

## **Executive Summary of Proposed Incorporation of Moses Brown School**

It is proposed that a new Rhode Island non-profit corporation be formed into which the assets, other than the real estate (as more particularly described below), currently held by New England Yearly Meeting and used to operate Moses Brown School be contributed, resulting in the School becoming a new entity governed by the Board of Overseers. The new entity will be called Moses Brown School Incorporated. The principal advantages of the proposed incorporation are that (i) the School would have a corporate structure common with that of other similar institutions, (ii) decisions will be made by a single body as opposed to the awkward three party decision-making system of the Board of Overseers, Permanent Board and Sessions currently in place, and (iii) the separation of the school assets from the other assets of New England Yearly Meeting, thereby providing a degree of protection to both the School, should liabilities be incurred through the other NEYM assets, and to NEYM, should liabilities be incurred through the School.

The principal governing document of the new entity will be its Bylaws. The entity will also have Articles of Incorporation, but that document is more of a template with only standard provisions needed for a school and a non-profit entity, with one important exception: the purpose clause of the Articles includes among the purposes consideration of means of accommodating out of town students. A copy of the purpose provision is attached hereto as *Exhibit A*. The proposed Bylaws are based on the School's existing Bylaws, but with the modernization of certain provisions to make them consistent with current law and other modifications necessary due to the stand alone nature of the new entity. In particular, the following significant changes from the School's current Bylaws are proposed:

1. The Mission Statement and the Preamble have been substantially redrafted to more directly affirm the School's connection with NEYM and its commitment to the Quaker principles.
2. The Board of Overseers will be responsible for overseeing the operation of the School, but will be "governed by the practices of Friends, and shall conduct its business in accordance with Friends business procedure . . ."
3. Either the Clerk of NEYM or the Clerk of Permanent Board, as determined by them, will be an *ex officio* member of the Board of Overseers. This is in addition to the requirement that one third of the members of the Board be chosen from a list developed by the Nominating Committee of NEYM.
4. In extraordinary circumstances, and only with the permission of the Clerk of the Board, Board members will be allowed to attend meetings via telephone or video conference. This provision notes, however, that, consistent with Quaker practice, attendance in person is expected to allow the spiritual energy created by the attendees lead the decision making process. Therefore, although a member may be able to participate in a meeting via the use of technology (but only in

extraordinary circumstances), only those physically in attendance will be included in the final approval of any decision made by the Board.

5. The term to be served by the Clerk has been adjusted to be consistent with past practices. In particular, the Clerk will be appointed for an initial three-year term, and thereafter for additional terms as approved by the Board and the Clerk. Importantly, the Clerk shall not be subject to the six-year (or nine-year for officers) term limit applied to other board members.
6. A new committee, known as the Committee on Nurturing Friends Education at Moses Brown School, will be established in lieu of the Religious Life Committee, which has not been active for several years. The new committee will be charged with “strengthening the spiritual relationship between New England Yearly Meeting and the School, deepening the educational efforts within New England Yearly Meeting and helping to ensure that Quaker education at the School and in New England Yearly Meeting not only continues but thrives.” The committee will consist of the Head of School, the Clerk of the Board, the School’s Director of Friends Education, three members appointed by the Board and six members appointed by NEYM.

In addition to the foregoing, it is important to note that the amendment provision of the proposed Bylaws remains consistent with the spirit of the amendment provision of the current Bylaws: while the Board may amend the Bylaws, no amendment affecting (i) the name of the School, (ii) the number, proportion or manner of selection of Friends to the Board or committees, (iii) the selection or duties of the Friends Coordinator or (iv) the manner in which meetings shall be conducted (i.e., through Quaker practices) will be effective until approved by NEYM at Sessions or through its Permanent Board.

There are four additional documents which will be needed to complete the proposed incorporation: a Transfer Agreement, a Bill of Sale, a Warranty Deed and a Lease. The purpose of the Transfer Agreement is to summarize the reallocation of the assets, the details of which are spelled out in the remaining documents. The Bill of Sale evidences the transfer by NEYM to Moses Brown School Incorporated all of the non-real estate assets owned by it which are used in connection with the operation of the School. This includes teacher contracts, furniture, machinery and equipment, books and supplies, etc. The Warranty Deed evidences the transfer of all buildings, fixtures and improvements, but explicitly excludes the land itself, which will remain titled with New England Yearly Meeting. Thus, Moses Brown School Incorporated will own, for example, Ross House, but will not own the land upon which Ross House sits. The consideration for both the Bill of Sale and the Warranty Deed is proposed to be \$1.00. The Lease will evidence a long term lease by NEYM of the land to Moses Brown School Incorporated, with the caveat that the land be used for purposes consistent with the Bylaws (in other words, for a school as described in the Bylaws, which reference the Gift of Deed from Moses Brown). The Lease would be long term – it is suggested that it run for 100 years – to provide the new entity with the security needed to invest in its facilities and to add to the existing structures as deemed appropriate. The rent is proposed to be nominal as well - \$1.00 per year.

## ***EXHIBIT A***

### **PURPOSE PROVISION OF ARTICLES OF INCORPORATION**

THIRD: The specific purpose or purposes for which the corporation is organized are:

The education of youth in such of the arts and sciences as said corporation shall from time to time direct; the establishment of a regional school for the education of boys and girls residing within the Towns of Lincoln, Smithfield, Johnston, North Providence, Barrington, Warren and Bristol, the Cities of Cranston, Central Falls, East Providence, Pawtucket and Providence, the State of Rhode Island, and beyond the State of Rhode Island in accordance with the tradition of its predecessor in interest, the school heretofore operated under the auspices of The New England Yearly Meeting of Friends, including, without limitation, consideration of any appropriate and feasible means proposed by the New England Yearly Meeting of Friends for Quaker and non-Quaker students who do not live within a reasonable commute to attend the school; the erection of suitable buildings; the employment of teachers and assistants; and any other purpose connected therewith or incidental thereto.

The specific area within the State of Rhode Island which said corporation serves includes but is not limited to Region III as defined by Rhode Island General Laws 16-21.1-2(a)(3)