

REGENTS' POLICY
PART V – FINANCE AND BUSINESS MANAGEMENT
Chapter 05.07 - Special Funds

P05.07.010. Land-Grant Endowment.

- A. The land-grant endowment consists of the land-grant endowment trust fund, the natural resources fund, and the land and other resources that were acquired through the original land grants to the university and related legislation or settlements. In addition, an inflation-proofing fund has been established to help provide for the preservation of purchasing power of the land-grant endowment subject to such actions as may be taken by the board. The land-grant endowment trust fund and the inflation-proofing fund will be guided by total return principles and AS 13.70.010-13.70.095, and AS 37.10.071.
- B. The land-grant endowment trust fund is established in accordance with AS 14.40.400. The net income from the sale, lease, development or other disposition of trust land or other related resources will be deposited to the land-grant endowment trust fund as principal. The net proceeds from the sale or development of non-trust land or other related resources and the improvements thereon will be deposited as additions to the inflation-proofing fund in a manner similar to principal. The board shall approve any exceptions to disposition of net proceeds greater than \$1,000,000. The president shall approve any exceptions for the disposition of net proceeds \$1,000,000 or less and notify the chair of the facilities and land management committee. Annually, effective July 1, the spending allowance for the funds, as described later in this policy, will be transferred to the operating accounts for management and maintenance of university land and to the natural resources fund for program expenditures.
- C. The natural resources fund represents the earnings of the land-grant endowment that are either dedicated or available for dedication to programs and projects in accordance with this policy. The NRF is established to provide a margin of support over and above what otherwise would be possible through traditional state, federal, and private sources, and used to provide funding to projects and programs necessary to establish or enhance the quality of the university's academic programs, research, or public service. All expenditures will be made in accordance with regents' policy and university regulation.
- D. All moneys, funds, and investable resources in excess of liquidity requirements for distributions and commitments will be invested through the consolidated funds agreement with the University of Alaska Foundation. All moneys or funds retained for liquidity or other purposes will be fully invested in accordance with regents' policy.
- E. Withdrawal of earnings in any fiscal year will be limited to the unexpended accumulated earnings, both realized and unrealized, of the endowment as of the preceding December 31, up to a maximum amount equal to 4.5 percent of the average of the December 31 market values of the investable resources of the funds for the immediately preceding five years, as determined by the university's chief finance officer, or such other amount as determined by the board to be prudent under the standards for management of endowment funds under total return principles.

- F. The president will develop an annual spending plan for the expenditure of the NRF. The budget will reflect the purpose of and the restrictions placed on the use of the NRF by this policy. The president will present the NRF Spending Plan to the board for approval in conjunction with the university's fiscal year operating budget distribution plan.
- G. Annually, the chief finance officer will provide reports to the board that reflect the financial position and activities of the land-grant endowment including a summary of all revenues and expenditures and investment performance.
- H. In this section, "NRF" means the natural resources fund.

(04-07-16)

P05.07.020. Planning and Energy Conservation Revolving Fund.

A planning and energy conservation revolving fund will be established and maintained to support long range facilities planning and energy conservation projects. To the extent permitted by law, all unrestricted interest earnings on plant funds other than bond monies will be deposited in the conservation revolving fund. Such funds will be expended and reimbursed to the conservation revolving fund in accordance with university regulation and procedures established by the chief finance officer.

(12-03-94)

P05.07.030. Endowment and Quasi-Endowment Fund.

- A. All endowment and quasi endowment assets will be transferred to the University of Alaska Foundation for care, custody, investment and administration, to the extent feasible and not prohibited by donor agreement. Endowments will be transferred to the foundation as follows:
 - 1. unrestricted endowment principal and income funds will be transferred to the foundation upon approval of the chief finance officer,
 - 2. quasi-endowment and restricted endowments will be transferred to the foundation upon specific approval by the board.
- B. In this section
 - 1. "foundation" means the University of Alaska Foundation; and
 - 2. "quasi-endowment" means unrestricted funds designated as an endowment by the board.

(12-03-94)

P05.07.040. University of Alaska Postsecondary Education Savings Program: Introduction.

The Education Trust of Alaska (the “Trust”), formerly the University of Alaska Savings Trust, was established by the Board of Regents to facilitate administration of the University of Alaska Postsecondary Education Savings Program (the “College Savings Program”). The College Savings Program consists of the Advance College Tuition (“ACT”) Savings Fund and the Alaska Higher Education Savings Trust, which were established through with the Alaska College Savings Act, AS 14.40.802 – 14.40.817. The Trust provides the basis for the related savings plans which may be authorized, from time to time, to further the purposes of the Trust and the College Savings Program. This policy provides for the administration, management, promotion, and marketing of the Trust and the College Savings Program.

(09-27-13)

P05.07.041. Purposes of the Trust and College Savings Program.

The Trust and the College Savings Program are intended to:

- A. promote attendance at the university;
- B. reduce financial barriers to obtaining a postsecondary education;
- C. provide affordable access to a postsecondary education;
- D. encourage higher academic performance in grades 7 through 12, and enhance opportunities for students to complete their secondary and postsecondary education;
- E. encourage and help participants provide for the increasing cost of higher education;
- F. secure the payment of participant account balances and to secure the tuition value guarantee for ACT participants who attend the university.

(12-06-02)

P05.07.042. Trust Responsibilities.

- A. By establishing the Trust and adopting this policy, the board acknowledges and accepts, on behalf of the university, the fiduciary duties and responsibilities associated with the university serving as trustee. These duties and responsibilities are more fully described in the policies adopted for the Education Trust of Alaska and Declaration of Trust and its exhibits and attachments and include maintaining the Trust in compliance with Section 529 of the Internal Revenue Code of 1986, as amended. The Declaration of Trust and policies adopted for Education Trust of Alaska are incorporated into this policy by this reference.

(09-27-13)

P05.07.043. Continuation of ACT Savings Fund.

- A. The board authorizes the transfer of the ACT Savings Fund, including all participant accounts and administrative funds, to the Trust, to secure obligations to participants and to accomplish the purposes of the Trust and the College Savings Program.
- B. To the extent allowed by law:
 - 1. all of the benefits, duties, and responsibilities under AS 14.40.802 shall apply to ACT participants and beneficiaries and
 - 2. the terms and conditions of the Trust and the College Savings Plan shall replace and supersede the terms and conditions of the former ACT Plan.

The transfer shall be effective on such date and in such manner as may be determined by the president.

(12-06-02)