

Year 2017-18

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Special Selection Committee:
Appointment to the Fairview Health Services Board of Directors
July 12, 2017**

A handwritten signature in black ink, appearing to read "Brian R. Steeves", is written over a horizontal line. The signature is somewhat stylized and includes a date "7/12/17" at the end.

**BRIAN R. STEEVES
Executive Director and
Corporate Secretary**

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
July 12, 2017**

A meeting of the Board of Regents of the University of Minnesota was held on Wednesday, July 12, 2017 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellors Lendley Black, Mary Holz-Clause, and Stephen Lehmkuhle; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Kathy Brown, Bernard Gulachek, and Matt Kramer; Interim Vice Presidents Michael Berthelsen, and Alan Levine; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason, Julie Tonneson, and Michael Volna.

RECOGNITIONS

Chancellor, University of Minnesota Rochester

President Kaler recognized University of Minnesota Rochester Chancellor Stephen Lehmkuhle, who will retire at the end of the fiscal year.

NCAA Champion

President Kaler recognized University of Minnesota Duluth student-athlete Emi Trost for capturing a 2017 NCAA championship in Outdoor Track and Field. Recognition was also given to Head Coach Joanna Warmington.

INTRODUCTIONS

Chancellor, University of Minnesota Crookston

President Kaler introduced University of Minnesota Crookston Chancellor Mary Holz-Clause, who began her appointment on June 30, 2017. Holz-Clause received a Ph.D. in Agriculture Education and Extension, a master's in Public Administration, and a B.S. in Agriculture Business, all from Iowa State University. She briefly addressed the Board.

Vice President for Information Technology and CIO

President Kaler introduced Vice President for Information Technology and CIO Bernard Gulachek. Gulachek is a 1985 graduate of the College of Liberal Arts. He briefly addressed the Board.

Dean, Humphrey School of Public Affairs

President Kaler and Provost Hanson introduced Dean of the Humphrey School of Public Affairs Laura Bloomberg. Bloomberg received a Ph.D. in Educational Policy and Administration from the University of Minnesota, master's degrees in psychometrics and educational psychology from Cornell University, and a bachelor's degree in special education from St. Cloud State University. She briefly addressed the Board.

Academic Professionals & Administrators Consultative Committee Chair

REPORT OF THE CHAIR

Chair McMillan thanked former Chair Johnson for his dedication to the Board and presented him with a commemorative gift. McMillan expressed his gratitude to the Board for the opportunity to serve in his new leadership role.

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

RECEIVE AND FILE REPORTS

Chair McMillan noted the receipt and filing of the Board of Regents Policy Report.

CONSENT REPORT

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

- x Gifts
- x Finance & Operations Committee Consent Report
- x North Dakota Reciprocity Agreement

Regent Powell recused himself from action on the Consent Report due to a potential conflict of interest related to a gift from General Mills. A motion was made and seconded, and the Board of Regents voted unanimously to approve the Consent Report.

ANNUAL UNIVERSITY PROGRESS CARD REVIEW

Chair McMillan invited President Kaler and Lincoln Kallsen, Director of Institutional Analysis, to review the University Progress Card, as detailed in the docket.

Kaler reviewed the purpose of the progress card in measuring specific metrics and goals, noting improvement on many metrics. Kallsen reported on progress toward goals in the areas of

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Regent Rosha suggested refining, rather than adding, measures. He observed that system campuses have different considerations than the Twin Cities campus, citing enrollment caps as an example. He expressed a preference for a separate enrollment measure solely for the Twin Cities campus. Kaler agreed that comingling enrollment data can be misleading, adding he believes one way to avoid confusion is to present the information in a different way.

In response to a question from Regent Hsu, Kallsen noted that the report is updated at the end of each spring and fall term. He clarified that the academic year runs through summer term, so there will be additional data in a few months.

Regent Powell suggested considering what will take the place of Operational Excellence once that measure is no longer relevant.

UPDATE ON UMORE PARK

Chair McMillan invited Senior Vice President Burnett, Interim Vice President Berthelsen, and Associate Vice President Volna to provide an update on UMore Park, as detailed in the docket.

Berthelsen reviewed the history and uses of the land. He summarized current land allocations and remarked on the potential for remediation in certain parts of the UMore Park East area.

Volna reviewed the development plan for the UMore East plot, detailing residential, commercial, and industrial uses. He emphasized that the development plan is vague since it will depend on many variables over a 30-year timeline. He outlined the potential net proceeds to the University based on revenue from land sales and gravel leasing, as well as infrastructure and remediation costs. He cautioned that these are very preliminary estimates.

In response to several questions from Regent Lucas, Berthelsen noted that University deans and college leaders are planning transitions to ensure that research taking place on site will continue smoothly. Volna reported that proceeds from gravel sales are generally on track, though there was a slight dip this year.

Regent Hsu asked if proceeds from UMore transactions are allocated to specific funds. Volna responded that proceeds are allocated to a UMore legacy fund. A separate fund also has been established to maintain debt; once the account is in the black, money automatically transfers to the legacy funds. In response to a question from Hsu, Volna explained that CFANS is the only University unit with space at UMore, but added that certain community organizations use the space as well.

Regent Powell noted the risk associated with remediation efforts, depending on the level of contamination. He suggested additional knowledge and resources may be needed before moving forward.

Regent Omari remarked on the wide range of potential net proceeds reported and asked for greater clarity about what is expected. Volna responded that proceeds from land sales are the easiest components to forecast, since few parties are involved. Other outcomes involve more parties and are more difficult to predict. The hope, Volna explained, is to provide the Board with best case and worst case scenarios, and to evaluate the opportunity and risk associated with each option.

Regent Rosha suggested keeping legislators informed and involved. He expressed hope that the process continues in an open and transparent manner.

UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION ANNUAL REPORT

For positions not listed above, the Board reserves to itself authority to appoint all individuals and approve any individually negotiated terms of employment, and any significant contract amendments thereto, when the appointment or employment agreement or amendment:

- a. raises unusual questions of public interest or public policy;
- b. has a significant impact on the University's mission; or
- c. has a total potential value greater than \$1 million.

Regent Hsu seconded the motion.

Rosha remarked that this is an issue of accountability and that the proposed amendment demonstrates that the Board is protecting the public interest. He noted that the Board already reserves the right to review any contract with a value greater than \$1 million and that the amendment simply clarifies this authority as related to employment agreements. He suggested that the dollar threshold demonstrates accountability without implying that certain sports are more important than others. Rosha argued this approach ensures that high-dollar contracts are prudently implemented.

Hsu observed that the discussion is about greater enforcement of an existing policy. He suggested that Rosha is calling for greater specificity regarding the employment agreements subject to the policy. Steeves clarified that another section of the policy specifies a \$2 million dollar threshold for commercial transactions.

McMillan expressed concern that the construction of the policy is happening piecemeal. He suggested that the Board advance the policy today and return it to the Governance & Policy Committee (GOV) for a more detailed review sometime in the future. He stressed the importance of establishing correct policy language.

Regent Omari disagreed that the policy should go back to GOV. He observed that the policy already offers the necessary permissions, but greater clarity is required.

Regent Lucas cautioned that specifically naming the coaches of two men's sports excludes women's sports. She noted this is not a good message.

Regent Johnson suggested only adopting item C of the proposed amendment, noting that the issue seems to be about the \$1 million threshold. Rosha responded that parts A and B are from another part of the policy and clarify contracts that meet a specific threshold or are of significant public interest. He suggested that when a contract is \$1 million or more, there is an expectation that the Board has an opportunity for review. He added that it does not change the policy but does create greater clarity.

Cohen agreed that making policy changes in a piecemeal fashion is not ideal. She noted she will not support the amendment.

In response to a suggestion from Hsu, Rosha declined to modify his proposed amendment to increase the \$1 million threshold to \$2 million annually. He suggested that the Board is reluctant to exercise oversight and emphasized the importance of reviewing large employment contracts. He cautioned against including an annual provision, since the University is financially obligated regardless.

McMillan rejected the idea that the Board is not willing to provide oversight. He clarified his intent that the policy be drafted with careful consideration for all factors.

Hsu moved to amend the Rosha amendment to increase the threshold to \$2 million annually. Regent Sviggum seconded the motion. The Board of Regents voted against the Hsu motion.

include purchases of land and buildings, construction and installation of equipment, acquisition and installation of equipment, as well as the costs of issuance of the Debt; and

instruction and remodeling projects, and the well as the costs of issuance of the Debt;

WHEREAS, the Debt will be issued pursuant to one or more Order(s) of the University, which will contain the terms of such Debt and agreements and covenants of the University with respect to the payment of the principal of, premium or discount, if any, and interest on such Debt.

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

1. To provide funds to finance capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, as well as the costs of issuance of such financing(s) the Board hereby authorizes the sale and issuance of Debt in the principal amount of up to \$141,000,000. The Debt may be issued in one or more forms and one or more series, each to mature (or if commercial paper, to have an amortization schedule terminating) not later than the date that is 25 years after the date of issuance. The Treasurer is authorized to determine the form(s) in which the Debt will be issued, whether or not the Debt will be issued as general obligations of the University and whether or not the Debt will be issued in a form that is tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended.

2. The purchases of land and buildings, construction and remodeling projects, acquisition of equipment to be financed by the proceeds of the Debt shall be those the source of funding of which is so designated by the Board or by the Treasurer as part of the University's capital planning process.

3. If issued in the form of bonds, 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. The Treasurer is further authorized to negotiate and approve the terms and conditions of any credit support or liquidity facility for any series of Debt. 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.

4. 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 Order or any supplement or amendment thereto under which the Debt is to be issued in the form and containing such covenants, agreements, representations and warranties as is approved by the Treasurer and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the Debt in accordance with such Order or any supplement or amendment thereto. The signatures of the Secretary and/or Treasurer on the documents evidencing the Debt may be by facsimile.

5. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of Debt in the form and containing such covenants, agreements, representations and warranties of the University as are approved by the Treasurer and General Counsel.

6. The Treasurer is authorized to approve the Preliminary Official Statement, final Official Statement, Offering Memorandum, Offering Circular, or other offering material

or any supplements or amendments thereto to be prepared and distributed to any purchaser or potential purchaser of a series of Debt, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto. In the case of the sale of any series of Debt in a competitive process, the Treasurer is authorized to approve the Notice of Sale and any amendment thereto.

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.

REPORT OF THE SPECIAL SELECTION COMMITTEE

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

1. Approval of the appointment of Brian Burnett to the University representative seat on the Fairview Health Services Board of Directors, for the remainder of a three-year term.

The Board of Regents voted unanimously to approve the recommendation of the Special Selection Committee.

NEW BUSINESS

Chair McMillan invited President Kaler to report on the University's participation in the state's bid to host the 2023 World Expo. Kaler reported that the proposed resolution supports the bid while acknowledging that the University must still operate throughout the event.

A motion was made and seconded.

Regent Simmons disclosed that she has a formal role with the committee overseeing bid efforts. She emphasized that her primary consideration in this discussion is that the University's mission is well served and its resources are protected.

Regent Rosha asked for clarification about the bidding process and the University's approach. Kaler referenced several discussions about requests made by the bid committee and the proper level of University involvement. He added that the University wants to attract the Expo, but only if certain needs are met that allow the experience to be successful. Regent Simmons agreed that risk is involved but that it is a positive opportunity for the University.

Regent Johnson stressed the importance of sharing the resolution with legislators and community leaders. Kaler agreed.

Regent Beeson suggested meeting with representatives from the Expo to better understand the financial implications of the event.

In response to questions from Regent Hsu, Kaler responded that one option includes use of the transitway for Expo traffic, which would require a new route for University purposes. Kaler clarified that Granary Road is not in place for the level of traffic expected with the Expo.

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Litigation Review Committee
July 20, 2017

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, July 20 at 11:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Thomas Anderson and Steven Sviggum. Dean Johnson, Darrin Rosha, and Patricia Simmons participated by phone.

Staff present: President Eric Kaler, Interim Vice President Alan Levine, General Counsel Douglas Peterson, Executive Director Brian Steves, Associate Vice President Jay Schrankler.

Others present: Michael Albert, Ed Gates, Christopher Henry, Gerald Hryczyn, and Brian Slovut.

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

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

WHEREAS, based on advice of the General Counsel, the Board of Regents Litigation Review Committee has balanced the purposes served by the Open Meeting Law and by the attorney-client privilege, and determined that there is a need for absolute confidentiality to discuss litigation strategy in particular matters involving the University of Minnesota.

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on Thursday, July 20, 2017 at 11:00 a.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters related to the following:

- I. Regents of the University of Minnesota v. Gilead Sciences, Inc.

The committee voted unanimously to adopt the resolution and the public portion of the