

**November 20, 2014, 2014**

**To: CFSC Board of Directors**

**From: Elizabeth Brown, CEO, Karin Demarest, Vice President for Programs**

**Subject: Todd Trust Funds Proposed Three-Year Spending Plan**

The purpose of this memo is to present a proposal that will serve as the framework for the next period of grantmaking for stewarding the legacy of Roland and Hazel Todd. The board is being asked for approval of a *spending plan* for the next three years that staff and committees can use to guide grantmaking priorities and programs. The approval of individual grants will come through the normal grant approval process over the next three years.

This memo includes the history of the bequest including donor intent and the role of the Todd Trust Team, followed by an examination of the current structure of the funds including near-term programmatic priorities and administrative structure. The memo concludes with an overview of a three-year spending plan.

The CFSC Executive Committee endorsed this proposal at their November 19<sup>th</sup> meeting.

## **Background**

### ***History of the Roland R. Todd and Hazel C. Todd Trust***

In 2009, Community Foundation Sonoma County received an \$8.5 million bequest from the estate of Roland and Hazel Todd. The Todd's intent, as stated in their Trust document, is to *"support charitable activity primarily in the Sonoma Valley of Sonoma County, California, but also secondarily in Sonoma County generally."*

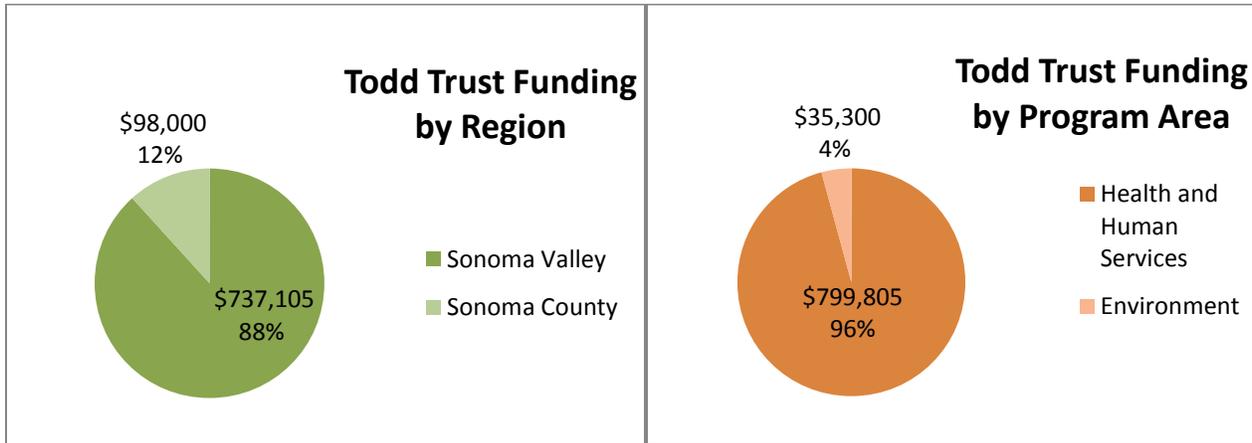
The Trust named Wells Fargo Bank as the Trustee for a period of five years, after which time the Trustee was instructed to distribute the assets of the trust to Community Foundation Sonoma County. Upon receipt of the funds, CFSC was instructed to equally divide and establish two funds; an expendable fund for capital assets and improvements, and a permanent endowment. Donor intent established distribution of funds in three areas: health and human services, open space, specifically land and trail acquisition, and underfunded government services.

### ***Legacy of the Todd Trust Team***

From 2009 to 2014, CFSC received income from the Trust held by Wells Fargo Bank, which allowed CFSC to begin addressing the Todd's charitable goals. In order to identify priorities for the first phase of grants, the "Todd Trust Team" was convened to interview Valley residents, charitable organizations, County departments, community leaders and others. Based on their findings, a set of grantmaking priorities were established around the first area of donor intent: health and human services.

**Todd Trust Grants 2011-2014**

**Total Amount Awarded: \$835,105**



Grants totaling \$835,105 have been made since 2011, with the majority of the funding focused on organizations in Sonoma Valley. Additionally, nearly all of the grants have targeted the donor’s first intent around health and human services, with a small grant going to support a community garden in Larsen Park.

We are especially proud of the work of the Todd Trust Team and the impact of our grantmaking to date, including the expansion of Schools of Hope into all Sonoma Valley elementary schools, growing the English as a Second Language program at La Luz and building a cohort of active community leaders in partnership with North Bay Organizing Project.

**Proposed Three-Year Plan**

In the next three years, we are proposing expanding the grantmaking both geographically and programmatically by providing more funding opportunities outside of Sonoma Valley and by the addition of open space as a second funding area. **We are seeking the approval of a spending plan totaling \$1,514,000 over three years.**

***Launching the Next Phase of Todd Trust Grantmaking***

Building on the initial work of the Todd Trust Team, we are now preparing for the next phase of grantmaking. As thoughtful stewards, we will align all grantmaking with donor intent, including the distribution of funding based on geography, type of fund and on the three focus areas.

***Two Funds: Expendable and Endowed***

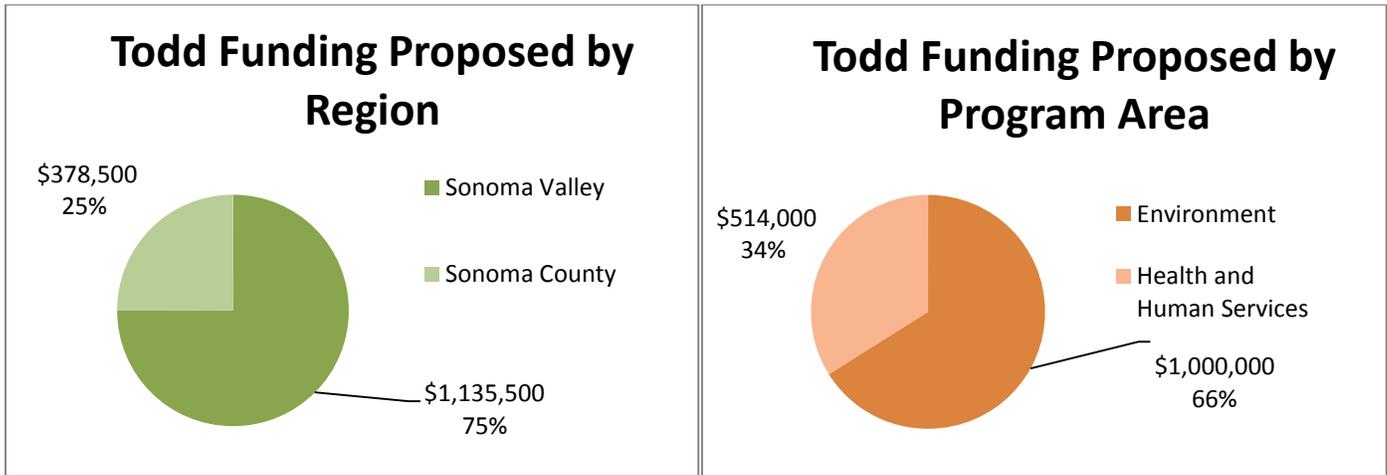
The Todd trust clearly establishes two unique approaches to charitable giving through an equal division of funds: an expendable fund for capital assets and improvements and a permanent endowment. This division indicates a wish to have an impact in perpetuity through the endowment, and towards giving that can have an immediate impact over a short period of time through the expendable fund.

***Primarily Sonoma Valley, Secondarily Sonoma County***

The trust also states the donor’s goal to, “support charitable activity primarily in the Sonoma Valley of Sonoma County, California, but also secondarily in Sonoma County generally.” To honor this intent, we will initially target a 3:1 geographical split with 75% of distributions to support Sonoma Valley and 25% to support Sonoma County generally. This allows for greatest impact in Sonoma Valley, the Todd’s beloved community, while also making meaningful investments throughout the county.

**Three areas of grantmaking**

As stated, the donors outlined three key areas for grantmaking. Thus far, grantmaking has focused almost entirely on the first area, health and human services. For the next three years, we will build on current momentum and continue grantmaking focused on health and human services with funding from the endowment payout totaling \$385,000 for Sonoma Valley and \$128,000 for Sonoma County. Additionally, starting in 2016, we will make significant grants totaling \$750,000 for Sonoma Valley and \$250,000 for Sonoma County toward a second area, open space land and trail acquisition. We envision that this open space funding will be a very small number (2-3) of significant investments.



For a full overview of the three-year spending plan, please see the schedule at the end of this memo.

By the end of 2017, the Community Foundation will have made significant investments in two of the three areas identified by the Todds. The 2018-2020 spending plan will require a significant investment in underfunded government services.

**Role of Sonoma Valley Fund and Community Investment Committee**

During the August board meeting, the board appointed Sonoma Valley Fund Grants Committee as the entity responsible for making grant recommendations from the Todd funding allocated to Sonoma Valley. The Community Investment Committee will be responsible for making grant recommendations for funding allocated to Sonoma County. Both committees will be working directly with our VP for Programs to develop a grantmaking program that reflects best practices and aligns with donor intent.

**Tremendous Opportunity**

In endorsing this three-year spending plan, the board is approving the framework necessary to develop the best possible grantmaking processes for the Todd funds. With this level of clarity, the SVF grants committee and the Community Investment Committee will be equipped to present grant recommendations to the board based on a transparent, well-defined structure.

Community Foundation Sonoma County and Sonoma Valley Fund are honored by the tremendous opportunities to make a significant investment in our community due to the generosity of Roland and Hazel Todd. We are committed to being thoughtful stewards by following donor intent, applying best practices in grantmaking and drawing on our extensive knowledge and partnerships in the community.

**Community Foundation Sonoma County  
Proposed Spending Plan for Todd Funds  
For Three Years Ending December 31, 2017**

	Endowment	Capital Expendable
12/31/2014 estimated begin bal	4,697,000	4,697,000
12/31/2017 ending balance	4,993,000	4,501,000
Average annual grant payout	3.75%	7.00%

Based on estimated annual investment return of 7.25%; and support fees at 1.5%.

**Endowment and Capital Expendable Funds 3-Year Spending Plan**

75%/25% split	Endowment		Capital Expendable		Total
	Sonoma Valley	Sonoma County	Sonoma Valley	Sonoma County	
2015	121,500	40,500	-	-	162,000
2016	128,250	42,750	375,000	125,000	671,000
2017	135,750	45,250	375,000	125,000	681,000
Total	<u>385,500</u>	<u>128,500</u>	<u>750,000</u>	<u>250,000</u>	<u>1,514,000</u>

**Spending Plan Summary**

75%/25% split	Sonoma Valley	Sonoma County	Total
2015	121,500	40,500	162,000
2016	503,250	167,750	671,000
2017	510,750	170,250	681,000
75%/25% split	<u>1,135,500</u>	<u>378,500</u>	<u>1,514,000</u>