UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Emergency Board of Regents Meeting
May 11, 2017

An emergency meeting of the Board of Regents was held on Thursday, May 11, 2017 at 8:45 a.m. in the East Committee Room, 600 McNamara Alumni Center .

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

Staff present: General Counsel Douglas Peterson and Executive Director Brian Steeves.

Others present: Brian Slovut.

RESOLUTION TO CONDUCT NON-

concerns. Davis added that the University continues to work with BACnet to ensure strict conformance across devices, along with being a controls product testing and development partner.

In response to a question from McMillan, Gulachek explained that the University works with Big Ten peers to identify and adopt best practices. The University also looks across private industry for examples. Davis agreed that collaboration with Big Ten peers is important, but noted that the University is one of the largest and most integrated building automation system users in North America. Given that standing in the market, Davis reiterated that the University is a sought-after partner for testing and development by building control companies. Interim Vice President Berthelsen highlighted that in the building automation area, the University is setting the benchmark for others.

Regent Anderson asked if new technology for students would be included in the design of Pioneer Hall. Berthelsen responded that while the design was not at that stage, the technology would certainly jump several generations from what the current building has. Gulachek offered that installing a solid data network in Pioneer and across the University would ensure that the institution could take advantage of future technology.

In response to questions from Regent Johnson, Gulachek reported that the University has two data backup centers and plans for handling major outages or disasters.

Student Representative Kian asked how student feedback is incorporated into the design and operation of the University's network infrastructure. Badur commented that OIT receives constant feedback from students related to Wi-Fi issues and areas with low connectivity. He noted that the network upgrade design took those concerns into account, and indicated that OIT staff walked through residence halls with students to identify network issues.

In response to a question from Anderson, Badur explained that the system has 7,000 network access points. He described those access points as being equivalent to a consumer router. The network upgrade will add smaller access points and additional access points to residence halls, bringing the total to 12,000. Badur cautioned that more access points do not necessary provide faster network access, but that the system is engineered to provide greater coverage with the fewest number of access points.

Gritters reviewed the location of the center . Jackson explained the project rationale . He reminded the committee that the center is extremely important to th e University's health sciences and in addressing criticism received by the Medical School during its last accreditation review. Jackson noted that the center's location helps make team training across Academic Health Sciences prog rams possible and convenient .

Gritters outlined the cost estimate, funding sources, anticipated completion date, and estimated difference in annual operating costs, noting no changes since the committee reviewed the project in February. He clarified that project fundi ng is contingent upon inclusion

Rosha

RISK MANAGEMENT IN THE ACQUISITION OF REAL ESTATE

Regent McMillan announced that due to time constraints, the discussion of risk management in the acquisition of real estate will move to a future meeting.

CONSENT REPORT

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

- Affirmation of Final Scope for Intercollegiate Athletes Village - Twin Cities campus

In response to a question from Regent Rosha, Berthelsen explained that every project has a contingency fund. If it goes unspent, projects previously identified as potential additions are

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Faculty & Staff Affairs Committee
May 11 , 2017

A meeting of the Faculty & Staff Affairs Committee of the Board o f Regents was held on Thursday, May 11 , 2017 at 10:1 5 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simm ons, presiding; Richard Beeson , Linda Cohen, Michael Hsu, Abdul Omari , and Kendall Powell .

Staff present: President Eric Kaler; Chancellor s Michelle Behr, Lendley Black, and Stephen Lehmkuhle ; Executive Vice President and Provost Karen Hanson; Vice President s Katrice Albert and Kathryn Brown; and Executive Director Brian Steeves.

Student Representatives present: Phillip Guebert and Lauren Mitchell.

BOARD OF REGENTS POL ICY: RESERVATION AND DELEGATION OF AUTHORITY (APPOINTMENT AUTHORI TY)

Regent Simmons referred the committee to proposed appointment authority changes to Board of Regents Policy: Reservation and Delegation of Authority , as detailed in the docket. She added that the policy is now b efore the committee for action after being reviewed at the December and February meetings. A mot ion was made and seconded to adopt the policy amendments.

Regent Hsu expressed his satisfaction with the addition of Head Football Coach an d Head Men's Basketball Coach to the list of positions that require Board approval and noted his concern about the added paragraph regarding positions that are not subject to Board approval. Simmons explained that the paragraph is intended to clarify that there is no financial threshold for approval of personnel decisions .

Regent Beeson shared his discomfor t with the addition of coaches. He explained that although ther e is high pteTdegunderstands the

ompromise t hat reflect s his current
-profile coaching hires.

icy amendments. R egent Beeson

Materi als Science, College of Science and Engineering , to present on the mutual obligations of tenure, as detailed in the docket.

Hanson provided a brief history of tenure at the University and national ly. She explained th e importance of tenure to the land -grant mission of the University and to all research universities. Frisbie added that tenure affords faculty the authority, empowerment, and responsibility to be successful scholars and teachers.

In response to a question from Regent Powell, Hanson reported that although removal of tenure is rare, there mechanisms in place to do so.

In response to a question from Regent Cohen , Hanson explained that early -career faculty receive annual reviews that include discussion of the de cision to pursue tenure. Frisbie added that those conversations are important to guide faculty toward or away from pursuing tenure.

Regent Omari asked how the authority awarded to tenured faculty can ensure inclusivity in the classroom. Frisbie explained that faculty have the responsibility to be aware of differences and must treat all students fairly.

Student Representative Mitchel l inquired about sanctions, other than removal , that exist when a faculty member may have mistreated a graduate student. Hanson reported that student s ha ve the responsibility to report any mistreatment. Frisbie added that graduate students have multiple su pport resources including the department head, the department's director of graduate studies, and central University resources.

Kaler reiterated the value of the department chair's role in leading and coaching faculty in the decision to pursue tenure.

Regent Beeson noted that talent acquisition is also important to this discussion. Simmons added that tenure is an incentii e tntntenlthecisitc7(t)-3.2(n)-4a.3(l)-3-7.7(ei)-3.2(t)-7.5((t)-7.5-7.5(al)-3.2(w 3.072 0 Td [(t)-7.

REVIEW OF EXTERNAL AUDITOR RELATIONSHPS & SERVICES PROVIDED

Regent Lucas invited Sue Paulson, Interim Controller, to present the external auditor review and summary of external auditor relationships and services provided, as detailed in the docket.

Paulson reported that t otal Deloitte & Touche LLP (Deloitte) contracted audit and non -audit fees were $2,382,812 for FY 2016 engagements, with actual fees of $2,396,540 . All FY 2016 engagements are completed and have been final billed.

Paulson reviewed the total fees for audit and non -audit services provided by other firms. The UnToc f[($5( )0.7(f)0.7(o0 Td 00.006 2(0)]TJ (f)0.760C /P <</MCID 5 >6125 0 Td [(f)-4.3(9(s)8( )0.7(o)11.7

Kumher shared eight

BOARD OF REGENT S POLICY: BOARD POLICY DEVELOPMENT

Regent Cohen invited Jason Langworthy, Board Associate, Policy & Committees, Office of the Board of Regents, to present for action proposed amendments to Board of Regents Policy: Board Policy Development, as detailed in the docket.

Langworthy reviewed the proposed amendments. He explained that in response to the F R P P L W W H H · V I H H G E D F N O R S December, the language was revised to F O H D U O \ V W D W H W K H % R D U G expectation that the administration will make certain that other University policies are in alignment with Board policy. The alignment review language was clarified to ensure a regular, ongoing review, and the reporting requirement and sampling language were removed. Langworthy suggested that the Board or this committee could ask for an update from the administration at any time.

5 H J H Q W 5 R V K D S U D L V H G Work between review and action to ensure full and appropriate consideration of Regent input.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of the proposed amendments to Board of Regents Policy: Board Policy Development.

BOARD OPERATIONS: BOARD MEETING FORMAT AND COMMITTEES

Regent Cohen invited Executive Director Steeves to discuss W K H % R D U G · V P H H W L Q J I R U P D W committee structure, as detailed in the docket.

Steeves explained that this conversation continues the comprehensive review of Board of Regents Policy: Board Operations and Agenda Guidelines by focusing on how the Board operates now and wishes to operate in the future. He outlined changing paradigms impacting the work of higher education boards and noted the % R D U G · V

Board to have more conversations, a part of the structure that he viewed as being highly valuable.

Regent Sviggum indicated his interest in the proposed structure. He wondered if the Board should consider reducing the total number of meetings from eight to seven to ensure the Board is not overburdening the administration and being effective with its tim e.

The committee discussed the total number of meetings , with members speaking for and against a possible reduction in meeting frequency . Committee members discussed recent history leading to the current number of meetings;

ranks third, noting that the University is ranked so high because it is comprehensive, offering graduate degrees in so many disciplines.

Simmons asked how many students are enrolled in combination graduate and professional programs. Lanyon did not know, but offered that collaborations for dual degree programs exist across the University.

PRINCIPLES THAT GUIDE ENROLLMENT STRATEGIES IN THE UNIVERSITY'S PROFESSIONAL SCHOOLS

Regent Cohen invited Henning Schroeder, Special Assistant to the Provost for Professional Education, to present the principles that guide enrollment strategies in the University's professional schools.

Schroeder reported that of the 18,000 post-baccalaureate students at the University, 11,000 are enrolled in professional degree programs at the Duluth, Rochester, and Twin Cities campuses. Because professional programs are closely linked to career preparation, each campus employs a unique recruitment strategy. He added that admissions and enrollment are managed at the collegiate or departmental level.

Schroeder invited leadership from five professional programs to share a brief overview of admissions and enrollment, student demographics, tuition, financial aid, and student debt:

- Massoud Amin, Director, Technological Leadership Institute, College of Science and Engineering
- Laura Bloomberg, Associate Dean, Humphrey School of Public Affairs
- Garry Jenkins, Dean, Law School
- Naty Lopez, Assistant Dean of Admissions and Diversity, School of Dentistry
- Christine Mueller, Associate Dean for Academic Programs, School of Nursing

In response to a question from Regent Lucas, Lopez explained that applicants to the School of Dentistry can self-identify as financially disadvantaged. Applicants must also write a brief statement to describe their individual situation.

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Lucas asked if the recent $25 million gift to the Law School will have an impact on the profile of its applicants. Jenkins explained that the gift funds the Binger Center for New Americans with a focus on immigration, refugee rights, and asylum. He added that it will draw students with

- School of Nursing (Twin Cities campus) —Change the name of the post-baccalaureate certificate in Pediatric Nurse Practitioner to Pediatric Primary Care Nurse Practitioner
- School of Nursing (Twin Cities campus) —Change the name of the post-baccalaureate certificate in Adult Health/Gerontological Nurse Practitioner to Adult/Gerontological Primary Care Nurse Practitioner
- School of Nursing (Twin Cities campus) —Change the name of sub-plans in Adult Health/Gerontological Nurse Practitioner and Pediatric Nurse Practitioner to Adult/Gerontological Primary Care Nurse Practitioner and Pediatric Primary Care Nurse Practitioner within the Doctor of Nursing Practice degree
- College of Liberal Arts (Duluth campus) —Create sub-plans in Medical Arts and Science and Indivi7Indivirivtin ldivtrit1]TJ 0 Tc 0 Tw 6.9tdh Tc 0 e.5(h)oB.1.6(e)64 0 T.1.6(e)c 27.7476 0 e.5(h)g Tc .2(o)4s

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Finance Committee
May 11 , 2017

A meeting of the Finance Committee of the Board of Regents was held on Thursday, May 11 , 2017 at 3:00 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson , presiding; Michael Hsu , David McMillan , Abdul Omari , Kendall Powell, and Steven Sviggum .

Staff present: President Eric Kaler; Chancellor s Michelle Behr and Lendley Black ; Interim Chancellor Barbara Keinath ; Senior Vice President Brian Burnett; Interim Vice President Bernard Gulachek ; Executive Director Brian Steeves; Chief Auditor Gail Klatt; and Associate Vice Presidents Stuart Mason , Julie Tonneson , an d Michael Volna.

Student Representatives present: Tareyn Stomberg .

TWIN CITIES ATHLETICS: FINANCIAL MODEL

Regent Beeson invited Senior Vice President Burnett and Mark Coyle, Director of Intercollegiate Athletics, to discuss the financial model used by the Department of Intercollegiate Athletics on the Twin Cities campus (Athletics) , as detailed in the docket.0.7(e)3(Rse<7.6(e)T10.7(o)Tm12.32(o)Tc decrease in revenue between the two years was due to receiving rental income from the Minnesota Vikings. Adjusting for that, Coyl Athletics budget was roughly flat.

Beeson asked how the University's central allocation to Athletics compares to other schools in the Big Ten. Burnett reported that the central allocation was not unusual within the Big Ten. He noted that those institutions that are able to return revenue to the academic mission have football programs that generate significant revenue and often do not have the number and breadth of other sports that the University does. He explained that some institutions do not charge their athletic departments for the full overhead cost or cost of tuition for student athletes. He advocated that the current cost pool structure shows to the Board and public what is being paid to and by Athletics.

Coyle added that regardless of university-specific arrangements, all Big Ten athletic departments need to focus on key revenue sources, including ticket sales, fundraising, the Big Ten and NCAA revenue distribution, licensing, and multimedia rights. He noted that of those revenue streams, ticket sales and fundraising are under the direct control of Athletics, with the other sources determined by long-term agreements. He stressed that by selling more tickets and expanding donations, Athletics can help ensure increased revenue and support for the department.

In response to a question from Regent Hsu, Burnett clarified that the $3.7 million noted as additional University support to Athletics is added to the total Athletics budget. He explained that those additional funds support debt service for the boathouse, among other items. He explained that the amount of the additional support is decreasing as the debt service is paid. Burnett noted that the $3.7 million is a University expense and not a part of the Athlet(a)7.7(l)4.82.4(s)]TJ 0.08f7.

ROLE OF CENTRAL RESERVES FUND

Regent Beeson invited Associate Vice President Volna and Associate Vice President Tonneson to lead a discussion of the role of the central reserves fund (fund), as detailed in the docket.

Volna provided an overview of Board of Regents Policy: Central R eserves Fund. He noted the source for, and purpose of, the fund. He explained the fund's budgeting parameters and the required size of the reserves. Tonneson offered that the fund was near the total size as required by policy before the great recession, but dropped significantly during the recession . She explained that it is now starting to grow again .

Tonneson summarized the fund's reporting requirements to the Board and referred the committee to the annual update contained in the docket. She outlined the fund within the annual operating budget , noting that the timing of revenue and allocation transfers often affects the fund total . Tonneson identified the fund's resources and uses. She also described the policy 's oversight mechanisms, noting that it is a separate part of the general ledger and overseen by the chief financial officer.

Regent Hsu shared his understand ing that the fund was created in response to the Minnesota Legislature, which questioned whether the University had enough reserves and ho w those reserves were used. He recalled additional concern by the Board about spending related to Eastcliff and furniture purchases . Hsu referenced the Board's minutes from that time and observed that the fund was used for projects that needed additionRpf988 02TJ 92(t)-7.5()-4.6(d)30 T7 wnnBcerras Tc 0 T

periodically report on how they are using their reserves , and the total TIP balance is roughly $1 billion. She offered that while units might identify some of their TIP funds as restricted, central administration could use those balances in a fiscal emergency.

President Kaler noted that while units may have a plan to use those TIP funds for new hires or building investments, they can defer those projects and use the funds to address a sudden decrease in revenue. He recommended that the Board keep the fund as a transparent way to monitor how those funds are allocated . He asked that the Board direct the administration to amend parts of the policy to increase efficiency , including the requirement that legal settlements already obligated to units must first be deposited to the fund.

Beeson responded that he believes the Board likes to see legal settlements deposited into the fund because that gives the Board a level of transparency to monitor the distribution. He noted his desire to approve the large distributions. Beeson added that credit agencies include the TIP balance as a part of assets to determine the University's credit rating. Burnett observed that the University enjoys the credit level it has due to the level of reserves it maintains. He stated that the University is in the middle of the Big Ten for reserves and has maintained a conservative debt strategy .

In response to Hsu, Tonneson clarified that while the total size of TIP is known, the specific uses identified by the units are not . She offered that every two to three years, units are asked to identify how they have categorized those funds. Burnett added that because units change their hiring plans and need to flex how reserve dollars are used , it is impossible to forecast comprehensively the use of the funds. Kaler noted that units are encouraged to use TIP funds for one-time expenses. Hsu shared his concern that some colleges have few reserves left.

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents
May 12, 2017

A meeting of the Board of Regents of the University of Minnesota was held on Friday, May 12, 2017 at 8:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Len

x Cari Dutcher, Assistant Professor, Mechanical Engineering, College of Science &

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