



City of Homer

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Homer Public Library

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Memorandum

TO: LIBRARY ADVISORY BOARD
FROM: DAVID BERRY, LIBRARY DIRECTOR
DATE: NOVEMBER 25, 2019
SUBJECT: LIBRARY ENDOWMENT FUND PROPOSAL & INFO ON EXISTING GIFT FUNDS

At the November 5th LAB meeting, boardmembers were urged to consider managing an endowment fund directly (possibly with advice from a money manager), rather than invest with a community foundation.

However, Homer City Code 3.10 dictates that any funds managed by the City must be handled by the City's Finance Department, in accordance with the investment policy outlined in code. The Library Endowment Board would not have the legal latitude to manage funds independently. In essence, managing the endowment directly would amount to doing what is already being done.

Additionally, the Library Director spoke with the Finance Department on November 21st and 22nd and gathered some more information about the existing library gift fund. It turns out this fund is not part of the City's operating budget, as previously believed, but is instead invested in a revenue account. The fund is held by KeyBank and invested in the Alaska Municipal League investment pool. The October report showed a 1.7% return and the April report a 2.33% return. As of November 25th the fund held \$3,951.54.

Following up on other suggestions from the Nov. 5th meeting, the Library Director has contacted several other community foundations and their clients. The proposal to City Council has been revised to include notes from those discussions. The LAB is scheduled to have a worksession with City Council on Monday, January 13, 2020, regarding a library endowment fund.

Moving forward, the LAB has essentially six choices:

1. Recommend creating an endowment with a community foundation.
2. Recommend creating an endowment with a community foundation, but with reservations to be explained to City Council.
3. Recommend creating a non-endowed fund with a community foundation, with the option to later convert it into an endowment.
4. Recommend diverting all donations to the existing Friends of Homer Library Endowment.
5. Recommend delaying the project to a future date.
6. Recommend terminating the project and leaving funds where they are.

A seventh option, self-managing an investment account, is not feasible due to the reasons given above.

RECOMMENDATION

Finalize the LAB's recommendation to the Homer City Council.

