

Summary of Fees and Long-Term Investment Pool Distributions

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.

Gift Fee

A one-time gift fee of five percent (5%) 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 (approximately 18 months after the gift is funded). The gift fee does not reduce the endowment principal. Additional time is needed to accumulate distributable funds for certain endowments (e.g., scholarships, fellowships, faculty professorships or chairs, etc.). The gift fee is also assessed on other non-endowed gifts to Texas A&M University and Texas A&M Foundation. Non-endowed scholarships and fellowships are exempt from the gift fee. The gift fee is collected at the time the non-endowed gift is received.

A one-time gift fee of two and one-half percent (2.5%) 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 that portion of the gift will be assessed an additional gift fee of two and one-half percent (2.5%).

Management Fee

The Texas A&M Foundation annually allocates a total of one percent (1%) (as of the date of this Exhibit) of the Foundation's Long-term Investment Pool (LTIP) market value, averaged over a five (5) year period, to support the operations of the Foundation.

Long-Term Investment Pool (LTIP) Distributions

The Texas A&M Foundation annually allocates a total of four percent (4%) (as of the date of this Exhibit) of the Foundation's Long-term Investment Pool (LTIP) market value, averaged over a five (5) year period, and makes that amount available for distribution to support the purpose of the gift account.

Funds placed into the LTIP are pooled for investment much like a mutual fund investment. The distribution rate is established on an annual basis, but distributed on a monthly basis. The Foundation utilizes a (5) year period average to smooth out short-term market value fluctuations.

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