

CITY OF PARKVILLE, MISSOURI

Policy Title:	Fewson Fund Policy		
Policy Number:	100-03	Policy Category:	Board
Effective Date:	December 3, 2013 Resolution No. 12-01-13	Updates:	

INTRODUCTION

In 1998, Parkville resident George W. Fewson left a portion of his estate in trust to the City of Parkville for the purpose of establishing a project fund. The will stipulated that earnings from the fund were to be distributed so that one-half of the earnings would be given to the City for “general projects of the City,” which the City has interpreted to mean projects of a capital improvements nature. The remaining one-half was to be returned to the project fund principal. In 2010, in order to reduce administrative fees and eliminate income taxes on the fund’s earnings, the trust was dissolved and the City assumed responsibility for the Fewson Fund as a governmental special revenue fund (Ord. No. 2534). The Fewson Fund funds or finances capital projects of the City of Parkville. The estimated value of the fund as of December 1, 2013, is \$572,935.

POLICIES:

1. General Polices

- a. The Board of Aldermen desires to respect the wishes of George W. Fewson by operating the Fund as outlined in this policy.
- b. The fund’s accounting period shall correspond with the City’s accounting period, which is currently January 1 to December 31.
- c. The assets of the fund shall never be intentionally reduced to less than \$525,000 plus accumulated earnings.

2. Fund Manager

- a. A committee comprised of the Mayor, Chair of the Finance Committee, and the City Treasurer are designated as the Fund Manager.
- b. The Fund Manager shall oversee the day-to-day operations through concurrence of a majority of the members of the Fund Manager.
- c. The Fund Manager shall act in an advisory capacity to the Board of Aldermen.
- d. Any single transaction that reduces the principal value of the Fund by more than 20 percent, and any loans made to the City or other disbursements for qualified Fewson Projects as described in Section 7, shall be approved by the Board of Aldermen upon recommendation of the Fund Manager.

- e. An annual financial statement and report shall be prepared in February by the Fund Manager for the preceding year and shall include the fund balance at the beginning of the year; the increase or decrease in the fund assets during the year; the fund balance at the end of the year; the simple rate of return for that year based on the beginning fund balance; and an investment strategy for the coming year.

3. Earnings Distribution

- a. In February of each year the Fund Manager will determine the earnings of the fund for the preceding year, and divide them as follows: (1) 50% of the earnings will be transferred to the City for capital projects and (2) 50% of the earnings will be retained by the fund for additional investment.
- b. The City may only use its portion of earnings for acceptable projects as described in section 7, subject to approval by the Board of Aldermen.

4. Approved Investments

- a. The booklet titled Investment Guidelines for Missouri Political Subdivisions, written by the State Treasurer's Office in 1998, and including any later editions of this booklet shall be the sole source of guidelines for determining what investments are appropriate for the Fund.
- b. In addition to the investments found in those guidelines, the fund may loan money to the City in accordance with guidelines set forth in section 5.

5. Loans to the City of Parkville

- a. The fund may make loans to the City in an aggregate amount not to exceed 67% of the fair market value of the fund. The proceeds of such loans shall be used exclusively for acceptable projects as described in Section 7.
- b. The maximum term of any original loan shall be 48 months. Loans may be extended for one additional 24 month period. A fee of one-half of one percent of the loan balance at the time of extension shall be paid by the City to the Fewson Fund to purchase the 24 month extension.
- c. The principal of the loan shall be repaid to the Fewson Fund in an amount equal to at least 5% of the original loan amount each quarter along with accrued interest. All remaining principal and accrued interest shall be payable to the Fewson Fund after 48 months, or 72 months if an extension has been purchased.
- d. The interest rate that the City shall pay on such loans shall be equal to the Prime Lending Rate as published in the Wall Street Journal. Interest shall be accrued at this annual rate on the unpaid balance of the loan, and paid to the Fund each quarter along with principal as described above.

- e. Rate adjustments shall be made annually on each loan on the anniversary date of the origination of the loan or extension. The adjustment will re-compute the annual interest rate as described above, which will then be the interest rate for the next four quarters of the loan.
- f. Depending on the complexity of the project or financing, the Fund Manager may seek guidance from the City's bond counsel before recommending a loan to the Board of Aldermen.

6. Rate of Return Computation

- a. Both realized and unrealized gains and losses shall be included when computing the rate of return of the fund for any calendar year.

7. Fewson Projects

- a. A Fewson Project is an improvement in Parkville on public land, easements, rights-of-way, or private land that is leased for public use. A Fewson Project has an expected life of at least 10 years before substantial repairs or overhaul is anticipated. It is at least 50% funded through the earnings of the Fewson Fund that have been distributed to the City, or at least 50% funded through a loan to the City.
- b. Proceeds from the Fewson Fund may only be used for construction, design, acquisition of land, or other purchases that are permanent to the Fewson Project. Equipment or materials that may be related to the Fewson Project but are not for the exclusive use of the Project are not appropriate for Fewson Fund proceeds.
- c. If allowed by the Federal Emergency Management Agency (FEMA) or the U. S. Army Corps of Engineers (USACE), Fewson Projects can be built in floodways and floodplains.
- d. A Fewson Project and its funding mechanism must be recommended for approval to the Board of Aldermen by the Fund Manager then approved by a majority vote of the Board of Aldermen. The Fund Manager should have the recommendation of Community Land and Recreation Board (CLARB) when appropriate
- e. A Fewson Project is limited to the following types of projects: acquisition of parkland, improvements to parks, urban trees in City rights-of-way, memorials, statues, and projects that improve the efficiency of city operations or quality of life for citizens.