



## **Board of Directors' Meeting Minutes May 27, 2020**

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, May 27, 2020 via Zoom Conference.

**Directors Present:** Deborah Avakian, Charles Dicke, Susan Gearey, Randy Gridley, David Gruber, Tony Hanley, Scott Hindes, Margaret Jacobs, Dennis Mooradian, Trish Otstott, Laura Pilz, Connie Tiret, Leslie Van Houten and Laura Wagner.

**Staff Present:** Mel Matsumoto, CEO; Ken Donnelly, Chief Strategy Officer; Joe Conroy, CFO.

**Guest:** Pamela Kaufmann –Hanson Bridgett LLP

**Resident Representative:** Bernie Burke, Residents' Council President

1. **Call to Order:** Vice Chair Gruber called the meeting to order at 4:06PM
  
2. **Consent Agenda:** Motion by Deborah Avakian, second by Randy Gridley to approve the Consent Agenda, which included the following resolutions:
  - a. Authorized signatories for Wells Fargo Bank Accounts
  - b. Authorized signatories for Wells Fargo Brokerage Account
  - c. Authorized signatories for accounts with BernsteinThe Motion was approved.

3. **Election of Board Chair and Vice Chair:** Trish Otstott made the following motions:

- a. Tony Hanley be approved to serve on the Nominating and Governance Committee
- b. David Gruber be approved to serve as Chair of the Board.
- c. Deborah Avakian be approved to serve as Vice Chair of the Board.

The motions were approved.

(See attached)

4. **Corporate Structure of HOTM Board of Directors' Resolution:**

Connie Tiret introduced the Resolution regarding the establishment of a non-profit Charitable Foundation under IRS 501(c)(3). Discussion followed relative to this Foundation.

Randy Gridley made a motion to approve, Dennis Mooradian seconded. The motion was approved.

(See attached)

5. **Liability During a Pandemic:** Pam Kaufmann explained the potential liability with the current COVID-19, including that we must use due diligence and follow Best Practices. She also stated we should check our insurance coverage.

6. **Affiliation Progress-Letter of Intent:** Randy Gridley explained the progress of our efforts for possible affiliation with other Senior Living organizations. One of the two organizations who submitted potential affiliations has declined to proceed stating timing concerns with their other organizational priorities. We are working on a Letter of Intent with the remaining organization, to start the process for a potential affiliation. This letter is not a contract. Our sub-committee will complete the final draft and will advise the Board of its contents at a Special Board meeting, or no later than the regular June meeting. We are targeting the July Board meeting for approval of the finished agreement.

7. **Staff Reports:** Mel Matsumoto presented his working 2020 goals.  
(see attached)

A preliminary report on Insurance is on the Board Portal.  
(see attached)

8. **Board Education Session:** Mel Matsumoto began his Board Education with a definition and understanding of the difference between an Operating Board and a Governance Board. He explained the responsibilities of a Governing Board (the HOTM Board). This Board has only one employee, the CEO. All authority rests with the Board as a whole and not on an individual Board member.  
(see attached)

9. **Adjournment:** The meeting was adjourned at 6:11PM

Respectively submitted,

Tony Hanley



**Nominating and Governance Committee**  
**Motions**  
**27 May, 2020**

**MOTION.1:** That upon the recommendation of the Nominating and Governance Committee and with the approval of Heritage on the Marina Board of Directors, Tony Hanley be approved to serve as a regular member of the Nominating and Governance Committee.

**RATIONALE:** Our bylaws state that each Board Committee is required to have a membership of at least two Directors. (Bylaw Article 7 Committees –Section 7.1 Authority of Committees). David Gruber will step down from this committee and Tony has agreed to serve for the remainder of this year. Upon approval, his term will begin immediately and expire on 31 December, 2020.

**MOTION.2:** That upon the recommendation of the Nominating and Governance Committee and with the approval of Heritage on the Marina Board of Directors, David Gruber be approved to serve as Chair of the Board.

**RATIONALE:** David Gruber has performed the duties of Heritage Board Chair since the resignation of the former Board Chair on 26 April, 2020. (Bylaw Article 8 Officers – Section 8.7 Responsibilities of Officers - Paragraph 8.7.2 Vice Chair). Also, David has the experience of having previously served as Board Chair. Upon approval, his term will begin immediately and expire on 31 December, 2020.

**MOTION.3:** That upon the recommendation of the Nominating and Governance Committee and with the approval of Heritage on the Marina Board of Directors, Deborah Avakian be approved to serve as Vice Chair of the Board.

**RATIONALE:** Deb Avakian has been a member of our Board for approximately four years and is prepared to serve in a leadership position. Her background in administration, finance and her high-level leadership positions in other organizations equip her to perform the duties of Vice Chair of the Board. This action will fulfill Bylaw Article 8 Officers - Section 8.1 Designation of Officers.

Upon approval, her term will begin immediately and expire on 31 December, 2020.



**Heritage on the Marina  
Board of Directors' Resolution**

**WHEREAS**, the stated purposes of Heritage on the Marina (the "Corporation") are to (1) to develop and operate housing specially designed for older adults, with arrangements for residents' health care and financial security, and otherwise to promote the interests and serve the needs of older adults, provided that such activities are consistent with this corporation's exempt purposes; (2) to promote the health and well-being of older adults across the continuum of care, services and housing; and (3) to engage in any other charitable activities;

**WHEREAS**, the Corporation is committed to an innovative, charitable model that serves the needs of seniors, and to use its resources and expertise to enhance the quality of life of seniors across the continuum;

**WHEREAS**, the Corporation has significant financial assets;

**WHEREAS**, the Corporation was unable to maintain its public charity status and was required several years ago to convert to a private operating foundation due to its disproportionate investment income;

**WHEREAS**, the Corporation desires to restore its public charity status and to enjoy the related tax benefits of such status;

**WHEREAS**, the Corporation does not require the full amount of its financial assets to operate its continuing care retirement community (the "Community") on a fiscally sound and responsible basis, including maintaining reserves to weather unanticipated events;

**WHEREAS**, the Corporation wishes to form a separate charitable foundation (the "Foundation") to (1) help support the Corporation's charitable purposes, including fostering innovations in senior care; (2) assure that adequate attention and expertise are devoted to fundraising and development; and (3) rebalance the Corporation's portfolio to enable it to restore its public charity status; and

**WHEREAS**, the Corporation is committed to managing its assets to ensure, to the extent possible, the continued stewardship of such assets; it is **THEREFORE**:

**RESOLVED**, that the Corporation's Board of Directors (the "Board") authorizes formation of the Foundation as a California nonprofit public benefit corporation and Internal Revenue Code Section 501(c)(3) organization.

**RESOLVED, FURTHER**, that the Corporation authorizes the Finance Committee of the Board to take all steps it deems necessary or appropriate to create and perfect the Foundation, including, without limitation, consulting the Corporation's accountants and legal counsel and making all necessary filings.

**RESOLVED, FURTHER**, that the Corporation authorizes the Finance Committee to make all filings required to initiate the conversion of the Corporation to a public charity.



**RESOLVED, FURTHER**, that the Board authorizes the expenditure of funds to implement the above resolutions.

**RESOLVED, FURTHER**, that the Board directs the Finance Committee to report to the Board on a regular basis its progress and completion of the above actions, and specifically to report to the Board the sum of money that the Finance Committee proposes that the Corporation transfer to the Foundation to enable the Corporation to restore its public charity status over a 60-month IRS ruling period.

**RESOLVED, FURTHER**, that any actions of the Board, the Board officers, the Finance Committee, or any other persons acting on the Corporation's behalf that are authorized by the foregoing resolutions but were taken before the adoption of such resolutions, are hereby separately ratified, confirmed, approved and adopted as acts in the name of and on behalf of the Corporation.

Adopted by the Board:

\_\_\_\_\_  
**Chair of the Board of Directors, Signature**

\_\_\_\_\_  
Chair of the Board of Directors, Printed Name

\_\_\_\_\_  
Date

Adopted:	Effective Date:
Last Reviewed:	Last Revised:



## **2020 GOALS FOR INTERIM CEO Version #1 - May, 2020**

The pandemic has made traditional goal & objective setting – with its timelines and quantifiable outcomes – difficult because of the multiple uncertainties of the pandemic. This document should be seen as working goals, meant to give the BOD, residents and team members a sense of priorities but with enough flexibility to make rapid adjustments. As we begin to see clarity, we'll add measurable outcomes within each category, though such clarity will likely be uneven.

### **COVID-19**

Provide support and guidance to Hanh Ta as Emergency Incident Commander for HOTM.

[No specific objectives b/c of rapidly shifting landscape]

### **PLANNING FOR POST COVID-19 ERA**

This is more accurately called Post COVID-19 surge era since we will be dealing with C-19 for many months, but as we get past the apex of the curve, we will gradually resume “normal” operations. This requires good and flexible planning starting now. Objectives:

- Prepare & update on-going analysis of effects of C-19 on financials.
- Develop a marketing plan for post-surge period.
- Prepare for a potential second wave of COVID-19.
- Debrief and make needed adjustments to our emergency operations plan.
- Provide support and guidance to Janet Howell as she manages apartment conversions.

### **TRANSITION TO PERMANENT CEO OR AFFILIATION**

Objectives:

- Develop the skillset and knowledge of key executive team members.
- Assist the Board with its evolution using widely accepted principles and resources (e.g., BoardSource).
- As strategic affiliation plans crystallize, develop a specific transition plan with Ken Donnelly, the incoming affiliation group or CEO/Executive Director, and the Board's Executive Committee (or other designated committee).



## PRELIMINARY REPORT ON INSURANCE

May 27, 2020

### **Background**

There were a number of insurance-related questions at the April Board meeting. Instead of a full presentation of insurance coverages in May, we thought a more logical sequence was for Pam Kaufmann of Hanson Bridgett to give a high-level opinion about liability, insurance, indemnification, and public policy developments as a foundation to a discussion about insurance.

That said, we have included this preliminary report as a preview of the later discussion. It is in the format of FAQs.

### **FAQs**

**How does the pandemic affect our coverages?** *Pandemics are excluded from coverage, but Heffernan cannot think of a scenario in which we are not covered under (especially) professional practices insurance because COVID-19 would be defined as a pathogen, which is covered. Ultimately, this may be decided by the courts. All businesses are affected by this gray area.*

**Do we have umbrella insurance?** *We have equivalent protection with excess liability coverage (\$5M). Umbrella's slightly wider reach is mainly for protection against oddball situations and is not a good buy.*

**Do we have Directors' & Officers' insurance?** *Yes, we do (\$5M). Note that excess liability does not extend D&O coverage. We have requested quotes for higher D&O limits and will explore endorsements for specific coverages we might find valuable.*

**Do we have Earthquake Insurance?** *No, we do not. It's been several years since we reviewed this so we have asked for pricing for our consideration.*

**Should we increase our limits overall?** *This will turn out to be tough judgment calls. On the one hand there has been an increase in the number of class actions and large jury awards that are not being overturned. On the other hand, the market has hardened and likely will continue to harden. This will drive up premiums. We'll have to make cost-benefit choices. We'll share numbers with the BOD.*

**Issues on the horizon?** *Workers comp will be a big issue going forward. Governor Newsom's decision re coverage for C-19 could add as much as \$1B in added claims and has caused some major players to leave the California market. This will reduce access and drive premiums higher. Our carrier, Berkshire Hathaway, remains in the market at this point. We will also review our business interruption coverage, with potentially higher limits (but see push-pull of raising limits above).*



## **BOARD EDUCATION – WORKING SYLLABUS**

### **May, 2020**

This working syllabus will guide the board education series over the next several meetings. A board education session of two hours is typical. If we spend 30 min at each board meeting on this, we should be done in September. It may go faster, it may go slower, though I'm sure we'll all be glad if it is the former. Not all components will take the same amount of time. We'll stop at a natural pause point when we approach 30 minutes and pick it up again at the next meeting.

1. An Operating or Founders Board vs. a Governing Board
  - a. Definitions
  - b. Organizational Life Cycle and the Difficulty of Transitioning
  - c. Advantages & Disadvantages of Each Model
  - d. Baseline Principles of a Governing Board
2. Features of a Governing Board (1): Board Responsibilities/Staff Responsibilities
3. Features of a Governing Board (2): Board Committees vs Staff Committees
4. Features of a Governing Board (3): What does it mean to make governing policies?  
What is the difference between governing policies and operational policies? (A Case Study)
5. FAQs About Governing Boards
  - a. How do Directors contribute their special knowledge & skills?
  - b. Is a governing board just a ceremonial board?
  - c. Does a governing board mean an imperial CEO?
  - d. If the CEO or staff messes up, how does a governing board hold them accountable?
6. Principles in Action
  - a. How does the Board Chair & CEO work together?
  - b. How do the Board and CEO work together?
  - c. How do Directors interact with staff?
7. Relationship with Residents
  - a. Resident – Board – Staff Triangle
  - b. Special Challenges for Resident Directors
8. Creating a New Board Culture (How to Sustain Changes)
  - a. Role of Board Chair
  - b. Role of Directors
  - c. Regular Self-assessments