

The Paxton-Buckley-Loda Education Foundation Endowment Fund Spending Policy

Revision No. 1 Adopted: August 8, 2017

Purpose of Spending Policy

The following policy and its guidelines have been created to provide The Paxton-Buckley-Loda Education Foundation (“The Foundation”) and donors with a clear understanding of how distributions from The Paxton-Buckley-Loda Education Foundation’s Endowment Fund (“The Fund”) will be made. It is the intent of The Foundation to only utilize income generated by The Fund’s principal (dividends and interest) for distributions.

Goal of Spending Policy

Upon reaching the minimum fund balance of \$250,000, provide consistent level of annual funding to The Paxton-Buckley-Loda School District (“The District”) that will allow The Foundation to meet its goals of:

- * promoting development for learners of all ages;
- * encouraging employee innovation and creativity; and,
- * encouraging school and community partnerships.

Spending Criteria

- * No distributions will be made until a minimum fund balance of \$250,000 has been achieved.
- * The principal (total value of all gifts placed in The Fund shall not be expended. If The Fund balance falls below the minimum level, distributions will be temporarily suspended until The Fund balance returns to this initial value minimum.
- * Upon reaching the \$250,000 minimum fund balance, The Paxton-Buckley-Loda Education Foundation Endowment Fund Committee (“The EFC”) will distribute to The Foundation up to 5% net, after fees, of a five (5) year rolling average of the total market value of the endowment account, as valued on the last open market day of June. Within the first five (5) years of The Funds existence, the average will be based on the number of years The Fund has existed. **Example below**
- * The percentage distributed shall be reviewed at least annually by The EFC and adjusted according to the needs of The Foundation and The District and in relation to the current market climate. During review, The EFC will ensure that earnings and accumulated appreciation are adequate to sustain the distribution. This calculation will be done at the end of The Foundation and The District fiscal years, June 30.
- * At the discretion of The EFC, the resulting dollar amount may be distributed in one lump sum at the beginning of The District year or in installments throughout the same year.

EXAMPLE of Spending Calculation Method using a 5-year rolling average:

Fund values as of June 30:

2012 =\$570,600

2013 =\$530,700

2014 =\$630,750

2015 =\$680,000

2016 =\$725,000

Average = \$627,410 X 5% = \$31,370.50 available for distribution

- * Any issues not addressed within this policy will initially be reviewed by The EFC, however, The Foundation will have final authority in all issues not addressed within this policy. Initial reviews will be conducted at the earliest convenience of The EFC.