Finance and Operations Committee

September 8, 2011

Agenda Item: Consent Report

☐ review  ☐ review/action  ☑ action  ☐ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☑ oversight  ☐ strategic positioning

General Contingency
To seek approval for allocations from General Contingency greater than $250,000.

Purchase of Goods and Services $1,000,000 and Over
To seek approval for purchases of goods and services of $1,000,000 and over.

Commercial Transactions or Other Matters Subject to Board Approval
To seek approval for specified commercial transactions or matters not otherwise subject to Board approval.

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 $1,000,000 and Over

• To Blue Cross Blue Shield of Minnesota for an estimated $4,960,028 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2012, through December 31, 2012. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.
• To CIGNA for the estimated annual amount of $2,140,000 for a four-year total of $8,560,000 to provide the Academic Disability Program for faculty and professional and administrative staff, offered through the University of Minnesota Office of Human Resources Employee Benefits for the period of January 1, 2012, through December 31, 2015. The Academic Disability Program is paid out of Fringe Pool and is budgeted as a part of the fringe pool. Vendor was selected through a competitive process.

• To CIGNA for the estimated annual amount of $2,030,000 for a four-year total of $8,120,000 to provide Voluntary Short Term Disability and Long Term Disability Insurance, offered through the University of Minnesota Office of Human Resources Employee Benefits for the period of January 1, 2012, through December 31, 2015. These contracts are funded entirely by employee contributions. Vendor was selected through a competitive process.

• To HealthPartners for an estimated $3,125,216 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2012, through December 31, 2012. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.

• To HealthPartners Administrators, Inc. to add an estimated $2,066,551 to administer self-funded medical insurance coverage and to provide stop loss insurance for Twin Cities and UMD Graduate Assistants for the period of September 1, 2011, through August 31, 2012. The Graduate Assistant Health Benefit Plan is a benefit paid primarily by the University through fringe charges to departments in addition to grad students being charged a percentage of the plan cost. Vendor was selected through a competitive process.

• To John Hancock to add an estimated $1,690,000 for providing Long Term Care Insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2012, through December 31, 2012. The Long Term Care Plan is completely employee paid. Vendor was selected through a competitive process.

• To Medica to add an estimated $1,593,000 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2012, through December 31, 2012. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.

• To Minnesota Life/ING to add an estimated $2,106,000 for the purchase of life insurance coverage offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2012, through December 31, 2012. The funding for these services has been budgeted as part of the 2012 fringe benefits budget. Vendor was selected through a competitive process.

• To Recombinant Data Corporation for an estimated $845,000 for a total contract of $1,500,000 to build an integrated technology infrastructure to support clinical research and clinical care for the University’s health professional schools programs through June 30, 2012.

• To UCare for an estimated $995,085 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2012, through December 31, 2012. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.
Commercial Transactions or Other Matters Subject to Board Approval

- The Board is requested to authorize the administration to enter into an amendment to Section 2.8 of the *Second Amended and Restated Marketing and Sales Rights Agreement between Golden Gopher Sports Properties, LLC DBA Gopher Sports Properties and the University*. This amendment will allow Learfield, the multi-media rights partner for Gopher Athletics, to enter into a sponsorship agreement with Treasure Island Resort & Casino, which would bring Learfield $250,000 annually, a total of $750,000 over three years.

Background Information:

Approvals are sought in compliance with Board of Regents Policy as follows:
- **General Contingency**: *Reservation and Delegation of Authority, Sec.VII, Subd. 1.*
- **Purchase of Goods and Services $1,000,000 and Over**: *Reservation and Delegation of Authority, Sec.VII, Subd. 6*
- **Commercial Transactions or Other Matters Subject to Board Approval**: *Reservation and Delegation of Authority, Sec. 1, Subd. 5.*

President's Recommendation for Action:

The President recommends approval of the Consent Report.
General Contingency

<table>
<thead>
<tr>
<th>FY2012 General Contingency</th>
<th>Allocation</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carryforward from FY2011 into FY2012</td>
<td>91,986</td>
<td>1,091,986</td>
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</table>

1. New items this reporting period:
2.
3. No new items this reporting period
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5. Balance as of August 31, 2011 | 1,091,986 |
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Purchase of Goods and Services $1,000,000 and over

To Blue Cross Blue Shield of Minnesota to add an estimated amount of $4,960,028 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2012 through December 31, 2012.

Blue Cross Blue Shield of Minnesota was selected during a request for proposal process conducted in 2007. The initial contract was for a one-year period, with five options to renew the contract. This is a request to exercise the fourth option to renew the contract.

The estimated annual amount of $4,960,028 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

There is no cost for this coverage since retirees pay all premiums.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

[Signature]
Kathryn Brown
Vice President, Office of Human Resources

September 8, 2011
Purchase of Goods and Services $1,000,000 and over

To CIGNA for the estimated annual amount of $2,140,000 for a four-year total of $8,560,000 to provide the Academic Disability Program for faculty and professional and administrative staff, offered through the University of Minnesota Office of Human Resources Employee Benefits, for the four year period of January 1, 2012 through December 31, 2015.

CIGNA was selected during a request for proposal process conducted in 2011. All major provisions of the Administrative Service Agreement between the Regents of the University of Minnesota and CIGNA have been agreed to and the contract is being finalized for signature by the University. The contract will contain an option to renew for an additional two years for a possible total six year contract. It will also contain a rate guarantee for the first four years of the contract.

We request that the Board of Regents approve the contract with CIGNA for the initial four-year period, per the terms of the Administrative Services Agreement.

The estimated annual amount of $2,140,000 is based on a census file of currently eligible academic employees and their covered compensation.

The Academic Disability Program is paid out of Fringe Pool and is budgeted as a part of the fringe pool.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

[Signature]
Kathryn F. Brown
Vice President, Office of Human Resources

September 8, 2011
Purchase of Goods and Services over $1,000,000

To CIGNA for the estimated annual amount of $2,030,000 for a four-year total of $8,120,000 to provide Voluntary Short Term Disability and Long Term Disability Insurance, offered through the University of Minnesota Office of Human Resources Employee Benefits, for the period of January 1, 2012 through December 31, 2015.

Estimated annual amount:
- Voluntary Short Term Disability Plan - $1,200,000
- Voluntary Long Term Disability Plan - $830,000
- Total - $2,030,000

CIGNA was selected during a request for proposal process conducted in 2011. All major provisions of the Administrative Service Agreement between the Regents of the University of Minnesota and CIGNA have been agreed to and the contract is being finalized for signature by the University. The contract will contain an option to renew for an additional two years for a possible total six year contract. It will also contain a rate guarantee for the first four years of the contract.

We request that the Board of Regents approve the contract with CIGNA for the initial four-year period, per the terms of the Administrative Services Agreement.

The estimated annual amount of $2,030,000 is based on coverage in force at the time of the request for proposal. Both the Voluntary Short Term Disability Plan and the Voluntary Long Term Disability Plan are completely employee paid.

These contracts are funded entirely by employee contributions.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Kathryn F. Brown
Vice President, Office of Human Resources

September 8, 2011
Purchase of Goods and Services $1,000,000 and over

To HealthPartners to add an estimated amount of $3,125,216 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2012 through December 31, 2012.

HealthPartners was selected during a request for proposal process conducted in 2007. The initial contract was for a one-year period, with five options to renew the contract. This is a request to exercise the fourth option to renew the contract.

The estimated annual amount of $3,125,216 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

There is no cost for this coverage since retirees pay all premiums.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Kathryn Brown
Vice President, Office of Human Resources

September 8, 2011
Purchase of Goods and Services $1,000,000 and over

To HealthPartners Administrators, Inc. to add an estimated $2,066,551 to administer self-funded medical insurance coverage and to provide stop loss insurance for Twin Cities and UMD Graduate Assistants for the period of September 1, 2011 through August 31, 2012.

*HealthPartners Administrators, Inc. was selected during a request for proposal process conducted in 2009. The 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 Twin Cities and UMD Graduate Assistants Plan offer subsidized medical insurance coverage to graduate students with assistantships in research and teaching, if on appointments of at least 25% time or more. The subsidy for “student only” coverage will be 95% for a student with a 50% appointment. The dependent premium subsidy will remain at 65% of the dependent plan’s premium.*

*The Graduate Assistance Health Benefit Plan is a benefit paid primarily by the University through fringe charges to departments in addition to grad students being charged a percentage of the plan cost.*

Submitted by: Dann Chapman  
Director, Employee Benefits

Approval for this item is requested by:

\[Signature\]  
Kathryn F. Brown  
Vice President, Office of Human Resources  

September 8, 2011
Purchase of Goods and Services $1,000,000 and over

To John Hancock to add an estimated $1,690,000 for providing Long Term Care Insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the period of January 1, 2012 through December 31, 2012.

John Hancock was selected during a request for proposal for Long Term Care insurance conducted in 2006. The initial contract was for the period of April 1, 2007 through December 31, 2008, with five annual options to renew the contract. This is a request to exercise the fourth option to renew.

The estimated annual premium is based on current participation, and a projection of the amount of coverage. Active employees, dependents, parents, step-parents, and retirees are covered under this contract, as part of the University's UPan benefits program.

The Long Term Care Plan is completely employee paid.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

[Signature]
Kathryn F. Brown
Vice President, Office of Human Resources

September 8, 2011
Purchase of Goods and Services $1,000,000 and over

To Medica to add an estimated amount of $1,593,900 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2012 through December 31, 2012.

Medica was selected during a request for proposal process conducted in 2007. The initial contract was for a one-year period, with five options to renew the contract. This is a request to exercise the fourth option to renew the contract.

The estimated annual amount of $1,593,900 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

There is no cost for this coverage since retirees pay all premiums.

Submitted by:  Dann Chapman  
Director, Employee Benefits

Approval for this item is requested by:  

Kathryn Brown  
Vice President, Office of Human Resources

September 8, 2011
Purchase of Goods and Services $1,000,000 and over

To Minnesota Life/ING to add an estimated annual amount of $2,106,000 for the purchase of life insurance coverage offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2012 through December 31, 2012.

*Minnesota Life/ING was selected during a request for proposal process conducted in 2007. The contract was for a two-year period, with four options to renew the contract. This is a request to exercise the third option to renew.*

*The estimated annual total amount of $2,106,000 is based on participation assumptions determined by the University. The amount should remain reasonably constant, with the exceptions of annual increases in the cost of basic life insurance which increases with salaries, as well as variability due to participation elections by plan members.*

*The funding for these services has been budgeted as part of the 2012 fringe benefits budget.*

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

[Signature]
Kathryn Brown
Vice President, Office of Human Resources

September 8, 2011
To Recombinant Data Corporation for an estimated additional $1,500,000 for a total contract of $2,155,000 to build an integrated technology infrastructure to support clinical research and clinical care for the University’s health professional schools and programs through June 30, 2012.

_Development of a comprehensive technology infrastructure to support clinical research and clinical care is a key requirement of the recently awarded Clinical and Translational Science grant from the National Institutes of Health._

_The technology infrastructure will provide a fully automated platform of systems, applications, databases, and analytical tools to support clinical research and clinical care across the University’s health professional schools, and enable the timely and secure capture and exchange of information between the University, UM Physicians, Fairview Health Services, and the University’s other clinical research and health care partners._

_Through a competitive bid process, Recombinant Data Corporation was selected because of their expertise in development and installation of similar technologies at institutions with CTSA grants._

_Recombiant was awarded an initial contract of $655,000 for planning and high level design work in January 2011. This next phase, through June 30, 2012, will build the foundational elements of the infrastructure and develop and install the technology in at least two pilots, including those in cardiology and oncology. Full implementation of the infrastructure will be done in phases, over the next two years._

_Funding for the project will come from the CTSA grant and O&M funds from the Academic Health Center._

Submitted by:  Terry Bock  
Associate Vice President and Chief of Staff  
Academic Health Center  
Phone: (612) 626-6138  
Fax: (612)-626-2111

Approval for this item requested by:

[Signature]

Aaron Friedman, Vice President for Health Sciences  
Dean, Medical School  

8/18/2011 Date
Purchase of Goods and Services $1,000,000 and over

To UCare for the estimated amount of $995,085 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2012 through December 31, 2012.

UCare was selected during a request for proposal process conducted in 2007. The initial contract was for a one-year period, with five options to renew the contract. This is a request to exercise the fourth option to renew the contract. The estimated annual amount of $995,085 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

There is no cost for this coverage since retirees pay all premiums.

Submitted by:  
Dan Chapman  
Director, Employee Benefits

Approval for this item is requested by:  
Kathryn Brown  
Vice President, Office of Human Resources  
September 8, 2011
PROPOSED Amendment to the Learfield multi-media rights contract

Learfield, the multi-media rights partner for Gopher Athletics, is proposing a sponsorship with Treasure Island Resort & Casino. The sponsorship would be $250,000 annually for three years -- $750,000 total. This sponsorship would be a combination of in-venue messaging as well as program ads and suites/tickets. Per the contract with Learfield, as with all sponsorships, the funds would go to Learfield and in turn, Learfield guarantees a certain level of payment to Gopher Athletics each year.

Treasure Island would NOT promote gaming in their in-venue messaging (only resort and hotel aspects of their operation) but they DO want to use their corporate logo that includes the word "casino" (see attached). Thus the issue -- the University’s current contract with Learfield restricts gaming in sponsorships with the exception of the Minnesota State Lottery.

Currently, there are no gaming sponsorships IN our athletic venues, but we long have had ads for Grand Casino on our football and basketball radio broadcasts. This advertising existed prior to our relationship with Learfield, when WCCO owned the radio rights. We have continued to allow our radio broadcasts to have gaming advertising.

Other Big Ten schools have relationships with casinos that visually represent the gaming aspect of these casinos in their respective athletic venues – Wisconsin, Michigan, Penn State.

Though there is no policy, administrative or Board, that prohibits gaming sponsorships and advertising in our venues, it has been the practice to include, in any use agreement, language that prohibits gaming advertising on our campuses.

Recommendation: in order to be fully transparent, change the current Learfield contract to allow Minnesota Tribal Nations gaming sponsorships. Extending the exception to the Minnesota Tribal Nations would limit it to Minnesota gaming and avoid any question of other types of gaming – on-line, Vegas, other states tribal nation gaming, etc.

Asking the Board to authorize the administration to enter into an amendment to Section 2.8 of the Second Amended and Restated Marketing and Sales Rights Agreement between Golden Gopher Sports Properties, LLC DBA Gopher Sports Properties and the University. Amendment excludes from the term "gambling" (and allows signage, advertising and sponsorship messages relating to) gaming activities at the entertainment and resort facilities of an Indian Tribe that are located in Minnesota and operated by the Indian Tribe pursuant to a compact entered into with the State of Minnesota. The University will approve in advance the content and format of the proposed advertising or sponsorship signage, message or activity.
• An example of what a potential Treasure Island main scoreboard sign would look like.
• All signage would be digital (temporary). There is no permanent signage being considered.