BOARD OF REGENTS
UNIVERSITY OF MINNESOTA

Finance & Operations Committee

October 2026

October 8, 2026

1:00 p.m.

Boardroom, McNamara Alumni Center

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **October 8, 2026**

AGENDA ITEM: President's Recommended FY 2028–29 Biennial Budget Request

☐ **Review** ☐ **Review + Action** ☒ **Action** ☐ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Mike Volna, Interim Executive Vice President for Finance and Operations
Erin Sexton, Vice President for Government Relations
Koryn Zewers, Vice President and Chief Budget Officer

PURPOSE & KEY POINTS

The purpose of this item is to act on the University of Minnesota's (University) Biennial Budget Request to the State of Minnesota (State) for FY 2028 and FY 2029. No changes have been made since the Board reviewed this item at the September 2026 item-specific meeting.

The University is a vital economic engine for Minnesota. Strong, continued financial support from the State of Minnesota is key to maximizing the University's impact on Minnesota's workforce, economy, and communities. To protect baseline operations and position Minnesota for long-term economic growth, the University's FY 2028–29 request focuses on the intersection between the University's strategic priorities and the needs of Minnesotans, Minnesota communities, and employers statewide, including: $31 million recurring to advance specific strategic workforce and technology priorities; and $54 million recurring to support statewide operational capacity.

Financial Reality

Of the University's $5.1 billion revenue budget for FY2027 (excluding internal sales), 63 percent is restricted for specific programs, research grants, or self-supporting sales activities. Those funds pay directly for the goods and services associated with them and cannot be reallocated across the institution to address operational inflation or emerging campus needs.

The remaining 37 percent of University revenues from the unrestricted Operations and Maintenance (O&M) appropriation and tuition are used to fund increasing costs in mission-related activities and the infrastructure required to support them. The only way these general operating revenues grow is through increases in enrollment, increasing tuition rates, or through a decision by the State to increase the University's O&M appropriation.

Over the past three years, the University has taken aggressive action to balance its budget by reducing programs and services, improving efficiency, reorganizing, and restructuring. In the past two years, the University has decreased scope by nearly 9 percent. However, the University is at a

precipice in which tuition revenue increases and cost reductions at the margin are no longer enough to balance the budget. Even with ongoing fiscal responsibility and budget scope analysis, an investment from the State is critical.

Biennial Budget Request – Elevate Minnesota's Future Workforce

Minnesota stands at a pivotal economic crossroads. Technological disruption, shifting demographics, and critical staffing shortages in healthcare, technology, and other fields demand a coordinated, state-level response. At a time when the growth of Minnesota's economy has slowed, the State needs a strongly competitive university to retain, attract, and train the future workforce of Minnesota. As Minnesota's land-grant institution, graduating nearly 14,000 students a year, of which 75 percent or more stay in Minnesota, the University is uniquely equipped to serve as the state's economic and talent engine. The University's proposed *Elevate Minnesota's Future Workforce* biennial request represents a unified strategic investment strategy. It pairs targeted funding for high-demand economic development and workforce initiatives with a base operational investment to sustain academic excellence, protect family budgets, and keep Minnesota globally competitive.

Maintain Base-Level Funding

The University is requesting a continuation of base appropriations. This includes appropriations from the State's health care access fund ($2.1 million), cigarette tax proceeds ($22.3 million), and general fund ($737.4 million) for the following:

- Operations and Maintenance (general fund): $644 million
- State Special Appropriations (general fund and health care access fund): $95.5 million
- Academic Health (cigarette tax proceeds): $22.3 million

The requests described in the following paragraphs are in addition to the base appropriations noted above.

Advance Joint Strategic Priorities

The University's FY 2028–29 investment requests focus on the intersection between the University's strategic priorities identified in the Elevate Extraordinary 2030 University Strategic Plan and the needs of Minnesotans, employers, and communities statewide. The requests highlight the University's role as a key partner in securing Minnesota's economic advantage through targeted economic and workforce development strategies to elevate Minnesota's workforce. State funds will help advance the initial stages of several initiatives, as outlined below, and will be used to:

- build and expand teams;
- provide student support; purchase required infrastructure, technology, equipment, and supplies; and
- make strategic improvements to classrooms.

Drive Statewide Artificial Intelligence (AI) Talent and Innovation – $10.0 million

This $10.0 million recurring request is aligned with the needs of employers across Minnesota to have a workforce that is fluent in discipline specific AI areas. It is aligned with several Elevate Extraordinary 2030 strategic imperatives and focuses on leveraging the University's statewide footprint, foundational research capabilities, and newly established AI Hub to cultivate a public-private pipeline to train Minnesota's workforce for the AI economy, drive economic growth, and support responsible statewide AI adoption. A State investment will expand the work of the University's AI Hub and support:

- the expansion of partnerships with business and industry to upskill Minnesota's workforce;
- the development of stackable AI literacy credentials;
- partnerships with local school districts to design an AI literacy curriculum framework for K-12 educators;
- the deployment of AI analytics directly into Minnesota's strongest economic sectors; and
- translation of University research into local startup ventures.

Funds will also be used to enhance support for State agencies, local governments, and small businesses who need expert guidance on AI governance, data privacy, ethics, and cyber security.

Grow Minnesota's Healthcare Workforce – $15 million

The University provides 70 percent of the workforce for most of the healthcare sectors in Minnesota. There is a critical shortage of healthcare workers across sectors in Minnesota, particularly in rural areas, that will worsen without urgent action. This $15 million recurring request focuses on growing Minnesota's healthcare workforce, in alignment with the third strategic imperative of Elevate Extraordinary 2030, and the University's 2027 capital budget request to the State. State resources will be used to facilitate additional collaboration between the University and Minnesota Department of Health to identify the fields with the most acute workforce shortages in Minnesota and begin expanding University programs to address those gaps. This multi-phased approach will include expanded programs resulting in more graduates ready to serve Minnesota in dentistry, nursing, pharmacy, veterinary medicine, and other health science fields. State funds will be used across several University campuses to hire additional faculty and staff; purchase necessary supplies, equipment, and services; and improve classrooms to teach the increased program size.

Establish a Career and Workforce Accelerator – $3.5 million

As the largest producer of workforce for Minnesota, it is critical that the University be in sync and match the workforce area needs of the state. This $3.5 million request for recurring funds beginning in FY28 would provide initial, first-phase funding to establish and build a new Career and Workforce Accelerator at the University that bridges industry needs and classroom innovation so that students are ready at graduation for the jobs of

today and tomorrow, in fields that the local economy needs to thrive. This request is aligned with the first strategic imperative of Elevate Extraordinary 2030.

State funding will be used to establish a new Career and Workforce Accelerator team to:

- develop a coordinated and comprehensive employer engagement strategy, building upon existing efforts to connect employers and students;
- establish and implement new standardized processes to analyze workforce trends, incorporate employer feedback, and guide University leaders in program and curriculum development; and
- expand career preparation and experiential learning opportunities for students and assist them with building relationships with employers and alumni.

Although the University has the basic infrastructure to advance this work, State funding will be used to address gaps to advance a more coordinated approach to workforce analysis, employer engagement, and student support.

Expand Market-Responsive Online Learning – $2.5 million

The world and workforce are shifting more quickly than ever. It is now rare that any one worker will remain at a single company and in a single field for their entire career. This $2.5 million recurring request provides seed funding for expanding market-responsive, online educational opportunities for learners across the state and is aligned with Elevate Extraordinary 2030, Strategic Imperative 2. The demographics of higher education are changing, and future students will need to be lifelong learners with the ability to upskill and acquire new credentials throughout their careers. Online and just-in-time learning present opportunities to meet learners wherever they are, both geographically and in all life stages, which also aid them in being market-ready and meeting local employer needs as technology and fields shift. This investment request focuses on meeting Minnesota learners with flexibility and personalized learning opportunities. The University will hire a dedicated innovation team that will develop flexible online education, tapping into expertise across the University system and coordinating with Minnesota employers. Efforts will focus on rapidly developing and launching new degrees, market-validated microcredentials, stackable pathways, and other non-credit and credit programs that align with workforce needs. This new learning pathway will reflect the academic rigor, student connectedness, and timely program completion rates that learners expect from the University but without geographic limitations.

Support Statewide Operational Capacity – $54.0 million

This request focuses on supporting the University's statewide operational capacity and limiting the impact of inflation on the University's operating budget. Inflation has and continues to erode the State's investment in the University and has ranged from 3.3 percent to 4.2 percent since March 2026. Over the last two biennia, the University's purchasing power has decreased by $89.2 million. This has forced costs to shift to families in the form of increased tuition and has led to the closure of programs and sale of property University-wide.

An additional $54.0 million per year in State funding will provide the necessary resources to maintain core operations across the University's five campuses, University Extension sites, research and outreach centers, and other locations across Minnesota. This includes:

- Ongoing support for public safety, building operations, classroom maintenance, and inflationary costs for supplies and basic operations.
- Continued mitigation of institutional risks across the University's education, research, and community outreach missions and compliance with federal and state requirements.
- Increased costs for our technology and information systems, including the University's standard technology license and maintenance agreements, technology system maintenance, library collections and subscriptions, and other technology-based applications.
- Utility rate increases and general maintenance and operations of the University's utility infrastructure.

Although the University has and will continue to explore options to contain the costs of operating and maintaining a statewide system, the expenses noted above are not optional. If funded, a $54.0 million increase in the University's appropriations would represent a 7 percent increase over the current base.

BACKGROUND INFORMATION

Board of Regents Policy: *Reservation and Delegation of Authority* reserves to the Board the authority to approve all requests for appropriations from the State of Minnesota.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to the Biennial Budget Request for FY 2028–2029.

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Biennial Budget Request for FY 2028–2029

WHEREAS, the University of Minnesota (University), as Minnesota's only public, land-grant university, is charged with the responsibility to pursue knowledge through research and discovery, share this knowledge through teaching and learning, and apply this knowledge through outreach and public service; and

WHEREAS, the University is a vital economic and talent engine for Minnesota and is uniquely equipped to serve the state during this time of technological disruptions, shifting demographics, and critical staffing shortages; and

WHEREAS, ongoing, strong financial support from the State of Minnesota is critical for maximizing the University's contributions and impact on Minnesota's workforce, economy, and communities statewide; and

WHEREAS, the University is committed to access and affordability for Minnesota students and families; and

WHEREAS, the University recognizes the many competing priorities for State of Minnesota general fund support; and

WHEREAS, the University's annual budget process is designed to align resources and costs, surface and act on the most pressing priorities to maintain excellence, and strive to improve efficiency; and

WHEREAS, the University's proposed biennial budget request for FY 2028–2029, *Elevate Minnesota's Future Workforce*, seeks initial funding for a phased approach to advance the University's strategic priorities, as identified in the Elevate Extraordinary 2030 University Strategic Plan, by aligning those strategic priorities with the needs of Minnesotans, Minnesota employers, and communities statewide.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the biennial budget request for FY 2028–2029, *Elevate Minnesota's Future Workforce*, for presentation to the State of Minnesota, including following:

- a general fund appropriation of $822,351,000 in fiscal year 2028 and $822,351,000 in fiscal year 2029, for a biennial total of $1,644,702,000 in the form of general operations and maintenance and state special appropriations;
- continuation of the fiscal year 2027 base funding levels for the Primary Care Education Initiatives totaling $2,157,000; and
- continuation of the Academic Health Center funding under Minnesota Statutes §297F.10 totaling $22,250,000.

President's Recommended FY 2028-29 Biennial Budget Request

Board of Regents | Finance & Operations Committee | October 8, 2026

Mike Volna, Interim Executive Vice President for Finance and Operations
Erin Sexton, Vice President for Government and Community Relations
Koryn Zewers, Vice President and Chief Budget Officer



UNIVERSITY OF MINNESOTA

Biennial Request & Annual Operating Budget

PART 1

The FY 2028-29 Biennial Request
Biennial Budget Development

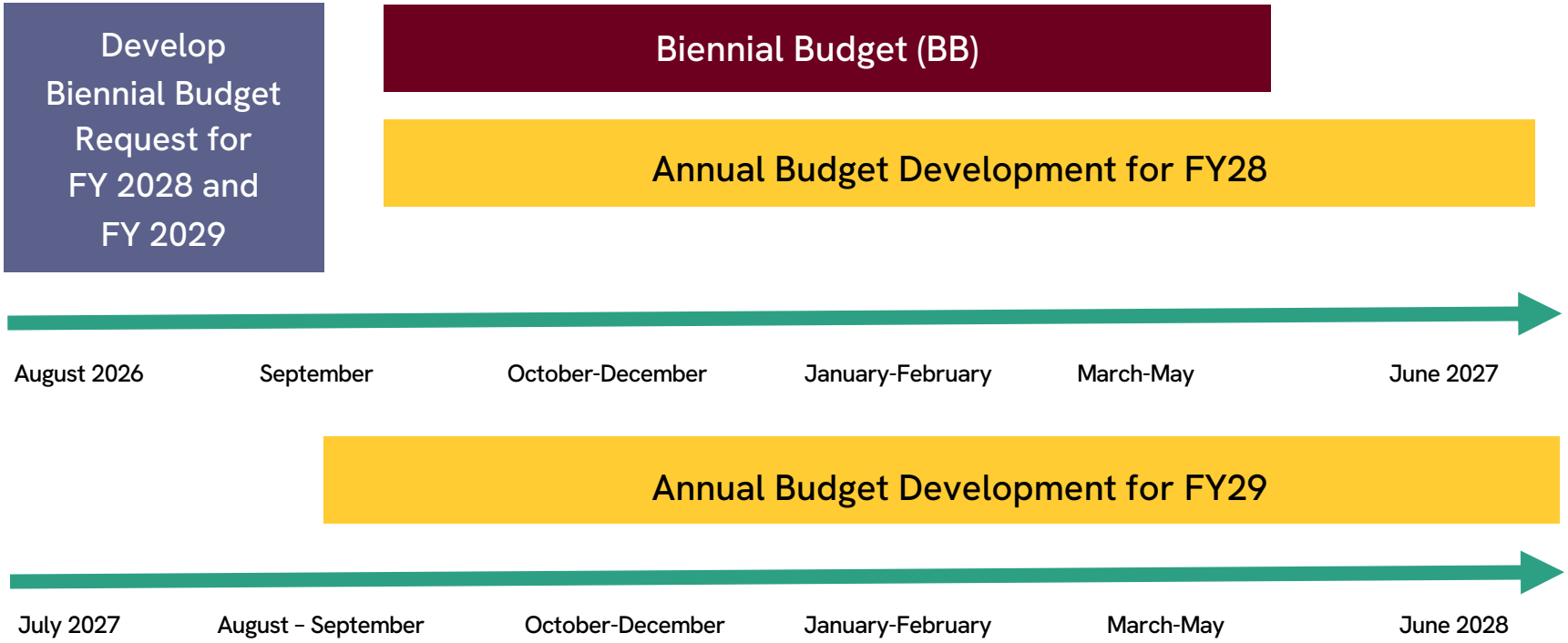
PART 2

Fiscal Year 2028 President's Recommended Operating Budget Plan

PART 3

Fiscal Year 2029 President's Recommended Operating Budget Plan

Timeline – Full Budget Development Cycle



Current State Appropriations

Set the base funding for the next biennium

	FY26	FY27
Operations and Maintenance	$644,018,000	$644,018,000
State Special Appropriations - *restricted*:		
a) Campus Management & Support	$ 2,455,000	$ 2,455,000
b) Medical Training & Care	$10,789,000	$10,789,000
c) Natural Resources Management & Education	$50,995,000	$50,995,000
d) Research & Innovation	$44,711,000	$29,449,000
e) Social Sciences	$ 1,802,000	$ 1,802,000
	$110,752,000	$95,490,000
Academic Health *(MS 297F.10) - restricted*	$22,250,000	$22,250,000

The University's Purchasing Power is Decreasing

Fiscal Year	State Appropriations	Inflation*	Purchasing Power
2024	$765.1 million	3.4%	
2025	Flat	3.6%	($26.0 million)
2026	($3.3 million)	3.5%	($31.9 million)
2027	Flat	3.5%	($31.3 million)

Purchasing Power



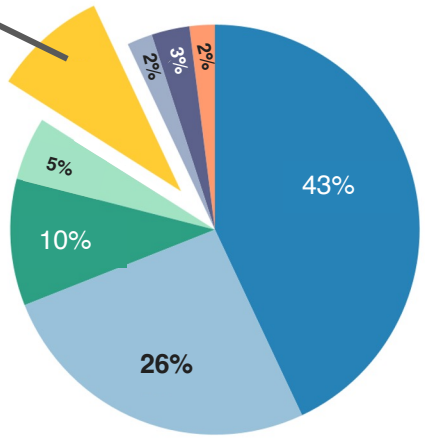
Total Loss
($89.2 million)

** Higher Education Price Index (HEPI) inflation rate*

The State of Minnesota's Priorities Have Shifted

General Fund Appropriations
FY2006-07 Biennium
(February 2006 Forecast)

Higher Education = 9%

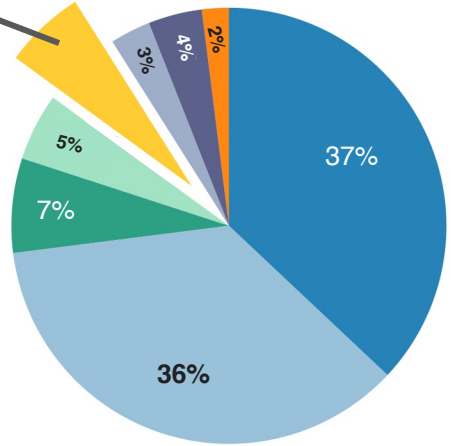


K-12 Education · Health & Human Services · Property Tax Aids · Public Safety & Judiciary · Higher Education · State Govt. & Veterans · Other · Debt

Source: MN Management & Budget
General Fund Balance Analysis
February 2006 Forecast

General Fund Appropriations
FY2026-27 Biennium
(February 2026 Forecast)

Higher Education = 6%



K-12 Education · Health & Human Services · Property Tax Aids · Public Safety & Judiciary · Higher Education · State Govt. & Veterans · Other · Debt

Source: MN Management & Budget
General Fund Balance Analysis
February 2026 Forecast

The University is Facing Financial Headwinds

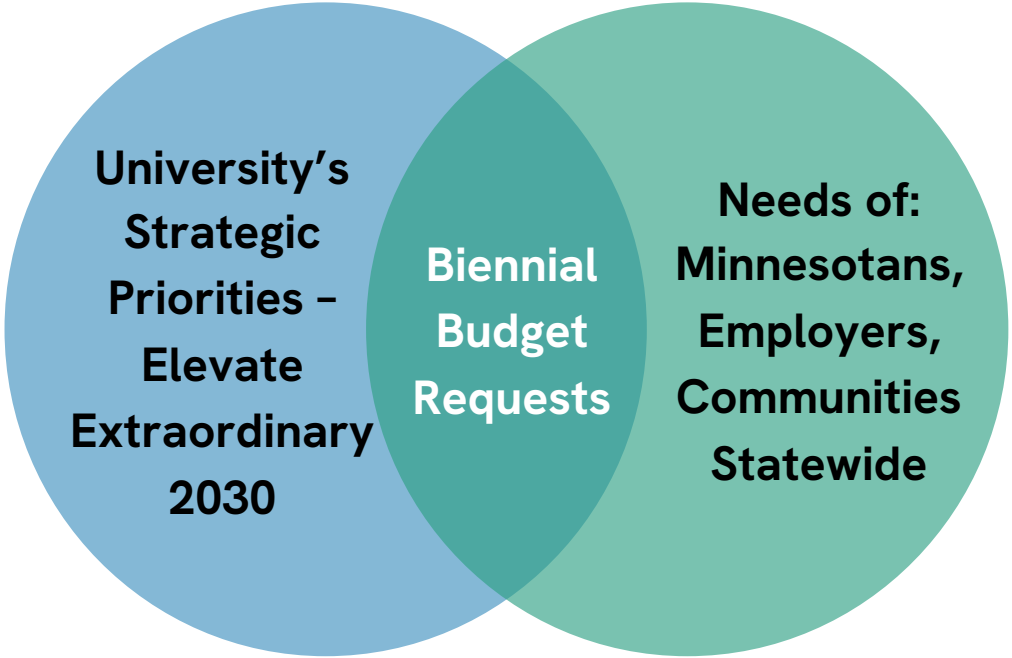
- Flat/reduced state support for two biennia
- Federal funding is less certain
- Constraints on tuition increases
- Demographic trends and uncertain graduate enrollment
- Continued reliance on cuts and one-time funds

Context For State/Federal Environment

- Minnesota is facing budget challenges and competing priorities
- Negative FY28-29 general fund balance projected - spending outpacing revenue
- State grant program is facing a deficit
- Federal regulatory and research funding uncertainty
- U.S. economic outlook is weaker; labor force is contracting

Biennial Request Strategy

Focuses on the intersection between…



Request Summary: $85 Millon Recurring

Elevate Minnesota's Workforce

1. Drive statewide AI talent and innovation - **$10 million**
2. Grow Minnesota's healthcare workforce - **$15 million**
3. Support statewide operational capacity - **$54 million**
4. Establish a career and workforce accelerator - **$3.5 million**
5. Expand market-responsive online learning - **$2.5 million**

Request 1: Statewide AI Talent and Innovation

Develop a statewide AI strategy - $10 million

- Partner with the private sector, state agencies, MN State, school districts and other entities for a lifelong learning approach to AI
- Upskill Minnesota's workforce
- Drive economic growth
- Implement policies and practices for responsible adoption of AI

Request 2: Healthcare Workforce Growth



Increase the number of graduates to fill workforce gaps - $15 million

- Collaborate with the Minnesota Department of Health to identify needs
- Expand the number of graduates from specific programs to meet these needs
- Add required faculty, staff and student support services and classroom improvements to meet new demand

Request 3: Statewide Operational Capacity

Begin to address the impact of inflation - $54 million

- Continue to invest in excellence
- Protect student and family budgets from rising costs
- Remain a statewide engine for Minnesota's economic future



Request 4: Career and Workforce Accelerator

Bridge industry signals and classroom innovation - $3.5 million

- Engage with Minnesota employers
- Translate labor data trends to inform curriculum design
- Target enrollment growth in emerging fields
- Focus on career preparation and experiential learning





Request 5: Market-Responsive Online Learning

Build personalized online learning opportunities - $2.5 million

- Upskill Minnesota's workforce statewide
- Tailor curriculum to current and emerging needs of employers
- Offer market-validated programs, microcredentials, and stackable pathways
- Maintain academic rigor, student connectedness, and timely completion rates
- Remove geographic limitations



UNIVERSITY
OF MINNESOTA

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **October 8, 2026**

AGENDA ITEM: President's Recommended 2026 Six-Year Capital Plan and 2027 State Capital Request

☐ **Review** ☐ **Review + Action** ☒ **Action** ☐ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Mike Volna, Interim Executive Vice President for Finance and Operations
Alice Roberts-Davis, Vice President for University Services
Erin Sexton, Vice President for Government and Community Relations

PURPOSE & KEY POINTS

The purpose of this item is to act on the President's recommended 2026 Six-Year Capital Plan and 2027 State Capital Request. No changes have been made since the Board reviewed this item at the September 2026 item-specific meeting.

The President's recommended 2026 Six-Year Capital Plan (Plan) includes major capital improvements planned for calendar years 2027 through 2032. The Plan includes projects to be funded with State of Minnesota (State) capital bonding as well as major projects funded by the University through a combination of debt, local unit resources, fundraising, and public/private partnerships.

2027 State Capital Request

The 2027 State Capital Request outlines specific priorities the University will make to the State for consideration during the 2027 legislative session. The submission focuses on three core initiatives:

- Rochester campus Academic Building: $150 million. This project will create a new academic building in downtown Rochester for the Rochester campus to accommodate rapid enrollment growth, expanding from 1,100 students in Fall 2025 toward a targeted 2,500. The state-of-the-art facility will feature high-tech active learning classrooms, an "academic house" for student-faculty collaboration, a central community gathering space, and dedicated facilities for the National Institute for Learning Innovation and Research. Designed to meet Minnesota B3 sustainability standards, full predesign for the project is scheduled for completion by Spring 2027.

- Dentistry Clinical Renovation: $150 million. This project will partially renovate Moos Tower on the Twin Cities campus to create modern clinical spaces to enhance teaching and patient care for the School of Dentistry. The renovation will improve clinical dental education through

upgraded pre-clinic and simulation labs and will integrate currently separated disciplines. Patient care will be transformed though a more welcoming environment in a contemporary, team-based clinic. The outcome will be a comprehensive approach to dental education in Minnesota that enhances patient outcomes. As Minnesota's only dental school, the School of Dentistry serves as a vital statewide workforce engine, training 73 percent of the state's practicing dentists, 68 percent of licensed dental therapists and nearly half of all dental hygiene educators working in Minnesota today.

- Higher Education Asset Preservation and Replacement (HEAPR): $50 million. This request emphasizes reinvestment in the University's existing infrastructure. The age and condition of University buildings affect the University's mission on a daily basis. The growing backlog of deferred renewal has widespread impacts on the student experience, academic programs, research initiatives, and general competitiveness. Asset preservation continues to be the smartest, most cost-effective way to protect and extend the useful life of investments made by the taxpayers through capital bonding, by students who pay tuition, and by donors who support the University's mission.

2026 Six-Year Capital Plan

The Six-Year Capital Plan organizes major project proposals (threshold >$5 million) into three distinct sections:

1. 2027 State Capital Request: High-priority initiatives targeted specifically for legislative bonding consideration during the upcoming 2027 session.
2. Projects in Development: Near-term strategic priorities with predesign complete or underway to validate scope, cost, and timelines. This phase establishes firm project parameters and evaluates optimal funding models, leveraging internal capital, donor support, or future state requests.
3. Projects Under Consideration: Early-stage unit proposals undergoing internal vetting for strategic alignment and financial viability before any decision is made to advance them into formal predesign.

Capital investment decisions are informed directly by the Elevate Extraordinary 2030 University Strategic Plan. By focusing on enduring institutional priorities—renewing core infrastructure, expanding high-demand programs, advancing research, and enhancing student-facing facilities—the Plan aligns systemwide capital assets to recruit talent, support academic excellence, and deliver tangible value for Minnesota.

To ensure proposed capital investments reflect institutional priorities within appropriate financial constraints, the Plan reflects a disciplined intake and evaluation process. Projects were evaluated directly against Elevate Extraordinary 2030 goals, local campus plans, and financial viability. This focused review streamlined the capital project pipeline by prioritizing projects with both urgent programmatic need and strong implementation readiness.

Physical stewardship and space optimization are also central to the plan strategy. The Plan prioritizes opportunities for space consolidation, building decommissioning, and prudent reduction of campus building footprints where feasible. By leveraging moves to enable geographic and building consolidations, and updating critical facilities, the University optimizes resources to

support mission-driven needs and limits new footprint expansion to high-priority, strategic growth areas.

BACKGROUND INFORMATION

Board of Regents Policy: *Board Operations and Agenda Guidelines* directs the administration to conduct capital planning using a six-year time horizon updated annually. This annual capital planning process is completed in two parts.

- Part 1 is the Six-Year Capital Plan, which is updated annually and establishes the institution's capital priorities. This plan is the basis for continued capital and financial planning. The Six-Year Capital Plan is presented to the Board annually in the fall.
- Part 2, which is acted on by the Board in June, is the Annual Capital Improvement Budget. The capital improvement budget identifies projects with completed predesigns, financing plans, and grants approval for those projects to proceed with design and construction for the coming fiscal year.

Developing the Six-Year Capital Plan

The Plan is shaped by University leadership under the direction of the President, and in close collaboration with the Executive Vice President and Provost, the Executive Vice President for Finance and Operations, the Executive Vice President for Health Affairs, the Vice President for University Services, the Vice President for Government and Community Relations, and key systemwide officers. This leadership group conducts a comprehensive evaluation of unit priorities, balancing programmatic urgency, space optimization, and financial capacity. This rigorous intake and vetting process results in a recommended plan for presidential endorsement and submission to the Board of Regents.

Capital Improvement Planning Stages

Stage 1 **Proposal**	**Stage 2** **Project Assessment**	**Stage 3** **Predesign**	**Stage 4** **Resource Acquisition**	**Stage 5** **Implementation**
Define the problem or opportunity ● Programmatic needs ● Facility conditions ● Financial resources assessment	Evaluate scope, scale, and alternatives ● Strategic positioning ● Academic priorities ● Financial capacity ● Space needs	Advance the optimal scenario ● Project scope ● Project budget ● Project schedule	Confirm source and availability of funds ● Financial impact ● Debt capacity	Deliver Project ● Schematic design and Guaranteed Maximum Price (GMP) approval by the Board.
Chancellors, vice presidents, and deans submit proposals	**Executive Leadership authorizes proposals for assessment**	**Executive Leadership authorizes projects to start predesign.**	**Predesign completion authorizes resource acquisition to begin**	**Board of Regents authorize projects >$5 million to commence**

Project Evaluation and Financial Parameters

Projects that demonstrate both a programmatic urgency and implementation readiness are advanced for further analysis in the six-year timeframe, either as candidates for future state requests or as projects in development intended to progress through the planning stages. Other factors considered before projects are placed in the Plan include:

- *Financial match and debt capacity*: Managing required internal funding matches against enterprise debt capacity, unit reserves, and philanthropic support. To complement traditional state bonding, internal funding frameworks such as the Capital Investment Initiative, along with alternative state-backed debt-service models, may be evaluated to advance high-priority growth and facility renewal projects.
- *Operating budget impact*: Assessing the proposing unit's ability to absorb incremental facility, programmatic, and debt-service costs.
- *Timing and project sequencing*: Managing dependencies to complete related capital project "dominoes" efficiently.
- *Program continuity*: Minimizing disruption to research and instructional functions during construction.
- *Health, safety, and compliance*: Addressing urgent physical conditions, regulatory requirements, and life safety needs.
- *Geographic distribution*: Balancing capital investments across all campuses and research centers statewide.

Project Cost Representation

Project costs in the Plan are presented as cost magnitudes or ranges that become more certain as projects advance from early conceptual estimates to formal predesign. Because long-term cost estimates remain subject to shifting market conditions, inflation, and development timelines, final project budgets and funding models are confirmed prior to inclusion in a state capital request or the Annual Capital Improvement Budget.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to the 2026 Six-Year Capital Plan and 2027 State Capital Request.

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

2026 Six-Year Capital Plan and 2027 State Capital Request

WHEREAS, the Board of Regents (Board) has directed the administration to annually submit a six-year capital plan and a capital improvement budget in support of the University of Minnesota's (University) strategic priorities; and

WHEREAS, the Board recognizes the importance of sustaining and improving the University's facilities in support of teaching, research, and outreach; and

WHEREAS, the administration has developed a capital planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is realistic.

NOW, THEREFORE, BE IT RESOLVED that the Board approves the University's 2026 Six-Year Capital Plan to create and maintain facilities that serve as tools for accomplishing the University's threefold mission of teaching, research, and outreach.

BE IT FURTHER RESOLVED that the Board approves the 2027 State Capital Request in the amount of $350,000,000 consisting of $250,000,000 from the State of Minnesota and $100,000,000 from the University.

University of Minnesota

2026 Six-Year Capital Plan (2027–2032)

dollars in thousands

University of Minnesota

2026 Six-Year Capital Plan (2027-2032)

State Capital Request

State Capital Request projects are shown below (unranked).

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates. Project costs and funding will be verified prior to consideration for the Annual Capital Budget.

2027 State Capital Request

Project	Campus	Unit	Project Description	State Funds	University Funds	Total Funds
UMR New Academic Building	Rochester	UMN Rochester	This project will construct academic facilities including classrooms, work and gathering spaces to support UMR's growth to 2,500 students.	$100,000	$50,000	**$150,000**
Dentistry Clinical Renovation	Twin Cities	School of Dentistry	This project will modernize patient care in renovated space in Moos Tower, and create new environments to accommodate evolving teaching/training methods and clinical learning spaces.	$100,000	$50,000	**$150,000**
Higher Education Asset Preservation and Replacement	Systemwide	Systemwide	This project will maximize the effectiveness and life of the University's 30 million square feet of facilities and infrastructure. The University allocates HEAPR funding system wide for health, safety and accessibility; building systems; utility infrastructure; and energy efficiency.	$50,000	$0	**$50,000**
			Total:	$250,000	$100,000	**$350,000**
			Running Total:	$250,000	$100,000	**$350,000**

dollars in thousands

University of Minnesota

2026 Six-Year Capital Plan (2027-2032)

Projects in Development

The Projects in Development list identifies potential projects which may proceed in the Six-Year Plan reporting period. Projects in development in future years are not prioritized. They are shown alphabetically by project name.

Projects must complete predesign, obtain necessary funds, and receive approval in the Annual Capital Budget to proceed with design and construction.

2027–2032 Projects in Development

Project	Campus	Unit	Project Description	Project Phase	Cost Magnitude
10 Church Street Renovation	Twin Cities	Academic Affairs & Provost, Executive VP	This project will renovate 10 Church Street to create modernized learning environments, high-impact student-facing spaces, and a welcome center for prospective students.	Predesign	>$50,000
CCRB Research Equipment Modifications	Twin Cities	Research	This project will upgrade essential research support equipment in the Cancer Cardiovascular Research Building (CCRB).	Predesign	$5,000-$10,000
Coffman Memorial Union Renovation Design	Twin Cities	Student Affairs	This project will renovate multiple areas within the Coffman Memorial Union, focusing on student gathering spaces and activity areas, and dining and food service improvements.	Predesign	$10,000-$25,000
Diehl Hall Repurposing	Twin Cities	Academic Affairs & Provost, Executive VP	This project will evaluate Diehl Hall's future use as a potential location for School of Public Health consolidation.	Predesign	>$50,000
Food Science and Nutrition Program Investments	Twin Cities	College of Food, Agricultural & Natural Resource Sciences	This project will build on approved infrastructure updates to modernize academic labs, expand pilot plant functionality, and create updated, welcoming spaces for students and campus visitors.	Predesign	$5,000-$10,000
St Paul Campus - Active Learning Classrooms	Twin Cities	Academic Affairs & Provost, Executive VP	This project will expand active learning classroom locations on the Twin Cities Campus in St Paul.	Predesign	$5,000-$10,000
St Paul Campus - Student Housing	Twin Cities	University Services	This project will make investments in student residential housing on the Twin Cities Campus in St Paul.	Predesign	>$50,000
St Paul Campus - Student Housing Site Preparation	Twin Cities	University Services	This project will clear and prepare the footprint for future student housing, leading to the full removal of existing legacy facilities.	Assessment	TBD
UMD Large Lakes Observatory	Duluth	UMN Duluth	This project will develop a new research lab on the Duluth campus and establish a research and outreach facility at the Duluth harbor.	Predesign	>$50,000

dollars in thousands

University of Minnesota

2026 Six-Year Capital Plan (2027-2032)

Under Consideration List

Proposals included on the Under Consideration list have been identified as priorities by the responsible unit and are recommended to complete further assessment to support decision making. Under Consideration projects are not prioritized. They are shown alphabetically by project name.

2027–2032 Under Consideration List

Project	Campus	Unit	Project Description	Project Phase	Cost Magnitude
Academic Health Project, Duluth	Systemwide	Health Sciences Administration	This project will design a new multi-disciplinary health sciences facility in the Duluth Medical District, with clinical, research, and teaching spaces to support Greater Minnesota workforce needs and serve rural and tribal communities with a focus on health equity.	Assessment	>$50,000
Avian Isolation Facility	Twin Cities	College of Veterinary Medicine	This project will construct a new avian research facility for the Gabbert Raptor Center.	Assessment	$5,000-$10,000
Cereal Disease Lab Replacement	Twin Cities	College of Food, Agricultural & Natural Resource Sciences	This project will be developed by the U.S. Department of Agriculture to support research on plant health. The new facility will be located on the Twin Cities Campus in St Paul.	Predesign	>$50,000
Energy Efficiency Improvements	Twin Cities	University Services	This project will implement major mechanical system retrofits in select buildings to reduce energy consumption and demand.	Assessment	$10,000-$25,000
Equine BioSafety Pavilion	Twin Cities	College of Veterinary Medicine	This project will consolidate large animal care and related clinical teaching into a single facility on the Twin Cities Campus in St Paul.	Assessment	$25,000-$50,000
MCPF - First Floor Improvements	Twin Cities	Research	This project will provide improvements to first floor space of the Microbial Cell Production Facility.	Proposal	TBD
NRRI Coleraine - New Research Building	Duluth	UMN Duluth	This project will create an industrial decarbonization processing and demonstration facility at the Natural Resources Research Institute (NRRI) in Coleraine.	Assessment	$10,000-$25,000
Peik Hall Decommissioning	Twin Cities	University Services	This project will demolish Peik Hall following renovation of Eddy Hall, 10 Church Street, and relocation of existing programs.	Assessment	$5,000-$10,000
St Paul Campus - Biosafety Facility Upgrades	Twin Cities	Multiple RRCs	This project will expand and modernize biosafety infrastructure across St Paul research facilities, upgrading BSL-2/BSL-3 capacities.	Proposal	TBD

dollars in thousands

University of Minnesota

2026 Six-Year Capital Plan (2027-2032)

2027–2032 Under Consideration List

Project	Campus	Unit	Project Description	Project Phase	Cost Magnitude
St Paul Campus - Cluster Lab Modernization	Twin Cities	College of Veterinary Medicine	This project will retrofit legacy laboratory spaces across St Paul facilities into modern, collaborative cluster lab neighborhoods to support interdisciplinary research in shared, flexible environments while upgrading aging building infrastructure.	Proposal	TBD
St Paul Campus - Research Facility and Equipment Upgrades	Twin Cities	Multiple RRCs	This project will upgrade essential research support facilities and equipment across St. Paul, including environment-controlled rooms, plant growth chambers, specialized research isolators, and a multi-college Genomics Accelerator.	Proposal	TBD
WCROC Dairy Barn Replacement and Feed Mill Renewal	ROCs & Stations	College of Food, Agricultural & Natural Resource Sciences	This project will replace dairy research facilities and upgrade the feed mill at the West Central Research and Outreach Center (WCROC).	Assessment	$25,000-$50,000

dollars in thousands

President's Recommended 2026 Six-Year Capital Plan and 2027 State Capital Request

Board of Regents | Finance & Operations | October 8, 2026

Mike Volna
Interim Executive Vice President Finance & Operations

Alice Roberts-Davis
Vice President University Services

Erin Sexton
Vice President Government and Community Relations

Capital Planning Framework: 2027 State Request & Six-Year Plan

Distinguishing the Action-Ready 2027 State Request from the Rolling 2027–2032 Plan

ITEM 1: FORMAL STATE REQUEST

2027 State Capital Request

Action-Ready Priorities ($350M Total Scope)

- **Formal State Request:** Outlines specific capital requests for the upcoming 2027 State Legislative Session ($250M State Request / $100M UMN Match).
- **Vetted Capital Priorities:** Includes UMR Academic Building ($150M), Dentistry Clinical Renovation ($150M), and HEAPR ($50M).
- **Funding Commitments:** Establishes state funding requests and required University matching commitments.

ITEM 2: LONG-RANGE PLANNING

Six-Year Capital Plan (2027–2032)

Rolling Strategic Roadmap (Subject to Annual Revision)

- **Policy-Mandated Planning Tool:** Establishes a 6-year directional vision across all campuses per Board policy.
- **Flexible & Preliminary:** Future years (2028–2032) are unranked, preliminary, and continuously re-evaluated.
- **Stage-Gate Pipeline:** Organizes projects through active predesign (Development) and conceptual testing (Under Consideration).

Capital Budget Governance Cycle

CURRENT FOCUS

1. Strategy & Forecasting

FALL CYCLE

Sets long-range campus priorities and frames the 2027 State Request for Board review in September and action in October.

2. Legislative Session

WINTER CYCLE

Advances the State Request through the legislature while vetting University-funded priorities ahead of Spring Board approval.

3. Approval & Execution

SPRING CYCLE

Annual Capital Budget grants formal authorization for individual projects to complete design and begin construction.

Key Governance Distinction: Inclusion in the Six-Year Capital Plan establishes planning and design authorization only. Formal spending and construction authorization occur through the Annual Capital Improvement Budget.

SECTION I

2027 State Capital Request

Immediate, high-impact legislative priorities for the 2027 session—balancing health workforce expansion, specialized clinical modernization, and core infrastructure preservation.

2027 State Capital Request ($350M Total)

The 2027 State Capital Request focuses resources on three urgent, high-readiness institutional priorities:

Project Priority	Campus	State Request	University Match	Total Project Cost
UMR New Academic Building	Rochester	$100,000,000	$50,000,000	**$150,000,000**
Dentistry Clinical Renovation	Twin Cities	$100,000,000	$50,000,000	**$150,000,000**
Higher Education Asset Preservation (HEAPR)	Systemwide	$50,000,000	$0	**$50,000,000**
TOTAL 2027 REQUEST		**$250,000,000**	**$100,000,000**	**$350,000,000**

Strategic Note

2027 is an off-cycle bonding year. We are also exploring creative state partnerships and alternative financing options to advance these critical investments.

Institutional Match Commitment

The $100M University commitment leverages internal capital resources, philanthropy, and external partnerships to maximize state investment.

2027 Request: UMR New Academic Building ($150M)

ROCHESTER CAMPUS

- **Scales Enrollment Capacity:** Expands physical capacity to grow UMR enrollment from 1,100 students (Fall 2025) toward a target of 2,500.
- **Downtown Rochester Anchor:** Establishes a permanent, state-of-the-art physical academic hub integrated with world-class healthcare partners.
- **Modern Pedagogy & Research:** Features active learning classrooms, specialized labs, an 'Academic House', and the National Institute for Learning Innovation.
- **High-Performance Sustainability:** Designed to meet Minnesota B3 sustainability standards; predesign completes Spring 2027.

$100M
STATE REQUEST

$50M
UNIVERSITY MATCH



2027 Request: Dentistry Clinical Renovation ($150M)

TWIN CITIES CAMPUS

- **Statewide Health Workforce Engine:** Modernizes facilities for Minnesota's sole dental school, training 73% of practicing dentists in the state.
- **Addresses Obsolete Infrastructure:** Replaces 50-year-old clinical space in Moos Tower to enable modern, team-based patient care.
- **Big Ten Competitiveness:** Elevates simulation labs and clinical environments to match Big Ten peer institutions.
- **Integrated Care Experience:** Unifies separated dental specialties into a contemporary, welcoming environment for over 90,000 annual patient visits.

$100M
STATE REQUEST

$50M
UNIVERSITY MATCH





2027 Request: HEAPR Reinvestment ($50M)

SYSTEMWIDE INFRASTRUCTURE

- **Foundational State Partnership:** HEAPR remains our primary source of facility renewal and the anchor of our state capital request since the 1990s.
- **Critical Backlog Targeting:** Directs $50M to urgent health, safety, building envelope, and mechanical system replacements across 30M sq. ft.
- **Bridges Timing & Appropriations Gaps:** Internal capital (Capital Investment Initiative) works alongside HEAPR to deliver complete, unphased projects faster and avoid cost inflation.
- **Reinforces Footprint Reduction:** Paired with strategic decommissioning of obsolete space to make overall capital needs manageable.

$50M
STATE REQUEST



SECTION II

Six-Year Capital Plan (2027–2032)

A rolling, flexible multi-year vision for systemwide facilities—identifying future state bonding horizons, active predesign priorities, and long-range conceptual pipeline projects.

Multi-Year Capital Planning Strategy

A dynamic framework for evaluating, maturing, and elevating long-range institutional priorities:

RESPONSIVENESS

Strategic Responsiveness

Dynamic Pipeline Management: Establishes a flexible, rolling horizon to continuously assess long-range institutional needs alongside evolving academic priorities.

State Economic & Legislative Realities: Adapts project timing and request sizing to match broader state budget cycles, legislative bonding caps, and economic conditions.

READINESS

Rigorous Predesign & Vetting

Thorough Scope & Cost Validation: Enforces mandatory technical predesign, programmatic feasibility studies, and order-of-magnitude cost estimates prior to elevation.

Institutional Plan Alignment: Ensures every candidate project directly supports the goals of *Elevate Extraordinary 2030* and systemwide campus plans.

CAPACITY

Fiscal & Capital Alignment

Diversified Funding Pathways: Evaluates internal resources, University debt capacity, philanthropy, and public-private partnerships alongside potential state requests.

Balanced Capital Scheduling: Sequences project progression across planning cycles to maintain institutional financial stability and optimize resource allocation.

KEY TAKEAWAY: Provides a disciplined planning roadmap that ensures capital requests are fully vetted, financially viable, and aligned with institutional priorities before seeking state funding or advancing to the Annual Capital Budget.

Projects in Development

Committed Predesign Investments: Validating scope, cost certainty, and funding pathways.

St. Paul Campus — REVITALIZATION

Active Learning Classrooms — $5M–$10M

Expand high-engagement, modern learning environments across key St. Paul academic facilities.

Student Housing Renewal — >$50M

Major capital replacement and modern residential living spaces to bolster recruitment and retention.

Food Science & Nutrition — $5M–$10M

Modernize academic laboratories, expand pilot plant functionality, and update student-facing spaces.

Space Optimization — TWIN CITIES

Church Street Renovation — $75M Total

Comprehensive adaptive reuse of 10 Church St for modern learning spaces and a new Welcome Center.

Diehl Hall Repurposing — $150M Total

Evaluate programmatic consolidation of School of Public Health into repurposed clinical core.

Coffman Union Renovation — $10M–$25M

Renovate core student gathering, organizational activity, dining, and central food service spaces.

Research & System — INFRASTRUCTURE

Large Lakes Observatory — $120M Total

New research lab on UMD campus plus harbor-based research vessel and community outreach facility.

CCRB Equipment Upgrades — $5M–$10M

Upgrade essential research support equipment in Cancer Cardiovascular Research Building.

Predesign Validation Gate

Rigorous technical scoping, program vetting, and non-state match verification are mandatory prior to elevation into legislative requests.

KEY TAKEAWAY: Projects in Development establish firm scope, budget certainty, and funding strategy—whether supported through internal University resources or future state capital requests.

Projects Under Consideration

Long-Range Conceptual Pipeline: Early-stage initiatives undergoing exploratory feasibility and academic mission testing. *(Unranked; No cost figures assigned)*

St. Paul & Agriculture — REVITALIZATION

Avian Isolation Facility
Gabbert Raptor Center specialized biological containment

Cereal Disease Lab Replacement
USDA collaborative agricultural research partnership

Equine BioSafety Pavilion
College of Veterinary Medicine clinical & surgical core

Research Infrastructure & Lab Renewal
Cluster labs, BSL-2/3 biosafety & genomics plant growth equipment

Greater Minnesota — SYSTEM CAMPUSES

Academic Health Project, Duluth
Medical education & clinical facility in Duluth Medical District

NRRI Coleraine Research Building
Mineral innovation, metallurgy & industrial decarbonization

WCROC Dairy Barn & Feed Mill
West Central ROC agricultural research & dairy modernization (Morris)

Statewide Outreach Impact

Directly advances rural healthcare delivery, natural resource innovation, and ag production across Greater Minnesota.

Asset Renewal & Energy — STEWARDSHIP

Peik Hall Decommissioning
Strategic demolition and footprint reduction following programmatic relocations

Energy Efficiency Improvements
Campus-wide mechanical retrofits, envelope renewals & HVAC decarbonization

Conceptual Stage Maturation

Projects remain unranked and preliminary. As programmatic scoping, site feasibility, and external match commitments mature, candidate projects are considered for elevation to active predesign.

KEY TAKEAWAY: Provides early visibility into emerging needs while programmatic scopes, philanthropy, and state match viability remain fluid.

Outcomes

Student Experience & Talent Pipeline

Enhances student life across all campuses while training practice-ready graduates to meet critical Minnesota workforce needs.

Statewide Research & Economic Impact

Drives innovation, regional industry growth, and discovery through modern research infrastructure.

Proactive Stewardship & Cost Avoidance

Extends facility lifespans, preserves historic architecture, and prevents escalating future renewal costs.

Sustainability & Energy Efficiency

Lowers long-term utility demand, carbon footprint, and operational expenses through modernized systems.

Discussion

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **October 8, 2026**

AGENDA ITEM: Transfer of Cloquet Forestry Center Land

[X] **Review**	[ ] **Review + Action**	[ ] **Action**	[ ] **Discussion**

[ ] *This is a report required by Board policy.*

PRESENTER: Alice Roberts-Davis, Vice President, University Services
Bruce Savage, Chairman, Fond du Lac Band of Lake Superior Chippewa
Linda Nagel, Interim Dean, College of Food, Agricultural and Natural Resource Sciences

PURPOSE & KEY POINTS

The purpose of this item is to review the real estate and contractual actions required to return the Cloquet Forestry Center (CFC) to the Fond du Lac Band of Lake Superior Chippewa (Fond du Lac Band). The CFC lies entirely within Nagaajiwanaang, the ancestral homelands reserved by the Fond du Lac Band under the Treaty of 1854.

This action responds to decades of Tribal requests, fulfills the 2020 Minnesota Indian Affairs Council resolution, and implements the recommendations of the Towards Recognition and University-Tribal Healing (TRUTH) Project.

The resolution authorizes the administration to execute three primary actions:

1. *State Land Transfer to the University*: Accept the conveyance of approximately 407.12 acres of state-owned land within the CFC boundary from the State of Minnesota (State) to the University at no cost via quitclaim deed.
2. *Land Transfer to the Fond du Lac Band*: Transfer approximately 3,391.25 acres of land and all improvements within the CFC from the University to the Fond du Lac Band at no cost via quitclaim deed.
3. *Facilities Occupancy and Use Agreement*: Execute a long-term agreement with the Fond du Lac Band allowing the University to continue its education, research, and outreach activities at the CFC site.

Key Transaction and Operational Details

- *Debt Defeasance and Legislative Approval*: During the 2026 Legislative Session, the State authorized the land transfer and appropriated $1.3 million to prepay and defease all outstanding state general obligation bonds tied to the CFC. This removes all legal state bond restrictions from the property.

- *Occupancy Terms*: The Facilities Occupancy and Use Agreement carries an initial term of 30 years. The Fond du Lac Band will charge no base rent. The University will remain responsible for its direct operating, maintenance, and utility expenses. Capital repairs and improvements will be mutually agreed upon and shared appropriately.
- *Research Alignment*: The agreement incorporates research protocols aligned with the University Guidelines for Indigenous Research, centering Fond du Lac knowledge systems and incorporating review by Fond du Lac Resource Management.

BACKGROUND INFORMATION

The CFC has served as an experimental forest for the University for more than a century. In 2020, the Minnesota Indian Affairs Council formally resolved that CFC lands should be returned to the Fond du Lac Band.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to the transfer of the Cloquet Forestry Center to the Fond du Lac Band of Lake Superior Chippewa.

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Transfer of the Cloquet Forestry Center to the Fond du Lac Band of Lake Superior Chippewa

WHEREAS, the University of Minnesota (University) acknowledges that the land comprising the Cloquet Forestry Center lies entirely within Nagaajiwanaang, the ancestral homelands of the Fond du Lac Band of Lake Superior Chippewa (Fond du Lac Band), which were set apart and reserved under the Treaty of 1854; and

WHEREAS, as a land-grant institution, the University acknowledges its historical origins and is committed to addressing past injustices, advancing institutional healing, and implementing recommendations from the Towards Recognition and University-Tribal Healing (TRUTH) Project; and

WHEREAS, the University recognizes the legal sovereignty of the 11 Tribal Nations in Minnesota and maintains a commitment to regular government-to-government consultation to build authentic, respectful partnerships; and

WHEREAS, Tribal leaders of the Fond du Lac Band have maintained a consistent request over several decades for the return of these treaty-reserved lands; and

WHEREAS, the Minnesota Indian Affairs Council passed Resolution 06262020_03 in 2020, formally calling for the return of the lands used by the Cloquet Forestry Center to the Fond du Lac Band; and

WHEREAS, through formal consultation with Tribal Nations, returning the Cloquet Forestry Center was identified as a primary institutional action to repair Tribal relations and honor treaty rights; and

WHEREAS, the State of Minnesota (State) enacted legislation in 2026 that authorized the conveyance of State-owned land within the Cloquet Forestry Center to the University and funded the defeasance of outstanding state general obligation bonds, eliminating the legal and financial obstacles to the land return; and

WHEREAS, the University and the Fond du Lac Band have established a long-term framework for shared stewardship through the proposed Facilities Occupancy and Use Agreement, ensuring the continuation of vital education, research, and outreach while centering Indigenous knowledge systems and respecting Tribal sovereignty.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents (Board) authorizes and directs the President or delegate to execute all documents necessary to effectuate the three actions associated with the transfer of the Cloquet Forestry Center from the University to the Fond du Lac Band of Lake Superior Chippewa in recognition that the lands were originally a part of its promised treaty-based territory as follows:

1. transfer of the approximately 407.12 acres of land within the Cloquet Forestry Center that are still titled in the name of the State of Minnesota from the State to the University;

2. transfer of the approximately 3,391.25 acres of land and all improvements within the Cloquet Forestry Center from the University to the Fond du Lac Band; and

3. execution of the Facilities Occupancy and Use Agreement between the Fond du Lac Band and the University for the purposes of University's ongoing education, research, and outreach at the Cloquet Forestry Center.

BE IT FURTHER RESOLVED that the Board expresses appreciation to the State of Minnesota for enacting enabling legislation to support this transfer both through the conveyance of the remaining State-owned land at the Cloquet Forestry Center and the defeasance of the outstanding general obligation bonds used for improvements and betterments of the property.

REAL ESTATE ACTIONS ASSOCIATED WITH THE TRANSFER OF THE CLOQUET FORESTRY CENTER TO THE FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA
(CARLTON COUNTY)

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to execute the appropriate documents providing for the following three actions associated with the transfer of the Cloquet Forestry Center (CFC) from the Regents of the University of Minnesota (University) to the Fond du Lac Band of Lake Superior Chippewa (Fond du Lac Band) in recognition that the lands were originally a part of the Fond du Lac Band's promised treaty-based territory:

1) Transfer of the approximately 407.12 acres of land within the CFC that are still titled in the name of the State of Minnesota (State) from the State to the University.

2) Transfer of the approximately 3,391.25 acres of land and all improvements within the CFC from the University to the Fond du Lac Band.

3) Execution of the Facilities Occupancy and Use Agreement between the Fond du Lac Band and the University for the purposes of University's ongoing education, research, and outreach at the Cloquet Forestry Center.

2. Description of the Property

The CFC, one of the University's ten Research and Outreach Centers in the state, is located at 175 University Road, Cloquet, Minnesota and lies entirely within the boundaries of Nagaajiwanaang (Fond du Lac Band of Lake Superior Chippewa ancestral lands) that were reserved ("set apart and withheld") in the 1854 Treaty but subsequently broken apart for non-Indigenous ownership following the Nelson Act of 1889. The CFC has been the primary research and educational forest for the University for more than a century, starting when over 2,660 acres were acquired by the State in 1909 and 1910.

The State of Minnesota has title to approximately 407.12 acres of land within the CFC. These State-owned parcels were authorized to be conveyed to the University as part of 2026 legislation. A high level legal description of these State-owned parcels is:

Parts of Sections 29, 30, 31, 32, Township 49 North, Range 17 West; Part of Section 36, Township 49 North, Range 18 West. Carlton County

Following the State's transfer of land to the University, the University will transfer the entirety of the 3,391.25 acres of land and all improvements within the CFC to the Fond du Lac Band. These improvements include buildings and structures, as well as infrastructure. A high level legal description of the CFC is:

Part of Section 6, Township 48 North, Range 17 West; Parts of Sections 28 and 33, and all of Sections 29, 30, 31, and 32, Township 49 North, Range 17 West; All of Section 36, Township 49 North, Range 18 West. Carlton County

3. Background / Basis for Request

The CFC is an experimental forest and has been used as a site for researchers, students, natural resource managers, and members of the public to understand the complex systems of forest management, ecosystem resilience, and sustainable management of forest and natural resource-based systems.

In addition to the original land acquired by the State in 1909-1910, the University continued to acquire land to grow the CFC until 2003. After state legislation in 2002, a portion of the original CFC property that was acquired by the State was formally conveyed by quit claim deed from the State to the University. However, over 400 acres of the CFC are still owned by the State of Minnesota. Additionally, because state bond proceeds have been invested in the CFC property, the State recorded a restriction against the property along with the quit claim deed to the University in 2002, preventing the University from selling or disposing of it without the prior approval of the Commissioner of Minnesota Management and Budget.

During the 2026 Legislative Session, the State approved the conveyance at no cost of all state-owned land within the boundaries of the CFC to the University. In addition, the legislation appropriated $1,300,000 in fiscal year 2027 from the general fund to the Commissioner of Management and Budget to prepay and defease outstanding state general obligation bonds used for improvements and betterments at the CFC, and other associated financing costs, to facilitate the University's goal of returning this land to the Fond du Lac Band. Upon the prepayment and defeasance of all associated debt on the real property and improvements, the real property and improvements shall no longer constitute state bond financed property under Minnesota Statute.

4. Details of Transactions

A. Transfer of the approximately 407.12 acres of land within the CFC that are still titled in the name of the State of Minnesota (State) from the State to the University:

Per the 2026 authorizing legislation, the Commissioner of Administration will convey at no cost all state-owned land within the boundaries of the CFC to the University. The land will be conveyed via quit claim deed, subject to the laws of the State of Minnesota.

B. Transfer of the approximately 3,391.25 acres of land and all improvements within the CFC from the University to the Fond du Lac Band:

Following the conveyance of the state-owned land to the University and the defeasance of the outstanding state general obligation bonds, the University will convey the entirety of the CFC within the boundaries of the Fond du Lac Reservation to the Fond du Lac Band at no cost. The conveyance of the CFC property via quit claim deed will include all improvements to the property (buildings and infrastructure), and will be subject to existing license agreements, lease agreements, and easements. The University does not intend to exclude mineral rights from the conveyance, but recognizes that certain mineral rights may have been retained by the State.

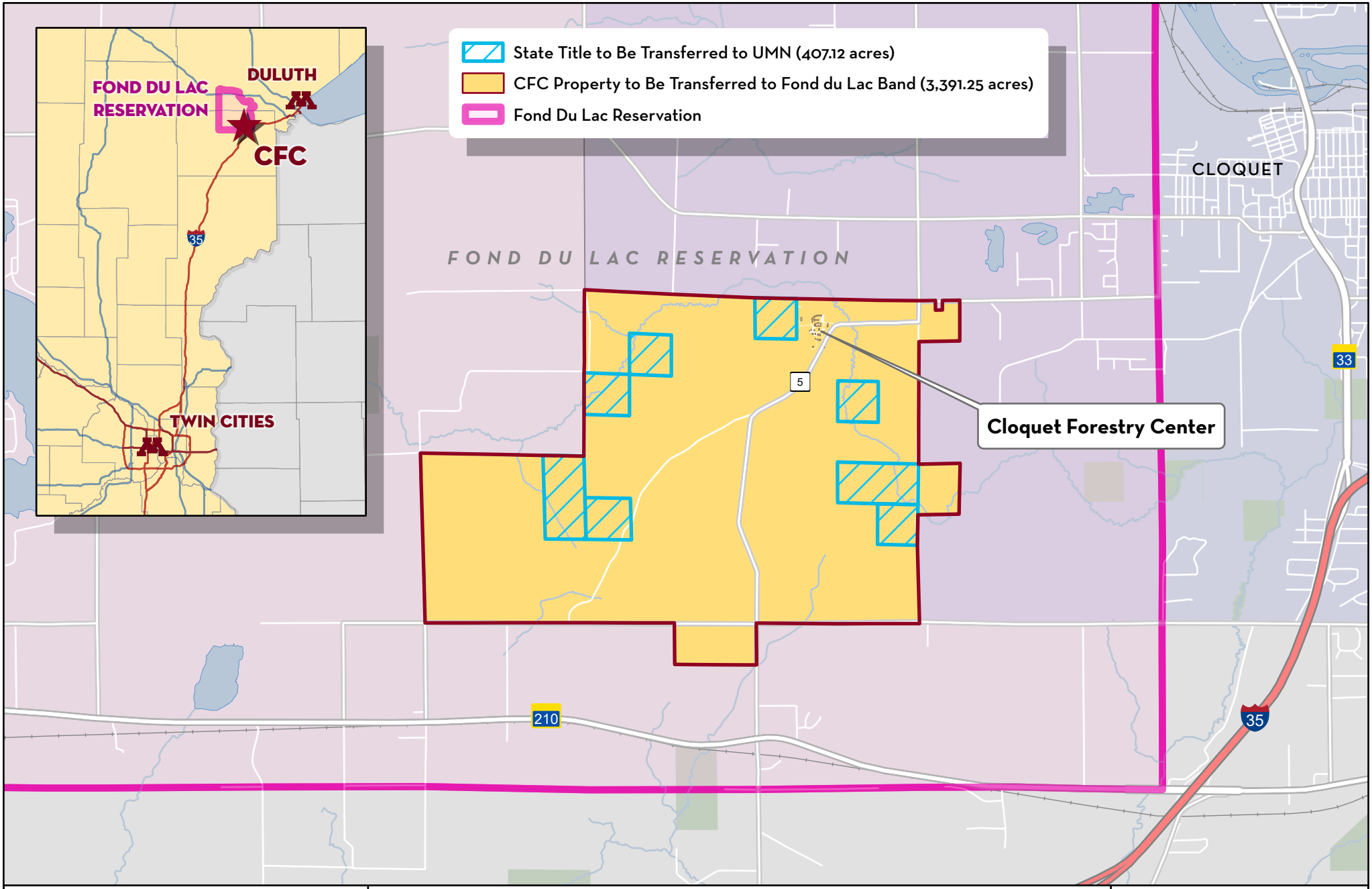
C. Execution of the Facilities Occupancy and Use Agreement between the Fond du Lac Band and the University:

At the close of the transfer of the CFC property from the University to the Fond du Lac Band, the Fond du Lac Band and the University will execute a Facilities Occupancy and Use Agreement, allowing the University the use of the CFC for education, research, and outreach purposes and such uses as are incidental or related thereto. The initial term of the agreement is thirty (30) years. After the Initial Term, the Agreement shall automatically be extended for additional one (1)-year terms thereafter unless or until either the Fond du Lac Band or the University gives no less than ten (10) years' advance written notice to the other of its desire to terminate the Agreement. By way of example, if neither party gives notice to terminate by the end of the 20th year of the Initial Term, the term shall be extended until the thirty-first (31st) year anniversary of the Effective Date; and if neither party gives notice to terminate by the end of the 21st year of the Initial Term, the term shall be extended until the thirty-second (32nd) year anniversary of the Effective Date; and so forth.

The Fond du Lac Band will not charge base rent for the use of the CFC. The University will be responsible for contracting at its own cost directly with local utilities/service providers for electricity, natural gas, and trash service.

The University will be responsible for the operations, maintenance, and repair of the facilities, but will not have any obligation to complete any repairs or replacements of a capital nature. The Fond du Lac Band will be responsible for completing alterations, additions or improvements reasonably requested by the University and agreed to by the Fond du Lac Band. The University and the Fond du Lac Band will meet regularly to discuss the need for any such capital repairs or replacements and to agree upon an equitable way to share such expenses in light of the remaining term, availability of funding, and other relevant factors.

The Agreement also includes research protocols previously agreed to by both the University and the Fond du Lac Band in 2024. These protocols seek to work within the framework of the University Guidelines for Indigenous Research. The goal for stewardship and research inquiry projects at the CFC will be to center Fond du Lac knowledge systems and practices. The protocols explicitly incorporate procedures of review by Fond du Lac Band Resource Management.



PLANNING, SPACE, AND REAL ESTATE

UNIVERSITY OF MINNESOTA

Transfer of Cloquet Forestry Center to the Fond du Lac Band of Lake Superior Chippewa Carlton County

This map is intended to be used for planning purposes only and should not be relied upon where a survey is required.

Base Data: Real Estate Office, University Services GIS, MnDOT, MnDNR, MnGeo

9/8/2026

Real Estate Actions Associated with the Transfer of the Cloquet Forestry Center to the Fond du Lac Band of Lake Superior Chippewa

Board of Regents | Finance and Operations Committee | October 8, 2026

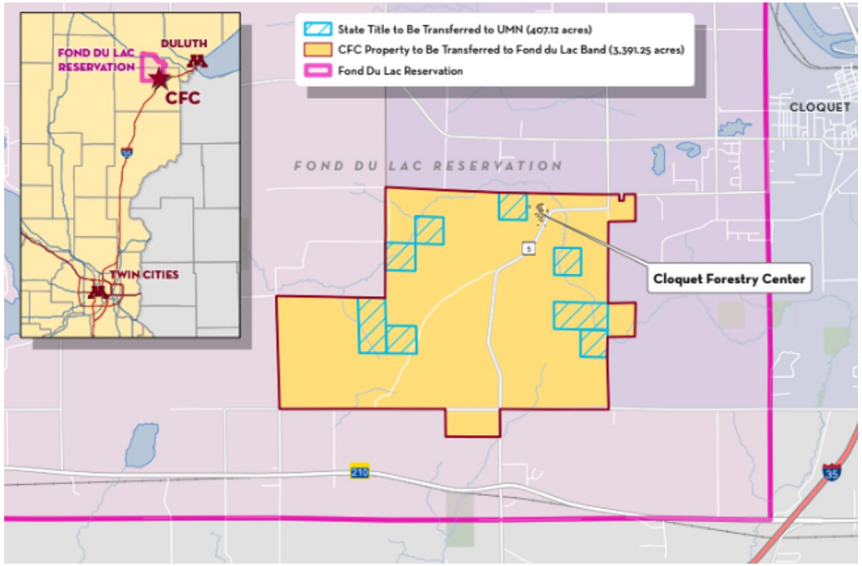
Chairman
Bruce Savage
Fond du Lac Band of
Lake Superior Chippewa

Linda Nagel
Interim Dean
College of Food, Agricultural
and Natural Resource Sciences

Alice Roberts-Davis
Vice President
University Services

Context and Purpose: Cloquet Forestry Center Transfer

- Approximately 3,391 acres of land located in Carlton County
- CFC is the only University property located within a reservation
- Fulfills 2026 state legislation and honors treaty-reserved land rights
- Restores Tribal land ownership while securing a 30-year agreement for uninterrupted UMN research, education, and outreach



A Foundation of Sovereignty and Healing



Preserving Academic Mission and Research Impact

- University research, teaching, and extension programming continue
- Maintains ongoing projects in silviculture, climate resilience, forest fire ecology, and wildlife habitat
- Incorporates research and use protocols that center Fond du Lac knowledge systems alongside University science



Three Board Real Estate Actions Required

Transfer of Land from State to UMN

- Authorized as part of the 2026 Legislation
- All state-owned land within the CFC transferred to the University
- Approximately 407 acres

Transfer of Land from UMN to FDL

- Following State transfer of 407 acres to University and bond defeasance
- Entire CFC transferred to the Fond du Lac Band
- Approximately 3,391 acres
- Includes all improvements

Facilities Occupancy and Use Agreement

- Allows University use of the CFC for education, research, and outreach
- 30 year initial term
- Automatic 1-year renewals with 10-year advance termination notice
- No base rent; University to pay operating and maintenance costs
- Research protocols included



UNIVERSITY
OF MINNESOTA

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **October 8, 2026**

AGENDA ITEM: Consent Report

☐ **Review** ☒ **Review + Action** ☐ **Action** ☐ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Mike Volna, Interim Executive Vice President for Finance and Operations

PURPOSE & KEY POINTS

Employment Agreement

The purpose of this item is to seek approval for an employment agreement:

- Amy Pittenger, Vice Provost and Dean for Undergraduate Education, Twin Cities campus

Permanent University Fund Report

The purpose of this item is to seek approval for the submission of a report on the Permanent University Fund to the Minnesota Legislature. Minnesota Statute 137.022, subdivision 4(d) requires the University of Minnesota to submit a report on the Permanent University Fund (PUF) to both the education and environment and natural resources committees of the Minnesota Legislature:

> The Board of Regents must report to the education committees of the Legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

The University is submitting to the appropriate legislative committee chairs the report that is included in the docket.

Real Estate Transaction

The purpose of this item is to review and act on the following real estate transaction:

- Lease amendment for the 12th and 13th floors of the Stabile Building located at 150 Third Street SW, Rochester for occupancy by Mayo Clinic (Rochester campus)

BACKGROUND INFORMATION

Approvals are sought in compliance with Board of Regents Policy as follows:

- Employment Agreement: *Reservation and Delegation of Authority,* Article I, Section IV, Subd. 1.
- Permanent University Fund Report: *Reservation and Delegation of Authority*, Article I, Section I, Subd. 7.
- Real Estate Transaction: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 2.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Consent Report.

Finance & Operations Committee
Consent Report
October 8, 2026

Personnel Appointment

Pending approval by the Board of Regents, Dr. Amy Pittenger will be appointed Vice Provost and Dean for Undergraduate Education, effective September 28, 2026.

Position Overview

As Vice Provost and Dean for Undergraduate Education, Amy Pittenger will report to the executive vice president and provost and serve as a member of the EVPP senior leadership team, providing strategic vision and executive leadership for the University's undergraduate education enterprise across all five campuses. The vice provost and dean of undergraduate education will have primary responsibility for providing strategic vision, direction and support for the undergraduate academic education experience. This position oversees the central Office of Undergraduate Education, including curriculum administration, undergraduate policy, general education requirements, student success initiatives and analytics, and assessment of student learning.

Working in close partnership with collegiate deans, faculty, and administrative leaders across campuses, they foster collaborative approaches to teaching, learning, advising, and student engagement while strengthening the overall quality, impact, and national reputation of the undergraduate experience.

The Vice Provost and Dean aligns undergraduate education with the University's broader academic, research, and public engagement missions, driving strategic initiatives to advance student access, health, well-being, retention, and timely degree completion. They collaborate closely with enrollment management leadership and partner with the University of Minnesota Foundation to advance development and fundraising priorities, particularly for academic scholarships.

Additionally, the Vice Provost and Dean manages an operating budget of approximately $51 million and 300 staff members, ensuring a high quality undergraduate education experience, continuous improvement, compliance with accreditation and regulatory standards, and effective stewardship of resources to support student achievement and success.

Appointee's Background and Qualifications

Since February 2026, Dr. Pittenger has served as interim vice provost and dean of undergraduate education. She is a pharmacist and professor in the University of Minnesota's College of Pharmacy. Throughout her career, she has practiced in a range of settings — from critical care and care of underserved populations to clinical research and the pharmaceutical industry. Her current scholarship focuses on educational design and interprofessional education. She holds a doctorate in Curriculum & Instruction, Learning Technologies from the University's College of Education and Human Development, in addition to a Master of Science in Pharmacy and a Doctor of Pharmacy from the University of Pittsburgh and University of Minnesota. respectively.

Dr. Pittenger has held numerous leadership positions within the College of Pharmacy, including department head for Pharmaceutical Care & Health Systems, interim associate dean for education and interim dean. Her leadership at the University level includes serving as chair of the Faculty Consultative Committee and faculty liaison to the provost. She has also led work in curriculum

development, assessment and experiential learning, with a focus on creating meaningful learning experiences for students.

A recognized educator and leader, Dr. Pittenger has received several of the University's highest honors, including the President's Award for Outstanding Service and induction into the Academy of Distinguished Teachers. She has also been recognized for excellence in the scholarship of teaching and learning and dedication to shared governance.

Recommended Salary and Appointment Type

Dr. Pittenger's annual salary as Vice Provost and Dean for Undergraduate Education will be $335,000, annualized on a 12-month basis.

Her appointment as the Vice Provost and Dean for Undergraduate Education is a 100-percent time, 12-month L appointment in the professional and academic personnel classification who serves as an at-will employee at the pleasure of the Executive Vice President and Provost.

There are no individually negotiated terms of employment or separation agreements.

Comparable Market Data

Benchmarking with the University's Annual Review of Senior Leader Compensation shows comparative base salary data among University of Minnesota peers for the position of Dean and Vice Provost, Undergraduate Education. The report provides market data from the CUPA-HR Administrators in Higher Education Salary Survey and the CUPA-HR Executive Compensation and Benefits in Higher Education survey, encompassing a broad range of participant institutions that includes both public and private institutions. The Office of Human Resources has further detailed comparable market data for base compensation for this position, aged to September 2026 for FY27, benchmarked among Twin Cities peer group institutions as follows:

10th percentile - $174,569
25th percentile - $231,336
50th percentile - $281,942
75th percentile - $335,513
90th percentile - $421,104

Recommendation

The President recommends the appointment of Amy Pittenger to the position of Vice Provost and Dean for Undergraduate Education at the University of Minnesota.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into as of this 23nd day of September, 2026, by and between Regents of the University of Minnesota, a Minnesota constitutional educational corporation (the "University"), and Amy Pittenger ("Amy Pittenger," "you").

WHEREAS, the University wishes to employ Amy Pittenger as Vice Provost and Dean for Undergraduate Education and Amy Pittenger wishes to accept employment as Vice Provost and Dean;

WHEREAS, this Employment Agreement is subject to the approval of the Board of Regents of the University of Minnesota and the completion of a background check satisfactory to the University;

THEREFORE, the University and Amy Pittenger agree as follows, subject to the approval of the Board of Regents:

I. EMPLOYMENT TERM AND DUTIES

Subject to the terms and conditions of this Agreement and University Policies and Procedures, the University appoints Amy Pittenger as Vice Provost and Dean for Undergraduate Education, and she agrees to be so employed by the University for a five-year term commencing on September 28, 2026 and continuing through June 13, 2031. The Vice Provost and Dean is a 100-percent time, 12-month L appointment in the professional and academic personnel classification who serves as an at-will employee at the pleasure of the Executive Vice President and Provost. As such, you report to and serve at the pleasure of the Executive Vice President and Provost and your appointment may be terminated at any time without advance notification.

II. DUTIES

As Vice Provost and Dean of Undergraduate Education, you will diligently and consciously devote your full-time attention and best efforts in performing and discharging the duties of Vice Provost and Dean as they are set forth in the job description for this position, including, but not limited to, the following duties:

A. Providing vision, leadership and advocacy for the undergraduate educational experience at the University by exploring opportunities, developing priorities, fostering innovation and implementing strategies to address challenges in a shifting undergraduate education landscape.

B. Ensuring a high-quality undergraduate student academic experience by overseeing curricular and program review and approval processes, core curriculum redesign

efforts, and undergraduate education policies and processes to ensure quality of undergraduate programs in alignment with University goals and accreditation standards.

C. Developing and implementing strategies for continuous improvement of graduation and retention rates and other student success outcomes.

D. Fostering collaboration among the undergraduate colleges, academic departments, faculty and other university units to promote a cohesive undergraduate educational experience; communicate effectively with students, faculty, staff, and external stakeholders to ensure engagement and transparency.

E. Promoting and strengthening access and success for University students and staff; And enhancing an open and inclusive environment as part of the undergraduate experience.

F. Advancing priorities to achieve the undergraduate education aspects of the institutional mission ensuring alignment and close collaboration with academic leaders for strategic enrollment to meet undergraduate enrollment goals.

G. Garnering support for the undergraduate education experience and education mission of the University from both internal and external stakeholders; partnering with the University of Minnesota Foundation to advocate and fundraise for academic scholarships for students in alignment with enrollment priorities.

H. Collaborating with the Provost's Office, Office of the President, leaders within freshman-admitting colleges, Office of Student Affairs, Office of Equity and Diversity, University Relations, Budget and Finance, and system campus leaders to advance strategic priorities that support the undergraduate student experience.

I. Performing such other duties as related to your employment position and assigned to you by your appointing authority.

III. PERFORMANCE

In accordance with University policy, you will receive regular annual performance evaluations and, in accordance with University Policy on Reviewing the Performance of Senior Leaders, you will receive a broader systemic reappointment review of your performance in the position.

IV. FACULTY APPOINTMENT

In addition to your appointment as Vice Provost and Dean, you also hold an appointment as a tenured professor in the Department of Pharmaceutical Care and Health Systems in the College of Pharmacy. During the time you serve as Vice Provost and Dean, you will not receive any compensation for your faculty appointment, but salary for this appointment will be adjusted annually based on the average increase to base of your same-ranked collegiate peers. In the event you are no longer employed as Vice Provost and Dean, and retain this faculty appointment, this will be your established faculty salary and you will be afforded your previously arranged, fully-funded, year-long teaching and service release to augment your time you may spend on your scholarship, public engagement or other professional responsibilities.

V. COMPENSATION

A. Subject to the terms of this Agreement for all services provided by you on behalf of the University, the University shall pay you an annual salary of $335,000.

B. All base salary shall be paid in accordance with the University's regular payroll procedures for Professional and Administrative employees and shall be subject to withholding for applicable federal and state income taxes, federal social security taxes, and other applicable taxes and deductions.

C. In accordance with University policies and procedures, you shall be eligible for salary increases beginning in fiscal year 2028, and on an annual basis based upon the evaluation of the appointing authority or his/her designee.

D. The base salary is subject to furloughs, pay freezes, salary reductions or other adjustments to the same extent they are required of other employees of the University.

VI. BENEFITS

The University shall provide you with a benefits program as provided generally for its Professional and Administrative employees as described in its policies and Procedures (http://www.umn.edu/ohr/benefits/summary/). These programs shall be subject to amendments and modifications by the University.

VII. SEPARATION

A. Your appointment as Vice Provost and Dean is an L appointment, which means you serve at the pleasure of your appointing authority. Your appointment may be terminated without any required notice period.

B. In the event you are separated from your administrative position, you may be eligible for certain benefits provided by the University, in accordance with

University policy. Any exception from or waiver of University policy related to your separation must be approved by the Board of Regents.

C. At the end of your administrative appointment, you may return to the faculty at your established faculty salary.

VIII. UNIVERSITY POLICIES AND GENERAL CONDITIONS

A. Your appointment is subject to the University's policies and procedures that govern your position (http://policy.umn.edu/), which may be amended from time to time.

B. Amendment. Any amendment to this Agreement shall be in writing executed and delivered by the parties.

C. Parties In Interest/Assignment. This Agreement shall be binding upon and the benefits and obligations provided for herein shall inure to the parties hereto and their respective heirs, legal representatives, successors, assigns, transferees or donees, as the case may be. No portion of this Agreement shall be assignable without the prior written consent of the other party.

D. Effect of Prior Agreements. This Agreement is intended by the parties as the final and binding expression of their contract and agreement and as the complete and exclusive statement of the terms thereof. This Agreement supersedes and revokes all prior negotiations, representations, and agreements, whether oral or written, relating to the subject matter hereof.

E. Enforceability. If any provision contained herein shall be deemed or declared unenforceable, invalid, or void, the same shall not impair any of the other provisions contained herein, which shall be enforced in accordance with their respective terms.

F. Construction. The headings preceding and labeling the sections of this Agreement are for the purpose of identification only and shall not in any event be employed or used for the purpose of construction or interpretation of any portion of this Agreement. No waiver by any party of any default or nonperformance hereunder shall be deemed a waiver of any subsequent default or nonperformance. As used herein and where necessary, the singular shall include the plural and vice versa, and masculine, feminine and gender neutral expressions shall be interchangeable.

IX. BOARD OF REGENTS APPROVAL

This agreement is subject to formal approval by the Board of Regents and shall not be binding or effective until such approval is given. This agreement is also subject to the completion of a background check that is satisfactory to the University.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first shown above.

By: _____
Amy Pittenger

REGENTS OF THE UNIVERSITY OF MINNESOTA

By: _____
Gretchen Ritter
Executive Vice President
and Provost

Approved as to Form and Execution

By: _____
Douglas R. Peterson
General Counsel

AMENDMENT TO LEASE WITH MAYO CLINIC FOR FLOORS 12 AND 13 THE STABILE BUILDING, CONDOMINIUM UNIT 2 150 THIRD STREET SW, ROCHESTER, MN

1. Recommended Action

The President recommends the appropriate administrative officers receive authorization to execute a lease amendment for the 12th and 13th floors of the Stabile Building located at 150 Third Street SW, Rochester, Minnesota for occupancy by Mayo Clinic.

2. Description of Leased Premises

The leased premises consist of approximately 24,000 square feet located on the 12th and 13th floors of the Stabile Building, Condominium Unit 2, located at 150 Third Street SW, Rochester, Minnesota. See attached map.

3. Background and Basis for Request

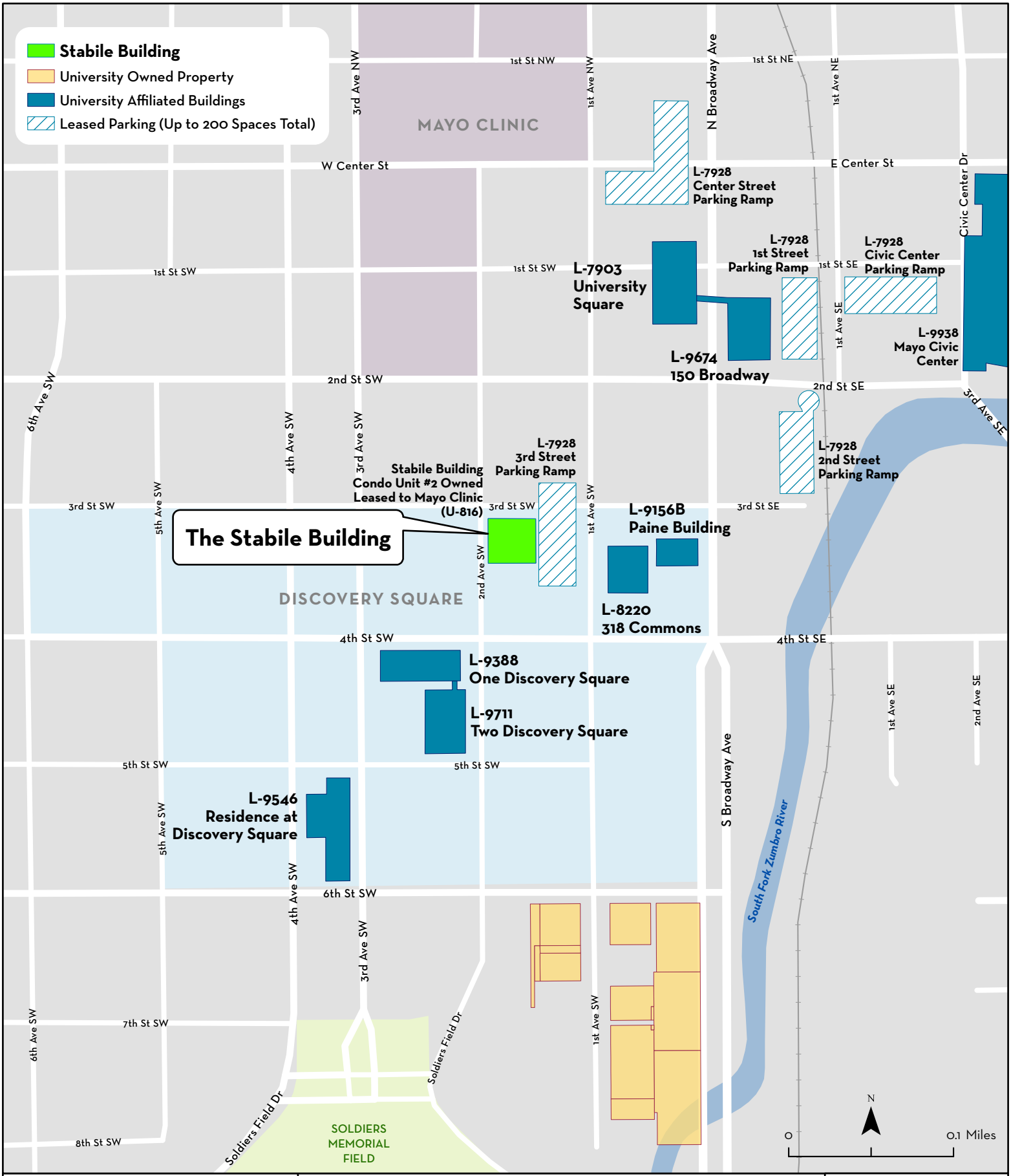
In December 2006, the University acquired two floors (floors 12 and 13) of the Mayo Clinic's Stabile Building through a condominium arrangement for $21,726,000, which was funded by the State of Minnesota. The property was then leased back to Mayo Clinic for an initial term of 20-years plus two successive 20-year renewal options for the purposes of achieving the Governmental Program specified in the State session law. The session law initially established the University of Minnesota and Mayo Clinic Biotechnology Research Facility "to be used to accommodate both basic science and clinical researchers, along with research infrastructure, that will be used to support collaborative research efforts between the University of Minnesota and the Mayo Clinic" (the Governmental Program). Funding for the ongoing operations of the Government Program ceased as part of the State's FY26-27 biennial budget. However, the University and Mayo desire to extend the lease term to preserve a premier biomedical research partnership that drives healthcare innovation and economic growth across Minnesota.

4. Details of Transaction

The amended lease term will be for a period of 50-years, with an additional 50-year option for renewal. In no case will the term of the lease exceed the useful life of the building.

Mayo Clinic will continue to pay no base rent but will continue to be responsible for ongoing maintenance and operating expenses associated with the premises.

Execution of the lease amendment is contingent upon approval by the Commissioner of Minnesota Management and Budget, per State bond financing restrictions, the terms of the lease, and the declaration recorded against the property.



PLANNING, SPACE, AND REAL ESTATE

UNIVERSITY OF MINNESOTA

The Stabile Building
Lease Amendment, Rochester

This map is intended to be used for planning purposes only and should not be relied upon where a survey is required.

Base Data: Real Estate Office MNDNR, MNDOT, Olmsted County

9/24/2026

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **October 8, 2026**

AGENDA ITEM: Information Items

☐ **Review** ☐ **Review + Action** ☐ **Action** ☒ **Discussion**

☒ *This is a report required by Board policy.*

PRESENTERS: Mike Volna, Interim Executive Vice President for Finance and Operations

PURPOSE & KEY POINTS

A. Annual Asset Management Report
B. Annual Capital Reserves and Liquidity Management Report
C. Capital Financing and Debt Management Report
D. Investment Advisory Committee
E. Strategic Facilities and Real Estate report

A. Annual Asset Management Report

The purpose of this item is to report on the annual performance results for assets managed by the Office of Investments and Banking (OIB) for the period ending June 30, 2026. The OIB prepares this report annually, as required by Board of Regents Policy: *Board Operations and Agenda Guidelines* and Board of Regents Policy: *Endowment Fund*.

B. Annual Capital Reserves and Liquidity Management Report

This inaugural Annual Capital Reserves and Liquidity Management Report presents the University's financial capital and liquidity position under the framework established by the Board of Regents Policy: *Capital Reserves and Liquidity Management*. Evaluating enterprise financial health through a three-tiered structure based on capital accessibility and cost, the report reflects a strong balance sheet for the period ending June 30, 2026. Tier 1 primary reserves totaled $1.67 billion dollars, providing 113 days of cash on hand, exceeding the Board policy minimum of 75 days. Combined expendable financial resources cover 83 percent of the expected fiscal year 2027 operating budget, maintaining stable year-over-year metrics and placing the University in the top quartile for overall expendable resources compared to Big Ten and large public higher education peers.

C. Capital Financing and Debt Management Report

The purpose of this item is to provide the Annual Capital Financing and Debt Management Report for FY 2026. The University maintains a high-grade credit profile, rated Aa1 / P-1 by Moody's and AA / A-1+ by S&P Global Ratings. This rating profile ensures strong investor demand and low borrowing costs across the capital program.

Key Portfolio Metrics (as of June 30, 2026)

- **Total Outstanding Debt:** $1.7 billion, comprising $1.4 billion in long-term debt and $298 million in short-term debt.
- **Cost of Capital:** Weighted average cost of capital of 3.72 percent.
- **Portfolio Structure:** 82 percent fixed rate to 18 percent variable rate; 57 percent taxable to 43 percent tax-exempt.
- **Debt Reduction:** $121 million (principal and interest) paid toward fixed-rate debt service in FY 2026, which reduced total principal outstanding by $60.3 million.

FY 2026 Strategic Financing Actions

- **Bond Refunding Savings:** Issued Series 2026A Refunding Bonds to refinance prior debt, generating $12.6 million in net present value savings over 15 years (a 13 percent savings rate on refunded bonds).

This report is submitted annually to the Finance and Operations Committee pursuant to Board of Regents Policy: *Board Operations and Agenda Guidelines* and Board of Regents Policy: *Debt Transactions and Long-Term Capital Financing Program*.

D. Investment Advisory Committee

The purpose of this information item is to report on the quarterly meeting of the Investment Advisory Committee held on August 26, 2026. The agenda for the meeting included:

- Committee Minutes
- Portfolio and Performance Overview
- Projects, Initiatives, and Pipeline
- Review of Recent Investments
- Manager Presentation – Private Credit Market Opportunities
- Annual Benchmark Review
- Annual Fund Performance Review

E. Strategic Facilities and Real Estate Report

The purpose of this item is to provide an overview of the University's physical assets from July 1, 2025 through June 30, 2026, covering real estate transactions, capital projects, and the University's space portfolio. Highlights include the acquisition of Station 19 on the Twin Cities campus, a lease amendment for Two Discovery Square for the Rochester campus, and updates on major projects such as completion of the $73 million Advanced Operations Center and the $25 million renovation of the Main Production Kitchen on the Duluth campus. The report also underscores facility condition challenges, while outlining plans for investment in renewal through the strategic use of the Capital Investment Initiative. This annual report is required by Board of Regents Policy: *Board Operations and Agenda Guidelines*.

Annual Asset Management Report

For the period ending June 30, 2026

Board of Regents | Finance Committee | October 8, 2026

Andrew Parks, CFA
Associate Vice President, Chief Investment Officer

University of Minnesota

Executive Summary – FY'26

$5.0B = total assets under management, a 5.2% increase from prior year	• Total investable **financial assets** managed by Office of Investments & Banking (OIB) **were $5.0B at the end of FY'26, up 5.2% from the prior fiscal year** due largely to strong double-digit market value appreciation from the endowment and increased levels of short-term reserves, partially offset by $0.3B in distributions.
$0.45B and $2.5B – net profit across all pools for FY'26 and the past decade, respectively	• **Net profit and loss (P&L) across all pools of capital was $452M for FY'26, bringing the cumulative P&L over the past decade up to $2.5B** and further strengthening the University's financial resources and liquidity options for both current and future needs.
Endowment generated double digit short- and long-term returns	• By **compounding at 10.95% annually over the past decade**, the endowment reached $2.6B — exceeding the Board's CPI+5% target (8.49%) by $628M and outperforming a passive market proxy (8.93%) by $532M, all with low volatility of both returns (5.6%) & distributions to the University (1.6%). • The **endowment gained 14.35% for FY'26** (vs. 16.0% for the benchmark), with balanced contributions across all asset classes. Key drivers include public equity (+28%), hedge funds (+19%) and PE/VC (+13%).
Operating pool benefitting from increases in reserve levels & active positioning	• The **operating pool (TIP) generated a 4.1% return** (vs. 3.2% benchmark) and **$83M in net income** for FY'26. • Modestly higher reserve levels provided a larger base for generating returns, while benchmark outperformance was driven primarily by favorable active interest rate and credit spread positioning, complimented by higher-octane private credit strategies.
Auxiliary investment pools outpacing benchmarks	• The **supplemental asset programs** (medium-term reserve pool (GIP), captive insurance company (RUMINCO), and bond proceeds), which represent 10% of total assets, **have exceeded their respective benchmarks 87% of the time over the last decade**, based on a 3-year rolling average.
In full compliance with applicable board policies	• All investment programs are **in full compliance with applicable Board policies**: *Endowment Fund, Capital Reserves & Liquidity Management, Investment Functions*

Mission Statement

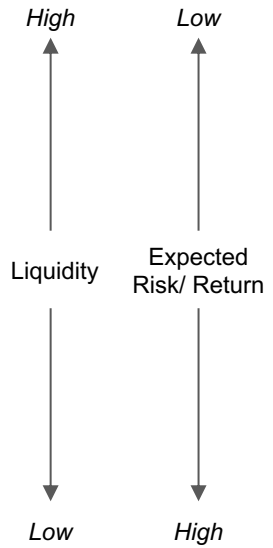
The Office of Investments & Banking (OIB) is driven to:

1) professionally **STEWARD THE UNIVERSITY'S FINANCIAL ASSETS** - producing superior risk-adjusted investment returns that provide the University with added resources to support its core objectives - and

2) deliver **INSTITUTIONAL-QUALITY INVESTMENT OPERATIONS** and **ENTERPRISE-WIDE TREASURY MANAGEMENT** services.

University Investment Funds

Total investable **financial assets** managed by OIB **were $5.0B at the end of FY'26, up 5.2% from the prior fiscal year** due largely to strong double-digit market value appreciation from the endowment and increased levels of short-term reserves, partially offset by $0.3B in distributions.

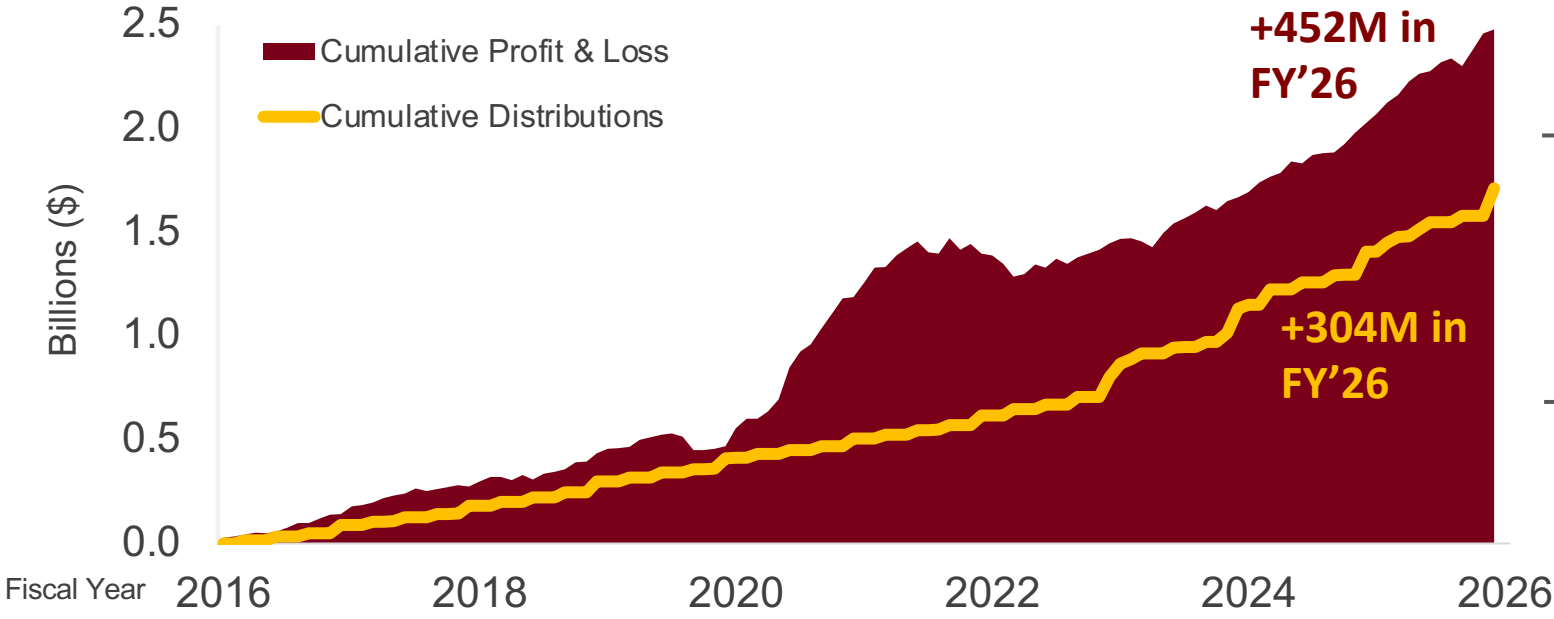


Investment Pool ($ in M)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	% of total
Short-Term Reserves (TIP)	1,086	1,468	1,599	1,585	1,621	1,727	**1,825**	*36%*
Invested Assets Related to Indebtedness	15	24	28	28	29	29	**28**	*0%*
2022 Bond Proceeds	-	-	489	511	395	373	**290**	*6%*
Captive Insurance (RUMINCO Ltd.)	51	69	62	71	83	91	**103**	*2%*
Medium-Term Reserves (GIP)	85	104	101	89	86	91	**96**	*2%*
Consolidated Endowment Fund (CEF)	1,418	2,043	2,228	2,194	2,254	2,415	**2,628**	*53%*
Separately Invested Funds	dim.	dim.	10	15	21	23	**24**	*0%*
SSBCI Venture Capital Program	-	-	-	10	12	21	**22**	*0%*
Total Managed Assets	**2,656**	**3,708**	**4,518**	**4,504**	**4,502**	**4,769**	**5,015**	***100%***

* Note: Asset values listed on this page and throughout this report correspond with market values calculated and reported by the University's custodian bank, State Street. Due to subsequent accounting adjustments, asset figures may differ from University financial statements.

Decade-long track record of generating $2.5B in profit while distributing $1.7B to support the mission

Net profit and loss (P&L) across all pools of capital was $452M for FY'26, further strengthening the University's financial resources and liquidity options for both current and future needs.



Net Profit
10-year Total

$2.5B

Distributions
10-year Total

$1.7B

Net profits are calculated using net monthly investment returns calculated by State Street relative to beginning of month NAV. Distributions are calculated using the gross income distribution + principal withdrawals for CEF and GIP, as well as gross withdrawals from RUMINCO and the 2022 Bond Proceeds account. TIP distributions are based on annual net income (less TIP in CEF distributions) paid to the Institutional Income Reserve.

Endowment First Principles: Defining Objectives

"The investment objectives for the University endowment shall be, over the long term, to:

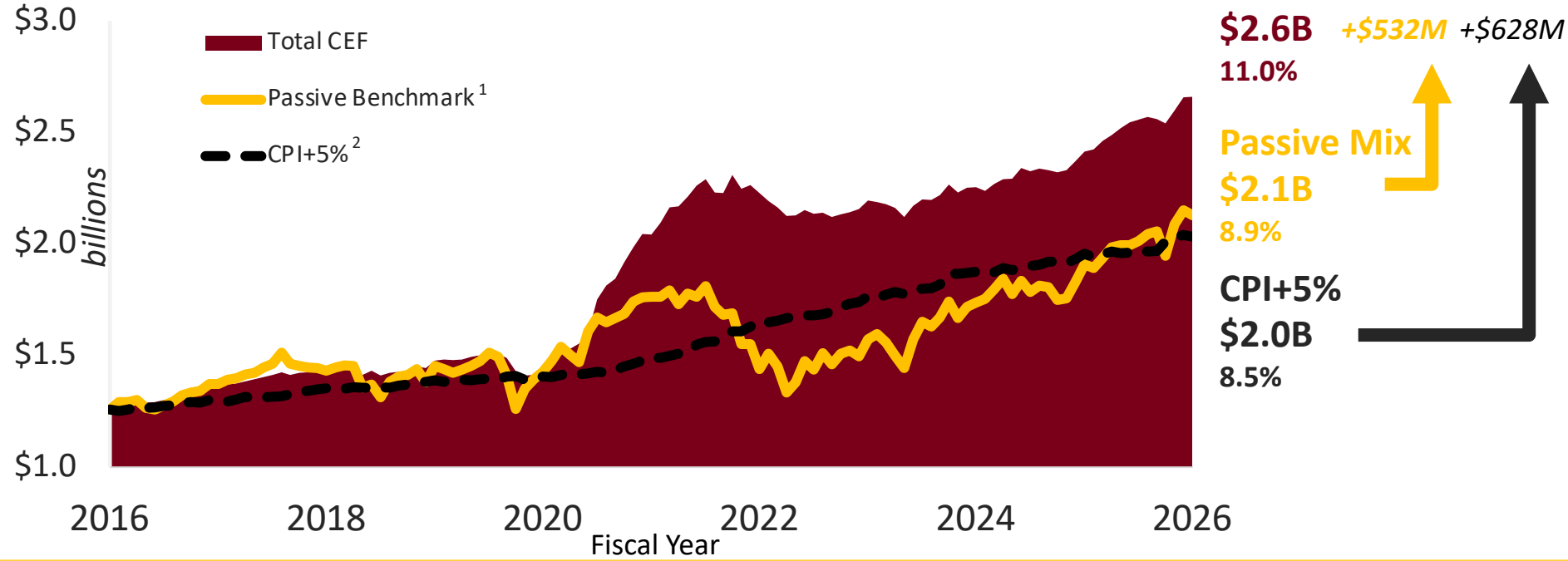
1) **Preserve the inflation-adjusted value** of the endowment;
2) **Generate investment returns** that **meet or exceed the annual payout rate** plus direct expenses incurred by the investment program **after adjusting for inflation** as measured by the Consumer Price Index;
3) Execute the investment program within **acceptable risk parameters**
4) **Provide stable distributions** for annual spending purposes."



BOARD OF REGENTS POLICY:
Endowment Fund

✓ 1) Preserve the inflation-adjusted value of the endowment

✓ 2) Generate investment returns that meet or exceed the annual payout rate plus expenses after adjusting for inflation



[1] Measures efficacy of long-term strategy vs. passive mix of stocks and bonds. 7/2015-current: 70% MSCI ACWI, 30% Barclays Global Aggregate; 1/1990-6/2015: 70% MSCI ACWI, 30% Barclays US Aggregate. *Source: State Street*

[2] Measures ability to preserve inflation-adjusted corpus of endowment. Index Return: US CPI Urban Consumers MoM SA. *Source: State Street*

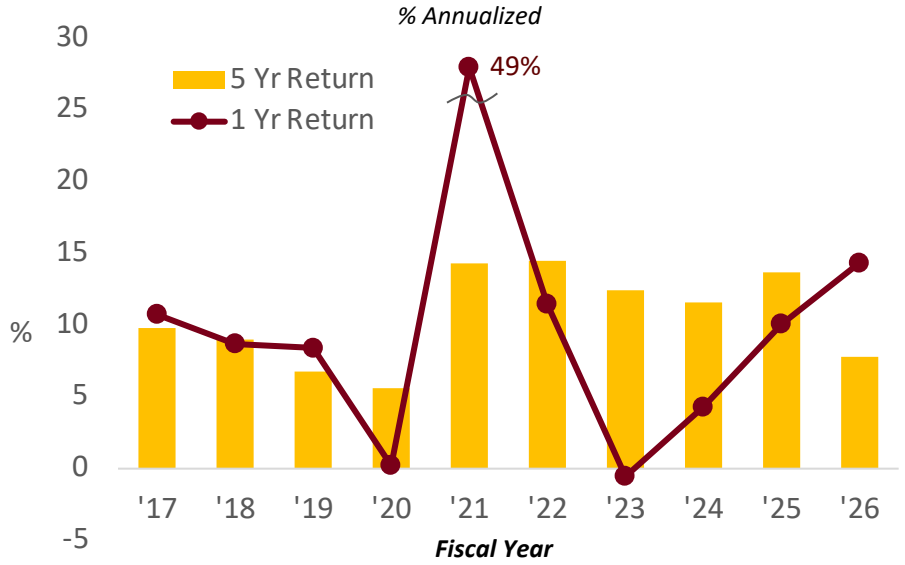
✓ 3) Execute the investment program within acceptable risk parameters

6	**83**	**11k+**
# of asset classes	*# of countries*	*# of companies*
65	**12**	**5.4**
% in illiquid investments (vs. Board limit of 75%)	*% weight to largest single manager (vs. 20% Board limit)*	*% weight to largest single fund (vs. 10% Board limit)*
5.6	**6.6**	**1.6**
10-year realized volatility of returns (%)	*Maximum peak-to-trough % decline*	*% annual volatility of distributions to the University*

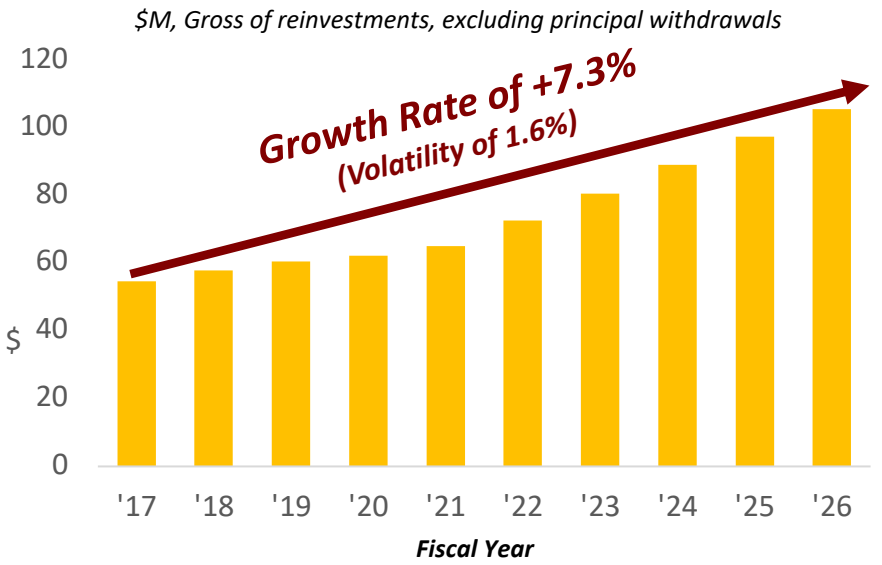
✓ 4) Provide stable distributions for annual spending purposes

The payout rate formula (5-year average) acts as a shock absorber to smooth out what might otherwise be a bumpy ride.

Endowment Returns

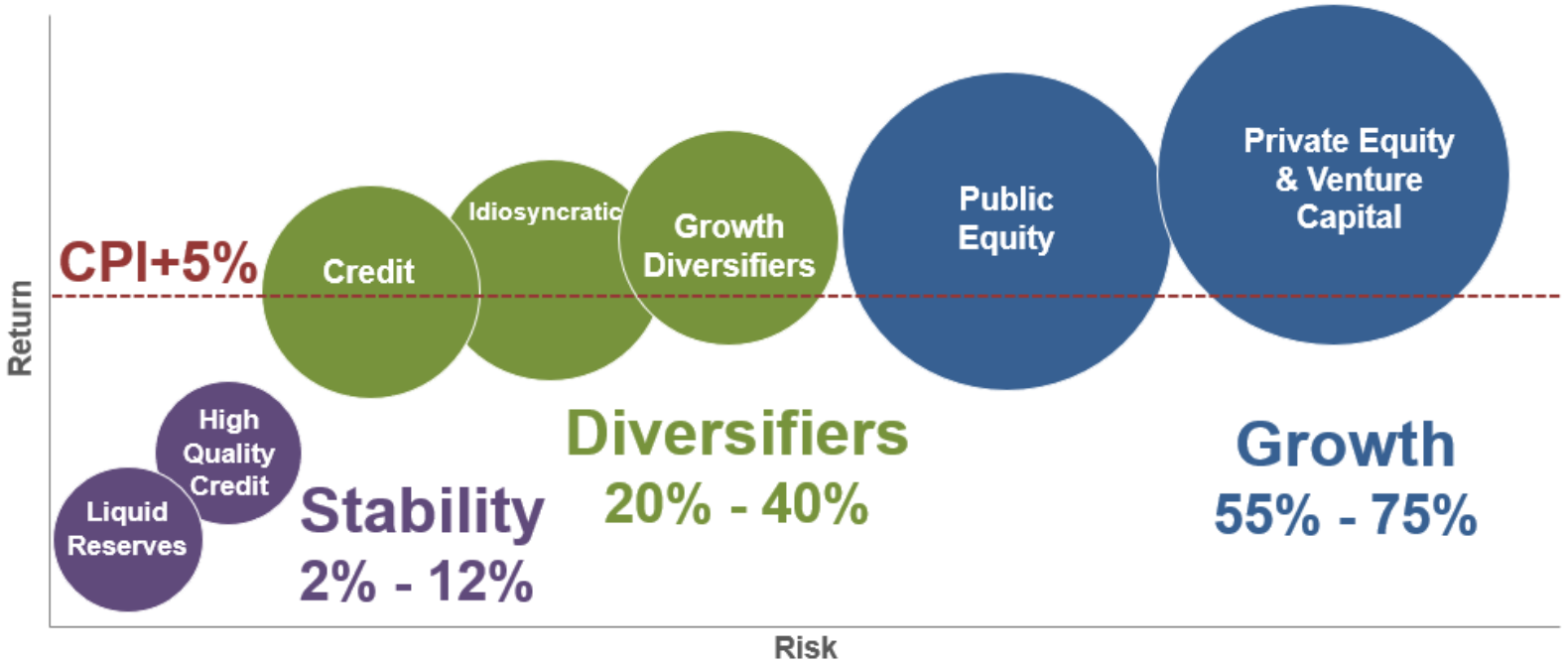


Endowment Distributions



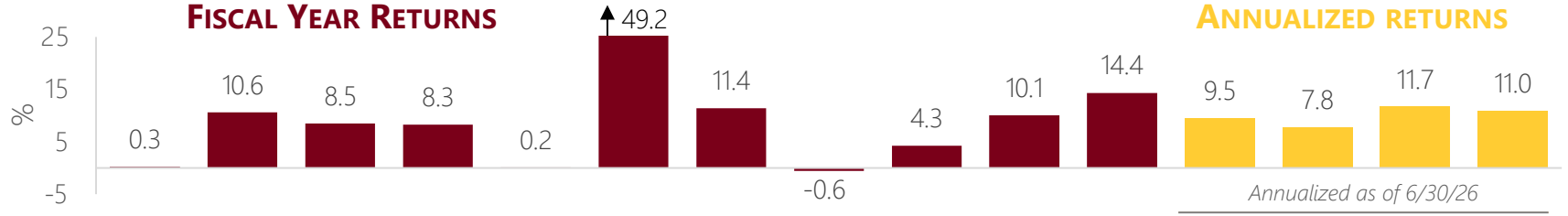
Overview of Asset Allocation Framework

Pillars of the asset allocation strategy: maintain long-term focus, pursue equity bias, seek to harvest illiquidity and complexity premia, maintain diversification and implement flexibly



Annual Fund Absolute Performance Snapshot

The endowment generated a +14.4% return for FY'26, driven – for the fourth straight year – by strong public equity market returns. The combined PE/VC portfolio gained 13.1%, while Diversifiers saw above-trend performance from the Idiosyncratic sleeve (+18.9%) but below-trend returns from Credit (+5.4%) and Growth Diversifiers (+3.6%).



Asset class returns	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	3 yr	5 yr	7 yr	10 yr
Private Equity	2%	11%	9%	19%	-7%	60%	47%	8%	3%	11%	13%	9%	15%	17%	16%
Venture Capital	11%	14%	20%	26%	14%	115%	20%	-17%	-10%	6%	14%	3%	2%	15%	16%
Public Equity	-3%	19%	10%	2%	-5%	33%	-14%	17%	23%	18%	28%	23%	13%	13%	12%
Idiosyncratic	-5%	5%	1%	-3%	3%	14%	3%	8%	13%	14%	19%	15%	11%	10%	7%
Credit	1%	10%	4%	6%	-15%	20%	9%	2%	12%	10%	5%	9%	8%	7%	7%
Gr Diversifiers	-2%	9%	6%	2%	-6%	18%	13%	8%	6%	10%	4%	6%	8%	7%	7%

Portfolio rebuild begins. "Normal'ish" market environment and tracking error profile

Noise. Early stages of post-COVID rally

Irrational exuberance, esp. in VC. Massive illiquidity premium

VC hangover & illiquidity premium reversal as Mag 7 drives 20+% annual public market gains

AI capex boom generating significant (though concentrated) equity market upside

Long-term returns achieving CPI + 5% objective.

Operating Pool First Principles: Achieving Objectives

The $1.8B operating pool (TIP) provides both sufficient short-term liquidity and a significant base of capital for generating unencumbered income.

✓ **Maintain sufficient liquidity** to meet near term funding/operations requirements of the University

33%

% of annual operating revenues held in TIP

✓ **Capital preservation and current income generation** while seeking market-commensurate returns on invested capital

4.1% / $83M

1-year % return (vs. benchmark return of 3.2%), generating $83M of net income to distribute to Central Reserves

✓ **Provide backup liquidity** for certain of the University's short-term or variable rate debt obligations

7.8x

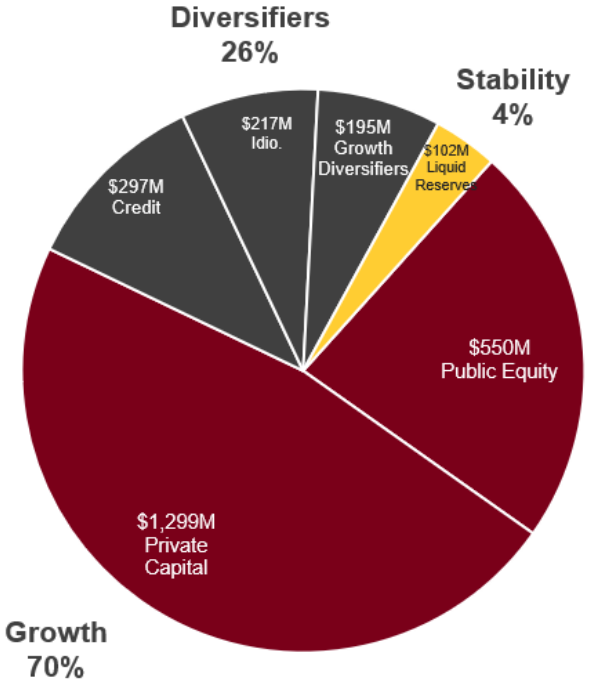
Ratio of liquidity adjusted operating pool assets to maximum allowable CP exposure (vs. >2x = Moody's 'Strong' classification)

APPENDIX

CEF Asset Allocation

Value as of 6/30/26: $2.63B

The fund's asset allocation positioning is within approved ranges, with a slight overweight to equity-oriented Growth assets attributable to the outperformance of illiquid private strategies over the past 5 years.

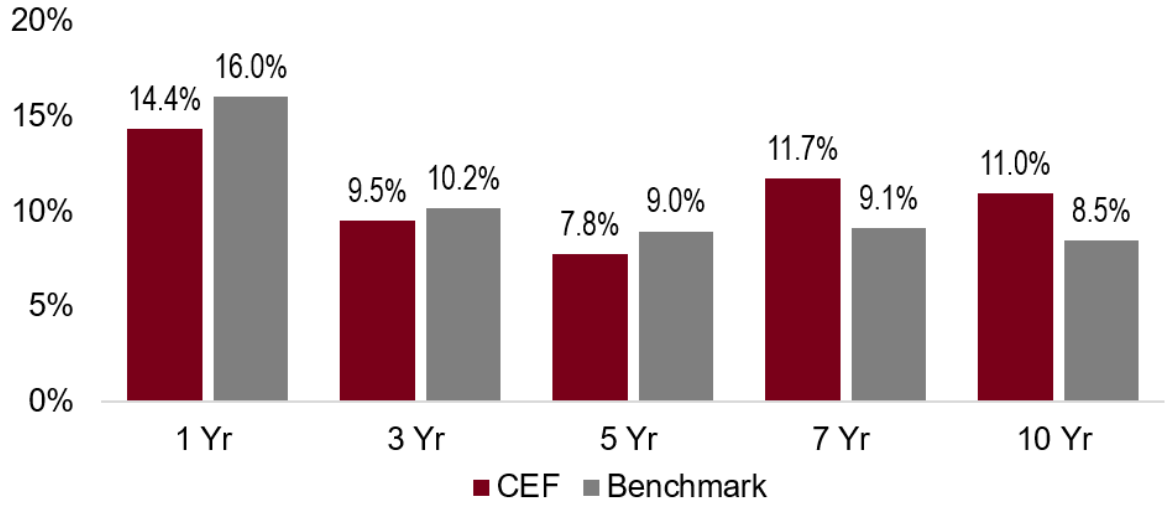


	Target (Range)	Over/Under
Growth	65% (55% - 75%)	+5%
Diversifiers	30% (20% - 40%)	-4%
Stability	5% (2% - 12%)	-1%

CEF Performance Summary

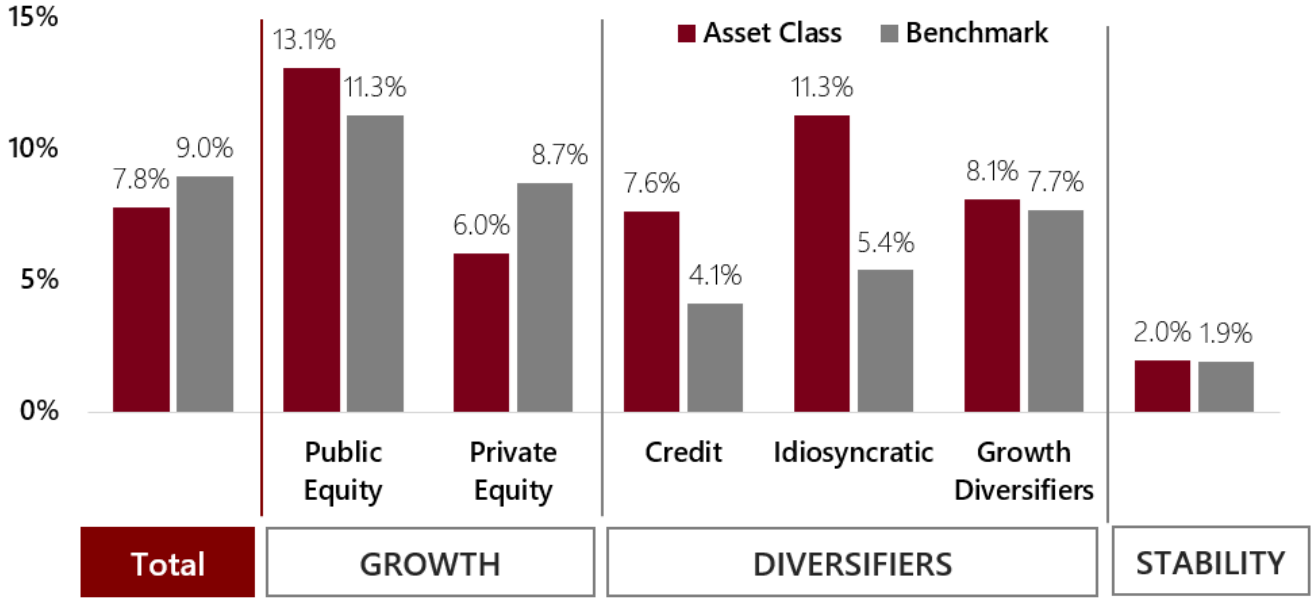
Value as of 6/30/26: $2.63B

For fiscal year ending June 30th, 2026, the Endowment gained +14.4% with strong contributions from all asset classes, led by public equities which were up over +28%. The Venture Capital portfolio continues to recover (+13.8% 1-year return) as AI enthusiasm and strong public equity markets have been favorable tailwinds. Despite the rebound, the Venture portfolio has been a drag on 3- and 5-year absolute and relative returns – with absolute returns of +2.8% and +1.6%, respectively. Diversifiers continue to be a source of strong uncorrelated returns, generating a +9.8% and +7.9% annualized return over the previous 3 and 5-year periods.



5-Year CEF Asset Class Returns

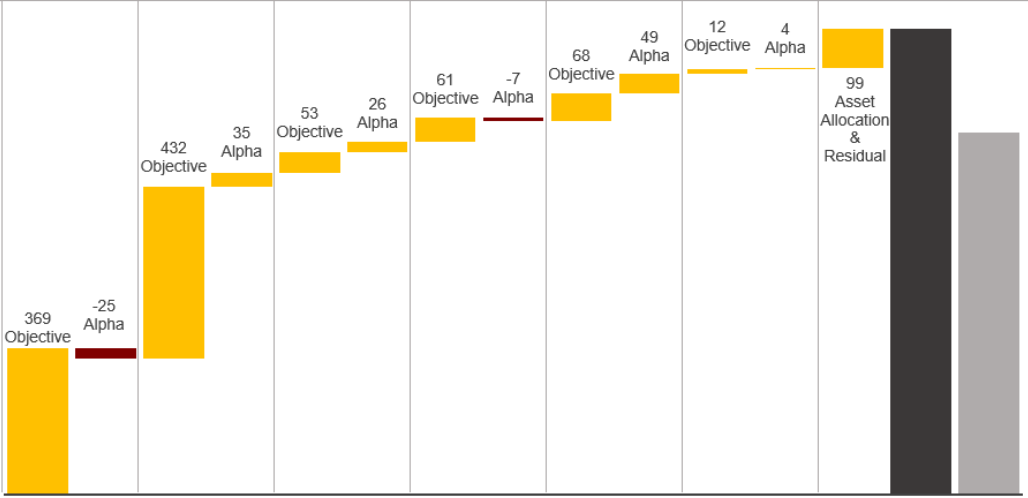
Over a 5-year period, CEF returned +7.8%, lagging its Policy Index slightly. Public Equity returns were solid (+13.1%), outperforming the benchmark by ~2% driven by active managers (Oasis and Acadian). The Private Capital portfolio gained +6.0%, masking a significant bifurcation underneath, i.e. the Private Equity portfolio generated a +15.5% return, strongly outperforming the benchmark, while Venture Capital only grew by +1.6% annualized. The Diversifiers portfolio returned +8.7%, led by the Idiosyncratic portfolio, which was up +11.3%.



7-Year Contribution to Return

Positive outperformance vs. the 70/30 passive blend of ACWI and the Barclays Aggregate continues to be mainly driven by strategy selection, as illiquid growth allocations (private equity +17.4%, venture capital +14.9%) outperformed the ACWI (+13.0%) and the Diversifiers return of +7.8% outperformed the duration sensitive Bloomberg Global Aggregate (-0.2%).

	Public Equity	Private Capital	Credit	Growth Diversifiers	Idiosyncratic	Stability	Total CEF	Passive Public BM
Asset Class Return	12.9%	15.7%	6.8%	7.2%	10.4%	2.5%		
CTR (bps)	+344	+467	+78	+54	+117	+16	11.7%	9.1%



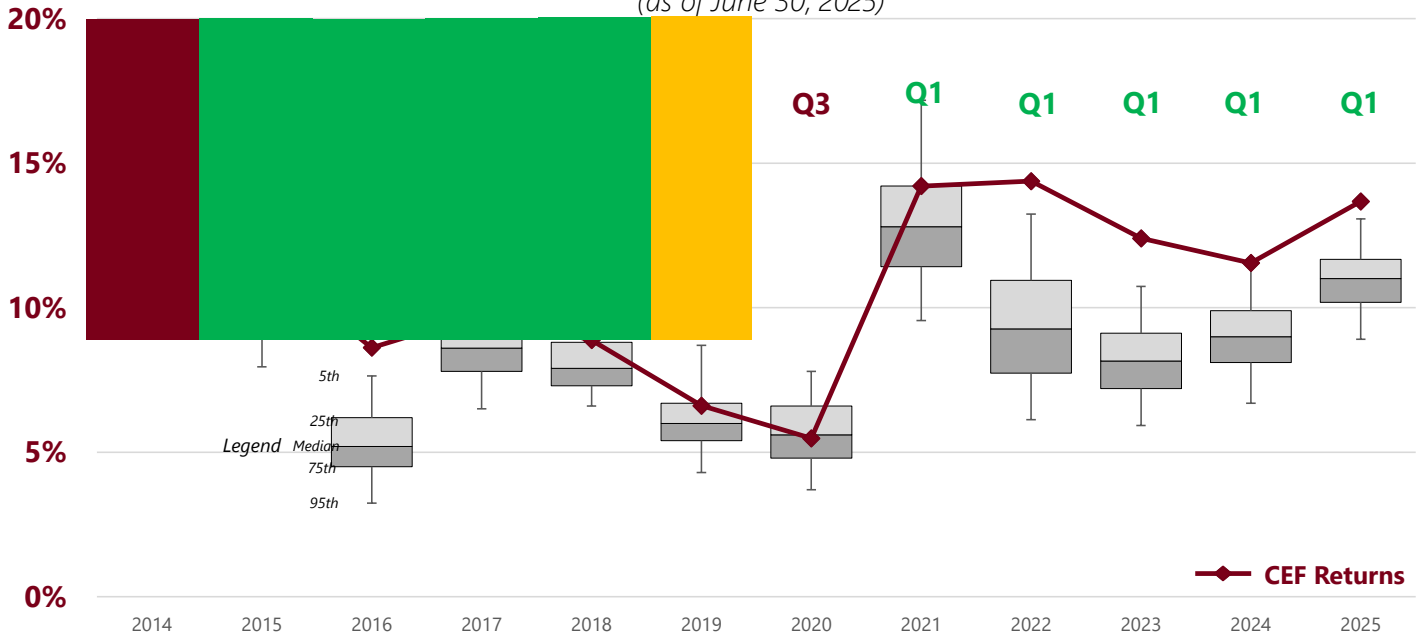
Note: Objective: Weighted Average Contribution to Return based on respective asset class Long-Term Benchmark returns. Alpha: Variance of Actual Contribution to Return vs. Objective

Consistently Solid Peer-Relative Returns

The endowment's long-term performance has consistently ranked in the top decile versus peer universities with endowments greater than $1 billion. (Note: FY'26 data is not yet available for comparison.)

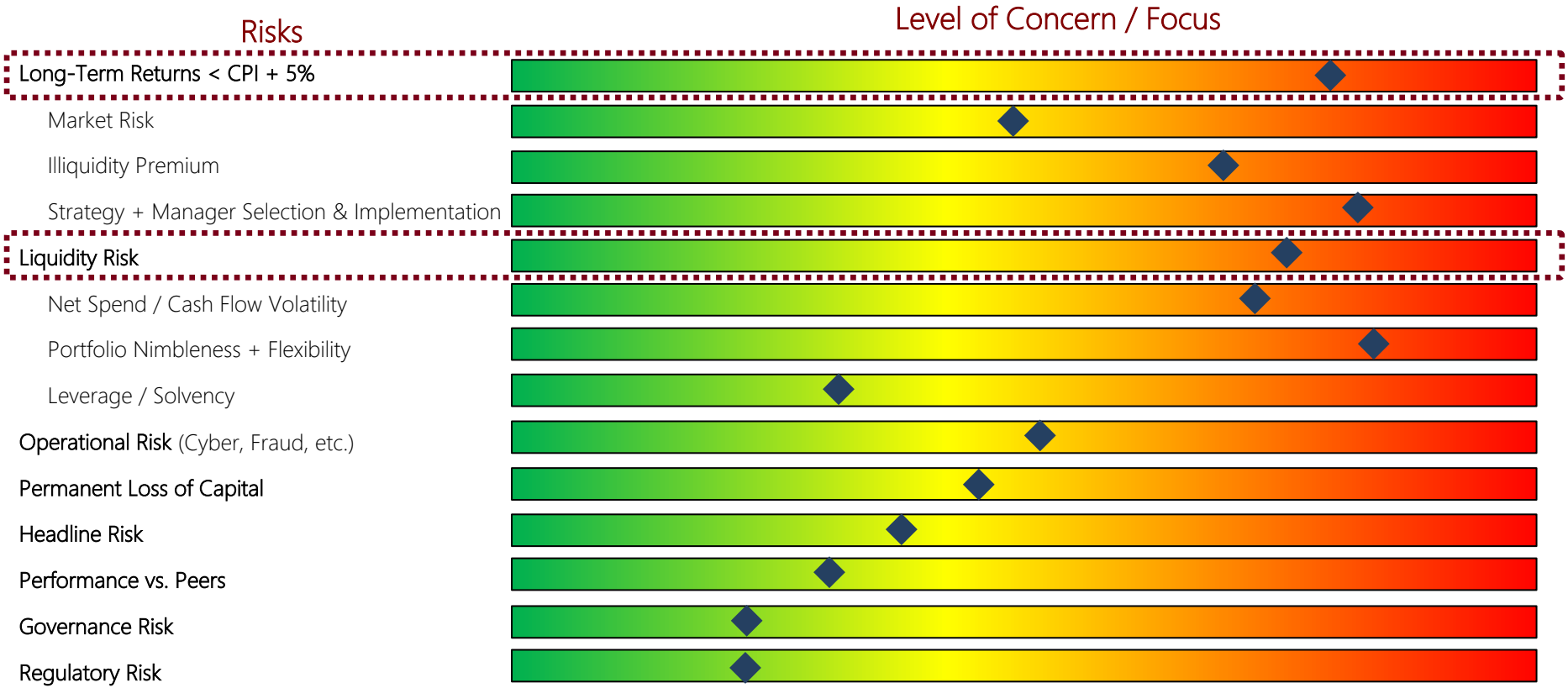
5-Year Annualized Returns vs. $1B+ University E&Fs

(as of June 30, 2025)



Source: NACUBO

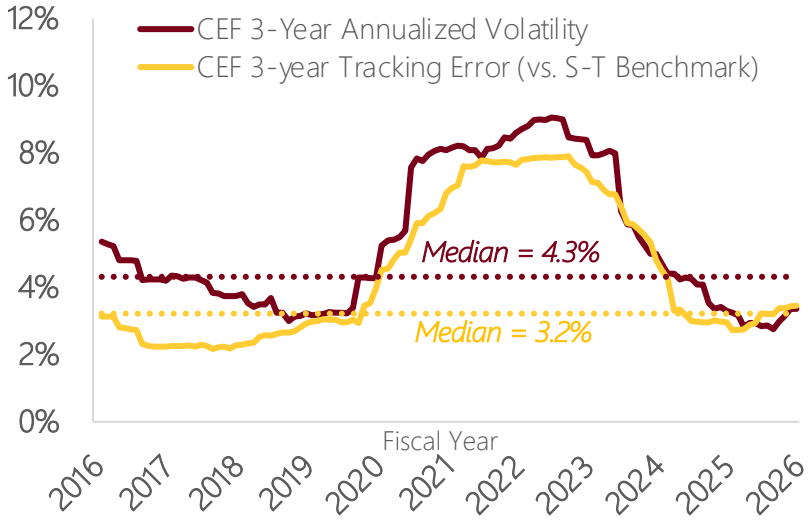
CEF Key Risk Factors



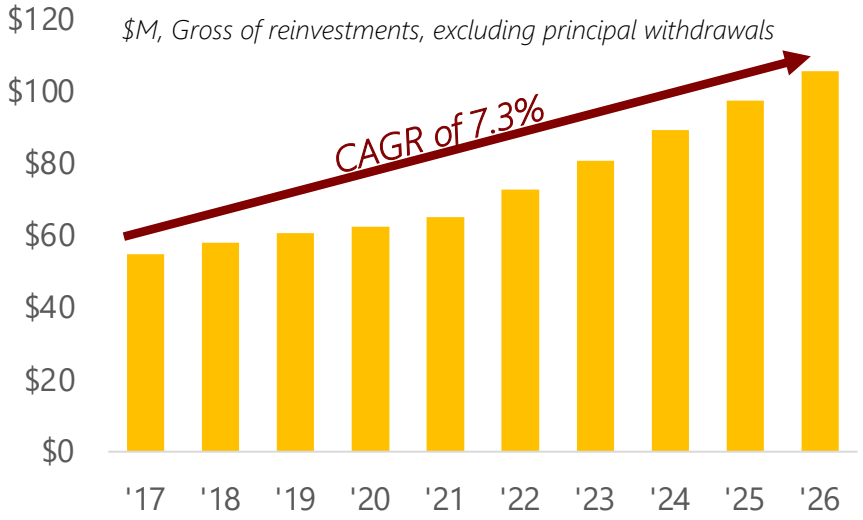
Rolling Annualized Risk Summary

- Realized portfolio volatility remains muted, driven largely by significant diversification, a relatively benign capital market environment, and a high allocation to less frequently marked illiquid assets.
- Importantly, the smoothed payout rate formula largely suppresses the budget impact of fund-level volatility. Therefore, the predominant concerns in the portfolio involve the risk of failing to deliver CPI+5% returns and failing to effectively navigate a heavily illiquid portfolio.

Rolling Volatility & Tracking Error



Endowment Distributions



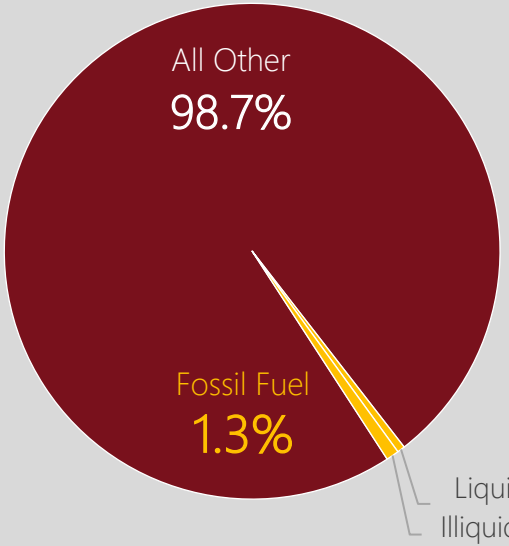
Endowment Fund Policy Compliance Summary

CATEGORY	METRIC	STATUS AS OF FYE'26
Illiquidity	55-75%	✓ 65%
Illiquid NAV + 2/3 of Unfunded Obligations	75%-95%	✓ 83%
Leverage	<110%	✓ 103%
Single Fund Concentration	<10%	✓ 5.4%
Manager Concentration	<20%	✓ 12%
Co-Investments	<6%	✓ 3.7% *(cost basis)*
Emerging-, minority- and woman-owned firms	17%	Investments in woman-, diversity-owned/managed, or emerging managers constitute 17% of all CEF managers. During FY'26, OIB committed $10M to qualifying firms.
New managers in FY26	6	Theleme, Dawson, GoldenPeak, Spice Ventures, SR One, Park Road
Terminated managers in FY26	0	n/a

Endowment Fund FY26 ESG Dashboard

The Office of Investments & Banking (OIB) is charged with integrating Environmental, Social and Governance (ESG) principles in its investment decisions, consistent with the University's mission and values.

FOSSIL FUEL EXPOSURE



Only 1.3% of the endowment is invested in fossil fuel-related exposures (vs. 1.6% in FY'25 and 1.7% in FY'24). Most of the illiquid funds with exposure are in liquidation mode while the majority of public exposure is obtained via index funds.

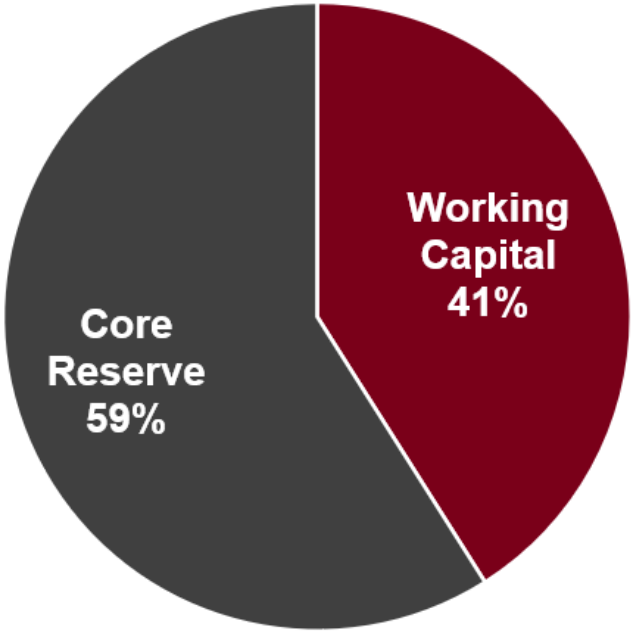
HIGHLIGHTS – BY THE NUMBERS

$214M	• $ exposure to ESG Aware and low carbon funds, representing 39% of public equity
47	• % of assets managed by UNPRI signatories • UMN became a signatory in April 2022
17%	• % of endowment managers defined as "emerging, minority- or woman-owned" managers
21,518	• # of proxy proposals voted by ESG aware index fund manager BlackRock.
20	• LP Advisory Committee seats OIB staff occupy in effort to promote strong governance principles
1.3M+	• Metric tonnes of held carbon credits, removing the equivalent of roughly four years of University campus carbon emissions
$176M	• $ committed to funds focusing on climate resilience and the energy transition

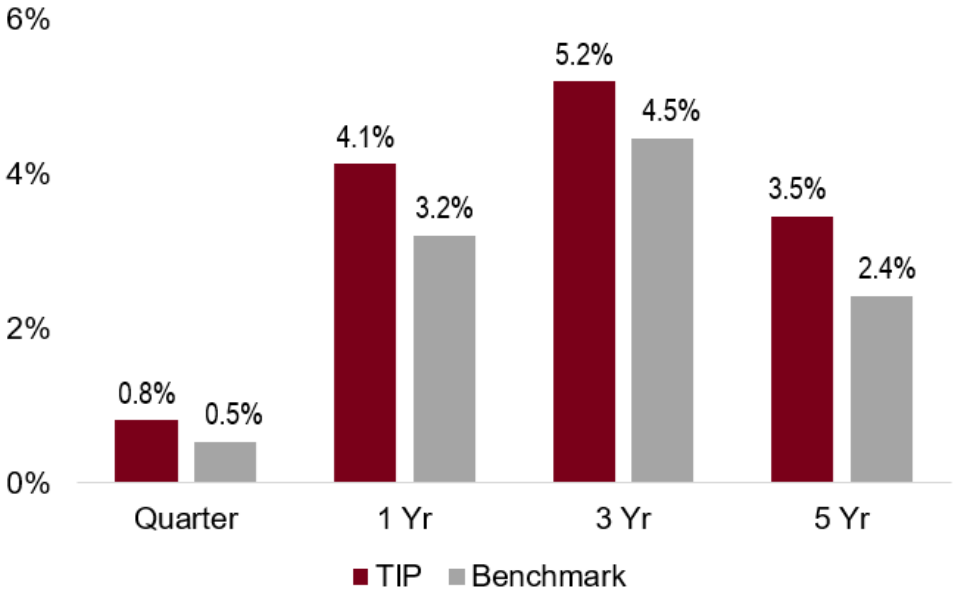
Short-Term Reserves (TIP)

Value as of 6/30/26: $1.8B

Asset Allocation



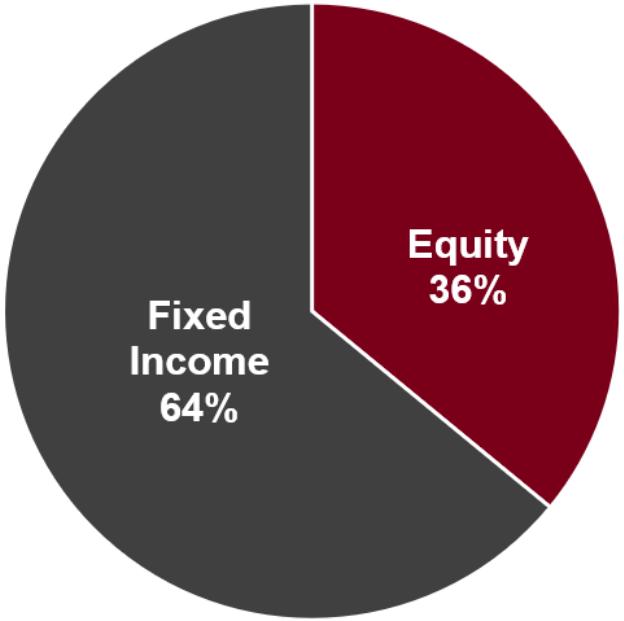
Performance Summary



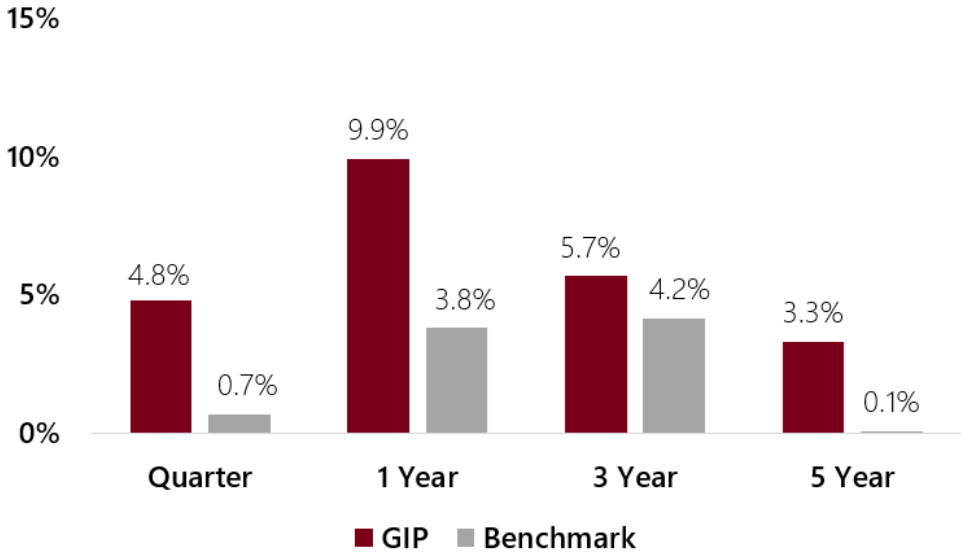
Medium-Term Reserves (GIP)

Value as of 6/30/26: $96M

Asset Allocation



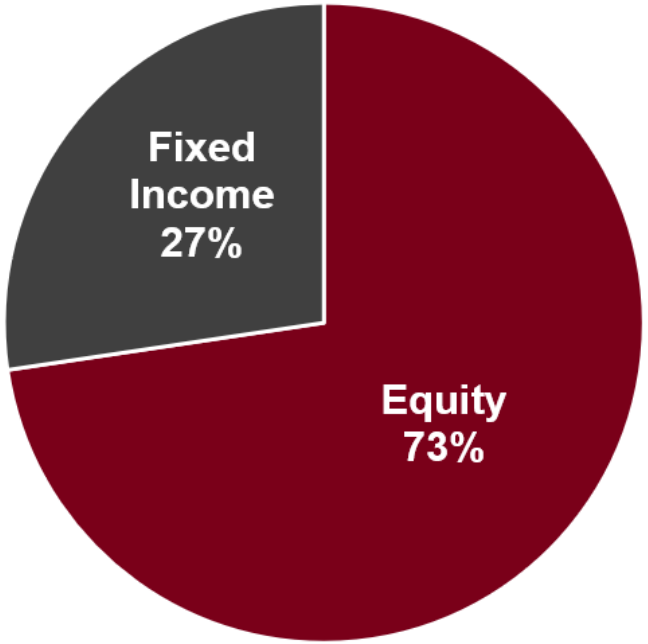
Performance Summary



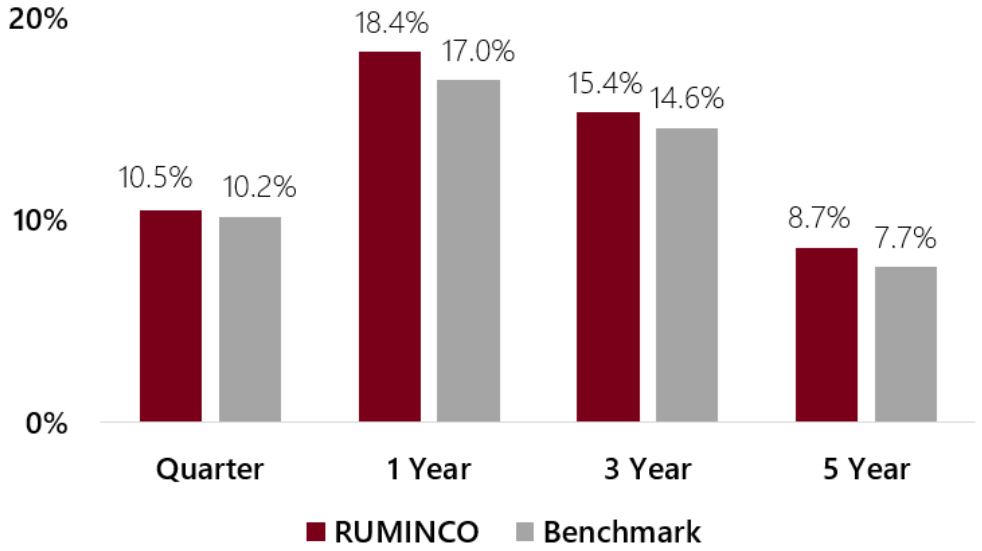
RUMINCO Ltd.

Value as of 6/30/26: $103M

Asset Allocation



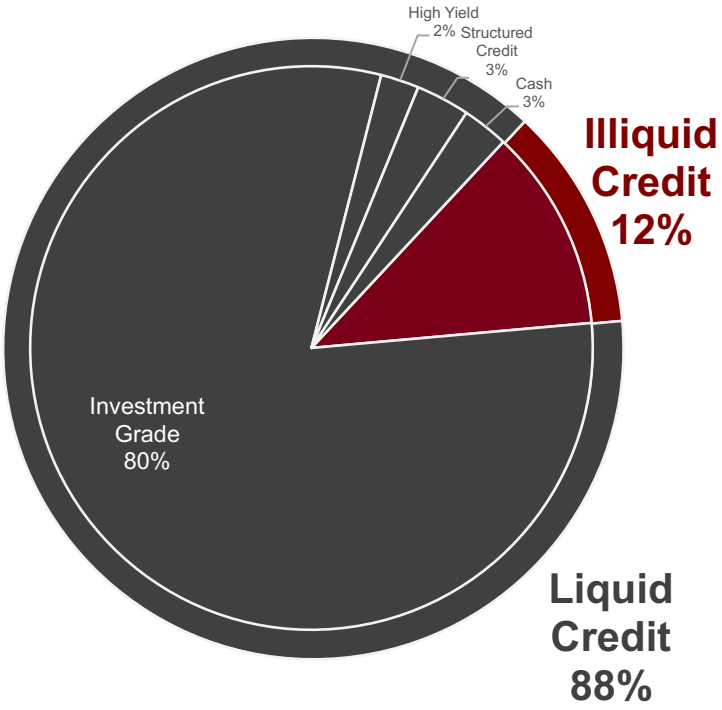
Performance Summary



30-Year Bullet Bond Proceeds

Value as of 6/30/26: $290M

Asset Allocation



Performance & Statistics

Inception Date	5/19/22
Realized Yield *(since inception)**	+4.78%
Performance (*since inception*)	+4.81%
Weighted Average Credit Quality*	Aa-
Weighted Average Duration*	0.17 years
Weighted Average Yield to Maturity*	3.90%
Excess Yield vs. UMN's 2022 30-Year 4.048% Bullet Bonds	+0.73%

Note: The market value of the principal reserve was $10.6M as of June 30, 2026 (vs. the initial deposit of $8.00M).

ANNUAL CAPITAL RESERVES AND LIQUIDITY MANAGEMENT REPORT

For the period ending June 30, 2026

Board of Regents | Finance Committee | October 8, 2026

Mike Volna
Interim EVP for Finance and Operations

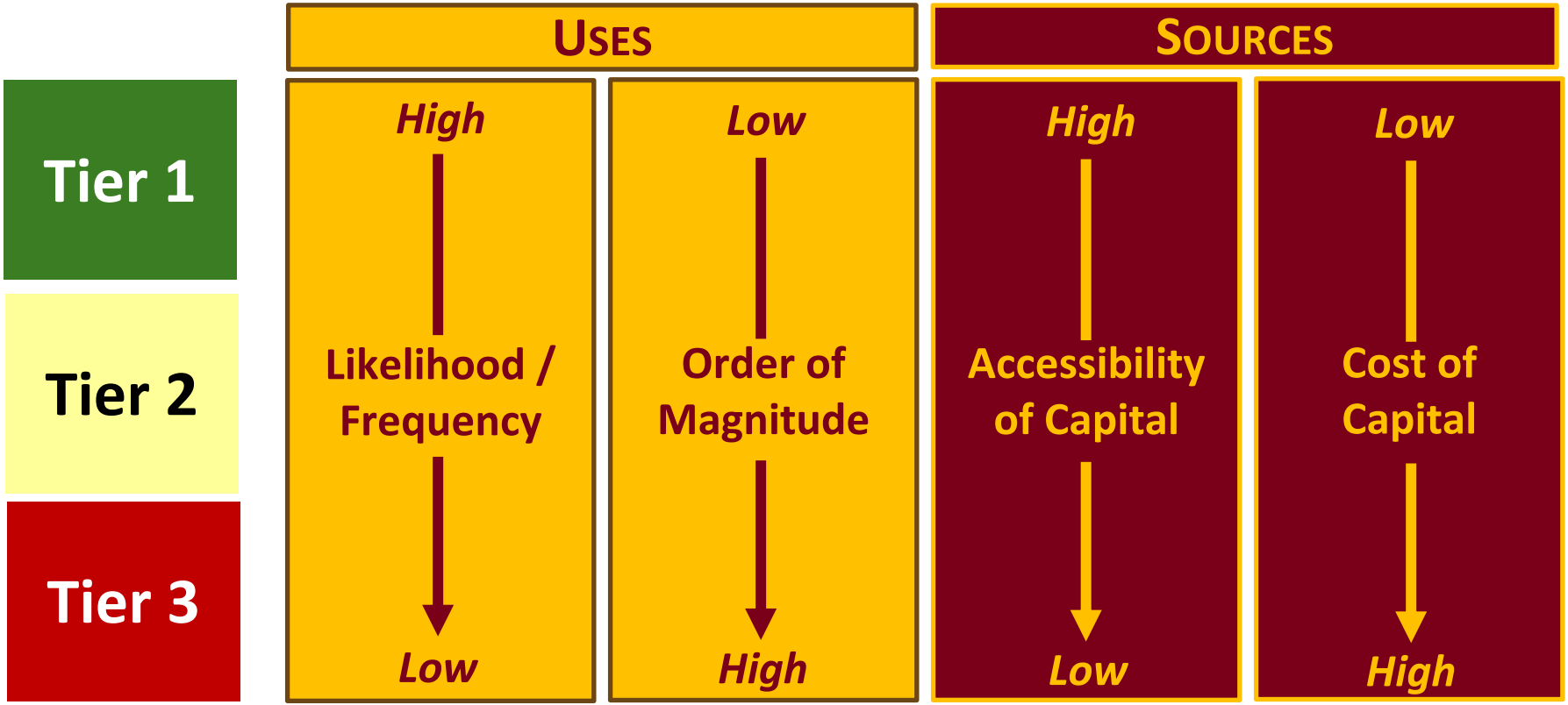
Andrew Parks, CFA
AVP, Chief Investment Officer

UNIVERSITY OF MINNESOTA

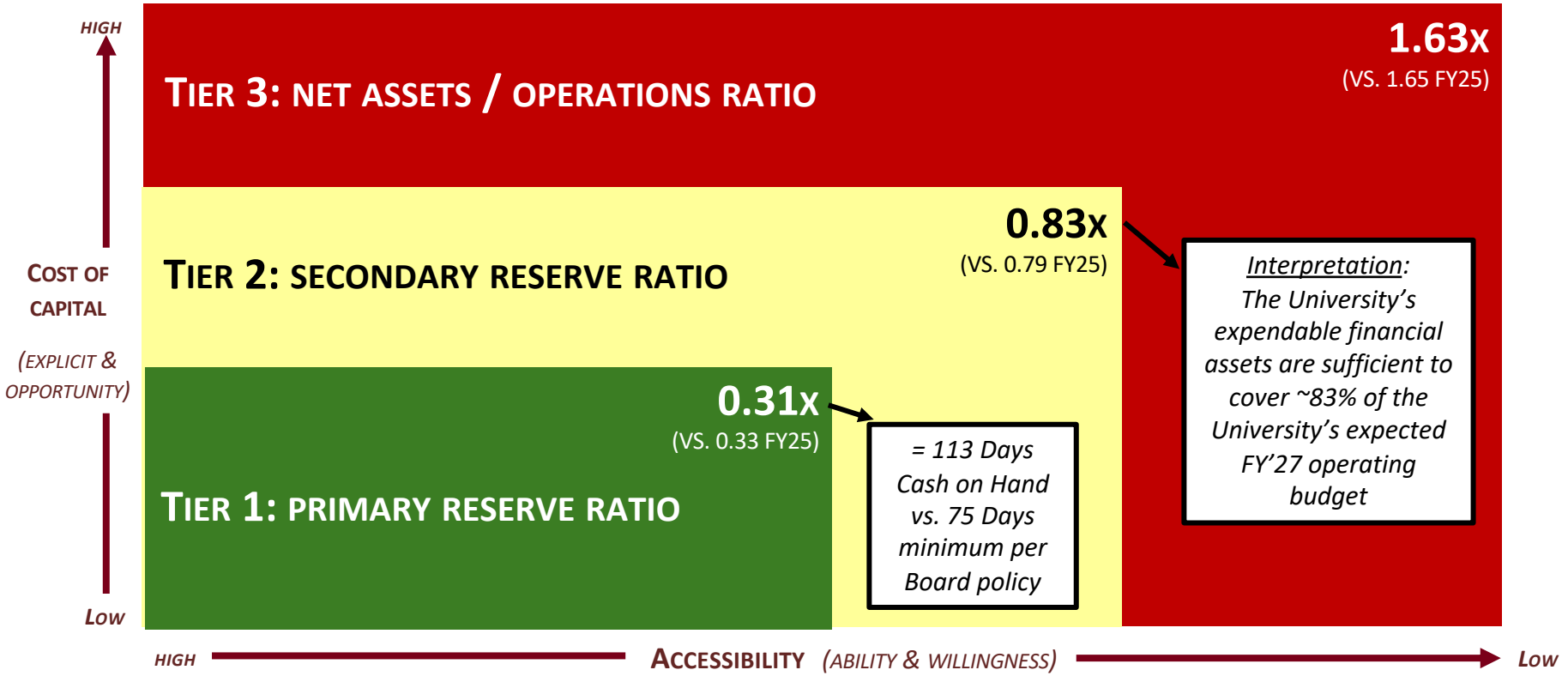
Executive summary

3-tiered framework aims to effectively align sources & uses of capital	• Pools of capital are tiered based on accessibility and cost of capital, then aggregated and compared with the current year's operating budget to show the portion of the budget each tier could cover.
Tier 1 assets equivalent to 113 days cash on hand (vs. 75 days minimum per Board policy)	• The most liquid and accessible assets are sufficient to cover ~1/3 year's worth of expenses while all expendable financial resources could cover >3/4.
Minimal YoY changes in tiering levels	• Tier 1 levels remain in line with 3-year trend, while Tier 2 levels are slightly elevated primarily due to endowment fund growth.
Level of expendable financial resources = top quartile vs. both Big 10 and larger (>$1.8B budget) university peer groups	• Compared to higher education peers, UMN has lower levels of daily liquid cash but higher levels of overall expendable financial resources (as a percentage of the operating budget).

Reminder: 3-tiered framework aims to effectively align sources & uses of capital



Minimal YoY changes in tiering levels - the most liquid and accessible assets are sufficient to cover ~1/3 year's worth of expenses while all expendable financial resources could cover >3/4

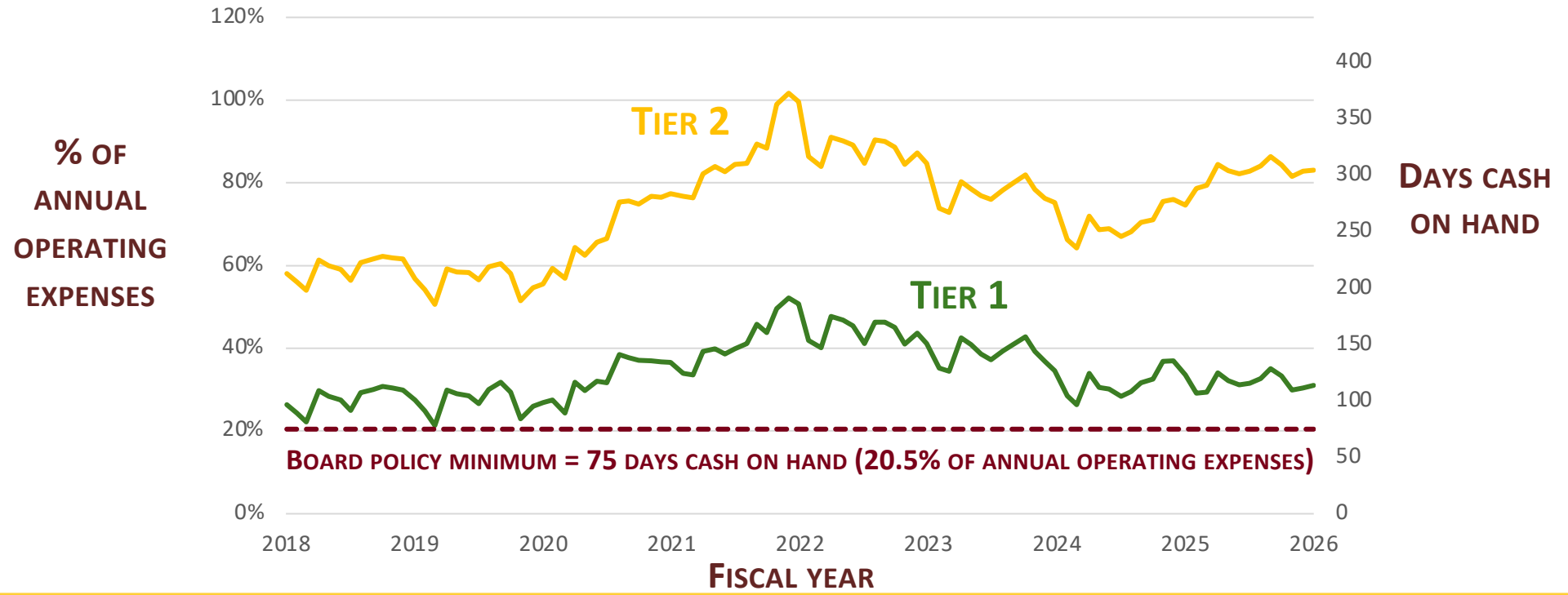


Visual not drawn precisely to scale.

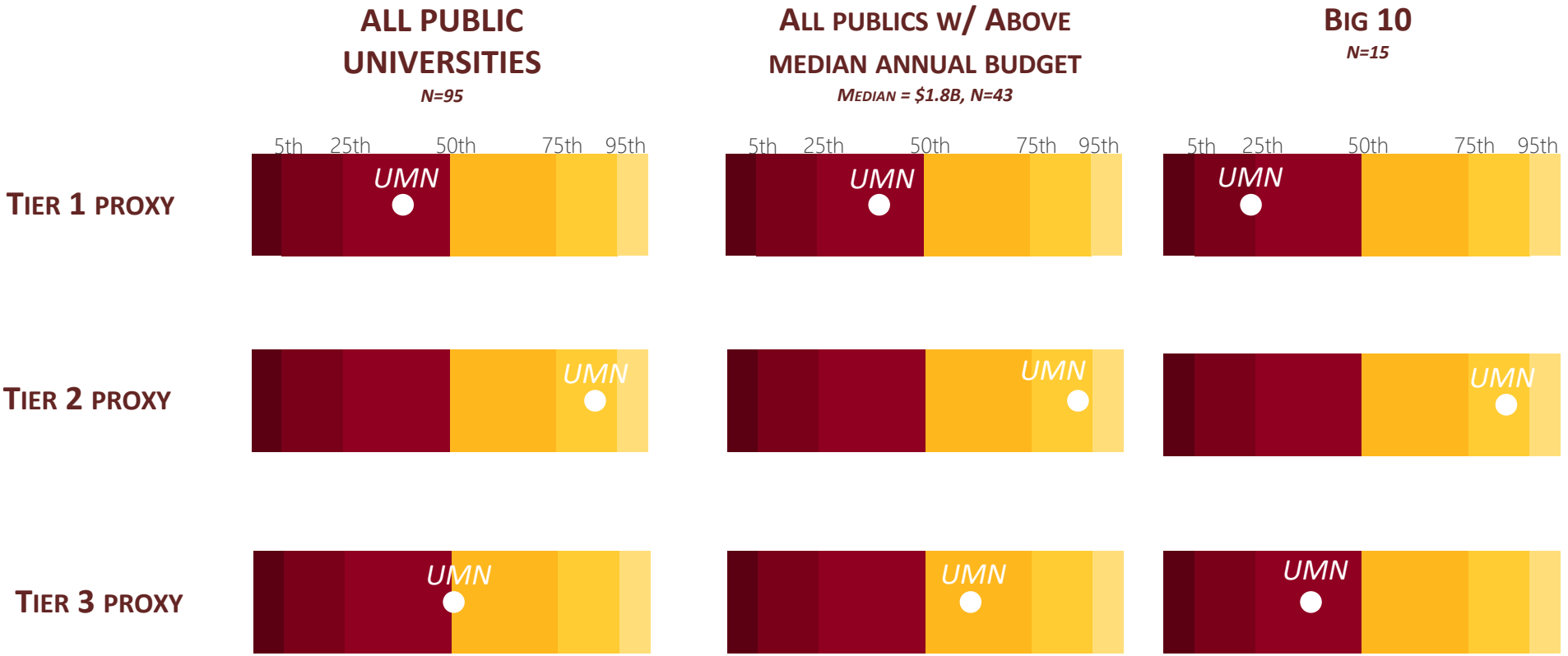
DETAILED TIER COMPOSITION BY SOURCE OF CAPITAL

	Pool of Capital /Description	$(M)	% of Total	Cumulative Ratio vs. FY27 Budget of $5.3B
Tier 1	Institutional Income Reserve (fka Central Reserves)	90	1%	
	Short-Term Reserves (TIP): Unrestricted	1,085	12%	
	Available Short-Term (Commercial Paper) Borrowing Capacity	402	5%	
	Bond Proceeds – Unspent & Undesignated	96	1%	
	Line of Credit	0	0%	
	Subtotal:	***1,674***	***19%***	***.31x***
Tier 2	Short-Term Reserves (TIP): Restricted – Expendable	596	7%	
	Medium-Term Reserves (GIP): Restricted – Expendable	61	1%	
	Endowment (CEF): Quasi-Restricted and Quasi-Unrestricted	1,474	17%	
	Captive Insurance Company (RUMINCO)	103	1%	
	Bond Proceeds – Unspent & Designated	216	2%	
	Available Long-Term Borrowing Capacity	350	4%	
	Subtotal:	***2,450***	***32%***	***.83x***
Tier 3	Short-Term Reserves (TIP): Restricted & Unexpendable	5	0%	
	Endowment (CEF): Permanent/True	1,161	13%	
	Capital Assets	3,121	36%	
	Subtotal:	***4,287***	***49%***	***1.63x***

Tier 1 levels remain in line with 3-year trend, while Tier 2 levels are elevated primarily due to endowment fund growth



Compared to higher ed peers, UMN has lower levels of daily liquid cash but higher levels of overall expendable financial resources (as of FY'25)



Source: Moody's. As of FY'25. Tier 1 Proxy: Days Cash on Hand = (Cash+Marketable Securities)/(Annual Operating Expenses/365); Tier 2 Proxy = Expendable Financial Resources / Annual Operating Expenses; Tier 3 Proxy: Net Assets / Operations Ratio = Net Assets / Annual Operating Expenses

Annual Capital Financing and Debt Management Report

Fiscal Year 2026

finance.umn.edu/debt-management

Executive Summary and Highlights

The University of Minnesota (the "University") enjoys a very favorable credit profile which results in low borrowing costs to finance capital projects. The University's debt is highly rated by two rating agencies – "**Aa1"** by Moody's Investors Service ("Moody's") and "**AA"** by S&P Global Ratings ("S&P") – which provides strong demand and competitive pricing in the marketplace for the University's bonds.

Key debt-related metrics **as of June 30, 2026**, are listed below:

- Total **long-term debt** outstanding is approximately **$1.4 billion**.
- Total **short-term debt** outstanding is approximately **$298 million.**
- Weighted average cost of capital - **3.72%**.
- The mix of tax-exempt to taxable debt is **57% taxable to 43% tax-exempt**.
- The mix of fixed-rate and variable rate debt is **82% fixed and 18% variable**.
- The University's long-term debt is rated "**Aa1"** by Moody's and "**AA"** by S&P.
- The University's short-term debt is rated "**P-1"** by Moody's and "**A-1+"** by S&P.
- Debt service paid for fixed rate debt during FY2026 was approximately $121 million, of which **$60.3 million** was applied to paying down principal.
- The Board of Regents authorized the increase of the aggregate principal amount outstanding on the Commercial Paper notes from not to exceed $400 million to not to exceed $700 million and expanded the use to include operating purposes.
- The University issued the Series 2026A Refunding Bonds to refinance prior bond issues. The refinancing generated total net present value savings of $12.6 million over 15 years, which represents 13% of refunded bonds savings.

University's Debt Profile

Summary

Debt financing allows the University to pay for assets over a period of time, rather than paying for them at the time of purchase. Per Board policy, debt shall be used to finance the purchase of land and buildings, construction of and remodeling projects to University facilities, and acquisition of and installation of equipment. Debt may not be used to fund University operating purposes without Board approval. Each debt transaction of the University is completed in the most effective and professional manner, in accordance with the highest standards of the industry, laws and governmental practices, guided by the following principles:

- Minimize borrowing costs at acceptable levels of risk over the life of the debt,
- Maintain key institutional financial metrics to assure continued access to capital markets and manage credit-related risks,
- Exhibit a maturity profile that meets liquidity requirements and manages the balance sheet of the institution, and
- Provide financial and budgetary flexibility and stability.

As of June 30, 2026, the University has $1.6 billion of outstanding debt made up of a combination short-term notes and long-term bonds with fixed and variable rates. The following pages explain in more detail the University's debt profile.

Debt Instruments

The University uses different financing tools to support the University's mission on capital investment in the most cost-efficient way. The University's **average cost of capital** as of June 30, 2026, is approximately **3.72%**.

Most of the University's outstanding debt can be categorized in one of the following three designations:

General Obligation Bonds

General Obligation Bonds (GO Bonds) are secured by the full faith and credit of the University. GO Bonds are the most common type of debt used to finance improvements, acquisitions, and new construction projects. The University's GO Bonds have been issued as either tax-exempt or taxable with 20-, 25-, or 30-year maturities. Approximately 54% of all GO Bonds have been issued with a 10-year optional redemption and 44% have been issued with a make-whole call redemption option because of their taxable status. Only 1% of the bonds are not callable due to their short maturity. Each bond series, except for the Series 2022 Bonds, has been structured with equal annual debt service payments over the life of each bond. The Series 2022 Bonds were structured as interest only bonds, with the full amount of principal due at maturity. **The total amount of GO Bonds outstanding as of June 30, 2026, is $1,175,715,000.**

State Supported Debt - Special Purpose Revenue Bonds

Bonds issued as Special Purpose Revenue Bonds (SPRB) are special limited obligations of the University payable from appropriation revenues received from the State of Minnesota. These bonds were issued by the University for

the Huntington Bank Stadium and the Biomedical Science Research Facilities, but Minnesota law provides for an annual appropriation to reimburse the University for the annual debt service on these bonds. No other revenues or assets of the University, nor the full faith and credit of the University, is pledged for the payment of the principal or interest on these bonds. **The total amount of Special Purpose Revenue Bonds outstanding as of June 30, 2026, is $115,315,000.**

Commercial Paper

On October 12, 2017, the Board authorized a revolving commercial paper facility (the "Facility") not to exceed amount of $400 million through which the University may issue tax-exempt and taxable variable rate short-term notes to finance capital projects. The Facility is backed by the full faith and credit of the University and is supported by the University's self-liquidity. On June 12, 2025, the Board authorized (a) the increase of the aggregate principal amount outstanding of the commercial paper notes to not to exceed $700 million; and (b) the issuance of notes for operating purposes in the event that the University experiences, in the judgment of the Treasurer, a significant unplanned change in revenues or expenses, and which jeopardizes the University's working capital, liquidity, or financial stability.

Since the Facility is considered revolving in nature, commercial paper notes can be issued for approved projects, paid off, and then re-issued for new approved projects, so long as the total amount of commercial paper issued and outstanding does not exceed the Board's maximum authorization of $700 million. **As of June 30, 2026, the outstanding balance of the Facility is $297,978,000.**

The Facility is currently rated "P-1" by Moody's and "A-1+" by S&P, both the highest short-term rating possible from each rating agency.

There are two types of risk associated with commercial paper. The first relates to interest rate sensitivity. As a short-term debt obligation, commercial paper is more susceptible to interest rate fluctuations as compared to long-term, fixed rate debt. The second is counter-party risk, which is defined as the risk that a dealer with whom the University contracts to remarket the commercial paper could default on its obligations under that contract. This risk has been mitigated by utilizing two separate dealers for the sale and remarketing of new notes, thereby spreading counter-party risk among dealers.

Commercial Paper is an effective and efficient debt-financing tool for short-term capital financing needs. It also serves to diversify the University's debt mix within the overall debt portfolio, with the goal of lowering overall cost of capital. It can be restructured into long-term debt quickly and efficiently since it is short-term in duration. The weighted average rate of the Facility outstanding on June 30, 2026, was approximately 2.6% as compared to 3.5% on June 30, 2025.

Other Type of Debt

Over the years, the University has utilized other financial instruments such as swaps and loans directly negotiated with commercial banks. As of June 30, 2026, the University does not hold any swaps, hedge transactions or any other notes in its debt portfolio.

Debt Activity During Fiscal Year 2026

Refinancings

Refunding of bonds involves the issuance of new bonds for the purpose of retiring outstanding bond issue(s). Outstanding debt may be refunded to achieve interest rate savings, restructure principal and/or interest payments, or eliminate burdensome covenants with bondholders. The University actively monitors refunding opportunities and takes advantage of market conditions in the municipal market to exercise the Bonds' call options and generate savings.

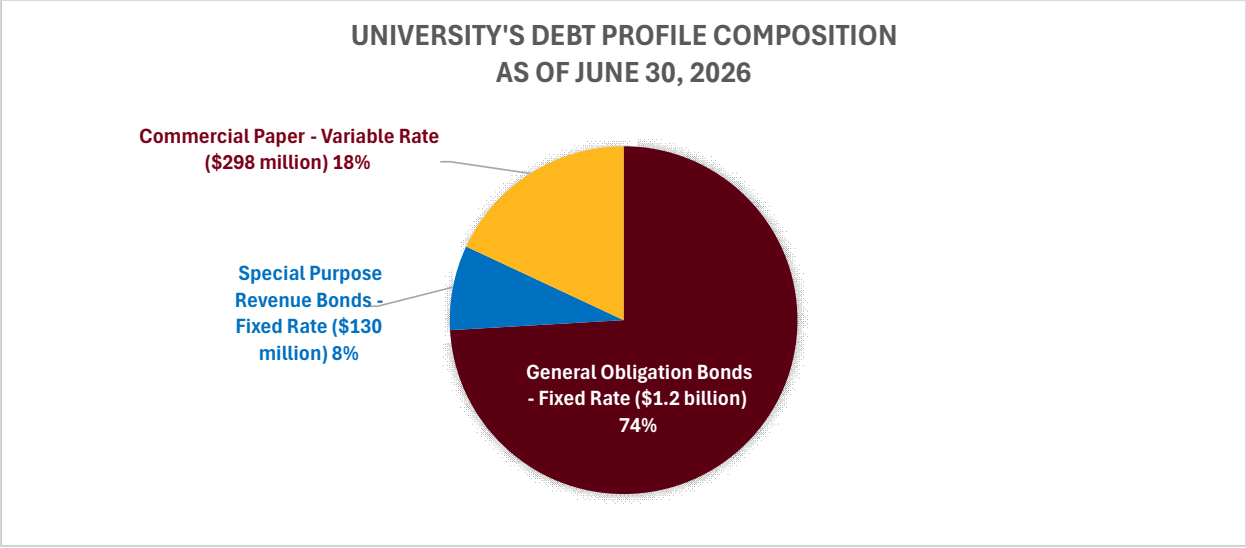
On March 3, 2026, the University sold $97,280,000 General Obligation Refunding Bonds, Series 2026A (the "Refunding Bonds") to refund, on a current basis, $110,048,787 of prior bonds outstanding (the "Refunded Bonds"). The Refunded Bonds were redeemed and paid in full on April 2, 2026. The refunding transaction generated total gross savings of $15.3 million or $12.6 million of present value savings, which represent an average of $840,000 of net savings over 15 years.

The University continues monitoring refunding opportunities as market rates change.

University Debt Profile Composition

The total debt of the University as of June 30, 2026, totaled $1.6 billion. Of the total debt, $1.2 billion or 74% were General Obligation Bonds and $130 million or 8% were Special Purpose Revenue Bonds. Commercial Paper accounted for the remaining $298 million of Commercial Paper, which represented 18% of the total debt.

The following pie chart presents the composition of the University's debt portfolio between the types of bonds outstanding as of June 30, 2026.

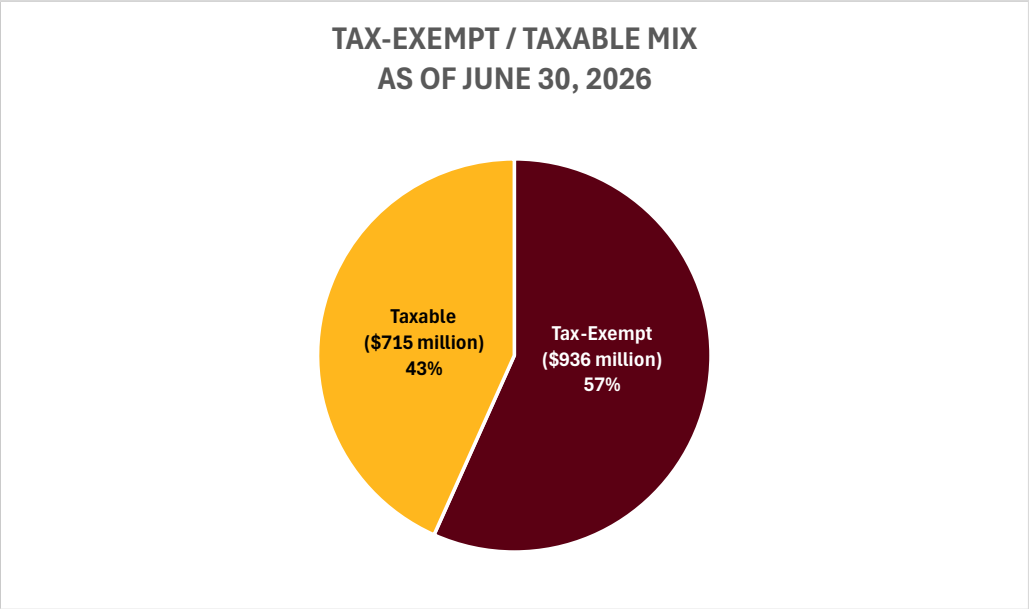


Taxable and Tax-Exempt Debt

Debt is generally issued as tax-exempt bonds unless there are conditions that prohibit the use of tax-exempt debt, or when other considerations indicate the use of taxable debt is in the best interest of the University. Tax-exempt bonds provide tax benefits to investors which translates to a lower cost of borrowing to the University but also carry strict tax compliance requirements for the life of the Bonds. Taxable bonds are less restrictive and provide greatest flexibility in how proceeds can be used and invested, but usually (although not always) result in slightly higher cost of borrowing.

The mix of tax-exempt to taxable debt outstanding as of June 30, 2026, is approximately **57% tax-exempt** or $936 million **to 43% taxable** or $715 million**.**

The following pie chart represents the split between tax-exempt and taxable debt of the University.

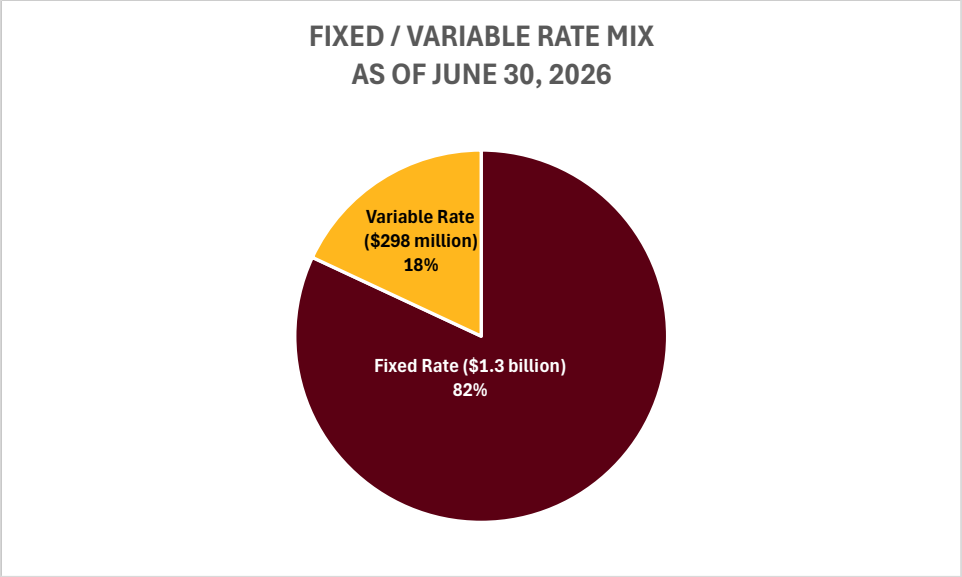


Fixed Rate and Variable Rate Debt

Long-term, fixed-rate, tax-exempt debt is the most common form of debt issued by institutions of higher education, in which interest rates are fixed for a single or multiple maturities. This type of debt allows institutions to lock into certain debt service obligations at tax-advantaged interest rates over a long period of time. Long-term fixed rate debt generally includes a 10-year call option to allow for refinancing opportunities. Depending on market conditions, the University may choose to exercise the Bonds' call options to reduce interest rate and annual debt service payments.

Variable rate debt may have lower overall cost of capital, but has some risks including interest rate, credit, tax law, and remarketing. All the University's variable rate debt is currently in the form of commercial paper.

The mix of fixed rate to variable rate as of June 30, 2026, is approximately **82% fixed** or $1.3 billion to **18% variable** or $298 million. The chart below presents a graphic representation of such mix.

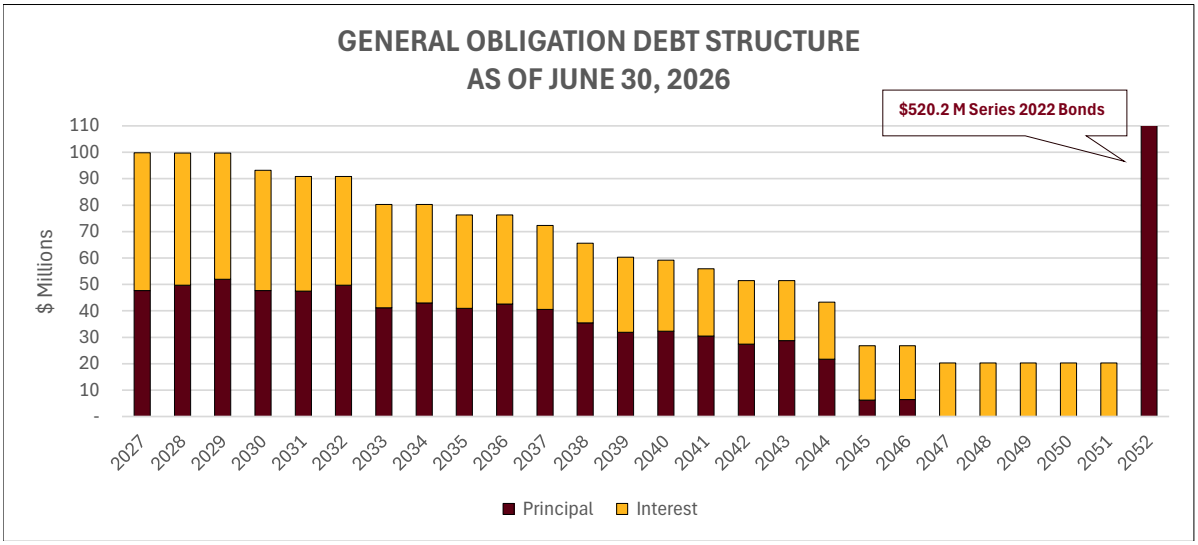


Amortization Structure

The debt service structure for each bond issue is determined on a case-by-case basis. The University has typically structured its debt so that the annual debt service payments for each bond issue comes due at equal payments. The exception is the Series 2022 Bonds, which were structured as interest only bonds, with the full amount of principal due at maturity. The following graphs reflect the amortization of the General Obligation Bonds and Special Purpose Revenue Bonds outstanding as of June 30, 2026. The graphs below do not include the commercial paper facility.

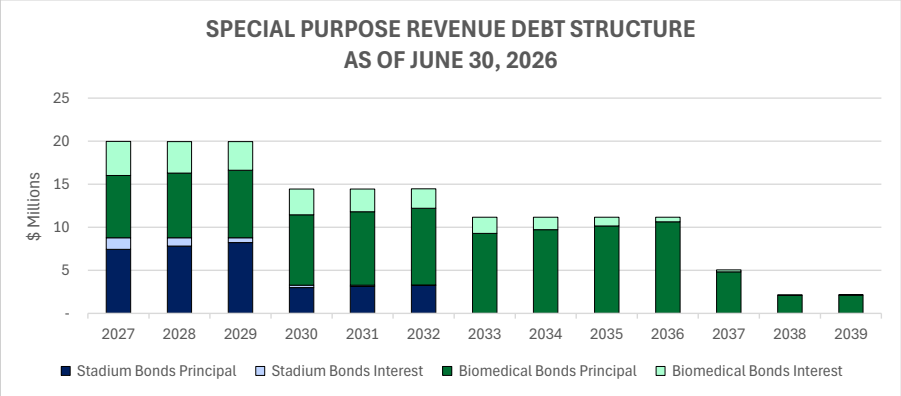
General Obligation Bonds

General Obligation Bonds are secured by the full faith and credit of the University. The following graph reflects the current structure of the University's general obligation bond portfolio.



Special Purpose Revenue Bonds

Special Purpose Revenue Bonds are special limited obligations of the University payable from annual appropriations received from the State of Minnesota. The bonds issued under this source financed a portion of the Huntington Bank Stadium and the Biomedical Science Buildings. The graph below presents structure related to such bonds.



Debt Management Oversight

The Board of Regents has delegated primary responsibility for debt activities to the University Treasurer, who has delegated day-to-day responsibility and management to the Vice President & Assistant CFO and the Director of Debt Management. In addition, the University relies on a team of individuals throughout the University and external to the University to ensure compliance with policies, laws, and regulations.

Debt Management Advisory Committee

The Debt Management Advisory Committee (the "Committee") was established for the purpose of advising the Finance Committee of the Board of Regents and the Treasurer on the issuance and ongoing management of debt. In doing so, the Committee evaluates, recommends, and monitors debt management policies, strategies and guidelines and provides advice on their implementation. Committee membership includes the Chair or Vice Chair of the Board of Regents Finance & Operations Committee (or a designee), the Treasurer of the University, a faculty member of the Carlson School of Management and up to six members of the local business community. The Committee meets a minimum of two times per year.

Independent Municipal Advisor

The University retains an independent registered municipal advisor to assist the University with a variety of debt related services, including but not limited to debt issuance and general municipal market advice. The University's current municipal advisor is Echo Financial Products LLC.

Bond Counsel

During the bond issuance process, the University relies on the law firm Dorsey & Whitney LLP, as Bond Counsel, to provide legal opinion on taxability and ensure conformity with municipal tax laws and regulations.

Long-Term Bond Credit Ratings

Credit ratings are financial indicators of an institution's ability to pay its outstanding obligations. Investors rely on credit ratings to assess an institution's creditworthiness. On February 2026, the University received confirmation of its long-term ratings, which are "**Aa1**" by Moody's Investor Services and "**AA**" by S&P Global Ratings. These are excellent rating scores which provide strong demand and competitive pricing for bonds issued by the University and traded in the investment community.

Each rating agency has its own methodology and factors to consider for them to arrive to the final rating levels. The scoring is standardized using an alpha numerical system. The table below presents the meaning of the different rating levels.

Moody's	S&P	Rating Description 1	Rating Description 2
Aaa	AAA	Prime	Investment Grade
Aa1	AA+	High Grade	Investment Grade
Aa2	**AA**	High Grade	Investment Grade
Aa3	AA	High Grade	Investment Grade
A1	A+	Upper Medium Grade	Investment Grade
A2	A	Upper Medium Grade	Investment Grade
A3	A-	Upper Medium Grade	Investment Grade
Baa1, Baa2, Baa3	BBB+, BBB, BBB-	Lower Medium Grade	Investment Grade

Ratings below triple B, including C ratings and D ratings, are considered non-investment grade and highly speculative.

Moody's uses the broad weighting factors of market profile, operating performance, financial resources and liquidity, leverage and financial policy, with subfactors of each. Other credit considerations include multi-year trends, regulatory oversight, environmental, social and governance considerations, financial controls, liquidity, government and institutional support, and healthcare operations. This methodology does not include an exhaustive treatment of all factors that might be relevant when evaluating an individual university's credit attributes.

S&P's methodology results in a convergence of a detailed analysis of a university's "Enterprise Risk Profile" and "Financial Risk Profile" with qualitative adjustments for compelling factors or qualifiers. The Enterprise Risk Profile includes industry risk, economic fundamentals, market position and management and governance. The Financial Risk Profile includes financial performance, financial resources and debt and contingent liabilities.

The University is in regular communication with the rating agencies, providing updates on liquidity and debt-related changes. At least once a year and on every bond issuance, the University provides a comprehensive update to the rating agencies, resulting in complete credit review and the publication of a new rating report, which is published and distributed to the investment community.

The most recent credit rating publications are available on the University Finance Webpage under Debt Management.

Key Financial Indicators Comparison

The University monitors certain ratios used by ratings agencies such as Moody's, which factor into debt capacity and credit ratings for the University. The University focuses on three key factors: Leverage, Operating Performance and Liquidity.

- **Leverage**
  - **Total Cash & Investments to Total Debt** – measures "coverage" of total debt by assets that generate investment return.
  - **Spendable Cash & Investments to Total Debt** – measures the university's ability to repay bondholders from wealth that can be accessed over time or for a specific purpose.
  - **Debt Service to Operating Expenses** – measures annual debt service burden on the annual operating budget.
  - **Debt Service Coverage**
- **Operating Performance**
  - **Operating Margins** – measures an institution's ability to repay debt from operating revenue as well as invest in academic programs and facilities to advance its strategic objectives.
  - **EBIDA Margins**
- **Liquidity**
  - **Total Cash and Investments to Operating Expenses**

Definitions for the numerators and denominators in these three ratios as calculated by Moody's are provided below.

- **Total cash & investments** – total cash and cash equivalents plus short-term investments plus noncurrent investments of the University, UMF and UMP (does not include the restricted cash and cash equivalents)
- **Spendable cash and investments** – total cash and investments as computed above less restricted, nonexpendable net assets of the University, less the permanently restricted net assets of UMF and UMP
- **Total debt** – the sum of the University's outstanding debt as shown on the financials, less net unamortized premium/discount on the bonds, plus UMF bonds payable
- **Debt service** – the sum of the principal paid and interest expense on capital debt by the University
- **Operating Expenses** – University operating expenses less scholarships & fellowships, plus interest on capital asset-related debt

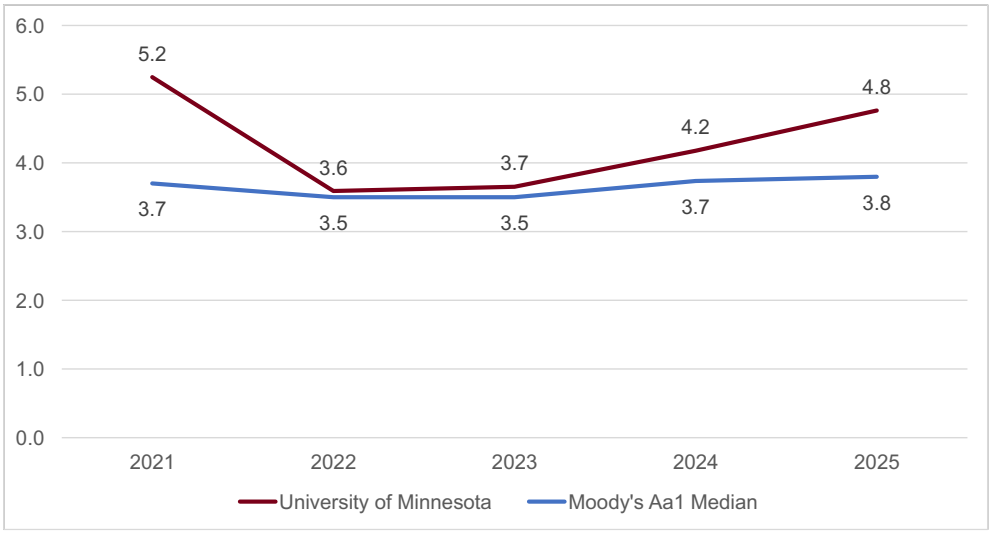
The graphs on the following pages reflect the ratios for the last five years for the University of Minnesota and the median of the 15 public universities, including the University of Minnesota, rated "Aa1" by Moody's for each of the years 2020 – 2025 (the most recent years for which information is publicly available). The 15 "Aa1"-rated public Universities are:

North Carolina State University-Raleigh	University of Colorado	University of Pittsburgh
Ohio State University	University of Delaware	University of Utah
Pennsylvania State University	University of Minnesota	University of Washington
State University of Iowa	University of Missouri System	University System of Maryland
Texas Tech University System	University of Nebraska	Virginia Polytechnic Institute & State Univ.

Leverage and Coverage

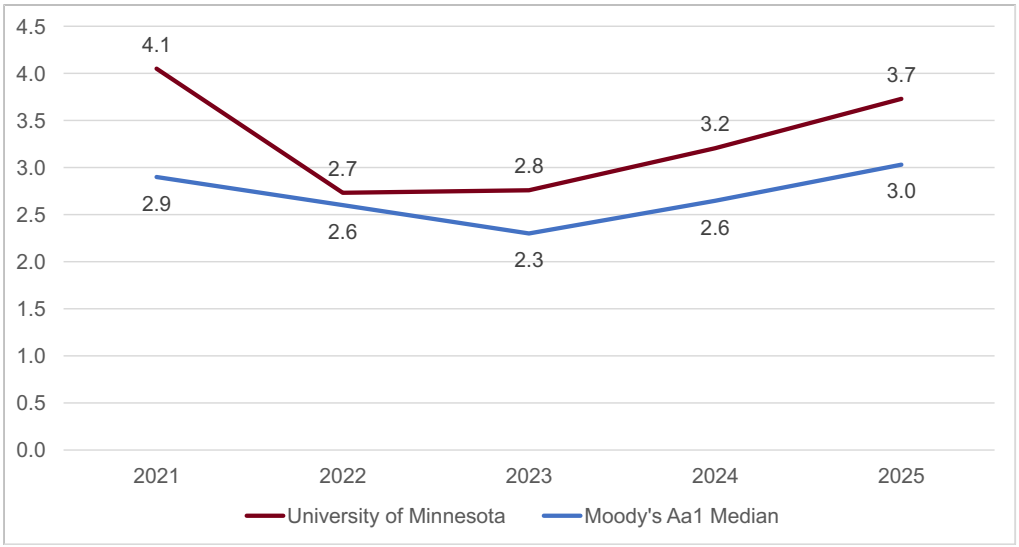
Total Cash and Investments to Total Debt

This ratio is an indicator of the University's ability to repay its debt over time. As shown below, the University is above the median in its peer group of Aa1-rated institutions. **The desired trend is "up."**



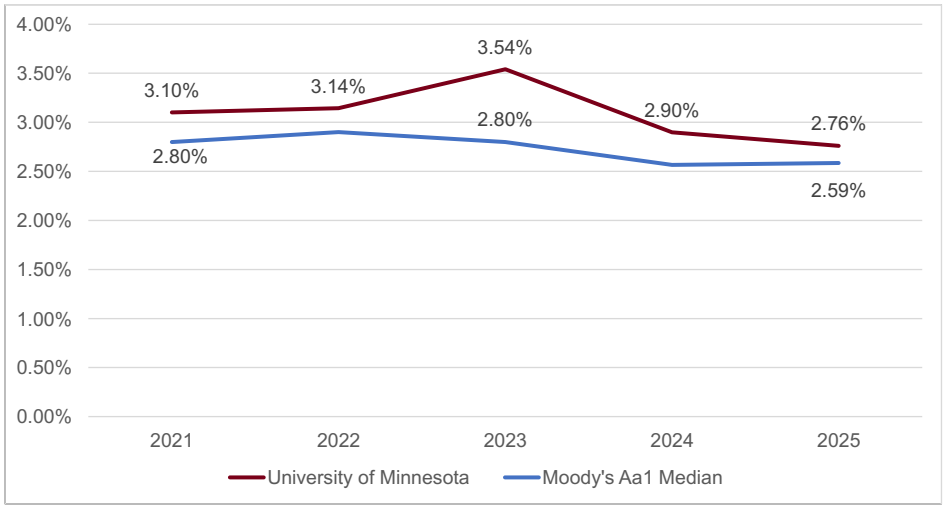
Spendable Cash and Investments to Total Debt

Like the first ratio, the University is again solidly in the middle of the range for Aa1-rated public institutions and above the median for this group of institutions. **The desired trend is "up."**



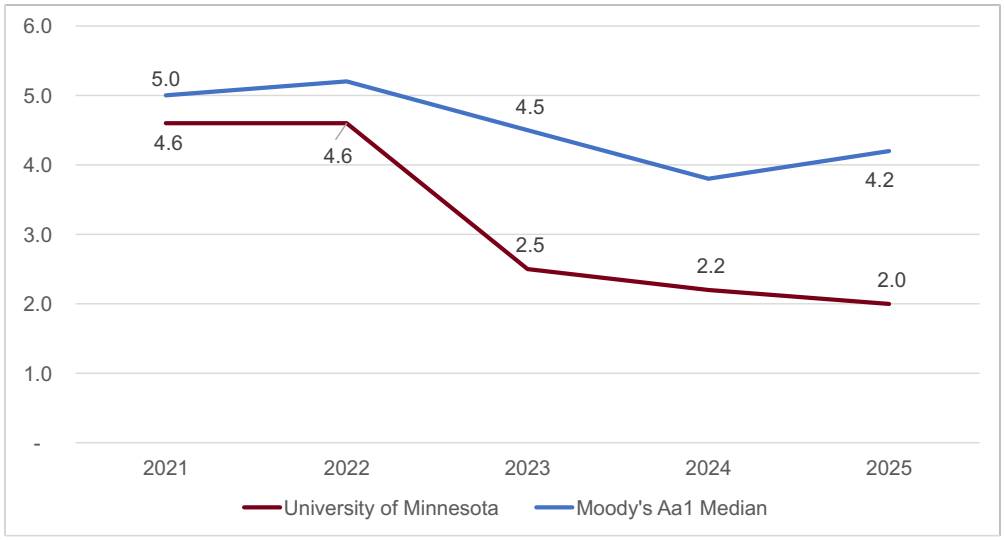
Debt Service to Operations

The University is above the median for this ratio but is fairly consistent from year-to-year. **The desired trend is "down."**



Debt Service Coverage

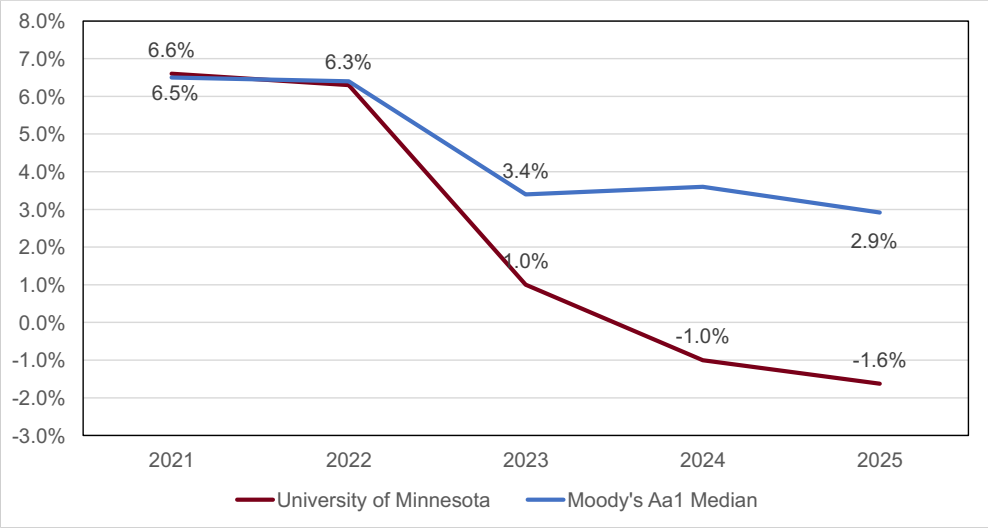
Annual debt service coverage is an indicator of the University's ability to consistently generate sufficient cash flow to repay its debt. The University's debt service coverage has been below the median and is trending down. **The desired trend is "up."**



Operating Performance

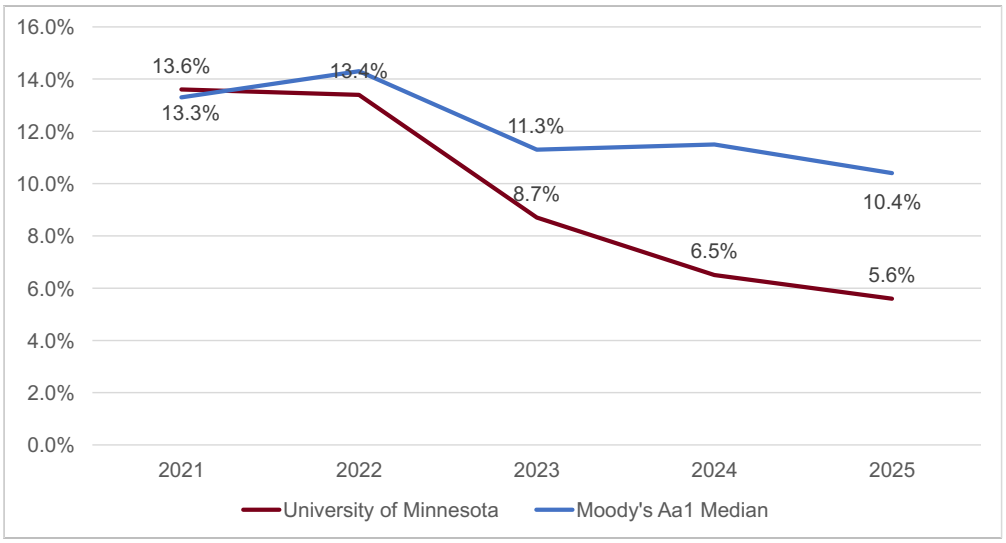
Operating Margin

Operating performance is an important indicator of an institution's ability to repay debt from operating revenue as well as invest in academic programs and facilities to advance its strategic objectives. The University's operating margin has been trending down the last couple of years. **The desired trend is up.**



EBIDA Margin

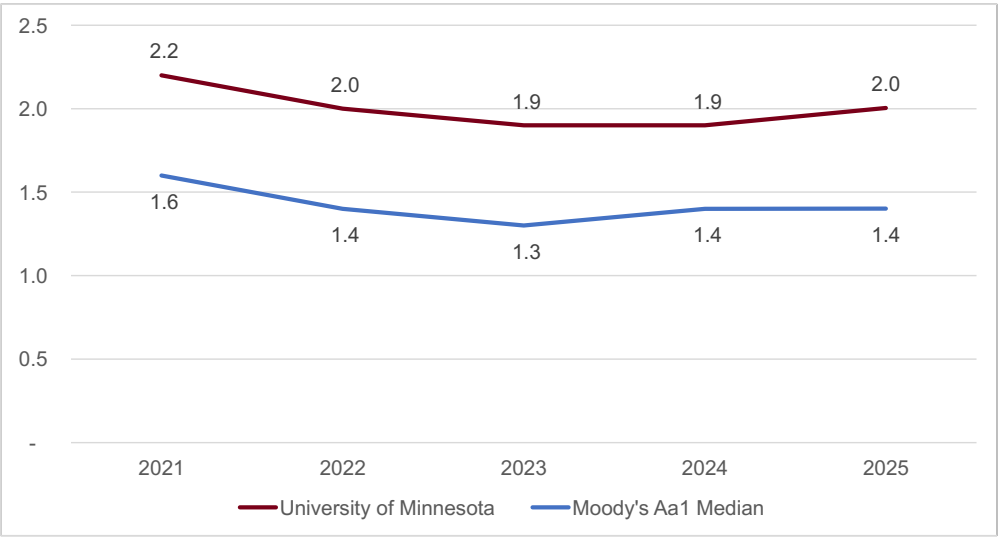
The earnings before interest, depreciation and amortization (EBIDA) margin is an indicator of the University's ability to support its operations as well as generate funds to pay debt service. The University's EBIDA margin was stable within the median but has been trending down in the last couple of years. **The desired trend is "up."**



Liquidity

Total Cash and Investments to Operating Expenses

This ratio provides indications of the extent to the University could use financial reserves to meet expenses over time. This sub-factor is of particular importance during periods of financial stress, where revenue may be subject to volatility or declines. The University is positioned above the median. **The desired trend is "up."**



Peer Analysis with Other Big Ten Institutions

The University annually compares selected financial ratios, consistent with major credit rating agency criteria, to other Big 10 institutions and to other higher education public institutions with the same or higher credit rating. This peer group consists of highly rated preeminent public research universities. **Appendix A** presents the charts comparing the University with other Big Ten Institutions based on FY2025 data, the most recent data available.

Long-Term Capital Financing Program

The Long-Term Capital Financing Program's funding originated with proceeds from the sale of $500,000,000 General Obligation Taxable Bonds Series 2022 (the "Series 2022 Bonds"), issued on April 19, 2022. As required by Board policy, those proceeds may be used to finance capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, as well as the costs of issuance of such financing(s), and/or to refinance existing debt outstanding.

The following page provides information required by Board of Regents Policy: *Debt Transactions and Long-Term Capital Financing Program* adopted on July 13, 2022. The policy requires the reporting of certain information relevant to the University's debt and capital financing program on an annual basis.

Available Funds

The Series 2022 Bonds generated a gross total of $497,816,427 for projects. Allocation of proceeds are approved by the Board as capital projects and acquisitions are completed. As of June 30, 2026, approximately $401,480,000 or 81% of proceeds have been allocated to various projects and real estate purchases. There are approximately $96,336,000 available proceeds for future projects.

	Amount ($ in thousands)
Series 2022 Bond Proceeds (after cost of issuance)	$ 497,816
Minus: Authorized Funds as of June 30, 2026	401,480
Total Available Funds	**$ 96,336**

Use of Proceeds

Approximately $401,480,000 of the proceeds have been allocated to various projects and real estate purchases, and approximately $197,237,000 of the allocated funds have been deployed. The following tables present a list of capital projects and real estate acquisitions approved by the Board, the total allocation and proceeds deployed as of June 30, 2026.

Real Estate Transactions	Authorized Amount ($ in thousands)	Funds Deployed ($ in thousands)
Future of Advance Agriculture Research in MN (FAARM)	$ 16,600	$ 16,557
YMCA Parking Lot	2,200	2,152
UMR - 711 Broadway Ave S	1,020	1,020
Total	**$ 19,820**	**$ 19,729**

Capital Projects	Authorized Amount ($ in thousands)	Funds Deployed ($ in thousands)
Main Energy Plant Chilled Water	$ 28,500	$ 27,184
Masonic Institute for the Developing Brain	27,300	20,561
Lind Hall Renovation	27,250	22,634
Microbial Cell Production Facility	86,482	81,912

Capital Projects	Authorized Amount ($ in thousands)	Funds Deployed ($ in thousands)
Offsite Library Collection Facility	53,700	3,663
Institute for Child Development	1,000	1,000
Mariucci/Ridder Arena Ice Refrigerant Replacement	14,000	13,750
Murphy Hall Media Lab	2,800	2,440
UMR Dining Hall Improvement	4,000	3,977
Med School - PWB Resident Suite	387	387
Women's Gymnastics	15,500	--
Becker Sand Plain Research Farm	2,275	--
Advance Operation Center (Phase 1)	16,322	--
Advance Operation Center IT Relocation (Phase 1)	5,204	--
Vet Diagnostic Lab Tissue Digester (Phase 1)	5,264	--
UMD Residence Production Kitchen (Phase 1)	14,569	--
CSOM Revitalization (Phase 1)	5,407	--
Frase Hall Chemistry Teaching (Phase 1)	35,899	--
Shepherd Lab Renovation (Phase 1)	17,027	--
Territorial Hall HVAC System (Phase 1)	18,320	--
Solar Installations (Phase 1)	454	--
Total	**$ 381,660**	**$ 177,508**

Internal Lending Program

As bond proceeds are deployed under the LTCFP and repaid by the Colleges or units benefiting from the project, the balance of the Internal Lending Program will accumulate and will be used for the following purposes: (i) pay the interest due on the bonds issued for the LTCFP, (ii) finance additional capital projects via new internal loans, and (iii) to fund the costs for maintaining the University's debt activity. As of June 30, 2026, the balance of the Internal Lending Program is $20.9 million.

Below is a summary of activity in the Internal Lending Program since its inception.

Fiscal Year	Collections ($ in millions)	2022 Bonds Interest Expense ($ in millions)	Loans Issued ($ in millions)	Cumulative Balance ($ in millions)
2024	$5.6	--	--	$5.6
2025	6.7	--	--	12.3
2026	17.5	8.9	--	$20.9

Appendix A

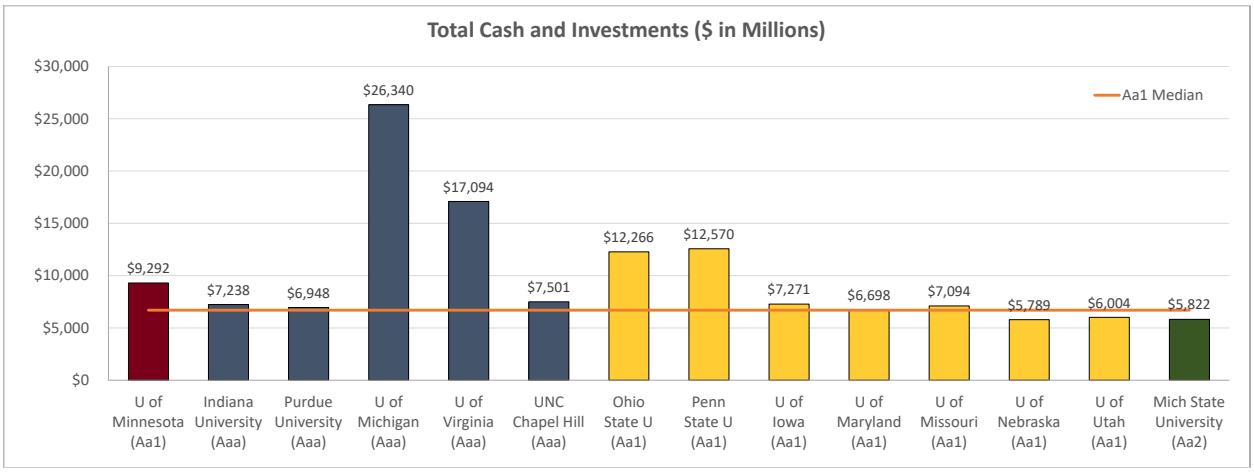
Peer Analysis with Other Big Ten Institutions

The following charts provide the comparisons **as of June 30, 2025**, the most recent year-end that is available for all institutions using industry standard ratios and metrics. The different colors of the bars represent the University of Minnesota (maroon), "Aaa"-rated institutions (navy: Indiana University, Purdue University, University of Michigan, University of Virginia, University of North Carolina Chapel Hill), "Aa1"-rated institutions (gold: Ohio State University, Penn State University, University of Iowa, University of Maryland, University of Missouri, University of Nebraska, University of Utah), and one "Aa2"-rated institution (green: Michigan State University).

Total Cash and Investments

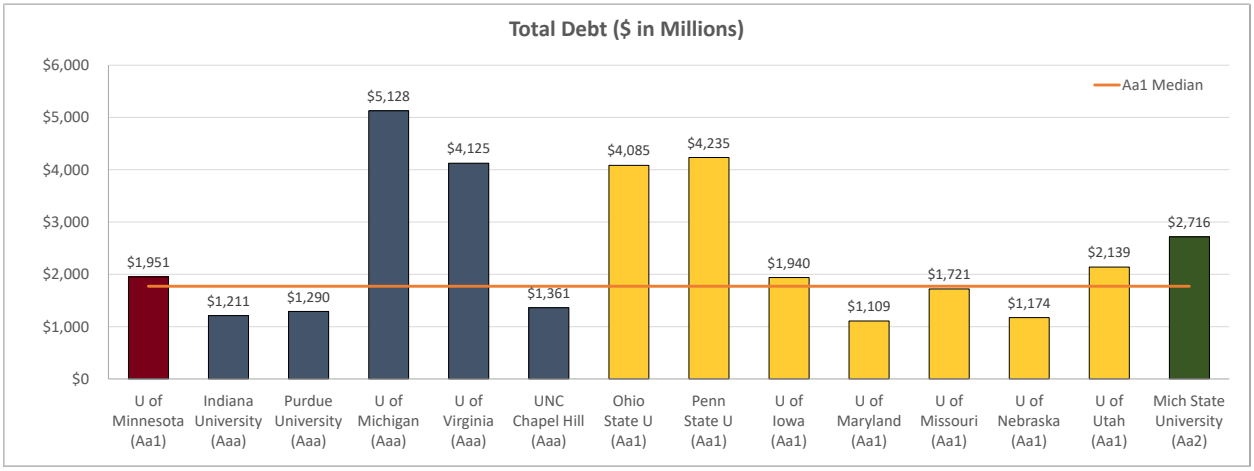
Measures the wealth of a university and its affiliated foundation(s).

(Note – in this chart, University of Minnesota data include cash and investments held by the University of Minnesota Foundation).



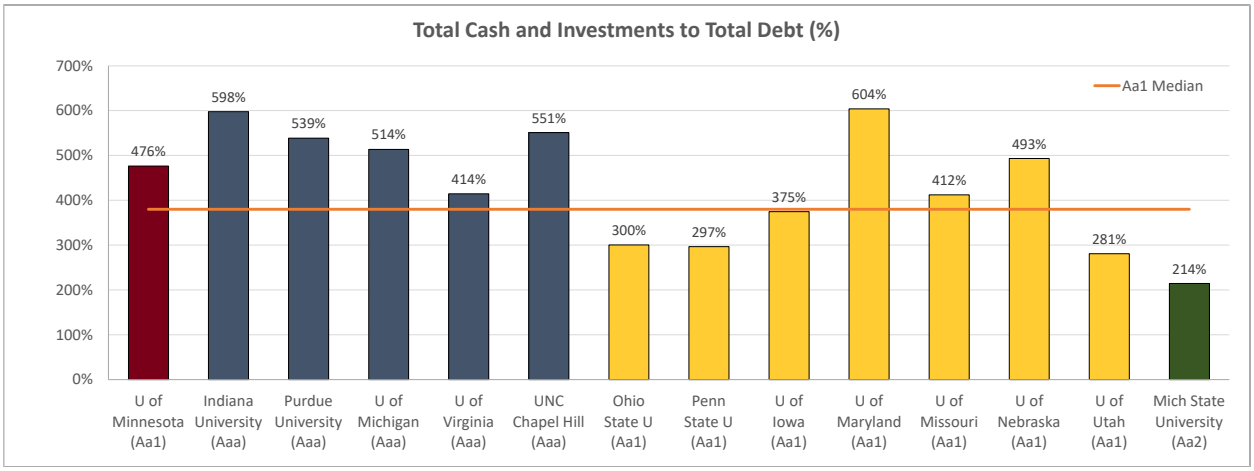
Total Debt

Measures direct obligations of a university and its affiliated foundation(s).



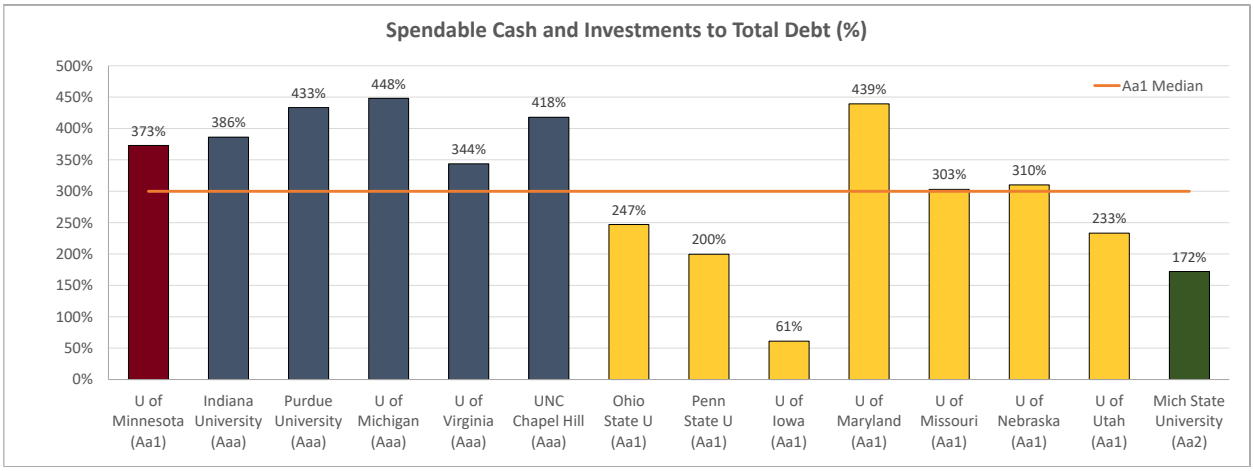
Total Cash and Investments to Total Debt

Measures coverage of total debt by assets that generate investment return. **Higher percentages are more desirable.**



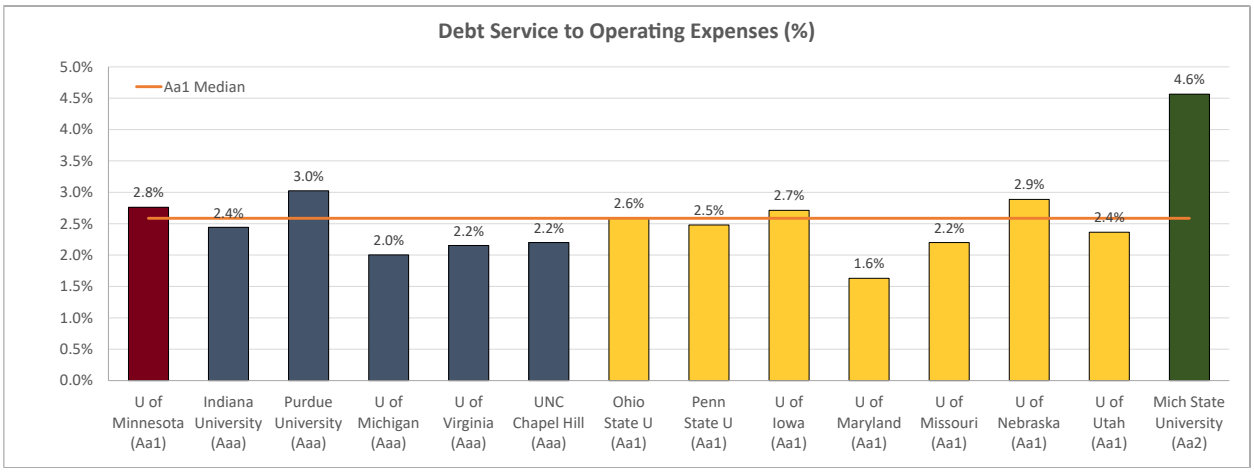
Spendable Cash and Investments to Total Debt

Measures the university's ability to repay bondholders from wealth than can be accessed over time or for a specific purpose. **Higher percentages are more desirable.**



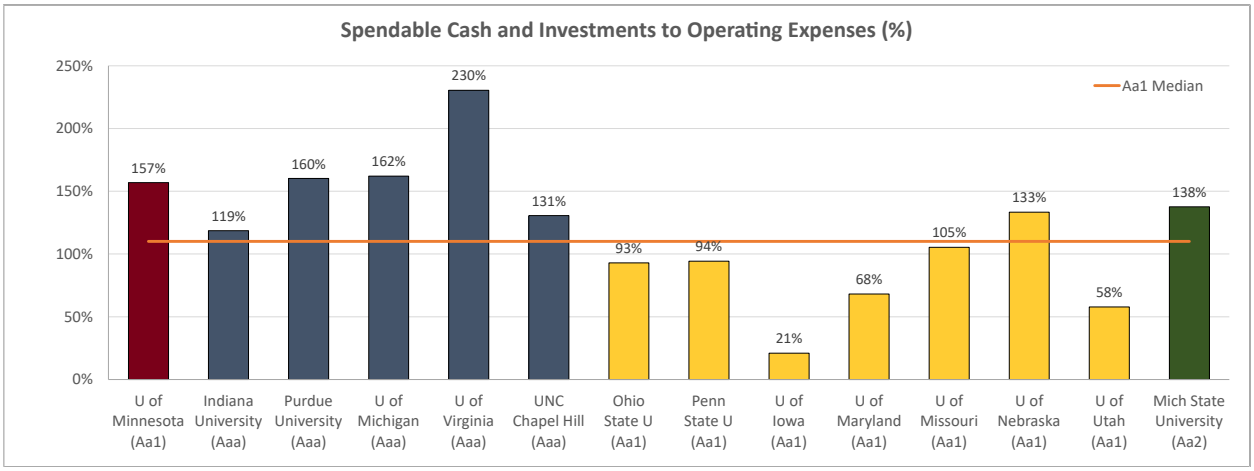
Debt Service to Operating Expenses

Measures annual debt service burden on the annual operating budget. **Lower percentages are more desirable.**



Spendable Cash and Investments to Operating Expenses

Measures the extent to which a university can rely on wealth than can be accessed over time or for a specific purpose to operate without earning any additional revenue. **Higher percentages are more desirable.**



FY 2026
Strategic Facilities and Real Estate Report

Prepared for the Board of Regents,
as required by Board policy.

October 2026

UNIVERSITY OF MINNESOTA

ORIGIN AND SCOPE OF THIS REPORT

Board of Regents Policy: *Board Operations and Agenda Guidelines* requires an annual report titled “Strategic Facilities and Real Estate Report.” This consolidated report provides a comprehensive summary of the University’s physical assets. It includes updates on the University’s facilities condition assessment and space utilization, real estate transactions from the past fiscal year, and capital project management updates for projects in process that have been approved in the annual capital improvement budget or through a capital budget amendment.

This report covers fiscal year 2026 and summarizes University physical asset information from July 1, 2025 through June 30, 2026. The content of this report has been prepared by the University Services leaders responsible for each of the three respective areas and reflects the information available at the time of publication.

Respectfully submitted,

Bruce Gritters, Assistant Vice President for Capital Project Management
Leslie Krueger, Assistant Vice President for Planning, Space, and Real Estate
Mike Clements, Assistant Vice President for Finance and Systems, University Services

LAND ACKNOWLEDGMENT

We acknowledge that the University of Minnesota has campuses that are located on the homelands of the Dakota and Anishinaabe peoples, and acknowledge the eleven Tribal Nations of Minnesota. It is important to acknowledge the peoples on whose land we live, learn, and work as we seek to improve and strengthen our relations with our tribal nations. We also acknowledge that words are not enough. We must ensure that our institution provides support, resources, and programs that increase access to all aspects of higher education for our American Indian students, staff, faculty, and community members.

REAL ESTATE

Board of Regents Policy *Reservation and Delegation of Authority*, Section VIII includes the following provisions related to real estate:

> Subd.1. The Board reserves to itself, or to one of its committees, authority to approve the purchase or sale of real property (a) with a value of $3,000,000 or more; (b) located on or within 2 miles of a University campus; or (c) larger than 10 acres.
>
> Subd. 2. The Board reserves to itself, or to one of its committees, authority to approve leases of real property, easements, and other interests in real property if the initial term amount to be paid by or to the University is (a) $1,000,000 or more in rent in any year; (b) if the lease term exceeds 10 years; or (c) if the value is $5,000,000 or more.
>
> Subd. 3. The Board reserves to itself, or to one of its committees, authority to exercise the power of eminent domain to acquire land for University purposes.

In May 2022, the Board of Regents approved an amended *Real Estate and Facilities* Policy, which includes a set of four guiding principles that seek to inform and direct the University of Minnesota's real estate strategy. These principles address a multitude of factors that drive acquisitions and dispositions of real estate across the University and clarify the University of Minnesota's strategic position as one of mission critical stewardship, fiscal discipline, and geographic alignment with our campus plans.

In practice, these principles will guide the University's long-term vision for its campuses and other properties, while balancing the day-to-day operational complexities of its large real estate portfolio. As the University disposes or acquires real estate, the following principles are considered:

1. Support the University's teaching, research, and service mission and align with the University's Strategic Plan.
2. Align with campus plans.
3. Provide strategic value when balanced against scarce resources and minimize financial liability.
4. Positively impact areas adjacent to the University or limit negative impact.

This section of the report provides a summary of real estate transactions and leases in FY 2026 that met Board thresholds for approval.

Real Estate Transaction (as acted upon by the Board of Regents in FY26)	Amount received or to be received	Amount paid or to be paid	Regents Approval
Sale of Eastcliff Improvements 176 Mississippi Blvd. St. Paul (Twin Cities Campus)	$2,200,000 (Closed)		October 2025
Eastcliff Ground Lease and Improvements Lease Back 176 Mississippi Blvd. St. Paul Forty-year term with Forty-year renewal option. (Twin Cities Campus)*	*no rent associated with the ground lease	*no base rent associated with the improvements leaseback but responsible for ongoing maintenance and utilities	October 2025
Sale of Murphy Warehouse 701 24th Avenue SE, Minneapolis (Twin Cities Campus)	$18,000,000 (Closing by end of 2026)		December 2025
Acquisition of Station 19 2001 University Ave SE, Minneapolis (Twin Cities Campus)		$8,000,000 (Closed)	December 2025
Sale of 507 College St. Duluth (Duluth Campus)	$120,000 (Closed)		February 2026
Acquisition of 620 1st Avenue SW, Rochester (Rochester Campus)		$1,666,100 (Closing by end of 2026)	April 2026
Acquisition of 626 1st Avenue SW, Rochester (Rochester Campus)		$1,400,000 (Closed)	April 2026
Amendment to Two Discovery Square Lease, Lab Expansion 415 2nd Ave SW, Rochester (Rochester Campus)		$12,000,000	June 2026

Real Estate Transaction (as acted upon by the Board of Regents in FY26)	Amount received or to be received	Amount paid or to be paid	Regents Approval
Sale of Les Bolstad Golf Course 2275 Larpenteur Ave W, Falcon Heights (Twin Cities Campus)	$30,500,000 (Closing TBD)		June 2026
Amendment to Advanced Research and Diagnostic Laboratory Lease, 9-year Extension. 1200 Washington Ave, Minneapolis (Twin Cities Campus)		$2,300,000	June 2026

CAPITAL PROJECTS

This section summarizes active FY 2026 capital projects exceeding the $5,000,000 Board threshold, reflecting status as of June 30, 2026. Projects are organized into three categories. Funding for each project varies and can include state funding, debt, and philanthropy, for example.

- **Completed Projects:** Major capital projects completed during FY 2026.
- **Approved and In Progress:** Fully funded, Board-authorized projects actively under construction or completing pre-construction design as of FY 2026.
- **Planning and Design:** Preliminary initiatives undergoing design prior to full construction authorization as of FY 2026.

COMPLETED PROJECTS IN FY 2026

Advanced Operations Center

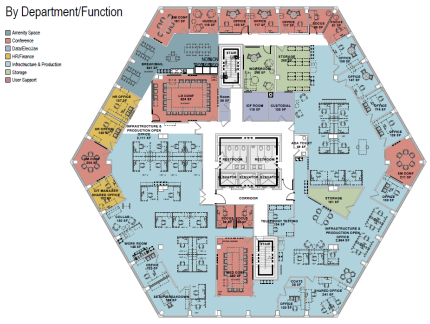
This new facility was constructed for network operations and data center services to relocate the existing Network Operations Center at 2218 University Avenue and the West Bank Office Building Data Center to a new, combined facility located on the East Bank.



Location: University of Minnesota Twin Cities
Project Cost: $72,750,000

IT Staff Relocation

As part of a land swap agreement with University of Minnesota Foundation Real Estate Advisors (UMFREA), the University vacated 2218 University Avenue in 2026. The project relocated and consolidated Office of Information Technology (OIT) staff to the Lower Level, 2nd, and 3rd Floors of University Park Plaza.



Location: University of Minnesota Twin Cities
Project Cost: $6,780,000

Middlebrook Hall Dining Renovation
This project renovated all areas of Middlebrook dining in two phases, including kitchen servery, dining room, offices, and storage areas.

Location: University of Minnesota Twin Cities
Project Cost: $15,071,000



Territorial Hall HVAC System Replacement
This project replaced existing heating and cooling systems in resident rooms with modern components to improve indoor air quality, provide additional humidity control, and meet current codes and standards. Additional scope included full roof replacement and new building electrical service.

Location: University of Minnesota Twin Cities
Project Cost: $32,000,000



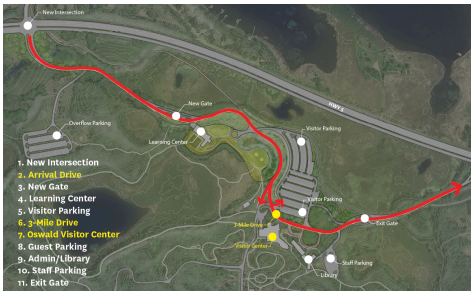
UMD Main Production Kitchen Renovation
This project renovated the basement level production kitchen in Duluth's Residence Dining Center. Project scope included abatement, temporary kitchen, infrastructure upgrades, and a mechanical penthouse for new equipment.

Location: University of Minnesota Duluth
Project Cost: $25,000,000



PROJECTS IN PROGRESS, APPROVED BY THE BOARD OF REGENTS

Arboretum PACE Phase 1



Due to the Highway 5 reconfiguration, this Park, Access, Egress (PACE) project realigns the Minnesota Landscape Arboretum's main entrance west to a new signalized intersection. Upgrades include a new entry drive, gatehouses, landscaping, lighting, and infrastructure, with provisions for future parking expansion.

Location: University of Minnesota Landscape Arboretum
Estimated Project Cost: $12,400,000
Substantial Completion: July 2026

Betty's Apple House



Construction is underway on Betty's Apple House, a new facility replacing the outgrown original Apple House down the road. This upgraded destination offers space to learn, taste, and connect with Minnesota's agricultural heritage, featuring apples grown at the nearby Horticultural Research Center.

Location: University of Minnesota Landscape Arboretum
Estimated Project Cost: $22,400,000
Substantial Completion: December 2026

Carlson School of Management Revitalization



The CSOM Revitalization Project in Nelson Hall aligns teaching and scholarship spaces with modern pedagogical and technological trends to support emerging business needs. The project right-sizes facilities to create adaptable environments that foster campus collaboration while addressing critical building infrastructure, accessibility, and related deficiencies.

Location: Twin Cities - West Bank
Estimated Project Cost: $40,000,000
Substantial Completion: October 2026

Community-University Health Care Center The
Community University Health Care Center (CUHCC) is creating a new facility to continue providing comprehensive care to a diverse population in the Phillips Neighborhood of Minneapolis. The new two-story building will serve a larger number of patients, offer more space for community events, and provide a better environment for staff and learners.



Location: Twin Cities
Estimated Project Cost: $45,000,000
Substantial Completion: December 2027

Eddy Hall Remodel
Eddy Hall, the University's oldest standing building, will house a College of Education and Human Development (CEHD) Educational Opportunity Center for current and prospective students. Relocating programs from Education Sciences to Eddy Hall marks phase one of clearing Peik Hall for demolition.



Location: University of Minnesota Twin Cities
Estimated Project Cost: $33,000,000
Substantial Completion: September 2028

Food Science and Nutrition (FSN) Renewal
This project addresses critical infrastructure renewal including mechanical and electrical system replacement, fire suppression, new ceilings and lighting throughout, fully renovated accessible restrooms, an elevator or lift at the main entrance, limited masonry repairs, and a full window replacement.



Location: University of Minnesota Twin Cities
Estimated Project Cost: $69,100,000 (pending $10,000,000 capital budget amendment)
Substantial Completion: December 2028

Poultry Teaching & Research Climate Control



The Poultry Teaching & Research Facility project focuses on critical infrastructure renewal, including roof replacement and structural reinforcement. Additionally, it modernizes HVAC systems and updates holding room lighting. This scope ensures stable climate control to enable year-round research.

Location: University of Minnesota Twin Cities
Estimated Project Cost: $8,300,000
Substantial Completion: February 2027

Solar Installations



This project advances the 2023 Twin Cities Climate Action Plan (CAP) goals, targeting 6 MW of on-campus renewable energy by 2033. It installs solar arrays across surface lots and rooftops at key University of Minnesota sites, including Nelson Hall, Health Science Education Center, Microbial Cell Production Facility, Recreation and Wellness Center, Lot 37 (Minneapolis), and Equine Center Lot 190 (St. Paul).

Location: University of Minnesota Twin Cities
Estimated Project Cost: $26,870,000
Substantial Completion: May 2027

Vincent Hall Curtain Wall Replacement and Library Repurposing



This project replaces Vincent Hall's 1968 east curtain wall and repurposes the math library space. Work includes interior finishes, furniture, new fireproofing, minor wall reconstruction, and ADA code upgrades.

Location: University of Minnesota Twin Cities
Estimated Project Cost: $10,870,000
Substantial Completion: January 2027

Washington Avenue Bridge Improvements



The upper level of the Washington Avenue Bridge deck serves thousands of pedestrians and cyclists daily. This project improves safety and suicide prevention by replacing railings to deter suicidal impulsivity and allow opportunity for intervention, paired with integrated new light fixtures.

Location: University of Minnesota Twin Cities
Estimated Project Cost: $8,000,000
Substantial Completion: December 2026

PROJECTS IN PLANNING AND DESIGN (FULL FUNDING TO BE DETERMINED)

Dentistry Renovation in Moos Tower



This project updates School of Dentistry facilities to create a modern clinical and teaching setting while addressing core infrastructure needs. Centralizing operations will support collaborative instruction, enhance patient care, and incorporate advanced digital tools. *Note: Included in the University's 2026 state capital request but was not funded.*

Location: University of Minnesota Twin Cities
Estimated Project Cost: $150,000,000
Substantial Completion: TBD

St. Paul Campus Center



The St. Paul Campus Center will be constructed on the site of Magrath Library to serve as a campus gateway, social hub, and central locale for student services. The program integrates Student Unions & Activities, University Libraries, Auxiliary Services, and Office of Classroom Management functions. *Note: Included in the 2026 state capital request ($35 million received) and authorized in the FY 2027 Capital Budget.*

Location: University of Minnesota Twin Cities
Estimated Project Cost: $126,000,000
Substantial Completion: Summer 2029

UMD Sales Center and Library Archives



The Library Annex abuts the Kathryn A. Martin Library and the Labovitz School of Business & Economics (LSBE). This project renovates 7,500 square feet on the upper level into an LSBE Sales Center and active learning environment, connecting students, industry partners, and the broader community with the School's intellectual resources. *Note: Authorized in the FY 2027 Capital Budget.*

Location: University of Minnesota Duluth
Estimated Project Cost: $20,000,000
Substantial Completion: June 2028

Diehl Hall Renovation



Repurposing Diehl Hall proposes major interior renovation to centralize student-facing units for the School of Public Health. The project includes full replacement of mechanical, electrical, and plumbing systems, modernized life-safety infrastructure, and building envelope upgrades with roofing and windows.

Location: University of Minnesota Twin Cities
Estimated Project Cost: $190,000,000
Substantial Completion: TBD

UMD Large Lakes Observatory (LLO)



The Large Lakes Observatory (LLO) project establishes a dedicated waterfront operations hub featuring a new boat slip and port-side facility. Additionally, it replaces an existing campus building with a specialized research laboratory on the Duluth campus.

Location: University of Minnesota Duluth
Estimated Project Cost: $120,000,000
Substantial Completion: TBD

Coffman Union Building Improvements



Student Unions & Activities proposes revitalizing Coffman Memorial Union to enhance student spaces and campus life. In tandem, Auxiliary Services is modernizing Minnesota Marketplace culinary facilities, while the Campus Club explores updates to its space and services.

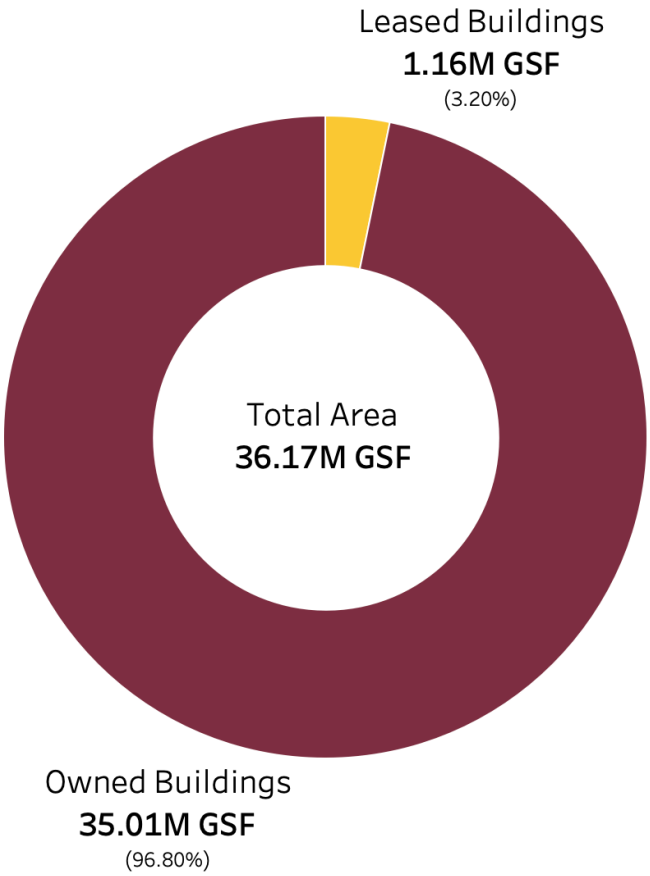
Location: University of Minnesota Twin Cities
Estimated Project Cost: TBD
Substantial Completion: TBD

SPACE PORTFOLIO

The University's portfolio of space totals 36.2 million gross square feet throughout the state of Minnesota. Because building operations, maintenance, and utilities represent the University's largest non-personnel operating expense, strategic space management is directly tied to institutional financial resilience.

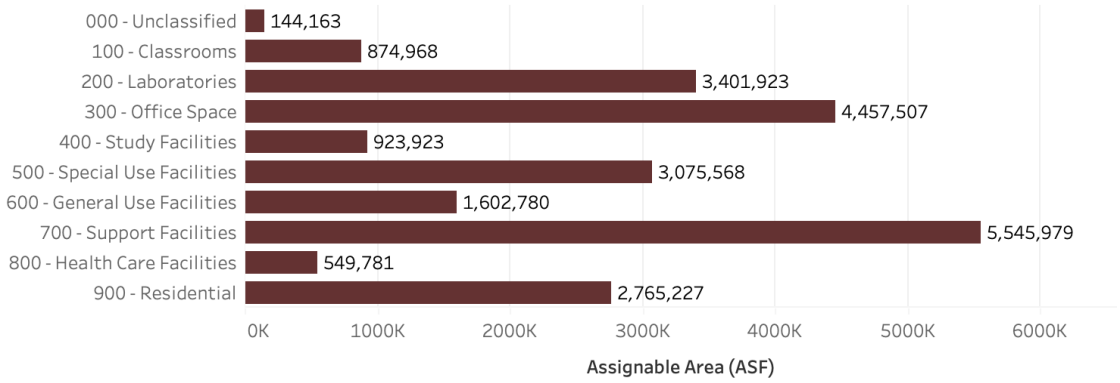
Owned facilities account for 97% of the portfolio, with leased space representing roughly 3% (concentrated primarily in Rochester). Usable program space (assignable area) totals 23.3 million square feet, or 64% of total gross area.

Gross Area by Building Ownership 2026



The University categorizes assignable space following rubrics defined by the National Center for Education Statistics, as shown in the table below.

Assignable Area by Space Classification, 2026



Space distribution across the system reflects historical operational models. Support facilities, which includes parking ramps and garages, is the largest use of space in the University's portfolio. When parking is excluded, office space remains the largest use by quantity. Classroom space represents just 4% of the portfolio, and yet it is the most intensely utilized space we have, due to centralized management and structured scheduling.

Adapting administrative and office space to mirror this efficiency is a primary operational objective. Through the Hybrid Workplace Strategy, the University is transitioning from dedicated, individual office allocations toward shared, flexible space models. Maximizing space efficiency reduces long-term utility, custodial, and lifecycle renewal costs, allowing operating dollars to be redirected toward core academic and research priorities.

Full implementation efforts focus on financial alignment: reconfiguring facility footprints requires upfront capital investment to achieve sustained, long-term operational savings. The University's Six-Year Capital Plan outlines the initial investments necessary to realize these long-term operational savings and address underlying facility conditions.

FOOTPRINT OPTIMIZATION

In FY 2026, the University achieved a net footprint reduction of 155,892 GSF across all campuses:

- Twin Cities Campus: Reduced total footprint by 177,620 GSF, driven primarily by strategic lease exits (such as Radius @15th) and facility dispositions (Murphy Warehouse), which offset targeted investments in high-priority facilities.
- System Campuses & Remote Sites: Maintained largely flat footprints, with minor shifts resulting from targeted lease adjustments in Rochester and property updates at remote research centers.

Gross Area (GSF) by Campus, 2025 - 2026

Campus	2025	2026	Net Change	
Crookston Campus	716,680	716,680	0	▪
Duluth Campus	3,412,285	3,413,466	1,181	↑
Morris Campus	1,001,394	1,011,939	10,545	↑
Rochester Campus	369,229	372,425	3,196	↓
Twin Cities Campus - Minneapolis	24,181,595	24,005,488	-176,107	↓
Twin Cities Campus - Remote Locations	2,046,003	2,052,809	6,806	↑
Twin Cities Campus - St. Paul	4,600,807	4,599,294	-1,513	↓
Grand Total	36,327,994	36,172,101	-155,892	↓

FACILITY CONDITION ASSESSMENT

Enterprise Overview and Metrics

The Facility Condition Assessment (FCA) serves as the University's central repository for evaluating physical asset conditions and quantifying systemwide capital renewal needs. It describes overall campus needs, supports annual renewal budgeting, and provides order-of-magnitude project scoping within the broader coordinated planning framework, alongside campus plans, climate action plans, and utility assessments.

The FCA fulfills statutory requirements under Minnesota Statute 135A.046 to prioritize Higher Education Asset Preservation and Replacement (HEAPR) funding systemwide across University-owned facilities. It also satisfies Minnesota Statute 16A.633, subd. 3, which mandates maintaining annual and historical facility inventory and condition data comparable with state standards as a prerequisite for state capital bonding eligibility.

FCA data informs the Six-Year Capital Planning process, aligning facility renewal with academic priorities to fix or replace the University's highest-need buildings while optimizing enterprise resource use.

The table below summarizes the overall condition for each campus as well as the Research and Outreach Centers (Remote Locations); Rochester campus is not included as those spaces are predominantly leased.

FY 2026 Enterprise Facility Condition

Campus	Total GSF [1]	Estimated Replacement Value [2, 3]	Projected 10-Year Needs [3]	10 Year Needs / Replacement Value (FCNI)
Crookston Campus	713,862	$447,492,396	$193,213,419	0.43
Duluth Campus	3,390,075	$2,205,340,155	$821,747,166	0.37
Morris Campus	1,011,009	$692,106,067	$359,988,840	0.52
Twin Cities Campus	28,213,417	$16,836,736,012	$6,554,672,233	0.39
Remote Locations	1,682,442	$529,584,357	$233,126,631	0.44
Total	**35,010,804**	**$20,711,258,987**	**$8,162,748,288**	**0.39**

Notes:

[1] UM Analytics GSF figures, including owned buildings, parking ramps and garages. Excludes leased facilities.

[2] Estimated Replacement Value includes assessed facilities and modeled values for unassessed facilities <10 years old

[3] Includes values for newly assessed central utility plant process equipment and horizontal distribution networks.

Key Terminology

- Estimated Replacement Value (ERV): The estimated cost to replace all current facilities in-kind using current construction standards, excluding program improvements.
- Projected 10-Year Needs: Cumulative cost to maintain reliable facility operations over a 10-year period, combining deferred maintenance backlog with anticipated lifecycle renewal, code compliance, accessibility, and safety needs.
- Facility Condition Needs Index (FCNI): A benchmark index measuring relative facility condition, calculated as 10-Year Projected Needs divided by Estimated Replacement Value (10-Year Needs / ERV). Lower values indicate better condition.

Explanation of Primary Growth Drivers (2023–2026 Update)

FCA figures were held flat since 2023 while an enterprise-wide update was underway. The updated dataset reflects an approximate $2 billion increase in total 10-year projected needs systemwide. Crucially, the factors driving needs upward—scope expansion, cost inflation, and refined modeling—applied equally to facility replacement costs. As a result, the portfolio's total Estimated Replacement Value (ERV) increased proportionally, keeping the systemwide Facility Condition Needs Index (FCNI) score stable at 0.39 (compared to 0.38 in 2023).

The growth in both projected needs and baseline ERV is attributable to four primary drivers:

1. **Expanded Assessment Scope (> $880 Million Total Increase):** A primary driver was systematically bringing critical physical assets into the systemwide database for the first time. This includes ~$500 million for central energy utility plants, heavy process equipment, and distribution networks, as well as ~$380 million for previously unassessed facilities - such as buildings constructed within the last 5–10 years and major portfolio additions like UMD Housing.
2. **Rolling 10-Year Window and Strategic Investment Impact:** The 10-year forecast uses a rolling time horizon. Shifting the window from 2023–2032 to 2026–2035 rolled three years of unfunded building lifecycles (2023–2025) into the backlog while adding three new future years (2033–2035). Notably, institutional self-funding is actively bending this curve. Driven by the President’s Capital Investment Initiative, $150 million in internal debt financing enabled total system investments in FY 2026 and FY 2027 to meet and even exceed minimum investment threshold targets. Targeted internal investment is actively stabilizing baseline deterioration.

3. **Cumulative Market Escalation & Inflation:** Because database pricing was held flat since 2023, the updated 2026 values account for ~17.6% in cumulative construction cost growth accrued over the three-year holding period. Beyond general market inflation, specific material and trade categories experienced significant cost surges across specialized structural, architectural, and equipment assemblies.
4. **Enhanced Calculation Methodology ("Sum of Parts"):** The University transitioned from a cost-per-square-foot metric to an industry-standard "Sum of Parts" model. Breaking down each facility into individual building systems (foundations, structural framing, HVAC, electrical, envelope) and pricing them independently yields a more accurate baseline picture of replacement values and lifecycle needs.

Investment Strategy & Funding Realities

FCA modeling provides order-of-magnitude planning estimates for macro budgeting rather than project-level architectural quotes; actual execution costs will vary based on refined project scope, site conditions, and market timing. While the updated dataset has undergone initial quality assurance by the consultant and University staff, capital data remains dynamic. Ongoing internal review, field verification, and baseline calibration will continue throughout the fiscal year, and specific facility or campus estimates may be adjusted in subsequent planning cycles as data is further validated.

Addressing the deferred renewal challenge requires facility renewal, replacement, and decommissioning to remain the capital program's primary focus. However, renewal must be balanced with targeted investments in new facilities to support strategic priorities. Strategic right-sizing and space consolidation will help reduce overall square footage, lower operating expenses, and curb emissions to meet greenhouse gas goals, while preserving capacity for limited growth in mission-focused areas.

Factoring in these footprint adjustments, the University evaluates annual funding against a target renewal range: a Minimum Target (~$175M/year) to sustain the status quo and stabilize portfolio condition, a Mid-Range Target (~$200M/year) to bend the backlog curve, and an Aspirational Target (~$275M/year) to actively drive down the systemwide FCNI score.

State HEAPR appropriations remain a vital cornerstone of asset preservation, but natural bonding cycle fluctuations create funding variability. To complement state support and smooth out these cycles, executive leadership established the Capital Investment Initiative in FY 2026.

The initial $10 million recurring allocation unlocks ~$150 million in internal borrowing capacity split across FY 2026 and FY 2027. Rather than replacing HEAPR, this initiative provides a predictable baseline floor. Scaling this commitment through FY 2034 will yield ~$750 million in total capacity. Ultimately, meeting even the $175 million minimum target requires a dual approach: strong partnership with the State through HEAPR combined with disciplined University self-investment.

Facility Renewal to Target Investment Need

