

Coconino Community College Foundation

Spending Policy

Definitions

Investments: Investments include all funds in the Autus (Fidelity) and Edward Jones investment accounts.

Reinvestment fee: a two percent fee that applies to all investments

Spending rate: a distribution that can go up to four percent of endowed funds annually. The spending rate cannot exceed 4% of the book value of all endowed funds for the trailing three-year period ending December 31st.

The primary goal of the Foundation's spending policy is to preserve the purchasing power of the assets and to provide a steady and predictable support stream for programs and scholarships. Toward that end, the Foundation has adopted the following spending policy, which will apply to all endowed funds and investments.

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

- . To provide current scholarships to recipients and/ or programs with a predictable and stable stream of revenue
- . To ensure that the real value (defined as the purchasing power) of the revenue stream does not decline over the long term
- . To ensure that the real value of the endowment, along with its holdings, maintains a reasonable account balance without declination.

1. Distributions from investment funds during the current fiscal year (ending June 30) shall not exceed 6% of the average total market value of the investment portfolio for the trailing three-year period ending December 31. The Foundation has currently determined that the annual amount to appropriate for distribution for scholarships and programs shall be 4% of the book value of the endowed funds. When current income and market appreciation exceed the amount required for the annual scholarship distribution, the excess will be retained in the investment portfolio for future growth and to offset periods of down-market performance.
2. In making distributions, the Foundation is authorized to assess the following:

Reinvestment Fee

A two percent reinvestment fee will be calculated and assessed to the investment portfolio using the market value of the investment portfolio as of December 31 (using a 3-year rolling average). This fee is designated as a reinvestment fee to support Foundation operations and College Programs. The fee will be determined annually by the

Finance Committee and recommended to the Foundation's Board of Directors for approval. In a prolonged down market, the Executive Committee may opt to waive or reduce the 2% reinvestment fee.

The Foundation Board of Directors will continue to use due diligence in the exercise of the calculations; including but not limited to the use of a financial management company, and before making any modification to the reinvestment fee.

Any exceptions or changes to this spending policy shall be made only upon the majority approval of the Foundation's Board of Directors.

This statement of spending policy is adopted on March 2, 2022.