

University of Alaska
Operating Fund Investment Losses
FY09

Attachment A

Operating Fund Investment Losses: (\$ in millions)

FY09 Operating Fund Investment Losses	\$10.3	Through April 2009
Contingency for May and June 2009 investment activity	0.3	
Total losses to be covered	<u>\$10.6</u>	

Sources to cover losses:

Campus carryforwards (from FY08)	\$4.1	Recorded in January 2009
Auxiliary funds	0.4	Recorded throughout year using month-end balances
Land management deposits, NRF, endowments	0.6	Recorded throughout year using month-end balances
Risk management reserves	0.9	Recorded at end of fiscal year
Other fund balances	0.6	Recorded throughout year using month-end balances
Total losses covered	<u>6.6</u>	

Shortfall (\$4.0)

Reserves and other sources:

Conditions

Land Grant Trust Inflation-Proofing Fund (IPF)	\$13.8	Quasi-endowment; requires BOR action to spend
Natural Resources Fund (NRF)	6.1	Previously allocated for UA Scholars; requires BOR action to spend
Working capital reserve	3.5	Intended for short term borrowing. If spent, need plan for replacement
Reserves available	<u><u>\$23.4</u></u>	

Recommendation:

Land Grant Trust Inflation-Proofing Fund (IPF)	\$2.8	Based on percent of IPF balance
Natural Resources Fund (NRF)	1.2	Based on percent of NRF balance
	<u><u>\$4.0</u></u>	

University of Alaska
Land Grant Endowment
Overview

Attachment B

Regents' Policy P05.07.010

LGTF - Land Grant Endowment Trust Fund - Established in accordance with AS14.40.400, this fund receives the net income from the sale, lease, development or other disposition of trust land or other related resources.

IPF - Inflation-Proofing Fund - The net proceeds from the sale or development of non-trust land or other related resources and the improvements thereon are deposited to this fund. This fund is a quasi-endowment.

NRF - Natural Resources Fund - This fund receives a portion of the spending allowance. The major expenditure from this fund has been for the Scholars program.

Spending Allowance - Four and one-half (4.5) percent of the five year moving average of the December 31 LGTF and IPF investable balances.
Withdrawal of earnings in any fiscal year is limited to the unexpended accumulated earnings of the preceding December 31.

Accumulated Earnings (losses) - Capital appreciation (or depreciation), both realized and unrealized.

Yield - Interest, dividends, and rents received, net of investment fees.

