

TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTORS AGENDA ITEM SUMMARY

Topic: Waddle Ranch Endowment

Purpose	Information: X Guidance: Decision:
Recommendation	Staff recommends that District resources not be devoted to this issue.
Last Action	None
Discussion	<p>The concept of setting aside funds to provide for the management of the Waddle Ranch property was brought up at the January 2009 offsite meeting.</p> <p>Staff recalls there being two driving forces behind the issue:</p> <ul style="list-style-type: none">• As the owner of the property we have a responsibility to maintain the property. Although the District is not bound by the conservation easement to maintain the forest to any certain standard, if a fire started on the property and spread to NorthStar, we could potentially be liable if the property is not properly maintained. By showing we had managed the property in a proper manner, we would have a defense against those allegations. If the District anticipates great expenses in this area over time, it would be wise to set some funds aside to so that if District revenues were to be restricted in the future (due to a change in property tax revenue allocations – or for another reason), the District would not be in a position where we are not financially capable of fulfilling this responsibility.• The District has funds on-hand currently that could be set aside for the purpose of funding this ongoing maintenance expense. From an accounting standpoint, there is no way to restrict the required funds, although they could be designated. There is concern that if the State of California were to come looking for money, a designation stating that those monies are set aside for future land management expenses may not fully protect those funds. <p>District Counsel reports that there are a couple of options available to the District if the wishes to pursue this issue. The simplest is to set up an endowment fund with the Tahoe Truckee Community Foundation. They would manage the funds; however, their Board of Directors makes the decision whether funds should be paid out. If the District determined a certain level of work was required on the property, it is possible that the foundation may not allow the funds</p>

TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTORS AGENDA ITEM SUMMARY

to be released from the endowment.

There is also an issue regarding the transfer of the funds. This would be treated as an expense in the year it occurs – Counsel is comfortable that it is not a gift of public funds, as the District will receive some benefit in return (does not need to be equal benefit); we receive the benefit of their expertise in investing and administering those funds that are used to help us meet our obligations of stewardship of the land. Staff feels that it would be more fiscally responsible to have the transfer of the funds be in exchange for another entity actually assuming the responsibility of maintaining the land. That would involve the creation of a 501c 3 non-profit corporation to manage the property. The Board of Directors of that entity would have control over the funds and make decisions about the management of the property. The District would have to decide who is on the Board of Directors. Since the Corporation was created by the District (or if any Board Members served on it), those meeting would be subject to the Brown Act. That Board would then be responsible for all aspects of the corporation--fund raising, annual reports and tax returns.

Staff does not feel that the threat to the District's assets at this time is sufficient to go to the effort of establishing and running a separate non-profit corporation. The District should make every effort to perform adequate forest management procedures while the funding is available. However, in the future, if funding is limited, the amount of work done on the property would have to be reduced.

Fiscal Impact	The District will continue to fund the expenses related to the management of the Waddle Ranch property out of the current budget and designated net assets.
Communication Strategy	The District will continue to inform the public of its involvement with the Waddle Ranch property.
Attachments	None
