

Jensen-Olson Arboretum Advisory Board - Endowment Subcommittee
Wednesday, November 18, 2020, Following JOAAB meeting at 5:15, Zoom

Agenda

- I. Changes to the agenda.
- II. Review and approval of Minutes from Sept 23, 2020 meeting
- III. Discussion. (2020 CAFR not yet available)
- IV. Other business.

Current Members: Nell McConahey, Rose Evans, Paulette Shirmer

JENSEN-OLSON ARBORETUM ENDOWMENT SUBCOMMITTEE

Zoom | Wednesday, September 23rd, 2020, 5:19 P.M.

Present: Rose Evans, Merrill Jensen, Nell McConahey, Ed Buyarski, Paulette Schrimmer,

Staff Present: Merrill Jensen, Arboretum Manager; Lauren Verrelli, Staff Liaison;

Public: Martin

- Were last subcommittee minutes approved? They seem to be missing.
- Michelle did not have answers to questions we asked at previous subcommittee meeting – hopefully by the next meeting
- Budget for 2021 and actuals from 2019 are available in CAFR
- City is planning on pulling out of the endowment:
 - 2020 = \$90,000
 - 2021 = \$98,000
 - 2022 = \$98,000
- City requires three members on the Finance Subcommittee
 - Paulette, Rose, Nell (Ed no longer in Subcommittee)
- Future subcommittee meetings (2x/year) will be after regular board meetings.
- Merrill: Rental income hasn't been tracked in previous years
- Building maintenance charges for FY21 AND FY22 is \$14,200 available to work on residence
- Budget available at next meeting with breakdown from Merrill

December meeting important notes to reference:

- Finance wants a clear formula of what JOAAB wants to draw from the endowment each year. It has been changing over the years.
- Per a previous motion from the JOAAB, they want no more than 4% draw per year (Oct 2011)
- Investment strategy is set for the portfolio through the Assembly - conservative strategy.
- The board wishes to grow the endowment - How much risk is the committee willing to take?
 - Could look into investing the funds outside of the endowment principle more aggressively, leaving the endowment in a conservative investment.

Current strategy:

- Lower Target Upper
- US Equity 26% 30% 34% +/- 4%
- International Equity 16% 19% 22% +/- 3%
- Fixed Income 44% 51% 50% +/- 7%

This strategy is 'self-invested and managed' by CBJ-not an existing 'fund'.

Jeff will be looking into and get back to the JOAAB Endowment Subcommittee with:

1. Will look into a max 4% yearly draw from the endowment and if we can stick with that in the future.
2. Where the \$2 million is at and how much is currently outside of Van Guard.

Board members informed the staff that the board has passed a motion to withhold 25% of the revenues collected during the year (mainly manager's rent) from depositing with the endowment (7.14.19minutes). This would give 'easy' access to some funds for small or quickly needed items.

JOAAB, Endowment Committee

Follow up notes from December 3, 2019 meeting. Nell McConahey.

Comments from Finance Director Jeff Daniels via Michele Elfers phone conversation with Nell McConahey on January 16, 2020

RE: JOAAB suggested 4% annual withdrawal. In the last few years, the amount of withdrawal has stayed the same-less than 4%. Currently 4% is about 90K, about 20K more than taken. Use of this money could bump one seasonal position to '.5' allowing for up to 6 months employment and benefits.

RE: Withholding 25% of revenues. About \$2,500 annually from house rent, rental income etc. This can go into CIP and can accrue to use for small or deferred purposes.

Email received from Michelle 9.22.20



Michele Elfers 8:02 AM (1 hour ago)

to **Merrill**, me

Hi Nell,

Thanks for following up. I had emailed a couple of people to confirm my recollection. George and I both remember/agree that we worked on the annual endowment withdrawal with Finance but then did not work on the 25% withholding of rental income. Initially we talked about it with Finance, but then got focused on the endowment withdrawal. This doesn't mean we don't want to do it however. We will plan to look at it in this year's budget. We will set up a meeting with Finance to figure out the mechanics and how we could make it happen. Thanks again for the reminder.

Michele

**Jensen-Olson Arboretum
Permanent Fund
Fund Balance Analysis
As of June 30, 2020**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	<i>(UNAUDITED)</i>	(Audited)	(Audited)	(Audited)	(Audited)					
Endowment	151,761	185,675	151,217	199,685	65,332	79,638	311,993	200,086	86,618	261,408
House Rental	11,166	11,946	10,866	10,866	10,866	10,866	10,866	10,866	10,866	10,448
Events/fuindraisers/Auction proceeds	-	-	-	-	300	1,200	(315)	300	1,318	300
Transfers from: General Fund	-	-	-	-	-	-	-	-	-	-
Transfers to: General Fund	(90,000)	(90,000)	(89,300)	(89,300)	(89,300)	(87,500)	(85,800)	(311,800)	(138,000)	-
Capital Projects Funds	-	-	-	(139,240)	-	-	-	-	-	-
Net change in fund balance	72,927	107,621	72,783	(17,989)	(12,802)	4,204	236,744	(100,549)	(39,199)	272,156
Ending Fund Balance										
Unspendable	2,097,159	2,097,159	2,097,159	2,097,159	2,097,159	2,097,159	2,097,159	2,097,159	2,097,159	2,097,159
Restricted	569,592	507,831	412,156	350,239	239,854	263,822	271,684	45,491	157,205	208,588
Available	71,399	60,233	48,287	37,421	165,795	154,629	142,563	132,012	120,846	108,661
Total Ending Fund Balance	<u>2,738,150</u>	<u>2,665,223</u>	<u>2,557,602</u>	<u>2,484,819</u>	<u>2,502,808</u>	<u>2,515,610</u>	<u>2,511,406</u>	<u>2,274,662</u>	<u>2,375,210</u>	<u>2,414,408</u>