

**DULUTH LEGACY ENDOWMENT FUND
PROJECT GROUP MEETING
Thursday, February 23, 2006 - 3:30 p.m.
Room 402 - Fourth Floor, City Hall**

MEMBERS PRESENT: Abbot Apter, Brad Beckman, Greg Gilbert, Ken Hogg, Sandy Hoy, Peter Sneve

EXCUSED ABSENT: George Goldfarb, Melissa Kadlec, Althea McBurrows, Nancy Norr, Dr. Robert E. Powless

STAFF PRESENT: Mayor Herb Bergson; Keith Hamre, Community Development Manager; Joyce Ellingsen, Community Development Information Technician

OTHERS PRESENT: Holly Sampson and Becky Byers Strand, Duluth-Superior Area Community Foundation

WELCOME AND INTRODUCTIONS:

Mayor Bergson thanked everyone for coming. He said the Project Group is a good cross-section of people, which he wanted. He explained that committee members were chosen for their great abilities at fund raising and stated that the Duluth Legacy Endowment Fund needs their expertise

The Mayor asked those present to introduce themselves. He said Community Foundation Development staff members are present because they will staff the Legacy Fund, attend meetings, serve as resources to the Fund, and support activity of the Fund.

DULUTH LEGACY FUND VISION:

Mayor Bergson said that there will be no pressure from the City on how the money in the Legacy Fund is spent. He noted that there are needs within the community and will be more in the future because there have been cuts in Federal funding to the City and many organizations have had funding cuts as a result. Bergson said having someone with experience to help the Legacy Fund get going means a lot. He indicated a desire to get the fund to \$25,000 as soon as possible so it can start giving out money.

ROLE OF DULUTH-SUPERIOR AREA COMMUNITY FOUNDATION:

Holly Sampson, President of the Duluth-Superior Area Community Foundation (DSACF), joined Mayor Bergson in thanking Legacy Fund Project Group members for volunteering their time. She said this is a wonderful opportunity for residents of the whole city. Sampson said the DSACF benefits as many residents of the City as they can. It really serves as a regional committee and has created affiliates in several other area communities. She said the DSACF represents the fastest growing form of philanthropy in the world. The DSACF was established 23 years ago. It has created 230 charitable funds and granted back to the community almost \$24 million since its

start and has built its asset base to \$43 million. Sampson noted that each fund has a particular charitable interest.

ROLES AND EXPECTATIONS OF THE DULUTH LEGACY ENDOWMENT FUND PROJECT GROUP:

Sampson distributed a folder with information about the DSACF and the Duluth Legacy Endowment Fund. Included was a one-page introduction to the Endowment Fund that was put together for the City Council. An agreement between the DSACF and the Duluth Legacy Endowment Fund was also included. Sampson reviewed the agreement, as follows:

- **FIRST:** The name will be the Duluth Legacy Endowment Fund. Earnings from principal are what will be granted. As of today, there is \$3,190.01 in the fund.
- **SECOND:** Grants will be used exclusively for public purposes, not for salaries or benefits for City employees. The money will be paid to City departments as applicable.
- **THIRD:** Earnings need to be in accordance with procedures established by the Duluth-Superior Area Community Foundation.
- **FIFTH:** Bylaws allow, in special circumstances, a 10% distribution for carrying value of the departments of the City of Duluth's total contributions.
- **EXHIBIT B:** The Project Group will consist of 11 members, all residents of the City of Duluth, appointed by the Mayor and approved by resolution of Council. Terms will be four years, initially with staggered appointments. The Mayor will designate one member as a presiding officer and one as vice presiding officer, each for two-year terms. Six members will be a quorum.

Sampson noted that the DSACF can make distributions if the Duluth Legacy Endowment Fund does not do so for a period in excess of sixteen months. She said of the money already received, \$2,000 came from the Greater Downtown Council. Also, some City employees are doing payroll deductions. The Project Group will get financial statements quarterly and gift reports monthly.

Abbot Apter, DSACF Chair, said they will work with the Duluth Legacy Endowment Fund on criteria reviewing principles and recommendations within proposals. He questioned how the Legacy Fund will provide accountability that funds are used as designated.

There was discussion regarding terms of the agreement, including who will be making requests for funding. As it is now, requests would come from City departments. Keith Hamre questioned whether agreements would be between whoever gets the money and the Community Foundation instead of being City contracts. He noted that if funding is used for a facility improvement on City property, it would have to be a City contract. Mayor Bergson questioned whether funding could be separated so there are two categories and Sampson said it could.

Ken Hogg expressed concern that funding decisions may be made for political reasons. Mayor Bergson said he would rather see the Project Group distributing funds than the City. He said he does not understand why councilors would have issues, because

former Councilor Hogg and Councilor Gilbert are in the Project Group. He noted that changes in the agreement must be approved by the City Council.

Hogg proposed that the Project Group meet again and discuss changes that need to be made. He noted there is time to do that because the fund must have at least \$25,000 and build interest before any grants can be made.

There was considerable discussion about a documentary made by Sandy Hoy and Carlson Media. Abbot Apter said this is a powerful, valuable presentation of the history of Duluth and people are going to want to buy the documentary.

Holly Sampson said the Community Foundation is organizing a premiere event to be held by mid-April. There is still much to be done, including distribution arrangements, pricing, and copying of the documentary. Becky Byers Strand, Development Officer of the Community Foundation, talked about the possibility of getting a donor to match the amount spent on initial sales and perhaps one-year sales after the initial sales. She stressed that the video should not be sold so cheaply that people do not think it is worthwhile. She noted that selling for charity is a different process than selling just to get a profit. Ken Hogg suggested including a documentary in the cost of the premiere ticket.

Sandy Hoy said Minnesota Power is an underwriter for this project. She went to a monthly meeting because they heard about a documentary and wanted to see it. She only showed a trailer of the documentary and ended up being there for three hours. They want her to come back when the documentary is ready. This is a good lead for the Legacy Fund to go there and talk to them.

Becky Byers Strand -

- Explained who she was and her role with the Duluth-Superior Area Community Foundation as a Development Officer.
- Designated donor fund - need to think big - larger than \$25,000
- Work with Duluth-Superior Area Community Foundation to publicize the fund
- Work with the committee to identify potential donors
- Covered Project Group roles and responsibilities
- Highlighted #5, which was that 100% of the Project Group should be donors
- Noted conflict of interest issue and confidentiality of the discussions and paperwork of the fund.
- Noted the main task is to work on the giving portion of the process.

Sandy Hoy asked what needed to be done next and Strand said the Project Group needs to identify who to approach.

The Duluth-Superior Area Community Foundation will draft agreement language for the next meeting.

Mayor Bergson stated he did not want to choose the first leadership, and suggested the group should decide.

The next meeting will be March 9th, 3:30-5:00 p.m., in Room 402 City Hall.

The meeting was adjourned at 5:00 p.m.