

ROCHESTER COLLEGE

GIFT POLICIES AND GUIDELINES

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ROCHESTER COLLEGE GIFT POLICIES AND GUIDELINES
Table of Contents

Article I - Introduction

Section 1.01 Purpose of Policy 1
Section 1.02 Authority and Approval 1
Section 1.03 Violations of Policy 1

Article II - Ethical Standards

Section 2.01 Professional Standards 1
Section 2.02 Donor Relations 2
Section 2.03 Conflict of Interest With Respect to Donor 2
Section 2.04 Conflict of Interest With Respect to Private Inurement 2

Article III - Program Administration & General Policies

Section 3.01 Administration 3
Section 3.02 General Policies 3
Section 3.03 Fundraising Activities

Article IV - Gift Acceptance Guidelines

Section 4.01 Gifts Not Requiring GRC Approval 4
Section 4.02 Gifts Requiring Approval Because of Restricted Nature 4
Section 4.03 Gifts Requiring Approval Because of the Type of Property Gifted 4
Section 4.04 Gifts Requiring Approval Because of Gift Vehicle Used 6

Article V - Serving As Trustee and/or Fiduciary

Section 5.01 General Policy 13
Section 5.02 Revocable Living Trust Authority 13
Section 5.03 Investment Guidelines 14
Section 5.04 ROCHESTER Employees as Trustees/Executors 14
Section 5.05 Trustee Fees and Expenses 14
Section 5.06 Philanthropy Protection Act 15

Article VI - Reimbursement to Donor of Reasonable Expenses 15

Article VII. Naming Guidelines

Section 7.01 Background 15
Section 7.02 Naming Opportunities 16

Section 7.03 Honoring Individuals	16
Section 7.04 Sponsorship And Donations	17
Section 7.05 General Guidelines	18
Section 7.06 Proposals	20
Addendum A - A Donor Bill Of Rights	21
Addendum B - Model Standards of Practice of the Charitable Gift Planner	23

Article I. Introduction

Section 1.01 Purpose of Policy.

(A) **General Purpose.** The purpose of this statement of gift policies and guidelines (hereinafter referred to as the "Policy") is to:

(1) Maintain and preserve the integrity of ROCHESTER COLLEGE and all of its supporting organizations (hereinafter collectively referred to as "ROCHESTER") in the solicitation, planning, management, and disposition of gifts; and

(2) Protect the interests of the Donor(s); and

(3) Protect the interests of ROCHESTER.

(B) **Gifts Covered by Policy.** The policies and guidelines contained in this Policy shall govern all gifts to ROCHESTER.

(C) **Primary Audience.** These policies are for the use of the ROCHESTER staff and others who promote the acceptability of cash, non-cash and deferred gifts to ROCHESTER. These policies provide guidance to the staff of ROCHESTER when communicating with individual Donors and their advisers. This guide sets forth policies and processes for the acceptance and administration of gifts. When appropriate, these policies may be shared with prospective Donors and their advisers.

Section 1.02 Authority and Approval. This Policy (and any amendments thereto) has been approved and adopted by the ROCHESTER COLLEGE BOARD OF TRUSTEES on the date set forth at the end of this Policy. Exceptions, amendments, and modifications to this Policy shall be approved by the ROCHESTER COLLEGE BOARD OF TRUSTEES.

Section 1.03 Violations of Policy. Intentional, reckless, or negligent violations of this Policy may result in the reprimand, probation, suspension and/or dismissal of any employee in accordance with current Human Resources Policies.

Article II. Ethical Standards

Section 2.01 Professional Standards. When engaged in gift marketing, planning, and/ or implementation, every employee or other person acting for or on behalf of ROCHESTER shall adhere to the standards in effect as of the date of the original adoption of this Policy, as set forth in (1) "The Donor Bill of Rights" (see Addendum A) and (2) the Model Standards of Practice of the Charitable Gift Planner (see Addendum B).

Section 2.02 Donor Relations. ROCHESTER considers the Donor's intent and circumstances to be of the utmost importance. Every reasonable effort will be made to ensure that each gift is beneficial to and reflects the interests of both the Donor and ROCHESTER.

Section 2.03 Conflict Of Interest With Respect to Donor.

(A) **Interests of the Donor.** The interests of the Donor shall be a primary consideration with respect to any gift to ROCHESTER. Employees of ROCHESTER shall provide true, accurate, and complete information to the Donor concerning planning techniques available to achieve a Donor's charitable, financial, and tax goals and objectives. While gifts may be encouraged and/or requested, individuals representing ROCHESTER will avoid undue or unwelcome pressure techniques.

(1) **Disclosure.** Any material conflict of interest that exists between ROCHESTER and the Donor that is not obvious on its face, as it relates to any proposed gift transaction, shall be disclosed in writing to the Donor (and/or to the Donor's legal counsel and/or financial advisor), if feasible.

(2) **Confidentiality.** All information received from a Donor with an expectation of privacy shall be maintained confidential by ROCHESTER. No personally identifiable information regarding the nature or amount of a gift shall be released to the general public without securing the prior written permission of the Donor, except for general information published annually in the Rochester College *North Star*.

(3) **Legal Counsel.** ROCHESTER shall strongly recommend to all Donors that they secure independent legal counsel regarding all aspects of a planned gift. If, during any period before a Donor secures independent legal counsel, an attorney for ROCHESTER is communicating with a prospective Donor in writing, the Donor shall be apprised, preferably in writing, that such attorney represents ROCHESTER only and not the Donor.

(B) **Informed Waiver and Consent.** Donors receiving advice or recommendations from ROCHESTER concerning a planned gift must understand the potential for conflict of interest and understand that neither ROCHESTER nor its employees or agents are rendering legal, accounting, securities, real estate, insurance, or other professional advice on which the Donors should rely in making their decisions. The role of all ROCHESTER attorneys and other personnel involved in a planned gift is to assist the Donor and his or her advisers in creating a gift plan that meets both the Donor's and ROCHESTER's goals. Any services provided by ROCHESTER's personnel are only ancillary or necessary to facilitate the gift and should not be construed by any Donor as services rendered in an attorney-client relationship.

Section 2.04 Conflict of Interest With Respect to Private Inurement. It shall be the policy of ROCHESTER to avoid conflicts of interest arising when ROCHESTER is entering into a transaction or arrangement that might benefit the private interest of an employee, officer or director of ROCHESTER. This policy is intended to supplement, but not replace any applicable

Michigan laws governing conflicts of interest applicable to nonprofit organizations or ROCHESTER's existing Conflict of Interest Policy.

Article III. Program Administration & General Policies

Section 3.01 Administration.

(A) **Gift Review Committee.** A committee known as the Gift Review Committee (“GRC”) shall review and approve prospective gifts, except those gifts excluded pursuant to Article IV below. The principal Rochester College gift officer involved with the gift is responsible for initiating and obtaining the required approvals from the GRC. The Vice President of Development shall chair the GRC.

(B) **GRC.** Voting members of the GRC shall consist of the following members:

- (1) Vice President for Development;
- (2) Vice President for Finance and Operations;
- (3) President

(C) **Meetings.** The GRC shall meet as needed to accommodate transaction timetables. Any voting member may call a meeting.

(D) **Approval.** A majority of voting GRC members must approve a gift in accordance with Article IV below.

(E) **Veto Power.** The President, with just cause and approval of the ROCHESTER COLLEGE BOARD OF TRUSTEES may alter, cancel, vacate or veto any decision by the GRC.

Section 3.02 General Policies. The Development Office has primary responsibility for raising funds for ROCHESTER. Consequently, the Development Office will periodically provide illustrations and proposals to Donors in order to both explain how gifts may work in their specific situations and encourage Donors to make such gifts. The Development Office shall retain final coordination and review authority for such illustrations and proposals. Such illustrations and proposals shall:

(A) Follow the policies and guidelines in this Policy;

(B) Indicate that the GRC must review and approve any prospective gift not excluded under Article IV below before acceptance by ROCHESTER;

(C) State the calculations are based on information provided by the Donor and/or the Donor's advisors and may be subject to change if the final facts are different than the information provided;

(D) Include an appropriate disclaimer making it clear that such documents are not an offer or a guarantee of investment performance, income, or tax consequences; and

(E) Include a request and encouragement to the Donor to have the gift transaction reviewed by independent legal counsel.

The Development Office shall maintain all planned giving records.

Section 3.03 – Fundraising Activities.

(A) **General Fundraising.** It is the policy of Rochester College that all fund-raising activities, including proposals for corporate and foundation grants (except research grants), and fund/gift acceptance be approved and coordinated with the Development Office prior to such activity taking place. Further, no employee, representative or entity of Rochester College is automatically empowered to develop funding sources or accept funds or gifts on behalf of the college. Such authority must be obtained in advance by the Development Office to ensure that federal guidelines for solicitation are followed and that fund revenues are appropriately administered and accounted for in accordance with IRS regulations, and that duplication of efforts does not occur. All gifts benefiting campus department or organization must be processed through the Development Office.

(B) **Solicitation of Funds: Fundraising Events.** This process applies to all solicitation involving any campus or off-campus source of funding, regardless of the solicitation method:

(1) A written proposal should be presented to the VP for Development before any planning, publicizing, or advertising of the fundraising effort. Plans for materials, contracts with print-providers, etc., must wait for the approval of the fundraising effort. Requests will be reviewed by members of the GRC and appropriate department heads requesting the fundraising activity.

(2) Approval of each fundraising request is dependent on the following factors:

- a. The priority of the project to be funded within a unit's plan and overall institutional strategic plan
- b. Availability of an appropriate prospect pool for solicitation. (i.e. anticipated prospects should be identified and shared with the Development Office to ensure that multiple entities within the institution are not soliciting funds from the same constituents)
- c. Total amount to be raised
- d. Whether the project to be funded requires other institutional funds to ensure its viability or long-term sustainability
- e. The availability of resources within the Development Office to assist with fundraising for the project, if needed
- f. The unit's financial commitment to the project from its existing operating budget.

(3) All funds received through the fundraising effort must be processed through the Development Office to insure proper procedures are followed and IRS guidelines regarding charitable gifts are followed. Care will be taken by the Development Office to properly deposit all receipts in the fund designated by the organizers of the fundraising efforts.

(C) Solicitation of Funds: Corporate and Foundation Grants: A written request should be submitted to the VP for Development. The VP for Development will review the request with the GRC and appropriate department head. The request to pursue corporate and/or foundation grants should include the following:

- (1) The need to be addressed
- (2) Description of the proposed project to be funded
- (3) Personnel, required space and equipment to be involved
- (4) All items and their estimated cost
- (5) The percentage of the cost funded by the request
- (6) Clear quantification of the overhead costs to administer the grant that will be included in the grant request
- (7) Statement of relationship of the project to the overall mission and purpose of Rochester College.

(D) Solicitation of Funds: Research Grants. Faculty may submit requests to their respective department head for the development of proposals for research grants. The specifics of the proposed project should be detailed in the request, including such information as the amount of time required to complete the research project, suggested salary stipend, equipment needed, etc. All research grant requests should include an amount available for administration overhead when available from funding source. Approval by the Provost and VP for Finance and Operations shall be required before any action is taken toward the application of research grants.

(E) Solicitation of Funds: Accepting Grants. In the course of public solicitation, any Rochester College employee, representative or entity may be asked to accept a gift (i.e. money, consigned or encumbered property and equipment, merchandise, or services) for the college or one of its entities. No one is empowered to act as a representative of the college in this capacity unless specifically designated by the President or the VP for Development.

(F) Solicitation of Funds: Individual Solicitation. Faculty and staff are great ambassadors for the college. Over time relationships by faculty and staff with constituents can be built in an effort to solicit funds from these individuals. To help ensure current financial objectives and strategies of the college are being met the Development Office should be involved in all personal solicitations. Potential donors are to be treated as potential donors to the institution, and not specifically departmental donors. No individual solicitation of donors should occur without direct involvement/knowledge of the Development Office.

Article IV. Gift Acceptance Guidelines

Whether ROCHESTER will accept a gift or asset involves several factors, including, but not limited to, (1) the value of the gift or asset, (2) the type of gift or asset, (3) whether there are restrictions on the gift or asset, and (4) whether a planned gift will be used. Some gifts will and some gifts will not require approval. This Article IV will determine the necessary approvals for all gifts.

Section 4.01 Gifts Not Requiring Approval. Any representative of ROCHESTER may accept the following types of gifts, which shall not require approval:

(A) Unrestricted gifts of money or marketable securities;

(B) Restricted gifts of money or marketable securities to existing funds and programs at ROCHESTER without increased restrictions;

(C) Unrestricted gifts of tangible personal property valued at less than or equal to \$50,000; and

(D) Unrestricted gifts of life insurance where ROCHESTER is named only as a beneficiary.

Section 4.02 Gifts Requiring Approval Because of Restricted Nature. Restricted gifts benefiting a particular department, other than those described in Section 4.01(B) above, shall require the approval of the GRC.

Absent any documented restriction associated with a gift, all amounts received will be treated as unrestricted gifts.

Section 4.03 Gifts Requiring Approval Because of the Type of Property Gifted. Gifts that fall outside the parameters listed in Section 4.01(B) above shall be subject to the following guidelines.

(A) **Gifts of Real Property.** All gifts of real property, including, but not limited to, improved and unimproved land, single-family dwellings, apartment buildings, condominiums, office buildings, farms, leasehold interests, time-share interests, oil and gas interests, and gifts subject to a retained life estate must be approved by the GRC. The following information will be provided to the GRC before ROCHESTER accepts a gift of real property:

(1) ***Fair Market Value and Marketability.*** A current determination of fair market value of the property and the source thereof, a summary of what ROCHESTER intends to do with the property and how long it expects to hold the property.

(2) ***Inspection, Title, and Compliance with Environmental Audit Plan.*** The Donor may be required to complete ROCHESTER's Environmental Questionnaire for each interest in real property. Further, ROCHESTER requires (a) a physical inspection of the real

property by a ROCHESTER real estate officer or agent; (b) satisfactory evidence of marketable title; (c) an environmental public records search (and when appropriate, a geologic survey/screens search); and (d) compliance with the Environmental Audit Plan for ROCHESTER. Such Environmental Audit Plan may require environmental assessments (such as Phase I and Phase II assessments) and remediation. It is generally anticipated that the costs associated with such assessment and remediation will be the responsibility of the Donor. However, because such assessment also benefits ROCHESTER, in making its determination of whether to accept such gift, ROCHESTER may incur or reimburse the Donor for all or a portion of the costs of assessment and remediation if it deems it appropriate to do so under the circumstances.

(3) ***Encumbrances/Restrictions.*** All pertinent details regarding mortgages, deeds of trust, restrictions, reservations, easements, tax and mechanic liens and other limitations and encumbrances. It shall be the general policy of ROCHESTER not to accept real property subject to debt if the loan to equity ratio exceeds 45%, but exceptions may be approved by the GRC.

(4) ***Carrying Costs/Revenue.*** A summary of estimated carrying costs, including, but not limited to, taxes, insurance, association dues, membership fees, and transfer charges. Estimated revenue, if any.

(5) ***Title Information.*** It shall be the general policy of ROCHESTER to require a title insurance policy for the fair market value of the property, though the GRC may approve exceptions.

(B) **Gifts of Tangible Personal Property.** Gifts of tangible personal property that exceed (or are reasonably expected to exceed) \$50,000.00, including but not limited to, works of art, manuscripts, literary works, tickets to athletic events, vehicles, and computer hardware and software, shall require the approval of one GRC member, with preference given to the Vice President for Planned Giving, and the appropriate official at ROCHESTER who will use the gifted property, if applicable. For example, if a rare book collection is given to the Ennis and Nancy Ham Library, the Vice President for Planned Giving and the Library Director's approval should be obtained before the gift is accepted.

Section 4.04 Gifts Requiring Approval Because Of Gift Vehicle Used. Gifts that involve a planned gift require the approval of the GRC as provided herein.

(A) **Types of Gift Vehicles Permitted.** The following types of gifts are deemed to be "planned gifts" and are permitted without prior GRC approval unless otherwise noted, so long as the following Minimum guidelines, if any, are met:

(1) ***Charitable Remainder Trusts Administered By ROCHESTER***

(a) Minimum Age or Term: Age 50 or maximum 20-year term.

(b) Minimum Present Value Remainder Interest: Greater of \$10,000 or 10% of initial fair market value. For "tuition trusts," the minimum remainder shall be the greater of \$3,000 per year (for example, a three-year trust should have a minimum remainder of \$9,000) or 10% of initial fair market value.

(c) Maximum Payout Rate: Recommended Rate issued by the American Council on Gift Annuities, not to exceed 10%. Any payout rate above the Recommended Rate shall require approval of the GRC.

(d) Trusts should be limited to cover no more than two lives (one survivorship).

(e) When an income interest is to be retained by the Donor, the assets offered must be of sufficient value to produce the income the Donor anticipates. Otherwise, special permission must be obtained from the GRC.

(f) All personal and real property gifts into a Charitable Remainder Trust must have at least one current independent appraisal. Generally, the Donor will be expected to provide the appraisal.

(g) When a trust is to be funded with assets other than cash or those readily convertible to cash, a "net income unitrust" should generally be used. This obligates the trustee to pay only the lower of: (1) fixed percentage of the fair market value of the trust corpus; or, (2) actual net income.

(h) When a "fixed rate, income only with make-up privilege" unitrust is used, a separate letter of agreement between ROCHESTER and the Donor should be signed indicating that the Donor understands the "income only" concept which means he or she will receive income only if the trust is earning income, but unpaid income can be made up when the trust begins to earn sufficiently.

(i) Proposed Charitable Remainder Trusts should have assets of at least \$25,000. Trusts can be established for lesser amounts if it can be determined that the charitable remainder portion of the gift is sufficient to handle the administrative costs and provide a substantial future gift.

(j) Interest rates for Charitable Remainder Trusts are negotiable. Present laws require that a trust pays beneficiaries a minimum of 5%.

(2) *Charitable Gift Annuities*

Because gift annuities are level income gifts, an annuitant's purchasing power will decrease against inflation. Therefore, only Donors whose inflation-adjusted annuity benefits will not be greatly diminished should consider establishing a gift annuity. In general, Donors over 60 years old are the most appropriate gift annuitants. A minimum amount guideline must take into

consideration the desired ultimate charitable value of the gift annuity, which is a function of expected total return of the gift annuity pool, expenses and the annuitants' expected life spans. Such a calculation is complex and should be completed each time a gift annuity is established. The following guidelines are recommended for immediate and deferred gift annuities:

(a) **Minimum Age:** The minimum age of an income beneficiary for a charitable gift annuity at ROCHESTER will be 50, unless it is a "deferred" annuity with payments beginning at age 60 or higher. This applies both to present and to deferred gift annuities. Exceptions shall only be made on a case-by-case basis with Vice President for Planned Giving approval.

(b) **Maximum Number of Annuitants:** Two (2). Charitable gift annuity agreements will not be written at ROCHESTER for annuities that span more than two generations (e.g. Donor and child).

(c) **Minimum Amount:** The minimum amount that shall be required to establish a charitable gift annuity at ROCHESTER is "\$10,000." Exceptions shall only be made on a case-by-case basis with Vice President for Planned Giving approval.

(d) **Maximum Payout Rate:** Recommended Rate issued by the American Council on Gift Annuities. Any payout rate above the Recommended Rate shall require approval of the GRC.

(e) ROCHESTER staff, volunteers, representatives or agents will not promote charitable gift annuities as investment vehicles or compare them to investment alternatives. The charitable gift annuity will be promoted as a gift vehicle that gives cash payments to a Donor or others for life in return for a gift to ROCHESTER.

(f) A gift annuity agreement funded with non-liquid assets (e.g. real estate or personal property) will not be encouraged.

(g) ROCHESTER will use charitable gift annuity rates that conform to the uniform gift annuity rates advised by the American Council on Gift Annuities. ROCHESTER personnel will use standard computer software in computing gift annuity rates, tax deductions and remainders.

(h) The assets from charitable gift annuities will be invested by ROCHESTER in appropriate long-term investment vehicles (e.g. vehicles with objectives similar to those of General Endowment Funds), and will pay annuitants or other income beneficiaries from these investments. ROCHESTER will not use any charitable gift annuity assets until each gift annuity has completed its payout period.

(i) In general, gift annuity agreements at ROCHESTER will be written for unrestricted gifts only. A Donor may not designate specific programs of ROCHESTER as

recipients of annuity remainders. Exceptions shall only be made on a case-by-case basis with Vice President for Planned Giving approval.

(j) All the normal review and gift acceptance procedures for outright gifts of real property will apply to gift annuities where real property is involved in funding the gift annuity. (See Section 4.03(A))

(k) ROCHESTER will make certain disclosures to a gift annuitant, including: (1) that a gift annuity generates a level income and payments will not be adjusted for inflation over time; (2) that ROCHESTER's general assets back the annuity payment; and (3) that Donors will receive a statement showing their income over their estimated lifetimes and the tax nature of the income.

(l) Within that context, ROCHESTER will specify to Donors the year when the income becomes fully taxable at ordinary rates. Donors will also be provided with the remainder value calculation for their gifts. Donors will also be notified that the choice of Applicable Federal Rate (AFR)¹ used to calculate the value of the annuity affects not only the remainder value but also the amount of tax free income generated by the gift annuity. The higher the CMFR, the higher the remainder value and the more taxable income.

(m) New gift annuity assets will be pooled and invested as part of the ROCHESTER's endowment asset pool. The pool is used as the source of gift annuity payments.

(n) The ROCHESTER's Planned Giving Office will prepare and/or approve gift annuity agreements to be executed by either the President or the Executive Vice President/CFO and the Donor.

(o) Acceptable assets to fund a gift annuity generally must be liquid, although ROCHESTER may accept illiquid assets with the approval of the GRC. Illiquid assets in excess of \$250,000 may be accepted only upon the approval of the GRC. When illiquid assets fund a gift annuity, the payout rate will be based on a value that is at least 10% less than the appraised value of the gifted asset. The result will be a lower payout rate to the Donor. The Donor's charitable tax deduction amount will still be determined based on the appraised amount.

(p) Investment of gift annuity funds shall be overseen by the Controller consistent with the current investment policy for life income funds established by the Investment Committee of ROCHESTER.

(3) *Bargain Sales*

¹AFR =120% of the applicable federal midterm rate. To maximize the charitable deduction, the Donor should select the highest of three rates which includes the current month or either of the two previous month's applicable rate.

(a) A bargain sale gift will be accepted only after review by the Vice President for Planned Giving and the Executive Vice President/CFO.

(b) A letter of understanding outlining the terms and conditions of the gift, possible tax consequences and cautions regarding a subsequent sale of the property by ROCHESTER, will be required before such a gift is approved.

(4) ***Bequests – Gifts by Will***

(a) ROCHESTER welcomes bequest intentions benefiting ROCHESTER and other appropriate charitable organizations and treats them as revocable deferred gift commitments to those organizations. Because family members may not agree with the Donor's charitable wishes in every instance, Donors will be encouraged to communicate with family members regarding a charitable bequest.

(b) ROCHESTER staff, agents or representatives should not be named in a Donor's will or trust or act in any official capacity such as witness, attorney-in-fact, executor, or trustee. Any exceptions should be approved in advance by the Vice President for Planned Giving after complete disclosure of all attending circumstances and upon the advice and review of legal counsel for ROCHESTER.

(c) Documents such as releases, waivers and final accountings may require the signature of a ROCHESTER representative. These should be reviewed by the Vice President for Planned Giving, in consultation with ROCHESTER legal counsel where appropriate, prior to being executed by a duly authorized ROCHESTER representative.

(d) Bequests will be recorded in the Expectancy File for the value indicated in the Donor's will, if any. If no specific amount is indicated in the Donor's will, the bequest will be recorded at a value of \$1,000. The Donor will be included in the membership of the Heritage Society.²

(e) ROCHESTER shall not prepare wills or living trusts for individuals. However, proper wording for a bequest remembering ROCHESTER may be provided. In addition, assistance with either will or living trust preparation may be proper so long as the final document is drafted by the prospective Donor's attorney.

(f) ROCHESTER reserves the right to disclaim a bequest provision if, in the judgment of ROCHESTER, the terms are not in its best interest.

(5) ***Pledges***

²The Heritage Society at Rochester College is a Donor recognition club managed by the Planned Giving Office.

(a) Pledges with a payment schedule exceeding five (5) years must be submitted to the GRC;

(b) All pledges require a signed pledge card or other written evidence;

(c) Records of all pledges will be maintained in a separate file;

(d) ROCHESTER will periodically send pledge reminders in accordance with the terms of the pledge.

(6) ***Partial Interest Gifts - Life Estate Agreements; Gift of Remainder Interest in Personal Residence or Farm; Gift Annuity for Home; etc.***

(a) Partial interest gifts will be reviewed case-by-case by the GRC based on an analysis of the risks and rewards inherent in the individual gift.

(b) All the normal review and gift acceptance procedures for outright gifts of real estate apply to gifts of real estate in which a life estate interest is retained. (See Section 4.03.)

(7) ***Outright Gifts of Personal Property***

(a) The Vice President for Planned Giving will recommend that a Donor of personal property should comply with IRS Form 8283 reporting requirements for non-cash gifts. An authorized representative of the College will execute the donee acknowledgment section of Form 8283 and return it to the Donor so that it may be filed with the Donor's federal income tax return.

(b) The Vice President for Planned Giving and the Executive Vice President/CFO, will review and approve gift acceptance, compatibility, maintenance, storage and transportation costs for non-cash gifts of personal property prior to acceptance.

(c) Legal counsel for ROCHESTER will review proposed gifts of personal property for undisclosed contingent liabilities prior to acceptance.

(d) ROCHESTER will not accept a gift making it a principal in a joint venture or business activity in which it participates fully in the risks of operation, and has more than limited liability for the conduct of the business without the approval of the Board of Trustees.

(8) ***Outright Gifts of Real Property***

(a) The Vice President for Planned Giving will recommend that a Donor of real property should comply with IRS Form 8283 reporting requirements for non-cash gifts. An authorized representative of ROCHESTER will execute the donee acknowledgment

section of Form 8283 and return it to the Donor so that it may be filed with the Donor's federal income tax return.

(b) Legal counsel for ROCHESTER will review proposed gifts of real property for disclosed and undisclosed contingent liabilities prior to acceptance.

(c) Generally, restrictions on gifts of real property will be discouraged. Restrictions must be considered by the appraiser of the property for purposes of valuation and must be reviewed by the BOARD OF TRUSTEES.

(d) ROCHESTER should consider securing adequate insurance coverage for accepted gifts of real property while these gifts are held prior to liquidation.

(e) Donors who propose gifts of real property to ROCHESTER will be asked to provide to ROCHESTER the following documents:

a. A qualified appraisal, completed within six months of the date of transfer; which shall be the responsibility of the Donor.

b. Evidence of clear title plus a title search giving the history of ownership of the property;

c. CERCLA Phase I environment test of the property (See Section 4.03(A));

d. A copy of the current deed to the property;

e. A statement that the property is free and clear of litigation, liens and encumbrances;

f. A hold harmless agreement whereby ROCHESTER is indemnified for liabilities occurring prior to the date of transfer.

g. If the property involves rental units or is owned by a real estate partnership, the Donor will be asked to furnish rent rolls and operating statements as well as the tax returns for the two most recent years. If the property involves a real estate partnership or other ownership entity, ROCHESTER requests a copy of the operating agreement.

(f) ROCHESTER staff or representatives negotiating a gift of real property with a Donor will employ comprehensive environmental and financial checklists to ensure that appropriate due diligence is completed and documented. Checklists will be developed to accompany this section of the POLICY for Non-Cash Gifts and will be updated from time to time as appropriate checklists are devised or made available.

(g) ROCHESTER will not accept a gift making it a principal in a joint venture or business activity in which it participates fully in the risks of operation, and has more than limited liability for the conduct of the business without the approval of the President of the College and the Board of Trustees.

(h) ROCHESTER requires that all gifts of an interest in mining or oil and gas properties, and any other gift that ROCHESTER deems appropriate, must first be inspected by a properly licensed or certified professional as approved by ROCHESTER. This is done as may be required to demonstrate due diligence and care in accepting the property as free from contamination. This should be documented properly for legal purposes and done in consultation with legal counsel for ROCHESTER.

(9) *Others as determined in the Discretion of the GRC.* The GRC may, in its discretion, expand or limit the types of gift vehicles requiring review.

(B) **Written Summary to GRC.** Unless delay in submitting a planned gift to the GRC would hinder or prejudice the progress of a planned gift, a written summary shall be presented before final acceptance or rejection of the gift by ROCHESTER. In all events, early communication with the GRC is encouraged. The summary presented to GRC shall contain, at least, the following information:

- (1) Description of assets;
- (2) Age(s) of Donor(s);
- (3) Ages of income beneficiaries and relationship to Donor;
- (4) Purpose(s) of gift;
- (5) Recommended Rate for comparable charitable gift annuity;
- (6) Gift technique being utilized, and the details thereof;
- (7) Estimated fair market value and marketability;
- (8) Income, expenses, encumbrances, risks, etc., associated with the gift assets;
- (9) Carrying costs and/or disposition plans costs;
- (10) Present value of interest receivable by ROCHESTER; and
- (11) Financial analysis, as appropriate.

(C) **Gifts Within Minimum Guidelines.** All planned gifts that meet the Minimum Guidelines, as described in Section 4.04(A) above, shall be approved by any two members of the GRC, one of which must be either the Vice President for Planned Giving or the Executive Vice President/CFO. No gifts for which ROCHESTER shall act as Trustee shall be accepted until the Vice President for Planned Giving or Executive Vice President/CFO have been notified of the planned gift.

(D) **Gifts Outside Minimum Guidelines.** All planned gifts that do not meet the Minimum Guidelines, as described in Paragraph 4.04(A) above, must be approved by the GRC. Reasonable effort will be made to inform and give all GRC members an opportunity to be present to vote (or otherwise be heard) on such approval.

Article V. Serving As Trustee and/or Fiduciary

Section 5.01 General Policy. ROCHESTER may serve as trustee or other fiduciary for the following:

(A) **Planned Gifts Established with the Assistance of the Development and Planned Giving Offices.** Any planned gift established with the assistance of the Development and Planned Giving Offices that either (1) meets the Minimum Guidelines or (2) has been approved by the GRC. In addition, any revocable or irrevocable trust in which ROCHESTER is a 25% beneficiary of either income, principal or both, subject to the approval of the GRC.

(B) **Planned Gifts Established Without the Assistance of the Development and Planned Giving Offices.** For any planned gift established without the assistance of the Development and Planned Giving Offices in which ROCHESTER is a 25% beneficiary of either income principal, or both; provided however, prior to agreeing to act as trustee, ROCHESTER shall have the opportunity to review the trust agreement and the asset inventory to ensure that such agreement conforms to ROCHESTER policies, and the gift shall be approved by the GRC. ROCHESTER also reserves the right to review the economic circumstances and charitable intentions of Donors prior to agreeing to act as Trustee.

Section 5.02 Revocable Living Trust Authority. The MICHIGAN GENERAL CORPORATION ACT (Act 327 of 1931) and SUPERVISION OF TRUSTEES FOR CHARITABLE PURPOSES ACT (Act 101 of 1961) allow charitable organizations to act as trustee of trusts for which they have a beneficial interest. The oversight and administration of trusts shall be the responsibility of the Vice President for Planned Giving.

Section 5.03 Investment Guidelines.

(A) **General Rule.** As a general rule, planned gifts are invested with consideration given to the size of the gift, the payout requirement of the gift vehicle, the life expectancy of the beneficiary, the risk tolerance of the income beneficiary (if a charitable remainder trust or

revocable trust), and the ultimate remainder interest to ROCHESTER desired by the Donor. Although the assets of trusts may be pooled or commingled to gain economies of scale, all trusts will be managed and, accounted for on an individual basis. ROCHESTER's management of planned gifts is subject to regulatory and fiduciary provisions such as the Prudent Investor Rule, the Internal Revenue Code, the Philanthropy Protection Act, the **ESTATES AND PROTECTED INDIVIDUALS CODE** and other applicable federal and state laws and regulations.

(B) Objectives. Depending on the type of gift vehicle, investment objectives may be:

- (1) To generate current income to satisfy the needs of the trust beneficiary consistent with preservation of capital; and/or
- (2) To maximize long-term total return while balancing reasonable growth with maintenance of prudently acceptable risk, and/or
- (3) A combination of (1) and (2).

(C) Authorized Investments. Permitted investments for planned gifts are subject to the oversight of (1) ROCHESTER's Finance and Investment Committee of the Board of Trustees; and (2) ROCHESTER's BOARD OF TRUSTEES.

(D) Trust Administration and Reporting. Each trust shall be accounted for separately whether separately invested or commingled in investment pools. The Donor and/or current beneficiaries shall receive, at least annually, an asset statement and transaction statement.

Section 5.04 ROCHESTER Employees as Trustees/Executors. No employee of ROCHESTER may serve as trustee or executor of a Donor's planned gift, trust or estate without first obtaining the approval of the GRC. If approval is granted by the GRC to an employee to serve in such capacity, the employee may not use ROCHESTER's personnel or resources without first documenting ROCHESTER's relationship through an agency agreement.

Section 5.05 Trustee Fees and Expenses. Whenever feasible and agreeable to the Donor, planned gifts should be drafted to provide that ROCHESTER may receive trustee fees for acting, as a fiduciary in accordance with an established fee schedule. In many cases, payment of such fees is not desirable or advisable, in which case trust fees for management and administration will be paid from remaining assets at the termination of the deferred gift in accordance with an established fee schedule, as modified from time to time (unless objected to by the Donor or prohibited in the trust agreement). Direct costs associated with managing a trust such as tax preparation, legal fees, custody and investment advisory fees, maintenance and repair costs, etc., will be paid directly by the trust as they are incurred.

Section 5.06 Philanthropy Protection Act. ROCHESTER shall comply with the provisions of the Philanthropy Protection Act with regard to the pooling of assets in all trusts and planned gifts.

Article VI. Reimbursement to Donor of Reasonable Expenses

(A) **Policy on Reimbursement.** A Donor is generally responsible for the reasonable third-party expenses (excluding costs of ROCHESTER's own advisors) incurred to establish a gift with ROCHESTER. However, there may be instances where such expenses to establish a gift may be paid by ROCHESTER or may be reimbursed to a Donor by ROCHESTER upon completion of a gift. Such reimbursement shall constitute a "quid pro quo" transaction, resulting in a decrease to the Donor's tax deduction and such information must be disclosed in writing to the Donor.

(B) **Procedures for Reasonable Reimbursement.** Reasonable attorney fees, accounting fees, and other professional fees, as well as other costs to establish a gift (i.e., appraisal fees and escrow fees) may be reimbursed to a Donor only, if at all, when the gift is made irrevocable. Notwithstanding the general policy that ROCHESTER does not pay any "finder fees" to professionals who assist in procuring a gift to ROCHESTER, ROCHESTER may make exceptions to such policy by approval of the GRC.

(1) In the case of reimbursement to the Donor of the Donor's legal, accounting or other professional fees, it shall be stated in writing and signed by the Donor that he or she understands that ROCHESTER is reimbursing reasonable professional fees, and that such professional represents the Donor only and not ROCHESTER, notwithstanding that ROCHESTER is reimbursing such professional's fees.

(2) Reimbursement shall be made directly to the Donor upon presentation of reasonable proof of expenses incurred, and not to any service provider such as an attorney.

(3) Notwithstanding anything stated in this Policy to the contrary, ROCHESTER shall not pay any trustee fee to the third-party trustee or other fiduciary of a trust created by the Donor, or reimburse the Donor for any such trustee fee.

Article VII. Naming Guidelines

Section 7.01 Background. ROCHESTER intends to recognize people or sponsors who have supported ROCHESTER, either through distinguished effort or substantial financial endowment, by naming facilities in their honor. This policy sets out the procedures for the naming, for a fixed period or indefinitely, of structures, parts of structures, outdoor facilities, and collections in order to honor a person for outstanding service to ROCHESTER or for outstanding service consistent with ROCHESTER's mission; or to acknowledge publicly the financial support to ROCHESTER by a sponsor. ROCHESTER will only recognize outstanding contributions. The recognition will balance the significance of the facility being named with the contribution made.

Section 7.02 Naming Opportunities

(A) Structures.

(1) A building will normally be known by its function where this is evident, but may also be given a chosen name. Where a building is multipurpose, the functional name will normally be that of its predominant activity. Dedicated areas within the building may be named as a wing or annex.

(2) Entire buildings or parts of buildings may be given a chosen name. Parts of buildings that may be named are wings, floors, halls, galleries, rooms and laboratories. This can be accomplished by installation of commemorative plaques.

(B) Outdoor Facilities.

(1) Outdoor facilities encompass gardens, parks, lawns, quadrangles, courtyards, squares, ovals or playing fields, roadways and walkways.

(2) The preferred nomenclature for roadways used by cars is 'Drive' and the preferred nomenclature for walkways is 'Way'.

(C) Collections. Collections encompass libraries or parts of libraries and other collections of significant size and continuing scientific, historic, artistic or cultural value.

Section 7.03 Honoring Individuals. Naming honors people with a record of distinguished service to ROCHESTER or for outstanding service consistent with ROCHESTER's mission.

(A) All proposals shall be submitted to the GRC. The GRC will seek appropriate advice before making recommendations on any major naming decision.

(B) ROCHESTER may consider honoring people who have given such distinguished service to ROCHESTER that their names should be recognized by a later generation.

(C) A plaque may be placed on a facility to acknowledge a named person. The design, wording and location of the plaque require the approval of the GRC.

(D) As a general principle, buildings will not be named after people who are distinguished only for their contributions to particular disciplines. Those people should be recognized by the naming of parts of buildings such as theatres and laboratories. An exception would be where the building would not be in existence but for the person's performance or academic distinction.

Section 7.04 Sponsorship And Donations. Naming may be in honor of sponsors or Donors, who may be individuals, groups of individuals, or corporations.

(A) All negotiations for naming opportunities will be conducted by the development officer who is working with the Donor on behalf of the GRC. The development officer who is working with the Donor will seek appropriate advice from the GRC, and the GRC may make a recommendation to development officer who is working with the Donor on any naming decisions.

(B) Most naming opportunities will arise in the context of a major capital campaign. The campaign manager will generally develop a list of naming opportunities for the campaign. The Development and Planned Giving Offices will maintain a list of naming opportunities.

(C) The nature of the sponsorship may assist in the determination of the naming opportunity available to a particular sponsor. Normally, meeting more than half of the capital cost of a building or more than half of the cost of smaller facilities may warrant consideration of granting naming opportunities to the sponsor. Generally, such naming opportunities would be granted where there is a minimum commitment of five years.

(D) A position may be named in honor of a sponsor who has contributed all or a substantial part of the full costs relating to its establishment, and will contribute sufficient recurrent funding to maintain it or substantially maintain it for at least five years.

(1) The option of funding a position in perpetuity is negotiable and would require assurances of sufficient recurrent funding.

(2) Recurrent funding is the cost of a salary and an appropriate percentage of non-salary costs for an acceptable period of time.

(E) If the cost of a lecture or series of lectures is met by a sponsor, consideration will be given to naming the lecture or series after the sponsor or other specified person.

(F) A plaque may be placed on a building, room, or facility to acknowledge a sponsor. The design, wording and location of the plaque require the approval of the GRC.

Naming opportunities carry no power of direction to ROCHESTER on matters of appointment of persons, academic policy or any other ROCHESTER processes.

Section 7.05 General Guidelines

(A) The name used should normally be the family name or, in the case of a corporate entity, the shortest possible name. Unless the GRC determines otherwise, a person's or corporation's name may be used in naming a ROCHESTER facility only once.

(B) Where the name of a corporate entity is used, the period of naming will be limited to the life of the corporate entity.

(C) In the event of demolition or destruction of a structure, its name or any parts of it may be the subject of further recommendations. No structure currently scheduled for demolition shall be named after a person.

(D) Naming a building in honor of a person who has given extraordinary distinguished service to ROCHESTER will not normally be considered until after that member's substantive formal relationship with ROCHESTER has ended.

(E) The style of naming of structures and facilities should be consistent with GRC Standards.

(F) The TRUSTEES OF ROCHESTER COLLEGE may cancel a name for whatever reason it deems appropriate.

(G) Facilities will not normally be named to honor persons who have no formal connection with ROCHESTER unless they are substantial sponsors. Exceptions may be considered, however, and, where deemed appropriate, include:

(1) names associated with the land, or any other facilities, on which ROCHESTER is located; or

(2) names from or associated with ROCHESTER's history.

(H) ROCHESTER will consider the naming of a building in recognition of a corporation which is a benefactor when that corporation:

(1) provides not less than 50% of the capital cost of the building; or

(2) supports ROCHESTER with endowments exceeding \$3 million;

(3) the name will not actually be placed on the building until ROCHESTER has received at least 50% of the contribution.

(I) ROCHESTER will consider the naming of a building in recognition of an individual who is a benefactor when that individual:

- (1) provides not less than 40% of the capital cost of the building; or
- (2) supports ROCHESTER with endowments exceeding \$3 million;
- (3) the name will not actually be placed on the building until ROCHESTER has received at least 50% of the contribution.

(J) ROCHESTER will consider the naming of a part of a building in recognition of a corporation which is a benefactor when that corporation:

- (1) provides not less than 50% of the estimated capital cost of the building part (using average square footage cost of the entire building); or
- (2) supports ROCHESTER with endowments exceeding \$1 million;
- (3) the name will not actually be placed on the part of the building until ROCHESTER has received at least 50% of the contribution.

(K) ROCHESTER will consider the naming of a part of a building in recognition of an individual who is a benefactor when that individual:

- (1) provides not less than 40% of the estimated capital cost of the building part (using average square footage cost of the entire building); or
- (2) supports ROCHESTER with endowments exceeding \$1 million;
- (3) the name will not actually be placed on the part of the building until ROCHESTER has received at least 50% of the contribution.

(L) The GRC shall consider compliance with the established naming opportunities policy; whether the donation is from a potentially controversial source (e.g. tobacco, alcohol, etc.); appropriate signage; compliance with the required approval process for accepting donations; whether a Donor contract is appropriate, and if so, the terms thereof; citizen input; and any other relevant factors. In addition, upon notice to THE EXECUTIVE COMMITTEE of the ROCHESTER COLLEGE BOARD OF TRUSTEES, the GRC may refuse any financial and/or in-kind donation if it is deemed to not be in the best interests of ROCHESTER. Notwithstanding any of the proceeding guidelines, THE EXECUTIVE COMMITTEE of the ROCHESTER COLLEGE BOARD OF TRUSTEES has discretion in special circumstance, to approve the naming of a ROCHESTER facility as it deems appropriate.

Section 7.06 Proposals

(A) Any proposal for naming shall be made in formal submission to the GRC.

(B) A proposal for naming after an extraordinary person shall be accompanied by a comprehensive citation. Proposals in recognition of distinction in a particular discipline should, where relevant, be made through the Department Head and Dean of the Faculty concerned.

(C) The GRC will examine all formal proposals for the naming of ROCHESTER facilities and approve or disapprove the naming.

(D) Proposals submitted to the GRC must have the written approval of the person after whom the naming is to take place. If the person is deceased, the approval of the family should normally have been obtained. If the person is deceased and there is no family, the naming process can proceed.

Adopted and Approved by:

ROCHESTER COLLEGE BOARD OF DIRECTORS on _____, 200__.

By: _____
(Signature)

(Title/Position)

ROCHESTER COLLEGE
GIFT POLICIES AND GUIDELINES

Addendum A

The Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that Donors and prospective Donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all Donors have these rights:

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization's most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.
- VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the Donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The Donor Bill of Rights was created by the American Association of Fund Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), the Association of Fundraising Professionals (AFP), and the Council for Advancement and Support of Education (CASE). It has been endorsed by numerous organizations.

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ROCHESTER COLLEGE
GIFT POLICIES AND GUIDELINES

Addendum B

Model Standards of Practice of the Charitable Gift Planner

PREAMBLE

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the Donor and the purposes of the charitable institution.

I. PRIMACY OF PHILANTHROPIC MOTIVATION

The principal basis for making a charitable gift should be a desire on the part of the Donor to support the work of charitable institutions.

II. EXPLANATION OF TAX IMPLICATIONS

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. FULL DISCLOSURE

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the Donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the Donor, without the express consent of both the charity and the Donor.

IV. COMPENSATION

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. COMPETENCE AND PROFESSIONALISM

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise Donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. CONSULTATION WITH INDEPENDENT ADVISORS

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the Donor to discuss the proposed gift with competent independent legal and tax advisors of the Donor's choice.

VII. CONSULTATION WITH CHARITIES

Although Gift Planners frequently and properly counsel Donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planners, in order to insure that the gift will accomplish the Donor's objectives, should encourage the Donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the Donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed Donor, to obtain the charity's input in the gift planning process.

VIII. DESCRIPTION AND REPRESENTATION OF GIFT

The Gift Planner shall make every effort to assure that the Donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the Donor and, where applicable, the Donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. FULL COMPLIANCE

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. PUBLIC TRUST

Gift Planners shall, in all dealings with Donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the Donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.