



LAKE COUNTY FOREST PRESERVES
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Preservation, Restoration, Education and Recreation

DATE: May 6, 2019

MEMO TO: Jessica Vealitzek, Chair
Operations Committee

John Wasik, Chair
Planning Committee

Terry Wilke, Chair
Finance Committee

FROM: Katherine Hamilton-Smith
Director of Public Affairs and Development

REQUEST: Provide policy direction regarding authorizing staff to engage with the Board of the Preservation Foundation (Foundation) of the Lake County Forest Preserves on the establishment of a fundraising goal and designation of proceeds for the Foundation’s Endowment Fund. If direction is given to proceed, staff will begin discussions with the Foundation. Once agreement on the endowment is reached, a Resolution will be presented to the Finance Committee and the Board of Commissioners, committing the District to this effort. A similar Resolution will be presented to the Foundation Board.

STRATEGIC DIRECTIONS SUPPORTED: Organizational Sustainability; Leadership; Conservation.

FINANCIAL DATA: There is no financial impact on the current approved budget.

BACKGROUND: Since the economic downturn began in 2008, the Lake County Forest Preserve District (the “District”) has employed multiple strategies to manage a significant loss of operating revenue from decreased property values including (i) placing major capital development projects on an unfunded list, (ii) eliminating staff positions through attrition, (iii) reducing program offerings, (iv) removing unneeded building and structural square footage, (v) reducing outside entanglements, and (vi) bringing focus to our work by developing the 100 Year Strategic Vision for Lake County.

Moving forward, the District faces limited opportunities to continue reducing expenses and diversifying revenue sources. Consequently, the District faces the real threat of falling behind on its ability to meet the standards that the public has come to expect of its Forest Preserves: a safe and clean user experience and continuing care for more than 20,000 acres, including land restored to ecological health. Therefore, the District must conceive of new ways to increase and diversify revenues.

Toward this end, the Preservation Foundation – the charitable partner of the District – established its endowment fund, and received its first endowment gifts, in 2017. An endowment supports long-term sustainability and provides a hedge against future economic and fundraising challenges. When a donor makes an endowment gift, the initial gift is preserved in perpetuity. Such gifts are pooled and invested according to the Preservation Foundation’s investment policy. Investment performance is overseen by

the Foundation's Finance Committee and Board of Directors. Only a portion of the investment return is expended (no more than 4% annually, per current Endowment Policy), enabling the endowment to grow. Currently, the Foundation's endowment fund totals \$281,570, and the foundation has received a pledge of \$250,000.

To build on this success, the District and Foundation staffs propose a near-term endowment fundraising goal of \$20 million to provide funding for three line items in the current 10-Year Capital Improvement Plan: Habitat Restoration, Preserve Tree Planting, and District-Wide Reforestation. Per the Foundation's Endowment Policy, an endowment of this size would generate an estimated \$800,000 per year to support this work, which includes tree planting near trails and parking lots, large-scale reforestation and landscape-scale habitat restoration initiatives. Assuming the direction is given to begin working in earnest on building this endowment, when the Board of Commissioners considers the CIP update for 2020, endowment proceeds would be identified as a funding source beginning in either year nine or ten of the ten-year projection.

These CIP line items are often a source of matching funds to leverage outside grants and donations. By supporting this fundraising initiative, endowment donors will enable the District to continue leveraging outside funding.

REVIEW BY OTHERS: Executive Director, Chief Operations Officer, Director of Finance, Chief Development Officer, Corporate Counsel