AMERICAN COLLEGE OF TOXICOLOGY

ENDOWMENT AND INSTITUTIONAL FUND CHARTER

Purpose of the Charter

The Council of the American College of Toxicology ("College") has created this Endowment and Institutional Fund Charter ("Charter") to govern the investment and management of the College’s institutional funds and endowment funds (individually, a "Fund" and collectively, the "Funds").

The Funds subject to this Charter are intended to be invested and managed to ensure the long-term funding of the College’s designated scholarship and awards programs and other programs indicated in this Charter. Accordingly, the College may not use the Funds to support its day-to-day operations, which are funded through the College’s annual operating budget.

Endowment and Institutional Funds

The Funds are “institutional funds” within the meaning of the Illinois Prudent Management of Institutional Funds Act ("UPMIFA"). The Funds include both endowment funds subject to donor-imposed restrictions, and quasi-endowment funds subject to Council-imposed restrictions. The Funds will be managed in accordance with the Illinois UPMIFA.

Endowment and Institutional Funds Committee

The Council has established the Endowment and Institutional Funds Committee ("Endowment Committee") as an advisory committee to oversee the Funds maintained by the College in accordance with the terms of this Charter.

1. Responsibilities of the Endowment Committee. The Endowment Committee, under the leadership of the Chairperson, is responsible for:

   a. reviewing the financial status of the Funds and making recommendations to Council regarding distributions from each of the Funds in accordance with the terms of the Charter;

   b. reviewing the Funds’ investments and providing investment recommendations to the Council;

   c. reviewing the performance of the investment manager and recommending any changes to the management of the Funds to the Council;

   d. providing financial reports to the Finance Committee and Council on an annual basis;

   e. providing recommendations to the Council regarding any changes and/or amendments to the Charter;
f. participating in development activities to increase the principal value of the Funds subject to the Charter; and

g. following the Financial Policy and Investment Policy, as needed.

2. **Composition of the Endowment Committee.** The Endowment Committee consists of seven members: the College’s Treasurer, who serves as Chair; the College’s President; Past-President; the College’s Vice President; and three voting members who are elected by majority vote of the ballots cast by the general membership of the College to serve for a term of three years. Initially, Council will appoint three voting members; thereafter, three voting members will be elected by the College membership.

3. **Meetings.** The Endowment Committee meets at least twice per year. Notice of meetings must be given to all Endowment Committee members in the same manner as required for meetings of the Council. A majority of the Endowment Committee members constitutes a quorum for the transaction of business. The affirmative vote of a majority of the Endowment Committee members present at a meeting at which a quorum is present is required for any action of the Endowment Committee. Endowment Committee members may participate in a meeting of the Endowment Committee by means of conference telephone or similar communications equipment that allows all persons participating in the meeting to hear each other. Participation in a meeting by such means constitutes presence in person at the meeting. Minutes must be kept of each meeting of the Endowment Committee and filed with the corporate records of the College. Any action required or permitted to be taken at any meeting of the Endowment Committee may be taken without a meeting if a written consent setting forth the action so taken is signed by all of the members of the Endowment Committee and filed with the minutes of the proceedings.

4. **Conflicts of Interest.** The members of the Endowment Committee shall comply with the terms of the College’s Conflict of Interest Policy when discussing and voting on matters before the Committee.

**Separate Institutional Funds**

The Council has established the Funds described below. In the future, the Council may establish additional Funds in its sole discretion. The College shall maintain the assets of each Fund in a separate bookkeeping account to enable the College to track each Fund separately.

1. **ACT Awards Fund.**

   a. **Contributions to the Fund.** The College will make an initial contribution of $250,000 to the ACT Awards Fund from the general assets of the College. The Council may authorize the College to make additional contributions to the ACT Awards Fund in the future.
Contributions to this fund from individual donors will be considered as endowed gifts subject to the terms of this Charter.

b. **Purpose of the ACT Awards Fund.** The ACT Awards Fund is intended to support educational awards and scholarships sponsored by the College.

c. **Role of the Awards Committee.** Each year the Awards Committee shall select award recipients based on criteria established by the Council. The number of award recipients and the amount provided will be established by the Council.

d. **Appropriation of Assets for Charitable Purposes.** Each year the Endowment Committee shall recommend to the Council the amount of funds that the Awards Committee may appropriate for expenditure from the ACT Awards Fund in support of educational awards and scholarships. The Council may adopt the Endowment Committee’s recommendation, or may authorize the Awards Committee to appropriate for expenditure a different amount than the amount recommended by the Endowment Committee. If, however, the Council authorizes in any year the appropriation of an amount in excess of 7 percent of the fair market value of the ACT Awards Fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years (or the number of years the ACT Awards Fund has been in existence, if less than three years) immediately preceding the year in which the appropriation for expenditure is made, the Council must (i) document in writing its reasons for determining that the appropriation of such amount is prudent; and (ii) approve the appropriation of such funds by a vote of two-thirds of the Councilors then in office.

**Investment of the Funds**

The investment objectives of the Funds subject to this Charter are the following: first, the conservation of principal for the effective maintenance of purchasing power; and second, the growth of principal and income to offset inflation. The Council may establish additional investment objectives for each of the Funds.

The Funds will be held in separate accounts. Any expenses incurred by the College in managing or maintaining a specific Fund will be paid from the College’s operating budget or from the College’s initial contribution to that Fund, as determined by Council. Individual donor gifts will not be used to pay for management fees or expenses of any Fund.

**Standard of Conduct**

The College’s Funds must be managed and invested in conformity with the following standards:

1. Each person responsible for managing and investing a Fund shall manage and invest the Fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
2. Each person who has special investment management skills or expertise or is selected in reliance upon the person’s representation that the person has such skills or expertise, has a duty to use those skills or that expertise in managing and investing the Funds.

3. In managing and investing a Fund, the College may incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the College, and the skills available to the College.

4. The College shall make a reasonable effort to verify facts relevant to the management and investment of the Fund.

5. The Council, Endowment Committee, and each person with delegated responsibilities, will consider, as required by Illinois UPMIFA, the following factors in its managing or investing the Funds, if relevant:
   a. general economic conditions;
   b. the possible effects of inflation or deflation;
   c. the expected tax consequences, if any, of investment decisions or strategies;
   d. the role that each investment or course of action plays within the overall investment portfolio of a Fund;
   e. the expected total return from income and the appreciation of investments;
   f. other resources of the College;
   g. the needs of the College and the Fund to make distributions and to preserve capital; and
   h. an asset’s special relationship or special value, if any, to the purposes of the College.

6. Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to such Fund and to the College.

7. Two or more Funds may be pooled together for investment and management purposes.
8. Except as otherwise provided by law or this Charter, the College may invest in any kind of property or type of investment consistent with the investment objectives of the College.

9. The College shall diversify the investments of a Fund unless the College reasonably determines that, because of special circumstances, the purposes of the Fund are better served without diversification.

10. Within a reasonable time after receiving property, the College shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the Fund into compliance with the purposes, terms, and distribution requirements of the College as necessary to meet other circumstances of the College and the requirements of the Illinois UPMIFA.

Delegation of Responsibilities

At the discretion of the Council, the College may delegate to an external agent the management and investment of a Fund to the extent that the College could prudently delegate under the circumstances. When delegating responsibilities to an agent, the College shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in:

1. selecting an agent;

2. establishing the scope and terms of the delegation, consistent with the purposes of the College and the Fund; and

3. periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

If such delegation is done in conformity with the provisions of this Charter and applicable law, neither the Council members, the Endowment Committee members, or the officers of the College are liable for the decisions or actions of an agent to which the function was properly delegated.

Additional Standards for Endowment Fund

If the College elects to accept a contribution from a donor that creates a fund that constitutes an endowment fund within the meaning of the Illinois UPMIFA ("Endowment Fund"), the following additional standards shall apply:

Subject to the intent of a donor expressed in a gift instrument, the College may appropriate for expenditure or accumulate so much of an Endowment Fund as the College determines is prudent for the uses, benefits, purposes, and duration for which the Endowment Fund is established. Unless stated otherwise in the gift instrument, the assets in an Endowment Fund are donor-restricted assets until appropriated for expenditure by the College.
1. **Factors for Consideration.** In making a determination to appropriate or accumulate the funds, the College shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:
   
   a. the duration and preservation of the Endowment Fund;
   
   b. the purposes of the College and the Endowment Fund;
   
   c. general economic conditions;
   
   d. the possible effect of inflation or deflation;
   
   e. the expected total return from income and the appreciation of investments;
   
   f. other resources of the College; and
   
   g. the investment policy of the College.

2. **Release or Modification of Restrictions.** If the Council determines that it is in the best interests of the College to release or modify restrictions imposed by a donor on an Endowment Fund or another institutional fund maintained by the College, the Council shall direct the officers of the College to seek the release or modification of such restrictions in accordance with the requirements of the Illinois UPMIFA.

**Amendment of the Charter**

The Endowment Committee may recommend to the Council amendments to this Charter. The Council has the power, by majority vote, to adopt, repeal, or amend the Charter.

{certification to follow on next page}
I hereby certify that this Endowment and Institutional Fund Charter was adopted by the Council of the American College of Toxicology on June 19, 2015.

Timothy J. McGovern, PhD
Title: Secretary
Date: June 19, 2015
AMERICAN COLLEGE OF TOXICOLOGY

ENDOWMENT AND INSTITUTIONAL FUND CHARTER

Amendment 1

Proposed Change:

The Endowment and Institutional Fund Charter is being amended to include the following text (underlined):

d. Appropriation of Assets for Charitable Purposes. Each year the Endowment Committee shall recommend to the Council the amount of funds that the Awards Committee may appropriate for expenditure from the ACT Awards Fund in support of educational awards and scholarships. The Council may adopt the Endowment Committee’s recommendation, or may authorize the Awards Committee to appropriate for expenditure a different amount than the amount recommended by the Endowment Committee. If, however, the Council authorizes in any year the appropriation of an amount in excess of 7 percent of the fair market value of the ACT Awards Fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years (or the number of years the ACT Awards Fund has been in existence, if less than three years) immediately preceding the year in which the appropriation for expenditure is made, the Council must (i) document in writing its reasons for determining that the appropriation of such amount is prudent; and (ii) approve the appropriation of such funds by a vote of two-thirds of the Councilors then in office. In addition, the Endowment Committee shall act in a prudent manner with respect to the amount(s) recommended for appropriation on an annual basis so as to assure growth of assets through capital gains, income and contributions to the Fund. Prudent recommendations for appropriation of assets shall consider, but not be limited to the following: economic conditions, investment returns and inflation.

Rationale for the Change:

Amendment 1 is intended to indicate that prudent decisions are to be made with respect to appropriation of assets from the ACT Awards Fund. This amendment is consistent with the Illinois UPMIFA, and the American College of Toxicology Financial Policy and Investment Policy Statement.

I hereby certify that Amendment 1 to the Endowment and Institutional Fund Charter was adopted by the Council of the American College of Toxicology on [February 28], 2018.

Name: Timothy McGovern, PhD
Title: Secretary
Date: Feb 28, 2018