

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
March 8, 2018**

A special meeting of the Board of Regents of the University of Minnesota was held on Thursday, March 8, 2018 at 3:00 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Abdul Omari, presiding; Thomas Anderson, Richard Beeson, and Darrin Rosha. Linda Cohen, Michael Hsu, Dean Johnson, Kendall Powell, and Steve Sviggum participated by phone.

Staff present: Vice Presidents Bernard Gulachek and Matt Kramer; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice Presidents Julie Tonneson and Michael Volna. President Eric Kaler participated by phone.

PRESIDENT'S RECOMMENDED SUPPLEMENTAL 2018 STATE BUDGET REQUEST

Regent Omari invited President Kaler and Vice President Kramer to present for action the President's recommended supplemental 2018 state budget request (request), as detailed in the docket.

Kaler stated that tuition affordability had been a top priority of his administration. He noted that the University has kept tuition increases to a minimum for Minnesota resident undergraduate students during his tenure. Given that the State of Minnesota anticipates a surplus in the current biennium, he recommends amending the University's request to seek a \$10 million state investment that would allow the University to continue prioritizing affordability across the system.

Kramer outlined the request. He shared that both the legislative and executive branches have signaled openness to modest supplemental budget requests given the budget surplus, and expressed optimism that the request will be viewed favorably. He described the request as a restoration of funding, given that the biennial budget reduced the University's allocation by \$10 million in the second year of the biennium. Kramer indicated that Minnesota State also plans to submit a supplemental request seeking funds not reallocated in the second year of the biennium, but is adding \$21 million for new technology funding.

Kramer stated that if the University receives the request, it will seek to use the funding to freeze resident undergraduate tuition across the system. If tuition is frozen, it would mean that since 2012 resident undergraduate tuition on the Twin Cities campus will have increased 0.8 of one percent and 0.36 of one percent for all other campuses, annually.

A motion was made and seconded to approve the resolution related to the supplemental 2018 state budget request, as follows:

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 FY 2018 state appropriation to the University includes a one-time amount of \$10,000,000 thus creating an overall decrease of state appropriation of the same amount for FY 2019; and

WHEREAS, the University allocated the \$10,000,000 one-time appropriation in FY 2018 to one-time repair and renovation projects throughout all the campuses; and

WHEREAS, the incremental new appropriation would be used in the FY 2019 budget to hold resident undergraduate tuition rates on all campuses flat – equal to the rates approved by the Board of Regents for FY 2018,

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the University's Supplemental 2018 State Budget Request to the Minnesota Legislature in the amount of \$10,000,000 in recurring funds from the State of Minnesota.

Regent Beeson offered his support, stating that he views the request as reasonable given the projected state surplus. He highlighted the University's recent record, citing the very modest increases in resident undergraduate tuition. He added that keeping resident tuition increases low is a hallmark of the Kaler administration.

Regent Cohen expressed her support for the request. She highlighted the resident undergraduate trend since 2012 as helping Minnesota students and families, and characterized the request as being of great service to the state.

Regent Hsu offered his support for the goal of freezing resident undergraduate tuition, but suggested that the University should be able to freeze tuition on its own and use any additional investment from the state to reduce tuition.

Hsu moved the following amendment to the resolution:

WHEREAS, the incremental new appropriation would be used in the FY 2019 budget to ~~hold~~ reduce resident undergraduate tuition rates on all campuses ~~flat—equal to~~ below the rates approved by the Board of Regents for FY 2018,

The amendment was seconded.

Regent Anderson explained that while he supports the idea of reducing resident undergraduate tuition, he will vote against the amendment. He suggested the full Board consider the merits of this approach at a time when all Regents are present.

Cohen expressed her opposition to the amendment.

Regent Johnson noted that this meeting is not the time to discuss reducing tuition, and that he will vote against the amendment.

Regent Powell offered his support for freezing tuition, noting that the administration studied this option and has expressed confidence in obtaining the funding. He suggested that today's action does not preclude the Board from considering a tuition reduction later.

In response to a question from Regent Rosh, Associate Vice President Tonneson explained that the \$10 million from the first year of the biennium was used for one-time repair and renovation projects across the system.

Rosha commented that since the \$10 million from the first year of the biennium was not used to supplement tuition revenue, the Board has more flexibility for the request if it is funded. He noted that in his view, the Board is on the same page in seeking to increase affordability for resident undergraduates, and that the debate is focused more on the strategy to achieve that goal.

Rosha offered his support for the amendment, stating that it better positions the request for success with the legislature. He noted that many legislators feel that the University should be able to freeze resident undergraduate tuition on its own. He cautioned that legislators might view the request as removing the pressure on the University to create new efficiencies and control costs to freeze tuition on its own. He proposed reframing the request with that message.

Rosha referenced previous disagreement with Regent Sviggum on the size of legislative requests. He reiterated his concern that the University's request may put it at a disadvantage when compared with Minnesota State's request for \$31 million.

Kramer responded that the legislature's practice with capital requests is to apply an across-the-board percentage decrease. He suggested that based on conversations with legislative leadership, the University's request is being viewed as reasonable in that it seeks to restore lost funding. He offered that Minnesota State's strategy could backfire.

Rosha stressed that if the University does not receive the \$10 million, it does not mean that resident undergraduate tuition must be increased. Instead, he suggested the University continue to work toward affordability for Minnesotans regardless of the outcome of the request.

Regent Sviggum expressed his support of the President for bringing the request to the Board. He offered that he views it as new funding since the legislature did not to allocate the additional \$10 million when it passed the biennial budget. He suggested that the University could and must do better to control costs, and will may have to do something dramatic to do so. He added that the content of the amendment is more appropriate for the budget discussion in May, but is a step in the right direction.

Hsu stated that he does not view the request as the best strategy to obtain the additional funding. He agreed with Rosha that the legislature could view the request as the University not taking responsibility to control costs. He shared his view that he has not observed much progress in cost control since last summer. Hsu suggested the legislature is waiting for the University to cut costs before providing new funding.

Omari called for a roll call vote on the Hsu amendment. The vote was as follows:

Regent Anderson	No
Regent Beeson	No
Regent Cohen	No
Regent Hsu	Yes
Regent Johnson	No
Regent Lucas	Absent
Regent McMillan	Absent
Regent Powell	No
Regent Rosha	Yes
Regent Simmons	Absent
Regent Sviggum	Yes
Regent Omari	Yes

Four votes were cast in favor of the motion and five votes were cast against the motion. The Hsu amendment failed.

Sviggum stated his concern with asking for the \$10 million as recurring funding. He offered his preference not to create a tail in an out biennium, noting that the state budget forecast showed only a modest structural balance going forward. He wondered if not requesting it as a recurring appropriation increases the possibility of success.

Kramer responded that requesting the \$10 million to be recurring strengthens the University's position going forward. He noted that the University's base funding will be set by the previous biennium. He suggested that having the \$10 million as recurring means that any cuts will start from a higher total appropriation. Sviggum reiterated his view that recurring language puts the request in a weaker position with the legislature. Kaler explained that it is worth asking for the \$10 million to be recurring as a starting point. He noted that the University can always adjust its position.

Beeson emphasized that the lack of consistent increases by the State of Minnesota over the past 12 years is the main issue. He noted the University's patience in seeking additional funding and that it is reasonable to ask for recurring money. Sviggum responded that the University received an increase in the first year of the biennium.

Anderson noted that just because the University asks for the funds to be recurring does not mean it will happen. He suggested that the University could still secure the funds as a one-time appropriation. Kramer agreed, adding that he prefers to ask for the funding as recurring given that consistently securing funding as one-time appropriations is more difficult.

Hsu stated that the Board and administration need to take a serious look at forming the FY 2019 operating budget, regardless of any supplemental funding. He urged the Board not to automatically consider increasing tuition if the state does not provide the additional funding.

Omari called for a roll call vote on the resolution as presented. The vote was as follows:

Regent Anderson	Yes
Regent Beeson	Yes
Regent Cohen	Yes
Regent Hsu	No
Regent Johnson	Yes
Regent Lucas	Absent
Regent McMillan	Absent
Regent Powell	Yes
Regent Rosha	Yes
Regent Simmons	Absent
Regent Sviggum	Yes
Regent Omari	Yes

Eight votes were cast in favor of the resolution and one vote was cast against the resolution. The resolution related to the supplemental 2018 state budget was approved.

The meeting adjourned at 3:36 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
March 23, 2018**

A meeting of the Litigation Review Committee of the Board of Regents was held on Friday, March 23, 2018 at 8:00 a.m. in Room 398, University Square, University of Minnesota Rochester.

Regents present: Richard Beeson, presiding; Thomas Anderson, Michael Hsu, Dean Johnson, Peggy Lucas, David McMillan, Abdul Omari, Darrin Rosha. Steven Sviggum participated by phone.

Staff present: President Eric Kaler; General Counsel Douglas Peterson; and Executive Director Brian Steeves.

Others present: Sarah Dirksen, Tim Pramas, and Jon Steadland.

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on Thursday, February 8, 2018 at 11:00 a.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *Shannon Miller, Jen Ranford and Annette Wiles v. The Board of Regents of the University of Minnesota*

The committee voted unanimously to adopt the resolution and the public portion of the meeting ended at 8:01 a.m.

The meeting adjourned at 8:52 a.m.



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

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
March 23, 2018**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, March 23, 2018 at 9:00 a.m. at Phillips Hall in the Siebens Building at the Mayo Clinic in Rochester.

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

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, Lori Carrell, and Mary Holz-Clause; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Michael Berthelsen, Matt Kramer, and Allen Levine; Interim Vice President Jakub Tolar; General Counsel Douglas Peterson; Executive Director Brian Steeves; Associate Vice Presidents Claudia Neuhauser, Julie Showers, and Michael Volna.

INTRODUCTIONS

Chancellor, University of Minnesota Rochester

President Kaler introduced Lori Carrell, Chancellor, University of Minnesota Rochester, who began her appointment on February 12, 2018. She briefly addressed the Board.

APPROVAL OF MINUTES

The Board voted unanimously to approve the following minutes as presented in the docket materials:

Mission Fulfillment Committee – February 8, 2018
Audit & Compliance Committee – February 8, 2018
Litigation Review Committee – February 8, 2018
Finance & Operations Committee – February 8, 2018
Governance & Policy Committee – February 9, 2018
Board of Regents – February 9, 2018

REPORT OF THE PRESIDENT

President Kaler reported on several items, including the \$10 million supplemental legislative request; highlights from his departmental visits; updates on the Driven campaign; several NCAA team successes; and the formation of the Commission on College Basketball.

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

REPORT OF THE CHAIR

Regent McMillan offered examples from the Board's March agenda that demonstrate how the Board is working to achieve its priorities, including a vision for an integrated academic medical enterprise and the goal to complete a systemwide strategic plan that incorporates an academic investment strategy and long-term financial framework.

McMillan congratulated the UMD men's hockey team and the Gopher women's basketball team for advancing to the NCAA tournaments. He also shared highlights of the Board's tour of the UMR campus the previous day.

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

RECEIVE AND FILE REPORTS

Regent McMillan noted the receipt and filing of the Quarterly Report of Grant and Contract Activity, the Eastcliff Annual Report, and the Finance & Operations Committee Information Items – Real Estate Transactions.

CONSENT REPORT

Regent McMillan presented for review and action the Consent Report as described in the docket materials, including:

- Gifts
- Finance & Operations Committee Consent Report
- Report of the All-University Honors Committee

McMillan added that two employment contracts not in the report today will be addressed at a later time. He also noted two items that were added to the report, and invited President Kaler to address the first. Kaler reported that Don Lucia will step down as head coach of the men's hockey team, and will work as a special assistant to Athletics Director Mark Coyle through the end of the 2018-19 academic year. He explained that this requires an amendment to Lucia's existing contract. McMillan called on Provost Hanson, who summarized the recommendation for Gary Anderson to serve as Dean of the School of Dentistry, effective March 26, 2018 through Dec 31, 2019.

Regent Johnson offered his support of Anderson's appointment, and noted that four different dentists at the University had spoken in support of Anderson as well. Johnson asked Kaler whether Lucia's amended contract includes a fundraising goal. Kaler responded that the overall fundraising goal for the Mariucci Arena renovation is approximately \$1.5 million, and that he is confident in Lucia's fundraising capacity.

Johnson expressed his support for the amendment.

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

REPORT OF THE STUDENT REPRESENTATIVES TO THE BOARD OF REGENTS

Regent McMillan invited Student Representatives to the Board of Regents Joshua Preston, Chair, and Alexandra Ulland, Vice-Chair, to share the report of the student representatives, as detailed in the docket.

Preston and Ulland walked through the report, noting that it offers perspectives on four topics of concern to University students: improving diversity/inclusion and disability services, student inclusion; student information privacy; consistency in credit transfer between campuses; and corporate social responsibility of University suppliers

President Kaler thanked the students for their research and advocacy. He stressed his commitment to diversity/inclusion and disability services, and pointed to increased staffing and other concrete steps being taken to address these issues. He reported that a University group is exploring ways to increase student information privacy, coupled with efforts to educate students on data privacy. He outlined plans to create guides that will explain equivalencies between courses across campuses. Kaler also expressed agreement with the students' suggested supplier code, noting that while there is no formal code currently in place, the University does factor in supplier ethics when reviewing RFPs. He noted discussions of creating a more formal code of conduct.

McMillan thanked the student representatives for their thoughtful and comprehensive report.

Regent Omari expressed appreciation for the research around challenging issues, noting that the data privacy discussion has been ongoing since he was a student. He recalled the case study with Aramark and asked Kaler about the process for evaluating ethics during the RFP period when Aramark was initially chosen. Kaler invited Associate Vice President Volna and Vice President Berthelsen to speak to the specifics.

Volna reiterated Kaler's explanation that the RFP process currently includes an evaluation of ethical standards, and added that they envision incorporating more formal guidelines into the process in the future.

Omari responded that he was glad to learn that there was more than one bidder in the RFP process.

Regent Beeson emphasized that many recommendations from student representatives have been adopted, and gave the example of student mental health resources. He commented that corporate social responsibility is an issue across other industries, and noted he is glad to see the specific recommendations from the students because he believes work like this has the capacity for real impact.

McMillan noted that the chair and vice chair of the Governance and Policy Committee are in attendance, and emphasized that such recommendations can help shape the administration and Board's approach.

Regent Rosha expressed appreciation for the breadth and sophistication of the report. He recalled conversations in recent years about access to student information, and added his appreciation for the students' perspective on the issue. He expressed surprise regarding the reemergence of credit transfer issues, and asked for more details. Rosha referenced recent conversations about the student code of conduct and the issue of student group accountability when hosting events, noting that he looks forward to continuing those conversations with students.

Preston responded that the students are committed to getting the Board more details on the credit transfer issues. He also pointed to student turnover as a possible reason for some of the issues that Omari and Rosha referenced.

Regent Lucas thanked the students for a great report.

Regent Anderson referenced the influence of past reports in changing approaches on subjects such as financial literacy and mental health issues. He pointed to the difficulty of defining

social responsibility for suppliers and investments but stressed that it is an important issue. He emphasized the importance of diversity at the University, and advocated for geographic diversity to be included in future conversations. Preston and Regent Cohen concurred with the importance of geographic diversity.

Regent Sviggum thanked the students, and urged consideration of balancing choices being made and the effect on tuition increases and student debt.

Regent Hsu asked the students for feedback on the University's progress on sexual assault policy and mental health services.

Student Representatives Apoorva Malarvannan and Mina Kian approached the table. Malarvannan stated that on the Twin Cities campus, the Aurora Center has done a great job of responding to cases of sexual assault despite the challenges of operating in a deficit. She highlighted several upcoming awareness-raising campaigns. Kian added that the Minnesota Student Association is drafting a resolution in support of the Aurora Center's request for additional staffing, and a new program for reporting incidents of sexual violence on the Twin Cities campus.

SYSTEMWIDE STRATEGIC PLAN: RESEARCH & DISCOVERY

Regent McMillan invited Vice President Levine to present the second of five systemwide strategic planning presentations, as detailed in the docket.

President Kaler reported that he is pleased with the progress and timeline of the systemwide strategic plan. He shared a draft vision statement and invited feedback. He outlined the phases of work that will lead up to the finalization of the plan in fall 2018.

Levine presented the process for assembling the systemwide strategic framework, and summarized the approach and process for selecting priorities. He detailed the results of a comprehensive SWOT analysis of the University, and explained how the analysis was translated into recommendations. Levine explained that in the research and discovery phase, the team was charged with establishing the systemwide strategic priorities in four categories: internal research and entrepreneurial support funding, research talent recruitment and retention, technology commercialization and economic development, and interdisciplinary research centers and institutes. He described the MnDRIVE program as a model for how to address future priority areas.

McMillan asked Kaler and Levine to consider how to reconcile priorities that are important to the state with the University's limited resources.

Regent Rosha asked about the level of detail in the final report. He called the University's research mission a unique asset in terms of return on investment for the state of Minnesota, and asked the team to keep that in mind as they move forward.

Regent Cohen noted the particular importance of MnDRIVE and emerging priorities.

Regent Anderson advocated for an inventory of lab equipment so faculty and staff can see the equipment that is available to them instead of purchasing it. Levine responded that his team is working on creating a map with this type of inventory so equipment can be easily located and shared.

Regent Omari pointed out that MnDRIVE led to the creation of new jobs, which is a positive outcome. He asked Levine if the final report will include detail on the staffing and funding

needs of the identified priorities. Levine responded that the final report will contain those recommendations, and that research on existing strengths and needs has already taken place.

VISION FOR UMR

Regent McMillan invited Chancellor Carrell to report on the vision for University of Minnesota Rochester (UMR), as detailed in the docket.

President Kaler thanked Carrell for hosting the Board in Rochester, and welcomed her as the new Chancellor of UMR.

Carrell thanked the Regents for coming to Rochester, and for the opportunity to highlight the work being done at UMR. She emphasized that the focus of UMR is healthcare, and noted that Rochester is the perfect setting due to its shared commitment to care and innovation. She described the context of a rapidly growing and thriving city as the ideal location for this growing system campus. Carrell highlighted several stories of UMR students who are driven to solve today's health challenges. She described the obstacles that underrepresented students face, and the commitment of UMR to seek solutions to these problems. She also briefly described the campus's strategic growth plan.

McMillan thanked Carrell, noting the campus has had a strong past and expressing confidence in its future.

Regent Lucas congratulated Carrell on creating a strong foundation for a bright future at UMR.

Regent Beeson thanked Carrell. He emphasized the excitement and energy that was apparent during the campus visits and presentations yesterday. He applauded the administration's strong focus on healthcare, and suggested considering exploring the management side of healthcare in future years.

Carrell thanked Regents McMillan and Beeson, and reiterated that UMR will continue to focus on healthcare.

Regent Rosha recalled the time before UMR was created and applauded UMR's vision in creating a successful healthcare partnership. He noted that UMR's small size has advantages because it can be nimble, and disadvantages because it has the potential to limit the scope of work. He encouraged UMR to explore new opportunities, and not be limited by trying to keep the campus small. He stated that he is curious about campus plans for expanding in other areas such as business or hospitality, and listening to the community's needs regarding partnership and education.

Carrell emphasized the ongoing commitment to working with community groups to identify needs and priorities at UMR.

Regent Hsu observed how important the local community is to the success of UMR, and acknowledged the presence of many elected officials and community members over the past two days. He noted that many students go on to work at the Mayo Clinic, which may be one of UMR's best kept secrets. He referenced stories of high school students moving to Rochester to take advantage of the PSEO program at UMR specifically for that reason. He added that he looks forward to seeing the progress of the optimal size project to attract more students, and bringing best practices from UMR's teaching methods to other areas of the University.

M HEALTH

Regent McMillan invited Interim Vice President for Health Sciences Tolar to provide an update on M Health, as detailed in the docket. He also noted that Regent Johnson left the meeting to travel back to Willmar, but is still present by phone.

President Kaler emphasized the priority of this clinical enterprise and the hard work that has gone into deciding the future of M Health.

Tolar detailed the importance of clinical care, one of several pillars of the University system. He added that seven out of 10 physicians in Minnesota are trained by the University. He noted the importance of being economically viable, stating that the best way to do so is to partner with a healthcare system that has the bandwidth to support academic medicine. Tolar recalled that the relationship with Fairview began in 1996 with a 30-year agreement but that it has not progressed as planned. He reminded the Board that in 2013 the University and Fairview attempted to address issues by initiating the M Health agreement for a five-year term, but that will end on May 31, 2018. He outlined the qualities that the University is seeking in a future partner, and summarized the importance of the University healthcare system in providing the workforce, education and medical providers that are critical to the state.

Regents McMillan, Cohen and Lucas thanked Tolar for his work.

Regent Beeson applauded Tolar for the urgency with which this issue is being handled, and for identifying opportunities for growth, cost savings, and branding.

Rosha noted that a critical hurdle in reaching a successful long term agreement is aligning two different missions. He stressed that he will be watching closely to ensure that any future partnership is a true melding of missions, not leaning in the direction of the academic medicine model. He thanked Tolar for his energy and ingenuity. Tolar assured Rosha that he is realistic in his expectations for setting up a good blueprint for success.

Regent Hsu reiterated that they must produce an agreement by May 31, 2018, and that failing is not an option. He estimated that the University and Fairview are mostly in sync, but off by a few percentage points.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Beeson, chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on March 23, 2018. At this meeting, a resolution was considered and adopted that authorized the closing of the meeting. In the closed meeting, discussion was held on matters subject to the attorney-client privilege.

The meeting adjourned at 11:47 a.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary