

JOINT VENTURE POLICY

A. Application

This policy applies to all joint ventures or similar arrangements involving Oral Roberts University (“ORU”). For purposes of this policy, a joint venture or similar arrangement means any joint ownership or contractual arrangement, either express or implied, through which there is an agreement to jointly undertake a specific business enterprise, investment, or tax-exempt purpose activity without regard to: (1) whether ORU controls the venture or arrangement; (2) the legal structure of the venture or arrangement; (3) whether the venture or arrangement is taxed or tax-exempt as a partnership or as an association or corporation for federal income tax purposes; or (4) whether the activity produces a profit or loss.

The following transactions and relationships are specifically excluded from this Joint Venture Policy. Items excluded from the application of this Policy, however, may be covered by other policies (such as investment or contribution policies).

1. Investments in publicly traded securities, mutual funds, insurance company annuities or life insurance products, or bank savings accounts.
2. Charitable Remainder Trusts
3. Charitable Gift Annuities
4. Contributions of business and investment interests (corporate stock, LLC interests, life insurance, etc.), where ORU is protected from liability, and has no required additional investments or carrying costs.

The exclusion of Charitable Remainder Trusts and Charitable Gift Annuities applies only to the agreement with the donor. Investments used by the charitable remainder trust or supporting the charitable gift annuity will be subject to this policy, unless they meet another exception.

B. Approval

All joint ventures or arrangements must be approved by the ORU Board of Trustees.

C. Requirements for Investment Only Ventures

Investment Only Ventures are those that meet the following criteria:

1. The primary purpose for involvement is the production of income or appreciation of property; and
2. More than 95% of the annual income will be generated by one or more of the following:
 - a. Dividends;
 - b. Interest;

- c. Payments with respect to securities loans & amounts received as consideration for entering into agreements to make loans;
- d. Annuities;
- e. Royalties;
- f. Rents from real property (provided rent does not depend on income or profits of leased property) and rents from personal property leased with such real property (if the rents attributable to such personal property are an incidental amount of the total rents under the lease); and
- g. Gains from the sale, exchange, or other disposition of property other than inventory or property held primarily for sale to customers in the ordinary course of the trade or business.

ORU will only invest in these “Investment Only Ventures” defined in 1 and 2 above when all of the following criteria are present:

The legal structure used protects ORU from any liabilities which may be associated with the operation of the venture.

1. There are no required additional investments or carrying costs.
2. The venture promoter has provided a business plan for the venture.
3. Biographies of key management and other investors associated with the venture indicate they have good character and the necessary knowledge and/or experience to carry out the business plan.
4. A written assessment of the feasibility and potential profitability of the venture has been made by an independent business or professional person with experience in the type venture.
5. All contracts entered into with ORU shall be on terms that are arm’s length or more favorable to the University than to other members of the venture.
6. All terms and agreements relating to the investment venture are in a signed written agreement.

D. Requirements for All Other Ventures

All ventures and arrangements other than those qualifying as “Investment Only” described above must meet all the following requirements:

1. The purpose for ORU’s involvement in the venture must be described in detail, including all associated use of ORU resources and the projected operational, mission, and/or financial benefits to ORU.

2. The written agreement with other parties associated in the venture shall include the following elements:
 - a. ORU will exercise control over the venture or arrangement, or the agreement will provide sufficient control to ensure that it furthers the tax-exempt purpose of the University.
 - b. The venture or arrangement will give priority to the tax-exempt purposes of the arrangement over maximizing profits for the other participant(s).
 - c. The venture or arrangement shall not engage in activities that would jeopardize ORU's exemption from taxation (such as political intervention or substantial lobbying).
 - d. Any arrangements with or payments to trustees, officers or employees of ORU must be reported to and specially approved for each person by the Board of Trustees.
3. The following requirements (also applicable to "Investment Only" ventures) will also apply:
 - a. The legal structure used protects ORU from any liabilities which may be associated with the operation of the venture.
 - b. There are no required additional investments or carrying costs.
 - c. The venture promoter has provided a business plan for the venture.
 - d. Biographies of key management and other investors associated with the venture indicate they have good character and the necessary knowledge and/or experience to carry-out the business plan.
 - e. A written assessment of the feasibility and potential profitability of the venture has been made by an independent business or professional person with experience in the type venture.
 - f. All accounting practices, budget requirements, and fiscal responsibilities are to be in accordance with corporate requirements and guidelines as directed by the licensed financial.
 - g. All terms and agreements relating to the venture are in a written agreement signed by all parties to the venture or arrangement.

Adopted 4-16-09 by ORU Board of Trustees