LARGE EXPENDITURES POLICY
OF THE
UNITED STATES POLO ASSOCIATION

Section 1. INTRODUCTION

This Large Expenditures Policy of the United States Polo Association (this "**Policy**") sets forth the required procedures that must be followed and the approval that must be obtained prior to making large expenditures of the assets of the United States Polo Association (the "**Association**"), as described more fully below. The Board of Governors of the Association (the "**Board**") recognizes the importance of both preserving and expending the Association's assets for the benefit of the Association and its members and in furtherance of its tax-exempt purposes, and this Policy is intended to ensure that appropriate care, consideration, and diligence is undertaken by and on behalf of the Board prior to entering into a Large Expenditure Transaction (as defined below).

Section 2. LARGE EXPENDITURE TRANSACTIONS

(a) For purposes of this Policy, a "**Large Expenditure Transaction**" is any contract, agreement, current or future commitment, obligation, or other transaction that binds, commits, or obligates the Association to spend, commit, dedicate, pledge, use, mortgage, hypothecate, or provide or acquire credit of any amount that equals or exceeds the sum of Five Million Dollars ($5,000,0000.00).

(b) For purposes of this Policy, a "**Proposed Transaction**" is a Large Expenditure Transaction that is under, or is proposed to be under, consideration by the Board but has not yet been approved.

(c) Notwithstanding the foregoing or anything to the contrary herein, any transaction that is subject to the Association's Investment Policy shall not be considered a Large Expenditure Transaction for purposes of this Policy.

Section 3. APPROVAL PROCEDURES

Prior to entering into any Large Expenditure Transaction, the following must occur:

(a) **Written Proposal.** A written proposal outlining the key terms of a Proposed Transaction (the "**Initial Proposal**") shall be delivered on the same date (the "**Initial Proposal Delivery Date**") to each of the Chair of the Finance Committee, the Chair of the Audit Committee, the Chair of the Board, and the Chief Executive Officer.

(b) **Finance Committee Review.** The Finance Committee shall have up to fourteen (14) days from the Initial Proposal Delivery Date to review, consider, and analyze the Proposed Transaction and deliver to each of the Board, the Audit Committee, and the Chief Executive Officer on the same date (the "**Finance Recommendation Date**") a written report of the Finance Committee's position regarding: (i) whether the Proposed Transaction is a financially sound transaction, (ii) the short- and long-term impact of the Proposed Transaction on the Association's finances, assets, savings, and annual budgets, and (iii) any hidden, long-term, or otherwise previously unidentified financial commitments beyond those identified in the Initial Proposal (collectively, the "**Finance Committee Recommendation**").

(c) **Audit Committee Review.**

(i) The Audit Committee shall commence initial due diligence on the merits of the Proposed Transaction as soon as reasonably practicable on or after the Initial Proposal Delivery Date. The Audit Committee shall have fourteen (14) days from the Finance Recommendation Date to continue its review of the Initial Proposal. No later than twenty-eight (28) days after the Initial Proposal Delivery Date, the Audit Committee shall deliver its report (the "**Audit Committee Report**") to the Board, the Finance Committee, and the Chief Executive Officer regarding the Proposed Transaction, which report may also include a recommendation from the Audit Committee as to whether the Association should proceed with the Proposed Transaction or some variation thereof.

(ii) Notwithstanding the foregoing, if the Audit Committee is unable to complete its Audit Committee Report within the twenty-eight (28) days following the Initial Proposal Delivery Date, then Audit Committee must, no later than twenty-eight (28) days following the Initial Proposal Delivery Date (a) provide a preliminary report to the Board (the "**Audit Committee Preliminary Report**"), as well as information as to why the Audit Committee Report is unable to be completed, and (b) request approval from the Board for additional time to prepare the Audit Committee Report, which may be granted or withheld in the reasonable discretion of the Board.

(iii) In its preparation of the Audit Committee Report or the Audit Committee Preliminary Report, the Audit Committee may engage outside professionals to inform its review and analysis, including, but not limited to, the Association's financial portfolio managers, the

Association's auditors, attorneys familiar with similar transactions and the impact (if any) on the Association's status as a tax-exempt organization described in Section 501(c)(6) of the Code or as an Illinois not-for-profit corporation, appraisal or title companies, and other persons or entities that the Audit Committee reasonably deems useful in its analysis.

(iv) In preparing the Audit Committee Report or the Audit Committee Preliminary Report, the Audit Committee may consider, among other things, as appropriate: (a) a financial analysis of any business or asset to be purchased or obtained as collateral, including profits, losses, time, and ongoing expenses, and maintenance costs, (b) a legal review, including with respect to the impact on the Association's tax-exempt status and compliance with applicable laws, title of assets, conflicts of interest, and environmental issues, and (c) input from Association staff regarding matters such as staffing a new venture or acquisition, impact on the Association's current budget, location issues, impact on current programs, and assimilation issues.

(d) **Board Vote**.

(i) After receiving (A) the Finance Committee Recommendation and (B) the Audit Committee Report or Audit Committee Preliminary Report (as the case may be), the Board shall consider and vote whether to (1) approve and direct the Association to take certain, specified action with respect to the Proposed Transaction (e.g., negotiating and entering into an agreement with respect to the Proposed Transaction that may include a refundable or non-refundable deposit, escrow amount, or other fee associated therewith), provided that such action is approved by the affirmative vote of two-thirds of the total number of Governors then in office, or (2) delay a vote to take action with respect to the Proposed Transaction for an additional thirty (30) days, during which time the Board may engage additional outside professionals to review and analyze the Proposed Transaction and receive additional comments regarding the Proposed Transaction.

(ii) For the avoidance of doubt, any Proposed Transaction or action by the Association to be taken in connection therewith must be approved by the affirmative vote of at least two-thirds of the total number of Governors then in office.

(iii) Any approval by the Board pursuant to this Section 3(d) of this Policy must state the action or actions with respect to the Proposed Transaction that are authorized and approved, as well as the individual or individuals who are authorized and directed to take such action or actions on behalf of the Association.

(e) **Non-Binding Actions Regarding Proposed Transactions.** Notwithstanding anything to the contrary herein, without following the approval procedures set forth in this Policy, the Board may, by the affirmative vote of two-thirds of the total number of Governors then in office authorize one or more individuals to execute a non-binding letter of intent, memorandum of understanding, or other agreement relating to a Proposed Transaction that would not bind, commit, or obligate the Association to the Proposed Transaction or to any financial obligation (including, but not limited to, a deposit or down payment that is less than the overall amount of the Proposed Transaction), provided that any such letter, memorandum, or agreement first is reviewed in consultation with legal counsel for the Association.

Section 4. Agreement Language

Any binding or non-binding contract, agreement, current or future commitment, obligation, letter of intent, or other expression of interest authorized by the Association pursuant to this Policy shall expressly disclose in writing "*any commitment of the Association is conditioned on satisfaction of the requirements set forth in the Large Expenditures Policy of the Association*."

Section 5. Amendments to the Policy.

This Policy may be amended by the affirmative vote of two-thirds of the Governors then in office.