AGENDA

1. Issues Related to: Enterprise Financial System Replacement Project Update - R. Pfutzenreuter/M. Volna (p. 2)
2. Issues Related to: Budget Allocation Model - R. Pfutzenreuter (p. 3)
3. Issues Related to: Annual Capital Improvement Budget FY 2008 - R. Pfutzenreuter (p. 4)
4. Consent Report - Review/Action - R. Pfutzenreuter (pp. 5-33)
5. Information Items - R. Pfutzenreuter (pp. 34-48)
Finance and Operations Committee  May 10, 2007

Agenda Item:  Issues Related to:  Enterprise Financial System Replacement Project Update

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters:  Vice President/CFO Richard Pfutzenreuter
Associate Vice President Michael Volna

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

To provide the Finance and Operations Committee with an update on the implementation of the PeopleSoft Enterprise Financial System.

Outline of Key Points/Policy Issues:

The project continues to be on track to meet the go-live date of July 2008. In March 2007, the project successfully completed the second major phase, “functional design”, and in April began the “technical design” phase. There are also significant ongoing efforts to integrate existing enterprise systems, such as the student and human resource systems. Finally, the project continues to prepare the financial user community for the rollout of the new system through organizational design and change management activities, the development of training plans, and financial competencies assessments.

A presentation will be made to the Finance and Operations Committee outlining the status of the project including timeline and budget.

Background Information:

The University purchased the PeopleSoft Enterprise Financial System software in September 2003, pursuant to Board approval. The University has pursued a two-phase approach to implementation. Phase 1, a preparatory and exploratory phase, ran from January 2004 through July 2005. Phase 2, the implementation phase, began August 2005 and runs up to the go-live date of July 2008.

The Board has received eight status reports on the software purchase and implementation efforts beginning in July 2002 through the most recent report in December 2006.
Finance and Operations Committee  May 10, 2007

Agenda Item:  Issues Related to:  Budget Allocation Model

☐ review   ☐ review/action   ☐ action   ☒ discussion

Presenters:  Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy   ☒ background/context   ☐ oversight   ☐ strategic positioning

The University of Minnesota is approaching the second year of budget development under the revised institutional budget allocation model. Characteristics of the budget allocation model and its application to budget decision making will be the focus of the discussion. The discussion will also focus on the translation of the budget allocation model to long-term financial planning.

Outline of Key Points/Policy Issues:

The institutional budget model is a set of rules and a process for revenue and cost attributions that assist in achieving the strategic goals and objectives of the institution. The budget model itself does not determine the strategic goals and objectives of the institution. It works within those objectives to assist in making resource allocation decisions that support sound financial principles and the University's academic priorities. The budget allocation model is dependent upon strong leadership for making strategic allocations of resources provided to the University of Minnesota by the State of Minnesota.

Background Information:

The Board of Regents previously reviewed the framework of the budget allocation model prior to its implementation on July 1, 2006.
Finance and Operations Committee

May 10, 2007

Agenda Item: Issues Related to: Annual Capital Improvement Budget FY 2008

☐ review  ☑ review/action  ☐ action  ☑ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☒ background/context  ☑ oversight  ☐ strategic positioning

The University adopts an annual capital improvement budget which authorizes projects to begin design and construction during the upcoming fiscal year.

An updated 6-year capital improvement plan will be presented to the Board this month for review.

Outline of Key Points/Policy Issues:

The 2008 Annual Capital Improvement Budget authorizes projects totaling $86,653,000 to begin design or construction during the next fiscal year.

The Annual Capital Budget incorporates the 2007 Capital Request as submitted to the State of Minnesota. The Annual Capital Budget will be adjusted before the June meeting to reflect the outcome of the legislative session. The Annual Capital Budget is reflective of the planning priorities established by the Six Year Capital Improvements Plan approved by the Board of Regents annually.

The University requires that all capital projects spending more than $500,000 on either design or construction be included in the Annual Capital Improvements Budget. In order to be included in the annual capital budget, the project must be approved by the respective Vice President or Chancellor, have completed an appropriate level of planning (typically a predesign), have all the required funding identified, and be ready to proceed if approved by the Board of Regents. These requirements lead to better projects, but also exclude from the capital budget some important projects still in development. As these projects meet the Board's criteria, they will be presented as Capital Budget Amendments. Several of these projects are outlined on a list attached to the Annual Capital Improvements Budget.

President's Recommendation for Action:

The President recommends approval of the 2008 University Capital Improvement Budget and reaffirmation of its prior year capital expenditure authorization.
Agenda Item: Consent Report

☑ review/action
☐ action
☐ discussion

Presenters: Vice President/CFO Richard Pfützenreuter

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.

Approval of New Investment Managers
To seek approval for four new investment managers: three in the Real Asset Portfolio and one in the Private Capital Portfolio.

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 Apache Group for an estimated $252,119 for can liners (trash bags), to be stocked at the University Stores for use in University departments, for the period from June 1, 2007, through May 31, 2008. Payment for these stock purchases will come from the University Stores Operating Budget. Purchases for stock are included in the Fiscal 2006 University Stores Operating Budget, and will be included in the Fiscal 2007 Operations Budget. Vendor was selected through a competitive process.

• To Applied Business Communications, Inc., Christensen Utilities, Dell-Comm, Inc., MP Nexlevel, Telcom Construction, Tri Comm, Inc., and Underground Piercing, Inc., for an estimated $1,700,000 of contract labor for Outside Cable Placement and Inside Infrastructure Construction/Cabling and Termination and $56,000 for Emergency restoration cabling as needed for the period of July 1, 2007, through June 30, 2008, for the Networking and Telecommunications Services (NTS) department, a division of the Office of Information Technology (OIT). This purchase for contract labor by NTS has been budgeted for FY08. It will be centrally funded as part of the Data Network funding. Vendors were selected through a competitive process.
• To Applied Physics Systems, dba 2G Enterprises, for $427,950 for a Model 755 Superconducting Rock Magnetometer for the Institute of Rock Magnetism in the Department of Geology and Geophysics. The funds for the purchase are coming from the sponsored project’s budget. Vendor was selected through a competitive process.

• To Blue Cross and Blue Shield of Minnesota for the first two year contract period of a six-year award for a partially self-funded Student Health Benefit Plan (SHBP) for Twin Cities, Duluth, Crookston, Morris and Rochester Students at an estimated $22,711,808 for Boynton Health Service. The program has adequate reserves to meet all obligations for the next two years of partial self-funding and provide the same level of coverage to students for the upcoming year. The cost of the plan is borne entirely by students purchasing the plan. Vendor was selected through a competitive process.

• To Blue Cross Blue Shield of Minnesota for the estimated amount of $4,830,000 for purchase of Medicare supplemental insurance offered to University retirees and dependents through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2008, through December 31, 2008. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.

• To Delta Dental for an estimated annual amount of $710,000 for administering a self-funded UPlan dental plan option offered to University employees, retirees and dependents through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2008, through December 31, 2009. Rates are within amounts included in the 2007 fringe benefits budget. Vendor was selected through a competitive process.

• To HealthPartners for the estimated amount of $2,400,000 for purchase of Medicare supplemental insurance offered to University retirees through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2008, through December 31, 2008. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.

• To HealthPartners for an estimated annual amount of $250,000 for administering a self-funded UPlan dental plan option offered to University employees, retirees and dependents through the University of Minnesota Office of Human Resources Employee Benefits for the two year period of January 1, 2008, through December 31, 2009. Rates are within amounts included in the 2007 fringe benefits budget. Vendor was selected through a competitive process.

• To Idexx Distribution Corp. for $870,216 for the purchase of test kits for detecting diseases in Minnesota livestock and poultry as needed for the period July 1, 2007, through June 30, 2008, for the Veterinary Diagnostic Laboratory. These kits will be purchased with laboratory funds. See enclosed documentation regarding basis of vendor selection.

• To KLN Steel Products Company for $425,707 for the purchase of new room furnishings (beds, loft kits, desks, chest of drawers and wardrobes) for student rooms in Clayton A. Gay Hall, University of Minnesota Morris Campus. The room furnishings will be purchased with departmental funds currently available for this project. Vendor was selected through a competitive process.

• To Laidlaw Transit for $42,000,000 for the University of Minnesota Campus Shuttle Bus Service for the period of July 1, 2007, through June 30, 2017, for Parking and Transportation Services. The Campus Shuttle Bus Service will be funded with revenues from Parking and Transportation Services in addition to supplemental funding from Student Transportation fees. The service was identified in Parking and Transportation Services’ 2007-08 FY budget process. Vendor was selected through a competitive process.

• To Medica for the estimated amount of $880,000 for purchase of Medicare supplemental insurance offered to University retirees through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2008, through December 31, 2008. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.

• To Minnesota Life/ING for purchase of life insurance coverage offered to University employees through the University of Minnesota Office of Human Resources Employee
Benefits for the two year period of January 1, 2008, through December 31, 2009, at the following estimated annual amounts for 2008:

<table>
<thead>
<tr>
<th>Estimated University paid coverage:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Life</td>
<td>$1,890,000</td>
</tr>
</tbody>
</table>

Estimated Employee paid coverage:
- Additional Employee Life          | $1,400,000 |
- Spouse/Same-Sex Domestic Partner Life | $430,000 |
- Child Life                        | $25,000   |
- Optional Employee AD&D            | $51,000   |
- Optional Spouse AD&D              | $8,000    |
Total                                | $3,804,000 |

Rates are within amounts included in the 2007 fringe benefits budget. Vendor was originally selected through a competitive process.

- To Northwest Airlines in the amount of $323,935 for air charter service for the 2007 football season away games. Game are scheduled from September 15, 2007, to November 10, 2007. The charter service will be purchased with funds from Intercollegiate Athletics (ICA) auxiliary revenues which are part of the football travel budget each year. Vendor was selected through a competitive process.

- To Qiagen, Inc. for $989,400 to renew a contract to purchase OneStep RT-PCR custom kits and QIAamp DNA Blood BioRobot 9604 custom (extraction) kits as needed for the period July 1, 2007, through June 30, 2008, for the Veterinary Diagnostic Laboratory. These kits will be purchased with Veterinary Diagnostic Laboratory funds that are approved annually through the University of Minnesota budget process. See enclosed documentation regarding basis of vendor selection.

- To Siemens Medical Solutions USA, Inc. for $591,241 for MAGNETOM TIM Upgrade of the 3.0 Tesla magnetic scanner housed in the Center for Magnetic Resonance Research (CMRR). The upgrade will be entirely paid for with accumulated CMRR 3.0 Tesla magnetic scanner plant funds. See enclosed documentation regarding basis of vendor selection.

- To UCare for the estimated amount of $1,040,000 for purchase of Medicare supplemental insurance offered to University retirees through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2008, through December 31, 2008. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.

Approval of New Investment Managers

The Office of Asset Management (OAM) proposes engaging four new investment managers to invest target allocations of CEF. The proposed managers have been reviewed and are recommended by the Investment Advisory Committee. These managers have been recommended following a thorough due diligence process and review by OAM of the respective asset classes relative to current market conditions, and the managers previously selected in these asset classes.

- **REAL ASSET PORTFOLIO: OIL AND GAS**
  
  **Energy Spectrum Partners V**
  - $15 million investment
  - Mid-stream energy fund investments.
  - Domestic Focus.
  - 20+% net IRR on prior funds.

- **REAL ASSET PORTFOLIO: PRIVATE REAL ESTATE**
  
  **Fidelity Real Estate Growth Fund III**
  - $15 million investment
  - Selective niche domestic markets.
  - Smaller investment size.
  - 15% net IRR on prior funds.
JP Morgan Greater Europe Opportunity Fund

- €12 million (euro) investment
- Selective Niche markets.
- Central and eastern Europe focus.
- Strong track record on prior investments.

- PRIVATE EQUITY PORTFOLIO: DISTRESSED DEBT

Matlin Patterson Global Partners III

- $20 million investment
- Global distressed debt.
- Control oriented distressed.
- 20+% return in prior funds.

Background Information:

General Contingency
Allocations from the General Contingency in excess of $250,000 require Board approval. Allocation so 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

### 2006-07 General Contingency:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Allocation</th>
<th>Balance</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2007 General Contingency</strong></td>
<td><strong>$1,250,000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carryforward from FY2006 into FY2007</td>
<td>2,251</td>
<td>1,252,251</td>
<td>Bridge funding for one additional loan collector position</td>
</tr>
<tr>
<td>1 Director of the Office of Student Finance</td>
<td>50,000</td>
<td>1,202,251</td>
<td>Bridge funding for one additional loan collector position</td>
</tr>
<tr>
<td>2 Associate VP for Campus Planning and Project Management</td>
<td>105,323</td>
<td>1,096,928</td>
<td>Eastcliff exterior renovation project</td>
</tr>
<tr>
<td>3 Senior VP for Health Sciences</td>
<td>20,233</td>
<td>1,076,695</td>
<td>Consulting services for Clinical Campus planning</td>
</tr>
<tr>
<td>4 Associate VP for Campus Planning and Project Management</td>
<td>25,000</td>
<td>1,051,695</td>
<td>Predesign study for Veterans memorial</td>
</tr>
<tr>
<td>5 Return of unused funds</td>
<td>(80,433)</td>
<td>1,132,128</td>
<td>MDH Forensics study</td>
</tr>
<tr>
<td>* 6 Associate VP for Campus Planning and Project Management</td>
<td>261,000</td>
<td>871,128</td>
<td>Design cost for wind to hydrogen project in Morris</td>
</tr>
<tr>
<td>7 Senior VP for System Academic Administration</td>
<td>55,000</td>
<td>816,128</td>
<td>Awards and Incentives Recognition (AIR) Program in the Office of Business and Community Development</td>
</tr>
<tr>
<td>8 Associate VP for Campus Planning and Project Management</td>
<td>71,000</td>
<td>745,128</td>
<td>Central commitment to the NROC Grand Rapids Equipment Repair Facility</td>
</tr>
<tr>
<td>9 General Counsel</td>
<td>80,000</td>
<td>665,128</td>
<td>Technology Improvements in the Office of the General Counsel</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 New items this reporting period:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Executive Director for the Office of the Board of Regents</td>
<td>26,271</td>
<td>638,857</td>
<td>Board of Regents meeting in Crookston and technical improvements</td>
</tr>
<tr>
<td>14 General Counsel</td>
<td>148,711</td>
<td>490,146</td>
<td>Reimburse for prior years outside legal counsel services</td>
</tr>
<tr>
<td>15 Chancellor, University of Minnesota Morris</td>
<td>150,000</td>
<td>340,146</td>
<td>One-time compact initiative funding</td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Balance as of April 30, 2007</td>
<td></td>
<td>$340,146</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

To Apache Group for an estimated $252,119 for Can Liners (Trash Bags), to be stocked at the University Stores for use in University departments, for the period from June 1, 2007, through May 31, 2008.

Can liners (trash bags) are used throughout the University. These products are purchased as needed by University departments.

Apache Group was chosen as the low bid provider through a competitive bid process. This is the first year of a possible five-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 2006 University Stores Operating Budget, and will be included in the Fiscal 2007 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]  9/19/07

Kathleen A. O'Brien, Vice President for University Services  Date
Purchase of Goods and Services over $250,000

To Applied Business Communications, Inc., Christensen Utilities, Dell-Comm, Inc., MP Nexlevel, Telcom Construction, Tri Comm, Inc., and Underground Piercing, Inc., for an estimated $1,000,000 of contract labor for Outside Cable Placement and Inside Infrastructure Construction/Cabling and Termination and $56,000 for Emergency restoration cabling as needed for the period of July 1, 2007 through June 30, 2008, for the Networking and Telecommunications Services (NTS) department, a division of the Office of Information Technology (OIT.)

NTS requires supplemental labor in order to connect phones, computers, printers, and faxes to the University’s network in a timely manner.

NTS maintains and supports approximately 90,000 voice, data, and video connections. A portion of the support and maintenance provided to University customers on the Twin Cities Campus is a service including moves, adds, and changes (MAC) which frequently involves the placement and termination of copper and fiber optic cable. NTS also builds and maintains the core infrastructure of cable and fiber both in and between buildings. Without this service, the University will be unable to connect phones, computers, printers, and faxes to the network.

These contractors are being selected as the result of a competitive RFP process done in March, 2007 which rated them highly in service, experience, and price. This is a multiple-award contract so a sufficient number of vendors will be available for the various projects during the year.

This purchase of contract labor by NTS has been budgeted for FY08. It will be centrally funded as part of the Data Network funding.

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

[Signature]
Date
4-23-2007
Purchase of Goods and Services over $250,000

To Applied Physics Systems dba 2G Enterprises for $427,950 for a Model 755 Superconducting Rock Magnetometer for the Institute of Rock Magnetism in the Department of Geology and Geophysics.

*The Institute of Rock Magnetism is a National Science Foundation Research Center for the study of rock, mineral, and environmental magnetism. The proposed acquisition of a new, state of the art magnetometer is essential to continue and further research in environmental change, paleoclimate, tectonics, and fundamental magnetism.*

*The Institute's existing magnetometer (purchased from 2G Enterprises in 1986) has been in continuous use for 20 years. The proposed purchase will be a vast improvement allowing measurement of continuous sections of lake and marine sediment core; automation of measurement sequences with various sample treatments to allow detailed measurement techniques not previously possible; and an increased dynamic range to investigate material not previously possible.*

*2G Enterprises was the sole bidding in a competitive bid process. The NSF peer-review process for instrument proposals and the Institute's experience in purchasing and building specialized equipment for rock-magnetic research was used to ensure that the price for this instrument is reasonable.*

*The funds for the purchase are coming from the sponsored project's budget.*

Submitted by: Peter Solheid

Phone: 612-626-0878
Fax: 612-625-7502

Approval for this item requested by: [Signature]
VP or Exec. VP Signature

[Signature]  4/12/07  Date
PURCHASE OF GOODS AND SERVICES OVER $250,000

To Blue Cross and Blue Shield of Minnesota for the first two year contract period of a six-year award for a partially self funded Student Health Benefit Plan (SHBP) for Twin Cities, Duluth, Crookston and Morris and Rochester Students at an estimated $22,711,808.18. The department responsible for this purchase is Boynton Health Service.

This estimate is based on a projection of 8266 covered students, their spouses/domestic partners, and children as covered dependents. This contract is for medical plan expenses incurred during two plan years from August 21, 2007, through August 31, 2009 and claims paid from August 21, 2007 through August 31, 2010.

In November, 2006, Gerald Rinehart, Vice Provost of Student Affairs, appointed a University Committee to conduct a request for proposal process for administrative services and stop loss coverage for the partially self funded Student Health Benefit Plan. The membership of the Student Health Benefit Plan selection committee included five students, four outer campus administration representatives, five staff, one faculty, and external advisors from Purchasing Services, Human Resources and the General Counsel’s Office. Consulting services were provided to the Committee by the consulting firm, Hays Companies.

In January 2006 the University of Minnesota requested insurance company proposals to provide student health benefits coverage for the 2007-08 and 2008-09 plan years for students attending the University of Minnesota. After evaluating proposals from five different managed care/insurance organizations, the committee voted to award the new contract to the incumbent carrier, Blue Cross and Blue Shield of Minnesota.

The proposal from Blue Cross and Blue Shield of Minnesota (BCBSMN) came in with a reduction from the 2006-2007 plan year rate for their administrative services of 35%, a decrease of 37% in the cost for stop loss coverage and an increase of 15.2% in their projection of expected claims for the upcoming plan year. The overall increase in the total expected cost of BCBSMN services and paid claims combined for the upcoming plan year is 2.2%. In addition to the excellent cost reduction of the BCBSMN services, the committee was able to achieve the following: 1.) administrative fees are fixed for the first three years of this award and cost increases for years 4, 5, & 6 are limited to the CPI, 2.) limits to the increase in the fee for stop loss coverage for the first three years of this award, 3.) guaranteed enrollment on an individual BCBSMN plan without proof of insurability once a student is no longer eligible for the Student Health Benefit Plan, and 4.) cost savings to students of over $5 million dollars over the next six years.

There are several components to this program that determine the cost of coverage for the students. Considering the increased plan, in addition to the increase in the capitation projection for services and administrative costs at Boynton, we are able to limit the overall increase in the cost of coverage to students to 5%. The average monthly rate for the basic Student health Benefit Plan (SHBP) will increase $10.00 from $124.00 to $130.50. The program has adequate reserves to meet all obligations for the next two years of partial self-funding and provide the same level of coverage to students for the upcoming year. The cost of the plan is borne entirely by students purchasing the plan.

Submitted by: Edward P. Ehlinger, MD, MSPH
Director and Chief Health Officer
Boynton Health Service; W334
Phone: 612-625-1612
Fax: 612-625-1434

Approval for this item requested by: Gerald Rinehart, Vice Provost, Office of Student Affairs

Date 4/26/07
Purchase of Goods and Services over $250,000

To Blue Cross Blue Shield of Minnesota for the estimated amount of $4,830,000 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, 2008 through December 31, 2008.

*Blue Cross Blue Shield of Minnesota was selected during a request for proposal process conducted in 2007. All major provisions of the Administrative Service Agreement between the Regents of the University of Minnesota and Blue Cross Blue Shield of Minnesota have been agreed to and the contract is being finalized for signature by the University. The contract will be for a one-year period, with five options to renew the contract. The estimated annual amount of $4,830,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.*

*We request that the Board of Regents approve the contract for services from Blue Cross Blue Shield of Minnesota for a one-year period, per terms of the Administrative Services Agreement.*

*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:  

Carol Carrier  
Vice President, Office of Human Resources  

May 10, 2007  
Date
Purchase of Goods and Services over $250,000

To Delta Dental for the estimated annual amount of $710,000 for administering a self-funded UPlan dental plan option offered through the University of Minnesota Office of Human Resources Employee Benefits for the two year period of January 1, 2008 through December 31, 2009.

*Delta Dental was selected during a request for proposal process conducted in 2007. All major provisions of the Administrative Service Agreement between the Regents of the University of Minnesota and Delta Dental have been agreed to and the contract is being finalized for signature by the University. The contract will be for a two-year period, with four options to renew the contract. The estimated annual amount of $710,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.*

*We request that the Board of Regents approve the contract for services from Delta Dental for a two-year period, per terms of the Administrative Services Agreement.*

*Rates are within amounts included in the 2008 fringe benefits budget.*

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

[Signature]
Carol Carrier
Vice President, Office of Human Resources

May 10, 2007
Date
Purchase of Goods and Services over $250,000

To HealthPartners for the estimated amount of $2,400,000 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, 2008 through December 31, 2008.

HealthPartners was selected during a request for proposal process conducted in 2007. All major provisions of the Administrative Service Agreement between the Regents of the University of Minnesota and HealthPartners have been agreed to and the contract is being finalized for signature by the University. The contract will be for a one-year period, with five options to renew the contract. The estimated annual amount of $2,400,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

We request that the Board of Regents approve the contract for services from HealthPartners for a one-year period, per terms of the Administrative Services Agreement.

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:

Carol Carrier
Vice President, Office of Human Resources

May 10, 2007
Date
Purchase of Goods and Services over $250,000

To HealthPartners, Inc. for the estimated annual amount of $250,000 for administering a self-funded UPlan dental plan option offered through the University of Minnesota Office of Human Resources Employee Benefits for the two year period of January 1, 2008 through December 31, 2009.

HealthPartners, Inc. was selected during a request for proposal process conducted in 2007. All major provisions of the Administrative Service Agreement between the Regents of the University of Minnesota and HealthPartners, Inc. have been agreed to and the contract is being finalized for signature by the University. The contract will be for a two-year period, with four options to renew the contract. The estimated annual amount of $250,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

We request that the Board of Regents approve the contract for services from HealthPartners, Inc. for a two-year period, per terms of the Administrative Services Agreement.

Rates are within amounts included in the 2008 fringe benefits budget.

Submitted by:  Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

[Signature]
Carol Carrier
Vice President, Office of Human Resources

May 10, 2007
Date
PURCHASE OF GOODS AND SERVICES OVER $250,000

To Idexx Distribution Corp. for $870,216 for the purchase of test kits for detecting diseases in MN livestock and poultry for the period of July 1, 2007 through June 30, 2008 for the Veterinary Diagnostic Laboratory.

Due to the amount of testing that we provide for our clients annually, it is necessary to order large quantities of test kits from Idexx Distribution Corp. These kits are used to test Minnesota livestock and poultry. This is an important service to Minnesota farmers.

This is a manufacturer direct contract with the manufacturer of these kits. The accrediting body of the Veterinary Diagnostic Laboratory (The American Association of Veterinary Laboratory Diagnosticians) and the Minnesota Board of Animal Health require the use of Idexx diagnostic test kits to ensure inter-laboratory consistency within the United States.

Our laboratory has been buying these kits from Idexx for over 14 years. Idexx developed these tests and no other source is available for most of these kits. We want to continue using them to ensure our accreditation and maintain the integrity and consistency of research results.

These kits will be purchased with laboratory funds.

Submitted by: James E. Collins, Director
Veterinary Diagnostic Laboratory
248 VET DL, 1333 Gortner Avenue
St. Paul, MN 55108
Phone: 612-625-9289
Fax: 612-624-8707

Approval for this item requested by:

Dr. Frank Cerra, Senior Vice President

Date: 4/20/07
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because the accrediting body of the Veterinary Diagnostic Laboratory (The American Association of Veterinary Laboratory Diagnosticians) and the Minnesota Board of Animal Health require the use of these Idexx diagnostic test kits to ensure interlaboratory consistency within the United States.

These kits have been purchased from Idexx for over 14 years. Idexx developed these tests and no other source is available for most of the kits. It is necessary to continue using Idexx kits to ensure accreditation and maintain consistency of results for Veterinary Diagnostic Laboratory Clients.

Procedures undertaken to ensure reasonableness of price included:

This is a manufacturer direct contract with the manufacturer of these kits. In comparing pricing to our past contract with Idexx, pricing of the Johnes Elisa, EIA AGID, EIA CELISA, PRV GB, and Salmonella kits have remained the same as in the past year. The remaining kits on this award have had price increases of approximately 10%, except the BLV-V kit which has increased by 18.5%. All kits are purchased at a discounted price. The discount varies from 5.2% to 29.1%, which is determined by the quantity of the kits we purchase.

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 KLN Steel Products Company for $425,707 for the purchase of new room furnishings (beds, loft kits, desks, chest of drawers and wardrobes) for student rooms in Clayton A. Gay Hall.

The furnishings currently in Clayton A. Gay Hall are original to the hall and are well over thirty years old. They are starting to show the wear and tear of age and it is believed that new furnishings will create a more welcoming environment for students and will help with student satisfaction, enrollment and retention. In addition, the new furnishings will require less maintenance and will reduce costs in that area as well.

Through a competitive bid process, KLN Steel Products Company provided the bid that best met the scope of work and accurately reflected the specifications which were chosen by students, faculty and staff on the Morris campus during an open house.

The room furnishings will be purchased with departmental funds currently available for this project. This purchase has been budgeted for fiscal year 2007.

Submitted by: Thomas Ross, Assistant Director of Residential Life
600 E. 4th St.
Office of Residential Life
University of Minnesota Morris
Phone: (320) 589-6471
Fax: (320) 589-6073

Approval for this item requested by:

[Signature]
Vice Chancellor for Student Affairs
University of Minnesota, Morris

[Signature]
Chancellor
University of Minnesota, Morris

April 16, 2007
Date

4/16/07
Date
Purchase of Goods and Services over $250,000

To Laidlaw Transit Services, Inc. for $42,000,000 for the University of Minnesota Campus Shuttle Bus Service for the period from July 1, 2007 through June 30, 2017 for Parking and Transportation Services.

The Campus Shuttle Bus Service provides for no-fare bus service beginning July 1, 2007 for students, faculty, staff, and the public around and between the Minneapolis and St. Paul Campuses. This service will operate seven days a week throughout the academic year, except on official University of Minnesota holidays. Reduced service will operate during school break sessions.

Through a competitive Request for Proposal (RFP) process the committee recommended Laidlaw Transit Services, Inc. based on their proposal to provide the best available and best priced bus equipment for the University of Minnesota.

The Campus Shuttle Bus Service will be funded with revenues from Parking and Transportation Services in addition to supplemental funding from Student Transportation fees. The service was identified in Parking and Transportation Services' 2007-08 FY process.

Submitted by: Bob Baker, Executive Director Parking and Transportation Services and Assistant to the Associate Vice President Auxiliary Services
300 Transportation and Safety Building
Mpls. Campus
Phone: (612) 625-9543
Fax: (612) 624-8899

Approval for this item requested by:

Kathleen O'Brien, VP for University Services

Date 4/30/07
Purchase of Goods and Services over $250,000

To Medica for the estimated amount of $880,000 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, 2008 through December 31, 2008.

Medica was selected during a request for proposal process conducted in 2007. All major provisions of the Administrative Service Agreement between the Regents of the University of Minnesota and Medica have been agreed to and the contract is being finalized for signature by the University. The contract will be for a one-year period, with five options to renew the contract. The estimated annual amount of $880,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

We request that the Board of Regents approve the contract for services from Medica for a one-year period, per terms of the Administrative Services Agreement.

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:

Carol Carrier
Vice President, Office of Human Resources

May 10, 2007
Date
Purchase of Goods and Services over $250,000

To Minnesota Life/ING for purchase of life insurance coverage offered through the University of Minnesota Office of Human Resources Employee Benefits for the two year period of January 1, 2008 through December 31, 2009 at the following estimated annual amounts for 2008:

Estimated University paid coverage:
Basic Life $1,890,000

Estimated Employee paid coverage:
• Additional Employee Life $1,400,000
• Spouse/Same-Sex Domestic Partner Life $430,000
• Child Life $25,000
• Optional Employee AD&D $51,000
• Optional Spouse AD&D $8,000

Total $3,804,000

Minnesota Life/ING was selected during a request for proposal process conducted in 2007. All major provisions of the Administrative Service Agreement between the Regents of the University of Minnesota and Minnesota Life/ING have been agreed to and the contract is being finalized for signature by the University. The contract will be for a two-year period, with four options to renew the contract. The estimated annual total amount of $3,804,000 is based on participation assumptions determined by the University. The overall amount should remain reasonably constant, with the exceptions of annual increases in the cost of basic life insurance which increases with salaries and with some variability due to participation elections by plan members.

We request that the Board of Regents approve the contract for services from Minnesota Life/ING for a two-year period, per terms of the Administrative Services Agreement.

Rates are within amounts included in 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

May 10, 2007
Date
Purchase of Good and Services over $250,000

To Northwest Airlines in the amount of $323,935 for air charter service for the 2007 football season away games. Games are scheduled from September 15, 2007 to November 10, 2007.

Intercollegiate Athletics requests bids, with the assistance of Purchasing Services, for air charter flights for football every year. Due to the size of the team air charter service is the most efficient and effective manner in which to transport the team. With the increasing costs of air travel the overall cost for travel to 5 or 6 locations is now exceeding $250,000. Through the competitive bid process Northwest Airlines provided the lowest bid to transport the team for the 2007 season.

The charter service will be purchased with funds from ICA auxiliary revenues which are part of the football travel budget each year.

Submitted by: Joel Maturi
Intercollegiate Athletics
250 Bierman Field Athletics Building (BFAB)
Minneapolis, MN 55455
(612) 624-2100

Approval of this item is requested by:

[Signature]
Vice President

[Signature]
Date 4/18/07
PURCHASE OF GOODS AND SERVICES OVER $250,000

To Qiagen Inc., for $989,400 to renew a contract to purchase OneStep RT-PCR custom kits and QIAamp DNA Blood BioRobot 9604 custom (extraction) kits as needed for the period July 1, 2007 through June 30, 2008 for the Veterinary Diagnostic Laboratory.

Due to the amount of testing that the Veterinary Diagnostic Laboratory provides for their clients annually, they order large quantities of test kits from Qiagen, Inc. These kits are used to test for Porcine Reproductive & Respiratory Syndrome Virus (PRRSV), Bovine Viral Diarrhea Virus (BVDV), Swine Influenza Virus (SIV) and Avian Pneumovirus (APV). This is an important service to Minnesota farmers.

This is a negotiated manufacturer direct contract with the manufacturer of these kits.

The Veterinary Diagnostic Laboratory has been buying a version of these kits from Qiagen for the past seven years. Qiagen developed these kits and they have patents on the reagents in the kits. The Laboratory continues using them to ensure the integrity and consistency of their test results. All of these tests were validated using Qiagen’s reagents. The Laboratory also has equipment that is specifically designed to use these particular kits. Accurate and consistent test results are essential to the Laboratory’s clients and to the Veterinary Diagnostic Laboratory to minimize exposure to inconsistent test results and litigation. Finally, Qiagen is providing us with a custom extraction kit that will allow us to use the reagents more efficiently.

These kits will be purchased with Veterinary Diagnostic Laboratory funds that are approved annually through the University of Minnesota budget process.

Submitted by:  James E. Collins, Director
Veterinary Diagnostic Laboratory
248 VETDL, 1333 Gortner Avenue
St. Paul, MN  55108
Phone:  612-625-9289
Fax:  612-624-8707

Approval for this item requested by:

Dr. Frank Cerra, Senior Vice President

Date:  9/17/07
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because: Reagent Kits have been purchased by the Veterinary Diagnostic Lab (VDL) from Qiagen for over 7 years. Qiagen holds the patents on the reagents in these kits. Purchase of these Reagent Kits from Qiagen are necessary to maintain consistency of test results for VDL clients.

VDL has also purchased equipment specifically designed to use these kits. VDL has also worked with Qiagen to customize the reagents in the kits. By using these kits VDL receives accurate and consistent test results that are essential to their clients.

Procedures undertaken to ensure reasonableness of price include:

The pricing for these custom kits was developed by taking into consideration the high volume use as well as the discounts that were in place for the stock kits at the time the custom kits were designed. These custom kits provide additional savings through more efficient use of the reagents contained in each kit. Price increases for these custom Reagent Kits will be 1.3% - 2% over the current prices. This compare to a 3% - 5% price increase for the stock Reagent Kits.

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 Siemens Medical Solutions USA, Inc. for $591,241 for MAGNETOM TIM Upgrade of the 3.0 Tesla magnetic scanner housed in the Center for Magnetic Resonance (CMRR).

The proposed MAGNETOM TIM Upgrade will replace all system components of the CMRR 3.0 Tesla magnetic scanner, excluding the magnetic core. This upgrade includes gradients, body coils, covers, tables, cabinets and computers. The CMRR 3.0 Tesla magnetic scanner was originally purchased from Siemens in October 2002 and is now nearly five years old.

As background, magnetic scanner technology is revised by the manufacturer roughly every five years to incorporate the latest industry advances. Possessing the latest scanner technology is vital for University faculty, enabling them to remain competitive when applying for research grants to support their work, as well as the University’s goal to become one of the top three public research institutions in the world. It is critical for the University to stay current with new technological developments in magnetic resonance imaging to remain competitive in an increasingly difficult research funding environment.

Currently, over 40 research projects utilize the CMRR 3.0 Tesla magnetic scanner and access to this scanner is a critical factor in recruiting new faculty to the University. Units currently using the CMRR 3.0 Tesla magnetic scanner who are expected to benefit from the upgrade include Institute of Child Development, Genetics and Cell Biology, Economics, Psychology, Medicine, Neurology, Pediatrics, Physical Medicine & Rehabilitation, Psychiatry, Biomedical Engineering, Radiology, and Neuroscience.

The cost of purchasing an entirely new scanner system with equivalent technology is $2,100,000. By upgrading system components, CMRR is able to achieve substantial cost savings to the University while keeping pace with technological advances.

Siemens Medical Solutions USA, Inc. was selected based upon brand compatibility with existing equipment.

The $591,241 cost of the upgrade will be entirely paid for with accumulated CMRR 3.0 Tesla magnetic scanner plant funds.

Submitted by: Kathleen Oliver, ALRT Center Finance Manager
MMC 609 Mayo
Mpls Campus
Phone: (612) 625-7401
Fax: (612) 626-2696

Approval for this item requested by:

VP of Exec. VP Signature

Date 4/19/07
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because this is an upgrade by the manufacturer to existing equipment.

Procedures undertaken to ensure price reasonableness: The department has negotiated a 35% discount off list price and considers this 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 UCare for the estimated amount of $1,040,000 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, 2008 through December 31, 2008.

UCare was selected during a request for proposal process conducted in 2007. All major provisions of the Administrative Service Agreement between the Regents of the University of Minnesota and UCare have been agreed to and the contract is being finalized for signature by the University. The contract will be for a one-year period, with five options to renew the contract. The estimated annual amount of $1,040,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

We request that the Board of Regents approve the contract for services from UCare for a one-year period, per terms of the Administrative Services Agreement.

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:

Carol Carrier
Vice President, Office of Human Resources

May 10, 2007
Date
**Manager Profile: Energy Spectrum Partners**

<table>
<thead>
<tr>
<th>Organization and Strategy</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Manager:</td>
<td>Energy Spectrum</td>
</tr>
<tr>
<td>Address:</td>
<td>Dallas, TX</td>
</tr>
<tr>
<td>Contact:</td>
<td>Jim Benson, Tom Whitener</td>
</tr>
<tr>
<td>Year Founded:</td>
<td>1996</td>
</tr>
<tr>
<td>Total Capitalization:</td>
<td>$700 Million</td>
</tr>
<tr>
<td># Prior Programs:</td>
<td>6</td>
</tr>
<tr>
<td>Invest Professionals:</td>
<td>6</td>
</tr>
<tr>
<td>Style Focus:</td>
<td>Oil &amp; Gas - Midstream</td>
</tr>
<tr>
<td>Regional Focus:</td>
<td>US</td>
</tr>
<tr>
<td>Sector / Industry Focus:</td>
<td>Oil &amp; Gas - Midstream</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Name:</td>
</tr>
<tr>
<td>Fund Size:</td>
</tr>
<tr>
<td>Sponsor Investment:</td>
</tr>
<tr>
<td>Fund Strategy:</td>
</tr>
<tr>
<td>Targeted Leverage:</td>
</tr>
<tr>
<td>Investment Period:</td>
</tr>
<tr>
<td>Fund Term:</td>
</tr>
<tr>
<td>Target Gross Return:</td>
</tr>
<tr>
<td>Mgmt. Fee (Inv. Capital):</td>
</tr>
<tr>
<td>Incentive Fee: (w/ catch-up)</td>
</tr>
<tr>
<td>Preferred Return:</td>
</tr>
<tr>
<td>Projected Closing:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>University Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Fund Commitments:</td>
</tr>
<tr>
<td>Previous Fund Commitments:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Past Performance*</th>
<th>Committed Capital (mil)</th>
<th>Fund Year</th>
<th>Multiple</th>
<th>Net IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Spectrum I</td>
<td>$140</td>
<td>1996</td>
<td>1.6X</td>
<td>23%</td>
</tr>
<tr>
<td>Energy Spectrum II/III</td>
<td>$218</td>
<td>2000</td>
<td>1.9X</td>
<td>25%</td>
</tr>
<tr>
<td>Energy Spectrum IV</td>
<td>$354</td>
<td>2004</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*as of November 30, 2006

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Fund will seek to make private equity investments with entrepreneurial, owner-managed middle-market companies in the energy industry. The fund will invest primarily in the midstream sector of the energy industry in North America. The fund may also consider opportunities in other segments of the energy value chain that it believes have compelling investment potential. Energy Spectrum intends on making 10 to 12 investments in companies targeting enterprise values of $100 to $500 million.</td>
</tr>
</tbody>
</table>
### Manager Profile: Fidelity Real Estate Partners

#### Organization and Strategy

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Manager</td>
<td>Fidelity Real Estate Partners</td>
</tr>
<tr>
<td>Address</td>
<td>Boston, MA</td>
</tr>
<tr>
<td>Contact</td>
<td>Jeff Gandell, Tom Lavin</td>
</tr>
<tr>
<td>Year Founded</td>
<td>1993</td>
</tr>
<tr>
<td>Total Capitalization</td>
<td>$1.9 Billion</td>
</tr>
<tr>
<td># Prior Programs</td>
<td>2 funds</td>
</tr>
<tr>
<td>Invest Professionals</td>
<td>23</td>
</tr>
<tr>
<td>Style Focus</td>
<td>Value Added Real Estate</td>
</tr>
<tr>
<td>Regional Focus</td>
<td>Domestic</td>
</tr>
<tr>
<td>Sector / Industry Focus</td>
<td>Value Added Real Estate</td>
</tr>
</tbody>
</table>

#### University Commitments

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Fund Commitments</td>
<td>$15 Million</td>
</tr>
<tr>
<td>Previous Fund Commitments</td>
<td>None</td>
</tr>
</tbody>
</table>

#### Fund Details

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Name</td>
<td>Fidelity RE Growth Fund III</td>
</tr>
<tr>
<td>Fund Size</td>
<td>$750 Million</td>
</tr>
<tr>
<td>Sponsor Investment</td>
<td>$25 Million</td>
</tr>
<tr>
<td>Fund Strategy</td>
<td>Private Real Estate</td>
</tr>
<tr>
<td>Targeted Leverage</td>
<td>70%</td>
</tr>
<tr>
<td>Investment Period</td>
<td>4 Yrs</td>
</tr>
<tr>
<td>Fund Term</td>
<td>8 Yrs</td>
</tr>
<tr>
<td>Target Gross Return</td>
<td>18%</td>
</tr>
<tr>
<td>Mgmt. Fee (Inv. Capital)</td>
<td>1.00%</td>
</tr>
<tr>
<td>Incentive Fee (w/ catch-up)</td>
<td>20%</td>
</tr>
<tr>
<td>Preferred Return</td>
<td>10% w/ Catch Up</td>
</tr>
<tr>
<td>Projected Closing</td>
<td>May 2007</td>
</tr>
</tbody>
</table>

#### Past Performance*

<table>
<thead>
<tr>
<th>Fund</th>
<th>Committed Capital</th>
<th>Fund Year</th>
<th>Gross Deal IRR</th>
<th>Net Fund IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fidelity Growth Fund I</td>
<td>$265</td>
<td>2001</td>
<td>23%</td>
<td>18%</td>
</tr>
<tr>
<td>Fidelity Growth Fund II</td>
<td>$625</td>
<td>2004</td>
<td>17%</td>
<td>13%</td>
</tr>
</tbody>
</table>

*as of February 28, 2007

#### Comments

Fidelity principally targets transactions in markets with positive fundamentals that offer an opportunity to increase returns through the execution of a value added strategy. Accordingly, such investments are expected to benefit not only from improving local occupancy and rent growth conditions, but also from the excess return created by the successful completion of each plan for value enhancement. Within these parameters, the Investment Manager targets opportunities across a diverse array of property types and metropolitan areas.
### Manager Profile: JP Morgan Greater Europe Opp Fund

#### Organization and Strategy

<table>
<thead>
<tr>
<th>Investment Manager:</th>
<th>JP Morgan R.E. Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>New York, NY</td>
</tr>
<tr>
<td>Contact:</td>
<td>John Ide, Nick Tyrrell</td>
</tr>
<tr>
<td>Year Founded:</td>
<td>1998</td>
</tr>
<tr>
<td>Total Capitalization:</td>
<td>1.2 Billion (Euro)</td>
</tr>
<tr>
<td># Prior Programs:</td>
<td>2 funds</td>
</tr>
<tr>
<td>Invest Professionals:</td>
<td>27</td>
</tr>
<tr>
<td>Style Focus:</td>
<td>Opportunistic Real Estate</td>
</tr>
<tr>
<td>Regional Focus:</td>
<td>Europe</td>
</tr>
<tr>
<td>Sector / Industry Focus:</td>
<td>Central/Eastern Europe</td>
</tr>
</tbody>
</table>

#### Fund Details

<table>
<thead>
<tr>
<th>Fund Name:</th>
<th>JP Morgan Greater Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Size:</td>
<td>400 Million (Euro)</td>
</tr>
<tr>
<td>Sponsor Investment:</td>
<td>25 Million (Euro)</td>
</tr>
<tr>
<td>Fund Strategy:</td>
<td>Int'l Private Real Estate</td>
</tr>
<tr>
<td>Targeted Leverage:</td>
<td>80%</td>
</tr>
<tr>
<td>Investment Period:</td>
<td>4 Yrs</td>
</tr>
<tr>
<td>Fund Term:</td>
<td>10 Yrs</td>
</tr>
<tr>
<td>Target Net Return:</td>
<td>15%</td>
</tr>
<tr>
<td>Mgmt. Fee (Inv. Capital):</td>
<td>1.75%</td>
</tr>
<tr>
<td>Incentive Fee: (w/ catch-up)</td>
<td>20%</td>
</tr>
<tr>
<td>Preferred Return:</td>
<td>9% w/ Catch Up</td>
</tr>
<tr>
<td>Projected Closing:</td>
<td>May 2007</td>
</tr>
</tbody>
</table>

#### University Commitments

<table>
<thead>
<tr>
<th>Proposed Fund Commitments:</th>
<th>12 Million (Euro)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Fund Commitments:</td>
<td>None</td>
</tr>
</tbody>
</table>

* currently $16.4 million.

#### Past Performance*

<table>
<thead>
<tr>
<th>Committed Capital</th>
<th>Fund Year</th>
<th>Gross Fund IRR</th>
<th>Net Fund IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peabody Funds</td>
<td>$530</td>
<td>1998</td>
<td>22%</td>
</tr>
<tr>
<td>European Property Fund (1)</td>
<td>$730</td>
<td>2005</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*as of February 28, 2007

(1) Open ended fund established in 12/31/05. Performance is total return as of inception.

#### Comments

JP Morgan believes opportunities exist in the target markets for investors to create value through the development, rehabilitation, repositioning and recapitalization of undervalued real estate, particularly in central and eastern Europe. Such favorable conditions are the result of various structural trends such as ageing populations, an increase in business travel, growing national economies, an expanding services sector, changes in trade patterns and distribution flows, privatizations and business outsourcing. These trends have created attractive investment opportunities in sectors such as retirement and second homes in southern Europe, logistics facilities, hotel and hospitality properties, assisted living, self storage and student housing. JPM also believes that the opportunistic nature and strong underlying fundamentals of these type of investments will make them more resistance to cyclical downturns in the real estate sector.
### Manager Profile: Matlin Patterson

#### Organization and Strategy

<table>
<thead>
<tr>
<th><strong>Investment Manager:</strong></th>
<th>Matlin Patterson</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Address:</strong></td>
<td>New York, NY</td>
</tr>
<tr>
<td><strong>Contact:</strong></td>
<td>Mark Patterson, David Matlin</td>
</tr>
<tr>
<td><strong>Year Founded:</strong></td>
<td>2002</td>
</tr>
<tr>
<td><strong>Total Capitalization:</strong></td>
<td>$3.9 Billion</td>
</tr>
<tr>
<td><strong># Prior Programs:</strong></td>
<td>2 funds</td>
</tr>
<tr>
<td><strong>Invest Professionals:</strong></td>
<td>20</td>
</tr>
<tr>
<td><strong>Style Focus:</strong></td>
<td>Control Distressed</td>
</tr>
<tr>
<td><strong>Regional Focus:</strong></td>
<td>Global</td>
</tr>
<tr>
<td><strong>Sector / Industry Focus:</strong></td>
<td>Control Distressed</td>
</tr>
</tbody>
</table>

#### University Commitments

- **Proposed Fund Commitments:** $20 Million
- **Previous Fund Commitments:** $0 Million

#### Past Performance*

<table>
<thead>
<tr>
<th>Fund</th>
<th>Committed Capital (mil)</th>
<th>Fund Year</th>
<th>Multiple</th>
<th>Net IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>MP Global Opp Partners I</td>
<td>$1,983</td>
<td>2002</td>
<td>2.2X</td>
<td>21%</td>
</tr>
<tr>
<td>MP Global Opp Partners II</td>
<td>$1,294</td>
<td>2004</td>
<td>1.8X</td>
<td>22%</td>
</tr>
</tbody>
</table>

*as of September 30, 2006

#### Comments

The Fund's global mandate allows the firm to allocate capital towards those distressed investments and situations that it believes offer the highest and most favorable risk-adjusted rates of return. The firm applies two approaches in gaining control of companies in which it invests: (i) accumulating deeply discounted securities and other obligations of distressed companies and (ii) directly acquiring significant ownership stakes or injecting capital into businesses that are in bankruptcy or financial distress as a means of gaining control.
Finance and Operations Committee  May 10, 2007

**Agenda Item:** Information Items

☐ review  ☐ review/action  ☐ action  ☒ discussion

**Presenters:** Vice President/CFO Richard Pfutzenreuter

**Purpose:**

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

**Emergency Approvals**

To provide the Board with information regarding emergency approval of purchases greater than $250,000.

**Financial Oversight: Key Indicators**

To provide a report on key financial indicators to assist the Board of Regents in its fiduciary responsibility for the oversight of all assets of the University.

**Outline of Key Points/Policy Issues:**

**Emergency Approvals**

Regents Baraga, Simmons and Allen approved, on March 30, 2007, two purchases over $250,000 as follows:

- To PB Americas for an amount not to exceed $975,000 for professional consulting services for the period May 1, 2007, through July 31, 2008, for the Center for Transportation Studies.

  In support of using the emergency process, Cheri Marti, Associate Director, Center for Transportation Studies cited a pressing need to engage the contractor immediately in order to forestall interruption of the Mn/DOT Project and thereby avoid cost overruns.

- To XOS Technologies, Inc. for $309,900 for an upgrade of the current football XOS digital video system for recruiting and game analysis for the Department of Intercollegiate Athletics.

  In support of using the emergency process, Elizabeth Eull, Senior Associate AD, Department of Intercollegiate Athletics, cited the need to take advantage of the vendor’s offer of a limited time discount to select Division I schools, and the need to install the equipment before the start of recruitment efforts in mid-April.
In both instances, the emergency process was used to obtain necessary approvals in the absence of a meeting of the Regents in April 2007. The approvals were consistent with Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section II, Subd. 10, which states:

> Upon the recommendation of the president, the Board chair, vice chair, and the respective Committee chair may act on behalf of the Board when delay for Board approval poses a significant health, safety, or financial risk to the University. Any such emergency approvals will be brought to the next meeting of the Board, consistent with Board policy.

**Financial Oversight: Key Indicators**

Regularly scheduled report on key financial indicators in the following areas:

- Asset Management
- Debt
- Balance Sheet
- Operating
- Budget

Details of the report will be presented at the meeting.

**Background Information:**

**Financial Oversight: Key Indicators**

This report was originally scheduled for presentation in March 2007, but was deferred to May 2007 to allow for collection of data.
March 30, 2007

FACSIMILE

To: President Robert Bruininks
From: Ann Cieslak, Executive Director
Re: Emergency Approval
Pages: 3 (including cover)

By telephone and in person today, Chair Baraga, Vice Chair Simmons, and Finance & Operations Committee Chair Allen each approved the request from you for approval of the following purchases (as described in the attached letter):

- To PB Americas for an amount not to exceed $975,000 for professional consulting services for the period May 1, 2007, through July 31, 2008, for the Center for Transportation Studies; and

- To XOS Technologies, Inc. for $309,800 for an upgrade of the current football XOS digital video system for recruiting and game analysis for the Department of Intercollegiate Athletics.

I understand that this action will be reported to the Board of Regents at the May 2007 meetings, as required by Board Policy.

c: Kathryn Brown, Vice President (w/o attachments)
Richard Pfutzenreuter, Vice President (w/o attachments)
March 28, 2007

The Honorable Anthony Baraga
The Honorable Patricia Simmons
The Honorable Clyde Allen, Jr.

Dear Members of the Board:

As you know, the policy on Board Operations and Agenda Guidelines stipulates that Board approval is required before the University makes any purchase of goods or services in the amount of $250,000 or more.

Since the Board will not be meeting in April 2007, no approvals for large purchases are possible until February under normal procedures. However, the Board Operations and Agenda Guidelines allow for an emergency procedure if an emergency situation exists as defined in the Guidelines. Specifically, in Section II, Subd. 10, the policy reads as follows:

Upon the recommendation of the president, the Board chair, vice chair, and the respective committee chair may act on behalf of the Board when delay for Board approval poses a significant health, safety, or financial risk to the University. Any such emergency approvals will be brought to the next meeting of the Board, consistent with Board policy.

Upon the request of the Director of Purchasing, the Controller, and the Associate Vice President and Chief Financial Officer, I am recommending Board approval for three large purchases using this emergency process:

- To PB Americas for an amount not to exceed $975,000 for professional consulting services for the period May 1, 2007, through July 31, 2008, for the Center for Transportation Studies. The professional consulting services will be paid for with funds received from Mn/DOT. Vendor was selected through a competitive process.

Per the attached letter from Cheri Martin, there is a pressing need to engage this contractor now to avoid interruption to the Mn/DOT Project being led by the University's Center for Transportation Studies. Mn/DOT has established an aggressive 24 month timeframe for this project, which is regarded with interest by legislators, due to its potential to avoid cost overruns on Mn/DOT projects.
Emergency Purchases
March 28, 2007
Page 2

- To XOS Technologies, Inc. for $309,800 for an upgrade of the current football XOS digital video system for recruiting and game analysis for the Department of Intercollegiate Athletics. Funding for this purchase is donated funds from the two football program booster clubs. See enclosed documentation regarding basis of vendor selection.

With the hiring of the new football coach, much transition and evaluation of current practices has been done in a very short period of time. Through this evaluation, it has been determined that an upgrade to the video system is critical to current recruiting which begins in mid-April. We must make the purchase by early April to have the system installed by mid-April.

Sincerely,

[Signature]

Robert H. Bruininks
President

RB:bf

Enclosure
Purchase of Goods and Services over $250,000

To PB Americas for an amount not to exceed $975,000 for professional consulting services for the period May 1, 2007 through July 31, 2008 for the Center for Transportation Studies

The Center for Transportation Studies (CTS) requires the continuing assistance of PB Americas to define cost estimating and cost management strategies, develop a technical reference manual, and implement improved cost estimating and cost management processes for the Mn/DOT Cost Estimation Process Improvement and Organizational Integration Project.

Through a Request for Proposal selection process, PB Americas exhibited the best understanding of the project and the most well defined work plan for successfully completing the project within the contract period. They were engaged in October 10, 2006 for $231,781 to complete Phase I: data gathering and analysis in order to identify current practices, opportunities for improvements, and a recommended scope for the remaining project phases.

A second RFP process was conducted for phases II, III and IV of the project with PB Americas again offering the best proposal. The team assembled by PB Americas to assist CTS in completing this project possesses the requisite knowledge, skills, and abilities, as well as experience working with Mn/DOT to aid CTS in successfully completing this project. In addition, the PB Americas team includes nationally recognized experts on the subject of project cost estimation and cost management who authored National Cooperative Highway Research Program (NCHRP) Report 574: Guidance for Cost Estimation and Management for Highway Projects during Planning, Programming, and Preconstruction. A draft version of this report, obtained from the Transportation Research Board, formed the basis for this project.

PB Americas needs to have a contract in place by May 1, 2007 in order to seamlessly continue its work on this project and prevent delaying the final completion of the project.

The professional consulting services will be paid for with funds received from Mn/DOT.

Submitted by: Robert C. Johns, Director
Center for Transportation Studies
511 Washington Avenue, 200 TSB
Minneapolis Campus
Phone: 612-625-9376
Fax: 612-625-6381

Approval for this item requested by:

Senior VP for System Academic Administration

Date
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because it is an upgrade to the current XOS system and upgrades are only made by the original system developer.

Procedures undertaken to ensure price reasonableness include a price comparison undertaken by Intercollegiate Athletics as to what other Big Ten schools are paying for the same upgrade. Athletics discovered that the University of Oregon, Michigan State University, University of California, and Louisiana State University are all paying the same price for this upgrade from XOS.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price to the University.
March 20, 2007

Karen Triplett  
Director, Purchasing Services  
University of Minnesota  
Room 560 WBOB  
1300 South 2nd Street  
Minneapolis, MN 55454

RE: Request for emergency approval for purchase on RX 539-17425403

Dear Ms. Triplett:

Thank you for assisting us in requesting an emergency approval by the Board of Regents of the University of Minnesota for a contract exceeding $250,000. The Center for Transportation Studies (CTS) is seeking approval to spend up to $975,000 for PB Americas to continue its role as the technical consultant for the Minnesota Department of Transportation (Mn/DOT) Cost Estimation Process Improvement and Organizational Integration Project being led by CTS. A contract start date of May 1, 2007 is necessary for PB Americas to continue its work without interruption.

This project was undertaken by Mn/DOT, with assistance from CTS, in response to Mn/DOT’s goal to strengthen its cost estimating and cost management practices, in response to legislative interest, and in response to the availability of national guidelines regarding transportation project development cost escalation. The project is an urgent priority for Mn/DOT. When successfully completed, the project will result in significant procedural, organizational, and cultural changes within Mn/DOT. The timeframe for completing the entire project is 24 months and the first 6-month phase of the project is nearing completion. Therefore, this emergency approval is necessary for PB Americas to seamlessly continue its efforts with Mn/DOT and CTS to continue an aggressive schedule to complete the project on time.

For the first phase of the project, which is nearing completion, CTS used a Request for Proposal (RFP) process to select PB Americas as the technical consultant. PB Americas was awarded a contract for $231,781. For Phases II, III, and IV of the project, CTS again utilized an RFP process to select a technical consultant. PB Americas was again the winning proposal. The PB Americas team is uniquely qualified to assist CTS in successfully completing the project. The team includes a former Mn/DOT district engineer, as well as several individuals who possess substantial experience with Mn/DOT and other state DOTs. In addition, a group of national experts on highway project cost estimating and cost management form a substantial part of the PB Americas team.
We realize the important need for appropriate oversight and approval of contracts by the University of Minnesota. However, given the compressed schedule for this project, its importance to Minnesota and other states, and its high visibility within Mn/DOT, we are hopeful that the Board of Regents will act favorably.

If you have any questions or require any additional information, please do not hesitate to contact me. Thank you for your consideration.

Sincerely,

Cheri F. Marti
Associate Director
Center for Transportation Studies
Purchase of Goods and Services over $250,000

To XOS Technologies Inc. for $309,800 for upgrade of current football XOS digital video system for recruiting and game analysis for the Department of Intercollegiate Athletics.

The upgrade to the football XOS Digital Video system upgrades the hardware and software of the current system that has been in place for over 7 years. The XOS Video system is the daily computer system that allows the coaches to view and research the practice and game video of the University team and of the opponents we play.

XOS has developed a product called “Thunder” which is the next generation product that combines the best aspects of the sports digital video world. Intercollegiate Athletics needs to invest in this product for several reasons: 1) they will get a hardware upgrade as well as a recruiting video function which we currently do not have; 2) their current server and storage hardware has been operating for 7 years and has stability issues; and 3) the amount of storage necessary to keep up with current demands is not met by the current system.

The added component to the new “Thunder” system is the recruiting video and data portion. Over the last year, high school video acquisition has changed dramatically. Athletics now receives 70% of their video of high school prospects on hard drives, DVD’s or thru internet downloads. This new system will allow access to prospect video over the network and allow coaches to view with their office computers. Athletics can easily make cut-up videos and share video amongst the coaches which will allow greater efficiency.

This upgraded product from XOS has been offered to only five Division I schools for the 2007-08 football season. If Athletics waits to purchase this product in the summer of 2008, when it is made available to all other schools, they will spend an additional $150,000 to $200,000. With the hiring of the new football coach, much transition and evaluation of current practices and product has been done in a very short period of time. Through this evaluation, it has been determined that an upgrade to the video system is critical and long overdue. The window of opportunity to purchase this upgraded product is limited -- we must make the purchase by early April because the installation and training on the system must be done in mid-April. Recruiting for the next year begins in mid-April and given the change in recruiting technology needs, timely installation of this upgrade is critical to current and future recruiting. In addition, Athletics needs to purchase the upgrade from XOS because their current video system is XOS and requires brand compatibility.

Funding for this purchase is donated funds from the two football program booster clubs.

Submitted by:  Elizabeth Eull, Senior Associate Athletics Director and CFO
270 Bierman Field Athletic Building
Phone: 612-626-9276

Approval for this item requested by:

Kathryn F. Brown, Vice President and Chief of Staff  3/23/07

Date
March 12, 2007

Karen Triplett  
Director, Purchasing Services  
University of Minnesota  
Room 560 WBOB  
1300 South 2nd Street  
Minneapolis, MN 55454

RE: Request for emergency approval for purchase on RX 896-20071030

Dear Karen,

Thank you for your help with our request to secure the University of Minnesota Board of Regents’ approval on an emergency basis for a purchase in excess of $250,000 for the upgrade to the football XOS Digital Video system. The purchase includes upgrades for the hardware and software of our current system that has been in place for over 7 years. The XOS Video system is the daily computer system that allows the coaches to view and research the practice and game video of our team and of the opponents we play.

XOS has developed a product called “Thunder” which is the next generation product that combines the best aspects of the sports digital video world. We need to invest in this product for several reasons: 1) we will get a hardware upgrade as well as a recruiting video function which we currently do not have; 2) our current server and storage hardware is going on its 7th year and has stability issues; and 3) the amount of storage necessary to keep up with current demands is not met by our current system.

The added component to the new “Thunder” system is the recruiting video and data portion. Over the last year, high school video acquisition has changed dramatically. We now receive 70% of our video of high school prospects on hard drives, DVD’s or thru internet downloads. This new system will allow access to prospect video over the network and allow coaches to view with their office computers. We can easily make cut-up videos and share video amongst the coaches which will give us greater efficiency.

This upgraded product from XOS has been offered to only five Division I schools for the 2007-08 football season. If we wait to purchase this product in the summer of 2008, when it is made available to all other schools, we will spend an additional $150,000 to $200,000. With the hiring of the new football coach, much transition and evaluation of current practices and product has been done in a very short period of time. Through this evaluation, it has been determined that an upgrade to the video system is critical and long overdue. The window of opportunity to purchase this upgraded product is limited -- we must make the purchase by early April because the installation and training on the system must be done in mid-April. Recruiting for the next year begins in mid-April and given the change in recruiting technology needs, timely installation of this upgrade is critical to current and future recruiting. In addition, we need to purchase the upgrade from XOS because our current video system requires brand compatibility.
The Department of Intercollegiate Athletics is seeking approval for the purchase of an upgrade of the current XOS digital video system for recruiting and game analysis. Since there is no Board of Regents meeting in April, we are requesting to make this purchase via the emergency request for exception.

Thank you for your help with this purchase.

Sincerely,

[Signature]

Elizabeth G. Eull
Senior Associate AD
Department of Intercollegiate Athletics
### Key Financial Indicators - Asset Management

#### March 2007 Report

<table>
<thead>
<tr>
<th>Net $</th>
<th>Dec 31, 2006</th>
<th>Dec 31, 2005</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIP Market Value ($ thousands)</td>
<td>$581,700</td>
<td>$592,900</td>
<td>$(11,200)</td>
<td>-1.89%</td>
</tr>
<tr>
<td>TIP 12 Month Average Yield</td>
<td>4.70%</td>
<td>3.50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIP Average Portfolio Credit Rating</td>
<td>AA+</td>
<td>AA+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEF Market Value ($ thousands)</td>
<td>$1,004,700</td>
<td>$814,500</td>
<td>$190,200</td>
<td>23.35%</td>
</tr>
</tbody>
</table>

#### May 2007 Report

<table>
<thead>
<tr>
<th>Net $</th>
<th>Mar 31, 2007</th>
<th>Mar 31, 2006</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIP Market Value ($ thousands)</td>
<td>$555,708</td>
<td>$615,200</td>
<td>$(59,492)</td>
<td>-9.67%</td>
</tr>
<tr>
<td>TIP 12 Month Average Yield</td>
<td>4.80%</td>
<td>4.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIP Average Portfolio Credit Rating</td>
<td>AA+</td>
<td>AA+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEF Market Value ($ thousands)</td>
<td>$1,051,700</td>
<td>$868,200</td>
<td>$183,500</td>
<td>21.14%</td>
</tr>
</tbody>
</table>

#### CEF Performance Metrics:

<table>
<thead>
<tr>
<th></th>
<th>Dec 31, 2006</th>
<th>Dec 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEF</td>
<td>Benchmark</td>
<td>CEF</td>
</tr>
<tr>
<td>1 Year Performance</td>
<td>17.90%</td>
<td>15.00%</td>
</tr>
<tr>
<td>3 Year Performance</td>
<td>15.90%</td>
<td>12.30%</td>
</tr>
<tr>
<td>5 Year Performance</td>
<td>10.70%</td>
<td>8.00%</td>
</tr>
</tbody>
</table>

### Key Financial Indicators - Debt Management

#### March 2007 Report

<table>
<thead>
<tr>
<th>Net $</th>
<th>Dec 31, 2006</th>
<th>Dec 31, 2005</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt Outstanding ($ thousands)</td>
<td>$761,000</td>
<td>$643,000</td>
<td>$118,000</td>
<td>18.35%</td>
</tr>
</tbody>
</table>

#### May 2007 Report

<table>
<thead>
<tr>
<th>Net $</th>
<th>Mar 31, 2007</th>
<th>Mar 31, 2006</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt Outstanding ($ thousands)</td>
<td>$746,000</td>
<td>$633,000</td>
<td>$113,000</td>
<td>17.85%</td>
</tr>
</tbody>
</table>

#### Debt Performance Metrics:

<table>
<thead>
<tr>
<th></th>
<th>Dec 31, 2006</th>
<th>Dec 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate</td>
<td>4.28%</td>
<td>4.35%</td>
</tr>
<tr>
<td>Debt service ratio:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>annual debt service</td>
<td>2.94%</td>
<td>3.74%</td>
</tr>
<tr>
<td>total operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage ratio #1:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total financial resources</td>
<td>5.3</td>
<td>4.713</td>
</tr>
<tr>
<td>total long-term debt outstanding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage Ratio #2:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>expendable financial resources</td>
<td>4.03</td>
<td>3.53</td>
</tr>
<tr>
<td>total long-term debt outstanding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Bond Ratings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moodys</td>
<td>Aa2</td>
<td>Aa2</td>
</tr>
<tr>
<td>Standard &amp; Poors</td>
<td>AA</td>
<td>AA</td>
</tr>
</tbody>
</table>

#### University Bond Ratings:

<table>
<thead>
<tr>
<th></th>
<th>Moodys</th>
<th>Standard &amp; Poors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 2007</td>
<td>Aa2</td>
<td>AA</td>
</tr>
<tr>
<td>Mar 2006</td>
<td>Aa2</td>
<td>AA</td>
</tr>
</tbody>
</table>
# Key Financial Indicators: Budget

## March 2007 Report

<table>
<thead>
<tr>
<th>All Non-sponsored Funds</th>
<th>December 31, 2006</th>
<th>Difference to Budget</th>
<th>%</th>
<th>Dec 31, 2005</th>
<th>Change 2005 to 2006</th>
<th>% change 2005 to 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition Revenue ($ thousands)</td>
<td>71,672</td>
<td>72,492</td>
<td>820</td>
<td>1.14%</td>
<td>67,230</td>
<td>5,262,072</td>
</tr>
<tr>
<td>All Other Non-sponsored Revenue ($ thousands)</td>
<td>1,021,154</td>
<td>1,107,664</td>
<td>86,510</td>
<td>8.47%</td>
<td>1,052,608</td>
<td>55,056</td>
</tr>
<tr>
<td>Salary Expenditures ($ thousands)</td>
<td>512,622</td>
<td>514,315</td>
<td>1,693</td>
<td>0.33%</td>
<td>479,334</td>
<td>34,981</td>
</tr>
<tr>
<td>Fringe Benefit Expenditures ($ thousands)</td>
<td>164,008</td>
<td>156,501</td>
<td>(7,507)</td>
<td>-4.58%</td>
<td>143,250</td>
<td>13,251</td>
</tr>
<tr>
<td>Total Expenditures without Salary and Fringe Benefits ($ thousands)</td>
<td>380,218</td>
<td>417,386</td>
<td>37,168</td>
<td>9.78%</td>
<td>416,562</td>
<td>824</td>
</tr>
</tbody>
</table>

## May 2007 Report

<table>
<thead>
<tr>
<th>All Non-sponsored Funds</th>
<th>March 31, 2007</th>
<th>Difference to Budget</th>
<th>%</th>
<th>Mar 31, 2006</th>
<th>Change 2006 to 2007</th>
<th>% change 2006 to 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition Revenue ($ thousands)</td>
<td>Tuition reported in March and June</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Other Non-sponsored Revenue ($ thousands)</td>
<td>1,272,839</td>
<td>1,390,901</td>
<td>118,062</td>
<td>9.28%</td>
<td>1,278,959</td>
<td>111,942</td>
</tr>
<tr>
<td>Salary Expenditures ($ thousands)</td>
<td>805,865</td>
<td>808,771</td>
<td>2,906</td>
<td>0.36%</td>
<td>753,536</td>
<td>55,235</td>
</tr>
<tr>
<td>Fringe Benefit Exp. ($ thousands)</td>
<td>266,173</td>
<td>243,051</td>
<td>(23,122)</td>
<td>-8.69%</td>
<td>232,484</td>
<td>10,567</td>
</tr>
<tr>
<td>Total Expenditures without Salary and Fringe Benefits ($ thousands)</td>
<td>585,544</td>
<td>655,081</td>
<td>69,537</td>
<td>11.88%</td>
<td>641,515</td>
<td>13,566</td>
</tr>
</tbody>
</table>
### Balance Sheet

<table>
<thead>
<tr>
<th>Assets ($ thousands)</th>
<th>December 31, 2006</th>
<th>December 31, 2005</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Investments</td>
<td>1,843,261</td>
<td>1,517,828</td>
<td>38.8%</td>
</tr>
<tr>
<td>Receivables</td>
<td>914,884</td>
<td>859,367</td>
<td>19.2%</td>
</tr>
<tr>
<td>Property, Plant &amp; Equipment</td>
<td>1,965,846</td>
<td>1,922,414</td>
<td>41.3%</td>
</tr>
<tr>
<td>Other Assets</td>
<td>33,044</td>
<td>32,906</td>
<td>0.7%</td>
</tr>
<tr>
<td></td>
<td>4,757,035</td>
<td>4,332,515</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities ($ thousands)</th>
<th>December 31, 2006</th>
<th>December 31, 2005</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>59,479</td>
<td>61,351</td>
<td>4.0%</td>
</tr>
<tr>
<td>Accrued &amp; Other Liabilities</td>
<td>331,873</td>
<td>341,537</td>
<td>22.2%</td>
</tr>
<tr>
<td>Unearned Income</td>
<td>345,135</td>
<td>306,588</td>
<td>23.0%</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>761,023</td>
<td>643,009</td>
<td>50.8%</td>
</tr>
<tr>
<td></td>
<td>1,497,510</td>
<td>1,352,485</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accounts Receivable:</th>
<th>December 31, 2006</th>
<th>December 31, 2005</th>
<th>% of Related Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and Federal Appropriations</td>
<td>434,081</td>
<td>410,501</td>
<td>47.5%</td>
</tr>
<tr>
<td>Sponsored Grants &amp; Contracts</td>
<td>74,389</td>
<td>84,461</td>
<td>8.1%</td>
</tr>
<tr>
<td>Student Receivables</td>
<td>298,610</td>
<td>271,713</td>
<td>32.6%</td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>25,780</td>
<td>20,831</td>
<td>2.8%</td>
</tr>
<tr>
<td>Student Loan Receivable, net</td>
<td>67,824</td>
<td>65,925</td>
<td>7.4%</td>
</tr>
<tr>
<td>Other (including allowance for uncollectible)</td>
<td>14,200</td>
<td>5,936</td>
<td>1.6%</td>
</tr>
<tr>
<td></td>
<td>914,884</td>
<td>859,367</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accounts Receivable as % of Related Revenue</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and Federal Appropriations</td>
<td>67.1%</td>
</tr>
<tr>
<td>Sponsored Grants &amp; Contracts</td>
<td>23.0%</td>
</tr>
<tr>
<td>Student Receivables</td>
<td>118.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>914,884</strong></td>
</tr>
</tbody>
</table>

### Annual Operating Indicators

**Revenue Contribution Ratio**

- State Appropriations: $644,508 (39.3%) vs. $616,284 (41.5%)
- Student Tuition & Fees (net): $251,916 (15.4%) vs. $241,709 (16.3%)
- Federal Grants & Contracts: $182,775 (11.2%) vs. $185,094 (12.5%)
- Auxiliary Enterprises (net): $167,506 (10.2%) vs. $154,113 (10.4%)

**Operating Expense Ratio**

- Instruction: $293,852 (23.9%) vs. $282,006 (24.3%)
- Research: $247,086 (20.1%) vs. $242,879 (20.9%)
- Public Service: $94,603 (7.7%) vs. $88,823 (7.6%)
- Academic Support: $169,703 (13.8%) vs. $151,377 (13.0%)
- Student Services: $41,936 (3.4%) vs. $39,216 (3.4%)
- Institutional Support: $71,592 (5.8%) vs. $53,373 (4.8%)
- Operations and Maintenance of Plant: $94,199 (7.6%) vs. $100,863 (8.7%)
- Scholarships and Fellowships: $39,185 (3.2%) vs. $36,585 (3.1%)
- Depreciation/Other Operating Expenses: $61,840 (5.0%) vs. $62,659 (5.4%)
- Auxiliary Enterprises: $114,146 (9.3%) vs. $105,089 (9.0%)

**Cash Flows**

- Cash & Cash Equivalents: $265,328 vs. $76,055
- Expendable Fund Balance to Total Expense: 137.2% vs. 128.2%

*Revenue Contributions does not include net increase in the fair market value of investments of $77 million and $92 million for nine months of fiscal year 2006 and 2005 respectively.*