

Texas Tech University System

Regulation 04.01

Gift Acceptance

Approved: August 15, 2019

Next Scheduled Review: July 2024

1. Purpose

- a. This System Regulation provides components of the Texas Tech University System with guidance relating to the evaluation and acceptance of Gifts.

2. General

- a. Texas Tech University System (the “System”) Regents’ Rules 06.01.1 states that the Chancellor and the Vice Chancellor of Institutional Advancement (the “VCIA”) shall establish and administer procedures for the proper acceptance and acknowledgement of all Gifts.

3. Definitions

- a. Gift - A Gift, also referred to as a charitable contribution, is defined by the Internal Revenue Service (“IRS”) as a voluntary transfer of property to, or for the use of, a qualified organization that is made without getting, or expecting to get, anything of equal value in return. For purposes of this regulation, Gifts shall include amounts actually paid or noncash assets transferred.
- b. Real Property - Real Property includes land, and anything growing on, attached to, or built upon it, including, for example, agricultural farmland, a lot and the building(s) thereon, mineral interests severed from the surface estate, etc.
- c. Personal Property - Personal Property includes any movable or intangible thing that is subject to ownership and not classified as Real Property, i.e., vehicles, equipment, airplanes, artwork, etc.
- d. Pledge - For purposes of this regulation, a Pledge is a promise to make a Gift, as defined above, with payments occurring into the future in one or more increments.
- e. Components - Components or Component refers to the component institutions within the System, including Texas Tech University System Administration (“TTUSA”), Texas Tech University (“TTU”), Texas Tech University Health Sciences Center (“TTUHSC”), Texas Tech University Health Sciences Center El Paso (“TTUHSC-EP”), and Angelo State University (“ASU”).

- f. Institutional Operating Policies - Operating Policies established and maintained at the Component level, specific to each Component, and published online as part of the official Operating Policies and Procedures Manual.
 - i. TTU – <http://www.depts.ttu.edu/opmanual/>
 - ii. TTUHSC – <https://www.ttuhs.edu/administration/operating-policies/>
 - iii. TTUHSC-EP – <http://el Paso.ttuhs.edu/opp/>
 - iv. ASU – <http://www.angelo.edu/opmanual/>
 - g. IA - “IA” shall refer to TTUSA’s Office of Institutional Advancement.
 - h. TTFI - All references to TTFI shall be specific to the Texas Tech Foundation, Inc., a Texas nonprofit corporation qualified under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, established to support the System and its Components. TTFI shall not include the Angelo State University Foundation, Inc. (“ASUF”).
 - i. ASUF - All references to ASUF shall be specific to the Angelo State University Foundation, Inc., a Texas nonprofit corporation qualified under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, established to support Angelo State University.
4. Establishment of Institutional Operating Policies (“OPs”)
- a. Each Component will be responsible for maintaining Institutional Operating Policies related to Gift Acceptance. These policies are subject to, and should comply with, the guidelines and policies established under Regents’ Rules and System Regulations, as well as State and Federal law. Policies should be drafted in cooperation and coordination with IA and the TTUSA Office of the Vice Chancellor and Chief Financial Officer (“VCCFO”).
5. Gift Acceptance – General
- a. The Chancellor, VCIA and the benefitting Component President, or their designees, shall review all Gifts in accordance with the standards and procedures outlined in this Regulation prior to acceptance. If a Gift requires any additional review and/or approvals (as outlined below), such approvals will be obtained before acceptance of the Gift occurs.
6. Evaluation process for all proposed Gifts
- a. Prior to acceptance, all Gifts will be evaluated for the following:
 - i. Whether the Gift will negatively impact the image of the benefitting Component;
 - ii. Component’s ability to administer the restriction imposed upon the Gift by the Donor, if any;
 - iii. If noncash asset, evaluate the following, in accordance with this System Regulation:
 - 1. Economic risks and potential liabilities to the Component;
 - 2. Component’s capacity and expertise to administer, maintain and protect the asset;
 - 3. Costs to maintain and administer the asset;
 - 4. Disposition of the asset; and

5. Whether the Gift has an ascertainable value.

7. Elements required for acceptance of all Gifts

- a. The following elements must be met prior to acceptance of any Gift:
 - i. Gift purpose must further the mission and strategic priorities of the benefitting Component;
 - ii. Donor must have the legal right to transfer the Gift;
 - iii. Gift must have an ascertainable value;
 - iv. Gift must meet the IRS definition of a charitable contribution, as defined above;
 - v. Gift should be made to TTFI or ASUF, for the benefit of a Component. Gifts may be made, in limited circumstances, directly to the Component; however, acceptance of a Gift by the Component should be approved by IA and the Component Advancement Office, as applicable.

8. Acceptance of outright Gifts of cash or securities

- a. Per the delegation of authority outlined in 04.01.2, the Component President, in cooperation and coordination with the VCIA, may accept outright Gifts of cash or securities directly to the Component, or approve outright Gifts of cash or securities to TTFI for the benefit of the Component, that meet the following requirements:
 - i. Unrestricted Gifts of outright cash or securities valued at less than \$1 million;
 - ii. Gifts establishing “Endowed Academic Positions” meeting minimum levels outlined in Regents’ Rules 06.05;
 - iii. Gifts for new endowments meeting minimum donation levels, as outlined below;
 1. TTU, TTUHSC, and TTUHSC-EP – \$25,000;
 2. ASU – \$10,000.
 - iv. Gifts of securities without liquidation restrictions;
 1. It is the intent of this Regulation that all Gifts of securities will be liquidated and realized by TTFI as soon as reasonably possible.

9. Gifts of cash and securities requiring additional approvals

- a. Additional approvals are required prior to acceptance of Gifts of cash or securities when:
 - i. Gift establishes a new endowment and/or Gift with Donor restrictions;
 1. Proposed agreement/Gift terms must be reviewed by IA Legal Counsel (“IA Legal”) prior to presentation to the Donor. Approval routing for all Gifts in this category will follow standards administered/monitored by IA Legal, which shall include notification to and approval of the VCIA and VCCFO.
- b. The Gift limits, or prohibits, the ability to process through TTFI.

- i. Requires prior approval of the VCIA and VCCFO, with notice to the TTFI Board of Directors.
 - ii. Donor requests deviation from the System and TTFI investment and spending policy.
 - 1. Requires prior approval of the VCCFO.
- c. All Gift-related naming's outlined under Regents' Rules 06.06, 08.05, and 12.05.
 - i. Component shall notify the Chancellor, VCIA and VCCFO of the intended naming prior to presentation to the Donor;
 - ii. Proposed agreement/Gift terms must be reviewed by IA Legal prior to presentation to the Donor. Approval routing for all Gifts in this category will follow standards administered/monitored by IA Legal, which shall include notification to and approval of the VCIA and VCCFO;
 - iii. Naming's shall be submitted to the System Board of Regents, in coordination with the Component, IA Legal, VCIA, VCCFO, and TTUSA Vice Chancellor and General Counsel.
- d. Gifts or Pledges involving funding restricted for capital projects.
 - i. Requires approval of VCCFO and Component CFO, if applicable.
- e. Gifts with internal matching obligations.
 - i. Requires approval of the VCCFO and Component CFO, if applicable.
- f. Gifts of intellectual property.
 - i. Requires approval of the TTUSA Vice Chancellor and General Counsel, VCCFO, with review by the Component's Office of Research and Commercialization, or institutional equivalent thereof.
- g. Fundraising events or activities.
 - i. Requires preapproval of VCIA.

10. Restrictions on Gifts

- a. The System, its Components or TTFI shall not accept any Gift(s) that impose overly burdensome administrative obligations, costs, or financial or legal risks, including, but not limited to, the following:
 - i. Gift is in violation of the mission or purpose of the System or TTFI;
 - ii. Restrictions involving unlawful discrimination or in violation of State or Federal law;
 - iii. Gift would impede the System or TTFI from seeking other Gifts;
 - iv. Gift is likely to generate adverse or otherwise negative publicity;

- v. Gifts that do not benefit the System or TTFI;
- vi. Gifts of securities restricting the System or TTFI's ability to liquidate upon receipt;
- vii. Gifts of Real Property valued at less than \$50,000;
- viii. Restrictions in violation of existing Regents' Rules or Institutional Operating Policies;
- ix. Restrictions that impose an undue administrative burden on the System or TTFI;
- x. In the limited circumstances where exceptions to the restrictions of 04.01.7(A) – (I) may be necessary, a Gift assessment and review committee (“the committee”) has been established to evaluate such Gift proposals further and will make a recommendation to either (1) move forward with acceptance of the Gift; or (2) affirm the restrictions of this regulation which prohibit acceptance of the Gift.
 - 1. If/when the committee recommends moving forward with Gift acceptance, an additional recommendation from the committee will be made outlining which, if any, additional approvals will be required before finalizing acceptance of the Gift.
 - 2. All recommendations made by the committee will be documented, in writing, and communicated further as necessary/applicable.
 - 3. The committee shall be comprised of the following: (i) the VCIA or authorized representative thereof; (ii) the VCCFO or authorized representative thereof; (iii) representatives from IA Legal and IA Financial Services; (iv) representative from Component (to the extent applicable).

11. Valuation of Gifts

- a. Neither the System or TTFI have the authority to, and shall not, provide appraisals or valuations to Donors for any type of Gift at any time. If/when the fair market value of a Gift is in question, all inquiries should be routed to the VCIA and VCCFO, who will determine an appropriate process for establishing a fair market value for the Gift.

12. Acceptance of Gifts of Real Property

- a. Proposed Gifts of Real Property shall be reviewed by IA Legal and the VCIA, who shall assist in evaluating the asset to determine which other offices at the Component level should be notified of the Gift, i.e., Facilities Planning and Construction (“FPC”), VCCFO, Office of Risk Management (“ORM”), Component CFO, Component Operations Department (“Ops”), or Component Environmental Health and Safety team (“EHS”), etc.
- b. The following requirements must be met for a Gift of Real Property to be considered for acceptance:
 - i. Donor must provide an acceptable policy of title insurance or an acceptable title opinion drawn by an attorney;

- ii. If staff, i.e., FPC, Ops and/or EHS, determines that circumstances surrounding the property warrant an environmental review, this must be carried out and paid for by the Donor prior to Gift acceptance;
 - iii. If staff, i.e., FPC, Ops and/or EHS, determines that circumstances surrounding the property warrant a survey, the Donor must provide an updated survey of the Real Property prior to Gift acceptance;
 - iv. Donor must provide a general warranty deed by which the Real Property is to be conveyed;
 - v. Donor shall provide a fair market value appraisal by a qualified appraiser, or if such an appraisal is not provided, the property shall be valued based upon the taxing authority appraised valuation.
- c. Approval must be obtained before a Gift receipt may be issued for Real Property, and the property may be accepted. In order to obtain official approval, the following steps must be followed:
- i. Component, as applicable, complete Gift-In-Kind Information Form (“GIK Form”) and route to IA for review/approval.
 - 1. Forms may be found at ia.texastech.edu.
 - ii. A third-party independent appraisal must be attached to the GIK Form, if applicable. Employees of the System or TTFI shall not appraise the Gift, nor shall any System or TTFI funds be used to pay for the appraisal. Exceptions may be made, in limited circumstances, but not without the prior written approval of the VCIA, VCCFO, Component CFO and/or the System Board of Regents or TTFI Board of Directors (approval dependent upon benefitting party).
 - iii. The VCIA will review and, if approved, forward to the VCCFO for review. The VCCFO will evaluate and return the GIK Form to the VCIA after either approving or disapproving acceptance of the Gift.
 - 1. The VCIA and/or VCCFO shall coordinate with Component CFO, or his/her delegate, to evaluate any ongoing maintenance or other recurring costs that may be associated with proposed Gift of Real Property, if accepted.
 - iv. As applicable, and after all other internal approvals have been granted, the VCIA will prepare the necessary paperwork to seek approval from the System Board of Regents or TTFI Board of Directors.
- d. Neither the System or TTFI shall, without prior approval of the System Board of Regents or TTFI Board of Directors:
- i. Accept any piece of Real Property subject to liens or unpaid taxes;
 - ii. Be made liable for any fees or assessments on the property;
 - iii. Accept Real Property appraised for less than \$50,000.

13. Acceptance of Gifts of Personal Property

- a. Proposed Gifts of Personal Property shall be reviewed by IA Legal and the VCIA, who shall assist in evaluating the asset to determine which other offices at the Component level should be notified of the Gift, i.e., FPC, VCCFO, ORM, Component CFO, Ops, EHS, or Component Fleet, etc.
- b. Approval must be obtained before a Gift receipt may be issued for Personal Property. In order to obtain official approval, the following steps must be followed:
 - i. Component, as applicable, complete Gift-In-Kind Information Form (“GIK Form”) and route to IA for review/approval.
 - 1. Forms may be found at ia.texastech.edu.
 - ii. A third-party independent appraisal must be attached to the GIK Form, if applicable. Employees of the System or TTFI shall not appraise the Gift, nor shall any System or TTFI funds be used to pay for the appraisal. Exceptions may be made, in limited circumstances, but not without the prior written approval of the VCIA, VCCFO, Component CFO and/or the System Board of Regents or TTFI Board of Directors (approval dependent upon benefitting party).
 - iii. The VCIA will review and, if approved, forward to the VCCFO for review. The VCCFO will evaluate and return the GIK Form to the VCIA after either approving or disapproving acceptance of the Gift.
 - iv. The VCIA and/or VCCFO shall coordinate with Component CFO, or his/her delegate, to evaluate the following:
 - 1. Any ongoing maintenance or other recurring costs that may be associated with proposed Gift of Personal Property, if accepted;
 - 2. Gifts involving chemicals and/or equipment producing or containing hazardous materials must have prior approval from EHS. EHS will provide the requesting department with guidelines for accepting Gifts involving hazardous materials and provide an estimate for cost of ultimate disposal.
 - 3. Equipment donations requiring installation, utility service connections (gas, water, electric, etc.), and/or environmental temperature conditions require coordination with Ops, or the equivalent thereof. Additionally, a Customer Project Request, or the equivalent thereof, indicating requirements and equipment specifications must be submitted to evaluate engineering and cost estimates. The department accepting the donation will be responsible for funding costs associated with installation and disposal.
 - v. As applicable, and after all other internal approvals have been granted, the VCIA will prepare the necessary paperwork to seek approval from the System Board of Regents or TTFI Board of Directors.
 - 1. TTFI: For Gifts of Personal Property to TTFI appraised at greater than \$50,000, the VCIA will seek approval of TTFI’s Board of Directors;

2. TTUS Component (not through TTFI): For Gifts of Personal Property to a Component or the System appraised at \$250,000 or more, the VCIA will seek approval of the System Board of Regents.
- c. Vehicle Donations are subject to additional review and approval procedures, as follows:
- i. Review by IA, including, but not limited to, VCIA, VCCFO and IA Legal, prior to acceptance.
 - ii. Prior to acceptance, all documentation gathered on proposed Vehicle Donation will be routed to Component Vehicle Fleet Management Program, or the equivalent thereof, for review and approval.
 - iii. Components are responsible for implementing and maintaining institutional Operating Policies specific to vehicle fleet management, in accordance with the State Office of Fleet Management requirements, which should include policies and procedures surrounding acceptance of donated motor vehicles.
 - iv. Aside from the requirements in subparagraphs (i) and (ii) above, motor vehicles donated to the System or TTFI, remain subject to acceptance requirements for Gifts-In-Kind of Personal Property outlined in this System Regulation.

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