Western New Mexico University  
WNMU Foundation

<table>
<thead>
<tr>
<th>Policy Name:</th>
<th>Spending Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approving Body and Date:</td>
<td>Foundation updated and approved August 8, 2008</td>
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<td>Responsible Department:</td>
<td>WNMU Foundation</td>
</tr>
<tr>
<td>Purpose:</td>
<td>Spending Policy</td>
</tr>
</tbody>
</table>

Policy:
The investment pool is a Fund of unitized endowment trust and fully recognizes the needs of the beneficiaries of the funds under its custodianship. While the Foundation wishes to distribute as much of the Fund’s earnings as feasible, it also realizes it must maintain a reasonable payout ratio while growing and protecting the purchasing power of its principle (corpus) over the long term. In seeking to maintain a balance, the Foundation sets forward the following rules of distribution.

a. Payout Policy and Spending Rates

The Foundation shall distribute annual payouts for the purpose for which the Endowment was developed and intended. These payouts will be based on an annual percentage of the market value of the investment pool. The payout policy shall be consistent with the Foundation’s normal practice of allocating funds for which the purpose of the endowment was developed and intended among its various funds and may change from time to time.

This distribution shall not be less than 4% and will not exceed 6.5% of the market value of the investment pool. [Initially, the payout policy shall be 4.5% per year.]

The payout policy funds shall be transferred to the Foundation’s Vital Difference Fund in quarterly installments on or about the last day of each calendar quarter, and each quarterly installment shall be based on the value of the investment pool as of the last day of the immediately preceding quarter. The Foundation shall have no duty to incur any debt, expense or other obligation of any kind with respect to the investment pool, unless such debt, expense or other obligation can and shall be fully paid and satisfied solely from the assets of the investment pool.

The Vital Difference Fund shall make distribution available to the beneficiary colleges, departments, units and programs once annually, at the end of the fiscal year.

Distributions which remain unspent by beneficiaries at the end of the fiscal year following their
distribution shall be added back to principle investment pool.

b. Administration Fees and Expenses

The Foundation shall be entitled to pay or reimburse itself from the investment pool and account dividends for all reasonable direct out-of-pocket expenses incurred by the Foundation in accepting, holding, protecting, investing, administering and distributing the investment pool, and shall be entitled to charge to the investment pool and account dividends a general administration fee to cover a portion of the Foundation’s general operating expenses. The general administration fee shall be consistent with the Foundation’s normal practice of allocating costs of administration among its various funds and may change from time to time.

This fee shall not exceed 3% of the market value of the investment pool during the year. [Initially, the general administrative fee shall be 2% per year.]

The general administrative fee shall be transferred to the Foundation’s Vital Difference Fund in quarterly installments on or about the last day of each calendar quarter, and each quarterly installment shall be based on the value of the investment pool as of the last day of the immediately preceding quarter. The Foundation shall have no duty to incur any debt, expense or other obligation of any kind with respect to the investment pool, unless such debt, expense or other obligation can and shall be fully paid and satisfied solely from the assets of the investment pool and dividends.

Unrestricted Gift Fee Assessment

Whenever unrestricted gifts can be directly traced to a specific fund raising program, that gift may be assessed a charge based upon the cost of generating that gift. This assessment will reflect the previous year’s actual program costs and projections of the following year’s program costs.