

**CERTIFICATE BY EXECUTIVE SECRETARY OF  
RESOLUTION ADOPTED BY  
THE TRUSTEES OF THE  
UC SANTA CRUZ FOUNDATION**

**RE: ENDOWMENT EXPENDITURE POLICY**

**February 1, 2020**

PREAMBLE—It is the recommendation of the Investment and Finance Committee to adopt the following policy on endowment expenditure. This policy aims to protect the value of the endowments held by the U.C. Santa Cruz Foundation, to balance both short-term and the long-term needs of the campus as articulated by the Chancellor and academic and administrative leadership, and to respect the gift intent of the donor.

BE IT RESOLVED, the endowment total-return expenditure rate shall be 4.75% as set by the Investment and Finance Committee. The rate will be applied to each endowment's 3-year moving average of December 31 investment market values. This policy will be reviewed annually to adjust in accordance with 1) prudent concern for campus needs, 2) donor expectations, and 3) current market conditions. The expenditure rate includes an administrative expense of 0.55% of the average market value levied annually.

BE IT FURTHER RESOLVED, that endowments will be administered as follows:

1. Endowments eligible for total-return expenditure will be administered as follows:
  - A. When the current market value at December 31 of any endowment exceeds that of the historic dollar value [the value of the fund expressed in dollars at the time of the original contribution to the fund, plus any subsequent gifts to the fund] adjusted for inflation [using the U.S. Gross Domestic Product (GDP) index price adjustment for the preceding 12 month period], and such endowment has appreciated sufficiently to allow a distribution of 4.2% (plus administrative expense) of the 3-year moving average market value of the endowment, full payout of the expenditure rate will be made.
  - B. If the current income of an endowment is greater than the expenditure rate as set by the Investment and Finance Committee, the remaining unexpended current income will be retained in the principal of the endowment.
2. Endowments not eligible for total-return expenditure will be administered as follows:

When the December 31 market value of any endowment does not exceed the adjusted historic dollar value, payout will be limited to the distribution of 2.2% (plus administrative expense) of the 3-year moving average market value of the endowment. The remaining unexpended current income, if any, will be retained in the principal of the endowment.

3. Endowments with significant, unspent prior payouts:

Endowments with three or more unspent prior payouts at December 31 are not eligible for additional payout. The payout will be reinvested into the principal of the endowment. UC Santa Cruz departments may return an endowment to payout eligibility by spending prior payouts according to the restricted purpose, or by submitting a written plan for future spending to the Foundation.

4. Endowments not eligible for payout:

Endowments will not be eligible for payout until sufficient gifts are received, as of the December 31 valuation date, to reach the minimum requirement for its endowed category as described by the "University of California, Santa Cruz Guidelines for Endowed Fund Naming Opportunities" REV. 5, 1/3/2007 or its successor document.

BE IT FURTHER RESOLVED, that for all newly created endowments, a copy of this resolution shall be provided to donors prior to finalizing their letters of gift.

IN WITNESS WHEREOF, I have executed this Certificate this 1st day of February 2020.



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Nathan Westrup  
Executive Secretary