

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
July 13, 2022**

A meeting of the Board of Regents of the University of Minnesota was held on Wednesday, July 13, 2022, at 10:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Kendall Powell, presiding; Mary Davenport, James Farnsworth, Douglas Huebsch, Ruth Johnson, Mike Kenyanya, Janie Mayeron, Darrin Roshia, Steven Sviggum, Bo Thao-Urabe, and Kodi Verhalen.

Staff present: President Joan Gabel; Chancellor Lori Carrell; Acting Executive Chancellor Mary Holz-Clause; Executive Vice President and Provost Rachel Croson; Senior Vice President Myron Frans; Vice Presidents Michael Berthelsen, Kenneth Horstman, and Matt Kramer; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice President Michael Volna.

APPROVAL OF MINUTES

The Board voted unanimously to approve the following minutes as presented in the docket materials:

Presidential Performance Review Committee 9.475.01ao7 (200.7 (n22)3 (TJ5.783 85dP)1--0-0085(17)30221
Presidential Performance Review Committee – July 7, 2022

The docket materials for this item begin on page 4. The closed-captioned video of this item is [available here](#)

REPORT OF THE PRESIDENT

President Gabel delivered the report of the President.

The docket materials for this item begin on page 41. The closed-captioned video of this item is [available here](#).

Regent Verhalen joined the meeting.

REPORT OF THE CHAIR

Regent Powell delivered the report of the Chair.

The docket materials for this item begin on page 42. The closed-captioned video of this item is [available here](#).

Regent Mayeron moved to ratify the performance pay of \$50,000 for President Gabel for the FY 2022. There was a second.

Regent Rosha moved to amend the Mayeron motion to direct Regent Powell to work with President Gabel to bring forward an amendment to her employment agreement to require the Board to annually approve the president's performance pay. There was a second.

Regent Rosha withdrew his amendment. Regent Mayeron withdrew her motion.

CONSENT REPORT

Regent Powell presented for review and action the Consent Report as described in the docket materials, including:

- x Gifts
- x Report of the Namings Committee
- x Report of the Regents Award Nominating Committee
- x Finance & Operations Committee Consent Report
- x Mission Fulfillment Consent Report

The docket materials for this item begin on page 44. The closed-captioned video of this item is [available here](#).

Powell announced that the Board would consider as separate items the appointment of Mercede0.001 Tw 3.126€)4.

Regent Johnson	Yes
Regent Kenya	Yes
Regent Mayeron	Yes
Regent Rosha	No
Regent Sviggum	Yes
Regent ThaeUrabe	Yes
Regent Verhalen	Yes
Regent Powell	Yes

On a vote of 9-2, the appointment of David McMillan as Interim Chancellor, Duluth campus was approved.

Powell recessed the meeting at 12:12 p.m.

Powell reconvened the meeting at 1226 p.m.

Regent Sviggum moved the terms of the employment agreement for David McMillan as Interim Chancellor, Duluth campus. There was a second. Powell directed that a roll call vote be taken on the motion. The vote was as follows:

Regent Davenport	Yes
Regent Farnsworth	No
Regent Huebsch	Yes
Regent Johnson	Yes

Board Of Regents Policy Debt Transactions and Long Term Capital Financing Program

ARTICLE I

SECTION I. SCOPE.

This policy governs the authority to engage in debt transactions, to engage underwriters and debt advisors, and to use internal funds generated from the Internal Lending Program for capital projects. Article I and Article II apply to all debt transactions of the University of Minnesota (University), regardless of size, term, or repayment provisions. Article III applies to the long-term capital financing program, which involve the use of interest only bonds.

SECTION II. DEFINITIONS.

Subd. 1. Capital Lease.

Capital lease shall mean a lease of goods, equipment, or real estate that at inception, under generally accepted accounting principles, is required to be characterized as long term debt.

Subd. 2. Commercial Paper.

Commercial Paper shall mean any form of unsecured short term revolving debt obligation with a maturity of less than 270 days.

Subd. 3. Commercial Paper Facility

Commercial Paper Facility shall mean a program authorized by the Board of Regents (Board) under which, subject to a total maximum amount, one or more series of commercial paper notes may be issued, reissued, or paid off.

Subd. 4. Core Debt.

Core debt shall mean any general obligation bond or other debt backed by the full faith and credit of the University.

Subd. 5. Dealer.

Dealer shall mean an entity that administers the public issuance, distribution, and re issuance of commercial paper notes by purchasing them from the issuer and selling them to investors through its distribution network, thereby assuming responsibility of distributing the notes to the public.

Subd. 6. Debt Advisor.

Debt advisor shall mean a person or entity engaged to advise the University with respect to the planning and structuring of debt transactions.

Subd. 7. Debt Transactions.

Debt transactions shall mean all external transactions in which the University borrows money or incurs obligations that include or are directly related to the borrowing of money over the short or long term. Debt transactions include the following:

- (a) issuing bonds, notes, commercial paper, or other financing vehicles, whether in underwritten offerings, competitive sales, or direct (private) placements;
- (b) refunding debt;
- (c) entering into capital leases;
- (d) entering into liquidity facilities or lines of credit; and
- (e) engaging in hedging transactions related to University debt.

Subd. 8. Hedging Transactions

Hedging transactions shall mean the use of instruments (such as interest rate caps or swaps) to manage interest rate risk in connection with debt transactions.

Subd. 9. Interest-Only Bonds.

Interest-only bonds shall mean a type of debt transaction which includes any form of indebtedness the principal of which is due and payable more than one year after the issuance, is issued on a taxable basis, and that requires the payment of interest only for each

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Subd. 2. Reservation of Authority to Engage Underwriters and Debt Advisors.
The Board reserves to itself authority to engage underwriters, dealers, and debt advisors.

- (a) If a Board approved issuance of debt is sold in a competitive sale, the president or delegate shall report the identity of the selected underwriter(s) at the regularly scheduled Board meeting immediately following the sale.
- (b) In exigent situations, as determined by the president or delegate, the president or delegate shall have the authority to engage immediately an underwriter, dealer, or debt advisor, but shall seek Board approval of the engagement at the next regularly scheduled Board meeting.

Subd. 3. Delegation of Authority.

The president or delegate shall have the authority to take all actions other than those described in Subd 1. and Subd 2. of this section to manage and conduct the debt transactions of the University consistent with Board policies. Such actions include:

- (a) entering into or terminating liquidity facilities, lines of credit, and other credit enhancement strategies;
- (b) entering into capital leases with a value up to \$1,000,000;
- (c) entering into or terminating hedging transactions; and
- (d) issuance of shortterm debt authorized under the Commercial Paper Facility up to the total amount authorized for issuance;
- (e) terminating the engagement of an underwriter, dealer, or debt adviser.

SECTION II. DEBT TRANSACTION GUIDELINES.

Subd. 1. General.

The University shall manage the institution's debt portfolio utilizing various types of debt and maintain administrative guidelines to meet its strategic objectives, guided by the following principles:

- (a) minimize borrowing costs at acceptable levels of risk over the life of the debt;
- (b) maintain key financial metrics to assure continued access to capital markets and manage creditrelated risks;
- (c) exhibit a maturity profile that meets liquidity requirements and manages the balance sheet of the institution; ss-3.3 (i) T-91.8 (Tj EMC /LBody <</MC6.904 >>BDC -0.001 T reonaoft2-13 (ona)-4r(of78 e) tt-1-3t2-2.3 teri k

installation of equipment, and to pay costs associated with the issuance of the debt. Debt may not be used to fund University operating purposes without Board approval.

Subd. 4. Delegation of Authority.

The president or delegate shall have the authority to take all actions other than those described in Subds. 1-3 of this section to manage the long-term capital financing programs consistent with Board policies. Such actions include:

- (a) Determining the investment strategy of the proceeds within the parameters established in Section II, Subd. 1 of this article, and by Board of Regents Policy: Investment Functions prior to their authorized use by the Board.
- (b) Use of proceeds for (i) costs of issuance related to the issuance of interest only bonds; (ii) the use of the realized earnings on the invested proceeds to fund annual interest expense due on the interest only bonds; and (iii) to finance or refinance capital projects not requiring Board approval.
- (c) Withdrawal of the earnings realized on the investment of the proceeds to fund interest expense on the interest only bonds, and to fund investment manager or other related fees incurred in managing the invested proceeds.
- (d) Oversight of the Internal Lending Program including approval of funding for capital projects not requiring Board approval and establishing repayment terms for all internal loans.

SECTION II. LONG-TERM CAPITAL FINANCING PROGRAM GUIDELINES

Subd. 1. Investment of Proceeds.

Subd. 4. Use of Internal Lending Program.

Subject to Article III, Section I, each capital project funded by the proceeds shall include a repayment plan that collects principal and interest from applicable units and the University shall use the collected balances (i) to fund interest expense on interest-only bonds, and (ii) to provide new funding for capital projects.

Subd. 5. Repayment of the Principal of Interest-Only Bonds.

Depending on the length of time the Principal Repayment Reserve is invested, the final accumulated amount may be sufficient for the full repayment of principal at maturity. In cases where the principal of the interest-only bonds is due in less than 100 years, the accumulated value of the Principal Repayment Reserve may not necessarily provide for the full repayment due to the shorter time period invested. In that situation, the president may recommend to the Board to refinance the interest-only bonds at their maturity for an additional extended period or provide additional funding to pay the principal due in full.

SECTION III. REPORTING.

The president or delegate shall include information related to the invested proceeds and the

Regent Verhalen left the meeting.

NEW BUSINESS

Regent Roshad distributed for the Board's future consideration a resolution related to establishing a policy regarding Regents moving into employment at the University and creating an expectation of a time period between service on the Board and employment at the University.

The closed captioned video of this item is [available here](#)

The meeting adjourned at 3:49 p.m.

A handwritten signature in black ink, appearing to read "BRIAN R. STEEVES", is written over a horizontal bar with a pink top half and a dark green bottom half.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary