

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

February 13-14, 2014

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**

February 13-14, 2014

	PAGE
I. Committee Meetings	
A. Audit Committee - February 13, 2014 -----	109
B. Litigation Review Committee - February 13, 2014 -----	112
C. Academic & Student Affairs Committee - February 13, 2014 -----	113
D. Finance Committee - February 13, 2014 -----	120
E. Facilities & Operations Committee - February 13, 2014 -----	124
F. Faculty & Staff Affairs Committee - February 13, 2014-----	128
III. Board of Regents Meeting - February 14, 2014	
A. Approval of Minutes-----	131
B. Report of the President -----	131
C. Report of the Chair -----	132
D. Approval of Consent Report-----	132
A. Report of the All-University Honors Committee	
B. Gifts	
C. Summary of Expenditures	
E. Annual Report on the Status of University Research & Commercialization of Intellectual Property Rights -----	132
F. Report of the Faculty Consultative Committee -----	133
G. Enhancing the Impact of the University's Equity & Diversity Efforts -----	134
H. Approval of Updated Bylaws for Eastcliff Committees-----	134
I. Review Amendments to Board of Regents Policy: <i>Student Representatives to the Board of Regents</i> -----	137
J. Approval of Resolution Related to Branding Agreement-----	138
K. Report on Alcohol Sales at TCF Bank Stadium-----	140
L. Report of the Facilities & Operations Committee	
1. Approval of Schematic Plans-----	141
A. TCF Bank Stadium Improvements, Twin Cities Campus	
2. Approval of Resolution Related to Public Safety -----	141
3. Annual Report on Sustainability, Energy Management & Utilities -----	142
3. Information Technology Planning-----	142
M. Report of the Faculty & Staff Affairs Committee	
1. Approval of Consent Report-----	142
2. Review Repeal of Board of Regents Policy: <i>Death Benefits</i> -----	142
3. Engagement Survey Results & Action Plan-----	142
4. Employee Relations Primer -----	142
5. Work+: Designing & Utilizing Space that Supports the Work -----	142
6. Information Items -----	142
N. Report of the Finance Committee	
1. Approval of Consent Report-----	143
2. Approval of Resolution Related to Issuance of Debt: Ambulatory Care Center -----	143
3. Review Amendments to Board of Regents Policy: <i>Endowment Fund</i> -----	145
4. Annual Capital Finance & Debt Management Report-----	145
5. Annual Investment Performance: Peer Comparisons -----	145
6. Annual Insurance & Risk Management Report-----	145
7. Information Items -----	145
O. Report of the Academic & Student Affairs Committee	
1. Approval of Consent Report-----	145
2. Adoption of Amendments to Board of Regents Policy: <i>Commercialization of Intellectual Property Rights</i> -----	145
3. Annual Graduate Education Planning & Update-----	149
4. Research & Interdisciplinarity-----	149
5. Undergraduate Tuition & Financial Aid Philosophy -----	149

6. Information Items -----	149
P. Report of the Audit Committee	
1. Adoption of Amendments to Board of Regents Policy: <i>Audit Committee Charter</i> -----	149
2. Overview of the Fiduciary Responsibilities of Non-Profit Audit Committee Members-	
3. Health Sciences Risk Profile -----	151
3. Compliance Risk Profile -----	151
4. Internal Audit Update-----	151
5. Information Items -----	151
Q. Report of the Litigation Review Committee	
1. Resolution to Conduct Non-Public Meeting of the Litigation Review Committee to Discuss Attorney-Client Privileged Matters-----	151
R. Report of the Special Committee on Academic Medicine	
1. No Meeting this Month -----	151

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Audit Committee
February 13, 2014**

A meeting of the Audit Committee of the Board of Regents was held on Thursday, February 13, 2014 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Laura Brod, presiding; Clyde Allen, Peggy Lucas, Abdul Omari, and Patricia Simmons. Thomas Devine and Dean Johnson also attended.

Staff present: President Eric Kaler; Chancellor Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Kathryn Brown, Aaron Friedman, Brian Herman, and Richard Pfutzenreuter; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Terry Bock, Gail Klatt, and Michael Volna.

Student Representatives present: Joseph Daniewicz and Meghan Mason.

BOARD OF REGENTS POLICY: AUDIT COMMITTEE CHARTER

Associate Vice President Klatt presented for action proposed amendments to Board of Regents Policy: *Audit Committee Charter*, as detailed in the docket materials. The changes are intended to align the policy with new language in Board of Regents Policy: *Board Operations and Agenda Guidelines*; incorporate language to address the committee's oversight responsibility for compliance; update language to reflect the name change of the Audit Department to the Office of Internal Audit; and increase the threshold for the committee's review of audit contracts from \$25,000 to \$100,000.

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

**OVERVIEW OF THE FIDUCIARY RESPONSIBILITIES OF
NON-PROFIT AUDIT COMMITTEE MEMBERS**

Regent Brod invited Jay Kiedrowski, Senior Fellow, Humphrey School of Public Affairs, to provide an overview of the fiduciary responsibilities of non-profit audit committee members, as detailed in the docket materials.

Kiedrowski presented and explained seven duties for members of the Board of Regents:

1. Represent citizens of Minnesota.
2. Be a fiduciary.
3. Authorize and review audits.
4. Advance the institution's mission.
5. Set policies.
6. Hire and hold president accountable.
7. Assess controversial issues.

Kiedrowski reported that boards of public and nonprofit organizations traditionally have understood their fiduciary responsibility in narrow terms, though experts now argue that board governance requires more than simple fiduciary duty. He presented the concept of a “governance triangle,” which suggests three aspects of duties:

- Fiduciary – duty of care, duty of loyalty, duty of obedience; mission focused;
- Strategic – shifting from conformance to performance; and
- Generative – discerning problems, engaging in sense making; working with the administration effectively.

In response to questions and comments, Kiedrowski discussed meaningful ways to assess a board’s performance; the importance of collaboration between the president and a board; and the responsibility each board member has to be mindful of policy making vs. managing, and to be fully engaged.

HEALTH SCIENCES RISK PROFILE

Regent Brod introduced Vice President Aaron Friedman to present information on the risk profile of the Academic Health Center, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Friedman provided background on the Academic Health Center (AHC), which includes six schools and colleges, more than 20 inter-professional centers and institutes, 62 degree programs, 6,200 students, 1,400 faculty and nearly 7,500 employees overall. Friedman noted that while the AHC shares many of the risks identified by other parts of the University, the interrelationships between the AHC’s clinical, research, and education missions compound its risk profiles.

Friedman outlined specific risk profiles in the areas of research, education, clinical activities, and mission. Risks include the sustainability of the health sciences school business models; technology and informatics infrastructure; information privacy and security; management information for quick decision-making; and organizational agility to respond to the highly competitive clinical and research market. Friedman highlighted a number of factors and where they fall on the “heat map” of impact and likelihood.

A lengthy discussion ensued regarding risks the institution faces from external factors, addressing the challenges of limited clinical sites, increased partnership with the state, and seeking ways to redesign healthcare delivery.

COMPLIANCE RISK PROFILE

Regent Brod introduced Lynn Zentner, Director of Institutional Compliance, to discuss regulatory risks associated with institutional compliance at the University.

Zentner indicated that, in contrast to risks associated with other major operational components of the University, the compliance risk profile focuses solely on regulatory risks managed within the institution. She explained the collaborative process for developing the compliance risk profile. She reported that compliance partners were asked to provide key statutes and regulations governing their compliance risk, consequences associated with non-compliance, whether the risk is shared by more than one area, and whether there is an opportunity to reduce burden while remaining compliant with regulatory requirements.

Zentner reported on 30 risk areas identified by the compliance partners and whether they were deemed high, medium, or low risk for likelihood and impact. She noted that next steps are conversations with the compliance partners and senior leaders about future monitoring efforts, along with following up with each compliance partner to determine how administrative burden can be reduced.

INTERNAL AUDIT UPDATE

Associate Vice President Klatt presented the Internal Audit Update, as detailed in the docket. Since the last update to the Audit Committee in September 2013, University departments implemented 36 percent of outstanding recommendations rated as "essential," slightly less than the expected implementation rate of 40 percent. Five units fully implemented all their remaining "essential" recommendations. Nine audit reports containing 11 recommendations rated as "essential" were issued in the last five months.

INFORMATION ITEMS

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

- External Auditor's Review.
- Report of Engagements with Accounting Firms.

The meeting adjourned at 9:27 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
February 13, 2014**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, February 13, 2014 at 8:47 a.m. in the W.R. Peterson Conference Room, 600 McNamara Alumni Center.

Regents present: David Larson, presiding; Richard Beeson and David McMillan.

Staff present: President Eric Kaler; General Counsel William Donohue; and Executive Director Brian Steeves.

Others present: Keith Dunder, Amy Phenix, Tim Pramas, Brian Slovut, and Tracy Smith.

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

At 8:47 a.m. 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 Litigation Review Committee be held on Thursday, February 13, 2014 8:45 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. *Patent infringement claims*
- II. *Prescription drug insurance claims*
- III. *Kathryn Brenny v. University of Minnesota*
- IV. *Olga Issaenko v. University of Minnesota*

The committee voted unanimously to approve the resolution.

The meeting adjourned at 9:49 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Academic & Student Affairs Committee
February 13, 2014**

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, February 13, 2014 at 10:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Linda Cohen, Thomas Devine, David Larson, Peggy Lucas, and Abdul Omari.

Staff present: President Eric Kaler; Chancellor Stephen Lehmkuhle; Senior Vice President & Provost Karen Hanson; Vice Presidents Kathy Brown and Brian Herman; Executive Director Brian Steeves; and Associate Vice President Bernard Gulachek.

Student Representatives present: Meghan Mason and Joelle Stangler.

**BOARD OF REGENTS POLICY:
COMMERCIALIZATION OF INTELLECTUAL PROPERTY RIGHTS**

Senior Vice President and Provost Hanson presented for action proposed changes to Board of Regents Policy: *Commercialization of Intellectual Property Rights*, as detailed in the docket. She explained that the proposed amendments came before the committee in December 2013 for review and that no changes had been made since then.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of proposed amendments to Board of Regents Policy: *Commercialization of Intellectual Property Rights*.

RESEARCH & INTERDISCIPLINARITY

Provost Hanson invited Vice President for Research Brian Herman to provide the committee an overview of the University's efforts to foster interdisciplinary research, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Herman noted that interdisciplinary research and thinking gives students an advantage in pursuing answers to interesting problems, and that employers eagerly seek graduates who can bring a broader view. He suggested that interdisciplinarity is challenged by the traditional vertical integration of universities, and that there are persistent cultural and financial barriers to working across disciplines.

Herman introduced three faculty members who highlighted the impact and promise of current interdisciplinary projects:

Trevor Ames, Dean, College of Veterinary Medicine, walked through the Minnesota Global Food Venture, a public-private partnership working on issues of food safety, nutrition and affordability. The work of this partnership includes researchers from the College of Food, Agriculture and Natural Resource Sciences; College of Veterinary Medicine; and School of

Public Health. Ames spoke on the evolution of food research and pointed out that the food industry seeks employees with more than just technical and scientific knowledge.

Timothy J. Ebner, Head, Department of Neuroscience, shared research on neuromodulation deep brain stimulation (DBS) to treat brain conditions. He spoke of nervous system disorders as a grand challenge, and explained that neuromodulation DBS combines basic knowledge of brain function with new technology and then translates those advances into successful therapy. Ebner noted that 27 faculty members from seven University departments worked together to prepare a neuromodulation grant application. While the application was not successful, the process yielded a novel closed loop stimulation for neuropsychiatric disease.

Carissa Schively Slotterback, Chair, Regional Policy and Planning, Humphrey School of Public Affairs, introduced the Resilient Communities Project (RCP), which establishes a year-long community partnership to advance sustainability and resilience. The partner community identifies 15-25 projects, RCP matches those projects with University courses, and students complete the projects as part of their coursework. In two years, RCP has involved more than 400 students across dozens of departments and 10 colleges.

In response to a question from Regent Omari, Hanson acknowledged that the interconnection between a growing emphasis on interdisciplinarity and the promotion and tenure process is an important issue. She noted the need to look at tenure statements and examine cultural barriers.

In response to a question from Regent Devine, Ebner noted that MnDRIVE (Minnesota Discovery, Research and Innovation Economy) strongly supports collaboration and positions the University to be competitive. Schively Slotterback added that the challenge is sustaining success over time given that this kind of work doesn't align with existing budget processes, which send money to specific colleges.

President Kaler added that MnDRIVE is a "game-changer" and is a model that is here to stay.

ANNUAL GRADUATE EDUCATION PLANNING & UPDATE

Provost Hanson and Vice Provost Robert McMaster introduced Sally Gregory Kohlstedt, Acting Vice Provost and Dean of Graduate Education, to update the committee on the configuration and value of graduate education within the University, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Kohlstedt reviewed a variety of statistics related to graduate education, including changes in enrollment across disciplines and projected growth in employment by level of educational attainment. She shared that post-baccalaureate students make up 32 percent of the enrollment on the Twin Cities campus.

Kohlstedt walked through Minnesota student debt by degree category, with average debt of those graduating with a master's degree at \$30,304; a doctoral degree at \$54,892; and a professional degree at \$114,170. She explained that stipend expenditures for graduate assistants have fallen by 1.9 percent in the past five years, while expenditures for fellows and trainees have fallen by 2.5 percent. At the same time, the amount of tuition waivers for graduate assistants have fallen 4.6 percent.

In response to a question from Regent Devine, Kohlstedt noted that the arts and humanities are a particular concern for attracting and retaining graduate students.

In response to a question from Regent Simmons, Kohlstedt discussed the need to determine whether the University is "right-sized" in terms of its offerings. She explained that the University recently eliminated 22 programs but added 22 others, which indicates the institution is being strategic about what is offered and why.

In response to a question from Regent Lucas, Kohlstedt agreed that current efforts are insufficient regarding the recruitment of under-represented students.

In response to a comment from Student Representative Mason, Kohlstedt wondered what "interdisciplinarity" actually means to various graduate students. Kaler noted that the time-to-degree measure is controversial and very disciplinary-specific. He added that it is incredibly important to have disciplinary strength as a graduate student.

UNDERGRADUATE TUITION & FINANCIAL AID PHILOSOPHY

Chair Simmons introduced a memo from Provost Hanson summarizing December 2013 discussions by the committee and full Board on undergraduate tuition and financial aid philosophy, as detailed in the docket.

A motion was made and seconded to incorporate the memo, as follows, into the minutes:

TO: Members of the Board of Regents Academic and Student Affairs Committee

FROM: Karen Hanson, Senior Vice President and Provost

DATE: January 31, 2014

RE: U of M Twin Cities Tuition Philosophy and Financial Aid

Summary of the December meeting

The December BOR Work Session on Twin Cities Campus Undergraduate Tuition Philosophy and Financial Aid provided the University of Minnesota administration an opportunity to discuss the current tuition philosophy and related financial aid strategies, and to hear Board member's perspectives on this important topic. In this memo we summarize the discussion (from both the Academic and Student Affairs Committee meeting and the full Board work session) that was scheduled as part of the Board's 2013-14 work plan. In particular, we address some of the key questions and issues that arose in these discussions.

Some of the important topics discussed by the Board included: controlling the cost of education as a Board priority, the determination of the non-resident tuition rate, concern over the rapid rise of indebtedness after the fourth year, the need to account for the full cost of attendance in establishing policy, the importance of investing in student support (to improve graduation rates), the role of endowment in providing financial aid, and the need for both need-based and merit-based strategies.

Current board policy on tuition and fees (*Board of Regents Policy on Tuition and Fees*), establishes the basic principles for assessing, collecting, and managing tuition and fees, provides a solid base for future discussions about tuition. The guiding principles of this policy include:

- Shared responsibility by the student, U of M, and the State of Minnesota
- Support access, retention, and timely progress toward degree

- Take into account the competitive environment, benefits to students, social needs, and level of state appropriation.

Likewise, the Office of the Provost has established a set of principles for financial aid that guide our current financial aid decisions and investments. These include:

- The University will fund and administer a comprehensive financial aid program, including merit-based aid and need-based aid programs.
- The University's financial aid strategies will be linked to University and state goals and priorities. These strategies will be evaluated regularly, and adjusted as necessary, to improve effectiveness of spending as it relates to institutional and state goals.
- In support of retention and timely graduation, multi-year financial aid packages (four years for freshmen, two years for transfer students) will be offered whenever possible. Financial aid will be targeted to degree-seeking students, and continuation of aid for a student will depend upon the student's making satisfactory and timely academic progress toward a degree.
- Financial aid packages will be tailored to each student's circumstances and may include a variety of forms of need-based and/or merit-based aid from numerous funding sources including, but not limited to, University funds, federal and state aid programs, external scholarships and donor-directed funds.
- The University of Minnesota financial aid package for an individual student will not exceed the federal cost of attendance for any given year.
- The University is committed to providing constituents with accurate and clear information about college costs, financial aid, and debt burdens. The University will provide responsive service to its students and their families.
- As a public institution, the University supports access for qualified students, and its review of applicants for undergraduate admissions is need-blind. A student's ability to pay is not a factor in determining admissibility.

Principles Specific to Need-Based Aid:

- Financial aid strategies and tuition strategies will be closely aligned.
- Institutional need-based financial aid will be a critical component in maintaining access for many promising students who otherwise would not be able to attend the University.
- As a public land-grant institution, the University will focus its need-based aid on Minnesota residents.
- The largest amounts of University of Minnesota need-based aid will be provided to the students with the greatest need as determined by the FAFSA, and based on the Expected Family Contribution.
- Need-based financial aid will be provided to families with incomes up to the "middle income" level. This level will be reviewed and defined annually.

Principles Specific to Merit-Based Aid:

- A major focus of merit-based aid will be to attract high-achieving students to the University and support their retention and timely graduation.
- As a public land-grant institution, the University will award the majority of freshman academic merit-based scholarships to Minnesota residents, but will also use merit aid to attract and retain excellent non-resident students.
- Scholarship awards will be leveraged to enhance the diversity of the freshman class, with diversity broadly defined to include geographic, ethnic, and socioeconomic differences, as well as special talents.
- The University may award merit-based financial aid to support its signature strengths and increase enrollments in priority areas.

The December work session and board discussion largely affirmed current policy and philosophy concerning undergraduate tuition philosophy and financial aid. However, Board members did focus on two major issues: Long-term Tuition Philosophy / Financial Aid Strategies and Administrative Plans Moving Forward.

Long-term Tuition Philosophy and Financial Aid Strategies

- Tuition philosophy and financial aid policy are strongly related to enrollment management and are established, in part, to achieve our enrollment goals while also balancing access for all qualified students.
- The Minnesota resident tuition will be kept as low as possible, given budgetary considerations which are largely driven by State of Minnesota investment in the University.
- The non-resident tuition will be based on the average of the U of M peer group.
- International student tuition will be the same as non-resident tuition, with additional fees applied that reflect the additional costs of educating and supporting international students.
- The Office of Student Finance will continue to fully package students with aid (including loans) up to the cost-of-attendance.
- The University will continue to maintain a balance between merit-based aid and need-based aid strategies. Need-based resources should be sufficient to enable financial access for all qualified students. Merit-based resources should enable the University to maintain competitiveness in attracting the best and brightest students. Many students receive a mixture of need- and merit-based aid.
- The University will continue to support through state funds the U of M Promise program, which provides need-based financial aid for low- and middle-income Minnesota undergraduate students.
- Given adequate resources, the University of Minnesota will continue to cover full tuition and fees for those students with zero-Expected Family Contribution (EFC), through a combination of Pell, State Grant, and U of M Promise funds.
- The University will continue to offer competitive financial aid packages to attract the very brightest students.
- The University will maintain and enhance the financial literacy programs at all levels with a focus on careful management of finances and the reduction of student debt.

Administrative planning for accessibility and affordability-Twin Cities Campus Undergraduates

The University is committed to ensuring that the U of M is both accessible and affordable to qualified Minnesota students. On the Twin Cities campus, this will involve a multi-pronged approach focused on: enhancing student success in order to increase timely graduation, better messaging to students on the importance of debt management and loan behavior, and securing additional scholarship resources.

Plans to accomplish our goals include:

Student Debt: The Office of the Provost will continue to carefully monitor the debt loads of students at all income levels. The work of the Financial Aid Advisory Committee will continue to focus on utilizing all possible resources (gift aid, work study, loans) in packaging. The Provost's office will continue to work closely with the University of Minnesota Foundation in order to identify and secure new scholarship funds for both

need-based and merit-based programs and to ensure that all scholarship funds are fully utilized.

Student Support: The Office of the Provost will continue to enhance student support programs for academic advising, career counseling, and student engagement. Messaging about financial literacy and timely graduation will be better harmonized among central offices, the Colleges, and their academic departments. Where appropriate, the University will continue to develop new programs, such as the recently developed “Retaining all Our Students (RaOS)” to provide both academic and financial support.

Financial Aid Scorecard: A student financial aid scorecard will be developed to provide all students, on a semi-yearly basis, information on financial aid received, loans and potential payback schedules, debt loads, and degree progress. It will encourage students with excessive debt loads to seek assistance from the Office of Student Finance.

Accountability: A full tuition and financial aid report will be provided to the Board of Regents each December.

In summary, the robust discussion among the Board of Regents and the U of M administration affirmed the Board policy on tuition and financial aid, as well as the direction of new plans moving forward.

Regent Cohen noted that while she agreed with the contents of the memo, the Board’s December discussions included neither the major philosophical discussion of high tuition/high aid vs. lower tuition/lower aid nor the ratio of need aid to merit aid. She added that the memo was very specific and did not reflect a Board-level statement.

Regent Omari praised the memo for moving the University in the right direction and noted the institution’s emphasis on financial literacy.

Chair Simmons suggested highlighting the open issues with the Board chair and University leadership to determine how best to proceed.

The committee voted unanimously to include the memo in its minutes.

CONSENT REPORT

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

- **Request for Approval of New Academic Programs**
 - College of Liberal Arts (Twin Cities campus)—Create B.A. degree in Biblical Studies
 - College of Liberal Arts (Twin Cities campus)—Create B.A. degree in Classics
 - Law School (Twin Cities campus)—Create Master of Science Patent Law (M.S.P.L.) degree
 - Medical School (Twin Cities campus)—Create Fellowship in Integrated Orthopaedic Surgery/Neurosurgery Spine

- **Request for Changes to Academic Programs**
 - College of Education and Human Development (Twin Cities campus)—Create sub-plan in Interdisciplinary Studies within the M.Ed. degree in Curriculum and Instruction
 - College of Education and Human Development (Twin Cities campus)—Create sub-plan in Parent Education Specialty Teaching License within the M.Ed. degree in Family Education
 - College of Liberal Arts (Twin Cities campus)—Create sub-plans in Classical Civilization, Greek, Greek and Latin, and Latin within the B.A. degree in Classics
 - College of Liberal Arts (Twin Cities campus)—Create sub-plans in Organization, Business, or Non-Profit, Health Care and Careers, Policy Analysis, and Quantitative Emphasis within the B.S. degree in Sociology
 - College of Science and Engineering (Twin Cities campus)—Create Plan C option within the M.S. degree in Aerospace Engineering and Mechanics
- **Request for Approval of Discontinued Academic Programs**
 - College of Liberal Arts (Twin Cities campus)—Discontinue B.A. degree in Classical Civilization
 - College of Liberal Arts (Twin Cities campus)—Discontinue B.A. degree in Greek
 - College of Liberal Arts (Twin Cities campus)—Discontinue B.A. degree in Latin
 - College of Science and Engineering (Twin Cities campus)—Discontinue M.Aero.E. in Aerospace Engineering and Mechanics

The meeting adjourned at 11:49 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Finance Committee
February 13, 2014**

A meeting of the Finance Committee of the Board of Regents was held on Thursday, February 13, 2014 at 10:00 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Clyde Allen, Richard Beeson, Laura Brod, John Frobenius, and Dean Johnson.

Staff present: Chancellor Fred Wood; Vice Presidents Kathryn Brown and Richard Pfitzenreuter; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason and Michael Volna.

Student Representatives present: John Reichl and Drew Underdahl.

Regent McMillan introduced Drew Underdahl, new student representative to the Board of Regents.

**RESOLUTION RELATED TO ISSUANCE OF DEBT:
AMBULATORY CARE CENTER**

Vice President Pfitzenreuter and Carole Fleck, Director of Debt Management, provided an overview of the resolution related to issuance of debt, as detailed in the docket materials.

Fleck explained that the University of Minnesota Physicians (UMP), the University of Minnesota Medical Center Fairview (Fairview), and the University of Minnesota (University) are undertaking development of an Ambulatory Care Center (ACC) to provide patient and family centered health care services. The University has agreed to finance the construction of the ACC contingent upon the receipt of corporate guarantees of the debt from UMP and Fairview and negotiated leases. If approved, the resolution authorizes the issuance and sale of debt up to an aggregate principal amount of \$165,500,000 to finance the ACC project.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Resolution Related to Issuance of Debt.

BOARD OF REGENTS POLICY: *ENDOWMENT FUND*

Vice President Pfitzenreuter and Associate Vice President Mason presented for review proposed amendments to Board of Regents Policy: *Endowment Fund*, as described in the docket materials.

Mason noted that the proposed amendments relate to reporting on sustainability and renewable energy investments in an effort to address concerns raised by various student and community groups.

The required annual report to the Board of Regents will now:

- Outline a comparison to peer institutions of relative performance and asset allocation.
- Include steps taken to provide opportunities to emerging minority-owned and woman-owned investment management firms.
- Include an evaluation of investments related to sustainability and renewably energy.

In response to questions, Mason indicated that Board of Regents Policy: *Endowment Fund* sets forth four long-term investment objectives, provides for review of the investment program, sets asset allocation guidelines, and specifies reporting to the Board. The proposed amendments are intended to provide information to the Board, but do not create specific investment strategies around sustainable investments.

Student Representative Reichl expressed appreciation for the proposed amendments and to the administration for bringing this issue forward in a collaborative and constructive way.

Board of Regents Policy: *Endowment Fund* will return for action at a future meeting of the committee.

ANNUAL CAPITAL FINANCING & DEBT MANAGEMENT REPORT

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

Fleck reported that as of June 30, 2013, the University's long-term outstanding debt was \$1,300,730,000, consisting of general obligation bonds, special purpose revenue bonds, commercial paper notes, auxiliary revenue bonds, infrastructure development bond obligations, and capital leases. The balance outstanding at June 30, 2013 was \$1,002,398,000, excluding the special purpose revenue bonds (state-supported debt for TCF Bank Stadium and the biomedical science research facilities).

Fleck reviewed guiding principles for issuance of debt, provided a long-term debt analysis, and reviewed the current amortization structure. She discussed the institution's credit rating and debt capacity determinants, noting that an analysis of student demand, market position, and financial indicators places the institution solidly in the strong "Aa" category.

Fleck presented and discussed significant debt transactions in fiscal years 2013 and 2014, which included funding a portion of the Northrop renovation, construction of residence halls, a portion of the biomedical science research facilities, and the combined heat and power plant. She provided an analysis of this institution relative to its peers in total resources, discussed direct debt, total resources to direct debt, expendable resources to direct debt, debt service as a percentage of operations, and expendable resources to operations.

A discussion ensued regarding debt capacity, debt service to facility operations, and the need to be continually mindful of capital projects and opportunities that arise and how they may impact debt capacity.

ANNUAL INVESTMENT PERFORMANCE: PEER COMPARISONS

Associate Vice President Stuart Mason provided an overview of the University's annual investment performance and peer benchmarking report as detailed in the docket materials.

Mason reviewed the Annual Peer Benchmarking Report, which contains a summary of investment performance and asset allocation data relative to peer institutions for the fiscal year ending June 30, 2013. He highlighted the following:

- Consolidated Endowment Fund (CEF) investment performance of 12.8 percent ranked in the upper decile of peer institutions.
- Drivers of performance included distressed debt and venture capital managers who produced greater than 20 percent returns, in addition to overweight to U.S. equities.
- Other factors contributing to outperformance included an underweight to international developed equities and an underweight to hedge fund managers, both of which significantly underperformed their long-term performance trends.
- Increased portfolio liquidity and an enhanced asset allocation framework have positioned the endowment fund for continued success in coming years.

Mason provided information on CEF performance relative to peer institutions, reporting that overall, this institution's CEF performed favorably among its peers.

ANNUAL INSURANCE & RISK MANAGEMENT REPORT

Associate Vice President Volna and Steven Pardoe, Director of Risk Management and Insurance, provided a report on the risk management and insurance programs at the University for FY 2013, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Pardoe reported that the financial consequences of risk may be retained or transferred. Risk retention, often called "self-insurance," is characterized by retention of financial risk consequences by the entity, while risk transfer is the passing of financial risk consequences to a third party, typically an insurance company via purchase of a contract. Pardoe noted that this institution categorizes its risk as liability, workers' compensation, or property and miscellaneous. He reported that the University's total cost of risk for FY 2013 was \$12.5 million, which remained virtually unchanged from \$12.4 million during the previous year. (Total cost of risk is the sum of captive costs, self-insured costs, and the cost of commercially purchased insurance.)

Pardoe provided a summary of FY 2013 milestones and accomplishments in the Office of Risk Management and reported FY 2014 goals, which are to:

- Explore possibilities for reducing the incidence of slip/trip/fall accidents on campus.
- Investigate education and engineering remediation of back injuries arising from improper lifting of trash bags.
- Consider alternatives for addressing risks specific to the use of cell phones while operating a vehicle in the course of University business.

Pardoe reported that University property is insured to the highest reasonable level. Insured value and policy limits have increased while the premium has remained stable. He reported that in FY 2010, the deductible was increased from \$200,000 to \$500,000, resulting in \$2.7 million savings over the past three years.

CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket, including:

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

- To North Highland Company for \$1,300,000 for consulting services to support the Program Management Office of the Enterprise Systems Upgrade Program (ESUP). ESUP is a University-wide program approved by the Board of Regents of the University of Minnesota. The cost of these services and products is covered by the approved budget for the program. Vendor was selected through a competitive process.

General Contingency:

- Expenditure of \$275,000 by the Vice President for University Services for increased student-related public safety operations.

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

INFORMATION ITEMS

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

- Annual Report on Central Reserves
- Quarterly Asset Management Report
- Emergency approval of purchase of goods and services \$1,000,000 and over:
 - To IntraSee, Inc. for an estimated \$1,600,000 for consulting services and products related to the implementation of the Oracle PeopleSoft portal as part of the Enterprise System Upgrade Program.

The meeting adjourned at 12:01 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Facilities & Operations Committee
February 13, 2014**

A meeting of the Facilities & Operations Committee of the Board of Regents was held on Thursday, February 13, 2014 at 1:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Linda Cohen, Thomas Devine, Dean Johnson, Peggy Lucas, and Abdul Omari.

Staff present: President Eric Kaler, Chancellor Jacqueline Johnson, Vice President Pamela Wheelock, Executive Director Brian Steeves, and Associate Vice President Michael Berthelsen.

Student Representatives: Hannah Keil and Benjamin Metcalf.

SCHEMATIC PLANS

A. TCF Bank Stadium Improvements, Twin Cities Campus

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

The schematic plans for the TCF Bank Stadium Improvements, Twin Cities Campus are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Wheelock invited Suzanne Smith, Assistant Vice President for Capital Planning & Project Management, to answer questions.

In response to a question from Regent Lucas, Smith indicated that the field heating system, winterization in several areas of the building, and additional storage space would remain intact at the end of the Vikings' use of the stadium.

In response to a comment by Regent Johnson, Vice President Wheelock agreed that a strong partnership with the Vikings is important to ensure that the operations, staffing, and expectations for behavior are consistent with the University's goals and standards.

The committee voted unanimously to recommend approval of the schematic plans for the TCF Bank Stadium Improvements, Twin Cities Campus.

ANNUAL REPORT ON SUSTAINABILITY, ENERGY MANAGEMENT, & UTILITIES

Vice President Wheelock introduced Chancellor Jacqueline Johnson, University of Minnesota Morris and co-chair of the system-wide Sustainability Committee; Amy Short, Director of Sustainability; Mike Berthelsen, Associate Vice President for Facilities; and Jerome Malmquist, Director of Energy Management, to provide an update on progress made to advance Board of Regents Policy: *Sustainability and Energy Efficiency*, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Johnson walked through the obligations of the Presidents' Climate Commitment, signed in 2008, which include reducing greenhouse gas emissions and the University's carbon footprint. She noted that the distinct attributes and varied locations of system campuses and research and outreach centers present challenges to a system-wide approach for addressing sustainability but offer the opportunity to model a variety of approaches.

Short updated the committee on key sustainability program areas, stating that significant work has been done in the area of waste diversion and minimization. A zero-waste effort at TCF Bank Stadium has resulted in diversion of more than 80% of the waste, equivalent to 50 tons, to recycling and compost. She also shared that between 2008 and 2012 the system reduced CO₂ by 22 percent.

Berthelsen explained that the reductions were achieved by focusing on areas where the most energy is consumed. He added that research labs account for 27 percent of University space but 56 percent of energy use. Benchmarking against other universities has shown that energy consumption can be reduced by up to 50 percent in those spaces.

Malmquist outlined the University's recommissioning program, which returns buildings to "like new" performance specifications. Projects are selected that will show a return on investment in five years or less. Malmquist shared that the Biological Sciences Building was recommissioned in 2013, resulting in a 14 percent reduction in energy consumption over the 2012 baseline and projected cost savings of \$400,000 annually.

In response to a question from Regent Johnson, Malmquist explained that the University received a Customer of the Year award from CenterPoint Energy for saving the most therms of energy among their customers, after adjusting for size.

INFORMATION TECHNOLOGY PLANNING

Vice President Wheelock introduced Vice President and Chief Information Officer Scott Studham to discuss progress toward setting and implementing University IT priorities, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Studham updated the committee on four key initiatives currently underway: the addition of 450 new wireless access points on the Twin Cities campus; enhancements to the academic technology tool Moodle; development of a common process for end user support; and learning space redesign to accommodate student use of laptops and other devices.

He explained the process for plotting and tracking emerging technologies on a hype-cycle that graphically illustrates where a technology exists within a timeline to mainstream adoption and peak expected productivity. He showed how several notable technologies such as massive open online courses, cloud email, and e-textbooks have moved through this cycle in the last three years. Studham also shared an overview of the IT Capital Plan through 2020, including a key identifying which projects have funding streams already identified.

In response to a question from Regent Johnson, Studham said a just-in-time approach is used to move a new technology from a small, local investment to an enterprise-wide deployment. He indicated that the University benefits most when the adoption occurs as needed or after a slight delay.

In response to a question from Regent Allen, Studham explained that the University uses technical controls around sensitive data, such as two-factor authentication, as well as administrative controls enforced through human resources policies that set guidelines for protecting sensitive information.

CAMPUS SAFETY UPDATE AND RESOLUTION

Vice President Wheelock provided an update on the University's approach to promote safety on and near the Twin Cities campus through education, environment, enforcement and engagement. Wheelock also provided an overview of the proposed resolution related to public safety, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Wheelock shared that a new student awareness campaign has been rolled out to heighten consciousness around safety and the Office for Student Affairs is exploring expanded self-defense and personal safety workshops for students, faculty and staff. She affirmed the University's commitment to working in partnership with other agencies and the public by outlining a variety of town hall meetings, discussions and strategy sessions with students, student groups, law enforcement agencies, and civic leaders.

Wheelock introduced Greg Hestness, Assistant Vice President for Public Safety and Chief of Police, to provide an update on enforcement. Hestness informed the committee that three new officers were added to the University of Minnesota Police Department (UMPD) in mid-December, for a total of 50 officers. He added that in partnership with University Services, an additional 20-30 student staff would be added to the Security Monitor Program.

Wheelock walked through the resolution language and explained that it shows support for the University's decision to re-allocate Facilities Management Repair and Replacement funds to invest at least \$4.1 million for use on a variety of campus safety projects. Those projects include improved lighting along University and Washington avenues, additional security cameras on highly traveled pedestrian routes, implementation of a building access program, and funding for the increases in UMPD officers and student monitors.

In response to a question from Regent Johnson, Hestness indicated that the vast majority of crimes are property crimes that result in few arrests. Wheelock added that during the fall semester, UMPD made 20 arrests and 100 stops in partnership with the Minneapolis Police Department while surveying for pre-robbery, predatory behavior.

In response to a question from Regent Omari, Wheelock explained that biggest challenge is the lack of distinction between on-campus and off-campus, which requires the University to be good partners with businesses and community organizations to extend the same efforts around cameras and lighting upgrades into the neighborhoods around campus.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Resolution Related to Public Safety.

INFORMATION ITEM

Vice President Wheelock referred committee members to the following information item:

- TCF Bank Stadium Improvements – Twin Cities Campus

The meeting adjourned at 3:54 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Faculty & Staff Affairs Committee
February 13, 2014**

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, February 13, 2014 at 1:45 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Richard Beeson, Laura Brod, David Larson, David McMillan and Patricia Simmons.

Staff present: Chancellors Lendley Black and Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; Vice President Kathryn Brown; General Counsel William Donohue; and Executive Director Brian Steeves.

Student Representatives present: Joseph Daniewicz and Kevin Lang.

REPEAL OF BOARD OF REGENTS POLICY: DEATH BENEFITS

Vice President Brown presented for review a proposed repeal of Board of Regents Policy: *Death Benefits*, as detailed in the docket.

Board of Regents Policy: *Death Benefits* was adopted in 1945 and provides for the payment of one month's salary for certain faculty and staff members who die while they are employed by the University. Brown noted that the benefit called for under the policy was essentially replaced decades ago by employer-provided life insurance coverage for University faculty and staff. Moreover, it is not an insured benefit, and therefore does not provide the ability to name a beneficiary or a policy owner. Brown explained that this has caused administrative complexity for both the University and estates of deceased employees.

Brown added that the benefit called for in this policy was negotiated out of the contracts with the University's labor-represented employees several years ago, with the exception of the labor-represented faculty at University of Minnesota Duluth.

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

ENGAGEMENT SURVEY RESULTS AND ACTION PLAN

Vice President Brown invited Brandon Sullivan, Director of Employee Engagement, Office of Human Resources (OHR), to provide an overview of results from the 2013 employee engagement survey, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Sullivan noted that the degree to which employee engagement is present significantly shapes the quality of experiences and outcomes in the workplace. He walked through the survey's goals: to understand the current state of the University workforce, and to inform action planning to enhance the workplace. He shared the record high survey response rate of 47

percent of faculty and 60 percent of staff, noting that more than 3,000 more employees responded to this survey than to the last faculty/staff survey administered system-wide.

On the survey's two key metrics of commitment/dedication and effective environment, the University scored on par with or above private-sector norms. Sullivan reminded the committee that the survey was designed to include a variety of items on specific drivers of engagement so individual units could identify clearly where they needed to take action. The survey will be repeated annually so progress can be tracked.

In response to a question from Regent Frobenius, Sullivan acknowledged great variability in engagement across both the norm group and at the University.

In response to a question from Regent Larson, Sullivan responded that the survey reached only the 80 percent of University employees who are benefits-eligible.

In response to questions from Regent Brod, Sullivan observed that a 47 percent faculty response rate is very high relative to the 32 percent faculty response rate from the last survey. He offered that there is less correlation between high engagement scores and high survey participation than some might think.

EMPLOYEE RELATIONS PRIMER

Vice President Brown invited Patti Dion, Director of Employee Relations and Compensation, Office of Human Resources (OHR), to present foundational information on employee relations, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Dion walked through the statutory employee group structure; employee groups designated by Board policy; and Fair Labor Standards Act designations. She noted that about two-thirds of the University's work force is non labor-represented, which is unusual for a public entity.

Brown acknowledged various challenges related to so many employee groups and the complicated intersection of federal and state law and Board and administrative policies. Dion walked through some of OHR's ongoing work to review terms and conditions of employment and policies to improve efficiency of administration and equity among employee groups.

In response to a question from Regent Simmons, Dion explained that state law is not a barrier to the University and that the Public Employees Labor Relations Act brings value to employees by categorizing them into communities of interest.

WORK+: DESIGNING & UTILIZING SPACE THAT SUPPORTS THE WORK

Vice President Brown invited Patricia Franklin, Associate to the Vice President for Human Resources, and Brian Swanson, Assistant Vice President for Finance, University Services, to provide an update on the University's Work+ Program, as detailed in the docket.

Franklin reminded the committee that OHR began a Work+ pilot in July 2013. This pilot involved redesign and renovation of the first floor of the Donhowe Building to reflect and accommodate the space and human resource needs of workers from target OHR departments. Noting that 60 percent of all office space is empty at any given time, Franklin and Swanson showed a short video tour of the new space, and shared a variety of key outcomes of the Work+ pilot. They include:

- Reduced assigned square feet by 22 percent while increasing the number of employees housed.
- Reduced OHR's building footprint from five buildings to two.
- Removed more than 12 tons of paper from the Donhowe Building.
- Avoided almost \$55,000 in labor and materials costs through installation of LED lighting with bulbs that last 16 years.
- Cost \$75 per square foot, substantially lower than the traditional University office remodel.

In response to a question from Regent Frobenius, Swanson explained that the University owns its Work+ models and that the rest of Donhowe will be redesigned when funds are available.

CONSENT REPORT

Vice President Brown presented for action the Consent Report, which included two amendments to the Faculty Retirement Plan and the appointment of Dr. Jay Brooks Jackson as Dean of the Medical School and Vice President for Health Sciences.

A motion was made and seconded, and the committee voted unanimously to separate the Consent Report into three items for separate votes.

Brown walked through the two proposed Faculty Retirement Plan (Plan) amendments:

1. Include all summer research and instructional earnings as eligible for Plan contributions, regardless of funding source.
2. Eliminate the waiting period for professional and administrative employees to enter the Plan.

In response to a question from Regent Brod, Brown explained that new costs incurred by eliminating the waiting period would be distributed through the fringe pool, thus paid locally by units.

Motions were made and seconded, and the committee voted unanimously three times to recommend approval of the items in the Consent Report.

INFORMATION ITEMS

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

- Personnel highlights
- University highlights
- Faculty and staff activities and awards

The meeting adjourned at 3:46 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
February 14, 2014**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 14, 2014 at 9:00 a.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; Chancellors Lendley Black, Jacqueline Johnson, Stephen Lehmkuhle, and Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert, Kathryn Brown, Aaron Friedman, Brian Herman, Richard Pfitzenreuter, Scott Studham, and Pamela Wheelock; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Terry Bock, Gail Klatt, and Michael Volna.

APPROVAL OF MINUTES

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

Ad Hoc Nominating Committee - December 12, 2013
Special Committee on Academic Medicine - December 12, 2013
Audit Committee - December 12, 2013
Academic & Student Affairs Committee - December 12, 2013
Finance Committee - December 12, 2013
Facilities & Operations Committee - December 12, 2013
Faculty & Staff Affairs Committee - December 12, 2013
Board of Regents - December 12, 2013

REPORT OF THE PRESIDENT

President Kaler reported on "Retaining All Our Students," a recently launched initiative focused on improving first-year retention rates among low-income University students. The program is built around four components: financial literacy, summer seminar, enhanced advising, and peer tutoring in key courses. Kaler showed a video clip of First Lady Michelle Obama, who specifically mentioned the University at a recent White House summit on expanding higher education opportunities.

Kaler announced the completion of work by a task force convened by Senior Vice President for Academic Affairs and Provost Karen Hanson to examine a potential merger of the College of Food, Agricultural and Natural Resource Sciences and the College of Biological Sciences. The task force was charged with reviewing the idea of a new college from varied perspectives with no foregone conclusions, including a vigorous process of consultation with internal and external stakeholders. The task force recommended against merging the two colleges.

Kaler provided updates on campus safety, fostering alumni relationships, and meetings with legislators to advance the institution's capital request. He also reviewed and distributed an update on his 2013-14 work plan.

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

REPORT OF THE CHAIR

Chair Beeson reported that he had the pleasure of speaking to over 400 alumni, community members, students, and others attending the University of Minnesota Alumni Association's legislative briefing. Several Regents attended and heard about the impact capital request projects will have on research and learning.

Chair Beeson emphasized the Board's strong support for President Kaler's commitment to public safety, reported on several events attended by Regents, and highlighted the student art on display throughout the Office of the Board of Regents.

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

CONSENT REPORT

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

- Report of the All-University Honors Committee recommendation forwarded in a letter from President Kaler dated January 29, 2014;
- Summary of Gifts through December 31, 2013; and
- Summary of Expenditures.

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

ANNUAL REPORT ON THE STATUS OF UNIVERSITY RESEARCH & COMMERCIALIZATION OF INTELLECTUAL PROPERTY

Chair Beeson invited Vice President Brian Herman to present the annual report on the status of University research and commercialization of intellectual property as outlined in the docket and associated materials distributed at the meeting and on file in the Board Office.

Herman reported that University of Minnesota faculty and staff competed successfully for \$693 million in sponsored research awards in FY 2013, a decrease of 7.5 percent from FY 2012. He noted that sources of federal research funding have remained relatively constant, with the National Institutes of Health and National Science Foundation accounting for approximately 70 percent of the federal total and other sources showing a decline over FY 2012.

Data comparing schools in the Big Ten over the past five years show that the University ranks third among the Big Ten for total awards received. Herman pointed out that a majority of the universities have seen a decrease in award amounts or remained flat with the exception of Michigan, which showed an increase for the second year in a row. He offered that this data demonstrates that a majority of universities cannot afford to rely on unpredictable federal funding levels and remain competitive in the long run.

In highlighting year-to-year variations in research funding throughout the past five years, Herman noted that without including funding from the American Recovery and Reinvestment Act (ARRA), the University's funding has remained stable, consistent and competitive. He stated that throughout the duration of ARRA funding, the University received a total of \$251.6 million in ARRA funds, the second highest amount in the Big Ten behind Michigan.

Herman reported that the institution has been successful in technology commercialization, with an increase in patent filings and invention disclosures. In addition, a record 14 start-up companies were launched in the past year, topping the previous record in FY 2012. He noted that the University of Minnesota ranks ninth in research expenditures among public research universities nationally, with the Twin Cities campus posting over \$826 million of the system-wide total of more than \$849 million.

Herman presented the "Triple Helix," an illustrated model of innovation and business development. The Triple Helix represents the complex relationship between the entrepreneurial university, business and industry partners, and government entities. Herman reported that the recently launched Office of University Economic Development will expand capacity for business relations and better align system-wide resources to present a unified "front door" to external business partners. That office will work with industry partners and the University to implement new economic initiatives that stem from University research and entrepreneurial activities.

Herman reported on four thematic areas resulting from the Office of the Vice President for Research (OVPR) strategic planning process:

- Enhance research excellence;
- Advance transdisciplinary partnerships;
- Accelerate transfer of knowledge for the public good; and
- Promote a culture of serendipity.

Herman outlined specific plans under development to support the themes, summarized next steps, and reported on an executive steering committee of leaders and experts in many fields across the University to provide guidance as OVPR focuses on its strategic planning goals.

In response to questions from Regent Allen, Herman affirmed that informatics is a priority for his office. He reported on the establishment of the University of Minnesota Informatics Institute to support research. The Institute is specifically designed to build upon current physical and intellectual informatics infrastructure.

In response to comments from Regent Simmons, Herman observed that the future for federal funding is uncertain and at best will remain flat. He suggested that the institution must diversify its research funding portfolio, develop more public/private partnerships, and leverage research investments. Herman noted a large share of faculty time is devoted to administrative processes and it will be essential to find ways to decrease administrative burdens.

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor Will Durfee, Chair of the Faculty Consultative Committee (FCC), reported on the activities of the committee since its last report to the Board of Regents. Recent issues addressed by the FCC include graduate education, strategic planning, curriculum and academic programs, and faculty engagement.

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

ENHANCING THE IMPACT OF THE UNIVERSITY'S EQUITY & DIVERSITY EFFORTS

President Kaler introduced Vice President Katrice Albert to report on enhancing the impact of the University's equity and diversity efforts at the University of Minnesota, as highlighted in the docket and associated materials distributed at the meeting and on file in the Board Office.

Albert reported that since her arrival on campus in June 2013 she has been engaged in strategic listening across the University system to guide development of a vision and priorities for the Office for Equity and Diversity (OED). Based on these listening sessions, she shared three strategic priorities:

1. Recruiting and retaining underrepresented faculty and students.
2. Addressing issues of campus climate for diverse communities within the University.
3. Creating and enhancing strategic partnerships internally and externally.

Albert highlighted an issue that is facing colleges and universities nation-wide: African American men make up less than four percent of students enrolled at higher education institutions and have lower six-year graduation rates than students overall. Albert provided a number of statistics related to Twin Cities campus freshman students of color by race, ethnicity and access, and stressed a strategic priority of OED is to recruit and retain underrepresented faculty and students. She also noted that students of color in this institution report feeling a decreased sense of belonging on campus and that the overall climate can be less than welcoming. Albert reported on the newly-launched Campus Climate Workgroup that will proactively address inclusivity on campus.

In response to comments from Regent Cohen, Albert described the need to think about bold ideas for recruiting and encouraging students of color to see the University of Minnesota as their top college of choice. Albert also discussed a pilot program to bring high school students to campus to "demystify" college and demonstrate academic and leadership opportunities available to them if they choose to attend the University.

UPDATED BYLAWS FOR EASTCLIFF COMMITTEES

Regent Simmons presented for review and action proposed changes to the bylaws of Friends of Eastcliff (FOE) and Eastcliff Technical Advisory Committee (ETAC), as detailed in the docket materials. FOE and ETAC were created by the Board of Regents in the late 1980s to provide assistance and advice on matters related to the oversight of Eastcliff, the official residence of the president of the University system. The changes are intended to update and clarify the existing bylaws for both committees.

A motion was made and seconded, and the Board of Regents voted unanimously to approve proposed changes to the Friends of Eastcliff and Eastcliff Technical Advisory Committee bylaws, as follows:

Eastcliff Advisory Board Bylaws

Mission

Eastcliff has a unique role among University of Minnesota buildings in that it serves both as a public facility for events and meetings and as the private residence of the University

president and family. The Eastcliff Advisory Board (EAB) is created by and accountable to the Board of Regents. Its mission is to advise the Board of Regents on plans and major expenditures related to Eastcliff, assist in the solicitation of private resources to support Eastcliff, and nurture continued public support for the home to ensure that it projects an image worthy of the University's rich history and tradition. It plays an important role in considering both internal and external perspectives regarding spending decisions at Eastcliff and ensuring that the Board of Regents has appropriate governance-level oversight of this important University asset.

Membership

Chair:

- Board of Regents member (selected by the chair of the Board of Regents)

Voting Members:

- Vice President for University Services or designee (1)
- Vice President & Chief Financial Officer or designee (1)
- President, University of Minnesota Foundation or designee (1)
- Members who are not University employees, appointed by the chair of the Board of Regents for two-year terms that run concurrently with the term of the EAB chair (3-6)

Non-Voting Members:

- Chair, Eastcliff Technical Advisory Committee (1)
- Board of Regents Executive Director (1)
- President's designee, Office of the President (1)
- University Associate (President's Spouse) (1)
- Director, Minnesota Landscape Arboretum or designee (1)

Staff:

- Office of the Board of Regents

Responsibilities

1. Master Plans, Capital Improvements, and Significant Expenditures. Review recommendations of the Eastcliff Technical Advisory Committee (ETAC) and advise the Board of Regents on master plans, capital improvements, and significant expenditures that enhance the original integrity and design of Eastcliff and its grounds and promote it as an important institutional and residential University resource. Capital improvements and significant expenditures are defined as physical improvements, equipment, furniture, fixtures, decorations, and/or enhancements exceeding \$25,000 in cost. Emergency approvals of capital improvements and/or significant expenditures may be granted through the process outlined in Board of Regents Policy: *Board Operations and Agenda Guidelines*. Any such emergency approvals will be brought to the next meeting of EAB for information.
2. Use of Funding. Advise the Board of Regents on the appropriate use of funding for projects being recommended for approval. Use of private funds must be consistent with donor intent.
3. Fundraising. Review the University of Minnesota Foundation's (UMF) development plan for Eastcliff and assist in the solicitation of private resources consistent with that plan.
4. Public Support. Nurture continued public support of Eastcliff. Advise on issues of public education, awareness and relations, as well as on matters pertaining to donor

appreciation and communications. The term 'Friends of Eastcliff' may be used at the discretion of EAB to recognize individuals and families who have provided financial support for Eastcliff.

5. Annual Report. Review and submit to the Board of Regents an annual report on Eastcliff that includes a summary of the previous fiscal year's financial, maintenance, and operational activity.

Approved by Board of Regents - February 14, 2014

Supersedes: Friends of Eastcliff Committee Bylaws dated November 2008.

Eastcliff Technical Advisory Committee Bylaws

Mission

Eastcliff has a unique role among University of Minnesota buildings in that it serves both as a public facility for events and meetings and as the private residence of the University president and family. The Eastcliff Technical Advisory Committee (ETAC) is created by and accountable to the Board of Regents. Its mission is to bring subject matter expertise to the management of Eastcliff by making recommendations for the improvement, maintenance, operations, and use of the home to ensure that it projects an image worthy of the University's rich history and tradition. In doing so, the committee must balance wise use of University and donor resources with the home's designation on the National Register of Historic Places and appropriately separate, protect, and foster Eastcliff's unique public and private uses.

Membership

Chair:

- Selected by the Chair of the Board of Regents from the voting members of the committee

Voting Members:

- Faculty member designees from the following College of Design disciplines:
 - Architecture (1)
 - Landscape Architecture (1)
 - Interior Design (1)
- Vice President for University Services designees (2)
- Director/designee, Weisman Art Museum (1)
- Board of Regents Executive Director (1)

Non-Voting Members:

- Office of the President designee (1)
- University Associate (President's Spouse) (1)
- Vice President for University Services designees:
 - Public Safety (1)
 - Capital Planning & Project Management (1)

Staff:

- Facilities Management designee

Responsibilities

1. Master Plans, Capital Improvements, and Significant Expenditures. Develop and recommend master plans, capital improvements, and/or significant expenditures that

enhance the original integrity and design of Eastcliff and its grounds and promote it as an important institutional and residential University resource.

Recommendations should be consistent with Eastcliff master plans and follow the University's established capital planning process. Capital improvements and significant expenditures should be maintained on and evaluated against a prioritized list of needs. As annual recommendations are developed and advanced, ETAC should provide estimated project budgets, suggested funding sources, and recommended project delivery methods and timing.

2. Approvals and Recommendations. Except for routine maintenance, repairs, and replacement, ETAC must approve all capital improvements, equipment, furniture, fixtures, decorations, and/or enhancements exceeding \$5,000 but below \$25,000 in cost, consistent with University policies and procurement practices. Expenditures below \$5,000 that could be viewed as personally benefiting the president or family should also be approved in advance by ETAC. Capital improvements and/or significant expenditures exceeding \$25,000 must receive approval of the Board of Regents, which will consider ETAC's recommendations along with advice from the Eastcliff Advisory Board (EAB).

Upon recommendation of the Vice President for University Services, the ETAC chair, in consultation with the chair of the EAB, may act on behalf of the committee when delaying approval poses a significant health, safety, or financial risk to the University. Any such emergency approvals will be brought to the next meeting of ETAC for information.

3. Operations and Maintenance Plan. Review Facilities Management's annual facility operations and maintenance plan and budget for Eastcliff.
4. Quarterly Operating Reports. Review quarterly operating reports supplied by Facilities Management.
5. Operating Policies and Procedures. As requested, advise the Office of the President and Facilities Management on operating policies and procedures including staffing, general maintenance, purchasing, security, and the appropriate level of scheduling and use of Eastcliff.
6. Meeting Procedures. The chair of ETAC will call committee meetings, develop agendas for distribution to committee members in advance of each meeting, and ensure that minutes are kept to preserve a record of committee actions. A quorum consisting of at least four (4) voting members must participate in a vote for action to be taken. Votes may be cast in person or electronically, with a simple majority required for approval.

Approved by Board of Regents - February 14, 2014

Supersedes: Eastcliff Technical Advisory Committee Bylaws dated September 2002.

**BOARD OF REGENTS POLICY:
STUDENT REPRESENTATIVES TO THE
BOARD OF REGENTS**

Chair Beeson reviewed proposed amendments to Board of Regents Policy: *Student Representatives to the Board of Regents*, as detailed in the docket materials. The amendments seek to: ensure that student representatives understand their role and are prepared to

effectively present the student voice to the Board; reinforce a culture of professionalism and responsibility through clear expectations; and align Board policy with current practice.

Beeson summarized that the proposed policy changes:

- List a clear set of duties for the student representative position.
- Establish a minimum grade point average requirement and that students be enrolled full-time and be degree-seeking.
- Outline a list of attributes that ideal student representatives will possess.
- Align the term of office for student representatives with the Board meeting calendar.
- Establish term limits for student representatives.
- Clarify the leadership election process and establish leadership roles and responsibilities.
- Set expectations for attendance and time commitment, and clarify practices concerning absences, vacancies, and removals.
- Eliminate the position of alternate student representatives.
- Remove outdated language.

Board of Regents Policy: *Student Representatives to the Board of Regents* will return for action at a future meeting of the Board of Regents.

INTEGRATED STRUCTURE NAMING

Regent Simmons recused herself for the discussion on the Integrated Structure (IS) naming due to a potential conflict of interest. She left the meeting.

President Kaler reported that the Integrated Structure agreement between the University of Minnesota (University), University of Minnesota Physicians (UMP), and Fairview Health Services (FHS) uniquely positions and identifies what the institutions bring to patient care in Minnesota: Cutting-edge academic medicine with the goals of providing exceptional patient care, increasing support for the Medicine School, and ensuring that healthcare workforce challenges are met in the state and the nation.

President Kaler introduced Vice President Aaron Friedman; Bobbi Daniels, CEO, UMP; Carolyn Wilson, President, University of Minnesota Medical Center; and Diana Harvey, Chief Communications Officer and Deputy Chief of Staff, to discuss a resolution authorizing the administration to enter into a branding agreement between the University of Minnesota and the IS. This agreement will govern the manner in which the IS can use the University of Minnesota name and marks, and will establish the University's oversight of that use.

Kaler recognized Rulon Stacey, president and Chief Executive Officer, Fairview Health Services, who was present in the audience. Kaler also expressed appreciation to Friedman for his service as Vice President for Health Sciences and Dean of the Medical School.

Daniels explained that that the proposed action represents the conclusion of significant efforts to replace the IS name with something more meaningful. She reviewed the guiding principles applied to the process:

- To support the overall IS strategy;
- To leverage the University of Minnesota brand equity and reputation;
- To reflect what differentiates the IS in the marketplace; and
- To ensure the new brand is short, memorable, and applicable across multiple formats.

Daniels provided an illustration of the new brand – “University of Minnesota Health” – that will be applied to the IS.

Harvey reported that extensive consumer research was conducted, with several names and variations tested with consumers and physicians. She summarized the key points of the branding agreement that will govern use of the University of Minnesota name. Friedman reported that next steps will be to announce the name to internal audiences, alter building signage, and launch into the marketplace with a highly visible campaign spanning a variety of media channels.

Regent Allen expressed his support for the proposed new name. Regent Devine commented that this was an important step in broadening the brand awareness of the University, and that this brand identity would be critical in establishing the IS in the marketplace. Regent Brod commented that brand creation is important, as is utilizing the brand appropriately. Regent Larson commented on the need to ensure controls are in place to manage the brand effectively.

Regent Frobenius commented that with FHS leadership the visibility of the University has been restored. He noted that the University of Minnesota is delegating its most valuable asset to this enterprise in a very competitive marketplace.

Regent Cohen commented that this agreement represents a stronger affiliation with FHS, and reiterated her belief of the importance of using the University of Minnesota name in conjunction with the Block M for greater name recognition and visibility.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Resolution Related to Branding Agreement, as follows:

WHEREAS, Board of Regents (Board) Policies: *Reservation and Delegation of Authority and Founding Date, Corporate Name and Seal, and University Marks* provide in part that the Board reserves to itself authority to approve use of the name of Regents of the University of Minnesota (University) by any non-University person or entity in a manner that indicates an authorized relationship with the University; and

WHEREAS, on May 10, 2013 and December 13, 2013, respectively, the Board approved the execution and delivery of (i) a Master Integrated Structure Agreement (Master IS Agreement) among the University, Fairview Health Services (Fairview), University of Minnesota Physicians (UMPhysicians), and Integrated Structure, LLC, an entity formed by Fairview and UMPhysicians (IS LLC), pursuant to which the parties will virtually integrate, through an Integrated Structure, the oversight, management, and operations of certain clinical operations; and (ii) a Master Ambulatory Care Center Agreement (Master ACC Agreement) among the University, Fairview, UMPhysicians, and UMPhysicians-UMMC, Fairview Health Services, Inc., an entity formed by Fairview and UMPhysicians (UMP-FHS), pursuant to which the parties will develop and operate the Ambulatory Care Center (ACC), a new academic outpatient specialty services facility, in a manner that is market-competitive, supportive of research and education missions, and operated and managed consistent with applicable standards of care and financial standards; and

WHEREAS, the University is party to an Academic Affiliation Agreement with Fairview, which, as amended from time to time, contains certain authorizations to use the name and marks of the University in connection with the provision of healthcare services, subject to certain terms and conditions; and

WHEREAS, the University is party to a Trading Name Agreement with UMPPhysicians pursuant to which UMPPhysicians is authorized to use the name of the University in connection with the provision of clinical services; and

WHEREAS, both the Master IS Agreement and the Master ACC Agreement provide in part that if a new brand or identity is to be used in connection with the IS and/or the ACC, the parties will enter into such agreement(s) as may be appropriate; and

WHEREAS, the University and Fairview and UMP through IS LLC and UMP-FHS have determined that it is appropriate, in pursuit of their goals for the Integrated Structure, to adopt a new external branding identity; and

WHEREAS, the University, through its Academic Health Center and its Office of University Relations, wishes to enter into a Branding Agreement with IS LLC that supplements existing agreements with UMP and Fairview governing the use of the University's name, marks, and logos and assures that the external branding of the IS and the ACC is accomplished in a manner consistent with applicable University policy and that the University's name is used in connection with the provision of healthcare services only consistent with appropriate control by University faculty through UMPPhysicians;

NOW, THEREFORE, BE IT RESOLVED, that each of (i) the Dean of the Medical School and Vice President for Health Sciences and (ii) the Chief Communications Officer and Deputy Chief of Staff to the President is hereby authorized to execute and deliver the Branding Agreement on behalf of the University, and each of them and all other appropriate University officers are authorized to take such further action as may be necessary or appropriate to carry out the intended purpose of the Branding Agreement.

Regent Simmons returned to the meeting.

REPORT ON ALCOHOL SALES AT TCF BANK STADIUM

Chair Beeson invited Vice President Pamela Wheelock; Danita Brown Young, Vice Provost for Student Affairs and Dean of Students; and Tom McGinnis, Senior Associate Athletic Director and Chief Financial Officer, Intercollegiate Athletics, to provide a report on alcohol sales at TCF Bank Stadium (Stadium) as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Wheelock reported that the University has completed its two-year pilot and review of impacts related to the sale of alcoholic beverages at University sports facilities. Wheelock indicated that Board of Regents Policy: *Alcoholic Beverages on Campus* provided the basis for development of the following principles guiding the sale and service of alcoholic beverages on campus:

- Compliance with all applicable local, state, and federal laws;
- Commitment to offering and promoting education and counseling; and
- Commitment to promoting a healthy and safe living and learning environment.

Wheelock discussed implementation principles specific to the Stadium and summarized current procedures for managing the sale of alcohol. She discussed what was learned during the two-year pilot program with respect to public safety, neighborhood impact, fan experience, and financial consequences.

Brown Young reported that students and fans have responded to the sale of alcoholic beverages with respect and responsibility. She highlighted results of a Boynton Health Service survey on student alcohol use in which students report less risky behavior and outcomes related to alcohol consumption than they reported in the 2010 and 2007 surveys. Brown Young indicated that with ongoing educational efforts, enforcement, and reasonable measures at the Stadium to limit alcohol consumption, continued sales in the general seating area would not be detrimental to student development or encourage unhealthy behaviors.

McGinnis briefly reviewed the financial impact of sales, noting that profits have been modest given start-up costs and other factors.

Wheelock reported that the administration recommends and intends to continue beer and wine sales in both premium areas and in the seating bowl of the Stadium, consistent with current policy and guiding principles. She added that the University recommends that the sunset language be deleted from the appropriate state statute related to the sale of alcoholic beverages. In Mariucci and Williams Arenas, the administration recommends the continued sale of beer and wine in premium areas only, and is strongly opposed to any expansion of alcohol sales to the general seating of these venues during intercollegiate athletic events.

Regents Allen, Frobenius, and Simmons emphasized the need to be deliberate about alcohol sales and that the goal is to provide a fan amenity at an appropriate level of entertainment. They cautioned that the goal is not to maximize profits.

In response to questions from Regents Devine and Lucas, Brown Young indicated that educational efforts related to alcohol consumption begin during the recruiting process and are ongoing. A number of offices are involved to ensure students are aware of the consequences of alcohol consumption and related risky behavior. Board members urged the administration to continue these efforts.

In response to a question from Regent Lucas, Wheelock and McGinnis commented that the game day experience during upcoming Minnesota Vikings games is anticipated to be different from that of Gopher games, and that all parties will work to ensure a positive impact.

REPORT OF THE FACILITIES & OPERATIONS COMMITTEE

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

- a) Approval of Schematic Plans for the following project as presented to the committee and described in the February 13, 2014 committee minutes:
 - 1) TCF Bank Stadium Improvements.
- b) Approval of a Resolution Related to Public Safety, as follows:

WHEREAS, The safety of students, faculty, staff, and visitors is of the highest priority for the University; and

WHEREAS, The University is implementing a collaborative, multi-pronged approach to promote public safety on and near the Twin Cities campus that is focused on four areas: education, environment, enforcement, and engagement; and

WHEREAS, This broad approach engages multiple partners both on and off campus to address immediate concerns and begin necessary long-term security enhancements to campus; and

WHEREAS, The administration has established a budget and re-allocated funding resources to implement some of the new campus safety measures.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents supports the administration's decision to re-allocate Facilities Management Repair and Replacement (R & R) funds to invest at least \$4.1 million for use on campus safety projects.

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

Allen reported that the committee also received the annual report on sustainability, energy management and utilities; discussed information technology planning; and reviewed a number of information items included in the docket materials.

REPORT OF THE FACULTY & STAFF AFFAIRS COMMITTEE

Regent Frobenius, Chair of the committee, reported that the committee voted unanimously to recommend Consent Report items as follows:

- a) Approval of an amendment to Section 1.04 to the Faculty Retirement Plan to include all summer research and instructional earnings as eligible for retirement plan contributions, regardless of funding source.

The Board of Regents voted unanimously to approve the amendment to Section 1.04 of the Faculty Retirement Plan.

- b) Approval of an amendment to Sections 1.06, 2.01 and Appendix A of the Faculty Retirement Plan to eliminate the waiting period for professional and administrative employees to participate in the plan.

The Board of Regents voted 11-1 to approve the amendment to Sections 1.06, 2.01 and Appendix of the Faculty Retirement Plan. Regent Brod voted no.

- b) Approval of the appointment of John J. Coleman as Dean of the College of Liberal Arts, Twin Cities Campus, effective July 31, 2014.

The Board of Regents voted unanimously to approve the appointment recommended by the Faculty & Staff Affairs Committee.

Frobenius reported that the committee also discussed a proposal to repeal Board of Regents Policy: *Death Benefits*; discussed the 2013 employee engagement survey results and action plan; received an employee relations primer; received a presentation on "Work+", an initiative related to designing and utilizing space that supports the work; and reviewed a number of information items detailed in the docket.

REPORT OF THE FINANCE COMMITTEE

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

- a) Approval of the Consent Report for the Finance Committee as presented to the committee and described in the February 13, 2014 committee minutes.
- b) Approval of a Resolution Related to Issuance of Debt: Ambulatory Care Center, as follows:

WHEREAS, it has been proposed that the University proceed with a plan of financing which involves, among other things, the issuance and sale of indebtedness (such indebtedness, whether issued in the form of bonds, notes, or such other form of indebtedness as may be designated by the University, the "Bonds"), the proceeds of which are to be used to finance University capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, as well as the costs of issuance of the Bonds;

WHEREAS, the Bonds will be issued pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee or pursuant to an Order of the University;

WHEREAS, the Indenture of Trust or Order pursuant to which the Bonds will be issued will contain the terms of such Bonds and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such Bonds;

WHEREAS, the principal amount of the Bonds authorized will be the amount of the Bonds outstanding at any time, and not an aggregate principal amount;

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

1. To provide funds to finance capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, as well as the costs of issuance of such financing, the Board hereby authorizes the sale and issuance of Bonds in the principal amount of up to \$165,500,000. The Bonds may be issued in one or more series and shall mature not later than the date that is 30 years after the date of issuance of each series. The Treasurer is authorized to determine whether or not the Bonds shall be issued as general obligations of the University or special purpose debt, and whether or not the Bonds shall be tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

2. The purchases of land and buildings, construction and remodeling projects, or acquisition of equipment to be financed by the proceeds of the Bonds shall be those the source of funding of which is so designated by the Board or by the Treasurer as part of the University's capital planning process.

3. The Bonds may be sold in either a negotiated sale or a competitive process, as determined by the Treasurer. The Treasurer is authorized to negotiate and approve the terms and conditions of the appropriate agreement or agreements with financial advisors, banks, investment banking firms, or other financial institutions, including the terms and conditions upon which their services will be rendered and the terms and conditions upon which the Bonds will be sold and issued. The Treasurer is further authorized to negotiate and approve the terms and conditions of any credit support or liquidity facility for any series of Bonds and any interest rate swap agreement or other agreement for the purpose of hedging the University's interest rate risk with respect to any series of Bonds. Such agreements shall be in the form and contain such rights, obligations, covenants,

agreements, representations and warranties of the University as are approved by the Treasurer and the General Counsel.

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

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

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

7. Section 147(f) of the Code requires that, prior to the issuance of any Bonds that are tax exempt under Section 103 of the Code and are "qualified 501(c)(3) bonds" under Section 145 of the Code, a public hearing be held, following reasonable public notice, and the proposed issuance of the Bonds be approved by the governmental unit having jurisdiction over the area in which the facility to be financed is located. Pursuant to that requirement, the Treasurer is hereby authorized and directed to publish notice of and conduct a public hearing on the proposed facility to be financed by the Bonds and the proposed issuance of the Bonds on such date as he may select, at such location as he may select. The Treasurer or his designee is hereby authorized to serve as hearing officer for the University for purposes of conducting the public hearing.

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

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

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

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

McMillan reported that the committee also reviewed proposed amendments to Board of Regents Policy: *Endowment Fund*; received and discussed the annual capital finance and debt management report; discussed annual investment performance: peer comparisons; received the annual insurance and risk management report; and reviewed the information items detailed in the docket materials.

REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the February 13, 2014 committee minutes.
- b) Adoption of proposed amendments to Board of Regents Policy: *Commercialization of Intellectual Property Rights*, as follows:

Commercialization of Intellectual Property Rights

SECTION I. SCOPE.

This policy governs patents and the ownership, commercialization, and dissemination of intellectual property rights in technology created at the University of Minnesota (University).

SECTION II. EXCLUSIONS.

Subd. 1. Copyright. With the exception of the commercialization of intellectual property rights in software owned by the University, this policy shall not apply to the ownership or use of copyrighted works that are governed by other Board of Regents (Board) or administrative policies.

Subd. 2. Trademarks. With the exception of intellectual property rights in University trademarks that identify University-owned plant varieties or that are commercialized in conjunction with other technology covered by this policy, this policy shall not apply to the use of University-owned or licensed names, trademarks, or service marks.

Subd. 3. Equity Interests. This policy shall not apply (a) to the University's acquisition of equity securities in a publicly held company or appointment of a voting member to the governing body of a publicly held company or (b) to the acquisition of equity securities of a publicly held company by a University employee.

Subd. 4. Student-Created Technology. This policy shall not apply to technology created or reduced to practice by University students to fulfill a University course requirement unless (i) the development of the technology was funded, in whole or in part, by an external sponsor; (ii) the technology was an improvement of an invention in which the University holds the intellectual property rights; (iii) a University faculty member or other University employee was a co-inventor of the technology; or (iv) substantial University resources were used to develop or reduce the technology to practice. This policy does not prohibit the University from conditioning participation in a University course or other University-

sponsored activity on an individual's assigning to or licensing to the University the rights in technology created or reduced to practice in the course or activity.

SECTION III. DEFINITIONS.

Subd. 1. Inventor. Inventor shall mean a University employee, student, or postdoctoral or other fellow who invents technology.

Subd. 2. Technology. Technology shall mean the following items and their related intellectual property rights:

- (a) a discovery or invention, patentable or not;
- (b) software owned by the University; and
- (c) trademarks owned by the University that identify University-owned or University-licensed plant varieties or that are commercialized in conjunction with other technology covered by this policy.

Subd. 3. University Official. University official shall mean a person defined as a University official in Board of Regents Policy: *Institutional Conflict of Interest* and any person covered by administrative policies or procedures implementing that policy.

Subd. 4. Controlling Equity Interest. Controlling equity interest shall mean the University's ownership of equity securities of a licensee sufficient to grant the University the power to direct the licensee's management. The University shall be considered to have a controlling equity interest in a licensee under this policy if:

- (a) the University owns a majority of the voting equity interest in the licensee; or
- (b) the University has the power to appoint a majority of the voting members of the governing body of the licensee.

Subd. 5. Licensee. Licensee shall mean a for-profit, privately held company to which the University licenses or assigns intellectual property rights in University-owned technology.

Subd. 6. Net Income. Net income shall mean the gross monetary payments the University receives in consideration for granting rights in the technology less (a) the University's out-of-pocket expenditures (including legal fees) directly attributable to protecting, developing, and transferring that technology and (b) a fifteen percent administrative fee of the gross monetary payments to help defray the costs associated with operating the Office of Technology Commercialization. Fees, charges, and other monetary payments made to the University to compensate it for administering intellectual property agreements or seeking and maintaining intellectual property protection for technology shall not be considered monetary payments under this policy.

SECTION IV. GUIDING PRINCIPLES.

The following principles shall guide the University in commercializing technology:

- (a) The primary mission of University research is the generation and dissemination of knowledge, and academic freedom requires that faculty, staff, and students be free to pursue areas of research and study without regard to the potential for the creation of inventions.
- (b) The development and dissemination of new knowledge, technology, or scientific procedures resulting in innovative products, practices, and ideas is a valued supplement to scholarly publications.
- (c) University commercialization activities shall not inhibit the ability of University researchers to pursue research of their choosing, to publish results of their

work in a timely manner, and otherwise to exercise their rights of academic freedom.

- (d) Licensing University-owned technology to private companies promotes the University's interest in successful commercial development of University-owned intellectual property. In some circumstances, a non-commercial method of distribution, such as open source sharing of technology or licensing for humanitarian needs, may be the preferred method of providing public access to, and use of, University discoveries.
- (e) The University may own a controlling equity interest and assert control over the direction and management of a licensee only when doing so (1) enhances the potential for the licensee to successfully develop and make available to the public useful products and services and (2) increases the potential value of the University's investment.

SECTION V. OWNERSHIP OF TECHNOLOGY.

Subd. 1. Ownership. The University shall be the sole owner of all rights, titles, and interests (including intellectual property rights) in and to technology:

- (a) created by University employees in the course of their employment;
- (b) created by individuals, including employees, students, or post-doctoral or other fellows, using substantial University resources.

Subd. 2. Assignment of Intellectual Property Rights. Inventors assign to the University all rights, titles, and interests, if any, in and to technology owned by the University.

Subd. 3. Ownership Under Third Party Agreements. Ownership of and rights in technology are subject to the terms of written agreements between the University and third parties under which the University, solely or in collaboration, conducts research or other activities. Under these agreements, the University may claim, disclaim, or otherwise grant or accept rights in technology as appropriate and desirable.

Subd. 4. Waiver of University Rights. Consistent with administrative policies and procedures, the president or delegate is authorized to waive or otherwise assign to an inventor all or part of the University's rights, titles, or interests in or to a technology created by the inventor.

Subd. 5. Rights to Publish. At the University's request, inventors shall delay the publication or public disclosure of any descriptions of technology for a brief period of time to permit the registration, application for, and protection of the intellectual property rights in the technology.

Subd. 6. Rights to Third Parties. The president or delegate may assign, license, or otherwise grant a third party the right to use technology royalty-free or in exchange for cash, stock or other securities, or other tangible or intangible property.

SECTION VI. DISTRIBUTION OF INCOME FROM COMMERCIALIZATION OF TECHNOLOGY.

The University shall share with inventors the net income from the commercialization of technology as follows:

- (a) thirty-three and one-third percent to the inventors;
- (b) twenty-five and one-third percent to the department, division, or center that supported the creation of the technology, to be spent in support of the inventor's research or directly related University work;

- (c) eight percent to the collegiate unit that supported the creation of the technology; and
- (d) thirty-three and one-third percent to the Office of the Vice President for Research, to be spent in support of the University's technology commercialization activities and to fund University research and scholarly activity.

The president or delegate may change the distribution to collegiate units or to departments, divisions, or centers if such amounts become disproportionate compared to their budgets or if there have been administrative organizational changes, including an inventor's movement among units or departments. The president or delegate also may distribute to inventors a portion of the net income from commercialization of technology in the form of a bonus or salary supplement.

SECTION VII. EQUITY, CONTROLLING INTERESTS, AND ASSISTANCE WITH COMMERCIALIZATION.

Subd. 1. Disposition of Equity Securities. The University shall sell the equity securities acquired under this policy as soon as prudent and in strict compliance with all applicable federal and state laws. The cash proceeds derived from the sale of equity securities shall be distributed in the same proportions as income derived from technology.

Subd. 2. Acquiring a Controlling Equity Interest in the Commercialization of Technology. In acquiring, as part of a transaction to commercialize technology, a majority or other equity interest in a company that grants the University the power to direct the company's management or the power to appoint a majority of the voting members of the governing body of the company, the following prohibitions shall apply:

- (a) Except as permitted under other applicable Board policies, the University shall not make a cash investment in, lend money to, or guarantee the obligations of the company; and

University officials shall not purchase or invest, directly or indirectly, in the

- (b) equity securities of a licensee as long as the licensee is privately held, except that University employees who are not University officials may purchase or invest, directly or indirectly, in such equity securities if permitted under Board of Regents Policy: *Individual Business or Financial Conflict of Interest* and other applicable Board policies.

Subd. 3. Appointment of Voting Members to Governing Bodies as Part of the Commercialization of Technology. The president shall appoint voting members to the governing bodies of privately held companies commercializing technology. A University-appointed member shall:

- (a) be a University employee with demonstrated experience and competence in technology commercialization and in the creation, management, and capitalization of privately held companies; and
- (b) be reasonably insured against liability arising from service on the governing bodies of such companies.

A University-appointed member:

- (a) shall not accept compensation for service as a member of the governing body of the company, but may accept reasonable reimbursement for service-related expenses;
- (b) shall comply with University policies and procedures;

- (c) shall discharge fiduciary and contractual responsibilities to the company, subject to the performance of University duties as provided in Board and other University policy and procedures; and
- (d) shall resign as a voting member of the governing body of the company prior to the company's becoming publicly held, unless the president or delegate approves an extension of the appointment.

Subd. 4. Use of Technology Commercialization Income to Assist Commercialization by Non-University Entities. The president or delegate may authorize non-University entities to use income the University earns from technology commercialization to directly encourage, promote, or assist with the commercialization and development of University intellectual property. The commitment of financial support for particular projects shall not exceed \$250,000, consistent with Board of Regents Policy: *Reservation and Delegation of Authority*.

SECTION VIII. REPORTING.

The president or delegate shall report annually to the Board on University activities under this policy.

SECTION IX. IMPLEMENTATION.

The president or delegate shall implement this policy and maintain appropriate policies and procedures to administer it.

Supersedes: Educational Materials dated April 14, 1967, Patent and Technology Transfer dated October 10, 1986, Intellectual Property adopted October 8, 1999, Use of Royalty Income to Support Technology Commercialization adopted March 12, 2004, and Acquiring Controlling Equity Interests in Technology Licensees adopted December 8, 2006.

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

Simmons reported that the committee also received a graduate education update and discussed plans for the future of graduate education; discussed research and interdisciplinarity; and discussed undergraduate tuition and financial aid philosophy.

REPORT OF THE AUDIT COMMITTEE

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

- a) Adoption of proposed amendments to Board of Regents Policy: *Audit Committee Charter*, as follows:

Audit Committee Charter

Subd. 1. Organization. The Audit Committee of the Board of Regents (Board) shall be a permanent committee consisting of at least four members of the Board. Audit Committee members shall be appointed by the Board chair, recognizing the need for financial expertise and continuity of membership from year to year.

Subd. 2. Reservation of Authority. Consistent with Board of Regents Policy: *Reservation and Delegation of Authority*, the Board reserves to itself authority to adopt policies regulating the audit function; approve selection of external public accountants and the

Director of Internal Audit; review audit plans; and evaluate the performance of the independent auditor and, jointly with the president, the performance of the internal audit function.

Subd. 3. Purpose. The Audit Committee oversees the University's system of risk assessment and internal controls, audits, financial reporting practices, and the institutional compliance program. The Audit Committee is to assist the Board in discharging its oversight responsibilities related to the audit and compliance functions by:

- (a) promoting the development of an effective, efficient, and continuously improving control environment, in concert with the administration, to achieve the institution's objectives through an appropriate system of risk assessment and internal control;
- (b) overseeing the University's integrated framework of internal control, risk management practices, and institutional compliance program to ensure that the administration executes the provisions of Board of Regents Policy: *Internal Control*;
- (c) serving as an informed voice on the Board by relaying the audit and compliance perspective when related issues are brought before the Board and its standing committees; and
- (d) providing a direct channel of communication to the Board for the internal auditor and the independent public auditor.

Subd. 4. Duties. Specific duties of the Audit Committee include the following:

- (a) Oversight of the Independent Auditor. The independent auditor reports directly to the Board through the Audit Committee. The Audit Committee shall recommend for Board approval the engagement and related fees of the independent auditor to perform the annual financial statement and federal compliance audits. The Audit Committee shall approve in advance all audit and non-audit services provided by the independent auditor with a value greater than \$100,000 or that may impair the audit firm's independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in the United States General Accounting Office Government Auditing Standards. Engagements not requiring approval by the Board shall be reported to the Audit Committee at the next scheduled meeting of the committee. The Audit Committee shall annually review and evaluate the independent auditor's performance, independence, and effectiveness of coordination with other assessment activities, including internal audit.
- (b) Oversight of the Internal Audit Function. The Audit Committee shall recommend for Board approval (1) the appointment or removal of the director of audits, (2) changes to the Office of Internal Audit's charter, and (3) any material revisions to internal audit plans or budgets. In consultation with management and the internal auditor, the Audit Committee shall review the annual internal audit plan and the extent to which it addresses high risk areas.
- (c) Review of Financial Statements. The Audit Committee shall review, in advance of final issuance, the proposed formats and wordings of the annual financial report, including the management's discussion and analysis, financial statements, footnotes, statistics, and disclosures.
- (d) Review of Audit Results. The Audit Committee shall review the internal and external audit results and discuss significant issues of internal control and compliance with the independent auditor, internal auditor, and management. The Audit Committee shall monitor management's progress in addressing audit recommendations.

- (e) Investigation of Reported Concerns Regarding Accounting or Auditing Matters. The Audit Committee shall be apprised of investigations conducted under administrative policy.
- (f) Requests for Audits. The Audit Committee is authorized to request supplemental reviews or other audit procedures by the internal auditor, the independent auditor, or other advisors.
- (g) Approval of Engagements of Audit Firms Other Than the University's Principal External Auditors. The Audit Committee shall approve all engagements of external audit firms to perform work or provide services with a value greater than \$100,000 or that may impair the audit firm's independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in Subd. 4 (a) of this policy. Engagements not requiring approval by the Board shall be reported to the Audit Committee at the next scheduled meeting of the committee.

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

Brod reported that the committee also received an overview of the fiduciary responsibilities of non-profit audit committee members; received and discussed a report on the health sciences risk profile; received and discussed a compliance risk profile; received an internal audit update; and discussed the information items included in the docket materials.

REPORT OF THE LITIGATION COMMITTEE

Regent Larson, Chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on February 13, 2014. A resolution was considered and passed that authorized the closing of the meeting. In the closed meeting a discussion was held of matters subject to the attorney-client privilege.

REPORT OF THE SPECIAL STUDY COMMITTEE ON ACADEMIC MEDICINE

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

The meeting adjourned at 12:16 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary