

MINUTES OF SPECIAL MEETING
OPEN SESSION
December 4, 2009
CHARITABLE TRUST STABILIZATION COMMITTEE
CHICAGO, ILLINOIS

On Friday, December 4, 2009 a Regular Meeting of the Charitable Trust Stabilization Committee (“Committee”) was held on the 9th floor at [the James R. Thompson Center](#), 100 W. Randolph Street, Chicago, Illinois.

~~On Friday, December 4, 2009~~[The meeting opened](#) at approximately 1:00 p.m. the following Committee Members were present:

Co-Chairperson Robin Kelly, Co-Chairperson Susan Lloyd, Members Sean Vinck, Robert Meza, Karin M. Norington-Reaves, Marcia Lipetz, Trinita Logue, and William Isaac McCoy. Joining meeting via audio conference: Member Bruce Karmazin. Absent: Members Sid Mohn and John Stremsterfer. Other Participants present: Ryan Dougherty, Aimee Ramirez, Paul Miller, Jake Lewis and Catherine Berger.

AGENDA ITEMS

WELCOME/INTRODUCTIONS : All Members were asked to provide a brief overview of their background.

Co-Chair Susan Lloyd called the meeting to order and welcomed all to the meeting. Ms. Lloyd is the Attorney General Designee and is a consultant to nonprofit organizations – providing program design and program evaluation. She sees her career in 3 parts: non profits – almost exclusively in Chicago, small community-based to larger nonprofit/service delivery groups; ~~she a middle period of doing~~[conducted](#) research at the Institute for Policy Research at Northwestern, then landed at the Parker Foundation for 14 years - subsequently doing consulting with national and family foundations. Ms. Lloyd then asked each Member and Participant to give a brief introduction and ~~asked~~[sed](#) that each express what experiences they bring to the Committee.

Co-Chair Robin Kelly, State Treasurer Designee, is the Chief of Staff for the State Treasurer and a former IL State Legislator. Ms.Kelly said that her previous background was in social service and that she had also worked on a Social Service Appropriation Committee while she was a Legislator. Ms.Kelly said that she had worked for nonprofits for a number of years and understands the needs of smaller agencies and nonprofits.

Karin Norington-Reaves, Dept. of Commerce & Economic Opportunity (DCEO) Designee – new Director of the Office of Urban Assistance at DCEO. Ms. Norington-Reaves ~~relays~~[sed](#) her background as an Attorney (~~private-public~~ sector); Consumer Advocate, Lobbyist and Litigator for Citizens Utility Board; was a former teacher and spent a lot of time on community development issues. Ms. Norington-Reaves most recently spent the past 2 years as the Chief of Staff to Alderman Cochran, 20th Ward/City of Chicago and has worked on several issues and social service components ~~during in~~ that role.

Isaac McCoy, Founder of Urban Mosaic – a nonprofit, community development organization that strengthens nonprofits in various areas in relation to capacity building. Works with stakeholders and communit~~iesy's~~[iesy's](#) at large to address community issues on a needs assessment and its implementation. Mr. McCoy ~~says said~~ his organization also assists and addresses issues ~~familiar~~ with charitable, smaller and nonprofit organizations to streamline their missions.

Paul Miller, Deputy Chief of Staff and General Counsel to the State Treasurer’s Office. He ~~stateds~~ that he is not a Board Member; however, he has joined the meeting to serve and assist the Committee and DCEO.

Co-Chair Lloyd stated that the legislation is not all together clear and asked Mr. Miller for a brief background and to explain the intent.

Mr. Miller explained the background of the Charitable Trust Stabilization Fund, saying Representative Connie Howard had spearheaded the initiative and laid the groundwork so that charities have proper support - and structured it so that

it staggers what funds can be used on an annual basis, what rolls over by way of appropriation, and to also provide the mechanism for administrative support. ~~The intention is geared to small, non-for-profits and said that there are no restrictions.~~ He added that smaller nonprofits usually have a hard time getting “seed” money and money for operational needs. He stated further that the intent was for grant making, with no restrictions being made for loans. So, until the fund gets going, there is \$1M of seed money, and there is also an opportunity to re-coup some of the funds through a loan mechanism.

Co-Chair Lloyd stated that some of the substantive work for the future of the fund rests with this Committee developing policy and guidelines on some of these core issues, at least initially, and hopes that all will be available to volunteer and join committees when asked.

Jake Lewis, ~~a recent graduate of Cornell~~ said he is a Fellow working in the Legislative Office for Governor Quinn. ~~Mr. Lewis is also a recent graduate of Cornell.~~

Sean Vinck, Lieutenant Governor Designee – currently working for Governor Quinn in Governmental Affairs. Mr. Vinck ~~expresses~~ expressed his concern ~~that over whether~~ his designation is still valid due to the fact that the legislation was passed in 2008 while Governor Quinn was Lieutenant Governor and ~~references~~ referenced the Lieutenant Governor Vacancy act. He trusts that it is still valid. Mr. Vinck's began working for Governor Quinn in 2007. He stated that most of his work has been legislative, and added that he had also worked previously with former IL State Representative Robin Kelly (current Co-Chair of this committee) and as a staff person for Speaker Madigan for 2 years prior to 2007.

Trinita Logue is the President and CEO of IFF, (formerly known as Illinois Facilities Fund) a statewide nonprofit that has existed for 22 years ~~that and~~ makes loans to nonprofit corporations. ~~They are~~ IFF is known as a Community Development Financial Institution (CDFI), certified by the National Treasury. The types of nonprofits they make loans to are organizations such as Head Start, Child Care, Affordable Housing, Alternate Housing - all kinds of what you would think of as commercial facilities, located ~~in~~ and serving local communities. Their funding comes primarily from banks, religious and individual investors, and some foundations. They borrow at below market rates and lend at low market rates. They work with the State Treasurer's Office and worked for years on a link deposit program to assist nonprofits. Debt is Ms. Logue's life, credit is her culture.

Robert Meza is the current Director of the Division of Financial Institutions at the Illinois Department of Financial and Professional Regulation (DFPR). An attorney by profession, he said he has been involved in community-based organizations as a ~~participant~~ recipient of services. Mr. Meza was a past Board Member of ~~Hospira-Aspira~~ of Illinois in the 70's and also worked as a community organizer. On the ~~attorney-legal~~ side, Mr. Meza started out as a civil rights lawyer working for the Department of Education - Office of Civil rights, 25 -30 years ago. Mr. Meza also said he worked at the CTA ~~as~~ Managing Attorney of Corporate Affairs, and also worked in Detroit for 5 years for a small firm ~~when his wife was transferred there.~~

Marsha Lipetz is the President/CEO of the Executive Service Corps of Chicago and has worked there for the past 6 years. They are a 31 year-old consultant firm for nonprofits, with the vast majority of their consultants being “retired bosses” who volunteer their time providing strategic planning, finance, etc., which is why they are able to charge well below market rate for capacity building. Ms. Lipetz is a “recovering academic,” spending the first chunk of her career teaching and doing research. She then took a left turn into philanthropy, was the first Director of the ~~Aids-AIDS~~ Foundation of Chicago, and also became the founding Executive Director of the WPWR-TV, Channel 50 Foundation which is now called the Alpha Wood Foundation that had about 250 grantees. An appointee of the Treasurer, she was also a past Board Chair and also served on the Policy Committee of the Donors Forum. Ms. Lipetz said she has current relevant experience managing a million dollar loan fund, intended as cash flow loans for small to mid-size art organizations, processing about 20 organizations.

Aimee Ramirez, State Treasurer's Executive Assistant helped organize the Board. Ms. Ramirez graduated from Loyola in 2006, and is a current graduate student at DePaul in their Leadership and Policy Studies Program. Her entire professional background has been in public service, working for the past 2 years in the Treasurer's Office. Prior to this, she worked for a small nonprofit called the Center for International Rehabilitation - they make prosthetic limbs for land

mine survivors. Prior to that, Ms. Ramirez worked at Children’s Memorial Hospital in one of their research divisions and the Edgewater Community Council.

Bruce Karmazin is the Executive Director of the Lumpkin Family Foundation, a small private, family foundation based in Mattoon IL, making grants in the East Central Region in Environment, Education and Health, and said they also do direct operating programs in education and capacity building. Mr. Karmazin said he recently kicked off and created an on-line community - called Good Works Connect.org, a social networking, “virtual nonprofit center” for the folks in the East Central area, to share resources. Prior to coming to the Lumpkin Foundation, he obtained a law degree and also spent 15 years as a professional fund raiser for consulting firms and healthcare institutions. Mr. Karmazin said he was also the Executive Director of two other hospital foundations located in Canada. He has a strong interest in capacity building among nonprofits.

Ryan Dougherty works in the Governor’s Office of Legislative Affairs and works for Mr. Vinck. Mr. Dougherty said he has an interest in social service issues, and has been working with Representative Howard and a number of advocacy groups on prisoner recidivism issues and also on foreclosure relief.

STRUCTURE OF THE CHARITABLE TRUST

Co-Chair Kelly quickly ~~relays~~ relayed the detail of the Charitable Trust Stabilization Act, (“CTSA) Section 10, (a)(1), (2), (3), (4), (5) and (6), and also mentions that \$200,000.00 was set aside out of the money that was appropriated to pay the Executive Director and other administrative costs.

CURRENT AND FUTURE APPROPRIATIONS

Ms. Norington-Reaves will follow-up with the Department of Economic Opportunity’s (“DCEO”) on questions concerning the appropriation authority, specific to CTSA Section 5(c)(1) – “20% of the amount deposited into the Fund in the fiscal year must be set aside for the operating budget of the Fund and Committee for next fiscal year, but the operating budget of the Fund and Committee may not exceed \$4,000,000 in any fiscal year”; and report back to the Committee.

Mr. Meza stated that the current amount of the fund is now at \$1,500,000.00 (interest has accrued), since the Treasurer has already transferred the money from the General Revenue Fund (GRF) about a year ago, referencing CTSA Section 5(d). Co-Chair Lloyd, Ms. Logue and Mr. Vinck ~~raised also have~~ questions and concerns on the revenue stream, the back-fill mechanism, re-payment of loans, fees from the Secretary of State’s Office (refers to: CTSA (805 ILCS 105/115.10) (from Ch. 32, par. 115.10) Sec. 115.10 (m)) and the payback of the \$1,000,000.00 that is due back to the GRF in two years, since one year has already passed. Co-Chair Lloyd added that there is no way to forecast the level of fees that will be generated and deposited into this fund, and said that there is a possibility of a resource development/fund raising aspect to this job.

BOARD SUBCOMMITTEES

Co-Chair Kelly states that the initial Board Subcommittees are on the Agenda, however, said they could be condensed, and gave the Committee a brief explanation of each. Co-Chair Kelly suggested that the Policy and Loan Committee and Grant Committee could be combined, Investment Committee and Resource Development Committee could be combined and that the Hiring Committee could remain separate and on its own. The group agreed.

STAFFING-EXECUTIVE DIRECTOR

Co-Chair Lloyd stated that one of the primary responsibilities of the Executive Director position will be to develop and implement an annual work plan based on the goals established by the Committee. Adding further, that the Committee needs to create policy, guidelines and goals and adopt rules according to CTSA Section 5 (a) (b).

Open Discussion

Ms. Logue asked that the Committee discuss policy issue aspect of the process.

Synopsis: Both Ms. Logue and Mr. Karmazin share similar concerns of larger vs. smaller not-for-profit entities and short term consultancy. Co-Chair Kelly stated that Rep. Connie Howard’s original concerns ~~s were~~ was to assist smaller not-

for-profits; hence, her reason for drafting this legislation. Ms. Logue felt that the focus should be the priorities of the Governor, and that they should make very strategic, truly ~~sustainability~~ sustainable grants. Mr. Karmazin agreed.

Ms. Lipetz shared her thoughts on the ~~creation~~ funding of new organizations versus organizations that currently exist, and also stated that grants seem to disappear and pay for redundancies, and that loans also pay for “things.”

~~The conversation turned to the Executive Director position and its duties.~~—Ms. Norrington-Reaves mentioned that there are also a lot of “one-man shops” out in the communities, and ~~that an Executive Director position would diminish some of the barriers that they face.~~ her concern for ensuring that these groups are not overlooked.

The conversation turned to the Executive Director position and its duties.

Co-Chair Lloyd stated that the Committee needs to determine the policy and guidelines concerning the specific use of funds mentioned in the legislation.

Ms. Logue is concerned over the definition of stabilization in the Act, and doesn’t understand how it will help a “one-man shop.”

Mr. Vinck agreed with Ms. Logue from a business standpoint, and asked what are the most efficacious uses of the monies that this legislation provides – keeping entities viable and what is the optimal use?

Ms. Lipetz stated that it depends, ~~and~~ it’s complex; adding further - there are tangibles and intangibles, organizations that can pay back a loan and those that can’t. Ms. Logue added that she’s concerned about the agencies that will use the monies to keep the salary of the entity (job) because they lost foundation money, and asked how many people can that person help. Ms. Logue stated that this is her definition of stabilization.

Co-Chair Lloyd stated that ~~what she is hearing from~~ her perception of the group's ~~conversation~~ discussion is that stabilization is preserving the existing capacity of current, well-run organizations that have encountered an unexpected loss. Ms. Logue added ~~and~~, whose mission is integral to and reflects the priorities of the State of Illinois.

Mr. Karmazin challenged the idea that the Committee should preserve jobs and is not comfortable with that proposition. He felt that it is being looked at as an indicator of an organization stabilizing the industry or the sector. Mr. Karmazin felt that the Committee should focus on what is important first, and then work on the metric.

Co-Chair Lloyd stated that there are many different ways of stabilizing a nonprofit organization, and suggested that the Committee should think about the ways that they can stabilize and have the guidelines flow from that.

Co-Chair Kelly added that most times when you get grants, they cannot be used for operational needs.

Mr. Meza reminded the Committee that the State is in a different financial state today, then when this legislation was originally drafted. He said he believes that the definition of stabilization ~~has already been defined~~ is clear under CTSA Section 5(b)(1)(2) and (3) and in ascending order of priority (loans then grants); then referred to Ms. Logue’s metric: sector or whatever category after the need is determined. Most of the due diligence would be done by the Executive Director.

Co-Chair Lloyd told the Committee that both she and Co-Chair Kelly will go back and get some information and update an understanding of how this legislation could be implemented, given the phenomenal changes that ~~has~~ have happened since its passage.

The Committee discussed the Executive Director position and the skill set necessary to implement the Board policies and plans to accomplish the goals for the Charitable Trust Stabilization Fund. Many ideas were shared amongst the group.

Co-Chair Lloyd told the group that both she and Co-Chair Kelly will put together a list of steps to activate the fund, and a list of steps that the group could critique. They will also get clarification on intent and degrees of freedom within the legislation and additional information about current and future appropriation, ~~and a reasonable forecast~~. A Business Plan will need to be put together and they will also determine how to get this done and what capacities the Committee needs in a staff, etc.

Co-Chair Kelly told Mr. Karmazin that the Treasurer's Office HR Director, Robert Crouch had put together the ED job description and ~~will look through the~~ would be happy to review applications and applications and ~~will~~ submit them to the Hiring Committee.

Mr. Karmazin volunteered to be on the Hiring Committee, along with Ms. Lipetz. Robert Crouch and Co-Chair Kelly will also serve on this Committee.

Ms. Norington-Reaves and Ms. Logue volunteered to work on the development of a Business Plan.

Ms. Norington-Reaves volunteered to work on Program Guidelines, along with Co-Chair Lloyd and Mr. McCoy.

Ms. Logue volunteered to serve on the Investment, Policy and Loan Committee.

Co-Chair Lloyd asked the group to network with their organizations and to solicit consultants that could assist in helping this Committee for the ED position. A search firm could be an option; however, the Treasurer's Office was being suggested as a convenience. A pro-bono consultant was also suggested.

On the matter of Regular Committee Dates, Co-Chair Lloyd stated that the meetings s will take place on the first Friday of the last month of the quarter, those being March 5, 2010, June 4, 2010, September 3, 2010 and December 3, 2010. September 11, 2010 was decided on instead of September 3, 2010 because of the Labor Day Holiday. A January date will be decided on for the next meeting to discuss Next Steps.

The meeting was adjourned at 2:50 p.m.

Respectfully submitted by Catherine Berger.