MINUTES

GOVERNOR'S TASK FORCE ON ENDOWMENTS AND PHILANTHROPY

Dept. of Labor Conference Room
Thursday, February 16, 2006

Members Present:

Sue Talbot, Chair	Galen McKibben
Sid Armstrong	Dennis Peterson
Barbara Anthony	Linda Reed
Linda Coulston	Alberta Rivera
Dorcie Dvarishkis	Jim Soft
Amy Kelley	Amy Sullivan
Brian Magee	

TASK FORCE MEMBERSHIP CHANGES

Sue announced the resignation of John Scibek, whose increased duties at the U of M Foundation have forced him to cut back on other involvements. Dorcie Dvarishkis will be representing the University in his stead. She is the Vice President for Development Services at the Foundation, is becoming certified as a Specialist on Planned Giving, and is a long-time volunteer with the Western Montana Fundraisers Association (WMFRA). Sue asked for a round of introductions in welcoming Dorcie to the Task Force. Amy Sullivan, Executive Director of the Montana History Foundation, joined the meeting a little later, and was also introduced. Spence Hegsted had invited her to attend. Linda Reed joined the meeting just after noon.

APPROVAL OF JANUARY MINUTES

Sue asked if any changes need to be made to the January minutes. One correction was noted: the $500 contribution received in January was not from the Montana Community Foundation, but from the Pioneer Federal Savings Bank. No other corrections were noted. Dennis moved to accept them as corrected; Barbara seconded the motion. The group unanimously approved the corrected minutes by voice vote.

TASK FORCE "LIST SERVE"

At the last meeting there was discussion about finding better ways of communicating with outside individuals and entities. In the past we had an e-mail list to which we periodically e-mailed information, especially about the tax credit during the legislative session. With the visual help of a projector, Brian walked the group through another possibility: piggybacking off of the "Giving Voice" system that MNA uses both for basic messaging (e.g. e-newsletters) and for advocacy campaigns (e.g. allowing someone to e-mail a legislator with the click of the mouse). He created several mock pages to give the members an idea of how it would work.

Brian suggested that initially we upload all of the names/e-mail addresses we have into the system. If we provide Excel spreadsheet lists, MNA can upload them to the system. Individuals could also sign-up through the MNA website or the TF web site, which would link to the MNA page. Galen asked whether we still had the MCF list that we'd used for the list serve during the last legislative session. Several commented that it might be fairly out of date. Dennis noted that the hospital foundation people have been asking about our list serve.

Sid suggested that on every mailing to the group we provide an "opt out" so that someone could unsubscribe. Brian said we would follow all federal SPAM regulations, including an "unsubscribe" option. We could also provide a “sign up a friend” button. Dorcie suggested that WMFRA could notify members about the sign up in their next communication. She thought that the Association of Fundraising Professionals could do the same. Amy suggested asking all of the TF members, including Advisory Board members, if they would refer ten new people to sign up.

Sue asked about cost; Brian said that MNA is only paying a nominal fee, and the TF could piggyback onto their system at no cost. Jim made a motion to proceed with this project; Sid seconded the motion. The group unanimously approved by voice vote.

The plan from here:

- By the next TF meeting, **Brian will do the initial set-up**, with **Galen helping Brian design the “wrapper”** (e-letterhead).
- The TF will provide names on spreadsheets to MNA.
- **Sue will follow up with Linda Reed** about the list we used before, and whether we can get permission to use it again.
- **Dorcie will provide sign-up information on the next WMFRA mailing and to AFP as well**.
- **Dennis will get sign ups from the hospital foundations group**.
- **MNA will upload the names** to the system.
- When things are set up, **Galen will make a link on the TF web site**, and **notify Amy**.
- **Amy will notify the rest of the TF membership** to initiate sign-ups.

TASK FORCE WEBSITE

Galen and Barbara have been working on the Planned Giving section of the web site, and projected the web page on the screen for all to review. Seeing some errors, **Jim said he would review it carefully and send corrections to Galen.** The link to the QEC forms was not working; **Barb will resend the link to Galen**.

Alberta suggested that the “Montana Endowment Tax Credit” should be its own button on the home page. All agreed. **Galen will remove from the home page the current buttons for “Impact of the Tax Credit” and “Who Benefits.” They should be made sub pages of the “Montana Endowment Tax Credit” page**. The information currently on the “Impacts” page could be modified with the addition of an introductory paragraph explaining what the tax credit is.

Sue noted that the “Who Benefits” page is getting old. Galen agreed that it would be good to add new testimonials. Brian felt strongly that testimonials from charitable organizations benefiting from the credit should also be presented. **All agreed that every TF member should request testimonials from several charities and send them to Galen**. Jim noted that individual donor names should not be mentioned. Galen will rotate the testimonials. **Sue will follow up on a testimonial from the “Legacy Montana” program.** Jim reiterated that “Stories Sell Planned Gifts.”

Galen noted that the Member Bulletin Board was not working now that he recently switched servers. He made a recommendation to the group that the TF switch servers as well, to Blue Genesis, which is less expensive and provides more “bells & whistles.” Galen uses them and thinks they are very good. Dennis made a motion to follow Galen’s recommendation to switch servers; Sue seconded the motion. The group unanimously approved by voice vote. **Galen will make the switch to the new server and set up a new bulletin board on the web site.** He noted that under the new server, TF members would be able to update their own directory listings.

Galen gave the heads-up that sometime in the near future we should change the look of the website – his thought is that it's getting old, especially compared to the rest of the cyber world. **Galen will come back to the group in several months with a new design proposal.**

There was discussion about what other information the group would like to post on the website. Do we want to post more of the numbers information we have about the tax credit? Galen said that he could post the report that Steve Browning and Cindy Utterback created several years ago. He would link it under the "Impacts of the Tax Credit" page, for those who seek more information.

FINANCIAL REPORT

The Task Force Statement of Activities from January 1, 2006 through January 31, 2006 showed $700 in new contributions and no new expenses for an ending fund balance of $2,919.20. Jim asked how much the TF would need through the end of next year, to cover operating expenses, lobbying, and the Governor's Conversation. The group agreed that $25,000 is the amount we need to raise. Jim suggested that we send out a new letter to all previous donors, since it is a new year, noting what they gave before and asking them to give again, keeping in mind that another legislative session is coming up. It was agreed that the banks would not be asked right now, so that they could be asked to sponsor the Conversation instead. **Sue will draft a letter** and run it by others for feedback. **Amy will update the letterhead** with the Lt. Governor's name on it.

Dennis said that he and Judy Held would approach all of the hospitals and hospital foundations at their upcoming March 30th meeting. He is confident that most of the hospitals would be giving $1,000 and that perhaps Bozeman and Helena would give $500. They have been working to get the hospitals and hospital foundations to write the TF into their annual budget.

10-YEAR REPORT

Linda Reed approached Qwest about printing the report, but they cannot. She suggested Blue Cross/Blue Shield, and asked if anyone had contacts. **Dennis will ask them. Galen will get a price estimate and send it to Dennis.**

GOVERNOR'S CONVERSATION

Sid didn't have anything new to report – she is still checking on dates with the Governor. If we wanted to hold it before the Philanthropy Northwest gathering, that would be Wednesday, September 13 (or Tuesday, Sept. 12?). She spoke briefly with Lynda Bourque Moss of the conference planning to make sure this would not interfere with the conference as the hope is that some attendees might come a day early to participate. Lynda thought it would be fine, but will get back to Sid about details. The Governor is willing to hold the Conference at his residence. We might want to start thinking about who we want to invite, sponsors, and grants.

FEDERAL LEGISLATION

Sue read aloud an e-mail that Jim received from Conrad Teitel about the IRA/charitable rollover: where we stand and next steps. Conrad reiterated that the Senate passed the Tax Relief Act of 2005 (S. 2020) just before Thanksgiving; the House's version (H.R. 4297) passed in December 2005 with none of the Senate's charitable provisions. The House-Senate Conference Committee to reconcile the two bills is now "expected" for the week of February 27. Conrad asked Jim if he could enlist a number of Montana charities to ask Senator Baucus to be a strong advocate of the IRA/charitable rollover in the House-Senate conference.

Jim asked if both the Task Force and the MT Nonprofit Association would write letters to Baucus before February 27th. Brian said that they have a Public Policy Council meeting on the 24th, which he thinks would approve the request without problem, and then he would do all he can to get the request through the Executive

Committee before the 27th. After that, Brian said they could work through their advocacy campaign to get the word out to others. Sue will write a letter for the Task Force, with Jim's assistance. Dorcie will send a letter to WMFRA and alert people to write Baucus if they wish to get involved.

DEPARTMENT OF REVENUE RULING

Sid distributed an e-mail she'd received from Dan Bucks explaining their reasoning behind their recent ruling that held that, "under certain important conditions and on a donor by donor basis, [a] charitable contribution to a university's permanent endowment fund that a donor specifically designates to be used for the construction or improvement of campus buildings is likely eligible for the charitable endowment credit." (Letter attached.)

There was some discussion about the ruling, and concern that it could lead to actions not within the spirit of the law. In his letter, Dan Bucks noted the ruling was based on the "Uniform Management of Institutional Funds Act" (UMIFA) because the Montana legislation gave no clear direction on this issue. The DOR is willing to work with the Task Force on legislation to address the issue.

Sue will write a letter of thanks to Dan Bucks for the clarification on the ruling. Alberta reiterated Judy Held's question from the January meeting: what is the responsibility of the Task Force toward smaller charities who are already doing this? There was agreement that the issue should be addressed on the web site FAQ, which Jim will draft. Jim noted that, should the IRA rollover pass, we'll have a lot of new things to cover in the Lunch & Learn series, and this could be incorporated as well to ensure the spirit of the law is followed.

NEXT MEETING

It was agreed that the next meeting would be held on March 16th, from 10 a.m. until 2 p.m. Linda Reed secured a new location: the **Valley Bank downtown, 321 Fuller Street**. They have a brand new community room with a little kitchen area. **Members need to come through the front door on Fuller**. Fuller is between Park Avenue and Last Chance Gulch. 321 is between 6th street and Lawrence. She suggests people park in the garage at 6th street and Fuller – across from the Montana Club.

Meeting adjourned at 1:40 p.m.

From: Bucks, Dan
Sent: Tuesday, February 14, 2006 5:22 PM
To: sidarmstrong@msn.com
Subject: Endowment Credit and Buildings

Sid,

As you know, the Department of Revenue issued a ruling concerning the endowment credit on December 29, 2005, in response to a question posed by the Commissioner of Higher Education. The ruling held that, under certain important conditions and on a donor by donor basis, charitable contribution to a university's permanent endowment fund that a donor specifically designates to be used for the construction or improvement of campus buildings is likely eligible for the charitable endowment credit. There are specific requirements stated in the ruling that must be met before the contribution could qualify for the credit.

The question posed to the Department of Revenue was not easy to answer because the endowment credit statute, 15-30-165, MCA, does not give clear, direct guidance on the question. The scales were tipped in the direction of the credit being allowed for contributions for building projects by reference to the "Uniform Management of Institutional Funds Act," or UMIFA, which is found at 72-30-101 through 72-30-207, MCA. In particular, the commentary of the National Conference of Commissioners of Uniform State Laws, the organization of states that recommended UMIFA, states an intent to allow an endowment fund to invest in buildings and facilities of the institutions benefited by the fund. In effect, the ruling is based on the impact of a second law (UMIFA) on the primary law (the endowment credit) involved in this matter. The reasoning is that—in the absence of any explicit legislative prohibition on allowing the endowment credit for building projects—the credit is allowable for uses authorized as investments under UMIFA, and buildings fall in the category of allowable uses.

We understand that the ruling is of interest to the Governor's Task Force on Endowed Philanthropy, which is meeting later this week. Because the Revenue and Transportation Interim Committee is meeting at the same time, it is doubtful that I could attend. However, I would be glad to send staff involved in preparing the ruling to discuss it, including the conditions attached to the ruling.

Given that the endowment credit statute does not speak directly to the question posed by the Commissioner of Higher Education and that the answer to the question was determined by the effect on the credit of a second law, this ruling would appear to be ripe for direct clarification through legislation. It is within the legislature's authority and discretion to decide whether or not, as a matter of policy, the credit should be available for contributions intended for building projects. We would be glad to work with the Governor's Task Force to develop potential legislation to address the issue.

Please know, as well, that because of the specific conditions in the ruling, we have considered developing rules to ensure the consistent application by charitable institutions of those conditions. If we proceed with rules on this topic, they should be interpreted as technical in nature and not intended to endorse any particular legislative policy position.

We look forward to working with the Governor's Task Force on this and any other issue involving the endowment credit.

Dan Bucks

Director of Revenue