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28 JUN 2006	
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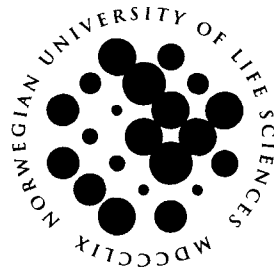
**AGREEMENT ON THE NORWEGIAN CENTENNIAL  
INTERDISCIPLINARY CHAIR**

**BETWEEN**

**UNIVERSITY OF MINNESOTA**

**AND**

**NORWEGIAN UNIVERSITY OF LIFE SCIENCES**



**1. Funds**

On this 26th day of May, 2006 the Norwegian University of Life Sciences agrees to grant \$750,000 for creating a new chair to the University of Minnesota Foundation in the form of a pledge to be fulfilled over the next 3 years.

These endowed funds will be matched with \$250,000 in Permanent University Funds from the University of Minnesota. Additionally, Permanent University Funds will be used to provide bridge funding for three years while pledge payments are made so that the project may be launched immediately.

To supplement the graduate fellowship component of this project, the founders envision seeking gifts totalling at least \$250,000 for an additional endowment from private contributors from the Norwegian-American community to create the Norwegian Centennial Graduate Fellowship fund. The earnings from this fund will be matched permanently by the University of Minnesota's 21<sup>st</sup> Century Graduate Fellowship Program, effectively doubling its value.

**2. Additional Documents**

This Agreement on the Norwegian Centennial Interdisciplinary Chair is based on the framework of the "Agreement on science and technology cooperation between the government of the kingdom of Norway and the government of the United States of America" signed December 9, 2005.

Additional administrative documents pertaining to this Agreement include a general Memorandum of Understanding between the University of Minnesota and the Norwegian University of Life Sciences AND an Agreement on Student Mobility.

There are two attached documents.

- Annex 1: Management of the Norwegian Centennial Interdisciplinary Chair
- Annex 2: Investment principles of the University of Minnesota Foundation for endowment funds

**3. Purpose of the Chair**

The purpose of The Norwegian Centennial Interdisciplinary Chair will be to provide a continual source of resources and distinction for leadership by University of Minnesota and Norwegian University of Life Sciences faculty and staff whose charge will be to form Transatlantic Research Teams of scientists and graduate students at the University of Minnesota and universities in Norway. These teams will conduct breakthrough research to provide sustainable solutions within the fields of bioenergy, biobased products and functional genomics (particularly as it relates to food security).

An additional purpose of the chair earning will be to provide support for graduate students at the University of Minnesota and from cooperating universities in Norway to serve as the mechanism for enabling collaborations.

**4. Purpose of the Endowment Fund**

The purpose of the endowment fund is to assist in supporting scholarship and encouraging collaboration among outstanding faculty members by providing funds that supplement other sources of faculty support. The endowment fund will provide incentives for scholars in Minnesota and Norway and with outstanding potential to work collaboratively in the fields described above, such as funds for a visiting scholars

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program for Norwegians working at the University of Minnesota and vice versa. These funds are intended to provide a margin of excellence above and beyond core faculty funding from other sources.

This endowment fund is intended to support faculty at the prestigious chair level. Oversight of the chair and their activities will be handled by the corresponding Dean or Rector. The holder(s) of the chair and the chair's home department and college may be changed from time to time when to do so is deemed by the President or Rector to be in the best interests of the universities and vision of the chair.

**5. Fund Guidelines**

This fund may be used for any purpose which supports the teaching, research, and service activity of the chair. These funds will be used at the discretion of the coordinating Dean and Rector regulated by a separate Management of the Norwegian Centennial Interdisciplinary Chair (Annex 1) and will include but are not limited to:

- Supporting the salary of the holder(s) of the chair and to provide other benefits, including incidental travel expenses, books, duplication services, special materials not normally provided by university funds, secretarial assistance, and other reasonable incidental benefits;
- Providing summer or semester research grants, to employ student research assistants, fellows and secretarial help, to pay for publications, travel, and other expenses useful in the production of the chair holder's research and teaching, including expenses for work with partners in Norway and for Norwegian partners working in Minnesota;

**6. Fund Administration**

The Norwegian Centennial Interdisciplinary Chair fund will be administered by the University of Minnesota Foundation. The fund will be invested in accordance with the Investment Principles of the University of Minnesota Foundation for Endowment Funds (Annex 2). The University of Minnesota Foundation acknowledges its fiduciary responsibility with respect to the investment and use of this fund.

The assets of the fund may be commingled with other assets of the University of Minnesota Foundation for purposes of investment. Separate records and accounts will be kept for receipts and disbursements of this fund.

The annual payout made available for distribution from The Norwegian Centennial Interdisciplinary Chair will be determined by the Foundation's spending policy as defined by its Board of Trustees. The Board will consider preservation of principal, protection from long-term effects of inflation, expected total return on investments over the long-term, and other relevant general economic conditions when establishing policy.

Investment earnings in excess of this annual payout will be added to the principal of The Norwegian Centennial Interdisciplinary Chair.

If, in the future, there is no longer a need for funds for the above stated purpose, the Foundation will make every effort to consult with the Grantors to appropriately modify the designated purpose. However, if it becomes apparent to the Foundation that the gift's purpose has become no longer necessary, practical, or possible to perform, and discussion with the Grantors is not possible, then the Grantors agree the

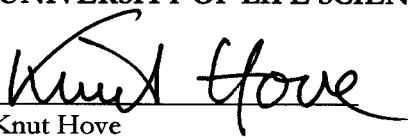
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Board of Trustees, in consultation with the collegiate unit, may, after due deliberation, designate the gift funds be used in another manner that, to the extent possible, approximates the Grantors' original intent.

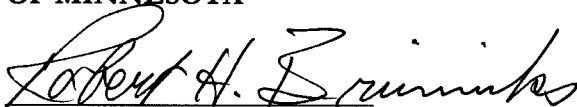
**7. Stewardship**

The Dean and the Rector overseeing The Norwegian Centennial Interdisciplinary Chair will report annually on the status of the fund.

**NORWEGIAN UNIVERSITY OF LIFE SCIENCES**

May 26, 2006   
Knut Hove  
Rector

**UNIVERSITY OF MINNESOTA**

May 26, 2006   
Robert H. Bruininks  
President

**UNIVERSITY OF MINNESOTA FOUNDATION**

May 26, 2006 \_\_\_\_\_  
Gerald B. Fischer  
President

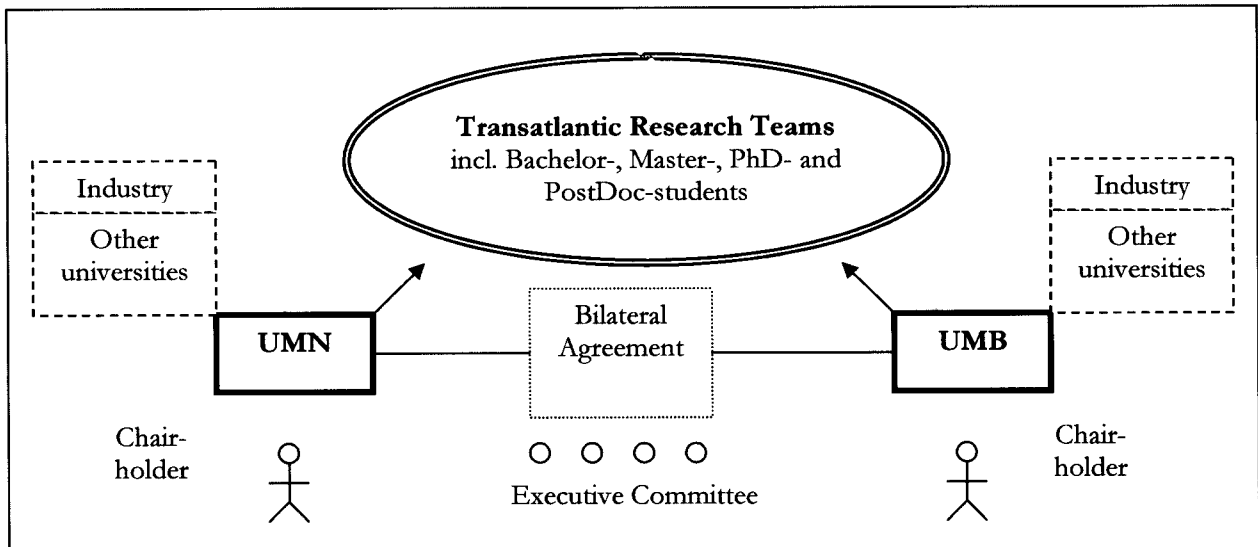
Annex 1

**Management of the Norwegian Centennial Interdisciplinary Chair**

**1. Purpose of this annex**

The purpose of this annex is to establish a mutual understanding of the management of the Norwegian Centennial Interdisciplinary Chair.

**2. Chair model**



UMN= University of Minnesota

UMB= Norwegian University of Life Sciences

The purpose of the chair is to create and operate at least six transatlantic research teams within bioenergy, biobased products and food security. Bachelor-, Master-, PhD- and PostDoc-students will be included in the teams. Agreement on Student Mobility between the University of Minnesota and the Norwegian University of Life Sciences regulates the exchange of students.

The two universities will involve other universities in the cooperation. One part-time position at each of the two universities will act as chair-holders, their leading position will shift annually. The part-time will be 20% for leading position and 10% for non-leading position.

**3. Tasks for the Chairs**

The chairs are to be appointed by the Executive committee for a period of 4 years. Tasks:

1. catalyze the formation of strong research teams and organize annually workshops
2. promote the cooperation
3. include other universities
4. include industry
5. report to the Executive Committee

**4. Executive committee**

Members:

- Rector of the Norwegian University of Life Sciences
- Dean of College of Biological Sciences, University of Minnesota
- External member from Minnesota
- External member from Norway

The Executive Committee will meet twice per year. The Executive Committee is able to add other resource persons to the committee.

Annex 2  
**University of Minnesota Foundation Investment Policy Statement for  
Endowed Funds**

**MISSION STATEMENT**

The mission statement defines the purposes for which the fund exists as a financial entity. Typically, an endowment fund will have multiple missions, and those missions will be assigned different priorities. In total, these missions provide the framework around which more detailed elements of its investment policy are established.

The primary mission of the University of Minnesota Foundation (“UMF”) endowed funds (collectively referred to as the “Fund”) is to exist in perpetuity by maintaining the purchasing power of these assets through time. Gifts to the endowment are expected to generate a perpetual stream of inflation-adjusted income for the benefit of the University of Minnesota (“University”). UMF’s spending policy determines the amount of income to be spent each year from the Fund. In order to satisfy its primary mission, the investment earnings of the Fund over time must exceed the amount of spending by the rate of inflation.

The UMFIA Board (“Board”) recognizes that a sound investment program is essential to UMF’s ability to meet its financial obligations to the University and its donors. The Board seeks to generate a return that meets the Fund’s financial obligations and achieves its primary mission. In establishing the Fund’s return goal, the Board focuses on long-term capital market expectations and associated risks. In formulating its investment policies, the Board acknowledges the key role it plays in helping UMF adopt spending policies consistent with the long term return producing capacity of the Fund’s assets and the prudent assumption of risk.

The Board also acknowledges the impact of the investment program on intergenerational equity; balancing the demands of current operations against the expected needs of the future. This balancing act can best be described as follows:

- provide a reasonably stable and predictable flow of funds for the University’s current operating budgets and capital needs
- maintain endowment purchasing power to support future needs

These two objectives result in conflicting implications for the design of investment policy and selection of investment strategies for the Fund. Both the magnitude and variability of these objectives are of concern to the Board and lead to other missions for the Fund. A focus on long-run accumulation implies a more aggressive investment program, while dampening the year-to-year volatility of annual payouts implies a more conservative program.

The Board places greater emphasis on the mission of preserving long-run asset purchasing power. Nevertheless, the Board remains cognizant of its responsibility to avoid investment policies that adversely affect the shorter-term need for providing substantial and stable current operating support.