

## ROGER WILLIAMS UNIVERSITY AND ROGER WILLIAMS UNIVERSITY SCHOOL OF LAW

### JOINT VENTURE POLICY

#### **Purpose:**

Roger Williams University and Roger Williams University School of Law (collectively referred to as the "University") have adopted this Joint Venture Policy to safeguard the University's tax exempt status if the University invests in, contributes assets to, or participates in a joint venture or similar arrangement with a taxable entity.

#### **Definition:**

Joint Venture: A joint venture or similar arrangement means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to (i) whether the University controls the venture or arrangement; (ii) the legal structure of the venture or arrangement; or (iii) whether the venture or arrangement is treated as a partnership for federal income tax purposes, or as an association, or corporation for federal income tax purposes. Ventures or arrangements that meet both of the following conditions shall be disregarded: (i) ninety-five percent (95%) or more of the venture's or arrangement's income for its tax year ending with or within the University's tax year is excluded from unrelated business income taxation in accordance with 26 U.S.C. Section 512(b)(1)-(5), which, for example, includes, but is not limited to, (a) dividends, interest, and annuities; (b) royalties; (c) rent from real property and incidental related personal property, except to the extent of debt-financing; and (d) gains or losses from the sale of property; and (ii) the primary purpose of the University's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

#### **Policy:**

The University will evaluate its participation in Joint Ventures with taxable entities under applicable federal and state tax law and take steps to safeguard its exempt status with respect to such Joint Ventures.

Some examples of safeguards include the following: (i) control over the Joint Venture sufficient to ensure that the Joint Venture furthers the exempt purpose of the University; (ii) requirements that the Joint Venture give priority to exempt purposes over maximizing profits for the other participants; (iii) the Joint Venture not engage in activities that would jeopardize the University's exemption (such as political intervention or substantial lobbying for a section 501(c)(3) organization); and (iv) all contracts entered into with the University be on terms that are at arm's length or more favorable to the University.

#### **Approval of Joint Ventures:**

All Joint Ventures shall be governed by written agreement and approved in writing by the President, and, where required under applicable governing documents, the University's Board of Trustees. Additionally, all Joint Ventures shall be reviewed by the Senior Vice President for Finance and Administration, the Senior Vice President for Legal Affairs and General Counsel, and, as applicable, the cognizant area senior vice president and/or vice president.

Adopted July 1, 2009 (by Senior Management Team)