

OSCAR G. & ELSA S. MAYER FAMILY FOUNDATION

MINUTES BOARD OF DIRECTORS CONFERENCE CALL February 25, 2015

The Board of Directors meeting of the Oscar G. & Elsa S. Mayer Family Foundation was held on February 25, 2015 via telephone conference. The following Directors participated in the call:

Alison M. Shetter
Allan C. Mayer, Jr.
Harold F. Mayer
Oscar H. Mayer
O. Henry Mayer
Richard A. Mayer
William E. Mayer

Scott T. Mayer and Richard C. Mayer were unable to attend the meeting. Barbara J. Pope, David J. Stafseth and Karla K. Ritt were also in attendance, and Karla K. Ritt acted as secretary.

Bill called the meeting to order at 4:30 p.m. and proceeded to thank those in attendance for their participation and for accommodating the new time for the meeting.

Following approval of the meeting Agenda, the first order of business was to approve the Minutes of the Board Meeting of October 24, 2014. A motion to approve the Minutes was made by Rick, seconded by Alison and the Minutes were approved. Bill then asked the Board if there were any questions or comments regarding to the Minutes of the Annual Meeting held on October 25, 2014. There being none, he informed the Board that the Minutes of the Annual Meeting of October 25, 2014 would be submitted for approval at the 2015 Annual Meeting.

Rick addressed the Board with the suggestion that the Board consider using a method similar to Dropbox as a place to store documents needed for future meetings. He noted that with meeting documents sometimes coming from Barbara, Bill and Karla, it can be confusing and difficult to keep track of necessary documents and suggested that utilizing something similar to Dropbox would give Board members the opportunity to locate all documents in one place. After brief discussion on the topic, Bill indicated he would look into setting up such a central document location for meetings.

Rick then began a review of the Foundation's finances. He noted that the Finance Committee had met as a group to review the 2014 portfolio results, which he deemed unimpressive. He added that the managers and Ellwood felt disappointed in results as well. He cited the following reasons for the portfolio's lackluster performance in 2014: underperformance by some managers; a number of assets, such as international, being out of favor; and the fact that the portfolio, which has always strived to be diversified, may actually be too diversified, which worked against achieving desired results and instead produced mediocre results. Despite the unimpressive performance in 2014, he stressed that the Finance Committee and Ellwood felt it would not be appropriate at the current time to make any significant changes, but rather they would proceed to follow the market and portfolio very closely in 2015 – quarter by quarter. Bill questioned whether Ellwood was aware of the plan, and Rick responded that they were and that they recommended that making any significant changes such as changing any managers would be premature. Dave Stafseth added that 2014 was indeed an unusual year given that most of the indices did quite well. For that reason, the majority of managers had a hard time reaching the index numbers, and the Foundation's diversification actually hurt its performance in the market. Barbara noted that the Foundation has enough cash for a while and will look to raise cash in time for the June awards to be funded. She added that currently the assets are over-allocated in equities and under-allocated in fixed income funds, which is mostly attributable to expectations of interest rate increases this summer.

Bill referred the Board members to the preliminary 2015 budget, and noted that the results for 2015 show a negative and that he would be tracking the budget very closely moving forward. Alison inquired whether the Foundation would be

compensating Karla for the space in her home attributable to the work of the Foundation. Bill responded by saying he had had a discussion with Karla and she had assured him that no such compensation would be necessary. Karla confirmed that decision. In looking at the 2015 budget numbers, Oscar inquired whether the funds allocated to the philanthropy expense were based on those actually disbursed in previous years, or represented a potential maximum match/designation for all members, regardless of past usage. Bill responded by confirming that the numbers used in the budget are based on the expected actual usage of members. Alison asked for confirmation that any unused matching/designation monies would be added to the monies available for AIF grants, which Bill confirmed.

In discussing the current ECI grant cycle, Bill noted that there are 13 organizations that have received proposals forms, none of which have yet been submitted to the Foundation office. Alison indicated there may be one more, as she is thinking of requesting forms for an organization.

Oscar began a summary of his committee's work in identifying an administrative partner. He reminded the Board that the purpose of utilizing an administrative partner is to lend areas of support in grant(?) administration and processes that the Foundation cannot generate from its own members or resources. He noted that in mid-January he had invited six such organizations to submit letters of interest to the Foundation. As of February 24, he had received responses from all parties. The results of those responses were that of the six, for various reasons, four would not be submitting letters of interest. The remaining two organizations expressed their desire to be considered and have submitted their qualifications, which would be forwarded to the entire committee and then a recommendation would follow. Allan, Jr. inquired as to the reasons four organizations declined the invitation. Oscar replied that the two main reasons for the declines were: staffing limitations and the fact that the request did not align with the organization's business models. Alison inquired as to the costs of utilizing an administrative partner and how it would be computed. Oscar replied that since there had not yet been any proposals, he did not have an answer to that question. Alison then asked if the Board had decided on a dollar amount to spend on such an organization. Oscar

replied that he and Bill had discussed that question and that Bill had used \$50,000 as a placeholder in the budget to cover those expenses. He went on to say he had done some preliminary calculations based on the amount of time (500 hours) he felt would probably be involved in such a project and multiplied that amount by an hourly rate (\$100), which amounted to the \$50,000 placeholder. In response to Alison's question regarding any variables or filters such as geographic location involved in consideration of an administrative partner, Oscar noted that it does not matter where the organization is located, since any organization would be able to perform well in that capacity no matter where they are located.

Alison suggested one alternative way to proceed for a year might be to utilize an organization like Ounce of Prevention (OZOP) as a learning model to see what kinds of programs come through their doors. They could present to the Foundation their best recommendations, while at the same time, Foundation members could learn how they come to their decisions. In this way the Foundation would gain experience as to what variables to use in whittling down lists of organizations.

Oscar replied that this kind of work is precisely what the administrative partner would do, along with presenting to the Foundation what kinds of investments in organizations would advance our mission most effectively. The process would provide a great learning opportunity and a number of ways for the Foundation to deploy its funds. He added that it sounded to him like Alison was suggesting a sort of co-investor concept where we partner with OZOP in their decision-making and essentially invest in only OZOP, because they are doing funding within their own organization and not others. Bill noted that while there is nothing wrong with the idea of learning on the fly, he suggested the committee keep moving forward in its plan. He added that he would very much like to hear more on how Alison envisions working with an organization like OZOP, but added he would have some hesitation about using an organization we have funded and may again be funding to guide our decisions. Alison agreed to put her thoughts on the subject in writing and submit them to Bill.

Oscar then continued his summary regarding the search for an administrative partner by noting he would be soliciting information from two organizations: Common Counsel Foundation in Oakland, CA and Strategy + Action Consulting, Inc., in Tucson (Jeff Glebocki), who had previously facilitated a working session with family members at the 2013 Annual Meeting in Scottsdale. Bill inquired if Oscar would be sending RFP documents to the two organizations, to which Oscar replied that he would. Alison asked if there was a way to find out more about the philosophies of the two organizations. Oscar responded that she should be able to find that information on each organization's website, but would prefer she not contact them and leave the contacts to the committee.

Bill began a discussion on succession planning and introduced the topic of filling an "internship" position on the Board as a means of engaging the next generation. Allan, Jr. noted he had discussed the topic with his children and his son had inquired whether the internship would include a non-blood member. Bill responded by saying that there was nothing to require that the intern be a member of the family, although that might be preferable. Alison noted that the term "intern" was different from "mentor". Alison also inquired whether the designated person could include girlfriends, fiancés, and spouses and suggested incorporating a learning component for the intern(s) into each Board meeting. Bill commented that the Board meeting itself would provide that learning process by being a formal process and as an opportunity to observe and contribute. Hank commented that the position should provide the person with an opportunity to get familiar with the workings of the Foundation and Board and begin the first steps in taking on the role to cede control to the 5th Generation members. Allan commented he had recently had some contact with Julianne Mayer (one of Greg Mayer's daughters) as she was looking for employment in Seattle. He noted she holds a Master's Degree from ASU in social work and is interested in all things non-profit with heavy emphasis on children. He added that when he talked with her about the Foundation's work, she was very interested, especially since she is currently heavily involved in a non-profit for children. Alison suggested inviting her to participate in the next Board meeting, and Allan agreed he would talk with Julianne more to gauge her interest.

Hank inquired of the Board as to what they envision the role of the intern to be and the time commitment involved. He also suggested giving as many people as possible the opportunity and not restricting it to one person and reaching out to the person in the form of an invitation to attend a meeting(s). Bill responded that he felt the Board would like to get people like Julianne to gain some experience from participation in Board meetings for a year, including reviewing grants, voting elements, etc. and then find a willingness to take it to the next step by getting more involved than at the intern level. Alison inquired about locations and times of the meeting to encourage participation, especially at the Annual meeting. She also inquired about the possibility of a family reunion every few years with the Mayer branch of the family as a way of attracting people to participate. Bill agreed with Alison that promoting an attractive location would probably bring in more participants, but added that the Foundation wants people who are truly interested in the mission of the Foundation and less in the social aspect of the location. Rick suggested possibly utilizing the expertise of the consultant to offer help in engaging the younger generation to participate. He also inquired if Julianne had a resume she could present to the Board and likes the fact that this is something she wants to do. Oscar commented he did not feel a resume was in order since she was a family member. Alison suggested that possibly a letter of introduction might be in order. Allan suggested searching out other possible participants in addition to Julianne and inviting them to participate in the next Board meeting. He also agreed to provide contact information for Julianne. Oscar noted that now may be the time to step up the Foundation's application of technology by looking into using Skype or Go-to-Meeting, which could be a beginning step to facilitating an internship by having the meeting open to family members. Bill noted it would be important to know who is on the calls. On a final note, Hank suggested that the position might be retitled to Associate Board Member, as it implies more responsibility, and there was general agreement to title the position as an Associate.

Bill summarized the progress of the website design by noting that Phase 1 was complete and that Karla had been working with Michael Roberts on implementing some of the changes. He noted that Michael Roberts had acknowledged that he needs to prepare a proposal for Phase 2 and he had wondered if he should make his proposal to the full Board or the Committee. Allan, Jr. suggested keeping communications within the

Committee. Alison inquired whether Michael would be at the next Annual Meeting, to which Bill replied that he would likely be invited.

Bill discussed the 2015 Annual Meeting by reminding the Board that it would be a one-day meeting and asking for input on the location. Allan, Jr. and Kip (through previous correspondence to Bill) both voiced their desire for the meeting to be held in Austin, TX as the location for the next meeting. Allan added that it would be a location that would entice the younger generation to attend. Alison added that it was her number one choice and that it was a fun place, and she thought it would be a great location as well. Hank noted that on his previous travel there he had found it easy to get to by air. Bill asked the Board if there were any objections to Austin as the location of the next meeting. There were none, so Bill agreed to proceed in looking into the logistics of that location as well as the agenda. Alison inquired as to whether there might be an educational component included in the agenda. Bill replied he was unsure as of yet.

Barbara addressed the expense reimbursement form included in the Board packet. She stressed that the form and instructions make it crystal clear what expense reimbursements are and are not covered and that lodging is covered only if necessary due to timing and practical travel arrangements. Bill acknowledged that previously there have been some issues with overpaying expenses. After a brief discussion it was agreed that the current expense policy should be relayed to everyone and then enforced.

There being no further business, Bill called for adjournment of the meeting at 6:00 p.m.

Respectfully submitted,

Karla K. Ritt

APPROVED:

William E. Mayer