UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Finance & Operations Committee
Thursday, June 12, 2008
3:00 p.m. - 5:00 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

AGENDA

1. Board of Regents Policy: Purchasing - Review - R. Pfutzenreuter/M. Volna (pp. 2-5)

2. Issues Related to: Board of Regents Policy: Central Reserves Fund - R. Pfutzenreuter (pp. 6-8)

3. Issues Related to: Oversight & Management of Internal & External Sales Activities - R. Pfutzenreuter/D. Seck (pp. 9-10)

4. Consent Report - Review/Action - R. Pfutzenreuter (pp. 11-38)

5. Information Items - R. Pfutzenreuter (pp. 39-72)
Finance and Operations Committee  
June 12, 2008

Agenda Item:  Board of Regents Policy: Purchasing

☑ review  ☐ review/action  ☐ action  ☐ discussion

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

Purpose:

☑ policy  ☐ background/context  ☐ oversight  ☐ strategic positioning

To review proposed amendments to Board of Regents Policy: Purchasing.

Outline of Key Points/Policy Issues:

The proposed amendments remove policy language specific to a particular vendor. The amended policy would supersede Board of Regents Policy: Non-Equal Opportunity Vendors Prohibited.

Background Information:

The existing policies are dated as follows:


President's Recommendation for Action:

The President recommends adoption of proposed amendments to Board of Regents Policy: Purchasing.
Summary of Proposed Changes to Board of Regents Policy:

Purchasing

Recommended Additions to Policy
New language is proposed in section I(e) of the policy regarding equal opportunity compliance. In conjunction with this proposed language, a related Board of Regents Policy entitled *Non-Equal Opportunity Vendors Prohibited* is recommended for elimination. The objective of the proposed language is to consolidate all policy language related to purchasing into one board policy. The proposed language in the *Purchasing* policy, combined with existing language in section II, subdivision 3, provides equivalent language and guidance as is provided by the *Non-Equal Opportunity Vendors Prohibited* policy.

Recommended Deletions from Policy
Deletion of Section II subdivision 5 is proposed. This section was added to the policy in 2005 to ensure that Minncor Industries, the Minnesota Department of Corrections’ prisoner work program, was provided with the opportunity to be considered as a vendor of goods and services to the University. At that time the University’s Purchasing department also began a number of initiatives to highlight Minncor as a vendor. Since that time, those initiatives have successfully raised Minncor’s visibility and the volume of purchases from Minncor. Additionally, Minncor has reduced its emphasis on some products that were the focus of the University’s purchasing initiatives. Therefore, the recommendation is to remove this subdivision from Board policy. Minncor will continue to be a preferred vendor for the University, supported by administrative policy and Purchasing department initiatives.
PURCHASING

Purchasing activities at the University of Minnesota (University) shall include goods and services, professional services, and design and construction services.

SECTION I. GUIDING PRINCIPLES.

The following principles shall guide the University’s purchasing process:

(a) purchasing activities shall comply with all applicable laws and policies of the Board of Regents (Board), including, but not limited to, Board of Regents Policy: Targeted Business, Urban Community Economic Development, and Small Business Programs;

(b) purchasing activities shall be conducted in a manner that promotes integrity, stewardship, diversity, and sustainability;

(c) purchasing activities shall provide goods and services, professional services, and design services at the best value and appropriate standards of quality, considering total cost of ownership; and

(d) purchasing procedures shall be efficient, timely, and transparent; and

(e) purchasing activities shall promote the use of businesses owned and operated by minorities, women, and disabled persons.

SECTION II. COMPETITIVE PROCESSES.

Subd. 1. Competitive Threshold. Except as provided in this policy, vendors shall be selected by a competitive process for purchases above a dollar threshold determined by the administration. This threshold shall be reviewed and approved by the Board biennially.

Subd. 2. Vendor Selection. The University reserves the right to establish competitive and non-competitive negotiated agreements with vendors when it is in the best interest of the University. Vendor selections shall be made using an objective process and may be based on total benefits to the University, considering price, level of service, and other variables as appropriate.

Subd. 3. Bid/Proposal Rejection. The University may reject any bid/proposal when it determines in the exercise of its sole discretion that such bid/proposal is not in the best interest of the University. A bid/proposal shall be rejected when it is determined that a vendor or bid/proposal does not comply with required specifications or with applicable federal/state laws and University policies relating to equal opportunity. Records of such rejections shall
be maintained and available for review. For bids/proposals over a threshold determined by administrative policy, vendors shall be notified in writing of the reasons for rejection.

**Subd. 4. Exceptions to Competitive Process.** If a competitive process is not in the best interest of the University, the president or delegate may except a purchase from the required competitive process referenced in subd. 1 of this section. Such exceptions shall be reported to the Board, consistent with Board policies.

**Subd. 5. MINNCOR.** The University shall assist the Minnesota Department of Corrections in providing work opportunities and training for offenders in Minnesota’s correctional facilities by providing information to the University community about MINNCOR’s products and services and by advising MINNCOR of bidding opportunities at the University.
Finance and Operations Committee        June 12, 2008

**Agenda Item:** Issues Related to: Board of Regents Policy: Central Reserves Fund

- [ ] review
- [ ] review/action
- [ ] action
- [x] discussion

**Presenters:** Vice President/CFO Richard Pfutzenreuter

**Purpose:**

- [ ] policy
- [ ] background/context
- [x] oversight
- [ ] strategic positioning

The Board last reviewed Board of Regents Policy: *Central Reserves Fund* on June 9, 2006.

**Outline of Key Points/Policy Issues:**

The central reserves fund refers to resources that are not allocated to any specific unit of the University, but are held in a central account with the University’s financial system. The primary revenue sources for the central reserves fund include investment earnings and realized and unrealized gains or losses in market value from the Temporary Investment Pool (TIP), funds invested in the Consolidated Endowment Fund from TIP, and other miscellaneous revenues and legal settlements.

**Background Information:**

The purpose of the central reserves fund is to insulate the University from potential major financial risks, including unanticipated or uninsured catastrophic events, temporary institutional revenue declines or expenditure gaps, unforeseen legal obligations and costs, failures in central infrastructure, or failures of major business systems.

Under normal circumstances, the central reserves fund should not fall below 4% of state appropriations, or $25,000,000, whichever is greater.
CENTRAL RESERVES FUND

SECTION I. DEFINITION.

The central reserves fund refers to resources that are not allocated to any specific unit of the University, but are held in a central account within the University's financial system. The primary revenue sources of the central reserves fund include the following: investment earnings and realized and unrealized gains or losses in market values from the Temporary Investment Pool (TIP); funds invested in the Consolidated Endowment Fund from TIP; other miscellaneous revenues; and legal settlements.

The purpose of the central reserves fund is to insulate the University from potential major financial risks, including:

- unanticipated or uninsured catastrophic events;
- temporary institutional revenue declines or expenditure gaps;
- unforeseen legal obligations and costs;
- failures in central infrastructure; or
- failures of major business systems.

SECTION II. BUDGETING.

Subd. 1. Budget Planning. A central reserves budget is prepared annually and submitted to the Board of Regents (Board) for approval as part of the president’s recommended Annual Operating Budget.

Subd. 2. Allowable Allocations. As part of the Annual Operating Budget, the central reserves fund may be allocated for:

- (a) expenses that are fixed term in nature (usually 3 years or less);
- (b) transfers to other centrally allocated funds to support expenditures that should be funded from sources other than tuition or state appropriations;
- (c) a general contingency for unplanned or unexpected financial needs that routinely arise during the fiscal year; or
(d) other various miscellaneous expenditures as determined by the president and approved by the Board.

Subd. 3. Board Approval. Board approval is required for any modifications to the central reserves budget and for all expenditures from the central reserves general contingency account of $250,000 or more. Expenditures from the general contingency account of less than $250,000 shall be approved by the president or delegate and reported at the next regular meeting of the Board. When delay for Board approval poses a significant health, safety, or financial risk to the University, approval of expenditures from the central reserves fund may be granted by the chair of the Board, the vice chair, and the chair of the Finance and Operations Committee. Any such emergency approvals shall be brought to the next regular meeting of the Board, consistent with Board of Regents Policy: Board Operations and Agenda Guidelines.

SECTION III. SIZE OF RESERVES.

An appropriate central reserves fund maintains financial strength and high bond ratings, protects the University from interest expense volatility, and allows flexibility in the use of variable rate debt to lower or control interest costs.

Under normal circumstances, the central reserves fund should not fall below 4.0% of state appropriations, or $25,000,000, whichever is greater, unless such reduction is part of a short-term financing plan that includes restoration of the central reserves fund balance within two to three years. However, determining the appropriate level of the central reserves fund requires judgment and consideration of a variety of factors, including, among others, the following:

- the condition of the Minnesota and federal economies;
- the political climate towards higher education;
- the volatility of University revenues and expenditures;
- the size and composition of University debt; and
- the composition of investments in TIP.

SECTION IV. REPORTING.

A projected central reserves fund year-end balance shall be presented to the Board as part of the Annual Operating Budget. A central reserves fund report shall be presented annually to the Finance and Operations Committee.
Finance and Operations Committee       June 12, 2008

Agenda Item:   Issues Related to: Oversight & Management of Internal & External Sales Activities

☐ review   ☐ review/action   ☐ action   ☒ discussion

Presenters:   Vice President/CFO Richard Pfutzenreuter
              Associate Controller Denise Seck

Purpose:

☐ policy   ☐ background/context   ☒ oversight   ☐ strategic positioning

The purpose of this presentation is to provide the Finance and Operations Committee with a summary of completed and proposed changes and enhancements to the University’s internal and external sales activity oversight and management.

Outline of Key Points/Policy Issues:

This presentation will cover changes in internal and external sales oversight, management, policies and procedures. These changes are being made in order to assist departments by:

• Providing guidance on prudent business practices;
• Assisting in analyzing costs and developing rates to charge;
• Streamlining the approval and review process for departments as well as Central Administration;
• Better defining roles, responsibilities, and accountability;
• Providing better visibility regarding compliance requirements and issues; and
• Providing visibility on internal and external sales activity to department heads and colleges through reporting tools.

Background Information:

Internal sales activity is the sale of goods and services by one University unit to another University unit at approved rates on a regular and continuing basis. University departments that conduct internal sales activity are expected to offer goods or services that are unique, convenient, or not readily available from external sources.
External sales are the exchange by the University of tangible or intangible property or services with external customers for monetary consideration. University colleges and departments are encouraged to fully utilize academic expertise and institutional resources to generate additional sources of revenue from external customers in a commercial and competitive manner. The sale of property and/or services must be consistent with the University’s mission of education, research, and public service or maximize the use of existing department, college, or administrative unit resources, consistent with the objectives of the University.

The Audit Committee of the Board of Regents received an update on Improvements to Institutional Oversight of Internal Service Organizations at the February 7, 2008 meeting.
Finance and Operations Committee       June 12, 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 All State Communications Inc., Collins Electrical Systems Inc., Comlink Midwest, Inc., Dell-Comm, Inc., NetVersant, Parallel Technologies, Inc., Parsons Electric Co., Performance Cable Systems, Inc., and Tri Com Communications, Inc. for an estimated $700,000 of contract labor for Horizontal Wiring services as needed for the period of July 1, 2008 through June 30, 2009 for the Networking and Telecommunications Services (NTS) department, a division of the Office of Information Technology. This purchase of contract labor by NTS has been budgeted for FY09. It will be centrally funded as part of the Data Network funding. Vendors were selected through a competitive process.

• To Applied Business Communications, Inc., Christensen Utilities, Dell-Comm, Inc., MP Nexlevel, Telcom Construction, Tri Comm, Inc., and Underground Piercing, Inc. for an estimated $665,000 of contract labor for Outside Cable Placement and Inside Infrastructure Construction/Cabling and Termination and $35,000 for Emergency restoration cabling as needed for the period of July 1, 2008 through June 30, 2009 for the Networking and Telecommunications Services (NTS) department, a division of the Office of Information Technology. The purchase of contract labor by NTS has been budgeted for FY09. It will be centrally funded as part of the Data Network funding. Vendors were selected through a competitive process.
• To Hewlett-Packard Company (HP) for an estimated $650,000 per year to lease approximately 1250 HP 6900 series notebook computers for the period of August 15, 2008 through August 14, 2010 for the University of Minnesota, Crookston campus. The notebook program is funded through the Student Technology fee, a fee that has not increased since the year 2000, and will not increase in the near future. Vendor was selected through a competitive process.

• To IBM for an estimated $375,000 to renew IBM mainframe computer software licenses and maintenance support for the one-year period July 1, 2008 through June 30, 2009 for the Infrastructure, Architecture, and Operations (IAO) division of the Office of Information Technology. IAO is a centrally funded organization and its FY09 budget includes planning and funding for this expense. Vendor was selected through a competitive process.

• To Idexx Distribution Corp. for $932,707 for the purchase of test kits for detecting diseases in Minnesota livestock and poultry for the period of July 1, 2008 through June 30, 2009 for the Veterinary Diagnostic Laboratory. These kits will be purchased with laboratory funds. See enclosed documentation regarding basis for vendor selection.

• To Mega Farms, Inc. for an additional $68,507 for additional snow removal for FY08 for Facilities Management LandCare. This increase will bring the total contract to $317,507. The funds required to complete this contract period will be paid for by the Facilities Management LandCare Department. Vendor was selected through a competitive process.

• To Metris/X-Tek Systems for $295,000 for Model HMX225 X-ray CT Inspection System for the Restorative Sciences Department of the School of Dentistry. The X-ray CT Inspection System will be purchased with departmental funds currently available for this research. Vendor was selected through a competitive process.

• To Northwest Airlines for $389,125 for charter service for the 2008 football season for team travel to away football games. The away games are scheduled from September 6 to November 15, 2008. Charter service will be purchased with funds from ICA auxiliary revenues as part of the football travel budget. Vendor was selected through a competitive process.

• To Olson & Co., Inc., to increase the contract by $400,000 for University Relations to extend the Driven to Discover advertising and marketing campaign statewide. This increase will bring the total contract amount to $4,400,000 for the term April 9, 2007 through June 30, 2009. Funding will come from a commitment from the University of Minnesota Foundation. See enclosed documentation regarding basis for vendor selection.

• To Short Elliot Hendrickson, Inc. for $532,572 for UMore Park Sand and Gravel Mining Environmental Review Services as needed for the period of June 12, 2008 through June 30, 2010 for the Office of Statewide Strategic Resource Development. The environmental review services will be purchased with departmental funds currently available. Vendor was selected through a competitive process.

• To Software House International, a Microsoft distributor, for an estimated $950,000 to provide software licensing for commonly used Microsoft products for all University of Minnesota students (all campuses) for the period July 1, 2008 through June 30, 2009 for the Office of Information Technology (OIT). The first three years were approved by the Board of Regents in 2005. This is the fourth year of this four-year agreement. OIT will fund this campus agreement by using O&M funds to pay the per student Microsoft enrollment fee (approximately $800,000 of the total). The remainder (representing the cost of the physical media) will be recovered through a nominal charge to the student upon purchase (ranging from $9 to $13 per disk depending on specific software purchased). Vendor was selected through a competitive process.

• To the State of Minnesota Office of Enterprise Technology for an estimated $600,000 for network connections between the Twin Cities and its campuses in Duluth, Crookston, Morris, and Rochester for the period July 1, 2008 through June 30, 2009 for Networking and Telecommunications Services, a division of the Office of Information Technology. This purchase has been budgeted for FY09. It will be centrally funded as part of the Network funding. See enclosed documentation regarding basis for vendor selection.
• To Thane Hawkins Polar Chevrolet, Lupient Enterprises, Walden Fleet Group and Saxon Fleet Services for an estimated $3,000,000 for vehicles as needed for the period of July 1, 2008 to June 30, 2009 for Fleet Services, Parking and Transportation Department, a division of University Services. Purchased vehicles are funded by the using departments at the time of purchase. Vendors were selected through a competitive process.

• To Unisource for $375,000 for printing paperstock as needed for the period of July 1, 2008 through June 30, 2009 for Printing Services for use at the main plant facility and copy centers. Payment for these purchases will be purchased with Printing Services department funds. Vendor was selected through a competitive process.

• To Waters Corporation for $544,628 for GCT (gas chromatography time-of-flight), LCT (liquid chromatography time-of-flight), and SQD (single quadrupole) mass spectrometers and three AQUITY (Ultra-high Performance Liquid Chromatography) units for the College of Food, Agricultural and Natural Resource Sciences (CFANS). The instrumentation will be purchased with funds from CFANS. See enclosed documentation regarding basis for vendor selection.

• To Waters Corporation for $422,627 for SYNAPT quadrupole time-of-flight mass spectrometer with Acquity UPLC chromatography system for the College of Food, Agricultural and Natural Resource Sciences (CFANS). The instrumentation will be purchased with funds from CFANS. Vendor was selected through a competitive process.

• To WiscNet, a division of the University of Wisconsin–Madison, Department of Information Technology, for $296,338 for Membership fees and Network Operation Services to operate BOREAS-Net for the period July 1, 2008 through June 30, 2009 for Networking and Telecommunications Services, a division of the Office of Information Technology. See enclosed documentation regarding basis for vendor selection.

• To Yocum Oil Company and Chippewa Valley Ethanol for $1,350,000 for the purchase of fuel as needed for the period of July 1, 2008 through June 30, 2009 for Fleet Services, Parking and Transportation Department, a division of University Services. For vehicles in the central pool, fuel is paid for by charging departments a fee per mile driven. A markup applies to fuel used by Central motor pool vehicles and for department-owned vehicles, which covers the cost of the fixed and incremental costs of maintaining fuel tanks and pumps. Vendors were selected through a competitive process.

Background Information:

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

President's Recommendation for Action:

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

### 2007-08 General Contingency:

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

14 New items this reporting period:
15
16 No new items this reporting period
17

18 Balance as of May 31, 2008 1,213,843

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


NTS requires supplemental labor in order to connect phones, computers, printers, and faxes to the University's network in a timely manner.

NTS maintains and supports approximately 90,000 voice, data, and video connections. A portion of the support and maintenance provided to University customers on the Twin Cities Campus is a service including moves, adds, and changes (MAC) which frequently involves the placement and termination of copper and fiber optic cable. NTS also builds and maintains the core infrastructure of cable and fiber both in and between buildings. Without this service, the University will be unable to connect phones, computers, printers, and faxes to the network.

These contractors were selected as the result of a competitive RFP issued in March, 2006 which rated them highly in service, experience, and price. This is a multiple-award contract so a sufficient number of vendors will be available for various projects during the year. This purchase is the second of four optional renewals.

This purchase of contract labor by NTS has been budgeted for FY09. It will be centrally funded as part of the Data Network funding.

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

Approval of this item is requested by:

[Signature]
Vice President and Chief Information Officer

5/2/2008
Date
Purchase of Goods and Services over $250,000


NTS requires supplemental labor in order to connect phones, computers, printers, and faxes to the University's network in a timely manner.

NTS maintains and supports approximately 90,000 voice, data, and video connections. A portion of the support and maintenance provided to University customers on the Twin Cities Campus is a service including moves, adds, and changes (MAC) which frequently involves the placement and termination of copper and fiber optic cable. NTS also builds and maintains the core infrastructure of cable and fiber both in and between buildings. Without this service, the University will be unable to connect phones, computers, printers, and faxes to the network.

These contractors are being selected as the result of a competitive RFP process done in March, 2007 which rated them highly in service, experience, and price. This is a multiple-award contract so a sufficient number of vendors will be available for the various projects during the year. This purchase is the first of four optional renewals.

This purchase of contract labor by NTS has been budgeted for FY09. It will be centrally funded as part of the Data Network funding.

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

Approval of this item is requested by:

[Signature]
Vice President and Chief Information Officer

5/2/2008
Date
Purchase of Goods and Services over $250,000

To Hewlett-Packard Company (HP) for an estimated $650,000 per year to lease approximately 1250 HP 6900 series notebook computers for the period of August 15, 2008 through August 14, 2010 for the University of Minnesota, Crookston campus (UMC).

In order to continue UMC’s mission of providing notebook computers to all on-campus, full-time students and faculty, UMC intends to lease notebook computers for this initiative. UMC is the original ThinkPad University and the first to deliver this technological advantage to enhance and expand teaching and learning opportunities for both students and faculty.

This initiative provides UMC the ability to deliver a standardized platform that facilitates improved technical support, system management, and system security. This offers UMC students an enhanced learning experience and a proficiency edge in the use of technology, an essential skill sought by employers.

With this notebook rollover UMC will partner with a new vendor – Hewlett-Packard, with a proven successful record in higher education.

HP clearly presented the best overall package of technology, quality, service, support, project management, and the most competitive price.

The notebook program is funded through the Student Technology fee, a fee that has not increased since the year 2000, and will not increase in the near future.

Submitted by: Jeff Sperling, Director of Technology Support Services
Kiehle 140
2900 University Ave
Crookston, MN 56716
(218) 281-8373
sperling@umn.edu

Approval for this item requested by:

[Signature] 5/19/08
UMC Chancellor  Date
Purchase of Goods and Services over $250,000

To IBM for an estimated $375,000 to renew IBM mainframe computer software licenses and maintenance support for the one-year period July 1, 2008 through June 30, 2009, for the Office of Information Technology (OIT).

Infrastructure, Architecture & Operations (IAO), a division of OIT, uses an IBM mainframe computer with IBM operating software as the operating platform for the University of Minnesota Financial System, CUFS. IBM Corporation is the developer and manufacturer of the hardware and the sole provider of product support and updates for the software. After the implementation of PeopleSoft Financial system, the mainframe is scheduled for decommission by June 30, 2009.

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

IAO pays these software maintenance support charges to ensure continuous operation of the equipment. IAO 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

5/19/2008
PURCHASE OF GOODS AND SERVICES OVER $250,000

To Idexx Distribution Corp. for $932,707 for the purchase of test kits for detecting diseases in MN livestock and poultry for the period of July 1, 2008 through June 30, 2009 for the Veterinary Diagnostic Laboratory.

Due to the amount of testing that we provide for our clients annually, it is necessary to order large quantities of test kits from Idexx Distribution Corp. These kits are used to test Minnesota livestock and poultry. This is an important service to Minnesota farmers.

This is a direct contract with the manufacturer of these kits. The accrediting body of the Veterinary Diagnostic Laboratory (The American Association of Veterinary Laboratory Diagnosticians) and the Minnesota Board of Animal Health require the use of Idexx diagnostic test kits to ensure inter-laboratory consistency within the United States.

Our laboratory has been buying these kits from Idexx for over 17 years. Idexx developed these tests and no other source is available for most of these kits. We want to continue using them to ensure our accreditation and maintain the integrity and consistency of research results.

These kits will be purchased with laboratory funds.

Submitted by: James E. Collins, Director
Veterinary Diagnostic Laboratory
248 VET DL, 1333 Gortner Avenue
St. Paul, MN 55108
Phone: 612-625-9289
Fax: 612-624-8707

Approval for this item requested by:

Dr. Frank Cerra, Senior Vice President

Date: 5/18/08
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because the accrediting body of the Veterinary Diagnostic Laboratory (The American Association of Veterinary Laboratory Diagnosticians) and the Minnesota Board of Animal Health require the use of these Idexx diagnostic test kits to ensure interlaboratory consistency within the United States.

These kits have been purchased from Idexx for over 17 years. Idexx developed these tests. It is necessary to continue using Idexx kits to ensure accreditation and maintain consistency of results for Veterinary Diagnostic Laboratory Clients.

Procedures undertaken to ensure reasonableness of price included:

This is a direct contract with the manufacturer of these kits. In comparing pricing to our past contract with Idexx, pricing of the Johnes Elisa, EIA AGID, EIA CELISA, and Salmonella kits have remained the same as in the past year. Idexx is lowering our price on two test kits, the Newcastle test kit is being reduced by 33% and the BLV-V kit is being reduced by 7%. The remaining kits on this award have had price increases of approximately 1.5% to 6%. All kits except the kits that come from Europe are purchased at a discounted price. The discount varies from 5% and 33%, which is determined by the quantity of the kits we purchase.

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 Mega Farms, Inc. for an additional $68,507 for additional snow removal for FY 08 for the Facilities Management - LandCare. This increase will bring the total contract to $317,507.

Due to late spring snow storms, additional snow removal services were required and received from LandCare for the Minneapolis campus.

The Mega Farms contract was issued in 2004 and is the result of competitive bidding. This is the 4th year of the 5 year contract.

The funds required to complete this contract period will be paid for by the Facilities Management LandCare Department.

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

Approval for this item requested by:

Kathleen A. D’Brien Vice President of University Services

Date: 5/22/08
Purchase of Goods and Services $250,000 and over

To Metris/X-Tek Systems for $295,000 for Model HMX225 X-ray CT Inspection System for the Restorative Sciences Department of the School of Dentistry.

This micro-CT x-ray system is necessary for scanning complex biological tissues, such as teeth, and for creating high quality images of the internal structures. The resulting 3D images will also be used to develop sophisticated computer models for use under biomechanical and biochemical challenges in biomedical engineering research. The system will be located in the Minnesota Dental Research Center for Biomaterials and Biomechanics (MDRCBB). It will promote interdisciplinary research between the School of Dentistry and departments within and beyond the AHC, and it will give the University of Minnesota an increased competitive edge for industrial and NIH grant applications.

One bid was received through the competitive bid process. The bid from Metris/X-Tek Systems was judged to be reasonable because it provided a 17.5% educational discount, a no-cost camera upgrade to 5 megapixels, and a system with the requested capabilities. This system was also recommended by a colleague at the University of Manchester, UK.

The x-ray CT inspection system will be purchased with departmental funds currently available for this research.

Submitted by: Dean Patrick Lloyd
School of Dentistry
15-224 Moos Tower
Phone: (612) 625-9982

Approval for this item requested by:

Frank B. Cerra
Senior Vice President for Health Sciences

Date 5/15/08
Purchase of Goods and Services over $250,000

To Northwest Airlines for $389,125 for charter service for the 2008 football season for team travel for away football games. The away games are scheduled from September 6 to November 15, 2008.

Every year, Intercollegiate Athletics, with the assistance of Purchasing Services, prepares an RFP to request bids for charter air service for team travel to the away football games. Due to the size of the team and travel party, air charter service is the most efficient and effective manner of transportation to away competitions.

The cost of air transportation, including the cost of charters, continues to increase. Through the competitive bid process, Northwest Airlines has provided the most cost effective financial proposal while meeting the aircraft size requirements to transport the travel party.

Charter service will be purchased with funds from ICA auxiliary revenues as part of the football travel budget.

Submitted by: Joel Maturi, Director
Intercollegiate Athletics
250 Bierman Field Athletic Building (BFAB)
Minneapolis, MN 55455
Phone: (612) 624-2100

Vice President / Chief of Staff

Date 5/21/08
Purchase of Goods & Services over $250,000

To increase the contract with Olson & Co., Inc. by $400,000 for University Relations to extend the Driven to Discover advertising and marketing campaign statewide. This increase will bring the total contract amount to $4,400,000 for the term 4/9/07 to 6/30/09.

In April 2007, the Board of Regents approved a $4 million contract for professional services to continue work with Olson & Co., Inc. on the University’s marketing communications campaign. The project was partially funded with contributions from the University of Minnesota Foundation and Alumni Association.

In an effort to achieve statewide reach with the FY09 campaign, the University of Minnesota Foundation has offered to increase their financial contribution by $400,000 (note: these are non-University funds).

In anticipation of this, U Relations requests that the campaign be extended statewide and the Olson & Co., Inc. contract be increased to $4,400,000.

Submitted by:
Karen Himle,
Vice President for University Relations
3 Morrill Hall
Phone: 612-624-1583

Approval for this item is requested by:

Karen Himle
Vice President for University Relations

Date 5/29/08
Rationale for Exception To Competitive Bidding

The University has contracted with Olson & Co., Inc. for the past three years to develop and produce the University’s marketing campaign. In year one of the campaign, four of the phases were competitively bid. An exception to the bidding process was granted for the fifth phase that included the production and media buy of the campaign (production of ads; purchase of newspaper, tv and radio; etc.).

An exception to the bidding process was granted for the current contract with Olson & Co., Inc. for the period of April 9, 2007 through June 30, 2009. This exception was based on the high quality of Olson’s work and the University’s desire to continue the theme, Driven to Discover, that Olson developed. The exception was also based on Olson’s competency, depth of understanding of the University and the trust they have developed with the University’s many stakeholders.

In addition it would take significant time and investment to bring another agency up to speed – Olson already possesses a strong base of knowledge. The University will benefit greatly from continuing to work with Olson.

We are now requesting that the contract amount be increased as a result of additional non-University funding provided by the University of Minnesota Foundation, which allows the campaign to be extended statewide.

The University has taken steps to ensure reasonable price by pursuing efficiencies obtained through the ongoing work with Olson, as well as negotiating reasonable prices for each of the various components of the campaign.

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 Short Elliot Hendrickson Inc. for $532,572 for UMore Park Sand and Gravel Mining Environmental Review Services as needed for the period of June 12, 2008 through June 30, 2010 for the Office of Statewide Strategic Resource Development.

The University has undertaken concept master planning for approximately 5,000 acres of land it owns in Dakota County, Minnesota, known as UMore Park. The University began an aggregate assessment in early September 2007 to identify the location, quality and quantity of sand and gravel resources at the property. The preliminary results of the assessment indicate sand and gravel resources are present in commercially viable amounts.

Based on the size of the land area that could be affected by mining and the depth of the deposits, the University must perform an environmental review before it can potentially mine sand and gravel. The purpose of the environmental review is to provide decision-makers and the public with an impartial discussion of the significant environmental impacts of the proposed sand and gravel mining and to develop appropriate mitigation measures that would either avoid or minimize adverse impacts or enhance environmental quality. Oversight of the environmental review process is the responsibility of the Board of Regents acting as the Responsible Governmental Unit (“RGU”). Upon completion of the EIS, the University will decide whether to mine gravel.

The consultant was selected through a request for proposals (RFP) process. Seven proposals were reviewed and scored by a selection panel representing expert offices at the University as well ex officio members from the communities of Rosemount, Empire Township and Dakota County. The proposals were narrowed to two through a scoring process and the short-listed respondents were interviewed. The selected respondent provides the best mix of experience, project approach, innovation, price and schedule.

The environmental review services will be purchased with departmental funds currently available. The environmental review services were identified in the office of Statewide Strategic Resource Development's three-year UMore Park budget strategy for fiscal years 2008-2010 under the category of "Major Projects, EIS for gravel extraction".

Submitted by: Christine Beckwith, Project Manager
Statewide Strategic Resource Development
1605 160th Street West
Rosemount, MN 55068
Phone: 651-423-2553
Fax: 651-423-1491

Approval for this item requested by:

Vice President Charles Muscoplat 5-20-08 Date
Purchase of Goods and Services over $250,000

To Software House International, a Microsoft distributor, for an estimated $950,000 to provide software licensing for commonly used Microsoft products for all University of Minnesota students (all campuses), for the period July 1, 2008 through June 30, 2009 for the Office of Information Technology (OIT). The first three years were approved by the Board of Regents in 2005. This is for the fourth year of this four-year agreement.

*The Campus Agreement Subscription from Microsoft is an annual comprehensive licensing program specially created to address the unique needs of higher education institutions.*

Utilizing this agreement ensures that Microsoft software will be available to our students. The campus agreement is calculated by the number of students rather than by machine. This will be seen by students as a significant benefit to attending the University of Minnesota.


The vendor was selected as a result of a competitive process among Microsoft distributors. Microsoft, as the developer and manufacturer, offered an extra 20% annual discount to Software House International's bid price for moving to a four-year rather than a three-year agreement.

OIT will purchase this campus agreement with O&M funds for the student enrollment fee (approximately $800,000 of the total). The remainder (representing the cost of the physical media) will be recovered through a nominal charge to the student upon purchase (ranging from $9 to $13 per disk depending on specific software purchased).

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

Approval of this Item is requested by:

[Signature]  
Vice President and CIO  
5/14/2008  
Date
Purchase of Goods and Services over $250,000

To the State of Minnesota Office of Enterprise Technology for an estimated $600,000 for network connections between the Twin Cities and its campuses in Duluth, Crookston, Morris, and Rochester for the period July 1, 2008 through June 30, 2009 for Networking and Telecommunications Services (NTS), a division of the Office of Information Technology (OIT).

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

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

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

This purchase has been budgeted for FY09. It will be centrally funded as part of the Network funding

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

Approval of this item is requested by:

[Signature]
Vice President and Chief Information Officer

[Signature]
Date: 5/12/2008
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because:

The University of Minnesota (the University) has an integrated strategy in place with the State of Minnesota (the State). This strategy allows the University to utilize the State’s strength to provide out-state network connections at a discounted price to the University’s coordinate campuses. This strategy also allows the State to use the University’s management of Internet connectivity to facilitate their Internet connections. The State pays for ¼ of the University’s Internet provider bills (reimbursing to the University, on average, $48,000 per quarter) and the University pays the State for network access to coordinate campuses. MnSCU also utilizes the State’s network for their Internet access. The integrated strategy the University has created is critical to Minnesota’s academic strategies. MnSCU for example, is setting up their main data center on campus. The State has already set up equipment on campus as a disaster recovery hot spot. Networking and Telecommunications Services, a division of the Office of Information Technology, has been given use of fiber optic pathways that will be utilized in the future to interconnect important projects such as the BOREAS network.

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

Procedures undertaken to ensure reasonableness of price included:

The University asked the State for pricing using existing state contracts vendors for similar network services with redundancy (redundant pathways to each campus.) The charge from the State to the University for network services is about ¼ of what the cost would be if the University used a State contract vendor (if the primary pathway fails, the State routes us on another path to the destination at no charge. Any other vendor would charge monthly fees for both pathways.) The State currently charges the University $44,225 per month for the Wide Area Network usage plus for that fee the University is allowed temporary increases in usage at no cost. Contracting with a vendor on the State of MN contract list would cost at least $49,190 per month for the same usage and they charge fees if the University temporarily increases its usage.

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

To Thane Hawkins Polar Chevrolet, Lupient Enterprises, Walden Fleet Group and Saxon Fleet Services for an estimated $3,000,000 for vehicles as needed for the period of July 1, 2008 to June 30, 2009 for Fleet Services, Parking & Transportation Department, a division of University Services.

Fleet Services uses contract vendors to acquire vehicles for the central motor pool and for University departments who need to acquire vehicles. The following vendors have been identified to provide vehicles for Fiscal year 09:

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

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

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

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

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

Approval for the item requested by:

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

5/21/08 Date
Purchase of Goods and Services over $250,000

To Unisource for $375,000 for printing paper stock as needed for the period of July 1, 2008, through June 30, 2009, for Printing Services for use at their main plant facility and copy centers.

The paper stock associated with this contract is specified by University departments for the various printing and publications they order from Printing Services. Unisource bid the paper stock as specified.

Unisource was awarded the contract through the U of M competitive process. This is the second year of a possible five year contract.

Payment for these purchases will be purchased with Printing Services department funds.

Submitted by: Laurie Scheich, Associate Vice President, Auxiliary Services (612-624-0542);
Dianne Gregory, Director, Printing Services, (612-625-2585);
David Hoel, Manager, Printing Services, (612-625-6356)

Approval for this item requested by:

Kathleen O'Brien, Vice President for University Services

5/16/08
Date
Purchase of Goods and Services Over $250,000

To Waters Corporation for $544,628 for GCT (gas chromatography time-of-flight), LCT (liquid chromatography time-of-flight), and SQD (single quadrupole) mass spectrometers and three AQUITY (Ultra-high Performance Liquid Chromatography) units for the College of Food, Agriculture and Natural Resource Sciences.

Metabolomics and biomarker discovery are important new areas of biomedical research. This purchase is part of the CFANS strategic goal to “Position the University to develop viable food and agriculture systems for the 21st Century”, which includes an initiative to hire faculty in the fields of plant metabolomics and nutritional metabolomics. The equipment being purchased constitutes the major instrumentation startup packages negotiated as part of both successful competitive faculty searches.

An instrumentation performance evaluation was performed using matched trials. The Waters mass spectrometry instrumentation was selected based on cost and performance characteristics. The associated Waters software provides the most comprehensive functionality for metabolomics and biomarker discovery. The GCT instrumentation provides required resolution and mass accuracy with a gas chromatography inlet, which is unique to this vendor. Purchase of instrumentation from one vendor provides cross-platform compatibility for method development and data analysis and a substantial discount (42%).

The instrumentation will be purchased with funds from CFANS. Type of instrumentation being purchased was specified in the start-up letters for faculty currently being recruited.

Submitted by:
Thomas Krick, Manager Center for Mass Spectrometry Proteomics
Room 140 Gortner Laboratory
1479 Gortner Ave
St Paul, MN 55108
Phone: 612-624-7715

Approval for this item is requested by:

E. Thomas Sullivan
Senior Vice President

Date: 5-5-08
Rationale for Exception to Competitive Bidding

This purchase order has not been competitively bid because:

There are a limited number of mass spectrometry instrumentation vendors. Evaluation of instrumentation was made on the basis of matched demonstration samples and vendor performance presentations from each of the vendors that supply the above instrumentation.

Evaluation results show that Waters Corporation is currently the only company that makes a high resolution and mass accuracy gas chromatography time-of-flight (GC-TOF) mass spectrometer. Only two mass spectrometry vendors were able to approximately provide all three types of instrumentation (Waters and Agilent). Agilent does not provide a GC-TOF instrument and unified instrument control and data analysis software is still being developed. Other manufacturers were unable to provide specific classes of instrumentation.

Procedures undertaken to ensure reasonableness of price include negotiation of a 42% discount on both the used equipment ($730,560) and the associated software, maintenance agreements and accessory equipment ($208,453).

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 Waters Corporation for $422,627 for SYNAPT quadrupole-time of flight mass spectrometer with an Acquity UPLC chromatography system for the College of Food, Agricultural and Natural Resource Sciences (CFANS).

Metabolomics and biomarker discovery are important new areas of biomedical research.

This purchase is part of the CFANS strategic goal to “Position the University to develop viable food and agricultural systems for the 21st Century”, which includes an initiative to hire faculty in the field of nutritional metabolomics. The equipment being purchased constitutes the major instrumentation startup package negotiated as part of a successful competitive faculty search.

Through a competitive bid process, the Waters SYNAPT UPLC mass spectrometer system was selected considering both its cost and unmatched performance features. The associated Waters software provides the most comprehensive functionality for metabolomics and biomarker discovery. Purchase of instrumentation from Waters provides cross-platform compatibility for method development and data analysis and a substantial discount (35%).

The instrumentation will be purchased with funds from CFANS. Type of instrumentation being purchased was specified in the start-up letters for recently faculty.

Submitted by:
Gary Reineccius, Professor and Chair
Department of Food Science and Nutrition
Room 225 FSN
1334 Eccles Avenue
St Paul, MN 55108
Phone: 612-624-3224

Approval for this item is requested by:

E. Thomas Sullivan
Senior Vice President

5-23-08
Purchase of Goods and Services over $250,000

To WiscNet, a division of the University of Wisconsin – Madison, Department of Information Technology, for $296,338 for Membership fees and Network Operation Services to operate BOREAS-Net for the period July 1, 2008 through June 30, 2009 for Networking and Telecommunications Services (NTS), a division of the Office of Information Technology (OIT).

BOREAS-Net is a collaborative project of Iowa State University, the University of Iowa, the University of Minnesota – Twin Cities, and the University of Wisconsin – Madison. Through a collaboration contract signed March 16th, 2006, the University of Minnesota acts as the fiscal agent for the BOREAS-Net project.

BOREAS-Net provides the participating institutions very high speed network access to other Regional, National and International Research and Education networks in Chicago and Kansas City. This connectivity is necessary for the institutions to participate and collaborate in a multitude of research projects across multiple disciplines. WiscNet provides troubleshooting, ongoing maintenance, engineering, provisioning, information management, and reporting and project management - all with a strong focus on communications among BOREAS member institutions.

Proposals to provide these services were sought as part of an RFP, sent out in October, 2005, to Purchase Dark fiber for the BOREAS-Net Project. None of the proposals for these services were considered acceptable and were far in excess of costs proposed by WiscNet. Further, through its annual budgeting process the BOREAS Oversight Group (BOG) will monitor the cost effectiveness of continuing to use WiscNet for these network operations services.

This purchase has been budgeted for FY09. The costs are to be equally split between the BOREAS-Net Participants. The University of Minnesota’s portion of the costs will be centrally funded as part of the Network funding.

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

Approval of this item is requested by:

[Signature]
Vice President and Chief Information Officer

Date
5-12-2008
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because:

One of the BOREAS-Net Participants, WiscNet, operationally part of the University of Wisconsin – Madison, Department of Information Technology, is capable of internally providing the required network operation services. WiscNet already operates a 24X7 Network Operations Center for its Wisconsin state-wide IP Network and was involved in operating WiscWaves an optical network that preceded, and was replaced by, BOREAS-Net between Madison and Chicago. Therefore, the necessary resources and experience were already available within the BOREAS-Net consortium to provide these services. As the fiscal agent for the BOREAS-Net project, the University of Minnesota – Twin Cities, is simply enabling these network operations costs to be equally shared among the BOREAS-Net participants: Iowa State University, the University of Iowa, the University of Minnesota – Twin Cities, and the University of Wisconsin – Madison.

Procedures undertaken to ensure reasonableness of price included:

As part of the RFP to Purchase Dark fiber for the BOREAS-Net Project, an RFP process was conducted to identify a provider of network operation services for BOREAS-NET. Two proposals were received, Qwest & WilTel, and were far in excess of costs proposed by WiscNet.

Qwest bid a startup fee of $184,000 and a monthly fee of $151,000.
WilTel/Level 3 bid a start of fee of $205,000 and a monthly fee of $12,570.

Both Qwest and WilTel’s bids did not meet the BOREAS network requirements according to the technical experts.

WiscNet charged a $20,500 startup fee and a $268,528 annual fee for services tailored to fit the BOREAS network’s requirements.

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 Yocum Oil Company and Chippewa Valley Ethanol, for $1,350,000 for the purchase of fuel as needed for the period of July 1, 2008 through June 30, 2009 for the Fleet Services, Parking and Transportation Department, a division of University Services.

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

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

Through a competitive bid process, these vendors provided the best price for the contract period. This is the last year of a three year contract.

For vehicles in the central pool, fuel is paid for by charging departments a fee per mile driven. Vehicles owned by departments pay per gallon for fuel used. A markup applies to fuel used by Central motor pool vehicles and for department-owned vehicles, which covers the cost of the fixed and incremental costs of maintaining fuel tanks and pumps.

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

Approval for the item requested by:

Kathleen O'Brien, Vice President for University Services

Date

38
Finance and Operations Committee

June 12, 2008

Agenda Item: Information Items

☐ review ☐ review/action ☐ action ☑ discussion

Presenters: Vice President/CFO Richard Pfitzenreuter

Purpose:

☐ policy ☐ background/context ☑ oversight ☐ strategic positioning

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

Quarterly Investment Advisory Committee Update
To provide the Board of Regents with a summary of the quarterly meeting of the Investment Advisory Committee (IAC) held May 14, 2008.

Quarterly Asset Management Report
To report on the quarterly results of investment performance in the area of asset management for the period ended March 31, 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.

Financial Oversight: Key Indicators
To provide a report on key financial indicators to assist the Board of Regents in its fiduciary responsibility for the oversight of all assets of the University.

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 Investment Advisory Committee Update

Two founding members of the IAC, who have served since the committee’s inception in 2000, have retired, effective with the expiration of their terms on June 30, 2008. Richard McFarland and John Flottmeier were thanked for their insightful leadership and years of dedication.

Associate Vice President Stuart Mason presented Cambridge Associates’ annual portfolio review, which was delivered to the Board of Regents. Cambridge indicated that investment performance had improved over the last several years to a level similar to other large, elite schools, but the volatility profile of the Consolidated Endowment Fund (CEF) was still higher than more developed programs. They recommended that the University continue efforts to reduce that characteristic. IAC members suggested a continuation of the effort to find high quality hedge funds as a replacement for some of the “long only” investments in both domestic and outside US equities and a reduction of the overall exposure to these two asset classes. They also urged a reduction of investments in volatile real estate related securities (REITs and real estate debt). Given the success of building the private capital portfolio, the IAC also recommended that consideration be given to increasing the overall allocation somewhat. OIB will evaluate that suggestion.

The IAC also reviewed the performance of the five strategic sub-portfolios in CEF and discussed possible changes in the benchmarks for each. In summary, they recommended (1) changes to the real asset, private capital, and fixed income benchmarks and (2) changes to the time period for relative comparison (three years for real assets and private capital). They directed OIB to further investigate these recommendations and to submit a proposal for action at the September meeting.

Mason explained the details of the new line of credit for $20 million being put in place to bridge month-end capital calls. Other quarterly reports were filed for review.

Quarterly Asset Management Report

- The invested assets of the University totaled approximately $1.8 billion on March 31, 2008.

- The CEF value as of March 31, 2008 was $1.1 billion, an increase of $68.4 million over the last 12 months after distributions. The total investment return of the endowment was 0.8% over the last 12 months compared to a benchmark return of 4.5%.

- The value of the short-term reserves (TIP) was $480.7 million as of March 31, 2008. This was a decrease of $73.9 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 7.7%.

- Total outstanding debt on March 31, 2008 was $819.0 million. The effective interest rate on all outstanding debt obligations was 4.3%.

Financial Oversight: Key Indicators

Regularly scheduled report on key financial indicators in the following areas:
- Asset Management
- Debt
- Balance Sheet
- Operating
- Budget
May 29, 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 3rd 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.

Several areas of the 3rd quarter, 2008 report invite further explanation:

- In Section I, under “Summary of Purchasing Activity”, Year-to-Date FY 08 spending is up 19.79% from YTD last year. This is the 3rd year of this upward trend in spending on purchases.

  Analysis shows that the increase in YTD spending on purchases in the first three quarters cannot be attributed to a few types of expenditures, but is occurring over many types of expenditures.

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

Sincerely,

Michael D. Volna
Associate Vice President-Finance & Controller

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

#### Total Purchases

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<th>3rd Qtr</th>
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<th>Percent Change YTD from</th>
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<td># of transactions</td>
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<td>Dollar Amount</td>
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<td>$729,847,532</td>
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<td>% of Total Purchases</td>
<td>0.36%</td>
<td>0.58%</td>
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#### Purchases made as Approved Exceptions to Competitive Process***

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<th>3rd Qtr</th>
<th>Year - to - Date</th>
<th>Percent Change YTD from</th>
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</thead>
<tbody>
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<tr>
<td>Dollar Amount</td>
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<td>% of Total Purchases</td>
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</tbody>
</table>

#### Under $250,000 (goods, services and construction)

<table>
<thead>
<tr>
<th>3rd Qtr</th>
<th>Year - to - Date</th>
<th>Percent Change YTD from</th>
</tr>
</thead>
<tbody>
<tr>
<td># of transactions</td>
<td>12</td>
<td>37</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$1,047,044</td>
<td>$3,463,151</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.41%</td>
<td>0.47%</td>
</tr>
</tbody>
</table>

#### Under $250,000 (professional services)

<table>
<thead>
<tr>
<th>3rd Qtr</th>
<th>Year - to - Date</th>
<th>Percent Change YTD from</th>
</tr>
</thead>
<tbody>
<tr>
<td># of transactions</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$0</td>
<td>$5,556,029</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.00%</td>
<td>0.76%</td>
</tr>
</tbody>
</table>

#### $250,000 and up (goods, services, and professional services) *

<table>
<thead>
<tr>
<th>3rd Qtr</th>
<th>Year - to - Date</th>
<th>Percent Change YTD from</th>
</tr>
</thead>
<tbody>
<tr>
<td># of transactions</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$0</td>
<td>$804,071</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.00%</td>
<td>0.11%</td>
</tr>
</tbody>
</table>
### Purchases made as Preapproved Exceptions to Competitive Process***

<table>
<thead>
<tr>
<th>Under $250,000 (goods, services and construction)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># of transactions</td>
<td>6</td>
<td>33</td>
<td>173</td>
<td>180</td>
<td>192</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$574,560</td>
<td>$4,008,581</td>
<td>$6,127,385</td>
<td>$6,705,328</td>
<td>$7,299,068</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.23%</td>
<td>0.55%</td>
<td>1.01%</td>
<td>1.33%</td>
<td>1.46%</td>
</tr>
<tr>
<td>(See VI for detail)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Under $250,000 (professional services)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># of transactions</td>
<td>15</td>
<td>23</td>
<td>14</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Dollar Amount</td>
<td>$1,444,352</td>
<td>$2,202,439</td>
<td>$887,881</td>
<td>$727,348</td>
<td>$252,191</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.57%</td>
<td>0.30%</td>
<td>0.15%</td>
<td>0.14%</td>
<td>0.05%</td>
</tr>
<tr>
<td>(See VII for detail)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Regents Purchasing Policy Violations

<table>
<thead>
<tr>
<th># of transactions</th>
<th>0</th>
<th>0</th>
<th>2</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar Amount</td>
<td>$0</td>
<td>$0</td>
<td>$26,543</td>
<td>$31,410</td>
<td>$140,736</td>
</tr>
<tr>
<td>% of Total Purchases</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.01%</td>
<td>0.03%</td>
</tr>
<tr>
<td>(See VIII for detail)</td>
<td></td>
<td></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***

---

*44*
## 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>$245,000</td>
<td>Veterinary Medical Center</td>
<td>Abbott Diagnostics Division</td>
<td>Supplies/cartridges to perform testing on the i-STAT 1 analyzer</td>
<td>2</td>
<td>POT 667-20000142</td>
</tr>
<tr>
<td>$200,000</td>
<td>U Services - IS</td>
<td>Globus Technologies Inc.</td>
<td>Services needed to configure existing Business Objects application necessary to meet EFS project reporting needs for Facilities Management and U-Services Finance</td>
<td>1</td>
<td>POT 585-55063252</td>
</tr>
<tr>
<td>$160,000</td>
<td>University Stores</td>
<td>Bio-Rad Laboratories</td>
<td>Life Science supplies</td>
<td>2,3,8</td>
<td>B 5574696</td>
</tr>
<tr>
<td>$100,000</td>
<td>Collaborative Arts</td>
<td>Center for Creative Research (New England Foundation for the Arts)</td>
<td>Teach four, 3-credit courses in AY 2007-08, advise and mentor students, engage in self-directed research and/or performance activities</td>
<td>7</td>
<td>POT 446-51710067</td>
</tr>
<tr>
<td>$82,947</td>
<td>FM-Energy Management</td>
<td>Open Systems International (OSI)</td>
<td>Supervisory control and data acquisition (SCADA) system</td>
<td>2,8</td>
<td>FM 08-274848</td>
</tr>
<tr>
<td>$62,245</td>
<td>Center for Early Education and Development</td>
<td>Branagh Information Group, Inc</td>
<td>ERS data system start up costs and annual fees</td>
<td>3</td>
<td>POT 781-20000002</td>
</tr>
<tr>
<td>$52,499</td>
<td>Facilities Management (FM)</td>
<td>Grad Staff, Inc</td>
<td>Temporary staff for FM Transformation Project</td>
<td>8</td>
<td>POT 858-55062922</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
### 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>Reasonableness**</th>
<th>CPS No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$140,712</td>
<td>Biostatistics/CCBR</td>
<td>Lipo Science, Inc</td>
<td>Measurement and counting of lipoprotein particles, in specimens collected in an NIH-funded clinical trial, using nuclear magnetic resonance (NMR) spectroscopy</td>
<td>2</td>
<td>CPS 661F4349663</td>
</tr>
<tr>
<td>$104,200</td>
<td>National Center for Food Protection and Defense (NCFPD)</td>
<td>David Wray</td>
<td>Developer/Consultant for the Department of Homeland Security funded project</td>
<td>8</td>
<td>CPS 910F4352055</td>
</tr>
<tr>
<td>$101,120</td>
<td>Center for Infectious Disease Research &amp; Policy (CIDRAP)</td>
<td>Scot Jenkins</td>
<td>UNIX Administrator</td>
<td>1</td>
<td>CPS 889F4035391</td>
</tr>
<tr>
<td>$94,995</td>
<td>Environmental Health &amp; Safety</td>
<td>Kent Rees</td>
<td>Extend contract for review of construction plans and inspection of food preparation and serving facilities being built at the University</td>
<td>8</td>
<td>CPS 554F2858825</td>
</tr>
<tr>
<td>$92,795</td>
<td>Applied Economics</td>
<td>TNS Custom Research Inc</td>
<td>Online survey services</td>
<td>7</td>
<td>CPS 407F4541650</td>
</tr>
<tr>
<td>$90,000</td>
<td>Institute of Child Development</td>
<td>Madison Metropolitan School District</td>
<td>Replication of the Child-Parent Center program in the Madison public schools and research on the effectiveness of the model to address generalizability of the findings of the Chicago Longitudinal Study</td>
<td>7</td>
<td>CPS 298F4296419</td>
</tr>
<tr>
<td>$88,500</td>
<td>Environmental Health &amp; Safety</td>
<td>Melissa Nellis</td>
<td>Extend contract to provide service as Biosafety Officer (BSO) on the Institutional Biosafety Committee (IBC)</td>
<td>8</td>
<td>CPS 554F4168001</td>
</tr>
<tr>
<td>$80,000</td>
<td>Center for Farm Financial Mgt - Dept of Applied Economics</td>
<td>Cornerstone Government Affairs</td>
<td>Continue technical guidance and advice on two federal legislative issues</td>
<td>2</td>
<td>CPS 407F3824784</td>
</tr>
<tr>
<td>$80,000</td>
<td>Soil, Water &amp; Climate</td>
<td>Alan Giencke</td>
<td>Provide technical support in the development of a Minnesota Soil Productivity Index</td>
<td>8</td>
<td>CPS 416F4161311</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>$71,722</td>
<td>Applied Economics</td>
<td>Connie Chan-Kang</td>
<td>Compilation of varietal use data for two projects; &quot;Agriculture Genetic Resource Flows &amp; Impacts&quot; &amp; &quot;International Assessment of the Sources, Flows and Economic Consequences of Ag Germplasm&quot;</td>
<td>1</td>
<td>CPS 407F4400328</td>
</tr>
<tr>
<td>$53,000</td>
<td>Institute on Community Integration/Research and Training Center on Community Living</td>
<td>Lori Sedlezky</td>
<td>To finish authoring the College of Direct Support course Home and Community Living</td>
<td>5</td>
<td>CPS 303F2185270</td>
</tr>
<tr>
<td>$50,000</td>
<td>Metropolitan Consortium/CURA Twin Cities Public Television</td>
<td></td>
<td>60 minute television program on issues related to Minnesota's long range planning for transportation</td>
<td>2</td>
<td>CPS 939F4399749</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Department</th>
<th>Selected Vendor</th>
<th>Product</th>
<th>Price Reasonableness**</th>
<th>CPS No.</th>
</tr>
</thead>
</table>

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

1. Cost/Price analysis.
2. Negotiation with supplier.
3. Published catalog price.
4. Price is consistent with independent estimates developed within the University or by credible third party.
5. Comparison to similar purchase(s).
6. Comparison with peer institution contract (including State of Minnesota).
7. Qualified individual's knowledge of market.
8. Other
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>CPS No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></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

0 PURCHASES | TOTAL:
### 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>5</td>
<td>PRQ 5209212</td>
<td>Minnesota Pollution Control Agency</td>
<td>To provide guidance for a site investigation; to provide MPCA review of the adequacy and completeness of such investigation; and to approve clean up plans (response action plans) to address identified contamination</td>
<td>$100,000</td>
<td>University Services</td>
</tr>
</tbody>
</table>

Subtotal for Exception #5: Subcontractors previously arranged by Sponsored Projects Administration (SPA) $100,000

<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>7</td>
<td>POT 803-20000642</td>
<td>Oracle Corporation</td>
<td>Database licenses and support: 1/14/08 - 11/23/09</td>
<td>$62,903</td>
<td>Enterprise Application Systems/OIT</td>
</tr>
</tbody>
</table>

Subtotal for Exception #7: Service/maintenance agreements with the original manufacturer/developer for equipment and software. $62,903

<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>11</td>
<td>POT 804-20000372</td>
<td>Entuity XOS Technologies, Inc.</td>
<td>Eye of the Storm software Upgrade to existing XOS system</td>
<td>$145,920</td>
<td>NTS Intercollegiate Athletics, Men's Basketball OIT</td>
</tr>
<tr>
<td>11</td>
<td>POT 896-20000091</td>
<td>Fishnet Security</td>
<td>3000 SafeWord Premier Access licenses, tokens, and support</td>
<td>$78,804</td>
<td>Intercollegiate Athletics, Men's Basketball OIT</td>
</tr>
</tbody>
</table>

Subtotal for Exception #11: Software license renewals and software upgrades available only from developer. This includes adding licenses to an existing license agreement. $284,634

<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>12</td>
<td>649-20000009</td>
<td>Lightspeed Design Group</td>
<td>DepthQ Mobil 3D Visualization Suite and Projection package</td>
<td>$127,023</td>
<td>Urologic Surgery</td>
</tr>
</tbody>
</table>

Subtotal for Exception 12: Original Artwork $127,023
### VII. Pre-Approved Exceptions to Regents Purchasing Policy (Professional Services)

**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>18</td>
<td>CPS 389F3827506</td>
<td>Lynn Mader</td>
<td>Coordinate Farm to School program</td>
<td>$54,602</td>
<td>UM Regional Partnership</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Subtotal for Exception #18: Subcontractors previously arranged by Sponsored Projects Administration (SPA). $54,602

<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>CPS 652F4386813</td>
<td>National University of Singapore</td>
<td>Local collaborator for a Singapore-based long-term prospective study</td>
<td>$190,000</td>
<td>Cancer Center</td>
</tr>
<tr>
<td>19</td>
<td>CPS 100F4549073</td>
<td>Bemidji State University</td>
<td>Annual Agreement between U of M and Bemidji State University</td>
<td>$125,540</td>
<td>U of M Crookston - Business Affairs</td>
</tr>
<tr>
<td>19</td>
<td>CPS 643F4555699</td>
<td>International Organization for Cancer Prevention Research (IOCR)</td>
<td>Multi-Center International Study on rare childhood cancers</td>
<td>$90,000</td>
<td>Learning Abroad Center</td>
</tr>
<tr>
<td>19</td>
<td>CPS 910F4236406</td>
<td>MN Department of Agriculture</td>
<td>Provide consulting by William Krueger - he will be positioned as a visiting scholar working on food defense issues as a liason between NCFPD and the Office of Health Affairs</td>
<td>$67,701</td>
<td>National Center for Food Protection &amp; Defense</td>
</tr>
</tbody>
</table>

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. $473,241

<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>20</td>
<td>CPS 285F3294216</td>
<td>Linda Nyvall</td>
<td>Fund Raiser for the Weisman Art Museum Capital Campaign</td>
<td>$191,737</td>
<td>Weisman Art Museum</td>
</tr>
<tr>
<td>20</td>
<td>CPS 533F3699717</td>
<td>CodePosse Consulting Inc.</td>
<td>Software consulting for NASA Stereo Grant</td>
<td>$104,800</td>
<td>Physics and Astronomy</td>
</tr>
<tr>
<td>20</td>
<td>CPS 419F4030004</td>
<td>Brandspring Solutions</td>
<td>Increase current contract to finish Fiscal Year 08 - Graphic Designer - contract basis</td>
<td>$58,080</td>
<td>Arboretum</td>
</tr>
</tbody>
</table>

Subtotal for Exception #20: Development, design and/or creation of original artwork. $354,617
<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>21</td>
<td>CPS 319F4471215</td>
<td>Personnel Decisions International</td>
<td>Training for the Successful Manager's Leadership Program (SMLP)</td>
<td>$196,000</td>
<td>College of Continuing Education</td>
</tr>
</tbody>
</table>

Subtotal for Exception #21: Entertainers, lecturers, speakers and honoraria. $196,000

<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>24</td>
<td>CPS 935-55000559</td>
<td>Pedro Belo Ravara</td>
<td>Study Abroad Program Administration</td>
<td>$93,832</td>
<td>College of Design</td>
</tr>
<tr>
<td>24</td>
<td>CPS 933-55000560</td>
<td>Accent's Shakespeare</td>
<td>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 and guest speakers, etc.</td>
<td>$78,125</td>
<td>Learning Abroad Center (LAC)</td>
</tr>
</tbody>
</table>

<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>24</td>
<td>CPS 933-55000562</td>
<td>Centers for Academic Programs Abroad (CAPA)</td>
<td>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 and guest speakers, etc.</td>
<td>$72,475</td>
<td>Learning Abroad Center (LAC)</td>
</tr>
<tr>
<td>24</td>
<td>CPS 325-55063361</td>
<td>Sunshine Tourism</td>
<td>Study Abroad Program Administration</td>
<td>$60,000</td>
<td>International Programs, Carlson School</td>
</tr>
<tr>
<td>24</td>
<td>CPS 933-55000563</td>
<td>International School for the Humanities and Social Sciences</td>
<td>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 and guest speakers, etc.</td>
<td>$48,450</td>
<td>Learning Abroad Center (LAC)</td>
</tr>
<tr>
<td>24</td>
<td>CPS 933-55000561</td>
<td>Council on International Educational Exchange's (CIEE)</td>
<td>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 and guest speakers, etc.</td>
<td>$13,010</td>
<td>Learning Abroad Center (LAC)</td>
</tr>
</tbody>
</table>

Subtotal for Exception #24: Study Abroad Program Administrators (Does not include group airfares.) $365,892
### VIII. Regents Policy Violations

<table>
<thead>
<tr>
<th>Document No.</th>
<th>Product</th>
<th>Selected Vendor</th>
<th>Amount</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>0 PURCHASES</th>
<th>TOTAL:</th>
</tr>
</thead>
</table>
Quarterly Investments & Banking Report

March 31, 2008
Highlights

(as of 03/31/08)

The Consolidated Endowment Fund (CEF) totaled $1,120.1 million, down $53.0 million over the previous quarter and up $68.4 million over the last twelve months after distributions of $38.9 million and market impact.

• Includes investment amounts of $120 by TIP and $20 million by GIP

• Quarterly distribution: $11.3 million (4.7% of a 60 month average)

• Total return for quarter: -3.8% vs. -3.2% for the benchmark

• Total return for 12 months: 0.8% vs. 4.5% for the benchmark
The Temporary Investment Pool (TIP) totaled $480.7 million, a decrease of $92.6 million from the previous quarter and $73.9 million below the previous 12 months. Total investment return on the portfolio for the last 12 months was 3.8% vs. a benchmark of 7.7%.

The Group Investment Pool (GIP) totaled $52.2 million, down $1.6 million from the previous quarter and up $20.7 million from the past 12 months. The GIP return was -1.4% compared to the benchmark return of 2.2% for the quarter. In the past 12 months, GIP returned -0.4% while the benchmark had a return of 7.7%.
RUMINCO totaled $32.7 million, a decrease of $1.7 million from the previous quarter and $3.5 million below the previous 12 months.

Total investment return on the portfolio for the last 12 months was -10.9% vs. a benchmark of -1.8%

The total outstanding debt obligation of the University, including state issued Infrastructure Development Bonds (IDB), amounted to $819.0 million. This amount includes $134.5 million backed by state government debt service.

The total effective rate on University issued debt on 3/31/08 was 4.21%. Taking into consideration the interest expense on IDBs, the effective interest rate for all University Debt obligations was 4.26% compared to 4.35% from the previous quarter.
## Current Value of Funds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Endowment Fund (CEF) (1) (2)</td>
<td>1,120.1</td>
<td>1,173.1</td>
<td>1,051.7</td>
</tr>
<tr>
<td>Long-Term Reserves (GIP) (3)</td>
<td>52.2</td>
<td>53.8</td>
<td>31.5</td>
</tr>
<tr>
<td>Short-Term Reserves (TIP) (3)</td>
<td>480.7</td>
<td>573.3</td>
<td>554.6</td>
</tr>
<tr>
<td>Invested Assets Related to Indebtedness</td>
<td>148.7</td>
<td>163.1</td>
<td>194.7</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,801.7</strong></td>
<td><strong>1,962.5</strong></td>
<td><strong>1,832.5</strong></td>
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<table>
<thead>
<tr>
<th>Other:</th>
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<tr>
<td>U of M Foundation Managed Funds</td>
<td>1,395.7</td>
<td>1,433.8</td>
<td>1,284.7</td>
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<tr>
<td>MN Medical Foundation Funds</td>
<td>253.9</td>
<td>260.1</td>
<td>257.6</td>
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<tr>
<td>RUMINCO Ltd.</td>
<td>32.7</td>
<td>34.4</td>
<td>36.2</td>
</tr>
<tr>
<td>Basic Faculty Retirement Plan</td>
<td>2,410.0</td>
<td>2,523.0</td>
<td>2,440.6</td>
</tr>
</tbody>
</table>

(1) CEF Includes the Market Value for the Permanent University Fund (PUF)
(2) Includes Original TIP investment of $120 million and GIP investment of $20 million.
(3) Balances exclude investment in CEF.
Portfolio Returns

CEF
- CEF
- Benchmark

TIP
- TIP
- Benchmark

Office of Investments & Banking
Portfolio Returns

GIP*
- QTR: -1.4%, 2.2%
- 1-YR: 7.7%, 1.1%
- 3-YR: 3.9%, 4.7%
- 5-YR: 6.1%

* Includes CEF Investment

RUMINCO
- QTR: -8.9%, -6.0%
- 1-YR: -10.9%, -1.8%
- 3-YR: 3.2%, 6.0%
- 5-YR: 5.9%, 8.0%
## CEF Asset Class & Benchmark Returns

(as of 03/31/08)

<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>Domestic equity</td>
<td>-8.4</td>
<td>-7.2</td>
<td>4.7</td>
<td>12.1</td>
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<tr>
<td>Russell 3000</td>
<td>-9.5</td>
<td>-6.1</td>
<td>6.1</td>
<td>12.1</td>
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<tr>
<td>International Equity</td>
<td>-10.4</td>
<td>-4.4</td>
<td>14.9</td>
<td>21.5</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>-8.9</td>
<td>-2.7</td>
<td>13.3</td>
<td>21.4</td>
</tr>
<tr>
<td>Private Capital</td>
<td>3.9</td>
<td>24.2</td>
<td>21.7</td>
<td>33.2</td>
</tr>
<tr>
<td>Venture Economics</td>
<td>0.0</td>
<td>16.6</td>
<td>20.3</td>
<td>19.6</td>
</tr>
<tr>
<td>Real Assets</td>
<td>0.0</td>
<td>-3.3</td>
<td>10.8</td>
<td>16.4</td>
</tr>
<tr>
<td>NCREIF</td>
<td>3.2</td>
<td>15.8</td>
<td>17.5</td>
<td>15.1</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>-2.0</td>
<td>-0.2</td>
<td>4.8</td>
<td>4.9</td>
</tr>
<tr>
<td>Lehman Agg</td>
<td>2.2</td>
<td>7.7</td>
<td>5.5</td>
<td>4.6</td>
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</tbody>
</table>
CEF Analysis

Regents Asset Allocation

<table>
<thead>
<tr>
<th></th>
<th>03/31/08</th>
<th>12/31/07</th>
<th>03/31/07</th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Equity</td>
<td>36.9%</td>
<td>46.0%</td>
<td>51.7%</td>
<td>40.0%</td>
<td>35 – 45%</td>
</tr>
<tr>
<td>Private Capital</td>
<td>23.4%</td>
<td>19.5%</td>
<td>14.0%</td>
<td>20.0%</td>
<td>15 – 25%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>20.3%</td>
<td>17.8%</td>
<td>14.9%</td>
<td>20.0%</td>
<td>15 – 25%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>19.4%</td>
<td>16.7%</td>
<td>19.4%</td>
<td>20.0%</td>
<td>15 – 25%</td>
</tr>
</tbody>
</table>
CEF Analysis

(as of 03/31/08)

3 year CEF Comparisons to Inflation

<table>
<thead>
<tr>
<th>Year</th>
<th>CEF Actual</th>
<th>CEF w/o Contributions</th>
<th>CEF adj. for Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep-05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar-06</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep-06</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar-07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep-07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar-08</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CEF Analysis

( as of 03/31/08 )

5 year CEF Comparisons to Inflation

CEF Actual
CEF w/o Contributions
CEF adj. for Inflation
TIP Analysis (excludes CEF investment)

(as of 03/31/08)

Portfolio Characteristics

- Book value: $480.7 million
- Balance excludes $120.7 million market value invested in CEF
- Average duration: 1.1
- Average credit rating: AA
- Current Yield: 4.2%

Portfolio Returns

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>TIP</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTR</td>
<td>1.0%</td>
<td>2.4%</td>
</tr>
<tr>
<td>1-YR</td>
<td>3.8%</td>
<td>7.7%</td>
</tr>
<tr>
<td>3-YR</td>
<td>4.6%</td>
<td>5.1%</td>
</tr>
<tr>
<td>4-YR</td>
<td>4.1%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>
TIP Analysis (excludes CEF investment)

**Sector**
- Agency and MBS: 58%
- MM Funds and Commercial Paper: 19%
- Corporate Bonds: 15%
- Other: 8%

**Credit Quality**
- AAA: 20%
- AA: 1%
- A: 27%
- BBB: 6%
- Unrated: 46%
GIP Analysis (includes CEF investment)

(As of 03/31/08)

Balance: $52.2 Million*
Down $1.6 million last quarter
Up $20.7 million last 12 months
* $18.8 million invested in CEF

- Core Bonds: 36%
- Absolute Return: 45%
- CEF: 19%

* Core Bonds
* Absolute Return
* CEF
RUMINCO Analysis

(As of 03/31/08)

Balance: $32.7 Million
Down $1.7 million last quarter
Down $3.5 million last 12 months

- 72% Equity
- 15% Fixed Income
- 13% Cash
Long Term Debt Analysis

(as of 03/31/08)

Total Debt
$819.0 Million*

* Includes $134.5 million backed by state government debt service.

Variable Rate
6%

State Issued
6%

Fixed Rate
78%

Weighted Average Fixed Rate Debt 4.69%
Weighted Average Variable Rate Debt 1.88%

Weighted Average University Issued Debt 4.21%
State issued Fixed Debt 5.06%

Total Weighted Average University Debt 4.26%
### Key Financial Indicators - Asset Management

#### April 2008 Report

<table>
<thead>
<tr>
<th></th>
<th>Dec 31, 2007</th>
<th>Dec 31, 2006</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIP Market Value ($ thousands)</td>
<td>$573,300</td>
<td>$581,700</td>
<td>($8,400)</td>
<td>-1.44%</td>
</tr>
<tr>
<td>TIP 12 Month Average Yield</td>
<td>5.10%</td>
<td>4.50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIP Average Portfolio Credit Rating</td>
<td>AA</td>
<td>AA+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEF Market Value ($ thousands)</td>
<td>$1,173,100</td>
<td>$1,004,700</td>
<td>$168,400</td>
<td>16.76%</td>
</tr>
</tbody>
</table>

#### June 2008 Report

<table>
<thead>
<tr>
<th></th>
<th>Mar 31, 2008</th>
<th>Mar 31, 2007</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIP Market Value ($ thousands)</td>
<td>$480,700</td>
<td>$554,600</td>
<td>($73,900)</td>
<td>-13.32%</td>
</tr>
<tr>
<td>TIP 12 Month Average Yield</td>
<td>4.90%</td>
<td>4.90%</td>
<td></td>
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</tr>
<tr>
<td>TIP Average Portfolio Credit Rating</td>
<td>AA</td>
<td>AA+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEF Market Value ($ thousands)</td>
<td>$1,120,100</td>
<td>$1,051,700</td>
<td>$68,400</td>
<td>6.50%</td>
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</tbody>
</table>

#### CEF Performance Metrics:

<table>
<thead>
<tr>
<th></th>
<th>Dec 31, 2007</th>
<th>Dec 31, 2006</th>
<th>CEF Benchmark</th>
<th>CEF Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year Performance</td>
<td>8.30%</td>
<td>12.40%</td>
<td>17.90%</td>
<td>15.00%</td>
</tr>
<tr>
<td>3 Year Performance</td>
<td>12.10%</td>
<td>12.10%</td>
<td>15.90%</td>
<td>12.30%</td>
</tr>
<tr>
<td>5 Year Performance</td>
<td>16.20%</td>
<td>14.20%</td>
<td>10.70%</td>
<td>8.00%</td>
</tr>
</tbody>
</table>

### Key Financial Indicators - Debt Management

#### April 2008 Report

<table>
<thead>
<tr>
<th></th>
<th>Dec 31, 2007</th>
<th>Dec 31, 2006</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt Outstanding ($ thousands)</td>
<td>$845,100</td>
<td>$761,000</td>
<td>$84,100</td>
<td>11.05%</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>4.35%</td>
<td>4.28%</td>
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<tr>
<td>Debt service ratio:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>annual debt service</td>
<td>3.11%</td>
<td>2.94%</td>
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<td></td>
</tr>
<tr>
<td>total operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage ratio #1:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total financial resource</td>
<td>5.44%</td>
<td>5.38%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total long-term debt outstanding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage Ratio #2:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>expendable financial resources</td>
<td>4.17%</td>
<td>4.09%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total long-term debt outstanding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Bond Ratings:</td>
<td>Moody's</td>
<td>Aa2</td>
<td>Aa2</td>
<td>Standard &amp; Poors</td>
</tr>
</tbody>
</table>

#### June 2008 Report

<table>
<thead>
<tr>
<th></th>
<th>Mar 31, 2008</th>
<th>Mar 31, 2007</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt Outstanding ($ thousands)</td>
<td>$834,800</td>
<td>$806,600</td>
<td>$28,200</td>
<td>3.50%</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>4.26%</td>
<td>4.31%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service ratio:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>annual debt service</td>
<td>3.03%</td>
<td>3.14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage ratio #1:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total financial resource</td>
<td>5.22%</td>
<td>5.02%</td>
<td></td>
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</tr>
<tr>
<td>total comprehensive debt outstanding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage Ratio #2:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>expendable financial resources</td>
<td>3.93%</td>
<td>3.81%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total comprehensive debt outstanding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Bond Ratings:</td>
<td>Moody's</td>
<td>Aa2</td>
<td>Aa2</td>
<td>Standard &amp; Poors</td>
</tr>
</tbody>
</table>
## Key Financial Indicators: Budget

### April 2008 Report

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Tuition Revenue ($ thousands)</td>
<td>322,798</td>
<td>303,510</td>
<td>(19,288)</td>
<td>-5.98%</td>
<td>313,339</td>
<td>(9,829)</td>
<td>-3.14%</td>
</tr>
<tr>
<td>All Other Non-sponsored Revenue ($ thousands)</td>
<td>1,118,812</td>
<td>1,262,100</td>
<td>143,288</td>
<td>12.81%</td>
<td>1,107,664</td>
<td>154,436</td>
<td>13.94%</td>
</tr>
<tr>
<td>Salary Expenditures ($ thousands)</td>
<td>550,950</td>
<td>552,054</td>
<td>1,104</td>
<td>0.20%</td>
<td>514,315</td>
<td>37,739</td>
<td>7.34%</td>
</tr>
<tr>
<td>Fringe Benefit Expenditures ($ thousands)</td>
<td>173,790</td>
<td>168,216</td>
<td>(5,574)</td>
<td>-3.21%</td>
<td>156,501</td>
<td>11,715</td>
<td>7.49%</td>
</tr>
<tr>
<td>Total Expenditures without Salary and Fringe Benefits ($ thousands)</td>
<td>443,163</td>
<td>464,834</td>
<td>21,671</td>
<td>4.89%</td>
<td>417,386</td>
<td>47,448</td>
<td>11.37%</td>
</tr>
</tbody>
</table>

### June 2008 Report

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition Revenue ($ thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Final tuition results will be reported with year-end data</td>
<td></td>
</tr>
<tr>
<td>All Other Non-sponsored Revenue ($ thousands)</td>
<td>1,471,131</td>
<td>1,599,989</td>
<td>128,858</td>
<td>8.76%</td>
<td>1,452,352</td>
<td>147,637</td>
<td>10.17%</td>
</tr>
<tr>
<td>Salary Expenditures ($ thousands)</td>
<td>956,506</td>
<td>954,244</td>
<td>(2,262)</td>
<td>-0.24%</td>
<td>892,904</td>
<td>61,340</td>
<td>6.87%</td>
</tr>
<tr>
<td>Fringe Benefit Exp. ($ thousands)</td>
<td>300,287</td>
<td>292,711</td>
<td>(7,576)</td>
<td>-2.52%</td>
<td>270,412</td>
<td>22,299</td>
<td>8.25%</td>
</tr>
<tr>
<td>Total Expenditures without Salary and Fringe Benefits ($ thousands)</td>
<td>791,147</td>
<td>791,486</td>
<td>339</td>
<td>0.04%</td>
<td>708,041</td>
<td>83,445</td>
<td>11.79%</td>
</tr>
</tbody>
</table>
## Key Financial Indicators: June 2008

### Balance Sheet

<table>
<thead>
<tr>
<th>Assets ($ thousands)</th>
<th>March 31, 2008</th>
<th>% of total</th>
<th>March 31, 2007</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash &amp; Investments</strong></td>
<td>1,838,985</td>
<td>39.5%</td>
<td>1,925,420</td>
<td>42.2%</td>
</tr>
<tr>
<td><strong>Property, Plant &amp; Equipment</strong></td>
<td>2,177,974</td>
<td>46.9%</td>
<td>1,992,952</td>
<td>43.7%</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td>23,430</td>
<td>0.5%</td>
<td>24,903</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>4,650,063</td>
<td>100.0%</td>
<td>4,564,791</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities ($ thousands)</th>
<th>March 31, 2008</th>
<th>% of total</th>
<th>March 31, 2007</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accounts Payable</strong></td>
<td>62,283</td>
<td>4.9%</td>
<td>74,186</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>Accrued &amp; Other Liabilities</strong></td>
<td>332,482</td>
<td>25.2%</td>
<td>341,401</td>
<td>26.6%</td>
</tr>
<tr>
<td><strong>Long-Term Debt</strong></td>
<td>834,799</td>
<td>65.0%</td>
<td>806,624</td>
<td>62.8%</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,281,787</td>
<td>100.0%</td>
<td>1,283,654</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accounts Receivable:</th>
<th>March 31, 2008</th>
<th>% of total</th>
<th>March 31, 2007</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State and Federal Appropriations</strong></td>
<td>377,976</td>
<td>62.0%</td>
<td>380,767</td>
<td>61.3%</td>
</tr>
<tr>
<td><strong>Sponsored Grants &amp; Contracts</strong></td>
<td>71,014</td>
<td>11.7%</td>
<td>79,189</td>
<td>12.7%</td>
</tr>
<tr>
<td><strong>Student Receivables</strong></td>
<td>31,080</td>
<td>5.1%</td>
<td>34,497</td>
<td>5.6%</td>
</tr>
<tr>
<td><strong>Trade Receivables</strong></td>
<td>49,919</td>
<td>8.2%</td>
<td>41,653</td>
<td>6.7%</td>
</tr>
<tr>
<td><strong>Student Loan Receivable, net</strong></td>
<td>75,301</td>
<td>12.3%</td>
<td>70,925</td>
<td>11.4%</td>
</tr>
<tr>
<td><strong>Other (including allowance for uncollectible)</strong></td>
<td>4,474</td>
<td>0.7%</td>
<td>14,485</td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>Total Accounts Receivable</strong></td>
<td>609,704</td>
<td>100.0%</td>
<td>621,516</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accounts Receivable as % of Related Revenue</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State and Federal Appropriations</strong></td>
<td>50.0%</td>
<td></td>
<td>58.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Sponsored Grants &amp; Contracts</strong></td>
<td>13.9%</td>
<td></td>
<td>15.6%</td>
<td></td>
</tr>
<tr>
<td><strong>Student Receivables</strong></td>
<td>5.9%</td>
<td></td>
<td>6.8%</td>
<td></td>
</tr>
</tbody>
</table>

### Annual Operating Indicators

<table>
<thead>
<tr>
<th>Revenue Contribution Ratio*:</th>
<th>March 31, 2008</th>
<th>% of total</th>
<th>March 31, 2007</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Appropriations</strong></td>
<td>749,748</td>
<td>31.2%</td>
<td>644,717</td>
<td>27.8%</td>
</tr>
<tr>
<td><strong>Student Tuition &amp; Fees (net)</strong></td>
<td>525,215</td>
<td>21.8%</td>
<td>507,015</td>
<td>22.0%</td>
</tr>
<tr>
<td><strong>Federal Grants &amp; Contracts</strong></td>
<td>305,375</td>
<td>12.7%</td>
<td>279,166</td>
<td>12.1%</td>
</tr>
<tr>
<td><strong>Auxiliary Enterprises (net)</strong></td>
<td>252,967</td>
<td>10.5%</td>
<td>241,221</td>
<td>10.5%</td>
</tr>
<tr>
<td><strong>Non-Govt. Grants &amp; Contracts</strong></td>
<td>147,741</td>
<td>6.1%</td>
<td>156,260</td>
<td>6.8%</td>
</tr>
<tr>
<td><strong>Educational Activities</strong></td>
<td>102,330</td>
<td>4.2%</td>
<td>117,988</td>
<td>5.1%</td>
</tr>
<tr>
<td><strong>Nonexchange Grants</strong></td>
<td>101,429</td>
<td>4.2%</td>
<td>75,706</td>
<td>3.3%</td>
</tr>
<tr>
<td><strong>Gifts</strong></td>
<td>80,896</td>
<td>3.4%</td>
<td>77,972</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>Capital Appropriations</strong></td>
<td>56,742</td>
<td>2.4%</td>
<td>97,051</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>State Grants &amp; Contracts</strong></td>
<td>58,388</td>
<td>2.4%</td>
<td>73,494</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Other Revenues</strong></td>
<td>12,509</td>
<td>0.5%</td>
<td>22,713</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Capital Grants &amp; Gifts</strong></td>
<td>8,181</td>
<td>0.3%</td>
<td>4,274</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Federal Appropriations</strong></td>
<td>6,286</td>
<td>0.3%</td>
<td>9,274</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>2,407,807</td>
<td>100.0%</td>
<td>2,306,851</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expense Ratio:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instruction</strong></td>
<td>498,478</td>
<td>24.3%</td>
<td>469,617</td>
<td>24.7%</td>
</tr>
<tr>
<td><strong>Research</strong></td>
<td>418,875</td>
<td>20.4%</td>
<td>373,767</td>
<td>19.7%</td>
</tr>
<tr>
<td><strong>Public Service</strong></td>
<td>145,735</td>
<td>7.1%</td>
<td>141,548</td>
<td>7.4%</td>
</tr>
<tr>
<td><strong>Academic Support</strong></td>
<td>264,558</td>
<td>12.9%</td>
<td>241,682</td>
<td>12.7%</td>
</tr>
<tr>
<td><strong>Student Services</strong></td>
<td>66,970</td>
<td>3.3%</td>
<td>63,123</td>
<td>3.3%</td>
</tr>
<tr>
<td><strong>Institutional Support</strong></td>
<td>128,142</td>
<td>6.2%</td>
<td>110,014</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>Operations and Maintenance of Plant</strong></td>
<td>190,658</td>
<td>9.3%</td>
<td>174,180</td>
<td>9.2%</td>
</tr>
<tr>
<td><strong>Scholarships and Fellowships</strong></td>
<td>73,177</td>
<td>3.6%</td>
<td>64,733</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>Depreciation/Other Operating Expenses</strong></td>
<td>99,391</td>
<td>4.8%</td>
<td>96,122</td>
<td>5.1%</td>
</tr>
<tr>
<td><strong>Auxiliary Enterprises</strong></td>
<td>609,704</td>
<td>8.1%</td>
<td>621,516</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>2,052,677</td>
<td>100.0%</td>
<td>1,900,415</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash &amp; Cash Equivalents</strong></td>
<td>262,326</td>
<td></td>
<td>265,574</td>
<td></td>
</tr>
<tr>
<td><strong>Expendable Fund Balance to Total Expense</strong></td>
<td>81.0%</td>
<td></td>
<td>90.9%</td>
<td></td>
</tr>
</tbody>
</table>

*Revenue contributions does not include net increase (decrease) in the fair market value of investments of ($94.1) million and $113.3 million for nine months of fiscal years 2008 and 2007, respectively. Certain prior-year amounts have been reclassified to conform to the presentation used in the current year. These reclassifications have no impact on net assets as previously reported.*