



**DATE:** August 14, 2019

**MEMO TO:** Nels Leutwiler, Chair  
Preservation Foundation Board

**FROM:** Rebekah Snyder  
Chief Development Officer/Executive Director of the Preservation Foundation

**RECOMMENDATION:** Recommend approval of a resolution adopting an endowment fundraising goal of \$20 million by December 31, 2025.

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

**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 and ongoing pressure from the operating tax cap. These include (i) placing major capital development projects on an unfunded list, (ii) eliminating staff positions through attrition, (iii) reducing program offerings, (iv) removing unneeded buildings and structural square footage, (v) reducing external entanglements, and (vi) bringing focus to our work by developing the 100-Year Vision for Lake County and associated Strategic Directions.

Moving forward, limited opportunities exist to continue reducing expenses and diversifying revenue sources. Consequently, the Forest Preserves faces the real threat of falling behind on its ability to meet the standards that the public has come to expect: a safe and clean user experience. Also at risk is the Forest Preserves ability to continue managing the more than 20,000 acres that have been restored to ecological health.

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 \$318,000, and the Foundation has received an additional pledge of \$500,000.

Building on this success, in June the Forest Preserve Board of Commissioners passed a resolution that (i) approved an endowment fundraising goal of \$20 million, (ii) approved designation of proceeds from the Endowment Fund to support three line items in the 10-Year CIP: Habitat Restoration, Preserve Tree Planting, and District-Wide Reforestation, and (iii) committed Forest Preserve staff time and resources to implement a fundraising campaign to meet the \$20 million goal.

Per the Endowment Policy, a \$20 million endowment would generate an estimated \$800,000 per year to support work currently funded through these CIP 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. 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.

The Forest Preserves' approved CIP for 2020 includes a projected \$800,000 in revenue from the Endowment Fund beginning in 2029. Based on the Endowment Policy – which limits spending to 4% of the average total market value of endowment principal over the previous 12 quarters – a total of \$20 million in cash would be required by December 31, 2025 in order to meet the projected need.

**REVIEW BY OTHERS:** Forest Preserves Executive Director, Director of Public Affairs and Development, Director of Finance.

**PRESERVATION FOUNDATION BOARD:**

Date: \_\_\_\_\_  Roll Call Vote: Ayes: \_\_\_\_ Nays: \_\_\_\_\_  
 Voice Vote Majority Ayes; Nays: \_\_\_\_\_