UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Litigation Review Committee
October 6, 2016

A meeting of the Litigation Review Committee of the Board of Regents was held on

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Governance & Policy Committee
October 13, 2016

A meeting of the Governance & Policy Committee of the Board of Regents was held on Thursday, October 13, 2016 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Thomas Anderson,

awards into Administrative policy. He also noted that in December, the committee would review Board of Regents Policy: *Board Authority* with the recommendation to absorb that policy into Board of Regents Policy: *Reservation and Delegation of Authority*.

In response to a question from Regent Anderson, Steeves noted that he was not aware of a checklist or procedure to ensure a unit or departmental policy is aligned with the policies above it. He noted that other units, like Internal Audit, look at alignment of unit and departmental policies during their reviews. He stated that there is a clear expectation that units are looking up to Board and Administrative policies to ensure alignment. Anderson responded that he thought a process to ensure alignment would be helpful to have in place before policies are ment wo implemente t i ne po e ugo ate Anto.5(ha-)47(t)-20 3.5186 0 Td[st)-7.5(at)-78 0.00867(n)-46(m)0.7(As)0.7sn 15.

Dirksen outlined the required reports by committee. She explained that of the 52 reports required in Board policy, 31 are articulated in *Board Operations and Agenda Guidelines*. She asked how the Board would want to evaluate the value of those reports and how that functions at the committee level.

Rosha offered that he would not want to burden the administration to prepare reports if they are not high value. He noted that each report would need to be reviewed to determine its value and how much effort it requires. He asserted that reports do help the Regents by placing information in front of them on a regular basis and reminding them of what is underway. Rosha added that the administration should review the reports and see which ones take significant effort to create yet do not yield significant value, and then discuss with the Board whether that report should continue.

Cohen agreed that it would be helpful to review the reports and expressed confidence that the Board staff could work with the administration to review them and bring recommendations to the respective committees. Rosha supported that idea, noting that any report stated in Board policy would require that policy to be amended before the report was changed or eliminated.

Johnson explained that he has wondered for quite some time why the President needs to attend the standing committees when he has senior leaders in attendance. He expressed that while the President is welcome, there is no requirement that he be there. Cohen offered that she has observed that the President attends those items where he has something to offer or a specific interest. She noted that he often moves between committees. Devine recommended that given the time demands placed on senior leaders, presentations should be delegated down to other staff members. He explained that in certain situations it could create a better presentation since the content expert is presenting directly to the Board.

The meeting adjourned at 9:33 a.m.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

6 at Ac8demi.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Thomas Anderson, Dean Johnson, Peggy Lucas, Patricia Simmons, and Darrin Rosha.

Staff present: Chancellors Lendley Black, Jacqueline Johnson, and Stephen Lehmkuhle; Executive Vice President and Provost Karen Hanson; and Executive Director Brian Steeves.

Student Representatives present: Phillip Guebert and Mina Kian.

ACADEMIC PROGRESS AND TRENDS IN GOPHER ATHLETICS

Regent Cohen invited Provost Hanson; Mark Coyle, Director of Intercollegiate Athletics; J.T. Bruett, Director of the McNamara Academic Center for Student Athletes; and Robert McMaster, Vice Provost and Dean of Undergraduate Education, to present an update on academic progress and trends in Gopher Athletics, as detailed in the docket.

Hanson emphasized that student-athletes are first and foremost students, and Gopher Athletics (Athletics) is aligned wilins 3.9c(al-7.5(i)..51.006 Tc 0..2) Tw 3.916P1() T5)-11.8( )]006 T3.8(93,5(e665a.0

Bruett reported that the six-year graduation rate among student-athletes is closely correlated to that of all students at the University. For the 2009 cohort, scholarship student-athletes had a six-year graduation rate of 80 percent, while the University rate was 77 percent. He outlined the NCAA's Academic Performance Rate and pointed out that for the 2014-15 academic year, the University had 14 programs in the top 10 percent nationally. Bruett shared that 22 of the

Regent Lucas recalled a recent story of a student who committed suicide, and inquired about resources for students who feel they have exhausted their options. Carrel noted that this concern exists on all campuses. Olson-Loy added that it is important to continue work to reduce the stigma around mental health disorders so students are more comfortable in disclosing their struggle and identifying appropriate resources.

CONSENT REPORT

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

- **Request for Approval of New Academic Programs**
  - Medical School (Twin Cities campus)—Create fellowship in Congenital Cardiac Surgery
- **Request for Changes to Academic Programs**
  - College of Education and Human Development (Twin Cities campus)—Create sub-plans in Data Management, Data Science, Development & Operations, Networking, Security, Systems, and Self-Designed within the B.A.Sc. degree in Information Technology and Infrastructure
- **Request for Approval of Discontinued Academic Programs**
  - College of Education and Human Development (Twin Cities campus)—Discontinue the B.S. degree in Career and Technical Education
  - Swenson College of Science and Engineering (Duluth campus)—Discontinue the B.S. degree in Applied Physics

The meeting adjourned at 11:37 a.m.

BRIAN R. STEEVES

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Finance Committee
October 13, 2016

A meeting of the Finance Committee of the Board of Regents was held on Thursday, October 13, 2016 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Thomas Devine, Michael Hsu, David McMillan, and Abdul Omari.

Staff present: President Eric Kaler; Chancellor Fred Wood; Vice President Kathryn Brown; Interim Vice Presidents Michael Berthelsen, Bernard Gulachek, and Michael Volna; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Stuart Mason, and Julie Tonneson.

Student Representatives present: Mike Kenyanya and Connor Klemenhagen.

FINANCIAL COMPONENTS OF THE PRESIDENT'S RECOMMENDED FY 2018-19 BIENNIAL BUDGET REQUEST

Interim Vice President Volna and Associate Vice President Tonneson presented for action the financial components of the President's recommended FY 2018-19 biennial budget request, as detailed in the docket.

Tonneson reminded the committee of the goals of the biennial budget request:

- Student success.
- MnDRIVE.
- Core mission.
- Health training restoration.
- Bell Museum funding.

She explained that since the committee reviewed the request in September, the administration had added an item requesting funding for applied research for economic development at the Natural Resources Research Institute (NRRI). The updated total for all six programs is $147.2 million, a change from base of 11.8 percent.

In response to a question from Regent Hsu, Kaler stated that when the University has received an increase in funding, it has averaged 9 percent. He noted that while the request does not make up the 5.2 percent difference from what the University received in FY 2008, it balances an aggressive ask with not exceeding what he thinks is obtainable. If the legislature chooses to make up that difference, Kaler indicated that the additional funds would be added to the core mission item.

Regent Beeson added that he has observed recent trends demonstrating the legislature's desire for specific funding projects over general operating funding. He expressed that this has served programs like MnDRIVE well, but has left general operating funds with less. Kaler agreed and offered that the current strategy is to request funding for special, targeted items.

Regent Devine reiterated his belief that there is willingness from the legislature to add operating funding for the Bell Museum. He suggested that this should be an automatic addition since the commitment for that additional funding was already made. He expressed support for the NRRI funding addition. Devine remarked that he is also very supportive of the student success item, explaining his view that the University can do better in building advising infrastructure.

Hsu suggested that the University should request additional funds in order to return the level of funding back to FY 2008 levels.

Beeson noted that it would be ideal to have an established compact with the state to plan for steady funding, but expressed the difficulty in doing so with a legislature that turns over.

Regent Omari commented that if the state does not fund the health training replacement item, the University would need to be thoughtful in how it approaches that program. Volna responded that Health Sciences is working on an alternative plan, but funding it would not be easy.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the financial components of the President's recommended FY 2018-19 biennial budget request.

FINANCIAL COMPONENTS OF THE PRESIDENT'S RECOMMENDED 2016 SIX-YEAR CAPITAL PLAN, 2017 STATE CAPITAL REQUEST, AND DEBT CAPACITY UPDATE

Interim Vice President Volna and Carole Fleck, Director, Debt Management, presented for action the financial components of the President's recommended 2016 six-year capital plan (plan), 2017 state capital request, and an update on the debt capacity of the University, as detailed in the docket.

Fleck reminded the committee that the plan includes major capital improvements planned for fiscal years 2017-22. Year 1 of the Plan (2017) outlines the projects that the University will be submitting to the State of Minnesota for consideration during the 2017 legislative session. No changes were made to the plan since the committee reviewed it in September.

Fleck reviewed the University's long-term debt and amortization structure. She outlined the debt assumptions in the plan by year, noting the University-supported and state-supported portions. She reviewed projected debt issuances, including those projects approved in past capital plans. Fleck presented the projected outstanding debt as of June 30, 2016, including current outstanding debt, approved projects, and other related debt issuances. The net increase from 2016 to 2022 is $101 million. She offered an analysis of key credit indicators and ratios, sharing the theoretical projected debt capacity based on Moody's Aa1 credit rating medians.

In response to a question from Regent Beeson, Fleck explained that the Debt Management Advisory Committee reviewed a preliminary draft of the debt capacity update and had expressed support for the plan. Volna reminded the committee of DMAC's membership and stated that the plan requires prudent management to maintain the current credit rating.

Regent Beeson expressed that his perennial concern is not the projected capacity, but the projects that seem to suddenly appear and were not included in the plan.

In response to a question from Regent Hsu, Fleck explained that the Bell Museum debt was issued as a general obligation bond and connected to operations spending since the funding from the state for the debt service is included as a part of the University's operating appropriation. She noted that savings resulting from a lower interest rate on bonds for this project would be held in contingency until the project is completed and then used to help offset operating costs.

Regent Omari asked whether it was better to be near the median or simply within the range of the three key credit ratios presented. Fleck responded that they aim for the median since that is a number they can easily identify. She added that the ratios are based on the analysis of 14 peer institutions and give the University a guide. She cautioned that the three ratios are not the only measure used to determine the University's credit rating.

Regent Devine recommended pushing the legislature to fund a larger portion of projects that provide a direct service to the state. He offered the proposed relocation of various library collections used within the Minitex program as an example, along with the Bell Museum.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the financial components of the President's recommend recommended 2016 six-year capital plan and 2017 state capital request

UPDATE ON LONG-RANGE FINANCIAL PLANNING

Regent Beeson invited Lincoln Kallsen, Director of Institutional Analysis, to present an update on long-range financial planning, as detailed in the docket.

Kallsen outlined the process of updating the long-range financial plan and noted that the plan now incorporates the President's recommended FY 2018-19 biennial budget request.

Kallsen reviewed the assumptions from June 2016, enrollment trends since 2011, federal research funding trends, and budgeted FY 2017 tuition revenue. He outlined the updated revenue assumptions and investment and expense assumptions, noting that in years past, the model projected future deficits. He summarized the budget levers the Board could use to close those deficits.

A broad discussion ensued regarding the updated plan; the assumptions for revenues and expenses; the need to continue with reallocations once the $90 million reduction in administrative costs was completed; the possibility of expanding capacity; trends in federal funding; and the role of rankings in attracting students.

RESOLUTION RELATED TO REFUNDING OF DEBT

Regent Beeson invited Interim Vice President Volna

In response to a question from Regent Beeson, Fleck explained that the bonds allow for a par value call at 10 years and one advanced refunding. The proceeds from the refunding would be issued and held to pay bondholders. The current bond would be in legal defeasance and removed from the University's balance sheet. The bond would be replaced with the new bond at a lower interest rate. She offered that potential savings have to be balanced against the current rates and fees required to refinance the bonds before moving forward.

Regent Hsu wondered where the savings from the refinancing would accrue. Volna responded that savings would go to the units that are currently paying the debt service for the buildings the debt was issued for.

Volna offered additional information on interest rate swaps. He noted that the University had not made any interest rate swaps since 2003. He explained that the University savings from lower interest rates covered the interest rate swap termination costs. Volna offered that this is a common risk management technique and appeared to be a prudent choice at the time.

In response to related questions from Regents McMillan and Hsu, Volna responded that the Board approved the termination in 2011 and any future use of swaps would be vetted with the Debt Management Advisory Committee (DMAC) and then brought to the Board for approval.

McMillan offered that DMAC had reviewed the resolution and supported it.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of the resolution related to refunding of debt.

7 8D2

CONSENT REPORT

Interim Vice President Volna presented the Consent Report, as detailed in the docket:

General Contingency:

- There were no items requiring approval this period.

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

- To Cardinal Health for an estimated $5,000,000 for the purchase of pharmaceuticals and related supplies for the period of November 1, 2016, through October 31, 2017, for Boynton Health Center. This purchase will be paid for from the sale of prescriptions and other items to patients and from payments by U of M departments for

Update to Central Reserves Budget:

- To update the FY 2017 central reserves budget estimates by $511,714 to $17,602,172 from the approved amount of $18,113,886.

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

INFORMATION ITEMS

Interim Vice President Volna referred the committee to the information items in the docket:

- Update on Enterprise Asset Management System
- Greek Housing Loan Program

The meeting adjourned at 11:51 a.m.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Facilities, Planning & Operations Committee
October 13, 2016

onThursday, October 13, 2016 at 1:15 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Thomas Anderson, Thomas Devine, Dean Johnson, Peg[illegible].5 TJ0 Tc 0 Tw (;)Tj9.458 0 Td(w)Tj-0.002 Tc 0.002 Tw 0.325 0 Td[an)-4.7(d)]TJ

In response to a question from Regent Lucas, Clark noted that UMPD works closely with the Minneapolis Police Department (MPD). He offered that when Twin Cities student David Miller was missing last spring, MPD provided 100 officers within 24 hours to aid in the search, which is something UMPD does not have the capacity to do.

Regent Johnson wondered if lighting around the Twin Cities campus had been addressed with the City of Minneapolis. Berthelsen responded that the University made a map of each light around campus and which agency owns it. He explained that a number of agencies control lighting around campus and the list has been helpful in knowing whom to contact to when there is an outage. He reported that the University is working in collaboration with those agencies to see where to add or upgrade lighting.

In response to a question from Johnson, Clark explained that many of the sexual assaults reported are investigated by MPD or other agencies. The University has resources online that explain how a victim or third party can report such a crime. Clark stated that he has met with the Ramsey and Hennepin county attorneys to discuss the complexity of sexual assault cases given multiple jurisdiction and implications of Title IX. He emphasized that UMPD would process all rape kits and send those results to the appropriate county attorney in all cases.

Student Representative Dice asked how UMPD handles crimes on and off campus. Clark responded that UMPD does not have jurisdiction off campus, but will sometimes volunteer to be the lead investigating department or work as a partner.

Regent Devine expressed his appreciation that crime is trending down. He offered the joint work being done by UMPD and Greek organizations as a positive example of community

A motion was made and seconded, and the committee voted unanimously to recommend approval of the project components of the President's recommended 2016 six-year capital plan and 2017 state capital request.

CAPITAL BUDGET AMENDMENT: CFANS SOILS TESTING LAB - TWIN CITIES CAMPUS

Regent McMillan invited Interim Vice President Berthelsen, Assistant Vice President Suzanne Smith, and Carl Rosen, Department Head, Department of Soil, Water, and Climate, to present for review and action a capital budget amendment for the renovation of the CFANS Soils Testing Lab, as detailed in the docket.

Smith outlined the project and description. She explained that the cost of the project was funded in total through the State of Minnesota Agricultural Research, Education, Extension,

he will oppose the demolition since the opportunity to allow an entity to step forward and fund the preservation by delaying the project six months had not been publically announced. McMillan noted ample opportunity for other parties to step forward. Devine agreed that a delay of six

using a bubble over the TCF Bank Stadium field. He expressed his support for recreational sports facilities, but explained his desire to maximize space use and

INFORMATION ITEMS

Interim Vice President Berthelsen referred the committee to the information items in the docket:

- Community Solar Garden Subscription
- Enterprise Asset Management System

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Faculty & Staff Affairs Committee
October 13, 2016

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, October 13, 2016 at 1:15 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Richard Beeson, Laura Brod, Linda Cohen, Michael Hsu, and Abdul O59 -.3(jd[M(;)-7.422 0 T)20 Td[])6 H916-3.59 -1.181 Td( )TjEMC *P* 8CID 11 >

that 10-20 hours of overtime was typical for that group at the University and across the Big Ten. She added that the cost to raise salaries to the new minimum was lower than paying overtime on non-adjusted salaries.

Regent Simmons commented that the committee would not normally t

that leadership development opportunities for post-baccalaureate students are primarily specific to their area of discipline, and that this group has been identified as an opportunity for growth.

Sullivan summarized the assessment tools that are available to current faculty and staff, and noted that they have been used as part of the search process to select University leaders.

In response to a question from Regent Cohen, Sullivan explained that self-awareness is about understanding one's strengths and development opportunities. He added that it is equally important for leaders to do work that plays to their strengths and allows growth in their areas of lim-pR.1()4.8(

s6( )0.es55ros5(r)-7.8ab.(t)-7008 .5.6( )0esespunrtpTc 0.-

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents Work Session:

6

In response to questions from Student Representative Mitchell, McMaster shared that the majority of students who apply meet the minimum high school coursework requirements. With holistic review, the reason course requirements have not been met is also considered. He explained that traditionally the admissions application has included questions about felony conviction, arrest for sexual assault, and accusation of academic misconduct. He noted it is likely for the next admission cycle that the felony conviction question will be removed.

Regent Lucas inquired about rolling admissions. McMaster explained that although students are admitted as early as October, they do not need to confirm their enrollment until May.

In response to comments from Regent Brod, Kaler responded that while it is likely the felony conviction question will be removed from the application, there is more research to be shared and data to confirm that it will not impact campus safety.

Brod commented that the Share My App program has the potential to automatically admit

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents
October 14, 2016

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 14, 2016 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas-13.8(as-13.84( ))n(o)3.7(i)-37.8( )]TJ2(o)3.8(n)-4.6(,)-7.3( )0.7

RE

stressed the importance of allowing the new SVP/CFO to provide his input for additional initiatives.

In response to a question from Brod, Tonneson explained that the budget model is set up to support department-level spending incentives, but such action can be challenging to implement effectively. She noted the importance of structuring incentives in a way that a department receives the benefit of their efforts.

In response to comments from Regent Anderson, Volna remarked that it is possible to focus greater efforts on improved revenue generation. He cautioned that each revenue source or lever has a unique level of complexity.

Regent Devine commented that improving the medical school was one of the Board's main priorities. He suggested that high spending is necessary to maintain and improve the school's standing.

PRESIDENT'S RECOMMENDED FY 2018-19 BIENNIAL BUDGET REQUEST

Chair Johnson invited President Kaler to present the President's Recommended FY 2018-19 1. Student Success
2. MnDRIVE
3. Core Mission
4. Appropriation Request

Berthelsen discussed the objectives of the Capital Plan and detailed each of its strategic emphases, which include renovation or removal of critical buildings, advancing the health sciences, modernizing labs and research facilities on the St. Paul campus, expanding STEM program facilities, and investing in improvements to the University's libraries. Volna explained the financial components of the Capital Plan.

Berthelsen reviewed the timeline and financial summary of the Capital Request, reiterating that it is the same as that made in 2016, with the addition of the library projects. He explained that in addition to Higher Education Asset Preservation and Renovation (HEAPR) funds, the request includes three renovation and design projects on the Twin Cities campus, construction of a new building on the Duluth campus, and system-wide investments in the academic and student experience.

Regent McMillan, Chair of the Facilities, Planning & Operations Committee, reported that the committee reviewed issues related to the Capital Plan and Capital Request and voted to recommend approval of the resolutions. He moved for approval.

Regent Beeson, Chair of the Finance Committee, reported that the committee reviewed the financial components of the Capital Plan and Capital Request and voted to recommend approval of the resolutions. He seconded the motion.

In response to a question from Regent Omari, Berthelsen noted that the savings from decommissioned buildings are returned through a variety of cost pools. He added that the operating costs of a building are assigned to specific departments or colleges. When the building is no longer in use, the University stops charging those departments for use of the facility.

Regent Brod suggested that aa ss ss ii ee h(d)s0r2a v(b)(0m2) v- g 3 (a su e c h) - a ( ) 0 2 v s (m) - 1 . 7 (s

form of one or more series of bonds (the “Debt”), the proceeds of which will be used to refund the Identified Series and to pay the costs of issuance of the Debt; and

WHEREAS, the Debt would be issued pursuant to one or more Indentures of Trust between the University and a bank or trust company acting as trustee or pursuant to one or more Orders of the University; and

WHEREAS, an Indenture of Trust or Order pursuant to which Debt will be issued will contain the terms of such Debt and agreements and covenants of the University with respect to the payment of the principal and interest on such Debt.

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

1. To provide funds to refund the Identified Series of Outstanding Bonds, the Board hereby authorizes the sale and issuance of Debt in a total principal amount not to exceed the amount necessary to defease the Identified Series immediately prior to refunding and to pay costs of issuance thereof. The Debt may be issued in one or more series, each to mature not later than the current maturity date of the Identified Series being refunded, provided that if series are combined, the resulting series may bear the latest maturity date of the component series, subject to applicable tax law. The Treasurer is authorized to determine whether or not the Debt shall be restructured, and whether or not the Debt shall be tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended. This authorization shall remain in effect until the date that is 12 months from the date of this Resolution.

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

3. In connection with the issuance of any series of Debt, the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture(s) of Trust or Order(s) or any supplement or amendme

Regent Devine voiced support for the motion, but agreed it has been a difficult decision. He called attention to the many conversations about the best use of the land and property since its purchase. He emphasized that it does not make sense for the University to maintain the

BE IT FURTHER RESOLVED that the administration is directed to consider options to intes

A. Purchase of 2.47 Acres at 600, 600½, and 602 27th Avenue SE, Minneapolis – Twin Cities Campus.

B. Sale of 158.881 Acres at UMore Park – UMore Park.

A motion was made and seconded and the Board of Regents voted unanimously to approve the real estate transactions.

5) Approval of the Consent Report for the Facilities, Planning & Operations Committee as presented ndPPs,pdfnrtJ0 T7(a)-4.7(b)napionsO0 Tw8T7(a)-4tobTc 0.018.6(6(3)n)-20(d)11.5( )0.20.7(a)