



UNIVERSITY OF MINNESOTA
BOARD OF REGENTS POLICY

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Delegation of Authority

INVESTMENT TRANSACTIONS

Adopted: November 12, 1976

Amended: July 8, 1983; October 9, 1987; March 11, 1994; July 8, 1994; March 12, 2004

Supersedes: (see end of policy)

INVESTMENT TRANSACTIONS

This policy governs the administration's authority to invest and deal in securities and to engage investment advisers.

Subd. 1. Definitions. For purposes of this policy, the terms below shall have the following meanings:

(a) *Security* shall mean a security as defined in the Securities Act of 1933, as amended, and shall include any note, stock, treasury stock, bond, debenture, or evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting-trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; limited partnership agreement; or, in general, any interest or instrument commonly known as a *security* or any certificate of interest or participation in temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term *security* shall further include options, futures, swaps, and other derivative instruments.

(b) *Investment adviser* shall mean an investment adviser or manager or any other person or firm engaged to advise the University of Minnesota (University) on investment transactions, to execute investment transactions at its discretion on behalf of the University, or to otherwise manage the University's investments.

(c) *Investment transactions* shall mean:

- (1) the purchase, investment in, possession, or other acquisition of an interest in a security;
- (2) the sale, conversion, exchange, transfer, or other disposal of an interest in a security; or
- (3) the pledge of a security.

(d) *Emerging investment management firms* shall mean investment management firms that manage institutional assets under \$250 million.



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(e) *Broker/dealer* shall mean a firm or other person who executes investment transactions on behalf of the University upon the University's directive. Investment transactions may be executed in the open market or from the firm's inventory.

Subd. 2. Delegation of Authority. In accordance with Board of Regents Policy: *Reservation and Delegation of Authority*, the president or delegate shall have the authority and power to take all actions necessary to implement this policy, including, but not limited to, the following:

- (a) to negotiate and enter into investment transactions with broker/dealers;
- (b) to vote any voting securities owned by the University in accordance with relevant Board policies;
- (c) to give to investment advisers written or oral instructions with respect to investment transactions;
- (d) to bind and obligate the University to, and for the execution of, any contract, arrangement, or transaction that may be entered into by any such officer for and on behalf of the University with or through the investment advisers;
- (e) to pay such sums as may be necessary in connection with any of the said transactions;
- (f) to deliver securities to and deposit funds with investment advisers or broker/dealers;
- (g) to order the transfer or delivery of a security to any other person whatsoever and/or to order the transfer or record of a security to the name of the University;
- (h) to direct the sale or exercise of any rights with respect to a security;
- (i) to execute, acknowledge, and deliver proper transfers, assignments, and letters of transmittal;
- (j) to execute consents to reorganizations, modifications, or extension agreements and compromises;



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(k) to execute, acknowledge, and deliver all powers of attorney or any other legal instruments for the purpose of splitting and issuance of new certificates in exchange, transferring, and disposing of or releasing any stocks, bonds, or other evidences of indebtedness held by the University or for any other purpose with relationship thereto in the ordinary course of business;

(l) to sign for the University all releases, powers of attorney, and/or other documents in connection with any such transaction and to agree to any terms or conditions to control any such account; and

(m) to direct investment advisers or broker/dealers to surrender a security to the proper agent or party for the purpose of effecting any exchange or conversion or for the purpose of deposit with any protective or similar committee.

Subd. 3. Authority to Engage Investment Advisers. The Board reserves to itself the exclusive authority and power on behalf of the University to engage an investment adviser, provided that, in exigent situations, the president or delegate shall have the authority to engage immediately an investment adviser. In such instance, the president or delegate shall seek Board approval of the engagement at the next regularly scheduled Board meeting. The president or delegate shall have the authority and power to terminate the engagement of an investment adviser.

Subd. 4. Targeted Investment Managers. The Board encourages the use of emerging investment management firms and investment management firms that are minority-owned and woman-owned, and encourages steps in this regard consistent with the financial and fiduciary responsibility of the University.

Subd. 5. Targeted Investment Reporting. The administration shall report annually all steps taken to provide opportunities to emerging, minority-owned, and woman-owned investment management firms.

Subd. 6. Binding Effect. Action taken by the president or delegate pursuant to this policy shall be an act of and shall bind the Board.

Subd. 7. Certificate of Authority. The secretary of the Board shall certify the authority and power of the president or delegate to enter into investment transactions or to invest and deal in securities as provided in this policy.

SUPERSEDES: INVESTMENT MANAGERS DATED NOVEMBER 9, 1990.