

**GIFT POLICY**

**A Recommendation**

1. **Division and Department:** University Relations.
2. **Introduction:** Securing philanthropic funds is essential to meeting the mission of Oakland University. Done in a highly professional, ethical manner, fundraising not only provides an important source of funding for facilities, programs and endowment, it also strengthens the relationship between the university and the community.

Every gift makes a difference at Oakland University. Gifts strengthen Oakland University's ability to deliver excellence to its students and its community. Gifts make strong programs extraordinary by supporting education and technological advancements as well as current programs. Gifts also make a lasting impact on lives, young and old, when they help fund the cost of a college education.

The determination to make specific gift opportunities available and to accept gifts is within the sole discretion of the Board of Trustees (Board). In order to be effective as well as fair and equitable, gifts must be administered consistently throughout the University. Therefore, the attached policy sets forth criterion for various types of gifts and the process by which the Board will accept gifts. In addition the policy provides for the appropriate recognition of donors, ensuring that all donor recognition is consistent throughout the university and also ensuring that the process is careful and deliberate.

At this time, we request that the Board approve the Gift Policy, Attachment A.

3. **Previous Board Action:** This comprehensive policy combines and replaces: (i) the Policy for Recognition of Donors approved by the Board May 18, 1987 and amended by the Board June 8, 1995 and October 3, 2001; and (ii) Gift Policy: Donor Recognition approved by the Board on April 7, 1994, amended by the Board on December 16, 1999, on October 3, 2001, on August 7, 2002, and on February 1, 2006.
4. **Budget Implications:** Gifts to the University positively impact budgets whether the gift is made from a donor's current resources or the gift is a planned future commitment from the donor's estate.
5. **Educational Implications:** Some gifts are designated to fund specific academic programs.
6. **Personnel Implications:** Some gifts may be used for salary or support.

Gift Policy  
Oakland University  
Board of Trustees Formal Session  
March 2, 2010  
Page 2

7. **University Reviews/Approvals:** The policy was developed by the Office of the Vice President for University Relations in consultation with the Office of the Vice President for Finance and Administration and the Office of the Vice President for Legal Affairs and General Counsel, all of whom have reviewed the final document.

8. **Recommendation:**

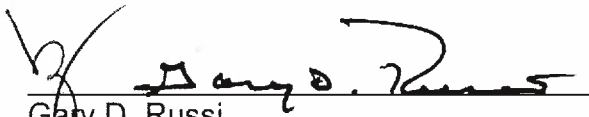
RESOLVED, that the Board of Trustees approve the Gift Policy for Oakland University identified in Attachment A.

9. **Attachments:** A. Gift Policy

Submitted to the President  
on 2/26, 2010 by

  
\_\_\_\_\_  
Susan Davies Goepf  
Vice President, University Relations

Recommended on 2/26, 2010  
to the Board for approval by

  
\_\_\_\_\_  
Gary D. Russi  
President

**GIFT POLICY  
INDEX**

Introduction..... 1

Purpose ..... 1

Gift Solicitation and Recommendation Process..... 1

Conditions for Acceptance of All Gifts ..... 1

    1. Due Diligence ..... 1

    2. Compliance with Law ..... 1

    3. No Tax Advice ..... 2

    4. No Finders Fees..... 2

    5. Applicability ..... 2

    6. Financial Conditions ..... 2

    7. Representations to the Board ..... 2

Naming Gifts..... 2

    1. General Conditions for Naming Gifts..... 2

        a. Name Must Be Appropriate..... 2

        b. Naming Gifts by University Faculty and Staff..... 3

        c. Amounts Required ..... 3

        d. Payment Options ..... 3

        e. Endowment Requirement..... 3

        f. Alternate Recognition..... 3

        g. Written Agreement Requirement..... 3

    2. Conditions for Naming Specific Components of the University..... 4

        a. A College or School ..... 4

        b. Buildings ..... 4

        c. Portions of Buildings ..... 4

        d. Departments ..... 4

        e. Permanent Institutes and Centers..... 4

        f. Temporary Institutes and Centers..... 4

g. Faculty Positions .....	5
i. Distinguished Professorships .....	5
ii. Named Professorships .....	5
iii. Endowed Chairs .....	5
iv. Deanships .....	5
h. Endowments .....	5
i. Endowed Scholarships .....	5
ii. Endowed Graduate Fellowships .....	6
i. Small Components .....	6
Life Insurance Policy Gifts .....	6
1. Ownership/Beneficiary Status .....	6
2. Premiums .....	7
3. Insurance Policy and Terms .....	7
4. Non-Payment of Premiums .....	7
Gifts of Publicly Traded Securities .....	7
In-Kind Gifts .....	8
1. Valuation Process .....	8
2. Recorded Value .....	9
3. Acknowledgment and IRS Forms .....	9
4. No Restrictions on Divestment .....	9
Donor Recognition Societies .....	9
Administration .....	10
1. All Components of the University .....	11
a. Internal Revenue Code Compliance .....	11
b. Confidentiality and Privacy .....	11
c. Gifts with Benefits to Donors .....	11
2. University Relations Division .....	12
a. Recordkeeping .....	12
b. Practices and Procedures .....	12
c. Donor Recognition Societies .....	12
3. Finance and Administration Division .....	12

## **GIFT POLICY**

### **INTRODUCTION**

Every gift makes a difference at Oakland University. Gifts strengthen Oakland University's ability to deliver excellence to its students and its community. Gifts make strong programs extraordinary by supporting education and technological advancements as well as current programs. Gifts also make a lasting impact on lives, young and old, when they help fund the cost of a college education.

### **PURPOSE**

Donors must be thanked for their generous support by providing them with appropriate recognition and to encourage philanthropy by telling the community the crucial role gifts play for Oakland University (University). The determination to make specific gift opportunities available and to accept gifts are within the sole discretion of the Board of Trustees (Board). In order to be effective and perceived as fair and equitable, gifts must be administered consistently throughout the University. Therefore, this policy sets forth criterion for various kinds of gifts and the process by which the Board will accept gifts.

### **GIFT SOLICITATION AND RECOMMENDATION PROCESS**

Opportunities for gifts arise throughout the University at every level. Therefore, any number of University faculty and staff may be involved in soliciting gifts and in the review and recommendation process. However, all gifts must be processed through the University Relations Division, which will, when appropriate, consult with other University experts. The Vice President for University Relations will make recommendations to the President (except for gifts in-kind discussed later in this policy) to accept or decline gifts, and if deemed appropriate by the President, the President will recommend that the Board accept the gift on behalf of the University.

### **CONDITIONS FOR ACCEPTANCE OF ALL GIFTS**

The following conditions for acceptance of all gifts must be satisfied before any gift will be considered for acceptance by the Board:

1. Due Diligence. Consideration of all gifts must be careful and deliberate.
2. Compliance with Law. All gifts must comply with this policy and be in compliance with the law and with other University policies and regulations and conform to the legal standards and requirements of the General Counsel. Legal compliance includes without limitation those laws and regulations applicable to gifts under the Internal Revenue

Code and those that apply to federal and State of Michigan student financial aid requirements.

3. No Tax Advice. University personnel may provide donors with only generalized, published, Internal Revenue Service information about the tax deductibility of their gifts (such as Internal Revenue Service Publications, Announcements and Notices, for example). No University personnel may act as a donor's personal financial advisor, investment advisor, accountant, appraiser or attorney.
4. No Finders Fees. The University will not pay a finder's fee to anyone to motivate a potential donor to make a gift to the University (such as the potential donor's personal or professional advisors like family friends, financial planners, accountants or attorneys, for example). All such requests must be reported to the Vice President for University Relations.
5. Applicability. This policy applies to every component of the University, without exception.
6. Financial Conditions. All financial arrangements in pledge, gift and endowment agreements, other than for cash payments to the University, will flow through existing procedure assuring approval by proper university authorities.
7. Representations to the Board. Recommendations to the Board to accept a gift must include a representation that all due diligence has been completed and that the gift complies with this policy.

## **NAMING GIFTS**

A naming gift is a rare philanthropic opportunity to make a gift that will transform the University in some way, and may create an association with a person, a family, or an organization, in perpetuity. Also, because a naming opportunity may be available only once in the University's history, great care must be taken to assure that the naming gift is adequate to set the pace for future naming gifts as well as to provide a level of funding consistent with an exceptional level of excellence, and to maintain that exceptional level of excellence in the future.

1. General Conditions for Naming Gifts. In addition to the Conditions of Acceptance for All Gifts, the following general conditions must also be satisfied for naming gifts before any naming gift will be considered for acceptance by the Board:
  - a. Name Must Be Appropriate. The public association created by linking the name to a component of the University must be

appropriate and desirable for a public institution of higher education. The name must also appropriately reflect the nature or function of the affected component of the University, and will appear on appropriate University plaques and other signage and in the University's written materials and publications.

- b. Naming Gifts by University Faculty and Staff. Naming opportunities are available to University faculty and staff to name components of the University in their own name; except in the case of named Chairs and Professorship, The name will not attach to the Chairs and Professorships until the first of the following occurs: the person is granted emeritus status; retires; permanently leaves the employ of the University; or is deceased. Until such time, the gift may only be used for student support. These restrictions do not apply to other donors.
- c. Amounts Required. The total amount of the naming gift must be large enough to provide annual income distribution, in total dollars or as a percentage of the total expendable budget of the affected component of the University, to enable the affected component of the University to operate at a fundamentally different and advanced level of excellence.
- d. Payment Options. At least half (50%) of the naming gift must be payable within five (5) calendar years (except for the naming endowments referenced below at Section B.7.e. that must be paid in full within five (5) calendar years). If a portion of the naming gift is deferred, the length of time before the University receives the deferred portion of the naming gift must be consistent with the needs of the affected component of the University.
- e. Endowment Requirement. If not otherwise required to be a naming endowment, at least a portion of the naming gift must be allocated to an endowment to support ongoing maintenance and renovation.
- f. Alternate Recognition. If the component of the University to which the name attached ceases to exist (a building is razed or an institute is discontinued, for example), then the University will recognize the donor by attaching the name to a comparable component of the University.
- g. Written Agreement Requirement. Naming gifts must be memorialized by a written agreement that is legally binding on

the donor, the donor's estate, heirs, legal representatives, successors and assigns.

2. Conditions for Naming Specific Components of the University. In addition to the Conditions for Acceptance of All Gifts and the General Conditions for Naming Gifts, the following conditions must also be satisfied for naming the following specific components of the University before any such naming gift will be considered for acceptance by the Board:
  - a. A College or School. The General Conditions for Acceptance of All Gifts and the General Conditions for Naming Gifts apply when naming a college or school. The minimum gift amount to name a college or school is \$25,000,000.
  - b. Buildings. Building naming gifts must equal or exceed 50% of the University's total project costs for the building and include a naming endowment for maintenance and technology that equals or exceeds ten (10%) percent of the University's total construction costs for the building.
  - c. Portions of Buildings. Naming gifts for portions of buildings (such as wings, laboratories, classrooms, libraries, clinical areas, treatment rooms and offices, for example) must equal or exceed the University's total proportional construction costs for that portion of the building
  - d. Departments. The minimum gift amount to name a department is \$3,500,000 and the additional amount that is required to make a significant impact on the research, faculty and curricular enhancement of the department.
  - e. Permanent Institutes and Centers. The minimum gift amount to name a permanent institute or center (i.e. established with the expectancy of having a permanent existence) is \$3,500,000, and must be allocated to a naming endowment and be sufficient to cover all salaries, research, and associated operating costs and for the projected future growth of the institute/center.
  - f. Temporary Institutes and Centers. A temporary institute or center (i.e. established with the expectancy of having only a limited existence) may be named with an expendable gift, and the name will be attached to the temporary institute or center until the gift is completely expended.



g. Faculty Positions.

- i. Distinguished Professorships. Recognizing professors as “distinguished” is reserved only for the Board and no naming gifts will be accepted using that designation or title.
  - ii. Named Professorships. The minimum gift amount to name a professorship is \$1,500,000 and the total gift must be allocated to a naming endowment.
  - iii. Endowed Chairs. The minimum gift amount to name an endowed chair for a new faculty position is \$2,500,000. The minimum gift amount to name an endowed chair for an existing faculty position is \$1,500,000. The total naming gift must be allocated to a naming endowment that provides for salary, research and other incidental support.
  - iv. Deanships. The minimum gift amount to name a deanship is \$5,000,000. The total naming gift must be allocated to a naming endowment that provides for both salary support and discretionary funds for the dean to use, with the prior approval of the Provost, for current college or school needs that will elevate the visibility of that component and enhance the education, research and outreach efforts of the college or school.
- h. Endowments. Except as otherwise required by this policy for specific naming opportunities that involve naming endowments, the minimum gift amount to establish a named endowment is \$25,000, which must be paid in full as defined in the agreement. If an expendable gift(s) is made in connection with a named endowment, only those unexpended amounts transferred to the named endowment, if any, can be counted toward the \$25,000 minimum gift requirement necessary to establish a named endowment.
- i. Endowed Scholarships. All gifts to name an endowed scholarship must be allocated to a naming endowment and:
    1. The minimum naming gift amount for an Oakland University William Beaumont School of Medicine scholarship is \$250,000.
    2. For naming gifts of \$100,000 or more, the naming endowment may provide that the donor can participate with the affected academic component of the University

to designate criteria for the selection of student award recipients.

3. For naming gifts of \$50,000 up to \$99,999, the naming endowment may provide that the donor can designate the major or area of intended study of the student award recipients and whether the award will be based on need or merit.

4. For naming gifts of \$25,000 up to \$49,999, the naming endowment may provide that the donor can designate the major or area of intended study of the student award recipients.

ii. Endowed Graduate Fellowships. All gifts to name a graduate fellowship must be allocated to a naming endowment and:

1. The minimum naming gift amount for an Oakland University William Beaumont School of Medicine graduate fellowship is \$1,000,000, and may be awarded only to third and fourth year medical students and those medical students who perform advanced work in their chosen area of study.

2. The minimum naming gift amount for other graduate fellowships is \$250,000.

i. Small Components. A gift to name a small component of the University (such as library carrels, courtyards, golf tee boxes, for example) must equal or exceed the University's total purchase or construction costs for the respective small component with consideration for ongoing maintenance or replacement costs.

## **LIFE INSURANCE POLICY GIFTS**

Donors sometimes make gifts to the University by designating the University as the owner or beneficiary of a life insurance policy.

In addition to the Conditions of Acceptance for All Gifts, the following conditions for accepting life insurance policy gifts must also be satisfied before any life insurance policy gift will be considered for acceptance by the Board:

1. Ownership/Beneficiary Status. The University must be the sole owner or beneficiary of the life insurance policy.

2. Premiums. The University will not pay premiums for a life insurance policy unless continuing payment is determined by the Vice President for University Relations and the Vice President for Finance and Administration to be in the best financial interest of the University.
3. Insurance Policy and Terms. The life insurance policy must:
  - a. Be a participating, ordinary, whole life insurance policy. No term, net dividend, or any other kind of life insurance policy will be accepted.
  - b. Provide that premiums will be waived in case of disability.
  - c. Not contain any automatic loan provisions.
4. Non-Payment of Premiums. If the donor has not paid a premium by the premium's due date, the Vice President for Finance and Administration and the Vice President for University Relations are hereby authorized to:
  - a. determine whether the University will assume the payment obligation and what, if any, additional terms and conditions will be imposed;
  - b. allow the life insurance policy to lapse; or
  - c. request the cash surrender value from the insurance company.

### **GIFTS OF PUBLICLY TRADED SECURITIES**

Donors sometimes make gifts of publicly traded securities.

The Office of the Vice President of Finance and Administration is responsible for managing the University's investments. All gifts of publicly traded securities will be immediately sold and converted into cash to be reinvested according to investment policy in existence at the time of the gift. There shall be no speculatively holding periods. In those instances where the University's right to sell the security is restricted by any means whatsoever (such as by the donor, or by the bondholders, for example) and to any extent whatsoever (such as for a defined period of time, for example), the gift will require the approval of the Vice President, Finance and Administration taking into consideration the nature of the gift and the impact to the University. When establishing the gift value of any listed security or bond, the value will be the mean between the highest and lowest quoted selling prices on the valuation date. The valuation date is the day the University becomes owner.

**Gifts of closely held securities, other financial instruments not publicly traded, or listed securities where there are no sales on the valuation date:**

The Office of the Vice President for Finance and Administration will be consulted prior to the acceptance of any gifts of closely held securities, other financial instruments not normally valued through exchanges or public sales, or listed securities where there are no sales on the valuation date. Such gifts will only be accepted after the nature of the gift and its estimated value have been established through reasonable due diligence.

**IN-KIND GIFTS**

Donors sometimes make non-cash gifts of tangible and intangible assets to the University, other than publicly traded securities and bonds (such as real estate, research and other equipment, artwork, books, personal property, patents, copyrights, the right to receive royalty payments, personal and professional services, limited use of real or personal property, and by making cash payments to third-parties on behalf of the University including sponsorships, for example).

There will be a Gift Review Committee (GRC) whose members will be: Vice President for University Relations who will be the Chair; General Counsel; and Assistant Vice President for Finance and Administration.

The GRC must review and preliminarily approve all proposed in-kind gifts with an apparent value of \$5,000 or more. Gifts with an apparent value of \$5,000 or less which may involve some risk to the University must also be reviewed by the GRC as determined by the Vice President for University Relations.

The Vice President for University Relations must review and preliminarily approve all proposed in-kind gifts with an apparent value of less than \$5,000.

In addition to the Conditions of Acceptance for All Gifts, the following conditions for accepting in-kind gifts must also be satisfied before any in-kind gift will be considered for acceptance by the Board:

1. Valuation Process. Donors are required to provide the GRC with the following independent evidence of the value of the proposed in-kind gift with an apparent value of \$5,000 or more:
  - a. An independent qualified appraisal; or
  - b. When deemed appropriate by the GRC, other evidence sufficient to independently establish the value of the proposed in-kind gift (such as a published equipment catalog that references the retail sale price of research and other equipment, for example).

2. Recorded Value. If no independent evidence of the value of the proposed in-kind gift is submitted by the donor; if the in-kind gift is of personal and professional services; limited use of real or personal property; cash payments to third-parties on behalf of the University including sponsorships; or, is of another category of gift not recognized by the Internal Revenue Service as being tax deductible; then the University will recognize such in-kind gift, if accepted, at a value of \$1, or if sold by the University then the University's net sales price.
3. Acknowledgement and IRS Forms. No values for in-kind gifts may be included in donor acknowledgment letters. No University personnel are authorized to sign any Internal Revenue Service form or other document to establish or concur with the value of an in-kind gift. Values are recorded for University accounting and donor recognition purposes only.
4. No Restrictions on Divestment. The Board will not accept any in-kind gift that by its terms in any way: (a) restricts the University's right to divest itself of the in-kind gift; or (b) attempts to make the University responsible for any variance between the in-kind gift's appraised value and the amount of the University's sales proceeds.

## **DONOR RECOGNITION SOCIETIES**

Recognizing the status of donors in donor recognition societies is another important way to thank donors for their generous support and encourage philanthropy.

Donors will be recognized in the following donor recognition societies based upon the cumulative amount of the donor's gifts to the University that have been accepted by the Board, including cash gifts, active pledge balances on pledges of five (5) calendar years or less, planned gifts and matching gifts:

### Matilda Wilson Founder's Society

Gifts totaling \$10,000,000 or more; or  
planned gifts totaling \$20,000,000 or more.

### Varner Society

Gifts totaling \$5,000,000 to \$9,999,999; or  
planned gifts totaling \$10,000,000 to \$19,999,999.

Golden Oaks Society

Gifts totaling \$1,000,000 to \$4,999,999; or  
planned gifts totaling \$2,000,000 to \$9,999,999.

Meadow Brook Society

Gifts totaling \$500,000 to \$999,999; or  
planned gifts totaling \$1,000,000 to \$1,999,999

Pioneer Society

Gifts totaling \$250,000 to \$499,999; or  
planned gifts totaling \$500,000 to \$999,999.

President's Council Society

Gifts totaling \$100,000 to \$249,999; or  
planned gifts totaling \$200,000 to \$499,999.

Matilda R. Wilson Society

Gifts totaling \$50,000 to \$99,999; or  
planned gifts totaling \$100,000 to \$249,999.

Alfred G. Wilson Society

Gifts totaling \$25,000 to \$49,999; or  
planned gifts totaling \$50,000 to \$99,999.

President's Club Society

Gifts totaling \$10,000 to \$24,999; or  
planned gifts totaling \$20,000 to \$49,999.

Heritage Society

Planned gifts regardless of value.

**ADMINISTRATION**

Every component of the University must be involved in generating support for the University through philanthropy, and this policy applies to every component of the University, without exception. The following are general and specific duties and charges to components of the University regarding administering and supporting the University's gift solicitation and acceptance processes.

1. All Components of the University. Every Component of the University must:

- a. Internal Revenue Code Compliance. Notwithstanding any provision contained in this policy to the contrary, all University policies, procedures and practices regarding gifts, including without limitation gift solicitation, receipting, accounting, recordkeeping and reporting, must be in compliance with and conform to the applicable requirements contained in the Internal Revenue Code as amended from time-to-time and the regulations promulgated thereunder (IRS Code).
- b. Confidentiality and Privacy. To protect the privacy of donors, all University personnel and University contractors, representatives and volunteers who maintain, use, or have access to Donor Records (defined below at Section 2.a.i) or Gift Records (defined below at Section 2.a.ii) must use the Donor Records and Gift Records prudently and discreetly. Donor Records and Gift Records must be kept strictly confidential to the fullest extent permitted by law, and public disclosure can only be made with the donor's express permission or as required by law with the approval of the General Counsel.
- c. Gifts with Benefits to Donors. Donors must be advised of the fair market value amount of any benefit given to a donor in connection with a gift. A donor may receive a benefit when the donor buys a ticket to a University fundraising event (such as an auction, benefit dinner, raffle or other charity game, for example), or when the donor buys a membership in a University organization (such as membership to an intercollegiate athletic booster club, for example). The benefit is something of value that the donor receives in exchange for buying the ticket or the membership (such as a meal, entertainment, a theatrical performance, a sporting event, goods or services, or benefits associated with a level of membership, for example). All components of the University must consult with the appropriate department in the University Relations Division to determine the fair market value amount of any benefit given to a donor in connection with a gift.

Whenever a donor will receive a benefit in connection with a gift, any and all invitations, reply cards, tickets, letters, acknowledgements and other printed materials produced by the respective component of the University must clearly state the fair market value amount of the benefit to the donor, without

exception. No printed materials may state that the face value of the ticket or membership, for example, is equal to the amount of the donor's gift or fully tax deductible; rather, the printed materials must indicate the fair market value amount of the benefit received by the donor. The donor receives a benefit even if the donor does not attend the event or use the ticket, or does not exercise their membership rights.

2. University Relations Division. All gifts must be processed through the University Relations Division (University Relations). University Relations must consult with other University experts as provided in this policy and when otherwise appropriate. University Relations will be primarily responsible for all University gift solicitation and acceptance processes, including without limitation:
  - a. Recordkeeping. Accurate records regarding gifts of every kind, nature and description will be maintained by University Relations, including without limitation:
    - i. Personally identifiable information provided by or otherwise obtained about actual and prospective donors (Donor Records).
    - ii. Information about gifts including without limitation checks, receipts, statements, appraisals and other documentation of every kind, nature and description (Gift Records).
    - iii. Processing gifts, including without limitation calculating the fair market value of gifts and receipting gifts to the donor.
  - b. Practices and Procedures. The development and updating of practices, procedures and administrative policies that implement this policy, including without limitation managing the University's gift solicitation and acceptance processes, and to train and assist other components of the University to know, understand and perform their duties in accordance with this policy and those practices, procedures and administrative policies.
  - c. Donor Recognition Societies. Administer donor recognition societies.
3. Finance and Administration Division. The Finance and Administration Division (Finance and Administration) will be primarily responsible for compliance with the IRS Code, and to train and assist other components of the University to know, understand and perform their duties in accordance with the IRS Code. Finance and Administration is



also responsible for defining and implementing accounting for gifts in accordance with Generally Accepted Accounting Principles and Governmental Accounting Standards. Once gifts are received, Finance and Administration is responsible for the investment, custody, safeguarding, selling, exchanging and trading investment securities according to existing University investment policies.