

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

**October 13-14, 2011
October 31, 2011**

Office of the Board of Regents

600 McNamara Alumni Center

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Minutes of the Board of Regents Meetings
and Committee Meetings

October 13-14, 2011
October 31, 2011

	PAGE
I. Committee Meetings	
A. Faculty, Staff & Student Affairs Committee - October 13, 2011-----	56
B. Facilities Committee - October 13, 2011-----	59
C. Finance & Operations Committee - October 13, 2011-----	62
D. Educational Planning & Policy Committee - October 13, 2011-----	65
II. Board of Regents Work Session - October 14, 2011	
A. The Landscape of Higher Education-----	69
III. Board of Regents Meeting - October 14, 2011	
A. Introduction of Dean, Humphrey School of Public Affairs-----	71
B. Approval of Minutes-----	71
C. Report of the President-----	71
D. Report of the Chair-----	72
E. Receive and File Reports-----	72
F. Approval of Consent Report-----	72
1. Appointments: University of Minnesota Foundation Board of Trustees	
2. Report of the All-University Honors Committee	
3. Gifts	
4. Audit Committee Consent Report	
G. Approval of Resolution Related to 2012 State Capital Budget Request-----	74
H. Approval of Resolution Related to <i>University Plan, Performance & Accountability Report</i> --	74
I. Overview: Scope, Size, and Mission: The Report of the Enrollment Management Committee-----	75
J. Report of the Facilities Committee	
1. Approval of Capital Budget Amendment-----	77
A. Cardiology Department Building/Infrastructure Systems Upgrade – VCRC 2 nd Floor (UMTC)	
2. Real Estate Transactions Threshold Report-----	77
K. Report of the Faculty, Staff & Student Affairs Committee	
1. Approval of Revised Consent Report-----	78
2. Freshman Class Strengths Finder Assessment-----	78
3. Active Learning Environments-----	78
4. Information Items-----	78
L. Report of the Finance & Operations Committee	
1. Approval of Consent Report-----	78
2. Approval of Resolution Related to: Issuance of Debt-----	78
3. Issues Related to: Long Term Financial Planning, Part I-----	80
4. Enterprise Financial Systems Update-----	80
5. Issues Related to: Enterprise Systems Upgrade-----	80
6. Information Items-----	80
M. Report of the Audit Committee	
1. No meeting this month-----	80
N. Report of the Educational Planning & Policy Committee	
1. Approval of Revised Consent Report-----	81
2. Scope, Size, and Mission: The Report of the Enrollment Management Committee---	81
5. Information Items-----	81
O. Report of the Litigation Review Committee	
1. No meeting this month-----	81
IV. Litigation Review Committee - October 31, 2011	
A. Resolution to Conduct Non-Public meeting of the Litigation Review Committee-----	82

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

October 13, 2011

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, October 13, 2011 at 9:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons presiding; Richard Beeson, Linda Cohen, David McMillan, Maureen Ramirez, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellors Jacqueline Johnson and Stephen Lehmkuhle; Senior Vice President & Provost E. Thomas Sullivan; Senior Vice President Robert Jones; Vice President Kathryn Brown; and Deputy Director Brian Steeves.

Student Representatives present: Kristen Kranzler and Abdul Omari.

FRESHMAN CLASS STRENGTHS FINDER ASSESSMENT

Vice President Brown invited Robert McMaster, Vice Provost and Dean for Undergraduate Education and Gerald Rinehart, Vice Provost for Student Affairs, to present information on the Freshman Class Strengths Finder Assessment for Twin Cities students, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Rinehart explained that this tool identifies an individual's strengths that can be utilized and honed to achieve excellence. He noted that the Strengths Finder Assessment is used by one million students on over 600 campuses and is the result of 30 years of Gallup research. The purposes of this tool are to:

- Develop individual talents;
- Develop effective teams; and
- Develop successful organizations.

McMaster elaborated that by identifying their areas of strength, students can select majors and college jobs that provide opportunities to further develop their strengths by following their talents.

In response to questions from several Regents, Rinehart clarified that the tool is designed to anticipate development, so that the strengths it identifies are very consistent across time. He also indicated that cultural bias is taken into account through its use in 26 languages and over 50 countries and noted that the University's assessment of the tool will include a cross-cultural examination.

In response to a question from Regent Sviggum, Rinehart addressed the cost involved with this project, which is funded through monies from the University's agreement with Coca-Cola. The intent of this money is to enrich the student experience.

Regent Simmons invited Student Representatives Kranzler and Omari to provide their thoughts. Kranzler indicated that she has taken the Strengths Finder Assessment several times and has found the talent themes it identified helpful when selecting classes and workshops. Omari suggested that students should be involved with the planned research aspect of this project.

ACTIVE LEARNING ENVIRONMENTS

Vice President Brown asked Robert McMaster, Vice Provost and Dean, and David Langley, Director, Center for Teaching and Learning, to provide an overview of active learning environments, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

McMaster explained that the Science Teaching and Student Services (STSS) Building and the undergraduate programs it supports have attracted national attention. STSS seats 1,639 students in 17 classrooms, 10 of which are Active Learning Classrooms (ALCs). The active learning environment places students in groups utilizing interactive workstations, providing constant communication with the instructor and other students. Through the use of linked computer monitors, students can submit ideas for discussion and the instructor oversees and directs the class towards points of interest.

Langley shared a video illustrating the ALC environment. He noted that teaching in an ALC requires faculty to shift their role from being primarily transmitters of information to becoming designers of learning experiences. He reported that students in ALCs, when compared with students taught in traditional classrooms:

- Improve their problem-solving;
- Increase their conceptual understanding;
- Show better attitudes towards learning; and
- Have reduced drop/fail/withdraw rates.

In response to questions from the committee, McMaster indicated that it will take time and resources to expand the ALC format, and the University needs multiple modes of education, including traditional lecture-style. He added that hybrid models of online and ALC education could also be beneficial.

LEARNING ENVIRONMENTS AT UNIVERSITY OF MINNESOTA ROCHESTER (UMR)

Vice President Brown invited Chancellor Lehmkuhle and Claudia Neuhauser, Vice Chancellor for Academic Affairs, to present information on learning environments at University of Minnesota Rochester (UMR), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Neuhauser provided an overview of the learning strategies at UMR, noting that UMR does not have individual departments, but rather a single academic unit called the Center for Learning Innovation (CLI). UMR's model of education contains an integrated and concept-driven curriculum, encouraging students to communicate and collaborate

in a group setting. Neuhauser explained that these strategies support continuous improvement and successful student outcomes, as measured through assessment and analysis.

In response to questions from the committee, Neuhauser reported that student classroom attendance is close to 100 percent at UMR and attributed this to student enjoyment with learning something new and being able to immediately apply it. Lehmkuhle added that this environment is teaching students the process of acquiring their own information, which will be an increasingly valuable skill-set in the future.

In response to a question from Regent Ramirez, Neuhauser stated that online learning is a good option for non-traditional students, however traditional students would benefit more from the ALC environment where comments and questions can be verbalized. She expressed the belief that the University needs a range of learning environment options.

CONSENT REPORT

Vice President Brown welcomed President Kaler to present for action the Consent Report, which included the following item:

- Appointment of Dr. Karen Hanson as senior vice president for academic affairs and provost.

Kaler provided a brief summary of Hanson's credentials and qualifications.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

Vice President Brown referred the committee to the information items contained in the docket materials, which included:

- Personnel highlights;
- University highlights;
- Faculty and staff activities and awards; and
- Student activities and awards.

The meeting adjourned at 11:25 a.m.



BRIAN R. STEEVES
Deputy Director

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

October 13, 2011

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, October 13, 2011 at 10:30 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Clyde Allen, Laura Brod, Venora Hung, and David Larson. Regent John Frobenius participated via telephone.

Staff present: President Eric Kaler; Chancellor Charles Casey; Vice Presidents Kathleen O'Brien and Richard Pftzenreuter; Associate Vice President Michael Perkins; and Deputy Director Brian Steeves.

Student Representatives present: Kathryn Holmquist and Molly Tomfohrde.

CAPITAL BUDGET AMENDMENT

A. Cardiology Department Building/Infrastructure Systems Upgrade – VCRC, Twin Cities Campus

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

On the recommendation of the President and the Vice President for University Services, the FY 2012 Capital Budget is amended to include the following project:

Cardiology Department – Building/Infrastructure System Upgrade – VCRC 2nd Floor, Twin Cities Campus

Scope of Project: Renovate approximately 5,300 gross square feet of the 2nd Floor of the VCRC, Twin Cities Campus, to include 81-seat conference room, select faculty offices, HVAC equipment and ADA improvements.

Master Plan: No Impact to the Campus Master Plan

Cost Estimate: \$856,000

Capital Funding: Department of Medicine

O'Brien reminded the committee that the amendment to the FY 2012 Capital Budget had been reviewed at the September 2011 committee meeting.

The committee voted unanimously to recommend approval of the Capital Budget Amendment for the Building/Infrastructure System Upgrade for the VCRC 2nd Floor, Twin Cities Campus.

REAL ESTATE TRANSACTION THRESHOLD REPORT

Susan Weinberg, Director of Real Estate, presented issues related to the Real Estate Transaction Threshold Report as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Weinberg explained the recommendation to increase the threshold for real property purchased and sales from \$250,000 to \$1,250,000, and the initial term amount threshold for real property, easements and other interests in real property to \$1,250,000. Weinberg stated that based on current Board of Regents meeting schedule, if the thresholds were raised the committee would take action on a transaction approximately once every other meeting. She noted that a thorough examination of peer institutions revealed that many different models were in use.

Vice President O'Brien commented on the permanent easements that were granted to the University of Minnesota, Metropolitan Council, City of Minneapolis and the City of St. Paul on Washington Avenue and University Avenue.

In response to questions from the committee, Weinberg reported that in the future few easements would require committee action, allowing the committee to dedicate more time to policy issues.

President Kaler indicated that raising the transactions threshold was needed to streamline business practices.

O'Brien stated the committee will review policy language at a future meeting.

CONSENT REPORT

There are no Consent Report items this month.

INFORMATION ITEMS

Vice President O'Brien referred committee members to the Information Item:

- Ceremonial groundbreaking of Physics and Nanotechnology Building on the Twin Cities campus.

Vice President O'Brien noted that committee members would receive a notification for the Guaranteed Maximum Price and Final Project Review of the Physics and Nanotechnology Building prior to the next meeting of the committee. She stated that construction would commence prior to the Board meeting in December.

President Kaler described the potential of nanotechnology in both research and commercial applications, and the role of the University of Minnesota in this field now and in the future.

The meeting adjourned at 11:01 a.m.

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

BRIAN R. STEEVES
Deputy Director

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance & Operations Committee

October 13, 2011

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, October 13, 2011 at 3:00 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Venora Hung, presiding; Clyde Allen, Richard Beeson, Linda Cohen, and Steve Sviggum. John Frobenius participated via phone.

Staff present: President Eric Kaler; Chancellors Charles Casey and Jacqueline Johnson; Vice Presidents Tim Mulcahy, Kathleen O'Brien and Richard Pfutzenreuter; Interim Vice President Ann Hill Duin; Associate Vice Presidents Beth Nunnally, Julie Tonneson and Mike Volna; and Deputy Director Brian Steeves.

Student Representatives present: Madeleine Hammerlund and James Rook.

RESOLUTION RELATED TO ISSUANCE OF DEBT

Vice President Pfutzenreuter and Carole Fleck, Director, Debt Management, provided an overview of the Resolution Related to Issuance of Debt, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Pfutzenreuter described the project list totaling \$61,000,000. Fleck explained the competitive process for determining the recommendation of an underwriter and noted the selection criterion includes competitive pricing and pricing guarantees.

In response to a question from the committee, Fleck stated that the total debt of the University is approximately \$1.2 billion and Pfutzenreuter noted that the University's debt service limit is 3 percent of the operating budget.

ISSUES RELATED TO: LONG TERM FINANCIAL PLANNING, PART I

Vice President Pfutzenreuter asked Lincoln Kallsen, Director of Financial Research, to discuss issues related to long term financial planning. Kallsen outlined the framework and noted that the forecasting reflects a realistic level of state appropriations. He described capital investment drivers and cost containment approaches, noting that the largest University cost drivers are faculty/staff, capital investments, and technology investments.

In response to questions from the committee, Pfutzenreuter stated that the goal of this project is to create a multi-year plan with a clear and concise framework.

ENTERPRISE FINANCIAL SYSTEM (EFS) UPDATE

Vice President Pfutzenreuter and Associate Vice President Tonneson provided an overview of the EFS update, indicating that the areas of focus are:

- Financial reporting enhancements;
- Ongoing system technical improvements; and
- Complex systems architecture and foundational design consideration.

In response to questions from the committee, Pfutzenreuter stated that although business process issues are still being addressed, financial reporting has improved.

ISSUES RELATED TO: ENTERPRISE SYSTEMS UPGRADE

Interim Vice President Hill Duin, described issues related to the Enterprise Systems upgrade and noted the challenges and opportunities within this upgrade are:

- Integration and complexity;
- Continual maintenance;
- Effort to upgrade technology; and
- Effort to upgrade business processes.

Customizations are expensive but also increase value to the University through more streamlined functionality. Consultation with University governance groups will help determine next steps in this process.

In response to questions from the committee, Hill Duin noted that customizations are difficult to maintain and sustain over time and noted that they are investments, which give added value to the University.

CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

A motion was made and seconded to recommend approval of the Consent Report, which included:

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

- To Ancestry.com for \$2,072,000 for a digital index license agreement and the transcription of information of 132 million individuals in the U.S. Census of 1940, over the period of April 2, 2012, to March 31, 2015, for the Minnesota Population Center. The Minnesota Population Center is submitting three federal grants to pay for the

data transcription. The agreement with Ancestry.com states that this agreement will be modified if the grants are not awarded (in whole or in part). The first of the three grants has been reviewed with outstanding scores from the National Institute of Aging and the University anticipates it will be funded.

Approval of Underwriter

- The Treasurer proposes engaging Wells Fargo Bank, N.A., as the Underwriter for the issuance of general obligation bonds during FY2012.
- The firm was selected as a result of a competitive bid process.
- The evaluation and selection process resulted in the recommendation of Wells Fargo Bank, N.A., in light of their apparent understanding of the University's financing and objectives; the degree to which their proposal met the University's expectations for service to be provided; their competitive quoted price; and their pricing guarantee.
- Expected underwriter's discount assuming \$61,000,000 in proceeds to be received upon the sale of bonds is estimated to be approximately \$118,200.

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

INFORMATION ITEMS

Vice President Pfitzenreuter referred the committee to the information item contained in the docket materials:

- Quarterly Investment Advisory Committee Update.

The meeting adjourned at 4:32 p.m.



BRIAN R. STEEVES
Deputy Director

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

October 13, 2011

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, October 13, 2011 at 3:00 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Maureen Ramirez, presiding; Laura Brod, Dean Johnson, David Larson, David McMillan, and Patricia Simmons.

Staff present: Chancellors Jacqueline Johnson and Stephen Lehmkuhle; Senior Vice President & Provost E. Thomas Sullivan; Associate Vice President Sharon Reich Paulsen, and Deputy Director Brian Steeves.

Student Representatives present: Terrance Paape and Chantal Wilson.

**SCOPE, SIZE, AND MISSION:
THE REPORT OF THE ENROLLMENT MANAGEMENT COMMITTEE**

Senior Vice President & Provost Sullivan introduced Robert McMaster, Vice Provost and Dean of Undergraduate Education, and Kathryn VandenBosch, Professor of Plant Biology, to present the report of the Enrollment Management Committee. The committee was charged in May 2010 with developing principles and recommendations related to undergraduate, graduate, and professional enrollment at the Twin Cities Campus.

McMaster and VandenBosch reviewed the overarching principles developed by the committee, which include: maintain affordability; admit for success; support student success; incorporate ethnic, social, economic, and geographic diversity; provide a high-quality education and student experience; emphasize signature strengths; maintain adequate tuition revenues; give highest priority to degree-seeking students; and consider state, national, and global workforce needs. Additional principles were also identified specific to undergraduate, graduate, and professional enrollment.

Based on these principles, the committee came to the following recommendations:

- **Undergraduate**
 1. Moderately increase undergraduate enrollments to 32,000-33,000.
 2. Increase the number of students in STEM (science, technology, engineering, and math) fields.
 3. Maintain 2 to 1 ratio of new freshmen to transfer students.
 4. Continue to increase the numbers of students of color enrolled.

5. Maintain the proportion of new freshman undergraduate students from Minnesota at 60-65 percent, and increase the proportion from outside Minnesota and the reciprocity states to 15-20 percent.
 6. Continue to improve the academic profile of incoming students.
 7. Meet the current University goals for retention and graduate of freshmen and set goals for transfer students.
 8. Narrow the gap between the graduation rate of students of color and white students and increase the number of student of color graduates.
 9. Create stronger linkage between the Office of Undergraduate Education and the Post Secondary Enrollment Option (PSEO) program.
 10. Maintain University Honors Program at 550-600 students per year, 2,400 total.
 11. Expand opportunities for “fast track” entry into professional programs.
 12. Restructure and expand Access to Success (ATS) program.
 13. Create additional on-campus housing for undergraduate students.
 14. Appoint transfer student coordinator and establish a transfer assistance center.
- **Graduate**
 1. Set goals for graduate student outcomes and track progress for all graduate programs.
 2. Maintain the role of the Graduate School in providing incentives for program improvement and in monitoring and promoting quality.
 3. Provide programs with regular and systematic information concerning program performance that leads to high quality graduate programs.
 4. Establish an internal review process for Ph.D. programs that guides fiscal investment and enrollment targets.
 5. Provide financial augmentation and flexibility to Ph.D. programs deemed to be “outstanding.”
 6. Take action on programs deemed to “need reassessment.”
 7. Evaluate impacts of graduate enrollment changes on academic units as part of the compact process.
 8. Develop processes for evaluating professional masters and professional doctoral programs.
 9. Develop processes for evaluating post-baccalaureate certificate programs.

In response to questions from Regent Johnson, McMaster stated while the University has become increasingly selective, it has worked diligently to develop a network of contacts in the state’s high schools to communicate admission standards.

In response to a question from Regent Larson regarding development of a common process to evaluate graduate program success, VandenBosch explained that a University-wide process would be developed. She noted that several peer institutions, including Ohio State University, have already begun this process.

In response to a question from Regent Simmons related to determinants of the University's current size and scope, Sullivan indicated that the decentralized nature of the University of Minnesota led to an enrollment profile driven more by opportunity than by strategy. Sullivan added that the pace of program review needs to increase.

In response to a question from Student Representative Paape about reviews for new or recently established academic programs, VandenBosch suggested that those programs would likely not be rated in the same way, but could have benchmarks established to measure their progress.

CONSENT REPORT

A motion was made and seconded, and the committee voted unanimously to recommend approval of the following academic program changes, as described in the revised Consent Report:

- **New Academic Programs**
 - College of Continuing Education (Twin Cities Campus)—Create Master of
 - Professional Studies (M.P.S) degree in Integrated Behavioral Health
 - College of Liberal Arts (Twin Cities Campus)—Create History of Science, Technology, and Medicine minor
- **Changed Academic Programs**
 - College of Continuing Education (Twin Cities Campus)—Create Co-occurring Disorders track within the Addiction Studies Post-baccalaureate Certificate
 - School of Nursing (Twin Cities Campus)—Change name of the Psychiatric-Mental Health Clinical Nurse Specialist subplan to Psychiatric-Mental Health Nurse Practitioner within the D.N.P. degree
 - School of Nursing (Twin Cities Campus)—Change name of the post-master's certificate in Mental Health Clinical Nurse Specialist to Psychiatric Mental Health Nurse Practitioner
 - Swenson College of Science and Engineering (Duluth Campus)—Create Plan B (project) option within the M.S. degree in Civil Engineering
 - The College of Liberal Arts (Duluth Campus)—Change name of B.A.Sc. in Ojibwe Elementary/Middle School Education to Ojibwe Elementary School Education
- **Discontinued Academic Programs**
 - College of Science and Engineering (Twin Cities Campus)—Discontinue graduate-level minor in Software Engineering
 - College of Liberal Arts (Twin Cities Campus)—Discontinue History of Medicine minor
 - College of Liberal Arts (Twin Cities Campus)—Discontinue History of Science and Technology minor

INFORMATION ITEMS

Senior Vice President & Provost Sullivan referred the committee to the information items contained in the docket materials, which included:

- Enrollment data for Fall 2011 showing that the University of Minnesota system now has 69,221 students; and
- Freshman profile information for each campus.

The meeting adjourned at 4:38 p.m.



BRIAN R. STEEVES
Deputy Director

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Work Session

October 13, 2011

A work session of the Board of Regents was held on Thursday, October 13, 2011 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Clyde Allen, Richard Beeson, Laura Brod, John Frobenius, Venora Hung, Dean Johnson, David Larson, David McMillan, Maureen Ramirez, Patricia Simmons, and Steve Sviggum.

Staff Present: President Eric Kaler and Deputy Director Brian Steeves.

Regent Cohen introduced President Kaler to present information regarding the landscape of higher education and preserving excellence and access to the University of Minnesota, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Kaler explained that he would provide summary information related to the University's mission, cost and affordability, success in undergraduate education, financial aid and impacts of decreased state investment.

Kaler described the University's mission as a land grant research institution and explained how research, teaching, scholarly and artistic work shaped the University and state. He emphasized how the broad economic impact of the University could be felt in all regions of the state. Kaler cited the current reliance on undergraduate tuition dollars in the wake of decreasing state funding; referenced the increase in degree-seeking students system-wide over the last 15 years; and identified technology, new fields of study and an increased focus on undergraduate education as the primary cost drivers.

Kaler described increases in the average ACT and high school rank of freshmen at the Twin Cities campus in comparison to peer institutions. He addressed the percentage of students of color enrolled in the Twin Cities campus and as a percentage of ACT test takers. He also discussed the relationship between the cost of attendance, the Free Application for Federal Student Aid (FAFSA) and family income/contribution as the primary components of decisions related to student aid. He emphasized how the institution is consistent with national peers and in-state institutions as related to costs by family income level.

Kaler reviewed the landscape of institutions offering differential fees or tuition for selected programs; focused on the marketplace factors responsible; and concluded that the University is at a disadvantage in this area. Kaler provided current cost structure information regarding the Law School and Carlson School of Management.

A lengthy discussion ensued in which the following issues and questions were addressed:

- the relationship between differential tuition strategies and the cost of delivering educational products;
- the academic performance gap between minority and white students and the future impact to the Minnesota economy;
- the need to improve the Medical School as well as other graduate and professional programs;
- the appropriate number of degree programs offered;
- the impact of health and human services costs on higher education funding;
- the cost of online education; and
- the recruitment of out-of-state and international students.

Cohen thanked Kaler for his comprehensive presentation and recommended that Board members consider these issues during the coming months.

The work session adjourned at 2:40 p.m.



BRIAN R. STEEVES
Deputy Director

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

October 14, 2011

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 14, 2011 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Clyde Allen, Richard Beeson, Laura Brod, Venora Hung, Dean Johnson, David Larson, David McMillan, Maureen Ramirez, Patricia Simmons, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellors Charles Casey, and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Aaron Friedman, Timothy Mulcahy, and Kathleen O'Brien; Associate Vice Presidents Gail Klatt, Sharon Reich Paulsen, Donna Peterson, and Michael Volna; and Deputy Director Brian Steeves.

INTRODUCTION

Senior Vice President and Provost Sullivan introduced Eric Schwartz, newly appointed Dean of the Humphrey School of Public Affairs effective October 12, 2011. Schwartz briefly addressed the Board.

APPROVAL OF MINUTES

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

- Audit Committee – September 8, 2011
- Litigation Review Committee – September 8, 2011
- Finance & Operations Committee – September 8, 2011
- Educational Planning & Policy Committee – September 8, 2011
- Facilities Committee – September 8, 2011
- Faculty, Staff & Student Affairs Committee – September 8, 2011
- Board of Regents – September 9, 2011

REPORT OF THE PRESIDENT

President Kaler described a number of events that occurred during his inauguration the week of September 18, 2011. He noted that the ceremony reached thousands in the University and broader community through various social media and online viewing. He expressed his appreciation for all that was done to make his inauguration a memorable event for himself and his family.

Kaler reported on the appointment of Dr. Karen Hanson as Senior Vice President for Academic Affairs and Provost, pending Board approval at today's meeting. He noted Hanson is an alumna who brings a strong academic record and a disciplinary background in philosophy and the humanities to the institution. Kaler noted that Senior Vice President and Provost Sullivan has agreed to extend his appointment through January 2012, with Hanson joining the administration on February 1, 2012.

Kaler reported that he has convened regular meetings with an operational excellence working group of senior leadership to identify areas for cost reductions and operational improvements. He also reported on a number of community visits, visits to coordinate campuses, and meetings and events with members of the University, local, and business communities. He also provided an update on the *Driven to Discover* campaign, and previewed two new television commercials that will be aired in the coming weeks focusing on the student experience.

Kaler acknowledged the death of Judith Martin, Professor of Geography on October 3, 2011. He recognized her teaching, scholarly contributions, community leadership, and her service on the search for a new Senior Vice President for Academic Affairs and Provost.

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

REPORT OF THE CHAIR

Chair Cohen noted the inauguration of President Kaler on September 22, 2011, which highlighted Kaler's themes of excellence, access, efficiency, and philanthropy. Cohen distributed "I Met Dr. K" buttons, which had been handed out within the University community. She reported that several Regents participated in a ceremonial groundbreaking of the Physics and Nanotechnology Building recently; noted that Regents Simmons and Sviggum recently joined Kaler in Rochester for a community visit; and that Regent McMillan will participate in a community visit in Duluth later this month.

Cohen announced that the next regular meetings of the Board of Regents will be held December 8 and 9, 2011 on the Twin Cities campus. No regular Board meetings will be held in November.

RECEIVE AND FILE REPORTS

Chair Cohen noted that there are no reports for receipt and filing this month.

CONSENT REPORT

Chair Cohen presented the Consent Report, as described in the docket materials, including:

- Appointments: University of Minnesota Foundation Board of Trustees:
 - Appointment of Kendall J. Powell, chairman and CEO of General Mills, for a three-year term expiring 2014;

- Reappointment of The Honorable David M. Larson, retired executive vice president for Cargill, Inc. for a three-year term expiring 2014;
- Reappointment of Robert M.A. Johnson, retired Anoka County Attorney, for a three-year term expiring 2014;
- Report of the All-University Honors Committee recommendation forwarded in a letter from President Kaler dated October 5, 2011;
- Summary of Gifts through August 31, 2011;
- Audit Committee Consent Report, which contains action on the engagement of Deloitte & Touche LLP by the Office of Student Affairs, to perform agreed-upon procedures.

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

2012 STATE CAPITAL REQUEST

President Kaler and Vice President O'Brien presented for action the 2012 State Capital Request (Request) as detailed in the docket materials.

O'Brien stated that the development of the Request conforms to the principles used in the development of the most recent six-year capital plan, and include:

- Aligning the capital plan with established academic strategic positioning goals;
- Maintaining continuity of priorities from previous legislative requests, including the restoration of funding for vetoed projects included in the University's long-term capital plan;
- Protecting the University's financial position by keeping capital expenditures within projected debt capacity limits and controlling operating costs; and
- Investing in facilities and infrastructure that advance life safety, renewal, and preservation goals, and also optimize space utilization.

She noted that the Request was reviewed at the September 2011 Board meeting. All the requested projects advance following a rigorous review process that considers strategic plans, compacts, and facilities condition assessments.

O'Brien reported that the Request is in prioritized order based on the significance of the academic program, facilities improvements, and urgency in addressing the issues. The \$209 million Request is built on a combination of funds appropriated by the State (\$169.4 million) and resources committed by the University (\$39.7 million). She briefly described several projects in the Request, which included programmatic renovations, improvements, and new construction. She noted that the Higher Education Asset Preservation and Replacement (HEAPR) funds would be used system-wide to maximize and extend the life of existing facilities. O'Brien also reported that, since the Request was reviewed by the Board in September, it has been modified to postpone consideration of the Ambulatory Care Clinic (ACC). She noted that the ACC

continues to be a high priority, and currently has a team working to restructure the project, to ensure its operational feasibility.

A motion was made and seconded to approve the Resolution Related to the 2012 State Capital Request.

Regents Allen, Johnson, and Larson commented on communicating to the legislature the need for HEAPR funds since renovations and repairs are more costly if delayed. O'Brien added that HEAPR funds are flexible, and the institution is able to leverage those funds to make facility improvements.

Regent Sviggum commented that the Request is prudent, and the projects meet stated goals and are good investments for the institution. In response a question, Kaler indicated that this Request represents the institution's top priorities, and considering other funding options for the Old Main utility project that do not rely on State support would potentially create financial stress on the institution.

Regent Beeson indicated that he supports the Request, as most of the funds requested are for renovation of space along with decommissioning of buildings. Regent Brod indicated that she supports the Request, as it is practical and demonstrates a thoughtful and strategic approach by the administration to respond to changing priorities.

The Board of Regents voted unanimously to approve the Resolution as follows:

RESOLUTON RELATED TO THE 2012 STATE CAPITAL REQUEST

WHEREAS, the Board of Regents has directed the administration to annually submit a capital improvement budget and a 6-year capital improvement plan in support of the University's strategic priorities; and

WHEREAS, the Board of Regents 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 2012 State Capital Request to the Minnesota Legislature in the amount of \$209,115,000 consisting of \$169,410,000 from the State of Minnesota and \$39,705,000 from the University of Minnesota.

UNIVERSITY PLAN, PERFORMANCE & ACCOUNTABILITY REPORT

Senior Vice President and Provost Sullivan presented the 2011 *University Plan, Performance, and Accountability Report (Report)*, as detailed in the materials on file in the Board Office. Sullivan noted that the *Report* was reviewed at the September 2011 Board of Regents meeting, and the updated copy provided contains some minor changes and adjustments.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the resolution as follows:

**RESOLUTION RELATED TO
UNIVERSITY PLAN, PERFORMANCE,
AND ACCOUNTABILITY REPORT**

WHEREAS, the president of the University and the Board of Regents (Board) are entrusted with the responsibility in their oversight of the University to be good stewards of the public interest, resources, and facilities; and

WHEREAS, it is the responsibility of the Board, in cooperation with the president, to articulate the directions and priorities of the institution; identify and analyze the critical issues and challenges confronting the University; assess its operations; and evaluate the performance and success of its colleges and campuses; and

WHEREAS, it was resolved that the *University Plan, Performance, and Accountability Report* (Report) shall include the priorities of the institution; statistical profiles of the University at the campus level; selected statistics related to system trends; University-wide strategies to achieve goals; summaries of accomplishments and investments; progress in institutional performance measures; and summaries of special institutional studies and reports; and

WHEREAS, on the recommendation of the senior vice president for academic affairs and provost, the president of the University requests the Board accept the 2011 Report; and

NOW, THEREFORE, BE IT RESOLVED that the Board accepts the 2011 Report as submitted by the administration.

**OVERVIEW: SCOPE, SIZE, AND MISSION: THE REPORT OF THE
ENROLLMENT MANAGEMENT COMMITTEE**

Chair Cohen introduced Senior Vice President and Provost Sullivan, Robert McMaster, Vice Provost and Dean of Undergraduate Education, and Professor Kathryn VandenBosch, Plant Biology, to present an overview of the results of a report of the Enrollment Management Committee (Committee), as detailed in materials on file in the Board Office.

Sullivan reported that the Committee was charged in May 2010 with reviewing all aspects of Twin Cities campus enrollments and developing a long-term strategic enrollment plan. The report presented today outlines recommendations to the administration and the Board of Regents on how to ensure that the institution continues to advance toward excellence, financial access, and opportunities for undergraduate students, and to measure graduate programs to ensure that they enhance the institution's excellence objectives.

McMaster summarized general principles that guided the work of the Committee. He highlighted a number of findings from 2000-2010:

- Undergraduate enrollments have increased in certain colleges, and retention has improved;
- Graduate and professional enrollments trended upward during the first part of the past decade, then trended downward;
- Non-degree enrollments have trended downward, as the emphasis at the institution is on full-time students.

McMaster reported that the Committee discussed four scenarios for undergraduate enrollment stability or growth:

- No growth;
- Modest growth in science, technology, engineering, and mathematics, (STEM) areas, with offsetting reductions in other areas;
- Modest growth in STEM areas, and no changes in other areas; and
- Significant overall growth.

McMaster described how the Committee analyzed trends, financial considerations, potential declines in quality and class size, the ability to provide services, maintain student interest, and ensure student success with significantly expanded enrollment. He noted that after considerable discussion and analysis, the committee decided that modest growth in STEM areas with no changes in other areas was the best option for the University at this time. He indicated that there is increased interest of students in pursuing STEM careers, and noted that applications to STEM areas have increased significantly. He added that labor market forecasts indicate that the largest employment growth will be in the STEM areas.

McMaster described a number of ways the institution will continue to improve the academic profile of incoming students, meet current goals for freshman retention and graduation, and set goals for transfer students. He discussed enrollment, retention, and graduation data for students of color. He described the “Access to Success” program and summarized the Committee’s recommendations for its expansion and restructuring.

VandenBosch noted that enrollment management in Ph.D. programs differs from undergraduate enrollment management in that decisions are made locally, not centrally. She reported that, in comparison to its peers, graduate and professional enrollment on the Twin Cities campus continues to increase. She summarized enrollment by degree objective for 2000-2010, noting that most of the growth occurred in the first half of the decade. She explained that enrollment targets are influenced by qualifications of the applicant pool, available funding for student support, program capacity, and minimum numbers required for good cohort experience. She discussed 2010 National Research Council Rankings, and the quality and impact of Ph.D. programs of this institution. She noted that the data indicates that the University has many strongly ranked programs, but overall ranks in the middle when compared to its peers.

VandenBosch summarized the Committee’s recommendations in the areas of graduate education, enrollment management, quality metrics, financial augmentation, and program evaluation. She indicated that the Committee also recommended further

work in evaluating professional masters, professional doctoral, and post-baccalaureate certificate programs.

Regent Simmons commented that the report is an excellent illustration of analysis, strengths, weaknesses, and the direction the institution needs to move. She added that if the recommendations were implemented, the quality of offerings would be improved.

In response to a question from Regent McMillan, Sullivan indicated that although this report focuses on the Twin Cities campus, the principles it presents support the mission and goals of the coordinate campuses, and many of the recommendations will be helpful in conversations with chancellors

In response to a question from Regent Beeson, McMaster indicated that the institution tries to keep the honors class at 10 percent of the total student body in order to maintain the prestige of the program and reduce financial implications of increases in this area. Sullivan added that there have been limited resources to put into the honors program, but that the opening of Northrop, where the program will be housed, will present an opportunity to reevaluate.

In response to comments from Regent Brod, McMaster indicated that there is a set of metrics to evaluate undergraduate programs and survey student engagement and satisfaction. He added that there are no plans to use this data to evaluate individual departments; rather, the evaluation is done at the collegiate level by looking at retention, satisfaction, and graduation rates.

In response to a question from Regent Sviggum, Sullivan indicated that the evaluations will be a multi-year program, and well over 100 graduate programs will be studied. He added that the administration has begun review process discussions with deans.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of an amendment to the FY2012 Capital Budget by:
 - 1) \$856,000 to provide funding for the Cardiology Department Building/Infrastructure Systems Upgrade – VCRC 2nd Floor, Twin Cities campus.

The Board of Regents voted unanimously to approve the recommendations of the Facilities Committee.

Johnson reported that the committee also received a real estate transactions threshold report.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Revised Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the October 13, 2011 committee minutes.

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

Simmons reported that the committee also discussed the freshman class Strengths Finder assessment; received a presentation on active learning environments; and discussed a number of information items included in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

- a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the October 13, 2011 committee minutes.

- b) Approval of a Resolution Related to Issuance of Debt, as follows:

WHEREAS, it has been proposed that the University proceed with a plan of financing which involves, among other things, the issuance and sale of general obligation indebtedness (such general obligation indebtedness, whether issued in the form of bonds, notes or such other form of indebtedness as may be designated by the University, the "Bonds"), the proceeds of which are to be used to finance University purchases of land and buildings, construction and remodeling projects, the acquisition and installation of equipment and costs of issuance of the Bonds;

WHEREAS, the Bonds will be issued pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee or pursuant to an Order of the University;

WHEREAS, the Indenture of Trust or Order pursuant to which Bonds will be issued will contain the terms of such Bonds and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such bonds;

WHEREAS, the principal amount of the Bonds authorized will be the amount of the Bonds outstanding at any time, and not an aggregate principal amount;

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

1. To provide funds to finance University purchases of land and buildings, construction and remodeling projects, the acquisition and installation of equipment and the costs of issuance of such financing, the Board hereby authorizes the sale and issuance of Bonds in the principal amount of up to \$61,000,000. The Bonds shall be issued in one or more series and shall mature not later than the date that is 25 years after the date of issuance of each series. The Bonds shall be general obligations of the University if the Treasurer determines that the Bonds shall be issued as general obligations of the University. Interest on the Bonds may or may not be excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

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

3. The Treasurer is authorized to negotiate with one or more banks, investment banking firms or financial institutions to be engaged by the University as the underwriter for the Bonds, the terms and conditions upon which the Bonds shall be sold and issued, and to approve the terms of such sale and issuance, including whether the Bonds shall be issued as general obligations of the University. The Treasurer is further authorized to negotiate with one or more commercial banks and approve the terms and condition of any credit support or liquidity facility for any series of Bonds, and to negotiate with the counterparty to any such agreement the terms and condition of any interest rate swap agreement or other similar agreement to be used as a hedging technique with respect to any series of Bonds. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel.

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

6. The Treasurer is authorized to approve the Preliminary Official Statement, the final Official Statement, and any supplements or amendments thereto to be prepared and distributed to potential

purchasers of the Bonds, and the President is authorized to execute and deliver the final Official Statement and any supplements or amendments 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 Bonds.

8. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Bonds 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 Bonds 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 Indenture of Trust, Order, final Official Statement, purchase agreement or any other document to be executed by the President or Treasurer in connection with the Bonds may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

The Board of Regents voted unanimously to approve the recommendations of the Finance & Operations Committee.

Hung reported that the committee also discussed: issues related to long term financial planning (part I) and issues related to the Enterprise Systems Upgrade; received an update of the Enterprise Financial System; and reviewed a number of information items included in the docket materials.

REPORT OF THE AUDIT COMMITTEE

Regent Cohen reported that the committee did not meet this month.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

- a) Approval of the Revised Consent Report of the Educational Planning & Policy Committee as presented to the committee and described in the October 13, 2011 committee minutes.

The Board of Regents voted unanimously to approve this recommendation of the Educational Planning and Policy Committee.

Ramirez reported that the committee also received presentation on Scope, Size, and Mission: The Report of the Enrollment Management Committee, and reviewed a number of information items presented in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Chair Cohen reported that the committee did not meet this month.

The meeting adjourned at 11:00 a.m.


BRIAN R. STEEVES
Deputy Director

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

October 31, 2011

A meeting of the Litigation Review Committee of the Board of Regents was held on Monday, October 31, 2011 at 9:45 a.m. in 215A Morrill Hall.

Regents present: Linda Cohen, presiding. Venora Hung, David McMillan, and Patricia Simmons participated by phone.

Staff present: President Eric Kaler and Executive Director Ann Cieslak. General Counsel Mark Rotenberg participated by phone.

Others present: William Donohue and Amy Phenix.

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

At 9:45 a.m. a motion was made and seconded that the following resolution be approved:

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 the Board of Regents Litigation Review Committee be held on Monday, October 31, 2011 at 9:45 a.m. in 215A Morrill Hall, for the purpose of discussing attorney-client privileged matters including the following:

- I. *Appeal of James R. Williams v. Orlando Henry "Tubby" Smith and Board of Regents of the University of Minnesota*

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 9:46.

The non-public portion of the meeting adjourned at 9:58 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary