

## Staff Report

TO: Chair and Board Members  
Yolo County Habitat JPA

FROM: Maria Wong  
Executive Director

DATE: June 21, 2010

SUBJECT: Adopt interim policies regarding management of endowment accounts held by the JPA

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### ***Requested Action:***

1. Adopt the County of Yolo Investment Policy as its interim investment policy related to endowment accounts held by the JPA;
  2. Adopt the Interim Endowment Policy and implement same until adoption of the HCP/NCCP.
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### REASON FOR RECOMMENDED ACTION:

The JPA will benefit from the adoption of specific policies related to management of its endowed accounts during the remainder of the HCP/NCCP planning process.

### BACKGROUND:

The JPA holds and manages endowment accounts for most of the conservation easements it has funded or in which it has an interest. These accounts provide funding to carry out the long term monitoring responsibilities associated with conservation easements. The JPA's endowment accounts are currently managed by Yolo County pursuant to its investment policy. The County's pooled investment strategy has resulted in a better rate of return than the JPA could have achieved individually.

This summer staff will undertake initial monitoring and reporting for the JPA's Swainson's hawk conservation easements. The work will be conducted by the easement holders or by JPA staff where the JPA holds the easement. Invoices for the work will be paid out of interest generated from the endowment accounts.

### DISCUSSION:

Recent concerns related to aggressive investing strategies and significant principal losses during the ongoing national economic crisis have refocused discussions on how endowments are calculated and managed. These discussions are particularly relevant to the JPA's responsibility to establish and manage accounts that generate sufficient funding to conduct monitoring and provide for the legal defense of conservation easements in which it has an interest.

Staff recommends that the JPA continue to utilize the Yolo County investment pool and adopt Yolo County's investment protocol, augmented by the draft Yolo NHP Interim Endowment Policy (Attachment A). The specific financial needs of the HCP/NCCP will be available this fall as the

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planning process concludes. The JPA or its successor will reassess the endowment and investment strategy when the HCP/NCCP is adopted.

FISCAL IMPACT: None

Attachment: Draft Yolo NHP Interim Endowment Policy

Attachment A

**Draft  
Yolo NHP Interim Endowment Policy**

The Yolo NHP Interim Endowment Policy consists of the County of Yolo 2010 Investment Policy, approved by the Board of Supervisors on December 15, 2009 and revised from time to time, augmented by the following specific policies and protocol:

Purpose. The purpose of the Yolo NHP Interim Endowment Policy is to ensure that endowment accounts are managed so that sufficient principal remains to provide for the cost of future monitoring and legal defense.

Monitoring:

- Monitoring will be conducted on an annual basis unless otherwise directed by the JPA.
- Monitoring may be accomplished through on-ground visits, records search, aerial flyover or review of aerial photography, or other acceptable methodologies agreed to in advance by the JPA.
- Monitoring reports will be submitted on the JPA's standardized monitoring form.
- Invoices are due within 30 days of acceptance of the monitoring report.

Reporting:

- An annual monitoring report will be prepared and presented to the JPA Board of Directors and made available to the public.