

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

July 9, 2014

**Office of the Board of Regents
600 McNamara Alumni Center**

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Minutes of the Board of Regents Meetings
and Committee Meetings

July 9, 2014

	PAGE
I. Board of Regents Meeting - July 9, 2014	
A. Introductions -----	1
1. Dean, College of Food, Agricultural and Natural Resource Sciences	
2. Academic Professionals & Administrators Consultative Committee Chair	
3. Civil Service Consultative Committee Chair	
B. Approval of Minutes -----	1
C. Report of the President -----	2
D. Report of the Chair -----	2
E. Receive and File Reports -----	2
1. Board of Regents Policy Report	
2. Report of the Civil Service Consultative Committee	
F. Approval of Consent Report -----	3
1. Report of the Naming Committee	
2. Faculty & Staff Affairs Committee Consent Report	
3. Finance Committee Consent Report	
4. Gifts	
G. Approval of Resolution Related to New Approaches to Neighborhood Engagement -----	4
H. Review Amendments to Board of Regents Policy: <i>Attorneys and Related Services</i> -----	5
I. Review Amendments to Board of Regents Policy: <i>Gifts Received and Given by Regents and University Officials</i> -----	6
J. Review Amendments to Board of Regents Policy: <i>Legal Claims and Settlements</i> -----	6
K. University of Minnesota Alumni Association Annual Report -----	6
L. Annual Intercollegiate Athletics Report -----	6
M. Update & Discussion on the Evolving National Landscape of Intercollegiate Athletics ----	7
N. Report of the Academic & Student Affairs Committee	
1. No meeting this month -----	8
O. Report of the Audit Committee	
1. No meeting this month -----	8
P. Report of the Facilities & Operations Committee	
1. No meeting this month -----	8
Q. Report of the Faculty & Student Affairs Committee	
1. No meeting this month -----	8
R. Report of the Finance Committee	
1. No meeting this month -----	8
S. Report of the Special Committee on Academic Medicine	
1. No meeting this month -----	8
T. Report of the Litigation Review Committee	
1. No meeting this month -----	8
U. New Business	
1. Approval of Real Estate Transaction -----	8
A. Purchase of 650 - 25 th Avenue SE & 501 29 th Avenue SE, Minneapolis (Twin Cities Campus)	

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
July 9, 2014**

A meeting of the Board of Regents of the University of Minnesota was held on Wednesday, July 9, 2014 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Stephen Lehmkuhle and Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Kathryn Brown, Richard Pfitzenreuter, Scott Studham, and Pamela Wheelock; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt and Michael Volna.

INTRODUCTIONS

Dean, College of Food, Agricultural and Natural Resources Sciences

President Kaler introduced Brian Buhr, newly appointed dean of the College of Food, Agricultural and Natural Resources Sciences. Buhr assumed his duties June 16, 2014.

**Incoming Chair of the Academic Professionals and
Administrators Consultative Committee**

President Kaler introduced Katherine Cramer, chief of staff in the Institute for Mathematics and its Applications, College of Science and Engineering, as the 2014-15 chair of the Academic Professionals and Administrators Consultative Committee.

Incoming Chair of the Civil Service Consultative Committee

President Kaler introduced Bill O'Neill, associate district director in Facilities Management, as the 2014-15 chair of the Civil Service Consultative Committee.

APPROVAL OF MINUTES

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

- Audit Committee - June 12, 2014
- Litigation Review Committee - June 12, 2014
- Facilities & Operations Committee - June 12, 2014
- Faculty & Staff Affairs Committee - June 12, 2014
- Academic & Student Affairs Committee - June 12, 2014

Finance Committee - June 12, 2014
Board of Regents - June 13, 2014
Presidential Performance Review Committee - May 9, 2014
Presidential Performance Review Committee - May 27, 2014
Presidential Performance Review Committee - June 11, 2014

REPORT OF THE PRESIDENT

President Kaler discussed recent reports from the Brookings Institution and the U.S. Department of Labor related to student financial aid and debt, particularly the percentage of students who graduate with debt of \$100,000 or more and those who graduate with no debt. He indicated that at the University in 2013, only eight graduates out of 7,420 graduated with debt in excess of \$100,000, while 6.6 percent graduated with \$50,000 or more in debt. He stressed this is an important topic for ongoing discussion as he continues to work toward access and affordability.

Kaler provided an update on several faculty and staff awards and achievements system-wide. He reported that the administration has achieved a \$36 million reduction in administrative costs and is well ahead of schedule toward the goal of \$90 million in reductions.

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

REPORT OF THE CHAIR

Chair Beeson began his report with a brief overview of President Kaler's accomplishments since joining the University of Minnesota in 2011, highlighting the undergraduate tuition freeze, research investments, strengthened legislative partnerships, fundraising, and his focus on operational excellence and cost reductions. He proposed the following:

- An extension of the president's current contract for five years from June 30, 2015 to June 30, 2020;
- For 2014-15, a 2.5 percent increase in his current \$610,000 base salary to \$625,250, consistent with the faculty and staff merit-based pay plan at the University;
- For 2014-2020, the addition of new annual supplemental retirement contributions starting at \$50,000 and increasing through 2020. The amount would increase by \$25,000 each year except in the last year of the contract, when it increases by \$100,000. These supplemental retirement contributions will vest each year as he successfully completes the year. The increased supplemental retirement contributions are intended to make Kaler's total compensation more competitive with other schools in the Big Ten and to serve as an incentive for him to stay at the University.

A motion was made and seconded, and the Board of Regents voted unanimously to approve to contract amendments for President Eric Kaler.

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

RECEIVE AND FILE REPORTS

Chair Beeson noted the receipt and filing of the Board of Regents Policy Report and the Report of the Civil Service Consultative Committee.

CONSENT REPORT

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

- Naming Committee recommendation forwarded in a letter from President Kaler dated July 2, 2014;
- Faculty & Staff Affairs Committee Consent Report:
 - Appointment of Joshua Hamilton as Dean, Swenson College of Science and Engineering, University of Minnesota Duluth
- Finance Committee Consent Report:

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

- To AT&T, a reseller of Aastra Clearspan for an estimated \$1,485,000 for a voicemail and auto attendant solution for the Twin Cities and Rochester campuses for the period July 15, 2014 through July 14, 2019, for the Office of Information Technology.
- To Dell Marketing, a Microsoft Education Large Account Reseller, for an estimated \$3,004,000 to provide licensing for commonly used Microsoft products for all University of Minnesota faculty and staff for the period August 1, 2014 through July 31, 2017 for the Office of Information Technology.
- To HigherOne for an estimated \$1,700,000 for CampusLabs, an assessment and student organization management solution for the Twin Cities, Duluth, Morris, and Crookston campuses for the period July 15, 2014 through July 14, 2019. The Office of the Senior Vice President and Provost will joint-fund this purchase for the Twin Cities campus, with each system campus funding their applicable share.
- To InterCall, for an estimated \$1,741,000 for an annual subscription to Cisco's Webex Enterprise Edition web conferencing solution for all faculty and staff for the period August 1, 2014 through July 31, 2019 for the Office of Information Technology.
- To Ortega y Gasset Foundation (Spain); University Paul-Valery (Montpellier, France); CAPA (Sydney and London); VENUSE and EntreAmericas Learn and Travel (Venezuela); Jose Suarez and Delores Lopez (MSID-Ecuador); Fundacion Ortega y Gasset, argentina (Buenos Aires, Argentina); Muhamud Jama (MSID-Kenya); Ousmane Sene (MISD Senegal); CIEE, Accent, and others for an estimated \$15,800,000 to provide services to support overseas study abroad programs for FY 2014-15 for the Learning Abroad Center.
- To Quest Diagnostics for an estimated \$1,650,000 to provide referred testing services for the University of Minnesota Boynton Health Service Laboratory for the period September 1, 2014 through August 31, 2016 with contract extensions through July 31, 2020. These services will be paid for by individual patient's insurance plans and by some student service fees.

Purchase of Underwriting/Investment Banking Services:

To approve the recommendation of Dougherty & Company LLC as an additional co-manager for the issuance and sale of bonds to fund the construction of the Ambulatory Care Center. The additional co-manager will provide a supplementary sales force for the pricing and distribution of Minnesota tax-exempt bonds to Minnesota investors.

- Summary of Gifts through May 31, 2014.

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

**NEW APPROACHES TO NEIGHBORHOOD ENGAGEMENT -
OVERVIEW & RESOLUTION**

Chair Beeson invited Vice Presidents Pfutzenreuter and Wheelock to discuss and present a resolution that, if approved, will expand the University's external engagement efforts in the communities around the Minneapolis area of the Twin Cities campus.

Wheelock reported that, historically, the University has chosen to focus its planning and development activity primarily within campus boundaries. Students, faculty, and staff who live near campus, and visitors to the campus, need and expect safe, livable neighborhoods. Wheelock noted the University has two primary assets: its people and its places. The campus is in the heart of a vibrant metropolitan area surrounded by opportunities and partnerships for research and discovery. She discussed the importance of strengthening connections to the adjacent communities, and of developing strategies that advance key interests of both the University and the surrounding community. These key interests include public safety, transportation, building code enforcement, housing, and other types of economic development activity.

Pfutzenreuter highlighted desired outcomes and next steps, which include research on best practices at similar institutions, engaging in broader discussions with community partners, reviewing the relevance of current Master Plan principles, establishing outcome-based metrics, and identifying short-term and long-term strategies and supporting resource needs.

A motion was made and seconded to approve the Resolution Related to New Approaches to Neighborhood Engagement.

In response to a question from Regent Brod, Pfutzenreuter indicated the administration looks for partnership opportunities with private entities that could advance mission-related activities.

The Board of Regents voted unanimously to approve the Resolution Related to New Approaches to Neighborhood Engagement, as follows:

WHEREAS, the quality and brand of the University of Minnesota's Twin Cities campus are inextricably linked with that of the community around it; and

WHEREAS, the University has a vital interest in ensuring the well-being of University students living in the neighborhoods around campus; and

WHEREAS, to attract and retain students, faculty and staff it is important that the community around campus is vibrant, welcoming, safe and attractive for all who live, visit or work there; and

WHEREAS, the University can make a meaningful difference in advancing shared goals and objectives related to the neighborhoods surrounding the Minneapolis portion of the Twin Cities campus by collaborating and engaging directly with local units of government, community members, other institutions, businesses, private sector investors and developers; and

WHEREAS, the University benefits from private investment in the neighborhoods surrounding campus in uses such as residential, retail and office space, that support and complement the University activity and recognizes that private investment in such uses enables the University to focus its limited institutional resources on mission-related and unique University needs; and

WHEREAS, the University and the neighborhoods surrounding the campus collectively benefit from a mix of residents and housing stock, vibrant business and economic activity, and commercial enterprises necessary to create a stronger, safer, and more livable campus and communities; and

WHEREAS, the complex and rapidly changing concerns, issues and needs of the neighborhoods surrounding campus require strong and lasting external partnerships and an institutional commitment to play a prominent, long-term and active role; and

WHEREAS, the University will benefit by articulating shared goals and strategies and clarifying roles and responsibilities to achieve a vibrant, welcoming, safe and attractive environment to ensure its Twin Cities/Minneapolis campus is attractive and competitive and fulfills its teaching, research and public engagement mission;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents supports University of Minnesota strategies and actions to increase external engagement and cooperation with the City of Minneapolis, Hennepin County, and other public and private partners to achieve a vibrant, welcoming, safe and attractive environment in and around the Twin Cities/Minneapolis campus. Furthermore, the Board supports strategies that advance key interests of both the University and the surrounding community, including public safety, transportation, building code enforcement, housing, public-private partnerships, and creating community amenities that will enrich the livability of the neighborhoods around the Minneapolis portion of the Twin Cities campus.

BOARD OF REGENTS POLICY: ATTORNEYS AND RELATED SERVICES

Chair Beeson invited General Counsel Donohue to present proposed amendments to Board of Regents Policy: *Attorneys and Related Services* as outlined in the docket materials.

Donohue reviewed the principal elements of the policy, noting the delegation of authority to the general counsel to hire outside legal counsel. He pointed out that most hiring of outside counsel is for specialized expertise not available in the Office of the General Counsel. The policy amendment is a minor language change related to hiring outside counsel without competitive bidding.

Board of Regents Policy: *Attorneys and Related Services* will return for action at a future Board of Regents meeting.

**BOARD OF REGENTS POLICY:
GIFTS RECEIVED AND GIVEN BY REGENTS AND UNIVERSITY OFFICIALS**

General Counsel Donohue presented proposed amendments to Board of Regents Policy: *Gifts Received and Given by Regents and University Officials*. He noted the proposed addition of assistant vice provosts to the definition of "University Official," which will make this policy consistent with Board of Regents Policy: *Institutional Conflict of Interest*.

Board of Regents Policy: *Gifts Received and Given by Regents and University Officials* will return for action at a future Board of Regents meeting.

BOARD OF REGENTS POLICY: LEGAL CLAIMS AND SETTLEMENTS

General Counsel Donohue presented proposed amendments to Board of Regents Policy: *Legal Claims and Settlements* as outlined in the docket materials.

Donohue indicated that the proposed amendment increases the limit for settlements that must be presented to the Board of Regents Litigation Review Committee for approval from \$250,000 to \$500,000, an amount more consistent with Board of Regents commercial policies.

Board of Regents Policy: *Legal Claims and Settlements* will return for action at a future Board of Regents meeting.

UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION ANNUAL REPORT

Chair Beeson invited Lisa Lewis, President and CEO; Jim du Bois, 2015 National Board Chair; and Susan Adams Loyd, 2014 National Board Chair, University of Minnesota Alumni Association (UMAA), to provide an update on the status of alumni relations at the University of Minnesota Twin Cities campus, as detailed in the docket materials. Lewis discussed a number of principles and goals to enhance alumni relations and increase alumni engagement toward a stronger University.

A copy of the University of Minnesota Alumni Association Annual Report is on file in the Board Office.

ANNUAL INTERCOLLEGIATE ATHLETICS REPORT

President Kaler noted that Board of Regents Policy: *Intercollegiate Athletics – Twin Cities Campus* directs the administration to submit a report annually to the Board on matters related to student-athlete academic progress, athletic accomplishment, department budget, and facilities. He invited Norwood Teague, Director of Intercollegiate Athletics, to present the annual intercollegiate athletics report as detailed in the docket.

Teague reported that student athlete academic progress continues to improve, ranking fourth among all football bowl series institutions with the highest percentage of teams earning academic progress rate awards. Teague highlighted a number of significant athletic accomplishments, noting that the University of Minnesota finished the 2013-14 academic year 21st nationally in the Learfield Director's Cup standings, which measures the success of a school's entire athletic program.

Teague provided a brief update on the department budget, noting ticket sales revenues were higher than projected. Teague presented ticket revenue rankings of this institution compared to its peers.

Teague discussed the vision for intercollegiate athletics, providing background on 25 programs and more than 750 student-athletes. He offered a brief facilities overview, including an update on the athletics training complex campaign. Teague indicated that the University is lagging behind its peers in the area of nutrition, training, and academic resources to provide the support and experience student-athletes deserve and that Big Ten programs require to maintain academic program competitiveness.

In response to questions from Regent Larson, Teague indicated that the Gopher Connect program has been instrumental in placing student-athletes at a number of companies and corporations around the Twin Cities area. He added Intercollegiate Athletics works to cultivate relationships in the business community that could lead to student placement at select companies around the Twin Cities.

In response to questions from Regents Devine and Johnson, Teague indicated that fundraising for the proposed training complex is underway and results so far have been encouraging. He agreed this is a long-term effort, possibly six to eight years.

UPDATE & DISCUSSION ON THE EVOLVING NATIONAL LANDSCAPE OF INTERCOLLEGIATE ATHLETICS

Chair Beeson invited General Counsel Donohue and Norwood Teague, Director of Intercollegiate Athletics, to provide a review and analysis of the current landscape of Division I college athletics as presented in the docket materials. President Kaler introduced the topic by reporting the current model of college athletics is under challenge and changes are likely forthcoming. Over the past several years, there has been considerable discussion throughout higher education, the National Collegiate Athletic Association (NCAA), and the media about the future of the amateur student-athlete model, especially at the Division I level. Various reforms have been suggested, several lawsuits have been filed, and stakeholders across the country have been engaged in a dialog about the future of college athletics.

Teague reported on five major issues in intercollegiate athletics:

1. NCAA reform and Big 5 autonomy.
2. Student-athlete welfare.
3. Unionization.
4. Lawsuits.
5. Concussions.

Teague provided background on the NCAA, composed of more than 1,200 colleges and universities in a three-division structure, with the University of Minnesota designated a Division I Football Bowl Subdivision, the highest classification. Teague summarized the NCAA governance structure and changes taking place within the Division I Board of Directors. He also discussed proposals related to granting the largest athletic conferences greater autonomy.

Donohue summarized several significant lawsuits underway nationally on student-athlete unionization efforts; use of student-athlete name, image, and likeness, and privacy related to broadcasting of images on television; and a number of concussion lawsuits. Donohue reported that sports medicine personnel are extremely diligent about concussions and that the final decision to return to play after an injury is made by the sports physician and not the student. He added there have been no concussion-related lawsuits filed against the University.

Teague offered his thoughts that the NCAA/Big 5 reforms will be decided soon and will likely include several student-athlete welfare proposals that will improve and enhance treatment of student-athletes, who will continue to complete, learn, graduate, and lead productive lives.

REPORT OF THE COMMITTEES

Chair Beeson reported that the Academic and Student Affairs, Audit, Faculty and Staff Affairs, Facilities and Operations, Finance, Litigation Review, and Special Committee on Academic Medicine committees did not meet this month.

NEW BUSINESS

Chair Beeson invited Vice President Wheelock and Susan Carlson Weinberg, Director of Real Estate, to present a proposed land acquisition.

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

On the recommendation of the President and the Vice President for University Services, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

- Purchase of 650 - 25th Avenue SE and 501 - 29th Avenue SE, Minneapolis, Twin Cities Campus. The subject properties are both fenced vacant parcels.
- Basis for request: The properties will be purchased for future development of the Minneapolis campus, with surface parking as an interim use.
- Details of transaction: The owner of the property at 650 - 25th Avenue SE is DEV-1, LLC, a Delaware limited liability company. The owner of the property at 501 - 29th Avenue SE is JJN-L, a Delaware limited liability company. Both owners are subsidiaries of Alexandria Real Estate Equities, Inc., a REIT headquartered in Pasadena, California. The purchase price for both properties will be \$7.9 million. Closing would occur on or before July 15, 2014.

The Board of Regents voted unanimously to approve the purchase of 650 - 25th Avenue SE and 502 - 29th Avenue SE, Minneapolis.

The meeting adjourned at 2:49 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary