

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Finance and Operations Committee**  
**September 7, 2006**

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, September 7, 2006 at 10:00 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: Vice President Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Steve Cawley, Stuart Mason, and Michael Volna.

Student Representatives present: Melissa Herbst and Nathan Wanderman.

**ISSUES RELATED TO: ANNUAL ASSET MANAGEMENT REPORT**

Vice President Pfutzenreuter introduced Associate Vice President Mason to present information on the Annual Asset Management Report. Mason noted that that the information provided in the report was compiled at the culmination of the fiscal year on June 30, 2006. He made the following observations during his presentation:

- The invested assets of the University totaled approximately \$1.6 billion.
- The Consolidated Endowment Fund (CEF) value was \$869.6 million, an increase of \$103 million over the last 12 months.
- The value of the short term reserves was \$661 million.
- Outstanding debt totaled \$628 million.

Mason provided additional information to the committee on the benchmark returns of different asset classes, CEF comparisons to inflation, and efforts to hire minority/women owned investment firms.

In response to a question from Regent Frobenius, Mason explained that this report contains information from the previous categorization of asset classes and that future reports will correspond with amended classes adopted by the Board in July 2006. In response to a question from Student Representative Wanderman regarding peer comparisons, Mason reported that while not all universities have reported year-end numbers, the one-year performance of the CEF should be in the top quartile and the three-year might be in the top 5 to 10 percent of higher education endowments.

**COMMITTEE WORKPLAN, 2006-07**

Vice President Pfutzenreuter presented the draft workplan for 2006-07, as presented in the docket materials. The plan is organized around five broad categories reflecting the role of the committee in meeting its fiduciary responsibilities. By consensus, the committee agreed to the workplan.

## CONSENT REPORT

Vice President Pfutzenreuter 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 Bruker Biospin for \$315,000 for NMR Magnet, 40 MHz, 54 mm Bore with actively Shielded design to be delivered in December 2006 for the College of Pharmacy, Medicinal Chemistry.
- To Center for Academic Programs Abroad (CAPA) for an amount not to exceed \$618,210 for providing study abroad academic credit programs for the Learning Abroad Center during fall semester 2006 and spring semester 2007.
- To Continental Casualty (CNA) for an estimated \$2,239,900 for providing Long Term Care Insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the period January 1, 2007, through December 31, 2008, with five annual options to renew the contract.
- To Hitachi Medical Systems America, Inc. for \$265,000 for CB Mercuray Maxillofacial Cone Beam CT for imaging head and neck area as needed for Oral & Maxillofacial Radiology division in the Department of Diagnostic & Biological Sciences, School of Dentistry.
- To Infinera for an estimated \$5,800,000 for optical network equipment, software, the related five year maintenance agreement, and equipment installation services for the Networking and Telecommunications Services (NTS) department, a division of the Office of Information Technology.
- To John Hancock for an estimated \$2,485,000 for providing Long Term Care Insurance offered through the University of Minnesota Office of Human Resources Employee Benefits for the period April 1, 2007, through December 31, 2008, with five annual options to renew the contract.
- To The Standard for an estimated amount of \$1,760,000 or a two-year total of \$3,520,000 to provide the Faculty Income Disability Plan for faculty and professional and administrative staff, offered through the University of Minnesota Office of Human Resources Employee Benefits, for the two-year period of January 1, 2007, through December 31, 2008.
- To The Standard for an estimated annual amount of \$1,540,700 or a two-year total of \$3,081,400 to provide Optional Short Term Disability and Long Term Disability Insurance, offered through the University of Minnesota Office of Human Resources Employee Benefits, for the two-year period of January 1, 2007, through December 31, 2008.
- To UMP (University of Minnesota Physicians) for \$332,871 for lab services and office space at Phalen Clinic and two staff employees for January 1, 2006, to January 1, 2007, for the Department of Family Medicine & Community Health to work on the project entitled ACCORD (Action to Control Cardiovascular Disease in Diabetes).
- To XPEDX for an estimated \$363,000 for the purchase of recycled copy paper to be stocked at the University Stores for use in University

departments. The contract period is October 1, 2006, through September 30, 2007.

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

#### **INFORMATION ITEMS**

Vice President Pfutzenreuter referred committee members to the Information Items contained in the docket, including:

- Quarterly Purchasing Report;
- Emergency Purchases; and
- Annual Economic Development Report.

The meeting adjourned at 11:10 a.m.

**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**