

MEMO

To: Carlton Smith, Finance Committee Chair
From: Kevin Buckland, Chief Financial Officer
Date: April 14, 2016
Re: Advance appropriation request for future TADA real estate acquisition
Fiscal Year: 2016

REQUESTED MOTION:

The Finance Committee recommends that the full board of trustees authorize the CFO to establish a \$20,000,000 appropriation from the Trust Authority Development Account (TADA / IRIS fund 3320) for a future real estate acquisition. These funds do not lapse.

BACKGROUND

Once the Trust Land Office (TLO) anticipates an acquisition using TADA funds, the TLO typically needs to access funds in relatively short timeframe to fulfill escrow requirements. In order to not artificially delay due diligence associated with an acquisition, the TLO has resorted to using previously-appropriated and readily available operating funds.

In an effort to help the TLO quickly initiate due diligence efforts and to ensure a timely cash closing without resorting to using operating funds (which may not always be readily available), Trust staff recommends Trustees authorize a placeholder TADA appropriation and budget authority. Approving this request would enable the Trust to deliver cash to the TLO quickly upon request and/or upon the full board authorizing a specific acquisition. The requested appropriation is a maximum not-to-exceed dollar amount and is not necessarily an amount that will ultimately be requested in any upcoming TADA funding request.

If this request is approved, IRIS structure and budgetary transactions (that typically are initiated after Full Board approval of a specific acquisition) will have already processed and therefore be readily available. At that time this \$20,000,000 authorization total may be revised to a new maximum that Trustees authorize for the specific acquisition and new placeholder appropriation structure and budgetary authorization will likely be requested.