

President Alan's Board Notes and Summary

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

Meeting Date: November 15, 2016 at 6:30 pm

Location: Kiwanis Center WEST

COMMENTS from GENERAL MEMBERSHIP and GUESTS:

Harry Cross shared ideas for the Board's consideration of a Capital Campaign and refinancing current mortgage. Max Ziegler asked about how best to honor community citizens that supported Kiwanis throughout the years. For example: Don Butcher, Jake Haas and others. Max Ziegler, Larry French, and Dan Dever offered to develop a recommendation for the Board's consideration at a future date. Bob Johnson shared a memo in defense of KCD.

COMMITTEE REPORTS to Inform the Board. None were scheduled.

Approved the Board Minutes of Tuesday, October 18, 2016 as distributed and corrected.

Received the SECRETARY'S REPORT.

Approved Two (2) Prospective Members: Zackary Ackerman and Larry Dittmar.

Leave of Absence (LOA) Requests: None

Received October TREASURER'S REPORTS for the FOUNDATION, SALES, and the CLUB.

GENERAL DISCUSSION BY THE BOARD

Shared thoughts, reactions, ideas, and possible next steps regarding the presentation by Harry Cross for a possible CAPITAL CAMPAIGN and/or pursuing a LARGE GRANT and/or SMALLER GIFTS from Club members. Harry Cross and Garry Donner shared their ideas with the Board at the October 18th Board meeting. Max Ziegler shared information about the R.C. Wilson Jr. Foundation Grant application. Also, notes from Gretchen Preston (10-7-16) and an email from Alan Burg to Harry Cross (10- 6-16), which were included as separate documents.

What steps and specific actions should the Board consider at this time ... and why ... and why not?

- a. Start a capital campaign or a fund raising campaign? Yes, or No
 - i. When? ... Why? ... If so for what reason(s) or goal(s)?
 - ii. What parameters would the Board consider? For example:
 1. Raise money to support the sale of KCD, or in order to delay, or never sell KCD?
 2. Pay the mortgage?
 3. Support the cost of ongoing general operations?
 4. Capital Improvements?
 - a. KCW only or KCD only. For both locations?
 5. Support our Annual Gifting and Grant Cycle?
 6. What should be the targeted total amount of money to raise?
- b. Pursue a major grant such as through the R.C. Wilson Jr. Foundation or other grants.
 - i. If so – for what purpose (see above list of reasons).
 - ii. What amount of money to request?
- c. Who will do this work of seeking, writing, and monitoring a capital campaign and/or writing a major grant application?
- d. Should the focus be on smaller gifts from members?
 - i. Who will do this work of establishing a framework and process for seeking gifts from members of the Club?
 - ii. Under what parameters would the Club and Foundation accept these gifts?
 1. As restricted or as unrestricted dollars?
- e. If in the next several years we would want to pursue a major legacy community project as part of our Club's upcoming 100th anniversary, what would be the impact of doing a capital campaign and/or applying for a major grant or seeking multiple smaller gifts from members at this time?
- f. Possible other ideas and/or next steps.

Following this discussion by the Board, no specific action was proposed at this time.

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PRESIDENT'S REPORTS

- A. Kiwanis Thrift Sale Downtown is scheduled to be closed on Sat., November 26, however it will accept donations. Kiwanis Thrift Sale West will be open on both Fri., November 25 and Sat, November 26.
- B. In order to support our annual Christmas Sale at KCD our Club's weekly Monday noon general membership meetings on November 28, December 5, and December 12, 2016 will be moved to KCW.
- C. Our weekly Club meeting on Monday, December 26, 2017 is cancelled, and the following week's Club meeting is rescheduled from Monday, January 2nd to Tuesday, January 3rd.
- D. Magic of Christmas community service project. We will provide this group with the temporary use of space at KCW between December 1 – 19th for their Christmas gift collection, gift wrapping, and then distribution. Peter Schork was contacted by this group. These folks include Ann Arbor Police, UM Athletics Dept., WTKA, and the Washtenaw County Sheriff Dept. In past years, this project was held at UM Golf Club, which is not available this year.
- E. Kiwanis "Giving Tuesday" November 29th is a day identified by Kiwanis International as a special day of giving. We will be providing space at KCW for other area Kiwanis Club to temporarily store their sorted and bagged shoes as part of the Eliminate Project. Jeffrey Lawther of the Kiwanis Club of Ypsilanti will be at KCW on that day monitoring the delivery and storage of shoes from our neighboring clubs. Then the following week, the shoes will be picked up. This project on November 29th will occur at ten sites across Michigan
- F. President "BOARD NOTES": Alan will continue to provide a summary of the topics and actions taken by the Board at the following Monday noon meeting of the general membership in an effort to increase information sharing. This will be an oral report to the members as well as a written summary to be provided to our Club Newsletter publisher.
- G. Developing a method to provide electronic copies of the Board Secretary's monthly report and Board minutes, after they have been approved by the Board, to the general membership.
- H. POSSIBLE FUTURE BOARD TOPICS:
 - a. In December a request from the Building and Equipment Committee for funds to implement required capital improvements for expanded sale floor space and improvements to rental / lease areas at KCW. Refer to the Five Year Capital Plan for further information.
 - b. In December a report to the Board by our By-Laws committee, regarding any By-Law language parameters and/or process for the long term multi-year lease of Kiwanis Center West.
 - c. Discuss, explore how and when to seek a formal vote by the Board, and then a vote by the general membership, for authority to sell our out lot on Jackson Road.
 - d. Possible further alignment of some Kiwanis committees such as Strategic Planning and the Re-organization committees into one committee.

NEW BUSINESS

- 1. Approved the recommendation to align our Youth Protection Guidelines with new guidelines from Kiwanis International (KI). Background information: We need to bring our current procedures and activities into compliance with the Kiwanis International new requirements, which were effective October 1, 2016, for Youth Protection Guidelines. Make all necessary changes to our Club and Foundation By-Laws, Manual of Policies, and Administrative Procedures, and implement required annual training.

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2. Approved a procedure for the Sale of Kiwanis Real Estate, commonly known as the Kiwanis Center Downtown. This procedure was developed for the Board's review, consideration and support by the Special Committee for the Sale of Real Estate, which the Board created at its October 18, 2016 meeting. Background Information: This next step complies with language included in our Club's and Foundation's Resolution to Sell Real Estate which was approved in a resolution by a majority of Club and Foundation members on September 19, 2016. This Special Committee will act on the behalf of the Kiwanis Club of Ann Arbor Foundation Inc. Board of Directors in all negotiations of the sales agreements, terms, and conditions, at the closing of the sale, and keep the President and the Board informed of developing details of the Sales Process. Then report back to the President and the Board with a final sale recommendation. The Kiwanis Board of Directors retains all rights of final approval or disapproval of any sales agreement. Note: President Alan will write a separate memo to clarify that Dan Dever will be the official spokesperson for the Sale of Estate working closely with President Alan. This memo will be distributed to the Board and the general membership.
 3. Discussed formally exploring with our bank regarding our current Mortgage and Line of Credit parameters in preparation for the sale of KCD. Then report their findings back to the Board. After discussion it was determined that a new special committee for this task was not needed, and that Board members, Evan LeRoy and Gretchen Preston working with Treasurer Eloise Lavin will meet with the bank and provide a report back to the Board no later than January 17, 2017. Background Information: In the past there have been discussions among members regarding what we possible can do or not do as we continue to make payments on our mortgage and use our current line of credit (LOC). It is time to once again to formally review with our bank the legal parameters and our obligations so when and if we can pay off or pay down the mortgage early, and as the status of the LOC changes, we can consider all factors and make informed and timely decisions.
 4. Approved a recommendation from Treasurer for a new payroll service from David Wheatley CPA. Background Information: We were informed that our current contracted payroll service provider is closing effective December 31, 2016. Eloise sought out possible new providers and has three service comparisons included under a separate document to the Board.
 5. Approved establishing Board Liaisons with individual Kiwanis Committees for 2016-17 for the purpose of supporting the important work of those committees and on-going communications with the Board starting in late December.
- 5.a Added New Business Discussion Item: Warm the Children Project Official Sponsorship – consideration of our Club and Foundation possibly becoming the local sponsor of this project. The Board asked the Grant Policy Committee, Larry French, and Doug Ziesemer to provide further information at the next Board meeting on December 20, 2016, regarding duties of official sponsorship, impact on our budget, and how to place into our Committee Structure. Background Information: The local Warm the Children Project is seeking our interest in becoming the sponsor for this program in future years. Warm the Children" is a project that was started 26 years ago by an Ann Arbor man. His daughter, Mary Stewart, is the current manager of the program. The mission of this program is to give children in need, NEW, warm coats, mittens and boots. Last year this program gave warm clothing to 2,400 children in Washtenaw and Livingston County. Each child receives \$90 worth of clothing. This represents about \$240,000/year. Volunteers go to the designated store (Walmart this year) with each child and their family to purchase this new clothing. Money for this clothing is raised by word of mouth and radio and print marketing. Marketing is done in the fall and early winter. Mary has a large list of people who donate every year. Money raised this season is used for the clothing next year. A stipulation of the fundraising is that no funds raised can be used for the administrative costs of the program. Those costs are: \$10,000 stipend for the "manager" of the program. This person spends an average of 20/hours week year round on this management. Mary is willing to work without

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a stipend this year as the program transitions to Kiwanis sponsorship. Approx. \$10,000 annual marketing budget, spent each fall, to solicit funding for the next season.

So what would be some of Kiwanis's responsibility if we agree to officially sponsor Warm the Children?

- Find a project manager that would administrate the program. (Mary has agreed to continue in this position for at least the next three years.)
- Pay a stipend of \$10,000/year for this management for the 2017-18 and 2018-19 years. (Mary has agreed to forego this stipend this year to assist with the transition. Kiwanis would need to fund this position beginning September 2017.)
- Fund a marketing budget of about \$10,000/year for the 2017-18 and 2018-19 years. This could cost less if we are able to get radio and newspaper companies to donate or lower their cost for these expenses. These expenses occur in the fall and early winter of each year.
- Create a small committee to work with Mary beginning January 2017. (Circle K students may be very helpful here as well as the possibility of engaging other Kiwanis clubs to join this committee.)
- Perhaps pursue a grant provider such as R.J. Wilson Jr Foundation for possible support.

6. Set the date of the next regularly scheduled monthly Kiwanis Board meeting for Tuesday, December 20, 2016 starting at 6:30pm to be held at Kiwanis Center West.

7. Adjourned the Meeting at 9:01pm.

THANK YOU EVERYONE

#KidsNeedKiwanis

Kiwanis Needs You

Attachments:

A - Secretary's Report for October 2016

B - Approved Sale Procedure for Kiwanis Center Downtown Building, dated 11/15/16 – 2 pages

C - Letter from President Alan regarding official spokesperson for the sale of real estate, dated 11/16/16

**KIWANIS CLUB OF ANN ARBOR
SECRETARY'S REPORT
October 2016**

1. Club Membership and Performance	<u>2016</u>	<u>2015</u>	<u>2014</u>
Member count on October 31, 2016	137	141	157
Net change since October 1, 2016 = +1			
* Starting Oct. 1, 2016 Membership = 136			

2. Reports: The October monthly report to Kiwanis International was submitted Nov. 9, 2016 and will be emailed to the Board. Hard copies will be available at the Nov. 15 Board Meeting.

Michigan Non-Profit Corporate Annual Report was filed with State Corporations Division.

3. Minutes of the Sept. 2016 Board meeting: The minutes of Oct. Board meeting, Special Board Meetings Sept. 26, Oct. 31 and Nov. 7 will be distributed to Board members.

4. New Members added: Gary Kavanagh was added in Oct. 2016. Nicolette Williams, Bram Sanvordenker, Jason Balcom and Jake Stacey will be inducted at a KYP meeting in Nov. Terry Linden paid dues, was inducted Nov. 14, and will be added to rolls in Nov. Ed "Bud" Roberts will be inducted during Holidays when our meetings move to KCW.

Prospective Members for approval: Zachary Ackerman, sponsored by Deb Jones, has been interviewed by Betsy Ford, who recommends Board approval. Larry Dittmar, sponsored by Dan Burroughs, has been interviewed by Larry French, who recommends Board approval.

New Members in Progress: Ted Thiry.

5. Leave of Absence: None requested in October.

6. Division 10 meeting is scheduled for Dec. 7 or 8 at KCW. Stay tuned for confirmation.

7. Membership dues payment in the amount of \$15,480.00 was submitted from Club account to Kiwanis International for KI, Michigan District, Insurance and magazine subscriptions.

8. Distinguished/Outstanding Award Program: How does Michigan District determine Club Outstanding Performance? See 2016-2017 Areas of Emphasis and Available Points.

9. Club Recognition Program and Impact Awards: Please see related materials from District.

Respectfully submitted,
Kathie Wilder, Secretary

Sale Procedure for Kiwanis Center Downtown Building

Approved by the Board on November 15, 2016 as amended

This document outlines the steps and processes recommended to the Board for the presentation, marketing, and sale of the Kiwanis Center Downtown (KCD), which the Committee requests the Board approve: (Approved on November 15, 2016)

1. A pre-commitment for a title insurance policy would be ordered from Liberty Title of Ann Arbor, which is the Title Company which did the most recent title policy and search in connection with our mortgage financing for the purchase of KCW.
2. The Committee would compile data and details of the nature, size, and characteristics of the KCD structure, using City records and data from previous appraisals of the building. A notation would be included that the information is not warranted, comes from various third party resources, and any purchaser must rely upon their own measurements and inquiries. This information will be shared with the Board
3. The property would be listed for sale with an outside commercial real estate firm. The six-member Committee appointed by the Board and Chaired by President Alan Burg would create a list of Real Estate Brokers and/or Brokerage firms to be invited to present a proposal for listing KCD for sale. A questionnaire and interview document prepared by the Committee would be given to all prospects in advance by the Committee, asking that they fill out such and return it to the Committee. The Committee would then determine which Brokers would be interviewed; and based upon an evaluation of the competing submissions and interviews, and the proposed terms for listing, choose a Broker with whom to list the property. The decision of the Committee in this regard would control. The Board President and one other member of the Executive Committee shall sign all sale-related paperwork.
4. Once the property is listed, Dana A. Dever, Peter Schork, and Jim Carey would serve as a sub-committee of three persons to be primarily responsible for all communications with realtors and potential purchasers. The Committee, as a whole, would remain operative, and the Sub-Committee would call upon other Committee Members for input and assistance as necessary. The Committee, as a whole, would remain responsible for input, evaluation, feedback, and recommendation to the Board as to competing offers and prospects for sale.

The Subcommittee, however, would be the point of contact with third parties and the listing brokers.

5. The primary objectives for funds to be derived from the sale of KCD would include:
 - a. Sufficient cash from closing to pay off the mortgage and line of credit as against KCD and KCW.
 - b. If the pre-payment fee is excessive, possibly pay down of the mortgage sufficiently to release KCD from the debt and mortgage while retaining sufficient funds for servicing the remaining debt which would lien KCW while a plan to pay down and ultimately pay off the balance of the mortgage is undertaken.
 - c. Pay all sale-related expenses.
6. Priorities in the evaluation of competing offers of sale would include:
 - a. The dollar amount of cash to be received in connection with the sale (e.g. sale price and cash at closing).
 - b. The length of time for the due diligence period between the acceptance of the offer and closing. An excessively long or complex set of pre-conditions to purchase (contingencies) will not be favored.
 - c. A delayed possession clause, where Kiwanis would continue to use the building for a period to be determined after closing to enable a sale down of merchandise and then a move of all departments to KCW.
 - d. Regular progress reports from the purchaser during the due diligence period.
 - e. Sale without a contingency for purchase of any other property.
 - f. Sale without a contingency for approval by the City of any site plan or zoning change.
 - g. Reasonable contingencies and time tables for due diligence and satisfying such.

November 16, 2016

Dear Board and all Kiwanians:

RE: Official Spokesperson for the Sale of Kiwanis Real Estate.

On November 15, 2016, as part of its regularly scheduled Board meeting, our Board approved a specific process for how to continue to proceed with the sale of the Kiwanis Center Downtown (KCD) building. I have designated Dan Dever to act as the spokesperson for me and the Ann Arbor Kiwanis Club and Foundation regarding this sale process as it moves forward.

Dan is adept at giving press releases and knows many of the players in the Ann Arbor Area media and real estate community. I will continue to work regularly and closely with Dan and he will inform me of what he intends to communicate and to whom.

Being President of the Ann Arbor Kiwanis Club requires attention to many issues. I rely on and am extremely grateful for the many talented people of this organization who help me in this role.

Thank you all for your important and dedicated service so we can continue to help children and families in need for many years into the future.

Respectfully,

Alan Burg

President Ann Arbor Kiwanis Club 2016-2017