Albany State University Foundation
Endowment Spending Policy

Albany State University Foundation, Inc. (the "Foundation") will endeavor to ensure, to the degree reasonably possible, that the endowments and other long term restricted assets with which it is entrusted (the "Assets") are invested in accordance with the provisions outlined in the Foundation's Investment Policy Statement ("IPS"). Toward that end, the Foundation has adopted the following spending policy that will apply to the Assets unless a particular donor has otherwise stipulated spending restrictions on an individual named endowment.

In adopting this policy, the Foundation seeks an appropriate balance among these goals:

- Maintain the purchasing power of the Assets over time on an inflation adjusted basis;
- Achieve a reasonable degree of stability and predictability in distributions available for current programs;
- Achieve a proper balance between present and future needs of the Foundation;
- The spending calculation methodology needs to be relatively simple to understand for the end users as well as the donors.

The Foundation's spending policy is based on applying a Board approved percentage payout rate ("Payout Rate") to a moving average market value of the Assets over a trailing three year period; however, until such time as the Foundation's Assets have a three-year track record of investment, the Foundation may instead spend a reduced amount from the investment returns earned from the Assets.

The Board has currently authorized distribution of up to four percent (4.0%) of the average annual total market value of the endowment, to be calculated over a trailing twelve quarter period ending December 31 within the current fiscal year. New endowments or endowment additions during the current fiscal year will not be included in the above calculation but may instead be eligible to distribute a reduced payout as determined by the Board.

To help provide stability and predictability in actual payout, several mechanisms shall be employed:

- The Payout Rate will be influenced by the expectation of future portfolio returns based on long term capital markets assumptions;
- In making spending distributions, the Foundation shall use both Net Income and Net Capital Appreciation (defined as realized and unrealized gains and losses in the fair market value of investments in accordance with the Georgia Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). UPMIFA eliminated the concept of historical dollar value which, in turn, allows flexibility in determining appropriation of funds from donor restricted Assets such as endowments. The Foundation shall determine a payout, if otherwise deemed prudent, while considering the following factors: 1) duration and preservation of the Assets; 2) the purpose of the Assets; 3) general economic conditions; 4) the possible effect of inflation or deflation; 5) expected total return; 6) other resources of the Foundation; and 7) the Foundation's risk tolerance as expressed in its IPS;
- The moving average market value calculation upon which the Payout Rate is applied is intended to reduce the volatility of distributions. The moving twelve quarter averaging process provides a smoothing effect in both rising and falling markets;

- The Foundation may elect to establish a spending reserve fund ("Spending Reserve") that can be used to sustain current spending levels during extended market downturns. Additional distributions to the Spending Reserve may be considered by the Board during periods when the Foundation experiences exceptional investment returns; and any such recommendations for additional distributions over the Foundation's current Payout Rate must be approved by the Board.
- For new Assets, or older Assets coming out of impairment, it is required that the Asset have a current market value of at least 108% of its corpus before becoming eligible (as defined herein) for a full payout under the current approved Payout Rate. This allows for a cushioning effect in that it allows a buildup of appreciation from which to draw on should the payout exceed the appreciation during early years of an Asset.

Current Spending Policy

For purposes of applying this Spending Policy, fully eligible Assets, a/k/a Seasoned Assets, are defined as assets that: i) have an executed Gift Agreement; and ii) have a current market value greater than or equal to 108% of corpus. Partially eligible Assets, a/k/a Unseasoned Assets, are defined as Assets that have a current market value less than 108% of corpus. In determining whether a multi-year pledged gift should be categorized as a Seasoned Asset or Unseasoned Asset, the Foundation's Gift Acceptance Policy shall apply.

Subject to the above provisions, authorized expenditures for Seasoned Assets shall be limited to four percent (4.0%) of the average market value of the Assets over a trailing twelve quarter period as of December 31. In calculating the average market value of the Assets, the Foundation shall use the ending market value for each calendar quarter during the trailing twelve quarter period.

The Foundation shall not make distributions from Unseasoned Assets until the Unseasoned Asset becomes fully seasoned as defined above.

Exceptions to or changes in this spending policy shall be made only upon the approval of the Foundation's Board of Trustees ("Board").

Approved this 22nd day of March, 2019

Chair, Board of Trustees