



Finance & Operations Committee

September 2020

September 10, 2020

9:30 a.m.

Boardroom, McNamara Alumni Center

FIN - SEP 2020

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 10, 2020

AGENDA ITEM: 2020-21 Committee Work Plan

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Regent David McMillan
Julie Tonneson, Interim Senior Vice President for Finance and Operations

PURPOSE & KEY POINTS

The purpose of this item is to review and discuss the 2020-21 committee work plan.

BACKGROUND INFORMATION

Board of Regents Policy: *Board Operations and Agenda Guidelines* describes the role of the Finance & Operations Committee as follows:

The Finance & Operations Committee (FIN) oversees and makes recommendations to the Board related to the University’s operations, fiscal stability, physical assets (e.g., land, buildings, infrastructure, technology, and equipment), and long-term economic health. The committee also advises the administration on faculty and staff compensation strategy, benefits, recruitment, and engagement.

Specifically, this committee recommends to the Board:

- appointments reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section IV.
- budgetary, financial, and investment matters reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section VII.
- property, facilities, and capital budgets reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section VIII.
- employment and labor relations matters reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section XI.

This committee provides oversight of:

- long-range financial planning strategies, including total indebtedness of the University and investment portfolio;
- the financial relationship between the University and its partners, including affiliated foundations, clinical operations, and external entities;
- potential risks within University finance and operations;
- long-range physical asset planning strategies, including technology infrastructure;
- public safety and emergency preparedness;

- operational services such as housing, parking, transportation, and dining;
- faculty and staff employment, compensation and benefits policy, including senior leader compensation, benchmarking, and terms of employment; and
- employee engagement and workforce development.

This committee also reviews:

- the annual report on central reserves;
- semi-annual capital financing and debt management reports;
- semi-annual management reports;
- semi-annual capital planning and project management reports;
- quarterly purchasing reports and violations of Board of Regents Policy: *Purchasing*;
- quarterly asset management reports;
- selected financial metrics that measure the University's fiscal condition;
- periodic updates on future facilities projects;
- design guidelines when a project design represents an exception to adopted campus master plans; and
- other financial reports, employment reports, and facilities management reports and significant issues.

**Finance & Operations Committee
2020-21 Work Plan**

Date	Topics
2020	
September 10-11	<ul style="list-style-type: none"> • 2020-21 Committee Work Plan • President’s Recommended 2020 Six-Year Capital Plan and 2021 State Capital Request – Review • President’s Recommended FY 2022-23 Biennial Budget Request – Review • HR Analytics Part 2 This item will build on the June overview of the University’s developments in human resources analytics. The item will provide time for committee discussion and two examples of how HR Analytics data can be used to inform decision making. The discussion will help inform the Annual Compensation Report discussion in February. • Resolution Related to Dining Services Contract Extension (Twin Cities campus) – Review The committee will review an additional year extension of the contract with Aramark for food service on the Twin Cities campus and the Minnesota Landscape Arboretum. The additional year is being sought due to the impact of COVID-19 on the process previously outlined to the committee. • Board of Regents Policy: <i>Debt Transactions</i> – Review The committee will review proposed amendments that resulted from the comprehensive review of the policy. • Consolidation of Board of Regents Policies: <i>Selection of Design Professionals & Wage Rates for Contractors</i> – Review The committee will consider a consolidation of two Board policies being recommended after a recent comprehensive review of both. • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ Purchase of Goods and Services \$1,000,000 and Over ○ Other items as needed • Information Items <ul style="list-style-type: none"> ○ Annual Asset Management Report ○ Investment Advisory Committee Update ○ Retirement Incentive Option Update ○ Quarterly Purchasing Report
October 8-9	<ul style="list-style-type: none"> • President’s Recommended 2020 Six-Year Capital Plan and 2021 State Capital Request – Action • President’s Recommended FY 2022-23 Biennial Budget Request – Action • Board of Regents Policy: <i>Debt Transactions</i> – Action • Consolidation of Board of Regents Policies: <i>Selection of Design Professionals & Wage Rates for Contractors</i> – Action • Resolution Related to Dining Services Contract Extension (Twin Cities campus) – Action • Updates on COVID-19 Impact on University Finances This items will provide updates on the COVID-19 impacts to University finances, specifically focusing on the process that will be used to

	<p>determine if additional amendments are needed to the FY 2021 operating budget.</p> <ul style="list-style-type: none"> • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ Purchase of Goods and Services \$1,000,000 and Over ○ Other items as needed • Information Items <ul style="list-style-type: none"> ○ CARES Act Allocation Updates ○ Debt Management Advisory Committee Update ○ Real Estate Report ○ Retirement Incentive Option Update
December 10-11	<ul style="list-style-type: none"> • Updates from the President’s Finance & Operations Work Group This item will provide updates from the President’s Finance & Operations work group. Included in the update will be an overview of participation in the Retirement Incentive Option and plan for the compensation savings plan for furloughs and temporary pay reductions in the second half of the fiscal year. • Systemwide Strategic Plan Implementation Topic Placeholder The Systemwide Strategic Plan implementation topic placeholders listed throughout the work plan will engage the committee on work being done to advance the plan. The placeholders provide flexibility for the President and administration to bring items forward for committee input as they are ready. • FY 2022 Budget Variables and Levers The committee will engage in a policy discussion regarding the preliminary budget planning assumptions for the FY 2022 annual operating budget. Included in this discussion will be the annual update on the University’s Administrative Cost Definition and Benchmarking. • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ Purchase of Goods and Services \$1,000,000 and Over ○ Any legislative reports requiring approval ○ Other items as needed • Information Items <ul style="list-style-type: none"> ○ Annual Report on Targeted Business, Urban Community Economic Development, and Small Business Programs ○ Commercial Paper Facility Update ○ Semi-Annual Capital Project Management Report ○ Debt Management Advisory Committee Update ○ Investment Advisory Committee Update ○ Quarterly Asset Management Report ○ Quarterly Purchasing Report
2021	
February 11-12	<ul style="list-style-type: none"> • FY 2022 Annual Operating Budget Framework The committee will review and provide input on a draft framework for the FY 2022 Annual Operating Budget. • Tuition Rates and Strategy The committee will engage in a conversation focused on tuition and rates and strategy primarily focused on the UMC, UMD, UMM, and UMR campuses. The discussion will include market data and how each campus relates to peers.

	<ul style="list-style-type: none"> • Annual Compensation Report and Discussion The committee will review and discuss the annual report. The report will focus on key areas identified by the committee during the September meeting. • Re-envisioning Risk Management The committee will discuss the Systemwide Strategic Plan’s goal of re-envisioning of risk management. The discussion will include an overview of current operations and focus on how to enhance risk management through innovative technology and processes • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ Purchase of Goods and Services \$1,000,000 and Over ○ Other items as needed • Information Items <ul style="list-style-type: none"> ○ Capital Finance and Debt Management Report ○ Annual Insurance and Risk Management Report ○ Central Reserves Fund Report ○ Progress Report on Sustainability & Energy Efficiency Targets and Standards ○ State Capital Appropriation Expenditure Report ○ Quarterly Purchasing Report
March 10-12	<p>Full Board items:</p> <ul style="list-style-type: none"> • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ Purchase of Goods and Services \$1,000,000 and Over ○ Other items as needed
May 13-14	<ul style="list-style-type: none"> • President’s Recommended FY 2022 Annual Capital Improvement Budget - Review • Cost of University Benefits This discussion will focus on the cost of University benefits, providing the committee with an overview of current trends. The committee will engage in a policy discussion focused on the future direction of University benefits. • Systemwide Strategic Plan Implementation Topic Placeholder • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ Purchase of Goods and Services \$1,000,000 and Over ○ Administrative Cost Report to the Minnesota Legislature ○ Other items as needed • Information Items <ul style="list-style-type: none"> ○ Annual Investment Performance: Peer Comparisons ○ Quarterly Asset Management Report ○ Investment Advisory Committee Update ○ Semi-Annual Management Report – Unaudited ○ Annual Report on Workforce and Total Compensation
June 10-11	<ul style="list-style-type: none"> • Presidents Recommended FY 2022 Annual Operating Budget - Review • President’s Recommended FY 2022 Annual Capital Improvement Budget - Action • Systemwide Strategic Plan Implementation Topic Placeholder • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations

	<ul style="list-style-type: none"> ○ Purchase of Goods and Services \$1,000,000 and Over ○ Other items as needed • Information Items <ul style="list-style-type: none"> ○ Annual University Health Benefits and UPlan Performance Report ○ Semi-Annual Capital Project Management Report ○ Debt Management Advisory Committee Update ○ Quarterly Asset Management Report ○ Quarterly Purchasing Report ○ Completed Comprehensive Review of Board Policy ○ Investment Advisory Committee Update
June Special Meeting	<ul style="list-style-type: none"> • Presidents Recommended FY 2022 Annual Operating Budget - Action

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 10, 2020

AGENDA ITEM: President’s Recommended 2020 Six-Year Capital Plan and 2021 State Capital Request

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: President Joan T.A. Gabel
Rachel Croson, Executive Vice President and Provost
Mike Berthelsen, Vice President, University Services

PURPOSE & KEY POINTS

The purpose of this item is review of the President’s recommended 2020 Six-Year Capital Plan and the 2021 State Capital Request.

The President’s recommended Six-Year Capital Plan (Plan) includes major capital improvements planned for calendar years 2021 through 2026 (FY2022 to FY2027). The Plan includes projects to be funded with state capital support as well as planned major projects funded by the University through a combination of University debt obligations, local unit resources, fundraising, and public/private partnerships.

Year 1 of the Plan (2021) outlines the projects that the University will be submitting to the State of Minnesota for consideration during the 2021 legislative session. Higher Education Asset Preservation and Replacement (HEAPR) continues to be the top priority. This request also seeks funding for three standalone renovation projects, and for design, site acquisition, and preconstruction services related to the Clinical Research Facility.

2020 Plan Highlights

The Plan continues to emphasize reinvestment into the University’s existing infrastructure. Growing deferred renewal backlog has widespread impacts on academic programs, research initiatives, student experience, and general competitiveness. The reduction of poor and critical space is a Maroon Measure on the University Progress Card, and HEAPR continues to be the smartest and most cost-effective investment toward this objective. It protects and extends the useful life of investments made by the taxpayers through capital bonding, by students who pay tuition, and by donors who give to support the University’s vision.

The Plan recommends HEAPR requests of \$200 million in each year to align with actual deferred renewal needs. It defines specific projects and placeholders that advance the Systemwide Strategic Plan objectives and position the University for success through five capital strategic priorities:

1. Address Poor and Critical Backlog

The Plan puts a strong emphasis on fixing or replacing some of the University’s worst buildings. HEAPR funding remains at the core of this strategy. The Facility Condition Assessment (FCA) identifies the physical condition and needs for buildings across the enterprise. This process identifies deferred, non-recurring, and projected renewal needs to determine a facility condition needs index (FCNI). The FCNI (the 10-year projected needs divided by the estimated replacement value) determines where a building is rated on a scale that starts at 0.0 (excellent) and extends to 1.0 (critical.) The table below is updated annually to monitor progress against the University Progress Card’s goal to reduce poor and critical space.

Campus	Total GSF ¹	Estimated Replacement Value ²	Projected 10-Year Needs ²	10 Year Needs/Replacement Value = (FCNI)	GSF Poor / Critical
Twin Cities	24,483,209	\$10,689,713,156	\$4,086,089,742	0.38	7,544,247
Duluth	3,261,158	\$1,184,470,439	\$418,746,681	0.35	492,644
Morris	993,166	\$428,361,083	\$175,700,094	0.41	481,564
Crookston	723,407	\$348,043,905	\$92,143,814	0.26	106,981
ROCs	1,843,260	\$312,762,852	\$97,211,666	0.31	105,266
TOTALS	31,304,200	\$12,963,351,435	\$4,869,891,996	0.38	8,730,702 ³

¹ Total Gross Square Feet from U Space Database. Excludes Rochester Campus and parking ramp decks.

² Figures include formally assessed facilities plus actual or modeled values for non-assessed facilities less than 10 years old.

³ Increase of 2% from previous year.

2. Advance the Health Sciences

The Plan continues to promote a long-term investment strategy to improve the educational and clinical research spaces for University programs in medicine and health. The Clinical Research Facility is set to begin the schematic design phase, while other program components are in varying stages of feasibility. A 2021 request to refinance outstanding bonds from the Biomedical Discovery District will complete design, acquire land, prepare a site, and initiate preconstruction services for the Clinical Research Facility.

3. Modernize Research Laboratories in St. Paul

The Plan continues the vision first set out in the 2013 Plan to renovate, construct, and decommission targeted laboratory facilities on the Twin Cities campus in St. Paul. The placeholder in 2024 for Saint Paul Capital Renewal will be informed by the outcome of the Saint Paul Campus Strategic Facilities plan and updated Twin Cities Campus Master Plan once approved by the Board. Additional HEAPR investments in Food Science and Nutrition, Biosystems and Ag Engineering, and the Biological Science Center will optimize existing facilities and infrastructure to support teaching and research.

4. Expand Capacity in STEM Programs

Student demand as well as state performance measures related to STEM degrees have increased the need for teaching laboratory facilities. Chemistry is a core component of most STEM programs and an inadequate supply of chemistry labs is restricting the University’s ability to meet demand and move students through the necessary course sequences. The Plan

includes major investments for the Duluth campus Chemistry Building and on the Twin Cities campus a focus on chemistry teaching capacity, Industrial and Systems Engineering in Lind Hall, as well as major HEAPR investments in the Mechanical Engineering building and Food Sciences and Nutrition building.

5. Reposition Libraries for the 21st Century

Library spaces are in high demand by the campus community. Investments will provide for materials that remain accessible but are no longer housed in prime campus real estate. This will ensure existing libraries remain the center of campus scholarship and exchange by creating flexible teaching, learning, and collaboration spaces. Opportunities exist to modernize Wilson Library with future Twin Cities campus capital renewal or strategic capital investment placeholders. The “Under Consideration” list also includes a proposed modernization of Briggs Library at the Morris campus, and a Library Collections Off-Site Storage project at the Twin Cities campus.

2021 State Capital Request

The 2021 State Capital Request is identical to the request brought before the State in 2020, adjusted for inflation. The first priority for funding is a \$200 million HEAPR request. The next two projects were first presented in the 2019 State Capital Request and include the Child Development replacement on the Twin Cities campus and the renovation of A.B. Anderson Hall in Duluth. The fourth project, introduced last year, is a Chemistry and Undergraduate Teaching Facility on the Twin Cities campus. The \$353.3 million in projects represent \$302.2 million from the state and \$51.1 million from the University. Also included is a renewal of the University’s request to refinance outstanding bonds issued to fund the Biodiscovery District on the Twin Cities campus. Savings, estimated at \$27 million, would be used to acquire land and complete design for a Clinical Research Facility on the Twin Cities campus.

BACKGROUND INFORMATION

Board of Regents Policy: *Board Operations and Agenda Guidelines* requires a Six-Year Capital Plan that sets priorities and direction for ongoing academic and capital planning efforts. This policy specifically directs the administration to conduct capital planning with a “six-year time horizon, updated annually.” It is the University’s primary capital investment planning tool.

Forming the Plan

Formation of the Plan is directed by University leadership including the Executive Vice President and Provost, the Senior Vice President for Finance and Operations, and the Vice Presidents for Health Sciences, Research, University Relations, and University Services. A multi-stage capital improvement planning process yields a draft plan for the President’s consideration and ultimate recommendation to the Board.

Stage 1 Proposal	Stage 2 Planning and Feasibility	Stage 3 Predesign	Stage 4 Resource Acquisition	Stage 5 Implementation
Define the problem or opportunity <ul style="list-style-type: none"> • Programmatic needs • Facility conditions • Financial resources assessment 	Evaluate scope, scale and alternatives <ul style="list-style-type: none"> • Strategic positioning • Academic priorities • Financial constraints • Space needs 	Advance the optimal scenario <ul style="list-style-type: none"> • Project scope • Project budget • Project schedule 	Confirm source and availability of funds <ul style="list-style-type: none"> • Financial impact • Debt capacity 	Deliver Project <ul style="list-style-type: none"> • Schematic design and GMP approval by the Board.
Chancellors, vice presidents and deans submit proposals	Budget 5 – Capital Strategy Group authorize proposals for feasibility	The Six Year Plan authorizes projects eligible to begin predesign	Predesign completion authorizes resource acquisition to begin	Board of Regents authorize projects >\$1 million to commence

Although many projects have both academic and organizational value, the projects that demonstrate both a programmatic urgency and implementation readiness are advanced for further analysis in the six-year timeframe. Other factors considered before projects are placed in the Plan include:

- *Financial parameters* such as state economic forecasts, state debt capacity, past trends, University debt capacity, and project-specific fundraising potential.
- *Operating budget impact* such as ability to fund the incremental operating (facility and programmatic) and debt costs associated with proposed projects.
- *Timing and sequencing of projects* to complete a series of related projects in process or other capital project “dominoes.”
- *Impact on programs (both research and instructional)* to manage the level of disruption while still maintaining research and teaching functions.
- *Health, safety, and regulatory requirements* result in issues that require some projects to be included in the Plan.
- *Geographic distribution* recognizes the University as a system and balances investment across the state.
- *Alignment with Systemwide Strategic Plan objectives.*

Project Costs

Costs for projects in the feasibility stage and projects under consideration are order-of-magnitude estimates. Predesign studies are prepared for projects at the appropriate time to determine more accurate cost figures. Total project costs and funding will be confirmed for each project prior to inclusion in the Annual Capital Improvement Budget.

PRESIDENT’S RECOMMENDATION

The President recommends approval of the resolution related to the 2020 Six-Year Capital Plan and the resolution related to the 2021 State Capital Request.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

The 2020 Six-Year Capital Plan

WHEREAS, preserving the University of Minnesota (University) campuses through stewardship of public investments that have been made over 165 years is a commitment the Board of Regents (Board) has made to the State of Minnesota (state); and

WHEREAS, advancing key academic priorities is critical for the University to achieve and maintain excellence; and

WHEREAS, continuing investment in research infrastructure is essential for the future competitiveness of the University and the state; and

WHEREAS, enhancing the student experience for both undergraduate education and graduate and professional education is required as the core of its mission in order to generate and disseminate knowledge; and

WHEREAS, improving outreach and engagement is necessary in order to transform state communities, fuel the state economy, address state social issues, and improve the state's health; 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 responsible.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the 2020 Six-Year Capital Plan in order to create and maintain facilities that serve as tools in accomplishing the University's education, research, and outreach objectives.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

2021 State Capital Request

WHEREAS, the Board of Regents (Board) has directed the administration to annually submit a capital improvement budget and a six-year capital plan in support of the University of Minnesota's (University) strategic priorities; 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.

NOW THEREFORE, BE IT RESOLVED that the Board of Regents approves the University's 2021 State Capital Request in the amount of \$353,300,000 consisting of \$302,200,000 from the State of Minnesota and \$51,100,000 from the University and the refinancing of outstanding bonds and use of the savings, estimated at \$27,000,000, to acquire land and complete design for a Clinical Research Facility.

2020 Six Year Capital Plan Project Description Report

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Description Report

Project Costs

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates. Project costs and funding will be verified prior to consideration for the Annual Capital Budget.

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Description Report

140 St. Paul Capital Renewal

<i>Campus:</i>	Twin Cities	- Renovates teaching and research space in one or more buildings in St. Paul
<i>Unit:</i>	Academic Affairs and Provost	- Achieves collegiate goals of synergy among researchers
<i>Total Cost:</i>	\$45,000	- Enables demolition of obsolete teaching and research space
<i>Plan Year:</i>	2024	- Project(s) will be defined through the St. Paul Strategic Facilities Plan and forthcoming Campus Master Plan

141 Twin Cities Campus Capital Renewal

<i>Campus:</i>	Twin Cities	- Advance priority projects focused on learning spaces and student support
<i>Unit:</i>	Academic Affairs and Provost	- Renew centers of campus scholarship and exchange by creating flexible teaching, learning, and collaboration spaces
<i>Total Cost:</i>	\$40,000	- Project(s) will be defined in future Six Year Plan update
<i>Plan Year:</i>	2024	

146 Arboretum: Farm and Garden Education Center

<i>Campus:</i>	ROCs & Stations	- Creates a new welcome center with a classroom and conference space for the Farm at the Arboretum campus that includes the Bee Center, Red Barn and demonstration farm crops
<i>Unit:</i>	College of Food, Agricultural & Natural Resource Sciences	- Serves as the headquarters for the MN Extension statewide Master Gardener Program and Arboretum Adult Education
<i>Total Cost:</i>	\$2,000	- Timeline may adjust pending availability of funds
<i>Plan Year:</i>	2021	

158 CSOM Building Revitalization

<i>Campus:</i>	Twin Cities	- Aligns the functionality of teaching and scholarship user space with new pedagogical and technological trends
<i>Unit:</i>	Carlson School of Management	- Improves utilization of existing space through more flexible learning environments facilitating student, staff and faculty collaboration
<i>Total Cost:</i>	\$35,000	- Addresses building infrastructure, systems, accessibility, and other deficiencies
<i>Plan Year:</i>	2023	

163 Limnology Building and Property Capital Renewal

<i>Campus:</i>	Duluth	- Renovate the existing limnology research station and construct a new addition
<i>Unit:</i>	UMN Duluth	- Create a learning lab, meeting space, and workstations for 27 personnel
<i>Total Cost:</i>	\$9,000	- Relocate MN Sea Grant Center from its current location at UMD Chester Park
<i>Plan Year:</i>	2026	- Timeline for investment may adjust pending availability of funds

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Description Report

164 Lind Hall Capital Renewal

Campus: Twin Cities - Renovate classrooms, computer labs and student services for the College of Science and Engineering
Unit: College of Science and Engineering - Create a single academic home for Industrial and Systems Engineering
Total Cost: \$31,000 - Support University-wide teaching and learning needs
Plan Year: 2021 - Optimize space following the completion of Pillsbury Hall

177 Child Development Replacement

Campus: Twin Cities - Renovate the interior and exterior of the Institute of Child Development Building, built in 1913
Unit: College of Education and Human Development - Demolish the existing 1967 addition
- Construct a new addition
Total Cost: \$44,100 - Create new research labs and observation space for 20 ICD faculty and research and administrative space for the Center for Early Childhood Education
Plan Year: 2021

178 A. B. Anderson Hall Capital Renewal

Campus: Duluth - Update mechanical systems, life safety systems, and architectural finishes
Unit: UMN Duluth - Modernize teaching space for the departments of Communication, Philosophy, History, and Art
Total Cost: \$6,900
Plan Year: 2021

180 Clinical Research Facility - Construction

Campus: Twin Cities - Construct a new clinical research facility to support clinical and translational health science research
Unit: Health Sciences Administration - Program includes integrated research, clinical exam, consultation, computational, and collaboration space
Total Cost: \$145,000 - The actual project size will likely to be larger than the State Request as a result of additional scope and funding that will be added to the project to meet the needs of the University's clinical partners
Plan Year: 2022

187 Chemistry Undergraduate Teaching Laboratory

Campus: Twin Cities - Create a state-of-the-art undergraduate chemistry teaching facility with energy efficient teaching laboratories, student collaboration spaces, and classrooms
Unit: College of Science and Engineering - Provide 18 new teaching laboratories for general and organic chemistry
Total Cost: \$102,300 - Renovate the original Fraser Hall building, demolish the earlier addition, and construct a new addition
Plan Year: 2021

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Description Report

195 Systemwide Capital Investment

Campus: Systemwide - Advance priority projects focused on learning spaces, student support, and research laboratories
Unit: Systemwide - Project(s) will be defined in future Six Year Plan update
Total Cost: \$28,000
Plan Year: 2024

200 Higher Education Asset Preservation and Replacement

Campus: Systemwide - Maximize and extend the life of the University's existing physical plant
Unit: Systemwide - Individual projects will fall into one of four broad categories: Health and Safety, Building Systems, Energy Efficiency, and Utility Infrastructure
Total Cost: \$200,000 - Projects are informed by the Facilities Condition Assessment and Building Code Deficiency Report with input from Facilities Management on each campus, in consultation with University Health & Safety and the Disability Resource Center
Plan Year: 2021

277 Duluth Chemistry Building Capital Renewal

Campus: Duluth - Invest in space that was vacated with the completion of the Chemistry and Advanced Materials Science building
Unit: UMN Duluth - Upgrade obsolete teaching labs, research labs and offices to support future campus space needs
Total Cost: \$24,600
Plan Year: 2022

304 Strategic Capital Investment

Campus: Twin Cities - Enhance existing teaching, research and student space
Unit: Academic Affairs and Provost - Project(s) will be defined in future Six Year Plan update
Total Cost: \$100,000
Plan Year: 2026

316 East Bank Capital Renewal

Campus: Twin Cities - Enhance existing teaching, research, and student support space in the area of upper Church Street
Unit: Academic Affairs and Provost - Project(s) will be defined in a future Six Year Plan update
Total Cost: \$48,000 - Potential facilities for renewal include the Armory and 10 Church Street (Former Bell Museum)
Plan Year: 2024

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Description Report

322 Microbial Cell Production Facility

Campus: Twin Cities

Unit: College of Biological Sciences

Total Cost: \$56,600

Plan Year: 2021

- Construct a new facility to expand the existing CBS Biotechnology Resource Center for microbial cell production, advanced research and training

- Scope may be expanded to include the BioMADE addition referenced in the Under Consideration report. BioMADE is contingent upon a federal grant with anticipated award date of Fall 2020

344 Clinical Research Facility - Design

Campus: Twin Cities

Unit: Health Sciences Administration

Total Cost: \$27,000

Plan Year: 2021

- Design, acquire land, prepare the site, and complete preconstruction services for the Clinical Research Facility

366 CSOM Building Revitalization - Design

Campus: Twin Cities

Unit: Carlson School of Management

Total Cost: \$2,500

Plan Year: 2021

- Align the functionality of teaching and scholarship user space with new pedagogical and technological trends

- Improve utilization of existing space through more flexible learning environments facilitating student, staff and faculty collaboration

- Address building infrastructure, systems, accessibility, and other deficiencies

2020 Six Year Capital Plan
Project Funding Report

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Funding Report

Project Costs

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates. Project costs and funding will be verified prior to consideration for the Annual Capital Budget.

Project Priority

Projects are shown in order of priority for the state capital budget request in year 2021. Projects in future years of the plan and projects under consideration are not prioritized.

Annual Capital Budget Potential Additions

University funded capital projects in year 2021 of the Six Year Capital Plan were included in the FY21 Annual Capital Budget potential additions list and may be presented as amendments to the capital budget within the current fiscal year.

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Funding Report

2021

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
200	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
177	Child Development Replacement	Twin Cities	\$44,100	\$29,400	\$14,700
178	A. B. Anderson Hall Capital Renewal	Duluth	\$6,900	\$4,600	\$2,300
187	Chemistry Undergraduate Teaching Laboratory	Twin Cities	\$102,300	\$68,200	\$34,100
			\$353,300	\$302,200	\$51,100

State Funded - Bond Refinance

File	Project Title	Campus	Total	State Funds	University Funds
344	Clinical Research Facility - Design	Twin Cities	\$27,000	\$27,000	\$0
			\$27,000	\$27,000	\$0

University Funded

File	Project Title	Campus	Total	State Funds	University Funds	
146	Arboretum: Farm and Garden Education Center	ROCs & Stations	\$2,000	\$0	\$2,000	
366	CSOM Building Revitalization - Design	Twin Cities	\$2,500	\$0	\$2,500	
164	Lind Hall Capital Renewal	Twin Cities	\$31,000	\$0	\$31,000	
322	Microbial Cell Production Facility	Twin Cities	\$56,600	\$0	\$56,600	
220	R&R - Crookston Campus	Crookston	\$296	\$0	\$296	
286	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000	
226	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000	
238	R&R - Morris Campus	Morris	\$162	\$0	\$162	
214	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300	
256	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500	
262	R&R - Twin Cities Dining Services	Twin Cities	\$4,180	\$0	\$4,180	
232	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$25,120	\$0	\$25,120	
244	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$6,725	\$0	\$6,725	
250	R&R - Twin Cities Student Affairs	Twin Cities	\$1,100	\$0	\$1,100	
268	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800	
			\$157,283	\$0	\$157,283	
			FY Total:	\$537,583	\$329,200	\$208,383
			Running Total:	\$537,583	\$329,200	\$208,383

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Funding Report

2022

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
201	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
180	Clinical Research Facility - Construction	Twin Cities	\$145,000	\$96,667	\$48,333
277	Duluth Chemistry Building Capital Renewal	Duluth	\$24,600	\$16,400	\$8,200
			\$369,600	\$313,067	\$56,533

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
221	R&R - Crookston Campus	Crookston	\$296	\$0	\$296
287	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
227	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
239	R&R - Morris Campus	Morris	\$162	\$0	\$162
215	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
257	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
263	R&R - Twin Cities Dining Services	Twin Cities	\$1,000	\$0	\$1,000
233	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$12,716	\$0	\$12,716
245	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$7,250	\$0	\$7,250
251	R&R - Twin Cities Student Affairs	Twin Cities	\$1,100	\$0	\$1,100
269	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$50,124	\$0	\$50,124
FY Total:			\$419,724	\$313,067	\$106,657
Running Total:			\$957,307	\$642,267	\$315,040

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Funding Report

2023

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
362	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
			\$200,000	\$200,000	\$0

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
158	CSOM Building Revitalization	Twin Cities	\$35,000	\$0	\$35,000
222	R&R - Crookston Campus	Crookston	\$296	\$0	\$296
288	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
228	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
240	R&R - Morris Campus	Morris	\$162	\$0	\$162
216	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
258	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
264	R&R - Twin Cities Dining Services	Twin Cities	\$2,000	\$0	\$2,000
234	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$13,076	\$0	\$13,076
246	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$8,750	\$0	\$8,750
252	R&R - Twin Cities Student Affairs	Twin Cities	\$1,100	\$0	\$1,100
270	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$87,984	\$0	\$87,984
		FY Total:	\$287,984	\$200,000	\$87,984
		Running Total:	\$1,245,291	\$842,267	\$403,024

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Funding Report

2024

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
361	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
316	East Bank Capital Renewal	Twin Cities	\$48,000	\$32,000	\$16,000
140	St. Paul Capital Renewal	Twin Cities	\$45,000	\$30,000	\$15,000
195	Systemwide Capital Investment	Systemwide	\$28,000	\$18,667	\$9,333
141	Twin Cities Campus Capital Renewal	Twin Cities	\$40,000	\$26,667	\$13,333
			\$361,000	\$307,334	\$53,666

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
308	R&R - Crookston Campus	Crookston	\$296	\$0	\$296
306	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
305	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
310	R&R - Morris Campus	Morris	\$162	\$0	\$162
307	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
313	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
314	R&R - Twin Cities Dining Services	Twin Cities	\$3,275	\$0	\$3,275
309	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$19,724	\$0	\$19,724
311	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$7,250	\$0	\$7,250
312	R&R - Twin Cities Student Affairs	Twin Cities	\$1,100	\$0	\$1,100
315	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$59,407	\$0	\$59,407
FY Total:			\$420,407	\$307,334	\$113,073
Running Total:			\$1,665,698	\$1,149,601	\$516,097

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Funding Report

2025

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
349	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
			\$200,000	\$200,000	\$0

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
359	R&R - Crookston Campus	Crookston	\$296	\$0	\$296
355	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
354	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
360	R&R - Morris Campus	Morris	\$162	\$0	\$162
357	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
352	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
356	R&R - Twin Cities Dining Services	Twin Cities	\$3,900	\$0	\$3,900
350	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$9,638	\$0	\$9,638
353	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$4,150	\$0	\$4,150
358	R&R - Twin Cities Student Affairs	Twin Cities	\$1,100	\$0	\$1,100
351	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800

		\$46,846	\$0	\$46,846
	FY Total:	\$246,846	\$200,000	\$46,846
	Running Total:	\$1,912,544	\$1,349,601	\$562,943

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Project Funding Report

2026

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
365	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
304	Strategic Capital Investment	Twin Cities	\$100,000	\$66,667	\$33,333
			\$300,000	\$266,667	\$33,333

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
163	Limnology Building and Property Capital Renewal	Duluth	\$9,000	\$0	\$9,000
377	R&R - Crookston Campus	Crookston	\$296	\$0	\$296
373	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
372	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
378	R&R - Morris Campus	Morris	\$162	\$0	\$162
375	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
370	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
374	R&R - Twin Cities Dining Services	Twin Cities	\$2,000	\$0	\$2,000
368	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$14,630	\$0	\$14,630
371	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$6,250	\$0	\$6,250
376	R&R - Twin Cities Student Affairs	Twin Cities	\$1,100	\$0	\$1,100
369	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$61,038	\$0	\$61,038
FY Total:			\$361,038	\$266,667	\$94,371
Running Total:			\$2,273,582	\$1,616,268	\$657,314

2020 Six Year Capital Plan
Under Consideration List

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Under Consideration List

Proposals included on the Under Consideration list have been identified as priorities by the responsible unit. Projects under consideration are recommended to complete a feasibility study to support further decision making. Projects will be included in the Six Year Plan when the source of funding and year is determined.

Projects must complete predesign, obtain necessary funds and receive approval in the Annual Capital Budget to proceed with design and construction.

Preliminary cost estimates are included on the Under Consideration list where available. Estimates prepared at this time have a low expectation of accuracy. Estimates may be regarded as preliminary, ballpark or order of magnitude. Multiple factors including location, size, complexity, level of finish and inflation may impact the final cost. These figures are intended to support a decision to proceed with the proposal and must be verified through later phases of design.

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Under Consideration List

111 PTRF Renovation - Turkey Research Facility

Campus: Twin Cities - Renovate the Poultry Teaching and Research Facility in St. Paul
Unit: College of Food, Agricultural & Natural Resource Sciences - Relocate small scale turkey research from Rosemount to St. Paul
- Maximize research effectiveness and space utilization
Total Cost: \$11,000 - Replace or upgrade exterior enclosure, HVAC systems and lab casework
Status: Predesign

113 St. Paul Student Center Replacement

Campus: Twin Cities - Renovate or replace the St. Paul Student Center
Unit: Student Affairs - Provide a venue for programming, services, meetings and events on St. Paul campus
Total Cost: To Be Determined - Scope, budget, and schedule to be confirmed pending the outcome of feasibility study
Status: Feasibility

118 Athletic Facilities Targeted Improvement Projects

Campus: Systemwide - Implement targeted investments to improve gender equity in athletics facilities on the Crookston, Morris, Duluth and Twin Cities campuses
Unit: Systemwide
Total Cost: To Be Determined - Project(s) to be defined pending outcome of individual campus planning studies
Status: Feasibility

120 Cloquet and Hubacheck Capital Investments

Campus: ROCs & Stations - Provide a setting for field-based teaching and applied learning and research in northern forest and wilderness ecosystems
Unit: College of Food, Agricultural & Natural Resource Sciences - Construct lodging, dining and kitchen facilities for students, staff, professionals and families
- Create flexible research labs, classrooms and support spaces
Total Cost: To Be Determined - Scope, budget, and schedule to be confirmed pending outcome of site master plans
Status: Planning

121 Cowles Stadium Hitting Facility

Campus: Twin Cities - Construct an indoor hitting facility and restrooms accessible from the dugout for the Gopher Women's Softball Team
Unit: Intercollegiate Athletics - Budget and schedule to be confirmed pending availability of funds
Total Cost: To Be Determined
Status: Predesign

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Under Consideration List

124 3M Arena at Mariucci Ice Plant/Floor Replacement

Campus: Twin Cities - Convert the refrigerant system in response to phase out of freon production
Unit: Intercollegiate Athletics - Reduce scale of ice sheet and expands capacity for seating
Total Cost: \$5,200 - Enable meeting fluorocarbon emissions standards
Status: Predesign

127 Ridder Arena Ice Plant/Floor Replacement

Campus: Twin Cities - Converts the refrigerant system in response to phase out of freon production
Unit: Intercollegiate Athletics - Replaces the ice plant, ice sheet floor and piping
Total Cost: \$1,200 - Enables meeting fluorocarbon emissions standards
Status: Predesign

136 LSH 1st Floor Renovation & Expansion

Campus: Duluth - Remodel and expand the 1st floor of Lake Superior Hall (LSH)
Unit: UMN Duluth - Provide more efficient and consolidated office space for staff and better space for students
Total Cost: \$9,900
Status: Predesign

142 Briggs Library Capital Renewal

Campus: Morris - Renovate the existing library and construct a new east link/entry addition and west entry
Unit: UMN Morris - Replace mechanical, electrical, and plumbing systems, technology infrastructure, elevator, and provide ADA/Code compliant restrooms
Total Cost: \$27,900 - Revitalize the Briggs Library at the "heart of the campus" to best meet the academic, co-curricular, social and safety needs of the UMM Community
Status: Predesign

171 Animal Science Facility

Campus: Crookston - Construct a new pole barn facility to consolidate the animal facilities at the Crookston campus with adjacent academic and research space
Unit: UMN Crookston - Accommodate birthing, controls noise and protects against illness
Total Cost: To Be Determined - Support teaching needs of the Agriculture and Natural Resource program and provide space for student research
Status: Proposal - Scope, budget, and schedule to be defined pending outcome of feasibility study

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Under Consideration List

175 Historic District Capital Renewal

Campus: Morris - Invest in programmatic needs of the Morris campus
Unit: UMN Morris - Modernize systems and infrastructure in the campus national register historic district
Total Cost: To Be Determined - Renovate learning spaces and student support spaces to meet the needs of future students
Status: Planning - Projects to be defined pending outcome of campus strategic facilities plan

205 Kirby Student Center Expansion

Campus: Duluth - Expand and update the Kirby Student Center to provide space for student programming, social and active study spaces for students, meeting and event facilities
Unit: UMN Duluth
Total Cost: To Be Determined
Status: Planning

206 Library Collections Off-Site Storage: Phase I

Campus: Twin Cities - Construct new space to meet the collections needs of the University of Minnesota for the next 20 years
Unit: University Libraries - Relocate various library collections into offsite storage from around the library system
Total Cost: \$36,350 - Enable the creation of new, innovative spaces for teaching and research in prime locations on campus
Status: Predesign - Provide secure, environmentally controlled, offsite space for storage, preservation, regeneration and characterization of essential resources

272 Shepherd Laboratories Phase 2 (Floors 3-5) Renovation

Campus: Twin Cities - Renovate space on floors 3-5 of Shepherd Labs to provide space for the Computer Science and Engineering Department
Unit: College of Science and Engineering
Total Cost: To Be Determined
Status: Feasibility

280 Strategic Campus Development

Campus: Rochester - Create academic and student life space for the growing UMR student community
Unit: UMN Rochester - Provide space to support active, collaborative, and adaptive learning environments, student laboratories and faculty/student interaction
Total Cost: To Be Determined
Status: Planning

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Under Consideration List

290 Molecular and Cellular Therapeutics Expansion

Campus: Twin Cities - Expand the existing Molecular and Cellular Therapeutics facility to accommodate Vector Production and Gene Therapy (VP/GT) and other health sciences research
Unit: Health Sciences Administration
Total Cost: To Be Determined - Provide cleanroom, lab and lab support spaces
Status: Planning - Scope, budget, and schedule to be defined pending outcome of feasibility study

298 Arboretum Road and Parking Improvements

Campus: ROCs & Stations - Repair and extend the internal circulation and parking network at the Arboretum including public access points and gatehouses
Unit: College of Food, Agricultural & Natural Resource Sciences
Total Cost: To Be Determined
Status: Planning

299 Strategic Land Acquisitions

Campus: Twin Cities - Evaluates opportunities for strategic land and asset acquisitions that support University mission
Unit: Planning, Space, and Real Estate
Total Cost: To Be Determined
Status: Planning

301 Parking Structure

Campus: Twin Cities - Provide additional parking for students, faculty, staff and visitors
Unit: Auxiliary Services - Scope, budget, and schedule to be defined pending outcome of feasibility study
Total Cost: To Be Determined
Status: Proposal

318 Cedar Creek Science Barn

Campus: ROCs & Stations - Construct a new building for research, education, and outreach
Unit: College of Biological Sciences - Provide three classrooms, restrooms, storage, and a 150 person auditorium for year-round use
Total Cost: \$3,300
Status: Feasibility

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Under Consideration List

320 Consolidated Livestock Research Complex (FAARM)

Campus: ROCs & Stations - Construct an off-campus consolidated animal research facility for the College of Food, Agriculture and Natural Resource Sciences
Unit: College of Food, Agricultural & Natural Resource Sciences - Scope, budget, and schedule to be defined pending outcome of feasibility study
Total Cost: To Be Determined
Status: Feasibility

328 Developing Institutional Animal Resources Space

Campus: Twin Cities - Construct or renovate facilities for animal resources (housing and research)
Unit: Research - Provide space for recent recruitment via the 'Addiction Medical Discovery Team' who rely on animal resources
Total Cost: To Be Determined
Status: Feasibility

343 Coffman Programming and Retail Renovation

Campus: Twin Cities - Upgrade retail and dining facilities in Coffman Memorial Union
Unit: Student Affairs
Total Cost: To Be Determined
Status: Feasibility

379 BioMADE Addition to MCPF

Campus: Twin Cities - Construct an addition to the future Microbial Cell Production Facility (MCPF), to be located on the St Paul Campus
Unit: College of Biological Sciences - Contingent on a federal grant with an expected award date in Fall 2020
Total Cost: To Be Determined
Status: Feasibility

380 Dwan 2 - Renovation to Open labs

Campus: Twin Cities - Remodel obsolete space into contemporary open labs
Unit: Medical School
Total Cost: To Be Determined
Status: Predesign

UNIVERSITY OF MINNESOTA

2020 Six Year Capital Plan - Under Consideration List

381 Main Energy Plant Chilled Water Plant

Campus: Twin Cities - Construct a 6,000-ton chilled water production facility to transform the Main Energy Plant into a Combined Cooling, Heat and Power (CCHP) plant
Unit: University Services - Increase overall district chilled water capacity while allowing decommissioning of the oldest, least reliable standalone chillers
Total Cost: \$29,800
Status: Schematic Design

383 Moos 3 - Lab Renovation, Phase 1

Campus: Twin Cities - Remodel vacant lab space for a new Surgery recruit plus others
Unit: Medical School - A Phase 2 project to renovate the remaining space on floor 3 will follow
Total Cost: To Be Determined
Status: Proposal

385 PWB 2 - Physical Therapy Classroom Renovation

Campus: Twin Cities - Relocate classrooms for the Division of Physical Therapy currently located in Children's Rehab Building
Unit: Medical School - Renovated space will meet accreditation standards along with a proposed class size increase
Total Cost: \$2,500,000
Status: Predesign

386 PWB 4 - Floor Remodel

Campus: Twin Cities - Relocate Moos third floor teaching labs, along with Medical School Admissions Office
Unit: Medical School - Create adjacency with the Health Sciences Education Center (HSEC)
Total Cost: To Be Determined
Status: Proposal

President's Recommended 2020 Six-Year Capital Plan and 2021 State Capital Request

Rachel T.A. Croson, Executive Vice President and Provost
Michael Berthelsen, Vice President - University Services

Board of Regents Finance and Operations Committee

September 10, 2020

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



University Services

Stewardship • Integrity
Respect • Innovation • Safety

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The Six-Year Plan

- Prescribed in Board Policy
- Primary capital planning tool
- Reflects the University's highest priorities
- Most specificity and certainty in early years
- Foundation for state requests and annual capital budget



**Mission
Priorities**

**Facility
Priorities**

Six-Year Capital Plan



Plan Priorities

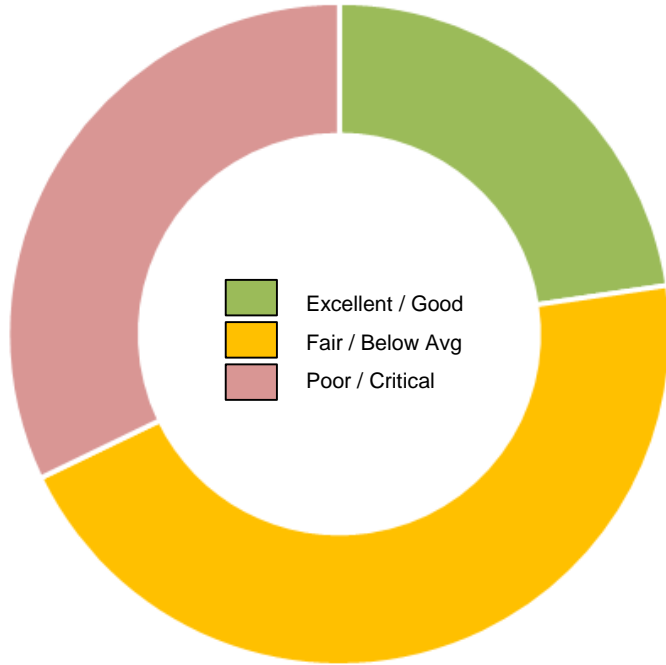
- Address poor and critical backlog
- Advance the Health Sciences
- Expand capacity in STEM programs
- Modernize laboratories on the Twin Cities campus in Saint Paul
- Reposition libraries for the 21st century



Growing deferred renewal backlog has widespread impacts on academic programs, research initiatives, student experience, and general competitiveness.

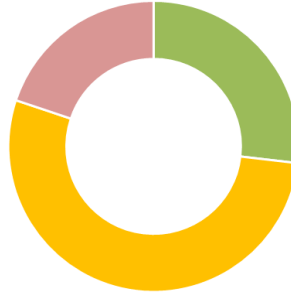
Campus Condition

TWIN CITIES



23.5M sf (83%)
\$4.1B 10-yr needs

DULUTH



2.4M sf (9%)
\$419M 10-yr needs

\$4.9B
10 year need



MORRIS



0.99M sf (3.5%)
\$176M 10-yr needs

CROOKSTON



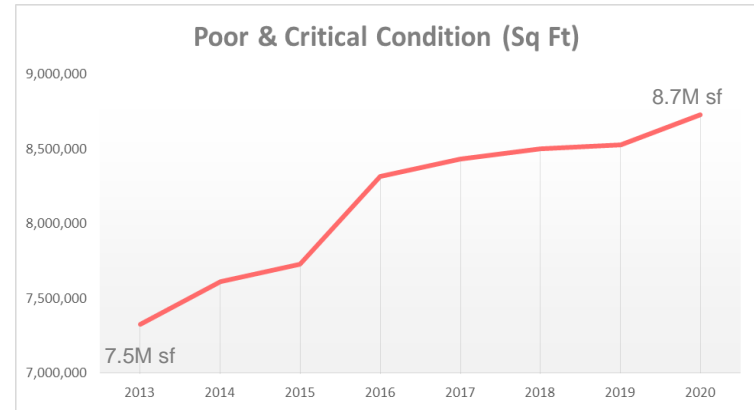
0.72M sf (2.5%)
\$92M 10-yr needs

ROCS



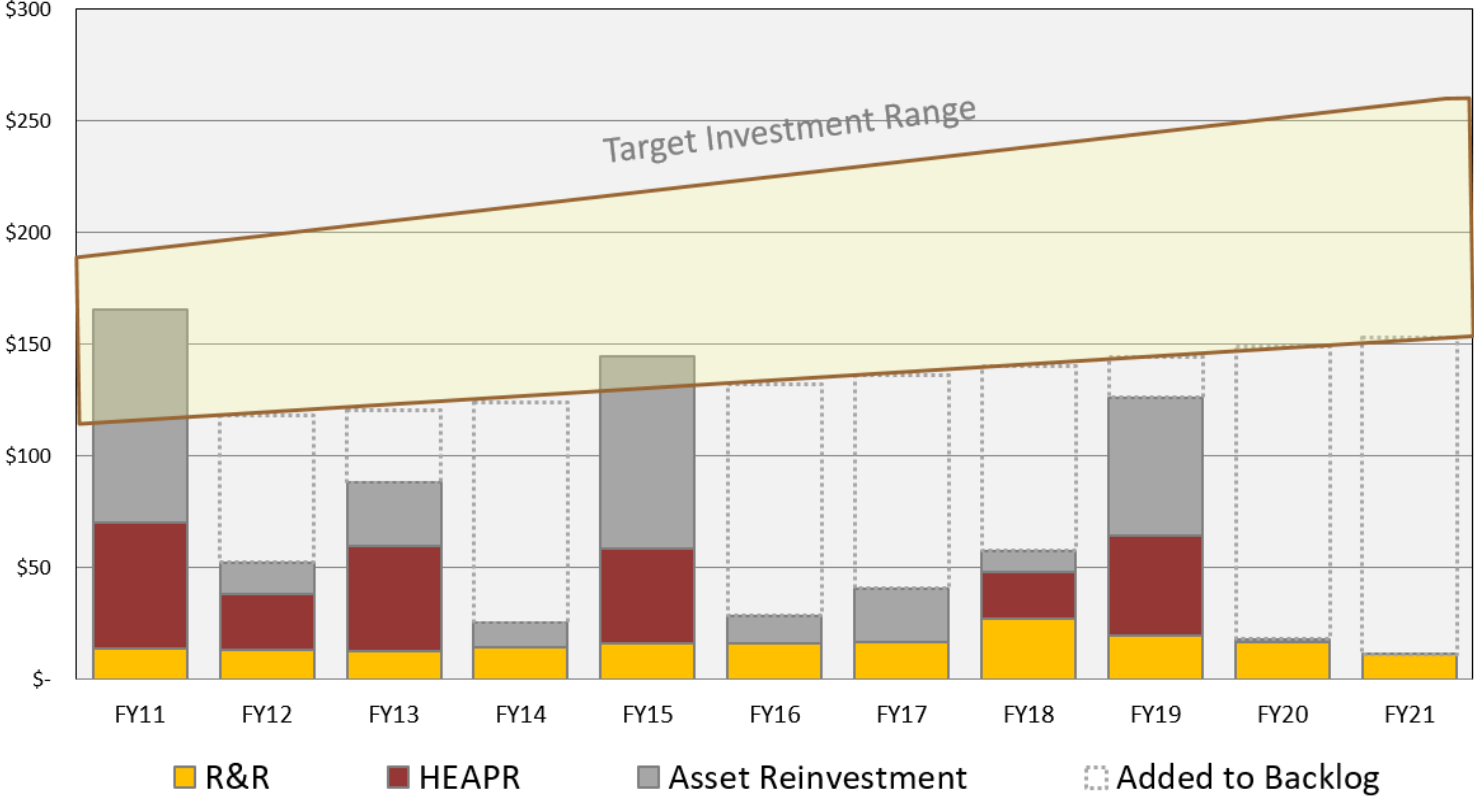
0.80 sf (2.8%)
\$97M 10-yr needs

Poor & Critical Condition (Sq Ft)

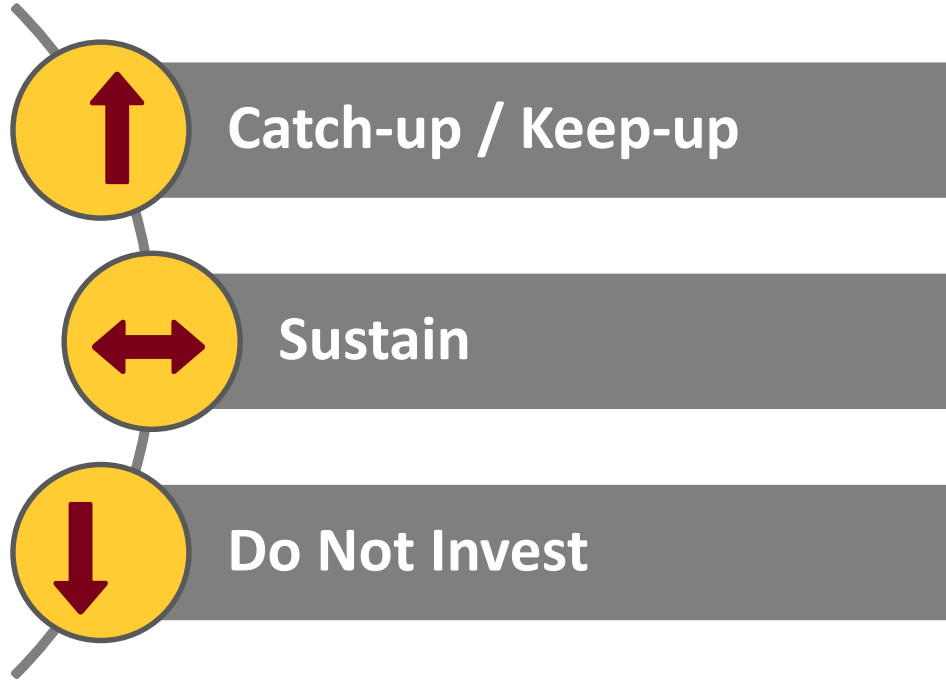


Note: all figures based on formally assessed facilities, plus actual or modeled values for non-assessed facilities less than 10 years old.

Facility Reinvestment to Target



Building-by-Building Investment Strategy



**Redirects dollars
to the right
facilities**

HEAPR Projects

- The 2021 request of \$200 million will fund over 175 projects in more than 100 buildings system-wide
- The preliminary project list will be adjusted to align project priorities with final state funding
- Projects include:
 - Crookston Electrical and Natural Gas Infrastructure
 - Duluth Chemistry Building: Capital Renewal
 - Morris Multi-Ethnic Resource Center Elevator Replacement
 - Twin Cities Mechanical Engineering: Phase 3
 - Cloquet Infrastructure Upgrades



Advance the Health Sciences

- Multi-building renovation and construction program
 - Continue focus on development of clinical campus
 - Renew existing core facilities and retire outdated ones



Modernize Laboratories in Saint Paul

- Advance interdisciplinary research
- Demolish obsolete space
- Enhance connection to research fields
- Align space with current and future needs



Expand Capacity in STEM

- Chemistry teaching continues to be a bottleneck
- Replace and improve upon outdated teaching facilities
- Renew facility infrastructure
 - Mechanical Engineering, Lind Hall, Duluth Chemistry



Reposition Libraries for the 21st Century

- Libraries are in high demand by the campus community
- Relocate library collections and repurpose prime campus space
- Ensure existing libraries remain the center of campus scholarship and exchange



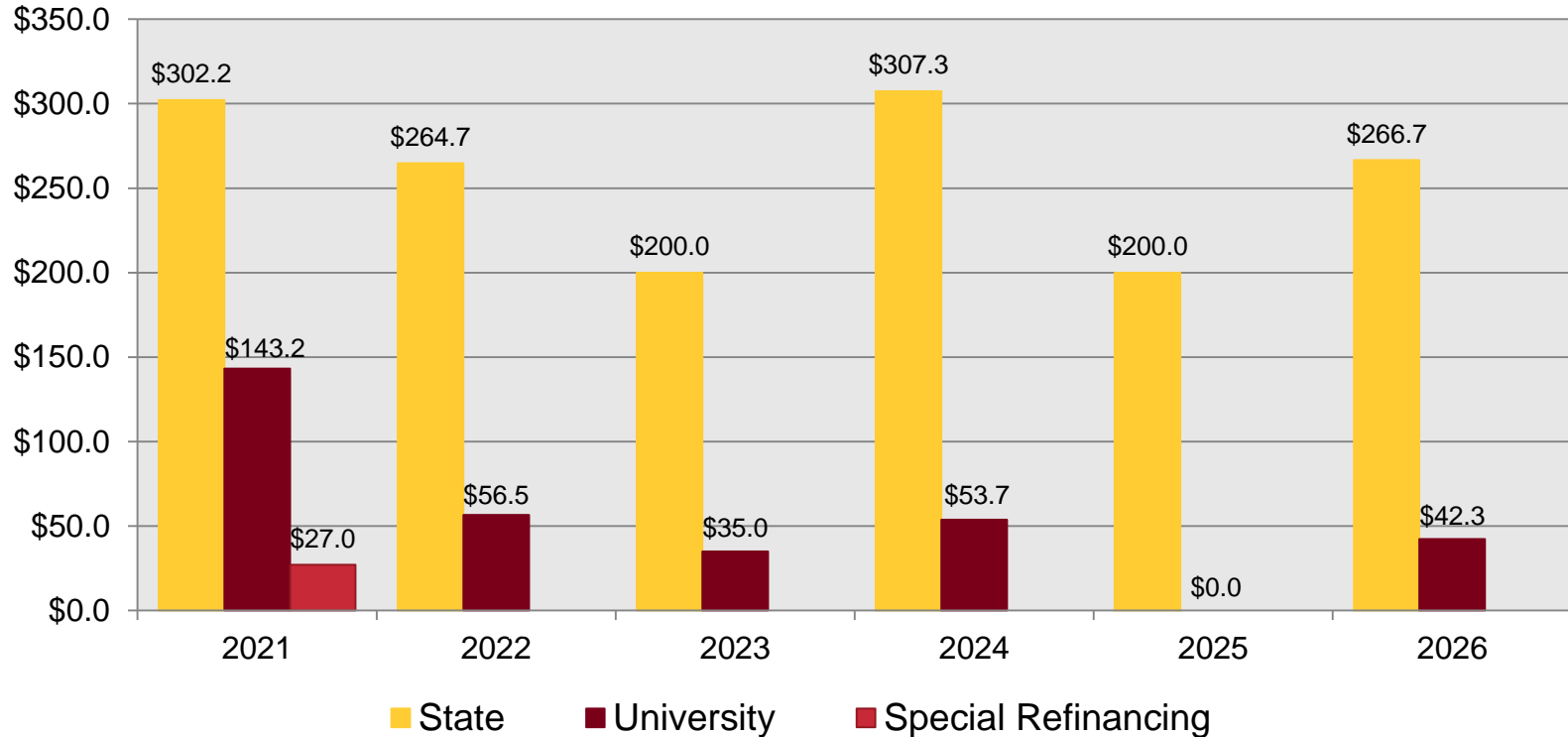
2021 State Capital Request

	Total	State	University
HEAPR (Systemwide)	\$200,000,000	\$200,000,000	-
Child Development Replacement (Twin Cities)	\$44,100,000	\$29,400,000	\$14,700,000
A. B. Anderson Hall Capital Renewal (Duluth)	\$6,900,000	\$4,600,000	\$2,300,000
Chemistry Undergrad Teaching Lab (Twin Cities)	\$102,300,000	\$68,200,000	\$34,100,000
Subtotal – State Request	\$353,300,000	\$302,200,000	\$51,100,000
Clinical Research Facility – Design (Twin Cities)	\$27,000,000	\$27,000,000	-
Subtotal – Refinancing*	\$27,000,000	\$27,000,000	-
	\$380,300,000	\$329,200,000	\$51,100,000

*Note: The 2021 State Request includes a request for authorization to refinance Biomedical Discovery District bonds and use the savings, estimated at \$27M, to fund Clinical Research Facility design.



2020 Six-Year Capital Plan *(in millions)*





UNIVERSITY OF MINNESOTA

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Crookston Duluth Morris Rochester Twin Cities

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 10, 2020

AGENDA ITEM: President’s Recommended FY 2022-2023 Biennial Budget Request

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: President Joan T.A. Gabel
Julie Tonneson, Interim Senior Vice President for Finance and Operations

PURPOSE & KEY POINTS

The purpose of this item is review of the University’s Biennial Budget Request to the State of Minnesota for FY 2022 and FY 2023.

While the state will undoubtedly face a difficult challenge in aligning decreasing revenues with increasing costs as a result of the COVID-19 pandemic, investment in the University should remain a priority. The work of University students, faculty, and staff this year – from vaccine development and increasing testing capacity by the Medical School, to Extension’s work on rural mental health, to the College of Science and Engineering inventing low-cost ventilators, to the pandemic modeling from the School of Public Health – proves that the value created for all Minnesotans has never been higher.

In response to the state’s financial challenges, this proposed biennial budget request is focused on maintaining the University’s strengths while aligning work with aspects of the Systemwide Strategic Plan that are important to both the University and the state of Minnesota.

Each year the University faces cost increases related to:

- growth in services to support the needs of students;
- growth in programming as a result of increased research activity; and
- inflation, particularly in areas such as health care, lab supplies and equipment, library materials and facility costs.

In addition, after over a year of widespread salary reductions for many faculty and staff, a strategic investment in very modest, merit-based salary increases is necessary.

Of the University’s \$3.9 billion revenue budget for FY 2021 (excluding internal sales), the majority (59 percent) is restricted to use by the source of the funds or is directly related to sales and other miscellaneous revenue generating activity where the revenues pay for the direct costs of the associated goods and services. For that portion of the budget, the revenues must grow to cover the cost increases, or decisions must be made to reduce spending. The remaining 41 percent of University revenues from the unrestricted O&M appropriation and tuition and must be directed to

core mission activities and the infrastructure necessary to support it, including annual cost increases as well as investment in new priorities. The only ways these general operating revenues grow is by increasing either tuition rates or the University's O&M appropriation from the state.

The budget framework for the next biennium will include a continued plan to increase efficiencies, reorganize and restructure organizations, and reduce scope in targeted areas. At a reasonable savings level, this process allows the University to "self-fund" a portion of the inflation and compensation cost increases, but on its own does not completely cover those costs and does not allow for investment in the competitive edge initiatives envisioned in the strategic plan. If revenues do not increase, the level of internal savings required to balance the budget will lead to a reduction in the breadth and depth of the University's impact and/or a sacrifice in quality.

This biennial budget proposal seeks state funding to help maintain the institution's quality. It will contribute to holding down tuition increases and supporting student services; aid the University in carrying out its core missions; and allow for a focus on advancing the three goals of the Systemwide Strategic Plan's MNtersections Commitment: Next Generation Health, A Fully Sustainable Future, and Natural Resources and Agro-Food Systems. All three of these initiatives are fundamental to the mission of the University and in turn, to the success of Minnesota:

- *Next Generation Health* will respond to the recent seismic shift in health care delivery and education from the global pandemic. It will lead to a redesign of the University healthcare delivery system for Minnesota patients and providers; strengthen cutting edge research and clinical trials; improve the quality care continuum; enhance training for medical students; and launch an innovative undergraduate health education program focused on student diversity and equity.
- *A Fully Sustainable Future* will drive transformative change through creating new innovations, training new workers and piloting innovations at-scale. It will strengthen current University carbon neutrality efforts, create the Minnesota Sustainability Student Fellowship program, and launch the University Integrated Sustainability Fund – a new grant mechanism set to provide financial support for community led research; on-campus demonstration projects; discovery and innovation; technology entrepreneurship and business incubation – all designed to result in a clean and prosperous future and an economy that draws upon renewable resources and replenishes and recovers nonrenewable materials rather than depleting them.
- *Natural Resources and Agro-Food/Forestry Systems* will work to safeguard Minnesota's diverse and abundant natural resources by strategically investing in research personnel who will drive natural resource based bio economy product and process innovations; educate tomorrow's natural resource leaders; and leverage and expand public and private partnerships and funds.

This biennial budget request includes only one initiative: Accelerate Success. The total increase requested is \$15,500,000 in FY 2022 and an additional \$15,500,000 in FY 2023 (increases over the University's continuing general fund base as well as the University's base from the health care access fund: Primary Care Education Initiatives, and the cigarette tax funding under Minnesota Statutes 297F.10). These annual increases represent a 0.4 percent increase to the University's total revenues; expressed as a recurring \$31,000,000 by the end of the biennium, the increase represents a 2 percent increase over the annual base general fund appropriation. In recognition of the state's current fiscal environment, this is the lowest increase in the base requested by the University for at least 20 years.

Specific allocation of dollars across the institution will be implemented consistent with the Systemwide Strategic Plan priorities and determined through the internal annual budget development process as directed by the President and approved by the Board.

BACKGROUND INFORMATION

Board of Regents Policy: *Reservation and Delegation of Authority* requires that the Board approve all requests for appropriations from the State of Minnesota.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to State Biennial Budget Request for FY 2022-2023.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

State Biennial Budget Request for FY 2022-2023

WHEREAS, the University of Minnesota (University), the state's only public, land grant university, is charged with the responsibility to pursue knowledge through research and discovery, and apply this knowledge through teaching and learning, and outreach and public engagement; and

WHEREAS, the University is committed to a continuous process of reevaluating priorities and increasing the efficiency and effectiveness of both direct mission and support activities, reinvesting budget savings into mission critical strategies; and

WHEREAS, the University, in partnership with the State of Minnesota (state), can better support financial access and affordability to post-secondary education for Minnesota students and families; and

WHEREAS, the University's annual budget process is designed to surface and act on the most pressing priorities each year, including competitive compensation, compliance with federal and state regulations, research and technology infrastructure, and maintenance of facilities; and

WHEREAS, the Board of Regents approved the Systemwide Strategic Plan in June of 2020, which included the "MNtersections" commitment to improve people and places at world-class levels; and

WHEREAS, the University recognizes the many competing priorities for state general fund support.

NOW, THEREFORE, BE IT RESOLVED that the biennial budget request for the 2022-2023 biennium be adopted by the Board of Regents for presentation to the State of Minnesota. The request is for a general fund appropriation of \$686,756,000 in fiscal year 2022 and \$702,256,000 in fiscal year 2023 for a biennial total of \$1,389,012,000 in the form of general operations and maintenance and state special appropriations. The Board of Regents further requests continuation of fiscal year 2021 base funding levels for the Primary Care Education Initiatives totaling \$2,157,000, and for the Academic Health Center funding under Minnesota Statutes 297F.10 totaling \$22,250,000.

President's Recommended FY 2022-2023 Biennial Budget Request

President Joan T. A. Gabel

Julie Tonneson, Interim Senior Vice President for Finance and Operations

Finance & Operations Committee

September 10, 2020

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



UNIVERSITY BUDGET

UNIVERSITY OF MINNESOTA

As one of the nation's top research institutions, the University is a venue where human talent, ideas and innovations, and discoveries and services converge to fuel Minnesota's economy and improve our quality of life.

AT A GLANCE

- **5 Campuses (Crookston, Duluth, Morris, Rochester, Twin Cities)**
- **6 Research and Outreach Centers throughout the state**
- **Budget: \$3.9 billion (FY19)**
- **20,640 faculty & staff; 6,559 grad student & professionals in training employees (as of 10/19)**
- **Enrollment: 67,024 (Fall 2019 Total)**
 - **44,001 Undergraduate**
 - **12,726 Graduate**
 - **4,214 First Professional**
 - **6,083 Non-Degree**
- **Degrees awarded: 16,238 (2019)**
- **Sponsored research awards: \$863 million (FY19)**



Request Strategy

To prepare a FY2022-2023 biennial budget proposal that:

- Reflects the values of the institution
- Emphasizes a partnership with the state in advancing priorities of the system-wide strategic plan
- Emphasizes a partnership with the state in supporting the core needs of the University
- Recognizes today's economic realities
- Is easily understood and compelling



Timeline – Biennial Budget Request

Budget Instructions

Received – Internal
Planning Process
Begins

Biennial Budget
Proposal Drafted
for Board
Review

BB Proposal
for Board
Approval &
Submitted to
The State

Governor's
Higher Ed
Recommendations

Legislative
Session &
Testimony

Appropriation
Finalized
FY22-FY23

Into Annual
Budget to
the Board

Aug 2020

September

October

December

January

May

June 2021



General Fund Base Appropriation

	FY20	FY21
Operations and Maintenance	601,078,000	602,818,000

5 Special Appropriations:

a) <u>Agriculture and Extension Service</u>	42,922,000	42,922,000
b) <u>Health Sciences</u>	9,204,000	9,204,000
c) <u>Institute of Technology</u>	1,140,000	1,140,000
d) <u>System Special</u>	7,181,000	7,181,000
e) <u>University of Minnesota and Mayo Foundation Partnership*</u>	7,991,000	7,991,000

General Fund Base for the next biennium

671,256,000	x	2	=	1,342,512
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Primary Care Education Initiatives	2,157,000	2,157,000
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This appropriation is from the health care access fund

Academic Health Center

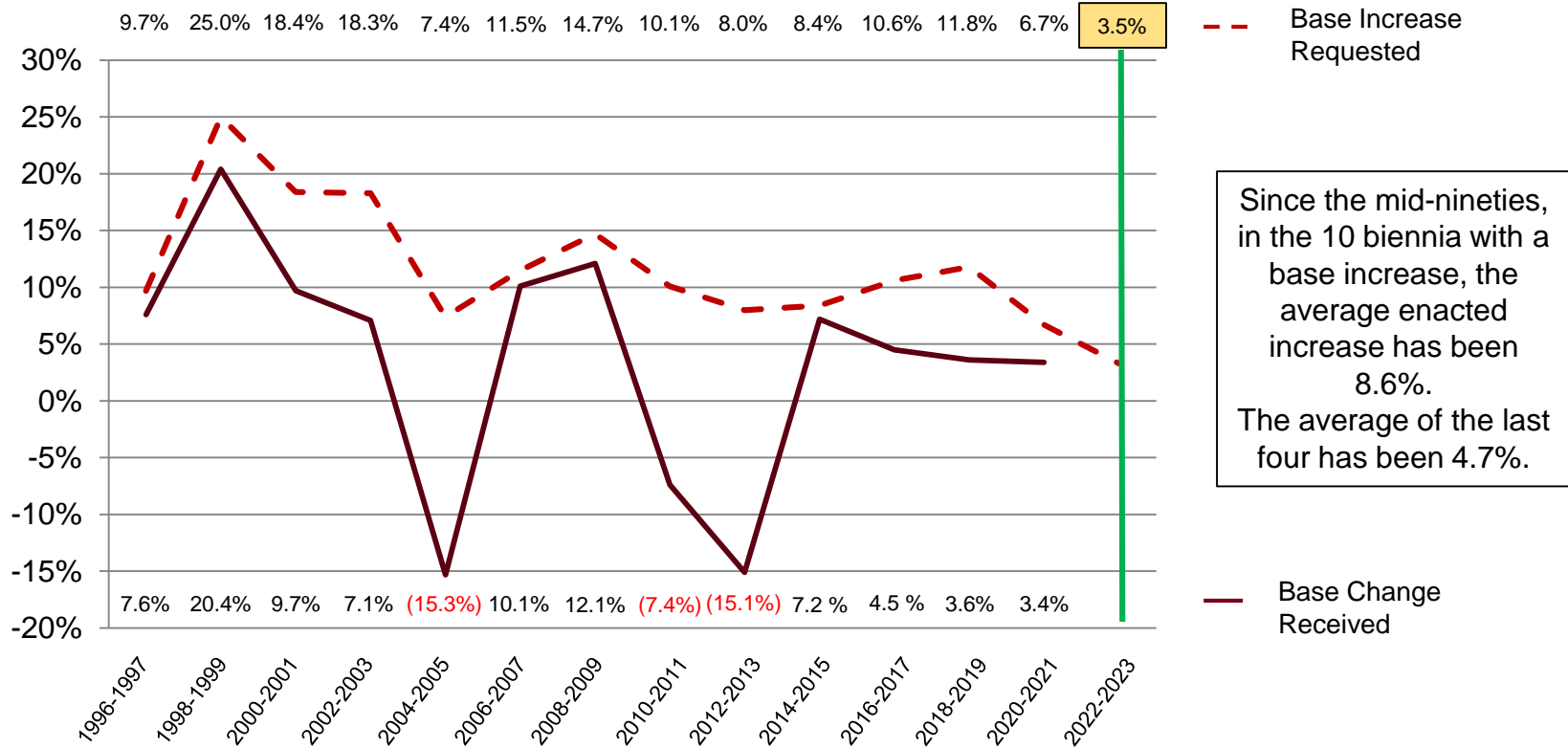
The appropriation to the Academic Health Center under Minnesota Statutes, section 297F.10, is \$22,250,000 each year.

* Note – item (e) also included \$150,000 in each year (FY20-FY23 only) for a Rare Disease Advisory Council.

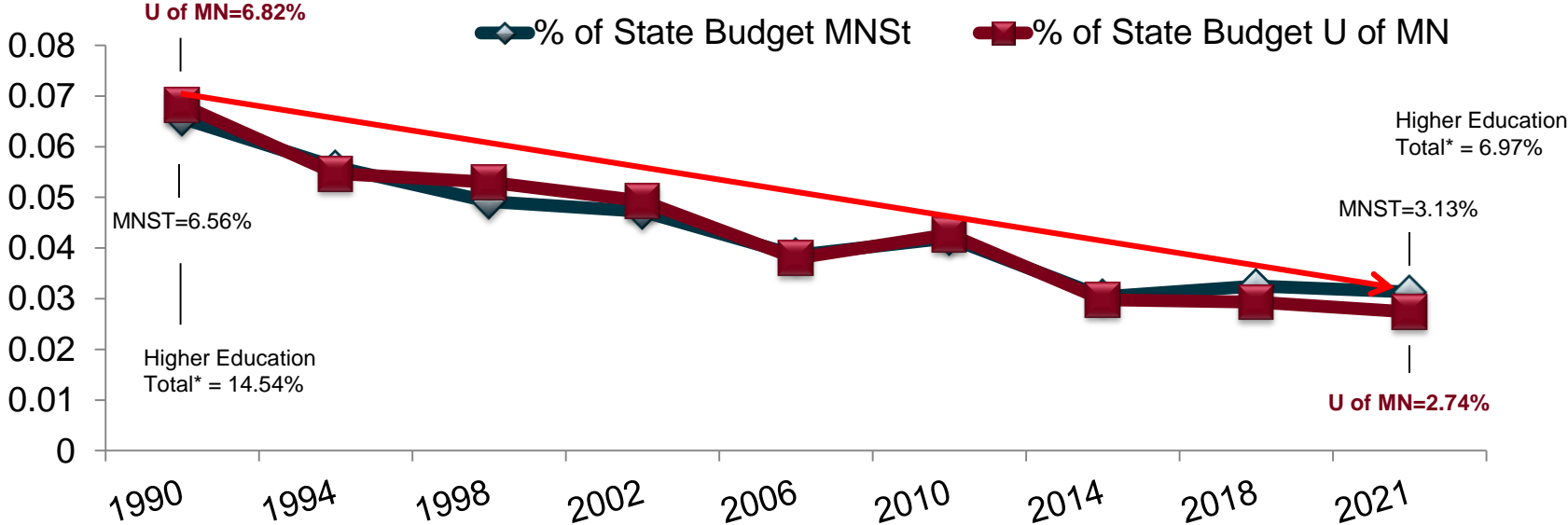


History of Requests and Final Appropriations

% Change in Biennial General Fund Base



University of Minnesota and MN State appropriations as % of state general fund have trended down FY90 through FY21



*Higher Education Total includes the two systems plus the Mayo Medical School (0% of GF in FY20) and the Office of Higher Education with the state grant program (1.11% of GF in FY20).

Source: Minnesota Management and Budget



Budget Request

Incremental over prior year

FY22

FY23

Total
Biennial Math
(yr 1 x 2) + yr 2

FY22-23 Request-Incremental Over Base			\$ 15,500,000	\$ 15,500,000	\$ 46,500,000
General Fund	Growth %	Annual	2.3%	2.3%	
		Biennial over base			3.5%

of ↓

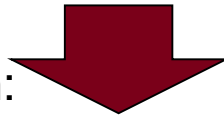
<i>Current Biennium Recurring GF Appropriation Base</i>			
	FY21		
O&M	\$ 602,818,000		
St. Specials	\$ 68,438,000		
	\$ 671,256,000	x 2 =	\$ 1,342,512,000



Consistent with system-wide strategic priorities, funding this request will allow the University to address the most pressing needs:

- Strategic employee retention
- Classroom and equipment maintenance
- Compliance with federal/state regulations
- Research and technology infrastructure
- Maintenance of core facilities
- Targeted program enhancement

Focused on:



President's Systemwide Strategic Plan: "Mntersections"

Next Generation Health



A Fully Sustainable Future



Natural Resources & Agro Food/Forestry Systems

Shared Opportunity

<u>Budget Challenge</u>	FY22	FY23	Total Biennial Math (yr 1 x 2) + yr 2	
Estimated Total	53,500	59,500	166,500	
<u>Solution</u>				
○ State Appropriation	15,500	15,500	46,500	28%
○ U Reallocation/Revenue/Tuition	38,000	44,000	120,000	72%



As one of the nation's top research institutions, the University is a venue where human talent, ideas and innovations, and discoveries and services converge to fuel Minnesota's economy and improve our quality of life. This request recognizes and seeks to maintain those outcomes.





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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 10, 2020

AGENDA ITEM: HR Analytics Part 2

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS:

Kenneth E. Horstman, Interim Vice President, Office of Human Resources
Lincoln Kallsen, Assistant Vice President, Institutional Analysis, Finance
Amy Kucera, Senior Director, Office of Human Resources
Phil Klein, Director, Office of Human Resources

PURPOSE & KEY POINTS

The purpose of this item is to build on the June overview of the University’s developments in human resources analytics. This item will provide two examples of how HR Analytics data can be used:

- To help a system campus examine its finances and adjust staffing levels to align with revenues.
- To help a college’s leaders realize that a large portion of their faculty are nearing retirement, and they will need to plan to meet staffing needs over the next several years.

In 2018, the University began a systemwide effort to harness and analyze the vast amounts of information stored in its data systems. By making data entry consistent across systems – and making that data available in customizable, easy-to-read reports to all leaders and managers – the University is creating powerful tools to analyze workforce composition, spot trends, and plan for the future.

To date, HR Analytics has created 28 customizable, pre-set reports (or dashboards) and one ad hoc dashboard for creating unique, individual reports. The reports can analyze human resources data systemwide or by campus, unit, or department. Many more reports are planned. The value of this HR data will continue to increase as the University advances from reporting on past or current data and begins using the information to predict the future and plan strategically.

Realizing the full power of HR Analytics will require a continued partnership across the University among:

- The Office of Human Resources
- Enterprise Data Management and Reporting
- The Office of Information and Technology
- Campus, college, and unit HR

BACKGROUND INFORMATION

HR Analytics has created 28 easily accessible dashboards (see example included below) to help University leaders and managers analyze their workforce data. Reports can be customized by date (usually back to April 2015), unit or department, and other criteria. Here are just a few examples:

Employee Distribution Dashboards:

- Employee Headcount and FTE
- Employee Headcount and FTE by Job Category
- Employee Headcount and FTE by Workforce Category
- Employee Headcount and FTE by RRC
- Temporary/Casual Assignment Analysis

Employee Demographics Dashboards:

- EEO Goal Setting

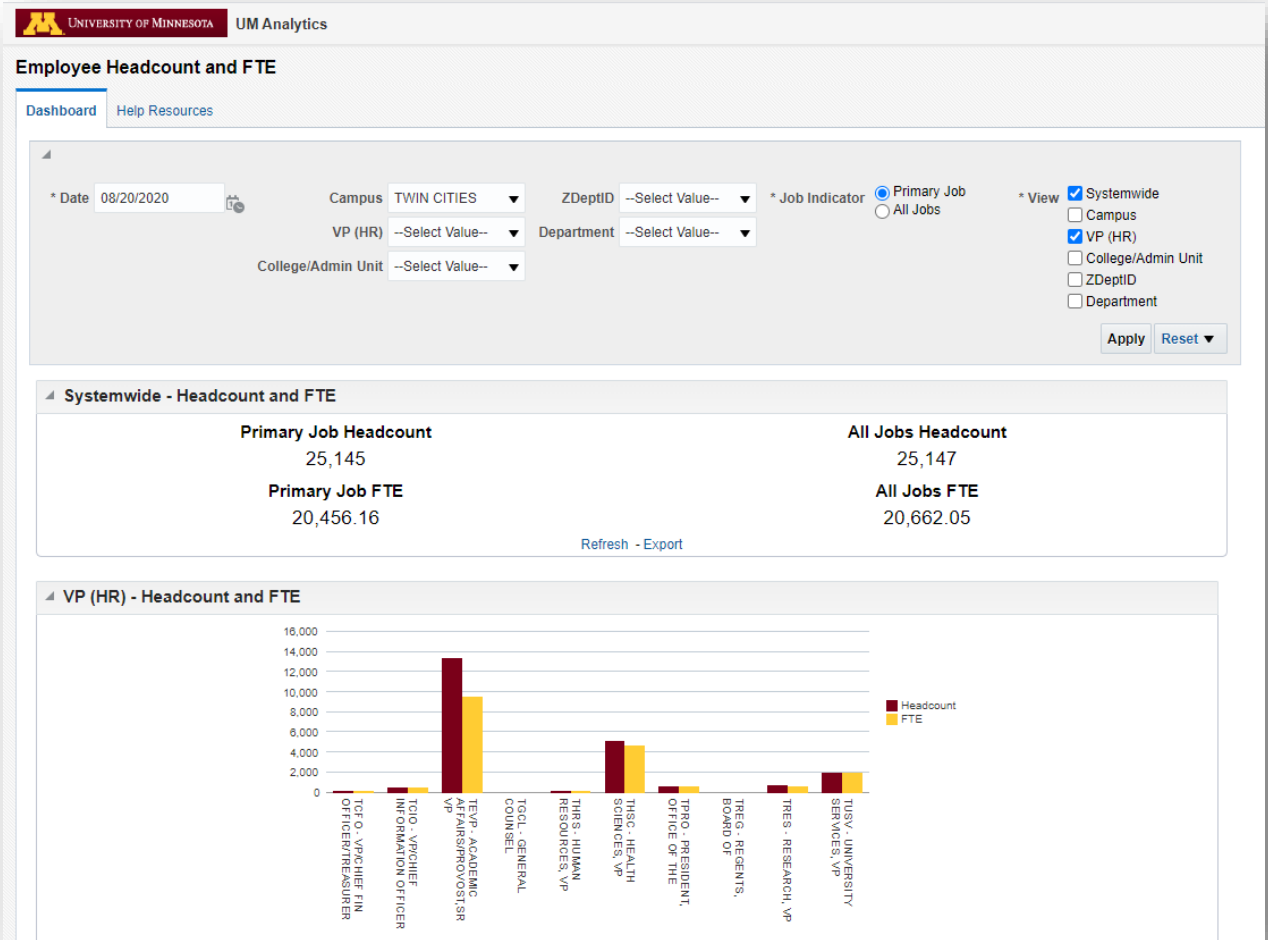
Job History Dashboards

- Employee Job History:

Compensation Analysis and Reporting Dashboards:

- Employee Normalized Hourly Base Rate (NHBR)
- Employee Institutional Base Salary
- Departmental Institutional Base Salary
- Departmental Non Institutional Base Salary (Addl Pay)

Sample Dashboard (partial screen)



Workforce Planning and HR Analytics

Kenneth E. Horstman, Interim Vice President, Office of Human Resources

Lincoln Kallsen, Assistant Vice President, Institutional Analysis, University Finance

Amy Kucera, Senior Director, Office of Human Resources

Phil Klein, Director, Office of Human Resources

Finance & Operations Committee

September 10, 2020



Office of Human Resources

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Where we are in the HR analytics journey

2018

New reporting environment developed

Focus on data consistency

2019

Dashboards launch

Self-service options for leaders and local HR

2020

28 dashboards launched
8,207 unique users
131,567 dashboard runs

1 ad hoc dashboard launched
432 unique users
8,960 dashboard runs



The future offers greater opportunities to leverage the value of HR data



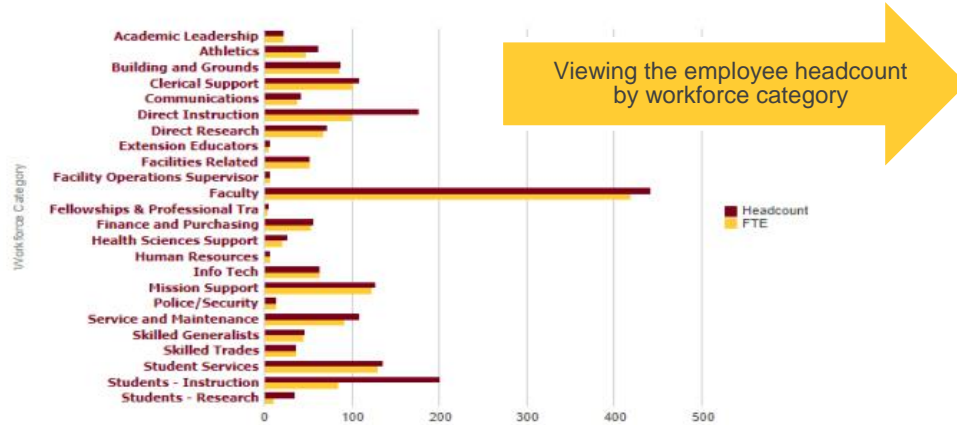
The **value** of HR data increases as we move from reporting on the **past** to predicting the **future** and adding **human resources strategy** and acumen

Example 1: Adapting to revenue challenges

Situation: A system campus is looking closely at its finances. How can leaders adjust staffing levels to bring employee costs in line with revenue?

- 1 Use HR analytics to understand the unit's workforce.

Campus - Headcount and FTE by Workforce Category



Workforce Category	Headcount	FTE
Grand Total	1,915	1,607.26
Academic Leadership	21	21.00
Athletics	61	47.00
Building and Grounds	86	85.10
Clerical Support	107	101.23
Communications	41	37.36
Direct Instruction	176	99.58

Example 1: *continued*

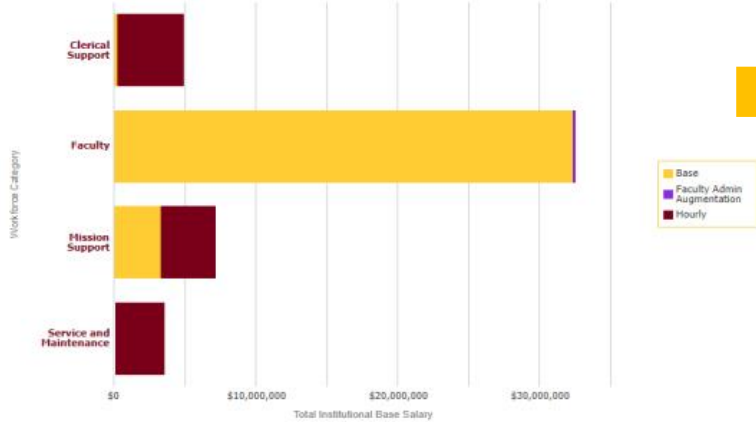
2

To find opportunities, we can use HR analytics to understand the overall compensation costs by using the institutional base salary (IBS) and Non-IBS

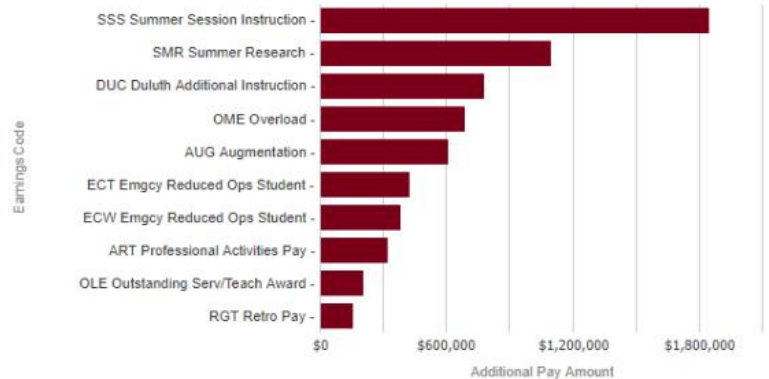
3

Senior leaders engage with the data which allows improved decisions to be made in workforce planning to ensure the University maximizes the value of workforce decisions

Campus - Departmental Institutional Base Salary by Workforce Category



Campus - Departmental Non Institutional Base Salary (Addl Pay)



Example 2: *Workforce business continuity*

Situation: A large portion of faculty in a college are near retirement. How can college leaders ensure faculty staffing will meet its needs over the next 5-10 years?

HR can address this situation using current analytics plus methods that are under consideration

1

Use HR analytics to understand the age of the workforce in the unit and by employment group using employee headcount demographic data

2

Apply machine learning methods developed by OHR with the Carlson Analytics Lab to pinpoint retirement risks and provide detailed estimates of future employee departures.



UNIVERSITY OF MINNESOTA



Employee Turnover Dashboard

Current selection:
College

94

TOTAL EMPLOYEES

2

HIGH RISK EMPLOYEES

2.1%

HIGH RISK POPULATION

Employee Table

Employee ID	Employee Name	Position Title	Hire Date	Supervisor ID	Supervisor Name	Supervisor Title	Risk Level
1234567	Sample, John	Researcher 1	Sept. 2012	0987654	Smith, John	Research Director	High
7654321	Smith, Janet	Researcher 2	June 2009	4567890	Sample, Jane	Professor	High



Example 2: *continued*

3

After understanding which employees are likely to leave and when, we would leverage the coming transition to retain a diverse workforce that mirrors our student base using the Equal Employment Opportunity (EEO) Goal Setting Tool

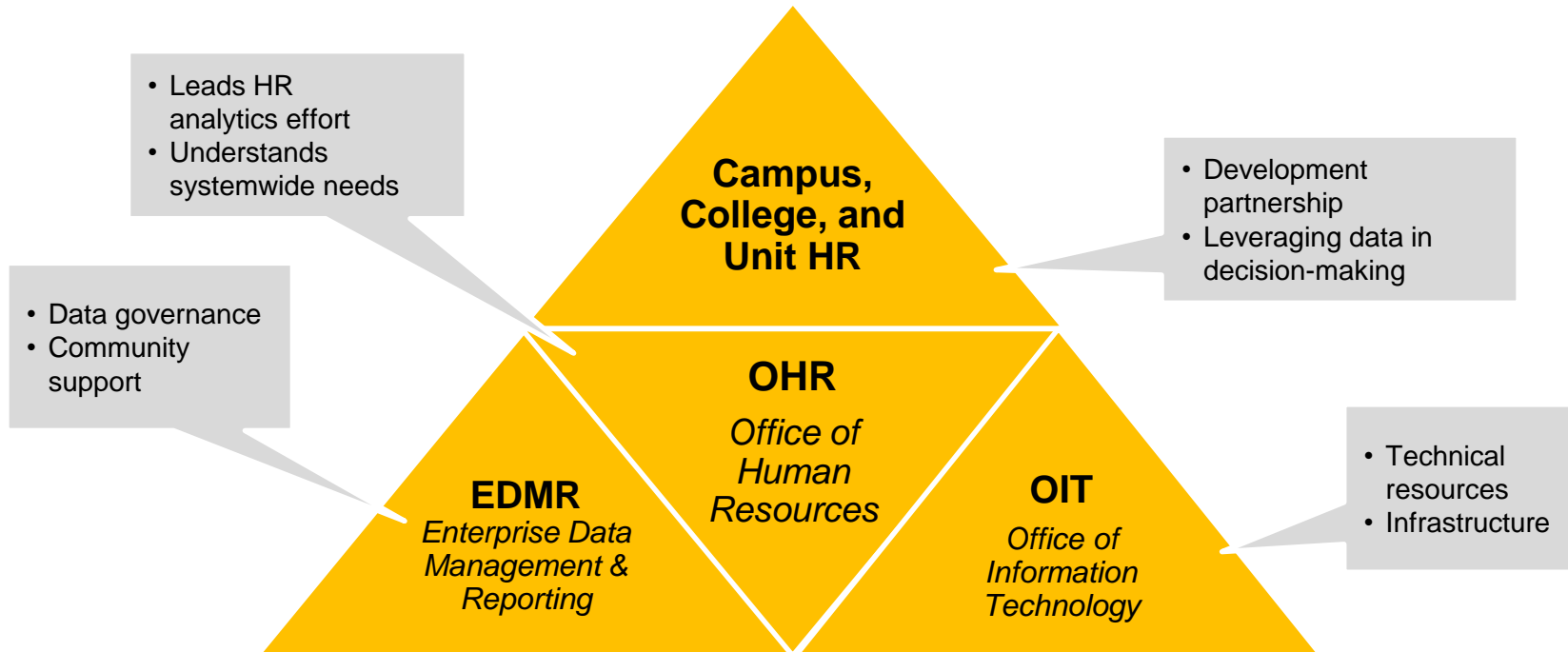
4

If we fully understand our timing and talent needs, we can use planned recruiting analytics tools, which are up for prioritization, to guide our search for diverse and engaged faculty members to bring the college into the future. This data and insight can support senior leaders as they make data-based decisions for the University.

IPEDS EEO Job Group	Total Headcount	Female Employees	Female Employees Percent	Employees of Color/Native Americans	Employees of Color/Native Americans Percent	Employees with Disabilities	Employees with Disabilities Percent
2A Faculty – Tenured	38	8	21.1%	8	21.1%	0	0.0%
2B Faculty – Tenure Track	5	2	50.0%	2	50.0%	0	0.0%
2C Faculty – Non Tenured	156	63	40.4%	32	20.5%	6	3.8%



Leveraging the value of HR analytics requires a continued partnership across the enterprise





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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 10, 2020

AGENDA ITEM: Resolution Related to Dining Services Contract Extension (Twin Cities campus)

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Michael Berthelsen, Vice President, University Services
Amy Keran, Director, Contract Administration

PURPOSE & KEY POINTS

The purpose of this item is review of a proposed dining services contract extension with Aramark for the Twin Cities campus.

The initial 12-year contract with Aramark to provide food service on the Twin Cities campus ended in June 2020. The contract is in the first year of an up-to-two-year extension. The resolution before the Board for review seeks an extension of up to one additional year.

Options for the delivery of food service on the Twin Cities campus include:

- extending the current Aramark contract via the extension option;
- issuing a request for proposals (RFP) for contracted service; or
- returning food service to a self-operated program.

Each option carries both challenges and opportunities. The University currently delivers food service under both models: via contracted operations at Crookston, Morris, and the Twin Cities and via self-operated operations in Duluth.

University Services (through Auxiliary Services' Contract Administration) has convened a broadly representative advisory team to gather feedback on the institution's priorities for food service. The University has worked with an external consultant to use the data gathered to inform an RFP, which was originally expected to be issued this past spring. The pandemic has disrupted campus life, the ability to engage students on a deep level, and impacted the finances of major dining service providers.

That same external consultant has helped the University review and begin to more fully understand the logistics and costs involved with self-operating dining services. This information will be used to compare and contrast with RFP responses in order to make a final decision about the future of food service on the Twin Cities campus. In addition, if a new vendor is selected through RFP or if the University returns to self-operation, there will be a lengthy transition period.

To allow sufficient time to undertake the necessary level of campus engagement, to draft and issue an RFP, to fully understand what a self-operated model entails, and to potentially transition to a different future state, the administration initially sought approval to extend the existing Aramark contract for up to two years. Given the impacts of the pandemic, the administration now seeks an extension of up to one additional year.

BACKGROUND INFORMATION

The University first entered into a contract with Aramark for food service on the Twin Cities campus in 1998. The current 12-year contract ran for the period July 1, 2008 - June 30, 2020. That contract was extended for up to two years by the Board in 2019, to June 30, 2021 or June 30, 2022 pending the determination to continue contracting or return to self-operation.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Resolution related to Dining Services Contract Extension (Twin Cities campus).



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Dining Services Contract Extension (Twin Cities campus)

WHEREAS, the Board of Regents (Board) reserves authority to approve purchase of goods and services over \$1 million; and

WHEREAS, the existing Board-approved contract for dining services on the Twin Cities campus provides an option for a four-year extension beginning July 1, 2020; and

WHEREAS, the Board approved an extension for up to two years beginning July 1, 2020; and

WHEREAS, the COVID-19 pandemic has disrupted the ability to thoroughly and meaningfully engage the campus community, allow their full participation, and impacted the finances of major dining service providers who are potential request for proposal respondents; and

WHEREAS, the provision of reliable and high-quality dining services is a critical component in the student experience.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents, exercising its reserved authority, authorizes the President to negotiate and execute an additional extension of the 2008-2020 dining services agreement with Aramark Educational Services LLC up to June 30, 2023.

Purchase of Goods and Services \$1,000,000 and over

To Aramark Educational Services, LLC for a contract extension valued at an estimated \$50 million to provide Retail Food Service, Residential Food Service, and Catering Services on the Twin Cities Campus, including the Minnesota Landscape Arboretum and Intercollegiate Athletic Venues for the period of July 1, 2022 to June 21, 2023 for the Department of Auxiliary Services.

The University of Minnesota Twin Cities Campus entered into a twelve- year management agreement with Aramark for food service in 2008 with a potential for one, four year extension. The Board of Regents approved an extension of the management agreement in October of 2019 for up to two years, covering the period of July 1, 2020 up to June 30, 2022.

Due to the unforeseen impact of COVID-19 on the current dining RFP and self-operation analysis, University Services (through Auxiliary Services' Contract Administration) is requesting approval for the option of an additional one-year extension of the Aramark Food Service Agreement. The additional time will allow for further stakeholder consultation and analysis, which is critical to determining the best option for the University' futures dining program.

An extension of the Aramark Food Service Agreement, if exercised, will provide for Retail Food Service, Residential Food Service, and Catering Services on the Twin Cities Campus, including the Minnesota Landscape Arboretum, and Intercollegiate Athletic Venues. The terms and conditions of the Agreement remain the same during the extension, with the caveat that two business lines: the Minnesota Landscape Arboretum and Intercollegiate Athletics, have the option to exit the contract early. Prior to COVID-19, the estimated financial value of the two-year extension was worth \$18 million to the University of Minnesota and an additional year would bring the value to \$27 million.

In 2008, Aramark Educational Services, LLC was approved for the above referenced twelve-year Agreement for the food service program for the Twin Cities Campus by the Board of Regents. Aramark was selected through a competitive request for proposal process and presented the strongest overall food service program for the Twin Cities Campus. The Aramark Agreement will continue to be held to established performance measures and an annual business review, as well as periodic performance reviews to ensure that performance requirements are being met.

Submitted by: Laurie McLaughlin
Interim Associate Vice President
Auxiliary Services
612-624-0542

Approval for this item requested by:

_____ Date _____
Michael Berthelsen
Vice President University Services

_____ Date _____
Michael Volna
Associate Vice President & Assistant CFO

Dining Services Contract Extension

Twin Cities campus

Michael Berthelsen, Vice President, University Services
Amy Keran, Director, Contract Administration

Finance & Operations Committee

September 10, 2020

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



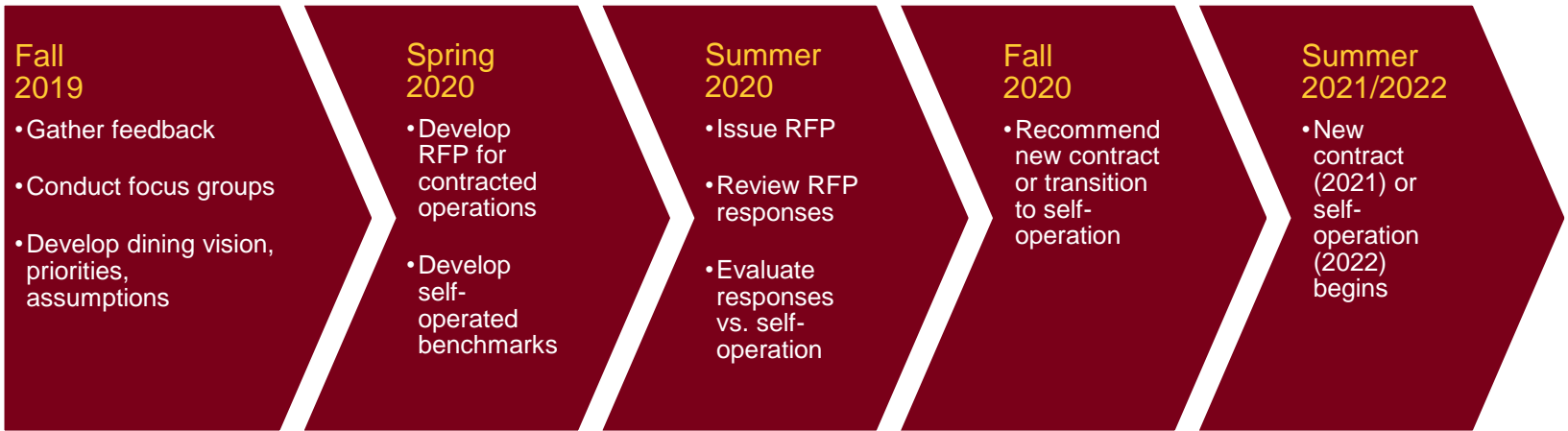
University Services

Stewardship • Integrity
Respect • Innovation • Safety

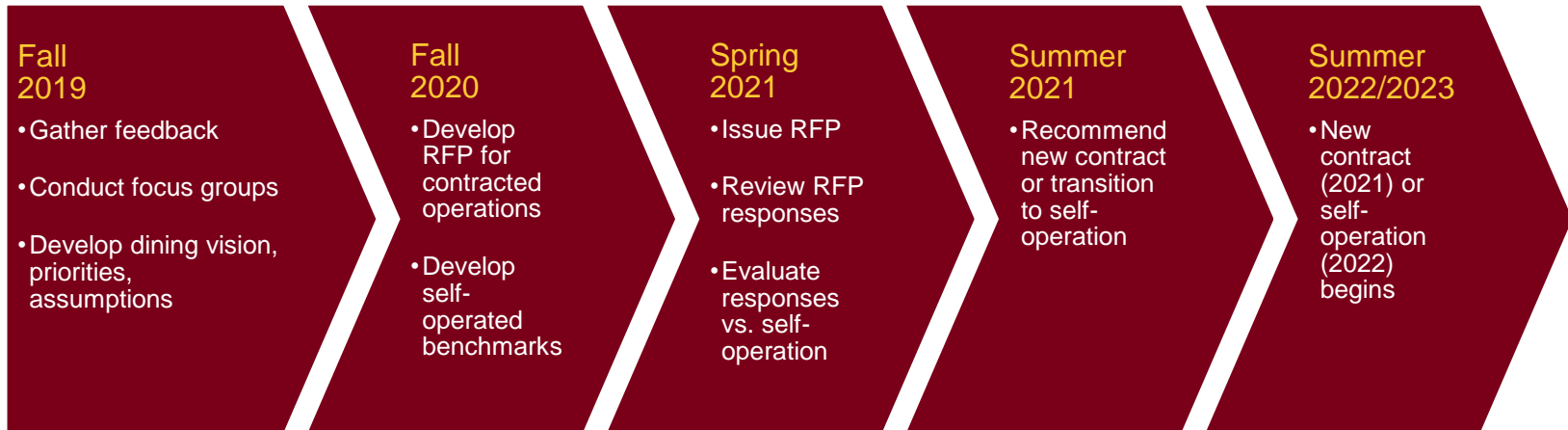
Dining Management History



Proposed Path Forward: Fall 2019



Proposed Path Forward: Fall 2020



Resolution

- WHEREAS, the Board of Regents reserves authority to approve purchase of goods and services over \$1 million; and
- WHEREAS, the existing Board-approved contract for dining services on the Twin Cities campus provides an option for a four-year extension beginning July 1, 2020; and
- WHEREAS, the Board approved an extension for up to two years beginning July 1, 2020; and
- WHEREAS, the COVID-19 pandemic has disrupted the ability to thoroughly and meaningfully engage the campus community, allow their full participation, and impacted the finances of major dining service providers who are potential RFP respondents; and
- WHEREAS, the provision of reliable and high-quality dining services is a critical component in the student experience.
- NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents, exercising its reserved authority, authorizes the President to negotiate and execute an extension of the 2008-2020 dining services agreement with Aramark Educational Services LLC for up to three years.





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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 10, 2020

AGENDA ITEM: Board of Regents Policy: *Debt Transactions*

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Michael Volna, Associate Vice President, University Finance

PURPOSE & KEY POINTS

The purpose of this item is to review proposed amendments to Board of Regents Policy: *Debt Transactions*. The proposed amendments are the result of a comprehensive review as part of the Board’s ongoing policy review process. The proposed amendments seek to update the policy and clarify existing practice related to all external debt transactions of the University.

The primary changes proposed include:

- Reference to and impact on the operations surrounding the Commercial Paper Facility.
- Clarification of the approval of capital lease transactions.
- Clarification and restatement of Section V. Guiding Principles.
- The ability to use debt proceeds to fund University operating costs. Board approval would be required before debt proceeds could be used to fund operating costs.

BACKGROUND INFORMATION

Board of Regents Policy: *Debt Transactions* was adopted in 2004 and last amended in December 2012.

PRESIDENT’S RECOMMENDATION

The President recommends adoption of the proposed amendments to Board of Regents Policy: *Debt Transactions*.



BOARD OF REGENTS POLICY: *Debt Transactions*

SECTION I. SCOPE.

This policy governs the administration's authority to engage in debt transactions and to engage underwriters and debt ~~advisers~~advisors. Its provisions apply to all external debt transactions of the University of Minnesota (University), regardless of size or term.

SECTION II. DEFINITIONS.

Subd. 41. Capital Lease.

Capital lease shall mean a lease of goods, equipment, or real estate that at inception, under generally accepted accounting principles, is required to be characterized as long-term debt.

Subd. 2. Commercial Paper.

Commercial Paper shall mean any form of unsecured short-term revolving debt obligation with a maturity of less than 270 days.

Subd. 3. Commercial Paper Facility.

Commercial Paper Facility shall mean a program authorized by the Board of Regents (Board) under which, subject to a total maximum amount, one or more series of commercial paper notes may be issued, reissued, or paid off.

Subd. 64. Core Debt.

Core debt shall mean any general obligation bond or other debt backed by the full faith and credit of the University.

Subd. 5. Dealer.

Dealer shall mean an entity that administers the public issuance, distribution, and re-issuance of commercial paper notes by purchasing them from the issuer and selling them to investors through its distribution network, thereby assuming responsibility of distributing the notes to the public.

Subd. 56. Debt Advisor.

Debt advisor shall mean a person or entity engaged to advise the University with respect to the planning and structuring of debt transactions.

Subd. 17. Debt Transactions.

Debt transactions shall mean all external transactions in which the University borrows money or incurs obligations that include or are directly related to the borrowing of money ~~over the short or long term~~. Debt transactions include the following:

- (a) issuing bonds ~~or notes~~, commercial paper, or other financing vehicles, whether in underwritten offerings, competitive sales, or direct (private) placements;
- (b) refunding debt;
- (c) entering into capital leases;
- (d) entering into liquidity facilities or lines of credit; and
- (e) engaging in hedging transactions related to University debt.

Subd. 38. Hedging Transactions.

Hedging transactions shall mean the use of instruments (such as interest rate caps or swaps) to manage interest rate risk in connection with debt transactions.

Subd. 79. Special Purpose Debt.

Special purpose debt shall mean University debt supported exclusively by specified revenues, appropriations, or other funds and not supported by the full faith and credit of the University.

Subd. 410. Underwriter.

Underwriter shall mean an entity that administers the public issuance and distribution of long-term debt securities by purchasing them from the issuer and selling them to investors through its distribution network, thereby assuming responsibility of distributing the securities of the public.

SECTION V III. GUIDING PRINCIPLES.

The following guiding principles shall be used to govern the University's issuance of debt.:

Subd. 1. General.

~~The University shall manage the institution's debt portfolio utilizing various types of debt and maintain administrative guidelines to meet its strategic objectives, guided by the following principles. In general, the following goals shall be pursued, taking into account all relevant factors from time to time:~~

- ~~— maintaining key financial metrics so as to assure continued access to capital markets;~~
- ~~— minimizing University borrowing costs at acceptable levels of risk over the life of the debt; and~~
- (a) maintaining a portfolio of variable and fixed-rate debt that is in the long-term best interest of the University. minimize borrowing costs at acceptable levels of risk over the life of the debt;
- (b) maintain key financial metrics to assure continued access to capital markets and manage credit-related risks;
- (c) exhibit a maturity profile that meets liquidity requirements and manages the balance sheet of the institution; and
- (d) provide financial and budgetary stability.

Subd. 2. Taxable Debt.

Taxable debt may be used ~~for those projects with an~~when the intended use or other characteristic ~~that factors~~ precludes the use of tax-exempt debt or when other financial considerations indicate the use of taxable debt is in the best interest of the University.

Subd. 3. ~~Tax-Exempt~~ Debt Maturity.

The average maturity of ~~tax-exempt~~ debt should be as short as is economically feasible for the project, generally, not to exceed the useful life of the financed assets, and, with respect to tax-exempt debt, shall not exceed the federally legislated limit of the useful life of the financed asset.

Subd. 4. ~~Prohibition Use of Proceeds.~~

~~Debt transactions shall not be used to fund University operating costs. Debt shall be used to finance the purchase of land and buildings, construction of and remodeling projects to University facilities, and acquisition of and installation of equipment. Debt may be not used to fund University operating purposes without Board approval.~~

SECTION ~~III~~IV. RESERVATION AND DELEGATION OF AUTHORITY.

Subd. 1. Reservation of Authority to Issue Debt.

The Board of ~~Regents (Board)~~ shall have the exclusive authority and power to approve the following debt transactions:

- (a) the issuance of debt;
- (b) the establishment of a Commercial Paper Facility;
- (c) any increase in the total maximum amount authorized for issuance under a previously approved Commercial Paper Facility;
- ~~(b)~~(d) the refunding of debt, including the refinancing of short-term debt issued under a Commercial Paper Facility to long-term debt; and
- ~~(c)~~(e) capital leases entering into capital lease transactions valued at \$1,000,000 or greater that are not otherwise subject to Board approval under Board of Regents Policy: *Reservation and Delegation of Authority* or other Board policy.

Subd. 2. Reservation of Authority to Engage Underwriters and Debt Advisors.

The Board shall have the exclusive authority and power to engage underwriters, dealers, and debt ~~advisers~~advisors.

- (a) If ~~the a~~ Board ~~approves~~approved the issuance of debt is sold in a competitive sale, the president or delegate shall report the identity of the selected underwriter(s) at the regularly scheduled Board meeting immediately following the sale.
- (b) In exigent situations, as determined by the president or delegate, the president or delegate shall have the authority to engage immediately an underwriter, dealer, or debt advisor, but shall seek Board approval of the engagement at the next regularly scheduled Board meeting.

Subd. 3. Delegation of Authority.

The president or delegate shall have the authority and power to take all actions other than those described in Subd 1. and Subd 2. to manage and conduct the debt transactions of the University consistent with Board policies. Such actions include:

- (a) entering into or terminating liquidity facilities, lines of credit, and other credit enhancement strategies;
- (b) entering into capital leases with a value up to \$1,000,000;
- ~~(b)~~(c) entering into or terminating hedging transactions; and
- (d) issuance of short-term debt authorized under the Commercial Paper Facility up to the total amount authorized for issuance;
- ~~(c)~~(e) terminating the engagement of an underwriter, dealer, or debt adviser.

SECTION ~~IV~~V. ESTABLISHMENT OF RATING TARGET LEVELS.

Subd. 1. Core Debt.

The Board establishes a goal of maintaining a long-term core debt rating of Aa/~~AA category~~ category as defined by Moody's Investors Service and AA category as defined by S&P's Global Ratings. The Board establishes a goal of maintaining a short-term core debt rating of ~~A-1/P-1~~ as defined by Moody's Investors Service and ~~Standard & Poor's, respectively~~ A-1 as defined by S&P's Global Ratings.

Subd. 2. Special Purpose Debt.

Special purpose debt may be issued only if it will receive an investment grade credit rating, if rated.

SECTION VI. REPORTING.

Subd. 1. Annual Report.

The president or delegate shall annually provide to the Board a *Capital Finance and Debt Management Report*. The report shall include a review of the current and projected interest rate environment, current and anticipated debt plans, appropriate financial benchmarks and ratios, and other factors as may be appropriate or requested by the Board in order that it may exercise its oversight function.

SECTION VII. CERTIFICATION OF AUTHORITY.

As needed or may be requested, the secretary of the Board shall certify the authority and power of the president or delegate to enter into debt transactions as provided in this policy.

REVISION HISTORY

Adopted: June 11, 2004

Amended: December 13, 2012

Supersedes: Debt Transactions, dated June 11, 2004; Debt Transactions, dated March 11, 1994; Asset and Debt Management, dated April 12, 1991; and Debt Guidelines, dated January 13, 1989



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 10, 2020

AGENDA ITEM: Consolidation of Board of Regents Policies: *Selection of Design Professionals* and *Wage Rates for Contractors*

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: Michael Berthelsen, Vice President, University Services

PURPOSE & KEY POINTS

The purpose of this item is to review a proposed consolidation of Board of Regents Policies: *Selection of Design Professionals* and *Wage Rates for Contractors* as part of the Board's ongoing policy review process. The two policies are short and their topics are closely related.

The only change proposed to the policies is their consolidation into a single policy from two previously separate policies.

BACKGROUND INFORMATION

Board of Regents Policy: *Selection of Design Professionals* was adopted in 1974 and last amended in July 1995. Board of Regents Policy: *Wage Rates for Contractors* was adopted in 1973 and last amended in April 1995.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the consolidation of Board of Regents Policies: *Selection of Design Professionals* and *Wage Rates for Contractors*.



BOARD OF REGENTS POLICY: *Selection of Design Professionals and Wage Rates for Contractors*

SECTION I. SCOPE.

This policy governs the selection of design professions and the establishment of wage rates for contractors for projects contracted by the University of Minnesota (University).

SECTION II. SELECTION OF DESIGN PROFESSIONALS.

Selection of architects, engineers, planners, landscape architects, and other design professionals will be made from a broad base of design professionals which meet the University's performance and selection standards which shall reflect measures of quality and responsibility. The selections shall be done in a manner consistent with state law and that avoids favoritism or conflict of interest. The University shall utilize the services of the State Designer Selection Board to the extent required by state law.

SECTION III. WAGE RATES FOR CONTRACTORS.

~~It is the policy of the University of Minnesota that a~~All projects contracted for by the University shall comply with the prevailing wage requirements of ~~Minn. Stat.~~Minnesota State Statutes § 177.41-177.43. This requirement shall apply regardless of the source of funding.

REVISION HISTORY

Adopted: May 10, 1974

Amended: July 14, 1995



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 10, 2020

AGENDA ITEM: Consent Report

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Julie Tonneson, Interim Senior Vice President for Finance and Operations

PURPOSE & KEY POINTS

General Contingency

The purpose of this item is to review and act on allocations from General Contingency greater than \$250,000. There are no items requiring approval this period.

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

The purpose of this item is to review and act on purchases of goods and services of \$1,000,000 and over.

- To Envigo for an estimated \$1,514,000 for corn cob animal bedding as needed for Research Animal Resources (RAR) for the period of July 1, 2020 through June 30, 2025. The cost of this bedding is included in the RAR FY21 annual budget and will be purchased with Departmental funds. Envigo, a new provider, was selected as the result of a competitive Request for Proposal (RFP) process conducted by Purchasing Services. One supplier responded to the RFP.
- To GE Packaged Power, LLC for \$4,666,100 for a spare Base DLE LM-2500 gas turbine, storage/shipping container, and maintenance dolly to use in the Main Energy Plant for Energy Management on the Twin Cities campus. The purchase of the spare turbine will be funded by debt. See enclosed documentation for basis of supplier selection.
- To IDEXX Distribution, Inc. for \$1,200,000 for Diagnostic Lab Services for Research Animal Resources Department (RAR) for the period of September 1, 2020 through August 31, 2025. This expense is included in the RAR departmental budget and per diem rates for fiscal year 2021 and will also be included in the budget in future years. IDEXX, was selected as the result of a competitive Request for Proposal (RFP) process conducted by Purchasing Services. Two suppliers responded to the RFP.
- To Mega Farms for \$1,000,000 for snow removal for the University of Minnesota Twin Cities campus (East and West Bank) for the Facilities Management Landcare Department for the period of October 1, 2020 through September 30, 2021 with optional contract extensions

through September 30, 2025 for an additional \$4,000,000. Total contract value, if all options are exercised, would be \$5,000,000. The funds required for this contract will be paid for by the Facilities Management Landcare Department. Mega Farms, the current supplier, was selected as the result of a competitive Request for Proposal (RFP) process conducted by Purchasing Services. A total of five suppliers responded to the RFP.

Resolution Related to Issuance of Debt

The purpose of this item is review and action on the resolution authorizing the issuance of debt in the principal amount of up to \$123,000,000 to finance and/or reimburse the University for purchases of land and buildings, construction and remodeling projects, the acquisition and installation of equipment, and costs of issuance. The amount also includes the refunding of commercial paper previously issued for a portion of the projects.

The specific capital projects are listed on the schedule in the docket. These projects were approved by the Board previously as part of the University's capital planning process. The results of the sale will be reported to the Finance & Operations Committee at the meeting following the completion of the transaction.

Real Estate Transaction

The purpose of this item is to review and act on the following real estate transaction:

- Amendment to the Medical Discovery Team Lease, 624 East First Street, Duluth, MN

A transaction narrative sheet is included in the docket and addresses the basis for request, lease terms, and costs of this agreement. A site map locating the facility in Duluth is also included.

Capital Budget Amendment

The purpose of this item is to review and act on an amendment to the FY 2021 Annual Capital Improvement Budget for the following project:

- Phillips-Wangensteen Building Renovation of Clinic Space to Office Space (Twin Cities campus)

A project data sheet is included in the docket and addresses the basis for request, project scope, cost estimate, funding, and schedule for this project. A site map and locating the project on the Twin Cities campus and visuals are also included.

Capital Budget Amendment and Schematic Designs

The purpose of this item is to review and act on an amendment to the FY 2021 Annual Capital Improvement Budget and schematic designs for the following project:

- Medical School Classroom Renovation (Duluth campus)

A project data sheet is included in the docket and addresses the basis for request, project scope, cost estimate, funding, and schedule for the project. A site map locating the project on the Duluth campus and visuals are also in the docket.

Employment Agreements

The purpose of this item is to review and act on the following employment agreement and appointment:

- Myron Frans as Senior Vice President for Finance and Operations

BACKGROUND INFORMATION

Approvals are sought in compliance with Board of Regents policy as follows:

- General Contingency: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 1.
- Purchase of Goods and Services \$1,000,000 and Over: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 6.
- Issuance of Debt: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 4
- Lease Transactions: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 2
- Capital Budget Amendments: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 8
- Schematic Designs: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 9.
- Employment Agreements: *Reservation and Delegation of Authority*, Article I, Section IV, Subd. 1.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Consent Report.

General Contingency

Fiscal Year 2020 - FINAL

(7/1/2019-6/30/2020)

	Recipient	Amount	Balance	Purpose
1	FY20 General Contingency Allocation		\$1,000,000	
2	Carryforward from FY19 to FY20	\$1,912,966	\$2,912,966	
3	Office of the General Counsel	(\$228,918)	\$2,684,048	Support for Board-requested Athletics review. (posted in FY19 adjustment period)
4	Capital Project Management	(\$150,000)	\$2,534,048	Partial support for St Paul Campus Strategic Facilities Plan.
6	University Relations	(\$116,938)	\$2,417,110	University President inauguration activities, final. \$250,000 budget authority approved June, 2019.
6	Office of the Board of Regents	(\$361,635)	\$2,055,475	University President search & transition activities, final. \$350,000 budget authority approved October, 2018. Additional \$11,635 budget authority approved December, 2019.
5	New items this reporting period:			
6	None	\$0	\$2,055,475	
7	Ending Balance		\$2,055,475	

Fiscal Year 2021

(7/1/2020-6/30/2021)

	Recipient	Amount	Balance	Purpose
1	FY21 General Contingency Allocation		\$1,000,000	
2	Carryforward from FY20 to FY21	\$2,055,475	\$3,055,475	
5	New items this reporting period:			
6	None	\$0	\$3,055,475	
7	Current Balance		\$3,055,475	

* Items \$250,000 or more subject to Board approval.

Purchase of Goods and Services \$1,000,000 and over

To Envigo for an estimated \$1,514,000 for corn cob animal bedding as needed for Research Animal Resources (RAR) for the period of July 1, 2020 through June 30, 2025.

This product is purchased in several different forms to meet critical RAR specifications and packaging requirements. The product and packaging requested has been refined over time to ensure that the continuing research supported by RAR meets strict standards.

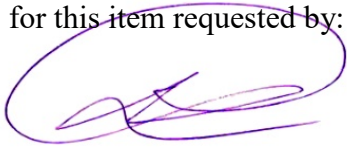
This corn cob bedding is essential to support critical research. Lack of supply would jeopardize research and RAR operations.

Through a competitive process, Envigo was the only supplier to respond. Pricing provided by Envigo, through the competitive process, is in line to current contract pricing.

The cost of this bedding is included in the RAR FY21 annual budget, and will be purchased with Departmental funds.

Submitted by: Mike Clements
U Market Services
2901 Talmage Ave Se
Minneapolis, MN 55414

Approval for this item requested by:



Christopher J. Cramer, Ph. D.
Vice President for Research

____ 8/19/20 ____
Date

Purchase of Goods and Services \$1,000,000 and over

To GE Packaged Power, LLC for \$4,666,100 for a spare Base DLE LM-2500 gas turbine, storage/shipping container, and maintenance dolly to use in the Main Energy Plant for Energy Management.

Main Energy Plant (MEP) was commissioned in Nov 2017 to produce electricity and steam for use on the Minneapolis Campus. MEP contains a turbine and heat recovery steam generator (HRSG) for a plant capacity of 23 MWs generated and 270,000 lb/hr of steam produced for use on the Minneapolis campus. The turbine installed is a GE Base DLE LM-2500 Gas Turbine generating the 23 MW of power. The steam is produced in the HRSG from the waste stream from the turbine. This plant, along with the SE Heating Plant boilers provide sufficient steam capacity for the Minneapolis Campus, assuming the largest unit is off-line for repairs.

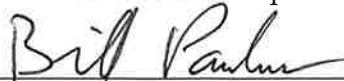
When the MEP turbine is off-line, we lose the ability to generate electricity and the ability to produce steam. If the turbine fails, we also lose the ability to produce steam for campus. Additionally, recent experience has shown that a significant problem with the turbine can result in the loss of MEP steam and electrical production for several weeks. While this is accounted for in the plant design, extended outages involving the turbine are very costly to the university, both in terms of replacement power purchases from Xcel and turbine specific repair cost.

Following examples from other utilities, having a spare turbine on hand can bridge the steam and electricity loss gap and reduce the potential exposure to the University from several weeks to a nominal 2 weeks, the time needed to swap the installed turbine with a spare turbine and back again.

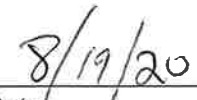
The purchase of the turbine will be funded by debt.

Submitted by: Erick Van Meter, Interim Director
Suite 400, Donhowe Building
Minneapolis Campus
Phone: (612) 625-0597

Approval for this item requested by:



Bill Paulus, Associate Vice President for Facilities
Management



Date

Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because General Electric (GE) is the only manufacturer of the LM-2500 DLE turbine needed that will work in the overall turbine package installed in the Main Energy Plant (MEP).

The price of this turbine has been discounted since it was manufactured three years ago but not delivered to another customer.

Every 5 years (50,000 operating hours), the main turbine is to be overhauled, which requires the turbine to be shipped to a GE authorized Service Center. The turnaround time for the overhaul is at least 120 days. During this time, without the spare turbine, the university would need to purchase replacement power from Xcel equivalent to what would be normally generated, less the cost of the fuel (approximately \$2.7M). A cost benefit analysis identified that based on the overhaul period every 5 years, if we installed and operated a spare turbine, the university would save money over a 20 year time frame. Also, during the heating season if the main turbine were to fail, the spare turbine could be used. Having a spare turbine at MEP will result in an overall cost reduction to the University and a significant reduction of risk due to a loss of steam supply to Minneapolis Campus.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price to the University.

Purchase of Goods and Services \$1,000,000 and over

To IDEXX Distribution, Inc. for \$1,200,000 for Diagnostic Lab Services for Research Animal Resources Department for the period of September 1, 2020 through August 31, 2025.

Outsourcing of diagnostic lab services is required to detect pathogens within sentinel and other animals in the animal facility as appropriate. These services are required to maintain the optimal health of our animals and provide high quality, reproducible research results. The equipment and expertise for this testing is not available at the University and would be cost prohibitive to set up and operate.

Through the competitive process, IDEXX Distribution, Inc. proved to have the best price and shortest turnaround time for test results.

The testing will be paid for with RAR funds generated from per diem and special services sales. Approximately 60% of the cost will be reimbursed directly from investigators, and 40% will remain in RAR to cover the cost of the sentinel program and ad hoc testing for unforeseen circumstances.

This expense is included in the RAR departmental budget and per diem rates for fiscal year 2021 and will also be included in the budget in future years.

Submitted by: Carla Ranns, Financial Operations Manager, Research Animal Resources
1-519A Phillips-Wangensteen Building
Minneapolis Campus
Phone (612) 626-4401
Fax (612) 624-8149

Approval for this item requested by:



Christopher J. Cramer, PhD
Vice President for Research

8/17/2020

Date

Purchase of Goods and Services \$1,000,000 and over

To Mega Farms for \$1,000,000 for snow removal for the University of Minnesota Minneapolis campus for the Facilities Management Landcare Department for the period of October 1, 2020 through September 30, 2021 with optional contract extensions through September 30, 2025 for an additional \$4,000,000. Total contract value, if all options are exercised would be \$5,000,000.

The current contract to provide snow removal services for the Minneapolis campus will end on September 30, 2020. With an average seasonal snowfall in the Twin Cities of 54 inches, a snow removal contract is vital to the safe and efficient operation of the campus. The Minneapolis campus currently has 97 locations that require snow removal services. Parking lots, ramps and loading docks are the responsibility of our supplier, and Facilities Management is responsible for streets, building entry ways, stairs, sidewalks, etc.


The snow removal services for these 97 locations is vital for maximizing available parking locations and providing safe and reliable access to roadways for the University community. Contracting for snow removal services allows the University to efficiently manage parking locations and loading docks in the most cost effective way possible and allow for efficient movement across campus. In addition, the contract will create snow removal standards (vendor activation at a one or two inch snow accumulation depending on the needs of specific locations) across the Minneapolis campus.

Through a competitive process, Mega Farms provided the best value based on work plan, available equipment, staffing and pricing.

The funds required for this contract will be paid for by the Facilities Management Landcare Department.

Submitted by: Bill Paulus, Facilities Management Associate Vice President
Suite 300 Donhowe Building
Minneapolis Campus
Phone: (612) 626-1091
Fax: (612) 626-0234

Approval for this item requested by:



VP or Exec. VP Signature

8/19/20

Date



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Issuance of Debt

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

WHEREAS, the Debt will be issued pursuant to one or more Order(s) of the University, which will contain the terms of such Debt and agreements and covenants of the University with respect to the payment of the principal of, premium or discount, if any, and interest on such Debt; and

WHEREAS, current economic conditions and favorable long-term interest rates place increased focus on the issuance of long-term debt in the near future.

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

1. To provide funds to refund current outstanding commercial paper previously issued for certain capital projects and to finance additional capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, as well as the costs of issuance of such financing(s), the Board hereby authorizes the sale and issuance of Debt in the principal amount of up to \$123,000,000. The Debt may be issued in one or more forms and one or more series, each to mature not later than the date that is 25 years after the date of issuance. The Treasurer is authorized to determine the form(s) in which the Debt will be issued, whether or not the Debt will be issued as general obligations of the University and whether or not the Debt will be issued in a form that is tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended. This authorization shall remain in effect until the date that is 12 months from the date of this Resolution.

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

3. If issued in the form of bonds, the Debt may be sold in either a negotiated sale or a competitive process, as determined by the Treasurer. The Treasurer is authorized to negotiate and approve the terms and conditions of the appropriate agreement or agreements with financial advisors, banks, investment banking firms, or other financial institutions, including the terms and conditions upon which their services will be rendered and the terms and conditions upon which the Debt will be sold and issued. The Treasurer is further authorized to negotiate and approve the terms and conditions of any credit support or liquidity facility for any series of Debt. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as are approved by the Treasurer and the General Counsel.

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

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

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

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

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

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

**Finance and Operations Committee
Resolution Related to Issuance of Debt
September 10, 2020**

Project	Project Description	Estimated Refunding of CP as of 9.10.2020	Estimated Total Amount for Issuance
<u>Projects Currently Funded by CP</u>			
1014, 1018 Fulton; 614 Huron	Vacant land – three separate parcels, individually purchased	5,000,000	5,000,000
Erie Street parcels	13 separate tax parcels totaling 1.74 acres on east side of Erie Street SE, south of Fulton Street SE	11,000,000	11,000,000
2025 East River Parkway (Shriners)	Shriner’s Hospital property & attached parking ramp; 10.2 acres of land	16,000,000	16,000,000
2829 University (TV bldg)	Multi-tenant office building and a five level, 350 stall parking ramp	<u>21,000,000</u>	<u>21,000,000</u>
		<u>\$ 53,000,000</u>	<u>\$ 53,000,000</u>
<u>Property Purchases New Funding Needed</u>			
414 Erie Street	Two and one half story walk up apartment building containing five one-bedroom and twelve two-bedroom rental units, with twenty-two surface parking stalls		3,800,000
1015 Essex (Classic City Apartments)	121 unit, five building apartment complex, situated on 1.32 acres of land		<u>25,000,000</u>
			<u>28,800,000</u>
	Total for property acquisitions		81,800,000
<u>Capital Projects New Funding Needed</u>			
Pillsbury Hall	Renovate to provide modern teaching, learning, and research spaces, promote collaborative learning, and bolster undergraduate education		11,500,000
CMRR-CDT MRI	Renovate and add approximately 19,278 sq ft of laboratory, office and conference room space at the Center for Magnetic Resonance Research (CMRR) Building		12,400,000
UMC Owen Hall	Re-purpose the Owen Hall high-bay space into laboratory space		700,000
UMC Dowell Hall	Remodel the existing third floor teaching laboratory spaces; convert existing second floor space to a lab for the software engineering program		900,000
Unified Lab School & CDC	Renovate and add to the existing Child Development Center (CDC) and to unify the CDC and Shirley G. Moore Lab School into a single academically based program		10,000,000
Spare Turbine	New, spare turbine for the Main Energy Plan, [assuming approval]		<u>4,200,000</u>
	Total for capital projects		<u>39,700,000</u>
	Total estimated proceeds needed for projects		121,500,000
	COI Estimate		<u>1,200,000</u>
	September 2020 Debt Resolution – Authorized Amount		<u>\$ 122,700,000</u>
		<u>Rounded - use</u>	<u>\$ 123,000,000</u>

AMENDMENT TO MEDICAL DISCOVERY TEAM LEASE 624 EAST FIRST STREET, DULUTH

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to execute an amendment to the lease to add an additional 8,079 square feet to the current leased premises.

2. Description of Leased Premises

The current leased premises consists of 6,300 square feet on the first level, and the additional 8,079 square feet will be on the lower level of a building located at 624 East First Street, Duluth, MN in the heart of Duluth's Medical Discovery District (see attached map). The first floor space is currently used for the Memory Keepers Medical Discovery Team (MDT) as office, research, and collaboration space, and the additional space on the lower level will be built out to accommodate the need for additional office for faculty and staff of the Medical School.

3. Basis for Request

The University of Minnesota Medical School entered into a Five (5) year lease with two successive Five (5) year renewal options for 6,300 square feet of first floor space at 624 East First Street, Duluth in September of 2017. The initial space was leased in conjunction with the development of the Memory Keepers MDT, which is an initiative funded by the State of Minnesota. The state-supported Memory Keepers MDT was created to address health disparities that the American Indian and rural populations experience, such as increased dementia and diabetes, and aims to develop interventions and research to meet the health needs of people living far from resources and urban population centers.

The additional 8,079 square feet to be added on the lower level is due to the Memory Keepers MDT outgrowing their current space and having a need for additional office space to accommodate faculty/staff of the Medical School's Duluth campus that share a common research interest. The additional space is also needed to create a Community-Based Participatory Research Laboratory to train undergraduate, graduate students, and community researchers in American Indian health and rural equity research.

4. Details of Transaction

The amendment to the University's lease at 624 East First Street, Duluth will add an additional 8,079 square feet of space on the lower level to the leased premises upon completion of the improvements schedule to be completed March 1, 2021 and also exercise the first of two five-year renewal options which will extend the term of the lease until August 31, 2027.

5. Lease Costs

The rent for the additional 8,079 square feet will be \$18.00 per square foot gross or \$145,422.00 annually during the entire term.

In addition to monthly rent, the University also pays for utilities and custodial services. These costs are estimated to be approximately \$3.00 per square foot or approximately \$24,000 in the first year of the term. The Landlord will be completing the design and leasehold improvements to renovate the lower level space for occupancy by the University at an estimated cost of \$760,000. Of the total cost, the Landlord’s contribution is approximately \$595,000 and the balance of approximately \$165,000 will be paid by the University upon occupancy of the lower level space.

The total additional cost to the lease of adding the additional space over the extended term including the University’s upfront leasehold improvement funding is approximately \$1,204,000.

6. Source of Funds

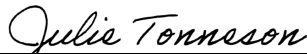
The ongoing lease costs and initial leasehold improvements for the additional 8,079 square feet of space will be funded through the Medical School Dean’s Office Operating Budget.

7. Recommendations

The above-described real estate transaction is appropriate:



Rachel Croson, Executive Vice President and Provost



Julie Tonneson, Interim Senior Vice President



**Capital Budget Amendment: PWB Renovation of Clinic Space to Office Space
Twin Cities Campus
Project No. 01-144-20-2259**

1. Basis for Project:

The project includes the renovation of former clinic space on level 1 of the Phillips-Wangensteen Building (PWB) into office space for the Medical School. Vacating existing offices on level 4 will provide an opportunity to later renovate the remaining unfinished space on that level into teaching labs and a “front door” for the Medical School admissions office, aligning with the new Health Science Education Center completed earlier this year.

2. Scope of Project:

Project scope involves renovation of former clinic space into 5,180 SF of office space, including faculty offices, 16 open workstations, conference spaces, and common break and copy/work areas. The project will include new ceiling systems and lighting, mechanical and electrical improvements, new floor and wall finishes, new furnishings, and card reader access.

3. Master Plan:

The project complies with the Twin Cities Campus Master Plan dated March 2009.

4. Environmental Issues:

The project team anticipates encountering a minimal amount of asbestos-containing material; the project budget contains a line item for abatement work.

5. Cost Estimate:

Construction Cost	\$1,453,300
<u>Non-Construction Cost</u>	<u>\$ 702,360</u>
Total Project Cost	\$2,155,660

6. Capital Funding:

<u>Medical School funds</u>	<u>\$2,155,660</u>
Total Capital Funding	\$2,155,660

7. Capital Budget Approvals:

This project was included as a potential addition to the FY2021 Capital Budget. A Capital Budget Amendment for this project is requested so that construction can proceed.

8. Annual Operating and Maintenance Cost:

Annual Operating & Maintenance Costs are estimated at \$12.83/SF.

9. Project Schedule:

Substantial Completion: January 2021

10. Project Team:

Architect:
Contractor:

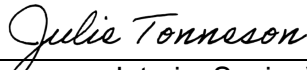
U+B Architecture and Design
TBD

11. Recommendation:

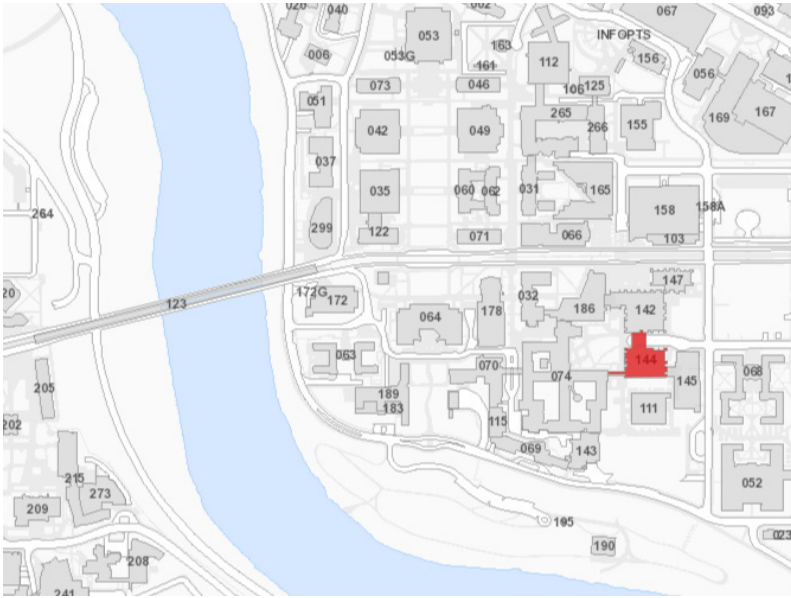
The above described project scope of work, cost, funding, and schedule is appropriate:



Rachel Croson, Executive Vice President and Provost



Julie Tommeson, Interim Senior Vice President



LOCATION MAP



LOCATION PLAN



FIRST FLOOR PLAN

**Capital Budget Amendment and Schematic Design:
Medical School Classroom Renovation
Duluth Campus
Project No. 03-563-19-1461**

1. Basis for Project:

This project will upgrade and expand existing auditorium-style classrooms for the medical school classes on the Duluth Campus. This renovation is in response to the student survey component of the Medical School's accreditation, which was a point of discussion at the July 2020 accreditation site visit.

Accreditation standards for medical schools require that students have comparable experiences regardless of campus. In response to the previous accreditation citation, the new Health Sciences Education Center in the Twin Cities meets medical student needs on that campus. However, it has decreased the equity of experience for students in Duluth. In their current state, the UMD classrooms do not meet ADA requirements for students with disabilities, limiting the ability to recruit students. The classrooms were created in the 1980's and have had only minor cosmetic changes in the years since.

This renovation project will allow larger classes to be accommodated, including students with physical or sensory disabilities, facilitate active learning in alignment with contemporary adult education principles, provide additional small group learning spaces, and create a new student lounge to support student wellness.

2. Scope of Project:

This project will be a 3,390 SF update for the Medical School in the existing University-owned building on the first floor at 1035 University Drive. It will merge two classrooms into a single classroom with expanded seating capacity (90 seats). The seating will facilitate active learning by allowing students to rotate and work with the row behind them on widened expanded tiers. The footprint of the space will allow for a new student lounge and three additional small group rooms to support student learning and wellness.

Upgrades to the current atrium space will be included to provide more flexible study and collaboration space as well as improved technology. The entire area will be addressed with updated finishes, flexible seating/furnishing options, improved classroom accessibility, classroom security upgrades, building code compliance upgrades, and modern technology infrastructure including interconnection with the Twin Cities campus for joint learning opportunities. Mechanical improvements will provide additional fresh air to meet current code standards and will include modern controls with remote capabilities and monitoring.

3. Master Plan:

The project complies with the Duluth campus master plan dated 2013.

4. Environmental Issues:

A minimal amount of asbestos was discovered during a hazardous material survey. The asbestos will be removed as part of this project.

5. Cost Estimate:

Construction Cost	\$975,000
Non-Construction Cost	\$325,000
Total Project Cost	\$1,300,000

6. Capital Funding:

Medical School	\$1,300,000
Total Capital Funding	\$1,300,000

7. Capital Budget Approvals:

This project was included as a possible addition to the FY2021 Capital Budget. A Capital Budget Amendment for this project is requested so that construction can proceed.

8. Annual Operating and Maintenance Cost:

Increase to annual operating costs are minimal and will be covered by existing campus O&M funding.

9. Time Schedule:

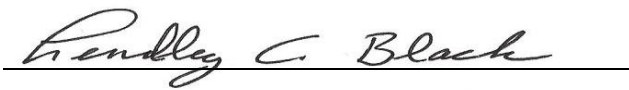
Proposed Substantial Completion: March 2021

10. Project Team:

Architect: ARI Duluth office
Contractor: TBD
Project Delivery: Design/Bid/Build

11. Recommendation:

The above described project scope of work, cost, funding, and schedule is appropriate:



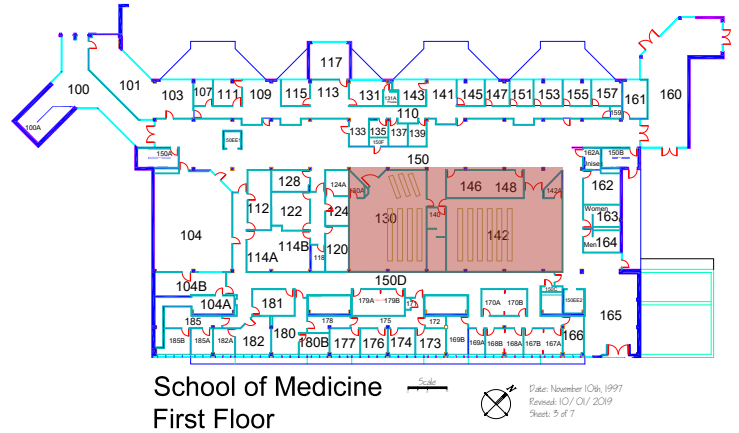
Lendley Black, Chancellor



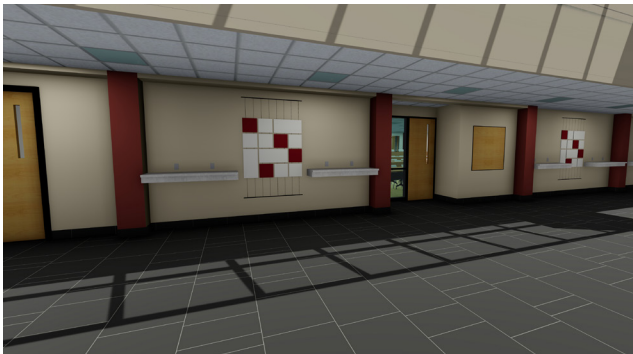
Julie Tonneson, Interim Senior Vice President



LOCATION MAP



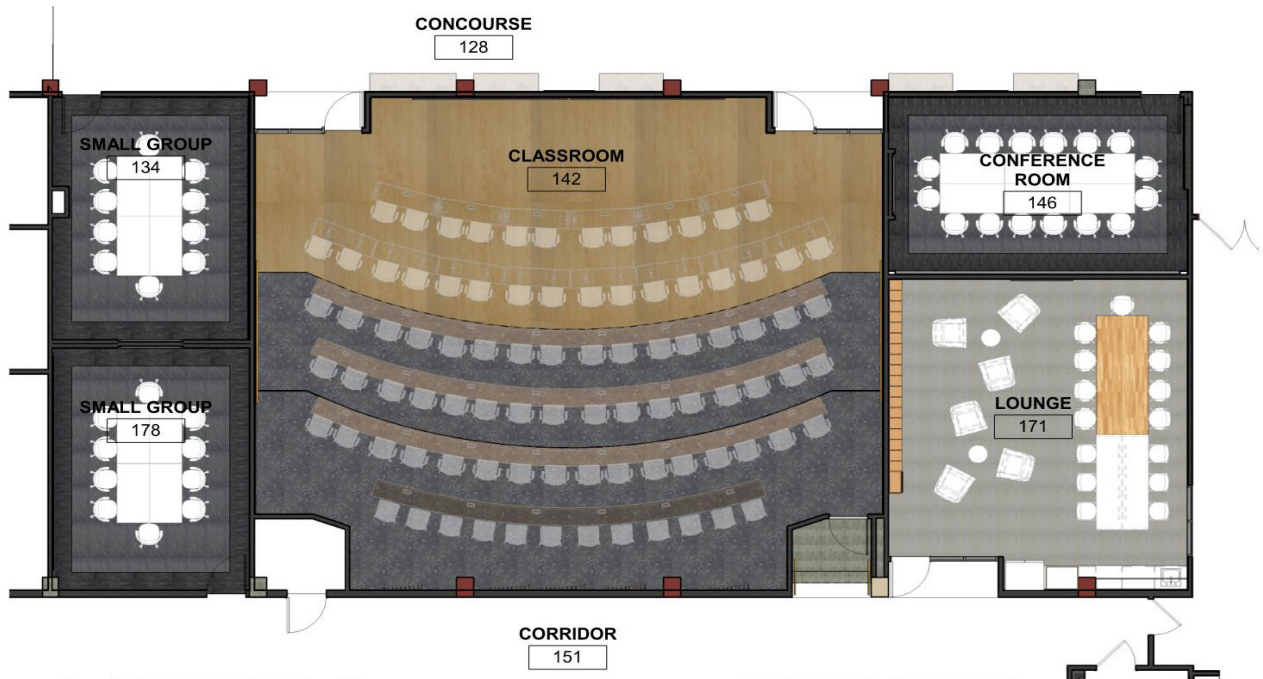
FIRST FLOOR PLAN



ATRIUM



CLASSROOM



FIRST FLOOR PLAN

Finance & Operations Committee
Board of Regents Meeting
Consent Report
September 10, 2020

Personnel Appointment

Pending approval by the Board of Regents, Mr. Myron Frans will be appointed Senior Vice President for Finance and Operations at the University of Minnesota, effective September 30, 2020. Pending election by the Board of Regents, Mr. Frans will also serve as the Board Treasurer.

Position Overview

Serving as the Chief Financial Officer, Chief Operating Officer, and Treasurer for the University of Minnesota, the Senior Vice President for Finance and Operations is responsible for the University of Minnesota's financial resources and core business operations. The Senior Vice President, reporting directly to the president, provides strategic and tactical leadership for the institution, advising the president and senior leaders on strategies and initiatives articulated in the strategic plan and annual work plans, ensuring that the University's financial and operational resources effectively support the academic mission and other institutional priorities. In addition, the Senior Vice President leads the short- and long-term financial planning, management, analysis and oversight of the University of Minnesota system, including financial policy development and decision-making, general programmatic direction for all reporting units, and establishment of effective working dotted line relationships with financial officers across the system. The Senior Vice President creates a vision and integrated strategy to ensure the effective alignment, collaboration and communication between the institution's core business operations – finance, information technology, University Services – to achieve the highest degree of efficiency, impact and excellence. Finally, the Senior Vice President oversees the responsible planning, stewardship, management and accountability of all fiscal, capital, and human resources that are part of the management portfolio.

Appointee's Background and Qualifications

Mr. Myron Frans comes to the University from the State of Minnesota, where he served Governor Tim Walz as the Commissioner of Minnesota Management and Budget (MMB) since January 2019. As Commissioner of MMB, Mr. Frans has served as the chief financial officer, the chief accounting officer, the state controller, and the chief human resource officer, in charge of employee insurance for over 50,000 state employees and collective bargaining on behalf of the state.

Mr. Frans served Governor Mark Dayton's first term as Commissioner of Revenue and the Governor's second term as Commissioner of MMB. While at Revenue, Mr. Frans' nearly three decades of tax law expertise and strong business and managerial experience helped lead the overhaul of the state's tax system. At MMB, he helped restore the state's budget to financial stability by building a \$2 billion fund, reforming the state's pension funds, and regaining the state's AAA credit rating. As MMB Commissioner, Mr. Frans also improved the diversity of the state's workforce and built a more inclusive culture through emphasis on recruiting, training, and equity.

Prior to joining the State of Minnesota, Mr. Frans served as president of Leeds Precision Instruments, a manufacturing and distributing company in Golden Valley, Minnesota. He has

been a tax attorney in private practice for 27 years, most recently as a senior tax partner at the law firm of Faegre and Benson in Minneapolis, now Faegre Drinker.

Recommended Salary and Appointment Type

Mr. Frans' annual base salary will be \$399,000 (subject to the 10% pay reduction of his peers on the President's Cabinet) . His appointment as Senior Vice President for Finance and Operations is a 100%-time, A-term (12-month), L-type (limited) appointment, reporting to and serving at the pleasure of the President. The full employment agreement between the University of Minnesota and Mr. Frans is attached as an exhibit.

Individually Negotiated Terms of Employment or Separation Agreements

In addition to base salary, Mr. Frans will receive deferred compensation annually, as follows:

- \$80,000 vesting on June 30, 2022 (represents both 2020-21 and 2021-22);
- \$50,000 vesting on June 30, 2023;
- \$60,000 vesting on June 30, 2024;
- \$70,000 vesting on June 30, 2025; and
- \$75,000 vesting on June 30, 2026 and annually thereafter.

Comparable Market Data

Benchmarking with the *CUPA-HR Administrators in Higher Education* and *CUPA-HR Executive Compensation and Benefits in Higher Education* salary surveys for the position of Senior Vice President for Finance and Operations for the University of Minnesota peer group (aged to July 1, 2020):

\$338,000 – 10th percentile
\$354,700 – 25th percentile
\$407,800 – 50th percentile
\$466,400 – 75th percentile
\$557,600 – 90th percentile

Recommendation

The President recommends the appointment of Mr. Myron Frans as Senior Vice President for Finance and Operations at the University of Minnesota.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into as of this 7th day of August, 2020, by and between Regents of the University of Minnesota, a Minnesota constitutional educational corporation (the "University"), and Mr. Myron Frans (Mr. Frans).

WHEREAS, the University wishes to employ Mr. Frans as the Senior Vice President for Finance and Operations and Mr. Frans wishes to accept employment as Senior Vice President for Finance and Operations;

WHEREAS, this Employment Agreement is subject to the approval of the Board of Regents of the University of Minnesota and the completion of a background check satisfactory to the University;

THEREFORE, the University and Mr. Frans agree as follows, subject to the approval of the Board of Regents:

I. EMPLOYMENT TERM AND DUTIES

Subject to the terms and conditions of this Agreement and all applicable University Policies and Procedures, the University appoints Mr. Frans as the Senior Vice President for Finance and Operations and he agrees to be so employed by the University for a term commencing on September 30, 2020. The Senior Vice President for Finance and Operations is a 100 percent time, 12-month, L appointment in the professional and academic personnel classification who serves as an at will employee at the pleasure of the President. As such, you report to and serve at the pleasure of the President and your appointment may be terminated at any time without advance notification.

II. DUTIES

During the term of your employment as Senior Vice President for Finance and Operations you will diligently and conscientiously devote your full-time attention and best efforts in performing and discharging the duties of Senior Vice President for Finance and Operations as they are set forth in the job description for this position, including, but not limited to, the following duties:

A. Serve as the Chief Financial Officer, Chief Operating Officer, and Treasurer for the University of Minnesota, responsible for the University of Minnesota's financial resources and core business operations;

B. Provide strategic and tactical leadership for the institution, advising the president and senior leaders team on the accomplishment of strategies and initiatives articulated in the strategic plan and annual work plans, ensuring that the University's

financial and operational resources effectively support the academic mission and other institutional priorities;

C. Provide leadership for short- and long-term financial planning, management, analysis and oversight of the University of Minnesota system, including financial policy development and decision-making, general programmatic direction for all reporting units, and establishment of effective working “dotted line” relationships with financial officers across the system;

D. Create a vision and integrated strategy to ensure the effective alignment, collaboration and communication between the institution’s core business operations – finance, information technology, University Services – to achieve the highest degree of efficiency, impact and excellence;

E. Oversee the responsible planning, stewardship, management and accountability of fiscal, capital, and human resources of all units that report to you; and

F. Perform such other duties as related to your employment position and assigned to you by your appointing authority.

III. PERFORMANCE

In accordance with University Policy, you will receive regular annual performance evaluations and, in accordance with University Policy, you will receive a broader systemic review of your performance no later than the end of your third year in the position.

IV. COMPENSATION

A. Subject to the terms of this Agreement for all services provided by you on behalf of the University, the University shall pay you an annual salary of Three Hundred Ninety Nine Thousand and No/100 Dollars (\$399,000).

B. In addition to standard retirement contributions made to the Faculty Retirement Plan as part of the regular University benefits program, the following amounts shall be contributed to the University of Minnesota Optional Retirement Plan or, to the extent such contributions exceeds contribution limits for that plan, to the University of Minnesota 415(m) Retirement Plan, when such amounts vest:

1. \$80,000 vesting on June 30, 2022;
2. \$50,000 vesting on June 30, 2023;
3. \$60,000 vesting on June 30, 2024;

4. \$70,000 vesting on June 30, 2025; and
5. \$75,000 vesting on June 30, 2026 and annually thereafter.

The University will deposit these funds each year on the vesting date (or such business day immediately following the vesting date), so long as you have remained continuously employed as the Senior Vice President for Finance and Operations position through the date of each payment. In the event of 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 death, permanent disability or termination without cause.

C. All base salary shall be paid in accordance with the University's regular payroll procedures for Professional and Administrative employees and shall be subject to withholding for applicable federal and state income taxes, federal social security taxes, and other applicable taxes and deductions.

D. In accordance with University Policies and Procedures, you shall be eligible for salary increases on an annual basis based upon the evaluation of the appointing authority or his/her designee.

E. The base salary is subject to furloughs, pay freezes, salary reductions or other adjustments, including those already in effect as of the starting date of your employment, to the same extent they are required of other employees of the University.

V. BENEFITS

The University shall provide you with a benefits program as provided generally for its Professional and Administrative employees as described in its Policies and Procedures (<http://www.umn.edu/ohr/benefits/summary/>). These programs shall be subject to amendments and modifications by the University.

VI. SEPARATION

A. Your appointment as Senior Vice President for Finance and Operations is an L appointment which means you serve at the pleasure of your appointing authority. Your appointment may be terminated without any required notice period.

B. In the event you are separated from your administrative position, you may be eligible for certain benefits provided by the University, in accordance with University policy. Any exception from or waiver of University policy related to your separation must be approved by the Board of Regents.

VII. UNIVERSITY POLICIES AND GENERAL CONDITIONS

A. Your appointment is subject to the University's policies and procedures that govern your position (<http://policy.umn.edu/>), which may be amended from time to time.

B. **Amendment.** Any amendment to this Agreement shall be in a writing executed and delivered by the parties.

C. **Parties In Interest/Assignment.** This Agreement shall be binding upon and the benefits and obligations provided for herein shall inure to the parties hereto and their respective heirs, legal representatives, successors, assigns, transferees or donees, as the case may be. No portion of this Agreement shall be assignable without the prior written consent of the other party.

D. **Effect of Prior Agreements.** This Agreement is intended by the parties as the final and binding expression of their contract and agreement and as the complete and exclusive statement of the terms thereof. This Agreement supersedes and revokes all prior negotiations, representations, and agreements, whether oral or written, relating to the subject matter hereof.

E. **Enforceability.** If any provision contained herein shall be deemed or declared unenforceable, invalid, or void, the same shall not impair any of the other provisions contained herein, which shall be enforced in accordance with their respective terms.

F. **Construction.** The headings preceding and labeling the sections of this Agreement are for the purpose of identification only and shall not in any event be employed or used for the purpose of construction or interpretation of any portion of this Agreement. No waiver by any party of any default or nonperformance hereunder shall be deemed a waiver of any subsequent default or nonperformance. As used herein and where necessary, the singular shall include the plural and vice versa, and masculine, feminine and neuter expressions shall be interchangeable.


VIII. BOARD OF REGENTS APPROVAL

This agreement is subject to the approval of the Board of Regents and a background check that is satisfactory to the University.

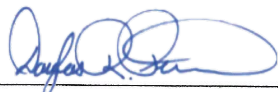
IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first shown above.

By: 
Myron Frans

REGENTS OF THE UNIVERSITY OF MINNESOTA

By: 
Joan T.A. Gabel
President

Approved as to Form and Execution

By: 
Douglas Peterson
General Counsel



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

September 10, 2020

AGENDA ITEM: Information Items

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Julie Tonneson, Interim Senior Vice President for Finance and Operations

PURPOSE & KEY POINTS

- A. Annual Asset Management Report
- B. Investment Advisory Committee Update
- C. Quarterly Purchasing Report
- D. Retirement Incentive Option Update
- E. Urgent Approval – Assay Test Kits

Annual Asset Management Report

The purpose of this item is to report on the annual performance results for assets managed by the Office of Investments & Banking (OIB) for the quarter and the fiscal year ending June 30, 2020. The OIB prepares this report, as required by Board policy, for review by the Board of Regents.

- The invested assets of the University totaled approximately \$2.66 billion on June 30, 2020.
- During the fiscal year, the Consolidated Endowment Fund (CEF) value declined by \$50 million to \$1.42 billion and it distributed \$62.3 million. The total investment return for CEF during the fiscal year was 0.15%, compared to its short-term benchmark of -0.86%.
 - Venture Capital funds, which comprise 26% of CEF, returned 14.1% during the year. Amidst COVID-19, other return seeking assets struggled due in part to the increased volatility and disruptions in the markets during the second half of the fiscal year.
 - Private fund investments exceeded distributions during the year and caused the portfolio's allocation to illiquid strategies to increase. According to BOR policy, the sum of illiquid investments by net asset value should not exceed 50 percent of total CEF assets in normal market environments and 75% in stressed market environments. As of 6/30/2020, CEF is in line with the policy as 58% of the portfolio is invested in illiquid strategies.
 - Manager concentrations are within policy range, with no manager exceeding 20% of the overall endowment. Currently the largest concentration is in BlackRock managed mutual funds, which have allocations spread across five passive equity and fixed income funds that total \$213.9 million or 15.1% of CEF.
 - OIB recognizes the opportunity and the benefits of investments which are socially responsible, including those that support a healthy environment, represent the prudent

- use of natural resources and support the transformation of the energy industries. Accordingly, CEF has made recent investments in renewable power generation with managers GIP, EIG, and Roundshield, in energy efficiency technologies with managers LS Power, Stone Arch and Charles River, and electric vehicles with managers Data Collective and Initialized Capital. CEF has partially funded the construction of over 24,000 MW of renewable power generation globally as well as the largest public fast charging network for electric vehicles (EVgo).
- OIB recognizes the opportunity and benefits of working with targeted investment managers, which are defined as emerging investment managers (less than \$250 million under management) and minority or women owned investment firms. The OIB has an open-door policy when interviewing investment managers and makes every effort to consider targeted managers consistent with the financial and fiduciary responsibilities of the University. Over the last fiscal year, OIB held initial meetings or preliminary due diligence sessions with 35 targeted managers, of which three were engaged.
 - The market value of the short-term reserves (TIP) was \$1.086 billion as of June 30, 2020. The total return on the portfolio over the fiscal year was 2.2% compared to a benchmark return of 3.3%. The increase in market value of \$91.3 million during the fiscal year was largely due to the timing of cash flows and the disrupted spending patterns in the months since COVID-19 effective operations. The underperformance relative to benchmark was due entirely to the precipitous decline in short-term and medium-term interest rates during the March through June timeframe, causing the price of benchmark securities to increase more rapidly than the TIP portfolio investments.

Investment Advisory Committee Update

The purpose of this item is to provide a report on the quarterly meeting of the Investment Advisory Committee (IAC) held on May 6, 2020. The agenda for the meeting included:

- Information Items, Portfolio Overview
- Portfolio and Strategy Update Amidst COVID-19
- Growth Portfolio Discussion
- Manager Recommendation: CRV XVIII, LP – Approved
- Manager Recommendation: DCVC Bio II, LP – Approved
- Manager Recommendation: Initialized V, LP – Approved
- Manager Recommendation: True Ventures VII, LP – Approved
- Manager Recommendation: Lake Bleu Prime Healthcare Fund – Approved
- Oasis Japanese Strategic Fund - Approved

Quarterly Purchasing Report

The purpose of this item is to provide a quarterly report of purchasing activity, including detailed reports with brief discussion on the following activity:

- Summary of Purchasing Activity
- Purchases made as Approved Exceptions to Competitive Process
- Purchases made as Preapproved Exceptions to Competitive Process
- Regents Purchasing Policy Violations

Retirement Incentive Option Update

The purpose of this item to provide the committee with an update on the FY 2021 Retirement Incentive Option (RIO):

- RIO program was communicated to eligible employees in the first week of August.
- OHR benefits counselors are meeting one on one with prospective retirees upon request.
- Application process started August 17 and continues through October 19.
- As of August 31, 95 applications have been received.
- Details on the RIO are available at <https://humanresources.umn.edu/benefits/rio2020>

Urgent Approval – Assay Test Kits

At the request of President Gabel, Chair Powell, Vice Chair Sviggum, and Finance & Operations Committee Chair McMillan approved the purchase of Assay Test Kits without meeting, as documented in the approval memorandum included in the docket materials. Authority to approve this declaration was exercised under Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section V, Subd. 7, Urgent Approvals:

Upon recommendation of the president, the Board chair, Board vice chair, and the respective committee chair may act on behalf of the Board when delay for Board approval could have a significant impact on the University's mission or poses a considerable health, safety, or financial risk. Urgent approvals shall be used judiciously and any such approvals will be reported to the Board or respective committee upon approval and included as an information item at the next scheduled meeting, consistent with Subd. 3 of this section.

Annual Asset Management Report

For the period ending June 30, 2020

Stuart Mason, Associate Vice President, Chief Investment Officer

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



Office of Investments & Banking
UNIVERSITY OF MINNESOTA

University Investment Funds

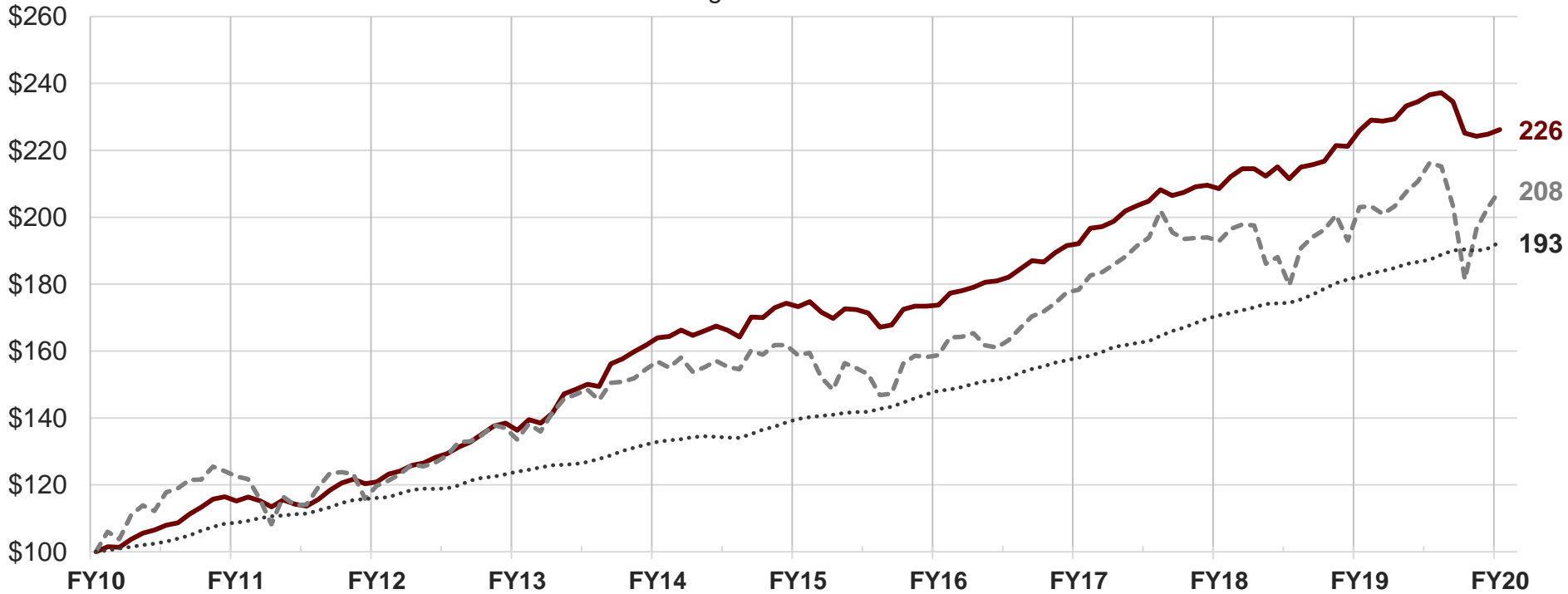
OIB Managed Funds (\$ millions)	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Consolidated Endowment Fund (CEF)	\$ 1,418	\$ 1,477	\$ 1,415	\$ 1,352	\$ 1,258
Long-Term Reserves (GIP)	85	81	71	71	66
Short-Term Reserves (TIP)	1,086	1,183	1,068	1,113	1,101
RUMINCO Ltd.	51	52	48	45	41
Invested Assets Related to Indebtedness	15	63	25	49	101
Total Managed Assets	2,656	2,855	2,628	2,631	2,566



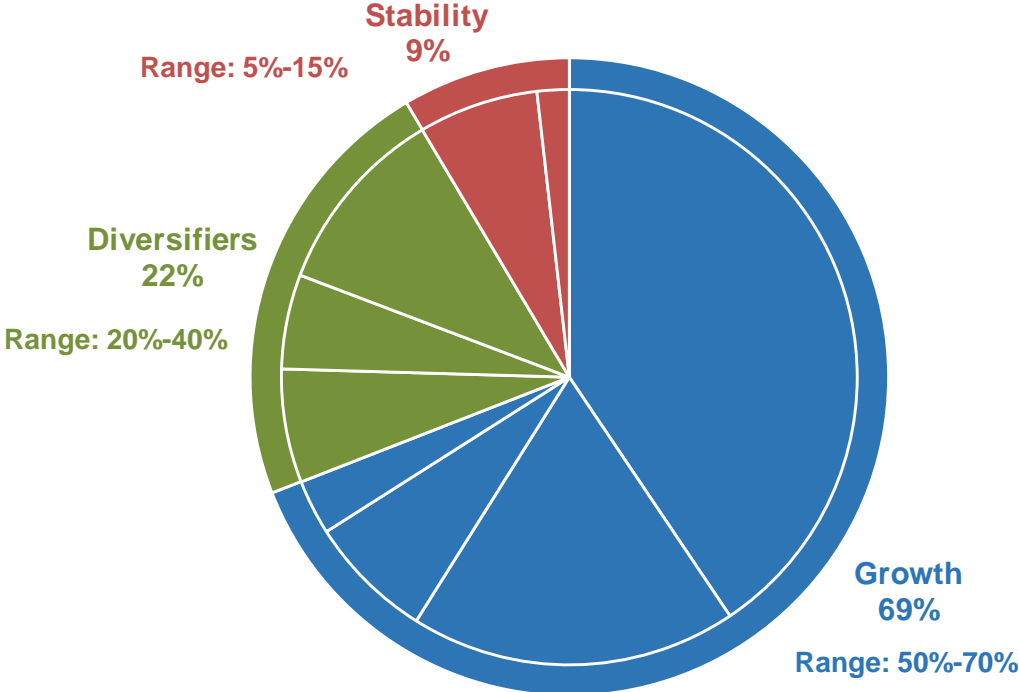
Our goal is to preserve the inflation
adjusted value of the endowment
(CPI + 5%)

Growth of \$100

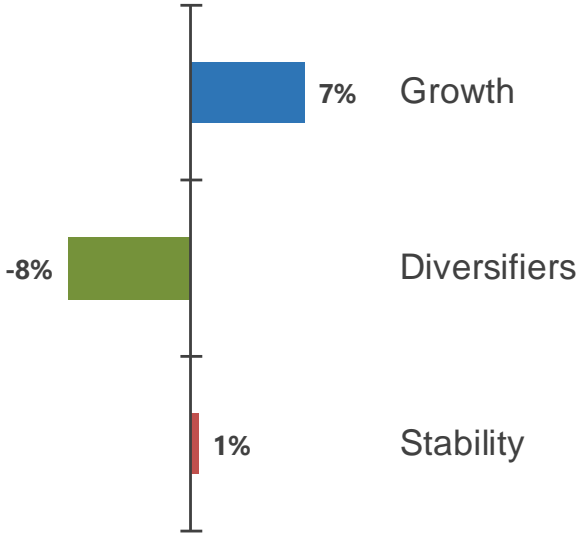
— CEF - - - Long-Term Benchmark ····· CPI+5%



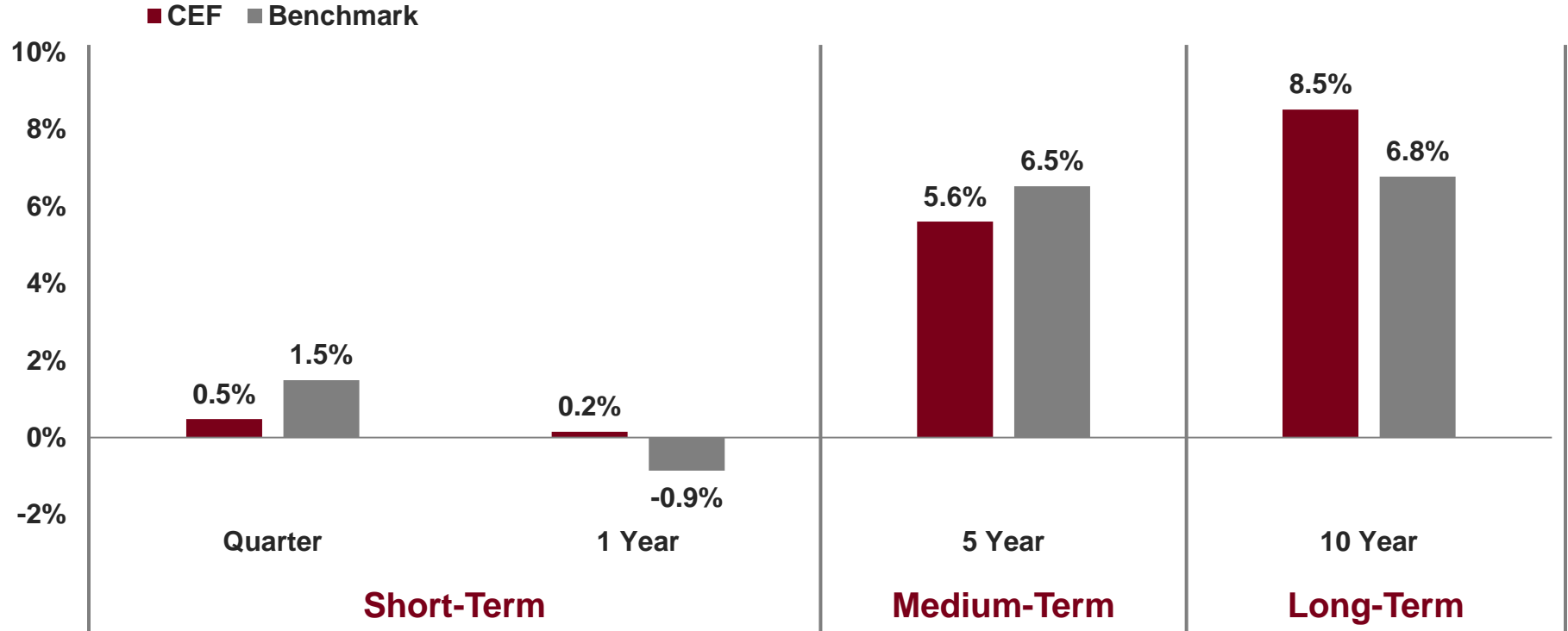
CEF Asset Allocation



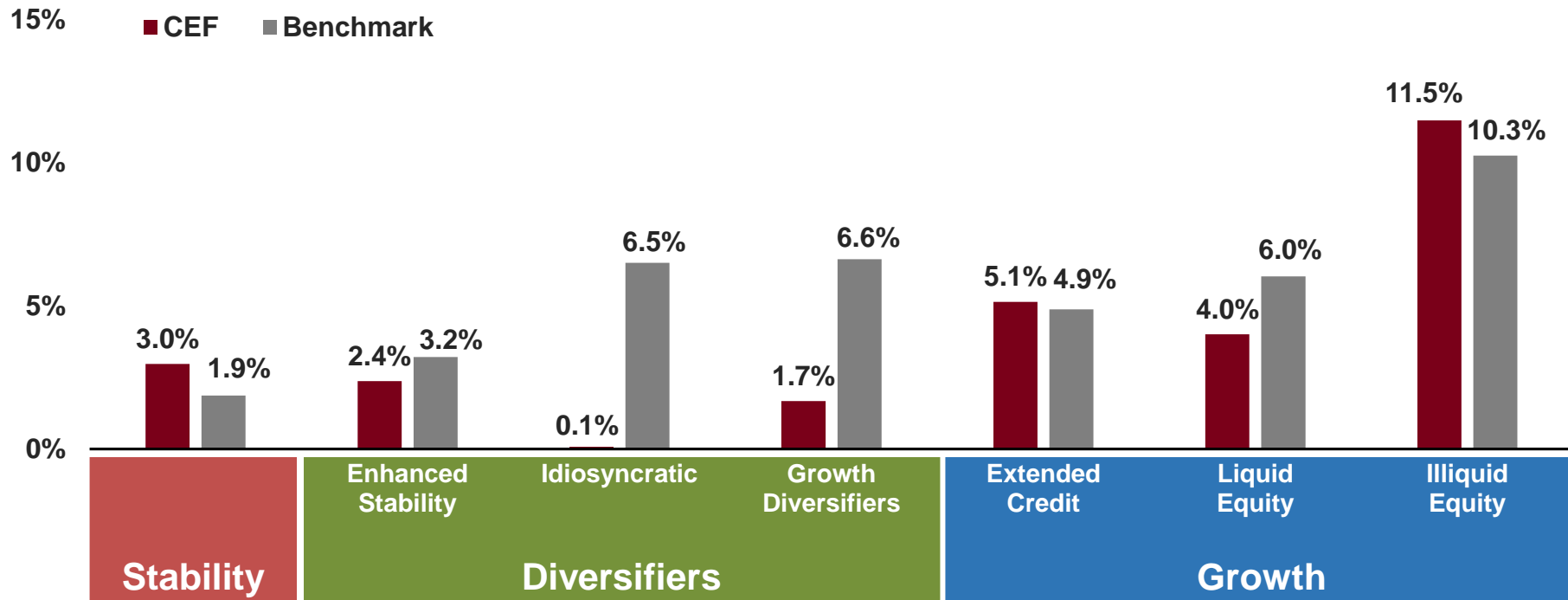
Weight Variance vs. Strategic Targets



CEF Performance Summary

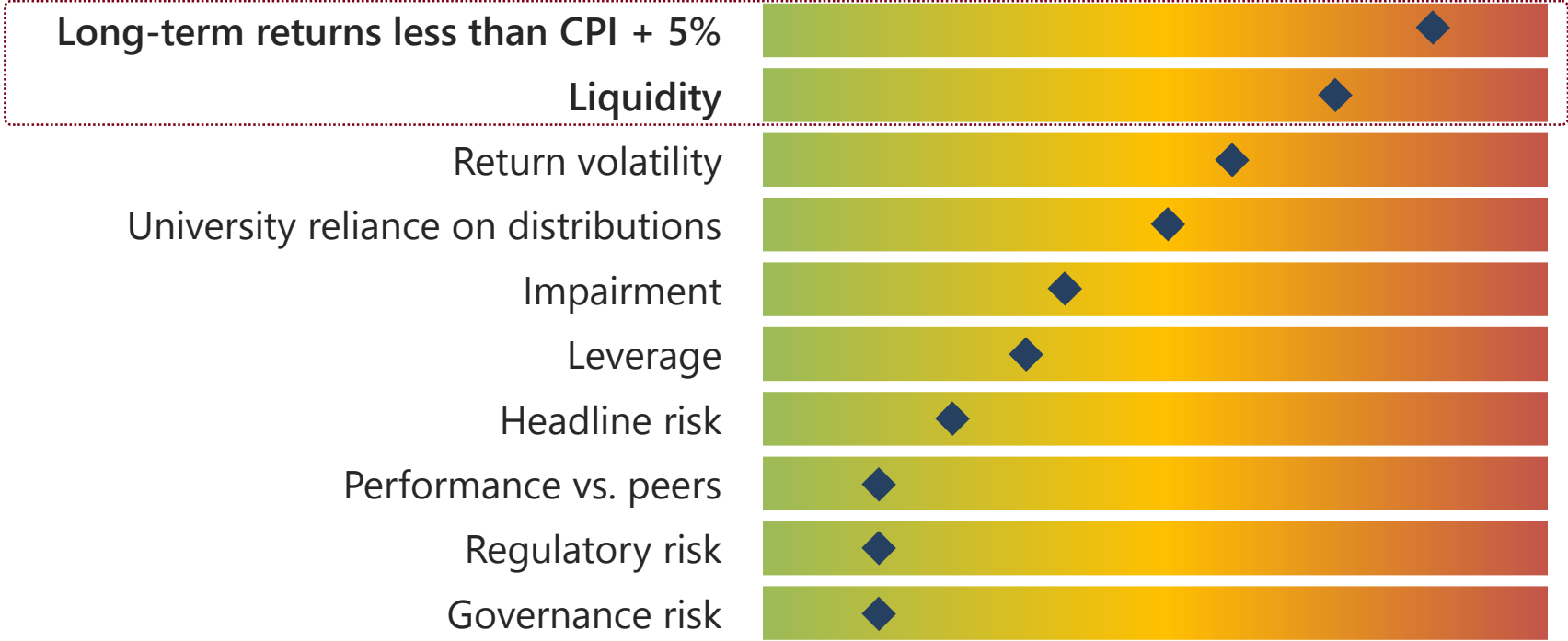


5-Year Returns for CEF Asset Classes vs. Medium-Term Objectives



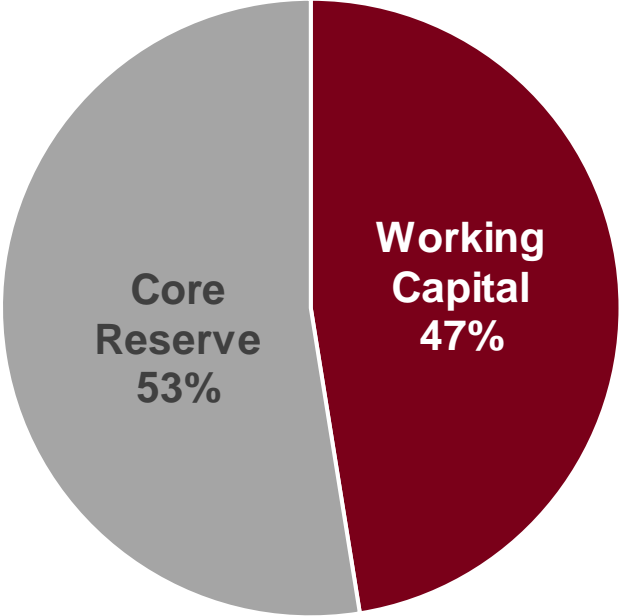
CEF - Key Risk Factors

Level of Concern

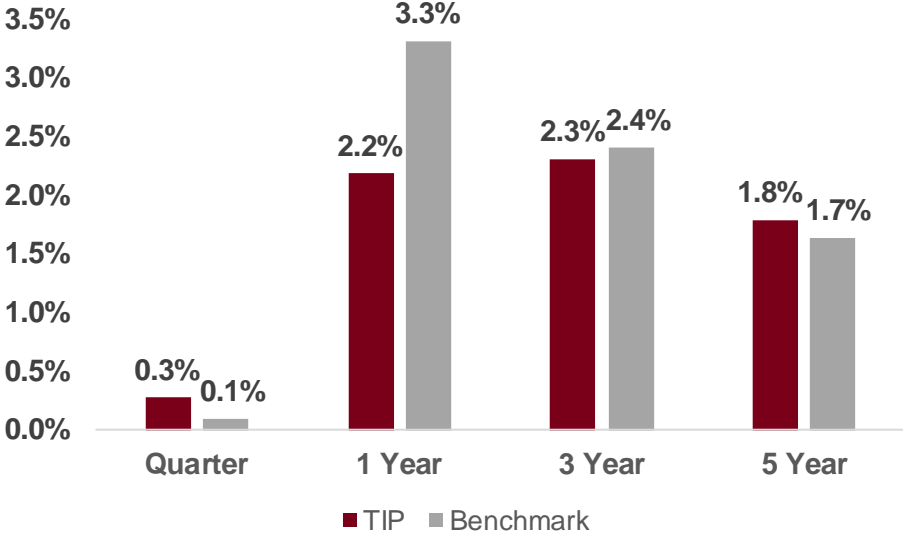


Short-Term Reserves (TIP)

Asset Allocation

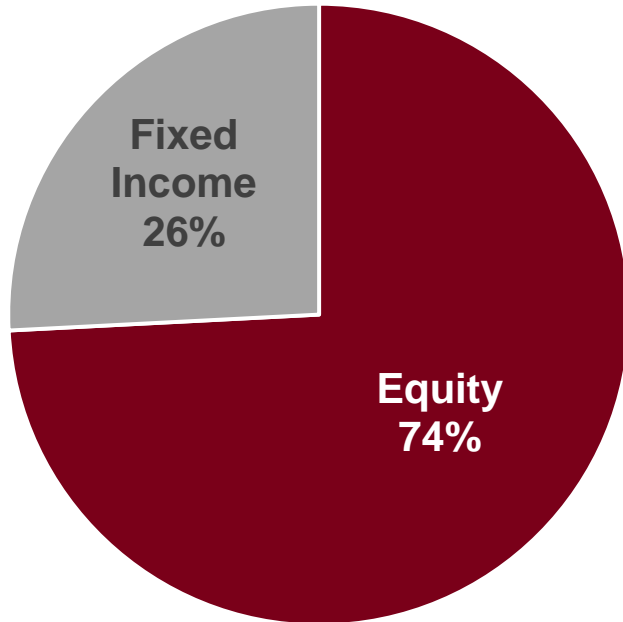


Performance Summary

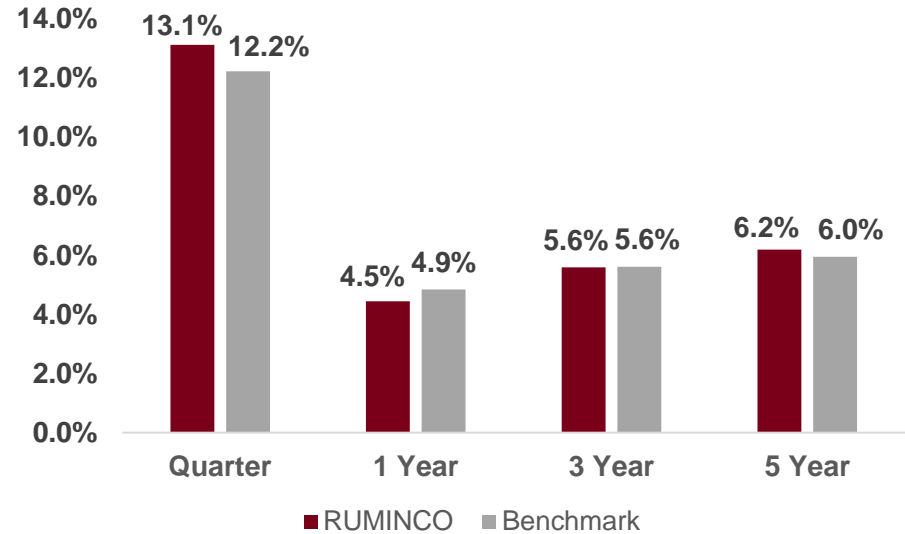


RUMINCO Ltd.

Asset Allocation



Performance Summary



Appendix

CEF Portfolio

Short-Term Benchmark: 8% BBG BARC Gov 1-3Y, 10% Enhanced Stability Benchmark, 10% HFRI Fund of Funds: Diversified Index, 5% (50% BofA HY/50% JPM EMBI), 57% S-T Equity Benchmark, 10% Growth Diversifiers

Medium-Term Benchmark: 8% BBG BARC Gov 1-3Y, 10% Enhanced Stability Benchmark, 10% Absolute Return + 6%, 10% UMCPI + 5%, 5% (50% BofA HY/50% JPM EMBI), 57% Medium Term Equity

Long-Term Benchmark: 70% MSCI ACWI, 30% Barclays Global Aggregate

Stability Benchmark: Bloomberg Barclays Government 1-3Y

Enhanced Stability Benchmark: 50% S&P/LSTA Leveraged Loan Index, 50% BBG Barclays US Intermediate Aggregate

Idiosyncratic Benchmark: 6% Absolute Return

Growth Diversifiers Benchmark: 100% Growth Diversifiers Aggregate

Extended Credit Benchmark: 50% BofA High Yield Index, 50% JPMorgan Emerging Market Bond Index

Liquid Equity Benchmark: Geographic-weighted mix of MSCI ACWI IMI Net, MSCI World ex USA IMI NR, MSCI Emerging Markets IMI

Illiquid Equity Benchmark: Geographic-weighted mix of MSCI ACWI IMI Net, MSCI World ex USA IMI NR, MSCI Emerging Markets IMI + 2%

Short Term Reserve Portfolio

TIP Benchmark: 70% BofAML US TREA 1-3Y, 30% 91 Day T-Bill

Long Term Reserve Portfolio

GIP Returns: As of 6/30/2020, the 1, 3, 5 and 10 year returns for GIP were 5.31%, 4.24%, 3.69% and 5.01%, respectively. An accounting and performance reconciliation of these returns is in process and was not yet complete as of the submission of this report.

RUMINCO Portfolio

RUMINCO Ltd. Benchmark: Current: 60% MSCI AC World (Net) USD, 30% Barclays Aggregate Bond, 10% BofAML US Treasuries 1-3Y





UNIVERSITY OF MINNESOTA

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September 10, 2020

The Honorable David McMillan, Chair, Finance & Operations Committee
The Honorable Richard Beeson, Vice Chair, Finance & Operations Committee
The Honorable Tom Anderson
The Honorable Mary Davenport
The Honorable Kao Ly Llean Her
The Honorable Michael Hsu
The Honorable Mike Kenyanya
The Honorable Janie Mayeron
The Honorable Kendall Powell
The Honorable Darrin Rosha
The Honorable Randy Simonson
The Honorable Steven Sviggum

Committee Members:

Enclosed are Purchasing Services' reports on purchasing activity for the fourth quarter, fiscal year '20. Regents policy requires that purchasing activity, including exceptions to competitive purchases, be reported to the Board of Regents. This letter provides explanatory background and brief analysis of the report and attachments that follow.

Background

The enclosed reports and attachments provide statistics, graphics and some detail on four categories of purchasing activity for the one quarter:

- Summary of Purchasing Activity
- Purchases made as Approved Exceptions to the competitive purchasing process
- Purchases made as Preapproved Exceptions to the competitive purchasing process
- Regents Purchasing Policy Violations

“Total Purchasing Activity” represents the total amount of goods and services purchased for the quarter and year-to-date across all funding sources, including construction projects.

“Approved Exceptions” refers to purchases where, following proper protocol, the vendor was not selected through a Request for Bid or Request for Proposal process. All of the approved exceptions were justified in writing by the requisitioning department, with the justification reviewed and approved by the Director of Purchasing before the purchase took place. Additionally, the appropriate Vice President and the University Controller approved all exceptions of \$250,000 and over, except pre-approved exceptions. Section II provides a listing of the transactions that followed this process and were approved as exceptions.

“Pre-approved Exceptions” are also purchases where the vendor has not been selected through a competitive process. However, they are exceptions that occur routinely with consistent reasons, so that the approval of the justification has become standardized. Refer to Section III of the report for a listing of transactions processed as pre-approved exceptions during the quarter.

“Regents Purchasing Policy Violations” refers to purchase transactions which bypassed the competitive process without following proper protocol and without the necessary approvals. Section IV provides a listing of purchasing violations.

The reports compare dollars spent on purchases in the respective quarter of the current year to dollars spent on purchases in same quarter of the previous year. The same quarter-to-quarter comparison is made for approved exceptions and for preapproved exceptions. With that in mind, the following observations are worth noting:

Summary:

- Q4 Purchasing Activity was down significantly due to reduced operations related to COVID-19 which also resulted in lower YTD activity and dollars.
- Q4 Exception Dollars went up due to several large purchases made.
 - Unizin for \$1,080,000 for the three-year membership renewal in this higher education consortium.
 - Dell EMC for \$2,200,000 for data storage.
 - Oracle for \$1,576,000 for hardware database replace and Oracle cloud infrastructure.
- YTD Exception Transactions are up due to an increase of purchases requiring brand compatibility with existing equipment or suppliers were named by the funding source.
- YTD Exception Dollars were down from last year but are trending similar to previous years.
- There was one Regents Purchasing Policy Violations in the fourth quarter of FY20

If you have any questions on the report, please do not hesitate to contact Beth Tapp, Director of Purchasing, or me.

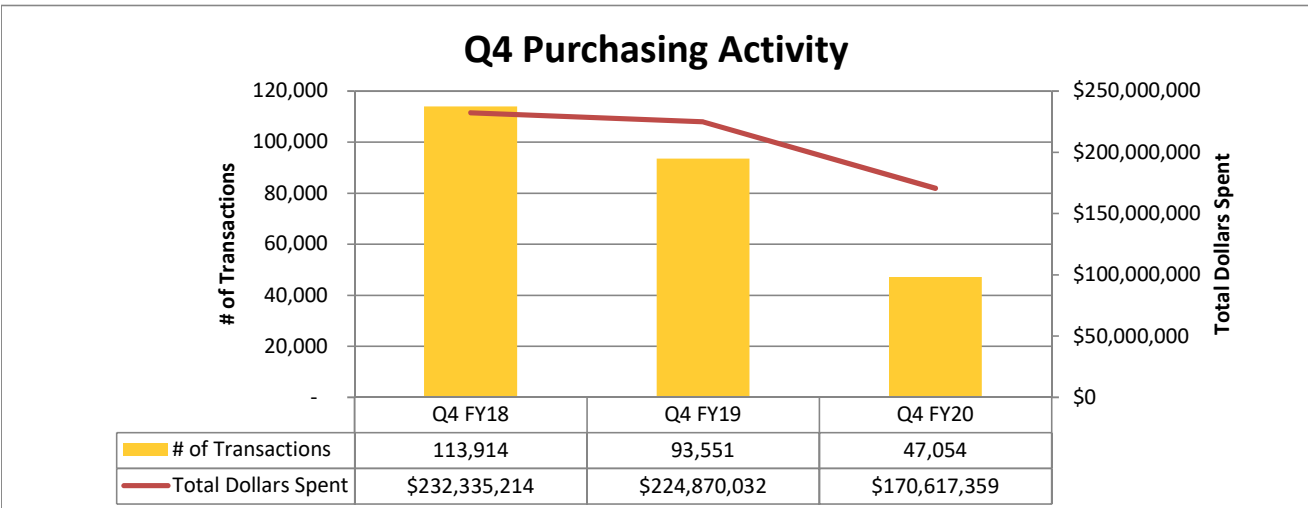
Sincerely,



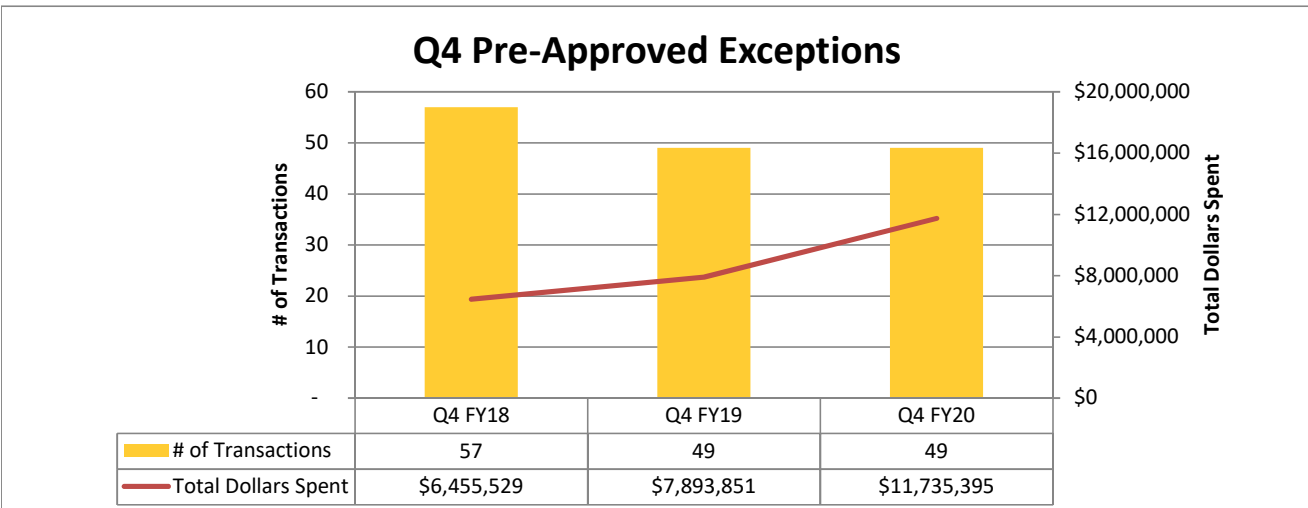
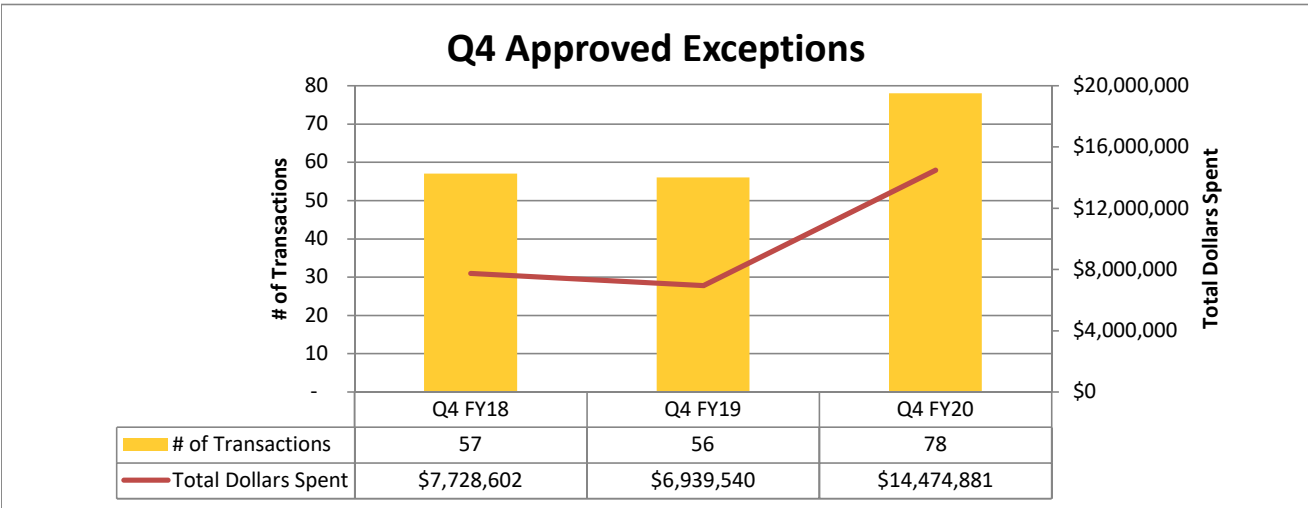
Suzanne Paulson
Controller

Cc: Michael Volna, Associate Vice President and Assistant Chief Financial Officer
Brian Steeves, Executive Director and Corporate Secretary, Board of Regents
Beth Tapp, Director, Purchasing Services

I. Summary of Purchasing Activity for Q4 FY20

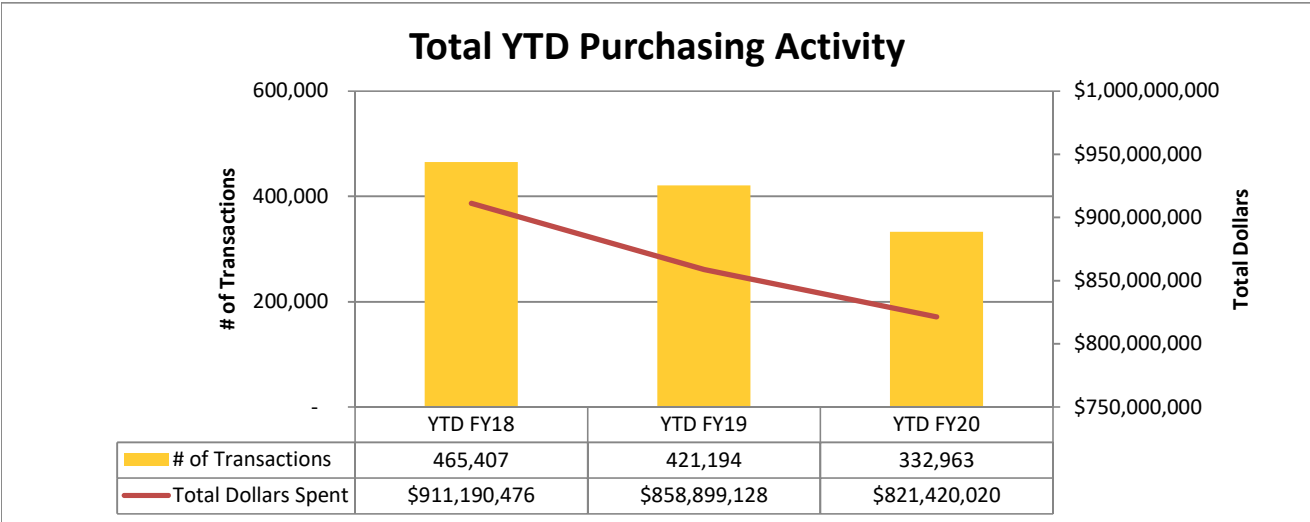


* NOTE: Starting in Q4FY17 the number of transactions reflect the number of actual invoices rather than the number of voucher distributions.

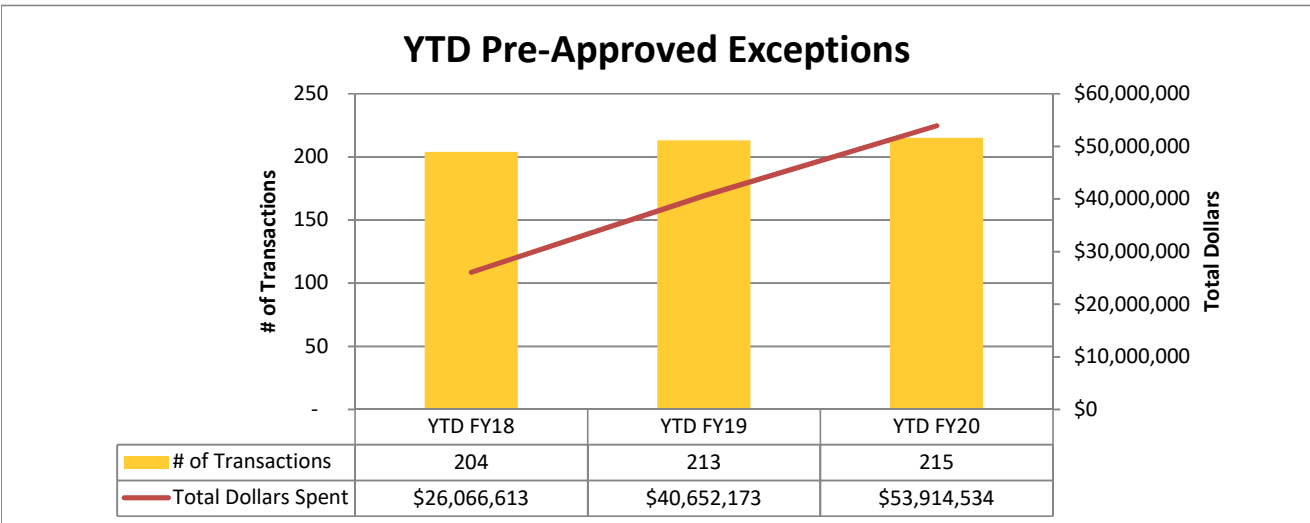
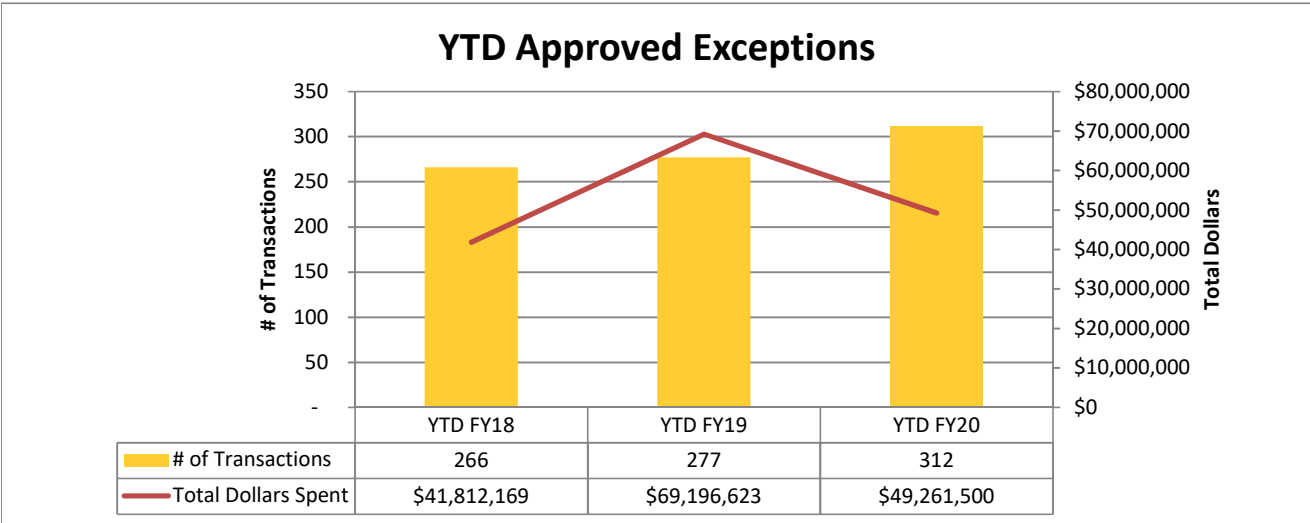


Q4 Exceptions	114	105	127
Q4 Exception Dollars	\$14,184,131	\$14,833,391	\$26,210,276

Summary of Purchasing Activity YTD FY20



* NOTE: Starting in Q4FY17 the number of transactions reflect the number of actual invoices rather than the number of voucher distributions.



YTD Exceptions	470	490	527
YTD Exception Dollars	\$67,878,782	\$109,848,796	\$103,176,034

II. Purchases made as Approved Exceptions to Competitive Purchasing Process Q4FY20

Exception #1:	Total # of Exceptions	Total Dollars
Purchasing of research products (animal feed, serum, test equip/supplies) for clinical trials. Also purchasing from a previous supplier to ensure consistency of research results.	5	\$330,858

Exception #2:	Total # of Exceptions	Total Dollars
Equipment that requires brand compatibility with existing equipment and is available only from manufacturer or sole source authorized distributor.	26	\$5,657,207

Exception #3:	Total # of Exceptions	Total Dollars
Funding source or granting agency specified a single supplier.	10	\$828,865

Exception #4:	Total # of Exceptions	Total Dollars
Other	33	\$7,408,717

Emergency Exception #1:	Total # of Exceptions	Total Dollars
A threat to health, welfare, safety.	0	\$0

Emergency Exception #2:	Total # of Exceptions	Total Dollars
A significant loss to the University.	0	\$0

Emergency Exception #3:	Total # of Exceptions	Total Dollars
A failure to provide core services to University students/faculty/staff.	2	\$118,000

Emergency Exception #4:	Total # of Exceptions	Total Dollars
Emergency equipment repairs and parts or emergency facility repairs and parts under \$100,000.	2	\$131,234

TOTAL Approved Exceptions 78 \$14,474,881

III. Pre-Approved Exceptions to Competitive Purchasing **Q4FY20**

Exception #2:	Total # of Exceptions	Total Dollars
Media advertising, purchase or access to uniquely compiled database information.	4	\$369,788

Exception #4:	Total # of Exceptions	Total Dollars
Closeout of used items which requestor or Purchasing has verified to be at least 30% below comparable new equipment (does not include refurbished or remanufactured furniture).	1	\$242,043

Exception #5:	Total # of Exceptions	Total Dollars
Subcontractors previously arranged by Sponsored Projects Administration (SPA).	4	\$221,698

Exception #6:	Total # of Exceptions	Total Dollars
Service (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity.	2	\$331,685

Exception #7:	Total # of Exceptions	Total Dollars
Service/maintenance agreements with the original manufacturer/developer for equipment and software.	13	\$5,209,588

Exception #9:	Total # of Exceptions	Total Dollars
Software license renewals and software upgrades available only from developer. This includes adding licenses to an existing license agreement.	15	\$4,287,250

Exception #10:	Total # of Exceptions	Total Dollars
Development, design and/or creation of original artwork.	1	\$3,336

Exception #11:	Total # of Exceptions	Total Dollars
Fairview purchases related to research projects.	6	\$572,129

Exception #12:	Total # of Exceptions	Total Dollars
Entertainers, lecturers, speakers and honoraria.	1	\$330,474

Exception #13:	Total # of Exceptions	Total Dollars
Purchases from University Physicians that are not part of sponsored research activities.	2	\$167,405

TOTAL Pre-Approved Exceptions **49** **\$** **11,735,395**


There are 25 categories of Pre-Approved Exceptions. Only those categories which had qualifying transactions are reported above.

IV.	Regents Policy Violations	Q4FY20
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There is one Regents Policy Violations to report.

Department Name	Vendor Name	Total Dollar
Medical School	Health Research	\$100,000
Product/Service Description		
Consultative Services Developing and Evaluating Research Programs		
Explanation for Violation		
An extension of last year's arrangement was made and it was forgotten that another PO would need to be made in order to continue services. It was not until the new invoices were to be processed for payment that it was realized that a new PO was never created.		
Action Taken by Department to Prevent Further Violations		
This was one of few instances where payment slipped through the cracks. In the future, more care will be taken to verify if services on closing PO's are being renewed and thus need a new PO.		

August 7, 2020

To: President Joan T.A. Gabel 

From: Brian Steeves, Executive Director & Corporate Secretary

Re: *Urgent Approval*

Chair Powell, Vice Chair Sviggum, and Finance & Operations Committee Chair McMillan approved your request for urgent approval of the attached purchase of HDPCR SARS-CoV-2 assay test kits. Each Regent individually approved the purchase without meeting as authorized by Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section V, Subd. 7.

This information will be reported to the Finance & Operations Committee today and at the September 2020 meeting, as required by Board of Regents Policy: *Board Operations and Agenda Guidelines*.

c: Brian Burnett, Senior Vice President for Finance and Operations
Jakub Tolar, Vice President for Clinical Affairs and Dean of the Medical School
Bill Haldeman, Senior Assistant to the President
Kate Stuckert, Senior Assistant to the President

August 6, 2020

The Honorable Kendall J. Powell
The Honorable Steven A. Sviggum
The Honorable David J. McMillan

Dear Members of the Board of Regents:

Board of Regents Policy: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 6, stipulates that the Board reserves to itself the authority to approve any purchase of goods or services with a value greater than \$1 million. Having been alerted that a critical and time-sensitive purchase greater than \$1 million is necessary before the Board's next scheduled meeting in September, I am requesting approval of that purchase using the urgent approval process. Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section V, Subd. 7, defines the urgent approval process as follows:

Upon recommendation of the president, the Board chair, Board vice chair, and the respective committee chair may act on behalf of the Board when delay for Board approval could have a significant impact on the University's mission or poses a considerable health, safety, or financial risk. Urgent approvals shall be used judiciously and any such approvals will be reported to the Board or respective committee upon approval and included as an information item at the next scheduled meeting, consistent with Subd. 3 of this section.

Upon the request of the Vice President for Clinical Affairs and Dean of the Medical School and the Senior Vice President for Finance and Operations, I am recommending Board approval for the following purchase:

To Chromacode, Inc. and other related suppliers for up to an estimated \$10,560,000 for the purchase of HDPCR SARS-CoV-2 assay test kits for the Medical School for the period of August 1, 2020 through April 21, 2021.

To clarify, this request is not for testing kits to conduct individual COVID-19 testing on our faculty, staff, and students. Rather, this request serves our state's SARS-Cov-2 Emergency Testing Contract, which as you will recall is a collaboration between the University, the State of Minnesota, and Mayo Clinic. The test kits being purchased under this action will be used by University labs to process the individual nasal samples taken from people across the state and provide those individuals with either positive or negative results for COVID-19. The cost of the test kits will be funded by our contract with the State of Minnesota. Test volumes and related spending will be closely monitored, and testing will be discontinued should funding from the state not cover those expenses. To date, the University has received the full contract amount of \$18 million, of which \$8 million is currently allocated to purchase test kits. The University has requested that an additional \$4.9 million within the \$18 million be reallocated to cover the amount requested via this action.

I am recommending that this purchase be approved using the urgent approval process to assure the purchase is made as soon as possible and to avoid any interruption of testing. Attached is additional information and supporting documentation for the purchase and justification for handling it under the urgent approval process.

If you have any questions, please let me know.

Sincerely,



Joan T.A. Gabel
President

Attachment

cc: Brian Steeves, Executive Director and Corporate Secretary, Office of the Board of Regents
Sarah Dirksen, Deputy Director, Office of the Board of Regents
Brian Burnett, Senior Vice President for Finance and Operations
Jakub Tolar, Vice President for Clinical Affairs and Dean of the Medical School
Bill Haldeman, Senior Assistant to the President
Kate Stuckert, Senior Assistant to the President

Purchase of Goods and Services \$1,000,000 and over

To Chromacode, Inc. and other related suppliers for up to an estimated \$10,560,000 for the purchase of HDPCR SARS-CoV-2 assay test kits for the Medical School for the period of August 1, 2020 through April 21, 2021.

The University of Minnesota, along with Mayo, was tasked with providing a total of 35,000 state-wide tests per day via a contract from the State of Minnesota that runs through April 21st, 2021.

Due to the high demand for testing kits, inventory with suppliers continually changes and the purchases for the assay kits may be made from several suppliers, such as Chromacode, Inc.

During the course of the contract, the Medical School is currently expected to have the needed testing supplies in order to be prepared for that level of activity. We will also need flexibility as the needs of the pandemic change over time as this is just the current estimate of short-term needs.

This purchase will ultimately be paid for with funds from the contract from the State of Minnesota.

Submitted by: Timothy Schacker, M.D
Vice Dean for Research
Medical School

Approval of the item is requested by:

TOLAR

July 30, 2020

Jakub Tolar, M.D., Ph.D
Dean of the Medical School
Vice President for Clinical Affairs
Distinguished McKnight University Professor

Date

Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because this assay kit is brand specific as it integrates with existing equipment already in use. Equipment exclusively supports COVID testing.

Procedures undertaken to ensure reasonableness of price include a discount of \$4 per test from \$20 to \$16 (savings of \$2,640,000) and comparison to previously purchased assay tests from similar suppliers. May have to use additional suppliers if/when original vendor runs out of available inventory.