AGENDA

1. Issues Related to: State of Minnesota Economic Update - R. Pfutzenreuter/T. Stinson (p. 2)


3. Issues Related to: Peer Financial Institution Comparisons - R. Pfutzenreuter (p. 4)

4. Issues Related to: Faculty Retirement Plan - R. Pfutzenreuter/S. Mason (p. 5)

5. Consent Report - Review/Action - R. Pfutzenreuter (pp. 6-36)

6. Information Items - R. Pfutzenreuter (pp. 37-62)
Finance and Operations Committee                          December 11, 2008

Agenda Item:  Issues Related to: State of Minnesota Economic Update

☐ review           ☐ review/action           ☐ action           ☒ discussion

Presenters:  Vice President/CFO Richard Pfuakenreuter
             Dr. Tom Stinson, State Economist

Purpose:

☐ policy           ☒ background/context           ☐ oversight           ☐ strategic positioning

Tom Stinson is the State Economist for the State of Minnesota. In addition, he is a faculty member in the Department of Applied Economics at the University. Dr. Stinson oversees the economic forecast for the state, which is produced twice a year, in November and February. He will discuss the most recent economic forecast as well as the nature of the state’s economic forecast in general.

Outline of Key Points/Policy Issues:

The November 2008 forecast will be released on December 4, 2008, and will update all revenue and expenditure data for the current biennium (2008-2009) and develop planning estimates for the 2010-2011 biennium. In order to develop the forecast, national economic data is reviewed and then translated into a model for the Minnesota economy. This Minnesota economic model drives the revenue estimate for the state. Projected expenditures are also forecast, especially for formula expenditure programs in K-12 education, Human Services, and Local Aids and Credits.

There are four major points of discussion when reviewing the state economic forecast:

1. How is the forecast done?
2. What does the forecast mean?
3. Why is the forecast important?
4. What are the risks to the outlook the forecast provides?

Background Information:

Dr. Stinson has had similar discussions with the committee in previous years.

The December forecast sets the stage for final appropriation decisions by the Governor of the State of Minnesota regarding biennial operating funds for the University of Minnesota and other recipients of state general fund support.
Finance and Operations Committee

December 11, 2008

Agenda Item: Issues Related to: Annual Financial Report

☐ review ☐ review/action ☐ action ☒ discussion

Presenters: Vice President/CFO Richard Pfunzenreuter
Associate Vice President/Controller Michael Volna

Purpose:

☐ policy ☐ background/context ☒ oversight ☐ strategic positioning

The Annual Financial Report presents the financial position and results of operations for the University for fiscal year 2008, with comparative data for fiscal year 2007. This presentation provides the Board of Regents with an overview of the report.

Outline of Key Points/Policy Issues:

The presentation will focus on:

• Management’s discussion and analysis as reported in the financial statements;
• An overview of assets, liabilities, and net assets;
• A discussion of revenues and expenses for FY 2008, with comparative results for FY 2007;
• The statement of cash flows; and
• Component Unit reporting.

A copy of the Annual Financial Report, with explanations for major fluctuations, appears on pages 12-94 and pages 138-144 of the Board of Regents docket.

Background Information:

This report is prepared annually and presented to the Finance and Operations Committee in conformance with Board of Regents Policy: Board Operations and Agenda Guidelines.
Finance and Operations Committee

December 11, 2008

Agenda Item: Issues Related to: Peer Financial Institution Comparisons

☐ review    ☐ review/action    ☐ action    ☒ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy    ☐ background/context    ☒ oversight    ☐ strategic positioning

To provide the Board of Regents with key financial metrics and measurements of the University of Minnesota compared to peer institutions.

Outline of Key Points/Policy Issues:

The Board of Regents periodically receives an update on key financial benchmarks of the University of Minnesota compared to peer institutions. This year’s report will focus on key financial statistics, capital ratios, balance sheet ratios, and contribution ratios. The report will include several years of financial information.

Background Information:

The Board of Regents last reviewed key financial information in February 2006.
Finance and Operations Committee December 11, 2008

Agenda Item: Issues Related to: Faculty Retirement Plan
☐ review    ☐ review/action    ☐ action    ☒ discussion

Presenters: Vice President/CFO Richard Pfuntenreuter
Associate Vice President/CIO Stuart Mason

Purpose:
☐ policy    ☐ background/context    ☒ oversight    ☐ strategic positioning

The Regents of the University of Minnesota has responsibility for oversight of the Faculty Retirement Plan.

Outline of Key Points/Policy Issues:

The Regents of the University of Minnesota has responsibility for oversight of the Faculty Retirement Plan. The administration has developed a new investment policy statement for the University of Minnesota Faculty Retirement Plan. The discussion will focus on plan goals, purpose, authority and responsibility, guidelines and investment policy and asset classes.

Background Information:

The Board of Regents has not previously reviewed the new investment policy statement for the Faculty Retirement Plan.
Finance and Operations Committee  
December 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.

Outline of Key Points/Policy Issues:

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

Purchase of Goods and Services Over $250,000

- To Blue Cross Blue Shield of Minnesota for the estimated amount of $5,064,000 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2009, through December 31, 2009. These costs are completely funded by retiree premiums. Vendor was selected through a competitive process.
- To CDW-Government, Inc. for an estimated $900,000 to purchase backup target storage devices, including installation services and three years of maintenance/support for all components for the Department of Operations, Infrastructure, and Architecture, a division of the Office of Information Technology (OIT). OIT is a centrally funded organization and the FY09 budget includes planning and funding for this expense. Vendor was selected through a competitive process.
- To Continental Casualty (CNA) for an estimated $501,000 for providing Long Term Care Insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the period of January 1, 2009, through December 31, 2009. The Long Term Care Plan is completely employee paid through payroll deductions. Vendor was selected through a competitive process.
• To Edwards Brothers, Sheridan Books, and Thomson-Shore for a total of $1,200,000 (as three blanket contracts for $400,000 each) to provide printing and binding of standard-format books as needed for the University Press for the period of November 1, 2008, through October 31, 2010. These contracts are funded with revenue generated from University Press Sales. Vendors were selected through a competitive process.

• To EJH and Associates for $290,681 for computer consultation and development of The Food Emergency Response Network (FERN) as needed for the National Center for Food Protection and Defense, A Department of Homeland Security Center of Excellence for the period of October 1, 2008, through September 30, 2009. The funds for purchase are coming from sponsored project’s budget. See enclosed documentation regarding basis for vendor selection.

• To Fisher Scientific Company LLC for an estimated $538,000 for Falcon Plastic Labware manufactured by BD Biosciences, to be stocked at the University Stores for use in University departments from January 1, 2009, through December 31, 2009. Payment for these stock purchases will come from the University Stores Operating Budget. Purchases for stock are included in the Fiscal 2009 University Stores Operating Budget and will be included in the Fiscal 2010 Operating Budget. Vendor was selected through a competitive process.

• To Gold Country, Inc., for an estimate of $2,600,000 guarantee payment to the Department of Intercollegiate Athletics for the period of December 2008 (upon final signature of the contract) through June 30, 2016. This contract combines the current Gold Country, Inc. contract as official merchandiser for Gophers Athletics with the newly awarded contract as merchandise vendor for TCF Bank Stadium. Vendor was selected through a competitive process.

• To HealthPartners Administrators, Inc. for the estimated annual amount of $3,545,000 for administering a self-funded UPlan medical plan option offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2009, through December 31, 2009. The funding for these services has been budgeted as a part of the 2009 fringe benefits budget. Vendor was selected through a competitive process.

• To Healthways for the estimated amount of $1,280,000 to provide health improvement services offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2009, through December 31, 2009. The funding for these services has been budgeted as a part of the 2009 fringe benefits budget. Vendor was selected through a competitive process.

• To John Hancock for an estimated $2,020,000 for providing Long Term Care Insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the period of January 1, 2009, through December 31, 2009. The Long Term Care Plan is completely employee paid through payroll deductions. Vendor was selected through a competitive process.

• To Keystone Automation for $559,040 for a quantity of 36 field of view laser scanners to be used for obstacle detection and collision avoidance for the Center for Transportation Studies. Payment for these sensors will be funded by the Urban Partnership Agreement as an 80/20 match. 80% of the project 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. Vendor was selected through a competitive process.

• To Medica for the estimated amount of $1,207,000 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2009, through December 31, 2009. These costs are completely funded by retiree premiums. Vendor was selected through a competitive process.

• To Medica for the estimated amount of $2,775,000 for administering four self-funded UPlan medical plan options offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2009, through December 31, 2009. The funding for these services has been budgeted as a part of the 2009 fringe benefits budget. Vendor was selected through a competitive process.

• To Midwest Assurance Company (HealthPartners, Inc.) for the estimated amount of $1,030,000 to provide Stop Loss Insurance to the University of Minnesota UPlan Employee Medical Program for the period of January 1, 2009, through December 31, 2010. This contract will be funded out of the Fringe Benefits Recovery. Vendor was selected through a competitive process.
• To Minnesota Office of Enterprise Technology for an estimated $425,000 to provide network transport, management, and video services for the Consortium of Minnesota Educational Telecommunities (COMET) for the period of July 1, 2008, through June 30, 2009. Funding for COMET comes from a grant from the Minnesota Office of Higher Education and shares from member schools. The budget includes funding for this expense. Vendor was selected through a competitive process.

• To OptumHealth for the estimated amount of $1,430,000 to provide Stop Loss Insurance to the University of Minnesota UPlan Employee Medical Program for the period of January 1, 2009, through December 31, 2010. This contract will be funded out of the Fringe Benefits Recovery. Vendor was selected through a competitive process.

• To Personnel Decisions International for $1,102,500 for 42 courses as needed for the Continuing Professional Education department for the period of July 1, 2008, through June 30, 2010. This course is funded by course participants and if there are not enough participants the class will be cancelled within the cancellation clause so the risk to the department is limited. Revenue was budgeted but at a lower amount because the popularity of this course was underestimated. The rationale for vendor selection is included in the summary.

• To Rigaku Americas Corporation for $1,229,450 for a CrystalMation system along with a one-year warranty for the Department of Biochemistry, Molecular Biology and Biophysics. This equipment will be purchased with funds provided by a federal grant from the National Center for Research Resources. See enclosed documentation regarding basis for vendor selection.

• To RxAmerica for the estimated amount of $465,000 to provide Pharmacy Benefits Management for the self-funded UPlan program offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2009, through December 31, 2009. The funding for these services has been budgeted as a part of the 2009 fringe benefits budget. Vendor was selected through a competitive process.

• To The Science Products Division of Corning Incorporated for an estimated $472,000 for Corning Plastic Labware, to be stocked at the University Stores for use in University departments from January 1, 2009, through December 31, 2009. Payment for these stock purchases will come from the University Stores Operating Budget. Purchases for stock are included in the Fiscal 2009 University Stores Operating Budget, and will be included in the Fiscal 2010 Operating Budget. See enclosed documentation regarding basis for vendor selection.

• To The Standard for an estimated amount of $3,740,000 to provide Optional Short Term Disability and Long Term Disability Insurance, offered through the University of Minnesota Office of Human Resources Employee Benefits, for the period of January 1, 2009, through December 31, 2010. Both the Optional Short Term Disability Plan and the Optional Long Term Disability Plan are completely employee paid through payroll deductions. Vendor was selected through a competitive process.

• To The Standard for an estimated amount of $4,480,000 to provide Faculty Income Disability Plan insurance for faculty and professional and administrative staff, offered through the University of Minnesota Office of Human Resources Employee Benefits, for the period of January 1, 2009, through December 31, 2010. The Faculty Income Disability Plan is paid out of the Fringe Pool account and is budgeted as a part of the fringe pool. Vendor was selected through a competitive process.

• To UCare for the estimated amount of $1,062,000 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2009, through December 31, 2009. These costs are completely funded by retiree premiums. Vendor was selected through a competitive process.

**Background Information:**

**General Contingency**

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

**President's Recommendation for Action:**

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

### 2008-09 General Contingency:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Allocation</th>
<th>Balance</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2009 General Contingency</strong></td>
<td></td>
<td><strong>$1,400,000</strong></td>
<td></td>
</tr>
<tr>
<td>Carryforward from FY2008 into FY2009</td>
<td>896,843</td>
<td>2,296,843</td>
<td></td>
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<tr>
<td>1 VP for University Relations</td>
<td>22,000</td>
<td>2,274,843</td>
<td>Media relations efforts for Republican National Convention</td>
</tr>
<tr>
<td>2 VP for University Relations</td>
<td>50,000</td>
<td>2,224,843</td>
<td>Campus-area neighborhood employee housing incentive</td>
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<tr>
<td>* 3 VP for University Relations</td>
<td>250,000</td>
<td>1,974,843</td>
<td>Campus-area neighborhood/district plan and vision</td>
</tr>
<tr>
<td>4 Assoc VP for Campus Planning and Project Development</td>
<td>60,000</td>
<td>1,914,843</td>
<td>Predesign of exercise and wellness center for Cooke Hall</td>
</tr>
<tr>
<td>5 Assoc VP for Campus Planning and Project Development</td>
<td>95,000</td>
<td>1,819,843</td>
<td>Predesign work for Cooke Hall renovation</td>
</tr>
<tr>
<td>6 Associate VP for Auxiliary Services</td>
<td>63,000</td>
<td>1,756,843</td>
<td>Request for Proposal process for Dining Services</td>
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<tr>
<td>7 General Counsel</td>
<td>46,000</td>
<td>1,710,843</td>
<td>Move of Records Office</td>
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<tr>
<td>8 Sr VP for Academic Affairs and Provost</td>
<td>100,139</td>
<td>1,610,704</td>
<td>Weisman Art Museum collection digitization project</td>
</tr>
<tr>
<td><strong>New items this reporting period:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Assoc VP for Campus Planning and Project Development</td>
<td>175,000</td>
<td>1,435,704</td>
<td>Update to Twin Cities Campus Master Plan</td>
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<tr>
<td><strong>Balance as of November 30, 2008</strong></td>
<td></td>
<td><strong>1,435,704</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

To Blue Cross Blue Shield of Minnesota for the estimated amount of $5,064,000 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2009 through December 31, 2009.

*Blue Cross Blue Shield of Minnesota was selected during a request for proposal process conducted in 2007. The initial contract was for a one-year period, with five one-year options to renew the contract. This is a request to exercise the first one-year option to renew the contract. The estimated annual amount of $5,064,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.*

*There is no cost for this coverage since retirees pay all premiums.*

Submitted by: Dann Chapman  
Director, Employee Benefits

Approval for this item is requested by:

[Signature]
CarolCarrier  
Vice President, Office of Human Resources  

December 11, 2008
Purchase of Goods and Services over $250,000

To CDW-Government, Inc. for an estimated $900,000 to purchase backup target storage devices including installation services and three years of maintenance/support for all components.

The new backup target storage devices will be integrated into our existing Enterprise Backup Network to provide additional storage capacity for University Enterprise Information Systems (e.g., Campus Solutions, Financial System, NetFiles, Active Directory) and for colleges and departments (e.g., CLA, AHC, CSOM) that use our centrally managed data backup services. Besides providing us with newer, faster, and more reliable backup storage hardware, the purchase includes hardware and software tools that will decrease the amount of target device space required for backup files.

The contract includes installation and initial configuration of the devices by the vendor. In addition, the maintenance/support agreement provides around-the-clock preventive maintenance and problem resolution including 7 x 24 on-line and telephone support plus on-site response for serious hardware problems.

Operations, Infrastructure, and Architecture (OIA), a division of the Office of Information Technology (OIT) requires the new backup target storage devices to ensure continuous and reliable operation of Enterprise and Departmental Information Systems used daily by thousands of students, faculty, and staff.

OIT is a centrally funded organization and the F09 budget includes planning and funding for this expense.

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

Approval of this item is requested by:

[Signature]
Vice President and CIO

11-21-2008
Date
Purchase of Goods and Services over $250,000

To Continental Casualty (CNA) for an estimated $501,000 for providing Long Term Care Insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the period of January 1, 2009 through December 31, 2009.

A request for proposal for Long Term Care insurance was conducted by the University in 2006, and John Hancock was selected as the carrier for new participants and those who elect to transfer their coverage from CNA, the current carrier. The University has also elected to continue to take payroll deductions for employees who remain with CNA, until such time as the group is too small to warrant a payroll deduction option.

The initial contract was for a two-year period, with five one-year options to renew the contract. This is a request to exercise the first one-year option to renew. The estimated annual premium for CNA is based on current participation.

The Long Term Care Plan is completely employee paid through payroll deductions.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

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

December 11, 2008
Purchase of Goods and Services $250,000 and more

To Edwards Brothers, Sheridan Books, and Thomson-Shore for a total of $1,200,000 (as three blanket contracts for $400,000 each) to provide printing and binding of standard-format books as needed for the University Press for the period of November 1, 2008 through October 31, 2010.

Each vendor specializes in this kind of timely, economical, short-run book manufacturing needed by university presses, and each is a leader in that area. All three are closely comparable, but each has a particular strength: Sheridan Books’ is cost; Edwards Brothers’ is service; and Thomson-Shore is quality.

The manufacturing needs of the University Press will be best met by sourcing from all three vendors and assigning jobs situationally.

The three vendors were the top scorers among four in a competitive proposal process. They were evaluated based on cost, service, commitment to environmentally sustainable materials and practices, product quality, and community development.

The exact cost for services provided by the three vendors is dependent upon book sales; the cost for standard-format book manufacturing for November 2008 through December 2010 is estimated to be $1,200,000. These contracts are funded with revenue generated from University Press sales.

Submitted by: Douglas Armato  
Director  
University of Minnesota Press  
612-627-1971

Approval of this time is requested by:

[Signature] Provost

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

To EJH and Associates for $290,681 for computer consultation and development of The Food Emergency Response Network (FERN) as needed for the period October 1, 2008 – September 30, 2009 for the National Center for Food Protection and Defense, A Department of Homeland Security Center of Excellence.

_The Food Emergency Response Network is comprised of federal, state, and local government regulatory laboratories with varying capacities to perform threat/select agent testing. The U.S. Department of Agriculture has issued a cooperative agreement to support the cost of continued IT management of the network._

_EJH and Associates is the primary developer of FoodSHIELD platform in which FERN is incorporated. Their expertise is needed for continued support and enhancements to the network._

_The funds for purchase are coming from sponsor project’s budget._

Submitted by: Faith Mrutu, Operations Manager
144 Veterinary Sciences Building
St. Paul Campus
Phone: (612) 624-2496
Fax: (612) 624-3229

Approval for this item requested by:

[Signature]
Senior Vice President for Health Sciences

Date 11/20/08
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because EJH and Associates was selected by the U.S. Department of Agriculture, the funding source for this project.

Procedures undertaken to ensure reasonableness of price included Project rates have been found to be within industry standards and consideration has been given to Association of Food and Drug Officials (AFDO) for non-profit pricing throughout all associated projects.

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 Fisher Scientific Company L.L.C. for an estimated $538,000 for Falcon Plastic Labware manufactured by BD Biosciences, to be stocked at the University Stores for use in University departments from January 1, 2009, through December 31, 2009.

Falcon Plastic Labware is used throughout the University by many research laboratories in a wide variety of laboratory procedures.

The vendor was selected through a competitive process. This is the second year of a possible five-year contract.

Payment for these stock purchases will come from the University Stores Operating Budget. Purchases for stock are included in the Fiscal 2009 University Stores Operating Budget, and will be included in the Fiscal 2010 Operating Budget. The University Stores Operating Budget is approved annually through the Operating Budget Process.

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

Approval of the item requested by:

Kathleen A. O’Brien, Vice President for University Services 11/03/08
Purchase of Goods and Services over $250,000

To Gold Country, Inc. for an estimate of $2,600,000 guarantee payment to the Department of Intercollegiate Athletics for the period of December 2008 (upon final signature of the contract) through June 30, 2016.

In November of 2007, the Department of Intercollegiate Athletics initiated an RFP process to select a vendor to provide merchandise sales and service for the TCF Bank Stadium site. This includes a 3,500 square foot store and multiple satellite locations inside the stadium and on the stadium site. Selection of the vendor was based on the following criteria: degree to which vendor’s proposal fulfills (1) scope of work, (2) specifications, and (3) University’s terms and conditions; net revenue to Intercollegiate Athletics Department; respondent’s documented, relevant qualifications, experience, references; and respondent’s financial stability and capacity to perform.

Through this competitive RFP process, Gold Country, Inc. was selected as the merchandise vendor for TCF Bank Stadium to include a permanent team store and satellite locations on the stadium site during game day. Gold Country, Inc. currently is the official merchandiser for Gopher Athletics and all on-campus venues. Once Gold Country, Inc. was selected as the merchandise vendor for TCF Bank Stadium, the current Gold Country, Inc. contract and the proposal from the stadium RFP process were combined into a single contract valued at a minimum of $2,600,000 for a 7 year term.

Submitted by: Elizabeth Eull  
Intercollegiate Athletics Department  
Senior Associate Athletic Director  
Suite 270 Bierman Bldg.  
Minneapolis campus  
Phone: (612) 625-9276  
Fax: (612) 626-0020

Approval for this item requested by:

[Signature]  
VP or Exec. VP Signature  
12/1/08  
Date
Purchase of Goods and Services over $250,000

To HealthPartners for the estimated amount of $2,741,000 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2009 through December 31, 2009.

HealthPartners was selected during a request for proposal process conducted in 2007. The initial contract was for a one-year period, with five one-year options to renew the contract. This is a request to exercise the first one-year option to renew the contract. The estimated annual amount of $2,741,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

There is no cost for this coverage since retirees pay all premiums.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

December 11, 2008
Purchase of Goods and Services over $250,000

To HealthPartners Administrators, Inc. for the estimated annual amount of $3,545,000 for administering a self-funded UPlan medical plan option offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2009 through December 31, 2009.

*Health Partners Administrators, Inc. was selected during a request for proposal process conducted in 2005. The initial contract was for a two-year period, with four one-year options to renew the contract. This is a request to exercise the second one-year option to renew. The estimated annual amount of $3,545,000 is based on participation assumptions determined by the University and our actuary. Participation could vary from the assumptions, resulting in different amounts to each UPlan medical administrator; however, the overall amount for the total medical program should remain reasonably constant, with some variability due to participation elections by plan members.*

*The funding for these services has been budgeted as a part of the 2009 fringe benefits budget.*

Submitted by: Dann Chapman  
Director, Employee Benefits

Approval for this item is requested by:

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

December 11, 2008
Purchase of Goods and Services over $250,000

To Healthways for the estimated amount of $1,280,000 to provide health improvement services offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2009 through December 31, 2009.

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

*The initial contract was for a two-year period, with four one-year options to renew the contract. This is a request to exercise the second one-year option to renew. The estimated amount of $1,280,000 is based on health improvement and estimated enrollment.*

*The funding for these services has been budgeted as a part of the 2009 fringe benefits budget.*

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

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

December 11, 2008
Purchase of Goods and Services over $250,000

To John Hancock for an estimated $2,020,000 for providing Long Term Care Insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the period of January 1, 2009 through December 31, 2009.

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

*The initial contract was for the period of April 1, 2007 through December 31, 2008, with five annual options to renew the contract. This is a contract to exercise the first one-year option to renew. The estimated annual premium is based on current participation, and a projection of the amount of coverage.*

*The Long Term Care Plan is completely employee paid through payroll deductions.*

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

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

December 11, 2008
Purchase of Goods and Services $250,000 and over

To Keystone Automation for $599,040 for a quantity of 36 field of view laser scanners to be used for obstacle detection and collision avoidance for the Center for Transportation Studies.

The Intelligent Vehicles Lab (IV Lab) has been awarded a $4.3 Million contract with the Met Council / Federal Transit Administration 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 the Urban Partnership Agreement (UPA) will carry passengers in an express service from Apple Valley to downtown Minneapolis.

The laser scanners are used to detect the presence of, determine the distance to, and identify the classification of obstacles detected in the field of view of the sensor. This laser scanner is the key technology which allows the IV Lab to provide collision avoidance for the ten transit vehicles which will be deployed by 30 SE 2009 as part of the UPA project. Three sensors will be place on each of the ten buses; the UPA project also provides a 20% spares cache.

Through a competitive bid process, Keystone Automation provided the best price for the required products.

Payment for these sensors will be funded by the UPA as a 80/20 match. 80% of the project 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
Phone: (612) 625-0323
Fax: (612) 625-8884

Approval of the item requested by:

VP or Exec VP Signature

Date
Purchase of Goods and Services over $250,000

To Medica for the estimated amount of $1,207,000 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2009 through December 31, 2009.

Medica was selected during a request for proposal process conducted in 2007. The initial contract was for a one-year period, with five one-year options to renew the contract. This is a request to exercise the first one-year option to renew the contract. The estimated annual amount of $1,207,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

There is no cost for this coverage since retirees pay all premiums.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

December 11, 2008
Purchase of Goods and Services over $250,000

To Medica for the estimated annual amount of $2,775,000 for administering four self-funded UPlan medical plan options offered through the University of Minnesota, Office of Human Resources Employee Benefits for the one year period of January 1, 2009 through December 31, 2009.

Medica was selected during a request for proposal process conducted in 2005. The initial contract was for a two-year period, with four one-year options to renew the contract. This is a request to exercise the second one-year option to renew. The estimated annual amount of $2,775,000 is based on participation assumptions determined by the University and our actuary. Participation could vary from the assumptions, resulting in different amounts to each UPlan medical administrator; however, the overall amount for the total medical program should remain reasonably constant, with some variability due to participation elections by plan members.

The funding for these services has been budgeted as a part of the 2009 fringe benefits budget.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

December 11, 2008
Purchase of Goods and Services over $250,000

To Midwest Assurance Company (HealthPartners, Inc.) for the estimated amount of $1,050,000 to provide Stop Loss Insurance to the University of Minnesota UPlan Employee Medical Program for the period of January 1, 2009-December 31, 2010.

A request for proposal for Stop Loss Insurance was conducted by the University in 2008, and Midwest Assurance Company (HealthPartners, Inc.) was selected to provide Stop Loss Insurance for the HealthPartners member population. The initial contract is for two years with four one-year options to renew.

Stop loss insurance is a critical part of risk management for the University of Minnesota's self-funded UPlan Medical Program. Stop loss insurance protects the University of Minnesota from unpredictable and catastrophic risks, limits the risk of self-funding the UPlan, and limits the UPlan liability to a specific dollar amount per covered life per plan year. Stop loss insurance provides reimbursement to the UPlan for eligible claims paid over the deductible (currently $600,000) amount up to the stop loss and UPlan lifetime maximum benefit of $5,000,000 per member.

This contract will be funded out of the Fringe Benefits Recovery.

Submitted by: Dann Chapman
Director of Employee Benefits

Approval for this item requested by:

Carol Carrier
Vice President, Office of Human Resources

December 11, 2008
Purchase of Goods and Services over $250,000

To Minnesota Office of Enterprise Technology for an estimated $425,000 to provide network transport, management, and video services for the Consortium of Minnesota Educational Telecommunities (COMET) for the period July 1, 2008, through June 30, 2009. The Consortium provides coordinated telecommunications and other distance-learning services for the member schools in southeastern Minnesota, including the University of Minnesota, Rochester. The University of Minnesota became the fiscal agent for the Consortium in July 2008.

COMET is a region within the Learning Network of Minnesota, which is the education component of the Integrated Statewide Network. The initiative began in 1993 to connect postsecondary institutions, including tribal colleges and learning centers, and later public school districts and libraries as well. State funds also provide for interactive video facilities to expand educational opportunities. The Learning Network has evolved to include Internet, data, voice and video services to support academic programs and administrative services. All of the State’s public higher education institutions are members of a region.

The services that COMET purchases from the Office of Enterprise Technology (OET) support the COMET region of a statewide network with its primary application being the offering of credit courses via web-based instruction and interactive video. Over 7,000 college courses are offered over the Learning Network each year. In addition, the network gives campuses access to national and international networks, such as Internet2 and Minnesota Satellite and Technology (MnSAT), as well as electronic library resources. The network also serves as the infrastructure that supports administrative applications, including registration, fiscal services, and email.

COMET purchases the services from the Minnesota Office of Information Technology, who has completed a bid process to acquire the services directly from providers. Funding for COMET comes from a grant from the Minnesota Office of Higher Education (MOHE) and shares from member schools. The budget includes funding for this expense.

Submitted by: Doug Lund
Director, COMET
Information Technology Bldg.
Minneapolis Campus
Phone: (612) 624-5730
Fax: (612) 624-0784

Approval of this item is requested by:

Vice President and CIO 11-21-2008
Purchase of Goods and Services over $250,000

To OptumHealth for the estimated amount of $1,430,000 per year to provide Stop Loss Insurance to the University of Minnesota UPlan Employee Medical Program for the period of January 1, 2009-December 31, 2010.

A request for proposal for Stop Loss Insurance was conducted by the University in 2008, and OptumHealth was selected to provide Stop Loss Insurance for the Medica member population. The initial contract is for two years with four one-year options to renew.

Stop loss insurance is a critical part of risk management for the University of Minnesota’s self-funded UPlan Medical Program. Stop loss insurance protects the University of Minnesota from unpredictable and catastrophic risks, limits the risk of self-funding the UPlan, and limits the UPlan liability to a specific dollar amount per covered life per plan year. Stop loss insurance provides reimbursement to the UPlan for eligible claims paid over the deductible currently $600,000 amount up to the stop loss and UPlan lifetime maximum benefit of $5,000,000 per member.

This contract will be funded out of the Fringe Benefits Recovery.

Submitted by: Dann Chapman
Director of Employee Benefits

Approval for this item requested by:

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

December 11, 2008
Purchase of Goods and Services $250,000 and over

To Personnel Decisions International (PDI) for $1,102,500 for 42 courses as needed for the period of July 1, 2008 – June 30, 2010 for the Continuing Professional Education (CPE) department.

Due to the popularity of the non-credit Successful Manager’s Leadership Program (SMLP, the use of PDI for course instruction and course materials has increased. PDI owns the unique intellectual content of the Successful Manager’s Program which is linked to the Successful Manager’s Handbook which has sold over 1 million copies worldwide and is used by 7 out of the top 10 companies in America.

CPE has researched what other vendors offer in the leadership programs and none of them have the depth of background, intellectual content, distinguished research and brand name as PDI. Part of the reason for the success of this program is the brand name that PDI has. They are also located in the Twin Cities area and most of their instructors are from this area so there is substantial instructor travel savings versus using an out of town vendor.

This course is funded by course participants and if there are not enough participants the class will be cancelled within the cancellation clause so the risk to the department is limited. Revenue was budgeted but at a lower amount because of the under-estimating of the popularity of this course.

Submitted by: Thomas Norman, CPE Director
Rm 353 Classroom Office Building
St. Paul Campus
Phone: (612) 625-1227
Fax: (612) 624-6225

Approval for this item request by:


VP or Exec. VP Signature

Date
Purchase of Goods and Services over $250,000

To Rigaku Americas Corporation for $1,229,450 for a CrystalMation system along with a one year warranty for the Department of Biochemistry, Molecular Biology and Biophysics.

CrystalMation is a fully integrated and automated system for protein crystallization including crystallization setup, screen making, imaging, image analysis, experimental plate storage and incubation. This complete walk-away system introduces a level of consistency, throughput and efficiency not currently possible with manual methods of protein crystallization.

This equipment will facilitate the establishment of a High-Throughput Nanoliter Crystallization Facility at the College of Biological Sciences, and has the support of the University of Minnesota Medical School.

Macromolecular structure opens the door to designing new drugs to block or control activity of proteins to fight disease. The equipment + support funds from the U-Mayo partnership and internal U sources will allow every investigator at the University a free scan of almost 600 crystallization conditions.

This equipment will be purchased with funds provided by a federal grant from the National Center for Research Resources.

Submitted by: M. Jane Albeck  
Finance Manager  
6-160 Jackson Hall  
Bio-Gen Cluster  
Phone: 612-624-3718

Approval of the item requested by:

VP or Exec VP Signature

Date

11/20/08
Rationale for Exception to Competitive Bidding

This purchase order has not been competitively bid because:
Rigaku is the only supplier of a fully integrated crystallization system and is being purchased with funds provided by a federal grant from the National Center for Research Resources.

Procedures undertaken to ensure reasonableness of price included:
National Institutes of Health (NIH) approved the budget for instrument as reasonable. Principal Investigator (PI) has 20+ years of experience using robotic crystallization and visualization systems.

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 RxAmerica for the estimated amount of $465,000 to provide Pharmacy Benefits Management for the one year period of January 1, 2009 through December 31, 2009 for the self-funded UPlan program offered through the University of Minnesota, Office of Human Resources Employee Benefits.

RxAmerica administers the single pharmacy program that is offered to all UPlan medical program participants. They work with the University to encourage effective pharmaceutical care for plan members, and cost effective program management for both employees and the University.

RxAmerica was selected during a request for proposal process conducted in 2005. The initial contract was for a two-year period, with four one-year options to renew the contract. This is a request to exercise the second one-year option to renew. The estimated amount of $465,000 is based on administrative service fees and estimated enrollment.

The funding for these services has been budgeted as a part of the 2009 fringe benefits budget.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

Carol Carrier
Vice President, Office of Human Resources

December 11, 2008
Purchase of Goods and Services over $250,000

To the Science Products Division of Corning Incorporated for an estimated $472,000 for Corning Plastic Labware, to be stocked at the University Stores for use in University departments from January 1, 2009, through December 31, 2009.

Corning Plastic Labware is used throughout the University by many research laboratories in a wide variety of laboratory procedures.

This is a negotiated, manufacturer direct contract with the Science Products Division of Corning Incorporated, which enables the University Stores to receive distributor pricing, and avoid the additional cost of purchasing through a distributor. This is the third year of a possible five-year contract.

Payment for these stock purchases will come from the University Stores Operating Budget. Purchases for stock are included in the Fiscal 2009 University Stores Operating Budget, and will be included in the Fiscal 2010 Operating Budget. The University Stores Operating Budget is approved annually through the Operating Budget Process.

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

Approval of the item requested by:

[Signature] 11/3/08
Kathleen A. O'Brien, Vice President for University Services Date
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because it is a purchase directly from the manufacturer, which avoids the mark-up charged by the distributors. The University Stores stocks plastic labware from eight different companies that compete against each other for the researchers' use. The products from four of the companies are bought direct from the manufacturer, which helps keep the pricing in line from all the companies that provide plastic Labware. Corning plastic Labware is stocked because of the high demand from the University researchers and labs.

 Procedures undertaken to ensure price reasonableness include comparing the pricing offered by this manufacturer to the pricing of other competing like products from other companies. University Stores also analyzes price differences and market fluctuations for lab supplies and in particular plastic labware. University Stores also meets each year with Corning to keep abreast of upcoming changes, and to review pricing.

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

To The Standard for an estimated amount of $3,740,000 to provide Optional Short Term Disability and Long Term Disability Insurance, offered through the University of Minnesota Office of Human Resources Employee Benefits, for the period of January 1, 2009 through December 31, 2010.

Estimated annual amount:

- Optional Short Term Disability Plan - $2,010,000
- Optional Long Term Disability Plan - $1,730,000
- Total - $3,740,000

The Standard was selected during a request for proposal process conducted in 2006. The initial contract was for the period of April 1, 2007 through December 31, 2008, with two options to renew in two-year increments for a possible six year contract. This is a request to exercise the first option to renew a two-year increment. The estimated annual amount of $3,740,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections.

Both the Optional Short Term Disability Plan and the Optional Long Term Disability Plan are completely employee paid through payroll deductions.

Submitted by: Dann Chapman
Director, Employee Benefits
Phone: (612) 626-7393

Approval for this item is requested by:

Carol Carrier, Vice President, Office of Human Resources

December 11, 2008
Purchase of Goods and Services over $250,000

To The Standard for an estimated amount of $4,480,000 to provide the Faculty Income Disability Plan insurance for faculty and professional and administrative staff, offered through the University of Minnesota Office of Human Resources Employee Benefits, for the period of January 1, 2009 through December 31, 2010.

*The Standard was selected during a request for proposal process conducted in 2006. The initial contract was for a two year period, with two options to renew in two-year increments. This is a request to exercise the first option to renew a two-year increment. The estimated annual amount of $4,480,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to numbers of academic employees and their covered compensation.*

*The Faculty Income Disability Plan is paid out of Fringe Pool account 1198-565-2850, and is budgeted as a part of the fringe pool.*

Submitted by: Dann Chapman
Director, Employee Benefits
Phone: (612) 626-7393

Approval for this item is requested by:

Carol Carrier, Vice President, Office of Human Resources

December 11, 2008
Purchase of Goods and Services over $250,000

To U Care for the estimated amount of $1,062,000 for purchase of Medicare supplemental insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the one year period of January 1, 2009 through December 31, 2009.

UCare was selected during a request for proposal process conducted in 2007. The initial contract was for a one-year period, with five one-year options to renew the contract. This is a request to exercise the first one-year option to renew the contract. The estimated annual amount of $1,062,000 is based on participation assumptions determined by the University. Participation could vary from the assumptions due to participation elections by plan members.

There is no cost for this coverage since retirees pay all premiums.

Submitted by: Dann Chapman
Director, Employee Benefits

Approval for this item is requested by:

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

December 11, 2008
Finance and Operations Committee

December 11, 2008

Agenda Item: Information Items

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters: Vice President/CFO Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

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

Quarterly Asset Management Report
To report on the quarterly results of investment performance in the area of asset management for the period ended September 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.

Quarterly Debt Management Advisory Committee Update
To provide a report on the meeting of the Debt Management Advisory Committee (DMAC) held on November 12, 2008.

Quarterly Investment Advisory Committee Update
To provide the Board of Regents with a summary of the quarterly meeting of the Investment Advisory Committee (IAC) held on November 19, 2008.

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

Quarterly Asset Management Report
- The invested assets of the University totaled approximately $1.7 Billion on September 30, 2008.
- The Consolidated Endowment Fund value as of September 30, 2008 was $1.1 Billion, a decrease of $139 Million over the last 12 months after distributions. The total investment
return of the endowment was -12.1% over the last 12 months compared to a benchmark return of -9.6%.

- The value of the short-term reserves (TIP) was $510 Million as of September 30, 2008. This was an increase of $35 Million over the last 12 months. The investment return on the portfolio over the last 12 months was 0.9% compared to a benchmark yield of 5.3%.
- Total outstanding debt on September 30, 2008 was $795 Million. The effective interest rate on all outstanding debt obligations was 3.65%.

Quarterly Debt Management Advisory Committee Update

The agenda for the meeting held on November 12, 2008, included:

- Market update by John Augustine from Barclays Capital
- Discussion of the University’s existing swap agreements with Lehman Brothers Commercial Bank
- Information on the assignment of existing remarketing agreements from Lehman Brothers to Barclays Capital, as reported to the Board in October 2008
- Updates on the status of the taxable debt issuance for the stadium and the RFP issued 10/30/08 for new University debt to be issued
- Discussion of the Resolutions for Issuance of University Debt that were presented to the Board of Regents for approval 11/14/08
- Information related to the expiration of the Standby Bond Purchase Agreement for the General Obligation Bonds Series 2001C

Standby Bond Purchase Agreement for Series 2001C

The standby bond purchase agreement with JPMorgan Chase Bank for the General Obligation Bonds Series 2001C has been extended to March 16, 2009 from the current expiration date of December 16, 2008, effective November 25, 2008.

The Bank’s agreement to extend the current expiration date as provided was subject to the University’s agreement to amend and restate the definition of “Base Rate”, and that the Facility Fee of 0.1775% will be increased to 1.25%.

Existing Swap Agreements with Lehman Brothers Commercial Bank (LBCB)

The University is considering the following options with regards to the four existing swap agreements with LBCB:
- Do nothing at this time, though we may lose our right to terminate if too much time elapses.
- Terminate the swaps with LBCB and re-execute with another counterparty.
- Move with haste to restructure the debt to a fixed rate mode and then terminate the existing swaps.

These options will be discussed with DMAC at the December 10, 2008 meeting.

Quarterly Investment Advisory Committee Update

The Investment Advisory Committee (IAC) met on Wednesday, November 19, 2008. Mr. Mason presented the Quarterly Report for the period ending September 30, 2008, as well as an update for the month of October highlighting that public markets are down as much as 20% in October, adding to a decline of 20-30% for the previous 12 months. This decline in the public stocks had put some pressure on overall portfolio liquidity and meant that the portfolio was no longer within the strategic asset allocation policy ranges developed by the Board. The IAC also discussed and approved new benchmarks for the Performance Based Compensation plan for FY 2009, which will also be incorporated into the general reporting to the Board.

The IAC discussed in depth and made several recommendations regarding rebalancing to strategic asset targets. In general, they advised OIB to re-examine the relevance of existing policy targets with the help of Cambridge Associates, and recommended OIB begin to gradually rebalance toward the low end of target ranges using R3000 and EAFE futures to purchase exposure and offset that exposure by selling two-year treasury futures in equal amounts.

Other recommendations included continuing efforts to increase liquidity by selling public securities and investing in very low volatility fixed income investments to protect balances in anticipation of next year’s distribution and additional capital calls.
November 25, 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 1st quarter, fiscal year ‘09. 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.

We are providing you with the quarterly information in a new graphical format. This should be easier to use, while providing the Board with the same information needed to comply with Regents policy.

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

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

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

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

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

Items of note on the 1st quarter, 2009 report:

- The first quarter report compares dollars spent on purchases in 1st quarter of the current year to dollars spent on purchases in 1st quarter of the 2 previous years. The same comparison is made for approved exceptions and for preapproved exceptions.

  Subsequent reports, for Quarters 2, 3, 4 will provide the same comparisons year to date, and will become progressively more meaningful with Quarter 4 comparing purchasing activity for 3 complete fiscal years.

- The number of payment transactions decreased dramatically in 1st quarter from what is typical, due to expected transitioning issues from the old financial system to the new PeopleSoft Enterprise Financial System.

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

Sincerely,

[Signature]

Michael D. Volna
Associate Vice President-Finance & Controller

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

**Total Quarterly Purchasing Activity**

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY07</th>
<th>Q1 FY08</th>
<th>Q1 FY09</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>154,496</td>
<td>154,938</td>
<td>56,332</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$185,324,613</td>
<td>$246,126,877</td>
<td>$188,087,502</td>
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</table>

**Quarterly Approved Exceptions**

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<thead>
<tr>
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<th>Q1 FY07</th>
<th>Q1 FY08</th>
<th>Q1 FY09</th>
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</thead>
<tbody>
<tr>
<td># of Exceptions</td>
<td>60</td>
<td>45</td>
<td>14</td>
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<tr>
<td>Total Dollars Spent</td>
<td>$34,927,978</td>
<td>$9,496,318</td>
<td>$1,193,793</td>
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</table>

**Quarterly Pre-Approved Exceptions**

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY07</th>
<th>Q1 FY08</th>
<th>Q1 FY09</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Exceptions</td>
<td>81</td>
<td>20</td>
<td>17</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$3,029,457</td>
<td>$2,271,674</td>
<td>$2,398,156</td>
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III. Pre-Approved Exceptions to Competitive Purchasing
(Goods, Services and Construction)

<table>
<thead>
<tr>
<th>Exception</th>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0000030375</td>
<td>Sheraton Mpls West Hotel</td>
<td>Lodging and meals for football team and official party.</td>
<td>$ 150,000</td>
<td>Intercollegiate Athletics</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 150,000</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>0000042769</td>
<td>Oracle</td>
<td>PeopleSoft Support Renewal.</td>
<td>$ 498,520</td>
<td>OIT</td>
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<tr>
<td>7</td>
<td>0000038168</td>
<td>ExLibris USA</td>
<td>Annual maintenance for ALEPH &amp; other software.</td>
<td>$ 206,570</td>
<td>OIT</td>
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<tr>
<td>7</td>
<td>0000021212</td>
<td>Getinge USA Inc</td>
<td>3 yr service for NHM autoclaves.</td>
<td>$ 74,025</td>
<td>AHC Research Bldg Management Services</td>
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<td>7</td>
<td>0000042682</td>
<td>Data Domain Inc</td>
<td>Replace 560 storage devices for better performing DDR580 and maintenance through 1/31/2010.</td>
<td>$ 70,512</td>
<td>OIT</td>
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<td>7</td>
<td>0000033270</td>
<td>MSI Systems Integrators</td>
<td>Year 3, IBM Ego Operating System Software for IBM System z9 Mainframe.</td>
<td>$ 60,903</td>
<td>OIT</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td>$ 910,530</td>
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</tr>
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<td>0000033357</td>
<td>Blackboard, Inc</td>
<td>WebCT Support and Maintenance Renewal.</td>
<td>$ 209,900</td>
<td>OIT/Academic Computing</td>
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<td>0000010219</td>
<td>Levi, Ray &amp; Shoup, Inc</td>
<td>Software Renewal, 3 years.</td>
<td>$ 150,000</td>
<td>OIT</td>
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<td>11</td>
<td>0000017344</td>
<td>Symantec Corporation</td>
<td>12 month renewal of license/support for Symantec (Veritas) Software products.</td>
<td>$ 96,489</td>
<td>OIT</td>
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<td>11</td>
<td>0000021212</td>
<td>Getinge USA, Inc</td>
<td>3 year Service for Nils Hasselmo Hall Gentinge autoclaves.</td>
<td>$ 74,025</td>
<td>AHC Research Building Management Services</td>
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<td>$ 530,414</td>
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<td>14</td>
<td>0000028685</td>
<td>Fairview Health Services</td>
<td>Pharmacy fees, blood draws, Vascular access, Echo, Physical Therapist for one year.</td>
<td>$ 96,937</td>
<td>Neurology Department</td>
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<tr>
<td>14</td>
<td>0000030353</td>
<td>Fairview Health Services</td>
<td>Pharmacy startup, lab services, IDS dispense fee and tumor evaluations/CT scans.</td>
<td>$ 90,727</td>
<td>Medicine Oncology</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td>$ 187,664</td>
<td></td>
</tr>
</tbody>
</table>
Pre-Approved Exceptions to Competitive Purchasing
(Professional Services)

5 PURCHASES
TOTAL: $619,548

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

<table>
<thead>
<tr>
<th>Exception</th>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>0000030649</td>
<td>Centennial School District #12</td>
<td>Pay 1 year salary for Jon Anderson to work with Professor Cattell as a “Teacher in Residence” for the PhysTECH program.</td>
<td>$104,502</td>
<td>Physics</td>
</tr>
</tbody>
</table>

$ 104,502

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

<table>
<thead>
<tr>
<th>Exception</th>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>0000042862</td>
<td>Personnel Decisions International (PDI)</td>
<td>Training for Successful Manager’s Leadership Program (SMLP).</td>
<td>$236,250</td>
<td>College of Continuing Education</td>
</tr>
<tr>
<td>21</td>
<td>0000025775</td>
<td>New England Foundation for the Arts</td>
<td>Teach four 3 credit course in AY 08-09, advise &amp; mentor students, engage in self directed research and/or performance activities.</td>
<td>$116,000</td>
<td>Collaborative Art</td>
</tr>
</tbody>
</table>

$ 352,250

Exception #22: Fairview purchases related to research projects.

<table>
<thead>
<tr>
<th>Exception</th>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>0000038957</td>
<td>Fairview Health Services</td>
<td>New Dentistry Clinic.</td>
<td>$95,000</td>
<td>Health Sciences Deans Office</td>
</tr>
<tr>
<td>22</td>
<td>0000031273</td>
<td>Fairview Health Services</td>
<td>Immunology lab tests on 250 subjects for “High Risk Kidney Project”.</td>
<td>$67,796</td>
<td>Surgery</td>
</tr>
</tbody>
</table>

$ 162,796

IV. Regents Policy Violations

0 PURCHASES
TOTAL: $0

<table>
<thead>
<tr>
<th>PO #</th>
<th>Supplier</th>
<th>Description</th>
<th>Dollar</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td>-</td>
</tr>
</tbody>
</table>
Attachment A

Preapproved Exceptions to Bid For Goods and Standard Services

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

Preapproved Exceptions to Bid For Professional Services

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

University of Minnesota
Office of Investments & Banking

September 30, 2008
## Value of Funds

### U of M Managed Funds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Endowment Fund (CEF) *</td>
<td>1,056.7**</td>
<td>1,140.3**</td>
<td>1,167.7</td>
</tr>
<tr>
<td>Long-Term Reserves (GIP) ***</td>
<td>35.4</td>
<td>33.9</td>
<td>31.3</td>
</tr>
<tr>
<td>Short-Term Reserves (TIP) *** (market value)</td>
<td>510.1</td>
<td>612.0</td>
<td>548.4</td>
</tr>
<tr>
<td>Invested Assets Related to Indebtedness</td>
<td>55.0</td>
<td>76.3</td>
<td>171.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,657.2</strong></td>
<td><strong>1,881.9</strong></td>
<td><strong>1,918.6</strong></td>
</tr>
</tbody>
</table>

### Other

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U of M Foundation Managed Funds</td>
<td>1,293.5</td>
<td>1,384.7</td>
<td>1,413.0</td>
</tr>
<tr>
<td>MN Medical Foundation Funds</td>
<td>222.1</td>
<td>248.8</td>
<td>262.0</td>
</tr>
<tr>
<td>RUMINCO Ltd.</td>
<td>29.1</td>
<td>31.9</td>
<td>39.1</td>
</tr>
<tr>
<td>Basic Faculty Retirement Plan</td>
<td>2,286.3</td>
<td>2,401.3</td>
<td>2,511.9</td>
</tr>
</tbody>
</table>

* Includes the Market Value for the Permanent University Fund

** Includes Original $120 million TIP and $20 million GIP investments

*** Balances exclude investment in CEF
Highlights

Total Assets: $1.06 billion

- $138.5 million decrease over the previous year end
- Includes investments of $120 million from TIP and $20 million from GIP

<table>
<thead>
<tr>
<th></th>
<th>Quarterly return</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-7.1%</td>
<td>-7.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>One year return</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-12.1%</td>
<td>-9.6%</td>
</tr>
</tbody>
</table>
**Highlights**

**Book Value: $529.7 million**

<table>
<thead>
<tr>
<th>Quarterly return</th>
<th>-1.6%</th>
<th>Benchmark</th>
<th>1.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>One year return</td>
<td>0.9%</td>
<td>Benchmark</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

- $35 million increase over the previous year end

**Total Assets: $54.0 million**

<table>
<thead>
<tr>
<th>Quarterly return</th>
<th>1.2%</th>
<th>Benchmark</th>
<th>-0.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>One year return</td>
<td>2.8%</td>
<td>Benchmark</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

- $5.5 million decrease over the previous year end
RUMINCO

Total Assets: $29.1 million

- Quarterly return: -8.2%
- Benchmark: -6.0%
- One year return: -22.8%
- Benchmark: -14.1%

- $8.9 million decrease over the previous year end

Long Term Debt

Total outstanding debt obligation of the University:

- University Issued Fixed Rate Debt *: $494.0 million
- University Issued Variable Rate Debt *: $118.6 million
- State Issued Infrastructure Development Bonds (IDBs): $51.8 million
- State Supported Debt (2006) Revenue Bond: $130.8 million

* Adjusted for interest rate swaps
Portfolio Returns

CEF
- CEF
- Benchmark

TIP
- TIP
- Benchmark

* Excludes CEF Investment
Portfolio Returns

GIP
- GIP
- Benchmark
* Includes CEF Investment

RUMINCO
- RUMINCO
- Benchmark

<table>
<thead>
<tr>
<th></th>
<th>QTR</th>
<th>1-YR</th>
<th>3-YR</th>
<th>5-YR</th>
</tr>
</thead>
<tbody>
<tr>
<td>GIP</td>
<td>-0.5%</td>
<td>1.2%</td>
<td>3.7%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>-22.8%</td>
<td>2.8%</td>
<td>3.0%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>QTR</th>
<th>1-YR</th>
<th>3-YR</th>
<th>5-YR</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUMINCO</td>
<td>-8.2%</td>
<td>-6.0%</td>
<td>1.7%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>-14.1%</td>
<td>-1.6%</td>
<td>-1.6%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>
## CEF Analysis: Asset Allocation Strategy

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>09/30/08</th>
<th>06/30/08</th>
<th>06/30/07</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Equity</td>
<td>40.0%</td>
<td>30.2%</td>
<td>34.5%</td>
<td>50.0%</td>
<td>35-45%</td>
</tr>
<tr>
<td>Private Capital</td>
<td>20.0%</td>
<td>26.8%</td>
<td>24.1%</td>
<td>15.2%</td>
<td>15-25%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>20.0%</td>
<td>22.1%</td>
<td>21.0%</td>
<td>16.5%</td>
<td>15-25%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>20.0%</td>
<td>20.9%</td>
<td>20.4%</td>
<td>18.3%</td>
<td>15-25%</td>
</tr>
</tbody>
</table>

### Actual Allocation
- Fixed Income: 20.9%
- Domestic Equity: 17.9%
- Int'l Equity: 12.3%
- Private Capital: 26.8%
- Real Assets: 22.1%

### Weights Relative to Target

<table>
<thead>
<tr>
<th></th>
<th>U.S. Equity</th>
<th>Int'l Equity</th>
<th>Private Capital</th>
<th>Real Assets</th>
<th>Fixed Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>-7.7%</td>
<td>-2.1%</td>
<td>6.8%</td>
<td>2.1%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>
## CEF Returns

<table>
<thead>
<tr>
<th>Asset Class &amp; Benchmark Returns (%)</th>
<th>Quarter</th>
<th>1 year</th>
<th>3 year</th>
<th>5 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity</td>
<td>-9.4</td>
<td>-19.4</td>
<td>-0.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Russell 3000</td>
<td>-8.7</td>
<td>-21.5</td>
<td>0.3</td>
<td>5.7</td>
</tr>
<tr>
<td>International Equity</td>
<td>-24.6</td>
<td>-35.4</td>
<td>0.5</td>
<td>9.7</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>-20.6</td>
<td>-30.5</td>
<td>1.1</td>
<td>9.7</td>
</tr>
<tr>
<td>Private Capital</td>
<td>-0.9</td>
<td>6.3</td>
<td>17.6</td>
<td>33.3</td>
</tr>
<tr>
<td>Russell 3000 + 300bp</td>
<td>-8.0</td>
<td>-18.5</td>
<td>3.3</td>
<td>8.7</td>
</tr>
<tr>
<td>Real Assets</td>
<td>-3.0</td>
<td>-8.9</td>
<td>5.9</td>
<td>10.9</td>
</tr>
<tr>
<td>CPI + 400bp</td>
<td>2.3</td>
<td>8.4</td>
<td>7.5</td>
<td>7.2</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>-3.9</td>
<td>-4.5</td>
<td>2.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Lehman Agg</td>
<td>-0.5</td>
<td>3.7</td>
<td>4.2</td>
<td>3.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CEF Total Return (%)</th>
<th>-7.1</th>
<th>-12.1</th>
<th>5.3</th>
<th>10.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEF Custom Index</td>
<td>-7.8</td>
<td>-9.6</td>
<td>6.5</td>
<td>9.6</td>
</tr>
<tr>
<td>70 Russell 3000/ 30 LB AGG</td>
<td>-6.3</td>
<td>-14.4</td>
<td>1.6</td>
<td>5.3</td>
</tr>
</tbody>
</table>
CEF Analysis Returns Analysis

Returns Relative to Benchmarks (%)

<table>
<thead>
<tr>
<th></th>
<th>Domestic Equities</th>
<th>Int’l Equities</th>
<th>Private Capital</th>
<th>Real Assets</th>
<th>Fixed Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter</td>
<td>-0.7</td>
<td>-4.0</td>
<td>7.1</td>
<td>-5.3</td>
<td>-3.4</td>
</tr>
<tr>
<td>1-yr</td>
<td>2.1</td>
<td>-4.9</td>
<td>24.8</td>
<td>-17.3</td>
<td>-8.2</td>
</tr>
<tr>
<td>3-yr</td>
<td>-0.5</td>
<td>-0.6</td>
<td>14.3</td>
<td>-1.6</td>
<td>-1.6</td>
</tr>
<tr>
<td>5-yr</td>
<td>-0.2</td>
<td>0.0</td>
<td>24.6</td>
<td>3.7</td>
<td>-0.1</td>
</tr>
</tbody>
</table>
CEF Analysis  Actual CEF vs. Payout Based Trailing Average

* Payout rate was based on a three-year trailing average before June 04, and was gradually moved to a 5-year trailing average.
CEF Analysis  Adjusted CEF vs. Payout Based Trailing Average

*Adjusted CEF is Actual CEF less contributions

**Payout rate was based on a three-year trailing average before June 04, and was gradually moved to a 5-year trailing average.
TIP Analysis

Book value: $529.7 million

- Average duration: 0.81
- Average credit rating: AA-
- Current Yield: 3.37%
- Returns include $10 million write down of Washington Mutual Bond

Portfolio Characteristics

Total Returns

TIP

Benchmark

70% ML 1-3 Yr Treasuries
30% 91 day Treasury Bill
TIP Analysis

Sector Exposure

- Corporate Bonds: 41%
- Agency & MBS: 26%
- Money Market Funds: 15%
- Commercial Paper: 14%
- GS Arm Fund: 4%

Credit Quality

- AAA: 46%
- AA: 7%
- A: 23%
- BBB: 24%
- Unrated: 0%
# TIP Returns

<table>
<thead>
<tr>
<th>Asset Class (% of portfolio)</th>
<th>Quarter</th>
<th>1 year</th>
<th>3 year</th>
<th>4 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Equivalents (29.6%)</td>
<td>0.6</td>
<td>3.7</td>
<td>4.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Agency (19.3%)</td>
<td>0.6</td>
<td>3.4</td>
<td>4.5</td>
<td>3.9</td>
</tr>
<tr>
<td>Mortgage Pass Through (8.8%)</td>
<td>1.2</td>
<td>6.6</td>
<td>5.4</td>
<td>4.8</td>
</tr>
<tr>
<td>Corporate* (36.7%)</td>
<td>-6.0</td>
<td>-6.3</td>
<td>0.4</td>
<td>1.0</td>
</tr>
</tbody>
</table>

*TIP Total Return (%)*  

<table>
<thead>
<tr>
<th>TIP Total Return (%)</th>
<th>-1.6</th>
<th>0.9</th>
<th>3.4</th>
<th>3.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIP Index **</td>
<td>1.4</td>
<td>5.3</td>
<td>5.0</td>
<td>4.1</td>
</tr>
<tr>
<td>3 Month T-Bill</td>
<td>0.6</td>
<td>2.9</td>
<td>4.2</td>
<td>3.8</td>
</tr>
</tbody>
</table>

*Includes Commercial Paper

** 70% - ML Treasury 1-3 year, 30% - 3 mo. T-Bill
GIP Analysis

Total Assets: $54.0 Million
Includes $18.6 million invested in CEF (market value)

- GIP CEF: 34%
- Core Bonds: 17%
- Absolute Return: 49%

100% LB AGG

<table>
<thead>
<tr>
<th></th>
<th>GIP</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTR</td>
<td>1.2%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>1-YR</td>
<td>2.8%</td>
<td>3.7%</td>
</tr>
<tr>
<td>3-YR</td>
<td>3.0%</td>
<td>4.2%</td>
</tr>
<tr>
<td>5-YR</td>
<td>4.2%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>
RUMINCO Analysis

**Total Assets: $29.1 Million**

- **Cash**: 12.6%
- **Fixed Income**: 15.8%
- **Equity**: 71.6%

**RUMINCO vs Benchmark**

- **15% Lehman Gov 1-3, 15% Lehman Aggregate, 70% Russell 3000**

<table>
<thead>
<tr>
<th></th>
<th>QTR</th>
<th>1-YR</th>
<th>3-YR</th>
<th>5-YR</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUMINCO</td>
<td>-22.8%</td>
<td>1.7%</td>
<td>-14.1%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>-8.2%</td>
<td>6.0%</td>
<td>-1.6%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
### Long Term Debt Analysis

**Total Debt: $795.2 Million**

<table>
<thead>
<tr>
<th>Long term Debt</th>
<th>In $ millions</th>
<th>Weighted Average rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Issued Fixed Rate Debt</td>
<td>494.0</td>
<td>3.98%</td>
</tr>
<tr>
<td>University Issued Variable Rate Debt</td>
<td>118.6</td>
<td>1.49%</td>
</tr>
<tr>
<td>University Issued Debt</td>
<td>612.6</td>
<td>3.50%</td>
</tr>
<tr>
<td>State Issued Infrastructure Development Bonds (IDBs)</td>
<td>51.8</td>
<td>5.06%</td>
</tr>
<tr>
<td>University Supported Debt</td>
<td>664.4</td>
<td>3.62%</td>
</tr>
<tr>
<td>State Supported Debt (2006 Revenue Bond)</td>
<td>130.8</td>
<td>3.82%</td>
</tr>
<tr>
<td><strong>Total University Debt</strong></td>
<td><strong>795.2</strong></td>
<td><strong>3.65%</strong></td>
</tr>
</tbody>
</table>