City of Portsmouth Policy Statement on Scholarship Funds

The City of Portsmouth offers the following options to individuals, businesses and entities interested in making scholarship donations or creating scholarship funds to support post-secondary education, training and study.

1. Community Scholarship Funds

The City of Portsmouth maintains five community scholarship funds earmarked to provide scholarships for the following areas of study and accomplishment:

- Study in the fields of Science, Technology, Engineering and Mathematics (STEM).
- Study in the Arts.
- Study in Career Technology (Trades).
- Study in Higher Education generally.
- In recognition of athletic accomplishment

The recipients of scholarship awards from the community scholarship funds are selected by a Portsmouth High School committee composed of the College Guidance Counsellor, the Senior Class Guidance Counsellor, the Grade Office Principal for the Senior Class, the Director of the Career Technical Education and the Principal or Principal's Designee.

Recipients of community scholarship awards **are not limited to graduates of Portsmouth High School**.

Community scholarship funds are particularly suitable for individuals or businesses or groups who wish to contribute to higher education generally and have greater impact by pooling donations rather than donating in memory of a particular person.

Donating to these funds is easy, requires no preapproval or documentation and is accomplished by either mailing a check or money order payable to City of Portsmouth, Trustees of the Trust Funds, One Junkins Avenue, Portsmouth NH 03801. (Please note your chosen community fund on the memo line of your check or in an accompanying letter.) You may also donate on the secure City of Portsmouth donation portal: https://www.cityofportsmouth.com/city/trustees-trust-funds-scholarships

2. Named Scholarship Funds

Those who would like to endow a scholarship fund in someone's name have two options: a fund established in perpetuity ("Perpetual") and one that expires over a period of time ("Sunset"). Each option requires that the donor enter into a written trust agreement with the City and the Trustees. Such agreements are prepared with the assistance of the City's Legal Department and are tailored to meet the goals of the donor and comply with the City's policies related to such funds.

a. Perpetual Scholarship Fund

This category of named scholarship fund is intended to remain in perpetuity and generate a certain minimum scholarship award each year. Perpetual scholarship funds are subject to the following conditions to be set out in the trust agreement:

- The initial trust fund or principal must be at least $25,000 sufficient to generate enough income to make at least a $500 annual award.

- The trust agreement prohibits the use of principal for the payment of awards. Scholarship awards will be limited to interest income realized upon the principal.

- If the initial funding is less than $25,000, the settlor will have three years from the establishment of the fund to raise enough contributions to reach the $25,000 minimum.

- If, at the end of three years, the $25,000 minimum has not been raised, the fund shall convert to a "sunset" scholarship fund or can be designated to merge into one of the community scholarship funds.

- The original donor may define the qualifications of award recipients and/or field of study. They may also participate in the selection process for award recipients should they wish.

- The donor and others may make additional contributions to the fund until the fund is closed. However, contributions made after the fund has converted to a sunset scholarship will not restore it to a perpetual scholarship.

b. Sunset Scholarship Fund

This category of named scholarship fund is intended to permit annual scholarship awards from both principal and interest, in a predetermined amount until the fund "sunsets" -- is fully expended. Sunset scholarship funds are subject to the following conditions to be set out in the trust agreement:

- The predetermined annual scholarship award must be at least $500 until the fund is fully expended. When the balance remaining in the scholarship fund falls below the predetermined annual amount at the time the award is to be made, the balance shall be distributed as a scholarship award and the fund closed.

- There is no minimum or maximum initial contribution as long as the fund amount supports the minimum annual scholarship award.

- The donor and others may make additional contributions to the fund until the fund is closed.

- The original donor may define the qualifications of award recipients and/or field of study. They may also participate in the selection process for award recipients should they wish.

Once a scholarship fund has been established and turned over to the Trustees, the donor has no remaining legal interest in the fund and may not change the terms of the trust agreement.

3. Regarding Scholarship Bequests

Often individuals include provisions in their wills and other estate planning documents to contribute to existing scholarship funds or establish new funds. The City of Portsmouth welcomes all such bequests and will endeavor to fulfil the goals of the deceased. However, all such bequests are accepted subject to the policies set forth above. For instance, if the terms of the will provide for an ongoing scholarship but the amount of the bequest is less that $25,000, the bequest may create a "sunset" scholarship fund. To insure that individuals best achieve their goals according to the City's policies when crafting their estate planning documents, it is recommended that they provide their legal representatives with a copy of this policy statement or contact the City's legal department for further information or clarification.

For further or specific discussions about creating a scholarship fund or to make an "in memory of" donation to the Community Scholarship funds, please contact the City of Portsmouth Legal Department at 603-610-7204.

February 15, 2023