



Board of Directors' Meeting Minutes June 24, 2020

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday June 24, 2020 via Zoom Conference.

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

Directors Excused: Susan Gearey, Scott Hindes, Dennis Mooradian.

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

Residents' Representative: Bernie Burke, Residents' Council President.

1. **Call to Order:** Chair Gruber called the meeting to order at 4:05PM
2. **Consent Agenda:** Motion by Leslie Van Houten, second by Tony Hanley to approve the Consent Agenda. The Motion was approved.
3. **Affiliation Update:** Chair Randy Gridley gave an update concerning the confidential opportunity.
4. **Corporate Structure Update:** Chair Connie Tiret reported on the Foundation split from the Operating entity, stating they are working with our outside accountant firm and expect to have a more defined resolution by the July board meeting.
5. **Insurance Coverages:** Joe Conroy provided a summary of our current insurance coverage. Joe indicated we need to update our property value. We can expect an increase in premium. No information from our insurance broker regarding coverage for COVID-19 issues. D&O insurance will increase by 5%. (Summary attached)
6. **Indemnification Review:** Mel Matsumoto stated that indemnification of Directors and Officers is included under Section 10 of our current Bylaws. This was pursuant to the presentation given by Counsel Pam Kaufmann at the June BOD meeting. He felt that the Bylaws should be reviewed upon completion of the corporate re-structuring. (Attached.)

- 7. Insurance-Governing Policies (First Reading):** Mel Matsumoto introduced a model on how to deal with establishing Governing Policies regarding insurance. This is a first reading. (Attached.)
- 8. Verbal Update to Written Staff Report:** Mel Matsumoto reported that the third round of testing for Health Center employees would take place on June 25th and 26th.
- 9. Board Education Session:** Mel Matsumoto introduced two concepts regarding the division of accountabilities between the Board and staff. Based on the reserved authority of the Board and the concept that the Board of Directors as a Board has final authority, while individual Board members do not, Mel felt that both the Health and Facilities Committees, as currently composed, needed restructuring. The staff will develop a draft of Governing Policy for both the Facility and Health Committees. Facilities draft will be presented to the Board in July as a First Reading. (Attached: Typical Authority Reserved for or Retained by the Board and Board Committees vs Staff Committees or Consultant Groups.)
- 10. Adjournment:** The meeting was adjourned at 5:03PM.

Respectively submitted,

Tony Hanley

Insurance Coverage Summary

Coverage	Carrier	Policy Term	Effective Date/Month	Premium	Limit
Property/Liability Property	Zurich	Annual	October 10	\$ 50,005	\$39.5 Real Property/\$1.2M Personal Property/ \$2.6M Business Income/\$250K Employee Theft
Business Automobile	Progressive	Annual	August 16	\$ 3,687	\$1M Combined Single Limit
General Liability/Professional Liability	National Fire	Annual	October 1	\$ 71,785	\$1M Each Occurrence/\$3M General Aggregate Limit
D&O, EPL & Fiduciary	Arch	Annual	July 10	\$ 17,281	\$5M Aggregate Limit of Liability
Excess Liability	National Fire	Annual	October 1	\$ 40,199	\$5M Annual Aggregate/\$5M Each Occurrence
Crime	Travelers	3 Year	July 10, 2019- July 10, 2022	\$ 4,170	\$750K Employee Theft/\$750K ERISA Fidelity/\$750K Forgery/ Alteration
ERISA	Travelers	3 Year	October 1, 2018- October 1, 2021	\$ 464	\$500K
Cyber Liability	CFC-Lloyds	Annual	October 19, 2019- October 19, 2022	\$ 7,000	\$2.5M Policy Limit of Liability, Aggregate
Workers Compensation/Employers Liability	Cypress/BHHC	Annual	January 1	\$ 231,477	\$1M BI Each Accident/\$1M Policy Limit BI by Disease/ \$1M BI Each Employee by Disease
Subtotal				\$ 426,068	
Taxes and Fees are not included in the premiums above.					
Employee Benefits					
Health Insurance	Kaiser	Annual	January 1	\$ 641,460 *	
Dental/Life/LTD/AD&D	Lincoln	Annual	January 1	\$ 85,548	
Subtotal				\$ 727,008	
Total				\$ 1,153,076	

*Employees pay 5% of premium for deductible plan amount.



Agenda Item 6
June 24, 2020

[EXCERPT OF SECTION 10 OF BOARD BYLAWS]

INDEMNIFICATION OF DIRECTORS AND OFFICERS

10.1 Right to Indemnification. To the fullest extent permitted by law, this Corporation shall indemnify its directors, officers, employees, and other persons described in Section 5238(a) of the California Corporations Code, including persons formerly occupying such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that Section. "Expenses," as used in this bylaw, shall have the same meaning as in Section 5238(a) of the California Corporations Code.

10.2 Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporations Code, the Board shall promptly determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification. Determination of whether indemnification is available to the person seeking indemnification shall be made by a majority vote of a quorum of the Board who are not parties to the proceeding. If the number of Directors who are not parties to the proceeding is less than two-thirds of the total number of Directors seated at the time the determination is to be made, the determination as to whether the applicable standard of conduct has been met shall be made by the court in which the proceeding is or was pending.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled, and shall continue as to a person who has ceased to be an agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

10.3 Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 10.1 and 10.2 in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid, unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

10.4 Insurance. The Corporation shall have the power and shall use its best efforts to purchase and maintain insurance on behalf of any Director, Officer, or agent of the Corporation, against any liability asserted against or incurred by the Director, Officer, or agent in any such capacity or arising out of the Director's, Officer's, or agent's status as such, whether or not the Corporation would have the power to indemnify the agent against such liability under Section 10.1; provided that the Corporation shall have no power to purchase and maintain such insurance to indemnify any Director, Officer, or agent of the Corporation for any self-dealing transaction, as described in Section 5233 of the California Corporations Code.

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Agenda Item 7
June 24, 2020

Suggested Governing Policies regarding Insurance

Governance Structure

- 1.** The Board of Directors (BOD) of Heritage on the Marina (HOTM) will charge the Finance Committee (FC) with the responsibility to:
 - a. Review the insurance coverages recommended by staff and HOTM's insurance brokerage firm to ensure their adherence to these governing policies.
 - b. Make recommendations of changes to these governing policies for BOD approval as the need arises.
 - c. Periodically evaluate the insurance broker with staff to ensure HOTM is receiving proper guidance and value and engage a new insurance broker when it deems it necessary.
- 2.** The BOD will receive a briefing at least annually regarding insurance coverages from the FC or staff if that duty is delegated by FC.

Governing Policies

- 1.** Heritage on the Marina (HOTM) will have such insurance coverage that is usual and customary for an organization that is licensed as a continuing care retirement community (CCRC) and skilled nursing facility (SNF) in the State of California.
- 2.** Limits of coverage will be appropriate for HOTM's size, location, value, operations, reserves, and other salient factors as recommended by the insurance broker.
- 3.** Staff will consult with HOTM's insurance broker before renewal of any policy to ensure adherence to these policies and will report the results of that consultation to FC.



TYPICAL AUTHORITY RESERVED FOR OR RETAINED BY THE BOARD

AUTHORITY/DUTY	Corresponding Committee
1. SET MISSION & VISION	
2. APPROVE STRATEGIC PLAN	Strategic Planning
3. HIRE/FIRE AND EVALUATE CHIEF STAFF OFFICER	Eval usu coordinated by ExCom
4. APPROVE OPERATING & CAPITAL BUDGETS	Finance, Audit
5. INCUR DEBT	
6. ACQUIRE OR SELL REAL PROPERTY	
7. SELF-PERPETUATE (NOMINATIONS)	Nominating/Governance
8. ENTER INTO/SETTLE LITIGATION	
9. ESTABLISH INVESTMENT POLICIES	Investment or Finance
10. CREATE GOVERNING POLICIES	

FUNDRAISING



BOARD COMMITTEES

VS

STAFF COMMITTEES OR CONSULTATIVE GROUPS

BOARD COMMITTEES	STAFF CONSULTATIVE GROUPS
Duties are defined by bylaws or BOD-approved cmtt charter.	Work is defined by staff ad hoc according to situational need.
Duties are usually high-level policy matters.	Work is usually on-the-ground and pragmatic.
Board members are “agents” of the BOD and each cmtt is duty-bound to report to the BOD.	Board members are <i>volunteer consultants</i> to staff, offering special knowledge & expertise in the implementation of governing policies. Board members hold no special governing status.
Cmtt meetings are formal & structured, with minutes kept and submitted for approval and filtered upward to the BOD.	Consultations are usually informal and ad hoc. If they need to be codified, they will move to formal operational policies (staff will develop).

Thematic Principles in Play:

1. The Board of Directors has all of the authority. Individual Directors have none.
2. The Board of Directors has one employee – the CEO. All other employees report to the CEO.