ANNUAL ENDOWMENT SPENDING POLICY AND FEES

Western Oregon University Foundation

Adopted – March 1996; Revised – October 2005, September 2007, October 2011, June 2018, June 2023

PURPOSE:
The purpose of this Policy is to establish the procedure by which the Foundation will decide to annually allocate for expenditure amounts from endowed funds for the purposes for which the funds were established and for administrative costs related to investment and administration of the endowed funds.

The Foundation is committed to administering and investing Endowed Funds in compliance with all relevant Foundation by-laws, industry standards, and federal and state laws and regulations, including without limitation the Oregon Uniform Prudent Management of Institutional Funds Act (UPMIFA). No policy will supersede any provision of federal or state law or regulation.

The foundation charges an endowment management fee to help pay for the cost of administration and stewardship of funds received. This is an annual fee, which will occur after the first meeting of the Foundation Board of Trustees each fiscal year. The fee rate is to be reviewed annually by the Finance and Planned Giving Committee, with the recommendation to be given to the Board of Trustees for approval at their next scheduled meeting.

SPENDING DISTRIBUTION:
The foundation recognizes its duty under UPMIFA to maintain the long-term purchasing power of each endowed fund. The historic dollar value (book value) of each endowed fund will be used as a benchmark to measure each fund's performance. The foundation will prudently prevent impairment of individual endowed funds by application of this Policy.

Funds will be distributed at the rate of four percent (4%) of the average market value of each fund, using a graduated 20-quarter (5 years) rolling market value average. The distribution will be based on the average market value for the 20 quarters ending June 30th, of each fiscal year, to be available for use beginning with the Fall Term. For new endowments this distribution will be calculated on a graduated scale for the first five years based on a minimum 4-quarter rolling average in year 1, 8-quarter rolling average in year 2, 12-quarter rolling average in year 3, 16-quarter rolling average in year 4 and 20-quarter rolling average in year 5.

This is to be an annual distribution, which will occur after the first meeting of the Foundation Board of Trustees each fiscal year. The distribution rate is to be reviewed by the Finance and Planned Giving Committee each fiscal year, with the recommendation to be given to the Board of Trustees for approval at their next meeting.

Furthermore, if the annual fiscal return on the endowment investment pool exceeds twelve percent (12%), then the distribution rate may be increased an additional one percent (1%), equaling five percent (5%) total earnings disbursement.

ENDOWMENT ADMINISTRATION FEE:
In addition to the annual distributions to the various endowment fund accounts, there will be an endowment administrative fee assessed on the average market value for the 20 quarters (5 years) ending June 30th of each fiscal year market value of the Pooled Endowment Fund at two percent (2%) per annum. The fee is based on the 5-year rolling average market value of the pool as of June 30th of each fiscal year. This fee is to be taken entirely from the aggregated earnings, never invading the aggregate book value of the principal of the endowments.

Furthermore, if the annual fiscal return on the endowment investment pool exceeds twelve percent (12%), then an additional one percent (1%) fee, equaling three percent (3%) total, may be assessed.

This distribution will be made from the pooled endowment fund to the Fund for WOU in the next following fiscal year, based on the 5-year rolling average June 30th market value of the pooled endowment fund, and will be used to assist in the operation of the foundation.

The aggregate market value of the pooled endowment fund must exceed the aggregate book value of the pooled endowment fund accounts. In the event that the market value of the fund should fall below the book value, the Finance and Planned Giving Committed shall re-examine this and related investment policies immediately.