

## M E M O

TO: Budget & Finance Committee  
FROM: Director of Finance & Business Services  
SUBJECT: Non-Wasting Endowment  
DATE: June 1<sup>st</sup>, 2018

### RECOMMENDATION:

It is recommended that the committee review the documents for setting up an outside endowment.

### BACKGROUND:

As part of the District's habitat conservation plan and capital project mitigation, the District set up its own land bank for an area in the Olympia Watershed to be preserved.

Part of this process requires the District to establish a non-wasting endowment which is funded as capital projects require environmental mitigation. The District cannot easily invest money in perpetuity to gain interest rates at the expected rates the plan proposes. This has required us to look into how we should establish the endowment.

From discussions with other agencies that utilize endowments, it was recommended to look into Community Foundation of Santa Cruz County (CFSCC). Attached are different pamphlets and information from CFSCC.

This would essentially work where the endowment no longer belongs to the District, but we are given an investment return on the principal.

There are pros and cons to everything, it is important the District take a serious look at how to operate the endowment in perpetuity. While the funding amounts are minimal now, over time it could become unrealistic to manage internally, thus paying a management fee may end up more reasonable in the long run.