
ΣΤΔ
SIGMA TAU DELTA
Joint Venture Policy
[Adopted by the Board of Directors Sept. 12, 2008, Minneapolis, MN]

POLICY: This Joint Venture Policy of Sigma Tau Delta requires that Sigma Tau Delta evaluate its participation in joint venture arrangements under Federal tax law and take steps to safeguard Sigma Tau Delta'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.

PROCEDURES:

A. Joint ventures or similar arrangements with taxable entities. For the 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 Sigma Tau Delta 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% of more of the venture's or arrangement's income for its tax year ending with Sigma Tau Delta's tax year is excluded from unrelated business income taxation [including but not limited to: (i) dividends, interest, and annuities; (ii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt-financing; and (iv) gains and losses from the sale of property]; and

(b) the primary purpose of Sigma Tau Delta's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

B. Safeguards to ensure exempt status protection. Sigma Tau Delta will: (1) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that Sigma Tau Delta's exempt status is protected; and (2) take steps to safeguard Sigma Tau Delta's exempt status with respect to the venture or arrangement. Some examples of safeguards include:

(a) control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of Sigma Tau Delta;

(b) create requirements that the venture or arrangement gives priority to exempt

purposes over maximizing profits for the other participants;
(c) provide that the venture or arrangement not engage in activities that would jeopardize Sigma Tau Delta's exemption; and
(d) require that all contracts entered into with the organization be on terms that are arm's length or more favorable to Sigma Tau Delta.