

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, September 8, 2016, at 7:30 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Lendley Black and Fred Wood; Executive Vice President and Provost Karen Hanson; Vice President Brian Herman; Interim Vice Presidents Bernard Gulachek and Michael Volna; Executive Director Brian Steeves; and Associate Vice President Gail Klatt.

Student Representatives present: Connor Klemenhagen and Tareyn Stomberg.

Regent Brod and Associate Vice President Klatt reviewed the 2016-17 work plan for the Audit & Compliance Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan. Brod emphasized the theme of compliance throughout the work plan.

Associate Vice President Klatt presented the Internal Audit Update, as detailed in the docket.

Klatt reported that since the last update in June 2016, University departments implemented 39 percent of outstanding recommendations rated as "essential," just below the goal of 40 percent. Regent Brod remarked on the improvement since the same update last year reported only 16 percent implementation.

Klatt shared that audits of the University's Payment Card Industry (PCI) compliance, purchasing cards, and vendor payments – three significant business processes – were completed with exceptional results. She applauded David Laden for his work with Office of Information Technology to ensure

Volna presented background information and status updates on the implementation of "essential" recommendations. He outlined the work plan and status of a financial oversight committee that was charged by President Kaler in late 2015 to align Athletics policies with University policies. Volna noted that the committee has been meeting every three weeks and will continue to do so until the work plan is complete.

Coyle shared that the guiding principles of Athletics under his authority include sound fiscal management and a commitment to transparency. He emphasized the importance of intention and consistency in decision making across all levels of the department.

Regent Brod

A meeting of the Facilities, Planning &

President Kaler commented that the Plan is the final product of a comprehensive review of space aligned with the priorities of the University. He noted that the University is requesting \$100 million in HEAPR funding, but that the need is larger. He described how the administration is identifying space to decommission and consolidate, including buildings like Mayo.

Regent Devine commented on the helpfulness of the comprehensive review of facility deficiencies. He agreed that the HEAPR request is a small portion of what is actually needed across the system to address minimum needs. He shared his view that the state request is aggressive given that Pillsbury Hall did not gain much traction last year, but noted that the historic significance of the building deserves greater legislative attention.

Regent Rosha wondered how the construction of new buildings or the renovation of others affects the decommissioning process. Berthelsen responded that a building-by-building strategy is used to identify candidates for decommissioning. He noted the need to be aggressive with space utilization and to find solutions that consolidate and remove space. Berthelsen added that the Plan guides consideration of when to decommission a building. He asserted that the University is unable to keep building new facilities without decommissioning others. Berthelsen stated that University Services is setting goals and measu

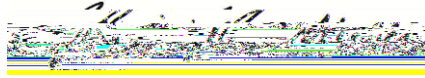
MacKenzie described mitigation measures to preserve unique historic items within the structure. The University has compiled archival documentation and oral histories from former workers to include in the SHPO-required historic property record. Ma ric e5(ic BT4(ts)4(cr)-6(v)-9(eb)6(e)-b)-14(

A motion was made and seconded to recommend approval of the capital budget amendment for the Pioneer Hall renovation and consolidated Superblock dining facility.

On recommendation of the President and the Interim Vice President for University Services, the FY 2017 Capital Budget is amended to include the following project:

Pioneer Hall renovation and consolidated Superblock dining facility - Twin Cities campus

Employee Compensation and



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, September 8, 2016 at 3:00 p.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: Chancellor Stephen Lehmkuhle; Executive Vice President and Provost Karen Hanson; Vice President Brian Herman; Associate Vice Presidents Gail Klatt and Frances Lawrenz; and Executive Director Brian Steeves.

Student Representatives present: Phillip Guebert and Mina Kian.

Regent Cohen and Provost Hanson reviewed the 2016-17 work plan for the Academic & Student Affairs Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

Regent Cohen invited Provost Hanson; Barbara Keinath, Vice Chancellor for Academic and Student Affairs, UMC; and Deborah Dillon, Associate Dean, College of Education and Human Development, to provide a summary of 2015-16 academic program changes and share examples of the process by which faculty and units develop proposals for new academic programs, as detailed in the docket.

Hanson outlined the review process academic program changes undergo prior to a recommendation to the Board. She emphasized that the process is highly consultative and engages participants at all levels. Hanson reported that over the last year, four baccalaureate degrees, four post-baccalaureate degrees, one joint degree program, five certificate programs, and eight minors were added. She noted that the number of degree programs remains relatively constant with additions and discontinuations each year.

Keinath highlighted two examples of new programs from the Crookston campus, both closely tied to the mission to deliver programs that are applied and career-focused. She explained that the addition of the baccalaureate English degree was fiercely contested on campus as contrary to that mission, but that it was designed to fit the mission and equip students with the writing


Dillon shared that new programs in the College of Education and Human Development (CEHD) are often developed in response to community need, and that the review process is rigorous. She shared three examples, including the school psychology post-baccalaureate

Crookston campus—Deliver the B.S. degrees in Early Childhood Education and Elementary Education at White Earth Tribal Community College
College of Liberal Arts (Twin Cities campus)—Create sub-plan in Arabic within the B.A. degree in Asian Languages and Literatures
College of Liberal Arts (Twin Cities campus)—Create sub-plan in Religions of Antiquity and discontinue sub-plans in Latin and Greek within the Ph.D. degree in Classical and Near Eastern Studies
School of Public Health (Twin Cities campus)—Discontinue sub-plan for the partnership with Arizona State University within the Public Health Nutrition M.P.H. degree

College of Education and Human Development (Twin Cities campus)—Discontinue the M.Ed. degree in Business and Industry Education
College of Science and Engineering (Twin Cities campus)—Discontinue the B.S. degree in Statistics
Medical School (Twin Cities campus)—Discontinue the M.S. degree and graduate minor in Experimental Surgery
Medical School (Twin Cities campus)—Discontinue the M.S. and Ph.D. degrees in Surgery

School of Nursing (Twin Cities campus)—Discontinue the M.S. degree in Nursing

The meeting adjourned at 4:47 p.m.

A handwritten signature in black ink that reads "Brian H. Steves". The signature is written in a cursive style and is placed on a light green rectangular background.

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Finance Committee
September 8, 2016

A meeting of the Finance Committee of the Board of Regents was held on Thursday, September 8, 2016 at 3:00 p.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; Chancellors Lendley Black and Fred Wood; Vice President Katrice Albert; Interim Vice Presidents Michael Berthelsen, Bernard Gulachek, and Michael Volna; Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason and Julie Tonneson.

Student Representatives present: Mike Kenya and Tareyn Stomberg.

2016-17 COMMITTEE WORK PLAN

Regent Beeson and Interim Vice President Volna reviewed the 2016-17 work plan for the Finance Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

ANNUAL ASSET MANAGEMENT REPORT

Regent Beeson invited Associate Vice President Mason to provide an overview of the Annual Asset Management Report, as detailed in the docket.

Mason reported that the invested assets of the University totaled approximately \$2.56 billion on June 30, 2016. The Consolidated Endowment Fund (CEF) value as of June 30, 2016, was \$1,258 million, a decrease of \$35.6 million over last year after quarterly distributions of \$52.1 million. The total investment return for CEF was up 0.3 percent over the last 12 months, compared to a benchmark return of 0.7 percent. Mason offered that the benchmarks currently in place are aggressive, adding that early estimates showed many of the University's peers with negative returns for the year.

Andrew Parks, director and portfolio manager with the Office of Investments and Banking (OIB), explained that the investment return for CEF and the slight underperformance compared to the benchmark was driven by public equity investments and underperformance by riskier fixed-income managers. He reminded the committee that stable distributions are a key policy objective for CEF.

Mason discussed the Temporary Investment Pool, Group Income Pool, and Regents of the University of Minnesota Insurance Company (RUMINCO) fund performance. He outlined investment manager changes, and steps being taken to invest with targeted investment managers and the consideration of social responsibility when making investment decisions.

In response to a question from Regent McMillan, Mason explained that the Investment Advisory Committee sets the benchmarks F2 9e5 the bench Tm(ex)-3(p)6(laETBT1]TJs.)-2()-16]T the O4(a 54)-3()-4i Tm

INFORMATION ITEMS

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

Quarterly Purchasing Reports
Investment Advisory Committee Update
Debt Management Advisory Committee Update

The meeting adjourned at 4:51 p.m.

A handwritten signature in black ink, appearing to read "Brian R. Steeves", is written over a horizontal line. The signature is stylized and includes a small graphic element at the end.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents
September 9, 2016

A meeting of the Board of Regents was held on Friday, September 9, 2016 at 7:30 a.m. in the Gateway Room, McNamara Alumni Center.

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

Staff present: President Eric Kaler; Vice President Kathy Brown; Interim General Counsel Greg Brown; and Executive Director Brian Steeves.

Others present: Amy Phenix.

RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE BOARD OF REGENTS

A motion was made and seconded that the following resolution be adopted:

BE IT RESOLVED, that in accordance with Minnesota Statutes § 13D.01, Subd. 3 and 13D.03 Subd. 1, a non-public meeting of Board of Regents will be held on Friday, September 9, 2016 at 7:30 a.m. in the Gateway Room, 600 McNamara Alumni Center, 200 Oak Street, SE, Minneapolis, Minnesota for the purpose of discussing labor negotiations strategy.

The Board voted unanimously to adopt the resolution. The public portion of the meeting ended at 7:53 a.m., at which time the Board discussed labor negotiations.

The meeting adjourned at 8:00 a.m. on Friday, September 9, 2016.

RECEIVE AND FILE REPORT S

Chair Johnson noted the receipt and filing of the Annual Report on Legal Matters, the Annual Asset Management Report, and the Quarterly Report on Grant & Contract Activity .

for action a proposed capital budget amendment for renovation of Pioneer Hall and a consolidated Superblock dining facility, as detailed in the docket.

Berthelsen reviewed the SURSR Vitals, which include expanding capacity, enhancing the student experience, and improving the dining experience in the Superblock. He discussed the SURM Plan to help meet first-year housing needs, align with the Twin Cities campus enrollment plan and strategies, and address facility deficiencies. He reported on the projected capacity and demand of University properties and master lease facilities.

Smith summarized the renovations, detailing the projected cost estimates and the increased capacity following improvements. She explained project benefits, such as retaining the historic features of Pioneer Hall and expanding the footprint to increase the number of beds. She reviewed plans for new dining and residential spaces and reported on the total project costs. Smith explained that the project would be funded from University debt and has an anticipated completion date of September 2019.

McLaughlin outlined housing options during construction, which would include designation of new first-year student housing and use of apartment facilities.

Regent McMillan, Chair of the Facilities, Planning & Operations Committee, reported that the committee reviewed the proposal and voted 4-2 to recommend approval of the capital budget amendment. He moved its approval. The motion was seconded.

President Kaler remarked on feedback regarding the lack of climate controlled connections between the Superblock buildings and the proposed dining facility. He committed to launching an investigation into the costs and feasibility of adding walkways² whether above or below ground² to the project.

Regent Rosha suggested that the proposed plan does not necessarily increase capacity, which is one of the main goals of the project. He remarked that the use of apartment-style facilities during construction means other students could be displaced. He voiced concern about funding the project from debt, noting that this could limit future projects that might rely on the debt capacity. Rosha stated his lack of support for the specific amendment, but clarified that he is not opposed to other possibilities for housing expansion. He suggested more student input into the project.

Berthelsen agreed with the importance of considering the whole housing market, not just University-owned facilities, when evaluating student capacity. He noted that with so much apartment-style housing on or near campus, it is possible that no students will be displaced during construction.

Regent Devine stated that he would not support the specific proposal for three reasons: cost, especially if walkways are included; lack of clarity on whether the expansion adds capacity; and use of student money to support the project. He stressed the importance of enhancing the student experience, but suggested that this is not the best plan for accomplishing this goal.

Regent Brod thanked the President for his commitment to investigate options for walkways, noting that they would improve the overall student experience. She emphasized the importance of having both non- and for-profit housing on campus. She suggested identifying more ways to leverage the relationship between those in the for-profit market, such as is being done with the master lease plan.

Regent Hsu also expressed appreciation for consideration of walkways. He voiced concern about the increase in room and board costs, especially given the overall cost of attendance. He noted that Pioneer is not the lowest ranked dorm on campus, expressing support for improvements to the facility but not the proposed plan. He suggested that overall cost of

attendance could be mitigated by variable pricing for room and board, based on the desirability of a given facility.

Regent Beeson remarked on the progress made in housing and noted that the master planning process is complicated. He commented that he does not favor modest renovations, despite the high cost of complete renovations. He noted the rarity of pushback against the high costs of building or renovating other facilities, such as those for academic or athletic uses. He acknowledged that housing facilities are more expensive overall, but that they also generate revenue and significantly impact the student experience.

The Board of Regents voted 9-3 to approve the capital budget amendment for Pioneer Hall and the Superblock Dining Facility. Regents Devine, Hsu, and Rosha voted no.

35 (6), (17-65) (2000) (REV. FY 2018-19) BIENNIAL BUDGET REQUEST

Chair Johnson invited Pre-VLGHW, DOHU, WR, SUHVHW, WKH, 3U, 2018-C, V, 5HFRP Biennial Budget Request (Budget Request) as detailed in the docket materials.

Kaler reported that the Budget

Regent Brod remarked on the importance of HYDOXDWLQJ WKH 8QLYHUVLW\·V UHODWL R legislature and being creative in seeking repair and replacement funds. She suggested partnering with other state higher education agencies and institutions to yield greater results. Kaler replied that the University has considered different approaches in its requests to the state in the past, without significant gain. He noted he is open to finding new ways to partner with the state and to consider options for other requests for funding.

Regent Devine agreed about consideration of other sources of funding. He remarked on the importance of emphasizing to the legislature the long-term goals of the health sciences. He noted that this emphasis will provide perspective for the incremental investments that will be made along the way.

Regent Rosha commented that the aspirational goals for critical facilities should be viewed from a perspective of access to excellence. He suggested that eliminating those facilities that are a GUDLQ RQ WKH LQWUHVWLWLRQ\·V UHODWL R campus experience and help with funding requests to the legislature.

Regent Omari asked if the shift in library services to primarily online delivery has affected operations, and if there are variations between graduate and undergraduate needs. Hanson responded that the demand for services is still for both digital and hard copy materials, and that there has been a greater shift in student expectations for study spaces. She noted that the inclusion of Murphy Hall addressed the demand for both types of materials, noting the need to maintain older methods of operation while being highly modern.

Regent Simmons remarked on the health sciences and provided clarification for the comparisons to the Destination Medical Center. She commented on strategic planning around the health sciences and mede

In performing their duties, University faculty, staff, and students shall adhere to the following recognized principles:

- (a) procedures involving animals shall be designed and performed with due consideration for their relevance to human or animal health, the advancement of knowledge, or the good of society; and
- (b) the proper use of animals requires avoidance or minimization of discomfort, distress, and pain.

SECTION IV. DEFINITIONS.

Subd. 1. Institutional Animal Care and Use Committee. Institutional Animal Care and Use Committee (IACUC) shall mean the committee established by the president or delegate in accordance with federal regulations to review University animal care and use protocols, animal facilities, and the overall animal program.

Subd. 2. Institutional Official. Institutional official shall mean the individual appointed to oversee animal care and use programs. The institutional official shall be an individual with the authority to allocate resources needed to maintain a smoothly functioning animal care and use program based on recommendations and advice received from the IACUC and the attending veterinarian. The institutional official shall be authorized to legally commit on behalf of the University that the requirements of the Public Health Service Policy on the Humane Care and Use of Animals (PHS Policy) and the USDA Animal Welfare Act (AWA) and its regulations (AWAR) will be met.

Subd. 3. Attending Veterinarian. Attending veterinarian shall mean an individual qualified by virtue of appropriate postgraduate training and/or experience in laboratory animal science and medicine who has the appropriate authority to execute the duties inherent in assuring the adequacy of veterinary care and overseeing other aspects of animal care and use to ensure that the program meets applicable standards.

Subd. 4. Research Animal Resources. Research Animal Resources (RAR) shall mean the program established by the president or delegate to provide veterinary services and support for activities covered under this policy.

Subd. 5. Service or Display Activities Involving Animals. Service or display activities involving animals shall mean activities that include animals housed at the University but do not involve research or teaching. Care for these animals is governed by best practice in animal care as specified by the persons in charge of the animals and approved by the IACUC. These animals do not include privately owned animals such as personal pets, service animals performing tasks for individuals with disabilities, or office fish tanks.

SECTION V. COMPLIANCE WITH FEDERAL AND STATE LAW.

Subd. 1. Federal and University Responsibilities. As required by federal law, the president or delegate shall appoint an IACUC to ensure that activities covered under this policy meet federal requirements. The president or delegate is responsible for overseeing the IACUC. University officials may not approve an activity covered under this policy if it has not been approved by the IACUC. Activities approved by the IACUC nevertheless may be subject to further review and approval by University officials.

Subd. 2. Regulatory Compliance. All activities covered by this policy must comply with applicable federal and state regulations and guidelines, including, but not limited to, the PHS Policy, the National Research Council Guide for the Care and Use of Laboratory Animals, the USDA AWARs, and the Guide for the Care and Use of Agricultural Animals.

- (a) be appropriately qualified or supervised for conducting procedures on animals;
- (b) satisfy all required training;
- (c) enroll and participate in an occupational health program as required; and
- (d) abide by and carry out the decisions of the IACUC.

SECTION VII. ADMINISTRATIVE PROCEDURES.

The IACUC, with responsible oversight by the president or delegate, shall maintain appropriate administrative policies and procedures to implement this policy.

The Board of Regents voted unanimously to approve the recommendations of the Academic & Student Affairs Committee .

Regent Cohen reported that the committee also reviewed the its annual work plan; received an annual report on academic program changes; and discussed developing and preparing students through a liberal education.

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE

Regent Brod , Chair of the committee, reported that the committee reviewed its annual work plan ; received an update on the internal audit; discussed the remediation of intercollegiate athletics audit findings; received an update on the human participant research protection plan implementation ; and reviewed the RFP process for external audit contract .

REPORT OF THE FACILITIES, PLANNING & OPERATIONS COMMITTEE

Regent McMillan, Chair of the committee, reported that the committee discussed its annual work plan; reviewed issues related to the 3 U H V L G H V • nD^c H V V BG @ @ V Q †nHbie H V pT a Å GäPH V

