



Endowment for Equal Justice Board

12/18/19

Hoersters' Home

MINUTES

Board Members present: Rima Alaily, Beth Bloom, Bruce Brooks, Kay Frank, Ele Hamburger, John Hoerster (President), Mark Hutcheson, Gail Mautner, Dick Manning, Michelle Moersfelder, Margaret Niles, Mike Schwab

Absent: Nancy Isserlis, Mark Kamitomo, Ellen Dial

Over Phone: Sal Mungia, Ron Knox

Staff: Caitlin Davis, Nancy Smith, Jessica Niewohner, Melinda Mann

Guests: Mark Griffin, Gerry Schley

Meeting start 3:02 PM

Approval of Minutes:

It was moved and seconded that the Board approve the minutes of the November 6, 2019 board meeting. The motion was unanimously approved.

Presidents Report:

John Hoerster introduced Gerry Schley who, earlier in the year, was elected to the board effective January 1, 2020 He also recognized Mark Griffin, who will be stepping down as President of the LFW board at year's end, with Mark Johnson taking the role in 2020. John reminded board members to complete their Conflicts Disclosure forms. He also asked the board to fill out their board surveys and submit their responses to the board questionnaire; these documents will be used to create a board and committee plan for 2020.

A schedule for two on one meetings with John and Melinda Mann will be circulated so that board members can provide input about Endowment plans and their involvement with Reach 20 in 2020.

January 29 Advisory Council Meeting:

John reminded the board that there will be an advisory council meeting on January 29th to which board members are invited. There will be a focus on the EJI trip, the work that CLS has done to end mass incarceration, and how the Endowment can help in this mission. The meeting will also summarize the Endowment's activities in 2019. It will then focus on the Advisory Council, how they have impacted the Endowment in 2019, and how they can help in 2020.

Reach 20 Goal:

John gave a summary of how close we are to reaching our Reach 20 goals. When we began this year, we had \$2,090,000 in pledges and gifts. A couple of days ago Jim Degel and Jeanne Berwick made a generous new pledge of \$400,000. The Endowment is assured of meeting its \$500,000 goal to meet LFW's \$500,000 match. Heading into 2020, to meet the \$5M Reach 20 goal, the Endowment will need to obtain new gifts and pledges of about \$1.1M, which will be matched with another \$500,000 match. As of the morning of December 18 our investment fund was at \$17,874,000.

Committee Updates:

Operations and Investment:

Review and Adoption of 2020 Operating Budget

Bruce Brooks directed everyone to column J of the operating budget. The most significant change is the increase in column J-- the grant from LFW of \$500,000. The most significant increase in expense is staffing, everything else is close or the same as 2019. There is a budget increase of around \$9000 from 2019 to 2020. Bruce suggested to the board that it perform a report on the efficacy of expenses in 2020 to ensure that every dollar spent is effective in promoting fundraising. Gerry Schley asked if the reported investment income (line 11, column E) was actual income or appreciation of the corpus. Nancy Smith answered that it reflects appreciation. Ron Knox asked if the 2020 appreciation estimate is conservative, and Bruce answered that it is a conservative guess based on only a moderate increase. Michelle Moersfelder asked about the increase in ads and marketing under the fundraising expenses. Melinda answered that ads are going into the Puget Sound Business Journal, Bar News, and the King County Bar Bulletin. John asked for approval of the budget recommended by the committee, and it was unanimously approved by the board.

Approval of 2019 Disbursement to LFW

Bruce noted that, based on the Endowment's spending policy, the 2019 distribution to LFW is \$823,640, and the committee recommends approval of this distribution. (The actual funds disbursed to LFW will be reduced by LFW's matching grant and increased by operating expenses that the Endowment owes LFW pursuant to the MOA, with the estimated net amount to be disbursed being in the range of \$400,000. The Endowment has sufficient cash on hand that it will not be necessary to liquidate any Invested Funds.) The committee's recommendation for a distribution of \$823,640 was unanimously approved by the board.

Review and Adoption of Spending Policy

Bruce directed the board to turn to the proposed Spending Policy. He explained how, under paragraph 1 of the guidelines section, the 2020 distribution of the disbursement will be calculated. Gail Mautner noted a correction to the Spending policy—the calculation should be made using Q3 numbers (September 30), not October 31. As

provided in paragraph six, the committee decided not to recommend any changes to the spending percentage, but to call for further review prior to the 2021 distribution, after the Reach 20 campaign has been completed. John noted that the review would focus on the spending percentage; the rest of the policy framework should work effectively long term. In paragraphs 4 and 5, the policy contemplates that in the event that LFW finds itself in positive financial circumstances, LFW and EEJ may consider eliminating or reducing the disbursement during that year and, in the event that LFW finds itself in dire financial circumstances, EEJ may consider increasing the distribution beyond what the formula calls for.

Gerry asked if it was appropriate to not provide a disbursement in certain years. John answered that he believes we are able to withhold in certain years because it would be consistent with and in furtherance of our mission and corporate purpose, but we would need to consider whether we have represented to donors that we would always make annual distributions. Mark noted that the Endowment made no annual distributions until the corpus reached \$10M. Michelle commented that such withholding would be appropriate on both fronts because our ultimate goal of growing the corpus to provide sustainable funding would be met. The committee's recommendation to approve the proposed spending policy, to take effect January 1, 2020, and with the discussed change from October 31 to Q3/September 30 was unanimously approved by the board. Mark noted that Dave Andrews would be very happy with the committee's work updating the spending policy.

Board Support:

Kay Frank gave a brief summary of the Board Support committee. Gerry will be joining the board in 2020, and John Teutsch may be interested in joining the board next year. Kay also noted that the Board Survey is out and should be completed as soon as possible.

Donor Engagement:

Sal Mungia reported that before the end of the year he will be sending thank you notes to everyone who contributed at the Voices for Justice Concert. John noted that, in addition, formal thank you's and tax acknowledgements have been sent out.

Communications:

Melinda reported on the Communications committee. The Splainer video is in progress, and a video will be presented in January. Rima Alaily asked if there is any sort of social media consultant that the Endowment uses. Melinda answered that there is money in the budget for this, but we currently do not have anyone. A meeting about this will be held in January. Rima suggested connecting the Endowment with the Microsoft communications team. Ele Hamburger also noted that her brother is a political media consultant who may be able to consult off cycle.

LFW/Endowment Liaison Report:

John noted that Nancy Isserlis was unable to attend our meeting because she is running another meeting, but she presented a detailed report which was circulated on 12/18/19.

John reported that he and Greg Dallaire met with Mike Garvey about a gift to the Endowment, and he noted that Mike had questions about how grants are made to civil legal aid providers, which we will provide to him during the first quarter of 2020. Mark noted that donors with these questions should be given in-depth information about both EEJ and LFW. Mark Griffin asked if these donors want a written process or a conversation, and John confirmed that it would be a written distillation of the total process.

Reach 20 Fundraising Update:

Melinda thanked LFW for the matching fund and for all of their support over the year. She noted that board members alone have contributed half a million dollars to Reach 20. Melinda mentioned events occurring in 2020: the K&L Gates event in January in honor of MLK day (with a goal of having similar events at Perkins Coie and Davis Wright Tremaine in 2020), a Women for Justice event in March at the Riveter in honor of the 100th anniversary of women's right to vote, a Green Machine event hosted by Jim Degel and Jeanne Berwick in the Spring, a March Palm Springs Event hosted by Robert Taylor and Jerry Smith, and an Olympia event in Spring hosted by Chief Justice Gerry Alexander, and events planned for the homes of Ele and Bruce. Melinda noted that another Voices for Justice Event has not been confirmed and is not currently budgeted, but she hopes it will occur again in 2020. Melinda announced that the winner of the Reach 20 team competition was Team Green Machine, whose prize will be a dinner at Greg and June Dallaire's home.

The meeting adjourned at 4:25 PM.

Respectfully submitted,

Jessica Niewohner
Development Associate, Endowment