UNIVERSITY OF RICHMOND

Policy Manual

Policy #:	FIN-18001	**Policy Title:**	Joint Ventures
Effective:		**Responsible Office:**	President's Office
Date Approved:	June 16, 2011	**Approval:**	Board of Trustees
Replaces Policy Dated:	2009	**Responsible University Official:**	Vice President & General Counsel

PURPOSE:

The purpose of this policy on joint ventures with third parties is to protect and further the charitable purposes for which the University was organized as an organization exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. This policy shall apply to any joint venture between the University and a third party, including individuals, corporations, other non-profit organizations, and other entities.

SCOPE:

This policy applies to the University of Richmond (the "University") and all of subsidiaries and affiliated organizations included in the University's consolidated financial statements.

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POLICY STATEMENT:

FIN-18001.1 – Definition of a Joint Venture:

A.   <u>General Definition</u>. As used in this policy, the term "Joint Venture" means an arrangement pursuant to which the University owns an interest in a partnership, limited liability company, or other entity, and one or more other owners of the joint venture is a private individual or another entity that is not owned or controlled by the University.   The term "Joint Venture" also includes a contractual relationship between the University and a private individual or an entity that is not owned or controlled by the University, the purpose of which is to jointly undertake a specific business or activity.

B.   <u>Excluded from the Definition.</u> For purposes of this policy, the definition of a Joint Venture is not intended to include a joint venture entered into primarily as an investment vehicle where:

    1.   At least 95 percent of the income generated by the entity or contractual arrangement consists of interest, dividends, rent, royalties, or gain on the disposition of assets; and

    2.   The primary purpose of the organization's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

FIN-18001.2 – Policy

A.   <u>General Policy.</u> All Joint Ventures in which the University participates must be negotiated and drafted in a manner designed to ensure that the Joint Venture is fair to the University and does not engage in activities that would jeopardize the University's tax exemption.

B.   <u>Required Considerations.</u>   Prior to entering into a Joint Venture, the University shall consider the following factors:

    1.   Whether the Joint Venture will further the University's charitable purpose;

    2.   Whether the University will have sufficient control over the Joint Venture in order to ensure that the Joint Venture furthers the University's exempt purposes and does not engage in activities that could jeopardize the University's tax-exempt purpose;

    3.   Whether the terms of the Joint Venture are commercially reasonable, fair and do not benefit other participants at the University's expense; and

    4.   Whether the Joint Venture arrangement includes safeguards to protect the University's tax-exempt status.

C.   <u>Approval.</u>   Joint Venture must be reduced to writing and, in addition to any other approvals required by University policies and procedures, approved by the University's Executive Vice President and Chief Operating Officer and its Vice President and General Counsel.

RELATED POLICIES:

Contract Approval Policy of the Board of Trustees

POLICY BACKGROUND:

This policy was reviewed and approved by the University of Richmond Board of Trustees in June 2011.

This policy was reviewed by the University's Vice President and General Counsel in June 2018 and titles were updated.

POLICY CONTACTS:

Vice President and General Counsel

Executive Vice President and Chief Operating Officer