

DSC FOUNDATION ENDOWMENT POLICY

1.1 DSCF Fund Agreements

The purpose of this document is to capture the intent of the fund held within DSCF and to establish the guidelines relative to how the fund is to be managed.

1.1.1 General Requirements

The fund held by DSCF is a charitable fund held for the sole benefit of the DSC Foundation (DSCF). As such the fund must be managed consistent with applicable Federal and State laws and consistent with charitable fund "Best Practices."

1.2 DSC Foundation (DSCF) Endowment Fund

1.1.2 Purpose

The DSCF Endowment Fund is intended to provide the DSC Foundation a steady, reliable flow of income in perpetuity to fund DSCF and its mission.

1.1.3 Type of Fund

The fund is an endowment fund.

1.1.4 Source of Monies

The fund will consist of both restricted and unrestricted contributions from various donors. Restricted donations contained in the fund are donations intended for specific DSCF activities (for example, conservation, not operations). Restricted donations must be recorded and tracked to ensure the donor's desires are honored.

1.1.5 Investment Management Guidelines

As a charitable endowment fund, the investments must be consistent with applicable Federal and State laws and charitable fund management "Best Practices".

1.1.6 Withdrawal Strategies

Withdrawals of net income, as further defined in 1.3.5 and 1.3.7, when made, shall be made on an annual basis, to coincide with the beginning of the DSCF fiscal year. From January 1, 2018 through December 31, 2021, no withdrawals from the Fund will occur.

1.2.5 Use of Funds

Unrestricted funds may be used, at the discretion of the DSCF Board of Directors, to fund DSCF or in support activities consistent with the DSCF's Mission. Restricted funds must be used consistent with the donor's desires.

1.2.6 Fiduciary Requirements

Since this fund shall contain restricted donations care must be taken to ensure the donor's desires are honored and that the donor is made aware of the status and use of their donations, at a minimum, on an annual basis.

1.3 **Miscellaneous.**

- 1.3.1 All monies and properties, both real and personal, received and accepted from any source by the DSC Foundation for endowment purposes shall be designated as the DSC Foundation Endowment Fund and shall be accounted for separately apart from other funds and properties of DSC Foundation.
- 1.3.2 The authority to receive and administer the Endowment Fund is vested in the Board of Directors.
- 1.3.3 The Board of Directors shall by resolution designate officer or officers who shall be authorized to contract and execute all legal papers pertaining to title to real estate, and who shall be authorized to convey title to real estate.
- 1.3.4 The assets of the Endowment Fund shall be invested pursuant to the DSC Foundation's Investment Policy, as such statement may be amended from time to time in accordance with Federal and State law.
- 1.3.5 **Only the Net Income (as defined in paragraph 7 of this subsection 1.3 earned from the investment of the assets of the Endowment Fund may be transferred annually to the General Fund for the support and operation of the DSC Foundation. Any such transfers must be authorized by the Board of Directors, which shall consult with the management of DSC Foundation from time to time in this regard. No portion of the Principal (as defined in paragraph 7 of this subsection 1.3 of the Endowment Fund shall be available for use in the operations of DSC Foundation, it being the intent of the Board of Directors that the Principal of the Endowment shall remain intact in perpetuity.**

1.3.6 The following provisions of the Uniform Prudent Management of Institutional Funds Act (Section 163 of the Texas Property Code) shall not apply to the Endowment Fund: (i) Section 163.004, regarding the appropriation and expenditure of the net realized and unrealized appreciation of the endowment fund, it being the express intention of the DSC Foundation that, except as provided in Subsection 1.3 hereof, only the Net Income of the Endowment Fund may be expended; and (ii) Section 163.008, regarding the release of restrictions on the use or investment of an endowment fund, it being the express intention of DSC Foundation that the restrictions herein are to remain intact in perpetuity.

1.3.7 The following definitions shall apply with respect to the Endowment Fund for purposes of this Section:

- (i) "Income" shall mean all money or other properties received as rent, interest, dividends, or otherwise in return for the use of Principal or on the assets and properties from time to time comprising Principal, including interest on funds comprising Income. All money and other property received from sales and other dispositions of assets and properties, repayments of loans, liquidation of corporations in which any part of the Endowment Fund may have been invested, proceeds of insurance, or otherwise in exchanged for the assets or properties of the Endowment Fund, and shares of stock received as stock dividends or in connection with stock splits, shall be and remain Principal of the Endowment Fund.
- (ii) "Net Income" of the Endowment Fund shall mean Income after deducting therefrom all expenses properly chargeable against Income, expressly including but not limited to, the fees and expenses of investment counsel, legal and accounting fees, brokerage fees and commissions, and similar expenses.
- (iii) "Principal" of the Endowment Fund shall include all assets and properties which do not constitute Income within the meaning of Subsection 1.3.7 (i).

Adopted by the DSC Foundation Board of Directors this 4th day of September, 2018.

A handwritten signature in black ink, appearing to read "Richard S. C.", written over a horizontal line.

President



Secretary