UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Friday, December 9, 2011

9:00 a.m. - 12:00 p.m.

600 McNamara Alumni Center, Boardroom

AGENDA

1. Recognition of Senior Vice President for Academic Affairs & Provost - E. Kaler (p. 3)
2. Approval of Minutes - Action - L. Cohen
3. Report of the President - E. Kaler
4. Report of the Chair - L. Cohen
5. Receive and File Reports (pp. 4-111_
   A. Quarterly Report of Grant & Contract Activity
   B. Annual Financial Report
   C. Annual Eastcliff Report
6. Consent Report - Review/Action - L. Cohen (pp. 112-127)
   A. Report of the All-University Honors Committee
7. B. Gifts
8. Report of the Faculty Consultative Committee - C. Cramer (pp. 128-131)
9. Report of the Student Representatives to the Board of Regents - A. Omari (pp. 132-143)
10. *Board of Regents Policy: Board Operations and Agenda Guidelines* - Review - L. Cohen (pp. 144-155)
11. *Board of Regents Policy: Reservation and Delegation of Authority* - Review - L. Cohen (pp. 156-163)
12. Board of Regents Policy: *Code of Ethics for Members of the Board of Regents* - Review - C. Allen (pp. 164-168)
13. Annual Report on the Status of University Research - T. Mulcahy (pp. 169-178)
14. Annual Report on Private Giving – S. Goldstein/B. Malkeson (p. 179)
15. Annual Financial Report - R. Pfutzenreuter/M. Volna (p. 180)
16. Report of the Educational Planning & Policy Committee - M. Ramirez
17. Report of the Facilities Committee - D. Johnson
18. Report of the Faculty, Staff & Student Affairs Committee - P. Simmons
19. Report of the Finance & Operations Committee - J. Frobenius

20. Report of the Audit Committee - R. Beeson
21. Report of the Litigation Review Committee - V. Hung
22. Old Business
23. New Business
24. Adjournment

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 9, 2011**

Agenda Item: Recognition of Senior Vice President for Academic Affairs and Provost

☐ **review** ☐ **review/action** ☐ **action** ☒ **discussion**

Presenters: President Eric W. Kaler

Purpose:

☐ **policy** ☒ **background/context** ☐ **oversight** ☐ **strategic positioning**

To recognize E. Thomas Sullivan, Senior Vice President for Academic Affairs and Provost

Outline of Key Points/Policy Issues:

Tom Sullivan became Senior Vice President for Academic Affairs and Provost in July 2004. Previously, he served as the eighth dean of the University of Minnesota Law School from 1995 to 2002. Upon finishing his term as dean, he returned to full-time research and teaching and was named the Irving Younger Professor of Law. In June of 2003, he received the J. William Elwin, Jr., Award from the American Bar Association Section of Legal Education for leadership and contributions to law school development. In 2005, he was appointed the Julius E. Davis Chair in Law. His teaching areas include antitrust, civil procedure, complex litigation, and regulation of business.

At the Law School, he has received the Stanley V. Kinyon Teacher of the Year Award for Excellence in Teaching. On two occasions he has been a visiting faculty member at Georgetown University Law Center in Washington, D.C. He twice has been a visiting scholar at Cambridge University in England. During the fall semester 2002, he was a visiting professor of law at the University of California, Berkeley (Boalt Hall).

Before coming to the University of Minnesota, Sullivan served for six years as dean of the University of Arizona College of Law and as associate dean at Washington University in St. Louis. He began his career in higher education as a faculty member at the University of Missouri, Columbia. Sullivan graduated magna cum laude from law school at Indiana University in 1973, where he served as an editor on the Law Review.

Background Information:

The Certificate of Appreciation may be presented to any person for contributions or services at the collegiate or all-University level.

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 9, 2011**

Agenda Item: Receive and File Reports

☐ **review** ☐ **review/action** ☐ **action** ☒ **discussion**

Presenters: Regent Linda Cohen

Purpose:

☐ **policy** ☐ **background/context** ☒ **oversight** ☐ **strategic positioning**

Outline of Key Points/Policy Issues:

Background Information:

The following items are included for receipt and filing:

A) Quarterly Report on Grant and Contract Activity
B) Annual Financial Report
C) Annual Eastcliff Report

Office of the Vice President for Research

University of Minnesota
Driven to Discover℠

Meeting of the Board of Regents

Quarterly Report of Grant/Contract Activity

Fiscal Year 2012
First Quarter Data: July - September, 2011

University of Minnesota

Quarterly Report of Grant and Contract Activity

Fiscal Year 2012 First Quarter: July - September, 2011

Award Summary by Sponsor - Award Counts

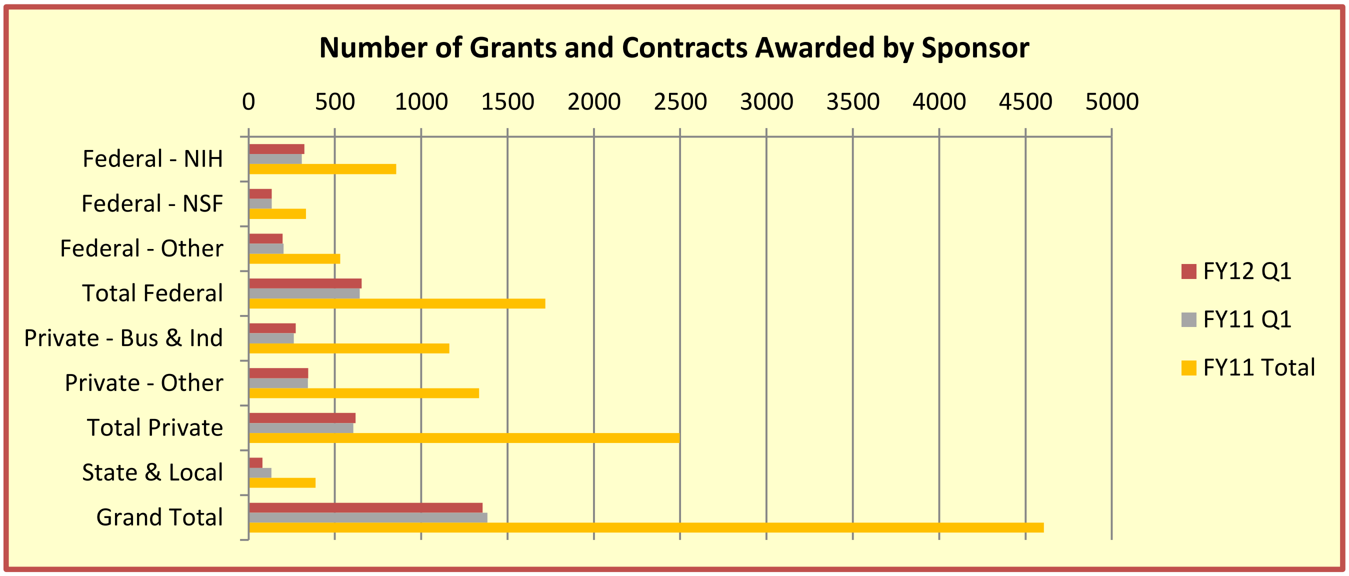

Figure 1: Number of Awards by Sponsor.
Comparison of Fiscal Year 2012 versus Fiscal Year 2011. (For numerical data, see Table 1 below.)

Table 1: Number of Awards				
	Quarter 1		YTD	
Agency	**FY11**	**FY12**	**FY11 (Q1-4)**	**FY12 (Q1)**
NIH	308	323	856	323
NSF	134	134	333	134
Other Federal	202	198	530	198
Total Federal	**644**	**655**	**1719**	**655**
Business & Industry	263	273	1162	273
Other Private	343	346	1336	346
Total Private	**606**	**619**	**2498**	**619**
State & Local	**133**	**81**	**389**	**81**
Grand Total	**1383**	**1355**	**4606**	**1355**

Table 1: Qtr 1 and Fiscal Year comparisons.

Award Summary by Sponsor - Awarded Amounts

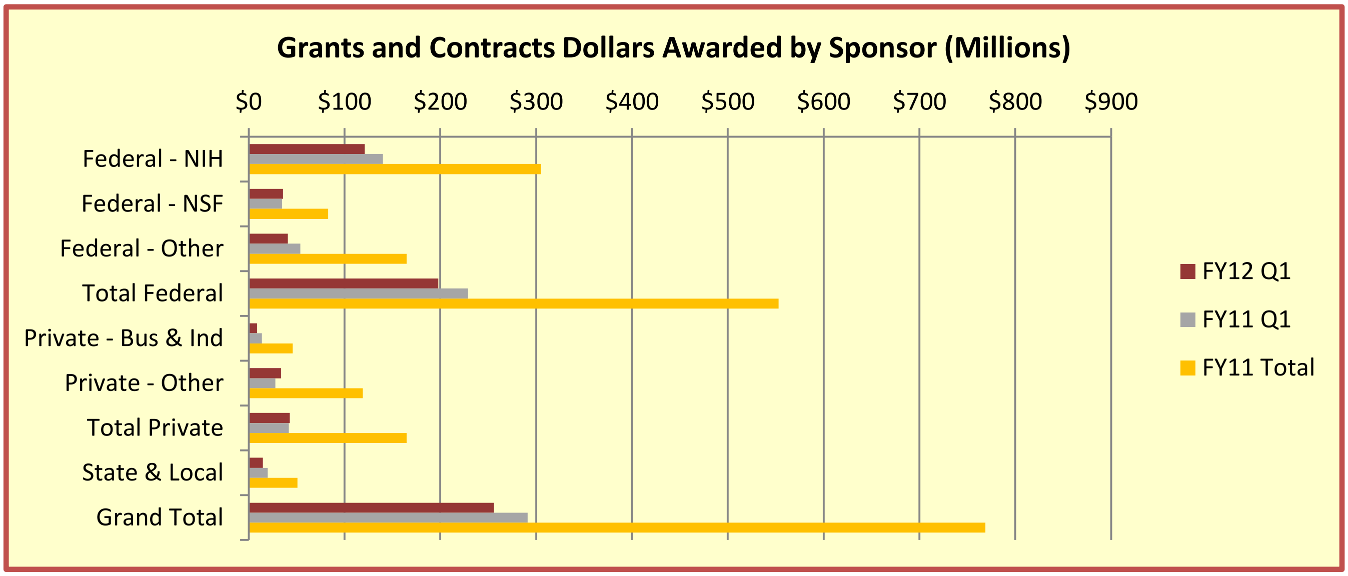

Figure 2: Award Totals by Sponsor.
Comparison of Fiscal Year 2012 versus Fiscal Year 2011. (For numerical data, see Table 2 below.)

Table 2: Total Dollars Awarded (Millions)				
	Quarter 1		YTD	
Agency	**FY11**	**FY12**	**FY11 (Q1-4)**	**FY12 (Q1)**
NIH	140	121	305	121
NSF	35	36	83	36
Other Federal	54	41	165	41
Total Federal	**229**	**198**	**553**	**198**
Business & Industry	14	9	46	9
Other Private	28	34	119	34
Total Private	**42**	**43**	**165**	**43**
State & Local	**20**	**15**	**51**	**15**
Grand Total	**291**	**256**	**769**	**256**

Table 2: Qtr 1 and Fiscal Year comparisons.

Annual Progress

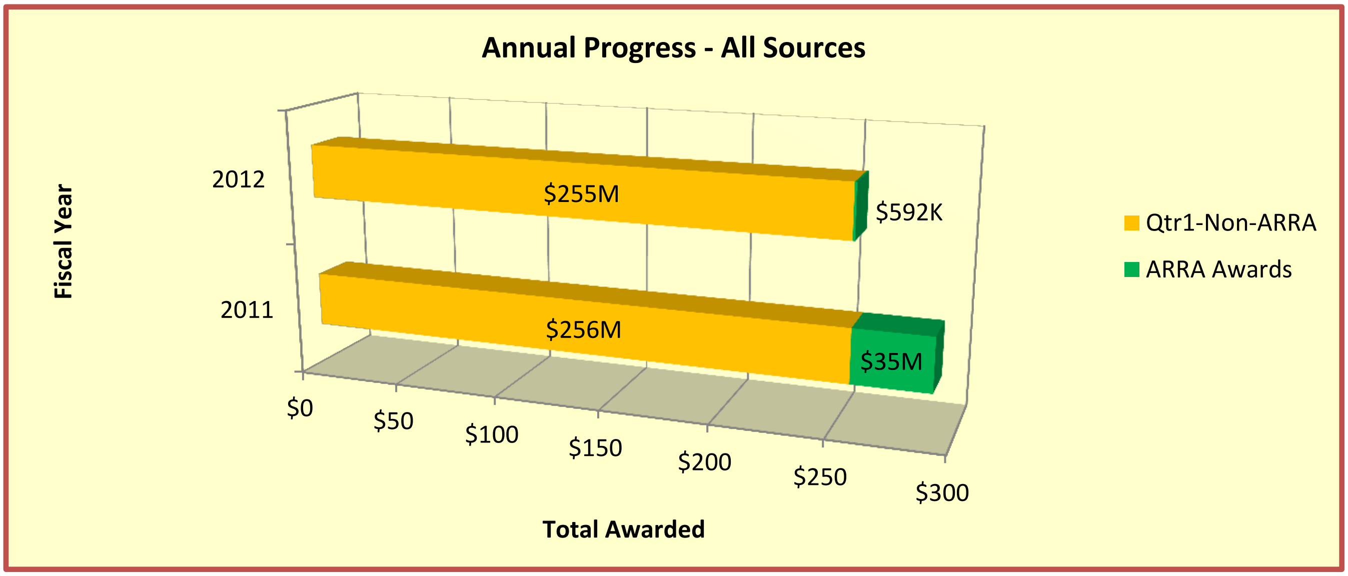

Figure 3: Quarter Comparison - All Sources.

University of Minnesota

Quarterly Report of Grant and Contract Activity

Fiscal Year 2012 First Quarter: July - September, 2011

Award Summary by College

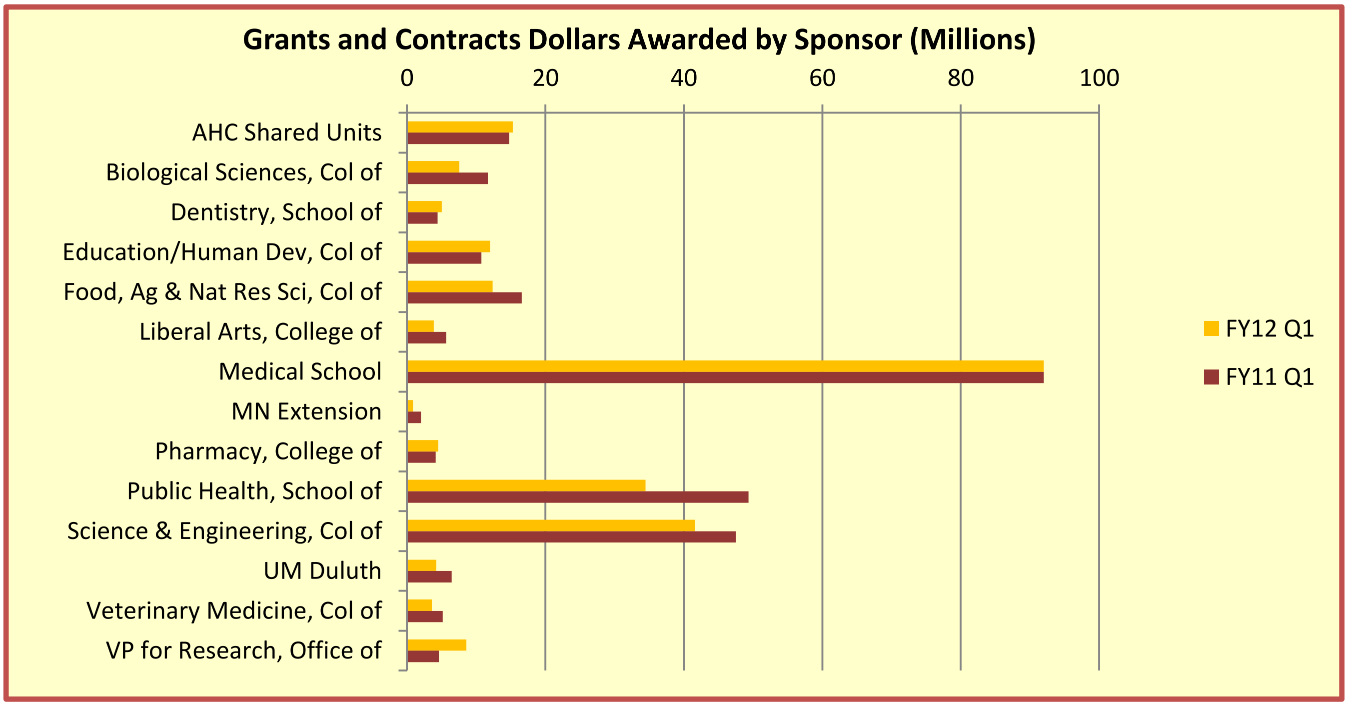

Figure 4: Grants and Contracts Awarded by Colleges: Units with Greater than $10 Million Awarded Annually.

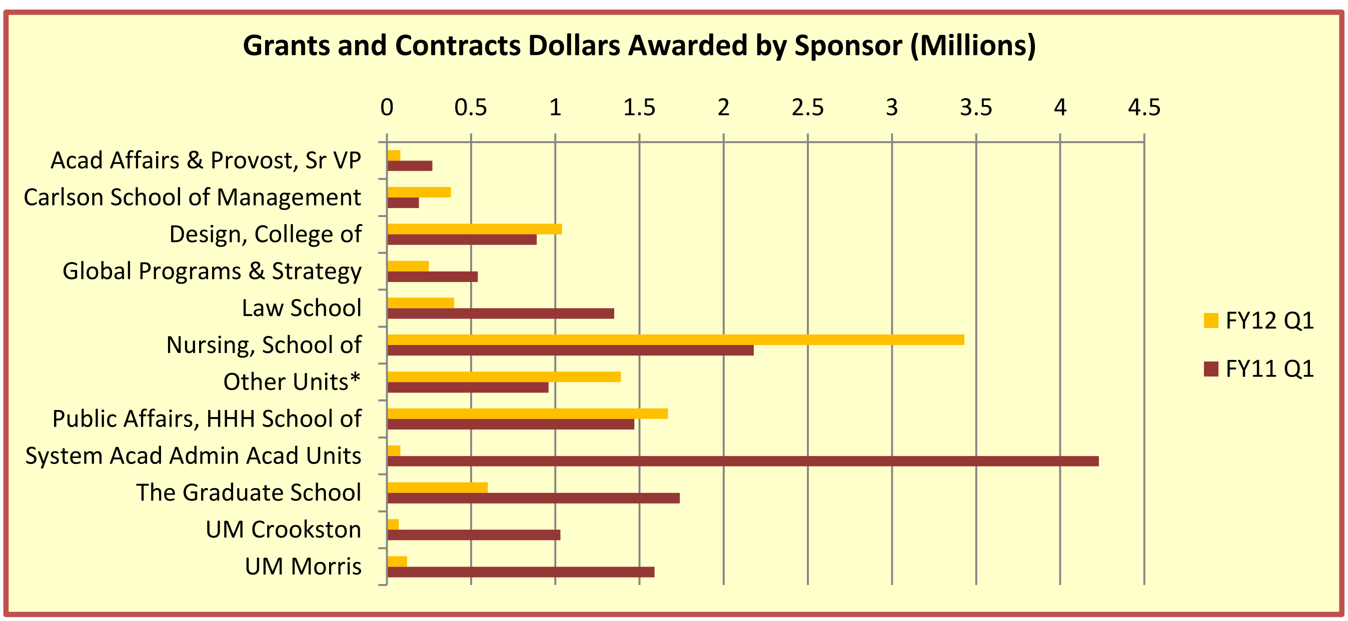

Figure 5: Grants and Contracts Awarded by Colleges: Units with Less than $10 Million Awarded Annually.

*Other Units includes System Acad Admin, Scholarly & Cultural Affairs, University Libraries, Public Safety, Student Affairs, Health Sciences Admin, Ag Experiment Station, UM Rochester, Equity & Diversity, and College of Continuing Ed.

University of Minnesota

Consolidated Financial Statements for the Years Ended June 30, 2011 and 2010, Independent Auditors' Report, and Management's Discussion and Analysis

Financial Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Regents
University of Minnesota
Minneapolis, MN

We have audited the accompanying consolidated statements of net assets of the University of Minnesota (the "University") as of June 30, 2011 and 2010, and the related consolidated statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended and the financial statements of the discretely presented component units as of and for the years ended June 30, 2011 and 2010. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar, as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, such financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended and the financial statements of the discretely presented component units as of and for the years ended June 30, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress, as listed in the table of contents, which are the responsibility of the University's management, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

October 28, 2011

Management's Discussion and Analysis
(Unaudited)

Introduction

This discussion and analysis of the University of Minnesota's (the University) consolidated financial statements provides an overview of the consolidated financial position and activities of the University for the years ended June 30, 2011, 2010, and 2009. The discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and the accompanying notes.

The University of Minnesota is both the state's land-grant university, with a strong tradition of education and public service, and a major research institution, with faculty of national and international reputation. Its mission is to offer undergraduate, graduate, and professional instruction through the doctoral degree, and to be the primary state-supported academic institution for research and extension services.

The University of Minnesota, founded in 1851, has five campuses (Twin Cities, Duluth, Morris, Crookston, and Rochester), research and outreach centers, and extension service offices throughout the state.

The Twin Cities campus is the fourth largest campus in the country in terms of enrollment (approximately 52,000 students) and among the top nine public research institutions nationally. The University is the state's major research institution with expenditures of approximately $625.7 million, $631.2 million, and $600.1 million in fiscal years 2011, 2010, and 2009, respectively, for research under various programs funded by governmental and private sources.

The Duluth campus is a comprehensive regional university that offers instruction through the doctoral degree and has unique research strengths in natural and freshwater resources. The Duluth campus consistently ranks among the top Midwestern regional universities.

The Morris campus is ranked as one of the top public liberal arts colleges in the nation and is a leader in environmental issues.

The Crookston campus provides career-oriented education at the baccalaureate level, primarily in polytechnical disciplines.

The Rochester campus is focused on meeting the educational needs of students in the southeastern Minnesota area at the upper division undergraduate and post-baccalaureate levels.

Mission

The University of Minnesota's mission, carried out on multiple campuses and throughout the state, is threefold: research and discovery, teaching and learning, and outreach and public service.

- Research and Discovery—To generate and preserve knowledge, understanding, and creativity by conducting high quality research, scholarship, and artistic activities that benefit students, scholars, and communities across the state, the nation, and the world.

- Teaching and Learning—To share that knowledge, understanding, and creativity by providing a broad range of educational programs in a strong and diverse community of learners and teachers, and to prepare graduate, professional, and undergraduate students, as well as non-degree-seeking students interested in continuing education and lifelong learning, for active roles in a multiracial and multicultural world.

- Outreach and Public Service—To extend, apply, and exchange knowledge between the University and society by applying scholarly expertise to community problems, by helping organizations and individuals respond to their changing environments, and by making the knowledge and resources created and preserved at the University accessible to the citizens of the state, the nation, and the world.

Operations

The University of Minnesota conducts its mission activities at its campuses and other facilities throughout the state. Each year, the University of Minnesota:

- provides instruction for approximately 69,200 students;
- graduates approximately 14,000 students, 41 percent with graduate or first professional degrees on the Twin Cities campus;
- conducts research sponsored by the National Institutes of Health, the National Science Foundation, other federal, state, and governmental agencies, and numerous private companies and foundations;
- reaches out to more than 1 million Minnesotans through various outreach and public service activities.

Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). The consolidated financial statements required under these reporting standards include the Consolidated Statements of Net Assets; the Consolidated Statements of Revenues, Expenses, and Changes in Net Assets; and the Consolidated Statements of Cash Flows. All are reported on a consolidated basis for the University as a whole. Also required are the financial results of the University's legally separate component units.

Consolidated Statements of Net Assets

The Consolidated Statements of Net Assets present the consolidated financial position of the University at the end of the fiscal year, under a classified balance sheet format that reflects current and noncurrent assets and liabilities, and report net assets under the following three separate classifications:

- Unrestricted—Includes assets that are not subject to limitations or stipulations imposed by external entities and that have not been set aside for capital or endowment purposes. These assets are available for any lawful purpose of the institution and include resources that may be designated for specific purposes as determined by management or the Board of Regents.
- Restricted, which is divided into two categories—expendable and nonexpendable—Expendable assets are available for expenditure by the institution, but only in accordance with restrictions placed on their use by donors and other external entities. Nonexpendable assets are also externally restricted, but are required to be retained in perpetuity, including the University's true endowments and institutional contributions to refundable loan programs.

- Invested in capital assets, net of related debt—This category includes property, plant, and equipment, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to these capital assets.

Figure 1

The University's consolidated assets, liabilities, and net assets as of June 30, 2011, 2010, and 2009

(in thousands)

				Increase (Decrease)			
				From 2010 to 2011		From 2009 to 2010	
	2011	2010	2009	Amount	Percent	Amount	Percent
Assets							
Current assets	$ 590,555	$ 598,999	$ 611,540	$ (8,444)	(1.4%)	$ (12,541)	(2.1%)
Other noncurrent assets	1,842,770	1,449,016	1,297,454	393,754	27.2%	151,562	11.7%
Capital assets, net	2,605,072	2,531,864	2,471,421	73,208	2.9%	60,443	2.4%
Total assets	5,038,397	4,579,879	4,380,415	458,518	10.0%	199,464	4.6%
Liabilities							
Current liabilities	428,407	488,549	480,678	(60,142)	(12.3%)	7,871	1.6%
Noncurrent liabilities	148,710	131,617	114,544	17,093	13.0%	17,073	14.9%
Long-term debt	1,145,419	956,364	953,372	189,055	19.8%	2,992	0.3%
Total liabilities	1,722,536	1,576,530	1,548,594	146,006	9.3%	27,936	1.8%
Net assets							
Unrestricted	619,983	626,307	562,994	(6,324)	(1.0%)	63,313	11.2%
Restricted—expendable	802,858	512,126	434,643	290,732	56.8%	77,483	17.8%
Restricted—nonexpendable	253,609	242,541	242,606	11,068	4.6%	(65)	(0.0%)
Invested in capital assets, net of related debt	1,639,411	1,622,375	1,591,578	17,036	1.1%	30,797	1.9%
Total net assets *	3,315,861	3,003,349	2,831,821	312,512	10.4%	171,528	6.1%
Total net assets and liabilities	$ 5,038,397	$ 4,579,879	$ 4,380,415	$ 458,518	10.0%	$ 199,464	4.6%

** FY 2009 Net Assets were restated to reflect GASB 51 Intangible Assets and GASB 53 Derivatives.*

Current assets consist primarily of cash and cash equivalents and net receivables. The change in current assets over the three fiscal years was due primarily to a combination of decreases in both cash and cash equivalents and net receivables. Cash and cash equivalents decreased as a result of less temporary investment pool funds (TIP) being held in cash accounts which was partially offset by increases due to changes in investment strategies. Net receivables decreased due to the University receiving reimbursement for State capital expenditures earlier in the fiscal year due to the State of Minnesota shutdown. Restricted expendable net assets increased $290.7 million in fiscal year 2011 compared to fiscal year 2010 due to market increases related to endowments.

Long-term debt increased $189.1 million or 19.8 percent due to the issuance of General Obligation Bonds Series 2010B, 2010D, and 2011A and Special Purpose Revenue Bonds Series 2010A which was partially offset by principal reductions on existing bonds. In fiscal year 2010, the University implemented GASB Statement No. 53 (GASB 53), *Accounting and Financial Reporting for Derivative Instruments*. Refer to Note 5 for additional information related to long-term debt and derivative instruments.

Assets (excluding capital)

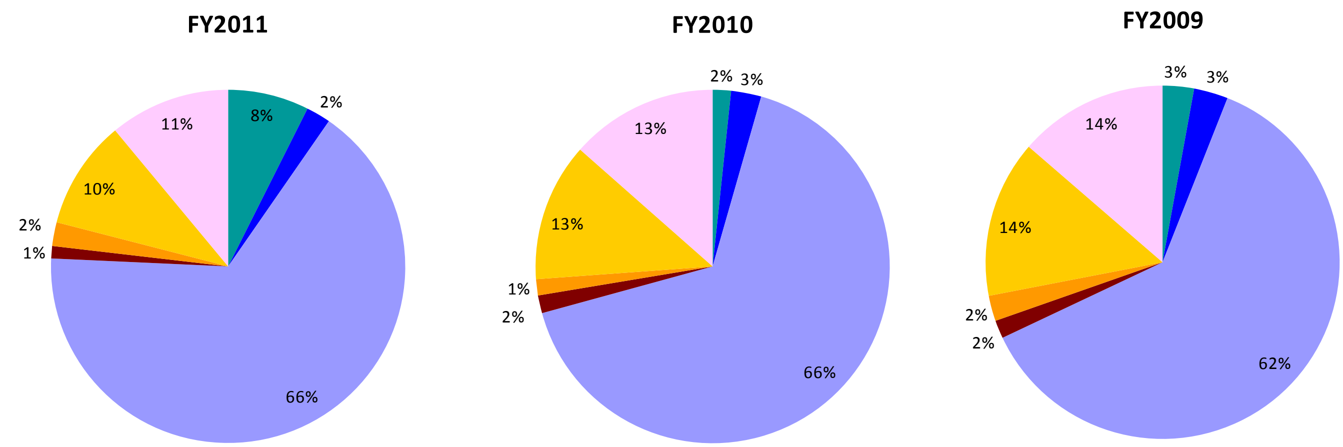

Figure 2

The University's current and noncurrent assets (excluding capital) on June 30, 2011, 2010, and 2009

(in thousands)

				Increase (Decrease)			
				From 2010 to 2011		From 2009 to 2010	
	2011	2010	2009	Amount	Percent	Amount	Percent
Current assets							
Receivables, net	$ 267,514	$ 276,104	$ 260,386	$ (8,590)	(3.1%)	$ 15,718	6.0%
Cash and cash equivalents	243,093	259,677	274,904	(16,584)	(6.4%)	(15,227)	(5.5%)
Investments	52,265	30,000	44,704	22,265	74.2%	(14,704)	(32.9%)
Other assets	27,683	33,218	31,546	(5,535)	(16.7%)	1,672	5.3%
Total current assets	590,555	598,999	611,540	(8,444)	(1.4%)	(12,541)	(2.1%)
Noncurrent assets							
Investments	1,608,474	1,358,586	1,183,005	249,888	18.4%	175,581	14.8%
Receivables, net	54,373	56,096	59,999	(1,723)	(3.1%)	(3,903)	(6.5%)
Cash and cash equivalents and other assets	179,923	34,334	54,450	145,589	424.0%	(20,116)	(36.9%)
Total noncurrent assets	1,842,770	1,449,016	1,297,454	393,754	27.2%	151,562	11.7%
Total assets (excluding capital)	$2,433,325	$ 2,048,015	$ 1,908,994	$ 385,310	18.8%	$ 139,021	7.3%

As of June 30, 2011, total assets increased $385.3 million primarily due to two factors - increases in market values of long-term endowments and other investments ($272.2 million), and a $145.6 million increase in noncurrent cash and cash equivalents consisting of unspent bond proceeds. In fiscal year 2010, the University implemented GASB Statement No. 51 (GASB 51), *Accounting and Financial Reporting of Intangible Assets,* which requires income producing intangible assets to be recorded as an investment. Refer to Note 2 for additional information related to intangible assets. Noncurrent receivables consist of student loan receivables scheduled for collection beyond the current year reported. Cash and cash equivalents and other noncurrent assets consist of prepaid expenses and deferred charges in addition to unspent bond proceeds. As of June 30, 2011 and 2010 noncurrent restricted cash and cash equivalents included $175.9 million and $30.9 million, respectively in unspent bond proceeds.

Liabilities

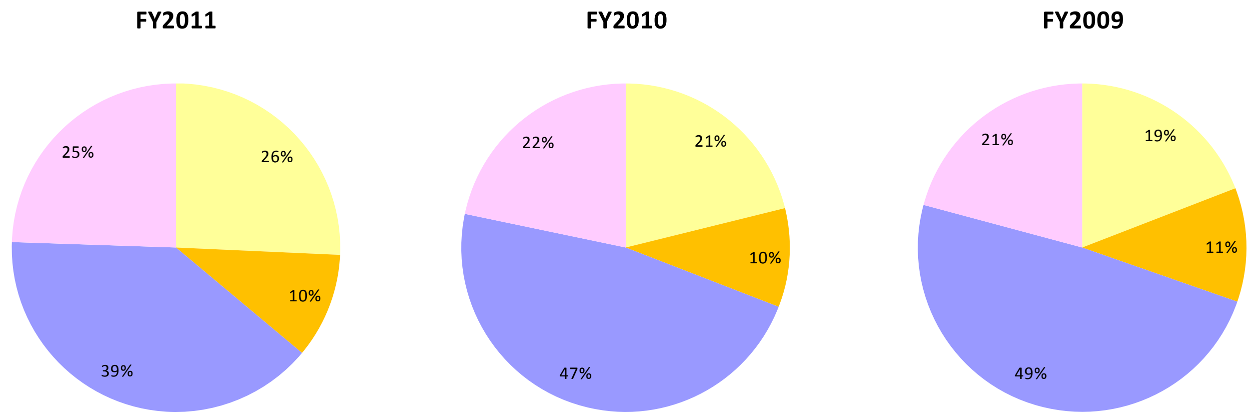

Figure 3

The University's non-debt-related current and noncurrent liabilities on June 30, 2011, 2010, and 2009

(in thousands)

				Increase (Decrease)			
				From 2010 to 2011		From 2009 to 2010	
	2011	2010	2009	Amount	Percent	Amount	Percent
Current liabilities							
Accounts payable	$ 141,091	$ 134,400	$ 123,698	$ 6,691	5.0%	$ 10,702	8.7%
Accrued liabilities and other	227,498	293,774	290,429	(66,276)	(22.6%)	3,345	1.2%
Unearned income	59,818	60,375	66,551	(557)	(0.9%)	(6,176)	(9.3%)
Total current liabilities	428,407	488,549	480,678	(60,142)	(12.3%)	7,871	1.6%
Noncurrent liabilities							
Accrued liabilities and other	148,213	130,943	113,666	17,270	13.2%	17,277	15.2%
Unearned income	497*	674*	878*	(177)	(26.3%)	(204)	(23.2%)
Total noncurrent liabilities	148,710	131,617	114,544	17,093	13.0%	17,073	14.9%
Total non-debt-related liabilities	$ 577,117	$ 620,166	$ 595,222	$ (43,049)	(6.9%)	$ 24,944	4.2%

** Total is less than 1 percent - not included in the graph.*

The University's non-debt-related liabilities (shown in Figure 3) were 34 and 39 percent of total liabilities, or $577.1 million and $620.2 million, as of June 30, 2011 and 2010, respectively. Non-debt-related liabilities consist of accounts payable, accrued liabilities, and unearned income.

The increase in the accounts payable balance, year over year, is predominately due to increased spending on several capital projects including the Folwell Hall Interior Renovation, the Biomedical Facilities Program, Griggs-Hall (UMD) Dormitory Addition and the Northrup Auditorium Interior Renovation. Current accrued liabilities and other consisted primarily of compensation and benefit accruals and the University's self-insurance reserves. In fiscal year 2010, the University implemented GASB Statement No. 53 (GASB 53), *Accounting and Financial Reporting for Derivative Instruments,* as previously discussed. In fiscal year 2011, the University terminated the interest rate swap agreements related to Series 1999A, 2001C and 2003A. The termination of these agreements resulted in a decrease of $13.7 million in accrued liabilities. The University recorded an OPEB liability of $10.6 million in fiscal year 2011 and $10.9 million in fiscal year 2010. As of June 30, 2011, the cumulative OPEB liability of $44.1 million was recorded as a current liability of $5.9 million and a noncurrent liability of $38.2 million. Current unearned income consisted of revenue related to summer session tuition and fees deferred to the following fiscal year, funds received in advance of expenditures on sponsored accounts, and deferred revenue related to contracts with outside corporations. In previous years, unearned income included deferred revenue related to state appropriations for capital projects. As of June 30, 2011, all revenue from state appropriations had been earned.

In fiscal year 2009, the University implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* which requires recognition of pollution remediation obligations once specified obligating events occur. The total pollution remediation liability for fiscal years 2011 and 2010 was $2.7 million, respectively.

Consolidated Statements of Revenues, Expenses, and Changes in Net Assets

The Consolidated Statements of Revenues, Expenses, and Changes in Net Assets present the institution's operating, nonoperating, and capital- and endowment-related financial activity during the year. This statement differentiates between operating and nonoperating revenues and expenses, and it displays the net income or loss from operations. Operating revenues are those generated by the University's principal ongoing operations such as tuition, sponsored research grants and contracts, and sales and services provided by the University's educational and self-supporting auxiliary units. State appropriations are reported as nonoperating revenues, as are gifts and other revenues for which the University does not give equal value in exchange for the resources received.

One of the University's strengths is a diversified revenue base including student tuition and fees, grants and contracts, sales by auxiliary and educational units, and state appropriations. The following tables depict the mix of operating and nonoperating revenues:

Operating and Nonoperating Revenue

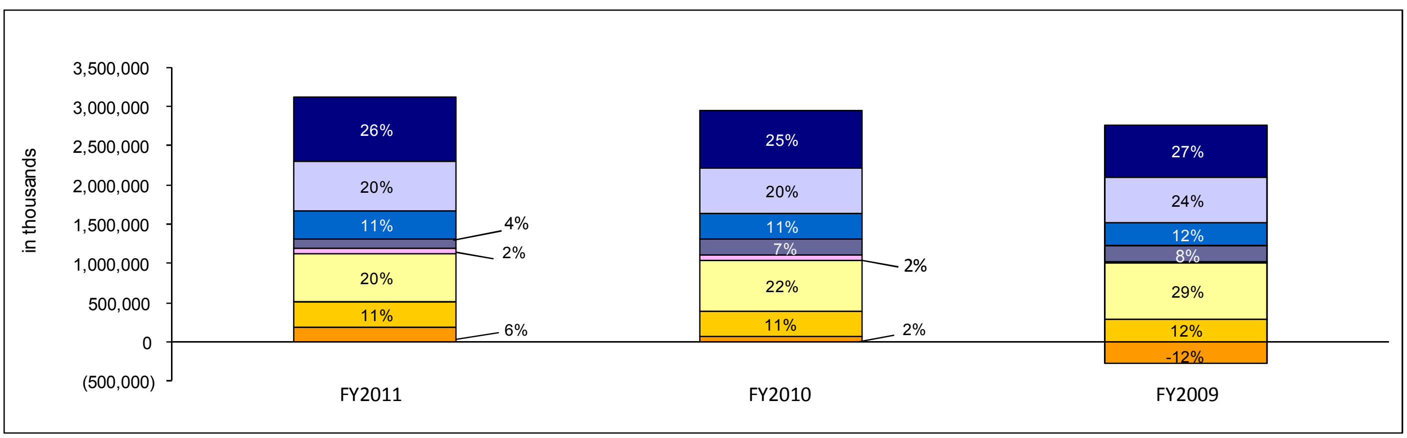

Figure 4

The University's operating and nonoperating revenue (noncapital) for the years ended June 30, 2011, 2010, and 2009

(in thousands)

				Increase (Decrease)			
				From 2010 to 2011		From 2009 to 2010	
	2011	2010	2009	Amount	Percent	Amount	Percent
Operating revenues							
Grants and contracts	$ 817,045	$ 746,870	$ 662,009	$ 70,175	9.4%	$ 84,861	12.8%
Student tuition and fees, net	634,042	576,363	590,648	57,679	10.0%	(14,285)	(2.4%)
Auxiliary enterprises, net	345,537	324,068	289,408	21,469	6.6%	34,660	12.0%
Educational activities	119,830	200,751	199,254	(80,921)	(40.3%)	1,497	0.8%
Other operating revenue	2,606	2,304	1,968	302	13.1%	336	17.1%
Total operating revenues	1,919,060	1,850,356	1,743,287	68,704	3.7%	107,069	6.1%
Nonoperating revenues							
Federal appropriations	69,416	64,948	22,409	4,468	6.9%	42,539	189.8%
State appropriations	623,300	651,350	707,806	(28,050)	(4.3%)	(56,456)	(8.0%)
Grants, gifts, and other nonoperating, net	319,755	333,762	286,810	(14,007)	(4.2%)	46,952	16.4%
Net investment gain (loss)	180,865	54,801	(285,507)	126,064	230.0%	340,308	(119.2%)
Total nonoperating revenues	1,193,336	1,104,861	731,518	88,475	8.0%	373,343	51.0%
Total revenues (noncapital)	$ 3,112,396	$ 2,955,217	$2,474,805	$ 157,179	5.3%	$ 480,412	19.4%

Total revenues increased in fiscal year 2011 by $157.2 million predominately due to increases in unrealized gains and losses on investments due to market increases. Grants and contracts increased by $70.2 million or 9.4 percent in fiscal year 2011. This was primarily driven by increased Federal grants and contracts expenses of $43.4 million related to the American Recovery and Reinvestment Act (ARRA) awards and new non-ARRA contracts. The University received over 400 new non-ARRA contracts in fiscal year 2011. Student tuition and fees increased by $57.7 million or 10% in fiscal year 2011 due to a combination of an increase in tuition of approximately 7.5 percent and increased student enrollment, partially offset by an increase in scholarship allowances. The scholarship allowance increased, partly due to a change in the estimation process and partly due to increased scholarship grants due to stimulus funds. Scholarship allowances for the years ended June 30, 2011, 2010, and 2009 were $239.1 million, $213.5 million, and $132.4 million, respectively.

Revenues from sales and services of educational activities include the Learning Abroad Center, royalty receipts from sales of products using University patents or technology, ticket sales to Northrop performances, and research work for outside businesses. Revenues from sales and services of educational activities decreased $80.9 million primarily due to decreased royalty receipts from sales of products using University patents and technology.

State appropriations decreased to $623.3 million in fiscal year 2011 from $651.4 million in fiscal year 2010. The decrease of $28.1 million or 4.3 percent was predominately due to a decrease in the appropriation base. State appropriations, in addition to other sources of unrestricted revenue (tuition and educational and auxiliary activities) and nonoperating grants, funded a number of University priorities including competitive compensation plans for faculty and staff; various academic initiatives; enhancement of services to students including technology improvements; upgrades to the financial aid process and freshman seminars; and increases in facilities costs.

Other significant sources of nonoperating revenue to the University included gifts in support of operating expenses of $147.6 million, $126.0 million, and $129.2 million, and grants and gifts for capital purposes of $44.8 million, $41.0 million, and $39.2 million in fiscal years 2011, 2010, and 2009, respectively.

Total Operating Expenses

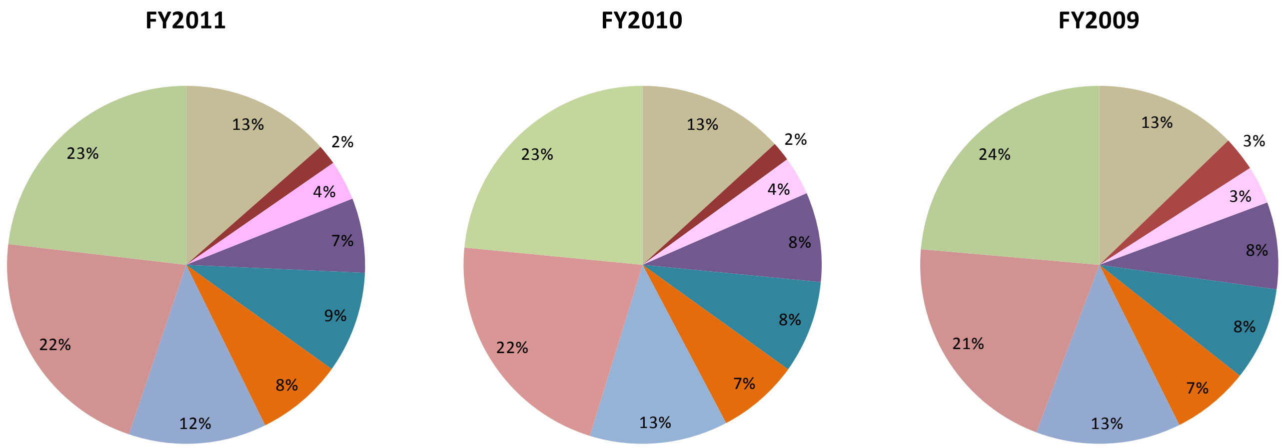

Figure 5
The University's total operating expenses by functional category for the years ended June 30, 2011, 2010, and 2009
(in thousands)

				Increase (Decrease)			
				From 2010 to 2011		From 2009 to 2010	
	2011	2010	2009	Amount	Percent	Amount	Percent
Education and general							
Instruction	$668,042	$680,469	$684,940	($12,427)	(1.8%)	($4,471)	(0.7%)
Research	625,655	631,206	600,095	(5,551)	(0.9%)	31,111	5.2%
Academic support	359,816	362,163	379,980	(2,347)	(0.6%)	(17,817)	(4.7%)
Public service	225,701	213,759	203,107	11,942	5.6%	10,652	5.2%
Operation and maintenance of plant	264,888	243,121	244,538	21,767	9.0%	(1,417)	(0.6%)
Institutional support	193,997	234,308	228,337	(40,311)	(17.2%)	5,971	2.6%
Student services	104,863	101,371	99,436	3,492	3.4%	1,935	1.9%
Scholarships and fellowships	52,310	50,798	90,429	1,512	3.0%	(39,631)	(43.8%)
Total Education and General	2,495,272	2,517,195	2,530,862	(21,923)	(0.9%)	(13,667)	(0.5%)
Other operating expenses							
Depreciation	163,689	169,524	155,534	(5,835)	(3.4%)	13,990	9.0%
Auxiliary enterprises	226,996	213,201	214,949	13,795	6.5%	(1,748)	(0.8%)
Other operating expenses, net	67	469	923	(402)	(85.7%)	(454)	(49.2%)
Total other operating expenses	390,752	383,194	371,406	7,558	2.0%	11,788	3.2%
Total operating expenses	$2,886,024	$2,900,389	$2,902,268	(14,365)	(0.5%)	(1,879)	(0.1%)

Across almost all functional categories, salaries and compensation-related expenditures continued to represent the most significant expense to the University at $1.9 billion or 65.3 percent, $1.9 billion or 64.3 percent, and $1.9 billion or 64.9 percent of operating expenses in fiscal years 2011, 2010, and 2009, respectively. The University's medical (health) and dental coverage for faculty and staff is a self-insured program, established to gain more control over the management of health care benefits, contain the rising cost of health care, and tailor benefits to meet the expressed needs of employees. Details on the University's self-insurance programs can be found in Note 9 of the consolidated financial statements.

Operating expenses related to Instruction decreased $16.8 million due to reduced funding from the State of Minnesota for Medical Education and Research Costs (MERC). Institutional support expenses decreased $24.5 million due to reduced royalty payments to inventors. Additional decreases in institutional support expenses were related to fringe cost recoveries as a result of increased fringe rates. In fiscal year 2011 Scholarship expense increased $1.5 million or 3.0 percent in fiscal year 2011 compared to a decrease of $39.7 million or 43.8 percent in fiscal year 2010. As a result of the Enterprise Financial System (EFS) implementation and improved financial reporting capabilities, the process for calculating scholarship expense changed to provide a more detailed and accurate calculation of the expense.

Consolidated Statements of Cash Flows

Figure 6
The University's cash flows for the years ended June 30, 2011, 2010, and 2009
(in thousands)

				Increase (Decrease)			
				From 2010 to 2011		From 2009 to 2010	
	2011	2010	2009	Amount	Percent	Amount	Percent
Cash (used in) provided by							
Operating activities	$ (847,949)	$ (850,405)	$ (964,481)	$ 2,456	(0.3%)	$ 114,076	(11.8%)
Noncapital financing activities	1,027,484	1,066,517	997,089	(39,033)	(3.7%)	69,428	7.0%
Capital and related financing activities	45,972	(148,008)	(142,439)	193,980	(131.1%)	(5,569)	3.9%
Investing activities	(97,055)	(103,844)	96,713	6,789	(6.5%)	(200,557)	(207.4%)
Net increase (decrease) in cash	128,452	(35,740)	(13,118)	164,192	(459.4%)	(22,622)	172.5%
Cash, beginning of year	290,580	326,320	339,438	(35,740)	(11.0%)	(13,118)	(3.9%)
Cash, end of year	$ 419,032	$ 290,580	$ 326,320	$ 128,452	44.2%	$ (35,740)	(11.0%)

The Consolidated Statements of Cash Flows present information about changes in the University's cash position using the direct method of reporting sources and uses of cash. The direct method reports all major cash inflows and outflows at gross amounts, differentiating these activities into cash flows arising from operating activities; noncapital financing such as nonexchange grants and contributions; capital financing, including bond proceeds from debt issued to purchase or construct buildings and other capital assets; and investing activities.

As illustrated in Figure 6, the University's cash and cash equivalents increased $128.5 million due to the inflow of funds provided by capital and related financing activities, partially offset by the use of funds for operating activities and investing activities. The most significant sources of cash provided by noncapital financing activities included state appropriations totaling $615.1 million and $646.8 million, grants totaling $192.3 million and $204.4 million, and gifts totaling $147.1 million and $124.2 million in fiscal years 2011 and 2010, respectively. Cash inflows for capital acquisitions from state appropriations, gifts and grants, and bonds issued during the year funded a portion of the University's equipment needs and ongoing renovation and construction initiatives.

Investment Activities

The University's endowment funds are invested to preserve the inflation-adjusted value of the endowment and to maximize total return within acceptable risk parameters. These objectives are benchmarked over three- to five-year periods.

Long-term endowment and other investments included increases from net unrealized gains on the endowment and other investments of $103.3 million and $22.1 million, for 2011 and 2010, respectively; and decreases of $48.4 million per year in 2011 and 2010 related to annual distributions of the endowment to departments, partially offset by reinvested endowment earnings.

To provide a relatively stable level of support for endowed programs, a specified percentage rate based on a five-year, moving-average market value of the endowment is distributed each year. These distributions provide funds for a variety of purposes, including instructional needs, research activities, scholarships, and academic support. An endowment spending policy requires balancing current needs with the long-term focus of the institution. The endowment funds distribution rate was 4.5 percent in fiscal years 2011 and 2010.

On February 1, 2011, the University terminated the three interest rate swap agreements related to the Series 1999A, 2001C and 2003A bonds at a cost of $17.2 million, which included a net realized loss of $4.7 million for June 30, 2011. Refer to Notes 2 and 5 for additional information related to derivative instruments.

Capital and Debt Activities

Gross capital assets increased over the past three fiscal years. The major building projects completed in fiscal year 2011 included the Science Teaching and Student Services Building, UMD Civil Engineering Building, Ambulatory Care Clinic Infrastructure and the NOVA Detector Facility Building. See Note 4 of the consolidated financial statements for more detailed information about capital assets.

Capital additions totaled $242.3 million, $237.2 million, and $360.4 million in fiscal year 2011, 2010 and 2009, respectively. Fiscal year 2011 spending included the Weisman Art Museum Addition, Biomedical Facilities Program, Griggs Hall (UMD) Dormitory Addition and the Folwell Hall Interior Renovation.

Due to the implementation of GASB Statement No. 51 (GASB 51), *Accounting and Financial Reporting for Intangible Assets,* as previously discussed, the net increase to capital assets was $6.3 million and $1.8 million for fiscal years 2011 and 2010, respectively. Refer to Notes 4 for additional information related to intangible assets.

Capital Assets

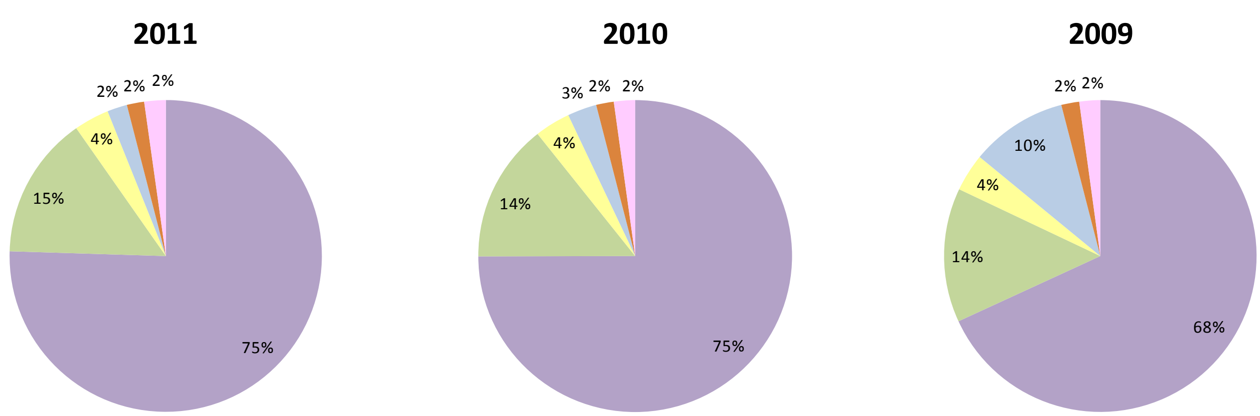

Figure 7

The University's capital asset categories (before depreciation) for the years ended June 30, 2011, 2010, and 2009

(in thousands)

	2011	2010	2009	Increase (Decrease) From 2010 to 2011 Amount	Percent	From 2009 to 2010 Amount	Percent
Capital assets (gross)							
Buildings and improvements	$3,655,564	$ 3,471,517	$ 3,029,471	$ 184,047	5.3%	$ 442,046	14.6%
Equipment	718,422	663,474	619,120	54,948	8.3%	44,354	7.2%
Library and other collections	174,966	169,334	174,439	5,632	3.3%	(5,105)	(2.9%)
Construction in progress	100,413	140,347	445,495	(39,934)	(28.5%)	(305,148)	(68.5%)
Land	87,416	85,218	82,365	2,198	2.6%	2,853	3.5%
Software and other intangibles	106,880	100,617	95,958	6,263	6.2%	4,659	4.9%
Total capital assets (gross)	$4,843,661	$ 4,630,507	$ 4,446,848	$ 213,154	4.6%	$ 183,659	4.1%

Bonds and other debt payable totaled $1,145 million, $956.4 million, and $953.4 million as of June 30, 2011, 2010, and 2009, respectively, and included proceeds from bonded debt, commercial paper and capital leases of $1.8 million and $1.0 million issued in fiscal years 2011 and 2010, respectively. Refer to Note 5 for additional information.

At the beginning of the fiscal year, the University had four series of general obligation (GO) bonds that were issued as variable rate demand bonds (VRDBs) – Series 2003A, 2001C, 2001B, and 1999A. VRDBs have demand provision that require the University to repurchase the bonds upon notice of tender from the bondholders. Remarketing agreements for each series of VRDBs were in place that allowed for the remarketing and sale of the tendered bonds to new bondholders. In March 2011, the University refunded all of the current outstanding balance of the Series 2003A, 2001C, and 1999A with a portion of the proceeds of Series 2011A, issued at a fixed rate in February 2011. At the same time, the standby bond purchase agreements that provided liquidity support for the Series 2001C and 1999A GO bonds and the interest rate swap agreements associated with each refunded series were also terminated. All bonds tendered throughout fiscal year 2011 under the demand provisions of VRDBs were successfully remarketed. Refer to Footnote 5 for additional information.

Factors Affecting Future Economic Conditions

On July 1, 2011 the University of Minnesota welcomed back to campus alumnus Eric Kaler (Ph.D. '82) as the 16th president of the University. President Kaler enters the presidency of the University at a time of great challenges, significant past progress and a new resolve on the part of the University community to advance the excellence of the institution.

The challenges are real, substantial and likely to grow larger due to significant financial pressures at the national and state levels. As in the past, the University will proactively identify, plan and appropriately respond to difficult and challenging financial circumstances.

Despite painful budget adjustments and difficult but necessary financial decisions of the last several years, the University continues to make significant progress.

Graduation rates for Twin Cities undergraduate students have improved significantly (the four-year rate for the fall 2006 entering class was 50 percent, up more than 13 percentage points from the rate of the 2001 entering class). The first-year retention rate has improved to 89.5 percent for the class entering in 2009, up nearly 5 percent from the class entering in 2001. The incoming Class of 2015 is, by all measures, the best-qualified group of first year students ever, with the highest ACT scores. The incoming Class of 2015 had an average ACT score of 27.5. The University also continues to advance its research programs and its outreach and service mission. For example, the University ranks 10th among private and public universities in securing research funding.

All the evidence clearly demonstrates that the University of Minnesota has made difficult financial decisions while continuing to make significant academic progress. But there is still work to do.

President Kaler in his inaugural speech stated "Driving excellence in our mission activities is not enough. We must also be excellent in our operations." President Kaler went on to state that, "In every aspect of University operations, we need to question what we do. We need to know if it has the intended outcome, or if we could do it better, or not at all." The financial and budgetary pressures facing the nation and the State of Minnesota are likely to last for several more years. Efforts are underway to harness the best ideas, define the critical paths to success and to achieve critical operational efficiencies. President Kaler has initiated a new focus on operational excellence that is focused on simplifying operations and reducing the cost of administration.

The University traditionally returns to the state legislature in odd-numbered years for operating budget support and even numbered years for capital budget appropriations. The University will request capital budget support during the upcoming 2012 legislative session. The capital request, asks for $169.4 million in state bonds to be matched by $39.7 million in university funds. It would fund projects: to meet health and safety concerns and to make repairs to extend the useful life of existing facilities; renovation and installation of new gas fired combustion turbines in the Old Main Utility Building serving the Minneapolis campus; improvements to the Itasca Biological Station; rehabilitation of Eddy Hall to support undergraduate admissions; and a new American Indian Learning Resource Center on the Duluth campus.

The University has also initiated a new six-year capital planning effort to identify, prioritize and finance high priority capital projects necessary to continue our efforts to enhance and advance the excellence of the University.

The University of Minnesota is entering a new phase in its history. Our goals are clear and our resolve to accomplish them is unbending. President Kaler has clearly established the fundamental themes of his administration. Two themes, excellence in everything we do and access for students, will be guideposts for the University of Minnesota in the years ahead.

University of Minnesota
Consolidated Statements of Net Assets (Excluding Component Units)
June 30, 2011 and 2010 (in thousands)

			2011	2010
Assets				
Current assets				
	Cash and cash equivalents		$ 243,093	$ 259,677
	Short-term investments		52,265	30,000
	Receivables, net		258,791	266,055
	Inventories		23,972	22,451
	Student loans receivable, net		8,723	10,049
	Prepaid expenses and deferred charges		3,490	10,583
	Other assets		221	184
	Total current assets		590,555	598,999
Noncurrent assets				
	Restricted cash and cash equivalents		175,939	30,903
	Investments		1,608,474	1,358,586
	Receivables, net		562	476
	Student loan receivables, net		53,811	55,620
	Prepaid expenses and deferred charges		3,957	3,407
	Other assets		27	24
	Capital assets, net		2,605,072	2,531,864
	Total noncurrent assets		4,447,842	3,980,880
Total assets			5,038,397	4,579,879
Liabilities				
Current liabilities				
	Accounts payable		141,091	134,400
	Accrued liabilities and other		227,498	293,774
	Unearned income		59,818	60,375
	Long-term debt-current portion		305,514	377,501
	Total current liabilities		733,921	866,050
Noncurrent liabilities				
	Accrued liabilities and other		148,213	130,943
	Unearned income		497	674
	Long-term debt		839,905	578,863
	Total noncurrent liabilities		988,615	710,480
Total liabilities			1,722,536	1,576,530
Net Assets				
	Unrestricted		619,983	626,307
	Restricted	Expendable	802,858	512,126
		Nonexpendable	253,609	242,541
	Invested in capital assets, net of related debt		1,639,411	1,622,375
Total net assets			$ 3,315,861	$ 3,003,349

See notes to consolidated financial statements.

University of Minnesota
Component Units - Statements of Financial Position
June 30, 2011 and 2010 (in thousands)

	University of Minnesota Foundation		Minnesota Medical Foundation	
	2011	2010	2011	2010
Assets				
Cash and cash equivalents	$9,269	$14,653	$243	$257
Investments, substantially at fair market value	1,511,556	1,306,779	304,159	255,917
Investments held for unitrusts, annuity trusts, and gift annuities			11,005	9,718
Investments designated for endowments				
Investments loaned to broker			4,032	4,037
Investments collateral			2,497	2,196
Pledges receivable, net	74,149	60,955	102,837	106,215
Accounts and other receivables	17,450	28,660	1,242	1,931
Interest in charitable lead trusts, unitrusts, pooled income, and trusts	55,519	49,870	30,074	26,168
Gift annuities	32,164	26,877		
Interest in the net assets of related parties				
Due from affiliated parties				
Property and equipment, net	27,987	954	763	308
Prepaids and other assets			226	115
Total assets	1,728,094	1,488,748	457,078	406,862
Liabilities				
Accounts payable and accrued liabilities	10,832	8,511	2,316	4,218
Deferred revenue and gains			244	263
Gift annuities payable	18,745	17,036		
Split-interest agreement liabilities			6,384	6,119
Unitrusts, pooled income, and annuity trusts payable	10,290	9,071		
Investments held for custody of others	207,485	184,319	1,409	1,425
Payable under investment loan agreement			4,120	4,120
Bonds and capital lease payable				
Total liabilities	247,352	218,937	14,473	16,145
Net Assets				
Unrestricted	56,220	34,049	12,928	10,692
Temporarily restricted	835,677	690,995	226,006	208,766
Permanently restricted	588,845	544,767	203,671	171,259
Total net assets	1,480,742	1,269,811	442,605	390,717
Total liabilities and net assets	$1,728,094	$1,488,748	$457,078	$406,862

See notes to consolidated financial statements.

University of Minnesota
Component Units - Statements of Financial Position
June 30, 2011 and 2010 (in thousands)

	Minnesota Landscape Arboretum Foundation		Minnesota 4-H Foundation	
	2011	2010	2011	2010
Assets				
Cash and cash equivalents	$810	$263	$1,044	$445
Investments, substantially at fair market value	433	1,086	7,751	6,672
Investments held for unitrusts, annuity trusts, and gift annuities				
Investments designated for endowments	25,266	21,942		
Investments loaned to broker				
Investments collateral				
Pledges receivable, net	889	831	28	247
Accounts and other receivables	470	214	32	10
Interest in charitable lead trusts, unitrusts, pooled income, and trusts	198	251	24	22
Gift annuities				
Interest in the net assets of related parties				
Due from affiliated parties				
Property and equipment, net			3	6
Prepaids and other assets		33	6	13
Total assets	28,066	24,620	8,888	7,415
Liabilities				
Accounts payable and accrued liabilities	3,585	3,461	150	43
Deferred revenue and gains	544	571	61	-
Gift annuities payable				
Split-interest agreement liabilities				
Unitrusts, pooled income, and annuity trusts payable				
Investments held for custody of others			1,516	1,296
Payable under investment loan agreement				
Bonds and capital lease payable				
Total liabilities	4,129	4,032	1,727	1,339
Net Assets				
Unrestricted	980	510	296	239
Temporarily restricted	6,923	4,666	5,036	4,137
Permanently restricted	16,034	15,412	1,829	1,700
Total net assets	23,937	20,588	7,161	6,076
Total liabilities and net assets	$28,066	$24,620	$8,888	$7,415

See notes to consolidated financial statements.

University of Minnesota

Component Units - Statements of Financial Position

June 30, 2011 and 2010 (in thousands)

	University of Minnesota Physicians		University of Minnesota Alumni Association	
	2011	2010	2011	2010
Assets				
Cash and cash equivalents	$12,092	$28,032	$362	$114
Investments, substantially at fair market value	26,559	26,043	23,238	20,958
Investments held for unitrusts, annuity trusts, and gift annuities				
Investments designated for endowments				
Investments loaned to broker				
Investments collateral				
Pledges receivable, net				
Accounts and other receivables	79,736	58,684	91	88
Interest in charitable lead trusts, unitrusts, pooled income, and trusts				
Gift annuities				
Interest in the net assets of related parties				
Due from affiliated parties			25	76
Property and equipment, net	12,216	15,982	265	214
Prepaids and other assets	3,249	2,944	317	327
Total assets	133,852	131,685	24,298	21,777
Liabilities				
Accounts payable and accrued liabilities	54,753	56,414	106	167
Deferred revenue and gains	13,556	13,556	4,025	3,803
Gift annuities payable				
Split-interest agreement liabilities				
Unitrusts, pooled income, and annuity trusts payable				
Investments held for custody of others				
Payable under investment loan agreement				
Bonds and capital lease payable				
Total liabilities	68,309	69,970	4,131	3,970
Net Assets				
Unrestricted	65,543	61,715	19,434	17,154
Temporarily restricted			552	472
Permanently restricted			181	181
Total net assets	65,543	61,715	20,167	17,807
Total liabilities and net assets	$133,852	$131,685	$24,298	$21,777

See notes to consolidated financial statements.

University of Minnesota

Component Units - Statements of Financial Position

June 30, 2011 and 2010 (in thousands)

	University Gateway Corporation	
	2011	2010
Assets		
Cash and cash equivalents	$1,292	$4,731
Investments, substantially at fair market value		
Investments held for unitrusts, annuity trusts, and gift annuities		
Investments designated for endowments		
Investments loaned to broker		
Investments collateral		
Pledges receivable, net		
Accounts and other receivables	107	181
Interest in charitable lead trusts, unitrusts, pooled income, and trusts		
Gift annuities		
Interest in the net assets of related parties	23,604	19,648
Due from affiliated parties		
Property and equipment, net	17,333	15,561
Prepaids and other assets	32,776	32,102
Total assets	75,112	72,223
Liabilities		
Accounts payable and accrued liabilities	2,954	3,157
Deferred revenue and gains		
Gift annuities payable		
Split-interest agreement liabilities		
Unitrusts, pooled income, and annuity trusts payable		
Investments held for custody of others		
Payable under investment loan agreement		
Bonds and capital lease payable	53,182	53,779
Total liabilities	56,136	56,936
Net Assets		
Unrestricted	18,975	15,286
Temporarily restricted	1	1
Permanently restricted		
Total net assets	18,976	15,287
Total liabilities and net assets	$75,112	$72,223

See notes to consolidated financial statements.

University of Minnesota
Consolidated Statements of Revenues, Expenses and Changes in Net Assets
(Excluding Component Units)
Years ended June 30, 2011 and 2010 (in thousands)

			2011	2010
Revenues				
Operating revenues	Student tuition and fees, net of scholarship allowances of $239,131 in 2011; $213,540 in 2010		$ 634,042	$ 576,363
	Federal grants and contracts		491,723	448,308
	State and other government grants		60,320	61,733
	Nongovernmental grants and contracts		265,002	236,829
	Student loan interest income		1,960	1,990
	Sales and services of educational activities, net of scholarship allowances of $60 in 2011; $1,827 in 2010		117,870	198,761
	Auxiliary enterprises, net of scholarship allowances of $12,674 in 2011; $14,384 in 2010		345,537	324,068
	Other operating revenues		2,606	2,304
Total operating revenues			1,919,060	1,850,356
Expenses				
Operating expenses	Education and general			
		Instruction	668,042	680,469
		Research	625,655	631,206
		Public service	225,701	213,759
		Academic support	359,816	362,163
		Student services	104,863	101,371
		Institutional support	193,997	234,308
		Operation and maintenance of plant	264,888	243,121
		Scholarships and fellowships	52,310	50,798
		Depreciation	163,689	169,524
	Auxiliary enterprises		226,996	213,201
	Other operating expenses, net		67	469
Total operating expenses			2,886,024	2,900,389
Operating Loss			(966,964)	(1,050,033)
Nonoperating Revenues (Expenses)				
Federal appropriations			69,416	64,948
State appropriations			623,300	651,350
Grants			174,534	205,294
Gifts			147,582	126,008
Investment income, net			180,865	54,801
Interest on capital-asset related debt			(36,592)	(30,876)
Other nonoperating revenues (expenses), net			(2,361)	2,460
Net nonoperating revenues			1,156,744	1,073,985
Income Before Other Revenues			189,780	23,952
Capital appropriations			75,801	98,555
Capital grants and gifts			44,813	40,953
Additions to permanent endowments			2,118	8,068
Total other revenues			122,732	147,576
Increase In Net Assets			312,512	171,528
Net assets at beginning of year			3,003,349	2,831,821
Net assets at end of year			$ 3,315,861	$ 3,003,349

See notes to consolidated financial statements.

University of Minnesota
Component Units - Statement of Activities

Year ended June 30, 2011

(with summarized information for the year ended June 30, 2010) (in thousands)

	University of Minnesota Foundation				
	Unrestricted	Temporarily restricted	Permanently restricted	Total 2011	Total 2010
Revenues					
Contributions	$7,519	$67,882	$40,668	$116,069	$88,368
Investment income (loss), net	1,977	5,461	10	7,448	6,379
Net realized and unrealized gains on investments	11,824	192,798		204,622	82,091
Change in value of trusts		4,401	3,400	7,801	5,365
Support services revenue	2,411			2,411	2,458
UMF - Dinnaken Housing, LLC rental revenue	2,865			2,865	-
Other revenue	1,139			1,139	1,388
Net assets released from restriction	125,860	(125,860)		-	-
Total revenues	153,595	144,682	44,078	342,355	186,049
Expenses					
Program services					
Distributions for educational purposes	107,023			107,023	99,208
Support services					
Management and general	6,934			6,934	7,539
Fund-raising	14,848			14,848	14,684
UMF - Dinnaken Housing, LLC	2,619			2,619	-
Total expenses	131,424	-	-	131,424	121,431
Increase in net assets	22,171	144,682	44,078	210,931	64,618
Net assets at beginning of year	34,049	690,995	544,767	1,269,811	1,205,193
Net assets at end of year	$56,220	$835,677	$588,845	$1,480,742	$1,269,811

See notes to consolidated financial statements.

University of Minnesota
Component Units - Statement of Activities

Year ended June 30, 2011

(with summarized information for the year ended June 30, 2010) (in thousands)

	Minnesota Medical Foundation				
		Temporarily	Permanently	Total	
	Unrestricted	restricted	restricted	2011	2010
Revenues					
Contributions	$2,616	$58,756	$7,183	$68,555	$49,194
Investment income (loss), net	1,155	11,018	29,910	42,083	20,353
Change in value of split-interest agreements		893	2,995	3,888	1,193
Service charges	5,640	(3,562)	(2,005)	73	78
Receipts from affiliated parties	5,766	(352)		5,414	5,337
Spending allocation	12	6,896	(6,908)	-	-
Change in donor restrictions		(1,074)	1,074	-	-
Net assets released from restriction	55,172	(55,335)	163	-	-
Total revenues	70,361	17,240	32,412	120,013	76,155
Expenses					
Program services					
Research and education grants	42,831			42,831	39,575
Building and equipment grants	8,805			8,805	842
Communications	517			517	559
Student aid and scholarships	2,046			2,046	1,996
Honor and award grants	694			694	529
Alumni and sponsored events	1,029			1,029	1,014
Support services					
Management and general	4,162			4,162	4,006
Fund-raising	8,041			8,041	7,708
Total expenses	68,125	-	-	68,125	56,229
Increase in net assets	2,236	17,240	32,412	51,888	19,926
Net assets at beginning of year	10,692	208,766	171,259	390,717	370,791
Net assets at end of year	$12,928	$226,006	$203,671	$442,605	$390,717

See notes to consolidated financial statements.

University of Minnesota

Component Units - Statement of Activities

Year ended June 30, 2011

(with summarized information for the year ended June 30, 2010) (in thousands)

	Minnesota Landscape Arboretum Foundation				
		Temporarily	Permanently	Total	
	Unrestricted	restricted	restricted	2011	2010
Revenues					
Contributions	$2,005	$1,694	$609	$4,308	$3,565
Membership dues and fees	1,125			1,125	973
Investment income (loss), net	(5)	(79)		(84)	49
Net realized and unrealized gains on investments	254	3,982		4,236	1,791
Change in value of annuity trust			13	13	16
Other revenue	189			189	214
Net assets released from restriction	3,340	(3,340)		-	-
Total revenues	6,908	2,257	622	9,787	6,608
Expenses					
Program services	5,146			5,146	4,409
Support services					
Management and general	348			348	177
Fund-raising	944			944	925
Total expenses	6,438	-	-	6,438	5,511
Increase in net assets	470	2,257	622	3,349	1,097
Net assets at beginning of year	510	4,666	15,412	20,588	19,491
Net assets at end of year	$980	$6,923	$16,034	$23,937	$20,588

See notes to consolidated financial statements.

University of Minnesota

Component Units - Statement of Activities

Year ended June 30, 2011

(with summarized information for the year ended June 30, 2010) (in thousands)

	Minnesota 4-H Foundation				
		Temporarily	Permanently	Total	
	Unrestricted	restricted	restricted	2011	2010
Revenues					
Contributions	$105	$184	$112	$401	$249
Investment income (loss), net	12	851		863	339
Change in value of annuity trust		2	2	4	(1)
Other revenue	154	1,308		1,462	325
Net assets released from restriction	1,431	(1,431)		-	-
Total revenues	1,702	914	114	2,730	912
Expenses					
Program services	1,361			1,361	1,012
Support services					
Management and general	86			86	108
Fund-raising	198			198	234
Total expenses	1,645	-	-	1,645	1,354
Increase (decrease) in net assets	57	914	114	1,085	(442)
Net assets at beginning of year	239	4,137	1,700	6,076	6,517
Reclassification of net assets	-	(15)	15	-	1
Net assets at end of year	$296	$5,036	$1,829	$7,161	$6,076

See notes to consolidated financial statements.

University of Minnesota
Component Units - Statement of Activities
Year ended June 30, 2011
(with summarized information for the year ended June 30, 2010) (in thousands)

	University of Minnesota Physicians	
	Total (unrestricted)	
	2011	2010
Revenues		
Net patient service revenue	$176,472	$194,664
Investment income (loss), net	1,225	456
Net realized and unrealized gains on investments	316	86
Other revenue	194,752	174,511
Total revenues	372,765	369,717
Expenses		
Program services		
Health care services	329,208	331,218
Support services		
Management and general	39,729	34,107
Total expenses	368,937	365,325
Increase in net assets	3,828	4,392
Net assets at beginning of year	61,715	57,323
Net assets at end of year	$65,543	$61,715

See notes to consolidated financial statements.

University of Minnesota

Component Units - Statement of Activities

Year ended June 30, 2011

(with summarized information for the year ended June 30, 2010) (in thousands)

	University of Minnesota Alumni Association				
	Unrestricted	Temporarily restricted	Permanently restricted	Total 2011	Total 2010
Revenues					
Contributions	$83			$83	$196
Membership dues and fees	771			771	839
Investment income (loss), net	(79)	($2)		(81)	45
Change in value of investments	3,620	119		3,739	1,731
Other revenue	1,964			1,964	1,991
Net assets released from restriction	37	(37)		-	-
Total revenues	6,396	80	-	6,476	4,802
Expenses					
Program services	3,492			3,492	3,731
Support services					
Management and general	562			562	631
Fund-raising	62			62	34
Total expenses	4,116	-	-	4,116	4,396
Increase in net assets	2,280	80	-	2,360	406
Net assets at beginning of year	17,154	472	181	17,807	17,401
Net assets at end of year	$19,434	$552	$181	$20,167	$17,807

See notes to consolidated financial statements.

University of Minnesota

Component Units - Statement of Activities

Year ended June 30, 2011

(with summarized information for the year ended June 30, 2010) (in thousands)

	University Gateway Corporation			
		Temporarily	Total	
	Unrestricted	restricted	2011	2010
Revenues				
Investment income (loss), net	$1		$1	$2
Direct financing lease revenue	2,905		2,905	2,964
Change in derivative financial instruments	123		123	(746)
Change in the interest in net assets of related parties	3,956		3,956	1,681
Other revenue	2,925		2,925	2,834
Total revenues	9,910	-	9,910	6,735
Expenses				
Program services	5,760		5,760	5,022
Support services				
Management and general	40		40	47
Payment to affiliated parties	421		421	414
Total expenses	6,221	-	6,221	5,483
Increase in net assets	3,689	-	3,689	1,252
Net assets at beginning of year	15,286	$1	15,287	14,035
Net assets at end of year	$18,975	$1	$18,976	$15,287

See notes to consolidated financial statements.

University of Minnesota
Consolidated Statements of Cash Flows (Excluding Component Units)
Years Ended June 30, 2011 and 2010 (in thousands)

	2011	2010
Cash Flows From Operating Activities		
Student tuition and fees	$ 636,915	$ 581,052
Grants and contracts (federal, state, nongovernmental, other)	816,156	713,964
Auxiliary enterprises	341,898	325,380
Sales and services of educational activities	117,970	199,848
Other operating revenues	2,594	2,304
Payments to employees for services	(1,445,934)	(1,389,703)
Payments for fringe benefits	(467,890)	(455,962)
Payments to suppliers for goods and services	(809,634)	(787,734)
Payments for scholarships and fellowships	(44,064)	(42,383)
Loans issued to students	(7,518)	(8,583)
Collection of loans to students	11,558	11,412
Net cash used by operating activities	(847,949)	(850,405)
Cash Flows From Noncapital Financing Activities		
Federal appropriations	69,134	64,948
State appropriations	615,129	646,824
Grants for other than capital purposes	192,278	204,442
Gifts for other than capital purposes	147,108	124,212
Private gifts for endowment purposes	2,132	8,060
Other nonoperating revenues, net	5,921	10,694
Direct lending receipts	343,854	310,325
Direct lending disbursements	(342,750)	(310,979)
Agency transactions	(5,322)	7,991
Net cash provided by noncapital financing activities	1,027,484	1,066,517
Cash Flows From Capital and Related Financing Activities		
Capital appropriations	81,368	105,741
Capital grants and gifts	40,405	38,206
Proceeds from capital debt	534,622	61,188
Proceeds from sale of capital assets	(2,973)	(2,700)
Purchases of capital assets	(228,270)	(264,708)
Principal paid on capital debt	(344,598)	(53,107)
Interest paid on capital debt	(34,582)	(32,628)
Net cash provided (used) by capital and related financing activities	45,972	(148,008)
Cash Flows From Investing Activities		
Investment income, net	66,695	28,861
Proceeds from sales and maturities of investments	667,448	928,999
Purchase of investments	(831,198)	(1,061,704)
Net cash used by investing activities	(97,055)	(103,844)
Net Increase (Decrease) in Cash and Cash Equivalents	128,452	(35,740)
Cash and Cash Equivalents at Beginning of Year	290,580	326,320
Cash and Cash Equivalents at End of Year	$ 419,032	$ 290,580

See notes to consolidated financial statements.

University of Minnesota
Consolidated Statements of Cash Flows (Excluding Component Units)
Years Ended June 30, 2011 and 2010 (in thousands)

Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used by Operating Activities	2011	2010
Operating loss	$ (966,964)	$ (1,050,033)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Depreciation expense	163,689	169,524
Changes in assets and liabilities		
Receivables, net	(3,005)	(24,381)
Inventories	(1,029)	693
Prepaid and other items	(3,210)	635
Accounts payable	10,849	35,712
Accrued liabilities	(52,616)	16,371
Deferred revenue	4,337	1,074
Net cash used by operating activities	$ (847,949)	$ (850,405)

Noncash Investing, Capital, and Financing Activities		
Unrealized gains on investments	$ 116,646	$ 24,472
Capital assets on account	34,491	28,318
Contribution of capital assets	4,388	2,520
Amortization of bond discount/premium	1,945	1,614
Capital assets acquired with capital lease	1,769	1,044
Gain on retirement of debt	792	4,519

Cash and Cash Equivalents at End of Year		
Cash and cash equivalents	$ 243,093	$ 259,677
Restricted cash and cash equivalents	175,939	30,903
Total cash and cash equivalents at end of year	$ 419,032	$ 290,580

See notes to consolidated financial statements.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Organization

The University of Minnesota (the University) is both a state land-grant university, with a strong tradition of education and public service, and a major research institution serving the State of Minnesota through five campuses: Crookston, Duluth, Morris, Rochester, and Twin Cities.

The University is considered a constitutional corporation and an agency of the State of Minnesota. As a result of this unique status, authority to govern the University is reserved to the Board of Regents rather than state law. The University complies with state law when specifically included by statute or when compliance does not conflict with the University's ability to accomplish its mission and purpose as established by the constitution of the State of Minnesota.

Tax Status—The Internal Revenue Service (IRS) has ruled that the University is an integral part of the State of Minnesota. Therefore, the University is generally exempt from federal income taxes, although certain activities are subject to federal unrelated business income tax.

Reporting Entity

The financial reporting entity for the University of Minnesota includes the financial results of the five campuses and, as required under GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—An Amendment of GASB Statement No. 14* (GASB 39), its legally separate component units. The component units are included in the University's reporting entity because of the significance of their operational or financial relationships with the University or its other component units.

Blended Component Units—The University has two component units that provide services entirely for the University's own benefit. As a result, GASB 39 requires blended presentation—combining the component units and University financial information together, displayed as one entity.

RUMINCO, Ltd.

RUMINCO, Ltd. is a wholly owned single parent captive insurance company. Although it is legally separate from the University, RUMINCO, Ltd. is reported as if it were part of the University because its sole purpose is to handle medical malpractice, general liability, directors' and officers' liability, and automobile liability on behalf of the University.

UMore Development Limited Liability Company (LLC)

UMore Development Limited Liability Company (LLC), is a wholly owned company with a purpose of providing oversight and management for the planning and development for the University's UMore Park property. Although it is legally separate from the University, based on its purpose, it is reported as if it were part of the University.

Discretely Presented Component Units—The University's financial statements include the financial data of several tax-exempt component units. They are reported in separate columns on separate pages. GASB 39 requires discrete presentation of component units when either the resources held by these entities can only be used by, or for the benefit of, the University or its component units; or the component units are closely related to, or financially integrated with the University.

University of Minnesota Foundation

The University of Minnesota Foundation (UMF) is a legally separate, tax-exempt organization dedicated to raising and managing private gifts to benefit the University of Minnesota. The Board of Trustees of the UMF consists of between 30 and 45 members and includes the president of the University of Minnesota. One fourth of the members of the Board of Trustees are appointed by the University. Although the UMF is an independent organization, the majority of resources that it holds and invests, including income from its investments, is restricted by donors to the activities of the University.

During fiscal years 2011 and 2010, the UMF distributed $121,930 and $112,534, respectively, to the University. Complete financial statements for the University of Minnesota Foundation can be obtained from the UMF office, McNamara Alumni Center, 200 Oak Street S.E., Suite 500, Minneapolis, MN 55455.

Minnesota Medical Foundation

The Minnesota Medical Foundation (MMF) is a legally separate, tax-exempt organization dedicated to raising and managing private gifts in support of the advancement of health-related education, research, and service at the University of Minnesota. The Board of Trustees of the MMF consists of not fewer than 24 elected members, one third of whom must be physicians. Although the MMF is an independent organization, the majority of resources that the MMF holds and invests, including income from its investments, is restricted by donors to the activities of the University.

During fiscal years 2011 and 2010, the MMF distributed $44,832 and $41,267, respectively, to the University. Complete financial statements for the Minnesota Medical Foundation can be obtained from the MMF office, McNamara Alumni Center, 200 Oak St S.E., Suite 300, Minneapolis, MN 55455.

Minnesota Landscape Arboretum Foundation

The Minnesota Landscape Arboretum Foundation (Foundation) is a legally separate, tax-exempt organization dedicated to raising and managing private gifts for the benefit of the Minnesota Landscape Arboretum of the University of Minnesota. The Board of Trustees of the Foundation consists of between 8 and 36 trustees, and the number of trustees must be divisible by four. One fourth of the trustees are appointed by the University of Minnesota. Although the Foundation is an independent organization, the majority of resources that the Foundation holds and invests, including income from its investments, is restricted by donors to the activities of the University.

During fiscal years 2011 and 2010, the Minnesota Landscape Arboretum Foundation distributed $6,438 and $5,511, respectively, to the University. Complete financial statements for the Minnesota Landscape Arboretum Foundation can be obtained from the Foundation office, 3675 Arboretum Drive, Chaska, MN 55318.

Minnesota 4-H Foundation

The Minnesota 4-H Foundation is a legally separate, tax-exempt organization, organized to receive, hold, invest, and administer assets and to make expenditures to or for the benefit of the programs of the Center for 4-H Youth Development, including support of the University of Minnesota Extension

Service. The Board of Trustees consists of not fewer than 18 and not more than 21 persons elected from a slate of candidates prepared by the Board of Trustees.

During fiscal years 2011 and 2010, the Minnesota 4-H Foundation distributed $1,354 and $1,062, respectively, to the University. Complete financial statements for the Minnesota 4-H Foundation can be obtained from the Minnesota 4-H Foundation office, McNamara Alumni Center, 200 Oak Street S.E., Suite 270B, Minneapolis, MN 55455.

University of Minnesota Alumni Association

The University of Minnesota Alumni Association (Association) is a legally separate, tax-exempt organization that serves alumni and the University of Minnesota with a mission to connect alumni to the University, advocate and support excellence in education, and build pride, spirit, and community. A volunteer board of 46 directors governs the Association. Members of the board are elected as follows: officers (9) and an honorary director (1) by the Board of Directors; at-large and geographic representatives (18) by the Association's general membership; and collegiate/professional representatives (18) by their respective societies.

During fiscal years 2011 and 2010, the Association distributed $1,234 and $1,307, respectively, to the University. Complete financial statements for the Association can be obtained from the University of Minnesota Alumni Association, McNamara Alumni Center, 200 Oak Street S.E., Suite 200, Minneapolis, MN 55455.

University Gateway Corporation

The University Gateway Corporation (Gateway) is a legally separate, tax-exempt entity that owns and operates a facility used to support three beneficiary organizations and the University of Minnesota in student recruiting, alumni relations, fund-raising activities, and general operations. The beneficiary organizations include the University of Minnesota Foundation, the University of Minnesota Alumni Association, and the Minnesota Medical Foundation. Gateway's six-member Board of Directors consists of three members from the University of Minnesota Foundation, two members from the University of Minnesota Alumni Association, and one member from the Minnesota Medical Foundation.

During fiscal year 2011 and 2010, Gateway distributed $987 and $647, respectively, to the University. Complete financial statements for the University Gateway Corporation can be obtained from the McNamara Alumni Center Management Office, 200 Oak Street S.E., Suite 35, Minneapolis, MN 55455.

University of Minnesota Physicians

University of Minnesota Physicians (UMPhysicians) is a legally separate, tax-exempt clinical practice organization for the faculty of the University of Minnesota School of Medicine. The Board of UMPhysicians consists of 24 voting directors, including the UMPhysicians chief executive officer, the dean of the University of Minnesota Medical School, faculty and department heads of the University Medical School (18 members), individuals from the community at-large (4 members), and 2 nonvoting directors.

During fiscal years 2011 and 2010, UMPhysicians distributed $67,294 and $63,049, respectively, to the University. Complete financial statements for University of Minnesota Physicians can be obtained from the Chief Financial Officer, 720 Washington Ave S.E., Suite 200, Minneapolis, MN 55414.

Component Units

The University's component units are nonprofit organizations, organized under IRS Code Section 501(c)(3). These units report under Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component units' financial information in the University's financial report for these differences. The component units' financial data has, however, been aggregated into like categories for presentation purposes and is shown in these statements in thousands, although in all cases except the University of Minnesota Physicians, the separately issued component units' financial statements are not rounded.

Joint Ventures and Jointly Governed Organizations

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which participants retain an ongoing financial interest or an ongoing financial responsibility. A jointly governed organization is similar to a joint venture, except it does not have ongoing financial interest or an ongoing financial responsibility.

Morris Regional Fitness Center

The University is a participant in a joint venture with the City of Morris, the County of Stevens, and the Independent School District Number 769, which operates and maintains the Morris Regional Fitness Center (RFC) on the Morris campus. The RFC operates under a joint powers agreement pursuant to Minnesota State Statute 471.59, *Joint Exercise of Powers.* It is governed by an eight-member board comprised of four members from the University, one member from each of the other participating organizations, and one individual at large. In accordance with the joint powers agreement, net earnings of the RFC are not distributable to the parties during the term of the agreement. The ownership of the RFC building addition remains the property of the University. During the course of construction, the University provided a loan to the RFC in fiscal year 2003 in the amount of $100, which is expected to be repaid over 20 years. The notes receivable balance at fiscal years ended June 30, 2011 and 2010 is $65 and $70, respectively. To help fund the operating costs of the RFC, the University collects student fees in an Agency fund, which are distributed to the RFC. Complete financial statements can be obtained from the Regional Fitness Center, 600 E. 2nd St., Morris, MN 56267.

Broadband Optical Research, Education, and Sciences Network

The University, in collaboration with three other upper Midwest research institutions, Iowa State University, University of Iowa, and University of Wisconsin, built and currently operates a regional optical network to service the advanced network requirements with national network connection points in Chicago and Kansas City. This collaboration, Broadband Optical Research, Education, and Sciences Network (BOREAS Net), supports researchers and teachers across Minnesota and around the region by providing high-performance access to collaborators around the world. The network also enables the University to purchase commercial Internet in Chicago, as well as Minneapolis. The University serves as the fiscal agent with operating costs apportioned to each of the four institutions based on an agreed upon formula. During fiscal years ended June 30, 2011 and 2010, the University incurred $681 and $391, respectively, in expenses related to BOREAS Net.

Consortium of Minnesota Educational Telecommunications Network

The Consortium of Minnesota Educational Telecommunications Network (COMET) is a regional distance learning video network for the southeastern Minnesota higher education institutions. It is part of the Learning Network of Minnesota and partners with the Metropolitan Educational Telecommunications Network (METNET). The governing board is comprised of the member schools, which includes the University. Funding is provided by grants administered by the Minnesota Office of Higher Education, as well as matching funds provided by member institutions. The University currently serves as the fiscal agent. Total grant awarded for fiscal years ended June 30, 2011 and 2010 was $843 and $843 with total University expenses and capital related outlays of $768 and $747, respectively.

Internet System for Education and Employment

The Internet System for Education and Employment (ISEEK) was created through special legislative funds in 1996. The organization provides Minnesotans with information resources about careers, education, and jobs through a database and internet search website. The executive board is comprised of five State of Minnesota agency appointees and one University appointee. Total state appropriation and other revenue recorded for fiscal years ended June 30, 2011 and 2010 was $375 and $375 with total University expenses and capital related outlays of $243 and $451, respectively.

Metropolitan Educational Telecommunications Network

The Metropolitan Educational Telecommunications Network (METNET) is a high-speed distance learning network between the University and Minnesota State Colleges and Universities. It is part of the Learning Network of Minnesota, which was an initiative of the State legislature in 1993 to connect post-secondary institutions. METNET has evolved to include Internet, data, voice, and video services to support academic programs and administrative services. Funding is provided by grants administered by the Minnesota Office of Higher Education, as well as matching funds provided by member institutions. The University serves as the fiscal agent. Total grant awarded for fiscal years ended June 30, 2011 and 2010 was $875 and $875, with total University expenses and capital related outlays of $826 and $605, respectively.

Northwest Educational Technology System

The Northwest Educational Technology System (NETS) is a consortium of northwestern Minnesota higher education institutions, including the Crookston campus, that employs technology to foster cooperation, communication, efficiency, and access. It is one of the regional networks of the Learning Network of Minnesota. NETS infrastructure and policies are in place to expand opportunities through resource sharing between member institutions, to access distant resources and to form partnerships with other public and private entities. During fiscal years ended June 30, 2011 and 2010, the University incurred membership expenses of $8 and $8, respectively.

Northeast Alliance for Telecommunications

The Northeast Alliance for Telecommunications (NEAT) is a network that delivers telecommunications to nineteen member sites in northeastern Minnesota, including the Duluth campus, that make up the

Learning Network of Minnesota. It exists to provide members with the tools and support needed for emerging technologies for distance education through interactive television and online learning offerings. During fiscal years ended June 30, 2011 and 2010, the University incurred membership expenses of $15 and $15, respectively.

Project for Automated Library Services

The Project for Automated Library Services (PALS) is a consortium of over 125 libraries and branches. Services are provided on a contractual basis to private colleges, Minnesota State Colleges and Universities, State agency libraries, public schools, special libraries, as well as the University, making all library systems available over the Internet. The University, being a member of the consortium, incurred $77 and $72 in membership fees and charges for fiscal years ended June 30, 2011 and 2010.

Southwest/West Central Higher Education Organization

The Southwest/West Central Education Organization (SHOT) is a consortium of higher education schools established to provide telecommunications and technology in the southwest/western region of the state. The Morris campus and the University's Southwest Research and Outreach Center are members, along with Minnesota State Colleges and Universities' (MnSCU) schools, Southwest Minnesota State, Minnesota West Community and Technical College, and Ridgewater College. The consortium, similar to COMET, facilitates video and desktop conferencing for its members. The University's expenses for fiscal years ended June 30, 2011 and 2010 were $15 and $21.

Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles prescribed by GASB. These statements are prepared on a consolidated, entity-wide basis. All significant inter-fund balances have been eliminated upon consolidation.

Basis of Accounting

The University is considered to be a special purpose government engaged primarily in business type activities (BTA). As a BTA, the University prepares its financial statements using the accrual basis of accounting and the economic-resources-measurement focus. Under the accrual basis of accounting, revenues and expenses are recognized when earned or incurred, respectively.

As a GASB institution, the University has the option of applying pronouncements issued by the FASB after November 30, 1989, unless FASB conflicts with GASB. The University has elected not to adopt FASB pronouncements issued after the applicable date.

Significant Accounting Policies

Cash and Cash Equivalents—For purposes of the statement of cash flows, the University defines cash and cash equivalents as highly liquid, short-term (90 days or less) investments that bear little or no market risk. The intent of the Consolidated Endowment Fund (CEF), the Group Income Pool (GIP), and the Separately Invested Funds (SIF) is long-term appreciation. Any cash balances held at the date of the statements are due to the timing of reinvesting the proceeds within the funds.

Investments—Investments in securities are reported at market value as determined by the major securities markets. Land and other real estate investments held in endowment are reported at market value as well. The values are determined using standardized industry practices, including a third party appraisal performed to validate internal valuations. Alternative investment strategies involving thinly traded securities are determined by the most recent purchase or sale price publicly available for that security. Private investments including real estate, timber, and venture capital are independently appraised annually and reported by investment managers as an updated estimate to that appraisal. As a result, these investments bear a greater risk that the reported value may be materially different than actual value. Certain alternative investments and intellectual property (e.g., income-producing patents) are reported on a cost basis. Purchases and sales of investments are recorded on a settlement-date basis. Investment income is reported on the accrual basis and includes: interest income; realized and unrealized gains and losses; and endowment income (interest earned on endowments but allocated to other funds).

The University uses derivative instruments for a variety of purposes. Financial futures are used to maintain investment portfolio asset allocations in accordance with institutional policy and to enhance the investment returns of certain asset classes. Forward foreign exchange contracts are used to protect against foreign currency exposure; gas commodity forward contracts are used to synthetically fix the price of other physical gas purchases used for University consumption; and interest rate swaps are used to manage the cost of debt. Financial futures and forward foreign exchange contracts are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value. The University is required to post collateral, typically U.S. Treasury bills, for derivative contracts held. Collateral required by these contracts is monitored daily and required deposits or withdrawals are made as necessary.

In general, the University follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Minnesota, for donor-restricted endowments. Under UPMIFA, the Board of Regents determines the prudent amount of realized and unrealized endowment appreciation to be allocated to fund current operations. Investment of the realized or unrealized appreciation in excess of the annual spending limits is discussed in Note 2.

Inventories—Inventories held for resale are carried at the lower of cost (first-in, first-out) or market value. Other inventories are carried primarily at cost, which approximates market value.

Receivables and Student Loan Receivables, Net—Receivables and student loan receivables are shown net of estimated allowance for uncollectible accounts.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent unspent bond proceeds, which are externally restricted for the construction or purchase of buildings or other capital assets. Although these funds meet the University's definition of cash and cash equivalents, they are recorded as long-term assets, as these funds are required to be used for long-term capital projects.

Capital Assets—Land, buildings, and other property are recorded at cost, if purchased or constructed, or at market value on the date of gift, if received by gift or bequest. Depreciation is determined using the straight-line method, based on the estimated useful lives of the assets. Interest that qualified for interest capitalization is $1,636 and $1,494 for fiscal years 2011 and 2010, respectively.

The following schedule summarizes the useful lives and capitalization thresholds:

Asset category	Useful life (in years)	Capitalization threshold
Capitalized software (intangible asset)	Shorter of legal life or 5 years	$500,000
Licenses (intangible asset)	License term	500,000
Non income-producing intellectual property (intangible asset)	Legal life	500,000
All other intangible assets	5	500,000
Buildings and improvements	10-40	50,000
Infrastructure	10-40	50,000
Leasehold improvements	Lease term	50,000
Equipment	3-20	2,500
Land	Indefinite	-
Library and reference books	10	-
Permanent right-of-way easements (intangible asset)	Indefinite	-

The University maintains certain collections (works of art or historical treasures) for public exhibition, education, or research in furtherance of public service. These collections are preserved, unencumbered, and cannot be disposed of for financial gain (proceeds from sales of collection items must be used to acquire other items for the collections). As such, certain collections are not capitalized for financial statement reporting purposes.

Unearned Income—Unearned income represents amounts received from tuition, auxiliary services, and grants and contracts prior to fiscal year-end but not yet earned.

Noncurrent Liabilities—Noncurrent liabilities represent the principal portion of bonds, notes, and capital lease obligations as well as estimated amounts of accrued compensated absences, other postemployment benefits, and other liabilities that will not be paid within the next fiscal year.

Net Assets—Net assets are reported in three components based upon the type of external restriction imposed.

- **Unrestricted**: Net assets that have no external restriction imposed. Unrestricted net assets may be designated for specific purposes by the Board of Regents or subject to contractual limitations, but generally are designated to fund the academic, research, and public service mission of the University.

- **Restricted**:

  Expendable—Net assets that are restricted for specific purposes by grantors, donors, or law. Restrictions on these assets are released when the University complies with the stipulations required by the grantor, donor, or legislative act.

  Nonexpendable—Net assets that are required to be retained permanently by the University. These assets represent the principal portion (historical value) of gifts to the University's true and life endowment funds, and institutional contributions to refundable loan programs.

- **Invested in capital assets, net of related debt**: Capital assets, net of accumulated depreciation and outstanding debt used to purchase, construct, or improve such assets. If debt has been incurred but not yet expended for capital assets, these unspent proceeds are classified as restricted-expendable net assets.

If both restricted and unrestricted resources are to be used for the same purpose, the resources are used in accordance with applicable instructions of the grantor, donor, or law.

Revenue Recognition—The University recognizes exchange revenue in accordance with GASB Statement No. 34 (GASB 34), *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, when the University receives and gives up essentially equal values, and recognizes nonexchange revenue in accordance with GASB Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*, when the University receives something of value without directly giving something of equal value in exchange.

Revenue and Expense Classifications—The University has classified revenues and expenses as operating or nonoperating based upon the following criteria:

- **Operating revenues**: Revenues that result from exchange activities. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. The University considers student tuition and fees (net of scholarship allowances), most grants and contracts, interest on student loans, and sales and services of auxiliary and educational activities (net of scholarship allowances) to be exchange transactions.

- **Nonoperating revenues**: Revenues that represent nonexchange activities. The primary sources of these revenues are federal and state appropriations, gifts, capital grants, federal and state financial aid grants (such as Pell and Supplemental Educational Opportunity Grants), and other nonexchange grants and contracts. Although the University relies upon these revenue sources to fund the cost of operations, the grantor or donor is not the direct recipient of the goods or services delivered under the grant or gift terms. Insurance recovery proceeds are also classified as nonoperating revenues as part of other nonoperating revenues, net, which total $1,642 and $1,181 for fiscal years 2011 and 2010, respectively.

- **Operating expenses**: Expenses that are paid to acquire or produce goods and services in return for operating revenues. The University has classified operating expenses based upon their functional classification. Operating expenses by natural classification are presented in Note 12.

- **Nonoperating expenses**: Expenses incurred in the performance of activities that are not directly related to generating University operating revenues, such as interest on capital asset-related debt.

Reclassifications—Certain prior-year amounts have been reclassified to conform to the presentation used in the current year. These reclassifications had no impact on net assets as previously reported.

Use of Estimates—To prepare the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas that require the use of management's estimates relate to accounts payable, allowances for uncollectible accounts, self-insurance reserves, scholarship discounts and allowances, arbitrage rebates, and vacation pay and pension accruals.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued new accounting standards that may be applicable to the University effective in future fiscal years.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, addresses the recognition, measurement, and disclosure requirements for services concession arrangements (SCA), which are a type of public-private or public-public partnership.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and 34*, which modifies and improves existing guidance regarding the inclusion, presentation, and disclosure requirements for component unit and equity interest transactions of a financial reporting entity.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, brings authoritative accounting and financial reporting literature of the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants' (AICPA) issued on or before November 30, 1989, and which does not conflict or contradict GASB pronouncements, together in one standard.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the University's net position.

Management is in the process of evaluating whether these GASB statements will be applicable to the University and the impact these statements may have on the University's financial statements.

2. Cash and Investments

Summary

The University maintains centralized management of substantially all of its cash and investments which are held in several investment pools. Each pool has a specific set of guidelines designed to meet its respective investment objectives within risk parameters established for that pool. Securities held in these portfolios are exposed to various types of risk such as credit, interest rates, foreign currency and other capital market risks. Material changes in the value of securities subsequent to June 30, 2011 could affect the market values reported in the consolidated financial statements.

The following table summarizes cash and investments, including RUMINCO, Ltd., a wholly-owned captive insurance company, as of June 30, 2011:

	Temporary Investment Pool	Consolidated Endowment Fund	Group Income Pool	Separately Invested Funds and Other	Invested Assets Related to Indebtedness	RUMINCO, Ltd. Insurance Subsidiary	Total
Cash and cash equivalents	$ 235,631	$ 3,888	$ (341)		$ 3,634	$ 281	$ 243,093
Short-term investments	49,993				2,272		52,265
Total current assets	285,624	3,888	(341)	-	5,906	281	295,358
Restricted cash and cash equivalents					175,939		175,939
Investments—Securities	526,895	228,162	7,570	$ 40			762,667
Investments—Other		736,250	36,725	40,668		32,164	845,807
Total noncurrent investments	526,895	964,412	44,295	40,708	-	32,164	1,608,474
Total cash and investments	$ 812,519	$ 968,300	$ 43,954	$ 40,708	$ 181,845	$ 32,445	$ 2,079,771

The following table summarizes cash and investments, including RUMINCO, Ltd., a wholly-owned captive insurance company, as of June 30, 2010:

	Temporary Investment Pool	Consolidated Endowment Fund	Group Income Pool	Separately Invested Funds and Other	Invested Assets Related to Indebtedness	RUMINCO, Ltd. Insurance Subsidiary	Total
Cash and cash equivalents	$ 259,569	$ (7,960)	$ 562		$ 7,252	$ 254	$ 259,677
Short-term investments	30,000						30,000
Total current assets	289,569	(7,960)	562	-	7,252	254	289,677
Restricted cash and cash equivalents					30,903		30,903
Investments—Securities	400,478	207,997	29,098	$ 40			637,613
Investments—Other		638,927	11,892	39,082		31,073	720,974
Total noncurrent investments	400,478	846,924	40,990	39,122	-	31,073	1,358,587
Total cash and investments	$ 690,047	$ 838,964	$ 41,552	$ 39,122	$ 38,155	$ 31,327	$ 1,679,167

Authorizations

The Board of Regents (Board) establishes the investment policies and objectives for all University funds. RUMINCO, Ltd., a wholly-owned captive insurance company, has an independent Board of Directors that establishes the investment policies and objectives for its reserves. Guidelines to manage the investment pools are described below:

Temporary Investment Pool (TIP)—Short-Term Reserves—The TIP funds are intended to meet the current obligations of the University. The investment objectives for the TIP are to maximize current income, provide liquidity for University operations, and provide backup liquidity for certain University short-term or variable-rate debt obligations. The pool may invest in money market funds, corporate obligations, and U.S. government and agency securities, within specified credit quality and term constraints.

The Board's Investment of Reserves policy allows for up to 30 percent of the pool to be invested in the Consolidated Endowment Fund (CEF). As of June 30, 2011 and 2010, the market value of the TIP assets invested in the CEF was $108,661 and $93,261 respectively. These assets are reported in the total cash and investments of the CEF. In addition, the Investment of Reserves policy guidelines include the following: average duration of four years or less for the entire pool and maximum duration of seven years for any individual holding; average credit quality of A1/A+ or better; no use of leverage; and credit ratings of investment grade defined as Baa3/BBB- or better by Moody's or Standard & Poor's. Retention of a lower rated security requires approval by the president or delegate.

For both June 30, 2011 and June 30, 2010 the TIP's average Standard & Poor's credit rating was AAA.

Consolidated Endowment Fund (CEF)—The CEF represents the pooling of funds from both public and private sources for which donor intent, law, or institutional decree determines the principal amount that must be invested in perpetuity or other specified time frames. The funds are invested to achieve an inflation-adjusted rate of return, after expenses are deducted, that exceeds the current payout rate of 4.5 percent of the average of the endowment's trailing month-end market values for the prior 60 months. The Board reserves the authority to approve asset allocation ranges for this pool.

The University makes distributions from the CEF for activities targeted by the individual endowments. When the CEF investment return is less than the payout rate, accumulated capital gains are used to supplement the distribution payout to meet the spending policy. If investment income exceeds the amount needed for distribution, the excess remains as a capital gain in the respective endowment.

The CEF is a diversified portfolio that utilizes external investment managers. The CEF assets are held in separately managed accounts, commingled pools, and limited partnerships (LP). Each of these fund structures have different risk and return characteristics. LP investments are privately negotiated transactions with limited liquidity. LP investments are valued at fair market value on June 30 of each fiscal year in accordance with the Financial Accounting Standards Board or the International Financial Reporting Standards. LPs are required to conduct an external audit annually. As of June 30, 2011 and 2010, the University had unfunded commitments to LPs of $228,667 and $295,063 respectively, which are commitments that have not been drawn down by the general partners.

Group Income Pool (GIP)—Long-Term Reserves—The GIP represents assets invested for the benefit of various University units for long-term capital purposes. The investment objective of the GIP is to maximize the total investment return while preserving capital balances until such time as the principal is required to fund the intended use. The GIP is invested in fixed-income funds through external investment managers. Additionally, up to 50 percent of the pool can be invested in the CEF. As of June 30, 2011 and 2010 the market value of the GIP assets invested in the CEF was $10,249 and $8,922, respectively. These assets are reported in the total cash and investments of the CEF.

Separately Invested Funds (SIF) and Other—The SIF represents restricted assets which include future licensing or royalty interests and equity in companies that are established based on University owned technology, as well as minerals and future mineral rights assigned to the University from privately owned real estate. All of these assets have been assigned a nominal value. Investments defined as *Other* represent investments made by the University in its own intellectual property, such as copyrights, patents, and trademarks, which are developed with the primary purpose of generating royalty income from its licensing to external customers. These *Other* investments are valued at cost, which is based on certain filing and legal expenses incurred to establish the University's legal ownership.

Invested Assets Related to Indebtedness—Invested Assets Related to Indebtedness are held in custodial accounts which are internally managed. These assets are invested in high quality, short-term fixed income securities until needed for capital projects for which the debt was issued.

Regents of the University of Minnesota Insurance Company, Ltd. (RUMINCO)—RUMINCO is a wholly-owned captive insurance company (Note 9) whose principal activities are the insurance of certain risks to the University. Coverage includes commercial general and professional liability, non-profit organization liability, business auto liability and excess automobile liability. RUMINCO insurance agreements limit the exposure to loss on a per-occurrence and annual aggregate basis.

The investment objectives for the liability reserves, which cover specific known and expected claims, are capital preservation and near term liquidity. The investment objectives for the capital surplus in excess of the liability reserves are to maximize the total return within acceptable risk parameters and to achieve at least 400 basis points of return above the inflation rate over multiple year periods.

Investment Risks

Credit and Interest Rate Risk—Credit risk is the risk that company specific events may cause a bond issuer to default, which results in a failure to repay principal or interest owed to the University in a timely manner. The Board's Investment of Reserves policy affecting the assets of the TIP limits investments in fixed income instruments to those with credit ratings of investment grade as a means of managing its exposure to market value losses arising from credit deterioration or defaults.

Interest rate risk is the risk that changes in interest rates will adversely affect the market value of the University's fixed income investments. The Board's Investment of Reserves policy affecting assets in the TIP limits investment duration as a means of managing its exposure to market value losses arising from increasing interest rates.

The following table summarizes the TIP, CEF, GIP, and RUMINCO credit and interest rate exposures as of June 30, 2011:

Fixed-income securities:	Market Value	Weighted Average Maturity (years)	% AA or Better	% BBB to A	% Credit Rating BB or Lower	% Not Rated
Asset-backed securities	$ 306	8.13	100	-	-	-
Cash & equivalents	202,184	-	100	-	-	-
Corporate	25,914	8.00	20	48	32	-
Emerging markets	22,478	9.05	2	49	49	-
Mortgage-backed securities	57,557	4.64	83	3	14	-
Muni	10,853	23.83	40	60	-	-
Other	11,531	0.51	99	1	-	-
Sovereign	10,228	9.95	100	-	-	-
US agency	481,022	1.90	100	-	-	-
US treasury	69,125	0.38	100	-	-	-
Total marketable fixed-income securities	891,198					
Private fixed-income securities	45,791					
Total fixed-income securities	$ 936,989					

The following table summarizes the TIP, CEF, GIP, and RUMINCO credit and interest rate exposures as of June 30, 2010:

Fixed-income securities:	Market Value	Weighted Average Maturity (years)	% AA or Better	% BBB to A	% Credit Rating BB or Lower	% Not Rated
Cash & equivalents	$ 231,461	0.04	100	-	-	-
Corporate	40,831	5.54	20	60	20	-
Emerging market	19,698	6.86	3	73	24	-
Mortgage-backed securities	48,411	3.43	92	3	4	-
Muni	3,529	20.10	67	33	-	-
Other	23,572	1.53	96	4	-	-
Sovereign	1,666	6.79	100	-	-	-
US agency	377,864	1.97	100	-	-	-
US treasury	120,150	8.51	100	-	-	-
Total marketable fixed-income securities	867,182					
Private fixed-income securities	45,935					
Total fixed-income securities	$ 913,117					

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the exposure of the University's investment in a single issuer. The Board's Endowment Fund policy prohibits investing directly in individual issuers in the CEF and places limits on exposures to individual managers and funds. The Board's Investment of Reserves policy places limits on concentrations to a single corporate issuer in the TIP of no more than 5 percent. As of June 30, 2011, and 2010, all securities held in the pools were in compliance with policy guidelines.

Foreign Currency Risk

The University invests in foreign currency denominated assets. Fluctuations in exchange rates may adversely affect fair market value of such investments.

The following table summarizes the University's exposure to foreign currency risk, stated in U.S. dollar equivalents, as of June 30, 2011 and June 30, 2010:

Investment type	Foreign currency	Market value 2011	Market value 2010
Equity/Debt/RE	Euro	$ 28,457	$ 17,471
Equity	Japanese Yen	8,489	5,284
Equity/Debt	Other Currency	5,420	
Equity	British Pound Sterling	5,081	2,683
Equity/Debt	Brazilian Real	3,826	1,027
Equity	Hong Kong Dollar	2,984	2,006
Equity/Debt	South Korean Won	2,616	2,385
Equity/Debt	Mexican Peso	1,913	973
Equity	Australian Dollar	1,833	691
Equity	Singapore Dollar	1,719	944
Equity/Debt	Chinese Renminbi	1,374	
Debt	Russian Ruble	1,314	455
Equity	Swedish Krona	1,227	830
Equity	Canadian Dollar	1,165	589
Equity	Indian Rupee	1,016	644
Equity	South African Rand	962	482
Debt	Argentine Peso	940	174
Equity	Thailand Baht	825	947
Equity	New Taiwan Dollar	746	201
Equity/Debt	Swiss Franc	694	444
Equity	Turkish Lira	651	4
Debt	Indonesian Rupiah	598	779
Equity	Malaysian Ringgit	450	381
Equity	Kazakhstan Tenge	285	3
Equity	Norwegian Krone	242	210
Equity	Polish Zloty	171	47
Equity	Danish Krone	51	82
Equity	New Zealand Dollar	10	8
Equity	Taiwan Dollar		390
Equity	Israeli Shekel		388
Equity	Saudi Arabian Riyal		340
Total		$75,059	$40,862

Financial Institution Credit Risk

Deposits—Depository credit risk is the risk that in the event of a bank failure, the University's deposits may not be recovered. Beginning December 31, 2010, and ending December 31, 2012, all non-interest-bearing accounts are fully insured, regardless of balance, at qualified FDIC-insured institutions. This change was due to the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage for such non-interest-bearing accounts. As of June 30, 2011, the University's bank balances of $76,766 were insured but uncollateralized. As of June 30, 2010, the University's bank balances were $3,167 of which $2,917 were uninsured and uncollateralized.

Investments—Custodial credit risk is the risk that, in the event of failure of the counterparty, the University may not be able to recover the value of its investments held in custodial accounts. The University currently has custodial accounts at State Street Bank & Trust Company and JPMorgan. As of June 30, 2011 and June 30, 2010, the market value of investments held in the custodial accounts was $565.4 million and $481.0 million in the TIP and $40.6 million and $17.1 million in the CEF, respectively.

3. Other Asset and Liability Information

Receivables, net, and student loans receivable as of June 30, 2011, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	$ 19,352		$ 19,352
Sponsored grants and contracts	105,373		105,373
Notes receivable	32	518	550
Student receivables	38,816		38,816
Trade receivables	86,951		86,951
Accrued interest	3,088		3,088
Other	17,113	44	17,157
Allowance for uncollectible accounts	(11,934)		(11,934)
Total receivables, net	$ 258,791	$ 562	$ 259,353
Student loans receivable	11,404	54,354	$ 65,758
Allowance for uncollectible accounts	(2,681)	(543)	(3,224)
Student loans receivable, net	$ 8,723	$ 53,811	$ 62,534

Accrued liabilities as of June 30, 2011, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	$ 10,154	$ 526	$ 10,680
Compensation and benefits	131,383	79,751	211,134
Self-insurance reserves	33,244	10,745	43,989
Accrued interest	11,866	0	11,866
Refundable advances		55,658	55,658
Other	40,851	1,533	42,384
Total accrued liabilities	$ 227,498	$ 148,213	$ 375,711

Activity for certain liabilities consisted of the following as of June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated balances (excluding pensions, see Note 6)	$237,978	$ 135,926	$(168,348)	$ 205,556	$ 131,383
Self-insurance reserves (see Note 9)	39,145	257,672	(252,828)	43,989	33,244
Refundable advances	56,056	(397)	0	55,659	0
Other	72,976	42,384	(72,976)	42,384	40,851

Receivables, net, and student loans receivable as of June 30, 2010, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	$ 10,784		$ 10,784
Sponsored grants and contracts	108,976		108,976
Notes receivable	464	476	940
Student receivables	38,994		38,994
Trade receivables	106,452		106,452
Accrued interest	1,636		1,636
Other	8,408		8,408
Allowance for uncollectible accounts	(9,659)		(9,659)
Total receivables, net	$ 266,055	$ 476	$ 266,531

Student loans receivable	$ 12,547	$ 56,182	$ 68,729
Allowance for uncollectible accounts	(2,498)	(562)	(3,060)
Student loans receivable, net	$ 10,049	$ 55,620	$ 65,669

Accrued liabilities as of June 30, 2010, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	$ 6,034	$ 169	$ 6,203
Compensation and benefits	182,643	61,418	244,061
Self-insurance reserves	27,700	11,445	39,145
Accrued interest	6,276		6,276
Refundable advances		56,056	56,056
Other	71,121	1,855	72,976
Total accrued liabilities	$ 293,774	$ 130,943	$ 424,717

Activity for certain liabilities consisted of the following as of June 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated balances (excluding pensions, see Note 6)	$ 218,527	$ 189,136	$ (169,685)	$ 237,978	$ 182,643
Self-insurance reserves (see Note 9)	40,309	248,768	(249,932)	39,145	27,700
Refundable advances	55,732	324		56,056	
Other	57,140	72,976	(57,140)	72,976	71,121

4. Capital Assets

Capital assets, net as of June 30, 2011, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements	Ending balance
Depreciable / amortizable capital assets					
Buildings and improvements	$ 3,055,478	$ 144	$ 180,497	$ (986)	$ 3,235,133
Leasehold improvements	8,740	501	-	(2)	9,239
Equipment	663,475	68,268	-	(13,321)	718,422
Infrastructure	407,299	-	3,905	(10)	411,194
Library and reference books	121,762	13,947	-	(10,590)	125,119
Capitalized software (intangible asset)	93,029	4,927	-	(16)	97,940
All other intangible assets	7,586	1,351	-	-	8,937
Total depreciable / amortizable capital assets	4,357,369	89,138	184,402	(24,925)	4,605,984
Non-depreciable / amortizable capital assets					
Land	85,218	2,198	-	-	87,416
Museums and collections	47,572	2,072	202	-	49,846
Construction in progress	140,347	148,844	(184,604)	(4,174)	100,413
Permanent right-of-way easements (intangible asset)	2	-	-	-	2
Total non-depreciable / amortizable capital assets	273,139	153,114	(184,402)	(4,174)	237,677
Accumulated depreciation / amortization					
Buildings and improvements	(1,329,579)	(75,108)	-	524	(1,404,163)
Leasehold improvements	(2,686)	(833)	-	-	(3,519)
Equipment	(453,432)	(51,235)	-	12,629	(492,038)
Infrastructure	(189,736)	(13,274)	-	-	(203,010)
Library and reference books	(57,400)	(12,708)	-	10,590	(59,518)
Capitalized software (intangible asset)	(62,730)	(8,646)	-	-	(71,376)
All other intangible assets	(3,081)	(1,884)	-	-	(4,965)
Total accumulated depreciation / amortizable	(2,098,644)	(163,688)	-	23,743	(2,238,589)
Capital assets, net	$ 2,531,864	$ 78,564	$ -	$ (5,356)	$ 2,605,072
Summary					
Depreciable / amortizable capital assets	$ 4,357,369	$ 89,138	$ 184,402	$ (24,925)	$ 4,605,984
Non-depreciable / amortizable capital assets	273,139	153,114	(184,402)	(4,174)	237,677
Total capital assets	4,630,508	242,252	-	(29,099)	4,843,661
Less accumulated depreciation / amortization	(2,098,644)	(163,688)	-	23,743	(2,238,589)
Capital assets, net	$ 2,531,864	$ 78,564	$ -	$ (5,356)	$ 2,605,072

Capital assets, net as of June 30, 2010, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements	Ending balance
Depreciable / amortizable capital assets					
Buildings and improvements	$ 2,653,960	$ 29,237	$ 372,390	$ (109)	$ 3,055,478
Leasehold improvements	8,394	5,960	346	(5,960)	8,740
Equipment	619,120	75,144	(3,352)	(27,438)	663,474
Infrastructure	367,117	24,016	16,166	-	407,299
Library and reference books	128,981	13,771	-	(20,990)	121,762
Capitalized software (intangible asset)	92,958	79	-	(8)	93,029
All other intangible assets	2,999	4,587	-	-	7,586
Total depreciable / amortizable capital assets	3,873,529	152,794	385,550	(54,505)	4,357,368
Non-depreciable / amortizable capital assets					
Land	82,364	2,858	-	(4)	85,218
Museums and collections	45,458	2,114	-	-	47,572
Construction in progress	445,495	80,402	(385,550)	-	140,347
Permanent right-of-way easements (intangible asset)	2	-	-	-	2
Total non-depreciable / amortizable capital assets	573,319	85,374	(385,550)	(4)	273,139
Accumulated depreciation / amortization					
Buildings and improvements	(1,245,649)	(83,983)	-	53	(1,329,579)
Leasehold improvements	(1,830)	(856)	-	-	(2,686)
Equipment	(430,460)	(48,233)	-	25,261	(453,432)
Infrastructure	(176,300)	(13,436)	-	-	(189,736)
Library and reference books	(66,299)	(12,091)	-	20,990	(57,400)
Capitalized software (intangible asset)	(53,937)	(8,795)	-	2	(62,730)
All other intangible assets	(952)	(2,129)	-	-	(3,081)
Total accumulated depreciation / amortizable	(1,975,427)	(169,523)	-	46,306	(2,098,644)
Capital assets, net	$ 2,471,421	$ 68,645	$ -	$ (8,203)	$ 2,531,863

Summary					
Depreciable / amortizable capital assets	$ 3,873,529	$ 152,794	$ 385,550	$ (54,505)	$ 4,357,368
Non-depreciable / amortizable capital assets	573,319	85,374	(385,550)	(4)	273,139
Total capital assets	4,446,848	238,168	-	(54,509)	4,630,507
Less accumulated depreciation / amortization	(1,975,427)	(169,523)	-	46,306	(2,098,644)
Capital assets, net	$ 2,471,421	$ 68,645	$ -	$ (8,203)	$ 2,531,863

5. Long-Term Debt

Long-term debt on June 30, 2011, consisted of the following:

	Original issued amount (par)	Fiscal year issued	Interest rate	Due at various dates through fiscal year	FY 2011 beginning balance	Additions	Reductions	FY 2011 ending balance	Current portion
General obligation bonds									
*Series 2011A	$ 335,270	2011	2.00%-5.50%	2037		$368,675	$ 602	$ 368,073	$ 19,297
Series 2010B	41,720	2011	.74%-5.02%	2036		41,720		41,720	920
Series 2010D	27,200	2010	3.86%-5.77%	2030	$ 27,200			27,200	
*Series 2010C	8,480	2010	2.00%-4.00%	2016	8,955		1,385	7,570	1,440
*Series 2009D	37,330	2009	6.30%	2029	37,015		(17)	37,032	(17)
*Series 2009C	44,625	2009	1.50%-5.00%	2022	46,249		3,078	43,171	3,187
Series 2009B	17,035	2009	2.50%-6.00%	2029	16,590		585	16,005	600
*Series 2009A	41,000	2009	3.00%-5.25%	2034	41,749		1,077	40,672	1,106
*Series 2004A	20,720	2005	4.00%–5.00%	2011	3,915		3,915		
Series 2003A	71,000	2003	4.39%	2011	62,700		62,700		
Series 2001C	159,950	2002	4.40%	2011	121,550		121,550		
Series 2001B	3,500	2002	4.33%	2012	850		415	435	435
Series 1999A	200,650	1999	4.16%	2011	116,900		116,900		
Commercial paper notes, Series A	159,100	2006	.10%–.31%	2012	137,100		6,000	131,100	131,100
Commercial paper notes, Series B	61,000	2007	.14%–.31%	2012	52,000		3,000	49,000	49,000
Commercial paper notes, Series C	70,000	2008	.13%–.32%	2012	59,750		250	59,500	59,500
Commercial paper notes, Series D	25,000	2010	.13%–.29%	2012	25,000			25,000	25,000
Obligations to the State of Minnesota pursuant to Infrastructure development bonds	109,234	1991	3.55%–6.90%	2025	40,466		4,955	35,511	4,872
Auxiliary revenue bonds	20,085	1971-1977	3.00%	2014	3,310		1,095	2,215	795
*Special purpose revenue bonds, Series 2010A	111,400	2011	3.00%–5.00%	2036		124,227	387	123,840	1,211
*Special purpose revenue bonds, Series 2006	137,250	2007	4.00%–5.00%	2030	135,927		4,574	131,353	4,769
Capital leases and other		1995-2010	1.72%–8.00%	2018	6,211	1,769	1,958	6,022	2,299
**Interest rate swaps borrowing			4.05%	2011	12,927		12,927		
Total	$1,701,549				$956,364	$536,391	$ 347,336	$1,145,419	$305,514

***Net unamortized premium/discount is included in beginning and ending balances.**

****Interest rate swaps borrowing was reduced in its entirety due to termination of swaps in FY2011.**

Long-term debt on June 30, 2010, consisted of the following:

	Original issued amount (par)	Fiscal year issued	Interest rate	Due at various dates through fiscal year	FY 2010 beginning balance	Additions	Reductions	FY 2010 ending balance	Current portion
General obligation bonds									
Series 2010D	$ 27,200	2010	3.86%-5.77%	2030		$ 27,200		$ 27,200	
*Series 2010C	8,480	2010	2.00%-4.00%	2016		8,988	$ 33	8,955	$ 1,385
*Series 2009D	37,330	2009	6.30%	2029	$ 37,330		315	37,015	(17)
*Series 2009C	44,625	2009	1.50%-5.00%	2022	49,001		2,752	46,249	3,077
Series 2009B	17,035	2009	2.50%-6.00%	2029	17,035		445	16,590	585
*Series 2009A	41,000	2009	3.00%-5.25%	2034	42,505		756	41,749	1,076
*Series 2004A	20,720	2005	4.86%	2011	7,894		3,979	3,915	3,915
Series 2003A	71,000	2003	3.81%	2010	64,100		1,400	62,700	62,700
Series 2001C	159,950	2002	3.56%	2010	127,750		6,200	121,550	6,700
Series 2001B	3,500	2002	0.24%	2010	1,245		395	850	850
Series 1999A	200,650	1999	3.55%	2012	126,300		9,400	116,900	9,750
Commercial paper notes, Series A	159,100	2006	3.15%-3.65%	2010	142,100		5,000	137,100	137,100
Commercial paper notes, Series B	61,000	2007	3.15%-3.65%	2010	55,000		3,000	52,000	52,000
Commercial paper notes, Series C	70,000	2008	3.15%-3.65%	2010	66,500		6,750	59,750	59,750
Commercial paper notes, Series D	25,000	2010	3.15%-3.65%	2010		25,000		25,000	25,000
Obligations to the State of Minnesota pursuant to Infrastructure development bonds	109,234	1991	3.55%–6.90%	2025	45,760		5,294	40,466	5,639
Auxiliary revenue bonds	20,085	1971-1977	3.00%	2014	4,450		1,140	3,310	1,095
*Special purpose revenue bonds, Series 2006	137,250	2007	4.00%–5.00%	2030	140,311		4,384	135,927	4,574
Capital leases and other		1995-2010	1.72%–8.00%	2017	6,944	1,044	1,777	6,211	1,459
**Interest rate swaps borrowing			4.05%	2036	19,147	13,960	20,180	12,927	863
Total	$1,213,159				$953,372	$ 76,192	$ 73,200	$ 956,364	$377,501

***Net unamortized premium/discount is included in beginning and ending balances.**

****Interest rate swaps borrowing reflected an addition and a reduction due to restructuring the existing swap agreements in FY2010.**

General Obligation Bonds

On February 15, 2011, the University issued General Obligation Bonds, Series 2011A in the par amount of $335,270 to fund various capital projects, to refund the University's outstanding variable rate General Obligation Bonds, Series 1999A and Series 2001C, and variable rate General Obligation Refunding Bonds, Series 2003A, all which currently bear interest at a variable rate, and to pay costs of issuance. The 2011A bonds were issued at coupon rates of 2.0 - 5.5 percent with a premium of $33,405. On March 21, 2011, the University refunded all of the current outstanding balance of the Series 1999A, 2001C and 2003A bonds in the amount of $282,900. In addition, the University terminated liquidity facilities and interest rate swap agreements associated with each refunded series.

On September 30, 2010, the University issued General Obligation Taxable Bonds, Series 2010B in the par amount of $41,720. The Series 2010B bonds are Build America Bonds – Direct Payment to Issuer, whereby the University will receive a 35 percent annual interest subsidy from the Federal Government for the life of the bonds. The 2010B bonds are part of the first tranche of the University Supported Biomedical Science Research Facilities Funding Program that will be used to fund a portion of the costs of construction of one or more biomedical science research facilities. The 2010B bonds were issued at coupon rates of 0.74 – 5.02 percent.

On February 10, 2010, the University issued General Obligation Taxable Bonds, Series 2010D and General Obligation Bonds, Series 2010C in the amount of $27,200 and $8,480, respectively. The Series 2010D bonds are Build America Bonds – Direct Payment to Issuer, whereby the University will receive a 35 percent annual interest subsidy from the Federal Government for the life of the bonds. The

2010D bonds were issued at coupon rates of 3.86 – 5.77 percent. The 2010C bonds were issued at coupon rates of 2.0 – 4.0 percent with a premium of $508.

On May 5, 2009, the University issued General Obligation Taxable Bonds, Series 2009D and General Obligation Bonds, Series 2009C in the par amount of $37,330 and $44,625, respectively. The Series 2009D bonds are Build America Bonds – Direct Payment to Issuer, whereby the University will receive a 35 percent annual interest subsidy from the Federal Government for the life of the bonds. The 2009D bonds were issued at a coupon rate of 6.3 percent, with a discount of $334. The 2009C bonds were issued at coupon rates of 1.5 – 5.0 percent with a premium of $4,431.

On February 5, 2009, the University issued General Obligation Taxable Bonds, Series 2009B and General Obligation Bonds, Series 2009A in the par amount of $17,035 and $41,000, respectively. The 2009B bonds were issued at coupon rates of 2.5 – 6.0 percent. The 2009A bonds were issued at coupon rates of 3.0 – 5.25 percent with a net premium of $1,528.

Under generally accepted accounting principles, the Series 1999A, 2001B, 2001C and 2003A bonds are defined as demand bonds because bondholders have the option to put the bonds back to (demand repayment from) the University at any time. In the absence of Standby Purchase Agreements (SBPAs), the University has classified the entire obligation of the Series 2001B bonds as current liabilities. Each of the general obligation bonds, Series 1999A and Series 2001C were backed by separate SBPAs to provide liquidity support in the event of a failed remarketing. The General Obligation Refunding Bonds, Series 2003A were backed by the University's self-liquidity, which is supported by a line of credit with a major commercial bank. (Refer to Commercial Paper Notes.)

All general obligation bonds are secured by the full faith and credit of the University and subject to mandatory sinking fund requirements set forth in the prospectuses. In addition, the bonds are tax-exempt with the exception of the Series 2010D, 2009D, 2009B, and 2001B bonds.

On October 13, 2011, the University issued General Obligation Taxable Bonds, Series 2011C in the par amount of $19,335 as part of the second tranche of the University Supported Biomedical Science Research Facilities Funding Program. The proceeds will be used to fund a portion of the costs of construction of one of the biomedical science research facilities. The 2011C bonds were issued at coupon rates of 0.9 – 4.6 percent with a discount of $13.

Special Purpose Revenue Bonds

On September 30, 2010, the University issued Special Purpose Revenue Bonds, Series 2010A in the par amount of $111,400. The 2010A bonds are part of the first tranche of the State Supported Biomedical Science Research Facilities Funding Program that will be used to fund a portion of the costs of construction of one or more biomedical science research facilities. The 2010A bonds were issued at coupon rates of 3.0 to 5.0 percent with a premium of $12,827. State of Minnesota legislation provides for an annual appropriation to reimburse the University for the annual debt service on these bonds.

The University issued Special Purpose Revenue Bonds, Series 2006 to finance a portion of the cost of the TCF Bank Stadium on the Twin Cities campus and to pay costs of issuance. State funding of up to $10,250 per year for no more than 25 years is provided to reimburse the University for the annual debt service on these bonds.

On October 13, 2011, the University issued Special Purpose Revenue Bonds, Series 2011B in the par amount of $52,485 as part of the second tranche of the State Supported Biomedical Science Research Facilities Funding Program. The proceeds will be used to fund a portion of the costs of construction of one of the biomedical science research facilities. The 2011B bonds were issued at coupon rates of 3.0 – 5.0 percent with a premium of $5,408. State of Minnesota legislation provides for an annual appropriation to reimburse the University for the annual debt service on these bonds.

Commercial Paper Notes

The University issued tax-exempt Commercial Paper Notes, Series A, B, C, and D, to defease outstanding bond obligations, to finance purchases of land, buildings, construction, remodeling projects to be undertaken by the University, the acquisition and installation of equipment by the University, and to pay costs of issuance. The commercial paper is backed by the University's self-liquidity, which is supported by a line of credit with a major commercial bank. The credit agreement was amended effective October 1, 2011, reducing the maximum line from $65,000 to $50,000, and extending the term for another one-year period with a current expiration of October 1, 2012. No amounts have been drawn under the line of credit.

Although commercial paper is short-term in nature and classified as current liabilities in the financial statements, the University intends to hold the commercial paper notes as a long-term financing vehicle.

Auxiliary Bonds

The University's auxiliary bonds are secured by the net revenues of the auxiliary activity to which they relate, debt-service subsidy grants provided by the U.S. Department of Housing and Urban Development, and the full faith and credit of the University. Auxiliary enterprise revenues, net of expenses from student housing and food services of $2,909 and $2,889 were pledged as security to pay total principal and interest payments of $1,286 and $1,401 for auxiliary revenue bonds in fiscal years 2011 and 2010, respectively. Revenues are pledged until fiscal year 2014, at which time the debt obligation on these auxiliary revenue bonds will be satisfied.

The auxiliary bond agreements require minimum mandatory reserves sufficient to cover the principal and interest due in any future fiscal year. To comply with this requirement, the University set aside $1,382 on June 30, 2011 and $1,370 on June 30, 2010, for future debt service. An additional $4,526 and $5,882 was set aside for building replacement reserves for June 30, 2011 and June 30, 2010, respectively. These mandatory reserves are included in restricted expendable net assets in the financial statements.

Infrastructure Development Bond Obligations

Pursuant to Minnesota law, the University is obligated to pay the state one third of the debt service of infrastructure development bonds issued by the state for University capital projects. Debt was issued for this purpose between July 1990 and October 2005. The total amount of outstanding debt issued by the state on behalf of the University was $106,531 as of June 30, 2011 and $121,396 as of June 30, 2010 of which the University owes $35,511 and $40,466, respectively.

Capital Leases and Other Debt

Capital lease and other commitments consist of capital leases and a note payable for fleet vehicles and a real estate contract for deed. Equipment acquired through capital leases and the note payable totals $14,496 and related accumulated depreciation totals $7,892. The capital leases bear interest rates between 1.5 percent and 4.1 percent, with none extending beyond fiscal year 2019. The note payable bears interest which is tied to the 30 Day LIBOR rate that cannot fall below a floor of 3.0 percent. The 3.0 percent floor for the note payable was maintained during the fiscal year ended June 30, 2011 and does not extend beyond fiscal year 2017. The real estate contract for deed bears interest at 8.0 percent and became due in fiscal year 2011.

Interest Rate Swaps

The University had entered into three pay-fixed, receive-variable interest rate swaps to convert all of a portion of the associated variable rate debt to synthetic fixed rates to protect against future interest rate fluctuations – essentially hedging against the variability of cash flows for budgeting purposes. On February 1, 2011, the University terminated the three interest rate swap agreements related to the Series 1999A, 2001C and 2003A bonds at a cost of $17,195 which included a net realized loss of $4,695.

The University has three freestanding pay-fixed, receive-variable interest rate swaps that are considered ineffective hedges, where the changes in fair value are included in investment income reported in the Consolidated Statements of Revenues, Expenses, and Changes in Net Assets.

The terms, fair values, and credit rating of the outstanding swaps as of June 30, 2011, are as follows:

Associated bond issue	Nature of association	Notional amounts	Effective date	Fixed rate	Variable rate	Swap type	Fair value	Swap termination date
CP, Series 2005A	Freestanding	$ 70,000	8/27/1997	4.98%	SIFMA Index*	Pay fixed and receive variable	$ (12,746)	8/27/2017
CP, Series 2005A	Freestanding	37,500	8/28/1997	4.88%	LIBOR Index**	Pay fixed and receive variable	(1,997)	8/28/2012
CP, Series 2005A	Freestanding	37,500	9/1/1997	4.90%	LIBOR Index**	Pay fixed and receive variable	(2,187)	7/1/2012
		$ 145,000					$ (16,930)	

* SIFMA (Securities Industry Financial Markets Association) Index, *previously known as the BMA (Bond Market Association) Index, is a 7-day high-grade market index comprised of tax-exempt variable demand obligations from the MMD (Municipal Market Data).*

** LIBOR Index is an *average yield of interbank offered rates for one-year US dollar-denominated deposits in the London Market.*

Credit Risk—The University has swap transactions at the end of the fiscal year with two separate counterparties. The percentage of the notional amount of swaps outstanding on June 30, 2011 for each counterparty is 74 and 26 percent, while these counterparties are rated Aa3 and A1, respectively, by Moody's Investors Service**.** The University faces maximum possible losses equivalent to the amount of the derivatives' fair value should the counterparty not perform under the terms of the swap agreements. Due to the fair value of all the swaps being negative as of June 30, 2011, the University was not exposed to credit risk.

It is the University's practice to net payments to/from a counterparty required under the derivatives instrument as allowed under the terms of the Master Agreements.

Interest Rate Risk—The University is exposed to interest rate risk since the changes in interest rates may adversely affect the fair value of the University's interest rate swaps and/or cash flows related to the net interest payments.

Basis Risk—The University is exposed to basis risk on two of its swaps since the variable-rate payments received by the University on the swaps are based on a rate or index other than interest rates the University pays to the holders of its commercial paper.

Termination Risk—The University is exposed to termination risk on one of the freestanding swaps. The freestanding swap with a notional amount of $70,000 allows the counterparty to terminate the swap agreement if the variable rate paid by the counterparty to the University averages above 7.0 percent for any rolling consecutive 90-day period.

Variable-rate bond interest payments and net swap payments will vary depending on current market conditions from week to week. Using rates as of June 30, 2011, debt service requirements of the University's outstanding long-term debt obligations and net swap payments for the next five years and in subsequent five-year periods are as follows:

	Bonds and obligations	Commercial paper notes	Capital lease and other	Total principal	Interest	Net interest rate swaps	Total obligations
Fiscal year ending June 30							
2012	$ 38,615	$ 264,600	$ 1,529	$ 304,744	$ 42,238	$ 6,967	$ 353,949
2013	43,651		1,363	45,014	37,806	3,714	86,534
2014	44,369		1,134	45,503	36,015	3,423	84,941
2015	44,940		951	45,891	34,050	3,423	83,364
2016	46,353		713	47,066	32,084	3,423	82,573
2017-2021	229,435		332	229,767	128,464	3,967	362,198
2022-2026	180,817		0	180,817	81,835		262,652
2027-2031	171,484		0	171,484	37,476		208,960
2032-2036	73,823		0	73,823	8,148		81,971
2037-2041	1,310		0	1,310	33		1,343
	$ 874,797	$ 264,600	$ 6,022	$1,145,419	$ 438,149	$ 24,917	$1,608,485

Defeased Bonds

In previous years, the University defeased various bonds by placing the proceeds from new bond issuances into an irrevocable trust to provide for all future debt-service payments on the old bonds. The defeased bonds are as follows:

Associated bond issue	Refunding date	Amount defeased	Refunded amount	Amount outstanding on June 30, 2011	Bond call date
General obligation bonds 1982 Series A	4/23/1985	$ 112,635	$ 65,000	$ 29,600	12/1/2016
General obligation bonds 1996 Series A	10/2/2005	159,000	159,000	131,000	7/1/2021

The 1982 Series A bonds were issued December 1, 1982, to finance the construction and equipment for the University Hospital and Clinics. They were defeased in fiscal year 1985, resulting in a recognized loss of $13,945.

The 1996 Series A bonds were issued to provide funds for capital projects and to refund the general obligation variable rate demand bonds Series 1985F, 1985G, 1985H, and 1985I and the 1991 Series A and Series B Commercial Paper. As required under the terms of a put option exercised July 5, 2005, the proceeds from the issuance of commercial paper notes, Series A in October 2005 were used to defease the remaining outstanding Series 1996A bonds. There was no gain or loss incurred with the defeasance of the 1996 Series A bonds.

Neither the outstanding indebtedness nor the related trust account assets for the defeased bonds are included in the University's financial statements.

Arbitrage

University general obligation and special purpose debt issuances issued after the Federal Tax Reform Act of 1986 are subject to federal arbitrage regulations. This results when earnings on the invested gross proceeds of a bond issue exceed the issuer's tax-exempt borrowing rates. The University continues to monitor and report any arbitrage in accordance with the Internal Revenue Code. The University had no arbitrage liability at June 30, 2011 or June 30, 2010.

6. Pension Plans

The University and its employees contribute to pension plans characterized as either a defined benefit (specifies the amount of pension benefits to be provided at a future date) or defined contribution (specifies how contributions are to be determined, rather than an amount) plan.

Defined Benefit Plans

Cost-sharing plans, multiple-employer plans

United States Government (Federal) Retirement Plans

All University employees with federal benefits work for the University of Minnesota Extension (Extension) or its partner colleges; College of Food, Agricultural and Natural Resources Science (CFANS), College of Design, and College of Education and Human Development. These employees were grandfathered in, allowing them to keep their federal benefits, which were formerly offered exclusively to Extension staff. No new participants are being accepted into the federal retirement plans listed below. An exception would be granted to allow for a new participant when an appointment transfers from another Extension service. Questions regarding the federal plans listed below, including requests for financial statements and required supplementary information can be directed to the United States Office of Personnel Management (OPM) Office, 1900 E Street N.W., Washington, DC 20415.

Civil Service Retirement System (CSRS)

The Civil Service Retirement System (CSRS) is a federal program that provides retirement benefits for approximately 46 employees who work for the University. Participation is limited to those who initially entered federal service prior to January 1, 1984, and have been continuously employed since December 31, 1983, or before, or have had a break in federal service of one year or less since 1984. It is closed to new members. Retirement benefits are based on years and months of service. CSRS provides full retirement benefits at age 55 with 30 years of service, age 60 with 20 years of service, or age 62 with 5 years of service. Deferred benefits are payable at age 62 with 5 years of service. The annuity formula provides 1.5 percent of average salary for the first five years of service, 1.75 percent for the next five years, and 2 percent for any remaining service, up to a maximum of 80 percent of average salary (based on the highest three consecutive years of salary).

Civil Service Retirement System Offset Retirement (CSRS Offset)

The Civil Service Retirement System Offset Retirement (CSRS Offset) is administered in conjunction with the standard CSRS by the OPM. It provides retirement benefits for five employees who work for the University. Participation is limited to federal employees who had at least five years of creditable civilian federal service prior to January 1, 1987, and had rejoined federal service since January 1, 1984, after a break of CSRS coverage of more than one year; or was hired before January, 1, 1984, and acquired CSRS interim coverage (precursor to CSRS Offset coverage) between 1984 and 1987.

Federal Employees Retirement System (FERS)

The Federal Employees Retirement System (FERS) is a federal program that provides retirement benefits for approximately 117 employees who work for the University. In general, all civilian service employees newly hired on or after January 1, 1984, are mandatorily covered by FERS. In addition, employees rehired after January 1, 1984, who had less than five years of prior civilian service as of December 31, 1986, are mandatorily covered by FERS. Using Social Security as a base, FERS provides an additional defined benefit and a voluntary thrift savings plan. An employee who receives a new appointment can often elect FERS coverage voluntarily during the first six months of the appointment. FERS provides full retirement benefits at the "Minimum Retirement Age" (MRA) with 30 years of service, at age 60 with 20 years of service, or at age 62 with 5 years of service. The MRA is 55 for those born before 1948, and incrementally increases to 57 for those born in or after 1970. Deferred retirement benefits are available at or after the MRA with 10 years of service at reduced benefit levels. The annuity formula generally provides 1 percent of the employee's average salary (based on the highest three consecutive years of salary) multiplied by the number of years of creditable service. If retirement is at age 62 or later with at least 20 years of service, a factor of 1.1 percent is used rather than 1 percent.

State of Minnesota Retirement Plans

Public Employee Police and Fire Fund (PEPFF)

The Public Employee Police and Fire Fund (PEPFF) covers approximately 62 active law enforcement staff; participation is mandatory and begins from the first day of employment. PEPFF, in total, provides coverage to approximately 500 local governmental subdivisions within the state of Minnesota. Each participant earns service credit for each month retirement deductions are withheld from the employee's salary. Retirement benefits are based on years and months of service. Normal retirement age is 55. The annuity formula for each member is 3 percent of average salary for each year of service in that plan. The fund covers all those hired since 1980. The University is liable for a portion of any unfunded accrued liability of this fund for its participants. A publicly available financial report, which includes financial statements and required supplementary information for this plan, can be obtained from the Public Employees Retirement Association (PERA) Office, 60 Empire Drive, Suite 200, St. Paul, MN 55103.

State Employees' Retirement Fund (SERF)

The State Employees' Retirement Fund (SERF) covers approximately 9,100 active Civil Service and non-faculty bargaining unit employees. SERF, in total, provides coverage to approximately thirty-three employers within the state of Minnesota. Participation is mandatory and begins from the first day of employment. Each participant earns service credit for each month retirement deductions are withheld from the employee's salary. Retirement benefits are based on years and months of service. Normal retirement age is 65. The annuity formula is the greater of a step rate with a flat rate reduction for each month of early retirement or a level rate (the higher step rate) with an actuarial reduction for early retirement. Applicable rates for each year of allowable service are 1.2 percent and 1.7 percent of a member's average salary, which is defined as the highest salary paid in five successive years of service. The University is liable for a portion of any unfunded accrued liability of this fund for its participants. A publicly available financial report, which includes financial statements and required supplementary information for this plan, can be obtained from the Minnesota State Retirement System (MSRS) Office, 60 Empire Drive, Suite 300, St. Paul, MN 55103.

Funding Policy

	CSRS	CSRS Offset	FERS	PEPFF	SERF
Statutory authority					
Minnesota chapter	N/A	N/A	N/A	353	352
United States code	Title 5, Chapter 83	Title 5, Chapter 83	Title 5, Chapter 84	N/A	N/A
Required contribution rates (%)					
Active plan members	7.00%	1.20%	0.80%	9.60%	5.00%
University	7.00%	8.51%	11.20%	14.40%	5.00%
Required contributions ($)					
Employee					
2011	$271	$5	$66	$471	$21,269
2010	281	4	68	422	18,752
2009	296	7	75	400	19,297
University					
2011	$271	$32	$957	$706	$21,285
2010	281	34	974	633	18,756
2009	296	37	1,031	601	19,321

In the 2006 Legislative Session, a bill was passed to build up MSRS (affecting SERF) funding levels. As a result, the rates for employee and employer contributions increased from 4 percent to 5 percent over four years beginning July 1, 2007. The PEPFF contribution rates increased on January 1, 2011, to 9.6 percent for the employee and 14.4 percent for the employer.

Single-employer plan

Supplemental Benefits Plan (SBP)

The Supplemental Benefits Plan (SBP) is a plan sponsored by the University pursuant to the Board of Regents governing authority. This plan is in addition to the Faculty Retirement Plan (FRP), where faculty members employed prior to 1963 and female participants employed prior to July 1, 1982, may be eligible to receive additional benefits. SBP is designed to provide additional retirement benefits for certain groups of individuals who participated in the FRP, but who, due to plan design, have retirement income levels that are significantly lower than those of current participants. It accounts for 212 eligible participants. SBP is funded in an amount equal to or greater than the amount required under statute. Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. The eligible population under the plan is a closed group. An internal faculty and staff retirement program report is prepared on a fiscal year basis. Questions regarding the SBP may be directed to Employee Benefits, 100 Donhowe Building, 319 15th Avenue S.E., Minneapolis, MN 55455.

Funding Policy

Statutory authority	
Minnesota chapter	356
Required contribution rates (%)	
Active plan members	N/A
University	N/A

Due to the plan being closed, required contribution rates do not apply. Contribution amounts are determined by funding status and actuarial value in compliance with state statutes. The University makes all contributions to the SBP using a variable rate.

Annual Pension Cost and Net Pension Obligation

Annual required contribution (ARC)	$	356
Interest on net pension obligation (NPO)		157
Adjustment to ARC		(377)
Annual pension cost (expense)	$	136
Less contributions made –		
fiscal year ended June 30, 2011		(356)
Decrease in NPO	$	(220)
NPO—June 30, 2010		3,134
NPO—June 30, 2011	$	2,914

Three-Year Trend Information

Fiscal year ended	Annual pension cost	Employer contribution	Percentage of annual pension cost contributed	Net pension obligation
6/30/2011	$136	$356	261.76%	$2,914
6/30/2010	108	339	313.89%	3,134
6/30/2009	134	394	294.03%	3,365

Schedule of Funding Progess

Acuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
7/1/2010	$2,621	$5,578	$2,957	46.99%	$951	310.94%
7/1/2009	3,252	6,083	2,831	53.46%	1,345	210.48%
7/1/2008	3,890	7,074	3,184	54.99%	1,132	281.27%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Valuation date	7/1/2010
Actuarial cost method	Entry age
Amortization method	Level of dollar by 6/30/2021, closed
Remaining amortization period	11 years
Asset valuation method	Fair market value, smoothed over 5 years
Actuarial assumptions	
Investment rate of return	5.00%
Projected salary increase	3.50%
Cost of living adjustment	2.50%

Defined Contribution Plans

The University's defined contribution plans represent benefits to be received. They are limited to the value of the participant's account balance, depending on the plan. Accordingly, there is no unfunded actuarial accrued liability (UAAL), or actuarial accrued liability (AAL), associated with the following plans.

Description of Plans and Contribution Information

Faculty Retirement Plan (FRP)

The Faculty Retirement Plan (FRP) is a mandatory retirement savings/investment plan contingent on meeting certain prescribed eligibility requirements. Pursuant to the University's Board of Regents governing authority, in compliance with Section 401(a) of the Internal Revenue Code, it authorizes the University to contribute to the plan and governs the requirements of this plan. Eligibility requirements involve an employee appointment of at least nine months; employee appointments between 67 to 99 percent time are granted prorated participation. Other eligibility requirements may involve a waiting period based on salary class. The plan is funded through employee pre-tax contributions of 2.5 percent of covered salary, and the University contributes 13 percent. The FRP covers approximately 7,000 active faculty and professional and administrative (P&A) staff.

University of Minnesota Optional Retirement Plan (ORP)

The Optional Retirement Plan (ORP) is a voluntary retirement savings/investment plan covered under Section 403(b) of the Internal Revenue Code. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. The plan is funded mainly through employee pre-tax contributions. However, the University may make discretionary contributions for select staff based on employment contracts. Approximately 4,400 full- and part-time employees contribute to this plan.

University of Minnesota Section 457 Deferred Compensation Plan

The 457 Deferred Compensation Plan is a voluntary retirement savings plan authorized under Section 457 of the Internal Revenue Code. This plan is funded exclusively through employee pre-tax contributions. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. Approximately 850 full- and part-time employees contribute to this plan.

University of Minnesota 415(m) Retirement Plan

The 415(m) Retirement Plan is a qualified excess benefit plan authorized under Section 415(m) of the Internal Revenue Code. This plan is provided to select staff based on individual employment contracts negotiated. All contributions provided by the University are negotiated on an individual employee basis and are contingent on vesting requirements being satisfied. Twelve University employees are part of this plan.

Contributions Made for Fiscal Year 2011

	FRP	ORP	457	415(m)
Employee	$17,377	$40,300	$11,259	N/A
University	90,517	431	N/A	677

7. Related Organization

The University is responsible for appointing eight members of the 15-member Board of Directors of UCare Minnesota, a licensed nonprofit health maintenance organization (HMO) that provides medical services for its members. The University's accountability for this organization, however, does not extend beyond making Board appointments. The dean of the University of Minnesota Medical School and the head of the University's Department of Family Medicine and Community Health appoint six board members; two members are automatically appointed by virtue of the University positions that they hold.

8. Commitments and Contingencies

Construction projects in progress, principally buildings, approximated $100,414 on June 30, 2011. The estimated cost to complete these facilities is $446,812, which is to be funded from plant fund assets and $54,726 in appropriations available from the State of Minnesota as of June 30, 2011.

The University owns steam production facilities that produce steam for heating and cooling the Twin Cities campus, which by agreement are managed, operated, and maintained by an unaffiliated company. The original agreement was for five years and began May 17, 2004. In fiscal year 2009, the contract was extended for five years, with a contract end date of May 2014. Under the agreement, the University must make minimum fixed payments for certain operating and maintenance costs, as well as contingent payments based upon performance requirements.

The University is obligated under various operating leases for the use of real property and equipment. Included in the leases for real property is an agreement between Gateway and the University of Minnesota for a rent obligation through September 2014. Total operating lease expenditures for the years ended June 30, 2011 and 2010, were $18,217 and $18,967, respectively, of which $15,449 and $15,574 were for real property and $2,767and $3,393 were for equipment, respectively.

The future steam plant and operating lease commitments as of June 30, 2011, for the next five years and in subsequent five-year periods are as follows:

	Steam plant	Operating leases	Total
Fiscal year ending June 30			
2012	$500	$15,654	$16,154
2013	500	12,612	13,112
2014	500	13,456	13,956
2015	0	5,877	5,877
2016	0	5,048	5,048
2017-2021	0	24,766	24,766
2021-2025	0	8,207	8,207
Total commitments	$1,500	$85,620	$87,120

The University receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the University. Management is not aware of any disallowed claims at this time and any such disallowances that would be discovered would be immaterial.

The University is a defendant in cases involving claims of medical malpractice, personal injuries, breach of contract, and other civil matters. While any litigation has an element of uncertainty and the University cannot, therefore, predict how these cases will be finally resolved, management and its general counsel believe the outcomes of the cases, individually and combined, will not have a material adverse effect on the overall financial position of the University.

9. Self-Insurance Programs

The University is self-insured for medical malpractice, general liability, directors and officers liability, and automobile liability through RUMINCO, Ltd., a wholly-owned, single parent captive insurance company (see Note 1). Claims are reported to a third-party administrator, which pays expenses and estimates claim liabilities. The total expense of a claim is estimated and booked as a liability when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In addition, an actuarial liability is established for incurred but not reported (IBNR) claims using a discount rate of 1.5 percent.

The University is also self-insured for workers' compensation through an internally maintained fund, and excess claims insurance is maintained through the Workers' Compensation Reinsurance Association (WCRA). The internal fund for workers' compensation is maintained only to fund the current year's expected payouts. Each year, an actuarial estimate of the University's liability for workers' compensation is compiled and recorded, but the liability is not separately funded.

The University's medical (health) coverage for faculty and staff and their dependents is a self-insured program (UPlan). Under the medical UPlan, the University pays claims and establishes reserves, and the administration of the program is handled by three independent administrators: Medica and HealthPartners for medical plan administration, and Prime Therapeutics for pharmacy benefit management. Two carriers provide medical conversion policies to the University under which terminated employees are able to convert their UPlan coverage to single coverage once their COBRA rights expire. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than $800,000 in a single year.

An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded.

The University's dental coverage for faculty and staff is also a self-insured program (UPlan). Under the dental UPlan, the University pays claims and estimates claims liabilities. The administration of the program is handled by two independent administrators, Delta Dental and HealthPartners. An annual actuarial estimate of the University's liability for dental claims, including IBNR, is recorded.

Effective September 1, 2004, the University changed its medical coverage for eligible graduate assistants from a fully insured program to a self-insured program. Under the graduate assistant medical plan, the University pays claims and establishes reserves. The program is administered by HealthPartners. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded. The Graduate Assistant Plan also offers self-insured Dental Plan benefits at Boynton Health Service without a third party administrator.

The University's medical (health) coverage for eligible students and their dependents is a self-insured program (Student Health Benefit Plan). Under the Student Health Benefit Plan, the University pays claims and establishes reserves, and the administration of the program is handled by Blue Cross and Blue Shield of Minnesota. The administrator offers medical conversion policies to eligible University students who are able to convert their SHBP coverage to single coverage after graduation. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than $250,000 in a single year in addition to aggregate stop-loss coverage for claims totals over 115% of plan year claims. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded. Effective September 1, 2005, the University negotiated a new student health plan for the Academic Health Center (AHC-Student Health Benefit Plan) .The plan is self-insured and the health carrier is Blue Cross and Blue Shield of Minnesota. An estimated claims liability ensures that funds are available to cover claims up to the point where stop-loss coverage begins. The AHC Plan also offers self-insured Dental Plan preventive benefits at Boynton Health Service without a third party administrator.

Effective July 1, 2010, the University changed its medical coverage for eligible Medical Residents and Fellows from a fully insured program to a self-insured program. Under the Medical & Resident medical plan, the University pays claims and establishes reserves. The program is administered by HealthPartners. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded. The Medical & Resident group also offers a fully insured Dental Benefit Plan through Delta Dental.

Reported liabilities as of June 30, 2011, are shown below:

	Liability beginning of year	New Claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	$7,818	$2,345	($2,215)	($85)	$7,863
Workers' compensation	12,683	3,517	(3,517)	(718)	11,965
UPlan medical	16,749	210,971	(209,593)	(1,517)	16,610
UPlan dental	624	16,798	(16,147)	(171)	1,104
Graduate assistant health plan	355	18,865	(18,865)	983	1,338
Student health plan	916			3,735	4,651
Medical Residents & Fellows	0			458	458

Reported liabilities as of June 30, 2010, are shown below:

	Liability beginning of year	New Claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	$7,920	$2,263	($2,287)	($78)	$7,818
Workers' compensation	14,132	4,427	(4,427)	(1,449)	12,683
UPlan medical	16,199	205,544	(203,435)	(1,559)	16,749
UPlan dental	501	16,297	(15,962)	(212)	624
Graduate assistant health plan	881	19,997	(19,997)	(526)	355
Student health plan	676			240	916

Other adjustments reflect reserve changes on prior years' claims and changes in estimated IBNR.

10. Termination Benefits

Termination benefits are defined as benefits received for involuntarily or voluntarily terminating employment with the University in accordance with GASB Statement No. 47, *Accounting for Termination Benefits* (GASB 47). University benefits that qualify and meet GASB 47 criteria include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation. Benefits that are otherwise offered in exchange for, or are considered conditional on, future employee services do not qualify under GASB 47; rather they qualify as a pension benefit or other postemployment benefits (OPEB) as referenced in Notes 6 and 11, respectively.

Contract Buyouts

University contract buyouts apply when an employee resigns his or her duty and the University has agreed to pay additional compensation based on the contractual employment agreement. Benefits outstanding as of June 30, 2011 and 2010 are paid in the subsequent fiscal year and affect only the Twin Cities campus. Due to the nature and timing of the payments, the outstanding liability is not discounted and reflects current cost level amounts due.

Retirement Incentives

These incentives provide medical and dental benefits and lump sum payments to eligible employees as defined in the Retirement Incentive Option (RIO) Program. On May 9, 2008, the Board of Regents approved the reinstatement of the second RIO Program (RIO2), an opportunity for employees to elect voluntary retirement to minimize involuntary workforce reductions. RIO2 covered Faculty, Professional and Administrative (P&A), Civil Service, and Radio and Television Broadcast Technician employees who were actively employed at 75 percent time or greater; held an appointment term of nine months or greater on the last day of employment; met the specific age and years of service requirements; and were receiving UPlan benefits. Eligible employees were able to enroll in the program during the time period of May 15 through September 26, 2008, or no later than the effective date of retirement, whichever occurred first. Effective June 2, 2008, represented bargaining unit staff consisting of Minnesota Teamsters Public and Law Enforcement Employees Union, Law Enforcement Labor Services, Inc., and AFSCME Units 4, 6, and 7 could elect to enroll in RIO2 through September 26, 2008, or no later than the effective date of retirement, whichever occurred first. RIO2 provided a maximum of 36 months of medical and dental subsidy following an employee's last day of employment. The subsidy and coverage is the same as if the retiree had remained employed. The University's contribution was based on the employee's coverage level, work location, and permanent residence as of the last day of employment. The outstanding liability is calculated using the discounted present value of expected future benefit payments based on the projection of benefits, an initial healthcare cost trend rate of 7 percent and a discount rate of 4 percent. Benefits provided impact all University campuses.

The third Retirement Incentive Option Program (RIO3), an opportunity for voluntary retirement for eligible University of Minnesota employees, was approved by the Board of Regents on February 11, 2011. RIO3 covered Faculty, P&A, Civil Service, Union Represented, and University employees enrolled in federal health benefits who were actively employed at 75 percent time or greater; held an appointment term of nine months or greater on the last day of employment; met the specific age and years of service requirements; and were receiving benefits. Eligible employees were able to enroll in the program during the time period of February 15 through May 15, 2011, or no later than the effective date of retirement, whichever occurred first. Under the program, the University deposited a lump sum amount to the State of Minnesota's Health Care Savings Plan (HCSP), shortly following the last day of employment, which could be no later than January 11, 2012. These lump sums were determined by the individual's coverage level. No ongoing healthcare subsidy was provided, though retirees under RIO3 could continue to participate in the University of Minnesota retiree medical and dental plans on the same basis as any other retiree.

Severance Lump-Sum Payouts and Continuing Healthcare Subsidies

Eligible Civil Service and Represented Bargaining Unit staff members may fall under the University of Minnesota's Layoff Severance Program. This program is an elected program provided to Civil Service and Represented Bargaining Unit staff members who receive a notice of layoff and who meet the eligibility requirements as described. Benefits are based on years of continuous service with the University in designated types of appointments. Severance payouts may apply to tenured faculty members and academic professionals with continuous appointments under the University of Minnesota Terminal Agreement Program and University of Minnesota Federal Terminal Agreement Program. The University of Minnesota Phased Retirement Program also provides continuing healthcare subsidies, though it does not provide severance payouts. These programs are designed to facilitate change within units by providing remuneration in return for tenure resignation. Due to the nature and timing of the payments, the outstanding liability is not discounted and reflects current cost level amounts due. Severance lump-sum payouts and continuing healthcare subsidies impact all University campuses.

Vacation

Vacation payouts apply to employees that have terminated employment prior to the end of the fiscal year and subsequently receive compensation payment in the next fiscal year. Due to the nature and timing of the payments, the outstanding liability is not discounted and reflects current cost level amounts due.

Academic Professional and Administrative (P&A) Contracts

Benefits below reflect contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation:

University contributions as of June 30	Number of staff members	Liability amount
2011	273	$3,510
2010	179	1,051

Civil Service Contracts

Benefits below reflect retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation:

University contributions as of June 30	Number of staff members	Liability amount
2011	282	$3,438
2010	241	1,826

Faculty Contracts

Benefits below reflect severance lump-sum payouts and continuing healthcare subsidies and vacation:

University contributions as of June 30	Number of staff members	Liability amount
2011	146	$1,661
2010	137	508

Graduate Assistant Contracts

Benefits below reflect severance lump-sum payouts and continuing healthcare subsidies and vacation:

University contributions as of June 30	Number of staff members	Liability amount
2011	69	$142
2010	67	144

Represented Bargaining Unit Staff Contracts

Benefits below reflect retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation:

University contributions as of June 30	Number of staff members	Liability amount
2011	524	$6,238
2010	404	2,623

11. Other Postemployment Benefits

Description of Plan

The University administers the UPlan—a self-insured, single-employer, defined benefit healthcare plan. It is a partnership between the University and its employees to provide quality, cost-effective health benefits to employees, retirees, and their families. Pursuant to the University's Board of Regents governing authority, non-Medicare retirees and former employees can purchase medical and dental insurance coverage. The University also provides a continuation of pay and benefits beyond active employment under the Academic Disability Plan (ADP) for Faculty and Academic Professional and Administrative (P&A) employees after three months of medical leave. The benefit provision process is initiated through the Benefits Advisory Committee (BAC). The BAC comprises representatives from all employee groups who advise the University administration on health program benefit offerings. An internal UPlan financial report is prepared on a calendar year basis. Questions regarding the UPlan may be directed to Employee Benefits, 100 Donhowe Building, 319 15th Avenue S.E., Minneapolis, MN 55455.

Funding Policy

The University has established that a former employee must pay the entire premium for continuation coverage, except as otherwise provided in a collective bargaining agreement or personnel policy. Non-Medicare retirees can purchase medical and dental insurance coverage at the full premium rate applicable to active employees, and COBRA participants can purchase coverage at 102 percent of the full group rate. Eligible participants under the ADP receive full healthcare benefits at employee cost for up to two years from disability onset and beyond that point disabled participants would pay the full premium as if they were retirees. The self-insured portion of the ADP program also provides disability income and retirement contributions for up to 9 months—months 4 through 12 after disability onset. The following premium rates were in effect for fiscal year 2011:

Beneficiary type	Beneficiary annual rate (Actual amounts, not rounded to thousands)
Non-Medicare retiree	$5,883
COBRA	6,001
Disabled Participants	5,883

The UPlan is currently financed on a pay-as-you-go basis. For fiscal year 2011, the University paid $9,290 on behalf of former employees and eligible disabilitants who participate in the UPlan.

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). This amount is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each fiscal year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years. The University has elected to amortize the unfunded actuarial liability over 20 years.

The components of the University's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation are as follows:

Annual required contribution (ARC)	$20,969
Interest on net OPEB obligation	1,339
Adjustment to annual required contribution	(2,369)
Annual OPEB cost (expense)	19,939
Less contributions made – fiscal year ended June 30, 2011	(9,290)
Increase in net OPEB obligation	10,649
Net OPEB obligation—June 30, 2010	33,482
Net OPEB obligation—June 30, 2011	$44,131

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation are as follows:

Fiscal year ended	Annual OPEB cost	Employer contribution	Percentage of annual OPEB cost contributed	Net OPEB obligation
6/30/2011	$19,939	$9,290	46.6%	$44,131
6/30/2010	18,999	8,041	42.3%	33,482
6/30/2009	18,502	6,801	36.8%	22,524

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, is as follows:

Actuarial accrued liability (AAL)	$99,135
Actuarial value of plan assets	
Unfunded actuarial accrued liability (UAAL)	99,135
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Increase in net OPEB obligation	$10,649
Covered payroll (active plan members)	1,175,527
UAAL as a percentage of covered payroll	8.43%

The actuarial accrued liability (AAL) is the present value of projected future benefits earned by employees to date. Whereas, the unfunded actuarial accrued liability (UAAL) is the AAL less any cash, investments, and other resources the University is holding to specifically fund the AAL. Included in the AAL is a change of $3,749 due to the impact of the RIO Program being reinstated during fiscal year 2008. The change in the liability is a result of eligible retirees electing retirement under the RIO Program and choosing to continue UPlan coverage after the RIO Program benefits are fulfilled.

The employees electing to retire after July 1, 2011 are still active employees and the associated AAL included for FY 2011 is approximately $280 for those employees. This amount is lower because there are decrements for termination, disability and future UPlan participation assumptions applied while an active participant. Assuming these employees retire on provided termination dates and elect UPlan coverage using the 2008 RIO program patterns, there would be an additional $3,559 added to the AAL.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Some of the specific assumptions that were taken into consideration when calculating the actuarial valuations were participant age, years of service, salary increases, benefit election patterns, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, presents the results of the University's OPEB valuation as of June 30, 2011.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan, the plan as understood by the employer and plan members. This includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial methods and assumptions incorporated in the UPlan's valuation are as follows:

Valuation date	7/1/2011
Actuarial cost method	Entry age
Amortization method	Level Dollar, Open Group
Remaining amortization period	20 years
Asset valuation method	N/A
Actuarial assumptions	
Investment rate of return	4.00%
Projected Payroll growth	4.00%
Benefit increase	N/A
Assumed inflation rate	3.00%
Healthcare cost trend rate	
Initial rate	7.00%
2nd year rate	6.85%
Ultimate rate	5.00%
Year ultimate rate reached	2060

12. Operating Expenses by Natural Classification

Operating expenses by natural classification for June 30, 2011, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	$ 587,836	$ 80,206			$ 668,042
Research	414,361	211,294			625,655
Public service	147,979	77,722			225,701
Academic support	292,788	67,028			359,816
Student services	84,087	20,776			104,863
Institutional support	156,853	37,144			193,997
Operation and maintenance of plant	103,989	160,899			264,888
Scholarships and fellowships	6,455	2,782	$ 43,073		52,310
Depreciation				$ 163,689	163,689
Auxiliary enterprises	91,338	135,658			226,996
Other operating expense		67			67
	$ 1,885,686	$ 793,576	$ 43,073	$ 163,689	$ 2,886,024

Operating expenses by natural classification for June 30, 2010, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	$ 582,468	$ 98,001			$ 680,469
Research	400,210	230,996			631,206
Public service	139,082	74,677			213,759
Academic support	289,280	72,883			362,163
Student services	81,678	19,693			101,371
Institutional support	172,929	61,379			234,308
Operation and maintenance of plant	105,003	138,118			243,121
Scholarships and fellowships	6,537	2,203	$ 42,058		50,798
Depreciation				$ 169,524	169,524
Auxiliary enterprises	87,261	125,940			213,201
Other operating expense		469			469
	$ 1,864,448	$ 824,359	$ 42,058	$ 169,524	$ 2,900,389

13. Subsequent Events

Effective October 1, 2011, the University amended its line of credit agreement which backs the University's self-liquidity supporting its Commercial Paper Notes Series A, B, C, and D. The maximum line of credit was reduced from $65,000 to $50,000 and the term was extended for another one-year period with a current expiration of October 1, 2012.

On October 13, 2011, the University issued Special Purpose Revenue Bonds, Series 2011B and General Obligation Taxable Bonds, Series 2011C in the par amounts of $52,485 and $19,335, respectively, in accordance with resolutions of the Board of Regents adopted on November 14, 2008, November 13, 2009, July 7, 2010, and June 10, 2011, collectively. The bond proceeds will fund a portion of the costs of construction of one or more of the biomedical science research facilities within the University's Biomedical Discovery District on its Twin Cities campus in Minneapolis and certain related infrastructure improvements.

For more information related to long-term debt, refer to Note 5.

14. Component Units

The significant accounting policies and related note disclosures for investments, securities lending, temporarily restricted net assets, and permanently restricted net assets, as reported in the separately issued financial statements of the University of Minnesota Foundation (UMF) and the Minnesota Medical Foundation (MMF); as well as disclosures for guarantee agreements and financing agreements for the University Gateway Corporation (Gateway), are presented below.

Summary of Significant Accounting Policies

University of Minnesota Foundation

Contributions

Contributions, including unconditional promises to give, are recognized as revenues on an accrual basis. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at rates of 2.65% – 5.15% based on when the contribution was made. Amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history.

Assets Held in Charitable Trusts

UMF has entered into unitrust and annuity agreements as trustee that provide, among other matters, that the trustee shall pay to the beneficiaries an annual income payment until the income obligation is completed in accordance with the donor's trust agreement. UMF records the assets held in these trusts at fair value and the corresponding liability at the actuarially determined present value of payments to be made to the designated beneficiaries. The residual amount is recorded as contribution revenue at the time the trust is established. In subsequent periods, the liability under charitable trust agreements is adjusted and changes therein are reported as a component of the change in carrying value of trusts in the consolidated statement of activities. Upon termination of the income obligation, the assets of the trust are held by UMF in accordance with the donor's trust agreement.

Gift Annuity Agreements

UMF has entered into gift annuity agreements that provide that UMF shall pay to the designated beneficiaries an annual amount until the death of the designated beneficiaries. The payments continue even if the assets of the gift annuity fund have been exhausted. UMF records the assets received at fair value and a corresponding liability is recorded for the actuarially determined present value of payments to be made to the designated beneficiaries, with the residual amount recorded as contribution revenue. Upon the death of the beneficiaries, the assets of the gift annuity fund are held by UMF in accordance with the agreements.

Beneficial Interest in Trusts

UMF has beneficial interests in charitable remainder, lead, and perpetual trusts that are held by other entities such as banks or charitable organizations. UMF records its interest in these trusts, upon discovery of their existence, at fair value as determined using the present value of the estimated future cash receipts to be received from the trust. Because of the complex issues related to collecting the data for these transactions, there can be a time delay in the recording of the asset because of the time needed for discovery, verification of UMF's rights, and determination of the valuation of future payments.

Minnesota Medical Foundation

Contributions

Contributions, which include pledges, are recognized as revenue in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor.

Pledges are recorded as pledges receivable using discount rates ranging from 3.50% to 5.40%. Additionally, an allowance for uncollectible pledges is provided based on management's judgment, including factors such as aging schedules, prior collection history, and the nature of fundraising activity.

Investments, fixed assets, and contributed materials are initially recorded at fair value when received.

Contributions with donor-imposed conditions, such as time or purpose restrictions, are recorded as temporarily restricted net assets. When donor-imposed time conditions expire, or a donor-imposed purpose restriction is fulfilled, the temporarily restricted net assets are reclassified to unrestricted net assets. This reclassification is reported as net assets released from restriction on the statement of activities.

MMF wrote off approximately $1.9 million of uncollectible pledges for the year ended June 30, 2011. There were no significant write offs in the year ended June 30, 2010.

Split-Interest Agreements

The split-interest agreements include charitable remainder and lead trusts, charitable gift annuities and a perpetual trust. MMF recognizes the contribution from charitable trusts when the trust is established and recognizes the contribution from the charitable annuity gifts when the agreement is executed.

When MMF is the trustee, the contribution amount is the difference between the fair value of assets received and the present value of the future cash flows expected to be paid to the designated beneficiaries. MMF recognizes a liability calculated as the net present value of estimated future cash disbursements to be paid to other beneficiaries. This liability is included in split-interest agreement liabilities on the statement of financial position. These assets are invested primarily in equity and fixed income mutual funds.

When MMF is not the trustee, the contribution amount is the present value of expected future cash flows from split-interest agreements.

Interest in Charitable Trusts

MMF is the beneficiary of two perpetual trusts. MMF is not the trustee on either of these trusts.

Under the terms of one of these trust agreements dated November 27, 1944, MMF will receive a continual stream of quarterly payments equal to 5% annually of the fair value of the trust. Two additional trusts, associated with this 1944 trust, are currently making distributions to other beneficiaries. After the lives of these beneficiaries, these trusts will discontinue as separate trusts and roll over into the 1944 perpetual trust. Using discount rates of 5.1% and 4.8% at June 30, 2011 and 2010, respectively, the present value of future benefits to be received by MMF was estimated to be $25,651 and $22,372 at June 30, 2011 and 2010, respectively. MMF received payments from the trust totaling $88 and $95 for the years ended June 30, 2011 and 2010, respectively.

The second trust agreement was established by the Last Will of its creator dated January 28, 1980. Under the terms of the trust, MMF will receive a continual stream of annual payments equal to 5% of the fair value of the trust. As of June 30, 2011, the fair value of the trust was $510. MMF received its first payment from the trust of $24 for the year ended June 30, 2011.

Interest in Charitable Lead Trusts

MMF is the beneficiary of three charitable lead trusts. Two of these charitable lead trusts were established during fiscal year 2000, and one during fiscal year 2011. MMF is not the trustee on any of these trusts.

The first of the 2000 trusts distributes $440 annually to MMF. Based on current market valuations, payments are estimated to end in 2015. The second of the 2000 trusts distributes 9% of the fair value of the trust on a quarterly basis over a period of 20 years. Using discount rates of 5.1% and 4.8%, as of June 30, 2011 and 2010, respectively, the present value of future benefits to be received by MMF was $3,162 and $3,088 at June 30, 2011 and 2010, respectively. MMF received payments from the trusts totaling $703 and $661 for the years ended June 30, 2010 and 2011, respectively.

MMF is also the beneficiary of a charitable lead trust established on August 25, 2010. This trust distributes 7% of the fair value of the trust on a quarterly basis over a period of 10 years. Using a discount rate of 5.1% at June 30, 2011, the present value of future benefits to be received by MMF was $114. MMF received payments from the trust totaling $9 for the year ended June 30, 2011.

Investments

University of Minnesota Foundation

Investments in cash equivalents, corporate bonds, other fixed income securities, equity securities, and Treasury inflation protected securities with readily determinable fair values are reported at fair value based on quoted market prices (traditional structures). Investments held in alternative structures are recorded at net asset values provided by external investment managers as a practical expedient in determining fair value. Because such investments are not readily marketable, the estimated value is subject to uncertainty and therefore may differ materially from the value that would have been used had a ready market for such investments existed.

Donated investments are recorded at their fair values, as determined on the date of donation. Investment income and gains and losses are recorded in the period incurred.

For management efficiency, investments of the unrestricted and restricted net assets are pooled, except for certain net assets that the board of trustees or the donors have designated to be segregated and maintained separately.

Receivables from pending liquidations represent sales of investments made prior to the end of the fiscal year, but settled after the fiscal year end.

Investments as of June 30, 2011, are summarized as follows:

	Traditional structures	Alternate structures	Total
Cash and cash equivalents	$ 135,763	-	135,763
Fixed income	125,985	$ 23,597	149,582
Global equity	43,196	195,931	239,127
Hedge funds	-	345,091	345,091
Natural resources	-	117,862	117,862
Treasury inflation protected securities (TIPS)	100,455	-	100,455
Real Estate	-	71,872	71,872
Venture Capital	-	375,948	375,948
Subtotal	405,399	1,130,301	$ 1,535,700
Other investments not categorized above			6,233
Less charitable gift annuities reported separately			(30,377)
Total			$ 1,511,556

Fixed income investments include high yield bonds, bank loans, mortgage, and related securitizations.

Investments held in traditional structures represent those held directly by UMF in custodial accounts with financial institutions. Investments held in alternative structures include those held through interests in collective trust funds, limited partnerships, commingled funds, and limited liability companies.

Net asset values provided by external investment managers for alternative structures include estimates, appraisals, assumptions, and methods that are reviewed by management. It is possible that the redemption rights may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and, consequently, the fair value of UMF's interests in the funds. UMF has $1,130,301 of investments in alternative structures which are reported at net asset value as a practical expedient. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if UMF were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

Minnesota Medical Foundation

A substantial portion of the valuations included in the financial statements are provided to MMF by third parties and are not calculated by MMF. These third parties follow generally accepted accounting principles (GAAP). In accordance with these principles, investments are carried at fair value based on quoted market prices or are recorded at approximate fair value based on financial models of hypothetical transactions.

Some valuations may also be determined and approved by the managers or valuation committees of the funds in which MMF invests. The fair value assigned to a particular security by the fund does not necessarily reflect the amount that would be realized in the current illiquid market. In addition, in light of the judgment involved in fair value decisions, there can be no assurance that a fair value assigned to a particular security by the fund is accurate.

MMF invests in a variety of investment vehicles. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investments as of June 30, 2011, are summarized as follows:

	Total
Cash and cash equivalents	$ 18,642
Treasury inflation protected securities (TIPS)	4,023
U.S. government money market fund	16,280
Fixed income corporate bonds	1,391
Fixed income funds of funds	56,382
U.S. equity & foreign equity	315
Equity index funds	12,020
Equity fund of funds	114,893
Hedge Funds	71,285
Global distressed debt	4,747
Private equity	2,418
Foreign private equity	3,149
Venture capital	2,059
Natural resources & commodities	587
Subtotal	308,191
Less investments loaned to broker	(4,032)
Total	$ 304,159

Investments include funds held for the custody of others at June 30, 2011 and 2010 of $1,409 and $1,425, respectively.

Net investment return as of June 30, 2011 consists of the following:

Interest and dividend income	$ 4,020
Net realized and unrealized investment gains	38,291
Subtotal	42,311
Less external investment manager and consultant fees	(228)
Total	$ 42,083

Fair Value Measurements

University of Minnesota Foundation

FASB Accounting Standards Codification 820 (ASC 820), *Fair Value Measurement*, established a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fixed income securities are generally traded in the over-the-counter market and are valued at a price that reflects fair value as quoted by dealers in these securities or by an independent pricing service. These prices are based on observable market data for the same or similar techniques that use observable market inputs, such as benchmark yields, expected prepayment speeds and volumes, and issuer ratings.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table summarizes UMF's financial assets measured at value on a recurring basis at June 30, 2011:

	Fair value measurements using			Total fair value of assets at
	Level 1	Level 2	Level 3	June 30, 2011
Investments				
Cash and cash equivalents	$ 135,763			$ 135,763
Fixed income:				
Asset backed securities		$ 4,049		4,049
Mortgages		14,169		14,169
Alternative structures			$ 23,597	23,597
Corporate bonds		7,986		7,986
Government		98,313		98,313
Other		1,468		1,468
Global equity:				
Small cap	19,994			19,994
Large cap	23,201			23,201
International equities				-
Alternative structures			195,931	195,931
Hedge funds:				-
Directional long biased equity			114,952	114,952
Fixed income arbitrage			94,011	94,011
Fund of funds			44,402	44,402
Long/short nonequity			52,542	52,542
Market neutral equity			39,184	39,184
Natural resources			117,862	117,862
Real estate			71,872	71,872
Treasury inflation protected securities (TIPS)		100,455		100,455
Private equity:				
Buyout			137,493	137,493
Distressed			67,877	67,877
Special situations			11,611	11,611
Venture capital			158,966	158,966
Other investments			6,234	6,234
Total investments	$ 178,958	$ 226,440	$ 1,136,534	$ 1,541,932
Gift annuities not categorized above	$ 1,787			$ 1,787
Receivables from pending liquidation		$ -		-
Beneficial interest in perpetual trusts			$ 23,898	23,898
Beneficial interest in trusts			3,345	3,345

There were no transfers between Level 1 and Level 2 during the year ended June 30, 2011.

The changes in investments measured at fair value on a recurring basis included as Level 3 measurements are summarized as follows:

	Beginning balance at July 1, 2010	Investment income	Net realized and unrealized gains (losses)	Purchases	Sales	Transfers	Ending balance at June 30, 2011	Net change in unrealized gain (losses) included in change in net assets for the period relating to investments held at June 30, 2011
Fixed income								
Alternative structures	$ 38,469		$ 5,889	$ 8,991	$ (29,752)	$ -	$ 23,597	$ 5,575
Global equity								
Alternative structures	150,545	$ 843	35,258	25,319	(16,033)	-	195,932	35,367
Hedge funds								
Directional long-biased equity	115,840		18,162	15,000	(34,050)	-	114,952	17,948
Fixed income arbitrage	70,158		1,928	25,000	(3,076)	-	94,010	2,097
Fund of funds	73,871		531	-	(30,000)	-	44,402	612
Long/short non-equity	48,462		5,911	-	(1,831)	-	52,542	5,960
Market neutral equity	38,255		2,551	15,000	(16,622)	-	39,184	2,551
Natural resources	105,313		44,928	6,546	(30,979)	(7,945)	117,863	45,958
Real estate	62,490		9,169	11,769	(11,555)	-	71,873	8,168
Private Equity						-		
Buyout	105,124		26,389	15,139	(17,105)	7,945	137,492	20,010
Distressed	60,846		11,811	2,771	(7,550)	-	67,878	10,321
Special situation	3,065		(1,645)	10,860	(669)	-	11,611	(2,065)
Venture capital	103,761		61,784	18,237	(24,817)	-	158,965	56,373
Other investments	32,382	1	(39)	547	(478)	(26,180)	6,233	(27)
Total	$ 1,008,581	$ 844	$ 222,627	$ 155,179	$ (224,517)	$ (26,180)	$ 1,136,534	$ 208,848

The changes in other investments or financial assets measured at fair value on a recurring basis included as Level 3 measurements are summarized as follows:

	Beginning balance at July 1, 2010	Change in carrying value of trusts	Net realized and unrealized gains (losses)	Purchases	Sales	Ending balance at 6/30/2011	Net change in unrealized gain (losses) included in change in net assets for the period relating to investments held at June 30, 2011
Beneficial interest in trusts	$ 25,257	$ 1,986	-	-	-	$ 27,243	$ 1,986

Minnesota Medical Foundation

MMF follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. Level 1 includes common and preferred stock traded on active exchanges, such as the New York Stock Exchange, as well as overnight repurchase agreements, short term commercial paper, money market mutual funds, and U.S. Treasury obligations that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued using quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes asset backed securities, corporate bonds, certificates of deposit, municipal bonds, and hedge funds as noted in the disclosure in MMF's footnote 5, Fair Value of Financial Instruments.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes global distressed debt, private equity, venture capital, natural resources, real estate, interests in charitable trusts, interests in charitable lead trusts, and interests in commercial annuity contracts.

The carrying amount of cash, accounts payable and accrued liabilities, grants payable, and investments held for custody of others approximate fair value because of the short maturity of those instruments. Investments in equity and debt securities and equity mutual funds are carried at fair value based on quoted market prices. Investments in limited partnerships are carried at fair value determined by the partnerships' general partner. Although the custodial bank stated the investment collateral would be valued at quoted market prices the investment collateral and amounts payable under investment loan agreement are reported at fair value based on quoted market prices of the underlying investment or, in the absence of quoted market prices, valuations provided by the securities lending agent.

Interests in charitable trusts, charitable lead trusts, commercial annuity contracts, and pledges receivable are recorded at fair value using the present value of the estimated expected future cash flows. Student loans receivable approximates fair value because the related interest rates are not significantly different than current market rates. Split-interest agreement liabilities are carried at the present value of the estimated expected future cash flows using discount rates assumptions established upon initial recognition of the liability.

Assets measured at fair value on a recurring basis at June 30, 2011 are:

Assets	Level 1	Level 2	Level 3	Total
Investments	$ 20,618	$ 255,971	$ 12,960	$ 289,549
Investments collateral	1,303	691	504	2,498
Investment held for unitrusts, annuity trust, and gift annuities	10,880	125		11,005
Interest in charitable trusts			26,161	26,161
Interest in charitable lead trusts			3,276	3,276
Interest in commercial annuity contracts			637	637
Total financial assets	$ 32,801	$ 256,787	$ 43,538	$ 333,126

At June 30, 2011, MMF did not have any financial liabilities measured at fair value on a recurring basis.

The following table provides a summary of changes in fair value of MMF's Level 3 financial assets for the year ended June 30, 2011.

	Investments	Investment collateral	Interest in charitable trusts	Interest in charitable lead trusts	Interest in commercial annuities	Total Level 3 assets
Balance July 1, 2010	$ 15,620	$ 608	$ 22,372	$ 3,088	$ 708	$ 42,396
Net investment return	1,856	(65)	372	-	-	2,163
Change in value of SIA's	-	-	2,991	743	23	3,757
Net purchase and sales	2,867	-	426	(555)	(94)	2,644
Net transfers out	(7,383)	(39)	-	-	-	(7,422)
Balance June 30, 2011	$ 12,960	$ 504	$ 26,161	$ 3,276	$ 637	$ 43,538

Securities Lending

Minnesota Medical Foundation

MMF participates in securities lending through a program run by its custodial bank. Notice of exit from the program has been issued to the custodial bank. On September 18, 2008 the securities lending program informed MMF that they were taking action to move pro rata portions of the securities held in the collateral trusts into a separate segregated account for MMF. Additionally, on September 19, 2008 the securities lending program informed all clients that they would implement a disaggregation of the Business Trusts into separate client accounts.

Under the terms of its securities lending agreement, the program requires brokers who borrow securities from MMF to provide collateral of a value at least equal to 102% of the fair value of the loaned securities and accrued interest, if any. This collateral is then reinvested on behalf of MMF by the custodial bank.

The custodial bank has stated that the prime considerations of the collateral pools in which the collateral has been reinvested are "safety of principal and liquidity requirements," including "daily liquidity." Many of the securities in these collateral pools are illiquid, however, which means that there is no active market for them and they cannot be sold at current valuations. In addition, some of the securities in these collateral pools are subject to credit risk, including certain securities that are in receivership. Therefore, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Valuations of the collateral pools are provided to MMF by the custodial bank. For purposes of determining the values of collateral investments reflected on a balance sheet, the custodial bank uses financial models or other inputs where quoted prices in an active market are not available. Such valuations reflect hypothetical transactions, are subject to uncertainties, and accordingly do not reflect the amount that would be realized in a current sale. In addition, in light of the judgment involved in the fair value decisions by the custodial bank, and given the current market conditions, the illiquidity of many of the securities in the collateral pool, and the credit risk associated with securities in the collateral pools, there can be no assurance that a fair value assigned to a particular security by the custodial bank is accurate.

MMF had equity and fixed income securities with fair values of $4,031 and $4,037 on loan at June 30, 2011 and 2010, respectively. MMF reflects the collateral received for securities on loan as an asset and its obligation to return the collateral as a liability on its statement of financial position. An asset of $2,497 and $2,196 and the related liability representing the obligation to return collateral received of $4,120 and $4,120 are reflected on the statement of financial position as of June 30, 2011 and 2010, respectively.

In 2008, MMF, along with three other nonprofit organizations, filed suit against Wells Fargo Bank for a number of claims related to the bank's Securities Lending Program. In June 2010, a jury found the bank liable for breach of fiduciary duty and violation of the Minnesota Consumer Fraud Act. The court subsequently entered judgment for MMF for $5,947. In an amended order for judgment, the district court added amounts to the judgment for forfeiture of certain fees as an equitable remedy for Wells Fargo's breach of fiduciary duty, for pre and post-judgment interest, and for certain attorneys' fees and expenses. On July 14, 2011 Wells Fargo filed an appeal with the Minnesota Court of Appeals, which is pending. No amounts have yet been recorded in the Financial Statements.

Net Assets

University of Minnesota Foundation

Net assets of UMF and changes therein are classified into the following three categories:

1. Unrestricted net assets represent the portion of expendable funds that are available for support of the operations of UMF.

2. Temporarily restricted net assets consist of contributions that have been restricted by the donor for specific purposes or are time restricted.

3. Permanently restricted net assets consist of contributions that have been restricted by the donor that stipulate the resources be maintained permanently, but permit UMF to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of June 30, 2011, for the following purposes.

The portion of unexpended investment return generated from donor-restricted endowment funds subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) consists of:

Capital improvement/facilities	$	7,220
Faculty support		7,349
Scholarships and fellowships		96,091
Lectureships, professorships, and chairs		155,073
College program support		53,736
Research		8,956
Other		1,753
Subtotal	$	330,178

Gifts and other unexpended revenues and gains available for:		
Capital improvement/facilities	$	71,766
Faculty support		11,094
Scholarships and fellowships		117,402
Lectureships, professorships, and chairs		35,977
College program support		227,972
Research		25,581
Trusts		9,479
Other		6,228
Subtotal		505,499
Total temporarily restricted net assets	$	835,677

Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity. The permanently restricted net asset balances, and purposes the income are expendable to support, as of June 30, 2011, are as follows:

Capital improvement/facilities	$	3,648
Faculty support		13,290
Scholarships and fellowships		278,967
Lectureships, professorships, and chairs		185,382
College program support		57,614
Research		11,272
Trusts		37,044
Other		1,628
Total	$	588,845

Minnesota Medical Foundation

MMF follows an accounting standard that provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of MMF and changes therein are classified and reported as follows:

Temporarily Restricted Net Assets

This classification includes net assets that have been restricted by donors for specific purposes or are not available for use until a specific time. These consist principally of gifts and grants for designated purposes, investment return, and payout from permanent endowments. Such net assets are retained until expended as provided by the donor. Temporarily restricted net assets are available as of June 30, 2011, for the following purposes:

Medical School - Twin Cities	$	93,252
Student scholarships and support		8,609
Academic Health Center		109,214
Faculty grants and awards		10,778
School of Public Health		2,641
Medical School - Duluth		1,512
Total	$	226,006

Permanently Restricted Net Assets

This classification includes net assets that have been permanently restricted by donors who stipulate the resources be maintained by MMF in accordance with the memorandum of agreement. Earnings and growth in excess of payout (4.75% of the average market value over 20 trailing quarters) are reinvested and permanently restricted by MMF. The permanently restricted net asset balances, and purposes the income is expendable to support, as of June 30, 2011, are as follows:

Medical School - Twin Cities	$	125,231
Student scholarships and support		32,203
Academic Health Center		29,128
Faculty grants and awards		7,389
School of Public Health		8,165
Medical School - Duluth		1,555
Total	$	203,671

Guarantee Agreement and Financing Agreements

University Gateway Corporation

Guarantee Agreement

The University of Minnesota Foundation guarantees the Series 1997, 2002, 2006, and 2009 bonds. Gateway pays a credit enhancement fee equal to 0.5% (50 basis points) of the outstanding balance on Series 1997, 2002, and 2006 and 0.65% (65 basis points) on Series 2009. The fee is calculated and paid on a semi-annual basis.

Gateway recorded $282 and $311 of bond guarantee fee expense paid to the University of Minnesota Foundation for the years ended June 30, 2011 and 2010, respectively. The amount is included in financing expense on the statement of activities and changes in net assets.

Financing Agreements

Bonds payable

The City of Minneapolis revenue bonds, Series 1997-B, Series 2002, Series 2006, and Series 2009 are collateralized by substantially all the assets of Gateway, and repayment of the revenue bonds will be made through lease payments of the occupants.

To minimize interest cost, the University of Minnesota Foundation has guaranteed the revenue bonds (see Guarantee Agreement above). In addition, Gateway's Board of Directors' resolutions require mandatory capital contributions from the beneficiary organizations should the cash flow of Gateway be insufficient to meet the debt service obligations of Gateway.

Pursuant to a mortgage between Gateway and the trustee, the obligations to pay the principal and interest on the bonds have been collateralized by the mortgage on the property and equipment and an assignment of rents.

In July 2005, Gateway entered into an interest rate swap arrangement with a bank to fix the interest rate on $12,000 of variable-rate debt at an annual interest rate of 3.93%. The swap arrangement is indexed against the Bond Market Association Municipal Swap Index. The arrangement requires the difference between the fixed rate of interest and the index to be settled monthly. Included in interest expense for the years ended June 30, 2011 and 2010 is approximately $439 and $438, respectively, paid to the bank. The change in fair value of the interest rate swap arrangement has been recorded in the statement of activities and changes in net assets, resulting in an unrealized gain of $123 and an unrealized loss of $746 for the years ended June 30, 2011 and 2010, respectively.

Gateway Corporation holds these derivative instruments for the fixed interest rate certainty they provide, and therefore entered into interest rate swap agreement to fix the rate of interest on the bond as follows, as of June 30, 2011:

Revenue Bonds	Notional Amounts	Maturity Date	Weighted Average Interest Rate
Series 1997B	$ 12,000	2025	3.93%

The swap agreement contains the same payment dates as the corresponding original or expected issue. The fair values of the swap agreements are included as a liability on the statement of financial position in the amounts of $1,282 and $1,405 at June 30, 2011 and 2010, respectively. The fair value of the interest rate swap agreement represents the estimated amount the Corporation would pay to terminate the agreement.

Approximate amounts payable under financing agreements at June 30, 2011 and 2010 consisted of the following:

	2011	2010
City of Minneapolis revenue bonds, Series 1997B, with interest at a variable rate, principal due December 2027	$ 15,000	$ 15,000
City of Minneapolis revenue bonds, Series 2002, with interest at a variable rate, principal due June 2032	7,350	7,350
City of Minneapolis revenue bonds, Series 2006, with interest ranging from 4.00% to 4.50%, maturing serially from December 2006 through December 2031	20,145	20,735
City of Minneapolis revenue bonds, Series 2009, with interest at a variable rate, principal due in December 2040	10,500	10,500
Subtotal	52,995	53,585
Less discount on Series 2006 bond	(73)	(77)
Total	$ 52,922	$ 53,508

Aggregate annual maturities are approximately as follows:

Fiscal years ending June 30	
2012	$ 615
2013	640
2014	665
2015	695
2016	720
Thereafter	49,660
Total	$ 52,995

The bonds are subject to earlier redemption upon the occurrence of certain events as specified in the bond documents.

Required Supplementary Information

Required Supplementary Information (RSI) (Unaudited)
Years ended June 30, 2011 and 2010 (in thousands)

Schedule of Funding Progress for the SBP Plan

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL)—entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
7/1/2010	$2,621	$5,578	$2,957	46.99%	$951	310.94%
7/1/2009	3,252	6,083	2,831	53.46%	1,345	210.48%
7/1/2008	3,890	7,074	3,184	54.99%	1,132	281.27%

Additional information related to the SBP Plan is provided in Note 6.

Schedule of Funding Progress for OPEB

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL)—entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
7/1/2011	$ -	$99,135	$99,135	0.00%	$1,175,527	8.43%
7/1/2010	-	88,936	88,936	0.00%	1,189,710	7.48%
7/1/2009	-	78,866	78,866	0.00%	1,159,736	6.80%

Additional information related to OPEB is provided in Note 11.

EASTCLIFF

JULY 2010 – JUNE 2011 ANNUAL REPORT

RESIDENCE OF THE PRESIDENT OF THE UNIVERSITY OF MINNESOTA

Managed by the Office of the President
and Facilities Management
Twin Cities Campus

November 2011

UNIVERSITY OF MINNESOTA

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INTRODUCTION TO EASTCLIFF

In 1922, Mr. Edward Brooks, a local lumber baron, commissioned C.H. Johnston Sr, an architect of record for the University of Minnesota, to create a home for his family. The resulting two-story, twenty-room house reflects the family's understated taste and the Brooks lumber heritage is evident throughout the house. Walnut, ash, cherry, cypress, knotty pine, and bleached oak were used in the construction and detailing; the unusually thick and wide, white clapboard siding was custom cut, and nine fireplaces allowed the Brooks family to burn wood from their lumberyards to heat the home. Because of its perch atop the eastern cliffs of the Mississippi, the Brooks family began calling the home Eastcliff—a name still used to this day.

In 1958, the Brooks family graciously donated their majestic home to the University of Minnesota. Today, surrounded by a white, wooden fence, Eastcliff occupies approximately two acres and serves as a living laboratory. Faculty and students in design and architecture assist with renovations and improvements for the home.

Artwork within the residence is on loan from University of Minnesota museum collections and in the gardens, sculpture further accentuates the estate.

The Eastcliff Technical Advisory Committee (ETAC), which has main oversight responsibility for the house, and the Friends of Eastcliff Committee (FOE), which raises funds to provide enhancements, have both continued their excellent guardianship of this property, making it an outstanding venue for University events as well as the residence for the president and his family. These two committees ensure that Eastcliff presents an image worthy of the University's rich history and tradition. Through their efforts, Eastcliff was placed on the National Register of Historic Places in June 2000 as one of the finest examples of 1920's Colonial Revival architecture.

Since 1961, eight University of Minnesota presidents and their families have resided in Eastcliff. In addition to housing our current president, Eric W. Kaler, and his wife, Karen Kaler, Eastcliff serves as a special gathering place for official University functions. Its historic architecture, welcoming public spaces, and manicured grounds provide a comfortable setting for friends of the University—students, faculty, staff, alumni, donors, community leaders, and public officials, as well as dignitaries from around the world. A carriage house, summerhouse, pool, and terraces enrich the property and extend the visitor's experience beyond the main residence. This past year 5,959 people visited Eastcliff. Staff members from the Office of the President ensure the on-going management of the property in addition to planning and coordinating more than 100 events each year. (This model was changed for fiscal year 2012 and will be reflected in the next annual report.)

Private gifts help fund special undertakings and ensure Eastcliff's continuing role as a welcoming venue for University meetings and receptions. While the University covers routine maintenance costs, such as painting and other basic repair projects, additional private funding supports renovations and upkeep beyond basic maintenance. The Friends of Eastcliff Committee directs fund raising for all projects not funded by the University, and the Eastcliff Technical Advisory Committee recommends capital improvements, maintenance, and repairs. Both committees report directly to the Board of Regents. This document focuses on projects completed during the past fiscal year as well as projects to be completed in the future. It also includes a report on the oversight and management of the house and official Eastcliff activity during the past year.

CAPITAL AND MAINTENANCE PROJECTS COMPLETED FY 2010-2011

The following capital project were completed at Eastcliff during fiscal year 2010-2011:

- Rehabilitation of the historic Summer House
- Renovation for a kitchen in the private residence
- Security system replacement
- Phone system replacement

The following maintenance projects were completed at Eastcliff during fiscal year 2010-2011:

- Updated wall and floor finishes in second floor bedrooms, closets and corridor

EASTCLIFF SIX-YEAR PLAN/MAJOR PROJECT LIST

	PROJECT TITLE **Capital Projects**	FISCAL YEAR
	There are no capital projects on the Eastcliff six-year plan. Future projects will be considered in the coming year.	

EASTCLIFF TECHNICAL ADVISORY COMMITTEE

The Eastcliff Technical Advisory Committee is chaired by Lyndel King, director of the Frederick R. Weisman Art Museum, and reports to the Board of Regents. This committee plans and oversees all Eastcliff renovation, maintenance, and enhancement projects. The Eastcliff Technical Advisory Committee works closely with the Friends of Eastcliff and the University to combine University funds with private donations to complete major projects, needed maintenance, and to provide enhancements for the house.

Eastcliff Technical Advisory Committee Roster: FY 2010-2011

- Mike Berthelsen, Associate Vice President, Facilities Management
- Ann Cieslak, Executive Director and Corporate Secretary, Board of Regents
- Joe Favour, Associate Professor, Department of Landscape Architecture
- Susan Hagstrum, University Associate
- Lynn Holleran, Office of the President
- Steve Jorgenson, Assistant Director, Department of Central Security
- Lyndel King, Committee Chair and Director, Frederick R. Weisman Art Museum
- Caren Martin, Assistant Professor, Department of Design, Housing, and Apparel
- Kevin Ross, Capital Planning and Project Management
- Robert Tunell, Associate Director, Facilities Manager
- J. Stephen Weeks, Associate Professor, Department of Architecture
- Dana Zniewski, Eastcliff House Manager

EASTCLIFF TECHNICAL ADVISORY COMMITTEE BYLAWS

Approved September 2002

Mission

Eastcliff has a unique role among University of Minnesota buildings in that it serves both as a public facility for events and meetings and as the private residence of the University president and family. The Eastcliff Technical Advisory Committee's mission is to guide the improvement, maintenance, operation, and use of Eastcliff to ensure that it projects an image worthy of the University's rich history and tradition. In doing so, the committee will appropriately separate, protect, and foster Eastcliff's unique public and private uses.

ETAC Membership

Chair:
- Selected by the Chair of the Board of Regents from the following member representatives

Members:
- Board of Regents Executive Director (1)
- Department of Design, Housing and Apparel (1)
- Department of Landscape Architecture (1)
- Department of Architecture (1)

- Facilities Management (2)
- President's Spouse (1)
- Weisman Art Museum (1)
- University Foundation (1)
- President's Office (1)

Advisory Members:
- University of Minnesota Campus Health and Safety (1)
- Facilities Management Owner's Representative (1)

Staff:
- Eastcliff House Manager (Position discontinued for FY 2012.)

Responsibilities

1. Master Plans. Oversee the development and implementation of master plans that enhance the original integrity and design of Eastcliff and its grounds and promote it as an important institutional and residential University resource. The master plan will include information pertaining to landscaping, furnishing repair and renewal, as well as acquisitions.

2. Capital Improvement Projects. Consistent with the Eastcliff master plans and following the University's established capital planning process, recommend to the vice president for University Services a prioritized list of future capital improvement projects, estimated project budgets, suggested funding sources, and project delivery methods and timing.

3. Operations and Maintenance Plan. Review annual facility operations and maintenance plan and budget for Eastcliff to be implemented by Facilities Management.

4. Quarterly Operating Reports. Review quarterly operating statements supplied by Facilities Management.

5. Operating Policies and Procedures. Advise the President's Office and Facilities Management on operating policies and procedures including staffing, general maintenance, purchasing, security, and the appropriate level of scheduling and use of Eastcliff.

6. Art Works and Furnishings. Make recommendations to the University museums for the provision, location, maintenance, insurance, and security of art works and furnishings to be shown or used in the public areas of Eastcliff.

7. Minutes. Distribute minutes of committee meetings to members of the Eastcliff Technical Advisory Committee.

8. Annual Report. Review and submit to the Board of Regents an annual report on Eastcliff comprised of information about the previous fiscal year's financial, maintenance, and operational activity.

FRIENDS OF EASTCLIFF

The Friends of Eastcliff (FOE), established in 1993, is comprised of University alumni, faculty, friends, and community leaders and was created to raise private support so this historic residence will continue to be a gracious and welcoming home. During fiscal year 2010-11, Friends of Eastcliff membership remained strong at 258. Donations are managed by the University of Minnesota Foundation and are designated for enhancements to the house, not maintenance projects, which are covered by the University. The 2010-11 chair of the Friends of Eastcliff Committee is Dallas Bohnsack, a member of the University's Board of Regents.

Events Held at Eastcliff

Approximately 114 events were held at Eastcliff in fiscal year 2010-11 involving 5,959 guests including University of Minnesota students, faculty, staff, alumni, and friends as well as community, national, and world leaders.

Fundraising and Projects Completed

In 2010-2011, the Friends of Eastcliff raised $45,420 in gifts. Projects completed during this fiscal year include:

- The annual Friends of Eastcliff Garden Party, a donor event, was held on June 12, 2010.

- Items purchased for use at Eastcliff: Wall coverings, linens for guest rooms, piano tuning and maintenance, letterhead, bookclub and meeting expenses, custom table and vitrine for miniature dollhouse display, and small miscellaneous items.

- Funding and support were provided for the Friends of Eastcliff Book Club. Three meetings were held with approximately 25-50 members in attendance each time. The book club continues to focus on books written by University of Minnesota faculty, staff, and alumni authors.

Friends of Eastcliff Committee Roster: FY 2010-2011

- Dallas Bohnsack, Committee Chair and Regent, University of Minnesota
- Kathy Beenen, Minnesota Medical Foundation
- Jill Christenson, Office of the President
- Vickie Courtney, University Senate
- Susan Hagstrum, University Associate
- Lynn Holleran, Office of the President
- Catherine Shea Hellervik, Friend of Eastcliff
- Andrea Hjelm, Friend of Eastcliff
- Libby Lincoln, Friend of Eastcliff
- Zehra Keye, Friend of Eastcliff
- Lyndel King, Director, Weisman Art Museum
- Sue Nelson, Friend of Eastcliff

- Leanna Rogers, Friend of Eastcliff
- Nancy Rosenberg, Friend of Eastcliff
- Lynne Schoen, University of Minnesota Foundation
- Ed Schneider, Director, Minnesota Landscape Arboretum
- Dana Zniewski, Eastcliff House Manager

FRIENDS OF EASTCLIFF COMMITTEE BYLAWS

Approved Fall 2008

Mission

Eastcliff has a unique role among University of Minnesota buildings in that it serves both as a public facility for events and meetings and as the private residence of the University president and family. The Friends of Eastcliff Committee's mission is to raise funds for financing projects associated with Eastcliff that are classified as enhancement projects intended to retain the architectural integrity of the house or to supplement the interior furnishings.

Membership

Chair:
- Board of Regents member (selected by the chair of the Board of Regents)

Members:
- Board of Regents, ex officio (1)
- Chair, Eastcliff Technical Advisory Committee, ex officio (1)
- Members who are not University employees (5-10)
- Members who are University employees (up to 2)
- Director/Designee, Minnesota Landscape Arboretum, ex officio (1)
- Foundation President/Designee, University Foundation, ex officio (1)
- President's Designee, Office of the President, ex officio (1)
- University Associate, (President's Spouse) ex officio (1)

Staff:
- Eastcliff House Manager (Position discontinued for FY 2012.)

Friends of Eastcliff Executive/Nominating Subcommittee

Members:
- Chair of the Friends (who is also a Regent),
- Chair of Eastcliff Technical Advisory Committee,
- 1-2 other members who are not University employees

Advisors to the sub-committee:
- University Associate (spouse of the president)
- University Foundation member of the Friends of Eastcliff (when discussing nominees)
- Eastcliff Events Coordinator

Responsibilities of the Subcommittee:

The sub-committee will develop lists, consider recommendations, and appoint the membership of the Friends. It will also submit nominations to the Friends for consideration in the category of honorary membership.

As appropriate, the sub-committee may also develop agendas for meetings and perform other duties customary to executive committees, including, if needed due to an emergency situation, act on behalf of the Friends.

The sub-committee may also create special ad hoc task force groups, as it deems appropriate.

The chair of the Friends will select the 1-2 other members of the Friends who are not University employees to serve on the Executive/Nominating Sub-Committee.

Honorary Members

The category of Honorary Members is established to recognize outstanding, long-term service to the Friends. Honorary members shall be nominated by the Executive/Nominating Sub-Committee and elected by a majority vote of the Friends. Honorary members shall be non-voting members of the Friends.

Responsibilities of the Honorary Members

1. Fundraising. Plan and assist in the solicitation of private resources toward the development of the endowment fund ("Legacy Fund") to support projects identified as "enhancements" by the Eastcliff Technical Advisory Committee.

2. Project Prioritization. Consistent with the master plan, review the enhancement recommendations of the Eastcliff Technical Advisory Committee and suggest a priority rank for private funding.

3. Public Support. Nurture continued public support of Eastcliff. Advise on issues of public relations, as well as on matters pertaining to donor appreciation and communications.

4. Archives. Oversee the development and maintenance of historical information pertaining to Eastcliff.

UNIVERSITY OF MINNESOTA FOUNDATION

Eastcliff Fundraising

Eastcliff Legacy Fund

July 1, 2010 –June 30, 2011

Beginning Balance 7/1/10	**$126,150.38**
Contributions	34,985.14
Pledge payments	10,130.00
Investment Return	83.77
Disbursements	(150,374.75)
Ending Balance	**$20,974.54**
Available Cash Balance	**$20,974.54**

Eastcliff Endowment Funds

Markell Brooks Eastcliff Enhancement Endowment

Dwight F. Brooks II Eastcliff Enhancement Fund

July 1, 2010 –June 30, 2011

Beginning Balance 7/1/10	**$909,101.79**
Contribution	
Investment Return	111,427.34
Disbursements	(219,325.00)
Ending Balance	**$801,204.13**
Available Cash Balance *(accumulated spendable earnings on endowment)*	**$84,097.30**

Disbursements

July 1, 2010-June 30, 2011

Eastcliff Legacy Fund (#3531)

2010 Book Club	270.78
2009 Garden Party	8,902.10
2010 Garden Party	6,914.56
Eastcliff Meeting Expense	9.58
Exterior Restoration/Replacement	115,675.00
Interior Restoration/Replacement	10,547.86
Letterhead/Printing	580.00
Linens	231.87
Miniature Display	6,663.00
Piano Tuning	580.00
Total	**$150,374.75**

Disbursements

July 1, 2010 – June 30, 2011

Markell Brooks Eastcliff Enhancement Endowment (#3990)
Dwight F. Brooks II Eastcliff Enhancement Fund (#4106)

Exterior Renovation/Replacement	$219,325.00
Total	**$219,325.00**

CAPITAL AND MAINTENANCE PROJECTS COMPLETED FY 2010-2011

The following capital project were completed at Eastcliff during fiscal year 2010-2011:

Rehabilitation of the historic Summer House	$486,551.00
Renovation for a kitchen in the private residence	$103,500.00
Security system replacement	$165,000.00
Phone system replacement	(inc. in the security system cost)

The following maintenance projects were completed at Eastcliff during fiscal year 2010-2011:

Updated wall and floor finishes in second floor bedrooms, closets and corridor	$26,700.00

OFFICIAL UNIVERSITY ENTERTAINING

More than 5,900 guests visited Eastcliff for meetings, receptions, dinners, and tours during fiscal year July 2010-June 2011.

EASTCLIFF EVENTS ACTIVITY

July 1, 2000 – June 30, 2011

Number of Events Held

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2000-2001	11	5	14	13	4	10	9	3	8	7	19	12	**115**
2001-2002	6	10	12	16	9	7	9	10	7	17	15	6	**124**
2002-2003	6	6	9	13	10	10	13	14	9	14	14	15	**133**
2003-2004	11	18	18	16	15	9	5	13	8	91	11	23	**156**
2004-2005	8	23	16	17	8	10	5	8	11	13	18	22	**159**
2005-2006	12	13	13	21	14	11	5	14	9	14	16	22	**164**
2006-2007	4	11	18	19	17	16	12	12	10	18	19	19	**175**
2007-2008	17	13	22	14	13	11	3	14	9	14	16	27	**173**
2008-2009	12	9	18	20	13	20	3	10	10	17	18	16	**166**
2009-2010	9	10	13	13	8	29	3	7	7	15	17	18	**140**
2010-2011	7	8	16	13	5	14	4	6	4	12	18	7	**114**

TYPE OF EVENTS HELD

	Bkfst	Lunch	Recep	Dinner	Tour	Meeting	Picnic	Off-Site	Other
2000-2001	6	5	44	27	11	11	3		8
2001-2002	2	10	34	33	8	6	3	21	7
2002-2003	17	13	35	2	4	13	3	12	7
2003-2004	11	17	43	44	3	20	3	7	8
2004-2005	20	18	40	37	10	20	2	7	5
2005-2006	15	17	48	28	10	25	1	7	13
2006-2007	16	17	51	36	3	37	1	6	8
2007-2008	8	23	53	35	6	31	1	8	8
2008-2009	13	16	52	29	2	41	1	7	5
2009-2010	7	19	54	22	0	24	1	0*	13
2010-2011	11	14	53	29	4	5	1	0*	0

**Since the opening of the new TCF Bank Stadium, the Eastcliff house manager is no longer required to supervise off-site events.*

TOTAL NUMBER OF ONSITE GUESTS PER YEAR

Year	Total Guests
2000-2001	7,121
2001-2002	7,791
2002-2003	6,150
2003-2004	6,374
2004-2005	6,808
2005-2006	8,032
2006-2007	7,687
2007-2008	8,891
2008-2009	8,208
2009-2010	6,664
2010-2011	5,959

PRESIDENT'S OFFICE
SUMMARY OF EXPENDITURES

GENERAL OPERATIONS AND MAINTENANCE FUND
12 MONTHS ENDING JUNE 30TH, 2011 (4TH QUARTER)
(Unaudited)

	CURRENT YEAR		PRIOR YEAR	
	Current Budget 2010-11	Revenues/ Expenditures YTD 2010-11	Current Budget 2009-10	Revenues/ Expenditures YTD 2009-10
Beginning Balance (Prior Year Carry forward)	$1,529,911	$1,529,911	$1,401,168	$1,401,168
REVENUES				
Total Year Allocation	$3,395,743	$3,566,970	$3,323,320	$3,373,320
Total Resources	**$4,925,654**	**$5,096,880**	**$4,724,488**	**$4,774,488**
EXPENDITURES				
President's Office Salaries	$1,385,723	$1,409,423	$1,340,869	$1,357,344
President's Office Fringe Benefits	$779,902	$777,394	$594,156	$596,070
Supplies, Expense, Equipment Ofc of the President-General Operations	$200,322	$216,413	$199,261	$165,306
Eastcliff Management Office Salaries	$104,710	$85,868	$100,677	$94,370
Eastcliff Management Office Fringe Benefits	$41,989	$32,105	$37,251	$29,413
Supplies, Expense, Equipment Eastcliff Management Ofc-General Operations	$39,199	$56,728	$39,223	$27,760
President's Travel & External Relations	$14,100	$24,792	$7,116	$13,452
Fund Transfers	$24,808	$22,791		
President's Discretionary	$1,049,680	$1,973,353	$727,242	$589,417
University Wide Memberships	$334,212	$360,595	$334,212	$371,445
Total Expenditures	**$3,974,645**	**$4,959,461**	**$3,380,007**	**$3,244,577**
Ending Balance	$951,009	$137,419	$1,344,481	$1,529,911

UNIVERSITY OF MINNESOTA
EASTCLIFF OPERATIONS
SUMMARY OF EXPENDITURES
GENERAL OPERATIONS AND MAINTENANCE FUND
TWELVE MONTHS ENDING JUNE 30, 2011
(UNAUDITED)

	CURRENT YEAR			PRIOR YEAR		
	CURRENT BUDGET 2010-11	REVENUES/ EXPENDITURES YTD 2010-11	PERCENT EXPENDED	PRIOR BUDGET 2009-10	REVENUES/ EXPENDITURES YTD 2009-10	PERCENT EXPENDED
Revenues						
Total Current Year Allocation	$228,962	$228,962		$227,319	$227,319	
Transfer from the general contingency fund		$18,000				
Total Resources	$228,962	$246,962		$227,319	$227,319	
Expenditures						
Household Maintenance						
Salaries, Fringes	$20,481	$22,651	110.6%	$19,021	$20,959	110.2%
Supplies, Expense, Equipment	$208,481	$220,173	105.6%	$208,298	$192,638	92.5%
Household Maintenance Total	$228,962	$242,824	106.1%	$227,319	$213,597	94.0%
Transfer to/(from) the Eastcliff Reserve		$4,138 *			$13,722	
Ending Balance	$0	($0)		$0	$0	

* The remaining balance was transferred to the Eastcliff Maintenance Reserve, which has a balance of $29,715.71.

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 9, 2011**

Agenda Item: Consent Report

☐ **review** ☒ **review/action** ☐ **action** ☐ **discussion**

Presenters: Regent Linda Cohen

Purpose:

☐ **policy** ☐ **background/context** ☒ **oversight** ☐ **strategic positioning**

To seek Board of Regents approval of items in the Consent Report, as required in Board of Regents Policy: *Reservation and Delegation of Authority*.

Outline of Key Points/Policy Issues:

Items for consideration:

I. Report of the All-University Honors Committee
The President recommends approval of the All-University Honors recommendation forwarded to the Board of Regents in a letter dated November 30, 2011.

II. Gifts
The President recommends approval of the Summary Report of Gifts to the University of Minnesota through October 31, 2011 (attached).

President's Recommendation for Action:

The President recommends approval of the Consent Report.

MEETING OF THE BOARD OF REGENTS
GIFTS TO BENEFIT THE UNIVERSITY OF MINNESOTA
SUMMARY REPORT*

December 2011 Regents Meeting

	September		Year-to-Date	
	2011	2010	07/01/11 09/30/11	07/01/10 09/30/10
U of M Gift Receiving	$ 62,532	$ 113,086	$ 66,449	$ 643,337
4-H Foundation	36,025	28,740	103,018	130,212
Arboretum Foundation	2,188,389	1,056,714	2,371,729	1,522,342
MN Medical Foundation	1,913,094	4,046,915	5,437,178	11,546,465
Univ of MN Foundation	6,111,218	5,758,987	27,128,939	12,857,168
Total Gift Activity	**$ 10,311,258**	**$ 11,004,442**	**$35,107,313**	**$ 26,699,524**

*Detail on gifts of $5,000 and over is attached.

Pledges are recorded when they are received. To avoid double reporting, any receipts which are payments on pledges are excluded from the report amount.

Gifts to benefit the University of Minnesota

Gifts received in September 2011

Donor	Rec'd by	Gift/Pledge	Purpose of gift
$500,000 - $1,000,000			
The McKnight Foundation	UMF	Gift, Pledge	Center for Urban and Regional Affairs, Concerts and Lectures
$250,000 - $500,000			
Children's Cancer Research Fund	MMF	Gift	Pediatrics
Monsanto Company	UMF	Gift/Pledge	College of Food, Agricultural and Natural Resource Sciences
$100,000 - $250,000			
Marguerite Gilmore Charitable Foundation	UMF	Gift	University of Minnesota, Duluth
Randall C. Betcher	MMF	Pledge	Academic Health Center
Hegman Family Foundation	MMF	Pledge	Schulze Diabetes Institute
St. Jude Medical Incorporated	UMF/MMF	Gift	College of Science and Engineering, Medicine
Heather L. Burns Charitable Gift Account	UMF	Gift	College of Education and Human Development
Live to Give Charitable Trust Fund	UMF	Pledge	College of Education and Human Development
Morton Perlroth	MMF	Gift	Masonic Cancer Center
$50,000 - $100,000			
Minnesota Lions Vision Foundation Incorporated	MMF	Gift	Ophthalmology
Alexandria Extrusion Company	UMF	Gift	College of Science and Engineering
Crystal A. Clift Estate	UM/MMF	Gift	Minnesota Landscape Arboretum, Masonic Cancer Center
Raymond J. Tarleton	UMF	Gift	College of Liberal Arts
Starke and Virginia Hathaway Trust	UMF	Gift	College of Liberal Arts
American-Israeli Cooperative Enterprise	UMF	Gift	College of Liberal Arts
Stratasys Incorporated	UM	Gift	College of Design
Norman D. Olson	MMF	Pledge	Scholarships
Wen Hsieh Lin	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
William R. Dircks	UMF	Pledge	Department of Intercollegiate Athletics

$25,000 - $50,000

Cook Group Incorporated	MMF	Gift	Medicine
Abbott Laboratories	MMF	Gift	Pediatrics
Bayer Corporation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences, College of Veterinary Medicine
Philip A. Johnson Estate	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
William and Nancy Ambrose	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
E. I. DuPont De Nemours and Company	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Best Buy Purchasing LLC	UMF	Gift	Carlson School of Management
Commonwealth Scientific and Industrial Research Organization	UMF	Gift	College of Science and Engineering
ConAgra Foods Enterprise Services Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Franklin E. Star	MMF	Gift	Masonic Cancer Center
Kellogg's	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Michael J. Lauesen	UMF	Pledge	Department of Intercollegiate Athletics
Nestle S.A.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
S. Bartley Osborn Family Charitable Trust	UMF	Gift	Department of Intercollegiate Athletics
Thomas R. Nides	UMF	Pledge	College of Liberal Arts
Timothy E. and Valerie K. Doherty	UMF	Gift	Carlson School of Management

$10,000 - $25,000

Douglas Reeves Fund-Advisors Charitable Gift Fund	UMF	Gift	College of Liberal Arts
Ephraim M. Sparrow	UMF	Gift	College of Science and Engineering
3M Company	UMF	Gift	College of Design
Minnesota Soybean Growers Association	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Dr. Hans G. Eriksson	UMF	Gift/Pledge	College of Education and Human Development
Chevron Corporation	UMF	Gift	Carlson School of Management, College of Science and Engineering
Al Hilde Gift Fund-Fidelity Investments Charitable Gift Fund	UMF	Gift	Department of Intercollegiate Athletics
Arnold S. Leonard Cancer Research Fund	MMF	Gift	Surgery

$10,000 - $25,000

Frederick J. Bollum	MMF	Gift	Biochemistry, Molecular Biology and Biophysics
ExxonMobil Corporation	UMF	Gift	Carlson School of Management, College of Science and Engineering
Max Kade Foundation Incorporated	UMF	Gift	College of Liberal Arts
General Mills Foundation	UMF/UM	Gift/Pledge	Various Colleges
BASF Corporation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Jill Kenny	UM	Gift	Minnesota Landscape Arboretum
Malt-O-Meal Company	UMF/UM	Gift	College of Food, Agricultural and Natural Resource Sciences, Minnesota Landscape Arboretum
Goal Line Club	UMF	Gift	Department of Intercollegiate Athletics
Ben and Jeanne Overman Charitable Trust	UMF	Gift	University of Minnesota, Duluth
Dr. Robert J. and Virginia S. McCollister	UMF	Gift	Libraries
Innovative Programming Systems Incorporated	UMF	Gift	College of Education and Human Development
Minnesota Valley Action Council Incorporated	UMF	Gift	College of Education and Human Development
Rebecca Egge Moos	UMF	Pledge	Law School
TCF Bank Duluth	UMF	Pledge	University of Minnesota, Duluth
Great River Energy	UMF	Gift	College of Science and Engineering
Dave "Tolly" Tollefson Memorial Foundation Incorporated	UMF	Gift	Hormel Institute
The Nash Avery Foundation	MMF	Gift	Academic Health Center
Muriel M. Orcutt Estate	UMF	Gift	Libraries
Sigma-Aldrich Corporation	UMF	Gift	College of Science and Engineering
Cliff Viessman Incorporated	UMF	Gift	Department of Intercollegiate Athletics
Westman Freightliner Incorporated	UMF	Gift	Department of Intercollegiate Athletics
Jim's Market	UMF	Gift	Department of Intercollegiate Athletics
J. R. Jones Fixture Company	UMF	Gift	Department of Intercollegiate Athletics
Ion Corporation	UMF	Gift	Department of Intercollegiate Athletics
IDEMA	UMF	Gift	College of Science and Engineering
The Coca-Cola Company	UMF	Gift	Department of Intercollegiate Athletics
CRP Holdings, LLC	MMF	Gift	Academic Health Center
Northshore Mining Company	UMF	Gift	University of Minnesota, Duluth
Alliant Energy Corporation Services Incorporated	UMF	Gift	College of Science and Engineering
Dr. Gail N. Anderson	UMF	Gift	College of Education and Human Development
AgStar Financial Services	UM	Gift	4H Foundation

$10,000 - $25,000

Anthony R. Dorso	MMF	Gift	Medicine
C. Jerry Nelson	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Cambridge Orthodontics, P.A.	MMF	Gift	Schulze Diabetes Institute
E. B. Osborn Charitable Trust	UM	Gift	Minnesota Landscape Arboretum
Frederick O. Watson Foundation	UMF	Gift	Department of Intercollegiate Athletics
Gary M. and Maureen C. Petrucci	UM	Gift	Minnesota Landscape Arboretum
Hella L. Mears	UMF	Gift	College of Liberal Arts
John and Mary Pappajohn Scholarship Foundation	UMF	Gift	College of Design
Lakewinds Natural Foods and Home	UM	Gift	Minnesota Landscape Arboretum
Michael G. Garwood	MMF	Gift	Radiology
Minnetronix Incorporated	UMF	Gift	College of Science and Engineering
Robert R. Melcher	UMF	Gift	College of Science and Engineering
The Cleveland-Cliffs Foundation	UMF	Gift	University of Minnesota, Duluth

$5,000 - $10,000

Dr. Thomas and Ms. Brenda Kempf	UMF	Gift	College of Science and Engineering
Pfizer Incorporated	UMF	Gift	College of Veterinary Medicine
Eaton Charitable Fund	UMF	Gift	Carlson School of Management
Dr. Philip M. Raup Estate	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Nancy J. Glaser	UMF	Gift	University of Minnesota Foundation
Frank H. Burton	MMF	Gift	Pharmacology
Brent Augustine	UMF	Gift	Department of Intercollegiate Athletics
Dr. Scott D. and Susan D. Augustine	UMF	Gift	Department of Intercollegiate Athletics
Andersen Corporation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences, College of Science and Engineering
Barenbrug USA	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Hearing Components Incorporated	UMF	Gift	College of Science and Engineering
Segetis Incorporated	UMF	Gift	College of Science and Engineering
Productivity Incorporated	UMF	Gift	Department of Intercollegiate Athletics
Ronald S. Leafblad	UMF	Gift	Department of Intercollegiate Athletics
Eagle Ridge Golf Course Gopher Fundraiser	UMF	Gift	Department of Intercollegiate Athletics
Marda Burton	MMF	Gift	Pharmacology
North Central Cheese Industries Association	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
West Central Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
June B. Hendrickson	UMF	Gift	University of Minnesota, Duluth

$5,000 - $10,000

Accenture LLP	UMF	Gift	Carlson School of Management
Curtis A. Nelson and Annette L. Seppanen	UMF	Gift	University of Minnesota, Morris
Richard E. DeLano	UMF	Gift	University of Minnesota, Duluth
Dr. Lawrence J. Syck	UMF	Gift	University of Minnesota, Duluth
Frances T. Syck	UMF	Gift	University of Minnesota, Duluth
Gary R. Wedin	UM	Gift	University of Minnesota, Duluth
Duane Anderson	UMF	Gift	Department of Intercollegiate Athletics
Carthage Veterinary Service LTD	UMF	Gift	College of Veterinary Medicine
Patricia R. Thayer	UMF	Gift	Carlson School of Management
Stanley Schabowicz	UMF	Gift	University of Minnesota, Duluth
Teambackers	UMF	Gift	University of Minnesota, Crookston
Kenneth C. Glaser	UMF	Gift	University of Minnesota Foundation
United HealthCare Services, Incorporated	MMF	Gift	School of Public Health
Glenn W. Hasse Jr.	UMF	Gift	Department of Intercollegiate Athletics
Benjamin F. Nelson Estate	UMF	Gift	Academic Health Center
Arizant Incorporated	UMF	Gift	College of Science and Engineering
Alfred Harrison and Ingrid Lenz Harrison	UMF	Gift	Weisman Art Museum
Alta M. Oben	UMF	Gift	University of Minnesota, Duluth
Boris and Narlee Michel	UMF	Gift	College of Liberal Arts
Charles F. Wiser	MMF	Gift	OB/Gyn
Charles M. Donahue	UMF	Gift	Department of Intercollegiate Athletics
Curtis L. Roy	UMF	Gift	Law School
Dr. Thomas P Jandris	UMF	Gift	College of Education and Human Development
Drs. Dorthe and Michael Hartmann	UMF	Pledge	School of Dentistry
Gerald S. Cloutier	UMF	Gift	Department of Intercollegiate Athletics
Goldstein Gift Fund-Fidelity Investments Charitable Gift Fund	UMF	Gift	College of Liberal Arts
Helios Foundation	UMF	Gift	College of Veterinary Medicine
Jerry Broeckert	UMF	Gift	Department of Intercollegiate Athletics
Joel D. and Lois A. Maturi	UMF	Gift	Department of Intercollegiate Athletics
John F. Grundhofer Charitable Foundation	MMF	Gift	Masonic Cancer Center
Joleen H. Durken	UMF	Gift	4H Foundation
Kathy C. Fielding	UMF	Gift	Hormel Institute
Lorraine P. Jamar	MMF	Gift	OB/Gyn
Lynn A. Nagorske	UMF	Gift	Scholarships
Marjorie F. and Jerry E. Fruin	UMF	Gift	College of Science and Engineering
Markus Charitable Foundation	UMF	Gift	Department of Intercollegiate Athletics

$5,000 - $10,000

Marvin and Mildred Gustavson Family Fund-St. Paul Foundation	UMF	Gift	College of Liberal Arts
MeierGroup, LLC	MMF	Gift	Masonic Cancer Center
Metascape LLC	UMF	Gift	School of Dentistry
Mildred H. Kellogg	MMF	Gift	Otolaryngology
Quinn Montgomery	MMF	Gift	Masonic Cancer Center
Robert P. Sands	UMF	Gift	Law School
Rodney H. Forristall	UMF	Gift	College of Science and Engineering
Roger Erickson	UMF	Gift	College of Liberal Arts
Terrafore Incorporated	UMF	Gift	College of Science and Engineering
The Hubbard Broadcasting Foundation	UMF	Gift	Weisman Art Museum
The Pacific Foundation	UMF	Gift	University of Minnesota, Duluth
Wesley R. and Sonja M. Swanson	UMF	Gift	College of Science and Engineering
William Henderson	UMF	Gift	College of Liberal Arts

MEETING OF THE BOARD OF REGENTS
GIFTS TO BENEFIT THE UNIVERSITY OF MINNESOTA
SUMMARY REPORT*

December 2011 Regents Meeting

	October		Year-to-Date	
	2011	2010	07/01/11 10/31/11	07/01/10 10/31/10
U of M Gift Receiving	$ 45,254	$ 197,879	$ 111,703	$ 841,215
4-H Foundation	224,492	122,311	327,510	252,523
Arboretum Foundation	264,927	936,151	2,636,656	2,458,494
MN Medical Foundation	10,246,975	1,827,151	15,684,152	13,373,616
Univ of MN Foundation	14,770,367	7,702,481	41,899,306	20,559,649
Total Gift Activity	**$ 25,552,015**	**$ 10,785,973**	**$ 60,659,327**	**$ 37,485,497**

*Detail on gifts of $5,000 and over is attached.

Pledges are recorded when they are received. To avoid double reporting, any receipts which are payments on pledges are excluded from the report amount.

Gifts to benefit the University of Minnesota

Gifts received in October 2011

Donor	Rec'd by	Gift/Pledge	Purpose of gift
$1 Million and Over			
Children's Cancer Research Fund	MMF	Pledge	Pediatrics
The Dow Chemical Company	UMF	Pledge	College of Science and Engineering
$500,000 - $1,000,000			
Barbara B. Barrett Estate	UMF	Gift	Unrestricted
John W. Mooty Foundation Trust	UMF	Pledge	Law School
$250,000 - $500,000			
Minnesota Lions Diabetes Foundation Incorporated	MMF	Gift/Pledge	Medicine, Schulze Diabetes Institute
Myrtle L. Stroud Estate	UMF	Gift	College of Liberal Arts
Travelers	UMF	Gift	Carlson School of Management
Wells Fargo Foundation	UMF	Gift	Carlson School of Management
Marion M. Dybevik Estate	UMF	Gift	University of Minnesota, Duluth
$100,000 - $250,000			
Dakota County Financial Services	UM	Gift	4H Foundation
Medica	MMF	Gift/Pledge	Psychiatry, SPH Health Management and Policy
Minnesota Lions Vision Foundation Incorporated	MMF	Gift	Ophthalmology
Harris A. Peterson	UMF	Gift	University of Minnesota, Crookston
Ronald S. Leafblad	UMF	Pledge	Department of Intercollegiate Athletics
Bruce and Tracy Mooty	UMF	Gift	Law School
Sheldon I. Greenberg	MMF	Gift	Masonic Cancer Center, Scholarships
Boston Scientific Corporation	UMF	Gift	College of Science and Engineering
Doran Companies	UMF	Pledge	Department of Intercollegiate Athletics
$50,000 - $100,000			
Center for Computer-Assisted Legal Instruction	UMF	Gift	Law School
Marian W. Wilson Estate	UMF	Gift	College of Liberal Arts
George W. Taylor Charitable Trust	UMF	Gift	College of Science and Engineering
Medtronic Foundation	MMF	Gift	Medical School Administration
3M Company	UMF/MMF	Gift	Carlson School of Management, SPH Environmental and Occupational Health

$50,000 - $100,000

Richard P. Burke	UMF	Pledge	Department of Intercollegiate Athletics
The McKnight Foundation	UMF	Gift	College of Education and Human Development
Lynn G Truesdell III and Carol B Truesdell	UMF	Pledge	Law School
Athos J. Monti	MMF	Gift	Medicine
Gerald L. Haines	MMF	Gift	Neurosurgery
LeJeune Family Foundation	MMF	Gift	Academic Health Center
Lillehei Family Charitable Foundation	MMF	Gift	Medical School Administration
Paul Reyelts and Mary Pierce Reyelts	UMF	Pledge	College of Design
Stanley C. Skadron Estate	UMF	Gift	College of Veterinary Medicine
Total American Services Incorporated	UMF	Gift	College of Science and Engineering

$25,000 - $50,000

Southern Minnesota Beet Sugar Cooperative	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Robertet Flavors Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Wound Ostomy and Continence Nurses Society Foundation	UMF	Gift	School of Nursing
Target Corporation	UMF	Gift	Humphrey School of Public Affairs, College of Design
Katherine R. Lillehei Charitable Lead Annuity	UMF	Gift	School of Nursing
Duane E. C. Johnson Estate	UMF	Gift	Carlson School of Management
ConAgra Foods Enterprise Services Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
eBioscience Incorporated	MMF	Gift	Laboratory Medicine and Pathology
Gerald M. and Eileen B. Siegel	UMF	Gift	College of Liberal Arts
Kenneth W. Christianson Estate	UMF	Gift	Unrestricted
Dr. Edward J. Kaufman	UMF	Gift	University of Minnesota, Morris
PIC USA Incorporated	UMF	Gift	College of Veterinary Medicine
Apogee Enterprises Incorporated	MMF	Gift	Academic Health Center
Bernard D. Paul	MMF	Gift	Masonic Cancer Center
Dr. Douglas T. Jonak	UMF	Pledge	School of Dentistry
Dr. Lowell J. Anderson	UMF	Pledge	College of Pharmacy
Floyd D. Dygve	MMF	Gift	Pediatrics
James A. Rice	MMF	Pledge	Scholarships

$25,000 - $50,000

Kevin M. Gromley and Nancy J. Scott	UMF	Gift	College of Science and Engineering
NatureWorks LLC	UMF	Gift	College of Science and Engineering
Stacia S. Anderson	MMF	Pledge	Scholarships

$10,000 - $25,000

Hilligoss Family Foundation-Minnesota Community Foundation	UMF	Gift	College of Education and Human Development
National Multiple Sclerosis Society, MN Chapter	MMF	Gift	Neurology
Gary J. Ray	UMF	Gift	Hormel Institute
Bruce Bergman Family Charitable Fund-Ayco Charitable Foundation	UMF	Gift	College of Science and Engineering
Honeywell International Incorporated	UMF	Gift	College of Science and Engineering
Alice Warren Gaarden Fund-Minneapolis Foundation	UMF	Gift	College of Science and Engineering
Michael M. Paparella	MMF	Gift	Otolaryngology
The Minneapolis Foundation	MMF	Gift	Integrative Biology and Physiology, MMF Research Grants Funds
Anonymous	MMF	Gift	Neurology
Anonymous	MMF	Gift	OB/Gyn
Dr. Nathan E. and Elaine L. Ballou	UMF	Gift	University of Minnesota, Duluth
Minnesota Agri-Growth Council Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Northspan Group Incorporated	UMF	Gift	Carlson School of Management
Renata R. Winsor	UM	Pledge	Minnesota Landscape Arboretum
Thomas K. Berg	UMF	Pledge	Law School
MN American Legion and Auxiliary Brain Science Foundation	MMF	Gift	Neurosciences
MacQueen Equipment Incorporated	MMF	Gift	Masonic Cancer Center
Ingrid Dohler	UM	Gift	University of Minnesota, Duluth
Cargill Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Jackson County 4-H Federation	UM	Gift	4H Foundation
IBM Corporation	UMF	Gift	College of Science and Engineering, University of Minnesota, Rochester
Art Guild Incorporated	MMF	Gift	Radiology
Bayer Corporation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences

$10,000 - $25,000

Gordon R. Johnson Endow Fund-Minneapolis Foundation	UMF	Gift	Department of Intercollegiate Athletics
Linda R. Weber	MMF	Gift	Physical Medicine and Rehabilitation
Beckman Coulter Foundation	UMF	Gift	Academic Health Center
Marvin L. and LaVerne I. Colness	UMF	Gift	University of Minnesota, Duluth
Barbara Bentson	UMF/UM	Gift	Weisman Art Museum, Eastcliff
Alice M. Meppen	MMF	Gift	Medicine
B. John Lindahl Jr.	UM	Gift	Minnesota Landscape Arboretum
Blythe Brenden-Mann Foundation	UMF	Gift	College of Liberal Arts
Boker's Incorporated	UMF	Gift	Carlson School of Management
Caterpillar Incorporated	UMF	Gift	Center for Transportation Studies
Diana E. Murphy	UMF	Gift	Law School
Dr. Francis Barany	UMF	Gift	College of Science and Engineering
Dr. Miriam Segall	UMF	Gift	College of Liberal Arts
FHL Foundation Incorporated	UMF	Gift	College of Education and Human Development
Freda L. Turner	MMF	Gift	MMF Honors and Awards Funds
George Barany	UMF	Gift	College of Science and Engineering
Hoeft Family Fund-Minneapolis Foundation	UM	Gift	Minnesota Landscape Arboretum
Intertech Systems LLC	UMF	Gift	College of Science and Engineering
Jean and Mark Schroepfer Fund-St. Paul Foundation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Marcia H. Betcher	UM	Gift	Minnesota Landscape Arboretum
Suzanne B. Miller Estate	UMF	Gift	Carlson School of Management
The Bergquist Company	UMF	Gift	College of Science and Engineering

$5,000 - $10,000

Head Foundation	UMF	Gift	Various Colleges
Pfizer Incorporated	UMF/UM	Gift	College of Veterinary Medicine, Minnesota Landscape Arboretum
Quality Liquid Feeds Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Department of Emergency Medicine	MMF	Gift	Emergency Medicine
Marney B. Brooks	UM	Gift	Eastcliff
Virginia D. Brooks	UM	Gift	Eastcliff
Questcor Pharmaceuticals Incorporated	MMF	Gift	Neurology
Ben's Buddies Incorporated	MMF	Gift	Pediatrics
Biotronik Incorporated	MMF	Gift	Medicine
Craig L. Seitel	UMF	Gift	Carlson School of Management
Lowry Hill	UMF	Gift	Weisman Art Museum

$5,000 - $10,000

NPD Group Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
SurModics Incorporated	UMF	Gift	College of Science and Engineering
Dow AgroSciences LLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Gold Country Incorporated	UMF	Gift	Department of Intercollegiate Athletics
Monsanto Company	UMF	Gift/Pledge	University of Minnesota, Crookston, College of Food, Agricultural and Natural Resource Sciences
Constance M. and Charles F. Cowles Foundation	UMF	Gift	Weisman Art Museum
Amity Technology LLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Salem Foundation Incorporated	MMF	Pledge	Medicine
RTP Company	UMF	Gift	Department of Intercollegiate Athletics
Charles M. Denny Jr. and Carol E. Denny	UMF	Gift	Humphrey School of Public Affairs, College of Liberal Arts
Clinique Veterinaire Demeter	UMF	Gift	College of Veterinary Medicine
David L. Cole	UM	Gift	Minnesota Landscape Arboretum
Dr. Michael A. Strobel	UMF	Gift	College of Veterinary Medicine
Fairmont Veterinary Clinic LLP	UMF	Gift	College of Veterinary Medicine
Genomic Health Incorporated	MMF	Gift	Masonic Cancer Center
James E. Johnson	UM	Gift	Minnesota Landscape Arboretum
Minnesota Power Foundation	UMF	Gift	University of Minnesota, Duluth
Pipestone Veterinary Clinic	UMF	Gift	College of Veterinary Medicine
Rodney H. Forristall	UM	Gift	Minnesota Landscape Arboretum
Swine Vet Center PA	UMF	Gift	College of Veterinary Medicine
The Fund for the Tiger	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Weck Charitable Trust	UMF	Gift	Humphrey School of Public Affairs
Elisabeth C. Mason	UMF	Gift	University of Minnesota, Duluth
Theodore S. Staryk	UMF	Gift	Department of Intercollegiate Athletics
Emerson Process Management	UMF	Gift	Department of Intercollegiate Athletics, Scholarships
Gyrus ACMI Incorporated	MMF	Gift	OB/Gyn
Jay and Iris Kiedrowski	UMF	Gift	Humphrey School of Public Affairs
Minnesota Alpaca Expo Incorporated	UMF	Gift	College of Veterinary Medicine
Hockey for the Heart	MMF	Gift	Medicine
National Wild Turkey Federation Incorporated	UM	Gift	4H Foundation
Northwest Designs Ink	UM	Gift	4H Foundation
Al Hilde Jr. Gift Fund-Fidelity Charitable Gift Fund	UMF	Gift	Department of Intercollegiate Athletics

$5,000 - $10,000

Allina Health System	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Andrew W. Grande	MMF	Pledge	Neurosurgery
Anonymous	UMF	Gift	College of Veterinary Medicine
Ben and Jeanne Overman Charitable Trust	MMF	Gift	Scholarships
Carlson Fund-The New York Community Trust	UMF	Gift	Carlson School of Management
Debora S. Almirall	UMF	Pledge	University of Minnesota, Duluth
Deborah J. and Gary S. Kohler	UMF	Gift	Scholarships
Dennis P. Porto	MMF	Gift	Otolaryngology
Dorsey and Whitney Foundation	UMF	Gift	Weisman Art Museum
Dr. Cristine M. Levenduski	UMF	Gift	University of Minnesota, Duluth
Dr. Fred R. Erisman	UMF	Gift	Libraries
Drs. Todd D. Sorensen and Kristin K. Janke	UMF	Gift	College of Pharmacy
Duluth Superior Area Community Foundation	MMF	Gift	Scholarships
East River Electric Power Cooperative Incorporated	UM	Gift	4H Foundation
Edson W. Spencer Sr.	UMF	Pledge	Humphrey School of Public Affairs
Evan M. Williams	UMF	Pledge	University of Minnesota, Duluth
ExxonMobil Corporation	UMF	Gift	Carlson School of Management
Financial Recovery Services Incorporated	UM	Gift	4H Foundation
Hill's Pet Nutrition Incorporated	UMF	Gift	College of Veterinary Medicine
Hillsboro Veterinary Service LLC	UMF	Gift	College of Veterinary Medicine
James J. Blanchard	UMF	Gift	Law School
Joanne L. and William N. Blatt	UMF	Gift	College of Science and Engineering
John E. and Nancy E. Lindahl	UMF	Gift	Department of Intercollegiate Athletics
Kay E. Dobbs	MMF	Gift	Schulze Diabetes Institute
Mark D. Murlowski	MMF	Gift	Psychiatry
Mary P. Kenny	MMF	Gift	Scholarships
Peter F. Rockers	MMF	Gift	Schulze Diabetes Institute
R. Hugh Magill	UMF	Gift	Law School
Ronald R. Roalstad	UMF	Pledge	Department of Intercollegiate Athletics
Russell and Carol McNaughton Fund-St. Paul Foundation	UMF	Gift	College of Science and Engineering
Ruth M. Anderson	UM	Gift	Minnesota Landscape Arboretum
Scrooby Foundation	UMF	Gift	Raptor Center
The Canadian Institute for Advanced Research	UMF	Gift	College of Education and Human Development
Thomson Reuters	UMF	Gift	Northrop Dance
UMMC, Medical Staff Services	MMF	Gift	Masonic Cancer Center

$5,000 - $10,000

University Gateway Corporation	UMF	Gift	Department of Intercollegiate Athletics
William and Elinor Locketz Foundation	MMF	Gift	Pediatrics

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 9, 2011**

Agenda Item: Report of the Faculty Consultative Committee

☐ **review** ☐ **review/action** ☐ **action** ☒ **discussion**

Presenters: Professor Christopher Cramer

Purpose:

☐ **policy** ☒ **background/context** ☐ **oversight** ☐ **strategic positioning**

To provide the Board of Regents with an update on the goals and accomplishments of the Faculty Consultative Committee throughout the year.

Outline of Key Points/Policy Issues:

Background Information:

It is customary for the chair of the Faculty Consulative Committee to provide quarterly updates to the Board of Regents.

FACULTY CONSULTATIVE COMMITTEE (FCC) REPORT TO THE UNIVERSITY OF MINNESOTA BOARD OF REGENTS

December 9, 2011

Chair Cohen, Vice Chair Larson, Members of the Board, and President Kaler, I am pleased to have the opportunity to update you on the activities of faculty governance since my last report in September. As you will all remember, the semester began with a glorious mix of pomp and solemnity as the University celebrated the inauguration of President Kaler, and we have done our best to harvest some of that energy to fortify our own activities moving forward.

Prior to attempting to put some order to an alarmingly long laundry list of nuts-and-bolts initiatives (actually, one really should not *put* nuts and bolts in the laundry…), I will note that FCC had the opportunity to have its first "Intellectual Future of the University" discussion with President Kaler. These discussions between FCC and the President and his leadership team take place once per semester; they are designed to permit all involved to step back a bit from the day-to-day management of the institution and talk about one or more topics from a more philosophical standpoint. What is coming over the distant horizon, as opposed to hurtling at us from the intersection? This semester the President expressed an interest in having a broad discussion of methods of teaching and serving the curricular and pedagogical needs of students, and we spent considerable time addressing the impacts (and resource demands) associated with new technologies and emerging instructional techniques. As a detailed set of minutes from that discussion was distributed, I will limit myself to this summary here, but I note that FCC is always interested in learning what others—including the Board of Regents—might imagine to be particularly pertinent topics for upcoming Intellectual Future discussions, and we would be pleased to receive suggestions.

Coming back to the laundry list, we have largely followed the various directions developed from our August FCC retreat that I summarized for you in September. Let me emphasize, though, that the efforts I describe below are not limited to the Faculty Consultative Committee, but involve also the hard work of several other Senate committees, most of which include students and staff as committee members. Governance is a team effort.

Graduate Education. The ongoing process of redesign associated with the funding and oversight of graduate education—including doctoral, professional, masters, and certificate programs—continues to be of signal interest to all concerned. The plans derived from the Size, Scope, and Mission report (presented to the Board in September) and the first implementation of a metrics-based distribution of some doctoral program funds, were discussed by the Senate last week. We will continue to be very actively engaged in the development of policies and procedures as this effort continues to develop, and we very much look forward to working with incoming Provost Hanson on these critically important initiatives.

Faculty Accountability/Productivity. We have probably spent more time on this than any other topic, and indeed we regard it as not really one topic, but several interrelated ones. The University already has in place rather detailed procedures, varying somewhat by college, whereby faculty report on their activities in any given year. One key element that we believe has been missing, however, is a communications strategy to make more readily available to the public—in digestible form—the details of that productivity. Both the Senate Committee on Faculty Affairs and an ad hoc committee including FCC Vice Chair Walt Jacobs and Deputy Chief of Staff Diana Harvey from the Office of University Relations have been working to develop new models to better publicize the breadth and vitality of University art and scholarship, and we hope to see some possibly new ideas take shape in the near future.

Along different but related lines, the Committee on Academic Freedom & Tenure (AF&T) has revised the procedures associated with the tenure regulations, paying special attention to faculty development post-tenure. One new procedure will ensure that associate professors are afforded regular assessment of their progress towards promotion—a process that until now has been somewhat ad hoc in different colleges and departments. Discussion of how better to train chairs to monitor and manage faculty development has also taken place. And, FCC has begun a conversation with all of the collegiate deans about what they regard as best practices for selecting and appointing chairs, with a goal of ensuring that individuals in those critical positions are best prepared for the various administrative duties associated with them.

Finally, the Senate Committee on Educational Policy (SCEP) has been discussing how best to make use of instructor-released student evaluation of teaching data. In addition to providing those data to students so as better to inform them about the workload and structure of various courses, the committee is considering proposals to publicize better those instructors who receive the most favorable student responses.

Research. Spearheaded by the efforts of the Senate Research Committee (SRC), governance has been addressing several topics. For example, the SRC prepared and submitted a response to proposed National Institutes of Health changes to policy regarding human subjects protections, paying particular attention to changes that might streamline approval processes related to multi-site research studies. In several instances, proposed changes to policy to enhance patient protection are already in place at the University.

At a more fundamental level, issues of indirect cost recovery, and the financial pressures mitigating against research projects that come with funding that fails to adequately cover indirect costs, are being addressed by both SRC and AF&T. Balancing the mission-critical nature of research for the U against budget realities is decidedly non-trivial, particularly in certain fields, and discussions with Vice President Mulcahy are ongoing with respect to how best to assist faculty in accomplishing their research ideas.

Finally, SRC is examining ways to better articulate the many ways in which University research activity ties directly into instructional activity and community engagement. We deem it essential to make clearer to the public the interconnectedness of the University's three key missions. Along those lines, SRC recently reviewed and commented on the University's Undergraduate Research Opportunities Program (UROP), which last year provided financial incentives for more than 800 undergraduates to participate in directed research activities as part of their integrated *education*.

Differential Student Costs. FCC and the Senate Committee on Finance and Planning (SCFP) have both had conversations with members of the administration on the subject of differential tuition, differential fees, or, put with perhaps less obfuscation, differential costs. Workable, transparent models are clearly critical to fund the educational mission, and we look forward to continuing consultation as any plans develop.

While not directly motivated by this specific topic, SCFP has begun to examine collegiate administrative costs, following up on its activities from last year where vice-presidential units were surveyed. As before, the goal is better to understand how resources are apportioned within individual colleges and to develop an improved understanding of cost structures within collegiate, as opposed to University, administration.

Potpourri. AF&T provided a white paper on academic freedom to the Senate for discussion. Also voted on by the Senate was the revised policy on Outside Consulting and Professional Commitment and a change to undergraduate liberal education requirements. Discussion of adding context to transcript grades has taken place in SCEP, and a specific proposal is now being evaluated by SCEP and other interested groups (e.g., the Council of Graduate Students and the Student Senate Consultative Committee). We have discussed and/or participated in, inter alia, (i) the ongoing work motivated by the Gender Equity in Salaries study, (ii) the searches for Provost, Chief Information Officer, and Government Relations Officer, (iii) conversations related to salary advice in the event increases are anticipated, (iv) open-access publishing initiatives, and (v) the structure and funding of sabbatical and single-semester leaves.

It's been busy. Crazy busy (we think that we must have done ok harvesting some of that inaugural energy). And, for the next two weeks, it will only get worse: that tremendous crunch as the calendar year and the academic semester all come to an end. Once that's all wrapped up, though, it is appropriate to pause to enjoy a tranquil moment, somewhere quiet where the Minnesota twilight dances blue on a snowy surface. I take advantage of this occasion to wish the Board, and all members of the University community, a peaceful and joyous holiday season.

Respectfully submitted,

Christopher J. Cramer
2011-2012 Chair, Faculty Consultative Committee
Elmore H. Northey, Distinguished McKnight,
and University Teaching Professor of Chemistry

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 9, 2011**

Agenda Item: Report of the Student Representatives to the Board of Regents

☐ **review** ☐ **review/action** ☐ **action** ☒ **discussion**

Presenters: Abdul Omari, Chair, Student Representatives to the Board of Regents

Purpose:

☐ **policy** ☒ **background/context** ☐ **oversight** ☐ **strategic positioning**

The Report of the Student Representatives to the Board of Regents provides the student perspective on issues and concerns facing University students.

Outline of Key Points/Policy Issues:

The Report will discuss and make recommendations regarding the following issues:

- Building a Strengths-based Campus
- Post-Graduation Preparation
- Fees
- University System Climate and Safety

A report from the campus student governance organizations is also included in the docket materials.

Background Information:

Board of Regents Policy: *Student Representatives to the Board of Regents* allows the Student Representatives to the Board of Regents, with consent of the Executive Director, to make a quarterly report to the Board. In recent years, the Student Representatives have made semi-annual reports to the Board

Building a Strengths-based Campus

Overview of Strengths-based Feedback Opportunity

At the forefront of our attention is how to create more competitive graduates in an effort to give our students the opportunity for better jobs, more productive degrees, and a higher return on their educational investment. Popular in many Fortune 500 companies and among many other large institutions the concept of "the strengths focus" has allowed organizations to develop their employees and stakeholders based on what they do best.

When searching for job prospects, employers look for students with experience as well as individual and unique characteristics that can be valuable to the job at hand. Through the StrengthsFinder, colleges can identify and communicate to possible employers, students' strengths in the classroom and how those strengths were not only discovered but also tended to, molded, and guided by the University in order to fully benefit the student. In turn, students feel more confident in the classroom and will fortify their strengths to make them more prominent which drives students towards success.

The University of Minnesota has numerous fundamental goals for students that coincide with developing students' strengths for success. Two such goals are:

1. The University strives to aid students in possessing and maintaining sufficient motivation to achieve their goals; and
2. The University seeks to instill students with an understanding of how to fully utilize and employ his/her talents and skills to contribute to the betterment of themselves and society

We can exercise this idea to make our graduates even more competitive because as the test focuses on what is natural for the student and assists in the development from a good or average scholar to an excellent one through integrating students' strengths with University goals. This strategy gives student's assurance to utilize their strengths beyond the classroom by implementing them into their daily lives and future jobs. Graduates will also be more competitive because their strengths have been developed through classes and exercises, which have taught them how to apply those strengths to various aspects of their life.

What We Do Best

The University of Minnesota is no stranger to the idea of the strengths method and has utilized this methodology with employees of the Residential Housing Association with much success. The Carlson School of Management has long been an advocate of its students taking full advantage of this approach through workshops and leadership curriculum that includes an introduction to this doctrine. This last year was the pilot of a University wide effort to provide freshman with the opportunity to take the StrengthsFinder assessment and has been deemed quite successful.

The next step in creating our strengths-based campus is to expand the effort to coordinate campuses and put significant effort into continuing with this year's freshman class throughout their experience here at the University of Minnesota to allow them yearly reviews or opportunities in which to use this knowledge that they have about themselves. This practice will not only be of service to students during their academic careers by underscoring things that they can leverage as academic strengths to improve the learning process, but also can be leveraged throughout their post graduate life.

Opportunities presented through a strengths-based campus

The idea of a strengths-based student population has been developing rapidly in other organizations and is an area in which the University has the opportunity to pioneer a new academic process, particularly because the University of Minnesota is the largest campus using StrengthsFinder in the nation. As a University we strive to create the most competitive graduates. This focus on creating a strengths-based campus will allow our students to:

1. Identify what their competitive strength is as a student or prospective employee
2. More easily distinguish their unique skills to employers
3. Point out individual learning and working styles to students in a way that will help them to study and research more effectively
4. Interact with others in a way that suits their talents and presents their individual traits in the most useful format.
5. Identify the ways in which he/she can use individual strengths to address some of his/her individual weaknesses; and
6. Approach problems in new and different ways that will not only benefit their educational experience, but will add to the thought process and diversity of the University

This could contribute to our students finding the best way for them to work and result in high returns for students and for the University. One student who took the exam stated that it, "helped him look at his college experience through the lens of what he is good at, decide what he should be doing, and added value to his University experience" (Student A, Interviewed October 20, 2011). While this sentiment will not be universal it highlights positive feedback from students.

Moving Forward

Given the educational climate of the University, the efforts already invested in the exploration of strengths-based campus approach and general attitude of University students, the student representatives advocate for support of a supplement to the grading process, integration of strengths into career training, and/or for the expansion of the program to coordinate campuses.

Transcript Supplements

As the challenge of benefiting from this approach is the frequency and saliency of attention paid to it, we are recommending a paper supplement to the transcript materials that would include a student's reflection on how his/her strengths were utilized during a given semester. This end-of-semester reflection could be focused on grades (how strengths were present in good grades/how they could have been utilized in classes in which poor marks were earned), extracurricular activities that were particularly successful, work experience that assisted in building knowledge of how to leverage talents, or a plethora of other options. Professors could also have the opportunity to engage in these reflections and add comments to the reflections of students whom they have felt have seen a particularly interesting use of their skills during the previous semester.

This reflection would allow for professors to communicate their views about a students' strengths, how useful they were, and how they were executed throughout the semester. This would facilitate communication between faculty and employers to elucidate how an individual conducts him or herself in the classroom as well as in a group setting and how their individual strengths and experiences would be beneficial to the employer. Allowing the University of Minnesota graduates to highlight their strengths provides another selling opportunity when entering the job market.

Integration into Career-Training

In keeping with a goal of making the transition to a strengths focus natural, the University could integrate the material and underscore the strengths-based approach's advantage to students in its career-training curriculum. Many colleges provide information, workshops, and/or courses that give our students instruction on how to best prepare them for the world of work. This would serve as a fantastic venue for furthering continued interest in the program and student benefit from the service as nearly all students are exposed to an event of this sort during their time searching for the starting point of their careers. This unique approach would allow students to take on a different outlook from many other applicants in their respective industries and be more competitive candidates that show an understanding of themselves, their skills, and the needs of employers.

Expansion of the Program

The StrenghtsFinder test can and should be employed on all the coordinate campuses, which in turn will benefit the University as a whole. The StrengthsFinder test is put in place to give students assurance as well as direction. This act as a recruitment tool for students and parents as they attempt to locate universities that put their students are the fore. Expanding this initiative system-wide affords coordinate campuses the many benefits presented in this section.

In addition, we recommend expanding the StrengthsFinder test to sophomores and upper-class students. These students need to continue to nurture and mold their strengths. Even though students are not in their first year, they still require assistance and the University can provide them with the tools to craft a vision and then the guidance and support to attain their dreams.

The University of Minnesota would be the first University of its kind to implement such a strong focus on building a "strengths mentality". It would allow our students to be among the first to have an entire undergraduate education focused on strengths rather than shortcomings, lending the opportunity for success; prior to and after graduation.

Post-Graduation Preparation

Introduction

According to the CLA Student Services website, “choosing a college is one of your most important life decisions – because college is where you discover opportunities for your future, prepare your mind, enrich your spirit, and create your life's meaning” (Attained October 30, 2011). It is strongly believed that in today’s world, individuals cannot and will not achieve their life goals without a college education. That said, a college education--and only a college education--is not the primary life goal of students today.

Students spend thousands of dollars and four or more years of their life at a college or University not simply to learn, but also to discover their true passions and prepare for what may lie ahead in their journey. However, receiving a degree and diploma is only the first step; an education can only be put to proper use if students are given the tools and resources required to apply to graduate school, find a career, enlist in the military, or explore other post-graduate opportunities.

Every college and University in the country provides its students with different resources to prepare for life post-graduation. In this section of the report to the Board of Regents by the student representatives, an attempt was made to discuss resources, assistance to students, accessibility, and trackability of post-graduation options at each of the University of Minnesota campuses (Twin Cities, Duluth, Morris, Crookston, and Rochester). After exploration many shortcomings were discovered, which have informed recommendations regarding equal allocation of University resources among students, post-graduation placement tracking initiatives, and recent-alumni support, provided at the end of this section.

Post-Graduate Preparedness

The student representatives view preparation for post-graduate life as an important topic to all students at the University of Minnesota due to its direct influence on how quickly individuals can meet their professional goals. Although the University decides how to provide post-collegiate assistance to former, current, and/or future students, the student body should have equal opportunities to resources for a meaningful future. Beyond preparation materials and events provided by the University, the student representatives believe that all colleges and campuses should put forth the effort to track and record their students’ post-graduation plans and placement.

Research began by uncovering general information related to the tools, resources, and events available to students for post-graduation preparation. Such resources include resume/cover letter building workshops and classes, occupational/academic advisers, career centers, job search websites (Gold Pass and The Edge), career and internship fairs, mock interviews, and on-campus interviews. When utilized in conjunction, these resources help prepare students for post-graduation planning, job/graduate school searches, interviewing, offer negotiations, offer decisions, and full-time placement.

However, the existence of these resources does not mean the student body is aware of these tools, how they can be helpful, and/or the proper way to implement them throughout their college career. For example, some 95-100 percent of students recognize, recall, and utilize career-planning tools at the Curtis L. Carlson School of Management whereas other colleges do not have any information as to the effectiveness of these resources. While career placement is a large initiative and source of pride for business schools, it is important to explore the possible reasons why this disparity exists among students of varying backgrounds, campuses, colleges, and majors. Further research and exploration is necessary to delve deeper into this problem in order to identify root causes.

Upon beginning research about post-graduate placement rates and careers, it became clear very quickly that few colleges do an adequate job of tracking where their students end up after graduation. In fact, due to lack of participation in surveys as well as the inability to contact students, some colleges have discontinued tracking initiatives altogether. Information regarding post-graduation placement of students is important for colleges to collect for several reasons including: (1) measuring placement rates historically and tracking trends from year to year, (2) advertising high placement rates to potential students and families in the recruiting process, (3) increasing attention to post-graduation preparation activities when placement rates are below par and/or when improvements are needed, and (4) gaining credibility above and beyond competing colleges and universities.

Although sufficient information was not readily available regarding post-graduation statistics related to all University of Minnesota students, it has become apparent that some students are finding ideal placements more quickly and easily than others. Finding post-graduation statistics for coordinate campuses was difficult to find due to lack of participation in post-graduation surveys. Finding data was also difficult due to different manners in which data was collected and then processed. Therefore, we believe it is the University's obligation to allocate resources evenly amongst all programs in order for equal opportunities to all students — regardless of major, college, or campus. These resources are not constrained only to tools, advisers, and events, but also financial support in advertising, promoting, and implementing these resources into the lives of students. If this is not done, these resources will become a waste of University time, money, and energy if they do not reach and appeal to students.

Recommendations

Therefore, the student representatives recommend that the Board of Regents implement a post-graduation placement tracking initiative among all colleges and campuses. Creating a requirement or incentive for career centers to better track where, when, and how their students move on after graduation will better help determine where placements rates are low or lacking. Once these deficiencies have been identified, the University will be better equipped to transfer resources where appropriate in order to give all students a fair and equal opportunity to apply their education post-graduation.

Furthermore, due to the instability of the U.S. economy, it would be beneficial for the University to provide career services to recent alumni for 3-5 years or more after their graduation date. This recommendation arises for students who may find temporary or "potentially full-time" employment upon graduation but may not have the tools to find employment after this experience has ended. Moreover, knowing that their educational institution will stand behind them and support them into the future will be reassuring as students enter post-college world.

Lastly, the Student Representatives are recommending a University-wide, required survey of all students prior to graduation. This survey could be administered as students are applying for their graduation commencement. Survey topics could and should include whether or not placement has been secured, future plans, knowledge about available resources, utilization of post-graduation resources, opinions about resources and events, and whether or not resources would be helpful in the future. Although this survey could be administered online or in person, completion of the survey should be required in order to receive graduation materials. With a small amount of effort and up-front costs, the University of Minnesota could gain great insight into student perceptions and opinions of their post-graduation preparation assistance, which in turn could improve future students' experiences.

In summary, post-graduation tools, resources, and events must be allocated and promoted equally among all students within the University of Minnesota system. Even more importantly, in order for the effectiveness of these resources to be measured and calculated, the University must do a better job of tracking post-graduation placement rates. The benefits of tacking such data are abundant, and will undoubtedly add value to the experiences, colleges, and campuses within the University.

FEES:

Introduction

Two years ago the student representatives to the Board of Regents brought forth student fees to shed light upon the growing concern of student fee transparency. While tuition changes receive excellent coverage, changes to fee quantity and structure receive minor attention at best. Since then, structural changes to the Academic Fee process have helped to correct these issues, however, allocation of student fees remains a concern for students.

Recent Changes

Recently, a consolidation of the fee process has come to completion, which further reduced structural variability between colleges. This led to fees being grouped into two categories: "Student Service Fees" or "Campus/Collegiate Fees." The "All University Fee" has been incorporated into tuition and is no longer a separate entity.

Similarities

Upon completion of the consolidation process, all universities now follow the general academic fee outline of campus/collegiate fees and durable goods fees. The student service fees are itemized for their various uses for each campus upon the student onestop webpage. Additionally, each of the collegiate fees for individual campuses is not broken down past their base number.

Differences

The Twin Cities colleges pay additional fees alongside the student service fees that are not present amongst the coordinate campuses. An example of which would be the Stadium fee and Capital enhancement fee.

In addition, there is also student fee differentiation among colleges on the Twin Cities campus. This has been a recent topic of contention and will likely remain at the fore of fees discussions.

Concerns

Despite attempts to simplify the fees process, it remains a puzzle to students not well versed in the technical language. A lack of transparency leads to great confusion among student when trying to decipher why they are paying for a fee. The capital enhancement fee is a prime example of little transparency. The fee appeared on the student bill for graduates for the first time this fall without any explanation of the fee on onestop services. After further investigation it was discovered that the fee was voted on in the past but did not go into effect for graduate students until this semester, leaving current graduate students with an unexplainable fee.

Additionally, in this strenuous economy, attentiveness to even the slightest increase in cost is undoubtedly heightened. As a result, students are concerned over potential increases in the future and furthermore troubled that such increases will not be publicized in a fashion that would allow students advanced warning.

Recommendations

In attempt to address the growing concerns of our colleagues, the student representatives recommend the following considerations to the Board of Regents:

1. Advanced and continued notice to the appropriate student bodies of colleges receiving an increase in fees accompanied with an explanation regarding the nature of any significant changes.
2. Senate Committee on Finance and Planning or the appropriate governing body conduct an audit to: 1) ensure these funds are being used for their intended purposes, and 2) explain the striking increase in fees charged by some colleges. The audit of the collegiate fees shall be incorporated to the regular audits that collegiate units already conduct.
3. Lastly, we recommend that a graduate and/or professional student representative be added to future meetings of each respective college to discuss alteration to the fee assessment process and how the fees collected are spent by each college. The addition of a graduate student will complement the undergraduate student already involved in the process.

University System Climate & Safety

Introduction

The University of Minnesota as a system has made ongoing commitments to fostering a climate of diversity and mutual respect for all members of the University community and the state of Minnesota. While these efforts are commendable, issues of inequality, harassment and violence still exist on many of the University of Minnesota campuses. An incident concerning these ongoing issues recently occurred at the UMD campus. As stated by the University of Minnesota News website, “The organization Youth for Western Civilization (YWC) has produced a video that provides edited excerpts of a conversation that took place on Sept. 16, 2011. The exchanges are between a representative from YWC (who is not affiliated with the University of Minnesota), a student from the University of Minnesota Duluth (UMD), and a UMD staff member. The conversation took place amid the annual 'Taste of Kirby' event in recognition of Constitution Day during which numerous student organizations and outside groups distribute literature." After the release of this video, many students and staff at the UMD campus felt alarmed, disturbed, and vulnerable by this threat to their safety. Administrators and staff at the UMD campus should be commended, as they dealt with this incident urgently and in a highly respectable manner. However, the student representatives feel that the University should focus more on being proactive so that incidents like this do not occur in the first place. This section of the report is offered as an informational item for review and consideration.

On the Twin Cities campus alone there has been a noticeable increase in safety violations towards the campus community, especially pertaining to campus crime. There have also been significant concerns over the attachment or over emphasis on race when describing perpetrators in campus crime alerts sent out by the UMPD. While the intent of these alerts is to remind members of the community of incidents, there is an unintended consequence of heightened racial profiling. An additional issue we have observed relating to the University as a system is the lack of consistent and streamlined policies for reporting and tracking instances of gender and race based harassment and violence. One example is how the issue of sexual harassment is dealt with on the Duluth campus. It has been brought to our attention that the campus only has one definition of harassment, which does not include incidents of sexual harassment. This is a nation-wide issue and the student representatives would like to encourage the University to consider revising the ways in which they approach these and other system-wide issues, and to understand the profound impact and influence they have on the University community.

As the previously mentioned incidents prove, threats to personal and system-wide safety still occur and are very much a problem. Because of this, there are several issues that the student representatives would like to bring to the attention of the Board of Regents. The primary question guiding this section is, "How does the University address instances of racial and gender-based harassment and violence?" While the system's climate is generally viewed as welcoming, there are still significant concerns related to climate and safety that have cropped up in recent years.

Past and Current Means of Improved Campus Protection

As mentioned in a previous report to the Regents by student representatives, campus safety has been improved in past years through different means of communication resources. One of the resources we currently have in use are the "Crime Alert" emails sent out by Campus Police Departments to notify the student body of any campus crime. Another resource is the Code Blue Emergency Telephones. According to the University's website, "Campus safety is enhanced by the Code Blue Emergency Telephones located throughout campus. These provide an immediate connection with the 911 operators at the University Police station. The blue light helps you spot these phones. Once the unit is activated a bright flashing light is emitted to help attract attention to the situation. A police officer or security guard will respond immediately and assist you in your emergency." While these Code Blue Emergency Telephones are currently implemented on just the Twin Cities campus, we feel it would be beneficial to install these on the coordinate campuses as well. UMD holds an annual "Nightwalk for Campus Safety", wherein faculty, staff, and students walk together, covering all outside and some inside areas of campus noting possible safety improvements that could be made. As stated by the UMD website, "Following the walk, participants will complete recommendation sheets listing any areas of possible safety improvement that are noticed while on the walk." The recommendation sheets are then used by different campus committees to make plans for campus improvements. Another resource students have is a chauffeuring or walking system, where students are able to call and receive a walking escort to on-campus and nearby off-campus locations. By educating students on the different resources they have available to protect their overall safety, students will have a better sense of protection while on campus.

Potential for improving safety and campus climate

The student representatives maintain that the University of Minnesota System could foster a climate of diversity and mutual respect through educating students on how they can report any threat to this diversity and climate. Below are ongoing activities and suggestions about how to improve campus safety and respect.

Club Trainings and Education Sessions

Advocating that student clubs and organizations partake in unique trainings or education sessions to educate them on the underrepresented groups on their campus.

Cultural Awareness Inclusion in Classroom Curriculum

Continue to support course seminars that include multiple avenues for students to explore diversity. These avenues include curricular components and visits to cultural centers on campus.

"360 Stay Safe Video"

Require freshman or incoming students on all campuses watch a video entitled "360 Stay Safe", which focuses on how students can help prevent theft, sexual harassment, and violations of their personal safety. This video is currently being presented at the University of Minnesota Duluth to all freshmen students during Welcome Week. By educating the students on how to stay safe in their new surroundings, students will be able to better protect their possessions and themselves.

Conclusion

Whether it is from a criminal perspective or a cultural perspective, campus climate is a very important issue to students. We believe it is important for students to feel that they are safe while on campus, and if for any reason safety is threatened, that students know when, where, and how to go about relieving this threat. By educating students on the diverse cultural environment around them, the safety procedures each campus has in place, and the multitude of campus resources available to them, students will feel more at ease and more protected on every campus.

Minnesota Student Association Fall Report

As the fall semester comes to a close, the Minnesota Student Association is pleased to report that our many projects and goals as a student government are coming together to benefit the students of the Twin Cities campus and the University of Minnesota as a whole. Included is a brief overview of a few of our accomplishments to date.

Campus Relations

This committee's year long goal is to significantly increase student involvement in the student government in an effort to coordinate our goals with the needs of the students as a whole. Reaching out to students to learn where their interests lie and which issues are nearest to their attention is imperative in the search to find involved student leaders to advocate for the opinions and needs of the student body. There has been pursuit of this through the creation of student leadership gatherings at which leaders of our many student groups are allowed to join in conversation about their individual goals and learn about other organizations in an effort to create synergy within the university environment. This in turn will create a student government that accomplishes projects that benefit all students.

Facilities, Transit, and Housing

Among the many important student issues on the agenda for this semester, the committee has worked on an improvement project to build a bike pasture on an area of unused land on the university. This sparked an interest in making this idea of an improvement project recurring. The new program dubbed the "Improve U" project will allow our students to enter proposals for a yearly improvement project. These proposals will be surveyed and one will be chosen to be produced by a university student and completed for the betterment of the student population. This will not only allow students an opportunity to improve their campus, but will allow us to showcase the talents exhibited by many of our very bright and creative students.

Grants Committee

The grants committee is dedicated to providing student groups with funding for events and operations which benefit all students on the Twin Cities campus and provide a diverse and interesting environment to live and learn. To date, this committee has awarded over 30 grants totaling over $24,000 to student groups to fund these events and add value to the student experience.

Legislative Affairs

The legislative affairs committee's primary objectives this year include: developing a strategic plan to maximize student turnout for the 2012 election cycle, registering students to vote, and maximizing turnout to Support The U Day from the Twin Cities Campus.

University of Minnesota Duluth

Campus Committees and Initiatives:

The Student Legislative Coalition's main goal this year is to increase awareness to students and have done so by displaying literature regarding how much tuition dollars have increased in the last 50 years. They currently have three students sitting on the sub-committee of the Higher Education Small Area Plan which is looking into a possible Duluth "Dinkytown", and has been in contact with the Director of External Affairs regarding lobbying efforts for the new American Indian Learning and Resource Center. The SLC will be participating in the annual "Support the U Day" at the State Capitol in St. Paul. Their goal is to have 75 students attend this year. Their final initiative for the year is a Northern Lights express, a high speed rail connecting Duluth to the Twin Cities.

Academic Affairs has been looking heavily into academic advising and how to address those problems. They have also been working with Jeff Romano regarding the Textbook Rental Program and less expensive options for students regarding textbook prices. Academic Affairs is continuing it's work with the Online Course Guide Drive and hopes to increase the percentage of departments on campus taking advantage of it. Finally they are teaming up with the "How Did You Come To Be Here?" campaign and implementing a survey of cultural education on campus and then using it to help put on a White Privilege Retreat in cooperation with Danny Frank in FYE.

Student Affairs has been working with the Dining Center on focus groups regarding food quality and bag lunch options. They have also been working with Karen Stromme from Athletics to find a way to increase attendance at sporting events other than Football and Hockey as well as increase school pride. Student Affairs also held the annual "Yell-Like-Hell" event, where students can give their input on what issues they would like Student Association to address or focus on.

Public Relations has two main goals this year of increasing the social media presence of SA and increasing the general knowledge about our organization. They just finished the video of Bulldog Welcome Week and are working on the "Meet Your Representative" campaign which will interview each one of our members. They are also responsible for sending out bi-weekly Statesman articles.

To touch upon some of the other committees, Marketing and Communications has been working with Student Affairs on the focus groups for the DC as well as helping Public Relations with the editing of the Bulldog Welcome Week video. They have been busy creating surveys for the numerous committees to help aid in their initiatives specifically a survey for incoming freshmen and a textbook survey for Academic Affairs. Campus Outreach completed a successful Leadership Assembly and has instituted the SA Mentorship Program where each member acts as a mentor for three to four student groups on campus and helps them with any concerns they may have. Better Neighbors has completed the first Annual Fall cleanup with around 45 people in attendance, and has been working on Renter's Rights Panels as well as planning for Spring Cleanup. Bulldog Taxi is still going strong now that it is 24/7/365 and has over 2775 students registered for the Program.

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 9, 2011**

Agenda Item: Board of Regents Policy: Board Operations and Agenda Guidelines

☒ **review** ☐ **review/action** ☐ **action** ☐ **discussion**

Presenters: Regent Linda Cohen

Purpose:

☒ **policy** ☐ **background/context** ☐ **oversight** ☐ **strategic positioning**

To review a number of amendments that are routine changes for consistency with other policies and current practices.

Outline of Key Points/Policy Issues:

Board of Regents Policy: *Board Operations and Agenda Guidelines* currently contains language inconsistent with other Board policies. The proposed changes will update the threshold for the approval of purchase of goods and services from $250,000 to $1,000,000. Additional proposed changes will add April and November to the months in which the Board does not hold a regular meeting as well as update activities undertaken during the annual retreat. These proposed changes reflect actions previously approved by the Board.

Background Information:

BOARD OPERATIONS AND AGENDA GUIDELINES
Adopted: March 8, 2002
Amended: December 10, 2004; October 13, 2006
Supersedes: (see end of policy)

DRAFT *for review* December 9, 2011

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS POLICY

BOARD OPERATIONS AND AGENDA GUIDELINES

SECTION I. PRINCIPLES OF BOARD OPERATIONS.

The Board of Regents (Board), created under the Minnesota Territorial Laws of 1851 by the passage of the University charter and perpetuated by the Constitution of the State of Minnesota, is the governing body of the University. The Board, guided by the laws and constitution of the state:

- holds itself accountable to the public for accomplishing the mission of the University;
- meets openly, in the spirit of the Minnesota Open Meeting Law;
- fosters communication with the citizens of Minnesota, its elected representatives, and the University community; and
- works with the president to create a relationship characterized by trust and openness.

This policy provides an overview of the Board's operations, committee structure, and agenda guidelines.

SECTION II. BOARD OPERATIONS.

Subd. 1. Governing Documents. The Board exercises its authority consistent with the University Charter, the Constitution of the State of Minnesota, the Board of Regents Bylaws, and relevant Board policies. These documents provide the basic framework for the conduct of the business of the Board.

Subd. 2. Board Business. The Board conducts business through meetings of the Board and its committees. Items placed on the Board agenda have the most fundamental importance and broad policy implications for the University. The following items are required to come to the Board:

(a) Fundamental planning documents, including:

- University Plan, Performance, and Accountability Report — The University Plan, Performance, and Accountability Report (Plan) articulates the mission and vision of the University; identifies critical issues and challenges confronting the University; and sets forth major goals, objectives, and timelines for the ongoing pursuit of the teaching, research, and outreach functions of the University. The Plan publicly demonstrates the University's accountability for progress in reaching its stated goals and objectives; links planning, performance evaluation, and resource allocation at the system and campus/college level; illustrates and analyzes longitudinal trends in key areas; provides a means for comparisons with peer institutions; and identifies areas for continued work. The Plan sets the framework for the University budget.

- University Budget: Operating and Capital — The University budget sets forth the operating and capital requirements and authorizations for financing the activities of the University. The budget includes all funds (revenues and expenditures), all campuses, and all programs of the University. It incorporates historical background and projections.

The capital budget has two parts. 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 of projects with approved financing and schematic design, consistent with Board policies.

The president recommends to the Board both the operating and capital budgets in successive meetings.

(b) Legislative funding requests, including the biennial budget request and the capital request.

(c) Reports on federal and legislative relations and issues.

(d) Annual report of asset management.

(e) Annual report of capital financing and debt management.

(f) Annual financial report.

(g) Summary of expenditures for the Office of the President, Eastcliff, and the Board of Regents Office.

(h) Gifts.

(i) Other reports, including, but not limited to, reports of the Faculty Consultative Committee, the University of Minnesota Foundation, the University of Minnesota Alumni Association, and the Student Representatives to the Board.

(j) Additional items as decided by the chair of the Board in consultation with the president and vice chair.

At the chair's discretion, any of these items may be referred for discussion in committee.

Subd. 3. Committees. Committees provide recommendations for action by the Board. Typically, standing committees have the following responsibilities:

- act on consent reports;
- review and make recommendations on relevant new and existing Board policies;
- receive reports on local, regional, and national policy-related issues affecting University departments and units;
- receive information items (e.g., status reports on current issues of concern and administrative searches); and
- review other items placed on the agenda by the Board chair in consultation with the president and the Board vice chair.

(a) Responsibilities of Committee Chairs. Committee chairs preside over the meetings of their respective committees, ensuring the orderly, open, and timely conduct of committee business. The president or delegate consults with committee chairs prior to committee meetings regarding background issues for committee agendas.

(b) Committee Descriptions. Standing, nominating, and special committees meet on a varying schedule set through the agenda development process. These committees, specific committee responsibilities, and required agenda items are listed below. The Board chair has the authority to name and identify the responsibilities of all committees. Any changes in committee structure are to be noted in this policy.

(1) Audit Committee. The Audit Committee oversees the University's system of internal controls, audits, and financial reporting practices. This committee also provides a direct channel of communication to the Board for the independent auditor and internal auditors.

Specifically, this committee:

- recommends the engagement and related fees of the independent auditor to perform the annual audit of the University;
- approves all engagements of external audit firms;
- annually reviews the results of the independent auditor's work;
- recommends appointment or removal of the director of audits;
- reviews the director of audits' annual audit plan and approves subsequent material revisions to the plan or the department's budget; and
- recommends changes in the Audit Department charter.

This committee also reviews:

- the annual financial report, prior to issuance;
- periodic reports of the work of the internal audit department, including a report on the implementation of audit recommendations;
- semi-annual reports of the controller;
- the independent auditor's annual audit and management letter; and
- responses to previous requests regarding audit issues, reports on financial management systems, and other items relevant to the audit function.

(2) Educational Planning and Policy Committee. The Educational Planning and Policy Committee advises on academic priorities and the teaching, research, and outreach missions of the University. This committee assesses academic programs for relevance to students and consistency with the University's mission and strategies and reviews internal evaluations of academic programs.

Specifically, this committee recommends:

- new academic programs, academic program name changes, and additions or discontinuations of academic programs;
- tuition rates and certain fees;
- reciprocity agreements; and
- support for commercialization of technology to non-University entities.

This committee also receives reports on:

- strategic plans of academic units;
- program reviews; and
- issues raised by external accreditation agencies.

(3) Facilities Committee. The Facilities Committee oversees the University's physical assets (e.g., land, buildings, infrastructure, and equipment). This committee considers the general adequacy, condition, and use of existing facilities; oversees policy related to physical planning; reviews renewal, replacement, and new construction decisions; and recommends the financing of capital projects.

Specifically, this committee recommends:

- district and campus master plans;
- real estate transactions;
- capital budget amendments; and
- schematic plans prior to the inclusion of a project in the annual capital budget.

This committee also:

- reviews semi-annual capital planning and project management reports;
- receives miscellaneous facilities management reports and notification of significant issues;
- reviews design guidelines when a project design represents an exception to adopted campus master plans; and
- reviews approved capital budget projects prior to the award of construction contracts, consistent with Board policies.

(4) Faculty, Staff, and Student Affairs Committee. The Faculty, Staff, and Student Affairs Committee advises the administration on broad quality of life matters affecting students, faculty, and staff, including health, safety, insurance, retirement, and working conditions. This committee also reviews personnel-related issues and policies.

Specifically, this committee recommends:

- the granting of faculty promotion and tenure and continuous appointments;
- appointments to specific boards and advisory committees;
- appointments of senior administrators, negotiated labor agreements, retirement plans, and other personnel items, consistent with Board policy; and
- changes in the University Senate Constitution and civil service rules.

This committee also reviews:

- faculty and staff compensation and benefits;
- changes to administrative policies related to academic and professional staff;

- reports on faculty, staff, and student diversity; and
- reports on intercollegiate athletics.

(5) Finance and Operations Committee. The Finance and Operations 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:

- approval of purchases of goods and services over ~~$250,000~~ $1,000,000;
- the issuance of debt; and
- changes to the approved central reserves budget~~; and~~.
- ~~the hiring of investment advisers.~~

This committee also reviews:

- 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.

(6) Litigation Review Committee. The Litigation Review Committee's function is to review litigation matters and obtain legal advice regarding specific University actions and their legal consequences. This committee typically meets in non-public session and consults with the general counsel on cases and claims, consistent with Board policy. The committee determines which matters shall be referred to the Board for review or approval.

(7) Nominating Committee. The Nominating Committee is charged with nominating candidates to serve as Board chair, vice chair, secretary, and treasurer.

(8) Presidential Performance Review Committee. The Presidential Performance Review Committee evaluates the president's performance. This committee meets in non-public session, reporting its findings to the Board.

(9) Special Committees. The chair of the Board identifies the responsibilities, appoints the members, and designates the chair of special committees.

Subd. 4. Board Meetings. The Annual Meeting of the Board is held on the second Friday in June, unless otherwise determined by Board bylaws. At the Annual Meeting a schedule is approved for regular meetings, which are usually held on the second Friday and preceding Thursday of each month <u>in February, March, May, June, July, September, October and December</u> ~~except January, and August~~.

Other meetings are scheduled as needed and may include work sessions, open forums, and public hearings. Retreats, typically held annually in the summer, are opportunities for the Board to step back from its usual business to plan, to assess its performance, <u>develop a workplan for the year</u>, and/or to consider a particular topic.

The documents, minutes, and recordings related to the public deliberations of the Board are available in the Board Office.

Subd. 5. Committee Meetings. Committees usually meet as follows:

- Audit: Meets four to five times a year.
- Educational Planning and Policy: Most months when Board meets.
- Facilities: Most months when Board meets.
- Faculty, Staff, and Student Affairs: Most months when Board meets.
- Finance and Operations: Most months when Board meets.
- Litigation Review: Meets four to five times a year and as called by the committee chair.
- Nominating: May of odd-numbered years prior to Board's Annual Meeting and election of officers in June.
- Presidential Review: As called by the chair.

Subd. 6. Meeting Procedures. The Board chair presides over meetings of the Board. The vice chair presides in the absence of the chair. Board and committee meetings are conducted consistent with Board bylaws and Robert's Rules of Order. The general counsel rules on all disputed questions of procedure.

Items are presented in one of the following ways:

- *Review* — All significant items typically are reviewed one month with action in a subsequent month.

- *Action* — Previously reviewed items requiring Board approval.

- *Review/Action* — Items for review and action in the same meeting. Line items are specifically allowed by Board policy or under special circumstances with permission of the Board chair. The Consent Report includes routine action items that normally do not require discussion. Any Board member may request discussion or separate action on any Consent Report item.

- *Discussion* — Items for discussion that require no action when presented.

- *Other*
    - *Information Items* — Items of interest to a committee or the Board requiring no action or discussion, such as status reports on current issues of concern and administrative searches.

    - *Receive and File Reports* — Submitted reports that are not intended for discussion and do not require action, but are listed on the agenda and officially noted by the chair in the form of a statement to "receive and file."

Subd. 7. Workplans. Each year the Board and its committees develop workplans with the advice of the president or delegate.

Subd. 8. Staff Responsibilities.

(a) Administrative Staff. The president identifies a senior administrator for each committee to facilitate committee meetings, assist in agenda development, prepare docket materials, coordinate presentations, and fulfill other duties. Assignments to standing committees are typically as follows:

- Audit — Director of Audits
- Educational Planning and Policy — Senior Vice President for Academic Affairs & Provost
- Facilities — Vice President, University Services
- Faculty, Staff, and Student Affairs — Vice President, Human Resources
- Finance and Operations — Vice President and Chief Financial Officer
- Litigation Review — General Counsel

(b) Board Staff. The Board appoints an executive director/corporate secretary whose duties and responsibilities include:

- maintaining the official records of the meetings of the Board and its committees;
- managing the monthly agenda and docket process;

- advising the president regarding the standards and protocols of Board meetings;
- maintaining the Board of Regents Calendar; and
- ensuring that logistical support is provided so that Board proceedings are conducted in an open, timely, and accountable manner.

The executive director assigns staff to each committee. Staff responsibilities include:

- reviewing docket cover sheets, resolutions, and revisions to Board policies;
- scheduling and attending docket previews;
- facilitating communication on agenda items;
- assisting in workplan and agenda development; and
- supporting the committee chair as needed.

Subd. 9. Docket. The docket is the set of recommendations, reports, and all supporting documents prepared for each item on an agenda of the Board and its committees. A docket cover for each agenda item includes a statement related to the policy and financial impact of the item. Materials are submitted to the Board by the president or delegate with the assistance of Board staff. The Board Office distributes the docket to Regents one week prior to meeting dates, after which it is publicly available.

Subd. 10. Emergency Approvals. Upon the recommendation of the president, the Board chair, vice chair, and the respective committee chair may act on behalf of the Board when delay for Board approval poses a significant health, safety, or financial risk to the University. Any such emergency approvals will be brought to the next meeting of the Board, consistent with Board policy.

SECTION III. BOARD MEETING AGENDAS.

Subd. 1. Agenda Development. The agenda is set in the following manner:

Approximately two months prior to each Board meeting, the executive director develops a draft agenda for discussion at Agenda I, a meeting with the president and senior administrators. Agenda items are identified from Board and committee workplans, the Board of Regents Calendar, requests, and other reports and items as specified in Board policy.

The Board chair approves the agenda at a subsequent meeting (Agenda II), also attended by the vice chair and participants in the Agenda I meeting. Subsequent changes to an approved agenda require the approval of the Board chair.

Subd. 2. Requests to Appear Before the Board. Anyone requesting to appear before the Board must submit a written request to the executive director, who reviews the request with the Board chair.

SECTION IV. BOARD OF REGENTS CALENDAR.

The Board of Regents Calendar lists required actions, reports, and other items routinely presented for consideration by the Board and its committees. The calendar is reviewed annually by the Board and is on file in the Board Office.

SECTION V . PRESIDENTIAL PERFORMANCE REVIEW, EVALUATION, AND COMPENSATION.

Subd. 1. Presidential Performance Review. The Presidential Performance Review Committee evaluates the president's performance annually in order to: assess outcomes; support the president's efforts to strengthen performance; enable the president and the Board to establish mutually-agreeable goals; and inform decisions regarding annual compensation and other terms of employment. This committee meets in non-public session as permitted by law, reporting its findings to the Board at a public meeting.

The following principles shall guide the performance review process:

(a) All Board members shall be involved.
(b) Comments on the president's performance shall be requested from multiple sources.
(c) Collegiality shall be a hallmark of all discussions.
(d) Confidentiality of personnel matters shall be maintained.

Performance review process procedures shall be on file in the Board Office.

Subd. 2. Presidential Compensation. The compensation of the president shall be set by the Board at a public meeting. The Board shall exercise reasonable care and set compensation in a transparent, prudent, and responsible manner.

The following principles shall guide compensation setting:

(a) The compensation plan shall support the organization's mission, goals, and strategy.

(b) Compensation shall enable the recruitment and retention of an individual who can achieve excellence for the University and contribute to the vitality of the state of Minnesota
(c) Compensation is meant to appropriately reward and motivate the president, be commensurate with the president's responsibilities and performance, and be responsive to the president's requests.
(d) Compensation shall be informed by appropriate data that helps determine comparability or fair market value.

The Board shall consider data from a comparable peer group of public research universities and private universities that are substantially similar to the University and designate a list for comparison purposes. It shall be the responsibility of the chair, in consultation with the vice chair, to recommend presidential compensation and other contract terms for Board action. The chair also shall be responsible for reviewing the president's total compensation and approving all reimbursements for presidential business travel and entertainment expenses.

Compensation-setting procedures shall be on file in the Board Office.

SUPERSEDES: BOARD OPERATION AND AGENDA GUIDELINES ADOPTED SEPTEMBER 11, 1992, LAST AMENDED MARCH 8, 1996.

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 9, 2011**

Agenda Item: Board of Regents Policy: Reservation and Delegation of Authority

☒ **review** ☐ **review/action** ☐ **action** ☐ **discussion**

Presenters: Regent Linda Cohen

Purpose:

☒ **policy** ☐ **background/context** ☐ **oversight** ☐ **strategic positioning**

To review proposed amendments to financial thresholds related to the purchase or lease of real property and easements.

Outline of Key Points/Policy Issues:

Board of Regents Policy: *Reservation and Delegation of Authority* contains proposed changes that will increase the financial threshold for Board approval of the purchase of real property and easements from $250,000 to $1,250,000. Additional proposed changes were made in order to remain consistent with current policies and practices.

Background Information:

RESERVATION AND DELEGATION OF AUTHORITY
Adopted: April 5, 2001
Amended: July 9, 2004; December 10, 2004; July 9, 2008; February 12, 2010
Supersedes: (see end of policy)

DRAFT *for review* December 9, 2011

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS POLICY

RESERVATION AND DELEGATION OF AUTHORITY

ARTICLE I

RESERVATION OF AUTHORITY

SECTION I. GENERAL RESERVATIONS OF AUTHORITY.

Subd. 1. The Board of Regents reserves to itself all authority necessary to carry out its legal and fiduciary responsibilities under the University Charter, the Constitution of the State of Minnesota, and the Board of Regents (Board) Bylaws. This reservation specifically includes all authority to enact laws and policies for the governance of the University of Minnesota (University) and to issue Board directives to executive officers and employees. The Board's reserved authority shall be exercised consistent with the University Charter, the Constitution of the State of Minnesota, Board Bylaws, and relevant Board policies.

Subd. 2. The Board reserves to itself authority to ensure constitutional and institutional autonomy, to approve the University's mission and vision, to set the overall direction of the institution, including the adoption of fundamental plans for the educational, financial, and physical development of the University, and to declare a fiscal emergency.

Subd. 3. No authority that the Board reserves to itself in this policy shall be exercised by any other person or body unless expressly authorized by Board policy or directive.

Subd. 4. The Board reserves to itself authority to approve the use, and revocation of the use, of its corporate name or any abbreviated name, including *University of Minnesota*, by any non-University person or entity, consistent with Board policies. The Board also reserves authority over the removal of the corporate name or any abbreviated name from the name of any University campus, college, school, division, or unit, consistent with Board policies.

Subd. 5. The Board reserves to itself authority to approve any commercial transaction or matter not otherwise subject to Board approval if the transaction or matter:

(a) raises unusual questions of public interest or public policy;
(b) has a significant impact on the University's mission; or
(c) has a value greater than $2 million.

SECTION II. CONDUCT OF BOARD BUSINESS.

The Board reserves to itself authority to establish procedures for the conduct of its business, create committees, set its agenda, require reports from executive officers and employees, hear appeals, and enforce its code of ethics.

SECTION III. ELECTION OF BOARD OFFICERS.

The Board reserves to itself authority to elect and remove Board officers, including the president, chair, vice chair, secretary, and treasurer.

SECTION IV. APPOINTMENT AUTHORITY.

Subd. 1. The Board reserves to itself authority to appoint all individuals and approve any individually negotiated terms of employment for those who serve in each of the following positions:

(a) Senior Vice President for Academic Affairs and Provost
~~(b) Senior Vice President for Health Sciences~~
~~(c)~~(b) Senior Vice President for System Academic Administration
~~(d)~~(c) Chancellor
~~(e)~~(d) Vice President
~~(f)~~(e) Provost
~~(g)~~(f) General Counsel
~~(h)~~(g) Librarian
~~(i)~~(h) Director of Audits
~~(j)~~(i) Dean
~~(k)~~(j) Athletic Director, Twin Cities campus
~~(l)~~(k) Such other administrative positions as the Board may specify from time to time.

The president shall recommend individuals for appointment to these positions, consistent with Board policies and directives.

Subd. 2. The Board reserves to itself authority to remove University officers as provided in the University Charter. The president (a) may remove the general counsel with Board approval and (b) may remove any other individual appointed under subd. 1 of this section, except the director of audits.

Subd. 3. The Board reserves to itself authority to appoint members of the boards of University-associated foundations, institutes, committees, and other bodies, consistent with Board policies.

SECTION V. ACADEMIC MATTERS.

Subd. 1. The Board reserves to itself authority to grant academic degrees, grant faculty indefinite tenure, grant continuous appointments to academic professionals, and award the title faculty emeritus, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to establish, name, and abolish colleges, academic institutes, programs, and courses of study, consistent with Board policies.

Subd. 3. The Board reserves to itself authority to establish tuition and student fees and approve policies and reciprocity agreements related to such matters, consistent with Board policies.

Subd. 4. The Board reserves to itself authority to: (a) establish and review policies relating to the conduct of research and the receipt and accounting of sponsored research funds; (b) require timely reporting to the Board of sponsored research activity; and (c) approve financial support greater than $250,000 to non-University entities for the commercialization of technology, consistent with Board policies.

Subd. 5. The Board reserves to itself authority to approve educational policies and procedures, in consultation with the president and the faculty governance process, consistent with Board policies. This policy is not intended to alter the relationship between the Board, the University Senate, and the faculties regarding educational policies.

SECTION VI. AWARDS, HONORS, AND NAMINGS.

Subd. 1. The Board reserves to itself authority to establish and bestow awards, honors, and recognition, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to name and revoke names of University buildings and other assets, consistent with Board policies.

SECTION VII. BUDGETARY, FINANCIAL, AND INVESTMENT MATTERS.

Subd. 1. The Board reserves to itself authority to approve the following: annual operating budgets; the central reserves budget and minimum reserve level; and adjustments and amendments, consistent with Board policies. The Board also reserves to itself authority to approve any modifications to the central reserves budget and any expenditures from the central reserves general contingency account, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to approve all requests for operating and capital budget appropriations from the State of Minnesota and positive or negative adjustments to the budget caused by a 1% or more change in total appropriations within a fiscal year.

Subd. 3. The Board reserves to itself authority to establish investment objectives, approve asset allocation guidelines, ~~hire investment advisers~~, and approve ~~policies and plans for investment income distribution~~ <u>the payout rate for endowment distributions.</u>

Subd. 4. The Board reserves to itself authority to authorize issuance and retirement of debt and to engage debt advisers and/or underwriters, consistent with Board policies.

Subd. 5. The Board reserves to itself authority to accept gifts for the benefit of the University, consistent with Board policies.

Adopted: April 5, 2001
Amended: July 9, 2004; December 10, 2004; July 9, 2008; February 12, 2010
Supersedes: (see end of policy)

DRAFT *for review* December 9, 2011

Subd. 6. The Board reserves to itself authority to approve individual purchases of goods and services with a value greater than $1,000,000, consistent with Board policies.

SECTION VIII. PROPERTY, FACILITIES, AND CAPITAL BUDGETS.

Subd. 1. The Board reserves to itself authority to approve the purchase or sale of real property with a value greater than ~~$250,000~~ $1,250,000 or larger than ten (10) acres, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to approve leases of real property, easements, and other interests in real property if the initial term amount to be paid by or to the University exceeds ~~$250,000~~ $1,250,000, consistent with Board policies.

Subd. 3. The Board reserves to itself authority to exercise the power of eminent domain to acquire land for University purposes.

Subd. 4. The Board reserves to itself authority to (a) exercise property owner rights regarding the designation, decommissioning, or demolition of historic resources; and (b) take final action on all environmental reviews of historic resources initiated by the administration for which the University is the responsible governmental unit, consistent with Board policies and applicable state and federal laws.

Subd. 5. The Board reserves to itself authority to approve campus master plans and amendments thereto.

Subd. 6. The Board reserves to itself authority to approve multi-year capital plans consisting of projects with a value greater than $1,000,000.

Subd. 7. The Board reserves to itself authority to approve annual capital budgets consisting of projects with a value greater than $500,000.

Subd. 8. The Board reserves to itself authority to approve capital budget amendments to approved projects and new projects when the amendment has a value greater than $500,000.

Subd. 9. The Board reserves to itself authority to approve project schematic plans for (a) interior renovations with a value greater than $5,000,000; (b) projects with a value greater than $2,000,000 that have an exterior visual impact; (c) projects that vary from adopted campus master plans or that have a significant visual impact; and (d) projects noted during the annual review of the capital budget.

Subd. 10. The Board reserves to itself authority for a subsequent review of approved capital budget projects with a value greater than $5,000,000 prior to the award of construction contracts.

SECTION IX. LEGAL MATTERS.

The Board reserves to itself, or to one of its committees, authority to direct the president or the general counsel to settle any legal claim or initiate or appeal a lawsuit or administrative proceeding, consistent with Board policies.

SECTION X. AUDIT FUNCTION.

The Board reserves to itself authority to adopt policies regulating the audit function; approve selection of external auditors and the director of audits; and evaluate the p erformance of the independent auditor, and, jointly with the president, the performance of the internal audit function.

SECTION XI. EMPLOYMENT AND LABOR RELATIONS.

Subd. 1. The Board reserves to itself authority to approve all contracts and other agreements with the exclusive collective bargaining representatives of its employees.

Subd. 2. The Board reserves to itself authority to approve civil service rules and annual pay and benefit plans for University employees.

Subd. 3. The Board reserves to itself authority to establish or discontinue retirement plans for University faculty and staff. For those plans sponsored by the University and governed by formal plan documents, the Board reserves to itself authority to approve amendments to those plans that significantly affect the cost structure of the plans. An amendment is considered to significantly affect the cost structure of the plan if the change causes a cost impact of more than $250,000.

Subd. 4. The Board reserves to itself authority to review individually negotiated employee severance agreements of unusual importance or significance.

SECTION XII. ASSOCIATED ORGANIZATIONS.

The Board reserves to itself authority to approve the legal structure and scope of any relationship between the University and any associated organization, non-profit corporation, foundation, institute, or similar entity that substantially relies upon University resources or personnel to carry out its mission.

ARTICLE II

DELEGATION OF AUTHORITY

SECTION I. DELEGATION OF AUTHORITY TO THE PRESIDENT.

The Board delegates to the president authority to act as chief executive officer of the University, with such general executive management and administrative authority over the University as is reasonable and necessary to carry out the policies and directives of the Board, subject to the limitations noted in Article II, Section II below.

SECTION II. LIMITATIONS UPON PRESIDENTIAL AUTHORITY.

The authority delegated to the president is limited by the following:

(a) The provisions of the University Charter and the Constitution of the State of Minnesota;

(b) The provisions of Board Bylaws;

(c) The provisions of Board policies and directives, including specifically Article I of this policy; and

(d) The directive that the president shall notify the Board of any matter not otherwise addressed in this section that significantly involves the authority and role of the Board, including its fiduciary, oversight, and public accountability responsibilities.

SECTION III. DELEGATION OF AUTHORITY BY THE PRESIDENT.

Subd. 1. Unless otherwise restricted by specific Board policies or directives, the president shall be responsible for delegating general executive management and administrative authority to other executive officers and employees as necessary and prudent, including authority to execute contracts and other legal documents. The president may condition, limit, or revoke any presidential authority so delegated.

Subd. 2. All delegations and revocations under this section shall be in writing, name the individual to whom such authority is delegated, describe the scope and limitations of such authority, and prescribe the extent to which such authority may be further sub-delegated.

Subd. 3. All delegations and revocations under this section shall be reviewed as to form, legality, and consistency by the general counsel.

Subd. 4. Annually, the president shall report to the Board significant changes to the delegations.

SECTION IV. DELEGATION OF AUTHORITY TO THE CHAIR AND VICE CHAIR.

The chair and vice chair of the Board shall have such authority as is authorized by Board Bylaws and policies and is customarily exercised by such officers of a corporation. The chair shall have authority to execute any and all instruments and documents on behalf of the Board.

SECTION V. DELEGATION OF AUTHORITY TO THE BOARD SECRETARY, TREASURER, GENERAL COUNSEL, AND DIRECTOR OF AUDITS.

The secretary, treasurer, general counsel, and director of audits shall have authority to perform such duties for the Board as provided by Board Bylaws, policies, and directives.

The secretary shall have authority to execute such instruments and documents that would customarily devolve upon a corporate officer and are usual to that office.

The secretary and the general counsel shall have authority to accept legal service on behalf of the University.

SECTION VI. CONFORMANCE WITH THIS POLICY.

Subd. 1. No executive officer or employee of the University shall have any authority to take any action or make any representation on behalf of the University beyond the scope of, or materially inconsistent with, the authority delegated to such executive officer or employee as provided in this policy.

Subd. 2. The secretary and the general counsel each shall have the duty to inform the Board of any existing or proposed Board policy or directive that is inconsistent with or alters the delegations of authority as provided in this policy.

SUPERSEDES: GENERAL DELEGATIONS ADOPTED OCTOBER 17, 1980, LAST

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 8, 2011**

Agenda Item: Board of Regents Policy: Code of Ethics for Members of the Board of Regents

☒ **review** ☐ **review/action** ☐ **action** ☐ **discussion**

Presenters: Regent Clyde Allen

Purpose:

☒ **policy** ☐ **background/context** ☐ **oversight** ☐ **strategic positioning**

To present for review amendments to Board of Regents Policy: *Code of Ethics for Members of the Board of Regents*.

Outline of Key Points/Policy Issues:

The following changes are proposed:

1. Change the date when annual financial disclosure statements must be filed from September 30th to March 31st. The proposed date more closely aligns with internal reporting requirements as well as the Regent election cycle. It is also close to federal and state tax filing deadlines, which allows Regents to utilize those reports to fill out disclose forms;

2. Clarify compensation exclusions in Section V of the policy; and

3. Add a new Section VIII to address University employment by members of the Board of Regents, as recommended by the Ad Hoc Group in its report dated March 31, 2011. This amendment also clarifies that the Regent elected as a student may engage in student employment.

Background Information:

Board of Regents Policy: *Code of Ethics for Members of the Board of Regents* was last amended in May 2006. Amendments were reviewed by the Board in June 2011 and a number of clarifications were requested.

DRAFT *for review* December 9,2011

CODE OF ETHICS
FOR MEMBERS OF THE BOARD OF REGENTS

This policy governs the activities of members of the Board of Regents (Board) of the University of Minnesota (University) regarding financial disclosure, gifts, expense reimbursement, and conflicts of interest.

SECTION I. GUIDING PRINCIPLES.

The following principles shall guide the accountability of Regents:

Subd. 1. Public Trust. The Board is responsible for the governance of the University. In carrying out this constitutionally conferred public trust, Regents must be accountable in the areas of financial disclosure, gifts, expenses, and conflicts of interest, and shall not use the authority, title, or prestige of their office to solicit or otherwise obtain private financial, social, or political benefit that in any manner is inconsistent with the public interest. In serving the people of Minnesota, Regents shall adhere to the highest ethical standards.

Subd. 2. Paramount Interest. Regents bring to their task varied backgrounds and expertise, but they are expected to put aside parochial interests, keeping the welfare of the entire University, not just a particular constituency, at all times paramount.

Subd. 3. Time Commitment. In undertaking the duties of the office, Regents shall make the necessary commitment of time and diligence to fulfill their public governance responsibilities.

SECTION II. FINANCIAL DISCLOSURE REQUIREMENTS.

Upon election to office and annually on ~~September 30~~ March 31 thereafter, Regents shall file a financial disclosure statement with the executive director/secretary of the Board in a form consistent with the financial disclosure required for senior University officials. The general counsel shall review the disclosure forms for compliance with this policy.

SECTION III. GIFTS.

No Regent shall accept any gift or accommodation, except as permitted by Board policy. This prohibition does not apply to complimentary tickets to University events furnished in accordance with guidelines on file in the Board Office.

SECTION IV. EXPENSES.

Regents serve without compensation, but they are entitled to reimbursement for expenses incurred while representing the University in an official capacity in accordance with guidelines on file in the Board Office.

SECTION V. DEFINITIONS.

Subd. 1. Recusal. Recusal shall mean noninvolvement of a Regent in any discussion of, and decision regarding, the relevant matter to ensure that the Regent's independence of judgment is not compromised, that the public's confidence in the integrity of the Board is preserved, and that the University's public mission is protected.

Subd. 2. Financial Conflict of Interest. A *financial conflict of interest* exists whenever a Regent, a Regent's family member, and/or a business associated with a Regent or a Regent's family member has an actual or potential financial interest or any other interest in a matter pending before the Board that may impair independence of judgment or objectivity in the discharge of the Regent's public governance responsibilities.

Subd. 3. Family Member. *Family member* shall mean a spouse, parent, sibling, child, domestic partner, or any person residing in the Regent's household.

Subd. 4. Business Associated with a Regent. *Business associated with a Regent* shall mean an organization, corporation, partnership, proprietorship, or other entity if either the Regent or a member of the Regent's family:

(a) receives compensation in excess of $500 in any month or has any contractual right to future income in excess of $6,000 per year;
(b) serves as an officer, director, partner, or employee; or
(c) holds a financial interest valued in excess of $10,000.

For purposes of this policy, compensation shall not include ~~compensation~~ <u>reimbursement for expenses under Section IV above</u> ~~from the University~~, any <u>non-employment related funds from a</u> governmental source, investment or savings income, retirement or insurance benefits, or alimony.

Subd. 5. Financial Interest. *Financial interest* shall mean a foreseeable, nontrivial financial effect that may result from Board action.

Subd. 6. Employment-Related Conflict of Interest. An *employment-related conflict of interest* exists whenever a Regent's employment relationships may impair independence of judgment.

SECTION VI. FINANCIAL AND EMPLOYMENT-RELATED CONFLICT OF INTEREST PROCEDURES.

Subd. 1. Interpretation and Application. The conflict of interest provisions of this policy shall be interpreted and applied to best serve the interests of the University. In some cases, full disclosure and consideration of the particular facts may indicate that a potential conflict of interest is insubstantial so that the University's interests are best served by the Regent's participation. If doubt remains regarding the need for recusal, the Regent involved must elect recusal. Recusal on a particular matter because of a conflict does not reflect adversely on the Regent involved; rather, it simply recognizes that in a complex and interconnected society conflicts cannot be entirely avoided and will occur.

Subd. 2. Disclosure or Acknowledgment of Actual or Potential Conflicts. Actual or potential conflicts of interest shall be brought to the attention of the chair of the Board at the earliest opportunity. Such actual or potential conflicts may be reported by an individual Regent or by any other person. Disclosure or acknowledgment of such a conflict of interest and recusal shall be noted appropriately in Board minutes.

Subd. 3. Consultation with General Counsel. A Regent with a conflict of interest question is encouraged to consult with the general counsel who, if requested, shall provide a written opinion on whether a conflict of interest exists under this policy. A copy of any such opinion shall be provided to the chair. The chair also may request an opinion from the general counsel on any conflict of interest question.

Subd. 4. Disputed Conflicts of Interest. Any disputed issues relating to the existence of a conflict of interest requiring recusal shall be decided by the chair, who may choose to refer the question to an ad hoc group of Regents consisting of the chair, the vice chair, and one other Regent appointed by the chair. If the chair or vice chair is the subject of the conflict of interest dispute, another Regent shall be appointed by the ranking Regent. The chair (or the ad hoc group if appointed) shall determine whether there is a conflict of interest and report the decision to the Board; however, in all cases the Board is the final authority on conflict questions.

Subd. 5. Deliberations and Voting. Regents who declare or have been found to have an actual or potential financial or employment-related conflict of interest shall recuse themselves regarding the matter determined to be a conflict and shall not take any action to influence the outcome of the matter.

SECTION VII. CANDIDACY FOR PUBLIC OFFICE.

A Regent shall resign from the Board upon officially announcing candidacy for any partisan elective public office.

SECTION VIII. UNIVERSITY EMPLOYMENT.

Notwithstanding any other provision of this policy, a Regent shall not serve as a compensated University employee, except that the Regent elected to hold the seat designated for a student may engage in student employment at the University.

SECTION ~~VIII~~ IX. ANNUAL REVIEW OF POLICY.

At the beginning of each fiscal year, the Board, with the assistance of the general counsel, shall publicly review the requirements and procedures of this policy.

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 9, 2011**

Agenda Item: Annual Report on the Status of University Research

☐ **review** ☐ **review/action** ☐ **action** ☒ **discussion**

Presenters: Vice President Timothy Mulcahy

Purpose:

☐ **policy** ☒ **background/context** ☐ **oversight** ☐ **strategic positioning**

To fulfill an annual obligation of accountability and to provide an opportunity for the Vice President for Research to brief members of the Board of Regents about the health of the University of Minnesota's research programs.

Outline of Key Points/Policy Issues:

The FY11 annual research report includes the following major sections:

- Research Statistics for Fiscal Year 2011
- Trend Analysis for the University of Minnesota
- Comparative Analyses with other Public Research Institutions
- The Research Funding Landscape
- University/Industry Research Partnership Initiatives

Background Information:

Each year in December the Vice President for Research provides the Annual Research Report for the Board of Regents, summarizing the University's research metrics for the past year, documenting the trends in research productivity, and benchmarking the University's performance and ranking among its peer group.

2011
RESEARCH REPORT

Presented to the Board of Regents
Tim Mulcahy, Vice President for Research
December 9, 2011

PREFACE

Each year in December the Vice President for Research provides the Annual Research Report for the Board of Regents, summarizing the University's research metrics for the past year, documenting the trends in research productivity and benchmarking the University's performance and ranking among its peer group. This later metric, based on the ranking data published by the National Science Foundation for R&D expenditures for the nation's research universities, is the most commonly recognized basis for comparison among research intensive universities depending as it does on the compilation and analysis of responses to a standardized national survey tool. As such, analysis of the University's performance on the basis of the annual NSF R&D expenditure report has been a prominent feature of the annual report to the Board and a basis for measuring progress toward the U's aspirational goal to be one of the top public research universities in the world.

In the first revision to the NSF Higher Education Research and Development Survey in years, the NSF last year made several significant changes to the Survey. One notable change that will have an impact for the U and the assessment of its performance relative to its peer group is the NSF's decision to split out the research data for university systems into statistics for each individual research institution in the system. As a consequence, the data for the University of Minnesota-Twin Cities and that for each coordinate campus will henceforth be reported separately.

As a result of the widespread changes introduced in the NSF Survey this past round and a correspondingly longer verification process for data submitted by the nearly 700 universities included in the Survey, NSF will not publish the official Survey results for FY2010 until sometime after the new year – postponing the traditional October-November publication date. As a consequence, we do not have access to the official data we routinely use in our December Annual Report to the Regents. Given the heavy reliance on this data set for analyses included in our Annual Report we have elected to deviate from our standard practice of providing the Board with a printed hardcopy of the Annual Report, preferring to commit the final report to print only after the official NSF Survey data are published.

Although we do not have confirmed statistics for the other academic participants in the NSF Survey, we have our own NSF Survey expenditure and award data and have access to similar data submitted by other AAU universities through AAU's data exchange program. While these data are not "official" and changes have been known to occur between submission to the data exchange and publication of the Survey results, we are confident that the available data will provide reasonable surrogate measures to permit our traditional comparative analysis pending availability of the official Survey results in early 2012.

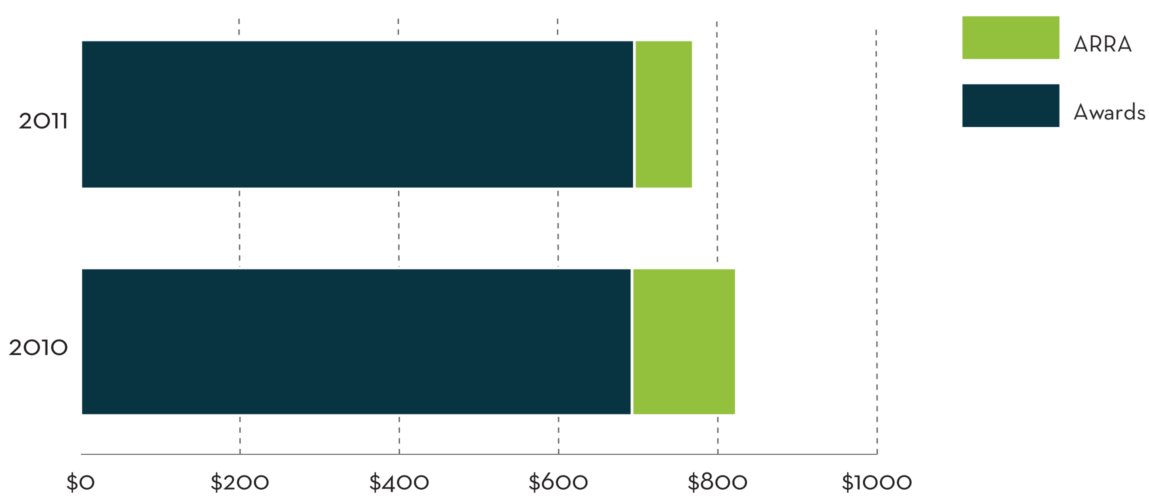
In addition to my traditional rejoinder that no single measure or set of currently available measures can accurately or even reasonably capture the full measure of a great research university, the Regents are also cautioned to be mindful of the preliminary nature of the results and analysis included in this report.

SPONSORED RESEARCH AWARDS

University of Minnesota faculty and staff competed successfully for $769 million in sponsored research awards in FY2011 (Figure 1). The award total was down $53 million (7%) from the total for FY2010. Grant support from ARRA funding declined as expected, netting $57 million less in 2011 than in 2010. After factoring the impact of declining ARRA funding on the award total, non-ARRA awards were actually $4 million greater than for FY2010.

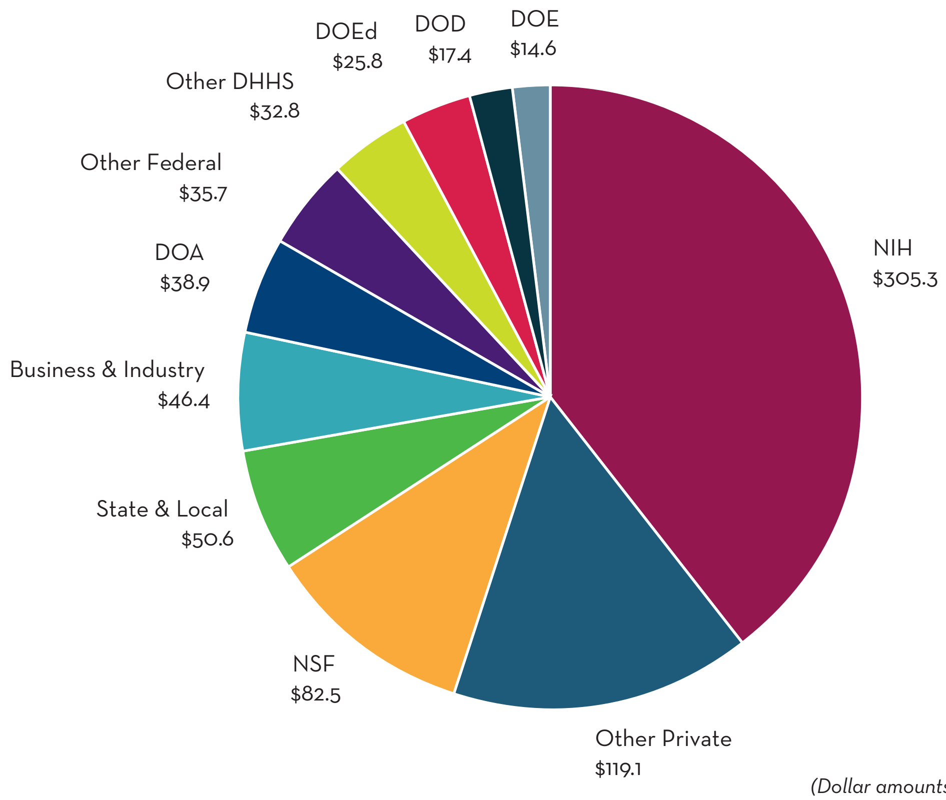
Figure 2 and 3 display sponsored award data by source and collegiate unit, respectively. The sources of funding have remained relatively constant over the past with federal agencies, dominated by NIH and NSF, accounting for 72% of all sponsored research. Overall distribution of awards across collegiate units is similarly consistent, though significant declines in funding to the Medical School, College of Science and Engineering and School of Public Health account for the majority of the decline in awards in the past year. Much of this decline, in turn, reflects the overall decline in ARRA funding. Award growth of 10% or more were recorded by the College of Education and Human Development, College of Biological Sciences and the College of Liberal Arts.

FIGURE 1 | *FY2011 SPONSORED AWARDS*



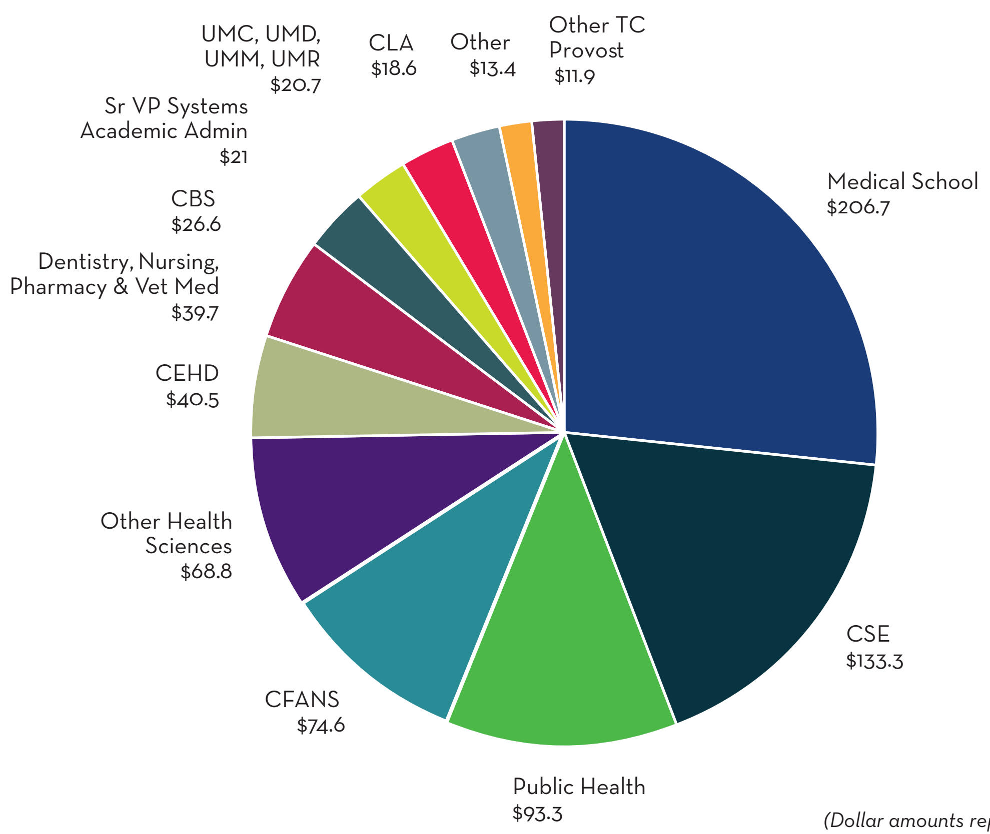
(Dollar amounts represented in millions)

FIGURE 2 | *AWARDS BY SOURCE*



(Dollar amounts represented in millions)

FIGURE 3 | *AWARDS BY COLLEGE*

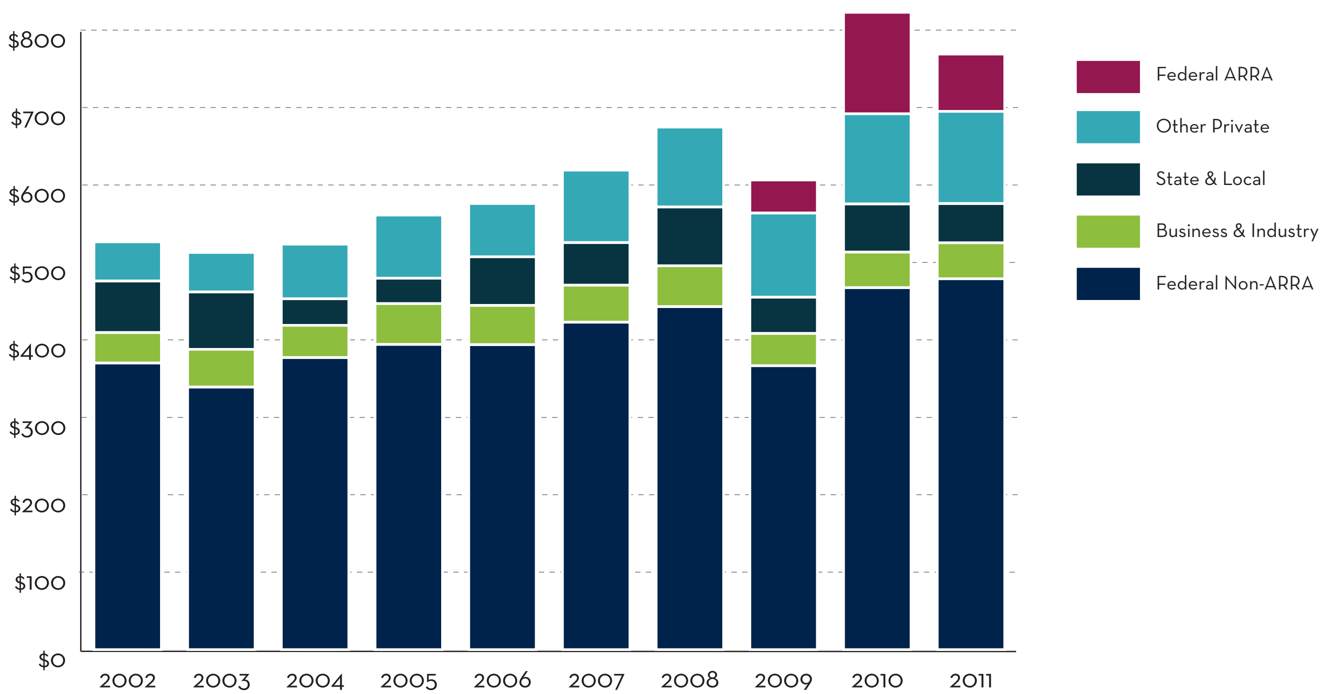


(Dollar amounts represented in millions)

SPONSORED AWARDS BY CATEGORY (10 year trend)

The bar chart (Figure 4) and table below (Table 1) summarize the distribution of University sponsored research awards by major sponsor category for the past 10 years. Despite some year-to-year variations, the proportion of funding from the major source categories has remained relatively stable over the past decade, with the introduction of ARRA fund in 2009 being a notable exception. The significant impact of ARRA funding is evident in the very sizeable growth in awards total registered in FY2010. As noted in last year's Annual Report, some disruptions in award disbursements from federal agencies occurred as they scrambled to deal with the short fund distribution time limits imposed by the America Recovery and Reinvestment Act (ARRA). This resulted in delays in issuance of some 2009 award notices, contributing in part to the drop in awards recorded in that fiscal year. When this anomaly is taken into account, awards show a steady upward trend over the past 8 years.

FIGURE 4 | *TEN YEAR AWARDS BY CATEGORY*



(Dollar amounts represented in millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Private	50.6	51	70.5	81.6	68.8	93.6	103.2	108.7	116.5	119.1
State & Local	66.6	74.1	34.3	32.8	62.8	55	75.9	46.8	62.2	50.6
Business & Industry	39.3	48.8	41.7	52.7	50.7	47.8	52.8	41.7	45.9	46.5
Federal ARRA								42.7	131	74
Federal non-ARRA	370.1	339	377.1	394.1	393.8	422.8	442.9	366.6	467.4	478.9
Total	**$526.6**	**$512.9**	**$523.6**	**$561.2**	**$576.1**	**$619.3**	**$674.8**	**$606.5**	**$823**	**$769.1**

TOP 20 COMPARISON GROUP

Table 2 lists the ranking of the top 20 public research institutions in the United States according to the three metrics we have reported to the Board over the past seven years. The universities included in the Table are listed in rank order according to preliminary NSF Survey research expenditures for 2010 (see Preface). Each institution's corresponding 2010 rank according to the Center for Measuring University Performance (Arizona) and the Shanghai Academic Ranking of World Research Universities are also listed.

TABLE 2 | *TOP 20 PUBLIC INSTITUTIONS*

	NSF · 2010	Center for Measuring U Performance · 2010	Shanghai · 2010		
	Public	Public	World	US	US · Public
Michigan	1	Group 1	22	18	7
Wisconsin, Madison	2	Group 1	19	17	6
Washington, Seattle	3	Group 2	16	14	4
UC San Diego	4	Group 3	15	13	3
UCLA	5	Group 1	12	10	2
UC San Francisco	6	Group 1	17	15	5
Pittsburgh	7	Group 2	57	38	20
Minnesota, Twin Cities	8	Group 2	28	20	9
Penn State, U Park	9	Group 2	45	31	15
UNC, Chapel Hill	10	Group 1	42	30	14
Ohio State	11	Group 2	63	41	23
UC Berkeley	12	Group 1	4	4	1
Texas A&M	13	Group 4	100	53	30
Florida	14	Group 1	72	43	24
UC Davis	15	Group 4	48	33	17
Georgia Tech	16	Group 2	102-150	54-68	31
UTX M.D. Anderson Cancer Center	17	Group 3	151-200	69-89	52
Texas	18	Group 3	35	27	12
Arizona	19	Group 3	80	47	27
Purdue	20	Group 5	61	40	22

SOURCES

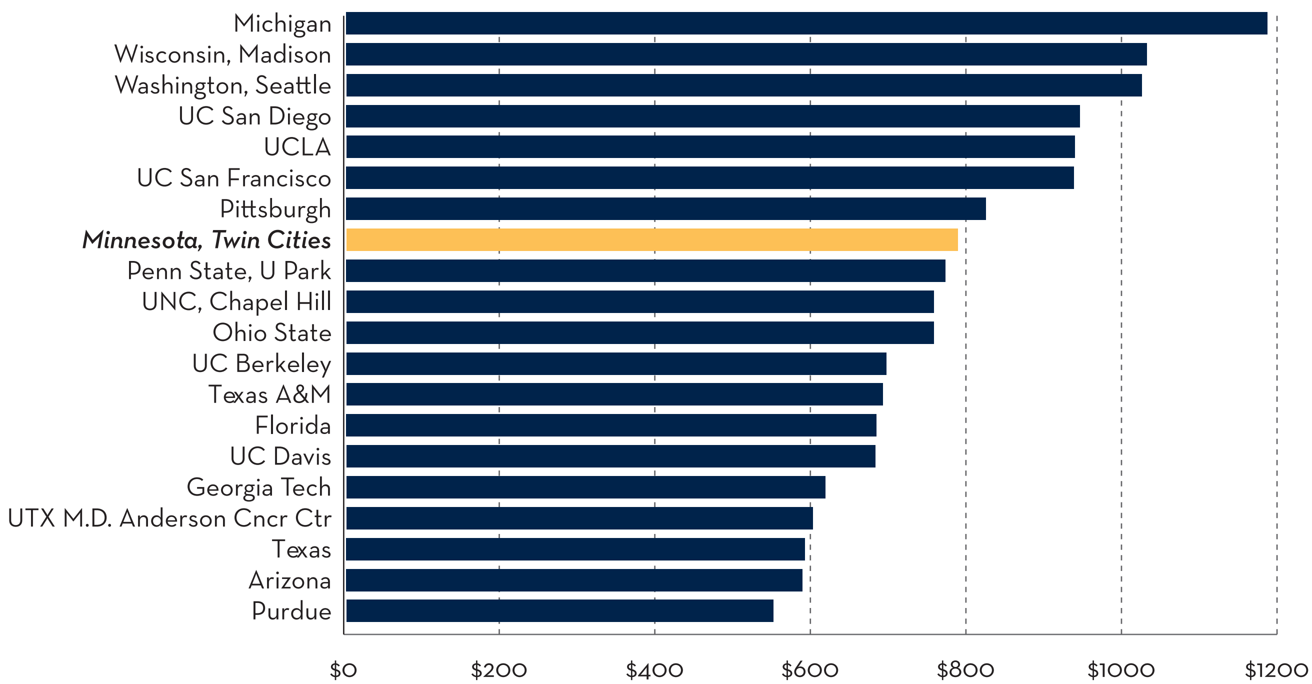
**2010 AAU Data Exchange pending publication of the National Science Foundation, Survey of Research and Development Expenditures at Universities and Colleges, FY 2010*
The Center for Managing University Performance, The Top American Research Universities, 2010
Shanghai Ranking Consultancy, Academic Ranking of World Universities, 2010

NSF R&D EXPENDITURES

A comparison with last year's NSF R&D Expenditure data reveals some shifting in relative rank among the universities included in the top 20 list, though the roster of players has remained relatively unchanged. The University of Minnesota retained its eighth-place ranking among public research universities in FY2010.

Figure 5 presents the research expenditure data for the top twenty public research universities for FY2010. It is important to note that the research expenditure data for the University of Minnesota represents only the research expenditures for the Twin Cities campus. Unlike previous years in which the U's total represented the aggregate research contributions from all campuses in the System, the revised Survey methodology now considers each campus individually. The FY2010 total for the University of Minnesota System would be $808 million rather than the $786 million reported in Figure 5 had the traditional methodology been utilized in FY2010.

FIGURE 5 | *2010 NSF R&D EXPENDITURES*



(Dollar amounts represented in millions)

TECHNOLOGY COMMERCIALIZATION

The Office for Technology Commercialization continued its strong performance and productivity in FY 2011. The benchmark metrics we have adopted to monitor performance in this sector of our mission are summarized in Table 3. In all but one metric category significant improvement over FY2009 was accomplished in FY2010. The notable exception was in the revenue collected from the University's blockbuster technology – Glaxo – an anti-HIV agent used in AIDS treatments around the world. This trend was expected as the patents on this drug expire. The royalty stream is expected to be exhausted in the very near future.

TABLE 3 | *UNIVERSITY TECHNOLOGY COMMERCIALIZATION DATA*

	FY2007	*FY2008*	*FY2009*	*FY2010*	*FY2011*
Disclosures	193	217	244	255	250
New U.S. Patent Filings	51	52	65	66	78
New Licenses	77	63	44	67	76
Start-Ups	4	2	3	8	9
Current Revenue Generating Agreements	n/a	281	306	399	457
Gross Revenues	$65.2	$86.9	$95.2	$83.8	$10.1
Non-Glaxo Revenues	$8.5	$7.9	$8.7	$8.6	$10.1
Outgoing Material Transfer Agreements	n/a	67	106	171	271

According to the annual report issued by the Association of University Technology Managers (AUTM) the University of Minnesota performed well in comparison to its peers in FY2010. The University ranked 6th overall in licensing income, was tied for 15th among all universities with 8 new start-up companies launched and ranked 17th in terms of new licenses executed. All three of these activities have been key priorities for the OTC following our restructuring four years ago and are indicators of significant progress.

In July 2011 we conducted an external review of OTC to gauge the effectiveness of the operation three to four years after restructuring. The review was conducted by Director's from three of the nation's top university technology transfer programs — Stanford, Columbia and the Wisconsin Alumni Research Foundation (University of Wisconsin, Madison). The reviewers praised the University for dramatic improvements in its approach to bringing research discoveries to the marketplace. Among other findings, the report declared that the U of M "... has an outstanding track record of accomplishments that puts it at the highest ranks of university tech transfer offices," and noted that "... the office has done so on a much more limited budget and staffing model than most of its peers." Characterizing OTC's performance on a par with their own programs they concluded that "The University clearly has much for which it should be proud." The reviewers also offered recommendations for a number of improvements, and OTC is currently exploring ways to implement them.

CONCLUSION

Despite a very uncertain funding environment characterized by discontinuance of ARRA funding, declines in the level of federal funding for research, and unprecedented cuts in state support the University of Minnesota continued its robust performance into FY2011, maintaining its competitive standing vis-à-vis peer institutions on a wide range of performance measures. This is a clear testament to the extraordinarily talented research faculty and staff in a broad range of disciplines across our 5 campuses. While many challenges are looming just over the horizon, all indications are that the University of Minnesota will be able to continue to retain, if not improve upon, its standing among the nation's elite public research universities.

In addition to providing a summary of the material included in this report, Vice President Mulcahy will also provide a review of the national funding landscape and its implications for research at the U in the corresponding presentation to the Board. He will also discuss rationale and strategies for forging effective partnerships with business and industry. The presentation will also include an announcement of an exciting new program designed to help make the U the partner of choice for businesses and companies interested in sponsoring research at US universities.

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 9, 2011**

Agenda Item: Annual Report on Private Giving

☐ **review** ☐ **review/action** ☐ **action** ☒ **discussion**

Presenters: Foundation President L. Steven Goldstein
Minnesota Medical Foundation President and CEO Becky Malkerson

Purpose:

☐ **policy** ☒ **background/context** ☐ **oversight** ☐ **strategic positioning**

To provide the Board of Regents with an annual review of fundraising highlights and the impact private giving has on members of the University community and its programs.

Outline of Key Points/Policy Issues:

In fiscal year 2011, more than 79,000 donors made commitments of $221 million in current and future gifts.

The support of alumni and friends is behind many of the success stories on all U of M campuses. This year's report on giving shows how donors help to drive discovery and support the U's work in addressing the biggest challenges of our time, from fostering a culture of creativity to feeding a hungry planet.

Background Information:

Each year the Board reviews and discusses this overview and analysis of private gifts that benefit the University.

Copies of the 2012 Report on Giving will be available. This report provides complete details about the year's fund-raising results, including the sources of gifts and how they were designated. It gives highlights of the impact of giving on students, faculty, research, facilities, academic programs and outreach.

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents **December 9, 2011**

Agenda Item: Annual Financial Report

☐ **review** ☐ **review/action** ☐ **action** ☒ **discussion**

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

Purpose:

☐ **policy** ☐ **background/context** ☒ **oversight** ☐ **strategic positioning**

To present an overview of the 2011 Annual Financial Report to the Board of Regents.

Outline of Key Points/Policy Issues:

The annual financial report presents the financial position and results of operations for the University of Minnesota and its component units for FY 2011 and FY 2010. This presentation will provide the Board of Regents with an overview of the report.

The full report is found on pages 10- 95 of the Board docket materials.

Background Information:

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