

Longwood University Foundation, Inc.

Standing Resolutions & Policies

ENDOWMENT POLICIES

1. **ADMINISTRATIVE FEES (ADOPTED MAY 21, 1999):** A 1% annual administration charge will be assessed to all endowed and quasi-endowed accounts, calculated from the June 30th market value each year (will begin implementation June 30, 1999).

2. **ENDOWMENT SPENDING POLICY** Annual distributions from the true and quasi-endowment funds held by the Longwood University Foundation, Inc. (for at least 12 quarters) will be 4% of the average portfolio market value for the preceding 12 quarters ending September 30th of the most recent calendar year. (If less than 12 quarters, it will take 12 quarters to reach full distribution level)

INVESTMENT POLICIES

ASSET ALLOCATION (MAIN COMMINGLED ENDOWMENT)

| Asset Class | Current |
|------------------------|---------|
| US Large Cap Equities | 35% |
| US Small Cap Equities | 5% |
| International Equities | 15% |
| Fixed Income | 25-29% |
| Real Estate | 5% |
| Hedge Funds | 10% |
| Short Term Cash | 1 - 5% |
| TOTAL | 100% |

ASSET ALLOCATION (LANCER –STUDENT MANAGED ENDOWMENT)

| Asset Class | Target |
|---------------------|-------------|
| Large-Cap Equities | 65% |
| Medium-Cap Equities | 35% |
| Total | 100% |

ATTORNEY OF RECORD

McGuire Woods Battle and Boothe is the attorney of record for the Foundation. (1997)

LONGWOOD CENTER FOR THE VISUAL ARTS

For the purpose of safe guarding and managing the various pieces of art work represented on the financial statements of the Foundation, All previous and future gifts-in-kinds, accepted by the Longwood University Foundation, for the Longwood University Fine Arts Center is considered upon acceptance, automatically on loan to Longwood University. Longwood University assumes all responsibility for the collection including insurance and inventory security. (1990)

BUDGET (ADOPTED MAY 21, 1999 & REVISED MAY 2003):

The Board of the Longwood University Foundation recognizes that all funds it holds as quasi-endowments are subject to re-appropriation pursuant to the legal requirement of the preservation of the historic dollar value of all funds that it holds as true endowments. Furthermore, the Longwood University Foundation recognizes the need to maintain sufficient unrestricted funds to support its annual budget and provide for the long term viability of the Foundation, as such, the Longwood University Foundation resolves the following:

Reaffirm its policy to maintain sufficient unrestricted funds to support the long term viability of the Foundation by continuing to grow Acct#090-020-7000, the Longwood Fund Endowment, by adding to the fund as funds become available (*including but not limited to unexpended Foundation administrative budget funds*), establishing 5% as a minimum target for this reserve.

1. Balance spending to revenue stream for funding the annual budget:
 - a. Foundation Administration Budget: Foundation portion of the Budget not to exceed the average of the three previous years 1% administrative fee.
 - b. Excluding the Foundation Administrative Budget: Annual funding available for the lump sum allocation to the University will equal unrestricted contributions raised in the previous year minus the amount necessary to fund the President's Office Budget.
 - c. Excluding the Foundation Administrative Budget, and the annual request from the Board of Visitors for the President's Office, all additional budget funding will be allocated as a lump sum for institutional support to the University.
2. Rebuild unrestricted reserves --unrestricted Earnings will go toward replenishing the reserves and quasi-endowed accounts, establishing 20% as a target to be maintained for the designated quasi-endowment reserve. (Acct#090-000-7001)
3. To reaffirm its policy that it shall direct all unrestricted bequests received to the Endowment Reserve Quasi-endowment. (Acct#090-000-7001)
4. In the event that additional unrestricted undesignated assets are needed to offset deficits in the historic dollar value of true endowment funds relative to their market value at the close of an accounting period and/or to maintain the minimum balance in unrestricted undesignated assets stipulated above, the quasi-endowment accounts indicated below shall be used without further direction from this Board, providing that such funds are returned to their respective quasi-endowments when and if changes in market or other unrestricted funding conditions rectify said deficits. The Quasi-endowment reserve account shall be used first, at which time this account is depleted, rank order of the quasi-endowed accounts listed below, shall be made by the President of Longwood University, determination based on current institutional priorities:
 - Faculty Enrichment
 - Calvin Hatcher Scholarship
 - Pearl H. Jones Scholarship
 - LCVA Quasi-Endowed Operating
 - Rosemary Sprague Cultural Enrichment
 - Rosemary Sprague Scholarship
 - Staples Lecture Series
 - Lady B. Walton Scholarship
 - McGaughy Center for Professional Development

Resolution 2004-05 (April 30, 2004)

BE IT RESOLVED that the Budget Committee recommends to the Longwood University Foundation, Inc., acceptance that unexpended Budget Funding for FY2004, such funds designated in FY2003, and all future fiscal years be designated as follows:

1. Foundation – returned to funding source
2. Block Funding Accounts:
 - a. Academic Affairs – transferred to a designated account available to Academic Affairs until expended.
 - b. University Advancement – transferred to a designated account available to Advancement until expended.
 - c. Remaining unexpended from Block Funding budget accounts to be transferred to a designated account available for general support to the University by signature authority of University President.

EXPENDITURE: GENERAL POLICIES

This Board certifies that all monies spent by the Longwood University Foundation are for the benefit of Longwood University in accordance with the Preamble of its Bylaws(1995, updated Feb2000)

1. No funds of the Longwood University Foundation shall be expended in the following manner, with the exception of unrestricted monies designated specifically for this purpose:
 - Gifts & Socials -- such as for: sickness, death, memorial, retirement, appreciation or other special occasions, farewell, get acquainted, annual picnics, lunches, or dinners (working meals are allowable if University personnel are conducting official University business)
 - Food & Dietary supplies --such as for routine inter-office use of water, coffee, cream, etc.... (Where the primary use of Food & Dietary supplies is to benefit guests of the University or in conjunction with University business such use is permitted.)
 - Spouse related travel and/or expenses unless spouse performing in an official capacity
 - Fines, parking tickets, penalties, cleaning, personal expenses associated with travel (such as movie rentals, health club fees, entertainment expenses, etc...)

With respect to Gifts & Socials:

The following are excluded from this provision: Remembrance Fund, President’s Discretionary, Small Business Development Center, Alumni General, Fund Raising Operating and Foundation Board Accounts. (1997)

Rare exceptions may be made if approved by University President upon request of a Vice-President

2. No funds of the Longwood University Foundation shall be expended to other 501(c)(3) organizations, excluding small gift memorial type expenditures and expenditures for bonafide educational purposes or professional development for students, faculty or staff. However, the University President may, at her/his sole discretion, use discretionary funds for the purchase of tickets when the President believes it is in the best interest of the University for a representative of the University to be present at a specific event. In addition to the President’s discretionary fund, the aforementioned expenditure may come from other accounts, where the following guidelines shall govern the purchase of tickets:
 - Tickets may not be purchased when all or a portion of the proceeds from the ticket sale benefit a political organization, an elected official or candidate for public office and efforts attempting to influence legislation.
 - Tickets to events conducted as fundraisers for nonprofit organizations may be purchased to allow the presence of the appropriate University official(s). (1997)
 - In addition to ticket purchases, the University President may, at her/his sole discretion, use discretionary funds to permit Longwood to participate in activities, sponsorships and events that may be

sponsored by other nonprofit organizations if they are important to the University's educational mission and/or visibility as a vital educational institution in the Commonwealth.

3. No expenditures shall be made for any type of political function: golf tournaments, dinners, roasts, political party caucuses, or any other function which suggests a political orientation (1995)
4. All expenditures shall comply with current IRS and accounting regulations.

GIFT ACCEPTANCE

1. The Gift Review Committee exists to assist the Longwood University Foundation Board in evaluating proposed gift agreements and the Longwood University Foundation Inc. delegates to this committee the authority and the responsibility of gift evaluation and acceptance, as well as the establishment of policies and procedures concerning gift acceptance to better ensure the interests of Longwood University and the Longwood University Foundation, Inc.
2. All prospective life income gifts except certain gift annuities, gifts of real estate, gifts-in-kind intended for resale, gifts of tangible personal property valued over \$2,000, bargain sales, charitable lead trusts, gifts to non-pooled endowments, gifts that stipulate spending requirements other than those specified by the Longwood University Foundation, Inc. and any other gift that may require material financial obligation by the Longwood University Foundation, Inc., will be reviewed prior to gift acceptance.
3. The Gift Review Committee must approve the payment or reimbursement of all expenses in connection with a prospective gift, unless payment can be appropriately made from an existing Longwood University or Longwood University Foundation, Inc. account.
4. The Gift Review Committee will consist of the Vice-President of University Advancement, the Chief Financial Officer of the Foundation, the Chairman of the Finance Committee one additional director of the Longwood University Foundation, Inc. (who will serve as Chair) appointed by the President of the Foundation, and additionally a minimum of one or a maximum of two representatives of Longwood University appointed by the President of Longwood University. The Gift Review Committee exists to assist the Longwood University Foundation Board in evaluating proposed gift agreements (revised Sep 21, 2001).

REAL ESTATE PURCHASES AND INVESTMENTS:(FEB 2000)

Real Estate Purchases

RESOLUTION 2002-1 (adopted September 21, 2002) **BE IT RESOLVED THAT** the Longwood University Foundation, Inc. authorizes the Chief Financial Officer to take such actions as necessary:

- to purchase all such properties falling within the boundary of the Longwood University master plan, which may become available, (if the amount does not exceed a reasonable amount agreed upon by the University Business office prior to the purchase of the property) with the limitation of a combined maximum investment of \$500,000;
- to hold title to all such property, until such time that Longwood University completes the process with the Commonwealth of Virginia to purchase or lease the aforementioned property from the Longwood University Foundation, Inc.;
- to hold liability insurance on all such property, until such time that title passes to the Commonwealth of Virginia;

with the understanding that Longwood University agrees:

- to repay the Longwood University Foundation, Inc. all costs associated with the aforementioned properties. (Including, but not limited to, all costs associated with purchase, taxes, insurance, demolition, improvement, and a 6% annualized rate of return;
- to assume management responsibility and coordination for all issues relating to the maintenance, demolition and improvement of the aforementioned properties.
- to proceed in a timely fashion with the administrative process required by the Commonwealth of Virginia to exercise one of two options:
 - a. Option 1 Direct purchase of property, including all costs associated with purchase, taxes, insurance, demolition, improvement, and a 6% annualized rate of return.
 - b. Option 2 Execution of a lease which amortizes all costs associated with the property including a 6% annualized rate of return .

Resolution 2004-8 (April 30, 2004)

BE IT RESOLVED THAT for all real property either purchased or gifted to the Longwood University Foundation, Inc., which is intended for resale to Longwood University, that in all cases Longwood University shall obtain a Commonwealth of Virginia ordered appraisal by an approved Certified General Real Estate Appraiser, PRIOR to the Foundation's purchase or gift acceptance. This certified appraisal shall be used to determine the purchase amount allowed for Longwood University's acquisition from the Foundation.

Interest Rate

BE IT RESOLVED THAT the Board of Directors of the Longwood University Foundation, Inc., hereby reduces the interest rate charged the University for property purchases on all real estate purchases and related charges for the current year and all future years from the current 6% rate, lowering the rate to be equal to the 1 year Treasury STRIP rate effective on the July immediately following the end of each fiscal year.

Ames Hull Springs Farm

BE IT RESOLVED THAT (revised May 5, 2005) the Executive Committee of the Longwood University Foundation, Inc. authorizes:

The office of the Vice President of University Advancement of Longwood University to act as property manager for the property and perform such duties necessary to coordinate all management and administrative issues related to the property subject to the following restrictions:

- Ames Hull Springs Farm shall not be sold or subdivided for commercial or residential purposes, and it shall be used solely for agricultural, archeological, forestall, natural resource conservation and educational purposes. In managing the property for such purposes, the University shall consult with the Virginia Cooperative Extension Service of Virginia Polytechnic Institute and Department of Conservation and Recreation, the

Department of Game and Inland Fisheries, the Virginia Institute of Marine Science, and such other agencies and organizations as might be helpful in insuring that all appropriate best management practices consistent with the foregoing purposes are carried out.

- The University will not incur/authorize liability in excess of the annual distributions made available from the Hull Springs Farm endowment accounts unless receiving prior written approval via resolution from the Longwood University Foundation, Inc.
- All expenditures will comply with donor restrictions and the policies of the Longwood University Foundation, Inc.

BE IT RESOLVED THAT THE Executive Committee of the Longwood University Foundation, Inc. authorizes:

- the allocation of \$35,000 in Fiscal year 2001 from the Longwood University Foundation, Inc. endowment reserve to cover start-up expenses of the Ames Hull Springs Farm;
- and an allocation of \$60,000 in fiscal year 2002;
- thereafter the endowment distribution will follow the endowment distribution policies of the Longwood University Foundation, Inc.;
- provided that such funds are returned to the endowment reserve account as soon as earnings and/or other revenue in the Ames Hull Springs Farm account exceeds the \$1.5 million corpus.

Stanley Park

BE IT RESOLVED THAT (adopted November 27, 2001) the Executive Committee of the Longwood University Foundation, Inc. authorizes the Longwood University Foundation, Inc.:

- to hold title to the Stanley Park property, until such time that Longwood University completes the process with the Commonwealth of Virginia to obtain title to the aforementioned property from the Longwood University Foundation, Inc.;
- to hold liability insurance on the property, until such time that title passes to the Commonwealth of Virginia;

Longwood University agrees:

- to proceed in a timely fashion with the administrative process required by the Commonwealth of Virginia to transfer ownership to Longwood University.
- to assume management responsibility and coordination for all issues relating to the Stanley Park property (The office of the Executive Vice President of Administration and Finance of Longwood University will act as property manager for the Stanley Park property and perform such duties necessary to coordinate all management and administrative issues related to **the property**) **subject to the following restrictions:**
 1. The University will not incur/authorize financial liability to the Longwood University Foundation, Inc. in excess of funds budgeted for such expenditure through the normal Longwood University Foundation, Inc. budget process.
 2. All expenditures will comply with donor restrictions and the policies of the Longwood University Foundation, Inc.

Governance

Resolution 2004-9. (adopted April 30, 2004) BE IT RESOLVED THAT the following recommendations are adopted as standing policies of governance and procedure for the Longwood University Foundation, Inc.

1. The Structure Function Committee shall annually meet and review the bylaws, articles of incorporation, articulation agreement and standing policies.
2. The Chief Financial Officer, in consultation with the Vice-President of University Advancement and Director of Advancement Services, shall annually prepare and send an annual accounting to donor representatives of endowed (and if applicable) operating accounts.
3. The Executive Committee shall annually review insurance coverage.
4. The Longwood University Foundation, Inc., Board of Directors shall: adopt the IRS model requirement for Directors to annually sign a statement affirming that the Director understands and complies with the Foundation's conflict of interest (and ethics) policy.
5. Develop and adopt a Statement of Values and Code of Ethics policy.
6. That the Executive Committee shall annually review comparability data and approve Foundation employee salary and benefits.
7. That the Foundation President in consultation with the Vice President of University Advancement and the Executive Committee shall conduct annually a written performance evaluation and review of the Chief Financial Officer.
8. That the Foundation Executive Committee incorporate job description and staff organization review in the performance evaluation, salary and benefit review process.

Revised April 30, 2004

June, 2005