

**Minutes of the Meeting  
of the Investment Committee of the  
F. M. Kirby Foundation, Inc.  
November 22, 2019**

A meeting of the Investment Committee of the Board of Directors of the F. M. Kirby Foundation, Inc., was held on November 22, 2019 beginning at 1:00 p.m. at the offices of F. M. Kirby Foundation, Inc., 17 DeHart Street, Morristown, New Jersey. The following Committee members were present:

Jefferson W. Kirby  
S. Dillard Kirby  
William J. Raver (via teleconference)

Mr. Jefferson W. Kirby, Chairman, presided and Mrs. Diana L. Kostas, Secretary/Treasurer, recorded the minutes of the meeting. Mr. Jefferson W. Kirby welcomed Mr. Justin J. Kiczek, Executive Vice President (in-person) and Mr. F. Morgan Kirby, IV (via teleconference) as guests.

The meeting was called to discuss a suggestion that Mr. S. Dillard Kirby had raised via email on November 19, 2019, regarding liquidating all or a portion of the Vanguard Total Stock Market Index Fund (VITSX) to pre-fund 2020 grants and expenses. The Foundation portfolio is up approximately 17% YTD, the S&P Index is up approximately 25% YTD and non-U.S. markets are up approximately 14%. The Committee does not typically attempt to time the market. Rather, the liquidation would be a risk mitigation move and more than amply provide a pre-fund of 2020 grants and expenses. The Chairman referred to his follow up email, dated November 19. If the Foundation raised the \$22M (approximate value of VITSX) and the market, was up 10% in 2020 (straight-line), the Foundation would be negatively impacted by

approximately \$1.5M. That seems like a reasonable upside risk to take to avoid the asymmetrical downside risk of 10-20% for which the market may be due.

Mr. William J. Raver stated that Bridgewater had put options for the equity markets for Q1, 2020. Geopolitical issues could impact volatility, and he agreed that this was a prudent risk mitigation tool.

The Chairman asked if anyone was opposed to the move. Mr. Raver inquired as to why Mr. S. Dillard Kirby had chosen VITSX. Mr. Kirby stated that it was based on the U.S. Broad Index Fund and didn't involve making a bet on value versus growth. It was also noted that Mr. Matthew Ruhl, at Vanguard, had suggested VITSX as a possible source of funds, if necessary, at the October 24, 2019 Investment Committee meeting.

Mrs. Kostas prepared a summary that outlined how the redemption would impact the allocations. The U.S. and non-U.S. equity allocations would become more balanced (shifting from current 33% U.S. Equities / 27% Non-U.S. Equities to 26% U.S. Equities / 27% Non-U.S. Equities). The decision was made to liquidate the entire holding, rather than split it into two transactions (now and early 2020).

The discussion then turned towards where the proceeds would be invested. The recommendation was to invest in J.P. Morgan's Prime Money Market Fund (JINXX) which is currently earning 1.76%. Mr. Raver inquired as to the fees associated with the fund. Mrs. Kostas replied that the Fund charged 21 bps. Mr. Raver suggested investigating other options to make sure the Foundation was earning a competitive rate given the fees. The Committee agreed to authorize Mr. S. Dillard Kirby and Mrs. Kostas to make the final selection based upon their research and apprise the committee. The meeting concluded at 1:20 p.m.

[Subsequent to the meeting, Mrs. Kostas sent an email to the Committee outlining the net yields and fees on the J.P. Morgan product versus a Vanguard Federal Money Market product. The J.P. Morgan product earned a higher net yield than the Vanguard product. Mr. S. Dillard Kirby proceeded with the sale of VITSX on Friday, November 22, 2019 and reinvested the proceeds into JINXX on Monday, November 25, 2019.]