

TITLE: Investment – Ralph Eames Endowment Investment Policy CODE LBP-6A

“The Eames Award for Further Study in the Arts”

In the memory of Ernest Dickinson Eames, brother and Scott Perley Eames, father, Mr. Ralph Eames of Brattleboro, VT, bequeathed to the Brattleboro Union High School a substantial portion of his estate for scholarship gifts for graduating students.

According to the terms and conditions of the estate, quoted verbatim from his will, Mr. Ralph Eames has directed his gift as follows:

“The principal shall be invested; only the income therefrom may be used for the purposes of providing scholarships for graduates of Brattleboro Union High School (or any then existing secondary school which is a successor thereof)...”

“The income shall be distributed annually as scholarship gifts to one, two or three graduating seniors to be used by the recipient or recipients to defray the expense of study in one of the arts, such as music, painting, sculpture, acting, dance, architecture or writing.”

“Annually, out of income, an amount equivalent to that year’s rate of inflation shall be deducted and added to principal.”

In keeping with the wishes of Mr. Eames, this policy establishes the **Investment Objectives** and **Qualification and Distribution Rules** that shall govern the management of assets and the granting of scholarship gifts to students of Brattleboro Union High School.

Investment Objectives

The primary objective of the Eames Endowment is to generate annual income at a rate that exceeds the annual rate of inflation and is sufficient to permit the BUHS Scholarship Committee to grant annual scholarship gifts.

Available income shall be defined as the positive change in the total value of the assets in the endowment, for the time period from January 1 through December 31, each year (an ‘annual year’), based upon statements prepared and presented to the Board by the Board’s designated Investment Managers net of the deduction of money added to principal for inflation and Investment Management fees but after adding back to total assets, all scholarships given that year, which were based upon the prior year’s available income.

The value of Assets on December 31
Less money added back to principal for inflation
Less investment management fees
Plus all scholarships given that year (based upon the prior years available income)
Less the value of Assets on January 1
Available income

TITLE: Investment – Ralph Eames Endowment Investment Policy **CODE LBP-6A**
(page 2 of 4)

An Investment Manager, shall be defined as such person(s) or firm(s)s that are licensed, certified and credentialed with the ability to manage investments in the State of Vermont and who are bonded and insured to protect the investments from usual and customary risks inherent in the investment management. All investments shall be maintained in segregated accounts bearing the name of the BUHS#6 School District.

In recognition of the need to maximize the rate of return at a rate above the rate of inflation the Investment Managers shall have a goal of investing a maximum of forty percent (40%) of the assets in fixed income investments and sixty percent (60%) of the assets in individual equities, bond or mutual funds, including exchange traded mutual funds or “ETF”s”. Cash positions shall not exceed ten (10%) of the portfolio under management with an Investment Manager and such balance(s) shall be counted as part of the forty percent (40%) fixed income investments. Over time, the Finance Committee of the Board and the Business Manager shall jointly manage the aggregate asset investment allocation to insure that it is maintained within the policy’s desired ratios.

To maximize the available income, minimize risk, including investment manager performance risk and asset concentration risk, and to objectively measure the performance of the Investment Managers, at least two Investment Managers shall be used. The performance, investment strategy and overall investment portfolio (principal allocation) of each Investment Manager shall be reviewed by the Finance Committee and the Business Manager, at least biannually. Signed agreements documenting the investment policy of each Investment Manager, including the Board’s investment policy and risk parameters, the Manager’s fees and all other terms and conditions between the Board and the Investment Manager shall be in place at all times.

The Finance Committee of the Board shall have the right to terminate, change, replace, or modify individual investments or the amount of assets under the direction of an Investment Manager or, if necessary to terminate and replace an individual Investment Manager, based upon the objectives of this policy.

Definition of Terms:

Principal: The sum of all capital upon which income is generated.

Income: The interest, gains, dividends, returns or earnings (earned and unearned) on the principal.

Assets: All principal plus income.

Annual rate of inflation: Shall be defined as the annual Consumer Price Index published by the U.S. Government, for the period from January 1 through December 31, of each year.

Concentration Risk: An undue exposure resulting from a large aggregate investment in a particular market segment.

Qualification Rules:

In keeping with the wishes of Mr. Eames, students are qualified to apply for an Eames Scholarship if they meet the following criteria, as quoted verbatim from his will:

“To be considered for this scholarship an individual must have attended Brattleboro Union High School for no less than two (2) years, must rank in the top half of the class, must have talent and a genuine desire to advance that talent. A recipient of this scholarship may reapply twice; it is the recipient’s obligation to reapply and to provide the awards committee with information sufficient to allow it to determine whether or not a subsequent scholarship shall be given. All decisions of the awards committee are final and unappealable.”

“A scholarship may be given to the same individual for no more than one year at a time, and for no more than three years in all.”

Distribution Rules:

By April of each year, the amount of available income from the prior annual year, as determined by the Finance Committee and Business Manager, shall be agreed. If the Finance Committee and Business Manager cannot agree on an amount of available income, the Board’s auditors shall determine the amount of available income for that year, using this policy as its guide. The Finance Committee and Business Manager shall determine the actual amount of available income to award and this amount shall be communicated to the awards committee by the Business Manager. Such amount or portion of such amount, at the discretion of the awards committee, shall be divided equally among the qualified graduates [‘individual(s)’] chosen by the awards committee.

Any available income for scholarship gifts that is not used in the year in which it is eligible for scholarship gifts shall be made available for future scholarship gifts with no time restriction (‘carry-over income’). Carry-over income shall be accumulated and may, at the discretion of the Finance Committee and Business Manager, be used as available income during school years when there is no available income for the current year or may be added to the available income for the current year when such amounts are insufficient, in the determination of the Finance Committee and Business Manager, to make scholarship gifts equal to the average of the prior five years of scholarship gifts.

The liquidation of assets necessary to pay scholarship gifts shall be made by the Finance Committee and Business Manager in concert with the Investment Managers.

In keeping with the wishes of Mr. Eames, the distribution of awards shall be accomplished as follows, as quoted verbatim from his will:

TITLE: Investment – Ralph Eames Endowment Investment Policy **CODE LBP-6A**

Page 4 of 4

“Usually, the scholarship shall be paid directly to the school or institution in which the recipient is enrolled although, under most unusual circumstances and in the discretion of the awards committee, payment may be made directly to the recipient.”

Other Conditions:

For the sake of clarity and documentation it shall be the Board’s policy with regard to the process of selecting graduates (‘individuals’) who shall be recipients of Eames Scholarship gifts, to follow Mr. Eames’ wishes, as quoted verbatim from his will:

“Each recipient shall be selected annually by the awards committee of Brattleboro Union High School, which committee by its majority vote shall have the final decision in its selection of such recipients, which decision shall be unappealable, and with the right in any year to omit the scholarship gift if in the opinion of a majority of the committee no worthy recipient is available.”

Based upon the conditions of Mr. Eames’ will, it shall be the policy of the Board that no more than nine scholarship gifts may be granted in any year, consisting of a maximum of three awards to three students from each graduating class covering a maximum time span of three consecutive years.

Date Warned: October 16, 2007
Date Adopted: November 20, 2007
Legal References:
Cross Reference:

BRATTLEBORO UNION HIGH
SCHOOL DISTRICT #6
Brattleboro, Vermont