

AGENDA
THE BOARD OF REGENTS
OF THE UNIVERSITY OF NEBRASKA
Varner Hall
Thursday, December 1, 2005
8:00 a.m.

I. CALL TO ORDER

II. ROLL CALL

III. STRATEGIC PLANNING WORKSHOP

IV. UNIVERSITY ADMINISTRATIVE AGENDA

A. ACADEMIC AFFAIRS
None

B. BUSINESS AFFAIRS

Central Administration

1. Approve the Agency Agreement with the University of Nebraska Foundation providing for the management of certain University Endowments. Addendum IV-B-1

University of Nebraska at Kearney

2. Approve the UNK Student Housing Amended Construction Budget and Resolution. Addendum IV-B-2

V. ADDITIONAL BUSINESS

IV. UNIVERSITY ADMINISTRATIVE AGENDA

A. ACADEMIC AFFAIRS

None

B. BUSINESS AFFAIRS

Central Administration

1. Approve the Agency Agreement with the University of Nebraska Foundation providing for the management of certain University Endowments. Addendum IV-B-1

University of Nebraska at Kearney

2. Approve the UNK Student Housing Amended Construction Budget and Resolution. Addendum IV-B-2

TO: The Board of Regents
Business Affairs

MEETING DATE: December 1, 2005

SUBJECT: Delegation of Authority to the Chairman of the Board and the President to approve the Agency Agreement for Management of certain University Endowments

RECOMMENDED ACTION: Delegate authority to the Chairman of the Board and the President on a one-time basis approval of the attached Agency Agreement with the University of Nebraska Foundation providing for the management of certain University Endowments.

PREVIOUS ACTION: October 23, 1998 – The Board of Regents approved an Agency Agreement with the University of Nebraska Foundation providing for the management of the Othmer-Topp Endowments.

EXPLANATION: Gifts made by will, deed, or other instrument directly to the University, as opposed to gifts made to the University of Nebraska Foundation, belong to the University Trust Fund provided for in *Neb. Rev. Stat.* Sections 85-123 and 85-123.01. These statutes provide that the University Trust Fund shall be held and managed in such manner as the Board of Regents shall determine, and when the funds therein are to be invested, they shall be invested by the State Investment Officer, subject to controlling terms of any will, deed or other instrument applicable to a particular gift.

Accordingly, gifts and bequests made over the course of many years directly to the University were not placed with the Foundation. Alternatively, each of these gifts has been pooled for investment purposes with like funds into University-held pools: the quasi-endowment pool, the permanent endowment pool, the Stone Fund, and the Lied Endowment fund (hereinafter the Endowments). These funds currently total approximately \$45 million dollars and have been invested with a single manager who has managed those funds for approximately thirty years.

The Articles of Incorporation of the University of Nebraska Foundation states that the Foundation exists and operates to raise, manage, and distribute private funds for the exclusive benefit of the University. The Foundation has been formally designated by the Board of Regents as the entity to most effectively receive, manage and invest gifts and bequests for the University. Over \$1 billion dollars are currently under the management of the Foundation on behalf of the University.

It is recommended that the Endowments be managed by the University of Nebraska Foundation in accordance with the terms of the attached Agency Agreement; and that the Regents direct the State Investment Officer to accomplish investment of the Endowments according to the law under the management of the Foundation as provided for in the attached Agency Agreement.

University management believes that movement of the Endowments takes advantage of the investment expertise at the Foundation, allows access to a variety of fund managers, and provides a level of day-to-day oversight of the portfolio and markets that is not possible within the University.

The compensation to be paid to the Foundation for its services in management of the Endowments will be an annual fee of 1% of the average fair market value of the Endowments.

The foregoing mirrors the arrangement made for the management of the Othmer-Topp Endowments approved by the Board in the action referred to above. The Agency Agreement has been modified so that there is one agreement with the Foundation covering both the Othmer-Topp Endowments and the Endowments covered in this action.

Approval of this agenda item will delegate authority to the Chairman of the Board and the President on a one-time basis to finalize and approve the Agency Agreement for Management of certain University Endowments. The Agreement, when finalized, will be reported to the Board of Regents.

SPONSORS:

David E. Lechner
Vice President for Business and Finance

Richard R. Wood
Vice President and General Counsel

APPROVAL:

James B. Milliken
President

DATE:

November 30, 2005

TO: The Board of Regents
Business Affairs

MEETING DATE: December 1, 2005

SUBJECT: University of Nebraska-Kearney (UNK) Student Housing Construction Project Amended Budget and Resolution

RECOMMENDED ACTION: Approve the UNK Student Housing Amended Construction Budget and Resolution.

PREVIOUS ACTION: October 10, 2004 – The Board of Regents approved the program statement and budget for student housing replacement at the University of Nebraska at Kearney. The Board also approved a companion item authorizing issuance of revenue bonds to finance construction of the Kearney housing.

EXPLANATION: The University of Nebraska at Kearney is in the design phase of this project. During design it discovered that additional beds could possibly be added to the project at a relatively reasonable incremental cost per bed without any changes to the more expensive infrastructure that supports a project of this magnitude. As the campus prepares for requests from proposals (RFP) from contractors, it is proposing to add a construction alternate to the bid. The RFP would ask contractors to bid on the project based on the original scope and additionally, propose a bid alternate as to what the incremental cost would be for adding the additional beds. Based upon the bids received, the campus will select the best value from among the responses.

The alternative would raise the project scope by an estimated \$1,500,000, potentially adding 32 additional beds on to the original project which was sized at \$20,280,000 (cost of construction) and 300 beds.

Administration at UNK has identified additional funds and requests an amendment to the project budget in the amount of \$1,500,000. As these funds would come from bond surplus funds, no borrowing will be required for these improvements above that approved earlier by the Board.

The agenda item also seeks approval for the attached Resolution which would allow expenditure by the bond trustee of the incremental budgeted project cost from existing bond surplus funds relating to housing.

The increase in the scope, if adopted, is subject to the approval of the Coordinating Commission for Post Secondary Education and the Legislature as it expends more than \$250,000 from bond surplus funds.

PROJECT COST:	\$21,780,000	
ON-GOING FISCAL IMPACT:	Annual Operating Costs	\$30,000
	2% Assessment	N/A
SOURCE OF FUNDS:	Prior Budget/Funding: Bond Funds	\$20,280,000
	New Budget/Additional Funding: Bond Surplus Funds	<u>1,500,000</u>
	Total Amended Budget	<u>\$21,780,000</u>
SPONSOR:	Randal L. Haack	
	Vice Chancellor for Business & Finance	
APPROVAL:	<hr/>	
	Douglas A. Kristensen, Chancellor	
	University of Nebraska at Kearney	
DATE:	November 23, 2005	

RESOLUTION

BE IT RESOLVED by the Board of Regents of the University of Nebraska (the "Board") as follows:

1. The Board hereby finds and determines:
 - (a) Pursuant to its Bond Resolution dated as of December 1, 1964, authorizing the issuance of Revenue Bonds by the Board (the "Resolution"), the Board has heretofore issued revenue bonds payable from the revenues and fees derived from the ownership and operation of the dormitories and other facilities for the housing and boarding of students, student unions, student health facilities and other facilities for the activities of students located on the campus of the University of Nebraska-Lincoln, under which a Surplus Fund was created;
 - (b) Section 6.2 of the Resolution requires the Board to operate the "facilities" (as defined in the Resolution) in an efficient, sound and economical manner and to keep all facilities and betterments thereto in good repair, working order and condition and to make all necessary and proper repairs, renewals, replacements, additions, extensions and betterments thereto, so that at all times the business carried on in connection therewith shall be properly and advantageously conducted.
 - (c) The "facilities" include the Nebraska Unions and all facilities and structures for the housing and boarding of students located and currently or hereafter existing on the campus of the University of Nebraska at Kearney, which facilities require certain renewals, replacements, additions, betterments and extensions to maintain the Revenue and Fees. In order to accomplish such renewals, replacements, additions, betterments and extensions, the sum of \$1,500,000 should be expended for the additional beds for the UNK replacement housing from the Replacement Fund.
2. Authorization. The Board hereby authorizes the transfer of up to \$1,500,000 from the Surplus Fund established pursuant to the Resolution to the Replacement Fund, and the expenditure of up to \$1,500,000 from the Replacement Fund for the project herein identified. The Vice Chancellor for Business and Finance at the University of Nebraska at Kearney is hereby designated as the University representative who may certify to the Trustee the specific payments to be made from the Replacement Fund.
3. Surplus Fund. There currently are monies or investments in the Surplus Fund including accruals in excess of \$1,500,000.