

## **Division of Agriculture Endowment Spending Policy**

The amount of annual Division of Agriculture [Division] support provided by the return on endowed funds managed for the Division by the University of Arkansas Foundation [Foundation] is determined according to the spending policy approved by the Division's Endowment Spending Policy Committee [Committee]. The Committee shall strike a prudent balance between the goals of providing substantial support for current Division operations and preserving the long-term purchasing power of the Division's managed endowment assets in perpetuity.

### **Division of Agriculture Endowment Spending Policy Committee**

The Committee shall consist of the Vice President for Agriculture, all Division of Agriculture Associate Vice Presidents, the Division of Agriculture Chief Financial Officer, and the Chief Financial Officers for the Arkansas Cooperative Extension Service and Arkansas Agricultural Experiment Station.

### **Division of Agriculture Endowment Spending Policy Committee - Duties**

The Committee shall, beginning July 1, 2019, establish and publish an annual spending percentage rate for withdrawals from managed endowment returns, with the remainder income returned to the managed endowment corpus as a hedge against inflation and to preserve the future purchasing power of the managed endowment fund. Additionally, the Committee may establish an annual percentage rate to be assessed and withdrawn from managed endowment return funds as an administrative fee on these funds which it administers.

If conditions warrant, such as market performance resulting in an unsustainable change in available return income, the Committee, at its sole discretion, may adjust the spending percentage rate at any time during the annual period in question. In the event that managed endowed accounts are underwater, the spending percentage rate may be restricted to an amount as low as 0.0%. If managed endowment accounts are underwater, the Committee may also choose to modify or waive any managed endowment administrative fee.

### **Division of Agriculture Endowment Spending Policy Committee – Considerations**

In making a determination to appropriate or accumulate, the Committee shall strongly consider the Foundation's endowment spending policy for its owned assets. In addition, the Committee shall be guided by instructions found in the Uniform Prudent Management of Institutional

Funds Act (Arkansas Code § 28-69-801 *et al.*), including acting in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) the duration and preservation of the endowment fund;
- (2) the purposes of the Division and the endowment fund;
- (3) general economic conditions;
- (4) the possible effect of inflation or deflation;
- (5) the expected total return from income and the appreciation of investments;
- (6) other resources of the Division; and
- (7) the investment policy of the Division.