

NAGT Endowment Policy

I. PURPOSE OF THE ENDOWED FUNDS

The Endowed Funds of the National Association of Geoscience Teachers [NAGT] support the mission of the organization by:

- providing monies funding field camp scholarships or other projects specified by the donor;
- contributing to the annual NAGT operating budget as deemed appropriate by the Executive Committee;
- serving as a financial reserve against a serious financial shortfall; and
- providing monies for special projects approved by the NAGT Executive Committee.

The Endowed Funds are supported by contributions from donors and, if approved by the Executive Committee, annual budget surpluses. The Executive Committee will attempt to determine whether contributions from donors are intended as contributions to Endowed Funds or to the annual operating budget. In any event, the Executive Committee will act on the requests of individual donors that may dictate the purpose for which specific funds are received to the extent that such instructions are given.

NAGT's Endowed Funds include:

- Leland Horberg Endowed Fund
- Rosalsky Endowed Fund
- Field Course Scholarship Endowed Fund
- NAGT Endowed Fund
- Minority Fund
- Honors Fund

The Leland Horberg Memorial Endowed Fund was NAGT's first Endowed Fund. It was established by friends of Professor Horberg, longtime professor of geology at Augustana College, at the time of his death in August 1955. Income from the fund has been used to support NAGT programs designed to improve the teaching of the Earth sciences. Since 1990 income from the fund has also been used to support the NAGT's Field Camp Scholarship program.

The Rosalsky Endowed Fund was established in 1970 as a tribute to Maurice B. Rosalsky for his many years of dedication and service to NAGT, including sixteen years as NAGT Secretary and Secretary-Treasurer of the Eastern Section. Income from the Fund has been used to support a variety of NAGT programs. Since 1994, with the concurrence of the Rosalsky family, the income has been used to support Field Camp Scholarships.

Monies from the Minority Fund are used to support Field Course Scholarships for minority applicants. Monies from the Honors Fund are used to offset costs associated with NAGT Awards and Honors Programs.

In 2008 the NAGT Executive Committee established the Field Course Scholarship Endowed Fund and the NAGT Endowed Fund. Income from the Field Course Scholarship Endowed Fund supports a competitive program of scholarships for students attending field courses. Income from the NAGT Endowed Fund is used to support NAGT programs and the ongoing NAGT operating expenses.

II. INVESTMENT POLICY

When managing and investing the assets of NAGT Endowed Funds, the NAGT Executive Committee will comply with all requirements of the ***Uniform Prudent Management of Institutional Funds Act*** as well as all other local, state, and federal statutes and regulations. The NAGT Executive Committee will also honor the intent of the donor as expressed in a gift agreement, consider the mission of NAGT, and the stated purposes of the Endowed Fund.

In addition to complying with the duty of loyalty, each member of both the NAGT Executive Committee and the NAGT Investment Committee shall manage funds in good faith with the care an ordinary prudent investor in a like position would. In managing and investing assets in the NAGT Endowed Funds, NAGT will only incur costs that are appropriate and reasonable in relation to the assets, the mission of NAGT, and the skills available to NAGT, and will make reasonable attempts to verify facts relevant to the management and investment of assets.

NAGT may pool the assets of two or more Endowed Funds for the purposes of management and investment and will consider the following factors, if relevant, when making investment decisions:

- general economic conditions;
- the possible effects of inflation or deflation;
- expected tax consequences of investment decisions or strategies, if any;
- the role that each investment or course of action plays within the overall investment portfolio;
- the expected total return from income and appreciation;
- other NAGT resources;
- the needs of NAGT and the fund to make distributions and to preserve capital; and
- the asset's special relationship or special value, if any, to the purposes of NAGT.

The investment objective when managing the NAGT Endowed Funds is to achieve growth of both principal value and income over time that is sufficient to preserve or increase the purchasing power of the assets against inflation. The NAGT Investment Committee will monitor these objectives and recommend changes to the NAGT Executive Committee.

The general policy shall be to diversify investments by including both equity and fixed income securities to provide a balance that will enhance total return while avoiding undue risk from concentration in any single asset class or investment style. Given the long term time horizon of the Endowed Funds, assets will normally be invested in open-ended, balanced or equity-income mutual funds. Normally, the mutual fund portfolios will consist of approximately 60% stocks and 40% fixed income/cash investments. Stock equities will generally comprise 50-75% of the funds; fixed income investments 25-50%; and cash or other short-term investments 0-20%. The Investment Policy permits investments in diversified, open-ended, balanced, equity-income, or growth-income mutual funds. Cash and cash equivalents may be invested in money market funds. The benchmark for Endowed Fund performance will be the Lipper Balanced Fund Index.

III. SPENDING POLICY

Distributions from the Endowed Funds will be made in accordance with the requirements of *Uniform Prudent Management of Institutional Funds Act* which permits the Executive Committee of NAGT to determine the prudent amount to be allocated for expenditure from endowment funds subject to the restrictions of any gift agreements. When authorizing expenditures from NAGT Endowed Funds, the NAGT Executive Committee will honor the intent of the donor expressed in a gift instrument as well as considering the mission of NAGT and the purposes of the Endowed Fund.

In making a determination to appropriate or accumulate, the NAGT Executive Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- the duration and preservation of the Endowed fund;
- the purposes of the NAGT and the Endowed Fund; as well as
- other factors listed in the NAGT Investment Policy.

This Endowment Spending Policy sets forth guidelines for determining the amount or percentage of the total return (interest, dividends and capital appreciation) of the Endowment that may be used to fund annual operating expenses or special projects. The policy is meant to ensure that Endowment's purchasing power (real market value) is maintained or enhanced over time by keeping the long-term rate of annual spending from the Endowment equal to or less than the long-term real(inflation-adjusted) investment return of the Endowment while at the same time providing a reasonable stable and predictable revenue stream to support the NAGT operating budget and special projects.

The target spending rate will be between 3 to 6 percent of the average market value of the Endowed Fund assets for the preceding three years based on the average August 31 market value for each of the preceding three years. Unless otherwise determined by the NAGT Executive Committee, the annual distribution rate shall be 4.5 percent of the average three-year market value of the Endowment. In setting the distribution rate the NAGT Executive Committee will take into consideration both the current inflation rate as well as the historical total return rate of a diversified portfolio of equity and fixed income investments as specified in the Investment Policy.

IV. RESPONSIBILITIES

The NAGT Executive Committee is responsible for making all decisions regarding investment and expenditure of Endowed Fund assets.

The NAGT Executive Director is responsible for maintaining records, as well as managing deposits to and withdrawals from the Endowed Funds as authorized by the Executive Committee.

The NAGT Executive Committee has delegated to the NAGT Investment Committee the responsibility for identifying and evaluating appropriate mutual fund and money market investments and making recommendations to the NAGT Executive Committee. The NAGT Executive Committee has also assigned the NAGT Investment Committee with the responsibility for the on-going monitoring of investment performance and fee structure of the mutual funds.

The NAGT Investment Committee will meet at least once a year and will present an annual written report on the performance of the Endowed Funds, including any recommended investment changes, at the Annual Budget meeting of the NAGT Executive Committee.

V. AMENDMENT

The Executive Committee reserves the right to amend these Endowment Policies at any time.

Approved by the Executive Committee, October 27, 2007

Amended by the Executive Committee, October 3, 2018