



Growing Passionate & Effective Leaders for SLO County Since 1991

L25 STERLING ANNIVERSARY FUND Spending Policy

PURPOSE

In conjunction with the celebration of its twenty five years of service to the community, the San Luis Obispo Community Leadership Foundation (“Leadership SLO”) has established the Leadership SLO L25 Sterling Anniversary Fund (the “Fund”) to receive contributions to help support the operational needs of Leadership SLO over a period to extend at least through the next twenty five years. This spending policy established by the Board of Directors of Leadership SLO (the “Board”) governs the financial expenditures from the Fund.

The Board is entrusted with the management of the Fund and with carrying out the wishes of its donors in the best interest of Leadership SLO. The purpose of this spending policy is to provide annual operating support for Leadership SLO through 2041, the 50th anniversary year of Leadership SLO. The spending policy is designed to:

- Guide disbursements from the Fund
- Allow for reinvestment of excess earnings
- Provide a means for future Board members to follow a consistent path for spending and budgeting
- Allow for disbursements during periods of market decline to meet long term mission goals of Leadership SLO
- Adjust disbursements in response to inflation to provide equivalent purchasing power throughout the term of the Fund
- Permit flexibility regarding annual disbursements within a defined range
- Help assure Leadership’s SLO financial viability by ensuring that the fund will be available and not exhausted prior to 2041

AMOUNT OF ANNUAL SPENDING

To meet these objectives, the principal and income held in the Fund and not otherwise limited by donor-imposed restrictions (see below) may be expended annually as follows:

- To ensure that the Fund is available through 2041, the base distribution each year prior to 2041 will be based on a spending fraction with a numerator of 1 and a denominator equal to the number of years remaining before 2041. For example, in 2017, the first year

withdrawals will be permitted the fraction will be 1/25. In 2018, the fraction will be 1/24.

- The spending fraction will be multiplied by the balance held in the fund on the previous March 31st. This result will set the base distribution for the next fiscal year.
- The Board, in its sole discretion after reviewing the programmatic needs of Leadership SLO, other available resources currently available and the projected distributions from the Fund over the balance of its term of years, may elect to withdraw any amount between 0% and 50% of the total return projected for that same year or, due to extraordinary circumstances, a specified amount that shall be replenished in the five years following the withdrawal.

This policy applies solely to donations received during and subsequent to fundraising in celebration of Leadership SLO's 25th anniversary. This policy does not apply to the Leadership SLO endowment fund held by the Community Foundation San Luis Obispo County.

DONOR-IMPOSED RESTRICTIONS

Prospective donors to Fund will be informed of the provisions of this policy. Those donors who add \$25,000 or more to the fund may restrict the spending on their gifts. The terms of any additional restrictions, upon approval by the Board, will be added as an addendum to this spending policy and apply solely to funds contributed by this donor.

BOARD APPROVAL OF DISBURSEMENTS

The Board will review and approve proposed disbursements from the fund annually. The Board may also at its discretion from time to time amend this Policy. Administrative fees charged by Leadership SLO, if any, are in addition to this spending policy, are deducted from the fund's account, and are assessed and calculated on a quarterly basis.

Approved by the Board of Directors at their regular board meeting

Date

Bob Stets, Treasurer

AMOUNT OF ANNUAL SPENDING

From the Minutes of the regular meeting of the Board of Directors 4.28.17

The L25 Admin and Invest Committee recommends that the budget allocation be based on the fund value on March 31st as opposed to the previously adopted December 31st date. On a motion by Jeff Lee and a

second by Monica Grant the committee recommendation was accepted and the Spending Policy is revised.