UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Finance & Operations Committee
Thursday, June 7, 2007
1:45 – 3:45 p.m.
600 McNamara Alumni Center, East Committee Room

Board Members
Clyde Allen, Chair
Steven Hunter, Vice Chair
Anthony Baraga
John Frobenius
Venora Hung
Dean Johnson

AGENDA

1. Issues Related to: Annual Operating Budget - R. Pfutzenreuter (pp. 2-3)
   A. Annual Operating Budget FY2007-08
   B. Preliminary Financial Plan FY2008-09

2. Issues Related to: University Tax Compliance Activities & Programs - R. Pfutzenreuter/K. Farmer (p. 4)

3. Issues Related to: Preliminary 2008 State Capital Request - R. Pfutzenreuter (pp. 5-6)


5. Information Items - R. Pfutzenreuter (pp. 41-92) - REVISED
Finance and Operations Committee

June 7, 2007

Agenda Item: Issues Related to: Annual Operating Budget
  A. Annual Operating Budget FY2007-08
  B. Preliminary Financial Plan FY2008-09

☐ review  ☐ review/action  ☐ action  ☑ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☑ background/context  ☑ oversight  ☑ strategic positioning

This agenda item represents an overview of the President's recommended Operating Budget Plan for Fiscal Year 2007-08 and the Preliminary Financial Plan for Fiscal Year 2008-09. The primary drivers of changes in the budget are new state appropriations and increases in tuition and fee revenue. This agenda item will also overview a variety of specific financial issues including academic investments, general operating costs, tuition rates and related fees.

Outline of Key Points/Policy Issues:

The Finance and Operations Committee will be provided detail regarding the operating budget plans for the upcoming fiscal year in order to ensure that the Board of Regents has a broad understanding of the financial and operating recommendations of the President.

The overall framework of the budget is consistent with the principles outlined in the biennial budget request approved by the Board of Regents in November 2006 and is aligned with the goals of the University's strategic plan positioning priorities. This recommended budget continues to emphasize the University's primary goal of becoming one of the top three public research universities in the world as its core focus, with an equivalent standard of excellence for its coordinate campuses and other statewide resources.

The development of the 2007-08 operating budget and the preliminary financial plan for 2008-09 have been developed under a framework of resource timing. The increase in state appropriation for 2007-08 is $67,647,000 ($2.2 million of which is nonrecurring) which exceeds the amount requested for that year by $8,747,000. In the second year of the biennium, however, the state appropriation increases $14,310,000, which is $50,190,000 less than requested. While state appropriations for the first year of the biennium are robust and will provide needed new investments while giving the University the ability to hold tuition revenue growth to roughly 4.5%, the second year appropriation fails to provide sufficient resources to meet core costs and to continue the essential financial investments to maintain and increase the University's quality and productivity, afforded the University in the first year of the biennium. As a result, the preliminary financial plan for 2008-09 includes a rise in tuition revenue beyond the 4.5% level contemplated in the original biennial budget proposal to the state of Minnesota. The preliminary plan for 2008-09, pending additional state support in the 2008 legislative session, envisions tuition revenue increasing by 7.5%.

The preliminary financial plan for fiscal year 2008-09 contemplates total resources of $63,846,979 compared to $112,434,780 in fiscal year 2007-08. The original biennial budget investment plan for fiscal year 2008-09 contemplated $99,500,000 in total resources. Resources contemplated in the preliminary financial plan for fiscal year 2008-09 will provide
funds for items that are considered essential or required (3.25% general compensation increase, the Founders Free Tuition Program, year 2 of the new scholarship program for resident undergraduate students, and projected facilities costs), and a $10,546,979 undesignated investment balance. The undesignated balance in the preliminary financial plan for fiscal year 2008-09 results from an intentional plan to carry forward an operating balance from the 2007-08 operating budget into fiscal year 2008-09 due to the significantly lower incremental new state appropriation in the second year and is yet to be allocated to specific priority investments under the University’s long-term strategic plan. The allocation of those funds will be included in the proposed fiscal year 2008-09 budget reviewed by the Board of Regents in May of 2008.

The President’s fiscal year 2007-08 operating budget and fiscal year 2008-09 preliminary financial plan also includes significant reforms to improve student outcomes and restrain the cost of attending the University of Minnesota. These changes include the following:

- Implementation of tuition banding at Crookston, Duluth and Morris to the same 13 credit tuition band that is used for undergraduate students on the Twin Cities campus to improve Board approved retention and graduation rate goals. This reform in tuition policy provides free credits over 13 and actually lowers the student’s overall cost of education.
- Resetting of undergraduate tuition for students on the Duluth and Morris campuses below the amount for undergraduate students on the Twin Cities campus, reflecting the actual differential costs of academic programs.
- Continuation of the University’s strategy to increase affordability for low and moderate income students by establishing, for the 2007-08 and 2008-09 academic years, a new scholarship program for resident undergraduate students from families with an adjusted gross income of $150,000 or less as indicated on the Free Application for Student Financial Aid (FAFSA) form.
- Increase equity in tuition for Minnesota and reciprocity state students in the second year of the biennium by withdrawing from the reciprocity agreement with Wisconsin and establishing a new tuition rate for undergraduate and graduate students from Wisconsin that shall be the same as the resident tuition rates for undergraduate and graduate students on each University campus. Approval of a new tuition structure for new nonresident, non-reciprocity undergraduate students matriculating in 2008-09 on the Duluth and Twin Cities campus that sets tuition for such students at the resident rate plus $1,000 per semester on the Duluth campus and at the resident rate plus $2,000 per semester on the Twin Cities campus. In the second year of the biennium, this sets out-of-state, non-reciprocity tuition rates at the full cost of instruction without state subsidy. It makes the University’s tuition structure more competitive while maintaining a high level of access for Minnesota residents. It also further provides some differentiation of tuition levels between the Twin Cities and coordinate campuses to better reflect the differential costs of instruction by campus.

The proposed investment plan for fiscal year 2007-08 included in this budget proposal can be summarized as follows:

- Exceptional Students $20,757,539
- Exceptional Faculty and Staff $32,516,751
- Exceptional Organization $20,730,128
- Exceptional Innovation $33,593,383
Total – Proposed New Investments $107,597,801

Keeping in line with the 2008-2009 biennial budget plan, the budget recommendations for FY2007-08 have been built on a model of shared responsibility between the state of Minnesota, the University and students. The FY2007-08 budget solution framework includes:

- New State Appropriations $67,647,000
- University Reallocations $12,824,473
- Other Institutional Revenues $11,688,747
- Student Tuition and University Fee $20,274,560
Total – Proposed New Resources $112,434,780

These investment plans and corresponding identified resources are included in the all-funds budget for fiscal year 2007-08 presented for Board of Regents approval. The all current funds non-sponsored budget plan for fiscal year 2007-08 proposes total net resources of $2,930,726,560 and expenditures of $2,383,980,692.
Finance and Operations Committee       June 7, 2007

Agenda Item:  Issues Related to: University Tax Compliance Activities & Programs

☐ review       ☐ review/action       ☐ action       ☒ discussion

Presenters:  Vice President/CFO Richard Pfutzenreuter
             Kelly D. Farmer, Director, University Tax Department

Purpose:

☐ policy       ☒ background/context       ☒ oversight       ☐ strategic positioning

To provide an update of general tax issues faced by the University of Minnesota coupled with a heat map of the general institutional risks relating to tax management.

Outline of Key Points/Policy Issues:

The non-profit sector of the United States has received a significant amount of attention by the Internal Revenue Service over the last fifteen years and more recently the U.S. Congress. The University of Minnesota, as a part of this sector and during this time period, was audited by the IRS.

The Tax Department is responsible for the appropriate management of tax issues faced by the institution. These issues can be divided into the following categories (in no particular order):

- Tax exemption issues
- Sales/use/excise taxes
- Unrelated business income taxes
- Tax-exempt debt issuances
- Pensions and deferred compensation
- Employment tax issues and fringe benefits
- Scholarships and fellowships
- Tax reporting
- Nonresident alien tax compliance
- Foreign Country tax issues

The University manages the above issues by a coordinated effort between the University Tax Department, key administrative departments, as well as individual collegiate units within a decentralized environment at the institution.
Finance and Operations Committee

June 7, 2007

Agenda Item: Issues Related to: Preliminary 2008 State Capital Request

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

The State of Minnesota requires all state agencies, local governments, and the University of Minnesota to submit their preliminary capital requests in June for consideration by the Governor and the legislature in preparation for the 2008 legislative session. The Administration will recommend a final capital request and an updated 6-year plan to the Board in September for review and October for approval.

Outline of Key Points/Policy Issues:

This preliminary capital request is built around the priorities outlined in the current Six-Year Capital Improvements Plan with some modifications resulting from the recent strategic positioning discussions. Project costs have been adjusted to reflect program changes, inflation, and further development of the projects.

The development of the Preliminary 2008 Capital Request was guided by the following principles:

1. Advance the academic excellence of the University of Minnesota by aligning capital projects with the established strategic positioning goals of:
   - Recruiting and educating outstanding students
   - Recruiting and supporting innovative, energetic world-class faculty and staff
   - Being responsible stewards of resources
   - Inspiring innovation, exploration, and discovery

2. Address service unit priorities that support the academic priorities

3. Ensure that investments in existing facilities and infrastructure contribute to renewal, preservation, and restoration objectives and are aligned with the priorities of the capital plan

4. Give preference to projects that create flexible space, improve space utilization, reduce operational costs
5. Capitalize on unique opportunities that are aligned with academic priorities

6. Protect the University's financial position by keeping capital expenditures within the projected debt capacity limits

7. Advance the guiding principles of the master plan and the Board of Regents Policy: Sustainability and Energy Efficiency

The 2008 capital request is built upon a combination of funds appropriated by the State of Minnesota ($218.0 million) and resources committed by the University of Minnesota ($69.0 million). The total cost of the capital plan is $286 million.

**Background Information:**

In May 2007, the Board of Regents last updated the University's Six-Year Capital Improvements Plan for 2008–2013. The Preliminary 2008 State Capital Request has been modified from the current six-year plan to reflect priorities that emerged from the strategic positioning process.
Finance and Operations Committee  June 7, 2007

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

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

Outline of Key Points/Policy Issues:

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

Purchase of Goods and Services Over $250,000

- To All State Communications, Inc., Collins Electrical Systems, Inc., Comlink Midwest, Inc., Dell-Comm, Inc., Metro Communication Services, Inc., NetVersant, Parallel Technologies, Inc., Parsons Electric Co., Performance Cable Systems, Inc., and Tri Com Communications, Inc. for an estimated $700,000 of contract labor for Horizontal Wiring services 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 of 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 Blue Cross Blue Shield of Minnesota and their subsidiary, First Plan of Minnesota, for the estimated amounts shown below, to administer self-funded medical insurance coverage and to provide stop loss insurance for Twin Cities and UMD Graduate Assistants for the period of September 1, 2007, through August 31, 2008. The administrative and stop loss fees are as follows:
Blue Cross Blue Shield of Minnesota Administrative Services – $654,200
First Plan of Minnesota Administrative Services – $21,300
Blue Cross Blue Shield of Minnesota Stop Loss Insurance – $319,700

The medical coverage and administration are funded through the fringe benefit recovery pool. Vendor was selected through a competitive process.

- To Charter Communications for approximately $279,634 to supply basic cable TV for the period of September 1, 2007, through August 31, 2009, for the residents of UMD Housing. Charter is the sole provider of cable service in Duluth. Funding for these costs are included in the Housing contract rates. See enclosed documentation regarding basis of vendor selection.

- To Collier Computing for an estimated $1,250,000 to renew SUN hardware maintenance/support for the three-year period July 1, 2007, through June 30, 2010, for the Office of Information Technology (OIT). Enterprise Application Systems (EAS) pays these hardware maintenance/support charges to ensure continuous operation of the equipment. EAS is a centrally funded organization. EAS’s FY08 budget includes planning and funding for this expense. Vendor was selected through a competitive process.

- To Collier Computing for an estimated $950,000 for a new Enterprise 25000 (E25K) Server, including a one-year maintenance/support warranty for all components of the server for the Office of Information Technology (OIT). Enterprise Application Systems (EAS) is a centrally funded organization. EAS’s FY08 budget includes planning and funding for this expense. Vendor was selected through a competitive process.

- To Crescent Chemical Co., Inc. for $335,400 for the purchase of enzymes used in the isolation of islet cells for clinical trials from May 10, 2007, to June 30, 2009, for the Department of Surgery. The enzymes will be purchased by the department in lots based upon project use and paid for using departmental funds. When the enzymes are used, the expense is allocated to the sponsored project receiving the isolation cells. See enclosed documentation regarding basis of vendor selection.

- To EMC Corporation for an estimated $1,000,000 to renew hardware maintenance/support for EMC disk storage array hardware for the three-year period July 1, 2007, through June 30, 2010, for the Office of Information Technology (OIT). Enterprise Application Systems (EAS) pays these hardware maintenance/support charges to ensure continuous operation of the equipment. EAS is a centrally funded organization. EAS’s FY08 budget includes planning and funding for this expense. Vendor was selected through a competitive process.

- To EMC Corporation for an estimated $540,000 to renew EMC operating software licenses and maintenance/support for EMC Disk Storage Arrays for the three-year period July 1, 2007, through June 30, 2010, for the Office of Information Technology (OIT). Enterprise Application Systems (EAS) pays these software licenses and maintenance/support charges to ensure continuous availability of the systems it supports. EAS is a centrally funded organization. EAS’s FY08 budget includes planning and funding for this expense. Vendor was selected through a competitive process.

- To Exan Academic, Inc. for $490,000 for a Clinic Information System for the School of Dentistry. The $490,000 cost of the system is funded within the Dental School’s current year budget. Vendor was selected through a competitive process.

- To GE Health Care for an estimated $2,004,300 to lease a Magnetic Resonance Imaging (MRI) unit for the period July 1, 2007, through June 30, 2016, for the University of Minnesota, Veterinary Medical Center. The Veterinary Medical Center will pay for the system through annual lease payments funded by Clinical margins on the new diagnostic procedures offered. The estimated annual volume of procedures utilizing MRI in the first year of operations is 800, with 3-5% growth per year. Vendor was selected through a competitive process.
• To GE Healthcare for $473,912 to lease a HyperSense DNP Polarizer (Oxford Instruments) to be housed in the Center for Magnetic Resonance Research (CMRR). The lease will be paid for in sixty equal monthly payments, with the first twelve payments made from the MMF Keck funds ($94,782), and the remaining forty-eight monthly payments from the sponsored Biotechnology Research Resource (B.T.R.R.) funds ($379,130). Buying this machine is not an option at this time, as the vendor is protective of their unique technology. The lease includes an option to buy the machine at the end of the lease-term. Vendor was selected through a competitive process.

• To HDR Engineering for $498,000 for performing an AHC Backup Cooling Study for the period of July 2007 through February 2008 for the Academic Health Center and the Facilities Management Department. The funding for the project will come from a capital project budget which was created to address this concern. Vendor was selected through a competitive process.

• To IBM for an estimated $400,000 to renew IBM mainframe computer operating software licenses and maintenance support for the one-year period July 1, 2007, through June 30, 2008, for the Office of Information Technology (OIT). Enterprise Application Systems (EAS) pays these software license and maintenance/support charges to ensure continuous operation of the equipment. EAS is a centrally funded organization. EAS’s FY08 budget includes planning and funding for this expense. See enclosed documentation regarding basis of vendor selection.

• To Labcyte Corporation for $296,197 to purchase an ECHO 550 Compound Reformatter and accessories for the High Throughput Core Screening Facility in the Institute for Therapeutics Discovery and Development in the College of Pharmacy. The equipment will be purchased with department funds currently available for this research function. Vendor was selected through a competitive process.

• To Open Biosystems for $600,000 for Open Access RNAi Program as needed for the period of July 1, 2007, through June 30, 2010, for UMN and Mayo scientific community through the Biomedical Genomics Center. Funding to purchase these libraries was obtained through Minnesota Genomics Infrastructure Initiative (MINGEN 2) grant recently awarded by the AHC. The shRNA libraries will be purchased through the MINGEN 2 grant, housed and maintained at the Biomedical Genomics Center and made available to the UMN research community by July 1, 2007. See enclosed documentation regarding basis of vendor selection.

• To Royall & Company for direct marketing services for the Office of Admissions for the period of August 1, 2007, through July 31, 2010, for an estimated $2,700,000. These services will be purchased with Office of Admissions departmental funds. Vendor was selected through a competitive process.

• To Software House International, a Symantec distributor, for an estimated $300,000 to provide software licensing for Symantec anti-virus for the entire University of Minnesota staff, faculty and students for the period July 1, 2007, through June 30, 2010, for the Office of Information Technology (OIT). Academic Distributed Computing Services (a division of OIT) will purchase this campus agreement with O & M funds. See enclosed documentation regarding basis of vendor selection.

• To the State of Minnesota Office of Enterprise Technology for an estimated $600,000 for network connections between the Twin Cities and its campuses in Duluth, Crookston, Morris, and Rochester for the period July 1, 2007, through June 30, 2008, for Networking and Telecommunications Services (NTS), a division of the Office of Information Technology (OIT). This purchase has been budgeted for FY08. It will be centrally funded as part of the Network funding. See enclosed documentation regarding basis of vendor selection.

• To Thane Hawkins Polar Chevrolet, Lupient Enterprises, Walden Fleet Group and Saxon Fleet Services for an estimated $3,000,000 for vehicles as needed for the period of July 1, 2007, to June 30, 2008, for Fleet Services, Parking & Transportation Department, a
division of University Services. For vehicles in the central motor pool the vehicles are leased, which is funded by charging departments a monthly fee. Purchased vehicles are funded by the using departments at the time of the purchase. Vendor was selected through a competitive process.

- To University of Minnesota Medical Center (UMMC), Fairview, for $608,662 for the period of February 1, 2007, to January 31, 2009, for care of patients enrolled in clinical trials under the Juvenile Diabetes Research Foundation’s (JDRF) Center Grant. Funding for the trial will be provided by the JDRF via a subcontract from University of California, San Francisco. See enclosed documentation regarding basis of vendor selection.

- To Xerox for an estimated $349,300 for the purchase of copy paper, to be stocked at the University Stores, for use in University departments. The contract period is August 1, 2007, through July 31, 2008. Payment for these stock purchases will come from the University Stores Operating Budget. Purchases for stock are included in the Fiscal 2007 University Stores Operating Budget, and will be included in the Fiscal 2008 Operating Budget. The University Stores Operating Budget is approved annually through the Operating Budget Process. Vendor was selected through a competitive process.

- To Yocum Oil Company for $1,000,000 for the purchase of fuel as needed for the period of July 1, 2007, through June 30, 2008, for the Fleet Services, Parking and Transportation Department, a division of University Services. For vehicles in the central pool, fuel is paid for by charging departments a fee per mile driven. Part of the fee is for maintenance and the rest is fuel. Departmental vehicles are charged per gallon for fuel used. Vendor was selected through a competitive process.

**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:

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<th>Recipient</th>
<th>Allocation</th>
<th>Balance</th>
<th>Purpose</th>
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<td><strong>$1,250,000</strong></td>
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<td>FY2007 General Contingency</td>
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<td>Bridge funding for one additional loan collector position</td>
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<td>2 Associate VP for Campus Planning and Project Management</td>
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<td>1,096,928</td>
<td>Eastcliff exterior renovation project</td>
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<td>3 Senior VP for Health Sciences</td>
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<td>1,076,695</td>
<td>Consulting services for Clinical Campus planning</td>
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<td>4 Associate VP for Campus Planning and Project Management</td>
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<td>1,051,695</td>
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<td>5 Return of unused funds</td>
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<td>1,132,128</td>
<td>MDH Forensics study</td>
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<td>871,128</td>
<td>Design cost for wind to hydrogen project in Morris</td>
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<td>7 Senior VP for System Academic Administration</td>
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<td>Awards and Incentives Recognition (AIR) Program in The Office of Business and Community Development</td>
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<td>80,000</td>
<td>665,128</td>
<td>Technology Improvements in the Office of the General Counsel</td>
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<td>10 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>
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<td>11 General Counsel</td>
<td>148,711</td>
<td>490,146</td>
<td>Reimburse for prior years outside legal counsel services</td>
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<td>12 Chancellor, University of Minnesota Morris</td>
<td>150,000</td>
<td>340,146</td>
<td>One-time compact initiative funding</td>
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</table>

### New items this reporting period:

There are no new items this reporting period.

### Balance as of May 31, 2007

$340,146

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


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 were selected as the result of a competitive RFP issued in March, 2006 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 various projects during the year. This purchase is the first of 4 optional renewals.

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

[Date] 5/11/07
Purchase of Goods and Services over $250,000

To Blue Cross Blue Shield of Minnesota and their subsidiary, First Plan of Minnesota, for the estimated amounts shown below, to administer self-funded medical insurance coverage and to provide stop loss insurance for Twin Cities and UMD Graduate Assistants for the period of September 1, 2007 through August 31, 2008. The administrative and stop loss fees are as follows:

- Blue Cross Blue Shield of Minnesota Administrative Services - $654,200
- First Plan of Minnesota Administrative Services – $21,300
- Blue Cross Blue Shield of Minnesota Stop Loss Insurance - $319,700

This is the fourth renewal of a contract first awarded through a competitive request for proposal to Blue Cross Blue Shield of Minnesota for the 2004-2005 academic year. There is one remaining option to renew the contract. The medical coverage and administration are funded through the fringe benefit recovery pool.

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

The Office of Employee Benefits recommends that the University accept the renewal proposal submitted by Blue Cross Blue Shield of Minnesota and their subsidiary, First Plan of Minnesota.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

June 7, 2007
Purchase of Goods and Services Over $250,000

To Charter Communications for approximately $279,634 to supply basic cable TV for the period of September 1, 2007 through August 31, 2009 for the residents of UMD-Housing.

A high percentage of residents were buying cable service direct from Charter Communications for approximately $40.00/month/room. UMD Housing has negotiated a rate of $8.90/month/room for the first year and $9.26/month/room for the second year.

This contract will provide UMD students with hassle free cable and savings. Being able to offer an expansive cable to students also give Admissions and Housing an advantage in recruiting students. Service is immediately available when students, Senior Program renters, and conference participants check in to their units.

Charter is the sole provider of cable service in Duluth. Funding for these costs are included in the Housing contract rates.

Submitted by: Joseph P. Michela, Auxiliary Services Director
245 Kirby Plaza
1208 Kirby Drive
Duluth Campus
Phone: (218) 726-8746
Fax: (218) 726-7526

Approval for this item requested by:

[Signature]
[Date]
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because Charter Communications is the sole provider of cable service in Duluth.

Procedures undertaken to ensure reasonableness of price include comparison of the rate of $40 a month that students were paying prior to the consolidation of services with Charter Communications. Rates for the coming year are $9.26 per month or less than one-fourth of the individual per month contract.

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 Collier Computing for an estimated $1,250,000 to renew SUN hardware maintenance/support for the three-year period July 1, 2007 through June 30, 2010, for the Office of Information Technology (OIT).

Enterprise Application Systems (EAS), a division of OIT, uses SUN servers as application and database servers in the operating environment for most University of Minnesota Enterprise systems including the PeopleSoft Student, HR and Payroll Systems, the Library System, and the new Enterprise Financial System.

The maintenance and support agreement provides periodic hardware maintenance and updates as well as problem resolution including 7 x 24 web and telephone support with on-site repair, if necessary. Sun has provided a level of hardware support that has helped OIT provide high reliability and availability of University of Minnesota Enterprise computing systems for many years.

A 3-year agreement protects the University of Minnesota from maintenance/support price increases which are usually 5-10% per year and can approach 25% per year on the older equipment. Collier Computing was the low bidder in a competitive bid for this support.

EAS pays these hardware maintenance/support charges to ensure continuous operation of the equipment. EAS is a centrally funded organization. EAS’s F08 budget includes planning and funding for this expense.

Submitted by: Diane Wollner
Director, OIT Finance
203 Johnston Hall
Phone: 612-626-1311
Fax: 612-626-0076

Approval of this item is requested by:

Vice President and CIO

Date: 5/22/07
F&O: Consent: Purchases

Purchase of Goods and Services over $250,000

To Collier Computing, an estimated $950,000 for a new Enterprise 25000 (E25K) Server, including a one-year maintenance/support warranty for all components of the server.

This Enterprise Server's primary function will be to support the production databases for the new Enterprise Financial System, in addition to some of the databases currently running in the E10K it replaces. The new E25K Server is faster and more reliable than the current server and is designed to be quickly and easily changed and/or expanded to meet new processing needs in the future.

The warranty agreement provides around-the-clock preventive maintenance and problem resolution including 7 x 24 on-line and telephone support plus on-site response for hardware problems.

Enterprise Application Systems (EAS), a division of the Office of Information Technology (OIT) requires this new Enterprise Server to ensure continuous and reliable operation of Enterprise Systems that are used daily by thousands of students, faculty, and staff. The purchase was competitively bid and Collier Computing was the only respondent. Price reasonableness has been reviewed and is satisfactory.

EAS is a centrally funded organization. EAS's F08 budget includes planning and funding for this expense.

Submitted by: Diane Wollner
Director, OIT Finance
203 Johnston Hall
Phone: 612-626-1311
Fax: 612-626-0076

Approval of this item is requested by:

[Signature]
Vice President and CIO

5/22/07
Date
Purchase of Goods and Services over $250,000

To Crescent Chemical Co. Inc. for $335,400 for the purchase of enzymes used in the isolation of islet cells for clinical trials from May 10, 2007 to June 30, 2009 for the Department of Surgery.

Changes in sponsor’s requirements require a change in the enzymes used in the islet isolation process. These enzymes, collenase and protease, are critical components of the isolation process.

Without the supply of these enzymes the human islet isolation program will have to be put on hold endangering several million dollars in grant funding and preventing the University for participating in the $10 million islet clinical trial sponsored by the NIH.

This vendor is the only GMP (Good Manufacturing Practice) approved by the FDA as a source for the enzymes needed.

The enzymes will be purchased by the department in lots based upon project use and paid for using departmental funds. When the enzymes are used the expense is allocated to the sponsored project receiving the isolation cells. An ISO has been proposed and is awaiting approval by the Controllers Office. Once the ISO is approved this purchase will be included as a line item in the FY2008 budget.

Submitted by: James DeGross, Finance Manager
Surgery/Ortho/Urology/PM&R
11-152 PWB
420 Delaware Street S.E.
Minneapolis, MN 55455
Phone: (612) 626-1968
Fax: (612) 625-8496

Approval for this item requested by:

[Signature]
Frank Cerra, Sr. Vice President

[Date] 5/17/07
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because changes in the grant sponsor's requirements require a change in the enzymes used in the islet isolation process. These enzymes, Collagenase NB1 - GMP Grade and Neutral Protease - GMP Grade, are critical components of the isolation process, and are used to dissociate human pancreatic tissue in order to isolate islets of Langerhans cells for subsequent clinical islet transplantation in diabetic patients.

The enzymes, Collagenase NB1 - GMP Grade and Neutral Protease - GMP Grade, are manufactured by SERVA Electrophoresis GmbH and sold in the United States exclusively by Crescent Chemical Co. Inc. These are the only GMP (Good Manufacturing Practice) enzymes approved for clinical human islet transplant by the FDA.

Procedures undertaken to ensure reasonableness of price included:

Supplier has quoted list price for the enzymes, and no volume discounts are available at this time. The NIH and Dr. Bernhard Hering are currently working with the company to negotiate volume discounts.

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 EMC Corporation for an estimated $1,000,000 to renew hardware maintenance/support for EMC disk storage array hardware for the three-year period July 1, 2007 through June 30, 2010, for the Office of Information Technology (OIT).

Enterprise Application Systems (EAS), a division of OIT, uses EMC disk storage arrays for data storage in its centrally managed Storage Area Network (SAN). The SAN provides disk storage for University of Minnesota Enterprise Computer Systems (e.g., the PeopleSoft Student, HR, Payroll, and Financial Systems, and the Library System) and allows EAS to provide centrally managed disk storage and backup services to several University departments.

The maintenance and support agreement provides periodic hardware maintenance and updates as well as problem resolution including 7 x 24 web and telephone support with on-site repair, if necessary. EMC has provided a level of hardware support that has helped OIT provide high reliability and availability of University of Minnesota Enterprise computing systems for many years.

A 3-year agreement protects the University of Minnesota from maintenance/support price increases which are usually 5-10% per year and can approach 25% per year on the older equipment. The purchase was competitively bid and EMC Corporation was the only respondent. Price reasonableness has been reviewed and is satisfactory.

EAS pays these hardware maintenance/support charges to ensure continuous operation of the equipment. EAS is a centrally funded organization. EAS’s F08 budget includes planning and funding for this expense.

Submitted by: Diane Wollner
Director, OIT Finance
203 Johnston Hall
Phone: 612-626-1311
Fax: 612-626-0076

Approval of this item is requested by:

[Signature]  5/22/07

Vice President and CIO  Date
Purchase of Goods and Services over $250,000

To EMC Corporation for an estimated $540,000 to renew EMC operating software licenses and maintenance/support for EMC Disk Storage Arrays for the three-year period July 1, 2007 through June 30, 2010, for the Office of Information Technology (OIT).

Enterprise Application Systems (EAS), a division of OIT, uses EMC operative software to manage the EMC Disk Storage Arrays in its centrally managed Storage Area Network (SAN). The SAN provides disk storage for University of Minnesota Enterprise Computer Systems (e.g., the PeopleSoft Student, HR, Payroll, and Financial Systems, and the Library System) and allows EAS to provide centrally managed disk storage and backup services to several University departments.

The license and support agreement provides periodic software maintenance and upgrades as well as problem resolution including 7 x 24 on-line and telephone support for software problems. EMC has provided a level of software support that has helped OIT to provide high reliability and availability of University of Minnesota Enterprise computing systems for many years.

A 3-year agreement protects the University of Minnesota from software license and maintenance/support price increases which are usually 5-10% per year. The purchase was competitively bid and EMC Corporation was the only respondent. Price reasonableness has been reviewed and is satisfactory.

EAS pays these software license and maintenance/support charges to ensure continuous availability of the systems it supports. EAS is a centrally funded organization. EAS's F08 budget includes planning and funding for this expense.

Submitted by: Diane Wollner
   Director, OIT Finance
   203 Johnston Hall
   Phone: 612-626-1311
   Fax: 612-626-0076

Approval of this item is requested by:

[Signature]  5/22/07
Vice President and CIO  Date

21
Purchase of Goods and Services Over $250,000

To Exan Academic, Inc. for $490,000 for a Clinic Information System for the School of Dentistry.

The current clinic information system for the School of Dentistry clinics is over fifteen years old, is programmed in COBOL and is no longer supported by the vendor. The system is largely paper based, and has no capability to allow the School of Dentistry to implement efficiency improvements necessary to provide improved patient care and meet current operating standards.

The recommended clinic information system was selected as a result of a Request for Proposal process, and will facilitate the School of Dentistry Clinics’ plans to implement improved patient care, meet HIPAA standards, provide fact based efficiency measures across all clinics and allow the School of Dentistry to progress to full electronic imaging. It is being purchased from an experienced provider that has implemented this system in over thirty of the fifty eight dental schools in the United States.

The recommended system is to be fully implemented within the undergraduate and graduate dental specialty clinics over a period of two to three years to allow for full testing without interrupting ongoing clinic operations and patient care.

The $490,000 cost of the system is funded within the Dental School’s current year budget.

Submitted by: Jeffrey Ogden
Chief Administrative Officer
School of Dentistry
Academic Health Center
Moos Tower 15-224
Phone: (612)624-6621
Fax: (612)626-2654

Approval for this item requested by:

Senior Vice President Signature

Date 5/17/07
Purchase of Goods and Services over $250,000

To GE Health Care for an estimated $2,004,300 for the period July 1, 2007 through June 30, 2016, for a Lease-to-Own a Magnetic Resonance Imaging (MRI) unit for the University of Minnesota, Veterinary Medical Center.

The Veterinary Medical Center has an opportunity to acquire a MRI that is a state-of-the-art imaging system. This equipment will allow the Veterinary Medical Center to better perform patient diagnostics, teaching, and clinical service, and enhance the College of Veterinary Medicine students' learning experience through exposure to this high level equipment. The proposed acquisition is critical for the college and the Veterinary Medical Center to maintain a competitive and leadership position in this specialty field of medical imaging. Acquiring a MRI will further the ability of the College of Veterinary Medicine faculty to obtain new research grants and to further their own diagnostic and analytical skills. Access to MRI will also provide the necessary technology to recruit and retain talent faculty and clinicians in the field of medical imaging and other specialty services including oncology and equine surgery, which are critical to the strategic development plans of the CVM.

The enhancement of medical imaging through the acquisition of MRI technology will strengthen the VMC capabilities in diagnosis, treatment and care of both small and large animals. Acquisition of MRI capabilities augments the investment in another recent initiative of the CVM, the Equine Center, which will open in 2007. GE will provide service and maintenance as part of the contract.

Through a competitive bidding process, General Electric provided the best package of pricing and system capability/maintainability to meet the VMC needs.

The Veterinary Medical Center will pay for the system through annual lease payments, funded by clinical margins on the new diagnostic procedures offered. The estimated annual volume of procedures utilizing MRI in the first year of operations is 800, with a 3-5% growth per year.

Submitted by: Paula Buchner, Chief Operating/Financial Officer
College of Veterinary Medicine
Room 459 Veterinary Medical Center
St. Paul Campus
Phone: (612) 624-5877
Fax: (612) 624-8753

Approval for this item requested by:

Dr. Frank Cerra, Senior Vice President
Academic Health Center

2107
Purchase of Goods and Services over $250,000

To GE Healthcare for $473,912 for HyperSense DNP Polarizer (Oxford Instruments) housed in the Center for Magnetic Resonance Research (CMRR).

The proposed five-year-lease of the new HyperSense DNP Polarizer built by Oxford Instruments will create an opportunity to improve ongoing research in basic brain chemistry. With such technology, it may make it possible to detect metabolic events that are currently below detectable signal-to-noise levels, which may include novel biomarkers of cancer.

Hyperpolarization has recently generated tremendous interest as a way to dramatically enhance polarization of the sample prior to the NMR measurement. One of the methods used to induce hyperpolarization is Dynamic Nuclear Polarization (DNP), which is used in the HyperSense equipment. This technique may increase the sensitivity by up to ~10,000.

As background, this is cutting edge technology that 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, there are numerous research projects projected (and soon to be created) that will utilize the HyperSense DNP Polarizer (Oxford Instruments) and access to this is a critical factor in recruiting new faculty to the University. Units who are expected to benefit from this new technology include the Institute of Child Development, Genetics and Cell Biology, Economics, Psychology, Medicine, Neurology, Pediatrics, Physical Medicine & Rehabilitation, Psychiatry, Biomedical Engineering, Radiology, and Neuroscience.

The $473,912 cost of the lease through GE Healthcare will be paid for in sixty equal monthly payments, with the first twelve payments made from the MMF Keck funds ($94,782), and the remaining forty-eight monthly payments from the sponsored Biotechnology Research Resource (B.T.R.R.) funds ($379,130). Buying this machine is not an option at this time, as the vendor is protective of their unique technology. We have an option to buy the machine at the end of the lease-term for its market value.

Submitted by: Pierre-Gilles Henry
Assistant Professor
MMC 292 Mayo
CMRR
2021 6th St SE
Minneapolis, MN 55455
Phone: (612) 626-2001

Approval for this item requested by:

VP or Exec. VP Signature

5/18/07 Date
Purchase of Goods and Services Over $250,000

To HDR Engineering for $498,000 for performing an AHC Backup Cooling Study for the period of July 2007 through February 2008 for the Academic Health Center and Facilities Management Department.

Due to past electrical grid reliability issues around the United States, the University of Minnesota, Academic Health Center (AHC), wants to eliminate the exposure and potential loss of critical research due to an electrical blackout in the Twin Cities area. The AHC requires changes to be implemented to the building facilities emergency power and cooling systems to allow these critical research areas to maintain the required environmental conditions during a large area power outage.

A backup cooling study will conceive a plan for research to be temporarily housed in environmental "safe havens" that are backed up with emergency generation and cooling. In addition, the backup cooling study will develop an engineering means to incorporate all of the Academic Health Center under a protective umbrella that provides emergency power to the critical areas that house research animals, freezers, bio-hazard areas, etc.

Through a Request For Proposal (RFP) process, HDR Engineering provided the best proposal. Their proposal and oral presentation demonstrated their depth of experience in developing and implementing backup utility systems for other large research facilities such as the Mayo Clinic in Rochester, MN. HDR also presented a strong commitment to the project by committing to create a project team of senior engineers with depth of experience in each of the areas to be studied.

The funding for the project will come from a capital project budget (#142-07-1315) which was created to address this concern.

Submitted by: Mike Berthelsen, AVP Facilities Management
               Rm 300 Donhowe Building
               Mpls Campus
               Phone: (612) 626-1091
               Fax: (612) 626-0234

Approval for this item requested by:

                         [Signature]
Kathleen O'Brien, VP University Services

Date: 5/17/07
Purchase of Goods and Services over $250,000

To IBM for an estimated $400,000 to renew IBM mainframe computer operating software licenses and maintenance support for the one-year period July 1, 2007 through June 30, 2008, for the Office of Information Technology (OIT).

Enterprise Application Systems (EAS), a division of OIT, uses an IBM mainframe computer with IBM operating software as the operating platform for the University of Minnesota Financial system, CUFS. IBM Corporation is the developer and manufacturer of the hardware and the sole provider of product support and updates for the software.

The license and support agreement provides periodic software maintenance and upgrades as well as problem resolution including 7 x 24 on-line and telephone support for software problems. IBM has provided a level of software support that has helped OIT provide high reliability and availability of University of Minnesota Enterprise computing systems for many years.

EAS pays these software license and maintenance/support charges to ensure continuous availability of the systems it supports. EAS is a centrally funded organization. EAS’s F08 budget includes planning and funding for this expense.

Submitted by: Diane Wollner
Director, OIT Finance
203 Johnston Hall
Phone: 612-626-1311
Fax: 612-626-0076

Approval of this item is requested by:

Vice President and CIO

5/22/07
Date
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because this purchase went out for bid, but no responses were received. Software licenses and maintenance support for this mainframe software are only available from the original manufacturer/developer.

Procedures undertaken to ensure reasonableness of price included: When we purchased a mainframe replacement in August '06, we qualified for a special program that gave us reduced pricing on software maintenance for three years.

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 Labcyte Corporation for $296,197 to purchase of an ECHO 550 Compound Reformatter and accessories for the High Throughput Core Screening Facility in the Institute for Therapeutics Discovery and Development in the College of Pharmacy.

The High Throughput Core Screening Facility provides screening services to University of Minnesota researchers.

This equipment will be used as a key component of the compound distribution process during high throughput screening and is required to provide the capability to distribute compounds to screening plates in varying quantities and at nanoliter volumes to such capability and the equipment is required to make the core facility operational.

The equipment requested will not only accomplish these tasks, but will also conserve compound used from the master compound library, reducing wastage of compound that typically accompanies use of tip-based liquid dispensers. This will both reduce the cost of replenishing the master compound collection and reduce the cost of performing the high throughput assays themselves, compared to older tip-based liquid dispensing methodology.

Through a competitive bid process, the Labcyte Corporation ECHO 550 instrument provided the best capabilities to perform the job as required. It was the only unit that met all specifications.

The equipment will be purchased with department funds currently available for this research function.

Submitted by: Derek Hook, Director, High Throughput Screening Core Facility
Institute for Therapeutics Discovery and development
College of Pharmacy
Room 519, 717 Delaware Street SE
Mpls Campus
Phone: (612) 626-6326
Fax: (612) 626-6318

Approval for this item requested by:

Frank Cerha, Sr. Vice President

Date: 5/21/07
Purchase of Goods and Services Over $250,000

To Open Biosystems for $600,000.00 for Open Access RNAi Program as needed for the period of July 1, 2007 through June 30, 2010 for UMN and Mayo scientific community through the BioMedical Genomics Center.

The human genome project has generated an immense amount of information that can now be harnessed to better understand normal and disease processes. One powerful method to study and characterize a gene is the RNA interference (RNAi) technology by which an individual gene can be specifically inactivated.

$600,000 for the RNAi Program will cover initial purchase of currently available shRNA libraries and subsequent additions or upgrades to the libraries as they become available for a 3 year period.

After a thorough examination of the market for shRNA libraries by UMN investigators who are leaders in this field, Open Biosystems was identified as the only vendor that supplies a whole genome human and mouse lentiviral shRNAmir library for RNAi studies.

Funding to purchase these libraries was obtained through Minnesota Genomics Infrastructure Initiative (MINGEN 2) grant recently awarded by the AHC. The shRNA libraries will be purchased through the MINGEN 2 grant, housed and maintained at the BioMedical Genomics Center and made available to the UMN research community by July 1, 2007.

Submitted by: Prof. Vivek Kapur, Director
BioMedical Genomics Center
220 Cargill Bldg
1500 Gortner Ave
St Paul, MN 55108
Phone: 612.625.7712
Fax: 612.623.4403

Approval for this item requested by:

VP or Exec. VP Signature

5/22/07 Date
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because Open Biosystems was identified as the only vendor that supplies a whole genome human and mouse lentiviral shRNAmir library for RNAi studies. Grant funding was obtained specifically to acquire this product.

Procedures undertaken to ensure reasonableness of price include negotiations with the vendor, which yielded an 18% discount.

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

To Royall & Company for the contract for direct marketing services for the Office of Admissions for the period of August 1, 2007, through July 31, 2010, for an estimated $2,700,000.

Due to the increased competitiveness and sophistication of college recruitment and the continued high expectations by University colleges and Central Administration for enrollment results, the Office of Admissions must utilize services like those provided by Royall & Company to remain competitive and to meet the University’s enrollment goals.

Royall & Co. is a direct marketing firm that specializes exclusively in higher education student recruitment. Royall & Co. guarantees performance and results and they provide start-to-finish direct marketing professional services to include strategic and creative consultation and recommendations, program development and implementation, and program results and analysis. Their services include, but are not limited to: lead generation (paper and electronic), lead generation fulfillment (email confirmation of online responses and data entry and personalized mail fulfillment of requests), Fast Application (personalized admission application and online corollary and email marketing campaign), online freshman, transfer, and international admission applications, Deposit eQual (online enrollment confirmation and interest qualification), and waitlist management (continuous online polling to determine interest of waitlisted students).

The vendor was selected through a competitive proposal process for direct marketing services. Included in the total contract amount are estimated costs for possible additional direct marketing projects should they be needed to help ensure the University’s continued enrollment success. To-date, Royall & Company has a proven track record of outstanding results for the Office of Admissions and the University of Minnesota.

These services will be purchased with Office of Admissions departmental funds.

Submitted by: Wayne Sigler, Director of Admissions
240 Williamson Hall
Minneapolis campus
Phone: 612-624-8270
Fax: 612-626-0990

Approval for this item requested by:

[Signature]
Executive Vice President

[Date]
Purchase of Goods and Services over $250,000

To Software House International, a Symantec distributor, for an estimated $300,000 to provide software licensing for Symantec anti-virus for the entire University of Minnesota staff, faculty and students for the period July 1, 2007 through June 30, 2010 for the Office of Information Technology (OIT).

This is a renewal of a three-year agreement negotiated through the CIC consortium (Big Ten schools) for anti-virus software for students, staff and faculty.

Buying into this agreement will allow us to provide anti-virus protection to students, staff and faculty on their computers and handheld devices. This will reduce downtime for desktop computers, servers and handheld devices due to computer viruses. This agreement is calculated by the number of people, rather than by machine. This is a low cost approach to enable the University environment to operate smoothly and with less downtime.

This agreement includes Symantec SAV Enterprise Edition for faculty, staff and students. It also includes Mac, Windows and Symbian handheld devices. All upgrades and downloads.

The vendor was selected based on negotiations between the Committee on Institutional Cooperation Purchasing Consortium (CICPC) and Symantec.

Academic Distributed Computing Services (a division of OIT) will purchase this campus agreement with O&M funds.

Submitted by: Steve Cawley
Vice President and Chief Information Officer
203 Johnston Hall
Mpls Campus
Phone: (612) 625-8855
Fax: (612) 626-0076

Approval of this Item is requested by:

[Signature]
Vice President and Chief Information Officer

5/22/07
Date
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because the arrangements for this licensing are available only through the value added reseller (Software House International) designated by Symantec.

The pricing and licensing terms were negotiated by the Committee on Institutional Cooperation Purchasing Consortium (CICPC) licensing group to include many of their schools, thereby obtaining attractive pricing.

Procedures undertaken to ensure reasonableness of price included negotiation of terms and pricing by the Consortium and comparison of value received with the previous agreement. Comparison with the non-negotiated license terms and pricing also showed this to be a high value.

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 the State of Minnesota Office of Enterprise Technology for an estimated $600,000 for network connections between the Twin Cities and its campuses in Duluth, Crookston, Morris, and Rochester for the period July 1, 2007 through June 30, 2008 for Networking and Telecommunications Services (NTS), a division of the Office of Information Technology (OIT).

This service allows the coordinate campuses to connect to the University of Minnesota's Twin City campus for Internet usage and inter-campus network communications.

These connections enable coordinate campus access to the Internet, Enterprise and research applications, and instructional video. Without this service no access would be possible from the coordinate campuses to the Internet, Enterprise and research applications, and instructional video.

The State of Minnesota Office of Enterprise Technology (OET) operates an extensive network throughout the state. We have a joint Powers agreement with the State of Minnesota for Internet cost-sharing through June of 2008. Because of this partnership the state is willing to heavily discount the fees it charges to the University for coordinate campus network connections run over the State-owned network.

This purchase has been budgeted for FY08. It will be centrally funded as part of the Network funding

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

Approval of this item is requested by:

[Signature]
Vice President and Chief Information Officer

5/11/07
Date

34
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because:

The University of Minnesota (the University) has an integrated strategy in place with the State of Minnesota (the State). This strategy allows the University to utilize the State’s strength to provide out-state network connections at a discounted price to the University’s coordinate campuses. This strategy also allows the State to use the University’s management of Internet connectivity to facilitate their Internet connections. The State pays for ½ of the University’s Internet provider bills (reimbursing to the University, on average, $48,000 per quarter) and the University pays the State for network access to coordinate campuses. MnSCU also utilizes the State’s network for their Internet access. The integrated strategy the University has created is critical to Minnesota’s academic strategies. MnSCU for example, is setting up their main data center on campus. The State has already set up equipment on campus as a disaster recovery hot spot. Networking and Telecommunications Services, a division of the Office of Information Technology, has been given use of fiber optic pathways that will be utilized in the future to interconnect important projects such as the BOREAS network.

This partnership with the State reduces the University’s concern about technical issues while the University is moving forward with other projects such as Voice over IP and BOREAS. All standards are not in place to easily interoperate these applications across different manufacturers' equipment. This is particularly true when it comes to class of service parameters that control how traffic is treated from and to the end points. Since the standards are not completely set yet to interoperate between different manufacturers, utilizing one network from and to the University’s partners allows the University to move forward and not have technology issues impede progress.

Procedures undertaken to ensure reasonableness of price included:
The University asked the State for pricing using existing state contracts vendors for similar network services with redundancy (redundant pathways to each campus.) The charge from the State to the University for network services is about ½ of what the cost would be if the University used a State contract vendor (if the primary pathway fails, the State routes us on another path to the destination at no charge. Any other vendor would charge monthly fees for both pathways.) The State currently charges the University $46,288 per month for the Wide Area Network usage plus for that fee the University is allowed temporary increases in usage at no cost. Contracting with a vendor on the State of MN contract list would cost at least $49,190 per month for the same usage and they charge fees if the University temporarily increases its usage.

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 Thane Hawkins Polar Chevrolet, Lupient Enterprises, Walden Fleet Group and Saxon Fleet Services for an estimated $3,000,000 for vehicles as needed for the period of July 1, 2007 to June 30, 2008 for Fleet Services, Parking & Transportation Department, a division of University Services.

Fleet Services uses contract vendors to acquire vehicles for the central motor pool and for University departments who need to acquire vehicles. The following vendors have been identified to provide vehicles for Fiscal year 08:

Thane Hawkins Polar Chevrolet will provide Chevrolet vehicles. Lupient Enterprises will provide Pontiac, Buick, GMC and DaimlerChrysler vehicles, Saxon Fleet Services will provide Ford vehicles and Walden Fleet Group will provide Toyota Vehicles.

Most vehicles will be ordered and delivered by the vendors. Approximately 35% of the vehicles will be purchased directly by the University. The remainder of the vehicles will be either financed by Fleet’s contract finance company, CitiMortgage, or leased to the University of Minnesota by Fleet’s contract leasing company, ARI, Inc.

Through a request for proposal process, these vendors proved that they had the necessary experience working with other political subdivisions to handle the University’s business.

For vehicles in the central motor pool the vehicles are leased, which is funded by charging departments a monthly fee. Purchased vehicles are funded by the using departments at the time of purchase.

Submitted by: William K. Roberts, Associate Director of Parking & Transportation Services – Fleet Services
107 Fleet Services Building
Minneapolis campus
Phone: 612-625-8020
Fax: 612-624-5587

Approval for the item requested by:

Kathleen O’Hien, Vice President for University Services

Date 5/17/07
Purchase of Goods and Services over $250,000

To University of Minnesota Medical Center (UMMC), Fairview, for $608,662 for the period of February 1, 2007 to January 31, 2009 for care of patients enrolled in clinical trials under the Juvenile Diabetes Research Foundation’s (JDRF) Center Grant.

The JDRF project is a clinical trial testing the efficacy and safety of islets cell translation as a treatment for Type 1 Diabetes.

UMMC will bill the University when expenses are incurred at the research rate quoted during the proposal process.

The vendor was selected based on University’s relationship with UMMC.

Funding for the trial will be provided by the JDRF via a subcontract from University of California, San Francisco.

Submitted by: James DeGross, Finance Manager
Surgery/Ortho/Urology/PM&R
11-152 PWB
420 Delaware Street S.E.
Minneapolis, MN 55455
Phone: (612) 626-1968
Fax: (612) 625-8496

Approval for this item requested by:

Frank Cerra, Sr. Vice President

5/18/10 Date
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because: Since UMMC Fairview is the primary teaching and research facility for the faculty of the Academic Health Center, medical services for patients enrolled in clinical trials are most practically provided at Fairview.

Procedures undertaken to ensure reasonableness of price include: Services provided by Fairview are billed when incurred at the research rate which was established at the time of the grant proposal.

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 Xerox for an estimated $349,300 for the purchase of copy paper, to be stocked at the University Stores, for use in University departments. The contract period is August 1, 2007, through July 31, 2008.

Copy paper is used throughout the University by many departments and laboratories in copiers, printers, and fax machines. These products are purchased as needed by University departments.

Xerox was chosen as the low bid provider, for copy paper, through the University of Minnesota bid process. This is the third 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 2007 University Stores Operating Budget, and will be included in the Fiscal 2008 Operating Budget. The University Stores Operating Budget is approved annually through the Operating Budget Process.

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

Approval of the item requested by:

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

5/14/07
Purchase of Goods and Services over $250,000

To Yocum Oil Company, for $1,000,000 for the purchase of fuel as needed for the period of July 1, 2007 through June 30, 2008 for the Fleet Services, Parking and Transportation Department, a division of University Services.

Fuel has been provided on the Minneapolis and St. Paul Campus for many years for University of Minnesota vehicles. Fleet Services has been responsible for both campuses' fuel since 1991. Since that time there has been an annual contract with the amount of fuel being pumped being constant at 300,000 gallons.

Fuel is used by:
- The 400 vehicles in the central motor pool
- The 140 departmentally controlled vehicles
- Various off road equipment on the Twin Cities Campus (lawn mowers, tractors, generators, etc.).

Through a competitive bid process Yocum Oil Company, provided the best price for the contract period. This contract provides a steady, convenient supply of fuel for University vehicles.

For vehicles in the central pool, fuel is paid for by charging departments a fee per mile driven. Part of the fee is for maintenance and the rest is for fuel. Vehicles owned by departments pay per gallon for fuel used. A markup applies to fuel used by Central motor pool vehicles and for department-owned vehicles, which covers the cost of the fixed and incremental costs of maintaining fuel tanks and pumps. The price charged to departments averages about $0.025/gallon less than local stations when the exemption for federal fuel tax is included.

Submitted by: William K. Roberts, Director
107 Fleet Services Building
Minneapolis campus
Phone: 612-625-8020
Fax: 612-624-5587

Approval for the item requested by:

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

[Date] 5/17/07
Finance and Operations Committee

June 7, 2007

Agenda Item: Information Items

☒ review  ☐ review/action  ☐ action  ☐ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

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

Quarterly Investment Advisory Committee Update
To provide the Board of Regents with a summary of the quarterly meeting of the Investment Advisory Committee (IAC) held May 9, 2007.

Quarterly Asset Management Report
To report on the quarterly results of investment performance in the area of asset management for the period ended March 31, 2007. The Office of Asset Management (OAM) prepares this report on the assets it oversees for review by the Investment Advisory Committee and the Board of Regents.

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.

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

Digitization Agreement with Google
To provide the Committee with information on the University's Digitization Agreement with Google. The Resolution was presented for review and action in the Educational Planning and Policy Committee.

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
Quarterly Investment Advisory Committee Update

Office of Asset Management (OAM) staff led a portfolio review discussion highlighting that CEF has grown $183 million in the past 12 months, returned 14.8% versus the benchmark of 13.3%, and totaled $1.1 billion. Outperformance is largely due to the declining dollar, REITs and private real estate, and private capital which produced a 24% return for the period. There was significant discussion about our domestic large cap manager who has underperformed for the period: further analysis is being undertaken.

The IAC discussed and approved four new investment managers: MatlinPatterson, a global distressed debt manager ($20 million), JP Morgan Greater Europe Real Estate, an opportunistic private real estate fund focusing on central and eastern Europe (12 million Euros or approximately $16.4 million), Fidelity RE Growth III, a domestic private real estate fund ($15 million), and Energy Spectrum V, a mid stream energy infrastructure investor ($15 million). Each of these managers was reviewed and approved at the May 10, 2007, meeting of the Finance and Operations Committee.

The IAC reviewed data showing the relationships between private fund commitments and invested capital at work in the market. In certain asset classes, despite significant new commitments, previous investments have returned 2-3 times invested capital, so it has been difficult to increase our exposure given the relative successes in the portfolio. The IAC also discussed TIP benchmarks in preparation for the September meeting where a vote will be taken.

John Bohan, a founding member of the IAC in 2000, has served the last of his terms as prescribed by the bylaws and is retiring from the committee. Regent Frobenius thanked him for his years of service.

Quarterly Asset Management Report

- The invested assets of the University totaled approximately $1.8 billion on March 31, 2007.

- The Consolidated Endowment Fund value as of March 31, 2007, was $1.1 billion, an increase of $183.5 million over the last 12 months after distributions. The total investment return of the endowment was 14.5% over the last 12 months compared to a benchmark return of 13.3%.

- The value of the short term reserves (TIP) was $554.6 as of March 31, 2007, excluding investments in CEF of $67.8 million. This was a decrease of $60.6 million over the last 12 months. The investment yield on the portfolio over the last 12 months was 4.9% compared to a benchmark yield of 5.6%.

- Total outstanding debt on March 31, 2007, was $790.4 million. The effective interest rate on all outstanding debt obligations was 4.31%.

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.
Emergency Purchase

Regents Baraga, Simmons, and Allen approved, on May 22, 2007, a purchase over $250,000 as follows:

• To Arthur J. Gallagher Risk Management Services, Inc. (Gallagher) for an amount not to exceed $686,250 for the period May 23, 2007, through June 30, 2010, to perform various insurance related activities for the University. Fees for this contract will be paid with funds from the Office of Risk Management. Vendor was selected through a competitive process.

In support of using the emergency process, Acting Controller, Denise Seck, cited the need to transfer management of the University's Captive Insurance Company, RUMINCO, Ltd., to Gallagher by the start of the new fiscal year, which in turn required execution of the contract with Gallagher by May 25, 2007.

The approval was 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.
May 24, 2007

The Honorable Clyde Allen, Chair, Finance and Operations Committee
The Honorable Steven Hunter, Vice Chair
The Honorable Anthony Baraga
The Honorable John Frobenius
The Honorable Verona Hung
The Honorable Dean Johnson

Committee Members:

Enclosed is Purchasing Services' report on purchasing activity for 2nd quarter, fiscal year '07. Regents policy requires that a quarterly purchasing report, including violations of Regents purchasing policy, be submitted to the Finance and Operations Committee of the Board of Regents. This letter provides explanatory background and brief analysis of the report and attachments that follow.

**Background**

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

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

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

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

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

Three areas of the 3rd quarter report invite further explanation. The second and third bulleted points below are explanations of exceptional situations that also appeared last quarter, but continue to skew the report.

- Year-to-date purchases for FY 07 are approximately $105 million over FY 06 year-to-date. This is attributable in part to increased spending on capital improvements and in part to increased spending on computer services and software.

- Please see Section I, under "Purchases Made as Approved Exceptions to Competitive Processes $250,000 and Up (goods, services, and professional services)" Year-to-date FY 07 total is approximately $21 million, as compared to approximately $10 million for year-to-date, FY 06. This is largely explained by the fact that there were 3 unusually large purchases in 1st quarter, FY 07. The Office of Asset Management awarded 2 orders to Venture Capital Investment Managers. The value of the contracts totaled $7 million. Also, University Relations awarded a $1.8 million contract for an integrated marketing program for the University.

- In "Summary of Purchasing Activity (Section I), Purchases Made as Approved Exceptions to Competitive Process - $250,000 and up (construction)" , please note that year-to-date total for 2007 is $19.7 million as compared to $5.7 million for year-to-date FY 06. This is explained by the one large exception to bidding which occurred in 1st quarter, FY 07. It is the $19,444,000 purchase from Adolfson & Peterson to complete the installation of the St. Paul Chilled Water Plant project. The project is being awarded in phases as HEAPR funds become available. Adolfson & Peterson received the award for Phase I through a competitive process. Since the system must work with a single integrated system, a single vendor must take responsibility for the successful operation of the system as a whole, so Adolfson & Peterson was awarded Phase II without bidding. Appropriate measures were taken to ensure reasonable price.

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
# University of Minnesota

## Quarterly Purchasing Report

As of March 31, 2007

## I. Summary of Purchasing Activity

<table>
<thead>
<tr>
<th></th>
<th>Third Quarter</th>
<th>Year - to - Date</th>
<th>Percent Change YTD from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Purchases</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of transactions</td>
<td>159,258</td>
<td>476,479</td>
<td>466,945</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$202,527,576</td>
<td>$609,267,829</td>
<td>$504,283,547</td>
</tr>
</tbody>
</table>
| Purchases made as Approved Exceptions to Competitive Process***
<p>| Under $250,000 (goods, services, and construction) |               |                  |                         |                         |              |              |              |
| # of transactions    | 23            | 99               | 101                     | 113                      | 94             | 0.63%        | 0.86%        | 0.87%        | 0.93%        | 0.99%        |
| Dollar Amount        | $1,279,477    | $5,218,161       | $4,387,818               | $4,652,081               | $4,483,241     | 18.92%       | -5.68%       | 3.77%        |
| % of Total Purchases | 0.63%         | 0.86%            | 0.87%                    | 0.93%                    | 0.99%          |              |              |              |
| (See II for detail)  |               |                  |                         |                         |                |              |              |              |
| Under $250,000 (professional services) | 17            | 39               | 58                       | 30                      | 0              | -28.95%      | 93.41%       |              |
| # of transactions    | 17            | 39               | 58                       | 30                      | 0              | -28.95%      | 93.41%       |              |
| Dollar Amount        | $1,832,193    | $3,910,296       | $5,503,466               | $2,845,538               | $0             | -28.95%      | 93.41%       |              |
| % of Total Purchases | 0.90%         | 0.64%            | 1.09%                    | 0.57%                    | 0.00%          |              |              |              |
| (See III for detail) |               |                  |                         |                         |                |              |              |              |
| $250,000 and up (goods, services, and professional services) * | 4             | 18               | 11                       | 18                      | 12             | 100.57%      | -31.59%      | 141.48%      |
| # of transactions    | 4             | 18               | 11                       | 18                      | 12             | 100.57%      | -31.59%      | 141.48%      |
| Dollar Amount        | $6,426,443    | $21,527,207      | $10,732,965              | $15,689,289              | $6,497,094     | 100.57%      | -31.59%      | 141.48%      |
| % of Total Purchases | 3.17%         | 3.53%            | 2.13%                    | 3.15%                    | 1.43%          |              |              |              |
| (See IV for detail)  |               |                  |                         |                         |                |              |              |              |
| $250,000 and up (construction)** | 0             | 2                | 1                        | 1                       | 0              | 243.56%      | 1468.27%     |              |
| # of transactions    | 0             | 2                | 1                        | 1                       | 0              | 243.56%      | 1468.27%     |              |
| Dollar Amount        | $0            | $19,721,985      | $5,740,547               | $366,044                 | $0             | 243.56%      | 1468.27%     |              |
| % of Total Purchases | 0.00%         | 3.24%            | 1.14%                    | 0.07%                    | 0.00%          |              |              |              |
| (See V for detail)   |               |                  |                         |                         |                |              |              |              |</p>
<table>
<thead>
<tr>
<th></th>
<th>Third Quarter</th>
<th>Year - to - Date</th>
<th>Percent Change YTD from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases made as Preapproved Exceptions to Competitive Process***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $250,000 (goods, services and construction)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of transactions</td>
<td>37</td>
<td>173</td>
<td>180</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$1,260,985</td>
<td>$6,127,385</td>
<td>$6,705,328</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.62%</td>
<td>1.01%</td>
<td>1.33%</td>
</tr>
<tr>
<td></td>
<td>(See VI for detail)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $250,000 (professional services)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of transactions</td>
<td>1</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$50,404</td>
<td>$887,881</td>
<td>$727,348</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.02%</td>
<td>0.15%</td>
<td>0.14%</td>
</tr>
<tr>
<td></td>
<td>(See VII for detail)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regents Purchasing Policy Violations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of transactions</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$15,143</td>
<td>$26,543</td>
<td>$31,410</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.01%</td>
<td>0.00%</td>
<td>0.01%</td>
</tr>
<tr>
<td></td>
<td>(See VIII for detail)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Department</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Price</th>
<th>Reasonableness</th>
<th>Purchase Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>$194,830</td>
<td>BioMedical Genomics Center</td>
<td>Roche Diagnostics</td>
<td>Purchase of Reagents for Sequencing Libraries for the period 3/01/07 to 12/31/07</td>
<td>2</td>
<td></td>
<td>B 8834594</td>
</tr>
<tr>
<td>$181,250</td>
<td>University Libraries</td>
<td>Ex Libris USA</td>
<td>Primo Software License including Year 1 and 2 Maintenance for the period 4/01/07 to 7/30/09</td>
<td>2</td>
<td></td>
<td>B 3674595</td>
</tr>
<tr>
<td>$134,280</td>
<td>Physics</td>
<td>Canberra Industries</td>
<td>High Purity Germanium Counter for Gamma Radiation Measurements in a Low Background Environment (Underground)</td>
<td>7</td>
<td></td>
<td>POT 53320000449</td>
</tr>
<tr>
<td>$97,368</td>
<td>Mechanical Engineering</td>
<td>Unison Solutions, Inc.</td>
<td>Liquid Fueled Capstone Microturbine Housed in a Custom Trailer</td>
<td>3</td>
<td></td>
<td>POT 53020000430</td>
</tr>
<tr>
<td>$86,000</td>
<td>Physics</td>
<td>McGill University</td>
<td>Readout Electronics for the EBEX Balloon Borne Detectors</td>
<td>2</td>
<td></td>
<td>POT 53320000448</td>
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<tr>
<td>$75,000</td>
<td>Institute for Therapeutics Discovery &amp; Development</td>
<td>ChemBridge Corp.</td>
<td>Pre-plated 100,000-Compound MicroFormat Library</td>
<td>8</td>
<td></td>
<td>POT 88220000009</td>
</tr>
<tr>
<td>$62,330</td>
<td>Veterinary Diagnostic Laboratory</td>
<td>Becton Dickinson &amp; Co.</td>
<td>Herrolds Egg Yolk Agar</td>
<td>8</td>
<td></td>
<td>B 6724588</td>
</tr>
<tr>
<td>$57,187</td>
<td>Music</td>
<td>Schmitt Music Center</td>
<td>Steinway &quot;B&quot; Grand Piano</td>
<td>2, 8</td>
<td></td>
<td>POT 48120000166</td>
</tr>
<tr>
<td>Budget</td>
<td>Department</td>
<td>Vendor/Description</td>
<td>Type/Note</td>
<td>PO#</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>------------------------------------</td>
<td>------------------------------------------------------------------------------------</td>
<td>--------------------------------</td>
<td>-----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$55,800</td>
<td>Neuroscience</td>
<td>Motion Analysis Corp.</td>
<td>Camera and Software Upgrade for Existing Motion Analysis Corp. System</td>
<td>2</td>
<td></td>
<td></td>
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<tr>
<td>$46,000</td>
<td>UMD Natural Resources Research Institute (NRRI)</td>
<td>Overburden Drilling Management Ltd.</td>
<td>Processing and Analytical Service Techniques</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$42,948</td>
<td>University Stores</td>
<td>Amersham Biosciences/GE Healthcare</td>
<td>Reagents, Membranes and Film as called for, for the period 1/01/07 to 12/31/07</td>
<td>2, 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$38,770</td>
<td>Orthopaedic Surgery</td>
<td>Instron Corp.</td>
<td>Model 5865 Table Mounted Materials Testing System</td>
<td>2, 8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$31,050</td>
<td>Otolaryngology</td>
<td>KayPentax</td>
<td>Video Nasolaryngoscope with &quot;Chip Tip&quot; Technology and EPK Video Processor to Process Endoscope Image and Display on Screen</td>
<td>2, 8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$30,850</td>
<td>Genetics, Cell Biology &amp; Development</td>
<td>Eppendorf North America, Inc.</td>
<td>MCEP Realplex 2 S System with Laptop Computer</td>
<td>1, 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$28,875</td>
<td>Kinesiology</td>
<td>MedGraphics</td>
<td>MedGraphics ULTIMA CARDIO2 Pulmonary Exercise System Metabolic Cart</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$24,344</td>
<td>Athletic Facilities</td>
<td>Resilite Sports Products, Inc.</td>
<td>Wrestling Mats for Bierman Practice Facility</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$16,315</td>
<td>Bioproducts &amp; Biosystems Engineering</td>
<td>Mahr Metering Systems Corp.</td>
<td>Inline Pumps for High Temperature/High Pressure Continuous System</td>
<td>8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
$14,009  Civil Engineering  Optelecom-NKF  Real-time Multi-channel Video Tx/Rx Over Long-Haul Fiber  2, 8  POT 52020000165

$14,080  UMD Natural Resources Research Institute (NRRI)  Hach Environmental  3 MS5 Multiprobes and Surveyor Data Display and Memory  2  POT 18920000037

$13,091  Institute of Technology (IT) Characterization Facility  Service Physics, Inc.  Service for Electron Spectroscopy Systems  7  POT 52620000184

$0  UMore Park  Market Street Energy Co./District Energy  Facilitate the Felling, Grinding, and Transportation of Trees, Brush, and Shrub Material on Approximately 170 Acres of Property at UMore Park, Rosemount  2  Contract

$0  Capital Projects-East Gateway District/Republic Creosoting Soils  DCI Environmental Services, Inc. or AB Environmental, Inc.  Perform Low Temperature Thermal Desorption of Creosote Impacted Soil – Treatment of Soil Services  8  Contract

**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. Purchases made as Approved Exceptions to Competitive Purchasing Process (Professional Services) Under $250,000

<table>
<thead>
<tr>
<th>Amount</th>
<th>Department</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Price Reasonableness*</th>
<th>CPS No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200,000</td>
<td>Facilities Management</td>
<td>Steven Belton</td>
<td>Provide Performance Management Consultation for the period 2/01/07 to 4/01/07</td>
<td>4, 7</td>
<td>CPS 588-55062689</td>
</tr>
<tr>
<td>$165,986</td>
<td>Cancer Center</td>
<td>Shanghai Cancer Institute</td>
<td>Male Cohort Study Subject Follow-up of the Effects of Dietary and Non-Dietary Factors on the Risk of Cancer of the Lung, Stomach, Esophagus, Liver, and Colorectum for the period 8/28/06 to 6/30/07</td>
<td>7</td>
<td>CPS 652-55061933</td>
</tr>
<tr>
<td>$147,000</td>
<td>Intercollegiate Athletics</td>
<td>Robert McNamara</td>
<td>Work on the Fundraising Campaign to Build an On-Campus Football Stadium for the period 2/28/07 to 2/28/08</td>
<td>7</td>
<td>CPS 704F2661783</td>
</tr>
<tr>
<td>$146,999</td>
<td>Community University Health Care Center</td>
<td>Mark Schuler</td>
<td>Provide Personality, Intelligence and Neuropsychological Testing to Clients for the period 4/16/07 to 6/30/07</td>
<td>8</td>
<td>CPS 811F2746860</td>
</tr>
<tr>
<td>$142,238</td>
<td>Weisman Art Museum</td>
<td>Linda Nyvall</td>
<td>Continue Fund Raiser for Capital Campaign for the period 6/30/07 to 10/31/07</td>
<td>1</td>
<td>CPS 285F3294216</td>
</tr>
<tr>
<td>$130,405</td>
<td>Epidemiology &amp; Community Health, School of Public Health</td>
<td>St. Paul Radiology</td>
<td>Provide Computer Aided Design (CAD) Mammograms for the Generation Study, Chimes Study, and Pearl Study for the period ending 5/31/10</td>
<td>2, 5</td>
<td>CPS 663-55061105</td>
</tr>
<tr>
<td>Amount</td>
<td>Department</td>
<td>Description</td>
<td>Hours</td>
<td>Code</td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>-------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>$118,510</td>
<td>Center for Infectious Disease Research &amp; Policy (CIDRAP)</td>
<td>Computer Services – All Aspects of Software Development, Testing and Deployment for CIDRAP for the period 2/28/07 to 10/31/07</td>
<td>1</td>
<td>CPS 889F3683350</td>
<td></td>
</tr>
<tr>
<td>$109,654</td>
<td>Veterinary Population Medicine</td>
<td>Herd Manager at the Transitional Management Facility (TMF) to Conduct Research and Teach Veterinary Students for the period 12/31/06 to 12/31/07</td>
<td>1</td>
<td>CPS 669F2660019</td>
<td></td>
</tr>
<tr>
<td>$98,000</td>
<td>Mechanical Engineering</td>
<td>Formulate and Develop Analysis Tools for Real Time Simulations of Virtual Analysis of Structural Dynamics, Contact, and Penetration/Cutting of Materials and Tissues for the period 2/01/07 to 12/31/08</td>
<td>7</td>
<td>CPS 530F3811734</td>
<td></td>
</tr>
<tr>
<td>$94,500</td>
<td>University Services Finance/Accounting</td>
<td>Assist the Budget Analyst Responsible for the Capital Planning &amp; Project Management (CPPM) Area while Working on the Design and Implementation Team for the New CPPM Project Management System Project for the period 12/01/06 to 6/30/07</td>
<td>2</td>
<td>CPS 571-55062678</td>
<td></td>
</tr>
<tr>
<td>$88,238</td>
<td>Weisman Art Museum</td>
<td>Fund Raiser for Capital Campaign for the period 10/31/06 to 6/30/07</td>
<td>1</td>
<td>CPS 285F3294216</td>
<td></td>
</tr>
<tr>
<td>$80,000</td>
<td>Center for Family Financial Management, Department of Applied Economics</td>
<td>Review, Analyze and Provide Advice Regarding Strategies to Participate in Various Federal Government Programs for the period 3/01/07 to 2/28/08</td>
<td>2</td>
<td>CPS 407F3824784</td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td>Description</td>
<td>Contact</td>
<td>Details</td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>$78,960</td>
<td>College of Design/Port Cities Program</td>
<td>Pedro Belo Ravara</td>
<td>Serve as the On-site Administrator for the University's Study Abroad Port Cities for the period 2/13/07 to 3/12/07</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$61,512</td>
<td>Health Policy &amp; Management/School of Public Health</td>
<td>Minneapolis Veterans Administration Medical Center</td>
<td>Conduct Systematic Literature Reviews, Data Analyses and Complex Meta-Analyses Including Database Development, Literature Searches, Data Abstraction, Data Analyses and Technical Writing for the period 12/01/06 to 12/15/07</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$60,800</td>
<td>Center for Early Education &amp; Development</td>
<td>Baby's Space: A Place to Grow</td>
<td>Full-Time Family Facilitator for Baby's Space: A Place to Grow Community Daycare Center for the period 3/15/07 to 6/30/08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$59,391</td>
<td>National Center for Food Protection &amp; Defense (NCFPD)</td>
<td>Peter Sandman</td>
<td>Participate NCFPD Risk Communication Team Meeting on 5/07/07 and Provide Critical Review and Feedback of Research Conducted, Discuss Implications of Research, and Participate in Planning Future Research Projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50,000</td>
<td>National Center for Food Protection &amp; Defense (NCFPD)</td>
<td>EJH &amp; Associates</td>
<td>Provide Computer Consultation and Development of FoodSHIELD. A Web-Based Platform Supporting Food and Agriculture Protection and Defense for the period 12/18/06 to 5/31/07</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Department</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Price</th>
<th>Reasonableness*</th>
<th>Document No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,000,000</td>
<td>University Relations</td>
<td>Olson &amp; Co., Inc.</td>
<td>Contract to Provide Advertising and Marketing Expertise, Design, and Production of Print and Audio/Visual Advertising Materials, and Procurement of Media Placements for Advertising Materials (Radio, TV and/or Print Ads) for the period 3/07 to 7/09</td>
<td>8</td>
<td>CPS</td>
<td>545F3925620</td>
</tr>
<tr>
<td>$1,200,000</td>
<td>UMM Continuing Education &amp; Regional Programs (CERP)</td>
<td>Educators Abroad Ltd.</td>
<td>Education Abroad Services, Administration, Management and Operation of the Global Student Teaching (GST) and English Language Assistant Program (ELTAP) Programs at UMM for the period 3/01/07 to 12/31/07</td>
<td>8</td>
<td>CPS</td>
<td>322F3866653</td>
</tr>
<tr>
<td>$916,643</td>
<td>Center for Infectious Disease Research &amp; Policy (CIDRAP)</td>
<td>Metro Connections, Inc.</td>
<td>Coordination of 2-Day National Conference on “Pandemic Influenza: A National Summit”</td>
<td>1</td>
<td>CPS</td>
<td>889F3769136</td>
</tr>
<tr>
<td>$309,800</td>
<td>Intercollegiate Athletics</td>
<td>XOS Technologies</td>
<td>Upgrade of Current Football Digital Video System for Recruiting and Game Analysis</td>
<td>8</td>
<td>POT</td>
<td>89620000080</td>
</tr>
</tbody>
</table>

These purchases were approved by the Board of Regents Finance and Operations Committee through the Consent Report.

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

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Department</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Price</th>
<th>Reasonableness*</th>
<th>Purchase Order</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>None</td>
</tr>
</tbody>
</table>

These purchases were approved through the Capital Budget Process.

**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
VI. **Pre-Approved Exceptions to Competitive Purchasing**  
(Goods, Services & Construction) Under $250,000

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Product Description</th>
<th>Selected Vendor</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2)</td>
<td>POT 32620000029</td>
<td>Renewal of Datasets for the period 3/01/07 to 2/28/08</td>
<td>Thomson Financial</td>
<td>$48,000</td>
<td>Carlson School of Management (CSOM)</td>
</tr>
<tr>
<td>(2)</td>
<td>POT 44920000040</td>
<td>1966, 1986 and 1996 Censuses of the Fiji Islands</td>
<td>Fiji Islands Bureau of Statistics</td>
<td>$15,000</td>
<td>Minnesota Population Center</td>
</tr>
<tr>
<td>(2)</td>
<td>POT 44920000038</td>
<td>1983 and 1993 Census Microdata from Sudan</td>
<td>Central Bureau of Statistics (CBS)</td>
<td>$10,000</td>
<td>Minnesota Population Center</td>
</tr>
<tr>
<td>(2)</td>
<td>POT 44920000039</td>
<td>1990 and 2000 Census Microdata from Mauritius</td>
<td>Central Statistics Office</td>
<td>$10,000</td>
<td>Minnesota Population Center</td>
</tr>
</tbody>
</table>

Subtotal for Exception #2: Media advertising, purchase of or access to uniquely compiled databases of information. $83,000

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Product Description</th>
<th>Selected Vendor</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4)</td>
<td>POT 53120000143</td>
<td>HS 200A Optical Profiler Microscopy System with Confocal and Microfluidic Capability</td>
<td>Hyphenated-Systems, Inc.</td>
<td>$119,000</td>
<td>Nanofabrication Center</td>
</tr>
<tr>
<td>(4)</td>
<td>POT 8042000032</td>
<td>Refurbished Audiovisual Routing Equipment and Peripherals (Router System)</td>
<td>Utah Scientific</td>
<td>$87,474</td>
<td>Office of Information Technology (OIT)</td>
</tr>
<tr>
<td>(4)</td>
<td>POT 52620000187</td>
<td>Refurbished Variable Angle Spectroscopic Ellipsometer (V-VASE) with AutoRetarder, Single-Chamber Monochromator and 6&quot; XY Mapping</td>
<td>J. A. Woollam Co., Inc.</td>
<td>$82,740</td>
<td>Characterization Facility</td>
</tr>
<tr>
<td>Purchase Order</td>
<td>Product</td>
<td>Selected Vendor</td>
<td>Amount</td>
<td>Department</td>
<td></td>
</tr>
<tr>
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<td>------------------------------------------------------------------------</td>
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<td>-----------------------------</td>
<td></td>
</tr>
<tr>
<td>POT 38820000236</td>
<td>2001 New Holland BB 940 Big Square Baler</td>
<td>Werner Implement Co., Inc.</td>
<td>$40,250</td>
<td>UMW Southern Research &amp; Outreach Center</td>
<td></td>
</tr>
<tr>
<td>POT 41120000071</td>
<td>Rebuilt Beckman Coulter Epics XL Flow Cytometer with MCL, Expo 32 Software and System II PC</td>
<td>Global Medical Instrumentation, Inc.</td>
<td>$39,950</td>
<td>Entomology</td>
<td></td>
</tr>
<tr>
<td>POT 41220000076</td>
<td>Refurbished Gas Chromatograph, HP 5890 Series II System (with Controller)</td>
<td>Global Medical Instrumentation, Inc.</td>
<td>$15,496</td>
<td>Food Science &amp; Nutrition</td>
<td></td>
</tr>
</tbody>
</table>

Subtotal for Exception #4: Closeout or used items which requestor or Purchasing has verified to be at least 30% below comparable new equipment (does not include refurbished or remanufactured furniture). $384,910

<table>
<thead>
<tr>
<th>Purchase Order</th>
<th>Product</th>
<th>Selected Vendor</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>POT 80420000336</td>
<td>Reimburse Iowa State University for McLeod IRU and Related Charges for BOREAS.net</td>
<td>Iowa State University</td>
<td>$113,054</td>
<td>Networking &amp; Telecommunications Services (NTS)</td>
</tr>
</tbody>
</table>

Subtotal for Exception #6: Service or supplies (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity. $113,054

<table>
<thead>
<tr>
<th>Purchase Order</th>
<th>Product</th>
<th>Selected Vendor</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>POT 88320000045</td>
<td>3 Year Service Contract for 494CLC Procise Sequencer for the period 1/15/07 to 1/14/10</td>
<td>Applied Biosystems</td>
<td>$43,629</td>
<td>Microchemical Facility</td>
</tr>
<tr>
<td>#</td>
<td>Contract Number</td>
<td>Service Description</td>
<td>Supplier</td>
<td>Amount</td>
</tr>
<tr>
<td>----</td>
<td>-----------------</td>
<td>--------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>7</td>
<td>POT 43920000123</td>
<td>Service Agreement for 4000 Qtrap System for the period 4/13/07 to 4/12/08</td>
<td>Applied Biosystems</td>
<td>$33,820</td>
</tr>
<tr>
<td>7</td>
<td>POT 66320000338</td>
<td>3 Year Service Agreement for Delphi-W Bone Denistometer for the period 1/18/07 to 1/17/10</td>
<td>Hologic, Inc.</td>
<td>$23,220</td>
</tr>
<tr>
<td>7</td>
<td>POT 52620000182</td>
<td>Service Contract for Scanning Electron Microscope, Model JSM-6700F, for the period 2/13/07 to 2/13/08</td>
<td>JEOL USA, Inc.</td>
<td>$22,955</td>
</tr>
<tr>
<td>7</td>
<td>POT 52620000180</td>
<td>Service Contract for Scanning Electron Microscope, Model JSM-6500F, for the period 2/13/07 to 2/13/08</td>
<td>JEOL USA, Inc.</td>
<td>$22,784</td>
</tr>
<tr>
<td>7</td>
<td>POT 66320000337</td>
<td>3 Year Service Agreement for Bone Denistometer, Model QDR4500W, for the period 2/01/07 to 1/31/10</td>
<td>Hologic, Inc.</td>
<td>$20,520</td>
</tr>
<tr>
<td>7</td>
<td>POT 59120000455</td>
<td>Service Contract for Fuji Platesetter for the period 12/15/06 to 12/14/07</td>
<td>FujiFilm Graphics Systems USA</td>
<td>$20,160</td>
</tr>
<tr>
<td>7</td>
<td>POT 67220000158</td>
<td>Service Contract for Electron Microscope, Model JEM-1200 EX, for the period 2/13/07 to 2/13/08</td>
<td>JEOL USA, Inc.</td>
<td>$20,090</td>
</tr>
<tr>
<td>7</td>
<td>POT 52620000185</td>
<td>Service Contract for Tecnai T12 Transmission Microscope for the period 3/29/07 to 3/28/08</td>
<td>FEI Co.</td>
<td>$18,316</td>
</tr>
<tr>
<td>7</td>
<td>POT 52620000179</td>
<td>Service Contract for Scanning Electron Microscope, Model JEM-1210, for the period 2/13/07 to 2/13/08</td>
<td>JEOL USA, Inc.</td>
<td>$17,659</td>
</tr>
<tr>
<td>POT</td>
<td>Description</td>
<td>Vendor</td>
<td>Amount</td>
<td>Department</td>
</tr>
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</tr>
<tr>
<td>52620000181</td>
<td>Service Contract for Scanning Electron Microscope, Model JEM-1200, for the period 2/13/07 to 2/13/07</td>
<td>JEOL USA, Inc.</td>
<td>$16,460</td>
<td>Characterization Facility</td>
</tr>
<tr>
<td>58920000029</td>
<td>Service and Upgrade Existing 4 Micro Workstations</td>
<td>North Country Business Products</td>
<td>$15,903</td>
<td>University Dining Service Contract Administration</td>
</tr>
<tr>
<td>64320000304</td>
<td>Service Contract for Electron Microscopy, Model JEM-100CX, for the period 2/13/07 to 2/13/08</td>
<td>JEOL USA, Inc.</td>
<td>$14,556</td>
<td>Pediatric Nephrology</td>
</tr>
<tr>
<td>62920000135</td>
<td>1 Year Service contract for Multiple Equipment for the period 1/01/07 to 12/31/07</td>
<td>Beckman Coulter, Inc.</td>
<td>$13,456</td>
<td>Pharmacology</td>
</tr>
<tr>
<td>65220000151</td>
<td>12 Month Service Agreement for Microscope/Imaging Equipment for the period 12/29/06 to 12/29/07</td>
<td>Applied Spectral Imaging, Inc.</td>
<td>$12,900</td>
<td>Cytogenetics</td>
</tr>
<tr>
<td>18720000164</td>
<td>Annual Service Agreement for Inductively Coupled Plasma (ICP) Unit, Model JY Ultima, for the period 2/17/07 to 2/16/08</td>
<td>Horiba Jobin Yvon, Inc.</td>
<td>$11,500</td>
<td>UMD Natural Resources Research Institute (NRRI)/Coleraine Minerals</td>
</tr>
<tr>
<td>64320000303</td>
<td>Service Agreement for Microscope for the period 1/01/07 to 12/13/07</td>
<td>FEI Co.</td>
<td>$11,429</td>
<td>Pediatrics</td>
</tr>
<tr>
<td>66720000130</td>
<td>Service/Maintenance Agreement for 9800 C-Arm Radiography Unit for the period 3/12/07 to 3/11/08</td>
<td>GE Healthcare</td>
<td>$10,900</td>
<td>Veterinary Medicine Center</td>
</tr>
<tr>
<td>67220000159</td>
<td>Service Contract for Multiple Pieces of Equipment for the period 3/29/07 to 3/28/08</td>
<td>Trek Diagnostic Systems, Inc.</td>
<td>$10,301</td>
<td>Veterinary Diagnostic Laboratory</td>
</tr>
</tbody>
</table>
Subtotal for Exception #7: Service/maintenance agreements with the original manufacturer/developer for equipment and software. $360,558

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Product</th>
<th>Selected Vendor</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>(8)</td>
<td>FM 07-249103</td>
<td>Emergency Cleanup following Broker Water Line in the Clinic &amp; Organ Transplant Area of Phillips Wangensteen Building</td>
<td>Mavo Systems</td>
<td>$90,000</td>
<td>Facilities Management – Health Science Zone 3</td>
</tr>
<tr>
<td>(8)</td>
<td>FM 07-246862</td>
<td>New Medical Vacuum Pump Package, TROM-400S-3W Triplex Water Cooled Dynaseal System</td>
<td>John Henry Foster Minnesota, Inc.</td>
<td>$69,914</td>
<td>Facilities Management – Energy Management</td>
</tr>
<tr>
<td>(8)</td>
<td>FM 07-248402</td>
<td>Fumehood Fan Repair to Include Replacement of Blower Wheel and Shaft in Nils Hasselmo Hall</td>
<td>SVL Service Corp.</td>
<td>$13,934</td>
<td>Facilities Management – District 3</td>
</tr>
</tbody>
</table>

Subtotal for Exception #8: Emergency equipment repairs and parts or emergency facility repairs and parts under $100,000. $173,848

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Product</th>
<th>Selected Vendor</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>(11)</td>
<td>POT 77520000013</td>
<td>Service Fee Renewal for Applicant Tracking Software</td>
<td>PeopleAdmin, Inc.</td>
<td>$60,300</td>
<td>Office of Human Resources</td>
</tr>
<tr>
<td>(11)</td>
<td>POT 28920000236</td>
<td>Annual License Renewal for Research Software in Molecular Modeling, Simulation and Drug Design</td>
<td>Schrodinger LLC</td>
<td>$13,565</td>
<td>Supercomputing Institute</td>
</tr>
<tr>
<td>Exception #</td>
<td>Purchase Order</td>
<td>Product</td>
<td>Selected Vendor:</td>
<td>Amount</td>
<td>Department</td>
</tr>
<tr>
<td>------------</td>
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<td>------------------------------------------------------------------------</td>
<td>------------------</td>
<td>----------</td>
<td>------------</td>
</tr>
<tr>
<td>(11)</td>
<td>POT 80820000040</td>
<td>Micro Focus Server Express 4.0 Compiler and Application Server Upgrade: License and Main</td>
<td>Miami University</td>
<td>$ 5,068</td>
<td>Enterprise Application Systems/Office of Information Technology (EAS/OIT)</td>
</tr>
</tbody>
</table>

Subtotal for Exception #11: Software license renewals and software upgrades available only from developer. This includes adding licenses to an existing license agreement. $ 78,933

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Product</th>
<th>Selected Vendor:</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>(14)</td>
<td>POT 63720000089</td>
<td>Fairview Services for Study: Prospective Randomized Investigation to Evaluate Incidence of Headache Reduction in Subject with Migraine (PREMIUM) and Patent Foramen Ovale (PFO) for the period 8/28/06 to 8/28/11</td>
<td>Fairview University Medical Center</td>
<td>$ 66,682</td>
<td>Neurology</td>
</tr>
</tbody>
</table>

Subtotal for Exception #14: Fairview purchases related to research projects. $ 66,682
### VII. Pre-Approved Exceptions to Regents Purchasing Policy (Professional Services)

**Under $250,000**

<table>
<thead>
<tr>
<th>Exception #</th>
<th>CPS No.</th>
<th>Product</th>
<th>Selected Vendor:</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>(24)</td>
<td>CPS 43155000522</td>
<td>Serve as the On-Site Administrator for the University’s Port Cities/Venice Program for the period 3/26/07 to 5/07/07</td>
<td>Claudio Vianello, Studio Immobiliare G &amp; G</td>
<td>$50,404</td>
<td>College of Design/Port Cities Program</td>
</tr>
</tbody>
</table>

Subtotal for Exception #24: Study Abroad Program Administration. (Does not include group airfares.)

| 1 CPSs       | TOTAL: $50,404   |

---

### VIII. Regents Policy Violations

<table>
<thead>
<tr>
<th>Document No.</th>
<th>Product</th>
<th>Selected Vendor</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>POT 63520000203</td>
<td>Liquid Nitrogen Isothermal LN2 Freezer</td>
<td>Custom Biogenic Systems</td>
<td>$15,143</td>
<td>Laboratory Medicine &amp; Pathology</td>
</tr>
</tbody>
</table>

**Explanation For Violation:** There was a misunderstanding/miscommunication between the Lab Manager and a Fairview employee newly assigned to purchasing duties for the lab.

**Action Taken by Department to Prevent Further Violations:** Department personnel completed the Purchasing/Disbursements online training class.

**Fee Applied:** $0
Preapproved Exceptions to Bid (Goods, Services & Construction)

1. Lodging, travel (if not charter).
2. Media advertising, purchase of or access to uniquely compiled database of information.
3. Farm commodities such as grain or livestock. Note: Livestock bought at auction appears on Non-PO Related List.
4. Closeout or used items which requestor or Purchasing has verified to be at least 30% below comparable new equipment (does not include refurbished or remanufactured furniture).
5. Subcontractors previously arranged by Sponsored Projects Administration (SPA).
6. Service or supplies (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity.
7. Service/maintenance agreements with the original manufacturer/developer for equipment and software.
8. Emergency equipment repairs and parts or emergency facility repairs and parts under $100,000.
9. Unique specification research animals purchased under guidelines of the Institutional Animal Care and Use Committee (IACUC).
10. Transportation of organs needed for medical emergencies.
11. Software license renewals and software upgrades purchased from original developer. This includes adding licenses to an existing license agreement.
12. Original artwork.
13. Tenant improvements to non-University-owned buildings.
14. Fairview purchases related to research projects. (See letter on file.)
15. Additional press runs of printed materials with no changes (Straight reprints).
16. All items on the Non-PO Related List.
17. Purchases from University Physicians.

Preapproved Exceptions to Bid (Professional Services)

18. Subcontractors previously arranged by Sponsored Projects Administration (SPA).
19. Service (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity.
20. Development, design and/or creation of original artwork.
21. Fairview purchases related to research projects. (See letter on file.)
22. Purchases from University Physicians.
23. Study Abroad Program Administrators. (Does not include group airfares.)
Quarterly Asset Management Report

March 31, 2007
The Consolidated Endowment Fund (CEF) totaled $1,051.7 million, up $47.0 million over the previous quarter and up $183.5 million over the last twelve months after distributions of $32.2 million and market impact.

- $65 million has been transferred into CEF from TIP
- Quarterly distribution: $8.3 million (4.8% of a 57 month average)
- Total return for quarter: 3.2% vs. 4.4% for the benchmark
- Total return for 12 months: 14.5% vs. 13.3% for the benchmark
Highlights

The Temporary Investment Pool (TIP) totaled $554.6 million, a decrease of $27.1 million from the previous quarter and $60.6 million below the previous 12 months. The decrease from the previous quarter is partly due to a transfer of $25.0 million from TIP to CEF.

Total investment yield on the portfolio for the last 12 months was 4.9% vs. a benchmark of 5.6%.

The Group Investment Pool (GIP) totaled $31.5 million, down $0.5 million from the previous quarter and down $0.4 million from the past 12 months.

- The GIP return was 0.9% compared to the benchmark return of 1.5% for the quarter. In the past 12 months, GIP returned 5.5% while the benchmark had a return of 6.6%.
## Highlights

### RUMINCO

RUMINCO totaled $36.2 million, a decrease of $0.4 million from the previous quarter and $3.9 million above the previous 12 months.

Total investment yield on the portfolio for the last 12 months was 10.0% vs. a benchmark of 9.7%.

### Long Term Debt

The total outstanding debt obligation of the University, including state issued Infrastructure Development Bonds (IDB), amounted to $790.4 million.

The total effective rate on University issued debt on 3/31/07 was 4.25%. Taking into consideration the interest expense on IDBs, the effective interest rate for all University Debt obligations was 4.31% compared to 4.29% from the previous quarter.
# Current Value of Funds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Endowment Fund (CEF)*</td>
<td>1,051.7</td>
<td>1,004.7</td>
<td>868.2</td>
</tr>
<tr>
<td>Long-Term Reserves (GIP)</td>
<td>31.5</td>
<td>32.0</td>
<td>31.1</td>
</tr>
<tr>
<td>Short-Term Reserves (TIP)</td>
<td>554.6</td>
<td>581.7</td>
<td>615.2</td>
</tr>
<tr>
<td>Invested Assets Related to Indebtedness</td>
<td>194.7</td>
<td>157.3</td>
<td>9.7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,832.5</strong></td>
<td><strong>1,775.7</strong></td>
<td><strong>1,524.2</strong></td>
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<table>
<thead>
<tr>
<th>Other:</th>
<th></th>
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<tbody>
<tr>
<td>U of M Foundation Managed Funds</td>
<td>1,284.7</td>
<td>1,284.7</td>
<td>1,197.7</td>
</tr>
<tr>
<td>MN Medical Foundation Funds</td>
<td>257.6</td>
<td>242.6</td>
<td>227.8</td>
</tr>
<tr>
<td>RUMINCO Ltd.</td>
<td>36.2</td>
<td>36.6</td>
<td>32.3</td>
</tr>
<tr>
<td>Basic Faculty Retirement Plan</td>
<td>2,440.6</td>
<td>2,411.4</td>
<td>2,275.3</td>
</tr>
<tr>
<td>*CEF Includes the Market Value for the Permanent University Fund (PUF)</td>
<td>457.2</td>
<td>434.5</td>
<td>414.5</td>
</tr>
</tbody>
</table>
Portfolio Returns

CEF

Benchmark

TIP

Benchmark

![CEF and Benchmark Returns](chart1)

![TIP and Benchmark Returns](chart2)

<table>
<thead>
<tr>
<th>Period</th>
<th>CEF Return</th>
<th>Benchmark Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTR</td>
<td>5.0%</td>
<td>5.4%</td>
</tr>
<tr>
<td>1-YR</td>
<td>4.9%</td>
<td>5.6%</td>
</tr>
<tr>
<td>3-YR</td>
<td>3.9%</td>
<td>3.9%</td>
</tr>
<tr>
<td>5-YR</td>
<td>3.4%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Period</th>
<th>CEF Return</th>
<th>Benchmark Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTR</td>
<td>14.5%</td>
<td>13.3%</td>
</tr>
<tr>
<td>1-YR</td>
<td>15.4%</td>
<td>11.2%</td>
</tr>
<tr>
<td>3-YR</td>
<td>5.0%</td>
<td>8.4%</td>
</tr>
<tr>
<td>5-YR</td>
<td>10.0%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Period</th>
<th>CEF Return</th>
<th>Benchmark Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTR</td>
<td>3.2%</td>
<td>4.4%</td>
</tr>
<tr>
<td>1-YR</td>
<td>14.5%</td>
<td>13.3%</td>
</tr>
<tr>
<td>3-YR</td>
<td>15.4%</td>
<td>12.3%</td>
</tr>
<tr>
<td>5-YR</td>
<td>11.2%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Period</th>
<th>CEF Return</th>
<th>Benchmark Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTR</td>
<td>-5.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>1-YR</td>
<td>0.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>3-YR</td>
<td>4.0%</td>
<td>4.9%</td>
</tr>
<tr>
<td>5-YR</td>
<td>3.9%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>
Portfolio Returns

GIP
- GIP
- Benchmark

RUMINCO
- RUMINCO
- Benchmark
# CEF Asset Class & Benchmark Returns

(as of 03/31/07)

<table>
<thead>
<tr>
<th>Category</th>
<th>Qtr</th>
<th>1 Yr</th>
<th>3 Yr</th>
<th>5 Yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic equity</td>
<td>1.4</td>
<td>11.2</td>
<td>9.6</td>
<td>7.3</td>
</tr>
<tr>
<td>Russell 3000</td>
<td>1.3</td>
<td>11.3</td>
<td>10.8</td>
<td>7.2</td>
</tr>
<tr>
<td>International Equity</td>
<td>3.8</td>
<td>20.6</td>
<td>19.8</td>
<td>16.5</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>4.1</td>
<td>20.2</td>
<td>23.7</td>
<td>15.8</td>
</tr>
<tr>
<td>Private Capital</td>
<td>6.5</td>
<td>24.3</td>
<td>45.5</td>
<td>20.6</td>
</tr>
<tr>
<td>Venture Economics</td>
<td>15.2</td>
<td>24.3</td>
<td>21.4</td>
<td>13.2</td>
</tr>
<tr>
<td>Real Assets</td>
<td>5.0</td>
<td>15.2</td>
<td>15.5</td>
<td>11.8</td>
</tr>
<tr>
<td>NCREIF</td>
<td>4.0</td>
<td>16.1</td>
<td>16.6</td>
<td>12.4</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>1.9</td>
<td>8.1</td>
<td>6.1</td>
<td>6.7</td>
</tr>
<tr>
<td>Lehman Agg</td>
<td>1.5</td>
<td>6.6</td>
<td>3.3</td>
<td>5.4</td>
</tr>
</tbody>
</table>
CEF Analysis

Regents Asset Allocation

<table>
<thead>
<tr>
<th></th>
<th>03/31/07</th>
<th>12/31/06</th>
<th>03/31/06</th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Equity</td>
<td>51.7%</td>
<td>54.7%</td>
<td>55.1%</td>
<td>40.0%</td>
<td>35 – 45%</td>
</tr>
<tr>
<td>Private Capital</td>
<td>14.0%</td>
<td>12.0%</td>
<td>12.3%</td>
<td>20.0%</td>
<td>15 – 25%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>14.9%</td>
<td>12.7%</td>
<td>12.2%</td>
<td>20.0%</td>
<td>15 – 25%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>19.4%</td>
<td>20.6%</td>
<td>20.4%</td>
<td>20.0%</td>
<td>15 – 25%</td>
</tr>
</tbody>
</table>
CEF Analysis

(3 year CEF Comparisons to Inflation)

(as of 03/31/07)

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

(As of 03/31/07)

5 year CEF Comparisons to Inflation

$300
$400
$500
$600
$700
$800
$900
$1,000
$1,100
$1,200
Mar-02 Sep-02 Mar-03 Sep-03 Mar-04 Sep-04 Mar-05 Sep-05 Mar-06 Sep-06 Mar-07

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

CEF Analysis to Inflation (as of 03/31/07)
TIP Analysis (Excludes CEF Investment)

(as of 03/31/07)

Portfolio Characteristics

- Book value: $554.6 million
- Balance excludes $67.8 million invested in CEF
- Balance is down $60.6 million from the last 12 months
- Average duration: 2.3
- Average credit rating: AA+
- Current Yield: 5.0%

Portfolio Returns

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

<table>
<thead>
<tr>
<th>Returns</th>
<th>QTR</th>
<th>1-YR</th>
<th>3-YR</th>
<th>5-YR</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIP</td>
<td>5.0%</td>
<td>4.9%</td>
<td>3.9%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>5.4%</td>
<td>5.6%</td>
<td>3.9%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

(as of 03/31/07)
TIP Analysis

Sector
- Agency and MBS
- MM Funds and Commercial Paper
- Corporate Bonds
- Other

Credit Quality
- AAA
- AA
- A
- BBB
- Unrated

60% 17% 7% 16% 17%
70% 6% 10% 12% 2% 6% 70%

GIP Analysis

(As of 03/31/07)

$31.5 Million
- 0.5 Quarter
- 0.4 12 Mo.

- Core Bonds
- CMBS
- ABS Returns

23%
19%
58%
RUMINCO Analysis

(As of 03/31/07)

$36.2 Million
- 0.4 Quarter
+ 3.9 12 Mo.

- Equity
- Fixed Income
- Cash

12% 2% 86%

86%

12%

2%
Long Term Debt Analysis

(as of 03/31/07)

Total Debt
$790.4 Million

- Variable Rate
- State Issued
- Fixed Rate

Rev. Bond
Index 4.48%

Weighted Average Fixed Rate Debt 4.32%
Weighted Average Variable Rate Debt 3.64%

- Weighted Average University Issued Debt 4.25%
- State issued Fixed Debt 5.06%

Total Weighted Average University Debt 4.31%
May 22, 2007

FACSIMILE

To: President Robert Bruininks
From: Jon Steadland, Assistant to the Executive Director
Re: Emergency Approval
Pages: 3 (including cover)

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

- To Arthur J. Gallagher Risk Management Services, Inc. for an amount not to exceed $686,250 for the period May 23, 2007 through June 30, 2010 to perform various insurance related activities for the University.

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

c: Kathryn Brown, Vice President (w/o attachments)
    Richard Pfutzenreuter, Vice President (w/o attachments)
    Carol Kraus, Acting Executive Director (w/o attachments)
May 21, 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 meet until June 7, 2007, no approvals for large purchases are possible until June 7 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 the following purchase using this emergency process:

- To Arthur J. Gallagher Risk Management Services, Inc. (Gallagher) for an amount not to exceed $686,250 for the period May 23, 2007 through June 30, 2010 to perform various insurance related activities for the University. The fees for this contract will be paid with funds from the Office of Risk Management. Vendor was selected through a competitive process.

Per the attached letter from Acting Controller, Denise Seck, it is imperative to engage the services of Arthur Gallagher Risk Management Services, Inc. immediately.
Due to staffing changes, the issuance and finalization of the Request for Proposal for these services was delayed. In order to successfully renew several of the University's insurance policies before the July 1, 2007 renewal deadline, and to appropriately transfer management of the University's Captive Insurance program, RUMINCO, Ltd., as of the new fiscal year, July 1, 2007, it is imperative that the new external insurance broker contract be in place by May 25, 2007.

We are hopeful that the Board will approve this request.

Sincerely,

[Signature]

Robert H. Bruininks
President

RB:bf

Enclosure
May 21, 2007

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

RE: Request for emergency approval for purchase on RX 555-20060001

Dear Karen:

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 Office of Risk Management in the Controller’s Office is seeking approval to spend up to $686,250 for insurance broker and consultant services. The University would like to engage Arthur Gallagher Risk Management Services, Inc. (Gallagher) to provide various insurance related activities for the University. The term of the contract is 3 years with an option to renew for an additional 2 years.

Gallagher was selected through a competitive Request for Proposal selection process. A contract start date of May 25, 2007 or earlier is necessary for Gallagher to start work on renewing the University’s many insurance policies that will expire on July 1, 2007. There is lead-time necessary in order to facilitate the renewal of these policies. If these policies are not renewed in time and are allowed to lapse, the University risks being uninsured in areas, which could lead to significant and material financial losses to the University should a loss occur during an uninsured period.

In addition, this contract will effect the change in management of the University’s Captive Insurance subsidiary, RUMINCO, Ltd. In order to facilitate the transition from our current captive manager to Gallagher by the start of the new fiscal year, July 1, 2007, several key tasks must begin immediately to ensure a smooth transition.

This contract was initially scheduled to be before the Board of Regents for approval at the May 2007 meeting. The resignation of the University’s Risk Manager had a significant impact on the timing of the RFP process and ultimate selection of the best vendor, resulting in the delay.
We realize the important need for appropriate oversight and approval of contracts by the University of Minnesota. However, given the compressed schedule for renewal of several key insurance policies and transfer of management responsibilities of the University’s Insurance Captive, we are hopeful that the Board of Regents will act favorably to this request.

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

Sincerely,

Denise Seck

Denise Seck
Acting Controller
Purchase of Goods and Services over $250,000

To Arthur J. Gallagher Risk Management Services, Inc. (Gallagher) for an amount not to exceed $686,250 for the period May 23, 2007 through June 30, 2010 to perform various insurance related activities for the University.

The Office of Risk Management is responsible for the management of the following major areas of insurance; Workers Compensation, General/Professional Liability, Automobile Liability, Non-Profit Liability and Property. The liability insurance is insured through RUMINCO, Ltd., a wholly owned subsidiary domiciled in Bermuda. Workers Compensation is self-insured. The property insurance is placed through participation with MHEC’s Master Property Program. In addition, the Office of Risk Management purchases miscellaneous insurance to meet the special needs of the University.

Through a Request for Proposal selection process, Gallagher exhibited the best understanding of the scope of services required and provided a comprehensive and well defined work plan for successfully providing the services requested. In addition, Gallagher provided the lowest cost proposal of all of the respondents.

Due to staffing changes, the issuance and finalization of this RFP was delayed. In order to successfully renew several of the University’s insurance policies before the July 1, 2007 renewal deadline, and to appropriately transfer management of the University’s Captive Insurance program, RUMINCO, Ltd., as of the new fiscal year, July 1, 2007, it is imperative that the new external insurance broker contract in place by May 25, 2007.

The fees for this contract will be paid for with funds from the Office of Risk Management.

Submitted by: Denise Seck, Acting Controller
Controller’s Office
207 West Bank Office Building
Phone: 612-624-2513
Fax: 612-625-7384

Approval for this item requested by:

[Signature]
Vice President Finance / CFO

5/21/07
Date
SUMMARY OF
THE UNIVERSITY OF MINNESOTA'S
LIBRARY DIGITIZATION AGREEMENT WITH GOOGLE AND THE CIC

E. Thomas Sullivan, Senior Vice President/Provost
Mark B. Rotenberg, General Counsel
Wendy P. Lougee, University Librarian

June 7, 2007

The Committee on Institutional Cooperation (CIC) has negotiated an agreement with Google giving Google the right to digitize significant portions of the 12 member universities' library collections in connection with Google's Book Project. The CIC is an academic consortium comprised of the Big 10 Conference universities and the University of Chicago. The goal of the Google Book Project is to digitize hundreds of millions of books and make them available, to the fullest extent permitted by copyright law, through Google's online search service. Harvard University, the University of Michigan, the University of California, Oxford University, Princeton University, Stanford University, the University of Virginia and other major libraries and universities in the United States and Europe already have joined the project.

Terms of the Agreement

Under the proposed agreement, Google may digitize up to 10 million volumes from the CIC libraries' collections. Google will focus on works that are not already in its database and "collections of distinction," which will be digitized in their entirety. Collections of distinction represent areas of significant, long-term depth of collecting that sets a library's collection apart from others. Minnesota's collections of distinction include, for example, its Scandinavian history, politics and language collections; its forestry collection; and its bee keeping and bee science collections. Minnesota will contribute approximately 1 million volumes to the project.

Google will fund the digitization of the books provided by the CIC member libraries. Were the University of Minnesota to digitize the 1 million volumes itself, the value could exceed $60 million. The CIC libraries will have to cover only the costs of retrieving and preparing the books for digitization. Google intends to make the books it digitizes under this agreement available to the general public, free of charge, through its globally accessible search site. In addition, Google will create and host a separate, "private label" online service for the CIC member universities to access the materials digitized from their collections. If a book is in the public domain, users will be able to view the entire work. If a book is in-copyright, users will have access only to short excerpts, but they will be provided with the information they need to locate a physical copy of the book.

Google will provide a free digital copy of each book it digitizes to the CIC university that supplied the book. If the book is in the public domain, Google will make the universities' digital copies available for immediate use; if the work is in-copyright, the universities' digital copies will be held in escrow until certain conditions are satisfied; for example, when the book comes into the public domain or the copyright owner consents to its release.
Each university will have the right, subject to copyright laws, to make its digital copies available for academic purposes through its own library Web site. Each university also may contribute digital copies of public domain works to a central repository maintained by the CIC.

**Benefits of the Agreement**

Providing worldwide access to the rich library holdings developed within the CIC universities over time represents an enormous potential public benefit. The agreement also directly supports the University's land grant mission and the interests of the State of Minnesota, since the University of Minnesota Libraries' collections include strengths particularly relevant to many Minnesotans.

Digitization also will preserve the intellectual content of significant portions of the University's library collection. Given the deterioration of book paper over time, digitization will help sustain access to these titles for generations to come. Worldwide on-line ability to search and retrieve the content of these volumes will enable scholarship not otherwise possible.

The University will receive digital copies of the books it contributes to the project in a format that will permit the books to be searched and made available through the University library's Web site. This ensures that these works will remain available and readily accessible within the non-profit sector for use for educational and scholarly purposes. Finally, the University's participation in Google's Book Project puts the University in the front lines of the "digital revolution" with other leading universities around the world.

**Management of Potential Risks**

Google and the CIC universities believe that the proposed digitization, indexing, and use of the books provided by the CIC universities is "fair use" under the copyright law, and, therefore, fully lawful. We recognize, however, that this particular area of copyright law is evolving rapidly in response to new technologies, and the scope of the "fair use" exception in this context is not settled. Indeed, there is litigation pending that may clarify this area of law. Meanwhile, the CIC agreement takes significant steps to minimize risk; notably, the escrow of digital copies that are in-copyright.

The University of Minnesota has the right to assert sovereign immunity if it is sued for copyright infringement. In addition, Google has agreed to indemnify the CIC and its member universities against infringement claims relating to the digitization phase of the project or Google's subsequent use of the digital copies. In return, each CIC university has agreed to indemnify Google against infringement claims based on its use of any digital copies released from escrow. The agreement provides that the University may not assert sovereign immunity to avoid this obligation of indemnification. The CIC universities intend to enter into a separate agreement among themselves to clarify each party's rights and obligations with respect to the project, allocate legal risk, and provide a process for resolving disputes.

We believe that any legal and financial risks entailed by this agreement are far outweighed by the significant benefits for the University and the public that may be realized by this new arrangement.
REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO LIBRARY DIGITIZATION AGREEMENT
WITH GOOGLE AND THE CIC

WHEREAS, the Committee on Institutional Cooperation (CIC) is an academic consortium comprised of the Big 10 Conference universities and the University of Chicago, and includes the University of Minnesota (University); and

WHEREAS, the CIC has negotiated an agreement (Agreement) with Google, Inc. (Google), a Delaware corporation, giving Google the right to digitize significant portions of the CIC universities’ library collections in connection with the Google Book Project (Project); and

WHEREAS, under the Agreement, Google may digitize up to 10 million volumes from the CIC universities’ libraries, focusing on works not already in Google’s database and on collections of distinction; and

WHEREAS, the University of Minnesota Libraries will offer approximately one million volumes to the Project, and will include collections of distinction; and

WHEREAS, Google will fund the digitization of the books provided by the CIC university libraries, while the CIC universities will have to cover only the costs of retrieving and preparing their books for digitization, thereby providing potential significant value to the CIC universities, including the University; and

WHEREAS, providing worldwide access to the rich library holdings of the CIC universities represents an enormous potential public benefit; and

WHEREAS, given the deterioration of book paper over time, digitization will preserve the intellectual content of significant portions of the CIC universities’ library collections; and
WHEREAS, the Board of Regents (Board) has been duly apprised of the terms of the Agreement, a copy of which is on file in the Office of the Board of Regents, and evaluated the legal and financial risks related to this transaction; and

WHEREAS, it is the understanding and intention of the Board that, except as expressly set forth in section 10.3 of the Agreement, with respect to each CIC Indemnitor's obligation to indemnify Google against certain third-party claims, nothing in the Agreement shall be construed to constitute any waiver or abrogation by the University of its sovereign immunity from suit in any state or federal court; and

WHEREAS, the Board understands that the CIC universities intend to enter into a separate agreement among themselves to clarify each party's rights and obligations regarding the Agreement, allocate legal risk, and provide a process for resolving disputes; and

WHEREAS, the President has recommended that the Board authorize the University administration to carry out the terms of the Agreement;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby determines that the Agreement provides significant benefits for the University, the people of Minnesota, and the public generally, and hereby authorizes the University administration to take all necessary and appropriate steps to carry out the terms of the Agreement.