

Spending Policy

The annual cash payout for grantmaking of all permanent funds will be 4.0% of the average fund balance. The average fund balance is calculated using the ending market values of the prior 20 quarters as of April 1 for scholarships and June 30 for all other permanent funds each year.

The available amount to grant for scholarships will be calculated on April 1 and applied that current fiscal year for graduation. The available to grant for all other endowed funds will be calculated on June 30 and applied for the following fiscal year. If a fund has been in existence for less than 20 quarters, the average of all available quarters is used. No grantmaking is available until a fund has at least four quarters of history on its designated date of calculation. If the average fund balance is less than \$10,000, no grants will be available for the next calendar year.

This approach allows the Board and its financial partners to establish an annual payout rate based on a percentage of the asset base over a five-year period. By using this total return approach, the Foundation is able to maintain and increase the value of donated assets while funding current needs at an appropriate level.

The Foundation's Spending Policy of 4% includes the payout for grantmaking and the annual administrative fee implies a target rate of return before inflation of 4.5% per year for the Charitable Pool.

To assist the Foundation in gauging the success of the return on investments, the Foundation shall employ as its investment return goal the following formula:

$$5 \text{ Year Annualized CPI} + \text{Spending Policy (4.0\%)} + 0.5\%$$

Communications

The investment Advisor will keep the Committee apprised of any material changes in the Investment Advisor's outlook, recommended investment policy, and/or strategy. The Investment Advisor will provide the Committee with comprehensive quarterly performance reports and economic and financial analysis for their review and evaluation. The objective of the evaluation and review process is to monitor the progress of the Portfolio's assets in achieving the investment objectives.

The Investment Advisor will be available to meet in person as needed, and at least quarterly, with the Committee to review and explain the Portfolio's investment results and related information, and at least once a year with the full Board. Additional communications may be made by telephone and email.