

THE WILLIAM BINGHAM FOUNDATION

ANNUAL MEETING OF TRUSTEES

July 28 – 29, 2023

The Annual Meeting of Trustees of The William Bingham Foundation was held at The Chagrin Valley Hunt Club, Gates Mills, Ohio, on Friday and Saturday, July 28 – 29, 2023.

Investment Committee

The meeting of the Investment Committee was called to order at 9:00 a.m. by C. Perry Blossom, Chair of the Investment Committee.

Trustees present were C. Perry Blossom, David B. Blossom, Jonathan B. Blossom, Robin Dunn Blossom, James B. Heffernan, Katherine J. B. Heffernan, Rebecca B. Kovacik, Elizabeth B. Meers, and Kevin S. B. Meers.

No Trustee was absent.

Trustee Emeritus Laurel Blossom was also present.

Elisabeth N. Blossom and Jennifer H. Blossom attended as guests of the Board.

Also participating were The William Bingham Foundation's Administrator / Secretary, Daniel L. Horn, and Grants Manager, Anne G. Savastano.

Prent Smith from the investment management firm Prentiss Smith and Company joined the meeting as a guest of the Investment Committee. C. Perry Blossom moderated the discussion.

Mr. Smith reviewed his firm's work as an Environmental, Social, and Governance ("ESG") investment advisor. He described how inflation is the main driver of the market today and how attempts to tame inflation by raising the interest rates have caused recessions in the past.

Mr. Smith discussed his firm's fixed-income investments and their current 4% to 5% return. Mr. Smith explained how bonds increase in market value when the interest rate drops below the purchase rate and lose value when the opposite occurs.

Mr. Smith listed the seven largest companies, worth over 10 trillion in market capitalization, in the S&P 500 index fund: Apple, Microsoft, Nvidia, Tesla, Google, Meta, and Amazon. He explained how his portfolio outperformed the S&P 500 index fund by being overweight in those companies. Mr. Smith noted that all seven companies are using and developing Artificial Intelligence or AI and that because of their involvement in AI, they added over five trillion dollars to the stock market's value.

In the current market, Mr. Smith said it was easier to pick things to sell than to buy. He is more comfortable taking capital gains and reinvesting the proceeds in bonds with an interest rate of 4% to 5% but will also make investments in health care and staples. His outlook on the future is muddy, and he does not feel it is time to move into new strategies as the market is uncertain.

Mr. Smith reviewed current equity holdings and some reasons for having them in the portfolio.

C. Perry Blossom asked Mr. Smith to review the recent investments in bank stock. Mr. Smith explained that he sold the investment in M & T Bank because of uncertainty about its future, but held the investment in Schwab Bank because he felt it was a strong investment. Mr. Smith talked about the speed at which regional banks collapsed recently and the rapidity of people moving money out of the banks and into investments outside the banks earning a higher rate of return caused those banks to collapse.

Mr. Smith felt that commercial real estate may have been an opportunity, but he avoided investment in that sector due to the size of the liabilities held by those companies,

Robin Dunn Blossom inquired why technology companies lost value during 2022 and increased in value during 2023. Mr. Smith explained that the technology companies, responding to their increased business during the pandemic, invested too much in their growth. During 2023, those companies readjusted their internal investments better to meet their businesses' actual demands.

Mr. Smith believes that AI should be considered a new technology and that any major shift in technology will have its winners and losers. Mr. Smith feels that AI is the new gold rush and reviewed the three categories of companies that will benefit from the increased popularity of AI. The first, as during the gold rush, companies that supply the tools for the AI development, such as Nvidia Corporation. Second, companies that develop AI products, such as Microsoft Corporation. And third, companies that implement AI products to work for businesses. Mr. Smith feels AI is amazing and would make a wonderful personal assistant but, at the same time, is dangerous. Mr. Smith noted that excitement about a new product would create bubbles and that they must be cautious about investing in this new AI technology.

Laurel Blossom asked about investments in solar, wind, and geothermal energy. Mr. Smith explained the difficulty that companies in that sector have finding suitable places to build infrastructure to harness those energy resources due to neighbors' resistance to the facilities.

C. Perry Blossom discussed the yield curve for U.S. Treasuries, and Mr. Smith explained that the yield curve was currently inverted, yielding a better return on fixed income than other investments. Mr. Smith explained that he would look at long-term investments in U.S. Treasuries.

The Trustees and Mr. Smith discussed investments in the current political environment. Mr. Smith explained how history shows that if the economy is bad, the voters will vote for

change. Mr. Smith sees no solution to the current deficits and debt other than raising taxes and cutting spending and that the current solution of creating new money causes inflation.

The Investment Committee adjourned, and Prent Smith left the meeting at 10:20 a.m.

The Trustees Meeting adjourned to hold the Members Meeting at 10:25 a.m.

Board of Trustees Meeting

The Board of Trustees Meeting convened at 10:30 a.m. with Jonathan B. Blossom, President, presiding.

Katherine J. B. Heffernan read the Foundation's Mission Statement.

Trustees' Charitable Involvement

The Trustees discussed their charitable involvement.

Trustee Disclosure of Conflicts of Interest

Robin Dunn Blossom acknowledged a conflict of interest as a Trustee of the Musical Arts Association. No other Trustee had a conflict with other items on the meeting agenda.

Officers and Committees

The Trustees elected the following officers:

President	Jonathan B. Blossom
Vice President	James B. Heffernan
Treasurer	David B. Blossom
Secretary	Daniel L. Horn

The President appointed the following committee chairs:

Investment	C. Perry Blossom
Best Practices	Elizabeth B. Meers
Environmental Impact	James B. Heffernan
Trustee Education	David B. Blossom
Grants	Robin Dunn Blossom
Outreach	Rebecca B. Kovacik
Social Media	Robin Dunn Blossom

2024 Meetings

The Winter Meeting of the Trustees will be held on March 9, 2024, by a virtual conference session at 1:00 p.m. Eastern Time, 10:00 a.m. Pacific Time.

The Summer Annual Meeting of Trustees will be held on August 2 - 3, 2024, at the Chagrin Valley Hunt Club, Gates Mills, Ohio.

Consent Agenda

The Trustees approved the Minutes of the March 11, 2023, Trustees Meeting and the March 14, 2023, Special Meeting of the Investment Committee.

The Trustees accepted the investment manager reports included with the meeting material.

The Trustees approved the payment of \$1,000 to the Western Reserve Historical Society for the Philanthropic Archives subscription fee.

The Trustees approved a \$1,000 donation to the Cleveland Foundation for the Cleveland Carbon Fund for carbon offsets for Trustee travel. The Environmental Impact Committee will find an alternative for this grant at the next Annual Meeting.

The Trustees approved continued membership in Exponent Philanthropy (formerly the Association of Small Foundations) for an annual fee of \$815.

The Trustees approved the two-year renewal of the Foundant GLMSLM subscription for \$4,968.

Investment Committee Report

C. Perry Blossom notified the Trustees that the committee has no Environmental, Social, Governance (ESG) Index Fund to recommend for the Foundation's investments. The committee will compile a list of ESG Index Funds for the next meeting.

Best Practices Committee Report

Elizabeth B. Meers updated the Trustees on her work on a Records Retention Policy for the Foundation.

Social Media Committee Report

Robin Dunn Blossom notified the Trustees that she will continue to work at correcting or removing incorrect or out-of-date information posted on the internet concerning the Foundation.

C. Perry Blossom noted that the Trustees should be aware that a Foundation was created called The Bingham Foundation.

Outreach Committee

Rebecca B. Kovacik will focus the Outreach Committee on organizations working against gun violence in her local area of Los Angeles.

Grants Committee

The Trustees discussed the burden small organizations have completing the Foundation's grant application and ways to simplify the process for grants under \$10,000.

The Trustees voted to accept all committee reports as provided.

The meeting was adjourned for lunch at noon.

The meeting was reconvened at 1:05 p.m.

Other Business

The Trustees discussed the threshold for an organization to submit a letter of inquiry before applying for a grant. The Trustees voted to request a letter of inquiry for grant requests exceeding \$75,000 before the Foundation invites the organization to submit a formal grant application.

Laurel Blossom discussed the Gehring House in Bethel, Maine, once owned by William Bingham's doctor, and its recent purchase by the non-profit Northern Forest Center, an organization that restores old historical buildings. Laurel Blossom, Elizabeth B. Meers, Robin Dunn Blossom, and James B. Heffernan will investigate making a grant to assist in the restoration of the Gehring House.

The Trustees discussed ways to streamline the grant application process to lessen the burden on the grantee. Elizabeth B. Meers suggested that organizations that do not have an audited financial statement be asked to submit their latest tax return, Form 990. The Trustees requested that the Grant Committee look at ways to streamline the grant application. Anne G. Savastano will circulate the grant application to the Trustees for comment.

Robin Dunn Blossom reviewed materials on the Resource Table and played a song from the 1937 Great Lakes Exhibition written by Dudley Blossom Sr.

The meeting adjourned at 3:45 p.m.

Board of Trustees Meeting

The Annual Meeting of the Board of Trustees reconvened on Saturday, July 29, 2023, at 9:00 a.m., with Jonathan B. Blossom, President, presiding.

Trustees present were C. Perry Blossom, David B. Blossom, Jonathan B. Blossom, Robin Dunn Blossom, James B. Heffernan, Katherine J. Heffernan, Rebecca B. Kovacik, Elizabeth B. Meers, and Kevin S. B. Meers.

No Trustee was absent.

Trustee Emeritus Laurel Blossom was present.

Also present was Jennifer H. Blossom as a guest of the Board.

The Trustees met in an executive session to discuss the evaluation of service providers. The Trustees approved the retention of Thompson Hine for legal services, Daniel L. Horn for administrative and secretarial services, Anne G. Savastano for grants management services, and Dingus and Daga for review of the Foundation's tax return.

The William Bingham Foundation's Administrator and Secretary, Daniel L. Horn, and Grants Manager, Anne G. Savastano, joined the meeting at 9:30 a.m.

Financial Reports

Daniel L. Horn reviewed the 2023 minimum payout estimated as of June 30, 2023, of \$1,029,000; the amount remaining after grants already paid or approved during 2023 of \$838,000; the 2023 expense update; and the 2024 expense estimate.

Mr. Horn reviewed the Foundation's 2022 tax return filed with the IRS earlier in the year.

Grants Evaluation Committee Report

The Trustees approved the following Grant Final Follow Up Reports:

- Building Hope in the City
- Dreaming Out Loud
- Earth Sangha
- Edna House for Women
- Fieldstone Farm Therapeutic Riding Center
- Lake View Cemetery Foundation
- Mary Mavec
- Organizing Neighborhood Equity DC
- Center Circle Health Services
- Cleveland Rape Crisis Center
- Friends of Recovery Northeast Ohio

The Trustees approved the budget modification of grant funds for the grant made to Edna House for Women to be used to pay for automobile insurance and maintenance.

Katherine K. Blossom and Thomas B. Blossom joined the meeting as guests of the Board at 10:30 a.m.

Anne G. Savastano reviewed the highlights of a recent conference she attended hosted by Peak Grantmaking on the lack of equity in philanthropy.

The Trustees discussed ways to assist organizations in completing their Follow Up reports.

Letters of Inquiry

The Trustees approved the Children’s Museum of Sonoma County and the Cleveland Institute of Music requests to submit grants exceeding \$75,000 at the March 9, 2024, Semi-Annual Meeting.

Grants

The Trustees discussed making a grant in honor of the former Trustee Emeritus, C. Bingham Blossom. David B. Blossom undertook to identify appropriate grantee(s).

The meeting was adjourned for lunch at noon.

The meeting was reconvened at 1:05 p.m.

Grants

The Trustees approved the following grants:

Center Circle Health Services	\$ 75,000
Chagrin River Watershed Partners	40,000
Musical Arts Association	500,000
Natural History Society of Maryland	75,000
Two Foundation	75,000
Wings for Kids	<u>50,000</u>
Total Grants	\$ 815,000

Robin Dunn Blossom left the meeting for the vote on the grant to Musical Arts Association and abstained from voting on the grant.

Daniel L. Horn will ask the investment advisors if they have any holdings with large unrealized gains that could be used to pay the grant to the Musical Arts Association.

Other Business

The Environmental Impact Committee will be included in the discussion on the possible grant to Northern Forest Center to support the restoration of the Gehring House in Bethel, Maine.

Laurel Blossom, Robin Dunn Blossom and Elizabeth B. Meers will work to initiate a letter of inquiry from University Settlements.

There being no further business, the meeting adjourned at 2:45 p.m.

Daniel L. Horn, Secretary