I. INTRODUCTION AND PURPOSE

This Policy and Procedure on Joint Venture Participation (this “Policy”) has been created and approved by the Board of Trustees (the “University Board”) of Widener University, Inc. (the “University”) to provide guidance as to participation of the University, directly or through any of its controlled entities (together with the University referred to herein as the “University Entities”), in a Joint Venture or similar arrangement. For these purposes, “Joint Venture” means any joint ownership or contractual arrangement with any for-profit or not-for-profit interest through which there is an agreement to jointly undertake a specific charitable, not-for-profit or for-profit business enterprise.

II. APPLICABILITY

This Policy applies to any Joint Venture where participation by a University Entity is involved. This Policy excludes investments of cash or marketable securities or other joint ownership arrangements where the primary purpose of the University’s Entity’s participation is investment. The Policy further excludes educational affiliation agreements relating to student internship and practicum experiences. The University’s Senior Vice President for Administration and Finance will annually provide to the University Board a report describing all Joint Ventures covered by this Policy, as well as for those where the primary purpose of the University Entity’s participation is investment.

III. POLICY AND PROCEDURE

A. Purposes and Effect.

It is the policy of the University that appropriate provisions be included in the terms of any Joint Venture arrangement covered by this Policy that are sufficient to protect the tax-exempt status of both the University and any tax-exempt University Entity participating in the Joint Venture.

1. All Joint Venture operating agreements or similar documents will contain a binding statement of the purposes of the Joint Venture that ensures, and explains how, participation in the Joint Venture furthers the tax-exempt or other purposes of the University Entity participating. It is anticipated that no University Entity will enter into any Joint Venture for for-profit purposes, unless such arrangement is specifically approved by the Board of Trustees of the University following appropriate legal, tax and other professional review as may be necessary to ensure that such Joint Venture will not jeopardize the tax-exempt status of the University or any other tax-exempt University Entity.
2. All Joint Venture operating agreements or similar documents will contain clear, binding provisions sufficient to ensure that charitable, non-profit or appropriate for profit purposes are furthered by Joint Venture activities and that a tax-exempt University Entity participating does not cede control of Joint Venture activities to for-profit interests. A University Entity may participate in a Joint Venture that furthers charitable, non-profit or appropriate for profit purposes, if either:

(i) The University Entity at all times maintains majority voting control, or

(ii) The University Entity at all times maintains fifty (50%) percent voting control and the Joint Venture operating agreement or similar documents contain adequate reserve powers to establish that any tax-exempt University Entity does not cede control of Joint Venture activities to for-profit interests.

3. The University’s legal counsel or designee will review all Joint Venture operating agreements or similar documents prior to execution and will, pursuant to Sections 1 and 2, above, determine the adequacy of provisions governing majority voting or applicable reserved powers after considering the effect of any other applicable governance provisions or arrangements, including, without limitation, any management agreements.

4. Unless approved in advance by both the University Board and the Board of any participating University Entity, a University Entity will not participate in any Joint Venture covered by this Policy that is treated as a partnership for tax purposes unless such Joint Venture involves allocations of items of income and loss that are proportional to the owners’ respective capital accounts.

B. Economic Terms.

1. All transfers of property or existing charitable or business activity to any Joint Venture by a University Entity will be valued at fair market value, and such University Entity will receive fair market value consideration or appropriate credit to its capital account for such transfer.

2. Unless otherwise approved in advance by the University Board and the Board of any involved University Entity, a University Entity will not participate in any Joint Venture covered by this Policy that is treated as a partnership for tax purposes unless such Joint Venture involves allocations of items of income and loss that are proportional to the owners’ respective capital accounts.
3. A University Entity will not make any loan to any Joint Venture or to any other participant in any Joint Venture without the prior approval of the University Board and any other involved University Entity.

4. Any provision of services to any Joint Venture covered by this Policy by a University Entity will be at fair market value, except as otherwise determined by the University Board and any other involved University Entity based on a review of the totality of the facts and circumstances.

C. **Prohibited Activities.**

The operating agreement or similar documents of any Joint Venture in which a University Entity participates will include an express prohibition on Joint Venture participation in political campaign activities and political campaign contributions, including contributions to any political action committee (“PAC”).

IV. **AMENDMENT TO POLICY**

Any substantive change to this Policy will require the approval of the University Board.

V. **REFERENCE TO OTHER POLICIES**

In addition to this Policy, the University Board has approved additional policies to provide specific guidance on particular common transactions, including, without limitation, the University Policy on Conflicts of Interest. These policies should be consulted in addition to this Policy, as appropriate.