

Tierrasanta *Foundation*

FINAL MINUTES

of the Board Meeting of October 21, 2008

at
the Coldwell Banker office in Tierrasanta

Directors in attendance: Eric Germain (President), Lee Campbell, Susan Deininger, Scott Hasson

Absent: Joyce Muinos, Roy Colosimo

Guest: David Wight

The Chair called the meeting to order at 6:13 PM. A quorum of four was present.

The Chair announced the sudden departure of the Treasurer who resigned his seat this day.

The Chair recommend adding two items to the end of the agenda and this was approved.

Item 1: Approval of Minutes from September 29, 2008

The Chair proposed some administrative changes to the minutes.

Motion: Deininger / Campbell

The TF Board of Directors amended and then approved the Minutes of September 29, 2008.

Passed: 3 - 0 - 1 (Hasson abstain; no reason given)

Item 2: Fill for the vacant Secretary and Treasurer seats.

The Chair asked if any board member wished to fill an officer position. There were no volunteers.

Item 3: Report on TF Account Balances

The Chair tabled this item due to the absence of a Treasurer to make this report.

Item 4: Update on Taste Accounting and Disbursements

The Chair reported that most of the checks in phase 1 of check distribution had been delivered.

Item 5: Remarks from David Wight on the matter of Donations of Estates and Estate Planning

Attorney David Wight, a nearby resident and member of the Tierrasanta Kiwanis Club, briefed the Board on matters related to estate planning. Currently, every citizen has a \$2 million exemption from estate taxes on the total value of their estate, but amounts over \$2 million are taxable at 45% by the government. Estate planning is often used to protect one's estate from this taxation. For example, investment property and portfolios of stocks and bonds, all may be included in a "Charitable Remainder Trust" where income from the trust goes to the donor for life and on his/her death the remainder of the Trust assets reverts to the charity. The contributor or "Trustor" gets immediate income tax benefits and lowers his taxable estate. This serves as protection from larger estates being subject to the federal estate tax or "death tax".

Also, living trusts are a common way to avoid probate. For instance, a trust could save a modest \$500,000 estate about \$24,000 that otherwise would be diverted to cover the cost of a probate. It is not uncommon for a charity to be designated as a beneficiary of the Trust and for a percent or fixed amount of the Trust assets to be designated for the charity.

There are many reasons why a Tierrasanta resident might wish to set up a Charitable Remainder Trust or living trust to benefit a local charity, first of which is the inherent tax benefits and the savings of avoiding probate. Proper estate planning ensures an estate's assets are used in ways specified and approved by the Trustor on his/her passing. Also, another benefit of a living trust is that the Trustor remains in control of the trust assets and it can be changed anytime or revoked by the Trustor prior to his or her passing.

Whether one sets up a Charitable Remainder Trust to reduce their taxable estate or includes a charity in their living trust, it is a Win – Win situation for the charity and the Trustor because the purposes of the charity are advanced while the Trustor reduces the amount lost to the government or to the probate process.

Item 6: Bylaws Change to Postpone Indefinitely the February 2009 Election

The Chair proposed making an immediate change to the bylaws to eliminate the 2009 elections, a change that has been requested by the TCC, and then doing a wholesale revision to the bylaws at a later date to address other concerns expressed by the TCC.

The Chair presented two options for an immediate change to the TF bylaws that would serve to postpone indefinitely the February 2009 elections that otherwise would be mandated by the TF bylaws sections 4.04 and 4.05. One option proposed skipping 2009 and then electing half the board in alternate years starting in 2010. The second option proposed making terms 4 years (rather than 2 years) which means elections would not occur until 2010.

Motion: Hasson / Deininger

The TF Board of Directors approves the following as new wording for section 4.05 of the TF Bylaws:

4.05 Terms of Directors. Directors shall be elected or appointed to office for four years except that in the third year of the Corporation's existence, in 2010, approximately half of the Directors shall stand for reelection or reappointment after only two years. Each Director shall hold office until the expiration of such term and until his successor, if any, has been elected and qualified, or until his earlier resignation or removal. Article VIII lists the 2008-2009 Tierrasanta Foundation Board of Directors along with the expiration of their terms of office.

Passed: 4 - 0 - 0

Item 7: Significant Revision to the TF Bylaws

The Chair asked members if anyone wanted to form a bylaws committee. There were no volunteers. The consensus of the board is the Chair should perform a review and propose changes when ready.

Item 8: Proposed TF Business: Involvement in the annual Tierrasanta Calendars

The Chair discussed the businesses the TF is involved in and reviewed the levels of involvement. He stated the TF needs to specifically vote to approve engagement in a business before there are any financial transactions for said business. This was not done for the now-concluded Taste Cookbook business and it has not been done for the Tierrasanta Calendars.

Lee Campbell does not propose having the TF become involve in this business. That said, he has had checks written to the TF for calendar business and now a decision must be made on how to handle these funds. The Chair agreed to investigate the legalities of how tax-exempt funds can be distributed and report back next meeting.

Item 9: Preliminary Planning for Taste 2009

The Chair proposed a number of changes regarding how the Taste is conducted next year. Some ideas:

- A Taste Board should be established to manage the planning of and decisions affecting the Taste. Board membership should include representatives of all Taste sponsors. All decisions of significance or relating to how taste funds are spent must be approved by vote of the full Board.
- Sponsors of the Taste (those represented on the Board) should not have their organizations listed on the application form as a recipient organization. Instead, any contribution to such organization will be handled as a withhold expense from Taste receipts. Such withholds should be established by vote of the Board, and they should be commensurate with the level of participation by the organization in the planning and/or conduct of the Taste event.
- Taste checks should not be written to service organizations who's only purpose is to raise money for other organizations (e.g., TCC, Kiwanis, TJWC). Instead, attendees from these organizations should allocate their contributions directly to the end recipients.
- Taste checks should not be written to individuals in lieu of organizations. All Taste checks must be written to legitimate organizations with bank accounts.

No decisions were made on any of the above. These will be discussed in more detail in later meetings. The Board agreed that the venue for Taste 2009 should be established much earlier than was done in 2008.

Motion: Deininger / Hasson

The TF Board of Directors proposed that, as a target, selection of a venue and of an event date for Taste 2009 should be finalized by February 1, 2009.

Passed: 4 - 0 - 0

Item 10: TVSD Bylaws (added item)

The Chair proposed granting TVSD additional time to deliver to the TF their approved bylaws.

Motion: Deininger / Campbell

The TF Board of Directors grants TVSD an additional 2 months, until 31 December 2009, to deliver to the TF the approved TVSD bylaws.

Passed: 3 - 0 - 1 (Hasson abstain; no reason given)

Item 11: Supporting the Skate Board Park with TRY Funds (added item)

The Chair proposed TF recommend to the TCC that they give consideration to allocating some or all of the remaining TRY funds to support the Skate Board Park project. Previously the TF was told that the next objective for the Skate Board Park project was to raise half of the funds, or \$750,000, in order to proceed. The TRY account has on the order of \$20,000 which would make a good start towards the immediate goal.

Motion: Deininger / Campbell

The TF Board of Directors recommends that the TCC give consideration to allocating TRY funds to support the Skate Board Park project. The Board authorizes the Chair to write a letter to the TCC with this recommendation.

Passed: 3 - 0 - 1 (Hasson abstain; he will state an opinion before the TCC)

Item 12: Member Comments

Susan Deininger reported TVSD's plan to hold a game night on Saturday, Nov 15th, from 4-8 PM. She reported that TVSD now has 50 paid members.

The Chair has applied for a NICU debit card but it has not arrived.

The TF Meeting was adjourned at 8:28 PM.

Approved:

Witnessed:

President

Board Member