



Trustee Meeting Agenda
Monday, May 6, 2019, Noon
Bartlett Research Lab, Charlotte, NC

12:00 Welcome and Working Lunch

1:00 Call to Order and Consent Agenda

- Consent Agenda:
 - Minutes from December 10, 2018 meeting Tab 1
 - President and CEO's Report Tab 2
 - Executive and Governance Report Tab 3
 - Treasurer's Report Tab 4
 - Development Committee Report Tab 5
 - Communications Committee Report Tab 6
 - Research and Education Committee Report Tab 7
 - Liaison Committee Report Tab 8
 - Council of Representatives Report Tab 9

1:15 Chairs Briefly Summarize Committee Highlights (December 2018 – May 2019)

- Steve Geist, Executive and Governance Committee
- Ray Henning, Audit and Finance Committee
- Paul Fletcher, Development Committee
- Dave Krause, Communications Committee
- George Hudler, Research and Education Committee
- Randall Miller, Liaison Committee

1:45 Independent Financial Audit Report Summary Henning

2:00 Research and Education Committee Hudler

- Vote to award Grants and Scholarships per Committee Recommendation
 - Hyland Johns Grant
 - Utility Arborist Research Fund Grant
 - Ohio Chapter ISA Education Grant
 - Bonnie Appleton Memorial Scholarship
 - Robert Felix Memorial Scholarships
 - Horace M. Thayer Scholarship
 - John Wright Memorial Scholarship
 - Fran Ward Women in Arboriculture Scholarship

2:30 Break

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| 2:45 | Executive and Governance Committee | Geist |
| | • Salary Benchmarking Report | Tab 10 |
| | • Customer Satisfaction Survey | Tab 11 |
| | • Hyland Johns Endowment Fund | |
| | • Business Continuity and Risk Management Policies Vote | Tab 12 |
| | • Strategic Plan Update Vote | Tab 13 |
| | • New Trustee Recruitment | |
| 3:30 | Future Meeting Planning | Smith/Geist |
| | • Fall Meeting via Zoom October 7 at 1-3pm | |
| | • December meeting schedule at ISA Atlanta | |
| | ○ December 5: Trustee Meeting afternoon, Joint Trustee and Liaison Dinner | |
| | ○ December 6: Joint Trustee and Liaison Meeting morning; Liaison meeting afternoon | |
| 3:45 | Old Business: | |
| | • Vote Ratification (State Game Lands 33 Contract) | |
| | • Alternative Investment Instruments to Chicago Community Trust | |
| | • Schedule for ad hoc committee to review office structure | |
| 4:15 | New Business: | |
| | • Biomechanics Week | |
| 4:30 | Closing Items/Executive Session | |
| 5:00 | Adjourn | |
| 5:00 | Reception and Dinner at Bartlett Lab | |
| 8:00 | Shuttle to Hyatt Place | |



Trustee Meeting Minutes

Date & time of meeting: December 10, 2018, 11:00am Central Time via video conference

Attending: Chairman Steven Geist, Vice Chair Tom Wolf, Treasurer Ray Henning. Trustees: Jim Barborinas, Paul Fletcher, Brett Heinrich, George Hudler, Dave Krause, Sharon Lilly, Randall Miller, Will Nutter, Mundy Wilson Piper, James Urban, Chairman Emeritus Allan West, President and CEO J. Eric Smith

Absent: Chair-Elect Beau Brodbeck, Trustee Sharon Jean-Philippe

Guest: Jacques Brunswick

Meeting call to order: Chairman Geist called the meeting to order at 11:02am.

Consent Agenda:

Chairman Geist asked the Trustees whether they had any items they would like pulled from the Consent Agenda; none were requested. Motion was made by Trustee Urban to accept the Consent Agenda; seconded by Vice Chair Wolf. No discussion. Motion carried.

- Consent Agenda items:
 - Minutes from September 20, 2018 meeting
 - President and CEO's Report
 - Executive and Governance Committee Report
 - Treasurer's Report
 - October 2018 Balance Sheet and P&L
 - Communications Committee Report
 - Research and Education Committee Report
 - Liaison Committee Report
 - Council of Representatives Report

Chair Summaries of Committee Highlights (October to December): Committee Chairs reviewed key committee developments since the last board meeting. Development Committee Chair Fletcher suggested sending the LYBUNT list to the Trustees for follow-ups.

Research and Education Committee Grant Award Recommendations:

Motion was made by Trustee Hudler and seconded by Trustee Barborinas to award the following:

- John Z. Duling Grant to Jeanne Romero-Severson at University of Notre Dame for "A three pronged approach to understanding the defensive mechanisms in Green Ash (*Fraxinus pennsylvanica*) resistant to Emerald Ash Borer (*Agrilus planipennis*)" for \$25,000
- Jack Kimmel International Grants to Benoît St-Onge at University of Quebec at Montreal for "Automated mapping and spatial analysis of the urban forest using LIDAR to improve management" for \$10,000 and to Brandon Kyle Winfrey at Monash University, Australia for "Enhancing tree health in water sensitive urban design: Role of Mycorrhizae" for \$10,000
- UAA Grant to J. M. Sparkman Jr. at Environmental Consultants, LLC d.b.a. ECI for "Development of a regional research approach to modeling tree failure risk probability affecting distribution overhead lines" for \$49,730

No discussion. Motion carried.



2019 Budget Presentation and Resolution: President and CEO Smith reviewed the 2019 Budget. Motion was made by Treasurer Henning and seconded by Trustee Miller to accept the following resolution:

The Finance and Audit Committee unanimously recommends the Board of Trustees' approval of the attached 2019 summary budget containing the following key financial elements, presented on an accrual basis:

- *Total revenues of \$1,377,000; which includes \$160,000 in earnings transferred from Chicago Community Trust (CCT) and \$280,000 in time or donor restricted funds, unavailable for operating expenditures in 2019;*
- *Total expenses of \$1,165,500; which includes \$487,500 in new grant awards, of which \$267,500 will be payable in 2019, atop \$169,000 in prior year grants payable in the budget year;*
- *A net positive income of \$211,500; cash flow will be evaluated regularly throughout the year, and subject to satisfactory operating reserves and in compliance with donor intentions, these funds will be transferred to CCT before year-end to applicable endowments.*

No discussion. Motion carried.

Election of Officers, Trustees, Confirm Committee Chair Appointments:

Motion was made by Treasurer Henning and seconded by Trustee Lilly to accept the following:

- New Trustees (two-year terms)
 - o Jacques Brunswick
 - o Jeff Edgar (First Alternate)
 - o Dave Krause (1st term, after completing Brent Asplundh term)

No discussion. Motion carried.

Motion was made by Trustee Krause and seconded by Treasurer Henning to accept the following:

- Renewals (two-year terms)
 - o Paul Fletcher (3rd term)
 - o Steve Geist (2nd term)
 - o Sharon Jean-Philippe (2nd term)
 - o Sharon Lilly (2nd term)

No discussion. Motion carried.

Motion was made by Trustee Lilly and seconded by Trustee Piper to accept the following:

- Slate of Officers (one-year terms):
 - o Chairman – Steve Geist
 - o Chair Elect – Beau Brodbeck
 - o Vice Chair – Tom Wolf
 - o Treasurer – Ray Henning

No discussion. Motion carried.

Motion was made by Trustee Urban and seconded by Trustee Barborinas to accept the following:

- Committee Chair Appointments (one-year terms):
 - o Research and Education – George Hudler
 - o Executive/Governance – Steve Geist
 - o Development – Paul Fletcher



- o Communications – Dave Krause
- o Audit/Finance – Ray Henning
- o Liaison – Will be elected at Liaison Meeting
- o CoR – Allan West

No discussion. Motion carried.

Old Business:

- Suggestion was made to invite Drs. Koeser and Hauer to the spring Research Workshop.
- Research and Education Committee Chair Hudler will develop a short priority list for Hyland Johns 2019 grant and submit prior to January 15.

New Business:

- Trustee Barborinas was recognized for his long service with TREE Fund beginning in 1992. He has served as the first Liaison Committee Chair, Tour rider and Trustee. He will continue to serve on the Research and Education Committee.
- Strategic Plan Update 2021 – ad hoc committee comprised of Executive and Governance Committee members, Trustee Lilly and Trustee Brunswick will meet after Executive and Governance meetings to review whether 2018 Strategic Plan directives were met, whether 2019 and 2020 need to be revised and add 2021.
- TREE Fund Future Office Location – ad hoc committee comprised of Trustees Miller and Nutter and Chairman Emeritus West will evaluate office structure via meetings beginning in 2019.
- 2019 Trustee Meeting dates and locations –
 - o Sunday, May 5 dinner, Monday, May 6 Trustee Meeting, Tuesday May 7 Research Workshop at Bartlett Lab, Charlotte
 - o October 7 via Zoom Meeting
 - o December 9 tentative date, location to be determined at May Trustee Meeting

Annual Appeal and Partnership Updates: President and CEO Smith noted that the Annual Appeal fundraising closes January 7, 2019. Trustees were asked to follow up on contact list.

Executive session commenced at 1:10pm Central Time and ended at 1:28pm when open meeting continued and adjourned at 1:31pm Central Time.

Respectfully submitted by Barbara Duke.

TREE FUND MEMORANDUM

Date: April 23, 2019

To: TREE Fund Board of Trustees

Fm: J. Eric Smith, President and Chief Executive Officer

Re: Report for May 6, 2019 Trustee Meeting at Bartlett Labs

INTRODUCTION:

I am preparing this month's report from my new apartment in Des Moines, Iowa, where Marcia and I moved effective February 1, consolidating our two prior apartments and storage units after three years apart. It makes a big difference in the quality of our lives as a family (our daughter now lives across the street), and so I very much appreciate your willingness to allow me to establish and work from this remote office location.

Thus far, the new paradigm seems to be going well. Having Maggie Harthoorn and Barb Duke together full-time in the office, with Monika Otting there three days a week, relieves my primary concern about leaving anyone in the office alone most of the time. We all hold a regular "check-in" video meeting each Monday so that the remote employees (me and Communications Manager Teresa Recchia) can kick off the week with updates and exchanges of information with office staff in a conversational setting, and we're all able to collaborate with document exchanges and other business matters via our secure VPN and a new high-speed, dedicated internet access line. TREE Fund's office lease expires in August 2021, and we have an agenda item for this meeting to establish a working committee to evaluate options should we wish to move or reconfigure around or before that time. Our next check point on the current arrangement is in October 2019, when the Board and I need to assess whether we consider having the CEO working remotely is good for both parties. I will prepare an assessment from my end before that deliverable date.

Many of the activities that I am engaged in are covered in Committee Chair reports, so per my normal convention, rather than re-stating them here, the balance of my report summarizes other actions required or recommended, or emergent matters, arranged by the Committee under which they primarily fall for oversight purposes.

GOVERNANCE/EXECUTIVE:

Salary Benchmarking: As a Strategic Plan deliverable, I provided the Governance/Executive Committee with an assessment of my salary and staff salaries, using the *2018 Guidestar Nonprofit Compensation Report* and its related raw data set, provided to us at no cost by CCS (the consultant who helped us with feasibility planning a few years back).

In assessing how our salaries align with industry norms, I looked at nonprofits both in the \$500,000 to \$1.0 million range, and then the \$1.0 million to \$5.0 million range, and also looked nationally, regionally, and by National Taxonomy of Exempt Entities (NTEE) codes. While our annual operating budget is usually a bit over \$1.0 million each year, I looked at data above and below that level because the higher range has us comparing ourselves to nonprofits with budgets as high as \$5.0 million, which is a bit of a stretch for us from a comparative standpoint. Also, when you consider that a sizable chunk of what we spend money on is essentially pass through (e.g. we are “buying” research from contract providers, we pay Paul Wood a flat fee to manage the Tour as a contractor instead of having that function in house, we out-source accounting to a contractor, we manage sponsored grant for a fee, etc.), the reality of what our office and staffing environment looks like when you consider what we spend in Naperville is much more like a smaller nonprofit in that \$500K range.

As a general summary, the results of the analysis did not surprise me: you pay me at the high end of the spectrum for comparable organizations (at or over 75th percentile in all comparative cases, and over 90th percentile in many cases), and the remainder of the staff are paid in the low ranges: 25th percentile range most of the time. As I have told you before, I was aghast when I was hired and learned how little our other employees were being paid in relative comparison to what you pay me. I have diligently worked to increase compensation for the staff since I have been here, both through bonuses and annual increases, and through enhanced benefits (expanded paid time off, increased employer contributions to 403b plans, improved office working environment, etc.), and I am committed to continuing to do so. But there are boundary issues there in terms of what I can do here, since so much of the funding we raise is for endowment, which cannot pay employee salaries, or comes via Tour riders, and we commit to spending that on research.

When the time comes that I leave the organization, I most emphatically recommend that the Board needs to “reset” the CEO’s compensation to something more closely approximating the median compensation for organizations of our size – around \$90,000 in 2018 – and then encourage that new CEO to use those “freed up” funds to bring other staff salaries up closer to their median levels too. When you hired me, I believe that you benchmarked my salary around what you were paying Janet Bornancin at the time of her retirement. Janet and I were/are both “end career” employees, and I believe that you would be better served in your next hire for leadership with a “middle career” CEO, who will more likely be with the organization for the long haul, and who will be pleased to join it at a nonprofit industry-appropriate salary level.

I welcome your thoughts and perspectives on this topic, and have no specific recommendations, other than noting that as part of the Strategic Plan update I have asked the Board to only evaluate and adjust compensation for me every other year, while I will continue to pursue regular annual increases for the team, as I did already for Maggie Harthoorn.

Business Continuity and Risk Management Plan: At the Executive/Governance Committee's request, I developed a new Business Continuity and Risk Management Plan as part of our Trustee Policy Handbook to ensure efficient and effective responses in the event of unforeseen circumstances that could have material impact on our operations or reputation. The Committee accepted the policy, and it will be presented to you for a ratification vote at our meeting.

Strategic Plan Update: In hewing to a commitment that "planning is more important than plans," we are updating our three-year Strategic Plan annually, evaluating and rolling off the completed year, and adding the out year. I assisted the Strategic Planning Task Force (an ad hoc subcommittee of the Executive/Governance Committee) with this update, and it will be presented to you for a ratification vote at our meeting.

Hyland Johns Endowment Fund: Hyland Johns contacted us recently and let us know that it was his wish and desire that his planned estate gift be earmarked for an endowment to support the annual grant issued in his name. While we have been awarding these grants since our inception (actually before, as they were awarded under ISA Research Trust purview too), we have never endowed this program. I would like to honor Hyland's wishes, which require your vote to establish a new Fund. To preclude adding additional competitive forces as we actively fundraising for Tree and Soil Research Fund and Larry Hall Fund, I would recommend that the endowment have an open ended cap: we are already awarding these grants, so do not need an "activation" goal, and could just begin drawing from this endowment pool annually once it is established. We can certainly announce its establishment while Hyland is still with us, as I know that will generate interest and support, but I do not want to lock Hyland's estate gift or other gifts that could defray existing John's grants expenses up for years while we work toward a high endowment goal. Whatever goes in there would help, now. We do have other planned gift agreements made in past years that also involve new small endowment funds, and we could dedicate their proceeds to the annual Hyland Johns grants as well.

DEVELOPMENT/LIAISON:

Tour des Trees: Early registration and fundraising for this year's Tour are robust, so I feel good that the changes we made to structure and timing of the Tour, as well as seeking out new routes in Chapters where we have not been before, are proving successful. As noted in early correspondence, I suspect we will have to cap registration and create a waiting list, but that is not a bad problem to have, unless we get strong blowback from people who are shut out. We do have fairly severe lodging constraints in some of our overnight locations this year, and I do not want to exceed the allowable rider-to-vehicle limits per our contract, upon which our insurance policies are built, so it is an emphatic cap without wiggle room.

Partnerships: We are in good shape at the end of first quarter for partnerships and other operating support, though as always, I welcome any leads any of you may have, and also welcome your assistance in leveraging your professional networks with asks. As one recent example, Will Nutter and I are at the final “dotting the I’s and crossing the T’s” stage of a new partnership with Lewis Tree for \$75,000 over five years. I know there are others out there who would be able and willing to engage in multi-year deals like that, and I would like to move us more in that direction, as it assists with financial planning and stability.

AUDIT/FINANCE:

Annual Financial Audit: We have completed the 2018 Annual Financial Audit with Sassetti LLC, and the Audit/Finance Committee has voted on behalf of the entire Board to accept its findings, from which there were no material issues to report. We are currently working on the related tax documents to support timely filing of State Charitable Registrations before May 15, 2019. It was a solid year, marred only by that fact that the brief stock market adjustment in fourth quarter of 2018 bottomed out right around December 31, when our fiscal year ends, making it the point at which all of our financial data are developed. We show a net loss in assets accordingly, though it is entirely attributable to reduction in the value of the Chicago Community Trust (CCT) investments, which have mostly rebounded already by the end of first quarter of 2019.

Chicago Community Trust: While CCT cannot control the market, and we can expect our assets there to fall when the market falls, I was surprised at the severity of the fall in their Growth Pool (where our funds are invested) in late 2018, given that the express purpose of their investment strategy is to preserve the corpus over the long term. For the third year running, after agreeing with my proposed budget numbers for the coming year, CCT informed me that our actual payout would be lower than what we budgeted. In digging into this annual disparity, I realized that their calculation methodology for the purported annual “4.5%, less fees” drawdown is disadvantageous to us, while keeping more of our needed funds in CCT’s hands.

My discomfort with them over this, routine late reports, a general lack of “value added” beyond keeping our endowment funds safe from future predation, and them “holding all the cards” per a punitive instrument of gift (e.g. they could reduce the annual payout anytime they wanted, as they already did once – it was 5.0% when we first contracted with them) finally leads me to the point where I believe we must have a parallel investment option that provides us with more latitude in how to manage our long-term endowments. With Finance/Audit and Executive/Governance Committees’ concurrence, I am currently holding all permanently restricted funds in our operating account, while we evaluate options. I am running into problems finding a viable alternative, though, because our approved investment policy is fairly prescriptive about the size and type of investment manager we can employ, and we will not have enough to invest up front to get into some of the more premium investment instruments offered by major brokerages.

To help on this front, I would request the Board's approval to making a request (and it is only a request, they have the right to refuse it) of CCT to return funds from the endowment pools that have yet to reach their goals (Davey Fund, Tree and Soil Research Fund, Larry Hall Fund, Bartlett Fund; note that the latter was an unrestricted fund inappropriately placed with CCT, so technically it could be dissolved, though I am mindful of the optics of doing that), so that we may use those funds as seeds for the new investment account, along with whatever we raise this year. I would welcome insight and perspective from you on advisors you would like me to consider, or your direction if you wish us to move in a different direction (e.g. a simple account with no advisor, and decisions made by Audit/Finance Committee). Once we have this established, we need to make decisions on whether funds already endowed at CCT will have all future funds to those pools sent there, or be split between the two investment pools.

COMMUNICATIONS:

Website: Our website update went smoothly, and I'm pleased with the more modern look (now phone and tablet compatible) and significantly improved functionality and back-end maintenance. With this new platform, we will be able to better integrate our social media and email-based communications activities, and we will conduct audits of these functions annually going forward.

Customer Satisfaction Survey: We completed the survey in January per the Strategic Plan and will repeat it annually. A summary of the results is provided with your meeting materials; the key takeout, for me, was that we need to continue to better communicate outputs and outcomes so that key constituents feel connected and advised on how their support made a difference.

RESEARCH AND EDUCATION:

SGL 33 Contract: I appreciate your email vote on the second year of this contract. I have the contract and funding from Asplundh and their cooperators (Corteva, PECO, First Energy) in hand, so am just working with Penn State on finalizing their contract, at which point we will send their first installment payment for the year. Duquesne Light and Power had expressed an interest with Penn State in conducting a similar sizable project on one of their rights of way, and we have been working to bring that to pass, though the utility seems at the last minute to be waffling, so I'm not terribly optimistic at this point. That said, these types of large, sponsored grants are good for us from a financial standpoint, so I will continue to cultivate them.

Other Grants: Dr. Hudler and his team are hard at work on the Hyland Johns and UARF research grants, along with all education and scholarship awards, and will carry recommendations for your action at our meeting. We will be awarding the first Bob Skiera Memorial Building Bridges Fund grant in the fall (\$30,000, of which \$25,000 is from the Skiera Fund, and \$5,000 is from the John White Fund, which we recently completed), as well as the first Barborinas Family Fund grant, and our normal Duling and Kimmel awards.

We also shifted Safe Arborist Techniques Fund (SATF) grant cycle from spring to fall this year to balance review load. For SATF, we have had only two applicants each year that we have awarded it, and we are hearing from the researcher on the second award (Alexander Laver) that he is struggling and may not produce any meaningful outcomes for us.

We have as a New Business item on our meeting agenda to discuss Biomechanics Week, since we have again been asked to provide funding for it, though they were declined for a Duling grant last year. We have provided funding for this initiative in the past, but not via grants. This concerns me and sets a bad precedent, because we are not in the “sponsorship” business, which is essentially what they are seeking from us and others. That said, it is a high visibility research gathering that ties to our mission, and there is strong energy around it that we need to be represented and supportive.

An argument could be made that it is a viable option for SATF funding, though with the move of that grant program to fall cycle, the timing does not work this year. That said, the Trustees could elect to direct this year’s SATF funding to Biomechanics Week in lieu of conducting a competitive grant review process. Or we could just say that Biomechanics Week is simply not something that fits in our portfolio. This topic keeps coming to me from a variety of people around the industry, so I would like to discuss with you all and have clear direction on how we are going to handle this, once and for all.

I look forward to our Research Workshop after the Board meeting to help frame and focus all of our grant programs for the next few years.

CONCLUSION:

As always, please let me know if you have any questions, concerns or comments on anything in this report. I remain grateful for your wise counsel and support.

All best,



J. Eric Smith, President and Chief Executive Officer



Executive and Governance Committee Report

Prepared by: Steve Geist, Chair

Date Submitted: April 23, 2019

Meetings: Four monthly meetings were held.

January 10, 2019

Attending: Steve Geist, Beau Brodbeck, Ray Henning, Tom Wolf, J. Eric Smith

Accomplishments / Topics:

1. Discussed possible December dates for the Trustee / Liaison meeting.
2. New Policies that the Board of Trustees approved in December 2018. New policies including due diligence, trustee recruitment and board composition will be added to the Policy Document.
3. The Policy Document will also reflect the now merged committees of Audit/Finance and Executive/Governance.
4. The customer satisfaction survey was sent out to about 1,000 constituents with a February 21 due date for responses.
5. The Committee met in executive session to consider salary benchmarking report brought forth by President and CEO J. Eric Smith. The Committee accepted the report and it will be presented to the Board of Trustees at the May 2019 meeting for consideration.

February 13, 2019

Attending: Steve Geist, Beau Brodbeck, Ray Henning, Sharon Jean-Philippe, J. Eric Smith

Accomplishments / Topics:

1. Confirmed the dates of December 5 and 6 for the Board of Trustee and Liaison meeting. The location will be Atlanta, Georgia at the ISA headquarters.

March 13, 2019

Attending: Steve Geist, Beau Brodbeck, Ray Henning, Sharon Jean-Philippe, J. Eric Smith

Accomplishments / Topics:

1. Business Continuity and Risk Management Policy. The committee agreed that with the need arises performing an in-house President / CEO search is the preferred course of action. In the event or need for an urgent search, that Noetic Executive Search for Nonprofits would be engaged. The expected fee would be approximately one-third of the annual President / CEO annual salary.
2. Customer Satisfaction Survey. Communications and outreach were viewed as opportunities. President / CEO J. Eric Smith will investigate if CCS identified constituents were sent surveys to complete. Also investigated will be identifying responses by engagement classes – i.e. tour rider, researcher etc. As per the Communications Committee's recommendation, no additional surveys will be distributed till 2020.
3. Strategic Planning. The Committee reviewed the Plan directives and noted that the Development Committee would be revising the endowment goals. President and CEO J. Eric Smith is crafting new language for the planned giving directives.

April 10, 2019

Attending: Steve Geist, Ray Henning, Tom Wolf, J. Eric Smith

Accomplishments / Topics:

1. Business Continuity and Risk Management Policies. The Committee reviewed the plan drafted by President / CEO J. Eric Smith. The Committee agreed to send the plan to the Board of Trustees for consideration at the May board meeting.
2. Strategic Plan. The Committee reviewed the 2019 – 2021 plan. President / CEO J. Eric Smith incorporated input from the Committee chairs. The plan will be sent to the Strategic Planning Task Force for consideration.
3. We discussed the Ad Hoc Committee who will convene in the Summer of 2019 to review the office structure/decentralization. This committee will be solidified at the May board meeting.

Next Meeting: May – cancelled. June 12, 2019

Objectives for the next 3 months:

1. Board of Trustees and standing committee recruitment.
2. Succession planning for TREE Fund officers. Who is up next?
3. Review with President / CEO, the job description and make recommendations for changes if needed.



Audit/Finance Committee Report
Prepared by: Ray Henning, Chair
Date Submitted: April 22, 2019

Meetings:

Date: November 29, 2018

Participants: Ray Henning, Treasurer; Jacques Brunswick; Will Nutter; Tom Wolf; J. Eric Smith

Topics and actions: Committee went into executive session at 12:07pm to review budget update and vote on proposed 2019 budget. Executive Session adjourned at 12:38pm and meeting continued in open session. During Executive Session, the Committee unanimously voted to forward the following budget resolution to the Trustees for their vote at the December 10, 2019 annual meeting of the corporation:

2019 BUDGET RESOLUTION

The Finance and Audit Committee unanimously recommends the Board of Trustees' approval of the attached 2019 summary budget containing the following key financial elements, presented on an accrual basis:

- *Total revenues of \$1,377,000; which includes \$160,000 in earnings transferred from Chicago Community Trust (CCT) and \$280,000 in time or donor restricted funds, unavailable for operating expenditures in 2019;*
- *Total expenses of \$1,165,500; which includes \$487,500 in new grant awards, of which \$267,500 will be payable in 2019, atop \$169,000 in prior year grants payable in the budget year;*
- *A net positive income of \$211,500; cash flow will be evaluated regularly throughout the year, and subject to satisfactory operating reserves and in compliance with donor intentions, these funds will be transferred to CCT before year-end to applicable endowments.*

Reviewed the September 2018 CCT statement and October 2018 financial statements. Per Strategic Plan directive, Committee reviewed the Chicago Community Trust Growth Pool Overview. Committee agreed that returns from CCT investments were reasonable and that no action was required this year to change any allocations or investment policies.

President and CEO Smith will prepare a five-year forecast for the January Audit and Finance Committee Meeting, based on the Board's anticipated approval of the 2019 budget.

It was noted that David McMaster and Rick Joyce have resigned from the Audit and Finance Committee.

Date: December, 2018

Topics and actions: No meeting was held due to the closeness of the December Board meeting. Financial Reports were sent to all committee members for review.

Date: January 16, 2019

Participants: Ray Henning, Treasurer; Jacques Brunswick; Tom Wolf; J. Eric Smith

Topics and actions: Reviewed the November 2018 CCT statement and preliminary December 2018 financial statements. Audit work week is February 4. The two Jack Kimmel Grants are included on the December reports. The John Duling and UAA Sponsored Grant contracts were not returned until January and will be included on January financials. Hall Fund is a priority to complete in 2019. Grants Payable: Dr. Fini's Research Fellowship will be re-contracted with his move from Florence to Milan. Dr. Pavao-Zuckerman's Research Fellowship project is behind schedule and will be pushed out to 2019/2020. Sonoma State project is also behind schedule; expect refund and restructured agreement.

The Five-Year Forecast is in progress; awaiting Executive and Governance Committee guidance on Strategic Plan directives, salary benchmarking and endowment goal.

Date: February 26, 2019

Participants: Ray Henning, Treasurer; Jacques Brunswick; Eric Smith

Topics and actions: Reviewed the January 2019 financials. Chicago Community Trust Statement was not included pending auditor reconciliation.

The Five-Year Forecast is in progress; awaiting Executive and Governance Committee guidance and Board direction on Strategic Plan directives, salary benchmarking and endowment goals.

Audit fieldwork has been completed. Will have draft by March Committee meeting. Audit and Finance Committee will review and approve on behalf of the Board.

Will request Board approval at May meeting to review alternative to Chicago Community Trust as an investment vehicle.

Date: March 26, 2019

Participants: Ray Henning, Treasurer; Jacques Brunswick; Terry McGonegle, Will Nutter; Eric Smith; Isabella Poludniak, Sassetti LLC

Topics and actions: Ms Poludniak presented the results of the independent audit of TREE Fund's fiscal year 2018 financials. Sassetti LLC's opinion was that our financial statements present fairly, in all material respects, the financial position of TREE Fund at December 2017 and 2018, and that changes in net assets and cash flows for the years then ended are presented in accordance with generally accepted accounting principles. Ms Poludniak noted that the statements fully incorporate FASB ASU 2016-14 ("Presentation of Financial Statement for Not-For-Profit Entities") guidance on the presentation of assets under donor restriction vs assets without donor restrictions, disclosures related to underwater endowment funds, functional expense allocations, liquidity and availability of resources, and other relatively minor changes to increase the usefulness of the financial statements. She further advised that TREE Fund will need to incorporate FASB ASUs 2018-08 ("Contributions Received and Contributions Made" and 2016-02 ("Leases")) in next year's audit. The SAS 114 Letter to those entrusted with governance identified no material concerns, and offered recommendations related to posting of grant awards made on the cusp of the fiscal year and on reconciliation of development and accounting databases. The Committee will review and consider the draft audit documents and vote to accept them on behalf of the Board of Trustees at their April meeting. Sassetti LLC is working to produce the required tax documents, which will be presented for the Committee's and the Trustees' comment in time for them to be filed in advance of our May 1, 2019 charitable registration submissions for a variety of states.

Reviewed the January 2019 CCT statement and the February 2019 financials, noting that any variances between budget and actual were early-year timing matters, with no foreseen material changes evident in the year as a whole.

The Five-Year Forecast is in progress; awaiting Executive and Governance Committee guidance and Board direction on Strategic Plan directives, salary benchmarking and endowment goals.

President and CEO Smith noted that with Chicago Community Trust's first biannual payment having been received, he will be drafting correspondence to CCT advising of our concerns about Fund performance and payout calculations, and will be requesting a Board resolution at the May meeting to identify a parallel investment manager for new endowment funds, and to request that some funds (most likely the underfunded endowment pools) be transferred back from CCT to seed the new account.

Date: April 23, 2019

Participants: Ray Henning, Treasurer, Jacques Brunswick, Will Nutter, Tom Wolf, J. Eric Smith, Isabella Poludniak and Jeff Schroeder from Sassetti LLC

Topics and actions: Committee voted to approve the 2018 Audit which will be presented at the May 6 Trustee meeting. President and CEO Smith reviewed the March financials noting a strong first quarter. Endowment bounced back up from December 2018.

- **Objectives for the next 3 months:** Maintain the financial integrity of the TREE Fund by monitoring the monthly financial statements and implementation of the following Strategic plan items: Conduct thorough evaluation of endowment pools to ensure endowment building campaign addresses any shortfalls or needed consolidations; Present audit results to board of Trustees; Complete review of all TREE Fund insurance policies to ensure adequate risk protection.

Next Meeting Date: May 21, 2019



The TREE Fund
Statement of Financial Position
As of March 31, 2019

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
1003 Petty cash	\$ 553
1006 Wintrust	\$ 192,767
Total Bank Accounts	<u>\$ 193,320</u>
Accounts Receivable	
1410.00 Grant Receivable	\$ 35,000
1510 Pledge Receivables	\$ 392,047
1510.2 Allowance for doubtful accounts	\$ (35,000)
Total Accounts Receivable	<u>\$ 392,047</u>
Other Current Assets	
Investments held at CCT	\$ 4,159,274
Total Other Current Assets	<u>\$ 4,159,274</u>
Total Current Assets	<u>\$ 4,744,641</u>
Fixed Assets	
1600 Fixed Assets	\$ 3,678
1699 Accum Depreciation	\$ (1,471)
Total Fixed Assets	<u>\$ 2,207</u>
TOTAL ASSETS	<u>\$ 4,746,848</u>
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	\$ 22,730
2050 Grants Payable	\$ 275,400
Total Accounts Payable	<u>\$ 298,130</u>
Credit Cards	
2220 First National Bank of Om - BAD	\$ 643
Total Credit Cards	<u>\$ 643</u>
Other Current Liabilities	
2450 Accrued PTO	\$ 12,679
Total Other Current Liabilities	<u>\$ 12,679</u>
Total Current Liabilities	<u>\$ 311,452</u>
Total Liabilities	<u>\$ 311,452</u>
Equity	
3200 Unrestricted-Operating	\$ 31,275
3600 Temporarily Restricted	\$ 277,631
3800 Permanently Restricted	\$ 4,280,512
3900 Retained Earnings	\$ (297,989)
Net Revenue	<u>\$ 143,966</u>
Total Equity	<u>\$ 4,435,396</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 4,746,848</u>



TREE Fund

Budget vs. Actuals (Accrual)

January 2019 to March 2019

	Year-to- Date Actual	Year-to- Date Budget	Over/(Under) Budget	Annual Budget
Revenue				
4001.00 Unrestricted Operating	\$81,402	\$51,250	\$30,152	\$205,000
4700.00 Program Income	\$46,489	\$88,000	(\$41,511)	\$440,000
4900.00 Tour des Trees Income	\$56,962	\$55,000	\$1,962	\$500,000
4950.00 Other Special Event Income	\$3,590	\$10,800	(\$7,210)	\$72,000
5999.00 Transfers From CCT	\$74,102	\$80,000	(\$5,898)	\$160,000
Total Revenue	\$262,545	\$285,050	(\$22,505)	\$1,377,000
Expenditures				
6010.00 Board & Liason Expense	\$0	\$0	\$0	\$15,000
6020.00 Research and Education Expense	\$0	\$58,500	(\$58,500)	\$487,500
6050.00 Occupancy Expense	\$9,397	\$6,875	\$2,522	\$27,500
6100.00 Office Expense	\$5,943	\$4,000	\$1,943	\$20,000
6150.00 Personnel Expenses	\$97,880	\$87,210	\$10,670	\$323,000
6200.00 Professional Fees	\$12,255	\$3,750	\$8,505	\$25,000
6900.00 Tour des Trees Expenses	\$23,537	\$19,800	\$3,737	\$180,000
6950.00 Other Special Event Expense	\$0	\$0	\$0	\$17,500
7000.00 Technology Expense	\$3,668	\$3,750	(\$82)	\$15,000
7100.00 Travel & Meetings	\$5,261	\$8,750	(\$3,489)	\$25,000
7200.00 Communications	\$4,548	\$12,000	(\$7,452)	\$30,000
Total Expenditures	\$162,490	\$204,635	(\$42,145)	\$1,165,500
Net Operating Revenue	\$100,055	\$80,415	\$19,640	\$211,500



Development Committee Report
Prepared by: Paul Fletcher, Chair
Date Submitted: April 23, 2019

Meetings

January 8, 2019

Year End Appeal Final Status: Monika Otting stated that the goal of \$30,000 was reached for the individual appeal. The Quarterly Research Report and having the appeal letter signed by a researcher seemed to be beneficial. The Partnership Appeal fell short of the \$100,000 goal. Mowbray's invoice for \$35,000 is still open; Tom Wolf is following up.

Corporate Partners and Prospects: Bandit, Lewis Tree and Bartlett have multi-year proposals which are still open. Conversations continue with Sherrill. Paul Fletcher will follow up with Greg Carbone about a contact person at BrightView. Randall Miller stated that Arizona Public Service and Duke Energy are in play for 2019. Randy will follow up with American Transmission Company. Will Nutter will follow up with Rainbow Treecare Scientific Advancements, Southco, National Grid, Bayer Crop Science, Utility Once Source, Jarraff and Sherrill Tree.

2019 Fundraising Goals: President and CEO Smith reviewed the 2019 fundraising goals with the committee.

New Business: Steve Geist and Al West discussed approaching Stuart Crow. Eric and Monika will create a seven point touch moves management protocol in this regard. Al West offered to send Stuart a letter.

Old Business: President and CEO Smith stated that endowment results for year-end 2018 will be available from CCT in February. The new website implementation will be moved into 2019 with Karen Lindell's departure from TREE Fund in February. The Executive and Governance Committee will be reviewing whether Strategic Plan 2018 committee directives were met, whether 2019 and 2020 need to be revised and add 2021.

March 12, 2019

Endowment Goal Discussion: Committee discussed amending the Strategic Plan goal of \$7.0 million in total paid or pledged endowment funds by the end of 2021, based on

market changes over the past six months, changes in timelines related to the Tree and Soil Research Fund campaign, and the PG&E bankruptcy, which has eliminated a large expected matching gift program for UARF. The committee agreed that we need to continue building the endowment, but that Strategic Plan goals should be based on actual contributions, not on total market value, since that is beyond management's control. President and CEO Smith will investigate average amount that have been permanently restricted over the past four years and will make a recommendation for goals in 2019-2022 based on that data. President and CEO Smith will draft a letter for the Finance/Audit Committee to CCT to discuss our plans to no longer invest new funding there, and we will schedule a face to face meeting with CCT prior to the May Trustee Meeting to advise them of our concerns about their management of our assets. President and CEO Smith will recraft Strategic Plan language related to the endowment and submit to Strategic Planning Task Force and Executive and Governance Committee.

Corporate Partners and Prospects: President and CEO Smith reviewed the Corporate Partners and Prospects list and noted that Monika Otting is working to get Chapter commitments prior to June.

New Website Implementation Status: President and CEO Smith showed a sample page of the website revision expected to be launched the first week of April.

Strategic Planning Update: Strategic Planning Task Force met and asked Committees to review the plan and communicate any changes to 2019, 2020 or 2021. President and CEO Smith will craft updated language based on the conversations during this meeting. The committee agreed that the elements in the current plan should be continued into 2022, possibly adding reference to a proposed think tank initiative with Bartlett designed to increase engagement with industries beyond the core tree care community.

Objectives for the next 3 months:

- Revitalize Planned Giving Program - Re-Launch Heritage Oak Society – July 2019
- Identify New Prospects – Explore use of digital marketing to engage potential donors



Communications Committee Report

Prepared by: **Dave Krause, Chair**

Date Submitted: **April 23, 2019**

Date: January 15, 2019

Attending: Dave Krause, Chair; Rebecca Johnson; Randall Miller; Mundy Wilson Piper; Brandon Gallagher Watson; J. Eric Smith

Absent: Jim Urban

Topics:

- Spring Grant Cycle opened: Hyland Johns, UARF, Ohio Education Grant and all scholarships
- Website update will be moved to March as a Strategic Plan deliverable due to staff transitions

Actions:

- 2018 Individual Appeal hit \$30,000 goal.
- Karen Lindell has accepted a full-time position at Cal State Fullerton.
- Teresa Recchia hired as a part time position with TREE Fund effective January 28, taking over Communications from Karen Lindell.
- Maggie Harthoorn will begin full time at TREE Fund office effective February 1. She will split social media work with President and CEO Smith.
- Customer Satisfaction Survey will be completed by end of January.
- Rebecca Johnson is taking over as Texas Liaison. Onboarding meeting scheduled with Liaison.
- Tour route has been released and registration goes live February 1.

Date: February 26, 2019

Attending: Dave Krause, Chair; Rebecca Johnson; Randall Miller; J. Eric Smith; Teresa Recchia

Absent: Mundy Wilson Piper, Jim Urban, Brandon Gallagher Watson

Topics:

- Tour registration is at 36 with over \$20,000 raised.
- President and CEO Smith reviewed his efforts as web host to modernize theme of website and simplify structure.
- Webinar on The Salt Dilemma by Jim Urban had in excess of 1,000 attendees; next webinar is in May.
- Customer Satisfaction Survey was reviewed by J. Eric Smith. One thousand surveys were sent; received 7% response. Communications Committee learned that information of what TREE Fund is doing and how needs to be made accessible to constituents. Committee agreed not to add survey link to website and just close the survey.

Actions:

- Issued press release on fall grant awards.
- Design changes to TREE Press (high open and click rates compared to industry standards).
- Working on March Research Report with Dr. Michael Arnold to be released mid to late March.
- Updated Tour Ride Guide.
- Reviewed current ads submitted.

Date: March 19, 2019

Attending: Dave Krause, Chair; Rebecca Johnson; Mundy Wilson Piper; Brandon Gallagher Watson; J. Eric Smith; Teresa Recchia

Absent: Randall Miller, Jim Urban

Topics:

- Teresa will assess best times to post on social media for best open rate.
- Reviewed establishment of social media themes.
- Committee discussed opportunities to disseminate research findings. Website has been restructured with Grant Archive on home page. Suggestion was made to create short video clips with researcher comments on how research benefits the industry or riders explaining why they ride for TREE Fund. Teresa will investigate. Other suggestions discussed: tag grant award universities on social media posts and send grant recipients a checklist with their final grant payment on ways to disseminate research prior to publication.
- TSRF quarterly newsletter is in progress.
- Discussed partnership solicitation efforts.
- Teresa reviewed the editorial calendar and will distribute it to the committee.

Actions:

- Updated Liaison PowerPoint presentation to be added to updated website.
- Posting TREE Press articles on social media.
- Redesigned Ride Guide.
- Instagram account was created and is receiving favorable response.

Date: April 16, 2019

Attending: Dave Krause, Chair; Mundy Wilson Piper; Brandon Gallagher Watson; J. Eric Smith; Teresa Recchia

Absent: Rebecca Johnson, Randall Miller, Jim Urban

Topics:

- President and CEO Smith noted that partnership renewals are coming in and the goal is to have partnerships completed by the end of May. Committee was asked to submit partnership prospects to either Eric or Dave focusing on Kentucky & Tennessee businesses for Tour support.
- A completely revised Constant Contact email was used for April TREE Press. Preliminary campaign results show an increase in open rates (27.3%), but not an increase in click rates (11.2%).
- President and CEO Smith reviewed the updated TREE Fund website which went live on April 5.

Actions:

- Q1 Research Report was issued April 11 along with TREE Press featuring Dr. Bryant Scharenbroch; Q2 report will be distributed on June 13.
 - Social media themes implemented.
 - Corteva was added to Crown/Diamond partner array.
 - A landing page on our website was created for every article in the April issue of TREE Press for immediate sharing on social media.
 - March Ride Guide was issued March 21; April edition to be released on April 18.
-

Accomplishments:

- Updated Strategic Plan which will be submitted for approval at the May 6 Trustee meeting.
- Annual Report was mailed April 1.
- Updated TREE Fund website (went live on April 5).
- Improved the appearance of our TREE Press, Trustee and Webinar pages.
- Updated Liaison PowerPoint presentation was added to website.
- Enhanced social media focus.

Objectives:

- Meeting targets for 2019 partnership renewals.
- Committee Chair Krause suggested linking grant awards with a list of innovations, tools, processes created by the research funded through TREE Fund.

Next Meeting Date: May 21, 2019



Research and Education Committee Report

Prepared by: George Hudler, Chair

Date Submitted: 22 April 2018

Meetings:

Scholarship and Education Subcommittee

Meeting date: April 18, 3pm Central Time via conference call.

Attending: George Hudler, Committee Chair; Jim Barborinas, Kristina Bezanson, Hallie Dozier, Steve Geist, Peter Stoltman, Kristin Wild

Ohio Chapter ISA Education Grant (\$5000): From a total of 3 applications, the subcommittee agreed to recommend making the award to Holden Forests and Gardens for their program “Cleveland Neighborhood Tree Walks.” *HOWEVER*, publication of this decision must remain confidential among TREE Fund Board of Trustees until the recommendation is approved by the Board.

Scholarship Awards (from a pool of 15 applicants) *CONFIDENTIAL PENDING TRUSTEE APPROVAL in MAY*

Felix Scholarships (\$5000 each): Harrison Sopp (Paul Smith’s College, NY), Kasandra Hernandez (Cuyahoga Community College, OH), Marea Harris (No. Virginia Community College, VA)

Bonnie Appleton Scholarship (\$5000): Alex Love (Michigan State Univ, MI)

John Wright Scholarship (\$5000): Robert Hammond, (University of Cincinnati, OH)

Horace Thayer Scholarship (\$3,000): Steven Constable (Penn State, PA)

Fran Ward Women in Arboriculture (\$3,000): The Committee decided not to make an award for this scholarship this year due to the absence of an exceptionally qualified candidate. They are hoping to make two such awards next year if the applicant pool improves.

UARF Advisory Committee

Meeting Date: April 24, 2019

Attending: George Hudler, Peter Beesley, Brett Heinrich, Randy Miller, Ward Peterson

Committee reviewed applications for the UARF Grant and selected Phil Chen at CN Utility Consulting to receive a \$50,000 grant for his project “Cost of Deferred Maintenance.”

Research Committee

Meeting Date: April 25, 2019 10am Central Time via Zoom meeting

Attending: George Hudler, Committee Chair; Jim Barborinas, Beau Brodbeck, Chip Brown, Sharon Lilly

Committee reviewed applications for the Hyland Johns Grant. Of 25 applications submitted, 11 were forwarded on to the Committee for deliberation. The others failed to conform to guidelines outlined in the RFP. Committee recommended funding Robert Fahey’s project entitled “Monitoring and modeling changes in street tree communities over time” for \$25,000.

Final and interim project reports:

Project title: Long-term effects of electrical right-of-way vegetation management on floral and faunal communities. Carolyn G. Mahan, PhD. Interim report.

Project title: Can Soil Amendments Reduce Disease Severity in Trees? Glynn Percival, Ph.D. Interim report.

Project title: The role of tree species in cooling the urban climate - application in tree planting and landscape architecture. Henrik Sjoman. Final report.

Project title: Sustainable Urban Forestry Planning Models and Decision Making Dashboard. Richard Hauer. Interim report.

Objectives for the next 3 months: The subcommittee will also be “meeting” via e-mail correspondence and maybe a conference call to address issues arising at the upcoming research grants program review following the May Board of Trustees meeting in North Carolina. Few members of our committee are actually invited to attend the meeting but all will be invited to comment on summary statements of the conversation that ensues.

Next Meeting Date: Barring any unforeseen developments from the field (results of the Research Workshop may be one such development), the committee will meet again in mid-November to discuss proposal reviews.



Liaison Committee Report
Prepared by: Randall H. Miller, Chair
Date Submitted: 4/24/19

Date & time of meeting: February 13, 2019 at 3:00pm Central Time via conference call

Topics: Tree Fund News, Community Engagement Ideas, Meeting Themes, Chapter Websites

Attending: Randall Miller, Chair; Lori Brockelbank; Hank Gulich; Ryan Gustafson; Eric Hoyer; Jeff Iles; Rebecca Johnson; Dave Leonard; Tom Ordway; Doug Petersen; Jeff Picher; Nathan Schuettepelz; Christian Siewert; Evan Sussman; Kevin Weber; Kristin Wild; Monika Otting

Absent: Chris Donnelly, Jon Elliott, John Morris, Pete Smith, Peter Sortwell, Brian Sprinkle

Date & time of meeting: April 10, 2019 at 3:00pm Central Time via conference call

Topics: TREE Fund News, Tour Update, Chapter Partnership Commitments

Attending: Randall Miller, Chair; Lori Brockelbank; Jon Elliott; Hank Gulich; Ryan Gustafson; Eric Hoyer; Jeff Iles; Rebecca Johnson; John Morris; Doug Petersen; Jeff Picher; Nathan Schuettepelz; Christian Siewert; Evan Sussman; Kristin Wild; Monika Otting; Maggie Harthoorn; J. Eric Smith, President and CEO

Absent: Chris Donnelly, Dave Leonard, Tom Ordway, Pete Smith, Peter Sortwell, Brian Sprinkle, Kevin Weber

Accomplishments:

Strategic Plan deliverable for May: disseminate formal annual report to Chapters and members.

Objectives for the next 3 months:

Educate Committee on various aspects of TREE Fund to be shared with Chapters .

Continue to communicate with chapters, actively engage chapters in fund raising, link chapter websites to TREE Fund webinars page.

Next Meeting Date: June 12, 2019

NONPROFIT CEO COMPENSATION FROM 2018 GUIDESTAR NONPROFIT ORGANIZATION REPORT (Sorted by Group Count)

JANUARY 2019 TREE FUND CEO SALARY: \$ 135,662

Data Set	Applicable Grouping	Budget Range	Count	Average	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile	JES Over 90th?
All Organizations National By Budget Size	N/A	\$1.0M to \$2.5M	19,459	\$ 117,118	\$ 56,808	\$ 75,840	\$ 101,000	\$ 139,547	\$ 194,250	No
All Organizations National By Budget Size	N/A	\$0.5M to \$1.0M	16,466	\$ 87,786	\$ 42,375	\$ 58,337	\$ 78,000	\$ 104,848	\$ 144,039	No
501c3 Organizations National by NTEE Major Group	Philanthropy and Grant-Making (Group T)	\$1.0M to \$5.0M	883	\$ 124,948	\$ 62,845	\$ 84,591	\$ 109,404	\$ 144,277	\$ 200,242	No
All Organizations State by Budget Size	Illinois	\$1.0M to \$2.5M	797	\$ 122,102	\$ 60,633	\$ 79,643	\$ 104,268	\$ 147,466	\$ 200,259	No
501c3 Organizations National by NTEE Major Group	Environmental Quality and Protection (Group C)	\$1.0M to \$5.0M	759	\$ 129,196	\$ 69,360	\$ 91,282	\$ 121,546	\$ 156,920	\$ 197,127	No
All Organizations State by Budget Size	Illinois	\$0.5M to \$1.0M	624	\$ 91,369	\$ 46,944	\$ 59,526	\$ 79,586	\$ 110,582	\$ 151,401	No
501c3 Organizations National by NTEE Major Group	Environmental Quality and Protection (Group C)	\$0.5M to \$1.0M	506	\$ 85,064	\$ 50,877	\$ 65,000	\$ 80,013	\$ 100,459	\$ 125,640	YES
501c3 Organizations National by NTEE Major Group	Philanthropy and Grant-Making (Group T)	\$0.5M to \$1.0M	413	\$ 80,409	\$ 40,550	\$ 55,033	\$ 74,000	\$ 95,600	\$ 127,463	YES
501c3 Organizations National by NTEE Centile Group	Philanthropy and Grant-Making: Fund Raising/Distribution (Code T30)	\$1.0M to \$2.5M	35	\$ 96,131	\$ 34,192	\$ 74,629	\$ 95,621	\$ 111,006	\$ 157,211	No
501c3 Organizations State by NTEE Major Group	Illinois: Philanthropy and Grant-Making (Group T)	\$1.0M to \$5.0M	33	\$ 128,609	\$ 78,475	\$ 104,359	\$ 124,860	\$ 150,000	\$ 184,436	No
501c3 Organizations National by NTEE Centile Group	Philanthropy and Grant-Making: Fund Raising/Distribution (Code T30)	\$0.5M to \$1.0M	31	\$ 82,024	\$ 37,118	\$ 50,388	\$ 82,879	\$ 95,306	\$ 117,583	YES
501c3 Organizations MSA by NTEE Major Group	Chicago-Naperville-Elgin: Philanthropy and Grant-Making (Group T)	\$1.0M to \$5.0M	21	\$ 139,213	\$ 98,292	\$ 111,666	\$ 129,675	\$ 176,823	\$ 201,361	No
501c3 Organizations State by NTEE Major Group	Illinois: Environmental Quality and Protection (Group C)	\$1.0M to \$5.0M	16	\$ 135,306	N/A	\$ 114,183	\$ 131,179	\$ 155,219	N/A	No
501c3 Organizations State by NTEE Major Group	Illinois: Environmental Quality and Protection (Group C)	\$0.5M to \$1.0M	14	\$ 82,562	N/A	\$ 65,688	\$ 72,784	\$ 99,340	N/A	Unavailable
501c3 Organizations MSA by NTEE Major Group	Chicago-Naperville-Elgin: Environmental Quality and Protection (Group C)	\$1.0M to \$5.0M	12	\$ 144,824	N/A	\$ 130,751	\$ 143,289	\$ 165,605	N/A	No
501c3 Organizations National by NTEE Centile Group	Environmental Quality and Protection: Fund Raising/Distribution (Code C12)	\$0.5M to \$1.0M	11	\$ 79,507	N/A	\$ 67,453	\$ 80,369	\$ 94,006	N/A	Unavailable
501c3 Organizations State by NTEE Major Group	Illinois: Philanthropy and Grant-Making (Group T)	\$0.5M to \$1.0M	8	\$ 83,156	N/A	N/A	\$ 59,996	N/A	N/A	Unavailable
501c3 Organizations National by NTEE Centile Group	Environmental Quality and Protection: Fund Raising/Distribution (Code C12)	\$1.0M to \$2.5M	7	\$ 125,255	N/A	N/A	\$ 125,000	N/A	N/A	Unavailable
501c3 Organizations MSA by NTEE Major Group	Chicago-Naperville-Elgin: Environmental Quality and Protection (Group C)	\$0.5M to \$1.0M	7	\$ 88,078	N/A	N/A	\$ 93,699	N/A	N/A	Unavailable
501c3 Organizations MSA by NTEE Major Group	Chicago-Naperville-Elgin: Philanthropy and Grant-Making (Group T)	\$0.5M to \$1.0M	0	N/A	N/A	N/A	N/A	N/A	N/A	Unavailable

QUESTION	Total Negative	Neutral	Total Positive	Total Non-Neutral Responses	Weighted Average of Non-Neutral Responses
Q9. TREE Fund's permanent endowment is essential to ensuring that important long-term tree research projects can be completed.	0	7	61	61	4.64
Q3. TREE Fund is necessary to the well-being of the tree care industry.	1	10	58	59	4.61
Q21. The Tour des Trees to Benefit TREE Fund is an important community event for the tree care industry.	2	7	60	62	4.60
Q15. TREE Fund staff members are professional and knowledgeable in their fields.	0	15	53	53	4.57
Q4. TREE Fund staff members are responsive to my inquiries.	2	19	48	50	4.54
Q18. TREE Fund is a good steward of the money entrusted to the organization.	1	8	60	61	4.51
Q25. I feel valued and appreciated as a TREE Fund supporter.	1	12	56	57	4.49
Q20. TREE Fund's staff and board members are transparent and honest.	1	15	52	53	4.49
Q16. I feel that my contributions to TREE Fund make a difference.	0	6	63	63	4.46
Q24. The Tour des Trees to Benefit TREE Fund heightens awareness of the importance of tree research.	4	4	60	64	4.44
Q2. TREE Fund is moving in the right direction over time.	1	11	57	58	4.41
Q8. TREE Fund's Webinar Series is a valuable educational resource.	3	11	54	57	4.40
Q14. I look forward to hearing TREE Fund updates at industry conferences.	1	10	58	59	4.37
Q12. TREE Fund is continually advancing best practices in arboriculture and urban forestry.	2	7	60	62	4.37
Q13. TREE Fund scholarships are an important component to developing the tree care industry's professional work force.	3	9	57	60	4.37
Q1. I understand TREE Fund's mission.	5	2	61	66	4.33
Q7. TREE Fund's website (treefund.org) is a useful source of information.	0	14	55	55	4.31
Q19. TREE Fund provides resources for projects that are relevant to my work.	2	12	55	57	4.26
Q23. TREE Fund is strategic in its business practices and communications.	2	21	45	47	4.26
Q10. TREE Fund's e-newsletters (monthly TREE Press and quarterly Research Report) are useful sources of information.	1	14	54	55	4.24
Q22. I enjoy attending TREE Fund After Hours or other community engagement events at ISA International and other conferences.	2	24	42	44	4.18
Q17. I feel well informed about grant and scholarship opportunities offered by TREE Fund.	6	16	47	53	4.17
Q5. I feel well informed about TREE Fund research findings.	6	13	50	56	4.13
Q6. TREE Fund has successfully evolved to meet emergent challenges and opportunities in the tree care industry.	3	16	50	53	4.11
Q11. I feel well informed about opportunities to participate in TREE Fund community engagement activities.	5	18	46	51	4.10



TREE FUND
Cultivating Innovation

TRUSTEE HANDBOOK SECTION SEVEN: BUSINESS CONTINUITY AND RISK MANAGEMENT POLICIES (MAY 2019)

INTRODUCTION

The purpose of this policy is to establish protocols and procedures to ensure continuity of TREE Fund operations under a variety of emergency, transitional, disaster, or other unusual circumstances that may impact the organization from time to time. TREE Fund's priorities under such circumstance are to secure the safety and well-being of all volunteers and staff, to protect the organization's physical, financial and intellectual property, to communicate cohesive, complete messages effectively and transparently to all constituents, to comply fully with all local, state and Federal laws and regulations governing the organization's operations, and to demonstrate respect for the privacy and dignity of all people involved or impacted by the unusual circumstances.

EMERGENCY RESPONSE TEAM (ERT)

To provide centralized, consistent management of unusual circumstances, TREE Fund's Emergency Response Team (ERT) will be mobilized at the direction of the Chairman of the Board when situations dictate a coordinated response to emergent incidents. Should the Chairman be unable to quickly mobilize the ERT due to vacancy, absence, incapacity or other circumstances, the responsibility for this action will move down the following hierarchical roster until the first qualifying member is available and able to issue the mobilization directive:

- The Board of Trustees' Chairman Elect;
- The Board of Trustees' Vice Chairman;
- The Board of Trustees' Secretary/Treasurer;
- The President/CEO.

Should the qualifying incident involve member(s) of the ERT, the relevant member(s) will be recused from participation until the other members of the ERT determine whether such

participation is legally and ethically appropriate or advisable. That consideration aside, the baseline membership of the ERT is defined as follows:

- All members of the Board of Trustees' Executive and Governance Committee;
- The Chairman of the Board of Trustees' Communications Committee; and
- The President/CEO.

The ERT should be convened as quickly as possible via teleconference or video conference as soon as the Chairman or other convening officer determines that a qualifying event has occurred for its mobilization. At its first meeting, the ERT may determine that additional members will be required. At a minimum, the following additional members should be considered:

- For incidents involving TREE Fund's principal community engagement event, the Tour des Trees: The principal officer of the contracted Tour Director (Paul Wood of Black Bear Adventures as of May 2019);
- For incidents with potential legal liability to the organization: The attorney(s) representative(s) of the Board of Trustees (Brett Heinrich of Vedder Price as of May 2019);
- For incidents involving information and computer security and office technology: The contracted IT manager (Russ Dehlinger, RD Cutting Edge Tech Solutions as of May 2019);
- For incidents involved fraud, waste, abuse or mismanagement of assets, or failures of internal controls systems to protect the organization from same: Representatives of the contracted independent audit firm (Sasseti LLC as of May 2019).

The ERT's key roles and responsibilities in managing a qualifying incident are as follows:

- Information Gathering and Initial Assessment:
 - Secure the safety of people and property to minimize impacts and loss;
 - Gather information quickly, with focus on relevant and accurate details;
 - Assess the need for immediate intervention and mobilize resources; and
 - Evaluate damage and possible consequences, and develop strategies to return to normal operations as quickly as possible.
- Communication:
 - Organize a network to inform people of necessary information on both public and need-to-know bases;
 - Respond promptly to all relevant constituencies to calm fears, stop rumors, and reduce uncertainty; and
 - Craft and release public statement(s) and/or press release(s) that ensure the privacy and dignity of all people and protect the organization's credibility and reputation.
- Assessment:

- Conduct and document post-incident evaluation; and
- Revise this policy as necessary.

COMMUNICATIONS PRINCIPLES AND ACTIVITIES

TREE Fund is committed to open and honest communication regarding the release of information, under both normal operations and when responding to a qualifying incident. Within this guiding principle, TREE Fund will always protect the privacy of personal information and dignity of its constituents, and will not comment on individual or personal situations on a routine basis, but rather will present a statement of organizational position as and when needed. All records (physical and electronic) containing personal and business sensitive information are legally protected confidential records and must be treated as such.

Any and all media inquiries must be immediately referred to the President/CEO. If he/she is not available or is recused from the ERT, all media must be referred to Chairman of the Board, or the officers listed in the convening list above should the Chairman be recused or unavailable. The President/CEO will serve as the principal spokesperson for the organization, though he/she may designate other Trustees, staff members or volunteers to represent TREE Fund with the media on a case-by-case basis. As a general rule, such delegation should not occur when the ERT is mobilized.

Not every qualifying incident merits a press release or other public communications response. As a general rule, though, the ERT should actively consider such a release for the following types of incidents, though this list is not all-inclusive:

- Damage to office facilities or technology that seriously impedes staff's ability to operate;
- Workplace violence, death or serious injury/illness, criminal activity or improper conduct involving staff members, volunteers, or Trustees;
- Widespread staff or Trustee resignations;
- Fraud or major theft;
- Breach of financial systems that results in disclosure of contact, credit card, banking or any other personal information of any donor or other constituent;
- Unfavorable action by a funder, auditor, or regulatory body;
- Suspension or loss of state charitable registrations and/or Federal nonprofit status; and
- Proprietary information, rumors, or falsehoods spread through social media

If the ERT does determine that a public release is required, the following steps will be taken:

- The ERT will determine what points are to be covered in the press release;
- The President/CEO or his/her designate will draft the press release for ERT review;

- The ERT will determine the audiences for the release; TREE Fund's priority audiences for communications under a qualifying incident are as follows:
 - Staff, volunteers, board members, and their families (if appropriate or necessary);
 - Business partners, donors and other closely affiliated organizations; and
 - The media and the general public.
- The Chairman (or acting head of the ERT) will oversee key phone calls or other direct, personal communications to key impacted staff, volunteers, Trustees and family members (as appropriate); and
- The President/CEO will oversee distribution of the press release through organizational media list, email list, website, and social media accounts.

To support the ERT in the event of a qualifying incident, the President/CEO and his/her staff must keep the following lists up-to-date on a routine operating basis, and they all must be readily available to several people (including the ERT members) in multiple locations:

- Contact lists for staff, trustees and key volunteers;
- Contact lists for key contacts at partner businesses and other closely affiliated organizations;
- Current staff schedule and travel information; and
- Contact list for key media partners.

SPECIFIC RISK FACTORS AND CONTROLS

General Financial Principles: TREE Fund strives to maintain at least ~30% of its annual operating budget in liquid assets (i.e. fully accessible within one year) and also has \$100,000 in credit card balances available to carry expenses should cash flow circumstances require. Additionally, per the instrument of gift between TREE Fund and Chicago Community Trust (which administers TREE Fund's endowment), the TREE Fund Trustees may, on occasion, request additional financial distributions from the endowment beyond the contracted spending plan. Beyond these cash sources, TREE Fund maintains a robust insurance portfolio, and the Trustees' Audit/Finance Committee conducts an annual review to ensure that coverage is adequate to protect TREE Fund from any reasonable financial liabilities.

Loss of Office Space: TREE Fund leases its office space, and has no real property of note beyond office servers, computer, copiers, and furniture, the vast majority of which are either below the capitalization threshold, or are already fully depreciated. In cases where staff, volunteers or Trustees were unable to access the office space, as long as servers are still functioning, all files and documents can be accessed from outside of the building via a virtual private network. Email and calendars can also be accessed and maintained remotely, allowing for routine operations to continue. TREE Fund maintains paper files per its approved document retention policy in fire retardant file cabinets or safes. While loss of such documents in the event

of fire, flood or other catastrophe would be unfortunate, all mission critical documents at this point have been scanned or digitized, so real operational impact would be negligible.

Data Storage and Security: TREE Fund's server is backed up remotely offsite on a daily basis, so in the event of a catastrophic loss, the vast majority data would be recoverable as soon as the organization brought another server online. Most financial data systems (e.g. QuickBooks, eTapestry, EverydayHero, etc.) and TREE Fund's website are all cloud-based or externally hosted at this point, mitigating the likelihood of any irrecoverable losses. Staff members must be diligent about not saving key organizational information to their individual computers, at home or in the office, since loss of those computers would be the only likely ways for digital documents to be permanently lost. All computers with direct access to TREE Fund's server are required to have full cyber-security protection, and TREE Fund's contracted IT provider routinely reviews incident logs, provides security updates and patches, and maintains current software applications that are robust and compliant with generally accepted security practices.

Personnel Transitions: The Board of Trustees is responsible for hiring, supervising, compensating and (if necessary) terminating the President/CEO. The President/CEO in turn bears all of those responsibilities for all other staff members. When staff members depart, for routine or non-routine reasons, the President/CEO is responsible for ensuring that all operating functions are reallocated, rescheduled or reassigned to ensure continuity of routine activities. In a case where an employee's departure is in anyway related or perceived to be related to TREE Fund's Harassment or Whistleblower Policies, as defined in the Board-approved Employee Handbook, the President/CEO's responsibilities may be shifted to the ERT, and the President/CEO may be recused from its deliberations. The President/CEO is required to notify the Chairman of the Board in any events potentially involving such matters, as well as any other staff issues involving fraud, waste, abuse, theft or mismanagement of resources. In the event that the President/CEO resigns, retires, is terminated or is incapacitated, the Chairman will determine whether his/her replacement will be hired via an internal hiring process (if the departing President/CEO is leaving on favorable terms and is willing, the Chairman should encourage him/her to participate in the hiring and transition process), or via a contracted search process. As of May 2019, Noetic Executive Search (noeticsearch.com) has been vetted as a viable professional search partner which could be engaged on relatively short notice to steward the organization through transition.

TREE FUND STRATEGIC PLAN: 2019 TO 2021

ACQUIRE RESOURCES (LEAD: DEVELOPMENT COMMITTEE)

- Continue to grow the endowment toward a \$7.0M goal, while also raising sufficient unrestricted funds to fully cover annual operations, by adding at least \$350,000 per year in permanently restricted payments, pledges, or planned gifts *(Review results annually in January)*
- Identify new sources of donation support from outside the green industry *(List of new prospects to Development Committee annually in October)*
- Identify and implement community engagement events with strong return on investment, both financially and organizationally *(Establish annual calendar of events and set Tour des Trees dates and schedules each October as part of budget process)*
- Revitalize planned giving program *(Formally re-launch Heritage Oak Society in July 2019)*
- Increase use of digital marketing aimed at potential donors *(Conduct social media and web audits annually, beginning in October 2019 and testing different months in years ahead)*

ALLOCATE RESOURCES (LEAD: RESEARCH AND EDUCATION COMMITTEE)

- Ensure that grant and scholarship application documents are clear, distinct, and precise and in line with TREE Fund goals and research priorities *(Review all RFPs for upcoming year annually in September; also set application calendar for upcoming year at same time; evaluate recommendations and findings from May 2019 Research Workshop and incorporate more specific foci for grants to be awarded in Fall 2019 season through Fall 2021 season by July 2019)*
- Review and revise, if necessary, the mechanisms, criteria, and weightings used to score grants for research, education, and scholarships to ensure efficiency and effectiveness for selection of the recipients that best fit the goals of each program *(Review application structure annually in September, along with work documented in prior bullet)*
- Evaluate separating Research and Education Committee into two component committees, each chaired by a Trustee. *(As part of Fall 2019 grant review process, to support decision-making at December 2019 Board Meeting)*
- Evaluate grant applications and make recommendations to the board as required by our Declaration of Trust *(Twice annually in May and December)*

COMMUNICATE OPPORTUNITIES AND OUTCOMES (LEAD: COMMUNICATIONS COMMITTEE)

- Continue to establish TREE Fund as the premier funding source for its research priorities *(Review final grant-making levels in February annually for alignment with development and research goals, and prepare annual public report by March annually)*

- Strengthen the brand of TREE Fund through (a) widespread reporting of research outcomes, and (b) building stronger relations with sister organizations (*Conduct social media and website audits annually, testing a different month each year, beginning with October 2019; create and launch new website by March 2019; conduct annual review of current and new partnerships in October annually in conjunction with Development Committee*)
- Target desired audience groups and use various media to inform and educate them about TREE Fund activities (*Develop annual media calendar by January 2018 and review monthly*)
- Develop improved strategies for disseminating research outcomes (*Conduct reviews in June and January annually after grant awards, and actively disseminate research outcomes through all outlets*)

REGULATE GOVERNANCE AND OVERSEE MANAGEMENT (LEAD: EXECUTIVE AND GOVERNANCE COMMITTEE)

- Annually review and update, when necessary, CEO job description to incorporate changes and opportunities in our industry (*CEO evaluate job description annually in July and make recommendations to Executive Committee*)
- Oversee the CEO per defined standards on governance and management roles (*Monthly conversations with CEO as part of Executive Committee meetings*)
- Frequently evaluate job performance of the CEO, and make contract and remuneration recommendations as appropriate (*CEO provide self-assessment biennially, beginning in June 2020; Executive Committee conduct performance evaluation biennially, beginning in August 2020, with recommendation for changes in compensation, if any, to Board biennially at September/October conference call, beginning in 2020*)
- Measure organizational effectiveness by (a) monitoring CEO reports, (b) conducting self-assessment surveys and (c) examining external surveys of clients, patrons and new potential donors (*Evaluate CEO reports to Board in advance of May and December board meetings annually; conduct Trustee and management self-evaluations as part of December meetings annually; conduct customer satisfaction review annually in January*)
- Conduct a compensation survey to ensure CEO and staff salaries are equitable and in line with industry standards (*Complete compensation survey by March 2019 to support 2020 budget*)
- Periodically review governance documents, policies and procedures for clarity, consistency and relevance (*Review annually in January*)
- Research, cultivate, and solicit new Trustees to ensure the Board remains at its maximum membership, in accordance with approved Board Composition Matrix and Trustee Recruitment and Mentoring guidelines (*Develop list of Trustee prospects annually for September/October conference call*)
- Conduct annual assessment to ensure that TREE Fund continually performs its due diligence both ethically and financially (*Review annually in October*)

- Annually evaluate Strategic Plan to review prior year's activities and add subsequent year's strategies and goals (*Re-convene Strategic Planning Task Force annually in February to prepare update plan for Trustee approval in May*)

SUPERINTEND FINANCES (LEAD: FINANCE AND AUDIT COMMITTEE)

- Maintain TREE Fund as a financially sound 501(c)3 non-profit organization that operates in a cost-effective and responsible manner (*Review CEO reports monthly; review CEO-prepared budget in October and submit to Trustees for approval in December annually*)
- Oversee the development, review and approval of the annual budget (*CEO submit budget annually in October, including macro three-year projections based on recent trends and known changes/opportunities; present to Trustees for approval annually in December*)
- Make financial recommendations to the board regarding investment options and their performance (*Establish alternate investment management firm to supplement Chicago Community Trust by July 2019, in accordance with approved investment allocation plan; review performance of CCT annually at December meeting, and review performance of new investment management firm at end of each fiscal quarter, rebalancing or reallocating when necessary; make recommendation to Trustees by August 2019 as to whether incomplete endowment pools at CCT should be transferred to new investment management firm, and how new contributions to complete endowments at CCT will be invested, e.g. can we split an endowment pool between two managers*)
- Arrange for annual audit and supply all requisite documents for the audit (*Complete audit engagement annually in November; ensure audit is complete annually in April to support on-time tax filings; present audit results to Trustees annually in May; conduct evaluation in October 2020 on whether to engage current auditor for another five years, or issue RFP to evaluate alternatives*)
- Maintain financial solvency by (a) maintaining appropriate cash reserve, (b) limit exposure to financial risk, and (c) allocating sufficient resources to support management's daily operations (*Evaluate and document a cash reserve policy in June 2019 reflecting new FASB guidance on liquidity; review all insurance policies annually in June; ensure operating budget results in positive net unrestricted income as part of annual budget process each October*)

SATISFY CLIENTS AND PATRONS (LEAD: LIAISON COMMITTEE)

- Engage and retain clients, patrons, and friends in the following ways: (a) quantify TREE Fund's outputs, outcomes and contributions to the tree-care industry and urban forest health, safety and resilience, and (b) along with the Research/Education and Communications Committees, gather, track and disseminate grant outcomes and impact (*Release annual findings documented in Research/Education and Communication Committees sections above to Chapters via Liaisons annually in December*)

- Ensure that donors understand the impact of their contributions (*CEO provide signage and related materials to all Chapters via liaisons annually in January to support conferences, etc.*)
- Provide public recognition and appreciation of clients and donors (*Work with Development and Communications Committees to prepare and disseminate a formal annual report of gifts and impacts by May each year, after Audit approval*)
- Promote “friend-raising” by sharing TREE Fund successes, outcomes and impacts (*Ensure TREE Fund representation at all ISA, TCIA and related conferences, with focus on outcomes and impacts, not retail fundraising; CEO develop annual calendar with Liaisons in January annually*)
- Develop mechanisms that open the circle to new groups of prospective donors, supporters and partners (*Work with Development Committee on list of prospects annually in October*)