Spending Policy for Mule Deer Foundation National Endowment Fund

The Mule Deer Foundation ("MDF") recognizes that the establishment and consistent application of a Spending Policy, in conjunction with its Investment Policy Statement, is essential to the long-term success and performance of its National Endowment Fund (Fund). MDF's investment objective, as stated in its Investment Policy Statement, is to obtain a return consistent with the requirements of each asset within its asset base, while protecting the assets from unnecessary risk. This Spending Policy is intended to establish reasonable and prudent spending on an annual basis to support MDF's mission and purpose.

The Uniform Management of Institutional Funds Act ("UMIFA"), which governs expenditures of endowment funds, prohibits invasion of the Historic dollar value of the Fund. It permits MDF to expend from its Fund, for its uses and purposes as much of the net appreciation (realized and unrealized) of the fair value of the Fund's assets over the Historic dollar value of the Fund as is "prudent." The "Historic dollar value," means the aggregate fair value in dollars of (1) the Fund at the time it became an endowment fund, (2) each subsequent donation to the Fund at the time it is made, and (3) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the Fund. If no appreciation or earnings exist, no awards for spending can be made in a given year, regardless of the size of the Historic dollar value of the endowment. The Investment Policy Statement is consistent with UMIFA provisions, which allow for the method of investing endowment funds with an emphasis on principal growth and income growth rather than on current income, and the adoption of the spending rules as set forth herein.

There may be various groups of funds or assets within MDF's assets that serve different purposes, with some funds being permanently restricted, temporarily restricted or unrestricted. This Policy is intended to provide the parameters for the expenditures from the National Endowment Fund, including any subcategories of funds which are part of the National Endowment Fund.

**Spending Rules**

Funds when disbursed may only be disbursed in accordance with the following criteria:

1. No funds shall be disbursed from the National Endowment Fund until the "Historic dollar value" as defined by California Probate Code section 18501(d) has reached a value of two million (2,000,000) dollars;

2. Income, interest and any other return on the trust assets, excluding appreciation in the original principal value of an asset, earned during a given
calendar year ending December 31 may be disbursed during the following calendar year ending December 31. Any such income, interest or other return not so disbursed shall revert to the National Endowment Fund and be treated as new principal that may not be disbursed or invaded for any reason;

3. Funds when disbursed may only be disbursed in accordance with the following criteria:

A. At least eighty (80) percent of the funds disbursed must go toward habitat initiatives consistent with The Mule Deer Foundation's mission, i.e.,

1. Habitat improvement projects;
2. Conservation easements; and
3. Purchase of properties to be transferred to public agencies for public use;

4. Up to ten (10) percent may go toward education and/or research consistent with The Mule Deer Foundation's mission;

5. Up to ten (10) percent may be used for discretionary purposes excluding purchases of equipment, buildings or real estate, unless intended for transfer to a public agency for public use.