

Minutes of AGF Board Meeting | Tuesday, October 13, 2009

Pursuant to call and notice of the meeting, Carol Peck called the meeting of the Board of Directors to order at 12:00 pm on Tuesday, October 13, at the Rodel Charitable Foundation of Arizona, 6720 N. Scottsdale Road, Suite 380, Scottsdale, AZ.

Directors present included Carol Peck, Jerry Wissink, Lydia Lee, Roy Pringle, Don Snider, Mary Jane Rynd, Pat Miles, and via conference call Kerry Blume and Barbara Poley. Marissa Theisen, Heather Smith and Erin Dow were also present. Carol chaired the meeting and Erin acted as secretary.

Carol Peck asked Board members to introduce themselves and share what media sources they used for news, and encouraged everyone to listen to a different news source in order to gain a greater understanding of different perspectives.

Introduce Heather Smith

Carol Peck introduced AGF's new VISTA volunteer Heather Smith and welcomed her to the AGF staff.

Tom Ambrose Resignation

Carol Peck recognized the receipt of Tom Ambrose's letter of resignation from the AGF. *Jerry Wissink moved to accept the resignation and Lydia Lee seconded the motion. The Board unanimously approved the acceptance of Tom's resignation.*

Approval of Minutes

Carol Peck asked for a motion to accept the Board minutes from the August 11th meeting. *Upon a motion by Roy Pringle and a second by Pat Miles, the Board approved the minutes of the August 11th meeting.*

Review of AGF Financial Statements

Roy Pringle stated that the Finance Committee had recently met and reviewed AGF's financial statements and everything is in order.

Discussion/Action Items

Approve Changes to AGF Policies

Roy Pringle reported that the Finance Committee met to discuss AGF's financial policies, following up on a recommendation from the Board at the August Board meeting. The primary focus of discussion involved what level of reserves were appropriate for a membership association and what investment strategies were most appropriate.

Changes to Section A. Fiscal Policies & Procedures – Roy stated that the committee agreed that the use of the term “endowment” in the current policies was inappropriate, given the unrestricted nature of all AGF's reserve funds. Instead they agreed that the terms “operating funds” and “reserve funds” would more appropriately distinguish AGF's asset categories. The Finance Committee proposed changes including a definition of these two funds as well as investment objectives for both funds. The committee agreed that AGF should strive to maintain 6-12 months of reserve funds. Any funds accumulated beyond 12 months reserve should be allocated for other purposes, as designated by the Board.

Carol Peck suggested that the last sentence in section 5.b. be modified to state “twelve month reserve” instead of “six to twelve month reserve.”

Marissa Theisen suggested changing the title of AGF “President” to “President/CEO” where applicable in the suggested policy changes.

Kerry Blume expressed concern about the wording of the sentence regarding who will make

determinations regarding investment allocations (see Standing Rules and Policies 6.b.). She felt that it would be more prudent to have several people involved in the decision besides just the President/CEO and Treasurer. After some discussion, the agreed to modify the wording of the sentence to allow the President/CEO, in consultation with the Treasurer, to recommend investment changes to the Finance Committee who would have final approval.

In section 7.2, Roy noted that the committee recommended eliminating the first sentence in the original section, regarding ACF management of funds, and substituting the term “Reserve Fund” for the original “Endowment Fund.”

Roy noted that section 7.4 was the stipulation regarding payroll that the Board approved at the June Board meeting. Jerry Wissink had recommended this stipulation be incorporated in AGF’s policies.

Changes to Section D. Committees - Roy noted that the committee suggested revising Section D, Committees, to include the Finance & Audit Committee as a standing committee with the responsibilities expanded to include the agreed upon changes regarding the committee’s final approval of investment allocation changes.

Upon a motion by Kerry Blume and a second by Lydia Lee, the approved the following revisions to the AGF Standing Rules and Policies.

A. *Fiscal Policies and Procedures*

4. *Commitment Authority.*

4.2 *The President will strive to get the best price possible for all products and services and should obtain a minimum of two bids on all expense items exceeding \$5,000. This provision is subject to waiver from the AGF Board.*

Funds. AGF divides its investable assets into two groups, each with a specific purpose.

5.a. **Operating Funds:** *The Operating Funds of AGF are defined by the cash in the checking account and additional funds normally provided by dues and grants that are sufficient to cover budgeted expenses for the remainder of the year.*

5.b. **Reserve Funds:** *The Reserve Funds of AGF are defined as all investable assets in excess of the Operating Funds. The purpose of the Reserve Fund is to ensure AGF’s future stability and capability of providing services to its members and the philanthropic community. To the extent feasible, the Board shall maintain a six to twelve-month operating reserve in the Reserve Fund. The may authorize the transfer of funds to and from the Reserve Fund upon the advice of the Treasurer, it being agreed and understood that the Reserve Fund is intended to be used only in extraordinary circumstances. The may designate Reserve Fund balances which exceed the designated twelve-month reserve for capital investments in technology, special projects, grants or member services that would help fulfill the strategic direction of the organization.*

6. *Investment Objectives.*

6.a. **Operating Funds:** *The primary objective of the Operating Funds is to provide cash for the daily operations of AGF for the current budget year. Therefore, these funds may be invested in interest bearing checking or savings accounts, money market accounts, and/or certificates of deposits with maturities that provide cash flow in the current fiscal year. AGF shall not keep excess funds in the checking account, maintaining a balance to meet approximately 30 to 60 days of expenses.*

6.b. **Reserve Funds:** *The primary objective of the Reserve Funds is to provide for the long-term growth of principal and income without inappropriate risk. Acceptable investments for the Reserve Funds shall include all investment instruments acceptable for the Operating Funds as well as any professionally*

managed fund (e.g. mutual funds, commingled community foundation funds) that is comprised of a well-diversified asset allocation with an expected volatility not to exceed the historic annual volatility of the S&P 500. The President/CEO of AGF, in consultation with the Treasurer, shall make recommendations relating to investment allocation, timing and instruments. These will be presented to the Finance Committee for final approval.

7. Financial Review Requirements.

7.2 The President shall review all Reserve Fund statements and forward a copy of each such statement to the Treasurer for the Treasurer's review.

7.4 The President/CEO, at the start of each year, shall draft a letter to the Payroll Company outlining the specific salary and payroll deductions for each employee. The letter will be co-signed by the Board Chair and President/CEO. The Board Treasurer will review the first payroll statements to ensure that the payroll statements are correct. Finally, the President/CEO will prepare a year-end payroll schedule which the Board Treasurer will compare with the Payroll Company records to ensure full compliance.

D. Committees

1. Standing Committees. The standing committees are: the Program Committee, the Membership Committee, the Finance & Audit Committee, and the Board Development Committee. The Program Committee is responsible for generating ideas for monthly programs, suggesting speakers, and evaluating programs. The Membership Committee is responsible for membership recruitment, retention and development activities. The Finance & Audit Committee is responsible for overseeing budget preparation, ensuring accurate tracking/monitoring/accountability of funds and for authorizing investment allocations. The Board Development Committee annually shall propose a slate of candidates for election and conduct the election; it also will investigate written complaints against Board members.

Preparing AGF 2010 Budget

Roy Pringle noted that support from the AGF Leadership Circle members constitutes nearly 50% of AGF's total revenues. Therefore in order to get an accurate sense of 2010 revenues, Marissa will be contacting AGF's Leadership Circle members to determine what level of support they plan to provide in 2010.

Information Items

President/CEO's Report

Marissa Theisen encouraged Board members to review her report to get a full sense of organizational activities since the last meeting, and stated that AGF is on track to accomplish all key strategic goals and objectives. She noted that the pace of programs and activities has picked up with the end of summer, and she highlighted the most recent AGF programs. This included three affinity group meetings, all of which received high ratings on evaluations.

Marissa also mentioned that she'd recently been approached by two of the younger Piper staff about the possibility of AGF starting a group for young and emerging philanthropy professionals. She expressed enthusiasm for this idea, indicating it would not require significant additional staff time to organize, but wanted to get Board input before moving forward. The Board was supportive of the idea, and Marissa stated that Heather will be assigned the task of researching and implementing the idea.

Marissa informed the Board that the Bill & Melinda Gates Foundation had recently approached AGF with an interest in becoming a member. She mentioned that Gates had also recently approached other Regional Associations regarding membership. Before giving Gates a final answer, Marissa queried her colleagues at these Associations on how they handled dues for national foundations, and most said they based dues on total grants made by that foundation in their region the previous year. Marissa therefore told the Gates Foundation

that their dues would be based on total grants made in Arizona the previous year, but that they would qualify for a half-price discount offered to all AGF members which are located outside of Maricopa County.

Marissa reported that she has initiated a small scale search process to find a replacement for Erin Dow, who will be leaving at the end of the year. To date she has received eight applications, including several outstanding candidates. She expects to begin interviewing by the end of October, will invite Carol Peck to review the top three candidates, and hopes to bring someone on board by mid-December to allow for adequate orientation before Erin departs.

Committee Reports

Membership Committee

Jerry Wissink reviewed the minutes of the most recent Membership Committee meeting held on October 6th. The committee members are continuing to follow up with prospects.

Marissa has identified a list of out-of-state funders who give considerable grants in Arizona. She noted that they had all been sent an invitation to the luncheon. Jerry suggested that AGF draft a letter to introduce them to AGF and invite them to join or attend a program. Marissa will draft the letter.

Jerry noted that the Committee was pleased with the Board's recommendations relating to the Member Satisfaction Survey and will be using incentives to encourage participation in the online survey. The Committee also approved of the idea to have Board members conduct brief individual interviews with the newest AGF members (joined within the past three years) to get more specific feedback on their satisfaction with AGF. Marissa circulated a list of the new members at the meeting so that Board members could choose two or three they would be willing to contact. Jerry asked Marissa to also circulate the list via email to Board members who were not in attendance. Jerry noted that the phone survey will be timed to coincide with the online survey. Carol Peck requested that Marissa send a brief list of questions with the final call list.

Program Committee

Don Snider reviewed the November and December programs. He noted that Mark Kramer will be speaking at the November 18th program. The December 17th program will focus on Funder Collaboratives. The Committee has begun planning for the first two programs in 2010. January's program will focus on the report "The Arizona We Want" with guest speaker Lattie Coor. February's program will focus on understanding nonprofit financials. The Piper Charitable Trust will be bringing the Nonprofit Finance Fund (NFF) to Arizona in February and suggested AGF might want to have the NFF speak to grantmakers while the NFF staff are in Arizona. Marissa suggested she might invite NFF to conduct a half-day workshop on reading financials or find a local consultant to cover the workshop and ask NFF to do a lunch presentation. She will work out the details in the coming weeks.

Carol asked if there will be a break in pricing for members who wish to attend the full half-day session. Marissa noted that members can attend the luncheon for free and will offer a price break to members on the morning/afternoon session. Don noted the next Program Committee meeting will be in late November or early December

Special Events Committee

Kerry Blume stated that planning and preparation for the Oct. 27th luncheon featuring Nathan Dungan speaking on Multi-Generational Philanthropy, has gone very smoothly. The event will be successful both financially, as well as in terms of outreach to the community. Marissa Theisen noted that there are currently 171 registrations. Media and PR efforts are continuing with articles scheduled to run in several local publications next week. Carol Peck asked if AGF has submitted a My Turn letter to the editor regarding the luncheon topic as they had last year. Marissa responded that she had not drafted a letter this year, but she would check with Gene D'Adamo to see if the paper might consider printing one. Marissa noted that ads had been placed in the Scottsdale Republic as well as AZ Society Magazine. Marissa noted that several Board

members had already registered for the event and encouraged other members to register themselves or their staff.

Development Committee

Carol Peck reported on the Board Development Committee meeting for Ed Portnoy who was unable to attend the meeting. The committee came up with a slate of nominees to replace members who had resigned or whose terms were expiring. The slate includes Jack Jewett of The Flinn Foundation, Paul Luna or Barbara Ryan of Helios Education Foundation, Deborah Whitehurst of the Arizona Community Foundation, Gene D'Adamo of The Arizona Republic and Karen Fisch of SRP. Of the nominees Carol had contacted thus far, all agreed to let their name stand as a nomination to the AGF Board.

Finance Committee

Roy Pringle reported that the Finance Committee suggested that AGF consider hiring a CPA to conduct a review of its financial statements for 2009. Marissa reported that she had asked AGF's current accountant, Carolyn Sechler, about performing the review. Carolyn indicated it would not be appropriate for her to do so but did suggest a colleague with nonprofit expertise. The Finance Committee will review this information at their next meeting on Nov. 19th.

Carol Peck asked for a motion to adjourn. Mary Jane Rynd moved and Roy Pringle seconded the motion. The meeting adjourned at 1:17 pm.