Board Policy:

Proceeds from the sale of real estate assets owned by the Board for the benefit of the institutions shall be held in an institution’s reserves or such funds as directed by the Real Estate Investment Fund Policy, until such time as the institution designates an appropriate use for such proceeds in accordance with that policy. Only in extraordinary circumstances, and with the Board's prior approval, shall the use of proceeds from the sale of real estate assets be allowed for purposes of funding annual operating costs not related to the long-term investments described herein.

Procedures:

A. REAL ESTATE INVESTMENT FUND POLICY

The purpose of this section is to provide guidelines for the prudent and most beneficial use and management of the proceeds from the sale or commercial lease of CSUS real estate assets in order to serve current and future needs.

B. SALE OF REAL PROPERTY

CSUS has acquired real property through land grants from the federal government, private land donations, and by direct purchase. As a result, the proceeds from the sale of CSUS real property may be restricted by the terms of a contract or gift, or by statute, depending upon how CSUS acquired title to such property. In particular, the use of any proceeds from the sale of land granted by the federal government is constrained.

C. ENDOWMENT LAND PERMANENT FUND

CSUS has its origins from land granted by the federal government under the 1862 Morrill Act. There are federal and state statutory restrictions governing the use of the proceeds from the sale of any such land. See, e.g., 7 USC § 301 et seq.; CRS §§ 23-31-302 & 504. All proceeds from the sale of any land granted by the federal government shall be prudently invested to yield a fair and reasonable rate of return, and shall be maintained by each institution in an Endowment Land Permanent Fund. The principal of that fund shall not be impaired or used for any purpose, unless specifically approved by the Board. Subject to the approval of the Governor, the Board may
expend no more than ten (10%) percent of an Endowment Land Permanent Fund for the purchase or exchange of lands for sites or experimental stations.

D. ENDOWMENT LAND INCOME FUND
The income earned from each institution's Endowment Land Permanent Fund shall be transferred, no less than annually, to an institution's Endowment Land Income Fund. This fund shall be prudently managed to yield a reasonable rate of return. However, the Endowment Land Income Fund, including both principal and interest, may be used from time to time to purchase real property, upon the recommendation of the President of the institution and the approval of the Board. The Endowment Land Income Fund shall not be used for the purchase, erection, preservation, or repair of any building or buildings.

E. CSU-PUEBLO RESTRICTED QUASI ENDOWMENT FUND
Proceeds from the sale of land that was donated to establish Colorado State University-Pueblo (CSU-Pueblo) and proceeds from the sale of the Walking Stick property shall be held in a Restricted Endowment Fund known as the Quasi Endowment Fund. This fund shall not be impaired or used for any purpose unless specifically approved by the Board. Interest income generated from the Restricted Endowment Fund may be used to support academic programs, facility improvements, and other higher education purposes. Unused interest income shall be reinvested in the Restricted Endowment Fund.

F. REAL ESTATE INVESTMENT FUND
The net proceeds from the sale or development of unrestricted real property held by the Board for the benefit of an institution shall be deposited into that institution's Real Estate Investment Fund. This fund should be managed by the individual institutions in conjunction with the Real Estate Office to consummate transactions that promote the highest and best use of CSUS land and resources. When determining the “highest and best use,” an institution should consider both the short term and long term impact on an institution's mission and its programs, in addition to a transaction's potential to generate revenue. Appropriate uses of the Real Estate Investment Fund may include, but are not limited to, real estate development, real estate acquisition or real estate investments, investment in capital assets, investment in the physical infrastructure of the campus, or investment in the enhancement of the academic programs offered by the institution. Only in extraordinary circumstances, and with the Board's prior consent, shall the
proceeds from the sale of real estate assets be used for purposes of funding annual operating costs not related to the long-term investments described herein.

The proceeds from real estate transactions that are funded by the Real Estate Investment Fund, less customary and reasonable expenses, should be returned to the Real Estate Investment Fund to facilitate additional transactions.

G. LEASED CSUS PROPERTY
Where appropriate, income generated from the commercial lease of CSUS real property, which is held for the benefit of an institution, may be deposited into that institution’s Real Estate Investment Fund. For example, income generated from oil and gas leases or other leases where an institution is not required to incur significant operating or maintenance expenses may be deposited into the Real Estate Investment Fund at the discretion of an institution’s President. Each institution should document all commercial leases, the income generated from each lease, and the current use and any restrictions on the use of such income to enable the President to determine how such income should be used in the future.

H. OVERSIGHT AND REPORTING
The Real Estate Office should prepare quarterly reports to the President and the Board, which should detail CSUS’s real estate holdings, a description summarizing the sale or purchase of any real estate, a description of any real estate development transaction, an accounting for commercial lease income, and the status of the Endowment Land Fund, the Endowment Income Land Acquisition Fund, and the Real Estate Investment Fund. CSU-Pueblo, at the discretion of its President, may elect to directly report to the Board regarding such matters.

I. EXPENSE REIMBURSEMENT POLICY
Pursuant to the CSUS Finance Policy, Board members will be reimbursed for actual and necessary expenses incurred in the performance of their duties.

Reimbursements may include, but are not limited to the following:

A. Official Business Functions
   Actual costs of all official functions will be reimbursed.
B. All expenses incurred in the course of performing duties as a Board member (e.g. lodging, meals parking, telephone, postage, lunch meetings, mileage, and taxis). It is necessary that all receipts (or a full and complete accounting) for reimbursable expenses be submitted with the request for reimbursement.