

ESTABLISHMENT AND ADMINISTRATION OF ENDOWMENTSI. General Delegation of Authority to Accept and Establish Endowments.

The authority to act in the name of the Board of Trustees of the University of Arkansas to establish endowments and the authority to accept gifts to establish endowments is delegated to the President, the Vice President for Finance and Administration, the Chancellors and the Vice President for Agriculture, subject to provisions and restrictions of this Board policy, Universitywide Administrative Memoranda issued by the President supplementing this Board policy and of applicable law.

II. Administration and Investment of University-Held Endowments.

Although Endowment gifts may be made directly to the University, The University of Arkansas Foundation, Inc. ("UA Foundation"), or to other authorized institutionally-related foundations of the UA system, the primary and preferred repository for endowment gifts supporting academic programs, research or maintenance of facilities is the UA Foundation. Those endowment gifts that are made directly to the University and held in University accounts shall be administered by the campus benefiting from such endowment and shall be administered and invested under the supervision of an advisory committee consisting of the Vice President for Finance and senior administrators from each campus. The responsibility for investing University-held endowments may be delegated to one or more investment managers consistent with Arkansas law and the University's investment policies. The Vice President for Finance shall periodically, and at least annually, review the administration and performance of endowments held by the University and advise the Board of this review.

III. Endowment Agreements.

Unless created by a bequest or devise through a donor's will or trust, a signed endowment gift agreement is required to establish an endowment account. Any gift agreement for the establishment of an endowment shall require the review of the General Counsel's office prior to its execution or shall be on a standard form previously approved by the General Counsel's office. Endowments created by will or trust shall require the review of the General Counsel's office prior to acceptance and, following review, such endowments may be accepted by the Chancellors and the Vice President for Agriculture.

IV. Reporting of Endowments to the Board of Trustees.

All endowments established by will, trust, gift agreement or otherwise shall be reported to the Board at any regular or special meeting within a reasonable time after such endowment is established. The Chairman of the Board, or officials of the University designated by the Chairman, or the President, may, at the request of a Chancellor or the Vice President for Agriculture, acknowledge endowments by a Certificate of Endowment bearing the seal of

the University. The Certificate may be presented by the Chancellor, the Vice President for Agriculture or the President to the donor or a representative of the donor in such manner as they deem appropriate. Certificates of Endowment may be presented after an endowment has been established and in advance of the endowment being reported to the Board at a regular or special meeting.

V. Minimum Requirements for Named Endowments.

The campuses, divisions and units of the University of Arkansas system differ substantially in terms of size, donor base, organizational structure and academic programs offered. As a result, it is contemplated that the minimum level of funding required to establish named endowments for prizes or awards, scholarships, lectureships, professorships and chairs as set forth hereafter may be lower than deemed appropriate by some divisions, units or campuses of the University of Arkansas system. The President may authorize a greater amount for named endowments at the request of the chief executive officer of a campus, division or unit of the University of Arkansas system and also may authorize the creation of other named endowments, including definite term endowments, and the minimum amounts required to establish such endowments. Endowments which the University has committed to donors to establish under minimum requirements previously in effect shall continue to be eligible to become named endowments upon achieving the amount set forth under the previous policies of the Board. The following minimum levels for named endowments may be inclusive of any matching grants from the State of Arkansas or other matching funding source.

<u>Type of Endowed Fund</u>	<u>Minimum Amount</u>
Annual Prize or Award	\$ 5,000
Scholarship	\$ 15,000
Lectureship	\$ 50,000
Professorship	\$ 250,000
Chair	\$ 1,000,000

VI. Standard Terms and Conditions of Endowment Gift Agreements.

The following terms and conditions shall be applicable to all endowments supporting the University of Arkansas system and shall be incorporated in the endowment gift agreement regardless whether such terms and conditions are specifically set forth in the agreement:

1. Endowment gifts made to the University, the UA Foundation, or another University of Arkansas system institutionally-related foundation authorized to receive endowment gifts shall be subject to the applicable spending policy of the entity receiving the gift. The primary objective of the spending policies governing UA system endowments is to

provide a steady cash flow from the endowment that supports the purposes for which the endowment was established while at the same time protecting the endowment's purchasing power over the long-term. Consistent with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the policy for appropriation for expenditure of amounts from an endowment fund, such spending policies may allocate a portion of the annual spending from endowments to the reasonable and necessary costs of administering the endowment by the University, the UA Foundation or other institutionally-related foundations and to efforts of the University through its development offices to increase and enhance the endowment through other gifts and endowments. Recognizing that an appropriate spending policy seeks to achieve the maximum prudent distributions over the long-term under changing economic and market conditions, the University, the UA Foundation and other institutionally-related foundations may amend their spending policies to adjust spending rates and amounts allocated to offset administrative costs and development overhead from time to time as may be consistent with UPMIFA. Any change to a spending policy shall be applicable to all endowments held by the entity regardless of the date of the endowment's creation. Amounts or percentages allocated for administrative expenses of the University, for support of the University's development activities and for UA Foundation and other institutionally-related foundation overhead shall be identified in promotional materials and communications used by the University in soliciting funding.

2. The investment of an endowment, and reinvestment from time to time, shall be governed by the investment policies of the University, the UA Foundation or other institutionally-related foundations holding the endowment. In the interest of efficiency and to promote prudent management and oversight, all endowment gifts should be eligible for commingling for investment purposes with other endowment funds, but each endowment shall be accounted for separately so that endowment fund will be clearly identified at all times.
3. An endowment shall also consist of such other property or money which may be received by gift, bequest or devise in the future from individuals, firms, foundations, estates or other entities and which shall be accepted by the University, UA Foundation or other institutionally-related foundations holding the endowment. When such gift, bequest or devise is accepted, it shall be credited to and held as a part of the endowment, provided that the name of the endowment, and any designation of it as an endowment, shall not be changed as a consequence of any other gift, bequest or devise made to it.
4. The University, the UA Foundation and other institutionally-related foundations holding endowments may contract with professional custodians and investment managers or advisors to hold, invest and reinvest an endowment and the cost of such custodial services and investment management shall be paid by the endowment with each endowment account bearing its pro rata share of such costs.

5. If because of changed conditions, it becomes impossible or impracticable to fulfill the purposes for which an endowment is established, the Board may direct that the endowment be used for other purposes as closely related as possible to those purposes for which the endowment was established. In such event, the University will, to the extent practicable, consult with the donor or the donor's heirs, descendants, personal representatives, legal representatives or officers, or other such persons as may be appropriate.
6. Restrictions as to eligible beneficiaries of an endowment shall be consistent with applicable law. To the extent an endowment shall be determined to be illegal or unconstitutional, the Board may change the endowment to comply with the applicable law and to accomplish, as nearly as possible, the purposes of the endowment.

VII. Waiver of Endowment Policy.

The provisions of this Board Policy may be waived or modified by the President in his discretion when he determines that this is in the best interest of the University to do so. As an example, and not in limitation of this authority, such action may be taken in those instances where foundations or corporate donors have standard form endowment agreements or provisions which they customarily require to be included in any endowment.

VIII. Effective Date.

This Board Policy is effective on the date of its adoption and applies to endowments accepted thereafter. Endowments created by agreements entered into prior to the effective date but not yet accepted by the Board shall be subject to this policy although such endowments, at the option of the University, may continue to be established by Board resolution under procedures similar to those existing prior to the adoption of this policy.

November 14, 2014 (Revised)
 November 16, 2002 (Revised)
 April 9, 1999 (Revised)
 January 27, 1989 (Revised)
 June 25, 1987 (Revised)
 September 18, 1981