

FCR 7

Office of the President
June 21, 2019

Members, Board of Trustees:

ESTABLISHMENT AND LIQUIDATION OF QUASI-ENDOWMENT FUNDS

Recommendation: that the Board of Trustees authorize the Executive Vice President for Finance and Administration (EVPFA) to approve establishment and liquidation of individual quasi-endowment funds valued at less than \$1,000,000.

Background: Quasi endowments are funds invested in the endowment investment pool and are established by the Board of Trustees with unrestricted or restricted resources that are otherwise expendable. Quasi endowment funds are generally established upon receipt of large, unexpected or unusual revenues, such as an estate gift or litigation settlement, and should be viewed as a permanent investment for purposes of generating a reliable revenue stream in the form of endowment spending distributions. Upon establishment, total return of a quasi-endowment fund is distributed in accordance with the endowment spending policy approved annually by the Board of Trustees Investment Committee. In extenuating circumstances and with the approval of the Board of Trustees, a quasi-endowment may be liquidated and returned to operating funds to support current expenditures.

With approval of this recommendation, the Board delegates the Executive Vice President for Finance and Administration the authority for establishment and liquidation of individual quasi-endowment funds valued at less than \$1,000,000.

Quasi-endowment information is reported to the Board of Trustees Investment Committee on a quarterly basis. Additionally, the University's Debt Management Committee monitors the University's overall debt and liquidity position on an ongoing basis. Establishment and liquidation of quasi-endowments are effective strategies for the University to maximize investment income and generate a reliable revenue stream to support current operations, however ongoing monitoring is required to ensure adequate liquidity is maintained.

Action taken: Approved Disapproved Other _____