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**Community Foundation for Monterey County
Minutes of the November 17, 2009 Meeting of the Board of Directors**

Board Members Present: David Armanasco, Paul Bianchi, Jim Bogart, Thomas P. Bohnen, Sarah G. Bouchier, Ann Brown, Byrl Anderson-Smith, Peter Coniglio, Jeri Gattis, Kurt Gollnick, Craig L. Johnson, Kelly McMillin, John Silva, M.D., Breck Tostevin and Mark Verbonich.

Excused Board Members: Richard Borda, Jeanette Cisneros, M.D., and Diane Cordero de Noriega.

Staff members: Julie Drezner, Amanda Holder, Deborah Logan, Todd Lueders, Diane Nonella, Ted Rico, Nick Sandoval and Jackie Wendland.

Board Vice Chair Kurt Gollnick called the regular meeting of the Board of Directors of the Community Foundation for Monterey County to order at 3:10 PM, on Tuesday, November 17, 2009, at the Monterey office of the Foundation.

CONSENT AGENDA (Tab 1)

The following items of the Consent Agenda were approved on a motion by Peter Coniglio/Jim Bogart:

- (1) Board Meeting Minutes . October 27, 2009
- (2) Investment Committee Minutes . November 9, 2009
- (3) Financial Report . October 2009
- (4) VPCE Report . November 2009

SUMMARY OF FINANCIAL STATEMENTS (Tab 1)

For the ten months ended October 31, 2009

Assets

Total Assets through 10/31/2009 are **\$120,325,804**, a **10.19%** increase since October 2008 and a **17.40%** increase since December 2008. (p. 3)

CRT Funds

The CRT funds reflect the activity and balance per Kaspick & Company and the third party account balances as of December 31, 2008, plus \$924,741 from the Estate of Wolfgang Haas to establish the Haas CRT, with a remainder value of \$178,928. (p. 3)

Realized and Unrealized Gains and Losses on Investments

Net year to date gains and losses on investments and stock contributions totaled \$13,662,715. (p. 6)

Operating Fund

Total revenue was \$127,101 more than the budget, and total expenses were \$6,285 more than the budget. (p. 7)

Note: The Expendable Operating Cash-on-Hand is at 6.7 months. Third quarter Admin Fees were posted in September. (p. 8)

Special Program Funds

Special Program Funds include Poder Popular - funded in 2007 by The California Endowment with \$400,000 received in September to fund August 2008 through February 2010, with an additional \$325,000 expected in 2009; Pathways to Safety - funded by The Action Council with \$17,000 for the period of June 2009 through June 2010; Early Learning Opportunities - funded by First 5 Monterey County to cover June 2007 through June 2011, billed to First 5 tri-annually; Communities Advancing the Arts - funded by the James Irvine Foundation with \$400,000 for the period of March 2008 through March 2011; the Social Network Program - funded with \$150,000 by the David and Lucile Packard Foundation for the period of December 2008 through December 2010; the Leadership Education and Development Program - funded with \$150,000 by the David and Lucile Packard Foundation for the period of March 2009 through February 2010; the Building Healthy Communities Project - funded with \$125,000 by The California Endowment for the period of May 2009 through February 2010; and the Community Leadership Project - funded with \$266,000 from the William and Flora Hewlett Foundation, \$217,000 from the James Irvine Foundation and \$217,000 from the David and Lucile Packard Foundation for the period of June 2009 through June 2012.

Total Special Program revenue was \$765,596, and total expenses were \$990,784. (p. 5-6)

Portfolio Performance

The Total Return for our Pooled Endowment Portfolio Year-to-Date through 10/31/2009 was 19.44%, compared to the Policy Index of 14.75% and the Allocation Index of 16.35%. (p. 10)

Gifts, Pledges, Bequests, Future Funds Greater than \$25,000, and Grants

Total new contributions for the month were \$1,188,002 including \$47,250 from First 5 for the Literacy Campaign Fund, \$75,000 from the David and Lucile Packard Foundation as a pass-through grant to fund arts agencies, and \$1,053,389 from the Estate of Rudy Futer for the Rudy E. Futer Fund for Human & Humane Needs and the Operating Fund. (p. 14)

Grants to agencies for the month totaling \$221,660 were approved and recorded. A complete list of the grants by grantee is included. (p. 15)

Interfund activity for the month totaled \$100. (p. 14 & 15)

VPCE REPORT (TAB 1)

Information Item:

General Endowment, Donor Advised and Other Grants: We awarded **40 grants for a total of \$681,746** from October . November 2009.

REPORT OF THE VICE CHAIR – KURT GOLLNICK

Vice Chair Kurt Gollnick wished everyone a safe, happy and healthy holiday season and reminded the Board that as we approach the end of the year to give a little more this year as the need is greater than ever.

INVESTMENT COMMITTEE

Chair Craig Johnson reported that the one year returns (2.04 actual compared to (2.72) benchmark) and three year returns (0.22 actual compared to (2.32) benchmark) are ahead of the policy benchmark.

Action Item:

On a motion by Peter Coniglio/Tom Bohnen, the Board approved the committee recommended payout of 5% of the trailing 12 quarters for all funds with a balance that is equal to or greater than their historic balance, 3% of the trailing 12 quarters for all funds with a balance that is less than their historic balance but not below 30%, and any funds that are 30% or more below their historic balance receiving Net Income only.

Craig Johnson abstained from the vote due to his position as Board Chair for the Monterey Museum of Art.

2010 DRAFT BUDGET – 2ND ROUND

Breck Tostevin presented the second round draft 2010 budget. The budget is a zero-based budget presented as balanced. Total revenue and expenses are \$2.1 million. Approximately \$100,000-\$150,000 is unconfirmed revenue. Additional expenses relating to the CEO transition have been identified but are currently not in the budget. Staff will continue to work on the final round of budget revisions through the end of 2009. The final 2010 budget will be presented at the January Board Retreat.

GENERAL ENDOWMENT GRANTS AND FUNDING PRIORITIES

133 pre-applications have been received for a total of \$5,335,321 in requests.

Action Item:

- 1) The estimated amount available to grant in 2010 is projected at \$867,280. In addition, staff recommends that at least \$700,000 be granted from the Futer Fund for Human and Humane Needs for 2010. The grand total GEN grant funds available would be approximately \$1,567,280.
- 2) For 2010, return to broader funding priorities by considering proposals from our standard range of program areas, rather than focusing primarily on safety net services. By doing so, the GEN program will more closely resemble that of 2008. The Grants and Programs Committee will engage in further discussion regarding possible specific exclusions such as school day programs and government agencies that may be considered during the screening of the 2010 pre-applications.
- 3) An additional \$300,000 from the Futer Fund be allocated for possible use in 2010 by other programs within the Foundation whose services or grantmaking fit within the Futer guidelines.
- 4) The proposed plan for grantmaking from Futer Fund #2 is to distribute funds over an eight year period (within the seven to ten year range requested by Mr. Futer). For the first four years the funds will be front loaded with the General Endowment allocations, because of the higher need in the near term due to the current economy and the time anticipated for economic recovery.

The staff recommendations were accepted on a motion by Jim Bogart/Peter Coniglio.

LITERACY CAMPAIGN REPORT

Jim Bogart reported that the Steering Committee is working with a sustainability consultant in the process of transitioning the Literacy Campaign. The Sustainability and Advocacy Sub-committee hosted a successful community stakeholder meeting at Grower Shipper Association on October 29. Over 50 people attended including representatives from the City of Salinas, Board of Supervisors, Monterey County Business Council, hospitality, agri-business, and faith communities, as well as educators, librarians, and literacy service providers. Two additional meetings will be held in January 2010 with funders and development partners. Recommendations are expected to be presented at the February board meeting.

PROGRAM REPORT – PODER POPULAR

The Poder Popular program is winding down as program funding from The California Endowment ends on February 28, 2010. The current challenge is to create an ongoing, sustainable program that will continue after funding from The California Endowment has ceased. A transition plan is in the making to transfer the program to the Center for Community Advocacy. Some highlights of successes include a health action plan for each concilio, new and stronger relationships, significant realignment of existing resources as well as bringing new assets into the community.

Action Item:

Staff recommends that the Board affirm their commitment to the transition by providing support with grants and technical assistance for the work in 2010 and set aside up to \$50,000 from the General Endowment for transition. The existing relationships and experience can be used as a platform for CFMC to have an expanded role in South County.

The staff recommendations were accepted on a motion by Peter Coniglio/Breck Tostevin.

PRESIDENT/CEO REPORT

The Monterey Peninsula Foundation (MPF) recently received a distribution of \$89,000 from a trust established by Alice Pope. The MPF had no record of any relationship with Ms. Pope, and her trust was created in 1983 when they were called the Bing Crosby Pro-Am and the Community Foundation was called the Monterey Peninsula Foundation. Ollie Nutt, the CEO for MPF, believes the bequest was meant for the Community Foundation. If the Community Foundation is the intended beneficiary, he will send the check to us. It is an unrestricted bequest. Staff recommends that the bequest from Alice Pope be added to the CFMC Operating Fund.

Action Item:

On a motion made by Peter Coniglio/Kelly McMillin, the Board unanimously approved accepting staff's recommendation that the bequest from Alice Pope be added to the CFMC Operating Fund.

There being no further business, the meeting adjourned at 4:40 PM. The Board reconvened in Executive Session.

Information Item:

Todd Lueders reported that on Monday, the *Wall Street Journal* published a special insert on Philanthropy. According to Todd, the lead article by Pablo Eisenberg, one of our field's most persistent gadflies and critics, was called "Charitable Giving and How to Fix It." He recommends a number of changes in how foundations operate, ranging from increasing the payout to at least 6% (although he ignores UPMIFA), making more general operating grants, eliminating deadlines, giving

more to safety net agencies serving the truly needy, paying special attention to underserved and isolated communities, streamlining the application process, and being more transparent and accountable. Elsewhere in the WSJ piece, however, there are articles about donor advised funds. Unfortunately, the reporter only mentions commercial gift funds and ignores community foundations entirely. Not surprisingly, the WSJ is getting bombarded this week with letters from the Council on Foundations and individual community foundation CEOs for their failure to mention community foundations. Schwab, Fidelity, and Vanguard all purchase full-page ads on a regular basis in the WSJ and other major papers and magazines to promote their donor advised programs. Is it any wonder that the WSJ focuses on them and ignores the Council on Foundations members, who don't advertise nationally at any level?

The next meeting is scheduled for February 23, 2010, at 3:30 PM, at the Monterey office of the Community Foundation.

Minutes prepared by _____
Deborah Logan, Vice President of Operations

Approved by _____
Kurt Gollnick, Vice Chair of the Board of Directors