

The University of Texas
At Dallas

Gift Acceptance Procedures

June 1, 2006

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The University of Texas at Dallas

GIFT ACCEPTANCE PROCEDURES

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The University of Texas at Dallas

GIFT ACCEPTANCE PROCEDURES

Private sector support is critical to The University of Texas at Dallas (“UTD”). Contributions from individuals, foundations, corporations, and other entities are vitally important to the fulfillment of the institution’s mission and to the provision of high-quality educational opportunities. The purpose of these guidelines is to clarify and facilitate the process for making gifts to UTD in accordance with the policies, rules and regulations of U. T. System’s Office of Director of Gift Planning Services (referred to hereafter as UTS) and the Board of Regents (referred to hereafter as the Board).

These guidelines are designed to outline administrative processes associated with the acceptance, administration, and investment of gifts processed or administered by the Office of Development (OD), as the designee of the UTD President and UTS Vice Chancellor for External Relations in a prudent and efficient manner, with fundamental fiduciary responsibilities kept firmly in mind. [These procedures do not cover gifts given for current purposes, except gifts of securities, gifts of family limited partnerships, bequests, and trust distributions.] These guidelines are also intended to ensure that staff members are able to function in a timely, effective, and professional manner in the context of institutions that are engaged in energetic and comprehensive fundraising efforts. When these guidelines do not indicate an appropriate course of action or if they are inappropriate in light of all aspects of a specific situation, staff members are directed to consult with the Assistant Vice President of Development and the Gift Acceptance Committee to establish an appropriate course of action.

The Glossary included in Appendix A provides definitions for terms used throughout the Gift Acceptance Procedures.

The Acceptance of Gifts Conforming to Policy Matrix summarizes the review and acceptance process as required by UTS. *See Appendix B.*

Section I. Responsibility to Donors

- A. UTD staff should make reasonable efforts to be aware of and sensitive to the donor’s expectations.
- B. UTD will advise all prospective donors in writing to seek legal and/or tax advice from their own counsel and professional consultants. Each UTD representative should

- be knowledgeable about gifts, and should disclose to the donor advantages and disadvantages that could reasonably be expected to influence the decision of the donor to make a gift to UTD. In particular, planned gift items that may have adverse tax implications to the donor or are subject to variability (such as market value and income payments) should be discussed fully.
- C. UTD will not knowingly accept a gift that it believes to be contrary to the donor's best interests.
 - D. UTD will not furnish property appraisals or valuations to donors for tax purposes or any other purpose. UTD will not knowingly participate in a transaction in which the value of a gift is inflated above its true fair market value to obtain a tax advantage for a donor.
 - E. In accordance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and related regulations, proper gift records will be kept. Required tax returns will be filed by the OD for all gifts processed and/or administered by the OD. The Assistant Vice President of Development (AVP), the Vice President of Development (VP) or President of the University shall execute all necessary Internal Revenue Service (IRS) forms that relate to gifts processed or administered by the OD, including IRS Forms 8283 and 8282.
 - F. All gift records will be released only when authorized by the donor or as required by law. A limited exception to the disclosure of the name of the donor is provided in Section 552.1235 of the Government Code.

Section II. Review and Acceptance of Proposed Gifts

- A. Development Officers shall submit for consideration gifts to be processed or administered by the OD, including those for further processing by UTS as set out in Regents' *Rules and Regulations* Series 60101 as soon as practical, following the procedures outlined below. Each proposed gift shall be reviewed to determine whether it should be accepted, including: consideration of any required cash expenses, liabilities, contingent liabilities, unrelated business income taxes, donor requirements which may result in risk of loss, and other sources of funds available to cover expenses and liabilities. This review process shall determine whether the economic risks are appropriate prior to acceptance of the gift. Examples of assets requiring review include limited partnership interests, stock of closely-held corporations, stock of S corporations, stock options, warrants, and intellectual property. The review shall be performed by the Gift Acceptance Committee, which is composed of the OD Administrative Services Officer, AVP, and Director of Endowment Services & Compliance. When, in the opinion of the Gift Acceptance Committee, a gift requires additional legal consideration, the AVP shall communicate directly with UTS office of general counsel to resolve the matter.

- B. Assets to be processed or administered by the OD that create potential, unrelated business income tax liability must be reviewed by UTS Office of General Counsel (OGC) for legal implications.
- C. Gifts of real estate shall comply with Regents' *Rules and Regulations*, Series 60103, Guidelines for Acceptance of Gifts of Real Property and the "U. T. System Environmental Review Policy for Acquisitions of Real Property Assets." These documents may be found on the Real Estate Office's (REO's) web site at www.utsystem.edu/reo.
- D. Any gift agreement or other gift documentation to be signed by UTD shall be signed by a properly delegated representative after review of the gift as provided in these guidelines and any applicable institutional policy. Endowment gifts shall be processed in accordance with the flow chart included in Appendix D.
- E. Any proposed gift that does not conform to these guidelines shall be referred to the Office of the Vice Chancellor of External Relations as UTS for Board's approval via the Agenda or the Docket.

Section III. Gift Processing

- A. The UTD OD, business office and academic units shall cooperate as necessary to process proposed gifts promptly.
- B. Gifts are valued as of the date transferred to UTD in accordance with the provisions of the Code and applicable regulations. The amount received from the sale of a non-cash gift may be more or less than the value of the gift.
- C. Gifts of real estate must be reviewed and evaluated by the REO and/or University Lands - West Texas Operations as provided in Regents' *Rules and Regulations*, Series 60101, Guidelines for Acceptance of Gifts of Real Property. Such gifts will be referred to UTS for processing.
- D. Gifts of securities must be reviewed and processed by UTS. The Regents' Rules and Regulations authorize only certain U. T. System and University of Texas Investment Management Company (UTIMCO) personnel to purchase, exchange, sell, assign and transfer securities on behalf of the Board. No other person or entity may execute or instruct others to execute a transaction involving any securities in the name of the Board. When securities are to be given to UTD, the OD shall contact UTS immediately for instructions, even if the gift is for current purpose use at UTD. For current purpose gifts, sale proceeds will be transferred to UTD after receipt and processing by UTS. Sale of the security will take place as soon as possible after the transfer. UTS will notify the institution of the receipt and sale of securities as early as practicable. Acknowledgment of the gift shall be provided to the donor by UTD.

E. Gifts of Closely-Held Stock:

1. An effort should be made to obtain non-binding repurchase provisions when the gift involves securities for which the donor or related parties are the primary market.
2. To the extent applicable, the following criteria, in addition to those outlined in Section II above, must be met for UTS to approve or accept gifts of closely-held stock:
 - a. UTS must assure there is a written gift agreement indicating the donor's intent to make the gift and its purpose.
 - b. Prior to acceptance, the donor must provide to UTS financial and valuation information on the stock, including appraisals and/or statements of value.
 - c. Copies of any applicable shareholder agreements and buy-sell agreements must be provided by the donor for review by UTS and UTIMCO, especially those that include any restrictions on the transfer of the stock, i.e., rights of first refusal, formulas for determining stock price.
 - d. The donor must provide to UTS a written copy of any related offer to purchase the stock, including the purchase price per share.
 - e. The ownership of the stock must be properly assigned by the donor to the Board, for the benefit of (fbo) UTD.

F. Gifts of Interests in Limited Partnerships

1. The UTD president or UTS, as appropriate, may accept gifts of interests in limited partnerships, subject to a thorough analysis of all available information by UTS, with the assistance and advice of the OGC and UTIMCO. At a minimum, UTS should receive copies of the limited partnership agreement, the proposed assignment of interest, and financial documentation sufficient to describe the assets of the partnership and their valuation.
2. UTS, the OGC, and UTIMCO will analyze a proposed gift of an interest in a limited partnership to confirm that there is a real benefit to be derived by UTD that is commensurate with any potential risks and costs associated with the gift. Among the factors that will be considered are the following:
 - a. The donor's relationship to UTD, the history of demonstrable charitable intent, and whether the limited partnership is merely a tax accommodation for the donor.
 - b. Administrative obligations to be assumed by the UTD and/or UTS, such as monitoring the partnership for unrelated business income tax.

- c. Guaranteed annual distribution from the partnership interest sufficient to UTD and/or UTS to justify the administrative costs, or a cumulative payment made in the form of a preferred return before distributions to other partners at the termination of the partnership.
 - d. Whether the partnership agreement provides for a defined distribution/ termination event or date.
 - e. Whether UTD and/or UTS has any obligation to make capital contributions to the partnership.
 - f. Whether UTD and/or UTS would be held liable for debts of the partnership.
 - g. Whether the partnership appears to be adequately capitalized in light of its activities and maintains liability insurance.
3. All confidentiality requirements must allow release of information as required by the Texas Public Information Act.
 4. UTD should receive a full accounting for the partnership annually, as well as copies of any tax returns filed or required to be provided to partners pursuant to the Code.

G. Gifts of Interests in General Partnerships

UTD will not accept interests in general partnerships, due to the state constitutional limitations on incurring state debts, and the risk of future liability or debt.

H. Gifts of Personal Property (Other than Outdoor Works of Art)

Gifts of personal property, other than outdoor works of art, donated to an institution must be reviewed for approval by the Gift Acceptance Committee and processed by the OD prior to acceptance. Gifts of outdoor works of art must comply with Regents' *Rules and Regulations*, Series 60101, Section 2.1.

Section IV. Gifts to Establish Permanent Endowments Held and Administered by the Board

Endowments will be established with gifts that have been completed for tax purposes or with a combination of such gifts, pledges, and other funds at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Regents' *Rules and Regulations*, Series 60202, concerning endowed academic positions. All endowments must be reviewed and approved by the OD in conjunction with UTS and must meet minimum funding levels as set out in Regents' *Rules and Regulations*, Series 60101 and 60202. With the approval of the appropriate Executive Vice Chancellor and Vice Chancellor for External Relations, UTD may set minimum funding levels that are

higher than \$10,000. The required minimum funding level will be determined by the total value of gifts from donors and transfers of funds, valued as of the gift date or date of transfer, respectively. Reinvestment of endowment distributions may be used to determine the total funding value.

As an example, a donor contributes \$20,000 a year for five years to fund a professorship at a total contribution value of \$100,000. At the end of the five-year period, the endowment may have reached a market value of \$250,000 due to capital appreciation. However, the contributed value remains at \$100,000. This endowment cannot be re-designated as a distinguished professorship until the contribution amount reaches \$250,000 from additional gifts or transfers of funds.

Negotiations and fundraising for an endowment are permitted prior to its formal approval and establishment by the Board or its designee(s). However, an endowment will not be announced as having been established prior to its approval by the Board or its designee(s). New endowments shall not be created with accumulated distributions from existing permanent endowments; however under rare and special circumstances such endowments may be created with the approval of UTS via the Vice Chancellor for External Relations, provided the terms of the new endowment(s) are consistent with the terms of the endowment agreement governing the existing endowment.

A. Endowment Agreements

1. A written endowment agreement signed by the donor(s) is required for each new permanent endowment established. (*See Exhibit II for sample endowment agreements.*) This instrument must, absent compelling reasons, include the following language:
 - a. donor name(s);
 - b. gift description and amount;
 - c. pledge description, amount and due date;
 - d. endowment name;
 - e. college, school and/or department to benefit;
 - f. a statement setting out the intended use or purpose for funds distributed from the endowment;
 - g. a statement that the funds shall never become a part of the Permanent University Fund, the Available University Fund or the general funds of the State of Texas;
 - h. a statement that, if in the opinion of the Board, future circumstances change so that the purposes for which the endowment is established become illegal, impracticable or no longer able to be carried out to meet the needs of the institution, the Board may designate an alternative use for the endowment payout to further the objectives and purposes of the institution, giving consideration to the donor's special interest as evidenced by the original purpose of the endowment;

- i. a statement providing that additions to the endowment from any other person or entity, unless prohibited, are made subject to the provisions of the endowment agreement and, if for a permanent or true endowment, will be considered permanent endowment funds; and
 - j. other provisions the responsible development officer and the OD and/or UTS determine are necessary or appropriate.
- 2. In cases where an endowment is established pursuant to a UTD solicitation or campaign, the solicitation letter or document sent to prospective donors may be used as the endowment agreement to evidence the donor's intent and purposes. If the solicitation materials do not contain the provisions required in Subparagraphs a. through j. above, a separate gift agreement memorandum containing the required provisions and signed by the UTD President should be provided to UTS.
- 3. A gift agreement memorandum should also serve as the endowment agreement in situations where funding is from multiple donors with no primary donor or donors. (*See Exhibit III for a sample gift agreement memorandum.*)

B. Custody of Assets

The assets donated to fund an endowment may be delivered to UTS for custody and investment by UTIMCO pending acceptance. A request for acceptance should be submitted to UTS by UTD as soon as possible after delivery of the assets. Once an endowment has been officially established, the donated assets must be delivered to the OD as soon as possible for custody and investment by UTIMCO.

C. Selection Criteria for Scholarship and Fellowship Recipients

- 1. A donor may specify or require that:
 - a. the scholarship or fellowship be for institution-wide use;
 - b. the recipient be registered in a particular college, school or department within UTD or the recipient be limited to students studying in a specific academic major or a certain area of study or concentration;
 - c. the recipient have a specified class standing or have completed a specified number of semester hours of college work;
 - d. consideration of recipients be conditioned on academic performance;
 - e. consideration of recipients be based on financial need;
 - f. a preference be exercised in association with the renewal of the award;
 - g. recipients be students from a particular geographic area (city, school district, county, or state). The population of UTD students from the named geographic area should be large enough to allow for consistent use of the scholarship and to avoid an allegation that the

funds were “targeted” to a particular individual or individuals; or
h. the recipient be a U. S. citizen or legal resident of the United States.

Any gift designated for U. S. citizens must also include permanent residents, as federal courts have ruled that state entities must give equal consideration to U. S. citizens and to individuals admitted to permanent residency.

2. If consistent with Regents’ *Rules and Regulations*, U. S. Department of Education regulations, Office of Civil Rights recommendations, and interpretations of the Texas Higher Education Coordinating Board, the donor may specify certain other selection criteria as a preference for recipient selection, but not as a restriction. UTD will make reasonable efforts to honor preferences specified by a donor as provided in this paragraph 2; however, as provided by applicable law, no person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the UTD, on the basis of race, color, national origin, religion, gender, age, veteran status, disability or sexual orientation.
3. Endowed scholarship or fellowship awards should be based on the funds distributed from the endowment, rather than a specific amount. The size and number of awards will be determined by the appropriate scholarship committees at the institution or under the scholarship program applicable to the endowment. Scholarship or fellowship amounts may also be referred to in more general terms such as “tuition and required fees” in the endowment agreement.
4. The IRS will not recognize a contribution for charitable tax deduction if the donor retains control over the gift funds or how they are used. In accordance with that understanding, the donor may not participate in the final selection of scholarship recipient(s), name a non-UTD employee to any final selection committee, or structure the criteria so narrowly as to limit selection to a small population comprised solely or primarily of individuals related to the donor or that the donor would choose.

D. Endowed Academic Positions

There are six categories of endowed and named academic positions with minimum funding levels as set forth in Regents’ *Rules and Regulations*, Series 60202. With the specific approval of the Board, an endowed academic position may be established without the required minimum funding level only in accordance with agreements recommended by the Chancellor, the appropriate Executive Vice Chancellor and the Vice Chancellor for External Relations.

No initial appointment will be made to an endowed academic position without

prior approval as a Request for Budget Change by the UTD President after review and approval by the appropriate Executive Vice Chancellor. Subsequent new or continuing appointments to endowed academic positions may be approved as a part of the annual operating budget. As the IRS will not recognize a contribution for charitable tax deduction if the donor retains control over the gift funds or how they are used, a donor may not participate in the final selection of the appointment or name a specific individual as the holder of an endowed academic position.

E. Pledge Policy

Pledges from donors that follow these guidelines may be accepted to fund endowments of any level recognized by the Regents' *Rules and Regulations*:

1. At least 20 percent of the donor's total required minimum funding amount must be received prior to the acceptance of an endowment, i.e., before the endowment will be established.
2. The pledge for payment of the remaining funds shall not extend beyond five years after the date of execution of the endowment agreement; however, with the approval of the Vice Chancellor for External Relations, the pledge period may be longer than five years under rare and special circumstances.
3. All funds that otherwise would be distributed from the endowment will be reinvested as a permanent addition to the endowment until the endowment is funded with the then-required minimum funding level for the endowment, or is dissolved as provided in paragraph 5 below, except in the case of endowed academic positions with the approval of the Vice Chancellor for External Relations or the Vice Chancellor's designee.
4. Funding levels will not be determined by the amount of net sale proceeds received from a non-cash gift or by the current market value of the investment held in an endowment. As an illustration, a donor gives a gift of stock valued at \$10,000 to create a new endowment. The stock is sold for net sales proceeds of \$9,500. The \$10,000 endowment may still be created because the donor contributed a gift valued at \$10,000, although the endowment's value is only \$9,500.
5. If the donor is unable to fulfill the pledge by the end of the five-year period, the endowment will either be dissolved or re-designated as follows:
 - a. If endowment funds are less than the minimum endowment funding level of \$10,000, the endowment may be dissolved with the approval of the Board or its designee(s). The UTD President shall designate an existing endowment to which to transfer the funds, taking into consideration the donor's original intent.

- b. If endowment funds equal or exceed the minimum endowment funding level of \$10,000, but are less than the level prescribed for the type of endowment originally approved, the endowment may be re-designated to the highest applicable level based upon the funds held, with the approval of the Board or its designee(s).

Section V. Establishment of Quasi-endowments Held and Administered by the Board

All quasi-endowments must be reviewed and approved by UTS and must meet minimum funding levels as set out in Regents' *Rules and Regulations*, Series 60101 and 60202. The required minimum funding level will be determined by the total value of transfers of funds to the endowment, valued as of the date of transfer. Reinvestment of endowment distributions may be used to determine the total funding value. Requests to establish quasi-endowments should be submitted when it is expected that the endowment will be maintained permanently. An endowment will not be announced as having been established prior to its approval by the Board or its designee(s). New endowments shall not be created with accumulated distributions from existing permanent endowments; however under rare and special circumstances, such endowments may be created with the approval of the Vice Chancellor for External Relations, provided the terms of the new endowment(s) are consistent with the terms of the endowment agreement governing the existing endowment.

A written agreement, signed by the UTD President and the appropriate dean or department head, is required for each new quasi-endowment established. (*See Appendix C for a sample gift agreement memorandum for a quasi-endowment.*) This instrument will, absent compelling reasons, include the following language, as applicable:

1. Information and provisions described in Section IV.A.
Subparagraphs 1.d. – 1.j.; and
2. Amount and source or description of the funding.

Section VI. Classification of Endowment Funding

- A. When mixed sources of funds (both gifts given specifically for endowed purposes and current funds) are used to establish an endowment, separate but related permanent and quasi-endowments will be created. Each endowment account must be funded with at least the minimum endowment funding level of \$10,000, (i.e., there would need to be at least \$20,000 total to establish separate endowment accounts). If the endowment is initially funded with less than \$20,000 from mixed sources (both endowed and current funds), the entire endowment will be classified as a permanent endowment.

- B. If only a permanent endowment account is in existence at the time of an additional contribution to an endowment established with mixed sources of funds, the institution will review the source(s) and amounts of funds to be added to determine if a separate, but related quasi-endowment account should be established. Administrative approval of the related quasi-endowment is not needed if there is no re-designation of endowment level or other amendment. Alternatively, if only a quasi-endowment is in existence at the time of an additional contribution, administrative approval of a related permanent endowment is not needed if there is no re-designation of endowment level or other amendment.
- C. If separate permanent and quasi-endowment accounts exist at the time of an additional contribution, the institution will review the source(s) of funds to determine the correct allocation.
- D. When a transfer of current funds is to be combined with a donor's pledge, the OD and UTS will consider the total of the donor's pledge, rather than the amounts of payments received, to determine whether separate permanent and quasi-endowment accounts should be established.
- E. Any reinvestment of endowment distributions will be classified in the same manner as the corpus of the endowment.
- F. Notwithstanding any of the above, any additional funds from any source will be classified as permanent endowment funds where the existing permanent endowment is governed by a donor-executed endowment agreement that contains language that "all future additions to the endowment, made by the donor or others, including the Board or the institution, shall be subject to the provisions of the endowment agreement and shall be classified as permanent endowment funds."

Section VII. Investment, Payout, and Reinvestment Policy for Endowments

- A. As authorized by law, the Board has contracted with UTIMCO to invest all funds donated to the U. T. System or its institutions which are under the sole control of the Board.
- B. No matching funds or other funds of UTD or UTS may be held or managed by a party selected by the donor. No endowment shall be accepted in which the donor directs the investment transactions or holdings or may approve investment policy or strategy or on which the donor places any other investment restrictions.

- C. The primary and constant standard for making investment decisions for endowments shall be “that standard of judgment and care that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing taking into consideration the investment of all the assets of the fund rather than a single investment.”
- D. All endowment gifts should be eligible for commingling for investment purposes with other endowment funds. The Board has established the U. T. System Long Term Fund, governed by and invested according to the U. T. System Long Term Fund Investment Policy Statement, to provide for the collective investment of endowment funds. This commingling permits enhancement of long-term investment programs, affords appropriate risk control through diversification, and provides for optimization of asset mix through time.
- E. Specific language which allows endowment funds to be invested in the U. T. System Long Term Fund or otherwise pooled for investment purposes should be included in all endowment agreements.
- F. An endowment agreement shall not include terms regarding endowment payout that conflict with either the payout policies established by the Board or the payout provisions of the Texas Uniform Management of Institutional Funds Act, as amended.
- G. To ensure the Board has the ability to manage payout and reinvestment policies, the endowment agreement should specifically allow the following:
1. Funds distributed during a year may be retained by the institution and expended for the purposes of the endowment in subsequent years; and
 2. The reinvestment of some portion of the payout as a permanent addition to the principal of the endowment at the discretion of the Board or institution.
- H. Endowments Funded with Mineral Interests in Real Property

In accordance with the Texas Trust Act and the Uniform Principal and Income Act UPIA), a certain percentage of mineral royalty proceeds must be allocated to endowment principal. Because complex and numerous depletion calculations would be required to determine the correct amount to allocate to endowment principal, 100% of mineral royalty proceeds should be allocated to principal for ease of administration. UTD may request a lesser allocation to principal by submitting a written request to UTS. Such request must be reviewed and approved by UTS in consultation with the OGC and others as deemed necessary.

Section VIII. Amendment or Termination of Endowments

- A. Once an endowment is created, the terms, purpose, or existence of that endowment may be changed only if authorized by the terms of the endowment agreement, Board policy, or applicable laws.
- B. Any request from UTD to amend the terms or purpose of an endowment or to terminate an endowment must be sent to UTS for review and approval with the legal advice of the OGC.

Section IX. Endowments Held and Administered by External Trustees

UTD's interest in any endowment held and administered by an external trustee must be reviewed and approved by UTS. In addition to provisions set out in Sections IV, V and VIII above, to the extent possible, the Board requires for endowments held and administered by external trustees:

- A. A predictable stream of distributions from an endowment held by an external trustee, consistent with the Board's endowment payout policy and not in conflict with the payout provisions of the Texas Uniform Management of Institutional Funds Act, as amended. UTS prefers that UTD receive such payout on a quarterly basis, but no less often than annually.
- B. That all appreciation from an endowment held by an external trustee be maintained in the endowment, except that distributed for the purpose(s) of the endowment.
- C. That the external trustee provides annual reports to the UTD and UTS which detail the value of the assets of the endowment and the annual receipts and expenditures.
- D. That separate accounting records be maintained for each such endowment so that investment performance can be accurately analyzed over time.
- E. That all appointments to endowed academic positions be selected by the institution.
- F. That a request for acceptance of UTS's interest in the endowment be submitted by the institution to UTS as soon as possible after delivery of the gift to the external trustee or notification by the external trustee that the endowment has been established.

Section X. Planned Gifts

A. Solicitation and Negotiation

1. The OD, in consultation with UTS, must review and approve (a) an initial or new advertisement or planned giving brochure and (b) an existing advertisement or planned giving brochure that has been materially modified since last approved to be mailed or otherwise furnished to potential donors before distribution to donors. Minor modifications to existing planned giving advertisements or brochures require review by the OD prior to distribution to potential donors.
2. Negotiation, execution, and acceptance of any planned gift shall follow procedures outlined in these guidelines. All agreements shall include language previously approved by the OGC unless otherwise approved in accordance with the procedures set forth in these guidelines.
3. It is the responsibility of all Development Officers of UTD to keep detailed written notes to supplement written correspondence to demonstrate ethical practices in negotiations with each donor.
4. The UTD OD, when working with a donor who desires to make a planned gift, shall contact UTS Office of the Director of Gift Planning Services (“ODGPS”) as soon as the institution’s representative becomes aware of the potential gift.
5. Payout rate guidelines for charitable remainder trusts are provided below in X.D.4. for use by all UTD staff members authorized to enter into negotiations concerning planned gift agreements to assist them during discussions with donors.
6. Donors should be informed that payout rate guidelines may be adjusted if market conditions change significantly before an agreement is finalized.

B. Restrictions on Acceptance of Planned Gifts and Donated Assets

1. In accordance with Texas law, UTD cannot accept gift annuities and deferred gift annuities. Inquiries concerning gift annuities and deferred gift annuities will be referred to appropriate external foundations established to benefit UTS or its institutions.
2. Consistent with Board policy, the Board may serve as trustee of trusts for which the donor retains the right to change the charitable beneficiary only if: (a) UTD will receive irrevocably at least 50% of the total funding of the trust; and (b) the value of UTD’s irrevocable interest equals the minimum requirements established below in X.D.4. for accounts that cannot be pooled for investment purposes.
3. Consistent with Board policy, the Board may serve as trustee of trusts that allow for invasions of principal only if: (a) the standards for invasion of

principal are objective and non-discretionary; (b) UTD or UTS will receive irrevocably at least 50% of the total funding of the trust; and (c) the value of UTD's or UTS's irrevocable interest equals the minimum requirements established below in X.D.4. for accounts that cannot be pooled for investment purposes. To avoid conflicts of interest, the Board will not serve as trustee of a trust which allows income beneficiaries to invade the principal of the trust at the discretion of the trustee.

4. Consistent with Board policy, the Board may serve as trustee of a charitable remainder trust with multiple charitable remainder beneficiaries only if: (a) UTD will receive at least 50 percent of the remainder; (b) the value of UTD's interest will be at least the minimum trust gift levels established below in X.D.4. for accounts that cannot be pooled for investment purposes; and (c) the other charities agree to provisions deemed appropriate by the OGC. As an example, a donor may fund a charitable remainder trust with assets that may not be pooled for investment purposes, such as real estate or restricted stock, name the Board as trustee and a 50% remainder beneficiary for further benefit of one or more institution(s), and name a non-U. T. institution(s) as 50% remainder beneficiary(ies). In this instance, the Board would accept trusteeship if the trust terms were acceptable and the trust were funded at a minimum gift level of \$100,000.
5. To avoid conflicts of interest and to avoid liability issues, the Board cannot serve as the guardian of a person, or as an executor or administrator of an estate.
6. Consistent with the Code and related regulations, the Board will not accept a planned gift that is known to have the potential to create unrelated business income tax liability for a charitable remainder trust.
7. In accordance with the provisions of the Code and related regulations, the Board will not accept stock in an S Corporation to fund a charitable trust without the written consent of all other shareholders.

C. Management and Investments

1. Neither UTD OD nor UTS is authorized to administer or manage trusts of which the Board is not trustee.
2. UTS may request reimbursement from charitable trusts of which the Board is trustee for any third party charges incurred by the trust. Such charges may include, but are not limited to, bank custodial fees, real estate expenses such as appraisals, surveys, environmental assessments, maintenance and repairs, and extraordinary legal fees. In circumstances where it is deemed inappropriate for the affected trust to bear such expenses, the institution shall reimburse the trust.

D. Types of Planned Gifts

1. Wills and Bequests

- a. When UTD is notified of the death of a person who has named UTD as a beneficiary, the OD must be notified immediately and forwarded copies of all available documentation and correspondence, which in turn shall be forwarded to UTS. If the OD is notified of the death of a person who has named UTD as a beneficiary, the OD shall promptly notify UTS of same. UTS Office of External Relations has exclusive authority to handle matters related to estates benefiting UTD including authority to sign partial or complete releases of liability, and will be responsible for promptly supplying documentation to UTD and other UTS offices as appropriate.
- b. UTS will provide instructions to estate executors and administrators regarding the disposition of estate assets bequeathed to UTD. All estate distributions will be transmitted as directed by UTS. Any tangible personal property not liquidated by the executor should be shipped directly to UTD. Unless otherwise requested by UTD, UTS will promptly transmit any bequests designated for use as current funds to UTD.
- c. Any UTD employee who agrees to serve as executor or administrator of an estate which benefits the U. T. System or an institution must immediately notify UTS of his or her appointment. Upon notification, the employee will be furnished a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the estate between the employee and any office of the U. T. System or the institution shall be in writing.
- d. Employees of UTD should not knowingly act as witnesses to wills in which UTD, the U. T. System or another UTS institution is named as a beneficiary.
- e. UTD will not draft wills and other documents for donors, but, when appropriate, may provide sample language for the donor's consideration.
- f. If an individual provides a copy of the individual's will to a UTD employee and the will names UTD, the U. T. System or another UTS institution as a beneficiary, UTD will promptly send a copy of the will to UTS for review. As necessary, and at the discretion of UTS, UTS will furnish copies to the OGC and the UTD OD for further review. Any UTD employee to whom an individual's will is furnished must protect the confidentiality of its contents to the extent allowed by law.

2. Life Insurance

- a. The UTD President may accept gifts of life insurance policies naming the Board as owner and beneficiary and may execute all necessary documents.
- b. UTD is responsible for preserving the value of a life insurance policy owned by the Board pursuant to UTS and UTD guidelines. The guidelines as determined by the Gift Acceptance Committee should cover situations in which the insurance policy is not paid-up and does not have any source of funds for payment of the premiums identified at the time of the gift or thereafter.

3. Gifts of Retirement Plan Assets

UTS or the UTD President, as appropriate, may handle gifts of retirement plan assets naming the Board as beneficiary, including processing remaining assets, and may execute all necessary documents.

4. Charitable Remainder Trusts Held and Administered by the Board

- a. All charitable remainder trusts for which the Board would be the trustee must be reviewed by UTS, UTIMCO, and the OGC. A charitable remainder trust of which the Board is proposed to be trustee should have no more than two income beneficiaries, the youngest of which is at least 55 years of age. A term charitable remainder trust (not to exceed 20 years) may have income beneficiaries of any age and is not limited to two income beneficiaries.
- b. If the trust: (a) has acceptable terms, (b) is funded with cash or marketable securities, and (c) may be pooled for investment purposes, the trust must be initially funded at a minimum gift level of \$50,000.
- c. If the trust: (a) has acceptable terms, and (b) is funded with assets that may not be pooled for investment purposes, the trust must be initially funded at a minimum gift level of \$100,000.
- d. A unitrust with a net income payout or net income with make-up provision payout should be established for trusts funded with assets other than cash or marketable securities. Other acceptable terms depend upon the standard criteria plus the ability and length of time required to liquidate or to manage the asset used to fund the trust.

- e. The following are the recommended maximum payout rates for charitable remainder trusts for which the Board would be the trustee:

For annuity trusts and straight unitrusts with income beneficiaries:

- | | |
|---------------------|----|
| ▪ Ages 55 to 69 | 5% |
| ▪ Ages 70 to 79 | 6% |
| ▪ Ages 80 and above | 7% |

For net income unitrusts with income beneficiaries:

- All ages 5%

For term charitable remainder trusts: 7%

- f. Exceptions to subparagraphs 4.a. – 4.e. above must be reviewed by UTS and UTIMCO and approved by the Vice Chancellor for External Relations.
- g. A request for acceptance must be submitted by UTD OD to UTS as soon as possible after receipt of the gift.

5. Charitable Trusts Held and Administered by External Trustees

- a. Any UTD employee who agrees to serve as trustee of a trust benefiting the U. T. System or an institution must immediately notify the OD and UTS of his or her appointment. Upon notification, the employee will be furnished with a statement advising of the potential for conflicts of interests and directing that all communications pertaining to the trust between the employee and any office of the U. T. System or UTD shall be in writing.
- b. All charitable remainder trusts for which the Board would be the successor trustee must be reviewed by UTS, UTIMCO, and the OGC. Donors who name the Board as successor trustee of a charitable remainder trust should be advised in writing that the Board will review the terms of the trust at the time of succession and determine then whether or not it will serve as successor trustee.
- c. The external trustee must provide annual reports to UTD and UTS which detail the value of the assets of the trust and the annual receipts and expenditures.
- d. A request for acceptance must be submitted by the UTD OD to UTS as soon as possible after receipt of the gift. Revocable interests will not be accepted.

6. Charitable Lead Trusts

- a. The Board may be designated as a beneficiary of a charitable lead trust if other criteria of these guidelines are met, but to avoid conflicts of interest, the Board will not serve as trustee of a charitable lead trust. Upon request, UTD personnel in consultation with UTS may provide information to the donor on non-U. T. institutions in the donor's locale that may serve as a trustee.
- b. Consistent with Board policy, a predictable stream of income from a charitable lead trust of which the U. T. System or UTD is named as a beneficiary is preferred.

7. Pooled Income Fund

- a. Gifts to the U. T. System Pooled Income Fund may be accepted only if the beneficiaries are age 55 or older and there are no more than two income beneficiaries for each account established in the Fund. The minimum gift needed to enter the Pooled Income Fund is \$10,000, or a contribution of \$5,000 with a pledge that additional contributions will be made to bring the total dollar share in the Pooled Income Fund to \$10,000 within five years.
- b. All gifts must be made in cash or readily marketable securities.
- c. A request for acceptance must be submitted by UTD OD to UTS as soon as possible after receipt of the gift.

8. Remainder Interest in Real Property with Life Estate

Gifts of real estate, including remainder interests in personal residences or farms, with a life estate reserved, must be reviewed and approved by UTS Real Estate Office (REO) and the OGC and processed by the REO prior to acceptance.

9. Gift Annuities

Since the Board cannot accept gift annuities and deferred gift annuities, these types of gifts may be referred to The University of Texas Foundation, Inc. for the benefit of UTD.

*GAP for UTD drafted May 01, 2006
using UT System ODGPS GAP, as amended March 21, 2005, as a model.*

Appendix A: GLOSSARY

Administrative Approval Process – The procedure for accepting gifts to be approved by the Vice Chancellor for External Relations or his/her designee and which conform to U. T. Board of Regents’ Policy.

Available University Fund (AUF) – Distributions from the Permanent University Fund.

Book Value – As pertaining to an endowment, the book value is the original value of all gifts and contributions made to the endowment, as well as reinvestment of earnings and any realized gains or losses resulting from the sale of non-cash gifts.

Charitable Lead Trust – A trust in which distributions are paid to one or more qualified charities for a certain period of time, after which the charitable interest terminates and the trust remainder typically reverts to designated non-charitable beneficiaries.

Charitable Remainder Trust – A tax-exempt trust that provides for payment to non-charitable beneficiaries for life (or lives), or a term-of-years not to exceed 20 years, after which the trust remainder goes to one or more qualified charities.

Closely-Held Stock – The stock of a corporation which is held by a few shareholders: often the management or the members of a family. Some closely-held stock is publicly traded. Closely-held stock of a “closed corporation” is not publicly traded.

Completed Gifts – Generally, a gift is complete when the donor has parted with dominion and control over the transferred property or property interest, as in the unconditional delivery of the gift to the donee or the donee’s agent, leaving the donor without the power to change its disposition, whether for the benefit of the donor or for the benefit of others. A gift that is subject to conditions may not amount to a completed gift at all.

Current Purpose Gifts – Non-endowed gifts to be expended for the purposes designated by the donor.

Deferred Gift Annuity – A charitable gift annuity for which payments to the annuitant(s) begin more than one year after property is transferred to the charity. (See Gift Annuity.)

Endowments Held and Administered by External Trustees – Funds administered by a trustee other than the U. T. Board of Regents, from which a U. T. institution receives distributions, or from which the institution will receive distributions at a specified time. Examples of such trustees are banks, individuals, or other charitable entities.

Gift Annuity – A charitable giving device by which a donor transfers money or other property to a qualified charity in exchange for guaranteed lifetime payments, the present value of which is less than the amount transferred.

Gift Value – The value of a gift at the time it is made. Gifts are valued in accordance with the provisions of the Internal Revenue Code and regulations thereunder.

Intellectual Property – Creations of the mind: inventions, literary and artistic works, symbols, names, images, and designs used in commerce. Intellectual property includes inventions, patents, trademarks, and copyrights.

Limited Partnerships – A limited partnership is an entity in which one or more persons, with unlimited liability (called General Partners) manage the partnership, while one or more other persons only contribute capital; these latter partners (called Limited Partners) have no right to participate in the management and operation of the business and assume no liability beyond the capital contributed.

Market Value – The price that an asset would bring in a market of willing buyers and willing sellers, in the ordinary course of trade.

Mineral Interest in Real Property – Rights to gas, oil, and other minerals, whether joined to or severed from the surface estate.

Permanent or True Endowment – A fund created with gifts received from a donor with the restriction that the principal is not expendable. The gifts are invested in perpetuity and only the distributions are expended for the purposes designated by the donor.

Permanent University Fund (PUF) – A state endowment fund, which was established by the Texas Constitution of 1876, and which supports 18 institutions and six agencies of The University of Texas System and The Texas A&M University System. The PUF consists of 2.1 million acres in West Texas and the portfolio of assets resulting from the investment of mineral royalties generated by the land. Fiduciary responsibility for managing and investing the PUF is constitutionally assigned to the U. T. Board of Regents.

Quasi-endowment – Institution funds functioning as an endowed fund, which may be dissolved and returned to the institution with the approval of the U. T. Board of Regents.

S Corporation – A form of corporation, allowed by the Internal Revenue Service for most companies with 75 or fewer shareholders, none of which can be partnerships or corporations, which enables the company to enjoy the benefits of incorporation but be taxed as if it were a partnership. Formerly known as Subchapter S Corporation.

Surface Interest in Real Estate – Any interest in the surface of real estate and improvements, and all other property interests that do not constitute the mineral estate.

Term Endowment – Funds for which the donor has stipulated that the principal may be expended after a stated period or on the occurrence of a certain event.

The University of Texas Foundation, Inc. (U. T. Foundation) – A non-profit corporation established in 1967 to accept and manage gifts in support of U. T. The U. T. System and its institutions are the beneficiaries of the U. T. Foundation, but the Foundation functions independently under its own Board of Directors and pursues its own investment policies in the management of its portfolios.

The University of Texas Investment Management Company (UTIMCO) – An investment management corporation created in March of 1996 solely for the purpose of managing the investment of assets under the fiduciary care of the U. T. Board of Regents. The Board controls UTIMCO and appoints all nine members of the UTIMCO Board.

The University of Texas System Board of Regents - The governing body for The University of Texas System. It is composed of nine members who are appointed by the Governor and confirmed by the Senate. Terms are of six years each and staggered, with the terms of three members expiring on February 1 of odd-numbered years.

The University of Texas System Long Term Fund (LTF) – An internal U. T. System pooled investment fund of privately raised endowments and other long-term funds of the 15 institutions of the U. T. System.

The University of Texas System Pooled Income Fund (PIF) – A trust maintained by the U. T. System in accordance with federal tax laws in order to obtain favorable tax treatment for donors to the Fund. It is designed to receive gifts of cash and readily marketable securities, paying the income from pooled gifts to persons designated by the donors during their lives. At the death of the life beneficiary, a proportionate part of the principal of the Trust is severed and distributed to the U. T. System or institution as designated by the donor.

Appendix B:
ACCEPTANCE OF GIFTS CONFORMING TO POLICY

ASSET TYPE	GIFT PURPOSE		
	\$1,000,000 or Less	More than \$1,000,000	ANY AMOUNT
	<u>Unrestricted*</u>	<u>Unrestricted*</u>	<u>Restricted – To Establish Endowment/CRT/PIF</u>
	<u>Restricted - Current Purpose</u>	<u>Restricted - Current Purpose</u>	
	<u>Restricted - For Addition to Endowment/CRT/PIF</u> With NO upgrade of level, request for Matching Funds, or Amendment	<u>Restricted - For Addition to Endowment/CRT/PIF</u> With NO upgrade of level, request for Matching Funds, or Amendment	<u>Restricted – For Addition to Endowment/CRT/PIF</u> DOES include upgrade of level, request for Matching Funds, or Amendment
Bequests/Trust Distributions (This asset <u>must</u> be reviewed for approval and processed by the Office of Development and Gift Planning Services prior to acceptance.)	OER	OER	OER
Cash	PRES	BOR	OER
Marketable Securities (This asset <u>must</u> be transferred and sold through Development and Gift Planning Services prior to acceptance.)	PRES	BOR	OER
Closely-Held Securities (This asset <u>must</u> be reviewed for approval and processed by Development and Gift Planning Services prior to acceptance.)	PRES	BOR	OER
Partnership Interests (This asset <u>must</u> be reviewed for approval by Development and Gift Planning Services and Office of General Counsel and processed by Development and Gift Planning Services prior to acceptance.)	PRES	BOR	OER

Personal Property (This asset <u>must</u> be reviewed for approval and processed by Development and Gift Planning Services prior to acceptance only if used to establish or make additions to Endowment/CRT.)	PRES	BOR	OER
Real Estate/Remainder Interest in Personal Residence or Farm, w/Life Estate** (This asset <u>must</u> be reviewed for approval by Real Estate Office and Office of General Counsel and processed by Real Estate Office prior to acceptance.)	EVCBA	BOR	OER
Minerals** (This asset <u>must</u> be reviewed for approval by University Lands – West Texas Operations and Office of General Counsel and processed by ULWTO prior to acceptance.	EVCBA	BOR	OER

* **Unrestricted** here is defined as “unrestricted gifts and gifts restricted only as to a specific unit of an institution.”

** **Note: The minimum values real estate gifts must meet to be approved by the U. T. System Real Estate Office for acceptance are stated in the U. T. System Gift Policy Guidelines for Real Estate and Trust Minerals.**

PRES = Accepted by President of a U. T. institution or his/her designee. For CRT/PIF, additions must be **reviewed** for approval and **processed** by Development and Gift Planning Services prior to acceptance.

BOR = Accepted by Board of Regents via Docket. For CRT/PIF, additions must be **reviewed** for approval and **processed** by Development and Gift Planning Services prior to acceptance.

OER = Accepted via Administrative Approval by Vice Chancellor for External Relations or his/her designee. (Current designee is within Development and Gift Planning Services).

EVCBA = Accepted by Executive Vice Chancellor for Business Affairs or his/her designee.

GIFTS NOT CONFORMING TO POLICY are accepted by the BOR via Agenda or Docket, as determined by the Chancellor.

Appendix C: SAMPLE ENDOWMENT AGREEMENTS

(Gift only)

SAMPLE ENDOWMENT AGREEMENT

I/We, _____, hereby give to the Board of Regents of The University of Texas System for the use and benefit of The University of Texas at _____ the following gift(s):

(Please describe)

Said gift(s) shall be used to create the _____ (Endowment Name) _____ for the _____ (college/department) _____ as a permanent endowment. Funds distributed from the endowment shall be used _____ (Statement of Use) _____.

ADMINISTRATION

Said endowment shall never become a part of the Permanent University Fund, the Available University Fund or the General Fund of the State of Texas, and shall never be subject to appropriation by the legislature of the State of Texas. These funds and all future additions to the endowment, made by myself/ourselves or others, including the Board of Regents or The University of Texas at _____ administration, shall be subject to the provisions of this instrument and shall be classified as permanent endowment funds. If in the opinion of the Board of Regents of The University of Texas System, future circumstances change so that the purposes for which the endowment is established become illegal, impracticable, or no longer able to be carried out to meet the needs of The University of Texas at _____, said Board of Regents may designate an alternative use for the endowment payout to further the objective of The University of Texas at _____, in the spirit of my/our original purpose.

INVESTMENT, PAYOUT AND REINVESTMENT

This endowment may be merged or commingled with other funds held by the Board of Regents of The University of Texas System for investment purposes in accordance with the policies of the Board of Regents. Funds distributed from the endowment in a year may be retained and expended for the purposes of the endowment in subsequent years, or may be reinvested, at the discretion of the Board of Regents or The University of Texas at _____ administration, as a permanent addition to the principal of the endowment.

Name Date

**PLEASE CONSULT YOUR LEGAL AND/OR TAX COUNSEL BEFORE DRAFTING ANY
LEGAL INSTRUMENT.**

(Gift and Pledge)

SAMPLE ENDOWMENT AGREEMENT

I/We, _____, hereby give (or pledge to give) to the Board of Regents of The University of Texas System (by a specific date not to exceed five years if a pledge) for the use and benefit of The University of Texas at _____ the following gift(s):

(Please describe)

Said gift(s) shall be used to create the _____ (Endowment Name) _____ for the _____ (college/department) _____ as a permanent endowment. Funds distributed from the endowment shall be used _____ (Statement of Use) _____.

ADMINISTRATION

Said endowment shall never become a part of the Permanent University Fund, the Available University Fund or the General Fund of the State of Texas, and shall never be subject to appropriation by the legislature of the State of Texas. These funds and all future additions to the endowment, made by myself/ourselves or others, including the Board of Regents or The University of Texas at _____ administration, shall be subject to the provisions of this instrument and shall be classified as permanent endowment funds. If in the opinion of the Board of Regents of The University of Texas System, future circumstances change so that the purposes for which the endowment is established become illegal, impracticable, or no longer able to be carried out to meet the needs of The University of Texas at _____, said Board of Regents may designate an alternative use for the endowment payout to further the objective of The University of Texas at _____, in the spirit of my/our original purpose.

INVESTMENT, PAYOUT AND REINVESTMENT

This endowment may be merged or commingled with other funds held by the Board of Regents of The University of Texas System for investment purposes in accordance with the policies of the Board of Regents. Funds distributed from the endowment in a year may be retained and expended for the purposes of the endowment in subsequent years, or may be reinvested, at the discretion of the Board of Regents or The University of Texas at _____ administration, as a permanent addition to the principal of the endowment.

PROVISIONS REGARDING PLEDGE

In the event I/we am/are unable to fulfill my/our pledge by the date specified above, and there are insufficient funds held in the endowment to reach the minimum funding level required for an endowment, I/we understand the endowment may be dissolved by the Board of Regents, and the President of The University of Texas at _____ shall have the discretion to designate an existing endowment to which to transfer the funds, taking into consideration my/our original intent. If, as of the date specified above, there are sufficient funds held in the endowment to reach the minimum funding level for an endowment, but insufficient funds to reach the funding level at which the endowment was originally established, I/we understand the endowment funding level may be redesignated by the Board to the highest level possible based upon the contributed value of funds held and my/our intent.

Name Date

**PLEASE CONSULT YOUR LEGAL AND/OR TAX COUNSEL BEFORE
DRAFTING ANY LEGAL INSTRUMENT.**

(Newly Created Endowment with Multiple Donors)

SAMPLE ENDOWMENT AGREEMENT

Date

MEMORANDUM

TO: President of Institution or Office of Development and Gift Planning Services

FROM: Department Chair/Institution Administrative Officer

RE: Name of Endowment

The Department of _____ has received \$_____ in gifts in memory of our former colleague, Dr. _____. The donors have requested that these funds be transferred to the Board of Regents of The University of Texas System to establish a permanent endowment to be named the _____ for the benefit of The University of Texas *institution*. Distributions from the endowment will be used to _____ (state purpose) .

ADMINISTRATION

Said endowment shall never become a part of the Permanent University Fund, the Available University Fund or the General Fund of the State of Texas, and shall never be subject to appropriation by the legislature of the State of Texas. These funds and all future additions to the endowment, including those made by the Board of Regents or The University of Texas *institution* administration, shall be subject to the provisions of this instrument and shall be classified as permanent endowment funds. If in the opinion of the Board of Regents future circumstances change so that the purposes for which the endowment is established become illegal, impracticable, or no longer able to be carried out to meet the needs of The University of Texas *institution*, said Board of Regents may designate an alternative use for the endowment payout to further the objective of The University of Texas *institution*, in the spirit of its original purpose.

INVESTMENT, PAYOUT AND REINVESTMENT

This endowment may be merged or commingled with other funds held by the Board of Regents of The University of Texas System for investment purposes in accordance with the policies of the Board of Regents. Funds distributed from the endowment in a year may be retained and expended for the purposes of the endowment in subsequent years, or may be reinvested, at the discretion of the Board of Regents of The University of Texas *institution* administration, as a permanent addition to the principal of the endowment.

Name Title Date

(Newly Created Quasi Endowment)

SAMPLE ENDOWMENT AGREEMENT

Date

MEMORANDUM

TO: *President of Institution or Office of Development and Gift Planning Services*

FROM: *Department Chair/Institution Administrative Officer*

RE: *Name of Endowment*

The Department of _____ has received \$_____ in unrestricted gifts in memory of our former colleague, Dr. _____. I would like to request that these funds be transferred to the Board of Regents of The University of Texas System to establish a quasi-endowment to be named the _____ for the benefit of The University of Texas *institution*. Distributions from the endowment will be used to (state purpose) .

ADMINISTRATION

Said quasi-endowment shall never become a part of the Permanent University Fund, the Available University Fund or the General Fund of the State of Texas, and shall never be subject to appropriation by the legislature of the State of Texas. These funds and all future additions to the endowment, including those made by the Board of Regents or The University of Texas *institution* administration, shall be subject to the provisions of this instrument. If in the opinion of the Board of Regents future circumstances change so that the purposes for which the endowment is established become illegal, impracticable, or no longer able to be carried out to meet the needs of The University of Texas *institution*, said Board of Regents may designate an alternative use for the endowment payout to further the objective of The University of Texas *institution*, in the spirit of its original purpose.

INVESTMENT, PAYOUT AND REINVESTMENT

This endowment may be merged or commingled with other funds held by the Board of Regents of The University of Texas System for investment purposes in accordance with the policies of the Board of Regents. Funds distributed from the endowment in a year may be retained and expended for the purposes of the endowment in subsequent years, or may be reinvested, at the discretion of the Board of Regents of The University of Texas *institution* administration, as a permanent addition to the principal of the endowment.

Name Title Date

Appendix D
ENDOWMENT FLOW CHART