UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance & Operations Committee

Thursday, May 8, 2008

9:45 a.m. - 11:45 a.m.

600 McNamara Alumni Center, East Committee Room

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

Student Representatives
Nathan Swanson
Mark Torma

A G E N D A

1. Issues Related to: President's Recommended Annual Operating Budget - R. Pfutzenreuter (pp. 2-3)

2. Issues Related to: President's Recommended Annual & Six-Year Capital Improvement Budgets - R. Pfutzenreuter (pp. 4-5)


4. Consent Report - Review/Action - R. Pfutzenreuter (pp. 7-21)

5. Information Items - R. Pfutzenreuter (p. 22)
Finance and Operations Committee

Agenda Item: Issues Related to: President's Recommended Annual Operating Budget

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☒ strategic positioning

Annual Operating Budget FY2008-09

This agenda item represents an overview of the President's Recommended Operating Budget Plan for Fiscal Year 2008-09 (see pages 77-152 of the Board of Regents docket). The primary drivers of changes in the budget are new state appropriations and increases in tuition and fee revenue.

This agenda item also will 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 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.

To support these investments, the fiscal years 2007-08 and 2008-09 operating budgets have been developed under a framework of diverse incremental resource planning. **In the second year of the biennium, the state appropriation increases $16,640,000, which is approximately $48 million less than requested.** While state appropriations for the first year of the biennium were robust and supported needed new investments, allowing the University to hold tuition revenue growth to 4.5% or less, the second year of the biennium
fails to provide sufficient resources to meet core costs and to continue essential new financial investments. As a result, the proposed operating budget plan for fiscal year 2008-09, first presented in June 2007, includes an increase in tuition revenue of 7.5% rather than the 4.5% contemplated as part of the original biennium budget request to the State of Minnesota. The revised budget relies on tuition income, reallocations of existing resources, and other institutional resources to maintain and improve the University’s quality, productivity, and impact.

The President’s Recommended Operating Budget for fiscal year 2008-09 contemplates total incremental resources of $76,800,000 compared to $112,434,780 in fiscal year 2007-08. As stated above, the drop in total resources compared to fiscal year 2007-08 is directly related to a significantly reduced level of growth in recurring state appropriations compared to the amount originally contemplated in the biennial budget investment plan.

The proposed investment plan for fiscal year 2008-09 included in this budget proposal can be summarized as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptional Students</td>
<td>$12,500,000</td>
</tr>
<tr>
<td>Exceptional Faculty and Staff</td>
<td>$33,800,000</td>
</tr>
<tr>
<td>Exceptional Organization</td>
<td>$15,600,000</td>
</tr>
<tr>
<td>Exceptional Innovation</td>
<td>$14,900,000</td>
</tr>
<tr>
<td><strong>Total – Proposed New Investments</strong></td>
<td><strong>$76,800,000</strong></td>
</tr>
</tbody>
</table>

Keeping in line with the 2008-09 biennial budget plan, the budget recommendations for fiscal year 2008-09 have been built on a framework of lower than originally requested state appropriations, resulting in an increased reliance on tuition revenue and other institutional resources. The fiscal year 2008-09 budget solution framework includes:

<table>
<thead>
<tr>
<th>Resources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New State Appropriations</td>
<td>$16,600,000</td>
</tr>
<tr>
<td>Retained Committed FY08 Appropriations</td>
<td>$4,800,000</td>
</tr>
<tr>
<td>University Internal Reallocations</td>
<td>$5,300,000</td>
</tr>
<tr>
<td>Other Institutional Revenues</td>
<td>$5,700,000</td>
</tr>
<tr>
<td>Carryforward into FY09</td>
<td>$7,100,000</td>
</tr>
<tr>
<td>Student Tuition and University Fee</td>
<td>$37,300,000</td>
</tr>
<tr>
<td><strong>Total – Proposed New Resources</strong></td>
<td><strong>$76,800,000</strong></td>
</tr>
</tbody>
</table>

These investment plans and corresponding identified resources are included in the all-funds budget for fiscal year 2008-09 presented for Board of Regents approval. The all current funds non-sponsored budget plan for fiscal year 2008-09 proposes total net resources of $3,069,592,039 and expenditures of $2,493,807,916. The sponsored funds budget plan for fiscal year 2008-09 (for externally funded research grants and contracts) is an additional $470,000,000.

The full budget presented for review is based on a current law appropriation. The Governor and the Legislature, however, are currently negotiating the development of a plan to address a projected $935 million budget shortfall for fiscal year 2008-09. The Governor’s early recommendation on how to solve that projected shortfall included a $27.3 million appropriation reduction for the University for fiscal year 2008-09. The current legislative alternatives would reduce the University’s fiscal year 2008-09 appropriation by $5-10 million. Negotiations between the Legislature and the Governor to resolve the state budget shortfall are likely to continue until May 19, 2008. The University has prepared contingency plans to address these scenarios: 1) the current law budget without reductions; 2) the Governor’s recommended reduction of $27 million in the University’s fiscal year 2008-09 appropriation; and 3) the Legislative proposal of a $5-10 million reduction in the University’s fiscal year 2008-09 appropriation. These three scenarios, adjusted for the final state appropriation when it is known, will shape the President’s final recommended Operating Budget Plan to be presented to the Board of Regents in June.

**Background Information:**

The presentation of the fiscal year 2007-08 Operating Budget plan, approved by the Board in June of 2007, also included a preliminary financial plan for fiscal year 2008-09. The Finance and Operations Committee reviews the operating budget annually.
Finance and Operations Committee

May 8, 2008

Agenda Item: Issues Related to: President's Recommended Annual & Six-Year Capital Improvement Budgets

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☒ background/context  ☒ oversight  ☐ strategic positioning

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

An updated 6-year capital improvement plan will also be presented to the Board this month for review (see pages 25-76 of the Board of Regents docket).

Outline of Key Points/Policy Issues:

The 2009 Annual Capital Improvement Budget authorizes projects totaling $289,376,000 to begin design or construction during the next fiscal year. The Annual Capital Budget is reflective of the planning priorities established by the Six-Year Capital Improvement Plan approved by the Board of Regents annually.

The Annual Capital Improvement Budget incorporates the 2008 State Capital Budget Request as acted upon by the Governor and the 2008 Legislative Session. Approximately 55% of the total recommended capital improvement budget is for projects supported by state appropriations authorized by the State of Minnesota.

The University requires that all capital projects spending more than $500,000 on either design or construction be included in the Annual Capital Improvement Budget. In order to be included in the annual capital budget, the project (1) must be approved by the respective vice president or chancellor; (2) must have completed an appropriate level of planning (typically a predesign); (3) must have all the required funding identified; and (4) must be ready to proceed if approved by the Board of Regents. These requirements lead to better projects, but also exclude from the capital budget some important projects still in development.

The Board-approved Six-Year Capital Improvement Plan (Plan) establishes the next two capital requests to be presented to the State for consideration; sets priorities and direction for continued capital and academic planning efforts; defines the boundaries of additional University debt; and identifies University financial responsibility for payment. The Plan outlines projects totaling $1,107,890,000 for the period beginning July 1, 2009 through June 30, 2014. Of this total, approximately 50% relates to capital appropriations to be requested from the State of Minnesota.
**Background Information:**

Board of Regents policy directs the administration to conduct capital planning with a “6-year time horizon, updated annually.” This annual capital planning process is completed in two parts.

Part 1, reviewed by the Board in May and approved by the Board in June, is the annual Capital Improvement Budget for the coming fiscal year in which projects with completed predesigns and financing plans are approved to proceed with design and construction.

Part 2 is a Capital Improvement Plan that establishes the institution's capital priorities for an additional 5 years into the future. This plan will become the basis for continued capital and financial planning.

**President's Recommendation for Action:**

The President recommends approval of the 2009 University Capital Improvement Budget and reaffirmation of its prior year capital expenditure authorization.
Finance and Operations Committee

May 8, 2008

Agenda Item: Update: Enterprise Financial System Implementation

☐ review  ☐ review/action  ☐ action  ☒ discussion

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

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

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

Outline of Key Points/Policy Issues:

Since the last report to the Board, the project has completed two full rounds of testing and has begun the final round prior to the go-live date. Training for over 2,800 users began at the end of March. A final readiness analysis was prepared for the project’s executive steering committee, which confirmed the intention to go live with the new system on July 1, 2008. The project costs continue to be within budget plus contingency.

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

Background Information:

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

The Board has received nine status reports on the software purchase and implementation efforts, beginning in July 2002 through the most recent report in February 2008.
Finance and Operations Committee

May 8, 2008

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 Aastra Intecom for $666,899 to provide technical support for the PBX telephone system and a Centergy software subscription for the period of July 1, 2008 through June 30, 2011 for Networking and Telecommunications Services (NTS), a division of the Office of Information Technology. The funding for this purchase comes from a combination of chargeback for voice services provided by NTS to internal and external University customers and O & M funding for the Common Good voice services. This is budgeted for FY09. Vendor was selected through a competitive process.

• To Apache Group for an estimated $326,400 for can liners (trash bags), to be stocked at the University Stores for use by Facilities Management and other University departments. The renewal contract period is from June 1, 2008 through May 31, 2009. Payment for these stock purchases will come from the University Stores Operating Budget. Vendor was selected through a competitive process.

• To Apply Yourself Recruiting Solutions for $532,910 for a 4-year contract, from FY2009 through FY2012, for graduate student on-line application and recruiting software services for The Graduate School programs on the three campuses. Funding for this cost is provided within the annual budget plans of The Graduate School, with the primary revenue source being the application fee charged via credit cards by students who use the system. Vendor was selected through a competitive process.
• To Berean Group Int’l Inc. for an additional $330,000 to increase an existing contract to $576,000 to complete design, development, and implementation work of the Education Abroad prospect and applicant system for the Office of Information Technology (OIT) and Learning Abroad Center. The current contract covers services for the period October 15, 2007 through May 16, 2008. The proposed amendment would extend service through February 27, 2009. OIT’s O&M resources cover funding for this contract. This planned expense is included in OIT’s budget for the Learning Abroad project. Vendor was selected through a competitive process.

• To GE Healthcare for an estimated $1,072,866 for a service agreement for a Magnetic Resonance Imaging (MRI) unit for the period of December 2008 through December 2016 for the University of Minnesota, Veterinary Medical Center. The funds for this purchase order come from clinic revenue that will be generated by using the MRI on large and small animal patients at the College of Veterinary Medicine. See enclosed documentation regarding basis of vendor selection.

• To Gillig Company for $504,016 for a Hybrid LF-BRT Bus as needed for the campus shuttle fleet to be used for approximately 12 years by the Parking and Transportation Services Department. The University will pay the total cost of this vehicle and receive reimbursement from the Metropolitan Council for 80% of the total. Parking and Transportation Services has budgeted funds for the 20% University portion. See enclosed documentation regarding basis of vendor selection.

• To Harlan Sprague Dawley, Inc for an estimated $3,007,000; to The Jackson Laboratory for an estimated $2,715,000; to Charles River Labs for an estimated $3,416,000; and to Taconic for an estimated $862,000 for research animals as needed for the period of May 1, 2008 through June 30, 2011 for the Research Animal Resources Department. The purchases will be made using funds supplied by the individual researchers making the request for lab animals. Vendors were selected through a competitive process.

• To Laser Technologies for an estimated $1,498,500 for Hewlett Packard laser toner and ink-jet printer cartridges, to be stocked at the University Stores for use in University departments. The contract period is from June 1, 2008 through May 31, 2009. Payment for these stock purchases will come from the University Stores Operating Budget. Vendor was selected through a competitive process.

• To Lenovo for an estimated $333,526 to purchase 262 IBM/Lenovo ThinkPad T61 laptops for the incoming Law School class of 2011. The laptops will be purchased with funds obtained through a laptop purchase fee added to the Law School’s Student Technology Fee over the first two semesters of the student’s enrollment. Vendor was selected through a competitive process.

• To Solutionary, Inc. to increase an existing contract to $1,030,000 to manage and monitor the University’s critical network devices for the University’s Office of Information Technology (OIT). The current contract covers services for the period August 1, 2005 through July 31, 2008 at a cost of $750,000. The proposed contract amendment would add $280,000 to the contract and extend service through July 31, 2009. OIT’s O&M resources cover funding for this contract. This planned expense is included in OIT’s network security budget. Vendor was selected through a competitive process.

Background Information:

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

President's Recommendation for Action:

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

### 2007-08 General Contingency:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Allocation</th>
<th>Balance</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2008 General Contingency</td>
<td>$1,400,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carryforward from FY2007 into FY2008</td>
<td>330,646</td>
<td>1,730,646</td>
<td></td>
</tr>
<tr>
<td>1 Wind to Hydrogen unused FY07 allocation</td>
<td>(261,000)</td>
<td>1,991,646</td>
<td>Return unused funds</td>
</tr>
<tr>
<td>2 Office of the President</td>
<td>66,674</td>
<td>1,924,972</td>
<td>Expenses related to the University Senate Judicial Committee</td>
</tr>
<tr>
<td>3 Vice President for University Services</td>
<td>18,775</td>
<td>1,906,197</td>
<td>Sponsor &quot;An Evening with Ken Burns at Northrop&quot;</td>
</tr>
<tr>
<td>4 AVP for Campus Planning and Project Development</td>
<td>64,100</td>
<td>1,842,097</td>
<td>Design of the Veterans Tribute for TCF Bank stadium</td>
</tr>
<tr>
<td>5 AVP for Campus Planning and Project Development</td>
<td>175,000</td>
<td>1,667,097</td>
<td>Update of Twin Cities campus master plan</td>
</tr>
<tr>
<td>6 AVP for Campus Planning and Project Development</td>
<td>245,000</td>
<td>1,422,097</td>
<td>Capital improvements to Eastcliff</td>
</tr>
<tr>
<td>7 Sr VP for System Administration</td>
<td>45,000</td>
<td>1,377,097</td>
<td>Design services for space management system</td>
</tr>
<tr>
<td>8 VP for University Services</td>
<td>150,000</td>
<td>1,227,097</td>
<td>Operating support for Northrop Dance and Jazz program</td>
</tr>
<tr>
<td>9 Executive Director of the Board of Regents</td>
<td>20,000</td>
<td>1,207,097</td>
<td>Expenses related to Board meeting held on Morris campus</td>
</tr>
<tr>
<td>10 VP for University Relations</td>
<td>15,000</td>
<td>1,192,097</td>
<td>Create a national media tracking process</td>
</tr>
<tr>
<td>11 AVP for Campus Planning and Project Development</td>
<td>(1,912)</td>
<td>1,194,009</td>
<td>Return unused funds for Eastcliff Landscape project</td>
</tr>
<tr>
<td>12 New items this reporting period:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 AVP for Campus Planning and Project Development</td>
<td>(19,834)</td>
<td>1,213,843</td>
<td>Return unused funds</td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Balance as of April 30, 2008</td>
<td></td>
<td></td>
<td>$1,213,843</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
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<tr>
<td>19</td>
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<tr>
<td>22</td>
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</tr>
</tbody>
</table>

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

To Aastra Intecom for $666,899 to provide technical support for the PBX telephone system and a Centergy software subscription for the period of July 1, 2008 through June 30, 2011 for Networking and Telecommunications Services (NTS), a division of the Office of Information Technology (OIT).

*PBX technical support is required to ensure continuous operation of the University’s telephone system.*

*Aastra technical support provides 24 x 7 telephone support for software, bug fixes, updates, and upgrade releases. It provides all generally available software releases and upgrades for the contract period. Without a support contract there will be repair delays that could affect service to the University community.*

*Aastra (formerly Intecom) was awarded the RFP to purchase a new University telephone system and Centergy software in 2001. Aastra is the only provider of technical support for the Aastra system and Centergy software.*

*The funding for this purchase comes from a combination of chargeback for voice services provided by NTS to internal and external University customers and O & M funding for the Common Good voice services. This is budgeted for FY09.*

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: 4-21-2009
Purchase of Goods and Services over $250,000

To Apache Group for an estimated $326,400 for can liners (trash bags), to be stocked at the University Stores for use by Facilities Management and other University departments. The renewal contract period is from June 1, 2008, through May 31, 2009.

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

Apache Group was chosen as the low bid provider through a competitive bid process. This is the second 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 2008 University Stores Operating Budget, and will be included in the Fiscal 2009 Operating Budget. The University Stores Operating Budget is approved annually through the Operating Budget Process.

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

Approval of the item requested by:

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

Date

4/17/08
Purchase of Goods and Services over $250,000

To Apply Yourself Recruiting Solutions for $532,910 for a 4-year contract for graduate student on-line application and recruiting software services for The Graduate School programs on the three campuses.

The Graduate School receives over 13,000 applications each year from prospective students in every nation in the world who are applying for admittance into our 150 different graduate programs. The only viable way in which to process this volume of information in a fashion that satisfies quality and timeliness standards for both applicants and graduate faculty is with an on-line electronic application system that can be accessed on the internet.

The state of the art software for this application is provided to the University by a vendor named Apply Yourself. Most other major research universities across the country are using the services of this vendor. To develop, manage, and update a software system of this nature internally would be significantly more expensive then the annual investments being made through this vendor contract. The University has experience with this vendor over the past several years and is very satisfied with both performance and competitive pricing. By committing to a 4-year contract the University is saving approximately 8% over annual incremental contracts.

The annual increments of the contract are $129,425 for FY09, $131,933 for FY10, $134,491 for FY11, and $137,061 for FY12. This class preferred pricing includes prospect system, application system, supplemental application for international financial certification form, recommendation module, decision and enrollment services module, unlimited record access accounts, conditional PDF, scheduled export, up to 8,000 records to be managed in the system, and up to 15,500 application records.

Funding for this cost is provided within the annual budget plans of The Graduate School with the primary revenue source being the application fee charged via credit cards by students who use the system.

Submitted by:

Andrea Scott
Director of Admissions
The Graduate School
625-1303

Approving Officers:

Gail Dubrow, Ph.D.
Dean of the Graduate School & Vice Provost

E. Thomas Sullivan
Senior Vice President & Provost
Purchase of Goods and Services over $250,000

To Berean Group Int'l Inc. to increase an existing contract to $576,000 to complete design, development, and implementation work of the Education Abroad prospect and applicant system for the Office of Information Technology (OIT) and Learning Abroad Center. The current contract covers services for the period 10/15/07 - 5/16/08 at a cost of $246,000. The proposed contract amendment would add $368,000 to the contract and extend service through 2/27/09.

*Education Abroad is an enterprise solution leveraging PeopleSoft Campus Solutions modules along with custom built features for the Learning Abroad prospect and applicant business processes. The system is being built to provide automated processing capability for a minimum of 50,000 prospects and 25,000 applications per year, allowing measurement against President Bruinink's goal of 50% student participation in a learning abroad experience.*

*Berean was selected through a competitive process, using the State of Minnesota's Master Program Vendor list.*

*The Office of Information Technology's O&M resources cover funding for this contract. This planned expense is included in OIT's budget for the Learning Abroad project.*

Submitted by: Diane Wollner  
Chief Financial Officer, OIT  
203 Johnston Hall  
Mpls. Campus  
Phone: (612) 626-1311  
Fax: (612) 626-0076

Approval of this item is requested by:

[Signature]

Date: 4/21/2008

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

To GE Healthcare for an estimated $1,072,866 for a service agreement for a Magnetic Resonance Imaging (MRI) unit for the period of December, 2008, through December, 2016, for the University of Minnesota, Veterinary Medical Center.

The enhancement of medical imaging through MRI technology will strengthen the VMC capabilities in diagnosis, treatment and care of both small and large animals.

The Veterinary Medical Center signed a 9-year lease for this equipment in December, 2007. This service agreement will run concurrent with the lease, following the warranty period. Maintenance is only available through the manufacturer.

The funds for this purchase order come from clinic revenue that will be generated by using the MRI on large and small animal patients at the College of Veterinary Medicine.

Submitted by:

David Lee, Hospital Director
1365 Gortner Avenue
St. Paul, MN 55108
PH: 612-624-2725

Approval for this item requested by:

Dr. Frank Corra, Sr. Vice President
Academic Health Center
Rationale for Exception to Competitive Bidding

This purchase order has not been competitively bid because this vendor is the manufacturer of the system and the sole provider of maintenance and service.

Rates were negotiated for a low use care service 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 Gillig Company for $504,016 for a Hybrid LF-BRT Bus as needed for the campus shuttle fleet to be used for approximately 12 years by the Parking and Transportation Services Department.

Funds have been allocated for mass transportation under the federal formula grant program. The program, National Transit Data 5307, was initiated by the Surface Transportation Act of 1982 and is now administered under Safe Accountable Flexible Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU). Funds are apportioned to urbanized areas utilizing a formula based on population, population density and other factors associated with transit service and ridership. The funds are intended for transit improvements.

To qualify for these funds, the University was required to identify the campus transit system as a public transit system. The University worked with the Metropolitan Council to meet the requirements to be considered a public transit system. The funds allocated to the University under the federal program are being held by the Metropolitan Council for the University’s use.

Metropolitan Council advised the University to utilize the existing contract between Gillig Corporation and Metropolitan Transit to purchase the bus.

The University will pay the total cost of this vehicle and receive reimbursement from the Metropolitan Council for 80% of the total. Parking and Transportation Services has budgeted funds for the 20% University portion.

Submitted by: Bob Baker, Parking and Transportation Services Dept Director
300 Transportation & Safety Building
511 Washington Avenue SE
Minneapolis, MN 55455
Phone: 612-626-7275
Fax: 612-624-8899

Approval for this item requested by:

Kathleen O’Brien
Vice President, University Services
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because:

Parking and Transportation Services deferred to the Metropolitan Council’s competitive process for hybrid busses. The Metropolitan Council is a public corporation and political subdivision of the State of Minnesota.

Procedures undertaken to ensure reasonableness of price included:

Reasonableness of price has been determined through the Metropolitan Council’s solicitation process.

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 Harlan Sprague Dawley, Inc for an estimated $3,007,000; to The Jackson Laboratory for an estimated $2,715,000; to Charles River Labs for an estimated $3,416,000; and to Taconic for an estimated $862,000 for research animals as needed for the period of May 1, 2008 through June 30, 2011 for the Research Animal Resources Department.

The ongoing studies of University researchers require an uninterrupted supply of animals from the same sources as in the past. Although some strains of animals can be obtained from several vendors, the research project may dictate staying with one vendor because of their ability to furnish animals with unique characteristics required for consistency of research results.

Through a Request for Proposal process, in which 4 vendors responded, the 3 following vendors have ranked higher in the evaluation criteria: 1) Harlan, (2) Charles River Labs, and (3) Jackson Labs. Even though Taconic ranked lower in the evaluation criteria, they are needed as a vendor because they have unique emerging rodent models. Every vendor offers several unique strains of research animals that are not offered by other vendors. For this reason and for the continuity of the research studies; Harlan, Jackson labs, Charles River Labs, and Taconic will all receive contracts.

The purchases will be made using funds supplied by the individual researchers making the request for lab animals.

Submitted by: Cynthia Gillett, DVM
Director, Research Animal Resources
516 Delaware St SE
Minneapolis, MN 55455
Phone: 612-624-4625
Fax: 612-625-7632

Approval for this item requested by:

Frank Cerra, Senior Vice President

4/6/08 Date
Purchase of Goods and Services over $250,000

To Laser Technologies for an estimated $1,498,500 for Hewlett Packard laser toner and ink-jet printer cartridges, to be stocked at the University Stores for use in University departments. The contract period is from June 1, 2008, through May 31, 2009.

Hewlett Packard laser and ink-jet supplies are used throughout the University by most departments and research laboratories in a variety of laser and ink-jet printers. These products are purchased as needed by University departments.

Laser Technologies was chosen as the low bid provider through the University of Minnesota bid process. This is the first year of a possible five-year contract. Prices are reviewed each year, in the renewal process, to assure they remain competitive.

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

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

Approval of the item requested by:

[Signature]

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

Date

4/17/08
Purchase of Goods and Services over $250,000

An estimated $333,526 to Lenovo to purchase 262 IBM/Lenovo ThinkPad T61 laptops for the incoming Law School class of 2011.

*In order to further the mission of providing a technologically rich learning environment, the Law School has implemented a student laptop requirement.*

*This program affords the students a richer learning experience and a better support program for their laptops through standardization and vendor support. The program benefits the University by allowing Law School technology staff to better protect the enterprise from viruses and other malicious code. The program benefits faculty by allowing them to increase the use of technology in their classes with the knowledge that the students have equipment capable of performing the new learning and assessment opportunities.*

*Through a competitive proposal (RFP) process, the Lenovo Corporation was chosen as the provider of next year’s laptops for the incoming Law class of 2011. This is the first year of a new contract with the Lenovo Corporation, though the Law School previously participated in a three-year contract with IBM/Lenovo for laptops for the classes of 2007 – 2009.*

*The laptops will be purchased through funds obtained through a laptop purchase fee added to the Law School’s Student Technology Fee over the first two semesters of the students’ enrollment.*

Submitted by: Steve Winckelman, Information Technology Director
Room 421, Mondale Hall
Minneapolis Campus
Phone: (612) 625-9327
Fax: (612) 625-3478

Approval for this item requested by:

\[ Signature \]

VP or Exec. VP Signature

\[ Signature \]

Date
Purchase of Goods and Services over $250,000

To Solutionary, Inc. to increase an existing contract to $1,030,000 to manage and monitor the University’s critical network devices for the University’s Office of Information Technology (OIT). The current contract covers services for the period 8/1/05 - 7/31/08 at a cost of $750,000. The proposed contract amendment would add $280,000 to the contract and extend service through 7/31/09.

Solutionary is a full service security company dedicated to protecting the networks and electronic assets of companies and organizations worldwide. They provide comprehensive assessment, managed services, professional services, and security monitoring, utilizing sophisticated software and expert analysts to review and track potential security issues relating to a specified list of University assets.

Security monitoring of specifically designated critical computer servers, related firewalls, and intrusion detection systems is provided 24x7x365 to decrease the risk of undetected intrusions. If a potential security issue is discovered, Solutionary notifies designated University personnel to initiate appropriate follow-up investigation and actions. Additionally, Solutionary provides technical data and monthly technical reporting to the University.

Solutionary was selected through a competitive process.

The Office of Information Technology's O&M resources cover funding for this contract. This planned expense is included in OIT's network security budget.

Submitted by: Diane Wollner
Chief Financial Officer, OIT
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Mpls. Campus
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Fax: (612) 626-0076

Approval of this item is requested by:

[Signature]
Vice President and CIO

4-16-2008
Date
Finance and Operations Committee  May 8, 2008

Agenda Item:  Information Items

☐ review  ☐ review/action  ☐ action  ☑ discussion

Presenters:  Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☑ background/context  ☐ oversight  ☐ strategic positioning

There are no Information Items for this meeting of the Finance and Operations Committee.

Outline of Key Points/Policy Issues:

Background Information: