

## AGREEMENT TO ESTABLISH OR MAKE ADDITIONS TO A QUASI-ENDOWMENT

### Definition of a Quasi-Endowment (also known as a fund functioning as an endowment):

*"Funds which the governing board of an institution, rather than the donor [ . . . ], has determined are to be retained and invested."* The governing board (trustees) has delegated authority for approving new quasi-endowments jointly to the Chief Financial Officer.

Name of Quasi-Endowment: \_\_\_\_\_

☐ New Quasi-Endowment      ☐ Adding to an existing Quasi-Endowment

*Note: If the agreement is for initial establishment of a quasi-endowment, this form must be accompanied by Activity Set-up Request forms for the quasi-endowment and its expendable, which contain information on the purpose of this quasi-endowment, the initial investment amount, and the funding source. If adding to an existing quasi-endowment, this form must be accompanied by a description of the new investment amount and funding source.*

### Terms of Agreement:

1. No state appropriations, tuition & fees, or contract/grant funds have been used to fund this quasi-endowment.
2. The minimum initial investment to establish this quasi-endowment is approximately \$50,000.
3. Funds set aside or restricted for specific purposes have not been commingled with other funds having conflicting purposes in order to meet the minimum threshold for establishing this quasi-endowment.
4. It is intended that the principal amount of the quasi-endowment will not be accessible for a period of five years from the date of establishment.
5. After the five year waiting period, withdrawals from the principal amount of the endowment may only occur on the first day of each calendar quarter.
6. Income from the investment of this quasi-endowment will be available quarterly, and will be distributed in accordance with the current spending policy of the University.
7. Any additions made subsequent to initial establishment of this quasi-endowment, in amounts of \$50,000 or greater, will require re-submission of this form for pre-review and approval.

### Risks of Investing in a Diversified Pool:

It is understood that establishing a quasi-endowment implies a long-term commitment to hold the principal amount in perpetuity. Since these funds will be invested in an endowment pool, which holds common stock and other volatile financial instruments, there is an inherent risk that the value of the investment might decrease below the book value – based on the nuances of the overall investment market performance. It is also understood that withdrawing principal amounts from the quasi-endowment at certain times (especially during the first five years) may actually result in a loss on the investment. (See also University Policy 3-050 "University of Utah Investment Policies" and the related Rule R3-050A, "Endowment Pool Investment Guidelines" for further background information on endowments.)

### **Agreed to:**

\_\_\_\_\_  
Account Executive (type and sign name)      Date      \_\_\_\_\_  
Dean, Director or Dept. Head (type and sign name)      Date

### **Approved:**

\_\_\_\_\_  
Senior Vice President      Date

\_\_\_\_\_  
Chief Financial Officer      Date

### **Investment & Endowment Accounting use only:**

Quasi-Endowment Activity Number \_\_\_\_\_ Expendable Activity Number \_\_\_\_\_  
Date of initial investment into pool \_\_\_\_\_ No. of units \_\_\_\_\_ Unit value \_\_\_\_\_  
Revised 05/2021      w: Financial Reporting & Accounting