

HCS HB 1055 -- UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS
ACT

SPONSOR: Jones, 89 (Pratt)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on
General Laws by a vote of 12 to 0.

This substitute establishes the Uniform Prudent Management of
Institutional Funds Act which specifies guidelines for the
management, investment, and expenditures of endowment funds held
by charitable institutions.

Subject to the intent and any specific limitation of the donor,
the investment manager must manage the fund in good faith with
the care an ordinary, prudent person in a like position would
take. The assets of the fund must be diversified if reasonably
possible and can be pooled together with other institutional
funds for the purposes of management and investment.

Currently, grants to the University of Missouri Board of Curators
for specific purposes must not be applied to other uses. The
substitute allows the board to use up to 2% annually of the
market value of its endowment to support internal endowment
administration and development functions.

FISCAL NOTE: No impact on state funds in FY 2010, FY 2011, and
FY 2012.

PROPOSERS: Supporters say that the bill modernizes best current
endowment expenditure practices that have been adopted in 31
other states. Institutions will be able to spend a small
percentage of funds every year even if the market value of the
endowment declines below its original level. Over time,
investments usually gain so that a small expenditure every year
is prudent.

Testifying for the bill were Representative Pratt; Lawrence P.
Katzenstein; Thompson & Coburn; Steven Rosenblum, St. Louis Zoo
Trust; Jim Grony, St. Louis Symphony Orchestra; Steve Owens,
General Council of the University of Missouri; and Rose
Windmiller, Washington University.

OPPOSERS: There was no opposition voiced to the committee.