

OSCAR G. & ELSA S. MAYER FAMILY FOUNDATION

**MINUTES
BOARD OF DIRECTORS
CONFERENCE CALL
JUNE 14, 2013**

The Board of Directors meeting of the Oscar G. & Elsa S. Mayer Family Foundation via conference call was held on June 14, 2013. The following Directors participated in the call:

Harold F. Mayer
Oscar Harrison Mayer
Richard A. Mayer
William E. Mayer
Allan C. Mayer
Alison M. Shetter
Oscar Henry Mayer

Scott T. Mayer was unable to join the call. Barbara J. Pope and Karla K. Ritt were also in attendance, and Karla K. Ritt acted as secretary.

Harold F. Mayer, President, called the meeting to order at 1:00 p.m.

The first order of business was to approve the Minutes of the Board Meeting of November 9, 2012. Alison made a motion to approve the Minutes, which was seconded by Allan, and the Minutes were approved.

The next order of business was to approve Bill Mayer as a check signer on the Foundation checking account. It was noted that there are currently three available signers on the account: Hal, Barbara and Karla. It was further noted that most large checks are signed by Hal and Barbara, with smaller, more routine checks such as rent, parking and

telephone sometimes signed by Barbara and Karla when Hal is out of the office. Rick made a motion to approve the addition of Bill as a check signer, which was seconded by Allan and approved.

Hal then called on Barbara and Rick to give a brief financial summary. Barbara noted that the Foundation would be raising cash for grants out of the equity funds, citing a more complicated process of raising cash from hedge funds. She also noted that the Foundation would be receiving some money in July from the redemption of Common Sense, and she referenced the handout regarding proposed asset reallocations and raising cash. To familiarize themselves with the portfolio holdings, she asked the board to refer to the portfolio summary of March 31, 2013 as prepared by Ellwood Associates. She also drew their attention to the handout containing the 2012/2013 YTD expense summary and recommended 2013 budget information, which reviewed total expenses, grants and the philanthropy program disbursements for 2012. Rick asked if the expenses were in line with previous years. Barbara replied that many of the expenses were routine and did not change much. As far as portfolio expenses were concerned, she felt that they were about where they should be – under one percent in aggregate. The handout also summarized a recommended 2013 grant budget, based on available funds, anticipated expenses and philanthropy program disbursements. Barbara suggested a 2013 Grant Allocation as follows:

Recommended 2013 grant amount	\$800,000
Estimated family giving	140,000
Estimated expense re grantmaking	<u>(80,000)</u>
Estimated giving from general fund	580,000
Less 2013 amounts for prior multi-year	<u>(115,600) *</u>
Available for traditional and AIF new grants	<u>\$464,400</u>

* Later corrected to \$195,600, after including grants approved in 2011, as well as 2012.

Referencing the decision at the November, 2012 Annual Meeting to fund the AIF initiative for approximately \$95,000, she concluded her recommendation by stating that

the amount available for general grants would be in the range of \$365,000. Finally, she noted that the Foundation tax return had to be extended because the Sedgwick Equity Partners information was not yet available.

Rick added that the Finance Committee had a comprehensive meeting earlier in the year and was due for another one soon. He was pleased with the changes the committee had made with regard to managers and asset allocations. Given the economic issues the Foundation has had to deal with in the past few years, he was pleased with the Foundation's progress in trying to recoup losses and with being a little more aggressive in its investment approach. He indicated that while he hopes the market will continue to provide good results, he is not optimistic that it will be able to sustain current returns through the end of the year, and it may require the Foundation to become a little more conservative without loading up on bonds. All in all, he is happy with the performance of the portfolio.

Hal addressed the group with a summary of the accountability reports received in March, which were due from eight organizations. He noted that the reports were posted on the website and available for anyone to review. He reported that some of the organizations had submitted forms that were incomplete or not in alignment with the report format, and all but one of the organizations were at or exceeding their targets levels. He noted that Providence-St. Mel did not achieve its target because of lower than expected enrollment in the 2-4 Pre-K program, which was mainly because of the high cost of tuition. As a result it did not expand this year as hoped. All other organizations were consistent in fulfilling their goals. All in all, Hal was pleased with the reports, but observed that despite the structured form, many continue to be lengthy (much like the RFPs).

Oscar questioned whether there was anything that would give the members a sense of the Foundation's impact, i.e., return on investment and whether the Foundation is making a difference. Hal responded by saying that the Foundation does not ask about return on investment. He added that the accountability report forms are designed to be simple self evaluations (which he thinks is a good thing to do) and ask for comments on

the organization's priorities, such as improved scores, increased participation, parent engagement and increased parenting confidence, but he could not say they indicated if the Foundation got 120% return on investment. Oscar reaffirmed that he continues to be interested in getting a better handle on the Foundation making a difference, and wondered whether in reviewing reports whether an organization's RFP should be compared to its accountability reports. Hal replied that the Foundation does not do that and added that the Foundation relies on the organization to self evaluate on the honor system, with no comparisons of accountability reports with proposals. He reminded Oscar that both documents are available on the website for anyone to review and compare. Bill added that the kindergarten test scores for children enrolled in the Providence-St. Mel Pre-K program were significantly higher than test scores for children who had not had the benefit of the Pre-K program, and noted that this result shows a significant impact, or return on investment. Oscar stressed the need for the Foundation to look more closely at quantitative results and suggested that investing more time and effort on the front end through the RFP will allow the Foundation to get the results and information it needs. Rick agreed and noted that outcomes measurements are very important, both qualitatively and quantitatively. Alison suggested asking the organizations to pick three issues based on their outcomes and comment on where they were, where they are now and what improvements are still necessary. Hal agreed that more discussion on the topic is important, but based on time constraints of the meeting he asked the group to address their attention to the current grant requests up for approval. He then asked Bill to give a brief summary of the grant process.

Bill explained to the Board that the process that was used for this grant cycle is a new process that is not yet complete and will need some further refining. He noted that there was some consolidation and refining of the nomination/background and RFP forms, as well as a revamped review form. He noted these forms were based on the design work and information that Oscar had produced in previous years, and he expressed his gratitude for Oscar's extensive work on those forms. In his explanation of the review process, Bill noted that the review form is a combination of Barbara's financial/budget scores and impact and at-risk values from the RFP, which constituted a numeric score on the comparative spreadsheet that was distributed to Board members. He also noted that

the process looked at both objective and subjective values such as mission match, impact of proposals and preference rankings. The addition of the Reviewer's Recommendation to support a program or defer support added to the calculated ranking. While Bill conceded there are some gaps in the process such as market and financial data variables, he felt the process resulted in a good indication of the most viable and valuable proposals. Allan commented that he was happy with the number of reviewers that participated. Hank and Allan commented on the impact score and how, for example, when addressing OZOP's proposal it diminishes its impact and for CA-WA it does just the opposite. Bill noted that there can and will be more questions to take into account in the future and added that there has to be a consistent bar for everyone. Allan agreed that there are some tweaks to be made, but he felt the process was a lot smoother than he expected. For the sake of moving forward with the agenda, Bill invited anyone who had comments relevant to the process to put them in writing and send them to him so they can be addressed in the future.

Beginning the discussion of grants, Hal noted that the Foundation had received 15 proposals and has roughly \$365,000 available to distribute. He then asked for comments from the Board. Oscar indicated he would like to spend a few minutes reviewing each organization and then take a vote at the end of the review. It was the consensus of the Board members that they had already done their reviews and did not need a further review of the organizations. Hank suggested opening the floor to discussion or questions on specific issues within a proposal. Oscar began by explaining the work of YAWAC, and its great outcome measurements, and indicated he felt its proposal might have been misunderstood as an art class for kindergarteners. Alison commented that she had no misunderstanding of YAWAC's work and agreed with their approach of improving literacy through art. Hal and Hank echoed the sentiment that they did not wish to go through a review of each proposal. Alison then suggested that possibly in the future there could be an optional time to have discussion prior to a Board meeting where grants are approved. Allan and Hal both concurred with that suggestion, but declined to take up that discussion at this time. Noting that we should work with what we have at this time, Hal asked that the members move forward in approving grants. Oscar then addressed the work of the Oregon Community Foundation and noted it was categorized as a direct

services program, when in fact it was a system development program. In describing its importance, he cited the fact that early childhood services are often system poor and program rich and noted that this proposal fills a great void. He also noted that the Foundation has funded system driven programs in the past like Children's Institute and SECF, and it is an area where the greatest impact can be realized, as opposed to a single program or preschool. Several Board members noted that they had rated OCF last because of incomplete data, to which Oscar reaffirmed his belief that some of the proposals were misunderstood. He noted that OCF's proposal has the potential to affect an entire school district, but that its timeframe was definitely behind the Foundation's timeframe. Alison suggested that learning more about systems programs may be a topic for an upcoming educational component at the next Foundation meeting. Oscar reaffirmed his belief in the importance of the program. Hank conceded it may be a good program, but he did not feel it was one of the best programs. Hal added that there were too many unknowns, citing that what OCF is doing is valuable, but its program has to be evaluated based on the information it provided, which in this case was incomplete in many respects. He added further that OCF might want to come back in a year with more particulars. Oscar then expressed his disappointment in the scores for the proposal submitted by UWDC, stating that he felt the proposal was the most creative in terms of delivering programs to people who need them and again felt its proposal was misunderstood.

Hank posed a question as to what the expectation of funding amounts is by organizations. Hal responded that he gets asked that question quite often. He generally tells organizations that \$30,000-\$50,000 is the average grant, although the Foundation has approved a few grants in the \$100,000 range. Allan commented that a \$100,000 gift at this time would be 30 percent of the amount available to distribute in 2013. Bill noted that what an organization asks for is not always what they need. Hal concurred and added that what you would really like is an honest number of what the organization needs. He reflected that 11 of the 15 current proposals want multi-year funding, and if that were approved, the Board would not be distributing anything for the next year or two, except previously approved multi-year grants. He reminded the Board that fully funding this year's slate could result in eating up this year's grants and most of next

year's. Oscar and Rick suggested rotating out organizations that receive multi-year funding. Alison believed that could be dangerous because it could eliminate an organization that does great work and is right on target with the Foundation's mission. Hank suggested organizations could resubmit each year. Hal noted that sometimes an organization needs multi-year funding to succeed and reach its desired impact goals. Oscar suggested organizations should make their case in reports for multi-year funding. Bill and Hal commented that the topic of multi-year grants indeed deserves more time for discussion. Hal reminded the Board that the AIF program was developed to engage the younger generations and that funding in multi-year grants could put some pressure on the Foundation's growth and ability to fund general and AIF programs in the future. He added that hopefully the portfolio will grow to \$20 million again, but that right now it is not at that level and the Foundation needs to be mindful as to how grants are allocated. Barbara also reminded the Board that it needs to be concerned with the Foundation's own needs and suggested that tying up funds with multi-year grants could be a disincentive to younger generations. Hal suggested to the Board that they have before them a rankings list and sufficient facts and data on the current proposals, and he would like to move forward and make grant decisions based on that information.

Bill suggested that based on the comparative list, if the Foundation funded the first seven organizations on the list and cut the two organizations that had requested \$100,000 grants by 50 percent, the resulting approved grants would total \$367,500. Rick suggested that MSE be funded for one year and asked to resubmit next year based on evidence of its performance. Oscar stated he felt SVVP was justified in a multi-year grant, noting it would be difficult for it to achieve desired outcomes in one year. Bill noted that SVVP indicated its program would continue without Foundation funding.

Bill then made a motion to approve 2013 grant funding as follows:

Children's Institute	\$ 40,000	
University of Chicago	35,000	3 years
Colorado Coalition/Homeless	60,000	
Montessori School/Englewood	30,000	

Children’s Institute	50,000	
Social Venture Partners/Portland	40,000	
Ounce of Prevention	50,000	
Children’s Hospital/Philadelphia	<u>62,500</u>	2 years
	<u>\$367,500</u>	

The motion was seconded by Allan and unanimously approved by a roll call vote. Hal added that all organizations besides University of Chicago and Children’s Hospital of Philadelphia that wanted multi-funding would need to resubmit a proposal.

Hal indicated he would draft letters to those organizations not receiving grants, but that sponsors of those organizations should feel free to call the organization ahead of time notifying them of the Foundation’s decision. He also noted that the funding letters would include checks and reporting requirements. Rick commented that sponsors should be encouraged to contact the organizations, thereby taking advantage of the opportunity to foster a relationship with the organization. Suggested comments to provide to organizations ranged from stating the limited funds, number of competing organizations, specific points as to why an organization did not get funded and providing constructive criticism. Rick commented that the Foundation is running a portfolio (of organizations) of sorts and does not have to go into great detail or make excuses for its decisions.

Hank addressed the Board with a brief summary of the work being done on the AIF committee. He stated that he would welcome comments on the letter he had drafted to the cousins’ generation, which had been circulated to the Board members. He spoke to the lack of participation in the family philanthropy program and hoped that the work of AIF members would encourage engagement of younger members. Hank had also circulated a general AIF committee overview as prepared by Kip. In addition, he summarized the general thoughts of AIF, noting that the group had had three conference calls, and was considering including two to three grants in the \$30,000 to \$40,000 range. He noted that there had been some discussion of having sponsors address the members at the Annual Meeting. Hank then asked the Board if participation in the AIF grant process was for members at large or just 5th generation members. Alison noted she had thought it

was just for 5th generation members. Bill responded by explaining that the AIF program was intended to stimulate participation of 5th generation members, but that 4th generation members could submit proposals. After a proposal was submitted, the 5th generation would be responsible for implementation of the grant process. Hal and Barbara concurred in Bill's explanation of the AIF grant process.

Hank continued his summary of the AIF committee work by noting it has a skeleton procedure in place. Ellie had requested copies of background and RFP forms currently used by the Foundation and was reworking them. The AIF committee is using the current grant application model as a base, but intends to streamline the process further. Alison asked if Barbara would be willing to calculate the financial score component. Barbara responded that she would, but would have to alter the process, as there were some things in the calculation with which she was not completely comfortable. Bill concurred that the AIF committee does need to have a financial score component. Alison offered that she is always willing to volunteer to read a proposal, and Hal thanked her for the offer.

In discussing how to further engage the 5th generation members, Alison noted that the Chicago meeting was fun and possibly doing more of those sorts of meetings would increase participation. Barbara cautioned the Board about appearing to use the Foundation resources for personal benefit, and noted further that it can get very costly to do those sorts of "fun" meetings. Hank agreed that there needs to be an impetus to participate and does not understand why members do not participate. He further stated that his generation has benefited from being in the family and stressed the need for members to give back. Hal suggested that anyone with suggestions for increased participation send them in written form to Hank.

Alison questioned when and where the next Annual Meeting would be held. Hal noted that in November the Board had discussed having the next Annual Meeting in Phoenix sometime during the last two weeks of October. Barbara asked Allan if Greg and Anita Mayer would be willing to offer suggestions for restaurants, and Allan

confirmed they would. He also confirmed that his father would likely attend the meeting as well. Hal noted that he and Barbara would look at possible meeting dates in October.

Bill commented that he would be happy to receive suggestions regarding the grant process and asked that they be put in writing and sent to him.

There being no further business, the meeting was adjourned at 3:15 p.m.

Respectfully submitted,

Karla K. Ritt

APPROVED:

Harold F. Mayer