

Dear :

We are writing to notify you of a proposed change in the University of Arizona Foundation's long-standing practice with respect to the payout distribution for all non-scholarship endowments. Under current practice, the foundation distributes the endowment payout funds on a monthly basis (at a current annual rate of 4.25% with a 3-year moving average) to a separate foundation endowment payout account. Endowment payout funds are held by the foundation until such time as the University of Arizona spends such funds, or documents plans to do so within the next 90 days, for the charitable purpose specified by the donor. Foundation staff carefully review each request for a distribution to ensure that there is proper documentation and university certification that the funds will be used in accordance with the endowment agreement between the foundation and the donor as well as all applicable university and foundation policies and applicable law.

The university has proposed that the foundation change this practice, effective as of June 30, 2026, such that:

- All available non-scholarship endowment payout funds will be transferred to the university to be used for the donor's specified charitable purpose. The total amount of this transfer would be \$70 million as of the date of this letter.
- Beginning in July 2026 and continuing forward, the payout for all non-scholarship endowments will be transferred to the university to be distributed directly by the university for the donor's specified charitable purpose.
- Effective as of the transfer, legal ownership of these funds will reside in the university.

The university believes this proposal (subject to renewal on June 15, 2031) will provide it with more direct insight into the availability and use of these funds, supporting timely and appropriate expenditures of donor resources. This change in practice will also assist the university in meeting the Days Cash on Hand targets mandated by the Arizona Board of Regents and the university's bond rating agencies.

This will impact the endowment account of . Please let our Chief Financial Officer Craig Barker ([Craig.Barker@uafoundation.org](mailto:Craig.Barker@uafoundation.org)) know if you have any questions or concerns about this matter. You have the right to opt-out of this proposal for your endowment account should you choose and so notify us. We thank you for your continued and generous support of the University of Arizona and the University of Arizona Foundation.

Very truly yours,

John-Paul Roczniak