

**ABRAHAM BALDWIN AGRICULTURAL COLLEGE FOUNDATION, INC.**

**SPENDING POLICY**

**for the**

**General Endowment Fund**

The Trustees of the Foundation propose to adopt a spending policy for the General Endowment Fund subject to any restrictions that may apply due to state laws.

It is the intention of that spending policy to support Abraham Baldwin Agricultural College, its programs, activities, and scholarships, to the fullest extent possible while maintaining a prudent investment program which meets the Foundation's investment objectives as stated in its Investment Policy. In general, the spending policy will seek to provide a constant and growing stream of income for scholarship, first, and, then, other program support while permitting sufficient reinvestment to keep principal growing at least in line with inflation.

The Foundation has, in the past, provided up to a 5% spending rate on the Endowment Funds, which reflected the good returns from the securities portfolio and the high level of interest rates. Interest rates are well below levels of two years ago and it is the view of the Finance and Investment Committee that future returns from stocks and bonds will be lower than that of the past decade and more in line with longer term needs.

Accordingly, a spending policy that provides for distribution of up to 5% of the market value of the Endowment Fund as of June 30 of the previous fiscal year for the purpose of scholarship and other program funding is prudent for ensuring growth of principal. To stabilize short-term fluctuations in market prices, a three-year trailing (rolling, moving) average of market values as of June 30 will be used.

Furthermore, no later than February 1 of each year, the Foundation will notify the Finance and Investment Committee of the scholarship needs for the next fiscal year. The Finance and Investment Committee will thereupon notify the investment manager of the amount and timing of the distribution to the Foundation.

ADOPTED BY THE BOARD



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John M. Davis, Chairman

DATE: February 4, 2003