UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Finance & Operations Committee
Thursday, September 6, 2007
10:00 a.m. - 11:45 a.m.
600 McNamara Alumni Center, East Committee Room

Board Members
Steven Hunter, Chair
Dean Johnson, Vice Chair
Clyde Allen
Linda Cohen
John Frobenius
Venora Hung

Student Representatives
Nathan Swanson
Mark Torma

AGENDA

1. Issues Related to: Annual Asset Management Report - R. Pfutzenreuter/S. Mason (pp. 2-18)
3. Committee Workplan, 2007-08 - S. Hunter/R. Pfutzenreuter (pp. 20-24)
5. Information Items - R. Pfutzenreuter (pp. 48-63)
Finance and Operations Committee

September 6, 2007

Agenda Item: Issues Related to: Annual Asset Management Report

☐ review  ☑ review/action  ☐ action  ☑ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter
Chief Investment Officer Stuart Mason

Purpose:

☐ policy  ☑ background/context  ☑ oversight  ☐ strategic positioning

To report on the annual results of investment performance by asset management for the period ended June 30, 2007. The Office of Asset Management (OAM) prepares this report on the assets it oversees for review by the Investment Advisory Committee and the Board of Regents.

Outline of Key Points/Policy Issues:

• The invested assets of the University totaled approximately $1.9 billion on June 30, 2007.

• The Consolidated Endowment Fund value as of June 30, 2007, was $1.2 billion, an increase of $281.8 million over the last 12 months after distributions. The total investment return of the endowment was 21.1% over the last 12 months compared to a benchmark return of 17.8%.

• The value of the short term reserves (TIP) was $548.4 million as of June 30, 2007, excluding investments in CEF of $107.6 million. This was a decrease of $112.6 million over the last 12 months. The investment yield on the portfolio over the last 12 months was 4.7% compared to a benchmark yield of 5.7%.

• Total outstanding debt on June 30, 2007, was $778.3 million. The effective interest rate on all outstanding debt obligations was 4.36%.
Annual Asset Management Report

June 30, 2007
Highlights
(as of 06/30/07)

The Consolidated Endowment Fund (CEF) totaled $1,151.4 million, up $99.7 million over the previous quarter and up $281.8 million over the last twelve months after distributions of $32.7 million and market impact.

- $107.6 million is TIP’s market value in CEF
- $20.0 million is TIP’s market value in CEF
- Quarterly distribution: $8.3 million (4.8% of a 60 month average)
- Total return for quarter: 5.7% vs. 4.5% for the benchmark
- Total return for 12 months: 21.1% vs. 17.8% for the benchmark
Highlights

**TIP**

The Temporary Investment Pool (TIP) totaled $548.4 million, a decrease of $6.2 million from the previous quarter and $112.6 million below the previous 12 months. The decrease is partly due to a transfer of $100 million from TIP to CEF.

Total investment yield on the portfolio for the last 12 months was 4.7% vs. a benchmark of 5.7%.

**GIP**

The Group Investment Pool (GIP) totaled $51.3 million, up $19.8 million from the previous quarter and up $19.9 million from the past 12 months.

- The GIP return was -.5% compared to the benchmark return of -.5% for the quarter. In the past 12 months, GIP returned 5.2% while the benchmark had a return of 6.1%.
Highlights

RUMINCO

RUMINCO totaled $39.2 million, an increase of $3.0 million from the previous quarter and $8.1 million above the previous 12 months.

Total investment yield on the portfolio for the last 12 months was 23.3% vs. a benchmark of 15.6%

Long Term Debt

The total outstanding debt obligation of the University, including state issued Infrastructure Development Bonds (IDB), amounted to $778.3 million. Of this amount, $137.3 million relates to the 2006 stadium revenue bonds.

The total effective rate on University issued debt on 6/30/07 was 4.31%. Taking into consideration the interest expense on IDBs, the effective interest rate for all University Debt obligations was 4.36% compared to 4.31% from the previous quarter.
# Current Value of Funds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Endowment Fund (CEF) (1) (2)</td>
<td>1,151.4</td>
<td>1,051.7</td>
<td>869.6</td>
</tr>
<tr>
<td>Long-Term Reserves (GIP) (3)</td>
<td>31.3</td>
<td>31.5</td>
<td>31.4</td>
</tr>
<tr>
<td>Short-Term Reserves (TIP) (3)</td>
<td>548.4</td>
<td>554.6</td>
<td>661.0</td>
</tr>
<tr>
<td>Invested Assets Related to Indebtedness</td>
<td>171.2</td>
<td>194.7</td>
<td>9.7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,922.3</strong></td>
<td><strong>1,832.5</strong></td>
<td><strong>1,571.7</strong></td>
</tr>
</tbody>
</table>

**Other:**

| U of M Foundation Managed Funds                    | 1,413.0   | 1,284.7   | 1,196.5   |
| MN Medical Foundation Funds                        | 262.0     | 257.6     | 223.8     |
| RUMINCO Ltd.                                       | 39.1      | 36.2      | 31.1      |
| Basic Faculty Retirement Plan                      | 2,511.9   | 2,440.6   | 2,259.3   |

**CEF** Includes the Market Value for the Permanent University Fund (PUF) **482.2** **457.2** **407.4** **(1)**

**Includes TIP investment of $108 million and GIP investment of $20 million. (2)**

**Balances exclude investment in CEF. (3)**
Portfolio Returns

CEF
- CEF
- Benchmark

TIP
- TIP
- Benchmark

QTR 1-YR 3-YR 5-YR

F&O: Annual Asset Management Report

Office of Asset Management
Portfolio Returns

GIP*
- GIP
- Benchmark
  * Includes CEF Investment

RUMINCO
- RUMINCO
- Benchmark

* Includes CEF Investment

Office of Asset Management
<table>
<thead>
<tr>
<th></th>
<th>Qtr</th>
<th>1 Yr</th>
<th>3 Yr</th>
<th>5 Yr</th>
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<tr>
<td>Domestic equity</td>
<td>6.7</td>
<td>20.7</td>
<td>12.4</td>
<td>11.3</td>
</tr>
<tr>
<td>Russell 3000</td>
<td>5.8</td>
<td>20.1</td>
<td>11.9</td>
<td>11.5</td>
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<tr>
<td>International Equity</td>
<td>9.8</td>
<td>34.1</td>
<td>26.8</td>
<td>19.2</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>6.4</td>
<td>27.0</td>
<td>22.2</td>
<td>17.7</td>
</tr>
<tr>
<td>Private Capital</td>
<td>10.2</td>
<td>29.3</td>
<td>49.5</td>
<td>26.1</td>
</tr>
<tr>
<td>Venture Economics</td>
<td>5.9</td>
<td>23.2</td>
<td>22.1</td>
<td>14.5</td>
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<tr>
<td>Real Assets</td>
<td>0.0</td>
<td>15.6</td>
<td>17.1</td>
<td>15.4</td>
</tr>
<tr>
<td>NCREIF</td>
<td>3.6</td>
<td>16.6</td>
<td>17.4</td>
<td>13.7</td>
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<tr>
<td>Fixed Income</td>
<td>1.4</td>
<td>8.5</td>
<td>7.2</td>
<td>6.5</td>
</tr>
<tr>
<td>Lehman Agg</td>
<td>-0.5</td>
<td>6.1</td>
<td>4.0</td>
<td>4.5</td>
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</table>
CEF Analysis

<table>
<thead>
<tr>
<th></th>
<th>06/30/07</th>
<th>03/31/07</th>
<th>06/30/06</th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Equity</td>
<td>50.0%</td>
<td>51.7%</td>
<td>55.6%</td>
<td>40.0%</td>
<td>35 – 45%</td>
</tr>
<tr>
<td>Private Capital</td>
<td>15.2%</td>
<td>14.0%</td>
<td>11.3%</td>
<td>20.0%</td>
<td>15 – 25%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>16.5%</td>
<td>14.9%</td>
<td>12.6%</td>
<td>20.0%</td>
<td>15 – 25%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>18.3%</td>
<td>19.4%</td>
<td>20.5%</td>
<td>20.0%</td>
<td>15 – 25%</td>
</tr>
</tbody>
</table>
CEF Analysis

(as of 06/30/07)

3 year CEF Comparisons to Inflation

CEF Actual - CEF w/o Contributions - CEF adj. for Inflation
CEF Analysis

(5 year CEF Comparisons to Inflation)

(as of 06/30/07)
TIP Analysis (excludes CEF investment)

(as of 06/30/07)

Portfolio Characteristics

- Book value: $548.4 million
- Balance excludes $107.7 million market value invested in CEF
- Average duration: 1.9
- Average credit rating: AA
- Current Yield: 5.1%

Portfolio Returns

- TIP
- Benchmark
- 13 week T-Bill + 50 bps

Returns:

<table>
<thead>
<tr>
<th></th>
<th>QTR</th>
<th>1-YR</th>
<th>3-YR</th>
<th>5-YR</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIP</td>
<td>5.1%</td>
<td>5.0%</td>
<td>4.1%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>5.2%</td>
<td>5.7%</td>
<td>4.3%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

14 week T-Bill + 50 bps
Office of Asset Management

TIP Analysis (excludes CEF investment)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Credit Quality</th>
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<tbody>
<tr>
<td>Agency and MBS</td>
<td>AAA</td>
</tr>
<tr>
<td>MM Funds and Commercial Paper</td>
<td>AA</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>A</td>
</tr>
<tr>
<td>Other</td>
<td>BBB</td>
</tr>
<tr>
<td></td>
<td>Unrated</td>
</tr>
</tbody>
</table>

- AAA: 65%
- AA: 14%
- A: 16%
- BBB: 9%
- Unrated: 2%

- Agency and MBS: 61%
- MM Funds and Commercial Paper: 20%
- Corporate Bonds: 7%
- Other: 2%

Office of Asset Management
GIP Analysis (includes CEF investment)

(As of 06/30/07)

Balance: $51.6 Million*
Up $19.8 million last quarter
Up $19.9 million last 12 months
$20.0 million invested in CEF

![Pie chart showing asset allocation: 39% Core Bonds, 35% CMBS, 14% Absolute Return, 12% CEF]
RUMINCO Analysis

(As of 06/30/07)

Balance: $39.2 Million
Up $3.0 million last quarter
Up $8.1 million last 12 months

- Equity: 11%
- Fixed Income: 1%
- Cash: 88%
Long Term Debt Analysis

(as of 06/30/07)

Total Debt
$778.3 Million
(includes $137.3M backed by State government debt service)

- Variable Rate
- State Issued
- Fixed Rate

Rev. Bond Index 4.71%

- Weighted Average Fixed Rate Debt 4.36%
- Weighted Average Variable Rate Debt 3.76%
- Weighted Average University Issued Debt 4.31%
- State issued Fixed Debt 5.06%
- Total Weighted Average University Debt 4.36%
Finance and Operations Committee  September 6, 2007

Agenda Item:  Issues Related to:  2008 State Capital Request

☐ review  ☐ review/action  ☐ action  ☑ discussion

Presenters:  Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☑ oversight  ☐ strategic positioning

The State of Minnesota requires all state agencies, local governments, and the University of Minnesota to submit their capital requests by October of each odd-numbered year for consideration by the Governor and the legislature in preparation for the 2008 legislative session.

Outline of Key Points/Policy Issues:

The 2008 capital request is built upon a combination of funds appropriated by the State of Minnesota ($238.7 million) and resources committed by the University of Minnesota ($69.3 million). The total cost of the capital plan is $308.0 million.

The administration will outline individual project costs, highlight required University contributions to each project, identify the scope of debt financing to meet the required University share of each capital project, and outline the incremental additional facility operating costs associated with each project.

Background Information:

The Board of Regents reviewed the preliminary 2008 state capital request in June 2007 which totaled $286.0 million.
Finance and Operations Committee

September 6, 2007

Agenda Item: Committee Workplan, 2007-08

☐ review  ☐ review/action  ☐ action  ☑ discussion

Presenters: Regent Steven Hunter
Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☑ oversight  ☐ strategic positioning

To review the 2007-08 Finance and Operations Committee Workplan.

Outline of Key Points/Policy Issues:

The 2007-08 Finance and Operations Committee Workplan is a summary of agenda items scheduled to be presented to the Finance and Operations Committee for the 12-month period of September 2007 through August 2008.

The attached list is organized according to the monthly schedule of meetings of the Finance and Operations Committee.

Background Information:

The annual Finance and Operations Committee Workplan is discussed in the early part of each fiscal year for the upcoming 12-month period.
September 2007 through August 2008

September 2007

Policy Discussions or Related Activities
• Issues Related to: Annual Asset Management Report
• Issues Related to: 2008 State Capital Request
• Committee Workplan, 2007-08

Transactional Activities
• Consent Report
  o Central Reserves General Contingency Allocations
  o Purchase of Goods and Services over $250,000
• Information Items
  o Quarterly Purchasing Report [period ending June 30]
  o Annual Economic Development Report [period ending June 30]

2008 State Capital Request – Review - BOR

October 2007

Policy Discussions or Related Activities
• Issues Related to: Overview of Invested Assets
• Issues Related to: Source of Payment on University Indebtedness
• Resolution Relating to New Debt Authorization
• [Issues Related to: AHC Long Range Financial Planning – Update]

Transactional Activities
• Consent Report
  o Central Reserves General Contingency Allocations
  o Purchase of Goods and Services over $250,000
  o [Approval of New Investment Managers]
• Information Items
  o Quarterly Debt Management Advisory Committee Update [September meeting]
  o Quarterly Investment Advisory Committee Update [September meeting]
  o Financial Oversight: Key Indicators [period ending June 30]

2008 State Capital Request – Approval – BOR

November 2007 – No Finance & Operations Committee Meeting

Purchase of Goods & Services over $250,000 - Approval – BOR

December 2007

Policy Discussions or Related Activities
• Issues Related to: State of Minnesota Economic Update – State General Fund Budget Forecast
• Issues Related to: Annual Financial Report (June –Audited Statements)
September 2007 through August 2008

- Issues Related to: Hedge Funds
- Issues Related to: Six Year Capital Improvement Plan/Debt Capacity Update
- [Issues Related to: Fairview/University Financial Partnership]

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - [Approval of New Investment Managers]
- Information Items
  - Quarterly Purchasing Report [period ending September 30]
  - Quarterly Investment Advisory Committee Update [November meeting]
  - Quarterly Asset Management Report [period ending September 30]
  - Quarterly Debt Management Advisory Committee (DMAC) Update
  - Financial Oversight: Key Indicators (July – September)

2008 State Supplemental Budget Request – Approval – BOR
Six-Year Capital Improvement Plan: 2009 - 2014 – Approval – BOR

January 2008 – No Meeting of the Board of Regents

February 2008

Policy Discussions or Related Activities
- Issues Related to: Annual Capital Financing and Debt Management Report [year end June 30]
- Issues Related to: Private Equity
- Issues Related to: Enterprise Financial System Implementation Update
- Issues Related to: Oversight and Management of Internal & External Sales Activities

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - [Approval of New Investment Managers]
- Information Items
  - Annual Insurance & Risk Management Report
  - Annual Report on Central Reserves


March 2008

Policy Discussions or Related Activities
- Issues Related to: State of Minnesota Economic Update - Discussion
- Annual Investment Consultants Report: Cambridge Associates – Discussion

September 2007 through August 2008

Transactional Activities

- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - [Approval of New Investment Managers]
- Information Items
  - Quarterly Purchasing Report [period ending December 31]
  - Quarterly Investment Advisory Committee Update [February meeting]
  - Quarterly Asset Management Report [period ending December 31]
  - Semi-Annual Management Report (December – Unaudited)
  - Financial Oversight: Key Indicators (October-December)

April 2008

Policy Discussions or Related Activities

- Issues Related to: Fiscal Year 2008–2009 President's Recommended Annual Operating Budget
- Issues Related to: Fiscal Year 2008–2009 President’s Recommended Annual Capital Budget
- Issues Related to: Long Range Enterprise Systems/Technology Financing Plan

Transactional Activities

- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - [Approval of New Investment Managers]
- Information Items
  - TBD

Fiscal Year 2008–2009 President's Recommended Annual Operating Budget - Review - BOR
Fiscal Year 2008–2009 President's Recommended Annual Capital Budget – Review - BOR

May 2008

Policy Discussions or Related Activities

- Issues Related to: Enterprise Financial System Implementation Update
- TBD

Transactional Activities

- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - [Approval of New Investment Managers]
- Information Items
  - TBD

Fiscal Year 2008–2009 President's Recommended Annual Operating Budget - Approval - BOR
Fiscal Year 2008–2009 President's Recommended Annual Capital Budget - Approval - BOR
June 2008 (Board of Regents Annual Meeting)

Policy Discussions or Related Activities
- Issues Related to: Peer Comparison of Financial and Other Key Ratios
- Issues Related to: Central Reserves Policy Update

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - Approval of New Investment Managers
- Information Items
  - Quarterly Purchasing Report [period ending March 31]
  - Quarterly Investment Advisory Committee Update [May meeting]
  - Quarterly Debt Management Advisory Committee (DMAC) Update
  - Quarterly Asset Management Report [period ending March 31]
  - Financial Oversight: Key Indicators (January-March)

Annual Capital Improvement Budget FY2009 – Action – BOR

July 2008

Policy Discussions or Related Activities
- TBD

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - Approval of New Investment Managers
- Information Items
  - TBD

August 2008 – No Meeting
Finance and Operations Committee

Agenda Item: Consent Report

☑ review/action
☐ action
☐ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy
☐ background/context
☑ oversight
☐ strategic positioning

General Contingency
To approve allocations from General Contingency greater than $250,000.

Purchase of Goods and Services over $250,000
To approve purchases of goods and services over $250,000, in compliance with Board of Regents Policy: Board Operations and Agenda Guidelines.

Outline of Key Points/Policy Issues:

General Contingency
There are no items in the General Contingency report requiring Board approval.

Purchase of Goods and Services Over $250,000

- To AT&T for an estimated $390,000 to provide Integrated Switched Digital Network (ISDN) Primary Rate Services for the period of October 1, 2007 through September 30, 2009 for Networking and Telecommunications Services, a division of the Office of Information Technology. This purchase has been budgeted for FY08. The funding for this purchase is from a central allocation for voice services for the TC Campus. Vendor was selected through a competitive process.

- To C.J. Duffey Paper Co. for $317,000 for paper stock as needed for the period of September 10, 2007 through August 31, 2008 for Printing Services for use at their main plant facility and their copy centers. These purchases will be made with Printing Services department funds. Vendor was selected through a competitive process.

- To extend contracts with Computer Concepts & Services Inc and DRC Systems to purchase analysis and programming services in the amount of $550,000 for the period of October 1, 2007 through March 31, 2009 for the University of Minnesota Auxiliary Services. This increase will bring the combined total of the contracts to $1,100,000. Vendor was selected through a competitive process.
• To Dakota Paper Co. for an estimated $263,834 for the purchase of Custodial Papers (paper towels and toilet paper), to be stocked at the University Stores for use in University departments. The contract period is September 15, 2007 through July 31, 2008. Payment for these stock purchases will come from the University Stores Operating Budget. Vendor was selected through a competitive process.

• To FAMIS Software, Inc. for $328,039 for the Office of Space Management to purchase a space management module, Auto Cad interface, and computer programming services. This will be purchased with operational funds currently available in the Office of the Vice President for System Academic Administration. See enclosed documentation regarding basis of vendor selection.

• To Harris Health Trends Inc. for the estimated amount of $1,490,000 to provide health improvement services offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2008 through December 31, 2008. The funding for these services has been budgeted as a part of the 2008 fringe benefits budget. Vendor was selected through a competitive process.

• To Health Partners Administrators, Inc. for the estimated annual amount of $3,360,000 for administering a self-funded UPlan medical plan option offered through the University of Minnesota, Office of Human Resources Employee Benefits for the one-year period of January 1, 2008 through December 31, 2008. The funding for these services has been budgeted as a part of the 2008 fringe benefits budget. Vendor was selected through a competitive process.

• To Medica for the estimated annual amount of $2,500,000 for administering four self-funded UPlan medical plan options offered through the University of Minnesota, Office of Human Resources Employee Benefits for the one-year period of January 1, 2008 through December 31, 2008. The funding for these services has been budgeted as a part of the 2008 fringe benefits budget. Vendor was selected through a competitive process.

• To Midwest Assurance Co. (HealthPartners, Inc.) and National Benefits Resources, Inc. to renew a contract for stop loss insurance for the UPlan Medical Program for a total $1,050,000 for the period of January 1, 2008 through December 31, 2008 on behalf of the Employee Benefits Department. This contract will be funded out of the Fringe Benefits Recovery. Vendor was selected through a competitive process.

• To ProSource Technologies, Inc. for $768,154 for a Geological Assessment at University of Minnesota Outreach, Research & Education (UMore Park), Rosemount, Minnesota, for the Statewide Strategic Resource Development Department. Vendor was selected through a competitive process.

• To RxAmerica for the estimated amount of $480,000 to provide Pharmacy Benefits Management for the one-year period of January 1, 2008 through December 31, 2008 for the self-funded UPlan program offered through the University of Minnesota, Office of Human Resources Employee Benefits. The funding for these services has been budgeted as a part of the 2008 fringe benefits budget. Vendor was selected through a competitive process.

• To Unisource for $546,600 for paper stock as needed for the period of September 10, 2007 through August 31, 2008 for Printing Services for use at their main plant facility and their copy centers. Payment for these purchases will be purchased with Printing Services department funds. Vendor was selected through a competitive process.

• To U.S. Census Bureau for $440,983 for data recovery and new data products from the 1960 census over the period September 17, 2007 to September 16, 2011 for the Minnesota Population Center. The awarded budget for the National Institute of Child Health & Human Development grant includes the full amount of funds for this work. See enclosed documentation regarding basis of vendor selection.

• To Varian, Inc. for $9,990,000 for Ultrahigh field MR Imaging and spectroscopy system housed in the Center for Magnetic Resonance. Payment for the purchase will be provided by the Dean’s Office, Medical School, and by an internal loan from the University. Vendor was selected through a competitive process.
• To Watson Wyatt & Co., doing business as Watson Wyatt Worldwide, for $205,000 to exercise the option to extend the data warehouse services contract for the third and final year through December 31, 2008. In addition, this request is to add an additional $25,000 to the amount approved for 2007, bringing the total contract for 2007 to $175,000. The source of funds is revenue to the UPan. If these two increases are approved, the total for the life of this contract will be $885,000. Vendor was selected through a competitive process.

• To WiscNet, a division of the University of Wisconsin–Madison, Department of Information Technology, for $378,535 for Membership fees and Network Operation Services to operate BOREAS-Net for the period March 1, 2007 through June 30, 2008 for Networking & Telecommunications Services, a division of Information Technology. See enclosed documentation regarding basis of vendor selection.

Background Information:

General Contingency
Allocations from the General Contingency in excess of $250,000 require Board approval. Allocations of less than $250,000 are reported in the Board of Regents Finance and Operations Committee each month in which the committee meets.

President's Recommendation for Action:

The President recommends approval of the Consent Report.
# General Contingency

## 2007-08 General Contingency:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Allocation</th>
<th>Balance</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2008 General Contingency</td>
<td>$1,400,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carryforward from FY2007 into FY2008</td>
<td></td>
<td>330,646</td>
<td>1,730,646</td>
</tr>
</tbody>
</table>

1. **New items this reporting period:**
2. 
3. Wind to Hydrogen unused FY07 allocation       | (261,000)  | 1,991,646   |         |
4. Office of the President                      | 66,674     | 1,924,972   |         |
5. Vice President for University Services        | 18,775     | 1,906,197   |         |
6. 
7. **Balance as of August 31, 2007**            |            | $1,906,197  |         |

* Subject to Board approval due to cost of $250,000 or more
Purchase of Goods and Services over $250,000

To AT&T for an estimated $390,000 to provide Integrated Switched Digital Network (ISDN) Primary Rate Services for the period of October 1, 2007 through September 30, 2009 for Networking and Telecommunications Services (NTS), a division of the Office of Information Technology (OIT).

*ISDN service is required in order for University students, faculty, and staff to receive and place phone calls.*

*ISDN local telephone lines connect the University’s telephone system to the local calling area for incoming and outgoing local telephone calls. Without these local telephone lines, basic local phone calls to and from the University’s telephone system would be impossible.*

*The above vendor was selected based on pricing, features available, and competence. We went through a formal RFP process in April, 2004 to determine which vendor(s) best suited our needs. This is the combined first and second renewal option of 2 optional 1-year renewals allowed in the RFP.*

*This contract was awarded to SBC Global Markets in 2004. SBC has since acquired AT&T and assumed the AT&T name.*

*This purchase has been budgeted for FY08. The funding for this purchase is from a central allocation for voice services for the Twin Cities campus.*

Submitted by: Diane Wollner
   Director of Finance
   Office of Information Technology
   Phone: (612) 626-1311

Approval of this item is requested by:

[Signature]

Vice President and Chief Information Officer

8/15/07

Date
Purchase of Goods and Services over $250,000

To C.J. Duffey Paper Company for $317,000.00 for paper stock as needed for the period of September 10, 2007 through August 31, 2008, for Printing Services for use at their main plant facility and their copy centers.

The paper stock associated with this contract is specified by University departments for the various printing and publications they order from Printing Services. C.J. Duffey bid the paper stock as specified.

Through the competitive bid process, C.J. Duffey Paper Company provided the best price and availability of the specified paper stocks for the contract period.

Payment for these purchases will be purchased with Printing Services department funds.

Submitted by: Laurie Scheich, Associate Vice President, Auxiliary Services (612-624-0542); Dianne Gregory, Director, Printing Services, (612-625-2585); David Hoel, Manager, Printing Services, (612-625-6356)

Approval for this item requested by:

Kathleen O’Brien, Vice President for University Services 8/8/07  Date
Purchase of Goods and Services over $250,000

To extend contracts with Computer Concepts & Services Inc, and DRC Systems, to purchase analysis and programming services in the amount of $550,000 for the period of October 1, 2007 through March 31, 2009 for the University of Minnesota Auxiliary Services. This increase will bring the combined total of the contracts to $1,100,000.

The University of Minnesota Auxiliary Services division requires programming services for all of the Auxiliary Services departments (including Parking & Transportation Services, Housing & Dining Services, Printing Services). This contract is to purchase the analysis and programming skills necessary to assist with the ongoing development of required interfaces and departmental system modifications to facilitate integration with the new Enterprise Financial System (EFS) scheduled to be implemented in July 2008.

Analytical and programming skills are also required for ongoing development of the Online Payment System that is slated to replace the U Card Gopher Gold program.

Through a competitive bid process, Computer Concepts & Services and DRC Systems best demonstrated the necessary experience and skill sets as well as cost effectiveness to carry out the necessary tasks. Due to the volume of work that is expected, it is necessary to have multiple programming vendors.

The central EFS budget included an estimate to fund the cost of interfaces from Auxiliary Services systems required by the transition to EFS. It is anticipated that EFS related work under this contract will be reimbursed from the central EFS funds earmarked for this purpose.

Submitted by: Christian Nederloe, IS Director
Auxiliary Services I.S.
Printing Services Bldg Rm. 216
2818 Como Ave. S.E.
Minneapolis, MN 55414
Phone: (612) 624-2306
Fax: (612) 626-1549
neder002@umn.edu

Approval for this item requested by:

[Signature]
Kathleen O'Brien, Vice President
University Services

8/20/07
Date
Purchase of Goods and Services over $250,000

To Dakota Paper Co. for an estimated $263,834 for the purchase of Custodial Papers (paper towels and toilet paper), to be stocked at the University Stores, for use in University departments. The contract period is September 15, 2007, through July 31, 2008.

Custodial papers are purchased from University Stores as needed by Facilities Management for custodial operations and by University departments.

Dakota Paper Co. was chosen as the low bid provider, for custodial papers, through the State of Minnesota bid process. This is the fourth year of a possible four-year contract. Prices are reviewed each year in the renewal process, to assure they remain competitive.

Payment for these stock purchases will come from the University Stores Operating Budget. Purchases for stock are included in the Fiscal 2008 University Stores Operating Budget, and will be included in the Fiscal 2009 Operating Budget. The University Stores Operating Budget is approved annually through the Operating Budget Process.

Submitted by: Laurie Scheich, Associate Vice President, Auxiliary Services (624-0542);
Ed Kimmel, Director, University Stores (624-4570);
Lynn Hein, Purchasing Manager, University Stores (624-6543).

Approval of the item requested by:

[Signature]
Kathleen A. O'Brien, Vice President for University Services

8/13/07
Date
Purchase of FAMIS Software and Services

To FAMIS Software, Inc. for $328,039 for the Office of Space Management to purchase a space management module, Auto Cad interface, and computer programming services.

The Office of Space Management provides space data including building and room locations, area, use, and assignments. These data are crucial to many University unit operations including Sponsored Projects Administration, Risk Management, Facilities Management, and all administrative and academic units. The University budget model also use these data to determine financial charges for space.

With accurate and timely space data, the University will be able to fully optimize the utilization of over 14,000,000 assignable square feet. The new space management system will provide users with a Web interface to report and access space data that now is accomplished with paper reports.

The FAMIS space module was chosen so that it could be integrated with existing FAMIS software already owned by the University.

Submitted by: Raymond Voelker, Office of Space Management Director
416 Donhowe Building
319 15th Avenue S.E.
Minneapolis, MN 55455
Phone: (612) 625-2881
Fax: (612) 625-0770

Approval for this item requested by:

[Signature]
Senior Vice President
for System Academic Administration
Date 8/16/07
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because we have existing software from the original manufacturer/developer. There is a University need to expand capabilities by adding another compatible module/package. There are other space management products available in the market but none of them will fully integrate with our current CMMS system.

Procedure undertaken to ensure reasonableness of price included: Negotiations with vendor on pricing reduced our initial software costs from $229,538 down to a final cost of $152,643 and implementation costs were negotiated down from $75,000 to $55,300. While the original estimate did not include migration and conversion costs, we were able to negotiate that at a rate of $30,800. The migration and conversion is roughly two months worth of work effort which we feel is reasonable.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price to the University.
Purchase of Goods and Services over $250,000

To Harris HealthTrends Inc. for the estimated amount of $1,490,000 to provide health improvement services offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2008 through December 31, 2008.

Harris HealthTrends, Inc. was selected during a request for proposal process conducted in 2005. As part of the University’s Wellness Program for UPlan medical program participants and their dependents, Harris HealthTrends, Inc. will provide a Wellness Assessment, telephone and web-based lifestyle coaching, disease management services, a UPlan wide nurseline, and Health Action Programs.

The initial contract was for a two-year period, with four options to renew the contract. This is a request to exercise the first option to renew. The estimated amount of $1,490,000 is based on health improvement and estimated enrollment.

The funding for these services has been budgeted as a part of the 2008 fringe benefits budget.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

September 6, 2007
Purchase of Goods and Services over $250,000

To HealthPartners Administrators, Inc. for the estimated annual amount of $3,360,000 for administering a self-funded UPlan medical plan option offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2008 through December 31, 2008.

Health Partners Administrators, Inc. was selected during a request for proposal process conducted in 2005. The initial contract was for a two-year period, with four options to renew the contract. This is a request to exercise the first option to renew. The estimated annual amount of $3,360,000 is based on participation assumptions determined by the University and our actuary. Participation could vary from the assumptions, resulting in different amounts to each UPlan medical administrator; however, the overall amount for the total medical program should remain reasonably constant, with some variability due to participation elections by plan members.

The funding for these services has been budgeted as a part of the 2008 fringe benefits budget.

Submitted by: Dann Chapman  
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier  
Vice President, Office of Human Resources  
September 6, 2007
Purchase of Goods and Services over $250,000

To Medica for the estimated annual amount of $2,500,000 for administering four self-funded UPlan medical plan options offered through the University of Minnesota, Office of Human Resources Employee Benefits for the one year period of January 1, 2008 through December 31, 2008.

Medica was selected during a request for proposal process conducted in 2005. The initial contract was for a two-year period, with four options to renew the contract. This is a request to exercise the first option to renew. The estimated annual amount of $2,500,000 is based on participation assumptions determined by the University and our actuary. Participation could vary from the assumptions, resulting in different amounts to each UPlan medical administrator; however, the overall amount for the total medical program should remain reasonably constant, with some variability due to participation elections by plan members.

The funding for these services has been budgeted as a part of the 2008 fringe benefits budget.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

September 6, 2007
Purchase of Goods and Services over $250,000

To renew a contract for stop loss insurance for the UPlan Medical Program with Midwest Assurance Company (HealthPartners, Inc.) and National Benefits Resources, Inc. for a total of $1,050,000, for the period of January 1, 2008 through December 31, 2008 on behalf of the Employee Benefits Department.

Midwest Assurance Company (HealthPartners, Inc) for $480,000 for UPlan members in HealthPartners
National Benefit Resources Inc. for $570,000 for UPlan members in Medica

Stop loss insurance is a critical part of risk management for the University of Minnesota’s self-funded UPlan Medical Program. Stop loss insurance 1) protects the University of Minnesota from unpredictable and catastrophic risks 2) limits the risk of self-funding the UPlan and 3) limits the UPlan liability to a specific dollar amount per covered life per plan year. Stop loss insurance provides reimbursement to the UPlan for eligible claims paid over the $600,000 deductible amount up to the stop loss and UPlan lifetime maximum benefit of $5,000,000 per member.

Each stop loss insurance carrier listed above was selected during a competitive request for proposal process conducted in 2003. Separate insurance contracts between the Regents of the University of Minnesota and each of the two stop loss carriers were negotiated and signed by the University at that time. The initial contract was for a one-year period, with four options to renew the contract. This is the final renewal. Without stop loss insurance, the University would become fully responsible for all claims under the UPlan, up to the $5 million lifetime maximum per member, thus committing the University to significant incremental risk under the UPlan.

This contract will be funded out of the Fringe Benefits Recovery.

Submitted by: Dann Chapman, Director of Employee Benefits
100 Donhowe
Phone: 612-626-7393
Fax: 612-626-0808

Approval for this item requested by:

[Signature]
Carol Carrier, VP for Human Resources

8/20/07
Purchase of Goods and Services $250,000 and over

To ProSource Technologies, Inc. for $768,154 for a Geological Assessment at University of Minnesota Outreach, Research & Education (UMore Park) Rosemount, Minnesota for the Statewide Strategic Resource Development Department.

As directed by the Board of Regents Resolution of December 8, 2006, the University will prepare to make UMore Park ready for development. This process includes preparing a plan for the extraction of sand and gravel from the site.

The process of preparing a concept master plan will specifically be focused on the 5,000 acres located in the northern boundaries of UMore Park. Once a detailed geological evaluation has been completed, the University will use the results to inform our planning and development consultants during the planning phase.

Through a competitive bid process, ProSource received the highest cumulative score based on: demonstrated aggregate evaluation experience, experience of personnel assigned to the project, base cost, and resources to meet the University's stated timeline.

The financial outlay for this contract, has been authorized for in the current fiscal year, and will be purchased from Central Administration funds.

Submitted by: Charles C. Muscoplat, PhD.
Vice President for Statewide Strategic Resource Development
450 McNamara Alumni Center
200 Oak Street S.E.
Minneapolis, MN  55455
Phone: (612) 624-5387
Fax: (612) 624-4843

Approval for this item requested by:

[Signature]
VP or Exec. VP Signature

8-20-07
Date
Purchase of Goods and Services over $250,000

To RxAmerica for the estimated amount of $480,000 to provide Pharmacy Benefits Management for the one year period of January 1, 2008 through December 31, 2008 for the self-funded UPlan program offered through the University of Minnesota, Office of Human Resources Employee Benefits.

RxAmerica administers the single pharmacy program that is offered to all UPlan medical program participants. They work with the University to encourage effective pharmaceutical care for plan members, and cost effective program management for both employees and the University.

RxAmerica was selected during a request for proposal process conducted in 2005. The initial contract was for a two-year period, with four options to renew the contract. This is a request to exercise the first option to renew. The estimated amount of $480,000 is based on administrative service fees and estimated enrollment.

The funding for these services has been budgeted as a part of the 2008 fringe benefits budget.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

September 6, 2007
Purchase of Goods and Services over $250,000

To Unisource for $546,600.00 for paper stock as needed for the period of September 10, 2007 through August 31, 2008 for Printing Services for use at their main plant facility and their copy centers.

The paper stock associated with this contract is specified by University departments for the various printing and publications they order from Printing Services. Unisource bid the paper stock as specified.

Through the competitive bid process, Unisource provided the best price and availability of the specified paper stocks for the contract period.

Payment for these purchases will be purchased with Printing Services department funds.

Submitted by: Laurie Scheich, Associate Vice President, Auxiliary Services (612-624-0542); Dianne Gregory, Director, Printing Services, (612-625-2585); David Hoel, Manager, Printing Services, (612-625-6356)

Approval for this item requested by: Kathleen O'Brien, Vice President for University Services
Purchase of Goods and Services over $250,000

To U.S. Census Bureau for $440,983 for data recovery and new data products from the 1960 census over the period September 17, 2007 to September 16, 2011 for the Minnesota Population Center.

The Minnesota Population Center has created many widely-used data resources for social science, public policy and health research. These projects make census data from 1790 to the present easily accessible to researchers. Data from the 1960 census—processed with limited computing power compared to more recent censuses—currently pose many limitations to researchers. The University of Minnesota was awarded a grant from the National Institute of Child Health and Human Development (R01 HD056215; Steve Ruggles, PI) to create new data resources for the 1960 data.

The only way to create new datasets for 1960 is to return to the original responses on the 1960 census. These responses, however, are protected by privacy laws, and only employees of the Census Bureau have access to this data. The following components of this project must be carried out by employees with Special Sworn Status: scanning microfilmed enumeration forms, producing electronic data from scanned images, and producing new public use datasets.

The U.S. Census Bureau, by law, is the only organization that can accomplish these tasks.

The awarded budget for the NICHD grant “New Data Resources from the 1960 U.S. Census” (R01 HD056215; Steve Ruggles, PI) includes the full amount of funds for this work.

Submitted by: Steven Ruggles, Minnesota Population Center Director
50 Willey Hall
225 19th Avenue South
Minneapolis, MN 55455
Phone: 612-624-5818
FAX: 612-626-8375

Approval for this item requested by:

[Signature]

8/21/07

Date
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because the U.S. Census Bureau is the sole provider of 1960 U.S. census data.

Procedures undertaken to ensure reasonable price: The cost is non-negotiable and is based on standard Census Bureau rates. The Census Bureau is an office of the Federal government and does not make a profit on contracts. The cost of the project was judged to be reasonable by an expert panel of the National Institutes of Health.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price to the University.
Purchase of Goods and Services $250,000 and over

To Varian, Inc. for $9,990,000 for Ultrahigh field MR Imaging and spectroscopy system (magnet, magnet shield (installed) and associated RF electronics) housed in the Center for Magnetic Resonance (CMRR).

CMRR has pioneered the development of ultrahigh magnetic fields for MRI applications in biomedical research and clinical medicine. While CMRR stayed in the forefront of the field in MRI research with humans, it has been taken over by many institutions that have gone up to 11.7 Tesla for animal model studies. At the present, there are also plans for the installation of one 16.4 Tesla system in Germany and a 14.5 Tesla system in Switzerland. Animal model studies is a critical part of MRI based biomedical research both in technology development and in answering biological questions.

Therefore, to significantly improve research capabilities available to CMRR researchers as well as to a large number of investigators in the University of Minnesota community; to gain a competitive edge in securing research grants in today's difficult funding environment; to regain the pioneering position that CMRR has held in the area of animal model research; and to elevate the state of the overall MR effort in CMRR to a new competitive level, it is critical that a 16.4T system is acquired and installed in CMRR.

Through the Purchasing Services RFP process, Varian Inc. was able to fulfill the desired scope of work, meet the specifications of the purchase and gain vendor agreement to the University's terms and conditions.

Payment for the purchase will be provided by the following schedule:

- 10% as a down payment, funds provided by the Dean's Office of the Medical School
- 70% upon delivery of the product, funds provided by an internal loan by the University
- 20% provided upon final acceptance of the product, funds provided by an internal loan

Submitted by: Kamil Ugurbil, M.D
Professor
MMC 292 Mayo
CMRR
2021 6th St SE
Minneapolis, MN 55455
Phone: (612) 626-9591

Approval for this item requested by:

VP or Exec. VP Signature

Date: 8/5/07

44
Purchase of Goods and Services over $250,000

To Watson Wyatt & Company, doing business as Watson Wyatt Worldwide for $205,000 to exercise the option to extend the data warehouse services contract for the third and final year through December 31, 2008. In addition, this request is to add an additional $25,000 to the amount approved for 2007, bringing the total contract for 2007 to $175,000. If these two increases are approved, the total for the life of this contract will be $885,000.

The University's office of Employee Benefits explored developing a data warehouse within the University, buying the services directly from an outside vendor, and obtaining the services through a purchasing cooperative called the National Data Cooperative (NDC) formed by employers in the Buyers Health Care Action Group (BHCAG). BHCAG conducted a competitive bid process, selecting Watson Wyatt & Company as the best vendor.

This contract is for data storage and analysis. The NDC Data holds claims and utilization data related to the UPlan Medical, Pharmacy Program, and Wellness Program. The UPlan compares data from one year to the next to monitor trends, analyzes plan performance, and uses the data to make informed decisions. It is a vital tool for managing the UPlan.

Participation in the cooperative brings additional benefits, such as the ability to benchmark our data against that of the other employers in the cooperative. Because Employee Benefits began working with the NDC near its inception, the University has had a significant voice in shaping the cooperative's direction, development, and processes.

The confidentiality of information of the individual UPlan participants, as well as that of the employers, is carefully protected and compliant with HIPAA regulations.

The warehouse is fully operational and delivers quality services. Employee Benefits requests that the Board of Regents award a contract per the contract terms negotiated at the estimated cost shown above.

The source of funds is revenue to the UPlan, and was included in the Employee Benefits FY 07 and 08 budget.

Submitted by: Dann Chapman, Director of Employee Benefits
100 Donhowe
Phone: (612) 626-7393
Fax: (612) 626-0808

Approval for this item is requested by:

Carol Carrier, Vice President, Office of Human Resources

8/20/07
Purchase of Goods and Services over $250,000

To WiscNet, a division of the University of Wisconsin – Madison, Department of Information Technology, for $378,535 for Membership fees and Network Operation Services to operate BOREAS-Net for the period March 1, 2007 through June 30, 2008 for Networking and Telecommunications Services (NTS), a division of the Office of Information Technology (OIT).

BOREAS-Net is a collaborative project of Iowa State University, the University of Iowa, the University of Minnesota – Twin Cities, and the University of Wisconsin – Madison. Through a collaboration contract signed March 16th, 2006, the University of Minnesota acts as the fiscal agent for the BOREAS-Net project.

BOREAS-Net provides the participating institutions very high speed network access to other Regional, National and International Research and Education networks in Chicago and Kansas City. This connectivity is necessary for the institutions to participate and collaborate in a multitude of research projects across multiple disciplines. WiscNet provides troubleshooting, ongoing maintenance, engineering, provisioning, information management, and reporting and project management - all with a strong focus on communications among BOREAS member institutions.

Proposals to provide these services were sought as part of RFP #80462014747, done in October, 2005, to purchase dark fiber for the BOREAS-Net Project. None of the proposals for these services were considered acceptable and were far in excess of costs proposed by WiscNet. Further, as part of its annual budgeting process the BOREAS Oversight Group (BOG) will monitor the cost effectiveness of continuing to use WiscNet for these network operations services.

This purchase has been budgeted for FY08. The costs are to be equally split between the BOREAS-Net Participants. The University of Minnesota’s portion of the costs will be centrally funded as part of the Network funding.

Submitted by:
Diane Wollner
Director of Finance
Office of Information Technology
Phone: (612) 626-1311

Approval of this item is requested by:

Vice President and Chief Information Officer

Date 8/25/07
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because:

One of the BOREAS-Net Participants, WiscNet, operationally part of the University of Wisconsin – Madison, Department of Information Technology, is capable of internally providing the required network operation services. WiscNet already operates a 24X7 Network Operations Center for its Wisconsin state-wide IP Network and was involved in operating WiscWaves an optical network that preceded, and was replaced by, BOREAS-Net between Madison and Chicago. Therefore, the necessary resources and experience were already available within the BOREAS-Net consortium to provide these services. As the fiscal agent for the BOREAS-Net project, the University of Minnesota – Twin Cities, is simply enabling these network operations costs to be equally shared among the BOREAS-Net participants; Iowa State University, the University of Iowa, the University of Minnesota – Twin Cities, and the University of Wisconsin – Madison.

Procedures undertaken to ensure reasonableness of price included:

As part of the RFP to Purchase Dark fiber for the BOREAS-Net Project, an RFP process was conducted to identify a provider of network operation services for BOREAS-NET. Two proposals were received, Qwest & WilTel, and were far in excess of costs proposed by WiscNet.

Qwest bid a startup fee of $184,000 and a monthly fee of $151,000.
WilTel/Level 3 bid a start of fee of $205,000 and a monthly fee of $12,570.

Both Qwest and WilTel's bids did not meet the BOREAS network requirements according to the technical experts.

WiscNet is charging a $20,500 startup fee and a $268,528 annual fee for services tailored to fit the BOREAS network's requirements.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price to the University.
Finance and Operations Committee  
September 6, 2007

Agenda Item:  Information Items

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters:  Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

Quarterly Purchasing Report
To provide a quarterly report of purchasing activity as required by Board of Regents Policies: Purchasing and Board Operations and Agenda Guidelines.

Annual Economic Development Report
To provide a statistical overview of the University's expenditures with small and targeted businesses (women, minority, and disabled-owned business) for the period of July 2006 through June 2007.

Outline of Key Points/Policy Issues:

Quarterly Purchasing Report
Detailed reports with brief discussion on the following activity:
- Summary of Purchasing Activity
- Purchases made as Approved Exceptions to Competitive Process
- Purchases made as Preapproved Exceptions to Competitive Process
- Regents Purchasing Policy Violations

Annual Economic Development Report
This report is still in preparation and will be distributed at the committee meeting.
August 22, 2007

The Honorable David Metzen, Chair, Finance and Operations Committee
The Honorable Dallas Bohnsack, Vice Chair
The Honorable Anthony Baraga
The Honorable Maureen Cisneros
The Honorable David Larson
The Honorable Patricia Simmons

Committee Members:

Enclosed is Purchasing Services' report on purchasing activity for 4th quarter, fiscal year '07. Regents policy requires that a quarterly purchasing report, including violations of Regents purchasing policy, be submitted to the Finance and Operations Committee of the Board of Regents. This letter provides explanatory background and brief analysis of the report and attachments that follow.

Background
The enclosed report and attachments provide statistics and information on four categories of purchasing activity for the quarter:

- Summary of Purchasing Activity
- Purchases made as Approved Exceptions to the Competitive Purchasing Process
- Purchases made as Preapproved Exceptions to the Competitive Purchasing Process
- Regents Purchasing Policy Violations

"Total Purchases" represents the total amount of goods and services purchased for the quarter and year-to-date across all funding sources, including construction projects.

"Approved Exceptions" refers to purchases where, following proper protocol, the vendor was not selected through a Request for Bid or Request for Proposal process. All of the approved exceptions were justified in writing by the requisitioning department, with the justification reviewed and approved by the Director of Purchasing before the purchase took place. Additionally, the appropriate Vice President and the University Controller approved all exceptions of $100,000 and over, except preapproved exceptions. Sections II – V provide a listing of the transactions that followed this process and were approved as exceptions.

"Pre-approved Exceptions" are also purchases where the vendor has not been selected through a competitive process. However, they are exceptions that occur routinely with consistent reasons, so that the approval of the justification has become standardized. Refer to Attachment A for the list of circumstances that qualify as pre-approved exceptions, and Section VI and VII of the report for a listing of transactions processed as pre-approved exceptions during the quarter.
“Regents Purchasing Policy Violations” refers to transactions that were processed, which bypassed the competitive process without following proper protocol and without the necessary approvals.

Several areas of the 4th quarter, 2007 report invite further explanation:

- In Section I, under “Summary of Purchasing Activity”, the annual total of dollars spent on purchases in FY 07 is up 26.8% from the previous year. Analysis shows that construction, capitalized improvements, maintenance and repair of buildings accounted for $112 million of the increase. An $18.5 million increase was seen in the areas of purchased computer services, expense reimbursements to service providers, and software licenses. Significant increases were also seen in purchases of scientific instruments, insurance, materials for resale, and telecommunications equipment.

- Also in Section I, under Purchases made as Approved Exceptions to Competitive process $250,000 and up (goods, services and professional services), the 67.8% increase from FY 06 to FY 07 is largely due to many multi-year contracts beginning in the same year, most notably, the multi-year Learning Abroad contracts for program managers in the countries in which they offer programs.

If you have any questions on the report, please do not hesitate to contact Karen Triplett, Director of Purchasing, or me.

Sincerely,

[Signature]
Michael D. Volna
Associate Vice President-Finance & Controller

CC: Richard Pfutzenreuter, CFO, Treasurer and Vice President for Budget & Finance
    Ann Cieslak, Executive Director and Corporate Secretary, Board of Regents
    Karen Triplett, Director, Purchasing Services
## I. Summary of Purchasing Activity

### Total Purchases

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<th>Fourth Quarter</th>
<th>Annual Totals for Previous Years</th>
<th>Percent Change from</th>
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</thead>
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<td># of transactions</td>
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<td>648,800</td>
<td>629,946</td>
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<tr>
<td>Dollar Amount</td>
<td>$202,527,576</td>
<td>$830,040,753</td>
<td>$654,322,664</td>
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### Purchases made as Approved Exceptions to Competitive Process

**Under $250,000 (goods, services and construction)**

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<tr>
<th></th>
<th>Fourth Quarter</th>
<th>Annual Totals for Previous Years</th>
<th>Percent Change from</th>
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<tr>
<td># of transactions</td>
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<td>107</td>
<td>138</td>
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<tr>
<td>Dollar Amount</td>
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<td>$6,009,711</td>
<td>$6,464,979</td>
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<tr>
<td>% of Total Purchases</td>
<td>0.44%</td>
<td>0.72%</td>
<td>0.99%</td>
</tr>
</tbody>
</table>

(See II for detail)

**Under $250,000 (professional services)**

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter</th>
<th>Annual Totals for Previous Years</th>
<th>Percent Change from</th>
</tr>
</thead>
<tbody>
<tr>
<td># of transactions</td>
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<tr>
<td>Dollar Amount</td>
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<td>$4,828,276</td>
<td>$6,660,870</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.45%</td>
<td>0.58%</td>
<td>1.02%</td>
</tr>
</tbody>
</table>

(See III for detail)

**$250,000 and up (goods, services, and professional services)**

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter</th>
<th>Annual Totals for Previous Years</th>
<th>Percent Change from</th>
</tr>
</thead>
<tbody>
<tr>
<td># of transactions</td>
<td>10</td>
<td>28</td>
<td>19</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$5,568,919</td>
<td>$27,096,126</td>
<td>$16,147,694</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>2.75%</td>
<td>3.26%</td>
<td>2.47%</td>
</tr>
</tbody>
</table>

(See IV for detail)

**$250,000 and up (construction)**

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter</th>
<th>Annual Totals for Previous Years</th>
<th>Percent Change from</th>
</tr>
</thead>
<tbody>
<tr>
<td># of transactions</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$527,588</td>
<td>$20,249,573</td>
<td>$5,960,380</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.26%</td>
<td>2.44%</td>
<td>0.91%</td>
</tr>
</tbody>
</table>

(See V for detail)
### Purchases made as

**Preapproved Exceptions to Competitive Process***

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Under $250,000</strong> (goods, services and construction)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of transactions</td>
<td>28</td>
<td>210</td>
<td>245</td>
<td>246</td>
<td>174</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$2,209,560</td>
<td>$7,388,370</td>
<td>$8,943,206</td>
<td>$9,683,492</td>
<td>$5,552,446</td>
<td>-17.39%</td>
<td>-7.64%</td>
<td>74.40%</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>1.09%</td>
<td>0.89%</td>
<td>1.37%</td>
<td>1.51%</td>
<td>1.22%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* (See VI for detail)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Under $250,000</strong> (professional services)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of transactions</td>
<td>14</td>
<td>28</td>
<td>20</td>
<td>6</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$1,513,564</td>
<td>$2,401,445</td>
<td>$1,494,111</td>
<td>$387,343</td>
<td>$0</td>
<td>60.73%</td>
<td>285.73%</td>
<td></td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.75%</td>
<td>0.29%</td>
<td>0.23%</td>
<td>0.06%</td>
<td>0.00%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* (See VII for detail)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regents Purchasing Policy Violations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of transactions</td>
<td>0</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>-96.45%</td>
<td>293.04%</td>
<td>99.46%</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$0</td>
<td>$26,543</td>
<td>$748,619</td>
<td>$190,467</td>
<td>$95,489</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.11%</td>
<td>0.03%</td>
<td>0.02%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* (See VIII for detail)

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*Details of purchase included in goods and services approved monthly by the Board.
**Details of purchase included in capital budget approval and amendment process and summarized on V. of this report
***Refer to Attachment A for criteria for preapproved exceptions
## Purchases made as Approved Exceptions to Competitive Purchasing Process
### (Goods, Services & Construction) Under $250,000

<table>
<thead>
<tr>
<th>Amount</th>
<th>Department</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Price Reasonableness**</th>
<th>Purchase Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200,000</td>
<td>Facilities Mgmt/UMD</td>
<td>Simplex Grinnell</td>
<td>Service, equipment, parts for campus fire alarm systems</td>
<td>7</td>
<td>FM PA000024</td>
</tr>
<tr>
<td>$189,211</td>
<td>Geology and Geophysics</td>
<td>Unavco, Inc</td>
<td>Purchase 13 R7 GPS units with accessories and install 10 GPS base stations in remote field site</td>
<td>2</td>
<td>POT 52420000156</td>
</tr>
<tr>
<td>$133,296</td>
<td>Institute of Child Development</td>
<td>Electrical Geodesics, Inc. (EGI)</td>
<td>128 Channel Portable Geodesic EEG System 300</td>
<td>2,8</td>
<td>POT 29820000034</td>
</tr>
<tr>
<td>$129,000</td>
<td>Parking and Transportation Services</td>
<td>Short Elliot Hendrickson, Inc.</td>
<td>Engineering design services for creation of a new surface parking lot on newly acquired 5.375 acre parcel located at 4th Street and Bedford Street S.E.</td>
<td>4</td>
<td>FM 07-258943</td>
</tr>
<tr>
<td>$83,819</td>
<td>Equine Center</td>
<td>Carestream Health, Inc.</td>
<td>Kodak Direct View CR850 System</td>
<td>2,8</td>
<td>POT 66720000135</td>
</tr>
<tr>
<td>$81,224</td>
<td>Libraries</td>
<td>EBSCO Subscription Services</td>
<td>Library Subscription Services</td>
<td>7</td>
<td>B 3714609</td>
</tr>
<tr>
<td>$65,000</td>
<td>Graduate School</td>
<td>Proquest Info &amp; Learning Company</td>
<td>Digital and Analog Publishing as well as Bibliographic and Copy Services</td>
<td>8</td>
<td>POT 34120000138</td>
</tr>
<tr>
<td>$0</td>
<td>Medicine / Cardiology</td>
<td>VisualSonics Corp</td>
<td>Vevo 770 High Resolution In Vivo Micro Imaging System</td>
<td>2</td>
<td>POT 63620000322</td>
</tr>
</tbody>
</table>

**Reasonableness of Single Price is ascertained by one or more of the following:**

1. Cost/Price analysis.
2. Negotiation with supplier.
3. Published catalog price.
4. Price is consistent with independent estimates developed within the University or by credible third party.
5. Comparison to similar purchase(s).
6. Comparison with peer institution contract (including State of Minnesota).
7. Qualified individual’s knowledge of market.
8. Other
### Purchases made as Approved Exceptions to Competitive Purchasing Process (Professional Services) Under $250,000

<table>
<thead>
<tr>
<th>Amount</th>
<th>Department</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Price Reasonableness**</th>
<th>CPS No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$165,986</td>
<td>Cancer Center</td>
<td>Shanghai Cancer Institute</td>
<td>Cohort Study Followup 8/28/06 - 6/30/07</td>
<td>7</td>
<td>CPS 659506193</td>
</tr>
<tr>
<td>$149,000</td>
<td>Center for Farm Financial Mgt, Dept of Applied Economics</td>
<td>Dunn Solutions Group Inc.</td>
<td>Computer services to assist with software development</td>
<td>8</td>
<td>CPS 407F37667</td>
</tr>
<tr>
<td>$120,000</td>
<td>Carlson Ventures Enterprise</td>
<td>Smaby Group, Inc.</td>
<td>Innovation by Design Initiative</td>
<td>2</td>
<td>CPS 334F410732</td>
</tr>
<tr>
<td>$116,000</td>
<td>UMC - Business Affairs</td>
<td>Bemidji State University</td>
<td>Annual Agreement between U of M Crookston and Bemidji State University</td>
<td>8</td>
<td>CPS 100F40717</td>
</tr>
<tr>
<td>$70,000</td>
<td>Humphrey Institute</td>
<td>David Hage</td>
<td>Services for writing a book about former Vice President Walter Mondale</td>
<td>2</td>
<td>CPS 349F399375</td>
</tr>
<tr>
<td>$64,500</td>
<td>Ecology, Evolution and Behavior</td>
<td>Minnesota Conservation Corp</td>
<td>Supply labor and equipment in the restoration of prairie and oak savannah at Cedar Creek Natural History Area</td>
<td>2</td>
<td>CPS 441F302638</td>
</tr>
<tr>
<td>$57,590</td>
<td>CIDRAP</td>
<td>iStonish</td>
<td>UNIX Administrator</td>
<td>1</td>
<td>CPS 889F346598</td>
</tr>
<tr>
<td>$54,729</td>
<td>UMD - Continuing Education</td>
<td>SME Minnesota Section</td>
<td>Consulting fees for Coordination of 2007 SME Conference</td>
<td>8</td>
<td>CPS 853F358033</td>
</tr>
<tr>
<td>$51,800</td>
<td>Natural Resources Research Institute</td>
<td>Bio Limmo Research &amp; Consulting, Inc.</td>
<td>Phytoplankton Identification Enumeration</td>
<td>1,2</td>
<td>CPS 189F402871</td>
</tr>
<tr>
<td>$50,375</td>
<td>Art History</td>
<td>ACCENT</td>
<td>Study Abroad Payments</td>
<td>1</td>
<td>CPS 456F393495</td>
</tr>
<tr>
<td>$18,000</td>
<td>Accounting Services</td>
<td>Pacioli &amp; Company</td>
<td>Extending Contract for Mid-Year Closing Process through 5/31/2007</td>
<td>8</td>
<td>CPS 564F378900</td>
</tr>
</tbody>
</table>
**Reasonableness of Single Price is ascertained by one or more of the following:

1. Cost/Price analysis.
2. Negotiation with supplier.
3. Published catalog price.
4. Price is consistent with independent estimates developed within the University or by credible third party.
5. Comparison to similar purchase(s).
6. Comparison with peer institution contract (including State of Minnesota).
7. Qualified individual's knowledge of market.
8. Other
<table>
<thead>
<tr>
<th>Amount</th>
<th>Department</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Price Reasonableness**</th>
<th>CPS No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$989,400</td>
<td>Veterinary Diagnostic Laboratory</td>
<td>Qiagen, Inc.</td>
<td>OneStep RT-PCT custom kits and QIAamp DNA Blood BioRobot 9604 custom extraction kits</td>
<td>2,5</td>
<td>B 6724233</td>
</tr>
<tr>
<td>$870,216</td>
<td>Veterinary Diagnostic Laboratory</td>
<td>Idexx Distribution Corp.</td>
<td>Test Kits for Detecting Diseases in MN Livestock and Poultry for the period of 7/01/07 through 6/30/08</td>
<td>6,7</td>
<td>B 6724232</td>
</tr>
<tr>
<td>$608,662</td>
<td>Surgery</td>
<td>University of Minnesota Medical Center (UMMC)</td>
<td>Clinical trials under the Juvenile Diabetes Research Foundation's (JDRF) Center Grant for the period of 2/1/07 through 1/31/09</td>
<td>8</td>
<td>POT 64720000304</td>
</tr>
<tr>
<td>$600,000</td>
<td>BioMedical Genomics Center</td>
<td>Open Biosystems</td>
<td>Open Access RNAI Program as needed for the period of 7/1/07 through 6/30/10</td>
<td>2</td>
<td>POT 8832000046</td>
</tr>
<tr>
<td>$600,000</td>
<td>Networking &amp; Telecommunications Services (NTS)</td>
<td>State of Minnesota Office of Enterprise Technology</td>
<td>Network Connections between the Twin Cities and its campuses in Duluth, Crookston, Morris, and Rochester for the period of 7/1/07 through 6/30/08</td>
<td>4,8</td>
<td>POT 80420000341</td>
</tr>
<tr>
<td>$591,241</td>
<td>Radiology - Center for Magnetic Resonance (CMRR)</td>
<td>Siemens Medical Solutions USA, Inc.</td>
<td>MAGNETOM TIM Upgrade of the 3.0 Tesla Magnetic Scanner</td>
<td>2,8</td>
<td>POT 64620000363</td>
</tr>
<tr>
<td>$400,000</td>
<td>Office of Information Technology (OIT)</td>
<td>IBM</td>
<td>Renew IBM Mainframe Computer operation software licenses and maintenance support for the one-year period of 7/1/07 - 6/30/08</td>
<td>8</td>
<td>POT 80320000635</td>
</tr>
<tr>
<td>$335,400</td>
<td>Surgery</td>
<td>Serva Electrophoresis GMBH</td>
<td>Purchase of enzymes used in the isolation of islet cells for clinical trials from 5/10/07 to 6/30/09</td>
<td>2</td>
<td>POT 64720000305</td>
</tr>
<tr>
<td>$315,000</td>
<td>Medicine / Endocrinology</td>
<td>Cambridge Isotope Laboratories, Inc.</td>
<td>D-Glucose (1-13, 99%) Sterility/Pyrogenicity Tests as called for from 1/1/07 through 12/31/09</td>
<td>2</td>
<td>POT 63620000323</td>
</tr>
<tr>
<td>$259,000</td>
<td>Office of Information Technology (OIT)</td>
<td>Software House International</td>
<td>Software Licensing for Symantec Anti-Virus for the entire U of M for the period of 7/1/07 through 6/30/10</td>
<td>2</td>
<td>POT 80220000311</td>
</tr>
</tbody>
</table>

**Reasonableness of Single Price is ascertained by one or more of the following:**

1. Cost/Price analysis.
2. Negotiation with supplier.
3. Published catalog price.
4. Price is consistent with independent estimates developed within the University or by credible third party.
5. Comparison to similar purchase(s).
6. Comparison with peer institution contract (including State of Minnesota).
7. Qualified individual’s knowledge of market.
8. Other
## V. Purchases made as Approved Exceptions to Competitive Purchasing Process for Construction $250,000 and Over

<table>
<thead>
<tr>
<th>Amount</th>
<th>Department</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Price Reasonableness**</th>
<th>CPS No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$527,588</td>
<td>Capital Planning &amp; Project Management (CPPM)</td>
<td>Furniture Sales, Inc</td>
<td>Furniture Order for College of Continuing Education / Department of Writing Studies</td>
<td>5,7</td>
<td>FM 07-256005</td>
</tr>
</tbody>
</table>

**Reasonableness of Single Price is ascertained by one or more of the following:

1. Cost/Price analysis.
2. Negotiation with supplier.
3. Published catalog price.
4. Price is consistent with independent estimates developed within the University or by credible third party.
5. Comparison to similar purchase(s).
6. Comparison with peer institution contract (including State of Minnesota).
7. Qualified individual's knowledge of market.
8. Other
### Pre-Approved Exceptions to Competitive Purchasing (Goods, Services & Construction) Under $250,000

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>POT 34120000137</td>
<td>Academic Analytics</td>
<td>Renewal of contract for answer line for the period of 7/1/07 to 6/30/10</td>
<td>$113,400</td>
<td>Graduate School</td>
</tr>
<tr>
<td>2</td>
<td>POT 36120000022</td>
<td>Thomson West</td>
<td>Westlaw Database access for students and staff</td>
<td>$53,550</td>
<td>Law Library</td>
</tr>
<tr>
<td>2</td>
<td>POT 36120000020</td>
<td>Lexis Nexis</td>
<td>LexisNexis Educational Subscription</td>
<td>$37,000</td>
<td>Law Library</td>
</tr>
</tbody>
</table>

Subtotal for Exception #2: Media advertising, purchase of or access to uniquely compiled databases: $203,950

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>FM 07-252773</td>
<td>Ziegler Power Systems/CAT</td>
<td>Generator with Trailer</td>
<td>$120,000</td>
<td>Energy Mgmt</td>
</tr>
<tr>
<td>4</td>
<td>POT 86520000193</td>
<td>Cambridge Research &amp; Instrumentation, Inc.</td>
<td>CRI Maestro In-Vivo Imaging System - Demonstration Unit</td>
<td>$67,795</td>
<td>Neuroscience</td>
</tr>
</tbody>
</table>

Subtotal for Exception #4: Closeout or used items which requestor or Purchasing has verified to be at least 30% below comparable new equipment (does not include refurbished or remanufactured furniture): $187,795

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>POT 34120000136</td>
<td>ApplyYourself, Inc.</td>
<td>Annual service fee for On-Line Admissions</td>
<td>$117,000</td>
<td>Graduate School Admissions</td>
</tr>
<tr>
<td>7</td>
<td>POT 803200000633</td>
<td>Perceptive Software</td>
<td>ImageNow Annual maintenance / support for the period of 7/1/07 through 6/30/08</td>
<td>$113,047</td>
<td>Enterprise Applications Systems/OIT</td>
</tr>
<tr>
<td>#</td>
<td>PO Number</td>
<td>Manufacturer/Developer</td>
<td>Description</td>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>---</td>
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<td>------------------------</td>
<td>-------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>POT 84520000123</td>
<td>Steris Corporation</td>
<td>2-Yr Service Agreement on Cage Washers, Autoclaves and Bedding Dispenser from 7/01/07 through 06/30/09</td>
<td>$86,279</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>POT 52620000188</td>
<td>FEI Company</td>
<td>Service Contract for Various Pieces of Equipment for the period of 6/16/07 to 6/15/08</td>
<td>$81,515</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>POT 80320000636</td>
<td>Hewlett-Packard Co</td>
<td>1 Yr Support for ServiceCenter &amp; Get-It</td>
<td>$80,435</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>POT 85120000004</td>
<td>Getinge Signature Services</td>
<td>Renew Autoclave Maintenance Contract for the period of 7/01/07 to 6/30/08</td>
<td>$78,955</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>POT 80320000622</td>
<td>MSI Systems Integrators</td>
<td>Z/OS Operating System Maintenance for the period of 9/1/06 to 8/31/07</td>
<td>$71,540</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>POT 80420000358</td>
<td>Aastra Intecom</td>
<td>PBX Centergy Software support</td>
<td>$69,085</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>POT 20720000113</td>
<td>Charter Communications</td>
<td>Cable Service Renewal for 5 1/2 months</td>
<td>$67,342</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>POT 80220000313</td>
<td>Microsoft Corp</td>
<td>Microsoft Premier Support</td>
<td>$63,631</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>POT 80320000630</td>
<td>Informatica Corporation</td>
<td>Informatica Software Maintenance for the period of 7/1/07 to 6/30/08</td>
<td>$59,839</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>POT 64720000303</td>
<td>Siemens Medical Solutions</td>
<td>Repair of X-Ray Tube and associated parts for Coroskop C-Arm</td>
<td>$58,454</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>PTO 36720000072</td>
<td>Cambridge Scientific Abstracts (CSA)</td>
<td>Refworks Level 5FTE Remotely Hosted Software and Storage Space</td>
<td>$13,650</td>
<td></td>
</tr>
</tbody>
</table>

Subtotal for Exception #7: Service/Maintenance agreements with the original manufacturer/developer for equipment and software. $960,772
<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Department</th>
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</thead>
<tbody>
<tr>
<td>11</td>
<td>POT 80220000312</td>
<td>Blackboard, Inc</td>
<td>WebCT Maintenance and Renewal for period of 9/01/07 - 08/31/08</td>
<td>OIT</td>
</tr>
<tr>
<td>11</td>
<td>POT 80420000338</td>
<td>Entuity, Inc.</td>
<td>Eye of the Storm additional Licenses and Support</td>
<td>NTS</td>
</tr>
<tr>
<td>11</td>
<td>POT 80320000629</td>
<td>Cognos Corp</td>
<td>Cognos Maintenance Renewal from 7/01/07 to 6/30/08</td>
<td>OIT</td>
</tr>
<tr>
<td>11</td>
<td>POT 80320000634</td>
<td>Google, Inc.</td>
<td>Google Search Appliance (with support) for the period of 7/01/07 to 7/06/09</td>
<td>Enterprise Applications, OIT</td>
</tr>
<tr>
<td>11</td>
<td>POT 80672000132</td>
<td>Oracle Corp</td>
<td>Oracle 10g Application Server License</td>
<td>Veterinary Medical Center</td>
</tr>
<tr>
<td>11</td>
<td>POT 66720000134</td>
<td>The Ross Group</td>
<td>Annual Maintenance/support for VMC Hospital/CLINICAL PATH LABS Software (UVIS)</td>
<td>Veterinary Medical Center</td>
</tr>
<tr>
<td>11</td>
<td>POT 80320000631</td>
<td>Computer Associates, Inc</td>
<td>Mainframe Maintenance Support for the period of 6/30/07 - 6/29/08</td>
<td>OIT</td>
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<tr>
<td>11</td>
<td>POT 80320000632</td>
<td>Computer Associates, Inc</td>
<td>eTrust AutoSys Maintenance Support for the period of 6/30/07 to 6/29/08</td>
<td>OIT</td>
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<tr>
<td>11</td>
<td>POT 3612000019</td>
<td>Thomson West</td>
<td>Electronic Law Library Access for period of 7/01/07 to 6/30/08</td>
<td>Law Library</td>
</tr>
<tr>
<td>11</td>
<td>POT 80220000308</td>
<td>Wolfram Research, Inc</td>
<td>Mathematica Software</td>
<td>ADCS</td>
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</tbody>
</table>

Subtotal for Exception # 11: Software license renewals and software upgrades available only from developer. This includes adding licenses to an existing license agreement.
### Pre-Approved Exceptions to Regents Purchasing Policy (Professional Services)

#### Under $250,000

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
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</thead>
<tbody>
<tr>
<td>19</td>
<td>CPS 430F4091939</td>
<td>Iowa State University</td>
<td>Renewal of contract for answer line for the period of 7/1/07 to 6/30/09</td>
<td>$62,810</td>
<td>Resource Development Unit</td>
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Subtotal for Exception #19: Service (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity.

<table>
<thead>
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<th>Product</th>
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<tbody>
<tr>
<td>24</td>
<td>CPS 93355000544</td>
<td>Ousmane Sene</td>
<td>Academic Services for study abroad programs</td>
<td>$244,027</td>
<td>Learning Abroad Center</td>
</tr>
<tr>
<td>24</td>
<td>CPS 93355000531</td>
<td>CAPA - Centers for Academic Programs Abroad</td>
<td>Academic Services for study abroad programs</td>
<td>$244,640</td>
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<tr>
<td>24</td>
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<td>CAPA - Centers for Academic Programs Abroad</td>
<td>Academic Services for study abroad programs</td>
<td>$221,580</td>
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<tr>
<td>24</td>
<td>CPS 93355000545</td>
<td>Rima Hooja</td>
<td>Academic Services for study abroad programs</td>
<td>$192,397</td>
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<tr>
<td>24</td>
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<td>USIT</td>
<td>Academic Services for study abroad programs</td>
<td>$82,385</td>
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<tr>
<td>24</td>
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<td>ACCENT International Consortium for Academic Programs Abroad</td>
<td>Academic Services for study abroad programs</td>
<td>$74,250</td>
<td>Learning Abroad Center</td>
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<tr>
<td>24</td>
<td>CPS 93355000535</td>
<td>ACCENT International Consortium for Academic Programs Abroad</td>
<td>Academic Services for study abroad programs</td>
<td>$73,250</td>
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<td>#</td>
<td>Code</td>
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<td>Services Offered</td>
<td>Amount</td>
<td>Department</td>
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<tr>
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<td>24</td>
<td>CPS 93355000530</td>
<td>ACCENT International Consortium for Academic Programs Abroad</td>
<td>Academic Services for study abroad programs</td>
<td>$70,500</td>
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<tr>
<td>24</td>
<td>CPS 93355000537</td>
<td>IES Abroad (Institute for the International Education of Students)</td>
<td>Academic Services for study abroad programs</td>
<td>$62,000</td>
<td>Learning Abroad Center</td>
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<tr>
<td>24</td>
<td>CPS 93355000534</td>
<td>CAPA - Centers for Academic Programs Abroad</td>
<td>Academic Services for study abroad programs</td>
<td>$53,000</td>
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<tr>
<td>24</td>
<td>CPS 93355000528</td>
<td>CIEE - Council on International Educational Exchange</td>
<td>Academic Services for study abroad programs</td>
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<tr>
<td>24</td>
<td>CPS 93355000536</td>
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<td>Academic Services for study abroad programs</td>
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<tr>
<td>24</td>
<td>CPS 93355000533</td>
<td>Center for Overseas Academic and Cultural Exchanges (COACE)</td>
<td>Academic Services for study abroad programs</td>
<td>$43,000</td>
<td>Learning Abroad Center</td>
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</tbody>
</table>

Subtotal for Exception #24: Study Abroad Program Administrators (Does not include group airfares.) $1,450,754