



Preservation Foundation
of the Lake County Forest Preserves

DATE: May 16, 2019

TO: Nels Leutwiler, Chair
Preservation Foundation Board

FROM: Rebekah Snyder, Chief Development Officer/Exec. Director Preservation Foundation

REQUEST: Provide policy direction regarding establishment of an endowment fundraising goal and designation of proceeds.

FINANCIAL DATA: There is no financial impact at this time.

BACKGROUND: Since the economic downturn began in 2008, the Forest Preserves has employed multiple strategies to manage a significant loss of operating revenue from decreased property values. We placed major capital development projects on an unfunded list. We eliminated staff positions through attrition. We reduced program offerings. We removed unneeded square footage. We reduced outside entanglements and brought focus to our work by developing the 100 Year Strategic Vision for Lake County.

Moving forward, we face limited opportunities to continue reducing expenses and an inability to raise operating revenues due to state-mandated tax caps. Consequently, we face the real threat of falling behind on our ability to meet the standards that the public has come to expect of the Forest Preserves: that we continue to provide a safe and clean user experience and that we continue to care for the more than 20,000 acres that we have restored to ecological health. Therefore, we must conceive of new ways to increase and diversify revenues.

Toward this end, the Preservation Foundation received its first endowment gifts in 2017. 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%, per current Endowment Policy), enabling the endowment to grow. Currently, the endowment fund totals \$281,570, and the foundation has received an additional pledge of \$250,000.

To build on this success, the District and Foundation staff 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. 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 funds.

Per the Endowment Policy, an endowment of this size would generate an estimated \$800,000 per year to support work currently funded through these line items, such as tree planting near trails and parking lots, large-scale reforestation following major capital improvement projects, and landscape-scale habitat restoration initiatives. 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.

REVIEW BY OTHERS: Preservation Foundation President.