

Endowment Fund of the Public Schools of Transylvania County

The American Association of State Colleges and Universities published a booklet Establishing a University Foundation (1989) which said, "Today, being good is not enough. Our mission is to achieve the highest level of excellence, which can be realized only through private support.

Private support is vital to providing the flexibility indispensable to building sound educational and co-curricular programs. State support provides for only the minimum, but not for excellence."

These goals can easily be amended to be applicable to the Public School System. The Transylvania County Schools are a source of educated people and enrichment for our community. By supporting this school system through private gifts, donors are making an investment that will be repaid handsomely in the ever-increasing quality of the students, faculty, staff, and alumni.

ARTICLES OF INCORPORATION

According to NC General Statute Chapter 115C Article 35, the Transylvania County Board of Education hereby establishes the Endowment Fund of the Public Schools of Transylvania County.

Article I: Name and Purpose

Section 1: Name

The name of this organization shall be Endowment Fund of the Public Schools of Transylvania County, hereinafter referred to as the "Endowment."

Section 2: Purpose

Article I of the North Carolina State Constitution says in Sec. 15. Education. "The people have a right to the privilege of education, and it is the duty of the State to guard and maintain that right." The term "State" refers to a politically organized territory with a government and sovereignty over its internal affairs. As such it is the duty of the Transylvania County Board of Education in cooperation with the Transylvania County Commissioners to guard and maintain that right.

Article IX of the North Carolina State Constitution further says, "Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools, libraries, and the means of education shall forever be encouraged" As such, the purpose of the Endowment is to:

- a. support and enhance education by establishing a fund to support the means of education and to be utilized to improve teachers' and students' competencies through strategic disbursements

- b. to further strengthen the autonomy of Transylvania County Education
- c. to produce better citizens and graduates more qualified to gain useful employment

The ultimate goal of the endowment will be to secure the best possible education for the student citizens of Transylvania County and where possible provide for funding without any need for state or federal monies that carry encumbrances. At no point will the Endowment or the Board of Trustees seek to restrict protections granted by law.

Article II: Duration

The Endowment shall operate on a rotating seven-year basis in perpetuity.

During the first seven years, no disbursements may be made from the Endowment. If the endowment fails to achieve its funding goals of \$XXX, the endowment shall iterate additional 7 year growth cycles until the funding goal is achieved.

In the subsequent seven-year intervals, funds may be dispersed from the interest accrued during the six disbursement years, but in the seventh year, all funds must be retained to promote the growth of the Endowment. The only funds that may leave the Endowment during the rest year are those funds needed to operate the fund by the third-party administrator.

After a seven-year cycle, the endowment will again commence with disbursements following the model above.

Money must be dispersed into operational savings funds of the type and function as required by the Board of Trustees to allow the continued operation of the fund during the rest year. (See III.3.d)

Article III: Funding and Disbursement Guidelines

Section 1: Funding Sources

The Board of Trustees shall establish rules of operation concerning the source of funds consistent with the principles established below:

The Board of Education hereby sets forth the following guidelines concerning the source of funds. These directives align primarily with the purpose of the endowment. The endowment reserves the authority to decline any contributions bearing encumbrances that contravene or undermine the objectives of the endowment. The endowment retains the privilege to accept funds from all origins, encompassing federal, state, NGO, and administrative grants. Further, the endowment shall not restrict interested parties from offering individual or corporate contributions.

Section 2: Disbursement Period

During the six-year disbursement period, the Endowment is permitted to disburse funds for designated purposes. Disbursements shall be made per NC GS § 115C-493, except that the

Board of Trustees shall keep the principal of such gift or gifts intact and only the income therefrom may be expended. (1961, c. 970; 1981, c. 423, s. 1; 2011-284, s. 80.)

Section 3: Allocation

Per NC GS § 115C-492. Expenditure of funds; pledges., the Board of Trustees establishes the initial disbursement plan.

- a. Up to 50% of the disbursements shall be allocated for salaries of educators.
- b. Up to 25% may be utilized for capital/maintenance funds and capital projects.
- c. The remaining balance, up to 25% must be directed towards the acquisition of new technologies and resources aimed at enhancing the competency of both teachers and students.
- d. A portion of the funds (approximately 1/6th of the yearly disbursement) must be held back for use during the rest year.
- e. Undisbursed funds resulting from the School Board not fully requesting a disbursement shall be contributed to the endowment's principal.

Article IV: Governance

North Carolina statutes govern the composition of the Board of Trustees. Hence, the governance of the Endowment shall be administered by the members of such board of education who, ex officio, shall constitute and be known as "The Board of Trustees of the Endowment Fund of the Public Schools of Transylvania County. The board of trustees so established shall determine its own organization and methods of procedure. (1961, c. 970; 1981, c. 423, s. 1; 2011-284, s. 77.)

The Board of Trustees shall be responsible for implementing and overseeing the acquisition of funding and the disbursement guidelines outlined in Article III and may appoint others to assist with these tasks as needed.

The Board of Trustees establishes the funding and disbursement advisory committee comprised of nine members. Two members shall be appointed from the existing school board by a vote of the current school board. They shall serve concurrent with their appointment to the School Board. The third member shall be the superintendent. The final six members shall be comprised of residents of the county.

There are several factors to be considered in selecting this committee for it to be representative of the community which include:

- a. Male /female balance, minority inclusion, business/community, parents, political balance, and school personnel should all be considered;
- b. Consideration should also be given to the inclusion of an alumni and present student representative;

- c. Board members with special expertise might be beneficial (for example, an attorney, banker, or corporate executive);
- d. The music and athletic boosters should be involved, as well as directors from other foundations in the community; and
- e. Age diversity is another factor to consider when selecting directors so there is representation of various age groups in the community.

Members shall serve 2-year terms.

The board of trustees shall be responsible for the prudent investment of any funds or monies belonging to the endowment fund in the exercise of its sound discretion without regard to any statute or rule of law relating to the investment of funds by fiduciaries. (1961, c. 970; 1981, c. 423, s. 1; 2011-284, s. 78.). As such, a third-party administrator shall be appointed and from time to time a review of third-party administrators shall be conducted as deemed necessary by the Board. The third-party administrator shall be responsible for all legal and regulatory matters concerning the Endowment.

Article V: Third-Party

Administrator Section 1:

Appointment

The Board of Trustees may appoint a third-party administrator to manage the Endowment's day-to-day operations, including disbursements and financial management.

Section 2: Responsibilities

The third-party administrator shall work in accordance with the policies and guidelines set forth by the Board of Trustees. Their responsibilities may include but are not limited to, financial management, record-keeping, and reporting.

Section 3: Public Reporting and Auditing

The third-party administrator shall be responsible for providing annual audited reports to the School Board in open session.

Article VI: Amendments

These Articles of Formation may be amended by a majority vote of the Board of Trustees, provided that such amendments are consistent with the overall purpose of the Endowment.

IN WITNESS WHEREOF, the undersigned, being the initial directors of Transylvania County Board of Education, do hereby adopt these Articles of Formation on this [Date].

Kimsey Jackson, Chair, Board of Education

Date

Dr. Lisa Fletcher, Superintendent of Schools

Date

Tanya Dalton, Vice Chair, Board of Education

Date

Tawny McCoy, Member, Board of Education

Date

Bryan O'Neill, Member, Board of Education

Date

Chris Wiener, Member, Board of Education

Date