

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

July 10, 2013

**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

July 10, 2013

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

July 10, 2013

A meeting of the Board of Regents of the University of Minnesota was held on Wednesday, July 10, 2013 at 12:15 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Clyde Allen, Laura Brod, Linda Cohen, Thomas Devine, John Frobenius, Dean Johnson, David Larson, Peggy Lucas, David McMillan, Abdul Omari, and Patricia Simmons.

Staff present: President Eric Kaler; Chancellor Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert, Kathryn Brown, Brian Herman, Richard Pfitzenreuter, R. Scott Studham, and Pamela Wheelock; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Stuart Mason, and Michael Volna.

RECOGNITIONS

Academic Professionals & Administrators Consultative Committee Outgoing Chair

Recognition was given to Ann Hagen, Assistant Program Director, Department of Diagnostic and Biological Sciences, and 2012-13 outgoing chair of the Academic Professionals & Administrators Consultative Committee.

Amy Olson, 2012-13 outgoing chair of the Civil Service Consultative Committee, was unable to be present.

INTRODUCTIONS

President Kaler introduced Cynthia Murdoch, Business Analyst for the Enterprise System Upgrade Project, as the 2013-14 chair of the Academic Professionals & Administrators Consultative Committee.

President Kaler introduced Thomas Sondreal, Infrastructure Analyst for Media Services, Crookston Campus, as the 2013-14 chair of the Civil Service Consultative Committee.

APPROVAL OF MINUTES

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

- Audit Committee - June 13, 2013
- Academic & Student Affairs Committee - June 13, 2013
- Finance Committee - June 13, 2013
- Facilities & Operations Committee - June 13, 2013

Faculty & Staff Affairs Committee - June 13, 2013
Board of Regents - June 5, 2013
Board of Regents - June 14, 2013
Presidential Performance Review Committee - May 10, 2013

REPORT OF THE PRESIDENT

President Kaler reported on his recent trip to Hong Kong, mainland China, and Taiwan, where he conducted business and outreach on behalf of the University. He described meeting with students, alumni groups, and Minnesota business leaders, along with other relationship-building opportunities. He recalled that in 1914, three students traveled from Shanghai to Minneapolis to become the first Chinese students to enroll at the University; since then, more than 8,000 Chinese students have studied at the University, with more than 2,500 Chinese students on the five campuses today. Kaler reported the University would celebrate system-wide the 100th anniversary and broader relationship with China.

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

REPORT OF THE CHAIR

Chair Beeson presented Regent Cohen with a gavel in recognition of her leadership and service as chair of the 2011-2013 Board of Regents. He also recognized Regent Larson for his service as Vice Chair during that same time.

Beeson discussed President Kaler's 2013 performance review. He noted that the committee reported that Kaler's performance had been stellar and that a three percent compensation increase was warranted to demonstrate the Board's strong support for the president's work and his leadership. Beeson reported that Kaler had indicated his preference to again forego a salary increase and instead have the funds directed to scholarships to support Minnesota undergraduates.

A motion was made and seconded, and the Board of Regents voted unanimously to direct the three percent increase to the general scholarship fund. Board members acknowledged Kaler's leadership and his desire to have additional resources invested in students.

In response to comments from the Board, Chair Beeson acknowledged that the impact of keeping Kaler's base salary unchanged on his future retirement income and competitive salary standings will need to be considered.

Beeson reported that the Board would travel to Red Wing for its annual retreat over the next two days. He also expressed his gratitude to the Board for the opportunity to lead the Board of Regents.

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

RECEIVE AND FILE REPORTS

Chair Beeson noted the receipt and filing of the Board of Regents Policy Report.

CONSENT REPORT

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

- Academic & Student Affairs Committee Consent Report:

New Academic Programs:

- Carlson School of Management (Twin Cities campus) – Create M.S. degree in Business Analytics

Changed Academic Programs:

- School of Public Health (Twin Cities campus) – Deliver M.P.H. degree in Public Health Practice at Chiang Mai University (Thailand);

- Finance Committee Consent Report:

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

- Ortega y Gasset Foundation (Spain); University Paul-Valery (Montpellier, France); CAPA (Sydney & London); VENUSA & EntreAmericas learn and Travel (Venezuela); Jose Suarez & Dolores Lopez (MSID-Ecuador); Fundacion Ortega y Gasset, Argentina (Buenos Aires, Argentine); Mohamud Jama (MSID-Kenya); Ousmane Sene (MSID Senegal); CIEE; Accent and others for an estimated \$14,700,000 to provide service to support overseas study abroad programs for FY 2013-14 for the Learning Abroad Center; and

- Summary of Gifts through May 31, 2013.

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

RESOLUTION RELATED TO ALCOHOLIC BEVERAGE SALES AT NORTHROP, LES BOLSTAD GOLF COURSE, AND MORRIS STUDENT CENTER

Chair Beeson invited Amy Phenix, Chief of Staff, to present the Resolution Related to Alcoholic Beverage Sales at Northrop, Les Bolstad Golf Course, and the Morris Student Center as detailed in the docket materials.

Phenix reported that Board of Regents Policy: *Alcoholic Beverages on Campus* prohibits the sale of alcoholic beverages on University property except when authorized by license or state laws, approved by the Board of Regents, and sold and served in accordance with administrative policy. State statute authorizes the Board of Regents to hold liquor licenses at nine on-campus locations. The University currently holds liquor licenses for TCF Bank Stadium, Williams Arena, Mariucci Arena, and the Minnesota Landscape Arboretum.

Phenix noted that the University established the Alcohol License Oversight Committee (ALOC) to ensure a thorough process for evaluating venues that could be licensed to best achieve the University's policy goals. The ALOC received and reviewed applications for liquor licenses for four venues, and recommended that the University apply to the state for licenses for Northrop, Les Bolstad Golf Course, and Morris Student Center. Phenix described details on the service of alcohol for each of the three venues.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Resolution Related to Alcoholic Beverage Sales at Nothrop, Les Bolstad Golf Course, and Morris Student Center, as follows:

WHEREAS, the University of Minnesota ("University") has important policy and educational interests in controlling the consumption, use, and sale of alcoholic beverages on its campuses; and

WHEREAS, Board of Regents policy prohibits the sale of alcoholic beverages on University property except when authorized by license, approved by the Board of Regents, and sold and served in accordance with applicable law; and

WHEREAS, the consumption of alcoholic beverages for social and celebratory purposes on University property is permitted only when authorized by the President or delegate in accordance with administrative policy; and

WHEREAS, state legislation authorizes the Board of Regents to hold liquor licenses for events at Northrop Auditorium, TCF Bank Stadium, and at no more than seven other locations within the boundaries of the University; and

WHEREAS, the Board of Regents currently holds liquor licenses for TCF Bank Stadium, Williams Arena, Mariucci Arena, and the University of Minnesota Landscape Arboretum; and

WHEREAS, on November 12, 1999 the Board of Regents passed a resolution allowing for the sale of alcoholic beverages at Northrop Auditorium (the "1999 Alcohol Resolution"); and

WHEREAS, the University established the Alcohol License Oversight Committee to ensure a thorough process for evaluating venues that could be licensed to best achieve the University's policy goals and commitment to safety and make recommendations on potential licensees to the president; and

WHEREAS, the University recommends allowing alcoholic beverage sales at other locations on its campuses where it is culturally and programmatically appropriate and consistent with the University's long standing commitment to promoting a healthy and safe living and learning environment for its students, employees and visitors, and emphasizes the University's important policy and educational interests in controlling the sale of alcoholic beverages on campus; and

WHEREAS, the sale of alcoholic beverages on campus will be done in accordance with all applicable laws, served only by appropriately trained persons, and with appropriate enforcement and monitoring mechanisms.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents, according to its policy, *Alcoholic Beverages on Campus*, approves alcoholic beverage sales at the following locations;

1. Les Bolstad Golf Course
2. Morris Student Center

BE IT FURTHER RESOLVED, that the Board of Regents authorizes the submission of liquor license applications in accordance with law for each of the above-referenced locations.

BE IT FURTHER RESOLVED, that the Board of Regents authorizes the reapplication for a liquor license for Northrop in accordance with the 1999 Alcohol Resolution.

RESOLUTION RELATED TO IN-STATE TUITION RATES AND SCHOLARSHIP AID

Senior Vice President and Provost Hanson reported that the State of Minnesota passed the Prosperity Act, publicly referred to as the Minnesota Dream Act, as a provision to allow eligible undocumented students who graduate from Minnesota high schools to receive in-state tuition rates and scholarship aid at public institutions of higher education. The act included a request to the Board of Regents to exercise its constitutional authority to set tuition rates and adopt a policy implementing a similar provision for University of Minnesota students. The resolution for review used the language of the new state law as the basis for the University in-state tuition policy, as requested, enabling the University to participate in the Minnesota Dream Act.

Regent Devine commented that the cost impact of this action is small but the return on investment is significant. He indicated his support for the resolution.

In response to questions from Regent Frobenius, Hanson explained how eligibility for this tuition benefit would be determined.

Regent Omari expressed his support for the resolution and indicated his belief that this program was crucial and fundamental to the future of our state.

Regent Brod indicated support for the University's goal of providing quality education for students and noted that access to the institution is critical, but expressed concern regarding who would actually pay for the buy-down of the reduced tuition. Regent Simmons responded that the University has always had differential tuition and this proposal creates an additional small body of students who will have tuition equivalent to that of in-state students.

A motion was made and seconded, and the Board of Regents voted 10-2 to approve the Resolution Related to In-State Tuition Rates and Scholarship Aid. Regents Brod and Frobenius voted no.

WHEREAS, the University of Minnesota believes that providing college opportunities for young people—especially Minnesota's own high school graduates—serves the public interest by creating a higher educated workforce that promotes Minnesota's economic and cultural development; and

WHEREAS, the University wishes to remove financial barriers to higher education that face immigrant children graduating from Minnesota high schools who lack legal immigration status; and

WHEREAS, the State of Minnesota passed the Prosperity Act (publicly referred to as the MN Dream Act) as a provision of the 2013 omnibus Higher Education bill, which authorized in-state tuition rates and private scholarship aid at public institutions for Minnesota high school graduates students meeting certain criteria and which asked the Board of Regents to adopt a policy implementing the provision;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents, exercising its constitutional authority to set tuition and to govern the University, adopts the following provisions with respect to in-state tuition rate and private scholarship aid, effective July 1, 2013:

I. In-state Tuition Rate

A. A student, other than a nonimmigrant alien within the meaning of United States Code, title 8, section 1101, subsection (a), paragraph (15), shall qualify for a in-state tuition rate or its equivalent in any undergraduate, graduate, or professional program at the University of Minnesota if the student meets all of the following requirements:

- (1) High school attendance within the state for three or more years;
- (2) Graduation from a state high school or attainment within the state of the equivalent of high school graduation; and
- (3) In the case of a student without lawful immigration status: (a) documentation that the student has complied with selective service registration requirements; and (b) if a federal process exists for the student to obtain lawful immigration status the student must present the higher education institution with documentation from federal immigration authorities that the student has filed an application to obtain lawful immigration status.

B. Section A is in addition to any other institutional regulation or policy providing eligibility for a in-state tuition rates or its equivalent to a student.

II. Scholarship Aid

The University of Minnesota may use private sources of funding to provide aid to a student eligible for in-state tuition under Section II above. This section is in addition to any other authority of the University to provide financial aid.

**ACHIEVING SUCCESS AMID CONSTRAINTS:
RESEARCH PRIORITIES AND INFRASTRUCTURE**

President Kaler introduced the item on research priorities and constraints, stating that the research enterprise is a critical element of the institution and faces a variety of challenges. He welcomed Vice President Herman to present his first report on research to the Board of Regents.

Herman reported that the University has had tremendous successes in its research enterprise in the past, but like many public research institutions faces resource constraints. He reported that University of Minnesota faculty and staff competed successfully for \$749 million in sponsored research awards in FY 2012, a decrease from \$769 million in FY 2011. He pointed out that if American Recovery and Reinvestment Act funds were excluded from the award totals, awards were slightly higher in FY 2012 than the previous year. Overall, the University ranked eighth among public universities and tenth among all universities.

Herman presented data on 10-year award trends. He indicated that funding levels in many research universities were trending flat or decreasing due to funding constraints and increased competition for grants, and pointed out that focusing on increasing research award levels from business and industry was critical for the future. Herman reported that the institution had

been successful in technology commercialization, with an increase in the invention disclosure rate and patent filings, and turning out over 30 new start-up companies.

Herman reported on a number of elements that would challenge future funding opportunities, including decreased National Institute of Health awards, shortfalls created by federal sequestration, increased health care costs, and declines in funding for research programs in energy and agriculture.

Outlining several emerging priorities that will allow the institution to remain successful in the research enterprise, Herman discussed the importance of managing change in higher education, advancing academic excellence, accelerating the transfer and utilization of knowledge for the public good, and strengthening the research infrastructure. He presented guiding principles to manage emerging priorities and also provided information on a number of initiatives and programs underway to support and address those priorities.

Herman invited Vice President Wheelock to discuss the system-wide research infrastructure, types of facilities, research and outreach centers, and laboratories. Wheelock shared how much space is dedicated for research, and discussed functionality challenges due to facility age and matching needs with inventory. Wheelock noted that the University continues to make significant investments in improving the amount and functionality of research space, with future funding allocated for new and renovated facilities system-wide.

Herman introduced what he called the “culture of serendipity,” where chance and creativity come together to result in new discoveries. He invited Professor Karen Ashe, Department of Neurology, and Mark Bohnhorst, Associate General Counsel, to discuss Ashe’s research. Ashe indicated that researchers, studying the enzyme that Herman had researched extensively during his career, believed they had found a way that might lead to a drug that could help people with Alzheimer’s and other neuro-degenerative diseases.

ANNUAL INTERCOLLEGE ATHLETICS REPORT – TWIN CITIES CAMPUS

President Kaler reported that it was a successful year for student-athletes at the University of Minnesota, with national champions and academic achievements. He introduced Norwood Teague, Director of Athletics, to present the Annual Intercollegiate Athletics Report for the Twin Cities campus.

Teague reported that student athlete academic progress continued to improve steadily, with graduation rates at their highest ever and increases in student grade point average and academic progress rates. Teague highlighted a number of significant athletic accomplishments, noting that the University of Minnesota finished the 2012-13 academic year 22nd nationally in the Learfield Director’s Cup standings, the measure of the success of an entire school’s athletics programs. Teague also reported that the department budget ended the fiscal year balanced, with both ticket sales and facilities rental revenues higher than budgeted projections.

Teague reported that Intercollegiate Athletics recently completed a facilities needs assessment plan that outlines deficiencies and needs in student-athlete training and competition support. The plan outlines a long-term vision for student-athlete facilities that includes nutrition, training, and academic resources designed to provide support for student-athletes and maintain academic program competitiveness.

Teague noted that indoor training facilities are crowded and outdated, and lag behind most Big Ten competitors in terms of facility quality. He presented a proposed \$190 million, privately

funded athletic facilities plan that includes indoor and outdoor practice and training facilities for men's and women's sports.

Regent Larson commented that it was critical to have a common voice when presenting this proposal to the public, and that this holistic approach to athletics fundraising was a change from fundraising sport by sport. Teague indicated that the proposal benefits not just one sport but all student-athletes, will change the future of Gopher athletics, will help attract and retain talented staff, and will enhance the fan experience.

In response to questions and comments from Regent Simmons, Kaler indicated that the administration and University of Minnesota Foundation leadership continue to work together to maximize gifts to the institution and will carefully target fundraising opportunities while being mindful to all areas of the University mission.

REPORT OF THE COMMITTEES

Chair Beeson reported that the committees did not meet this month.

The meeting adjourned at 2:39 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary