Peninsula Metropolitan Park District

Maintenance Endowment Fund Policy

Policy Number	Resolution Number	Date Approved:	Supersedes the following Resolutions and Policies:
P10-104	R2007-021	November 19, 2007	N/A

Policy: **Maintenance Endowment Fund**

Purpose: The purpose of the PenMet Parks Maintenance Endowment Fund is to provide for the management, control, improvements, maintenance and acquisition of parks and recreational facilities.

The purpose of this policy is to establish a regular procedure for the receipt, management and disposition of funds received by the District for the Maintenance Endowment Fund.

The long range goal for the use of the endowment resources is to provide annual interest in an amount sufficient to fund the annual maintenance of all of the District's parks and facilities

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Policy Requirements:

Section 1. Management

A. The Board of Park Commissioners will be responsible for authorizing the disposition of fees and gifts received according to this policy, and for overseeing the prudent management of the Endowment Fund.

B. The Endowment Fund is to be managed by the Pierce County Treasurer (see Pierce County Investment RCW 36.29.020).

C. The Endowment Fund earnings and expenditures shall be reported to the Board on a regular basis.

D. The State Auditors Office will perform a financial and compliance audit on the endowment fund and issue an audit report. Results of the audit will be provided to the District Commission.

Section 2. Acceptance of Donations

A. The Executive Director will have the authority to accept unrestricted cash donations and place them into the General Maintenance Endowment Fund.

B. Cash donation requests that are restricted for a specific use or uses are required to receive approval by the Board of Park Commissioners.

Section 3. Use of Assets and Earnings

A. The Endowment Fund shall be sustaining, with the District spending only the interest generated in the previous calendar year and the fund will accumulate to the larger of fourteen million dollars of principal or according to the following formula before any spending distributions will be authorized by the Board of Park Commissioners.

Formula = P –Three Year Average Annual PenMet Parks Maintenance Budget (Current Year P_1+Prior Year P_2+Prior Year P_3/3
A –Annual Inflation (100% Seattle/Tacoma CPI)
E –Principal Endowment Necessary
5 - Investment % Amount

$$P_1+P_2+P_3/3xAx100/5=E$$
OR
$$P_1+P_2+P_3/3xAx20=E$$

Example: Three Year Average Annual PenMet Parks Annual Maintenance Budget = $350,000
Annual Inflation = 2%
Investment % = 5

($350,000 x 1.02 x 100/5) = $7,140,000 (Principal Endowment)

B. The principal of the Endowment Fund cannot be invaded without Board action including the conduct of at least one public hearing to consider a resolution describing the expenditure and a minimum of two readings of the resolution and unanimous approval by the full Board of Park Commissioners.

C. As part of the District's annual budget process, the Board of Park Commissioners will determine and authorize the amount of available funds to be used.

Section 4. Changes and Amendments

A. Any change to this policy shall require Board action including the conduct of at least one public hearing to consider a resolution describing the policy change, a minimum of two readings of the resolution and unanimous approval by the full Board of Park Commissioners.

Section 5. Exceptions

A. Certain stipulations regarding the use and acknowledgement of these donations may be provided by the donor. The Board reserves the right to refuse any donation that does not meet the District's mission.

B. Individual sustaining endowment accounts may be established for each park and facility. Donations may target a specific park or facility.

C. The Board of Park Commissioners may authorize the spending of the interest in a specific park or facility endowment account if the minimum principal amount for that park has been achieved in accordance with the following formula. This Board authorization shall require Board action including the conduct of at least one public hearing to consider a resolution authorizing the spending and a minimum of two readings of the resolution and unanimous approval by the full Board of Park Commissioners.

Formula = P –Three Year Average of a PenMet Parks specific park maintenance budget (Current Year P_1+Prior Year P_2+Prior Year P_3/3
A –Annual Inflation (100% Seattle/Tacoma CPI)
E –Principal Endowment Necessary
5 - Investment % Amount

$$P_1+P_2+P_3/3xAx100/5=E$$

OR

$$P_1+P_2+P_3/3xAx20=E$$

Example: Three Year Average Annual PenMet Parks Sehmel Homestead Park Maintenance Budget = $125,000
Annual Inflation = 2%
Investment % = 5

($125,000 x 1.02 x 100/5) = $2,550,000 (Principal Endowment)