SVS has adopted the following Joint Venture Policy in order to (i) evaluate its potential participation in joint venture arrangements under Federal tax law; and (ii) take steps to safeguard SVS’s exempt status with respect to such arrangements. This policy applies to any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity as further defined in this policy.

A. Joint ventures or similar arrangements with taxable entities. For purposes of this policy, a joint venture or similar arrangement (or a “venture or arrangement”) means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to: (1) whether SVS controls the venture or arrangement; (2) the legal structure of the venture or arrangement; or (3) whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes. A venture or arrangement is disregarded, for tax purposes, if it meets both of the following conditions:

   (a) 95% or more of the venture’s or arrangement’s income for its tax year ending within SVS’s tax year is excluded from unrelated business income taxation including but not limited to: (i) dividends, interest, and annuities; (ii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt-financing; and (iv) gains or losses from the sale of property; and

   (b) the primary purpose of SVS’s contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

2. Safeguards to ensure exempt status protection. SVS will: (a) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that SVS’s exempt status is protected; and (b) take steps to safeguard SVS’s exempt status with respect to the venture or arrangement. Some examples of safeguards include, but are not limited to:

   (i) Control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of the organization.

   (ii) Requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants.

   (iii) The venture or arrangement is prohibited from engaging in activities that would jeopardize SVS’s exemption.

   (iv) A requirement that all contracts entered into with the organization be on terms that are either arm’s length (fair to both parties) or on terms favorable to SVS.