



Board of Regents Special Meeting

August 2018

August 9, 2018

2:00 p.m. - 3:30 p.m.

Boardroom, McNamara Alumni Center

BOR - AUG 2018 - Special Meeting

1. President's Employment Agreement

Docket Item Summary - Page 3

Amended Employment Agreement - Page 4

2. Presidential Search

Docket Item Summary - Page 12

Potential Search Timeline - Page 13

Consultant Biographies - Page 15



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

August 9, 2018

AGENDA ITEM: President’s Employment Agreement

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Regent David McMillan

PURPOSE & KEY POINTS

The purpose of this item is to consider an amended employment agreement for President Kaler. Key provisions are as follows:

- Kaler will continue as president through June 30, 2019.
- From July 1, 2019, through June 30, 2020, Kaler will serve as President Emeritus. In that role, he will assist with the administrative transition, engage in fundraising and development activities, and generally serve as an ambassador for the University, as directed by the Board of Regents.
- From July 1, 2020, through December 31, 2020, Kaler will receive a six-month transitional leave of absence to prepare him to assume his faculty position.
- On January 1, 2021, Kaler will assume a position as a tenured full professor in the College of Science and Engineering (CSE), Department of Chemical Engineering and Material Science. He will retain the title of President Emeritus as a faculty member, and will hold an honorary chair to be established by the Board of Regents.
- Kaler’s current salary will continue through June 30, 2020. He will receive a reduced salary during his transitional leave, and a faculty salary upon assuming his faculty position.
- Kaler will reside at Eastcliff, the University President’s residence, through June 30, 2019.

BACKGROUND INFORMATION

President Kaler’s initial employment agreement was approved by the Board of Regents on November 18, 2010. It was amended and extended on July 9, 2014.

EMPLOYMENT AGREEMENT

This Agreement is made and entered into on this _____ day of _____, 2018, by and between the Regents of the University of Minnesota (“University”) and Dr. Eric W. Kaler (“Kaler”). This Agreement supersedes and replaces any prior agreements between the parties regarding Kaler’s University employment. It is hereby agreed by and between the parties as follows:

1. Appointment

The University appoints and employs Kaler under the policies, supervision, and direction of the Board of Regents (“Board”), commencing on July 1, 2018, and continuing as set forth in this Agreement. From July 1, 2018, through June 30, 2019, Kaler will serve as President of the University (the “Presidential Period”). From July 1, 2019, through June 30, 2020, Kaler will serve as President Emeritus (the “Emeritus Period”) of the University. From July 1, 2020, through December 31, 2020, Kaler will receive a six-month paid transitional leave of absence (the “Transitional Leave Period”). On January 1, 2021, Kaler will assume a faculty position, as described below (the “Faculty Period”). Kaler accepts and agrees to such employment.

2. Duties and Responsibilities.

A. During the Presidential Period, Kaler agrees to faithfully and industriously and with maximum application of experience, ability, and talent devote full-time attention and energies to the duties of President of the University. He shall perform all duties as required by law, by this Agreement, and by custom and practice to be performed by a university president, including but not limited to:

- (1) Fundraising, development, public and alumni relations.
- (2) Fostering positive external relationships with the federal government, executive branch, the legislature, and local government.
- (3) Institutional, faculty, and educational leadership and management.
- (4) Long-range planning, budget formulation, and chief executive supervision of the University.
- (5) Administration of the affairs of the University of Minnesota consistent with Board policy and direction.

B. During the Emeritus Period, Kaler agrees to faithfully and industriously and with maximum application of experience, ability, and talent devote full-time attention and energies to the duties of President Emeritus as assigned by the Board, which may include but not be limited to the activities described in the Exhibit A to this Agreement; assisting as a resource in connection with the change in administration; fundraising and development; public, donor, and alumni

relations; special projects; and generally serving as an ambassador for the University, as directed by the Board and its designees. The University reserves the right to change, limit, eliminate, and/or expand the duties during the Emeritus Period, in its sole discretion.

C. During the Transitional Leave Period, Kaler will engage in activities reasonably calculated to prepare him to assume his faculty position.

D. Kaler's duties and responsibilities during the Faculty Period are addressed below in paragraph 3.

E. During the Presidential Period and the Emeritus Period Kaler shall not, without prior written permission of the Chair of the Board, render services of any professional nature to or for any person or firm for remuneration other than to the Board, and shall not engage in any activity that may be competitive with or adverse to the interests of the University. During the Transitional Leave Period and the Faculty Period, Kaler's outside activities and commitments will be governed by regular University policy, including the policies on consulting and outside commitments, and conflict of interest policies.

F. Kaler shall abide by all Board and University policies applicable to his conduct throughout his University employment.

3. Appointment as Faculty Member.

Starting on January 1, 2021, Kaler will assume a position as a tenured full professor with a "B Term" (i.e., nine month) appointment in the College of Science and Engineering (the "College"), Department of Chemical Engineering and Material Science (the "Department"). Kaler will retain the title of President Emeritus as a faculty member and will hold an honorary chair to be established by the Board of Regents during the Transitional Leave Period. Kaler's work in his faculty position will be governed by regular University policy applicable to faculty, including the Faculty Tenure Code. He will report to and be supervised by the Chair of the Department, and the Dean of the College, the same as any other faculty member. His duties and responsibilities will be those regularly performed by a professor of his rank in the Department, as established by the College and the Department. In addition to the salary and benefits discussed below, Kaler's faculty work will be supported with lab and office space, research support, .50 FTE of administrative support, travel reimbursement, and any other support typically provided in the Department to new faculty of Kaler's rank and stature in the field. During the Faculty Period, funding for Kaler's salary, benefits, and the above-described supports for his faculty work will come from non-departmental sources.

4. Salary.

During the Presidential Period and the Emeritus Period, Kaler's annual salary for the services under this Agreement shall be six hundred twenty five thousand two hundred fifty dollars (\$625,250.00). (One-half of Kaler's salary during the Emeritus Period will be paid from unrestricted philanthropic funds held for the benefit of the University.) During the six-month Transitional Leave Period, Kaler's six-month salary shall be one hundred fifty six thousand three

hundred twelve dollars and fifty cents (\$156,312.50). Kaler's "B Term" (i.e., nine month) salary during the first two years of the Faculty Period shall be three hundred twelve thousand six hundred twenty-five dollars and no cents (\$312,625.00). In accordance with regular University policy, Kaler may choose to have his "B Term" (i.e., nine month) salary paid over twelve months, the same as any other faculty member. After the first two years, Kaler's faculty salary will be determined based upon the regular salary and merit review process of the Department and the College. All salary under this paragraph shall be payable in installments at such regular intervals as the University is then using for the payment of salaries. The salary is subject to furloughs, pay freezes, salary reductions or other adjustments as required by present or future University policy.

5. Supplemental Retirement Contributions.

The following amounts shall be contributed to the University of Minnesota Optional Retirement Plan or, to the extent such contribution exceeds contribution limits for such plan, to the University of Minnesota 415(m) Retirement Plan when such amounts vest:

- A. \$225,000 vesting on June 30, 2019;
- B. \$325,000 vesting on June 30, 2020.

Except as otherwise stated, Kaler must have remained continuously employed under this Agreement through the vesting date in order to qualify for any payment under this paragraph. In the event of the Kaler's death, permanent disability, or termination without cause, the University shall contribute a pro rata share of the unvested funds for the year of the event consistent with the date of his death, permanent disability or termination without cause.

6. Employee Benefits.

During the Presidential Period, the Emeritus Period, and the Transitional Period, Kaler shall be eligible for all employee benefits for which regular University academic professional and administrative employees are eligible, whether such benefits are now in effect or hereafter adopted, including without limiting the generality of foregoing, the following:

- A. Faculty retirement plans, including optional retirement plans;
- B. Medical and dental insurance; and
- C. Life and disability insurance.

All benefits shall be provided and available to the extent allowed by University policy. Kaler shall also be eligible under all other benefit arrangements available to senior administrators of the University, and any other perquisites approved by the Board. The University shall make arrangements to ensure that the life insurance provided by the University during these Periods is two times Kaler's then current salary subject to Kaler meeting the requirements for such insurance. In addition, the University will provide disability insurance, provided Kaler qualifies under such insurance, in the amount of two thirds of salary up to a maximum of \$20,000 per month as set forth

in the Academic Disability Plan and contract. During the Faculty Period, Kaler shall be eligible for all employee benefits regularly provided to members of the faculty.

7. Residence.

A. As a condition of employment, Kaler agrees to live at Eastcliff, the University's presidential residence, during the Presidential Period. The University will provide normal repairs, maintenance, utilities and staff for the house and grounds.

B. Kaler and his family shall be responsible for the purchase of all food for personal consumption while living at Eastcliff.

C. All major repairs, renovations, or other physical improvements at Eastcliff shall be submitted for review to the Eastcliff Technical Advisory Committee in accordance with Regents' policy.

D. Kaler and his family will vacate Eastcliff by the end of the Presidential Period.

E. If this contract is terminated prior to the end of the Presidential Period, Kaler and his family will vacate Eastcliff not later than thirty (30) days following the effective date of such termination.

F. The University will reimburse Kaler for reasonable moving expenses incurred in moving from Eastcliff to a new local residence, in accordance with regular University policy and procedure.

8. Expenses.

During the Presidential Period and the Emeritus Period, the University will pay or reimburse all of Kaler's reasonable and necessary expenses, including entertainment and the expenses of his spouse as necessary for University business incurred in performing his duties under this Agreement, with such expenses subject to appropriate approval under University policy. (One-half of these expenses during the Emeritus Period will be paid from unrestricted philanthropic funds held for the benefit of the University.) During the Transitional Leave Period and the Faculty Period, the University will pay or reimburse Kaler for reasonable and necessary business expenses incurred in performing his duties under this Agreement in accordance with and subject to regular University policy.

9. Evaluation.

The Board will evaluate Kaler's performance on an annual basis during the Presidential Period and the Emeritus Period, and will have periodic discussions with him concerning his objectives and accomplishments. During the Faculty period, Kaler's performance will be evaluated through the faculty review process for the Department, the same as any other faculty member in the Department.

10. Termination.

A. No payment of any kind except those already earned or vested shall be made to Kaler if the Chair of the Board notifies Kaler during the Presidential Period, the Emeritus Period, or the Transitional Period of an action by the Board to terminate this Agreement for cause, which in addition to any of its other normally understood meanings in employment contracts shall include the following:

1. Deliberate or serious violation of the duties set forth in this Agreement, or refusal or unwillingness to perform such duties in good faith.
2. Conduct of the President that constitutes moral turpitude or that would tend to bring public disrespect, contempt, or ridicule on the University.
3. Intentional or serious violation of any law, rule, regulation, constitutional provision, or bylaw of the University or local, state or federal law, which violation may reflect adversely upon the University in the sole judgment of the Board.

In the event of termination under this provision, the Chair of the Board shall discuss the matter with Kaler and provide a letter indicating the action taken. No other requirements of University policy or procedure shall apply. Any action under this provision is subject to the University grievance procedure provided that the only remedy shall be monetary in an amount not to exceed one year's salary at the rate in effect as of the date of the notice of termination.

B. Kaler may terminate his appointment without cause (i.e., resign) during the Presidential Period, the Emeritus Period, or the Transitional Leave Period by providing ninety (90) days written notice to the University. Kaler shall be responsible for aiding and cooperating in any transition to a new President to the extent requested by the Board. Except as otherwise specifically addressed herein, all University duties and obligations towards Kaler under this Agreement shall cease as of the effective date of any resignation under this paragraph.

C. During the Faculty Period, termination of appointment will be governed by the Faculty Tenure Code and any other applicable University policy, the same as with any member of the faculty.

D. If Kaler becomes unable to perform his duties hereunder due to death or disability, his employment hereunder shall terminate immediately, but his salary shall continue to be paid to him or his estate for six (6) months following such termination, provided, however, that the foregoing shall not limit Kaler's rights under any applicable disability insurance coverage, nor shall this provision in any way limit the authority of the Board to designate an acting President in the event of the disability of Kaler as determined by the Board pursuant to its Bylaws, Article III, Section C (I).

11. Notices.

All notices and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed by registered or certified mail, return receipt requested, to the parties at the following addresses or at such other address for a party as shall be specified by like notice:

- A. If to the University, to the Secretary of the Board of Regents at 600 McNamara Alumni Center, 200 Oak Street S.E., Minneapolis, MN 55455;
- B. If to Kaler, to him at 202 Morrill Hall, 100 Church Street S.E., Minneapolis, MN 55455.

12. Entire Agreement.

This Agreement constitutes the entire understanding of the parties hereto, and supersedes any and all prior or contemporaneous representations or agreements, whether written or oral, between the parties and cannot be changed or modified unless in writing signed by the parties.

13. Governing Law.

This Agreement shall be interpreted and construed in accordance with the laws of the State of Minnesota, which shall be the forum for any lawsuit arising from or incident to this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first written above.

Eric W. Kaler

Dated: _____

REGENTS OF THE UNIVERSITY OF MINNESOTA

By: _____
David J. McMillan
Chair of the Board of Regents

Dated: _____

By: _____
Brian Steeves
Corporate Secretary of the
Board of Regents

Dated: _____

Exhibit A

President Emeritus Role in Business Development, Research, and Philanthropy

Overall Goal

Continue the accelerated fundraising momentum of the University of Minnesota *Driven* campaign, with its stated goal of \$4B raised by June 30, 2021.

Key Objectives

- Deepen engagement among and giving by key stakeholders (business community, government leaders, industry partners, leadership-level donors) and University leaders.
- Focus on initiatives that align with the *Driven* campaign's priorities and address the grand challenges of our time.
- Ensure a seamless and cohesive University leadership transition that does not interrupt the *Driven* campaign momentum, gift production, and private research grants.
- Demonstrate the highest level of integrity and authenticity during period of change.

Targeted Strategies

1. Work with the Foundation to leverage faculty and U leadership relationships to bring stakeholders together to establish transformative public-private partnerships in an effort to solve key challenges. Work with Fortune 500 companies in MN to seek to better understand how the UM can be the research partner of choice. If UM is already a key research partner, ask why? If not a key research partner, why not?
2. Work with the Foundation to activate other key initiatives that utilize the President Emeritus's energy, expertise, understanding of complex scientific issues, and many relationships across industry and the academy to catalyze emerging "big ideas" at the University and build momentum to help them advance through research and/or philanthropy
3. Work with the Foundation to engage a select group of top individual benefactors who have strong relationships with the President Emeritus in an effort to complete key gift conversations and/or advance philanthropic initiatives.
4. Actively participate in and contribute to the leadership transition strategy, as directed by the Board of Regents, including any "goodbye tour" and/or "welcome tour" that might be planned and implemented.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

August 9, 2018

AGENDA ITEM: Presidential Search

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Alberto Pimentel, Managing Partner, Storbeck/Pimentel & Associates
Will Gates, Partner, Storbeck/Pimentel & Associates

PURPOSE & KEY POINTS

The purpose of this item is to discuss a tentative search process for the University of Minnesota's 17th president along with potential opportunities to engage the University community. The Board will also discuss higher education challenges and the leadership characteristics necessary to meet them.

A potential search timeline is included in the docket.

BACKGROUND INFORMATION

- Storbeck/Pimentel & Associates has been retained to assist with the presidential search. Biographies of the consultants are in the docket.
- A Presidential Search Advisory Committee will be established to generate and narrow the field of presidential candidates to a small number of semi-finalists for Board consideration.
- A search website has been established at pres-search.umn.edu. Members of the University community are encouraged to nominate potential search advisory committee members, provide feedback, and read updates on the search process.

Potential Search Timeline

(subject to change)

Timeframe	Action
Week 1	<p>First organizational meeting with Search Advisory Committee members to discuss search process and strategy, timeline, position description, and advertising outlets.</p> <p>Storbeck/Pimentel & Associates (SP&A) provides committee with documents necessary for launching the search, including: draft position description, draft advertisement, suggested advertising strategy, draft timeline, recommended structure of fact-finding meetings with stakeholders, etc.</p>
Weeks 2-3	<p>SP&A visits the University of Minnesota to meet with Search Advisory Committee members and key stakeholders to learn about the challenges and opportunities impacting the new president.</p> <p>SP&A prepares summary report of collected comments and shares with the committee.</p>
Weeks 3-4	<p>SP&A and Search Advisory Committee finalize position profile and text for advertisement. The profile and ads will be informed by input gathered from stakeholder meetings.</p>
Week 4	<p>University of Minnesota and/or SP&A place ads in appropriate publications to include:</p> <ul style="list-style-type: none"> • Chronicle of Higher Education • Inside Higher Education • Diverse Issues in Higher Education • Women in Higher Education • Hispanic Outlook • Journal of Blacks in Higher Education • Other online, academic and discipline-specific advertising venues.
Weeks 4 – 8	<p>Consultant recruits candidates and seeks nominations.</p>
Week 8	<p>Progress meeting with Search Advisory Committee to discuss search status and review initial slate of candidates. SP&A will provide the Search Advisory Committee with a candidate summary as well as the CV and letter of interest of all candidates in the pool.</p> <p>Search Advisory Committee provides feedback to SP&A regarding quality of candidate pool and requests specific additional information on candidates to be provided at the next meeting.</p>
Week 9	<p>SP&A reports to committee on information obtained about specific candidates, conducts preliminary candidate interviews, and recruits additional candidates.</p>

Timeframe	Action
Week 10	<p>Progress meeting with Search Advisory Committee to evaluate candidates.</p> <p>Search Advisory Committee identifies 10-12 qualified candidates for first-round interviews. SP&A conducts background searches on each candidate and verifies credentials.</p>
Week 11	<p>Search Advisory Committee conducts first-round interviews with qualified candidates. Committee identifies semi-finalist candidates.</p>
Week 12	<p>SP&A and Search Advisory Committee initiate in-depth reference and background checks on all semi-finalist candidates. Reference reports provided to the Board of Regents.</p>
Weeks 12 – 13	<p>SP&A works with Board and Search Advisory Committee leadership to execute process for final selection. This process includes exhaustive background and reference checks, with results reported to Board of Regents, and supporting documentation for announcement of finalist(s).</p> <p>SP&A works with Board of Regents chair and vice chair; Board Office management; and legal and HR partners as identified by the University to develop a competitive compensation package for the successful candidate and negotiate the terms and conditions of employment.</p>
Weeks 13 – 14	<p>SP&A assists with contract negotiations.</p> <p>Board of Regents offers position to lead candidate and approves employment agreement.</p> <p>Search closes and placement announced.</p>

Search Firm: Storbeck/Pimentel & Associates

Established in 2007, Storbeck/Pimentel & Associates is a woman- and minority-owned executive search firm specializing in and exclusively dedicated to serving the higher education and non-profit sectors. Storbeck/Pimentel & Associates has more than 60 consultants and support staff located in two main offices (Los Angeles and Philadelphia) with three affiliated offices in Austin, Texas; Shelburne, Vermont; and Reston, Virginia.

ALBERTO PIMENTEL, MANAGING PARTNER

Education:

- Harvard University, Graduate School of Education, M.Ed.
- Harvard University, John F. Kennedy School of Government, M.P.A.
- Point Loma Nazarene University, M.A., Education Administration
- California State University, Los Angeles, B.A.

Executive Search Experience:

Mr. Pimentel has led and managed hundreds of search assignments for a variety of public and private universities and colleges, non-profit organizations and governmental agencies over the past 23 years. He has successfully recruited candidates for both academic and administrative positions for university systems as well as individual campuses. His experience includes searches for chancellors, presidents, provosts, vice presidents of all functional areas, academic deans, and other senior administrators. Recent clients include: University of Oklahoma, Texas Tech University, University of Texas at San Antonio, University of Wyoming, Oregon State University, University of Nevada, Reno, Florida State University, University of Arizona, UC Davis, UC Berkeley, UC Santa Cruz, University of Nevada, Las Vegas, and University of Washington.

Professional Experience:

- Vice President in the Education/Non-Profit Practices of Edward W Kelley & Partners and its predecessor, A.T. Kearney Executive Search
- Principal in the Education/Non-Profit Practice of Korn/Ferry International (Los Angeles office)
- Consultant in the Education/Non-Profit Practice of Witt, Kieffer, Ford, Hadelman & Lloyd
- Teacher, counselor, teacher advisor and program coordinator for the Los Angeles Unified School District

WILL GATES, PARTNER

Education:

- University of California, Los Angeles, M.B.A
- United States Military Academy at West Point, B.S., Engineering

Executive Search Experience:

Mr. Gates has over 24 years of experience in all facets of executive search and has conducted over 350 senior level searches in the fields of higher education, advanced technology, consumer goods, media enterprises, government, general business, and non-profit. His experience encompasses successful searches for executive positions including: president/CEO, vice presidents for various functional areas, board members, development executives, national laboratory directors, and assorted other administrative positions. Recent clients include: University of Arizona, Oklahoma State University, Texas A&M University, UCLA, UC San Diego, UC San Francisco, Montana State University, and Florida State University.

Professional Experience:

- Principal in the Education/Non-Profit Practices of Edward W Kelley & Partners and its predecessor, A.T. Kearney Executive Search
- Principal with Morgan Samuels Company in Beverly Hills, CA
- Consultant with the Los Angeles office of Korn/Ferry International
- Recruiting Officer for the Data Systems Division of Litton Industries
- Captain in the Air Defense Artillery of the United States Army