

Summary of Fees and Endowment Fund Spending

The Texas A&M Foundation is a non-profit corporation legally separate from Texas A&M University. Its budget is primarily supported by fees described below. It is not funded by the University or the State of Texas.

Management Fee

Texas A&M Foundation annually allocates a total of 1.00 percent (as of the date of this Exhibit) of the Foundation's Long-term Investment Pool (LTIP) market value to support the operations of the Foundation.

Gift Fee

A one-time fee of 5.0 percent is assessed on all non-construction gifts to Texas A&M University and Texas A&M Foundation on the value of the gift up to \$5 million. The gift fee on endowed gifts is collected from the first earnings on the endowed gift and does not reduce the endowment principal. This means the endowment earnings are available to support the purpose of the endowed fund in approximately 18 months. For scholarship accounts an additional six months is needed to accumulate the first semester stipend. Non-endowed scholarships and fellowships are exempt from the fee. Corporate and Foundation gifts are exempt from the fee if there is a prohibition by corporation or foundation against a fee being charged.

A one-time fee of 2.5 percent is assessed on construction gifts to Texas A&M University and Texas A&M Foundation on the value of the gift up to \$10 million. If any portion of the gift funds are used for anything other than the construction project then the gift will be charged the additional 2.5 percent.

Long-Term Investment Pool (LTIP) Spending

The Texas A&M Foundation spending policy allocates a fixed percentage of an average market value to the spending account from which distributions are made for the purpose of the gift account. The Foundation formula uses the market value average over a 5 year period to smooth out short-term fluctuations and then allocates 4.0 percent (as of the date of this Exhibit) of that amount as income available to spend.

Funds placed into the LTIP are pooled for investment much like a mutual fund investment. The distribution rate is established on an annual basis.

The Foundation's Board of Trustees may change the management fee policy and/or the spending policy from time to time to protect the intergenerational equity of the LTIP.