Texas A&M University-Kingsville Foundation
Spending Policy

TEXAS A&M UNIVERSITY-KINGSVILLE FOUNDATION
SPENDING POLICY

1. Spending will be governed by the provisions of the Texas Uniform Prudent Management of Institutional Funds Act which became effective September 1, 2007. Texas UPMIFA permits prudent spending when the value of an endowment is below the original principal if there are no other restrictions and seeks to balance the perpetual nature of endowments with donor intent to use endowments for designated purposes.

2. At the last Foundation Board meeting of each calendar year, the Investment Committee will recommend an endowment spending rate for the next academic year (beginning with the next year's Fall Semester) for approval by the Board of Trustees of the Foundation.

3. The spending amount for each account eligible for distributions will be calculated by multiplying the spending rate times the average of the balance in each such account for the previous twenty calendar quarters. The academic year spending amounts will be calculated using the 20 quarter period ending at the end of the previous year.

4. On or before February 15 each year the Foundation CEO will compile a schedule of funds eligible for distribution from all accounts for the next academic year. The schedule must be approved by the Foundation Treasurer and reported to the Board of Trustees.

5. Thirty days before the start of the Fall and Spring semesters each year, one half of the amount of authorized annual spending from each eligible account will be deposited into the Foundation Special Items account. The Foundation CEO will disperse such funds to the University as appropriate within the guidelines for each account as requested by the University.

6. Unrestricted fund accounts will be excluded from the above procedures. Expenditures from these accounts will be made at the direction of the Board of Trustees of the Foundation.

7. Undistributed funds will be returned to investment pool 30 days after the beginning of each semester.

8. Newly created endowed funds must be invested for at least one calendar year prior to spending being approved. Exceptions to this rule may be approved by the Foundation Board of Directors on the recommendation of the University President.

Approved February 20, 2015

9. If an endowment fund does not have sufficient earnings to support a distribution based on the spending rate approved by the Foundation Board of Trustees, the Foundation, in coordination with the University, may either (1) make a prudent distribution that year; (2) make no distribution; (3) contact the donor(s) and request a supplemental annual gift to replace or make up for the difference between any reduced scholarship award and the anticipated annual award.

10. Additionally, if an endowment contains restrictions that prevent spending when the value of an endowment has fallen below its principal value, the Foundation may request in writing that the donor waive those restrictions or agree to release an amount equivalent to the decrease in value of their fund by signing an amendment modifying the original gift agreement. In the latter case, each fund would, as a result, be re-valued and future awards would be determined on the adjusted corpus value and the actual investment income earned on that amount. If a donor declines to waive restrictions, spending will not be allowed from that endowment until there are sufficient positive earnings to do so.