

## **Joint Ventures and Partnerships Policy Coastal Pines Technical College Foundation, Inc.**

In compliance with Internal Revenue Service guidelines for approval and management of any joint venture entered into by the Coastal Pines Technical College Foundation, Inc. ("CPTC Foundation" or "Foundation"), the Board of Trustees adopts the following guidelines.

### **Activities Subject to this Policy**

For the purposes of this policy, the term "Joint Venture" is defined as any arrangement, including contractual or more formal arrangements, undertaken through a limited liability company, partnership, or other entity, in which the CPTC Foundation and another entity jointly undertake any activity or business venture, or otherwise agree to joint ownership of any asset. A Joint Venture may include both taxable and tax-exempt activities.

### **Approval and Management of Joint Activities**

Before making any decision to participate in a Joint Venture, the CPTC Foundation will ensure that the Joint Venture furthers the Foundation's exempt purposes and will negotiate at arm's length contractual and other terms of participation that safeguard the Foundation's exemption from federal income tax. **The Foundation's partner in the Joint Venture must be in compliance with the Foundation's Conflict of Interest Policy established and approved by the Board.** Such terms shall be in writing in the operating agreement of the Joint Venture and shall include the following minimum requirements:

- With respect to any whole joint venture (that is, a joint venture in which the Foundation contributes substantially *all* of its assets to the enterprise), the CPTC Foundation will maintain control over the Joint Venture through fifty-one percent (51%) or more of the voting rights and/or veto power;
- With respect to any ancillary joint venture (that is, a joint venture to which a portion of Foundation's resources are contributed), the CPTC Foundation will, at a minimum, maintain sole control over the tax-exempt aspects of the Joint Venture and will have voting and ownership interests in the Joint Venture that are consistent with the Foundation's capital contributions;
- Any subsequent contract with the Foundation's partner in the Joint Venture shall be negotiated at arm's length and for fair market value;
- The Joint Venture shall give priority to the Foundation's tax exempt purposes over maximization of profit for the participants of the Joint Venture; and
- Participants shall exercise a prohibition on activities that would jeopardize the Foundation's tax-exempt status.

Where there is any question as to whether a particular Joint Venture may pose a risk to the Foundation's tax-exempt status, a decision to enter into such Joint Venture will be made only in consultation with legal and/or tax counsel.

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