

May 1, 2009

TO: Finance & Personnel Committee

FM: Herbert L Pike, Finance Director

RE: **Tranter-Leong Internship Program**

The Program

The Executive Board approved at its January 2005 meeting the establishment of an endowment program for college student internship at ABAG with an initial contribution from Eugene Leong, former Executive Director. The Board subsequently authorized ongoing ABAG contributions of \$16,700 annually to the Program from the ABAG Golf Outing proceeds. The Board of ABAG Finance Authority for Non-profit Corporations (FAN) has also approved contributions to the program over the years. Also, several donations are received from individuals.

Current Status

As of March 31, the balance was \$167,531.44. With the addition of the FY 2008-09 ABAG contribution of \$16,700 previously authorized, the balance will rise to \$184,231.44 plus interest and additional private contributions. With the decline of the financial markets, interest earnings are declining. Interest earnings are not sufficient, alone, to fund the annual cost of one intern, an estimated annual cost of \$10,000 over the two to three months of summer. Without additional contributions, the annual cost of an intern will reduce the fund balance.

Outlook for the Program

Interest rates will eventually rise, but are projected at the 2-3% range for the next one to two years. Annual costs will eventually increase as inflation erodes the value of the dollar. At the point when interest earnings do exceed the cost of one intern, additional interns could be utilized. Going forward, staff believes it is prudent to enhance the earning power of the Program by continuing to build its principal. Matching contributions will be sought from FAN.

Staff Recommendation

Staff recommends Executive Board approval of three additional annual contributions to the Tranter-Leong Internship Program at the same rate as in the past two years (\$16,700 each year), and funding these contributions from the annual ABAG Golf Outing proceeds.