

**Minutes of the Meeting of the
Board of Directors of the
F. M. Kirby Foundation, Inc.
September 13, 2019**

A meeting of the Board of Directors of the F. M. Kirby Foundation, Inc. was held on September 13, 2019 at 2:00 p.m. at the F. M. Kirby Foundation, Inc. office, 17 DeHart Street, Morristown, New Jersey. The following Directors were present:

Wilson M. Compton
Ashley H. Freedman
Alice K. Horton
Jefferson W. Kirby
S. Dillard Kirby
Leigh Kirby Klein
Sandra B. Sherman

Mr. S. Dillard Kirby, President, presided and Mrs. Diana L. Kostas, Treasurer & Secretary, recorded the minutes of the meeting. Mrs. JoAnn F. Tiefau, Program Officer, Mrs. Linda M. D'Addario, Grants Manager and Ms. Erin C. Clifford, Communications and Program Associate, were invited to attend the meeting. The President welcomed guests Mr. Ward K. Horton, Mr. F. Morgan Kirby IV, Mr. J. Walker Kirby, Jr. and Mrs. Laura H. Virkler to the meeting, as well as incoming Executive Vice President, Mr. Justin J. Kiczek.

Mr. S. Dillard Kirby introduced Mrs. MaryAnn Baenninger, President, and Mr. Bret Silver, Vice President for University Advancement of Drew University. Mrs. Baenninger thanked the Foundation for its support, especially in the beautification of the Drew campus. She proceeded to provide an overview on the independent sector of higher education and liberal arts. Having recently attended a meeting with The Annapolis Group, a consortium of approximately 130 leading national independent liberal arts colleges, Mrs. Baenninger felt that most colleges were in denial of the challenges ahead. Higher education is experiencing the "perfect storm" with several forces presenting dramatic pressure points: 1) free college, 2) shifting demographics with a decline in college-aged students, 3) students no longer appreciating the value of a liberal arts education, 4) societal responsibility shifts, 5) student debt and loan forgiveness and 6) a decline in annual and alumni giving. Since 2016, this has resulted in the closure of 85 colleges, 23 of which were liberal arts colleges.

Mrs. Baenninger then focused on Drew University and its new Launchpad program which helps students connect with identity/affinity communities, career communities, a network of mentors and immersive experiences. All of this occurs via an online “launch plan” which links them to their professors, internships and mentors. Mr. Silver gave an overview on the stagnant fundraising at Drew and their plan to move away from the Annual Fund (by using more direct mail and automation to redeploy resources) towards more alumni engagement via experiences and interactions with students.

Following several questions and observations made by Board members, Mrs. Baenninger and Mr. Silver left the meeting at 3:15 p.m. The Board then took a five-minute recess.

At 3:20 pm, Mr. S. Dillard Kirby called the meeting back to order. The minutes of the meeting of the Board of Directors held April 12, 2019 that were previously distributed to the Directors were approved. He then introduced Mr. Justin J. Kiczek, who will join the Foundation on September 26th as Executive Vice President. Mr. Kiczek gave a brief overview on his career and shared his pleasure in joining the F. M. Kirby Foundation team.

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 July 31, 2019. The Walter Scott portfolio has returned 20.9% year-to-date versus the benchmark of 16.6%. The two tactical asset allocations, J.P. Morgan Global Allocation Fund and PIMCO, have returned 11.6% and 7.7%, respectively, year-to-date versus a benchmark of 12.7%. Mr. Kirby informed the Board that there had been some turnover in Blackstone GSO’s management and that the two investments were winding down. Mr. Kirby provided the Board with an update on the portfolio through August 31st, noting that the year-to-date aggregate portfolio was up 11.9% versus the benchmark of 12.3% and was valued at approximately \$315M. The President thanked Mr. Kirby for his report.

The President referred the Board to a cumulative list of grants from April 1, 2019 through August 31, 2019 of \$75,000 or less approved by Management, attached to the Agenda, and asked for ratification thereof. There was a brief discussion on the DMAX Foundation grant and the prevalence of depression on college campuses. Mrs. Alice K. Horton noted with the pleasure the number of North Carolina-based grants. 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 1, 2019 through August 31, 2019 in excess of \$75,000, attached to the Agenda, and asked for approval thereof. Mrs. Laura H. Virkler provided an update on the Durham Academy capital campaign and campus construction. The President made it clear that it was Management's recommendation to commit \$1,650,000 over four years, plus release of the \$350,000 Reserved for Decision funds from the Foundation's 2018 gift, towards the capital campaign and to authorize the naming of Horton Hall on the middle school campus. Subsequently, 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 and Mr. Jefferson Kirby led a discussion on a potential grant commitment toward Duke University's Fuqua School of Business, specifically its Center for Advancement of Social Entrepreneurship (CASE). Fuqua's annual prize, made possible via the F. M. Kirby Foundation's grant, would award a high impact, transformative grant to an outstanding social enterprise that would take the organization to the next level. The initial plan would be to support the program for three years. The award, which would be named the Fred Morgan Kirby Prize for Scaling Social Impact, would total \$100K annually and potentially an additional \$35K per year for the administration (publicity, committee and candidate selection, etcetera), which the Foundation would also cover. After a Board discussion, there was general approval to continue the negotiation with Fuqua.

The President then brought up the topic of a potential sunset distribution from the Astle-Alpaugh Foundation to the F. M. Kirby Foundation. A discussion regarding expenditure responsibility and future issues ensued and the Board decided to decline the potential distribution. Ms. Sandra B. Sherman noted that the board may wish to develop a more formalized policy on handling any potential bequests in the future. Mr. Wilson M. Compton commended the President on his kindness in considering the President of Astle-Alpaugh Foundation, Mr. David Olekna's, offer.

Mrs. Kostas distributed the list of grantees from whom we have not yet received a grant request in 2019. It was a comparable list relative to prior years, with 59 budgeted grant requests outstanding.

Mr. Jefferson W. Kirby inquired as to whether Mr. S. Dillard Kirby was comfortable with the \$75K grantmaking authority threshold bestowed upon the President, to which the President replied in the affirmative.

The President mentioned the April 2020 meetings at Mount Vernon, with the Board meeting occurring on April 29th and the Kirby Alliance meeting, which would feature a Juvenile Diabetes Research Foundation presentation, on April 30th, and a Mount Vernon presentation/tour. Mrs. Virkler has volunteered to help coordinate the activities for the two days.

The next regular meeting of the Directors was confirmed for Friday, December 13, 2019 at 2:00 p.m. at the F.M. Kirby Foundation office. Plans are for the Foundation auditor, EisnerAmper, to make a presentation.

At 5:00 p.m. the staff left the meeting. The President held a brief Executive Session with Board members and guests whereby the President discussed succession planning, both at the management and Board levels.

The meeting was adjourned at 5:15 p.m.