



Finance Committee

September 2015

September 10, 2015

9:45 a.m. – 11:45 a.m.

West Committee Room, McNamara Alumni Center

FIN - SEP 2015

1. 2015-16 Committee Work Plan

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2. University Tax Compliance Activities & Programs

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3. Annual Asset Management Report

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4. Financial Components of the President's Recommended 2015 Six-Year Capital Plan and 2016 State Capital Budget Request - Review

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5. Resolution Related to Issuance of Debt - Review/Action

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7. Information Items

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance

September 10, 2015

AGENDA ITEM: 2015-16 Committee Work Plan

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Regent Richard Beeson
Richard Pfitzenreuter, Vice President & CFO

PURPOSE & KEY POINTS

To review and discuss the 2015-16 committee work plan.

BACKGROUND INFORMATION

Board of Regents Policy: *Board Operations and Agenda Guidelines* defines the role of the Finance Committee as follows:

The Finance Committee oversees the fiscal stability and long-term economic health of the University. This committee monitors the University's financial operations, debt level, and investment performance; requires the maintenance of accurate and complete financial records; and maintains open lines of communication with the Board about the institution's financial condition.

Specifically, this committee recommends:

- the University operating budget;
- financial components of the University capital budget;
- approval of purchases of goods and services over \$1,000,000;
- the issuance of debt;
- changes to the approved central reserves budget; and
- asset allocation guidelines and other policies related to the University's asset management function.

This committee also provides governance oversight to:

- long range financial planning strategies;
- total indebtedness of the University;
- the investment portfolio; and
- the financial relationship between the University and its partners, including affiliated foundations, clinical operations, and external entities.

This committee also reviews:

- selected financial metrics that measure the University's fiscal condition;
- quarterly purchasing reports and violations of Board of Regents Policy: *Purchasing*;
- semi-annual capital financing and debt management reports;
- the annual report on central reserves;
- quarterly asset management reports;
- semi-annual management reports; and
- other financial reports as requested by the committee.

2015-2016 Finance Committee Work Plan

Date	Topics
2015	
September 10-11	<ul style="list-style-type: none"> • 2015-16 Committee Work Plan • University Tax Compliance Activities • Annual Asset Management Report • Financial Components of the President’s Recommended 2015 Six-Year Capital Plan and 2016 State Capital Budget - Review • Resolution Related to Issuance of Debt – Bell Museum • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ Purchase of Goods and Services \$1,000,000 and Over ○ [Commercial Transactions or Other Matters Subject to Board Approval] • Information Items <ul style="list-style-type: none"> ○ Quarterly Purchasing Reports (3rd and 4th Qtrs. FY 2015) ○ Issuance of Debt - Series 2015A and 2015B <p>Full Board items:</p> <ul style="list-style-type: none"> • FY 2017 Budget Assumptions: BOR Work Session • President’s Recommended Six Year Capital Plan – Review • President’s Recommended 2016 State Capital Budget – Review • Receive & File: Annual Asset Management Report
October 8-9	<ul style="list-style-type: none"> • Financial Components of the President’s Recommended 2015 Six-Year Capital Plan, 2016 State Capital Budget and Debt Capacity Update - Action • Administrative Cost Benchmarking/Reallocation Primer The purpose of this discussion is to update the committee on the fourth year of results for the cost benchmarking analysis of the University. In addition, the discussion will present to the committee how expenditures are being reallocated within the defined categories of Mission, Student Aid, Mission Support and Facilities, and Leadership and Oversight. • GASB 68: GASB’s New Standards on Accounting and Financial Reporting for Pensions The committee will be updated on the new accounting and financial reporting requirements for pensions instituted by the Governmental Accounting Standards Board. The presentation will focus on the implementations of the new standards and prepare the committee for what they should expect to see when presented with the University’s Annual Financial Report in December. • Operational Excellence Initiative(s): Travel This presentation will highlight for the committee an initiative by the administration to streamline and reduce the cost of travel by University employees. The discussion will highlight potential efficiencies and savings. • [Resolution Related to Debt] • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ [Purchase of Goods and Services \$1,000,000 and Over] ○ [Commercial Transactions or Other Matters Subject to Board

	<p>Approval]</p> <ul style="list-style-type: none"> • Information Items <ul style="list-style-type: none"> ○ Quarterly Investment Advisory Committee Update (September meeting) ○ Debt Management Advisory Committee Update (October meeting) <p>Full Board items:</p> <ul style="list-style-type: none"> • Cost Drivers at the U - BOR • President's Recommended Six Year Capital Plan - Action • President's Recommended 2016 State Capital Budget - Action
December 10-11	<ul style="list-style-type: none"> • Board of Regents Policy: <i>Purchasing</i>: Review • Fully Allocated Cost of Mission Activities: Update The committee will review an analysis, based on FY 2014 data, that allocates the total expenditures of the University (direct activity and overhead) across the missions of instruction, research, and public service, as well as student aid and auxiliary operations. The analysis will also identify the revenue sources that supported each of these categories and will include a further description of the cost of instruction in terms of what the University spent to educate each student. Data will be summarized for each system campus, Twin Cities college, and the University as a whole. • Annual Financial Report (June -Audited Statements) • [Supplemental 2016 State Budget Request] • [Resolution Related to Debt] • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ [Purchase of Goods and Services \$1,000,000 and Over] ○ [Commercial Transactions or Other Matters Subject to Board Approval] • Information Items <ul style="list-style-type: none"> ○ Annual Economic Development Report (period ending June 30) ○ Quarterly Investment Advisory Committee Update (November meeting) ○ Quarterly Purchasing Report (1st Qtr. FY 2016) ○ Debt Management Advisory Committee Update (December meeting) <p>Full Board items:</p> <ul style="list-style-type: none"> • Receive & File: Annual Financial Report (June - Audited Statements) • Annual Financial Report - Discussion • [Supplemental 2016 State Budget Request]

2016	
February 11-12	<ul style="list-style-type: none"> • Board of Regents Policy: <i>Purchasing</i>: Action • Annual Investment Performance: Peer Comparisons • Faculty Retirement Plan: Governance Review This discussion will present to the committee information on the role that the Board plays as the trustees for the Faculty Retirement Plan. • Annual Capital Finance & Debt Management Report • Twin Cities Athletics Finances - Background The purpose of this discussion is to present a review of the revenue and

	<p>expenses, as well as the structure, of Twin Cities Athletics finances.</p> <ul style="list-style-type: none"> • TBD • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ [Purchase of Goods and Services \$1,000,000 and Over] ○ [Commercial Transactions or Other Matters Subject to Board Approval] • Information Items <ul style="list-style-type: none"> ○ Central Reserves Update ○ Quarterly Purchasing Report (2nd Qtr. FY 2016) <p>Full Board item:</p> <ul style="list-style-type: none"> • OpEx Update: Efficiency and Productivity
May 12-13	<ul style="list-style-type: none"> • President's Recommended FY 2017 Annual Operating Budget - Review • President's Recommended Annual Capital Improvement Budget FY 2017 - Review • Endowment Fund Policy: Payout Rate This item will present a strategic discussion focusing on the payout rates currently set in Board of Regents Policy: <i>Endowment Fund</i>. The discussion will focus on current rates and examine the pros and cons of potential changes. • Annual Insurance & Risk Management Report • Consent Report <ul style="list-style-type: none"> ○ Central Reserves General Contingency Allocations ○ [Purchase of Goods and Services \$1,000,000 and Over] ○ [Commercial Transactions or Other Matters Subject to Board Approval] • Information Items <ul style="list-style-type: none"> ○ Quarterly Purchasing Report (3rd Qtr. FY 2016) ○ Quarterly Asset Management Report (period ending December 31) ○ Six-Month Management Report - Unaudited (period ending December 31) ○ Quarterly Investment Advisory Committee Update (February meeting) ○ Debt Management Advisory Committee Update (March meeting) <p>Full Board items:</p> <ul style="list-style-type: none"> • President's Recommend FY 2017 Annual Operating Budget - Review • President's FY2017 Annual Capital Improvement Budget - Review
June 9-10	<ul style="list-style-type: none"> • President's Recommended FY 2017 Annual Operating Budget - Action • President's Recommended Annual Capital Improvement Budget FY 2017 - Action • University Tax Compliance Activities • Long Range Financial Planning & Biennial Request Planning: Update 2017-2022 The purpose of this item is to highlight and discuss the broad policy choices and options that will guide long-range financial planning. In addition, the committee will have an initial discussion of the financial framework for the FY 2018-19 biennial request.

- **TBD**
- **Consent Report**
 - Central Reserves General Contingency Allocations
 - [Purchase of Goods and Services \$1,000,000 and Over]
 - [Commercial Transactions or Other Matters Subject to Board Approval]
 - [Approval of Underwriter]
- **Information Items**
 - Quarterly Investment Advisory Committee Update (May meeting)
 - Quarterly Asset Management Report (period ending March 31)
 - Debt Management Advisory Committee Update (June meeting)

Full Board items:

- **President's Recommend FY 2017 Annual Operating Budget - Action**
- **President's FY2017 Annual Capital Improvement Budget - Action**

Draft



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance

September 10, 2015

AGENDA ITEM: University Tax Compliance Activities & Programs

- Review**

 Review + Action

 Action

 Discussion
- This is a report required by Board policy.*

PRESENTERS: Richard Pfutzenreuter, Vice President & CFO
Kelly Farmer, Director, University Tax Management

PURPOSE & KEY POINTS

Managing tax risks is important for non-profit organizations. The Internal Revenue Service continues to proactively oversee tax compliance in this large segment of the economy. The purpose of this discussion is to provide information to the Board on the tax compliance activities and programs of the University Tax Management Office (TMO).

BACKGROUND INFORMATION

The TMO has worked on numerous projects and activities over the last fiscal year. Specific tax areas encountered at the University include issues relating to the following:

- Unrelated Bus. Income (UBI)
- Tax Exempt Debt
- Related Organizations
- Sales Tax
- Tax-Exempt Status of the University
- Excise Taxes
- Employment & Benefits
- Contributions
- Scholarships
- Tax Reporting
- Foreign Tax Compliance
- Miscellaneous tax Issues
- Non-Resident Alien Tax
- Deferred Comp & Pensions
- Tax Controversies
- Administrative Matters

Consultation and coordination with other units at the University is a key function of the TMO. The TMO has coordinated with all campuses, Sponsored Research Administration, Office of Student Affairs, various academic units, Athletics, Office of the General Counsel, Global Programs and Strategy Alliance, Debt Management Office, Controller’s Office, Office of Human Resources, Office of Investment & Banking, the Academic Health Center, Landscape Arboretum, and various foundations and associated organizations.



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Tax Compliance Programs

Richard Pfutzenreuter, VP and CFO

Kelly Farmer, Director, Tax Management Office

Tax Subject Areas

- Sales/Excise Taxes
- Related Organizations
- Tax Exempt Debt
- Unrelated Business Income (UBI)
- Tax Status of the U
- Tax Controversies

- Fringe Benefits & Employment
- Deferred Comp & Pensions
- Charitable Contributions
- Scholarships
- Tax Info Reporting
- Foreign Taxes/NRAs

Tax Controversies

- **Coordinated Exam Program Audit (CEP)**
- **UBIT Audits**
- **Various Bond Audits**
- **Employment Audits**
- **MN Sales Tax Audits**
- **Miscellaneous Controversies (Tax Reporting, Excise Taxes, Other than MN State Audits, Etc.)**

Tax Status of the University

- **University has same Tax Status as the State of Minnesota**
- **The University is not a 501(c)(3) Entity**

Unrelated Business Income

- **Historical Perspective**
- **Current Criteria**
 - Unrelated to University Mission
 - Trade or Business
 - Regularly Carried On

Tax Exempt Debt

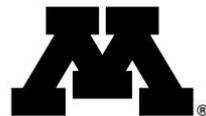
- **Tax Matters at time of Issuance**
 - Debt Designed for Tax-Exempt Interest treatment
- **Post Issuance Tax Matters**
 - Spending Proceeds
 - Private Business Use
 - Arbitrage Rebate

Related Organizations

- **RUMINCO, Ltd**
 - Foreign Entity with U.S. 501(c)(3) Status
- **Minnesota 4-H Organizations (501(c)(3))**
 - U of MN Extension Services
 - Group Exemption Number (GEN)
 - 950+ Separately Organized Entities

Sales and Excise Taxes

- **University Exemption from Sales Taxes on Most Purchases**
- **University Collects Sales Taxes**
- **Some Federal Excise Tax Exemptions**



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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance

September 10, 2015

AGENDA ITEM: Annual Asset Management Report

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Richard Pfutzenreuter, Vice President & CFO
Stuart Mason, Chief Investment Officer

PURPOSE & KEY POINTS

To report on the annual performance results for assets managed by the Office of Investments & Banking for the fiscal year ended June 30, 2015. The OIB prepares this report, as required by Board of Regents Policy: *Endowment Fund*, for review by the Investment Advisory Committee and the Board of Regents.

BACKGROUND INFORMATION

- The invested assets of the University totaled approximately \$2.4 billion on June 30, 2015.
- The Consolidated Endowment Fund (CEF) value as of June 30, 2014, was \$1,293.6 million, an increase of \$21.1 million over the last year after distributions of \$48.6 million. The total investment return for CEF was up 5.7% over the last 12 months compared to a benchmark return of 2.1%.
- The investment return for CEF exceeded the benchmark through outperformance in all of the underlying asset classes except for Return Generating Fixed Income. The primary contributor was the Private Capital portfolio, which was up 16.1% vs. its specific benchmark of 7.6%. This alone added 2.5% of outperformance vs. the CEF benchmark. Public Equities and Real Assets were other contributors, adding 0.2% and 1.0% respectively, of outperformance to the fund.
- The market value of the short term reserves (TIP) was \$911.5 million as of June 30, 2015. This was a decrease of \$143.1 million over the year. The investment return on the portfolio over the last 12 months was 2.0% compared to a benchmark return of 0.6% due largely to the effect of a longer duration in the portfolio. The decrease in value was due to timing of the receipt of tuition payments as part of the University's normal business cycle.

Annual Asset Management Report

Stuart Mason, CIO



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Table of Contents

1. Overview – All Funds
2. Highlights and Commentary
 - Consolidated Endowment Fund (CEF)
 - Temporary Investment Pool (TIP)
 - Group Income Pool (GIP)
 - RUMINCO
3. FY 2014 Investment Manager Changes
4. Targeted Investment Managers
5. Social Responsibility

Overview – All Funds

OIB Managed Funds (\$ millions)	June '15	June '14	June '13	June '12	June '11
Consolidated Endowment Fund (CEF)	\$ 1,293.6	\$ 1,272.5	\$ 1,079.7	\$ 977.6	\$ 956.8
Long-Term Reserves (GIP) ¹	52.7	45.9	46.4	44.7	44.3
Short-Term Reserves (TIP) ²	911.5	1,054.6	1,031.4	972.2	824.9
RUMINCO Ltd.	39.6	39.2	35.8	32.6	32.3
Invested Assets Related to Indebtedness	148.3	66.9	87.0	189.7	181.9
Total Managed Assets	2,445.7	2,479.1	2,280.3	2,216.8	1,963.5

Other Funds (\$ millions)	Mar '15	June '14	June '13	June '12	June '11
U of M Foundation Fund	1,985.5	1,928.2	1,610.0	1,560.1	1,564.4
Faculty Retirement Plans	4,955.7	4,769.7	4,199.8	3,807.9	3,709.3

¹ Market value excludes \$14.4 currently invested in CEF. This value is included in the remainder of the report, for purposes of performance calculation.

² Market value excludes \$138.5 currently invested in CEF. This value is included in the remainder of the report, for purposes of performance calculation.

CEF Investment Policy Objectives:

1. Maintain Inflation Adjusted Endowment Value

- Implementation of appropriate investment strategy
- Outperformance against appropriate benchmarks and inflation

2. Acceptable Risk Parameters

- Appropriate liquidity profile
- Avoid high concentrations to investment firms and individual funds
- Diversified geographic exposure

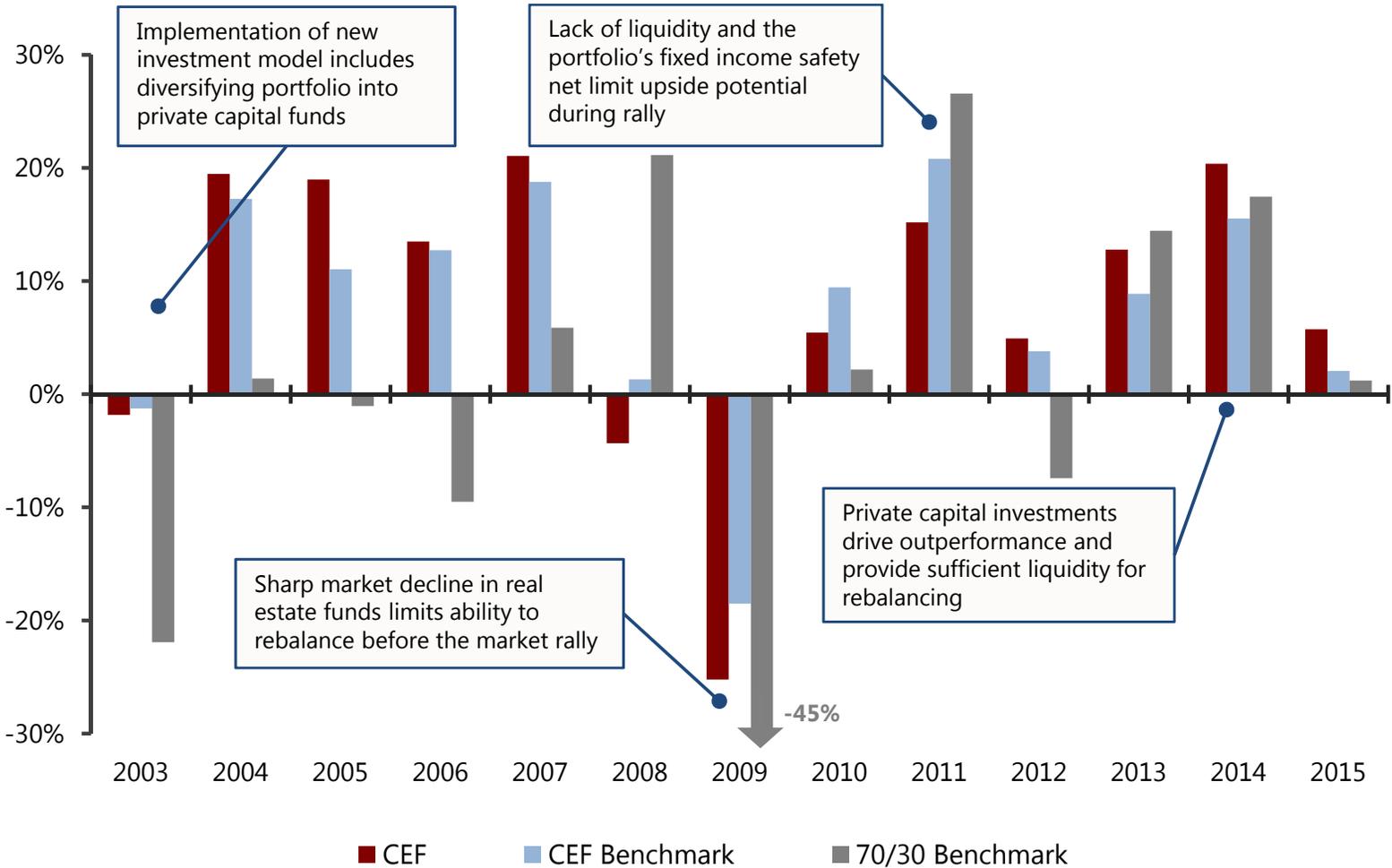
3. Stable Distributions

- Preserve a stable distribution profile to University constituents

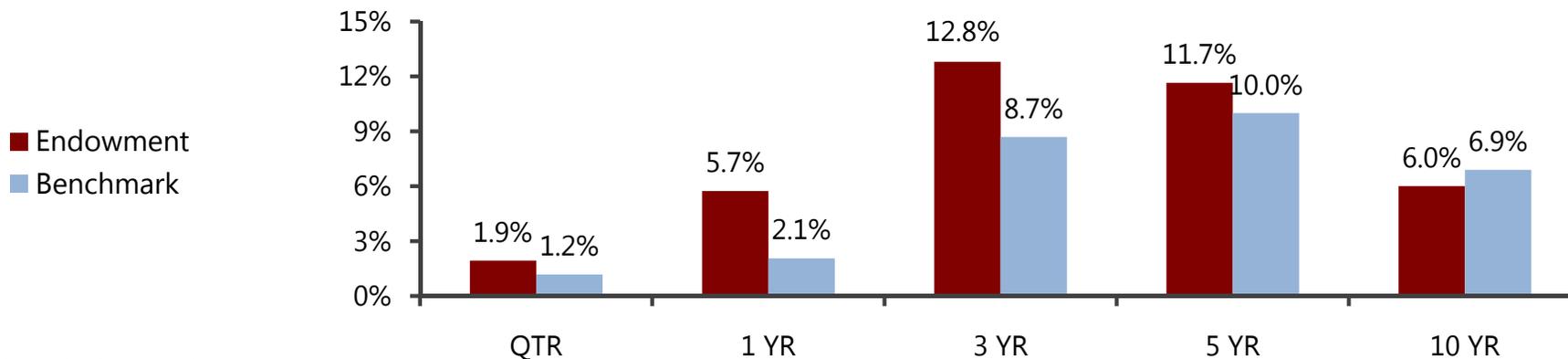
Maintain Inflation Adjusted Value



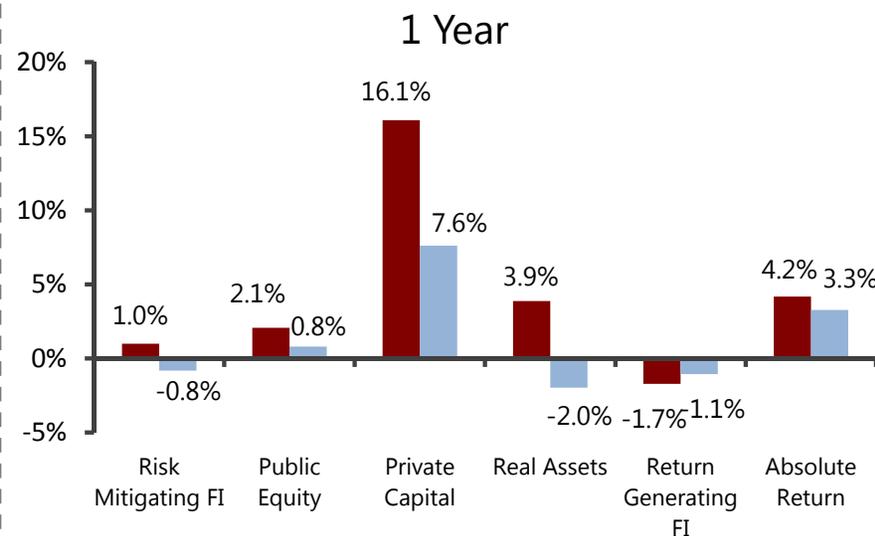
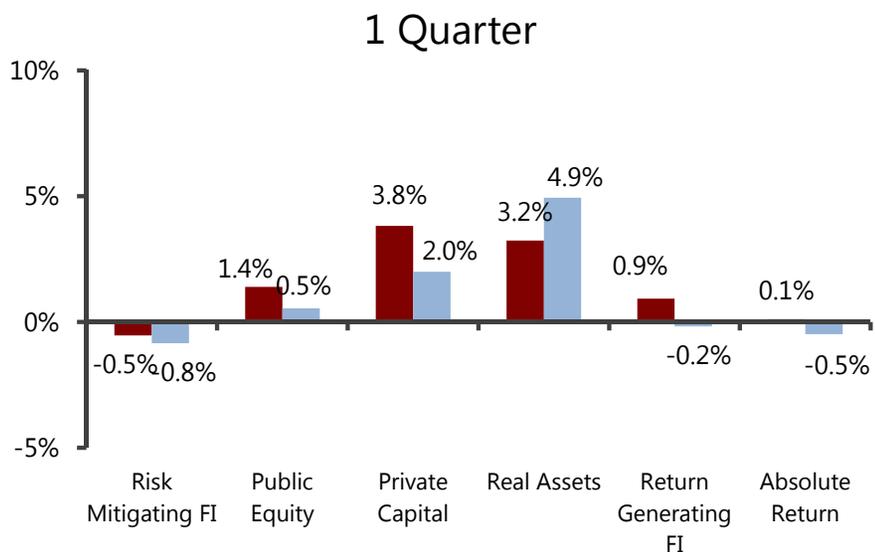
Annual Performance



Performance Detail

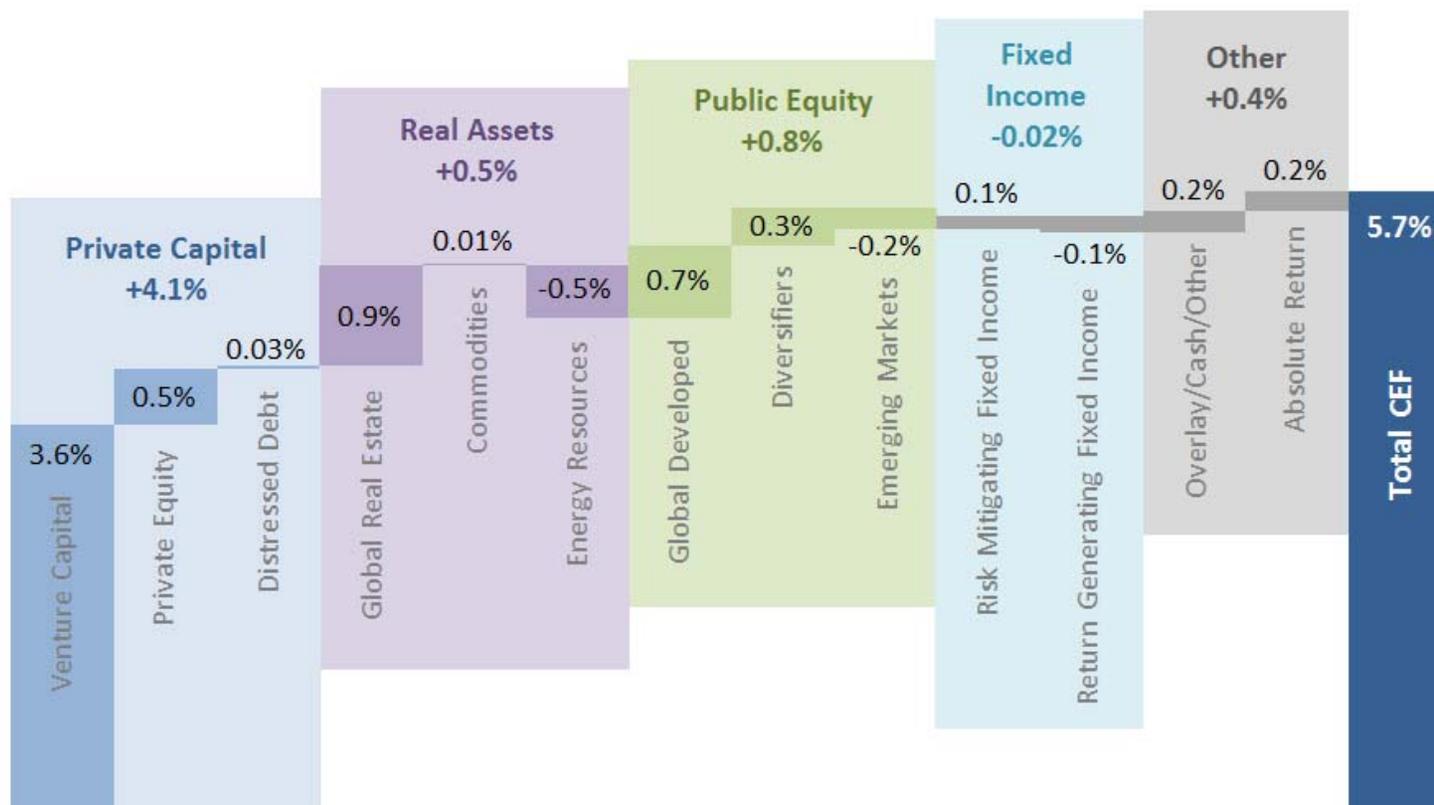


Benchmark: CEF Custom Benchmark



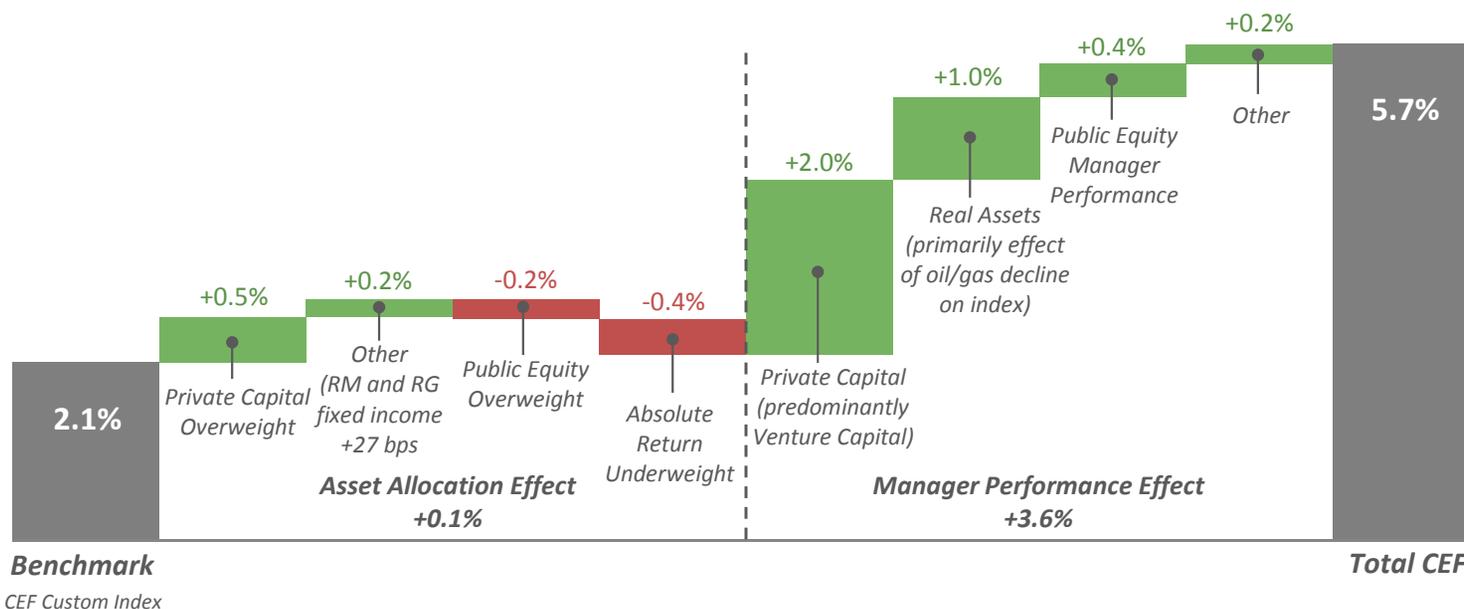
Performance Attribution

- Venture Capital returned 28% for the year which, given its 14% portfolio weight, helped drive a significant portion of the 1-year return, followed by global real estate and domestic equities
- The oil price decline caused a drag on energy manager returns, while the continued strength of the U.S. dollar relative to many foreign currencies negatively impacted international equity and fixed income returns



Contribution to Return

- Private capital was the greatest contributor to the 1-year relative return due to strong performance from Venture Capital; the positive relative return from the real assets portfolio was driven by the effect of the oil price decline on the index (-45%) vs. actual energy manager returns (-25%)
- Detractors included an underweight to hedge funds and an overweight to public equities, which have been relatively flat over the last year

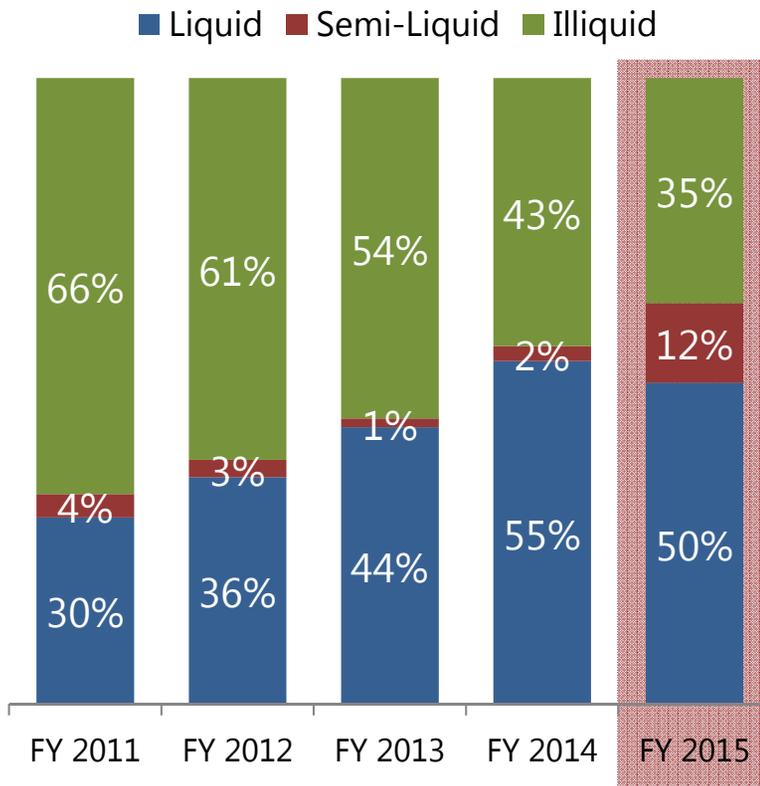


* Attribution analysis derived from data provided by State Street and internal analysis

Acceptable Risk Parameters

Endowment Liquidity Profile

Policy: Range of 30% to 40% invested in illiquid assets.



Manager Concentration

Policy: Fund limit of 10% / Manager limit of 20%

Manager	Total Market Value (\$M)	% of Total Fund
Blackrock ¹	247.3	19.1
TCW	90.9	7.0
Parametric Clifton	58.3	4.5
Acadian	55.1	4.3
Goldman Sachs	54.7	4.2
Qiming	41.1	3.2
Emergence	38.1	2.9
Reams	34.9	2.7
Pembroke	33.3	2.6
Lazard	25.2	1.9

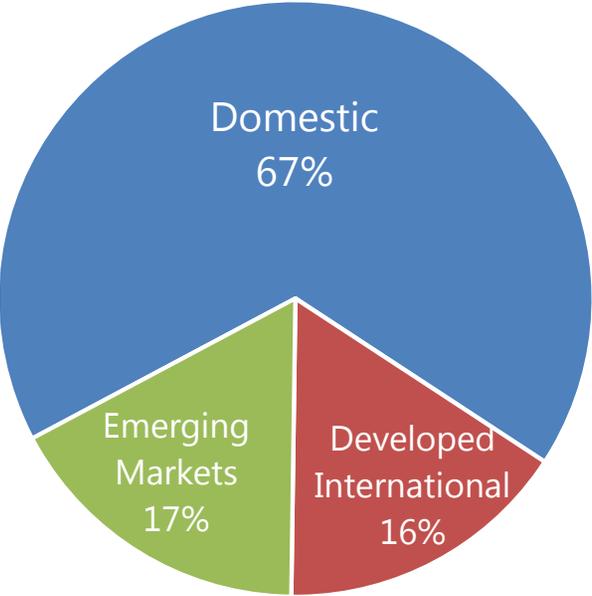
¹Blackrock investment consists of four funds, the largest of which is a Russell 1000 index fund at 8.0% of the endowment

Acceptable Risk Parameters

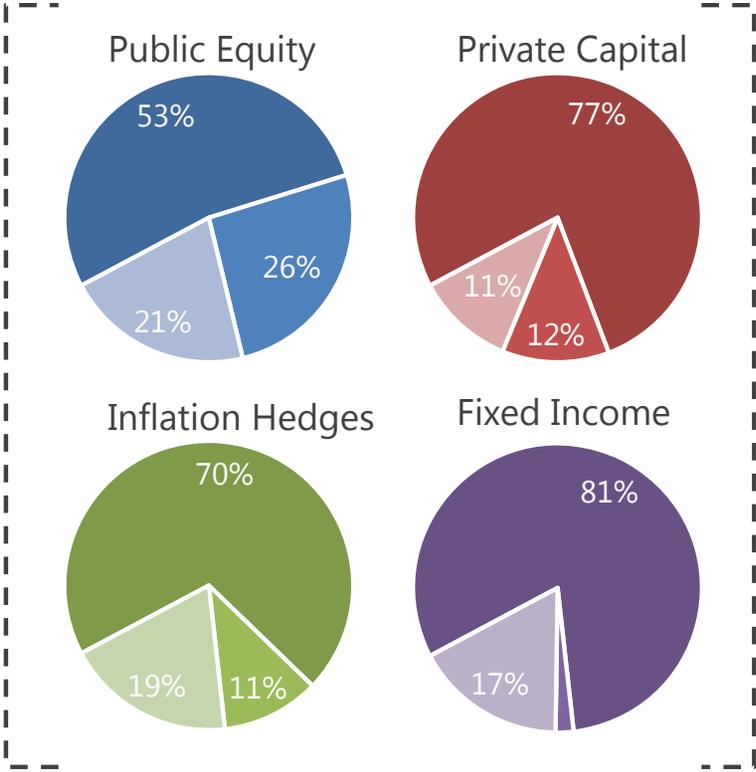
Geographic Diversification Profile

Policy: Diversified geographic exposure for each asset class

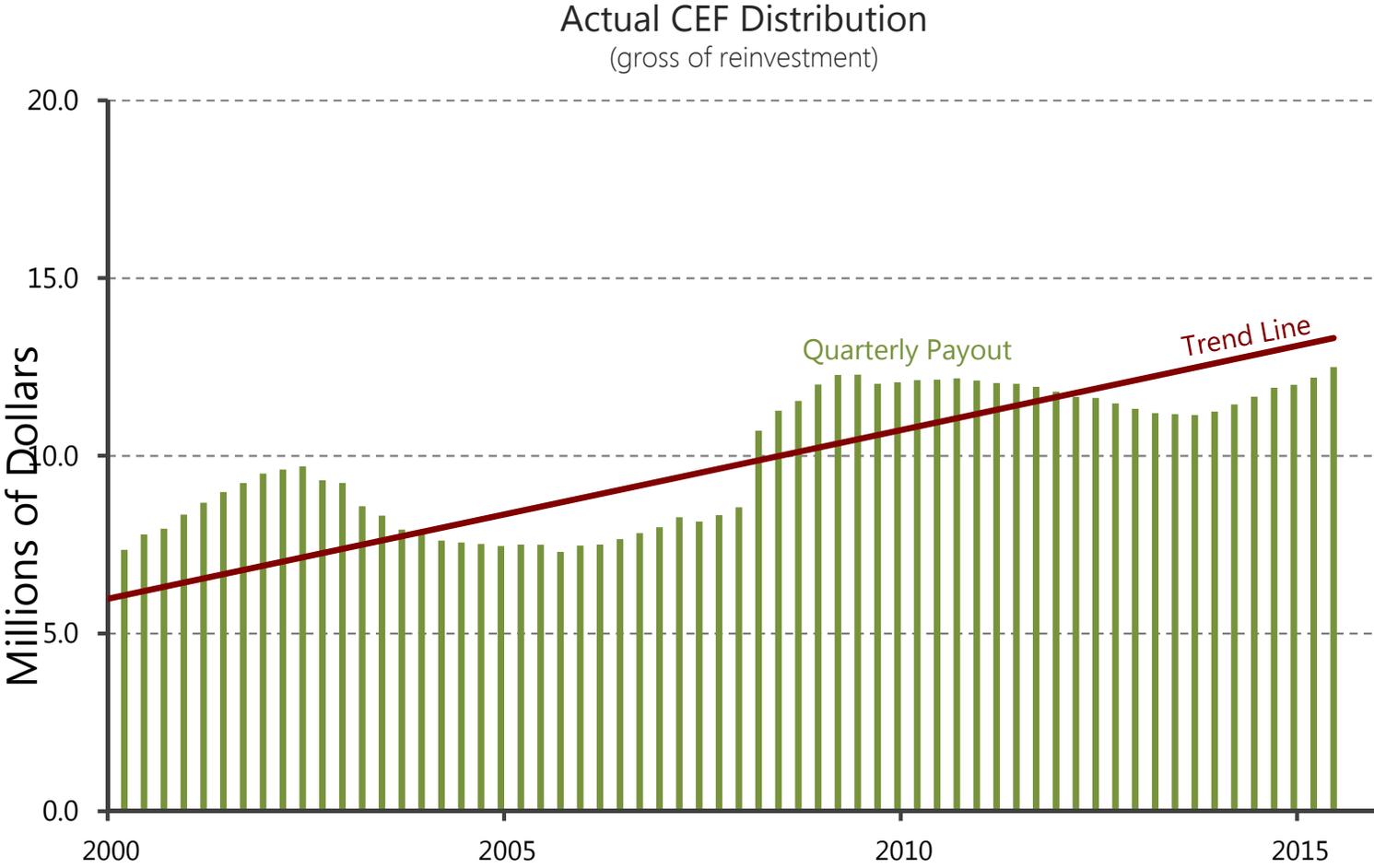
CEF Portfolio



Underlying Asset Classes



Stable Distributions



Endowment Portfolio Exposure

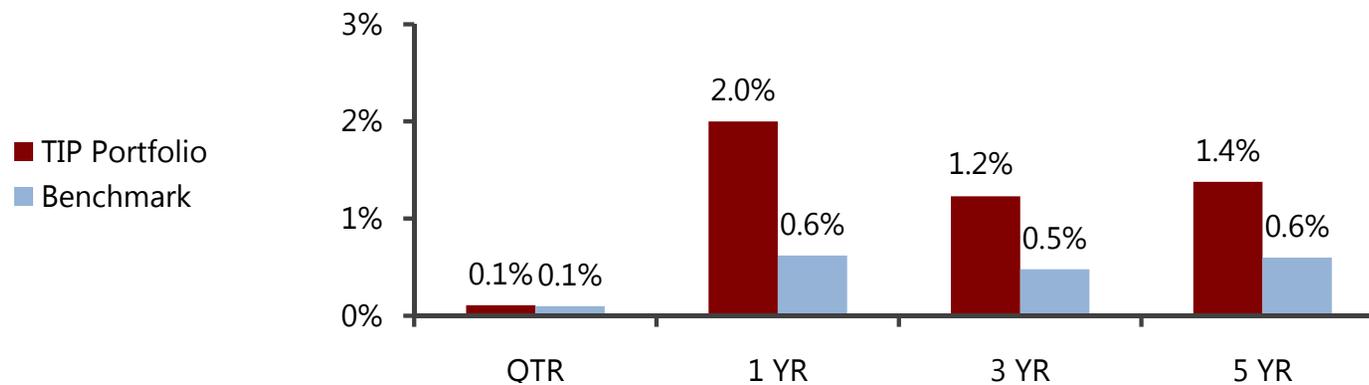
- Venture Capital returns have increased Private Capital exposure above target range. This allocation will be reduced significantly, as funds liquidate their holdings over the next year .
- The oil price decline caused a drag on energy manager returns, while the continued strength of the U.S. dollar relative to many foreign currencies negatively impacted international equity and fixed income returns

Exposure	6/30/2013 Portfolio	6/30/2014 Portfolio	6/30/2015 Portfolio	Long-Term Policy	Ranges
Risk Mitigating Fixed Income	9.2	9.5	10.1	12.0	9 - 15
Public Equity	26.7	30.8	32.9	30.0	25 - 35
Private Capital	31.1	27.7	26.1	20.0	15 - 25
Inflation Hedges	20.0	15.1	11.6	15.0	10 - 20
Return Generating Fixed Income	8.6	7.1	7.0	12.0	9 - 15
Absolute Return	0.8	0.8	8.9	11.0	8 - 14
Derivatives + Cash	3.6	9.0	3.4	-	-
Total	100.0	100.0	100.0	100.0	

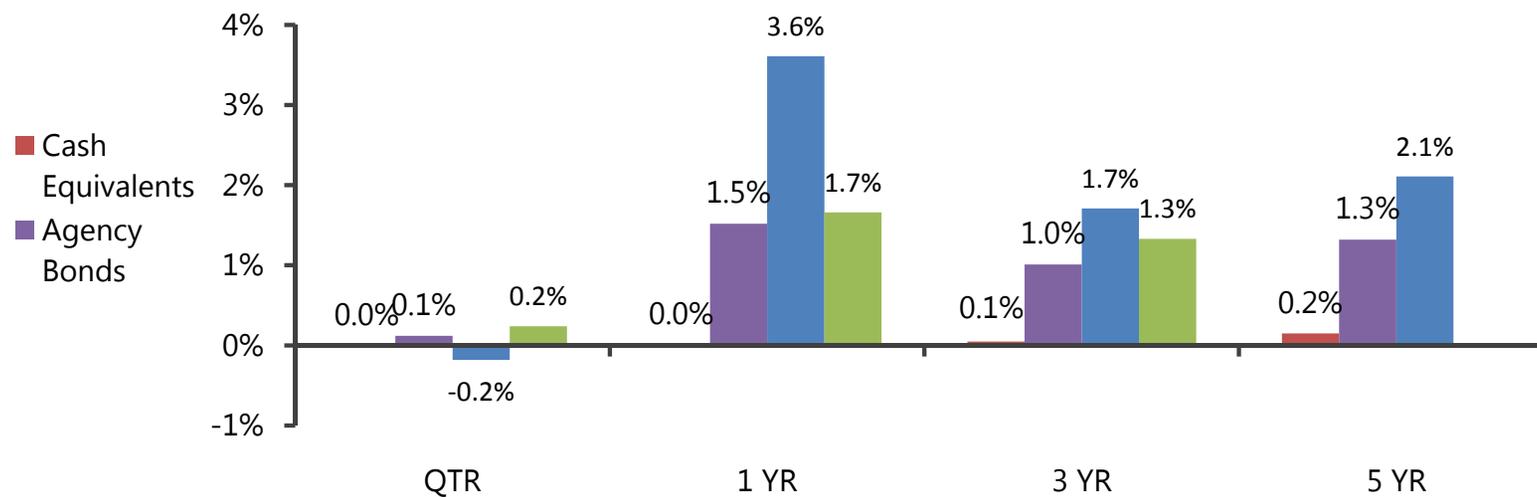
TIP Review

TIP Portfolio – Performance

Market Value: \$911.5M



Benchmark: 70% BofAML U.S. Treasuries 1-3 Yr / 30% 91 Day T-Bill

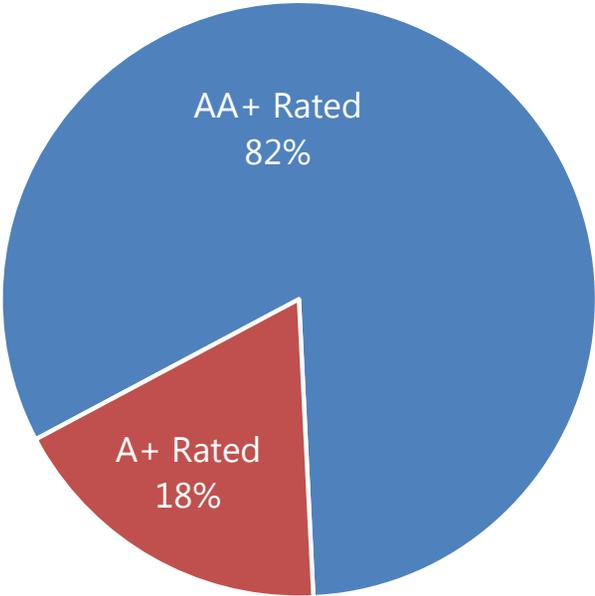


TIP Portfolio – Asset Allocation

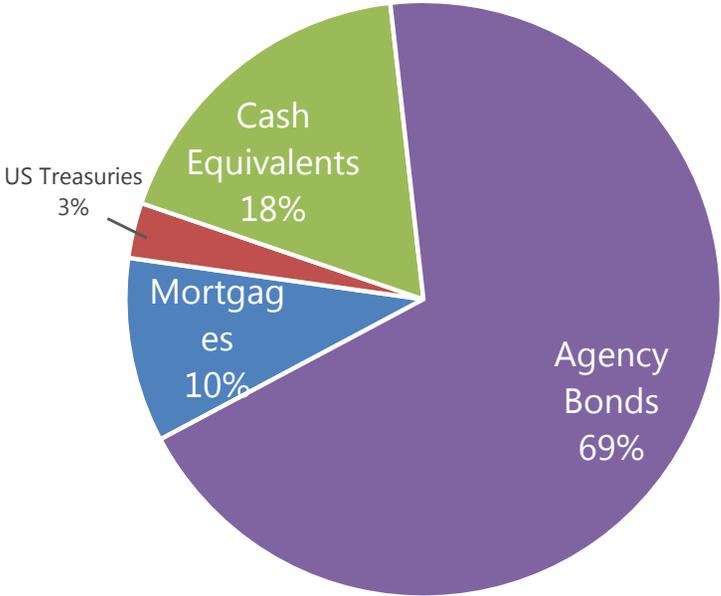
Market Value: \$911.5M

Statistic	Portfolio	Benchmark
Average Duration	1.67	1.40
Average Credit Rating	Govt/Agency	Govt/Agency
Current Yield	0.79%	0.44%

Credit Quality



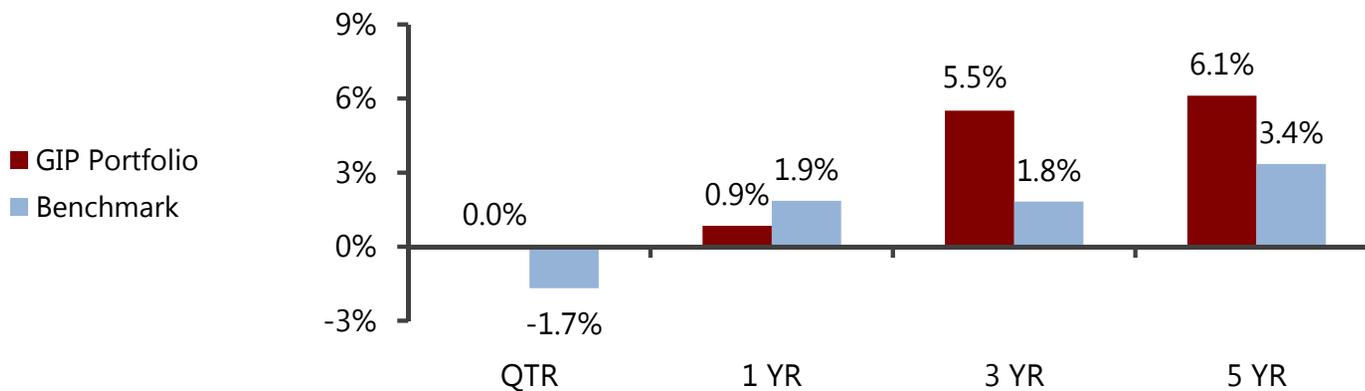
Sector Exposure



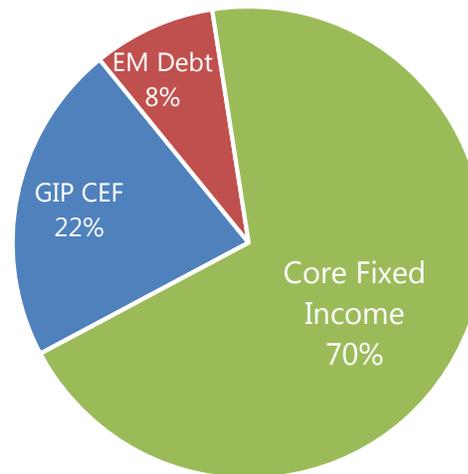
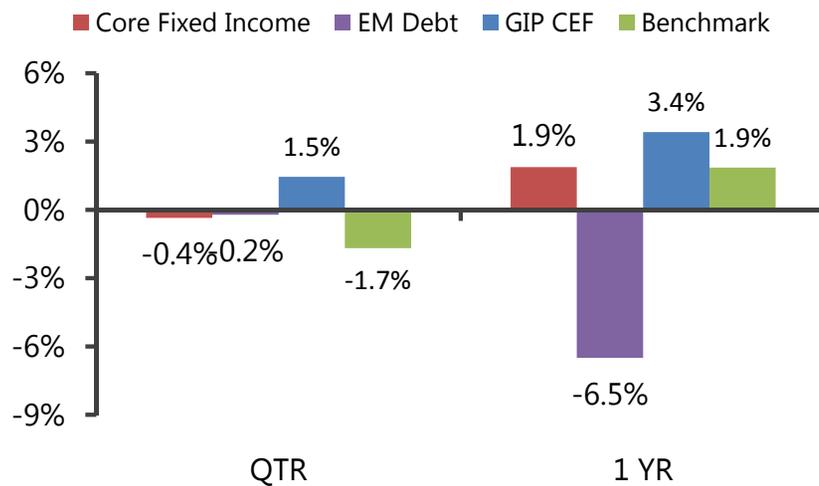
GIP Review

GIP Portfolio

Market Value: \$67.4M



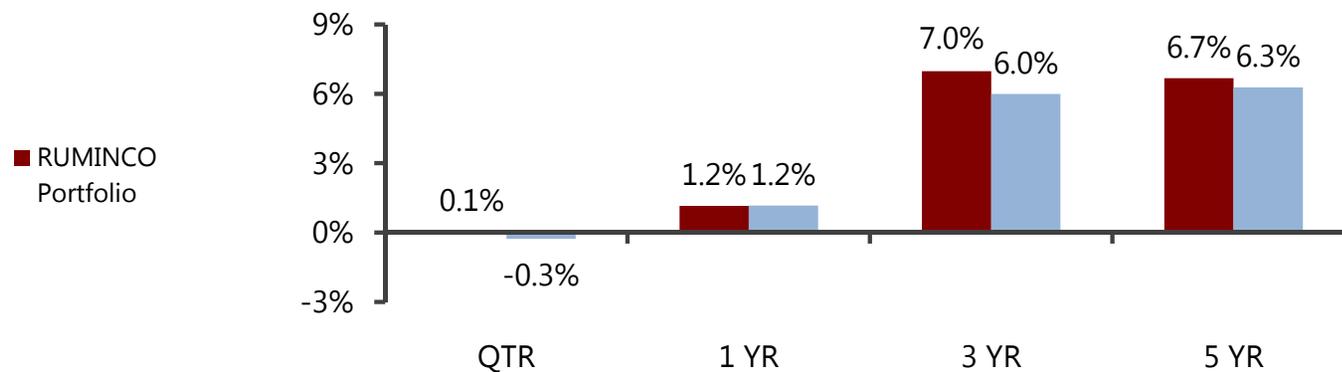
Benchmark: 60% MSCI ACWI, 30% Barclays Aggregate Bond, 10% BofAML US Treasuries 1-3 year



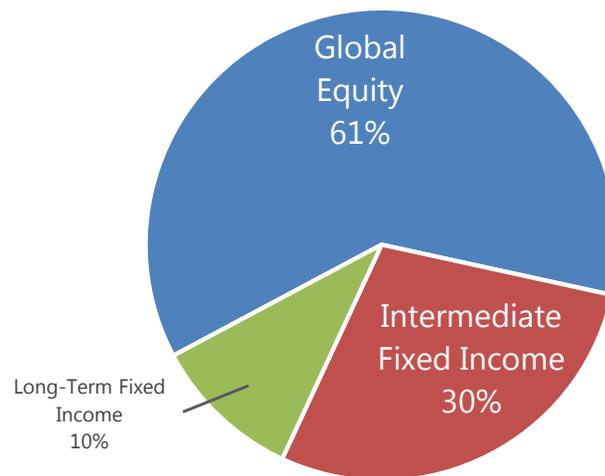
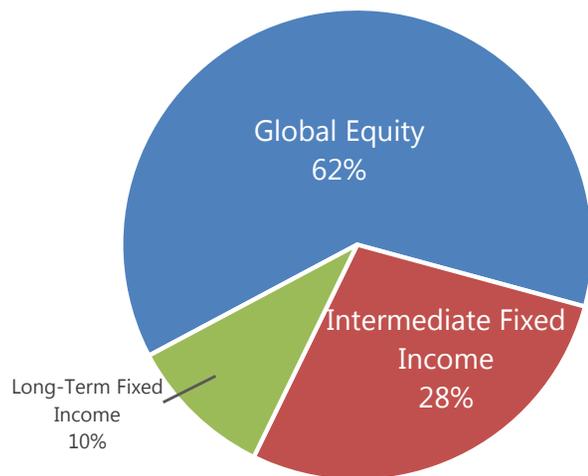
RUMINCO Review

RUMINCO Portfolio

Market Value: \$39.6M



Benchmark: 60% MSCI ACWI, 30% Barclays Aggregate Bond, 10% BofAML US Treasuries 1-3 year



FY 2015 Investment Manager Changes

New Managers:

- JP Morgan Absolute Return
- Monashees
- Hamilton Lane Distribution Management
- TI Platform
- Stone Arch Capital

Terminated Managers:

- none

Targeted Investment Managers

The University and the Office of Investments & Banking (OIB) recognizes the opportunity of working with targeted investment managers which are defined as emerging investment managers (less than \$250 million under management) and minority / women owned investment firms.

The OIB has an open door policy when interviewing investment managers and makes every effort to consider targeted managers consistent with the financial and fiduciary responsibilities of the University.

In the last year, OIB held initial meetings or preliminary due diligence sessions with 22 targeted managers, of which 5 were hired:

- Rally Ventures
- Trusted Insight
- Monashees Capital
- Stone Arch Capital
- Ignition Ventures

Social Responsibility

The Regents Policy, Endowment Fund, establishes an investment management guideline which states “The University shall consider social responsibility in its investment decisions.”

The Office of Investments & Banking (OIB) recognizes that investments which are socially responsible, including those that support a healthy environment, energy conservation, and prudent use of natural resources can also meet the financial and fiduciary requirements for the fund.

In the past year OIB evaluated 5 investment managers/funds meeting these criteria. In June 2015, the University invested \$50 million in the iShares MSCI ACWI Low Carbon Target ETF, which significantly reduces exposure to public companies with high carbon emissions and reserves.



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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance

September 10, 2015

AGENDA ITEM: Financial Components of the President’s Recommended 2015 Six-Year Capital Plan and 2016 State Capital Request

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: Richard Pfutzenreuter, Vice President & CFO

PURPOSE & KEY POINTS

The President’s recommended 2015 Six-Year Capital Plan (Capital Plan) includes major capital improvements planned for fiscal years 2016 through 2021. The Capital Plan includes projects to be funded with state capital support as well as projects funded by the University through a combination of University debt obligations, local unit resources, and fundraising. The Capital Plan totals \$1,270,350,000.

Year 1 of the Capital Plan (2016) outlines the projects that the University will be submitting to the State of Minnesota for consideration during the 2016 legislative session. The 2016 state capital request totals \$303.3 million in project costs, with the State of Minnesota contributing \$235.6 million and the University responsible for \$67.8 million.

The Facilities, Planning and Operations Committee will review the Capital Plan principles and priorities. The complete Capital Plan documents are also included in the Board of Regents docket.

BACKGROUND INFORMATION

Board policy requires a Six-Year Capital Plan that sets priorities and direction for ongoing academic and capital planning efforts. Board of Regents Policy: *Board Operations and Agenda Guidelines* directs the administration to conduct capital planning with a “six-year time horizon, updated annually.” This annual capital planning process is completed in two parts, defined below.

- Part I is the six-year capital plan, which is updated annually and identifies capital projects approved to proceed with preliminary project planning but not authorized to proceed with design and construction.
- Part II is the annual capital improvement budget, which authorizes the completion of design and construction projects with approved financing and schematic design, consistent with Board policies.

PRESIDENT'S RECOMMENDATION

The President recommends that the Board approve the University of Minnesota Six-Year Capital Plan and the 2016 State Capital Request.

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan
Project Funding Report

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Funding Report

Definitions

Proposal: Projects in this stage represent preliminary conceptual ideas regarding program need and related capital requirements. Local units normally identify these ideas as part of the compact process. Projects do not have permission to begin predesign or fundraising without administrative approval from the Capital Oversight Group.

Planning and Feasibility: Projects in this stage have been determined to be an institutional priority and have been approved to begin predesign activities. Financial feasibility, including the completion of a fundraising feasibility study with the University of Minnesota Foundation, is assessed at this stage.

Resource Aquisition: Projects in this stage have an approved pre-design document and have been approved to actively seek funds.

Project Costs

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates. Projections are based on square foot costs recently experienced with comparable building and space types at the University, applied to the estimated square footage of each project. Programming and predesign studies are prepared for projects at the appropriate time to determine more accurate cost figures.

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Funding Report

2016

Stage: **Resource Acquisition**

State Funded Projects

File	Project Title	Campus	Total	State Funds	University Funds
398	HEAPR	Systemwide	\$100,000	\$100,000	\$0
410	Chemistry and Advance Materials Science	UMD	\$39,750	\$26,500	\$13,250
408	AHC Phase I: Health Science Education Facility	UMTC	\$100,000	\$66,667	\$33,333
447	Plant Growth Research Facility	UMTC	\$6,600	\$4,400	\$2,200
466	Academic and Student Experience Investments	Systemwide	\$24,000	\$16,000	\$8,000
411	Pillsbury Hall Renovation	UMTC	\$33,000	\$22,000	\$11,000
			\$303,350	\$235,567	\$67,783
FY Total:			\$303,350	\$235,567	\$67,783
Running Total:			\$303,350	\$235,567	\$67,783

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Funding Report

2017

Stage: Planning & Feasibility

State Funded Projects

File	Project Title	Campus	Total	State Funds	University Funds
401	HEAPR	Systemwide	\$50,000	\$50,000	\$0
415	Contemporary Learning and Collections	UMTC	\$40,000	\$26,700	\$13,300
449	TBD	Systemwide	\$36,000	\$24,000	\$12,000
			\$126,000	\$100,700	\$25,300
		FY Total:	\$126,000	\$100,700	\$25,300
		Running Total:	\$429,350	\$336,267	\$93,083

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Funding Report

2018

Stage: Planning & Feasibility

State Funded Projects

File	Project Title	Campus	Total	State Funds	University Funds
399	HEAPR	Systemwide	\$100,000	\$100,000	\$0
403	St. Paul Interdisciplinary Laboratory	UMTC	\$46,000	\$30,667	\$15,333
441	AHC Phase II: Clinical Science Facility	UMTC	\$100,000	\$66,667	\$33,333
455	Child Development Replacement	UMTC	\$21,000	\$14,000	\$7,000
452	Research and Outreach Center Investments	ROCs & Stations	\$6,000	\$4,000	\$2,000
451	Undergraduate Teaching Laboratory Facility	UMTC	\$42,000	\$28,000	\$14,000
			\$315,000	\$243,334	\$71,666
		FY Total:	\$315,000	\$243,334	\$71,666
		Running Total:	\$744,350	\$579,601	\$164,749

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Funding Report

2019

Stage: Proposal

State Funded Projects

File	Project Title	Campus	Total	State Funds	University Funds
402	HEAPR	Systemwide	\$50,000	\$50,000	\$0
448	10 Church Street SE Repurposing	UMTC	\$39,000	\$26,000	\$13,000
468	Critical Facilities Renewal	UMTC	\$45,000	\$30,000	\$15,000
			\$134,000	\$106,000	\$28,000
		FY Total:	\$134,000	\$106,000	\$28,000
		Running Total:	\$878,350	\$685,601	\$192,749

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Funding Report

2020

Stage: Proposal

State Funded Projects

File	Project Title	Campus	Total	State Funds	University Funds
446	HEAPR	Systemwide	\$100,000	\$100,000	\$0
414	Academic Priority	UMR	\$45,000	\$30,000	\$15,000
454	AHC Phase III: Mayo	UMTC	\$90,000	\$60,000	\$30,000
456	Chemistry Research Laboratory Investment	UMTC	\$30,000	\$20,000	\$10,000
457	St. Paul Critical Building Renovation	UMTC	\$50,000	\$33,300	\$16,700
			\$315,000	\$243,300	\$71,700
		FY Total:	\$315,000	\$243,300	\$71,700
		Running Total:	\$1,193,350	\$928,901	\$264,449

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Funding Report

2021

Stage: Proposal

State Funded Projects

File	Project Title	Campus	Total	State Funds	University Funds
467	HEAPR	Systemwide	\$50,000	\$50,000	\$0
470	TBD	Systemwide	\$45,000	\$30,000	\$15,000
			\$95,000	\$80,000	\$15,000
		FY Total:	\$95,000	\$80,000	\$15,000
		Running Total:	\$1,288,350	\$1,008,901	\$279,449

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Funding Report

Under Consideration / Evaluation

Stage: Proposal

University Funded Projects

File	Project Title	Campus	Total	State Funds	University Funds
461	Admissions Welcome Center	UMTC	\$0	\$0	\$0
459	Pioneer Hall Renovation or Replacement	UMTC	\$0	\$0	\$0
418	Superblock Dining Replacement	UMTC	\$0	\$0	\$0
425	Washington Ave Bridge and Plaza	UMTC	\$0	\$0	\$0
			\$0	\$0	\$0
		FY Total:	\$0	\$0	\$0
		Running Total:	\$1,288,350	\$1,008,901	\$279,449

Overview

The *2015 Six-Year Capital Plan* for the University of Minnesota establishes the University's capital requests to be submitted to the State for consideration; sets priorities and direction for continued capital project and academic planning efforts; identifies the impact of additional University debt; assigns responsibility for capital fundraising; and forecasts additional building operational costs. The plan is updated on an annual basis, and approved by the Board of Regents.

The President's recommended *2015 Six-Year Capital Plan* includes:

- 2016 state capital request
- Future state capital requests for 2017 through 2021
- Major projects scheduled to be financed with University resources during the period FY2016 through FY2021

Capital Process Leadership

The development of the University's overall capital improvements plan is guided by the Capital Strategy Group (CSG) convened by the Vice President University Services. The CSG includes:

- Senior Vice President for Academic Affairs and Provost
- Vice President, Health Sciences and Medical School Dean
- Vice President, Research
- Vice President, University Services
- Vice President and Chief Financial Officer
- Special Assistant to the President, Government and Community Relations (ex officio)

This group recommends a capital plan to the President, and the President recommends a plan for review and approval by the Board of Regents. Other system and campus executives are included and consulted as the need arises.

The role of this group is to provide overall leadership and strategy development for institutional capital issues, including:

- Establishing strategic capital goals for the institution
- Integrating academic planning with physical and financial planning
- Prioritizing competing requests for capital funding
- Reviewing the financial parameters of the overall capital plan
- Developing a six-year capital plan recommendation to the President
- Establishing capital and space allocation policies (under development)

The routine management of capital process and project issues is addressed by the Capital Oversight Group (COG) which includes the Senior Vice President for Academic Affairs and Provost, Vice President for University Services, and the Vice President and Chief Financial Officer. This group is charged with coordinating routine activities associated with the University's capital planning, capital budget approvals, financing, communications, and construction activities.

Planning Process

Long-range strategic facility planning at the University of Minnesota begins with the academic planning process. Each year Vice Presidents, Chancellors, and Deans are asked to identify their most important program priorities and the facility improvements necessary to support those programs as part of the budget process. Through the academic planning process, academic leadership establishes the priorities for each college and campus. Facilities Management simultaneously evaluates the current condition of the buildings and infrastructure that support all academic programs. The capital planning process merges the academic priorities, available financial resources, facility needs, and facility conditions into specific project proposals.

Although many projects have both academic and organizational value, the projects that demonstrate both a programmatic urgency and implementation readiness are advanced for further analysis in the six-year timeframe. Other factors analyzed before projects are placed in the capital plan include:

- *Financial parameters* - The University reviews state economic forecasts, Minnesota Management and Budget debt capacity estimates and financial reports, past trends, and budget instruction documents to help shape the size of the overall capital plan relative to the State bonding bill. The University also projects its debt capacity annually and builds the capital plan in adherence to the debt guidelines expressed in Board of Regents policy. Lastly, the University evaluates its capacity to fundraise for specific projects.
- *Timing and sequencing of projects* – Many capital projects depend upon other capital project “dominoes.” For example, Pillsbury Hall, a future home for College of Liberal Arts programs, cannot be renovated until Earth Sciences are moved out of the building and into a renovated Tate Lab, which in turn had to wait until Physics and Nanotechnology was completed.
- *Impact on academic programs (both research and instructional)* – The University manages the level of disruption that can be absorbed while still maintaining the operation of its research and teaching. Because the University does not close, renovations require “swing space” for programs to continue to operate and the institution needs to maintain a level of functional classrooms.
- *Health, safety, and regulatory requirements* – The University needs to maintain the health and safety of all its students, faculty, and staff, regardless of the program. These issues require some projects to be included in the capital plan.
- *Geographic Distribution* – The University is a system with programs and facilities across the State of Minnesota. Plans reflect the need to balance investment across the institution.

The resulting plan, shown in tabular form on *Attachment 2*, advances the University’s highest capital priorities while retaining flexibility in support of emerging strategic initiatives. In the case of the Six-Year Capital Plan, it is important to note that many of the investments in later years are targeted to programs with academic strategic value. Specific programmatic details remain to be determined as the project is developed.

The capital improvement plan is built around four primary stages of project development, including a) Proposal/Project Definition; b) Planning and Feasibility; c) Resource Acquisition; and d) Implementation (Design and Construction). Projects included in the Six-Year Capital Plan are eligible to begin predesign, an exploratory process rooted in design and cost estimating that results in physical solutions to space and facility problems. Projects in the Six-Year Capital Plan that require State funding are submitted to the State for consideration during the bonding process. Projects are eligible to begin fundraising once the predesign process is substantially complete.

Fully funded projects with completed predesign documents are approved by the Board of Regents in the Annual Capital Improvement Budget. Approved projects are then implemented by Capital Planning and Project Management with other key partners such as Facilities Management.

Project Costs

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates only because programming and predesign studies for each project have not been completed. Projections are based on square foot costs recently experienced with comparable building and space types at the University, applied to the estimated square footage of each project. Project costs are represented in 2015 dollars; the 2016 projects have been escalated to midpoint of construction as required for submission to the State as part of the University's capital request. Beyond the 2016 year, cost escalation for inflation has not been included because of the uncertainty of construction inflation. When programming is completed and predesign studies are prepared for projects at the appropriate time, based on their position within the Six-Year Capital Plan, more accurate cost figures will be inserted into the plan when it is updated annually.

Areas of Focus for the 2015 Six-Year Capital Plan

The 2015 Six-Year Capital Plan is largely a continuation of previously expressed priorities updated to reflect the outcome of the 2015 capital request to the State.

The 2015 Six-Year Capital Plan was designed to further the following objectives:

- Advance strategic plan priorities
- Enhance the campus-based experience
- Align projects with available revenue sources
- Increase utilization and functionality of physical assets
- Complete capital investment sequences
- Reduce total campus square footage

The University completed a strategic plan for the Twin Cities campus since the adoption of the 2014 Six-Year Plan. The plan articulated a new, inspirational vision: “[to] be preeminent in solving the grand challenges of a diverse and changing world.” In pursuit of this vision, the University will:

- Leverage its breadth and depth to capitalize on its exceptional students, faculty, staff, and location to generate and disseminate new knowledge and insights

- Create an educated populace able to identify, understand, and solve demanding problems
- Leverage divergent paths of knowledge and creativity to address grand challenges
- Partner with communities and the people of the State of Minnesota to benefit the common good

To this end, the University is advancing four broad goals, each with related strategies and tactics:

- *Goal 1 - Build an exceptional University where grand societal challenges are addressed.*
- *Goal 2 - Support excellence and, with intention, reject complacency.*
- *Goal 3 - Establish a culture of reciprocal engagement, capitalizing on our unique location.*
- *Goal 4 - Aggressively recruit, retain, and promote field shaping researchers and teachers.*

These objectives are the foundation of a long term capital plan that balances programmatic needs against facility condition related needs, distributes opportunity geographically throughout the University system, and completes in-process capital investment sequences.

Four key initiatives designed to advance strategic plan goals are embedded in the updates to the Six-Year Capital Plan.

- Removal of buildings rated as *Critical* by the Facility Condition Assessment (FCA) - Currently, about one third of the buildings (7.7 million square feet) on the Twin Cities campus alone are rated critical or poor in the FCA. Still, students study and live in those buildings, staff work in those buildings, faculty office in those buildings, and patients receive care in those buildings. This is in conflict with our goal of being an “exceptional University”. This plan puts a strong emphasis on fixing or replacing some of our worst buildings. Higher Education Asset Preservation and Replacement (HEAPR) funding remains at the core of this strategy. Proposed investments involving Pillsbury, Child Development, Mayo Building, Biological Sciences Greenhouse, and several yet to be selected critical facilities are all designed to advance this strategic goal.

A key component of the University’s broader capital investment planning and HEAPR prioritization processes is the development of a building-by-building strategy. Under this initiative, Facilities Management is working to identify needs in each of the University’s 916 buildings, and to classify them as “keep up / catch up”, “sustain”, or “dispose” based on a combination of factors including facility condition, historic consideration, programmatic relevance, and adaptability. With this information, the University and its colleges and departments can plan investments and prioritize projects accordingly. The effort is nearly complete for supported buildings on the Twin Cities campus, and will be expanded to system campuses at a future date.

- Advancing the Health Sciences – This plan proposes three large investments in improving the educational and clinical research spaces for the Medical School and the other colleges of the Academic Health Center (AHC). Phase I and II involve renovation and improved utilization of existing space in the AHC plus some new construction for an integrated Health Sciences Education Facility and the construction of a new Clinical

Sciences Facility envisioned in the \$10 million of funding provided to the University by the State as an outcome of the 2015 session. A proposed Phase III would seek modern replacement space for programs currently housed in the Mayo Building, a complex of individual former hospital buildings constructed between 1920 and 1950 that are well past their useful life. The goal of this sequence of projects is to make significant progress towards the University's goal of decommissioning the Mayo Building while advancing the quality and capability of the University's health science programs.

- Modernizing St. Paul campus research laboratories – In the 2013 Six-Year Capital Plan the University identified a need to invest in St. Paul campus research laboratories and outlined a sequence of renovation, new construction, and decommissioning actions that focused on the needs of the College of Food, Agricultural, and Natural Resource Sciences (CFANS), the College of Veterinary Medicine (CVM) and the College of Biological Sciences (CBS). Leadership on the St. Paul Campus identified a need for facilities capable of supporting research to address the challenges of determining how safe, affordable, nutritious food can be provided for 9 billion people over the next 40 years while ensuring environmental sustainability, strengthening economic stability, and promoting public health.

The State provided funding to replace the Veterinary Isolation Facility in the 2015 session. The University is again requesting funds in 2016 to replace the obsolete and FCA critical Biological Sciences Greenhouse. Additional requests for FCA critical facility replacement and renovation projects are included in 2018 and 2020.

- Expanding capacity in STEM programs – Student demand for Science, Technology Engineering, and Math (STEM) programs as well as State performance measures related to STEM degrees has increased the need for additional laboratory facilities. Chemistry is a core component of most STEM programs and an inadequate supply of chemistry labs is restricting the University's ability to meet demand and move students through the necessary course sequences. The University received design funding for the UMD Chemistry and Advance Materials Science building in 2014 and has included the balance of the project on the 2016 Capital Request. The Plant Growth Research Facility and Academic and Student Experience Investment program in the 2016 Capital Request make investments in STEM related teaching and research laboratories on the UMC and UMTC campuses. The Six-Year Capital Plan also includes funding on the Twin Cities Campus for an Undergraduate Teaching Laboratory Facility (2018) and a Chemistry Research Facility (2020).

Project Descriptions

Project descriptions can be found in Attachment 3.

The Six-Year Capital Plan (Attachment 2) also contains a list of *Other Projects Under Consideration*. These facility needs were identified through the Six-Year Capital Planning process as important investments based on collegiate and administrative unit priorities. The potential projects identified on the list are not sufficiently developed in terms of their programmatic scope, funding or cost to be placed into a specific year of the plan, however they

are expected to further refine their planning over the near term and the Board of Regents should expect further discussion or proposal(s) advancing to them for consideration.

2015 Six Year Capital Plan
Project Description Report

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Description Report

Definitions

Proposal: Projects in this stage represent preliminary conceptual ideas regarding program need and related capital requirements. Local units normally identify these ideas as part of the compact process. Projects do not have permission to begin predesign or fundraising without administrative approval from the Capital Oversight Group.

Planning and Feasibility: Projects in this stage have been determined to be an institutional priority and have been approved to begin predesign activities. Financial feasibility, including the completion of a fundraising feasibility study with the University of Minnesota Foundation, is assessed at this stage.

Resource Acquisition: Projects in this stage have an approved pre-design document and have been approved to actively seek funds.

Project Costs

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates. Projections are based on square foot costs recently experienced with comparable building and space types at the University, applied to the estimated square footage of each project. Programming and predesign studies are prepared for projects at the appropriate time to determine more accurate cost figures.

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Description Report

398 HEAPR

Vice President: Systemwide
Campus: Systemwide
Facility: Systemwide
Total Cost: \$100,000

RRC: Systemwide
RRC Contact: Wheelock, P.
Year: 2016
Stage: Resource Acquisition

Description: This request is for funds used system-wide to maximize and extend the life of the University's existing physical plant. Individual projects will fall into one of four broad categories – Health and Safety, Building Systems, Energy Efficiency, and Utility Infrastructure. The system-wide HEAPR advisory committee makes recommendations on individual projects to the Vice President for University Services using data from the Facility Condition Assessment and Building Code Deficiency Report. HEAPR funds do not require a one-third University funding match. Funding for the HEAPR program is included each year in the legislative request.

403 St. Paul Interdisciplinary Laboratory

Vice President: Academic Affairs
Campus: UMTC
Facility: New Facility
Total Cost: \$46,000

RRC: Academic Affairs
RRC Contact: Hanson, K.
Year: 2018
Stage: Planning & Feasibility

Description: This project will construct a new interdisciplinary research laboratory building for the College of Biological Sciences (CBS), College of Food, Agricultural, and Natural Resource Sciences (CFANS), and College of Veterinary Medicine (CVM). The new facility will accommodate principal investigators in fields such as plant pathology, animal infectious diseases, microbial systems, synthetic biology, and fungal evolution. This project was included in the University's 2014 capital request.

408 AHC Phase I: Health Science Education Facility

Vice President: Health Sciences
Campus: UMTC
Facility: Academic Health Center
Total Cost: \$100,000

RRC: Health Sciences
RRC Contact: Jackson, B.
Year: 2016
Stage: Resource Acquisition

Description: This project will renovate, modernize and expand the University's medical and health sciences learning facilities. Facility planning work funded during the 2015 session is underway and will guide the final facility solution to be presented during the 2016 session. Active learning environments and student-instructor interaction across disciplines, which are the future state of education in academic health, requires different space than what exists today. New education and learning facilities will include classrooms, simulation centers, small group rooms, an advanced technology-rich biomedical library and student services and community amenities.

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Description Report

410 Chemistry and Advance Materials Science

Vice President: Duluth Campus

Campus: UMD

Facility: New Facility

Total Cost: \$39,750

Description: This project will construct approximately 51,000 square feet of research laboratories, instructional laboratories, teaching space, offices, and meeting space for the Swenson College of Science and Engineering on the Duluth Campus. The building is conceived as three stories with a mechanical and electrical penthouse. The research laboratory space, consisting of flexible wet and dry labs with adequate utilities, environmental controls and modern safety accommodations, will serve the needs of evolving research and teaching pedagogy. This project was included in the 2014 capital request and received funding for predesign and design services.

RRC: Swenson College of Science and Engineering

RRC Contact: Black, L.

Year: 2016

Stage: Resource Acquisition

411 Pillsbury Hall Renovation

Vice President: Academic Affairs

Campus: UMTC

Facility: Pillsbury Hall

Total Cost: \$33,000

Description: This project will completely renovate Pillsbury Hall, replacing obsolete science facilities with modern, flexible non-laboratory teaching, learning, and research spaces for College of Liberal Arts' humanities programs including the Department of English (which teaches nearly 6,000 students per year). The renovated space is anticipated to be divided approximately equally between classroom- and assembly-type space to support multiple modes of learning and alternative workplace office space. At nearly 60,000 gross square feet, the renovation is expected to maintain an equivalent amount of space when complete. The rehabilitation of Pillsbury Hall is expected to be consistent with the Secretary of the Interior's Standards for Preservation.

RRC: College of Liberal Arts

RRC Contact: Hanson, K.

Year: 2016

Stage: Resource Acquisition

414 Academic Priority

Vice President: Rochester Campus

Campus: UMR

Facility: New Facility

Total Cost: \$45,000

Description: The project will create academic space for the growing UMR student community. Master plan projections indicate that the campus is expected to be outgrown its existing facilities by 2020 prompting the need for additional dedicated academic space. The proposed building will include space to support active, collaborative, and adaptive learning environments, space for student laboratories, space for faculty/student interaction, and space that is open and adaptable.

RRC: Academic Affairs

RRC Contact: Lehmkuhle, S.

Year: 2020

Stage: Proposal

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Description Report

415 Contemporary Learning and Collections

Vice President: Academic Affairs

Campus: UMTC

Facility: TC Campus

Total Cost: \$40,000

Description: This project will address the collections needs of multiple colleges and the University Libraries by providing space for storage, preservation, regeneration, and characterization of essential resources that support research across the University system. Project planning will include an analysis of options to reconfigure stack space into areas that will engage faculty and students and support contemporary learning and scholarship.

RRC: Academic Affairs

RRC Contact: Hanson, K.

Year: 2017

Stage: Planning & Feasibility

418 Superblock Dining Replacement

Vice President: University Services

Campus: UMTC

Facility: New Facility

Total Cost: \$0

Description: This project will construct a new consolidated dining facility for the four residence halls in the superblock. The two existing facilities are under-sized and not capable of providing the level of food service expected by today's students. A consolidated facility will result in additional operational efficiencies.

RRC: Housing & Residential Life

RRC Contact: Scheich, L.

Year: Under Consideration / Evaluation

Stage: Proposal

425 Washington Ave Bridge and Plaza

Vice President: University Services

Campus: UMTC

Facility: Washington Avenue Bridge

Total Cost: \$0

Description: This project will restore or replace the Washington Avenue Bridge pedestrian enclosure and address circulation, sightlines, aesthetics and functionality of the Washington Avenue Bridge plaza area as a gathering place and event space.

RRC: Facilities Management

RRC Contact: Berthelsen, M.

Year: Under Consideration / Evaluation

Stage: Proposal

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Description Report

441 AHC Phase II: Clinical Science Facility

Vice President: Health Sciences

Campus: UMTC

Facility: Academic Health Center

Total Cost: \$100,000

Description: The Clinical Science Facility is the second of a three phased investment strategy in Academic Health Center facilities as defined by the 2015 Six Year Capital Plan. The facility will be designed to support clinical research and education that promotes new innovative models of care which are patient-centered, team-based, and which facilitate collaboration across the health professions. Specific program requirements and facility needs will be determined during strategic and predesign planning for the Academic Health Center in 2016-2017.

RRC: Health Sciences

RRC Contact: Jackson, B.

Year: 2018

Stage: Planning & Feasibility

447 Plant Growth Research Facility

Vice President: Academic Affairs

Campus: UMTC

Facility: Plant Growth Facilities-West

Total Cost: \$6,600

Description: This project will provide a new 12,000 square foot greenhouse to the Plant Growth Facilities for the Biological Sciences Conservatory to replace and demolish the existing Biological Sciences Greenhouse on the St. Paul campus. The new greenhouse will be built similar to the neighboring structures, but will include aspects specific to the plant collection requirements. While the existing Plant Growth Facilities are set up for agricultural experimentation, the new greenhouse will be a specialized unit that serves the related educational missions necessary to ensure the State's agricultural future. Upon completion, plant specimens and program activities currently housed in the existing Biological Sciences Greenhouse will be moved to the new facility and the old greenhouse will be demolished.

RRC: Academic Affairs

RRC Contact: Hanson, K.

Year: 2016

Stage: Resource Acquisition

448 10 Church Street SE Repurposing

Vice President: Academic Affairs

Campus: UMTC

Facility: 10 Church Street SE

Total Cost: \$39,000

Description: 10 Church Street is an FCA critical facility in a high visible and prominent public location. Following the completion of the new Bell Museum on the St. Paul campus, this project will renovate the existing facility to support the academic mission of the University.

RRC: Academic Affairs

RRC Contact: Hanson, K.

Year: 2019

Stage: Proposal

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Description Report

449 TBD

Vice President: Systemwide

Campus: Systemwide

Facility: Systemwide

Total Cost: \$36,000

Description: This project will support strategic investments in programmatic needs in multiple facilities that are not suitable candidates for whole building renovations. Investments will be advanced that are focused on learning spaces and student support services. This project will be a continuation of the proposed Strategic Facility Investments for the 2016 bonding bill.

RRC: Systemwide

RRC Contact: Multiple

Year: 2017

Stage: Planning & Feasibility

451 Undergraduate Teaching Laboratory Facility

Vice President: Academic Affairs

Campus: UMTC

Facility: New Facility

Total Cost: \$42,000

Description: This project will provide state-of-the-art, energy efficient teaching laboratories, student collaboration spaces, and classrooms for teaching undergraduate chemistry laboratory courses. The new laboratories will replace and improve upon outdated facilities currently spread throughout multiple locations (including faculty research laboratories) in Smith and Kolthoff Halls. Adequate laboratory space is a limiting factor in the University's ability to meet the demand for STEM related programs.

RRC: Academic Affairs

RRC Contact: Hanson, K.

Year: 2018

Stage: Planning & Feasibility

452 Research and Outreach Center Investments

Vice President: Systemwide

Campus: ROCs & Stations

Facility: Systemwide

Total Cost: \$6,000

Description: This program will fund a variety of projects at the Research and Outreach Centers across the state.

RRC: Systemwide

RRC Contact: Buhr, B.

Year: 2018

Stage: Planning & Feasibility

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Description Report

454 AHC Phase III: Mayo

Vice President: Health Sciences

Campus: UMTC

Facility: Academic Health Center

Total Cost: \$90,000

Description: This project will complete the three phased series of investments in the Academic Health Center facilities south of Washington Avenue. The proposed Phase III would seek to construct new modern replacement space for programs currently housed in the Mayo Building, a complex of individual former hospital buildings constructed between 1920 and 1950 that are well past their useful life. The goal of this sequence of projects is to make significant progress towards the University's goal of decommissioning the Mayo Building while advancing the quality and capability of the University's health science programs. Mayo is an FCA critical facility.

RRC: Health Sciences

RRC Contact: Jackson, B.

Year: 2020

Stage: Proposal

455 Child Development Replacement

Vice President: Academic Affairs

Campus: UMTC

Facility: New Facility

Total Cost: \$21,000

Description: This project will replace the FCA critical and functionally obsolete Child Development building with new offices, seminar rooms, and research facilities for the Institute of Child Development, as well as state-of-the-art facilities for the Shirley G. Moore Laboratory School. The new building will provide a modern, adaptable environment to support innovative programmatic applications, translating current research and theory into best practices.

RRC: College of Education and Human Development

RRC Contact: Quam, J.

Year: 2018

Stage: Planning & Feasibility

456 Chemistry Research Laboratory Investment

Vice President: Academic Affairs

Campus: UMTC

Facility: TC Campus

Total Cost: \$30,000

Description: This project will renovate the antiquated teaching labs in Smith and Kolthoff Halls to state-of-the-art energy efficient research space needed for new faculty in the chemistry department. The project will improve lab bench, equipment and research support spaces and create opportunity for more specialized research experimentation. It will accommodate a greater number of faculty and graduate assistants needed to support the growing undergraduate enrollment in Chemistry.

RRC: College of Science and Engineering

RRC Contact: Crouch, S.

Year: 2020

Stage: Proposal

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Description Report

457 St. Paul Critical Building Renovation

Vice President: Academic Affairs

Campus: UMTC

Facility: TC Campus

Total Cost: \$50,000

Description: This project will renovate a facility in critical condition on the St. Paul campus.

RRC: College of Food, Agricultural and Natural Resource Sciences

RRC Contact: Buhr, B.

Year: 2020

Stage: Proposal

459 Pioneer Hall Renovation or Replacement

Vice President: University Services

Campus: UMTC

Facility: TC Campus

Total Cost: \$0

Description: This project will explore options meeting the facility renewal needs of Pioneer Hall.

RRC: Housing & Residential Life

RRC Contact: Scheich, L.

Year: Under Consideration / Evaluation

Stage: Proposal

461 Admissions Welcome Center

Vice President: Academic Affairs

Campus: UMTC

Facility: TC Campus

Total Cost: \$0

Description: This project will explore options for consolidating freshman, transfer and international student admissions into a single more publicly accessible location.

RRC: Academic Affairs

RRC Contact: Hanson, K.

Year: Under Consideration / Evaluation

Stage: Proposal

UNIVERSITY OF MINNESOTA

2015 Six Year Capital Plan - Project Description Report

466 Academic and Student Experience Investments

Vice President: Systemwide

Campus: Systemwide

Facility: Systemwide

Total Cost: \$24,000

Description: This request is for funds to make targeted strategic investments in modernizing existing teaching, research, outreach and student support spaces on the University's Duluth, Morris, Crookston and Twin Cities campuses. Similar to appropriations for laboratory renovations in 2008 and 2010, this request is intended to update individual spaces that will not otherwise be improved through whole building renovations. Funds will be allocated to each campus to advance high priority projects focused on learning spaces, student support services and research laboratories.

RRC: Systemwide

RRC Contact: Multiple

Year: 2016

Stage: Resource Acquisition

468 Critical Facilities Renewal

Vice President: Systemwide

Campus: UMTC

Facility: Systemwide

Total Cost: \$45,000

Description: This project will be defined in a future plan when the status of previous legislative funding requests are known. The project will be selected to address a critical FCA condition facility. Currently, about one third of the buildings (7.7 million square feet) on the Twin Cities campus alone are rated critical or poor in the FCA. Still, students study and live in those buildings, staff works in those buildings, faculty office in those buildings, and patients receive care in those buildings. This is unacceptable situation for an "exceptional University".

RRC: Systemwide

RRC Contact:

Year: 2019

Stage: Proposal

470 TBD

Vice President: Systemwide

Campus: Systemwide

Facility: System Campuses

Total Cost: \$45,000

Description: This project will be defined in a future plan when the status of previous legislative funding requests are known.

RRC: Systemwide

RRC Contact: Multiple

Year: 2021

Stage: Proposal

Project Summaries

UNIVERSITY OF MINNESOTA

Legislative Capital Request

Higher Education Asset Preservation and Replacement

At a Glance

Campus:	Systemwide	2016 Total Funds:	\$100,000
Priority:	1	State Request Funds:	\$100,000
Total Project Cost:	\$100,000	University Funds:	\$0

Project Summary: This request is for funds to renew existing campus facilities and infrastructure in accordance with Minnesota Statutes, section 135A.046.

Project Description

The purpose and use of Higher Education Asset Preservation and Replacement (HEAPR) funds is defined in statute 135A.046 Asset Preservation and Replacement. Funds are intended to preserve and renew existing campus facilities by funding five kinds of projects: Accessibility, Building Systems (e.g. exterior envelope, mechanical, and electrical systems), Energy Efficiency, Health and Safety (e.g. hazardous material abatement, building code compliance), and Infrastructure. HEAPR funds are used throughout the University of Minnesota system. Funds are allocated to campuses and research stations based on facility need and overall quantity of space. The University regularly reports on the status of its HEAPR funding to Minnesota Management and Budget and the Legislature.

Project Rationale

HEAPR funds are essential in supporting the teaching, research, and service mission of the University. The University's mission will be compromised without continued, sustained reinvestment in buildings and infrastructure. The University's capital budget principles emphasize investment in existing facilities and infrastructure to extend useful life and to ensure the health, safety, and well-being of building occupants. Individual projects to be funded with HEAPR have been identified and prioritized through the University's Facility Condition Assessment (FCA) process. The FCA is a comprehensive systemwide evaluation of the condition of the University of Minnesota's campus facilities and infrastructure portfolio. FCA data is used to triage existing buildings into those that need long-term investments, those that need short-term investments, and those where no investment is required, in alignment with academic priorities.

HEAPR funds are used throughout the University of Minnesota system and are allocated to campuses and research stations based on facility need and overall space. They are essential in supporting the teaching, research, and service mission of the University. Funds keep people safe and make the campuses accessible for all Minnesotans. The value of the State's past investments is maximized by extending the functionality and useful life of existing buildings. HEAPR dollars are flexible, allowing the University to respond quickly to emergencies and to respond to unique opportunities. Regulatory compliance items, e.g. elevators, storm water and building codes, and other projects that are generally smaller than traditional capital request projects are funded with HEAPR allocations. These projects move faster, put people to work quicker, and provide different firms an opportunity to participate in design and construction at the University. HEAPR projects are green, since renewing an existing facility is more sustainable than new "green" construction.

Previous Appropriations for this Project

The University includes HEAPR in each capital request. The University received \$50 million in 2012, no appropriation in 2013, \$42.5 million in 2014 and no appropriation in 2015.

Current Project Status

Varies by project

UNIVERSITY OF MINNESOTA

Legislative Capital Request

Chemistry and Advanced Materials Science Building

At a Glance

Campus:	U of M - Duluth Campus	2016 Total Funds:	\$39,750
Priority:	2	State Request Funds:	\$26,500
Total Project Cost:	\$42,000	University Funds:	\$13,250

Project Summary: This request is for funds to construct, furnish and equip a new science and engineering laboratory building on the Duluth campus.

Project Description

This project will construct approximately 51,000 square feet of research laboratories, instructional laboratories, teaching space, offices, and meeting space for the Swenson College of Science and Engineering on the Duluth Campus. The building is conceived as three stories with a mechanical and electrical penthouse. The research laboratory space, consisting of flexible wet and dry labs with adequate utilities, environmental controls and modern safety accommodations, will serve the needs of evolving research and teaching pedagogy.

Project Rationale

The Duluth campus is committed to supporting programs that work to expand the State's Science, Technology, Engineering, and Math (STEM) workforce, in addition to creating an inclusive campus climate through curricula and programs that prepare all students to be successful contributing members of diverse and global communities. Scholarship and research, both basic and applied, are foundations for new discoveries and knowledge, and for economic growth.

The proposed new chemistry and materials science facility will provide much needed new facilities for the Department of Chemistry and Biochemistry and advance an emergent Material Science and Engineering program. The campus has a need for additional upper division or advanced instructional labs in which students receive training on modern instrumental, experimental, and computational techniques. To accomplish this, laboratories need to have both student work spaces and instructional support areas. As new faculty are hired due to retirements in the next 5-10 years, larger and more instrument-rich research programs will be established requiring more research space.

Attracting high quality students in the STEM fields, as well as excellent faculty, who seek a collaborative environment to conduct leading-edge research and teach in interdisciplinary areas, will lead to increased external funding, economic growth and competitiveness, and greater technology- and knowledge- transfer to the state and region. The new research and education programs in material science and engineering will certainly broaden the impact that UMD and the Swenson College of Science and Engineering have on regional and local industries. To achieve these outcomes the campus needs modern laboratory space and rooms with specialized uses (instrument rooms, cold rooms, autoclave room, etc).

The existing Chemistry building was the first building constructed at UMD in 1948, and was not designed to be dedicated to Chemistry. Utility infrastructure is outdated, frequently in need of repair, and cannot support 21st century science. This building has numerous deficiencies including a lack of adequate eyewashes and showers, lack of chemical storage space, rusty and poorly ventilated under the hood storage, very old and poorly designed labs, lack of adequate wall space for chemical storage cabinets and gas cylinders, lack of adequate supply of wall or bench mounted electrical outlets, and water leaks. In addition, assessments have noted corroded gas lines and gas valves, poor air handling systems, and an elevator which is often out of service. Many of these have the potential to compromise the health and safety of building occupants.

Previous Appropriations for this Project

The University received an appropriation of \$1.5 million in 2014 to predesign and design a new facility to meet the research and undergraduate instruction needs of the Swenson

UNIVERSITY OF MINNESOTA

Legislative Capital Request

Chemistry and Advanced Materials Science Building

College of Science and Engineering on the Duluth campus. 2014 total funding was \$2.25 million.

Current Project Status

Schematic Design In Progress

UNIVERSITY OF MINNESOTA

Legislative Capital Request

AHC Phase I: Health Sciences Education Facility

At a Glance

Campus:	U of M - Twin Cities Campus	2016 Total Funds:	\$100,000
Priority:	3	State Request Funds:	\$66,667
Total Project Cost:	\$100,000	University Funds:	\$33,333

Project Summary: This request is for funds to complete design, renovate, construct, furnish and equip education facilities to meet the needs of the Medical School and Academic Health Center on the Twin Cities campus.

Project Description

This project will renovate, modernize and expand the University's medical and health sciences learning facilities. Facility planning work funded during the 2015 session is underway and will guide the final facility solution to be presented during the 2016 session. Active learning environments and student-instructor interaction across disciplines, which are the future state of education in academic health, requires different space than what exists today. New education and learning facilities will include classrooms, simulation centers, small group rooms, an advanced technology-rich biomedical library and student services and community amenities .

The legislative and executive commitment in the 2015 session to address aging and obsolete facilities with a major new investment in health education facilities will increase utilization, flexibility and focus on the interdisciplinary approaches will help a renewed vibrant academic clinical environment, innovation and ground-breaking programs.

Project Rationale

The University is home to Minnesota's only public medical school in addition to health science schools for dentistry, public health, pharmacy, nursing and veterinary medicine. The University's Academic Health Center (AHC) offers 62 accredited professional degrees, educates 6,400 students, and plays a key role in educating Minnesota's health care workforce, with two-thirds of the state's health professionals educated in the AHC. The health of Minnesota families and the economic vitality of the state depend on access to well-trained health providers, innovative health discoveries, quality health care and accessible public health programs.

Today, as Minnesotans live longer and demand for care of an aging population increases and disparities persist in access and in the state's healthcare workforce, health care requires an interdisciplinary approach to care delivery along a full continuum of primary to specialized care. This change in health care delivery calls for a full integration of health education/training, research, and clinical care. In order to meet future workforce needs, inter-professional and team-based practices should be more integrated into the undergraduate, graduate and post graduate curricula.

Today's Medical School accreditation at the national level demands the school addresses the new model of care. The educational shift is reflected in a new curriculum, including an early introduction to the care of patients in the first and second year, as well as exposure to the health care "systems" of a clinic. Meeting these education and training obligations is increasingly difficult in aging and obsolete facilities built for a different era of health education. In order to assure that students and residents are prepared to meet Minnesota's future physician workforce needs investments must be made to strengthen and expand the Medical Center's educational programs and curriculum through the use of interprofessional team-based learning and care environments. Better and more integrated health professional education will lead to improved healthcare for all Minnesotans.

The poor condition of the University's educational facilities are undercutting the competitiveness of University programs. Almost all of the educational and training facilities for the

UNIVERSITY OF MINNESOTA

Legislative Capital Request

AHC Phase I: Health Sciences Education Facility

Medical School and other health professional schools are over 40 years old and are in need of major renovation and renewal or, simply, replacement. Accreditation bodies are citing deficient facilities in their reviews, student applicants are citing the poor educational facilities for their decision to enroll at other institutions, and student dissatisfaction with the educational facilities is high. Minnesota's situation is made worse by the fact that peer institutions have been making major investments in new and remodeled facilities.

Previous Appropriations for this Project

The University received \$10 million in the 2015 session to plan two new facilities - an integrated health sciences education facility and a clinical research facility - and to predesign and start design on the integrated health sciences education facility.

Current Project Status

Predesign In Progress

UNIVERSITY OF MINNESOTA

Legislative Capital Request

Plant Growth Research Facility

At a Glance

Campus:	U of M - Twin Cities Campus	2016 Total Funds:	\$6,600
Priority:	4	State Request Funds:	\$4,400
Total Project Cost:	\$6,600	University Funds:	\$2,200

Project Summary: This request for funds to design, construct, furnish and equip an addition to the plant growth facilities on the St. Paul campus and to demolish the existing Biological Sciences greenhouse.

Project Description

This project will provide a new approximately 12,000 square foot greenhouse addition to the Plant Growth Facilities for the Biological Sciences Conservatory to replace and demolish the existing Biological Sciences Greenhouse on the St. Paul campus. While the existing Plant Growth Facilities are set up for agricultural experimentation, the CBS Conservatory greenhouse will be a specialized unit that serves the related educational missions necessary to ensure the State's agricultural future.

The total cost for this project is estimated to be \$6,600,000. The new greenhouse will be located in the planned expansion area of the Plant Growth Facilities, as identified in the Predisign Study for Plant Growth Facilities Renovation, Replacement and Additions (1997). The new greenhouse will be built similar to the neighboring structures, but will include aspects specific to the plant collection requirements. The greenhouse for the Biological Sciences Conservatory will be furnished with modern temperature, humidity and lighting controls and monitored via the master greenhouse campus control system. Upon completion, plant specimens and program activities currently housed in the existing Biological Sciences Greenhouse will be moved to the new facility and the old greenhouse will be demolished.

Project Rationale

The College of Biological Sciences (CBS) offers an exceptional, nationally recognized educational experience. Replacement of the existing Biological Sciences Greenhouse is essential to meet increased demand for enrollment and to secure a strong return on investment in the rapidly growing life sciences. Today, 33 Faculty, 40 teaching assistants and four support staff teaching 13 courses, depend on the collections and services of the Biological Sciences Greenhouse. The annual enrollment for those courses is more than 1,600 students. The building has a strong outreach function as well, with regular visits from school groups, horticulture clubs, K-12 educators and the broader community.

The University of Minnesota's undergraduate biology program has garnered national attention due to its signature programs (e.g., Nature of Life), its leading edge curriculum, and its pioneering application and use of the active learning classroom. STEM education requires a living plant collection where extremes of diversity and adaptation are displayed and studied across a broad range of environments. A new and expanded conservatory will remove current constraints to increasing enrollment and enable students to conduct independently designed research. Student interest in the biological sciences is booming across the country. Currently, there are eighteen students who apply for every single seat in the CBS freshman class. Total student enrollment in CBS is anticipated to increase by up to 40% by the fall of 2018.

The Biological Sciences Conservatory is home to a biodiverse collection of plant species to assist current and future research, help preserve the Earth's plant diversity, as well as building an appreciation for the richness of plant life on our planet in both students and the public. Conservatory staff service the needs of classes, researchers, and the surrounding community through making both our plants and expertise available. The collection is one of the most diverse in the upper Midwestern United States, containing over 1,200 species of plants. The Conservatory cares for everything from rare and endangered plants, to invasive species, to plants that show developing economic potential, to clones of original genome

UNIVERSITY OF MINNESOTA

Legislative Capital Request

Plant Growth Research Facility

sequenced accessions. The material from this diverse living collection is leveraged for the maximum benefit for our students, scientists, and the public at large.

Through hands-on exposure to living plants within the Biological Sciences Conservatory, students in CBS, CFANS, and other colleges learn how opportunities for discovery and problem solving are rooted in the diversity of life. This education prepares university students to become the next generation of problem solvers in agriculture and food safety, environmental protection and restoration, as well as the production of natural and synthetic products for medical and non-medical uses.

The existing greenhouse is a fragile structure, costly to operate and rife with problems that are expensive to fix. Environmental, structural and functional deficiencies have resulted in escalating maintenance and repair costs, and serious safety issues. Failure of seals around large glass panes allows glass to shift and fall. High humidity levels, resulting in extensive cracking and spalling of the exterior concrete masonry unit kneewalls, and the freeze and thaw cycles have heightened the rate of deterioration of the greenhouse. This facility has the smallest footprint of any like buildings on the St. Paul campus but has the highest energy use and the second highest CO2 emissions. Gaps in the structure's foundation further compromise the plant collections and student projects as a result of insect migration.

Diverse and dynamic greenhouse displays are a highly effective means of communicating the university mission to the broader public. The Biological Sciences Conservatory will demonstrate with living examples how fundamental discoveries are translated into economic and environmental solutions for Minnesota. A new facility will breathe new life into a diverse encyclopedia of rare and spectacular plants by replacing an isolated greenhouse already deteriorated beyond repair with one that is energy efficient and integrated with existing facilities for teaching and research.

Previous Appropriations for this Project

None

Current Project Status

Pre-design

UNIVERSITY OF MINNESOTA

Legislative Capital Request

Academic and Student Experience Investments

At a Glance

Campus:	Systemwide	2016 Total Funds:	\$24,000
Priority:	5	State Request Funds:	\$16,000
Total Project Cost:	\$24,000	University Funds:	\$8,000

Project Summary: This request is for funds to predesign, design, renovate, furnish and equip existing teaching, student support and research facilities on the Duluth, Morris, Crookston and Twin Cities campus.

Project Description

This request is for funds to make targeted strategic investments in modernizing existing teaching, research, outreach and student support spaces on the University's Duluth, Morris, Crookston and Twin Cities campuses. Similar to appropriations for laboratory renovations in 2008 and 2010, this request is intended to update individual spaces that will not otherwise be improved through whole building renovations. Funds will be allocated to each campus to advance high priority projects focused on learning spaces, student support services and research laboratories.

Sample projects to be funded by the academic facility investment pool include:

- Renovation of obsolete biological sciences library space into modern laboratories
- Creation of new active learning classrooms, traditional classrooms, and small group study spaces
- Conversion of an old teaching kitchen at UMC into modern teaching and research space

Project Rationale

Learning spaces are at the heart of the University's teaching mission. To meet the needs of faculty and the expectations of students, the University must provide modern, technology-rich classrooms in order to optimize teaching and learning. Improved, up-to-date classrooms, instructional laboratories, and collaboration spaces are essential to attract the best and brightest students and remain competitive with other regional universities. The overall student experience at the University of Minnesota will be improved by enhancing the physical environment and adding modern classroom learning technologies.

Active Learning Classrooms (ALCs), a component of the programmatic request, are designed to foster interactive, flexible, student-centered learning experiences, and to operate using central teaching stations and student-provided laptops. ALCs offer cooperative learning environments that encourage student collaboration and peer teaching, the ability for instructors to interactively coach students during activities and new options for student interaction and class structure.

Modern research facilities are essential to the University's nationally-ranked basic and applied research programs. Research funding and national competitiveness depend upon an institution's researchers, and state-of-the-art laboratories are the foundation of the solid research program at the University of Minnesota. Updated facilities are critical to attract and retain top faculty and students and to obtain competitively awarded sponsored research grants. Without state-of-the-art laboratories in which to conduct their research, faculty will choose other institutions with better facilities.

Previous Appropriations for this Project

UNIVERSITY OF MINNESOTA

Legislative Capital Request

Academic and Student Experience Investments

None

Current Project Status

Varies by Project

UNIVERSITY OF MINNESOTA

Legislative Capital Request

Pillsbury Hall Renovation

At a Glance

Campus:	U of M - Twin Cities Campus	2016 Total Funds:	\$33,000
Priority:	6	State Request Funds:	\$22,000
Total Project Cost:	\$33,000	University Funds:	\$11,000

Project Summary: This request is for funds to predesign, design, renovate, furnish and equip historic Pillsbury Hall on the Minneapolis campus.

Project Description

This project will completely renovate Pillsbury Hall, replacing obsolete science facilities with modern, flexible non-laboratory teaching, learning, and research spaces for College of Liberal Arts' humanities programs including the Department of English (which teaches nearly 6,000 students per year). The renovated space is anticipated to be divided approximately equally between classroom- and assembly-type space to support multiple modes of learning and alternative workplace office space. At nearly 60,000 gross square feet, the renovation is expected to maintain an equivalent amount of space when complete. The rehabilitation of Pillsbury Hall is expected to be consistent with the Secretary of the Interior's Standards for Preservation.

Project Rationale

Pillsbury Hall is the second oldest and most iconic building on campus. Its history is intertwined with the leadership of John S. Pillsbury as State Senator (1864-68, 1871-75), Minnesota Governor (1875-1881), and University Regent (1863-1901). Called "the father of the University," Pillsbury cleared away its \$80,000 debt, reorganized its finances, and preserved its ownership of land given through the Morrill Land Grant Act. In the 1880s, he donated \$150,000 for the construction of a science building, completed in 1889 and named in his honor.

The Pillsbury Hall project is a key component of a sequenced plan: (1) relocating the Department of Physics from Tate Laboratory to its new building, (2) relocating the Department of Earth Sciences (formerly Geology and Geophysics) from Pillsbury Hall to a renovated Tate Laboratory, (3) relocating the Department of English from Lind Hall to a renovated Pillsbury Hall, and (4) freeing up Lind Hall for other use.

While Pillsbury Hall is no longer adaptable to modern science research or teaching, it plays a significant role in the East Bank humanities district, which encompasses Folwell, Jones, Nicholson, Nolte, Pillsbury and Scott halls. Planned investments in these buildings -- all built between 1889 and 1935 on the historic knoll -- locate the humanities in proximity, thus creating synergies and collaborations among them, while preserving the University's historic assets for future generations. The renovated Pillsbury Hall will house the Department of English (as the major tenant) and complementary humanities activities in technologically sophisticated spaces for research, teaching, and engagement.

English teaches nearly 6,000 students per year, generating about 20,000 student credit hours of non-English major instruction each year and teaching the core skills of liberal education -- close reading, textual analysis, and scholarly and creative writing -- to the entire undergraduate student body. In 2014, English had 627 undergraduate majors, 36 MFA students in the Creative Writing Program, and 77 MA/PhD students in the Literature Program. It is the most popular humanities major on campus with high national rankings.

The new Pillsbury Hall will also be home to the Minnesota Engagement Lab (MEL). MEL is an innovative and technologically equipped humanities engagement lab where scholars, students, and community members will address challenges facing Minnesota citizens through focused projects, such as rural and urban access to food resources, histories of

UNIVERSITY OF MINNESOTA

Legislative Capital Request

Pillsbury Hall Renovation

Minnesota immigrant institutions and neighborhoods, and literature and literacy services to communities. The high-tech performance spaces and engagement lab will advance the University's and CLA's goals of integrating research, teaching, and public service about the human condition, producing future leaders who will use the knowledge, skills, and collaboration they learned here to build vibrant communities.

The other feature of Pillsbury Hall will be spaces for production and presentation activities. Production spaces will be equipped with technologies that enable journal editing, video making, digital storytelling, web-site building, and web based research. Presentation spaces will be used by the hundreds of events now hosted annually by English and other humanities departments.

The renovated Pillsbury Hall, with its new residents, its updated facilities, and its engagement spaces will foster collaboration among the humanities and prepare students for 21st century life and careers that increasingly require an understanding of diverse cultures, humanistic values, and the new media that merge word and image; and engage communities in work that enhances the public good.

Previous Appropriations for this Project

None

Current Project Status

Pre-design In Progress

2015 Six Year Capital Plan

Finance Committee
September 10, 2015



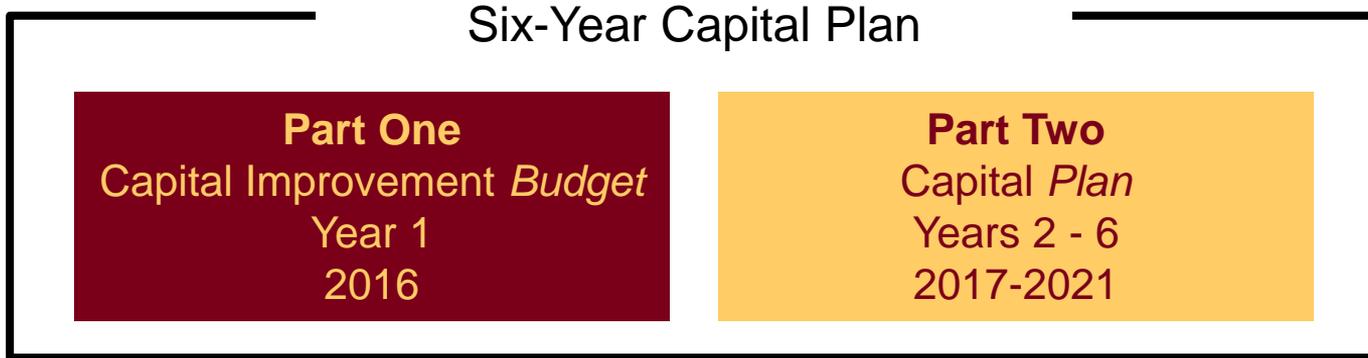
UNIVERSITY OF MINNESOTA

Driven to DiscoverSM



What is the Six-Year Capital Plan?

- Board of Regents Policy directs the administration to develop a capital budget with a “six-year time horizon, updated annually”



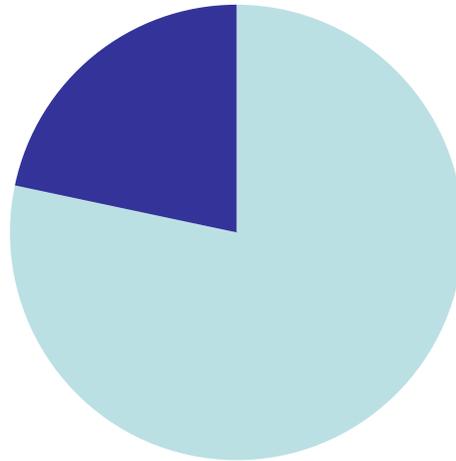


Six-Year Capital Improvement Plan

Grand Total = \$1,288,350

Funding Source

\$279,449
22%



■ State
■ University

\$1,008,901
78%



UNIVERSITY OF MINNESOTA

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance

September 10, 2015

AGENDA ITEM: Resolution Related to Issuance of Debt

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Richard Pfutzenreuter, Vice President & CFO
Carole Fleck, Director, Debt Management

PURPOSE & KEY POINTS

The University is requesting approval to authorize the issuance of fixed-rate debt to refinance the Taxable Commercial Paper Series E issued in December 2014 to finance a portion of the design, construction, and furnishing of the new James Ford Bell Natural History Museum and Planetarium (Bell Museum) on the Twin Cities campus.

The Bell Museum project was approved by the Board in June 2014 as part of the 2015 Annual Capital Budget. The original total project cost was \$57,500,00, with \$51,500,000 funded with University debt and \$6,000,000 of non-debt funding. The estimated cost of the project has now increased by \$6,725,000 to \$64,225,000 due to changes in building design. Restructuring of the debt will result in additional proceeds to cover a portion of the increased cost of the project. The resolution authorizes the issuance of up to \$56,900,000 of University debt. The amount required will depend on the mix of taxable and tax-exempt debt that is issued.

BACKGROUND INFORMATION

As part of the 2014 supplemental budget bill, the University was requested to complete the design of and to construct, furnish, and equip a Bell Museum on the Twin Cities campus. For fiscal years 2016 to 2041, \$3,500,000 was added to the base operations and maintenance appropriation from the State of Minnesota to the University. The proposed restructuring maximizes the use of this annual amount to manage the debt service for the proposed debt.

The Board approved the issuance of debt up to \$52,000,000 for this project in October 2014. In December 2014, the University issued Taxable Commercial Paper Series E in the amount of \$51,620,000 to finance a portion of the project and to pay costs of issuance.

A capital budget amendment reflecting the increase in the cost of the project is being presented for review and approval in the Facilities, Planning & Operations Committee, concurrent with review and approval of the schematic design of the project.

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

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Resolution Related to Issuance of Debt.



REGENTS OF THE UNIVERSITY OF MINNESOTA
RESOLUTION RELATED TO
ISSUANCE OF DEBT

WHEREAS, in December 2014 the University of Minnesota (the “University”) issued its Taxable Commercial Paper, Series E (the “Series E CP”) in the amount of \$51,620,000 to finance a portion of the construction and furnishing of the new Bell Museum on the St. Paul campus (the “Project”);

WHEREAS, the cost of the Project has increased due to design changes;

WHEREAS, it has been proposed that the University refinance the Series E CP and restructure the debt by the issuance and sale of fixed rate indebtedness (such indebtedness, whether issued in the form of bonds, notes, or such other form as may be designated by the University, the “Debt”), the proceeds of which are also to be used to accommodate the increased cost of the Project and to pay the costs of issuance of the Debt, and which with the approval of the Treasurer may also be used to finance other University capital projects;

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

WHEREAS, the Indenture of Trust or Order pursuant to which the Debt will be issued will contain the terms of such Debt and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such Debt;

WHEREAS, the principal amount of the Debt authorized will be the amount outstanding at any time, and not an aggregate principal amount;

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of the University of Minnesota (Board) as follows:

1. To provide funds to refinance the Series E CP, finance the additional cost of the Project, and pay the costs of issuance of such refinancing, as well as to finance capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, the Board hereby authorizes the sale and issuance of the Debt in the principal amount of up to \$56,900,000. The Debt may be issued in one or more series and shall mature not later than the date that is 25 years after the date of issuance of each series. The Treasurer is authorized to determine whether or not the Debt shall be issued as a general obligation of the University and whether or not the Debt shall be issued as tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended.

2. The purchases of land and buildings, construction and remodeling projects, or acquisition of equipment to be financed by the proceeds of the Debt shall be those the source of funding of which is so designated by the Board of Regents or by the Treasurer as part of the University's capital planning process.

3. If issued in the form of bonds, the Debt may be sold in either a negotiated sale or a competitive process, as determined by the Treasurer. The Treasurer is authorized to negotiate and approve the terms and conditions of the appropriate agreement or agreements with financial advisors, banks, investment banking firms, or other financial institutions, including the terms and conditions upon which their services will be rendered and the terms and conditions upon which the Debt will be sold and issued. The Treasurer is further authorized to negotiate and approve the terms and conditions of any credit support or liquidity facility for any series of the Debt. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as are approved by the Treasurer and the General Counsel.

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

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

6. The Treasurer is authorized to approve the Preliminary Official Statement, final Official Statement, Offering Memorandum, Offering Circular, or other offering material or any supplements or amendments thereto to be prepared and distributed to any purchaser or potential purchaser of a series of the Debt, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto. In the case of the sale of any series of the Debt in a competitive process, the Treasurer is authorized to approve the Notice of Sale and any amendment thereto.

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

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

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



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance

September 10, 2015

AGENDA ITEM: Consent Report

Review Review + Action Action Discussion

This is a report required by Board policy.

PRESENTERS: Richard Pfitzenreuter, Vice President & CFO

PURPOSE & KEY POINTS

General Contingency

The purpose of this item is to seek approval for allocations from General Contingency greater than \$250,000. There are no items requiring approval this period.

Purchase of Goods and Services \$1,000,000 and Over

The purpose of this item is to seek approval for purchases of goods and services of \$1,000,000 and over.

- To Dentsply/Astra-Zeneca, BioHorizons, Straumann, Zimmer for an estimated \$3,000,000 for dental implants and related supplies for the School of Dentistry for the period of October 1, 2015, through September 30, 2018. This purchase of dental implants has been budgeted by the School of Dentistry. Vendor was selected through a competitive process.
- To OptumHealth for the estimated amount of \$2,206,200 for nurse-line and treatment decision support for the Office of Human Resources Employee Benefits for the period of January 1, 2016, through December 31, 2016, with contract extensions through December 31, 2021. Vendor was selected as a provider for nurse-line and treatment decision support as a result of a request for proposal conducted May-June 2015. This contract will be funded out of the Fringe Benefits Recovery.
- To Siemens, Simplex, Life Safety Systems and Summit Companies for an estimated \$1,186,056 for providing Fire Alarm Systems Testing and Inspection Services as needed for the Facilities Management Department for the period of October 1, 2015, through September 30, 2018, with contract extensions through September 30, 2020. These vendors were selected through a competitive RFP process. Testing and inspection of fire alarm systems is budgeted by a variety of organizations on the Twin Cities campus through their facilities budget.

BACKGROUND INFORMATION

Approvals are sought in compliance with Board of Regents Policy as follows:

- General Contingency: *Reservation and Delegation of Authority*, Sec.VII, Subd. 1.
- Purchase of Goods and Services \$1,000,000 and Over: *Reservation and Delegation of Authority*, Sec.VII, Subd. 6.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Consent Report.

General Contingency

Fiscal Year 2015-16

Recipient	Amount	Balance	Purpose
1 FY2016 General Contingency		\$1,000,000	
2 Carryforward from FY15 to FY16	8,496	1,008,496	
3 New items this reporting period:			
4 UM Crookston	186,000	822,496	Offset UMC FY15 tuition shortfall
5 Reversal of JE0000702057 from FY15	(132,000)	954,496	Transfer in FY15 did not post properly and was deleted
6 Office of Real Estate	132,000	822,496	Purchase of 120 acres in Isanti County for Cedar Creek
7 FY 2015-16 Ending Balance		822,496	

* Subject to Board approval due to cost of \$250,000 or more

Purchase of Goods and Services \$1,000,000 and over

To Dentsply/Astra-Zeneca, BioHorizons, Straumann, Zimmer for an estimated \$3,000,000 for dental implants and related supplies for the School of Dentistry for the period of October 1, 2015 through September 30, 2018.

The School of Dentistry needs dental implants for all the various disciplines including: Oral Surgery, Undergrad Prosthodontics, Graduate Prosthodontics, Graduate Periodontology, and Graduate Endodontics.

These suppliers were selected as a result of a competitive RFP process. The selected suppliers will provide consistent pricing, product quality, and support as requested by students and faculty at the School of Dentistry.

This purchase of dental implants has been budgeted by the School of Dentistry for the time period of October 1, 2015 through September 31, 2018.

Submitted by: Jeff Ogden, Chief Administrative Officer
School of Dentistry
15-224 Moos Tower
515 Delaware St SE
Minneapolis, MN 55455-0357
612-624-6621

Approval for these items requested by:

Brooks Jackson
VP or Exec. VP Signature

8/21/15
Date

Purchase of Goods and Services \$1,000,000 and over

To OptumHealth for the estimated amount of \$2,206,200 for nurse-line and treatment decision support for the Office of Human Resources Employee Benefits for the period of January 1, 2016 through December 31, 2016 with contract extensions through December 31, 2021.

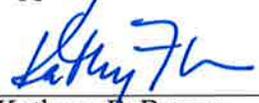
The University's Nurse Line structure provides UPlan members access to a Nurse Line 24 hours a day, 365 days a year. The Nurse Line also assists UPlan members with non-emergency related situations, such as health related questions and assessing symptoms. The Nurse Line also provides a treatment decision support program that assists members in understanding the treatment options that are available to them during selected, complex health situations.

OptumHealth was selected as a provider for nurse-line and treatment decision support as a result of a request for proposal conducted May-June 2015. The initial contract will be for one year, with five one-year options to renew the contract.

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

Submitted by: Ken Horstman
Director, Benefits and Compensation

Approval for this item is requested by:

 7/9/15

Kathryn F. Brown
Vice President, Office of Human Resources

September 10, 2015

Purchase of Goods and Services \$1,000,000 and over

To Siemens, Simplex, Life Safety Systems and Summit Companies for an estimated \$1,186,056 for providing Fire Alarm Systems Testing and Inspection Services as needed for the Facilities Management Department for the period of October 1, 2015 through September 30, 2018 with contract extensions through September 30, 2020.

Historically fire alarm systems testing and inspection was performed by a combination of internal and limited contract services that led to varying levels of service and an inefficient approach to asset management.

The University of Minnesota currently has 210 buildings with fire alarm systems located on the Twin Cities Campus. Maintenance and repair of these fire alarm systems is vital for providing safe, reliable buildings for the University community and to maximize the useful life span of said equipment.

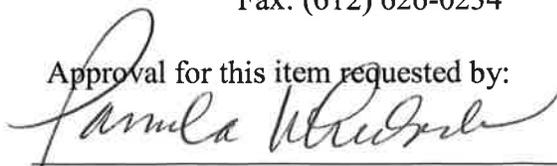
In March 2011 a competitive RFP process was completed. Three suppliers were selected. The fire alarm testing and inspection program performed exceptionally well over the past four years of the contract, resulting in annual cost saving of approximately \$700,000. Contracting for the testing and inspection of fire alarm systems allows the University to efficiently manage the operational performance of our fire alarm equipment in the most cost effective way possible.

In March 2015 another competitive RFP process was completed. The four suppliers selected for fire alarm systems testing and inspection services provided the best value, (combination of price, work plan, and staffing.) This is a three year contract with two one year renewal options.

Testing and inspection of fire alarm systems is budgeted by a variety of organizations on the Twin Cities campus through their facilities budget.

Submitted by: Mike Berthelsen, Facilities Management Associate Vice President
Suite 300 Donhowe Building
Minneapolis Campus
Phone: (612) 626-1091
Fax: (612) 626-0234

Approval for this item requested by:



VP or Exec. VP Signature



Date



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance

September 10, 2015

AGENDA ITEM: Information Items

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Richard Pfutzenreuter, Vice President & CFO

PURPOSE & KEY POINTS

Quarterly Purchasing Report

The purpose of this item is to provide a quarterly report of purchasing activity as required by Board of Regents Policies: *Purchasing* and Board of Regents Policy: *Board Operations and Agenda Guidelines*, including detailed reports with brief discussion on the following activities:

- Summary of purchasing activity.
- Purchases made as approved exceptions to competitive process.
- Purchases made as preapproved exceptions to competitive process.
- Board of Regents Policy: *Purchasing* policy violations.

Debt Management Advisory Committee Update

The purpose of this item is to provide a report on the meeting of the Debt Management Advisory Committee (DMAC) held on September 9, 2015. The agenda included a discussion of the sale of the Special Purpose Revenue Refunding Bonds (State Supported Stadium Debt) Series 2015A and General Obligation Taxable Bonds Series 2015B, the related ratings reports, and review of future debt plans.

Issuance of Debt - Series 2015A and 2015B

On August 26, 2015, the University issued \$90,075,000 Special Purpose Revenue Refunding Bonds (State Supported Stadium Debt) Series 2015A and \$10,110,000 General Obligation Taxable Bonds Series 2015B. Each series was issued for 16 years at a true interest cost of 2.67% and 3.56%, respectively.

The Series 2015A bonds were issued pursuant to amended legislation to defease and refund the Series 2006 Special Purpose Revenue Bonds (State Supported Stadium Debt). To accomplish the defeasance, the net proceeds were deposited in an escrow account at U.S. Bank. The escrow account

is invested in Defeasance Obligations that mature and bear interest sufficient to pay the principal and interest due on the Series 2006 bonds to and including August 1, 2016, and pay the redemption price of the Series 2006 Bonds maturing on or after August 1, 2017.

The proceeds from the sale of the Series 2015B bonds will be used to finance the predesign and design of improved health education and clinical research facilities to meet the needs of the Medical School and Academic Health Center on the Twin Cities campus.

The amended legislation provides a standing annual appropriation of \$10,250,000 to cover the debt service on both the Series 2015A and Series 2015B bonds, with the remainder of each annual payment to be used by the University for any other University purpose.

In connection with the issuance, the University received ratings from Moody's Investors Service (Moody's) and Standard and Poor's Ratings Services (S&P), as follows:

- Series 2015A – Aa2, with stable outlook (Moody's)
 - The Aa2 rating is one notch below that of the State of Minnesota (Aa1 stable). The one notch difference reflects the nature of the pledged revenues, which consist solely of state appropriations.
- Series 2015A – AA, with positive outlook (S&P)
 - The AA rating is one notch below that of the State of Minnesota (AA+ positive) reflecting the security provided by general fund appropriations from the State of Minnesota.
- Series 2015B – Aa1, with stable outlook (Moody's)
 - The stable rating outlook reflects continued favorable student demand and research trends, growing tuition revenues, stable to improving operating cash flow and debt service coverage despite additional debt plans.
- Series 2015B – AA, with negative outlook (S&P)
 - The negative outlook from S&P reflects their opinion “that the university’s growth in total debt over time, combined with recent weakness in financial operations, could pressure the rating during the outlook period. A return to stable outlook is possible if the university’s financial operations improve on a full-accrual basis and the university maintains or grows its financial resources relative to debt.”

September 10, 2015

The Honorable Richard Beeson, Chair, Finance Committee
The Honorable Abdul Omari, Vice Chair, Finance Committee
The Honorable Laura Brod
The Honorable Thomas Devine
The Honorable Michael Hsu
The Honorable David McMillan

Committee Members:

Enclosed are Purchasing Services' reports on purchasing activity for the third and fourth quarters, fiscal year '15. Regents policy requires that purchasing activity, including exceptions to competitive purchases, be reported to the Board of Regents. This letter provides explanatory background and brief analysis of the report and attachments that follow.

Background

The enclosed reports and attachments provide statistics, graphics and some detail on four categories of purchasing activity for the two quarters:

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

“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 \$250,000 and over, except pre-approved exceptions. Section II provides 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 Section III of the report for a listing of transactions processed as pre-approved exceptions during the quarter.

“Regents Purchasing Policy Violations” refers to purchase transactions which bypassed the competitive process without following proper protocol and without the necessary approvals. Section IV provides a listing of purchasing violations.

The reports compare dollars spent on purchases in the respective quarter of the current year to dollars spent on purchases in same quarter of the two previous years. The same quarter-to-quarter comparison is made for approved exceptions and for preapproved exceptions. With that in mind, the following observations are worth noting:

Third Quarter:

- The third quarter pre-approved exceptions are significantly higher than last year because of large multi-year exceptions for Oracle maintenance. This is also reflected in YTD pre-approved exception totals.
- There were no Regents Purchasing Policy Violations in the third quarter of FY15.

Fourth Quarter:

- Total FY15 exception dollars track very closely to FY14. Purchasing activity is up nominally from the previous years.
- There were two Regents Purchasing Policy Violations in the fourth quarter of FY15.

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

Sincerely,

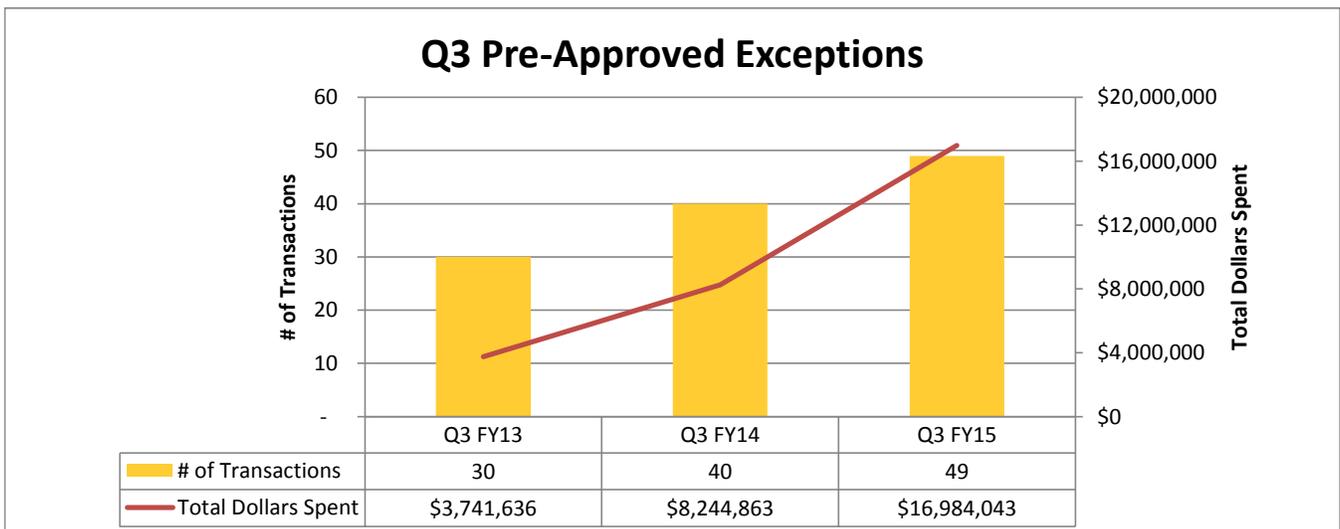
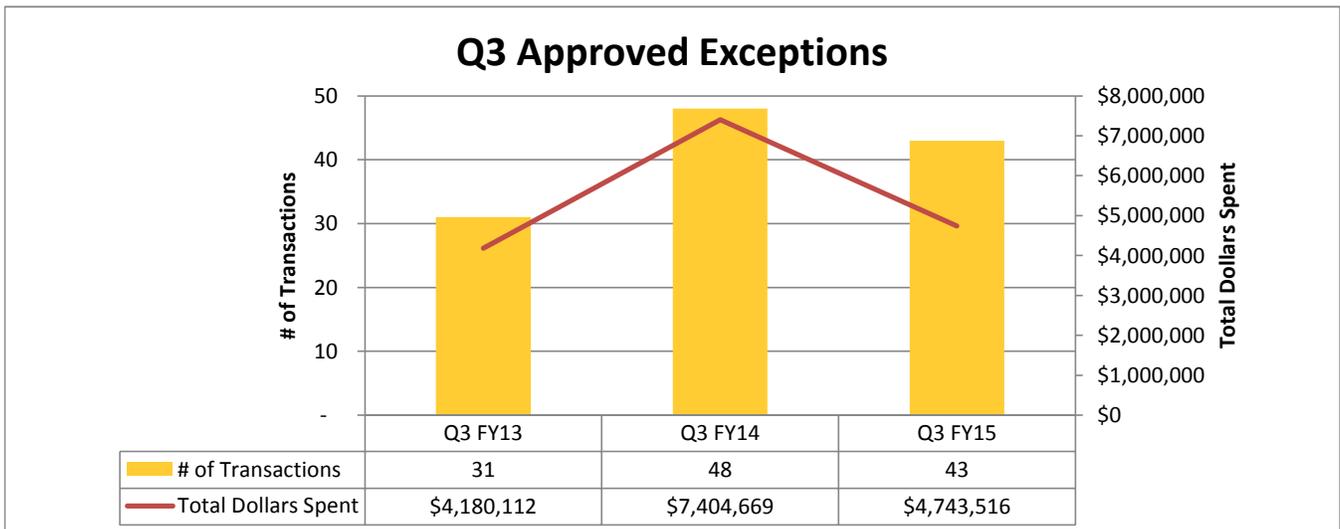
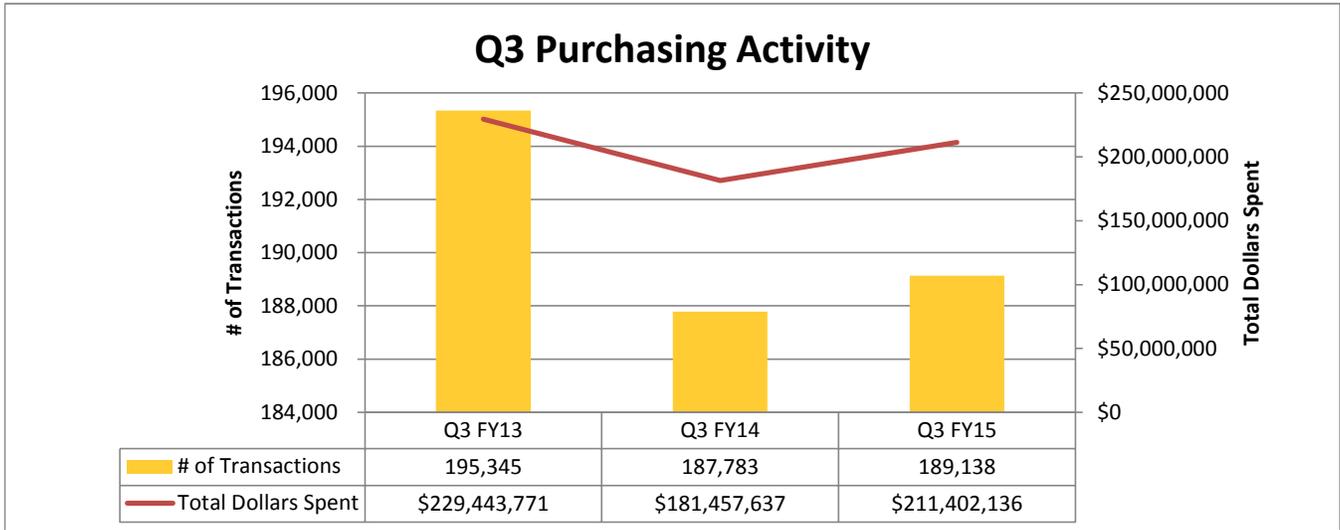


Michael D. Volna
Associate Vice President-Finance & Controller

Cc: Richard Pfitzenreuter, CFO, Treasurer and Vice President for Budget & Finance
Brian Steeves, Deputy Director, Board of Regents
Tim Bray, Director, Purchasing Services

**Quarterly Purchasing Report
As of March 31, 2015**

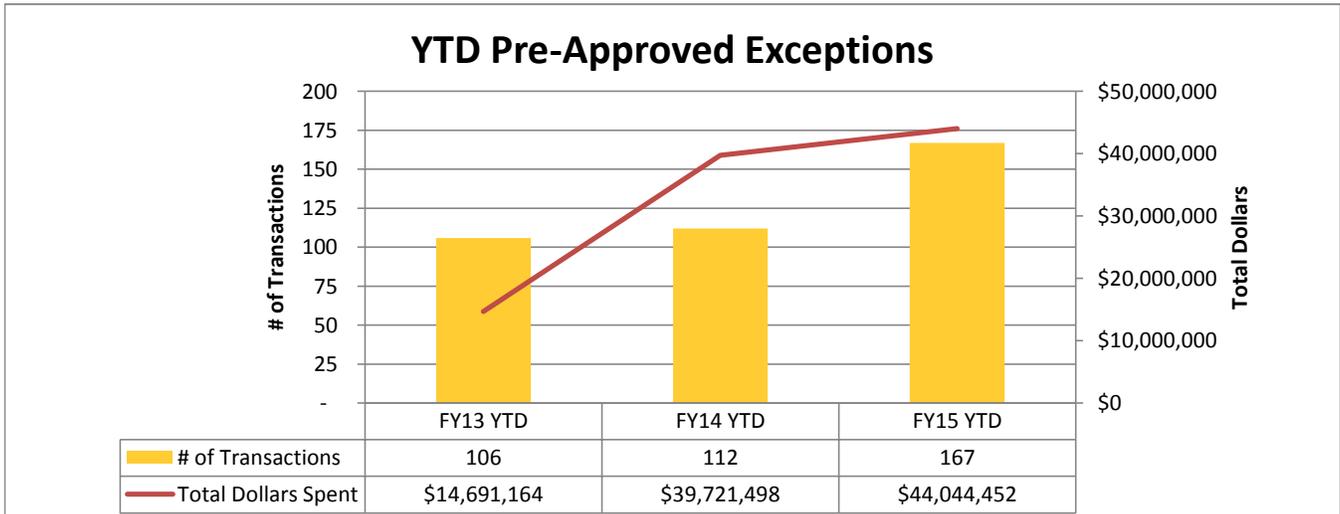
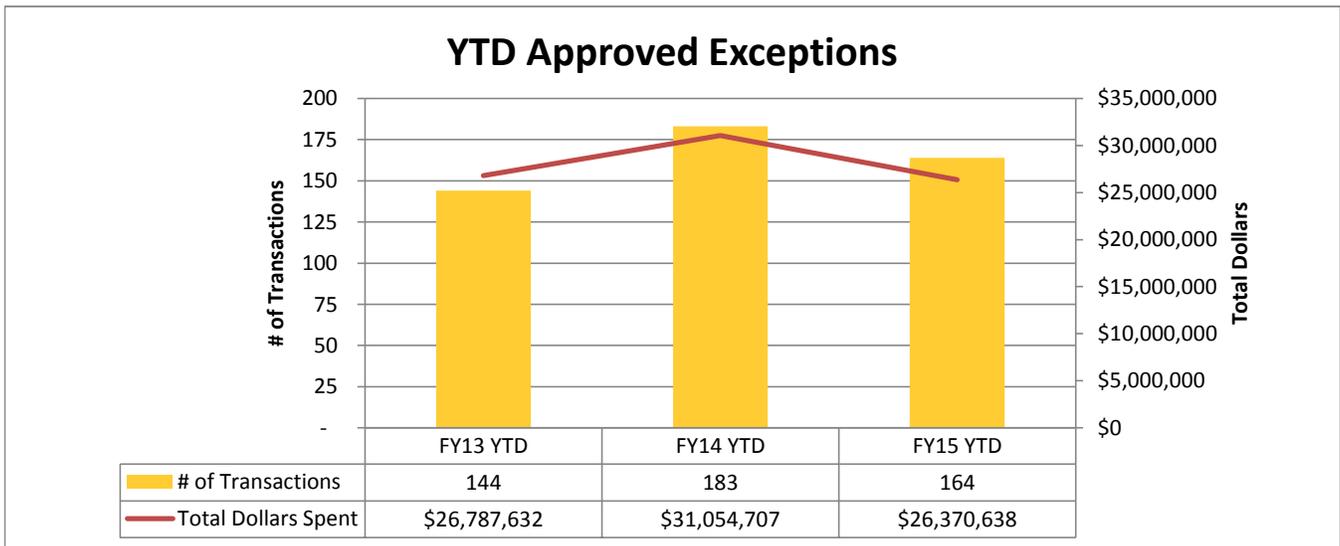
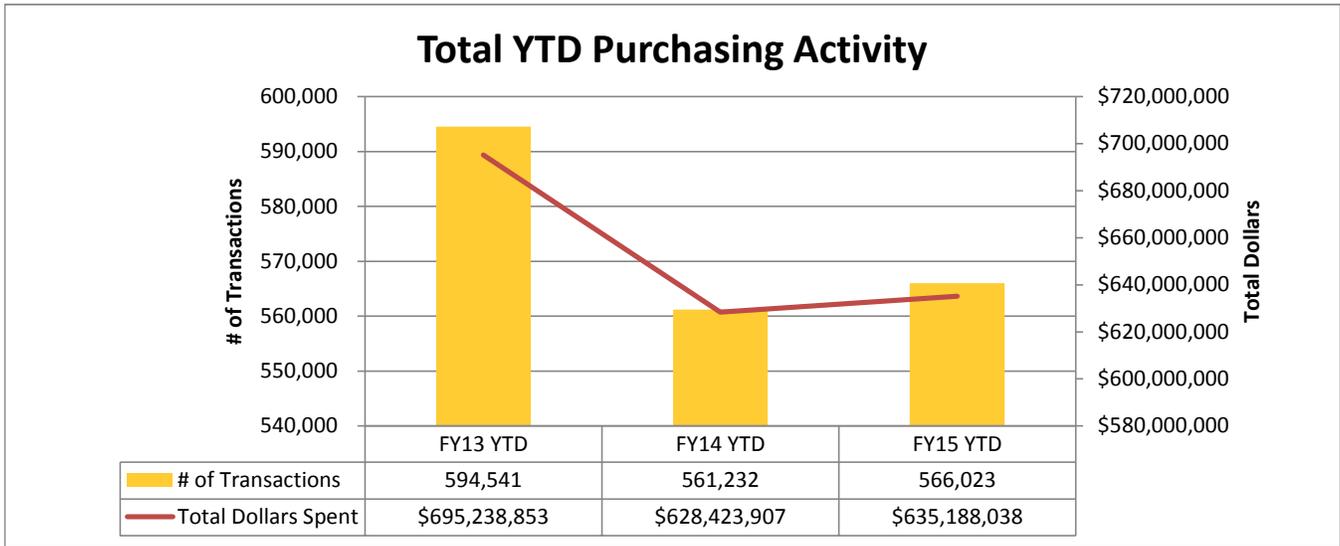
I. Summary of Purchasing Activity for Q3 FY15



Q3 Exceptions	61	88	92
Q3 Exception Dollars	\$7,921,748	\$15,649,532	\$21,727,559

Quarterly Purchasing Report
As of March 31, 2015

Summary of Purchasing Activity YTD FY15



YTD Exceptions	250	295	331
YTD Exception Dollars	\$41,478,796	\$70,776,205	\$70,415,090

II. Purchases made as Approved Exceptions to Competitive Purchasing Process

Exception #1:	Total # of Exceptions	Total Dollars
Purchasing of research products (animal feed, serum, test equip/supplies) for clinical trials. Also purchasing from a previous supplier to ensure consistency of research results.	7	\$935,219

Exception #2:	Total # of Exceptions	Total Dollars
Equipment that requires brand compatibility with existing equipment and is available only from manufacturer or sole source authorized distributor.	14	\$1,494,195

Exception #3:	Total # of Exceptions	Total Dollars
Funding source or granting agency specified a single supplier.	5	\$606,098

Exception #4:	Total # of Exceptions	Total Dollars
Other	16	\$1,688,004

Emergency Exception #1:	Total # of Exceptions	Total Dollars
A threat to health, welfare, safety.	0	\$0

Emergency Exception #2:	Total # of Exceptions	Total Dollars
A significant loss to the University.	1	\$20,000

Emergency Exception #3:	Total # of Exceptions	Total Dollars
A failure to provide core services to University students/faculty/staff.	0	\$0

Emergency Exception #4:	Total # of Exceptions	Total Dollars
Emergency equipment repairs and parts or emergency facility repairs and parts under \$100,000.	0	\$0

TOTAL Approved Exceptions	43	\$4,743,516
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III. Pre-Approved Exceptions to Competitive Purchasing

Exception #1:	Total # of Exceptions	Total Dollars
Lodging, travel (does not include group airfare or charter air).	2	\$299,927
Exception #2:	Total # of Exceptions	Total Dollars
Media advertising, purchase or access to uniquely compiled database information.	2	\$154,698
Exception #3:	Total # of Exceptions	Total Dollars
Farm commodities such as grain or livestock.	0	\$0
Exception #4:	Total # of Exceptions	Total Dollars
Closeout of used items which requestor or Purchasing has verified to be at least 30% below comparable new equipment (does not include refurbished or remanufactured furniture).	2	\$167,686
Exception #5:	Total # of Exceptions	Total Dollars
Subcontractors previously arranged by Sponsored Projects Administration (SPA).	1	\$44,500
Exception #6:	Total # of Exceptions	Total Dollars
Service (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity.	4	\$362,952
Exception #7:	Total # of Exceptions	Total Dollars
Service/maintenance agreements with the original manufacturer/ developer for equipment and software.	12	\$10,807,015
Exception #8:	Total # of Exceptions	Total Dollars
Unique specification research animals purchased under guidelines of the Institutional Animal Care and Use Committee (IACUC).	0	\$0
Exception #9:	Total # of Exceptions	Total Dollars
Software license renewals and software upgrades available only from developer. This includes adding licenses to an existing license agreement.	6	\$2,997,398
Exception #10:	Total # of Exceptions	Total Dollars
Development, design and/or creation of original artwork.	0	\$0
Exception #11:	Total # of Exceptions	Total Dollars
Fairview purchases related to research projects.	3	\$171,232
Exception #12:	Total # of Exceptions	Total Dollars
Entertainers, lecturers, speakers and honoraria.	9	\$1,430,156

Q3 FY15

Exception #13:	Total # of Exceptions	Total Dollars
Purchases from University Physicians that are not part of sponsored research activities.	0	\$0

Exception #14:	Total # of Exceptions	Total Dollars
Study Abroad Administrators (Does not include group airfares).	7	\$528,479

Exception #15:	Total # of Exceptions	Total Dollars
Legal Services for the Office of General Counsel.	0	\$0

Exception #16:	Total # of Exceptions	Total Dollars
Search Firms that have met pre-defined criteria.	1	\$20,000

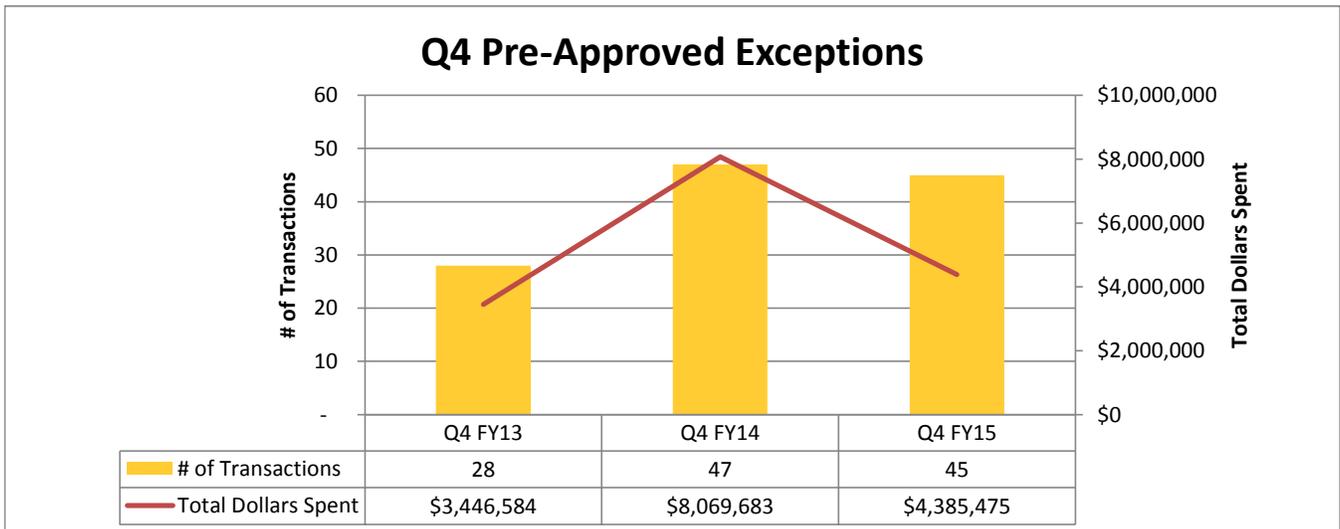
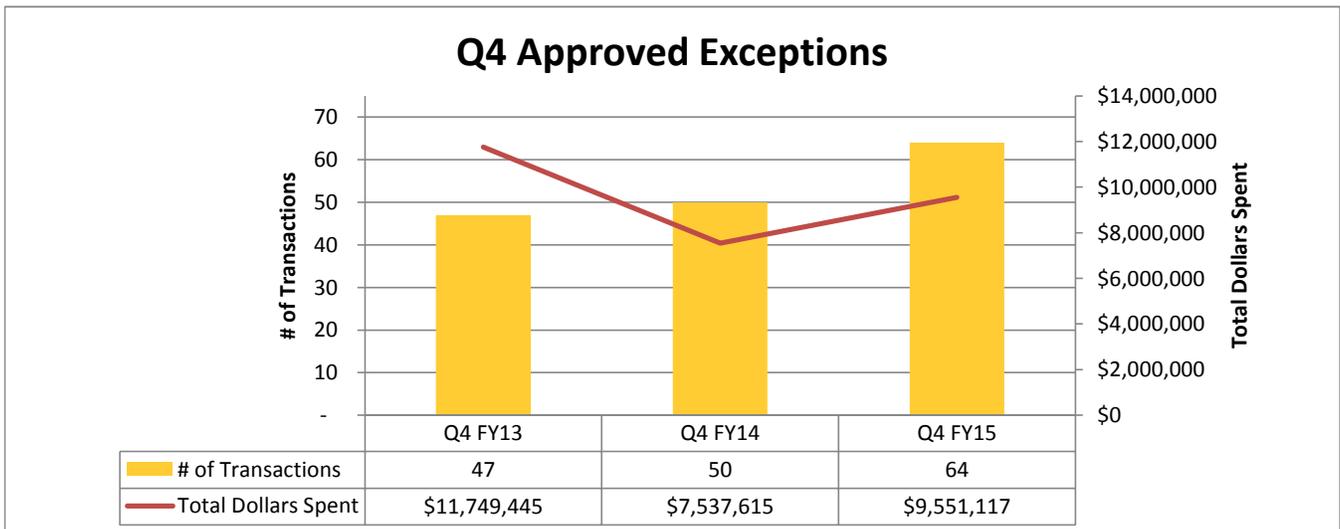
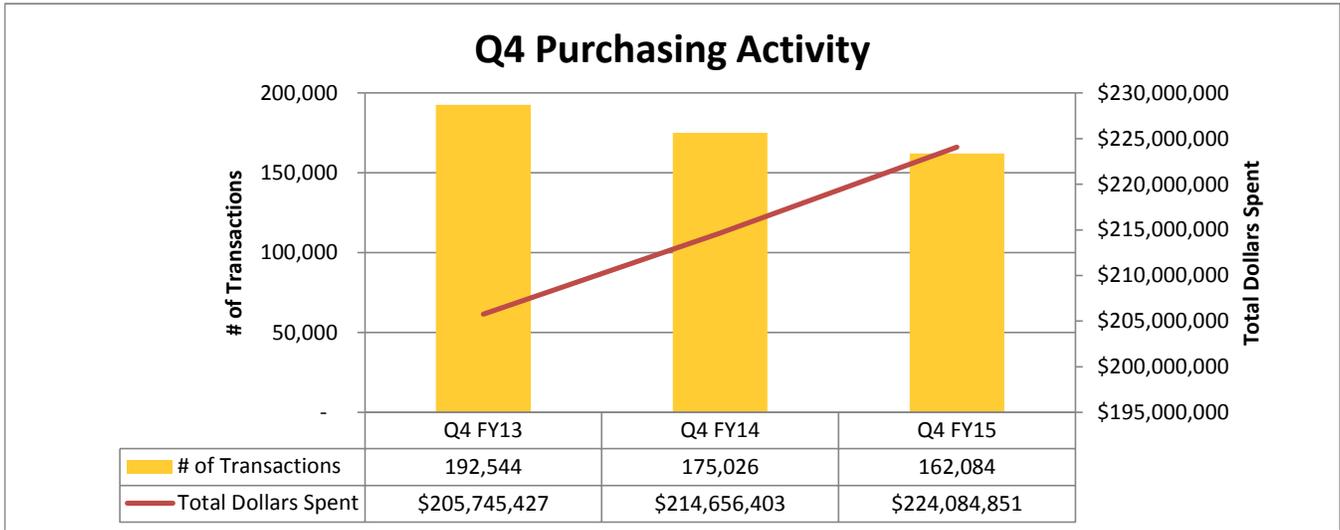
TOTAL Approved Exceptions **49** **\$ 16,984,043**

IV. Regents Policy Violations

There are no Regents Policy Violations to report.

**Quarterly Purchasing Report
As of June 30, 2015**

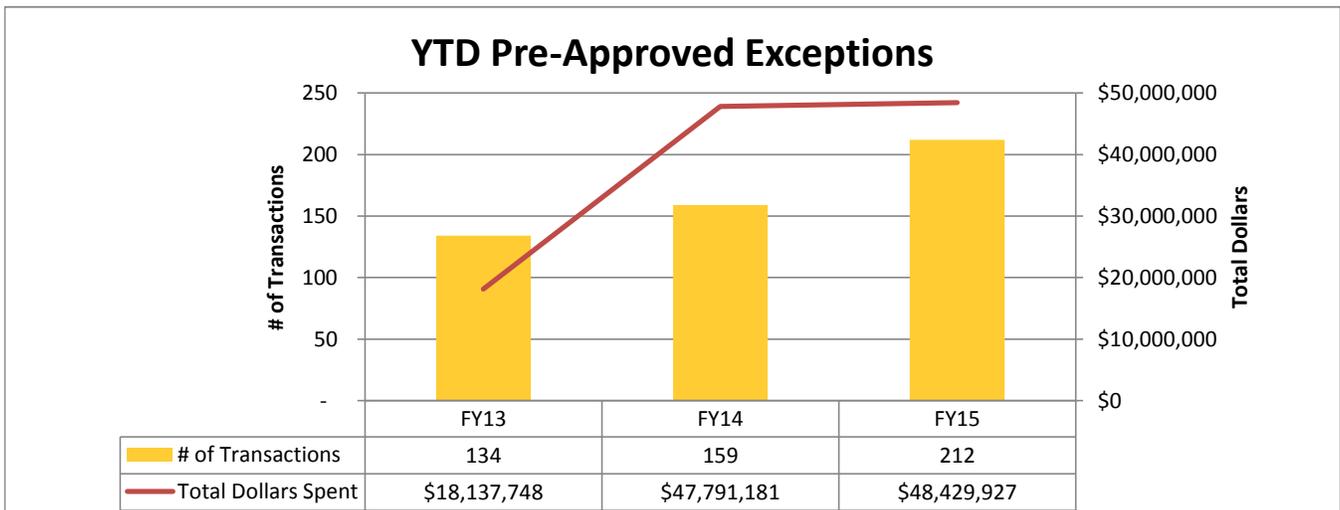
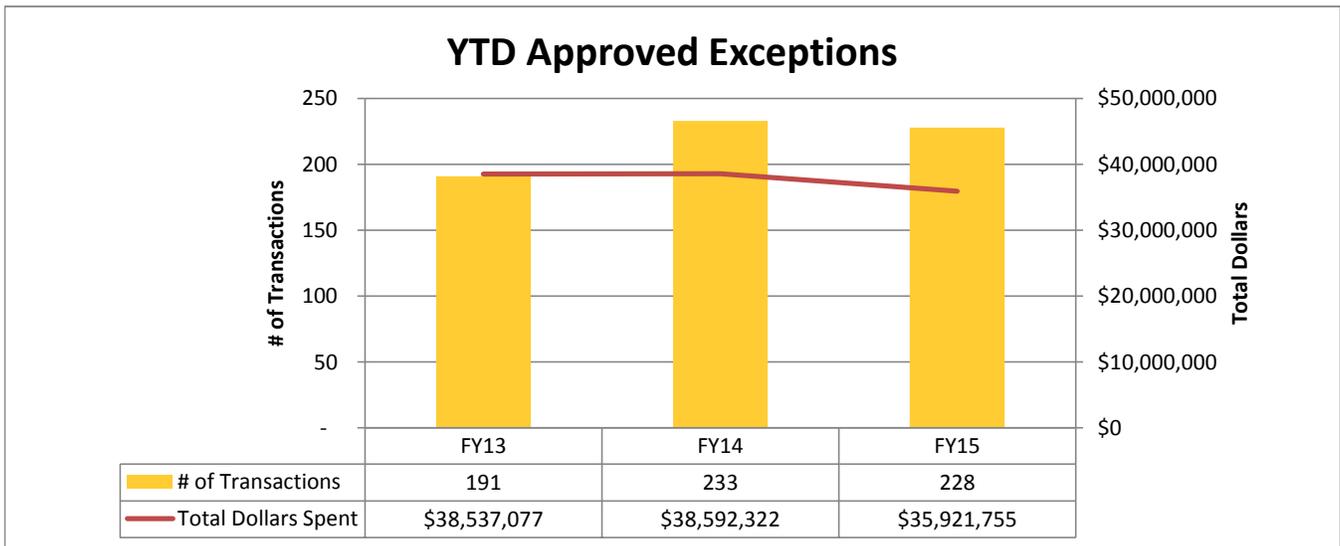
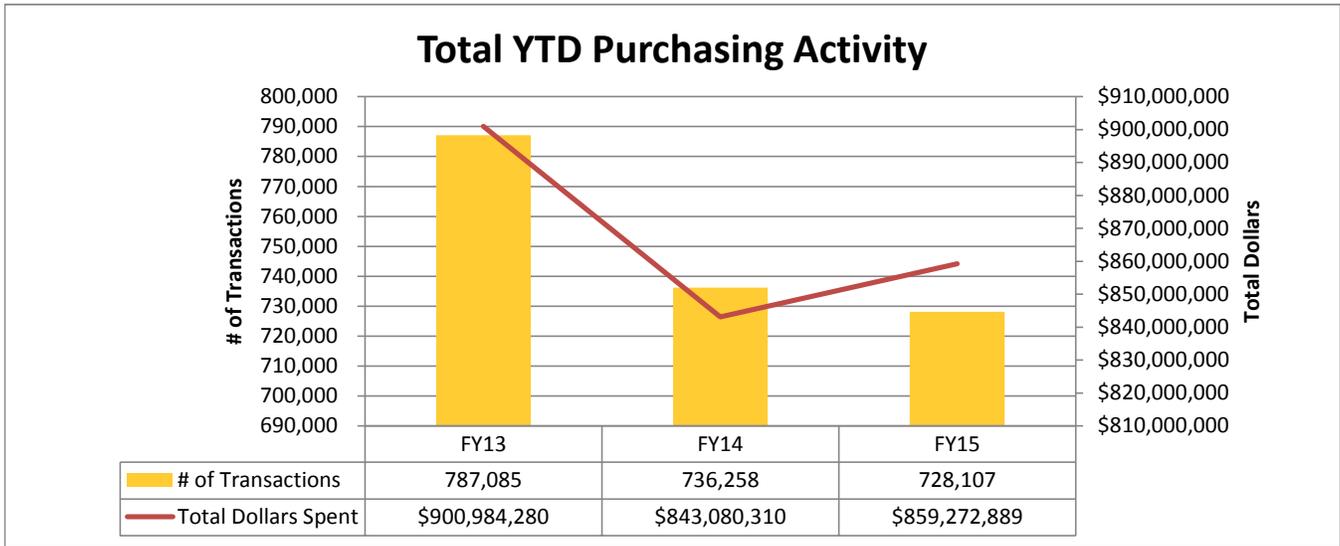
I. Summary of Purchasing Activity for Q4 FY15



Q4 Exceptions	75	97	109
Q4 Exception Dollars	\$15,196,029	\$15,607,298	\$13,936,593

**Quarterly Purchasing Report
As of June 30, 2015**

Summary of Purchasing Activity YTD FY15



YTD Exceptions	325	392	440
YTD Exception Dollars	\$56,674,825	\$86,383,503	\$84,351,682

II. Purchases made as Approved Exceptions to Competitive Purchasing Process

Exception #1:	Total # of Exceptions	Total Dollars
Purchasing of research products (animal feed, serum, test equip/supplies) for clinical trials. Also purchasing from a previous supplier to ensure consistency of research results.	6	\$517,945

Exception #2:	Total # of Exceptions	Total Dollars
Equipment that requires brand compatibility with existing equipment and is available only from manufacturer or sole source authorized distributor.	20	\$2,487,068

Exception #3:	Total # of Exceptions	Total Dollars
Funding source or granting agency specified a single supplier.	3	\$385,433

Exception #4:	Total # of Exceptions	Total Dollars
Other	33	\$6,067,177

Emergency Exception #1:	Total # of Exceptions	Total Dollars
A threat to health, welfare, safety.	0	\$0

Emergency Exception #2:	Total # of Exceptions	Total Dollars
A significant loss to the University.	1	\$68,995

Emergency Exception #3:	Total # of Exceptions	Total Dollars
A failure to provide core services to University students/faculty/staff.	1	\$24,500

Emergency Exception #4:	Total # of Exceptions	Total Dollars
Emergency equipment repairs and parts or emergency facility repairs and parts under \$100,000.	0	\$0

TOTAL Approved Exceptions	64	\$9,551,117
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III. Pre-Approved Exceptions to Competitive Purchasing

Exception #1:	Total # of Exceptions	Total Dollars
Lodging, travel (does not include group airfare or charter air).	1	\$57,962
Exception #2:	Total # of Exceptions	Total Dollars
Media advertising, purchase or access to uniquely compiled database information.	3	\$270,800
Exception #3:	Total # of Exceptions	Total Dollars
Farm commodities such as grain or livestock.	1	\$60,000
Exception #4:	Total # of Exceptions	Total Dollars
Closeout of used items which requestor or Purchasing has verified to be at least 30% below comparable new equipment (does not include refurbished or remanufactured furniture).	1	\$61,575
Exception #5:	Total # of Exceptions	Total Dollars
Subcontractors previously arranged by Sponsored Projects Administration (SPA).	0	\$0
Exception #6:	Total # of Exceptions	Total Dollars
Service (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity.	6	\$345,388
Exception #7:	Total # of Exceptions	Total Dollars
Service/maintenance agreements with the original manufacturer/ developer for equipment and software.	12	\$1,357,035
Exception #8:	Total # of Exceptions	Total Dollars
Unique specification research animals purchased under guidelines of the Institutional Animal Care and Use Committee (IACUC).	0	\$0
Exception #9:	Total # of Exceptions	Total Dollars
Software license renewals and software upgrades available only from developer. This includes adding licenses to an existing license agreement.	7	\$789,802
Exception #10:	Total # of Exceptions	Total Dollars
Development, design and/or creation of original artwork.	1	\$105,500
Exception #11:	Total # of Exceptions	Total Dollars
Fairview purchases related to research projects.	1	\$360,000
Exception #12:	Total # of Exceptions	Total Dollars
Entertainers, lecturers, speakers and honoraria.	8	\$684,663

Q4 FY15

Exception #13:	Total # of Exceptions	Total Dollars
Purchases from University Physicians that are not part of sponsored research activities.	0	\$0

Exception #14:	Total # of Exceptions	Total Dollars
Study Abroad Administrators (Does not include group airfares).	4	\$292,750

Exception #15:	Total # of Exceptions	Total Dollars
Legal Services for the Office of General Counsel.	0	\$0

Exception #16:	Total # of Exceptions	Total Dollars
Search Firms that have met pre-defined criteria.	0	\$0

TOTAL Approved Exceptions	45	\$	4,385,475
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IV. **Regents Policy Violations**

There are two Regents Policy Violations to report.

Department Name	Vendor Name	Total Dollar
College of Liberal Arts	Marquand Books, Inc.	\$79,620
Product/Service Description		
Editorial Management, Graphic Design, Production Management, Manufacturing, Transportation and Distribution of a book for the Nash Gallery.		
Explanation for Violation		
A staff person in the department did not check with the accountant about the University procedures for large dollar amount purchases. He assumed he was being sufficiently responsible by visiting other printers and having them bid the manufacturing, as a comparison to Marquand's manufacturing.		
Action Taken by Department to Prevent Further Violations		
The staff person has been informed that for contracts of \$50,000 or more he must follow a specific University bidding process and he will follow that process in the future.		

Department Name	Vendor Name	Total Dollar
Humphrey School of Public Affairs	Z Systems	\$50,000
Product/Service Description		
Audiovisual Service - upgrade		
Explanation for Violation		
The Humphrey School has very few purchases of goods that meet the competitive bid threshold and was in a transition with the Procurement Specialist role when the purchase was considered. Costs ended up slightly over the competitive bid threshold (and while a vendor was selected that provided a significant discount over a University of Minnesota ISO) the proper process was not initiated.		
Action Taken by Department to Prevent Further Violations		
The Humphrey School has replaced the Procurement Specialist and accountant position responsible for this area and many financial staff have since completed additional training related to the purchasing/requisition process. In addition, a meeting has been scheduled to discuss and clarify purchasing policy.		