

POLICIES (Short Form)
SHAWNEE STATE UNIVERSITY AND
SHAWNEE STATE UNIVERSITY DEVELOPMENT FOUNDATION

1.0 Philosophy of Development.

1.1 Shawnee State University, a tax-exempt institution, seeks to encourage and obtain gift support from alumni and interested friends, corporate entities, and foundations. Gift support as a financial supplement is a necessity for the University and its schools and colleges.

1.2 The Development Office is responsible for creating an awareness of the financial needs of Shawnee State University which are not met by state or federal support, and to implement systematic plans by which these needs can be met.

1.3 The Shawnee State University Development Office and the Shawnee State University Development Foundation have the mission of making friends and creating funds and support for Shawnee State University. The Foundation is the conduit for all donated funds and other contributions.

2.0 Guidelines for Development.

2.1 Goals. The priorities of development activities will be the following:

- *Academic and cultural goals for the overall University, not just its component parts;
- *Professional standards in all University development activities;
- *Control of fund-raising programs to explore high quality in all development activities;
- *Maximum encouragement of creative efforts to gain private dollars and an orderly process for: identifying, cultivating, and soliciting prospects, and
- *Stewardship of funds to ensure high quality investment, careful spending policies and thoughtful gift acknowledgment.

2.2 Coordination.

2.2.1 It is the policy of the University to avoid duplication of efforts that adversely affect any solicitation undertaken by any one group; therefore, all fund-raising activities geared toward private individuals and/or businesses must be coordinated and approved by the Director of Development, who reports directly to the President. Normally, the Development Office will carry out solicitations and fund drives on a campus-wide basis, trying to access funds for the good of the entire campus community. Therefore, other formal individual attempts must be coordinated with University activities in mind.

2.2.2 Grant proposals to corporations, funding agencies/foundations, etc., must also be submitted to the Director of Development for coordination prior to the development of the proposal. Solicitors not following this procedure run the risk of the University returning the funds to the donors.

2.2.3 Grant proposals to local, state, federal or government agencies must be submitted to the Assistant Vice President of Academic Affairs.

3.0 Individual Solicitations. Individuals and groups who have special funding needs should contact the Director of Development, who will attempt to incorporate these needs into the overall fund raising plan. Such requests should be made by the Spring quarter prior to the academic year when the funds will be needed.

3.1 Coordination and Assistance. If any particular division/group/area of the University wishes to undertake fund-raising activities, they must first contact the Director of Development. Then an appropriate campaign--including all materials and time frame--will be agreed upon. The Development Office will attempt to help in any way possible.

3.2 Approvals. To ensure that a request (a) fulfills the mission of the University, (b) does not conflict with requests already in progress, and (c) accommodates potential matching fund requirements, if any, funds proposed to be raised shall require the following approvals:

- a. Pre-proposal approval (gives the "green light" to proceed to develop a full proposal). This procedure should indicate an interest cost calculation provided by the budget director.
- b. Proposal approval (to send the proposal to a funding agency); and
- c. Board of Trustees' approval (if University funds are to be used).

3.3 Proceeds. Any proceeds from individual solicitations must be directed to the Development Office so accounting, receipting, and acknowledgment can be handled by that office. Donors to individual solicitations will be treated as any other Development Foundation donor.

3.4 Applications. Applications made to government agencies or for funds related to contract work will be handled through the Vice-President of Academic Affairs for grants and faculty development. Those funds will be handled by the University Bursar's office rather than the Development Foundation.

3.5 Gifts-In-Kind. It is understood that equipment gifts and other gifts-in-kind often are developed by individuals without the input of the Development Department. However, to

avoid duplication of efforts and to ensure timely acknowledgment, faculty and staff must inform the Director of Development of such gifts.

4.0 Annual Fund.

4.1 Policy.

4.1.1 The annual fund will be an ongoing effort geared to soliciting funds for scholarships, performing arts, fine arts, lecture series, etc.

4.1.2 The annual fund program is an outreach of the Shawnee State University Development Foundation, and the campaigns will be conducted under that name.

4.1.3 Donors who contribute to the annual fund may achieve membership in certain "giving clubs" depending on the amount of their gifts.

4.1.4 Annual fund monies may be designated at the desire of the donor with the approval of the Director of Development and University President.

4.1.5 Annual fund records will take into account all gifts, other than those resulting solely from a capital campaign or those part of a planned giving program, to the Development Foundation.

4.1.6 The Development Foundation seeks annual contributions from alumni, friends, faculty, staff, and parents by means of direct mail and face-to-face solicitation. This does not preclude other methods, such as phonathons, as circumstances dictate.

5.0 Direct Mail .

5.1 Policy. Although face-to-face solicitation is the preferred means of solicitation, direct mail will be the primary form. Once donors are acquired through direct mail, attempts will be made for more personal solicitation.

6.0 Phonathons. The Development Foundation will be instituting phonathons. Procedures concerning them will be formulated.

7.0 Gift Types.

7.1 Policy. The Shawnee State University Development Foundation welcomes gifts of all types, but reserves the right to refuse specific gifts that may be inappropriate to accept. The

Foundation, in consultation with the Board of Trustees, reserves the right to refuse a gift if acceptance causes expenses that the University cannot pay; if acceptance creates conflict of interest or perception thereof; or if, for any reason, the acceptance is deemed to be not in the best interest of the Foundation or the University. The Gifts Committee of the Foundation will make such a determination at the request of the Director of Development or University President. Generally, the following gifts will be accepted:

7.1.1 Cash, checks and money orders.

7.1.2 Pledges, or promises to give, both conditional and unconditional, to be paid (preferably) within ten years from the date of the pledge. The Foundation may refuse conditional pledges if it deems the condition as one which may be impossible to satisfy. A pledge without a signed pledge form is an intent to give and will not be recorded as an asset of the Foundation, nor receive commemorative status.

7.1.3 Securities.

7.1.4 Gifts-In-Kind, both asset and non-asset, are subject to criteria described below.

7.1.4.1 Asset gifts-in-kind

- a. Donated materials and facilities. The Foundation will accept donations of materials and facilities, to the extent that the fair market value of said donations can be readily determined, the donated item's useful life is defined, and receipt of the donated item(s) creates or enhances a Foundation asset.
- b. Gifts with claimed values of \$5,000 or more must be accompanied by a qualified appraisal, the cost of which is the donor's responsibility.

7.1.4.2 Non-asset gifts-in-kind.

- a. The Gifts Committee welcomes all gifts whose value may be indeterminate, but which nonetheless have educational, artistic, historic, scientific, or other importance. The Foundation has the right to sell donated property unless an agreement otherwise is made with the donor.
- b. Items may also be accepted for the Community Collection (a display of artwork, crafts, memorabilia and other items deemed to have interest to the community served by Shawnee State) following review by the Gifts Committee. If there is a cost associated with the acceptance of such a gift, the donor may be asked to be responsible for all or part of the cost.
- c. Donated services. The Foundation will accept donations of service for commemorative value, to the extent that the fair market value of said donations can be readily determined, and the service either creates or enhances a Foundation asset or precludes the purchase of similar service otherwise used by the Foundation.

7.1.5 Perpetual Trusts. The Foundation will accept perpetual trust agreements.

7.1.6 Charitable Remainder Trusts. The Foundation will accept both charitable remainder annuity trusts (CRATS) and charitable remainder unitrusts (CRUTS), but will not act as trustee. Only irrevocable CRATS and CRUTS will be accepted for commemorative purposes.

7.1.7 Gifts of Life Insurance. The Foundation will actively seek gifts of life insurance policies which build cash value (whole-life, universal life and variable life policies) and will accept both existing life insurance policies and life insurance policies purchased specifically for the Shawnee State University Development Foundation. The Shawnee State University Development Foundation must be the irrevocable owner, beneficiary, and holder of any insurance gift.

7.1.8 Charitable Gift Annuity. The Development Foundation will accept charitable gift annuities and deferred gift annuities for a minimum of \$5,000 for the initial contribution and \$2,000 for each additional contribution. Further, the Foundation will accept annuity contributions for one life, two lives in succession, or joint and survivor agreements. Contributions will be limited to cash, securities, and real estate for which there is a ready market.

7.1.8.1 Because charitable gift annuity payment rates vary by the donor's age, the Foundation will use, as a maximum, the annuity table suggested by the American Council of Gift Annuities.

7.1.9 A bequest of estate documented by a copy of the donor's will (or appropriate section of the donor's will) or a letter from the donor (or the donor's attorney) confirming the commitment will be encouraged, and commemorative opportunities will be allowed subject to all terms and conditions previously described in this policy 7.0, inclusive.

7.1.10 Gift of Farm or Personal Residence with Retained Life Estate. The Foundation will accept such a gift after review by the Gifts Committee.

7.1.11 Gifts of Real Property. Real estate donations are subject to review by the Gift Committee. Acceptance is contingent upon several issues, including (but not limited to): location, marketability, improvements, accessibility, and parcel size.

7.1.12 Gifts of Real Property with Donor-Retained Life Estate. Such gifts may be accepted, subject to a case-by-case review by the Gifts Committee.

8.0 Gift Processing.

8.1 Policy. It is the policy of the Shawnee State University Development Foundation to process gifts in the most timely manner possible. The goal is to do so within twenty-four hours. Therefore, it is essential that any individual or department receiving a gift or gift-in-kind notify the Development Office immediately.

9.0 Publicity and Public Relations.

9.1 Policy. The Development Office in coordination with the Office of Public Relations makes every effort to publicize gifts to the University. This is meant as a public thank you to donors as well as a means of promoting individual, business and corporate giving. Therefore, any individual or department receiving a gift or gift-in-kind is encouraged to report it to the Development Office.

10.0 Giving Clubs.

10.1 Policy. It is the policy of the University to encourage giving by the establishment of giving clubs and to recognize those members in appropriate ways.

10.2 Levels.

10.2.1 There are four giving clubs in the Shawnee State University Development Foundation:

Century Club	\$100
Bear's Club	\$500
Blue & Gray Club	\$1,000
President's Club	\$10,000 or more

All those contributing less than \$100 are to be named "Friends."

10.2.2 Membership in the President's Club is based on 10 years. The donor remains a member of the President's Club for 10 years providing that he has made a one-time gift of \$10,000 or has pledged that amount to be given over no more than a 10-year period. It is encouraged that the donors give a minimum payment of \$1,000. Gifts of cash, stock, or real property qualify. Also applicable to giving club memberships are deferred gifts as long as they meet the requirements below.

10.2.2.1 Lifetime membership in the President's Club is conferred for gifts of cash, stocks or real property in the amount of \$25,000 or more and deferred gifts as based on their commemorative opportunity valuation. For business entities and corporate givers, lifetime membership is recognized for a maximum of 25 years.

Levels within the President's Club will be as follows:

President's Society	\$50,000
President's Council	\$100,000
President's Cabinet	\$500,000
President's Inner Circle	\$1,000,000

10.2.3 Membership in the other clubs is based on one year, and gifts in the amounts above entitle the donor to membership for the year following the gift.

10.2.4 A deferred gift, through a bequest, insurance, charitable gift annuity, or trust, also qualifies the donor for club membership. When the donor is less than 65 years of age, the credit will be based on commemorative opportunity valuation (see 11.0 - Gift Credit).

10.2.5 An individual may also qualify through a combination of the above.

10.2.6 Businesses, corporations, and foundations may also become Giving Club members. A representative of the organization must be designated for the purposes of correspondence, communication, and to be the recipient of any benefits offered.

10.3 Benefits.

10.3.1 Club membership offers a listing in the annual report designating the level of giving of the contributor. Further, thank-you letters will be geared to the giving club and gift range.

10.3.2 A number of other benefits, set in place to encourage giving will be offered to Club members. All donors will receive copies of the newsletter written with alumni and friends of Shawnee State University in mind.

10.3.3 Benefits will be kept within the limits prescribed by the Internal Revenue Service so that their value does not discount the amount the donor is allowed to use as a charitable deduction for income tax purposes.

10.3.4 If the value of the benefit exceeds Internal Revenue Service limits (see 10.3.3), a notification will appear on written materials so that the donor is aware of the amount that is not tax deductible.

11.0 Gift Credit.

11.1 Policy. Gifts to the Shawnee State University Development Foundation are credited by the Foundation in a different manner than that accepted by the Internal Revenue

Service. Generally, the goal is to give the donor as much credit as possible since all gifts to the University whether cash, in-kind or deferred have real value. (See addendum).

The following guidelines prevail:

11.1.1 Cash is counted at face value.

11.1.2 Pledges are counted at face value when properly documented with full payment within 10 years.

11.1.3 Securities. A gift of stock shall be valued at the gross (market) value of the stock on (1) the day the stock is transferred to the University Development Foundation; or (2) the date of the newly-issued stock certificate in the Development Foundation's name; or (3) the date the stock power and/or the stock certificate is mailed or brought to the University as agreed upon by the donor and the Director of Development. The gross (market) value shall be credited to the donor and applies for gift club membership. The proceeds realized from the sale of the stock will be entered and assigned to a specific account.

11.1.4 Real property, personal property, equipment and other in-kind gifts. A gift-in-kind shall be entered for the estimated fair market value of the gift as determined by the donor or by the donor's representative, based on valuation of an expert individual appraiser, and accepted by the University Development Foundation. The donor will receive non-cash credit for the value and may apply the value to gift club membership. Where the donor does not accompany this gift with an appraisal, the university may value the gift based on a "best estimate".

Further, if the value of the gift to the University exceeds its fair market value, the University may consider its greater value for internal and/or commemorative purposes.

11.1.5 Charitable Lead Trusts. A charitable lead trust shall be counted at the cumulative value of the annual gifts received.

11.2 Deferred Gifts.

11.2.1 Charitable Remainder Trusts (for which the University is the irrevocable beneficiary) will be counted at fair market value of the assets given, if the donor is 65 years of age or older. If the donor is less than 65 years of age, the value of the charitable remainder trust for commemorative opportunity purposes will be reduced by 1% for each year between the donor's age and age 65.

11.2.2 Insurance gifts which are fully paid up will count at full value of the death benefit if the insured is 65 years of age or older. If the donor is less than 65 years of age, gifts of fully paid up insurance will be reduced by 3% for each year between the donor's age and age 65. The donor will receive credit of a minimum of two times the cash value of the policy.

11.2.3 Insurance gifts by donors of 65 years of age or older which are not yet paid up will count for full death benefits if the policy is paid within ten years. If the insured is less than 65 years of age, insurance gifts for which the donor is paying premiums will be reduced by 5% for each year between the donor's age and age 65. The donor will receive credit of a minimum of two times the value of five years of premium payments.

Note: For gifts of insurance, the Shawnee State University Development Foundation must be the irrevocable owner, beneficiary and holder of a life insurance policy. Universal life and variable insurance policies will be evaluated on a case by case basis.

11.2.4 Charitable Gift Annuity. A charitable gift annuity by donors of 65 years of age or older will be counted at the full amount of the annuity. A charitable gift annuity by donors under the age of 65 will be reduced by 1% for each year between the donor's age and age 65.

11.2.4.1 Charitable gift annuity payment rates vary by the donor's age. The Foundation will use, as a maximum, the annuity table suggested by the American Council on Gift Annuities.

11.2.5 A bequest, documented by a copy of the donor's will (or appropriate section of the donor's will) or a letter from the donor or the donor's attorney confirming the commitment, will be counted at full value for individuals 65 years of age or older. For individuals under age 65, the gift will be reduced 5% for each year between the donor's age and age 65. The University will also require a signed statement attesting to the present value of the gift.

12.0 Use of Gifts.

12.1 Policy. The Shawnee State University Development Foundation encourages donations of non-restricted funds so that money will be available when and where it is most needed. However, there are many opportunities for donors to earmark their funds for special purposes. Donors may direct that their funds be endowed as described in 19.3 and 19.4 assuming a gift of a minimum of \$10,000.

12.1.1 Individuals who choose to donate funds to the Development Foundation for scholarships can do so in four ways:

- a. Contributions in any amount will be accepted for inclusion in the Friends of Shawnee State Endowment. The fund is designed to award academic or artistic excellence by providing scholarships to students selected. The University encourages contributions to the Fund since it provides the staff with a means to encourage attendance and to award excellence. Contributions to the Friends of Shawnee State can be made in memory of or in honor of a friend or loved one, and an appropriate announcement will be sent as an acknowledgment.
- b. Contributions of a specified minimum amount will be accepted as a separate named scholarship. A minimum of one third of the annual tuition fee will create a one-time scholarship named for the giver or a person of his/her choice. The University will

encourage a gift large enough to award a full tuition scholarship. Depending on the date of the gift, the award may not be given until the following academic year.

- c. For a contribution of \$10,000 or more, the University will create an endowed scholarship named for the donor or a person of his/her choice. The principal will remain in place, and only annual yield may be used toward the awards. The investment policy of the Foundation has been formulated to encourage growth as well as earnings so that the scholarship can remain viable over time. The University encourages donations large enough to produce sufficient interest to award a full-tuition scholarship annually.
- d. Donors may accumulate gifts toward minimum funding of an endowed scholarship with a gift of \$2,500 or more and a signed agreement. Accumulations of the minimum (\$10,000) must be completed within eight years from the date of the agreement. If \$10,000 is not reached within the required time, the agreement will be considered terminated and the funds will be placed in the Friends of Shawnee State Scholarship.
- e. Flexible endowments as described in 20.2.4 are also welcome to establish a scholarship.

12.1.2 Chairs. Shawnee State University will encourage the creation, through the Development Foundation, of endowed chairs which serve to bring prestige to the professor holding the chair, the person who named it, and to the University. There are three ways in which to proceed.

- a. A contribution of \$750,000 will be accepted to endow a named faculty chair. The interest will be used to cover or help defray salary and other related costs.
- b. A contribution of \$100,000 will be accepted to fund a one-year named professorship or visiting professorship. This will cover salary and other related costs such as secretarial assistance, etc.
- c. A contribution of \$300,000 will be accepted to create an endowed visiting chair. In this instance the corpus will be invested until such time that sufficient earnings have been realized to fund the position. It is expected that a visiting chair could be appointed every three years.

12.1.3 Individual arrangements can be made in regard to lecture series, performing arts series, film series, art purchases, equipment purchases, etc. Individuals wishing to underwrite those activities are encouraged to meet with the Director of Development or heads of the departments involved in the proposed activity.

12.1.4 Opportunities also exist to have buildings or specific rooms within buildings named for the donor or a person he/she designates. (Discussions of these options shall be the

purview of the Director of Development or University President.) Where state funds are allocated for buildings, a minimum of 40% of the construction cost of the building is necessary for a naming opportunity. Where state capital funds are involved, naming of rooms is based on utility, placement, availability, and attractiveness from a commemorative standpoint. In the event that state funds are not available, full cost may be involved in order to facilitate a naming opportunity.

12.1.5 Donor advised funds. The Foundation welcomes the input of the donors who wish to remain active in the decision making involving the use of their funds. To that end, donors who establish undesignated endowments are invited to meet with the Director of Development to help make the determination annually based on the University's needs, new opportunities, or donor interest. The amount to be distributed will be determined as described in 19.3.2.

12.1.6 Earnings from endowment funds will be used to the fullest possible extent for the purpose stated at the fund's creation. The investment policy included elsewhere in this document allows for future distributions of endowment funds to remain as closely aligned as possible to the original intent of the donor.

12.1.7 If and when the program, project, or activity for which the funds were donated ceases to exist, the University reserves the right to reallocate the funds where they are most needed.

13.0 Maintenance of Gift Records.

13.1 Policy. The Development Office keeps records of all gifts made to the Shawnee State University Development Foundation. Such records are used to research particular gifts by donor and by designation and are used by the auditors in their annual review of the Shawnee State University Development Foundation. Access to these records is under the jurisdiction of the Director of Development.

13.1.2 The Development Office will report annually to all donors with whom endowment agreements have been made about the state of their funds, interest earned, etc.

14.0 Reporting Procedures.

14.1 Policy. Financial reporting, as a part of stewardship, is a high priority in the Development Office. It will be done on a regular basis, at least yearly.

15.0 Computer Operation. The software program and other written records used by Alumni/Development contain information regarding donor giving histories and prospect information. That information is confidential to the extent allowed by law.

16.0 Fund-raising Activities. Fund-raising activities will be limited only by University goals, good taste, and the imagination of the sponsors of the activity. Each plan must be approved by the Director of Development and timed so as not to interfere with other activities. Events may be held on a University-wide or department-wide basis, but all funds will be deposited through the Development Foundation before being placed in individual accounts.

Activities may include such events as dinners, dances, picnics, concerts, lectures, and outings.

Other activities to honor donors will be conducted in the same manner as the above and will be considered as benefits of giving.

17.0 Funding for the Development Effort.

17.1 Salaries, benefits, office equipment, and general fund-raising expenses shall be shared by the University general fund and the Development Foundation. Funding from the Foundation will come from unrestricted funds, short-term earnings on restricted funds, and a modest fee from the earnings of endowments. Funds will never be allocated from the corpus of restricted funds, endowed or short-term.

17.1.1 Unrestricted funds will be used to underwrite the Foundation budget (see Policy 19.2), particularly Foundation grants as well as the expenses associated with the operations of capital or major gift campaigns. They will also be used for projects at the request of the President and approval of the Foundation board.

17.1.2 Earnings from non-endowed fund balances shall be posted to the Operating Reserve Fund and used to fund the Foundation budget.

17.1.3 As has been the practice, the spending policy adopted annually by the Foundation will be applied to the endowed unrestricted fund account to be used as are unrestricted funds, to include operation. (See Policy 19.4).

17.1.4 As of July 1, 1997 new restricted endowed gifts will have a portion of their earnings allocated to the Operating Reserve Fund to help defray operating costs. Specifically a percentage, not to exceed 1% of a three year moving average value of the restricted endowment gift, will be allocated to the unrestricted category for the above purpose. That percentage is subject to a review, not less than biannually or annually, by the Board. The value of the restricted endowment gift is measured as of December 31 of each year. Until the three years of value can be determined, the allocation will be determined on the value of the restricted endowment gift as of December 31 of the current year.

17.2 Expenses for special events--dinners, receptions, etc.-- will be subtracted from the funds raised by that event. The net earned will go into the Development Foundation and may be earmarked for a specific benefit, if appropriate.

18.0 Investments.

18.1 Investment Philosophy. The Foundation Board of Trustees is aware of the responsibility to manage prudently its endowment funds as well as all funds. This philosophy should be disciplined and consistent. It should accommodate all those events and occurrences considered reasonable and probable. A prudent level of risk is appropriate; extreme positions and opportunistic styles are inappropriate.

18.1.1 The Foundation's external Investment Managers have full discretion in making investment decisions within the confines of the parameters established by the Shawnee State University Development Foundation.

18.1.2 Endowment management is directed toward the generation of payout to provide for current needs; and the maintenance of a base for generating income to meet future needs. The amount of endowment income used to supplement other revenues is a variable and it is the intent of the stated investment policy to reflect, at any given time, the intent and objectives of the Finance Committee with respect to investments and investment income. The investment portfolio shall be diversified both as to fixed income and equity holdings. Diversification provides reasonable assurance that no single investment or class of investments will have a disproportionate impact on the total portfolio.

18.1.3 The purpose of fixed income investments is to provide a highly predictable and dependable source of income; reduce the variability of the total portfolio market value; and provide a source of funds for alternative investments.

18.1.4 The purpose of equity investments is to provide current income, growth of income and appreciation of principal with the recognition that this requires the assumption of greater market variability and risk.

18.1.5 The performance of Development Foundation managed funds will be tested against the prudent man standard; the financial standards of a time-weighted total return, and the policies, goals, and objectives stated herein; and the normal fiduciary standards of conduct for investment advisors and managers.

18.1.6 Yearly performance requirements will depend on current and past economic and non-economic conditions that are likely to affect the investment manager's ability to meet the objectives and goals established herein.

18.2 Investment Objectives. The financial objective for the Shawnee University Development Foundation is to preserve the real (inflation-adjusted) purchasing power of assets and earnings.

18.2.1 The long-term investment objective is to earn a total rate of return that equals or exceeds the spending rate plus long-term inflation (as measured by the CPI) plus the cost of managing the fund and all allowable administrator expenses.

18.2.2 The medium term objective is to outperform each of the capital markets in which the assets are invested measured over rolling periods of three years or complete market cycles. The performance of equities will be measured against the S & P 500 and fixed income holdings will be measured against the Shearsen Lehman Government–Corporate Bond Index or other standards deemed appropriate by the Finance Committee in consultation with the managers.

18.3 Investment Policies. The Finance Committee, in order to implement its investment philosophy and meet its goals and objectives, has established the following general investment policy guidance. Exceptions may be made only upon specific written approval of the Finance Committee.

18.3.1 Except for those funds where the assets cannot be commingled, those endowment funds described as permanent or discretionary shall be participants and own shares in a commingled investment pool and based on the number of shares owned will share proportionately at the investment results (yield and appreciation) of the consolidated investment pool.

18.3.2 Any income from dividends, interest, rents, and business related revenues, in excess of the cash requirements, shall be reinvested.

18.3.3 To the extent that the current year's income from dividends, interests, rents, and business related revenues is insufficient to meet the budgeted spending rate, reinvested prior years' income from these sources may be drawn upon.

18.3.4 The fixed income component of the portfolio including short-term investments, shall not be less than 25 percent nor more than 45 percent of the current market value.

18.3.5 The equity component of the portfolio shall not be less than 55 percent nor more than 75 percent of the current market value. For these purposes, real estate (excluding secured loans), special situations, venture capital, and convertible securities will be considered as equity investments.

18.3.6 The cash component shall be between 0% and 5%.

18.4 Allocation of Foundation Assets. The Investment Managers' greatest concern should be total return without undue risk.

18.4.1 Diversification of assets will be employed to ensure that adverse results from one issue will not have a detrimental effect on the entire portfolio. To that end, a manager should not hold more than 5% of a single issue, based on cost.

18.4.2 Investments in fixed income securities shall be limited to government and agency issues and corporate issues in the top four quality ratings of recognized credit services. The prospect of credit risk or permanent risk of loss shall be avoided. Prohibited investments include bonds rated below investment grade (high yield/junk bonds) and derivatives for the purpose of leverage. The investment committee may include other restrictions as deemed appropriate.

18.4.3 Call protection regarding fixed income securities should be emphasized to assure stable and current income.

18.4.4 Short-term investments shall be limited to issues of the Federal government, Federal agencies, triple A money market funds, and investment grade commercial paper.

18.4.5 Short-term investments will be considered as part of the fixed income component for purposes of determining the major mix tradeoff between fixed income and equity securities.

18.4.6 Industry and company equity investment shall be based upon demonstrable analysis of prospects for above average return over a three-to-five year period. Emphasis should be placed upon dividend payout, historic and future growth potential, and stability of corporate earning power.

18.4.7 Equity investments shall be made primarily in well-seasoned, quality companies whose securities enjoy marketability adequate for this portfolio. Prohibited investments include derivatives, hedge funds and those which may trigger unrelated business income tax.

18.4.8 Short term funds which are available to be used during the following 12 months will be invested in money market funds, certificates of deposit, treasury bills, or any other readily liquid funds. The Development Office will make an effort to keep managers informed of spending needs so that assets can be sold at an appropriate time to provide necessary cash for this account.

18.4.9 All of the foregoing policies shall be monitored by the Finance Committee.

18.5 Manager Selection, Monitoring and Evaluation.

18.5.1 The Development Foundation will initially retain an investment manager to manage the assets of the fund; however, the Finance Committee will, from time to time, review this decision and may determine to retain additional managers or terminate existing ones.

18.5.2 Investment managers shall be selected from well-established and financially sound organizations which have a successfully demonstrated record in managing funds with characteristics similar to those of the University Development Foundation. Selection will depend upon factors established by the Finance Committee.

18.5.3 Investments will be monitored on a quarterly basis by the Finance Committee. They will base their findings on investment experience compared to the benchmarks listed, a periodic table of investment returns, and graphs of linked quarterly returns.

18.5.4 The performance of the investment managers will be measured against each other in net of fees return, and managers will be evaluated based on the following criteria:

- A. Ability to meet or exceed performance objectives
- B. Adherence to philosophy and style as stated
- C. Compliance with Investment Policy requirements
- D. Fee structure
- E. Continuity of personnel and practices at the firm
- F. Responsiveness to needs of the SSUDF

19.0 Accessing Funds. The Director of Development will prepare an annual budget including expected income and proposed outlays, subject to the provisions of policy number 20.0, Spending Policy.

In some cases, individual campaigns may be devised in order to solicit funding for specific projects. In others, particularly where funding requirements are minimal, applicants may be able to tap available foundation revenue. Projects will be considered on an individual basis as resources allow.

19.1 Restricted Gifts. (Funds given by donor with no spending amount limitation but with restrictions on use.)

19.1.1 Restricted gifts shall be distributed as received according to the intent of the donors.

19.1.2 Where the acceptance of a gift or pledge entails an expressed or implied financial obligation on the part of Shawnee State University beyond the funds immediately available, the University President, following consultation with the Director of Development and the Finance Committee of the Shawnee State University Development Foundation, shall have the authority to decline the gift.

19.1.3 In those situations where the acceptance of a gift would entail an expressed or implied obligation on the part of Shawnee State University, beyond funds already appropriated through the budgetary process, a formal resolution of the University's Board of Trustees shall occur before the gift is accepted.

19.2 Unrestricted Gifts. (Funds given by donor with no spending amount limitation and no restrictions on use.)

19.2.1 Unrestricted gifts shall be distributed according to the annual budget adopted by the Shawnee State University Development Foundation Board of Trustees.

19.2.2 Where unrestricted gifts exceed expenses in a current year the balance will either be carried forward into the next budget year as an unrestricted reserve or shall be distributed for

specific purposes as part of the annual budget adopted by the Shawnee State University Development Foundation Board of Trustees.

19.2.3 In an effort to assure availability of unrestricted, unendowed gifts for use where necessary, the Foundation will treat this account conservatively.

19.3 Restricted Endowment Income. (Funds given by donor where corpus is to remain intact and use is restricted by choice of donor.)

19.3.1 The restrictions of the donor shall be the sole basis for the distribution of the income.

19.3.2 The distribution shall be based on the spending policy adopted by the Foundation (Policy 20.2) and shall normally be determined and distributed once a year. Calculations will be made on funds donated in one fiscal year for availability in the next fiscal year. Unspent funds from an endowment are subject to the terms of the donor's endowment agreement and the Foundation's spending policy for endowments, described in 20.2.

19.3.3 Where the acceptance of a restricted endowment entails an expressed or implied financial obligation on the part of Shawnee State University beyond the funds received, the University President, following consultation with the Director of Development and the Board Finance Committee of the Shawnee State University Development Foundation, shall have the authority to decline the endowment.

19.4 Unrestricted Endowment Income. (Funds given by donor where corpus is to remain intact but use is unrestricted.)

19.4.1 At the end of the University fiscal year, actual interest, dividend, or net appreciation (to the extent authorized by law) from unrestricted endowment will be determined by the Treasurer of the Shawnee State University Development Foundation.

19.4.2 The University President, following consultation with the Shawnee State University Development Foundation Board Finance Committee, will prepare recommendations for the distribution of this income for the Shawnee State University Development Foundation Board's review and action.

19.4.3 This distribution shall be based on the spending policy adopted by the Foundation (20.1) and shall normally be determined and distributed once a year, unless a University emergency exists, in which case the President may request an emergency distribution. Calculations will be made in one fiscal year for availability in the next fiscal year. Unspent funds from an endowment are subject to the terms of the donor's endowment agreement and the Foundation's spending policy for endowments, described in 20.2.

19.4.4 The recommendations for the distribution of unrestricted endowment income shall be guided by the following principles:

- a. Anticipated deficits in current budget of the Shawnee State University Development Foundation operations shall be covered out of this income.
- b. Unrestricted income shall be used to provide project or special funding rather than ongoing support for continuing University programs.
- c. Priority will be given to urgent need for equipment, activity support, and/or maintaining facilities inadequately supported by general University budgets in a given year.
- d. Personnel costs for University programs can be supported in full for not more than one fiscal year. If continued beyond one fiscal year, personnel support will be reduced in the second year and normally will not be continued beyond the third year.
- e. Funds required for the initiation or development of new programs (or changes in emphasis of existing programs) as described by the University Budget Planning shall have consideration in use of unrestricted endowment income.

19.4.5 University personnel will be invited to submit grant proposals during Spring quarter for projects to be carried out the following academic year. A request for proposals will be accompanied by a grant proposal form as well as guidelines for submission. The Foundation will attempt to inform the recipients of grants in July.

20.0 Spending Policy for Endowments and Quasi Endowments. It is the policy of the Foundation that the amounts set aside for spending on an annual basis be determined in such a way that will provide a sufficient amount to both accomplish the purpose or intent of the donor's gift, as well as be responsive to current economic conditions. It is the intent of the Foundation to exercise fiscal prudence and responsibility while attempting to maximize the benefit of each donor's gifts. Further, it is the policy of the Foundation that the agreements with the individual donors will be followed closely to ensure that funds are retained or disbursed in accordance with the donor's intent.

The specific amount available for spending from each fund shall be determined by gift type, in the manner described below.

20.1 Spending for Quasi-Endowment Gifts. These are funds that the Foundation's Board of Trustees, (rather than a donor or other external party), has determined should be allowed to grow over time. Since there is no requirement by a donor that they be endowed, the entire principal and any income may, at any time, be used at the sole discretion of the Board.

20.1.1. Historically, the spending amount has been 5% of a three-year average book value of the fund. However, this amount may be adjusted by the Foundation Board based on the perceived needs of the University, the performance of the fund and intent of the donor.

20.1.2. An annual fee not to exceed 1% of the fund will be charged to the endowment to help defray Foundation administrative and operating costs.

20.1.3. The three-year average book value will be computed as of December 31 each year. In the year in which the gift is received, and until such time as a three-year average book value can be established, the amount available for expenditure shall be determined at the discretion of the Board.

20.1.4. The amount available to spend will be determined by the Board, as recommended by the Finance Committee.

20.1.5. If the funds allocated for spending in any given year cannot be spent, then the Foundation can determine to return the monies to the fund or retain them in a spending account for the next or future year(s).

20.2 Spending for Endowment Gifts. There are two types of endowment gifts: Dynamic Funds and Static Funds. Funds are described as the total amount in an account (original gifts, any added gifts and investment experience). A fund corpus is the total of all gifts to the fund.

20.2.1. Dynamic Fund. In order to insure the endowment in perpetuity and to allow for its growth, a portion of income is to be returned to each fund. It is the policy of the Shawnee State University Development Foundation not to spend the reinvested gains unless it is necessary to do so to follow the intent of the donor. At no time will the corpus of the fund be invaded except as in paragraph 20.2.3. or as authorized by the donor through the written waiver of endowment restrictions.

20.2.1.1. The spending amount has historically been 5% of a three-year average book value of the fund. However, this amount may be adjusted by the Foundation Board based on the perceived needs of the University, the performance of the fund and the intent of the donor.

20.2.1.2. An annual fee not to exceed 1% of the fund, but not invading the corpus, will be charged to the endowment fund to help defray Foundation administration and operating costs.

20.2.1.3. The three-year average book value will be computed as of December 31 each year. In the year in which the gift is received, and until such time as a three-year average book value can be established, the amount available for expenditure shall be determined at the discretion of the Board.

20.2.1.4. The amount available to spend will be determined by the Board, as recommended by the Finance Committee.

20.2.1.5. If the funds allocated for spending in any given year cannot be spent, then the Foundation can determine to return the monies to the fund or retain them in a spending account for the next or future year(s).

20.2.2. Static Fund. This type of endowment does not allow for the growth of principal over time.

20.2.2.1. The amount available annually to satisfy the purpose of the donor will be reduced by only the amount of administrative and operating costs as defined in paragraph 20.2.2.2 as determined by the Foundation.

20.2.2.2. An annual fee not to exceed 1% of the fund, but not invading the corpus, will be charged to the endowment to help defray Foundation administrative and operating costs.

20.2.3 Dynamic and Static Fund Shortfalls. In the event the investment experience of the endowment produces a loss of funds or if the Foundation allocates funds for some point in the future based on a financial position at a point in time and the Endowment (through its investment) does not have the funds in excess of the Corpus to meet its obligation when it comes due, the Foundation has the following options:

- a. To leave the fund intact, spending nothing
- b. Use unrestricted funds to subsidize the Endowment
- c. Use a portion of the Corpus with the understanding that the corpus must be replenished to its correct base amount as soon as possible

20.2.3.1 If the Foundation plans on awarding funds for a future date based on a financial position at a point in time and it is determined at a later date the Endowment will not be able to meet that obligation and it has not been officially allocated to a third party the Foundation may withdraw its award. This only applies if the funds have not been allocated to a third party.

20.2.3.2 In any event, the base amount (Corpus) of the Endowment must always remain in the Endowment or be replenished as soon as possible unless otherwise specified in the Endowment Agreement or as authorized according to Policy 20.2.1.

20.2.4 Flexible endowments. For individuals who are unable to fund an endowment with one lump sum, but wish to see the benefits of their gift immediately, the Development Foundation accepts flexible endowments. Donors must pledge a minimum of \$10,000 to create the endowed fund. Until the minimum is reached, the donor will give an annual gift equal to the spending amount that would be covered by its income were the endowment fully funded or will give an amount to add to the income to reach the spending amount.

21.0 Alumni Association.

21.1 The Alumni Association of Shawnee State University shall exist to benefit both its members and the University.

21.1.1 Membership will be open to all graduates of Shawnee State University (Scioto Technical College and Shawnee State Community College), who will assume the name of "graduate alumni," as well as students completing a minimum of 12 credit hours at the institution, who will assume the name of "alumni."

- a. There will be no membership fee. However, the University will encourage potential members to express a desire to belong to the Association, and it is from that group that the institution hopes to recruit volunteers.
- b. To encourage Association membership, each Shawnee State graduate will receive a registered key chain as a gift from the Alumni Association upon graduation. This key chain will be accompanied by an Alumni Association membership card and by a name/address form to be returned to the University.
- c. Alumni Association members will be considered potential donors and will be "asked" to give, one year after leaving Shawnee State University.

21.1.2 The University is dedicated to keeping its alumni actively and emotionally involved with Shawnee State for we recognize that alumni can be our best recruiters, employers, boosters, donors, and fund raisers. In recognition of that, the members of the Alumni Association will be represented by one of its members on the Shawnee State University Development Foundation.

21.2 Benefits.

21.2.1 All alumni will receive Shawnee State University's newsletter for alumni and friends of the institution for two years. After that time, they will be asked to indicate a desire to receive same. If they do not, their names will be excluded from the mailing list. Letters encouraging them to join the Alumni Association will be sent for one more year. If they do not respond, they will be removed from the prospect list.

21.2.2 Activities such as picnics, dinners, etc. designed for alumni will be planned, and all alumni will be encouraged to attend these Shawnee State University activities and other events as well.

22.0 Conflict of Interest Policy.

22.1 Scope. The following statement of policy applies to each member of the Board of Trustees and to all officers of the Shawnee State University Development Foundation. It is intended to serve as guidance for all persons employed by the Shawnee State University Development Foundation in positions of significant responsibility for the activities of the Foundation.

22.2 Fiduciary Responsibilities. Members of the Board of Trustees, officers, and employees of the Foundation serve the public trust and have a clear obligation to fulfill their

responsibilities in a manner consistent with that service. All decisions of the Board and officers are to be made solely on the basis of a desire to promote the best interest of the Foundation and Shawnee State University. The integrity of the Foundation and Shawnee State University must be protected and advanced at all times.

22.2.1 Development Foundation members and employees inevitably are involved in the affairs of other institutions and organizations. Each director, officer, and employee is responsible for ensuring that the Board is made aware of situations that involve personal, familial, or business relationships that may be a conflict of interest or create an appearance of a conflict for the Foundation or Shawnee State University. Thus, the Board requires each trustee and officer annually (1) to review this policy; (2) to disclose personal, familial, or business relationships that reasonably could give rise to a conflict of interest involving the Foundation or Shawnee State University; and (3) to acknowledge by his or her signature that he or she is in accordance with the letter and spirit of this policy.

22.3.3. Disclosure. All trustees and officers should disclose only those substantive relationships that they maintain (or members of their family maintain) with organizations that do business with the University, Shawnee State University Development Foundation, or any related or affiliated organization, or which otherwise could be construed to affect potentially their independent, unbiased judgment in light of their decision-making authority or responsibility. Any uncertainties as to the appropriateness of listing a particular relationship may be resolved by consultation with the chair of the Foundation, who in turn may consult with Shawnee State University General Counsel, the Executive Committee of the Board of Trustees, or the Chairman of the Board of Trustees in executive session.

22.4 The following definitions are provided to assist trustees and officers in determining whether to disclose a particular relationship.

22.4.1 Substantive Relationship. One in which a trustee, officer or family member, or an organization with which the trustee, officer, or family member has a business relationship, (1) does ongoing business with the University, the Shawnee State University Development Foundation, or any related or affiliated organization or (2) has other direct or indirect dealings with the University, Shawnee State University Development Foundation, or any related or affiliated organization from which the trustee, officer or family member benefits directly, indirectly or potentially from cash or property receipts totaling \$1,000 or more annually.

22.4.2 Business Relationship. One in which a trustee, officer, family member, or employee is an officer, director, employee, partner, trustee, controlling stockholder, or the actual or beneficial owner of more than 5% of the voting interest of an organization.

22.4.3 Family Member. A spouse, parent, sibling, child or any other relative of a trust or officer if the latter resides in the same household as the trustee of officer.

22.5. Restraint on Participation. Trustees or officers who have declared or have been found to have a conflict of interest shall refrain from consideration of proposed transactions, unless for special reasons the board or administration requests information or interpretation. Persons with conflicts shall not vote, participate in discussion, nor be present at the time of the vote. Any proposed transaction in which a conflict of interest has been declared or found to exist must be approved by a majority of the disinterested members of the Board or the appropriate committee of the Board after disclosure of the conflict of interest.