

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance and Operations Committee

July 12, 2006

A meeting of the Finance and Operations Committee of the Board of Regents was held on Wednesday, July 12, 2006 at 10:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Anthony Baraga, Frank Berman, John Frobenius, Steven Hunter, and Cynthia Leshner.

Staff present: Executive Director Ann Cieslak; and Associate Vice Presidents Steve Cawley, Stuart Mason, and Michael Volna.

Student Representatives present: Melissa Herbst and Nathan Wanderman.

BOARD OF REGENTS POLICY: *ENDOWMENT FUND*

Associate Vice President Mason presented proposed amendments to Board of Regents Policy: *Endowment Fund*. Mason stated that the Office of Asset Management (OAM) is recommending a change to the asset allocation guidelines. The proposed asset allocation targets are:

- Public Equity – 40%;
- Fixed Income – 20%;
- Real Assets – 20%; and
- Private Capital – 20%.

In response to a request from the committee at a previous meeting, Mason presented example reports related to alternative investments in such areas as market value comparisons, asset class tracking, and investment manager performance.

Mason explained that the proposed policy amendments would include language recognizing the University's responsibility to consider social issues when making investment decisions. He informed the committee that this revision is being recommended by the University Senate Social Concerns Committee and that Board of Regents Policy: *Investment Social Concerns* would be superseded with the adoption of the policy amendments.

Regent Berman expressed discomfort with the proposed target of 40% in alternative assets (real assets and private capital). Regent Baraga noted that the recommendation from OAM is supported by the Investment Advisory Committee and Cambridge Associates and urged the committee to adopt the policy amendments.

The committee voted by a majority of 5 to 1 to adopt amendments to Board of Regents Policy: *Endowment Fund*. Regent Berman voted against the motion.

RESOLUTION RELATED TO ISSUANCE OF DEBT

Associate Vice President Volna introduced Carole Fleck, Director of Debt Management, to present a resolution related to the issuance of debt for the TCF Bank Stadium Project, as contained in the docket materials. Fleck explained that the financing resolution authorizes the issuance and sale of bonds in the principal amount of \$137,250,000 for costs related to the stadium project. The debt service on these bonds will be funded by an annual appropriation from the state of Minnesota beginning July 1, 2007, in an annual amount not to exceed \$10,250,000. The hiring of underwriters for this issuance of debt will be brought to the Committee for action at a future meeting.

In response to a question from Regent Hunter, Fleck expressed confidence that the payments from the state will be sufficient to cover the debt service at current interest rates.

The committee voted unanimously to recommend approval of the resolution.

CONSENT REPORT

Associate Vice President Volna presented the Consent Report as detailed in the docket and materials distributed at the meeting, including the Purchase of Goods and Services over \$250,000 to:

- To Adecco Staffing for an estimated \$2,000,000 for administration of a temporary clerical work force management program for the period of July 1, 2006, through June 30, 2007.
- To AudienceView Company for ticketing software for a total estimated cost of \$923,000 to be paid over a term of five years from July 2006 to June 2011. The contract also allows for two possible one-year extensions.
- To Bruker Biospin Corp. for \$1,275,000 for an Electron Paramagnetic Resonance Spectrometer Eleksys E680 for the Biophysical Spectroscopy Facility of the Department of Biochemistry, Molecular Biology, and Biophysics.
- To Bruker Daltonics Corporation for \$299,000 for a MicrOTOF-Q mass spectrometer for the Department of Chemistry. The instrument will be purchased entirely with funds supplied by the National Science Foundation with no institutional matching funds required.
- To the Committee on Institutional Cooperation (CIC) for an estimated \$381,310 to participate in OmniPop, a collaborative effort of the CIC to utilize the fiber optic ring within the Chicago area for the five-year period from September 1, 2006, through August 31, 2011.
- To Fundacion Ortega y Gasset, Argentina, for an amount not to exceed \$278,000 for providing study abroad academic credit programs for the Learning Abroad Center during Fall semester 2006 and Spring semester 2007.
- To increase the contract with LogicGate Consulting by \$100,000 to complete work on the development and implementation of PeopleSoft's Position Management system for the Office of Information Technology

and Human Resources/Human Resources Management. The original contract amount of \$278,000 was approved by the Regents in October 2005 to implement Position Management and to upgrade the Student/Human Resources systems to Version 8. This amendment brings the total contract to \$378,000 and will cover the final implementation and deployment of the Position Management software application to University departments.

- To Mohamud Jama for an amount not to exceed \$272,445 for providing study abroad academic credit programs for the Learning Abroad Center during Fall semester 2006 and Spring semester 2007.
- To Patterson Dental for an estimated \$750,000 to supply non-stock dental lab supplies, dental medical supplies, dental instruments, dental x-ray films, and dental chemicals, etc., for the period of October 1, 2006, through September 30, 2008, for the University Stores.
- To Solutionary, Inc. for an estimated \$750,000 to manage and monitor the University's critical network devices for the Office of Information Technology.
- To The Friday Group for \$235,000 to amend and extend a contract for providing subject matter expertise and process facilitation for the Facilities Management Transformation Project from December 2005 until December 2007. This extension will bring the total contract to \$462,798.
- To increase the contract with Watson Wyatt by \$416,000 to provide for additional annual consulting for the UPlan Employee Medical Program and the University's Administrative Working Group (AWG) for Health Care.

The committee voted unanimously to recommend approval of the Consent Report.

The meeting adjourned at 11:00 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary