UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Finance & Operations Committee
Thursday, October 7, 2010
1:30 – 3:30 p.m.
600 McNamara Alumni Center, East Committee Room

Board Members
John Frobenius, Chair
Venora Hung, Vice Chair
Clyde Allen
Richard Beeson
Steven Hunter
Patricia Simmons

Student Representatives
Martin Chorzempa
Matt Privratsky

AGENDA

1. Issues Related to: State Biennial Budget Request FY2012-13 - R. Pfutzenreuter (p. 2)
2. Issues Related to: Annual Asset Management Report - R. Pfutzenreuter/S. Mason (pp. 3-25)
3. Issues Related to: University Cost Drivers - R. Pfutzenreuter (p. 26)
4. Committee 2010-11 Workplan - J. Frobenius/R. Pfutzenreuter (pp. 27-32)
6. Information Items - R. Pfutzenreuter (pp. 48-73)
Finance and Operations Committee

October 7, 2010

Agenda Item: Issues Related to: State Biennial Budget Request FY2012-13

☐ review ☐ review/action ☐ action ☒ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy ☒ background/context ☐ oversight ☐ strategic positioning

To discuss the University's biennial budget request for fiscal years 2012 and 2013 in light of the University's long range strategic plan.

Outline of Key Points/Policy Issues:

The University's biennial budget request to the State of Minnesota for fiscal years 2012 and 2013 was developed in alignment with the goals and priorities of the University's long range strategic plan. The strategic plan is the foundation for the transformative change underway at the University, including a continued commitment to providing a distinctive educational experience for all students, to the support and development of extraordinary faculty and staff, and to exceptional innovation in everything the University does – from creating and sharing new knowledge to managing resources more efficiently. While the University’s aspirations outlined in the strategic plan remain in place, this year’s biennial budget request is balanced against awareness that the state faces a significant financial challenge.

The following key principles were used in the development of this year’s biennial budget request:

• The University is a key component in advancing the economic viability, health and wellness of Minnesota’s citizens. The University of Minnesota, through its unique contribution in research, education and outreach adds to the long-term economic vitality and overall quality of life in the state.

• The University’s ability to recruit talented and promising students, regardless of income level, and to provide them with the highest quality educational experience must be preserved.

• To ensure the continued delivery on our core mission of education, research and outreach the University must have sufficient resources to address its ongoing core costs.

The biennial budget request is for $642,151,000 for both FY2012 and FY2013: a biennial total of $1,284,302,000 in the form of operations and maintenance and state special appropriations.

Background Information:

The Board of Regents reviews biennial requests for appropriations from the State of Minnesota in even numbered years in preparation for the upcoming odd numbered year legislative session.
Finance and Operations Committee

October 7, 2010

Agenda Item: Issues related to: Annual Asset Management Report

☐ review  ☐ review/action  ☐ action  ☒ discussion

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

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

Annual Asset Management Report

To report on the annual results of investment performance in the area of investments and banking for the fiscal year period ended June 30, 2010. The Office of Investments & Banking (OIB) prepares this report on the financial assets it oversees for review by the Investment Advisory Committee and the Board of Regents.

Outline of Key Points/Policy Issues:

Annual Investments & Banking Report

• The invested assets of the University totaled approximately $1.7 billion on June 30, 2010.

• The Consolidated Endowment Fund (CEF) value as of June 30, 2010, was $861.5 million, an increase $34.3 million over the last 12 months after distributions of $48.4 million. The total investment return of the endowment was up 5.5% over the last 12 months compared to a benchmark return of 9.4%.

• The market value of the short term reserves (TIP) was $697.6 as of June 30, 2010. This was an increase of $101.9 million over the last 12 months. The investment return on the portfolio over the last 12 months was 3.6% compared to a benchmark yield of 1.9%.

• Total outstanding debt on June 30, 2010, was $924.3 million. The effective interest rate on all outstanding debt obligations was 3.7%.
Table Of Contents

• Annual Market Overview
• Overview – All Funds
• Highlights and Commentary
  – CEF
  – TIP
  – GIP
  – RUMINCO
  – Long-term Debt
Market Overview

• Wall of Worry
  – Unemployment
  – Housing Defaults
  – Commercial Real Estate
  – Financial Institutions
  – Euro Credit (Greece, Spain)
  – Environmental (Carbon Legislation, Gulf Oil Spill)

• Increased equity volatility due to uncertainty of recovery
• High grade fixed income performed well above historical averages
• Broad domestic equity markets rose 15.7%
## Overview – All Funds

<table>
<thead>
<tr>
<th>OIB Managed Funds ($ millions)</th>
<th>Jun-10</th>
<th>Jun-09</th>
<th>Jun-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Endowment Fund (CEF) * **</td>
<td>$ 861.5</td>
<td>$ 827.2</td>
<td>$ 1,140.3</td>
</tr>
<tr>
<td>Long-Term Reserves (GIP) ***</td>
<td>41.9</td>
<td>32.3</td>
<td>33.9</td>
</tr>
<tr>
<td>Short-Term Reserves (TIP) *** (market value)</td>
<td>697.6</td>
<td>595.7</td>
<td>612.0</td>
</tr>
<tr>
<td>RUMINCO Ltd.</td>
<td>31.2</td>
<td>28.3</td>
<td>31.9</td>
</tr>
<tr>
<td>Invested Assets Related to Indebtedness</td>
<td>45.5</td>
<td>58.4</td>
<td>76.3</td>
</tr>
<tr>
<td>Total</td>
<td>1,677.7</td>
<td>1,541.9</td>
<td>1,894.4</td>
</tr>
</tbody>
</table>

### Other

<table>
<thead>
<tr>
<th>Fund</th>
<th>Jun-10</th>
<th>Jun-09</th>
<th>Jun-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>U of M Foundation Fund</td>
<td>$ 1,260.1</td>
<td>$ 1,057.9</td>
<td>$ 1,384.7</td>
</tr>
<tr>
<td>MN Medical Foundation Fund</td>
<td>189.4</td>
<td>181.9</td>
<td>248.8</td>
</tr>
<tr>
<td>Basic Faculty Retirement Plan</td>
<td>$ 2,629.9</td>
<td>$ 2,168.8</td>
<td>$ 2,401.3</td>
</tr>
</tbody>
</table>

* Includes the market value of the Permanent University Funds

** Includes $95.0 million TIP and $9.0 million GIP investments (market value)

*** Balances exclude investment in CEF
CEF Analysis
Total Fund Performance* (%)  

Market Value: $862M

$34.3 million increase over the last twelve months
- One year performance driven by:
  - Underweight in public equities, overweight in fixed income
  - Steep declines in real estate values
  - Below benchmark performance in private capital

* Net of Manager Fees
** Benchmark: CEF Custom Index – 20% Russell 3000, 20% MSCI AC World ex US (NET), 20% State Street PE 1 QTR Lag, 20% NCREIF Property One QTR Lag and 20% Barclays Capital Aggregate
*** Total CEF Market Value includes $95M in TIP and $9M in GIP investments (market value)
CEF Analysis

Asset Allocation (%)

Market Value: $862M

CEF Percent Allocation Over Time

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Equity</td>
<td>55.0</td>
<td>49.4</td>
<td>34.5</td>
<td>17.6</td>
<td>18.1</td>
</tr>
<tr>
<td>Private Capital</td>
<td>11.2</td>
<td>15.0</td>
<td>24.1</td>
<td>30.5</td>
<td>34.9</td>
</tr>
<tr>
<td>Real Assets</td>
<td>12.6</td>
<td>16.2</td>
<td>21.0</td>
<td>21.7</td>
<td>20.5</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>21.2</td>
<td>19.4</td>
<td>20.4</td>
<td>30.2</td>
<td>26.6</td>
</tr>
</tbody>
</table>

June 30, 2010
Office of Investments & Banking
CEF Analysis
Total Return by Sector* (%)  

- Domestic Equities  
- International Equities  
- Private Capital  
- Real Assets  
- Fixed Income

Market Value: $862M

QTR 1  
-8.0%  
2.9%  
-10.1%  
-2.2%  
-15.7%

1 YR  
16.2%  
14.9%  
9.3%  
11.2%  
-10.3%

3 YR  
0.9%  
11.0%  
2.1%  
2.9%  
-3.1%

5 YR  
15.4%  
15.7%  
-15.1%  
-4.4%  
0.8%

* Net of Manager Fees

June 30, 2010
Office of Investments & Banking
CEF Analysis

Sector vs. Benchmark Returns* (%)

Market Value: $862M

1 Year

3 Year

* Net of Manager Fees
** Benchmark: Domestic Equity = Russell 3000; Int’l Equity = MSCI AC World ex US (NET); Private Capital = State Street PE 1 QTR Lag; Real Assets = NCREIF Property One QTR Lag; Fixed Income = Barclays Capital Aggregate
CEF Analysis
Actual CEF vs. Payout Based Trailing Average Market Value

* Payout was based on a three-year trailing average before June 04, and was gradually moved to a 5-year trailing average.
CEF Analysis
Value of $1 dollar invested since June 30, 2002

- CPI Index Plus Distribution rate
- CEF Index

Graph showing the values of CPI Index Plus Distribution rate and CEF Index from June 2002 to June 2010.
FY 2011 CEF Priorities

- Remain tilted towards lower volatility strategies
- Selectively add to hedge funds as liquidity improves
- Continue to manage down the over-allocation to private capital and private real estate exposures through calendar 2011
- Explore alternative fixed income options in light of historically low yields in core strategies
- Remain tilted towards lower volatility strategies
$101.9 million increase over the previous year

- One year performance primarily driven by:
  - Strong returns in corporate bonds
  - Strong returns in MBS
  - Agency bond trading strategies

* Net of Manager Fees
** Benchmark: 70% ML Treasuries 1-3 Yr / 30% 91 Day T-Bill
*** Total TIP Market value excludes the $95M investment in CEF

June 30, 2010
Office of Investments & Banking
TIP Analysis
Asset Allocation

Credit Quality
- AAA: 99%
- Other*: 1%

Portfolio Statistics:
- Average Duration = 1.38
- Average Credit Rating = AAA
- Current Yield = 1.28%

* Other includes BBB/BB Split Rated bonds

Sector Exposure
- Agency Bonds: 52%
- US Treasury Bills & Notes: 12%
- MBS & GS ARM Fund: 7%
- Corporate Bonds: 1%
- Money Market Funds: 28%

Market Value: $698M
TIP Returns
Total Return by Sector*

* Net of Manager Fees

Market Value: $698M
FY 2011 TIP Priorities

• Continue to focus on treasury and agency bonds
  • Selectively extend portfolio duration
  • Continue curve roll trading strategies
  • Maintain higher cash levels due to the state withholding support payments
  • Continue to focus on treasury and agency bonds
$10.0 million increase over the previous year

- One year performance primarily driven by:
  - Strong performance in core fixed income holdings
  - Below benchmark performance in CEF and absolute return

* Net of Manager Fees
** Benchmark: 100% Barclays Capital Aggregate
*** Total GIP market value includes the $9M investment in CEF
GIP Analysis
Asset Allocation

Market Value: $51M

Portfolio Composition

- Cash: 2%
- GIP CEF: 18%
- Absolute Return: 23%
- Core Bonds: 57%

June 30, 2010
Office of Investments & Banking
**GIP Analysis**

*Sector vs. Benchmark Returns* (%)  

**Market Value: $51M**

1 Year

- **Core Bonds:** 9.4%
- **Absolute Return:** 1.1%
- **GIP CEF:** 4.7%
- **Benchmark:** 9.5%

3 Year

- **Core Bonds:** 10.5%
- **Absolute Return:** 14.9%
- **GIP CEF:** 7.6%
- **Benchmark:** -10.3%

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*Net of Manager Fees*  
**Benchmark: 100% Barclays Capital Aggregate**

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*June 30, 2010*  
Office of Investments & Banking
$1.9 million increase over the previous year

- One year performance primarily driven by
  - Underperformance in equity
  - Underweight equity allocations
  - Strong fixed income performance

* Net of Manager Fees
** Benchmark: 40% AC World NET, 30% BC AGG, 30% ML Gov 1-3 Yrs
RUMINCO Analysis

Asset Allocation

Market Value: $31M

Portfolio Composition

- Cash: 1%
- Equity: 35%
- Long-Term Fixed Income: 32%
- Intermediate Fixed Income: 32%

* Benchmark: 40% AC World NET, 30% BC AGG, 30% ML Gov 1-3 Yrs
## Long Term Debt Analysis

### Long Term Debt

<table>
<thead>
<tr>
<th>Description</th>
<th>Nominal Amount</th>
<th>Weighted Avg Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Issued Fixed Rate Debt (Aux, GO, &amp; Taxable)</td>
<td>181.6</td>
<td>4.96</td>
</tr>
<tr>
<td>University Issued Variable Rate Debt</td>
<td>302.0</td>
<td>0.24</td>
</tr>
<tr>
<td>VRDB</td>
<td>273.9</td>
<td>0.28</td>
</tr>
<tr>
<td>Total University Issued &amp; Supported Debt</td>
<td>$ 757.5</td>
<td>3.57%</td>
</tr>
<tr>
<td>State Issued Infrastructure Development Bonds (IDBs)</td>
<td>40.0</td>
<td>5.06</td>
</tr>
<tr>
<td>Total University Supported Debt</td>
<td>$ 797.5</td>
<td>3.64%</td>
</tr>
<tr>
<td>University Issued, State Supported Debt (Revenue Bonds)</td>
<td>126.9</td>
<td>3.82</td>
</tr>
<tr>
<td>Total University Debt*</td>
<td>$ 924.3</td>
<td>3.67%</td>
</tr>
</tbody>
</table>

*Weighted avg rate includes impact of net swap rates below

### Swaps

<table>
<thead>
<tr>
<th>Type</th>
<th>Nominal Amount</th>
<th>Weighted Avg Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated</td>
<td>301.2</td>
<td>3.53</td>
</tr>
<tr>
<td>Non-Integrated</td>
<td>145.0</td>
<td>4.66</td>
</tr>
<tr>
<td>Total Swaps</td>
<td>$ 446.2</td>
<td>3.90%</td>
</tr>
</tbody>
</table>

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**Debt Composition with Swaps**

- **Fixed**: 68%
- **State Supported 14%**: 14%
- **IDB 4%**: Unknown
- **Variable 14%**: Unknown

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*Office of Investments & Banking*

*June 30, 2010*
Targeted Manager Statement

• The University and the Office of Investments & Banking (OIB) recognize the opportunity of working with targeted investment managers which are defined as emerging investment managers (less than $250 million under management) and minority / women owned investment firms.

• The OIB has an open door policy when interviewing investment managers and will make every effort to consider targeted managers consistent with the financial and fiduciary responsibilities of the University.

• The following demonstrates recent relationships the University has had with targeted investment managers.

<table>
<thead>
<tr>
<th>Hired Targeted Managers*</th>
<th>Terminated Targeted Managers</th>
<th>Search Candidate Interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vesbridge Partners</td>
<td>None</td>
<td>No Searches in FY2009</td>
</tr>
<tr>
<td>Timbervest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergence Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ignition</td>
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</tr>
</tbody>
</table>

* Hired in FY07 or FY 08
Agenda Item: Issues Related to: University Cost Drivers

Presenters: Vice President/CFO Richard Pfunzenreuter

Purpose:

The University of Minnesota faces significant financial challenges as a result of dramatic reductions in state appropriations. At the same time, costs have increased. The purpose of the discussion is to highlight changes in University costs over time and to focus on major cost drivers and their implications for the future.

Outline of Key Points/Policy Issues:

The University’s non-sponsored budget for fiscal year 2011 totals approximately $2.8 billion. Of that total 76% is directly related to compensation, utility costs and student aid.

Background Information:

The Board of Regents periodically reviews trends in expenditures as part of its fiduciary responsibilities.
Finance and Operations Committee

Agenda Item: Committee 2010-11 Workplan

☐ review   ☐ review/action   ☐ action   ☒ discussion

Presenters: Regent John Frobenius
            Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy   ☐ background/context   ☒ oversight   ☐ strategic positioning

To discuss issues and priorities for inclusion in the 2010-11 Finance and Operations Committee Workplan.

Outline of Key Points/Policy Issues:

The 2010-11 Finance and Operations Committee Workplan is a summary of agenda items scheduled to be presented to the Finance and Operations Committee in September. The purpose of this discussion is to obtain topics of interest from committee members so that these interests and priorities can be appropriately scheduled into committee meetings for the 12-month period of September 2010 through July 2011.

Background Information:

The annual Finance and Operations Committee Workplan is discussed in the early part of each fiscal year for the upcoming 12-month period.
BOARD OF REGENTS
Finance & Operations Committee Work Plan
September 2010 through August 2011

September – No F&O


October

Policy Discussions or Related Activities
• Committee 2010-11 Work Plan – J. Frobenius/R. Pfutzenreuter
• Issues Related to: Annual Asset Management Report
• Issues Related to: University Cost Drivers
• IssuesRelated to: State biennial Budget Request FY2012-13

Transactional Activities
• Consent Report
  o Central Reserves General Contingency Allocations
  o [Purchase of Goods and Services $1,000,000 and Over]
  o [Commercial Transactions or Other Matters Subject to Board Approval]
  o [Approval of New Investment Managers]
• Information Items
  o Quarterly Purchasing Report [period ending June 30]
  o Annual Economic Development Report [period ending June 30]
  o Quarterly Debt Management Advisory Committee Update [September meeting]
  o Liquidity Update

State Biennial Budget Request FY2012-13 – Review – BOR

November

Policy Discussions or Related Activities
• Debt Capacity Update Related to: President's Recommended Six-Year Capital Improvement Plan
• Resolution Related to the Issuance of Debt for University Supported Projects
• Issues Related to: University Risk Tolerance

Transactional Activities
• Consent Report
  o Central Reserves General Contingency Allocations
  o [Purchase of Goods and Services $1,000,000 and Over]
Commercial Transactions or Other Matters Subject to Board Approval

[Approval of New Investment Managers]

Information Items

Quarterly Investment Advisory Committee Update [September meeting]

Semi-Annual Controller's Report

State Biennial Budget Request FY21012-13 – Approval – BOR

December

Policy Discussions or Related Activities

• Issues Related to: State of Minnesota Economic Update
• Issues Related to: Annual Financial Report (June – Audited Statements)
• Issues Related to: Long Range Enterprise Technology Plan (Consult – FAC/FSSA)

Transactional Activities

• Consent Report
  o Central Reserves General Contingency Allocations
  o [Purchase of Goods and Services $1,000,000 and Over]
  o [Commercial Transactions or Other Matters Subject to Board Approval]
  o [Approval of New Investment Managers]

• Information Items
  o Quarterly Purchasing Report [period ending September 30]
  o Quarterly Investment Advisory Committee Update [November meeting]
  o Quarterly Asset Management Report [period ending September 30]
  o Quarterly Debt Management Advisory Committee (DMAC) Update
  o Annual Financial Report (Audited)

Six-Year Capital Improvement Plan: 2011-2016 – Action – BOR
2011 State Capital Request – Review/Action – BOR
Biennial Budget Request – Update – BOR

January – NO MEETING

February

Policy Discussions or Related Activities

• Issues Related to: Annual Capital Financing & Debt Management Report
• Issues Related to: University Budget Model
• Issues Related to: University Endowment
• Issues Related to: University Student Fee Reform (Consult – FSSA)
Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - [Purchase of Goods and Services $1,000,000 and Over]
  - [Commercial Transactions or Other Matters Subject to Board Approval]
  - [Approval of New Investment Managers]
- Information Items
  - Annual Insurance & Risk Management Report
  - Annual Report on Central Reserves
  - Annual Debt Management Report [FYE]


March

Policy Discussions or Related Activities
- Issues Related to: State of Minnesota Economic Update
- Annual Investment Consultants Report: Cambridge Associates
- Issues Related to: Financing Medical Education & Flow of Funds

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - [Purchase of Goods and Services $1,000,000 and Over]
  - [Commercial Transactions or Other Matters Subject to Board Approval]
  - [Approval of New Investment Managers]
- Information Items
  - Quarterly Purchasing Report [period ending December 31]
  - Quarterly Investment Advisory Committee Update [February meeting]
  - Quarterly Asset Management Report [period ending December 31]
  - Semi-Annual Management Report (December – Unaudited)
  - Quarterly Debt Management Advisory Committee (DMAC) Update

April (Tentative)

Policy Discussions or Related Activities
- TBD

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - [Purchase of Goods and Services $1,000,000 and Over]
  - [Commercial Transactions or Other Matters Subject to Board Approval]
May

Policy Discussions or Related Activities
• Financial Oversight: Financial Metrics & Peer Comparisons
• Issues Related to: Tuition, Scholarships & Financial Aid (Consult – EPP/FSSA)

Transactional Activities
• Consent Report
  o Central Reserves General Contingency Allocations
  o [Purchase of Goods and Services $1,000,000 and Over]
  o [Commercial Transactions or Other Matters Subject to Board Approval]
  o [Approval of New Investment Managers]
• Information Items
  o Quarterly Purchasing Report [period ending March 31]

Annual Capital Improvement Budget – Review – BOR

June

Policy Discussions or Related Activities
• Issues Related to: President’s Recommended Annual Operating Budget
• Issues Related to: Annual Capital Improvement Budget
• Resolution Related to the Issuance of Debt for Biomedical Facilities Program

Transactional Activities
• Consent Report
  o Central Reserves General Contingency Allocations
  o [Purchase of Goods and Services $1,000,000 and Over]
  o [Commercial Transactions or Other Matters Subject to Board Approval]
  o [Approval of New Investment Managers]
• Information Items
  o Quarterly Investment Advisory Committee Update [May meeting]
  o Quarterly Asset Management Report [period ending March 31]
  o Quarterly Debt Management Advisory Committee (DMAC) Update

Annual Capital Improvement Budget FY2012 – Action – BOR
President’s Recommended FY2012 Annual Operating Budget – Review – BOR
Board of Regents Annual Operating Budget Forum – BOR
President’s Recommended FY2012 Annual Operating Budget – Approval – BOR
July (Regents Retreat)

Policy Discussions or Related Activities
• Issues Related to: Preliminary 2012 State Capital Request
• Annual Insurance & Risk Management Report
• Issues Related to: Annual University Tax Update

Transactional Activities
• Consent Report
  o Central Reserves General Contingency Allocations
  o [Purchase of Goods and Services $1,000,000 and Over]
  o [Commercial Transactions or Other Matters Subject to Board Approval]
  o [Approval of New Investment Managers]
• Information Items
  o TBD

Preliminary 2012 State Capital Request – Review/Action – BOR

August – No Meeting
Finance and Operations Committee

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.

Approval of New Investment Manager
To seek approval for an absolute return hedge fund manager.

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 the estimated amount of $5,012,000 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, 2011, through December 31, 2011. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.

• To HealthPartners for the estimated amount of $3,200,000 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, 2011, through December 31, 2011. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.

• To HealthPartners Administrators, Inc. for the estimated annual amount of $3,211,831 for administering a self-funded UPlan medical plan option offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2011, through December 31, 2011. The funding for these services has been budgeted as a part of the 2011 fringe benefits budget. Vendor was selected through a competitive process.
• To Healthways for the estimated amount of $1,241,561 to provide health improvement services offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2011, through December 31, 2011. The funding for these services has been budgeted as a part of the 2011 fringe benefits budget. Vendor was selected through a competitive process.

• To John Hancock for an estimated $1,700,000 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, 2011, through December 31, 2011. The Long Term Care Plan is completely employee paid. Vendor was selected through a competitive process.

• To Medica for the estimated annual amount of $2,937,964 for administering five self-funded UPlan medical plan options offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2011, through December 31, 2011. The funding for these services has been budgeted as a part of the 2011 fringe benefits budget. Vendor was selected through a competitive process.

• To Medica for the estimated amount of $1,500,000 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, 2011, through December 31, 2011. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.

• To Minnesota Life/ING for the estimated annual amount of $4,585,000 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, 2011, through December 31, 2011. The funding for these services has been budgeted as part of the 2011 fringe benefits budget. Vendor was selected through a competitive process.

• To UCare for the estimated amount of $1,134,000 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, 2011, through December 31, 2011. There is no cost for this coverage since retirees pay all premiums. Vendor was selected through a competitive process.

Approval of New Investment Manager

The Office of Investments and Banking (OIB) proposes engaging a new investment manager to invest target allocations in CEF. The proposed manager has been reviewed and is recommended by the Investment Advisory Committee. This manager has been recommended following a thorough due diligence process and review by OIB of the respective asset class, existing exposure in CEF and the current market conditions.

• Fixed Income Portfolio: Absolute Return

  Mariner Silvermine Offshore Fund
  o $5 million investment
  o Addition to the Absolute Return Hedge Fund Portfolio
  o Fixed income relative arbitrage strategy
  o G7 sovereign debt

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
• Approval of New Investment Managers: Reservation and Delegation of Authority, Sec. VII, Subd. 3

President's Recommendation for Action:

The President recommends approval of the Consent Report.
General Contingency

2010-11 General Contingency:

<table>
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<th>Recipient</th>
<th>Allocation</th>
<th>Balance</th>
<th>Purpose</th>
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<td>FY2011 General Contingency</td>
<td>$1,000,000</td>
<td></td>
<td></td>
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<tr>
<td>Carryforward from FY2010 into FY2011</td>
<td>117,393</td>
<td>1,117,393</td>
<td></td>
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<tr>
<td>1 Return unused funds</td>
<td>(151)</td>
<td>1,117,544</td>
<td>Unused funds from East Cliff boiler replacement project</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 New items this reporting period:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Exec Dir Office for Business &amp; Community Economic Dev</td>
<td>55,000</td>
<td>$1,062,544</td>
<td>Awards Incentive &amp; Recognition Program</td>
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<td>6</td>
<td></td>
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<tr>
<td>7 Balance as of September 30, 2010</td>
<td></td>
<td>1,062,544</td>
<td></td>
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<tr>
<td>8</td>
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<td>22</td>
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</tr>
</tbody>
</table>

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

To Blue Cross Blue Shield of Minnesota for the estimated amount of $5,012,000 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, 2011 through December 31, 2011.

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 third option to renew the contract. The estimated annual amount of $5,012,000 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]
Carol Carrier
Vice President, Office of Human Resources

September 8, 2010
Purchase of Goods and Services over $250,000

To HealthPartners for the estimated amount of $3,200,000 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, 2011 through December 31, 2011.

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 third option to renew the contract. The estimated annual amount of $3,200,000 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:

Carol Carrier
Vice President, Office of Human Resources

September 8, 2010
Purchase of Goods and Services over $250,000

To HealthPartners Administrators, Inc. for the estimated annual amount of $3,211,831 for administering a self-funded UPlan medical plan option offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2011 through December 31, 2011.

HealthPartners Administrators, Inc. was selected during a request for proposal process conducted in 2005. The initial contract was for a two-year period, with four options to renew the contract. Our current six-year plan administrator contract with HealthPartners Administrators, Inc. expires on December 31, 2011. This is a request to exercise the fourth (and last) option to renew. The estimated annual amount of $3,211,831 is based on participation assumptions determined by the University and our actuary. Participation could vary from the assumptions, resulting in different amounts to each UPlan medical administrator; however, the overall amount for the total medical program should remain reasonably constant, with some variability due to participation elections by plan members. An upcoming Request for Proposal process for our Medical program for the 2012-2017 time period is underway.

The funding for these services has been budgeted as a part of the 2011 fringe benefits budget.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

September 8, 2010
Purchase of Goods and Services over $250,000

To Healthways for the estimated amount of $1,241,561 to provide health improvement services offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2011 through December 31, 2011.

Harris HealthTrends, Inc. (acquired by Healthways) was selected during a request for proposal process conducted in 2005. As part of the University's Wellness Program for UPlan medical program participants and their dependents, Healthways provides a Wellness Assessment, telephone and web-based lifestyle coaching, disease management services, and Health Action Programs.

The initial contract was for a two-year period, with four options to renew the contract. Our current six year plan administrator contract with Healthways expires on December 31, 2010. This is a request to exercise the fourth (and last) option to renew. The estimated amount of $1,241,561 is based on health improvement and estimated enrollment.

The funding for these services has been budgeted as a part of the 2011 fringe benefits budget.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

September 8, 20210
Purchase of Goods and Services over $250,000

To John Hancock for an estimated $1,700,000 for providing Long Term Care Insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the period of January 1, 2011 through December 31, 2011.

John Hancock was selected during a request for proposal for Long Term Care insurance conducted in 2006. Active employees, dependents, parents, step-parents, and retirees are covered under this contract, as part of the University’s UPlan benefits program.

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 third option to renew. The estimated annual premium is based on current participation, and a projection of the amount of coverage.

The Long Term Care Plan is completely employee paid.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

September 8, 2010
Purchase of Goods and Services over $250,000

To Medica for the estimated annual amount of $2,937,964 for administering five self-funded UPlan medical plan options offered through the University of Minnesota, Office of Human Resources Employee Benefits for the one year period of January 1, 2011 through December 31, 2011.

Medica was selected during a request for proposal process conducted in 2005. The initial contract was for a two-year period, with four options to renew the contract. Our current six year plan administrator contract with Medica expires on December 31, 2011. This is a request to exercise the fourth (and last) option to renew. The estimated annual amount of $2,937,964 is based on participation assumptions determined by the University and our actuary. Participation could vary from the assumptions, resulting in different amounts to each UPlan medical administrator; however, the overall amount for the total medical program should remain reasonably constant, with some variability due to participation elections by plan members. An upcoming Request for Proposal process for our Medical program for the 2012-2017 time period is underway.

The funding for these services has been budgeted as a part of the 2011 fringe benefits budget.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

September 8, 2010
Purchase of Goods and Services over $250,000

To Medica for the estimated amount of $1,500,000 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, 2011 through December 31, 2011.

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 third option to renew the contract. The estimated annual amount of $1,500,000 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:

Carol Carrier
Vice President, Office of Human Resources

September 8, 2010
Purchase of Goods and Services over $250,000

To Minnesota Life/ING for the estimated annual amount of $4,585,000 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, 2011 through December 31, 2011.

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 second option to renew. The estimated annual total amount of $4,585,000 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 2011 fringe benefits budget.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

September 8, 2010
Purchase of Goods and Services over $250,000

To UCare for the estimated amount of $1,134,000 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, 2011 through December 31, 2011.

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 third option to renew the contract. The estimated annual amount of $1,134,000 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:

Carol Carrier
Vice President, Office of Human Resources

September 8, 2010
Approval of New Investment Manager

Strategic Rationale

The Office of Investments & Banking (OIB) is seeking approval to add Mariner Silvermine Fund Offshore, Ltd. (Silvermine) to the absolute return hedge fund portfolio. The fund is a fixed income, relative value hedge fund. Notably, because of its low correlation to equity markets, inclusion of this fund will reduce the high correlation that has existed previously between the fixed income hedged portfolio and the equity hedged portfolio. This investment will offset a reduction in the large, core investment in the Coast Value Fund which pursues a similar trading strategy. It will also tactically allow our portfolio to take advantage of the arbitrage opportunities present in the marketplace that currently accompany the increased volatility. Additionally, this fund will allow us to reinvest redemption proceeds from terminated funds into an attractive segment of the market.

Over the past seven quarters we have been steadily reducing hedge fund exposure in both the equity and fixed income allocations within CEF. These reductions were the result of prioritizing capital preservation and enhancing near term liquidity. For example, on August 31st, 2008, the hedge fund portfolio held approximately $63 million in equity and $86 million in fixed income investments. On June 30, 2010 those same allocations were $24 million and $25 million respectively. Proforma balances projected for 12/31/10 assuming no additions to the portfolio are $14 million and $16 million respectively.

Currently, the absolute return portfolio consists of seven managers, four of which are in various stages of liquidation. The remaining three managers are Angelo Gordon, a long biased distressed manager, FrontPoint Partners, a low volatility multi-strategy manager, and Coast Value Fund, a fixed income arbitrage trading strategy. The addition of the Mariner Silvermine Fund will help to maintain the existing funded levels while diversifying the fixed income arbitrage exposure.

Recommendation

At this time, OIB recommends making an initial investment of $5.0 million in the Mariner Silvermine Fund Offshore Ltd., a fixed income relative value hedge fund portfolio managed by Mariner Investment Group (Mariner). Mariner was founded in 1992 and currently manages $6.1 billion in various fixed income strategies. Furthermore, Mariner provides sub-advisory services to SEC registered firms who collectively manage $4.9 billion in assets. The Silvermine Funds on-shore, off-shore and separate accounts trade G-7 sovereign debt instruments and collective have just over $500 million in assets. The investment strategies include basis trades (cash bonds vs futures), asset swaps, yield curve trades and others.
The opportunity set in this sector has increased over the past 2 years. Massive federal budget deficits contribute to record steepness of the yield curve. This has allowed executing relative value strategies such as “carry” and “roll-down” trades. Elevated interest rate volatility has resulted in greater pricing anomalies between forward and spot rates. Capital flows around new debt issuance create greater and more frequent mispricing. Fewer market participants such as prop desks and hedge funds have remained in the space post 2008. That, in turn, has resulted in less competition for market opportunities.

Silvermine’s portfolio is made up of highly liquid instruments which enable the fund to offer monthly liquidity to its investors. Government securities facilitate ready access to leverage from prime brokers. Historically, net leverage has stayed close to zero while gross leverage has ranged between zero and twelve times depending on market conditions. One of the key elements to the firm’s risk management is its ability to respond quickly to changing market conditions. When volatility increases, the profitability of potential trade opportunities also increases, so the firm significantly reduces the gross leverage employed. Net leverage always remains near zero. The goal is to produce the projected investment returns of 5-9% with the lowest possible leverage and risk. Conversely when volatility declines, the leverage is increased to enhance the yield in low risk environments. The firm has been very successful in executing this strategy, with never more than two months of negative returns, and a history of producing positive returns for every year they have invested.

Overall, Mariner employs 164 professionals in five offices globally. The founders and senior portfolio managers have extensive money management and trading experience. The Silvermine investment team is led by Mr. Jack Poulson who has 30 years of experience trading sovereign debt securities. He joined Mariner in 2005 and brought with him the current team of professionals. In our due diligence effort, which included numerous conference calls, one all day site visit, reference checks and prime broker interviews, we discovered a consistent pattern of robust risk management emphasizing capital preservation and prudent use of leverage. We also found meaningful transparency, strong operational and compliance controls as well as a superb investor service.
### Manager Profile: Mariner Investment Group

<table>
<thead>
<tr>
<th>Organization and Strategy</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Manager:</strong></td>
<td>Mariner Investment Group</td>
<td></td>
</tr>
<tr>
<td><strong>Address:</strong></td>
<td>Harrison, NY</td>
<td></td>
</tr>
<tr>
<td><strong>Contact:</strong></td>
<td>Grey Perkins</td>
<td></td>
</tr>
<tr>
<td><strong>Year Founded:</strong></td>
<td>1992</td>
<td></td>
</tr>
<tr>
<td><strong>Assets Managed:</strong></td>
<td>$11.35 Billion</td>
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<tr>
<td><strong>Fund Inception:</strong></td>
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<td><strong>Invest Professionals:</strong></td>
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<td><strong>Style Focus:</strong></td>
<td>Fixed Income Relative Value</td>
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<td><strong>Regional Focus:</strong></td>
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<td><strong>Sector / Industry Focus:</strong></td>
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<table>
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<tr>
<th>University Investment</th>
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<tr>
<td><strong>Proposed Fund Investment:</strong></td>
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<td><strong>Previous Fund Investment:</strong></td>
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### Fund Details (June 30, 2010)

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<tbody>
<tr>
<td><strong>Fund Name:</strong></td>
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<td><strong>Fund Size:</strong></td>
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<td><strong>Sponsor Investment:</strong></td>
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<td><strong>Fund Strategy:</strong></td>
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<td><strong>Leverage (gross):</strong></td>
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<td><strong>Redemptions:</strong></td>
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<td><strong>Lock-up:</strong></td>
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<td><strong>High Water Mark:</strong></td>
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<td><strong>Mgmt. Fee:</strong></td>
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<td><strong>Incentive Fee:</strong></td>
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<td><strong>Sharpe Ratio:</strong></td>
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<td><strong>Corr to BC Aggregate:</strong></td>
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<td><strong>Mo. High Return:</strong></td>
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<tr>
<td><strong>Mo. Low Return:</strong></td>
<td>-0.85%</td>
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*45 days notice

### Past Fund Performance As of June 30, 2010

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<tr>
<th></th>
<th>Fund</th>
<th>BC Agg</th>
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<tbody>
<tr>
<td>2005</td>
<td>1.50%</td>
<td>2.43%</td>
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<tr>
<td>2006</td>
<td>8.86%</td>
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<td>2007</td>
<td>12.17%</td>
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<td>2008</td>
<td>10.94%</td>
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<tr>
<td>2009</td>
<td>8.86%</td>
<td>5.93%</td>
</tr>
<tr>
<td>2010 YTD</td>
<td>1.45%</td>
<td>5.33%</td>
</tr>
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### Comments

Fund focuses on G7 government bond markets. Fund utilizes a number of relative value trading strategies based on fundamental, structural and technical analysis. Offshore fund assets and strategy assets are $130 and $505 million respectively.
Finance and Operations Committee
October 7, 2010

Agenda Item: Information Items

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

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

Annual Economic Development Report
To provide a statistical overview of the University's expenditures with small, women, minority and disabled owned business.

Debt Management Advisory Committee Update
To provide a report on the semi-annual meeting of the Debt Management Advisory Committee (DMAC) held on September 29, 2010.

Outline of Key Points/Policy Issues:

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

Annual Economic Development Report
The Annual Economic Development Report is prepared by the Office for Business & Community Economic Development. Total expenditures with Targeted Business (Women/Minority/Disabled owned Businesses) for the fiscal year ending June 2010 are $68,987,504. This number represents 6.08% of the University's total spending for this period. This report also shows the total expenditures with small business for this period.
Debt Management Advisory Committee Update

The agenda for the meeting held on September 29, 2010, included:

- Biomedical Science Research Facilities Funding Program—Series 2010A & 2010B
- Extension of Line of Credit Supporting Self-Liquidity
- FY2011 Projected Debt Issuance
- University of Minnesota Academic Ambulatory Care Center—"Affordable Care Act (ACA) Infrastructure to Expand Access to Care"
September 22, 2010

The Honorable John Frobenius, Chair, Finance and Operations Committee
The Honorable Venora Hung, Vice Chair
The Honorable Clyde Allen
The Honorable Richard Beeson
The Honorable Steven Hunter
The Honorable Patricia Simmons

Committee Members:

Enclosed is Purchasing Services’ report on purchasing activity for fourth quarter, fiscal year 2010. Regents policy requires that a quarterly purchasing report, including violations of Regents purchasing policy, be submitted to the Finance and Operations Committee of the Board of Regents. This letter provides explanatory background and brief analysis of the report and attachments that follow.

**Background**
The enclosed report and attachments provide statistics, graphics and some detail on four categories of purchasing activity for the quarter:

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

“Quarterly Purchasing Activity” represents the total amount of goods and services purchased for the quarter and year-to-date across all funding sources, including construction projects.

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

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

Please note on the 4th quarter, 2010 report:

- Fourth quarter FY '10 total purchasing activity reflects a 9% decrease in dollars spent, and a 43% decrease in transaction volume, when compared to the fourth quarter FY '09. The decrease in dollars spent can be attributed to several factors including caution in spending and normal quarterly variances. The significant decrease in transaction is partly explained by the fact that fourth quarter FY09 showed a significant increase in transaction volume (a 27% increase from FY '08), which was an anomaly. Additional analysis is being performed to understand more about the decrease in transaction volume.

- The fourth quarter FY '10 approved exceptions decreased is related to two large construction exceptions in FY '09 (total $6.3 million) which caused last year’s fourth quarter to spike.

- Pre-approved exceptions increased in the fourth quarter of FY '10 due to a $4 million renewal of software licenses with Oracle.

- As noted last quarter, FY '10 YTD purchasing activity is up over FY '09. This is attributed to a couple of factors. First, spending in most categories fell off last year while University staff transitioned to the new PeopleSoft financial system. FY '10 reflects a return to a more normal spending pattern. Second, FY '10 shows increased spending in construction data, offset by cautious spending in other commodities.

- There were no Regents Purchasing Policy Violations in the fourth quarter of FY '10.

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

Sincerely,

Michael D. Volna
Associate Vice President-Finance & Controller

Cc: Richard Pfutzenreuter, CFO, Treasurer and Vice President for Budget & Finance
    Ann Cieslak, Executive Director and Corporate Secretary, Board of Regents
    Karen Triplett, Director, Purchasing Services
I. Summary of Purchasing Activity for 4th Quarter

### Total Quarterly Purchasing Activity

<table>
<thead>
<tr>
<th># of Transactions</th>
<th>Q4 FY08</th>
<th>Q4 FY09</th>
<th>Q4 FY10</th>
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<tbody>
<tr>
<td># of Transactions</td>
<td>162,590</td>
<td>206,229</td>
<td>117,748</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$232,619,254</td>
<td>$220,551,529</td>
<td>$199,686,490</td>
</tr>
</tbody>
</table>

### Quarterly Approved Exceptions

<table>
<thead>
<tr>
<th># of Exceptions</th>
<th>Q4 FY08</th>
<th>Q4 FY09</th>
<th>Q4 FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Exceptions</td>
<td>36</td>
<td>33</td>
<td>40</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$6,798,685</td>
<td>$13,587,779</td>
<td>$8,202,260</td>
</tr>
</tbody>
</table>

### Quarterly Pre-Approved Exceptions

<table>
<thead>
<tr>
<th># of Exceptions</th>
<th>Q4 FY08</th>
<th>Q4 FY09</th>
<th>Q4 FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Exceptions</td>
<td>37</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$4,398,739</td>
<td>$2,901,709</td>
<td>$7,147,121</td>
</tr>
</tbody>
</table>
Summary of Purchasing Activity YTD

**Total YTD Purchasing Activity**

<table>
<thead>
<tr>
<th># of Transactions</th>
<th>YTD FY08</th>
<th>YTD FY09</th>
<th>YTD FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>645,367</td>
<td>738,567</td>
<td>822,399</td>
</tr>
<tr>
<td>Total Dollars</td>
<td>$962,467,055</td>
<td>$868,458,165</td>
<td>$894,810,205</td>
</tr>
</tbody>
</table>

**YTD Approved Exceptions**

<table>
<thead>
<tr>
<th># of Exceptions</th>
<th>YTD FY08</th>
<th>YTD FY09</th>
<th>YTD FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Exceptions</td>
<td>122</td>
<td>110</td>
<td>137</td>
</tr>
<tr>
<td>Total Dollars</td>
<td>$20,458,182</td>
<td>$26,889,592</td>
<td>$25,800,935</td>
</tr>
</tbody>
</table>

**YTD Pre-Approved Exceptions**

<table>
<thead>
<tr>
<th># of Exceptions</th>
<th>YTD FY08</th>
<th>YTD FY09</th>
<th>YTD FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Exceptions</td>
<td>93</td>
<td>105</td>
<td>88</td>
</tr>
<tr>
<td>Total Dollars</td>
<td>$10,609,759</td>
<td>$13,600,601</td>
<td>$15,747,866</td>
</tr>
</tbody>
</table>
### II. Purchases made as Approved Exceptions to Competitive Purchasing Process
#### (Goods, Services & Construction) Under $250,000

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>2, 3</td>
<td>NRG Systems, Inc.</td>
<td>Purchase a Windcube LiDAR remote sensor system.</td>
<td>$ 218,418</td>
<td>St. Anthony Falls Lab</td>
</tr>
<tr>
<td>2, 7</td>
<td>MBF Bioscience</td>
<td>Purchase an imaging device to quantitatively evaluate structural features using a procedure called unbiased stereology.</td>
<td>$ 174,630</td>
<td>Neuroscience</td>
</tr>
<tr>
<td>2</td>
<td>VitaCyte LLC</td>
<td>Purchase Clzyme Collagenase HA enzymes to digest human pancreas tissue.</td>
<td>$ 158,400</td>
<td>Surgery</td>
</tr>
<tr>
<td>8</td>
<td>BD Biosciences</td>
<td>Purchase of a Flow cyclometer to connect to existing equipment.</td>
<td>$ 150,000</td>
<td>Institute for Molecular Virology/Diagnostic</td>
</tr>
<tr>
<td>6, 8</td>
<td>YBP Library Services</td>
<td>Purchase of catalog records (to be supplied electronically), and physical processing for books.</td>
<td>$ 125,400</td>
<td>Libraries</td>
</tr>
<tr>
<td>2, 5, 8</td>
<td>Siemens Medical Solutions USA, Inc.</td>
<td>Purchase of a 32 channel head coil to be used in the Siemens 3T MR scanner.</td>
<td>$ 112,500</td>
<td>Department of Radiology - CMRR</td>
</tr>
<tr>
<td>2, 8</td>
<td>dSpace, Inc.</td>
<td>Purchase of a control system for the engine-dynamometer system.</td>
<td>$ 108,115</td>
<td>Mechanical Engineering</td>
</tr>
<tr>
<td>8</td>
<td>Bombay Elevator</td>
<td>Purchase of feed for research animals and calves for research.</td>
<td>$ 98,000</td>
<td>Research Animal Resources</td>
</tr>
<tr>
<td>2</td>
<td>Mid-North Distributing Company</td>
<td>Purchase of woodshaving with trailer for storage.</td>
<td>$ 95,000</td>
<td>Research Animal Resources</td>
</tr>
<tr>
<td>8</td>
<td>KLN Steel Products</td>
<td>Purchase of resident room furnishings for Blakely and Spooner Halls.</td>
<td>$ 85,052</td>
<td>Office of Residential Life - University of MN, Morris</td>
</tr>
<tr>
<td>3</td>
<td>Pfizer Animal Products</td>
<td>Purchase of medications for resale to clients of the Veterinary Medical Center Small Animal Pharmacy.</td>
<td>$ 75,000</td>
<td>Veterinary Medical Center</td>
</tr>
<tr>
<td>8</td>
<td>Cedar Ridge Farms</td>
<td>Purchase of pigs for research.</td>
<td>$ 70,000</td>
<td>Research Animal Resources</td>
</tr>
<tr>
<td>2</td>
<td>Environmental Growth Chambers</td>
<td>Purchase of environmental growth chambers to replace existing chambers, installation and inspection of all chambers.</td>
<td>$ 65,000</td>
<td>Horticultural Science</td>
</tr>
<tr>
<td>8</td>
<td>Liberty Research, Inc.</td>
<td>Purchase of cats for research.</td>
<td>$ 65,000</td>
<td>Research Animal Resources</td>
</tr>
<tr>
<td>8</td>
<td>InterKnowlogy, Inc.</td>
<td>Purchase of software developed by Microsoft Surface - Periodic Table of Elements.</td>
<td>$ 64,680</td>
<td>Physiology &amp; Pharmacology</td>
</tr>
<tr>
<td>8</td>
<td>Go 4 Groups LLC</td>
<td>Purchase of additional hotel accommodations due to volcano in Iceland.</td>
<td>$ 64,388</td>
<td>Carlson School of Management</td>
</tr>
<tr>
<td>1</td>
<td>Dakota Unlimited</td>
<td>Purchase of deer fencing and installation.</td>
<td>$ 61,730</td>
<td>Rosemount Research Center</td>
</tr>
<tr>
<td>8</td>
<td>Millipore Corporation</td>
<td>Purchase of Lumexin equipment and software to perform cytokine assays.</td>
<td>$ 57,546</td>
<td>Surgery</td>
</tr>
<tr>
<td>2</td>
<td>BD Biosciences</td>
<td>Purchase of a laser and detector special order upgrade for the FACSCanto SN V07300428.</td>
<td>$ 53,212</td>
<td>Center for Immunology</td>
</tr>
<tr>
<td>2</td>
<td>Li-Cor Bioscience</td>
<td>Purchase an Odyssey Infrared Imaging System to detect infrared dye-labeled conjugates and near infrared stains.</td>
<td>$ 53,071</td>
<td>Neuroscience</td>
</tr>
<tr>
<td>8</td>
<td>Minitube of America</td>
<td>Purchase of donating and embryo transfer services for pigs and pig embryos or tissues.</td>
<td>$ 50,250</td>
<td>Surgery</td>
</tr>
</tbody>
</table>

**TOTAL:** $2,005,392
## Purchases made as Approved Exceptions to Competitive Purchasing Process
(Professional Services) Under $250,000

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>209928</td>
<td>Towers Watson</td>
<td>Purchase of annual actuarial services for the University of Minnesota Supplemental Benefits Plan.</td>
</tr>
<tr>
<td>293065</td>
<td>Aware Web Solutions, Inc.</td>
<td>Design and implement an online training program to encourage responsible service of alcohol.</td>
</tr>
<tr>
<td>83514</td>
<td>Garby Group</td>
<td>To continue the study of cancer in Chinese men and women.</td>
</tr>
<tr>
<td>281264</td>
<td>Health Partners Research Foundation</td>
<td>Specific individuals to work on the community portion of the Clinical Translational Science Institute.</td>
</tr>
<tr>
<td>270191</td>
<td>Will Gosnold</td>
<td>Expert collaboration with data interpretation for GeoThermal project.</td>
</tr>
<tr>
<td>194754</td>
<td>Laukka Development Company</td>
<td>Services specific to planning and development of the UMore Park property, including establishment of an entitled development business plan(s), a process to manage resulting businesses and the necessary development partners(s) to execute the plan.</td>
</tr>
<tr>
<td>290202</td>
<td>Pattullo's Nursery</td>
<td>Propagation of MN1914 apple trees.</td>
</tr>
<tr>
<td>282655</td>
<td>EJH and Associates</td>
<td>IT services for phase III of the FAS-CAT Project.</td>
</tr>
<tr>
<td>277466</td>
<td>Community Student Housing, Inc.</td>
<td>To develop a pre-design document for a Greek housing development on University owned land.</td>
</tr>
<tr>
<td>295845</td>
<td>Hennepin Faculty Associates</td>
<td>Neurology residency and fellowship program director.</td>
</tr>
<tr>
<td>271173</td>
<td>Centre for Water Research</td>
<td>To establish a web based system of data acquisition, modeling, visualization, and database management for large lakes, such as Lake Superior.</td>
</tr>
<tr>
<td>298430</td>
<td>Persistent Systems Limited</td>
<td>Completion of the Minnesota Agriculture Experiment Station Customization and installation of database and data migration.</td>
</tr>
<tr>
<td>159502</td>
<td>Software Touch Corporation</td>
<td>To pay the salary for a UNIX Administrator.</td>
</tr>
</tbody>
</table>

**TOTAL:** $1,650,433
## Purchases made as Approved Exceptions to Competitive Purchasing Process

### (Goods, Services & Professional Services) $250,000 and Over

<table>
<thead>
<tr>
<th>Price Reasonableness</th>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>297950</td>
<td>Silicon Graphics, Inc.</td>
<td>To purchase a single high end computing system that offers a comprehensive solution to National Institutes of Health investigators that have need for large shared memory, ultrafast disk IO and high-end visualization.</td>
<td>$3,677,079</td>
<td>Minnesota Supercomputing Institute</td>
</tr>
<tr>
<td>2, 8</td>
<td>279377</td>
<td>AVL Instrumentation and Test Systems, Inc.</td>
<td>Purchase of two high speed Infrared Spectrometry Fourier transform IRs.</td>
<td>$353,856</td>
<td>Mechanical Engineering</td>
</tr>
<tr>
<td>2</td>
<td>288294</td>
<td>Cancer Research and Biostatistics</td>
<td>Create case report forms database and ongoing monitoring for clinical trials.</td>
<td>$265,500</td>
<td>Department of Medicine</td>
</tr>
<tr>
<td>1</td>
<td>286448</td>
<td>White Way Sign</td>
<td>Retrofit existing White Way scoreboards to LED displays at Mariucci, Williams and Sports Pavilion.</td>
<td>$250,000</td>
<td>Intercollegiate Athletics</td>
</tr>
</tbody>
</table>

### Purchases made as Approved Exceptions to Competitive Purchasing Process

### (Construction) $250,000 and Over

<table>
<thead>
<tr>
<th>Price Reasonableness</th>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
</table>

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

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

**21 PURCHASES**
**TOTAL: $6,498,608**

**Exception #2:** Media advertising, purchase of or access to uniquely compiled database of information.

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>297650</td>
<td>Carroll Publishing</td>
<td>Dataset II listing all federal, state, municipal and county data plus</td>
<td>$52,000</td>
<td>Environmental Health Sciences</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Defense and Defense industry data.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Exception #4:** Closeout or used items which requestor of Purchasing has verified to be at least 30% below comparable new equipment (does not include refurbished or remanufactured furniture).

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>273963</td>
<td>SpectraLab Scientific Inc.</td>
<td>Purchase of used capillary HPLC systems.</td>
<td>$77,750</td>
<td>Masonic Cancer Center</td>
</tr>
<tr>
<td>288883</td>
<td>Dot Medcom Inc.</td>
<td>Purchase of NCS NeuroSpect QUAD fixed four-head SPECT imaging system.</td>
<td>$70,000</td>
<td>Department of Radiology</td>
</tr>
</tbody>
</table>

**Exception #6:** Service or supplies available only from another governmental agency or public entity.

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>275429</td>
<td>Science Museum of Minnesota</td>
<td>Science on a Sphere Earth Solutions Discovery Grant to create educational programming that will take UMN around the world.</td>
<td>$321,099</td>
<td>Institute of the Environment</td>
</tr>
<tr>
<td>275419</td>
<td>Science Museum of Minnesota</td>
<td>Resident fellowship to develop novel approaches to create informal science education.</td>
<td>$60,000</td>
<td>Institute of the Environment</td>
</tr>
</tbody>
</table>

**Exception #7:** Service/maintenance agreements with the original manufacturer/developer for equipment and software.

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>297638</td>
<td>Siemens Medical Solutions USA, Inc.</td>
<td>Five year service agreement for the Siemens 7.0T console parts and labor.</td>
<td>$605,425</td>
<td>Department of Radiology</td>
</tr>
<tr>
<td>288631</td>
<td>FEI Company</td>
<td>Service agreement for Gatan 895 Ultrascan.</td>
<td>$113,040</td>
<td>Characterization Facility</td>
</tr>
<tr>
<td>297195</td>
<td>Symantec Corporation</td>
<td>Software maintenance and support.</td>
<td>$99,878</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>296228</td>
<td>Carestream Health Inc.</td>
<td>Service and support agreement for PACS digital imaging system.</td>
<td>$93,223</td>
<td>Veterinary Medical Center</td>
</tr>
<tr>
<td>290247</td>
<td>FEI Company</td>
<td>Service agreement for multiple equipment pieces.</td>
<td>$89,418</td>
<td>Characterization Facility</td>
</tr>
<tr>
<td>297359</td>
<td>Hewlett Packard Company</td>
<td>Software maintenance and support for HPService Center software.</td>
<td>$83,778</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>297355</td>
<td>Commvault Systems Inc.</td>
<td>Software premier maintenance and support.</td>
<td>$69,224</td>
<td>Office of Information Technology</td>
</tr>
</tbody>
</table>
Exception #7: Cont.

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>294431</td>
<td>Informatica Corporation</td>
<td>Software maintenance and support.</td>
<td>$ 65,646</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>296961</td>
<td>Microsoft Corporation</td>
<td>Microsoft premier software support.</td>
<td>$ 57,960</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>294555</td>
<td>Thermal Electron North America</td>
<td>Support plan for Mass Spectrometer LTQ Orbitrap XL.</td>
<td>$ 51,680</td>
<td>Biotechnology Institute</td>
</tr>
</tbody>
</table>

$ 1,329,274

Exception #11: Software license renewals and software upgrades purchased from original developer. This includes adding licenses to an existing license agreement.

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>285251</td>
<td>Oracle Inc.</td>
<td>Oracle PeopleSoft software licenses with one year of prepaid support.</td>
<td>$ 4,016,912</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>274073</td>
<td>Buyers Health Care Action Group</td>
<td>To supply upgrade to the personal health records that will be used in the NIH grant.</td>
<td>$ 282,400</td>
<td>Institute for Health Informatics</td>
</tr>
<tr>
<td>293004</td>
<td>Image Navigation Ltd.</td>
<td>Software maintenance renewal.</td>
<td>$ 80,000</td>
<td>School of Dentistry</td>
</tr>
<tr>
<td>293038</td>
<td>Ross Group</td>
<td>Annual maintenance and support for Veterinary Medical Center hospital and clinic pathology labs software.</td>
<td>$ 68,000</td>
<td>Veterinary Medical Center</td>
</tr>
<tr>
<td>273277</td>
<td>Wolfram Research</td>
<td>Annual software license fees for Mathematica software.</td>
<td>$ 56,674</td>
<td>Office of Information Technology</td>
</tr>
</tbody>
</table>

$ 4,503,985

Exception #16: All items on the Direct Pay List (non-purchase order related payments).

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>293982</td>
<td>EBSCO Industries Inc.</td>
<td>Subscriptions to journals.</td>
<td>$ 84,500</td>
<td>Hormel Research Institute</td>
</tr>
</tbody>
</table>

$ 84,500
Pre-Approved Exceptions to Competitive Purchasing  
(Professional Services)  

4 PURCHASES  
TOTAL: $648,513

Exception #18: Subcontractors previously arranged by Sponsored Projects Administration (SPA).

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>295350</td>
<td>EJH &amp; Associates</td>
<td>Data development.</td>
<td>$60,000</td>
<td>Environmental Health Services</td>
</tr>
</tbody>
</table>

$60,000

Exception #19: Service (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity.

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>294384</td>
<td>Veterans Administration</td>
<td>Salaries for health services that will be provided for the School of Public Health.</td>
<td>$438,583</td>
<td>Health Policy &amp; Management</td>
</tr>
<tr>
<td>294520</td>
<td>North Dakota State University</td>
<td>Salary for a Wellness Specialist.</td>
<td>$65,856</td>
<td>Family Development Administration</td>
</tr>
</tbody>
</table>

$504,439

Exception #21: Entertainers, lecturers, speakers, and honoraria.

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>267128</td>
<td>Grant Writers Seminars &amp; Workshops LLC</td>
<td>Grant writing seminar (Phase I) and workshop (Phase II).</td>
<td>$84,074</td>
<td>College of Pharmacy</td>
</tr>
</tbody>
</table>

$84,074

IV. Regents Policy Violations

0 PURCHASES  
TOTAL: $0

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$-
# TABLE OF CONTENTS

<table>
<thead>
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<th>Content</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2010 4th Quarter Cumulative Total Comparisons</td>
<td>1</td>
</tr>
<tr>
<td>Expenditure Breakdown By Protected Class Group</td>
<td>2</td>
</tr>
<tr>
<td>Breakdown By Group</td>
<td>3</td>
</tr>
<tr>
<td>Percentage of Total WMDB Expenditures</td>
<td>4</td>
</tr>
<tr>
<td>Percentage Breakdown By Minority, Women, and Disabled Businesses</td>
<td>5</td>
</tr>
<tr>
<td>2009-10 Total Purchasing &amp; Construction Expenditures</td>
<td>6</td>
</tr>
<tr>
<td>Total Purchasing &amp; Construction Expenditures Comparison</td>
<td>7</td>
</tr>
<tr>
<td>Total Expenditures With Small Businesses</td>
<td>8</td>
</tr>
<tr>
<td>Women, Minority &amp; Disabled Businesses Last Year vs. Current</td>
<td>9</td>
</tr>
<tr>
<td>2009-2010 Workforce Utilization Report (Number of Employees)</td>
<td>10</td>
</tr>
<tr>
<td>2009-2010 Workforce Utilization Report (Hours)</td>
<td>11</td>
</tr>
</tbody>
</table>
SMALL BUSINESS REPORT
EXPENDITURES WITH WOMEN, MINORITY AND DISABLED
BUSINESSES (WMDB)
2005-2010 4TH QUARTER CUMULATIVE TOTAL COMPARISONS

- 2006-2007: $37,622,423
- 2007-2008: $79,488,545
- 2008-2009: $87,013,842
- 2009-2010: $68,987,504
SMALL BUSINESS REPORT
EXPENDITURE BREAKDOWN BY PROTECTED CLASS GROUP
2009-2010 4TH QUARTER CUMULATIVE TOTALS

- African American: $3,999,689
- Asian: $7,469,941
- Hispanic: $4,555,028
- Native American: $10,236,875
- Other Minorities: $3,682,517
- Women: $40,060,755
- Disabled: $46,635
<table>
<thead>
<tr>
<th>Classification</th>
<th>Dollars Awarded</th>
<th>Percent Total WMDB Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>$3,999,689</td>
<td>5.80%</td>
</tr>
<tr>
<td>Asian</td>
<td>$7,469,941</td>
<td>10.83%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>$4,555,028</td>
<td>6.60%</td>
</tr>
<tr>
<td>American Indian/Alaska Native</td>
<td>$10,236,875</td>
<td>14.84%</td>
</tr>
<tr>
<td>Woman</td>
<td>$40,060,755</td>
<td>58.07%</td>
</tr>
<tr>
<td>Disabled</td>
<td>$46,635</td>
<td>0.07%</td>
</tr>
<tr>
<td>Minority Other</td>
<td>$2,618,581</td>
<td>3.80%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$68,987,504</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
## SMALL BUSINESS REPORT
### BREAKDOWN BY GROUP
#### 2009-2010 4TH QUARTER CUMULATIVE TOTALS

<table>
<thead>
<tr>
<th>Classification</th>
<th>Goods and Services Expenditures</th>
<th>Percent of Total Goods and Services Expenditures</th>
<th>Construction Expenditures</th>
<th>Percent of Total Construction Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>$573,411</td>
<td>0.83%</td>
<td>$3,262,278</td>
<td>4.97%</td>
</tr>
<tr>
<td>Asian</td>
<td>$3,180,546</td>
<td>4.61%</td>
<td>$4,289,395</td>
<td>6.22%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>$432,681</td>
<td>0.63%</td>
<td>$4,122,347</td>
<td>5.98%</td>
</tr>
<tr>
<td>American Indian/Alaska Native</td>
<td>$788,935</td>
<td>1.14%</td>
<td>$9,477,940</td>
<td>13.70%</td>
</tr>
<tr>
<td>Woman</td>
<td>$13,165,105</td>
<td>19.08%</td>
<td>$26,895,650</td>
<td>38.99%</td>
</tr>
<tr>
<td>Disabled</td>
<td>$46,635</td>
<td>0.07%</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Minority Other</td>
<td>$2,618,581</td>
<td>3.80%</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total</td>
<td>$20,805,894</td>
<td>30.16%</td>
<td>$48,181,610</td>
<td>69.84%</td>
</tr>
</tbody>
</table>

**Total WMDB Expenditures**

$68,987,504
## SMALL BUSINESS REPORT
TOTAL PURCHASING & CONSTRUCTION EXPENDITURES
2009-2010 4TH QUARTER CUMULATIVE TOTALS

### CONSTRUCTION EXPENDITURES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Construction Expenditures</td>
<td>$177,170,036</td>
</tr>
<tr>
<td>Total WMDB Construction</td>
<td>$48,186,795</td>
</tr>
<tr>
<td>Percent of Total Construction</td>
<td>27.20%</td>
</tr>
</tbody>
</table>

### PURCHASING EXPENDITURES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Goods &amp; Services Expenditures</td>
<td>$961,487,118 *</td>
</tr>
<tr>
<td>Total WMDB Goods &amp; Services Expenditures</td>
<td>$20,800,709</td>
</tr>
<tr>
<td>Percent of Total Goods &amp; Services</td>
<td>2.16%</td>
</tr>
</tbody>
</table>

### GRAND TOTAL

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Goods, Services &amp; Construction Expenditures</td>
<td>$1,138,657,154</td>
</tr>
<tr>
<td>Total WMDB Expenditures</td>
<td>$68,987,504</td>
</tr>
<tr>
<td>WMDB Percent of Totals</td>
<td>6.06%</td>
</tr>
</tbody>
</table>

*The UoM expenditures in two areas that are deemed "non-biddable" (utilities and postage only) and not included in the "University Expenditures" figure. (approx. $36,600,881)
## SMALL BUSINESS REPORT
### TOTAL PURCHASING & CONSTRUCTION EXPENDITURES
#### 4TH QUARTER CUMULATIVE TOTALS
#### 2009-2010 COMPARISON

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSTRUCTION EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Construction Expenditures</td>
<td>$274,612,249</td>
<td>$177,170,036</td>
<td>-35.48%</td>
</tr>
<tr>
<td>Total WMDB Construction</td>
<td>$68,512,988</td>
<td>$48,186,795</td>
<td>-29.67%</td>
</tr>
<tr>
<td>Percent of Total Construction</td>
<td>24.95%</td>
<td>27.20%</td>
<td>2.25%</td>
</tr>
<tr>
<td><strong>PURCHASING EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Goods &amp; Services Expenditures</td>
<td>$795,337,387</td>
<td>$961,487,118</td>
<td>* 21%</td>
</tr>
<tr>
<td>Total WMDB Goods &amp; Services Expenditures</td>
<td>$18,500,854</td>
<td>$20,800,709</td>
<td>12.43%</td>
</tr>
<tr>
<td>Percent of Total Goods &amp; Services</td>
<td>1.56%</td>
<td>2.16%</td>
<td>0.61%</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total All Expenditures</td>
<td>$1,069,949,635</td>
<td>$1,138,657,154</td>
<td>6.42%</td>
</tr>
<tr>
<td>Total WMDB Expenditures</td>
<td>$87,013,842</td>
<td>$68,987,504</td>
<td>-20.72%</td>
</tr>
<tr>
<td>WMDB Percent of Totals</td>
<td>5.69%</td>
<td>6.06%</td>
<td>0.37%</td>
</tr>
</tbody>
</table>

*The UofM expenditures in two areas that are deemed "non-biddable" (utilities and postage only) and not included in the "University Expenditures" figure. (approx. $36,600,881)*
SMALL BUSINESS REPORT
TOTAL EXPENDITURES WITH SMALL BUSINESSES
2009-2010 4TH QUARTER CUMULATIVE TOTALS

Total Small Business Expenditures $8,422,182
Total WMDB Expenditures $68,987,504
Total Expenditures with WMDB & Small Businesses $77,409,686
Percent of Total University Expenditures 6.80%
Total University Expenditures $1,138,657,154
SMALL BUSINESS REPORT
WOMEN, MINORITY & DISABLED BUSINESSES LAST YEAR VS. CURRENT

2009-2010 4TH QUARTER CUMULATIVE TOTALS

<table>
<thead>
<tr>
<th></th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal 08-09</td>
<td>$28,708,295</td>
<td>$52,238,340</td>
<td>$69,468,686</td>
<td>$87,013,842</td>
</tr>
<tr>
<td>Fiscal 09-10</td>
<td>$15,789,582</td>
<td>$30,358,331</td>
<td>$49,217,883</td>
<td>$68,987,504</td>
</tr>
</tbody>
</table>
### 2009-2010 WORKFORCE UTILIZATION REPORT

<table>
<thead>
<tr>
<th></th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
<th>Total (Annual)</th>
<th>% of Total Empl. (Annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total All Employees</strong></td>
<td>939</td>
<td>700</td>
<td>437</td>
<td>907</td>
<td>2,983</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total Male</strong></td>
<td>887</td>
<td>661</td>
<td>407</td>
<td>841</td>
<td>2,796</td>
<td>94%</td>
</tr>
<tr>
<td><strong>Total Female</strong></td>
<td>52</td>
<td>39</td>
<td>30</td>
<td>66</td>
<td>187</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total Minority (Male &amp; Female)</strong></td>
<td>118</td>
<td>72</td>
<td>40</td>
<td>106</td>
<td>336</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Total Disabled</strong></td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>5</td>
<td>12</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Minority Male</strong></td>
<td>104</td>
<td>61</td>
<td>33</td>
<td>88</td>
<td>286</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total Minority Female</strong></td>
<td>11</td>
<td>8</td>
<td>6</td>
<td>13</td>
<td>38</td>
<td>1%</td>
</tr>
</tbody>
</table>

#### NUMBER OF EMPLOYEES

- **Univ. Target**
  - 94%
  - 6%
  - 11%
  - 0%
### 2009-2010 WORKFORCE UTILIZATION REPORT

<table>
<thead>
<tr>
<th></th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
<th>Total (Annual)</th>
<th>Total Hours (Annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Minority Hours</strong></td>
<td>4,619</td>
<td>4,116</td>
<td>2,724</td>
<td>5,455</td>
<td>16,914</td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td><strong>Total Minority Male Hours</strong></td>
<td>4,308</td>
<td>3,460</td>
<td>2,421</td>
<td>5,012</td>
<td>15,201</td>
<td><strong>90%</strong></td>
</tr>
<tr>
<td><strong>Total Minority Female Hours</strong></td>
<td>312</td>
<td>656</td>
<td>303</td>
<td>443</td>
<td>1,714</td>
<td><strong>10%</strong></td>
</tr>
</tbody>
</table>

**TOTAL MINORITY HOURS BY TRADE (ANNUAL)**

- **100%**
- **90%**
- **10%**