

**Minutes of the Meeting of the  
Board of Directors of the  
F. M. Kirby Foundation, Inc.  
December 7, 2018**

A meeting of the Board of Directors of the F. M. Kirby Foundation, Inc. was held on December 7, 2018 that began at 1:55 p.m. at the F. M. Kirby Foundation office. The following Directors were present:

Wilson M. Compton  
Ashley H. Freedman  
Alice K. Horton  
Leigh Kirby Klein  
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 Ms. Erin C. Clifford, Communications and Program Associate, were invited to attend the meeting. The President welcomed Mrs. Laura H. Virkler, Mr. Ward K. Horton, Ms. Elizabeth M. Kirby, Mr. F. Morgan Kirby, IV and Mr. J. Walker Kirby (via teleconference) to the meeting as guests.

The minutes of the meeting of the Board of Directors held September 14, 2018 and subsequently distributed to the Directors were approved.

Mr. William H. Byrnes, Jr. opened the meeting with an introduction of the guest speakers: Mr. Mike Carr, Executive Director, and Ms. Nancy Van Wie, Director of Philanthropy, of the Adirondack Land Trust (ALT).

Mr. Carr began the presentation with a story of his visit to Jerseyfield Lake in the mid-90s where he was greeted by Fred M. Kirby, II and the memorable sight of the Kirby grandchildren paddling out to bring him to shore from his float plane. Ms. Van Wie followed

up highlighting the long history the Adirondack Land Trust has had with the Kirby family. The relationship was established in 1974 and the Kirbys have gifted approximately \$7M towards land and water preservation in the Adirondack area. Ms. Van Wie proceeded to discuss the establishment of the Fred M. and Walker D. Kirby Stewardship Endowment in 2013 and announced that the Trust had raised an additional \$2M to match the Kirby's initial legacy gift of \$2M. In total, the Trust has \$4.5M in hand with a total of \$6.2M in commitments. ALT Vice Chair, Jonathan Linen, made a \$500K Commitment. Ms. Van Wie stated that the endowment had catalyzed a whole new understanding by the Trust's Board of stewardship endowments.

Mr. Carr then gave an overview of the 6 million-acre Adirondack Park, which is larger than Yellowstone, Yosemite, Glacier and Grand Canyon National Parks combined. The park has approximately three thousand lakes and ponds and 85% of wilderness in the East is located in the park. 49.4% of the park is private land, 44.6% is forest preserve and 6% is water. He discussed three primary challenges for the park: 1) forest recovery, 2) acid rain and 3) forest pests. Mr. Carr then highlighted the history of the Trust's relationship with the Adirondack Chapter of The Nature Conservancy and noted that the Trust became independent again in 2016. The ALT is comprised of 8 staff, has protected 23,637 acres and is working on protecting another 2,500 acres. Mr. Carr stated that the Land Trust Alliance, another FMKF grantee, was in the final stages of accreditation granting and was hoping to get approved in February 2019. There are currently 90 land trusts in New York State, 6 in the Adirondacks. The Trust's focus for the future is to 1) stabilize large private forests and serve as advisors to private landowners, 2) connect communities to open space, 3) convert a public rail line to trails and 4) reach future generations. The Board thanked Mr. Carr for his presentation. At 2:55 p.m., Mr. Carr and Ms. Van Wie left the meeting.

Mr. Byrnes and Ms. Clifford then gave the Board an update on the third and final geographic focus, the Adirondacks, with respect to the Foundation's year-long analysis of grants supporting Conservation, Preservation and Land Stewardship. To start, Ms. Clifford summarized the unique issues of each geographical area that the Board reviewed in 2018: 1) North Carolina – funding and the threat of political rollbacks, 2) New Jersey – the buildout clock, prioritizing purchases and eminent domain and 3) Adirondacks – land preservation and conservation and acid rain abatement.

Mr. Byrnes then gave an overview of the Foundation's hand in helping launch the first Roundtable on Acid Rain Recovery in 2014. The second Roundtable, which was held in November 2018, was a smaller, invitation-only conference comprised of scientists, land advocates and representatives from the NY State Attorney General's office. A press release that summarized the meeting was distributed. The positive takeaway was that there was approximately a 75% to 80% reduction in the acidity of the water and that fish were returning. However, high mercury levels remain in the fish and the parties involved felt that mercury and air toxicity standards should be strengthened, not repealed. The overall health of the Adirondack ecosystem has improved but was more fragile with a "compromised immune system". Mr. Byrnes felt the conference was a success and that it demonstrated that the Foundation could be an effective convener and conversation leader. He also suggested that perhaps litigation and/or conservation advocacy and education receive a higher proportion of environmental funding in the future. The Board thanked Mr. Byrnes and Ms. Clifford for their presentation.

The President referred the Board to his report, dated November 30, 2018, which was distributed in advance of the Board meeting. The President briefly discussed the progress of the Performing Arts and Community Center at Gill St. Bernard's School to which the

Foundation gave a \$1 million multi-year contribution after the school met the Foundation's grant challenge. The President then asked Mrs. JoAnn Tiefau to report on the Philanthropy Roundtable Annual Meeting which she attended in late October. Mrs. Tiefau distributed a summary of the plenary sessions that she attended and shared a brief story about David Rubenstein's speech on his entry into patriotic philanthropy. The Board thanked Mr. S. Dillard Kirby and Mrs. Tiefau for their reports. The President's Report is attached hereto as part of the minutes.

Mr. Jefferson W. Kirby, Chairman of the Investment Committee, gave his report. Mr. Kirby reviewed the Foundation's portfolio makeover in the final half of 2017 and noted that, while the Committee was generally pleased with the positioning, 2018 had been a volatile year. The Foundation's portfolio was down 1.1% YTD as of November 30, 2018 after being up 3.4% as of September 30, 2018. The portfolio's YTD return of negative 1.1% exceeded the 75/25 benchmark return of negative 2.6%. The President thanked Mr. Jefferson W. Kirby for his report. The Board took a brief break at 3:40 p.m. and resumed at 3:50 p.m.

The President referred the Board to a cumulative list of grants from September 1, 2018 through November 30, 2018 of \$75,000 or less approved by management, attached to the Agenda, and asked for ratification thereof. Following a reminder by Mr. Byrnes that a prior-year zero probably indicated a "skip year", 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. Both Mr. Wilson M. Compton and Mrs. Sandra B. Sherman thanked the Board for grants made in their honor to Philips Exeter Academy and Discovery Orchestra, respectively.

The President then referred the Board to a cumulative list of grants proposed by the President from September 1, 2018 through November 30, 2018 in excess of \$75,000, attached to the Agenda, and asked for approval thereof. As part of the grant list discussion, Mrs. Laura

H. Virkler updated the Board on the Durham Academy middle school renovation and Mr. S. Dillard Kirby reviewed the Kirby Episcopal House project. 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.

Mrs. 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.

Mrs. Kostas requested that all questionnaires be returned by January 15, 2019.

The President initiated a conversation regarding the Strategic Plan and asked if there was any additional feedback from the Board. A brief discussion ensued regarding the Foundation's website "Grantee Spotlights" and the risk profiles of some of the medical research and education docket grantees. Mr. Ward K. Horton expressed an interest in possibly finding a significant opportunity, even a "start-up", that the Foundation might support and that would expand the Foundation's profile. The President also brought up the

issue of the family's expanded geographic interests and that such interests outside the Foundation's primary geographical areas might best be supported on a personal basis.

Mrs. Leigh Kirby Klein and Ms. Clifford distributed an updated Board Guest Orientation Process and highlighted the optional nature of the final project in Stage D: Cumulative Investment. The Board complimented Mrs. Leigh Kirby Klein and Ms. Clifford on their work. Mr. Ward K. Horton left the meeting at 4:25 p.m. due to a prior engagement.

The President then requested that Mrs. Kostas distribute a list of "regular" grantees that did not submit a 2018 grant request. Only 11 of the regular grantees did not apply, down from 13 in 2017.

The President then discussed the 2019 grants budget target of \$13 million to \$13.5 million versus \$12.3 million in core grants in 2017 and \$12.9 million estimated for 2018. Mr. S. Dillard Kirby reminded the Board that they are welcome to attend the Kirby Alliance meeting on January 17, 2019 which will be held at the Morris Museum and will feature Arthur Brooks of American Enterprise Institute as the keynote speaker.

The dates for the 2019 Board of Directors meetings were confirmed:

- April 12, 2019 at Wake Forest University
- September 13, 2019 at F.M. Kirby Foundation
- December 13, 2019 at F.M. Kirby Foundation

The Board thanked the President for recommending the full calendar in advance.

The President then excused Mr. Byrnes, Mrs. Tiefau, Mrs. Kostas and Ms. Clifford from the meeting at 4:35 p.m. so the Board could engage in an executive session. The President reviewed with the Board his suggested, updated Succession Plan and it was met with concurrence. He indicated he will finalize, sign, and place in a confidential file. He then highlighted that he had recently completed employee performance reviews and implemented

annual salary adjustments. Mrs. Sherman was excused from the meeting so that the annual matter of reviewing her role as the Foundation's legal counsel and any related conflict of interest could be discussed. It was determined that the approximate \$476 paid her firm for services rendered since the December 2017 meeting was fully appropriate and consistent with or below prevailing market rates.

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 \$178,000 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 2.5%).

The meeting was adjourned at 4:45 p.m.