

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Friday, March 8, 2013

9:15 a.m. - 12:00 p.m.

600 McNamara Alumni Center, Boardroom

Board Members

Linda Cohen, Chair
David Larson, Vice Chair
Clyde Allen
Richard Beeson
Laura Brod
Thomas Devine
John Frobenius
Venora Hung
Dean Johnson
David McMillan
Maureen Ramirez
Patricia Simmons

AGENDA

1. Recognition of McKnight Land-Grant Professors - E. Kaler/K. Hanson (p. 2)
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 & Information Items (pp. 3-27)
 - A. Quarterly Report of Grant & Contract Activity
 - B. Annual Capital Financing & Debt Management Report
 - C. Faculty & Staff Affairs Committee Information Items
6. Consent Report - Review/Action - L. Cohen (pp. 28-41)
 - A. Report of the All-University Honors Committee
 - B. Gifts
 - C. Finance Committee Consent Report
7. The University's Technology Landscape - S. Studham (p. 42)
8. Update on Operational Excellence Initiatives - E. Kaler (pp. 43-44)
9. Report of the Academic & Student Affairs Committee - P. Simmons
10. Report of the Facilities & Operations Committee - D. Johnson
11. Report of the Faculty & Staff Affairs Committee - P. Simmons
12. Report of the Finance Committee - J. Frobenius
13. Report of the Audit Committee - R. Beeson
14. Report of the Litigation Review Committee - L. Cohen
15. Old Business
16. New Business
17. Adjournment



**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

Board of Regents

March 8, 2013

Agenda Item: Recognition of McKnight Land-Grant Professors

review review/action action discussion

Presenters: President Eric W. Kaler
Karen Hanson, Senior Vice President for Academic Affairs and Provost

Purpose:

policy background/context oversight strategic positioning

To recognize the 2013-15 McKnight Land Grant Professors:

- Professor Jake Bailey, Earth Sciences, UMTC
- Professor Jasmine Foo, Mathematics, UMTC
- Professor Anika Maria Sophie Hartz, Pharmacy Practice and Pharmaceutical Sciences, UMD
- Professor Mo Li, Assistant Professor, Electrical and Computer Engineering, UMTC
- Professor Alice Lovejoy, Cultural Studies and Comparative Literature, UMTC
- Professor Rusen Yang, Mechanical Engineering, UMTC

Background Information:

The McKnight-Land Grant Professors are junior scholars chosen for their potential for important contribution to their field; the degree to which their past achievements and current ideas demonstrate originality, imagination, and innovation; the significance of their research; and the potential for attracting outstanding students. Recipients are honored with the title McKnight Land-Grant Professor, a special award that they will hold for two years. The award consists of a research grant in each of two years, summer support, and a research leave in the second year.



**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

Board of Regents

March 8, 2013

Agenda Item: Receive and File Reports & Information Items

review review/action action discussion

Presenters: Regent Linda Cohen

Purpose:

policy background/context oversight strategic positioning

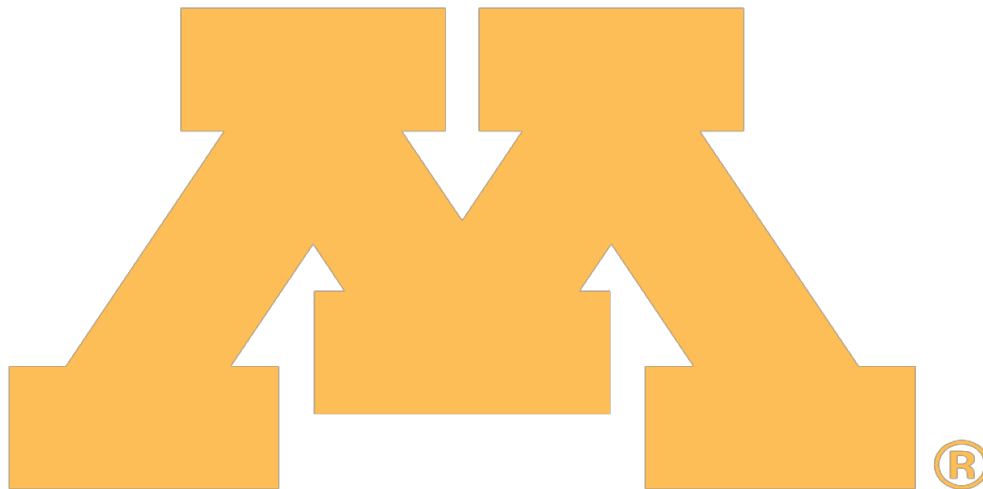
Background Information:

The following items are included for receipt and filing:

- A) Quarterly Report of Grant and Contract Activity
- B) Annual Capital Financing & Debt Management Report
- C) Faculty & Staff Affairs Committee Information Items



Meeting of the Board of Regents



Quarterly Report of Grant/Contract Activity

Fiscal Year 2013

Second Quarter Data: October - December, 2012

University of Minnesota
Quarterly Report of Grant and Contract Activity
 Fiscal Year 2013 Second Quarter: October thru December, 2012

Award Summary by Sponsor - Award Counts

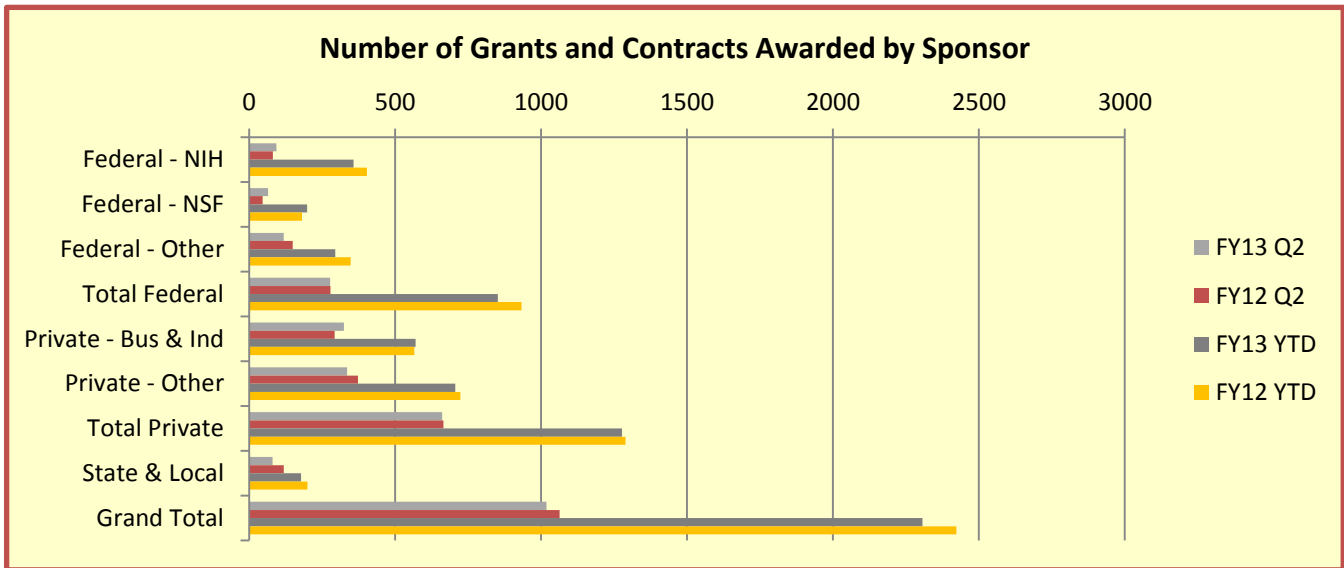


Figure 1: Number of Awards by Sponsor.

Comparison of Fiscal Year 2013 versus Fiscal Year 2012. (For numerical data, see Table 1 below.)

Table 1: Number of Awards				
Agency	Quarter 2		YTD	
	FY12	FY13	FY12 (Q1-2)	FY13 (Q1-2)
NIH	82	94	404	358
NSF	47	65	181	199
Other Federal	150	119	348	295
Total Federal	279	278	933	852
Business & Industry	293	325	566	571
Other Private	373	336	724	706
Total Private	666	661	1290	1277
State & Local	119	80	200	178
Grand Total	1064	1019	2423	2307

Table 1: Qtr 2 and Fiscal Year comparisons.

University of Minnesota
Quarterly Report of Grant and Contract Activity
 Fiscal Year 2013 Second Quarter: October thru December, 2012

Award Summary by Sponsor - Awarded Amounts

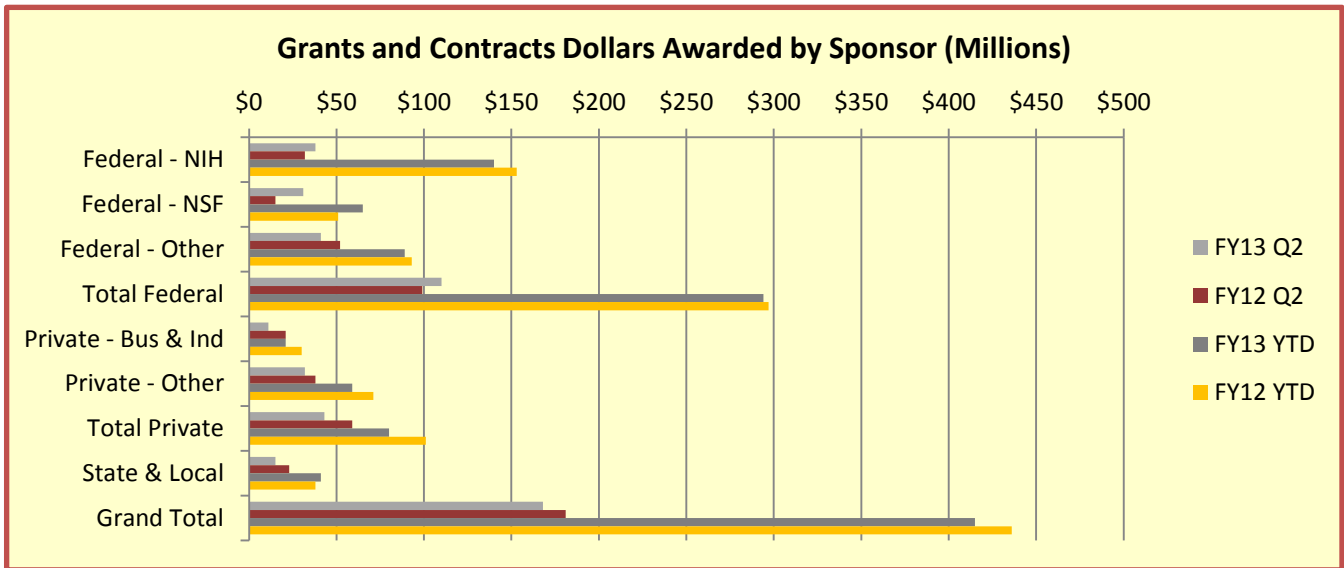


Figure 2: Award Totals by Sponsor.

Comparison of Fiscal Year 2013 versus Fiscal Year 2012. (For numerical data, see Table 2 below.)

Agency	Quarter 2		YTD	
	FY12	FY13	FY12 (Q1-2)	FY13 (Q1-2)
NIH	32	38	153	140
NSF	15	31	51	65
Other Federal	52	41	93	89
Total Federal	99	110	297	294
Business & Industry	21	11	30	21
Other Private	38	32	71	59
Total Private	59	43	101	80
State & Local	23	15	38	41
Grand Total	181	168	436	415

Table 2: Qtr 2 and Fiscal Year comparisons.

University of Minnesota
Quarterly Report of Grant and Contract Activity
Fiscal Year 2013 Second Quarter: October thru December, 2012

Annual Progress

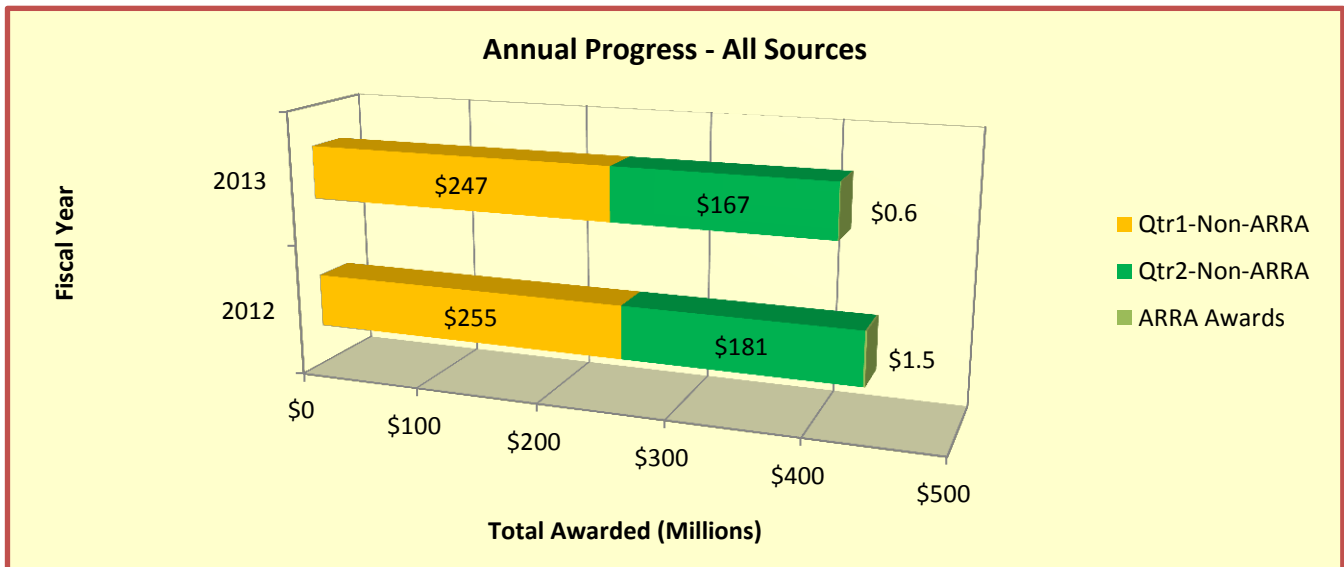


Figure 3: Quarter Comparison - All Sources.

University of Minnesota
Quarterly Report of Grant and Contract Activity
 Fiscal Year 2013 Second Quarter: October thru December, 2012

Award Summary by College

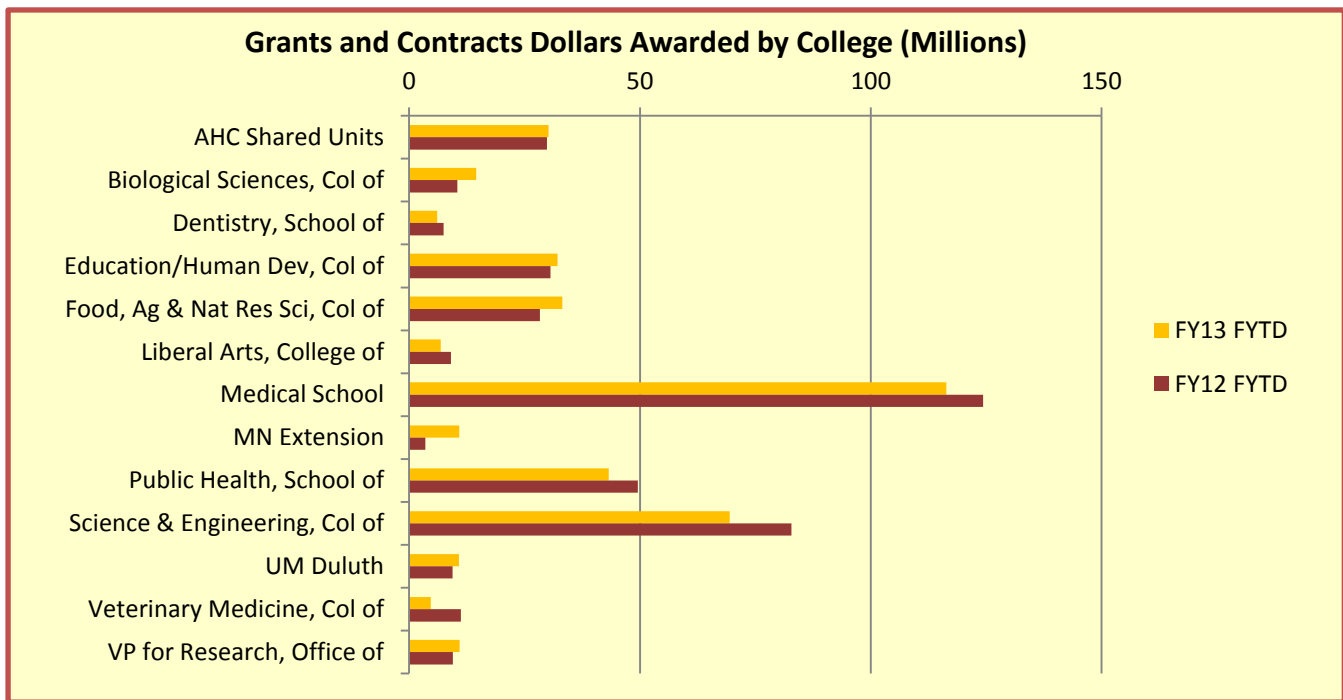


Figure 4: Grants and Contracts Awarded by Colleges: Units with Greater than \$10 Million Awarded Annually.

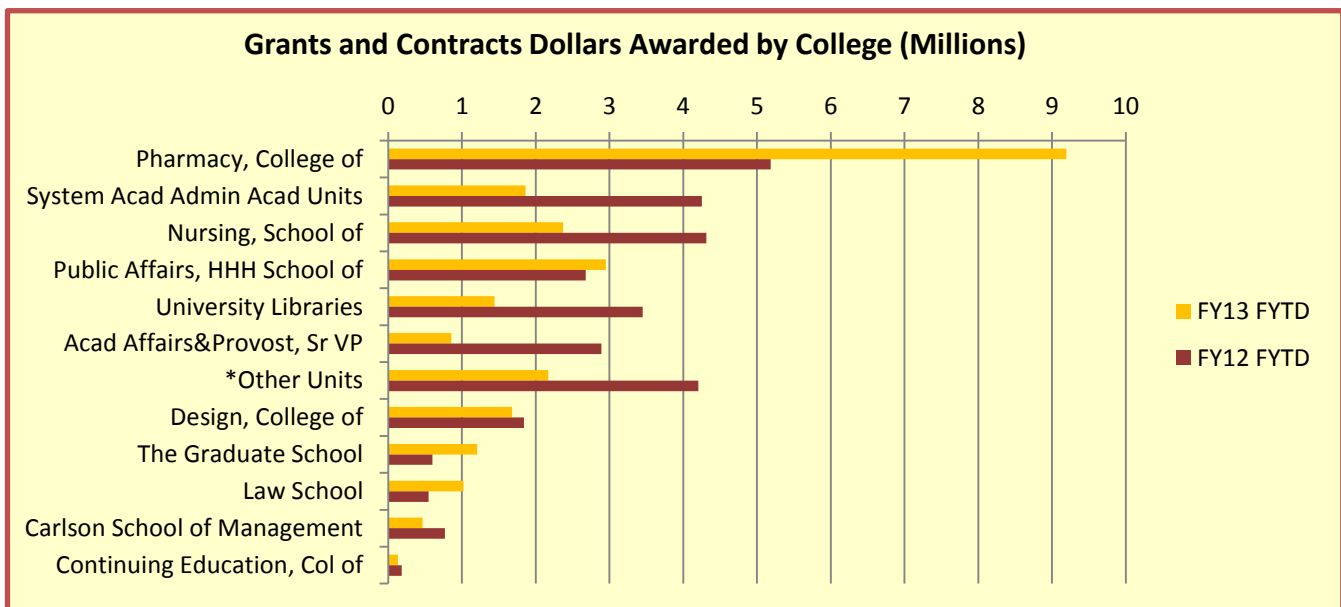


Figure 5: Grants and Contracts Awarded by Colleges: Units with Less than \$10 Million Awarded Annually.

*Other Units includes: Global Programs & Strategy, UM Morris, UM Crookston, Scholarly & Cultural Affairs, Student Affairs, Vice Provost, Sr VP for System Acad AdminSr VP, UM Rochester, Public Safety, Health Sciences Administration, Equity & Diversity, and Office of Information Technology.

Annual Capital Finance & Debt Management Report FY2012



*University of Minnesota
Finance Committee
February 7, 2013*

Outline of Presentation

- *Guiding Principles of Debt Issuance*
- *University's Capital Structure*
- *Credit Rating*
- *Key Financial Indicators*
- *Peer Group Analysis*

Issuance of Debt – Guiding Principles

- Cannot use debt transactions to fund operating costs
- Use taxable debt when financial considerations indicate its use is in the best interest of the University
- Preserve core long-term debt ratings at Aa/AA category and short-term core debt rating of A-1/P-1
- Receive an investment grade credit rating for special purpose debt
- Maintain key financial metrics to assure continued access to capital markets
- Minimize borrowing costs at acceptable levels of risk over life of the issue
- Maintain portfolio of variable and fixed-rate debt that is in the long-term best interest of the University.

Long-Term Debt As of June 30, 2012

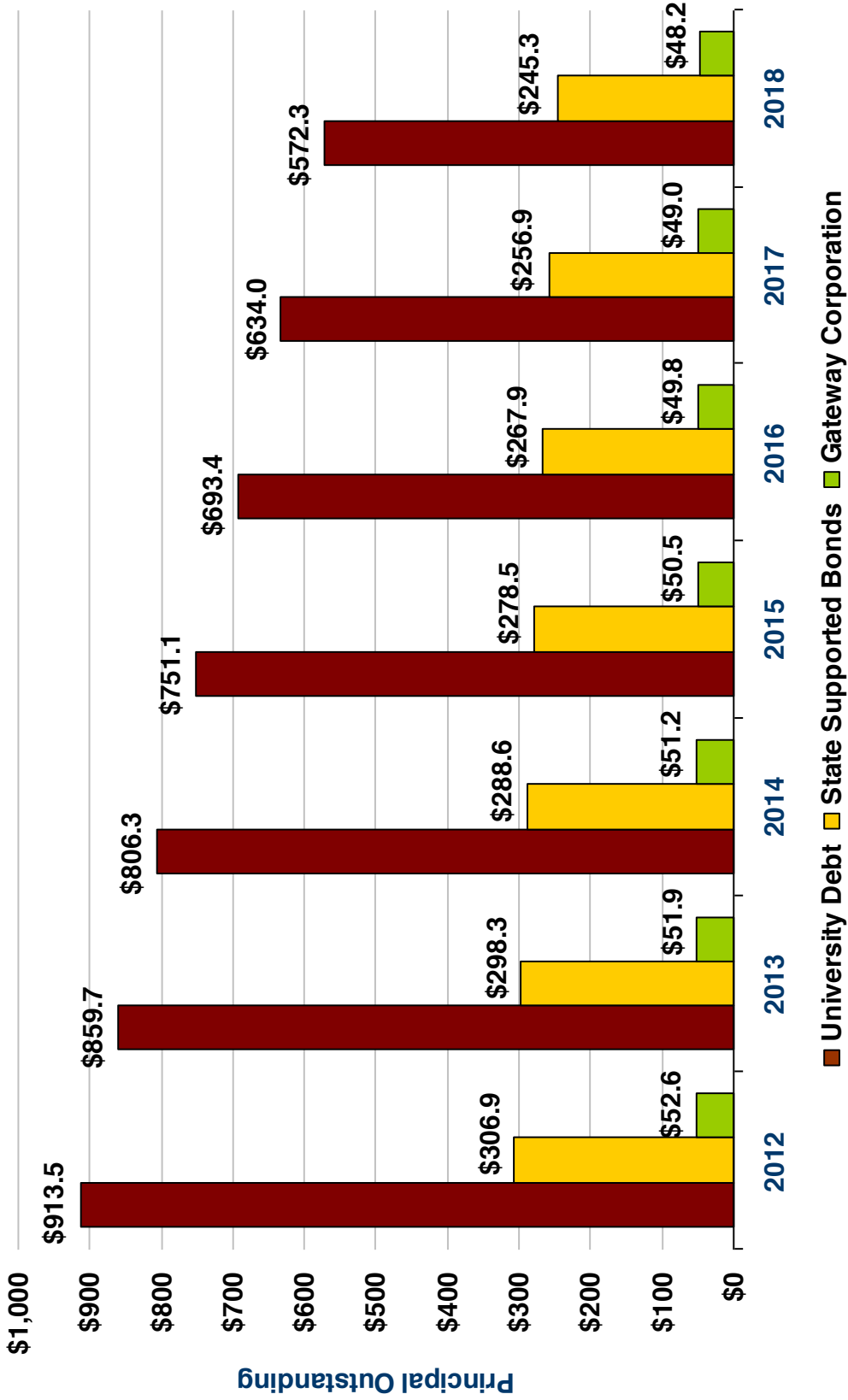
(000s omitted)

	Interest Rate	Due at various dates through fiscal year	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Series 2011D *	2.00%-5.00%	2037	\$ 0	\$ 60,964	\$ 156	\$ 60,808
General Obligation Series 2011C *	.90%-4.56%	2037	0	19,322	0	19,322
General Obligation Series 2011A *	2.00%-5.50%	2037	368,073		19,297	348,776
General Obligation Series 2010B	.74%-5.02%	2036	41,720		920	40,800
General Obligation Series 2010C&D *	2.00%-5.77%	2016; 2030	34,770		1,440	33,330
General Obligation Series 2009C&D *	1.50%-6.30%	2022; 2029	80,203		3,170	77,033
General Obligation Series 2009A&B *	2.50%-6.00%	2029; 2034	56,677		1,704	54,973
General Obligation Series 2001B	variable	2012	435		435	0
Commercial Paper Notes Series A, B, C, D	.10%- .32%	2029	264,600		18,250	246,350
Obligations to the State of Minnesota pursuant to Infrastructure Development Bonds (IDB)	3.55%-6.90%	2025	35,511		4,872	30,639
Auxiliary revenue bonds	3.0%	2014	2,215		795	1,420
Special purpose bonds – Series 2011B *	3.00% - 5.00%	2037	0	57,893	157	57,736
Special purpose revenue bonds – Series 2010A *	3.00%-5.00%	2036	123,840		1,211	122,629
Special purpose revenue bonds – Series 2006 *	4.00%-5.00%	2030	131,353		4,769	126,584
Capital leases and other	1.72%-8.00%	2018	6,022	1,895	1,929	5,988
TOTAL PER FINANCIALS			\$ 1,145,419	\$ 140,074	\$ 59,105	\$1,226,388

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

Current Amortization Structure (in millions)

6/30/12 Outstanding University Bonds & Commercial Paper Plus Gateway Debt



Long Term Debt Analysis

	<u>6/30/2011</u>	<u>6/30/2012</u>
Total Outstanding per financials	\$ 1,145.4 million	\$1,226.4 million
Less: Capital leases and other	(6.0) million	(6.0) million
University Bonds and Commercial Paper	\$ 1,139.4 million	\$1,220.4 million

University Supported State Supported Bonds	\$ 884.2 million \$ 255.2 million	\$ 913.5 million \$ 306.9 million
--	--------------------------------------	--------------------------------------

Fixed Rate* / Variable Rate
University Issued* / State Issued

89% / 11%
97% / 3%

University Issued Weighted Average Fixed Rate* 3.97%
University Issued Weighted Average Variable Rate 0.17%
University Issued Weighted Average * 3.59%

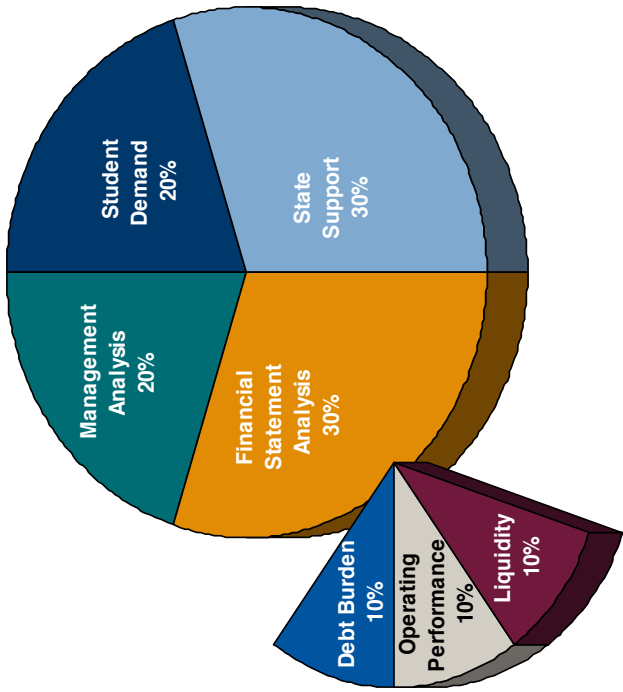
State Issued Fixed Rate 4.66%

Total Weighted Average University Debt 3.63%

Gateway Corporation	\$ 53.2 million	\$ 52.6 million
----------------------------	------------------------	------------------------

* Includes State Supported Special Purpose Revenue Bonds – Series 2006, 2010A, & 2011B

Credit Rating and Debt Capacity Determinants



Student Demand - Strong "Aa"

- Solid student market position

Financial Statement Analysis - Strong "Aa"

- Strength of General Obligation pledge
- Solid financial resources— particularly relative to debt and enrollment
- Debt per student in line with peers
- Debt service as a percentage of budget is moderate

State Support - State of Minnesota "Aa1/AA+"

- History of strong appropriations, but budget pressures continue

Management Analysis - Strong "Aa"

- Analyst's assessment of University management strength
- Research position and strategy

An analysis of student demand, market position and financial indicators places the University of Minnesota solidly in the strong "Aa" category. Debt capacity and credit ratings are not a function of ratios alone, but are highly dependent on other factors such as debt strategy, essentiality of debt, future fundraising, revenue producing capability and debt structure.

Letter Ratings to Designate University Credit Quality

Moody's Investors Service Rating
Aaa
Aa1 , Aa2, Aa3
A1, A2, A3
Baa1, Baa2, Baa3
Ba1, Ba2, Ba3
B1, B2, B3
Caa to C

Financial Security Evaluation
Exceptional
Excellent
Good
Adequate
Moderate
Weak
Default

Standard and Poor's Rating
AAA
AA+, AA , AA-
A+, A, A-
BBB+, BBB, BBB-
BB+, BB, BB-
B+, B, B-
CCC to D

The University of Minnesota is currently rated Aa1 by Moody's, and AA by Standard and Poor's.

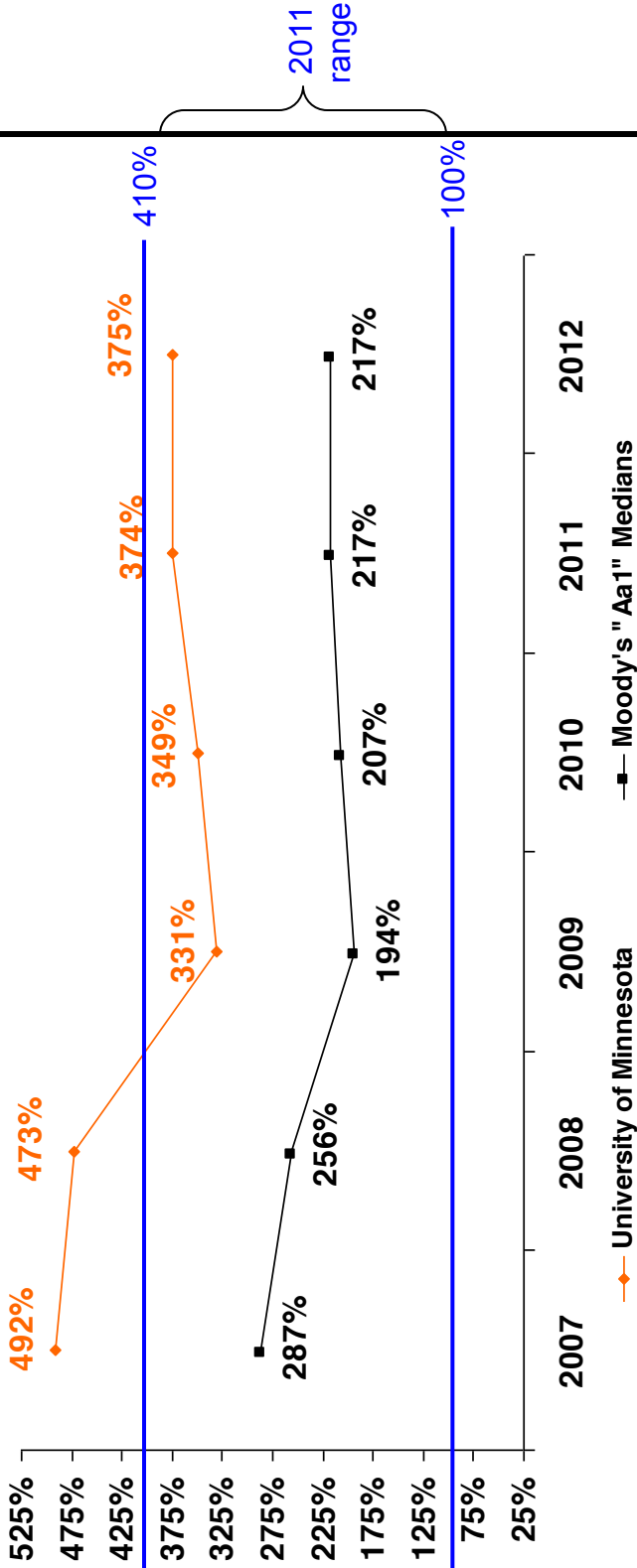
Key Financial Metrics

RATIO	KEY COMPONENT	DEFINITION
A - Total Financial Resources to Modified Direct Debt	Total financial resources <i>Measure of the total financial wealth of the institution</i>	Unrestricted net assets + restricted expendable net assets + restricted nonexpendable net assets + University foundations' total net assets less foundations' net investment in plant
B - Expendable Resources to Modified Direct Debt	Expendable resources <i>Measure of financial resources that are ultimately expendable</i>	Unrestricted net assets + restricted expendable net assets + University foundations' unrestricted/temporarily restricted net assets less foundations' net investment in plant
	Modified direct debt <i>Measure of the direct obligations of the institution</i>	The sum of the University's outstanding debt including capital leases, plus Gateway debt, less the special purpose debt (i.e., state-supported stadium debt and 75% of the biomedical facilities bonds)
C - Debt Service to Operations	Debt service <i>Actual principal & interest paid</i>	Sum of the principal and interest paid on capital debt by the University excluding principal and interest on the special purpose debt
	Operations <i>Measures size of operating budget</i>	University operating expense less scholarships & fellowships, plus interest on capital asset-related debt, excluding the interest on the special purpose debt

University of Minnesota: Analysis of Key Credit Ratios

Resources and Leverage

Total Resources to Modified Direct Debt

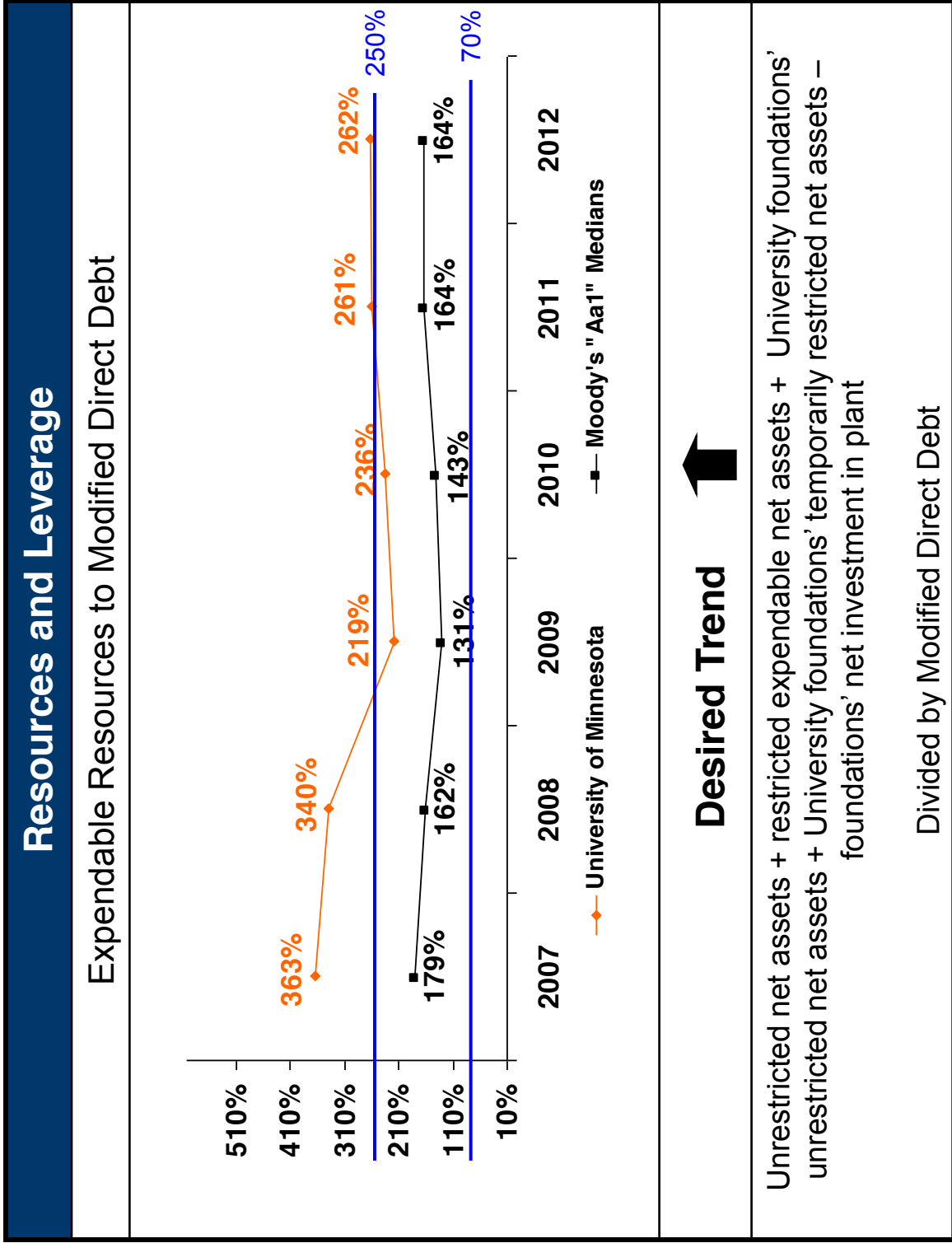


Desired Trend 

Unrestricted net assets + restricted expendable net assets + restricted non-expendable net assets + University foundations' total net assets – foundations' net investment in plant

Divided by Modified Direct Debt

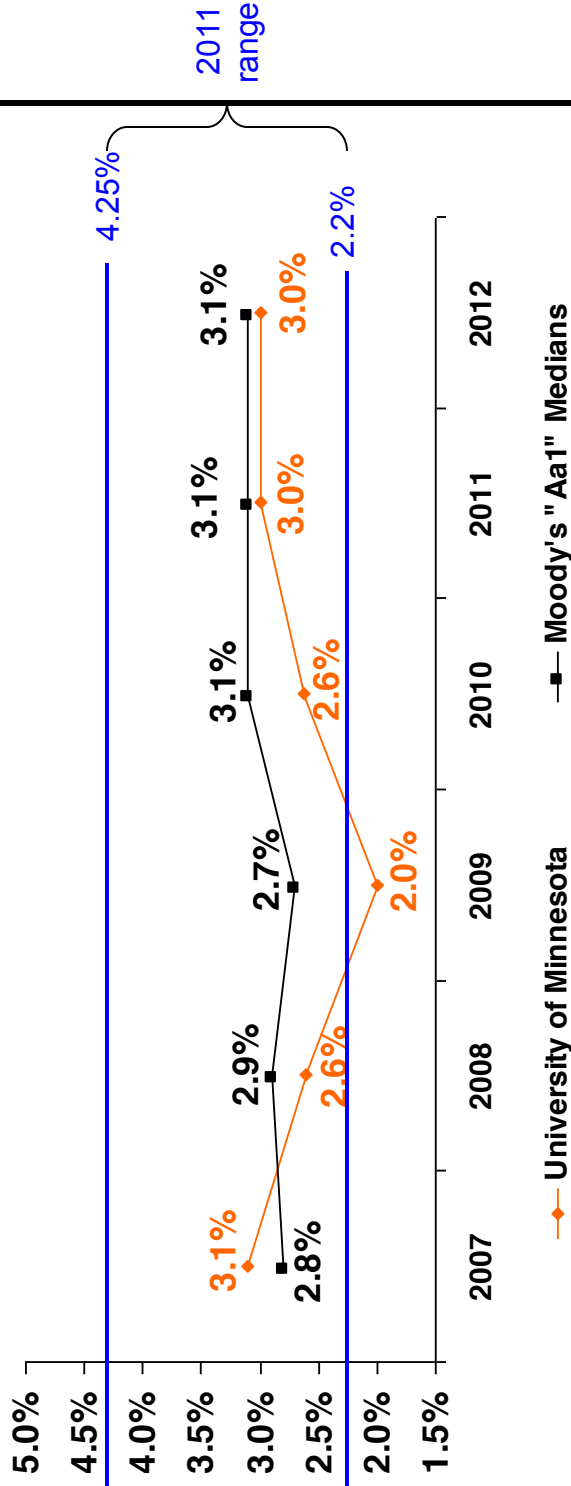
University of Minnesota: Analysis of Key Credit Ratios



University of Minnesota: Analysis of Key Credit Ratios

Resources and Leverage

Debt Service to Operations



Desired Trend 

Actual Annual Debt Service

Divided by Total Operating Expenses (as adjusted)

Projected Long Term Debt as of June 30, 2013 (in millions)

	University Supported	Special Purpose*	Total
Balance June 30, 2012	\$ 913.5	\$ 306.9	\$ 1,220.4
New issuances (par plus net premium/discount):			
Series 2013A – GO tax-exempt	83.0		83.0
Series 2013B – GO taxable	14.0		14.0
	97.0		97.0
Subtotal	1,010.5	306.9	1,317.4
Scheduled reductions (principal payments and net premium amortization)	<u>(52.3)</u>	<u>(8.6)</u>	<u>(60.9)</u>
Projected balance June 30, 2013	\$ 958.2	\$ 298.3	\$ 1,256.5
Projected interest expense FY2013	\$ 34.1	\$ 14.3	\$ 48.4

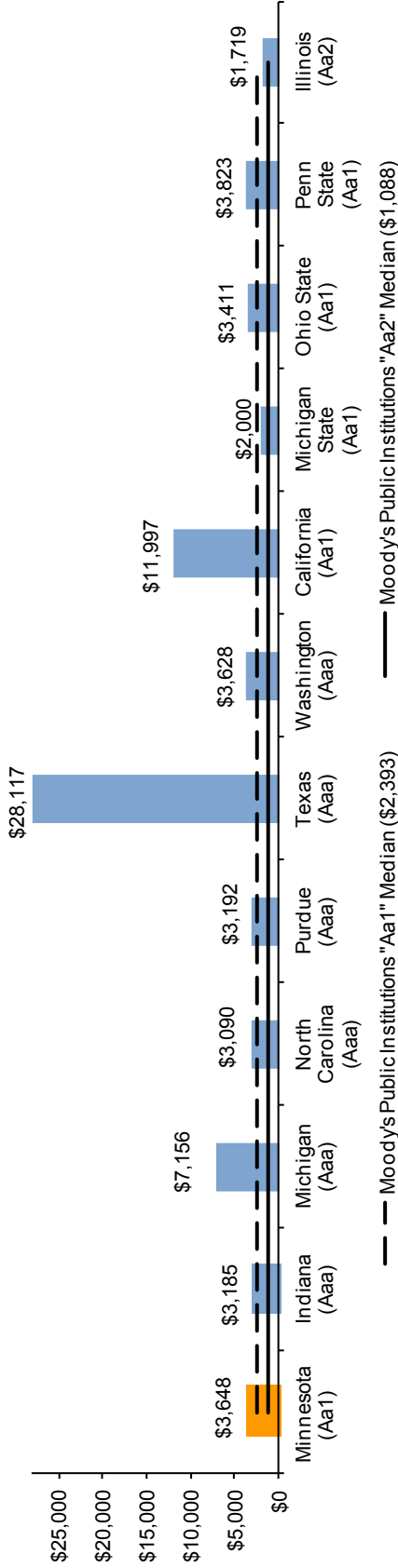
* Special Purpose Revenue Bonds are excluded for debt capacity calculations and consist of debt issued for TCF Bank Stadium and Biomedical Sciences Research Facilities for which annual state appropriations are received to reimburse the University for the annual debt service on these bonds.

Peer Group Analysis

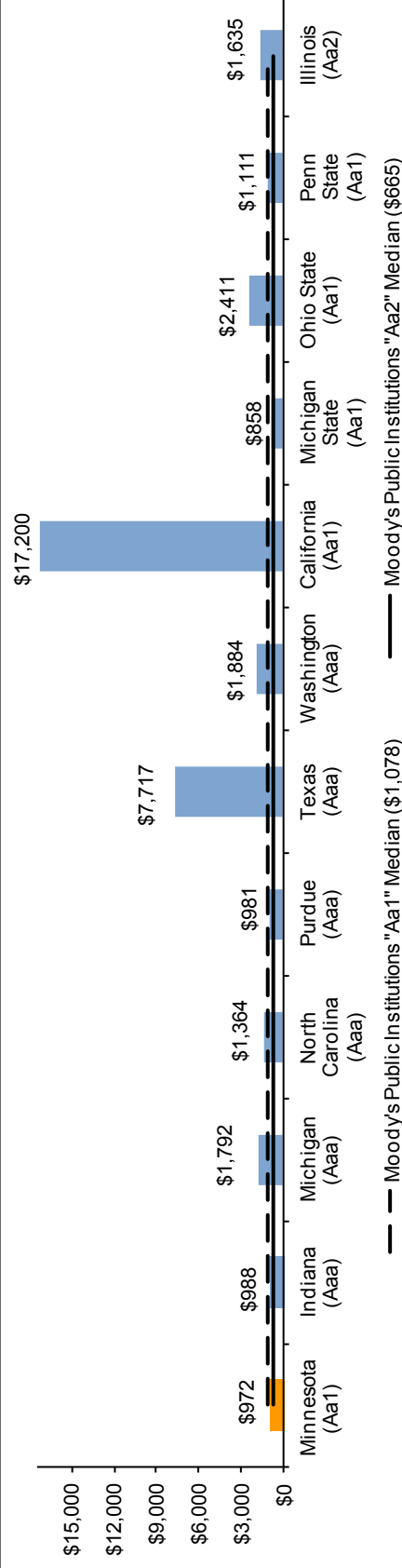
- *Total Resources*
- *Direct Debt*
- *Total Resources to Direct Debt*
- *Expendable Resources to Direct Debt*
- *Debt Service as a % of Operations*
- *Expendable Resources to Operations*

University of Minnesota Peer Group Analysis

Total Resources (\$Millions)



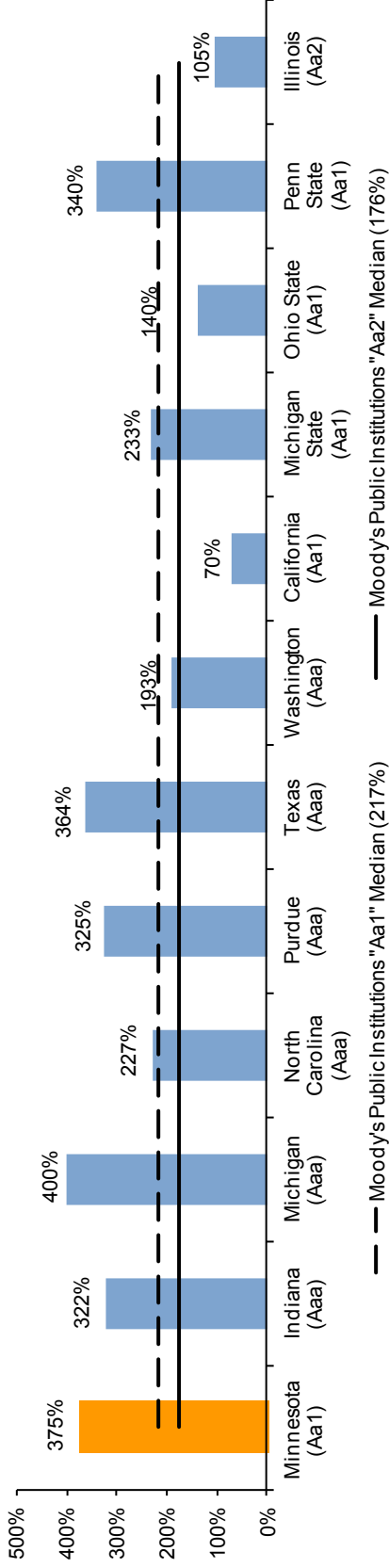
Direct Debt (\$Millions)



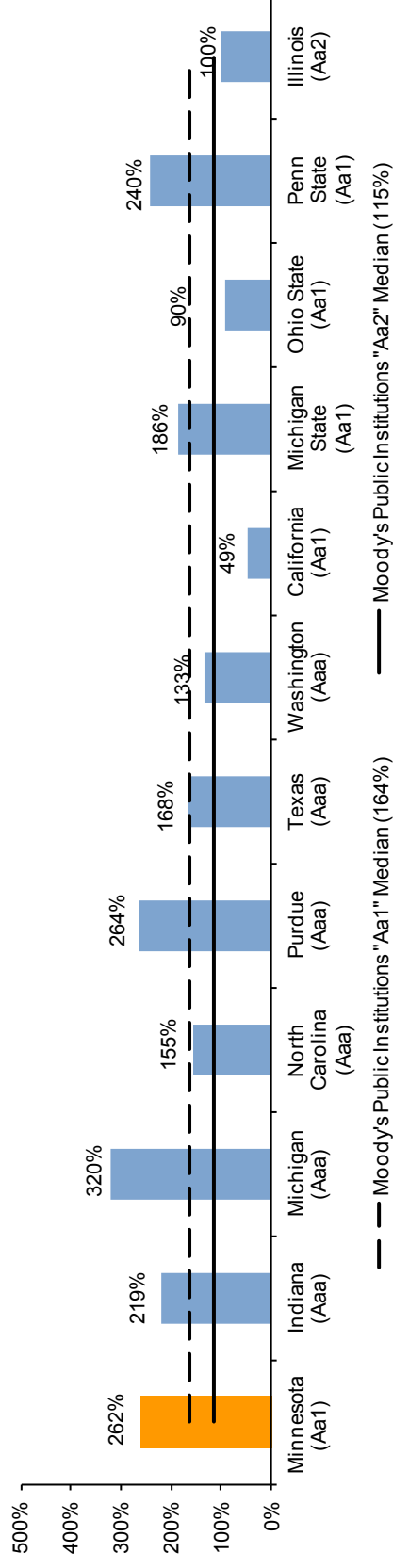
Note: Direct debt for the University of Minnesota excludes State Supported Stadium and Biomedical Facilities Bonds as well as indirect debt.
 Source for Median Values: Moody's Investors Service.

University of Minnesota Peer Group Analysis

Total Resources to Direct Debt (%)



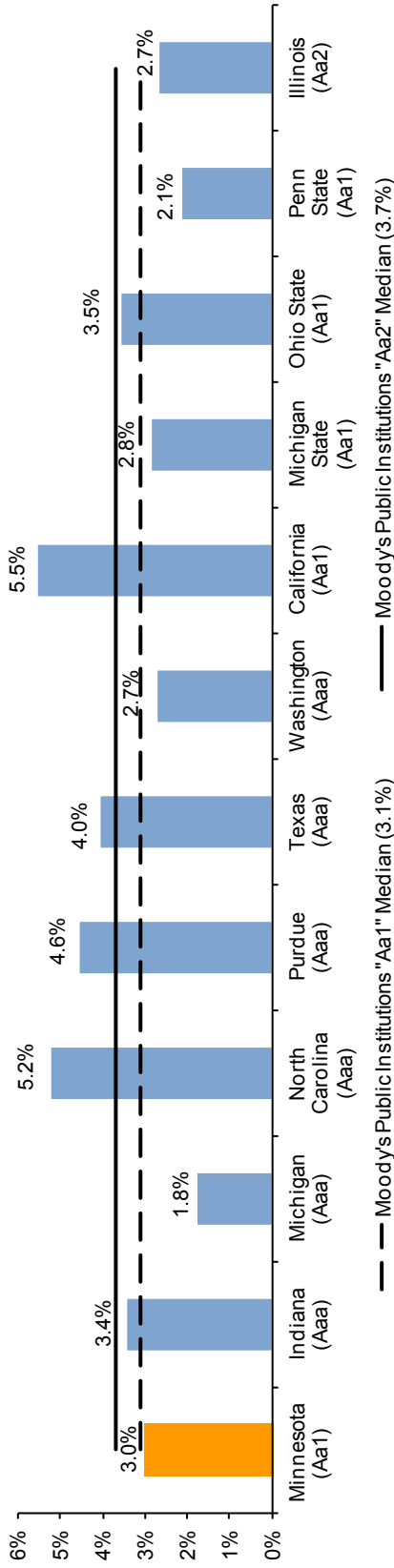
Expendable Resources to Direct Debt (%)



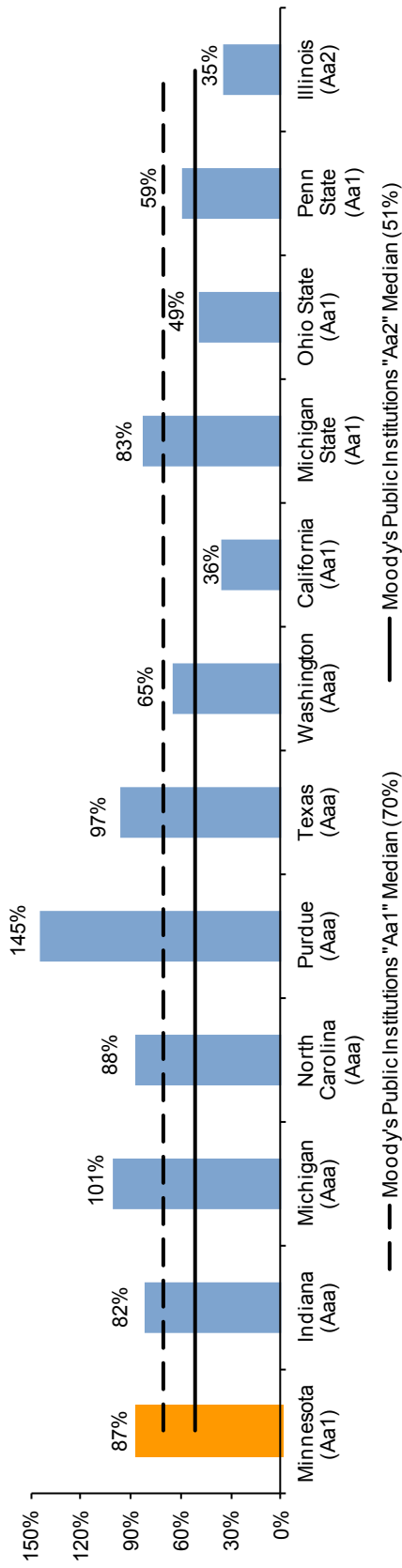
Note: Direct debt for the University of Minnesota excludes State Supported Stadium and Biomedical Facilities Bonds as well as indirect debt.
 Source for Median Values: Moody's Investors Service.

University of Minnesota Peer Group Analysis

Debt Service as a % Operations



Expendable Resources to Operations (%)



Note: Debt service as a percentage of operations ratio for the University of Minnesota is adjusted to exclude debt service related to the State Supported Stadium Bonds.
Source for Median Values: Moody's Investors Service.

Annual Capital Finance and Debt Management Report FY2012



*University of Minnesota
Finance Committee
February 7, 2013*

Faculty & Staff Affairs Committee Information Items

(NOTE: This item typically occurs as an information item in the Faculty and Staff Affairs Committee docket)

Proposed Amendments to the Senate Judicial Committee Rules of Procedures

Rule 16.3 of Board of Regents Policy: *Faculty Tenure* provides that: “The senior vice president for academic affairs and provost and the Tenure Committee may ... jointly approve the procedures proposed by the Judicial Committee under Section 13.2. Such procedures must be reported to the Faculty Senate and the Board of Regents before they go into effect.”

To prepare to present the Senate Judicial Committee Rules of Procedures to the Board of Regents, the rules of procedure were revised in their entirety by the Senate Judicial Committee.

The Senate Judicial Committee Rules of Procedures govern how the Senate Judicial Committee hears individual cases. The Senate Judicial Committee systematically reviewed its Rules of Procedures in concert with the changes to Board of Regents Policy: *Faculty Tenure* and the Administrative Procedures for Reviewing Candidates for Tenure and/or Promotion: Tenure-Track and Tenured Faculty to confirm compliance with both documents.

There are two significant changes:

- Clarification of some definitions, jurisdiction in Rule 8, and provisional relief in Rule 9.
- Removal of the Motion to Dismiss from Rule 10.

The full revised rules of procedure can be found at:
<http://www1.umn.edu/usenate/judicial/13revisedsjcrules.pdf>

These revisions have been accepted by the Senate Judicial Committee and jointly approved by the Senior Vice President for Academic Affairs and Provost and the Academic Freedom and Tenure Committee. The amendments will be reported for information to the Faculty Senate on February 28, 2013. They are now presented to the Board of Regents for information.



**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

Board of Regents

March 8, 2013

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 Committee recommendation forwarded to the Board of Regents in a letter dated February 27, 2013.
- II. Gifts
The President recommends approval of the Summary Report of Gifts to the University of Minnesota through January 31, 2013 (attached).
- III. Finance Committee Consent Report
The President recommends approval of the Finance Committee Consent Report (materials attached).

General Contingency

There are no items in the General Contingency report requiring Board approval.

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

- To Blue Cross and Blue Shield of Minnesota (BCBSMN) for an estimated \$12,500,000 for administrative services and stop loss coverage for the partially self-funded Student Health Benefit Plan (SHBP) for Twin Cities, Duluth, Crookston, Morris and Rochester students for the period of August 22, 2013 through August 31, 2015 with contract extensions through August 31, 2019 for Boynton Health Service. The program has adequate reserves to meet all obligations for the next two years of partial self-funding and provide the same level of coverage to students for the upcoming year. The cost of the plan is borne entirely by students purchasing the plan. Vendor was selected through a competitive process.

- To ISES Corporation for \$2,273,382 for enterprise Facility Condition Assessment (FCA) services covering 519 buildings and 28 million gross square feet, plus a software solution for managing all current and future FCA information and a potential value add service that develops facility investment portfolios, for the period of April 1, 2013 through December 31, 2017 for the Facilities Management Department. University Services Facilities Management will fund the majority of assessments and software, supplemented by internal partners for their respective facilities. Vendor was selected through a competitive process.

IV. Faculty & Staff Affairs Committee Information Items

(NOTE: This item typically occurs as an information item in the Faculty and Staff Affairs Committee docket)

Proposed Amendments to the Senate Judicial Committee Rules of Procedures

Rule 16.3 of Board of Regents Policy: *Faculty Tenure* provides that: “The senior vice president for academic affairs and provost and the Tenure Committee may ... jointly approve the procedures proposed by the Judicial Committee under Section 13.2. Such procedures must be reported to the Faculty Senate and the Board of Regents before they go into effect.”

To prepare to present the Senate Judicial Committee Rules of Procedures to the Board of Regents, the rules of procedure were revised in their entirety by the Senate Judicial Committee.

The Senate Judicial Committee Rules of Procedures govern how the Senate Judicial Committee hears individual cases. The Senate Judicial Committee systematically reviewed its Rules of Procedures in concert with the changes to Board of Regents Policy: *Faculty Tenure* and the Administrative Procedures for Reviewing Candidates for Tenure and/or Promotion: Tenure-Track and Tenured Faculty to confirm compliance with both documents.

There are two significant changes:

- Clarification of some definitions, jurisdiction in Rule 8, and provisional relief in Rule 9.
- Removal of the Motion to Dismiss from Rule 10.

The full revised rules of procedure can be found at:
<http://www1.umn.edu/usenate/judicial/13revisedsjcrules.pdf>

These revisions have been accepted by the Senate Judicial Committee and jointly approved by the Senior Vice President for Academic Affairs and Provost and the Academic Freedom and Tenure Committee. The amendments will be reported for information to the Faculty Senate on February 28, 2013. They are now presented to the Board of Regents for information.

Background Information

Finance Committee

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

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

President’s Recommendation 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***

March 2013 Regents Meeting

	January		Year-to-Date	
	2013	2012	07/01/12 01/31/13	07/01/11 01/31/12
U of M Gift Receiving	\$ 37,420	\$ 124,358	\$ 943,655	\$ 952,330
4-H Foundation	26,038	33,918	321,558	301,671
Arboretum Foundation	421,987	197,297	4,524,003	7,270,551
MN Medical Foundation	2,418,093	12,149,430	41,972,769	36,906,164
Univ of MN Foundation	12,059,826	21,630,705	72,100,249	96,415,115
Total Gift Activity	\$ 14,963,364	\$ 34,135,708	\$119,862,234	\$ 141,845,831

*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 January 2013

<u>Donor</u>	<u>Rec'd by</u>	<u>Gift/Pledge</u>	<u>Purpose of gift</u>
<u>\$1 Million and Over</u>			
Beverly Wexler Fink and Richard M. Fink	UMF	Pledge	College of Liberal Arts
<u>\$250,000 - \$500,000</u>			
Google	UMF	Gift	College of Science and Engineering
<u>\$100,000 - \$250,000</u>			
Earl E. Bakken	MMF	Gift	Medical School
Hormel Foundation	UMF	Gift	Hormel Institute
Randy Shaver Cancer Research and Community Fund	MMF	Gift	Masonic Cancer Center, Surgery
DebRA of America Incorporated	MMF	Pledge	Pediatrics
Donald L. Garofalo	MMF	Gift	Medicine
The Bush Foundation	UMF	Gift	Humphrey School of Public Affairs
The Grantham Foundation	UMF	Gift	Institute on the Environment
Marguerite Gilmore Charitable Foundation	UMF	Gift	University of Minnesota Duluth
5th District Eagles Cancer Telethon of Southern Minnesota	MMF	Gift	Masonic Cancer Center
Sandra K. Peterson Estate	UMF	Gift	Department of Intercollegiate Athletics
WM Foundation	UMF	Gift	College of Veterinary Medicine, Minnesota Landscape Arboretum
Dr. Janis L. Pallister Estate	UMF	Gift	College of Liberal Arts
Donald J. Lucker	UM	Gift	Minnesota Landscape Arboretum
Lillehei Family Charitable Foundation	UMF/MMF	Gift	School of Nursing, Medicine
Martin V. Chorzempa	MMF	Gift	Masonic Cancer Center
Millicent Atkins Estate	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Minnesota Landscape Arboretum Auxiliary	UM	Pledge	Minnesota Landscape Arboretum
Neos Discovery Capital LLC	UMF	Gift	College of Science and Engineering
<u>\$50,000 - \$100,000</u>			
Danyang Zhao	MMF	Gift	Neurosciences
Marvin L. Colness Estate	UMF	Gift	University of Minnesota Duluth
Muriel Whiteside	MMF	Gift	U of M Medical School - Duluth

\$50,000 - \$100,000

Nicholas and Gail Puzak	UMF	Gift	College of Education and Human Development, Libraries, Carlson School of Management
Patrick and Alice Rogers Family Foundation-St. Paul Foundation	UM	Gift	Minnesota Landscape Arboretum
The McKnight Foundation	UMF	Pledge	Bell Museum of Natural History
Barr Engineering Company	UMF	Gift	College of Science and Engineering, University of Minnesota Duluth
Fairview Health Services	UMF/MMF	Gift	Center for Spirituality and Healing, Medicine
Wolf Creek Charitable Foundation	UMF	Gift	College of Veterinary Medicine
Dr. Donald E. Otterby Estate	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Daniel S. Simon	MMF	Gift	Scholarships
Wanda Lou Bailey	MMF	Gift	Schulze Diabetes Institute
Anonymous	UMF	Gift	College of Liberal Arts
Anonymous	UMF	Pledge	College of Food, Agricultural and Natural Resource Sciences
Athos J. Monti	UMF	Gift	College of Science and Engineering
Dai Nippon Printing Company Ltd	UMF	Gift	College of Science and Engineering
Dale J. Seymour	MMF	Pledge	Amplatz Childrens Hospital
Esri	UMF	Gift	College of Design
ExxonMobil Corporation	UMF	Gift	College of Science and Engineering
Fund for Science of Giving/Impact Assets Incorporated	UMF	Gift	College of Biological Sciences
Gordon B. Davis	UMF	Gift	Carlson School of Management
Grant D. Aldonas and Pamela F. Olson	UMF	Pledge	Law School
Leland W. and Nancy A. Annett	UMF	Gift	Carlson School of Management, College of Science and Engineering
Lord Corporation	UMF	Gift	College of Science and Engineering
Marc A. Seymour	MMF	Pledge	Amplatz Childrens Hospital
Matthew A. Mazzucchi	UMF	Gift	Department of Intercollegiate Athletics
Sandra Oland Charitable Fund-American Endowment Foundation	UMF	Gift	College of Veterinary Medicine
Scheide Fund-New York Community Trust	UMF	Gift	College of Liberal Arts
Vanessa D. Dayton	MMF	Gift	Scholarships
Whitney and Elizabeth MacMillan Foundation	MMF	Gift	Pediatrics

\$25,000 - \$50,000

Emily Glassberg Sands	UMF	Gift	College of Liberal Arts
Alvin S. and June Perlman	UMF	Gift	College of Veterinary Medicine
Bernard D. Paul	UMF/MMF	Gift	College of Science and Engineering, Masonic Cancer Center
Dr. John I. Coe Estate	UMF	Gift	School of Nursing
John I. Coe	MMF	Gift	Scholarships
DFL Education Foundation	UMF	Gift	Humphrey School of Public Affairs
Children's Cancer Research Fund	MMF	Gift/Pledge	Pediatrics
Anonymous	UMF	Gift	Unrestricted
Starkey Hearing Technologies Incorporated	UMF	Gift	College of Science and Engineering
General Mills Foundation	UMF	Pledge	Various Colleges
Ecolab Incorporated	UMF	Gift	Carlson School of Management, College of Science and Engineering
Zinpro Corporation	UMF	Gift	College of Veterinary Medicine
John S. and Judith K. Mendesh	UMF	Gift	Scholarships
Katherine R. Lillehei Charitable Trusts	UMF	Gift	School of Nursing
LG Electronics	UMF	Gift	Department of Intercollegiate Athletics
Drs. William W. and Mary A. Seeger	UMF	Pledge	College of Liberal Arts
Lawrence A. Dubose	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Sally G. and David L. Kohlstedt	UMF	Pledge	College of Science and Engineering
The Patch Foundation	UMF	Gift	Scholarships
US Chamber of Commerce and Related Entities	UMF	Gift	Law School
Gopher Sports Properties	UMF	Gift	Department of Intercollegiate Athletics
Healthier Minnesota Community Clinic Fund Incorporated	MMF	Gift	Medical School
Agrium Advanced Technologies (U S) Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Ormco Corporation	UMF	Gift	School of Dentistry
Center for Computer-Assisted Legal Instruction	UMF	Gift	Law School
Berger Transfer and Storage Incorporated	UM	Gift	Department of Intercollegiate Athletics
Anonymous	MMF	Gift	Academic Health Center
Arnold K. and Barb Skeie	UMF	Gift	University of Minnesota Crookston
Bill Tyrrell	UMF	Gift	University of Minnesota Crookston
Dale J. Engan	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
David E. Feinberg Family Fund-St. Paul Foundation	UMF	Gift	College of Science and Engineering

\$25,000 - \$50,000

Dr. Ray and Joan Grefe Fund-Redwood Community Foundation	UMF	Gift	College of Veterinary Medicine
Garrison Keillor and Jenny Nilsson Fund	UMF	Gift	Unrestricted
Harry L. and Janet M. Kitselman Foundation	MMF	Gift	Medicine
John D. French	MMF	Gift	Masonic Cancer Center
Kathryn A. Scheffler	MMF	Gift	Medical School
Kellogg's	UMF	Gift	Institute on the Environment
Lanny and Charlotte Schmidt	UMF	Gift	College of Science and Engineering
Phil and Nina Pillsbury Donor Advised Fund-Minneapolis Foundation	UMF	Gift	College of Liberal Arts
Richard N. and Carol C. Flint	UMF	Gift	University of Minnesota Duluth
Russell J. Penrose	UMF	Gift	College of Science and Engineering

\$10,000 - \$25,000

ExxonMobil Foundation	UMF	Pledge	University of Minnesota Duluth
Ajinomoto Heartland Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Edward W. Bodensteiner	MMF	Gift	Masonic Cancer Center, Medical School
Crystal Lake Country Club Incorporated	MMF	Gift	Neurology
Margaret Rivers Fund	UM	Gift	Minnesota Landscape Arboretum
Edward E. Slonim	UMF	Gift	University of Minnesota Duluth
Dr. Nathan E. and Elaine L. Ballou	UMF	Gift	University of Minnesota Duluth
Alice M. Meppen	MMF	Gift	Masonic Cancer Center
Arno Therapeutics	UMF	Gift	Medicine and Health
Karine M. Semmer	MMF	Gift	Masonic Cancer Center
Robert W. Owens	UMF	Gift	College of Liberal Arts
The Saint Paul Foundation	MMF	Gift	Masonic Cancer Center
John E. Andrus III 2009 CLAT	UMF	Gift	College of Liberal Arts, Minnesota Landscape Arboretum
Terry L. Tranter	UMF	Gift	Carlson School of Management
Anonymous	UMF	Gift	Unrestricted
Northwest Area Foundation	UMF	Gift	Humphrey School of Public Affairs
Rudolf C. Dankwort	MMF	Gift	Schulze Diabetes Institute
Target Corporation	UMF	Gift	Carlson School of Management
Maryann J. Witkop Estate	UMF	Gift	School of Nursing
Danisco	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Donald E. and Marjorie L. Sveen	UMF	Gift	Carlson School of Management

\$10,000 - \$25,000

Helen V. Beggs Estate	UMF	Gift	College of Liberal Arts
Marcia L. Page	UMF	Gift	Carlson School of Management
Risk Solution Resources LLC	UMF	Gift	College of Veterinary Medicine
Sigma-Aldrich Corporation	UMF	Gift	College of Science and Engineering
Stoller Enterprises Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
William P. Donovan	MMF	Gift	Medical School
Virginia J. Perman	UMF	Gift	College of Veterinary Medicine
Frank R. Braun	UMF	Gift	College of Education and Human Development
Jennifer M. Marrone and David H. Short	UMF	Gift	College of Education and Human Development
Land O'Lakes Foundation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Old Dutch Foods Incorporated	MMF	Gift	Neurology
Takasago International Corporation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
HealthPartners Incorporated	UMF	Gift	College of Pharmacy
Minneapolis Building and Construction Trades Council	MMF	Gift	Schulze Diabetes Institute
Newport Laboratories Incorporated	UMF	Gift	College of Veterinary Medicine
Edith G. Nelson	MMF	Gift	Unrestricted
Paul Crowell and Alexandra Stillman	UMF	Gift	College of Science and Engineering
Abbot Downing	MMF	Gift	Pediatrics
Brent G. and Karen J. Blackey	UMF	Gift	Carlson School of Management
Daniel J. Garry	MMF	Gift	Medicine
Dr. Brett J. Kurtzman	UMF	Pledge	School of Dentistry
Dr. Ernest and Cathryn Kemble	UMF	Gift	University of Minnesota Morris
Dr. Lester C. Krogh Estate	UMF	Gift	College of Science and Engineering
Drs. John V. and Wendy L. St. Peter	UMF	Gift	College of Pharmacy
Engel Family Trust	UMF	Gift	School of Dentistry
Fish and Richardson P.C.	MMF	Gift	Pediatrics
Food and Agriculture Org of the United Nations	UMF	Gift	College of Veterinary Medicine
Gerald W. Ireland	MMF	Gift	Urologic Surgery
HRK Foundation	MMF	Gift	Medicine
Hubert and Nathalie Joly	UMF	Gift	Carlson School of Management
Huvepharma Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
James I. and Susan G. Swenson	UMF	Gift	College of Liberal Arts
Marilyn A. Beddor	UM	Gift	Minnesota Landscape Arboretum
Mark and Charlie's Gay Lesbian Fund- Moral Values	UMF	Gift	Law School

\$10,000 - \$25,000

Nadia's Gift Incorporated	MMF	Gift	Amplatz Childrens Hospital
Pothapragada Family Fund-Fidelity Charitable Gift Fund	UMF	Gift	College of Biological Sciences
Stanley S. Hubbard	MMF	Gift	Neurology
TCF Foundation	UMF	Gift	Carlson School of Management
United HealthCare Services Incorporated	UMF	Gift	Carlson School of Management
Virgil R. Zarling	MMF	Gift	Neurosurgery
Walgreens Company	UMF	Gift	College of Pharmacy
WEM Foundation	UMF	Gift	College of Education and Human Development

\$5,000 - \$10,000

Stone Pier Foundation	UM	Gift	Minnesota Landscape Arboretum
Mylan and Kathleen Radulovich	UMF	Gift	University of Minnesota Duluth
LeeAnn M. and Jeffrey M. Ettinger	UMF	Gift	College of Education and Human Development, Scholarships
David R. and Kathleen A. Carlsen	UMF	Gift	Unrestricted
JoAnn Ciecierski Golf Tournament	MMF	Gift	Neurology
Dr. Helen P. Dahl Estate	UMF	Gift	College of Education and Human Development
Helen P. Dahl	MMF	Gift	Scholarships
Dr. Roger Lui	UMF	Gift	College of Science and Engineering
Ikonics Corporation	UMF	Gift	College of Science and Engineering
Jeffrey M. and LeeAnn M. Ettinger	UMF	Gift	Carlson School of Management
Nanocopoeia Incorporated	UMF	Gift	College of Science and Engineering
Norman P. Bjornnes Jr.	UMF	Gift	Carlson School of Management
Pentair Technical Prod/Hoffman Enclosures Incorporated	UMF	Gift	College of Science and Engineering
Dr. Daniel C. Hartnett Family Foundation	UMF	Gift	University of Minnesota Alumni Association, College of Veterinary Medicine, Unrestricted
Dr. Leo J. and Cheryl A. Sioris	UMF	Gift	College of Liberal Arts
Omicron Kappa Upsilon	UMF	Gift	School of Dentistry
IBM International Foundation	UMF	Pledge	Various Colleges
Lois A. Rogers	UMF	Gift	Weisman Art Museum
Cordelia T. Weber	UMF	Gift	University of Minnesota Duluth
Dr. Dean Peterson and Deborah Rausch	UMF	Gift	University of Minnesota Duluth
Drs. Erwin and Doris G. Marquit	UMF	Gift	College of Liberal Arts, College of Science and Engineering
Barbara R. Spannaus	UM	Gift	Minnesota Landscape Arboretum

\$5,000 - \$10,000

Mary Ann Miron	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Minnesota Livestock Breeders Association	UM	Gift	4H Foundation
Pipestone Veterinary Clinic	UMF	Gift	College of Veterinary Medicine
EFL STG	UMF	Gift	Graduate School
John H. Anderson	MMF	Gift	Otolaryngology
MLD Foundation	MMF	Gift	Pediatrics
Drs. Maureen Reed and James Hart	UMF	Gift	Unrestricted
Winthrop and Weinstine PA	UMF	Gift	Law School
Cleveland-Cliffs Iron Company	UMF	Gift	University of Minnesota Duluth
Hormel Foods Corporation	UMF	Pledge	Hormel Institute, College of Food, Agricultural and Natural Resource Sciences
Alan T. Hirsch	MMF	Gift	Medicine
Anonymous	UMF	Gift	Law School
Bruce and Joan Richard Family Fund	UMF	Gift	Carlson School of Management
Central Bank	UMF	Gift	Department of Intercollegiate Athletics
Charles N. Nauen and Pati Jo Pofahl	UMF	Gift	Law School
College Art Association	UMF	Gift	Graduate School
Daniel A. Whalen	UMF	Gift	Humphrey School of Public Affairs
Daniel and Sarah H. Maddy	UMF	Gift	University of Minnesota Duluth
David A. DeWahl	UMF	Gift	College of Liberal Arts
David and Gay Noack Fund-Central MN Community Foundation	UMF	Gift	College of Education and Human Development
David G. Benditt	MMF	Gift	Medicine
Deborah L. Hopp	UMF	Gift	College of Liberal Arts
Delores M. Knutson Estate	UMF	Gift	College of Biological Sciences
Dr. Bob Sorochan	UMF	Gift	School of Dentistry
Dr. Jean D. Kinsey	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Dr. Roy Y. Nakamoto	UMF	Gift	School of Dentistry
Drs. William D. and Marsha J. Beyer	UMF	Gift	University of Minnesota Morris
Edward C. Anderson	MMF	Gift	Ophthalmology
Elness Swenson Graham Architects Incorporated	UMF	Gift	College of Design
Emily Anderson	UMF	Gift	School of Nursing
G. P. and P. A. Halbach Charitable Fund-Vanguard Charitable Fund	UMF	Gift	College of Liberal Arts
Ganesh Raveendran	MMF	Gift	Medicine
Gaylan L. Rockswold	MMF	Gift	Neurosurgery
General Motors LLC	UMF	Gift	College of Science and Engineering
Harvey B. Mackay	UMF	Gift	Department of Intercollegiate Athletics

\$5,000 - \$10,000

Herbert B. Ward	MMF	Gift	Medicine
Jason J. Caron	MMF	Gift	Orthopaedic Surgery
Jeanne Anderson	UMF	Gift	College of Science and Engineering
John E. Murphy	UMF	Gift	Libraries
Jostens Incorporated	UMF	Gift	Department of Intercollegiate Athletics
Judith R. and James A. Rice	UMF	Gift	Medicine and Health
Kaplan Strangis and Kaplan PA	UMF	Gift	Law School
Kristi Ties	UMF	Gift	Department of Intercollegiate Athletics
Leland J. Frankman	UMF	Gift	Recreational Sports
Lillian P. Lovelace	MMF	Gift	Neurosciences
Marc R. Pritzker	MMF	Gift	Medicine
Nancy and Warren MacKenzie Foundation	UMF	Gift	Weisman Art Museum
National Student Leadership Foundation	UMF	Gift	Law School
Norby's Work Perks	UMF	Gift	University of Minnesota Crookston
Patricia A. Erlandson	MMF	Gift	Schulze Diabetes Institute
Peter F. Rockers	MMF	Gift	Schulze Diabetes Institute
PJM Interconnection	UMF	Pledge	College of Food, Agricultural and Natural Resource Sciences
Ranjit John	MMF	Gift	Medicine
Sando Foundation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Save Our Lakes	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Senior Care Management LLC	UMF	Gift	Center for Spirituality and Healing
St. Jude Medical Incorporated	MMF	Gift	Medicine
The Burchfield Group Incorporated	UMF	Gift	College of Pharmacy
The Canadian Institute for Advanced Research	UMF	Gift	College of Education and Human Development
The Hawley Family Foundation Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
The Leonard, Street and Deinard Foundation	MMF	Gift	Pediatrics
The Pentair Foundation	MMF	Gift	Academic Health Center
Thomas J. Misa	UMF	Pledge	College of Science and Engineering
UCare Minnesota	UMF	Gift	Center for Spirituality and Healing
US Bank National Association	UMF	Gift	Weisman Art Museum
William D. Beyer	MMF	Gift	U of M Medical School - Duluth
William Henderson	UMF	Gift	College of Liberal Arts

General Contingency

2012-13 General Contingency:

Recipient	Allocation	Balance	Purpose
FY2013 General Contingency			
Carryforward from FY2012 into FY2013	595,682	1,595,682	
1 Executive Director, Board of Regents	(89)	1,595,771	Return unused funds from Presidential Search
2 Exec Director Office for Business & Community Economic Dev	55,000	1,540,771	Awards, Incentive and Recognition Program
3			
4 New items this reporting period:			
5			
6 No new items this reporting period			
7			
8 Ending Balance as of February 28, 2013		1,540,771	
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			

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

To Blue Cross and Blue Shield of Minnesota (BCBSMN) for an estimated \$12,500,000 for administrative services and stop loss coverage for the partially self-funded Student Health Benefit Plan (SHBP) for Twin Cities, Duluth, Crookston, Morris and Rochester students for the period of August 22, 2013 through August 31, 2015 with contract extensions through August 31, 2019 for Boynton Health Service.

This estimate is based on a projection of 11,578 covered students, their spouses/domestic partners, and children as covered dependents. This contract is for administrative services and stop loss coverage expenses incurred during two plan years from August 22, 2013, through August 31, 2015 with subsequent annual contract extensions through August 31, 2019.

The University of Minnesota requested insurance company proposals in November 2012 to provide student health benefits coverage for the 2013-14 and 2014-15 plan years. After evaluating proposals from four different managed care/insurance organizations, the contract was awarded to Blue Cross and Blue Shield of Minnesota.

The final negotiations with Blue Cross and Blue Shield of Minnesota resulted in a reduction in the cost of administrative services of 2.9% compared to the 2012-2013 plan year, a two year fixed rate guarantee with subsequent annual cost increases limited to the CPI, limits to the increase in the fee for stop loss coverage, and disease management programs included at no cost.

There are several components to this program that determine the cost of coverage for the students. The projected claims processed through BCBSMN for the upcoming plan year will be \$16,309,257.80. In addition to the increase enrollment projection for services and administrative costs at Boynton, with an offset of a growth of enrollment due to the reinforcement of the waiver process, we will be able to provide benefit enhancements for the 2013-2014 plan year to align with Patient Protection and Affordable Care Act requirement established for fully insured student health plans with an increase in the cost to students of less than 5%. Currently the average monthly rate for the basic Student Health Benefit Plan (SHBP) is \$158.33 (\$950.00 per semester).

The program has adequate reserves to meet all obligations for the next two years of partial self-funding and provide the same level of coverage to students for the upcoming year. The cost of the plan is borne entirely by students purchasing the plan.

Submitted by: Carl Anderson
Chief Operating Officer
Boynton Health Service; W224
Phone: 612-625-1612
Fax: 612-625-1434

Approval for this item requested by:



Gerald Rinehart, Vice Provost, Office of Student Affairs

2/15/13

Date

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

To ISES Corporation for \$2,273,382 for enterprise Facility Condition Assessment (FCA) services covering 519 buildings and 28 million gross square feet, plus a software solution for managing all current and future FCA information and finally a potential value add service that develops facility investment portfolios, for the period of April 1, 2013 through December 31, 2017 for the Facilities Management Department.

Facilities Condition Assessment (FCA) is the central repository of building and infrastructure conditions and needs that are systematically codified, prioritized and cost estimated. FCA information produces a high-level description of campus needs, supports prioritization and budgeting of renewal programs, and provides order of magnitude scoping for capital projects. An annual FCA program update has been presented to the Board of Regents since 2002. This upgrade project was first introduced to the Board of Regents, Facilities Committee on 9/13/2012.

U of M facility assessments are 7 years old on average (best practice prescribes updates every 5 years). Further, the database used to capture, analyze and report data is well beyond its useful life with several documented security, performance and usability issues. Finally, this upgrade increases participation by Coordinate Campuses and ROCs to develop an enterprise view of needs.

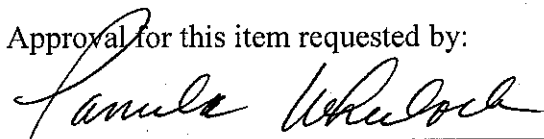
A formal RFP was issued to several hundred national and local architects and engineers. A broad team of enterprise stakeholders evaluated proposals. ISES stood out on nearly all dimensions, being the highest ranked vendor for Project Approach, Team Qualifications, TGB, Terms & Conditions and Cost. At \$1.7M, ISES proposal for basic services was half the average and \$800k or 30% less than the next option.

Basic services (Assessments and Software) total \$1,715,982. Value add services (Facility Investment Portfolios) total \$557,400. University Services is continuing to evaluate what parts, if any, of the Facility Investment Portfolio service to elect.

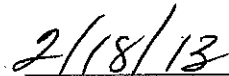
University Services, Facilities Management will fund the majority of assessments and software, supplemented by internal partners for their respective facilities.

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

Approval for this item requested by:



VP of University Services Signature



Date



UNIVERSITY OF MINNESOTA BOARD OF REGENTS

Board of Regents

March 8, 2013

Agenda Item: The University's Technology Landscape

review review/action action discussion

Presenters: Vice President Scott Studham

Purpose:

policy background/context oversight strategic positioning

The University of Minnesota's information technologies serve a vital role in supporting the institution's strategic and operational initiatives. The purpose of this presentation is to provide the Board of Regents an overview of the University's information technology management function and to highlight some of the opportunities and challenges ahead.

Outline of Key Points/Policy Issues:

The presentation will provide an overview of the University of Minnesota's information technology environment, including recent accomplishments and initiatives underway that support and advance the University's mission. The presentation will include a discussion of both near- and long-term opportunities, and the current and future challenges that those opportunities may present in terms of institutional policy. Presentation items include:

- Information technology organization, alignment, and decision-making models
- The institution's information technology costs
- Technology trends in higher education
- University of Minnesota information technology risks and mitigation strategies
- Information security
- Key information technology initiatives underway and anticipated



UNIVERSITY OF MINNESOTA BOARD OF REGENTS

Board of Regents

March 8, 2013

Agenda Item: Update on Operational Excellence Initiatives

review review/action action discussion

Presenters: President Eric W. Kaler

Purpose:

policy background/context oversight strategic positioning

This update is intended to ensure that the Board of Regents has background and context to provide appropriate oversight of the University's ongoing initiatives to reduce administrative costs and improve operational efficiency through an initiative called Operational Excellence. In addition, President Kaler will share with the Board a draft progress report to the Legislature on the University's analysis and benchmarking of its organizational structure and administrative costs, including a spans and layers analysis.

Outline of Key Points/Policy Issues:

Led by President Kaler, Operational Excellence is the University's long-term commitment to working smarter, reducing costs, enhancing services, and increasing revenues. Operational Excellence initiatives are designed to:

- Mitigate the impact of state budget reductions and keep tuition increases low by reducing the University's operational costs;
- Improve operations and processes, resulting in a more efficient, better run, less redundant organization;
- Promote entrepreneurship, intelligent risk-taking, cooperation, and engagement across our campuses and in our interactions with business and community partners; and
- Free up resources (dollars and capacity) to be reinvested in the core academic enterprise.

To achieve these goals, Operational Excellence strives to change culture in the way people across the University collaborate, identify and solve problems. At its core, Operational Excellence is a way of operating and doing business at the University, not just a set of projects or initiatives.

Background Information:

In September 2011, President Kaler convened the Operational Excellence (OpEx) group, consisting of senior academic and operational leaders. The group, which meets weekly, sets priorities for operational excellence initiatives and ensures they are operationalized within their units.

OpEx projects and initiatives are prioritized and selected based on their ability to:

- Achieve administrative cost reductions and/or productivity improvements;
- Encourage enterprise solutions while reducing redundancy and duplication;
- Promote entrepreneurialism, seize opportunities, and enhance organizational flexibility and adaptability; and
- Recalibrate the University's risk profile to achieve greater efficiencies while enhancing service.

Projects and initiatives are implemented in a way that:

- Manages both the operational and cultural aspects of change;
- Adopts and shares best practices across the University, scaling "tests of change" from individual units to campus or organization-wide levels;
- Develops core competencies across the organization, encouraging the breakdown of silos;
- Adopts sustainable, replicable business models; and
- Develops qualitative and quantitative measures of effectiveness.

Since its inception, the OpEx group has advanced more than 30 initiatives, resulting in millions of dollars of cost savings and significantly increased capacity. These initiatives are wide ranging, from a review of more than 240 centers and institutes to the redesign of the Office of Academic Administration in Fall 2012.

Legislative Report

In January, the Minnesota Senate asked the University to complete a review and benchmarking of its organizational structure and administrative costs, and that a progress report be prepared by March 15, 2013. President Kaler will share with the Board the final draft of that report prior to submitting it to the Legislature.

The report will include progress on:

- An analysis of our administrative spans and layers, and
- Progress on benchmarking the University's finance, human resources, information technology, and procurement costs and functions.

The report will also include an overview of successful Operational Excellence initiatives to date and the many initiatives and projects completed or underway in several categories:

- Institutional analytics
- Administrative optimization
- Information technology
- Finance
- Procurement
- Human Resources
- Physical environment and service culture