

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

**April 26, 2012
May 10-11, 2012
May 14, 2012
May 15, 2012
May 23, 2012**

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**

April 26, 2012

May 10-11, 2012

May 14, 2012

May 15, 2012

May 23, 2012

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Year 2011-12

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

May 10, 2012

A meeting of the Audit Committee of the Board of Regents was held on Thursday, May 10, 2012 at 8:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Clyde Allen, Laura Brod, John Frobenius, David Larson, and Maureen Ramirez.

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

Student Representative present: Abdul Omari.

EXTERNAL AUDITOR REVIEW

Associate Vice President Michael Volna provided an overview of audit and non-audit services provided by Deloitte and Touche, LLP (Deloitte) for FY 2011, as detailed in the docket and on file in the Board Office. He reported that the firm was paid \$571,504 for various engagements during the past year.

EXTERNAL AUDIT PLAN

Associate Vice President Volna introduced Kirsten Vosen, Lead Client Service Partner, and Judi Dockendorf, Senior Audit Manager, from Deloitte & Touche LLP (Deloitte) to review the audit plan to be used by Deloitte in performing the University's external audit for the fiscal year ending June 30, 2012.

Vosen explained that the audit would utilize a variety of Deloitte staff members to examine areas of potential risk such as revenue and student tuition. She noted that the audit would be performed using a team approach, including specialists in information technology, taxes and investments. Dockendorf clarified that the client service team would issue both financial and compliance reports.

In response to a question from Regent Larson, Vosen explained that human resources practices and policies are not part of the audit plan and the audit of human resources is confined to financial transactions.

COMPLIANCE OFFICER REPORT

Associate Vice President Klatt introduced Lynn Zentner, Director, Office of Institutional Compliance (OIC) to present a summary of the most significant compliance-related activities since the last report to the committee in June 2011, as detailed in the docket and on file in the Board Office. Zentner reported that 85 percent of Academic and Professional employees had completed the Report of External Professional Activities (REPA) for the current year. She noted that nearly 98 percent of eligible employees normally complete the mandatory form. She explained that OIC creates 60 to 70 conflict management plans a year, and added that the University now requires a review of any assets greater than \$5,000, so that number will increase.

In response to questions from Regents Allen and Brod, Zentner clarified that significant steps are put in place to address conflicts of interest. She noted that nearly every conflict of interest requires a management plan.

SOCIAL MEDIA: REALIZING ITS OPPORTUNITIES RESPONSIBLY

Associate Vice President Klatt introduced Diana Harvey, Deputy Chief of Staff and Chief Communication Officer, Office of University Relations, Rob Rubniyi, Director of Distributed Education, Office of the Senior Vice President and Provost, and Lori Ann Vicich, Director of Communications and Technology, Office of Human Resources to lead the discussion on social media.

Harvey discussed the importance of social media at the University and how the use of social media by students, faculty and staff is impacting the way in which information is distributed. She noted that social media has fundamentally changed the way in which University Relations operates and how the University is utilizing social media to build brand awareness to better interact with the University community.

Vicich reviewed the use of social media in the workplace and need for the University to stay current with various social media technologies. She noted that social media has allowed students, faculty and staff to perform work from any computer and described how it could be used to improve work processes.

Rubniyi clarified the role of social media as a teaching and learning tool. He described how new students learn differently from those who have not engaged social media in the past and expect these new communications formats to be part of the University's learning experience.

A lengthy discussion ensued in which the following issues and questions were addressed:

- the risks associated with the use of social media;
- how social media might impact the University's physical space;
- the creation of One Stop applications for mobile devices;

- the need to create a strong social media identity; and
- the impact of social media on the University's academic mission.

The meeting adjourned at 9:30 a.m.



BRIAN R. STEEVES
Acting Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

May 10, 2012

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, May 10, 2012 at 8:15 a.m. in 600 McNamara Alumni Center.

Regents present: Venora Hung, presiding; Linda Cohen and David McMillan.

Staff present: President Eric Kaler; General Counsel Mark Rotenberg; and Acting Executive Director Brian Steeves.

Others present: William Donohue, Keith Dunder, Timothy Mulcahy, Dale Nugent, Jay Schrankler, and Tracy Smith.

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

At 8:16 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 the Board of Regents Litigation Review Committee be held on Thursday, May 10, 2012 at 8:15 a.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *Authorizing patent infringement litigation*
- II. *Regents of the University of Minnesota v. AGA Medical Corporation*
- III. *West Bank ground contamination claim*
- IV. *Amanda Tatro v. University of Minnesota*

- V. *Regents of the University of Minnesota and Orlando Henry "Tubby" Smith v. James R. Williams*
- VI. *Richard Brown, as Trustee for the heirs of Michael Brown, deceased v. Group Health Plan, Inc., Regions Hospital and the Regents of the University of Minnesota*
- VII. *Trevor Hanson and Lyndia Hanson, as co-trustees for the next-of-kin of Autumn Hanson, decedent vs. Katie Durrwachter, M.D., Regents of the University of Minnesota, et al.*

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 8:19 a.m.

The non-public portion of the meeting adjourned at 9:30 a.m.



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

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

May 10, 2012

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, May 10, 2012 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellor Charles Casey; Vice Presidents Kathleen O'Brien and Richard Pftzenreuter; Acting Executive Director Brian Steeves; and Associate Vice President Laurie Scheich.

Student Representatives present: Molly Tomfahrde and Chantal Wilson.

SCHEMATIC PLANS

A. Siebert Field Ballpark Replacement, Twin Cities Campus

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

The schematic plans for the Siebert Field Ballpark Replacement, 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 O'Brien noted that the Siebert Field Ballpark Replacement was being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

John Anderson, Men's Baseball Head Coach, reviewed the project and explained how the quality and availability of on campus practice facilities would enhance recruiting as well as increase the overall strength of the program. He noted that the current facility is unfit for competitive play or practice.

Regent Johnson indicated his support for the project and his desire to allow the baseball program to play all of the 2013 season on campus. He explained that fundraising efforts for additional lighting would allow the University to host NCAA tournament games.

Regent Frobenius expressed support for the project and observed that more on campus athletic facilities are necessary in order to stay competitive amongst peers. He noted that many Big Ten institutions are investing in on campus baseball facilities.

In response to questions from the committee, Anderson indicated that phase two of the project would add additional locker rooms, seating and concession stands.

The committee voted unanimously to recommend approval of the schematic plans for the Siebert Field Ballpark Replacement, Twin Cities Campus.

B. Laboratory / Classroom Facility, Itasca Biological Station

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

The schematic plans for the Laboratory/Classroom Facility, Itasca Biological Station, are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents and construction.

Vice President O'Brien noted that the Laboratory/Classroom Facility, Itasca Biological Station was being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Robert Elde, Dean, College of Biological Sciences, reviewed the project and described the need for additional classroom and laboratory space at the Itasca Biological Station. He reported that overwhelming interest from students in the summer orientation program has made the construction of the new building a necessity due to the high number of applicants that are not granted admittance. He noted that graduate students also participate in a five-week "boot camp" prior to the start of the academic year that helps to ensure student success and enhance research productivity.

In response to a question from Regent Larson, Elde indicated that construction of the new building would allow for greater use throughout the year. Currently, the structure is used nearly exclusively during the summer months.

In response to a question from Regent Brod, Elde explained that the area surrounding the Itasca Biological Station is primarily a wilderness preserve and is unable to support commercial research.

The committee voted unanimously to recommend approval of the schematic plans for the Laboratory / Classroom Facility, Itasca Biological Station.

ISSUES RELATED TO: PRESIDENT'S RECOMMENDED FY 2013 ANNUAL CAPITAL IMPROVEMENT BUDGET

Vice President O'Brien provided an overview of the President's Recommended FY 2013 Annual Capital Improvement Budget (Budget) and related capital improvement goals as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

O'Brien explained that the legislature passed a bonding bill after the docket submission deadline and that updated materials will be provided at the June 2012 committee meeting. She noted that the state funded only 38 percent of the University's request, which amounts to approximately \$64 million dollars. O'Brien added that the nearly \$375 million Budget would create 8400 jobs as calculated by the institution's Department of Applied Economics.

She noted that the Budget is used to address various types of projects, including: accessibility, buildings systems, energy efficiency, health/life safety systems, and infrastructure. O'Brien clarified that Higher Education Asset Preservation and Restoration (HEAPR) funds are allocated based upon the size of the campus, the number of square feet and the overall condition of the facility. She explained that the HEAPR funding allocation is recalculated several times a year in order to respond to infrastructure failures and weather damage.

Steven Crouch, Dean, College of Science and Engineering, explained that the expansion of Amundson Hall would allow the college to better accommodate the 20 percent increase in students expected to enroll under President Kaler's Science, Technology, Engineering, and Mathematics (STEM) initiative. He noted that this project would address issues caused by overwhelming interest in the chemical engineering major.

In response to a question from Regent Brod, O'Brien explained that the majority of capital projects are renovations providing updated space within older buildings, so they can be utilized in the most efficient way.

REPORT ON AUXILIARY SERVICES CAPITAL PLAN

Vice President O'Brien and Associate Vice President Scheich provided an overview of the annual report on Auxiliary Services capital plan as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Scheich stated that the report provides information related to the Auxiliary Services portfolio, which is made up of units that are self-funded and operate much like businesses. She described that Housing and Residential Life is the largest component of the Auxiliary Services capital plan, comprising nearly 5.5 million gross square feet. Other units include: Addressing and Mailing, Office Equipment Services, Parking and Transportation, Printing, U Card Services, Bindery, Dining, Bookstores, and University Stores.

In response to questions from the committee, Scheich noted that Auxiliary Services costs have increased slightly. She explained that these increases do not directly impact the cost of attendance, but do impact the operating budget. She indicated that there has been a reduction in the overall number of units that are operated by Auxiliary Services due to an increase in external contracts and improvements in technology.

INFORMATION ITEMS

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

- Final Project Review – Residence Hall and Academic Classroom, Crookston Campus

The meeting adjourned at 11:36 a.m.



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

Year 2011-12

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

May 10, 2012

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, May 10, 2012 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson presiding; Linda Cohen, Thomas Devine, David McMillan, and Maureen Ramirez.

Staff present: President Eric Kaler; Chancellor Jacqueline Johnson; Senior Vice President & Provost Karen Hanson; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown and Richard Pfutzenreuter; Acting Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt and Stuart Mason.

Student Representatives present: Kristen Kranzler and Abdul Omari.

BOARD OF REGENTS POLICY: SEXUAL HARASSMENT

Vice President Brown invited Kimberly Hewitt, Director of Equal Opportunity and Affirmative Action, to present for action amendments to Board of Regents Policy: *Sexual Harassment*, as detailed in the docket.

Hewitt explained that these proposed amendments came before the Board in February 2012 for review. The most notable change is the addition of language on retaliation.

A motion was made and seconded and the committee voted unanimously to recommend adoption of the amendments to Board of Regents Policy: *Sexual Harassment*.

BOARD OF REGENTS POLICY: NEPOTISM AND PERSONAL RELATIONSHIPS

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

Hewitt noted that the proposed amendments came before the Board in February 2012 for review. There is an expanded definition of nepotism that includes instances where there is no direct influence on employment or academics, but the relationship has a negative impact on the educational or work environment.

A motion was made and seconded and the committee voted unanimously to recommend adoption of the amendments to Board of Regents Policy: *Nepotism and Personal Relationships*.

ANNUAL PROMOTION/TENURE RECOMMENDATIONS

Vice President Brown invited Senior Vice President and Provost Hanson and Arlene Carney, Vice Provost, to present candidates for promotion and/or tenure, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Hanson stated that this is an important annual process at the University and noted that the Faculty Tenure policy dates back to 1945. She provided a detailed report on the process for granting promotion and tenure, and highlighted the following candidate statistics:

- 128 faculty members are recommended for promotion and/or tenure system-wide;
- 77 men and 51 women are recommended; and
- 25 percent of faculty members recommended are faculty of color.

Hanson added that one faculty member was not recommended for tenure, but it is incorrect to assume that almost all faculty achieve tenure at the University of Minnesota. She stressed the annual review process is rigorous and that many people are counseled out or decide to pursue other opportunities.

In response to questions from the committee, Hanson explained that the University seeks excellence from faculty at the point of entry, each year, and post-tenure. Given the time it takes to generate research and subsequent publications, there may be 1-2 years between a new faculty hire and concrete impact within the academic community.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Annual Promotion/Tenure Recommendations, as presented in the docket materials.

CONTINUOUS APPOINTMENTS: ANNUAL RECOMMENDATIONS

Vice President Brown invited Senior Vice President and Provost Hanson and Arlene Carney, Vice Provost, to present the annual recommendations for continuous appointments, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Hanson noted that fewer than 4 percent of academic professionals are on continuous appointments, and that over one half of all continuous appointments are in the University libraries. The remainder of continuous appointment staff are attorneys, educational or clinical specialists, academic advisors, physicians, psychologists, and curators. For academic professionals as a class, 51 percent are women; 49 percent are men; and 17 percent are persons of color.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Continuous Appointment: Annual Recommendations, as presented in the docket materials.

BOARD OF REGENTS POLICY: FACULTY EMERITI

Vice President Brown invited Arlene Carney, Vice Provost, to present for review amendments to Board of Regents Policy: *Faculty Emeriti*, as detailed in the docket.

Carney noted there are a number of formatting changes to improve the overall clarity of the policy. The one substantive change is a new provision that provides the president with the authority to withhold or withdraw the emeritus title in certain circumstances.

In response to questions from the committee, Carney stated that there are a large number of faculty emeriti and Brown added that many continue to engage in scholarly and mentor activities on campus.

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

STRATEGIC DIRECTIONS FOR THE OFFICE OF HUMAN RESOURCES

Vice President Brown presented the strategic planning effort underway in the Office of Human Resources, and the policy directions and future course of the work, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

The key topics discussed were:

- A review of human resources work - where it has been and where it is going in the future;
- A review of the mission, vision, and values for the Office of Human Resources;
- The articulation of emerging strategic imperatives that will inform and drive human resource work across the University system;
- An introduction to the large scale, cross functional strategic work currently underway; and
- A discussion of how the Board of Regents will be informed of progress as the work continues.

In response to a question from Regent Cohen, Brown agreed that annual performance reviews are an important tool that provide feedback and help set direction. The Office of Human Resources is researching software options that will, among other things, maximize tracking ability of performance reviews.

In response to a question from Regent Ramirez, Brown emphasized that data security is a high priority. The challenge is to find a balance between technology-driven access to data and ensuring private data is not compromised.

CONSENT REPORT

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

- Appointment of athletic director;
- Change in appointment for senior administrator; and
- Conferral of tenure for faculty who have been hired at the University of Minnesota.

Brown invited President Kaler to provide a brief summary of Norwood Teague's appointment as athletic director. Kaler described the athletic director position, Teague's educational and work experience, and stated that Teague's appointment is effective June 18, 2012.

Brown explained Jerry Rinehart's change in appointment from vice provost for student affairs to vice provost for student affairs and dean of students; and briefly summarized three faculty being recommended for tenure.

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

INFORMATION ITEMS

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

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

The meeting adjourned at 11:42 a.m.



BRIAN R. STEEVES
Acting Executive Director and
Corporate Secretary

Year 2011-12

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

May 10, 2012

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, May 10, 2012 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Maureen Ramirez, presiding; Dean Johnson, David Larson and David McMillan.

Staff present: Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President & Provost Karen Hanson; Senior Vice President Robert Jones; Vice President R. Timothy Mulcahy; General Counsel Mark Rotenberg; Acting Executive Director Brian Steeves; and Associate Vice President Julie Tonneson.

Student Representatives present: Kristen Kranzler and Chantal Wilson.

BOARD OF REGENTS POLICY: SUBMITTING AND ACCEPTING SPONSORED PROJECTS

Vice President Mulchay presented for action proposed amendments to Board of Regents Policy: *Submitting and Accepting Sponsored Projects*, as detailed in the docket materials. He explained that the policy is being revised to clarify intent, make language consistent with other policies, and to modify reporting requirements to align with current practice. Mulcahy noted the committee reviewed the policy at its February 2012 meeting.

A motion was made and seconded, and the committee unanimously recommended adoption of proposed amendments to Board of Regents Policy: *Submitting and Accepting Sponsored Projects*.

BOARD OF REGENTS POLICY: TUITION AND FEES

Senior Vice President and Provost Hanson invited Associate Vice President Tonneson to discuss proposed amendments to Board of Regents Policy: *Tuition and Fees* related to course fees as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Tonneson briefly described the ongoing comprehensive review and analysis of all fees charged to students, which focuses on defining and categorizing existing fees, summarizing the metrics around those fees, reviewing the approval processes, and raising policy and procedural questions associated with existing and future fee

proposals. She noted that this study does not include a review of student services fees as those are addressed in a separate Board policy.

Tonneson summarized proposed amendments to the policy, which are intended to clarify language related to fees "in lieu of tuition"; revise the definition of allowable course fees to emphasize purpose and rationale rather than specific examples; address distance delivery fees; and include language specifying delegation of authority related to the fee process outside of the annual operating budget. She noted future reviews would focus on an analysis of administrative fees; process simplification and improved administrative guidelines; ongoing review of proposed fees conducted annually as part of the annual operating budget; and periodic course fees audits.

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

THE RESEARCH LIBRARY IN THE 21ST CENTURY

Senior Vice President and Provost Hanson introduced the item by stating a great research library is at the heart of a great research university. She noted that the classic roles of research libraries – developing collections, providing access to content, and mediating individual needs for information – are undergoing transformative change. Hanson invited Wendy Pradt Lougee, University Librarian, to discuss the 21st century research library (associated materials distributed at the meeting on file in the Board Office).

She indicated that most people think of books when they think about libraries; however, many changes have forced an evolution in the role of the library. Libraries play an important part in the institution's mission by sharing knowledge and intellectual assets that fuel discovery.

Lougee reported that emerging strategies for research and learning have prompted the institution's libraries to provide support for acquiring and managing new types of content, with a decided trend toward digital resources. She noted that unsustainable costs, viable alternatives, declining library usage, and new patron demands have necessitated change in methods for delivery and using information. She described changes in learning, teaching, and research and scholarship behavior and the challenges faced in designing new systems to meet changing needs. She explained how new technologies have enabled significant changes in methods of discovery and using information that further require the development of infrastructure for long term access to both distributed content and local collections.

Two significant strategies were noted by Lougee: research libraries are integrating content services and expertise within the processes of research, teaching, and learning; and, the changing landscape of technology and publishing has fueled critical collaborations among libraries to build common infrastructure for information access, delivery, and preservation.

Lougee discussed collection management, retention, preservation, and conservation. She described how the institution's collection is shared statewide, and how facilities have changed to better serve library patrons in a collaborative setting. She discussed ongoing challenges in sustaining infrastructure, collections, and expertise in staff and offered a number of strategies to address those challenges by developing partnerships to develop shared infrastructure.

Lougee concluded by explaining how the library has been repositioned to be an agent in knowledge management, teaching, learning, and research; to create collaborative learning and research environments; and to become a global asset.

UNIVERSITY OF MINNESOTA MORRIS CURRICULUM OVERVIEW

Regent Ramirez welcomed Chancellor Johnson and Bart Finzel, Vice Chancellor for Academic Affairs, to present an overview of the Morris campus undergraduate curriculum as described in the docket and associated materials distributed at the meeting and on file in the Board Office.

Johnson outlined a number of characteristics of the nationally ranked Morris campus. She discussed Morris students at a glance, and indicated that the campus serves a variety of students who are often under-represented in higher education. She reported that 99 percent of Morris tenured/tenure track faculty have terminal degrees, have chosen to teach undergraduate students, and serve as advisors and mentors to their students.

The Chancellor reported that the six-year graduation rate for Morris students is second highest among all public universities in the state, is higher than 10 of 25 of Minnesota's private undergraduate liberal arts college campuses, and comparable to four others. Johnson highlighted several distinctive Morris campus curriculum features:

- Classic liberal arts disciplines;
- An educational experience comparable to more expensive institutions, including an emphasis on discipline based study;
- First year students are required to complete a course in "Intellectual Communities";
- 89 percent of Morris students complete a senior capstone experience;
- Summer Transition for English Language and Liberal Arts Readiness (STELLAR) summer program; and
- An Anishinaabeg Farm and Garden Study Experience, offered for the first time summer 2012.

Johnson summarized the STELLAR program intended for students who may benefit from extra attention as they transition to their college experience. The month-long program allows students to earn credit, improve their English language speaking skills, and introduces students to U.S. culture and Morris campus life before the beginning of fall semester.

She reported that, in collaboration with the Twin Cities School of Nursing, a Masters of Nursing program is currently under development, which will focus on nursing in rural areas and the American Indian community.

Johnson described several outcomes of the Morris educational experience, discussed graduation rates for Morris students participating in undergraduate research, co-curricular activities, and other educational opportunities, and highlighted national rankings for the Morris campus.

UNIVERSITY OF MINNESOTA ROCHESTER CURRICULUM OVERVIEW

Regent Ramirez invited Chancellor Lehmkuhle and Claudia Neuhauser, Vice Chancellor, to present an overview of the Rochester curriculum as described in the docket and associated materials distributed at the meeting and on file in the Board Office. Lehmkuhle began the discussion by indicating that the Rochester campus offers three degree programs and there are approximately 600 students present on the campus.

Neuhauser reported that the Rochester campus is a niche-based campus focused on the health sciences in the following academic programs:

- Bachelor of Science in the Health Sciences (BSHS);
- Bachelor of Science in Health Professions (BSHP); and
- Biomedical Informatics and Computational Biology (BICB).

Neuhauser described each of the program requirements, enrollment, student and faculty profiles, projected growth, and disciplinary aspects of each. She discussed the Rochester model of education, with faculty and instructors coming from across disciplines working to prepare students for a wide variety of careers in the health sector. Neuhauser indicated that tenure track faculty design, implement, and deliver the curriculum and have a mandate to engage in research on learning and provide student support.

Neuhauser explained that Rochester relies on a number of central resources within the University system to increase efficiency and reduce duplication of services. The campus also relies on the community, which provides educational opportunities including work-study, volunteer, career exploration, internships, and research opportunities.

Additional information was provided on Rochester's concept-driven curriculum, which focuses on an integrated curriculum versus a set of courses; community experiences such as work study, volunteer opportunities, and career exploration for lower division students and intentional community engagement for upper division students; and capstone experiences students may participate in, which students design themselves.

In response to comments from Regent McMillan, Neuhauser indicated that interactions with the Mayo Clinic have been positive and benefit from sharing common goals. She added that Rochester and the Minnesota State Colleges and Universities (MnSCU) work closely to facilitate transfer students.

In response to questions from Student Representative Wilson, Lehmkuhle explained that Rochester's career services model is unique in that it offers student success coaches who establish a relationship with a student, focus on career exploration, and stay with the student through their academic career at Rochester.

In response to comments from Student Representative Kranzler, Neuhauser indicated that it is possible for students to earn credit for internships and community experiences if the student makes the case that those activities are an academic experience. Lehmkuhle added that a service learning course, a career exploration seminar, and other activities also allow students the opportunity to earn credit.

CONSENT REPORT

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

- **New Academic Programs**

- College of Biological Sciences (Twin Cities Campus)—Create minor in Neuroscience
- Medical School—Create Advanced Cardiovascular Imaging Fellowship
- Crookston Campus—Create B.S. degree in Elementary Education

- **Changes to Academic Programs**

- College of Science and Engineering (Twin Cities Campus)—Create coursework only (Plan C) option with the M.S. degree in Physics
- College of Science and Engineering (Twin Cities Campus)—Create coursework only (Plan C) option with the M.S.M.E degree
- College of Continuing Education (Twin Cities Campus)—Create Facility Management and General Construction tracks within the B.A.Sc. degree in Construction Management
- College of Liberal Arts (Twin Cities Campus)—Change name of the B.A. degree and minor in Chicano Studies to Chicano-Latino Studies States
- College of Continuing Education (Twin Cities Campus)—Change name of the B.A.Sc. degree and minor in Manufacturing Technology to Manufacturing Operations Management
- College of Liberal Arts (Duluth Campus)—Change name of the minor in Environmental Studies to Environment and Sustainability
- School of Public Health (Twin Cities Campus)—Delivery Master of Healthcare Administration degree in Saudi Arabia
- College of Education and Human Development (Twin Cities Campus)—Discontinue the Family, Youth, and Community subplan within the Ph.D. and M.A. degrees in Education, Curriculum and Instruction
- College of Education and Human Development (Twin Cities Campus)—Discontinue the Family and Consumer Science subplan within the M.Ed. degree in Family Education

- **Discontinuations to Academic Programs**

- School of Dentistry (Twin Cities Campus)—Discontinue Minor in Dentistry
- School of Public Health (Twin Cities Campus)—Discontinue the certificate in Leading Integrated Health Systems
- Carlson School of Management (Twin Cities Campus)—Discontinue the minor in Business Taxation
- College of Continuing Education (Twin Cities Campus)—Discontinue the certificate in Ophthalmology Technology
- College of Continuing Education (Twin Cities Campus)—Discontinue the certificate in Orthoptics Study
- College of Continuing Education (Twin Cities Campus)—Discontinue the certificate in Organizational and Professional Communication

- College of Education and Human Development (Twin Cities Campus)—Discontinue minor in Social Work
- College of Education and Human Development (Twin Cities Campus)—Discontinue minor in Work and Human Resource Education
- College of Education and Human Development (Twin Cities Campus)—Discontinue minor in Educational Policy and Administration
- College of Education and Human Development (Twin Cities Campus)—Discontinue the certificate in School Technology Leadership
- College of Education and Human Development (Twin Cities Campus)—Discontinue the certificate in Technology Enhanced Learning: Adult Learning
- College of Education and Human Development (Twin Cities Campus)—Discontinue the M.Ed. degree in Music Education
- College of Education and Human Development (Twin Cities Campus)—Discontinue the M.Ed. degree in Music Therapy

School of Public Health staff addressed a number of questions regarding the Delivery Master of Healthcare Administration degree in Saudi Arabia, which extends an existing relationship with a medical facility in that country.

The meeting adjourned at 3:30 p.m.



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

Year 2011-12

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance & Operations Committee

May 10, 2012

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, May 10, 2012 at 1:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Vice President Richard Pfutzenreuter; Acting Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason, Beth Nunnally, Julie Tonneson, and Mike Volna.

Student Representatives present: Madeleine Hammerlund and Chantal Wilson.

UPDATE & DISCUSSION OF ASSET ALLOCATION GUIDELINES

Vice President Pfutzenreuter invited Associate Vice President Mason to present recommended changes to the Board of Regents asset allocation guidelines, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Mason explained that the Office of Investments and Banking and the Investment Advisory Committee have been discussing potential changes to the Board of Regents asset allocation guidelines. Several consulting firms including Cambridge Associates and Goldman Sachs have assisted in the process. The goal is to meet Board of Regents investment objectives and protect portfolio assets during varying market trends.

To meet this goal, several alternatives have been evaluated, including an increased emphasis on defensive strategies that address specific risks across the portfolio. Recommendations for the portfolio structure involve three categories with allocation ranges for each:

- Risk Mitigating Fixed Income assets: 8 to 15 percent;
- Return Generating assets: 70 to 85 percent; and
- Absolute Return assets: 8 to 15 percent.

Each category is comprised of sub-portfolios to further diversify the risk and return composition.

In response to questions from the committee, Mason clarified that private capital is a sub-portfolio of the Return Generating assets category due to its high investment return.

ISSUES RELATED TO: PRESIDENT'S RECOMMENDED FY 2013 ANNUAL OPERATING BUDGET

Vice President Pfutzenreuter and Associate Vice President Tonneson provided an overview of the President's Recommended FY 2013 Annual Operating Budget Plan, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

The budget development process includes an assessment of available resources, costs, and prioritized investments to provide a framework to balance the budget. The all current funds non-sponsored budget plan for FY 2013, which includes state appropriations, tuition and all other sources (such as gifts, indirect cost recovery, sales and fees) proposed total net resources of \$3,500,276,422 and expenditures of \$2,704,730,446. The sponsored funds budget plan for FY 2013 (for externally funded research grants and contracts) is an additional \$617,000,000.

The University will address the budget through a combination of uncommitted state appropriations, a tuition increase and repurposing of unit and institutional resources.

**University of Minnesota
FY 2013 Budget Framework-Incremental Changes**

Resources:

Uncommitted State Appropriations	\$16,850,000
Planned O&M Carryforward from FY12 (nonrecurring)	\$6,100,000
Tuition Revenue Increase	\$24,600,000
Unit Resources	\$4,250,000
Institutional Resources (nonrecurring)	<hr/>
Total Incremental Resources	\$59,370,000

Expenditures:

Compensation	\$15,600,000
Student Aid	\$2,800,000
Academic Initiatives	\$33,990,000
Mission Support & Operations	<hr/>
Total Incremental Expenditures	\$59,240,000

Balance	\$130,000
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In response to questions from the committee, Pfutzenreuter stated that differential tuition at coordinate campuses is due to differing markets in those areas. He clarified that this is a topic of ongoing discussion to ensure the appropriate rates exist across the University of Minnesota system.

In response to questions about the proposed 3.5 percent undergraduate tuition increase proposed in the budget, President Kaler explained that this is the lowest percentage increase at the University of Minnesota in more than a decade and is probably below the rate of increase for peer institutions.

Kaler also responded to questions regarding the proposed employee compensation increases included in budget, which will average 2.5 percent. He stated that these increases are prudent given recent salary freezes and rising employee health care costs.

ISSUES RELATED TO: PRESIDENT'S RECOMMENDED FY 2013 ANNUAL CAPITAL IMPROVEMENT BUDGET

Vice President Pfutzenreuter discussed the President's Recommended FY 2013 Annual Capital Improvement Budget, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Pfutzenreuter described the capital improvement process and distinguished between the Capital Improvement Budget (Year 1) and the Capital Improvement Plan (Years 2-6). The University is in Year 1 of the Six-Year Capital Plan. Projects included in the plan are those that cost over \$500,000; have a completed predesign; and are fully funded. These projects will move into design and/or construction upon approval.

Pfutzenreuter reported that the FY 2013 Capital Improvement Budget totals \$513.7 million, with \$169.4 million coming from the State of Minnesota and \$344.3 million coming from University sources. The funding sources for the University-supported portion are: \$251.3 million in institutional debt; \$37.4 million from self-supporting units such as Parking and Transportation or Housing and Residential Life; \$24.1 million in central University funds; \$21.2 million from local unit funds; and \$10.3 million in grants and gifts.

The committee expressed support for the FY 2013 Annual Capital Improvement Budget.

CONSENT REPORT

Vice President Pfutzenreuter presented the Revised Consent Report, as detailed in the materials handed out at the meeting, which included:

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

- Cardinal Health for \$7,500,000 for purchase of pharmaceuticals and related supplies for Boynton Health Service Pharmacy, for the period of May 1, 2012, through October 31, 2013. This purchase will be paid for from the sale of prescriptions and other items to patients, and from payments by U of M departments for pharmaceuticals. Vendor was selected through a competitive process.
- Computer Concepts & Services, Inc. for up to \$2,000,000 for the purchase of essential analysis and programming services for the University of Minnesota Veterinary Diagnostic Laboratory (VDL). The initial period of the contract is

for June 1, 2012, through May 31, 2015, with an option to renew for an additional two years after the initial period. Annual expenditures are estimated to be \$400,000. VDL user fees and corporate gifts provide sources of funding for. Vendor was selected through a competitive process.

- Daktronics, Inc.; Alpha Video Sport and Entertainment Group; and Parsons Electric, a total of \$5,562,098 for installation, commissioning, and training on new scoreboards/videoboards, control room, and sound system between May 14, 2012 and October 1, 2012, as follows:
 - Daktronics, Inc., \$3,008,083 for new scoreboards/videoboards and LED fascia for Williams and Mariucci Arenas.
 - Alpha Video Sport and Entertainment Group, \$1,825,277 for new control equipment for new scoreboards/videoboards and LED fascia in Williams and Mariucci Arenas. The new controls will also provide high quality HE video to TCF Bank Stadium where the system will be housed.
 - Parsons Electric, \$728,738 for new sound systems in Williams and Mariucci Arenas.

All vendors were chosen through a competitive process. Funding will be provided through an internal loan with additional revenues generated through the priority point system providing funds for annual debt payments.

- Erickson Institute for \$1,625,000 as the partner and contractor for the project titled "Midwest Expansion of the Child-Parent Center Education Program, Preschool to Third Grade" for the period of January 1, 2012, through December 31, 2016, for the Institute of Child Development, College of Education and Human Development. The funds for this purchase are coming from multiple sponsored projects' budgets.
- Hewlett-Packard Company (HP) for an estimated \$1,300,000 to lease approximately 1,300 HP 8470 Elitebook series notebook computers for the period of July 1, 2012, through August 30, 2014, for the University of Minnesota, Crookston campus (UMC). The program is funded through a collegiate fee that has not increased since the year 2000. Students are eligible for Financial Aid support to cover the cost of the program. Vendor was selected through a competitive process.
- OLSON+ Co., Inc. for up to \$10,500,000 for a contract to provide branding and marketing expertise and strategy, design and production of print, web, and audio/visual marketing materials, and procurement of media placements for advertising materials (radio, TV, web, and/or print ads) for University Relations. The initial period of the contract is for July 1, 2012, through June 30, 2015, with an option to renew for an additional three years after the initial period. Annual expenditures are estimated to be \$2,500,000 for each of the first three years. The cost of this contract will be paid with funds allocated by the Institution, the University of Minnesota Foundation, and through funds that will be raised from other private and non-tuition sources. Vendor was selected through a competitive process.
- SRI International for \$2,033,651 as the evaluator for the project titled "Midwest Expansion of the Child-Parent Center Education Program, Preschool to Third Grade" for the period of January 1, 2012, through December 31, 2016, for the Institute of Child Development, College of

Education and Human Development. The funds for this purchase are coming from the sponsored project's budget.

- Thomson Reuters for an estimated \$1,110,000 for UPlan Data Warehouse services for the University of Minnesota Office of Human Resources Employee Benefits. The initial period of the contract is for January 1, 2013, through December 31, 2014, with an option for an additional four years after the initial period. The estimated cost of the initial contract will be \$299,600 with a \$160,000 implementation fee, with an estimated annual cost of \$162,600 for the additional renewal options. The fees are funded on an annual basis through the fringe pool. Vendor was selected through a competitive process.

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

INFORMATION ITEMS

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

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

The meeting adjourned at 3:23 p.m.



BRIAN R. STEEVES
Acting Executive Director
and Corporate Secretary

Year 2011-12

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

May 10, 2012

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, May 10, 2012, at 8:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Clyde Allen, Richard Beeson, Laura Brod, Thomas Devine, John Frobenius, Venora Hung, David Larson, David McMillan, and Maureen Ramirez.

Staff present: President Eric Kaler and Acting Executive Director Brian Steeves.

OATH OF OFFICE

The Honorable Chief Judge Matthew Johnson of the Minnesota Court of Appeals administered the oath of office to:

Thomas W. Devine, representing the 2nd Congressional District - For the remainder of a Six-Year Term expiring the first Monday of February, 2017.

The meeting adjourned at 8:05 a.m.



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

Year 2011-12

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

May 10, 2012

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, May 10, 2012 at 3:45 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: David Larson, presiding; Clyde Allen, Laura Brod, Thomas Devine, John Frobenius, Venora Hung, Dean Johnson, David McMillan, and Maureen Ramirez.

Staff present: President Eric Kaler; Senior Vice President and Provost Karen Hanson; and Acting Executive Director Brian Steeves.

RECOGNITIONS

**RECOGNITION OF DISTINGUISHED McKNIGHT UNIVERSITY
PROFESSOR AWARDS**

Recognition was given to the 2012 Distinguished McKnight University Professorship award recipients. This award honors and rewards the highest-achieving faculty at the University of Minnesota who recently attained full professor status. The recipients are:

C. Daniel Frisbie
Chemical Engineering and Materials Science

John Riedl
Computer Science and Engineering

David Samuels
Political Science

Claudia Schmidt-Dannert
Biochemistry, Molecular Biology and Biophysics

Jian-Ping Wang
Electrical and Computer Engineering

ACADEMY OF DISTINGUISHED TEACHERS

Recognition was given to the 2012 recipients of the following awards:

**Horace T. Morse-University of Minnesota Alumni
Association Award for Outstanding Contributions
To Undergraduate Education**

This award recognizes excellence in contributing directly and indirectly to student learning through teaching, research, and creative activities; advising; academic program development; and educational leadership.

Dennis R. Becker
Forest Resources

Kathryn Pearson
Political Science

Serge Rudaz
Physics and Astronomy

Steven P.K. Sternberg
Chemical Engineering, Duluth

Ulrike Tschirner
Bioproducts and Biosystems Engineering

**Outstanding Contributions to Postbaccalaureate, Graduate &
Professional Education Award**

This award recognizes faculty members for excellence in instruction; instructional program development; intellectual distinction; advising and mentoring; and involvement of students in research, scholarship, and professional development.

Allen M. Goldman
Physics and Astronomy

Kim K.P. Johnson
Design, Housing, and Apparel

Bonnie LeRoy
Genetics, Cell Biology and Development

Timothy P. Lodge
Chemistry, Chemical Engineering

Jennifer L. Pierce
American Studies

David Power
Family Medicine and Community Health

Yoji Shimizu
Laboratory Medicine and Pathology

Traci L. Toomey
Epidemiology and Community Health

JOHN TATE AWARD FOR EXCELLENCE IN UNDERGRADUATE ADVISING

Recognition was given to the 2012 recipients of the John Tate Award for Excellence in Undergraduate Advising. The Tate Award serves to recognize and reward high quality academic advising. It calls attention to the contribution academic advising provides in helping students formulate and achieve intellectual, career, and personal goals. The recipients are:

Sheryl Bolstad
College of Food, Agricultural and Natural Resource Sciences

Christine (Kit) Mack Gordon
Office of Undergraduate Education

Timothy Johnson
Department of Political Science

Jeannie Stumne
College of Education and Human Development

**JOSIE R. JOHNSON AWARD FOR HUMAN RIGHTS
AND SOCIAL JUSTICE**

Recognition was given to the recipients of the Josie R. Johnson Award for Human Rights and Social Justice. The award was established in honor of Dr. Josie R. Johnson in recognition of her lifelong contributions to human rights and social justice. The award honors University of Minnesota faculty, staff, and students who, through their principles and practices, exemplify a standard of excellence in creating respectful and inclusive living, learning, and working environments. The 2012 recipients are:

Mark Bellcourt
College of Food, Agricultural and Natural Resource Sciences and College of Education and Human Development

Lolla Mohammed Nur
Senior majoring in Political Science and Journalism with a minor in African American and African studies

Yodit Tesfaye
Senior majoring in Global Studies with a minor in Spanish

OUTSTANDING COMMUNITY SERVICE AWARDS

Recognition was given to a number of individuals from the University community for their significant contributions to improving the quality of life and the well-being of society. The 2012 recipients are:

Margaret Kuchenreuther
Department of Biology

Emily Springer
Department of Sociology

Carla Bates
Department of Psychology

Catherine Jordan
Department of Pediatrics and Extension Children, Youth,
and Family Consortium

Haila Maze
City of Minneapolis Department of Planning and Economic
Development

PRESIDENT'S AWARD FOR OUTSTANDING SERVICE

The President's Award for Outstanding Service was established in 1997 to recognize faculty and staff who have provided exceptional service to the University of Minnesota. The award is presented each year in the spring and honors active or retired faculty or staff who have gone well beyond their regular duties and have demonstrated an extraordinary commitment to the University community. The 2012 recipients are:

Stanley G. Bonnema
Department of Chemistry

Clinton Hewitt
Department of Landscape Architecture

Sue E. Jacobs
School of Dentistry

Susan M. Kubitschek
College of Science and Engineering

Ann S. Masten
Institute of Child Development

William H. Miller
Physics and Astronomy

Michael J. Mullins
Department of Foreign Languages and Literature

Jennifred G. Nellis
Division of the Humanities, Morris

Paula L. O'Loughlin
Division of Social Sciences, Morris

Mark W. Seeley
Department of Soil, Water, and Climate

Jerie S. Smith
The Aurora Center for Advocacy and Education

Gavin D. Watt
Division of Environmental Health Sciences

NATIONAL SCHOLARSHIP RECIPIENTS

Recognition was given to the following recipients of national scholarships:

2012 Morris K. and Stuart L. Udall Scholarship

Established by Congress in 1992, the Udall Foundation is dedicated to educating a new generation of Americans to preserve and protect their national heritage through scholarship, fellowship, and internship programs focused on environmental and Native American issues.

Eric Sannerud
Junior in the Inter-College Program

Naomi Wente
Political Science and Environmental Studies double major,
Morris

Goldwater Scholarship

Congress established the Barry M. Goldwater Scholarship and Excellence in Education Program in 1986 to honor Senator Barry Goldwater. The prestigious scholarship is awarded to students who intend to pursue research-oriented careers in mathematics, the natural sciences, and engineering.

Paul David Carlson
Junior majoring in chemical engineering, College of
Science and Engineering

Chung-Yun (George) Chao
Junior with double major in genetics, cell biology and development

Mark Strom
Junior majoring in chemistry

Hertz Fellowship

Considered to be the nation's most prestigious and generous support for graduate education in applied sciences and engineering, the Hertz Fellowship is valued at more than \$250,000 per student, with support lasting up to five years.

Grant Remmen
Senior majoring in astrophysics, physics, and mathematics

NCAA CHAMPIONS AND HOBEY BAKER MEMORIAL AWARD RECIPIENT

Recognition was given to the following team and student athlete for capturing NCAA championships this year and to the following student athlete for winning the Hobey Baker Memorial Award:

NCAA Champions

Women's Hockey Team, Twin Cities, Brad Frost, Coach

Tony Nelson, Wrestling, Heavyweight, Twin Cities, J Robinson, Coach

Hobey Baker Memorial Award

Jack Connolly, Men's Hockey, Duluth, Scott Sandelin, Coach

The meeting adjourned at 4:20 p.m.



BRIAN R. STEEVES
Acting Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

May 11, 2012

A meeting of the Board of Regents of the University of Minnesota was held on Friday, May 11, 2012 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Charles Casey and Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; Senior Vice President Robert Jones; Vice Presidents R. Timothy Mulcahy, Kathleen O'Brien, and Richard Pfutzenreuter; General Counsel Mark Rotenberg; Acting Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Julie Tonneson, and Michael Volna.

INTRODUCTION

President Kaler introduced Srilata Zaheer, Dean, Carlson School of Management, to the University community. Zaheer began her appointment March 9, 2012.

RECOGNITION

Chair Cohen recognized the 2011-2012 Student Representatives to the Board of Regents:

Molly Tomfohrde
Duluth

Madeleine Hammerlund
Rochester

Tyler Dirks
Twin Cities (MSA)

Abdul Omari
Twin Cities (GAPSA)

James Rook
Morris

Kathryn Holmquist
Crookston

Kristen Kranzler
Twin Cities (MSA)

Chantal Wilson
Twin Cities (MSA)

APPROVAL OF MINUTES

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

Ad Hoc Group – March 2, 2012
Board of Regents – March 8, 2012
Board of Regents Work Session – March 8, 2012
Board of Regents – March 9, 2012

REPORT OF THE PRESIDENT

President Kaler reported on his activities around five broad goals he established at the beginning of his appointment in July 2011 related to listening and learning; continuing to achieve excellence for the University; addressing access and affordability; intensifying advocacy; and improving operational efficiency by trimming administrative costs.

Kaler announced that, pending Board of Regents approval, Norwood Teague would become the Athletic Director, Twin Cities Campus effective June 18, 2012. Kaler also provided updates on the search for chancellor of the Crookston Campus, dean of the dental school, vice president for research and vice president for University Services.

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

REPORT OF THE CHAIR

On behalf of the Board, Chair Cohen welcomed Regent Thomas Devine to his first Board of Regents meeting. Devine, who is from the 2nd Congressional District, was elected to the Board of Regents April 4, 2012.

Chair Cohen reported on a number of events Regents have attended in previous weeks. She noted that Regents would confer degrees at 26 commencement ceremonies across five campuses this spring.

Cohen announced the appointment of the Presidential Performance Review Committee comprised of herself, Regent Larson and Regent Brod. She indicated the committee would hold two nonpublic meetings in May followed by a nonpublic meeting with President Kaler to discuss the review. Cohen noted that the committee would present its report at the June 2012 Board of Regents meeting.

Cohen also announced the appointment of a Special Committee on Executive Compensation and Administrative Transitional Leaves chaired by Regent Beeson and including Regents Frobenius and Johnson. The committee is charged with establishing

principles to guide policy revisions and tasking the administration to bring proposals to the committee for consideration; reviewing current Board and administrative policies related to executive compensation and transitional leaves; and working with the administration to refine its proposals and develop a set of committee recommendations to enhance Board oversight. The committee will provide its report to the Board in June 2012. Cohen stressed that compensation policies must allow the University to attract top talent while demonstrating prudent use of limited resources.

Cohen noted that the next regular meeting of the Board of Regents would be held on June 7-8, 2012 on the Twin Cities Campus.

RECEIVE AND FILE REPORTS

Chair Cohen noted the receipt and filing of the Annual Review of the President's Delegations.

CONSENT REPORT

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

- Report of the University Naming Committee recommendation forwarded in a letter from President Kaler dated May 2, 2012; and
- Summary of Gifts through March 31, 2012.

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

REPORT OF THE STUDENT REPRESENTATIVES TO THE BOARD OF REGENTS

Abdul Omari, Chair of the Student Representatives to the Board of Regents, presented their semi-annual report. The report reflected the student perspective on issues and concerns facing University students and included items from each student assembly detailing goals, accomplishments, and obstacles. Omari addressed the areas of student financial literacy and public engagement, and updated the Regents on topics presented in the December 2011 report.

A copy of the Report of the Student Representatives to the Board of Regents is on file in the Board Office.

Regents expressed appreciation to the Student Representatives for their contributions and commitment.

RESOLUTION RELATED TO LETTERS OF INTENT: "INTEGRATED STRUCTURE" COLLABORATION AND AMBULATORY CARE CENTER

Chair Cohen invited President Kaler, Vice President Pfutzenreuter, General Counsel Rotenberg, and Bobbi Daniels, University of Minnesota Physicians Chief

Executive Officer to lead the discussion. Kaler noted the purpose of the discussion is to review the status of planning activities related to enhancing the relationship among the University of Minnesota, Fairview Health Services (FHS), and University of Minnesota Physicians (UMP), develop a new ambulatory care center (ACC) on the Twin Cities Campus and to consider a resolution related to letters of intent between the University, FHS, and UMP (materials distributed at the meeting are on file in the Board Office.)

Daniels discussed the shared goal for the integrated structure: to be a top 20 medical school with a thriving clinical academic enterprise. She summarized the characteristics of the integrated structure, which would be co-managed by the CEO of UMP and the President of Fairview's University of Minnesota Medical Center Division through an entity owned 50/50 by UMP and FHS. Daniels also discussed the principles guiding the development of ACC:

- Patient and family-centered care;
- A collaborative environment;
- Flexibility; and
- Recruitment and retention of exceptional faculty, staff and students.

Pfutzenreuter discussed the proposed ACC building site, financial structure of the \$182.5 million project, and outlined next steps for the integrated structure and ACC project.

In response to comments, Rotenberg stated there would be a transitional management board including individuals who have had experience in creating this type of initiative. He indicated that certain incentives would be built into the agreements to encourage people to work in sync with one and other, and that the parties would attempt to create structures and incentives so that co-management would be the natural outcome.

Regent Beeson commented that the integrated structure agreements contemplate additional performance based payments to the Medical School based on efficiency and growth. He encouraged the administration to consider increasing baseline payments over time and returning money to the Medical School more quickly.

Regent Johnson commented that the project would be strengthened by engagement of the state's medical community in planning for the ACC. He added that the University receives patients from greater Minnesota communities and also educates health care providers in these communities.

A motion was made and seconded and the Board of Regents voted unanimously to recommend the Resolution Related to Letters of Intent: "Integrated Structure" Collaboration and Ambulatory Care Center, as follows:

WHEREAS, the University of Minnesota (University) is party to an Academic Affiliation Agreement with Fairview Health Services, a Minnesota nonprofit corporation (Fairview), pursuant to which the academic mission of the University and its Academic Health Center (AHC) is supported through collaboration in the provision of healthcare services to citizens of the State of Minnesota and others;

WHEREAS, University of Minnesota Physicians, the designated practice organization of the faculty of the University of Minnesota

Medical School Twin Cities (UMP), is party to an affiliation agreement and various other agreements with Fairview pursuant to which the practice of medicine is conducted at Fairview facilities in a manner supportive of the academic mission of the AHC;

WHEREAS, it has been proposed that the University, Fairview, and UMP collaborate in the development of a new business model (Integrated Structure) to virtually integrate the governance, management, and operations of Fairview and UMP, and to create greater coordination and support of the medical education and research activities of the University's Medical School to better manage and deliver clinical care; to align the resources and investments of each of them to achieve their mutual goals in research, education, and outreach; and to enhance the long-term development of the entire affiliated academic healthcare system;

WHEREAS, the University, Fairview, and UMP have negotiated a non-binding letter of intent that sets forth their general understanding with respect to the development of the Integrated Structure (Integrated Structure Letter of Intent) and establishes certain principles in accordance with which, through definitive agreements to be negotiated and finalized by October 31, 2012, they will promote strategic alignment and integrated governance and provide for a defined capital allocation process to support the University's Medical School;

WHEREAS, it has been proposed that in order to enable greater access to health care within the State and better accommodate patients; ensure the continued financial viability of the State's sole public medical school; and further the core mission of the AHC by enhancing research and educational opportunities for faculty, students, and residents, a new ambulatory care center (ACC) be constructed on the Twin Cities campus that would enable direct and convenient patient access by physically consolidating outdated outpatient clinics currently existing in multiple locations, and also provide improved space for the conduct of related research and teaching activities;

WHEREAS, it has been proposed that in order to coordinate the operation by Fairview and UMP of the clinics to be located within the ACC, a new entity ("Newco") be created that will be owned by Fairview and UMP and will manage such operations, either within the Integrated Structure or pursuant to separate management services agreements;

WHEREAS, the University, Fairview, and UMP have negotiated a letter of intent regarding the construction, equipment, and operation of the ACC (ACC Letter of Intent) that sets forth certain principles, terms, and conditions; provides for the creation of Newco; and includes certain legally binding commitments regarding the construction and ownership by the University of the ACC, net of equipment, contingent upon, in part, the provision by each of UMP and Fairview of a corporate guarantee for its relative portion of the debt to be issued to finance the ACC and the execution of definitive agreement(s) creating the Integrated Structure;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The President is hereby authorized to execute and deliver the Integrated Structure Letter of Intent, and the President and all other appropriate University officers are authorized to take such further action as may be necessary or appropriate to carry out its intended purpose, subject to obtaining all additional approvals required under the Board Policy: *Reservation and Delegation of Authority*; and
2. The President is hereby authorized to execute and deliver the ACC Letter of Intent, and the President and all other appropriate University officers are authorized to take such further action as may be necessary or appropriate to carry out its intended purpose, subject to obtaining all additional approvals required under the Board Policy: *Reservation and Delegation of Authority*.

**PRESIDENT'S RECOMMENDED FY 2013 ANNUAL CAPITAL
IMPROVEMENT BUDGET**

President Kaler introduced the President's Recommended FY 2013 Annual Capital Improvement Budget (Budget) by briefly highlighting the economic impact of the University and how capital projects create employment opportunities in construction related projects. He added that such improvements upgrade and enhance facilities to ensure student success, foster research productivity and impact, and protect public assets and investment. He invited Vice Presidents O'Brien and Pfutzenreuter to lead the discussion.

O'Brien reported that the Budget represents the first year of the Six-Year Capital Improvement Plan and authorizes projects that have funding in place to proceed with design and/or construction. She noted that each of the projects in the Budget have a value greater than \$500,000 and continue to build on the established capital planning framework. O'Brien highlighted a number of projects included in the Budget, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

O'Brien indicated that the Budget before the Board today has not been updated to reflect recent legislative action and that a revised Budget would be presented at the June 2012 Board of Regents meeting. She noted that the State funding totals \$64 million, or 38 percent of the original request, bringing the Budget from \$513 million to \$375 million.

Pfutzenreuter reported that the original Budget included an assumption of full funding of the state capital request. He summarized the adjustments made to reflect recent legislative action and described the sources of funding for the Budget and how matching funds, grants and gifts, and University and state of Minnesota debt will finance several of the projects.

In response to a concern expressed by Regent McMillan, Pfutzenreuter indicated that the Old Main Utility Building renovation project received strong legislative support

but not the full funding requested by the institution, and funding options will need to be considered in the near future.

The President's Recommended FY 2013 Annual Capital Improvement Budget will return for action at a future meeting of the Board of Regents.

PRESIDENT'S RECOMMENDED FY 2013 ANNUAL OPERATING BUDGET

President Kaler presented the President's Recommended FY 2013 Annual Operating Budget (Budget) as included in the docket and associated materials distributed at the meeting and on file in the Board Office. He invited Vice President Pfutzenreuter to join the discussion.

Kaler indicated the Budget is built on the following priorities:

- Holding tuition increases to 3.5 percent for Minnesota undergraduates, which is the lowest tuition increase this century.
- Maintaining accessibility to qualified students regardless of income. The modest tuition increase will be offset by an additional \$2.3 million in need-based aid, made available by cost savings from a restructuring of the U's Promise Scholarship program and additional funding for merit-based aid to attract the top students from Minnesota and the region.
- Investing in faculty and staff to continue fostering excellence in education and research. This includes \$34 million in new academic program investments and a 2.5 percent compensation pool increase for faculty and staff, following three years of furloughs, wage freezes and increased health care costs.
- Investments in operational excellence, holding down operating and support costs and redeploying funds to ensure the highest use of limited resources. New investment in operations and support is being held to about one-half of 1 percent of the annual spending base.

Kaler summarized the all funds revenue sources within the \$3.5 billion Budget, noting that tuition comprises 24 percent of the Budget while state support totals 16 percent. He described a number of initiatives to increase financial aid, invest in research, human capital and technology; reduce operating costs while reinvesting savings in the academic enterprise; recalibrating the institution's risk profile; and other plans to enhance and strengthen the University's mission.

In response to a comment from Regent Larson, Kaler indicated that the administration is looking at total compensation and benefits costs. He added that for faculty, total compensation is in the mid-range compared to peer institutions, while salary is below mid-range. Kaler reiterated the importance of remaining competitive in this area to attract top talent.

Regent Beeson commented that it would be beneficial for the administration to provide budget projections for the next two to three years with scenarios that might

illustrate the impact of various levels of state support and show what investment and disinvestment might mean for the institution.

In response to comments from Regents Brod and McMillan, Kaler indicated that the proposed tuition increases in the Carlson School of Management MBA program are an attempt to close the gap between resident and nonresident rates to be closer to that of its peer institutions. In response to questions from Regent Frobenius, Kaler indicated that the administration would provide information on tuition increases at peer institutions.

Regent Allen expressed his support for the Budget. He noted the need to be mindful about retaining talented faculty and staff, manage the cost of tuition, and the importance of moving toward endowed scholarship support.

REPORT OF THE AUDIT COMMITTEE

Regent Beeson, Chair of the committee, reported that the committee received an external auditor review; discussed the external audit plan; received a report from the compliance officer; received a presentation on social media: realizing its opportunities responsibly; and discussed the information items included in the docket materials.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

- a) Approval of the Consent Report of the Educational Planning & Policy Committee as presented to the committee and described in the May 10, 2012 committee minutes.
- b) Adoption of amendments to Board of Regents Policy: *Submitting and Accepting Sponsored Projects*, as follows:

Submitting and Accepting Sponsored Projects

SECTION I. SCOPE.

This policy identifies the circumstances under which University of Minnesota (University) faculty, staff, and students shall be eligible to submit proposals for sponsored projects and the conditions under which the University will accept such awards.

SECTION II. DEFINITIONS.

Subd. 1. Principal Investigator. Principal investigator shall mean the individual or individuals primarily responsible for and in charge of a sponsored project.

Subd. 2. Eligible Academic Professional and Administrative Employees. Eligible Academic Professional and Administrative Employees (P&A employees) shall mean employees whose primary

position at the University is classified within the 93XX, 96XX, or 97XX series.

Subd. 3. Regular Faculty. Regular faculty shall mean a faculty member with a tenure or probationary appointment.

Subd. 4. Sponsored Project. Sponsored project shall mean a project funded with grants, contracts, and/or cooperative agreements, including, but not limited to, training, public service, research, and cooperative projects.

Subd. 5. Term Faculty. Term faculty shall mean a faculty member with an appointment for a specified length of time.

SECTION III. DELEGATION OF AUTHORITY.

Subd. 1. Sponsored Project Proposals. The president or delegate has the responsibility to approve sponsored project proposals, exercising appropriate judgment regarding the applicant's ability to provide the necessary scientific/technical leadership and administrative/financial management of the project. Only the president or delegate may exercise this authority; individuals eligible to serve as principal investigators may not directly submit proposals to prospective sponsors.

Subd. 2. Sponsored Project Acceptance. The president or delegate has the responsibility to accept sponsored projects on behalf of the Regents of the University of Minnesota. Only the president or delegate may exercise this authority; other individuals may not accept awards or agree to terms proposed by a sponsor.

SECTION IV. SPONSORED PROJECT PROPOSAL REQUIREMENTS.

Subd. 1. Approval Requirements. Proposals may be approved for submission only if:

- (a) the applicant is eligible to serve as a principal investigator as specified in subd. 2 below;
- (b) the president or delegate has approved the applicant as principal investigator on the proposal;
- (c) adequate space is available to house the project; and
- (d) resources judged to be sufficient to conduct and complete the project are available.

Subd. 2. Principal Investigator Eligibility Requirements. The following criteria specify the minimum standards for approval as a principal investigator. These minimum standards must be incorporated into department or collegiate policies and procedures, but units may develop additional or more restrictive standards regarding this matter.

(a) Automatically Eligible Individuals – The following individuals shall be automatically eligible to serve as principal investigators:

- (i) regular faculty; and
 - (ii) emeriti faculty.
- (b) Other Eligible Individuals – The following individuals may be eligible to serve as principal investigators if they adhere to policies established by the unit in which they are an employee or student and if they meet funding source criteria, which must be compatible with the University's standards:
- (i) term and non-regular faculty and other academic employees, such as P&A employees;
 - (ii) individuals with graduate student/professional training status; and
 - (iii) employees with non-academic titles, in unusual circumstances.
- (c) Training Requirements – Principal investigators must complete all training required by the sponsor and the University.

SECTION V. PRINCIPAL INVESTIGATOR STATUS.

Subd. 1. Relationship to the University. An individual's University appointment document shall govern the relationship of a principal investigator to the University. Principal investigator status does not imply a University commitment to any subsequent appointment beyond the term of appointment then in effect, nor does it alter the standing of individuals with graduate student/professional training status or commit the University to their future employment.

Subd. 2. Voluntary Termination of Principal Investigator Relationship with University. Should the principal investigator, of whatever title, leave the University prior to completion of the project, the future of that project shall be governed by the terms of that grant/contract agreement, the wishes of the sponsor, or negotiations among the sponsor, the University, and the principal investigator, as appropriate to specific circumstances.

Subd. 3. Rescission. An individual's status as a principal investigator may be rescinded for just cause during the term of the grant/contract agreement, but the individual may appeal the decision in accordance with applicable University policies and procedures.

SECTION VI. SPONSORED PROJECT ACCEPTANCE.

Subd. 1. Acceptance. To be accepted, sponsored projects must adhere to applicable Board of Regents (Board) policies and administrative policies and procedures.

Subd. 2. Ownership. Grants and contracts for sponsored research and training projects are awarded to the University rather than to individual investigators.

SECTION VII. REPORTING.

The following information shall be reported to the Board:

- (a) Quarterly – Report on grants and contracts received during the quarter.
- (b) Annually – Report on the status of the University's research, including sponsored project activity.

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

Ramirez reported that the committee also reviewed amendments to Board of Regents Policy: *Tuition and Fees*; received a report on the research university library in the 21st century; and received reports of curriculum overview at the Morris and Rochester campuses.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of schematic plans for the following projects as presented to the committee and described in the May 10, 2012 committee minutes:
 - 1) Siebert Field ballpark replacement, Twin Cities Campus.
 - 2) Laboratory/classroom facility – Itasca Biological Station.

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

Johnson reported that the committee also discussed Issues Related to the President's Recommended FY 2013 Annual Capital Improvement Budget; received a report on Auxiliary Services capital plan; and discussed a number of information items included in the docket materials.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Revised Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the May 10, 2012 committee minutes.
- b) Adoption of amendments to Board of Regents Policy: *Sexual Harassment*, as follows:

Sexual Harassment

SECTION I. SCOPE.

This policy governs the commitment to the prevention and awareness of and response to sexual harassment at the University of

Minnesota (University).

SECTION II. DEFINITIONS.

(a) Sexual Harassment. Sexual harassment shall mean unwelcome sexual advances, requests for sexual favors, and/or other verbal or physical conduct of a sexual nature when:

(1) Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment or academic advancement in any University activity or program;

(2) Submission to or rejection of such conduct by an individual is used as the basis of employment or academic decisions affecting this individual in any University activity or program; or

(3) Such conduct has the purpose or effect of unreasonably interfering with an individual's work or academic performance or creating an intimidating, hostile, or offensive work or academic environment in any University activity or program.

(b) Retaliation. Retaliation shall mean any form of intimidation, reprisal or harassment against an individual because the individual has made a report of sexual harassment or has participated in an investigation of sexual harassment by or of a University community member including:

(1) Firing, refusing to hire, or refusing to promote the individual;

(2) Departing from any customary employment or academic practice regarding the individual;

(3) Transferring or assigning the individual to a lesser position in terms of wages, hours, job classification, job security, employment or academic status;

(4) Informing another student, staff or faculty member who does not have a need to know that the individual has made a complaint or participated in an investigation of a complaint of sexual harassment;

(5) Impeding the individual's academic advancement in any University activity or program.

(c) Member of the University Community. Member of the University community shall mean any University faculty member, student, staff member, visitor or other individual engaged in any University activity or program.

SECTION III. GUIDING PRINCIPLES.

The following principles shall guide the commitment of the University for the prevention and awareness of and response to sexual

harassment:

(a) Consistent with its academic mission and standards, the University is committed to achieving excellence by working to create an educational, employment and residential living environment that are free from sexual harassment.

(b) The University is committed to preventing and eliminating sexual harassment of faculty, staff and students through education and by encouraging all members of the University community to report any concerns or complaints about sexual harassment.

(c) As a community of faculty, staff and students engaged in research, scholarship, artistic activity, teaching and learning or activities that support them the University seeks to foster an environment that is equitable, humane and responsible and where all members are treated with dignity and respect.

SECTION IV. IMPLEMENTATION.

The University shall:

(a) Prohibit sexual harassment or retaliation.

(b) Ensure that department heads, deans, provosts, chancellors, vice presidents, and other supervisors and managers take timely and appropriate action when they know or should know of the existence of sexual harassment. Other persons who suspect sexual harassment should report it to an appropriate person in their unit or to the University equal opportunity officer.

(c) Adopt procedures on each campus for investigating and resolving complaints of sexual harassment in coordination with the director of equal opportunity and affirmative action.

(d) Address violations of this policy through disciplinary or other corrective action up to and including termination of employment or academic dismissal.

SECTION V. MONITORING.

The president or delegate shall address complaints of sexual harassment consistent with this policy and law and remedy any discriminatory or harassing practice that deviate from this policy.

- c) Adoption of amendments to Board of Regents Policy: *Nepotism and Personal Relationships*, as follows:

Nepotism and Personal Relationships

SECTION I. SCOPE.

This policy governs conflicts of interest that may arise due to personal relationships among members of the University of Minnesota

(University) community.

SECTION II. DEFINITIONS.

Subd. 1. Nepotism. Nepotism shall mean actions by a University member that directly influence the University employment (e.g., hiring, promotion, supervision, evaluation, and determination of salary) or academic progress (e.g., grading and advising) of any other University member with whom they have a personal relationship. This definition includes instances where there is no direct influence on employment or academics, but the relationship has a negative impact on the educational or work environment.

Subd. 2. Personal Relationship. Personal relationship shall mean a marital or other committed relationship, significant familial relationship, including, relationships by blood, adoption, marriage, or domestic partnership; partner, parent, grandparent, child, sibling, first cousin, uncle, aunt, nephew, niece, spouse, brother- or sister-in-law, father - or mother-in-law, son- or daughter-in-law, step-parent, or step-child; consensual sexual or romantic relationship; a close personal friendship; or a significant business relationship.

Subd. 3. Member of the University Community. Member of the University community shall mean any University faculty member, staff member, student, or other individual engaged in any University activity or program.

SECTION III. GUIDING PRINCIPLES.

The following principles shall guide the commitment of the University to govern conflicts of interest that may arise due to personal relationships among members of the University community.

(a) Nepotism is prohibited at the University in the employment and educational context.

(b) Faculty members and advisors are cautioned that romantic relationships with current students are unwise and may violate other University policies, even when activities prohibited by this policy have been avoided because of:

- (i) the trust accorded to faculty members and advisors by students;
- (ii) the power disparity inherent in academic associations;
- (iii) the difficulty of making alternative arrangements for
- (iv) the risk of real or perceived favoritism toward the student in the personal relationship; and
- (v) the potential harm to the student and other students.

SECTION IV. IMPLEMENTATION

The University shall:

(a) Require mandatory consultation for University members who are or will be in a position to engage in activity prohibited by this

policy and ensure that appropriate, confidential steps that do not unreasonably disadvantage any University member, are taken to avoid the prohibited activity.

(b) Require compliance with this policy by either structuring the conditions of the employment or academic association of the related parties to avoid or eliminate prohibited activities or avoid the personal relationship that may lead to prohibited activities. Such structuring shall occur after appropriate consultation and shall not unreasonably disadvantage either University member.

(c) Protect the employment or academic interests of the subordinate party when structuring the association to avoid a prohibited activity.

(d) Protect the interests of the subordinate when a power disparity exists in the employment or academic association of the individuals in the personal relationship.

(e) Grant an exception to this policy in unusual circumstances, when eliminating a prohibited activity would unreasonably disadvantage one or both of the University members involved in a personal relationship. Safeguards will be implemented to ensure that any subsequent employment or academic decisions are made impartially.

(f) Allow noncompetitive appointments of spouses and partners otherwise authorized by University policy and procedures.

(g) Implement disciplinary action in response to violations of this policy up to and including termination of employment or academic dismissal. Participation in and adherence to the consultation process may mitigate disciplinary action.

(h) Ensure a compliance monitoring process and remedy any practices that deviate from this policy.

- d) Approval of annual promotion/tenure recommendations as presented in the docket materials, effective with the beginning dates of their terms of appointments in 2012-13.
- e) Approval of continuous appointment status along with promotion for staff in the academic professional series as presented in the docket materials, effective with the beginning of the 2012-13 appointment period.

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

Beeson reported that the committee also reviewed amendments to Board of Regents Policy: *Faculty Emeriti*; received a report on strategic directions for the Office of Human Resources; and reviewed a number of information items in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

- a) Approval of the Revised Consent Report for the Finance & Operations Committee as presented to the committee and described in the May 10, 2012 committee minutes.

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

Frobenius reported that the committee also received an update and discussed asset allocation guidelines; discussed issues related to the President's Recommended FY 2013 Annual Operating Budget and issues related to the President's Recommended FY 2013 Annual Capital Improvement Budget; and reviewed the information items included in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Hung, Chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on May 10, 2012. A resolution was considered and passed that authorized the closing of the meeting. In the closed meeting a discussion was held of matters that are subject to the attorney-client privilege.

NEW BUSINESS

Chair Cohen announced that the Board would consider a Resolution Related to: Minnesota Vikings Use of TCF Bank Stadium for review and action. If approved, it would allow the administration to execute a letter of intent between the University of Minnesota and the Minnesota Vikings for temporary use of TCF Bank Stadium. President Kaler noted that the proposal allows the Minnesota Vikings to play in TCF Bank Stadium for one to four years as their new stadium is constructed. He invited Vice Presidents O'Brien and Pfutzenreuter and General Counsel Rotenberg to lead the discussion.

Rotenberg indicated that two principles guided the University's discussions with the Minnesota Vikings on the use of TCF Banks Stadium: 1) to be good partners with the Vikings and the state of Minnesota to help ensure the team remained in Minnesota; and 2) to protect the land-grant mission of the University. Rotenberg stated that the resolution presented today embodies a letter of intent that resulted from good faith negotiations with the Vikings, with appropriate compensation to the University for what use of the facility. He summarized the key elements and terms of the letter of intent (materials distributed at the meeting and on file in the Board Office). Rotenberg noted the letter of intent is not a legally binding contract but expresses intent to reach an agreement. Rotenberg indicated that if the letter of intent were executed, further agreements would be presented for Board of Regents consideration in the future.

In response to questions, Kaler indicated that the preliminary plan is for revenue from the Vikings to be directed to the Department of Athletics, but he emphasized that no final decision has been made. He added that this is consistent with other stadium

revenue, and that the Department of Athletics is responsible for stadium operating costs.

In response to questions and comments, O'Brien explained some of the capital improvements that would be made to TCF Bank Stadium. She indicated that all improvements are a benefit to the University and would stay with the institution.

A motion made and seconded and the Board of Regents voted unanimously to approve the Resolution Related to: Minnesota Vikings Use of TCF Bank Stadium, as follows:

WHEREAS, the University of Minnesota ("University") and Minnesota Vikings Football, LLC ("Vikings") have negotiated the terms of a non-binding Letter of Intent ("LOI") for the Vikings' use of TCF Bank Stadium during construction of a new Vikings' stadium, in the event legislation for a new stadium in downtown Minneapolis on the Hubert H. Humphrey Metrodome site is approved (the "Stadium Bill"); and

WHEREAS, the Minnesota legislature approved the Stadium Bill, on May 10, 2012; and

WHEREAS, the University desires to support the Vikings during the construction of the new stadium by allowing the team's use of TCF Bank Stadium in accordance with an arrangement that is mutually beneficial to the Vikings and the University; and

WHEREAS, the negotiated LOI is a non-legally binding understanding that reflects a mutually beneficial arrangement that will become a final, definitive agreement; and

WHEREAS, any final agreement between the University and the Vikings for use of TCF Bank Stadium must be approved by the University's Board of Regents;

NOW, THEREFORE, BE IT RESOLVED THAT, the Board of Regents approves the LOI and authorizes the President Kaler to execute and deliver the LOI, with the understanding that any and all legally binding agreements between the University and the Vikings for use of TCF Bank Stadium will be brought to the Board for its consideration.

The meeting adjourned at 11:56 a.m.



BRIAN R. STEEVESS
Acting Executive Director
and Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

**Special Committee on Executive Compensation
and Administrative Transitional Leaves**

April 26, 2012

A meeting of the Special Committee on Executive Compensation and Administrative Transitional Leaves, established by the Chair of the Board of Regents pursuant to Board of Regents Policy: *Board Operations and Agenda Guidelines*, Sec. II, subdivision 3, was held on Thursday, April 26, 2012 at 1:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; John Frobenius and Dean Johnson. Thomas Devine was also present as a non-member of the Special Committee.

Staff Present: Vice President Kathryn Brown; General Counsel Mark Rotenberg; Acting Executive Director Brian Steeves; and Chief of Staff Amy Phenix.

Regent Beeson stated that the special committee would focus on governance issues related to executive compensation and administrative transitional leaves and not on the day-to-day management of the organization or individual compensation payments. He explained that the special committee would meet three times and present policy recommendations to the Board of Regents at its June 2012 meeting. Beeson emphasized that the University must remain competitive in attracting and rewarding talented individuals while also exercising careful stewardship of limited resources.

Regent Beeson introduced Vice President Brown and Chief of Staff Phenix, to present information regarding applicable Board and administrative policies, as detailed in the materials distributed at the meeting and on file in the Board Office. Brown provided summary information related to current policies and practices surrounding executive compensation and administrative transitional leaves.

Brown described the role of the President in the hiring and separation of senior University leaders. She emphasized that executive staff can be placed into two categories: those who have been granted tenure and those without tenure. She clarified that all members of the executive staff serve at the pleasure of the President and have job codes with an "L" classification.

Brown explained that the Board approves the initial appointment and base salary for senior leaders, but does not currently get any subsequent reports on executive compensation. She noted that executives receive salary adjustments from the same salary pool as other University employees. Brown reviewed Board of Regents Policy: *Employee Compensation and Recognition* and Board of Regents Policy: *Employee Development, Education and Training* and explained that the University rarely negotiates transitional leaves ahead of time.

A lengthy discussion ensued in which the following issues and questions were addressed:

- the relationship between Board of Regents policy and administrative policy as it relates to executive compensation and administrative transitional leaves;
 - the unique conditions of the higher education marketplace;
 - the need to ensure that units comply with the compensation components of administrative policies;
 - the need for transparency in executive compensation;
 - the public perception of administrative transitional leaves;
 - the frequency with which the Board of Regents receives compensation reports;
 - the shortage of faculty members in academic administration; and
 - the compensation plan for academic and administrative employees.

Beeson noted that staff would review policies of peer institutions and summarize "best practices" at a future meeting of the committee.

The meeting adjourned at 2:53 p.m.

Brian R. Steeves

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

**Special Committee on Executive Compensation
and Administrative Transitional Leaves**

May 14, 2012

A meeting of the Special Committee on Executive Compensation and Administrative Transitional Leaves, established by the Chair of the Board of Regents pursuant to Board of Regents Policy: *Board Operations and Agenda Guidelines*, Sec. II, Subdivision 3, was held on Monday, May 14, 2012 at 2:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; John Frobenius, and Dean Johnson. Thomas Devine was also present as a non-member of the Special Committee.

Staff Present: Vice President Kathryn Brown; General Counsel Mark Rotenberg; Acting Executive Director Brian Steeves; and Chief of Staff Amy Phenix.

Regent Beeson invited Vice President Brown and Chief of Staff Phenix, to present targeted outcomes and proposed actions for senior leadership compensation and separation, as detailed in the materials distributed at the meeting and on file in the Board Office.

Phenix reviewed the committee's targeted outcomes:

- Adopt a philosophy and framework to guide the compensation of senior leaders at the University of Minnesota;
- Require an annual senior leader compensation report to the Board, including an analysis of trends and benchmarks;
- Ensure that base salaries for senior leaders remain competitive by conducting periodic market-based benchmarking studies and providing the President with authority to make adjustments based on that data;
- Realign Board structure/responsibilities to ensure oversight of compensation for senior leaders at the committee level; and
- Adopt changes to policies governing compensation for senior leaders to clarify Board intent, increase transparency, and ensure adequate Board oversight from initial appointment through transition or termination.

Phenix provided an overview of preliminary findings in the areas of governance, policy, and compensation. Best practices vary in all three categories. Proposed action steps include:

- Charge an existing Board of Regents committee with additional responsibilities related to senior leader compensation philosophy, strategy, and oversight;

- Amend or create a new Board of Regents policy to specifically address and clarify the Board's role in setting, approving and monitoring senior leader compensation and presidential transitions; and
- Create a new administrative policy on senior leader compensation and separation that:
 - Increases transparency;
 - Consolidates related provisions currently in numerous individual policies;
 - Eliminates 'administrative transitional leaves'; and
 - Creates a new, standard employment contract for senior leaders.

Brown stated the next steps are to draft a committee report, propose language for Board of Regents and administrative policy changes, and outline new responsibilities for an existing Board committee.

A discussion ensued addressing the following areas of focus:

- Provide more consistency, detail and transparency in the hiring practices of senior leaders, without taking away the President's responsibility and authority;
- Eliminate administrative transitional leaves policy and use the existing sabbatical policy for senior leaders who return to the faculty; and
- Require an annual senior leader compensation report to the Board, including an analysis of current trends and benchmarks.

The meeting adjourned at 3:53 p.m.



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

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Presidential Performance Review Committee

May 15, 2012

A meeting of the Presidential Performance Review Committee of the Board of Regents was held on Tuesday, May 15, 2012 at 1:07 p.m. in 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Laura Brod, and David Larson.

Staff present: Acting Executive Director Brian Steeves.

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

At 1:07 p.m. a motion was made and seconded that the following resolution be approved:

RESOLVED, that as provided by Minnesota State Statute 471.705, Subd. 1d(d), a non-public meeting of the Presidential Performance Review Committee of the Board of Regents will be held on Tuesday, May 15, 2012 at 1:00 p.m. in the W.R. Peterson Conference Room, 600 McNamara Alumni Center, 200 Oak Street, SE, Minneapolis, Minnesota, for the purpose of evaluating the performance of the President of the University of Minnesota.

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 1:08 p.m.

The non-public portion of the meeting adjourned at 2:15 p.m.



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

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Presidential Performance Review Committee

May 23, 2012

A meeting of the Presidential Performance Review Committee of the Board of Regents was held on Wednesday, May 23, 2012 at 11:35 a.m. in 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Laura Brod, and David Larson.

Staff present: Acting Executive Director Brian Steeves.

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

At 11:35 a.m. a motion was made and seconded that the following resolution be approved:

RESOLVED, that as provided by Minnesota State Statute 471.705, Subd. 1d(d), a non-public meeting of the Presidential Performance Review Committee of the Board of Regents will be held on Wednesday, May 23, 2012 at 11:30 a.m. in the W.R. Peterson Conference Room, 600 McNamara Alumni Center, 200 Oak Street, SE, Minneapolis, Minnesota, for the purpose of evaluating the performance of the President of the University of Minnesota.

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 11:36 a.m.

The non-public portion of the meeting adjourned at 12:55 p.m.



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