GIFT ACCEPTANCE AND DISPOSITION POLICY OF DUKE UNIVERSITY

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GIFT ACCEPTANCE AND DISPOSITION POLICY OF DUKE UNIVERSITY

I. GIFTS GOVERNED BY THIS POLICY

This policy is established by the Board of Trustees to govern the acceptance and disposition of all gifts made to Duke University ("Duke" or the "University") and any of its subsidiaries or affiliated organizations, **other than** gifts of: (a) cash and currency; (b) publicly-traded C Corporation securities; (c) other publicly-traded securities (e.g., units in master limited partnerships traded on a national securities exchange) accepted by Duke University Philanthropies, Inc. ("DUPI") or other Duke support corporation; (d) certain life insurance policies meeting criteria set forth in Section V. below; (e) library books/collections donated specifically to a University library; and (f) works of art donated specifically to the Nasher Museum of Art. The collective term "Duke Health" when used herein shall refer to the Duke University School of Medicine, School of Nursing and the Duke University Health System, Inc. and its affiliated entities.

Gifts subject to this policy will be considered in four categories: (1) tangible personal property, (2) real property, (3) life insurance, and (4) other assets. The fourth category includes, but is not limited to, such items as promissory notes, assignment of promissory notes, partnership interests, limited liability company interests, other restricted or non-publicly traded securities, trademarks, copyrights and other intangible property interests. The criteria for gift acceptance, the acceptance/approval, administration and disposition processes for each category are set forth below. This policy also sets forth criteria for acceptance of certain planned or deferred gifts.

II. GIFT POLICY COMMITTEE

All gifts that fall under this policy must be approved in advance of acceptance by the Gift Policy Committee ("GPC") and in accordance with this policy. The GPC is appointed by the President of Duke University, is chaired by the Executive Vice President, and typically consists of representatives from University Development, including the Associate Vice President, the Assistant Vice President for Gift Planning ("AVP for Gift Planning"), and Senior Development Counsel, and at least one representative from each of Duke Health Development, DUMAC, Inc., Alumni & Development Records, Treasury and Cash Management (TCM), Real Estate Administration, and University Counsel, subject to such changes in composition as the President may wish to make from time to time. The AVP for Gift Planning will serve as Secretary to the Committee.

It is the responsibility of all University and Duke Health development officers as well as any departmental official or University officer presented with a gift subject to this policy to present any such proposal to the GPC prior to acceptance by the University.

III. GIFTS OF TANGIBLE PERSONAL PROPERTY

A. Criteria for Acceptance

Except as provided in Subsection B below, the GPC will consider gifts of tangible personal property, including but not limited to works of art, manuscripts, literary works, boats, and motor vehicles, only after a thorough review indicates that the property is:

1. readily marketable; <u>or</u>

2. can be put to a use by the University which is related to its tax-exempt purposes; that is, for education, health care, research, or a combination thereof.

B. Gift-In-Kind Guidelines

The GPC has delegated the authority to accept certain types of Gift-in-Kind ("GIK”) property valued at less than $5,000 to the Office of Alumni & Development Records. Such gifts include, but are not limited to, tickets to athletic events, postage, television sets, stereos, computers, computer software, electronic hardware, medical equipment, and items for auction. Such gifts need not be formally presented for acceptance by the GPC, but instead may be sent directly to the Alumni & Development Records for processing. Only in the event that the Senior Director of Alumni & Development Records is unsure as to whether the GPC would accept such a gift does a GIK valued at less than $5,000 need to be brought before the GPC for formal acceptance.

Alumni & Development Records will record a GIK regardless of value in order to track all gifts in the University's official gift record system. Alumni & Development Records must be contacted before accepting a GIK to ensure that all necessary documentation is secured and processes followed.

Any GIK with a value exceeding $100 but less than $5,000 will be recorded on the University’s gift record system at $1, unless independent verification of the fair market value of the gift is provided. The receipt issued by Alumni & Development Records for all GIKs will include the following statement to emphasize to the donor the need to seek personal tax advice:

> “Your gift may require that you complete an Internal Revenue Service (“IRS”) Form 8283, together with an appraisal of the donated property. In addition, as your deduction may be limited, please consult your tax advisor for further guidance.”

A GIK with a value exceeding $5,000 will be processed in accordance with the following Subsection C and be recorded on the University’s gift record system at a value to be determined by the GPC. The Senior Director of Alumni & Development Records or the GPC may require documentation from the donor or the department or program to benefit from the GIK in order to substantiate the donor’s cost and/or the market value of the goods donated.

C. Approval/Acceptance Process

The development officer or other appropriate departmental official will prepare a written summary of the gift proposal and submit that summary to the GPC through the AVP for Gift Planning. At a minimum, the summary shall include the following information:

1. a description of the asset;

2. the purpose of the gift (e.g., unrestricted, restricted, to fund an endowment (see Section VIII.B.) or planned giving arrangement) and the department(s), program(s), or endowment(s) to benefit from the gift;

3. an estimate or appraisal of the asset's fair market value and marketability;

4. any potential University use and, if so, a written review by the department to benefit from the asset; and

5. any special arrangements requested by the donor concerning disposition (e.g., price considerations, time duration prior to disposition, potential buyers, etc.).

The GPC will review all materials presented by the development officer or other appropriate departmental official and make a determination whether to accept or reject the proposed gift or, if necessary, to postpone a decision pending the receipt of additional information. The final determination of the GPC shall be communicated to the development officer or other appropriate departmental official by the AVP for Gift Planning, and the development officer or other appropriate departmental official shall communicate the University's decision to the donor in writing.

If a proposed gift of tangible personal property is approved by the GPC, and such tangible personal property has been received by the University, the Senior Director of Alumni & Development Records will acknowledge receipt of the gift on behalf of the University. The University will not appraise or assign a value to the gift property. It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal as may be required by the IRS.

The execution and delivery of a deed of gift or other appropriate conveyance acceptable to the University, and the delivery of the property, as applicable, will complete the gift. The donor will pay the costs associated with the conveyance and delivery of the gift. In addition, the IRS may require the filing of IRS Form 8283 by the donor for gifts of tangible personal property for charitable deduction purposes. This form should be sent to Alumni & Development Records for execution by the University. A copy of the completed Form 8283 will be provided to the department that received the gift.

D. Disposition

Upon approval of a proposed gift of tangible personal property, the GPC will assign a University office with responsibility for disposing of the gift, unless the gift is intended to be put to a specific University purpose in which case no immediate disposition is necessary. Any guidelines the GPC wishes to impose on disposition, including minimum sales price and approval or rejection of any special arrangements with the donor, will be put in writing to the University office responsible for disposing of the gift at this time. The GPC through TCM will designate a Budget and Finance Responsibility Code ("BFR ") and cost center for charging expenses associated with the gift pending disposition. In the absence of a known beneficiary for the gift, a University Development or Duke Health Development BFR and cost center will be used as a holding account.

The Chair of the GPC must first be consulted and/or the entire GPC polled or convened, before a gift of tangible personal property may be sold for less than appraised value or estimated fair market value, or fails to meet the guidelines imposed by the GPC when approving the gift, as the case may be. If in the judgment of the University office responsible for disposing of the gift a current appraisal of the property would assist in disposing of the property, the University office responsible for disposing of the gift may request permission from the GPC or its Chair to have the appraisal performed. The cost of such appraisal shall be charged to the designated cost center.

Upon sale of the property, the University office responsible for disposing of the gift will prepare a final report on the property, including a financial summary of net proceeds to the extent known, and distribute it to the AVP for Gift Planning, the Associate VP & Deputy Treasurer, Alumni & Development Records and the designated representative of the department or school to benefit from the gift.

Alumni & Development Records is responsible for filing IRS Form 8282 for certain gifts of tangible personal property sold by the University within three years of the date of gift.

IV. GIFTS OF REAL PROPERTY

A. Criteria for Acceptance

The GPC will consider gifts of real property, both improved and unimproved (e.g., detached single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, acreage, etc.), including gifts subject to a retained life estate, only after a thorough review under the direction and supervision of the Director of Real Estate Administration of the following criteria:

1. *Market Value and Marketability*. The GPC must receive a reasonably current appraisal of the fair market value of the property and the value of interest in the property the University would receive if the proposed gift were approved.

This appraisal requirement is wholly independent of any substantiation or appraisal requirements imposed by the IRS for charitable deduction purposes. Development officers should inform the donor that, if the gift is completed, the IRS may require a qualified appraisal commissioned no earlier than sixty days before the date of gift or later than the filing date of the tax return for the year in which the donor seeks a deduction. Development officers must also understand and communicate to donors that it is the University's policy to dispose of all gifts of real estate (other than property which the University wishes to retain) as expeditiously as possible. Thus, regardless of the value placed on the property by the donor's appraisal, the University will attempt to sell at a reasonable price in light of current market conditions, and the donor needs to be informed that any such sale occurring within three years of the date of gift will be reported to the IRS on IRS Form 8282.

2. *Potential Environmental Risks*. All proposed gifts of real property, including gifts from estates, must be accompanied by a Phase I environmental audit performed at the donor's expense. The only permitted exception to this requirement is for residential property which has been used solely for residential purposes for at least 20 years. In cases where this exception applies and no environmental audit is undertaken, the donor/executor must have an independent party complete an Environmental Checklist provided by the Director of Real Estate Administration through the Office of Gift Planning and may be required to execute an environmental indemnity agreement. Even in cases where a Phase I audit is submitted, the Director of Real Estate Administration may require that the donor sign an environmental indemnity agreement.

3. *Limitations and Encumbrances*. The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record must be disclosed. No gift of real estate will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in very unusual cases where the fair market value of the University's interest in the property net of all encumbrances is substantial.
4. *Carrying Costs*. The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes and insurance, must be disclosed.

5. *Title Information*. A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion, must be furnished.

B. Approval/Acceptance Process

The Director of Real Estate Administration with the assistance of the development officer will prepare a written summary of the gift proposal and submit that summary to the GPC through the

AVP for Gift Planning. A Real Estate Checklist can be obtained from the Office of Gift Planning. At a minimum, the summary shall include the following information:

1. a description of real property;

2. the purpose of the gift (e.g., unrestricted, restricted, to fund an endowment (see Section VIII.B.) or planned giving arrangement) and the department(s), program(s), or endowment(s) to benefit from the gift;

3. an appraisal of the property, which shall include the value of the University's prospective interest in the property and its marketability;

4. any potential for income and expenses, encumbrances, and carrying costs prior to disposition and an acknowledgement by the department or school benefitting from the gift of their ability to assume all costs associated with the property until disposition;

5. any environmental risks or problems revealed by audit or survey;

6. any potential University use; and

7. any special arrangements requested by the donor concerning disposition (e.g., price considerations, time duration prior to disposition, potential buyers, brokers or agents, etc.).

The GPC will review the material presented by the Director of Real Estate Administration and make a determination as of whether to accept or reject the proposed gift of real property (or, if necessary, to postpone a decision pending the receipt of additional information). The AVP for Gift Planning shall communicate the final determination of the GPC to the development officer, and the development officer shall communicate the University's decision to the donor in writing, including any conditions imposed by the GPC for acceptance.

If a proposed gift of real property is approved by the GPC, the Senior Director of Alumni & Development Records will acknowledge receipt of the gift on behalf of the University upon notice by the Director of Real Estate Administration that the property has been properly recorded in the relevant Registry of Deeds. The University will not assign a value to the gift property other than for purposes of the University gift record system. It is the donor's responsibility to establish a value for the gift for IRS purposes.

Note: all gifts of real property shall be made to Duke Gift Properties, Inc. unless otherwise directed by the Director of Real Estate Administration and the Office of Counsel.

The execution and delivery of a deed of gift or other appropriate conveyance will complete the gift. The costs associated with the conveyance and delivery of the gift, including but not limited to recording fees and, if deemed necessary by the Director of Real Estate Administration, a current survey, title insurance and/or an attorney's title opinion, will be either paid by the donor or charged to the cost center of the department(s), school(s), or program(s) to benefit by the donation. The donor should forward IRS Form 8283 to Alumni & Development Records for execution by the University.

C. Disposition

Pursuant to authority granted by the Executive Committee of the Duke University Board of Trustees, the Executive Vice President may authorize the sale of real property received by gift provided that the value of the subject property does not exceed $1 million, and provided that such property is not located on or contiguous to the Duke campus or determined by the President or Executive Vice President to be important to the University in carrying out its educational, research and health care mission. Otherwise, Board of Trustee (or Executive Committee) approval is required.

It is the responsibility of the Director of Real Estate Administration to dispose of all gifts of real property, except those gifts of real property acquired as an investment under the management of DUMAC, Inc. The GPC will advise the Director of Real Estate Administration of any guidelines it wishes to impose on disposition, such as minimum sales price or approving/rejecting special arrangements with the donor.

If the Executive Vice President of the University determines that it is in the best interests of the University to retain for its own use a gift of real property, the Chair of the GPC will recommend to the appropriate officers of the University (and the Board of Trustees, as appropriate) that, in the case of real property gifts designated for endowment purposes, an amount equal to the fair market value of the property on the date of its receipt by the University will be deposited into the designated endowment fund. In all other cases, the Chair shall recommend to the Deputy Treasurer the transfer of the appropriate amount of funds for the benefit of the designated gift purpose.

Upon acceptance of a gift and to the extent applicable, the GPC through the Office of Endowment/Investment Accounting will designate a cost center for charging expenses associated with the gift pending disposition. In the absence of a known beneficiary for the gift, a University Development or Duke Health Development cost center will be used as a holding account.

Upon sale of the property, the Director of Real Estate Administration will prepare a final report on the property, including a financial summary of net proceeds, and distribute such report to the AVP for Gift Planning, the Deputy Treasurer, Alumni and Development Records, and the designated representative of the department or school benefiting from the gift.

The Office of Corporate Tax Reporting and Services is responsible for filing IRS Form 8282 for gifts of real property sold by the University within three years of the date of gift.

V. GIFTS OF LIFE INSURANCE

A. Criteria for Acceptance

The University will accept without the necessity of review and approval by the GPC gifts of life insurance policies (including whole life, variable and universal life policies) that meet the following three criteria:

1. The policy is either paid-up or, if not paid-up as of the date of the gift:

    a. has a minimum face value of $500,000;

    b. has a payment schedule not to exceed eight (8) years and which assumes an interest rate not to exceed one percent (1%) below the prevailing prime interest rate as reported in the Wall Street Journal (for existing policies an "in force" illustration will be required); and

    c. requires a written pledge from the donor to the University in a total amount that equals or exceeds the total premiums due, and with pledge payments scheduled so as to equal or exceed each policy premium payment as that payment becomes due. This written pledge also will acknowledge the absolute ownership by the University of the policy and acknowledge the resulting right of the University, in its absolute discretion, to cash-in the policy and apply the proceeds thereof in accordance with the terms of any agreement previously entered into by the donor(s) and the University relating to such proceeds or, if none, for the unrestricted benefit of the University.

2. Duke University is both the owner and the beneficiary of the policy. While the policy will identify the University as the beneficiary, the development officer should work with the donor to clarify the purpose of the gift — whether it be for endowment (existing or new), a specific program or department, or unrestricted use — through the attachment of a memorandum, letter, or endowment agreement to the policy.

B. If intended for endowment purposes, the face value of the policy meets the minimum funding requirement for endowments for its stated purpose(s) as established by the Board of Trustees and in effect at the time of the gift of the policy. Notwithstanding the foregoing, development officers must inform donors that the minimum funding requirement for a future funded endowment is not finally determined until such endowment is actually funded. In other words, unless an endowment has been previously funded with other property, the minimum funding requirement to fund an endowment for a stated purpose will not be known until policy proceeds are actually received.

C. Approval/Acceptance Process

The development officer will prepare a written summary of any proposed gift of a life insurance policy which fails to meet all of the criteria specified in Section A above and submit such summary through the AVP for Gift Planning. At a minimum, the summary shall include the following information:

1. description of the type of life insurance policy; face value; premium payment schedule; crediting/investment rate assumptions; name, age and relationship of insured(s); cash value; all projections, illustrations, and in-force ledgers (if applicable); insurance company and rating; and

2. the purpose of the gift (e.g., unrestricted, restricted, to fund an endowment (see Section VIII.B.) or planned giving arrangement) and the department(s), program(s), or endowment(s) to benefit from the gift.

The GPC will review the material presented by the development officer and make a determination as to whether to accept or reject the proposed gift or, if necessary, to impose any terms (e.g., the donor's pledge to make contributions to cover premiums, a revision in the payment schedule) as a condition of approval. The final determination of the GPC shall be communicated to the development officer by the AVP for Gift Planning, and the development officer shall communicate the University's decision to the donor in writing, including any conditions imposed by the GPC prior to acceptance.

If a proposed gift of a life insurance policy is approved by the GPC, the Senior Director of Alumni & Development Records will acknowledge receipt of the gift on behalf of the University. The University will not assign a value to the gift property other than for purposes of the University gift record system. It is the donor's responsibility to substantiate the value of any gift for IRS purposes.

The gift will be completed upon the execution and delivery of the life insurance policy to the Office of Endowment/Investment Accounting or an assignment of the policy in the event that the University is not the original owner/applicant of the policy.

D. Administration

The Office of Endowment/Investment Accounting shall administer all gifts of life insurance policies and shall maintain records of all donor policies, contribution schedules, donor designations of death benefits, payments of premiums and the like. Alumni & Development Records shall be responsible for pledge reminders.

The Office of Endowment/Investment Accounting shall be responsible for confirming the existence and cash value of all policies in force at least annually, informing the Office of Gift Planning and any department, program, or school benefiting from any policy of any material issues relating thereto, including but not limited to unfunded premium obligations, and collecting and distributing death benefits. Upon receipt of death benefits, the Office of Endowment/Investment Accounting shall provide notice to any department, program, or school to benefit from the gift. The Office of Gift Planning shall at least annually provide the Office of Endowment/Investment Accounting with a list of those insureds who are listed as deceased on the University's development records.

VI. GIFTS OF INTANGIBLE PROPERTY AND OTHER ASSETS

A. Criteria for Acceptance

The GPC will consider gifts of other assets, including, but not limited to, promissory notes; interests in general or limited partnerships, limited liability companies and other business entities or organizations; restricted or non-publicly traded securities (equity and fixed income); trademarks; copyrights; and other intangible property interests, only after a thorough review of the following criteria:

1. *Market Value and Marketability*. The GPC must receive a reasonably current appraisal or estimate of the fair market value of the property and the interest in the property the University would receive if the proposed gift were approved. This valuation requirement is wholly independent of any substantiation or appraisal requirements imposed by the IRS for charitable deduction purposes. Development officers should also inform the donor that, if the gift is completed, the IRS may require a qualified appraisal commissioned no earlier than sixty days before the date of gift or later than the filing date of the tax return for the year in which the donor seeks a deduction. The appraisal and other information should clearly reflect any market for the asset under consideration and whether the asset can be sold within a reasonable period of time. The donor needs to be informed that a sale of the asset within three years of the date of gift will require the filing of IRS Form 8282.

2. *Legal and Tax Documentation*. The GPC must be provided with all relevant legal and tax documentation and other information including, but not limited to, shareholder, membership or partnership agreements, articles of organization, federal or state regulatory filings, tax returns (3 years) and such other information as may be deemed material or relevant by the GPC and University Counsel. Depending upon the circumstances, outside counsel may need to be retained by the University to review the gift, at donor's expense. Any gift property (including, but not limited to, general and limited partnerships, limited liability companies, or other pass-thru entities) that because of its entity classification and/or tax status could at any time generate "unrelated business taxable income" as defined under the federal tax laws shall only be accepted into Duke University Philanthropies, Inc. ("DUPI") or another support corporation of Duke.

3. *Donor Expectations*. Depending upon the particular circumstances of a proposed gift, it is advisable to have a written gift agreement between the donor and the University that sets forth the handling of the gift assets and the use of gift assets or sales proceeds.

B. Approval/Acceptance Process

The development officer with the assistance of the Office of Gift Planning will prepare a written summary of the gift proposal and submit that summary to the GPC through the AVP for Gift Planning. At a minimum, the summary shall include the following information:

1. a description of the asset;

2. the purpose of the gift (e.g., unrestricted, restricted, to fund an endowment (see Section VIII.B.) or deferred giving arrangement) and the department(s), program(s), or school(s) to benefit from the gift;

3. an estimate or appraisal of the asset's fair market value and marketability;

4. potential for income and estimated carrying costs and expenses prior to disposition and an acknowledgement by the department or school benefitting from the gift of their ability to assume all costs associated with the gift until disposition;

5. any tax or legal risks (based on review by University Counsel);

6. if an interest in real property, any environmental risks or problems revealed by audit or survey;

7. if relevant, a credit history or financial statement of financially responsible party, if applicable;

8. any special arrangements requested by the donor concerning disposition (e.g., price considerations, time duration prior to disposition, potential buyers, brokers or agents, etc.).

The GPC will review the material presented by the development officer and make a determination as of whether to accept or reject the proposed gift or, if necessary, to postpone a decision pending the receipt of additional information.

The final determination of the GPC shall be communicated to the development officer by the AVP for Gift Planning, and the development officer shall communicate the University's decision to the donor in writing, including any conditions imposed by the GPC prior to acceptance.

If a proposed gift of an asset governed by this Section is approved by the GPC, the Senior Director of Alumni & Development Records will acknowledge receipt of the gift on behalf of the University. The University will not assign a value to the gift property other than for purposes of the University gift record system. It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal as may be required by the IRS.

The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance, and the delivery of the property, as applicable. The donor will pay the costs associated with the conveyance and delivery of the gift. In addition, the filing of IRS Form 8283 by the donor may be required by the IRS for charitable deduction purposes. This form should be sent to Alumni & Development Records for execution by the University.

C. Disposition

It is the responsibility of TCM to monitor and coordinate appropriate University resources to facilitate disposal of all gifts of assets in this Section. If the asset involves an interest in real estate, it is generally expected that the Director of Real Estate Administration will assist TCM in disposing of the asset. If the asset is a security, it is generally expected that DUMAC, Inc. will assist TCM in disposing of the asset, subject to DUMAC's policies then in effect for trading securities. Any guidelines the GPC wishes to impose on disposition, including minimum sales price and approval or rejection of any special arrangements with the donor, will be put in writing to the Deputy Treasurer at this time.

Upon acceptance of a gift, the GPC through the Office of Endowment/Investment Accounting will designate a BFR and cost center for charging expenses associated with the gift pending disposition. In the absence of a known beneficiary for the gift, a Development or Duke Health Development BFR and cost center will be used as a holding account.

Upon sale of the property, TCM will prepare a final report on the property, including a financial summary of net proceeds, and distribute it to the AVP for Gift Planning and the designated representative of the department or school to benefit from the gift.

TCM is responsible for filing Form 8282 for certain assets sold by the University within three years of the date of gift.

VII. PLANNED GIFTS

A. Gifts Covered by this Section

This Section shall govern all so-called planned or deferred gifts to Duke University that are managed by Duke (or a designated agent) including, but not limited to, gifts made:

1. in exchange for a charitable gift annuity;
2. to one of Duke's pooled income funds;
3. to establish a charitable remainder trust where Duke serves as trustee; and
4. to establish a charitable lead trust where Duke serves as trustee.

This Section shall not govern deferred gifts where Duke does not serve as trustee, investment manager or administrator.

B. Trusteeship

1. Charitable Remainder Trust: Duke may serve as sole trustee of any charitable remainder trust in which the University's interest is irrevocable and equals at least 51% of the total charitable remainder interests; provided that the value of Duke's proportionate share of trust principal (based on its percentage interest in the charitable remainder) shall be at least 100% of the minimum gift amount for a charitable remainder trust as set forth under Section VII.D.2. at the time Duke accepts such trusteeship. Notwithstanding the above, Duke must be the sole charitable remainder beneficiary of any charitable remainder trust invested in the "endowment investment option" pursuant to IRS Private Letter Ruling 200711028 (issued to Duke on December 18, 2006).

2. Charitable Lead Trust: Duke may serve as sole trustee of a charitable lead trust where the University is the irrevocable beneficiary of 100% of the charitable lead interest.

3. Co-Trustee: Duke shall not serve as co-trustee of any charitable trust without approval of the GPC.

4. Non-charitable Trust: Duke cannot serve as trustee of any trust other than a charitable remainder trust, a charitable lead trust or a pooled income fund.

C. Payout Rates

Payout rates offered by Duke for any planned giving arrangement shall be in compliance with all laws and subject to the provisions of this Policy.

1. Charitable Gift Annuity: Annuity rates offered to donors making gifts in exchange for a charitable gift annuity (current or deferred) shall be negotiated with donors but shall not exceed the recommended rates of the American Council on Gift Annuities in effect at the time of the gift.

2. Charitable Remainder Trust: Payout rates for charitable remainder unitrusts and charitable remainder annuity trusts shall be negotiated with donors, keeping in mind that it is generally in the University's best interest to establish a payout rate that is as low as legally permissible.

3. Charitable Lead Trust: Payout rates for charitable lead trusts will be negotiated with donors.

D. Additional Restrictions

1. Minimum Charitable Remainder Value for Charitable Remainder Trusts: Duke shall not serve as trustee of any charitable remainder trust where the value of the charitable remainder interest (as computed for IRS purposes) is less than twenty-five percent (25%) of the value of the assets transferred.

2. Minimum Gift Amounts:

a. Charitable gift annuity:	\$ 10,000
b. Pooled income fund:	\$ 10,000
c. Charitable remainder trust:	\$100,000
d. Charitable lead trust:	\$500,000

3. Discretion with Regard to Minimum Remainder Values and Gift Amounts: The AVP for Gift Planning shall have discretion to accept planned gifts that fall below: (i) the prescribed minimum charitable remainder value for charitable remainder trusts set forth under subsection D.1. above or (ii) the minimum gift amounts set forth under subsection D.2. above, when deemed in the best interests of the University. The AVP for Gift Planning shall report all such exercises of discretion to the GPC.

E. Acceptable Gift Assets

The acceptance of assets other than cash, currency and publicly traded C Corporation securities to fund a planned or deferred gift shall be subject to all other requirements under this Gift Acceptance and Disposition Policy.

F. Approval, Acceptance and Execution of Gift Documents by University

Approved Documents: All trust documents must be approved by University Counsel and/or Development Counsel, as circumstances dictate. Form documents for most types of planned giving vehicles have been pre-approved by University Counsel, which should eliminate the need for individual document approval in most instances. **All gift documents (including proposals and gift illustrations) must be accompanied by a statement that neither Duke nor any representative of Duke provides legal, tax, financial planning or other professional advice and that all prospective donors are advised to seek independent legal, tax and financial counsel before entering into any gift arrangement.**

1. Acceptance and Execution by Donor: All documents must be executed by

donor in triplicate, with all three (3) originals being returned to the Office of Gift Planning for processing.

2. Processing and Execution by Duke: The Office of Gift Planning shall forward all three (3) originals to the Office of Endowment/Investment Accounting, which shall coordinate with the Deputy Treasurer to execute the documents on behalf of the University. Any senior officer of the University may execute these documents if the Deputy Treasurer is unable to act for any reason.

3. Document Retention: Upon execution, one fully executed original shall be distributed to each of the following: (i) the donor; (ii) the Office of Endowment/Investment Accounting; and (iii) the Office of Gift Planning.

G. Disclosures

The Office of Planned Giving shall provide to all prospective donors to a deferred giving arrangement administered by the University, prior to the acceptance of such gift by the University, any disclosures required by the Philanthropy Protection Act of 1995.

H. Exceptions

Exceptions to this Section VII shall become effective upon the written approval by the GPC and shall supersede any existing policy that might cover the subject matter involved.

I. Amendment

The substantive provisions of this Section VII may be amended from time to time by the GPC.

VIII. SPECIAL SITUATIONS

A. Guidelines and Procedures for Acceptance of Outdoor Objects

This Section establishes guidelines and procedures for the acceptance of works of art, sculpture and other three-dimensional objects intended for outdoor display (hereafter referred to as "outdoor objects") within the confines of the University's campuses.

It shall be the general policy of the University not to accept gifts of outdoor objects for display in the core areas of the East and West Campuses. The core areas of the East and West Campuses are defined as the quadrangles and the openings that lead to the quadrangles. Normally, the only permitted exception to this general policy shall be for outdoor objects intended to be displayed in well-recognized areas set aside for such displays.

Other than in extraordinary circumstances, no gift of an outdoor object will be deemed acceptable if it requires the expenditure of significant sums of money by the University, either for its installation and/or its continuing maintenance, unless the proposed gift is accompanied by a separate cash gift or an endowment of sufficient size to meet these expenditures.

For outdoor objects intended to be displayed within the confines of the University's campuses, the acceptance process shall proceed as follows:

1. Upon being notified that a gift of an outdoor object has been proposed, the GPC shall first determine if the general criteria described above have been met. To assist the GPC in this evaluation, the proposal must be accompanied by the following information:

    a. A description and a picture or photograph of the object.

    b. The donor's preferences for identification of the object; (i.e., any plaques or other means of identification).

    c. Estimated installation and maintenance costs, and the funding for it, if any.

    If the general criteria above have not been met or if the donor is unwilling or unable to furnish the requested information, the GPC shall decline to accept the proposed gift.

2. If the proposed gift is intended to honor an individual or an event, the GPC shall, in consultation with the Executive Vice President and/or other senior officers of the University, determine if the timing of the proposed gift is appropriate and, if not, the GPC shall decline to accept the proposed gift.

3. If the above criteria have been met, the GPC shall refer the matter to the President's Art Advisory Committee ("PAAC") to judge the proposed gift's aesthetic merits. The PAAC is chaired by the director of the Nasher Museum of Art and also includes sufficient other members appointed by the Chair to ensure adequate representation of the University community. Currently, the other members are the University Archivist and a member of the Art and Art History Department. The PAAC shall be asked to draw one of three conclusions: (i) the proposed gift meets the University's general aesthetic standard as interpreted by PAAC, regardless of the intended site for display;(ii) the proposed gift meets the University's general aesthetic standard as interpreted by PAAC, depending upon the intended site for display; or (iii) the proposed gift does not meet the University's general aesthetic standard as interpreted by PAAC. If the PAAC's conclusion is (iii), it shall so advise the GPC, and the GPC shall decline to accept the gift. If the PAAC's conclusion is either (i) or (ii), it shall so advise the GPC and the GPC shall proceed to the next step below.

4. Upon receipt of a favorable determination as to aesthetic merit by the PAAC, the GPC normally will proceed to Step 5 below, but may in certain cases in which siting is an issue first refer the matter to an ad hoc Site Advisory

Committee (typically consisting of four members: the Vice President for Facilities, a representative from the Committee of Facilities and the Environment ("CFE"), a representative from the PAAC, and a representative from the GPC). If utilized, the ad hoc Site Advisory Committee shall report back to the GPC its recommendations as to the suitability of suggested sites and other sites, if any, deemed suitable by the ad hoc committee.

5. Based on the information and recommendations acquired in the above three steps, the GPC then shall normally: either (i) reject the proposed gift if no site exists which is satisfactory to the GPC; or (ii) accept the proposed gift, subject to siting approval by CFE, if there is a site or are sites satisfactory to the GPC.

6. Once a proposed gift is referred to CFE for siting approval, the Vice President for Facilities pursuant to standard operating procedure shall request permission from the Executive Vice President to place the item on CFE's agenda. If the Executive Vice President should refuse permission, the Vice President for Facilities shall notify the GPC, and the GPC shall decline to accept the proposed gift.

If a proposed gift of an outdoor object is placed on CFE's agenda, the sponsor of the gift (who may be a development officer or the Director of the Nasher Museum of Art or his/her designee) shall then present the proposed gift to CFE outside the presence of the donor. CFE may approve, reject or select alternative sites to any sites for display suggested prior to CFE's review. If CFE approves of one or more site(s) for display, CFE shall so notify the GPC, and the gift shall be accepted. If CFE cannot agree upon a site for display within a reasonable period of time, CFE shall so notify the GPC, and the proposed gift shall be declined.

These guidelines shall apply to proposed gifts of outdoor objects, regardless of whether or not they are intended to honor active, living or deceased faculty members, students or staff and regardless of whether the outdoor objects represent a living person or not, including the honoree, if there is one.

B. Gifts to Fund Permanent Endowments

Minimum funding levels for various types of endowments are reviewed periodically by University officials and the Board of Trustees. When engaging in gift discussions involving endowments, all development officers should be familiar with the minimum funding levels then in effect, which can be confirmed with the Office of Endowment/Investment Accounting.

EFFECTIVE DATE

These policies were first adopted as of May 1, 1994, revised as of December 18, 1996, revised as of September 28, 2012, and most recently revised as of April 7, 2017.