

## Funding Students First

The Board of Regents approved an initiative to promote private contributions for need-based student scholarships in October 2006. The program, entitled *Students First*, creates a 1:2 matching pool for gifts received for this purpose. The University will provide matching funds up to \$37.5 million for the first \$75 million raised.

A Presentation to

Board of Regents

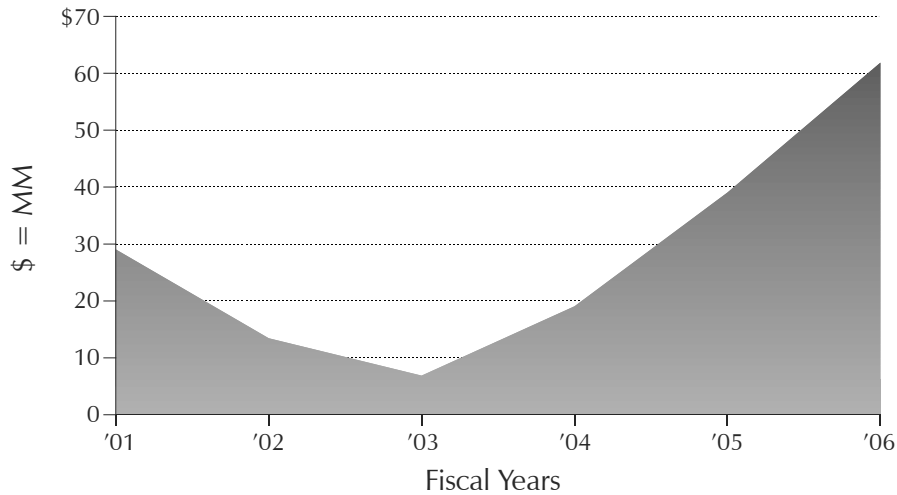
Academic and Student Affairs Committee

January 18, 2007

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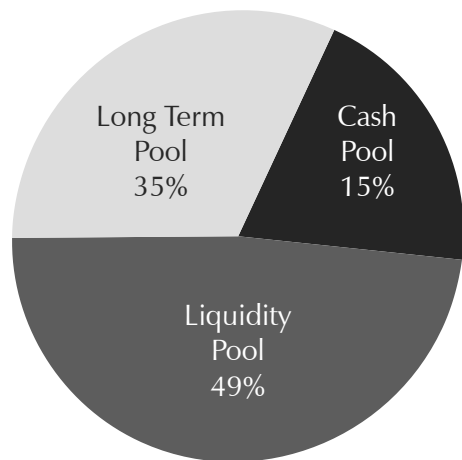
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### Accumulated Appreciation



### Invested Funds Asset Allocation

\$1.1 billion as of June 30, 2006



- In addition to the CEF, the Treasury Office invests the University's cash balances in a separate, commingled pool known as the Invested Funds.
- The asset allocation for the Fund includes three pools: Cash (20% Target), Liquidity (50% Target) and Long Term (30% Target).
- This asset allocation is designed to ensure the University can meet day-to-day financial obligations while generating better than money market returns.
- Excess returns have come primarily from the Long Term Pool which is invested in the University's CEF.
- Accumulated appreciation in the Invested Funds, which has historically averaged 2% or less of the total, serves as a backstop for guaranteeing depositors' principal and providing daily liquidity.
- Double digit returns in the Long Term Pool over the past three years have significantly increased the Fund's accumulated appreciation.
- Given the unusual amount of appreciation in the Fund, the decision was made to move up to \$37.5 million into an endowment to support *Students First*—\$20 million of which has already been transferred.
- The remaining accumulated appreciation in the Invested Funds will provide a buffer equal to or greater than historical averages.
- The decision to fund *Students First* with excess appreciation will not affect the Fund's ability to meet day-to-day cash needs or its ability to generate benchmark returns.