



REPORT TO CITY COUNCIL

To: Mayor and City Council

From: Grant Yates, City Manager

Prepared by: Audrey Young, Management Analyst

Date: February 26, 2018

Subject: Carl Graves Endowment Scholarship Fund

Recommendation

1. Approve Resolution No. 2019-__ A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, REGARDING THE ADMINISTRATION OF THE CARL GRAVES ENDOWMENT SCHOLARSHIP FUND
2. Approve and Authorize the Mayor to execute an agreement creating the Carl Graves Endowment Scholarship Fund at The Community Foundation in such final form as approved by the City Attorney.

Background

In 2014, the City received notification that Carl Fred Graves, a former City Treasurer, had passed away on August 26, 2014 and had bequeath a share of his trust estate (current balance is approximately \$1,032,000) to the City of Lake Elsinore for the purposes of establishing a fund for college scholarships. His intention was to provide scholarships for needy and deserving graduates of Lake Elsinore Unified School District high schools (Elsinore, Temescal, Lakeside and Ortega). Carl Graves was a United States Army World War II Veteran, a highly educated mathematics teacher and a steward to the community. This is indeed a remarkable gift to the Lake Elsinore community and comes with a solemn obligation to carry out Mr. Graves's wishes and ensure his legacy.

Discussion

The City hereby intends to establish an agreement with The Community Foundation, the 75-year old Riverside Community Foundation, to irrevocably invest and manage the Endowment Fund in accordance with the California Uniform Management of Institutional Funds Act (and any future California laws concerning institutional endowment funds).

The inaugural scholarship fund shall begin disbursements for students beginning college in Fall of 2019 and amount to three four-year scholarships of \$4,000 (one per high school) and one four-year scholarship of \$6,000 for a college ROTC candidate to be awarded in the spring of each year. Based on projected interest rate returns, the City expects the fund to last approximately 25 years.

The City of Lake Elsinore LEUSD/City Subcommittee Members appointed by the Mayor will judge the applications and recommend awardees, all in accord with policies and procedures of The Community Foundation. In addition to other requirements, applicants shall be required to submit a non-academic reference letter as well as evidence of community service contributions of time, talent or treasure. All distributions from the Fund shall be exclusively for charitable uses and purposes and provide needy and deserving graduates of Lake Elsinore Unified School District with scholarships for higher education.

Fiscal Impact

The Community Foundation will charge the Fund to the extent sufficient for reasonable and proper compensation for services and expenses. Philanthropic Services Fees will be assessed at 1/12 of 150 basis points (bps) (1.50%) of the fund amount with a minimum Annual Fee of \$1,250 and \$25 per check fee for distributions in excess of four per calendar year. The Investment Consultant Fee for Wurts & Associates consulting services will be 11 bps (0.11%).

In addition, costs will be incurred for staff time to review applications, coordinate the advisory committee and prepare recommendations for scholarship award applicants.

Exhibits

Carl Graves Endowment Scholarship Fund – Exhibit A Resolution
Carl Graves Endowment Scholarship Fund – Exhibit B Agreement
Carl Graves Endowment Scholarship Fund – Exhibit C Overview