

HSU ADVANCEMENT FOUNDATION
EARNINGS DISTRIBUTION POLICY AND PROCEDURES FOR SCHOLARSHIPS
APPROVED AT MARCH 23, 2009 EXECUTIVE COMMITTEE MEETING
(REPLACES AND SUPERSEDES POLICY APPROVED ON NOVEMBER 28, 2007)

I. PURPOSE

In accordance with the Investment Policy, it is the HSU Advancement Foundation's (HSUAF) goal to distribute annually a target net return of 4.5% of the HSUAF's average total market value during the 12 quarters ending with the last quarter of the previous calendar year. Until there are 12 full quarters of history, the average total market value calculation will include as many quarters as possible, beginning with the June 30, 2005 quarter. Earnings, described as realized and unrealized gains and losses, interest and dividend income, shall generally be available for distribution from those participant accounts invested for four (4) or more quarters. Exceptions may be authorized per approval by the HSUAF Executive Committee. Distribution will occur in July based on the level recommended by the Finance Committee and approved by the HSUAF Board of Directors.

II. PROCEDURES TO IMPLEMENT EARNING DISTRIBUTION POLICY

- A. The Finance Committee will report to the Board of Directors the total earnings available for distribution in the next fiscal year based on the market value at the end of the calendar year (E.g. The distribution amount for FY 2007-2008 will be announced in March 2007 and based on earnings through December 31, 2006. The funds will then be distributed in July 2007). The Board will designate an annual retained earnings distribution rate in accordance with the Spending Policy provision of the Investment Policy and the Uniform Prudent Management of Institutional Funds Act (UPMIFA).
- B. Upon Board approval of the annual distribution rate, a letter will be sent to the HSU office of Financial Aid informing them of the amount available for scholarships. A copy of this letter will also be sent to the appropriate project manager/principal investigator.
- C. Earnings will be forwarded to the State scholarship award account in the office of Financial Aid by July 31st.