

**Community Foundations Leadership Team  
Meeting Minutes  
November 14-15, 2002**

**Present:** Dennis Riggs (Chair); Kit Conroy; Carol Golden; Tom Hay; Wendy Horton; Ben Johnson; Joe Lumarda; Madeleine McGee; Penny McPhee; Mark Neithercut; Kate Nielsen; Darcy Oman; Tom Peters; Marcia Rapp; Holly Sampson; Christine Searson; Fred Silverman; Molly Stearns; Clare Payne Symmons; Dave Uffelmann; Deborah Whitehurst (by phone); Tom Wilcox; Reggie Williams

**Regrets:** Sandy Daniels; Leslie Lilly; Peggy Ogden; Stewart Stearns; Andrew Swinney (by phone)

**Guests:** Alicia Philipp, Merrill Lynch Steering Committee Chair (by phone); Carla Dearing, Community Foundations of America; Sid Hartman, Marin Community Foundation; Marcus Owens, Caplan & Drysdale; Chris Rosin Merrill Lynch (by phone); Collis Townsend, Merrill Lynch

**Council on Foundations Staff:** Kevin Anderson; Ellen Dadisman; Tracy Dunn; Suzanne Feurt; Janne Gallagher; Char Mollison; Sunshine Overkamp; Dot Ridings; Heather Scott; Don Tharpe; Bill Walker

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### **Welcome and Opening Remarks**

Dennis Riggs welcomed everyone to the meeting and introduced new members – Christine Searson, Chief Financial Officer at the San Francisco Foundation and incoming chair of the Fiscal and Administrative Officers Group (FAOG), and Penny McPhee, Vice President and Chief Program Officer at the John S. and James L. Knight Foundation and a member of the board of the Council on Foundations.

### **Consent Agenda**

The following items were approved in one motion:

- Minutes from September 5-6, 2002 Meeting
- Minutes from October 17, 2002 Conference Call
- Community Foundation Services financial statements
- Special Projects Fund
  - Expenditures Report
  - Funding Status Report

A correction was noted for the September 5-6, 2002 meeting minutes – which a 2% **administrative** fee be charged by the Council on the Special Projects Fund. A correction also

was noted for the October 17, 2002 conference call minutes – Madeleine McGee was not present on the call.

In response to a question about Special Projects Fund expenditures, it was noted that \$25,000 to NPO Solutions would be deducted from the final amount paid per the original agreement (NPO indicated they would not charge these “development costs” if they received the contract for the Merrill Lynch project).

## **Review of Action Teams**

### *Standards Action Team*

Deborah Whitehurst gave an update on the Standards Action Team. She suggested phasing out the Standards Action Team (the coordinating functions it played between the standards, professional development and marketing action teams could be handled by the Council staff) and recommended that the Standards Implementation Committee and the Standards Best Practices Committee be elevated to full action teams. She recommended that each of the groups have representatives on the Leadership Team. She also suggested changing name of the Best Practices Committee to the Effective Practices Committee.

Some members of the Leadership Team expressed concern about creating two new action teams. Their preference was to retain one main group focusing on standards rather than to create two new action teams. This idea was also extended to other groups such as the Fall Conference Action Team which might be better positioned as a subgroup of the Professional and Organizational Development Action Team (PODAT). Others suggested that the Implementation Committee become an action team with a representative serving on the Leadership Team because of its long-term work while the Best Practices group would stay a committee and have a representative serving on the Leadership Team as a guest for a shorter period of time until its current work is completed. There was also discussion about the desirability of having the Best Practices group collaborate with PODAT and the pros and cons of renaming Best Practices to effective practices, good practices or promising practices.

Overall, the Leadership Team favored the option of eliminating the Standards Action Team, elevating the Implementation Committee to an action team, and offering the Best Practices Committee limited time representation on the Leadership Team. Suzanne Feurt indicated she would examine the proposed structure for the Standards work and other groups such as the Fall Conference Action Team in light of the overall priorities of the Leadership Team and would report back. Leadership Team expressed thanks to Deborah and her significant leadership on the National Standards work.

The Leadership Team also discussed moving the Technology Steering Committee (TSC) to become an Action Team. Dennis indicated the TSC should be a part of the Leadership Team but that it should not be called an action team because of our partnership with Community Foundations of America (which does not call its initiatives Action Teams).

The group asked for clarification of the terms “action team,” “task force” and “steering committee,” all of which are used to describe groups working under or in association with the Leadership Team. They expressed a desire for more consistency in the use of these terms and requested staff to report back.

### *Membership Survey and Communications to the Field*

Holly Sampson, chair of the Council’s Research Committee, mentioned that the Research Committee reviewed the final results of the Council’s membership survey when they met in October (the Leadership Team discussed preliminary results at their September 2002 meeting). She noted that 240 community foundations (55 percent of the community foundation members of the Council) responded to the survey and that the results provided a rich array of information on trends, needs and the perceived effectiveness of the Leadership Team. For example, respondents indicated that their needs were not being met in such areas as on-site technical assistance, technology and career paths for talented community foundations staff. In addition, a significant percentage of respondents had no opinion about the effectiveness of the Leadership Team, an indication that they had limited knowledge about what the Leadership Team was doing. She indicated that John Welch was running additional cross tabs to better understand the data.

Leadership Team members indicated that the Membership Survey could be a useful tool in planning for future activities. They also felt it is important to let the field know they are being heard through the survey and other means. The development of a comprehensive communications strategy would help including postings on the listservs, updated information on the Council’s website, blast e-mails, blast faxes and mailings when pertinent information needs to be shared. Also, the field should be alerted when the Leadership Team minutes are put on the Council’s website.

### *PODAT*

Andrew Swinney reviewed the status of the training courses that comprise the Center for Community Foundation Excellence (CCFE) including *Community Foundation Fundamentals*, *Finance and Administration*, *Resource Development*, and *Marketing*. He indicated that the downturn in the economy has caused cutbacks in many community foundation administrative budgets and this may affect the attendance patterns in the courses this year. The slow economy has also affected efforts to raise money for CCFE. As a result, PODAT is requesting \$250,000 from the Special Projects Fund to use in conjunction with funds awarded by the Mott Foundation to make sure the courses can be offered in a full complement this year. The Special Projects Fund monies would be tapped only if needed and likely will be used for scholarships and other support services.

The Leadership Team discussed the desirability of having a long-term plan for PODAT with goals and objectives and a forecast of revenue and expenses and budget information so that the Leadership Team could better understand the context for requests for funding (this idea was also extended to the other Action Teams). There was also discussion about ways to provide alternative methods of training that would not require travel and hotel expenses (e.g., distance learning) and the pros and cons of offering regional training opportunities (e.g., similar to a

regional course planned for West Virginia in March). It was also suggested that PODAT develop an overall sense of the various training opportunities available to community foundations and differentiate the courses from these. There was also strong support for linking PODAT with the Fall Conference and with professional groups that offering training.

Questions were also raised about how the cost structure for the courses and other CCFE activities were determined, the connection of CCFE to the Community Foundation Services department, and how CCFE is being staffed in the short- and long-term.

The request for \$250,000 was unanimously approved. Appreciation was expressed to Andrew and PODAT members for the development of the training courses.

### *Special Projects Fund*

The Leadership Team indicated a desire to review and clarify, if needed, the policies and procedures in place for accessing money from the Special Projects Fund at the next meeting.

### **Review of Policies**

The Leadership Team asked staff to consider whether the Rapid Action policy should include reference to a policy the group approved several months allowing the Chair and the Managing Director to tap the Special Projects Fund for Action Team activities between meetings if needed. Staff will report back at the next meeting.

The wording changes were approved for the Conflict of Interest policy. It was requested that Action Team chairs share the policy with members of the action teams.

The Professional Group policy was approved.

### **Emerging Issues**

#### *Donor Education*

Karen Green, Managing Director, Family Foundation Services, joined the meeting to discuss donor education issues. She had just returned from a meeting hosted by New Visions to share a national donor education survey they recently conducted.

She described what the significant barriers to donor education are: 1) donors don't always recognize the benefits of donor education; 2) donors lack knowledge about donor education opportunities; 3) donors will pay for financial services but not donor education (inadequate pricing model); and 4) there is a lack of donor education opportunities for veteran donors.

Karen described the typical donor education format as being a 2-3 hour program that occurs only one time on a specific topic. A suggestion was made to develop donor education nationally and deliver it locally. Further, it was suggested that current donors' homes could serve as venues for donor education events.

A question was raised about some initial conclusions about community foundations in the study. There was some concern regarding the definition of donor education used in the study – community foundations do less formal donor training or group learning activities than one-on-one training but the individual training is highly valued by many donors. Also, many community foundations don't do “donor education;” rather they do “donor engagement” where the donors are involved and experience the benefits to them (e.g., donor briefings). It was suggested that Council staff contact New Visions to learn more about the nature of community foundations that responded to the study. It was also suggested that Council staff connect New Visions to Leadership Team members and other community foundations doing donor education work. Also, there were questions about how donor education issues connect to PODAT's work and how technology might affect donor education.

There was also discussion about the major relevance that donor education has for community foundations. In addition to being known as a resource for community information, community foundations often talk about their “value added” as being a major resource for donors. However, do the results of this study indicate that community foundations aren't really living up to their promises? Or, could we be seeing community foundations' position in this area being eroded? Either way, attention should be given to building the capacity of community foundations to serve and educate and engage donors. Perhaps this could be accomplished through PODAT, the Fall Conference, etc. It was agreed that the Leadership Team would revisit the topic of donor education in the future.

#### *Private Foundation Calculator*

Jeff Martin talked about the Media Department's efforts to promote community foundations in 2002. He highlighted the Council's effort to pitch the real estate story to the Wall Street Journal (which appeared as a page-one Marketplace story in September) and asked for other suggestions such as emerging trends with donor advised funds. He also mentioned the Media Department's new “Donors Guide to Giving” and a draft concept paper entitled “Private Foundation Calculator.”

Leadership Team members suggested that the Private Foundation Calculator be called the Foundation Calculator, that donors need a quick way to calculate the administrative costs of setting up a private foundation, wondered if it would be possible to add a field of interest concept to the alternative options, and suggested adding the donor education element to the description of what a community foundation can offer donors.

Regarding donor advised funds, Leadership Team members indicated that even though the slowing of the economy has led to overall less money for distributions, many community foundations are seeing donors digging deeper into their donor advised funds and spending more to assist nonprofits and meet local needs. Also, some are seeing an increase in the establishment of family advised funds and giving circles using donor advised funds.

### *Foundation Strategy Group*

Tom Hay presented the cost and revenue model from the Foundation Strategy Group (FSG). The proposal includes four parts: a cost analysis of the services being provided by a community foundation; a local analysis to see what donors identify as the services they value and how much they will pay for them; (called the conjoint donor survey); the development of a cost/revenue template that can be used by other community foundations, and a national survey of the services and prices of professional advisors. At this time, four or five large community foundations are seriously interested in participating in the cost analysis survey and possibly the local donor analysis. Hay requested that the Leadership Team fund the national portions of the project so that the results can be shared with the field and/or sponsor the participation of a medium size or smaller community foundation in the study to broaden the range of knowledge. FAOG is likely to commit \$5,000 to \$10,000.

Wendy Horton described the study as a critical need for the field because many community foundations are facing administrative deficits due to the declining economy. She cited several recent examples where the Greater Milwaukee Foundation wanted to take on new relationships with donors (e.g., serving a major family foundation) but was not sure how to price these services.

The Leadership Team requested that further investigation be conducted into the FSG proposal including whether similar projects have been conducted by other groups. They authorized \$50,000 from the Special Projects Fund for the national components of the study plus an additional amount potentially to include a medium or smaller community foundation in the study not to exceed \$35,000.

### *Financial Partnerships*

Mark Neithercut suggested that the Leadership Team provide education and leadership to the field regarding the development of new financial institution partnerships. He expressed concern about the nature of some recently announced partnerships where community foundations are working with national or regional financial institutions at the exclusion of other community foundations who also have relationships with those financial institutions. He suggested that a set of principles or rules of engagement be developed in this area along with materials that highlight examples of how community foundations have worked out positive arrangements with financial institutions that don't negatively affect other community foundations. He also suggested that special attention be given to community foundations where trustees are in search mode for a new CEO or the CEO has just been hired – perhaps resource materials or a visiting committee of peers would be helpful in explaining some of the issues in the field.

There was recognition that some of the recent partnerships were heavily driven by the needs and interests of the financial institutions and that the community foundations may have had limited ability to negotiate more inclusive arrangements. However, in general, it was hoped that community foundations would work toward deals that, at a minimum, did no harm to other community foundations and, ideally, included other community foundations (e.g., the Merrill Lynch initiative). It was also suggested that an inventory of existing and planned efforts be done

in the field (e.g., develop a database or clearinghouse function) and that the information is communicated to the field.

Tom Hay, Mark Neithercut, Kate Nielson, Molly Stearns and Reggie Williams offered to help think through the principles and other aspects of this work.

Clare Payne Symmons said she would take back to CEONet the idea of helping to educate new CEOs in the field. CEONet has been discussing the idea of developing a mentoring program for new CEOs.

### **Legal and Legislative Update**

Ellen Dadisman reported that Council's Legislation and Regulations Committee soon would be discussing the Council's Legislative Agenda for 2003-04. She reviewed the major components of an initial draft of the new agenda, which already had been vetted with the Legal and Legislative Action Team, and asked for Leadership Team comments. There was particular interest in the increasing role that State Attorneys General are playing in legislation and regulations affecting nonprofits and foundations at the state level. Ellen reminded the group that the final draft of the document would be reviewed by the Council board in December and then sent to all members for their comment before being formally adopted in early 2003.

Janne Gallagher provided updates on several issues legal and regulatory issues including the Uniform Management of Institutional Funds Act (UMIFA), intermediate sanctions, due diligence on international grantmaking and documenting donor intent/donor restrictions.

Janne and Marcus Owens provided an update on the IRS audits. Marc indicated that the audits had not started because of personnel issues at the agency as well as considerations about the sample population and alternative ways to collect preliminary information. He also mentioned that the IRS has in its 2003 work plan the intent to examine more closely supporting organizations and private foundations.

### **Executive Session**

The Leadership Team met in Executive Session to evaluate and provide feedback on the Managing Director's performance. Dennis complimented and thanked Suzanne and the rest of the Community Foundation Services staff (Tracy Dunn, Heather Scott and Bill Walker) for their hard work during 2002.

### **Merrill Lynch Project**

Alicia Philipp, Collis Townsend and Chris Rosin thanked the Council staff (Suzanne, Janne and Andrew Schulz) for their work on the Merrill Lynch initiative and also thanked the Leadership Team for its financial support through the Special Projects Fund. She said that major progress was being made on several fronts including resolution of the remaining legal issues, setting up the Central Service Bureau and development of a training and marketing plan.

She indicated, however, that additional legal costs would be incurred related to state security filings and requested that an additional \$30,000 be allocated from the Special Projects Funds for legal fees. The motion was approved with one abstention.

### **National Marketing Action Team**

Tom Peters indicated that the three CDs of marketing tools and the Marketplace website unveiled at the Fall Conference in Atlanta had been well received in the field and that follow-up activities were underway (e.g., technical assistance conference calls to help community foundations utilize the CDs). He indicated that NMAT would be meeting in January 2003 to plan its next phase of activities. He requested that \$100,000 be allocated from the Special Projects Fund to assist NMAT in planning its future work and to continue to provide technical assistance support for the CDs and the Marketplace. The request was approved.

Leadership Team members indicated a desire to track whether small community foundations are using and benefiting from NMAT's work. There was also a discussion about the use of the materials by multiple community foundations to conduct regional marketing and how this was being handled in areas where community foundations overlap territory.

### **Fall Conference Action Team**

Tom Wilcox reported on planning for the 2003 Fall Conference in Baltimore. He reviewed the proposed theme of the conference, "Diversity, Difference and Community Philanthropy" and highlighted possible plenary speakers and potential special events. The proposed theme was approved. Leadership Team members also discussed the value in doing special outreach to attract more community foundation board members.

### **Technology Steering Committee**

Sid Hartman thanked the Leadership Team and Community Foundations of America for their cosponsorship of the Technology Steering Committee (TSC). It is a critical time in the field to address several major technology issues such as improving the functionality of current software and looking ahead to the next generation of software. He indicated that the TSC will meet for the first time in a few days and will scope out its vision, mission, goals and objectives and action steps.

In response questions, Sid indicated that the TSC would use open and competitive processes to select vendors. Tom Hay will act as an official link between the Technology Steering Committee and the Leadership Team for the time being.

### **Member Comments and Wrap Up**

Leadership Team meetings will remain at the same schedule of one and a half days of meetings four times a year. Emerging issues will remain on the docket for each meeting.

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