

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Finance & Operations Committee**  
**September 6, 2007**

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, September 6, 2007 at 10:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Steven Hunter, presiding; Clyde Allen, Linda Cohen, John Frobenius, Venora Hung, and Dean Johnson.

Staff present: Senior Vice President Frank Cerra; Vice President Richard Pfutzenreuter; and Executive Director Ann Cieslak.

Student Representatives present: Nathan Swanson and Mark Torma.

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

Regent Steven Hunter invited Chris Suedbeck, Assistant Director, Office of Asset Management, to present the Annual Asset Management Report, as included in the docket materials. Suedbeck reviewed the June 30, 2007 report and highlighted the following items:

- The invested assets of the University totaled approximately \$1.9 billion;
- The Consolidated Endowment Fund value was up 21.1 percent over the June 2006 report and exceeded the benchmark (17.8 percent);
- The investment yield on the portfolio over the last twelve months was 4.7 percent compared to a benchmark yield of 5.7 percent; and
- Total outstanding debt as of June 30, 2007 was \$778.3 million, and the total weighted average interest rate on all outstanding debt obligations was 4.36 percent.

Suedbeck noted that when compared to all public and private university endowments, the University has the 25<sup>th</sup> largest endowment in the United States.

**ISSUES RELATED TO: 2008 STATE CAPITAL REQUEST**

Vice President Pfutzenreuter led a discussion of the 2008 State Capital Request, as detailed in materials distributed at the meeting and on file in the Board Office. He reviewed the financial plan and the priority order of projects. If all projects are authorized, debt financed will range from \$57.3 to \$69.3 million. Depending on the success of fundraising for such projects as the Bell Museum, the total long-term debt funded may be lower. An additional annual facility operating cost of approximately \$1.5 million will be incurred if all of the projects are funded.

## **COMMITTEE WORKPLAN, 2007-08**

Regent Hunter introduced Vice President Pfutzenreuter to review the draft 2007-08 committee workplan, as detailed in the docket materials. Pfutzenreuter explained that the plan is organized around five broad categories, reflecting the role of the committee in meeting its fiduciary responsibilities. He noted that the workplan proposes review and approval of the 2009 annual operating budget one month earlier than in recent years to facilitate Enterprise Financial System data entry prior to full implementation of the new system in July 2008.

### **CONSENT REPORT**

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket, including the Purchase of Goods and Services over \$250,000 to:

- AT&T for an estimated \$390,000 to provide Integrated Switched Digital Network (ISDN) Primary Rate Services for the period of October 1, 2007 through September 30, 2009 for Networking and Telecommunications Services, a division of the Office of Information Technology.
- C.J. Duffey Paper Co. for \$317,000 for paper stock as needed for the period of September 10, 2007 through August 31, 2008 for Printing Services.
- Extend contracts with Computer Concepts & Services Inc and DRC Systems to purchase analysis and programming services in the amount of \$550,000 for the period of October 1, 2007 through March 31, 2009 for the University of Minnesota Auxiliary Services.
- Dakota Paper Co. for an estimated \$263,834 for the purchase of Custodial Papers (paper towels and toilet paper), to be stocked at the University Stores for use in University departments. The contract period is September 15, 2007 through July 31, 2008.
- FAMIS Software, Inc. for \$328,039 for the Office of Space Management to purchase a space management module, Auto Cad interface, and computer programming services.
- Harris Health Trends Inc. for the estimated amount of \$1,490,000 to provide health improvement services offered through the University of Minnesota Office of Human Resources Employee Benefits for the one-year period of January 1, 2008 through December 31, 2008.
- Health Partners Administrators, Inc. for the estimated annual amount of \$3,360,000 for administering a self-funded UPlan medical plan option offered through the University of Minnesota, Office of Human Resources Employee Benefits for the one-year period of January 1, 2008 through December 31, 2008.
- Medica for the estimated annual amount of \$2,500,000 for administering four self-funded UPlan medical plan options offered through the University of Minnesota, Office of Human Resources Employee Benefits for the one-year period of January 1, 2008 through December 31, 2008.

- Midwest Assurance Co. (HealthPartners, Inc.) and National Benefits Resources, Inc. to renew a contract for stop loss insurance for the UPlan Medical Program for a total \$1,050,000 for the period of January 1, 2008 through December 31, 2008 on behalf of the Employee Benefits Department.
- ProSource Technologies, Inc. for \$768,154 for a Geological Assessment at University of Minnesota Outreach, Research & Education (UMore Park), Rosemount, Minnesota, for the Statewide Strategic Resource Development Department.
- RxAmerica for the estimated amount of \$480,000 to provide Pharmacy Benefits Management for the one-year period of January 1, 2008 through December 31, 2008 for the self-funded UPlan program offered through the University of Minnesota, Office of Human Resources Employee Benefits.
- Unisource for \$546,600 for paper stock as needed for the period of September 10, 2007 through August 31, 2008 for Printing Services.
- U.S. Census Bureau for \$440,983 for data recovery and new data products from the 1960 census over the period September 17, 2007 to September 16, 2011 for the Minnesota Population Center.
- Varian, Inc. for \$9,990,000 for Ultrahigh field MR Imaging and spectroscopy system housed in the Center for Magnetic Resonance.
- Watson Wyatt & Co., doing business as Watson Wyatt Worldwide, for \$205,000 to exercise the option to extend the data warehouse services contract for the third and final year through December 31, 2008.
- WiscNet, a division of the University of Wisconsin–Madison, Department of Information Technology, for \$378,535 for Membership fees and Network Operation Services to operate BOREAS-Net for the period March 1, 2007 through June 30, 2008.

Vice President Cerra responded to questions from the committee regarding the purchase from Varian, Inc. included in the Consent Report.

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

### **INFORMATION ITEMS**

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

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

Pfutzenreuter invited Craig Taylor, Program Director, to present the report of the Office for Business & Community Economic Development. Taylor reviewed the report and responded to questions from the committee. He clarified how Women, Minority and Disabled Businesses (WMDB) and small businesses are defined, stating that state and federal criteria vary for different types of business. He described goals for the stadium

project, including a community development plan that specifies utilization of WMDB and small businesses and encourages the use of trade apprentices and interns from the University.

The meeting adjourned at 11:16 a.m.



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