UNIVERSITY OF NEVADA, RENO FOUNDATION

GIFT ACCEPTANCE POLICY

Amended and Approved by the Foundation Board of Trustees on May 11, 2007
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GENERAL BACKGROUND

A. PURPOSE. The purpose of this document is to establish procedures for processing and managing all assets acquired by the University of Nevada, Reno Foundation (Foundation) as gifts or bequests. These assets include the administration of all donations, including but not limited to cash, securities, notes receivable, notes receivables secured by real property, real property, tangible personal property (art, antiques, vehicles, or other items of personal property), probated estates, intellectual property, and charitable or other trusts that include such property of which the Foundation is a beneficiary (Property).

B. POLICY. The policy of the Foundation is to accept gifts, bequests, and distributions of Property provided such Property has a clear potential for providing resources for the contribution to the purpose of the Foundation which is to aid, support, and assist the maintenance, promotion, growth, and improvement of the University of Nevada, Reno (University), its faculty, staff, students, and facilities, and to enhance and stimulate the quality of education at, and the standards and potentials of, the University as an institution of higher learning, and unless there is a compelling reason to retain it, can be successfully marketed in a reasonable time period.

C. TYPES OF GIFTS. Several methods are available for making gifts to the Foundation to accomplish the personal, charitable, and financial goals of the individual donor. Each method has distinct advantages. Potential donors are encouraged by the Foundation to contact their financial, legal, and tax advisors to insure the proposed gift fits
into their intended goals and meets with their intended financial and tax goals. The following represent methods of gifting Property to the Foundation:

1. **Outright Gift.** An outright gift of all or a partial interest in Property is the simplest method of giving.

2. **Bargain/Donation Sale.** The Foundation may purchase Property at a price less than the fair market value. The difference between the fair market value and the purchase price is considered a gift.

3. **Charitable Remainder (Life Income) Trust.** Property may be acquired through a charitable remainder trust, which is a trust that pays an income for the life or for a permitted term of years to one or more designees set forth in the trust agreement. The terms of a charitable remainder trust will vary depending on the needs of the donor. Generally, the charitable remainder trust will name a trustee and possibly a custodian for the trust assets, which may, subject to approval by the Foundation, be the Foundation, subject to the restrictions of Chapter 669, Trust Companies, under the Nevada Revised Statutes. The trustee will then take responsibility for investing the trust assets and for paying the income stream to the income beneficiary(ies) from the trust. Upon termination of the trust, the trust principal transfers to the beneficiary (i.e., the Foundation); often for a particular purpose designated by the donor. There are numerous types of charitable remainder trusts, a few of which are as follows:

   a. **Unitrusts** (recommended minimum value of $200,000 with a remainder value of $75,000) (commonly known as a “CRUT”).

      (1) A **Net Income Unitrust** provides that payments are the lesser of a fixed percentage of the trust’s annual value (at least 5%) or the net income of the trust.
(2) A **Standard Unitrust** provides that payments are to be expressed as a percentage (previously agreed upon, but at least 5%) of the trust’s annual fair market value and they change each year as the trust assets increase or decrease.

(3) A **Flip Trust** converts from a net income to a standard unitrust, under certain circumstances.

b. **Annuity Trust** (most commonly referred to as a “CRAT”) provides for a fixed amount to be paid annually to the designated beneficiary regardless of the income earned by the trust. Payments are for the life of one or more beneficiaries.

c. **Charitable Gift Annuity** provides that the Foundation is obligated to pay a fixed amount to the beneficiaries for life and to set aside a reserve. This is a contract, not a trust.

4. **Life Estate.** Title to a Property is granted to the Foundation with a reservation that the donor or his/her designee retains the right to use the Property for one or more lifetimes or a set number of years. Upon termination of the life estate, the Foundation holds legal title to the Property.

5. **Bequests from Estate or Trust.** Donors may give Property to the Foundation through their wills or revocable trust agreements. These assets are subject to the same evaluation as other gifts. A Property may be too difficult or too risky for the Foundation to accept, in which case the executor or trustee is asked to sell the Property and distribute the proceeds to the Foundation, or the Foundation may disclaim the asset completely, (a qualified disclaimer must be made to the Executor of the donor’s estate within nine months from the date of death).
D. Evaluation and Acquisition Procedure for Accepting Gifts.

1. Foundation Staff Review. The Executive Director of the Foundation (Executive Director) shall designate individual staff members of the Foundation (STAFF) to investigate and evaluate the proposed gift of Property to the Foundation, and to assist in the acquisition process. STAFF shall investigate and evaluate the proposed gift in accordance with the terms of this Gift Acceptance Policy, and as follows:

   a. Evaluation. As soon as possible, the proposed gift shall be evaluated by STAFF to give the donor a sense of confidence that the Foundation addresses proposed gifts promptly and efficiently. STAFF shall then determine the issues that require resolution, if any, and will take action to assist in such resolution, before the gift is accepted by Foundation.

   b. Estate and Tax Planning. STAFF shall advise the donor that all aspects of estate or tax planning are the responsibility of the donor and his or her adviser, although in some cases the Foundation may provide limited assistance.

   c. Staff Report. Upon completion of the evaluation by STAFF, STAFF shall make a report to the Executive Director regarding its findings. Upon receipt of the STAFF report, the Executive Director shall take one (1) or more of the following actions:

      (1) Advise the donor of the Foundation’s acceptance or declination to accept the proposed gift subject to any applicable restrictions on the authority of the Executive Director set forth in this Gift Acceptance Policy Statement and under the Bylaws of the Foundation,
(2) Make and submit a report and recommendation regarding the acceptance or declination of the proposed gift to the Gift Acceptance Committee (GAC) established pursuant to subparagraph D.2. below, or

(3) Make and submit a recommendation regarding the acceptance or declination of the proposed gift to the Executive Committee of the Foundation.

2. Gift Acceptance Committee (GAC). The Executive Director (of the Foundation), in consultation with the Foundation Chair, will recommend potential members and a proposed chair of the GAC to the Executive Committee (of the Foundation) for appointment. The GAC being recommended shall be approved by the Executive Committee at the last Executive Committee meeting of each year to begin service in January of the following calendar year. The GAC shall consist of no less than three, and no more than five members. Candidates for membership shall have special knowledge and expertise in real estate and personal property matters (including intellectual property) relevant and/or essential in the evaluation of such property.

a. Duties of the GAC. Upon referral of a proposed gift to the GAC, the GAC shall initially review and evaluate the STAFF reports and recommendations, as well as any additional reports and recommendations from the Executive Director that may be submitted to the GAC. Upon such review, the GAC shall take one (1) or more of the following actions:

(1) The GAC may advise the donor of the Foundation’s acceptance or declination to accept the proposed gift subject to any applicable restrictions on the authority of the GAC set forth in this Gift Acceptance Policy Statement and under the Bylaws of the Foundation. In the event that the GAC deems it advisable, the proposed
gift may be accepted or rejected subject to submission to the Executive Committee of the Foundation for approval prior to acceptance.

(2) The GAC may elect to conduct additional evaluation of the proposed gift. The GAC may establish non-voting advisory subcommittees to review proposed gifts of Property by category of the type of gift being proposed. As soon as possible, the proposed gift shall be referred to the appropriate subcommittee for further evaluation and consideration to give the donor a sense of confidence that the Foundation addresses proposed gifts promptly and efficiently. The applicable subcommittee shall then determine the issues that require resolution, if any, and will take action to assist in such resolution. Thereafter, the GAC shall review the subcommittee report and thereafter act in accordance with subparagraph D.2.a (1) above or D.2.a.(3) below.

(3) The GAC may make and submit a recommendation regarding the acceptance or declination of the proposed gift to the Executive Committee of the Foundation pursuant to subparagraph D.3. below.

3. Referral to Executive Committee for Further Evaluation. Upon the submission or referral to the Executive Committee from the Executive Director or the GAC, the Executive Committee shall evaluate the proposed gift and recommendations from STAFF, the Executive Director and/or the GAC which may be applicable, and shall thereafter (1) advise the donor of the Foundation’s acceptance or declination to accept the proposed gift or (2) refer the matter back to STAFF or the GAC for further evaluation as the Executive Committee so directs.

4. Acquisition Procedure. Unless and until the proposed gift is referred to the GAC, all matters of acquisition shall be the responsibility of the Executive Director and STAFF. However, upon referral to the GAC, the GAC shall assume such
STAFF responsibilities as set forth below, unless and until such matter is referred back to
STAFF for further proceedings. Acquisition shall be accomplished as follows, to the
extent possible:

a. Title. The Foundation shall take title as: “The University
of Nevada, Reno Foundation,” a Nevada nonprofit corporation. In some cases, STAFF
may require the asset transferred to a single purpose entity or holding company owned by
the Foundation rather than the Foundation directly.

b. Delivery. The date of delivery of the title (if property is
subject to title) or the Property itself (if not subject to title) to the Foundation, or to an
agent acting on the Foundation’s behalf, is considered the date of transfer of title to
Property, unless otherwise agreed to in writing with the donor.

c. Format of Transfer Documents. STAFF reviews a copy
of the donor’s transfer documents (such as the deed or title certificates) to determine the
correct vesting of title. The names of the transferor on the transfer documents must
precisely match the names of the transferees on the last issued transfer documentation. If
by deed, transfer of title is usually by either a grant or gift deed. If by title certificate, an
affidavit of gift may be required depending on type of Property. Property transferred to or
from a trust, or any entity, must include the trust information regarding the donor as the
beneficiary in order to avoid a tax reassessment.

d. Ownership Transferred. The percentage of interest in
the Property being transferred should not be included on the face of the transfer documents
unless the donor is giving the Foundation less than 100% of the donor’s interest. When
transferring all of the donor’s interest in the Property, even when the donor’s ownership is
less than 100%, the transfer document need not contain or refer to a percentage as the
donor can not legally transfer more than what the donor owns. Specific percentages in the transfer document, if inaccurate, can ultimately result in fractional ownership title problems and should be avoided.

e. Recording Title Transfer. Most state counties will require a completed change of ownership form or declaration of value (usually specific to each county) at the time of a transfer that is to be recorded. Also, some recorders require copies of relevant donor documentation such as (1) a copy of a trust agreement or certification of trust, (2) copies of operating agreements or other entity related documentation if Property is coming from an entity. STAFF will work with the donor to determine the type of supplemental documentation that may be necessary in order to complete the transfer recordation.

f. Title Insurance. Individual circumstances determine the need for title insurance. Title insurance is further addressed under article II below regarding acceptance of gifts of real property.

g. Fees, Taxes and Tax Forms.

(1) Determination of Taxes. STAFF shall confirm the status of any taxes on the Property. Specific procedures regarding taxation will vary depending on the classification of the Property. See specific guidelines below under classification of property. If state laws allow, the County Treasurer must be notified of any exempt uses of property.

(2) IRS Form 8283. The IRS requires the donor to obtain a qualified written appraisal of the donated Property from a qualified appraiser. An appraisal must be obtained for property valued at more than $5,000. The appraisal must be made not earlier than 60 days before the date of the contribution and must be received
before the due date (including extensions) of the return on which the deduction is first claimed. IRS Form 8283 serves as the appraisal summary. The donor must complete Part I column (a), line 5 and column (b) if applicable before submitting the form to the donee for completion of Part II. Part III must be completed and signed by the appraiser. The Executive Director, Associate Director or Treasurer of the Foundation shall complete the Form 8283 on behalf of the Foundation.

(3) Other Fees/Liens. STAFF may determine that it is necessary or appropriate to conduct other investigations into possible fees, dues or liens on the Property that may require additional conditions prior to acceptance of the Property.

h. Recording of Property on Foundation Books. Upon acceptance and transfer to the Foundation, the Foundation Treasurer (Treasurer) shall advise the Foundation accounting department of information regarding the gift so that the accounting department may accurately record the gift on the Foundation books.

E. Management and Holding of Accepted Gifts. Although the Foundation is not under a legal obligation to liquidate gifts which are accepted by the Foundation, the Foundation’s policy is to liquidate the property as soon as possible after acquisition unless there is a compelling reason to retain it. However, in some circumstances, the Property may be held for the Foundation for extended periods of time. In such instances, the STAFF (or the GAC if the proposed gift has been referred thereto) shall determine the appropriate process of managing and holding such Property in accordance with the guidelines set forth below by asset classification. In such instances where the Foundation holds property, appropriate security measures and insurance policies will be obtained.
F. Disposition of Accepted Gifts. It is the general preference of the Foundation to liquidate Property as soon as possible after acquisition. The method and manner of the liquidation procedure shall be determined by the Executive Director in accordance with the guidelines set forth below by asset classification.

II.

GIFTS OF REAL PROPERTY

The Foundation accepts gifts of real property, including residential real property, commercial real property, vacant and undeveloped property, and negotiable instruments that are secured by real property (collectively Real Property) so that the Real Property can be utilized or liquidated by the Foundation for and in order to accomplish the goals and objectives of the Foundation. However, the Foundation acknowledges that with the ownership of Real Property attaches certain inherent risks that include, but are not necessarily limited to, disputes over title and boundaries, unpaid and future property tax obligations, association or membership fees, repair and maintenance fees, environmental liability, insurance fees, and personal liability for persons and/or property injured on or by the Real Property. Accordingly, the Foundation requires the following guidelines for evaluating Real Property be followed prior to acceptance of Real Property:

A. STAFF Evaluation. The STAFF must thoroughly evaluate, including any special analysis, each proposed gift of Real Property prior to acceptance. This evaluation is designed to identify potential risks, such as environmental liability issues, market conditions, potential income and expenses, holding costs, management requirements, and anticipated present and future marketability of the Real Property. The STAFF helps to identify potential problems and assists in the solutions with regard to Real Property. Gifts of real estate require specialized expertise and knowledge in areas such as
brokerage, property management, appraisal, marketing, mining, sales, and real estate law. STAFF shall consider issues relevant to a gift of Real Property, conduct an evaluation in accordance with these guidelines and prepare a final report/recommendation to the Executive Director. The Executive Director may direct STAFF to also conduct investigations and undertake further efforts, including reporting, to the GAC or the Executive Committee. As used throughout this article II, the term GAC may be substituted for STAFF when and if a proposed gift has been referred to the GAC, and the GAC shall thereafter assume the obligations of STAFF as set forth herein.

B. TYPES OF REAL PROPERTY GIFTS. Several methods are available for making gifts of Real Property to accomplish the personal, charitable, and financial goals of the individual donor. Each method has distinct advantages. Potential donors are encouraged by the Foundation to contact their own counsel to insure the gift fits into their financial and estate plans, and provide the tax benefits they expect.

1. Outright Gift. If an outright gift of all or a partial interest in Real Property is made to the Foundation, the Real Property will be accepted unless there are exceptional circumstances.

2. Bargain/Donation Sale. The Foundation may purchase Real Property at a price less than the fair market value. The difference between the fair market value and the purchase price is considered a gift. The Executive Committee may assist in arranging funds for such purchases. It is recommended that the purchase price not exceed 50% for property valued under $500,000. The Executive Committee may approve purchases with exceptional circumstances up to 75% of the appraised fair market value. The evaluation is critical and should anticipate unpredictable changes in the market. Title insurance is always purchased for a bargain sale.
3. Charitable Remainder (Life Income) Trust. Real Property may be acquired through a charitable remainder trust. However, if the donor elects to utilize a Charitable Gift Annuity funded with real estate, some practical problems may arise for the Foundation and such transactions require heightened scrutiny by STAFF.

4. Life Estate. The donor may grant title to Real Property to the Foundation with a reservation that the donor or their designee retain the right to live on or use the Real Property for life.

5. Bequests from Probate Estates or Trusts. Donors may give Real Property to the Foundation by a bequest from a Will or pursuant to the donor’s trust agreements. The Real Property to be distributed to the Foundation from such a Will and/or Trust is subject to the same evaluation as other gifts. Should the Real Property be of an unacceptable nature for the Foundation to accept, the Foundation may request that the executor or trustee sell the Real Property and distribute the proceeds to the Foundation, or the Foundation may disclaim the Real Property completely, (a qualified disclaimer must be made within nine (9) months from the date of death).

6. Real Property Held In Entities. The Foundation may accept interests in entities such as partnerships, limited partnerships, limited liability companies or other similar entities, with real estate assets, provided there is no obligation for future financial contributions or demands upon the Foundation to the entity. STAFF shall review the real property held by the entity to be gifted in the same manner in which other gifts of Real Property are evaluated.

7. Notes Receivable. Interests held in notes secured by Real Property may be transferred to the Foundation through one of the approved methods described
above and subject to the Executive Committee’s review and acceptance of the Real Property security.

C. Evaluation of Proposed Gift of Real Property.

1. Initial Review and Referral. STAFF shall conduct the intake evaluation of the proposed gift and shall have initial contact with the donor. STAFF will review and consider the gift as soon as practical so that the donor will be aware that the proposed gift is being considered in an efficient manner.

   a. Value of the Real Property. STAFF shall consider the estimated value of the Real Property to determine if its value is acceptable for gifts of Real Property to the Foundation. If the value of the Real Property is found to be unacceptable, STAFF will consider whether there are reasonable grounds to consider an exception. Value can be obtained as follows:

      (1) Appraisal. Since the donor is required by the IRS to provide an appraisal accompanied by IRS Form 8283 for all gifts involving a tax deduction greater than $5,000, STAFF should obtain a copy of the required appraisal from the donor. In the event that the environmental assessment of the property identifies issues that may decrease the value of the Real Property due to needed clean up, STAFF may obtain an additional appraisal to take such environmental issues into consideration in the valuation evaluation. In some cases, real property interests can be difficult to appraise or may involve appraisal costs that are cost prohibitive. In such cases, STAFF may recommend alternative valuation methods to appraisal.

      (2) Realtors Opinions. STAFF shall investigate the area through local real estate brokers to determine a general value for the property independent
of the appraisal. STAFF, in consultation with the donor may suggest candidates for this purpose.

b. Preliminary Title Report. STAFF shall try to obtain a preliminary title report, if available, to give initial information regarding the property. The Preliminary Title Report or a property profile will generally provide much of the basic information needed to begin the gift evaluation.

c. Site Information. As soon as possible a site visit is made by STAFF to obtain information and to conduct a Preliminary Environmental Risk Review. American’s with Disabilities Act (ADA) requirements are considered on properties subject to those rules.

d. Environmental Evaluation and Hazardous Materials Policy Disclosure. STAFF shall introduce the Foundation’s policy regarding hazardous materials to the donor. The best practice, and in many cases, the only way the Foundation will accept a gift of Real Property, is for the donor to be provided a disclosure form regarding hazardous materials where appropriate.

e. Environmental Inspections/Audit. An environmental audit is part of every Real Property evaluation. STAFF will perform a site inspection and a review of records regarding ownership and past uses of the Real Property on every potential gift of real estate. The extent of each inspection is determined on an individual basis. Residential property may not require the same degree and extent of investigation; however, if the site visit reveals “red flags,” a Phase I environmental study is required. A Phase I audit is recommended for all commercial, industrial and farming property. STAFF will hire a consultant to review maps, aerial photos, and historical records and research the site vicinity and complete all requirements of the Phase I audit. If this report raises further
questions or suspicions, STAFF may order a Phase II inspection. The cost of the Phase I
and subsequent inspections are usually the responsibility of the donor. In cases where the
donor does not agree to the charges, STAFF may decide if it wants to pursue the gift at the
Foundation’s expense. In cases where the asset is being given through a Trust or other
entity, incurring debt for payment of costs on Real Property given through a trust may
jeopardize its tax status. The Foundation may pay for the inspections and is reimbursed
either from the sale proceeds if the Real Property is accepted or from general funds of the
Foundation if the Real Property is not accepted.

f. Mortgaged Property. Whenever the Foundation acquires
property by purchase, gift, devise or bequest subject to a mortgage, the outstanding
principal debt secured by that mortgage may be treated as acquisition indebtedness. The
indebtedness should be analyzed by STAFF so that the Foundation will have an
understanding of its obligations to pay any such indebtedness following acceptance of the
Real Property.

(1). Unitrust. Under current tax rules, property
encumbered with a mortgage should not be placed into a charitable remainder trust unless
all problems relating to bargain sale, UBIT, self-dealing, and grantor trust rules are
handled. Placing indebted property in a charitable remainder trust may jeopardize the tax
status of the trust. Accordingly, if such mortgaged property is contemplated for transfer to
a trust, STAFF shall use great caution to seek appropriate tax and legal advice prior to
acceptance of the gift.

(2). UBIT. Real Property acquired subject to mortgages
may result in unrelated business income.
(a) Section 514(c)(9) provides that indebtedness on real property of an educational institution will not be unrelated business income. This exception applies to outright gifts of Real Property but does not apply to indebted Real Property placed in charitable remainder trusts.

(b) Bequest/Devised Property. If the Foundation acquires Real Property subject to a mortgage by bequest or devise, and the Foundation neither paid for, nor assumed liability in connection with the property, the outstanding principal debt is not treated as acquisition indebtedness during the 10-year period following the date of receipt. This exception is in addition to the protection discussed in (a) above.

(c) Gift Property. If the Foundation acquires Real Property subject to a mortgage by gift, and the Foundation neither paid for, nor assumed liability in connection with the property, the outstanding principal debt is not treated as acquisition indebtedness during the 10-year period following receipt, as long as the mortgage was placed on the property more than five years before the date of the gift, and the donor held the property for more than five years before the date of the gift. This exception also can apply to gifts to charitable remainder trusts. For outright gifts, this is an additional exception to that which is described in (a) above.

g. Acquisition/Holding Costs. All cost of acquiring and holding the property such as real estate taxes, assessments, association or membership fees, property management and maintenance costs are evaluated by STAFF, and a determination is made as to how such costs will be paid. Costs may be allocated against proceeds of the sale of the property.
h. Oil, Gas, Geothermal, Water, Timber and Mineral Interests (Mineral Interests). If the Real Property contains Mineral Interests, then STAFF may consult with experts in this area to evaluate the Mineral Interests. The Mineral Interests may be retained provided the potential for production is adequate. The sale of the surface rights without the mineral interests sometimes result in a lower sales price, and accordingly, STAFF shall consider this issue in evaluation of the gift.

i. Limited Partnership Evaluation. Gifts of partnership interests wherein the partnership holds an interest in Real Property is quite different from direct ownership of Real Property. Such gifts must be evaluated by the STAFF with regard to Real Property, and must also be evaluated by the Planning and Governance Committee (PGC) with regard to the entity interest itself.

j. Notes Receivable. A gift of a note receivable of which payment is secured by Real Property must be evaluated by the STAFF with regard to the sufficiency of the security, and by the Audit and Finance Committee with regard to the note receivable interest itself.

k. Real Property Located Outside the State of Nevada. A gift of real property located outside the State of Nevada, including gifts located outside the continental United States, must be evaluated by the STAFF with regard to the laws of the jurisdiction where the property is located, including but not limited to applicable real estate, income and other taxes, zoning and use restrictions, tenant protection laws, and other laws which might increase the holding costs and risks associated with ownership of the property. The STAFF shall also consider factors to determine whether the Foundation should accept the gift in a single purpose entity or holding company. An accepted gift of real property located outside the State of Nevada shall ordinarily be received in a single-
member limited liability company unless: (1) the Internal Revenue Service no longer allows a charitable contribution for donations to the single-member limited liability company of which the Foundation is the sole member; (2) the applicable laws do not allow ownership of property by a limited liability company; or (3) based on compelling reasons set forth in the STAFF’s report and recommendation, the Executive Committee determines it is in the Foundation’s best interest to accept the property in its own name or another type of entity.


a. Evaluation of Staff Report. STAFF shall make a recommendation to accept the Real Property when the Real Property has realistic sales potential, development potential or potential for increased value by holding for the long-term development of the University, and the environmental assessment indicates a manageable liability exposure for the Foundation. Acceptance of Real Property may also be recommended subject to the satisfaction of certain requirements. For example, property with limited liability may be approved provided generally the donor gives proper indemnification. Further, STAFF may recommend that the Foundation form a holding company or entity in which to take title to the asset rather than to the Foundation directly. In the event of acceptance, STAFF shall complete the transfer documents necessary to complete the gift, and record the deed(s). The Treasurer shall notify accounting. STAFF should recommend rejecting a potential gift if the risk is greater than the equity value, there is no apparent market for the property, or it does not meet the long-term interests of the University. Upon the completion of STAFF’s evaluation, the STAFF shall make a recommendation to the Executive Director regarding whether to accept or reject the
proposed gift of Real Property. Upon review of the Report, the Executive Director shall take one (1) or more of the following actions:

(1). Advise the donor of the Foundation’s acceptance or declination to accept the proposed gift subject to any applicable restrictions on the authority of the Executive Director set forth in this Gift Acceptance Policy Statement and under the Bylaws of the Foundation.

(2) Make and submit a report and recommendation regarding the acceptance or declination of the proposed gift to the Gift Acceptance Committee (GAC) and permit the GAC to conduct further evaluation of such proposed gift, or

(3) Make and submit a recommendation regarding the acceptance or declination of the proposed gift to the Executive Committee of the Foundation.

b. Referral to GAC. Upon referral of a proposed gift to the GAC, the GAC shall initially review and evaluate the STAFF reports and recommendations, as well as any additional reports and recommendations from the Executive Director that may be submitted to the GAC. Upon such review, the GAC shall take one (1) or more of the following actions:

(1) The GAC may advise the donor of the Foundation’s acceptance or declination to accept the proposed gift subject to any applicable restrictions on the authority of the GAC set forth in this Gift Acceptance Policy Statement and under the Bylaws of the Foundation. In the event that the GAC deems it advisable, the proposed gift may be accepted or rejected subject to submission to the Executive Committee of the Foundation for approval prior to acceptance.
(2) The GAC may elect to conduct additional evaluation of the proposed gift. The GAC may establish non-voting advisory subcommittees to review proposed gifts of Property by category of the type of gift being proposed. As soon as possible, the proposed gift shall be referred to the appropriate subcommittee for further evaluation and consideration to give the donor a sense of confidence that the Foundation addresses proposed gifts promptly and efficiently. The applicable subcommittee shall then determine the issues that require resolution, if any, and will take action to assist in such resolution. Thereafter, the GAC shall review the subcommittee report and thereafter act in accordance with subparagraph C.2.b (1) above or C.2.b.(3) below.

(3) The GAC may make and submit a recommendation regarding the acceptance or declination of the proposed gift to the Executive Committee of the Foundation pursuant to subparagraph C.2.c. below.

c. Referral to Executive Committee for Further Evaluation. Upon the submission or referral to the Executive Committee from the Executive Director or the GAC, the Executive Committee shall evaluate the proposed gift and recommendations from STAFF, the Executive Director and/or the GAC which may be applicable, and shall thereafter (1) advise the donor of the Foundation’s acceptance or declination to accept the proposed gift or (2) refer the matter back to STAFF or the GAC for further evaluation as the Executive Committee so directs.

D. Real Property Management Procedures. Upon the acceptance of a gift of Real Property in accordance with the terms and conditions of this Gift Acceptance Policy Statement, the Executive Director shall take the necessary action to complete the formal transfer of title and to establish management/disposition procedures for the Real Property.
1. Payment and Management of Property Taxes. The Treasurer shall notify the Tax Assessor of a change in mailing address, review the tax bill, and request payment by the Foundation or a tax exemption. If there are multiple owners, the other owners are billed for their interests by the accounting department. Gifts to a unitrust do not get reassessed provided the donor is the beneficiary. To avoid reassessment upon transfer of title, include explanation of exemption with deed and declaration of value/change of ownership submitted to assessor for recordation. Gifts transferring title directly to the Foundation are reassessed and are usually exempt from taxation in Nevada.

2. Utilities. STAFF notifies the appropriate companies to transfer billing for utilities to the Foundation. If the Real Property is vacant, only essential services are provided.

3. IRS Form 8283. The IRS requires the donor to obtain a qualified written appraisal of the donated property from a qualified appraiser. The appraisal must be made not earlier than 60 days before the date of the contribution and must be received before the due date (including extensions) of the return on which the deduction is first claimed. IRS Form 8283 serves as the appraisal summary. The donor must complete Part I, column a, line 5, and column b, if applicable before submitting the form to the donee for completion of Part II. Part III must be completed and signed by the appraiser. The Executive Director, Associate Director or Treasurer of the Foundation shall complete the Form 8283 on behalf of the Foundation.

4. Unitrust Containing Real Property. Unitrust funds are invested by the Foundation through its Investment Committee. Annual re-valuations are required by the terms of the unitrust. If the Foundation is the Trustee, STAFF will conduct the re-valuations in accordance with the terms of the Trust Agreement.
5. Rental Property. If the Real Property has a tenant, or will have a tenant, tenant’s insurance should include: “The University of Nevada, Reno Foundation” as additional insured. STAFF shall inform the tenant of this requirement, and tenant must maintain insurance on personal property. STAFF should provide a lease profile or summary on an annual basis, change of lease terms, or change of tenant, to include the following information:

(1). Property Address
(2). Property Use
(3). Lessee
(4). Emergency Contact/Telephone Number
(5). Security Deposit
(6). Lease Date
(7). Minimum Rent
(8). Present Rent
(9). Rent Due (i.e., 1st of month)
(10). Late Fee Provision
(11). Rent Increase Provision
(12). Option to Sublease
(13). Option to Extend
(14). Option to Purchase
(15). Insurance Payments
(16). Tax Payments
(17). Utility Payments
(18). Other Owners (name and percentage of interest)
(19). Rent Payments
(20). Distribution to Other Owners (i.e. Quarterly)

(21). Personal Property

(22). Status of Smoke Detectors

(23). Status of Hazardous Materials Notification to Tenant

6. **Mortgaged Property.** The Treasurer shall notify the mortgage company of the change in the ownership and direct that billings be forwarded to the Foundation. STAFF will request accounting to arrange payment of the same as required under the terms of the mortgage agreement.

7. **Notes Receivable.** The Treasurer shall retain the original Note and Deed of Trust plus assignments. The Assignment of Deed of Trust should be recorded upon receipt. It must have the following language on the face of the Note: “I hereby assign all my right, title and interest in and to the within note (with or without) recourse to the University of Nevada, Reno Foundation.”

_________________             ___________________
Signature of payee(s)               Date

The payer’s Tax Identification Number is needed to report interest payments to the IRS. Each year, the Treasurer will provide a summary of the Note that this secured by Real Property, including the following:

a. Maker(s) (Name and Address)

b. Other Beneficiaries (% interest)

c. Original Amount

d. Date

e. Interest

f. Payments
g. Who Collects

h. How Acquired

i. Donor

j. Property Location

8. Management of Real Property Located Outside the State of Nevada. If a gift of real property located outside the State of Nevada is accepted and received in a single purpose entity or holding company, the entity shall contract with the Foundation to perform the management responsibilities and procedures set forth above on the entity’s behalf. On behalf of the entity or holding company, the Foundation may hire persons who are licensed in the jurisdiction where the property is located to perform services as needed, including but not limited to property management, appraisal, construction, and realtor services.

E. Disposition of Real Property. Although the Foundation is not under a legal obligation to sell donated Real Property, the Foundation generally sells the Real Property in a time and manner most beneficial to the University.


a. Limitation. All sales of Real Property must be approved by the Executive Committee or full Board of Trustees.

b. Beneficiaries. The Executive Director notifies the beneficiary, including specific departments/schools, of the funds and of the intention to sell as soon as possible. In some cases, the property may have been held for some time and substantial expenses need to be deducted from the sales price. It is important that the donor and/or Foundation beneficiary is made aware of these deductions.
c. Multiple Owners. The Treasurer consults all owners who must agree with and sign all documents related to listing and selling the property.

d. Mineral Interests Associated with Real Property. If mineral interests are applicable, the sub-committee of Mineral Interests of the GAC or the Executive Committee must approve the sale of surface rights and/or the mineral rights on Real Property held for the Mineral Interest.

e. Two-year Rule. If the property is sold or otherwise disposed of within two years after the date of the receipt of the property, the Foundation must file an information return on Form 8282 with the IRS and send a copy to the donor. The Treasurer provides the donor with a copy of the IRS Form 8282. The information on this form includes the sales price.

2. Sale Procedures.

a. Establish Fair Market Value. STAFF establishes current market value by using appraisals and market evaluations by local realtors. It is customary to obtain market evaluations from three active agents, including those recommended by the STAFF. In some cases, it will be difficult or cost prohibitive to obtain an appraisal or market evaluation. For example, in the event of a timeshare, land locked parcel, or other difficult to appraise assets, it may be necessary to resort to alternative methods of evaluating fair market value. STAFF shall advise the Executive Committee of the Foundation of the need for any alternative methods of establishing fair market value, and obtain approval of the Executive Committee of such alternative method.

b. Select a Real Estate Agent. The Treasurer selects the listing agent from those who submitted a market evaluation. If the evaluations are close to each other and the agents are all considered qualified, one will be chosen with the understanding
that the others will be considered for future properties. For property located away from campus it may be appropriate to solicit assistance from another institution.

c. Listing Agreement. The Treasurer, and when necessary, the general counsel, performs careful review of all documents related to listing the property to insure conformity with local practices, and consistency with Foundation policy.

(1) Commissions. Real estate commissions are not set by law but are mutually agreed upon between the seller and broker. The Treasurer should seek to negotiate a rate below the customary rate. If the agent selected is unwilling to give a reduction another equally qualified agent may be selected. If the property is particularly difficult to market a higher commission may be justified in order to get the best service and best price.

(2) Expenses. The Executive Director limits the amount (if any) payable by the Foundation for repairs as a result of inspections such as pest control inspection. In appropriate circumstances, the Executive Director may inform the donor of real property to a charitable remainder trust that such expenses are borne by the donor in the form of additional cash contributions (tax-deductible) to their trust.

(3) Default. There should be no reference to sharing the commission in the event the buyer defaults. The Foundation does not usually keep such deposits; however, in no event will the Treasurer agree to share forfeited deposits with the broker.

(4) Agricultural Zoning. The Treasurer verifies the status of vacant land. It must be disclosed if property is held under an agricultural zoning designation with deferred property tax rates.
(5) Lease Terms. Leased property is sold subject to the terms of the lease including possession. The Treasurer makes sure the lease is assigned to the Buyer in Escrow.

(6) Non-Responsibility/Disclosure. [reserved.]

(7) Property Exposure. It is desirable to have the property exposed to the market for a reasonable time, (two weeks to one month) before reviewing any offers. However, in the event that the Executive Director deems it appropriate, they may review offers in a more expedited manner.

d. Review of Deposit Receipt and Offer to Purchase. STAFF shall review the proposed Offer to Purchase for sufficiency and acceptability. Offers to Purchase shall be reviewed by STAFF and a recommendation to accept the same shall be submitted to the Executive Committee for approval. In considering whether or not to accept the Offer to Purchase, STAFF may consider the following:

(1) Terms and Conditions. STAFF shall consider whether the terms and conditions of the Offer to Purchase are acceptable to STAFF and appear to be in the best interest of the Foundation.

(2) Financing by Foundation. The Foundation may carry financing for a short period of time, preferably three to five years, at market interest with substantial down payments (usually 30% or more) to minimize the risk of buyer default. Foundation financing is contingent upon approval of a credit report and a financial statement. The Promissory Note establishing the debt to the Foundation must include a late payment penalty and a due upon sale clause. The buyer must make all tax payments during the term of loan. Contingencies and their removal dates must be for reasonable time periods. Dwellings that are subject to Foundation financing must have operable
smoke detectors installed in accordance with fire regulations. The Treasurer makes sure this clause includes an indemnification for the Foundation and that all parties initial it. It is customary to agree to liquidate damages and arbitration provided the buyer has initialed them.

(3) Sale of Leased Property. The Treasurer notifies tenant and obtains cooperation in marketing property. The Treasurer will also transfer any tenant deposits, service contracts, estoppel and all other related information to buyer at close of escrow.

e. Acceptance of Offer to Purchase and Escrow Instructions Checklist. Upon receipt of approval of the Offer to Purchase by the Executive Committee, the Executive Director, with general counsel, shall accept the offer and proceed to open escrow with a licensed title and escrow company. Upon receipt of escrow instructions from the escrow company, the Executive Director, with general counsel, shall review and consider the following:

(1) Should review the proposed deed to insure that title is being deeded out in the same form as title was transferred to the Foundation, usually a grant or quitclaim deed. If there are multiple owners, the deed should reflect the need for signatures from all sellers. The title and escrow company should obtain all necessary signatures on the deed and disburse the funds in accordance with the escrow instructions upon the close of escrow.

(2) If the Foundation is financing the buyer’s purchase, then the Foundation uses separate notes if there are multiple sellers of the Real Property, secured by a single deed of trust with cross default provisions. The Executive Director,
with general counsel, should make certain to indicate on the note that the deed of trust must not be reconveyed until all of the notes are paid in full.

(3) The Treasurer should give instructions to the title company to wire funds directly to a Foundation account. Special wiring instructions are provided for sale proceeds on unitrusts. Account number for unitrusts comes from the accounting department.

(4) The Executive Director may advise the GAC and its sub-committee on Mineral Interests upon close of escrow on the sale of Real Property involving property with Mineral Interests and is provided a copy of the deed and escrow statement.

(5) The Executive Director may elect to prepare a closing memo following close of the sale of the Real Property and notify all interested committees and parties who need to be notified of the sale. This memo can also be used to provide information for monthly and annual reporting to the Board of the Foundation.

(6) The Treasurer shall notify all vendors (e.g. utilities, gardening) to discontinue services and insurance in the name of the Foundation on the Real Property.
III

Gifts of Interests in Non-Publicly Trade Marketable Securities
(Partnership Interests & Closely Held Stock)

[Reserved.]

IV

Gifts of Tangible Personal Property

In reliance on Section II. Gifts of Real Property as a guideline for steps 1) Staff Evaluation, 2) Valuation of Gifts, 3) Management Procedures, and 4) Disposition of Property; and subject to reasonable exception for a specific gift, the Foundation accepts gifts of tangible personal property with a minimum value of $5,000 that can be readily sold and liquidated within a reasonable time in accordance with the guidelines for evaluating tangible personal property to be followed prior to acceptance of such property. If staff valuation estimates the value exceeds $50,000, including carrying costs, the gift and any subsequent sale should go before the Gift Acceptance Committee (GAC) for consideration.

V

Gifts of Oil, Gas, & Mineral Interests

[Reserved.]

VI

GIFTS OF INTELLECTUAL PROPERTY
AND TANGIBLE RESEARCH PROPERTY

The Foundation accepts gifts of intellectual property including but not limited to issued patents, patentable inventions, copyrightable works, trademarks, mask works, trade
secrets, and tangible research property (collectively Intellectual Property), so that the Intellectual Property can be utilized or liquidated by the Foundation for and in order to accomplish the goals and objectives of the Foundation, and provided that such acceptance does not conflict with any policy of the University Board of Regents. The Foundation requires that the following guidelines for evaluating Intellectual Property be followed prior to acceptance of Intellectual Property:

A. Initial STAFF Review. In most cases, Foundation STAFF will be the initial point of contact with the prospective donor of an Intellectual Property gift, and shall conduct the initial intake review. STAFF should begin the review process as soon as practical to assure the donor that the proposed gift is being considered in an efficient manner. If someone other than STAFF is the initial point of contact for the prospective donor, STAFF should be notified as soon as possible in order to begin the review process.

B. Notification of Technology Transfer Office and University Faculty. As part of its initial review, STAFF shall notify the University’s Technology Transfer Office (TTO) of the proposed gift and will provide the TTO with the donor’s name, contact information, and copies of all relevant correspondence. Where appropriate, University faculty and industry experts with knowledge relevant to the particular type of Intellectual Property involved shall also be consulted.

C. Legal Considerations Regarding the Gift of Intellectual Property. Several methods are available for making gifts of Intellectual Property to accomplish the personal, charitable, and financial goals of the individual donor. Each method has distinct advantages, and potential donors are encouraged by the Foundation to contact their own
counsel to ensure the gift fits into their financial and estate plans and provides the expected tax benefits.

D. Types of Intellectual and Tangible Research Property that can be accepted as Gifts. For purposes of this policy, the term Intellectual Property includes, but is not limited to:

1. **Patents** - A U.S. patent is a grant issued by the United States Patent and Trademark Office giving an inventor the right to exclude others from making, using, selling or importing the patented invention within the United States, its territories and possessions. To be patentable in the United States, an invention must be new, useful, and nonobvious over existing prior art. Foreign patents are granted by similar offices within their respective countries. Patents are only valid within the country of issuance.

2. **Copyrights** - Under federal copyright law, copyright protection subsists in "original works of authorship" which have been fixed in any tangible medium of expression from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. A copyright owner has the exclusive right to reproduce the work, prepare derivative works, distribute by sale or otherwise, and display or perform the work publicly. Copyright protection is automatic, but additional rights and benefits can attach if the work is registered with the U.S. Copyright Office.

3. **Trademarks (including Service Marks)** - A trade or service mark is a word, name, symbol, design or any combination thereof, adopted by an organization to identify its goods or services and distinguish them from the goods
and services of others. The overriding issue with trademark infringement is the likelihood of confusion regarding the source of the product or service.

4. **Mask Works** - A mask work is defined as a series of related images representing a predetermined, three-dimensional pattern of metallic, insulating, or semiconducting layers of a semiconductor chip product. Under the Semiconductor Chip Act of 1984, mask work protection gives the owner of the qualifying mask work exclusive rights to its exploitation.

5. **Trade Secrets** - The law of trade secret may be applied to almost any secret which is used in business and gives the owner of the trade secret a competitive edge over others. It is used to protect valuable proprietary information and is a commonly used form of protection for software.

6. **Tangible Research Property** - The term "tangible research property" refers to research results which are in a tangible form as distinct from intangible property. Examples of tangible research property include integrated circuit chips, computer software, biological organisms, engineering prototypes, engineering drawings, and other property which can be physically distributed.

E. **Evaluation of Proposed Gift of Intellectual Property.** The TTO, in collaboration with STAFF and, where appropriate, University faculty and/or industry experts, shall evaluate each proposed gift of Intellectual Property based on the criteria and information identified in Sections E.1. through E.3., below. This evaluation is designed to identify and consider issues related to the gift of Intellectual Property, such as potential liability, market conditions, potential income and expenses, holding costs, management requirements, and anticipated present and future marketability of the Intellectual Property.
   a. Relevance and fit of the donated Intellectual Property with an ongoing program within the University;
   
b. Availability of resources (research funding, facilities, personnel, etc.) to continue research, development and/or transfer of the donated Intellectual Property;
   
c. Willingness of University faculty member(s) with relevant expertise to carry out further research and development of the donated Intellectual Property;
   
d. Willingness of the relevant academic program(s) to provide financial support for further research and development of the donated Intellectual Property, especially in cases where the donor does not provide funds for that purpose;
   
e. Relevance and fit of donated patent with current patent portfolios held by the University;
   
f. Sufficiency of patent life remaining on the donated patent to allow continued research, development, transfer and commercialization. Donated patents should have a minimum of seven (7) years of patent life remaining from the date of transfer to the Foundation; patents with less than seven (7) years of patent life remaining will be considered only under special circumstances;
   
g. Availability of resources to maintain the donated patent;
h. Potential revenue from the donated Intellectual Property balanced by the cost to obtain such revenue;

i. Strong opportunity identified for licensing the donated Intellectual Property or an identified business partner; or strong opportunity for creating a start-up company likely to attract venture capital;

j. Willingness of donor to accompany donation of Intellectual Property with other resources (cash gift, related research equipment, technical expertise and assistance, etc.) to promote continued research, development, transfer and commercialization of donated Intellectual Property; and

k. Classroom/educational value of the donated Intellectual Property.

2. Responsibilities of Donor.

a. Donor shall warrant that donor exclusively owns the donated Intellectual Property and has the right to transfer ownership;

b. Donor shall warrant that donated Intellectual Property is free of all encumbrances, claims and/or interferences, including any pending litigation;

c. Donor shall inform the Foundation of any anticipated litigation regarding the donated Intellectual Property, and any
ongoing or anticipated patent enforcement and/or patent infringement issues;

d. Donor shall inform the Foundation of any known or anticipated approvals (such as FDA, USDA, EPA, and/or other) that may be required prior to commercialization of the donated Intellectual Property;

e. Donor shall provide the Foundation with the current status of all such approvals and a best estimate of any expenses associated with receiving such approvals;

f. Donor shall provide the Foundation with an accurate current status of all pending patent applications and issued patents; and

g. Donor shall provide the Foundation with a best estimate of future expenses to prosecute pending patent applications and to maintain issued patents.

3. Valuation.

All donated Intellectual Property will be valued by the most appropriate means available to the Foundation, including the use of market studies and valuations provided by the donor, potential licensees or other users of the Intellectual Property. The value the Foundation places on the gift will be determined by a conservative method for both financial accounting reporting and gift reporting. For each purpose, the value may be the same or different depending upon the unique circumstances surrounding the gift.
If the gift is valued at more than $5,000, the donor is required by the Internal Revenue Service to obtain a qualified appraisal for purposes of substantiating the gift. Although the Foundation may reference the donor’s appraisal in valuing the gift, the Foundation will not confirm the value reflected in the appraisal, but shall simply acknowledge receipt of the appraisal from the donor.

F. Report and Recommendation to Foundation Executive Director.

Upon completion of the evaluation described in Section E, above, the TTO, in collaboration with STAFF and, where appropriate, University faculty and/or industry experts, shall prepare and submit a report to the Executive Director with a recommendation to accept or reject the proposed gift of Intellectual Property. Upon review of the report, the Executive Director shall take one (1) or more of the following actions:

(1) Advise the donor of the Foundation’s acceptance or declination of the proposed gift subject to any applicable restrictions on the authority of the Executive Director set forth in this Gift Acceptance Policy and under the Bylaws of the Foundation;

(2) Make and submit a report and recommendation regarding the acceptance or declination of the proposed gift to the Gift Acceptance Committee (GAC) and permit the GAC to conduct further evaluation of such proposed gift. (Referrals to the GAC shall be conducted in the manner set forth in Section II, subsection C(2)(b) of this Gift Acceptance Policy regarding gifts of Real Property); or

(3) Make and submit a recommendation regarding the acceptance or declination of the proposed gift to the Executive Committee of the Foundation. (Referrals to the Executive Committee shall be conducted in the manner set forth in
Section II, subsection C(2)(c) of this Gift Acceptance Policy regarding gifts of Real Property.)

G. Acquisition Procedure.
Upon the acceptance of a gift of Intellectual Property, STAFF shall review all the transfer documents and take the necessary action to complete the formal transfer of title, including registration with the proper governmental entity. STAFF may consult with legal counsel or industry experts for this purpose.

The Foundation shall take title as: “The University of Nevada, Reno Foundation, a Nevada nonprofit corporation.” In some cases, the Foundation may require that the asset be transferred to a single purpose entity or holding company owned by the Foundation rather than the Foundation directly.

It is the general preference of the Foundation to liquidate gifts as soon as possible after acquisition. However, the Foundation may elect to hold a gift of Intellectual Property for a period of time, for example, where the gift is deemed to have sufficient research or development potential to be of long-term interest to the University. In such cases, STAFF shall be responsible for engaging legal counsel or industry experts to manage the Intellectual Property in order to maintain the validity of the Intellectual Property.

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i Approved by the Foundation Executive Committee on October 20, 2014. Pending Full Board Approval at the January 2015 meeting.
ii Approved by the Foundation Executive Committee on October 20, 2014. Pending Full Board Approval at the January 2015 meeting.