



**DEPARTMENT OF INFORMATION TECHNOLOGY**

*Urbana Public Television*

**m e m o r a n d u m**

**TO: Mayor Laurel Lunt Prussing and Members of the Urbana City Council**

**FROM: Jake Schumacher, Station Manager, Urbana Public Television**

**DATE: September 8, 2015**

**SUBJECT: A RESOLUTION AUTHORIZING THE ENTRY INTO AND EXECUTION OF AN AGREEMENT BETWEEN THE CITY OF URBANA, ILLINOIS AND THE COMMUNITY FOUNDATION OF EAST CENTRAL ILLINOIS (Urbana Public Television)**

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UPTV staff seeks approval to enter into an agreement with the Community Foundation of East Central Illinois for the purpose of raising funds to support, operate and maintain Urbana Public Television. The creation and adoption of this non-endowed fund agreement will enable UPTV to generate new revenue through fundraising.

With the funds raised in this manner, UPTV could more fully provide the City's audio-visual and web video services, and continue to expand its programming, presentation and coverage of the daily life and activities of Urbana's citizens and other information and entertainment for the benefit of its citizens.

The Community Foundation of East Central Illinois is a publicly-supported 501(c)(3) tax-exempt philanthropic organization created in 1972 to encourage and receive contributions establishing endowments for the long-term benefit of east central Illinois. It supports and serves its donors by managing and administering endowed funds that have been donated for philanthropic purposes.

The attached agreement (see Exhibit A) is virtually identical in form to the agreement approved by Council on August 4, 2014 between the Community Foundation of East Central Illinois and the City of Urbana to enable the raising of funds to support the Legacy Tree Program.

The Community Foundation of East Central Illinois charges a yearly fee to administer the fund, which currently comes out to 1.35% on a four-quarter moving average, which for this year, equals 1.23%. Akin to a mutual fund model, the initial investment in the non-endowed fund and subsequent additions to the fund buy units of the entire investment pool of the Community Foundation. The earnings (interest, dividends and market return) are spread across all the individual funds on a per unit basis. The Community Foundation assesses their fees on the previous four-quarters of total fund performance.

The fee charged for maintaining a fund for UPTV will use the same formula as that for maintaining the fund for the Legacy Tree Program. For the past fifteen years, the fee has been constant at 1.35% and has not changed. If the fee were to change, the Community Foundation would notify all funds in writing of the proposed changes. Lastly, this fee is the same fee for the Legacy Tree Program Fund and the Public Arts Program Funds that are administered by the Community Foundation of East Central Illinois. It is a standard fee level and approach used by the Foundation for the management of small funds such as the proposed.

Attached is a revised agreement between the Community Foundation of East Central Illinois and the City of Urbana, detailing the current fee structure to administer the fund by the Community Foundation.

Prepared by:

Jake Schumacher  
Station Manager  
Urbana Public Television

Attachment: Exhibit A: Draft Resolution with Proposed Agreement

**RESOLUTION NO. 2015-09-048R**  
**A RESOLUTION AUTHORIZING THE ENTRY INTO AND EXECUTION OF AN**  
**AGREEMENT BETWEEN THE CITY OF URBANA, ILLINOIS AND THE**  
**COMMUNITY FOUNDATION OF EAST CENTRAL ILLINOIS**

(Authorization to Establish a Fund-Raising Account with a  
Not-For-Profit Foundation for the Purpose of Raising Funds to Support and  
Maintain Urbana Public Television and Its Related Activities.)

WHEREAS, the City of Urbana, Illinois, is a home-rule unit of local government under the Illinois Constitution, 1970, Article VII, Section 6 and 65 ILCS 5/1-1-9; and

WHEREAS, the City Council of the City of Urbana, Illinois deems it necessary and appropriate to support, operate and maintain Urbana Public Television for the benefit of citizens of the City of Urbana and other persons; and

WHEREAS, the City Council of the City of Urbana, Illinois deems it appropriate to enter into one or more arrangements with one or more not-for-profit organizations including, but not necessarily limited to the Community Foundation of East Central Illinois, which may, on behalf of the City solicit and accept donations from private persons which denotations shall be deposited into an account established by such not-for-profit organization for the benefit of the City of Urbana, Illinois, the funds, or portions thereof, of which shall be made available to the City to operate, maintain and develop Urbana Public Television; and

WHEREAS, the Community Foundation of East Central Illinois is a not-for-profit foundation which operates in east central Illinois and which engages in fundraising activities and efforts on behalf of itself, on behalf of other persons, including public entities, and which donates money for worthy causes sponsored and operated by private entities and units of local government; and

WHEREAS, after due and proper consideration, the Urbana City Council has deemed it to be in the best interest of the City of Urbana, Illinois to enter into an agreement with the Community Foundation of East Central Illinois whereby the latter shall be authorized to undertake fundraising for and on behalf of and for the benefit of the City of Urbana, Illinois's Urbana Public Television.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. A Non-Endowed Funding Agreement Between the City of Urbana and the Community Foundation of East Central Illinois, in substantially the form appended hereto as Exhibit A shall be authorized.

Section 2. The Mayor of the City of Urbana, Illinois shall be and hereby is authorized to enter into and execute an a Non-Endowed Funding Agreement Between the City of Urbana and the Community Foundation of East Central Illinois in substantially the form appended hereto as Exhibit A.

PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

AYES:

NAYS:

ABSTAINED:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Laurel Lunt Prussing, Mayor

**NON-ENDOWED FUND AGREEMENT  
BETWEEN  
URBANA PUBLIC TELEVISION  
AND THE  
COMMUNITY FOUNDATION OF EAST CENTRAL ILLINOIS**

**THIS NON-ENDOWED FUND AGREEMENT** (hereinafter, "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2015, between the City of Urbana, Illinois, a municipal corporation and body politic on behalf of Urbana Public Television, (hereinafter, "UPTV") and Community Foundation of East Central Illinois, a not-for-profit corporation organized and operating in the State of Illinois (hereinafter, the "Community Foundation").

**Recitals**

**WHEREAS**, the City of Urbana is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs, and the passage of this Resolution constitutes an exercise of the City's home rule powers and functions as granted in the Illinois Constitution, 1970; and

Whereas, the City of Urbana deems it necessary and appropriate to continue operating and maintaining UPTV as a vital form of communication to the citizens of the City of Urbana and other persons;

**WHEREAS**, UPTV desires to establish a non-endowed fund with the Community Foundation for the purpose of raising funds through donations for the continued operation, support and maintenance of UPTV; and

**WHEREAS**, the Community Foundation is an Illinois nonprofit corporation exempt from federal income taxes under Internal Revenue Code section 501 (c)(3), a public charity described in Code section 170(b)(1)(A)(vi), and accordingly an appropriate institution within which to establish such a non-endowed fund' and

**WHEREAS**, the Community Foundation is willing and able to hold and administer such a non-endowed fund, subject to the terms and conditions hereof.

**General Provisions**

**NOW THEREFORE**, the parties agree as follows:

1. **Gift and Fund Designation.** Urbana Public Television hereby transfers irrevocably to the Community Foundation a Five Hundred and No/00 dollar (\$500.00) donation to establish a non-endowed fund to be known as the UPTV Program Fund (the "Fund"). Subject to the right of the Community Foundation to reject any particular gift, from time to time, the Community Foundation may accept additional irrevocable gifts of property (cash, publicly traded securities or other assets) from the City or from any other source to be added to the

Fund, all subject to the provisions hereof. All gifts, bequests and other devises to this Fund shall be irrevocable once accepted by the Community Foundation.

2. **Purpose.** The purpose of the Fund shall be to provide support to the City of Urbana's continued maintenance and operation of UPTV, as approved by the Community Foundation's Board of Trustees. Such support shall be used to assist in the annual funding of UPTV and such UPTV activities, events, publications, productions and other projects, consistent with the mission and purpose of the Community Foundation.
3. **Distributions.** The income, all appreciation and principal of the Fund, net of the fees and expenses set forth in this Agreement may be committed, granted or expended solely for the purposes described in Paragraph 2 of this Agreement.
4. **Conditions for Acceptance of Gifts.** The City agrees and acknowledges that the establishment of the Fund is made in recognition of, and subject at all times to, applicable law and the terms and conditions of the Articles of Incorporation and Bylaws of the Community Foundation, as amended from time to time, including, but not limited to, provisions for:
  - a. Presumption of donors' intent;
  - b. Variance from donors direction; and
  - c. Amendment
5. **Restrictions on Distributions.** No distributions shall be made which shall jeopardize the charitable purposes of the Community Foundation. Distributions from the Fund shall be subject to the following restrictions.
  - a. **Prohibition Against Private Benefit.** No distributions shall inure or be payable to or for the benefit of any private individual, including, but without limitation, for school tuition for any individual, dues or membership fees, benefit tickets or for goods bought at charitable auctions. Distributions may not be used to satisfy any pre-existing pledge of the City. However, nothing in the immediate foregoing shall be deemed, construed or interpreted as prohibiting the City from purchasing or commissioning for the purchase of goods or services which are approved by the City of Urbana and which are consistent with the goals and objectives of City of Urbana ordinances, policies and procedures.
  - b. **Prohibition Against Political Expenditures.** No distributions shall be made for lobbying, political contributions or to support campaign activities.
6. **Fund Termination.** The Fund can be terminated by the City with a two thirds (2/3) approval by the City's corporate authorities as defined in 65 ILCS 5/ 1-1-2(2) if one or more of the following conditions exists or arises: (i) if after two years following the date first appearing above the Fund fails to accumulate any donations; (ii) the City's corporate authorities determine that Urbana Public Television is sufficiently funded through alternative means; or (iii) no donations are made to the Fund for a period of 650 days from the date of the last donation made to the Fund.

If, for any reason, the Community Foundation dissolves, ceases to exist or ceases to hold or administer the Fund or otherwise ceases to function under this Agreement, then the net assets of the Fund shall be distributed to the City of Urbana, who will use the funds for the purpose for which they were donated.

7. **Continuity of the Fund.** The Fund shall continue as long as assets are available in the Fund and the purposes of the Fund can be served by its continuation. If the Fund is terminated, the Community Foundation shall disburse any remaining assets in the Fund to the City exclusively for deposit in the City of Urbana's Urbana Public Television fund.

### **Administrative Provisions**

The Community Foundation agrees to administer the Fund as follows:

1. **Maintenance of Fund as Separate Account.** Unless terminated as otherwise provided in this Agreement, the Community Foundation shall maintain on its books and records the Fund as a separate fund, and shall account to the City for all contributions to the Fund, the Fund's principal and income balances, and all grant activity from the Fund. The City acknowledges that the Fund is an asset of the Community Foundation and neither the donors nor the City shall have any ownership interest in or to the Fund.
2. **Investment of the Fund.** Investment of the Fund shall be in accordance with the investment policies of the Community Foundation, as established from time to time. The Community Foundation is authorized to continue investment of the Fund in the assets received as contributions to the Fund, or to sell or exchange any of said assets and reinvest the proceeds in bonds, common or preferred stocks, notes, options, common trust funds, mutual funds, shares of any investment company or trust or other securities, in partnership interests, general or limited, joint ventures, real estate, or other property of any kind, regardless of diversification and regardless of whether the property would be considered a proper trust investment.
3. **Joint Investments.** The Community Foundation may invest the Fund jointly with other funds which the Community Foundation manages if the Community Foundation deems it advisable for the efficient and effective management of the Fund and/or to increase the overall return on or performance of the moneys which comprise the Fund and such one or more other funds maintained by the Community Foundation, including, but without limitation, by pooling all or any portion of the Fund with other donor advised or endowed funds in the Community Foundation of East Central Illinois Endowment Pool or such other investment pools as the Community Foundation may establish. The Community Foundation may hold any asset of the Fund in the name of a nominee, in bearer form or otherwise.
4. **Management Fees.** The Community Foundation shall be entitled to reimbursement for expenses and to compensation for management of the Fund in accordance with its customary fees, as established from time to time by the Community Foundation, such fees to be paid out of the Fund's income. The yearly fee for the Community Foundation of East Central Illinois to administer the fund, currently comes out to 1.35% on a four-quarter moving average, which for last year (2014), equals 1.23%.

5. **Determinations by Community Foundation.** The Community Foundation's reasonable determination of any question of fact shall bind all persons so long as that determination is made consistent with applicable law including, but not limited to, any law pertaining to fiduciary rights and responsibilities.
6. **Controlling Law.** Any issue or dispute regarding the performance or interpretation of this Agreement shall be governed by the laws of the State of Illinois and any action to enforce, construe or interpret this Agreement shall be initiated and maintained in Circuit Court of the Sixth Judicial Circuit, Champaign County, Illinois.

### **Amendment**

**Community Foundation's Right To Amend.** The Trustees of the Community Foundation at any time or times may amend the terms of this Agreement by signed instrument filed with the Community Foundation's and Fund's records, provided that:

1. The Community Foundation shall never be permitted to administer the Fund in any manner or for any purpose contrary to Code Section 501(c)(3);
2. No amendment shall prevent gifts to the Fund from qualifying for charitable deductions under Code Sections 170, 2055 and 2522;
3. If the City exists at the time, the Community Foundation shall make reasonable efforts to obtain the consent of the City prior to any such amendment; and
4. The Community Foundation shall have no power to amend the terms of this paragraph except to further restrict the Community Foundation's amending power.

**Variance Power.** The Board of Trustees of the Community Foundation has the power to modify any restriction or condition on the distribution of funds from the Fund if, in the sole judgment of the Board of Trustees, such restriction or condition becomes incapable of fulfillment or is inconsistent with the Community Foundation's tax-exempt status. The Board of Trustees has the authority to modify the restriction without obtaining the approval of any participating trustee, custodian or agent of the Community Foundation.

### **Definitions**

**Code.** References to the "Code", as appear in this Agreement are to the Internal Revenue Code of 1986, as may from time to time be amended, and any and all rules, regulations, and letter rulings promulgated or issued by the Internal Revenue Service.



IN WITNESS WHEREOF the parties have caused this Agreement to be executed the day and year herein above written.

**COMMUNITY FOUNDATION OF  
EAST CENTRAL ILLINOIS**

**CITY OF URBANA**

By: \_\_\_\_\_  
Joan M. Dixon  
Its President & CEO

\_\_\_\_\_  
Laurel Lunt Prussing  
Its Mayor

Date: \_\_\_\_\_

Date: \_\_\_\_\_