

**TOWN OF HIGHLANDS
SCHOLARSHIP COMMITTEE
POLICY AND PROCEDURES MEMORANDUM**

Purpose of this Memorandum. This memorandum is designed to clarify the details of the Town of Highlands scholarship program (“the Program”), as it was created in 1975, and as it has evolved over the years, to enable changes, if needed, and full information for Town officials and anyone else interested in the workings of the Program.

History of the Program. In 1975, the Town of Highlands established the Program to assist graduates of Highlands School in their post-high school educational endeavors. At the request of the Town, the General Assembly enacted a local bill (Senate Bill 626, or “the Bill”) to sanction the Program and provide the basic guidelines for the administration of the Program. From the early years of the Program, scholarships have been awarded to college students who came from Highlands School, although it is not clear from the Bill whether the Bill authorizes that.

Senate Bill 626 (1975)¹

Establishment of Program. Although the Town of Highlands is a tax-exempt organization, and can accept fully deductible contributions, just like a “501(c)(3)” organization, the Bill first establishes that the Town is authorized to accept donations of real or personal property for the Program, and that “no public funds shall be used to establish and administer” the Program. (Sec. 1).

Administration of Fund. The Bill requires the Town to deposit and invest money in “the Fund” under the provisions of N.C.G.S. 159-30(a), (b) and (c).² The Bill states that the Local Government Commission shall have no power or authority over the Fund,³ but provides that the Fund must be audited annually by the same firm auditing the accounts of the Town, with the expense of that part of the audit to be paid by the Fund.⁴ The Town has accepted donations through the years, and the principal balance of the Fund is presently \$ _____ (as of the date of this document). The Fund is presently deposited in _____ Bank.....The Fund owns no real property.

¹ A copy of the Bill, is attached hereto as “Attachment A”.

² A copy of this statute as it is presently codified, is attached hereto as “Attachment B”.

³ The Local Government Budget and Fiscal Control Act (LGA) states that it supersedes local acts, so the LGBFCA does control investments of the Fund. Moreover, the requirement in the Bill of administration of the Fund under N.C.G.S. 159-30(a), (b) and (c)(which is part of the LGA) accomplishes the primary goal of safe investment under the LGA.

⁴ The fund has never paid for any portion of the annual audit of the Town.

The Scholarship Committee. The Bill provides that the Town Board shall appoint a scholarship committee, composed of 5 persons, serving staggered terms, who must all be residents of “the Highlands school area”, who will serve without compensation, as follows:

- “a businessman of the area”
- “a Minister of the Gospel or a church leader of the area”
- “a citizen of the area who is active in community affairs”
- the principal of Highlands High School
- the town attorney

The Bill provides that the duties of the Scholarship Committee are as follows:

- recommend to the Town Board procedures for management of the Fund
- render advice and recommendations as to the appropriate manner of investing the Fund
- “oversee the administration of the scholarship fund affairs”
- endeavor to solicit additional contributions from members of the private sector
- “generally use its best efforts to promote and perpetuate” the Program

The Bill further provides that the Committee will:

- accept scholarship applications from seniors at Highlands High School who want to pursue education after high school
- interview and/or screen all applicants
- make recommendations to the Town Board concerning distributions of the Fund’s income or principle

Finally, the Bill provides that upon receiving the Committee’s recommendations for scholarships, the Town Board must review them and accept or reject them. If the Board accepts the Committee’s recommendations, it must award the scholarships in the manner recommended by the Committee. Awards can be made either directly to the institution the student is going to attend, or directly to the student.

Historical Administration

Administrative details. As allowed by the Bill, the Committee has established certain procedures and requirements that were not set forth in the Bill.

- The Committee has established a firm policy that applications received after April 15 of the year will not be considered.⁵

⁵ Sample applications are attached as Attachment C.

- The Committee has not heretofore instructed students as to applications that are incomplete, and has historically rejected these applications. For example, applications not accompanied by transcripts have not been considered.
- Publicity concerning the Program has been left to Highlands School, and its administration has vigorously promoted the Program in the high school, but there has been no publicity directed to college students.
- The meetings of the Committee have not been publicized, and though not “secret”, participation of non-Committee members has in no way been encouraged.
- Letters from the “Dean” of college students have been required in the past, to verify the “good standing” of the student.

Basis of awards. The Bill does not describe any specific standards for award of scholarships. Awards have traditionally been based upon 2 criteria: academic achievement (“merit”) and financial need.

- Merit. This criterion is determined mostly by the students’ grades and standardized test scores. The Committee has requested that students submit statements concerning their career goals and educational plans.
- Need. In the early years, the Committee required applicants to submit their parents’ tax returns, but in later years, this requirement has been dropped, and the “need” portion of the Committee’s decisions have been based upon the members’ knowledge of the families, and such information as the families might volunteer with their applications.
- Character and citizenship, as evidenced by extra-curricular activities and community involvement.

The Committee has never weighted these criteria in any way.

Special Awards. Although not provided for specifically in the Bill, special awards have been established and administered by the Committee.

- The Edith Joel Memorial Scholarship was established by Edith Joel’s husband, Richard, who contributes each year in memory of his deceased wife. Rather than being combined with the other donations received throughout the year to the Fund, this donation is accounted for separately, and according to his directions, is given entirely to one student each year. Mr. Joel wishes it to be given to a graduating senior demonstrating a special gift or interest in music. If there is no graduating senior meeting these criteria, he wishes the award to go to "a top all-round student of either sex."
- The Jack Taylor Scholarship is given to the Class Valedictorian, and it is traditionally either the largest award given, or equal to the Edith Joel award. It recognizes the vision and hard work of Jack Taylor in originally establishing the Scholarship Fund.
- The Jack Brockway Scholarship is given to a top student other than the Jack Taylor and Edith Joel awards recipients. It recognizes the contributions made by

Jack Brockway to the Scholarship Fund. It is traditionally given to the Class Salutatorian.

“Sub-Committee”. Several years ago, community members who were interested in the Program established what might be called a “sub-committee”, whose task was to raise money for the Program through a golf tournament. This sub-committee has operated independently of the Committee, and has made very substantial contributions to the principal of the Fund. This sub-committee is not incorporated or otherwise established as a separate legal entity.

Recommended Policies and Procedures

The Scholarship Committee recommends that the Town Board adopt the policies and procedures set forth below.

(Note concerning repeal of the Bill. These policies and procedures are largely compatible with the provisions of the Bill. They are completely compatible with the original spirit and intent of the Bill. But since the Bill is not a necessary prerequisite to the administration of the Program as recommended⁶, and since there are some differences between the Bill and these recommendations, the Committee would like to see a repeal of the Bill, such that the Committee will not operate contrary to the Bill in any way.)

The Committee. The Town Board shall appoint a scholarship committee (“the Committee”), composed of 5 persons, serving staggered terms, who will serve without compensation, as follows:

- the principal of Highlands High School;
- the town attorney; and
- three additional members who are citizens of the area and active in community affairs.

The Committee’s duties will be as follows:

- render advice and recommendations as to the appropriate manner of investing and managing the Fund;
- generally oversee the administration of the Program and the awarding of yearly scholarships;
- cooperate with activities related to soliciting additional contributions to the Fund;
- generally use its best efforts to promote and perpetuate the Program;

⁶ The Town Attorney, who is a standing member of the Committee, believes that the general corporate powers granted to municipalities in North Carolina are sufficient to enable implementation of these policies and procedures. North Carolina General Statutes § 160A-11 (“Corporate powers”) provides that municipalities “may acquire and hold any property, real and personal, devised, bequeathed, sold, or in any manner conveyed, dedicated to, or otherwise acquired by them, and from time to time may hold, invest, sell, or dispose of the same...”

- accept and review scholarship applications from seniors at Highlands High School who want to pursue education after high school;
- accept and review scholarship applications from students who formerly attended Highlands High School and are enrolled in post high school educational programs; and
- make recommendations to the Town Board concerning distributions of the Fund's income or principal to deserving students.

The Town Board will review the Committee's recommendations for scholarship awards, and will either accept or reject these recommendations. If the Board accepts the Committee's recommendations, it will award the scholarships in the manner recommended by the Committee. Awards will be made either directly to the institution the student is going to attend, or directly to the student, or jointly to the student and institution, in the discretion of the Committee.

Administrative details.

- Applications received after April 15 of the year will not be considered.
- This document will be accessible through a link on the Town's web site.
- The meetings of the Committee will be publicized. The beginning of the meeting, wherein policies and procedures may be discussed, will be open to the public, but consideration of individual applications will be conducted by the Committee in closed session.
- Applications will be submitted on the forms attached to this document.

Basis of awards. Awards will be based upon the following criteria:

- grades;
- standardized test scores;
- major (for college students);
- rigor of curriculum at school attending (for college students);
- rigor of curriculum at college of choice (for high school students);
- financial need, as evidenced by information submitted by the student, or information known by the Committee;
- for high school students, character and citizenship as evidenced by extra-curricular activities and community involvement;

Special Awards. The following "special awards" will be made:

- The Edith Joel Memorial Scholarship will be given to a graduating senior demonstrating a special gift or interest in music. If there is no graduating senior meeting these criteria, the award will be made to "a top all-round student of either sex."
- The Jack Taylor Scholarship will be given to the Class Valedictorian.
- The Jack Brockway Scholarship will be given to the Class Salutatorian.

Fund-raising committees or entities. The Committee will cooperate with any other committees or entities that are involved with fund-raising for the Program, but these activities will be conducted separately and independently from the activities of the Committee.