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Subject: Donor vehicle

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Following up on our discussion Weds, below is a description of one of the structural scenarios we are considering. This is clearly a work in progress and your input at this point would be very helpful. This scenario represents a structure with the highest degree of control for the foundation. A key question : Would the 10-12 potential clients you have in mind be comfortable with this approach?

KEY OBJECTIVES:

- Create a private donor vehicle alternative to a private foundation that will attract substantial sums to solve global inequities that is hosted by a trusted organization with deep expertise in managing large, multi-faceted philanthropic investments in a strategic and measurable way
- Provide maximum tax efficiency for donors and minimize impact on foundation/asset trust payout and excise tax (for these reasons, all options presented involve a public charity and do not include gifts directly or indirectly to the foundation or the asset trust)
- Accommodate donor-advised funds, but structure for BMGF control over disbursement and management of funds for select foundation strategies (our "silos")

**New Membership Public Charity
BMGF or Bill and Melinda Controlling Members**

BMGF creates new Washington state nonprofit corporation to qualify as a public charity with the IRS ("NewCo"). As a public charity, NewCo can sponsor DAFs.

NewCo has two classes of membership: BMGF/B&M will hold the membership interests with voting rights (controlling interest) and other foundations or donors could be added as nonvoting members to provide a greater connection to the organization for those who are interested.

BMGF/B&M, as the voting member, has the right to appoint/remove all or a majority of the board of directors. BMGF/B&M could choose to appoint BMGF personnel or independent directors (or a mix). Rights could also include (i) approving the appointment of individuals to certain key management positions of NewCo; and (ii) approving the annual budget. BMGF could make annual contributions to NewCo.

Primary Benefits: Maximum control over all aspects of the entity; high level of control allows for more streamlined governance; can give donors/others advisory privileges for overall entity, not just the donor advised funds; easiest structure to guide its development and interaction with BMGF programs and to get programs invested in supporting with their expertise

Primary Challenges: Time to create a new legal entity and seek IRS approval; aggregated securities reporting with BMGF/B&M; appeal of a captive entity to potential donors; potential reputational risks associated with "too much influence"; members do not usually have fiduciary duties, but control always creates potential risk; requires staffing and establishing its own procedures for administration of DAFs and BGMF silos
