

**Minutes of the Meeting of the
Board of Directors of the
F. M. Kirby Foundation, Inc.
September 14, 2018**

A meeting of the Board of Directors of the F. M. Kirby Foundation, Inc. was held on September 14, 2018 at 2:00 p.m. at the F. M. Kirby Foundation, Inc. office, 17 DeHart Street, Morristown, New Jersey. The following Directors were present:

Ashley H. Freedman (via teleconference)
Alice K. Horton (via teleconference)
Jefferson W. Kirby
S. Dillard Kirby
Leigh Kirby Klein
Sandra B. Sherman

Mr. Wilson M. Compton was excused from attendance at the meeting due to a scheduling conflict. 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 guests Ms. Elizabeth M. Kirby, Mr. F. Morgan Kirby IV, Mr. J. Walker Kirby, Jr. (via Skype) and Mrs. Laura H. Virkler (via teleconference) to the meeting.

The minutes of the meeting of the Board of Directors held April 20, 2018 that were previously distributed to the Directors were approved.

Mr. William H. Byrnes, Jr. introduced Ms. Michele Byers, Executive Director, and Mr. Thomas Gilbert, Campaign Director, of the New Jersey Conservation Foundation (NJCF), along with Mr. Aaron Kleinbaum, Executive Director of the Eastern Environmental Law Center (EELC). Ms. Byers began the presentation summarizing NJCF's focus on the 2 million acres that remain undeveloped in New Jersey and described various land preservation and protection options such as NJ's Farmland Protection Program and Green Acres. She highlighted some of their top projects (Vineland, Pine Barrens, Hopewell and a 25-acre park in Camden) and stated that they also help protect preserved lands attained with public and philanthropic funds. At 2:20 p.m., Mr. J. Walker Kirby, Jr. left the meeting for another obligation.

Mr. Kleinbaum then discussed EELC's collaborative role with NJCF. He outlined their top three focus areas: open space, clean energy and environmental justice. EELC is the sole environmental public interest law firm in New Jersey. It helps defend but also promote public policies of their clientele, who include NJCF and The Watershed Institute. Mr. Kleinbaum reviewed some of the cases EELC was working on and touched upon some of its partners, including National Resources Defense Council (NRDC), Environmental Defense Fund and Pinelands Preservation Alliance.

Mr. Gilbert pointed out that EELC functions as the legal arm for many New Jersey environmental organizations. He brought the Board up to speed on the issue of energy sprawl, which has double the rate of urban sprawl in terms of land conversion. The primary focus of the conversation was the PennEast Pipeline project which, through the process of eminent domain, has condemned 150 properties, 50 of which are preserved by the state. Following several questions and observations made by Board members, Ms. Byers, Mr. Kleinbaum and Mr. Gilbert left the meeting at 3:10 p.m. The Board then took a ten-minute recess.

At 3:20 pm, Mr. S. Dillard Kirby called the meeting back to order. Mrs. Sherman and Mr. Byrnes presented an overview of the environmental docket in New Jersey. Year to date there have been \$467.5K in New Jersey environmental grant requests with another \$160K anticipated. Mrs. Sherman posed a few questions to the Board regarding taking a proactive versus reactive approach on environmental issues and the overall investment percentage of 10% dedicated to the docket. A conversation amongst the directors ensued. At 3:30 p.m. Mr. J. Walker Kirby, Jr. rejoined the meeting via Skype.

At 3:50 p.m. Mr. S. Dillard Kirby thanked Mrs. Sherman and Mr. Byrnes for their presentation and commenced with highlights from his President's Report. He also mentioned an anonymous gift to Drew University made in Mrs. Walker Kirby's name. The endowed scholarship will help fund a selected student's tuition at the University.

Mrs. Tiefert spoke briefly on American Red Cross's efforts to date to support North Carolina during Hurricane Florence. As of Friday, September 14th there were 178 shelters set up. 1,500 disaster workers were in the area with more coming in once it was safe to travel. The initial estimated cost of the Level 6-classified storm was \$5 to \$10 million allocated from American Red Cross' Disaster Relief Fund. A brief conversation ensued regarding whether additional disaster relief funds may be needed for North Carolina. The Board encouraged management to pursue possible

disaster recovery efforts and then review any possible recommendations at the December Board meeting.

Mr. Jefferson W. Kirby, Chairman of the Investment Committee, reported on the activities of the Investment Committee since the last Board meeting and gave an update on the Foundation's portfolio as of August 31, 2018. Year to date the aggregate portfolio is up 2.9% versus the benchmark of 2.2%. The Investment Committee has opted for the risk-mitigating benefits of diversification and include sectors such as non-U.S. fixed income and equities which have not kept pace with the big tech drivers within the S&P500. The various Vanguard products are generally close to their benchmarks over the short period since their inception dates with the F.M. Kirby Foundation. Some, notably the Vanguard Windsor Fund, are ahead; others, like the Vanguard Intermediate-Term Investment Grade Fund are a bit behind. And PIMCO, which incepted with the Foundation in January, is also significantly behind its benchmark. But in each of these cases, the time frames are too short to be useful.

The Foundation's longer-term relationships with Walter Scott, Blackstone/GSO and the J.P. Morgan GTAA fund demonstrate sustained strong performance, more than compensating for the few short-term laggards noted above. The Committee expects that there will be stretches where the relative contributions of these managers are reversed.

Mr. Jefferson W. Kirby noted with pleasure that F. Morgan Kirby will be joining the Investment Committee as a guest beginning with the October 2018 meeting.

The President referred the Board to a cumulative list of grants from April 1, 2018 through August 31, 2018 of \$75,000 or less approved by Management, attached to the Agenda, and asked for ratification thereof. Following several observations and questions by Board members, 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 April 11, 2018 through August 31, 2018 in excess of \$75,000, attached to the Agenda, and asked for approval thereof. Following a discussion on the Little Falls Hospital grant, 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.

Mrs. Kostas distributed the list of grantees we have not yet received a grant request from for 2018. It was a comparable list relative to prior years with 57 budgeted grant requests outstanding.

The President then handed out the Strategic Planning document for the Board to review over the coming weeks and asked that they respond back to either himself or Mr. Byrnes with feedback by late October so that the Board can fine tune the 2019-2021 Strategic Plan at the December Board meeting.

Mrs. Leigh Kirby Klein presented the Draft of the Guest Orientation Process for the Foundation which includes 3 overarching topics (Governance, Grants, Financial) and four stages of development. Mrs. Kirby Klein then invited the Board and Guests to review the document and send feedback to her or Ms. Clifford by late October so that the document could be finalized for the December Board meeting. Mrs. Kirby Klein thanked both Mr. F. Morgan Kirby and Ms. Clifford for their contributions to the process.

The President mentioned the Kirby Alliance meeting on January 17th, 2019 at 11 a.m. at the Morris Museum which will feature Arthur Brooks, CEO of the American Enterprise Institute, and will include a tour of the museum.

The next regular meeting of the Directors was scheduled for Friday, December 7, 2018 at 2:00 p.m. at the F.M. Kirby Foundation office and will include a presentation on environmental issues in the Adirondack area from members of the Adirondack Land Trust.

At 4:50 p.m. the staff left the meeting. The President held a brief Executive session with Board members and guests whereby the President mentioned that he is developing an updated Succession Plan to be delivered in draft form to the Board at the December meeting. Such will be an update from the plan developed three years ago and a commitment then to review the plan every three years.

The meeting was adjourned at 5:00 p.m.