

UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS

Board of Regents Special Meeting  
December 8, 2015

A special meeting of the Board of Regents of the University of Minnesota was held on

Staff present: President Eric Kaler ; Senior Vice President and Provost Karen Hanson; Vice  
Presidents Katrice Albert, Kathy Brown, and Richard Pfutzenreuter; Interim Vice President



Regent Beeson suggested potential longer-term oversight of athletics finances, perhaps by the chief financial officer. He observed that specific violations may occur, but that athletics will always have explicit financial pressures. President Kaler agreed, saying that he is willing to consider an additional level of financial oversight.

Regent Lucas thanked the presenters for their recommm rSpecial-v6 Tw 0.325 0 Td 3( )-7.3(o)7.7(t)JTJ 0 Tc ( )3-4.0(esi)-1

UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS

Board of Regents Work Session :  
Aligning Tuition/

student graduates in four years. McMaster added that the cohort model requires a different financial aid package for each class, which could be extremely complicated.

Regent Omari asked if the cohort model at Illinois has been in practice long enough to see any effect on graduation rates. Kallsen replied that since the model's inception in 2003, the graduation rates have increased but not necessarily because of the specific tuition model. Regent Brod asked what impact the cohort model has on an institution's overall spending. Kallsen noted that he did not have those data on hand, but offered to research the question.

Regent Anderson observed that any necessary increases in tuition could take place with each incoming class. Regent Brod argued that those one-time increases might not be enough, or the required increase could be unreasonably high. Kallsen noted that the University offered a voluntary version of this model for several years, with the guaranteed rate set higher to allow for some rate of inflation over the course of four years. Most students opted for the lower rate, even though it offered less certainty.

Regent McMillan asked if the success of the differential tuition model used by the Carlson School of Management has prompted other schools to consider the same practice. Provost Hanson noted that demand is not strong enough for other majors or colleges to warrant a school-specific rate. Kaler added that at the time the model was adopted by the school, there was enough surety and demand for a Carlson education to support its implementation.

Regent Rosha questioned the assertion that 40 percent of students are graduating "debt free." He added that 60 percent of students with debt is still a high number, especially since it is difficult to know how much debt one has. The presenters clarified that the 40 percent represents only debt processed by the University, and does not include private, home equity, or credit card loans. In response to a comment from Rosha, McMaster agreed that the debt load shifts when considering fifth and sixth year student borrowing.

Regent Hsu suggested that the NRNR tuition rate offers the largest area of opportunity, since the University is at the bottom of the Big Ten. He added that if the University places a premium on paying market value for its employees, then it should charge market value for its education. He asked President Kaler to discuss his plan for NRNR rates in greater details.

Kaler reported that the goal of the proposed plan is to increase the NRNR list price to \$35,000 by the 2019-20 academic year, noting that this price is an estimated median of Big Ten competitors by that time. To reach the goal, he proposes a 15 percent increase in NRNR tuition per year for the next four years. Kaler added that the plan involves automatically lowering the list price for currently enrolled students, so that the increase in their rate would be much lower than 15 percent. While the exact percent increase is up for discussion, he would not be comfortable with more than a 10 percent increase per year. He explained that once the higher rate was established, not every incoming student would pay list price, and tuition would be discounted through aid or scholarships. Kaler emphasized that while not all students would

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Regent Omari asked if the University knows how international students pay for their education and how an increase to surcharges might affect those students. McMaster remarked that it is difficult to know how international students pay, since the only financial requirement for admission is evidence that they can pay for a full year in the country. He shared the assumption that national governments pay for their students' educations.

Regent Omari asked for examples of other institutions that have increased NRNR tuition at comparable rates and whether enrollment was affected. McMaster replied that the University of Wisconsin implemented a similar model and reported a decrease in NRNR enrollment, but that decrease could not be linked directly to the tuition increase. Provost Hanson emphasized the intense competition for NRNR students nationwide.

Regent Beeson observed that a discussion about tuition should begin with enrollment strategy and consider if the University has the type of students it wants. He reminded his colleagues that the Board agreed that it wanted to maintain an enrollment of approximately two-thirds residents. He stressed that there are three specific constituencies who are underrepresented in the current student body: rural students, urban students, and students from private elite high schools. Beeson suggested that if the University ignores these groups it will be difficult to appeal to key stake holders. He added that the primary focus should be enrollment strategy and determining the revenue should be a secondary consideration.

Regent McMillan agreed with Beeson, citing one of the Board's annual priorities: to establish principles and objectives to govern campus enrollment strategies, graduation targets, and tuition/aid philosophy over the next decade. He stressed the need for specific actions and deliverable goals. He suggested that Minnesota might not have enough in-state students to meet enrollment goals.

Regent Rosha argued that there are plenty of qualified students in Minnesota, with high ACT scores. He speculated that out-of-state students are less likely than residents to stay after graduation. He suggested that recruiters would be better focused on recruiting resident students to the University's system campuses. McMillan suggested the need for more data on the demographics of the state.

Regent Brod observed that the discussion has only been about the Twin Cities campus and urged a broader focus on enrollment and recruitment system-wide. She stressed the importance of the other facets of the University's mission – outreach and research – and noted that out-of-state students are crucial to their advancement.

In response to a question from Regent Hsu, Provost Hanson replied that Indiana University has a long-running recruitment strategy designed to allow the NRNR tuition rate to rise incrementally. She emphasized that Indiana also increased recruiting efforts and pipelines, especially given the institution's own geographic recruiting challenges. Hanson confirmed that Indiana offered heavy discounts to offset the high sticker price.

Representative Livengood cautioned against raising the NRNR tuition simply to appear more valuable to prospective students, adding that the University is a valuable institution because of its merit, not because of its price. She noted that she would not have applied to Minnesota if the sticker price had been that of the University of Michigan, for example. Regent Hsu asked her which institution she would have selected if cost had not been a factor; Livengood replied that she would have chosen Michigan. Hsu pointed out that if Michigan is an aspirational peer to the University of Minnesota, then Minnesota should have a comparable sticker price for its NRNR students.

Regent Cohen speculated that many students do not understand that the sticker price is not necessarily what they will pay. Regent Brod added that she believes a slower and lower increase in tuition is required, given the common misunderstanding about actual price. She





UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS

Academic & Student Affairs Committee  
December 10 , 2015

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, December 10 , 2015 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellor s Lendley Black, Jacqueline Johnson , Stephen Lehmkuhle , and Fred Wood; Senior Vice President and Provost Karen Hanson; and Executive Director Brian Steeves.

Student Representatives present: Callie Livengood and Cory Schroeder .

2015 UNIVERSITY PLAN, PERFORMANCE, AND ACCOUNTABILITY REPORT

Provost Hanson introduced the discussion on strategic issues related to the 201 5 University Plan, Performance and Accountability Report . Hanson invited each chancellor to share performance and accountability information from their campus.

Chancellor Fred Wood described the student experience at the University of Minnesota Crookston (UMC). He shared that of about 1,900 students, half are enrolled online. Natural resource sciences and agriculture are campus strengths, and contribute to the high enrollment in STEM disciplines. Wood noted that while only 27 percent of Minnesotans live in small towns, 67 percent of UMC graduates choose to live in small towns following graduation .

Wood introduced Emily Caldis, Veterinary Medicine graduate student and UMC alumna , to share her experience in the VetFAST program, a program designed to shorten the time to degree and provide mentoring and internship opportunities for students interested in becoming food animal veterinarians. Caldis explained that despite growing up in the Twin Cities area, she chose Crookston because of its smaller campus and opportunities for hands-on learning as an Animal Science major.

University of Minnesota Duluth (UMD) Chancellor Lendley Black introduced Joshua Hamilton, Dean of the Swenson College of Science and Engineering (Swenson) , and Robert Sterner, Director of the Large Lakes Observatory

Johnson invited undergraduate student Hector Garcia to share his UMM experience. Garcia told the committee about his decision to attend Morris despite never visiting campus, and the opportunities he has had to intern with the Jane Addams Project and serve as a community advisor and hall director.

University of Minnesota Rochester (UMR) Chancellor Stephen Lehmkuhle introduced Vice Chancellor Lori Carrell to share statistics and knowledge gained from the first three UMR graduating classes. Carrell shared that 96 percent of the most recent graduating class finished in four years. The campus had a 63 percent retention rate to graduation, and the Bachelor of Science in Health Professions program had a 100 percent success rate of graduates passing certification testing and finding jobs in their field. Carrell indicated that the most successful students demonstrate a true passion for healthcare, often spurred by a personal experience, which UMR will emphasize as it refines its recruitment strategy.

In response to a question from Regent Johnson, Chancellor Wood explained that many of the facilities at UMC were built when the campus was a two-year technical college, so they are not in line with the expectations for a Division II school. He noted that similar challenges exist across the system; Chancellor Black agreed.

Regent Rosha commented on the importance of system-wide thinking and applauded the chancellors on creating better alignment throughout.

Dean of Undergraduate Education



f Swenson College of Science and Engineering (Duluth campus) —Discontinue the  
undergraduate minor in Computer Science Applied

#### INFORMATION ITEM

Provost Hanson referred committee members to the following information item:

x Update on Accreditation Visit

The meeting adjourned at 11:44 a.m.

BRIAN R. STEEVES

UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS

Finance Committee  
December 10 , 2015

A meeting of the Finance Committee of the Board of Regents was held on Thursday, December 10, 2015 at 9:30 a .m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Vice President s Katrice Albert, Kathryn Brown, Brian Herman , Brooks Jackson , Richard Pfitzenreuter, and Pamela Wheelock ; Interim Vice President Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Stuart Mason, Julie Tonneson, and Michael Volna.

Student Representatives present: Samantha Jensen and Nikki Ripp.

PURCHASING AT THE UNIVERSITY

Regent Beeson invited Vice President Pfitzenreuter and Associate Vice President Volna to present an overview of purchasing at the University , as detailed in the docket.

Volna outlined procurement technology development, noting the level of technology adoption since 2010. He summarized FY 2015 purchasing data for the University, breaking down the total spending by campus and the top 10 purchasing categories. Volna noted the total amount of purchases over \$50,000, the threshold that requires a unit to issue a request for proposal s (RFP).

Volna detailed the current Board and administrative policies that define and establish thresholds for purchasing. Starting on January 1, 2016, the threshold for targeted businesses will fall from \$500,000 to \$50,000. Volna indicated that the change in threshold would align the University with other peer institutions and nearby government entities such as the cities of Minneapolis and St. Paul .

Darryl Peal, Executive Director of the Office for Business and Community Economic

exists for purchases of goods and  
cent ; for 2017, a target of six  
s costing the University more. Peal  
ve to be competitive and keep costs  
e promised.

s would yield more bids, which would  
d and added that many of these  
r services.

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In response to related question s from Regent Brod, Peal explained that the University monitors the percentage that the contractor agreed to against actual use of targeted businesses. The University would consider whether the percentage was met if the company were to bid on another project. Pe al noted that targeted businesses must be certified by the state and that the University confirms that certification.

Volna offered that the University is also develoatfVol liev7.8(cen7se )0.7(o)3.s3.8(u)3.cen7se o u Inn tusisiat0.006 Tc3-0.0

Volna outlined the required changes made by GASB 68, noting that the changes were adopted by GASB in 2012 and became effective in 2015. He explained that the changes are intended to improve financial reporting for public pensions and provide a broader picture of the activity and expected liabilities applicable to public pensions. Volna summarized those University retirement plans associated with the change and the direct impact to the annual financial report.

In response to related questions from Regents Hsu and Brod, Volna stated that his office had started to analyze the potential impact that the proposed merger with Fairview Health Systems would have on the University's financial statements and credit rating. He explained that it would be a goal to characterize the merger to credit agencies as having little impact on the University. Pfutzenreuter added that the new entity would not be treated as a component unit, but would have some connection. He indicated that S & P already factors some of University of Minnesota Physicians' impact into the analysis of the University, but Moody's does not. Volna noted that as a part of the University's due diligence, Deloitte would examine the potential impact.

#### FULLY ALLOCATED COST OF MISSION ACTIVITIES: UPDATE

Regent Beeson invited Associate Vice President Tonneson and Lincoln Kallsen, Director, Institutional Analysis, to give an update on the fully allocated cost of mission activities analysis (study), as detailed in the docket.

Kallsen reviewed the purpose of the study,





have been approved by the Board, with purchase of the Murphy Warehouse property expected to be approved by the Board tomorrow.

In response to a question from Regent Hsu, Pfitzenreuter clarified that there is often a timing gap between when the University closes on land and when it issues debt. The University uses cash on hand to pay for the land, and then reimburses itself with the proceeds from the debt issuance.

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

## CONSENT REPORT

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

General Contingency:

- x There are no items requiring approval this period.

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

- x To FEI Company for an estimated \$5,115,470 (including \$165,696 import duty) for Tecnai G2 Spirit BioTWIN and Titan Krios cryo-electron microscope system for The Hormel Institute. The system will be purchased using funds specifically donated by The Hormel Foundation to equip an electron microscope shared instrument core. This item was not budgeted for as part of the current Fiscal Year budget but as noted, will be paid for with gift funds. Vendor was selected through a competitive process.

MD Anderson Settlement

- x Approval of a resolution that provides the administration with authority to make the required distributions consistent with Board policy received from the sale of stock gained from the settlement with the University of Texas MD Anderson Cancer Center.

Jay Schrankler, Executive Director, Office for Technology Commercialization, explained that the University settled with MD Anderson over a licensing dispute for a cancer technology called "Sleeping Beauty" and is now in the process of liquidating the stock as required by Board policy.

Regent Hsu asked what strategy is being used to ensure the highest sale price. Associate Vice President Mason responded that Board policy contains no specific target levels or instructions for how to sell the stock, only to ensure that the stock is sold as soon as practicable without a negative price impact. Mason indicated they have given goals to the broker regarding the sale.

Hsu wondered about liability if the University sells the stock at a lower price than the inventor anticipated. Greg Brown, Director, Transactional Law Services, responded that the University does not believe there is any exposure given the manner in which the University liquidates its position. Brown noted that in Board policy, inventors are entitled only to cash proceeds and do not have any voice in when the stock is liquidated.

A motion was made and seconded, and 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:

- x Annual Economic Development Report
- x Quarterly Investment Advisory Committee Update
- x M Health Status Report
- x Emergency Approval

The meeting adjourned at 11:56 a.m.

BRIAN R. STEEVES  
Executive Director and  
Corporate Secretary

UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS

Facilities, Planning & Operations Committee  
December 10 , 2015

A meeting of the Facilities, Planning & Operations Committee of the Board of Regents was held on Thursday, December 10 , 201 5 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, Peggy Lucas, and Darrin Rosha.

Staff present: President Eric Kaler; r0.4588(eco)-8c:



Regent Anderson clarified that the mining delay resulted in delayed payments to the University. He asked whether the delay was long enough. Buhr indicated that the delay allows a sufficient time horizon to plan for relocating the research. President Kaler added that the present value cost of the delayed payments is \$4 million, while \$29 million of research expenditures on the property are expected over that time.

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

#### LONG-RANGE FACILITY PLANNING: ASSUMPTIONS AND CRITERIA TO GUIDE FUTURE SIX-YEAR CAPITAL PLANNING

Vice President Wheelock facilitated a discussion on long-term facility planning and the objectives and criteria used to develop the Six-Year Plan (the Plan). She reviewed the objectives used to develop the Plan and areas specifically emphasized during development of the 2015 plan, including addressing critical buildings, advancing the health sciences, modernizing St. Paul campus research laboratories, and expanding capacity in STEM programs. Wheelock also reviewed the project selection process for Higher Education Asset Preservation and Renovation eligibility. She outlined several questions to guide the discussion, as detailed in the docket.

Regent Devine suggested the University think more strategically, specifically in the medical areas. He offered that a 10- to 15-year vision, aligned with a financing plan, is necessary to provide a narrative to the legislature. Regent McMillan added that housing is another key area

Wheelock shared the primary objectives of the planning process : Create a 10 -year plan based on programmatic drivers that would increase utilization of space, improve connectivity between mission -



UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS

Faculty & Staff Affairs Committee  
December 10 , 2015

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday , December 10 , 2015 at 1:15 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Michael Hsu , presiding; Richard Beeson, Laura Brod, Linda Cohen, and Abdul Omari .

Staff present: Chancellors Jacqueline Johnson and



be adjusted and that units could request an exception to the pay range, allowing an individual to stay in that position but continue to have salary increases.

Brod asked about next steps. Brown explained that the Office of Human Resources (OHR) would continue to enhance the competencies for each job family. She noted that OHR would perform market studies on a three-year cycle for each job family, along with equity studies within the job families.

Regent Omari wondered how the job families compared to the market. Brown noted that the initial market analysis was done for all job families at the start of the project, but needs to be refreshed. She added that the education market provides a lower compensation level compared to the private market. She expressed the need for the University to monitor that gap to ensure it remains competitive.



In response to a question from Regent Brod, Brown explained that the University is getting more diverse applicant pools and finalists, but the hire rate is not consistent with those hiring pools. She identified implicit bias training as a tool for increasing the hire rate.

Brod asked about the retention rate for faculty and staff of color. Albert responded that survey data suggests that the University has a higher level of attrition compared with peer institutions. She explained that the climate of local units is key factor in retention, and offered that the University does not have systematic exit interviews, so it is difficult to know the specific reason for employees leaving. Brown added that the employee engagement survey can provide some detail on climate, but reports results only for units with at least 10 people.

Regent Cohen asked what the University is doing differently to recruit. Hanson responded that while it is true that the University is taking the same steps as many of its peer institutions, it is focusing significant effort on building the best climate possible to recruit and retain faculty members. While the University will not always be able to match compensation, a climate where a faculty member can do their best work could help

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## CONSENT REPORT

Vice President Brown

Year 2015- 16



## BOARD OF REGENTS POLICY: NAMINGS

Regent Cohen invited Chief of Staff Amy Phenix to present for action proposed amendments to Board of Regents Policy: Namings , as detailed in the docket.

Phenix reviewed for the committee the proposed amendments and indicated that no changes to the proposed amendments had been made since the committee reviewed them in October.

Regents Rosha and Devine expressed concern that the proposed amendments would prevent honorary namings

UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS

Audit & Compliance Committee  
December 10, 2015

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, December 10, 2015, at 3:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Laura Brod, presiding; Richard Beeson, Michael Hsu, Peggy Lucas, and Abdul Omari.

Staff present: President Eric Kaler; Chancellor Fred Wood; Senior Vice President and Provost Karen Hanson; Interim Vice President Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice Presidents Terry Bock, Gail Klatt, and Michael Volna.

Student Representatives present: Dalton Javener and Callie Livengood.

EXTERNAL AUDITOR REPORT

Associate Vice President Volna introduced Katie Knudtson and Judith Dockendorf from Deloitte and Touche LLP (Deloitte) to present the external auditor's opinion on the University's fiscal year 2015 financial statements and other required audit communications, as detailed in the docket.

Knudtson reported that Deloitte had issued an unqualified opinion for 2015. She summarized the key financial information and major elements of the audit as well as procedures used to complete the review. Dockendorf highlighted a policy change: the adoption of GASB No. 68 and GASB No. 71 related to accounting for pensions, which resulted in a decrease in net assets of \$609.6 million. Knudtson summarized other audit services performed by Deloitte in 2015.

Regent Brod commented on the difference in the type of audit conducted by the University's internal auditor and the audit performed by Deloitte. Knudtson explained that Deloitte's audit focuses on whether the financial statements are materially correct but does not focus on immaterial matters or evaluate adherence to policy.

that the audit procedures involving cyber ensure that individuals have the correct access to the system. The audit information technology staff to understand the maturity of the University's systems but it was not a procedure performed as part of the audit work.



UPDATE ON IMPLEMENTATION OF THE  
HUMAN RESEARCH PROTECTION PROGRAM WORK PLAN

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and improve compliance. Updated training materials will be complete in the spring and training will be re-administered.

Regent Hsu asked how many security breaches the University reports each year. Ketola stated that the number of breaches is low, but likely due to underreporting.

Regent Beeson asked if merging with Fairview would increase the risk of violations. Ketola indicated that the merger should decrease the risk by bringing greater clarity to roles and responsibilities. With three separate organizations currently, information is not always shared securely and gaps can be missed due to lack of communication.

#### INSTITUTIONAL COMPLIANCE OFFICER SEMI-ANNUAL REPORT

Regent Brod invited Lynn Zentner, Director, Office of Institutional Compliance (OIC), to present the institutional compliance officer semi-annual report, as detailed in the docket.

Zentner provided an overview of OIC's activities. In that overview, she:

- x Detailed efforts underway to review the University's current compliance infrastructure and make recommendations for realigning or restructuring to achieve greater compliance on both compliance- and ethics-related activities.
  - x Reported on progress related to the education/training initiative recommended in May .
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The meeting adjourned at 5:17 p.m.

BRIAN R. STEEVES  
Executive Director and  
Corporate Secretary

UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS

Board of Regents Meeting  
December 11, 2015

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, December 11, 2015 at 8:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

#### RECEIVE AND FILE REPORTS

Chair Johnson noted the receipt and filing of the Quarterly Report of Grant and Contract Activity and the Annual Eastcliff Report.

#### CONSENT REPORT

Chair Johnson presented for action the Consent Report as described in the docket materials, including:

- x Summary of Gifts through August 31, 2015 .
- x Guidelines Related to Complimentary Tickets.

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

#### REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Chair Johnson invited Colin Campbell, Chair of the Faculty Consultative Committee (FCC) , to present a report on the Committee's recent activities. C ampbell reported that the FCC has

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emphasized that start-ups are the most recognizable way to showcase the University's research and impact on the community.

Herman discussed strategic and program accomplishments, noted the advancements in human research participant protections, and highlighted the MNDrive initiative. He congratulated the Office of University Economic Development for its efforts to engage the state and business communities.

Regent Beeson stressed that the business community offers great potential for public-private partnerships. He commented that the Board would like to learn more about managing dynamic relationships with local businesses, suggesting that there is still much room for growth. Herman responded that his office has developed effective communication with partners across the University, such as the Foundation, who also have relationships in the community. He remarked on efforts to develop partnerships with larger corporations, citing Land O'Lakes as a good example. Herman reported that he meets regularly with government relations staff to evaluate legislative engagement efforts.

Regent Simmons stated that research is a critical component of the institutional mission and commended Herman for positioning the University for success. She observed that private funding could come with specific expectations and deliverables that might change the focus of the research, adding that the expectations of state versus federal funding can vary. Simmons noted that while some states have made large contributions to research, a significant return on that investment has not always occurred. She expressed hope that seeking federal funding continues to be a primary focus. Herman agreed that alternative funding sources can come with specific expectations and that the University should continue to seek government support, but observed that federal funding has plateaued. He urged that to maintain its standing as a top research institution, the University must look for additional sources of funding.

Regent McMillan remarked that the break down of funding – approximately two-thirds direct and one-third indirect – seems high. He asked whether the University is on par with other institutions. Herman stated the University is on the high side of research spending at roughly 29 percent, with peer institutions closer to 23 to 25 percent. He noted that this is an area of opportunity: evaluating how the dollars are being invested, considering the impact of research, and determining the return on investment.

Regent Devine commented that the return on investment data should be emphasized to the legislature, noting that this sets the University apart from other Minnesota institutions. In response to a question from Devine, Herman replied that his staff meets regularly with the Provost to discuss the strategic plan, specifically research challenges. He noted good alignment between the two offices about areas of institutional progress. He emphasized that the goal is to create an environment where collaboration is possible internally and also with national and global institutions.

Regent Anderson applauded Herman for engaging with greater Minnesota. In response to a question from Anderson, Herman responded that money received from programs such as the discovery capital program helps support future research. He noted that approximately \$20 million per year is reinvested in research infrastructure.

Regent Hsu asked what caused the decrease in award dollars for certain colleges and schools. Herman explained that the report's figures capture one discrete year and that there is some fluctuation in which units receive funds and when. He explained that this fluctuation has to do with grant cycles and project timelines, noting that funds come in at different times and in different amounts. Herman stressed that he is less concerned with minor shifts from year to year, sin



first - and second -ranked institutions, respectively. Herman explained that M

with many opportunities to engage the baby boomer generation and alumni. She added that there are additional opportunities to engage donors and alumni regionally and internationally.

In response to a question from Regent McMillan, Schmidtkofer noted that the University spends an average of 12 -14 cents to raise one dollar, while other public universities spend 14-16 cents. She explained raising more money requires additional overhead.

Regent Beeson commented on the positive communication between UMF and other entities such as the Alumni Association. He commended the president for his efforts in expanding donor relations.

Regent Hsu asked if pledges are counted differently than other donations. Schmidtkofer replied that cash pledges and future commitments are counted in the year that the bequest is made.

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McMillan reported that the committee reviewed a second real estate transaction; discussed long-range campus and facility planning; and received several information items as outlined in the docket materials.

McMillan recognized the departure of Office of the Board of Regents staff member Stephanie Austin. He thanked her for her remarkable service to the committee and to the Board. Regent Devine echoed McMillan's comments, thanking Austin for her hard work.

#### REPORT OF THE AUDIT & COMPLIANCE COMMITTEE

Regent Lucas, Vice Chair of the committee, reported that the committee received the external auditor's report; received an update on the human participant research protection implementation plan; reviewed a primer on HIPPA compliance; received the semi-annual report from the institutional compliance officer; and received several information items as outlined in the docket materials.

#### REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

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

1. Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the December 10, 2015 minutes.

A motion was made and seconded and the Board voted unanimously to approve the recommendation of the Academic & Student Affairs Committee.

Cohen reported that the committee also received a report on undergraduate education on the Twin Cities campus and the 2015 University Plan, Performance, and Accountability Report; and received several information items as outlined in the docket materials.

Regent Cohen thanked



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

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

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

2. Approval of the Consent Report for the Finance Committee as presented to the committee and described in the December 10, 2015 committee minutes.

A motion was made and seconded and the Board voted unanimously to approve the recommendations of the Finance Committee.

Beeson added that the committee also discussed purchasing at the University; received the annual financial report; received an update on the fully allocated cost of mission activities; and received several information items as outlined in the docket materials.

Beeson thanked Stephanie Austin for her service to the Board.

## REPORT OF THE GOVERNANCE & POLICY COMMITTEE

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

1. Adoption of proposed amendments to Board of Regents Policy: Namings, as follows:

### Namings

#### SECTION I. SCOPE.

The policy governs the namings of significant University of Minnesota (University) assets, including (1) honorary namings (Section IV); (2) namings associated with gifts or sponsorships (Section V); and (3) other namings (Section VI).

#### SECTION II. GUIDING PRINCIPLES.

- (a) Naming for an individual or organization is an honor that forges a close link between the individual or organization and the University. As such, it is critically important that the integrity, history, behavior, and reputation of the named individual or organization be consistent with the academic mission and values of the University.

- (b) The University shall ensure that namings preserve the long -standing traditions, values, culture, and prestige of the University.
- (c) Namings as part of sponsorship agreements shall be consistent with the University's reputation and core values and the highest standards for business and financial integrity.
- (d) The University shall maintain a consistent, coordinated, and transparent approach to naming that reflects the University's consultative and collaborative decision making process, ensures the proper review and approval of all naming proposals, and preserves confidentiality consistent with applicable law.
- (e) The University shall ensure coordination between: (1) the institution and recognized



- (c) Candidates. The University shall have sole authority to appoint the holders of lectureships, fellowships, and chairs.
- (d) Provisions.
  - (1) Restrictions on the Use of Title. Lectureships, fellowships, professorships, and chairs shall not include such terms as University, distinguished, or the title Regents Professor. These titles are conferred only by the Board.
  - (2) Level of Endowment.
    - (i) Endowment for Chairs. A permanent chair may be established when \$2,000,000 or more has been placed in an endowment that provides in perpetuity the annual funds needed for support. Alternatively, a chair also may be established if a minimum of \$200,000 per year of expendable funds is made available for at least ten years.
    - (ii) Endowment for Professorships. The combination of salary and endowment shall be sufficient to provide salary and fringe benefits for the recipient, staff support, travel, and other expenses. Professorships require a minimum of \$1,000,000 in permanent endowment or a minimum of \$100,000 per year of expendable funds for ten years.
    - (iii) Endowment for Faculty Fellows. Faculty fellows require a minimum of \$500,000 in permanent endowment or a minimum of \$50,000 per year of expendable funds for ten years.
    - (iv) Other Named Endowments and Awards. The titles of lectureships, scholarships, or other named awards may be used for gifts of less than \$500,000 in permanent endowment or \$50,000 a year for ten years. A minimum award in this category would provide at least \$1,000 per year for ten years.

Subd. 2. Naming of Colleges, Schools, Buildings, and Other Significant University Assets. These assets may be named to recognize gifts or as part of a sponsorship. No commitment regarding namings associated with gifts or sponsorships shall be made to the donor or sponsor prior to the applicable University review and approval.

- (a) Consultation. Prior to entering into substantive discussions or making an oral or written commitment regarding a naming to a donor or sponsor, any individual acting on behalf of the University or a recognized University foundation shall (1) inform the donor or sponsor of this policy; (2) consult with the president to determine whether the naming opportunity requires the review and approval process outlined below; and (3) consult with the recognized University foundations as appropriate to determine whether the proposed naming meets the guidelines of the recognized University foundations.
- (b) Review. A naming committee, with two representatives from the Honors Committee, representatives from the recognized University foundations, and relevant academic and administrative officers, shall review naming proposals and submit recommendations to the president. The president recommends namings to the Board.
- (c) Approval. The Board reserves to itself authority to name, rename, or revoke the naming of colleges, schools, buildings, and other significant University assets.



- (a) Approval. The president or delegate shall approve the naming of these assets.
- (b) Management. Recognized University foundations shall manage the process for the naming of these assets and maintain guidelines and criteria for these namings.

#### SECTION VI. OTHER NAMINGS.

This section shall govern the naming of significant University assets when the name is not in honor of an individual or non -University entity and the naming is not associated with a gift or sponsorship.

Subd. 1. Naming of Colleges and Schools. A college or school may be named to reflect the relevant academic discipline.

- (a) Approval. The Board reserves to itself authority to name, rename, or revoke the naming of colleges and schools.
- (b) Management. The president or delegate recommends namings of colleges and schools to the Board.

Subd. 2. Naming of Buildings, Significant Portions of Buildings, Grounds, Physical Structures, Areas, or Streets. These assets may be named to describe the academic or administrative purpose of the asset or to reflect a symbolic meaning appropriate for the asset.

- (a) Approval. The Board reserves to itself authority to name, rename, or revoke the naming of buildings, significant portions of buildings, grounds, physical structures, areas, or streets.
- (b) Management.

Cohen reported that the committee also participated in a work session on Board culture; discussed the administrative policy review process; and reviewed Board of Regents Policy: Awards, Honors, and Recognition. She thanked the committee for their engagement in an untraditional session.

REPORT OF THE LITIGATION REVIEW COMMITTEE

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

The meeting adjourned at 11:54 a.m.

A handwritten signature in black ink, which appears to read "Brian R. Steeves". The signature is written over a horizontal bar that has been redacted with a black box.

BRIAN R. STEEVES  
Executive Director  
and Corporate Secretary