

**POLICY
OF THE
KLRU ENDOWMENT FUND**

NAME AND PURPOSE

Name. Capital of Texas Public Telecommunications Council, Inc. (KLRU) has established the KLRU Endowment Fund (The Fund).

Purpose. The Fund is established and shall be administered exclusively to support the charitable and educational mission of Capital of Texas Public Telecommunications Council, Inc., in a manner consistent with KLRU's exemption from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), or the corresponding provision of any future United States tax law. The Fund shall be administered exclusively for such charitable and educational purposes, and no part of its net earnings shall inure to the benefit of, or be distributable to, KLRU's directors, officers or other private persons.

COMMITTEE

General Powers. The affairs of The Fund shall be managed by, and the control and disposition of its properties and funds shall be vested in, the KLRU Endowment Committee, subject to the final authority of the Board of Directors of KLRU.

Number and Qualifications. The number of committee members which shall constitute the whole Committee shall be not less than five (5) nor more than nine (9) and will include the Treasurer and the Development Committee Chairperson of KLRU.

Increase or Decrease in Committee Members. The number of Committee Members may be increased or decreased from time to time by amendment to this policy by the Board of Directors of KLRU. The number of Committee Members may not be decreased to fewer than five (5).

Appointments. The Committee shall be chosen by the Board of Directors of KLRU. The manner of selecting successors to Committee Members, filling vacancies and filling committee seats by reason of an increase in the number of Committee Members shall be as follows:

Upon expiration of the respective terms of the Committee Members, and at every succeeding selection, successors to Committee Members whose terms shall have expired shall be selected by the affirmative vote of a majority of the Board of Directors of KLRU, and vacancies and new committee seats shall be filled in the same manner. Any Committee Member whose term of office shall have expired may be selected to succeed himself or herself. The initial terms of the initial Committee Members will terminate in the following manner:

- The terms of three (3) members, to be designated by the Board of Directors of KLRU, shall expire on the three (3) year anniversary of the formation of the Committee.

- The terms of two (2) members, to be designated by the Board of Directors of KLRU, shall expire on the two (2) year anniversary of the formation of the Committee.

Upon the expiration of the original terms of membership, the respective successors shall be elected for terms of three (3) years.

Removal. Any Committee Member or the entire Committee may be removed either with or without cause at any time by majority vote of the Board of Directors of KLRU.

Regular Meetings. Regular meetings of the Committee may be held at such time and at such place as shall from time to time be determined by the Committee Chair, not less than quarterly.

Special Meetings. Special meetings of the Committee may be called by the Chairperson and shall be called by the Chairperson on the written request of any Committee Member or the Board of Directors of KLRU. Notice of each special meeting of the Committee shall be given to each Committee Member at least two (2) days before the date of the meeting.

Chair of the Committee. The Chairperson of the Committee shall be a member of the Board of Directors of KLRU and shall be appointed by the Board of Directors of KLRU and serve a term of one (1) year; and shall preside at all meetings of the Committee and report on the activities and make recommendations to the Board of Directors of KLRU at all meetings of the full Board of Directors.

ENDOWMENT POLICIES

Creation of Endowments. KLRU may in the future create other permanent restrictive endowments, as deemed appropriate by the Board of Directors of KLRU.

Named Endowments. At the designation of a donor, and with the approval of the Board of Directors of KLRU, a named endowment may be established to memorialize or pay tribute to an individual or individuals and may be designated for a specific purpose that furthers the charitable and educational mission of the organization. A named endowment may be established with a minimum contribution of \$100,000.

Investment of Endowment Funds. Principal assets of the Fund shall be invested separately from other funds of KLRU. The investment policy of the portfolio shall be determined by the Board of Directors of KLRU with advice of the Committee and from time to time be reviewed in light of existing economic conditions. For current policy refer to Investment Policy Statement.

Distribution of Endowment Funds. Annually, the Committee shall make recommendation to the Board of Directors of KLRU as to distributions from the Fund. Annual distributions shall not exceed 5% of the rolling average value of the Fund over the preceding 3 years. Distributions shall be used for the purposes determined annually by the KLRU Board of Directors. Distributions shall occur in the first quarter of the fiscal year of KLRU. The permanently restricted corpus of the Fund shall not be expended or distributed for any reason.

Accounting of Endowments. The Fund shall be accounted for, and annually audited, separately from the annual or capital funds of KLRU.

Receipt and Designation of Funds. All gifts received and designated by the donor to the Fund shall be invested in the permanently restricted accounts of the Fund. All gifts received through estate planning (bequests, beneficiary designation of life insurance, retirement plans, charitable remainder trusts, charitable lead trusts) shall be designated to the Fund, unless otherwise stipulated through donor designation. All unanticipated memorials, honorariums and tributes shall be designated to the Fund.

DISSOLUTION OF KLRU

In the event that KLRU is ever dissolved, the Fund assets shall be disposed of in the same manner as all other assets of KLRU.

EXHIBIT A

THE KLRU ENDOWMENT FUND
of
THE CAPITAL OF TEXAS PUBLIC TELECOMMUNICATIONS COUNCIL
(Revised March 2010)

WHEREAS, the Capital of Texas Public Telecommunications Council ("KLRU") is a Texas nonprofit corporation and an organization exempt from United States income tax under Section 501(c)(3) of the United States Internal Revenue Code; and

WHEREAS, KLRU, in furtherance of its charitable purposes and functions, created an endowment fund in 1990; and

WHEREAS, the principal of the endowment fund consists of an initial amount set aside by KLRU and ongoing contributions to KLRU that are designated for the endowment fund;

NOW, THEREFORE, KLRU hereby continues, affirms and restates its commitment to a permanent general endowment fund to be held subject to the terms of this document.

1. Name of Fund. The name of the endowment fund is the "KLRU Endowment Fund" (the "Fund").
2. Purpose. The purpose of the Fund is to further the charitable purposes of KLRU, as set forth in its governing instruments.
3. Incorporation of Governing Instruments. KLRU holds and administers all contributions to the Fund on the terms and subject to the conditions set forth in this document and in KLRU's governing instruments, including its articles of incorporation and bylaws, as amended from time to time, and any resolutions and procedures from time to time in effect. The Board of Directors of KLRU shall establish the policy and governance of the Fund. All such provisions of such governing instruments of KLRU and such resolutions and procedures are incorporated into this document by reference and made a part hereof.
4. Contributions. Any person or organization may make a contribution to KLRU for the purposes of the Fund by a transfer to KLRU in whole or in part for the Fund. All contributions to the Fund shall be irrevocable. Acceptance of any such contribution by KLRU shall constitute its agreement with the contributor to hold the contributed property subject to the terms of the Fund as determined from time to time.

5. Separate Accounting. KLRU shall account for the Fund separate and apart from its other assets.

6. Use of Fund. The Fund shall be a permanent general endowment fund. Annual unexpected income shall be reinvested in the portfolio. KLRU shall not expend or distribute the principal of the Fund.

7. Income Distributions. Annual distribution shall not exceed 5% of the rolling average value of the Fund over the preceding 3 years. Distributions shall be used for the purposes determined by the Board of Directors of KLRU annually.

8. Dissolution of KLRU. In the event KLRU is ever dissolved, the Fund assets shall be disposed of in the same manner as the other assets of KLRU.