

**USDF National Endowment
Spending Policy
6-28-2012**

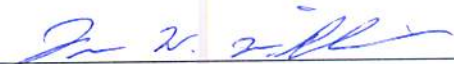
The Management Committee of the Executive Board (“Management Committee”), by delegation from the Executive Board (“EB”), is charged with approval of appropriations for expenditure by USDF of monies generated by the USDF National Endowment, consistent with donor designations and EB policies, as well as decisions to accumulate and not distribute income or capital gains realized in the Endowment’s investment account(s).

Consistent with the EB’s aim that the Investment Working Group employ an overall investment strategy seeking to achieve a total return on the Endowment portfolio that is at least three percentage points greater than the annual distribution(s) from the Endowment as appropriation for expenditures for approved purposes, the Management Committee, with the advice and consent of the Investment Working Group, shall determine, in its prudent discretion, and act as follows:

- (a) It shall prescribe the form of a written request to be used by the USDF Executive Director or Treasurer, normally to be submitted before the time of presentation of the annual budget of USDF to the EB, stating the amounts of funds requested for educational programs and other uses that conform to the various donor purposes and restrictions, or EB purposes and restrictions, which apply to the various blocks of funds on deposit in the Endowment.
- (b) The Management Committee shall document by minutes or other specific written notation on each request its action on the request (approving in whole or in specific dollar amount, the timing of when such appropriation for expenditure shall occur, or its disapproval of the request). Distributions of funds approved as appropriation for expenditures may be transferred from the Endowment investment account(s) to a regular bank account of USDF in lump sum or in installments, for example, as investments mature or are sold, and the Management Committee or its investment manager may determine the optimum time for each such sale (for example, sales near the time when dividends become payable on stocks held).
- (c) At any time, the Management Committee may entertain requests from the Executive Director or Treasurer for appropriations for expenditure on extraordinary initiatives that the Management Committee believes are consistent with the intended purposes and uses of the Endowment, but only if there is not a regularly scheduled EB meeting or teleconference expected to occur within the next 30 days. Any approval by the Management Committee of such extraordinary requests shall be promptly presented to the EB at its next regular meeting for ratification. Otherwise, the EB will consider extraordinary requests.
- (d) Determination of the amount of funds available for appropriation for expenditures will be determined by the Management Committee within the following general EB guidelines:

1. The Management Committee or its investment managers shall annually calculate as of March 31, the end of USDF's fiscal year, the three year trailing average market value of the Endowment portfolio.
2. The Management Committee shall calculate a dollar range of funds available for spending equal to 4% of said three year trailing average market value of the Endowment portfolio. This sum shall be presumed to be available for regular distribution as appropriations for expenditure for education and other permitted purposes, as set forth above.
3. If the investment performance of the Endowment portfolio in the immediately preceding year has exceeded a 9% annual increase in market value, the Management Committee may reserve, for possible appropriation for expenditure, in the next year on "extraordinary initiatives", an amount equal to an additional 2% of the three year trailing average value of the Endowment portfolio, which if not appropriated for expenditure, shall be accumulated and reinvested.
4. At least annually, the Management Committee shall have the Executive Director or legal counsel of USDF review any changes in the applicable Nebraska and Kentucky Uniform Prudent Management of Institutional Funds Acts to assure that this spending policy continues to conform to those laws.

Adopted by action of the USDF Executive Board this 28th day of June, 2012.



George W. Williams
USDF President

July 17, 2012
Date