

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
June 8, 2017**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, June 8 at 7:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Thomas Anderson, presiding; Linda Cohen, Dean Johnson, David McMillan, Darrin Rosha, and Steven Sviggum.

Staff present: Senior Vice President Brian Burnett; Interim Vice President Michael Berthelsen; General Counsel Douglas Peterson; Executive Director Brian Steeves; Associate Vice President Michael Volna.

Others present: Ken Kerns, Rick Kubler, Dan Piper, Brian Slovut, and Jon Steadland.

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

The meeting convened in public session at 7:30 a.m. A motion was made and seconded that the following resolution be adopted:

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on Thursday, June 8, 2017 at 7:30 a.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. Gopher Ordnance Works: Environmental Cost Recovery
- II. *Shannon Miller, Jen Banford and Annette Wiles v. The Board of Regents of the University of Minnesota*
- III. *Regents of the University of Minnesota v. AT&T, et al.*
- IV. *Regents of the University of Minnesota v. LSI Corporation and Avago Technologies U.S. Inc.*
- V. *Regents of the University of Minnesota v. Gilead Sciences, Inc.*
- VI. *Friends of the Electric Steel Elevator, LLC, et al. v. University of Minnesota*
- VII. Electric Steel Elevator and Mathisen/Kurth Elevator Properties: Environmental Cost Recovery

The committee voted unanimously to adopt the resolution and the public portion of the meeting ended at 7:32 a.m.

The meeting adjourned at 8:30 a.m.

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive style with a large initial "B" and "S".

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
June 8, 2017**

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, June 8, 2017 at 8:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Kendall Powell, Darrin Rosha, Patricia Simmons, and Steven Sviggum.

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, and Stephen Lehmkuhle; Interim Chancellor Barbara Keinath; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Kathy Brown, Brooks Jackson, and Matt Kramer; Interim Vice Presidents Michael Berthelsen, Bernard Gulachek, and Alan Levine; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason, Julie Tonneson, and Michael Volna.

PRESIDENT'S RECOMMENDED FY 2018 ANNUAL OPERATING BUDGET

Regent Johnson invited President Kaler, Senior Vice President Burnett, and Associate Vice President Tonneson to present for review the President's recommended FY 2018 annual operating budget (budget), as detailed in the docket.

Kaler summarized his budget priorities and noted that salaries for himself and his senior executive direct reports that are approved by the Board would be frozen for one year. He offered that the budget includes substantial reallocations to continue the Operational Excellence program (OpEx). Kaler noted some success with the University's budget request at the Minnesota Legislature, but stated that funding was too low to freeze resident tuition and resulted in the proposed increases.

Burnett outlined the budget development process. Tonneson provided an overview of University budget planning and development and the all-funds budget structure, noting expected revenues of \$3.9 billion for FY 2018. Burnett identified specific revenue sources, highlighting the percentage from tuition and state support. Tonneson outlined the centrally distributed and attributed funds, noting an ending balance of \$16,036,966.

Tonneson reminded the Board that the University received a 4.4 percent increase in state support for the biennium. She cautioned that while FY18 includes a 5.2 percent increase from the previous year, FY 2019 includes a decrease of 1.5 percent compared to the previous year. She provided a detailed overview, noting the available incremental framework resources, unit and institutional resources, and current progress toward the \$90 million reallocation of administrative costs, also known as OpEx.

Burnett presented the tuition rates and related fees for the system. Tonneson described the 2017-18 tuition plan for all academic programs. She provided the non-resident and resident tuition rate history. She specified that current non-resident, non-reciprocity students (NRNR) will see their tuition increased by 5.5 percent. Tonneson specified that the administration does not recommend continuing that program for incoming students. She detailed changes to student aid and provided a summary of the cost of tuition, fees, and room and board for an

undergraduate resident student on each campus. She noted the three categories of student fees and proposed changes.

Burnett detailed the incremental costs and investments planned in the budget, noting that compensation is 47.9 percent of those costs. Tonneson explained that compensation costs are based upon a 2 percent salary increase plus related fringe benefit cost recovery for all employee groups.

Tonneson summarized other investments contained in the budget, including additional state initiatives tied to MnDRIVE and increased mental health services on all campuses. She summarized the indirect cost recovery and the proposed central reserves fund budget. She specified that the central reserves budget would include a loan to the Twin Cities Department of Intercollegiate Athletics to cover costs associated with the transition of football coaching staff. Tonneson outlined potential budget balancing options based on adjusting resident undergraduate tuition.

Tonneson summarized the budget and compared increases to current inflation rates. She noted that 69 percent of the growth in budget spending is due to salaries. She detailed the change in state funds and tuition as total possible revenue available, which combined generate a 2 percent increase in available revenue.

Johnson invited Lauren Mitchell, outgoing chair of the student representatives, to provide a statement on the budget on behalf of the student representatives. Mitchell thanked the Board and administration for including increased funding for student mental health services across the system and for the investment in sexual assault and sexual misconduct prevention and training. She challenged the administration to make the budget process and the budget document itself more understandable, noting the difficulty to evaluate funding for specific items. Mitchell noted that in looking at the University of Michigan budget, she was able to find the total amount spent on counseling services and the size of the budget for their sexual misconduct prevention and education initiative.

In response to a question from Regent Hsu, Mitchell offered that she is very encouraged with the investment in student mental health services. She cautioned that additional work is required to ensure strategic planning at the system level.

Regent Simmons called the budget commendable. She expressed admiration for the cuts made by President Kaler and his leadership team, but stressed that those cuts should not be allowed to compromise the University's ability to deliver on its mission. Simmons noted the accountability enabled by reallocation decisions being made at the local level, but conveyed her desire to ensure that the Board fully understands what cuts are being made. With the current level of state funding, she offered that the University is moving into a hybrid model where some colleges are more heavily funded with state funds and others are more heavily funded with tuition revenue. Given that model, she indicated that the Board should be aware of funding changes and be careful in establishing principles to guide internal reallocations.

Regent Powell wondered how total employee headcount has changed over the past five years. He expressed support for the focus on increasing efficiencies to hold down tuition increases, wondering in addition whether consumer inflation is a better measure to guide tuition rates. He advocated for a continuing program to examine how to create more administrative and other cost efficiencies after OpEx concludes.

Burnett agreed that the University needs to continue to examine ways to reduce costs and make reallocations to higher priorities after OpEx is finished. He cautioned against using headcount alone as a measure of cost savings, explaining that it is important to understand why a position is being added or eliminated. He cited the example of adding new employees

funded through a sponsored grant – while it appears as an increase in headcount, those new employees also generate revenue and value for the University and the state.

Tonneson added that the focus has been to reallocate positions from the leadership and oversight category to the mission or mission support categories of University expenditures. She noted that headcount in leadership and oversight has not increased. She agreed that some of the positions that have moved may look like administrative positions, but are critical to carrying out the mission. Tonneson offered that she views reallocations as offsetting increases to tuition or state funding, without which additional revenue would have to be found to close gaps in the budget.

Regent Sviggum explained that he will support whatever budget is passed on June 20 and thanked staff for their work in preparing the budget and addressing his questions. He offered that while he agrees with Simmons on the University's mission, he also believes that the mission of the University is to provide value to students and the people of the Minnesota. He described salaries for University employees and contrasted them to comparable positions in state government, noting that the University salaries often are significantly higher. He expressed his appreciation to Kaler for freezing senior leader salaries.

Sviggum noted that for the June 20 meeting, he will prepare a budget amendment that reduces employee headcount through attrition by one percent over the next two years and reduces compensation increases for administrative employees to one percent, but maintains faculty salary increases at two percent. He stated that the cost savings could be used to freeze tuition.

Regent Rosha also expressed appreciation for Kaler freezing senior leader salaries. He shared his view that the University did not make a clear case to the Minnesota Legislature for funding a freeze in undergraduate tuition and must do so for the next biennial request or a supplemental request next year. He added that the mission of the University is also to ensure that the flagship campus remains accessible.

Rosha offered that the increase in compensation across job classifications is unrealistic. He requested that the administration make a case for compensation increases for each job family and show comparable data to justify any increase. He expressed his support for keeping NRNR increases lower for current students and for increasing it for incoming students. He stated his concern regarding the continued use of the Promise Scholarship, commenting that the scholarship is subsidized by other students.

Rosha noted his concern about continued reliance on institutionally provided aid derived from tuition. He requested that the administration provide additional information on the standing of each campus within its specific higher education market as a way to analyze the proposed tuition increases. Rosha expressed appreciation for the desire to keep the University in step with inflationary increases, but noted that if tuition increases above consumer inflation are the result, it would be unfair for students to make up the difference.

Regent Omari expressed concern with the high NRNR tuition increase and wondered if the University had reached the top of the demand curve for those students. Burnett responded that additional data is needed to reach a conclusion. He noted that a second year of results will help evaluate the impact of NRNR increases.

Regent Beeson thanked Vice President Kramer for his work to secure funding for the University and Governor Dayton and the Minnesota Legislature for the increase in funding. He noted that the state has been defunding the University's operating budget for 20 years with no annual operating increase over that period. He asked how the University can pay for increases in those costs with anything but tuition revenue given the lack of operational fund increases from the state. Beeson suggested that without the ability to increase tuition revenue, the University would have to rely on state support to cover increased costs, which he cited as only being 17.4

percent of the University's revenue. He argued that the University's total spend rate is lower over the last 10 years than the State of Minnesota's, adding that the University is perhaps the most cost-effective agency in the state. Beeson praised OpEx reallocations as having made a real difference, noting the University has seen an increase in productivity by employees. He suggested pursuing more centralization to take advantage of additional cost savings and efficiencies.

Regent Anderson expressed his appreciation for the increased investments in student mental health services. He argued that serving students is at the core of their role as Regents and pointed to the Minnesota resident tuition rate history as an example of the Board's work. He agreed with the increase to NRNR tuition rates, noting that given the higher enrollment yield rates for NRNR students, those who really see the University as the right institution for them are continuing to apply. Anderson observed that middle class families have few supports beyond merit-based scholarships that help them offset the cost of attendance and wondered what else the University can do for those families. He encouraged the administration to continue to develop its vision of cost containment.

Regent Hsu observed that the proposed NRNR increase only moves the University to 13 out of 14 Big Ten institutions. He expressed his appreciation for the alternative resident undergraduate tuition rate scenarios in the budget, and asked if a 1 percent and 1.5 percent increase could be included for the next meeting. He offered his view that the higher yield from NRNR applications demonstrates individuals are recognizing the quality of University instruction due to associating higher prices with higher quality.

Regent Cohen stated that holding Twin Cities resident undergraduate tuition increases to 1.4 percent over five years is a remarkable achievement. She noted that Kaler laid out the goals of access and excellence in his inaugural address, and asserted that the University has made great strides in both areas. She expressed her concern with the high increase in NRNR tuition.

Johnson observed the high engagement by the Board in this budget process. He stated that the Board should seek a balance between cost reductions, increases in tuition, affordability for students, and the University's mission.

The meeting adjourned at 10:22 a.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Academic & Student Affairs Committee
June 8, 2017**

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, June 8, 2017 at 10:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Thomas Anderson, Dean Johnson, Peggy Lucas, Darrin Rosha, and Patricia Simmons.

Staff present: Chancellors Michelle Behr, Lendley Black, and Stephen Lehmkuhle; Interim Chancellor Barbara Keinath; Executive Vice President and Provost Karen Hanson; and Executive Director Brian Steeves.

Student Representatives present: Mckenzie Dice and Mina Kian.

UPDATE ON PROGRESS CARD METRICS FOR MINNESOTA STUDENTS

Regent Cohen invited Vice Provost Robert McMaster and Lincoln Kallsen, Director of Institutional Analysis, to present an update on Progress Card metrics for Minnesota students, as detailed in the docket.

Kallsen provided a brief overview of the three Minnesota student-focused Progress Card metrics. He reminded the committee that the Board will discuss the Progress Card in its entirety at the July meeting.

McMaster reported that in fall 2016, 70.6 percent of new incoming freshmen across the system were Minnesota high school graduates, and 71.1 percent of all enrolled undergraduate students were Minnesota high school graduates. He detailed the historical enrollment data and Minnesota high school graduation trends.

Due to time constraints, Cohen asked committee members to bring their comments and questions on this topic to the July Board meeting.

ACADEMIC ELEMENTS OF THE SYSTEM-WIDE STRATEGIC PLAN

Regent Cohen invited Chancellor Stephen Lehmkuhle and Vice Provost Rebecca Ropers-Huilman to present the academic elements of the System-Wide Strategic Plan, as detailed in the docket.

Ropers-Huilman reminded the committee that the Board will take action on the System-Wide Strategic Plan (plan) at its Friday meeting. She explained that the committee's conversation would focus on the plan's academic offerings and opportunities for system collaboration. Lehmkuhle described the plan as a connector plan that combines the distinctiveness of each campus in a comprehensive and distributed plan that leverages system opportunities.

Leaders from each campus provided a brief overview of the strategic planning history of their respective campuses and opportunities for collaboration:

- Michelle Behr, Chancellor, UMM
- Lendley Black, Chancellor, UMD
- Barbara Keinath, Interim Chancellor, UMC
- Lori Carrell, Vice Chancellor for Academic Affairs and Student Development, UMR
- Karen Hanson, Executive Vice President and Provost

Regent Simmons observed that the plan will increase consciousness of how campus-level decisions affect the system. She referenced the work on the Twin Cities campus undergraduate enrollment plan and commented that the plan did not consider implications on system campuses.

In response to a question from Regent Johnson, Keinath suggested creating a tool for campuses to use in requesting funding or internal distribution of resources. She added that such a tool would create greater transparency in the budget process.

Regent Lucas requested that the committee receive progress updates on the implementation of the plan.

Regent Rosha stressed the importance of understanding the unique elements of each campus before implementing the plan. He explained that each campus fulfills needs of both the communities it serves and the state, and those should be considered before taking a system-wide approach.

CONSENT REPORT

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

- **Request for Approval of New Academic Programs**
 - College of Design (Twin Cities campus)—Create undergraduate minor in Public Interest Design
 - College of Education and Human Development (Twin Cities campus)— Create undergraduate minor in Health and Wellness Promotion
 - School of Public Health (Twin Cities campus)—Create graduate minor in Sexual Health
 - Swenson College of Science and Engineering (Duluth campus)—Create B.S. degree in Engineering Physics
 - The Crookston Campus—Create an undergraduate honors program
- **Request for Changes to Academic Programs**
 - Academic Health Center (Twin Cities campus)—Create sub-plans in Translational Bioinformatics, and Precision and Personalized Medicine Informatics within the M.S. degree in Health Informatics
 - College of Biological Sciences (Twin Cities campus)—Change the name of the B.S., M.S., Ph.D., and graduate minor in Plant Biology to Plant and Microbial Biology
 - Medical School (Twin Cities campus)—Reinstate M.S. degree in Surgery
 - The Crookston Campus—Deliver the B.S. and undergraduate minor in Agricultural Business online

- **Request for Approval of Discontinued Academic Programs**

- College of Liberal Arts (Duluth campus)— Discontinue the undergraduate minor in Ojibwe Language

Provost Hanson called on Fernando Delgado, Executive Vice Chancellor for Academic Affairs from UMD, to respond to a question from Regent Simmons. Delgado explained that although UMD is discontinuing the undergraduate minor in Ojibwe Language, they will continue to offer Ojibwe coursework.

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

INFORMATION ITEMS

Provost Hanson referred the committee to the information items contained in the docket materials, which included a report of student activities and awards.

The meeting adjourned at 11:32 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Finance Committee
June 8, 2017**

A meeting of the Finance Committee of the Board of Regents was held on Thursday, June 8, 2017 at 10:00 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Michael Hsu, David McMillan, Abdul Omari, Kendall Powell, and Steven Sviggum.

Staff present: President Eric Kaler; Senior Vice President Brian Burnett; Vice Presidents Kathryn Brown and Matt Kramer; Interim Vice Presidents Michael Berthelsen and Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason, Julie Tonneson, and Michael Volna.

Student Representatives present: Connor Klemenhausen and Tareyn Stomberg.

OPERATIONAL EXCELLENCE: REALLOCATION UPDATE

Regent Beeson invited Senior Vice President Burnett and Associate Vice President Tonneson to give an update on reallocations made through the Operational Excellence program (OpEx), as detailed in the docket.

Burnett reminded the committee of OpEx's overall goals. Tonneson summarized the reallocation definition, noting that reallocations can be used for new programing, higher priority investments, and debt service. She explained the change in headcount and specified that in some instances, new priority programs could lead to higher net headcounts.

Tonneson reviewed how employee productivity has increased revenue generation from 2002 to 2016. She reported that revenue grew faster than headcount, with an average annual increase of 3.8 percent or a 64 percent increase over that time period. She outlined the planned reallocations and reallocations use. She detailed which expenditure categories the University uses to determine administrative expenditures.

In response to a question from Beeson, Tonneson shared that many people outside the University are unaware of the expenditure categories used to define University costs, and those who are do not all agree on how those categories are defined. Burnett stated that the leadership and oversight expenditure category is only 8.5 percent of the budget; if used as the only source for administrative cuts, it leaves few positions to reach the \$90 million reallocation goal. Because of that, he noted, the University has to look at the mission support and facilities category for additional reallocations.

Regent Hsu noted frequent mentions of the 8.5 percent leadership and oversight expenditures, but suggested that the categories combined are closer to 41 percent for administration. Tonneson responded that leadership and oversight, and mission support and facilities have been reviewed for possible reallocations, but that mission support and facilities includes a wider range of positions beyond administrative.

Beeson commented that the institution needs more detail on the cost of compliance, along with an understanding of where those positions are within each of the expenditure categories.

Regent Omari agreed, adding that additional information would help the University share its story.

Regent Powell expressed his support for OpEx as a constructive way to support a sustainable financial future for the University. He emphasized the need for the University to become more effective as one aspect of helping to manage tuition rates and continue essential research.

Burnett explained that the University is the only institution using this kind of expenditure category analysis, but some Big Ten institutions are interested in adopting the model. He suggested that if peer institutions adopt the model, the University will have comparable data for benchmarking. He offered the example of the University of Wisconsin system, where the cost of employee benefits are in the state budget, not the institution's budget.

Regent McMillan emphasized that future reallocations are difficult to avoid given the University's financial realities. He expressed his desire to better translate OpEx to those outside the institution.

Tonneson summarized the OpEx reallocation priorities and reallocations made by fiscal year since the program was instituted. She outlined high-level results observed during the OpEx program, and presented possible next steps once OpEx concludes after FY 2019.

Regent Sviggum observed that if all reallocation resources went toward offsetting tuition, undergraduate tuition would fall by 16 percent. Tonneson responded that while she could not confirm that 16 percent is correct, that could have been an option if there were no additional costs. Sviggum noted that the University has prioritized new programs over offsetting tuition. Beeson replied that the units make decisions individually about how to reallocate funds, adding that the Board reviews those decisions and that judgments are being made to reallocate to higher priorities. Omari offered that many reallocations have been used to offset the cost of education and for enhancements to the educational experience. He explained that while those reallocations could have offset tuition, the quality of the student experience might have stayed the same or decreased without that additional investment. Omari shared that he evaluates reallocation decisions from that perspective.

Beeson asked if the employee productivity analysis could be broken out by job family, expressing his hope that faculty would be among the higher revenue-generating employees. McMillan wondered whether degrees per employee or other measures like the revenue analysis should be added to the University Progress Card. Beeson agreed, arguing that the Progress Card does not include the right measures on this right now and suggesting a new measure on employee productivity.

In response to a question from Sviggum, Burnett stated that the drop in revenue during 2009 was due to cuts in state funding. He explained that the chart shows all University revenue, including state funds. Given that jobs were not eliminated as fast as funding decreased, the graph shows a steep decrease for that year.

LONG-RANGE FINANCIAL PLANNING: UPDATE 2018-2023

Regent Beeson invited Lincoln Kallsen, Director of Institutional Analysis, to present an update on long-range financial planning, as detailed in the docket.

Kallsen outlined the process of updating the long-range financial plan and noted that the plan now incorporates the President's recommended FY 2018 operating budget assumptions.

Kallsen reviewed the University's current funds, noting which are most or least externally constrained. He highlighted trends in state funding from FY 1997 to FY 2019. He also reviewed

enrollment trends since 2010, budgeted FY18 tuition revenue, federal research funding trends, and auxiliaries. Kallsen defined which restricted funds the University uses and summarized overall revenue sources for FY 2017. He outlined the updated revenue assumptions and investment and expense assumptions. In addition, he summarized the budget levers the University could use to close deficits.

The committee engaged in a broad discussion regarding the updated plan; the assumptions for revenues and expenses; whether trends in non-reciprocity, non-resident enrollment should be added; the use of this analysis in budget planning; and inclusion of both fringe and salary.

CONSENT REPORT

Senior Vice President Burnett presented the Consent Report, as detailed in the docket:

General Contingency:

- Transfer of \$350,000 to the Office of the President to offset expenses incurred for executive level searches.

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

- To The Coca-Cola Company, Great Lakes Coca-Cola Distribution, Coca-Cola Bottling Company High Country, and Viking Coca-Cola Bottling for \$6,000,000 for an exclusive beverage and sponsorship agreement extension for the Department of Auxiliary Services for the period of July 1, 2018, through June 30, 2021. Coca-Cola beverages are budgeted by a variety of organizations and subcontractors of the University (Aramark and Sodexo) on all five campuses for resale or consumption. Vendors were selected through a competitive process.
- To Discovery Benefits for the estimated amount of \$369,000 for administering UPlan medical options for the University of Minnesota Office of Human Resources Employee Benefits for the two-year period of January 1, 2018, through December 31, 2019, with optional contract extensions through December 31, 2023, for an additional \$738,000. Total contract value, if all options are exercised would be \$1,107,000. The administrative service fees are funded on an annual basis through the fringe pool. Vendor was selected through a competitive process.
- To Dodge of Burnsville and Saxon Fleet Services for \$4,000,000 for new vehicle purchases for Parking & Transportation – Fleet Services as needed during the contract period from August 1, 2017, to July 31, 2022. Vehicles in the central motor pool are funded through a period fee charged to departments. Purchased vehicles are funded by the department at the time of purchase. Vendors were selected through a competitive process.
- To Sodexo Educational Services, LLC for \$45,000,000 to provide retail food service, residential food service and catering service on the University's Morris campus and Crookston campus for the Department of Auxiliary Services for the period of July 1, 2018, through June 30, 2024. Sodexo residential and catering services are budgeted for by the appropriate departments using these services on the Crookston and Morris campuses. Vendor was selected through a competitive process.

- To Unizin, Ltd. for \$1,282,500 for a three-year renewal of membership in the higher education consortium for the Office of Information Technology (OIT) for the period July 1, 2017, through June 30, 2020. The annual payment of membership fees will be covered from OIT's central O&M funds. The FY18 budget includes planning and funding for this expense. See enclosed documentation regarding basis for vendor selection.
- To Unum Group for the estimated amount of \$8,748,000 for administering claims and providing disability coverage options for the University of Minnesota Office of Human Resources Employee Benefits for the two-year period of January 1, 2018, through December 31, 2019, with optional contract extensions through December 31, 2023, for an additional \$18,854,000. Total contract value, if all options are exercised, would be \$27,602,000. The administrative service fees and Academic Long-Term Disability premiums are funded on an annual basis through the fringe pool. The voluntary Short-Term and Long-Term Disability premiums are funded by employee contributions. Vendor was selected through a competitive process.
- To US Solar, LLC, DG Minnesota CSG 1, LLC; DG Minnesota CSG 3, LLC; DG Minnesota CSG 10, LLC; Minnesota CSG 1, LLC; for an estimated \$130,000,000 in community solar garden subscription fees and related services for Facilities Management for the period of July 1, 2017 through December 31, 2042. These services will be purchased with funds from the Electric Utility ISO. Vendors were selected through a competitive process.

The committee sought additional information regarding the purchase of community solar garden subscriptions, including potential risks, net cost, and net savings to the University, while expressing concern about the item's inclusion in a consent report.

A motion was made and seconded, and the committee voted five to one to forward the community solar garden subscription fees purchase to the Board without recommendation. Regent Hsu voted no.

A motion was made and seconded, and the committee voted unanimously to recommend approval of all other items in the Consent Report.

INFORMATION ITEMS

Senior Vice President Burnett referred the committee to the information items in the docket:

- University Tax Compliance Activities
- Quarterly Investment Advisory Committee Update
- Quarterly Asset Management Report
- Debt Management Advisory Committee Update

The meeting adjourned at 11:43 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Facilities, Planning & Operations Committee
June 8, 2017**

A meeting of the Facilities, Planning & Operations Committee of the Board of Regents was held on Thursday, June 8, 2017 at 2:00 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Thomas Anderson, Dean Johnson, Peggy Lucas, Darrin Rosha, and Steven Sviggum.

Staff present: President Eric Kaler; Senior Vice President Brian Burnett; Interim Vice Presidents Michael Berthelsen and Bernard Gulachek; Executive Director Brian Steeves; Associate Vice President Michael Volna; and Associate Vice President Bill Paulus.

Student Representatives present: Mckenzie Dice and Connor Klemenhagen

**PUBLIC COMMENT PERIOD: POLICE USE OF PORTABLE AUDIO/VIDEO
RECORDERS (DULUTH, MORRIS, AND TWIN CITIES CAMPUSES)**

Regent McMillan stated that the Board had noticed time for members of the public to offer comment on the use of portable audio and video recorders by the University of Minnesota Police Departments on the Duluth, Morris, and Twin Cities campuses. He reported that no members of the public had signed up to offer comment. He invited Interim Vice President Berthelsen to provide an overview of the program to the committee.

Berthelsen explained that the public comment period is required under Minnesota State Statute before a police department can use the recording devices. He noted that the policies in the docket are departmental policies included for informational purposes only. He reported that the three campus departments will move into a limited testing phase in the next few weeks to address logistical items, and continue the testing period through the summer. Berthelsen noted the Board could learn more about the program and ask questions during the annual update on public safety in the fall.

RISK MANAGEMENT IN THE ACQUISITION OF REAL ESTATE

Regent McMillan invited Interim Vice President Berthelsen and Associate Vice President Volna to discuss risk management in the acquisition of real estate, as detailed in the docket.

Volna summarized questions raised by the committee in February regarding the increased cost of mitigating environmental hazards discovered during the demolition of the Electric Steel and Mathisen Kurth elevator properties (elevator properties) near the Twin Cities campus. He outlined the stages in the real estate acquisition process. He explained the project management triangle of time, cost, and quality. He noted the risk controls in place for real estate acquisition and the risk of specific transaction or assessment types.

Berthelsen reminded the committee of the location of the elevator properties and the unique factors faced by the University. He walked through the process analysis performed given the unexpected cost of demolishing and mitigating the environmental risks. He outlined the

recommendations based on that analysis that will be used going forward to purchase real estate generally and properties of this type specifically.

In response to a question from McMillan, Volna commented that the University uses a third party to evaluate and assess properties, but that it would not accept an assessment commissioned by the seller since the University would not be able to select the third party doing the assessment.

President Kaler observed that the elevator properties provided an unpleasant surprise. He emphasized that a plan is in place to limit the potential risk for future real estate acquisitions like this one.

UPDATE ON UTILITIES, ENERGY MANAGEMENT, AND SUSTAINABILITY

Regent McMillan invited Interim Associate Vice President Paulus and Shane Stennes, Director of Sustainability, to give an update on utilities, energy management, and sustainability, as detailed in the docket.

Stennes noted that although sustainability efforts are visible across the University's mission, today's discussion focuses on sustainability in operations and energy management. He defined the types of energy used by the University, including electricity that is purchased and self-generated, and the self-generation of steam for heating and hot water. He also cited energy use by campus.

Paulus defined the guiding principles for energy production as sustainable, cost effective, and reliable. He noted that a reliable energy source is critical for University research, and that the University's reliability surpasses that of Xcel Energy. Paulus outlined the cost effectiveness and the breakdown of energy types used by the University. He reported that since 2008, the University has reduced its carbon emissions by 28 percent. Paulus explained that the Combined Heat and Power Plant on the Twin Cities campus, now officially renamed the Main Energy Plant, will combine the generation of both energy and steam, creating higher overall efficiency compared to separate generation.

Stennes summarized the use of renewable electricity and the growth in electrical self-generation on the Twin Cities campus, including the use of community solar gardens. He reported on energy consumption management within buildings.

Paulus described the commissioning and recommissioning process and the energy consumption benefits it provides. He identified energy conservation opportunities such as building control upgrades and LED lighting retrofits. He reported that by adjusting energy consumption to be more efficient, the University saves an average of \$13 million each year. Paulus summarized the 2009 utility master plan and placed it in the context of other planning efforts. He also outlined upcoming energy management projects across the system.

In response to a question from Regent Lucas, Stennes reported that the Main Energy Plant runs on natural gas, but could be run on fuel oil. He noted that the University could be asked to switch over during a low natural gas supply situation given that residential consumers are unable to do so.

Lucas asked if the design for the new Athletes Village included the ability to add solar panels. Stennes responded that the design includes the possible use of solar and identified the football practice facility as having great potential for solar panel installation.

Regent Johnson asked about the possible return on investment if the University installed solar panels. Stennes explained that the cost of purchasing and installing renewable energy sources was falling. He offered that wind energy is the cheapest, with solar energy not far behind, and that both Minnesota Power and Xcel Energy are installing renewable energy generation facilities. He mentioned that the University is trying to balance the three guiding principles noted earlier when determining whether to invest in renewable energy.

In response to a question from Student Representatives Klemenhausen, Stennes commented that the University routinely seeks opportunities to be good sustainable stewards of resources, even if that means pursuing programs that might be cost neutral. He cited the collection of organics as an example of a program that has sustainability benefits but that may require finding additional savings or new revenue streams to offset the cost.

Student Representative Dice noted the long focus on sustainability by the Morris campus. She asked about the Twin Cities campus goal for reaching carbon neutrality. Stennes responded that the Twin Cities campus was working to be neutral by 2050.

In response to a question from Regent Rosha, Berthelsen described how individual units are charged for the energy they use, noting that each building has an energy meter and that the cost of the energy used is allocated to the users of that building. If there are cost savings, units are not billed and those savings stay with the unit. Rosha voiced concern that if the savings continued, the incentive declines. Berthelsen clarified that the savings are not automatic and that the cost pool charge adjusts based on actual usage. He added that units decide how to use their cost savings.

In response to related questions from Regents Anderson and Lucas, Stennes reported that the University does not qualify for federal tax credits for installing solar panels and a program giving grants in lieu of tax credits to public entities has been discontinued. He noted that third-party contractors do qualify for the tax credits and that a market has been created where those contractors lease space from public entities and build the solar arrays at their expense, giving the power to the public entity. Rosha commented that it might be better to petition the federal government to change the program in order to cut out the third-party contractor.

OPEN SPACE PLAN (TWIN CITIES CAMPUS)

Regent McMillan invited Interim Associate Vice President Paulus and Monique MacKenzie, Director of Planning, to present an overview of the open space plan for the Twin Cities campus, as detailed in the docket.

MacKenzie summarized the evolution of the Twin Cities campus and the impact of the desire to have an experience of place. She noted the expansion starting in 1907 and the original campus design for the Northrop Mall area by Cass Gilbert. She outlined the open space needs of the campus, noting that approximately 55,000 people are on campus on any given day. MacKenzie summarized the open space items included in campus planning and the 2009 Twin Cities campus Master Plan, as well as how that has evolved with the 2016 Campus Development Framework. She emphasized the need to create a place-based experience, which she noted gives institutions a competitive advantage in recruitment. She defined what creates a memorable campus experience and the importance of open space both from a functional and design perspective.

MacKenzie described the evolution from quads and malls in the Twin Cities campus design toward future possibilities for connecting to the Mississippi River and the city. She cited three examples to highlight design and future design potential including the Knoll area, Essex corridor, and the West Bank interconnected plazas.

Paulus described how Landcare Management maintains green space. He noted how each district of campus falls into one of three service types – formal, informal, and naturalistic. He reviewed how each of those service types is maintained and the impact on Landcare Management’s workload.

Regent Lucas expressed her support for identifying more ways to connect the campus to the river. She asked about plans to connect bike and walking trails to the Stone Arch Bridge. MacKenzie explained that while the University is a user of the land between the Dinkytown Greenway and the Stone Arch Bridge for access to the Main Power Plant, the University does not own the land. A variety of stakeholders, including the railroad, hold that section of land. While the University is open to making that connection, MacKenzie stated that it is not up to the University. She offered the example of working with the Minneapolis Parks and Recreation Board on the use of the Mississippi River Flats as a way for the University to expand connection with the river.

Regent Rosha shared his belief that maintaining green space on campus helps ensure that the University is efficient with its construction and use of buildings. He observed how amazing it would have been if Cass Gilbert’s original vision of a clear river view from the steps of Northrop Auditorium been preserved. He noted that the building of Coffman Union became a higher priority than preserving that view. Rosha added that some of the dorms on the Twin Cities campus lack abundant green space around them. He suggested additional access to the Mississippi River flats, and noted that additional recreational sports fields could provide green space in the future. He expressed his hopes that this conversation would continue.

McMillan offered that the creation of green space by eliminating inefficient buildings for newer, multi-use buildings could be a way to frame future capital requests to the Legislature and the governor.

INFORMATION ITEMS

Interim Vice President Berthelsen referred the committee to the information items in the docket:

- Preliminary 2018 State Capital Request
- Capital Planning and Project Management Semi-Annual Project Report
- Final Project Review: Chemistry and Advanced Materials Science (Duluth Campus)

Regent McMillan noted that this was his last meeting as chair of the committee. He extended his thanks to President Kaler, Interim Vice President Berthelsen and the University Services staff. He offered his appreciation to the Office of the Board of Regents staff for their support during his time as committee chair.

The meeting adjourned at 3:30 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Faculty & Staff Affairs Committee
June 8, 2017**

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, June 8, 2017 at 2:00 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Richard Beeson, Linda Cohen, Michael Hsu, Abdul Omari, and Kendall Powell.

Staff present: Chancellors Michelle Behr, Lendley Black, and Stephen Lehmkuhle; Interim Chancellor Barbara Keinath; Executive Vice President and Provost Karen Hanson; Vice President Kathryn Brown; Executive Director Brian Steeves; and Associate Vice President Michael Volna.

Student Representatives present: Lauren Mitchell and Tareyn Stromberg.

UNCONSCIOUS BIAS IN HIRING AND PROMOTION

Regent Simmons invited Vice President Brown, Provost Hanson, and Michael Goh, Associate Vice Provost for Equity and Diversity, to discuss unconscious bias in hiring and promotion, as detailed in the docket.

Hanson conveyed the critical nature of addressing unconscious bias, especially in the faculty search and evaluation process. She explained that faculty hiring relies heavily on networks and references, and often those groups are homogenous in nature. Hanson also stressed the importance in removing bias since faculty hiring and promotion is a meritocracy.

Goh highlighted research on unconscious bias that provided background for the University's training workshops. He explained that the workshops are designed for faculty search committees, but that training for staff and student recruitment are in development. Goh led the committee in a sample exercise from the workshop.

Brown reported that the President's senior leadership team participated in the workshop.

In response to a question from Simmons, Hanson reported that the workshops are not required. She added that some departments have been encouraged to use the workshops and other training resources. Goh explained that two Twin Cities colleges created guidelines for faculty search committees as a result of their workshop participation.

Regent Omari emphasized the importance of diversity in the faculty and urged committee members to consider this when discussing diversity in the student body. He offered that a diverse faculty would attract a more diverse student body.

In response to questions from Student Representative Mitchell, Goh reported that the Twin Cities campus has approximately 18 to 20 percent faculty of color but that the goal of unconscious bias training is not solely to increase the number of faculty of color on campus. Hanson added that certain disciplines seek unconscious bias training in order to increase the number of women, differently abled, or other underrepresented categories of faculty.

Regent Powell commented that large corporations are successful in attracting diverse pools of candidates but that does not often result in hiring and supporting diverse employees. Brown noted that the same is true at the University. She added that diversity recruiters have been successful in expanding candidate pools but that more work remains in hiring and supporting employees, notably through supervisor training.

Simmons asked if the training was available system-wide. Goh confirmed that the resources are available to all University employees.

BENEFITS AT THE UNIVERSITY AND MARKET COMPETITIVENESS

Regent Simmons invited Vice President Brown and Kenneth Horstman, Senior Director of Total Compensation, to discuss benefits at the University and market competitiveness, as detailed in the docket.

Brown provided an overview of benefits available to University employees. She stressed the importance of offering a wide variety of benefits in order to be competitive in the marketplace, especially when unemployment rates are low. Brown added that the University also offers mental health and financial counseling, parental leave benefits, and a comprehensive wellness program, which reflect national benefits trends.

Regent Beeson asked what percentage of University employees work off-site or telecommute. Brown responded that telecommuting procedures are handled at the local level to ensure an agreement between the employee and supervisor. Those agreements are not recorded centrally. Beeson stressed the importance of central guidelines and monitoring. Simmons argued that telecommuting is not a benefit but rather an advantage afforded to some employees.

In response to a question from Regent Omari, Brown reported that University employees have access to the same security whether working on- or off-campus on their University-issued technology. Regent Hsu estimated that more than 10 percent of employees work from home or telecommute regularly.

In response to questions from Regent Powell, Horstman reported that Civil Service and labor-representative employee groups are enrolled in the Minnesota State Retirement System pension plan. He noted that the faculty retirement plan is a 403(b), similar to a 401(k), with many employees choosing funds based on their target retirement date.

Powell asked if the University offers military leave. Brown confirmed that the University offers leave, in accordance with federal and state laws, to reservists and active military personnel.

ANNUAL U PLAN UPDATE

Regent Simmons invited Vice President Brown and Kenneth Horstman, Senior Director of Total Compensation, to present the annual UPlan health insurance update, as detailed in the docket.

Brown reported that University employees will not experience an increase in their insurance premiums for calendar year 2018. Horstman provided an overview of UPlan governance and administration and noted that UPlan continues to be below the national average on cost trends. He detailed those cost components and explained how they are managed. Horstman emphasized the success of the wellness program and reminded the committee that the University is entering into a new contract with a new vendor to administer it. He expressed confidence that the new vendor will offer a better experience for University employees.

In response to a question from Regent Powell, Horstman explained that medical and dental benefits are available to retirees but that the University does not subsidize those plans.

CONSENT REPORT

Regent Simmons invited Vice President Brown to present for review and action the Consent Report, which included the following:

- Conferral of Tenure for 10 outside hires.
- Appointment of Bernard Gulachek as Vice President for Information Technology and Chief Information Officer effective June 12, 2017.

A motion was made and seconded to recommend approval of Bernard Gulachek as Vice President for Information Technology and Chief Information Officer. Regent Omari expressed his satisfaction with the recommendation and the mindful succession planning and promotion of an internal candidate. Simmons referenced the salary benchmarking data in the docket materials. The committee voted unanimously to recommend approval.

A motion was made and seconded and the committee voted unanimously to recommend approval of the tenure recommendations.

INFORMATION ITEMS

Vice President Brown referred the committee to the information items contained in the docket materials, which included personnel highlights, University highlights, and faculty and staff activities and awards.

The meeting adjourned at 3:33 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Audit & Compliance Committee
June 8, 2017**

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, June 8, 2017, at 3:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Peggy Lucas, presiding; Richard Beeson, Michael Hsu, Abdul Omari; Kendall Powell, and Patricia Simmons.

Staff present: Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice President Brooks Jackson; Interim Vice Presidents Bernard Gulachek and Allen Levine; Executive Director Brian Steeves; Associate Vice President Michael Volna; and Chief Auditor Gail Klatt.

Student Representatives present: Connor Klemenhausen and Tareyn Stomberg.

UPDATE ON HUMAN PARTICIPANT RESEARCH PROTECTION IMPLEMENTATION PLAN

Regent Lucas invited Vice President Brooks Jackson; Interim Vice President Allen Levine; Tim Schacker, Director for Clinical Translational Research Services; and Linnea Anderson, Chief of Staff for Human Research Protection Program, to provide an update on the human participant research protection implementation plan, as detailed in the docket.

Anderson reported that the Institutional Review Board's (IRB) new electronic system, ETHOS, launched in March 2017. She pointed out that over 10,000 research professionals at the University now have access to the system, which replaces a 20-page application. Anderson explained that the new system allows researchers to review the status of their proposal at any time by logging in to ETHOS. The system reduces redundant data entry because it integrates with PeopleSoft and other systems.

Levine provided an overview of the Research Compliance Office and reported that effective April 2017, the office reports directly to the Vice President for Research. He explained that the reporting line ensures the authority and independence of the Research Compliance Office and affords the Vice President for Research direct management and oversight.

Schacker reviewed the Clinical Translational Science Institute's (CTSI) role in the management of clinical trials in the Department of Psychiatry. He reported that CTSI and the Department of Psychiatry have collaborated to make significant progress on all central objectives.

Jackson provided an overview of new requirements for fetal tissue research. He explained that the requirements reinforce existing University policies and formalize reporting to the Legislative Auditor.

In response to a question from Regent Beeson, Schacker confirmed that the Department of Psychiatry has seen an increase in new research engagements and contracts. Beeson proposed the new chair of the Department of Psychiatry attend a future committee meeting.

In response to questions from Regent Simmons, Jackson reported that the time between a researcher submitting a proposal to the IRB and receiving a decision has significantly decreased with the implementation of the ETHOS system.

In response to a comment from Regent Hsu, Jackson confirmed that the University is involved in a limited number of studies that involve the use of human fetal tissue.

Regent Lucas asked if other departments have access to the newly developed training and services. Schacker reported that all research professionals at the University have access.

2017-18 INTERNAL AUDIT PLAN

Regent Lucas invited Chief Auditor Klatt to present the FY 2018 Internal Audit Plan, as detailed in the docket.

Klatt reminded the committee of the process and risk factors used to develop the plan, and noted the nine operation risk factors correlated to audit findings. The plan includes 26 audits of University processes, academic units, and colleges.

In response to questions from Lucas, Klatt explained that Internal Audit is maintaining its current staff level, but that the management team has decreased from four to three due to attrition.

Regent Beeson suggested redoing the institutional risk profile in the coming year, since it was last completed in 2014. Klatt agreed and added that she will discuss the process with new committee leadership.

Regent Hsu inquired about audits that did not make the plan. Klatt explained that her office maintains a list of possible audit activities to address if administrative requests fall below the budgeted 12 percent of their time. She added that the most urgent and high-risk audits are included in the plan.

In response to questions from Regent Simmons, Klatt reported that she and one member of the Audit & Compliance Committee serve on the University of Minnesota Foundation's Audit Committee, but that the University does not have representation on the University of Minnesota Physicians Audit Committee.

In response to a question from Regent Powell, Klatt explained that information technology (IT) security is a priority for Internal Audit and that several audits in the plan address it. She reminded the committee that IT security and technology risks are often identified in audits that are not specific to IT.

INTERNAL AUDIT UPDATE

Regent Lucas invited Chief Auditor Klatt to present the Internal Audit Update, as detailed in the docket.

Klatt reported that since the last update in February 2017, University departments implemented 45 percent of the outstanding recommendations rated as "essential," exceeding the expected implementation rate of 40 percent. Six units fully implemented all remaining "essential" recommendations. Seven audit reports containing 30 recommendations rated as "essential" were issued in the last four months.

In response to questions from Regent Hsu, Klatt explained that the control charts for each audit will continue to have red sections until the risk no longer exists. She noted that even though a risk may not be fully resolved, often a plan is in place and the risk is being addressed.

INFORMATION ITEMS

Chief Auditor Klatt referred the committee to the semi-annual controller's report, included in the docket.

The meeting adjourned at 4:54 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Governance & Policy Committee
June 8, 2017**

A meeting of the Governance & Policy Committee of the Board of Regents was held on Thursday, June 8, 2017 at 3:45 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Thomas Anderson, Dean Johnson, David McMillan, Darrin Rosha, and Steven Sviggum.

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, and Stephen Lehmkuhle; Interim Chancellor Barbara Keinath; Interim Vice President Michael Berthelsen; and Executive Director Brian Steeves.

Student Representatives present: Lauren Mitchell

OVERVIEW OF THE UNIVERSITY SENATE

Regent Cohen invited Vickie Courtney, director of the University Senate Office, and Colin Campbell, associate professor and chair of the University Senate and Faculty Senate Consultative Committees, to give an overview of the University Senate (Senate) structure, as detailed in the docket.

President Kaler applauded the work of the University Senate Office under Courtney's leadership, the work of the members of the Senate, and Campbell's leadership over the last two years. He expressed his pride in the Senate system and appreciation for the partnerships it creates.

Courtney articulated the vision of the Senate system. She shared that it is considered a vibrant and active shared governance model by peer institutions. Campbell noted that other Big Ten institutions have similar senate structures but lack the close working relationships of the University Senate. He asserted that those positive relationships have enabled the Senate to make progress on a variety of topics.

Courtney outlined the responsibilities of the Senate system, noting that it might be the only one in the country with a comprehensive senate body of nearly all constituent groups. Campbell suggested that while Senate recommendations are not always instituted, a mutual respect and desire for dialogue exists across the many constituencies and between the Senate and the administration.

Courtney shared the timeline for development of the Senate system. She reviewed the Senate organizational chart, noting the committees that facilitate participation of about 1,000 people. Campbell explained that much of the Senate's work is done in committees. He observed that the strength of the Senate system is mutual respect between its members. He stated his belief that the structure helps empower students and creates an avenue to bring forward topics that are important to them. Courtney agreed that the members of the Senate work together on the same topics, identifying recent discussions of mental health and Title IX reporting as examples.

Regent Johnson stated that the meetings he has had with the Faculty Consultative Committee (FCC) have been a highlight of his time in Board leadership. He asked Courtney and Campbell to comment on a recent quote from a Big Ten president that criticized the amount of time shared governance requires. He also asked about ways to increase efficiency of the Senate given its many committees. Courtney responded that the Senate Office and the Senate Committee on Committees review annually the number of committees and work with members to evaluate effectiveness. She explained that during the 2013-14 academic year, 311 committee meetings were scheduled versus 245 meetings scheduled this year. She emphasized that scheduled meetings only take place when there is business to address and that joint committee meetings on topics of broader interest have helped increase efficiency. Campbell noted that committee members often learn more serving for one year on a committee than being in a department for 10 years since the committee experience gives them the opportunity to look beyond their department and see areas that are not functioning well.

Regent Anderson praised the work of Campbell and the Senate system as great collaborators and partners.

Regent Sviggum asked about the interaction of labor-represented groups and the Senate. Kaler agreed that labor representation complicates employee participation within the Senate system. He noted that while chancellors have built consultation pathways with those employees, there are restraints given the limitations of the law.

In response to a question from Regent Roshia, Courtney explained that the Senate is present at new employee orientation to ensure new employees are aware of the Senate and how it functions. Individuals are subscribed to the specific Senate newsletters based on their role at the University.

Roshia asked how the system campuses interact with the Senate. Courtney described how each campus elects students and non-labor-represented staff and faculty to the Senate. She noted that the Senate Office has a budget for travel and has expanded use of video conferencing.

Regent McMillan noted that inability of labor-represented faculty on the Duluth campus to participate in the Faculty and other Senates creates friction. Chancellor Black agreed. He noted that a similar consultative structure has been established for those faculty, but that the complexities of collective bargaining limit what can be discussed.

RESOLUTION RELATED TO BOARD COMMITTEE STRUCTURE

Regent Cohen invited Executive Director Steeves to review the resolution related to Board committee structure, as detailed in the docket.

Steeves reminded the committee of its previous discussion in May. He summarized the changes since the May meeting, noting that the new Finance & Operations Committee would absorb the Faculty & Staff Affairs Committee, with the exception of faculty promotion and tenure, which would be moved to the Mission Fulfillment Committee. He added that the July meeting no longer includes committee meetings and that the number of possible meetings of the Governance & Policy Committee was reduced. Steeves reviewed how the number of meeting hours compare to the current structure based on the changes and described the specific actions laid out within the resolution.

Regent Johnson noted his initial reluctance to the idea, but stated that he is willing to support the new structure. He offered that the Board's expanded work sessions have been well received and expressed his view that the initial operating budget review with the full Board went well. He indicated that he would be willing to try the new format for a year and evaluate after that.

Regent Anderson commented that he felt similar to Johnson and now supports the new structure. He added that having all viewpoints expressed at one meeting is very helpful in considering what action to take.

President Kaler stated that he strongly favors the proposed structure, suggesting that the new system should be more efficient for his administration. He offered that it has been difficult at times to address specific action items at the full Board meetings when only half the Board has reviewed it in committee. He noted that a possible minor downside might be that adding six Regents to discussions could increase the amount of time a topic will take since more Regents will comment on it.

Regent Rosha asked how the new structure would affect the student representatives to the Board. Steeves responded that the role of the student representatives would be unchanged and committees would continue to have two student representatives as non-voting members. He proposed that with fewer committees, student representatives might rotate between committees. He emphasized that the Board Office remains committed to ensuring the continued function of the student representative role.

Rosha stated that in the absence of monthly meetings of the Board, the proposed structure is a great approach and he is enthusiastic to see it implemented.

Regent Sviggum expressed his support for the change but asked how more public input and testimony could be added to the Board's process. Steeves offered that the Board has no tradition of accepting public testimony at its meetings. He explained that for major approval items, review at one meeting and action at a subsequent meeting creates time for the public to send comments to the Board. Steeves added that having the omnibus committee meetings held in the Boardroom means they will be live streamed and archived on the Board's YouTube channel, creating increased and improved public access. He noted the chair's ability to invite additional comment.

Sviggum asked what other institutions do. Steeves responded that the amount of direct public engagement at meetings varies across the Big Ten.

Regent McMillan commented that he is interested in and supportive of increasing transparency. He observed that a portal for individuals to submit comments, like the one for operating budget comments, is one option. He cautioned that the increased workload on the two omnibus committees might limit the amount of time available for potential public comment given the need to approve various action items. He offered that the Friday full Board meeting might be a better option for a public comment period.

Cohen responded to Kaler's concern by expressing her hope that not every Regent would have to comment on every item. She expressed her support for the proposed structure.

A motion was made and seconded, and the committee voted unanimously to recommend that the Board consider the resolution at the June 20, 2017 special meeting.

BOARD OPERATIONS: ANNUAL PLANNING & AGENDA DEVELOPMENT

Regent Cohen invited Executive Director Steeves to review the Board's annual planning and agenda development, as detailed in the docket.

Steeves noted that this discussion is the final step in the comprehensive review of Board of Regents Policy: *Board Operations and Agenda Guidelines*. He outlined the Board's three levels

of planning. He summarized the Board's agenda development and the four steps included in that process as defined by policy.

The committee discussed the current policy, including: how members not in committee leadership can surface potential agenda items; the role of the Board and committee chairs in determining the agenda; the possibility of adopting the agenda at the start of a meeting; the need for some avenue for topics not added to an agenda by a chair to be addressed another way; the use of work plans to address topics; and continuing to seek input for possible topics during that process.

The meeting adjourned at 5:09 p.m.

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive, flowing style.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents Work Session:
Diversity in Undergraduate Enrollment at the Twin Cities Campus –
Aligning the University’s Outcomes with Its Aspirations
June 9, 2017**

A work session of the Board of Regents of the University of Minnesota was held on Friday, June 9, 2017 at 7:30 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Kendall Powell, Darrin Rosha, Patricia Simmons, and Steven Sviggum.

Staff present: President Eric Kaler; Chancellor Michelle Behr; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice President Matt Kramer; Interim Vice President Michael Berthelsen; Executive Director Brian Steeves; and Chief Auditor Gail Klatt.

Student Representatives present: Lauren Mitchell.

Chair Johnson invited Provost Karen Hanson; Julie Sweitzer, Executive Director of the College Readiness Consortium; Shakeer Abdullah, Assistant Vice President for Equity and Diversity; and Muhammad Khalifa, Professor in the College of Education and Human Development, to lead a discussion on diversity in undergraduate enrollment at the Twin Cities campus, as detailed in the docket.

Hanson reviewed a number of opportunity gaps across the state and conveyed the significance of the gaps that exist along racial lines, especially educational inequity. She summarized the University’s successes in addressing that inequity and challenged Board members to consider how the University, as the state’s land-grant institution, can uniquely address those challenges.

Sweitzer reported that diversity in Minnesota’s school-aged population is significantly greater than the diversity in the state’s current workforce. She noted that an estimated 70 percent of jobs will require a 2- or 4-year college degree and that school-aged children need more education and awareness of their post-secondary options.

Abdullah provided an overview of the Office for Equity and Diversity’s mission. He shared examples of programming including initiatives that educate students, families, and teachers on post-secondary options and support students in college readiness.

Khalifa summarized research in culturally responsive leadership that shows the University must earn the trust, rapport, and credibility with the communities it serves. He noted the success of pipeline initiatives with rural Minnesota communities and that they can serve as a model for the Twin Cities urban population.

In response to questions from Regent Simmons, Abdullah explained that diversity is increasing across the state and similar disparities exist in rural and urban areas. Regent Anderson urged the Board to consider the state’s diversity changes and stressed the importance of the University using its resources to support the future of Minnesota.

Regent McMillan asked how the University engages with the business community to address the achievement gap. Abdullah reported that the University of Minnesota Foundation is engaged with the business community and that opportunities are emerging from their collaboration. He explained that first-generation college students often require support in the transition from college to business, which presents an opportunity for partnership with businesses.

In response to comments from Regent Beeson, Hanson explained that high-achieving Minnesota high school graduates are often recruited by out-of-state colleges. She added that those students often enroll at colleges that offer the greatest financial aid, and that the University cannot always compete with those offers.

Regent Omari urged Regents to consider a bold directive to the administration that addresses the issues that have been identified.

Regent Powell noted the importance of strengthening diversity on the Twin Cities campus in response to the business community, which seeks more diverse candidate pools and employees. He added that the demand from the business community will only be greater in the future, so the University must address this issue now.

In response to comments from Student Representative Mitchell, Sweitzer reported that the University relies on secondary schools to report data on prospective students, which presents challenges and limitations. Hanson confirmed that socioeconomic status is collected for prospective students when it is available from secondary schools.

Regent Cohen asked about the appropriate time to start educating students about college. Sweitzer reported that little related research exists for elementary school children, but that research shows that middle school is an appropriate time to introduce children to careers, which leads to education decisions. She noted that educating parents and school counselors is equally important since they influence a student's decision on career and college.

Regent Rosha commented that as the state's land-grant institution, the University's mission includes developing the future workforce for Minnesota by addressing the achievement gap. He asked how the University shares that message. Khalifa emphasized the importance of the University's outreach mission and importance of early communication to parents and teachers, in addition to students, about educational opportunities.

In response to questions from Regent Lucas, Hanson proposed that the University identify what it is uniquely qualified to do in order to support more diverse pipelines to colleges. She noted that the University has many programs related to diversity, but does not have a unified approach. Hanson added that partnerships with schools and other organizations will remain important. Chair Johnson asked that the administration develop proposals for the Board to consider in the fall.

Regent Hsu shared application and enrollment data from the Carlson School of Management, explaining that 670 African American students applied, 42 were admitted, and nine ultimately enrolled. He suggested that the issue exists with students being admitted. Hsu proposed the University adopt a test-optional admissions policy, citing that similar policies at other colleges have increased diversity in the student body.

In response to questions and comments from Regent Sviggum, Abdullah explained that significant disparities exist in Minnesota's Asian population. He noted that federal race definitions do not differentiate between Asian ethnic groups where those disparities exist, and that some federal programs even prohibit Asian students from participating in programming for underserved students, which creates an even bigger gap.

The meeting adjourned at 8:53 a.m.

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive, flowing style.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
June 9, 2017**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 9, 2017 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Kendall Powell, Darrin Rosha, Patricia Simmons, and Steven Sviggum.

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, and Stephen Lehmkuhle; Interim Chancellor Barbara Keinath; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Katrice Albert, Kathy Brown, and Matt Kramer; Interim Vice Presidents Michael Berthelsen, Bernard Gulachek, and Alan Levine; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Julie Tonneson, and Michael Volna.

ANNUAL MEETING

Chair Johnson called the Annual Meeting to order at 9:05 a.m.

ESTABLISHMENT OF MEETING DATES

Chair Johnson outlined proposed meeting dates for 2017-18. A motion was made and seconded and the Board of Regents voted unanimously to approve the following meeting schedule:

- July 12-13, 2017 (includes retreat)
- September 7-8, 2017
- October 12-13, 2017
- December 14-15, 2017
- February 8-9, 2018
- March 21-23, 2018 (includes retreat)
- May 10-11, 2018
- June 7-8, 2018

NOMINATING COMMITTEE REPORT: ELECTION OF BOARD OFFICERS

Regent Johnson, Chair of the Nominating Committee, presented the committee's report. The following individuals were recommended to serve as Board officers for the 2017-19 term:

Chair: David J. McMillan
Vice Chair: Kendall J. Powell
Secretary: Brian R. Steeves
Treasurer: Brian D. Burnett

Chair Johnson asked if there were any additional nominations; there were none. Regent Rosha made a motion to close nominations and approve a unanimous ballot. The Board of Regents voted unanimously to approve the slate as presented.

The annual meeting adjourned at 9:08 a.m.

REGULAR MEETING

RECOGNITIONS

Academic Professionals & Administrators Consultative Committee Outgoing Chair

Recognition was given to Eddy DeVeaux, Chief of Staff and Assistant to the Vice Provost and Dean of the Graduate School and outgoing 2016-17 chair of the Academic Professionals & Administrators Consultative Committee.

Civil Service Consultative Committee Outgoing Chair

Recognition was given to Duane Orlovski, Internal Medicine Residency Coordinator in the Office of Medical Education and outgoing 2016-17 chair of the Civil Service Consultative Committee.

Student Representatives to the Board of Regents

Recognition was given to the 2016-17 Student Representatives to the Board of Regents:

Lauren Mitchell, Chair
Twin Cities (COGS)

Mike Kenyanya, Vice Chair
Duluth

Lauren Anderson
Rochester

Mckenzie Dice
Morris

Phillip Guebert
Twin Cities (PSG)

Mina Kian
Twin Cities (MSA)

Connor Klemenhausen
Twin Cities (MSA)

Tareyn Stomberg
Crookston

APPROVAL OF MINUTES

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

Special Oversight Committee – May 4, 2017
Emergency Board of Regents Meeting – May 11, 2017
Facilities, Planning & Operations Committee – May 11, 2017
Faculty & Staff Affairs Committee – May 11, 2017
Audit & Compliance Committee – May 11, 2017
Governance & Policy Committee – May 11, 2017
Academic & Student Affairs Committee – May 11, 2017
Finance Committee – May 11, 2017
Board of Regents Meeting – May 12, 2017
Nominating Committee – May 2017

REPORT OF THE PRESIDENT

President Kaler reported on the legislative session, highlighting funding for facilities in the Academic Health Center. He noted that overall funding fell short of the University's request. He discussed international partnerships, including his recent visit to Iceland and an upcoming visit to China. Kaler reported on the accomplishments of the Medical Devices Center and its work to advance issues affecting public health.

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

REPORT OF THE CHAIR

Chair Johnson reported that the Presidential Performance Review Committee is in the process of completing the president's annual review and will present its final report at a future meeting.

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

RECEIVE AND FILE REPORTS

Chair Johnson noted the receipt and filing of the Report of the Academic Professionals and Administrators Consultative Committee, the Report of the Civil Service Consultative Committee, and the Quarterly Report of Grant and Contract Activity.

CONSENT REPORT

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

- Gifts
- Report of the All-University Honors Committee
- Appointment of Regents Professor

Regent Powell recused himself from action on the Consent Report due to a potential conflict of interest related to a gift from General Mills. A motion was made and seconded, and the Board of Regents voted unanimously to approve the Consent Report.

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Chair Johnson invited Professor Colin Campbell, chair of the Faculty Consultative Committee (FCC), to report on the committee's recent activities. Campbell highlighted the committee's focus on student mental health, the system-wide strategic plan, a statement reaffirming the committee's values, a proposal to the legislature to amend the data practices act, meeting with Regents, and equity and diversity.

Campbell announced FCC leadership for the 2017-18 academic year: Joseph Konstan, Professor of Computer Science and Engineering, as Chair and Greta Friedemann-Sánchez, Associate Professor, Humphrey School of Public Affairs, as Vice Chair.

Speaking personally, Campbell urged the Board to set aside individual differences and come together for the University.

Several Regents thanked Campbell for his service to the University and for his comments about Board unity.

RECOGNITION OF FACULTY CONSULTATIVE COMMITTEE OUTGOING CHAIR

Professor Colin Campbell was recognized for his service during two terms as FCC chair, from 2015-2017.

ANNUAL REVIEW – BOARD OF REGENTS POLICY: CODE OF ETHICS FOR MEMBERS OF THE BOARD OF REGENTS

General Counsel Doug Peterson reviewed Board of Regents Policy: *Code of Ethics for Members of the Board of Regents*. The Board, with assistance of the general counsel, annually reviews the requirements and procedures set forth in the policy.

Peterson highlighted the guiding principles Board members are obligated to follow. Board members are responsible for the governance of the University and must be accountable in the areas of financial disclosure, gifts, expenses, and conflicts of interest. Board members also are expected to set aside parochial interests, keeping the welfare of the entire University paramount at all times. Peterson described when conflicts of interest exist, how to manage them, and what to do if a Regent has a conflict.

SYSTEM-WIDE STRATEGIC PLAN

Chair Johnson invited Chancellor Stephen Lehmkuhle and Vice Provost Rebecca Ropers-Huilman to present the System-Wide Strategic Plan (plan) for approval, as detailed in the docket.

Lehmkuhle reviewed the plan framework, detailing the University's mission and guiding principles as well as the system's purpose and strategic intentions. Ropers-Huilman reported on the strengths of the plan, including high-impact changes, a focus on the land-grant mission, and connections among units. She called attention to the plan's appendix, which details the responsibilities for staff and administrators who have system-wide roles. She acknowledged that those responsibilities may need further refinement as the plan takes shape. Lehmkuhle noted that conversations with staff, faculty, and students across the system have been invaluable. He emphasized that this is an ongoing process and urged system-wide conversations to continue.

A motion was made and seconded to approve the plan.

Regent Lucas expressed hope that the plan will be used and asked for suggestions for keeping the process dynamic. Ropers-Huilman suggested that the Board keep a system-wide perspective when making decisions and consider the impact – positive or negative – on each of the campuses. Kaler added that he will include elements of system perspective in his annual work plan.

Regent Rosha voiced concern that several key external stakeholders were not consulted in the plan's development. He added that the plan should help those outside the University understand its direction and priorities. He remarked that the plan does not clearly lay out steps toward achieving institutional goals, which he believes is the purpose of the document.

Regent McMillan commented that the plan does not provide the guidance he feels is necessary for the Board to make key decisions. He voiced support for the document as a framework around which the administration could build an actual plan.

Rosha suggested changing the name from a plan to a framework.

President Kaler replied that the plan is an ongoing process and shared his belief that the next steps are clear. He noted that steps will include different groups for various strategic objectives, such as enrollment, admissions, and student life.

In response to a question from Regent Simmons, Lehmkuhle responded that changing the name would likely not change stakeholders' reaction to the plan itself. Simmons agreed to Rosha's suggestion to modify the name to: The University of Minnesota Strategic Plan Framework. There were no objections.

Regent Hsu stressed that the plan include an investment strategy and suggested that future steps include an estimate of the cost of implementation.

The Board of Regents voted unanimously to approve the University of Minnesota Strategic Plan Framework.

PRESIDENT'S RECOMMENDED FY 2018 ANNUAL CAPITAL IMPROVEMENT BUDGET

Chair Johnson invited Senior Vice President Burnett and Interim Vice President Berthelsen to present for approval the President's Recommended FY 2018 Annual Capital Improvement Budget (capital budget), as detailed in the docket.

Burnett reminded the Board that policy directs the administration to develop a capital budget with a six-year timeline and updated annually. He explained that approval of the budget allows individual projects with completed predesigns and financing plans to proceed with design and construction.

Berthelsen reviewed the major components of the capital budget, including HEAPR, system-wide projects, and repair and replacement (R&R) pools. He outlined several changes made since review of the capital budget in May. Burnett explained that approximately 44 percent of the budget is state-supported debt from the University's 2017 capital request; the remaining 56 percent supports the University's share of the state bonding projects.

A motion was made and seconded.

Regent Hsu observed that the capital budget often includes projects that are never completed. He suggested a broader discussion about the development of the six-year plan and the ways the University addresses necessary projects.

Regent Beeson suggested more discipline in establishing the six-year plan and maintaining priorities, to avoid unplanned projects being included in the capital budget. In response to a question from Beeson, Regent Sviggum remarked that HEAPR projects are not as showy as other capital projects, which makes them more difficult to promote to the legislature. He suggested the next legislative request only include HEAPR projects.

Regent McMillan agreed with the idea of a HEAPR-only request. He added that the Facilities, Planning & Operations Committee has been working on a dashboard to track facilities projects and help prioritize infrastructure needs.

Regent Simmons expressed concern with a HEAPR-only request. She noted that since the costs of HEAPR projects are not shared with the University, it could be difficult to promote the idea to the legislature.

Rosha remarked that improved marketing could help the legislature understand HEAPR requests. He suggested that providing additional information on those projects, and ways they affect the state, could help legislators feel more comfortable with the request.

The Board of Regents voted unanimously to approve the Resolution Related to the FY 2018 Capital Improvement Budget, as follows:

WHEREAS, the Board of Regents (Board) directed the administration to annually submit a capital improvement budget and a six-year capital improvement plan; and

WHEREAS, the Board has adopted principles to guide the formulation of the capital improvement budget and six-year capital improvement plan; and

WHEREAS, the Board recognizes the importance of sustaining and improving the University's facilities in support of teaching, research, and outreach; and

WHEREAS, the administration has developed a capital planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is realistic; and

NOW, THEREFORE, BE IT RESOLVED, that the Board approves the FY 2018 Capital Improvement Budget and reaffirms its prior year capital expenditure authorizations.

BOARD OF REGENTS POLICY: *SEXUAL MISCONDUCT*

Chair Johnson invited EOAA Director and Title IX Coordinator Tina Marisam and Deputy General Counsel Brian Slovut to present for review Board of Regents Policy: *Sexual Misconduct*, as detailed in the docket.

Slovut provided context for establishment of a new policy, outlined next steps for the development of the Board and administrative policies, and reviewed the legal factors considered in this process.

Marisam reviewed changes to the policy, which she noted includes more information about processes and procedures related to sexual misconduct. She explained that the policy provides better definition of terms used in the student conduct code, making the two documents more congruous. She outlined the administrative policy and explained that it provides more detail about what can be expected following a report of sexual misconduct. Marisam shared goals met by the new policy, including ease of access to policy information, improved transparency and consistency, and fair processes for all students.

In response to a question from Regent McMillan, General Counsel Peterson explained that the work of the Board's Special Oversight Committee is not directly linked to the ongoing policy development process. He noted that the committee's review and Board action on the policy may occur on a similar timeline. Peterson added that the committee's report will provide another perspective through which the Board can evaluate the issue of sexual misconduct.

Regent Omari observed that stalking is not necessarily linked to sexual activity. He asked whether a person who is accused of stalking will be charged with sexual misconduct, even without evidence of sexual activity. Marisam responded that the Violence Against Women Act

requires that stalking be included in the policy, but agreed some instances of stalking are unrelated to sexual misconduct. She reported that the Student Conduct Code addresses stalking but acknowledged it would only apply to students, not staff or faculty.

In response to a question from Regent Hsu, Marisam noted that the Office for Civil Rights (OCR) can take years to resolve a claim. She explained the importance of having a clear policy in place now, rather than waiting for a final response from OCR.

Regent Rosha noted the importance of clarity around the policies and processes in place. He commented that OCR recommendations should be seen as a guide to establishing procedures and policy, but that the University can do more than is required.

Regent Powell agreed with the importance of education and prevention efforts, but suggested a goal of zero cases of sexual misconduct. He argued that a shift in culture is necessary. Regent Omari cautioned that a goal of zero incidents could lead to a culture of non-reporting. He emphasized that the focus should be on education and training.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Anderson, Acting Chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on June 8, 2017. A resolution was considered and adopted that authorized the closing of the meeting. In the closed meeting a discussion was held on matters subject to the attorney-client privilege.

REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

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

1. Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the June 8, 2017 minutes.

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

Cohen reported that the committee also received an update on the University Progress Card; discussed academic elements of the system-wide strategic plan; and reviewed several information items as detailed in the docket.

REPORT OF THE FINANCE COMMITTEE

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

1. Approval of the Consent Report for the Finance Committee as described in the June 8, 2017 minutes.

Beeson noted that the committee voted five to one to forward the community solar garden subscription fees purchase to the Board for consideration at its meeting on June 20, 2017.

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

Beeson reported that the committee also received an update on Operational Excellence; discussed long-range financial planning; and reviewed several information items as detailed in the docket.

REPORT OF THE FACILITIES, PLANNING & OPERATIONS COMMITTEE

Regent McMillan, Chair of the committee, reported no participants for a planned public comment forum on the topic of police use of portable audio/visual recorders at the Duluth, Morris, and Twin Cities campuses. McMillan reported that the committee discussed the campus open space plan; received an update on utilities, energy management, and sustainability; and reviewed several information items as detailed in the docket.

In response to a question from Regent Omari, Interim Vice President Berthelsen clarified that the Board does not take action on the use of body-worn cameras; the only requirement was holding a public comment period. He added that administrative policy dictates when footage from the cameras can be viewed.

REPORT OF THE FACULTY & STAFF AFFAIRS COMMITTEE

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

1. Approval of the Consent Report for the Faculty & Staff Affairs Committee as presented to the committee and described in the June 8, 2017 minutes.

The Board of Regents voted unanimously to approve the recommendation of the Faculty & Staff Affairs Committee.

Simmons reported that the committee also discussed unconscious bias in hiring and promotion; reviewed University benefits and market competitiveness; received an update on the annual U Plan; and reviewed several information items as detailed in the docket.

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE

Regent Lucas, Acting Chair of the committee, reported that the committee received an update on the human participant research protection plan; discussed the 2017-18 internal audit plan; received an update on recent internal audits; and reviewed information items as outlined in the docket materials.

Regent Simmons remarked that the human participant research protection plan is yielding positive outcomes and ensuring greater protection of participants. She added that faster responses to grants and research processes help provide improved service to the state. She stressed that targeted investments were necessary for these improvements.

REPORT OF THE GOVERNANCE & POLICY COMMITTEE

Regent Cohen, Chair of the committee, reported that the committee received an overview of the University Senate; recommended full Board consideration of a resolution related to Board committee structure on June 20, 2017; and discussed Board operations, including annual planning and agenda development.

The meeting adjourned at 11:42 a.m.

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive style with a large initial "B" and a long, sweeping tail.

BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
June 20, 2017**

A special meeting of the Board of Regents of the University of Minnesota was held on Tuesday, June 20, 2017 at 12:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Kendall Powell, Darrin Rosha, Patricia Simmons, and Steven Sviggum.

Staff present: President Eric Kaler; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice President Matt Kramer; Interim Vice Presidents Michael Berthelsen, Bernard Gulachek, and Alan Levine; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice President Julie Tonneson.

PURCHASE OF COMMUNITY SOLAR GARDEN SUBSCRIPTIONS

Regent Johnson invited Interim Vice President Berthelsen and Shane Stennes, director of sustainability, to present for action the purchase of community solar garden subscriptions, as detailed in the docket.

Berthelsen and Stennes provided reviewed the objectives and structure of the solar garden subscriptions.

In response to a question from Regent Hsu, Berthelsen stated that the difference in rates between the previously approved community solar garden subscriptions and this purchase is the result of two different RFP processes. He emphasized that both purchases will provide a positive return on investment for the University even with the different rates.

A motion was made and seconded, and the Board voted unanimously to approve the purchase of community solar garden subscriptions.

RESOLUTION RELATED TO BOARD COMMITTEE STRUCTURE

Regent Johnson invited Executive Director Steeves to present for action a resolution related to Board committee structure, as detailed in the docket.

Steeves described the changing paradigms affecting the work of higher education boards and noted the Board's growing interest in having the full Board consider a broader number of topics. He reviewed the current committee and meeting structure. He detailed a possible new structure and its potential benefits, including greater information symmetry, closer alignment with University administrative structure, support for reaching consensus, and fuller discussions driven by all 12 Regents meeting together more often.

Steeves explained that the core role of the student representatives to the Board would be unchanged. He indicated that the proposed structure would give student representatives the opportunity to rotate through the Board's major committees, giving them greater exposure to the issues facing the University.

Steeves outlined the resolution and explained that if adopted, committee charges would come back to the Board for consideration in the fall.

Regent Cohen noted that the Governance & Policy Committee had two discussions on the topic and expressed the committee's endorsement of the proposed resolution.

Regent Simmons expressed her support of the proposed structure. She asked that once the new structure is in place for a year, the Board review it and determine the need for adjustments.

Regent McMillan offered that as the Board's incoming chair, he intends to continue to review how the structure is working and make adjustments as necessary. He added that benefits of the proposed structure include better alignment with the president's administrative structure and limited committee overlap.

Regent Rosha stated his support for the structure and the opportunity for student representatives to rotate across the Board's committees. He asked whether student representatives have provided feedback. Steeves responded that orientation for incoming student representatives would include walking through the committee structure and creating a rotation plan they are comfortable with and that aligns with the Board's vision.

Regent Sviggum added his support, offering that he viewed the potential of having more public input and testimony that the longer committee meetings could provide as a strength.

A motion was made and seconded, and the Board voted unanimously to approve the resolution related to Board committee structure, as follows:

WHEREAS, higher education governing boards nationwide are addressing increasingly complex challenges that require them to become more engaged and strategic; and

WHEREAS, interdisciplinarity is leading higher education governing boards to consider adapting their oversight structures to address institutional issues more holistically; and

WHEREAS, Regents of the University of Minnesota are increasingly noting a desire to be more fully engaged with a broader spectrum of items that come before the Board; and

WHEREAS, the current committee structure splits the Board in half for concurrent committee meetings, preventing Regents from fully participating in discussion around many issues that come before the Board; and

WHEREAS, establishing committees composed of all 12 Regents should dramatically reduce information asymmetry and compartmentalized knowledge, while creating shared understanding and enabling holistic discussions;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents directs the chair of the Board to name, identify the responsibilities of, and appoint Regents to, the following standing committees in place of those standing committees named in Board of Regents Policy: Board Operations and Agenda Guidelines Section II, Subd. 3, b, 1-5:

- Audit & Compliance Committee
- Finance & Operations Committee
- Governance & Policy Committee
- Mission Fulfillment Committee

BE IT FURTHER RESOLVED that those committees named in Board of Regents Policy: Board Operations and Agenda Guidelines, Section II, Subd. 3, b, 6-9, shall continue to function under current policy:

- Litigation Review Committee
- Nominating Committee
- Presidential Performance Review Committee
- Special Committees, as appointed by the chair of the Board.

BE IT FURTHER RESOLVED that until adoption of amendments to Board of Regents Policy: Board Operations and Agenda Guidelines, the Board adopts Attachment 1 – Interim Committee Charges, Committee Meetings, and Staff Responsibilities.

BE IT FURTHER RESOLVED that the executive director and corporate secretary is directed to draft amendments to Board of Regents Policy: Board Operations and Agenda Guidelines, for consideration by the Board, that:

1. Codify the new committee structure;
2. Affirm that the Board will hold eight regular meetings each year, two of which will not include regular committee meetings; and
3. Reflect feedback from the Governance & Policy Committee’s comprehensive review of the policy.

PRESIDENT’S RECOMMENDED FY 2018 ANNUAL OPERATING BUDGET

Regent Johnson invited President Kaler and Senior Vice President Burnett to present for action the President’s recommended FY 2018 annual operating budget (budget), as detailed in the docket.

Kaler stated that the budget being presented for action differs from what was reviewed. He summarized his budget priorities and what the University received from its biennial request to the Minnesota Legislature. Kaler identified specific revenue sources, highlighting the percentage from tuition and state support. He reported the incremental framework investments and the available resources to support those investments.

Kaler presented the tuition rates and related fees for the system that the Board previously reviewed and detailed recent resident undergraduate tuition rates. He reviewed potential tuition rate scenarios to reduce Twin Cities undergraduate tuition. He explained that after conversations with Regents, the resident undergraduate tuition increase for the Twin Cities campus would be reduced from 3 percent to 2 percent. He proposed that the non-resident, non-reciprocity (NRNR) tuition rate for Twin Cities undergraduates would be increased from 10 percent to 12.5 percent. In order to accommodate the new rates, Kaler indicated that the \$2 million allocated for FY 2019 would be eliminated and the \$1 million allocated for repairs and renovation would be reduced to \$300,000.

In response to a question from Regent Rosha, Kaler clarified that the tuition increase for current NRNR undergraduate students would be 5.5 percent for this budget.

Regent Simmons stressed the need to ensure the University’s quality and protect access for students, noting the importance of investments in both people and facilities. She encouraged the President and administration to ask employees where they think savings can be found and expressed hope that the President would share what was learned with the Board. Acknowledging the use of attrition, Simmons suggested evaluating positions to see what is needed and to ensure that positions being eliminated do not affect the ability of the University to succeed.

Burnett commented that reallocations toward the \$90 million goal of reducing administrative costs are ongoing. He described how the units that report to him are active in looking for new efficiencies and developing ways to implement them.

Regent Sviggum moved the following amendment to the budget:

1. Establish a program to reduce the University's total state appropriation- and tuition-funded headcount by 1 percent through attrition over the next year (in addition to the 44 positions proposed for elimination by the President), which will reduce expenditures by \$10.7 million
2. Amend Section III, A, Salaries, and all other references and attachments, by reducing the general wage increase for all employee groups, except Faculty and Graduate and Undergraduate Assistants, from 2 percent to 1 percent, which will reduce expenditures by \$6.2 million.
3. Amend Section III, B, Tuition, and all other references and attachments, to reflect a 1 percent decrease for resident undergraduate tuition system-wide, which will reduce revenues by \$15.8 million.
4. Using savings obtained from numbers 1 and 2 above, allocate funds to units in place of revenue that would have been generated by the President's proposed increases in resident undergraduate tuition. Any remaining funds shall be deposited to central reserves.

The motion was seconded.

Sviggum provided his rationale for the amendment, positioning it as a starting point to reduce resident undergraduate tuition and address the growth in total headcount. He contrasted salaries for University employees to comparable positions in state government, noting that University salaries often are significantly higher.

Regent Powell thanked Sviggum for the amendment and stated that he agrees philosophically with it. He emphasized his desire to find ongoing efficiencies, while ensuring that resources are available for the core mission of the University. He suggested that Burnett develop a plan to move the University toward addressing increasing costs and decreased revenue, including an examination of purchasing practices, salary bands, and how to operate smarter overall. He indicated that the budget offers the Board and administration time to develop a holistic plan to do so.

Regent Beeson added his appreciation for Sviggum's work in crafting the amendment, but stated that he would oppose it. He cautioned against tying tuition rate increases to the consumer price index, given the unique cost pressures faced by higher education. He expressed concern that this budget would move the University into maintenance mode. Beeson noted that at a time when many higher education institutions are reducing staff and programs, the University has the opportunity to boldly increase total investment. He pointed out programs that need additional funding to increase their standing, such as the medical school. Beeson stated his view that the Minnesota Legislature should help the University make that investment. Beeson asked about the total cost of compliance and noted that he has requested that number for some time.

Regent McMillan stated his agreement with Powell and offered his interest in the first and second parts of the amendment, along with a desire to build a framework that addresses those areas. He explained that in his view, the current business model is unsustainable.

Rosha expressed his desire to have more information and conversations about the items raised by the amendment. While he noted that the timing of the amendment was atypical of the process, he indicated that he would support the amendment to advance the conversation.

Simmons thanked Sviggum for his amendment, calling it thoughtful and principled. She highlighted administrative cost savings and reallocations as an example of the work being done to control costs. She suggested that investments associated with human subject research are one example of necessary rising administrative costs. Simmons cautioned that the University is in a complex market and units need resources to retain the best employees.

Regent Anderson explained that while he supports the spirit of the amendment, he is not ready to vote for it. He noted he would like to focus on tuition reduction but expressed concern with an across-the-board cut to the proposed funding for salary increases without more information on the potential impact.

Regent Omari stated that much of the salary discussion had focused on highly paid employees, but argued that lower-paid staff would be adversely affected by the proposed reduction to the general wage increase. He noted the Board should be asking whether those staff earn a livable wage and if the University is competitive in that market.

Sviggum emphasized that he viewed the amendment as a modest proposal. He recounted a conversation with friends who indicated that they would not donate to the University until costs are better controlled. He responded to the comments made by other Regents, emphasizing that adoption of the amendment sends a great message to the people of the state and to the legislature.

The Board voted three to nine against the motion and the Sviggum amendment failed. Hsu, Rosha, and Sviggum voted in favor of the amendment.

Regent Cohen expressed her agreement with Beeson. She observed that recent increases in resident undergraduate tuition were reasonable and expressed her preference to stay with a three percent increase to drive investment. Cohen offered that she would also prefer to have the NRNR rate at 10 percent. She stated her belief that NRNR students bring diversity and often stay in Minnesota after graduation, benefiting the state as a whole.

Rosha expressed his appreciation for the new process used to consider the budget. He indicated disappointment in the lack of data to justify the proposed salary increases for this year, and emphasized the need for data to enable better decisions on compensation increases. He explained that the University often casts the legislature as a villain, yet has not done enough to partner with the legislature on its goal of serving more Minnesota students. Rosha noted the need for additional data on each campus within its specific higher education market as a way to analyze tuition increases and salary allocations.

Regent Lucas cautioned against using NRNR tuition to plug revenue holes. She stated her belief that the state needs more talent and the University can serve to attract that talent.

Omari stated that while NRNR tuition should increase, he questions how fast it should go up. He expressed concern that the proposed increase will limit the diversity of NRNR students who enroll, predicting that only those who can afford to pay will enroll. Omari added that while he is in support of much of the budget, he would vote no given the NRNR increase.

Powell noted that the 2 percent tuition increase was more in line with inflation. He described that the budget lacks clarity on creating new efficiencies that could help control tuition, ensure access, and fund new investments in the mission. Powell stated his belief that the Board is discussing the right things and making progress.

In response to questions from Regent Hsu, Kaler explained that Minnesota State Colleges and Universities increased resident undergraduate tuition by 3 percent this year and is required by the legislature to freeze tuition next year. He noted that the legislature requested that the University keep tuition flat. Burnett estimated that the cost to freeze resident undergraduate tuition across the system given the updated budget proposal was \$8 million.

Hsu moved to amend the budget to reduce the proposed tuition increase for all undergraduate resident students system-wide to zero. The motion was seconded. Hsu requested a roll call vote.

In response to a comment from Omari, Hsu proposed that the budget be adjusted to account for the difference in revenue in the same manner outlined in attachment 13 of the budget, with slight adjustments based on the updated proposal.

Anderson asked for clarification on how the rest of the budget would be adjusted if the Hsu amendment were approved. Burnett explained that as outlined in attachment 13, the proposed compensation increase would be reduced to one percent, along with a reduction in the other investments noted.

Johnson called for the roll call vote to be taken on the Hsu amendment. The vote was as follows:

Regent Anderson	Nay
Regent Beeson	Nay
Regent Cohen	Nay
Regent Hsu	Yay
Regent Lucas	Nay
Regent McMillan	Nay
Regent Omari	Nay
Regent Powell	Nay
Regent Rosha	Yay
Regent Simmons	Nay
Regent Sviggum	Yay
Chair Johnson	Nay

Three votes were cast in favor of the motion and nine votes were cast against the motion. The Hsu amendment failed.

The Board voted 8-4 to approve the resolution related to the FY 2018 annual operating budget as follows. Hsu, Omari, Rosha, and Sviggum voted no.

WHEREAS, the University of Minnesota as the state's public, land grant university is charged with the responsibility to pursue knowledge and help apply that knowledge through research and discovery, teaching and learning, and outreach & public service; and

WHEREAS, the State of Minnesota, through its legislative and executive branches, has appropriated \$658,686,000 in state general fund monies for fiscal year 2017-18 to the University of Minnesota, which includes an increase over fiscal year 2016-17 of \$32,337,000, for the pursuit of its mission and in support of our goals and objectives; and

WHEREAS, \$10,050,000 of that increased appropriation is nonrecurring; and

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence; and

WHEREAS, the future of the University is premised on partnerships within the University community of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, alumni, local communities, and the citizens of Minnesota;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents hereby approves the University of Minnesota Fiscal Year 2017-18 Annual Operating Budget as follows:

The Fiscal Year 2017-18 Annual Operating Budget approved by the Board of Regents includes the following attachments from the President's Recommended FY18 Operating Budget:

- Attachment 2 Resource and Expenditure Budget Plan (University Fiscal Page)
- Attachment 5 University of Minnesota 2017-18 Tuition Plan: Tuition Rates
- Attachment 7 University of Minnesota 2017-18 Tuition Plan: Course/Class Fees
- Attachment 8 University of Minnesota 2017-18 Tuition Plan: Miscellaneous Fees
- Attachment 9 University of Minnesota 2017-18 Tuition Plan: Academic Fees
- Attachment 10 University of Minnesota 2017-18 Student Services Fees
- Attachment 11 Fund Forecast - Centrally Distributed and Attributed Funds

Johnson expressed his gratitude to the Board for the honor of serving as chair.

The meeting adjourned at 2:05 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Presidential Performance Review Committee
FY 2017**

A meeting of the Presidential Performance Review Committee of the Board of Regents convened on Friday, May 19, 2017 at 8:00 a.m. in the Board Office, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; and David McMillan. Patricia Simmons participated by phone.

Staff present: Executive Director Brian Steeves.

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

The meeting convened in public session at 8:00 a.m. A motion was made and seconded that the following resolution be approved:

RESOLVED, that as provided by Minnesota Statute 13D.05, Subd. 3(a), a non-public meeting of the Presidential Performance Review Committee of the Board of Regents will convene on Friday, May 19, 2017 at 8:00 a.m., in the Office of the Board of Regents, 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 adopt the resolution and the public portion of the meeting adjourned. The committee discussed feedback on the president's performance.

The meeting recessed at 9:05 a.m.

The Presidential Performance Review Committee reconvened on Wednesday, May 31, 2017 at 9:30 a.m. in the Board Office, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Michael Hsu, Peggy Lucas, David McMillan, Abdul Omari, Darrin Rosha, and Patricia Simmons. Thomas Anderson, Linda Cohen, and Kendall Powell participated by phone.

Staff present: Executive Director Brian Steeves

The committee discussed feedback on the president's performance with individual Regents. The meeting recessed at 3:01 p.m.

The Presidential Performance Review Committee reconvened on Wednesday, June 7, 2017 at 4:38 p.m. in the Board Office, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; David McMillan and Patricia Simmons.

Staff present: Executive Director Brian Steeves

The committee discussed feedback on the president's performance. The meeting recessed at 5:27 p.m.

The Presidential Performance Review Committee reconvened on Thursday, June 8, 2017 at 11:53 a.m. in the Board Office, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Peggy Lucas, David McMillan, Abdul Omari, Kendall Powell, Darrin Rosha, Patricia Simmons, and Steven Sviggum.

Staff present: Executive Director Brian Steeves

The committee discussed feedback on the president's performance. The meeting recessed at 1:37 p.m.

The Presidential Performance Review Committee reconvened on Wednesday, July 5, 2017 at 1:32 p.m. in the Board Office, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; and David McMillan. Patricia Simmons participated by phone.

Staff present: Executive Director Brian Steeves

The committee discussed feedback on the president's performance. The meeting recessed at 2:30 p.m.

The Presidential Performance Review Committee reconvened on Thursday, July 13, 2017 at 3:00 p.m. at the Oak Ridge Hotel & Conference Center in Chaska.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Peggy Lucas, David McMillan, Abdul Omari, Kendall Powell, Darrin Rosha, Patricia Simmons, and Steven Sviggum.

Staff present: Executive Director Brian Steeves

The committee discussed feedback on the president's performance. The meeting recessed at 4:15 p.m.

The Presidential Performance Review Committee reconvened on Friday, July 14, 2017 at 7:32 a.m. at The Beacon Public House in Minneapolis.

Regents present: Dean Johnson, presiding; David McMillan and Patricia Simmons.

Staff present: President Eric Kaler and Executive Director Brian Steeves

The committee discussed the president's performance.

The meeting adjourned at 9:02 a.m.

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive, flowing style.

BRIAN R. STEEVES
Executive Director
and Corporate Secretary