

President Alan's Board Notes and Secretary Kathie's August Report

of the Board Meeting of the Kiwanis Club and Foundation of Ann Arbor

Meeting Date: September 19, 2017 at 6:30 at Kiwanis Center West

A quorum of 14 was present.

Quorum for Board Meetings is a simple majority. Total Board Officers and Directors = 15. Quorum = 8 or more.

The Board approved the agenda as presented. Secretary Kathie Wilder was not able to attend and Ken Hillenburg provided support to take the minutes of this Board meeting.

2. COMMENTS from GENERAL MEMBERSHIP and GUESTS: None
3. COMMITTEE REPORTS to the Board. (with Board Liaison Support as needed)
 - a. FOUNDATION TOPIC - Special Committee for the Sale/Lease of Real Estate. Status of discussions with Chemical Bank regarding our current mortgage and Line of Credit. (See New Business Item # 1. Dan Dever, Gretchen Preston, Alan Burg)
 - b. CLUB & FOUNDATION TOPIC – Nominating Committee. This committee provided their recommendations for the Board Officer position of Treasurer, which will become vacant as of October 1st. An election date of Monday October 9th was proposed, which will provide members with a 14-day notice of an election. The committee had one applicant and recommendation for Treasurer. That was Greg Meisner. This candidate will be announced on Sept. 25 and Oct. 2 as well as to ask for nominations from the floor. The vote will be held on Oct. 9. If Greg is elected, at the Board Meeting of Oct. 10, the board will receive nominations to fill the Board Director vacancy and be asked to approve a nominee for Board Director. An announcement of the Board Director nominee(s) will be announced at the Regular Meeting of October 10 and ask for nominations from the floor. The vote for new Board Director after a 14-day notice would be held on Oct. 30. All current and new Board members will be expected to annually sign and comply with the new Conflict of Interest policy. (Betsy Ford)

Motion by William Hampton to approve the candidacy going forward of Greg Meisner for Treasurer, seconded by Joe Medrano. Passed.
 - c. CLUB & FOUNDATION TOPIC – Selection Committee for Honorary Members and Honored Volunteers recommended for the Kiwanis year 2017-18 five (5) community members for Honorary Membership and four (4) of our volunteers to be selected as Honored Volunteers. (A copy of the list of these individuals and their nomination was a separate document. New Business item # 6)
 - d. CLUB & FOUNDATION TOPIC: - Community Services – Voucher Program. So far this year we have given **\$67,838.25 worth of goods to 365 families**. Our budgeted target goal this year was \$75,000. We have two more weeks of voucher appointments prior to the end of this Kiwanis year and families are scheduled. **At the next Board meeting, Ellen Webb plans to present the Board with a recommendation to continue with the target goal of \$75,000 for 2017-18.**
 - e. CLUB & FOUNDATION TOPIC: Bylaws Committee – Updating and New Policies in our Policy and Procedures Manual. As part of the on-going process to update both our Club and Foundation bylaws a list of current and new polices was developed. These policies will be presented to the Board for its consideration, review, and action. These topics are better handled as Board policy rather than placing in our Bylaws. Currently the list of topics needing updates or new policies include the following:
 - i. Non-discrimination Statement. Two draft non-discrimination policies, one for our Club and one for our Foundation were presented for review at this meeting. Also, a copy of the current 2008 Club Policy. Action by the Board is planned for the next Board meeting on October 10, 2017. A policy was approved as a Club only policy and procedures in 2008, but called Antidiscrimination. Our Foundation needs to have a current set of non-

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- discrimination policy and procedures. The 2008 Club policy has been updated and a similar separate policy for our Foundation be written.
- ii. Whistleblower policy. Draft policy and poster were presented for review at this meeting. Action by the Board is planned for the next Board meeting on October 10, 2017. (Copy of the policy and poster were separate documents.)
 - iii. Conflict of Interest policy. Passed at the August 15, 2017 Board meeting. Effective October 1, 2017.
 - iv. Vendor and/or Solicitation policy. A new policy of No solicitation was passed by the Board on July 18, 2017 as follows. *"Approved a practice of having a No Solicitation and/or Vendors policy for our Kiwanis private properties, its buildings and grounds, with exceptions to be determined by the President and then recommended to the Board for approval. Signage and notice shall be developed by the Building & Equipment Committee."* Status report on an exception was provided at this meeting.
- f. CLUB & FOUNDATION TOPIC – 2017-18 Budgets for Club and Foundation. The Board-Designates met and reviewed proposed 2017-18 budgets on Monday, September 18, 2017 in preparation to consider for approval at the October 10, 2017 Board meeting.
 - g. CLUB & FOUNDATION TOPIC: - Grant Policy Committee Update on Review of a Possible Future Grant Review and Funding Process. The committee provided a written recommendation for the Board's formal consideration for support of Core Programs. (See New Business item # 3.)
 - h. CLUB & FOUNDATION TOPIC: - Mott Hospital Family and Children Dinner. The \$500 cost of this event was already spent during last October for the 2016-17 Foundation Budget. It is included in the proposed Foundation 2017-18 budgets. We had received a request to fund it again in the 2016-17 budget. After discussion by the Board, it was agreed that this new request should wait until the start of the new budget year, 2017-18 and provide requested funds ASAP after October 1st.
 - i. CLUB & FOUNDATION TOPIC: - Warm the Children (WTC) agreement – A Sub-committee of Children & Youth Committee. Letter of Understanding. The process of the official sponsorship for Warm the Children program requires responsibilities and support by Kiwanis and WTC. The account at Old National Bank (ONB), which has been the bank for Warm the Children Ann Arbor, will be in the name of Kiwanis Club of Ann Arbor Foundation Inc. d/b/a Warm the Children with 3 signatories (Mary Stewart and two Kiwanis individuals). The account activities require two signatures, of which one will be Mary's and the other an assigned Kiwanis Board member. The funds held in the account at Old National Bank are funds donated from the prior year. The purchase orders that are issued for each child are presented to Walmart when shopping, a Walmart credit account needed to be established. WTC requested a credit line of \$150,000 from Walmart Community Credit to purchase WTC items from Walmart. This Letter of Understanding identifies that the WTC ONB account is the source of funds responsible to pay that credit card. A Letter of Understanding detailed both party's responsibilities (See new business item # 5.)
 - j. FOUNDATION AND CLUB TOPIC – Transition from KCD to KCW (Joint committee work by SMOC, B&E, CMOR, Archive, etc.). Information about our Transition from KCD to KCW continues to be shared weekly with members, volunteers, staff and our customers. (Gretchen Preston)
 - k. FOUNDATION TOPIC: - Personnel Committee – Employee Manual has been revised. A new Employee Manual will be provided to our employees in October, effective date 9/30/2017. Committee Chair, Gordon Beeman sent copies of this manual to the Board to review. The revisions do not require Board action, however if a Board member has a question, edit, or suggestion, please let Gordon know prior to its distribution to staff. (Gordon Beeman)

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- I. CLUB & FOUNDATION TOPIC: - **New copier at KCW**. A new copier is in the process of being installed, used, and evaluated on a trial basis for three months. It should be able to reduce some of our outside vended printing and copying costs. (Gretchen Preston)
4. Approved BOARD MINUTES from the August 15, 2017 regular meeting as distributed.
5. Received the SECRETARY'S REPORT for August 2017.
Approved Leave of Absences for Mike Dabbs (Sept and Oct 2017) and Dan Burroughs Sept 18, 25, and Oct 2, 2017.
6. Received TREASURERS' MONTHLY REPORTS for our FOUNDATION, SALES, and our CLUB.
7. BOARD LIAISON'S from COMMITTEE REPORTS (none)

PRESIDENT'S REPORTS: (Alan Burg)

- A. FOUNDATION TOPIC: - **An Additional Offer of \$50,000 loan from Another Member for up to 6 months**. Last month the Board approved and accepted a confidential loan offer from a member. Now another member has recently discussed with President Alan an offer of a \$50,000 loan. This additional member also wishes to support our Club and Foundation during our Transition from KCD to KCW. While we continue discussions with Chemical Bank, these loan offers (one from last month and this one) from individual members can provide us with the ability to continue to plan and pay for the necessary improvement and service to complete our move to KCW. No Board action was requested at this Board meeting.
- B. CLUB & FOUNDATION TOPIC: - **Meals of Hope** Ann Arbor Western President Jack Novodoff contacted President Alan to discuss interest in exploring a shared one day service project during the next year, such as "Meals of Hope". Meals of Hope based out of Florida is a dry foods packing project like one that Al Dailey organized for our Club three or four years ago. In the past, we used our warehouse location near Costco. The Meals of Hope folks bring the dry food supplies and packaging equipment, we provide, a location, volunteers, and \$0.25 per completed package of food i.e., meal. They suggest for example that a group of 50 people will pack approximated 25,000 meal packs in 2 hours equaling a cost of \$6,250 or \$250 for 1,000 completed meal packages. Larry French shared that in the past we worked with "Kids Coalition Against Hunger", a local organization headquartered in Oak Park, MI under the supervision of Michael Burwell. Michael and Al Dailey had a very close working relationship and many District Clubs have worked with Kids Against Hunger. The size of this project would need to be determine as part of our planning effort. This could be organized as a Circle K, multiple club project as one option. If we take on this one day service project, we would need to adjust our 2017-18 budget to fund it. **The Board supported this concept and would like Community Services Committee to consider who, when, how and the size of a project like this to be joined sponsored with other local Kiwanis Clubs. Larry French offered to assist Ellen Webb the Community Services chair to develop a proposal.**
- C. CLUB & FOUNDATION TOPIC: - **Installation of New Board Officers and Directors** is scheduled for Monday, September 25, 2017, a regularly scheduled meeting at KCD. Out-going Lt. Governor Charlie Phibbs and our new Division 6 Lt. Governor Jacqueline (Jackie) Otto will perform the installation.
- D. CLUB & FOUNDATION TOPIC: - **Celebrate Our Success – Past and Future**. Preparations are well underway for this event on Thursday, September 28, 2017 at KCD. Happy Hour at 6:00p, Dinner at 7:00p and Program at 8:00p. Sponsored by Past-Presidents and others.

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- E. **FOUNDATION TOPIC: – Director of Operations Proposal.** The concept of hiring a part-time and/or full time person to manage the day to day operations has been discussed for some time. Other options focus on the hiring of an administrative assistant. Our current model of relying on a list of key member volunteers for property management of our buildings and grounds, the numerous capital improvement projects, on-going maintenance, the transition from KCD to KCW, staffing, the expansion needs of the Thrift Sale, and developing numerous operational processes has met its limit. The Board asked for additional detail for a list of the possible duties and budget impact of this and/or other support positions. That list of options, duties and budget impact is still being discussed. (Gretchen Preston)
- F. **FOUNDATION TOPIC - Requests for funds** to implement required capital improvements for KCW expanded sale floor space, tenant improvements, moving costs from KCD, and/or other identified improvements. At the July 24, 2017, Special Board meeting at KCW, the Board approved an additional not to exceed amount of \$80,000 to complete work on Phase one, two, and three of "Transition to West" projects with costs to come mostly from our Foundation's operational budget. In addition, the August the Board approved a confidential offer of a \$50,000 loan from a member to help support our transition projects. A new request for \$20,000 of projects was included in New Business item # 4.

G. POSSIBLE FUTURE BOARD TOPICS:

- a. **CLUB & FOUNDATION TOPIC** - Review of the **on-going and future Secretarial services** and the appropriate level of reimbursement for those important services for our Club and Foundation.

After discussion regarding the work load and expectations of the Secretary's part-time position, the Board and President-Designate Gretchen Preston asked Board-Designate Margaret Krasnoff to lead an effort to work with Secretary Kathie and others to assist Kathie to update the growing list of Secretary duties and responsibilities and prioritize that list. Also make a recommendation(s) for the Board's consideration at a future Board meeting so that the Secretary can be fairly supported (time, money, and equipment) and the Board has a much better understanding of this important Board Officer position.

- b. **CLUB TOPIC - How Best to Honor Community Citizens** that have supported Kiwanis throughout the years. For example: Don Butcher, Jake Haas and others. Max Ziegler and Larry French are working with others to develop a recommendation for the Board's consideration at a future date.
- c. **CLUB & FOUNDATION TOPIC: - Co-host the August 2019 Kiwanis District of Michigan Convention.** Received a call from Charlie Phibbs, our Lt Governor. This is very early in the discussion process, but Charlie wanted our Board and members to be aware of the early discussions that our Club may be asked to be part of some combination of the new Division 6 Clubs and former Division 10 Clubs to become the hosts for the August 2019 convention which may be held in the Ann Arbor area.

OLD BUSINESS (None)

NEW BUSINESS

1. **FOUNDATION TOPIC: Status of our Mortgage and Line of Credit (LOC) with Chemical Bank. Next steps for the Board's consideration and action.**

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Background Information: The Kiwanis Board at its August 15th Board meeting officially postponed Board action regarding an acceptance of a new increased Line of Credit (LOC) document with Chemical Bank for \$750,000 with a new due date of January 31, 2018, until satisfactory terms for a new LOC document could be developed between Chemical Bank and the Kiwanis Club of Ann Arbor Foundation, Inc. Since the last Board meeting the following discussions have occurred.

Dan Dever, Gretchen Preston, and Peter Schork, who are members of our Special Committee for the Sale/Lease of Real Estate, met with Chemical Bank representative Jim Jeszke on Wednesday, September 13th with the intent to resolve outstanding concerns we had regarding our current mortgage and line of credit. The result of that meeting are the following parameters.

The line of credit (LOC) would be reinstated at \$750,000, on which we can draw as needed, and we would continue to pay interest only. It would be due when we sell the building, but no later than January 31, 2018.

The mortgage prepayment penalty would be fixed at a percentage of principal of the mortgage when paid off at the sale of KCD, at a sum between 1% and 3%. (*Promissory Note later settled at 2%.*)

The Bank will decide on the due on demand language in the LOC document, recognizing that the intent is for the loan to be due by January 31, 2018, and that there is very little chance that the LOC would be demanded for payment before that time. Even if they do not remove the "call" language, however, this clause is not seen by Dan Dever and Peter Schork as significant on a realistic basis, and it is part of the standard form Chemical Bank boiler plate language.

The following motion is recommended by the Special Committee for the Sale/Lease of Real Estate.

MOTION: Approved the Mortgage and Line of Credit (LOC) parameters from Chemical Bank as presented by our Special Committee for the Sale/Lease of Real Estate and the Amended Promissory Note: 1) our LOC being increased to \$750,000, interest only and due no later than January 31, 2018; 2) a prepayment penalty fixed at a percentage of mortgage principal when paid off at the sale of KCD, with prepayment penalty not to exceed 2%; and 3) the due on demand language. Authorized the President and another Board officer to sign final documents after they are reviewed and approved by the Special Committee.

2. CLUB & FOUNDATION TOPIC: Recommendation approval of two engagement letters for 2016-17 services from Widmayer, Scheider, & Raham (WSR) CPA's. One for our Foundation and one for our Club.

Background Information: Our Club and our Foundation have different financial review requirements. Our Club is of a size that the State of Michigan does not require an independent audit each year. Recent changes to our Club Bylaws align with this standard and leaves an option for the Board to annually decide if a full audit or an internal financial review should be used each year for the Club. The recommendation for this year for our Club is to use WSR for 2016-17 tax return services ((990 EZ) while a Board approved special committee be established later this year to perform an internal financial return of Club finances. Due to the size of our Foundation, we are required, by the State of Michigan, to have an independent audit performed annually. We also request that our Financial Statements be audited and issued. Each year, Eloise works to streamline processes so that we can reduce the effort from the Auditor.

MOTION: Approved the two engagement letters from Widmayer, Schneider & Raham (WSR) for 2016-17 support. One engagement letter for our Club estimated at \$950

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and dated September 8, 2017. One engagement letter for our Foundation estimated at \$16,000 and dated August 21, 2017. Authorize President and Treasurer to sign documents.

3. CLUB & FOUNDATION TOPIC: **Recommendation from the Grant Policy Committee.**

Background Information: During this past year, this committee held a series of conversations about which grants are selected to be funded by our Kiwanis Club and Foundation and why those decisions are made. Though during the last two years, we have not had sufficient budget as in years past to fund a long list of grants, the committee has taken on the task to see if some sort of priority can be identified so that when we return to our annual funding of many grants, that we have a goal of funding certain programs first, then consider other grant requests. The goal is that the legacy or core programs would be supported even during years of limited budgets. The committee also recommends changing the committee's name to "Grant Coordination Committee".

MOTION: Approved the recommendation from the Grant Policy Committee dated September 13, 2017 as follows:

- ***The name of the "Grant Policy Committee" should be changed effective this coming Kiwanis Year to the "Grant Coordination Committee".***
- ***The Committee affirmed that Kiwanis "legacy programs" should be called "Core programs". The identified Core Programs at this time are:***
 - ***Kiwanis Voucher Program***
 - ***Kiwanis Scholarships and Camperships ****
 - ***K-Family***
 - ***Meals on Wheels***

**** Scholarships reflect the high school senior scholarships and the balance is for Middle School Music scholarships.***
- ***These Core Programs be funded and the amount of funds provided them should be thoroughly reviewed by the Grant Coordination Committee prior to the distribution of any grant funds to Kiwanis committees.***

4. FOUNDATION TOPIC: - **Recommendation from the Building and Equipment Committee.**

Background Information: Work projects continue to prepare our move from KCD to KCW. This current request for \$20,000 includes two HVAC duct work discovered projects to prepare our tenant area and the future clothing sales area 1100; the addition of a building wide PA system for general use and emergencies, change orders and a small contingency amount. An updated "Transition Costs to KCW dated 9/15/17 10:45am was included in the Board pack as a separate document to provide the Board with details of this request. Funds for this request could come from our operations budget, member loan, and/or if available the Chemical Bank LOC.

MOTION: Approved the request from Building and Equipment Committee not to exceed \$20,000 for two HVAC duct work discovered projects to prepare our tenant area and the future clothing sales area 1100; the addition of a building wide PA system for general use and emergencies, several change orders and a small contingency amount.

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5. **FOUNDATION TOPIC: - Approve the "Letter of Understanding" between Warm the Children and our Kiwanis Club of Ann Arbor Foundation Inc.**

Background Information: A Letter of Understanding was developed and reviewed by the chairs of the WTC sub-committee. It described the responsibilities of WTC and our Kiwanis Foundation to implement the current Warm the Children program in the greater Ann Arbor area. The Letter of Understanding confirmed the sponsorship by Kiwanis Club of Ann Arbor Foundation Inc., that WTC is consistent with our goals and tax exempt purposes, for our Kiwanis Foundation to serve as the fiscal sponsor of WTC, and a process for both our Foundation and WTC to share the fiscal management of WTC funds in accordance with the terms of this Agreement.

MOTION: Approved the Letter of Understanding dated 2017-09-17 between Warm the Children and our Kiwanis Club of Ann Arbor Foundation Inc. Authorized the President to sign the Letter of Understanding with Warm the Children Manager.

6. **CLUB TOPIC: - Approve the list of recommended candidates as identified for either Kiwanis Club of Ann Arbor Honorary Members or Honored Volunteers.**

Background Information: The Committee for the Selection of Honorary Members and Honored Volunteers identified and recommended five (5) community members as Honorary Members and four (4) of our volunteers as Honored Volunteers for the Kiwanis year of 2017-18. Induction ceremony is scheduled for Monday, October 30, 2017 during our regularly scheduled weekly noon meeting.

MOTION: Approved the following individuals for Kiwanis Club of Ann Arbor Honorary status for 2017-18.

Honorary Members for 2017-18

*Percy Bates, PhD
Peggie Hollingsworth, PhD
Jim Mohr
Mary Morgan
Peggy O'Malley*

Honored Volunteers for 2017-18

*Cecile Burbridge
Merry Neff
Veronica Richard
Paul Schaffner*

7. **CLUB & FOUNDATION TOPIC:**

MOTION: Confirmed the date, time and location for the first regularly scheduled monthly Kiwanis Club and Foundation 2017-18 Board meeting for Tuesday, October 10, 2017, starting at 6:30 pm to be held at Kiwanis Center West (KCW).

8. Adjourned the Club and Foundation Board Meeting as of 8:52 pm.

*My gratitude to each of our 2016-17 Board Members for their on-going valuable service.
It has been an exciting, challenging, and historic year for our Club and Foundation.
Thank you so very very very much. (Alan)*

**It has been an honor and a pleasure to work with all of you
this past Kiwanis year.**

#KidsNeedKiwanis

Kiwanis Needs You

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KIWANIS CLUB OF ANN ARBOR SECRETARY'S REPORT August 2017

- 1. Club Membership and Performance**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Member count on August 31, 2017	149	155	166
Net change since October 1, 2016 = +13			
• Starting Oct. 1, 2016 Membership = 136			
• Our club is ranked 7th of 171 for net growth (+13) and 57th of 171 in percentage growth (+9.6%).			

- 2. Reports:** The July monthly report to Kiwanis International was submitted August 10, 2017 and will be emailed to the Board.

- 3. Minutes to be approved or corrected:**

Tues. August 15 Regular Board meeting

Draft minutes of Regular and Special Board meetings will be distributed to Board members before Sept. Board meeting and after approval or corrections, will be posted to the members only section of website.

- 4. Membership Details**

Prospective New Members for approval: None this month.

Prospective New Members in Process:
Lai Yu (Leo) Tse , Sponsored by Ken Hillenburg, Co-Mentor Alan Burg, Endorsed by Nicolette Williams. Lynne Lande will interview Leo; application will be presented to Board in October.

New Members added to KI Roster: None in August. 5 will be added in Sept.

Membership Transitions:
Resignation: None in August 2017.
Pending non-renewal membership: Expecting 10% attrition (15)

2017-2018 Membership Renewal Dues: As of 9-10-17, 87 members have renewed their memberships (62%).

- 5. Leave of Absence:** Mike Dabbs – months of Sept. and Oct.; Dan Burroughs, Sept 18, 25 and Oct. 2

- 6. Interclubs:** None in August

- 7. Sept. 28 Celebration Event** – Total attending to date: 151 [Members: 101, Volunteers: 40, Staff: 2, Special Guests: 8]

Respectfully submitted,
Kathie Wilder, Secretary