

Excerpted from Investment Guidelines

SPENDING RULE

- The general purposes of the Endowments' spending rule are to provide a stable, predictable stream of revenue and allow for a spending stream that grows over time with inflation. The purpose of these Investment Guidelines is to protect the purchasing power of the Endowments. The “Spending Rule Amount” is defined as the annual amount appropriated by the Board of Directors for inclusion in the subsequent year’s budget as computed for each Endowment within the limitations set forth below.
- **Permanent Endowment Spending Rule.** NCPB may annually withdraw funds for Endowment stated purposes from the NCPB Permanent Endowment, provided that such withdrawals may not exceed 5% of the Endowment's market value averaged over the prior 12 quarters calculated as of June 30 each year (the “Computed Withdrawal Amount”). If the Computed Withdrawal Amount would cause the NCPB Permanent Endowment’s value to fall below its original gift value level, then the annual Spending Rule Amount to be included in the subsequent fiscal year’s budget is limited to the amount in excess of the original gift value. Any such distributions of the Spending Rule Amount from the Permanent Endowment may be made in accordance with this policy even if the account balance in the Permanent Endowment falls below the original gift value level due to market fluctuations during the ensuing fiscal year. If the annual Spending Rule Amount becomes limited as so described, this may be considered a “financial emergency” for purposes of making supplemental payouts from the Board-Designated Endowment.
- **Board-Designated Endowment Spending Rule.** NCPB may annually withdraw funds from the NCPB Board-Designated Endowment, provided that such withdrawals may not exceed 5% of the Endowment's market value averaged over the prior 12 quarters calculated as of June 30 each year. In addition, NCPB may, in the case of a financial emergency, as may be determined by the Board of Directors in its reasonable discretion, spend additional amounts from the Board-Designated Endowment up to the entire principal balance in the Board-Designated Endowment.
- One-fourth of the annual Spending Rule Amount shall be withdrawn each quarter; the exact dates for which shall be determined by the Chief Financial Officer.