

## **Anchors Aweigh Club Inc. (AACI) Joint Venture Policy**

In compliance with Internal Revenue Service guidelines for approval and management of any joint venture entered into by the AACI the Board of Directors adopts the following guidelines.

### ***Activities Subject to this Policy***

For the purposes of this policy, the term “Joint Venture” is defined as any arrangement, including contractual or more formal arrangements undertaken through a limited liability company, partnership, or other entity, though which the AACI and another entity jointly undertake any activity or business venture, or otherwise agree to joint ownership of any asset. A Joint Venture may include both taxable and tax-exempt activities.

### ***Approval and Management of Joint Activities***

Before making any decision to participate in a Joint Venture, the AACI will ensure that the Joint Venture furthers the AACI exempt purposes and will negotiate at arm’s length contractual and other terms of participation that safeguard the AACI exemption from federal income tax. Such terms shall be in writing in the operating agreement of the Joint Venture and shall include the following minimum requirements:

- With respect to any whole joint venture (that is, a joint venture in which the AACI contributes substantially all of its assets to the enterprise), the AACI control over the Joint Venture through fifty-one percent (51%) or more of the voting rights and/or veto power;
- With respect to any ancillary joint venture (that is, a joint venture to which a portion of the AACI resources are contributed), the AACI would, at a minimum, maintain sole control over the tax-exempt aspects of the Joint Venture and would have voting and ownership interests in the Joint Venture that are consistent with the AACI capital contributions;
- A requirement that any subsequent contract with the AACI partner in the Joint Venture be negotiated at arm’s length and for fair market value;
- A requirement that the Joint Venture give priority to the AACI tax exempt purposes over maximization of profit for the participants of the Joint Venture; and
- A prohibition on activities that would jeopardize the AACI tax-exempt status. Where there is any question as to whether a particular Joint Venture may pose a risk to the AACI tax-exempt status, a decision to enter into such Joint Venture will be made only in consultation with legal and/or tax counsel.