

Township of Southgate

Administration Office

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Staff Report CAO2020-022

Title of Report: Community Foundation Grey Bruce Report

Department: Administration

Council Date: March 4, 2020

Council Recommendation:

Be it resolved that Council receive Staff Report CAO2020-022 as information; and

That Council direct to staff to proceed with developing a draft Southgate Community Foundation Endowment Fund Agreement with Community Foundation Grey Bruce to establish a Township endowment fund to support in future community organizations with donations requests and grant funding; and

That Council direct staff to proceed with the draft agreement with annual seed funding of \$_____ for a period of ___ years to establish the Southgate Community Foundation Endowment Fund; and

That Council direct staff to finalize a Southgate Donor Advised Community Agreement for approval at a future Council meeting.

Background:

Staff report CAO2020-010 titled "Community Foundation Grey Bruce Report" was presented at the February 5, 2020 Council meeting and the following resolution was approved:

Moved By Councillor Frew; Seconded By Councillor Dobreen;

Be it resolved that Council receive Staff Report CAO2020-010 as information; and

That Council provide direction to staff to proceed with setting up a Southgate Community Foundation Fund Agreement with Community Foundation Grey Bruce to establish a Township endowment fund to provide future sustainable support for Community Not-for-Profit Organizations; and

That Council have discussions and provide staff with verbal direction as to the amount of seed funding that should be considered as a start-up fund to establish a Southgate Community Foundation Fund; and

That Council direct the Treasurer and the CAO to return with a report on how to budget for seed funding in 2020, as well as develop a Donor Advised Community Agreement for approval at a future Council meeting.

Carried No. 2020-057

Staff Comments:

Staff have developed this report for Council to consider in order to establish a Southgate Community Foundation Endowment Fund Agreement with Community Foundation Grey Bruce (CFGB). This report provides investment options for Council to assess ranges from \$10,000.00 to \$40,000.00 per year and 5 or 10 year contribution periods. This report also provides scenario options of the compounding

impacts of financial contributions, a 6.9% annual interest rate, a 1.5% administrative cost deduction, a 0.7% fund manager cost deduction and a 3.5% allocation for the distribution of community donation/grants on an annual basis. A copy of the Southgate Community Foundation Endowment Fund Contribution Option Scenarios is included in this staff report as Attachment #1 for Council to review and consider.

Next Steps:

1. Staff work with Community Foundation Grey Bruce (CFGB) staff to finalize a Southgate Community Foundation Endowment Fund Agreement, with a sample of their template document included in this staff report as Attachment #2.
2. The Township will work with Community Foundation Grey Bruce staff to develop a draft Southgate Community Foundation Endowment Fund Committee terms of reference document for Council approval.
3. The Township will work with CFGB staff, advertise for volunteer members to submit applications and develop a process to appoint to the Volunteer Southgate Community Foundation Endowment Fund Committee membership.
4. CFGB staff work with Township staff to promote the Southgate Community Foundation Endowment Fund on our website, advertising locally, through social media communications and CFGB community events in Southgate.

The role of CFGB would commence once we start the community fund and appoint an advisory committee to support the Township through holding events in our community to generate interest, create ongoing media awareness and manage family donations in a confidential manner for the Community Fund and the Committee.

CFGB will also manage all Community Funds disbursements annually through application intakes in April and September of each year. The role of Southgate Volunteer Committee would be to provide guidance on the focus or types of grant disbursements annually. The CFGB Grant Review Team would evaluate applications based on criteria and guidelines set out by the Township's Volunteer Committee. The Review Team will also ensure the review of the applications and to assess the applicants to ensure they are sound financially and of value to the community.

Financial Impact or Long-Term Implications

Staff recommends that Council proceed with setting up a Southgate Community Foundation Endowment Fund contribution at a level of \$25,000.00 per year for 5 years. Staff further recommends that the Township's contribution to the Southgate Community Foundation Endowment Fund be funded from the Southgate Solar Fund. This is justified because it received \$75,000.00 annually while the Eco Park Community fund receives less than \$50,000.00 annually.

The financial impact to funds placed in the care of CFGB would be the following:

- Funds invested by Community Foundation Grey Bruce have average annual income of 6.9% as the return on all investments (Endowment Community and Scholarship Funds).
- CFGFB operates on a 1.5% administration to cover their budgeted operating costs.
- The Institutions Fund Managers where the investments are held **receive 0.7% on the total annual investment.**
- Community Funds must payout 3.5% of the total investment and gets up to 5% payout based on annual earnings performance. Excess annual earnings are reinvested to build the fund and provide a cushion for bad investment market years where earnings are lower than the 3.5% payout threshold.

Communications & Community Action Plan Impact:

This report has been written and presented to Council to communicate accurate information to the public.

Action 2:

The residents and businesses of Southgate envision our largest town once again becoming a source of community pride and a hotbed of community activity, with a much-improved appearance and a broader range of business opportunity.

Strategic Initiative 2-E:

The Township will increase its support for, and promotion of, community events, festivals, parades, library activities, and other events that attract people to the downtown area.

Concluding Comments

1. That Council receive staff report CAO2020-022 as information.
2. That Council provide direction to staff on the amount of funding that Southgate will contribute to the endowment fund and the number of years to establish the fund to be self sustaining in future years to continue to support Township community donation and grant requests.
3. That Council approve the execution of a Community Fund Agreement with Community Foundation Grey Bruce.
4. That staff proceed with developing a draft Southgate Community Fund Management Committee Terms of Reference with Community Foundation Grey Bruce staff for Southgate Council approval at a future meeting.

Respectfully Submitted,

CAO approval: Original Signed By
 Dave Milliner – CAO
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Treasurers approval: Original Signed By
 William Gott
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- Attachment 1 – Southgate Community Foundation Endowment Fund Contribution Option Scenarios
- Attachment 2 – Donor Advised Community Fund Agreement