UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Finance & Operations Committee
Thursday, September 11, 2008
1:45 p.m. - 3:00 p.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
Imee Cambronero
Jennifer McCabe

AGENDA

1. Resolution Related to Issuance of Debt - Review/Action - R. Pfutzenreuter (pp. 2-6)


4. Committee Workplan, 2008-09 - S. Hunter/R. Pfutzenreuter (pp. 9-13)


6. Information Items - R. Pfutzenreuter (pp. 34-76)
Finance and Operations Committee  

September 11, 2008

Agenda Item: Resolution Related to Issuance of Debt

☐ review  ☒ review/action  ☐ action  ☐ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

In accordance with Board of Regents Policy: Debt Transactions, the Resolution Related to Issuance of Debt is being presented for action.

Outline of Key Points/Policy Issues:

The University is constructing a new 50,000-seat, open-air football stadium on the east bank of the Twin Cities campus, to be called TCF Bank Stadium (the “Stadium”) pursuant to a Naming Agreement between the University and TCF Financial Corporation and TCF National Bank (collectively, “TCF”).

Initial funding of the cost of the Stadium has been provided to date by the issuance of bonds in December 2006 (Series 2006-Special Purpose Revenue Bonds-State Supported Stadium Debt) in the principal amount of $137,250,000. Debt service on these bonds is provided by an annual appropriation from the State of Minnesota.

The University is requesting approval of the attached financing resolution authorizing the issuance and sale of bonds in the principal amount of up to $20,000,000 for costs of the Stadium. The debt service on these bonds will be provided by payments due from TCF under the Naming Agreement: equal annual payments of $1,429,000 on or before March 15th of each contract year over a period of 20 years beginning in March 2009, with a final payment of $1,420,000 due on March 15, 2029.

Background Information:

Over the past several years, the Board of Regents has considered various issues related to the planning and construction of an on-campus football stadium. The June 8, 2006 Board of Regents Work Session provided the Board with an overview of the TCF Bank Stadium Project.

The TCF Bank Stadium project was included in the FY2007 Capital Budget, approved on June 9, 2006.
President’s Recommendation for Action:

The President recommends approval of the Resolution Related to Issuance of Debt.
WHEREAS, the University is constructing a new open-air football stadium on the east bank of the Twin Cities campus, to be called “TCF Bank Stadium” pursuant to a Naming Agreement between the University and TCF Financial Corporation and TCF National Bank (collectively, “TCF”) dated as of March 24, 2005 and amended as of December 22, 2005; and

WHEREAS, under the Naming Agreement, TCF is obligated to pay a total of $35,000,000, of which $5,000,000 of which has been received to date and the remaining $30,000,000 is to be paid in equal annual payments of $1,429,000 on or before March 15th of each contract year over a period of 20 years beginning in March 2009, with a final payment of $1,420,000 due on March 15, 2029 (collectively, the “TCF Payments”); and

WHEREAS, it has been proposed that the University issue bonds to finance that portion of the cost of the Stadium to be covered by the TCF Payments; and

WHEREAS, the bonds will be issued in one or more series pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee, or pursuant to an Order of the University; and

WHEREAS, the Indenture of Trust or Order pursuant to which any series of bonds will be issued will contain the terms of such bonds and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such bonds;
NOW, THEREFORE, BE IT RESOLVED, by the Regents of the University of Minnesota, as follows:

1. To provide financing for the TCF Payments and to pay costs of issuance thereof, the University hereby authorizes the issuance of bonds in one or more series in the principal amount of up to $20,000,000 (the “Bonds”). The Bonds shall mature no later than May 1, 2029. The Bonds shall be general obligations of the University if the Treasurer determines that the Bonds shall be issued as general obligations of the University.

2. The Treasurer is authorized to negotiate with one or more banks, investment banking firms or financial institutions engaged by the University as the underwriter for the Bonds, the terms and conditions upon which the Bonds shall be sold and issued, and to approve the terms of such sale and issuance, including the extent to which, if any, the debt evidenced by the Bonds shall be supported by the full faith and credit of the University.

3. In connection with the issuance of any series of the Bonds, the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture of Trust or Order of the University or any supplement or amendment thereto under which the Bonds are to be issued in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the Bonds in accordance with such Indenture of Trust or Order of the University or any supplement or amendment thereto. The signatures of the Secretary and/or Treasurer on the Bonds may be by facsimile.

4. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of the Bonds in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and General Counsel.

5. In addition, the Treasurer is further authorized to negotiate with one or more commercial banks, insurers or other credit support providers the terms and conditions of any credit support for any series of the Bonds, and the President and Treasurer are authorized to execute and deliver any agreements of the University with the provider of any such credit support facility. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel.

6. The Treasurer is authorized to approve the Preliminary Official Statement and the final Official Statement or any supplements or amendments thereto to be prepared and distributed by the University to any purchaser or
potential purchaser of any series of the Bonds, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto.

7. The appropriate University officers are authorized to execute and deliver all other documents, certificates and to take such action as may be necessary or appropriate in connection with the issuance and sale of the Bonds.

8. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Bonds certified copies of all proceedings and records of the University as may be required or appropriate to evidence the facts relating to the legality of the Bonds as such facts appear from the books and records in the officers’ custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the University as to the truth of all statements contained therein.

9. The execution of any document by the appropriate officers of the University herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the President or Treasurer, any Indenture of Trust, Order, final Official Statement, purchase agreement with the initial purchaser or purchasers of any series of Bonds or any other document to be executed by the President or Treasurer in connection with the Bonds may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.
Finance and Operations Committee

September 11, 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:

The new PeopleSoft Enterprise Financial System went live on July 1, 2008. Since the go live date, all central finance units, augmented by a dedicated group of functional and technical personnel, have been responding to system problems and requests for assistance from users. Over the next several months, additional emphasis will be placed on outreach efforts designed to get users more comfortable with using the new system.

A presentation will be made to the Finance and Operations Committee that will provide additional information on post-implementation activities and issues.

Background Information:

The University purchased the PeopleSoft Enterprise Financial System software in September 2003, pursuant to Board approval. Project planning and implementation activities occurred between January 2004 and June 2008. During that timeframe, the Board received ten status reports, with the most recent delivered in May 2008.
Finance and Operations Committee

September 11, 2008

Agenda Item: Issues Related to: Annual Asset Management Report

☐ review  ☐ review/action  ☐ action  ☒ discussion

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

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

Annual Asset Management Report

To report on the annual results of investment performance in the area of asset management for the fiscal year ended June 30, 2008. The Office of Investments & Banking (OIB) prepares this report on the assets it oversees for review by the Investment Advisory Committee and the Board of Regents (see pages 33-52 of the Board of Regents docket).

Outline of Key Points/Policy Issues:

Annual Asset Management Report

- The invested assets of the University totaled approximately $1.9 billion on June 30, 2008.

- The Consolidated Endowment Fund value as of June 30, 2008 was $1.1 billion, a decrease of $27.4 million over the last 12 months after distributions. The total investment return of the endowment was down 4.8% over the last 12 months compared to a benchmark return up 0.2%.

- The book value of the short term reserves (TIP) was $617.6 million as of June 30, 2008. This was an increase of $69.2 million over the last 12 months. The investment return on the portfolio over the last 12 months was 3.8% compared to a benchmark yield of 6.2%.

- Total outstanding debt on June 30, 2008 was $807.2 million. The effective interest rate on all outstanding debt obligations was 4.3%.
Finance and Operations Committee

September 11, 2008

Agenda Item: Committee Workplan, 2008-09

☐ review  ☐ review/action  ☐ action  ☑ discussion

Presenters: Regent Steven Hunter
Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☑ oversight  ☐ strategic positioning

To review the 2008-09 Finance and Operations Committee Workplan.

Outline of Key Points/Policy Issues:

The 2008–09 Finance and Operations Committee Workplan is a summary of agenda items scheduled to be presented to the Finance and Operations Committee for the 12-month period of September 2008 through August 2009.

The attached list is organized according to the monthly schedule of meetings of the Finance and Operations Committee.

Background Information:

The annual Finance and Operations Committee Workplan is discussed in the early part of each fiscal year for the upcoming 12-month period.
September 2008

Policy Discussions or Related Activities
- Update: Enterprise Financial System Implementation – M. Volna
- Resolution Related to Issuing University Debt for TCF Bank Stadium – Review/Action – R. Pfutzenreuter
- Issues Relating to: Annual Asset Management Report – S Mason

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - Approval of New Investment Managers
- Information Items
  - Quarterly Purchasing Report [period ending June 30]
  - Annual Economic Development Report [period ending June 30]
  - Quarterly Investment Advisory Committee Update [September Meeting]
  - Quarterly Debt Management Advisory Committee Update [September meeting]
  - Emergency Approval [TIP Purchase]


October 2008 – No F&O

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - [Approval of New Investment Managers]

FY2010 – 2011 Biennial Budget Request – Action – BOR

November 2008

Policy Discussions or Related Activities
- Resolution Related to the Issuance of University Debt - Review/Action – R Pfutzenreuter
- Issues Related to: Financial Heat Map – R Pfutzenreuter
- Issues Related to: Endowment Spending Rate – S Mason
- Issues Related to: Historical Trends in Major Revenues and Expenditures

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - [Approval of New Investment Managers]
September 2008 through August 2009

Annual Financial Report (Audited) – Audits
Supplemental 2009 State Capital Request – Review – BOR

December 2008

Policy Discussions or Related Activities
• Issues Related to: State of Minnesota Economic Update – R Pfutzenreuter
• Issues Related to: Annual Financial Report (June –Audited Statements) – M Volna/D Seck
• Issues Related to: Annual Capital Financing & Debt Management Report – C Fleck
• Issues Related to: Peer Financial Institution Comparisons – R Pfutzenreuter
• Issues Related to: Metrics & Measurements - Key Financial Indicators – R Pfutzenreuter

Transactional Activities
• Consent Report
  o Central Reserves General Contingency Allocations
  o Purchase of Goods and Services over $250,000
  o [Approval of New Investment Managers]
• Information Items
  o Quarterly Purchasing Report [period ending September 30]
  o Quarterly Asset Management Report [period ending September 30]
  o Quarterly Debt Management Advisory Committee (DMAC) Update

Supplemental 2009 State Capital Request – Action – BOR

January 2009 – NO MEETING

February 2009

Policy Discussions or Related Activities
• Update: Enterprise Financial System Implementation Status/New Opportunities- M. Volna
• Issues Related to: RUMINCO – M Volna
• Issues Related to: University Student Fees – R Pfutzenreuter
• Issues Related to: Board of Regents Central Reserves Policy – R Pfutzenreuter

Transactional Activities
• Consent Report
  o Central Reserves General Contingency Allocations
  o Purchase of Goods and Services over $250,000
  o [Approval of New Investment Managers]
• Information Items
  o Annual Report on Central Reserves


March 2009
Policy Discussions or Related Activities
- Issues Related to: State of Minnesota Economic Update – R Pfutzenreuter
- Annual Investment Consultants Report: Cambridge Associates – S Mason
- Annual Insurance & Risk Management Report – M Volna
- Issues Related to: Structure & Financing New Ambulatory Care Center – R Pfutzenreuter

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - [Approval of New Investment Managers]
- Information Items
  - Quarterly Purchasing Report [period ending December 31]
  - Quarterly Investment Advisory Committee Update [February meeting]
  - Quarterly Asset Management Report [period ending December 31]
  - Semi-Annual Management Report (December – Unaudited)

April 2009 (Tentative)

Policy Discussions or Related Activities
- TBD

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - [Approval of New Investment Managers]
- Information Items
  - TBD

May 2009

Policy Discussions or Related Activities
- [Issues Related to: President’s Recommended Annual Operating Budget – R Pfutzenreuter/ J Tonneson]
- Issues Related to: Annual Capital Improvement Budget – R Pfutzenreuter
- Issues Related to: University Endowment Asset Allocation – S Mason
- Issues Related to: Board of Regents Approval of Financial Transactions – R Pfutzenreuter

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - [Approval of New Investment Managers]
- Information Items
  - Quarterly Purchasing Report [period ending March 31]
June 2009 (Board of Regents Annual Meeting)

Policy Discussions or Related Activities
- Issues Related to: UMF/MMF Asset Allocation & Investment Performance - TBD
- Issues Related to: Strategic Purchasing Opportunities/Reform – M Volna
- Issues Related to: TBD

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - Approval of New Investment Managers
- Information Items
  - Quarterly Investment Advisory Committee Update [May meeting]
  - Quarterly Asset Management Report [period ending March 31]
  - Quarterly Debt Management Advisory Committee (DMAC) Update

President's Recommended FY2009 Annual Capital Improvement Budget – Action – BOR
[President's Recommended FY2009 Annual Operating Budget - Approval – BOR]
President's Recommended Preliminary 2010 State Capital Request – Review - BOR

July 2009 (Regents Retreat)

Policy Discussions or Related Activities
- Preliminary Committee Workplan - S Hunter/R Pfutzenreuter
- Issues Related to: Update on University Tax Issues – K Farmer
- Issues Related to: TBD

Transactional Activities
- Consent Report
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services over $250,000
  - Approval of New Investment Managers
- Information Items
  - TBD

President's Recommended Preliminary 2010 State Capital Request – Action – BOR

August 2009 – No Meeting
Finance and Operations Committee  

September 11, 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.

Approval of New Investment Managers
To seek approval for two new investment managers: one absolute return hedge fund manager and one private equity manager.

Approval of Underwriter
In accordance with Board of Regents Policy: Debt Transactions, the appointment of Piper Jaffray as Underwriter for the taxable bonds related to Stadium financing is being presented for approval.

Outline of Key Points/Policy Issues:

General Contingency
An allocation of $250,000 is requested for the Vice President for University Relations. Funding will be used to create a comprehensive district plan and vision for the neighborhoods immediately bordering the University’s Twin Cities campus with the objective of making the neighborhoods surrounding the campus area attractive to University employees.

Purchase of Goods and Services Over $250,000

• To BD Biosciences Company for $473,327 for a Fluorescence Activated Cell Sorter Aria II flow cytometer for the Lillehei Heart Institute. The School of Medicine is providing funding through the FY09 budget. Vendor was selected through a competitive process.
• To Educational Computer Systems, Inc. (ECSI) for an estimated $685,000 to provide student loan billing and data maintenance services for a five-year period from October 1, 2008 to September 30, 2013 for Academic Support Resources’ Office of Student Finance. These services are funded from the Academic Support Resources annual operating budget. MnSCU (Minnesota State Colleges and Universities) funds its portion of the services directly with ECSI. Vendor was selected through a competitive process.

• To Managed Services, Inc. for $531,946 to provide facilities management services for the West Bank Office Building for the period of October 17, 2008 through October 16, 2009 for the West Bank District. The funds required to complete this contract will be provided by the West Bank District. Vendor was selected through a competitive process.

• To Oracle Corporation for $498,520 to renew Oracle PeopleSoft University-wide computer software licenses, updates, and maintenance support for the one-year period September 29, 2008 through September 28, 2009 for the Office of Information Technology (OIT). Operations, Infrastructure, and Architecture (OIA, a division of OIT) pays these product support and software update charges to ensure continuous operation of all Oracle PeopleSoft Applications. OIA is a centrally funded organization and its FY09 budget includes planning and funding for this expense. See enclosed documentation regarding basis for vendor selection.

• To Patterson Dental for an estimated $595,000 for non-stock dental lab supplies, dental medical supplies, dental instruments, dental X-ray films, and dental chemicals, etc. These non-stock items will be available to the School of Dentistry and other departments through the University Stores WEB order entry system. This contract period is from October 1, 2008 through September 30, 2009. Payment for these stock purchases will come from the University Stores Operating Budget. Vendor was selected through a competitive process.

• To Rigaku Americas Corp. for an estimated $545,000 for one HighFlux HomeLab X-ray diffraction system consisting of a MicroMax-007 HF X-ray generator with Osnic VariMax optics, a Saturn 944+ CCD detector and an X-stream 2000 cryogenic system for the Department of Medicinal Chemistry. The instrumentation will be purchased through laboratory start-up funds provided through an award from the Minnesota Department of Employment and Economic Development. See enclosed documentation regarding basis for vendor selection.

• To Schindler Elevator Corporation for $268,215.84 for the Annual Elevator Maintenance Contract for the period October 1, 2008 through September 30, 2009 for the Health Sciences District. The funds required to complete this contract will be provided by the Health Sciences District. Vendor was selected through a competitive process.

• To Stevens Community Medical Center for $348,500 for provision of medical services for UMM Health Service for the period of July 1, 2005 through June 30, 2009, including this amendment for $89,250 to extend the original contract period to June 30, 2009. Student health service fees provide funding for the contract. The contract fee is budgeted in the UMM Health Services operating budget for FY09. Vendor was selected through a competitive process.

• To Trimble Frontier Precision for $533,311 for a Differential Global Positioning System (DGPS) consisting of base station network software, a network of six GPS base stations, and 12 roving DGPS receivers for the Department of Mechanical Engineering’s Center for Transportation Studies. Purchase of these sensors will be funded by the Urban Partnership Agreement as an 80/20 match: 80% of the funding is provided by the U.S. Department of Transportation through the Federal Transit Administration and 20% of the match coming from the State of Minnesota.

• To XPEDX for an estimated $496,000 for the purchase of recycled copy paper to be stocked at the University Stores for use in University departments. The contract period is October 1, 2008 through September 30, 2009. Payment for these stock purchases will come from the University Stores Operating Budget. Vendor was selected through a competitive bid process.

Approval of New Investment Managers

The Office of Investments and Banking (OIB) proposes engaging two new investment managers to invest target allocations in CEF. The proposed managers have been reviewed and are recommended by the Investment Advisory Committee. These managers have been recommended following a thorough due diligence process and review by OIB of the respective asset classes relative to current market conditions and the managers previously selected in these asset classes.
• Fixed Income Portfolio: Absolute Return

**Halcyon Asset Backed Value Fund**
- $10 million investment
- Fixed income hedge fund
- Asset backed security focus
- U.S. focused fund

• Private Capital: LBO — Growth Capital

**Stone Arch Capital**
- $10 million investment
- Growth capital strategy
- Small Cap Focus
- Focus on U.S. - Midwest

**Approval of Underwriter**

The Treasurer proposes engaging Piper Jaffray as the underwriter for the issuance of taxable bonds.

- A request for proposal was sent to nine investment banking firms to act as the underwriter/investment banker for the issuance of taxable bonds in the principal amount of approximately $17,000,000 to $20,000,000, the proceeds of which will be used to finance a portion of the costs of the Stadium and to pay costs of issuance. Annual payments from TCF under the TCF Naming Agreement over 21 years beginning in March 2009 will cover the debt service on these bonds. Five responses were received that included six of the nine investment banking firms.
- The responses were evaluated by three members of the University's Debt Oversight Group and the evaluation process was discussed at the Debt Management Advisory Committee meeting held on September 10, 2008.
- The evaluation and selection process resulted in the selection of Piper Jaffray in light of their apparent understanding of the financing and the University's objectives; the degree to which their proposal met the University's expectations for service to be provided; their documented relevant qualifications, experience, and capabilities; the completeness of their response; and their low quoted price.
- Expected underwriter's discount assuming a $20,000,000 principal amount issued is estimated to be $80,000.

**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

**2008-09 General Contingency:**

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Allocation</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2009 General Contingency</td>
<td>$1,400,000</td>
<td></td>
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<tr>
<td>Carryforward from FY2008 into FY2009</td>
<td>896,843</td>
<td>2,296,843</td>
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1. **New items this reporting period:**

2. 

3. VP for University Relations 22,000 2,274,843 Media relations efforts for Republican National Convention

4. VP for University Relations 50,000 2,224,843 Campus-area neighborhood employee housing incentive

* 5. VP for University Relations 250,000 1,974,843 Campus-area neighborhood/district plan and vision

6. Assoc VP for Campus Planning and Project Development 60,000 1,914,843 Predesign of exercise and wellness center for Cooke Hall

7. Assoc VP for Campus Planning and Project Development 95,000 1,819,843 Predesign work for Cooke Hall renovation

8. Associate VP for Auxiliary Services 63,000 1,756,843 Request for Proposal process for Dining Services

9. General Counsel 46,000 1,710,843 Move of Records Office

10. Sr VP for Academic Affairs and Provost 100,139 1,610,704 Weisman Art Museum collection digitization project

11. 

12. **Balance as of August 31, 2008** 1,610,704

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

To the BD Biosciences Company for $473,327.00 for a Fluorescence Activated Cell Sorter (FACS) AriaII flow cytometer for the Lillehei Heart Institute.

The Lillehei Heart Institute (LHI) is an inter-disciplinary research institute within the University of Minnesota's Academic Health Center and Medical School. The LHI membership includes over 130 multi-disciplinary faculty in cardiovascular and/or respiratory research, both basic and clinical. Collectively, LHI faculty has demonstrated excellent success in procuring extramural funding, currently accounting for approximately 20% of all federally funded research grants on the Twin Cities campus.

LHI's goal is to foster contributions to the cardiovascular research program through research focused on the molecular mechanisms of myocardial stem cell biology. An additional dedicated flow cytometer will be necessary to meet the demands of LHI and allow for increased contribution to scientific publications and the acquisition of extramural grant funding.

Through a competitive bid process, BD Biosciences submitted the lowest bid for the FACS equipment.

The School of Medicine is providing funding through the FY09 budget.

Submitted by: Daniel J. Garry, M.D.
Professor and Division Director Cardiology Division
Department of Medicine
Telephone 612-626-0154
Fax 612-626-4411

Approval of this item:

[Signature]

Frank Cerra, M.D., Senior Vice President, Academic Health Center

Date: 8/18/08
Purchase of Services over $250,000

To Educational Computer Systems, Inc. (ECSI) for an estimated $685,000 to provide student loan billing and data maintenance services for a five (5) year period from October 1, 2008 to September 30, 2013 for Academic Support Resource’s Office of Student Finance.

The present contract for loan billing and data maintenance services will end on September 30, 2008. This service enables the Office of Student Finance to maintain records on campus based student loans for Crookston, Morris and the Twin Cities campus. Failure to provide this service would cause a depletion of loan funds for lending to new students and a failure of the university to meet federal compliance requirements of those loan programs.

Through a joint RFP process with the Minnesota State College and University System (MNSCU), it was determined that the incumbent ECSI, best met the needs for both the University of Minnesota and MNSCU.

ECSI will maintain the disbursement and payment histories for the campus based loan programs of Crookston, Morris and the Twin Cities, as well as the MNSCU system. ECSI will provide billing services, assist in processing loan payments, handle federal reporting requirements, maintain all loan data and provide processes to aid in the collection of past due loans. ECSI will provide online access for student borrowers to see all details of their loan histories and records, while also providing the ability for borrowers to make payments and comply with other requirements online. Their system will also provide an easy to use online source of information and functions for the Office of Student Finance staff.

These services are funded from the Academic Support Resources annual operating budget. MNSCU funds their portion of the services directly with ECSI.

Submitted by: Kristine Wright, Director, Office of Student Finance
Rm 265 Fraser Hall
Minneapolis Campus
Phone: (612)626-0302
Fax: (612)

Approval for this item requested by:

Robert McMaster, Vice Provost Date 8/22/08
Purchase of Goods and Services $250,000 and over

To Managed Services, Inc. for $531,946 to provide facilities management services for the West Bank Office Building for the period of October 17, 2008 through October 16, 2009 for the West Bank District.

Through a competitive process in 2006, Managed Services, Inc. was awarded a one year Management Agreement, with four one-year renewal options. This will be the second of the four options.

Managed Services, Inc. labor costs have risen by 4.5% resulting in increased maintenance costs of $44,329 for the next annual period to cover their preventive maintenance and janitorial services.

The funds required to complete this contract will be paid for by the West Bank District.

Submitted by: Michael Berthelsen
Associate Vice President
Facilities Management
319 15th Avenue S.E.
Minneapolis, MN 55455
Phone: 612-626-1091

Approval for this item requested by:

[Signature]
Kathleen A. O’Brien – Vice President of University Services

[Signature] 8/27/08
Date
Purchase of Goods and Services over $250,000

To Oracle Corporation for $498,520 to renew Oracle PeopleSoft Financials University-wide computer software licenses, updates, and maintenance support for the one-year period September 29, 2008 through September 28, 2009, for the Office of Information Technology.

University of Minnesota faculty and staff use Oracle PeopleSoft Financial application in support of the University mission. This financial management software consists of modules such as General Ledger, Asset Management, Cash Management, Accounts Receivable, and Accounts Payable. Oracle Corporation is the manufacturer and developer of the software and the provider of product support and software updates for the software.

The Oracle PeopleSoft Campus-wide "Software License and Services Agreement" provides software licenses, updates, and 7x24 technical support and problem resolution via telephone, the web, and on-site, if necessary. The high level of support provided by Oracle in the past has helped OIT maintain an excellent record for reliability and availability of University computer systems for many years.

Operations, Infrastructure, and Architecture (OIA, a division of OIT) pays these product support and software update charges to ensure continuous operation of all Oracle PeopleSoft Applications. OIA is a centrally funded organization and its FY09 budget includes planning and funding for this expense.

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

Approval of this item is requested by:

Diane Wollner for Steve Canley
Vice President and CIO
Date 8/28/08
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because it is a renewal of a proprietary software license and support. The vendor is the developer of the software and the provider of product support and software updates for the software.

The basis for price is the negotiated PeopleSoft contract (9/29/03).

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 Patterson Dental for an estimated $595,000 for non-stock dental lab supplies, dental medical supplies, dental instruments, dental X-ray films, and dental chemicals, etc. These non-stock items will be available to the School of Dentistry and other Departments through the University Stores WEB order entry system. This contract period is from October 1, 2008, through September 30, 2009.

The non-stock dental lab supplies/products, dental medical supplies/products, dental instruments, dental X-ray films and chemicals, etc., are used primarily by the School of Dentistry in their classes and procedures. Other departments also access items from this contract for their laboratories.

The vendor was selected through a competitive 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.

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

8/18/08 Date
Purchase of Goods and Services over $250,000

To Rigaku Americas Corp. for an estimated $545,000 for one HighFlux HomeLab X-ray diffraction system consisting of a MicroMax-007 HF X-ray generator with Osmic VariMax optics, a Saturn 944+ CCD detector and a X-stream 2000 cryogenic system. This is a “one-off” purchase to be completed before November 1st, 2008 for the Department of Medicinal Chemistry.

In September 2008, Dr. Barry Finzel will join the Medicinal Chemistry Department in the College of Pharmacy as Professor. Dr. Finzel’s appointment is under the auspices of the Minnesota Partnership for Biotechnology and Medical Genomics, a state-funded initiative designed to promote collaborations between the Mayo Clinic and the University of Minnesota. His research utilizes X-ray crystallography as a tool to study structures of protein-inhibitor complexes that can promote the development of potential anti-cancer agents through the use of structure-based drug design. Currently, experimental facilities for X-ray diffraction studies are provided as a shared resource to all University campuses through the Kahlert Structural Biology Center (KSBC) housed in Nils Hasselmo Hall. With Dr. Finzel’s research interests adding to those of the 16 other major users of the KSBC, it is anticipated that the current capacity of the KSBC will be exceeded. The KSBC will require one additional X-ray diffraction system to enable University and Mayo researchers to continue to lead in the competitive area of structure-based drug design. Investment in the HighFlux HomeLab X-ray diffraction system expands the capabilities of the KSBC for rapid data collection necessary to determine the structures of drug complexes with therapeutically important cancer targets.

The KSBC currently houses two existing Rigaku HomeLab X-ray diffraction systems. The addition of this third state-of-the-art HighFlux HomeLab system with the Saturn 944+ CCD detector is unique and specializes in the rapid collection of high-resolution data from small crystals. The Rigaku HighFlux HomeLab system was selected to maintain the highest compatibility with the hardware and software of the two preexisting Rigaku systems in the KSBC, to eliminate costs associated with staff retraining, and because Rigaku is able to supply a integrated system with a package discount instead of individual components that must be assembled from different manufacturers.

The instrumentation will be purchased through laboratory start-up funds provided Dr Finzel through an award from the MN Department of Employment and Economic Development, Sponsor Award #: SPAP-06-0014-P-FY07.

Submitted by: Barry Finzel, Professor in Department of Medicinal Chemistry
2-160C Weaver-Densford Hall, 308 Harvard St. SE, Mpls Campus
Phone: (612) 624-2448

Approval for this item requested by:

__________________________
Frank Cerra. Sr. Vice President for Health Sciences

__________________________

Date
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because:

In the Kahlert Structural Biology Center (KSBC), the University of Minnesota already has two Rigaku Micromax-007 HF rotating anode X-ray generators that are identical to the generator in the proposal. Each of the pre-existing X-ray generators also has Rigaku VariMax optics. In addition, the KSBC already has one Rigaku X-stream 2000 cryogenic system for crystal cooling with adequate spare compressor capacity to accommodate the second system in the proposal. All of the pre-existing systems in the KSBC use the same Rigaku-supplied StructureStudio, d*TREK and CrystalClear data collection and control software.

All of these pieces of equipment are complex and must integrate seamlessly with each other to work properly. From the proposal, the integrated Rigaku package provides guaranteed interoperability of all components. The similarity and commonality of the components in the proposal and the components already within the KSBC allow the current staff to utilize well-established maintenance procedures and schedules. For instance, all rotating anode X-ray generators have a filament that is critical for operation. When the filament exceeds its lifetime and burns out, the filament must be replaced – the current protocol takes 24-36 hours. A non-Rigaku system would require retraining of X-ray facility staff to accommodate a different replacement protocol and extra spare hardware/tools would need to be kept on-site. In addition, non-Rigaku equipment would require all users to learn new equipment control software, safety procedures and data processing software.

The installation of multiple Rigaku systems in the KSBC has highlighted some difficult-to-predict issues. During the setup and installation of the previous Rigaku generators in the KSBC, special plumbing and filters had to be installed to ensure the specific cooling-water requirements were met with the existing water supplies present in the KSBC. By using our previous experience with the installation of this Rigaku equipment in the KSBC, we can minimize installation delays and unforeseen complications that may arise during the installation of unfamiliar equipment.

Procedures undertaken to ensure reasonableness of price included:

A package discount of $193,500 is included and is significantly discounted from the price of an equivalent system quoted approximately 1 year ago.

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

To Schindler Elevator Corporation for $268,215.84 for the Annual Elevator Maintenance Contract for the period October 1, 2008 through September 30, 2009 for the Health Sciences District.

Through a competitive bid process in 2006, Schindler Elevator Corporation was awarded a two year Elevator Maintenance Agreement with three one-year option years.

Schindler Elevator labor costs have risen by 5.68% resulting in increased maintenance costs of $23,055.84 for the next annual period to cover 41 elevators for the first of three option years.

The funds required to complete this contract will be paid for by the Health Sciences District.

Submitted By: Michael Berthelsen
Associate Vice President
Facilities Management
319 15th Avenue S. E.
Minneapolis, MN 55455
Phone: 612-626-1091

Approval for this item requested by:

Kathleen A O’Brien – Vice President of University Services

Date: 8/27/08
Purchase of Goods and Services $250,000 and over

To Stevens Community Medical Center (SCMC) for $348,500 for provision of medical services for UMM Health Service for the period of July 1, 2005 through June 30, 2009, including this amendment for $89,250 extending the original contract period to June 30, 2009.

UMM Health Service is the on-campus student health service providing outpatient clinic services for UMM students. All regularly enrolled students who pay a mandatory health service fee use Health Services with no additional charges for clinic visits. Services include physician consultation, medical treatment and those medications most often needed by students.

SCMC will provide a Health Services medical director, providing primary medical care services for students including on-campus physician staffing for three hours each morning during the academic year, afternoon off-campus clinic services and coordinated pharmacy services.

The medical services RFP issued in Spring 2005 for the period of July 1, 2005 through June 30, 2007, included the option of two additional one-year terms covering the 2007-08 and 2008-09 academic years. This renewal is for the 2008-09 academic year.

UMM’s Health Services Committee reviewed and evaluated proposals, in consultation with Dr. Ed Ehlinger, Boynton Health Service Director, UMTC. SCMC is able to provide all services requested, using physicians to provide primary medical care services five days a week for more comprehensive service for UMM students. Cost of all services provided was one half the cost of the other provider responding to the RFP.

Student health service fees provide funding for the contract. The contract fee is budgeted in the UMM Health Services operating budget for FY 09.

Submitted by: Henry Fulda, Assistant Vice Chancellor for Student Life
Office of Residential Life
Morris Campus
Phone: (320) 589-6470

Approval for this item requested by:

[Signature]
Sandy Olson-Hay
Vice Chancellor for Student Affairs

[Signature]
Jacqueline Johnson
Chancellor

8/2/08
Date

8/2/08
Date
Purchase of Goods and Services $250,000 and over

To Trimble Frontier Precision for $533,311 for a Differential Global Positioning System (DGPS) consisting of base station network software, a network of six GPS base stations, and 12 roving DGPS receivers for the Department of Mechanical Engineering Center for Transportation Studies.

The Intelligent Vehicles Lab (IV Lab) has been awarded a $4.3 Million contract with the Met Council / FTA to deploy ten Minnesota Valley Transit Authority buses with the Lane Assist Technology. The lane assist technology supports a driver using bus-only-shoulders in poor visibility and weather conditions by providing feedback which helps the driver maintain the correct position of the bus in the narrow shoulder and avoid collision with vehicles using entrance and exit ramps; these entering and exiting vehicles cross the path of the bus on the shoulder. The ten buses used for Urban Partnership Agreement (UPA) will carry passengers in an express service from Apple Valley to downtown Minneapolis.

DGPS is the primary positioning technology for these vehicles. This DGPS technology can position the bus to an accuracy of four centimeters at a rate of 10 Hz. Such accuracy is needed to properly position a wide bus in a narrow shoulder.

This system will be integrated with the MN Department of Transportation system, and must be compatible with the State’s Trimble DGPS. The State of Minnesota has negotiated a state contract with Trimble. This contract will be utilized to procure the DGPS system.

Payment for these sensors will be funded by the UPA as an 80/20 match. 80% of the projects funding is provided by the US Department of Transportation through the Federal Transit Administration, and 20% of the match is coming from the State of Minnesota.

Submitted by: Craig Shankwitz, Intelligent Vehicles Lab Director
L-111 Mechanical Engineering
612 625 0323 (ph), 612 625 8884 (facs), shank004@umn.edu

Approval for this item requested by:

VP or Exec. VP Signature

8/27/08 Date
Purchase of Goods and Services over $250,000

To XPEDX for an estimated $496,000 for the purchase of recycled copy paper, to be stocked at the University Stores, for use in University departments. The contract period is October 1, 2008, through September 30, 2009.

Recycled 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.

XPEDX was chosen as the low bid provider, for recycled copy paper, through the University of Minnesota bid process. This is the fourth 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.

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  
8/18/08  
Date
Recommendation Summary
Fixed Income: Absolute Return

Strategic Rationale

The Office of Investments & Banking, (OIB) is seeking approval for its recommendation to make an investment in an Absolute Return Strategy: Halcyon Asset Management.

The overall strategic asset allocation for fixed income is 20% of the portfolio with a range of +/- 5%. That allocation is divided into core holdings which are a mix of publically traded or highly liquid securities totaling approximately 7-8%, higher yielding private debt securities totaling 5-6% and the remainder is invested in absolute return strategies which exhibit bond like volatility and historically provide returns above those of the LBA benchmark. As of June 30, 2008, the fixed income portfolio balance totaled $227 million or approximately 20.3% of the portfolio. OIB is currently evaluating the restructuring of the core fixed income and looking to rebalance some of the private debt and absolute return strategies.

Recommendation

At this time OIB recommends making a $10 million investment in Halcyon Offshore Asset-Backed Value Fund, (the Fund), a $750 million fund which invests in seasoned stressed and distressed, publically traded asset-backed securities.

Halcyon Asset Management was founded in 1981 and manages over $11 billion in global stressed and distressed assets and corporate special situations. The firm has 52 investment professionals and 130 total staff in New York, LA and London offices. Halcyon has been an SEC-registered firm since 1997. We are currently invested in their flagship fund through our investment in Commonfund Absolute Return fund which is a fund of funds. In 2005 they hired three senior partners of Bayside Capital, a long standing private partnership that invests in secured debt and equity of debtor-in-possession financing, prepackaged bankruptcies and out of court restructurings. Those three form the portfolio manager nucleus of a three year old fund called the Halcyon Asset-Backed Value Fund.

After being closed for the past year, the Fund is accepting new capital to increase the fund size to approximately $1.0 billion. The Fund pursues a focused strategy of investing almost exclusively in significantly discounted asset-backed securities including deeply discounted motor vehicle sales contracts, credit card receivables, installment loan or lease contracts on real property, and distressed first lien mortgage backed securities including CMBS and RMBS.

The fund is currently structured with diversified positions totaling approximately 50% of the exposure to the US housing market in the form of RMBS, manufactured housing corp. bonds, subprime mortgages, vintage CDOs and Alt- A mortgages. The remaining 50% includes aircraft equipment leases, franchise residuals, auto loans, small business loans, trust preferreds, and cash. Securities are generally purchased in the secondary markets and increasingly as negotiated sales from commercial banks attempting to shore up their capital base. The portfolio has an average credit rating of BBB+, a duration of 3.8 years, with 124 positions and a gross exposure of 85% (15% cash, no leverage currently, a max of 2:1 is allowable). Since inception, the Fund has produced a Sharpe ratio of 2.6 and a standard deviation of 4.8%.
### Manager Profile: Halcyon Asset Management

#### Organization and Strategy

<table>
<thead>
<tr>
<th>Investment Manager:</th>
<th>Halcyon Asset Mgmt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>New York, NY</td>
</tr>
<tr>
<td>Contact:</td>
<td>Chris Mason</td>
</tr>
<tr>
<td>Year Founded:</td>
<td>1981</td>
</tr>
<tr>
<td>Assets Managed:</td>
<td>$10.7 Billion</td>
</tr>
<tr>
<td>Fund Inception:</td>
<td>2005</td>
</tr>
<tr>
<td>Invest Professionals:</td>
<td>52</td>
</tr>
<tr>
<td>Style Focus:</td>
<td>Distressed, Structured Debt</td>
</tr>
<tr>
<td>Regional Focus:</td>
<td>US</td>
</tr>
<tr>
<td>Sector / Industry Focus:</td>
<td>Diversified</td>
</tr>
</tbody>
</table>

#### University Investment

| Proposed Fund Investment: | $10 Million |
| Previous Fund Investment: | $0          |

#### Fund Details (July 31, 2008)

<table>
<thead>
<tr>
<th>Fund Name:</th>
<th>Halcyon Asset Backed Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Size:</td>
<td>$765 Million</td>
</tr>
<tr>
<td>Sponsor Investment including employees</td>
<td>$130 Million</td>
</tr>
<tr>
<td>Fund Strategy:</td>
<td>Distressed Debt</td>
</tr>
<tr>
<td>Targeted Return:</td>
<td>12-15%</td>
</tr>
<tr>
<td>Leverage:</td>
<td>1 to 2x</td>
</tr>
<tr>
<td>Redemptions:</td>
<td>Quarterly from investment*</td>
</tr>
<tr>
<td>Lock-up:</td>
<td>None</td>
</tr>
<tr>
<td>Recovery of losses provision</td>
<td>Yes</td>
</tr>
<tr>
<td>Mgmt. Fee:</td>
<td>2.00%</td>
</tr>
<tr>
<td>Incentive Fee:</td>
<td>20%</td>
</tr>
<tr>
<td>Sharpe Ratio:</td>
<td>2.40%</td>
</tr>
<tr>
<td>Correlation to Lehman Agg</td>
<td>13.60%</td>
</tr>
<tr>
<td>Mo. High Return:</td>
<td>4.58%</td>
</tr>
<tr>
<td>Mo. Low Return:</td>
<td>-2.46%</td>
</tr>
</tbody>
</table>

*90 days notice, max 20% per quarter, penalties for withdrawal during first 24 months

#### Past Fund Performance As of July 31, 2008

<table>
<thead>
<tr>
<th>Lifetime performance (net results)</th>
<th>Fund</th>
<th>Lehman Agg</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>30.00%</td>
<td>4.30%</td>
</tr>
<tr>
<td>2007</td>
<td>10.50%</td>
<td>7.00%</td>
</tr>
<tr>
<td>2008 (Ytd)</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

#### Comments

The fund seeks to produce attractive risk-adjusted returns while maintaining low correlation to equity and corporate debt markets. The fund is an active buyer in secondary markets for distressed, non-investment grade and investment grade structured finance products with a main concentration in asset-backed securities.
Recommendation Summary
Private Capital: Private Equity

Strategic Rationale

The Office of Investments & Banking, (OIB), is seeking approval to make a commitment to a new private equity manager: Stone Arch Capital.

The strategic asset allocation for private capital is currently 20% of the overall portfolio with a range of +/- 5%. Private Capital consists of venture capital, private equity (either for control as in an LBO, or non-control investments which provide growth capital), and distressed debt. As of June 30, 2008, the balance of private capital had grown to $268 million or approximately 24.1% of the portfolio. The market value of this sub-portfolio has grown rapidly for primarily three reasons: there have recently been accelerated capital calls as managers have seen an abundance of opportunity, the three year investment performance of this sub-portfolio compounding at a rate in excess of 20%, and declining values of the public equity portfolios.

Since making several new commitments in 2006 and early 2007 that were focused on investment strategies outside the U.S., we have done very little to add to private equity in late 2007 and have made two $10 million commitments to existing managers thus far in 2008. Despite being near the maximum portfolio allocation, we would seek to make modest sized additional commitments to existing managers to maintain the vintage year diversification, and are proposing a commitment to Stone Arch as a vehicle to invest in small and mid cap companies with a different risk/return profile.

The proposed commitment to the Stone Arch Capital Fund II would be the first commitment to smaller and middle market buyout strategies. The expectation would be that in less efficient, more regional markets, utilizing very low leverage ratios, there is an opportunity to outperform larger, leveraged strategies in the coming years.

Recommendation

At this time, OIB recommends making up to a $10.0 million commitment to Stone Arch Capital Fund II. Stone Arch is seeking to raise $200 million and to close by calendar year end 2008. Fund I was $90 million and closed in early 2006. Stone Arch is a Minneapolis based buyout, (private equity for control) firm focused on lower middle market private companies in the Midwest region of the United States extending from Cleveland to Denver and Minneapolis to Texas.

The three founding partners each have many years of transactional experience in the Midwest. Fund I includes six platform companies and has completed many add-on acquisitions. Two of the platform companies are in the process of being sold or combined in a joint venture. The current realized or estimated value of the fund is approximately 2.0 X invested capital and an IRR in excess of 50%. The firm’s strategy is to focus on business and industrial service companies and food companies with strong growth prospects that can be purchased for 4-5 X trailing EBITDA, and leveraged 2-3 times. Through the help of operating partners, the firm plans to generate efficiencies, improve the cash flow, and make the company an attractive candidate for strategic purchasers or larger buyout funds in a 3-5 year period of time. Lead investors in Fund I include: Goldman Sachs, US Bank, Mass Mutual and The Hartford – all of whom participated at higher levels in the first closing of Fund II.

OIB is recommending a modest commitment size because this is a smaller fund, we view this investment as higher risk, (similar to some of our venture commitments), and we are anxious to learn more about a niche market with high return potential given the possibility we may want to expand this investment strategy in the future.
Manager Profile: Stone Arch Capital

Organization and Strategy

<table>
<thead>
<tr>
<th>Investment Manager:</th>
<th>Stone Arch Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>Minneapolis, MN</td>
</tr>
<tr>
<td>Contact:</td>
<td>Charlie Lannin</td>
</tr>
<tr>
<td>Year Founded:</td>
<td>2005</td>
</tr>
<tr>
<td>Total Capitalization:</td>
<td>$88 million</td>
</tr>
<tr>
<td># Prior Programs:</td>
<td>1 funds</td>
</tr>
<tr>
<td>Invest Professionals:</td>
<td>4</td>
</tr>
<tr>
<td>Style Focus:</td>
<td>Lower Market</td>
</tr>
<tr>
<td>Regional Focus:</td>
<td>U.S. - Midwest</td>
</tr>
<tr>
<td>Sector / Industry Focus:</td>
<td>Manufacturing / Food</td>
</tr>
</tbody>
</table>

University Commitments

| Proposed Fund Commitments: | Up to $10 million |
| Previous Fund Commitments: | $0 Million       |

Past Performance*

<table>
<thead>
<tr>
<th>Committed Capital (mil)</th>
<th>Fund Year</th>
<th>Multiple</th>
<th>Gross IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stone Arch Capital I</td>
<td>$61</td>
<td>2006</td>
<td>1.6X</td>
</tr>
<tr>
<td>Predecessor Investments</td>
<td>$327</td>
<td>1993-2003</td>
<td>3.0X</td>
</tr>
</tbody>
</table>

*as of December 31, 2007

Private Capital

<table>
<thead>
<tr>
<th>Fund Name:</th>
<th>Stone Arch Capital II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Size:</td>
<td>$200 Million</td>
</tr>
<tr>
<td>Sponsor Investment:</td>
<td>$4.0 Million</td>
</tr>
<tr>
<td>Fund Strategy:</td>
<td>Private Capital - Buyout</td>
</tr>
<tr>
<td>Targeted Leverage:</td>
<td>N/A</td>
</tr>
<tr>
<td>Investment Period:</td>
<td>6 Yrs</td>
</tr>
<tr>
<td>Fund Term:</td>
<td>10 Yrs</td>
</tr>
<tr>
<td>Target Gross Return:</td>
<td>20%+</td>
</tr>
<tr>
<td>Mgmt. Fee:</td>
<td>2.00%</td>
</tr>
<tr>
<td>Incentive Fee: (w/ catch-up)</td>
<td>20%</td>
</tr>
<tr>
<td>Preferred Return:</td>
<td>N/A</td>
</tr>
<tr>
<td>Projected Closing:</td>
<td>December, 2008</td>
</tr>
</tbody>
</table>

Comments

Stone Arch Capital is a Minneapolis based growth capital firm. Stone Arch's strategy focuses on lower capitalization manufacturing and food companies with enterprise values of $5 - $20 million. This allows Stone Arch to be the sole bidder in most cases and limit the competitive bidding. The strategy also seeks to leverage already established high quality management teams providing guidance to achieve accelerated growth and eventual sale. The focus is established midwest companies with strong cash flow characteristics. Stone Arch GPs have considerable experience managing fortune 500 manufacturing companies and have worked for top tier private capital firms in the past.
Finance and Operations Committee

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.

Annual Economic Development Report
To provide the Finance & Operations Committee with a statistical overview of the University’s expenditures with Small and Targeted Businesses (women, minority, and disabled owned business) for the period of July 2007 through June 2008.

Quarterly Debt Management Advisory Committee Update
To provide a report on the meeting of the Debt Management Advisory Committee (DMAC) held on September 10, 2008.

Emergency Purchases
To provide the Board with information regarding emergency approval of a purchase greater than $250,000.

Outline of Key Points/Policy Issues:

Quarterly Purchasing Report
Detailed reports with brief discussion on the following activity:

• Summary of Purchasing Activity
• Purchases made as Approved Exceptions to Competitive Process
• Purchases made as Preapproved Exceptions to Competitive Process
• Regents Purchasing Policy Violations
Annual Economic Development Report

Total expenditures in FY2008 were $74,488,546 for Targeted Business and $11,504,979 for small businesses. Total expenditures for both Small and Targeted Businesses were $85,993,525.

Quarterly Debt Management Advisory Committee Update

The agenda for the meeting held on September 10, 2008, included:

• Review of the RFP Evaluation Process for selection of the Underwriter for the taxable bond issuance related to the football stadium financing.

• Status of conversion of the Series 2003A bonds

• Status of issuance of additional commercial paper

• Review of the future debt issuances by project and amount

Emergency Approvals

1. On July 23, 2008, Regents Simmons, Allen, and Hunter approved an exception to Board of Regents Policy: Investment of Reserves to allow the purchase of a privately-placed bond into the Temporary Investment Pool (TIP) as follows:

   • To purchase $10.0 million of a KYN (a closed end mutual fund) new issue bond maturing in July 2011. The bond is triple A rated (the highest rating) by both Standard & Poors and Moody’s rating agencies. It has a yield to maturity of 5.65% and is being issued by a company and management firm that is well known to the Office of Investments & Banking.

   In support of using this emergency process, Stuart Mason, Chief Investment Officer, noted that a commitment to purchase was necessary prior to the September meeting of the Board of Regents.

2. On August 12, 2008, Regents Simmons, Allen, and Hunter approved a request to amend the previously granted exception to Board of Regents Policy: Investment of Reserves (see item 1, above).

   • To purchase $10.0 million of a KYE, a new issue bond maturing in July 2011. The bond is triple A rated by both Standard & Poors and Moody’s rating agencies. It has a yield to maturity of 5.65% and is being issued by a company and management firm that is well known to the Office of Investments & Banking.

   Stuart Mason, Chief Investment Officer, requested the amendment to correct an administrative miscommunication by replacing the bond issued by KYN with a bond issued by KYE with almost identical characteristics. Both bonds are closed-end mutual funds managed by Kayne Anderson Capitol Advisors.

3. Regents Simmons, Allen, and Hunter approved, on August 14, 2008, a purchase over $250,000 as follows:

   • To EMC Corporation for an estimated $450,151 for Cisco hardware components and software products required to expand and improve Enterprise Storage Area Network (SAN) infrastructure located in the Office of Information Technology’s (OIT) data centers.

   In support of using this emergency process, Steve Cawley, Vice President and Chief Information Officer, cited the urgent need to begin work on this infrastructure upgrade in August to ensure the storage capacity required by Enterprise projects. The purchase was originally scheduled for inclusion in the July 2008 Consent Report, but an error in the RFB required the bid to be reissued.

These approvals were consistent with Board of Regents Policy: Board Operations and Agenda Guidelines, Section II, Subd. 10, which states:

Upon the recommendation of the president, the Board chair, vice chair, and the respective Committee chair may act on behalf of the Board when delay for Board approval poses a significant health, safety, or financial risk to the University. Any such emergency approvals will be brought to the next meeting of the Board, consistent with Board policy.
August 21, 2008

The Honorable Steven Hunter, Chair, Finance and Operations Committee
The Honorable Dean Johnson, Vice Chair
The Honorable Clyde Allen
The Honorable Linda Cohen
The Honorable John Frobenius
The Honorable Venora Hung

Committee Members:

Enclosed is Purchasing Services’ report on purchasing activity for 4th quarter, fiscal year ‘08. 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.

Items of note on the 4th quarter, 2008 report:

- In Section I, under “Summary of Purchasing Activity”, overall spending on purchases is up 16%, approximately $132 Million, from FY07. This is the 3rd year of the sharp upward trend in spending on purchases that began in FY06.

  Analysis shows that the increase in FY08 spending on purchases is occurring over many types of expenditures, most notably, capital improvements, computer services, temporary instructional services, software licenses, sponsored subcontracts, and scientific instruments. These types of increases are consistent with major University projects, such as stadium construction, the Enterprise Financial System project, and research initiatives.

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 Pfitzenreuter, CFO, Treasurer and Vice President for Budget & Finance
    Ann Cieslak, Executive Director and Corporate Secretary, Board of Regents
    Karen Triplett, Director, Purchasing Services
## 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 Reasonableness **</th>
<th>Purchase Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>$205,200</td>
<td>Animal Science</td>
<td>Illumina, Inc</td>
<td>Bovine whole-genome genotyping kit for 2016 samples</td>
<td>2</td>
<td>410-20000153</td>
</tr>
<tr>
<td>$169,997</td>
<td>Capital Planning &amp; Project Management</td>
<td>Aramark/Starbucks</td>
<td>For Starbucks equipment and specialized installation for Starbucks Coffee Shop in Herbert M. Hanson Jr. Hall</td>
<td>7</td>
<td>00624 (Unifier)</td>
</tr>
<tr>
<td>$157,500</td>
<td>Networking and Telecommunications Systems</td>
<td>University of Wisconsin</td>
<td>Reimbursement to the University of Wisconsin for WiscWaves equipment</td>
<td>8</td>
<td>804-20000408</td>
</tr>
<tr>
<td>$149,902</td>
<td>Soil, Water and Climate</td>
<td>Campbell Scientific, Inc</td>
<td>TGA200 and supporting equipment for water vapor high frequency isotope analyzer</td>
<td>8</td>
<td>416-20000128</td>
</tr>
<tr>
<td>$138,630</td>
<td>University Stores</td>
<td>3M/ESPE, Dental Products Division</td>
<td>3M/ESPE Dental Products used at the School of Dentistry</td>
<td>3</td>
<td>B5574709</td>
</tr>
<tr>
<td>$125,400</td>
<td>University Libraries</td>
<td>YBP Library Services</td>
<td>Catalog records, including upgraded CIP and Provisional Plus, and physical processing, including marking and tattletaping</td>
<td>6,8</td>
<td>369-20000045</td>
</tr>
<tr>
<td>$120,000</td>
<td>UMM Plant Services</td>
<td>McKinstry</td>
<td>Engineering for ECM and Creb bond</td>
<td>8</td>
<td>268-20000174</td>
</tr>
<tr>
<td>$105,130</td>
<td>The Hormel Institute</td>
<td>Art Robbins Instruments</td>
<td>Robot - Phoenix Liquid Handling System</td>
<td>8</td>
<td>343-20000102</td>
</tr>
<tr>
<td>$105,000</td>
<td>U Services - IS</td>
<td>FAMIS</td>
<td>Maintenance, support and application development for FAMIS product</td>
<td>1</td>
<td>572-55063038</td>
</tr>
<tr>
<td>$98,000</td>
<td>Networking and Telecommunications Systems</td>
<td>State of Minnesota Office of Enterprise Technology</td>
<td>Network links to U of M underground lab in Soudan, MN</td>
<td>4,8</td>
<td>804-20000379</td>
</tr>
<tr>
<td>$89,376</td>
<td>Veterinary Bio Sciences</td>
<td>Illumina, Inc</td>
<td>Genome MicroArray Single Nucleotide Polymorphisms (SNP) Equine Chips</td>
<td>2</td>
<td>670-20000149</td>
</tr>
<tr>
<td>$79,215</td>
<td>Office of Measurement</td>
<td>Scantron Corp Services</td>
<td>An Optical Mark Reader and Image Capture scanner which is capable of being driven by ImageScan Tools software</td>
<td>2</td>
<td>913-20000003</td>
</tr>
<tr>
<td>Amount</td>
<td>Department</td>
<td>Selected Vendor</td>
<td>Product</td>
<td>Price Reasonableness**</td>
<td>Purchase Order</td>
</tr>
<tr>
<td>----------</td>
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<td>----------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>$79,100</td>
<td>Dept of Surgery</td>
<td>Wilson Wolf Manufacturing Corporation</td>
<td>Islet culture vessels for direct use in human research and pre-clinical porcine xenotransplant work</td>
<td>2,3</td>
<td>647-200000307</td>
</tr>
<tr>
<td>$78,500</td>
<td>Natural Resources Research Institute</td>
<td>Viita Black Dirt</td>
<td>Excavation, leveling, contouring, ditching, and spreading of plant materials on 120 acres at Fens Research Facility</td>
<td>1</td>
<td>187-20000168</td>
</tr>
<tr>
<td>$68,921</td>
<td>Dept of Residential Life</td>
<td>KLN Steel Production Company</td>
<td>Furniture to match existing furniture in residence hall rooms</td>
<td>1,3,8</td>
<td>126-20000018</td>
</tr>
<tr>
<td>$27,020</td>
<td>Institute for Therapeutics Discovery and Development</td>
<td>ChemDiv Corporation</td>
<td>For a unique 6,702 small molecule peptide and peptidomimetic screening library</td>
<td>7</td>
<td>936-20000006</td>
</tr>
<tr>
<td>$63,854</td>
<td>Agronomy and Plant Genetics</td>
<td>Illumina, Inc</td>
<td>Custom oligo assay single locus (SNP) includes oligonucleotide design, synthesis and polling on a per locus basis</td>
<td>2</td>
<td>409-20000179</td>
</tr>
<tr>
<td>$60,000</td>
<td>University Stores</td>
<td>Denville Scientific</td>
<td>Denville tips, tubes and some molecular products</td>
<td>2,8</td>
<td>B5574706</td>
</tr>
<tr>
<td>$58,810</td>
<td>Facilities Management</td>
<td>SimplexGrinnell</td>
<td>Security cameras for Selvig, Dowell, McCall, Sahlstrom Conference Center and Kiehle Student Center</td>
<td>2</td>
<td>115-20000053</td>
</tr>
<tr>
<td>$56,404</td>
<td>Law Library</td>
<td>Thomson/West</td>
<td>Access to WESTLAW</td>
<td>8</td>
<td>592-20000096</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
## 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>$184,000</td>
<td>Medical School Administration Biostatistics / CCBR</td>
<td>ECG Management Consultants, Inc</td>
<td>Management Consulting Services</td>
<td>8</td>
<td>625F4545197</td>
</tr>
<tr>
<td>$151,858</td>
<td>University of Vermont</td>
<td>Measurement of CVD inflammatory and coagulation biomarkers in specimens collected in an NIH-funded clinical trial</td>
<td>6</td>
<td>636F4571664</td>
<td></td>
</tr>
<tr>
<td>$110,000</td>
<td>National Center on Educational Outcomes / Institute on Community Integration</td>
<td>National Center for the Improvement of Educational Assessment</td>
<td>To analyze state data from Hawaii, South Dakota, and Wisconsin to clarify who the students are who may be eligible for the Alternate Assessment based on Modified Achievement</td>
<td>8</td>
<td>303F4537265</td>
</tr>
<tr>
<td>$99,000</td>
<td>University Services</td>
<td>Robert Half Int'l</td>
<td>Extend contract of Pual Francis for Unifier Conversion</td>
<td>2</td>
<td>571-550603262</td>
</tr>
<tr>
<td>$75,134</td>
<td>Environmental Health Sciences</td>
<td>NowCare Medical Center PA</td>
<td>3rd year of medical testing services</td>
<td>1</td>
<td>662F3244896</td>
</tr>
<tr>
<td>$75,000</td>
<td>St Anthony Falls Laboratory</td>
<td>Duke University</td>
<td>Sonar records and any density models, porosity models, velocity models, and/or reflectivity models of the selected stratigraphic sections that it produces along with seismic modeling results, as well as appropriate interpretations of these models and</td>
<td>8</td>
<td>536F4617372</td>
</tr>
<tr>
<td>$70,888</td>
<td>Center for Drug Design</td>
<td>William M. Shannon</td>
<td>Assist/consult in the development of programs in antiviral research and antiviral drug discovery</td>
<td>8</td>
<td>875F3198092</td>
</tr>
<tr>
<td>$54,550</td>
<td>Weisman Art Museum</td>
<td>Mobius</td>
<td>Professional services to facilitate internal organizational dialog, facilitate meetings, and assist organizations in achieving their goals</td>
<td>5</td>
<td>285F4442178</td>
</tr>
<tr>
<td>$51,892</td>
<td>Medicine / Infectious Disease</td>
<td>University of Oklahoma Animal Resources</td>
<td>Part of a 4 year collaboration to provide professional services for the study of baboons</td>
<td>8</td>
<td>636F4578402</td>
</tr>
<tr>
<td>Amount</td>
<td>Department</td>
<td>Selected Vendor</td>
<td>Product</td>
<td>Price Reasonableness**</td>
<td>CPS No.</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------</td>
<td>----------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>$51,304</td>
<td>Academic Affairs</td>
<td>Communicating for Agriculture</td>
<td>Temporary instructional services for International Agriculture Program under the MJSP grant</td>
<td>4</td>
<td>100F4557506</td>
</tr>
<tr>
<td>$49,500</td>
<td>Office of Human Resources/Benefits</td>
<td>Sand Creek Group Ltd</td>
<td>Continue to provide full service, Employee Assistance Services for 9,000 employees - Civil Service/Bargaining Unit - and their dependants, including supervisor phone or electronic connect consultation and face-to-face counseling sessions</td>
<td>2</td>
<td>775F4094626</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>Reasonableness**</th>
<th>CPS No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$932,707</td>
<td>Veterinary Diagnostic</td>
<td>Idexx Distribution Corp</td>
<td>Various test kits. Usage of these kits is based on the disease and the clients request to test for each disease</td>
<td>8</td>
<td>B6724720</td>
</tr>
<tr>
<td>$578,394</td>
<td>Medicinal Chemistry</td>
<td>Rigaku</td>
<td>Home-lab X-Ray Diffractometer</td>
<td>2</td>
<td>658-20082160</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
## 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 Reasonableness</th>
<th>Purchase Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>$680,750</td>
<td>Capital Planning &amp; Project Management</td>
<td>RSP Architects</td>
<td>Architectural and Engineering Design Services for Carlson School of Management (CSOM) building</td>
<td>8</td>
<td>00717 (Unifier)</td>
</tr>
<tr>
<td>$400,000</td>
<td>Parking and Transportation Services Inc</td>
<td>SRF Consulting Group, Feasibility and environmental study of LRT along the Northern Alignment</td>
<td>8 PRQ 08279563</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
### VI. Pre-Approved Exceptions to Competitive Purchasing (Goods, Services & Construction) Under $250,000

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>417-00000016</td>
<td>Waters Corporation</td>
<td>Metabolomics mass spectrometry instrumentation</td>
<td>$544,628</td>
<td>College of Food, Agriculture and Natural Resource Sciences</td>
</tr>
<tr>
<td>4</td>
<td>626-20000193</td>
<td>Leco Corporation</td>
<td>Pegasus III 4D Demo Unit Mass Spectrometer</td>
<td>$105,000</td>
<td>Biochemistry, Molecular Biology and Biophysics</td>
</tr>
<tr>
<td>4</td>
<td>626-20000194</td>
<td>Agilent Technologies Corporation</td>
<td>LC fraction collection mass spectrometer</td>
<td>$97,939</td>
<td>Biochemistry, Molecular Biology and Biophysics</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). $747,567

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>804-20000404</td>
<td>Committee on Institutional Cooperation (CIC)</td>
<td>10 GIG Internet2 Network connection renewal through CIC</td>
<td>$145,500</td>
<td>Networking and Telecommunications Systems</td>
</tr>
</tbody>
</table>

Subtotal for Exception #6: Service or supplies available only from another governmental agency or public entity. $145,500
<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>803-20000652</td>
<td>Hewlett Packard</td>
<td>One year maintenance/support for Mercury &amp; Peregrine products</td>
<td>$199,869</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>7</td>
<td>B646-4705</td>
<td>Varian, Inc</td>
<td>Preventative maintenance contract for 7T and 9.4T magnets</td>
<td>$182,364</td>
<td>Radiology/ CMRR</td>
</tr>
<tr>
<td>7</td>
<td>526-20000189</td>
<td>FEI Company</td>
<td>Service agreement for period of 5-31-08 through 5-30-09 for TECNAI F30 Stem in NHH (Cyro)</td>
<td>$131,032</td>
<td>Characterization Facility</td>
</tr>
<tr>
<td>7</td>
<td>803-20000651</td>
<td>Perceptive Software Inc</td>
<td>Perceptive Software maintenance</td>
<td>$111,637</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>7</td>
<td>803-20000650</td>
<td>Cognos Corp</td>
<td>Software maintenance renewal</td>
<td>$108,978</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>7</td>
<td>526-20000190</td>
<td>FEI Company</td>
<td>Service agreement for period of 6-16-08 through 6-16-09 for TECNAI F30 ST/Stem Transmission Microscope</td>
<td>$99,354</td>
<td>Characterization Facility</td>
</tr>
<tr>
<td>7</td>
<td>802-20000319</td>
<td>Microsoft</td>
<td>Premier support services</td>
<td>$66,980</td>
<td>Academic and Distributed Computing Services</td>
</tr>
<tr>
<td>7</td>
<td>803-20000648</td>
<td>Informatica Corporation</td>
<td>Informatica software maintenance</td>
<td>$61,681</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>7</td>
<td>B675-4727</td>
<td>Carestream Health, Inc</td>
<td>Service agreement for Kodak CR850 system from 6/2008 to 6/2013</td>
<td>$59,190</td>
<td>Veterinary Medical Center</td>
</tr>
<tr>
<td>7</td>
<td>803-20000649</td>
<td>IBM Corp</td>
<td>Extended support service for DB2 for OS/390 and z/OS v 7.1</td>
<td>$54,600</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>7</td>
<td>636-20000330</td>
<td>VisualSonics</td>
<td>Service contract for Vevo 770 Micro-Imaging Ultrasound System</td>
<td>$53,400</td>
<td>Medicine/ Cardiology</td>
</tr>
</tbody>
</table>

Subtotal for Exception #7: Service/maintenance agreements with the original manufacturer/developer for equipment and software. $1,129,085
<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,13</td>
<td>803-20000646</td>
<td>IBM Corp</td>
<td>Renew software licenses and maintenance support for period of 7/1/08 - 6/30/09</td>
<td>$375,000</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal for Exception # 8: Service/maintenance agreements for equipment and software</td>
<td>$375,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>341-20000140</td>
<td>Apply Yourself Recruiting Solutions</td>
<td>Four year contract for grad students online applications and recruiting software services</td>
<td>$532,910</td>
<td>Grad School</td>
</tr>
<tr>
<td>11</td>
<td>775-2000014</td>
<td>People Admin, Inc</td>
<td>2 year license renewal for applicant tracking software from People/Admin</td>
<td>$123,000</td>
<td>Office of Human Resources</td>
</tr>
<tr>
<td>11</td>
<td>675-20000124</td>
<td>The Ross Group</td>
<td>Annual maintenance/support for VMC hospital/clinic path labs software (UVIS)</td>
<td>$63,470</td>
<td>Veterinary Medical Center</td>
</tr>
<tr>
<td>11</td>
<td>803-20000647</td>
<td>Computer Associates Int'l Inc</td>
<td>Mainframe maintenance support for 6/30/08 - 6/29/09</td>
<td>$58,203</td>
<td>Office of Information Technology</td>
</tr>
<tr>
<td>Subtotal for Exception # 11: Software license renewals and software upgrades available only from developer. This includes adding licenses to an existing license agreement</td>
<td>$777,583</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>804-20000405</td>
<td>Great Plains Network (GPN), The Curators of The University of Missouri</td>
<td>Internet2 Connectivity, Kansas City</td>
<td>$124,500</td>
<td>Networking and Telecommunications Systems</td>
</tr>
<tr>
<td>Subtotal for Exception 16: All items on the Direct Pay List (non-purchase order related payments)</td>
<td>$124,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exception #</td>
<td>Purchase Order</td>
<td>Selected Vendor</td>
<td>Product</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>18</td>
<td>652F4102933</td>
<td>Health Research, Inc</td>
<td>For measurements of urinary heterocyclic aromatic amines on the subjects of a research project examining the dietary factors in the etiology of colorectal cancer</td>
<td>$168,800</td>
<td>Cancer Center</td>
</tr>
<tr>
<td>18</td>
<td>636F4483935</td>
<td>North Shore Long Island Jewish Hospital</td>
<td>Running Micro-Array chips</td>
<td>$68,400</td>
<td>Medicine</td>
</tr>
</tbody>
</table>

Subtotal for Exception #18: Subcontractors previously arranged by Sponsored Projects Administration (SPA). $237,200

<table>
<thead>
<tr>
<th>Exception #</th>
<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>449-55062591</td>
<td>Inter-American Statistical Institute Herbert T Nagasawa</td>
<td>Workshop planning and organization for a conference in Panama City, Panama Consult with Center for Drug Design cyanide project researchers to further develop compounds to be used as cyanide antidote</td>
<td>$90,000</td>
<td>Minnesota Population Center Center for Drug Design</td>
</tr>
<tr>
<td>19</td>
<td>875F3822533</td>
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<td></td>
<td>$55,070</td>
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Subtotal for Exception #19: Service (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity. $145,070

<table>
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<tr>
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<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Amount</th>
<th>Department</th>
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</thead>
<tbody>
<tr>
<td>21</td>
<td>699F4265563</td>
<td>Slamhammer Sound Co</td>
<td>Provide sound, stage and lighting equipment for concerts, speakers and other performances</td>
<td>$76,000</td>
<td>Student Unions and Activities</td>
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</table>

Subtotal for Exception #21: Entertainers, lecturers, speakers and honoraria. $76,000
<table>
<thead>
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<th>Exception #</th>
<th>Purchase Order</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>933-55000571</td>
<td>AustraLearn - North American Center for Australian Universities</td>
<td>For on-site administrative support which may include pre-departure services, on-site support, all arrangements for housing, classroom facilities, course embedded field trips, some language instruction, guest speakers, etc.</td>
<td>$118,750</td>
<td>Learning Abroad Center</td>
</tr>
<tr>
<td>24</td>
<td>933-55000564</td>
<td>ACCENT International Consortium for Academic Programs Abroad (Rome)</td>
<td>For on-site administrative support which may include pre-departure services, on-site support, all arrangements for housing, classroom facilities, course embedded field trips, some language instruction, guest speakers, etc.</td>
<td>$117,500</td>
<td>Learning Abroad Center</td>
</tr>
<tr>
<td>24</td>
<td>933-55000565</td>
<td>ACCENT International Consortium for Academic Programs Abroad (Italy)</td>
<td>For on-site administrative support which may include pre-departure services, on-site support, all arrangements for housing, classroom facilities, course embedded field trips, some language instruction, guest speakers, etc.</td>
<td>$73,750</td>
<td>Learning Abroad Center</td>
</tr>
<tr>
<td>24</td>
<td>933-55000566</td>
<td>ACCENT International Consortium for Academic Programs Abroad (France)</td>
<td>For on-site administrative support which may include pre-departure services, on-site support, all arrangements for housing, classroom facilities, course embedded field trips, some language instruction, guest speakers, etc.</td>
<td>$71,625</td>
<td>Learning Abroad Center</td>
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<tr>
<td>24</td>
<td>933-55000569</td>
<td>Fundacion Ortega y Gasset, Argentina</td>
<td>For on-site administrative support which may include pre-departure services, on-site support, all arrangements for housing, classroom facilities, course embedded field trips, some language instruction, guest speakers, etc.</td>
<td>$58,125</td>
<td>Learning Abroad Center</td>
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<tr>
<td>24</td>
<td>933-55000573</td>
<td>Center for Overseas Academic &amp; Cultural Exchanges (COACE) (China)</td>
<td>For on-site administrative support which may include pre-departure services, on-site support, all arrangements for housing, classroom facilities, course embedded field trips, some language instruction, guest speakers, etc.</td>
<td>$46,554</td>
<td>Learning Abroad Center</td>
</tr>
<tr>
<td>Exception #</td>
<td>Purchase Order</td>
<td>Selected Vendor</td>
<td>Product</td>
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<td>----------------</td>
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<td>--------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>24</td>
<td>933-55000567</td>
<td>CAPA - Centers for Academic Programs Abroad (Italy)</td>
<td>For on-site administrative support which may include pre-departure services, on-site support, all arrangements for housing, classroom facilities, course embedded field trips, some language instruction, guest speakers, etc.</td>
<td>$37,389</td>
<td>Learning Abroad Center</td>
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<tr>
<td>24</td>
<td>933-55000570</td>
<td>Language and Culture in Buenos Aires</td>
<td>For on-site administrative support which may include pre-departure services, on-site support, all arrangements for housing, classroom facilities, course embedded field trips, some language instruction, guest speakers, etc.</td>
<td>$30,500</td>
<td>Learning Abroad Center</td>
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<td>24</td>
<td>933-55000568</td>
<td>Cemenahuac Comunidad Educativa (Mexico)</td>
<td>For on-site administrative support which may include pre-departure services, on-site support, all arrangements for housing, classroom facilities, course embedded field trips, some language instruction, guest speakers, etc.</td>
<td>$28,050</td>
<td>Learning Abroad Center</td>
</tr>
<tr>
<td>24</td>
<td>933-55000572</td>
<td>International Network for Bamboo and Rattan (INBAR) (China)</td>
<td>For on-site administrative support which may include pre-departure services, on-site support, all arrangements for housing, classroom facilities, course embedded field trips, some language instruction, guest speakers, etc.</td>
<td>$7,444</td>
<td>Learning Abroad Center</td>
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</table>

Subtotal for Exception #24: Study Abroad Program Administrators (Does not include group airfares.) $589,687
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<th>Document No.</th>
<th>Product</th>
<th>Selected Vendor</th>
<th>Amount</th>
<th>Department</th>
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**VIII. Regents Policy Violations**

| 0 PURCHASES | TOTAL: |
### I. Summary of Purchasing Activity

#### 4th Qtr

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total Purchases</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td># of transactions</td>
<td>162,590</td>
<td>645,367</td>
<td>648,800</td>
<td>629,946</td>
<td>609,285</td>
<td>15.95%</td>
<td>26.85%</td>
<td>1.70%</td>
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<tr>
<td>Dollar Amount</td>
<td>$232,619,524</td>
<td>$962,467,055</td>
<td>$830,040,753</td>
<td>$654,322,664</td>
<td>$643,360,897</td>
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<tr>
<td># of transactions</td>
<td>20</td>
<td>57</td>
<td>107</td>
<td>138</td>
<td>156</td>
<td>3.72%</td>
<td>-7.04%</td>
<td>-6.01%</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$2,035,959</td>
<td>$6,233,188</td>
<td>$6,009,711</td>
<td>$6,464,979</td>
<td>$6,878,710</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.87%</td>
<td>0.65%</td>
<td>0.72%</td>
<td>0.99%</td>
<td>1.07%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(See II for detail)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Purchases made as Approved Exceptions to Competitive Process***
<p>| Under $250,000 (goods, services and construction) |         |         |         |         |         |              |              |              |
| # of transactions   | 20      | 57      | 107     | 138     | 156     |              |              |              |
| Dollar Amount       | $2,035,959 | $6,233,188 | $6,009,711 | $6,464,979 | $6,878,710 |              |              |              |
| % of Total Purchases| 0.87%   | 0.65%   | 0.72%   | 0.99%   | 1.07%   |              |              |              |
| (See II for detail) |         |         |         |         |         |              |              |              |
| Under $250,000 (professional services) |         |         |         |         |         |              |              |              |
| # of transactions   | 11      | 48      | 50      | 72      | 48      | -8.12%       | -27.51%      | 59.95%       |
| Dollar Amount       | $973,126 | $4,436,277 | $4,828,276 | $6,660,870 | $4,164,349 |              |              |              |
| % of Total Purchases| 0.42%   | 0.46%   | 0.58%   | 1.02%   | 0.65%   |              |              |              |
| (See III for detail) |         |         |         |         |         |              |              |              |
| $250,000 and up (goods, services, and professional services) * |         |         |         |         |         |              |              |              |
| # of transactions   | 2       | 12      | 28      | 19      | 24      | -73.92%      | 67.80%       | -14.43%      |
| Dollar Amount       | $1,511,101 | $7,067,130 | $27,096,126 | $16,147,694 | $18,870,911 |              |              |              |
| % of Total Purchases| 0.65%   | 0.73%   | 3.26%   | 2.47%   | 2.93%   |              |              |              |
| (See IV for detail)  |         |         |         |         |         |              |              |              |</p>
<table>
<thead>
<tr>
<th></th>
<th>4th Qtr</th>
<th>Year - to - Date</th>
<th>Percent Change YTD from</th>
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</thead>
<tbody>
<tr>
<td>$250,000 and up (construction)**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of transactions</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$1,080,750</td>
<td>$1,443,838</td>
<td>$20,249,573</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.46%</td>
<td>0.15%</td>
<td>2.44%</td>
</tr>
<tr>
<td>(See V for detail)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases made as Preapproved Exceptions to Competitive Process***</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Under $250,000 (goods, services and construction)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td># of transactions</td>
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<td>54</td>
<td>210</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$3,299,235</td>
<td>$7,307,816</td>
<td>$7,388,370</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>1.42%</td>
<td>0.76%</td>
<td>0.89%</td>
</tr>
<tr>
<td>(See VI for detail)</td>
<td></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>15</td>
<td>38</td>
<td>28</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$1,047,957</td>
<td>$3,250,396</td>
<td>$2,401,445</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.45%</td>
<td>0.34%</td>
<td>0.29%</td>
</tr>
<tr>
<td>(See VII for detail)</td>
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<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>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$0</td>
<td>$0</td>
<td>$26,543</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>(See VIII for detail)</td>
<td></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
SMALL BUSINESS REPORT
4TH QUARTER CUMULATIVE TOTALS
JULY 2007 - JUNE 2008
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<th>Page</th>
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<tr>
<td>Expenditure Breakdown By Protected Class Group</td>
<td>2</td>
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<td>Breakdown By Group</td>
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<tr>
<td>Percentage of Total WMDB Expenditures</td>
<td>4</td>
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<tr>
<td>Percentage Breakdown By Minority, Women, and Disabled Businesses</td>
<td>5</td>
</tr>
<tr>
<td>2007-08 Total Purchasing &amp; Construction Expenditures</td>
<td>6</td>
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<tr>
<td>Total Purchasing &amp; Construction Expenditures Comparison</td>
<td>7</td>
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<td>Total Expenditures With Small Businesses</td>
<td>8</td>
</tr>
<tr>
<td>Women, Minority &amp; Disabled Businesses Last Year vs. Current</td>
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<td>2007-2008 Workforce Utilization Report (Number of Employees)</td>
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<tr>
<td>2007-2008 Total Minority (Male &amp; Female) Comparisons</td>
<td>11</td>
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<tr>
<td>2007-2008 Workforce Utilization Report (Hours)</td>
<td>12</td>
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</table>
SMALL BUSINESS REPORT
EXPENDITURES WITH WOMEN, MINORITY AND DISABLED BUSINESSES (WMDB)
2003-2008 4TH QUARTER CUMULATIVE TOTAL COMPARISONS

$74,488,545

$31,267,885 $37,238,239 $29,306,901 $37,622,423

SMALL BUSINESS REPORT
EXPENDITURE BREAKDOWN BY PROTECTED CLASS GROUP
2007-2008 4TH QUARTER CUMULATIVE TOTALS

- African American: $11,281,771
- Asian: $5,541,893
- Hispanic: $391,846
- Native American: $3,584,626
- Other Minorities: $3,682,517
- Women: $50,327,892
- Disabled: $44,776
<table>
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<th>Classification</th>
<th>Dollars Awarded</th>
<th>Percent Total WMDB Expenditures</th>
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<tr>
<td>African American</td>
<td>$11,281,771</td>
<td>15.15%</td>
</tr>
<tr>
<td>Asian</td>
<td>$5,541,893</td>
<td>7.44%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>$391,846</td>
<td>0.53%</td>
</tr>
<tr>
<td>American Indian/Alaska Native</td>
<td>$3,584,626</td>
<td>4.81%</td>
</tr>
<tr>
<td>Woman</td>
<td>$50,327,892</td>
<td>67.56%</td>
</tr>
<tr>
<td>Disabled</td>
<td>$44,776</td>
<td>0.06%</td>
</tr>
<tr>
<td>Minority Other</td>
<td>$3,315,741</td>
<td>4.45%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$74,488,546</strong></td>
<td><strong>100.00%</strong></td>
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<tr>
<td>Classification</td>
<td>Goods and Services</td>
<td>Percent of Total WMDB Expenditures</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------------</td>
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</tr>
<tr>
<td>African American</td>
<td>$197,243</td>
<td>0.26%</td>
</tr>
<tr>
<td>Asian</td>
<td>$2,918,873</td>
<td>3.92%</td>
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<tr>
<td>Hispanic</td>
<td>$374,406</td>
<td>0.50%</td>
</tr>
<tr>
<td>American Indian/Alaska Native</td>
<td>$187,415</td>
<td>0.25%</td>
</tr>
<tr>
<td>Woman</td>
<td>$7,864,218</td>
<td>10.56%</td>
</tr>
<tr>
<td>Disabled</td>
<td>$44,776</td>
<td>0.06%</td>
</tr>
<tr>
<td>Minority Other</td>
<td>$3,288,354</td>
<td>4.41%</td>
</tr>
<tr>
<td>Total</td>
<td>$14,875,285</td>
<td>19.97%</td>
</tr>
<tr>
<td>Total WMDB Expenditures</td>
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</tbody>
</table>
SMALL BUSINESS REPORT
BREAKDOWN BY MINORITY, WOMEN AND DISABLED BUSINESSES
2007-2008 4TH QUARTER CUMULATIVE TOTALS

72.31%  0.05%  27.64%

Minority  Women  Disabled
## Small Business Report

### Total Purchasing & Construction Expenditures

2007-2008 4th Quarter Cumulative Totals

<table>
<thead>
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<tr>
<td>Total Construction Expenditures</td>
<td>$172,922,977</td>
</tr>
<tr>
<td>Total WMDB Construction</td>
<td>$59,613,261</td>
</tr>
<tr>
<td>Percent of Total Construction</td>
<td>34.47%</td>
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### Purchasing Expenditures

<table>
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<tr>
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<th>Amount</th>
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<tr>
<td>Total Goods &amp; Services Expenditures</td>
<td>$789,544,078</td>
</tr>
<tr>
<td>Total WMDB Goods &amp; Services Expenditures</td>
<td>$14,875,285</td>
</tr>
<tr>
<td>Percent of Total Goods &amp; Services</td>
<td>1.88%</td>
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### Grand Total

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Goods, Services &amp; Construction Expenditures</td>
<td>$962,467,055</td>
</tr>
<tr>
<td>Total WMDB Expenditures</td>
<td>$74,488,546</td>
</tr>
<tr>
<td>WMDB Percent of Totals</td>
<td>7.74%</td>
</tr>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Total Construction Expenditures</td>
<td>$106,015,110</td>
</tr>
<tr>
<td>Total WMDB Construction</td>
<td>$16,190,505</td>
</tr>
<tr>
<td>Percent of Total Construction</td>
<td>15.27%</td>
</tr>
<tr>
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</tr>
<tr>
<td>Total Goods &amp; Services Expenditures</td>
<td>$548,307,554</td>
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<td>Total WMDB Goods &amp; Services Expenditures</td>
<td>$13,116,396</td>
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<tr>
<td>Percent of Total Goods &amp; Services</td>
<td>1.56%</td>
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<td>Grand Total</td>
<td></td>
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<tr>
<td>Total All Expenditures</td>
<td>$654,322,664</td>
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<tr>
<td>Total WMDB Expenditures</td>
<td>$29,306,901</td>
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<td>WMDB Percent of Totals</td>
<td>5.69%</td>
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SMALL BUSINESS REPORT
TOTAL EXPENDITURES WITH SMALL BUSINESSES
2007-2008 4TH QUARTER CUMULATIVE TOTALS

Total Small Business Expenditures $11,504,979
Total WMDB Expenditures $74,488,546

Total Expenditures with WMDB & Small Businesses $85,093,525
Percent of Total University Expenditures 8.93%

Total University Expenditures $962,467,055
SMALL BUSINESS REPORT
WOMEN, MINORITY & DISABLED BUSINESSES LAST YEAR VS. CURRENT

2007-2008 4TH QUARTER CUMULATIVE TOTALS

<table>
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<tr>
<th>Quarter</th>
<th>Fiscal 06-07</th>
<th>Fiscal 07-08</th>
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<tbody>
<tr>
<td>1st Quarter</td>
<td>$10,898,383</td>
<td>$21,262,943</td>
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<tr>
<td>2nd Quarter</td>
<td>$16,637,364</td>
<td>$35,217,515</td>
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<tr>
<td>3rd Quarter</td>
<td>$21,565,489</td>
<td>$63,624,403</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>$39,622,493</td>
<td>$74,488,545</td>
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2007-2008 WORKFORCE UTILIZATION REPORT

<table>
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<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
<th>Total (Annual)</th>
<th>Total Hours (Annual)</th>
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<td>Total Minority Hours</td>
<td>13,713</td>
<td>26,099</td>
<td>15,696</td>
<td>27,966</td>
<td>83,363</td>
<td>100%</td>
</tr>
<tr>
<td>Total Minority Male Hours</td>
<td>12,053</td>
<td>24,719</td>
<td>14,445</td>
<td>28,378</td>
<td>77,692</td>
<td>93%</td>
</tr>
<tr>
<td>Total Minority Female Hours</td>
<td>1,661</td>
<td>1,381</td>
<td>1,152</td>
<td>1,579</td>
<td>5,772</td>
<td>7%</td>
</tr>
<tr>
<td>Total Disabled Hours</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
</tbody>
</table>
## 2007-2008 WORKFORCE UTILIZATION REPORT

<table>
<thead>
<tr>
<th></th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
<th>Total (Annual)</th>
<th>% of Total Empl. (Annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total All Employees</td>
<td>3,471</td>
<td>3,773</td>
<td>2,202</td>
<td>2,712</td>
<td>12,188</td>
<td>100%</td>
</tr>
<tr>
<td>Total Male</td>
<td>3,326</td>
<td>3,600</td>
<td>2,076</td>
<td>2,595</td>
<td>11,597</td>
<td>95%</td>
</tr>
<tr>
<td>Total Female</td>
<td>145</td>
<td>173</td>
<td>126</td>
<td>117</td>
<td>561</td>
<td>5%</td>
</tr>
<tr>
<td>Total Minority (Male &amp; Female)</td>
<td>256</td>
<td>408</td>
<td>201</td>
<td>317</td>
<td>1,182</td>
<td>9%</td>
</tr>
<tr>
<td>Total Disabled</td>
<td>18</td>
<td>21</td>
<td>13</td>
<td>15</td>
<td>67</td>
<td>1%</td>
</tr>
<tr>
<td>Total Minority Male</td>
<td>186</td>
<td>337</td>
<td>164</td>
<td>262</td>
<td>969</td>
<td>8%</td>
</tr>
<tr>
<td>Total Minority Female</td>
<td>52</td>
<td>50</td>
<td>24</td>
<td>20</td>
<td>146</td>
<td>1%</td>
</tr>
</tbody>
</table>

### NUMBER OF EMPLOYEES

<table>
<thead>
<tr>
<th></th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
<th>Total (Annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total All Employees</td>
<td>2,400</td>
<td>2,500</td>
<td>1,600</td>
<td>1,700</td>
<td>7,200</td>
</tr>
<tr>
<td>Total Male</td>
<td>2,200</td>
<td>2,300</td>
<td>1,500</td>
<td>1,600</td>
<td>7,600</td>
</tr>
<tr>
<td>Total Female</td>
<td>200</td>
<td>200</td>
<td>100</td>
<td>100</td>
<td>500</td>
</tr>
<tr>
<td>Total Minority (Male &amp; Female)</td>
<td>300</td>
<td>400</td>
<td>200</td>
<td>300</td>
<td>1,200</td>
</tr>
<tr>
<td>Total Disabled</td>
<td>20</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>50</td>
</tr>
</tbody>
</table>

Univ. Target
- Total: 95%
- Male: 9%
- Female: 1%
- Minority: 9%
- Disabled: 5%
UNIVERSITY OF MINNESOTA
Office of the Board of Regents
600 McNamara Alumni Center
200 Oak Street S.E.
Minneapolis, MN 55455-2020
612-625-6300 (phone)
612-624-3318 (fax)

July 23, 2008

FACSIMILE

To: President Robert Bruininks

From: Cathy Gillaspy, Associate Executive Director

Re: Emergency Approval

Pages: 3 (including cover)

Today, via email or by telephone, Chair Simmons, Vice Chair Allen, and Finance & Operations Committee Chair Hunter each approved the request from you for an exception to Board of Regents Policy: Investment of Reserves to allow the purchase of a privately placed bond into the Temporary Investment Pool using the emergency procedure (as described in your attached letter):

- To purchase $10.0 million of a KYN, (a closed end mutual fund), new issue bond maturing in July 2011. The bond is triple A rated, (the highest rating), by both Standard & Poors and Moody's rating agencies. It has a yield to maturity of 5.65% and is being issued by a company and management firm that is well known to the Office of Investments & Banking.

I understand that this action will be reported to the Board of Regents at the September 2008 meetings, as required by Board policy.

Attachment

c: Kathryn Brown, Vice President & Chief of Staff (w/o attachment)
   Richard Pftutenreuter, Vice President & CFO (w/o attachment)
   Ann Cieslak, Executive Director
July 21, 2008

The Honorable Patricia Simmons
The Honorable Clyde Allen, Jr.
The Honorable Steven Hunter

Dear Members of the Board:

As you know, the Regents Policy – Board Operations and Agenda Guidelines allows for an emergency procedure to approve action if a situation exists as defined in the Guidelines in Section II, Subd. 10, 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.

The Regents Policy – Investments of Reserves in Article I, Subd. 4.(h) prohibits the Temporary Investment Pool (TIP) from purchasing or otherwise owning certain prohibited securities including “…private securities, or those not traded on a major exchange.”

Upon the request and recommendation by the Vice President and Chief Financial Officer, I am recommending Board approval of a Policy exception to allow for the following purchase of a privately placed bond into TIP using the emergency procedure:

- To purchase $10.0 million of a KYN, (a closed end mutual fund), new issue bond maturing in July 2011. The bond is triple A rated, (the highest rating), by both Standard & Poors and Moody’s rating agencies. It has a yield to maturity of 5.65% and is being issued by a company and management firm that is well known to the Office of Investments & Banking.

Per the letter from Stuart Mason, the Chief Investment Officer, it is imperative to commit to the purchase before the next scheduled Regents meeting on September 11, 2008.

We are hopeful that Members of the Board will approve this request.

Sincerely,

Robert H. Bruininks
President
July 21, 2008

To: Robert H. Bruininks, President
    Richard H. Pfitzenreuter, Vice President, CFO

From: Stuart H Mason, Chief Investment Officer

Re: Policy Exemption to purchase a KYN bond

The Office of Investments & Banking is seeking permission to purchase ten million dollars of Kayne Anderson MLP Investment Company debt in the Temporary Investment Pool (TIP). These bonds will be sold as a private placement and therefore will fall outside of TIP investment guidelines within the Regents Investment of Reserves Policy. This investment will contradict Subd. 4 (h) of the Prohibited Securities list that specifically prohibits TIP from holding “…private securities, or those not traded on a major exchange.”

Kayne Anderson MLP Investment Company trades under the symbol KYN (NYSE). It is a closed-end mutual fund that invests primarily in energy related master limited partnerships (MLPs). The Fund uses moderate amount of leverage, currently about 25% of assets, to augment returns. The newly issued bond proceeds will be used to refinance a like amount of auction rate securities that have not been successfully remarketed. The security we are considering purchasing will have a three year final maturity, it is rated AAA by S&P and Aaa by Moody’s and is expected to pay annual interest rate of 5.65 (300 bp over the 3 year T-bond rate). We find this yield to be very attractive in today’s low return environment. Our money market account with CommonFund currently pays 1.9% while the average yield on the TIP pool is 3.3%. In addition, Kayne Anderson is an investment manager that we know intimately from our commitments and investments in funds they manage in CEF. Not only does this bond offer a very attractive return relative to other similarly rated securities, this investment will also allow University to have exposure to the fundamentally solid, recession resistant energy MLP space. Over the last decade the private placement market has expanded dramatically with numerous new institutional investors regularly purchasing and selling such private securities so that high grade, attractively priced debt instruments like this one, experience ready buyers at market prices. In fact the entire commercial paper market (of which we own over $250 million in TIP by virtue of a special provision in the Policy) is in fact a private placement market for corporate debt with maturities less that 271 days. If approved, this position will constitute less than 2% of the TIP pool and therefore will not significantly impact the overall liquidity of the portfolio.

I recommend making an exemption to the Policy so as to allow the University hold the aforementioned investment. If you have questions about Kayne Anderson MLP Investment Company, this private placement or other relevant issues, please contact me at 612-624-1783.
UNIVERSITY OF MINNESOTA  
Office of the Board of Regents  
600 McNamara Alumni Center  
200 Oak Street S.E.  
Minneapolis, MN 55455-2020  
612-625-6300 (phone)  
612-624-3318 (fax) 

August 12, 2008

FACSIMILE

To: President Robert Bruininks
From: Ann Cieslak, Executive Director
Re: Emergency Approval
Pages: 2 (including cover)

Today, via email or by telephone, Chair Simmons, Vice Chair Allen, and Finance & Operations Committee Chair Hunter each approved your request to amend your July 21, 2008 request for an exception to Board of Regents Policy: Investment of Reserves to allow the purchase of a privately placed bond into the Temporary Investment Pool using the emergency procedure (as described in your attached letter):

- To purchase $10.0 million of KYE, new issue bond maturing in July 2011. The bond is triple A rated by Standard & Poors and Moody’s rating agencies. It has a yield to maturity of 5.65% and is being issued by a company and a management firm that is well know to the Office of Investments & Banking.

I understand that this action will be reported to the Board of Regents at the September 2008 meetings, as required by Board policy.

Attachment

c: Kathryn Brown, Vice President & Chief of Staff (w/o attachment)  
Richard Pfutzenreuter, Vice President & CFO (w/o attachment)  
Stuart Mason, Chief Investment Officer (w/o attachment)
August 8, 2008

The Honorable Patricia Simmons
The Honorable Clyde Allen, Jr.
The Honorable Steven Hunter

Dear Members of the Board:

On July 21, 2008 acting upon the request and recommendation by Vice President, Mr. Pfutzenreuter and Chief Investment Officer, Mr. Mason, I recommended that the Board approve a policy exception to allow for the purchase of a privately placed bond into the TIP portfolio using the emergency procedure available for such circumstances.

Due to administrative misunderstanding, instead of approving a bond issued by KYN, (a closed end mutual fund managed by Kayne Anderson Capitol Advisors), we wish to seek approval for a bond with almost identical characteristics; that is KYE (NYSE), a closed end mutual fund managed by the same individuals at Kayne Anderson Capital Advisors.

Therefore, I recommend approval of the following action:

To purchase $10.0 million of KYE, new issue bond maturing in July 2011. The bond is triple A rated by Standard & Poors and Moody’s rating agencies. It has a yield to maturity of 5.65% and is being issued by a company and a management firm that is well know to the Office of Investments & Banking.

Per the letter from Stuart Mason, the Chief Investment Officer, it is imperative to commit to the purchase before the next scheduled Regents meeting on September 11, 2008.

We are hopeful that Members of the Board will approve this request.

Sincerely,

[Signature]
Robert H. Bruininks
President
UNIVERSITY OF MINNESOTA
Office of the Board of Regents
600 McNamara Alumni Center
200 Oak Street S.E.
Minneapolis, MN 55455-2020
612-625-6300 (phone)
612-624-3318 (fax)

August 14, 2008

FACSIMILE

To: President Robert Bruininks

From: Cathy Gillaspy, Associate Executive Director

Re: Emergency Approval

Pages: 2 (including cover)

Today, in person, by telephone, or via email, Chair Simmons, Vice Chair Allen, and Finance & Operations Committee Chair Hunter each approved the request from you for the following purchase (as described in your attached letter):

- To EMC Corporation for an estimated $450,151 for Cisco hardware components and software products required to expand and improve Enterprise Storage Area Network (SAN) infrastructure located in the Office of Information Technology's (OIT) data centers.

I understand that this action will be reported to the Board of Regents at the September 2008 meetings, as required by Board policy.

Attachment

c: Kathryn Brown, Vice President & Chief of Staff (w/o attachment)
Richard Pfutzenreuter, Vice President & CFO (w/o attachment)
Ann Cieslak, Executive Director
August 12, 2008

The Honorable Patricia Simmons
The Honorable Steven Hunter
The Honorable Dean Johnson

Dear Members of the Board:

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

Since the Board will not be meeting in August, 2008, no approvals for large purchases are possible until September 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 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 Vice President & Chief Financial Officer, I am recommending Board approval for the following purchases using this emergency process:

- To EMC Corporation for an estimated $450,151 for Cisco hardware components and software products required to expand and improve Enterprise Storage Area Network (SAN) infrastructure located in the Office of Information Technology’s (OIT) data centers.

Per the attached letter from Vice President Stephen Cawley, there is an urgent need to receive the switches by late August so that work on this infrastructure upgrade can begin, and adequate data storage for Enterprise and departmental systems can be assured.

Attached is additional information and supporting documentation for the purchase and justification for handling it under the emergency approval process.

Sincerely,

Robert H. Bruininks
President

RB:bt

Enclosures (2)
August 6, 2008

Karen Triplett, Director
Purchasing Services
Room 560 WBOB

Re: Request for Emergency Approval for EMC Cisco switches for Enterprise Storage Area Network

Dear Karen:

This is a request for Regents approval on an emergency basis to purchase Cisco hardware switches from EMC for expansion of Enterprise Storage Area Network (SAN) capacity in the Office of Information Technology’s (OIT) data centers. The purchase of the new core switches will allow us to expand the infrastructure at a data center that is at full capacity and distribute additional capacity from one location to another. This is critical both in terms of expanding our Enterprise Storage Area Network (SAN) and supporting the additional needs of the University Enterprise Systems (e.g., Financials, Student, HR, Payroll, and Active Directory), as well as collegiate and department systems.

The storage team in Operations, Infrastructure and Architecture did due diligence for this project and the planning for implementation in advance of the July Regents meeting. Unfortunately, the original RFB had an error in the language and we had to reissue the bid; therefore we missed the opportunity to make a request for Regents review in July.

The urgency to start the work on this infrastructure upgrade is that the switches must be received in late August to ensure adequate storage capacity, so that Enterprise projects are not delayed.

Therefore, we ask that you please consider this request so that we can maintain our schedule as closely as possible, and to keep up with the demands of our Enterprise Storage Area Network (SAN) growth for our Enterprise and departmental systems.

Sincerely,

Steve Cawley
Vice President and Chief Information Officer
Purchase of Goods and Services over $250,000

To EMC Corporation for an estimated $450,151 for Cisco hardware components and software products required to expand and improve Enterprise Storage Area Network (SAN) infrastructure located in the Office of Information Technology’s (OIT) data centers.

This purchase will expand and improve the Enterprise Storage Area Network infrastructure for Enterprise Systems (Student, Payroll, Financials, Active Directory, and HR) and many University departments on the East and West Bank campuses including Carlson School of Management, College of Liberal Arts, Academic Health Center, and University Libraries. The purchase includes new hardware to expand data center capacity and will provide more opportunity to offer centrally managed storage to departments, faculty, and students.

Through a competitive bid process, EMC Corporation provided the best price for the required products.

Operations, Infrastructure, and Architecture (OIA), a division of OIT, is a centrally funded organization and its F09 budget includes planning and funding for this expense.

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

Approval of this item is requested by:

[Signature]
Vice President and CIO

8-8-08  
Date