MEMORANDUM

DATE: June 15, 2001

TO: Cynthia Lummis, Treasurer, State of Wyoming

FROM: Daniel Baccari, Vice President, Finance and Administration
       Ben Blalock, Vice President, Institutional Advancement and UW Foundation Executive Director

SUBJECT: University of Wyoming Endowment Challenge Program Under 2001 Wyoming Session Laws, Chapter 197

COPY: Philip Dubois, President
       Rick Miller, Special Assistant to the President for Government and Community Relations
       Molly Williams, Campaign Director
       Mary Ann Garman, Treasurer, UW Foundation

Thank you very much for taking the time to meet with us on May 24, 2001 to determine how we will work together to administer the University of Wyoming endowment challenge program under 2001 Wyoming Session Laws, Chapter 197. We appreciated your time as well as the time of your staff, which allowed a thorough review of all the questions that have come up since the enactment of the legislation.

As we concluded our meeting that day we agreed to put in writing the many decisions we agreed to. Through this memo we are agreeing to the items outlined below as our current understanding of the program and its implementation. We seek your agreement that this memo describes your current understanding of the program and its implementation.

A. Eligibility

The legislation establishes the following criteria for eligibility:

- Must be for endowment
- Must total at least $50,000
- Must be from a single donor
Must be made in writing during the period March 1, 2001 through December 31, 2005
Must be paid by December 31, 2010

We agreed to the following interpretations of the general eligibility criteria:

1. A signed pledge form, endowment agreement, letter (memo, email) of intent, check or evidence of a transfer of funds or securities all constitute a written commitment.

2. A single donor is interpreted as a person or a recognized organization – corporation, association, foundation, family trust. A family using first order relationships (the individual, spouse, children and parents) will qualify. An individual donor with a corporate matching gift will be considered a single donor.

3. In keeping with the IRS guidelines for gifts of negotiable securities such gifts will be valued by averaging the high and low value of the security on the day of the gift transfer.

4. Gifts of property will also be eligible as long as the property that is given is to be converted to cash for endowment purposes. As is usual, the donor will be responsible for providing evidence of the fair market value of the donated property. For purposes of the match, gifts of property will be valued based on the sale income.

5. A donor may split his or her commitment between more than one endowment purpose as long as the total commitment is at least $50,000.

6. As long as matching funds are still available a donor who has already committed at least $50,000 that was eligible for the match may make additional gifts to endowment and be eligible for the match even if the new commitment is less than $50,000.

7. Gifts with a life income agreement associated with them will be eligible at the time of the gift if the UW Foundation or university is the irrevocable trustee of the trust or annuity. The legislation indicates that a “substantial endowment gift means an irrevocable gift or transfer to the University of Wyoming Foundation of money or other property where the gift or the foundation’s interest in the property is conditioned on it being used by the foundation exclusively for endowment purposes.”
B. Administration

1. The match program will be administered on a first come, first served basis. Funds will be reserved based on a written commitment.

2. At the December 31, 2005 deadline for commitments, the university may submit a waiting list of commitments received beyond the $30 million so that if an early donor defaults on his/her pledge we can replace that pledge with the next donor on the list.

3. The UW Foundation will keep a file of all documentation relative to the match. This file is available for review by the State Treasurer's office at any time. Also, all gifts, pledges and pledge payments will be entered into the UW alumni/development database.

4. The University will submit a list certifying new eligible commitments for the State Treasurer's review and approval at least once per quarter.

5. Applications for transfers of funds from the State will generally be made quarterly. If in a quarter the funds eligible for the match accumulate quickly (to at least $1 million) the Foundation and the University may apply for a transfer out of the usual quarterly sequence.

6. If a donor requests anonymity for their gift the gift will be treated as such on lists submitted to the State (as always documentation of the gift will be on file at the UW Foundation office.).

7. Transfers to match specific commitments will commence when the donor's payments reach $50,000.

Once again, thanks to you and your staff for your assistance with getting this program up and running. As you can imagine we are eager to get all of the pieces in place so that we can begin to apply for transfers on a quarterly basis.

I concur that the above reflects our current understanding of the University of Wyoming endowment challenge program and its implementation.

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Cynthia Lummis, Treasurer, State of Wyoming