2011
Finance & Operations Committee – February 10, 2011
Faculty, Staff & Student Affairs Committee – February 10, 2011
Facilities Committee – February 10, 2011
Educational Planning & Policy Committee – February 10, 2011
Board of Regents – February 11, 2011

REPORT OF THE PRESIDENT

President Bruininks acknowledged members of the University community who participated in a recent rally at the State Capitol to demonstrate the importance of the University of Minnesota in their lives and the need for continued state support for the

institution. Bruininks also noted that he and Vice President Pfitzenreuter testified before the House Higher Education Committee to further illustrate the need for continued support. He cautioned that state reductions for operating the University put the institution at risk, but noted with gratitude the state's commitment to the University for capital investments. He reviewed state appropriation trends, and discussed how the institution has taken steps to manage with decreased funding by reducing expenses, increasing tuition, and reallocating funds. He emphasized how difficult it is to prepare for the likely deep cuts coming from the state, and described steps the institution is taking to protect academic quality.

President Bruininks also reported on his final State of the University address, and congratulated Duluth Chancellor Lendley Black on his inauguration.

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

REPORT OF THE CHAIR

Chair Allen recognized the election of Regents Brod, McMillan, and Sviggum, and the reelection of Regent Larson, for six-year terms. He noted that a number of Regents attended the inauguration of Chancellor Lendley Black, University of Minnesota Duluth.

Chair Allen reported that President-designate Eric Kaler announced the appointment of Amy Phenix as chief of staff, pending Board of Regents approval today.

Chair Allen noted that the next regular meeting of the Board of Regents will be May 12-13, 2011 on the Twin City campus.

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

RECEIVE AND FILE REPORTS

Chair Allen noted the receipt and filing of the Quarterly Report of Grant & Contract Activity and the Annual Capital Financing & Debt Management Report.

CONSENT REPORT

Chair Allen 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 Bruininks dated February 24, 2011;
- Summary of Gifts through January 31, 2011;
- Summary of expenditures; and
- Use of the University's name.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Consent Report, with Regent Beeson voting no on the Use of the University's name.

ANNUAL REVIEW OF BOARD OF REGENTS CALENDAR

Chair Allen presented the Board of Regents 2011-12 calendar. The calendar lists required actions, reports, and other items routinely presented for consideration by the Board and its committees. It is reviewed annually as required by Board of Regents Policy: *Board Operations and Agenda Guidelines*.

The calendar has been revised since the Board last reviewed it in March 2010. The revisions were made to bring the calendar into compliance with amended or new Board policies; reflect existing practice; and correct inaccuracies.

STATE OF MINNESOTA ECONOMIC UPDATE

Chair Allen introduced Professor Tom Stinson, State Economist, to lead the discussion of the Minnesota budget forecast for February 2011 as detailed in the presentation on file in the Board Office.

Stinson reported that the Minnesota budget forecast includes a projected \$5 billion shortfall for FY2012-13, which is a slight improvement from the \$6.2 billion shortfall projected in December 2010. He discussed the projected \$176 million decrease in spending, the projected increase in revenues of \$984 million in one three-year period, and an expected \$663 million balance projected for FY2011.

Stinson indicated that, in the past, a budget surplus would be placed in reserves; however, due to federal stimulus regulations, these funds will be added to the beginning budget balance for FY2012-13. Stinson reported that several factors contributed to an improvement in the economic outlook, including the impact of federal stimulus activities. Most important of these was the reduction in payroll tax for 2011, which increased discretionary income for U.S. residents. He summarized how changes in capital gains taxes and extensions in unemployment benefits both contributed to the improved economic outlook. Stinson explained that while capital gains are a small portion of the budget, they can account for significant changes in revenue.

Stinson reported that the national unemployment rate remains at just over 7 percent, with the Minnesota rate slightly better. He indicated that many factors are in place for stronger employment growth.

Stinson noted that a number of geo-political concerns remain: increases in oil and gasoline prices, commodity prices, consumer spending, housing, and federal budget actions. All impact state budget projections, and the long-term structural deficit poses many challenges for the coming years.

In response to a question from Regent Sviggum, Stinson noted that the expected reciprocity payment from Wisconsin is not expected this year and is now expected to be paid in FY2012, which is likely due to Wisconsin's cash flow issues. He added that receipt of those funds does not make a difference in the "bottom line," but rather reduces the amount of carry-forward.

REPORT OF THE FACILITIES COMMITTEE

Regent Hung, 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 March 10, 2011 committee minutes.
- b) Approval of the following real estate transactions as presented to the committee and described in the March 10, 2011 committee minutes:
 - 1) Fifty-year land lease for hotel at 615 Washington Avenue S.E., Minneapolis (Twin Cities campus).
 - 2) Ten-year lease for pediatrics faculty offices on UMMC-Fairview, Riverside Campus (Twin Cities campus).

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

Hung reported that the committee also reviewed the following real estate transaction: agreement with Manchester Grant Hyatt Hotel, San Diego, for Continuing Medical Education's 2012 World Symposium, February 5-12, 2012 (Twin Cities campus); received a report on the Biosciences Discovery District; and reviewed a number of information items included in the docket materials.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the revised Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the March 10, 2011 committee minutes.
- b) Approval of a Resolution Related to the Proposed Labor Agreement with Graphic Communications International Union Local 1-B as follows:

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

WHEREAS, Graphic Communications International Union Local 1-B members have ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: *Board Operations and Agenda Guidelines*, approval of labor agreement 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 agreements as outlined in the docket for March 10, 2011.

- c) Approval of a Resolution Related to the Proposed Labor Agreement with Minnesota State Building and Construction Trades Council as follows:

WHEREAS, the parties have met and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, The Minnesota State Building and Construction Trades Council have ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: *Board Operations and Agenda Guidelines*, 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 March 10, 2011.

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

Johnson reported that the committee also reviewed amendments to Board of Regents Policy: *Student Education Records*; received a presentation on coordinate campus student services; discussed staff compensation trends and benchmarks; and reviewed a number of information items included 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 revised Consent Report for the Finance & Operations Committee as presented to the committee and described in the March 10, 2011 committee minutes.

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

Frobenius reported that the committee also received the Annual Investment Consultants Report from Cambridge Associations; the Annual Insurance and Risk Management Report; updates on the University biennial budget and the Enterprise Financial System Update; and discussed a number of information items included in the docket materials.

REPORT OF THE AUDIT COMMITTEE

Regent Cohen, Chair of the committee, reported that the committee discussed emerging issues in higher education and the impact on audit committees; discussed the interplay between conflict of interest and conflict of commitment; received an external auditor review; and discussed the information items contained in the docket materials.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent Simmons, 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 March 10, 2011 committee minutes.

The Board of Regents voted unanimously to approve the recommendation of the Educational Planning and Policy Committee.

Simmons reported that the committee also reviewed amendments to Board of Regents Policy: *Academic Freedom and Responsibility*; received an update on findings of Blue Ribbon Committees System-Wide working on financial strategies related to strategic positioning; and discussed the information items detailed in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Allen reported that the committee met in closed session on March 20, 2011 and that no actions were taken.

OLD BUSINESS

Regent Beeson expressed concern about the earlier Consent Report item on Use of the University Name. He stated his reluctance to approve individual naming without a broader Board of Regents policy in place. He indicated that he respectfully votes no on that item. Chair Allen indicated that it would be useful to discuss the item again at a future meeting of the Board of Regents.

NEW BUSINESS

Chair Allen announced that the Board has celebrated the election of three new Regents and the reelection of one current Regent. He reported that an item has arisen that requires attention, which is that Regent Sviggum is a University employee and a Regent. Chair Allen stressed that Regent Sviggum has excellent credentials for being in both roles, but that it does raise the question of whether or not there is any conflict. Allen stressed that by raising the question, there is no intention to say that there is a conflict, but that there is a question that requires further examination, and the need to remain completely transparent.

Chair Allen announced the appointment of an Ad Hoc Group consisting of Chair Allen, Vice Chair Cohen, and Regent Simmons to undertake a broader discussion, work through the question, and report its findings to the Board of Regents.

Regent Sviggum stated that, personally, he does not believe the two roles present a conflict, but feels that it is important that the issue be addressed upfront and in a positive way so that everyone is aware of what is taking place and why. He indicated his ability, both professionally and personally, to rise above any conflict and serve the best interest of the University of Minnesota. Regent Allen added that any further discussion will occur in the Ad Hoc Group.

The meeting adjourned at 11:55 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Ad Hoc Group

March 22, 2011

A meeting of the Ad Hoc Group established by the Chair of the Board of Regents, consistent with Board of Regents Policy, was held on Tuesday, March 22, 2011 at 12:15 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; and Linda Cohen. Patricia Simmons participated by telephone. Steve Sviggum also participated by telephone as a non-member of the Ad Hoc Group.

Staff present: Vice Presidents Kathryn Brown and Timothy Mulcahy; Executive Director Ann Cieslak; Deputy General Counsel Bill Donohue; and Associate General Counsel Tracy Smith.

Regent Allen observed that the meeting of the Ad Hoc Group (Group) was being held in accordance with Board of Regents Policy: *Code of Ethics for Members of the Board of Regents* (Code of Ethics) in order to make a determination on a potential conflict of interest regarding Regent Sviggum. Allen reported that the Group was charged with making a recommendation to the Board as to whether a conflict of interest exists between Sviggum's position as a Regent and his appointment as a Legislative Fellow for the Humphrey School of Public Affairs. Allen identified several sections in both the Code of Ethics and Board of Regents Policy: *Responsibilities of the Board and Individual Regents* that were related to the Group's consideration of the potential conflict of interest.

Allen reported that if the Group determines there is no conflict of interest, then its work will be completed. If the determination is made that a conflict of interest does exist, then a recommendation will be made to the full Board regarding the existence of the conflict and potential actions. Allen explained that possible next steps could include Sviggum resigning from either his Regent or Legislative Fellow positions, the development of a conflict management plan, or an amendment to Sviggum's contract with the Humphrey School.

Allen announced that the meeting would be organizational in nature and that no recommendation would be made until a future meeting. He guided the Group through a series of materials, including a timeline of Sviggum's employment at the Humphrey School and his election as a Regent, his application for consideration as a Regent, his Humphrey School contract, and contracts for other Senior Fellows at the Humphrey School.

Sviggum made a brief statement to the Group, highlighting the following:

- the funding for his legislative fellow position was raised privately;
- the distinctions between a full professorship and a legislative fellowship in terms of personnel and budgeting authority; and

- that he was very transparent about his appointment at the Humphrey School throughout the Regent recruitment and election processes.

Sviggum thanked the Group for its deliberate process. In response to Allen's invitation to provide additional written materials to the Group, Sviggum stated that he did not expect to have any materials for them. Allen established a deadline of March 28, 2011 for the submission of new materials.

Allen thanked Sviggum for his remarks and explained that the next meeting of the Group would include substantive discussion regarding the potential conflict of interest. He announced that the previously scheduled meeting of the Group for March 24, 2011 would be canceled and the next meeting would be scheduled for March 30, 2011. Allen added that a time for the full Board meeting to consider the Group's recommendation had not yet been scheduled.

The meeting adjourned at 12:45 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Ad Hoc Group

March 30-31, 2011

A meeting of the Ad Hoc Group established by the Chair of the Board of Regents, consistent with Board of Regents Policy, was held on Wednesday, March 30, 2011 at 3:00 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Linda Cohen, and Patricia Simmons. Steve Sviggum was also present as a non-member of the Ad Hoc Group.

Staff present: Vice Presidents Kathryn Brown and Timothy Mulcahy; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Deputy General Counsel Bill Donohue.

Regent Allen explained that the purpose of the meeting of the Ad Hoc Group (Group) was to substantively discuss the potential conflict of interest regarding Regent Sviggum's position as a Regent and his employment as a Legislative Fellow at the Humphrey School of Public Affairs. Allen observed that there was additional information added to the timeline of Sviggum's employment with the Humphrey School since the last meeting of the Group, as detailed in the materials distributed at the meeting and on file in the Board Office. He noted that Sviggum requested some additional information included in the materials.

Allen asked Sviggum to make a statement regarding the potential conflict of interest. Sviggum explained that regardless of the outcome, he will accept the decision of the Group and the Board. He stated that he does not believe there is a conflict of interest in this situation and highlighted the following:

- The funding for his position consists entirely of private donations and does not involve any central funding.
- His position as a legislative fellow does not grant any personnel authority, input on the Humphrey School budget, or indefinite tenure.
- Due to the fact that his contract is already signed, he cannot benefit financially in any way from future Board decisions.

Sviggum also asked for corrections to a couple of items in the materials distributed on March 22, 2011.

Allen thanked Sviggum for his remarks and welcomed input from the Group. Regent Simmons expressed appreciation for Sviggum's willingness to abide by the decision of the Board. She observed that the pathway to this point is not relevant in the Group's deliberations and that the sole point of interest in making the determination is the presence of an employment contract with simultaneous service as a Regent. Simmons added that conflict of interest situations are neither about personal ethics nor actions, but instead are related to the potential for others to judge whether decisions

could be influenced by possible personal gain. She reported that she was in favor of requesting that Sviggum choose to resign from either his Regent position or as a legislative fellow.

Regent Cohen expressed appreciation for Sviggum's contributions to the Humphrey School, but explained that she believes the two roles are in conflict. She observed that such activities as approval of budgets and academic programs could be significantly compromised by the situation. Cohen reported that she was in favor of a recommendation to choose resignation from one of the two positions.

Allen explained that he had reached the same conclusion as Regents Simmons and Cohen. He expressed appreciation for Sviggum's willingness to abide by the decision of the Board and observed that he was eminently qualified to serve as a Regent and a legislative fellow, but not at the same time. Allen referenced correspondence from the University community and noted the importance of the Board setting an example on conflict of interest issues.

Sviggum expressed disappointment in the decision of the Group, but again reiterated his willingness to resign from one of the two positions. He requested the ability to complete his teaching assignment for the Spring 2011 Semester if he were to choose to resign from his Humphrey School appointment. Allen responded that this was a reasonable request but that no final decision could occur until Sviggum officially declares in writing which position he will resign from.

Allen recessed the meeting at 4:08 p.m. The meeting reconvened at 11:00 a.m. on March 31, 2011.

A report of the Group (on file in the Board Office) was distributed. Allen explained that the report provides background on the Group's deliberations and states the determination that a conflict of interest does exist between Sviggum's responsibilities as a Regent and his employment status with the Humphrey School. The recommendation included in the report is as follows:

- 1) Regent Sviggum choose between being a Regent of the University of Minnesota or being a University employee.
- 2) The Board of Regents at a future time adopt amendments to both the Bylaws of the Board of Regents and Board of Regents Policy: *Code of Ethics for Members of the Board of Regents* to preclude an individual from serving in dual roles as a Regent and a University employee.

Allen observed that the report also includes documentation of Sviggum's agreement to accept the recommendation that he resign from one of the two positions.

A motion to approve the report was moved and seconded. The Group unanimously approved the report.

The meeting adjourned at 11:04 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

March 31, 2011

A special meeting of the Board of Regents of the University of Minnesota was held on Thursday, March 31, 2011 at 12:00 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Richard Beeson, Linda Cohen, Dean Johnson, David Larson, Maureen Ramirez, and Patricia Simmons. John Frobenius, Venora Hung, and David McMillan participated via phone. Steve Sviggum was present in the audience.

Staff present: Vice Presidents Kathryn Brown and Timothy Mulcahy, General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

REPORT OF THE AD HOC GROUP

Chair Allen called the special meeting of the Board of Regents to order and announced that the only agenda item was to receive the report of the Ad Hoc Group formed to review whether a conflict of interest existed due to Regent Sviggum's simultaneous service as a Regent and an employee of the University. Executive Director Cieslak called the role. Chair Allen noted that Regent Sviggum was present in the audience, and that Regent Brod was traveling out of the country and unable to participate.

Allen reported that the Ad Hoc Group, comprised of himself and Regents Cohen and Simmons, met on March 22 and March 31, 2011 to review materials related to the potential conflict of interest question. He noted that the report of the ad Hoc Group had been provided to all Regents. Chair Allen stated that the Ad Hoc Group concluded that Sviggum's dual role as both a Regent and a University employee creates a conflict of interest. The Ad Hoc Group strongly recommends that Sviggum choose to continue in one or the other role and that the Board of Regents policy be amended to prevent this situation from arising in the future. Chair Allen noted that these recommendations conclude the work of the Ad Hoc Group and that no action is required by the Board.

Allen reported that Sviggum agreed to choose between the two roles, and will inform Chair Allen of his decision in the near future. Chair Allen acknowledged the difficult choice for Sviggum needed and his graciousness in accepting the recommendations of the Ad Hoc Group. Chair Allen indicated that the Board of Regents will honor Sviggum's decision and will help him be successful in whichever role he chooses.

Allen indicated that there might be follow-up actions required to prevent a similar situation from occurring in the future. Boardmembers stated that this occurrence provides an opportunity for the Board of Regents, the Regent Candidate

Advisory Committee, the Legislature to review the Regent selection process and to clarify guidelines and policies related to the selection process.

The meeting adjourned at 12:09 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary