

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY**

DEPT: Chief Executive Office

BOARD AGENDA: 7.1
AGENDA DATE: June 26, 2018

SUBJECT:

Approve an Agreement with the Stanislaus Community Foundation (SCF) to Provide Scholarship Administration, Oversight Services, and Fundraising Opportunities for the Earl Pride Scholarship Program

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2018-0346

On motion of Supervisor Olsen, Seconded by Supervisor Chiesa
and approved by the following vote.

Ayes: Supervisors: Olsen, Chiesa, Monteith, and Vice-Chairman Withrow

Noes: Supervisors: None

Excused or Absent: Supervisors: Chairman DeMartini

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST: 
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Chief Executive Office

BOARD AGENDA:7.1
AGENDA DATE: June 26, 2018

CONSENT

CEO CONCURRENCE:

4/5 Vote Required: No

SUBJECT:

Approve an Agreement with the Stanislaus Community Foundation (SCF) to Provide Scholarship Administration, Oversight Services, and Fundraising Opportunities for the Earl Pride Scholarship Program

STAFF RECOMMENDATION:

1. Approve an agreement with the Stanislaus Community Foundation (SCF) to provide scholarship administration, oversight services, and fundraising opportunities for the Earl Pride Scholarship program.
2. Authorize the Chief Executive Officer to sign the agreement.
3. Authorize the transfer of \$48,870 from the Earl Pride Scholarship Committee (EPSC) fund to SCF after the agreement has been signed and executed.

DISCUSSION:

In 1990, Earl William Pride left an inheritance of \$48,207 to Stanislaus County specifically stating that this amount be "disposed of as the County employees see fit." In response to a survey of county employees, the Earl Pride Scholarship Committee (EPSC) was formed in 1991. The EPSC is comprised of seven volunteer County employees appointed by the Board of Supervisors. The purpose of the Committee is to review scholarship applications submitted by full-time County employees and/or their dependents and award scholarships for higher education to a select number of qualified applicants each year.

Over the course of the last 25 years, the fund has utilized interest earnings only, in order to issue scholarships to fulfill the purpose of the fund. As interest rates have declined over time, the fund balance (interest earnings generated) has continued to decrease, making the annual scholarship payouts less and less significant each year. Alternately, college tuition and book purchase costs have increased significantly. The EPSC has decided to find a third party administrator that could manage and invest the scholarship funds in an attempt to build fund balance, solicit employee investment and participation, and retain a non-profit, tax deferral option for those would-be contributors. The EPSC has met with representatives from the Stanislaus Community Foundation (SCF) to better understand what services they provide.

SCF is a 501(c)(3) public charity that serves as a philanthropic resource and funder for the Stanislaus County region. The foundation is led by a volunteer Board of Directors comprised of local business and civic leaders. The SCF has invested over \$12 million in grants and over \$450,000 in scholarships in the local community since opening its doors in 2002. It administers over 100 component charitable funds, comprising over \$19 million in total charitable assets. One of the types of fund vehicles provided by SCF are scholarship funds. Currently, SCF oversees over 40 scholarship funds set up by families, associations, schools, churches, and others to help local students fulfill their academic goals.

Under this proposal, SCF will work with EPSC to determine scholarship criteria, support promotion of the scholarship fund, and encourage applicants to submit their information securely online through the Scholarship Select System. SCF staff will screen and evaluate all applications to ensure a match with qualifying criteria. An independent SCF scholarship committee will recommend the final recipients to the EPSC for final approval. SCF will notify the final recipients and will track the students to ensure that they are enrolled in classes before processing the scholarship funds.

Additionally, SCF will assist in fundraising activities by setting up an online giving portal so that those who want to contribute to the fund can do so securely and easily. SCF will also help EPSC create a flyer that explains the scholarship fund, its purpose, and why individuals should contribute to it in an effort to perpetuate the fund into the future. Finally, SCF will attend EPSC meetings to help brainstorm ways to raise donations for the fund.

The EPSC recommends that SCF take over administration of the Earl Pride Scholarship Program in order to expand opportunities for fundraising and improve administration of the funds. It is important to know, however, that once the SCF agreement is established, pursuant to Internal Revenue Services (IRS) rules, SCF can modify the distribution to any charitable purpose should the fund's purposes become obsolete or incapable of fulfillment. In such an occurrence, SCF has the policies and procedures in place to ensure a similar avenue for fulfilling the donor's request. Also, the transfer of the donation of the Earl Pride Scholarship Fund to SCF for administration is non-refundable and irrevocable. In other words, there is no termination clause in the agreement. The EPSC fully understands the conditions associated with the relinquishment of control over the scholarship funds and recommends transitioning administration services over to SCF.

POLICY ISSUE:

Board of Supervisors' approval is requested related to the acceptance of gifts. Government Code Section 25355 states that the Board "may hold and dispose of the property and the income and increase thereof for those lawful uses and purposes as are prescribed in the terms of the gift, bequest, and or devise". The recommendations

contained within this item ensure that the purpose of the Earl Pride inheritance is maintained and supported to the fullest degree.

FISCAL IMPACT:

The June 30, 2018 balance in the EPSC account is estimated to be \$48,870. The average interest rate for the past four years has been slightly over 1%. There will be a 3% annual service fee charged to the EPSC account by SCF as part of fund management; however, the interest rate for scholarship funds managed by SCF has consistently averaged 6% annually over the last three years. The 3% fee will cover the online scholarship process, applicant evaluation, student tracking and eligibility checks, investment oversight, and all legal/audit and IRS regulations oversight related to scholarship funds. There are no other fees associated with this fund.

BOARD OF SUPERVISORS' PRIORITY:

Approval of the recommended actions supports the Board of Supervisors' priority of *Delivering Efficient Public Services and Community Infrastructure* by working alongside a non-profit organization to manage scholarship opportunities efficiently and in a cost-effective manner.

STAFFING IMPACT:

The EPSC is comprised of seven volunteer County employees appointed by the Board of Supervisors. Once the SCF agreement has been fully executed, the EPSC will maintain involvement in the annual scholarship process by reviewing and approving the scholarship recipients nominated by SCF, as well as the amounts to be awarded.

CONTACT PERSON:

Ruben Imperial, Deputy Executive Officer, Stanislaus County Chief Executive Office
(209) 525-6333

ATTACHMENT(S):

1. Stanislaus Community Foundation Scholarship Agreement



FUND NAME: Earl Pride Scholarship

- 1. Scholarship Fund Type (\$10,000 minimum, please check one)
- 2. Fund Status (please check one)

Endowed

Expendable

Fund Minimum _____
 Spending Policy _____
 Any Amount _____

Donor/Contact 1st

Donor/Contact 2nd

Stanislaus County Earl Pride Funds
Name Male Female

Jody Hayes, CEO
Name Male Female

1010 10th Street, Suite 6800
Mailing Address Home Business

1010 10th Street, Suite 6800
Mailing Address Home Business

Modesto CA 95354
City State Zip

Modesto CA 95354
City State Zip

NA
Home Phone Mobile Phone

NA
Home Phone Mobile Phone

209-525-6333
Business Phone Fax

209-525-6333
Business Phone Fax

NA
Preferred Email

hayesj@stancounty.com
Preferred Email

Stanislaus County
Company Name

Stanislaus County Chief Executive Office
Company Name

NA
Title

Chief Executive Officer
Title

NA
Date of Birth

NA
Date of Birth

Send Reports to Above Address.

Send Reports to Above Address.

Contribution

<input checked="" type="checkbox"/> Cash	\$48,870	<input type="checkbox"/> Life Insurance	_____
<input type="checkbox"/> Securities	_____	<input type="checkbox"/> Real Estate	_____
<input type="checkbox"/> Bequest	_____	<input type="checkbox"/> Other	_____

Scholarship Criteria

Scholarship Fund

Annual awards will be made from the Fund for individuals who meet the basic guidelines as outlined below. Scholarships or other awards to individuals shall not be made from a Donor Advised Fund.

The following represents a list of guiding criteria. *Please attach additional information if necessary.*

Personal:	_____
Area of Study:	_____
Academic Institution:	_____
Community Involvement:	_____
Affiliations:	Please see the attached.
Financial Need:	_____
Other:	_____

Selection of Scholarship Recipients

Community Foundation Managed Scholarship Funds

All scholarship applications shall be submitted directly to Stanislaus Community Foundation. The Community Foundation, through its duly authorized evaluation committee, shall review all eligible scholarship applications and make the selection(s) independently, based on guidelines established by Donor as outlined in this Fund Agreement.

Communication / Scholarship & Community Acknowledgement

May the Foundation list your Fund by name(s) in publications? (e.g. website, annual report, etc.)	Yes <u>X</u> No ___
Would you like scholarship recipients to know that your Fund is the source of the grant?	Yes <u>X</u> No ___
Would you like to know the names and other information of your scholarship recipients on an annual basis?	Yes <u>X</u> No ___
Would you like to be notified by the Foundation about community needs and other funding opportunities in the future?	Yes ___ No <u>X</u>

Referral Source

Please tell us how you first heard about Stanislaus Community Foundation:

<input checked="" type="checkbox"/> Friend or Associate	Keith Boggs
<input type="checkbox"/> Foundation employee or Board member	_____
<input type="checkbox"/> Website	_____
<input type="checkbox"/> Newsletter or mailing	_____
<input type="checkbox"/> Invitation to an event	_____
<input type="checkbox"/> Attorney, CPA, Financial Planner, etc...	_____
<input type="checkbox"/> Community presentation	_____
<input type="checkbox"/> Other	_____

Acknowledgement & Signatures

I/we acknowledge that I/we have read the Stanislaus Community Foundation Terms and Conditions and agree to the terms, fees, and conditions described therein. I/we understand any contribution, once accepted by the Foundation Board of Directors, represents an irrevocable contribution. Stanislaus Community Foundation Board of Directors has variance power under IRS regulations, and this gift is not refundable to me/us. I/we hereby certify, to the best of my/our knowledge, all information presented in connection with this form is accurate.



Signature

Jody Hayes, CEO

Print Name/Title

06/26/2018


Date

Signature

Print Name/Title

Date

Stanislaus Community Foundation Signature



Authorized Signature

CEO

Title

Marian Kaanon

Print Name

6/21/18

Date

Please mail this form to:
Stanislaus Community Foundation
Attn: CEO
1029 16th Street
Modesto, CA 95354
(209) 576-1608 – Main
(209) 576-1609 – Facsimile

- I have remembered Stanislaus Community Foundation in my estate plans.
- I would like more information on how to include Stanislaus Community Foundation in my estate plans.

APPROVED AS TO FORM:
STANISLAUS COUNTY COUNSEL
BY



DATE: 6/29/18

The following terms and conditions govern Scholarship Funds of Stanislaus Community Foundation, including both permanent and expendable Funds.

1) Tax Status of Funds

Gifts to component Funds of Stanislaus Community Foundation are tax deductible to the extent allowed by law, subject to individual and corporate limitations.

2) Funds as Component Parts of Stanislaus Community Foundation

This Named Fund and all Funds established at Stanislaus Community Foundation (the "Foundation") are component funds of the Foundation, a 501(c)(3) public charity, as described under Treasury Regulations, "Section 1.170A-9(e)(11). As these regulations require, and as articles of incorporation and the bylaws of the community foundation set forth, all component Funds are specifically subject to the powers of the Community Foundation's Board of Directors as the governing body of a nonprofit organization, including Variance Power. See Section 8.

3) Property of the Fund

The Fund shall include the property received herewith, such property as may from time to time be received by the Foundation from the donor for inclusion in the Fund and accepted by the Foundation, and all undistributed income from the foregoing property. The Fund shall be the property of the Foundation, held by it in its corporate capacity, and shall not be deemed a trust fund held by it in a trustee capacity. The Foundation shall have the ultimate authority and control over all property in the Fund and income derived there from, in accordance with the Articles of Incorporation and Bylaws of the Foundation, as they may be amended from time to time, and the terms of this Agreement applied in a manner not inconsistent with said Articles and Bylaws.

4) Fees

The property held in the Fund shall be assessed an annual fee to support the Foundation's administrative costs and investment expenses. The amount of such fees shall be the amount assessed to similar funds held by the Foundation based upon its fee schedule. If at any time, Stanislaus Community Foundation determines the actual cost of administering any given fund exceed the fee set forth by the terms of its fund agreement, then Stanislaus Community Foundation may modify the administrative fee. Additional fees may be assessed for requests for services beyond normal processing including, but not limited to, providing employment or contracting services, extraordinary financial reporting, transactional work related to gifts or real property.

5) Fund Minimum/Beginning Balance

The Foundation requires \$10,000 in contributions to establish a Named Fund. It is understood by the donor that this minimum shall be contributed to the Foundation within four years of this date. If that requirement is not met within the specified time period, the Foundation shall have the discretion to transfer, distribute or use the total assets then within the Fund for purposes consistent with the intention of the donors who have contributed to this fund. *Initial here if opening gift is less than \$10,000*_____

6) Endowment Distributions

The amount of distributions from an endowed fund shall be governed by the Foundation's spending policy which shall be established from time to time by the board of directors and in guidance with UPMIFA (Uniform Prudent Management of Institutional Funds Act). Stanislaus Community Foundation reserves the right to change the spending policy in its discretion and within the parameters established by law.

Fund Terms & Conditions

7) Fund Purpose

The primary purpose of the Fund shall be to provide support for educational scholarships for students who are accepted into and attend accredited two- or four-year public or private institutions of higher learning as described in Internal Revenue Code section 170(b)(1)(A)(ii), and in particular to such students as further defined in the Fund Agreement, included and made a part of this Agreement.

In the event that the Fund's guidelines are too restrictive (because no student acceptable to the Foundation meets the criteria, or for other reasons), the purpose of the Fund shall include the support of educational scholarships for deserving students who most closely satisfy the criteria. All support provided from the Fund shall further the educational, charitable, or other exempt purposes of the Foundation within the meaning of Code section 170(c)(1) or 170(c)(2)(B) and shall be consistent with the mission and purposes of the Foundation.

8) Variance Power

The Foundation may modify any recommendation or condition on distribution from a Fund for any specified charitable purpose or to any specified charitable organization if, in the sole judgment of the Foundation, such recommendation or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Whenever possible, the Foundation will confer with the donor or the donor's representative and stay as close as possible to the original intent of the donor.

9) Additions to Fund

Anyone may make additional contributions into any Fund subject to the Community Foundation's approval. The Community Foundation's Board of Directors, at its sole discretion, may refuse any additional contributions it finds unacceptable.

10) Financial Reports

Foundation shall provide financial status reports at least quarterly.

11) Investment of Assets

The donor will be advised of the Investment policy and the inherent risks undertaken therein. All assets contributed to funds established at the Foundation will be managed within a pooled investment in accordance with the investment policy set forth by the Foundation's Board of Directors.

12) Adherence to Scholarship Policy & Procedure

The donor will be advised of the Scholarship policy and procedures including selection process, confidentiality, and conflict of interest.

13) Definitions and Construction

As used in the Agreement, a "qualified charitable organization" means an organization described in Section 501(c)(3), which is not a private foundation under Section 509(a) of the Internal Revenue Code of 1986.

It is intended that the Fund shall be a component part of the Foundation and that nothing in this Agreement shall affect the status of the Foundation as an entity which is a qualified charitable organization. This Agreement shall be interpreted in the manner which is consistent with the foregoing intention and so as to conform to the requirements of the Internal Revenue Code and any regulations issued pursuant thereto applicable to the status of the Foundation as a charitable foundation.

ATTACHMENT:

Scholarship Criteria

Scholarship Fund

Affiliations: The Earl Pride Scholarship Committee is pleased to announce the availability of scholarships for higher education to regular full-time, percentage, and part-time Stanislaus County employees who work a minimum of 24 hours per week on a regular basis and/or their dependents as defined by IRS (Internal Revenue Service) guidelines.