

OSCAR G. & ELSA S. MAYER FAMILY FOUNDATION

MINUTES BOARD OF DIRECTORS CONFERENCE CALL February 13, 2014

The Board of Directors meeting of the Oscar G. & Elsa S. Mayer Family Foundation via conference call was held on February 13, 2014. The following Directors participated in the call:

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

Barbara J. Pope and Karla K. Ritt were also in attendance, and Karla K. Ritt acted as secretary.

William E. (“Bill”) Mayer, President, called the meeting to order at 2:05 p.m. He then welcomed the Board Members and thanked them for the attendance on the call.

The first order of business was to approve the Minutes of the Board Meeting of October 25, 2013. Hal made a motion to approve the Minutes, which was seconded by Alison, and the Minutes were approved.

Bill provided an update of the current nomination process. He noted that six nominations had arrived in a timely fashion (i.e. by January 31st) and that one other organization submitted its material in a timely manner, but to the nominator’s email

address and not to the Foundation office. Because the organization transmitted its nomination documents inconsistent with our instructions, it had in essence missed the deadline, as the submission was not noted by the nominator until February 3rd or 4th. Since the organization in question was one Oscar nominated, he confirmed the information provided above and also added that the Executive Director of the organization (Friendly House, Inc.) had been out of town at the time which prevented her from being able to catch the mistake, as she most likely would have done at the time of submission. Bill commented that he had discussed the matter with Oscar and felt that it was important for the Foundation to observe the standards that are set forth in its documents, thus instituting discipline in the process. He was concerned that by allowing the late submission by Friendly House, Inc. to be included in the group of organizations that had followed the instructions and had submitted their documents in a timely fashion, the Foundation could be construed as setting a precedent which could cause problems in future grant years. He also noted that the Foundation had only six organizations in the process at this time and adding another would not be onerous, except as it set a precedent. Hal commented that over time he has made a few exceptions for organizations, and in this case since the organization had submitted in a timely manner, albeit to the wrong email address, he would opt to accept their nomination materials based on the fact that they were actually timely. Allan agreed with Hal, noting that although the organization did not follow the exact guidelines, the intent was there and he would not like to see Friendly House eliminated from the current process. Hank questioned whether the nomination version that Friendly House submitted remained unchanged or altered in any way, to which Oscar responded that they did submit a completed form of the Nomination document on the Tuesday after the due date. Alison asked if this was a new organization, to which several Board Members responded that it was not. Allan also asked whether the submittal directions are highlighted in any way so as to avoid this in the future, to which Bill assured him that that information was very visible, highlighted in bold print and on a separate line on the document. After further discussion it was decided that the nomination materials submitted by Friendly House, Inc. would be included in the current 2014 grant cycle.

Continuing his discussion of the grant process, Bill noted that Barbara would be looking at the financial data submitted by organizations and he would then be talking with each of the nominators about their respective nominees, and then a determination would be made as to which organizations would be invited to submit RFPs. He explained that in the invitation correspondence to each organization, they receive information as to how to obtain the RFP documents from the website. The documents would also include the due date and submittal information.

Bill impressed upon the Board Members the need to follow the process as it is laid out in the schedule posted on the website, which was also forwarded to the Board Members prior to the conference call. One of the gaps during the current process was that Karla Ritt was not notified of a number of the nominations, which prevented her from tracking the documentation. Oscar noted that in past years, the family members had sent the nomination to Karla and then she forwarded the required document information to the nominee, thereby keeping her in the loop, and possibly avoiding what happened to Friendly House in this cycle. Bill suggested that for now we proceed with the current process and agreed that Oscar's suggestion would be noted for any possible changes in the future. Alison requested that the nomination form be changed to show the amount of money requested by the organization, suggesting that it affects her decision on whether to request a proposal. Bill reminded her that at this point in the process the organization has not been asked to submit a proposal, but is merely being nominated and vetted for a possible invitation to submit a proposal. Oscar concurred and offered that the process is a two-step process in which the organization is nominated and investigated as to whether it is a match for the Foundation's mission and then if so, the proposal information will be submitted for further consideration.

In his further discussion on lessons learned, Bill noted that Oscar had requested to have a dialogue with Metropolitan Family Services and Bill regarding some questions of some previously submitted financial and organization information. Bill commented that there were clearly some gaps in understanding on the part of Metropolitan Family Service, both in what they were providing and what they thought the Foundation was requesting. Oscar noted that Metropolitan Family Service was not nominated this year

and noted further that at heart is the Foundation's willingness and ability to communicate in areas where we have questions about an organization, instead of just dismissing them, and stressed the need to press forward to further communicate with an organization when we don't feel we have enough or erroneous information.

Bill commented that the volume of information submitted by some organizations has been troublesome in being able to post to the website and accommodate through email. He gave Yale as an example, but noted that other organizations have clearly submitted more information than is required and suggested the Foundation could improve its communication to organizations about what it needs. In discussing his concern over the volume of materials submitted, he suggested to the Board Members that they consider picking up a book which had been referred to him by Oscar entitled "So You Want to Be a Philanthropist". He noted that he had found the book very valuable and enlightening with regard to many aspects of grantmaking that the Foundation currently struggles with in its grant process. One of the items he indicated he thought was worth future dialogue is whether the Foundation should move towards a one-step process for grantmaking instead of the current two-step process. Oscar added that he could see a number of reasons for considering a one-step process. In considering a one-step process for grantmaking, Bill noted it would address Alison's comment about knowing an up-front dollar amount when considering a nomination. It would also save time and energy through consolidation. The book was also helpful in pointing out the need to tailor the amount of information requested from an organization to what is truly essential, and Bill recommended that any Board Member wishing to discuss these issues in the future would be well served by reading a copy of the book.

Barbara gave a brief summary of the financial status of the organization, which was supplemented by two handouts sent to the Board Members in advance of the call. She referred the Board to the asset allocation spreadsheet and the profit/loss statement she had prepared. She noted the large cash receivable from Common Sense and added that after February transactions to redeploy those proceeds, the cash on hand amount would be reduced, and also commented that additional cash would be invested by

March 31, 2014. Referring to the profit/loss statement, Bill asked Barbara about the variance between travel/meeting expenses for 2012 and 2013. Barbara responded that in 2012 the cost was about \$20,300 (of which about \$5,000 was attributed to the Board Meeting held in Chicago in October, 2012 and \$17,300 for the 2012 Annual Meeting in Boulder) vs. \$27,527 in for the 2013 Annual Meeting held in Scottsdale, adding that she had one more reimbursement yet to be included in the 2013 amount. Oscar commented that for comparison purposes, it would be helpful to add a second column to the profit/loss statement showing the previous year's expense. Bill added that he would like to see a column for a budget amount for the current year, which Barbara agreed could be done. Barbara then turned the financial discussion over to Rick for his comments.

Rick addressed the Board by stating that he had no real concerns with the current financial status of the Foundation, adding that the Finance committee was able to have a meeting in January and he was pleased with where the Foundation stood and where it was going with regard to the Foundation's finances. He noted that the Foundation enjoyed the benefits of a strong market last year, although it had given some back more recently, but felt it was well poised on a long-term basis. He commented that he felt nearly all of the managers were performing as expected with the possible exception of one, but that overall, he was pleased that the work of the financial managers and committee were having the desired effect of getting the Foundation in a position to give away more money in the future. Barbara added that even the newest SEP investments have been receiving cash distributions from the underlying funds, which will delay future capital calls. Rick noted that Ellwood has been creative in not accepting too much additional risk, but getting good returns, and he is pleased that the assets are tilted toward growing principal.

Bill briefly addressed the status of the Madison office, adding that he had met with Karla in January to get a handle on any issues there. He suggested that some of the equipment may need to be replaced and that as the Foundation considers those items, it should be considering the necessity of maintaining the office. He noted that the current office lease expires October 31, 2014 and the Foundation should consider revisiting the status of the Madison office as that time approaches.

Bill then asked each of the heads of the working groups to briefly report on the status of its work.

As head of the Administration committee Oscar offered that his committee members had begun identifying the inventory of tasks within and resources available to the Foundation, including feedback they had received from other family members. They would soon begin conversations to further clarify roles and functions.

As head of the Communication committee, Kip noted that there had not been a lot of activity on the part of the committee, but that he was planning to meet with some consultants to explore what would be available to the Foundation as far as a web page platform was concerned, hopefully one that would enhance communication and allow for an exchange of ideas. He stated that as soon as he was further along in his investigation, he would consolidate his report and forward it on to Allan to make any additional recommendations.

As head of the Engagement committee, Hank reported that there had been very little activity with his committee recently. He noted he had sent out an email to the 5th generation members in the fall, but acknowledged he had not received much in the way of responses. He offered that it was probably time to send out a repeat email to those members to generate some interest and activity in the group. It would be a good time to let them know what was going on with the AIF group and get them engaged for the upcoming grant cycle. He added that he had some minimal conversations with a member who expressed continued frustration with the process, but he felt that those frustrations were more a result of lack of engagement than anything else and pointed to the conclusion that the Foundation could do more in the way of encouragement and education. Bill commented that the 5th generation needs to be made aware of the long-standing contributions the Foundation has made to many organizations.

As head of the Grant Process committee, Bill noted the small number of 2014 Early Childhood nominations. He reported that his committee had had some exchanges

of ideas with each other via email, but not via a conference call. He added that he would be consolidating his committee's work and compiling it into a general report to circulate to Board Members.

Bill announced that he had had dialogue with Hal, Barbara and Karla regarding the 2014 Annual Meeting and had settled on October 24/25, with the Board Meeting held on October 24 and the Annual Meeting on the 25th. In order to provide a central location with easy access for attendees, it was agreed to locate the meeting in Milwaukee. Bill noted that Milwaukee is easily accessible by air, has many interesting attractions and he currently has a contract for rooms at the Milwaukee Marriott, which he would like to sign if there were no objections. Oscar wondered whether Chicago might be easier than Milwaukee. Barbara commented that the room rate at the Marriott was \$149 as compared with rooms well in excess of \$200 in Chicago. Bill added that both American and Delta fly into Milwaukee, and that it was a very easy airport to fly into and get to. He also mentioned that the city has a renovated downtown and lakeshore with many good eating establishments and cultural venues. Allan commented that it was his plan to fly to Chicago and rent a car to drive to Milwaukee, which was only a 1 ½ hour ride away. Alison inquired if there would be a speaker and if so, who in Milwaukee would be available. Bill noted that at the 2013 Annual Meeting it was suggested that a speaker on collaboratives would be beneficial in the future. He suggested that might be an option for the 2014 meeting. Barbara also noted that there was an Educare facility in Milwaukee. After further discussion, Bill affirmed his intention to sign the contract with the Milwaukee Marriott in order to lock in the room rate. He indicated he would announce the plans for the 2014 meeting to the membership in the next newsletter. Barbara mentioned that this year hotel reservations would be made by each member and added that by doing this there would be fewer obstacles to overcome by staff in making sure people had rooms. Bill commented that there still may be some prodding of people, but, he hoped, not as much as in the past. Rick inquired as to whether the Board Meeting could be held on Friday afternoon so people could fly or drive in that morning. Barbara responded that in 2013 the first day of meetings when the Board met was also used for the speaker and the whole day was used, so it would likely not work to have the Board Meeting in the afternoon on that Friday.

As a follow-up to the discussion regarding the 2014 Annual Meeting, Bill reiterated the Foundation's reimbursement policy by stating that the Foundation would be responsible for reimbursement of reasonable travel expenses for the time necessary to attend the meeting(s). He added that the Annual Meeting agenda would conclude by 2:00 p.m. on Saturday, October 25, which would allow for travel home for most, if not all, members attending the meeting. Barbara added that if someone chose to stay for the Saturday night, there are some rooms available at the \$149 rate, but the Foundation would not be responsible for reimbursement of that expense, unless there was no reasonable way for a member to get home.

In keeping with the agenda, Bill asked Oscar to speak regarding the 2013 matching gift transition. Oscar began by apologizing for his earlier communications to the membership wherein he expressed his disagreement with the 2013 matching gift transition. He thanked Bill for giving him the time to present his proposal to the Board for a modification of the 2013 matching plan. Oscar began by summarizing the matching plan that was passed by the Board in 2012 whereby all members would be required to submit any requests for matching gifts or designations by September 15, 2013. It was further agreed in that plan that any service match requests for volunteer hours performed after September 15, 2013 would be matched, but not until 2014. This was done to determine the remaining monies available for AIF grants. Oscar argued that the September 15 timeframe was too short and did not allow enough time for a transition, thereby cutting out people who had made gifts toward the end of the year to be excluded from achieving their 2013 matching amount. Because there was an incident whereby one member did not make the majority of his gifts until the end of 2013, the Board had previously agreed in December to allow that person to have those year-end gifts matched but paid out of 2014 allowable matching funds. Oscar argued that in essence, this person lost out on the opportunity to maximize his 2013 match. In light of that, he proposed that the Board approve his proposal that any gifts made from September 15, 2013 to December 31, 2013 be included in the 2013 matching amount allowable to each member, and further that beginning January 1, 2014, the matching gift transition as previously adopted by the Board be placed in effect for the 2014 grant year. Bill questioned why the

change should be made, and Oscar responded that it was “the right thing to do” and that the plan had not allowed enough time for the transition. Rick admitted he was the person referred to when discussing the end-of-year gifts and admitted he had not marked his calendars and often does not know what he will give until closer to the end of the year. He added that he also felt the transition time was too short. Hal commented that the reason the Board adopted the plan was to make it easier to discern how much money would be available for the AIF grants, and he noted that the Board developed the plan and voted on it in November of 2012. Bill added that the plan had been communicated numerous times to the membership and the deadlines were repeatedly mentioned in newsletters and is also noted in the grant process schedule, which is posted on the website. He also stated that the shortened timeframe for grant matching had only affected one person. Oscar again stressed that he felt it needed to be accomplished over a transition period. After further discussion, Oscar made a motion that gifts paid between September 16, 2013 and December 31, 2013 be approved for matching out of either 2013 or 2014 allocated amounts. Rick seconded the motion. Bill called for a roll call on the vote and the motion was approved by a vote of 7 to 2.

Bill then asked Kip for an update on the AIF grant process. Kip responded by saying the AIF team had not yet reconvened but he would soon be reaching out to his group and begin to evaluate feedback and get things moving again. Alison questioned whether the AIF grant pool was available for everyone or just the 5th generation, to which Bill responded that it was indeed available to anyone. He added that the results from the survey that the Foundation had done showed that the younger generation was not engaged in the early childhood process and opening up the AIF process for that generation would facilitate engagement by them.

On a different note, Kip asked where the early childhood grant process proceeded from its current place, wondering if the Board rubber-stamped the nomination documents. Bill responded by explaining that he would be talking with each nominator and looking at the financial documents submitted by organizations and then determine if the organization should receive an invitation to submit an RFP. To that Kip asked where

it was appropriate for input from a Director, and Bill explained that the Directors would have input at the RFP stage.

Alison offered that she had been able to do some additional research on the Charity Navigator site and added that there are other possible sites to obtain and share information. She also noted that there seem to be more research projects nominated and inquired as to how the Foundation looks at and evaluates research. She remarked that it is often expensive, and even though the initial number of people served is small, the overall benefit, when applied, can be great.

Bill reminded everyone that the next scheduled Board Meeting would be on May 28 at which time early childhood grants would be determined. He added that there is also a telephone conference scheduled for May 21 at which time Board Members can discuss the particulars of RFPs being voted on at the May 28 conference call.

There being no further business, Bill called for adjournment of the meeting at 3:45 p.m. and wished Barbara Pope a Happy Birthday on Saturday, February 15.

Respectfully submitted,

Karla K. Ritt

APPROVED:

William E. Mayer