

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

December 8-9, 2011
January 17, 2012

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**

**December 8-9, 2011
January 17, 2012**

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

December 8, 2011

A meeting of the Audit Committee of the Board of Regents was held on Thursday, December 8, 2011 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Laura Brod, John Frobenius, and Maureen Ramirez. David Larson participated via telephone.

Staff present: President Eric Kaler; Senior Vice President & Provost E. Thomas Sullivan; Vice President R. Timothy Mulcahy; Interim Vice President Ann Hill Duin; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, and Michael Volna.

Student Representatives present: Terrance Paape and James Rook.

EXTERNAL AUDITOR REPORT

Associate Vice President Mike Volna introduced Kirsten Vosen and Katie Knudtson from Deloitte & Touche LLP (Deloitte) to present the external auditor's opinion on the University of Minnesota's fiscal year 2011 financial statements and other required audit communications.

Vosen reported that Deloitte had issued an unqualified opinion for 2011. She then explained the major elements of the audit as well as the procedures used to complete the review. The audit highlighted several of the University's accomplishments, including its ability to respond to reductions in state funding while increasing retention and graduation rates and attracting a freshman class with increased ACT scores.

COMPLIANCE OFFICER REPORT

Lynn Zentner, Director, Office of Institutional Compliance, presented a summary of compliance activities since her last report to the committee in June 2011, as detailed in the docket on file in the Board Office.

Zentner described an effort by the senior administrators who sit on the Executive Oversight Compliance Committee (EOCC) to evaluate the University's compliance program. The committee is reviewing various compliance models to determine whether any changes should be considered to best meet the needs of the University going forward. Recommendations will ultimately be forwarded to President Kaler for consideration. The EOCC also discussed recent changes to the conflict of interest rule adopted by the Public Health Service (PHS). The committee's consensus

was that the changes should only apply to investigators involved in PHS-funded research and not have University-wide application. This recommendation was forwarded to President Kaler. Zentner also reported on progress toward identifying a vendor to deliver compliance-related services outside the United States and provided an update on UReport, which is a confidential web-based reporting system that allows individuals to report potential violations of local, state, and federal law and University policy.

Regent Frobenius suggested additional discussion in the future about the Audit Committee's role in the University's compliance program.

In response to a question from Regent Brod regarding disclosure requirements for income from non-University sources, Zentner explained that the University's goal is full disclosure of income related to work done at the University. Income from unrelated activities is considered private.

CLOUD COMPUTING: REALIZING ITS OPPORTUNITIES RESPONSIBLY

Associate Vice President Klatt introduced Bernard Gulachek, Senior Director of Strategy Management, Office of Information Technology (OIT), Bradley Cohen, Director of Collaborative for Academic Technology Innovation, OIT, and Abram Anders, Assistant Professor of Business Communications at University of Minnesota Duluth, to present information on cloud computing.

Gulachek explained that cloud services are those that are consumed through the Internet from systems and servers that are not managed by the University. A recent example of this is Google Apps, which provides e-mail, calendar, and document services to the University community. Cohen explained that OIT has been experiencing a fundamental inversion of computing control. In the old model, OIT managed all computing hardware and software and could establish and maintain parameters for use. In the new inverted model, users have much greater control over the tools and applications they use to accomplish their work.

Anders provided several examples of how he uses cloud services to teach, evaluate, collaborate, and advance his work as a professor. As cloud computing has matured, the opportunities for creative application of web-based tools has dramatically expanded. It is now relatively easy for users to experiment with and adapt these technologies to fit customized needs. Anders noted that it is important to use these tools in the classroom so students are prepared for a rapidly changing job environment.

Gulachek and Cohen noted that the Office of Internal Audit recently completed a due diligence report on cloud services. There is also a collaborative policy review underway to ensure that the University's policies keep pace and appropriately recalibrate risk in this area.

In response to a question from Regent Brod about electronic textbooks (e-texts), Gulachek acknowledged that the University is seeing an increasing trend toward the use of e-texts. The Twin Cities Campus bookstore now offers over 200 e-text titles.

In response to a question from Regent Beeson regarding risk, Provost Sullivan emphasized that cloud computing is an area where decentralization is important to support creativity. He explained that the administration needs to find ways to maintain accountability and manage risk without halting creativity.

INFORMATION ITEMS

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

- Report of Engagement with Auditing Firms;
- Semi-Annual Controller's Report.

RECALIBRATION OF RISK IN THE RESEARCH ENTERPRISE

This item was delayed due to time constraints.

The meeting adjourned at 9:30 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

December 8, 2011

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, December 8, 2011 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellor Charles Casey; Vice Presidents Kathleen O'Brien and Richard Pfitzenreuter; Associate Vice President Michael Perkins; and Executive Director Ann Cieslak.

Student Representatives present: Kathryn Holmquist and Molly Tomfohrde.

SCHEMATIC PLANS

A. 4th St. SE Residence Hall & Dining Facility, Twin Cities Campus

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

The schematic plans for the 4th St. SE Residence Hall & Dining Facility, Twin Cities campus, are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O'Brien noted that the 4th St. SE Residence Hall & Dining Facility was being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Vice Provost Rinehart reviewed the project and explained how the quality and availability of on campus housing contributes to academic success and retention rates for first and second year students. He noted that the demand for on campus housing exceeds the University's current capacity.

President Kaler expressed his support for the project and his intention to work diligently with the Greek community to address their housing needs.

Regent Brod indicated her belief that the University should allow the private sector to address the housing needs of students adjacent to the Twin Cities campus. Regent Larson agreed and expressed concern regarding the cost of the project.

Regent Frobenius expressed support for the project and observed that more on campus housing was necessary given the increasing size of the student population. He noted that on campus housing is essential to the development and retention of undergraduate students.

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

- the academic performance of students in apartment style housing;
- the role of private housing developers near campus;
- the overall cost of the project;
- the methodology used to address University housing shortages;
- the relationship between the University and the Greek community; and
- the popularity of dormitory style housing.

The committee voted 5 to 1 to recommend approval of the schematic plans for the 4th St. SE Residence Hall & Dining Facility. Regent Brod voted no.

B. Crookston Residence Hall & Academic Classroom Building, Crookston Campus

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

The schematic plans for the Crookston Residence Hall & Academic Classroom Building, Crookston campus, are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents and construction.

Vice President O'Brien noted that the Crookston Residence Hall & Academic Classroom Building was being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Chancellor Casey reviewed the project and described the need for additional residence halls on the Crookston campus. He reported that the success of previous residence hall projects has increased demand for on campus housing. Casey reported that many students are currently in temporary housing due to the shortage of rental apartments in Crookston. He added that the new academic classroom is needed due to the lack of large classrooms on the Crookston campus.

In response to a question from Regent Larson, Casey indicated that enrollment over the past five years had been strong, despite the decreasing population of Northwest Minnesota.

The committee voted 5 to 1 to recommend approval of the schematic plans for the Crookston Residence Hall & Academic Classroom Building, Crookston campus. Regent Larson voted no.

CAPITAL BUDGET AMENDMENTS

A. 4th St. SE Residence Hall & Dining Facility, Twin Cities Campus

Vice President O'Brien invited Vice Provost Gerald Rinehart to provide an overview of the request as detailed in the docket and associate materials distributed at the meeting and on file in the Board Office.

Rinehart explained that the proposed project would be located on the East Bank of the Twin Cities campus. He indicated that the demand for student housing had increased substantially over the last several years. He added that quality on campus housing contributes to the academic success of undergraduate students.

The item will return for action at a future committee meeting.

B. Crookston Residence Hall & Academic Classroom Building, Crookston Campus

Vice President O'Brien invited Chancellor Casey to provide an overview of the request as detailed in the docket and associate materials distributed at the meeting and on file in the Board Office.

Casey explained that the proposed project would be located on the Crookston campus. He indicated that the greater Crookston area offered few off campus housing options for undergraduate students. He added that the Crookston campus lacked sufficient classroom space due to the growing student population.

The item will return for action at a future committee meeting.

C. Lind Hall First Floor Remodel Project – Structural Repairs, Twin Cities Campus

Vice President O'Brien invited Associate Vice President Perkins to provide an overview of the request, as detailed in the docket and additional materials distributed at the meeting and on file in the Board Office.

Perkins explained that Lind Hall is located on the East Bank of the Twin Cities campus. He noted that demolition for the first floor remodel project had revealed a number of structural defects in the building. He stated that University code inspectors were assigned to engineer a solution that would allow the project to continue and preserve Lind Hall for future use.

The item will return for action at a future committee meeting.

D. Lind Hall First Floor Remodel Project – Taylor Center Upgrade, Twin Cities Campus

Vice President O'Brien invited Associate Vice President Perkins and Paul Strykowski, Associate Dean to provide an overview of the request as detailed in the docket and associate materials distributed at the meeting and on file in the Board Office.

Strykowski explained that Lind Hall is located on the East Bank of the Twin Cities campus. He indicated that currently the College of Science and Engineering has no dedicated student service space. He added that the development of this space is critical to providing quality service to current and future students. Perkins stated that the project would create a fifty-workstation computer lab adjacent to the College of Science and Engineering Welcome Center.

The item will return for action at a future committee meeting.

REPORT ON SUSTAINABILITY AND ENERGY EFFICIENCY POLICY AND UNIVERSITY SUSTAINABILITY GOALS

Vice President O'Brien, Chancellor Johnson, and Amy Short, Director of Sustainability provided an overview of the annual report on sustainability and energy efficiency policy and university sustainability goals as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

O'Brien stated that the report provides information related to system-wide sustainability efforts and achievements over the last year. She indicated that the presentation would focus on milestones achieved over the last ten years to present day.

Johnson explained how sustainability is an ongoing endeavor that involves University faculty, staff, students, community members and business partners. She reported that sustainability efforts save on energy costs, drive collaboration, and create interdisciplinary partnerships.

Short described how students are becoming more involved in sustainability activities at the University and in the community. She explained how student involvement in sustainability has shaped course curriculum in many degree programs as well as increased enrollment in the sustainability studies minor. Student sustainability research is extensive on all University campuses.

TWIN CITIES CAMPUS MASTER PLAN: OPEN SPACE PLAN PROGRESS

This item was postponed due to time constraints.

CONSENT REPORT

The committee unanimously recommended approval of the Consent Report, which included:

- Agreements for Use of University Facilities and Services for Walden University Summer Session Residency Program, July 6 through 24, 2012 (Twin Cities Campus).

INFORMATION ITEMS

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

- Capital Planning and Project Management Semi-Annual Project Report;
- Final Project Review – Saint Anthony Falls Laboratory Infrastructure Upgrade; and
- Final Project Review – Physics and Nanotechnology Building.

The meeting adjourned at 11:43 a.m.



ANN D. CIESLAK
Executive Director
and Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

December 8, 2011

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, December 8, 2011 at 9:45 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: Chancellors Lendley Black and Charles Casey; Senior Vice President & Provost E. Thomas Sullivan; Senior Vice President Robert Jones; Vice President Kathryn Brown; and Executive Director Ann Cieslak.

Student Representatives present: Kristen Kranzler and Abdul Omari.

COLLECTIVE BARGAINING AGREEMENT WITH TEAMSTERS LOCAL 320

Vice President Brown invited Patti Dion, Director of Employee Relations, to present information on the Collective Bargaining Agreement with Teamsters Local 320, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Dion explained that this contract will provide the terms and conditions of employment for employees between the date of signing and June 30, 2013. During the 2011-2012 fiscal year, the contract entails no salary adjustments, neither for wages nor progression step increases. During the 2012-2013 fiscal year, employees in all classifications are scheduled to receive a 1.25% salary adjustment, effective July 1, 2012 and eligible employees also will receive a step progression increase on their anniversary date. Recurring costs from 2011-2013 include base salary adjustments of \$646,321 and progression steps of \$646,321, for a total recurring cost of \$1,292,642.

In response to questions from the committee, Dion noted that the four bargaining agreements being discussed include 4400 employees and every campus across the University. Common elements in all agreements include cost shifts in health care insurance and first year pay freezes.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Collective Bargaining Agreement with Teamsters Local 320.

**COLLECTIVE BARGAINING AGREEMENT WITH AFSCME CLERICAL UNIT 6,
LOCALS 3800 AND 3801**

Vice President Brown invited Patti Dion, Director of Employee Relations, to present information on the Collective Bargaining Agreement with AFSCME Clerical Unit 6, Locals 3800 and 3801, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Dion indicated that this contract will provide the terms and conditions of employment for employees between the date of signing and June 30, 2013. During the 2011-2012 fiscal year, the contract entails no salary adjustments, neither for wages nor progression step increases. During the 2012-2013 fiscal year, employees in all classifications shall receive a 1% salary adjustment, effective July 1 2012, and eligible employees also will receive a step progression increase on their anniversary date. Recurring costs from 2011-2013 include base salary adjustments of \$688,526 and progression steps of \$1,032,789, for a total recurring cost of \$1,721,316.

In response to questions from the committee, Dion clarified that while moving from step-based increases to merit-based increases is a goal of the University, this is an issue where the University and unions are not in agreement.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Collective Bargaining Agreement with AFSCME Clerical Unit 6, Locals 3800 and 3801.

**COLLECTIVE BARGAINING AGREEMENT WITH AFSCME TECHNICAL UNIT 7,
LOCALS 3937 AND 3801**

Vice President Brown invited Patti Dion, Director of Employee Relations, to present information on the Collective Bargaining Agreement with AFSCME Technical Unit 7, Locals 3937 and 3801, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Dion noted that this contract will provide the terms and conditions of employment for employees between the date of signing and June 30, 2013. During the 2011-2012 fiscal year, the contract entails no salary adjustments, neither for wages nor progression step increases. During the 2012-2013 fiscal year, employees in all classifications will receive a 2.5% salary adjustment, effective 2012. No salary progression steps will occur. Total recurring costs from 2011-2013 will include base salary adjustments of \$945,053.

In response to questions from the committee, Brown commented that the University is saving a significant amount of money by moving to a single health care plan administrator. She indicated that human resources staff have spoken with over 13,000 University employees to assist them with this change, and she commended their hard work.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Collective Bargaining Agreement with AFSCME Technical Unit 7, Locals 3937 and 3801.

**COLLECTIVE BARGAINING AGREEMENT WITH AFSCME HEALTH CARE UNIT 4,
LOCAL 3260**

Vice President Brown invited Patti Dion, Director of Employee Relations, to present information on the Collective Bargaining Agreement with AFSCME Health Care Unit 4, Local 3260, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Dion explained that this contract will provide the terms and conditions of employment for employees between the date of signing and June 30, 2013. During the 2011-2012 fiscal year, the contract entails no salary adjustments, neither for wages nor progression step increases. During the 2012-2013 fiscal year, employees in all classifications will receive a 2.5% salary adjustment, effective 2012. No salary progression steps will occur. Total recurring costs from 2011-2013 will include base salary adjustments of \$185,852.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Collective Bargaining Agreement with AFSCME Health Care Unit 4, Local 3260.

THE STUDENT EXPERIENCE: FINANCIAL AID & FINANCIAL LITERACY

Vice President Brown invited Robert McMaster, Vice Provost and Dean of Undergraduate Education, and Kris Wright, Director of Student Finance, to present information on financial aid and financial literacy, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

McMaster described the primary undergraduate financial aid considerations at the University, which are a focus on student success and the institutional and policy considerations to support that success. He noted that there is a distinct connection between a student's aid experience and financial literacy and retention. McMaster provided an overview of financial aid provided by the University over the past five years and attributed the rise in the percentage of enrolled students receiving aid to the increase in Pell Grant distribution.

Wright stated that undergraduate household income is a significant factor in the amount of financial aid received. She reported that most aid is given to students with the highest level of need, but also cited that State Grants are designed to ensure middle-income households receive the aid they require, since these grants work in conjunction with Pell Grant distribution. Wright reviewed national trends in financial aid, noting that there is a concern over potential decreases in state and federal grant distributions due to budget cuts on both levels.

McMaster invited three undergraduate students to present their financial aid experiences to the committee. Kevin Reich, a senior in the Carlson School of Management majoring in Accounting and Finance; Regan Sieck, a junior in the College of Liberal Arts majoring in Sociology; and Adwait Walimbe, a freshman in the College of Science and Engineering majoring in Computer Science, all shared unique perspectives on their approaches and solutions to financial aid, illustrating the complex nature and multiple options available to undergraduate students. Committee members expressed appreciation and gratitude to the students for bringing the human element to the discussion and congratulated them on their success.

In response to questions from the committee, Wright clarified that although parents with a low credit rating may not be awarded as much aid as parents with a higher credit rating, the Office of Undergraduate Education will work with those families to put together the best financial package possible.

In response to questions from the committee, McMaster indicated that an optional financial literacy course is offered in the Department of Family Social Science and incoming freshman have the option of taking a fiscal literacy workshop during Welcome Week. He noted that students also are required to participate in a financial discussion within their department at the end of their four-year coursework.

ONLINE EDUCATION AT UNIVERSITY OF MINNESOTA CROOKSTON (UMC)

Vice President Brown invited Chancellor Casey, Bruce Brorson, Associate Professor, Marketing and Management, and Michelle Christopherson, Director, Center for Adult Learning, to discuss Online Education at the University of Minnesota Crookston (UMC), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Casey outlined the history of UMC's teaching and learning approaches, noting that in 1993 UMC was the first 4-year university in the country to issue laptop computers to all students and in 1996 UMC was the first University of Minnesota campus to deliver an online degree. Casey also reported that UMC campus enrollment has increased by 20 percent over the past five years.

Brorson and Christopherson explained that all online courses are also offered in a traditional classroom setting, allowing students a high level of flexibility. Faculty are required to deliver both online and on-campus instruction, which helps ensure that course quality is maintained. Most online students are typically 31-33 years of age and working at least part-time. Christopherson expressed that the University of Minnesota brand has been key in student recruitment to UMC online programs. Brorson emphasized that faculty development, student service, and system enhancement all contribute to UMC's commitment to excellence and although they embrace innovation, they do so with caution to ensure a high-quality educational experience.

In response to questions from the committee, Casey stated that although online learning and classroom learning costs are similar, online instruction has increased efficiency and attracted more students to the UMC campus, which, in addition to a stronger faculty and staff base, has resulted in a good return on the investment.

In response to questions from the committee, Christopherson explained that 60% of UMC students are from the quad-state region with the greatest number from the Twin Cities metro area. She elaborated that UMC programs enable a high rate of transfer students, and added that they currently have 47 Post Secondary Education Option (PSEO) students enrolled, who get assistance from a facilitator at the high school. Regent Simmons commented that this would assist with the students' college readiness.

CONSENT REPORT

Vice President Brown invited Senior Vice President & Provost Sullivan to present for action the Consent Report, which included the following item:

- Conferral of tenure for faculty who have been hired at the University of Minnesota.

Sullivan provided a brief summary of the two faculty in the report.

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 11:48 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Educational Planning & Policy Committee
December 8, 2011

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, December 8, 2011 at 2:45 p.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Lendley Black and Jacqueline Johnson; Senior Vice President & Provost E. Thomas Sullivan; Vice President R. Timothy Mulcahy; Executive Director Ann Cieslak; and Associate Vice President Sharon Reich Paulsen.

Student Representatives present: Terrance Paape and Kristen Kranzler.

ACADEMIC FREEDOM & TENURE WHITE PAPER

Senior Vice President & Provost Sullivan introduced Barbara Elliott, Professor of Medicine at University of Minnesota Duluth and Chair of the Academic Freedom & Tenure Committee, to present the white paper.

Elliott explained that the University Senate's Academic Freedom and Tenure Committee undertook development of the white paper to better understand Board of Regents policy. She observed that academic freedom has become a foundational concept of university culture and of society's relationship with universities. It extends to all who are involved with the production of knowledge. Elliott noted that while the white paper is helpful in framing a discussion on academic freedom, it should be considered a work in progress rather than a final product.

In response to a question from Regent Johnson, Elliott concurred that tension can exist between the wishes of entities that provide funding to the University and the research that faculty and staff pursue. She noted that this tension is the reason academic freedom has come to be so important.

Regent Brod suggested that future discussions of the white paper consider the University's reputational ramifications resulting from controversial research and provide explicit encouragement of intellectual diversity as well as a greater emphasis on student academic freedom.

ANNUAL UPDATE ON UNDERGRADUATE RETENTION & GRADUATION RATES

Senior Vice President & Provost Sullivan invited Robert McMaster, Vice Provost & Dean of Undergraduate Education, to provide the annual update on undergraduate retention and graduation rates. McMaster outlined data for the Crookston, Duluth, Morris, and Twin Cities campuses, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

With regard to the Twin Cities Campus, McMaster expressed optimism because the University is increasing its retention and graduation rates at a faster pace than its peer institutions. First-year retention now stands at 90.5 percent and the four-year graduation rate has increased to 54 percent. Minnesota's four-year graduation rate now ranks higher than schools such as University of Washington, University of Texas, University of Wisconsin, and Ohio State University. McMaster also cited progress with students of color, but acknowledged that there is more work to do.

In response to a question from Regent Simmons, McMaster explained that the Twin Cities Campus is unique in that there are seven different colleges that admit freshmen. The University has tried to recognize the various circumstances and requirements of each college when developing graduation rate targets.

RESEARCH AS A DISTINCTIVE PART OF THE EDUCATIONAL EXPERIENCE

Senior Vice President & Provost Sullivan introduced Wayne Gladfelter, Distinguished Professor of Chemistry and Associate Dean of Academic Affairs in the College of Science and Engineering, and Marvin Marshak, Professor of Physics and Director of Undergraduate Research, to present the committee with an overview of how research at the University contributes to the undergraduate and graduate education programs and student learning.

Marshak began by reporting that approximately one-third of all undergraduate students at the University participate in at least one research experience. These include internships, assistantships, research based scholarships, research methods classes, and the Undergraduate Research Opportunities Program (UROP). UROP is a system-wide program that connects undergraduate students with volunteer faculty mentors to complete a research project or creative activity. Students are provided with a small stipend and have an opportunity to publish their project results. A total of 747 proposals have been approved for the 2011-12 academic year. Marshak noted that there is a significant positive correlation between UROP participation and higher four-year graduation rates. He highlighted the fact that 70.4 percent of the UROP participants who began at the University in 2006 graduated within four years.

Gladfelter focused his comments on graduate-level students and described the close alignment that exists between coursework and research. He explained that research is utilized as a tool to advance masters and doctoral students understanding of their chosen fields of study. Gladfelter emphasized that by applying concepts from their coursework and working alongside faculty, staff, and postdoctoral associates, graduate students develop the expertise and skill to make their own discoveries.

In response to a question from Regent McMillan, Marshak explained that UROP funding is used for undergraduate student stipends. Faculty members participate voluntarily and are not provided with additional compensation for their work with UROP students.

In response to a question from Regent Simmons regarding the research contributions made by graduate students, Gladfelter stressed that it is critically important to have new eyes and fresh perspectives involved in advancing research.

CARLSON SCHOOL OF MANAGEMENT TUITION SURCHARGE DIFFERENTIAL

Senior Vice President & Provost Sullivan introduced Srilata Zaheer, Interim Dean, Carlson School of Management, to discuss the tuition surcharge being proposed for undergraduate students who attend the Carlson School.

Zaheer provided an overview of the increased demand for undergraduate degree programs at Carlson, which led to the decision to build Hanson Hall in 2008. The additional space allowed the school to increase undergraduate enrollment by nearly 20 percent over the past several years. It was intended that this growth would be accompanied by an increase in tenured/tenure-track faculty, but reductions in state support have hindered the school's ability to carry out this plan.

The proposed tuition surcharge of \$1,000 per semester on undergraduate students would be gradually phased in over four years and would be dedicated to hiring additional faculty, explained Zaheer. She noted that the surcharge would be in line with differential tuition charges at peer institutions such as University of Michigan, University of Illinois, University of Texas, and University of Wisconsin. Zaheer stressed that the Carlson School remains committed to providing access to students from all income levels and would raise funds to provide scholarships to students in need. She added that 46 percent of undergraduates at Carlson complete their degrees with no debt.

In response to a question from Regent Brod regarding state funding support, Zaheer clarified that it is not the Carlson School's goal to supplant the remaining state support that it receives. The goal is to increase the number of tenured and tenure-track faculty rather than rely more heavily on adjunct faculty, which could risk accreditation.

In response to a question from Regent Larson, Zaheer explained that the surcharge amount was chosen to balance the need for additional faculty with the school's desire to maintain access. When fully implemented, the proposal will generate \$4.9 million in recurring revenue each year.

In response to a question from Regent Ramirez regarding the possibility of students intentionally avoiding the surcharge by transferring into Carlson later in their academic career, Zaheer indicated that this would not be a significant concern because it is more difficult to be admitted to Carlson as a transfer student than it is as a freshman.

In response to a question from Regent Johnson, Zaheer stated that faculty hiring would most likely consume the entire revenue stream generated by this surcharge and that financial aid to provide continued access for students in need would be raised from other sources.

Sullivan commented that while this proposal would create a precedent for possible surcharges at other colleges within the University, any dean wishing to implement a surcharge would need to make a compelling case to the administration.

CONSENT REPORT

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

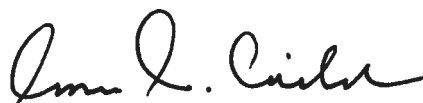
- **New Academic Programs**
 - Medical School – Create Pediatric Bone Marrow Transplant Fellowship

INFORMATION ITEMS

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

- An update of the academic metrics dashboard.

The meeting adjourned at 4:55 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance & Operations Committee

December 8, 2011

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, December 8, 2011 at 3:00 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Venora Hung, Richard Beeson, Linda Cohen, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellors Charles Casey and Jacqueline Johnson; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Tim Mulcahy and Richard Pfitzenreuter; Interim Vice President Ann Hill Duin; Executive Director Ann Cieslak; and Associate Vice Presidents Stuart Mason, Beth Nunnally, Michael Perkins, Julie Tonneson, and Mike Volna.

Student Representatives present: Madeleine Hammerlund and James Rook.

ISSUES RELATED TO: ANNUAL FINANCIAL REPORT

Vice President Pfitzenreuter invited Associate Vice President Volna to provide an overview of the University's annual financial report, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Volna provided the highlights of the FY 2011 annual financial report:

- The University's balance sheet continues to be strong and prudently managed;
- Net assets increased by \$312.5 million;
- Total revenues increased while operating expenses were down slightly; and
- The University had positive cash flow for FY 2011.

Volna explained that the University's assets increased by \$459 million (10%) in FY 2011 and University liabilities increased by \$146 million (9%), which is due in large part to the \$189 million rise in long-term debt. He elaborated that the University's net assets increased \$312.5 million in FY 2011 and attributed this to the investment portfolio.

Volna described the key changes in cash flows in FY 2011, which include:

- Net tuition and fees increased;
- Operating grants and contracts added cash flow;

- Cash outflows to employees for services increased;
- State appropriations contributed less cash; and
- Net cash flow from capital financing activities increased.

He noted that rating agencies look primarily at cash flow statements to assess the University's ability to service the debt. Volna also provided an overview of institutional support expense classification and methodology, noting that institutional support is not a proxy of administrative costs, although administrative costs are included in that classification.

In response to questions from the committee, Volna commented that rating agencies typically recommend a public entity have a 3-month pool of operating cash on hand at any given time. He also stressed that institutional support includes administrative costs, but over half of the institutional support expenses are from non-recurring sources, which are separate from administrative costs.

In response to questions from the committee, Pfutzenreuter noted that debt service is roughly 3 percent of the University's operating budget.

DEBT CAPACITY FORECAST MODEL FOR SIX-YEAR CAPITAL IMPROVEMENT PLAN

Vice President Pfutzenreuter and Carole Fleck, Director, Debt Management, discussed the debt capacity forecast model for the six-year capital improvement plan, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Fleck presented information on long-term debt analysis; its current authorization structure; projected debt issuance and outstanding debt; credit ratings and debt capacity determinates; debt forecast model assumptions; analyses of key credit ratios; and theoretical projected debt capacity. She explained that within the University's current structure, approximately \$50 million in debt will be paid each year (projected through FY 2018).

In response to questions from the committee, Pfutzenreuter stated that there has been a pause on the six-year capital plan the past few years, due to the leadership transition at the University and noted that when projects are included in the plan, they typically get completed, depending on legislative funding. He believes that in some situations where there is a known source of payment, the University might want to exceed the established debt capacity in order to accomplish a project that benefits the University.

LONG-TERM FINANCIAL PLANNING: FULLY ALLOCATED COST OF MISSION ACTIVITIES, PART I

Vice President Pfutzenreuter, Associate Vice President Tonneson, and Lincoln Kallsen, Director of Financial Research provided an overview of the study on long-term financial planning: fully allocated cost of mission activities, part I, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Pfutzenreuter reported that this study brings together direct and indirect costs as well as the supporting revenues. He indicated that this presentation would focus on concepts and definitions.

Kallsen reviewed the study's principles, which include:

- Uses an all-funds, full cost and revenue approach;
- Incorporates both direct and indirect/support costs of mission activities;
- Ties to the general ledger;
- Allows analysis at the system level and, where applicable, the campus/collegiate (RRC) level; and
- Is replicable in future years.

He noted that the data generated is geared for use by academic leadership.

Kallsen explained the study's organization and indicated that fully allocated costs refer to the sum of direct and indirect costs, organized by categorical chart strings. He reported that the three largest direct cost categories are instruction, research, and public service; and the three indirect costs commonly found within campuses or colleges are institutional support, academic support, and student services.

Tonneson described the allocation of revenues and explained that this refers to which revenues support which cost(s). For every fully allocated cost there is corresponding fully allocated revenue, comprised of multiple sources including tuition, state appropriations, and sponsored funding. She explained revenue allocation deliverables, observing that each cost category has multiple revenue sources and each revenue source supports multiple cost categories.

In response to questions from the committee, Tonneson clarified that chart strings are de-centralized, with the Office of Budget and Finance providing the code definitions and each department assigning codes to expenditures. She expressed that this is a bottom-up data-driven model, and that the data is consistent enough so it can be compared across the University.

In response to questions from the committee, Kallsen and Tonneson indicated this study will illustrate cost increases by category University-wide, making it possible to analyze the data at multiple levels, from departmental to across the University.

CONSENT REPORT

Vice President Pfutzenreuter presented a revised 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:

- FEI Company for \$2,810,000 for Model Titan G2 60-300 Analytical Scanning and Transmission Electron Microscope for Department of Chemical Engineering and Materials Science and Characterization Facility in the College of Science and Engineering. This purchase will be made with funds from the College of Science and Engineering and instrumentation grant awarded through the University of Minnesota Infrastructure Investment Initiative (I-3) competition. Vendor was selected through a competitive process.
- Iceberg Technology for an estimated \$3,350,000 for contractor and consultant services for the period of January 1, 2011, through September 30, 2012. This work is jointly sponsored by the Office of Information Technology (OIT) and the Controllers Office. Cost will be paid for through a combination of departmental resources and centrally allocated one-time resources. Vendor was selected from a list of firms on the State of Minnesota's Professional and Technical Services Master Contracts list.
- Illumina, Inc. for \$2,500,000 for manufactured reagents as needed for the period of December 1, 2011 through June 30, 2012 for the Genomics Department core facility, Biomedical Genomics Center (BMGC). The reagents from Illumina will be purchased with departmental funds.

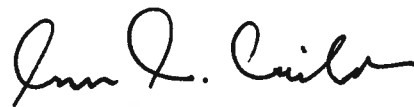
The committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

Vice President Pfitzenreuter referred the committee to the Information Items contained in the docket materials:

- Quarterly Purchasing Report;
- Report on Special Meeting of the Investment Advisory Committee;
- Quarterly Asset Management Report; and
- Debt Management Advisory Committee Update.

The meeting adjourned at 4:34 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Work Session

December 8, 2011

A work session of the Board of Regents was held on Thursday, December 8, 2011 at 1:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff Present: President Eric Kaler and Executive Director Ann Cieslak.

Regent Cohen introduced Professor Tom Stinson, Minnesota State Economist, to present information on the financial and economic outlook for the State of Minnesota, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Cohen commented on the importance of the discussion because of the long-term implications of the State's financial situation on the University.

Stinson observed that the current economic climate has resulted in small economic growth. He reported that the current biennial State budget is forecasted to have a surplus of \$876 million and that the long-term projection for FY 2014-15 forecasts a deficit of \$1.3 billion. Stinson explained that current law allocates the entire forecast balance to reserves. Stinson discussed that the Minnesota economy has done better compared to the United States and that the European debt crisis still posed a threat to economic recovery.

Stinson commented that the forecast for economic growth in 2011 and 2012 is down from the previous February forecast and that income tax revenues would grow slowly in the 2012 and 2013 tax years. He reported that State spending is down \$348 million in FY 2012-13.

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

- the overall economic growth rate for 2010 - 2011;
- the amount of risk that was assumed in the forecast;

- the development of the forecast and realization of the surplus; and
- the impact of the surplus on potential bonding bills.

The work session adjourned at 2:10 p.m.

A handwritten signature in black ink, appearing to read "Ann D. Cieslak". The signature is fluid and cursive, with a large initial "A" and "C".

ANN D. CIESLAK
Executive Director
and Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

December 9, 2011

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

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

Staff present: President Eric Kaler; Chancellor Charles Casey; Senior Vice President and Provost E. Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, R. Timothy Mulcahy, Kathleen O'Brien, and Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Donna Peterson and Michael Volna.

RECOGNITION

Recognition was given to outgoing Senior Vice President of Academic Affairs and Provost E. Thomas Sullivan. Sullivan has served as Provost since 2004 and was previously dean of the University of Minnesota Law School. Sullivan 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:

Faculty, Staff & Student Affairs Committee – October 13, 2011
Facilities Committee – October 13, 2011
Finance & Operations Committee – October 13, 2011
Educational Planning & Policy Committee – October 13, 2011
Board of Regents Work Session – October 13, 2011
Board of Regents – October 14, 2011
Litigation Review Committee – October 31, 2011

REPORT OF THE PRESIDENT

President Kaler described his activities during the five months since taking office and explained that he has focused much of his time externally; speaking to Minnesotans at Chamber and Rotary lunches, reaching out to the local agriculture community, and meeting with internal stakeholders such as the Minnesota Student Association and Chief Information Officers of all the Big Ten Universities. Kaler noted

that he has also visited all of the University of Minnesota campuses and is making an effort to interact with academic departments on a weekly basis.

Kaler reported that a search has begun for a new Vice President for Equity and Diversity and announced the University's new Special Assistant for Government Relations, Jason Rohloff, whose first day will be January 9, 2012.

Kaler expressed concern over achievement gaps between white students and students of color; stressing that this is a K-12 issue but also an issue for higher education and the state in the long-term. He is meeting with a wide range of community groups on this issue.

Kaler summarized philanthropy activities, noting the recent announcement of a \$17 million gift from Dow Chemical designed to encourage research in chemical and material sciences. He addressed the upcoming 2012 legislative session, beginning January 24, where he will continue advocating for critical University facilities projects. He cited his intention to form a task force to look into issues surrounding housing for the University Greek community.

Kaler stated that the recent Academic Health Center review he received contains several meaningful recommendations and he will need to evaluate previous reviews before making any decisions. He commented that an external review may be necessary.

Kaler concluded his report by paying tribute to Donna Peterson, Associate Vice President for Government Relations, who is retiring after 22 years of service to the University. He commented on her tenacity and commitment, thanking her and wishing her the best of luck and health in her retirement.

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

REPORT OF THE CHAIR

Chair Cohen reported that she and Regents Frobenius and Ramirez attended a speech by Eric Schmidt, chairman of Google, who spoke about the future of the high-tech economy and how it will change business, education, and government. In his speech Schmidt acknowledged the importance of research universities in the development of major corporations and technological advancements.

Chair Cohen noted the distribution of President Kaler's workplan for 2011-12. She also reported that the next regular Board meetings will be held on February 9-10, 2012 on the Twin Cities campus.

RECEIVE AND FILE REPORTS

Chair Cohen noted the receipt and filing of the Quarterly Report of Grant and Contract Activity, the Annual Financial Report, and the Annual Eastcliff Report.

CONSENT REPORT

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

- Report of the All-University Honors Committee recommendation forwarded in a letter from President Kaler dated November 30, 2011; and
- Summary of Gifts through October 31, 2011.

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

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor Christopher Cramer, Chair of the Faculty Consultative Committee (FCC), reported on the activities of the committee since its last report to the Board of Regents. Issues the FCC has been working on include redesign associated with the funding and oversight of graduate education; faculty accountability/productivity; faculty development post-tenure; assisting mid-career faculty; and faculty research activities.

In response to a question from Regent Johnson, Cramer explained that although there are no instructional activities during semester breaks, there are a variety of public engagement events that faculty are involved in. President Kaler noted that semester breaks are time for students to work and faculty to refresh.

A copy of the Report of the Faculty Consultative Committee is on file in the Board Office.

REPORT OF THE STUDENT REPRESENTATIVES TO THE BOARD OF REGENTS

Abdul Omari, Chair of the Student Representatives to the Board of Regents, presented their semi-annual report. The report reflected the student perspective on issues and concerns facing University students and included items from each student assembly detailing goals, accomplishments, and obstacles. Omari addressed the areas of building a strengths-based campus; post-graduation preparation; fees; and the University community climate and safety issues.

A copy of the Report of the Student Representatives to the Board of Regents is on file in the Board Office.

Regent Ramirez noted it is valuable for the Board to be aware of the intangibles such as campus safety and University climate, and thanked the student representatives for their hard work and diligence. President Kaler congratulated the student representatives and stressed the value of their influence on the Board.

**BOARD OF REGENTS POLICY: BOARD OPERATIONS
AND AGENDA GUIDELINES**

Chair Cohen presented for review proposed amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines*, as detailed in the docket materials. The proposed amendments will: 1) update the threshold for the approval of purchase of goods and services from \$250,000 to \$1,000,000, 2) add April and November to the months in which the Board does not hold a regular meeting, and 3) update activities undertaken during the annual retreat. Cohen noted that the proposed threshold change reflects previous actions and current practices of the Board.

The item will return for action at a future meeting of the Board of Regents.

**BOARD OF REGENTS POLICY: RESERVATION AND DELEGATION
OF AUTHORITY**

Chair Cohen presented for review proposed amendments to Board of Regents Policy: *Reservation and Delegation of Authority*, as outlined in the docket materials. If adopted, the amendments will increase the financial threshold for Board approval of the purchase of real property and easements from \$250,000 to \$1,250,000. Cohen noted that additional amendments were made in order to remain consistent with current policies and practices.

The item will return for action at a future meeting of the Board of Regents.

ANNUAL REPORT ON THE STATUS OF UNIVERSITY RESEARCH

Chair Cohen introduced Vice President Mulcahy to present the annual report on the status of University research, as provided in the materials distributed at the meeting and on file in the Board Office.

Mulcahy stated that sponsored research awards fell by \$54 million in FY 2011, largely due to anticipated declines in federal stimulus awards from the prior fiscal year. He stressed that federal funding is very important to University research projects and reported that the University was awarded a \$51 million Clinical and Translational Science (CTSA) Award in 2011. This was the largest award of its kind ever received by the University. Mulcahy provided an overview of technology commercialization and University partnerships with private industry. He then announced the creation of Minnesota Innovation Partnership (MN-IP), a program designed to create, foster, and maintain strong and long-lasting University industry partnerships.

In response to a question from Regent Simmons, Mulcahy explained that American Recovery and Reinvestment Act (ARRA) funding was used to establish programs that will hopefully yield recurring funding. In response to comments and questions from the Board, Mulcahy indicated that state funding is often more crucial to faculty recruitment and retention than federal funding. President Kaler commended University faculty for the research funding they have acquired for the University and expressed his support for the MN-IP program.

ANNUAL REPORT ON PRIVATE GIVING

Chair Cohen introduced L. Steven Goldstein, President, University of Minnesota Foundation, and Becky Malkerson, President and CEO, Minnesota Medical Foundation, to present an annual review of fundraising highlights as provided in the materials distributed at the Board meeting and on file in the Board Office.

Goldstein and Malkerson reported that in FY 2011, \$221 million was raised from donations by 79,000 donors and resulted in \$153 million distributed. The University also received nearly \$14 million from the estate of Myrtle Stroud. The gift is designated for scholarships in the College of Liberal Arts (CLA), making it the largest single gift for scholarships in the University's history.

The gift is being used to establish the Charles E. and Myrtle L. Stroud Scholarship, which will help 45 students, a number that will grow over the years as the endowment is fully established and invested.

In response to questions from the Board, Goldstein explained that the cost to the University to raise \$1 is \$.13 and indicated that this is on the low side compared to other Big Ten institutions and non-profit organizations.

ANNUAL FINANCIAL REPORT

Chair Cohen introduced Associate Vice President Volna to present the University's Annual Financial Report, as provided in the materials distributed at the Board meeting and on file in the Board Office.

Volna provided the highlights of the report, which included:

- The University's balance sheet continues to be strong and prudently managed;
- Net assets increased by \$312.5 million in FY 2011;
- Total revenues increased while operating expenses were down slightly; and
- The University had positive cash flow for FY 2011.

Volna reviewed the balance sheet, revenues, operating expenses, and cash flows.

In response to questions from The Board, Volna clarified that the \$272 million increase in FY 2011 investments includes Temporary Investment Funds (TIP) cash.

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 Consent Report of the Educational Planning & Policy Committee as presented to the committee and described in the December 8, 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 discussed an academic freedom and tenure white paper; received an annual update on undergraduate retention and graduate rates; discussed research as a distinctive part of the educational experience, and the Carlson School of Management tuition surcharge differential; and reviewed a number of information items presented in the docket materials.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of the Consent Report for the Facilities Committee as presented to the committee and described in the December 8, 2011 committee minutes.

Johnson reported that the committee also voted 5 to 1 to recommend:

- a) Approval of schematic plans for the following projects as presented to the committee and described in the December 8, 2011 committee minutes:
 - 1) 4th Street SE residence hall and dining facility - Twin Cities campus.
 - 2) Crookston residence hall and academic classroom building - Crookston campus.

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

Johnson reported that the committee also reviewed amendments to the 2012 Capital Budget for the following projects: 1) 4th Street SE residence hall and dining facility; 2) Crookston residence hall and academic classroom building - Crookston campus; Lind Hall first floor remodel project - structural repairs, Twin Cities campus; 4) Lind Hall first floor remodel project - Taylor Center Upgrade, Twin Cities campus; received a report on sustainability and energy efficiency policy and University sustainability goals; received an update on the Twin Cities Master Plan: open space plan progress; and reviewed a number of information items included in the docket materials.

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 Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the December 8, 2011 committee minutes.

- b) Approval of a Resolution Related to the Proposed Labor Agreement with Teamsters Local 320 Service/Maintenance Employees, as follows:

WHEREAS, the parties have met and negotiated over the course of the past several months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, members of the Teamsters Local 320 have ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: *Reservation and Delegation of Authority*, approval of labor agreements by the Board of Regents is required;

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for December 8, 2011.

- c) Approval of a Resolution Related to the Proposed Labor Agreement with AFSCME Local 2800 & 3801 Clerical Employees as follows:

WHEREAS, the parties have met and negotiated over the course of the past several months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, members of AFSCME Locals 3800 and 3801 have ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: *Reservation and Delegation of Authority*, approval of labor agreements by the Board of Regents is required;

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for December 8, 2011.

- d) Approval of a Resolution Related to the Proposed Labor Agreement with AFSCME Local 3937 & 3801 Technical Employees, as follows:

WHEREAS, the parties have met and negotiated over the course of the past several months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, members of AFSCME Locals 3937 and 3801 have ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: *Reservation and Delegation of Authority*, approval of labor agreements by the Board of Regents is required;

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for December 8, 2011.

- e) Approval of Approval of a Resolution Related to the Proposed Labor Agreement with AFSCME Local 3260 Health Care Employees as follows:

WHEREAS, the parties have met and negotiated over the course of the past several months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, members of AFSCME Local 3260 have ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: *Reservation and Delegation of Authority*, approval of labor agreements by the Board of Regents is required;

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for December 8, 2011.

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

Simmons reported that the committee also received a report on the student experience: financial aid and literacy; discussed online education at University of Minnesota Crookston; and reviewed a number of information items in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

- a) Approval of the Revised Consent Report for the Finance & Operations Committee as presented to the committee and described in the December 9, 2011 committee minutes.

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

Frobenius reported that the committee also discussed: issues related to the Annual Financial Report, and long term financial planning; fully allocated cost of mission activities; received a report on the debt capacity forecast model for the Six-Year Capital Improvement Plan; and reviewed a number of information items included in the docket materials.

REPORT OF THE AUDIT COMMITTEE

Regent Beeson, Chair of the committee, reported that the committee received an external auditor report; a report from the compliance officer; a report on the recalibration of risk in the research enterprise; discussed cloud computing; realizing its opportunities responsibly, and reviewed a number of information items included in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Hung, Chair of the committee, reported that the committee did not meet this month.

Pursuant to notice sent by the University, the Litigation Review Committee met on October 31, 2011. A resolution was considered and passed that authorized the closing of the meeting. In the closed meeting a discussion was held of matters that are subject to the attorney client privilege.

The meeting adjourned at 11:35 a.m.



ANN D. CIESLAK
Executive Director
and Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

January 17, 2012

A meeting of the Litigation Review Committee of the Board of Regents was held on Tuesday, January 17, 2012 at 12:30 p.m. in 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; General Counsel Mark Rotenberg; and Acting Executive Director Brian Steeves.

Others present: William Donohue, Keith Dunder, and Amy Phenix.

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

At 12:32 p.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 Tuesday, January 17, 2012 at 12:30 p.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *In re: Carol Bruzzone.*

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 12:33.

The non-public portion of the meeting adjourned at 1:22 p.m.

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

BRIAN R. STEEVES
Acting Executive Director and
Corporate Secretary