Joint Venture Policy

This policy requires that the Vice President for Finance and Administration, in consultation with other employees within Dickinson College (“the College”) as necessary and appropriate, evaluate in advance the potential consequences of the College's participation in joint venture arrangements.

The College is required to evaluate such opportunities under federal tax laws and to take steps to safeguard the College’s tax-exempt status with respect to such arrangements, including foregoing such arrangements, if necessary. The policy applies to any joint ownership or contractual arrangement through which there is an agreement for the College to undertake jointly with a third party or entity a specific business enterprise, investment, or exempt-purpose activity. The evaluation shall be conducted without regard to: (1) whether the College would control 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, limited liability company, corporation or other entity for federal income tax purposes.

Considerations

A venture or arrangement is not subject to evaluation hereunder if it meets both of the following conditions:

- 95% or more of the income received by the College from the venture or arrangement for its tax year ending within the College’s tax year is excluded from unrelated business income taxation (including, but not limited to: (i) dividends, interest and annuities; (ii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt-financing; and (iv) gains and losses from the sale of property); and
- The primary purpose of the College’s contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property for the ultimate benefit of the core educational mission of the College.

The College will negotiate with other members of the venture or arrangement such terms and safeguards adequate to ensure that the College’s tax-exempt status is protected. Some examples of safeguards include:

- Control over the venture or arrangement sufficient to ensure that it furthers the tax-exempt purposes of the College;
- Requirements that the venture or arrangement gives priority to the College's tax-exempt purposes over maximizing profits for the other participants;
- Prohibitions against the venture or arrangement engaging in activities that would jeopardize the College’s tax exemption; and
• Requirements that all contracts entered into with the College be on terms that are at arm’s length or more favorable to the College.

Where there is any question as to whether a particular venture or arrangement may pose a risk to the College’s tax-exempt status, a decision to enter into such a venture or arrangement will be made only in consultation with financial management and/or legal counsel.