

F. M. KIRBY FOUNDATION, INC.  
17 DEHART STREET  
P.O. Box 151  
MORRISTOWN, N.J. 07963-0151  
973-538-4800

February 1, 2018

**MEMORANDUM FOR:** Board of Directors

**SUBJECT:** Minutes of the Meeting of the Board of Directors  
of the F. M. Kirby Foundation, Inc.

Enclosed herewith are the minutes of the December 8, 2017 meeting of the Board of Directors of the F.M. Kirby Foundation, Inc.

Sincerely,



Diana L. Kostas  
Secretary

Attachments

**Minutes of the Meeting of the  
Board of Directors of the  
F. M. Kirby Foundation, Inc.  
December 8, 2017**

A meeting of the Board of Directors of the F. M. Kirby Foundation, Inc. was held on December 8, 2017 at 2:10 p.m. at Daytop Village of New Jersey, 80 Main Street, Mendham, New Jersey, following a 1:15 p.m. tour of the facility by the Directors, led by Daytop administration members. The following Directors were present:

Wilson M. Compton  
Alice K. Horton  
Ward K. Horton  
Leigh C. Kirby  
Jefferson W. Kirby  
S. Dillard Kirby  
Sandra B. Sherman

Mr. S. Dillard Kirby, President, presided and Mrs. Diana L. Kostas, Treasurer & Secretary, recorded the minutes of the meeting. Mr. William H. Byrnes, Jr., Vice President – Grants, Mrs. JoAnn F. Tiefau, Program Officer, and Erin Clifford, Communications and Program Associate, were invited to attend the meeting. The President welcomed Mrs. Laura H. Virkler and Mr. F. Morgan Kirby, IV to the meeting as guests.

The minutes of the meeting of the Board of Directors held September 15, 2017 and subsequently distributed to the Directors were approved.

Mr. Byrnes opened the meeting by reviewing the opioid statistics in North Carolina and the state's multi-pronged strategy in response to the epidemic. North Carolina is working to reduce opioid and fentanyl overdose deaths by 20 percent by 2021.

Mr. Byrnes asked Dr. Wilson M. Compton to give a national overview on the opioid epidemic. Dr. Compton detailed the history of the opioid crisis evolution, underlying social and economic drivers and partnership efforts between the National Institute of Health and the National Institute on Drug Abuse to address the crisis.

Mr. Byrnes introduced Mr. James Curtin, CEO of Daytop Village of New Jersey and pointed out that the F.M. Kirby Foundation has made investments of \$345K through 11 grants to Daytop Village since 1999. Mr. Curtin introduced the Vice President of Operations, Ms. Kimberly O'Connor, and the Director of Education, Ms. Nicollete Rittenhouse-Young and then reviewed the opioid crisis in New Jersey. 35% of the youths that come to Daytop have opioid addictions. In New Jersey, there are more fentanyl-related deaths than those related to heroin. The average stay at Daytop is 120 to 150 days and most patients come in with some type of significant life trauma. Daytop is a trauma-informed care center. The Board thanked Mr. Curtin for his presentation. At 2:45 p.m., Mr. Curtin and his team left the meeting.

The President referred the Board to his report, dated December 1, 2017, which was distributed in advance of the meeting to facilitate discussion of it at this meeting. The President briefly discussed the Kirby Alliance meeting at Lafayette College on October 19<sup>th</sup>. Ms. Clifford distributed extra copies of "The Kirby Presence at Lafayette" publication. The Board thanked Mr. S. Dillard Kirby for his report, which is attached hereto as part of the minutes.

Mr. Jefferson W. Kirby, Chairman of the Investment Committee, gave his report. Mr. Kirby reminded the Board of the final distribution of \$54 million to be made in early January to the Kirby Alliance and where the funds resided. Mr. Kirby then reviewed the

Foundation's portfolio makeover which included moving about half of the investment portfolio to Vanguard on November 1. The move is intended to enhance diversification, lower the Foundation's expenses, improve tactical agility and reduce the Foundation's administrative burden. The other half of the Portfolio remained with three incumbent firms – Blackstone/GSO, Walter Scott and the JP Morgan Global Allocation Fund. The Investment Committee also made one new hire, PIMCO, for a global tactical asset allocation to commence January 2, 2018.

He noted that, on a consolidated basis, for the year to date through October 31, 2017, the portfolio had returned 14.5% YTD versus the blended benchmark return of 15.75%. However, over the past year the portfolio was ahead of the benchmark 16.8% versus 16.6% and over the last five years had trailed the benchmark 6.7% annualized versus 8.1%. He reported that after the rebalancing and distribution of the Kirby Alliance grants that the portfolio would total approximately \$320 million with a notably reduced expense ratio of 48 basis points before Walter Scott's performance fee. The President thanked Mr. Jefferson W. Kirby for his report.

The President referred the Board to a cumulative list of grants from September 1, 2017 through November 30, 2017 of \$75,000 or less approved by management, attached to the Agenda, and asked for ratification thereof. Following a discussion on a few of the grants, including those that received a final grant and those that are scheduled for a phase out of support, a motion was made and seconded that the list be ratified. The motion was approved. The above-mentioned list is attached hereto as part of the minutes.

The President then referred the Board to a cumulative list of grants proposed by the President from September 1, 2017 through November 30, 2017 in excess of \$75,000, attached to the Agenda, and asked for approval thereof. The Board discussed in further

detail the proposed grants to the New Jersey Conservation Foundation and United Way of the Greater Triangle, Inc. A motion was then made and seconded that the list, as outlined above, be approved. The motion was approved. The above-mentioned list is attached hereto as part of the minutes. At 3:25 p.m. Dr. Compton left the meeting for a conference call.

Ms. Sandra B. Sherman then discussed the Foundation's Conflict of Interest Policy. After a brief discussion, the Directors unanimously adopted the policy, attached hereto as part of the minutes, as follows:

**WHEREAS**, the Internal Revenue Service has consistently expressed its preference that all tax-exempt organizations adopt a conflict of interest policy;

**WHEREAS**, the Foundation has previously been mindful of these issues and wishes to demonstrate and document the continued commitment of the Foundation and its directors, members, and principal officers to avoiding any transaction that might create a real or perceived conflict of interest;

**NOW**, therefore, it is resolved (i) that the Foundation reaffirm the attached Conflict of Interest Policy; (ii) that the directors confirm their past and continued compliance with the said policy through the completion of the Foundation Conflict of Interest Questionnaire, and (iii) that the directors confirm their continued commitment to act at all times consistent with the Foundation's purposes.

Be it further resolved that said policy and the Foundation's adherence to the same be reaffirmed and reviewed by the directors on an annual basis, or more frequently as necessary.

The President reminded the Board that the staff would also be completing the questionnaire and requested that all questionnaires be finalized by mid-January 2018.

The Board took a brief break at 3:30 p.m. At 3:40 p.m., the President then asked the Board to consider ratification of three grant commitments of \$18 million to be made on approximately January 4, 2018 to the A.P. Kirby, Jr. Family Fund and the Acorn Hill

Fund (donor-advised funds of public charities), and the Ann K. Kirby Foundation (a type I supporting organization), for a total disposition of \$54 million. Due to the size of the grants and as per Foundation by-laws, these grant commitments were approved by the Members at a Special Meeting held before this meeting. A motion was then made and seconded. The motion was approved.

The President informed the Board that the next Kirby Alliance meeting would take place on March 1, 2018 and that both Regional and National American Red Cross representatives would be giving a presentation on disaster recovery and blood donor efforts. It will also include the topic of climate change and any proactive steps that the American Red Cross is taking. The President invited the Directors to attend the presentation, which will take place at 10 a.m. at the F.M. Kirby Foundation office, if they are inclined.

The President then requested that Mrs. Tiefert distribute a list of “regular” grantees that did not submit a 2017 grant request. Only 13 of the regular grantees did not apply, down from 30 in 2016.

Ms. Clifford gave the Board an update on website feedback and statistics since the launch of the new website on October 2<sup>nd</sup>. The Foundation will be adding a Recent News section to the website. At 3:55 p.m., Dr. Compton rejoined the meeting.

The President then discussed the 2018 budget and potential larger grants on the horizon. Capital / Endowment campaigns are anticipated for Durham Academy, The Peck School and Wake Forest University. Land stewardship and preservation was proposed as the docket focus for 2018 and was a topic of interest to the Kirby Alliance as well. Ms. Clifford handed out a summary of the proposed focus which outlined three primary prongs: conservation, preservation and land stewardship.

The next meeting of the Directors was scheduled for April 20, 2018 at 2:00 p.m. at Alice K. Horton's home in Durham, North Carolina.

The President then excused Mr. Byrnes, Mrs. Tiefau, Mrs. Kostas and Ms. Clifford from the meeting at 4:30 p.m. so the Board could engage in an executive session. A general update on employee performance reviews and salary adjustments was made by the President. The President then departed the meeting to allow the Board to consider his compensation. Following the recommendation of the Compensation Committee, the Board agreed to annual compensation of \$173,500 for the President's salary, deferring to his request that any salary increase be limited to the increase in the Consumer Price Index since last year (approximately 2%). The President then returned and Ms. Sherman was then excused from the meeting so that the Board could discuss her firm's compensation as Foundation counsel in light of the conflict of interest policy. It was determined that the approximate \$1,500 paid since the December 2016 meeting was fully appropriate and consistent with or below prevailing market rates.

The meeting was adjourned at 4:40 p.m.

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December 1, 2017

**TO:** Board of Directors  
**FROM:** S. Dillard Kirby *S. D. K.*  
**SUBJECT:** Report of the President

It has been a sad couple of weeks around here since Mom's passing, but the outpouring of support from friends, grantees, and our team here at the office has been wonderful to witness and greatly appreciated. Of course, we will all deeply miss Mom/Mrs. Kirby on our Board, but we will remember what was important to her not only in terms of grantee organizations, but also as far as governance. I am so pleased that she was involved and embraced both the idea of adding "outside directors" (she really enjoyed Sandie and Wilson) and launching the Kirby Alliance initiative. Her determination was shown in full color when she arrived at our September meeting from bed, walking up those steps, utilizing an oxygen machine, staying as long as she did, and then coming back out for the Board dinner! And so...we move on as she would want.

Please note that our upcoming meeting will take place at the Mendham Campus of Daytop Village. I encourage you to arrive by 1:15 p.m. for a tour led by Daytop's CEO, James Curtin. This tour will be within a residential home of teenagers with co-occurring substance abuse and psychological challenges and so we will, of course, be respectful of their privacy and sensitive to the possibility that our visit may disturb some clients. At approximately 1:55 p.m., the Members will meet briefly to consider the final Kirby Alliance grants scheduled to be paid in early January 2018. We will then gather our Directors at approximately 2:00 p.m. and begin our meeting with Wilson, Bill, and James Curtin at the top of the agenda connecting the national drug epidemic with the services at Daytop, followed by a Q&A period. (Given the tour, this will not be a full grantee presentation as we often have.)

Since our September meeting, there have been two particularly noteworthy events I'd like to highlight: 1) a wonderful day at Lafayette College for our October 19 KA meeting (Jeff, Alice, Laura, Diana, Erin, and I attended); and 2) effective November 1, the Investment Committee "pulled the trigger" and transferred a significant portion of the endowment to Vanguard for passive/active investments and hired them in an advisory role to support our Investment Committee deliberations. This resulted in terminating several investment managers and reconciling hundreds of transactions. This was truly a "baptism by fire" for Diana, but she has responded well and, with Tom Bianchini's support (whom we engaged as an independent contractor to support Diana's work the past few months), we appear to have largely completed the transition successfully, though a couple of tweaks still need to be implemented. Jeff, who has "chaired" this transition, will give you considerably more details at our meeting.



There is just one new grantee presented for the Board's ratification. It is BluePath Service Dogs, Inc., whose mission is to serve children with autism largely throughout the Tri-State area by providing trained service dogs offering safety, companionship, and opportunities for independence. Jeff has endorsed this grantee. Of particular note, Karen Kirby's cousin, Caroline McCabe-Sandler and her husband, Dr. Jody Sandler, the Vice President of Training and CEO, respectively, are the founders. They are currently serving without compensation.

As for grants to be approved by the Board in excess of \$75k, I think I can eliminate most of the narrative within my President's Report going forward as we now include very transparent Evaluation Form comments in the private Board area on our website under the Board Material folder. There are no new grantees. Please review and follow up with any questions or comments to either Bill or me before the meeting; otherwise, management can address such at the meeting. Given its size and scope, I encourage you to review the Madison Area YMCA Evaluation Form comments and funding recommendation that, if approved, will conclude our participation in the Y's \$8-\$10 million capital campaign, *Our Community, Our Future*.

Our Cumulative List of Referrals to the Board, if approved, coupled with the anticipated management-approved December grants, would bring our year-end, total core grants paid to approximately \$12.5 million, which reflects a drop of approximately 5% versus last year. This compares to an estimated increase of approximately 4% in the endowment, despite the large KA distribution of \$27 million, if markets remain flat between now and year-end. This conservative approach will hopefully provide a floor from which we can now begin to see a gradual rebound in our grants budget with an anticipated endowment level above \$300 million AFTER the large and final \$54 million distribution this coming January.

With that in mind, we are currently targeting a core grants budget in the \$14 million range for 2018 (right direction!). Under the New Business agenda item, I would like us to consider, for a possible topic of focus in 2018, land stewardship and preservation. This is a multi-faceted topic in which several of you have expressed interest, and we have grantee organizations in N.C., N.J., and upstate N.Y. who could present to us on this topic.

Immediately following our meeting, I invite Board and staff members, for whom it is convenient, for a round or two of drinks and some snacks to celebrate the holidays at the Black Horse Tavern. The Tavern is just a ½ mile down the road from Daytop.

# F.M. KIRBY FOUNDATION, INC.

Cumulative List of Approvals of Management

September 1, 2017 through November 30, 2017

Organization Project Description	Prior Year Payment	Current Year Payment
Adirondack Experience (formerly known as The Adirondack Museum) Blue Mountain Lake, NY		
2016	\$25,000.00	
2017		\$20,000.00
Alfre, Inc. Morristown, NJ		
2016	\$25,000.00	
2017		\$25,000.00
American Diabetes Association Research Foundation, Inc. Alexandria, VA		
2016 Toward a one-year, Junior Faculty Development Award for Dr. Diana E. Stanescu's research to improve the function of stem cell-derived beta cells	\$80,000.00	
2017 Toward the final-year funding of Dr. Diana E. Stanescu's Junior Faculty Development Award to improve the function of stem cell-derived beta cells		\$40,000.00
Bill of Rights Institute Arlington, VA		
2016	\$25,000.00	
2017		\$25,000.00
BluePath Service Dogs, Inc. Hopewell Junction, NY		
2017		\$7,500.00
Carolina Ballet, Inc. Raleigh, NC		
2016	\$20,000.00	
2017		\$15,000.00

Organization Project Description	Prior Year Payment	Current Year Payment
Cary Institute of Ecosystem Studies, Inc. Millbrook, NY		
2016 For: Support to develop legislative and policy remedies to prevent future forest pest introduction in the U.S.	\$30,000.00	
2017 For: Support to develop legislative and policy remedies to prevent future forest pest introduction in the U.S.		\$25,000.00
Center for Non-Profit Corporations, Inc. Mercerville, NJ		
2016	\$10,000.00	
2017		\$10,000.00
Central Park Conservancy New York, NY		
2016	\$20,000.00	
2017		\$20,000.00
Conservation Trust for North Carolina Raleigh, NC		
2016	\$25,000.00	
2017		\$25,000.00
Daytop Village of New Jersey, Inc. Mendham, NJ		
2016	\$30,000.00	
2017		\$30,000.00
Emily K Center, Inc. Durham, NC		
2016	\$30,000.00	
2017		\$30,000.00
Episcopal Preaching Foundation, Inc. Springfield, NJ		
2016	\$25,000.00	
2017		\$25,000.00

Organization Project Description	Prior Year Payment	Current Year Payment
Fairfield University Fairfield, CT		
2016 Toward the Adrienne Kirby Family Literacy Project	\$12,000.00	
2017 Toward the Adrienne Kirby Family Literacy Project		\$10,000.00
The Fund for American Studies Washington, DC		
2016	\$35,000.00	
2017		\$35,000.00
Good Grief, Inc. Morristown, NJ		
2016 For: Support of the Morristown location only	\$22,500.00	
2017 For: Support of the Morristown location only		\$22,500.00
Guttmacher Institute, Inc. New York, NY		
2016	\$35,000.00	
2017		\$30,000.00
Historic Hillsborough Commission Hillsborough, NC		
2016	\$7,500.00	
2017		\$7,500.00
Homeless Solutions, Inc. Morristown, NJ		
2016	\$55,000.00	
2017		\$55,000.00
Hudson Institute, Inc. Washington, DC		
2016 To support the Center for American Common Culture	\$22,500.00	
2017 To support the Center for American Common Culture		\$20,000.00

Organization Project Description	Prior Year Payment	Current Year Payment
Institute for American Values New York, NY		
2016	\$25,000.00	
2017 Toward the One America Initiative		\$25,000.00
Interfaith Food Pantry, Inc. Morris Plains, NJ		
2016	\$25,000.00	
2017		\$25,000.00
Morris Arts Morristown, NJ		
2016	\$45,000.00	
2017		\$45,000.00
Morris County Organization for Hispanic Affairs Dover, NJ		
2016 For: The Center for Citizenship and Legal Immigration	\$20,000.00	
2017 For: The Center for Citizenship and Legal Immigration		\$20,000.00
The Newark Museum Association Newark, NJ		
2016	\$60,000.00	
2017		\$50,000.00
Newark Public Radio, Inc./WBGO Newark, NJ		
2016	\$7,500.00	
2017		\$5,000.00
North Carolina Arts in Action, Inc. Durham, NC		
2016	\$12,500.00	
2017		\$12,500.00

Organization Project Description	Prior Year Payment	Current Year Payment
Paper Mill Playhouse Millburn, NJ		
2016	\$70,000.00	
2017		\$70,000.00
The Philanthropy Roundtable Washington, DC		
2016 For: General operating support, other than lobbying, for The Alliance for Charitable Reform-\$10,000; for the Veterans Initiative-\$10,000; for the Culture of Freedom Project-\$25,000	\$50,000.00	
2017 For: General operating support, other than lobbying, for The Alliance for Charitable Reform-\$10,000; for the Veterans Initiative-\$10,000; for the Culture of Freedom Project-\$25,000		\$50,000.00
Phillips Exeter Academy Exeter, NH		
2016 Toward The Exeter Fund in honor of Dr. Wilson M. Compton, Class of '77	\$10,000.00	
2017 Toward The Exeter Fund in honor of Dr. Wilson M. Compton, Class of '77		\$10,000.00
Planned Parenthood Keystone Trexlerstown, PA		
2016 For: General operating support, particularly Luzerne and Northampton Counties	\$35,000.00	
2017 For: General operating support, particularly Luzerne and Northampton Counties		\$35,000.00
St. Stephen's Episcopal Church/Durham Durham, NC		
2016 In support of the field education program for seminarians	\$18,000.00	
2017 In support of the field education program for seminarians		\$18,000.00
Trout Unlimited, Inc. Arlington, VA		
2016 Toward the Upper Delaware Watershed Home Rivers Initiative in New Jersey-\$25,000	\$32,500.00	
2017 Toward the Upper Delaware Watershed Home Rivers Initiative in New Jersey-\$20,000		\$27,500.00

Organization Project Description	Prior Year Payment	Current Year Payment
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Wake Forest University

Winston-Salem, NC

2016 For: The Wake Forest Fund

\$25,000.00

2017 For: The Wake Forest Fund

\$25,000.00

Zufall Health Center, Inc.

Dover, NJ

2016 For: The Morristown Health Clinic

\$20,000.00

2017 For: The Morristown Health Clinic

\$20,000.00

**Grand Total**

**\$990,000.00**

**\$915,500.00**

# F.M. KIRBY FOUNDATION, INC.

Cumulative List of Referrals to the Board

September 1, 2017 through November 30, 2017

Organization Project Description	Prior Year Payment	Recommended Amount
American Cancer Society, Inc./Eastern Division Cedar Knolls, NJ 2016 For: Programs in the Northwest New Jersey Region-\$60,000; National Home Office-Extramural Research support in immunotherapy-\$225,000 2017 For: Programs in the Northwest New Jersey Region-\$30,000; National Home Office-Extramural Research support in immunotherapy-\$220,000	\$285,000.00	\$250,000.00
Christopher and Dana Reeve Foundation Short Hills, NJ 2016 For: Continued support of the work of Drs. Sam Pfaff and Chet Moritz to identify, locate, and characterize the role of interneurons in the human spinal cord 2017 For: Continued support of the work of Drs. Sam Pfaff and Chet Moritz through the International Research Consortium on Spinal Cord Injury	\$150,000.00	\$150,000.00
Madison Area YMCA Madison, NJ 2016 Toward the F.M. Kirby Children's Center Annual Scholarship Fund-\$85,000; for Reserved for Future Decision-\$165,000 2017 Toward the F.M. Kirby Children's Center Annual Scholarship Fund-\$85,000; toward the Our Community Our Future campaign-\$140,000; \$135,000 pledged in 2018 and 2019 toward the campaign along with all funds in the Reserved for Future Decision account	\$250,000.00	\$495,000.00
The National Football Foundation and College Hall of Fame, Inc. Irving, TX 2016 2017	\$90,000.00	\$85,000.00
New Jersey Conservation Foundation Far Hills, NJ 2016 2017	\$100,000.00	\$115,000.00



Organization Project Description	Prior Year Payment	Recommended Amount
Planned Parenthood of Northern, Central, and Southern New Jersey, Inc. Morristown, NJ		
2016 For: General operating support in Morris County only	\$100,000.00	
2017 For: General operating support in Morris County only		\$100,000.00
State Theatre Center for the Arts, Inc. Easton, PA		
2016	\$90,000.00	
2017		\$85,000.00
The Trust for Public Land Morristown, NJ		
2016 For: New Jersey programs only	\$125,000.00	
2017 For: New Jersey programs only		\$115,000.00
United Way of the Greater Triangle, Inc. Morrisville, NC		
2016 For: General allocation to partner agencies only, of which \$100,000 is restricted to Orange County	\$200,000.00	
2017 For: Orange and Durham Counties collaborative partnership support-\$160,000; for Orange and Durham Counties Basic Needs support-\$40,000		\$200,000.00
United Way of Wyoming Valley Wilkes-Barre, PA		
2016 For: Annual allocations to community-based social service agencies and programs	\$90,000.00	
2017 For: Annual allocations to community-based social service agencies and programs		\$90,000.00
Wyoming Seminary Kingston, PA		
2016 Toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund	\$100,000.00	
2017 Toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund		\$100,000.00
<b>Grand Total</b>	<b>\$1,580,000.00</b>	<b>\$1,785,000.00</b>