

**GOVERNING BOARD AGENDA ITEM
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

DATE OF MEETING: August 10, 2010

TITLE: Approval of Protocols for Distribution of Glenda J. Schottenstein Trust Proceeds

BACKGROUND: As the Board was advised in January of this year, the District was named as a residual beneficiary in will and trust documents of Glenda J. Schottenstein, a Tucson resident who was described by Northern Trust as “an investor”. (Northern Trust is the Personal Representative and Trustee for the estate).

As the Board will recall, Ms. Schottenstein’s wishes were that funds received by the District from her estate were to be distributed to the following schools:

1. Amphitheater Middle
2. Prince Elementary
3. Holaway Elementary
4. Keeling Elementary
5. Nash Elementary
6. Rio Vista Elementary
7. Coronado Elementary

Funds received by each school are to be used by these schools for specific purposes: 50% for school clothing and shoes for “needy children” and 50% for the funding of art projects and field trips.

A substantial portion of the estate has now been received by the District and is described within this agenda’s consent items (Acceptance of Gifts and Donations). The funds received are substantial in amount, and additional funds are still forthcoming, after the liquidation of real estate holdings.

Ms. Schottenstein’s generous gift has the potential to benefit thousands of children for many years to come – if proper protocols are developed for distribution of the funds over time.

Notably, Arizona law does not permit the District to manage its own funds for investment purposes. Such management is handled by the County Treasurer, who is duty bound to avoid risk. Accordingly, investment return (interest) on a donation like Ms. Schottenstein is minimal; any significant return is largely attributable to the size of the initial gift, rather than the return.

Thus, preservation of the principal gift amount, for as long as possible is the primary means by which the life of the gift and the benefits it provides will be extended. To ensure maximum benefit from the Schottenstein gift, while at the same time providing benefits to the children Ms. Schottenstein intended to touch through her kindness, the following protocol is proposed. :

**Protocol for Annual Disbursements
Glenda J. Schottenstein Trust Funds**

Disbursement Rules	Illustration
1. Annually, a calculation of five percent of the funds available will be made and that amount will be available for disbursement.	Assuming a \$600,000 initial balance, total funds available for initial disbursement this fiscal year would be \$30,000 for all 7 schools.
2. Annually, a calculation of the estimated total student enrollment (FTE) at the seven benefited schools will be made prior to the beginning of the each school year.	For the 10-11 fiscal year, the estimated FTE for the seven schools (combined) is: 4,213.
3. The amount of funds available for annual disbursement is divided by the total FTE at all seven to determine a per student FTE allocation amount. This will ensure fair and equivalent distribution of the funds.	$600,000 / 4,213 = \$7.12$ per FTE
4. The per student allocation amount is multiplied by each school's individual FTE estimate to determine the school's portion of the annual disbursement.	Example: Coronado K-8 $1,083 \text{ FTE} \times \$7.12 = \$7710.96$
5. Total annual disbursement amount is divided by 2 to determine specific allocations for Art Projects/Field Trips and Clothing for Children, as Ms. Schottenstein directed.	Example: Coronado K-8 $\$7710.96 / 2 = \$ 3855.48$ in available funds for Coronado, for each specified purpose for the fiscal year.

<p>6. Funds allocated through the preceding protocol would be maintained by the District's Finance Department in clearly delineated and separate accounts which will be supervised to ensure funds are used for the directed purposes.</p> <p>Funds not used by a school for the stated purpose within the fiscal year will remain in the schools account for future use, allowing accumulation for larger products.</p>	
<p>7. An annual report detailing disbursements and uses of the funds by the benefited schools will be submitted to the Governing Board for review.</p>	

RECOMMENDATION: The administration recommends that the Governing Board approve the protocols to govern the use of the trust funds.

INITIATOR:		Todd A. Jaeger, J.D. Associate to the Supt.	8-3-10
	Signature	Name/Title	Date

ASSOCIATE SUPERINTENDENT SIGNATURE:

SUPERINTENDENT SIGNATURE:

