

Form **990-PF**

**Return of Private Foundation
or Section 4947(a)(1) Trust Treated as Private Foundation**

OMB No. 1545-0052

2016

Department of the Treasury
Internal Revenue Service

▶ **Do not enter social security numbers on this form as it may be made public.**
▶ Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

Open to Public Inspection

For calendar year 2016 or tax year beginning , 2016, and ending

Name of foundation Albert and Margaret Alkek Foundation		A Employer identification number 76-0491186
Number and street (or P.O. box number if mail is not delivered to street address) 1100 Louisiana St	Room/suite 5250	B Telephone number (see instructions) (713) 652-6601
City or town, state or province, country, and ZIP or foreign postal code Houston TX 77002		C If exemption application is pending, check here. ▶ <input type="checkbox"/>
G Check all that apply:		D 1 Foreign organizations, check here ▶ <input type="checkbox"/>
<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity	2 Foreign organizations meeting the 85% test, check here and attach computation ▶ <input type="checkbox"/>
<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return	E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ <input type="checkbox"/>
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ <input type="checkbox"/>
H Check type of organization:		
<input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation		
<input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust		
<input type="checkbox"/> Other taxable private foundation		
I Fair market value of all assets at end of year (from Part II, column (c), line 16) ▶ \$ 231,357,786.	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)	

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)				
1 Contributions, gifts, grants, etc., received (attach schedule)	1,563,036.			
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
3 Interest on savings and temporary cash investments	9,488.	9,488.		
4 Dividends and interest from securities	1,041,714.	1,041,714.		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	1,575,849.			
b Gross sales price for all assets on line 6a 30,769,266.				
7 Capital gain net income (from Part IV, line 2)		1,489,272.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less: Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule)				
12 Total. Add lines 1 through 11	3,333,774. 7,523,861.	1,938,278. 4,478,752.		
13 Compensation of officers, directors, trustees, etc.	737,159.	431,374.		246,403.
14 Other employee salaries and wages	18,212.	801.		17,301.
15 Pension plans, employee benefits	38,817.	26,175.		9,039.
16a Legal fees (attach schedule)				
b Accounting fees (attach sch)	22,978.	12,190.		6,676.
c Other professional fees (attach sch)	557,152.	556,126.		
17 Interest				
18 Taxes (attach schedule)(see instrs)	490,000.			
19 Depreciation (attach schedule) and depletion	1,980.	1,170.		
20 Occupancy				
21 Travel, conferences, and meetings	750.	591.		77.
22 Printing and publications	1,286.	760.		421.
23 Other expenses (attach schedule)				
24 Total operating and administrative expenses. Add lines 13 through 23	2,913,751. 4,782,085.	1,567,826. 2,597,013.		4,961. 284,878.
25 Contributions, gifts, grants paid	10,400,000.			10,400,000.
26 Total expenses and disbursements. Add lines 24 and 25	15,182,085.	2,597,013.		10,684,878.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	-7,658,224.			
b Net investment income (if negative, enter -0-)		1,881,739.		
c Adjusted net income (if negative, enter -0-)				

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)			
		Beginning of year	End of year		
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
ASSETS	1	Cash — non-interest-bearing	306.	306.	306.
	2	Savings and temporary cash investments	3,928,102.	1,480,193.	1,480,193.
	3	Accounts receivable ▶ 3,526,266.			
		Less: allowance for doubtful accounts ▶ 0.	3,739.	3,526,266.	3,526,266.
	4	Pledges receivable ▶			
		Less: allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	Other notes and loans receivable (attach sch) ▶			
		Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments — U.S. and state government obligations (attach schedule)			
	b	Investments — corporate stock (attach schedule)	52,697,855.	46,508,960.	68,246,435.
	c	Investments — corporate bonds (attach schedule)	0.	525,000.	525,000.
	11	Investments — land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation (attach schedule) ▶				
12	Investments — mortgage loans				
13	Investments — other (attach schedule)	131,561,904.	129,219,934.	157,544,756.	
14	Land, buildings, and equipment: basis ▶ 287,104.				
	Less: accumulated depreciation (attach schedule) ▶ 285,124.	3,960.	1,980.	34,600.	
15	Other assets (describe ▶ <u>oil and gas royalty interest</u>)	0.	0.	230.	
16	Total assets (to be completed by all filers — see the instructions. Also, see page 1, item I).	188,195,866.	181,262,639.	231,357,786.	
LIABILITIES	17	Accounts payable and accrued expenses		80.	
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, & other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶)			
	23	Total liabilities (add lines 17 through 22)		80.	
NET ASSETS OR FUND BALANCES	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input checked="" type="checkbox"/>				
	24	Unrestricted	188,195,866.	181,262,559.	
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>				
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
30	Total net assets or fund balances (see instructions)	188,195,866.	181,262,559.		
31	Total liabilities and net assets/fund balances (see instructions).	188,195,866.	181,262,639.		

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year — Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	188,195,866.
2	Enter amount from Part I, line 27a	2	-7,658,224.
3	Other increases not included in line 2 (itemize) ▶ <u>See attached schedule</u>	3	3,620,177.
4	Add lines 1, 2, and 3	4	184,157,819.
5	Decreases not included in line 2 (itemize) ▶ <u>See attached schedule</u>	5	2,895,260.
6	Total net assets or fund balances at end of year (line 4 minus line 5) — Part II, column (b), line 30	6	181,262,559.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)	(b) How acquired P — Purchase D — Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1 a see attached	P	various	various
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 30,682,689.		29,193,417.	1,489,272.
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a 0.	0.	0.	1,489,272.
b			
c			
d			
e			

2 Capital gain net income or (net capital loss).	<div style="border: 1px solid black; padding: 2px; display: inline-block;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div>	2	1,489,272.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):	<div style="border: 1px solid black; padding: 2px; display: inline-block;"> If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8 </div>	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
 If 'Yes,' the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.	(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
	2015	12,062,518.	237,282,784.	0.050836
	2014	12,092,151.	237,608,002.	0.050891
	2013	11,254,688.	222,324,491.	0.050623
	2012	10,583,884.	210,815,917.	0.050204
	2011	10,744,703.	213,150,343.	0.050409

2 Total of line 1, column (d)	2	0.252963
3 Average distribution ratio for the 5-year base period — divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.050593
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5.	4	224,549,081.
5 Multiply line 4 by line 3	5	11,360,612.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	18,817.
7 Add lines 5 and 6.	7	11,379,429.
8 Enter qualifying distributions from Part XII, line 4	8	10,684,878.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 – see instructions)

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary – see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		1	37,635.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3 Add lines 1 and 2.		3	37,635.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	37,635.
6 Credits/Payments:			
a 2016 estimated tax pmts and 2015 overpayment credited to 2016		6 a	79,910.
b Exempt foreign organizations – tax withheld at source		6 b	
c Tax paid with application for extension of time to file (Form 8868)		6 c	20,000.
d Backup withholding erroneously withheld		6 d	
7 Total credits and payments. Add lines 6a through 6d		7	99,910.
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached		8	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid		10	62,275.
11 Enter the amount of line 10 to be: Credited to 2017 estimated tax 62,275. Refunded		11	

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)?		X
<i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation \$ _____ (2) On foundation managers \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities.</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes</i>	X	
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	X	
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	X	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T.</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, col. (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) _____ TEXAS		
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If 'No,' attach explanation</i>	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2016 or the taxable year beginning in 2016 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X

Part VII-A Statements Regarding Activities (continued)

		Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' attach schedule (see instructions)		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement (see instructions)		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ <u>www.alkek.org</u>	X	
14	The books are in care of ▶ <u>Scott Seaman</u> Telephone no. ▶ <u>(713) 652-6601</u> Located at ▶ <u>1100 Louisiana, Ste 5250 Houston TX</u> ZIP + 4 ▶ <u>77002</u>		
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 – Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year ▶ <u>15</u>		
16	At any time during calendar year 2016, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?		X
	See the instructions for exceptions and filing requirements for FinCEN Form 114. If 'Yes,' enter the name of the foreign country ▶		

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.

		Yes	No
1 a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is 'Yes' to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? <input type="checkbox"/> Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1 b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2016?	1 c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2016, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2016? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years ▶ 20 __ , 20 __ , 20 __ , 20 __		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement – see instructions.)	2 b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ 20 __ , 20 __ , 20 __ , 20 __		
3 a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
b	If 'Yes,' did it have excess business holdings in 2016 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2016.</i>)	3 b	X
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2016?	4 b	X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5 a During the year did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?. Yes No
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? (see instructions) Yes No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is 'Yes' to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? Yes No

5 b

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No
If 'Yes,' attach the statement required by Regulations section 53.4945–5(d).

6 a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

6 b

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
If 'Yes' to 6b, file Form 8870.

X

7 a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

7 b

b If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See attached statement				

2 Compensation of five highest-paid employees (other than those included on line 1 – see instructions). If none, enter 'NONE.'

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

Total number of other employees paid over \$50,000 None

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter 'NONE.'		
(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
Iridian Asset Management LLC 276 Post Road West Stamford CT 06901	investment management	157,036.
Eagle Capital Management, LLC 499 Park Avenue New York NY 10022	investment management	115,644.
Polen Capital Management, LLC 1825 NW Corporate Blvd., Suite 300 Boca Raton FL 33431	investment management	107,619.
Wells Capital Management 525 Market Street, 10th Floor San Francisco CA 94105	investment management	102,298.
State Street Corporation 801 Pennsylvania Kansas City MO 64105	custody fees	74,555.
Total number of others receiving over \$50,000 for professional services		None

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 _____	
2 _____	
3 _____	
4 _____	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 _____	
2 _____	
All other program-related investments. See instructions.	
3 _____	
Total. Add lines 1 through 3	

BAA

Part X **Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1 a	64,170,470.
b	Average of monthly cash balances	1 b	4,226,143.
c	Fair market value of all other assets (see instructions)	1 c	159,571,997.
d	Total (add lines 1a, b, and c)	1 d	227,968,610.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	227,968,610.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	3,419,529.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.	5	224,549,081.
6	Minimum investment return. Enter 5% of line 5	6	11,227,454.

Part XI **Distributable Amount** (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	11,227,454.
2 a	Tax on investment income for 2016 from Part VI, line 5	2 a	37,635.
b	Income tax for 2016. (This does not include the tax from Part VI.)	2 b	395,000.
c	Add lines 2a and 2b	2 c	432,635.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	10,794,819.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4.	5	10,794,819.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	10,794,819.

Part XII **Qualifying Distributions** (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. — total from Part I, column (d), line 26	1 a	10,684,878.
b	Program-related investments — total from Part IX-B.	1 b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	0.
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3 a	0.
b	Cash distribution test (attach the required schedule)	3 b	0.
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	10,684,878.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	10,684,878.

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2015	(c) 2015	(d) 2016
1 Distributable amount for 2016 from Part XI, line 7				10,794,819.
2 Undistributed income, if any, as of the end of 2016:				
a Enter amount for 2015 only			2,295,044.	
b Total for prior years: 20 __, 20 __, 20 __				
3 Excess distributions carryover, if any, to 2016:				
a From 2011	0.			
b From 2012	0.			
c From 2013	0.			
d From 2014	0.			
e From 2015	0.			
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2016 from Part XII, line 4: ▶ \$ 10,684,878.				
a Applied to 2015, but not more than line 2a			2,295,044.	
b Applied to undistributed income of prior years (Election required – see instructions)				
c Treated as distributions out of corpus (Election required – see instructions)				
d Applied to 2016 distributable amount				8,389,834.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2016 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount – see instructions		0.		
e Undistributed income for 2015. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2016. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2017				2,404,985.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required – see instructions)				
8 Excess distributions carryover from 2011 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2012	0.			
b Excess from 2013	0.			
c Excess from 2014	0.			
d Excess from 2015	0.			
e Excess from 2016	0.			

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2016, enter the date of the ruling. ▶					
b Check box to indicate whether the foundation is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)	<input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)				4942(j)(5)
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	Tax year	Prior 3 years			(e) Total
	(a) 2016	(b) 2015	(c) 2014	(d) 2013	
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a 'Assets' alternative test — enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b 'Endowment' alternative test — enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c 'Support' alternative test — enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year — see instructions.)

- 1 Information Regarding Foundation Managers:**
- a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)
- None
-
- b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.
- None
-
- 2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**
- Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.
- a** The name, address, and telephone number or e-mail address of the person to whom applications should be addressed:
- Charles Williams
 1100 Louisiana St., Suite 5250
 Houston TX 77002 (713) 652-6601
-
- b** The form in which applications should be submitted and information and materials they should include:
- See guidelines at www.alkek.org.
-
- c** Any submission deadlines:
- None
-
- d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:
- Limited to non-profit organizations in the State of Texas.

Part XV **Supplementary Information** (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i> See attached statement				10,400,000.
Total ▶ 3 a				10,400,000.
b <i>Approved for future payment</i> See attached statement				16,281,700.
Total ▶ 3 b				16,281,700.

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF.**
▶ **Information about Schedule B (Form 990, 990-EZ, 990-PF) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2016

Name of the organization

Albert and Margaret Alkek Foundation

Employer identification number

76-0491186

Organization type (check one):

Filers of:

Form 990 or 990-EZ

Section:

501(c)() (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33-1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution. An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer 'No' on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2016)

Name of organization Albert and Margaret Alkek Foundation	Employer identification number 76-0491186
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Margaret Alkek Charitable Lead Annuity Trust 1100 Louisiana St., Suite 5250 Houston TX 77002	\$ 1,563,036.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Underpayment of Estimated Tax by Corporations

▶ Attach to the corporation's tax return.

2016

Department of the Treasury
Internal Revenue Service

▶ Information about Form 2220 and its separate instructions is at www.irs.gov/form2220.

Name <u>Albert and Margaret Alkek Foundation</u>	Employer identification number <u>76-0491186</u>
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Note: Generally, the corporation isn't required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

Part I Required Annual Payment

1 Total tax (see instructions)	1	37,635.
2 a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	2 a	
b Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	2 b	
c Credit for federal tax paid on fuels (see instructions)	2 c	
d Total. Add lines 2a through 2c	2 d	
3 Subtract line 2d from line 1. If the result is less than \$500, do not complete or file this form. The corporation doesn't owe the penalty	3	37,635.
4 Enter the tax shown on the corporation's 2015 income tax return. See instructions. Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5	4	113,157.
5 Required annual payment. Enter the smaller of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3	5	37,635.

Part II Reasons for Filing — Check the boxes below that apply. If any boxes are checked, the corporation **must** file Form 2220 even if it doesn't owe a penalty. See instructions.

- 6 The corporation is using the adjusted seasonal installment method.
- 7 The corporation is using the annualized income installment method.
- 8 The corporation is a 'large corporation' figuring its first required installment based on the prior year's tax.

Part III Figuring the Underpayment

	(a)	(b)	(c)	(d)	
9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	9	05/15/16	06/15/16	09/15/16	12/15/16
10 Required installments. If the box on line 6 and/or line 7 above is checked, enter the amounts from Schedule A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% (0.25) of line 5 above in each column	10	9,408.	9,409.	9,409.	9,409.
11 Estimated tax paid or credited for each period. For column (a) only, enter the amount from line 11 on line 15. See instructions	11	34,910.	15,000.		30,000.
Complete lines 12 through 18 of one column before going to the next column.					
12 Enter amount, if any, from line 18 of the preceding column	12		25,502.	31,093.	21,684.
13 Add lines 11 and 12	13		40,502.	31,093.	51,684.
14 Add amounts on lines 16 and 17 of the preceding column	14			0.	0.
15 Subtract line 14 from line 13. If zero or less, enter -0-	15	34,910.	40,502.	31,093.	51,684.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16		0.	0.	
17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	17				
18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	18	25,502.	31,093.	21,684.	

Go to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on line 17 — no penalty is owed.

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Page 1, Part I, Line 6a and Page 3, Part IV, Line 1, Column h – Net Gain or Loss from Sale of Assets,
Page 1, Part I, Line 6b and Page 3, Part IV, Line 1, Column e – Gross Sales Price for All Assets:

	Net Gain or Loss From Sale of Assets	Gross Sales Price
Publicly Traded Securities	-2,622,906	18,336,931
Capital Gain Dividends	759,432	759,432
Security Litigation Settlements	45	45
Pass-through Investments: K-1 Capital Gains	2,253,935	2,253,935
Pass-through Investments: K-1 Capital Losses	-1,639,689	0
Non-US Hedge Funds	2,008,303	8,602,194
Non-US Gains in Excess of Basis	730,152	730,152
Total Page 3, Part IV, Columns h and e	1,489,272	30,682,689
Pass-through Investments: K-1 UBTI	86,577	86,577
Total Page 1, Part I, Lines 6a and 6b	1,575,849	30,769,266

Page 1, Part I, Line 11 – Other Income:

	(a) Revenue Per Books	(b) Net Investment Income
Pass-through Investments: K-1 Income	1,938,102	1,938,102
Pass-through Investments: K-1 UBTI	1,395,409	0
Pass-through Investments: K-1 Tax-exempt Income	87	0
Oil and Gas Royalty Income	176	176
	3,333,774	1,938,278

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Page 1, Part I, Line 16a, b and c – Legal, Accounting & Other Professional Fees:

	(a) Expenses Per Books	(b) Net Investment Income	(d) Charitable Purposes
<u>16b – Accounting Fees</u>			
Audit Services	18,578	10,980	6,086
Tax Services	4,400	1,210	590
	22,978	12,190	6,676
<u>16c – Other Professional Fees</u>			
Investments: Management Fees	482,597	482,597	0
Investments: Custody Fees	74,555	73,526	0
	557,152	556,123	0

Page 1, Part I, Line 18 – Taxes:

	(a) Expenses Per Books	(b) Net Investment Income
Excise Tax Payments (Form 990-PF)	95,000	0
Income Tax Payments (Form 990-T)	395,000	0
	490,000	0

Page 1, Part I, Line 19 – Depreciation:

	(a) Expenses Per Books	(b) Net Investment Income
Straight line depreciation on Canon copier purchased January 1, 2013	1,980	1,170
	1,980	1,170

Page 1, Part I, Line 23 – Other Expenses:

	(a) Expenses Per Books	(b) Net Investment Income	(d) Charitable Purposes
Pass-through Investments:			
K-1 Deductions	2,287,660	1,072,286	0
K-1 Management Fees	611,360	487,592	0
General and Administrative	14,699	7,916	4,961
Oil and Gas Royalty Expense	32	32	0
	2,913,751	1,567,826	4,961

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Page 2, Part II, Line 3 – Accounts Receivable:

	(b) Book Value	(c) Fair Market Value
Liquidation Receivable from an Investment Partnership	3,526,266	3,526,266
	3,526,266	3,526,266

Page 2, Part II, Line 10b – Investments – Corporate Stock:

	(b) Book Value	(c) Fair Market Value
Directly Held	16,352,417	28,303,531
Managed Accounts	30,156,543	39,942,904
	46,508,960	68,246,435

Page 2, Part II, Line 10c – Investments – Corporate Bonds:

	(b) Book Value	(c) Fair Market Value
Directly Held	525,000	525,000
	525,000	525,000

Page 2, Part II, Line 13 – Investments – Other:

	(b) Book Value	(c) Fair Market Value
Non-Marketable Corporate Equity Securities	2,467,374	256,006
US Partnerships, Corporations and Trusts	65,870,238	81,596,542
Non-US Partnerships and Corporations	60,882,322	75,692,208
	129,219,934	157,544,756

Page 2, Part II, Line 14 – Description of Land, Buildings, and Equipment:

	Cost Basis	Accumulated Depreciation	(b) Book Value	(c) Fair Market Value
Furniture	265,537	265,537	0	32,500
Equipment	21,567	19,587	1,980	2,100
	287,104	285,124	1,980	34,600

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Page 2, Part III – Analysis of Changes in Net Assets or Fund Balances:

Line 3 – Other Increases Not Included in Line 2

Book/tax Differences in Investments	3,620,177
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Line 5 – Other Decreases Not Included in Line 2

Book/tax Differences in Investments	2,894,993
Meals Expense Subject to 50% Limitation	265
	2,895,258

Page 3, Part IV, Line 1 – Capital Gains and Losses for Tax on Investment Income:

	<u>(a) Description</u>	<u>(b) How Acquired</u>	<u>(c) Date Acquired</u>	<u>(d) Date Sold</u>
a	Publicly Traded Securities	Purchase	Various	Various
b	Capital Gain Dividends	Purchase	Various	Various
c	Security Litigation Settlements	Purchase	Various	Various
d	Pass-through K-1 Capital Gains	Purchase	Various	Various
e	Pass-through K-1 Capital Losses	Purchase	Various	Various
f	Non-US Hedge Funds	Purchase	Various	Various
g	Non-US Gains in Excess of Basis	Purchase	Various	Various

	<u>(e) Gross Sales Price</u>	<u>(f) Depreciation</u>	<u>(g) Cost Basis</u>	<u>(h) Gain or (loss)</u>
a	18,336,931		20,959,837	-2,622,906
b	759,432		0	759,432
c	45		0	45
d	2,253,935		0	2,253,935
e	0		1,639,689	-1,639,689
f	8,602,194		6,593,891	2,008,303
g	730,152		0	730,152
	30,682,689		29,193,417	1,489,272

	<u>(i) FMV 12/31/69</u>	<u>(j) Adj Basis 12/31/69</u>	<u>(k) Excess</u>	<u>(l) Gain or (loss)</u>
a				-2,622,906
b				759,432
c				45
d				2,253,935
e				-1,639,689
f				2,008,303
g				730,152
				1,489,272

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Page 6, Part VIII, Line 1 – Information About Officers and Directors:

(a) Name and Address	(b) Title and Average Hours Per Week Devoted to Position	(c) Compensation	(d) Contributions to Employee Benefit Plans
Bobby R. Alford, MD	Director Periodic board meetings	15,000	0
Daniel C. Arnold	Director Periodic board & committee meetings	18,000	0
Sandra Bacak	Assistant Secretary and Controller 40 Hours	119,013	15,170
Joe M. Bailey	Director Periodic board & committee meetings	18,000	0
Paul Klotman, MD	Director Periodic board meetings	15,000	0
Scott B. Seaman	Director, Treasurer, and Executive Director 15 – 40 Hours	363,377	0
Charles A. Williams	Director and President 10 - 25 Hours	155,769	0
Margaret Alkek Williams	Director Periodic board meetings	15,000	0
Randa D. Williams	Director Periodic board & committee meetings	18,000	0
		737,159	15,170

Part VIII, Column (a) 1100 Louisiana Street, Suite 5250, Houston, TX 77002

Part VIII, Column (d) Includes contributions to employee benefit plan and medical insurance premiums.

Part VIII, Column (e) Payments for expense accounts or other allowances: None.

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Page 11, Part XV, Line 3a – Grants and Contributions Paid:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Medical:</u>			
Baylor College of Medicine One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	Department of Medicine	3,240,300
Baylor College of Medicine One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	Presidential Endowed Chair	1,200,000
Baylor College of Medicine One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	Center for Precision Environmental Health	800,000
Baylor College of Medicine One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	Ophthalmology and Otolaryngology	250,000
Heart Gift Foundation P.O. Box 691711 Houston, TX 77269	PC	Operational support	25,000
The Methodist Hospital Foundation P.O. Box 4384 Houston, TX 77210	SO I	Center for Performing Arts Medicine	350,000
Texas A&M Foundation Clinical Building 1, Suite 1100 1359 TAMU, 8441 State Hwy 47 Bryan, TX 77807	GOV	Institute of Biosciences and Technology - Center for Advanced Imaging	150,000
Texas Children's Hospital 1919 South Boulevard, Suite 52 Houston, TX 77030	PC	Capital campaign	1,000,000
The University of Texas MD Anderson Cancer Center PO Box 4486 Houston, TX 77210	GOV	Neurodegeneration Consortium	1,000,000
			8,015,300

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Page 11, Part XV, Line 3a – Grants and Contributions Paid, Continued:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Educational:</u>			
Episcopal High School 4650 Bissonnet St Bellaire, TX 77401	PC	Scholarships	54,100
KIPP Inc. 10711 KIPP Way Houston, TX 77099	PC	Houston Public Schools Program	50,000
The Posse Foundation, Inc. 1001 McKinney, Suite 950 Houston, TX 77002	PC	Mentoring program	25,000
Southwestern University P.O. Box 770 Georgetown, TX 78627-0770	PC	Scholarships	100,000
St. Edward's University 3001 South Congress Ave Austin, TX 78704	PC	Scholarships	50,000
St Mary's University One Camino Santa Maria San Antonio, TX 78228	PC	Mechanical Engineering Department	200,000
St Thomas High School 4500 Memorial Drive Houston, TX 77007	PC	Capital campaign	200,000
Texas A&M University-Kingsville Foundation 700 University Blvd, MSC 218 Kingsville, TX 78363	GOV	Caesar Kleberg Wildlife Research Center – The Tio Kleberg Endowed Fund for Applied Wildlife Research	25,000
Texas State University-San Marcos 601 University Dr. San Marcos, TX 78666	GOV	Archives Research Center construction	200,000
TMI – The Episcopal School of Texas 20955 W Tejas Trail San Antonio, TX 78257	PC	Scholarships	187,600
			1,091,700

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Page 11, Part XV, Line 3a – Grants and Contributions Paid, Continued:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Community:</u>			
Arthur Nagel Community Clinic P.O. Box 519 Bandera, TX 78003	PC	Operational support	25,000
Bandera County Young Life P.O. Box 1751 Bandera, TX 78003	PC	Operational support	30,000
Bandera Public Library Corporation P.O. Box 1568 Bandera, TX 78003	PC	Operational support	2,500
Baylor College of Medicine One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	BCM Wellness 5K Race/Walk	10,000
Big Brothers Big Sisters Lone Star 500 Dallas Street, Suite 290 Houston, TX 77002	PC	Capital campaign	100,000
Bobwhite Brigade dba Texas Brigades 3660 Thousand Oaks Drive, No 126 San Antonio, TX 78247	PC	Matching grant for operational support contributions	60,000
Boys and Girls Club of Bandera County P.O. Box 3155 Bandera, TX 78003	PC	Operational support and matching grant	60,000
The Center Foundation 3550 West Dallas Houston, TX 77019	PC	Capital campaign	25,000
The Children's Assessment Center 2500 Bolsover Street Houston, TX 77005	PC	Capital campaign	50,000
Depression and Bipolar Support Alliance Greater Houston PO Box 27607 Houston, TX 77227	PC	Operational support	17,000
Girl Scouts of San Jacinto Council 3110 Southwest Freeway Houston, TX 77098	PC	Operational support	75,000
Nehemiah Center, Inc. 5015 Fannin Street Houston, TX 77004	PC	Operational support	25,000

Albert and Margaret Alkek Foundation
TIN: 76-0491186
Form 990-PF Statements
For the Year Ended December 31, 2016

Page 11, Part XV, Line 3a – Grants and Contributions Paid, Continued

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Community, Continued:</u>			
Pathways for Little Feet 8 Greenway Plaza, Suite 1000 Houston, TX 77046	PC	Operational support	10,000
St. Christopher's Episcopal Church Box 314 Bandera, TX 78003	PC	Operational support	63,500
Sunshine Kids Foundation 2814 Virginia St. Houston, TX 77098	PC	Operational support	15,000
Texas Dept. of Public Safety Foundation 6714 North New Braunfels Ave, Suite 206 San Antonio, TX 78209	PC	Memorial project construction	100,000
			668,000
<u>Cultural:</u>			
Houston Ballet Foundation 601 Preston Houston, TX 77002	PC	Capital campaign	500,000
Houston Botanic Garden 3701 Kirby Drive Houston, TX 77098	PC	Capital campaign	100,000
River Oaks Chamber Orchestra 1973 West Gray Houston, TX 77027	PC	Operational support	25,000
			625,000
			10,400,000

Albert and Margaret Alkek Foundation
TIN: 76-0491186
Form 990-PF Statements
For the Year Ended December 31, 2016

Page 11, Part XV, Line 3b – Grants and Contributions Approved for Future Payment:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
Baylor College of Medicine One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	Department of Medicine	7,781,700
Baylor College of Medicine One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	Center for Precision Environmental Health	5,200,000
Baylor College of Medicine One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	Presidential Endowed Chair	2,800,000
The Methodist Hospital Foundation P.O. Box 4384 Houston, TX 77210	SO I	Center for Performing Arts Medicine Endowment	500,000
			16,281,700

ALBERT AND MARGARET ALKEK FOUNDATION

BYLAWS

AS AMENDED ON MAY 25, 2017

I hereby certify that this is a complete and accurate copy of the original document.



Scott B. Seaman, Executive Director

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EXHIBIT A – Section 4.6 of the Composite Last Will and Testament of Albert B. Alkek

ALBERT AND MARGARET ALKEK FOUNDATION

BYLAWS

As Amended on May 25, 2017

ARTICLE I

OFFICES

Section 1.1 Principal Office. The principal office of the Corporation shall be in the City of Houston, Texas.

Section 1.2 Registered Office. The registered office of the Corporation required by the Texas Non-Profit Corporation Act to be maintained in the State of Texas may be, but need not be, identical with the principal office, and the address of the registered office may be changed from time to time by the Board of Directors.

Section 1.3 Other Offices. The Corporation may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEMBERS

Section 2.1 Members. The Corporation has no members. The persons from time to time constituting the Board of Directors of the Corporation are, for the purpose of any statutory provision or rule of law relating to non-profit corporations, the members of the Corporation and shall exercise all the rights and powers of members thereof.

ARTICLE III

DIRECTORS

Section 3.1 Number, Qualification and Class. The property, business and affairs of the Corporation shall be managed and controlled by a Board of Directors ("the Board"). The Board shall be composed of a minimum of four (4) directors, and a maximum of eight (8) directors, and divided into two classes (individually, "Class" and collectively "Classes"). Class A shall consist of a minimum of one (1) director and a maximum of three (3) directors. Class B shall

consist of a minimum of three (3) directors and a maximum of five (5) directors. Directors need not be residents of the State of Texas. The number of Directors of either Class may be increased or decreased by resolution adopted by a majority of the Directors of each class. No decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director.

Section 3.2 Election and Term of Office. The initial members of the Board of Directors named in the Articles of Incorporation shall hold office, with the Class designation for each such Director therein set forth, until their death, disability, resignation, removal or disqualification as herein provided. Additional Directors shall be elected to the Board subject to the Articles of Incorporation and these Bylaws. Each Director so elected shall hold office for a term of three (3) years. The Directors of each Class shall be elected by a majority vote of the remaining Directors of such Class. Directors of a Class shall be able to reelect themselves as Directors of such Class for an unlimited number of terms or to elect other Directors of such Class to succeed one or more of themselves, except that the term of office of each Class B Director so elected shall end as of the next annual meeting of the Board after the Director attains seventy-eight (78) years of age. No person shall be nominated or elected as a Class B Director who is more than seventy-two (72) years of age. Not subject to the foregoing provisions respecting an age requirement, one Class B Director shall be the President of Baylor College of Medicine and any such Director who holds office by reason of his or her status as President of Baylor College of Medicine shall be deemed to have resigned as a Class B Director when he or she ceases to hold the office of President of Baylor College of Medicine and his or her successor by virtue of such office shall without further action by any Class of Directors automatically become a Class B Director subject to the approval of a majority vote of Class B Directors as provided in Section 3.5.

Section 3.3 Resignation. Any Director may resign at any time by giving written notice to the Executive Director, President or Secretary. Such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.4 Removal. Any Director of a Class may be removed, either with or without cause, and another person may be elected to serve for the remainder of the term of such Director by a vote of two-thirds (2/3) of each Class of Directors. Removal of a Director may be accomplished at any regular meeting or any special meeting of the Board of Directors called expressly for that purpose. At such a meeting, all Directors of a Class shall be eligible to vote on

the issue of removal with respect to that Class, including the Director who is the subject of the removal action.

Section 3.5 Vacancies. Except as provided in Section 3.2, any vacancy occurring in a Class of the Board of Directors because of the resignation, disqualification (as in the case of Class B Directors under Section 3.2 hereof), death or disability of a Director (disability of a Director to be determined by said Director's personal physician), shall be filled by the vote of a majority of the remaining Directors of the same Class, though less than a quorum of the Board of Directors of such Class; provided, however, any such Directorship to be filled by reason of an increase in the number of Directors of a Class shall be filled by election at an annual meeting or at a special meeting of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

Section 3.6 General Powers. In addition to the powers and authorities expressly conferred upon them by these Bylaws, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not prohibited by law or by the Articles of Incorporation or by these Bylaws.

Section 3.7 Compensation. Directors shall be entitled to be reimbursed for their reasonable expenses incurred on behalf of the Corporation and in furtherance of its charitable purposes and, by resolution approved by a majority of Directors of each Class, reasonable compensation may be allowed for services provided as a member of the Board, provided that nothing contained herein shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

MEETINGS OF THE BOARD OF DIRECTORS

Section 4.1 Place of Meetings. The Directors of the Corporation may hold their meetings, both regular and special, either within or without the State of Texas.

Section 4.2 Annual and Regular Meetings. The Board of Directors shall have an annual meeting of the Board on the last Thursday (or first business day after the last Thursday if the last Thursday is a holiday) of the month of May of each year, or such other date as a majority of the Directors may decide. Regular scheduled meetings of the Board, other than the annual

meeting, may be held without notice at such time and place as shall, from time to time, be determined at any meeting of the Board noticed for the purpose of scheduling regular meetings of the Board.

Section 4.3 Special Meetings. Special meetings of the Board of Directors may be called by the Executive Director, the President, Secretary or any two (2) Directors on five (5) days' notice to each Director given either personally, by mail or by electronic transmission. Unless otherwise specifically provided in these Bylaws, neither the purpose of nor the business to be transacted at any special meeting of the Board need be specified in the notice or waiver of notice of such meeting. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

Section 4.4 Quorum and Action by Directors.

(a) Without Regard to Class Voting. With respect to the matters of business set forth in this Section 4.4(a), the presence of a majority of the Directors shall be necessary and sufficient at any duly convened meeting to constitute a quorum for the transaction of business, and the act of a majority of the Directors at any such meeting at which a quorum is present shall be the act of the Board of Directors, except for matters set forth in Section 4.4(b) and 4.4(c), to set guidelines for the operation of the Corporation on a day to day basis.

(b) Class Voting of Each Class. With respect to the matters of business set forth in this Section 4.4(b), the presence of a majority of Directors of each Class shall be necessary and sufficient at any duly convened meeting to constitute a quorum for the transaction of business, and the act of a majority of each Class of Directors at any such meeting at which such quorum is present shall be the act of the Board of Directors:

- (i) to elect officers or to remove officers as provided in Section 6.5;
- (ii) to change the Articles of Incorporation or Bylaws of the Corporation;
- (iii) to determine the investment policies of the Corporation;
- (iv) to establish committees of the Board of Directors, and fix any compensation for officers of the Corporation; and
- (v) to make any distribution in excess of Minimum Required Distribution (as defined herein).

(c) Voting by Class A Directors. With respect to the matters of business set forth in this Section 4.4(c), the presence of a majority of the Class A Directors shall be necessary and sufficient at any meeting of the Board of Directors duly convened to constitute a quorum. The act of a majority of the Class A Directors at any meeting in which such a quorum is present shall be the act of the Class A Directors, with respect to the determination of whether to make payment of all or a portion of the Surplus Amount (as herein defined) and undistributed Surplus Amount for any prior calendar years to such charitable organizations not classified as private foundations under Section 509 of the Internal Revenue Code of 1986, as amended ("Code"), as shall be designed by the Class A Directors. The undistributed Surplus Amount for any calendar year may not be accumulated in violation of section 4942 of the Code. When used herein, the term:

- (i) "Surplus Amount" for any calendar year shall mean the greater of (1) the amount by which the Minimum Required Distribution exceeds the Distributable Amount, or (2) ten percent (10%) of the Minimum Required Distribution;
- (ii) "Distributable Amount" for any calendar year shall mean \$8,032,500 appropriately adjusted annually by a majority of each Class of Directors, provided, however, if the Distributable Amount in any calendar year exceeds ninety percent (90%) of the Minimum Required Distribution the Distributable Amount for such year shall be reduced to ninety percent (90%) of the Minimum Required Distribution; and
- (iii) "Minimum Required Distribution" shall mean five percent (5%) of the aggregate fair market value of the non-exempt net assets (as further defined in Section 4942 of the Internal Revenue Service Code), less operating and administrative expenses qualifying as charitable disbursements.

(d) Absence of Quorum. If the required quorum of Directors or Class of Directors shall not be present at any meeting of Directors, the Directors present may adjourn the meeting from time to time without notice other than an announcement at the meeting until a quorum shall be present.

(e) Distributions of Distributable Amount. Annexed hereto as Exhibit A is a reprint of the operative Article 4.6 of the Last Will and Testament and Codicils of Albert B. Alkek, Deceased ("Decedent's Will") which sets forth suggestions regarding distributions to certain named charities. In accordance with said provisions, the Distributable Amount of the Corporation for any calendar year shall be paid periodically to the beneficiaries suggested in the operative Article 4.6 of Decedent's Will in the amounts or proportions indicated therein, unless (i) based on a majority vote of each Class of Directors, said Directors direct otherwise; (ii) payments to such beneficiary do not constitute a "qualifying distribution" within the meaning of Section 4942(g) of the Code; or (iii) the charitable purposes of such beneficiary, as determined by the vote of each Class of Directors, materially changes from that which existed on March 1, 1995. In such event, the Distributable Amount for any calendar year shall be reduced by the amount which would have passed to a charity but for its disqualification as provided in this Section 4.4(e).

Section 4.5 Presumption of Assent to Action. A Director who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation as soon as practicable after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 4.6 Telephone Meetings. Directors may participate in and hold a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 4.6 shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 4.7 Action Without Meeting. Any action required or permitted to be taken at a meeting of the Board, or any committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the members of the Board, or committee, as the case may be, and such consent shall have the same force and effect as a unanimous vote at a meeting.

ARTICLE V

COMMITTEES OF THE BOARD OF DIRECTORS

Section 5.1 Membership and Authorities. The Board of Directors, by resolution adopted by a majority of each Class of the Board, may designate two (2) or more Directors (which may be either or both Classes) to constitute such committees as the Board may determine, each of which committees to the extent provided in such resolution shall have and may exercise all of the authority of the Board in the business and affairs of the Corporation, except in those cases where the authority of the Board is specifically denied to the committee or committees by applicable law, the Articles of Incorporation or these Bylaws. The designation of a committee and the delegation thereto of authority shall not operate to relieve the Board, or any member thereof, of any responsibility imposed upon it or him by law.

Section 5.2 Minutes. Each committee designated by the Board shall keep regular minutes of its proceedings and report the same to the Board when required.

Section 5.3 Vacancies. The Board shall have the power at any time to fill vacancies in, to change the membership of, or to dissolve, any committee in the same manner as appointed in Section 5.1.

Section 5.4 Telephone Meetings. Members of any committee designated by the Board may participate in or hold a meeting by use of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 5.4 shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 5.5 Action Without Meeting. Any action required or permitted to be taken at a meeting of any committee designated by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the members of the committee, and such consent shall have the same force and effect as a unanimous vote at a meeting.

ARTICLE VI

OFFICERS

Section 6.1 Number. The officers of the Corporation shall be an Executive Director, a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also choose a Chairman and additional Vice Presidents, Assistant Secretaries and/or Assistant Treasurers. One person may hold any two or more of these offices except those of President and Secretary and President and Treasurer.

Section 6.2 Election, Term of Office and Qualification. The officers of the Corporation shall be elected by a majority vote of each Class of Directors. The Board shall elect an Executive Director, a President, a Vice President, a Secretary and a Treasurer, none of whom need be a member of the Board. Each officer so elected shall hold office until his or her successor shall have been duly chosen and has qualified or until his or her death, resignation or removal in the manner provided in Section 6.5 hereof; provided, however, in no event shall any officer's term of office exceed three (3) years. An officer shall be able to be elected and reelected for unlimited terms.

Section 6.3 Subordinate Officers. The Board by a majority vote of each Class of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms (not exceeding three (3) years), have such authority and perform such duties as the Board may from time to time determine. The Board may delegate to any committee or officer the power to appoint any such subordinate officer or agent.

Section 6.4 Resignation. Any officer may resign at any time by giving written notice thereof to the Board of Directors or to the Executive Director, President or Secretary of the Corporation. Any such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.5 Removal. Any officer elected or appointed by the Board may be removed by a majority vote of each Class of Directors at any time with or without cause. Any other officer may be removed at any time with or without cause by a majority vote of each Class of Directors or by any committee or superior officer in whom such power of removal may be conferred by the Board.

Section 6.6 Vacancies. A vacancy in any office shall be filled for the unexpired portion of the term by a majority vote of each Class of Directors, but in case of a vacancy occurring in an office filled in accordance with the provisions of Section 6.3, such vacancy may be filled by any committee or superior officer upon whom such power may be conferred by the Board.

Section 6.7 The Executive Director. The Executive Director is the designated chief executive officer of the Corporation and shall preside at all meetings of the Directors, and subject to policies adopted by majority vote of each Class of Directors, shall have general and active management of the business of the Corporation, shall have the general supervision and direction of all other officers of the Corporation with full power to see that their duties are properly performed and shall see that all orders and resolutions of the Board of Directors are carried into effect.

Section 6.8 The Chairman of the Board. The Chairman of the Board, if one is elected by the Board, shall perform whatever duties and shall exercise all powers that are given the Chairman by a majority vote of each Class of Directors.

Section 6.9 Powers and Duties of Officers. The Secretary shall record in writing all proceedings and actions at meetings of Directors and committees of Directors, and shall exercise such additional authority and perform such additional duties as the Board shall assign. Other officers of the Corporation shall have such powers and duties as generally pertain to their offices, except as modified herein or by the Board, as well as such powers and duties as from time to time may be conferred upon such officers by a majority vote of each Class of Directors.

Section 6.10 Treasurer's Bond. If required by the Board, the Treasurer and any Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of office and for the restoration to the Corporation, in case of death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the possession or control of such office belonging to the Corporation.

Section 6.11 Salaries. Unless the Board appoints a compensation committee pursuant to Section 5.1, the salary or other compensation of officers shall be fixed from time to time by the majority vote of each Class of Directors. The Board may delegate to any committee or officer the power to fix from time to time the salary or other compensation of officers and agents appointed in accordance with the provisions of Section 6.3 thereof.

ARTICLE VII
INDEMNIFICATION

Section 7.1 Definitions. In this Article:

- (a) "Indemnitee" means (i) any present or former Director, advisory director, officer or employee of the Corporation, (ii) any person who while serving in any of the capacities referred to in clause (i) hereto served at the Corporation's request as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and (iii) any person nominated or designated by (or pursuant to authority granted by) the Board or any committee thereof to serve in any of the capacities referred to in clauses (i) or (ii) hereof.
- (b) "Official Capacity" means (i) when used with respect to a Director, the office of Director of the Corporation, and (ii) when used with respect to a person other than a Director, the elective or appointive office of the Corporation held by such person or the employment or agency relationship undertaken by such person on behalf of the Corporation, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.
- (c) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

Section 7.2 Indemnification. To the extent permitted under applicable provisions of the Internal Revenue Code of 1986, as amended, the Corporation shall indemnify every Indemnitee against all judgments, penalties (including excise and similar taxes), fines, amounts paid in settlement and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding to which he was, is or is threatened to be named defendant or respondent,

or in which he was or is a witness without being named a defendant or respondent, by reason of his or her serving or having served, or having been nominated or designated to serve, in any of the capacities referred to in Section 7.1(a), if it is determined in accordance with Section 7.4 that the Indemnitee (a) conducted himself in good faith, (b) reasonably believed, in the case of conduct in his or her Official Capacity, that his or her conduct was in the Corporation's best interests and, in all other cases, that his or her or her conduct was at least not opposed to the Corporation's best interests, and (c) in the case of any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful; provided, however, that in the event that an Indemnitee is found liable to the Corporation or is found liable on the basis that personal benefit was improperly received by the Indemnitee, the indemnification (i) is limited to reasonable expenses actually incurred by the Indemnitee in connection with the Proceeding and (ii) shall not be made in respect of any Proceeding in which the Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his or her duty to the Corporation. Except as provided in the immediately preceding proviso to the first sentence of this Section 7.2, no indemnification shall be made under this Section 7.2 in respect of any Proceeding in which such Indemnitee shall have been (x) found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the Indemnitee's Official Capacity, or (y) found liable to the Corporation. The termination of any Proceeding by judgment, order, settlement or conviction, or on a plea of nolo contendere or its equivalent, is not of itself determinative that the Indemnitee did not meet the requirements set forth in clauses (a), (b) or (c) in the first sentence of this Section 7.2. An Indemnitee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom. Reasonable expenses shall include, without limitation, all court costs and all fees and disbursements of attorneys for the Indemnitee. The indemnification provided herein shall be applicable whether or not negligence or gross negligence of the Indemnitee is alleged or proven.

Section 7.3 Successful Defense. Without limitation of Section 7.2 and in addition to the indemnification provided for in Section 7.2, the Corporation shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which he is a witness or a named defendant or respondent because he served in

any of the capacities referred to in Section 7.1(a), if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

Section 7.4 Determinations. Any indemnification under Section 7.2 (unless ordered by a court of competent jurisdiction) shall be made by the Corporation only upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors, duly designated to act in the matter by a majority vote of all Directors (in which designation Directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two or more Directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (c) by special legal counsel selected by the Board of Directors or a committee thereof by vote as set forth in clauses (a) or (b) of this Section 7.4 or, if the requisite quorum of all of the Directors cannot be obtained therefor and such committee cannot be established, by a majority vote of all of the Directors (in which Directors who are named defendants or respondents in the Proceeding may participate). Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (c) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this Section 7.4 that the Indemnitee has met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably prorated.

Section 7.5 Advancement of Expenses. Reasonable expenses (including court costs and attorney's fees) incurred by an Indemnitee who was or is a witness or was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Corporation at reasonable intervals in advance of the final disposition of such Proceeding, and without making any of the determinations specified in Section 7.4, after receipt by the Corporation of (a) a written affirmation by such Indemnitee of his or her good faith belief that he has met the standard of conduct necessary for indemnification by the Corporation under this

Article and (b) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Corporation if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured and it may be accepted without reference to financial ability to make repayment. The provisions of this Article shall not be construed to apply to, or restrict in any way, the payment or reimbursement by the Corporation of expenses incurred by an Indemnitee in connection with his or her appearance as a witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

Section 7.6 Employee Benefit Plans. For purposes of this Article, the Corporation shall be deemed to have requested an Indemnitee to serve an employee benefit plan whenever the performance by him or her of duties to the Corporation also imposes duties on or otherwise involves services by him or her to the plan or participants or beneficiaries of the plan. Excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall be deemed fines. Action taken or omitted by an Indemnitee with respect to an employee benefit plan in the performance of his or her duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is not opposed to the best interests of the Corporation.

Section 7.7 Other Indemnification and Insurance. The indemnification provided by this Article shall (a) not be deemed exclusive of, or to preclude, any other rights to which those seeking indemnification may at any time be entitled under the Corporation's Articles of Incorporation, any law, agreement or vote of the Directors, or otherwise, or under any policy or policies of insurance purchased and maintained by the Corporation on behalf of any Indemnitee, both as to action in his or her Official Capacity and as to action in any other capacity, (b) continue as to a person who has ceased to be in the capacity by reason of which he or she was an Indemnitee with respect to matters arising during the period he or she was in such capacity, and (c) inure to the benefit of the heirs, executors and administrators of such person.

Section 7.8 Construction. The indemnification provided by this Article shall be subject to all valid and applicable laws, including, with limitation, Article 1396-2.22A of the Texas Non-Profit Corporation Act, and, in the event this Article or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such

valid laws, the latter shall be deemed to control and this Article shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

Section 7.9 Continuing Offer, Reliance, etc. The provisions of this Article (a) are for the benefit of, and may be enforced by, each Indemnitee of the Corporation, the same as if set forth in their entirety in a written instrument duly executed and delivered by the Corporation and such Indemnitee and (b) constitute a continuing offer to all present and future Indemnitee. The Corporation, by its adoption of these Bylaws, (x) acknowledges and agrees that each Indemnitee of the Corporation has relied upon and will continue to rely upon the provisions of this Article in becoming, and serving in, any of the capacities referred to in Section 7.1(a) of this or her Article, (y) waives reliance upon, and all notices of acceptance of, such provisions by such Indemnitees and (z) acknowledges and agrees that no present or future Indemnitee shall be prejudiced in his or her right to enforce the provisions of his or her Article in accordance with their terms by any act or failure to act on the part of the Corporation.

Section 7.10 Effect of Amendment. No amendment, modification or repeal of this Article or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnities to be indemnified by the Corporation, nor the obligation of the Corporation to indemnify any such Indemnities, under and in accordance with the provisions of the Article as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.1 Waiver of Notice. Whenever, under the provisions of applicable law or of the Articles of Incorporation or of these Bylaws, any notice is required to be given to any Director, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 8.2 Seal. If one be adopted, the corporate seal shall have inscribed thereon the name of the Corporation and shall in such form as may be approved by the Board.

Said seal may be used by causing it or a facsimile of it to be impressed or affixed or in any manner reproduced.

Section 8.3 Fiscal Year. The fiscal year of the Corporation shall be the calendar year unless otherwise fixed by resolution of the Board.

Section 8.4 Checks, Notes, etc. All checks or demands for money and notes of the Corporation shall be signed by such officer and officers or such other person or persons as the Board may from time to time designate.

Section 8.5 Books and Records. The Corporation shall keep correct and complete books and records of account.

Section 8.6 Financial Records and Annual Reports. The Corporation shall, for each fiscal year, maintain current and accurate financial records with full entries made with respect to all financial transactions of the Corporation, including all income, expenditures and distributions in accordance with generally accepted accounting principles and practices. Based on these records, the Board shall annually prepare or cause to be prepared and approve a report of the financial activity of the Corporation for such fiscal year. All records, books, and annual reports of the financial activity of the Corporation for such fiscal year shall be kept at either the registered office or principal office of the Corporation for at least six (6) years after the closing of such fiscal year and shall be available for inspection during normal business hours as required by law. The Corporation may charge for the reasonable expense of preparing a copy of a record or report.

Section 8.7 Dividends Prohibited. No dividend shall be paid and no part of the income of the Corporation shall be distributed to the officers or Directors, provided that the Corporation may pay compensation in a reasonable amount to the officers and Directors, subject to required approval and as otherwise provided in these Bylaws.

Section 8.8 Loans to Directors and Officers Prohibited. No loans shall be made by the Corporation to officers or Directors.

Section 8.9 No Third Party Beneficiaries. Notwithstanding the fact that the purpose of the Corporation is to distribute funds for charitable uses to qualifying organizations, no person or entity named or otherwise designated in Decedent's Will or by the Board or any Class thereof shall have any rights or interests in the business or assets of the Corporation unless

and until so determined by action of the Board or Class of Directors as required in the manner set forth in these Bylaws, and then only to the extent so determined.

ARTICLE IX
AMENDMENTS

Section 9.1 Amendment by the Board of Directors. The Board of Directors, with the majority vote of each Class of Directors, shall have the power to alter, amend or repeal these Bylaws or adopt new Bylaws. The Board may exercise this power at any regular or special meeting at which a quorum of each Class is present, upon five (5) days' notice of the action taken or proposed to be taken with respect to the Bylaws having been contained in the notice or waiver of notice of such meeting.

ARTICLE X
SUBJECT TO ALL LAWS

Section 10.1 Subject to All Laws. The provisions of these Bylaws shall be subject to all valid and applicable laws, including, without limitation, the Texas Non-Profit Corporation Act as now or hereafter amended, and in the event that any of the provisions of these Bylaws are found to be inconsistent with or contrary to any such laws, the latter shall be deemed to control and these Bylaws shall be deemed modified accordingly, and, as so modified, to continue in full force and effect.

ARTICLE XI
THE MARGARET ALKEK CHARITABLE LEAD ANNUITY TRUST FUND

Section 11.1 Special Fund. Notwithstanding any other provisions of these Bylaws, any property received by the Corporation from The Margaret Alkek Charitable Lead Annuity Trust shall be held in a separate fund ("the Special Fund") of the Corporation. All decisions concerning the Special Fund including any distributions to be made from the Special Fund and investment and reinvestment of the assets of the Special Fund shall be made by a majority vote of the then serving Class B members of the Board of Directors provided, however, if either Margaret Alkek Williams or Charles A. Williams ever becomes a Class B member of the

Board, she or he shall not participate in any decision of the Class B Directors relating to the Special Fund and shall not be counted as a Class B Director in determining the number of Class B Directors constituting a majority. In any calendar year, sufficient assets of the Special Fund shall be distributed in accordance with the requirements of section 4942 of the Code and Section 4.4(c) and (e) of these Bylaws. Furthermore, any excess distributions from the Special Fund shall be made in accordance with Section 4.4(b) of these Bylaws; provided, however, neither Margaret Alkek Williams nor Charles A. Williams may participate in any decision of the Board with respect to such excess distributions.

Section 11.2 Amendment of Article XI. Notwithstanding Article IX, any amendment to this Article XI may only be made by the vote of the majority of the Class B members of the Board; provided, however, if Margaret Alkek Williams or Charles A. Williams ever becomes a Class B member of the Board she or he shall not participate in any decision to amend this Article XI and shall not be counted as a Class B Director in determining the number of Class B Directors constituting a majority. Furthermore, notwithstanding any other provision of these Bylaws, these Bylaws may not be amended to authorize Margaret Alkek Williams or Charles W. Williams to participate in any decision relating to the Special Fund.

Section 11.3 Increase and Decrease of Special Fund. The assets of the Special Fund shall be increased and decreased according to the Special Fund's proportionate share of the income and loss of the Corporation.

EXHIBIT A

SECTION 4.6 OF THE LAST WILL AND TESTAMENT OF ALBERT B. ALKEK

Excerpt from COMPOSITE OF ALBERT B. ALKEK'S
Last Will and Testament dated 10/25/89
3rd Codicil dated 1/24/95

4.6 My Trustee shall apply the trust fund at such time or times, in such manner, and in such amounts, as my Trustee may determine, or as may be required by restricted donations, to the uses and purposes set forth in section 4.3, or my Trustee may make contributions to other charitable organizations to be used within the State of Texas. The term "charitable organizations" shall mean organizations exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3) and classified as other than private foundations under Sections 509(a)(1), (2) or (3) of the Internal Revenue Code. I hereby generally recommend the following to my Trustee (but without in any way limiting my Trustee's power or authority, or my Trustee's title to any assets or properties): the trust principal should be conserved from year to year to the extent possible and consistent with favorable tax treatment so that the benefits of the Foundation may extend to future generations; in the distribution of trust benefits, preference should be given to the furtherance of charities which I have supported during my lifetime, particularly those charities and organizations which sponsor medical research, medical education, and construction of medical facilities, as well as those churches with which I have been most closely associated and those charities and organizations which provide scholarships and other educational opportunities for poor or otherwise deserving students; the Foundation may make loans or direct grants-in-aid to individual students by way of scholarships, loan funds or otherwise; all distributions and grants from the Foundation should be made irrespective of race, color, sex or religious beliefs of any recipients or beneficiaries, whether the same shall be an organization or an individual. I particularly desire that at least the majority of the distributions made from the Foundation each year be allocated to BAYLOR COLLEGE OF MEDICINE, of Houston, Texas. For the further guidance of my Trustee I would express my preference that annual contributions in the following amounts be made in terms of U.S. Dollars (which amounts should be appropriately adjusted over time for inflation or deflation of the U.S. Dollar):

- (a) FIVE MILLION DOLLARS (\$5,000,000) to BAYLOR COLLEGE OF MEDICINE, of Houston Texas
Of this \$5,000,000 sum, I express my desire that at least the dollar amounts indicated shall be expended or otherwise used at the discretion of each of the following men in their departments or as they otherwise determine to be in the public interest and for the good of mankind:

Dr. Bobby R. Alford	\$100,000
Dr. Peter T. Scardino	\$26,000

I also feel that at least \$50,000 of such \$5,000,000 annual distribution should be allocated to the ALBERT AND MARGARET ALKEK ORGAN TRANSPLANT CENTER.

I further believe that at least \$100,000 out of such \$5,000,000 annual distribution should be allocated to the ALKEK EYE CENTER now located in the Smith Tower under the Direction of Dr. Dan B. Jones.

- (b) ONE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$1,250,000) to BAYLOR COLLEGE OF MEDICINE, of Houston, Texas, in addition to the \$5,000,000 provided in paragraph (a) above, to be used for the benefit of such institution's DEPARTMENT OF INTERNAL MEDICINE, now under the direction of Dr. Antonio M. Gotto, Jr. As long as Dr. Gotto is associated with BAYLOR COLLEGE OF MEDICINE, I intend that this amount be utilized for the DEPARTMENT OF INTERNAL MEDICINE in such manner as Dr. Gotto shall determine in his discretion, but in his absence I express my preference that the sum given be used to supplement salaries and otherwise subsidize and enhance the personnel budget for physicians and other professional staff of such DEPARTMENT in order to assure that it will be able to attract and retain highly qualified physicians to maintain and improve the research, teaching and patient care provided by the physicians in such DEPARTMENT.

It should be noted that the total minimum annual recommended distribution to Baylor College of Medicine is now \$6,250,000, so that without any adjustment for inflation the thirty-year total would be \$187,500,000 [30 x \$6,250,000 = \$187,500,000].

- (c) ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000) to TEXAS A & M UNIVERSITY, for use at such University's Houston, Texas location in facilities located at 2121 West Holcombe Blvd. (on the former Shamrock Hotel grounds) known as the ALBERT B. ALKEK INSTITUTE OF BIOSCIENCE AND TECHNOLOGY (or in other facilities or for other programs at such location named in honor of members of the Alkek family).
- (d) ONE MILLION DOLLARS (\$1,000,000) to UNIVERSITY OF TEXAS, M.D. ANDERSON CANCER CENTER, of Houston, Texas, to support the operation and enhancement (and construction, if not completed) of the MARGARET M. ALKEK AND ALBERT B. ALKEK HOSPITAL located near the intersection of Bertner and Bates Streets in the Texas Medical Center, in such manner as my Trustee may determine. Such distributions should continue for at least thirty (30) years at the ONE MILLION DOLLARS (\$1,000,000) level.
- (e) THIRTY-FIVE THOUSAND DOLLARS (\$35,000) to ST. CHRISTOPHER EPISCOPAL CHURCH, of Bandera, Texas.
- (f) TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500) to the Public Library of Bandera, Texas.
- (g) TWENTY THOUSAND DOLLARS (\$20,000) to TRINITY EPISCOPAL CHURCH, of Victoria, Texas.
- (h) TWENTY THOUSAND DOLLARS (\$20,000) to TRINITY EPISCOPAL SCHOOL, of Victoria, Texas.
- (i) TWENTY-FIVE THOUSAND DOLLARS (\$25,000) to the UNIVERSITY OF HOUSTON - VICTORIA CAMPUS, to be added to the ALKEK ENDOWMENT SCHOLARSHIP FUND.
- (j) TWO HUNDRED THOUSAND DOLLARS (\$200,000) to ST. MARY'S UNIVERSITY, of San Antonio, Texas.
- (k) ONE HUNDRED THOUSAND DOLLARS (\$100,000) to the TEXAS MILITARY INSTITUTE, of San Antonio, Texas.
- (l) TWO HUNDRED THOUSAND DOLLARS (\$200,000) to SOUTHWEST TEXAS STATE UNIVERSITY, of San Marcos, Texas, to be used for library and scholarship purposes.
- (m) THIRTY THOUSAND DOLLARS (\$30,000) to the EPISCOPAL HIGH SCHOOL, of Bellaire, Texas.

Any annual income of the Foundation in excess of the amounts provided above may be distributed to such charitable and/or educational institutions (including without limitation additional distributions to the institutions named above) as my Trustee determines to be worthy of the Foundation's support and consistent with its purpose to benefit mankind.

However, it is my intent to leave to my Trustee all of the details of the operation of the Foundation, in my Trustee's free and uncontrolled discretion, and to give my Trustee full power and authority to make and hold all properties transferred to my Trustee, to administer and invest the same, and to devote the income therefrom and the principal thereof to the purposes of the Foundation. Nonetheless, as indicated above, to the extent permitted by law and prudent stewardship, it is my strong desire that the principal of the trust fund remain in perpetual charitable trust to provide an enduring benefit for humanity, and I accordingly direct that the unanimous consent of all individuals then serving as my Trustee be required for any distribution of principal. Further, the statements made above with respect to my desires, particularly with respect to the support of BAYLOR COLLEGE OF MEDICINE, of Houston, Texas, shall not be construed to give any specific charitable organization any right to any distribution from the Foundation or any right to examine or inquire into the assets, books or records of the Foundation.

Form **990-T**

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

OMB No. 1545-0687

2016

For calendar year 2016 or other tax year beginning _____, 2016, and ending _____, _____

▶ **Information about Form 990-T and its instructions is available at www.irs.gov/form990t.**

▶ **Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).**

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury
Internal Revenue Service

<p>A <input type="checkbox"/> Check box if address changed</p> <p>B Exempt under section</p> <p><input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 220(e)</p> <p><input type="checkbox"/> 408(e) <input type="checkbox"/> 530(a)</p> <p><input type="checkbox"/> 408A <input type="checkbox"/> 529(a)</p> <p>C Book value of all assets at end of year 181,262,639.</p>	<p>Print or Type</p>	<p>Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) Albert and Margaret Alkek Foundation</p> <p>Number, street, and room or suite no. If a P.O. box, see instructions. 1100 Louisiana St 5250</p> <p>City or town, state or province, country, and ZIP or foreign postal code Houston TX 77002</p>	<p>D Employer identification number (Employees' trust, see instructions.) 76-0491186</p> <p>E Unrelated business activity codes (See instructions.) 525990</p>
		<p>F Group exemption number (See instructions.) ▶</p> <p>G Check organization type . . . ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust</p>	

H Describe the organization's primary unrelated business activity.
▶ Investment partnerships which generate UBTI.

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ Yes No
If 'Yes,' enter the name and identifying number of the parent corporation ▶

J The books are in care of ▶ Scott B. Seaman Telephone number ▶ (713) 652-6601

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1 a Gross receipts or sales			
b Less returns and allowances c Balance ▶	1 c		
2 Cost of goods sold (Schedule A, line 7)	2		
3 Gross profit. Subtract line 2 from line 1c	3		
4 a Capital gain net income (attach Schedule D)	4 a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4 b		
c Capital loss deduction for trusts	4 c		
5 Income (loss) from partnerships and S corporations (attach statement)	5	154,653.	154,653.
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F)	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10 Exploited exempt activity income (Schedule I)	10		
11 Advertising income (Schedule J)	11		
12 Other income (See instructions; attach schedule)	12		
13 Total. Combine lines 3 through 12	13	154,653.	154,653.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)	21	22a	22b
14 Compensation of officers, directors, and trustees (Schedule K)	14		
15 Salaries and wages	15		
16 Repairs and maintenance	16		
17 Bad debts	17		
18 Interest (attach schedule)	18		
19 Taxes and licenses	19		
20 Charitable contributions (See instructions for limitation rules)	20		1,136.
21 Depreciation (attach Form 4562)	21		
22 Less depreciation claimed on Schedule A and elsewhere on return	22a		22b
23 Depletion	23		
24 Contributions to deferred compensation plans	24		
25 Employee benefit programs	25		
26 Excess exempt expenses (Schedule I)	26		
27 Excess readership costs (Schedule J)	27		
28 Other deductions (attach schedule) G&A	28		81,076.
29 Total deductions. Add lines 14 through 28	29		82,212.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30		72,441.
31 Net operating loss deduction (limited to the amount on line 30)	31		
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32		72,441.
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33		4,347.
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34		68,094.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and:		
a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____		
b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____		
c Income tax on the amount on line 34		35c 12,024.
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)		36
37 Proxy tax. See instructions		37
38 Alternative minimum tax		38
39 Tax on Non-Compliant Facility Income. See instructions		39
40 Total. Add lines 37, 38 and 39 to line 35c or 36, whichever applies		40 12,024.

Part IV Tax and Payments

41a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	41a	
b Other credits (see instructions)	41b	
c General business credit. Attach Form 3800 (see instructions)	41c	
d Credit for prior year minimum tax (attach Form 8801 or 8827)	41d	
e Total credits. Add lines 41a through 41d	41e	
42 Subtract line 41e from line 40	42	12,024.
43 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	43	
44 Total tax. Add lines 42 and 43	44	12,024.
45a Payments: A 2015 overpayment credited to 2016	45a	177,752.
b 2016 estimated tax payments	45b	270,000.
c Tax deposited with Form 8868	45c	0.
d Foreign organizations: Tax paid or withheld at source (see instructions)	45d	
e Backup withholding (see instructions)	45e	
f Credit for small employer health insurance premiums (Attach Form 8941)	45f	
g Other credits and payments: <input type="checkbox"/> Form 2439 _____ <input type="checkbox"/> Form 4136 _____ <input type="checkbox"/> Other _____ Total	45g	
46 Total payments. Add lines 45a through 45g	46	447,752.
47 Estimated tax penalty (see instructions). Check if Form 2220 is attached	47	
48 Tax due. If line 46 is less than the total of lines 44 and 47, enter amount owed	48	
49 Overpayment. If line 46 is larger than the total of lines 44 and 47, enter amount overpaid.	49	435,728.
50 Enter the amount of line 49 you want: Credited to 2017 estimated tax <input type="checkbox"/> 435,728. Refunded <input type="checkbox"/> 50		

Part V Statements Regarding Certain Activities and Other Information (see instructions)

51 At any time during the 2016 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here _____	Yes	No
52 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		X
53 Enter the amount of tax-exempt interest received or accrued during the tax year <input type="checkbox"/> \$ 45.		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: [Signature] Date: 1-22-18 Title: Executive Director

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only

Print/Type preparer's name: Cynthia G. Matthews Preparer's signature: [Signature] Date: 1/19/18

Firm's name: Stevens & Matthews LLP Firm's EIN: 26-3922905

Firm's address: 1177 West Loop South Suite 600 Phone no.: (713) 621-1177
Houston TX 77027

Check if self-employed PTIN: P00286341

BAA

Domestic Production Activities Deduction

▶ **Attach to your tax return.** ▶ See separate instructions.

Name(s) as shown on return Albert and Margaret Alkek Foundation	Identifying number 76-0491186
--	----------------------------------

	(a) Oil-related production activities	(b) All activities
Note. Do not complete column (a), unless you have oil-related production activities. Enter amounts for all activities in column (b), including oil-related production activities.		
1 Domestic production gross receipts (DPGR)	1,030,581	1,483,321
2 Allocable cost of goods sold. If you are using the small business simplified overall method, skip lines 2 and 3		
3 Enter deductions and losses allocable to DPGR (see instructions)		
4 If you are using the small business simplified overall method, enter the amount of cost of goods sold and other deductions or losses you ratably apportion to DPGR. All others, skip line 4	822,976	1,361,897
5 Add lines 2 through 4	822,976	1,361,897
6 Subtract line 5 from line 1	207,605	121,424
7 Qualified production activities income from estates, trusts, and certain partnerships and S corporations (see instructions)	0	10,501
8 Add lines 6 and 7. Estates and trusts, go to line 9, all others, skip line 9 and go to line 10	207,605	131,925
9 Amount allocated to beneficiaries of the estate or trust (see instructions)		
10a Oil-related qualified production activities income. Estates and trusts, subtract line 9, column (a), from line 8, column (a), all others, enter amount from line 8, column (a). If zero or less, enter -0- here	207,605	
b Qualified production activities income. Estates and trusts, subtract line 9, column (b), from line 8, column (b), all others, enter amount from line 8, column (b). If zero or less, enter -0- here, skip lines 11 through 21, and enter -0- on line 22		131,925
11 Income limitation (see instructions):		
• Individuals, estates, and trusts. Enter your adjusted gross income figured without the domestic production activities deduction	}	72,441
• All others. Enter your taxable income figured without the domestic production activities deduction (tax-exempt organizations, see instructions)		
12 Enter the smaller of line 10b or line 11. If zero or less, enter -0- here, skip lines 13 through 21, and enter -0- on line 22		72,441
13 Enter 9% of line 12		6,520
14a Enter the smaller of line 10a or line 12	72,441	
b Reduction for oil-related qualified production activities income. Multiply line 14a by 3%		2,173
15 Subtract line 14b from line 13		4,347
16 Form W-2 wages (see instructions)		0
17 Form W-2 wages from estates, trusts, and certain partnerships and S corporations (see instructions)		114,129
18 Add lines 16 and 17. Estates and trusts, go to line 19, all others, skip line 19 and go to line 20		114,129
19 Amount allocated to beneficiaries of the estate or trust (see instructions)		
20 Estates and trusts, subtract line 19 from line 18, all others, enter amount from line 18		114,129
21 Form W-2 wage limitation. Enter 50% of line 20		57,065
22 Enter the smaller of line 15 or line 21.		4,347
23 Domestic production activities deduction from cooperatives. Enter deduction from Form 1099-PATR, box 6		
24 Expanded affiliated group allocation (see instructions)		
25 Domestic production activities deduction. Combine lines 22 through 24 and enter the result here and on Form 1040, line 35; Form 1120, line 25; or the applicable line of your return		4,347

Albert and Margaret Alkek Foundation
TIN: 76-0491186
Form 990-T Supporting Schedules
For the Year Ended December 31, 2016

Page 1, Part I, Line 5 – Income from Partnerships:

Income	1,395,409
Realized Gains	86,577
Deductions	-1,327,333
	<hr/>
	154,653
	<hr/>

Page 1, Part II, Line 20 – Charitable Contributions:

Charitable Contribution – Exponent Philanthropy	750
Pass-through K-1 Charitable Contributions	386
	<hr/>
	1,136
	<hr/>

Page 1, Part II, Line 28 – Other Deductions:

Indirect Management and General Expense:	
Allocated Compensation, Taxes, Pension and Insurance	63,095
Allocated Management Fees from Partnerships	11,423
Allocated Professional Fees and General Expense	3,958
Tax Review of Form 990-T	2,600
	<hr/>
	81,076
	<hr/>