Erie County
Technical
School

PROPOSED AGENDA ITEM

MEETING DATE: November 20, 2007

SUBJECT: Erie Community Foundation

INITIATED BY: Paul Fritz, Business Manager

DESCRIPTION:

The ECTS Foundation has PSDLAF collateralized CD pools that mature on 12/21/2007 and 12/27/2007 that will total \$201,717.44 in principal (\$194,000.00) and interest (\$7,717.44).

The total Foundation accounts will be approximately \$219,985.00 at 12/27/2007.

The ECTS Foundation will continue to operate and determine the uses of annual distributions and cash on hand: scholarships, etc.

RECOMMENDATION:

Motion to establish the Erie County Technical School Fund at the Erie Community Foundation, 127 West 6th St, Erie, PA with a transfer from The Erie County Technical School Foundation of \$200,000 on December 28, 2007. An annual withdrawal of the fund of 5% is authorized and withdrawals in excess of 5% will require a positive 2/3 vote of the Board of Directors members.

The Erie Community Foundation

Helping today... Shaping tomorrow.

Welcome to The Erie Community Foundation!

The Erie Community Foundation, 127 West 6th Street, traces its history back to 1935 when Elisha H. Mack, co-founder of the Boston Store, created a charitable endowment fund. From 1935 to 1969, that sole fund fueled regional philanthropic efforts. This began to change when the tax reform act of 1969 created important distinctions between private foundations and public charities, Mr. Mack's fund was successfully transformed into a public charity, The Erie Community Foundation, in 1971.

Today, The Foundation is growing collection of charitable endowments. Some are established during a donor's lifetime, others via a bequest. Some are unrestricted, some only benefit favored causes, and others are scholarships. Many local nonprofit organizations have also chosen to build endowments with The Foundation. There is virtually no limit to the type of charitable activity that can be accomplished through The Erie Community Foundation.

In all cases, endowed funds are pooled. This creates significant investment management and administrative economies of scale. All funds are handled by a single audit and a single 990 form. We can also bring sophisticated investment products to smaller endowment funds. As a public charity, we pay no taxes on our earnings. The end result is significantly increased income for local charities.

Erie is fortunate to have a community foundation. There are only about 700 such foundations in the United States and the market value of The Erie Community Foundation is annually ranked within the top 10%. In addition, The Foundation was recently honored with the National Standards Seal for having organizational and financial practices that are in accordance with the National Standards for U.S. Community Foundations. To date, only 260 of the 700 foundations have earned this recognition for attaining the highest standards in grant making, integrity and accountability.

A copy of official financial information may be obtained from the PA Dept of State by calling toll free 1-800-732-0999. A copy of our IRS 990 form and current audit are available by calling our office at (814) 454-0843. You may also request names of our investment managers, fees charged and names of individuals responsible for investment and oversight. Our latest annual report is available on-line or upon request.

Become Involved!

Think about how you want to help your community, now and in perpetuity. Personal named funds normally begin with gifts of $10,000 or more. Gifts of any size, however, can help grow existing funds; including our unrestricted endowment.

The advantage of establishing an endowment with The Foundation is perpetuity. In 1935, Elisha Mack had a vision of the future, which is our reality today. When you look around the Erie community, you can see the effects of his vision. You too can be a part of the future. Generations from now, when someone your age looks around the Erie community, he or she will be able to see the effects of your philanthropic generosity. Growing a brighter future, starts with a seed... plant one today. To learn more, visit our website at www.eriecommunityfoundation.org.

Agency Endowments within
The Erie Community Foundation

PERFORMANCE

The net ECF investment total return, after all fees and expense ratios, for calendar years ending December 31 since 2000 is as follows:

2000	-3.00%
2001	- 8.00%
2002	13.00%
2003	20.30%
2004	12.60%
2005	9.20%
2006	15.90%

During this time frame, the ECF investment policy accomplished its objective of maintaining and enhancing the purchasing power of endowed assets. Past performance, of course, does not guarantee future results and funds within ECF are subject to market risk.

THE ERIE COMMUNITY FOUNDATION
AGENCY ENDOWMENT
LETTER OF AGREEMENT

The Erie Community Foundation
127 West Sixth Street
Erie, Pennsylvania 16501

RE: **(Agency Name)** Fund

Trustees:

Delivery has been made to you, by the undersigned nonprofit organization, of property described in Schedule A attached hereto. Delivery of said property constitutes a transfer of same to The Erie Community Foundation ("the Foundation") upon your acceptance of the following terms and conditions:

1. A fund shall be established on the books of the Erie Community Foundation, ("the Foundation") which shall be known as the **(Agency Name)** Fund ("the Fund");

2. The Fund shall be used for solely to support of the charitable purposes of the **(Agency Name)** ("nonprofit organization") .

3. In transferring this property to the Fund, the nonprofit organizations intends to create a permanent endowment. It is understood the overall investment objective is to preserve capital and to increase long-term purchasing power of the Fund. Principal withdrawal, or distributions in excess of the amount dictated by the application of The Foundation's spending policy, may be made upon review of recommendations provided by the nonprofit organizations as specified on Schedule B attached hereto.

4. The Fund shall include the property received from us, such property as has been or as may be, from time to time, transferred to the Foundation by us for inclusion in the Fund, such property as may, from time to time, be received by the Foundation from any other source and accepted by it for inclusion in the Fund, and all income from the foregoing property;

5. The Fund shall be the property of the Foundation held by it in its normal corporate capacity. It shall not be deemed a separate trust fund held by it in a trustee capacity. In accordance with FASB 136, property in the fund shall remain an asset of the nonprofit organization with a corresponding liability listed on the books of the Foundation;

6. The net income from the Fund shall be used exclusively to support the nonprofit organization on an agreed upon schedule. This support shall continue in perpetuity, so long as the nonprofit organization remains charitable and its mission remains necessary and possible to accomplish.

7. If, over time, the nonprofit organization becomes for-profit, goes out of business, alters its mission so that it would be inconsistent with the intent of the original nonprofit organization trustees, or somehow becomes inconsistent with the charitable needs of the community, the Foundation board of trustees may vary this agreement to insure it remains consistent with the intent of the original nonprofit organization trustees;

8. The Foundation will provide accounting and related financial management services associated with the Fund. Foundation staff are also available, on a mutually agreed schedule, to encourage additional donations to the Fund.

9. The Fund will be assessed an Erie Community Foundation management fee and an investment management fee set in accordance with schedules negotiated by The Foundation. Total fees for 2008 are 90 basis points;

10. The Foundation will provide planned giving consulting services designed to attract additional contributions to the Fund. Such services will be provided on a mutually agreed upon schedule and at no charge.

11. It is intended that the Fund shall be a component part of the Foundation and not a separate trust and nothing in this Agreement shall affect the status of the Foundation as an organization described in Section 501(c) (3) of the Internal Revenue Code of 1986, and as an organization which is not a private Foundation within the meaning of Section 509(a) of the Code. This Agreement shall be interpreted in a manner consistent with the foregoing intention and so as to conform to the requirement of the foregoing provisions of the federal tax laws and regulation issued pursuant thereto. The Foundation is authorized to amend this Agreement to conform to the provisions of any applicable law or government regulation in order to carry out the foregoing intention and shall have variance power as set forth in tax regulations 1.170A-9(e)(11)(V)(B), (C) and (D). References herein to provisions of the Internal Revenue Code of 1986 shall be deemed references to the corresponding provisions of any future Internal Revenue Law.

Kindly indicate below your acceptance of this gift and of the foregoing terms and conditions.

Very truly yours,

____

Authorized Board Representative for the Nonprofit Organization

Accepted as of this ________ day of _______________, 20_______.

THE ERIE COMMUNITY FOUNDATION

By____________________________________

Michael L. Batchelor
President

____

Witness:

SCHEDULE A

The **(Agency Name**) Fund

Description of property:

SCHEDULE B

The **(Agency Name)** Fund

Insert board resolution specifying a to be determined super board majority that may request fund withdrawal or distributions in excess of amount dictated by The Foundation's spending policy.

If desired, indicate a maximum spending policy distribution rate.