Joint Venture Policy

This Joint Venture Policy of The Trustees of Mount Holyoke College (the "College") requires that the College evaluate its participation in joint venture arrangements under federal tax law and take steps to safeguard the College's exempt status with respect to such arrangements. It applies to any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity as further defined in this policy.

1. **Joint ventures or similar arrangements**. For purposes of this policy, a joint venture or similar arrangement (or a "venture or arrangement") means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to: (1) whether the College controls the venture or arrangement; (2) the legal structure of the venture or arrangement; or (3) whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes. A venture or arrangement is disregarded if it meets both of the following conditions:

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

2. **Safeguards to ensure exempt status protection**. The College will: (a) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the College's exempt status is protected; and (b) take steps to safeguard the College's exempt status with respect to the venture or arrangement. Some examples of safeguards include:

> (i) control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of the College which is to educate a diverse residential community of women at the highest level of academic excellence and to foster the alliance of liberal arts education with purposeful engagement in the world;
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> (ii) requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants;
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> (iii) that the venture or arrangement not engage in activities that would jeopardize the College's exemption such as political or lobbying activity; and
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> (iv) that all contracts entered into with the College be on terms that are arm's length or more favorable to the College.

3. **Approval process**. All joint ventures or similar arrangements within the scope of this policy will be subject to review and approval prior to the execution of any contracts by the Vice President for Finance and Administration, who will consult with the President as part of the review process.