

OWENS COMMUNITY COLLEGE FOUNDATION

ENDOWMENT SPENDING POLICY

(Approved by the Board of 11/11/09)

1. Purpose of Endowments. The Owens Community College Foundation endowment fund (the “Fund”) is established to receive private gifts for long-term support of Owens Community College (the “College”) programs. The Board of Directors (the “Board”) of the Foundation has implemented a Statement of Investment Policy (the “Investment Policy”) and selected an external investment advisor to manage the Foundation's investments consistent with the guidelines set for in the Investment Policy.

2. Fund Distributions. The Foundation recognizes the need for distributions for the benefit of the beneficiaries of the Fund. In response to this need, the Foundation believes that it is in the best interests of the charitable purposes of the Foundation to at least annually distribute as much from the Fund as is consistent with overall investment objectives as defined in the Investment Policy. Consistent with those goals, distributions from the Fund shall be made as follows:.

- (a) **Annual Target Distribution.** Consistent with Ohio Revised Code Section 1715.53(D)(1) which creates an irrebuttable presumption of prudence, the total annual distribution from the Fund shall not exceed 5% of the Average Fund Balance. The “Average Fund Balance” will be calculated on the basis of market values that are determined quarterly and averaged over the preceding three fiscal years (ending June 30th).
- (b) **Exception to Target Distribution.** Regardless of the 5% limitation set forth in the previous paragraph, the Finance Committee may recommend, and the Board may approve, a total annual distribution of up to 6% of the Average Fund Balance if, after considering the factors set forth below, and specifically documenting its consideration of those factors, the Finance Committee and the Board believe that a 6% annual distribution would best serve the charitable purposes of the Foundation. Consistent with the requirements of Ohio Revised Code Section 1715.53(a), when increasing the annual distribution to greater than 5%, both the Finance Committee and the Board shall act 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:

- The duration and preservation of the Fund;
- The purposes of the Foundation and the Fund;
- General economic conditions;
- Possible effects of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The Investment Policy of the Foundation.

(c) **Annual Determination.** The Finance Committee shall annually review the Fund distribution policy and submit any recommended changes to the Board for approval.