

BEI BUSINESS ENTERPRISES, INC. (BEI)

POLICY #: BEI 1.07 – 4/13

EFFECTIVE DATE: APRIL 12, 2013

POLICY/PURPOSE: **JOINT VENTURE POLICY** - To ensure that proper evaluation of the participation in any joint venture does not adversely affect the BEI's federal tax-exempt status and does not generate excessive Unrelated Business Taxable Income ("UBIT").

RESPONSIBLE OFFICE: BEI

1. APPLICABILITY: Public Private Partnership (P3) Projects and other Joint Ventures

2. POLICY

It is the policy of the University of West Florida and Business Enterprises, Inc (BEI) to comply with all applicable federal tax rules related to its participation in "joint ventures".

2.1 Joint Venture Review and Approval

Prior to either entering into a Joint Venture or amending the terms of a Joint Venture, all documents proposed to be executed by or otherwise binding on BEI (Joint Venture Documents), together with a brief written summary, shall be submitted to the BEI Chief Executive Officer, University Chief Financial Officer (or designee), and General Counsel (or their designees) for review and approval.

2.2 Joint Venture Tax Exemption Requirements

In the negotiation and review of proposed Joint Ventures and Joint Venture Documents, the BEI must evaluate its participation in such Joint Ventures under applicable Federal tax law and take steps to safeguard the BEI's exempt status with respect to such Joint Ventures. BEI shall negotiate in its Joint Ventures such terms and safeguards adequate to ensure the BEI's tax exempt status is protected. Such safeguards must be set forth in the Joint Venture Documents (unless an exception is obtained by the Chief Executive Officer of BEI , University Chief Financial Officer or designee) and include statements that:

1. Assure the Joint Venture furthers the tax exempt purposes of BEI;
2. Provide that BEI has sufficient control over the Joint Venture to ensure that the Joint Venture at all times shall be operated and managed in a manner that furthers the tax exempt purposes of BEI;

3. Require any duty that the Joint Venture participants, the members of the Joint Venture's governing bodies or the Joint Venture's officers may have to maximize the Joint Venture's profits or to take, or refrain from taking, any other action, is overridden by the duty to faithfully satisfy the exempt purposes of BEI without regard to the consequences for maximizing profitability;
4. Assure the Joint Venture will not cause BEI to act other than exclusively in furtherance of its tax exempt purposes or adversely affect its tax exempt status;
5. Assure that the Joint Venture does not directly or indirectly engage in any activities that would jeopardize BEI's exemption (such as political intervention or substantial lobbying);
6. Provide that BEI receives voting rights in the Joint Venture that are proportional and equal in value to the voting rights to be received by the other Joint Venture participants;
7. Requiring debt of the Joint Venture not be guaranteed by BEI in a manner that could cause the BEI to be responsible for more than its proportional share; and
8. Require that sufficient operating controls be implemented at the Joint Venture to assure all contracts and transactions involving BEI and the Joint Venture are on an arms-length basis (or more favorable to the BEI).

2.3 Amendments

Any proposed amendments to the Joint Venture Documents or changes in the manner or method of the Joint Venture's governance or operation must not cause the Joint Venture or its operation to fail to fully satisfy the requirements set forth in Section 2.2. of this Policy.

3.0 SCOPE

This Policy applies to all BEI and University of West Florida staff performing work in support of BEI.

4.0 DEFINITIONS

“Joint Venture” Any joint ownership or contractual arrangement through which there is an agreement for BEI, either directly or indirectly, to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to 1) whether BEI controls the venture or arrangement, 2) the legal structure of the venture or arrangement, or 3) whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes.

For purposes of this Policy, the term Joint Venture does not include a venture or arrangement where 1) BEI's equity interest is so small (less than 20%) that it is more in the nature of an investment rather than an active participation as a true partner; and 2) the primary purpose of the BEI's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

Joint Venture Documents All documents proposed to be executed by or otherwise binding on BEI, including but not limited to, the Joint Venture Operating Agreement or similar agreement or documents.

5.0 RESPONSIBILITIES

Responsible Party	List of Responsibilities
Joint Venture	<ol style="list-style-type: none"> 1. Each Joint Venture must submit the following items to the University Chief Financial Officer after each calendar quarter end: <ol style="list-style-type: none"> a) Minutes of all meetings of such Joint Venture held during the quarter; and b) Financial statements and statistics of such Joint Venture for the quarter. 2. Each Joint Venture must submit the following items to the University Chief Financial Officer within six months after each year end (unless otherwise approved by the CFO): <ol style="list-style-type: none"> a) Copy of Form 1065 and Schedules K-1
Chief Financial Officer	<ol style="list-style-type: none"> 1. Review and approve proposed Joint Ventures. 2. Ensure that approved and implemented Joint Ventures and their operations adhere to the requirements set forth in Section 2.2. of this Policy.
General Counsel	<ol style="list-style-type: none"> 1. Review and approve proposed Joint Ventures.
CFO or Designee	<ol style="list-style-type: none"> 1. Receive and review for completeness Joint Venture quarterly meeting meetings and financial statements, and yearly Form 1065 and Schedule K-1.

6.0 PROCEDURES

Joint Venture Document Retention

A fully executed original of each of the Joint Venture Documents and all other significant documents and agreements relating to the Joint Venture, including, without limitation (as applicable), Articles of Incorporation or Organization, Bylaws, Operating Agreement, Partnership Agreement, Management Agreement, Service Agreements and Leases, and a fully executed original of each of the Joint Venture Documents and all other significant documents and agreements relating to the Joint Venture, including, without limitation (as applicable), Articles of Incorporation or Organization, Bylaws, Operating Agreement, Partnership Agreement, Management Agreement, Service Agreements and Leases, and a fully executed original of all amendments to any of the foregoing, and if available, electronic copies of each of the foregoing shall be maintained by the BEI Chief Executive Officer, University Chief Financial Officer and Office of General Counsel. “Executed originals” may include facsimile or electronic signatures if permitted by the document so executed.

7.0 POLICY ENFORCEMENT

Suspected violations of this Policy should be reported to the Chief Financial Officer (CFO) of the University and the Chief Executive Officer (CEO) of BEI.

8.0 REFERENCES

<http://www.irs.gov/instructions/i990/ch01.html>

www.irs.gov/pub/irs-drop/a-12-19.pdf

<http://www.irs.gov/publications/p598/>