

4-25-1988

Board of Trustees Finance Committee April 25, 1988

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UNIVERSITY OF MAINE SYSTEM
Board of Trustees

April 25, 1988
Law School Building, Portland

Finance Committee

PRESENT: Chairman David Flanagan; Robert Dunfey, James Storer, Brian Lajoie.
Other Trustees: Patricia Collins, Richard Morin. Staff: William Sullivan, Russell Smith, Kent Price. Also, Frank Haines, representative from the Common Fund.

Chairman David Flanagan convened the meeting which was scheduled to review the performance of the University endowment with Mr. Frank Haines of the Common Fund, managers of the portfolio. Mr. Haines handed out performance analyses of the investments and elaborated on these and responded to questions from the Committee. There was consideration of the University's FY'89 income objective for the Common Fund. Mr. Haines reported that for the next 12 months the projection for expendable income was \$949,500. University Controller Russell Smith indicated that there were needs for \$1,011M for the coming year. He proposed that consideration be given to the use of the increased appreciation in the endowment to maintain a level of expendable income at 5 1/2% of the total value of the portfolio.

After discussion it was determined that:

- 1) for FY89, the University would expect the Common Fund to produce \$950,000 net income;
- 2) to prepare for FY90, University Counsel would review existing endowment funds to identify those in which appreciation could be utilized, and these should be maintained as separate accounts,
- 3) that University Counsel should seek an opinion from the Attorney General that would allow the distribution of appreciation as well as income; and
- 4) that the staff will resolve questions of interpretation, and if necessary recommend statutory changes.

As he concluded his presentation, Mr. Haines provided some information on real estate investments, as an available option for future consideration.

Mr. Smith handed out the background summary for FY89 budgets and tuition rates to give the Committee a preview of this item which will be on the Board's agenda for the May meeting.

Adjournment.

JoAnne R. Magill
Clerk