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MINNESOTA STATE UNIVERSITY, MANKATO FOUNDATION, INC.

AMENDED AND RESTATED BYLAWS

The undersigned persons, hereby certify on behalf of the Board of Directors of Minnesota State University, Mankato Foundation, Inc. that the Board has recommended to the Members and the Members have adopted the following as the amended and restated Bylaws of the Foundation:

PREAMBLE

Entity. Minnesota State University, Mankato Foundation, Inc. (the “Foundation”) is a nonprofit, tax-exempt corporation. It is the exclusive fund-raising organization for Minnesota State University, Mankato (the “University”) for promoting, receiving and managing all private gifts.

Purposes. The Foundation’s only purposes are to advance the scientific, literary, charitable and educational endeavors of the University by generating additional financial support for projects and programs within the University’s development plans to which it welcomes supplemental funding from private sources, all as provided in the Articles of Incorporation of the Foundation.

Affiliation. The Foundation is affiliated with, but operates separately from, the University.

Constituencies. In addition to other fund-raising techniques, the Foundation shall feature in its operations the principle of working with, through and in close coordination with constituency groups which reflect interest in particular parts of the University structure.

ARTICLE 1

DIRECTORS

1.1 Composition and Number. The Board of Directors of the Foundation shall be composed of 20 or more individuals who are not University employees having significant responsibility for the administration of the University (the “authorized number of Directors”), and, in addition, as ex officio members, the individuals holding the positions listed in Article 1.4.1, with those positions not being entitled to vote. The Directors shall receive no compensation for their services as members of the Board. To be eligible for nomination as a director of the Board the following criteria must be met:

1.1.1. The university (MSUM) will be among each board member’s top three philanthropic priorities annually.

1.1.2. The prospective Board member must have experience and/or skills that the Board of Directors deems will contribute to the effectiveness of the Board, and will contribute to the diversity of voice on the Board of Directors. These experiences and/or skills include but are not limited to: Administration/Management, Early Stage organizations, Financial oversight, Fundraising, Government, Investment Management, Law, Leadership Skills/Motivator, Marketing & Public relations, Human Resources, Strategic Planning, Physical plant (architect, engineer), Real estate, Health care & medicine, Technology, Energy or environment.
1.1.3. A prospective Board member will be asked to complete the MSUF Prospective Board Member Nomination Form.

1.1.4. The Board is committed to having a diverse representation of the alumni and friends of Minnesota State University, Mankato. This diversity includes but is not limited to: gender, race, ethnicity, profession and geography.

1.2. **Duties and Powers.** Except as otherwise provided by these Bylaws or the Articles of Incorporation of the Foundation, or as required by the laws of the State of Minnesota now or hereafter in force, the business affairs and property of the Foundation shall be managed by, and all corporate powers of the Foundation shall be vested in, its Board of Directors. In addition to its other powers and authority, the Board of Directors shall have full power, except as prohibited by the terms of any instrument of gift, devise, bequest or other transfer, in its sole discretion, to change the form of any investment and, for that or other purposes of the Foundation, to dispose of any property held by the Foundation. At each annual meeting of the Board of Directors it shall elect the volunteer officers of the Foundation as designated in Article 3.1.

1.3 **Board Development.** From time to time, the Board Development Committee shall seek recommendations as to Director candidates. In addition, Directors may submit recommendations to the Committee at any time. Such recommendations shall, however, be considered for the Committee’s slate of nominees to be elected at the next annual meeting of the Directors, only if received by the Committee not later than 60 days prior to that meeting. The Board & Development Committee shall review all recommendations and will recommend those who the Committee believes best fulfill the needs of the Foundation. The Board Development committee shall establish a timetable for prospective board member nominations, vetting, and submission to the Executive Committee for review before being voted on by the full Board.

Revised Sept. 30, 2016

1.4 **Number to be Elected; Term of Office.** Directors shall be elected by the Members at each of their annual meetings for terms of three years and until their successors have been elected. The term of office of each ex officio Member of the Board shall be coterminous with occupancy of the office or position upon which such ex officio membership is based. The number of Directors shall be determined by the Board. The election of Directors need not be by ballot except upon demand made by one or more Directors at the election and before the voting begins.

1.4.1 **Ex Officio.** No employee of Minnesota State University, Mankato shall be a voting member of the Board of Directors, but such individuals may be permitted to serve as ex officio members of the Board of Directors. The individuals occupying the following offices shall be ex officio Directors of the Foundation:

- President of the University
- Vice President for University Advancement
- Vice President for Finance & Administration
- President of the University Alumni Association Board

Revised October 4, 2018
1.5 **Reelection.** Following one full term on the Board of Directors, individuals who are included among the authorized number of Directors shall be eligible for reelection to second and third successive full terms on the Board. After three successive full terms, such a Director shall be ineligible for reelection until one year has elapsed.

1.5.1 **Immediate Past President Term.** The Immediate Past President will serve on the Board of Directors and Executive Committee regardless of term limits outlined in Article 1.5-Reelection. Their term would end when replaced by a new Immediate Past President.

1.6 **Vacancies.** A vacancy among the authorized number of Directors, whether created by resignation, removal, an increase in the authorized number of Directors or otherwise may be filled by the affirmative vote of a majority of the Board present at any meeting at which a quorum is present; provided that the Board shall first have received the recommendation of the Board & Development Committee. Any Director so elected to fill a vacancy shall hold office until the next annual meeting of Directors. The Director may at that meeting be elected to a regular term by Board action as noted above.

1.7 **Resignation.** Any Director may resign at any time by delivering written notice to the President of the Foundation or its Secretary at the office of the Foundation or by giving oral notice at any meeting of the Board. Any such resignation shall take effect at the time specified therein or, if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

1.8 **Removal.** Any Director may be removed from office without cause by the affirmative vote of two-thirds of the number of Directors fixed by these Bylaws. Attendance at fifty percent (50%) of all regular and special Board meetings is required during each three-year term in order to qualify for renewal of the Director’s next three-year term. The Board of Directors will review attendance at the conclusion of individual Director’s three-year terms, and shall remove and declare vacant the office of any Director who fails to attend, without good cause, fifty percent (50%) of the regular or special meetings of the Board during the previous three-year term; provided, before the vacancy may be declared, that the absentee Director is given at least 30 days advance written notice that his or her failure to attend the next meeting without good cause will result in such removal and declaration of vacancy. The Board of Directors may, at any meeting of the Board at which a quorum is present, for good cause remove and declare vacant the office of any Director, provided that such Director shall have been given at least 30 days prior written notice of the meeting and that such removal action is contemplated.

1.9 **Meetings.** Except for the annual meeting of the Board of Directors, meetings of the Board shall be held at such time and place as is determined by the President and may be at a site other than Mankato.

1.9.1 **Regular Meetings.** There shall be three regular meetings of the Board of Directors as follows:

1.9.1.1 **Fall.** The “annual” or fall meeting of the Board of Directors shall be held each year during the month of September, October or November for the purposes including but not restricted to:
   a) Welcome new Board members; new member onboarding process including fiduciary training
   b) Board member fiduciary review, and sign conflict of interest forms
   c) Annual Audit review
   d) Review and vote on Investment Committee recommendation regarding endowment
1.9.1.2 **Winter.** The Winter meeting of the Board of Directors shall be held each year during the month of January or February for the purposes including but not restricted to:
   a) Review YTD Budget
   b) Initial Budget Review for upcoming year
   c) Prepare the Board Schedule for upcoming year
   d) Final Audit & Form 990 Approval

1.9.1.3 **Spring.** The spring meeting of the Board of Directors is designated as the end of the current board year. The meeting shall be held for the purposes including but not restricted to:
   a) Review and vote on approval of the forthcoming fiscal year budget
   b) Review and vote on candidates to join the Board at the Fall meeting Proposed Amendments to Bylaws, Operating Policies and Procedures
   c) President announces standing committee chairs and assignments for upcoming year
   d) Standard Contract Agreement with Minnesota State Colleges and Universities system review, approve and sign (every three years)
   e) Grants Committee final report
   f) Farewell to Board members concluding their term of service
   g) Board member self-evaluation
   h) distribution for upcoming year

1.9.2 **Special Meetings.** Special meetings of the Board of Directors may be called at any time by the President or Vice President of the Foundation, or by any three Directors upon delivering a written request therefor to the Secretary.

1.9.3 **Notice.** Written notice of the date, time and location of each meeting of the Board of Directors and, in the case of a special meeting, the purpose(s) for which it is called, shall be mailed by the Secretary to each of the Directors at least 20 days in advance of the date for the meeting. A Director may waive notice in writing and attendance at a meeting shall constitute such a waiver.

1.9.4 **Telephone Meetings.** Meetings of the Board of Directors may be held by telephone or similar communications equipment if all Directors are given either (a) written notice at least five days in advance of such meeting or (b) if all Directors are reached, telephone notice at least 24 hours in advance of such meetings and if all Directors participating can hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

1.9.5 **Action Without Meeting.** Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if all Directors consent thereto in writing prior to the action being taken.

1.9.6 **Quorum.** One-third of the members of the board of Directors who are entitled to vote shall constitute a quorum at any and all Board meetings.

*Revised May 18, 2018*
1.10 **Voting.** Each member of the Board of Directors shall have one vote at each meeting of the Board, except that the ex officio Directors positions listed in Article 1.4.1 shall not have voting rights. Voting at meetings of the Board shall be by each Director in person and a majority vote shall decide questions unless a larger vote is specifically provided for by these Bylaws, the Articles of Incorporation or required by the laws of the State of Minnesota.

1.11 **Directors Emeriti.** The Board of Directors may create honorary, emeriti or equivalent nonvoting positions on the Board and, on the basis of long and special service to the Foundation, recommend that individuals be elected to these positions for one-year terms with possible election to succeeding one-year terms.

1.12 **Directors Roster.** A Director roster shall be produced and kept current to record the names of all Board members and give recognition to them, honorary, regular and emeriti.

**ARTICLE 2**

**EXECUTIVE COMMITTEE**

2.1 **Composition.** There shall be an Executive Committee of the Board of Directors comprised of the following members of the Board:

- President
- Vice President
- Secretary
- Assistant Secretary
- Treasurer
- President of the University
- Committee Chairs

*Revised Sept. 30, 2016*

2.2 **Powers.** During the intervals between meetings of the Board of Directors the Executive Committee shall have and exercise all of the rights and powers of the Board, except that the Executive Committee shall not have the right or power to take any action:

(a) which is materially inconsistent with an established policy of the Foundation,

(b) which establishes a new policy of the Foundation, or

(c) which is withheld from the Executive Committee by resolution of the Board

The Executive Committee may make rules for the conduct of its own business.

2.3 **Terms.** The term of office for each Executive Committee member shall be coterminous with occupancy of the office qualifying the individual to be an Executive Committee member.

2.4 **Meetings.** Meetings of the Executive Committee shall be held at such time and place as the President, or any three members thereof, shall designate by delivery of a written request therefor to the Secretary.
2.4.1 **Notice.** Written notice of the date, time, location and purpose of each meeting of the Executive Committee shall be mailed by the Secretary to each member of the Committee at least 10 days in advance of the date of the meeting. A Committee member may waive notice in writing and attendance at a meeting shall constitute such a waiver.

2.4.2 **Telephone Meetings.** Meetings of the Executive Committee may be held by telephone or similar communications equipment in the manner and with the effect provided for in Article 1.9.4 for meetings of the Board of Directors.

2.4.3 **Action Without Meeting.** Any action that may be taken by the Executive Committee at a meeting may be taken without a meeting if each Executive Committee member consents thereto in writing to the action being taken.

2.4.4 **Quorum.** The presence of a majority of the members of the Executive Committee entitled to vote shall constitute a quorum for the purpose of transacting business. Each member shall have one vote, except for the ex-officio members, who shall not have voting rights. The act of a majority of the Members present at a meeting at which a quorum is present shall be the act of the Executive Committee.

Revised Sept. 30, 2016

2.4.5 **Minutes.** The minutes of all meetings of the Executive Committee, and all actions taken therein, shall be submitted to all of the members of the Board promptly following the Executive Committee Meeting.

**ARTICLE 3**

**OFFICERS**

3.1 **Composition.** The volunteer officers of the Foundation shall be a President, a Vice President, a Secretary, a Treasurer, each to be a member of the Board of Directors and each to have such duties or functions as provided in these Bylaws or as the Board may from time to time determine. No individual shall hold more than one of the offices. Unless an officer dies, resigns or is removed, he or she shall hold office until the next annual meeting of the Board and until his or her successor is elected. The officers shall receive no compensation for their services as such officers.

Revised October 4, 2018

3.2 **Duties and Powers.** The President, Vice President and Secretary shall be ex officio members of all Foundation committees, with full voting rights except as otherwise provided herein. The officers of the Foundation shall have the following responsibilities and duties.

3.2.1 **President.** The President shall preside at all meetings of the Board of Directors and the Executive Committee; shall appoint members to committees; and shall maintain close liaison with the University President and the Foundation Secretary to assure coordination with and support of the University’s goals. He or she shall provide for policy development and guidance of the Foundation and review performance of the Foundation and University fund-raising events. Upon completion of a term as President of the Board, each person having held that office may from time to time be asked by the President, the Board of Directors or the University President, individually or as a group, to assume advisory or leadership roles and responsibilities.
3.2.2 **Vice President.** The Vice President shall act for the President whenever the latter is absent, shall assist the President in the responsibilities and duties of that office and carry out such additional responsibilities as may be delegated to him or her by the President.

3.2.3 **Secretary & Assistant Secretary.** The Secretary shall keep, or provide for the maintenance of, the records of the Foundation, including the minutes of meetings of the Board of Directors, the Executive Committee, and other committees of the Board, in a proper book or books to be provided for that purpose, see that all notices required to be given by the Foundation are duly given, provide for custody of the seal of the Foundation, and issue, sign and seal, together with the president, all instruments in writing affecting the Foundation except as otherwise provided by the Board of Directors. The Secretary shall perform all of the other duties usually pertaining to this office and such related duties as may from time to time be assigned to him or her by the Board of Directors. The Vice President for University Advancement shall serve as Assistant Secretary of the Foundation to assist with administrative duties and responsibilities as the Secretary may assign.

3.2.4 **Treasurer.** The Treasurer shall serve as chief financial officer to the Foundation, shall oversee the collection and accounting of all the money and securities and non-cash assets of the Foundation, shall keep or provide for the maintenance of regular books of account, and make reports of the finances of the Foundation at each meeting of the Board of Directors and when otherwise called upon by the President. The Treasurer shall perform all of the other duties usually pertaining to this office and such related duties as may from time to time be assigned to him or her by the Board of Directors.

3.2.5 **Assistant Treasurers.** The Board of Directors may by resolution appoint one or more Assistant Treasurers, who need not serve on the Board, to whom the Treasurer or Board may delegate such powers and duties as the Treasurer or Board shall specify.

3.3 **Board & Development.** Each year during the Annual Meeting of the Directors, the Board & Development Committee shall present its slate of nominees to become the volunteer officers of the Foundation as set forth above.

3.4 **Vacancies.** Vacancies in offices held by volunteer officers may be filled by the affirmative vote of a majority of the members of the Board of Directors present at any meeting at which a quorum is present; provided that the Board shall first have received the recommendations of the Board Development Committee.

**ARTICLE 4**

**COMMITTEES OF THE BOARD**

In addition to the Executive Committee and such ad hoc committees as the Board of Directors may from time to time create, there shall be the following standing administrative and fund-raising committees of the Board of Directors:
4.1 **Administrative Committees.** During or promptly following each annual meeting of the Board, the President of the Board, upon consultation with appropriate University and Foundation officers, shall appoint the following administrative committees and the Chair of each of them. Other members of these committees shall be Directors except as the contrary is specifically directed in the following provisions of this Article 4.1. Unless otherwise specified, these committees shall serve until the next annual election of Directors and officers of the Foundation. The administrative committees of the Board are as follows:

4.1.1 **Investment Committee.** The Investment Committee shall be comprised of not fewer than five members, with the majority selected from among current Directors. In addition, the Treasurer shall serve as a member of this Committee. Subject to the approval of the Board of Directors, the Investment Committee shall establish the investment policies and procedures for all funds of the Foundation. Acting in a manner that is consistent with such policies and procedures, the Investment Committee shall be responsible for the management of all funds of the Foundation, including the selection and evaluation of investment managers and the establishment of the goals and operating principles for the investment managers. The Committee shall also review and oversee the management of all assets held in trust by the Foundation.

4.1.2 **Stewardship Committee.** Note: This Committee has been moved to inactive status. The Stewardship Committee shall be comprised of not less than three individuals from among the authorized number of Directors. The Stewardship Committee shall provide leadership and guidance regarding stewardship and recognition of Foundation donors and friends of the University.

Revised Sept. 30, 2016

4.1.3 **Board & Development Committee.** The President shall appoint annually to the Board Development Committee to serve for the ensuing year, five or more individuals each of whom shall be a Director. The Board Development Committee is authorized and directed to analyze continually the needs of the Foundation for skill and talent from Directors, and to assess the levels of skill and talent currently available from Directors. The Committee shall actively recruit individuals to bring the needed skills and talents to the needs of the Foundation and may seek recommendations from others from time to time. Only after review and recommendation by the Board Development Committee will nominees be forwarded to the Board of Directors for action. The Committee shall also be responsible for the professional growth and development of Directors in their role as Board members, through a thorough orientation program and through other programming from time to time. The Committee shall maintain a Statement of Expectations for Board, Directors and will regularly review the performance of Directors. As provided in Articles 1.6 and 3.4, the Board & Development Committee shall provide the Board of Directors with recommendations regarding all vacancies, which occur, on the Board and among the officers of the Board.

4.1.4 **Other Administrative Committees.** Other Administrative Committees not having and exercising the authority of the Board of Directors in the management of the Foundation may be designated from time to time by the Board of Directors. Such committees shall be appointed on an annual basis and their duties and functions shall be as is determined by the Board.

4.1.5 **Audit Committee.** The President shall annually appoint to the Audit Committee not less than three Board members, at least one of whom shall be an “audit committee financial expert” as defined by the Securities and Exchange Commission. The Audit Committee shall report directly and only to the full Board of the Foundation. It shall monitor 1) the integrity of the financial statements of the Foundation; 2)
the adequacy of the Foundation’s internal controls in general and as they specifically relate to fraud; 3) the independence and performance of the Foundation’s independent auditors; 4) conflict-of-interest transactions; 5) the Foundation’s whistleblower program; and 6) compliance with the Foundation’s record retention policy.

Revised February 2, 2018

4.1.6 **Finance Committee.** The Foundation President shall annually appoint three or more current directors, one of which will be the Foundation’s Treasurer. The Finance Committee shall report to the Executive Committee Board of the Foundation. The Committee will 1) work with University staff and the other Board Committees to establish the Foundation’s operating budget for Board approval at the spring meeting, 2) review and monitor the sources of funds and expenditures, 3) review requests and issues of a financial nature or having a financial impact on the Foundation and make recommendations to the Board, and 4) support the work of the University Advancement staff who manage the Foundation budget.

Revised February 2, 2018

4.1.7 **Gift Acceptance Committee.** The Gift Acceptance Committee may review all gifts to the Foundation, including cash, securities, planned gifts and non-cash gifts. Meetings are scheduled when there is a gift to be reviewed by the committee. The Development Officer or other individual from the college or unit that solicited/received the gift provides the background information and attends the meeting to support the receipt of the gift. The Foundation Board is represented by the Chair of either the Investment or Audit Committee.

Revised May 19, 2017

4.2 **Special Committees.** The President may be asked from time to time by the University and is authorized to appoint one or more representatives to University affiliated committees operating in areas related to but not directed by the Foundation, such as College Advisory Boards, Public Affairs Task Force, and the University Scholarship Committee. Directors who are so appointed shall have the responsibility of assisting in specific committee activities and keeping the Board of Directors informed of significant committee action on a timely basis. Other special Foundation committees may be established as needed.

4.3 **Vacancies.** Vacancies in the membership of any Foundation committee may be filled by appointments made in the same manner as provided for in original appointments.

4.4 **Quorum.** Those committee members who attend a duly called committee meeting shall constitute a quorum and the act of a majority of the committee members present at a meeting shall be the act of the committee.

4.5 **Rules.** Each committee may adopt rules for its own operation not inconsistent with these Bylaws or with policies and procedures adopted by the Board of Directors.
ARTICLE 5

FINANCES

5.1 Use of Income. All unrestricted gifts to the Foundation and other income not otherwise designated by the donor to endowment or restricted purposes shall go into the general fund of the Foundation and, after the payment of reasonable expenses of the Foundation, the same shall be used exclusively for the use and benefit of the University in accordance with the general purposes of the Foundation. The Foundation may receive, manage, invest, and disburse conditional gifts only if such gifts are for the exclusive use and benefit of the University.

The phrase “exclusive use and benefit of the University” shall include gifts for the benefit of any separate or independent organization which is supportive of or affiliated with the University or its programs and functions, but only if such organization is (a) organized exclusively for charitable, scientific, or educational purposes and for the exclusive use and benefit of the University, and (b) qualified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law). The Board of Directors may from time to time provide procedures for the establishment of special or designated funds to be administered by the Foundation under the conditions of their creation.

5.2 Contributions and Disbursements. All contributions and other funds received by the Foundation shall be deposited in a special account or accounts in such banks, trust companies, or other depositories as the Board of Directors may select. All disbursements shall be made under proper authority of the Board of Directors. All contributions, income to and disbursements of the Foundation shall be recorded by the Foundation Accountant in appropriate books and records and such records shall be subject to examination at any reasonable time, upon request by any Director.

5.3 Budget. A statement of proposed receipts, operating income and expenditures for the following year shall be prepared jointly by the Finance Committee and University staff and submitted to the Board of Directors through the Executive Committee at least annually. When approved by the Board, such budget shall be the authorization for expenditures and operating expenses of the Foundation, subject to subsequent changes made by the Board of Directors.

5.4 Administration of the Budget. The Finance Committee reviews and monitors the expenditures against the budget and reviews issues having a financial impact on the Foundation.

5.5 Checks, Drafts, Etc. All checks, drafts, vouchers, or orders for the payment of money from funds on the Foundation shall be signed/authorized by such officer or officers or agent or agents of the Foundation and in such manner as shall from time to time be provided by resolution of the Board of Directors. In the absence of such provision by the Board such instrument shall be signed by any two officers of the Board, one of whom shall be the Treasurer.

5.6 The Fiscal Year. The fiscal year of the Foundation shall be July 1 to June 30.

5.7 Audit. The Board of Directors, through its Audit Committee, shall cause an annual audit report in comparative form regarding the financial activities and affairs of the Foundation to be prepared by a firm of independent certified public accountants (including the opinion of such firm), and to be made available to all Directors, and, upon request, any other interested member of the University constituency.
ARTICLE 6

EXECUTION OF CONTRACTS, DEEDS, AND TRANSFERS AND REPRESENTATION WITH REFERENCE TO SECURITIES

6.1 Execution of Contracts and Deeds. Except as otherwise provided by resolution of the Board of Directors authorizing the execution thereof, all contracts, deeds, notes, mortgages, pledges, transfers, and other written instruments binding upon the Foundation shall be executed in behalf of the Foundation by the President and Secretary of the Foundation.

6.2 Voting Securities Owned by the Foundation. Unless otherwise provided by resolution of the Board of Directors, each of the President of the Board, Vice President, Secretary, or Treasurer shall have full authority on behalf of the Foundation to attend, to act and to vote at any meetings of the stockholders, bondholders, or other security holders of any corporation, trust, or association in which the Foundation may hold securities. At any such meeting, the President of the Board, Vice President, Secretary, or Treasurer shall possess all of the rights and powers incident to the ownership of such securities, which as owner thereof the Foundation possesses, including the authority to delegate such authority by proxy. The Board of Directors may, by resolution, confer like authority upon any other person or persons.

6.3 Sale of Securities. Unless otherwise ordered by resolution of the Board of Directors, any of the following officers, the President of the Board, Vice President, or Treasurer in addition to the secretary are authorized and empowered jointly to buy and sell stock held or owned by the Foundation, for such consideration as should meet their approval, and to that end each is further authorized to execute all bills of sale, transfers, assignments and other writings necessary or convenient for effectuating such purposes. Each of such officers is further authorized to give or have given proper notices of any such action, have all dispositions registered and noted by the books and records of this or any other corporation or partnership where required, and to do all other things necessary or convenient to accomplish such purposes.

ARTICLE 7

SEAL

The Corporate seal of the Foundation shall be circular in form, shall bear the words “Minnesota State University, Mankato Foundation, Inc.” near the outer edge of the circle, and shall have in the middle of the circle the words “Corporate Seal.” The seal is hereby adopted as the seal of the Foundation. A symbol for the Foundation including only the words “MSU Foundation” or some similar wording may be adopted by the Board.

ARTICLE 8

INDEMNIFICATION

To the full extent permitted by Minnesota Statutes Section 300.083 or any other Minnesota Statute permitting such indemnification, the Foundation shall indemnify any person who was or is a party or is threatened to be made a party to any civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the right of the Foundation or otherwise) by reason of the fact that he or she is or was a Director or officer of the Foundation or is or was serving at the request of the
Foundation as a Director or officer of another corporation, whether for profit or not-for-profit, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding; and the Board of Directors may, at any time, approve indemnification of any other person which the Foundation has the power to indemnify under Minnesota Statutes Section 300.083 or any other Minnesota Statute permitting such indemnification. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract. The Foundation may purchase and maintain indemnification insurance for any person to the extent provided by applicable law.

ARTICLE 9
AMENDMENTS

The authority to adopt, amend and repeal the Bylaws of the Foundation is vested in the Board of Directors of the Foundation. The Bylaws may contain any provision for the regulation and management of the affairs of the Foundation which is not inconsistent with the Articles of Incorporation of the law of the State of Minnesota.

Submitted for approval January 13, 2012

These Bylaws (as well as Foundation Policies and Procedures) may be altered or amended by a majority vote of the Foundation Board of Directors, (excluding ex-officio), who are present at any regular meeting of the Board of Directors provided a quorum is present. Any proposed amendment must be sponsored by one of the standing committees of the Board, having been presented at a committee meeting for review and debate. The Chair of the sponsoring committee would recommend the Amendment to the Foundation President for inclusion at the next regular Board meeting agenda.

Revised Sept. 30, 2016
Section 3  MISSION, OBJECTIVES, CONFLICTS & COMMITTEE COMMISSIONS

Mission and Objectives ......................................................................................... MSUF 3.0

A. Mission
To enhance the University’s ability to achieve its mission by encouraging and stewarding sustained philanthropic support from alumni and friends.  

Approved May 19, 2007

B. Objectives
The Minnesota State Mankato Foundation exists to encourage and steward sustained philanthropic support from alumni and friends, to support the work of Minnesota State University, Mankato.

Directors of the Minnesota State Mankato Foundation Board are professional women and men who share a commitment to the University and a willingness to invest their time, talent, and resources for the betterment of the University through advocacy and fundraising.

The following is expected of every Board member:

Knowledge. The more Board members know about the institution, the more powerful advocates they can be. Staff members strive to provide Board members with ample opportunities to learn what’s new and compelling at Minnesota State Mankato.

Generosity. Every Board member is expected to give a personal gift to the Foundation each year; to consider a planned gift to the Foundation; and to help ensure that the Foundation has sufficient funds, through fundraising, monitoring investment earnings and other means.

Presence. Board members are expected to attend full Board meetings and committee meetings in person or via technology. Members are expected to serve on at least one standing committee of the Foundation Board.

Revised Jan. 13, 2012
A. **Scope.** The following statement of policy applies to each member of the Board of Directors and to all officers of Minnesota State University, Mankato Foundation, Inc. It is intended to serve as guidance for all persons employed by Minnesota State University, Mankato in positions of significant responsibility for the activities of the Foundation.

B. **Fiduciary Responsibilities.** Members of the Board of Directors and officers of the Foundation serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with this fact. 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 Minnesota State University, Mankato and the public good. The integrity of the Foundation and Minnesota State University, Mankato must be protected and advanced at all times.

Men and women of substance inevitably are involved in the affairs of other institutions and organizations. An effective Board cannot consist of individuals entirely free from at least perceived conflicts of interest. Although most such potential conflicts are and will be deemed to be inconsequential, it is everyone’s responsibility to ensure that the Board is made aware of situations that involve personal, familial, or business relationships that may be troublesome for the Foundation or Minnesota State University, Mankato. Thus, the Board requires each director and officer annually (1) to review this policy; (2) to disclose any possible personal, familial, or business relationships that reasonably could give rise to a conflict of interest involving the Foundation or Minnesota State University, Mankato; and (3) to acknowledge by his or her signature that he or she is in accordance with the letter and spirit of this policy.

C. **Disclosure.** All directors and officers are requested to disclose *only those substantive relationships* that they maintain (or members of their family maintain) with organizations that do business with the Foundation, Minnesota State University, Mankato, or any related or affiliated organization, or which otherwise could be construed to potentially affect 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 President of the Foundation, who in turn may consult with a legal counsel, the Executive Committee, or the Board of Directors in executive session. Information disclosed or provided by any person pursuant to this policy shall be held in confidence except when, after consultations with that person, the best interests of the Foundation or Minnesota State University, Mankato would be served by disclosure.

The following definitions are provided to assist directors and officers in determining whether to disclose a particular relationship:

1. **Substantive Relationship.** One in which a director, officer or family member, or an organization with which the director, officer, or family member has a business relationship, (1) does substantial business with the Foundation, Minnesota State University, Mankato or (2) has other direct or indirect dealings with the Foundation or
Minnesota State University, Mankato, or any related or affiliated organization from which the director, officer or family member benefits directly, indirectly or potentially from cash or property receipts totaling $20,000 or more annually.

2. Business Relationship. One in which a director, officer, family member 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.

3. Family Member. A spouse, parents, siblings, children or any other relative of a director or officer if the latter resides in the same household as the director or officer.

4. Restraint on Participation. Directors 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.

Adopted by the Board of Directors on the 1st day of October, 1999
Approved Oct. 1, 1999
A. Responsibility. The Executive Committee is established to provide leadership and continuity to the corporation between meetings of the full Board.

B. Chair. The Chair shall be the president of the Foundation Board of Directors.

C. Membership. The Executive Committee shall consist of Committee chairs, officers of the Board of Directors, the immediate past president of the Board, and the President of the University. The term of members of the Executive Committee shall be one (1) year.

D. Duties and Responsibilities

1. The Committee shall meet as needed on dates announced by the President of the Board.

2. The Committee has the authority to manage and control the affairs and business of the corporation as the Board may deem necessary and advisable.

3. The Committee shall oversee the actions and direction of all committees of the Foundation.

Revised Jan. 13, 2012
A. Responsibility. The Investment Committee is established to provide stewardship of the Foundation’s assets. The Investment Committee will also recommend to the Foundation Board acceptance or rejection of all investment-related gifts and advise Minnesota State University, Mankato staff regarding management of investment-related gifts. The Investment Committee is responsible directly to the Board. This is a standing committee provided for in the Foundation By-Laws.

B. Chair. The Chair, a member of the Board, shall be appointed by the president of the Foundation Board.

C. Membership. The Treasurer shall always be a member of the Committee. The Committee shall consist of at least five, but not more than fifteen members. Each member of the Committee shall be appointed by the Board president for one year with no limitation on reappointment (see Bylaws, Article 4.1). Committee members may be either Board members or non-Board members, with the majority selected from among current Directors. Appointments shall be made during or promptly following the each annual meeting of the Board of Directors.

D. Duties and Responsibilities. Subject to the approval of the Board of Directors, the Investment Committee shall establish the investment policies and procedures for all funds of the Foundation. Acting in a manner that is consistent with such policies and procedures, the Investment Committee shall be responsible for the management of all funds of the Foundation, including the selection and evaluation of investment managers and the establishment of the goals and operating principles for the investment managers.

In addition, the Investment Committee serves to evaluate the appropriateness of real estate gifts that are proposed to the Foundation, and to acquire, manage and dispose of real property as deemed appropriate for the Foundation and Minnesota State University, Mankato. The Committee shall have oversight responsibility for management of real property and its ultimate disposition, either by sale or gift to the University.

1. The Committee will meet regularly to review the investments of the Foundation.

2. The Committee shall place assets in accordance with Board approved policy.

3. The Committee shall review all proposals that would result in the Foundation’s serving as trustee.

4. The Investment Committee shall report its activities and investment practices to the Board as appropriate.

Revised Jan. 13, 2012
A. Responsibility. The Board & Development Committee shall be responsible for establishing and maintaining Board membership aligned with the Foundation President and University President’s vision for the institution.

B. Chair and Vice-Chair. The Chair and Vice-Chair shall both be members of the Foundation Board and shall be appointed by the President of the Foundation Board.

C. Membership. The Foundation President shall annually appoint five or more individuals, each of whom shall be a Foundation Board member and a donor.

D. Duties and Responsibilities

1. Board membership
   - Regularly evaluate committee and full Board membership to determine which professions and demographics need to be represented.
   - Suggest and discuss potential new members who would fulfill those needs.
   - Recommend new members to the Foundation Board President.
   - Participate in Board member recruitment as directed by the Foundation Board President.

2. Board giving
   - Give annually to the Foundation.
   - Solicit other Foundation Board members to ensure 100% annual Foundation Board member giving.

3. Board culture
   - Participate in new Board member orientation to ensure that new members understand and embrace expectations.
   - Remind fellow Foundation Board members of expectations as needed.

Revised Jan. 13, 2012
A. Mission. The Audit Committee acts on behalf of the Foundation Board to ensure compliance with applicable accounting, financial reporting and tax requirements, monitoring the whistleblower program, monitoring of compliance with the Foundation’s record retention policy, and other actions it determines are necessary to fulfill this Mission.

B. Membership. The President of the Foundation shall appoint one of its members to act as Chair of the Audit Committee. The Audit Committee shall consist of at least three directors selected by the President. Each member of the Committee shall be able to read and understand fundamental financial statements, including the Foundation’s balance sheet, income statement and cash flow statement.

1. At least one member of the Committee shall have past employment experience in finance or accounting, professional certification in accounting, or comparable experience and background (such as a position as a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities) which results in financial sophistication, recognized financial or accounting expertise that qualifies such member as an “audit committee financial expert” as defined by the Securities and Exchange Commission (SEC). The SEC describes the “audit committee financial expert” as someone who has characteristics that are particularly relevant to the functions of the audit committee, such as: a thorough understanding of the audit committee’s oversight role, expertise in accounting matters as well as understanding of financial statements, and the ability to ask the right questions to determine whether the company’s financial statements are complete and accurate.

2. All Committee members shall meet the independence requirements of the SEC (such requirements may be modified or supplemented from time to time). The SEC describes “independent director” as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship, which, in the opinion of the company’s board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

C. Duties and Responsibilities

1. Commission. The Committee shall review and reassess the adequacy of this formal written commission on at least an annual basis.

2. Meetings. The Committee shall meet at least twice annually, or more frequently as circumstances dictate. One of those meetings shall be with the independent auditors to discuss and plan for the annual audit. The other meeting shall be to receive the independent auditor’s report and opinion. The Chair of the Committee may schedule additional meetings as appropriate. The Committee Chair shall review and approve an agenda in advance of each meeting.

3. Fraud. The Committee shall oversee the assessment of fraud risk performed by University staff or by the independent auditors.
- The assessments should consider the potential risk of fraud.
- The assessments should be on a comprehensive and recurring basis.

4. Investigations. The Committee shall conduct or authorize investigations into any matters within the scope of its responsibilities. The Committee shall have the independence, authority and necessary funding to retain special legal, accounting or other consultants to advise the Committee. The Committee may request any officer or employee of the Foundation or the Foundation’s outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

5. Financial Controls. The Committee shall evaluate and report to the Board regarding the adequacy of the Foundation’s financial controls. In particular, the Committee shall:

- Ensure that the independent auditors are aware that the Committee is to be informed of all control problems identified.
- Review with the Foundation’s legal counsel any legal matters that may have a material impact on the financial statements.
- Review the effectiveness of systems for monitoring compliance with laws and regulations relating to financial reporting.
- Receive periodic updates from University staff, legal counsel, and the independent auditors concerning financial compliance.

6. Financial Statements. The Committee shall review and make recommendations to the Board regarding the adequacy of the Foundation’s financial statements and compliance of such statements with financial standards. In particular, and without limiting such responsibilities, the Committee shall:

- Review and discuss the Foundation’s audited financial statements with University staff and with the Foundation’s independent auditors prior to filing or distribution.
- Review with University staff and the independent auditors all significant financial reporting issues, accounting principles, critical accounting estimates and underlying judgments made in connection with the preparation of the Foundation’s audited financial statements.
- Discuss with the independent auditors the matters required to be discussed by the Financial Accounting Standards Board relating to the conduct of the audit.

Based on the foregoing, the Committee will review the draft financial statements and accept the financial statements as final and recommend to the Executive Committee that a request be included for the Board to approve at its next meeting the final audited financial statements and the distribution of those financial statements.

7. Independent Auditors. The Committee in its relationship with the independent auditors shall:

- Review the independence and performance of the independent auditors.
- Ensure receipt from the independent auditors of a formal written statement delineating all relationships between the independent auditors and the Foundation.

- Actively engage in a dialog with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors.

- Take appropriate action to oversee the independence of the independent auditors.

- Pre-approve all non-audit services to be performed by the independent auditors.

- Assure that the lead and reviewing partner of the auditing firm rotate off the audit every five years, with a timeout of five years.

- Meet, at least annually, with the independent auditor in executive session without the presence of University staff.

6. Notwithstanding the foregoing, the independent auditors shall be ultimately accountable to the Committee as representatives of the Board of the Foundation. The Committee shall have ultimate authority and responsibility to select, evaluate, and where appropriate, replace the independent auditors.

8. Conflicts of Interest. The Committee shall review all potential conflict of interest situations and where appropriate approve related party transactions between the Foundation and its officers, directors and significant donors. If the related party transaction must be approved between Audit Committee meetings, the University staff or Foundation member with the details will circulate a summary to the Audit Committee for review and a vote to accept or reject the proposed transaction.

9. Whistleblower Program. The Committee shall be responsible for establishing and monitoring the Foundation’s whistleblower program.

1. General

The Minnesota State University Mankato Foundation’s (the Foundation) directors, officers, other volunteers, and employees are expected to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Representatives of the Foundation must fulfill their responsibilities with respect to the Foundation with honesty and integrity, and in compliance with all applicable laws and regulations.

The objectives of this Foundation Whistleblower Policy are to establish policies and procedures for:

- The submission of concerns or complaints regarding questionable accounting, internal controls or audit matters, or regarding violations or suspected violations of policy or law, relating to the Foundation, on a confidential basis.

- The receipt, retention, and treatment of concerns or complaints received by the Foundation regarding accounting, internal controls, or audit matters.

- The protection of individuals reporting any such concerns or complaints from retaliatory actions.
2. Reporting of Concerns

Each Board member, Officer, other volunteer or employee of the Foundation has an obligation to promptly report in accordance with this Whistleblower Policy any concerns or complaints they have or that are communicated to him or her regarding: a) questionable or improper accounting, internal controls or auditing matters relating to the Foundation, and (b) any violation or suspected violation of policy or law relating to the Foundation, (hereinafter collectively referred to as “Concerns”). The Chair of the Audit Committee will acknowledge receipt of the Concern to the reporter (if known) of the Concern within five business days, if possible. However, if the Concern relates to the Audit Committee or any member thereof, the report should be made to the President of the Foundation.

Contact information for the Chair of the Audit Committee and the President of the Foundation may be obtained through the Foundation website at the following link: [add link] Concerns may be submitted anonymously. It is recommended that an anonymous report of a Concern be submitted in writing and sent directly to the Chair of the Audit Committee.

3. Process for Addressing Concerns

Upon receipt of a report of a Concern, the Chair of the Audit Committee shall communicate with the President of the Foundation to determine appropriate next steps for follow-up, which may include an investigation by or on behalf of the Audit Committee, referral to University Human Resources or other management, or other appropriate follow-up steps. The Audit Committee has the authority to retain outside legal counsel, accountants, private investigators, or any other resources it deems necessary to conduct a full and complete investigation of any Concern. Recommendations for resolution, including any corrective action, with respect to any such Concern shall be submitted to the Executive Committee of the Board for review, finalization and follow-up. All Concerns and resolution to such Concerns shall be documented in writing by the Audit Committee.

4. No Retaliation

No individual, who, in good faith, reports a Concern shall be subject to retaliation or, in the case of an employee, adverse employment consequences, as a result of reporting such concern. Moreover, any person who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including dismissal from the volunteer position or, if applicable, termination of employment.

5. Acting in Good Faith

Anyone reporting a Concern must act in good faith.
6. Confidentiality

Reports of Concerns, and investigation pertaining thereto, shall be kept confidential to the extent possible, given the need to conduct an adequate investigation.

Revised October 4, 2018

10. Records Retention Policy. The MSUM Foundation will follow the Minnesota State University Record Retention procedures with regard to the retention and destruction of records. All University employees engaged with donor and accounting records must adhere to these Record Retention procedures, it is the Foundation Board’s position that a separate Foundation policy is not needed.

If the University changes its Record Retention procedures directly affecting Foundation records, the Foundation President and Audit Committee Chair will be notified by the VP for University Advancement and a determination can be made to take further action if needed.

Revised October 4, 2018
A. Responsibility. The Stewardship Committee is established to assist the Vice President for University Advancement and the Foundation Board in identifying and developing proper stewardship vehicles for donors and friends of the University.

B. Chair. The Chair shall be a member of the Board of Directors appointed annually by the Foundation Board President.

C. Membership. The Stewardship Committee shall be comprised of not less than three individuals from among the authorized number of Directors. Each member of the Committee shall be appointed by the Foundation Board President for a one-year term with no limitation on reappointment.

D. Duties and Responsibilities. The Committee shall advise, participate and consult with University Advancement staff regarding stewardship vehicles for donors and friends of the University. Vehicles may include, but are not limited to, scholarship dinners, the scholarship application process, donor recognition events, public recognition of donors, annual endowment reports, and engagement of past Board members.

Revised Jan. 24, 2014
A. Responsibility. The Grant Committee is established to provide annual grants to faculty and staff or to students through the Undergraduate Research Center (URC). The mission of the URC is to promote high-quality undergraduate student-faculty collaborative research, scholarship and creative work.

B. Chair. The Chair, a member of the Board, shall be appointed by the president of the Foundation Board.

C. Membership: The Grant Committee shall be comprised of not less than five individuals from among the authorized number of Directors. The Foundation Board President shall appoint each member of the Committee for a one-year term with no limitation on reappointment.

D. Duties and Responsibilities

1. Annually review the focus of the Foundation’s grant program to set direction and priority for grants.

2. Formulate an annual budget request to the Foundation Board.

3. Monitor grants awarded, make sure funds are appropriately expended and accounted, and seek final reports on grants funded. Recipients may be asked to meet with the Committee or the full Foundation Board to provide reports on grant outcomes.

Revised Jan. 13, 2012
A. Responsibility. The Finance Committee shall be responsible for

B. Membership. The Foundation President shall annually appoint three or more current directors one of which will be the Foundation’s Treasurer. The Chair shall be a Foundation Board director and shall be appointed by the President of the Foundation Board. The Chair must have technical experience with budget and/or finance. Ex-officio committee members include the MSU Vice-President for Finance and Administration (or designee), the MSU Vice President for University Advancement (or designee), the Foundation accountant, and up to four Foundation Ambassadors.

C. Duties and Responsibilities

To fulfill its mission the Committee may take on duties in addition to those listed below.

1. The Committee shall review and reassess the adequacy of this formal written Commission on at least an annual basis considering any additional duties that may have been undertaken.

2. The Committee shall understand the sources of funds that support the operations of the Foundation.

3. The Committee will work with University staff and other Board Committees to establish the Foundation’s operating budget for Board approval at the spring meeting.
   - The Committee members will understand the Foundation’s objectives and ensure that budget(s) are aligned with those objectives.
   - The Committee will work with University staff and other Board Committee Chairs to develop appropriate budget(s).
   - the Committee will review and recommend the budget(s) to the Executive Committee for review and submission for full Board approval.

4. The Committee will review and monitor the sources of funds and expenditures.
   - At least quarterly, the Committee will meet with University Staff to review actual sources of funds and expenditures versus budget and forecast sources of funds and expenditures versus budget and follow-up on items outside of expectations.

5. Review requests and issues of a financial nature or having a financial impact on the Foundation, and make recommendations to the Board.

6. Support the work of the University Advancement staff who manage the Foundation budget.

Revised February 2, 2018
A. Responsibility: The Gift Acceptance Committee may review all gifts to the Foundation, including cash, securities, planned gifts and non-cash gifts.

Gift acceptance is coordinated with the Foundation, the University, and MSU departments/programs impacted by a potential gift. The review is to ensure that acceptance, use and administration of the gift is consistent with the mission, operation and goals of Minnesota State University and its schools and units.

Approval of gifts of cash or publicly traded securities may be assumed unless there are extenuating circumstances.

Approval not only applies to the subject property, but also extends to all restrictions, terms and conditions placed on Minnesota State University (and the Foundation) acceptance, use or liquidation of the gift asset and the earnings and proceeds from its ultimate sale or other disposition.

Donative intent must be the primary motive for gift giving, that is, the intention to give something of value for the betterment of the university, with no expectation of receiving anything in return.

B. Chair: The committee is chaired by the Vice President for Finance and Administration. Once all information listed in MSUF 6.6A is available a committee meeting may be called.

C. Committee members: Vice President for University Advancement, Provost or designee, Foundation Executive Member (Chair of Investment, Audit Committee or Finance Committee), Chief of Staff/Representative from President’s Office, Vice President for Finance and Administration, Senior Director of Administration (UA staff liaison).

D. Meeting schedule: As needed. Meetings are scheduled when there is a gift to be reviewed by the committee. The Development Officer or other individual from the college or unit that solicited/received the gift provides the background information and attends the meeting to support the receipt of the gift.

The committee generally has sufficient information to make a decision at the meeting, however, there are instances where the committee requests additional information. While most gifts are accepted, there are situations where the committee declines a gift. Some reasons to not accept a gift are:

- Gifts that have conditions placed on them that the university cannot honor, e.g. the university must keep a piece of property for a specified period of time or the university is requested to sell/not sell property to a specific individual or group.
• Gifts of real property that have liens.

• Gifts which obligate the university to violate university policy or break the law.

• Gifts which limit, beyond a general description of the subject area, the research or work of a faculty member or student.

• Gifts which inhibit the university from seeking gifts from other donors, be they similar or different, foreign or domestic.

• Gifts that expose the university to potential environmental liability.
All Foundation administrative operating costs shall be paid from the Foundation’s General Fund. This account will be funded as follows:

A. Unrestricted gifts to the Foundation.

B. The Unrestricted Fund will receive support from the earnings of the spendable accounts in an amount not to exceed seven percent (7%) on the balance of those accounts. The exact amount of the support will be determined annually by the Investment Committee and approved by the Foundation Board of Directors at a following Board meeting and may be either a specific dollar amount or any percentage up to seven percent (7%). The amount will be based on the investment results of the previous twelve (12) months ending June 30 each year. Income earned in excess of the amount allotted to the Unrestricted Fund will go into a reserve fund. In years when the investments do not earn the amount budgeted to the Unrestricted Fund, the reserve fund will be used to supplement actual earnings, not to exceed the positive balance in the reserve fund. If there are no funds in the reserve, only the amount earned will be provided to the Unrestricted Fund.

C. Other miscellaneous income that is earned such as stock dividends and rental receipts from undesignated stock and land assets.

D. The Foundation, upon receipt and processing assets from a decedent, including but not limited to matured trusts, annuities, life insurance policies or bequests, shall be entitled to a one-time fee equal to five percent (5%) of the total market value of the assets, to be assessed and collected prior to the transfer of the asset. The full fee assessed shall be used to help defray the expenses of soliciting and processing such gifts.

E. The Foundation will assess a fee of twenty-five percent (25%) on all gifts received through the annual fund, except gifts for endowment. The fee will be assessed and collected at the time of payment of the pledge to the Foundation. The fee will be used to help defray the expense of soliciting and processing gifts.

F. Endowment and quasi endowment accounts may be assessed a percentage not to exceed two percent (2%) or a fixed dollar amount of the endowment account annually, at the direction of the Investment Committee and approved by the Board. The percentage/fixed dollar amount will be recommended by the Investment Committee on an annual basis at a following Board meeting based on Foundation investment results for the previous twelve (12) months ending June 30 each year. The assessment will be made against the endowment fund earnings prior to any
distribution of earnings being added to the principal balance, but only after the purpose of the endowment is paid. (see MSUF 8.2).

G. The administrative operating cost will be limited to the annually approved operating budget.

Expense Reimbursement  

A. Check Signing All Foundation checks must be cosigned by two of the following individuals. Current authorized signatures are:

Primary Signers:
- MSU Vice President for University Advancement/MSU Foundation Assistant Secretary
- MSU Business Services Accounting Director

Secondary Signers:
- MSU Vice President for Finance
- MSU Assistant Vice President for Finance

Checks over $2,500 need to be signed by either Minnesota State University, Mankato’s Vice President for University Advancement/MSU Foundation Assistant Secretary or Minnesota State University, Mankato’s Senior Director for Administration for University Advancement and approved by the Foundation Treasurer.

Revised Sept 30. 2016

B. Salaries or Personal Compensation. Since the Foundation is not approved by the IRS to make salary payments, no compensation to individuals can be paid from funds within the Foundation. In the course of providing support for university development and advancement services and activities, the Foundation may reimburse the University for services provided by university employees.

Revised Sept. 30, 2016

C. Personal Expense Reimbursement. Travel/cultivation expenses shall be reimbursed according to Minnesota State University, Mankato Foundation policy MSUF 6.5: “Fund Establishment, Administration and Expenditure Guidelines.”

Revised Jan. 13, 2012

Revised October 4, 2018 34 of 109
Confidential Information  MSUF 5.1

Gifts to the Minnesota State University, Mankato Foundation. Unless the donor specifies otherwise, gifts will be recognized in the Foundation Annual Report by donor name within gift ranges. When a donor requests to remain anonymous, their name shall be kept strictly confidential by all MSU employees and listed as Anonymous. Public announcements of gifts shall be at the discretion of the Vice President for University Advancement.

Adopted October 3, 2003
Conflict of Interest  

In all matters involving donors or prospective donors, the interests of the donor shall come before that of Minnesota State University, Mankato Foundation. No program, trust agreement, contract or commitment will be urged upon any donor or prospective donor which would benefit Minnesota State University, Mankato Foundation at the expense of the donor’s interests.

Adopted November 7, 1996
A. All Major Gifts and Planned Gifts will be completed with Charitable Gift Agreements. Document is to be signed by appropriate parties with an original copy provided to Donor, University Development, and College/Program, as appropriate. Donor of major gifts for endowment purposes shall be informed that their gifts will be commingled with other donors’ gifts and earnings therefore will be the same.

B. Charitable Gift Agreement Reports shall be mailed to every donor, or their designee, who has made a gift to establish an endowment account with the Foundation.

C. Gifts of real estate or real property shall require approval by the Investment Committee before acceptance. A Phase I Environmental Audit shall be required. Donors shall be advised that the Foundation will not retain real assets that will deplete its investments.

D. The Investment Committee shall review and approve contributions or exchanges of real estate or real property for an agreement of any kind, prior to acceptance.

E. When the donor makes recommendations on the handling of stocks or securities used to fund a trust agreement, University Advancement staff will submit the recommendations to the Investment Committee for acceptance, prior to signing of the trust agreement.

Adopted October 3, 2003
Revised Jan. 24 2014
Revised October 4, 2018
Gift Designation       MSUF 5.4

Donors may designate (restrict) either their annual gifts or planned gifts for use by a particular program, department or college.

Adopted November 7, 1996
Gift Acceptance Criteria

All University staff shall observe the following guidelines concerning types of gifts and minimum amounts of gifts. Any exceptions must be approved by the Investment Committee and reported to the Executive Committee. Donors will be advised that assets other than cash will, in most circumstances, be sold rather than held for speculative purposes. Proceeds will be converted into investments that fit within the Foundation’s investment policies and procedures.

A. **Assets.** The Foundation will under no circumstances knowingly agree to inflate the value of a gift in order to obtain a tax advantage for a donor. All gifts with a value of $5,000 or more, which are other than cash or publicly traded securities, require a qualified appraisal at the donor’s expense for federal income tax purposes. If audited, the appraisals are the responsibility of the donor to defend. For recognition, the Foundation may choose to determine the value of a gift differently than the fair market value.

B. **Cash.** There is no limitation as to the size of a cash gift unless specified by a trust or gift annuity document.

C. **Securities.** Publicly traded stocks and bonds will be valued at fair market value as determined under IRS rules. Stock in a closely held corporation shall be valued by a reputable accounting or appraisal company at the donor’s expense. Bond specialists will value bonds that are not routinely reported in financial journals.

D. **Real Property**

1. Unencumbered real property shall be accepted at fair market value as established by at least one independent qualified appraisal. This will be done by a Member of the Appraisal Institute (MAI) or Society of Residential Appraisers (SRA) when deemed appropriate. In some instances, the Foundation may obtain a formal appraisal and the donor will obtain a second appraisal to eliminate any question of conflict of interest. In most cases, a single appraisal paid for by the donor, as negotiated, will be adequate.

2. Real property that is encumbered by a trust deed loan or mortgage shall be accepted only upon the recommendation of the Foundation’s legal counsel. Prior to acceptance of encumbered real property, the Foundation shall pay special attention to the income tax treatment attributable to the donor, to the trust, and to the Foundation. Should the Foundation plan to pay off any encumbrance after it has received the gift (for itself, or as a trustee), it will present the details of that plan to the Foundation Investment Committee when it proposes acceptance of the gift. The Foundation may accept real property subject to an encumbrance, incurring an income tax liability for unrelated business taxable income, provided that provisions of the IRS code do not prohibit acceptance of the gift. This applies
as well to unencumbered real property, the income from which is treated as unrelated business income by the taxing authorities.

3. Before accepting real property as a gift, the arrangements for paying expenses shall be agreed upon in writing by the donor and the University Advancement staff representative. The expenses to be agreed upon are taxes and assessments, insurance coverage, environmental audit and cost of maintaining the building and grounds. The Foundation will not make long-term advances to trusts for the payment of these expenses. The gift of a residence involving life occupancy is established in a life tenancy agreement which normally requires the donor to pay all taxes, insurance, maintenance costs, and other expenses. With respect to proceeds received from an insurance policy covering real property, there must be clear understanding as to how the proceeds would be applied and how the proceeds would be divided between the donor and the Foundation.

4. The Foundation will take into account the depreciation of real estate in considering gift proposals. If the donor has taken accelerated depreciation in excess of straight line prior to making the gift, the donor will be responsible for making any recapture payment to the IRS.

5. Tangible personal property (i.e., furniture) associated with real property (i.e., a home) should be segregated into separate gift proposals in order to avoid confusion that may result from combining into a single agreement two forms of assets that are treated quite differently under the tax laws.


E. Assets Related to Total Property. Investment Committee will review on a case-by-case basis any gifts of assets related to real property. Gift discussions involving notes secured by mortgages and deeds of trust and/or gifts of mineral rights are examples of assets under consideration.

F. Tangible Personal Property. Tangible personal property is difficult to value, and the appraisal process can be both expensive and time consuming. The Foundation will not establish the value, for tax purposes, of this kind of property. As always, the donor must obtain a qualified appraisal. The Foundation will give written advice to prospective donors concerning the “related use” issue. Works of art valued over $5,000 will be accepted only if approved by the Executive Committee. The Foundation will advise in writing, artists who wish to donate their own works or art, of the tax treatment for such gifts. Other tangible personal property (books, cars, boats, airplanes, jewelry) and intellectual property valued in excess of $5,000 fair market value require an independent appraisal, paid for by the donor, before being accepted. Restrictions imposed by the donor regarding the sale, maintenance, administration, or display of such items are subject to review by the Investment Committee. Normally, such gifts can be accepted only if the additional expenses engendered by
such restrictions are underwritten by the donor. Ordinarily, such property would not be acceptable for life income agreements. The Foundation’s option to sell shall be written into each gift agreement.

Gifts of Equipment and Software will be accepted based on ability of the University to place the gift into service. Office of Development will contact appropriate University personnel for review of gift before acceptance.

Office of Development reserves the right to investigate any gift-in-kind on a case-by-case basis before acceptance of the gift.

G. Loans. The Investment Committee will review on a case-by-case basis gifts of third-party loans and gifts, using the criteria stated above with reference to notes and mortgages secured by mortgages and deeds of trust.

H. Partnership Interests. The acceptability of a gift of a partnership interest will depend on the ultimate financial liability of the Foundation and the amount of management attention required by the Foundation. This hard-to-value property is best valued by qualified appraisers. The Foundation shall assume the responsibilities and obligations of a general partner under only the most unusual circumstances and only after approval of the Investment Committee and Executive Committee. The Foundation may accept a limited partnership interest after determining the financial liability, if any.

I. Professional Services. In-kind donations will be reviewed on a case-by-case basis.

Number and Age of Beneficiaries and Minimum Gift Requirements

A. The benefit the Foundation will realize from a life income agreement depends largely on five factors:

1. The nature of the assets contributed.

2. Total return on investment.

3. The length of the management period.

4. Uncontrollable economic factors that can be only roughly estimated.

5. Life expectancy.

B. Ordinarily, the Foundation will limit a charitable gift annuity contract to one additional beneficiary beyond the primary beneficiary and will not accept beneficiaries who are younger than sixty years on the date of the contract. An exception is made when beneficiaries are named under a term certain agreement (specific number of years).
C. The length of the management period is the key to the gift value of charitable gift annuity contracts. The ages of beneficiaries under proposed agreements are the principal determinants in computing acceptance criteria. These criteria may be revised to take into account new economic projections as they become available.

D. The minimum acceptance for gift amounts are set forth below and for charitable gift annuity payments in the accompanying two life and single life rate schedule adopted by the American Committee on Gift Annuities. The Foundation subscribes to this rate schedule and is a participating member of the American Committee on Gift Annuities.

1. The percentage rate of return for both Unitrust and the Annuity Trust Agreements shall be determined by agreements between the donor and the Foundation.

2. The minimum required to fund a life income agreement shall be:

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<th>Minimum Required</th>
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<tr>
<td>CHARITABLE GIFT ANNUITY</td>
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<tr>
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<td>$100,000</td>
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<tr>
<td>ANNUITY TRUST</td>
<td>$100,000</td>
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<tr>
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Adopted October 3, 2003
Revised Jan. 24, 2014
A. Grants resulting from unsolicited grant applications from private sources may be processed through MSU Foundation accounts if this can be done in accordance with state and federal regulations concerning personnel and the processing of funds in accordance with the guidelines of the funding agency.

B. The Executive Officers of MSU Foundation shall give approval to an unsolicited grant application and shall formally accept the grant when it is given and prior to it being processed through MSU Foundation accounts.

Adopted November 7, 1996
A. Minnesota State University, Mankato Foundation shall seek the advice of legal counsel in all matters pertaining to planned gifts and shall execute no agreement, contract, trust or other legal document without the advice of legal counsel.

B. All prospective donors shall be advised to seek the counsel of their attorney in any and all aspects of their proposed gift whether by bequest, trust agreement, contract or other. They shall particularly be advised to consult their attorney or other tax consultant on matters related to the tax liability of the gift.

Adopted November 7, 1996
A. Payments of Gift Annuities and Life Income Contracts shall be made either quarterly, semiannually or annually as determined by the donor.

B. Upon the demise of the last beneficiary of a Planned Gift Contract, an amount equal to the charitable portion plus simple interest as determined by the Minnesota State University, Mankato Foundation Board of Directors shall be available to the Foundation for whatever use it desires unless otherwise stated by the agreement.

Adopted November 7, 1996
Limitation on Planned Giving Agreements

A. The fixed rate of return on both Unitrust and Annuity Trust agreements shall be determined by agreement between the donor and Minnesota State University, Mankato Foundation if the Foundation is to serve as trustee and will be specified in the trust agreement. The rate must be at least 5% as established by law. The Gift Annuity rates established by the American Council on Gift Annuities shall be used as a general guideline.

B. The minimum required to fund an agreement (unless otherwise approved by the Minnesota State University, Mankato Foundation Board of Directors) shall be:

- Unitrust: $100,000
- Annuity Trust: $100,000
- Pooled Income Funds: $25,000
- Charitable Gift Annuity: $25,000

C. If Minnesota State University, Mankato Foundation is to serve as trustee without compensation, the terms of each agreement must be manageable and the end result must justify the requirements of the agreement. This refers to both the amount used to fund the agreement and the age of the beneficiaries. Each trust will pay its own administration fee.

D. Agreements involving more than two lives must have the approval of the Investment Committee.

E. No Gift Annuity agreement shall be issued unless the charitable gift, computed using government tables, exceeds 10% of the amount transferred to the annuity.

F. All Life Income Contracts must have Investment Committee review and acceptance before a contract is entered into where the Foundation is to be trustee.
A. Pledges and letters of intent shall be accepted from donors who plan to honor their commitment within one to five years unless a campaign plan dictates a longer period of payment.

B. In the case of a donor’s demise, pledges and letters of intent shall be submitted as an estate debt.

C. A pledge, or the remaining portion of a pledge, will be written off only after Development Office staff has attempted to contact the donor and determined that the donor will not fulfill his/her pledge commitment. It will be the responsibility of the Manager of Gift Receipting, Administration & Stewardship to submit a list of pledge write-offs to the Vice President for University Advancement for approval.
A. A donor of life insurance shall be encouraged to contribute policy ownership on an existing as well as a new policy. MSU Foundation, as primary beneficiary designation, shall be encouraged whenever appropriate.

B. In the case of term life insurance provided by employers, donors shall be encouraged to consider replacing the death benefit value through permanent insurance, will bequest, annuity, trust or outright gift before the gift is made as well as before the term insurance expires due to change of employment or retirement.

C. Under no circumstances shall undesignated annual gifts be used to pay insurance premiums due for existing life insurance policies.

D. When a policy premium is due and the donor who pledged annual gifts to pay the premium is unable or no longer willing to continue the pledge, the Foundation Investment Committee shall review the insurance policy to determine the most desirable action benefiting both the donor’s wishes and MSU needs. Possible action may include:

1. Withdraw the cash value and place in an existing Endowment Fund account. The policy will then lapse.

2. Convert the insurance policy to a paid-up policy with less death benefit.

3. Pay the premium from undesignated Endowment Fund earnings or annual gift interest earnings, provided only a few payments remain until the policy’s future dividends will generate premium payments.

4. Use existing paid up additions and/or dividends to pay the premium until the donor is able to continue the original pledge.

E. Life insurance policy cash value shall not be borrowed for purposes other than premium payments, but rather be allowed to grow for the ultimate purpose of establishing a gift of the size desired by the donor.

Adopted November 7, 1996

Revised October 4, 2018
Throughout its history, the Foundation has responded to requests from Minnesota State University, Mankato, to raise funds to construct facilities for the University. While the service of the Foundation has provided tremendous resources and facilities to enhance the educational program of the University, there have occasionally been difficulties. It seems appropriate to establish and state some principles for how this relationship should go forward on future projects.

A. The Problems.

We have not always had sufficient and detailed information about the total cost of projects the Foundation has sought to underwrite. When that happens, lead donors may expect a project can be completed for less money than it ultimately costs. Donors are then disappointed when a project takes longer or requires more funding than they were led to believe. The delays, or the need for additional resources, are sources of disappointment or in some cases embarrassment. Also, given our Foundation policy suggesting naming opportunities for facilities requires at least 50% of the cost of construction, we have sometimes awarded naming rights without sufficient revenue to justify that decision.

A second problem arises after construction begins. There has been uncertainty about who is managing projects, and who is in a position to authorize changes in design or construction. As a consequence, costs spiral beyond those funds raised, leading to further disappointment, irritation or embarrassment. The project is always underway at this point, making it more difficult to entice additional or new donors to a project already perceived as funded.

B. A Solution.

To avoid these difficulties in future Foundation fundraising efforts on behalf of the university, we propose the following mode of operation:

The University will be responsible for bringing to the Foundation its requests for projects. Prior to submitting a project, the University will fund and complete a pre-design that details its purpose, associated costs, schedules, benefits and operational cost impacts. The project cost estimate outlined in the pre-design will serve as an “order of magnitude” estimate to help establish an initial fundraising goal for the Foundation. Should the donor request or require that special design considerations be included which may lie outside those routinely accepted by the Minnesota State Colleges and Universities guidelines, negotiations must be completed between the donor and the System before fundraising or construction begin. The Foundation board shall consider, in conjunction with the President of the University and the Vice President for University Advancement, whether it has sufficient resources to complete the fundraising needed for the project described, and will endorse through vote of the board if the Foundation wishes to proceed.

Once the Foundation board has voted to undertake the project, the Foundation will begin fundraising to secure enough resources to underwrite the total project cost estimate outlined in the completed design. The Foundation will include a cost escalation for each year construction is delayed beyond the schedule outlined in the pre-design. The
Foundation may also create a funding reserve beyond the pre-design construction cost estimate.

Once funding sufficient to pay for the facility is in hand or pledged in a timely manner, the Foundation will turn over all responsibility for final design and construction to the University. The University will be responsible for construction of the facility through its usual construction management procedures and the Foundation will have no further involvement in the construction of the facility except as noted in Item 7 below. The Foundation shall pay funds raised to cover construction bills as they are presented by the University.

Once construction is underway, modifications that occur as a result of design errors and omissions will be funded through a project contingency reserve, and which will be included in the initial estimate. Should change orders exceed the available contingency reserve, the University will fund all additional modifications. Donor directed changes after construction begins will be funded by the donor.

The Foundation will structure fundraising and pledge payment planning to generate sufficient revenue prior to completion of construction. Should pledge payments stretch beyond the completion of construction, the Foundation will either raise additional support to underwrite actual construction, or will secure funds to cover any interest needed for borrowing for the project.

When appropriate, the University will assist the Foundation in seeking public funding, such as matching grants through the state system or through federal funding.

The Foundation reserves the right to provide naming opportunities and suitable recognition in the new facility. The President of the University will approve all such naming opportunities. It will be the Foundation’s responsibility to provide the costs of plaques or other means of recognizing the support of donors, and for organizing any donor recognition and building dedication event.

As much as possible, the Foundation will seek to raise additional endowment support for ongoing maintenance and replacement needs of the new facility.

Approved May 22, 2004
Section 6  ACCEPTING GIFTS AND GRANTS

Classification of Gifts as Restricted and Unrestricted  MSUF 6.1

A. Restricted gifts are gifts designated by the donor for a particular purpose and/or to a specific program, department or college.

B. Unrestricted gifts are gifts given to support University-wide priorities. Undesignated direct gifts shall be placed in the unrestricted gift account and expended according to operating procedures of the Minnesota State University, Mankato Foundation. Undesignated bequests shall be utilized as determined by the Foundation Board of Directors.

Adopted November 7, 1996
Principal in the Endowment Fund shall be held in perpetuity.

New endowments must achieve the minimum amount specified in the “Charitable Gift Agreement” within the specified time limit in order to be held in perpetuity. (See MSUF 6.5.)

Approved September 14, 2007
To support the University’s fundraising objectives, the Office of Media Relations in the University Advancement unit oversees the writing, editing, distribution and promotion of news releases about gifts and grants. They do this in close coordination with schools, programs and units, and in accordance with the following guidelines, which have been approved by the University’s senior leadership. These guidelines apply to content that appears in publications, social media, websites, e-mail communications and other communications that come from all Minnesota State Mankato offices.

1. Before a gift may be announced in any Minnesota State Mankato communication, it must be recognized officially as a gift or pledge and entered appropriately in the University’s gift records system, Raiser’s Edge.

2. Public announcement of a gift or grant must be approved in principle by the following individuals – the Vice President for University Advancement (or his/her designee), the Director of Media Relations, and by the donor(s). No announcement will be made without the consent of the aforementioned.

3. The Office of Media Relations will consider preparing and distributing a news release announcing any gift or grant that might be viewed by media outlets as newsworthy. Gifts are most likely to attract media interest if they are large in size (generally $1 million or more), are associated with new or innovative programs or facilities or have a strong human interest angle and a compelling story.

4. Gift announcements will generally be made by the President of the University; other officers, administrators or faculty may be asked to make the announcement when appropriate.

5. A news release or media announcement promoting a gift or grant must include the amount of money involved. A large gift may be newsworthy even if the donor prefers to remain anonymous, but no gift of unspecified amount is newsworthy, no matter who the donor may be, and can damage the credibility of both the institution and the donor.

6. All cash, cash-equivalent, in-kind and real property gives valued at $100,000 and above will be considered for a press release from the Office of Media Relations. Planned gifts are generally not considered. Gifts of $50,000-$100,000 may be eligible for a department/college press release.

7. Gifts of $1M and above will be considered for recognition as the lead story on the front page of the University website. The recognition is generally for a limited number of news cycles (72 hours).

8. In general, if Minnesota State Mankato has previously announced a $1 million+ gift
from a donor to any area of the university, that gift should be mentioned again in a release about a new gift. If Minnesota State Mankato has previously announced a gift in the $100k-$1 million range, it may be appropriate to mention the earlier gift in a release about a new gift; appropriate development staff should be consulted.

9. It is Minnesota State Mankato procedure not to disclose any information about specific gifts or donors, or their prior and/or cumulative giving to Minnesota State Mankato, without the donor’s permission. Further, the university does not disclose terms, conditions or payment schedules for any gift or donor.

Procedures

1. A writer from the Office of Media Relations -- depending on the department to which the gift or grant was made -- will prepare a gift announcement in consultation with appropriate development staff. For a gift to a school or unit, the school- or unit-based director of communications may prepare the gift announcement for review as outlined below.

2. In order to determine if there are other university or development announcements occurring during the same period, which could affect coverage of the gift, the Office of Media Relations will consult with University Advancement to discuss the best timing for the announcement.

3. The Office of Media Relations will confirm through the Vice President of University Advancement that the gift has been properly documented and, as needed, will consult with the Advancement Services staff regarding any complications in the gift agreement or in Minnesota State Mankato’s ability to announce the gift.

4. The Office of Media Relations is responsible for determining what further internal approvals of the release draft are necessary, and for obtaining these approvals, as well as for suggesting a schedule. The Office of Media Relations also will consult with the development officer on the timing of the release. The Office of Media Relations will oversee final editing, scheduling and distribution plans for all releases. If the Office of Media Relations makes substantive changes, the appropriate parties will be asked to provide additional review.

5. After the draft has received approval within the campus, the writer or development officer will send the draft to the donor for approval and, at that time, will seek approval for any quote or comment to be included in the news release. The writer or development officer may not send the draft to the donor for review until it has been reviewed and approved by all of the Minnesota State Mankato offices involved in this process. The Office of Media Relations will review any significant changes proposed by the donor and make final decisions about the content and timing of the release. Minnesota State Mankato will respect the wishes of a donor who asks to remain anonymous or who prefers not to be quoted, but who has no objections to the release of other information about the gift.

6. No release or gift announcement will appear in official Minnesota State Mankato media (Minnesota State Mankato Today, Minnesota State Mankato Reporter, etc.).
online or in social media until the steps outlined above have been confirmed. The
President of the University has final authority and responsibility for determining the
official dissemination of all news from Minnesota State University, Mankato. The
President has delegated that authority to the Vice President for University
Advancement and, who has in turn delegated to Director of Media Relations day-
to-day responsibility for ensuring the accuracy, timeliness, completeness and
professionalism of communications with the news media.

NOTE: It is important to note that institutional credibility is undermined when official
Minnesota State Mankato sources present incomplete or incorrect information, and
when the external media are presented with -- and thus dismiss -- a release that contains
"news" unlikely to interest non-Minnesota State Mankato audiences. Publicizing a gift
that has not been properly documented and recorded -- or without fully understanding
possible complexities regarding the gift agreement or legal donor -- can adversely affect
the donor and the University.

Checklist for Publicizing a Gift to Minnesota State University, Mankato

• Determine if the donor and development officer want to announce the gift and ensure
  that all the documentation has been coded in the gift records system, Raiser's Edge.
  o the gift has been booked and recorded (and therefore Minnesota State
    Mankato has received all necessary documentation)
  o neither the gift nor the donor has been coded “anonymous” (unless you
    are announcing a significant gift from “an anonymous donor”)
  o you are not characterizing someone as the exclusive donor if another
    person or entity is the legal donor
  o special care has been given to any complexities regarding the gift agreement
    (i.e., a non-binding gift intention, or a multi-year commitment that is
    predicated on certain conditions being met)

• Note, publicizing a gift that has not been properly documented and recorded --or
  without fully understanding possible complexities regarding the gift agreement or
  legal donor -- can adversely affect the donor and the university.

• Work with the University Advancement office and the Office of Media
  Relations regarding the announcement:
  o Notify Dan Benson, Director of Media Relations, if you want to announce
    the gift, and to discuss the communications strategy and channels.
  o Consult The Office of Media Relations, regarding the newsworthiness of the
    gift and the timing of a release.

• Once the gift has been tracked and all parties agree to a public announcement,
  develop recommendations for the public announcement and the mix of
  communications channels based on the audience, news value and donor.

• In addition to official Minnesota State Mankato news releases and media
  outreach, communicators may also share news through a variety of other
communications channels:
- social media (from both the unit and wider Minnesota State channels)
- profiles in newsletters and magazines
- school/program websites
- school/program magazines or newsletters
- announcements at events
- donor honor rolls

Prepare the press release.
- Schools and units generally draft releases of gifts between $50,000 to $100,000 to their areas, although Minnesota State Mankato’s University Advancement may choose to take the lead on this at the President’s discretion.
- Consider drafting a social media post(s), such as on Facebook or Twitter, to accompany the release and to help promote it.

When drafting the release, be aware of the following:
- Gift announcements should generally be made by the President of the University. From time to time other university officials and deans may be designated to announce a gift.
- The release must include the amount of money involved.
- In general, if Minnesota State Mankato has previously announced a $1 million+ gift from a donor to any area of the university, that gift should be mentioned again in a release about a new gift. If the University has previously announced a gift in the $100k to $1M range, it may be appropriate to mention that earlier gift in a release about a new gift; appropriate development staff should be consulted.
- If a Minnesota State Mankato alumna has married and changed her name since graduating, it is useful to include her maiden name as well as her married name in the release. Similar steps should be taken in other cases where a donor’s relationship to Minnesota State Mankato may be unclear.

The tone of an official university press release is different from the tone of some development newsletters or development marketing publications. It must be written in a non-promotional tone with the news media in mind, following AP style and The Office of Media Relations general news guidelines.

Seek internal and external approvals for the release and any related content (e.g., social media posts, profiles).

Seek internal program/school approvals, including approval from the school or unit’s director of communications.

Send the draft release to Dan Benson, Director of Media Relations.

Show the release to the donor and seek any quote approvals. The donor may not be shown the release draft before this stage.
• Finally, submit the release with any necessary changes to the Office of Media Relations who will review any significant changes proposed by the donor and make final decisions about the content. Distribution will be handled by the Office of Media Relations, in coordination with the originating office and University Advancement, depending on where the gift originated.

Revised May 19, 2017
A. Recognition begins with appropriate gift receipt and personal acknowledgment.

B. Recognition shall be encouraged by other University personnel such as program, department and college.

C. An honor roll of donors shall be published online and major gifts shall be featured in appropriate news sources.

D. Selected donors shall be invited to private luncheons, special events, etc. to show University appreciation.

Revised Jan. 13, 2012
Fund Establishment, Administration, and Expenditure Guidelines

A. Introduction. The Minnesota State University, Mankato Foundation (MSUF) promotes, accepts, and manages private gifts to Minnesota State University, Mankato (MSU). Overseen by a board of directors, the Foundation treats all gifts in a business-like manner in accordance with the donor’s wishes within applicable state laws.

In consideration of the Foundation’s role in raising funds for the benefit of MSU, the University provides a number of administrative services, including gift processing, accounting, and records management. Thus, when gifts are received by MSU colleges or units, they are forwarded to MSU’s Development Office, where acceptance and acknowledgment are initiated on behalf of the University.

To ensure the observance of donor designations and restrictions in the use of their gifts, separate funds are established within the University’s accounting system. These funds are subject to the University’s management, review, and audit procedures. Foundation accounts are not to be used as vehicles for the conduct of business which can be accommodated through the use of University accounts available for such business. The dean of the college or vice president/director of the unit administers the account or designates an account administrator in the department to which the gift is restricted. The Foundation Accountant must be notified when an account administrator is changed. Overall accountability for administration of the fund is the responsibility of the vice president/director/dean requesting its establishment. The administrator is responsible for disbursement of monies for the purpose(s) intended by the donor as set forth in a Charitable Gift Agreement document and in compliance with MSU/MSU Foundation expenditure policies.

This document is intended to assist the account administrator in understanding his or her role in administering gifts and in understanding the functions of the Foundation and the University in support of gift development and management.

B. Contacting Development Officers. MSU’s development officers are available to provide assistance in any context concerning gifts. When MSU employees are contacted by a prospective donor, or when a new fund is to be established, a development officer should be contacted.

C. Fund Expenditure Guidelines. The criteria that determine the use of gift monies are: a) Minnesota State University, Mankato must benefit in a manner which fits its mission, and b) the use must fall within the donor’s intent for the gift.

All expenditures must be approved by the vice president/director/dean responsible for administering the account or his/her authorized designee. The responsibility for accurate preparation and proper documentation of disbursement requests rests with the account administrator.
All disbursements made must have written justification suitable for auditing purposes. Periodic internal audits are performed to ensure compliance with and consistent application of these guidelines and procedures and to assure that donor intent is being followed.

D. Payment Procedures. Gift funds shall be expended through the use of standard Foundation forms and operating procedures (e.g. purchase requisitions/FD1400 or FD35, travel expense vouchers/FD2A, etc.).

When gift funds are used for the payment of salaries, wages, stipends, or personal services contracts; construction, repair, or alteration of facilities; or purchase of goods, services, or equipment, applicable State and University regulations pertaining to the expenditure of state funds for such purposes will be applied.

Claims for reimbursement must be accompanied by appropriate receipts or invoices as defined by MSU Business Office policies. Claims must be approved by the vice president/director/dean accountable for the gift fund.

E. Discretionary Funds Guidelines. The University and its colleges and programs typically receive unrestricted donations. When donors make such gifts, it is with the intent to help the University in its important work. Such donors also assign their trust that the University and its staff will use the gift in as appropriate and direct way as possible to support the educational program. Such gifts may be used for all MSU “common expenditure objects,” including some purposes that state-appropriated or other public funds may not be used for because of various state and federal statutes and regulations. Unrestricted donations and the income derived therefrom are, like all other gift funds, subject to the limitation that they be used in the performance of official duties for purposes that advance the mission of the University.

Only gifts that carry no restriction or specific expression of donor intent that would limit their use, and the income derived therefrom, may be used for discretionary purposes. At MSU, discretionary funds are commonly named “dean’s/director’s funds,” “excellence funds,” or “development funds.” Discretionary fund accounts may be established at the presidential, vice presidential, dean/director or department chair levels only.

F. Use of Discretionary Funds. Discretionary funds are intended to provide greater flexibility for the University and its colleges/programs and are used only for purposes that directly benefit the University in the attainment of its mission and goals. Discretionary funds may not be used for expenses of a purely personal nature, and any personal benefit must be clearly incidental to the primary purpose of benefiting the University.

G. Allowable Expenses. Within the parameters established by the above-stated general principles, the prudent judgment of University officers charged with the responsibility of administering discretionary funds will determine the allowable range of expenditures. The following are examples of permissible and impermissible expenditures:
1. Discretionary funds may be expended for all purposes for which public funds may be expended.

2. Discretionary funds may be expended for purposes that are determined to be:
   a. ordinary, reasonable, and necessary business expenses incurred in the conduct of the program for which the fund was officially-sponsored;
   b. social/cultivation activities that are documented with a “contact report” listing non-University guests in attendance (including reimbursement for alcoholic beverage purchases);
   c. hosting officially-sponsored business functions such as advisory board lunches;
   d. banquet liquor permits;
   e. catering and beverage expenses for University events;
   f. payment of prospective employees’ spouses’ travel when approved in advance by the appropriate vice president or dean;
   g. payment of admission charges to social or business events at which attendance is required or recommended as part of an employee’s official duties;
   h. authorized awards approved by the President and given to University employees on behalf of the entire University community in recognition of meritorious service, etc.
   i. payment of sponsorship fees or other admission costs for other charitable organizations, where the President of Minnesota State University, Mankato determines it is important for university-wide public relations and community good will to have the University represented;

Discretionary funds may be used for all MSU “common expenditure objects” (i.e., salaries, wages, stipends, benefits, goods and services, travel, computing, equipment, scholarships, assistantships, awards, grants, telephone).

3. The underlying criteria for the use of all gift monies remain (a) MSU must benefit in a manner that fits its mission and (b) the use must fall within the donor’s intent.

   a. For food and beverage purchases for activities involving only faculty, staff and students:
      i. Limit of $200. The purchase order should be signed by the responsible person on the account. Purchases can be made for any activity that fits the underlying criteria described above.
      ii. Any purchase of alcohol for University events requires prior approval from the President’s Office (roster of attendees is to accompany Prior Authorization Form FD2).
   b. Plaques or other appropriate items to faculty and staff in recognition of outstanding achievement, retirement or distinguished service are reimbursable, but cannot exceed $75.00 per person.

Cash gifts and gift certificates for faculty and staff are not reimbursable. Cash awards to students must be awarded through the Financial Aid process.

4. The following purchases are not reimbursable under this policy:
a. Alcoholic beverages are not included as a reimbursable expense item when attending working retreats.

b. When an expense reimbursement has been paid from one source, such as an M&E account or activity account, another claim cannot be filed against a Foundation account to reimburse the portion that is over and above the maximum rates allowed by the established labor agreement or compensation plan.

c. Discretionary funds may not be used for expenses of a personal nature. Examples of such expenses include cash gifts to University staff; payment of spouse’s travel, meals, lodging, or other expenses when accompanying University employee, unless spouse’s attendance has been determined to be necessary in the conduct of the University’s business and has been approved in advance by the appropriate vice president or dean; expenses for which there is no documentation.

d. Expense reimbursement to University Employees for non-cultivation events may not exceed the maximum amounts allowable under the employee’s bargaining unit agreement or to Non-State Employees according to the Non-Managerial Unrepresented Employees Plan (217).

e. Discretionary funds may not be used for individuals to participate in, or provide funds for, any political campaign (including the publication or distribution of statements) on behalf of any candidate for public office.

f. Discretionary funds may not be used for support of other nonprofit or charitable groups unless the support is structured as from the University as a whole and where the President of the University has determined that the organization or event is important for University-wide public and community relations.

H. Bereavement Flowers Procedure. The Minnesota State University, Mankato Foundation will send flowers on behalf of the Foundation/University upon the passing of a member of the Purple & Gold Society (lifetime giving), Legacy Society (planned giving), or a current/former MSU Foundation Board member.

1. If the member lived within 100 miles of Mankato, the local florist who won the bid for floral services will manage the flowers using a pre-determined Maverick arrangement. If the member lived beyond 100 miles a similar flower arrangement will be sent using a national flower service.

2. Other requests will be considered for approval by the University President.

3. The ordering of flowers will be coordinated by the Director of Stewardship and Foundation Relations, in connection with the Office of the President.

4. The Director of Stewardship and Foundation Relations will manage the relationship with the local florist including any RFP process, and all payment arrangements.

I. Expenses Requiring Prior Authorization. Authorization for all events involving alcohol requires submitting an FD-2 Prior Authorization Form (see Appendix D) to the President
and/or his/her designee a minimum of 3 days prior to the event. A description of the
event, the vendor’s name(s) and a list of specific items to be purchased from the vendor
must be attached. A list of the participants, the estimated cost per participant and the
overall estimated cost of the event must be stated. All costs related to the event must be
listed.

After reviewing the special expense request, the President and/or his/her designee will
return all copies of the authorization form to the person/department making the request.
Forward the signed white copy to the Foundation Accountant (WA236).

Expenses incurred without prior authorization are the responsibility of the person(s)
incurred the expense.

J. Foundation Recognition. It is expected that Minnesota State University, Mankato
Foundation will be noted as the donor of funds for any of the aforementioned activities
or events.

K. Fund Establishment and Administration: A development fund may be established for
any worthwhile purpose that is within the University’s mission and that meets the
MSU/MSU Foundation minimum requirements for creation of a separate fund. A
Charitable Gift Agreement signed by the donor, vice president or dean, designated
account administrator, and secretary of the Foundation is used to formally establish the
account and provide assurance that the funds will be used for the purposes intended.
(See sample Charitable Gift Agreement worksheets Appendices A-C.) An approved copy
of the fund agreement is distributed to the donor, the account administrator, dean/vice
president, Development Office, and the Foundation Accountant.

The donor’s wishes provide the most important criterion for determining the account’s
purpose. This purpose should be clearly stated at the time of establishment. When
possible, this purpose should be stated in general terms, to permit the account
administrator flexibility when using the monies. To reduce the number of gift accounts to
be administered, new contributions can often be placed in existing accounts and still fulfill
the intent of the donor. A transfer of funds does not qualify for fund establishment.

Three different types of accounts can be established: expendable, endowment, and quasi-
endowment.

L. Expendable Accounts. An expendable fund for discretionary or restricted use within a
college or department may be established with a minimum of $5,000 plus evidence of
perpetual funding.

M. Endowed Accounts. An endowment is created by the establishment of a permanent
fund, with a percentage of income used to annually carry out the donor’s stated purposes.
An endowment may be established by an outright gift, a pledge or on a deferred basis by
planned arrangement through trusts or estates. Under the endowment payout policy,
excess income over the amount paid out each year is retained in the endowment for
enhanced growth.
Both restricted endowments donated to support specific programs or projects, and unrestricted endowments are essential in realizing MSU’s educational purposes.

Each endowment consists of a principal account and an income account. Endowed gifts are placed in the principal account and held in perpetuity for investment. A proportion of income from the principal account is transferred to the income account on a yearly basis, which then becomes available for current or future use. The minimum required to establish an endowed account is to be approved by the Vice President for University Advancement/Assistant Secretary of the Foundation. The minimum amount to establish a named endowment can be found in the Policy on Naming Facilities, Positions and Programs (MSUF 6.8) appendix. If the fund is initiated with a first gift of less than the required minimum, then (1) the endowment must be funded within five years of opening the account; (2) a one-year grace period to complete funding of the endowment may be granted at any point within this timeframe; and (3) if the donor fails to reach the required endowment balance within the designated timeframe (including the one-year grace period), the account would be switched to a ‘Current Use’ fund and monies would be expended for the donor’s established purpose until the fund is depleted. Once the fund reaches the minimum, it is assigned to a permanent endowment account and invested in the Foundation consolidated endowment. If the fund fails to attain the minimum level within five years, the college or department may expend it in part or full for purposes consistent with the wishes of the donor as identified in the fund agreement.

Donors are not permitted to have control over the investment of endowed funds or the use of the income beyond the initial restriction. A brochure outlining named endowment opportunities is available from the Foundation. The array of naming opportunities for private giving at MSU spans the entire spectrum of the University community. These investments offer a way to create a lasting tribute to the achievements and ideals of the individual in whose honor they are named and whose memory they perpetuate.

Recognizing this, the University and the Foundation have developed guidelines for naming endowments, programs, buildings, and places.

N. Investment of Endowed Accounts. The Board of Directors of the Foundation oversees the management of the institution’s endowed funds. They have established an investment committee responsible for formulating policies and procedures that assure optimum prudent investment opportunities for all endowments and quasi-endowments. A copy of the investment policy is available from the Office of the Vice President for University Advancement upon request. The committee’s functions include selecting and evaluating professional investment advisors to manage the assets. It also monitors external management and transaction fees along with overall investment performance and results.

The Investment Committee reviews and recommends distribution policies at least annually. Currently the policy is to distribute 5 percent of total market value to departments, and a distribution of 2 percent of total market value is allocated by the University for management and advancement activities, for a total distribution of 7
percent. Distributions are limited to funds in excess of original principal value. Earnings above 7 percent are added to the fund’s principal account. This policy provides a hedge against inflation by ensuring continuous growth of each fund, yet a predictable annual amount for expenditure that facilitates departmental planning.

O. Quasi-Endowment Accounts. At the request of a college or department, expendable gifts totaling $10,000 or higher may be invested within the Foundation consolidated endowment on a temporary or permanent basis. The principal of a quasi-endowment fund must be held in the consolidated endowment for a minimum of one year; hereafter, the principal and any unexpended growth may be withdrawn. The withdrawal(s) may be in full or in part, depending on the wording of the charitable gift agreement, or in $5,000 increments, upon 15 days’ notice by the account administrator. The Investment Committee oversees the management of quasi-endowment assets, and the same policies are employed as pertain to endowed funds.

Revised May 18, 2018

P. Scholarship and Assistantship Guidelines. Scholarships and Assistantships are funds that support the education of University students at the undergraduate and graduate levels. They are awarded according to criteria established by the donor. Some scholarships and assistantships are endowed; others are supported by annual donations. It is important that the terms of an endowed scholarship fund embody language providing that the income may be awarded to one or more recipients. It should be understood that the amount required for an endowed scholarship fund is not related solely to the tuition rate; the language of a scholarship fund should permit its use for other important forms of financial aid. A constant effort should be made to keep the scholarship guidelines flexible to alleviate any potential difficulties that would make it impossible to administer the scholarship in any one year.

To preserve the tax benefits to individual giving scholarships, donors are not allowed to choose recipients unless the University provides the donor(s) with an acceptable list of scholarship recipients.

Under current interpretations of discrimination laws (Title VI of the Civil Rights Act of 1964 and Title IX of the Education Amendments of 1972), the University and the Foundation are permitted to accept gifts restricted to one sex so long as unrestricted funds (or funds restricted to students of another sex) are available from other sources to balance out funds so restricted. Gifts also may be accepted for scholarships to promote campus diversity. Scholarship recipients are encouraged to communicate appreciation to donor(s) of scholarships.

Revised May 18, 2018
A. The Foundation Board is authorized to accept gifts of real estate property.

B. Gifts of such property will be approved by the Board only after a gift proposal form is submitted to the Gift Acceptance Committee. The proposal form (MSUF 6.6A) will be reviewed by the Gift Acceptance Committee and upon its approval will be forwarded to the Board for action.

   Revised May 19, 2017

C. Disposition of gifts of real estate shall take place with the approval of the Board, or authorization of the Executive Committee if such sale must occur prior to the next regularly scheduled Board meeting, upon recommendation of the Investment Committee.

   Revised Jan. 13, 2012
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[Additions can be made without Board action]

*Adopted February 4, 1998*
The Council for the Advancement and Support of Education (CASE) campaign counting standards published as “Management Reporting Standards for Educational Institutions: Fund Raising Campaigns” (1994), and the Foundation gift acceptance policy are used as definitive guidelines and authority for counting gifts to MSU.

All gifts and pledges to MSU and to the Foundation during a campaign period will be counted toward the achievement of the campaign goal, in accordance with the following guidelines:

A. **Cash Payments.** All outright gifts by cash or check made between the official start date and conclusion date of the campaign will be credited to the campaign at face value.

B. **Pledges.** All pledges of five years or less will be counted toward the campaign goal, provided they are initiated between the official start date and conclusion date of the campaign, and are documented in writing, including pledge amount, designation, payment schedule, donor signature, matching gift information if applicable, and date.

Special arrangements for extended pledge payments may be made where circumstances warrant, with the approval of the MSUF Executive Committee, upon the recommendation of the MSU President and the President of the Foundation.

C. **Securities.** Restrictions placed by the donor on the subsequent disposition of gift securities must receive specific approval of the MSUF Investment Committee.

D. **Marketable Securities.** The Foundation will accept listed securities or securities traded over the counter as outright gifts or payments toward pledges. Such gifts will be valued at the mean market value on the date the donor relinquishes control to the institution, in accordance with IRS regulations.

E. **Closely-Held Securities.** Securities not traded on an exchange or over-the-counter will be accepted and the valuation determined through comparable sales prices or by expert appraisal.

F. **Real Estate.** The fair market value of gifts of real estate will be determined by independent, expert appraisal obtained by the donor. Gifts of real estate with a retained life interest may be accepted, but the donor (or life tenant) normally will be expected to bear expenses of maintenance and real estate taxes during his/her lifetime. Gifts of real estate must be approved by the Investment Committee.

G. **Non-Cash Gifts.** Gifts of tangible personal property (e.g. artwork, books, cars, boats, animals, jewelry) and intellectual property valued in excess of $5,000 require an independent appraisal, paid for by the donor, of fair market value before being credited to the campaign goal. Restrictions imposed by the donor regarding the sale, maintenance, administration, or display of such items are subject to review by the MSUF Investment Committee.
Committee. Normally, such gifts can be accepted only if the additional expenses engendered by such restrictions are underwritten by the donor.

Gift value for gifts of equipment and software will be determined in one of the following ways:

1. New Equipment and Other Products. Gifts of new equipment and other products will be counted at full list price less any standard educational, corporate, or applicable volume discount. A letter on the donor’s letterhead or other standard documentation such as a catalogue or published price list giving the value and description of the equipment or products, usually including product identification numbers, any terms of the donation, and a packing slip or other paperwork to verify receipt of the gift must accompany all gift transmittal forms.

2. New Equipment and Other Products Purchased at Bargain Sale Price. Gifts of new equipment or other products purchased at bargain sale will be valued using the following method:

\[ \text{(List price)} - (\text{standard education, corporate, or volume discount}) - (\text{purchase price}) = (\text{gift value}) \]

A letter on the donor’s letterhead or other standard documentation such as a catalogue or published price list giving the value and description of the equipment or product, usually including product identification numbers, any terms of the donation, and a packing slip or other paperwork to verify receipt of the gift must accompany all gift transmittal forms.

3. Used Equipment. Gifts of used equipment valued above $5,000 require a qualified independent appraisal paid for by the donor to determine the appropriate gift value.

4. Gifts of Software. Software will be counted using a basic rule: if the University were to buy the software, what would it have to pay? Gift value is determined by taking the list price of the software and subtracting a standard educational discount, corporate discount, or volume/site license discount, whichever is greater.

A letter on the donor’s letterhead or other standard documentation such as a catalogue or published price list giving the value and description of the equipment, usually including product identification numbers, any terms of the donation, and a packing slip or other paperwork to verify receipt of the gifts must accompany all gift transmittal forms.

The Foundation’s independent auditors evaluate each gift we record over $50,000--cash or non-cash--and the IRS requires us to identify each gift whose value is over 2 percent of our total donations for the previous four years. Our
rigorous evaluation criteria for non-cash gifts valued at over $50,000 reflect the necessity to meet audit requirements.

5. Charitable Remainder Trusts, Pooled Income Funds, and Gift Annuities. Gifts made during the campaign period to establish charitable remainder trusts, contributions to pooled income funds, and gift annuities will be credited at fair market value of the assets given. Fair market value will be determined by an independent, expert appraisal. Planned gifts that the Foundation or University becomes aware of during the campaign period and in which the Foundation or University has a remainder interest held irrevocably by the University, the Foundation, or another trustee will be counted toward the campaign goal.

6. Charitable Lead Trusts. Income received from a charitable lead trust during the campaign period and the subsequent pledge period will be counted toward the campaign.

7. Marketing Partnerships (broadcast rights, pouring rights, signage, etc.), Limited Partnerships, Mortgages and Notes, Patents and Copyrights: Acceptance of these types of gifts requires prior approval by the Executive Committee and will be determined on a case-by-case basis. Those that can be assigned a fair market value will be counted toward the campaign.

8. Private Grants. Grant income from private, non-government sources will be included in campaign gift totals.

9. Matching Funds. Gifts received in cash from organizations or corporations to match gifts or securities by individuals associated with that organization or corporation will be credited to the corporate donor’s gift record for the campaign and allocated to the same purpose as the donor’s gift, unless corporate rules prevent such an allocation. The individual donor whose gift is matched will receive associate and recognition credit for the matching amount. A pledge from an individual is considered a personal obligation for the donor, even though matching gifts, when available to the donor, can be used as payments toward that pledge.

Matching funds from state or federal sources triggered solely by gifts made by private donors are counted toward the campaign goal if the distribution to MSU occurs during the campaign period. Such matches are not credited to the donor’s individual gift record, but named gift recognition is accorded for the full amount of the donor’s gift and the match triggered by it.

10. Trust and Estate Distributions. All distributions from estates or trusts received during the campaign period will be counted at face value.
11. Testamentary Pledge Commitments. The commitment must have a specified amount or percentage of the estate stated in the will based on a credible estimate of the future value of the estate at the time the commitment is made.

a. Verification of the commitment in one of the following forms:
   - A letter from the donor or the donor’s attorney affirming the commitment and stating that the institution will be informed of any changes in the will that might be made in the future; or,
   - The commitment could be accompanied either by a deferred-pledge agreement or a contract to make a will.

b. The amount specified or estimated will be reported at both the discounted present value and at face value in the “deferred gifts (future commitments)” portion of campaign reports.

c. The donor must be age 65 or older.

d. The commitment is for a single life only or all other beneficiaries are also over 65.

12. Life Insurance

   a. Paid-Up Life Insurance Policies. Paid-up life insurance policies will be counted as the death benefit value, counted at both the face value and the discounted present value.

   b. Existing Policies/Not Fully Paid Up. A life insurance policy that is not fully paid up on the date of contribution which is given to the Foundation during the period of the campaign, will be counted at the existing cash value in the gifts and pledges section. In addition, where the payment of premiums is pledged over a five-year pledge period, the incremental increase of the cash value will be counted in the gifts and pledges section.

   c. New Policies. The cash surrender value of premiums paid (or pledged over a five-year period) on policies for which donors apply and contribute to the institution during the period of the campaign will be counted in the current gifts and pledges section in campaign totals.

   d. Realized Death Benefits. The insurance company’s settlement amount for an insurance policy whose death benefit is realized during the campaign period, whether the policy is owned by the institution or not, will be counted in campaign totals.
   - The donor must be age 65 or older.
   - The commitment is for a single life only or all other beneficiaries are also over 65.
H. Exceptions. Exceptions to the foregoing may be made for good cause on a case-by-case basis. Such exceptions shall be approved by the Foundation Executive Committee.

Revised Jan. 13, 2012
The rich tradition of a university can be enhanced by the careful naming of facilities, positions and programs, to reflect the contributions of many important people. Whether as a reward for distinguished service or philanthropy, the naming process contributes to the rich fabric of MSU's traditions. This document will define the process to be followed in all naming suggestions; the criteria to be employed to determine suitable names for our facilities, positions or programs; and will specify any financial considerations expected or required for naming.

Primary responsibility for managing the naming process will rest with the President of the University to indicate to all the importance of this effort. As a rule, the President will delegate day-to-day management of the process to the Vice President for University Advancement. In all cases, Minnesota State University, Mankato will follow any current or future guidelines from the Minnesota State Colleges and Universities System.

A. Procedure for Naming a Facility, Position or Program. The Vice President for University Advancement will serve as the repository for suggestions for naming. It will be the Vice President’s responsibility to determine that any suggestion follows applicable Minnesota State Colleges and Universities and Minnesota State University, Mankato guidelines.

The Vice President for University Advancement will provide the President and other members of the President’s Cabinet with the naming suggestion, and with any other pertinent information to justify or discourage the nomination. The Cabinet, after discussion, will make a recommendation to the President.

The President will consult with faculty, students, staff and any such other representation the President deems advisable prior to naming a facility, position or program. The President will also formally carry any request to the Chancellor or Board of Trustees of the Minnesota State Colleges and Universities System.

Upon the approval of the naming of the facility at the appropriate level, all public announcements and any dedication ceremonies will be planned and conducted through the Office of Alumni Relations & Special Events.

B. Procedure for Naming an Annual Gift
   Named Annual Scholarship. To name an annual scholarship and provide a limited number of criteria the minimum annual gift is $1500 (represents a comparative distribution from a $50,000 endowment). The donor will be encouraged to make a multi-year commitment. The funds to support this scholarship must be received in advance of the scholarship recipient selection date (usually late winter/early spring) Selection criteria will generally be based on financial need, unless other criteria are specified by donor preference and are agreeable to Minnesota State University, Mankato.

Revised May 19, 2017
C. Definitions of Endowed Programs and Positions. In all endowed programs and positions, the principal contributed toward the position or program is invested by the Foundation and remains intact. Only a portion of annual income or growth will be apportioned by the Foundation Board of Directors. That portion will be determined annually based on Board policies which seek to preserve the capital of the original gift while meeting the wishes of donors.

1. Named Endowed Scholarship. Income from this fund will provide financial aid to the student recipient. Selection criteria will generally be based on financial need, unless other criteria are specified by donor preference and are agreeable to Minnesota State University, Mankato. The minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: $50,000.

2. Named Graduate Endowed Scholarship. Provides financial support for graduate students. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: $50,000.

3. Named Endowed Lectureship. Provides income for distinguished lecturers to be brought to campus. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: $100,000.

4. Named Endowed Research Fund. Provides an annual award for research in the area chosen by the donor and Minnesota State University, Mankato. Minimum endowed gift amount required will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: $100,000.

5. Named Endowed Fellowships. Provides income to fund fellowships for graduate students. Minimum endowed gift amount required is will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: $250,000.

6. Named Endowed Young Faculty Award. Provides income to apply toward the annual salary and teaching/research expenses of an outstanding young faculty scholar. Such funds will enable Minnesota State University, Mankato to attract and retain the most promising young professors. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: $250,000.

7. Named Endowed Professorship. Provides income to underwrite the annual salary and fringe benefits of a faculty member. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: $1,500,000.
8. Named Endowed Faculty Chair. Provides income to underwrite the annual salary, fringe benefits, professional development and travel funds, and materials for a distinguished member of the faculty. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: $2,000,000.

9. Distinguished Endowed Professorship. Provides the funding for the University to honor and recruit an outstanding scholar who has demonstrated the potential of making exceptional contributions to his/her discipline. Appointment is presumed to be for no more than a three-year term, with a new scholar to be recruited thereafter. The endowment will provide salary, fringe benefits, professional development, related research and program expenses. Salary may be at significantly higher levels than that received by other Minnesota State University, Mankato faculty, reflecting market conditions for a person of this caliber. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: $3,000,000 to $5,000,000.

D. Other Naming Opportunities. While the positions and programs noted above are the most common and most likely to be sought, it is probable that other ideas for endowed names will occur. The Vice President for University Advancement will carry such unusual naming suggestions forward through the same process as noted above.

E. Policies for Naming Facilities. Because all physical facilities at the University are legally the property of the Minnesota State Colleges and Universities System, all policies will channel naming suggestions to the System, and ultimate naming authority rests there. The policy for suggestion of and approval of a naming idea on the Minnesota State University, Mankato campus remains the same as noted above for naming programs and positions.

The University has for many years named facilities in honor of people who have contributed to the betterment of the University. Generally, a naming suggestion is introduced in recognition and appreciation for a substantial gift toward the facility. However, the President may always advance the name of an individual for the honor of a named facility based on other criteria than a gift, such as long and distinguished service to the University, significant contribution to a discipline or national or regional public service. Such naming is usually an exception.

Principal responsibility for soliciting and arranging for naming opportunities resides with the President of the University, with much of the operational authority delegated to the Vice President for University Advancement. Staff and volunteers are encouraged to adhere to funding minima defined in this guideline for their preliminary discussions with a prospective donor. The President and the Vice President for University Advancement may authorize some variance from the funding minima, subject to approval from the Board of the Minnesota State University, Mankato Foundation.
F. New Buildings. Names of new buildings present special considerations for naming opportunities. In general, a building may be named for a donor only if a minimum of 50% or more of the total cost of the building is provided. That cost must include a figure of at least 25% of the total building’s cost to create a maintenance endowment.

G. Unnamed Existing Buildings and Facilities. Currently unnamed buildings and facilities may be named by the establishment of an endowment equivalent to 25% of the fair market value of the building or facility.

H. Portions of Buildings. Individual rooms or wings in new or existing buildings, such as auditoriums, lecture halls, lobbies, classrooms, laboratories, etc. may be named if the donor provides a gift equal to the cost of establishing that room, including the 25% of cost assigned for endowment. Amounts will vary, but will be determined by the Vice President for University Advancement in consultation with appropriate University officials.

I. Building Additions and Renovations. Donors may name additions to facilities, and renovated facilities, if they provide at least 50% of the cost of such addition or renovation and include a maintenance endowment of at least 25% of the total project cost.

J. Permanence of Names. Because the naming of a facility, program or position is not lightly undertaken, and because such names become a part of the fabric and tradition of the University, and finally because we wish to signal to donors the absolute permanence of name choices, names will remain with a facility, program or position for the life of that facility, program or position. Should a facility be demolished, or a program or position discontinued for sound academic reasons, the University will make every effort to honor that name in some other public manner on campus, such as a wall of recognition or by naming another facility, program or position.

Should there be occasion and reason to consider removal of the name of an individual from a facility, program or position, the President will constitute a special meeting of his Cabinet and will seek such other external advice and counsel as will help make this serious decision.

Revised Jan. 13, 2012

Revised October 4, 2018
Donor-Restricted Endowment Investments

Should a donor wish to create an endowment which would be managed separately from the Foundation’s standard endowment funds based on his or her own proposed investment strategy, that strategy must be reviewed and approved by the Investment Committee of the Foundation Board, prior to acceptance of the gift.

Approved September 30, 2005
A. Introduction and Purpose

This Statement of Investment Policy is set forth to:

1. Define the investment policies, guidelines and objectives of the Foundation.

2. Create a framework from which the Investment Committee can evaluate performance, explore new opportunities and make recommendations to the Board of Trustees to enhance the investment portfolio.

3. Provide guidance for, expectation of and limitation on all parties bearing investment responsibilities with the Foundation.

The intent of this Statement is to design an investment environment with specific parameters that reflects the philosophy of the Investment Committee, thereby providing Investment Managers with clearly defined policies and objectives. Although these policies and objectives are intended to govern the investment activity, they are designed to be sufficiently flexible in order to be practical.

B. Investment Responsibilities. The Foundation is organized exclusively for scientific, literary, charitable, and educational purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954. The investment program is managed in compliance with all applicable fiduciary, prudence, and due diligence requirements that experienced investment professionals would utilize, and with all relevant laws, rules, and regulations issued by local, state, federal and international political entities that apply to the Foundation.

C. Board of Directors. The Board of Directors (“Board”) bears the overall fiduciary responsibility for the Foundation. As such, the Board is ultimately responsible for making the decisions that affect the Foundation’s Investment Policy, Portfolio Objectives, Policy Asset Allocation, and Consultant. They must act prudently, avoid self-dealing and conflicts of interest, and for the best long-term interest of the Foundation. The Board has created the Investment Committee, a working committee of the Board, to coordinate the activities of Investment Managers, the Consultant and Custodian, study issues pertinent to the Foundation portfolio, and report and make recommendations back to the Board.

D. Investment Committee. The Investment Committee (“Committee”) is charged by the Board with the responsibility of overseeing the management of assets of the Foundation available for investment. The Committee has the responsibility to ensure that the assets of the Foundation are managed in a manner which is consistent with the policies and objectives of the Foundation. In this regard, the Committee also has oversight responsibility for full compliance with all applicable laws.
The Committee Members shall discharge their duties solely in the interest of the Foundation and for the exclusive purpose of meeting the financial needs of the Foundation. The Committee is authorized and permitted to engage the services of registered Investment Managers who possess the necessary specialized research facilities and skill to meet the investment objectives and guidelines of the Foundation. Accordingly, the Committee will require the Investment Managers to adhere to any policies adopted by the Committee.

In carrying out its responsibilities, a quorum of the Committee must be present, either in person or by teleconference. Each member shall be entitled to one vote and each decision of the Committee shall require the assent of a majority of those present.

The Investment Committee’s responsibilities include:

1. Recommending investment policy guidelines and reviewing their compliance;
2. Recommending policy asset allocation ranges;
3. Assessing and recommending investment objectives, rebalancing strategies, and performance measurement standards which are consistent with the financial needs of the Foundation;
4. Reviewing and evaluating investment results in the context of predetermined performance standards and implementing corrective action as needed; and
5. Reporting to the Board regarding the Foundation’s account balance, asset allocation, performance, and other pertinent items.

E. Investment Consultant. The Investment Committee may recommend the engagement of an independent investment-consulting firm (“Consultant”) to assist the Foundation in the attainment of its objectives and monitor compliance with the stated investment policies. The Consultant’s responsibilities are:

1. Assisting in the development and implementation of investment policies, objectives and guidelines,
2. Preparation of an asset allocation analysis and selection of an asset allocation strategy with respect to the Foundation’s objectives,
3. Searching for, reviewing, and selecting Investment Managers and Custodian,
4. Preparing and presenting performance evaluation reports in accordance with Association of Investment Management and Research promulgated standards,
5. Attending Committee meetings to present evaluation reports on a regular basis,
6. Reviewing of contracts and fees for both current and proposed Investment Managers and Mutual Fund Investments,

7. Reviewing and developing special investment strategies that complement existing asset classes or strategies to be considered by the Finance/Investment Committee,

8. Communicating investment policies and objectives to the managers, monitoring their adherence to such policies and reporting all violations,

9. Notifying the Committee of any changes in key personnel or ownership of the consulting firm, as well as satisfactory explanation for such changes,

10. Assisting the Committee in special tasks,

11. Notifying the Committee immediately of any litigation or violation of securities regulations in which any Investment Manager is involved, and

12. Notifying the Committee of any significant changes in portfolio managers, personnel or ownership of any investment management or mutual fund firm.

F. Investment Managers. Each Investment Manager is expected to pursue their own investment strategy within the performance guidelines created for individual managers. Coordination of the guidelines for the individual managers assures the combined efforts of the managers will be consistent with the overall investment objectives of the Foundation.

The Investment Managers’ responsibilities are as follows:

1. Investing assets under their management in accordance with the guidelines and restrictions formulated by the Committee;

2. Exercising discretionary authority over the assets entrusted to them, subject to these guidelines and restrictions;

3. Providing written documentation of portfolio activity, portfolio valuations, performance data, and portfolio characteristics on a quarterly basis in addition to other information as requested by the Committee or Investment Consultant;

4. Voting proxies vigorously in the best interest of the Foundation; and,

Where applicable, annually providing a copy of the SEC investment advisors disclosure form ADV Part II.

G. Investment Custodian. The custodians are responsible for the safekeeping of the Foundation’s assets. Their duties and responsibilities are as follows:
1. Providing timely reports detailing investment holdings and account transactions monthly and an annual report summarizing the following to be submitted to the Foundation and the Consultant in a timely fashion following each fiscal year end.

2. The reports will include the following:
   a. Statement of all property on hand,
   b. Statement of all property received representing contributions to the accounts,
   c. Statement of all sales, redemptions, and principal payments,
   d. Statement of all distributions from the account,
   e. Statement of all expenses paid,
   f. Statement of all purchases, and
   g. Statement of all income.

3. Establishing and maintaining an account(s) for Investment Manager(s) employed or Mutual Fund(s) held by the Foundation,

4. Providing all normal custodial functions including security safekeeping, collection of income, settlement of trades, collection of proceeds of maturing securities, daily investment of uninvested cash, etc., and

5. Preparing additional accounting reports as requested by the Committee or Consultant.

H. Investment Policies and Objectives

1. General Investment Philosophy

   a. Objectives
      i. Return. The long-term objective of the Foundation is to earn a return sufficient to preserve the purchasing power of the Foundation for generations to come, as well as to provide for current needs. As a result, the annual return should at least equal the annual sum of distributions, inflation, administrative costs, and net of management fees. The Foundation portfolio has adopted a “total return” investment approach; current income is considered a secondary consideration.
      ii. Risk. The Foundation’s portfolio will be permitted to experience an overall level of risk consistent with the risk generally associated with the policy asset allocation. Permissible ranges for policy asset allocation are set forth in Appendix B.
2. Constraints

a. **Liquidity.** The portfolio must offer sufficient liquidity to meet payments of philanthropic endeavors and operating expenses, as well as principal and interest payments due on (any) outstanding debt.

b. **Time Horizon.** The Foundation’s intent is to remain in perpetuity, and as such, the portfolio should support this goal.

c. **Taxes.** The Foundation pays taxes according to IRS Section 501(c)(3) for exempt private foundations.

d. **Legal and Regulatory.** The State of Minnesota has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides relief from two traditional tenets of trust law by specifically permitting an endowment fund to spend a prudent portion of realized gains and to delegate investment discretion to qualified professionals. UPMIFA allows an endowment fund to expand the amount they deem prudent after considering, to the extent relevant, the following factors:
   i. the duration and preservation of the assets;
   ii. the purposes of the Fund and the assets;
   iii. general economic conditions;
   iv. the possible effect of inflation or deflation;
   v. the expected total return from income and the appreciation of investments;
   vi. other resources of the Fund; and
   vii. the investment policy of the Fund.

4. **Return Measurement Objectives.** The investment objectives of the Foundation are based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. While there cannot be complete assurance that the defined objectives will be realized, it is believed that the likelihood of their realization is enhanced by the Investment Policy Statement of the Foundation.

Over time, the Foundation will aim to achieve the total fund return goal while maintaining acceptable risk levels. To accomplish this goal, the fund will diversify its assets among several asset classes. Appendix A provides permissible asset classes and appropriate index measures of these classes. Active managers will be expected to provide returns greater than or equal to their appropriate benchmark while utilizing acceptable risk levels.

All return objectives described are understood to be net (after) of investment expense.

a. **Total Foundation (portfolio) assets should attempt to return, over the Time Horizon, an annualized nominal rate of return greater than or equal to the long-term return objective, net after all fees and costs.**

b. **Total Foundation (portfolio) assets should attempt to return, over rolling twelve-quarter periods, a nominal rate of return greater than or equal to**
a composite index created by combining various indices (Appendix A) in the same proportion as the Foundation’s target allocation (described in Appendix B).

c. Each investment manager should attempt to return, over rolling twelve-quarter periods, a nominal rate of return greater than or equal to the appropriate market index for that investment manager (Appendix A), with not more than commensurate risk.

5. Volatility and Risk. The Foundation believes that the return objectives can be achieved while assuming acceptable risk levels commensurate with “market” volatility. “Market” volatility is defined as the trailing three-year standard deviation of investment returns (based on monthly data) of the benchmark indices deemed appropriate.

The Foundation further believes that risk is defined as the probability of failing to meet the Foundation’s Objectives over the time horizon. Therefore, in order to minimize the probability of failure, thereby minimizing risk, the following variables should be considered in all aspects of the decision-making process with regards to the Foundation’s investable assets:

- Probability of Missing the Goal Return
- Inflation
- Asset/Style Allocation

6. Distribution Policy

a. Distribution Rate. The Foundation recognizes that authorizing a Distribution Rate equal to the Foundation’s total return each year will doom the Fund to declining real values due to the effects of inflation. At the same time, the Foundation is aware that it has come to rely upon a certain distribution amount in preparing its operating budgets. This amount is made available for the payments of grants, operating expenses, and investment management expense.

The Foundation feels that a Distribution Rate of up to 7% (up to 5% for endowment purposes, and 0% to 2% for administrative costs) should be determined annually such that it balances current income needs with the need to preserve purchasing power for future generations of students. Distributions for endowment purposes will take priority over administrative purposes.

In carrying out the Distribution Policy, the Foundation may find it necessary to distribute more in an individual year than was actually earned in the year where, for instance, the most recent four quarters experienced a loss. The policy will act to maintain a more stable distribution stream, whether total return is positive or negative in given years.
b. Distribution Amount Calculation. It shall be the policy of the Foundation to distribute an amount equal to the product of the Distribution Rate and the investment portfolio’s trailing twelve-quarter market value, as of December 31 each year. This amount is then used for projecting the following years’ budget.

7. Total Return Policy. The Foundation’s total return is comprised of both traditional “income” (e.g., dividend on stocks and interest on fixed-income securities) plus realized and unrealized net capital gains. In recognition of these facts the Foundation has determined to use a Total Return in conjunction with the Distribution Policy.

It shall be the policy of the Foundation when administering this Distribution Policy to consider the Foundation’s total return from both income and net capital gains, both realized and unrealized. All earnings are to be reinvested rather than be paid in cash. When the distribution is made it will be withdrawn from the portfolio regardless of the portion of the total return that is from capital gains or from income.

8. Asset Allocation. The single most important decision made by the Foundation is the asset allocation decision. Investment research has determined that a significant portion of a fund’s investment behavior can be attributed to (1) the asset classes/styles which are employed by the fund, and (2) the weighting of each asset class/style. It is the responsibility of the Committee of the Foundation to recommend to the Board the asset allocation that offers the highest probability of achieving the investment objectives. The Committee, with guidance and recommendations from their Consultant, should review the asset mix on an ongoing basis and recommend revisions as necessary. Current policy asset allocation guidelines and permissible ranges are set forth in Appendix B.

The target asset allocation has been determined by the Foundation based on a comprehensive allocation study completed by the Consultant. The target asset allocation of the Foundation is designed to give balance to the overall structure of the Foundation’s investment program over a long time horizon. However, some factors may impact the target allocation, thereby requiring an asset allocation review and possible rebalancing. Some of these factors include:

a. The Committee’s assessment of the intermediate or long-term outlook for different types of asset classes and styles,
b. The Consultant’s assessment of the intermediate or long-term outlook for different types of asset classes and styles,
c. Divergence in the performance of the different asset classes and styles.

9. Portfolio Rebalancing. Since asset allocation is the most critical component of the Foundation’s returns, it is desirable to rebalance the portfolio periodically to minimize deviations from the Policy Asset Allocation mix.
The Committee or Consultant may rebalance the portfolio to achieve the Policy Asset Allocation at any time. However, the portfolio shall be rebalanced in the event any individual traditional asset class (equity, alternatives, or fixed income) falls outside the approved ranges. The Consultant will complete the rebalancing process and notify the Committee.

10. Permissible Investments. The target asset allocation of the Foundation is expected to include a wide range of asset classes. These asset classes and their relative comparative indices are displayed in Appendix A. The permissible asset classes are as follows:

**Asset Class**
- Domestic Large-Capitalization Equity
- Domestic Large-Capitalization Value Equity
- Domestic Large-Capitalization Growth Equity
- Domestic Mid-Capitalization Equity
- Domestic Small-Capitalization Equity
- Domestic Small-Capitalization Value Equity
- International Large-Capitalization Equity
- International Small-Capitalization Equity
- International Emerging and Frontier Markets Equity
- Private Equity
- Domestic Fixed Income
- Inflation-protected Fixed Income
- Global Fixed Income
- High Yield Fixed Income
- International Emerging Markets Fixed Income
- Real Estate (including REITs) and Infrastructure Equity
- Absolute Return Strategies (including hedge funds)
- Natural Resource and Commodity Funds
- Cash Equivalents

11. Investment Policies & Performance Goals for Investment Managers and Mutual Funds. The following are performance goals and constraint guidelines placed on individual managers and mutual funds within specific asset classes:

12. All Managers

   a. All managers shall demonstrate a reasonable match, or “fit”, with their respective index, as measured by acceptable R2 and tracking error. R2 ranges from 0 to 100 and reflects the percentage of a manager’s movements that are explained by movements in its benchmark index.
   b. Active managers shall be terminated if tracking error is consistently out of policy and net performance is statistically indistinguishable from the benchmark return.
   c. Index managers shall be terminated if tracking error is consistently out of policy.
d. No traditional manager shall be permitted to use margin or to otherwise leverage the portfolio, without the prior written consent of the Committee. However, alternative managers are permitted to use margin or leverage the portfolio, without the Board’s consent, so far as their use of margin and leverage is consistent with their mandate.

13. Domestic Equity

a. The maximum weighting (cost basis) in any one company for active managers is 10%. This weighting applies only to those funds managed by a particular manager.
b. The maximum allocation to cash and short-term investments, at any time, will be 15% unless written permission is communicated to the Consultant by the Committee.
c. Trading and Execution: Managers should execute trades on a competitive basis, considering both commission and market impact, as compared to relative size funds.

14. Domestic Fixed Income. The maximum weighting (cost basis) in any one security for active managers is 10%. This does not apply to U.S. government and agency issues.

15. International Equity and Fixed Income. The use of currency futures to enhance performance and/or hedge currency exposure by international and/or global managers is at the discretion of the manager, provided the hedging in any one currency will never exceed the market value of the assets in the currency. A detailed description of a manager’s currency strategy must be submitted to the Investment Committee.

16. Other

a. Securities Lending. Investment Managers may engage in securities lending to broker dealers as a means of enhancing the portfolio’s income.
b. Active vs. Passive Management Decision. The Committee shall continue to review the relative advantages of passive versus active management in the context of reduced management expenses, stable performance and constant, complete exposure to the particular asset class with regard to the excess return provided by the individual manager.
c. Related Party Transaction. The Foundation will not loan funds to related parties defined as an officer, director, Committee member, employee, or donor either current or prospective.
d. Procedure for Revising Guidelines. All investment policies and performance goals will be reviewed annually or when deemed necessary by the Committee. In order to facilitate timely adjustments and rebalancing to the Foundation’s Policy Asset Allocation without undue delays, the Policy Asset Allocation may be revised with a majority vote of the Board.
e. Reporting Requirement. The Consultant will be responsible for the preparation of the reports concerning performance evaluation. These reports will comply with standards developed by the Association for Investment Management and Research.
assets will be monitored on a continuous basis, the Committee will focus primarily on the achievement of its objectives over a rolling three-year time horizon. However, if any Investment Manager significantly changes management philosophy, personnel or ownership, a review will be conducted to determine if the Investment Manager remains appropriate for the Foundation’s purpose. The format of the Foundation’s performance evaluation reports shall be developed with input from the Committee.

f. **Conflicts of Interest.** All persons responsible for investment decisions or who are involved in the management of the Foundation or who are consulting to, or providing any advice whatsoever to the Committee, shall disclose in writing at the beginning of any discussion or consideration by the Committee, any relationships, material beneficial ownership, or other material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Committee may require such persons to remove themselves from the decision-making process.

Any member(s) of the Committee responsible for investment decisions or who are involved in the management of the Foundation shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably tend to influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Committee. The intent of this provision is to eliminate conflicts of interest between committee membership and the Foundation. Failure to disclose any material benefit shall be grounds for immediate removal from the Committee. This provision shall not preclude the payment of ordinary fees and expenses to the Foundation’s custodian(s), Investment Manager(s), or Consultant(s) in the course of their services on behalf of the Foundation.
### Appendix A: Comparative Indices for Traditional Investment managers

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Comparative Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td></td>
</tr>
<tr>
<td>Domestic Equity</td>
<td></td>
</tr>
<tr>
<td>U.S. All-Cap Stocks</td>
<td>MSCI ACWI</td>
</tr>
<tr>
<td>U.S. Large Stocks</td>
<td>Wilshire 5000</td>
</tr>
<tr>
<td>U.S. Large Value Stocks</td>
<td>Russell 1000 Value</td>
</tr>
<tr>
<td>U.S. Large Growth Stocks</td>
<td>Russell 1000 Growth</td>
</tr>
<tr>
<td>U.S. Mid Stocks</td>
<td>S&amp;P MidCap 400</td>
</tr>
<tr>
<td>U.S. Small Stocks</td>
<td>Russell 2000</td>
</tr>
<tr>
<td>U.S. Small Value Stocks</td>
<td>Russell 2000 Value</td>
</tr>
<tr>
<td>International Equity</td>
<td></td>
</tr>
<tr>
<td>Int’l Large/Mid Stocks</td>
<td>MSCI EAFE</td>
</tr>
<tr>
<td>Int’l Small Stocks</td>
<td>S&amp;P Citigroup EMI-EPAC</td>
</tr>
<tr>
<td>Emerging Market Stocks</td>
<td>MSCI Emerging Markets Free</td>
</tr>
<tr>
<td>Private Equity</td>
<td>S&amp;P 500 + 5%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td></td>
</tr>
<tr>
<td>Domestic Fixed Income</td>
<td>Barclays Aggregate Bond</td>
</tr>
<tr>
<td>Inflation-protected Fixed</td>
<td>Barclays Capital US TIPS</td>
</tr>
<tr>
<td>High Yield Fixed Income</td>
<td>B of A Merrill Lynch U.S. High Yield BB-B</td>
</tr>
<tr>
<td>Global Fixed Income</td>
<td>Citigroup World Bond</td>
</tr>
<tr>
<td>Emerging Mkt Bonds</td>
<td>JPM Emerging Mkt Bond</td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>U.S. Treasury Bills</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>HFR Fund of Funds Index</td>
</tr>
<tr>
<td>Real Estate (including REITs)</td>
<td>FTSE/EPRA NAREIT GLOBAL</td>
</tr>
<tr>
<td>Global Listed Infrastructure</td>
<td>S&amp;P Global Infrastructure</td>
</tr>
<tr>
<td>Commodity Funds</td>
<td>Dow Jones UBS Commodity Index</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>Goldman Sachs Natural Resources Index</td>
</tr>
</tbody>
</table>
Appendix B: Asset Allocation Guidelines and Ranges

OVERVIEW
The Asset Allocation Guidelines and Ranges appendix is a tool to be used in guiding, implementing, evaluating and monitoring the portfolio construction of the Foundation (“Foundation”).

INVESTMENT OBJECTIVE
The primary investment objective of the Foundation is to preserve and enhance the purchasing power of the organization’s assets. Accordingly, the Foundation seeks a long-term rate of return on investments that will grow its assets by an amount sufficient to offset inflation, required spending and program fees and expenses, over a full market cycle, while maintaining sufficient liquidity to meet obligations arising from planned activities.

In furtherance to this objective, the Foundation will diversify the portfolio among various asset classes and securities issuers with the goals of reducing the investment portfolio’s volatility of returns and the non-systematic, single issuer, principal risk.

ASSET ALLOCATION GUIDELINES
These Asset Allocation Guidelines describe the risk and return parameters determined to best meet the objectives of the Foundation. It is understood that other strategic allocations, representing varying levels of risk, are available to the Foundation.

As used in these guidelines: “Policy Normal Level” means the strategic asset allocation mix that the Investment Manager is expected to maintain under normal circumstances and market conditions; “long-term” means a period not less than five years; “volatility” means large positive or negative returns in short time periods; and “cash” refers to cash equivalents (or funds including cash equivalents) having maturities of one year or less.

It is understood that any asset classes or ranges identified are guidelines. Asset allocations within the Foundation may differ from the ranges outlined below depending on circumstances, Foundation directions and market conditions. Investments within the equity, alternatives, fixed income and cash categories may vary. Additions or withdrawals will affect the Foundation’s asset allocation as will market movements up or down. Therefore, a reasonable amount of time will be required to rebalance the Foundation’s asset allocation consistent with these Asset Allocation Guidelines.

The Investment Manager may rely on these Asset Allocation Guidelines for any other accounts or portfolios over which the Foundation has investment authority if the Foundation fails to provide you with separate asset allocation guidelines for such accounts or portfolios. Thus, the asset allocation described in these Asset Allocation Guidelines may be attributable to a given account or portfolio, or aggregated across accounts or portfolios, depending on the legal entity’s circumstances.
ASSET ALLOCATION GUIDELINE

<table>
<thead>
<tr>
<th>Equity Portfolio:</th>
<th>Policy Normal Level</th>
<th>Lower Range</th>
<th>Upper Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap U.S. Equity</td>
<td>17.0%</td>
<td>12%</td>
<td>-</td>
</tr>
<tr>
<td>Mid Cap U.S. Equity</td>
<td>3.0%</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Small Cap U.S. Equity</td>
<td>2.0%</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Developed International Equity</td>
<td>15.0%</td>
<td>10%</td>
<td>-</td>
</tr>
<tr>
<td>International Emerging Markets Equity</td>
<td>7.0%</td>
<td>4%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Equity Sub-Total</strong></td>
<td><strong>44.0%</strong></td>
<td><strong>31%</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

| Fixed Income Portfolio: | |
|-------------------------|-----------------|-----------------|-----------------|
| Core U.S. Fixed Income | 17.0% | 12% | - | 22% |
| Inflation Protected Securities | 2.0% | 0% | - | 6% |
| High Yield Bonds | 7.0% | 4% | - | 10% |
| **Fixed Income Sub-Total** | **26.0%** | **22%** | - | **34%** |

| Real Asset Investments: | |
|-------------------------|-----------------|-----------------|-----------------|
| Real Estate & Infrastructure | 8.0% | 5% | - | 11% |
| Natural Resources | 6.0% | 3% | - | 9% |
| **Real Assets Sub-Total** | **14.0%** | **9%** | - | **19%** |

| Alternative Investments: | |
|---------------------------|-----------------|-----------------|-----------------|
| Hedge Funds | 6.0% | 0% | - | 9% |
| Private Equity | 8.0% | 0% | - | 12% |
| **Alternatives Sub-Total** | **14.0%** | **0%** | - | **19%** |

| Cash Equivalents: | |
|-------------------|-----------------|-----------------|-----------------|
| Money Market | 2.0% | 0% | - | 15% |

**Total Portfolio** | **100.0%**

REBALANCING

Consistent with the limitations above, each Investment Manager may periodically adjust the allocation of assets within its applicable target ranges depending on: (i) routine cash flows and net new money available for investment; (ii) relative performance of asset classes. If the weighting of an asset class exceeds the target range, the Investment Manager shall either (a) rebalance the portfolio to within target range within a reasonable period of time or (b) seek approval form the Committee to adjust the target range.

In general, Investment Managers are expected to review their portfolios at least quarterly to determine if any rebalancing activities are required.
INVESTMENT PERFORMANCE BENCHMARKS

The performance review of Northern Trust at the asset class level will evaluate asset class performance versus the following benchmarks:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Benchmark</th>
<th>Policy Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap U.S. Equity</td>
<td>S&amp;P 500 Index</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>Russell 1000 Index</td>
<td></td>
</tr>
<tr>
<td>Mid Cap U.S. Equity</td>
<td>S&amp;P Mid Cap 400 Index</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Russell Mid Cap Index</td>
<td></td>
</tr>
<tr>
<td>Small Cap U.S. Equity</td>
<td>S&amp;P Small Cap 600 Index</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Russell 2000 Index</td>
<td></td>
</tr>
<tr>
<td>International Equity</td>
<td>MSCI EAFE Index (ND)</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>MSCI EM Index (ND)</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>MSCI ACWI ex-US Index (ND)</td>
<td></td>
</tr>
<tr>
<td>Fixed Income:</td>
<td>Barclays Cap US Int. Govt/Credit Bond</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>Barclays Cap US Corp. High Yield 2% Issuer Cap</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>JP Morgan Govt. Bond Index Emerging Markets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Barclay US TIPS</td>
<td>2%</td>
</tr>
<tr>
<td>Hedge Fund of Funds:</td>
<td>HFR Funds of Funds Index: Composite</td>
<td></td>
</tr>
<tr>
<td>Commodities:</td>
<td>Dow Jones–UBS Commodities Index</td>
<td>6%</td>
</tr>
<tr>
<td>Real Estate:</td>
<td>FTSE–EPRA/NAREIT Global Real Estate Index (ND)</td>
<td>6%</td>
</tr>
<tr>
<td>Short Term Funds:</td>
<td>90 Day T-Bill</td>
<td>2%</td>
</tr>
</tbody>
</table>

INVESTMENT PERFORMANCE EXPECTATIONS

The Committee will establish and approve investment performance expectations for each Investment Manager. Such expectations will vary by asset class and will be based on appropriate index returns, composites or other recognized industry performance standards deemed appropriate by the Committee.

The overall investment performance objective for the Foundation’s portfolio is to meet a policy benchmark weighted to that asset allocation set forth for each Investment Manager over a full market cycle.

INVESTMENT REVIEW AND EVALUATION

Investment managers will review and evaluate investment performance periodically in the context of the current investment environment and the long-term investment horizon of the Foundation. Performance evaluation will be done for the total portfolio and for each asset and sub-asset class.

These Asset Allocation Guidelines and Investment Performance Benchmarks will continue to apply to Investment Manager’s management of the Foundation’s until changed and acknowledged in a signed and dated writing.
### STRATEGIC ASSET ALLOCATION

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Investment Policy Target</th>
<th>Portfolio A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>50.0%</td>
<td>50.0%</td>
</tr>
<tr>
<td>US Equity</td>
<td>23.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>U.S. Large Cap Equity</td>
<td>17.0%</td>
<td>18.0%</td>
</tr>
<tr>
<td>U.S. Mid Cap Equity</td>
<td>3.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>U.S. Small Cap Equity</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>International Equity</td>
<td>27.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>International Developed Equity</td>
<td>18.0%</td>
<td>16.0%</td>
</tr>
<tr>
<td>International Emerging Equity</td>
<td>9.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>23.0%</td>
<td>27.0%</td>
</tr>
<tr>
<td>U.S. Investment Grade Bonds</td>
<td>12.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Inflation Protected Bonds</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>9.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Alternatives</td>
<td>25.0%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Real Estate &amp; Infrastructure</td>
<td>9.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>9.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>0.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Cash</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

#### Return Assumptions / Risk Statistics
- **Long Term Projected Return**: 8.6% | 8.6%
- **5 Year Projected Return**: 7.1% | 7.1%
- **Standard Deviation**: 15.3% | 14.6%
- **Long Term Annual Return Range (1 Std Dev)**: -6.7% - 23.9% | -6.0% - 23.2%
- **Sharpe Ratio**: 0.35 | 0.37

#### Stress Tests:
- Financial Crisis (11/07-2/09): -26.0% | -23.5%
- Greenspan Tightening (10/93-12/94): -1.2% | -1.9%
- Technology Bubble Burst (9/00-9/02): -18.8% | -15.3%
**A. Scope.** This Statement of Investment Policy for Planned Gifts (“Statement”) applies to investment of the following types of assets (collectively “Planned Gift Assets”):

Assets held by the Foundation as trustee of charitable remainder trusts (“CRTs”) and as trustee of charitable lead trusts (“CLTs”) (collectively “Charitable Trusts”).

Assets transferred to the Foundation by donors to establish charitable gift annuities (“CGAs”). This Statement supplements the Foundation’s Statement of Investment Policy (“SIP”).

Portions of the SIP are incorporated in this Statement by reference.

**B. Mission Statement.** When managing the assets of CRTs and CLTs (collectively “Charitable Trust Assets”), the Foundation acts in the capacity of a trustee. As such, it has fiduciary duties to the beneficiaries of those trusts which differ in some respects from its responsibilities in managing its own funds.

The Foundation holds the assets donors transfer to it to establish CGAs (“CGA Assets”) in a commingled Gift Annuity Pool. The Foundation owns the Gift Annuity Pool in its own capacity, not as trustee. When the Foundation accepts a transfer of CGA Assets, however, it obligates itself contractually to make annuity payments to the donor and/or another annuitant.

In managing its Planned Gift Assets, the Foundation has three overarching goals:

1. To discharge its fiduciary duties to the beneficiaries of the CRTs and CLTs of which it is the trustee.
2. To make all payments due to annuitants under CGA agreements exclusively out of the income and principal of its Gift Annuity Pool.
3. To invest all Planned Gift Assets with the aim of helping the donors of those assets achieve the philanthropic, financial and family goals with which they established their planned giving vehicles.

**C. Purpose.** This Statement of Investment Policy for Planned Gifts is set forth to:

Establish the investment policies, guidelines and objectives for the management of the various portfolios of Planned Gift Assets held by the Foundation in order to provide the Investment Committee and Investment Managers with clearly defined policies and objectives, yet be sufficiently flexible to adapt to changing economic conditions and securities markets.

Create a framework within which the Board of Trustees and the Investment Committee can evaluate the performance of the portfolio of each Charitable Trust and the portfolio
of the Foundation’s Gift Annuity Pool, and the performance of Investment Managers it retains to manage those portfolios.

Provide guidance to, expectations for, and limitations on all parties with responsibility for management of Planned Gift Assets.

D. Investment Responsibilities

1. Charitable Trusts. The Foundation shall manage the assets of each Charitable Trust of which it is trustee according to Minnesota Statutes Section 501B.151. In particular, the Foundation shall manage the assets of each Charitable Trust according to the Prudent Investor Rule of Section 501B.151, except as otherwise provided by the provisions of the trust agreement in question. In cases where the provisions of the trust agreement expand, restrict, eliminate or otherwise alter the Prudent Investor Rule, the Foundation shall manage trust assets according to the provisions of the trust agreement. A copy of Minnesota Statutes Section 501B.151 in effect on the date of this Statement is attached as an exhibit.

2. Charitable Gift Annuities. In general, the Foundation shall manage the assets of the Gift Annuity Pool according to the standards of investment management established by Minnesota Statutes Sections 309.73 through 309.77. A copy of those Sections in effect on the date of this Statement is attached as an exhibit. The Foundation is aware that some states, but not Minnesota, impose reserve requirements and investment restrictions on the gift annuity pools of institutions which issue CGAs to residents of those states. The University Advancement Office shall inform the Investment Committee in a timely manner of any such requirement which become applicable to all or a portion of the Foundation’s Gift Annuity Pool. The Gift Annuity Pool shall always be managed so that it is in compliance with all applicable state laws and regulations regarding gift annuity pool reserves and investments.

3. Responsible Parties. The section of the SIP entitled “Investment Responsibilities” describes the duties and authority of the various parties with responsibility for managing the Foundation’s portfolio (other than its Gift Annuity Pool): the Board of Directors, the Investment Committee, the Investment Consultant, Investment Managers and the Investment Custodian (collectively “Responsible Parties”). The duties and authority of each Responsible Party described in the SIP also apply to those Responsible Parties in connection with the management of the Charitable Trust Assets and the Gift Annuity Pool, with appropriate modifications including but not limited to the following:

The assets of each Charitable Trust shall be managed in accordance with the Prudent Investor Rule and the provisions of the applicable trust agreement.

All Responsible Parties shall discharge their duties with respect to each Charitable Trust exclusively in the interest of the beneficiaries of that trust and in a manner which is consistent with the rights of those beneficiaries.
E. Investment Policies and Objectives

1. General Objectives

a. **Charitable Trusts.** Each Charitable Trust shall be managed to generate the highest total return consistent with safety of principal in order to allow the trust to meet its payout obligations to the income beneficiaries while preserving, and if possible increasing, the value of the trust principal for ultimate distribution to the remainder beneficiaries. In the case of trusts with a variable payout which depends on the annual value of the trust’s principal (charitable remainder unitrusts and charitable lead unitrusts), this objective includes the goal of maintaining, and if possible increasing, the amount of the annual distribution to the income beneficiaries.

b. **Gift Annuity Pool.** The Gift Annuity Pool shall be managed to generate the highest total return consistent with safety of principal in order to allow the Foundation to meet its payout obligation to annuitants of CGAs exclusively out of the income and principal of the Gift Annuity Pool and to generate the maximum gift to the Foundation from each CGA.

c. **Charitable Trusts – Individualized Investment Strategies.** The Investment Committee, in consultation with the Investment Consultant and Investment Managers as appropriate, shall formulate an individualized investment strategy for each Charitable Trust which takes into account all of the relevant parameters of that trust, including but not limited to:

- The payout rate of the trust.
- The term of the trust (including the ages of beneficiaries where appropriate).
- The structure of the trust (i.e., unitrust or annuity trust format).
- The tax treatment of the trust itself and the tax treatment of distributions to its beneficiaries.
- The stated objectives of the donor in creating the trust.
- The Investment Committee shall review the investment strategy for each Charitable Trust annually and where appropriate, revise that strategy.

2. Permissible Investments

The target asset allocation of the Foundation is expected to include a wide range of asset classes. These asset classes and their relative comparative indices are displayed in Appendix A. The permissible asset classes are as follows:
<table>
<thead>
<tr>
<th>Maximum Allocation %</th>
<th>Asset Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>Domestic Large-Capitalization Equity</td>
</tr>
<tr>
<td>30</td>
<td>Domestic Large-Capitalization Value Equity</td>
</tr>
<tr>
<td>30</td>
<td>Domestic Large-Capitalization Growth Equity</td>
</tr>
<tr>
<td>40</td>
<td>Domestic Mid-Capitalization Equity</td>
</tr>
<tr>
<td>30</td>
<td>Domestic Small-Capitalization Equity</td>
</tr>
<tr>
<td>30</td>
<td>Domestic Small-Capitalization Value Equity</td>
</tr>
<tr>
<td>60</td>
<td>International Large-Capitalization Equity</td>
</tr>
<tr>
<td>30</td>
<td>International Small-Capitalization Equity</td>
</tr>
<tr>
<td>20</td>
<td>International Emerging Markets Equity</td>
</tr>
<tr>
<td>15</td>
<td>Private Equity</td>
</tr>
<tr>
<td>30</td>
<td>Domestic Fixed Income</td>
</tr>
<tr>
<td>30</td>
<td>Inflation-protected Fixed Income</td>
</tr>
<tr>
<td>15</td>
<td>Global Fixed Income</td>
</tr>
<tr>
<td>15</td>
<td>High Yield Fixed Income</td>
</tr>
<tr>
<td>15</td>
<td>International Emerging Markets Fixed Income</td>
</tr>
<tr>
<td>20</td>
<td>Real Estate (including REITs)</td>
</tr>
<tr>
<td>30</td>
<td>Absolute Return Strategies (including hedge funds)</td>
</tr>
<tr>
<td>15</td>
<td>Natural Resource and Commodity Funds</td>
</tr>
<tr>
<td>30</td>
<td>Cash Equivalents</td>
</tr>
</tbody>
</table>
Appendix A: Comparative Indices for Traditional Investment managers

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>COMPARATIVE INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td></td>
</tr>
<tr>
<td>Domestic Equity</td>
<td></td>
</tr>
<tr>
<td>U.S. All-Cap Stocks</td>
<td>Wilshire 5000</td>
</tr>
<tr>
<td>U.S. Large Stocks</td>
<td>S&amp;P 500</td>
</tr>
<tr>
<td>U.S. Large Value Stocks</td>
<td>Russell 1000 Value</td>
</tr>
<tr>
<td>U.S. Large Growth Stocks</td>
<td>Russell 1000 Growth</td>
</tr>
<tr>
<td>U.S. Mid Stocks</td>
<td>S&amp;P MidCap 400</td>
</tr>
<tr>
<td>U.S. Small Stocks</td>
<td>Russell 2000</td>
</tr>
<tr>
<td>U.S. Small Value Stocks</td>
<td>Russell 2000 Value</td>
</tr>
<tr>
<td>International Equity</td>
<td></td>
</tr>
<tr>
<td>Int’l Large/Mid Stocks</td>
<td>MSCI EAFE</td>
</tr>
<tr>
<td>Int’l Small Stocks</td>
<td>S&amp;P Citigroup EMI-EPAC</td>
</tr>
<tr>
<td>Emerging Market Stocks</td>
<td>MSCI Emerging Markets Free</td>
</tr>
<tr>
<td>Private Equity</td>
<td>S&amp;P 500 + 5%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td></td>
</tr>
<tr>
<td>Domestic Fixed Income</td>
<td>Barclays Aggregate Bond</td>
</tr>
<tr>
<td>Inflation-protected Fixed</td>
<td>Barclays Capital US TIPS</td>
</tr>
<tr>
<td>High Yield Fixed Income</td>
<td>Citigroup High Yield</td>
</tr>
<tr>
<td>Global Fixed Income</td>
<td>Citigroup World Bond</td>
</tr>
<tr>
<td>Emerging Mkt Bonds</td>
<td>JPM Emerging Mkt Bond</td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>U.S. Treasury Bills</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>HFR Fund of Funds Index or CPI + 3%</td>
</tr>
<tr>
<td>Real Estate (including REITs)</td>
<td>Dow Jones Wilshire REIT</td>
</tr>
<tr>
<td>Commodity Funds</td>
<td>Dow Jones AIG Commodity Index</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>Goldman Sachs Natural Resources Index</td>
</tr>
</tbody>
</table>

This Investment Policy Statement must be reviewed by the Board of Directors at least once a year and confirmed as appropriate or amended as necessary at that time.

Revised November 10, 2011
A. Gifts of assets which meet use specifications by Minnesota State University, Mankato may be given by the Minnesota State University, Mankato Foundation to the University at regularly scheduled Board of Director Meetings.

B. Such transfer to the University shall be conducted under policies established by the MnSCU Board of Trustees.

C. Gifts of assets which do not meet use specifications shall be sold at current market value and the proceeds invested according to investment procedures.

D. Staff shall inform prospective donors of IRS regulations regarding appraisals needed for gifts of specific size. To preserve the donor’s tax deduction, the Foundation agrees not to sell the asset for below appraised fair market value for a period of two years.

E. Taxes on donated properties should be paid from the following sources during the holding period before sale:

   Interest earnings from non-designated endowments shall be used to pay the taxes. These borrowed funds shall be repaid to the earnings account from the property sale.

Adopted November 7, 1996
The Minnesota State University, Mankato Foundation has a fiduciary responsibility to safeguard the assets of the donors and ensure that the gifts are used in the manner intended by the donors. The gifts, grants, awards, etc. that flow through the Foundation are normally distributed by officers and employees of Minnesota State University, Mankato. It is the policy of the Minnesota State University, Mankato Foundation that each officer and other responsible employee of Minnesota State University, Mankato will so conduct their affairs as to assure, to the best of their ability, that these gifts are utilized in the manner that the donor and Minnesota State University, Mankato Foundation intend.

It is not the intention of the Foundation to specifically name all possible correct or incorrect uses of gifts, but rather to alert all officers and other responsible employees of Minnesota State University, Mankato to constantly be aware of possible misuses. Any questions concerning compliance with this policy shall be submitted in writing to the President of Minnesota State University, Mankato Foundation for a written response.

On an annual basis, but no later than April 1 of each year, the Dean of each college and the Vice President for Student Affairs will provide the Vice President for University Advancement with names of individuals in their college/division who are responsible for distribution of funds from all Foundation spendable accounts.

Approved May 17, 2003
Section 8 ADMINISTERING GIFTS AND GRANTS

Capital Development Fund MSUF 8.1

A. University programs and departments may, upon approval of the Vice President for University Advancement, establish capital development accounts where interest earnings will be credited as in the case with endowments. Principal and earnings will ultimately be used for the capital expenditure.

B. The specific capital expenditure purpose must be identified before an account will be opened.

Adopted November 7, 1996
A. Distribution of investment earnings. Investment earnings will include interest income, dividend income and realized and unrealized gain or loss on investments between July 1 and June 30 of each fiscal year.

With few very specific exceptions, all endowment funds will be invested in a unitized pool of investments. Individual endowments will own units (Base unit value set at $1,000 on 6/30/08) of that pool of investments. Unit values are adjusted to market value at the end of each quarter. New additions to and subtractions from the pool are only allowed at the end of each quarter and are based on the market value at the end of the quarter.

B. Distribution of endowment investment earnings. Distribution of endowment investment earnings will be handled as follows:

1. Annual Administrative Assessment

   To the General Fund. A percentage (not to exceed 2%) of the endowment account balance or a specified amount recommended by the Investment Committee and determined annually at the Fall Board meeting to be assessed annually. (See MSUF 4.1)

2. Donor’s Objective

   A percentage of the endowment balance, which will be determined by the Board annually, shall be distributed to accounts using the unitized procedure described above. The established funding would be for the following academic year and would be withdrawn from the individual endowments on July 1 and placed in their spending accounts.

   A trailing 12-quarter average of all endowments will be determined as of December 31 of each year. The percentage determined by the Board (see above) will be applied to the 12-quarter average to determine the total amount to be distributed to the donor’s objective for all endowments. That total amount will then be distributed to the individual endowment purposes proportionately, based on the average balance in each endowment for the last four quarters.

   This distribution of income will be used to support the donor’s stated objectives for the endowment.

C. Each year the Foundation Investment Committee shall present the recommended percentage above to the Foundation Board for approval no later than the end of February each year.

   Approved May 16, 2009
A. The Foundation Investment Committee shall recommend total return objectives each year and review agent and custodian results against prior year objectives.

B. Management of Life Income Contracts shall be selected as follows:

1. Pooled Income Funds

   - The Foundation Board, upon recommendation of the Investment Committee, shall select a bank trust department or other financial management firm to act as agent and custodian.
   - Criteria shall include capability of meeting investment objectives, federal and state requirements.
   - The investment objective of Minnesota State University, Mankato Foundation Pooled Income Fund No. 1 shall be to provide life income beneficiaries with the highest possible annual rate of return while safeguarding the principal of their original gift.

2. Charitable Remainder Unitrusts. The donor may select a bank or financial management firm to act as trustee or request that the Minnesota State University, Mankato Foundation act as trustee.

3. Charitable Remainder Annuity Trusts. The donor may select a bank or financial management firm to act as trustee or request that Minnesota State University, Mankato Foundation act as trustee.

4. Charitable Gift Annuity

   - Minnesota State University, Mankato Foundation may enter into contracts with annuitants upon the approval of the Board.
   - Before each annuity gift is accepted, Minnesota State University, Mankato development staff shall review the gift proposal with the Foundation accountant.

C. All Life Income Contracts shall be reviewed by the Investment Committee and accepted by the Foundation Board.

Adopted November 7, 1996
A. Selection

1. The Financial Aid Office will select scholarship recipients for programs involving “need” or “financial need” as the selection criterion.

2. Appropriate departments will select the recipients of scholarship where “financial need” is not a requisite.

B. Scholarship Amount

1. Endowed Scholarships
   - Earnings up to 7% of principal, after expenses, will be used each year to achieve the endowment purpose. If earnings exceed 7%, after expenses, the balance will be reinvested so principal will continue to grow.
   - If endowment principal will not generate the equivalent of tuition and fees for one academic quarter or semester, earnings may be reinvested in principal or left to accumulate until the earnings are large enough to be awarded.

2. Non-endowed Scholarships
   - Annual gifts designated for scholarship purposes shall be awarded within twelve months of receipt.

Adopted November 7, 1996
Responsibility of Academic Units Selecting Scholarship Recipients  MSUF 8.5

In order to assure an efficient and orderly administration of student financial aid funds, each organization or group having funds deposited with the Foundation should:

A. Select a person to represent them in transactions with the Foundation through the Financial Aids Office.

B. Establish a selection committee to determine award recipients.

C. Establish selection criteria with the original in academic unit files and copies in Financial Aids and the Development Offices.

D. Select next year’s recipients in the early spring and inform the Development Office and Financial Aids Office of the selected student.

The director of Financial Aids is to issue funding clearance and forward the authorization to the Minnesota State University, Mankato Foundation accountant to disburse the funds.

Adopted November 7, 1996
A. Every three years, the Vice President for University Advancement will conduct a review of endowment accounts to ascertain account productivity and viability.

B. Action will be taken to eliminate by assimilation to a similar purpose, all accounts that have been inactive or show no promise of achieving the minimum standards set in Policy MSUF 8.4, Section B.1, Endowed Scholarships.

Updated April 24, 2003
Adopted November 7, 1996
Section 9 REPORTING GIFTS AND GRANTS

An annual report shall be produced each year containing audited statements of revenue, expense and fund balances. The Office of Development shall take responsibility for production and dissemination of this report to donors of record.

Adopted November 7, 1996
The University Business Office will prepare the following reports for distribution to Foundation Board members prior to each regularly scheduled Board meeting. In those months in which the Board does not meet, these reports will be distributed to members of the Executive Committee.

A. A statement of assets, liabilities and fund balances. The statement will provide the current year-to-date totals and compare them to the previous year’s comparable month-to-date and previous year-end totals.

B. A combined statement of cash receipts, disbursements, and changes in fund balances. The statement will provide cumulative year-to-date financial information.

C. An investment schedule detailing all Foundation investments as of the month-end prior to the date of the appropriate Board meeting.

D. Any other financial reports that Directors or Officers of the Board may wish to have will be prepared and distributed.

Adopted November 7, 1997
Section 10

HONORARY RECOGNITION

Foundation Ambassadors

A. Objective. To honor and encourage the continuous involvement of former MSU Foundation Board members by serving as a resource for MSU Foundation in supporting the goals and objectives of the University.

B. Appointment. Membership is drawn from former Foundation Board members; appointment is by invitation issued by the Foundation President. Appointment as an Ambassador would be for a one-year term, and renewable. In consultation with the Executive Committee, an Ambassador may be assigned to a standing or ad hoc committee to serve as a Committee member, if permitted as to such Committee under Article IV for the applicable Committee, or alternatively to serve in a non-voting advisory role with respect to a Committee.

Revised Sept.30, 2016

C. Role of Members

1. To support the goals and activities of Foundation in furtherance of the mission and stature of Minnesota State University, Mankato.
2. To render advice and counsel to Foundation.
3. To recommend new members.
4. To encourage alumni and friends to participate in, and financially support, University programs.
5. To attend activities scheduled for Ambassadors, local events and be available for assignments.
6. To continue individual financial support at President’s Associates level or higher.
7. To help recruit, by identification or solicitation, new President’s Associates and other major gift donors.

D. Activities. Ambassadors will be invited to attend all or part of the fall Foundation Meeting (depending on the agenda) including any social activities held in conjunction with the meeting.

Revised Sept. 30, 2016

E. Communications. Ambassadors will regularly receive University and Foundation publications and communiqué.

F. Invitations. Members shall receive invitations to special Foundation activities in their geographic area.

G. Other Ideas. Members of this group will also be encouraged to stay involved in many aspects such as speaking to classes on subjects of member expertise; serving on Advisory Boards; and serving on University and Foundation Committees.

Revised Jan. 13, 2012
The Board of Directors shall be empowered to elect members emeriti. Emeritus membership shall be granted to those people who in the opinion of the Board of Directors have provided substantive long-term outstanding service to the Minnesota State University, Mankato Foundation. Any member of the Board of Directors may nominate someone for emeritus status. A two-thirds vote of the Board of Directors is required to confirm election. Minnesota State University, Mankato Foundation Board members emeriti shall not be vested with voting power. The election shall be for life or until such time as an emeritus member is removed. This removal may be with or without cause by a two-thirds vote of the Board of Directors. The Board members emeriti shall be listed as such in any public listing of the Board membership. They shall be included in such Foundation Board functions as the Executive Committee deems appropriate.

Adopted November 7, 1996

Adopted by Executive Committee  February 3, 2005