



KENTUCKY STATE UNIVERSITY POLICIES AND PROCEDURES

POLICY TITLE:

Policy on Internal Endowment Agreements

VOLUME, SECTION & NUMBER:

4.1.15

ENTITIES AFFECTED:

All University Stakeholders

ADMINISTRATIVE AUTHORITY:

**Office of Institutional Advancement
Department of Finance & Business Affairs**

APPROVED BY:

The Kentucky State University Board of Regents

EFFECTIVE DATE:

November 28, 2023

POLICY STATEMENT:

House Bill 250 (2022) directed the Council on Postsecondary Education to establish a Management and Improvement Plan for the University. The Council's Plan requires the University to review endowment agreements and execute new agreements where needed. It further instructs that when no endowment agreement exists in the University's files, an internal agreement may be established to ensure a governing document is on file for all campus endowments.

Kentucky State University, through the practice of shared governance, aims to formally develop, approve, disseminate, implement, and maintain endowment agreements in a uniform process. To ensure compliance with donors' wishes, expectations, directives, and restrictions, each endowed account shall have a governing document.

In the absence of a signed memorandum of understanding, agreement, fund outline, or any other governing document, the University will draft Internal Endowment Agreements, which will be guided by the following principles outlined in this policy.

Internal Endowment Agreements will:

- Support the University's mission, values, initiatives, and strategic goals;
- Align ownership with appropriate authority, responsibility, and accountability;
- Comply with applicable federal, state, and local laws and regulations, as well as all accreditation standards;
- Be consistent with other University-executed agreements;
- Be transparent; and
- Have a mechanism for amendments, revisions, changed circumstances, and repeals.

The implementation of a Policy on Internal Endowment Agreements enables Kentucky State University to manage its body of endowed funds effectively and efficiently. While some endowed funds have existing agreements, each fund shall have an executed governing document on file for internal controls.

DEFINITIONS:

Administrative Procedures

Operational guidelines that apply institution-wide and require approval only from the President and University Counsel.

Internal Endowment Agreement Template

Document that sets the standard for how all policies shall be written and organized.

Non-substantive Internal Endowment Agreement Revisions

A revision that, as implemented, would be limited in scope insignificant in the operations of a fund or program. Examples would be grammatical clarifications, changes to employee titles or contact information, corrections of misspellings, or link corrections.

Substantive Internal Endowment Agreement Revision

A revision that, as implemented, would result in a significant material change to an endowed fund or program.

University

Kentucky State University

University Policy

Policy that applies institution-wide and is directly tied to the legal compliance of the University.

PROCEDURES FOR DEVELOPING & IMPLEMENTING INTERNAL ENDOWMENT AGREEMENTS:

Internal Endowment Agreement Template

All new Internal Endowment Agreements must use the University's approved template, which can be found in the appendix. The template's components include the following:

Agreement Statement: This section must identify which University employee is responsible for the endowed fund.

Fund Information: This section must provide the history and other pertinent information relating to the endowed fund.

Program Information: This section must identify what program the endowed fund supports and who will oversee the program.

No Donor Control; No Donor Benefit: This section must demonstrate that the endowed fund is in compliance with current regulations.

Endowment Policies: This section must identify the policies that govern the endowed fund.

Stewardship Reports: This section must identify what reporting will occur concerning the program.

Publicity: This section must identify the expected publicity concerning the program.

Change in Circumstances: This section must identify what actions can be taken if the program's situation changes.

Entire Agreement: This section must identify any terms that are being incorporated from previous documents and actions, and it must state that the instant agreement reflects all terms and conditions agreed upon by the parties.

Amendment: This section must identify how the agreement may be amended in the future.

Acceptance: This section must identify who may sign the agreement.

Creation and Approval Process

When an endowed fund is identified as not having an executed agreement between the funder and the University, the Office of Institutional Advancement shall conduct a further review of said fund.

The Office of Institutional Advancement will then review all available historical information on file for the fund.

Utilizing the Internal Endowment Agreement Template, the Office of Institutional Advancement drafts the agreement and incorporates any known restrictions from the historical documents.

Next, the Office of Institutional Advancement then submits the Internal Endowment Agreement to the Office of General Counsel for review.

Upon the General Counsel's approval, the draft internal endowment agreement is submitted to the Vice President for Finance & Business Affairs for acceptance and execution.

Upon acceptance, the Internal Endowment Agreement will be placed in the fund's governing folder and will remain in force until replaced.

Periodic Review of Internal Endowment Agreements

University Internal Endowment Agreements shall be reviewed on a periodic basis (every three years, at a minimum) by The Office of Institutional Advancement and/or the Department of Finance & Business Affairs.

During the periodic review, agreements will be examined for the following:

- Continued relevance to the University's mission and values;
- Consistency with new Donor Agreements;

- Reflection of any changes in laws, regulations, accreditation standards, educational goals/practices, University practices, etc.;
- Errors of fact or language;
- Location of any previously unknown governing documents; and
- Any other potential problems.

If changes to the agreement are deemed necessary, the amendment process below should be initiated.

Amendment Process

Substantive agreement revisions may arise through necessity or as a result of the regular three-year review. Substantive revisions must follow the standard procedures as set forth in the Creation and Approval section of this policy.

Non-substantive revisions to an internal agreement do not require any review beyond the Office of Institutional Advancement. Non-substantive changes may take many forms, including but not limited to, grammar or spelling corrections, technical revisions, updated names of pertinent offices or departments, and reorganized agreement sections.

Repealing an Internal Endowment Agreement

If an Internal Endowment Agreement is identified as no longer relevant or necessary due to the discovery of an original governing agreement, the Internal Endowment Agreement shall be superseded in its entirety.

Archiving an Internal Endowment Agreement

If an Internal Endowment Agreement is updated, revised, amended, or repealed, the older version of the agreement will be archived in the fund's governing folder. The governing folder for each endowment fund shall contain a sheet that records the dates of all changes to the fund and its governing agreement.

RELATED DOCUMENTS:

Internal Endowment Agreement Template

STATUTORY OR REGULATORY REFERENCES:

KRS 164.350

INTERNAL ENDOWMENT AGREEMENT
ENDOWED FUND/PROGRAM/SCHOLARSHIP

This Agreement (the "**Agreement**") is made and entered into on _____ (the "**Effective Date**") by _____ in their capacity as _____, 400 East Main St. | Frankfort, Kentucky 40601 (hereinafter "**Administrator**"), and Kentucky State University, 400 East Main St. Hume 201, Frankfort, Kentucky 40601 (hereinafter "**University**").

1. **[Fund]**. The University received a charitable contribution totaling on or around \$xxx,xxx to establish and support an endowed "_____ **Fund**", prior to June 30, 2023 (hereafter "Fund"). Individuals, organizations, or business entities may make additional charitable contributions to the Fund at any time. The University shall receive and administer such charitable contributions in accordance with the terms of this Agreement, the policies of the University, and all applicable regulations and laws.
2. **[Award Program]**. The Fund shall be used at the discretion of the _____ to create and support a _____ Award Program in _____ (the "**Program**"). The Program will include a _____ *Award* to recognize individuals who personify goodwill and demonstrate, through their work, service, mission and spirit, a dedication to the Commonwealth of Kentucky and its residents. _____ *Award* recipient(s) will receive an award medallion, and a one-time monetary donation will be made in their name to an existing University fund of their choice. Ms. _____ shall be the inaugural recipient of the _____. Thereafter, a nomination committee (the "**Committee**") appointed by _____ shall review nominations to select up to three (3) nominees for final selection by the President of the University. The Committee shall also recommend for the President of the University's approval the monetary donation amount, which amount shall not exceed the Fund's annual available spending distribution. The _____ Fund may also be used to support, among other things, costs, fees, and expenses for the Program's reception/banquet, speaker(s) and honorarium/gift(s), and/or other fees, costs and expenses related to the Program. All such uses shall be in accordance with the normal operations, policies, procedures, regulations and guidelines of the University].
{Variable language}
3. **No Donor Control; No Donor Benefit.** Faculty and staff of the University who have contributed to the Fund shall not be a part of the award selection committee referenced above, and they shall not have control of, or direct the uses of, the contributions made pursuant to this Agreement. The University will ensure that donors to the Fund will not receive any benefit from the University, whether direct or indirect, for making their contribution(s) and will not have majority say in disbursement of funds.
4. **Endowment Policies.** The University shall invest, manage and administer the endowed Fund in accordance with the University's endowment investment and spending policies approved annually by the University's Board of Regents. Any unused spending distribution may be returned to the Fund following established protocols and procedures.
5. **Stewardship Reports.** The University agrees, upon request, to provide annual stewardship reports to Fund donor(s) regarding the specific uses of contributions made pursuant to this Agreement.
6. **Publicity.** The University may publicize this agreement and expenditures of the fund. Publicity may include, but is not limited to, University communications, which may be accessed by various local, state and national news media following established University policies and procedures.
7. **Change in Circumstances.** It is desired that the Fund will be administered to benefit the University in perpetuity. However, should the fulfillment of the purpose stated in this Agreement become unlawful, impracticable, impossible to achieve, wasteful, or obsolete, as determined by the Board of Regents of the University or their designee, then the Fund shall be expended to the point of exhaustion, or the spending distribution redirected for another purpose to support an initiative similar to the original purpose upon

recommendation of the University's President after consultation with the Office of Institutional Advancement.

8. **Entire Agreement.** This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior oral or written agreements or communications between the parties regarding this purpose. However, if an executed original agreement is located, it shall supersede this agreement from the date of filing in the fund's governing folder or a new agreement is executed with the original funder or their designee.
9. **Amendment.** This Agreement may not be changed orally, but only by an amendment in writing signed by the parties hereto.
10. **Acceptance.** This Agreement may be executed in one or more counterparts, including by electronic signature, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. A signed copy of this Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same effect as delivery of an original executed copy.

[Signature page follows]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date listed above.

ADMINISTRATOR

Michael R. DeCourcy
Interim Chief of Staff

KENTUCKY STATE UNIVERSITY

RECOMMENDED FOR APPROVAL BY:

Reviewed to Form
Office of General Counsel
Kentucky State University

Dr. Wendy D. Dixie
Interim Vice President, Finance &
Business Affairs

Zachary Atwell
Interim General Counsel

Tonya Walker
Controller