

Office of the President
July 1, 2004

TO MEMBERS OF THE COMMITTEE ON FINANCE:

ITEM FOR ACTION

For Meeting of July 14, 2004

AMENDMENT OF STANDING ORDER 100.4(nn) – DUTIES OF THE PRESIDENT OF THE UNIVERSITY: AUTHORITY OF THE PRESIDENT FOR EXTERNAL FINANCING

The President recommends that the Committee on Finance recommend to The Regents that:

- (1) Service of notice be waived.
- (2) Standing Order 100.4(nn) be amended, as indicated in the Attachment, concerning the President's duties as manager of all external financing for the University.

BACKGROUND

At the March 2002 Meeting, Bylaw 21.4 amended the duties of the Treasurer with respect to authority for external financing. The action transferred responsibility for external financing to the President under Standing Order 100.4(nn). However, the language incorporating the responsibilities of the President for external financing did not reflect all the duties of the President as manager of external debt, such as refinancing of debt, as was the case when the Treasurer was responsible for external financing. The University's Bond Counsel requested the amendment to the President's authority as quickly as possible to clarify the authority of the President and to reflect the activities of external financing which have been undertaken under the President's authority since March 2002. These have included not only borrowing for new construction and acquisitions, but also refinancing of various projects to reduce the interest cost.

Notice is being waived to allow for future refinancing before the September meeting, should the opportunity arise.

(Attachment - below)

Deletions shown by strikeout, additions by underlining

STANDING ORDER 100.4(nn)

100.4 Duties of the President of the University

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- (nn) The President shall be the manager of all external financing of the Corporation. The President is authorized to ~~provide for~~ obtain external financing for amounts up to and including \$10 million for the planning, construction, acquisition, equipping, and improvement of projects. The President is also authorized to ~~provide for~~ obtain external financing for amounts in excess of \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, and also provided that all actions taken to obtain external financing for amounts in excess of \$10 million up to and including \$20 million ~~under this authority~~ be reported at the next following meeting of the Board. External financing in excess of \$20 million requires Board approval ~~consideration~~. The President, ~~in general,~~ shall be the manager of all external financing of the Corporation and, except as otherwise provided in the Bylaws and Standing Orders, subject to control and direction of the Board and its Committee on Finance, which may include provisions have the authority to (1) negotiate for and obtain interim financing for any external financing, (2) design, issue, and sell revenue bonds or other types of external financing, (3) issue variable rate or fixed rate debt, and execute interest rate swaps to convert fixed or variable rate debt, if desired, into variable or fixed rate debt, respectively, (4) refinance existing external financing for the purpose of realizing lower interest expense, provided that the President's authority to issue such refinancing shall not be limited in amount, (5) provide for reserve funds and for the payment of costs of issuance for such projects ~~external financing,~~ (6) perform all acts reasonably necessary in connection with the foregoing, and (7) execute all documents in connection with the foregoing, provided that the general credit of The Regents shall not be pledged for the issuance of any form of external financing.