

Policy for the Establishment of Endowed Academic Chairs

Adopted: June 6, 1997

Revised: February 6, 2009

by the

College of the Atlantic

Board of Trustees

An endowed Chair embodies the aspirations of the College of the Atlantic and is the gift from its Benefactor(s) to future scholarship and teaching at the College. Thus the creation of a Chair requires full collaboration among the faculty, administration, Trustees and Benefactor(s) to ensure that the Benefactor(s)' wishes are met and that the mission of the College is enhanced. Consultation with the faculty will guide the President who, with the Benefactor(s), determines the final terms of the Chair, for approval by the Trustees.

Purpose of Policy:

This policy will serve as the general terms of reference for creating endowed Chairs at College of the Atlantic. Approval of this policy and any subsequent changes to it are the responsibility of the Board of Trustees.

Purpose of Endowed Appointments:

Endowed academic appointments allow College of the Atlantic to provide distinguished faculty members at this College, or recruited from elsewhere, with opportunities to enhance their teaching, scholarship, research and service to the COA community and general public.

An endowed position may be created to serve one of several purposes:

1. To support an existing area of study and be awarded to an existing faculty member; or to develop that area by attracting another faculty member to the College;
2. To attract a new faculty member in an area of study identified as a new priority;
3. To serve as a rotating endowment, the income from which is designated for new research or scholarly activity on the part of a long-term faculty member.

Qualifications for Appointment:

The holder of an endowed appointment (Chair) shall be a member of the College faculty with an exceptional record as a teacher and scholar in the specific areas of study, teaching and research designated for the Chair. Endowed Chairs may pass from one faculty member to another, provided that the new holder meets the qualifications for that appointment.

Written Agreement with Benefactor(s):

Each endowed appointment will be governed by a written agreement that conforms to the academic policies of the College and the desires of the Benefactor(s) and includes information regarding the Benefactor's objectives for establishing the Chair, the designation of the Chair and the terms of appointment. The designation for each Chair will be composed of the title of the Chair, which should also include the name(s) of the

Benefactor (s), the identification of the areas of study and teaching in which the Chair will be established and any other information that conforms to the academic policies of the College and the wishes of the Benefactor(s).

The written agreement may also specify actions that the College must take in the event of certain contingencies, such as temporary vacancy in the appointed position, closure of the College, closure of the area of study designated for a Chair, or excessive income from an endowed fund. In the absence of other directives, policies described below in the section on "Contingencies" will be followed.

The College is obligated to keep faith with its Benefactors in the continuing operation of endowed Chairs. Recommendations for reappointments and new appointments to endowed Chairs shall be governed by the procedures for appointments and policy as contained in the Policy for the Establishment of Endowed Academic Chairs adopted by the Board of Trustees in 1997 and amended in 2008 and 2009.

Method and Responsibility for Appointment:

Existing institutional policies for search, selection, and review of faculty will pertain to Chair appointees. Appointees may be assigned additional responsibilities to the College. The President will review the qualifications of the final candidate presented by the search committee and will present the appointment to the Academic Policy Committee of the Board of Trustees. If the committee approves, the recommendation will be submitted to the full Board of Trustees for final approval.

Source and Use of Funds:

Endowed Chairs will be established with funds provided by gifts to the College that are specifically designated for this purpose. The establishment of a named Chair currently requires an endowment of \$2,500,000 for a new programmatic initiative or \$1,250,000 for an established discipline.

A portion of the earnings from such an endowment will be used for two purposes: salary and a stipend. Earnings are currently defined as the total, after fees, of interest, dividends, long and short-term capital gains. The portion of earnings utilized for support of a Chair will be determined annually by the College's Investment Committee.

The salary level and amount of the stipend will be determined by the President following consultation with the Academic Dean and the Administrative Dean. The stipend may be used for summer salary or to help meet the costs of information resources, materials for research or for course development, conference fees, travel, secretarial or technical support services or research assistance.

The salary and stipend expenses needed to support a professor may, at times, exceed the funds disbursed by the Investment Committee. In such cases the President, in consultation with the Finance Committee and the Investment Committee, will determine an appropriate plan for meeting the financial commitment. With the consent of the Benefactor, such a plan may include spending some of the initial principal of the

endowment for the Chair. In no case will excessive disbursements be used to dissolve a fund. An endowed fund cannot be and will never be used as collateral for a loan.

Compensation for Holders of Endowed Chairs:

Compensation (both salary and other forms of support) for holders of endowed Chairs may vary from one Chair and faculty member to another in ways that serve the interests and needs of the College.

Early Activation:

In certain cases, the agreement reached with the Benefactor(s) regarding the support of an endowed Chair may specify that the College will receive endowment funding over a period of several years. In such a case, if the President and the Board of Trustees determine that the gift is irrevocable, such as a promissory note, charitable remainder trust, charitable gift annuity, or estate note, and the Benefactor has committed to a multi-year payment of the pledge at not less than 20 percent of the total endowment pledge per year and for a period of not more than five years, the Board may elect to activate the Chair immediately.

Reports to the Benefactor:

The Dean of Development of the College will report annually to the Benefactor(s) or the Benefactor's(s') designee regarding the financial performance of the endowment and the fulfillment of the conditions of the Chair. The endowed fund, with credit to the Benefactor(s), will be listed in the College's Annual Report. Additional public information reports on the activities of the professor occupying the Chair will be issued at intervals by the Dean of Development in cooperation with the holder of the endowed Chair.

Contingencies:

The following policies address the possibility, albeit remote, that the College might not be able to fulfill the conditions originally agreed upon with the Benefactor(s). The College will honor any provisions contained in a written agreement with the Benefactor(s), which specify the manner in which income or principal of an endowed fund will be treated in the event of one or more of the contingencies listed below, or others. In the absence of such provisions, the College will respond to such contingencies as follows:

1. College of the Atlantic will regard the acceptance of an endowed Chair as a formal commitment to fulfill the terms of agreement in perpetuity or for the duration of the endowment. If the College is unable to fill an endowed Chair for a period of time, or if a Chair is vacant as a result of withdrawal, retirement, death or other circumstance, the President in consultation with appropriate members of the faculty, administration and Board of Trustees will decide on a course of action to fill the vacancy. Similarly, the Board of Trustees in consultation with President will be empowered to decide whether or how to direct the earnings to the endowment which accrue during the interval. In such circumstances, if possible,

the College's representative will communicate with the Benefactor(s) or with the Benefactor's (s') designee prior to taking action.

2. If the College ceases to operate, the Board of Trustees will redirect the corpus of an endowed fund to whatever purpose or institution has been specified in the written agreement between the College and the Benefactor(s) or Benefactor's (s') designee. If no such purpose or institution has been specified, the Board of Trustees will make decisions about the disposition of the funds.

3. If the endowed fund supporting a Chair grows sufficiently large that its income is substantially greater than required to fulfill its purpose, the Board of Trustees will be empowered to decide whether or how to direct the excess income. When possible, such excess income will be dedicated to a purpose which can bear the name or names of the Benefactor(s) and which seems appropriate to the wishes of the Benefactor(s), if known. In such circumstances, if possible, the College's representative will communicate with the Benefactor(s) or with the Benefactor's(s') designee prior to taking action.

Disestablishment of an Endowed Chair:

1. A Chair which has not been fully funded either by the end of the specified pledge period or the maturity of the deferred gift or bequest shall be reviewed. If appropriate, the President may propose to the Benefactor(s) and the Board of Trustees the disestablishment of the Chair and alternate use of the funds.
2. Subject to the approval of the Benefactor(s) and the Board of Trustees, the President is authorized to disestablish an endowed Chair if the College declares the academic purpose of an endowed fund no longer consistent with the mission of the College of the Atlantic or if the endowed Chair remains vacant for a period of three years and the President, after consultation with members of the faculty, determines there is no likelihood of filing the Chair.
3. If the academic purpose of an endowed Chair is no longer consistent with the mission of COA, the Board of Trustees, following consultation with its Academic Policy Committee, will be empowered to revise the designation of the area of study that the Chair supports. In such circumstances, if possible, the College's representative will communicate with the Benefactor(s) or designee prior to taking action. Initial broad designation of the area of study served by a Chair will enhance the College's ability to respond to changes in academic needs and minimize the occurrence of this contingency.
4. Upon disestablishment of a Chair, the payout shall be reallocated as subsequently specified by the Benefactor(s) in consultation with the President. If a Benefactor is deceased or has not specified an alternative purpose, the President and Trustees shall seek legal counsel for the use of the endowed fund.