

BOARD
OF
DIRECTORS'
MINUTES
2004

**BOARD OF DIRECTORS
MEETING MINUTES
December 15, 2004**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, December 15, 2004, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, George Ivelich, Jodi Kaelle, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten, James Wheary

Directors Excused: Martha Nell Beatty

Staff Present: Marla Hastings, Executive Director; Gayle Reynolds, Director of Marketing and Development; Cindy Johnson, Controller

James Sherman, Chairman Board of Directors, called the meeting to order at 4:35 pm.

Mr. Sherman opened the meeting with a presentation from the AASHA conference, demonstrating the role of technology in support of a wellness model for senior care. The presentation focused on case examples in the Netherlands.

Approval of Minutes

The minutes of the November 23, 2004 meeting were discussed. A change was requested in the first sentence of Board Discussion – Next Steps to read:

Mrs. Tiret reported on the work of the HR Committee. In conjunction with the Executive Director, the Committee will review the formal process for evaluating and developing staff.

The minutes were approved as amended on a motion by Carol Livingston, seconded by David Gruber.

A motion by George Morris, seconded by Molly Hauser, to make it a formal policy to annually review all employees, including department heads, passed unanimously.

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Finance Update

October Financials

Mrs. Tiret reviewed the October financials. Expenses were \$35,000 over budget. Approximately \$15,000 was for payments to employees for vacation not used. The Board discussed this policy and its purpose.

An audit and write down of food service inventory accounted for approximately \$4,000 of the increase in expenses. A food service audit had not been conducted for several years. The Board agreed this should be done annually in October.

Other expenses contributing to the variance included non-recurring items, such as new stationery and the costs associated with the Thanksgiving meal for the Public Nutrition Program.

Revenue for the month of October was substantially on budget: private patients were slightly below budget and Public Nutrition Program meal count was slightly above budget. Donations from the annual fund letter were more generous than budget.

Net operating income year to date was essentially on budget. This was considered a very positive result taking into consideration the admissions hiatus that eliminated revenue from new residents. Unrealized gain on the investment portfolio was \$2mm year to date.

Executive Director's Report

Marla Hastings provided an update on her report, which was mailed prior to the meeting. The private patients in the Health Center have increased to six this month. Ardeth Fortier, head nurse and longtime employee in the Health Center, has announced her retirement. Mrs. Hastings thanked the Board and the staff, present at the meeting, for their exceptional contributions to The Heritage this year.

Residents Annual Meeting

Mr. Sherman reported on the Residents' Annual meeting. Board members attending were: Babs Barber, Carol Livingston, Elizabeth Stanners, and Mr. Sherman. Mr. Sherman directed the Board to review his remarks, which were previously distributed to the Board. The focus of his message to the residents was to share the strategic planning process, which was well received by the residents. He also noted the increased level of volunteerism among the residents which as been promoted by Dr. Doris Howard.

Human Resource Issues for 2005

Mrs. Tiret reported on Human Resources Committee activities:

- The employee appreciation fund from the residents has been distributed through the trust account discussed at the last meeting
- Staff reviews are scheduled for the 1st quarter 2005. Merit increases will be addressed in conjunction with the reviews.
- The Board should return their comments on the Executive Director's review to Mrs. Tiret by Friday, December 17, 2004.

Strategic Task Teams

a. Financial Task Force

George Morris provided a report on three projects to analyze the operating efficiency of The Heritage:

- The Holland study - to develop benchmarks for the operations of The Heritage and identify inefficiencies should be complete in January.
 - Internal Efficiencies Analysis – recommendations from staff will be reviewed by George Morris and James Sherman with Marla Hastings after completion of the external study
 - External Operational Review – Dan Gray, an external consultant, will review the operations of The Heritage and meet this week with James Sherman, Connie Tiret, George Morris, Randy Gridley and Marla Hastings to report on his findings. His report will be available in January.
- b. Program Task Team
- CCRC Model Scenarios – this analysis will develop a model of the current facilities and current residents in a CCRC community, based on a wellness model, in place of the current medical model. The model will identify both cost savings and opportunities to increase care and service.
 - Expansion Team – reported on the analysis done to date to identify opportunities for The Society to expand its reach and impact in the community.

Mr. Sherman closed the meeting by thanking the staff and Board for the excellent work done on behalf of The Heritage this year. He acknowledged the specific contributions of Marla Hastings as Executive Director and Gayle Reynolds and Cindy Johnson. He also thanked Carol Livingston for her service as Vice Chair. Mr. Sherman announced that Martha Nell Beatty is retiring from the Board.

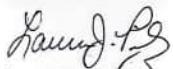
Executive Session

A brief discussion was held in Executive Session

Adjournment

The meeting was adjourned at 6:00 PM and the Board joined the residents and staff at the annual Holiday Party.

Respectfully submitted,



Laura J. Pilz,
Secretary



BOARD OF DIRECTORS
MEETING MINUTES
November 23, 2004

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, November 23, 2004, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, George Ivelich, Jodi Kaelle, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Martha Nell Beatty, Bruce Scollin, James Wheary

Staff Present: Marla Hastings, Executive Director; Gayle Reynolds, Director of Marketing & Development; Cindy Johnson, Controller

James Sherman, Chairman Board of Directors, called the meeting to order at 4:05 pm. Mr. Sherman reported on the passing of Mr. Wheary's mother and the recent death of Mr. Scollin's parents.

Approval of Minutes

The minutes of the November 2, 2004, meeting were approved as submitted on a motion by Carol Livingston, seconded by Douglas Day.

Finance Update

Mr. Sherman acknowledged the contributions of Connie Tiret who is serving as Chair of both the Finance Committee and the Human Resources Committee.

i. Budget.

Mrs. Tiret presented the October financial statements. Operating revenue continues to show a positive variance due to more residents than budgeted. Expenses have been stable. It was noted that Donations show a significant positive variance as a result of a bequest received earlier in the year.

Investment income as represented on the *Bernstein Income, Gain and Cash Transfer* report is \$2.5 million year-to-date. Cash used for operations and capital improvements is \$1.8 million.

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The financial model will be presented at the December Board meeting.

ii. SNF Alternatives – Data gathering to identify SNF alternatives, which meet the requirements of The Heritage and its residents, continues. The Board discussed the appropriateness and timing of conducting discussions with Board members of other organizations. It was agreed that further study is required before this would be productive.

iii. Expansion Team – The team has addressed criteria for new programs and the structure of the type of programs The Heritage could support. Future work of the task team will focus on identifying areas of need in the community.

Financial Task Force

Janet Holland, CPA, is surveying 11 organizations to develop financial benchmarks. The Heritage staff has identified opportunities to increase efficiency. The task team will be working with staff to evaluate these ideas. George Morris reported on conversations with a consultant from the AASHA conference. The Board discussed the merits of having a third-party analyze the operations and agreed Mr. Morris should continue to pursue this opportunity.

Board Discussion – Next Steps

Mrs. Tiret reviewed the work of the HR Committee, in conjunction with the Executive Director, to implement a formal review process for evaluating and developing staff. The goal is to review all staff, including Department Heads, annually.

Executive Session

In Executive Session the Board discussed personnel matters, year-end planning and recognitions.

Adjournment

The meeting was adjourned at 6:15 p.m. The next Board meeting will be on Wednesday, December 15, from 4:30 – 6:00 p.m., in the Theater Room at The Heritage. The Program Task Team has invited the Facilities Task Team to join them at their meeting, prior to the Board meeting, from 3:00 to 4:30 p.m. The Board meeting will be followed by The Heritage holiday party, in Morgan Hall, from 6:00 – 8:00 p.m.

Respectfully submitted,

Laura J. Pilz
Laura J. Pilz
Secretary

SIGN

ii.. 2005 Annual Budget

Mrs. Tiret reviewed the 2005 Annual Budget which was discussed in detail at the last meeting. Revenue assumptions have been revised to reflect 105 residents which is more conservative than the current census. The operating deficit shows an increase over 2004 as a result of the admissions hiatus. The budget includes a 2.5% cost-of-living increase for all staff and a 1% merit increase after the first quarter based on performance reviews. The budget was passed unanimously on a motion by Douglas Day, seconded by Mary Hauser.

iii. Employee Appreciation Fund

Mrs. Tiret reported that the Department Heads would participate in the 2005 appreciation fund. The Heritage will administer the gifts from the residents through a trustee account.

b. Investment Portfolio

Lewis Gridley reported the Investment Portfolio return was 4.1% in October and 7% year-to-date. Total year returns should be in the mid-single digits. Total portfolio assets are \$69.8 million.

A comprehensive review with Bernstein, the investment manager, will be scheduled for January. Board members will be given notice of the meeting and are encouraged to attend.

c. Insurance

Mrs. Hastings reported on the insurance renewal for The Heritage in the absence of Mr. Scollin. Mr. Scollin estimates that property rates should be nearly flat; Professional Liability will increase 15-20%; Excess Liability will increase 15%; Workers' Comp should not change. Mr. Scollin suggested the organization will need to increase demolition/construction insurance if construction projects are undertaken. The 2005 budget includes conservative estimates of insurance expense for the 2005-2006 insurance renewal cycle.

Real Estate Committee

David Gruber reported on the conclusion of negotiations to buy out the lease of the tenant in the Francisco Street flat. The flat will be refurbished, furnished and then converted to an executive suite rental. The flexibility of the executive suite rental will allow the organization to include the flats in future development plans. Mr. Sherman thanked Mr. Gruber for identifying this opportunity and managing the conversion.

Strategic Plan Task Teams

Mr. Sherman reviewed a schematic diagram of the Strategic Planning process and committee milestones through the first months of 2005.

Program Task Force

i. CCRC Model Scenario – Analysis of migrating the current operation to a CCRC model is proceeding. Assumptions on services and staff requirements are developed.



**BOARD OF DIRECTORS
MEETING MINUTES
November 2, 2004**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, November 2, 2004, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Lewis Gridley, David Gruber, Mary Hauser, George Ivelich, Jodi Kaelle, Carol Livingston, Laura Pilz, Diane Richards, Henry Safrit, James Sherman, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Martha Nell Beatty, Douglas Day, Jane Hickerson, George Morris, Bruce Scollin, Elizabeth Stanners, James Wheary

Staff Present: Marla Hastings, Executive Director; Gayle Reynolds, Director of Marketing and Development ; Cindy Johnson, Contoller

James Sherman, Chairman Board of Directors, called the meeting to order at 4:05 pm. Mr. Sherman reviewed the agenda and noted that the 2005 budget discussion will be moved to the end of the agenda.

Approval of Minutes

The minutes of the September 28, 2004 meeting were approved as submitted on a motion by David Gruber, seconded by Carol Livingston.

Finance Update

Budget

Connie Tiret reviewed the September financial statements. Trends for the month were the same as August, resulting in a small positive budget variance. An exceptional item, revenue from Auto Auction, was explained. The Heritage received a donation of an automobile, which was sold by auction to an employee.

Investment Report

Lewis Gridley reviewed the *Bernstein Income, Gain and Cash Transfer* report. Portfolio performance is +2.8 % year-to-date. Mr. Gridley and George Morris recently had an interim meeting with the investment manager to review the asset allocation and assess risk/return of the portfolio. (The full Investment Committee meets with the investment managers 2 times per year for a comprehensive review of the portfolio.)

Real Estate Committee

David Gruber reported that the tenant buy out agreement should be signed 11/04. The second flat will be converted to a furnished suite by year-end.

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AASHA Conference Report

The AASHA Conference in Nashville was attended by four Board members: Diane Richards, George Morris, Henry Safrit, James Sherman and three staff members: Marla Hastings, Gayle Reynolds and Cindy Johnson.

Each of the Board members and staff provided observations on the sessions they attended. A written summary of the sessions each person attended will be mailed to the Board. Materials from the conference are available at The Heritage for review by Board members. Reference books purchased are available in the office of the Executive Director.

The Board held an informal discussion of the trends observed from the AASHA meeting and the implications for The Heritage current operation and strategic direction.

Strategic Task Teams

Mr. Sherman made a presentation on Scenario Planning based on a session he attended at AASHA. (The architecture firm that consulted with GSI on their report to The Heritage, earlier this year, developed the original presentation.)

Scenario Planning is a process to identify external factors that the organization could confront in the future and to outline courses of action the organization could take to respond. Mr. Sherman suggested The Heritage Board hold a scenario planning session at a future meeting. The Future Opportunities Task Force was assigned the responsibility of developing three scenarios for the Board to analyze.

The Strategic Task Teams reported on their recent meetings:

- Program Task Team
 - CCRC Model Scenarios – Facilities Team will join this group to define the levels of care to be offered under a CCRC model
 - SNF Evaluation – Dr. Safrit has visited several senior communities in the city to develop recommendations for modifying the way The Heritage provides skilled nursing care to its residents
- Financial Task Force
 - The CPA firm is developing benchmarks for the current operation and a framework for analyzing future operating models

2005 Budget Discussion

Mrs. Tiret reviewed the assumptions for the 2005 operating budget and reported on preliminary budget preparation. The budget will be finalized for Board approval at the November 23, 2004 meeting.

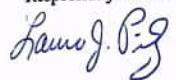
Executive Session

Mr. Sherman led a brief discussion in Executive Session.

Adjournment

The meeting was adjourned at 6:40 PM. The next Board of Directors meeting will be Tuesday, November 23, 2004, from 4:00 to 6:00 p.m. in The Theater Room at The Heritage.

Respectfully submitted,



Laura J. Pilz
Secretary



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**BOARD OF DIRECTORS
MEETING MINUTES
September 28, 2004**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, September 28, 2004, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Douglas Day, Lewis Gridley, David Gruber, George Ivelich, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, James Sherman, Connie Tiret, Pamela Tudor, Leslie Van Houten, James Wheary

Directors Excused: Mary Hauser, Jane Hickerson, Jodi Kaelle, Bruce Scollin, Elizabeth Stanners

Staff Present: Marla Hastings, Executive Director; Gayle Reynolds, Director of Marketing and Development; Cindy Johnson, Controller

James Sherman, Chairman Board of Directors, called the meeting to order at 4:05 pm. Mr. Sherman reviewed the agenda and noted that an Executive Session will be the last agenda item for all Board meetings starting with this meeting.

Approval of Minutes

The minutes of the June 22, 2004 meeting were approved as submitted on a motion by Carol Livingston, seconded by Douglas Day.

Finance Committee Report

Connie Tiret reviewed the August financial statements. Operating revenue is above budget due to more residents than budgeted and operating expenses were below budget, creating a positive variance.

Lewis Gridley reviewed the *Bernstein Income, Gain and Cash Transfer* report. Income on the portfolio year-to-date is \$880,000. Funds used in operations year-to-date are \$1,361,000; principal withdrawn is \$481,000. The Board discussed the timing of cash withdrawals and the impact on the portfolio. The portfolio performance shows an annualized return of 5.9%, on target with budget projections. Mr. Sherman noted that important topics like the investment portfolio would be discussed in more detail at a future Board meeting.

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Mrs. Hastings gave a report on the July insurance renewal for The Heritage.

Real Estate Committee

David Gruber updated the Board on negotiations to buy out the lease of the tenant in the Francisco Street flat. Legal counsel has been retained by both The Heritage and the tenant. A motion was made by Mrs. Tiret and seconded by Mr. Gridley to delegate final approval of any tenant agreement to the Executive Committee. Mr. Sherman noted the value of engaging third-party experts to assist the Board and encouraged other committees to request help if needed.

Strategic Task Teams

The Strategic Task Teams reported on the analysis conducted over the summer. (Written reports were mailed to Board members in advance of the meeting.)

Program Task Team – evaluated the five alternatives identified in the GSI report.

- The consensus was that alternative #3 (Redevelop the site into a CCRC) was the most viable.
- Concerns with approach #3 centered on the financial risks including the expense involved in modifying the facility and the resources required to make the changes.
- The task force saw alternative #5 (Vacate and sell the site) as possible but not recommended
- The other alternatives were eliminated or seriously questioned

The Program Task Team also researched the PACE model to determine if it offers an alternative to the current Health Center. After considerable study and several site visits to PACE facilities, the task team concluded it was not an immediate alternative.

The task team recommended creating two sub-groups to carry on the work of the Program Task Team: a committee to study alternatives to the skilled nursing facility for current residents and a committee to evaluate needs in the community and identify additional programs the Society can sponsor.

The Board discussed goals for the scope and impact of new programs the organization might undertake in the future. The Board engaged in a discussion of the role of a PACE program in helping the organization to move from a medical model to a social model of aging in place.

Financial Task Force – prepared to evaluate new concepts and models developed by the other task forces.

- Controller Cindy Johnson has developed a format for analyzing alternate models.
- Janet Holland, CPA for The Heritage, is surveying 12 similar Bay Area senior communities to develop performance benchmarks for the operation. The Health Center costs are a focus of this analysis.

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Facilities Task Team – analyzed the six facilities alternatives in the GSI report. The task team toured three dementia facilities in the Bay Area and met by video conference with the architecture firm that consulted with GSI on the report. The task team presented a schematic plan of each of the six facilities concepts. The team concluded there are many ways to use the site. The physical facility depends upon what services (independent living, assisted living, skilled nursing, dementia care) the organization plans to provide and what population of residents the organization wants to serve.

Continuing Care Contract Task Team – determine contract revisions and feasibility. The Continuing Care Contract Task Team concluded that the present life care contract could be modified to become a continuing care contract. The task team did not recommend implementing such a contract on an interim basis. The task team recommended continuing the admissions hiatus currently in effect until the strategic direction is determined.

The Board discussed the impact of a continued admissions hiatus on the resident community and the need to communicate with the residents. Mrs. Hastings is developing a communication plan. Mr. Sherman will meet with the Resident Council and plans to attend a resident meeting in the next few months.

The Board also discussed the importance of taking the time required to make well considered strategic decisions, while recognizing that the strategic planning process needs to be conducted within a reasonable timeframe.

Mr. Sherman thanked all Board members for the excellent work done by the task teams. Board members were encouraged to e-mail Mr. Sherman with any assumptions or issues which remain as concerns and require further discussion at future meetings.

New Business

Meeting schedule:

November 2 - the next Board meeting; assumptions for the 2005 budget will be presented
November 23 – Board meeting to review the 2005 budget
December 15 - December Board meeting 4-6 p.m., followed by Holiday Party, 6-8 p.m.

Heritage Happenings, the resident newsletter, will include interviews with Board members beginning with an interview with Jamie Sherman in the summer issue. Board members will receive information and are asked to contact Dr. Doris Howard, the resident who will conduct the interviews and write the articles.

Members of staff and Board will be attending the AAHSA annual conference in Nashville next month. Board members include: Diane Richards, George Morris, Henry Safrit, Jamie Sherman; Staff members include: Marla Hastings, Gayle Reynolds and Cindy Johnson.



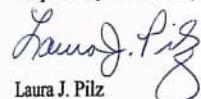
Executive Session

Mr. Sherman led a brief discussion of strategic planning protocol.

Adjournment

The meeting was adjourned at 6:40 PM

Respectfully submitted,



Laura J. Pilz
Secretary



SIGN



**BOARD OF DIRECTORS
MEETING MINUTES
June 22, 2004**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, June 22, 2004, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Douglas Day, Lewis Gridley, David Gruber, Jodi Kaelle, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Mary Hauser, Jane Hickerson, George Ivelich, Bruce Scollin, James Wheary

Staff Present: Marla Hastings, Executive Director; Gayle Reynolds, Director of Admissions and Marketing; Cindy Johnson, Controller

James Sherman, Chairman Board of Directors, called the meeting to order at 4:10 pm.

Approval of Minutes

The minutes of the May 25, 2004 meeting were approved as submitted on a motion by Carol Livingston, seconded by Douglas Day.

Finance Committee Report

Connie Tiret reviewed the May financial statements. Operating revenue is above budget due to more residents than budgeted and operating expenses were below budget, creating a positive variance.

Lewis Gridley presented the investment report. The portfolio is up slightly on the year, but is not expected to grow significantly in the short term due to market conditions. A new page has been added to the financial statements, *Bernstein Income, Gain and Cash Transfers*. This report is designed to track returns and flows into and out of the investment account. The goal for withdrawal from the portfolio is 3% per year. Mr. Gridley explained that at the rate of 3%, the Society has an 85% chance of maintaining the endowment into perpetuity.

Mr. Sherman suggested the Board should review the investment portfolio and investment strategy at a meeting in the fall after third quarter results are available.

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Sesquicentennial Committee

Mrs. Tudor reported on an article about the history of The Heritage that appeared in the winter edition of the *Argonaut*, the magazine of the California Historical Society. Mrs. Tudor and Mr. Sherman will try to obtain copies for the Board.

P.A.C.E. Presentation

Bill Pomerantz of Cain Brothers made a presentation on PACE, Program for All-inclusive Care for the Elderly. Mr. Pomerantz gave an overview of how the PACE model can provide the services currently provided by the skilled nursing facility. He discussed the clients served by PACE, the financial aspects of the program and the licensed providers available in San Francisco.

CASHA Workshop Presentation

Marla Hastings and Gayle Reynolds provided highlights from two workshops they attended at the CASHA annual meeting in May. They discussed the changing perceptions and expectations of aging and the changes in service delivery taking place at many facilities. They presented two case studies to illustrate changes in service delivery: Kokoro and Alma Via of San Francisco, both of which are new assisted living facilities in the city.

Strategic Task Force Teams

The Strategic Task Force Teams will meet during July and August. Mr. Sherman asked each Board member to submit 20 questions to him in the next few weeks. The questions should address: areas of concern, issues to be clarified, additional information required. He will organize them and redistribute to the Board.

The Task Teams will meet over the summer. All Board members are invited to attend any of the meetings. The teams will address the following issues:

Facilities Task Team – develop a plan to follow on the GSI report

Program Task Team – identify programs/services to develop in the future

- identify areas of risk, fiduciary responsibility, regulatory issues

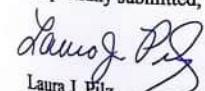
Continuing Care Contract Task Team – determine contract revisions and feasibility

(Marla distributed a report of the committee meeting of 6/17/04)

Adjournment

The meeting was adjourned at 7:10 PM

Respectfully submitted,


Laura J. Pilz
Secretary

SIGN



**BOARD OF DIRECTORS
MEETING MINUTES
May 25, 2004**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, May 25, 2004, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Douglas Day, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, George Ivelich, Jodi Kaelle, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor

Directors Excused: Leslie Van Houten, James Wheary

Staff Present: Marla Hastings, Executive Director; Gayle Reynolds, Director of Marketing and Development

James Sherman, Chairman Board of Directors, called the meeting to order at 4:00 pm.

Approval of Minutes

The minutes of the April 27, 2004 meeting were approved as submitted.

Executive Committee Report

Mr. Sherman reported on the Executive Committee meeting. The Committee approved a request from the Executive Director to add 16 hours of Activity Assistant staffing for the Health Center. The increased number of Health Center residents with a diagnosis of dementia, and the transition from a medical model to a social model of resident service are the reasons for this increased staffing.

The committee planned the meeting schedule for the summer months: the June meeting will be extended and no Board meeting will be held in July or August to provide time for the Strategic Task Force Teams to meet.

Presentation of Community Outreach Interviews

Marla Hastings and Gayle Reynolds summarized the presentation they made at the April Board meeting, reporting on the results of 25 interviews they conducted with agencies and organizations throughout the city, which have programs and services for seniors. The interviews focused on identifying underserved areas in the community and possible organizations The Heritage can partner with in the future.

SIGN

Mrs. Hastings and Mrs. Reynolds then presented the findings of their review of assisted living communities in San Francisco. The GSI report identified assisted living as a possible emphasis for The Heritage. The presentation focused on the social model, which is the prevalent form of care in assisted living communities, and highlighted the increasing level of dementia care assisted living communities provide.

P.A.C.E. Meeting Report

Connie Tiret and Mrs. Hastings reported on a meeting several Board members attended with Bill Pomeranz and Joan Annett of Cain Brothers, to discuss the P.A.C.E. Program and the potential for The Heritage. Based on this initial meeting, it was agreed that Mr. Pomeranz would be invited to make a presentation to the full Board at the June meeting.

New Business and Meeting Schedule

The June 22 meeting will be held from 4-7 pm to allow time for two presentations:

- CASHA Workshop presentation by Marla Hastings and Gayle Reynolds
- P.A.C.E. Program by Bill Pomeranz of Cain Brothers.

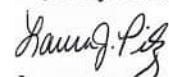
Board members should review the questions outlined on page 2 of the Executive Committee Meeting Preparation of May 19, 2004 before the June meeting.

The Strategic Task Force Teams will meet during July and August. The next meeting of the Board will be in September 28, 2004, from 4:00 to 6:00 p.m. at The Heritage.

Adjournment

The meeting was adjourned at 6:00 PM

Respectfully submitted,



Laura J. Pilz
Secretary

END



**BOARD OF DIRECTORS
MEETING MINUTES
April 27, 2004**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, April 27, 2004, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Lewis Gridley, David Gruber, George Ivelich, Jodi Kaelle, Laura Pilz, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Pamela Tudor, Leslie Van Houten, James Wheary

Directors Excused: Douglas Day, Mary Hauser, Jane Hickerson, Carol Livingston, George Morris, Diane Richards, Connie Tiret

Staff Present: Marla Hastings, Executive Director; Gayle Reynolds, Director of Marketing & Development; Cindy Johnson, Controller

James Sherman, Chairman Board of Directors, called the meeting to order at 4:15 pm.

New Board Member

Mr. Sherman welcomed new board member, Leslie Van Houten, and introduced the Board.

Approval of Minutes

The following corrections were made to the March 23, 2004 minutes:

- Elizabeth Stanners was not present and should be noted as Excused
- Real Estate Report – the Francisco Flat is leased as a furnished executive suite and is not a 30 days or less rental arrangement.
- Strategic Report should include reference to the addendum of notes of the discussion prepared by James Sherman and Marla Hastings. These notes were distributed by email/mail to all board members.

The minutes were approved as corrected on a motion made by Babs Barber and seconded by Elizabeth Stanners.

**RECORDED
SIGN**



Conferencing Capability

Mr. Sherman reported that The Heritage has new conferencing equipment and a conference phone number, which will enable members to participate in Board and committee meetings by teleconference.

Finance Report

Cindy Johnson read the Finance Committee Report submitted by Connie Tiret. (Copy attached.)

On the recommendation of the Finance Committee, the following motion made by David Gruber, seconded by Lewis Gridley, passed unanimously: the unrestricted funds in the DeBatz Grant will be used for the same purpose as the restricted funds, to support arts projects by the residents.

Executive Director's Report

Marla Hastings reported on the opening celebration of the Jackie Chan Center for Self-Help for the Elderly. The Heritage \$1000 contribution to the event was acknowledged with a plaque, which Mrs. Hastings accepted at the event on behalf of The Heritage.

Presentation of Community Outreach Interviews

Marla Hastings and Gayle Reynolds presented part one of the results of 25 interviews they have conducted with agencies and organizations throughout the city, which have programs and services for seniors. These interviews are the first step toward realizing the Strategic Plan goal to expand the presence and services of The Heritage in the community. The interviews focused on identifying underserved areas in the community and possible organizations The Heritage can partner with in the future.

The Board expressed interest in measurement and the need to understand how to evaluate the effectiveness of programs for future investment.

Strategic Plan Task Team Reports

Continuing Care Contract—Materials from the first meeting of the task team were distributed to the Board.

Financial Analysis and Forecasting—Mrs. Hastings noted that a meeting with consultants and several Board members is set for the end of April to discuss the economics of the PACE program.

Real Estate Committee

Mr. Gruber reported that all units are rented.

SIGN

Executive Committee and Nominating Committee

Committee assignments prepared by the Nominating Committee and reviewed by the Executive Committee were distributed. Mr. Sherman asked Board members to note their assignments and let him know if there are any concerns.

Pam Tudor reminded the Board of the event on May 6 to honor Andy Edwards, Puddy Mitchum and Babs Barber.

New Business and Meeting Schedule

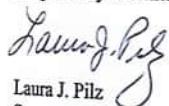
The May 25 meeting will include part two of the community outreach interviews; a report on Assisted Living and Dementia facilities in the community.

The June Board meeting will be the fourth Tuesday as regularly scheduled. The summer schedule of Board meetings is being reviewed and will be confirmed at the May meeting.

Adjournment

The meeting was adjourned at 6:00 PM

Respectfully submitted,


Laura J. Pilz
Secretary

SIGN

**BOARD OF DIRECTORS
MEETING MINUTES
March 23, 2004**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, March 23, 2004 at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Lewis Gridley, David Gruber, George Ivelich, Jodi Kaelle, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, James Wheary

Directors Absent: Martha Nell Beatty, Andrew Edwards, Mary Hauser, Jane Hickerson

Staff Present: Marla Hastings, Executive Director

James Sherman, Interim Chairman of the Board of Directors, called the meeting to order. Mr. Sherman introduced the three new Board members: Jodi Kaelle, George Ivelich and Henry Safrit. Mr. Sherman presented flowers to Mrs. Barber, retiring Chairman, and thanked her for her outstanding service to the organization as Chair of the Board for the past four years.

Approval of Minutes

The minutes of the February 24, 2004 meeting were approved as submitted.

Finance Committee Report

Mrs. Tiret reviewed the February financials for The Heritage. The census is up to 113 permanent residents, creating a positive variance in Monthly Care Fees. Private patients in the health center are one patient less than budget. Self-Help for the Elderly meal count is down. A new site, Visitation Valley, has been added to that program. The operating loss for February is \$291,000, which is better than budgeted. The Finance Committee reviewed the audit of the financial statements for 2003 with the accounting firm at the March meeting.

Following a discussion of the impact of the sale of the Van Ness property on the income volatility of the organization, Mr. Sherman requested the Board continue to minimize public discussion of the sale of the Van Ness property.

Executive Director's Report

Mrs. Hastings gave a summary of her report, which had been mailed to the Board before the meeting.

Real Estate Committee

David Gruber reported on the success to date of the short-term (less than 30 days) rental arrangement in place for the Francisco Street upper flat. This approach is recommended under current conditions to preserve flexibility for the future.

Nominating Committee

Pam Tudor presented the Nominating Committee report. She presented Leslie Van Houten, a labor and employment lawyer, as a candidate for Board membership. Laura Pilz, who proposed Leslie, gave a brief statement of her credentials and past involvement with The Heritage and other not-for-profit organizations. A motion made by Babs Barber and seconded by Randy Gridley passed unanimously to elect Leslie Van Houten a Director for a three-year term.

The Board will have a reception May 6, 2004, from 6:00 pm- 8:00 pm at the home of David Dosseter, Manager of the San Francisco office of Bernstein, the Society's investment advisory firm. Board members should save the date. Invitations to the event will be sent to the Board.

Mrs. Tudor discussed a letter the Nominating Committee sent to all Board members requesting suggestions for the slate of officers for 2004, and the Board's preliminary opinion of the length of term appropriate for officers.

Following a discussion, Mrs. Barber suggested that the current officers serve for the balance of 2004, and a new slate be proposed later in the year for 2005.

Mr. Wheary made the following motion:

Motion to accept the four current officers for the remainder of 2004:

James Sherman, Chairman

Carol Livingston, Vice Chair

Laura Pilz, Secretary

George Morris, CFO,

and to give the Nominating Committee the authority to develop a new slate of officers for 2005, as stated in the by-laws.

Mrs. Barber seconded the motion. The motion passed unanimously.

Strategic Report

Mr. Sherman led an open discussion of the issues/alternatives addressed in the GSI Report. Board members expressed their thoughts, concerns and suggestions on the topics related to the strategic future of the organization.

The Board agreed to form Task Groups to address three key strategic topics:

	<u>Financial Issues</u>	<u>Architecture</u>	<u>Contract</u>
Leader:	George Morris	Doug Day	Marla Hastings
	Connie Tiret	David Gruber	Pam Tudor
	Randy Gridley	George Ivelich	Diane Richards
			Babs Barber
			Gayle Reynolds

Other Business

Mr. Wheary suggested that since the Board is now meeting monthly, Mr. Sherman and the Executive Committee might consider alternating the content of meetings between strategic issues and operational matters. The Board was in general agreement.

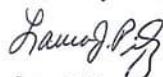
Next Meeting

The next meeting of The Heritage will be April 27, 2004.

Adjournment

The meeting was adjourned at 6:05 PM

Respectfully submitted,



Laura J. Pilz
Secretary

SIGN

**BOARD OF DIRECTORS
MEETING MINUTES
February 24, 2004**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("The Society" or "The Heritage") was held on Tuesday, February 24, 2004, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Douglas Day, Andrew Edwards, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, James Wheary

Staff Present: Marla Hastings, Executive Director

Guest for Presentation of Strategic Report: Maria Dwight, CEO of Gerontological Services, Inc.

Carolyn Barber, Chairman Board of Directors, called the meeting to order at 4:10 pm.

Approval of Minutes

The minutes of the Executive Committee meeting of January 27, 2004, were approved as submitted.

Corrections were made to page 2 of the minutes of the December 17, 2003, meeting:
Investment Report "manger, Allied Bernstein" changed to "manager, Bernstein"; Real Estate Committee Report "it" changed to "is." The minutes were approved as corrected on a motion made by James Wheary and seconded by James Sherman.

Introduction to Strategic Report

Marla Hastings provided an overview of the strategic plan goals and reported on staff work to research unmet needs for seniors in San Francisco. The three major unmet needs are: housing, transportation and nutrition for low and middle income seniors. Members of the staff have visited many agencies serving seniors in the city and will prepare a report of findings that will be available in April.

Nominating Committee

Pam Tudor and Molly Hauser presented three candidates for Directors: Ms. Jodi Kaelle, Dr. Henry Safrit, and Mr. George Ivelich. Ms. Kaelle was proposed for a two-year term, replacing Elizabeth Mitchum, and Dr. Safrit and Mr. Ivelich were proposed for a three year term. On a motion made by James Sherman, seconded by Molly Hauser, the candidates were elected unanimously.

SIGN

Presentation of Strategic Report

Maria Dwight joined the meeting to discuss the Strategic Report prepared for The Heritage and distributed to the Board in advance of the meeting. A synopsis of the report's findings and recommendations was followed by a question and answer period.

Admissions

The Board discussed the impact of the Strategic Report on the admissions policy. A motion was made by James Sherman, seconded by Bruce Scollin, to advise new applicants to The Heritage that the organization is not accepting new life care residents, and is considering a continuing care contract arrangement. The motion passed unanimously. Mrs. Hastings and the staff will develop a plan to transition to the continuing care contract.

Strategic Report Next Steps

The Board discussed next steps for the strategic plan. Several task forces will be created to address specific issues, such as: finance, architecture, and marketing. All Board members will be involved in one, or more, of these groups. The Executive Committee will develop an action plan to evaluate the recommendation of the Strategic Report and will make task force assignments.

Meeting Schedule

A motion was made by Pam Tudor, seconded by Diane Richards, to change to a monthly Board meeting schedule, for the foreseeable future, in light of the strategic decisions the Board is addressing. The motion passed unanimously.

The meeting schedule is:

Executive Committee – 3rd Wednesday of the Month at 4:00 pm
Board Meeting - 4th Tuesday of the Month at 4:00 pm.

Finance Committee

George Morris reported that the Private Operating Foundation status for The Heritage has been approved by the IRS.

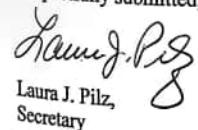
Next Meeting

The next meeting of The Heritage Board of Directors will be March 23, 2004, from 4:00 to 6:00 p.m.

Adjournment

The meeting was adjourned at 6:30 PM

Respectfully submitted,


Laura J. Pilz,
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
December 17, 2003**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("The Society" or "The Heritage") was held on Wednesday, December 17, 2003, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Douglas Day, Andrew Edwards, Lewis Gridley, David Gruber, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Bruce Scollin, Elizabeth Stanners, Connie Tiret, Pamela Tudor, James Wheary

Directors Excused: Mary Hauser, Diane Richards, James Sherman

Staff Present: Marla Hastings, Executive Director

Carolyn Barber, Chairman Board of Directors, called the meeting to order at 4:07 PM.

Minutes of October 28, 2003

Mrs. Barber requested that the complete text for the amendments to Sections 6.2 and 6.3.2 of the By-Laws be added to the minutes of the October 28, 2003 meeting. A motion to approve the minutes as amended was made by Carol Livingston, seconded by Douglas Day and passed unanimously.

Executive Committee

Mrs. Barber reported on the Executive Committee meeting of November 25, 2003.

The Committee reviewed the following topics:

- A progress report from Maria Dwight of GSI.
- The Admissions Moratorium policy adopted at the October 28, 2003 meeting. At the request of staff, the Executive Committee confirmed that the six applications in progress would continue to be processed, as rooms are available. No new applications will be accepted for the first quarter of 2004, pending the report of the consultants.
- Workers' Compensation and Guardian Comp. The Executive Committee agreed to continue to pursue this as an alternative to State Fund for providing workers' comp coverage. This self-insurance group potentially offers The Heritage considerable savings. (Final decision is pending receipt of a firm quote from State Fund and review of the quote by Bruce Scollin and The Heritage staff.)

Sign



Finance Committee Report

2004 Budget—Connie Tiret reviewed the proposed operating budget for 2004. The 2004 budget shows a small net income as the result of improved operating efficiency and increased projected investment income. A motion made by Doug Day, seconded by Randy Gridley, to adopt the proposed budget, passed unanimously.

Mrs. Tiret reviewed the October financials for The Heritage. Reduced expenses offset slightly reduced income and resulted in a net operating loss that was better than budget. Investment income for the period was very strong and resulted in a positive net income position for the month.

Investment Report—Mr. Gridley reviewed the endowment portfolio performance through November. The portfolio is up 15.9% on the year. Considering the significant increase in the portfolio if the Van Ness Avenue property is sold, the Investment Committee met with the investment manager, Allied Bernstein in early December. The Committee remains satisfied with the performance and service of the incumbent manager and recommended that The Heritage continue with this one firm. The investment strategy will be to: maintain the current asset mix, cap target withdrawals at 3% annually and maintain some liquidity and flexibility in the portfolio pending the clarification of the strategic direction of the organization.

Executive Director's Report

In addition to the Executive Director's report mailed in advance of the meeting, Mrs. Hastings recapped the Residents' Council Annual Meeting of December 2. At that meeting, she recognized the outstanding contribution of staff members in managing the considerable change the organization has undertaken this year.

Mrs. Hastings reviewed the schedule for the life care consultant's report. GSI will present to the Executive Committee in January, and the full Board will receive a report in February.

Mrs. Hastings reported on several initiatives in support of the long-range plan, including a resident survey to identify unmet needs of residents, and meetings with other organizations to identify opportunities for The Heritage to expand its impact in the community.

Real Estate Committee

Andy Edwards discussed issues related to the Van Ness Avenue property. The property is under contract and due diligence is proceeding. The sale is scheduled to close by January 15, 2004.

David Gruber reported on improvements to the Francisco Street flats that were performed by in-house staff at considerable savings to The Heritage. Work, which had been estimated at \$70,000, was completed for \$5,000.

Nominating Committee

Pam Tudor reported for the Nominating Committee. The Committee is following up on suggested candidates. The skills matrix completed by current Board members indicated needs in the following areas: elder issues, legal, fundraising, and medical.

A motion was made by Jim Wheary and seconded by Carol Livingston to elect the following Directors to a three-year term:

Lewis Gridley
David Gruber
Mary Hauser
Jane Hickerson
Laura Pilz
Bruce Scollin
Connie Tiret

Personnel Committee

Carol Livingston reported on the Board's annual review of Executive Director, Marla Hastings. Mrs. Livingston commended Mrs. Hastings for her excellent performance as Executive Director.

Mrs. Livingston also reported that Connie Tiret would chair the Personnel Committee.

Retiring Director Commendation

Mrs. Barber recognized the outstanding contributions of Elizabeth (Puddy) Mitchum, who is retiring from the Board. Mrs. Mitchum served The Heritage in many capacities: Manager, President of the Board of Managers, Trustee and Director. Mrs. Barber presented Mrs. Mitchum with a certificate to acknowledge her service to The San Francisco Ladies' Protection and Relief Society.

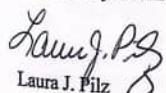
Next Meeting

The next meeting of The Heritage will be February 24, 2004.

Adjournment

The meeting was adjourned at 5:45 PM

Respectfully submitted,


Laura J. Pilz

Sign

Special Meeting

BOARD OF DIRECTORS MEETING MINUTES November 13, 2003

A special meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held by conference call November 13, 2003 to discuss the sale of the property at 1101 Van Ness Avenue to California Pacific Medical Center (CPMC.)

Directors Present: Carolyn Barber, Martha Nell Beatty, Andrew Edwards, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Diane Richards, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tret, Pamela Tudor,

Directors Excused: Douglas Day, James Wheary

Staff Present: Marla Hastings, Executive Director

Guest: Kenneth Neale, representing the Howard Rice Law Firm

Carolyn Barber, Chairman Board of Directors, called the meeting to order at 4:05 PM.

Following a roll call of the Directors, Mrs. Barber turned the meeting over to Mr. Sherman.

The agenda was stated as follows:

1. Report of the Real Estate Subcommittee – Mr. Edwards
2. Report from Counsel – Mr. Neale
3. Question & Answer Session
4. Resolution to approve the contract
5. Vote by the Board

1. Report of the Real Estate Subcommittee

Mr. Edwards reviewed events since the special meeting held October 1, 2003, to discuss the non-binding Letter of Intent from CPMC. Comments from that meeting were incorporated into a binding letter agreement, which was reviewed by the Society's Real Estate Subcommittee and is presented to the Board for a vote today. At the request of The Heritage the closing will occur in 2004, currently scheduled for January 15, 2004. CPMC will deposit \$2 million on January 5, 2004 to confirm the transaction.

The importance on Confidentiality was discussed. The Confidentiality language requested by CPMC is attached as Appendix I.



2. Report from Counsel

Mr. Neale confirmed that he would sign the agreement indicating that the Howard Rice law firm "approved the letter agreement as to form." Upon closing, CPMC will release and indemnify the Society to the extent possible. The Society will be indemnified with regard to environmental issues. The consultants engaged by CPMC did not indicate any significant environmental issues.

Mr. Neale noted that the CPMC comments to the letter were minimal and reflected that CPMC is motivated to conclude this transaction. The CPMC comments did include a request to have an optional interest in the 1255 Post Street parcel assigned to them. Mr. Neale also confirmed that the Society has the right to sell the property. Restrictions on sale in the original 1860 deed were effective for 25 years only and expired in 1885.

3. Questions and Answers

Several Directors asked for clarification of the Society's risks and liabilities in this sale. Mr. Neale defined those liabilities as related only to something the Society knew about at the time of sale and intentionally concealed. As there is no such item known to the Society, this risk is mitigated.

The extent and timeframe of the Confidentiality clause was discussed. It is in effect until the close of the sale.

4. Resolution

Mr. Sherman read the resolution, which is attached as Appendix II.

5. Vote by the Board

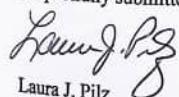
A motion to adopt the resolution as read was made by Bruce Scollin and seconded by Molly Hauser. The resolution passed by unanimous consent of those present.

Mrs. Barber thanked the Real Estate Subcommittee and the Finance Committee for their efforts of behalf of the Society.

Adjournment

The meeting was adjourned at 4:32 PM

Respectfully submitted,


Laura J. Pilz,
Secretary



Appendix I

Confidentiality. Each party agrees that the terms of this Agreement shall remain confidential and shall not be revealed or disclosed by such party to any third person prior to Close of Escrow except: (i) with the written consent of the other party; (ii) to such party's officers, directors, employees, consultants, attorneys, accountants and other representatives in connection with the preparation and negotiation of this Agreement and the consummation of this transaction; (iii) to affiliated entities and to actual or potential lenders or investors; (iv) as may be required by applicable law; or (v) as may be necessary to obtain any required governmental approvals.

Sign

Appendix II

RESOLUTIONS OF
THE BOARD OF DIRECTORS
OF
SAN FRANCISCO LADIES' PROTECTION AND RELIEF SOCIETY
(the "Corporation")

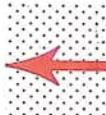
Sale of Property and Option Interest

WHEREAS, it is deemed to be in the Corporation's best interest to sell that certain real property more commonly known as 1101 Van Ness Avenue, San Francisco, California and that certain option to purchase the land and improvements known as 1255 Post Street, San Francisco, California (together the "Property");

NOW, THEREFORE, BE IT RESOLVED, that Carolyn B. Barber, and/or any of the officers of the Corporation, be, and each of them hereby is, authorized, empowered and directed for and on behalf of the Corporation, to do or cause to be done any and all things necessary to sell the Property pursuant to terms and conditions set forth in an Agreement of Purchase and Sale and Joint Escrow Instructions, substantially in the form attached hereto as Attachment A (the "Agreement"), and to execute and deliver the Agreement and any and all other deeds, assignments, documents, papers, instruments and certificates which they may deem necessary or advisable in order to sell the Property, and to take any and all actions and to execute and deliver any and all deeds, assignments and documents necessary to consummate the sale of the Property and to consummate the transactions contemplated by the Agreement; and

RESOLVED FURTHER, that any and all actions taken by the officers of the Corporation on or prior to the date hereof including, but not limited to, the execution of any and all documents, agreements, deeds, documents, papers, instruments and certificates, as they in their discretion have deemed necessary or advisable, be, and each of them hereby is, ratified and approved in all respects.

SIGN



**BOARD OF DIRECTORS
MEETING MINUTES
October 28, 2003**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, October 28, 2003, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Douglas Day, Andrew Edwards, Lewis Gridley, David Gruber, Mary Hauser, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Diane Richards, Elizabeth Stanners, Connie Tiret, Pamela Tudor, James Wheary

Directors Excused: Jane Hickerson, Bruce Scollin, James Sherman

Staff Present: Marla Hastings, Executive Director

Carolyn Barber, Chairman Board of Directors, called the meeting to order at 4:05 PM.

Minutes of August 26 and October 1, 2003

A motion to approve the minutes of the regular meeting of August 26 and the special meeting of October 1 was made, seconded and passed unanimously.

Executive Committee

Mrs. Barber encouraged Directors to contribute to the Employee Appreciation fund. Contributions should be sent to Marla Hastings by December 1, 2003.

Finance Committee Report

Operating Statements – Connie Tiret reviewed the operating statements for September. Monthly Care Fees show a positive variance due to higher census. Private Patients are holding at four due to resident needs for Health Center facilities. Public Nutrition Program revenues are below budget due to decreased activity at the sites. Operating expenses and net operating income show a positive variance to budget.

Mrs. Tiret reviewed a new report, Occupancy and Scholarship, which will be included in monthly financials in future. A discussion regarding admission of new residents in light of pending assessment of the Life Care contract resulted in the following motion:

To honor existing commitments to potential residents and curtail new recruiting activities until the first quarter 2004 when the consultants' report is available. The motion was made by Diane Richards, seconded by Connie Tiret and passed unanimously. The Board agreed to reevaluate this motion as necessary.

Investment Report – Mr. Gridley provided a recap of the portfolio performance. Performance is up 11% year-to-date and up 3.2% from 2000-2003. Performance has been affected by the \$3.7 million in withdrawals the Society has made during this three-year timeframe.

Executive Director's Report

In addition to the Executive Director's report mailed in advance of the meeting, Mrs. Hastings provided a brief update on the work of the Life Care consultants. She also reviewed a meeting she attended with other stand-alone facilities. The goal of the meeting was to identify opportunities for these facilities to work together to achieve economies of scale and share resources.

Real Estate Committee

Andy Edwards discussed issues related to the Van Ness Avenue property.

David Gruber reported that alternative uses for the Francisco Street flats are being evaluated. A recommendation will be presented to the Board at a future meeting.

Morgan Roof

Mr. Day reported that the roof project is complete.

Nominating Committee

Mary Hauser gave the report of the Nominating Committee. The Committee proposed new language for Sections 6.2 and 6.3.2 of the By-Laws. A motion to accept this new language was made by Mrs. Hauser, seconded by Mrs. Livingston and passed unanimously.

Personnel Committee

Mrs. Livingston asked Board members to return the Executive Director evaluations by November 14.

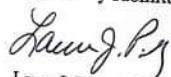
Next Meeting

The next meeting will be the Holiday Board meeting followed by the Christmas Party on Wednesday, December 17, 2003.

Adjournment

The meeting was adjourned at 5:15 PM

Respectfully submitted,



Laura J. Pilz
Secretary

**BOARD OF DIRECTORS
MEETING MINUTES
October 1, 2003**

A special meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held Wednesday, October 1, 2003 at 3400 Laguna Street, San Francisco, California to review the current state of the nonbinding offer from California Pacific Medical Center (CPMC) to purchase the Society's fee interest in the Cathedral Hill property.

Directors Present: Carolyn Barber, Martha Nell Beatty, Andrew Edwards, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz (by telephone), Diane Richards, Bruce Scollin (by telephone), James Sherman (by telephone), Elizabeth Stanners, Connie Tret, Pamela Tudor, James Wheary

Directors Excused or Absent: Douglas Day

Staff Present: Marla Hastings, Executive Director

Carolyn Barber, Chair of the Board of Directors, called the meeting to order at 4:10 p.m. The agenda for the meeting was as follows:

- | | |
|--------------------------------------|------------------|
| 1. History of negotiation | Edwards |
| 2. Real estate analysis | Edwards/Gruber |
| 3. Financial analysis of value | Gridley/Richards |
| 4. Financial Impact on The Heritage | Morris/Wheary |
| 5. Terms of the transaction | Edwards |
| 6. Mechanics, timeline and risks | Edwards/Gruber |
| 7. Questions and comments | All |
| 8. Approval or price and deal points | Barber |

After a thorough discussion of all agenda items, there was a motion to enter into a nonbinding letter of intent prepared by our legal firm of Howard Rice Nemerovski Canady Falk & Rabkin to sell our interest in the property for \$39 million, all cash, containing other terms and conditions to be negotiated by the real estate/financial subcommittee of The Heritage within industry standards; closing to occur in 2004. The motion was seconded and passed unanimously.

Adjournment:

The meeting was adjourned at 6:05 p.m.

Next Meeting of the Board of Directors:
Tuesday, October 28, 4:00 p.m.

Respectfully submitted

Carol L. Livingston
Carol L. Livingston
Acting Secretary

**BOARD OF DIRECTORS
MEETING MINUTES
August 26, 2003**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, August 26, 2003, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Douglas Day, Andrew Edwards, Lewis Gridley, David Gruber, Carol Livingston, Elizabeth Mitchum, Laura Pilz, Diane Richards, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, James Wheary

Directors Excused: Mary Hauser, Jane Hickerson, George Morris

Staff Present: Marla Hastings, Executive Director

Carolyn Barber, Chairman Board of Directors, called the meeting to order at 4:05 PM.

Minutes of June 24, 2003 Board Meeting

A motion to approve the minutes as submitted was made, seconded and passed.

Executive Committee Report

Mrs. Barber reported on recent actions of the Executive Committee. Pam Tudor and Carol Livingston have been added to the Nominating Committee. Mary Hauser and Mrs. Tudor will co-chair. Committee members are Mr. Sherman and Mrs. Livingston.

The Executive Committee held a telephone meeting on the Cathedral Hill Hotel property and voted to retain the law firm of Howard Rice for legal counsel to the Society.

Finance Committee Report

Operating Statements -Mrs. Tiret reviewed the operating statement for July. Monthly Care Fees are nearly on budget due to higher census. Private Patients are currently capped at four due to the number of residents in the Health Center. Operating expenses are better than budget as a result of stable wage rates in the Health Center. Net operating loss to date of \$29,548 is an improvement from previous months. Investment performance year-to-date is substantially better than budgeted. Year-to-date net income is positive through the month of July.

Investment Report

Mr. Gridley reported on the Investment Portfolio performance, which is a positive 8.2% through July. Tighter budget management and increased real estate revenue have improved the operating performance of the Society and reduced withdrawals from the portfolio to a sustainable level (3% for 2003 from 6.6% in 2001 and 5.8% in 2002.) Recognizing the reduced withdrawal rate, the Investment Committee has taken a longer view on the portfolio and moved the asset allocation to 70% stocks/30% bonds (previous allocation was 60/40.) Concurrently, the Investment Committee moved the bond portfolio into the Allied Bernstein managed bond fund to increase diversification and give the manager greater latitude in asset selection. (Average credit quality on the bond portfolio will remain A-rated.)

Executive Director's Report

Mrs. Hastings elaborated on several items included in her report, mailed in advance of the meeting. Board members were asked to review the matrix of the Strategic Plan goals, steps and accountabilities and note where they will be required to participate. The first goal is the review of the Life Care Commitment. Responses to the RFP for consultants on the life care contract are due 8/28. Members of the Executive Committee and staff will meet with the consultants in early September to review the proposals.

Mrs. Hastings reported on a series of small meetings held with the residents on The Heritage policy for wheelchairs and walkers. To educate the Board on this issue, Mrs. Hastings gave the presentation she used with residents.

Insurance Report

Bruce Scollin reported on recent insurance renewal negotiations. The general liability package has been renewed with a 26% increase, which is near the low end of the range nationally. Worker's Compensation will be up for renewal at the end of the year. Increases in this category are 50-100% nationally. Mr. Scollin and staff are exploring alternatives to contain insurance costs as much as possible in this challenging market.

Real Estate Committee

Mr. Sherman and Mr. Edwards provided a summary of discussions regarding the Van Ness Avenue property.

David Gruber provided an update on evaluation of the Francisco Street flats. He and staff are working on a plan and budget for making the upper flat rent-ready and furnishing it for possible use as a short-term Executive rental. This will be presented at a future meeting.

Morgan Roof

Mr. Day reported that the Morgan Roof project is nearing completion. The project will come in under budget. Total cost will be \$510,000, which is \$80,000 less than originally estimated and approved.

Nominating Committee

Mrs. Tudor reported on the Nominating Committee. A meeting of the committee is scheduled September 4. Board members were requested to complete the skills matrix included in the Board meeting package and return it to the Nominating Committee as soon as possible.

Adjournment

The meeting was adjourned at 5:55 PM.

Respectfully submitted,



Laura J. Pilz, Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
June 24, 2003**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, June 24, 2003, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Andrew Edwards, David Gruber, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Elizabeth Stanners

Directors Excused: Douglas Day, Lewis Gridley, Mary Hauser, Diane Richards, Bruce Scollin, James Sherman, Connie Tiret, Pamela Tudor, James Wheary

Staff Present: Marla Hastings, Executive Director

Carolyn Barber, Chairman Board of Directors, called the meeting to order at 4:05 PM.

Minutes of April 22, 2003 Board Meeting

A motion to approve the minutes as submitted was made, seconded and passed unanimously.

Minutes of May 21, 2003 Strategic Plan Meeting

A correction to the spelling of the word Principals to read Principles was noted.
A motion to approve the minutes as corrected was made, seconded and passed unanimously.

Finance Committee Report

Revised Budget - George Morris presented the revised budget. Monthly Care Fees are reduced by \$73,000 from the original budget that did not reflect the correct payor mix of resident fees. Other changes in revenue include: increase in medical fee reimbursements, reduction in other income (no fee for parking.). Operating expense adjustments in the revised budget are a net positive \$14,000, including: a \$10,000 increase in expense for resident physicals, \$39,000 reduction in maintenance (deferring re-carpeting of the first floor Perry Building) and a \$15,000 change in the depreciation schedule. The net effect of these changes is a \$53,000 increase in the operating loss.

A motion to approve the revised budget was made, seconded and passed unanimously.

Operating Statements - Mr. Morris reviewed the operating statement for May year-to-date. Revenue was below budget due to: a slightly lower census than projected, fewer private patients than budgeted as well as the Monthly Care Fee calculation error noted above. Operating expenses are better than budget due in part to stable wage rates in the Health Center. Net Operating loss to date of \$83,453 is greater than budget. Investment performance is better than budgeted and increased rents on the Van Ness ground lease, which go into effect in July, will improve the net income position of the organization for the second half of the year.

Executive Director's Report

Marla Hastings reviewed several items included in her report mailed in advance of the meeting. Current census of 110 residents is the highest since the early 1990's. More residents have moved to the Health Center, making additional rooms available in independent living.

Mrs. Hastings reported on the meeting held with the residents in advance of the Monthly Care Fee increase that goes into effect July 1, 2003.

A matrix of the Strategic Plan goals and detailed steps and accountabilities was reviewed with the Board.

Real Estate Committee

David Gruber and Mrs. Hastings presented a summary of six alternative uses for the Francisco Street flats. Because the upper flat is currently unoccupied, Mr. Gruber indicated this is an opportune time to review options for the property. Alternative uses for the flats will be evaluated in the life care analysis to be conducted later in the year.

The Board agreed not to re-rent the upper flat at the present time in its present condition. The Board authorized the Real Estate Committee to develop a plan and budget for making the upper flat rent-ready and furnishing it for possible use as a short-term Executive rental. This proposal will be presented to the Board at the August meeting.

Morgan Roof

Mrs. Hastings reported that the Morgan Roof project is nearing completion.

Development Committee

Puddy Mitchum recapped the positive comments and good publicity The Heritage has received from the Sesquicentennial events.

The annual report is being finalized and will be mailed in the next several weeks. A donation envelope will be included in the mailing.

The August issue of the Argonaut magazine will have an article on The San Francisco Ladies' Protection and Relief Society written by Ashley Chase who wrote the 150th anniversary book on the Society.

Board members are asked to attend the employee Sesquicentennial event on Saturday, August 23 from 12:30-3:00P.M.

Adjournment

The meeting was adjourned at 5:40 P.M.

Respectfully submitted,

Laura J. Pilz
Laura J. Pilz,
Secretary

LJP:pg

**BOARD OF DIRECTORS
MEETING MINUTES
May 21, 2003**

A special meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, May 21, 2003, at 3400 Laguna Street, San Francisco, California to discuss the Long Range Plan developed by the Strategic Plan Task Force.

Directors Present: Carolyn Barber, Martha Nell Beatty, Douglas Day, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, Laura Pilz, Bruce Scollin, Elizabeth Stanners, Connie Tiret, Pamela Tudor, James Wheary

Directors Excused: Andrew Edwards, George Morris, Diane Richards, James Sherman

Staff Present: Marla Hastings, Executive Director

Carolyn Barber, Chairman Board of Directors, called the meeting to order at 4:10 PM.

Strategic Plan Review

Marla Hastings began with a review of the Goals for the organization, incorporating comments from the April 22, 2003, Board meeting. She presented the matrix developed by the Strategic Plan Task Force which detailed steps to accomplish the goals, identified who is responsible and the target date when the task will be completed.

Goals

Following are comments on the Goals:

1. **Life Care Commitment:** Address the viability of the life care model at The Heritage and assess potential implementation of alternatives. The goal is to include analysis, recommendations and implementation.
 - Is a consulting fee included in the current budget? (No)
 - Is the timing achievable? (The "when" dates on the long range plan are target dates only. The main factor in timing achievability for this goal is the availability/schedule of the consultant who is chosen to do the analysis.)
2. Evaluate current continuum of care model for potential expansion of services.
 - Why is the timeframe so long? (The timeframe recognizes that staff has finite capacity and cannot work on all goals simultaneously.)

3. Explore opportunities to develop additional services and sites consistent with our mission.

 - Supports staff development and encourages staff to bring new ideas to The Heritage.
 - Role of the Board in developing new opportunities for the organization?
4. Establish a greater presence in the San Francisco community

Why do we want increased presence? (Increased presence will help with marketing and fundraising, make The Heritage more attractive to other organizations for program partnerships, and identify The Heritage as a resource of knowledge and expertise.)

 - Timed to coincide with resolution of life care question
5. Maintain a dynamic Board

 - Board succession and planning should be addressed in this goal
 - Board education and responsibilities should be included
6. Develop a 20 year plan for replacement, upgrades and improvement of the physical plant.
7. Create a master site plan. Space, both inside the building and grounds, is to be identified and compared with a list of unmet space needs. The site plan will include rentals.

 - Issue of additional real estate contiguous to 3400 Laguna Street
 - In step #2 add language "possible acquisition of additional property"
 - Real Estate committee should be part of this unless someone on the Executive Committee has real estate expertise
 - Consider a professional to develop the plan; could be same individual or firm involved in the Master Plan development to leverage work done in that project
 - Involve professional in mid-point of step #2.

There was general agreement among the Board members that these were the right goals.

Vision Statement

The Board reviewed the vision statement presented at the last meeting and several alternatives subsequently developed by Board members and staff.

The following revised statement was proposed:

The Society is committed to being at the forefront of providing services in response to the changing needs of those we serve and the San Francisco community.

Mission Statement

The Board discussed revised Mission Statement language. The following mission statement was developed:

The mission of the Society is to be an innovative, charitable model for serving the needs of seniors and to utilize its resources and expertise to serve the San Francisco community.

Guiding Principles

The Board also reviewed and revised the guiding principals to the following:

1. Serve our community with compassionate care supporting each individual's independence, dignity and worth
2. Examine and implement innovative approaches for the care and changing needs of our residents and the community
3. Provide a high quality of service and meet our charitable mission on a financially sound, non-profit basis
4. Maintain a long-range plan to guide the work of the Society

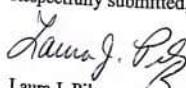
Plan Approval

A motion made by Mr. Day and seconded by Mrs. Tudor to adopt the Vision, Mission, Goals and Guiding Principals of the Strategic Long Range Plan passed unanimously.

Adjournment

The meeting was adjourned at 6:10 PM

Respectfully submitted,



Laura J. Pilz
Secretary, Board of Directors

LJP:pg

**BOARD OF DIRECTORS
MEETING MINUTES
April 22, 2003**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("The Society" or "The Heritage") was held on Tuesday, April 22, 2003, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, Laura Pilz, Diane Richards, Elizabeth Stanners, Connie Tiret, Pamela Tudor, James Wheary

Directors Excused: Martha Nell Beatty, Andrew Edwards, George Morris, Bruce Scollin, James Sherman

Staff Present: Marla Hastings, Executive Director

Carolyn Barber, Chairman Board of Directors, called the meeting to order at 4:08 PM.

Minutes of February 25, 2003

Molly Hauser suggested that the organization follow a consistent naming convention in the minutes. It was agreed that "The Society" and "The Heritage" can be used interchangeably but the minutes will define both as the San Francisco Ladies' Protection and Relief Society (see opening paragraph above.)

A motion to approve the minutes was made, seconded and passed unanimously.

Executive Committee

Mrs. Barber reported on actions of the Executive Committee. The Executive Committee approved an expenditure of \$3,345 for refurbishment of the Ladies' Powder room in time for the Sesquicentennial events.

At the March 26 meeting, the Committee discussed the proposed retreat. After polling the Board, an extended session has been scheduled on Wednesday, May 21 from 4:00 – 7:00 PM at The Heritage to discuss and finalize the Strategic Plan.

The Executive Committee reviewed and modified the experience/skills matrix developed by McCrea and Follett at the time of the governance study. The committee also reviewed the responsibilities and duties of Board members. This work will be passed to the Nominating Committee for future Board development.

Strategic Planning Task Force

Marla Hastings presented the initial elements of the draft of the Strategic Plan developed by the Strategic Plan Task Force. The task force members are: Carolyn Barber, Lewis Gridley, Mary Hauser, Laura Pilz, Diane Richards, James Sherman, Joan Avenali, and Marla Hastings. The task force drafted Vision and Mission statements and developed 7 Goals. (See attached Appendix for draft plan.)

The task force also developed a matrix of tasks, responsibilities and timelines to accomplish the goals. This information will be presented at the May 21 meeting.

Following are initial comments/issues raised by members of the Board for further analysis and discussion at the May meeting.

Vision:

- Definition of "at risk" (consider other wording)
- Why does the Vision not focus on seniors? (may want to serve other groups, such children or provide other services, such as respite care)
- Why limit scope to San Francisco? Expand to Bay Area at minimum (San Francisco is where we get our support. Focus on where we can be effective.)
- What does "needs" encompass?

Mission:

- General agreement that the mission was appropriate.

Guiding Principles:

- First principle includes two ideas. (Consider separating into two principles.)
- "Wholeness" is not clear. (Consider rewording.)

Goals:

- Reorder to associate like topics. (Move goal #5 to #3.)
- Add "and sites" after additional services in Goal #3 (formerly #5)

The Board was encouraged to email or call Mrs. Hastings with any questions, comments or issues for further discussion at the May 21 meeting.

Finance Committee Reports

Annual Audit Report – James Wheary reviewed the annual audit. The Finance Committee met March 12 with Janet Holland of the CPA firm of Daoro-Zydell and Holland. There are no changes in The Society's financial condition to report. The auditors' letter confirms that the books are being kept in an appropriate manner.

At the request of the Finance Committee, the auditors reviewed the loading dock receiving procedures. Their recommendations to improve control have been implemented. The auditors' also recommended a separation of duties in handling of bank statements. The recommended changes in procedure have been implemented.

The accounting firm is preparing a request to the IRS for a private letter ruling on The Heritage becoming an Exempt Private Operating Foundation. The filing should be made in the next few months; the objective is to resolve this issue by year-end.

Operating Statements – Connie Tiret reviewed the operating statements for February and March. Revenue was somewhat lower than budget due to a slightly lower census and fewer private patients than budgeted. The census will meet or exceed budget assumptions in the next month. Operating expenses are better than budget partially as a result of pension forfeitures. Net Operating loss to date is \$66,000 worse than budget.

Mrs. Tiret discussed several budget corrections/adjustments reviewed by the Finance Committee at the March 26 meeting and a recommendation from the Finance Committee to restate the budget. Mrs. Tiret will work with staff to revise the budget for presentation to the Board at the June meeting.

Mrs. Hastings discussed the increase in the monthly care fee which is planned for July 1, 2003. A motion to increase the monthly care fee by 4% effective July 1, 2003 was made by Mr. Gridley and seconded by Mr. Day. The motion passed unanimously.

Investment Report – Lewis Gridley provided a recap of the portfolio performance. Performance was down 2.2% for the first quarter and 1% for the year to date. This performance is better than the blended market indices. Mr. Gridley reinforced the importance of maintaining a well-diversified portfolio in this economic environment.

Executive Director's Report

Mrs. Hastings reviewed several items included in her report mailed in advance of the meeting. The census should be 109 by the end of the month. (The budget assumed 108 residents.) Private Patients are now 4; the goal is to have 6 in the near future to make up for lower census in the first quarter.

Mrs. Hastings has conducted a review of the historical census for years since 2000. Independent and Assisted Living numbers are quite stable. Current census is higher due to more residents in the Health Center.

Real Estate Committee

David Gruber gave the Real Estate Committee report. Renegotiation of the Van Ness ground lease is complete. The new lease rate for the next 10 years, effective July 1, 2003, will be \$90,000, a substantial increase over the current lease income.

Mr. Gruber also gave a brief update on the status of conversations with parties possibly interested in acquiring the Van Ness property. No action is required at this time.

Morgan Roof

Doug Day reported on the roof replacement. Sheet metal issues are still being addressed and will be resolved. The total project is considerably under the original budget and within the approved estimates. Only the fees to consultants have increased because the project has taken longer than originally expected.

Development and Sesquicentennial Committees

Mrs. Tudor reported on the Sesquicentennial celebrations. The events were very successful and The Heritage has received many compliments. The April 3 reception was attended by many members of the founding families who have been very positive about the experience. Mrs. Tudor acknowledged the Sesquicentennial Committee, including: Martha Nell Beatty, Jane Hickerson, Pam Tudor, Leighton Reid, Carolyn Barber, Marla Hastings, Barbara Moller, Puddy Mitchum, Laura Pilz, and Gayle Reynolds.

Mrs. Tudor expressed appreciation to Mrs. Hickerson for her effort to refurbish the Ladies' Powder Room in time for the event.

Underwriting support for the Sesquicentennial totaled \$30,000. Former members of the Board of Managers contributed approximately \$16,000; corporate partners including Bernstein and Sodeexo contributed \$6,000 and the Board contributed \$5,000. Expenses were \$34,000, slightly higher than originally projected due to higher costs on the book, primarily acquiring and retouching the photographs. Books (\$15), note cards (\$5), and post cards (\$5) are available for purchase and will contribute some additional revenue for the Sesquicentennial.

Development Committee

The annual report is being prepared. Board members are requested to add names to the mailing list for the report. Major donors for the Sesquicentennial will receive the annual report and a thank you letter; they will not be solicited for another donation.

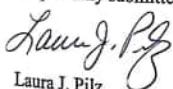
Next Meeting

Wednesday, May 21, 2003
4:00 – 7:00 PM

Adjournment

The meeting was adjourned at 6:20 PM

Respectfully submitted,



Laura J. Pilz
Secretary, Board of Directors

LJP:pg

**BOARD OF DIRECTORS
MEETING MINUTES
February 25, 2003**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, February 25, 2003, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Andrew Edwards, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tret, Pamela Tudor, James Wheary.

Directors excused: Douglas Day, Diane Richards

Staff Present: Marla Hastings, Executive Director

Carolyn Barber, Chairman Board of Directors, called the meeting to order at 4:05 PM.

Minutes of December 18, 2002

Three corrections to the minutes were noted:

1. Investment Report -Mrs. Barber noted that the following sentence was not clear, "Through use on an example of a \$10,000,000 portfolio and its subsequent value is an up year or down year market, over a four year period with timed withdrawals, Mr. Gridley suggested that we may want to time the authorization of capital expenses when the return to the portfolio is favorable, rather than automatically withdrawing a certain amount of the money each year." Lewis Gridley agreed to strike the sentence.
2. Real Estate Report -MAI was defined, Member Appraiser Institute
3. Real Estate Report - the final sentence, "After Mr. Edward's report, Doug Day summarized the status of the slate roof installation on the Morgan Building" was deleted because it was covered in the next paragraph.

A motion to approve the minutes as amended was made, seconded and passed unanimously.

Executive Committee

Mrs. Barber provided highlights of the January 22, 2003 Executive Committee meeting, at which Marla Hastings facilitated a review of the four recommendations of the 1999 Governance Study: (see minutes of January 22, 2003 Executive Committee for complete report.)

- I. Restructure the Board - The Executive Committee decided that The Society should not add Board members until several of the current projects, such as the long range plan, were completed. George Morris noted the Board needs a lawyer. The Executive Committee recommends the Board make an inventory of the skills needed on the Board and accept suggestions for candidates. The Executive Committee recommended a Board of 18 members for The Society.

Carol Livingston asked a question about odd versus even numbers. Mary Hauser suggested this did not appear to be a serious issue because most decisions are not so close as to be determined by one vote.

The Governance Report recommended an annual retreat for the Board. Mrs. Barber suggested the June meeting be a retreat. A discussion of the best timing for a retreat followed. Several dates will be developed and shared with the Board in the near future, as well as the suggested goal and content of the retreat.

The Governance Study recommended an annual opportunity for Board members to evaluate their service. The Executive Committee will look at this issue at its March meeting.

James Sherman raised the idea of Board education as an additional issue addressed at the time of the Governance Study. He suggested an afternoon session conducted by Mrs. Hastings prior to a Board meeting. James Wheary suggested a session with an outside facilitator to help the Board function more proactively. Mrs. Hastings noted that with Boards in other organizations she conducted Board education in two sessions: one on the physical operation and one on financials.

Finance Committee Report

Operating Statements - Connie Tiret reviewed the operating statement for January. Revenue was somewhat lower than budget due to a slightly lower census than budgeted, 3 Private Patients and lower Amortization of Entry Fees which is not a controllable revenue source. Operating expenses are better than budget as a result of lower maintenance expenses. Net Operating loss to date is \$18,740.

Mrs. Hastings clarified the census. The budget assumes a census of 108 residents. Current census is 105, with an additional 4 residents scheduled to move in during March, which should bring the resident total to 110, as one is a single moving into a double unit.

Investment Report - Mr. Gridley provided a recap of the portfolio performance in 2002 compared to market indices. The net portfolio decline of 2.6mm was primarily the result of change in market value (\$1.6 mm) and net money withdrawals (\$1.5mm). The portfolio continues to perform well relative to the market, but the decline in the market impacts The Heritage portfolio. Mr. Gridley attributed this decline in the market to the uncertainty over the economy and possible war. Pamela Tudor asked a question about how much decline The Society should accept. Mr. Gridley noted that a balanced portfolio is a good investment strategy for this type of portfolio and the market timing is not typically a successful strategy in the long term.

Pension Trustee Resolution - Mr. Morris introduced the following three motions to appoint Union Bank of California the Trustee on the employee pension plans:

Resolved: Union Bank of California, National Association, is appointed to serve as successor Trustee and Record Keeper for the Plan, subject to its acceptance in writing of such appointment.

Resolved: The Corporation indemnifies Union Bank of California, National Association, as successor trustee, its officers, agents, employees, successors, and assigns against all liabilities, claims, demands, and cost, including reasonable attorneys' fees and expenses of legal proceedings, arising out of any actual or claimed breach of fiduciary responsibility by the former trustee.

Resolved: The instructions pertaining to the Plan/Trust shall be signed with the Plan/Trust name followed by the signature of: (authorized signatures provided.)

The motions made by James Wheary and seconded by Mary Hauser, passed unanimously.

Public Charity/Exempt Foundation Status

Mr. Morris briefed the Board on discussions he held with attorney Filmore Rose, and the CPA firm regarding the Public Charity status of the organization. The Heritage Investment Income is expected to exceed 1/3 of total income in the near future. As a public charity, this income would be subject to a 1-2% excise tax. The Heritage appears to be eligible to apply for Exempt Private Operating Foundation status, which is not subject to this tax. A motion was made by James Sherman, seconded by Lewis Gridley, and passed unanimously, authorizing Mr. Morris to engage a legal firm and CPA firm to advise the organization on the most appropriate status for The Society.

Executive Director's Report

Mrs. Hastings reviewed several items included in her report, mailed in advance of the meeting. She noted that the first page of her report will always include the census information.

She reviewed the changes in the management team:

- Cindy Johnson became Controller effective January 1, 2003
 - Howard Conroy became Director of Environmental Services effective February 1, 2003.
- The management team is now six positions, reduced from eight. Mrs. Hastings noted that the management staff sees itself as a team and is trying to meet the assumptions of the budget.

She also summarized meetings she held with each department to review finances and support team building at all levels of the staff. She is getting good involvement and considerable input from many staff members.

Mrs. Hastings mentioned the efforts of the Strategic Planning Task Force which has held two meetings and is making substantial progress.

Finally, Mrs. Hastings briefed the Board on changes in the Continuing Care Statutes which include requirements to: conduct resident surveys twice a year, meet with residents 30 days prior to a fee increase and involve residents in the annual budget process.

Real Estate Committee

Mr. Edwards reviewed the status of negotiations on the Van Ness Ground Lease. The Real Estate Committee has engaged John Kaeuper, MAI and real estate broker in San Francisco, to represent The Heritage in the negotiation. Mr. Edwards noted that based on recent strength in the market, the new lease rate should be at least as good as the current rate and could be higher than the current

rate. The rate should be finalized by July 1, 2003 at the latest and will be in effect for 10 years.

Mr. Edwards also gave a brief update on the status of conversations with California Pacific Medical Center. A Letter of Interest was received several weeks ago. The Real Estate Committee did not consider the terms sufficiently attractive to recommend The Heritage make a formal counter proposal. Both Mr. Edwards and Mr. Sherman cautioned that this issue is highly confidential and should not be discussed outside the Board meeting.

Development and Sesquicentennial Committees

Mrs. Tudor's report focused on the Sesquicentennial celebrations. The events are very close to meeting the goal of being self-supporting. Underwriting support is currently at \$25,400, including pledges, with two additional outstanding requests. Expenses are projected at \$28,000, slightly higher than originally projected, due to higher costs on the book. The book will go to the printer this week.

The events are:

Thursday, April 3	Evening Reception 6:00-8:00 p.m.
Saturday, April 5	Resident and Neighborhood Open House 2:00-4:00 p.m.

One goal of the Sesquicentennial celebrations is to increase awareness about The Heritage. Board members are encouraged to provide names of people they would like to invite to the evening reception on April 3. These names should be submitted by Thursday, February 27. The format of the evening will be similar to the Christmas Party with a short program that will include: a look back at the history of the organization, comments about life at The Heritage from a resident, and a look to the future of The Society.

Mrs. Tudor asked all Board members to donate a case of wine for the reception. Checks, in lieu of a case of wine, should be to The Heritage by March 1.

Mrs. Tudor requested that the minutes include recognition and appreciation to Mrs. Robert Hiller, (Betsy) a former member of the Board of Managers, who passed away recently. Her obituary mentioned The Heritage. The Society has received contributions totaling \$1,500, in her memory.

Nominating Committee

Mrs. Hauser requested a motion to elect Laura Pilz secretary of The Society, to replace Katherine Cooper who resigned in December. This motion was made by Mr. Morris, seconded by Mrs. Mitchum and passed unanimously.

On behalf of the Nominating Committee, Mrs. Hauser introduced a motion to elect the following Directors to a second three-year term:

Douglas Day
Andrew Edwards
Elizabeth Mitchum
Pamela Tudor
James Sherman
James Wheary

The motion was passed unanimously.

Personnel Committee

Mrs. Livingston reported that the Personnel Committee had completed the 90-day review of the new Executive Director, Marla Hastings. Mrs. Livingston confirmed that following a very successful first 90 days, Mrs. Hastings is now a permanent employee of The Heritage.

Mrs. Livingston provided the Board with a package of material including the new review form and procedure the Board will use next October to conduct the annual review of the Executive Director. This approach will be used by Mrs. Hastings, as well, for employee reviews in the future.

Mrs. Livingston encouraged Board members to consider joining the Personnel Committee.

Mrs. Hauser asked about the Employee Appreciation Fund; who contributes and how it is distributed. Discussion of this item was deferred to later in the year when the issue is more timely.

Morgan Roof

Mrs. Hastings gave an update on the roof replacement project, in absence of Mr. Day. The contractor is completing the final punch list. All leaks and gutter issues appear to be resolved. The coping stones are being replaced. The project should be completed and the scaffolding removed by the Sesquicentennial events.

Adjournment

The meeting was adjourned at 5:35 p.m.

Respectfully submitted,

Laura J. Pilz
Laura J. Pilz
Secretary

**BOARD OF DIRECTORS
MEETING MINUTES
December 18, 2002**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Wednesday, December 18, 2002 at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Douglas Day, Andrew Edwards, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, Elizabeth Mitchum, George Morris, Laura Pilz, Diane Richards, James Sherman, Bruce Scollin, Connie Tiret, Pamela Tudor

Directors Excused: Carol Livingston, Elizabeth Stanners, James Wheary

Staff Present: Marla Hastings, Executive Director; Gayle Reynolds, James Freund, Controller

Minutes of October 29, 2002

A motion to approve the minutes of October 29, 2002 was made, seconded and passed unanimously.

Executive Committee

Mrs. Barber reported that at the Executive Committee meeting of November 20, 2002, a committee was formed, to be chaired by Marla Hastings, Executive Director, to develop a five year Long Range Plan and a one-year Strategic Plan for The Heritage. Current committee members are Carolyn Barber, Laura Pilz and Diane Richards with the hope that Molly Hauser and James Sherman will be able to continue their work on this committee.

Any Board members wishing to join the committee are welcome. Work is to commence in January with a draft plan target date of April. Mrs. Barber also announced that the Board Governance Study Report will be reviewed for further implementation.

Finance Committee Report

2003 Budget

George Morris reviewed the budget for 2003, highlighting several areas where operating losses were reduced with no resulting compromise in The Heritage's high level of service. Major changes include the reorganization of some departments resulting in increased efficiency in the

use of staff. Mr. Morris thanked James Freund, Marla Hastings and Laura Pilz for their excellent work in the budget's development. Mr. Morris also emphasized that the goal in budget management is to draw down 4% of the value of the portfolio for operating expenses in 2003, with a future goal of reducing the draw down amount to 3% over time. A motion to approve the 2003 budget was made, seconded and passed unanimously.

Presentation

Mrs. Barber presented outgoing controller, James Freund, with a certificate of appreciation for his sixteen years of service to The Heritage. A heartfelt round of applause was offered by all. Mr. Freund excused himself from the meeting.

Investment Report

Lewis Gridley distributed a summary outlining current value, allocation (as of 12/17/02) and the performance results (through 11/30/02) of the portfolio. While the U.S. equities and international equities portions of the portfolio are down for the year, the U.S. equity portion continues to outperform the S&P500 and the foreign markets investments have done better than the EAFE market index. The taxable bonds continue to be the laggard segment of the portfolio in comparison to the Lehman Taxable Bond results. Mr. Gridley suggested that a 3% draw down of portfolio value for operational expenses should be our target, agreeing with Mr. Morris.

Executive Director's Report

Marla Hastings discussed resident census figures and then described current project highlights. More details of the 2003 budget were provided. Mrs. Hastings will meet in January with each department to listen to staff and to enhance their understanding of the budget. Mrs. Hastings also discussed the roof project and the importance of governance study follow-up.

Real Estate Report

Andy Edwards, Chairman of the Real Estate Committee, discussed the status of the rent-setting process for the Lease at the Cathedral Hill Hotel property on Van Ness Avenue. The ground rent is periodically determined by two appraisers, one representing the Lessor and the other representing the Lessee. The current adjustment process commences on January 1, 2003, and the new rent is to be effective as of July 1, 2003. After discussions with numerous real estate brokers, there were only a few who met the precise qualifications required under the terms of the Lease. Following considerable screening and several personal interviews, the Real Estate Committee recommended, and the Executive Committee approved, the appointment of John Kaeuper of J. Kaeuper & Company to represent The Society in the rent-setting negotiations. In addition to being a well established licensed real estate broker based in San Francisco, Mr. Kaeuper also holds the MAI (Member Appraisers Institute) credential, which is the professional appraisal certification that is earned by many years of course study and exams. The Lessee will be formally notified of Mr. Kaeuper's appointment prior to year-end, as required under the Lease. Mr. Edwards also mentioned that in recent months he had inquiries from various interested parties regarding the availability of the property. He will continue to field all inquiries and keep the Board apprized of any significant interest or opportunities.

Morgan Roof Update

Douglas Day reported on the status of the Morgan roof project. Leaks have occurred with recent storms but the response and subsequent repairs by the contractor and consultant have been immediate. Any resulting damage from leaks is the responsibility of the contractor. The work on the roof replacement is near completion.

Development/Sesquicentennial

Pamela Tudor announced that donations are currently at \$38,000 compared to \$8,500 last year. This is due to increases in donations from the mailing of the Annual Report, greater resident giving, more memorials, and monies from a special individual donor who was interested in senior care and had been educated about The Heritage. The DeBatz Grant of \$10,000 also came in this year. The Sesquicentennial celebration has received \$12,000 for underwriting. The booklet on the history of The Heritage by Ashley Chase is also well underway with the final draft to be completed by the middle of January. Five thousand dollars has been received to underwrite the printing of this booklet. Mrs. Tudor concluded by thanking her committee and The Heritage staff for their support.

Adjournment

Mrs. Barber wished everyone "happy holidays." Words of appreciation and applause were given to Mrs. Barber for her leadership during 2002. The meeting was adjourned at 5:45 p.m.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:pg

**BOARD OF DIRECTORS
MEETING MINUTES
October 29, 2002**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, October 29, 2002, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Andrew Edwards Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, Laura Pilz, Elizabeth Stanners, Connie Tiret, Pamela Tudor, James Wheary

Directors Excused: Martha Nell Beatty, Katherine Cooper, George Morris, Diane Richards, James Sherman, Bruce Scollin

Staff Present: Marla Hastings, Executive Director

Mrs. Barber, Chairman Board of Directors, called the meeting to order at 4:35 pm. She introduced and welcomed Marla Hastings as the new Executive Director. Board members introduced themselves and provided a brief background on their professional experience and involvement with The Heritage.

Minutes of September 17, 2002

A motion to approve the minutes of the September 17, 2002 meeting was made, seconded and passed unanimously.

Finance Committee Report

Operating Statements – Mrs. Tiret reviewed the operating statement for September. There were no significant changes from the prior month. Fewer private patients continue to be the cause of revenue lower than budget. Operating expenses are better than budget as a result of lower expenses for employee benefits and medical insurance and some expense reductions in staffing in the health center.

Investment Report – Mr. Gridley provided a brief background on the investment management of the portfolio and the relationship with Bernstein as the investment manager. The portfolio is invested in three types of investments: equities, bonds, and international equities. The equity portion of the portfolio is in line with the general market as measured by the S&P index for the first nine months of 2002. The international equities, although down 14.6% in value, have out-performed the market index which is down 24.3%. Bonds are the weakest segment of the portfolio, but they are also the smallest part of the portfolio as currently allocated. The cumulative result is that the

portfolio is outperforming a difficult market. Mr. Gridley commented that The Heritage was fortunate to have moved to a value investment approach when it did.

Several questions were asked about the allocation in bonds and the returns on bonds. While bond yields are assured, they are historically lower than returns on equities and do not generate adequate total return to support the needs of the organization. Mr. Gridley noted that during the 1990s when the portfolio was growing, many capital projects were funded from the portfolio. Taking cash out when the portfolio is not growing reduces the resources available to the organization. The portfolio allocation will be reevaluated by the Investment Committee after the budget and cash requirements for 2003 are finalized.

Mr. Wheary encouraged all Board members to attend the Bernstein investment conferences to get educated about the market.

2003 Budget - Ms. Pilz reviewed the schedule for finalizing the 2003 budget. A draft has been prepared by the staff and reviewed with the Finance and Executive Committees. Ms. Hastings will review and revise this draft budget and bring the final budget to the Board for approval at the December meeting.

License Transfer

Mrs. Barber asked for a motion to transfer Ms. Hastings' licenses for the Skilled Nursing Facility and the RCFE to The Heritage. A motion made by Mr. Wheary and seconded by Mr. Day passed unanimously.

Development and Sesquicentennial Committees

Mrs. Tudor thanked the Board for their 100% participation in support of the Sesquicentennial celebrations. In addition to the Board, several staff members made contributions of \$150 and the total exceeds \$5,000.

Letters are being sent to a select group of key supporters of The Heritage, and five large vendors, to ask them to provide underwriting for the Sesquicentennial.

The booklet on the history of The Heritage is being written by Ashley Chase. She is working from a detailed project scope document the Sesquicentennial Committee put together. She will deliver an outline by 11/12, a draft of the text by 12/15 and final text by 1/15/03.

One goal of the Sesquicentennial celebrations is to broaden the base of support for The Heritage. By the end of January, Board members are asked to provide names of people who should be invited to the events.

Mrs. Tudor reviewed the other development programs the committee is sponsoring. Three Appreciation Luncheons have been held. Two residents who have given significant contributions were among the October guests. The annual gift letter will be sent the first week of November. All Board members are expected to contribute to maintain our success of 100% Board participation. Development efforts so far this year

have shown encouraging results, generating over \$25,000 in contributions, even before the annual gifts request has been sent out.

Mrs. Livingston asked that Board members receive a list of the people who will be sent the annual gifts letter so Board members can help with follow up and reinforce the requests for support.

Morgan Roof

Mr. Day gave an update on the roof replacement project. The project is moving somewhat slower because more slate is on order. Sheet metal work will proceed in the intervening time. The project continues to be comfortably under budget.

Other Business

Visits to other Senior Facilities

Ms. Pilz reported on visits she and Gayle Reynolds, Admissions and Marketing Director, made to two senior residences in the East Bay: St. Paul Towers and Lakeside Park. St. Paul is completing a \$30 million updating of its facility to meet the needs of a changing senior population. Lakeside Park is a new dementia facility with very attractive units for specialized care. Ms. Pilz encouraged other Board members to visit competing facilities and suggested they use The Heritage van to transport groups of Board members on field visits in 2003.

Abuse Training

Ms. Hastings provided a brief update on her review of the organization's abuse reporting procedures. She will conduct additional in-service training with the staff to assure that the recent Department of Justice processes are understood and implemented.

Adjournment

The meeting was adjourned at 5:50 pm. Our next meeting will be Wednesday, December 18, 4:00 6:00 p.m., in the Theater Room. The meeting will be followed by The Heritage Holiday Party in Morgan Hall from 6:00 – 8:00 p.m.

Respectfully submitted,

Laura J. Pilz
Laura J. Pilz

LJP:pg

**BOARD OF DIRECTORS
MEETING MINUTES
September 17, 2002**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, September 17, 2002, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Douglas Day, Andrew Edwards, Lewis Gridley, David Gruber, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, James Sherman, Connie Tiret, Pamela Tudor

Directors Excused: Molly Hauser, George Morris, Diane Richards, Bruce Scollin, Elizabeth Stanners, James Wheary

Staff Present: Laura Pilz, Interim Director

Mrs. Barber, Chairman, Board of Directors, called the meeting to order at 4:35 pm.

Executive Committee

Mrs. Barber reported on several items discussed at the Executive Committee meeting of September 11. She advised the Board that the Executive Committee asked Laura Pilz to stay on as Interim Director until October 25. Considering the number of projects in progress and concerns the staff have expressed about operating without a director, the Executive Committee determined this would be in the best interest of The Heritage. Laura will be away from The Heritage September 25- October 9, and return October 10-25. Marla Hastings will officially start as Executive Director on October 28.

Mrs. Barber also reported on several room remodel projects the Executive Committee reviewed at its September meeting. Rooms 230 and 234 will be combined into a couple's suite to accommodate a prospective resident's physical requirements. The second remodel involves incorporating an unused public bathroom and housekeeping closet into a single room to make a larger living space. The Executive Committee approved both of these projects in an effort to make The Heritage units more competitive in the market.

Minutes of August 27, 2002

A motion to approve the minutes was made, seconded and approved unanimously.

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Minutes of August 27, 2002

A motion to approve the minutes was made, seconded and approved unanimously.

Interim Director's Report

Ms. Pilz commented on several projects and issues the staff is currently working on.

The Disaster preparedness meeting was held this morning to review issues related to both individual resident's responsibility for their safety and property and the systems and processes The Heritage has in place to help and protect residents in case of emergency. This was the third resident forum held in recent months and was attended by over 50 residents. Based on the increasing attendance and positive feedback, Ms. Pilz suggested these forums be held on a periodic basis in the future.

The preliminary budget was reviewed by the Finance Committee on September 4. Staff has identified a number of opportunities to reduce the operating deficit and increase the efficiency of the organization. The next budget review will be September 24 with the Finance Committee, followed by a review with the Executive Committee in October.

Mr. Sherman asked for a document outlining the recommended changes and assumptions in the budget. Ms. Pilz agreed to provide this as part of the budget process

The meal price for the Public Nutrition Program should be finalized in the next several weeks. The city's Commission on Aging has approved Self-Help for the Elderly's request to increase their meal donation price. This should permit The Heritage to increase meal price to \$3.05, although not the full \$3.10 in the 2002 budget. The staff is also working to reduce The Heritage costs associated with the meal production to help our financial position.

Financial Reports

August Financial Statements

Ms. Tretiak reviewed the August financial statements. She noted there were no major changes from the prior month.

- Year-to-date Net Operating Deficit is \$25,000 better than plan, partially due to over budget in workers comp and benefits.
- Total revenue is \$180,000 under budget, primarily due to: (1) lower number of Private Patients which cannot increase due to the high occupancy level in the Health Center, (2) lower Public Nutrition Program revenues which are down as a result of lower meal counts and a lower price per meal than budgeted

Investment Report

Mr. Gridley noted the investment portfolio, although down, continues to out-perform the market in both stocks and bonds. In response to a question about realigning the portfolio, Mr. Gridley indicated the Investment Committee will consider this issue after the budget and cash flow needs for next year are determined.

Development and Sesquicentennial Committees

Annual Report

Mrs. Tudor reported that the Annual Report has been very well received. Several donations totaling \$1500 have been the direct result of the Annual Report mailing.

Mrs. Livingston asked that The Heritage tax ID be included in donation solicitation material.

Total contributions are up this year. Contributions year to date are \$18,000. Last year at this time contributions were \$4,000. Mrs. Tudor noted this confirms that The Heritage has touched people's hearts and they are responding.

Annual Giving Letter

Mrs. Tudor discussed the annual giving letter which will be sent out in early-November. In 2001 this letter generated \$15,000 in contributions. She noted, if we do as well this year, we will have doubled our total results in the year 2002.

Mr. Day suggested the organization develop a list of things for which we need support so we can present these to prospective donors.

Resident Program

Gayle Reynolds and Laura Pilz are developing a program to enlist the help of a small number of influential residents to sponsor an effort to generate bequests from residents. The staff will meet with these resident leaders over the next month to help shape the resident message. An article in The Heritage resident newsletter will ask who has already remembered The Heritage in their will. The approach will be a subtle cultivation process to lead up the forming the Heart of the Heritage legacy giving society.

The Sesquicentennial Committee

Mrs. Tudor noted the correct dates for the April events planned for the Sesquicentennial are:

- Reception, April 3, 2003 for invited guests
- Open House, April 5, 2003 – for residents and their families, neighbors

Estimated cost for the events and the development and production of the booklet are \$15,000-\$18,000. We will approach a select group of past friends of The Heritage (10-15 donors) for gifts of: \$1000, \$2500, and \$5000 to underwrite the event. A letter will be sent in mid-October to these donors.

Mrs. Tudor discussed how important it is that the Board shows its support for these events before major donors are contacted. She asked all Board members contribute at least \$150, a dollar for every year the society has been in existence, to the Sesquicentennial fund. The attending Board members were asked to write a check or sign a pledge card and pass it to Laura Pilz, the Interim Director, before the end of the meeting. Pledge cards will be mailed to directors not in attendance. Mrs. Tudor noted for the record, the current Board is part of a large group of individuals who have supported the organization since 1853.

Real Estate Committee

Van Ness Property

Mr. Edwards updated the Board on the renewal of the ground lease for the Van Ness property. The lease renewal for the next ten years must be finalized by June 30, 2003. In January, the Real Estate Committee will engage a licensed appraiser and licensed real estate broker as required under the lease, to determine the appropriate rent. Mr. Edwards noted the rent cannot be lower than the current rate which gives The Heritage protection.

In response to several questions about the rate, Mr. Edwards indicated that the current rate is somewhat below market, but represents a doubling of the rent paid in the prior period. He also commented on the depressed state of the commercial real estate market. The appraisal is important to tell us where we are relative to the current market.

Morgan Roof

Mr. Day updated the Board on the Morgan reproofing project. He noted the project is 30% complete and proceeding very well. The contractor has started to install slate which will show changes quickly. Other than the coping stone issue encounter early-on, nothing unexpected has developed. The project should be completed for approximately \$400,000, significantly less than the \$590,000 originally approved.

Transition Committee

Mr. Sherman reviewed a revised plan for the transition, orientation and welcome of the new Executive Director, Marla Hastings, in late October. Mr. Sherman, Mrs. Barber and Mrs. Richards had dinner with Ms. Hastings in early September to begin to welcome her to The Heritage.

Mr. Sherman asked the Board to review the briefing groups and let him know of any changes in assignment. The briefing sessions will take place in early November after Ms. Hastings is officially at The Heritage. The groups have about 5 weeks to meet and outline the messages and issues in their area of interest.

Several questions were asked about measurement and evaluation of the Executive Director. Mr. Gridley confirmed the Search Committee had considered this issue and set up a 90-day review period. It was generally agreed the Executive Committee would be responsible for conducting the review.

New Business

Ms. Pilz thanked the Board for the opportunity to serve The Heritage as Interim Director and for the very generous support exhibited by Board, staff and residents. She also expressed her appreciation for the lovely tea in her honor this afternoon.

Ms. Pilz was excused from the meeting. The Board unanimously elected her to return as a member of the Board of Directors upon the completion of her duties as Interim Director on October 25.

Adjournment

The meeting was adjourned at 6:15 pm.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:pg

**BOARD OF DIRECTORS
MEETING MINUTES
August 27, 2002**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, August 27, 2002, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Lewis Gridley, David Gruber, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Diane Richards, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, James Wheary

Directors Excused: Douglas Day, Andrew Edwards, Molly Hauser, Henry Howard, Bruce Scollin,

Staff Present: Laura Pilz, Interim Director

Mrs. Barber, Chairman, Board of Directors, called the meeting to order at 4:07 pm.

Minutes of April 23, 2002

The following corrections to the minutes of April 23, 2002 were noted:

- Correct spelling of names: Bruce Scollin and Puddy Mitchum
- Chairs of the Sesquicentennial Committee: Martha Nell Beatty, Jane Hickerson and Pam Tudor
- Major Donor Luncheon: held in the Health Center garden (not the courtyard.)
- New Business – Allyne Bed: last word in first line should read "known"

A motion to approve the minutes as modified was made, seconded and approved unanimously.

Minutes of Special Meeting of July 22, 2002

Minutes of the Special Meeting of July 22, 2002, were accepted as presented.

Emeritus Member of the Board

A motion was made by Mrs. Mitchum and seconded by Mrs. Hickerson, to make Mr. Henry Howard an emeritus member of the Board of Directors. Board members acknowledged his extensive service to The Heritage over several decades, including serving as Chairman of the Board of Trustees, providing for the DeBatz Grant to support art programs at The Heritage and working with his colleagues in the legal community to create bequests for The Heritage. It was noted that Mr. Howard's many contributions were acknowledged several years ago at a dinner in his honor. The motion passed unanimously.

Interim Director's Report

In addition to the written report provided to the Board in advance of the meeting, Ms. Pilz noted several issues the staff is currently working on:

1. The practicality and estimated cost of converting bathtubs to showers in several rooms/suites to accommodate the physical needs of prospective residents.
 2. The July 1 restructuring of rates for couples and residents in couple's suites created several vacancies in suites. The Marketing Director and Interim Director are developing a Marketing Plan to increase occupancy.
 3. Security continues to be a topic raised by residents as a result of the elimination of the daytime guard at the Health Center door. The underlying resident issues go beyond safety and are related to convenience and service. Staff is monitoring these resident concerns to determine if adjustments in the security arrangements are required.
- It was noted the census in the Health Center is higher than in the recent past due both to more permanent residents and several temporary residents recovering from various medical events.
- A correction to the Interim Director's report on the current price of the Chinatown meals was noted: current price is \$2.95 and not \$2.05 as indicated in the report.

Financial Reports

July Financial Statements

Mr. Morris reviewed the July financial statements. He noted the following specific items:

- The budget includes a Net Operating Deficit of \$297,000
- Total revenue is \$168,000 under budget, primarily due to Private Patient Fees which are \$146,000 under budget
- Operating Expenses show a positive variance of \$158,000 through seven months, due to timing differences, categories in the budget which were overestimated and some cost saving in staffing levels

Investment Report

Mr. Morris noted the investment portfolio performance after management fees is down 4.5% which is better than the market; the S&P is down 19%. Although the portfolio has lost \$1.2 MM in value, considering current market conditions, this is effectively "treading water." Mr. Morris expressed continued confidence with the management provided by Bernstein.

Board Financial Roles

Mr. Morris acknowledged that Randy Gridley has assumed the role of Chair of the Investment Committee and Connie Tiret will be responsible for the financial reporting and budget of the organization.

Development and Sesquicentennial Committees

Mrs. Tudor referred the Board to the Executive Summary of the Development plan which was included in the pre-meeting material. The plan was commissioned by the Board and prepared by Development Consultant Laura McCrea. The full plan is available for anyone who wants a copy.

Mrs. Tudor explained that the plan is designed to build a solid base of donors for The Heritage. The current donor group is approximately 110 contributors. The plan is essentially a 6-month plan; the Development Committee has begun to implement many of these programs.

The Board received a copy of the Annual Report which acknowledges the contributions of the many friends of The Heritage. The report will be mailed to the donor base, provided to the residents and used in both marketing and development. Mrs. Tudor requested that the Board formally acknowledge the excellent work of Gayle Reynolds who managed the Annual Report development and production.

Mrs. Tudor reported on the series of Donor Appreciation luncheons. The first was honoring the Health Center garden supporters on May 30 and a second luncheon on August 22 honored people who have supported The Heritage in a variety of programs. The next luncheon will be September 12.

The Sesquicentennial Committee

The Sesquicentennial Committee report included an update on the history of The Heritage book project. The committee has determined that publication of the donated manuscript is not in the best interest of The Heritage. The committee is developing an alternate concept, a smaller booklet written by a professional writer, which will be considerably less expensive and time consuming to produce. Mrs. Tudor shared a concept document with the Board.

The primary events planned for the Sesquicentennial are unchanged and include:

- Reception, April 4, 2003 for invited guests
- Open House, April 6, 2003 – for residents and their families, neighbors

Mr. Wheary asked for confirmation that the events will be self-supporting. Mrs. Tudor confirmed that donations will be requested to fund the events.

Transition Committee

Mr. Sherman reviewed a preliminary plan for the transition, orientation and welcome of the new Executive Director, Marla Hastings, in mid-late October. The plan includes a series of meetings with members of the Board and staff to review key issues and programs of The Heritage. Mr. Sherman recommended that these groups meet in advance of their meeting with Ms. Hastings to prepare briefing material and agree on objectives and issues.

The timing of these meetings received considerable discussion and will be flexible until Ms. Hastings start date is finalized. Mr. Sherman and Mrs. Barber will contact her to discuss her preferences and availability. Mr. Sherman will revise the plan and distribute to all Board members.

Board of Directors' Retreat

Ms. Pilz distributed a package of material that recapped the strategic scenarios and discussions from the Board retreat.

New Business

Mrs. Barber proposed that the October Board meeting be moved to October 29 so Ms. Hastings can attend. The Board agreed with the proposal.

Mrs. Barber reminded the Board the next meeting will be September 17 at 4:30 pm. It will be preceded by a tea at 3:30 pm to thank Laura Pilz for her contribution as Interim Director for the past several months.

Adjournment:

The meeting was adjourned at 6:15 pm.

Katherine Cooper



THE HERITAGE

A Life Care Retirement Residence for Women and Men

MINUTES

Special Board Meeting

July 22, 2002

Theater Room

Present: Barber, Sherman, Livingston, Cooper, Morris, Beatty, Day, Edwards, Gridley, Gruber, Hauser, Mitchum, Scollin, Stanners, Tiret, Tudor and Wheary. Connie Shapiro of Connie Shapiro Consultants.

Absent: Hickerson, Howard, and Richards

The meeting was called to order at 3:00 p.m. Connie Shapiro explained the agenda and the procedure for presenting the two finalists for Executive Director of The Heritage. Each finalist had forty-five minutes to make a presentation to the Board, answer questions from the Board and to ask questions of the Board. Fifteen minutes followed for an informal session with the Board members and the candidate (iced tea, water or wine and fruit and cookies were served).

Marla Long Hastings was the first presenter. Laura Pilz, the interim director of The Heritage, was the second.

A lengthy Board discussion ensued and the strengths and weaknesses of each candidate were recorded by Connie Shapiro acting as facilitator. Connie Shapiro reported the Staff's meeting with the candidates and their recording of the strengths and weaknesses. A written ballot was taken. Marla Long Hastings received the majority.

The Board expressed pleasure at the excellence of each candidate and the excitement of beginning a new chapter at The Heritage. The meeting was adjourned at 7:40 p.m. with sincere thanks to the Search Committee, Connie Shapiro Associates and to the Board for their diligence and patience throughout this lengthy process.

Respectfully submitted:

*Carolyn Barber,
Chairman*

**BOARD OF DIRECTORS
MEETING MINUTES**
April 23, 2002

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, April 23, 2002, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Lewis Gridley, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Diane Richards, James Sherman, Elizabeth Stanners, Pamela Tudor

Directors Excused: Martha Nell Beatty, Katherine Cooper, Andrew Edwards, Henry Howard, Bruce Scolin, James Wheary

Staff Present: Laura Pilz, Interim Director

Carolyn Barber, Chairman, Board of Directors, called the meeting to order at 4:07 pm. Mrs. Barber reported that the staff and residents are happy with the appointment of Laura Pilz as Interim Director.

Minutes of February 26, 2002

Mrs. Barber noted the following corrections to the minutes of February 26, 2002:

Compensation Committee – delete the last sentence which reads: "There was general agreement that the recommendation to amend the budget by \$55, 000 be adopted." Mrs. Barber noted that the recommendation was postponed at the February meeting.

Nominating Committee – delete the phrase "pending her interviewing of him." at the end of the third paragraph.

Mary Hauser made a motion to approve the minutes as amended. The motion passed unanimously.

Morgan Roof Project

Douglas Day reported that at the February Board meeting, the Ad Hoc Morgan Roof Committee was authorized to commit to a contract not to exceed \$500,000 for replacement of the Morgan building slate roof. Mr. Day reported that the combined estimates for the roofing contractor, Western Roofing Services, and the engineering consultant, Simpson Gumpertz & Heger Inc., total \$400,000, including \$50,000 for additional expenses not yet identified in detail. Mr. Day reviewed the selection process and provided credentials on Western Roofing. Bids were solicited from five companies; four companies submitted a bid on the project. Western was the lowest bid due to the efficient way they manage the project. Western is a national firm, based in San Francisco. Copper repair and replacement will be done by a firm from Fresno, working with Western.

The slate color has been selected by the Ad Hoc Committee. As the material is a natural stone, it will have variations in the color. The contractor will not begin removal of the current roof until the slate is in transit. Every effort is being made to minimize the inconvenience to the residents. Work is expected to begin in 3-4 weeks and should continue for 3 months.

Financial Reports

Mrs. Barber reminded the Board that James Wheary announced at the December meeting that he would be stepping down from the CFO position and had recruited George Morris to become the CFO. A motion was made and seconded (Mitchum/Day) and carried unanimously that George Morris become the CFO.

Audited Financial Statements

Mr. Morris began his report with a review of the audited financial statements of the society. He noted the following specific items:

Balance Sheet - representing what the society owns, owes and net worth

Total Assets of \$30,124,000 include:

- \$26MM investment portfolio
- Van Ness and Laguna Street properties at cost, not fair market value.

Total Liabilities of \$30,124,000 include:

- \$2.2 MM in unamortized accommodation fees (entrance fees collected at the time a resident moves to The Heritage and amortized over the life of the residents)

Total Net Assets of \$27,441,000 represent the net worth of the society and are understated due to the valuation method on real estate assets

Statement of Activities - presents revenue and expense comparisons for two years

Total Operating Revenue of \$3.3MM is fairly consistent with prior year

Total Operating Expenses are \$5.7MM

Operating Deficit of \$2.439MM in 2001 compares to \$2.169MM in 2000

Dividends and Interest of \$1,401,000 are large in 2001 because income was deferred from 2000 to meet income tests

Rental Income is from the Van Ness property and the Francisco Street flats
Donations and Bequests of \$16,000 in 2001 are the result of the annual gifts letter
in December and the \$89,000 in 2000 is the result of an estate settlement
from a prior bequest.

Mr. Morris noted that the total loss would have been substantially greater if income from 2000 had not been deferred. He also noted the decline in Total Net Assets from \$28MM in 2000 to \$27MM in 2001. In summary he indicated the society must focus on raising revenue and reducing costs; 70% of the costs are labor related.

Mr. Sherman asked a question about the auditors' opinion letter and previous reference to internal controls. Mr. Morris confirmed that there are no internal control issues the Board needs to consider at this time.

March 2002 Operating Statement

Mr. Morris reviewed the March 2002 financial statements. The annual budget shows revenue of \$3.7MM, expenses of \$6.1MM and an operating loss of \$2.4MM. Net investment income is projected to be \$1.2MM and a Net Loss of approximately \$300,000 for the year.

Mr. Morris pointed out that Private Patient fees are budgeted to be a significant income item. As of March, this item is considerably below budget. It was requested that the staff work on a plan to address this issue. Miss. Pilz will provide a Private Patient capacity utilization report and plan to the Board at the next Board meeting.

Investment Report

Mr. Morris reviewed the investment portfolio performance. Sanford Bernstein has managed the portfolio since July 2000. The Investment Committee receives monthly performance reports. Mr. Morris will request Bernstein send this report to the full Board.

The portfolio is 60% equities and 40% fixed income. The performance of the portfolio is measured relative to industry benchmarks: The Russell 1000 Value for equities, the Lehman Aggregate for bonds and the EAFE Half-Hedged index for international equities. Mr. Morris stated he is pleased with the performance of Bernstein. The portfolio is holding steady which is good considering market conditions.

Compensation Committee

Laura Pilz presented a recommendation to increase salaries for selected job functions and create a small fund for one-time awards for employees who make contributions beyond their normal job scope. Miss Pilz reviewed recent salary increase history including the wage freeze imposed at the time of the 2002 budget preparation. The Compensation Committee had considered a larger fund for increases, \$55,000, at meetings earlier this year. Based on current analysis, Miss Pilz presented a request for a total of \$10,000 (The recommendation is attached.) A motion was made, seconded (Sherman/Hauser) and passed unanimously to accept this compensation recommendation.

Search Committee

Carol Livingston, Chair of the Search Committee, announced the members of the Search Committee include: Diane Richards, James Wheary, Lewis Gridley, and Laura Pilz. Mrs. Barber will also be involved in the initial stages. The Committee has identified four firms and will send an RFP to those firms by Thursday. Responses will be requested by May 3 and the committee will meet to select the search consultant the week of May 6. The committee's objective is to move quickly to identify candidates and to interview candidates the second week of July.

Mrs. Livingston read several comments from the residents. Mrs. Barber had asked them to suggest the qualities they would like to see in a new Executive Director. A brief discussion of the job market and salary considerations followed.

A motion was made, seconded (Morris/Mitchum) and carried to give the Search Committee the authority to make the selection of the search consultant for The Heritage search.

Development Committee

Pam Tudor presented the Development Committee report.

The Sesquicentennial Committee

The Sesquicentennial Committee, chaired by Marth Nell Beatty, Jane Hickerson, and Putty Mitchum, has identified two events to mark the sesquicentennial of The Heritage in April 2003.

- Early Evening Reception, April 4, 2003 – honoring an individual who has made a significant contribution to the elderly; the Committee hopes to identify the individual by next month and welcomes suggestions of a person to honor. There will be a fee to attend the event; the objective is to make the event self-supporting.
- Open House, April 6, 2003 – for residents and their families, neighbors

A possible third event for the sesquicentennial is a book signing and reception in honor of the publication of the history of The Heritage.

Development Activities

The Development Committee is working to build continuing relationships with donors. To support that goal, the committee is developing several programs: an Annual Report available in June and a Fall Seminar related to the elderly to thank donors and friends.

The Development Committee is also working on a program to encourage bequests to The Heritage. Mrs. Tudor reported that no new bequests have been made for 3-4 years and Memorials have nearly disappeared. The Development Committee met with Leighton Reid, President of the Residents' Council, to begin a dialogue with the residents regarding bequests to The Heritage.

Additional efforts to support development include: Gayle Reynolds, the Director of Admissions, Marketing and Development, is attending a Planned Giving course and Patti Gallagher, Administrative Assistant, has attended a seminar in Fund-raising Basics.

Major Donor Luncheon

Jane Hickerson reported on lunch planned for May 30 in the courtyard of The Heritage to honor major donors. In addition to major donors, invitees will include: the Board, Residents' Council President, and the Garden Committee. It was suggested that former Trustees be invited. Mrs. Hickerson and Mrs. Richards will follow-up.

Board of Directors Retreat

Laura Pilz introduced plans for a Board retreat Friday, June 21. A discussion of the purpose and content of the retreat concluded that the day should be educational and focus on immediate and tangible subjects in preparation for working with a new Executive Director. It was noted that this year's retreat should build on, but not repeat, the strategic work done at the last retreat 18 months ago. Board members are asked to send ideas for topics to Laura Pilz.

New Business

Allyne Bed -- Mrs. Richards inquired about current utilization of the endowed bed, known as the Allyne Bed, at Children's Hospital. Laura Pilz agreed to research the terms and status of the endowment and report to Mrs. Richards and Mrs. Hauser. Based on the findings of that research, Mrs. Hauser agreed to speak to the hospital administration on behalf of The Heritage.

Executive Committee Meeting -- the date of the next Executive Committee meeting was rescheduled to Tuesday, May 21 at 4:30 pm at The Heritage.

Adjournment

The meeting was adjourned at 5:55 pm.



BOARD OF DIRECTORS
MEETING MINUTES
April 15, 2002

A special meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Monday, April 15, 2002 at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Douglas Day, Andrew Edwards, Lewis R. Gridley, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, Laura Pilz, Diane Richards, James Sherman, Elizabeth Stammers, Pamela Tudor, James Wheary

Directors Excused: Henry Howard, George Morris, Bruce Scollin

Carolyn Barber, Chairman, Board of Directors, called the meeting to order at 4:00 p.m.

Mrs. Barber introduced Randy Gridley, a new member of the Board of Directors and Connie Shapiro, President of Connie Shapiro Associates, an interim director and recruitment firm.

Today, April 15, marks the twentieth anniversary of Barbara McGinley's employment at the Heritage and the date of her retirement. The Board expressed their gratitude for her years of service to the Heritage and her thoughtful and caring attitude to the residents. A celebration and an appropriate gift are being discussed.

Interim Director: With the issue of the Nursing Home Administrator (NHA) license and the Residential Care Facility for the Elderly (RCFE) license resolved by naming Cynthia Johnson as the Acting Administrator, the Board may offer the position of interim director to a person not holding the NHA and RDCE licenses. Laura Pilz has been employed for over twenty years in corporate management, has a background with The Heritage both as a member of the Trustees and currently the Board of Directors, and is available for the next three months. A motion was made, seconded (Sherman/Mitchum) and carried to appoint Laura Pilz Interim Director. Mrs. Barber accepted Ms Pilz's resignation from the Board of Directors for the period of time that she will be employed as an independent contractor at The Heritage.

Connie Shapiro facilitated a discussion of areas that need attention here at The Heritage and must be addressed by the Board and the permanent Executive Director. A lively exchange of ideas followed. The Board made two recommendations. The entire Board will interview the final candidates for Executive Director and the position will be Executive Director not Chief Executive Officer. Ms. Shapiro's notes were included in your Board packet.

Board members were asked to volunteer for the Search and Transition committees.

Carol Livingston will chair the Search Committee. Members will be: Barber, Gridley, Richards, Wheary and Pilz.

James Sherman will chair the Transition Committee. Members will be: Barber, Tudor, and Pilz.

The regular Board meeting will be Tuesday, April 23rd at 4:00 p.m. The meeting was adjourned at 6:15 p.m.

Respectfully submitted:

Carolyn Barber

Carolyn Barber
Chairman

**BOARD OF DIRECTORS
MEETING MINUTES
February 26, 2002**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Wednesday, February 26, 2002 at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Douglas Day, Andrew Edwards, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, James Sherman, Elizabeth Stanners, Pamela Tudor

Directors Absent: Henry Howard, Laura Pilz, Diane Richards, Bruce Scollin, James Wheary

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions

Carolyn Barber, Chairman, **Board of Directors**, called the meeting to order at 4:40 pm. The first item of business was to express appreciation and thanks to Jane Hickerson and Barbie Moller for organizing the very successful Managers Reunion Tea on February 12. Douglas Day, David Gruber and Andrew Edwards were thanked for the work they are doing on the Ad Hoc Morgan Roof Replacement Committee. And appreciation was expressed to Carol Livingston and Pam Tudor for contributing their efforts wherever they are needed to accomplish the goals of The Heritage, most especially on the Development and Sesquicentennial Committees.

Mrs. Barber requested consideration of the minutes of the December 19, 2001 meeting.

A motion was made, seconded (Hauser/Day) and carried unanimously to accept the minutes as mailed.

Financial Reports

Investment Committee

George Morris reported that the Investment Committee met with Sanford Bernstein for an informative presentation and overview of the market. Under Sanford Bernstein management, the portfolio is doing slightly better than the market.

Pension/401K

The 401K plan needs to be updated by February 28. A motion was made, seconded (Sherman/Mitchum) and carried unanimously to accept the Board of Directors' Recitals and Resolutions Relating to The Heritage Money Purchase Pension and 401(k) Plan, Recitals and Resolutions - Adoption of 1997 Amendment and Restatement, a copy of which is attached to the minutes.

It is expected that Union Bank will submit a proposal to assume administration and trusteeship of the 401K program. Any mutual funds chosen for investment by employees in their 401K accounts would be conservatively rated, 4 or 5 stars, by Morningstar.

Financial Report - January 2002

George Morris reviewed the Financial Report with particular attention to the budget item "private patient fees." Although this budget item was increased significantly over the prior year, it may not be feasible to accomplish this goal. Barbara McGinley agreed to do some research about how other organizations balance the need for private patients and the obligations of life care contracts.

As Treasurer, Mr. Morris is analyzing how the organization can become more efficient over the next several years, with particular attention to containing operating expenses.

Compensation Committee

Bruce Scollin, Chair of the Compensation Committee being absent, Mrs. Barber reported that the Compensation Committee intended to recommend amending the budget by \$55,000 for the purpose of adjusting the wages of employees as determined by the Executive Director and the Department Heads. Some general discussion ensued about the negative message conveyed by a salary/wage freeze and the importance of maintaining morale, keeping employees motivated and staying competitive. There was general agreement that the recommendation to amend the budget by \$55,000 be adopted.

Development Committee (formerly Gifts Committee)

Pamela Tudor reported that the annual gift solicitation letter yielded 46 donations totaling \$12,000.

Mrs. Tudor thanked the members of the Development Committee. And she thanked the Board for supporting the hiring of a fund raising consultant, Laura McCrea, to help the organization move forward with a development program.

Laura McCrea presented an overview of fund raising stressing that fund raising is basically building relationships with donors and prospects to help them develop a sense of ownership for the organization. A three page handout outlined the relationship building process and the basic steps to begin building a successful fund raising program. It is expected that a development plan will be presented to the Board at the April meeting.

Morgan Roof Project

Douglas Day reported that the Ad Hoc Morgan Roof Committee has received four bids for the replacement of the Morgan building roof. The bids included alternatives for slate or composite.

A motion was made, seconded (Day/Mitchum) and carried unanimously to authorize the committee members to enter into a contract not to exceed \$500,000 for the replacement with slate of the Morgan building roof.

If the committee members encounter any problems, they will contact the Executive Committee for assistance.

Strategic Planning

James Sherman distributed a Strategic Plan Report which graphically displays the groundwork necessary to a successful strategic planning process. A solid governance base and sustainable financial plan are needed before a strategic plan can be developed. When the governance issues, operating plan and strategic plan have been developed, an organizational fund raising/development plan can be implemented.

The Strategic Planning Committee members will be working with others on the Board to implement the various steps toward a strategic plan.

Nominating Committee

Mary Hauser made a motion to re-elect six current Board members to second terms of three years. The members to be re-elected are Carolyn Barber, Martha Nell Beatty, Carol Livingston, George Morris, Diane Richards and Elizabeth Stanners. The motion to re-elect these six members was seconded (Day) and carried unanimously.

Mr. Lewis R. (Randy) Gridley was proposed as a candidate for Board membership and his resume mailed to all Board members. Mr. Gridley is a financial planner who has been introduced to some members of the Board and staff and has indicated a willingness to serve on the Board if invited.

A motion was made, seconded (Sherman/Mitchum) and carried unanimously to authorize Mrs. Hauser to invite Mr. Lewis R. (Randy) Gridley to join the Board of Directors for a three year term, pending her interviewing of him.

Open Forum

Mr. Sherman suggested conference calling as a time management tool to assist the Executive Committee and other committees to be in communication without having to convene face to face meetings. E-mail was also suggested as a useful tool for accomplishing work between Board meetings.

Mr. Morris asked Board members to assist him with finding and recruiting another CPA/accounting person to serve on the Board.

The Executive Committee will meet on Tuesday, March 26.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KCgr

Attachments

**BOARD OF DIRECTORS
MEETING MINUTES
December 19, 2001**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Wednesday, December 19, 2001, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Douglas Day, Andrew Edwards, David Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, George Morris, Laura Pilz, Bruce Scollin, James Sherman, Elizabeth Stanners, Pamela Tudor, James Wheary

Directors Absent: Henry Howard, Elizabeth Mitchum, Diane Richards

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions

Carolyn Barber, Chairman, Board of Directors, called the meeting to order at 4:05 pm.

Mrs. Barber requested consideration of the minutes of the October 23, 2001 meeting.

Minutes to be corrected to reflect that George Morris is a member of the Gifts Committee and that Jane Hickerson and Carol Livingston participated in the interviews of fund raising consultants.

A motion was made, seconded (Sherman/Hauser) and carried to accept the minutes as corrected.

Executive Director's Report

To increase revenues, The Heritage is actively seeking four new private patients at \$210 per day. The private patients being sought include persons who require long term care but do not have dementia or a high acuity of care. Private patients willing to pay \$420 per day will be considered for private rooms.

It was noted that a Marketing Plan will be presented later during the meeting which will address the issue of vacancies in the life care program.

Please see attached written report for further information.

Marketing Plan

Elizabeth Stanners reported that the newly formed Marketing Committee met on December 12 to finalize the 2002 Marketing Plan drafted by Gayle Reynolds. New elements of the plan include



reviving the marketing newsletter and increasing the fees for couples. Business cards for members of the Board were distributed.

A committee description will be distributed at the February 2002 Board meeting.

Financial Operations

Budget 2002

From 4:30 to 5:30, the Board and the Executive Director met in Executive Session to discuss the 2002 Budget.

5:30 pm. The regular meeting resumed.

A motion to accept the 2002 Operating Budget as presented was made, seconded (Wheary/Day) and carried. One abstention.

Because the budget included a salary freeze, a request was made that the Compensation Committee meet with the Executive Director to review compensation and incentives.

A motion to accept the 2002 Capital Budget was made, seconded (Scollin/Morris) and carried.

Investment Report

George Morris reported that overall Sanford Bernstein has done an excellent job of managing the investment portfolio during a period of turbulence in the stock market. The board members were invited to attend the next Investment Committee meeting at the offices of Sanford Bernstein.

Gifts Committee

Pam Tudor reported that a candidate was selected from the three who interviewed to assist The Heritage with the development of a fund raising program. The proposal from Laura McCrea was mailed with the Board packet. Ms. McCrea will be asked to provide a time line prior to final acceptance of her proposal.

The annual gifts mailing to 180 people has generated a good response to date. A final report will be presented at the February Board meeting. After more preparation and groundwork, a letter will be sent to residents during the first week in January.

A copy of an article from the San Francisco Chronicle Magazine, December 2, 2001 issue, entitled "The Philanthropist" was distributed.

Strategic Planning

James Sherman and Molly Hauser reported on the work of the Committee. A long term financial model prepared by James Freund will be helpful in planning for the future. A series of small meetings are taking place with the goal of presenting a formal report to the Board at the February meeting.

Open Forum

Mrs. Barber issued holiday greetings to all.

Mrs. Tudor spoke for everyone when she expressed appreciation to Mrs. Barber for her leadership during 2001.

The meeting was adjourned at 5:55.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:gr

Attachments

**BOARD OF DIRECTORS
MEETING MINUTES
October 23, 2001**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, October 23, 2001, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Andrew Edwards, Dave Gruber, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Diane Richards, Bruce Scollin, James Sherman, Elizabeth Stanners, Pamela Tudor, James Wheary

Directors Absent: Douglas Day, Henry Howard

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions

Carolyn Barber, **Chairman, Board of Directors**, called the meeting to order at 4:45 pm.

Mrs. Barber requested consideration of the minutes of the August 28, 2001 meeting.

One correction to Finance Report, first sentence, "...reviewed the July 2001 budget finance report..."

A motion was made, seconded (Mitchum/Livingston), carried unanimously to adopt the minutes as corrected.

Financial Operations

Finance Report

Jim Wheary reviewed the September 2001 finance report noting that operating expenses are below budget. He noted that while the operating loss is lower than budget, the shortfall in net investment income of over \$ 1.0 million will result in a net loss for the year of over \$ 1.0 million compared to net income of \$161,000 per the 2001 budget.

The Budget Committee met for the first time on October 23 to begin work on the budget for 2002. The preliminary budget indicates there will be a significant operating loss of over \$ 2.0 million in 2002. The Committee will meet again to continue work on the budget. Methods for overcoming the loss such as cutting expenses, increasing revenues and fundraising will be considered. Bruce Scollin advised the Board to expect increases of 25%-30% in insurance costs in 2002.

Investment Report

George Morris reported that the value of the investment portfolio dropped in September because of the drop in the stock market in response to the terrorist acts of September 11. On a year to date basis (Jan- Sept) the equity investments dropped 7.2%, after management fees, vs. a 20% drop in the S&P 500. The fixed income investments increased 7.7%. The international investments fell 15%. On a year to date basis the total return for the portfolio is negative 1.8%.

Looking at long term rates of return for the endowment, Mr. Morris believes that the Society should budget 5% of the value of the endowment as the annual draw to cover operating expenses. This assumes that interest and dividends will be reinvested. This conservative approach should assure that the Society will retain the purchasing power of the endowment and allow it to continue into perpetuity.

Gifts Committee

Pam Tudor reported that a gift solicitation letter will be sent in November. A key first step to a successful fundraising program is a committed Board with 100% participation as donors.

Copies of an updated gifts list were distributed for review and corrections and each Board member was asked to add 3-5 names to the list.

The Gifts Committee has recognized a need for help in putting together a fund development plan and toward this end will be interviewing three consultants. *Jane Hickerson and Carol Livingston will participate in the interviews of fund raising consultants.* At the December Board meeting, the committee hopes to present a proposal from one of the consultants.

Mrs. Tudor expressed her appreciation to the members of the Gifts Committee, *George Morris, Elizabeth Mitchum, Martha Nell Beatty, Carolyn Barber, Barbara McGinley and Gayle Reynolds.*

Executive Director's Report

Barbara McGinley noted the sculpture centerpieces on the table. The pieces were created by residents using materials and fired in a kiln purchased with money from the DeBatz Grant. DeBatz funds were also used to improve the lighting in the crafts room.

Health Net Seniority Plus, the Medicare HMO which Heritage residents have been required to join, is increasing the premium charged to their Seniority Plus members from \$50 to \$85 per month. Heritage residents will no longer be required to join Health Net and enrollment will be phased out.

The holiday party is scheduled for Wednesday, December 19 from 6:00 to 8:00, preceded by the Board of Directors meeting from 4:30 to 6:00.

Please see attached written report for further information.

Committee Reports

Sesquicentennial Committee

Carol Livingston, Chair, reported that planning continues for a celebration in April 2003. A draft of the mission statement for the Sesquicentennial Committee was distributed. Three chapters of the book being written by Michael McGinley have been completed with four to five more chapters to be written.

A recommendation was made by Jim Wheary, Chief Financial Officer, to turn the celebration into a fundraising event so that the Society will not incur any expenses for the publishing or any celebratory events.

Strategic Planning

James Sherman gave a brief history of the Board of Directors since its formation in January 2000 and the need for a strategic planning process. The strategic planning process will focus on the answering who we are, what we have been doing and where we are going as an organization.

Members were encouraged to volunteer for the next planning steps, i.e., developing a five year baseline financial projection, issues to face in the next five and twenty years, defining "The Heritage Product", and applying the mission statement to the market.

Open Forum

Mrs. Barber reminded Board members to consider making a contribution to the employee appreciation fund.

There will be a meeting of the Executive Committee on Tuesday, November 27 at 4:30. The agenda is Strategic Planning.

There being no further business, the meeting was adjourned at 6:30 pm.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:gr

Attachments

**BOARD OF DIRECTORS
MEETING MINUTES
August 28, 2001**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, August 28, 2001, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Douglas Day, Andrew Edwards, Dave Gruber, Mary Hauser, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Elizabeth Stanners, Pamela Tudor

Directors Absent: Jane Hickerson, Henry Howard, Diane Richards, Bruce Scollin, James Sherman, James Wheary

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions

Carolyn Barber, Chairman, Board of Directors, called the meeting to order at 4:30 pm.

Mrs. Barber requested consideration of the minutes of the June 26, 2001 meeting. A motion was made, seconded (Hauser/Morris), carried unanimously to adopt the minutes as mailed..

Financial Operations

Finance Report

George Morris reviewed the July 2001 budget report with particular attention to line items that appear to be out of compliance with the budget but which are actually timing differences. The Society is on target to meet the budget at year end.

Investment Report

George Morris reported that the investment portfolio, 60% equity, 40% bonds, is holding level in a topsy turvy market.

Executive Director's Report

Barbara McGinley reported on a workshop on Dementia Care which she recently attended. Caring for dementia patients is an expanding aspect of long term care and is the most costly disease process to care for. It is also difficult to screen for, particularly in younger applicants who may develop the disease in later years but show no signs at the time of admission.

Please see attached written report for further information.



Sesquicentennial Committee

Carol Livingston, Chair, reported that Barbie Moller will help in an effort to re-involve former members of the Managers, Trustees and Advisory Council. A letter requesting help from the Board was distributed. A copy is attached.

Open Forum

Andy Edwards and Dave Gruber reported that the law firm Berding and Weill, construction law specialists, will be reviewing bids and contracts for the Morgan Building roof replacement project. Doug Day reported that construction is scheduled to begin during the summer of 2002 and will continue into the fall.

There being no further business, the meeting was adjourned at 5:55 pm.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:gr

Attachments

BOARD OF DIRECTORS
MEETING MINUTES
June 26, 2001

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, June 26, 2001, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Douglas Day, Andrew Edwards, Dave Gruber, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Diane Richards, Bruce Scollin, Elizabeth Stanners, Pamela Tudor, James Wheary

Directors Absent: James Bennington, M.D., Mary Hauser, Henry Howard, James Sherman

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions; James Freund, Controller

Carolyn Barber, Chairman, Board of Directors, called the meeting to order at 4:30 pm. Dave Gruber was warmly welcomed as the newest member of the Board of Directors.

The Director's accepted with regret the written resignation of Dr. Bennington from the Heritage Board due to his increasingly hectic schedule in California and Montana.

Mrs. Barber requested consideration of the minutes of the April 24, 2001 meeting. A motion was made, seconded (Livingston/Pilz), carried unanimously to adopt the minutes as mailed.

Life Care Contract

James Freund and Gayle Reynolds presented a report on the Life Care Contract (LCC) which addressed the definition of a LCC, regulatory considerations, specific-health related provisions, non-health related services promised, resident financial requirements and obligations, the LCC in the financial statements, statutory reserve requirements, and financial statement and cost of care statistics.

Financial Operations

Finance Report

James Wheary reviewed the May 2001 financial statement. The Society is ahead of budget because of controls on expenses. Investment revenues are also ahead of budget.

Investment Report

George Morris reported that the portfolio has increased in value by 7.1% during the ten months since Sanford Bernstein began managing the investments.

Executive Director's Report

Barbara McGinley reported on the unannounced annual inspection by the California Department of Social Services. After eight hours of scrutinizing resident files, personnel records, condition of resident rooms, and interviewing staff, the only discrepancy discovered by the inspector was the need for three nurses aides to update their first aid cards.

Please see attached report for further information.

Gifts Committee

Pam Tudor reported that a guest speaker made a presentation to the committee on the topic of planned giving. The report made it clear that the Society will need professional help to establish and manage a planned giving program.

Strategic Long Range Plan - no report

Open Forum

Carol Livingston reported that the Sesquicentennial Committee met to begin planning a celebration for 2003. Michael McGinley is writing a history of the Society.

Andrew Edwards reported that the real estate committee will be focusing on the block abutting The Heritage property. Members will make an effort to for relationships with neighboring property owners.

There being no further business, the meeting was adjourned at 6:00 pm.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:gr

Attachments



**BOARD OF DIRECTORS
MEETING MINUTES
April 24, 2001**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, April 24, 2001, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Andrew Edwards, Carol Livingston, Elizabeth Mitchum, Diane Richards, Bruce Scollin, James Sherman, Elizabeth Stanners, Pamela Tudor

Directors Absent: Martha Nell Beatty, James Bennington, M.D., Katherine Cooper, Douglas Day, Mary Hauser, Jane Hickerson, Henry Howard, George Morris, Laura Pilz, James Wheary

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions; James Freund, Controller

Guests Present: Janet Holland, Daoro, Zydel & Holland

Carolyn Barber, **Chairman, Board of Directors**, called the meeting to order at 4:30 pm, requesting consideration of the minutes of the February 27, 2001 meeting. A motion was made, seconded (Livingston/Mitchum), and carried unanimously to adopt the minutes as mailed.

Financial Operations

Auditor's Report

Mrs. Barber introduced James Freund and Janet Holland who reported that the audit went very well. There are no concerns or issues about internal controls and no management comments.

Finance Report

James Freund reported that the Finance Committee met on March 19 to review the audit. The Committee had no concerns about anything in the audit which focused this year on system documentation. It was noted that the March 2001 budget report shows income within 1% of budget and operational expenses being controlled at 4% under budget.

Bruce Scollin reported that insurance rates are going up again this year by as much as 35 -50%. The Heritage rates are less than the deal that CAHF is trying to put together.

Investment Report

James Freund reported that though the stock market has been down, the investment portfolio is slightly ahead since July 2000.



Executive Director's Report

Barbara McGinley reported that a recent insurance assessment found The Heritage to be without significant risk problems. Insurance and energy are major concerns at most retirement facilities and most are passing costs on to residents. Planning for the Morgan roof replacement project is proceeding. The residents dyed eggs for an Easter egg hunt for the children in the Tenderloin which was sponsored by St. Boniface church. The Heritage is experiencing difficulties finding nurses and CNA's to hire. There is an industry-wide shortage of qualified personnel.

Nominating

James Sherman presented Dave Gruber to the Board. He is a real estate professional who was recommended highly by James Bennington and Andrew Edwards.

Mr. Gruber was nominated to the Board by James Sherman, seconded by Andrew Edwards and elected unanimously.

Gifts Committee

Pam Tudor referred Board members to the Gifts Committee Mission Statement and 2001 Plan. Board members were asked to help identify possible donors, i.e., people who have an interest in seniors or particular projects at The Heritage. An annual report will be prepared for mailing to past donors. Board members will be given lists of past donors and current residents to review for possible connections.

Strategic Long Range Plan

James Sherman reviewed the notes from the Strategic Planning meeting and reiterated the importance of being visionary about a long range plan. A wide-ranging discussion ensued about risks and opportunities, strengths and weaknesses. All Board members were encouraged to communicate any further thoughts to James Sherman.

The meeting was adjourned at 6:25 pm.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:gr



BOARD OF DIRECTORS
MEETING MINUTES
February 27, 2001

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, February 27, 2001, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, James Bennington, M.D., Katherine Cooper, Douglas Day, Andrew Edwards, Mary Hauser, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Diane Richards, James Sherman, Elizabeth Stanners, James Wheary

Directors Absent: Jane Hickerson, Henry Howard, Bruce Scollin, Pamela Tudor

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions

Carolyn Barber, Chairman, Board of Directors, called the meeting to order at 4:30 pm, requesting consideration of the minutes of the December 20, 2000 meeting.

Page 1 correction - James Wheary - Chief Financial Officer. Page 2 correction - The Board agreed that any budgeted expenses of \$10,000 or less could be authorized by the Executive Director. Any expenditures over this amount must go back to the Board for approval: The Board agreed that budgeted expenses could be authorized by the Executive Director. Any expenditure anticipated to go over the budgeted amount by \$10,000 or more must go back to the Board for approval.

A motion was made, seconded and carried unanimously to approve the minutes as corrected.
(Hauser/Wheary)

Mrs. Barber noted that Board packets now include a copy of the Executive Directors report and the Finance Report as well as minutes from the prior meeting, a meeting agenda and any other pertinent information. This will give Board members the opportunity to read the materials before the meeting. She confirmed that future meetings will begin at 4:30 on the fourth Tuesdays of April, June, August, and October. The December meeting will coincide with the date of the Holiday Party. The Executive Committee will meet on the fourth Tuesday of the months between Board meetings.

EXECUTIVE DIRECTORS REPORT

Barbara McGinley, Executive Director, called attention to the ceramic table centerpieces which were made by residents as well as the Living Tree art piece which was on display. A video documenting the making of the Living Tree and the artists involved is available for viewing. Appreciation was expressed to Henry Howard and the DeBatz grant which helped fund

these art projects.

Costs of the sewer repair project have increased and new plumbing bids have been obtained, ranging from \$28,000 to \$48,000. Mrs. McGinley proposed accepting the \$28,000 bid with a \$5,000 contingency. A motion was made, seconded (Hauser/Sherman) and carried unanimously to accept the \$28,000 bid plus a \$5,000 contingency.

RE-ELECTION OF GROUP I DIRECTORS TO THE BOARD

James Sherman, nominated five people for re-election to the Board for a second term of three years. The nomination of Mary Hauser, Jane Hickerson, Henry Howard, Laura Pilz and Bruce Scollin was seconded by George Morris and carried unanimously.

FINANCIAL OPERATIONS

Jim Wheary, **Chief Financial Officer**, distributed updated pages to the January 2001 Finance Report. Updated page one includes an investment management fee of \$13,500 and page nine, major capital projects 2001 budget, changes the amount for the roof project to \$0 pending receipt of additional information and cost estimates for the project.

Costs for utilities and insurance are going up faster than anticipated.

The audit has been completed. The auditors had no concerns or internal control recommendations. The auditors will report to the Finance Committee which will then report to the Board. The Finance Committee will meet on March 19. Mr. Wheary will arrange for the auditor to make a brief report at the April Board meeting.

George Morris, **Chair, Investment Committee** reported that through January 31 the equity portfolio has increased in value by 7.5% since Sanford Bernstein took over in July 2000. The portfolio is currently split between equities, 50%, and bonds, 50%. The total portfolio increase is 6.9% after all fees.

He is hoping to work with the company to improve the process by which they report to the Society.

Mr. Morris will arrange for a representative from the Sanford Bernstein to speak at a future Board meeting.

MARKETING/FUNDRAISING

No Report.

LONG RANGE PLAN

Molly Hauser, Laura Pilz and James Sherman would like to hear from any Board members who are interested in joining the SLRP Committee. Mrs Barber thanked Laura Pilz for compiling the data from the October retreat.

OPEN FORUM

Discussion about need for additional Board members. Strategic Plan Committee will be looking at Board needs.

Mrs Barber reviewed committee assignments and noted that changes may be made by the Strategic Long Range Plan committee.

Sign up sheets were circulated for Quality Assurance and Resident Council meetings. Mrs. Barber reminded Board members that it is important for residents to see Board members and vice versa. James Sherman commented that it is important for Board members to visit and do things, filling the vacuum that was created when the Board of Managers was dissolved.

The financial liabilities of the life care contract will be discussed at the June meeting.

There being no further business, the meeting was adjourned at 5:45 pm.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:gr

BOARD OF DIRECTORS
MEETING MINUTES
December 20, 2000

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Wednesday, December 20, 2000, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, James Bennington, M.D., Katherine Cooper, Douglas Day, Andrew Edwards, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Diane Richards, James Sherman, Bruce Scollin, Elizabeth Stanners, Pamela Tudor, James Wheary

Directors Absent: Henry Howard, Laura Pilz,

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions

Diane Richards, Chairman, Board of Trustees, called the meeting to order at 4:00 pm, requesting consideration of the minutes of the August 22, 2000 Directors meeting.

A motion was made, seconded and carried unanimously to approve the minutes as presented.
(Day/Hauser)

Mrs. Richards welcomed everyone to the final meeting of 2000. The accomplishments of the prior year were noted with particular acknowledgment of the reorganization of the governance structure of the Society, moving the investment portfolio to a professional management company outside the organization, and refurbishing the Julia Morgan Building.

Thanks and appreciation were expressed to Diane Richards for her leadership and contributions to The Heritage during four years as Chairman of the Board.

Diane Richards expressed her appreciation to Jim Wheary for serving as the Chief Financial Office and his excellent oversight of the finances of the Society.

Pam Tudor acknowledged Barbara McGinley and Gayle Reynolds and other members of the staff for doing a wonderful job on the luncheon for members of the former Board of Managers.

Barbara McGinley, Executive Director, reported that six new residents came to The Heritage during 2000 and that there is currently a waiting list. There were only two deaths during the year, during an average year there are 8-10. There are five private patients in the Health Center. Congratulations were expressed to Howard Conroy, Director of Health Center Operations, for a seventh year during which no nursing registry help was needed. The Heritage has new Food Service Director, J.P. Gaynor, who is an employee of Sodexho.



In January, the residents will decide whether or not to send a resident to the Board of Directors meetings. If they do choose to do so, guidelines and a job description will be written. The Continuing Care Contract is being updated by the law firm Hanson Bridgett Marcus Vlahos and Rudy to comply with changes in the law effective January 1, 2001.

Staff morale is high and the residents seem to be happy.

Jim Wheary, Chief Financial Officer, presented the proposed budget for 2001. The budget was developed by the Finance Committee with participation from the Executive Director, Barbara McGinley, and the Controller, James Freund. The budget is based on a resident population of 100 and assumes a 3.5% increase in the monthly care fees at mid-year. The public nutrition program's revenue and expenses are included in the budget this year.

Particular items were identified and discussed. Wages and salaries and employee benefits are two line items which show significant increases over prior year actuals. Bruce Scollin, Chair, Compensation, Insurance Committee, reported that the Committee determined that these increases were necessary to compete successfully for hourly employees, particularly in food service and the health center. The increases do not apply to Department Heads who received a one-time mid-2000 salary adjustment. 4% cost of living increases are included in the budget for all employees.

The Heritage requires new residents to join Health Net Seniority Plus, a Medicare HMO, which will begin charging a \$50 monthly premium in January 2001. The Heritage will pay this premium for one year for all residents enrolled in Health Net. This is a more cost effective option that permitting residents to leave Health Net and have straight Medicare with The Heritage being responsible for the 20% differential between actual cost and Medicare reimbursements.

A motion was made, seconded and carried unanimously to accept the 2001 Operating Budget as presented. (Mitchum/Hauser.)

The Capital Budget was reduced to a total of \$154,500 when the Morgan Building roof replacement project was removed pending a complete report of alternatives and estimated costs of each.

A motion was made, seconded and carried unanimously to accept the Capital Budget. (Morris/Bennington.)

The Board agreed that any budgeted expenses of \$10,000 or less could be authorized by the Executive Director. Any expenditures over this amount must go back to the Board for approval.

Bruce Scollin, Chairman, Compensation/Insurance Committee. No additional report.

George Morris, Chairman, Investment Committee, reported that Sanford Bernstein (SB) will make a presentation to the Board at the February 2001 meeting. The overall portfolio is up 2.6%



since SB took over. Any interested Board members are invited to join the Committee.

Laura Pilz, Chairman, Long Range Planning. No report.

James Sherman nominated the following slate of officers to serve in 2001:

Chairman	Carolyn Barber
Vice Chair	James Sherman
Vice Chair	Carol Livingston
Secretary	Katherine Cooper
Chief Financial Officer	James Wheary

The nomination was seconded (Hauser) and carried unanimously.

A special gathering will be planned after the first of the year to give the Directors an opportunity to express their appreciation to Diane Richards for her leadership of the organization.

Diane Richards expressed her appreciation to Mrs. Barber for accepting the nomination and assured her that she will have great support from everyone on the Board and the staff.

Jane Hickerson was warmly thanked by Diane Richards and all present for the great amounts of time and effort she contributed during the past year overseeing successful refurbishing of the Morgan building. Jeff Geffine was introduced and thanked for his work on the Morgan building refurbishing project.

The next meeting of the Board will take place on Tuesday, February 27.

There being no further business, the meeting was adjourned at 5:45.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:gr

Distributed at the meeting: Draft 2001 budget, slate of officer nominees.

BOARD OF DIRECTORS
MEETING MINUTES
August 22, 2000

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, August 22, 2000, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Douglas Day, Andrew Edwards, Mary Hauser, Carol Livingston, Elizabeth Mitchum, George Morris, Diane Richards, James Sherman, Elizabeth Stanners, Pamela Tudor, James Wheary

Directors Absent: James Bennington, M.D., Jane Hickerson, Henry Howard, Laura Pilz, Bruce Scollin

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions

Diane Richards, **Chairman**, called the meeting to order at 4:00 pm, requesting consideration of the minutes of the June 27, 2000 and the revised April 25, 2000 Directors meetings.

A motion was made, seconded and carried unanimously to approve the minutes of the April 25, 2000 meeting as revised. (Sherman/Mitchum)

A motion was made, seconded and carried unanimously to approve the minutes of the June 27, 2000 meeting as presented. (Hauser/Cooper)

Barbara McGinley, **Executive Director**, reported that The Heritage currently has a waiting list and that all independent living rooms are full with the exception of one room being used for storage during the redecorating project. She expressed appreciation to the Marketing Director. There have been three new residents and no deaths since the last Board meeting; six new residents and three deaths since the beginning of the calendar year. An average year would see about 10 admissions and 10 deaths.

The contract with Self Help for the Elderly has been renewed without contest. The per meal price continues to be \$2.80. A recent food service survey was answered by 51 residents who provided very positive feedback. The Heritage contracts with Sodexho Marriott and the Food Service Director is an employee of Sodexho. The Food Service Director position turns over about every three years as career advancement opportunities are offered to their employees by Sodexho. The current Food Service Director will be leaving in September to be replaced by another Sodexho employee selected by the Executive Director.

The recent tile wall dedication was well attended by current and past Board members as well as residents and the family of Dora Mustacchi, former President of the Board of Managers, to

whom the wall was dedicated. The creation of the wall was possible because of the grants received via Henry Howard from the Georges Debatz trust. The DeBatz grant has been renewed for another year with a gift in the amount of \$9,000.

Mrs. McGinley reported that Mr. Howard recently suffered a stroke but is doing well.

Mrs. McGinley reported on various building projects which are being considered or are underway. Regarding the slate roof project, we are still awaiting for bids for the sheet metal work. A decision was made to replace the slate with slate for longevity. The expected life of a slate roof is 75 years. Upgrading of the flats is proceeding. Some sheer wall must be added as well as additional bolting of the foundation and one non-structural wall must be reinforced. Investigation of a sewer back up revealed a broken sewer pipe which is 20 feet underground running from the parking lot to Laguna. This must be repaired.

There has been some trouble filling positions for CNA's and kitchen workers. Applicants are in short supply and the new city minimum wage law has increased the competition for employees.

George Morris, Chairman, Investment Committee, reported that the committee has been working with Sanford Bernstein since receiving Board approval at the June 2000 meeting. The portfolio has been liquidated and reinvested with 50% in equities and 50% in bonds. The equity investments are divided 70% US stocks and 30% international. Bonds were chosen to pay interest in 2001. Sanford Bernstein will provide reports which will be distributed to the Investment Committee members and any other Board members interested in receiving them. The fee being charged by the company is \$160,000/year.

A letter from Mr. Fillmore Rose, of the Howard Rice law firm, expressed the opinion that it would be prudent for the Directors to authorize Sanford Bernstein to hold the assets of the Society though Sanford Bernstein is not a trust company.

A motion was made, seconded (Morris/Sherman) and carried unanimously to substitute Sanford Bernstein for Wells Fargo as the holder of assets for the Society in accordance with the legal opinion from Mr. Fillmore Rose that it would be prudent for the Directors to make this change.

Jim Wheary, Chief Financial Officer, reported that through August the Society's operating loss is very close to budget. The Society is ahead of budget for unplanned donations and bequests, always a difficult item to budget. The realized gain on sale of securities results from the rebalancing of the portfolio by the new investment managers, Sanford Bernstein, and is offset by the reduction shown in the unrealized gain on the portfolio. As the portfolio is rebalanced and reinvested, Sanford Bernstein will direct the trades and Wells Fargo will continue to hold the investment assets until the rebalancing is completed and satisfactory statements and reconciliations are generated by Sanford Bernstein.

Diane Richards reported for Laura Pilz, Chairman, Long Range Planning. All Board members were requested to complete and return the SWOT (strengths, weaknesses,



opportunities, and threats) survey. Diane Richards reported that plans were pending for a Board strategic planning retreat.

Diane Richards reported for **Jane Hickerson, Chairman, Facilities Committee**, on the ongoing refurbishment of The Heritage public areas. Many changes have been made including paint and drapes in first floor Morgan rooms and offices, furnishings in some offices, reframing of artwork and more. A request was presented for an additional \$150,000 for phase two of the project which will include reupholstering many pieces of furniture. In response to a question, Mrs. Richards reported that the decorator, Jeff Geffine, realizes compensation of approximately 30% of the total. In the future, long range planning will consider the needs of the upper floors and other parts of the Heritage.

A motion was made, seconded and carried (Sherman/Hauser), to allocate another \$150,000 for additional refurbishing of the Morgan building.

Pam Tudor, **Chairman, Fund Raising Committee**, reported that a luncheon was hosted at The Heritage for those members of the Board of Managers and Advisory Council who no longer have an active role at The Heritage. The luncheon went extremely well and another gathering is planned to discuss ways that people can remain involved with The Heritage if they so choose.

The Committee is just beginning to look at the viability of charitable remainder trusts and pooled income funds for The Heritage.

At 5:45, there being no further business, a motion to adjourn was made, seconded, and carried unanimously (Morris, Livingston.)

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:gr



**BOARD OF DIRECTORS
MEETING MINUTES
June 27, 2000**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, June 27, 2000, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, James Bennington, M.D., Katherine Cooper, Andrew Edwards, Mary Hauser, Jane Hickerson, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Diane Richards, Bruce Scollin, Elizabeth Stanners, Pamela Tudor, James Wheary

Directors Absent: Martha Nell Beatty, Douglas Day, Henry Howard, James Sherman

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions

Diane Richards, **Chairman**, called the meeting to order at 4:30 pm, requesting consideration of the minutes of the April 25, 2000 Directors meeting. Substantial corrections were offered by Andrew Edwards and James Wheary which will be incorporated in a revision of the minutes of April 25, 2000. The revised minutes of the April 25, 2000 meeting will be presented at the August 22, 2000 meeting for approval.

Barbara McGinley, **Executive Director**, reported on several of the building projects which are presently underway including the fire alarm system, the second transfer switch for the generator, and the roof and boiler projects in the Health Center. Each of these projects has required approval from the Office of Statewide Health Planning and Development (OSHPD). OSHPD has made changes in their requirements which have impacted these projects and caused numerous delays.

A consultant hired by The Heritage has recommended replacing the Morgan building slate roof including the copper and sheet metal. One bid has been obtained from Lawson Roofing. Others will be obtained from resources suggested by several Board members.

There is currently a waiting list of applicants and the census in the Health Center is increasing. More and more residents and prospective residents are interested in the availability of computer and internet access. To satisfy this demand, a computer connected to The Heritage DSL line will be installed for use by the residents.

Bruce Scollin, **Chairman, Compensation Committee**, was asked to speak of the current crisis in the insurance industry as it pertains to skilled nursing facilities. Recent government focus on elder abuse has prompted numerous lawsuits against nursing homes in Florida which has had an impact nationwide. Workers compensation losses have added to the problem in California. Limited availability of insurance carriers willing to enter this particular market has contributed to

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the crisis, as well. The premium paid by The Heritage has increased 35% over last year. This is the package policy that includes property and liability insurance and the excess (umbrella) coverage for the Heritage. There is a separate directors and officers liability policy which was renewed with a flat premium (no increase.) The California Association of Health Facilities is researching the possibility of a pooled, self-insurance program for their member organizations. It is not possible for The Heritage to self insure on its own, except for earthquakes for which the organization is self insured.

A description of the Compensation Committee was submitted to the Board for consideration and approval. Item 6 under the heading of Committee Responsibilities was amended to read, "review and make recommendations regarding salary and bonuses for the Executive Director."

The Committee is in the process of creating a job description for the position of Executive Director (ED) and will assume responsibility for determining salary adjustments for the ED. The Committee will also review and approve recommendations from the ED for Department Head salary adjustments.

The Compensation Committee, upon review of information obtained from a variety of professional sources as well as performance evaluation practices at The Heritage, recommended a one-time, mid-year salary adjustment for Department Heads that would impact the year 2000 salary and wage budget line by 1.87%.

A motion to accept the committee description and approve the one-time, mid-year Department Head salary adjustment was made, seconded and carried unanimously. (Wheary, Livingston)

George Morris, Chairman, Investment Committee, acknowledged the members of the committee, Diane Richards, Laura Pilz, James Sherman and James Freund, and reported on the research process for selection of an investment manager. From eleven potential candidates, eight were asked to submit proposals. Five candidates were interviewed. Sanford Bernstein was selected by the Committee. Sanford Bernstein is a value-oriented, research driven firm with \$88 billion under management. The firm was acquired by Alliance Capital, a growth oriented management company, while it was being considered for selection by The Heritage. After meeting with representatives from Sanford Bernstein to discuss the impact of this acquisition, the Investment Committee members reaffirmed this company as their choice to manage The Heritage portfolio.

A motion was made, seconded and carried unanimously to approve the selection of Sanford Bernstein as the investment manager for The Heritage. (Morris, Mitchum)

James Wheary, Chief Financial Officer, stated that The Heritage is in sound financial condition. The Financial Report for May 2000 indicates a net loss to date of \$435,285 compared to a budgeted loss of \$162,449. The variance is due exclusively to the unbudgeted, unrealized loss to date in the investment portfolio. Board members were directed to the budget line "Realized Gain/Loss on Securities" which shows an unrealized loss of \$409,104 due to the recent weakness in the stock market.



Jane Hickerson, Chair, Facilities Committee, reported on the redecorating project currently underway in Morgan Hall and in some of the administrative offices. She urged everyone to look at the new drapes and paint, and the new furniture in the front office. Jane expressed the opinion of many that we are very lucky to have William Stephens "Jeff" Geffine working on this project with us. The residents seem to be pleased with the changes to date.

Carol Livingston, Chair, Quality Assurance Committee, reported that the Quality Assurance quarterly meeting was attended by the Executive Director, the Director of Nursing, Director of Health Center Operations, Building Superintendent, Director of Food Services, Director of Social Services, Medical Director, the medical records consultant, pharmacist and dietician. The quarterly assurance meeting is mandated by Title 22. This committee would also serve as the ethics committee if such a need arose.

Representatives from the Quality Assurance Committee attend the Residents Council monthly meeting and the Food Committee meeting.

Andrew Edwards, Chair, Real Estate Committee, reported on the continuing discussions, through a Seattle attorney, with Cathedral Hill Associates regarding their desire to refinance their leasehold loan. They are required to have prior written consent from the Society. The process is moving very slowly through our attorney because there are many legal and business points to be considered.

The Society owns flats at 1536 Francisco Street, contiguous to 3400 Laguna. There may be an opportunity to purchase an additional set of flats at 1530 Francisco Street that would include a premium in the current real estate market. The recommendation is to wait until the market slows down to consider making an offer on the property, which is not listed for sale.

There being no other business, the meeting was adjourned at 5:20 pm.

Respectfully submitted,

Katherine Cooper

Katie Cooper
Secretary

KC:gr

BOARD OF DIRECTORS MEETING MINUTES

APRIL 25, 2000

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, April 25, 2000 at 3400 Laguna Street, San Francisco, California.

Directors Present: Douglas Day, Molly Hauser, James Sherman, Laura Pilz, Elizabeth Mitchum, Pam Tudor, Andrew Edwards, James Bennington, George Morris, Diane B. Richards, James Wheary, Martha Nell Beatty, Carolyn Barber, Elizabeth Stanners

Directors Absent: Katie Cooper, Jane Hickerson, Henry Howard, Carol Livingston, Bruce Scollin

Staff Present: Barbara McGinley, Executive Director.

Guests: Filmore Rose, Esq., Howard, Rice, Nemirovski legal advisors
Janet Holland, CPA, Daoro, Zydell and Holland auditors

Diane Richards, Chairman, called the meeting to order at 4:00 p.m.

The motion was made seconded and carried to approve the minutes of the February 15, 2000 meeting (Bennington, Mitchum)

Filmore Rose, Esq. was called upon to present a special report concerning the Society's tax qualification as a non-profit public charity. The Heritage meets the financial tests that the IRS applies to public charities and will not have to consider converting to a private operating foundation. Mr. Rose provided the Board with a handout showing how the public charity tests are calculated on an annual basis in The Heritage's tax return.

James Wheary, Chief Financial Officer, reported for the Finance committee, summarizing that the audit process and noting changes that he has made in the format of the financial statements. The public nutrition program will now be classified as operating revenue and expense. Mr. Wheary then introduced Janet Holland, CPA, who presented the results of the 1999 audit. There were no problems the auditors needed to address and thus no management letter was issued.

Laura Pilz reported for the Facilities committee Chairman, Jane Hickerson, updating the plans for decorating the Morgan first floor areas. She made a motion to approve the allocation of \$150,000 for the project, under the direction of Mr. William Geffine, a professional decorator. The motion was seconded by James Bennington and passed unanimously.

Diane Richards reported on recent bids received to upgrade the rental flats adjacent to the Health Center. She made a motion to approve the expenditure of \$30,000 which will include complete exterior repair and painting with some minor interior electrical and plumbing work. The motion was seconded by George Morris and passed unanimously.

Andrew Edwards, chairman of the Real Estate committee, presented an update on the Cathedral Hill Hotel ground lease. The primary term of the ground lease expires in June, 2003. Cathedral Hill Associates, the ground lessee, recently exercised its first renewal option extending the term to June, 2013. Two renewal options of ten years and five years remain which, if exercised, would further extend the term to June 2028. The ground lessee is currently trying to refinance its leasehold loan, and the Society is working on various consent-related issues with its legal counsel. Mr. Edwards also reported on a residential property at 1530 Francisco Street which he recommends the Society consider purchasing. It is contiguous to other property that the Society owns. He will pursue this issue and provide the Board with periodic updates.

George Morris, chairman of the Investment committee, stated that the committee is still working on the selection of an investment manager and will present some recommendations at the June 27 Board of Directors' meeting.

Carolyn Barber reported for the Quality and Improvement committee stating that Board representatives have attended several meetings and are scheduled to continue being present at Resident Council Executive committee meetings, Food committee meetings and quarterly Quality Assurance meetings.

Barbara McGinley, Executive Director, presented an administrative report giving highlights regarding progress on the loading dock/central receiving project and the installation of the new fire alarm system. An insurance meeting, headed by Bruce Scollin, was held and the Society was informed that there will be a 35% increase in many of our insurance rates. Mrs. McGinley stated that the Health Center census continues to be low, allowing us to accept a new private patient. In view of a neighborhood security incident in March, the supervision of the current security company's employees has been increased at night. As provided for in the current budget, a consultant has been retained to evaluate the Morgan Building roof for projected re-slating in 2001.

The Chairman excused the staff present in order that the Board meet in executive session to discuss the recommendations of the Compensation Committee.

The meeting was adjourned at 6:12 pm.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:bcm



**BOARD OF DIRECTORS
MEETING MINUTES
February 15, 2000**

The first meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Tuesday, February 15, 2000, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Martha Nell Beatty, Katherine Cooper, Douglas Day, Andrew Edwards, Molly Hauser, Jane Hickerson, Henry Howard, Carol Livingston, Elizabeth Mitchum, George Morris, Laura Pilz, Diane Richards, Bruce Scollin, James Sherman, Elizabeth Stumers, Pamela Tudor, James Wheary

Directors Absent: James Bennington, M.D.

Staff Present: Barbara McGinley, Executive Director; Gayle Reynolds, Director of Marketing and Admissions

Diane Richards, interim Chairman, called the meeting to order at 4:30 pm.

The Directors received binders containing a roster of Directors 2000-20001, organizational chart of the Society, structure outline of the board, description of board-staff partnership roles and responsibilities, bylaws of the society, investment guidelines, the Society budget for 2000 and space to store meeting minutes. The Directors also received copies of a booklet from the National Center for Nonprofit Boards entitled "Ten Basic Responsibilities of Non Profit Boards" by Richard Ingram and copies of the book, The Worst-Case Scenario Survival Handbook, by Joshua Piven and David Borgenicht.

James Sherman, interim Secretary, presented a slate of nominees to serve as Officers of the Board as follows:

Chairman	Diane Richards
Vice-Chairman	Carolyn Barber
Vice-Chairman	James Sherman
Secretary	Katherine Cooper
Chief Financial Officer	James Wheary

A motion was made, seconded (Morris/Hauser) and carried unanimously to elect the slate of nominees as presented.

Diane Richards, Chairman, invited each Director and staff member present to introduce her/himself to those in attendance.



Following the introductions, Mrs. Richards asked the Directors to take time after the meeting to familiarize themselves with the by-laws, copies of which were included in the Directors' binders.

Diane Richards reviewed the proposed standing committee structure and the Directors who have thus far been selected to serve as Committee Chairs as follows:

Executive Committee	Officers
Long Range Planning subcommittee	Laura Pilz
Financial Operations	James Wheary
Investments subcommittee	George Morris
Real Estate subcommittee	Andrew Edwards
Board Development/Nominating	Jamie Sherman
Marketing/Admissions, Fund Raising	Pamela Tudor
Facilities	Jane Hickerson
Quality & Improvement	Open

The various committee chairs will be contacting members of the Board to serve on the committees.

George Morris, **Chair, Investments subcommittee**, reported on the current effort to select a professional manager to manage the investment portfolio of the Society. Proposals from eight advisors are being considered. The field will be narrowed with final selection of one or two advisors by the end of March. The committee is looking for one more member; Directors are encouraged to consider serving on this committee.

James Wheary, **Chief Financial Officer**, reported that the audit of the finances for the year ended December 31, 1999, has been completed. Mr. Wheary, and others from the Board and staff, will meet with the auditors to review the audited financial statements and any management recommendations. Copies of the audited financial statement will be provided to Board members in April.

Barbara McGinley, **Executive Director**, reported that the Health Center census is low and the general census is high, a positive situation for the Society. Mrs. McGinley discussed Assembly Bill 1255, legislation which requires continuing care retirement facilities to allow a resident to attend Board meetings. A representative from the Board of Managers has attended meetings of the Resident Council and residents have felt well-informed about issues of governance and financial operations. Consequently, at their January meeting, the Residents Council voted not to send a representative to the Board of Directors for the year 2000. Representatives from the Board of Directors will attend the monthly Resident Council and Food Committee meetings.

Mrs. McGinley also reported about the California Association of Homes and Services for the Aging (CAHSA), a trade association of nonprofit organizations that provide housing, services and care to older persons in California. CAHSA lobbies in Sacramento on behalf of its members and offers educational opportunities. Mrs. McGinley serves as Treasurer on the Board of the Golden Gate region of CAHSA. The focus of her report was a recent workshop at which participants



learned about the influx of Russian immigrants and their impact on mental health service providers in the Bay Area. Culture shock for the older immigrants has created an overwhelming demand for mental health services, the delivery of which is hampered by language barriers. Meeting the needs of the elderly immigrant population is proving to be a challenge to many of the CAHSA member organizations.

Diane Richards, Chairman, outlined the meeting schedule for the upcoming year. The Board of Directors agreed to meet on the fourth Tuesday of the months of April, June, August, and October 2000 and on Wednesday, December 20, 2000, prior to the annual Heritage Holiday Party. The meetings will take place at The Heritage from 4:00 - 6:00 pm. The dates are as follows:

April 25	October 24
June 27	December 20
August 22	

An extended retreat meeting will be discussed at the April Board meeting.

There being no further business, a motion was made, seconded (Sherman/Hauser) and carried unanimously to adjourn the meeting at 5:30.

Respectfully submitted,

Katherine Cooper

Katherine Cooper
Secretary

KC:gr



**BOARD OF TRUSTEES
MEETING MINUTES
February 15, 2000**

A meeting of the Trustees of the San Francisco Ladies Protection and Relief Society was held at 4:00 pm on Tuesday, February 15, 2000, at 3400 Laguna Street, San Francisco, California.

Trustees present: Mr. Andrew Edwards, Mr. Henry Howard, Mr. George Morris, Ms. Laura Pilz, Mrs. Peter Richards, Mr. Bruce Scollin, Mr. James Sherman, Mrs. David Tudor, Mr. James Wheary.

Trustees Absent: Dr. James Bennington, Mrs. Thomas Kelley, Miss Rose Fox Noll, Mrs. Michael Stone

Guests Present: Mrs. Anthony Barber, Mrs. John L. Cooper, Mrs. Denis Beatty, Mr. Douglas Day, Mrs. Mary Hauser, Mrs. Glenn Hickerson, Mrs. Barry Livingston, Mrs. Elizabeth Mitchum, Mrs. Paul Stanners

Staff present: Mrs. Barbara Cox McGinley, Administrator; Ms. Gayle Reynolds, Director of Admissions and Marketing.

Diane B. Richards, Chairman, called the meeting to order at 4:00 pm., welcoming members and guests to the final meeting of the Board of Trustees.

A motion to approve the minutes of the December 15, 1999 Trustee meeting as distributed was made, seconded (Wheary/Tudor) and carried unanimously.

Mrs. Richards reported that the recently revised articles of incorporation of the Society were returned by the State with a request that the Trustees consider modifying them to comply with a 1980 provision of the California non-profit corporation law. To comply, a clause would be included in the articles of incorporation stating that the Board agrees to comply with California non-profit corporation law. Mrs. Richards was authorized by the Trustees to ask Mr. Fillmore Rose, attorney, to make this revision to the articles of incorporation.

The next order of business being the election of members to the Board of Directors, a motion was made and seconded (Pilz/Morris) that the new Board of Directors be composed of 19 members. The motion carried unanimously.

Mr. James Sherman, Secretary, for Dr. James Bennington, Chair of the Nominating Committee, presented a slate of 19 candidates for the Board of Directors as follows:



To be elected for a first term of one year:

Molly Hauser	Louise Pilz
Jane Hickerson	Bruce Scollin
Henry Howard	

To be elected for a first term of two years:

Babs Barber	George Morris
Martha Nell Beatty	Diane Richards
Jim Bennington	Elizabeth Stanners
Carol Livingston	

To be elected for a first term of three years:

Katie Cooper	James Sherman
Doug Day	Pam Tudor
Andy Edwards	Jim Wheary
Elizabeth Mitchum	

There being no further nominations from the floor, a motion to close the nominations was made, seconded (Scollin/Morris) and carried unanimously.

A motion was made and seconded (Sherman/Pilz) to elect the slate of candidates by single ballot. The slate was elected unanimously.

Mrs. Richards offered a champagne toast to the Board of Managers, Board of Trustees and the new Board of Directors. Mrs. Richards thanked the outgoing members for their service to the Society and welcomed the newly elected members of the Board of Directors.

There being no further business, the meeting was adjourned at 4:20 pm.

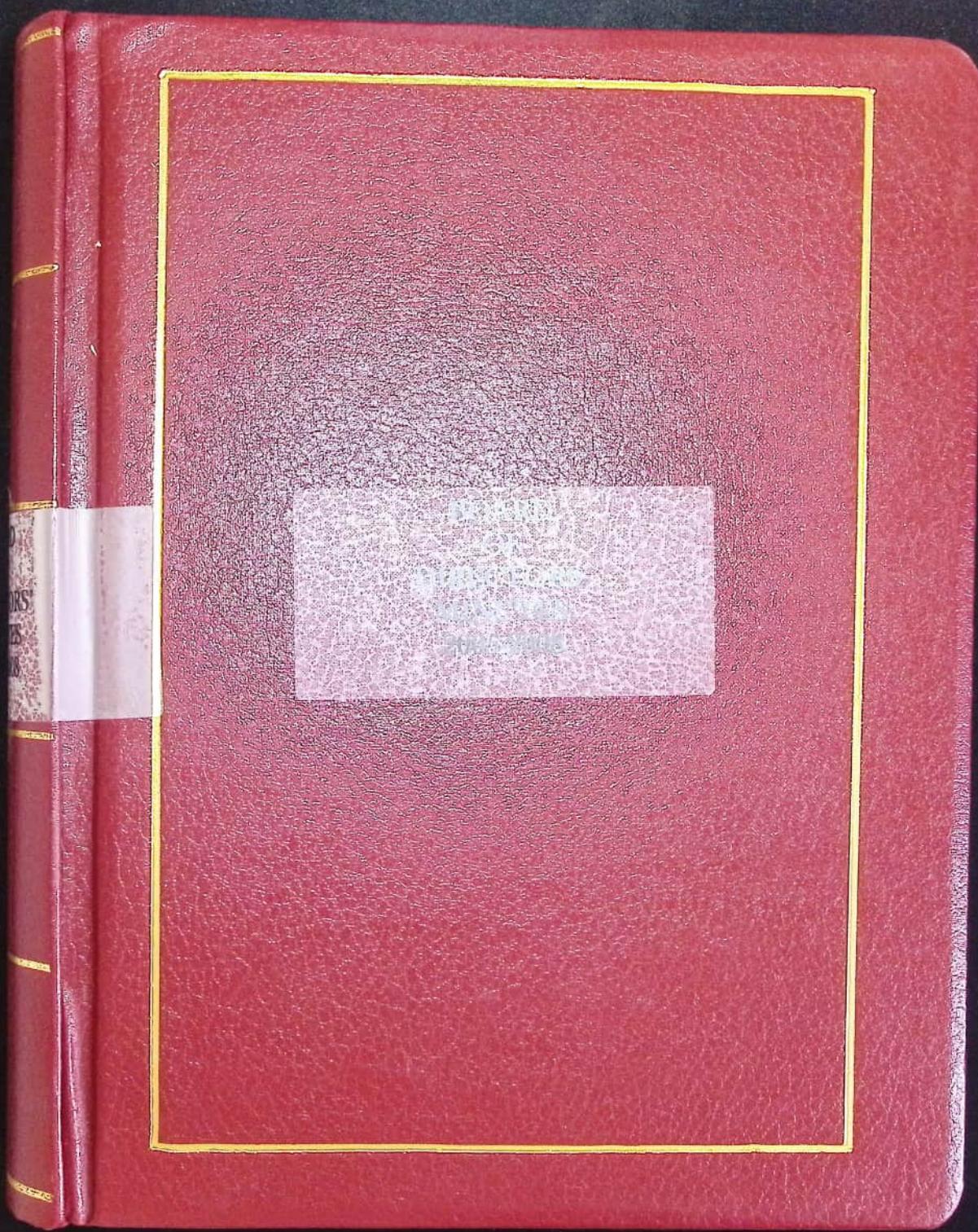
Respectfully submitted,



James Sherman
Secretary

lsg





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MINUTES
2005-2008

The Heritage
Board of Directors Meeting Minutes
December 17, 2008

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, December 17, 2008, at 3400 Laguna Street, San Francisco, California.

Board of Directors Present: Carolyn Barber, Andrew Carlson, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, George Ivelich, Jeanie Kayser-Jones, George Morris, Trish Ostott, Laura Pilz, Henry Safrit, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten

Board Excused: Bruce Scollin, Jane Hickerson

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela De Martini, Director of Marketing and Development

Residents' Representative: Lorraine Baxter

I. Call to Order

David Gruber, Chair, called the meeting to order at 4:05 PM.

II. Approval of the Minutes

Two corrections were noted to the draft of the November 19 minutes—L. Pilz should be noted as absent and L. Pilz should be noted with gratitude for her work leading the Expansion Committee. As corrected, the Board unanimously approved the minutes on a motion by D. Day and second by J. Kayser-Jones.

III. Financial Report

2009 Budget: The 2009 budget of \$6,354,267 compared with 2008 of \$5,929,000 (projected) was approved unanimously by the Board as presented by C. Tiret on a motion by A. Carlson and second by M. Hauser. Several items will be placed on hold until 2010, dependent on the economy.

October Financials: C. Tiret reported that income was down and expenses were up. Life care census was down due to refurbishment of rooms, the number of deaths, and the reluctance of people to sell their homes and move in the down economy.

Investment Portfolio: R. Gridley noted that the portfolio was down 35% through the end of November. Year-to-date some \$3.8 million had been taken out of the portfolio—\$2 million to cover deficits and \$1.8 to buy the adjacent building. He noted the current sentiment should be considered as irrational fear just as ten years ago the sentiment was irrational greed.

IV. Executive Director's Report

In addition to her monthly report, M. Hasting noted that the Department of Public Health made their annual unannounced visit to the Kitchen today. Two minor deficiencies were found—onions being cut on a table that appeared to need wiping down and absence of a written policy for safe keeping of cold items served on the buffet. Also the Department of Social Services, Continuing Care Contracts Branch, made their tri annual visit today. This visit is scheduled ahead of time. The Heritage had no deficiencies from this survey.

V. Development Committee

P. De Martini reported that the Development Committee would close the year with gifts totaling \$45,000 (budgeted \$40,000), due in part to an increase of new donors. She noted while most charities have experienced yearly decreases of at least 10%, The Heritage is up. The Board expressed a special appreciation for her work in increasing The Heritage donor base and excellent overall efforts.

VI. Board Education: Guide to Senior Care Governance

Pamela Kaufman, The Heritage's lawyer with Hanson Bridgett, provided a presentation on "Non-profit Director's Guide to Senior Care Governance." On a question from the Board, M. Hastings indicated that The Heritage was 80% compliant. She will provide at the next Board meeting a specific assessment of where The Heritage is in compliance, identify areas that The Heritage could tighten and a plan for coming into compliance in the near future. Disability discrimination issues largest area of litigation and compliance.

VII. Hindes Foundation Update

M. Hastings reported that the Out and About program, made possible by the Barrett and Margaret Hindes Foundation, was well received by residents on its first outing to see City Christmas lights. Over 45 residents participated. The program is being guided by a committee of residents. A resident dinner with the Board will be held after the Board meeting January 28 to honor the Hindes family for their generosity.

VIII. Facilities Committee

D. Day reported on the refurbishment of the Dining Room, now complete, and expressed appreciation to J. Hickerson for all her time and effort on the project. The committee will be reporting on the site plan progress at the January meeting.

IX. Nominating/Board Education Committee Update

The Board unanimously approved on a motion from the Nominating Committee Co-chair, M. Hauser, and second by C. Barber, the 2009 Board Officers: Chair, David Gruber; Vice Chair, Laura Pilz; Chief Financial Officer, George Morris; Secretary, Pamela Tudor. Candidate Kathleen Budge was unanimously approved as a new Board member on a motion from David Gruber and second by Pamela Tudor. D. Gruber reported that Dr. Robert Miller withdrew his name as a candidate, due to professional time restraints. However, he expressed that he would be available in an advisory capacity.

X. Expansion Committee

L. Pilz reported that she had spoken with each of the five nonprofits receiving grants totally \$100,000 from The Heritage and they were grateful for the support. The committee will be sending letters to the organizations that submitted requests but were not chosen to thank them for their participation, acknowledge their good work and welcome their participation in the future. Letters of agreement will be signed and checks issued after the first of the year to the five selected non-profits (Curry Senior Center, Housecalls Program (UCSF), Little Brothers, San Francisco Village- Northside, Mental Health Home Visit Program (Institute on Aging). In February/March, these groups will be invited to The Heritage so the Board and residents can meet them and learn about their good work. The granting will also be communicated to a larger audience that The Heritage is expanding its footprint in the community.

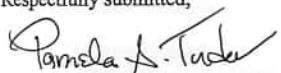
XI. Resident Communications and Relations

L. Baxter noted several highlights: the Community Music Center will hold four concerts at The Heritage; the food drive netted 250 pounds of food for the San Francisco Food Bank; and an anonymous gift has been received for house flower arrangements. She also expressed appreciation for serving two years as a resident representative on the Board of Directors and noted, Margaret Jacobs, as the new Residents' Council President would be joining the Board at the January meeting. On behalf of the residents, she expressed a wish that the Perry elevator would be upgraded in 2009.

XII. Adjournment

In closing D. Gruber noted: In lieu of consultant's fee/commission for acquisition of the new adjacent building, a donation of \$1,000 was made to the San Francisco Park and Recreation Department. In the transition to a new Director of Nursing, a Health Center advisory committee of J. Kayser-Jones, H. Safrit, L. VanHouten and D. Gruber has been formed with the goal of assisting the Health Center to become a model of care and best in class, and a presentation by the new advisory committee will be made to the Board at the February meeting. To achieve 100% Board participation in annual giving, he urged the Board who had not already done so to contribute before year end. The meeting was adjourned at 5:55 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary

THE HERITAGE
BOARD OF DIRECTORS MEETINGS MINUTES
November 19, 2008

The meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, November 19, 2008, at 3400 Laguna Street, San Francisco, California

Board of Directors Present: Carolyn Barber, Andrew Carlson, Douglas Day, Randy Gridley, David Gruber, George Ivelich, Jeanie Kayser-Jones, George Morris, Trish Ostott, Bruce Scollin, Elizabeth Stanners, Connie Tiret, Leslie Van Houten

Board Excused: Molly Hauser, Jane Hickerson, Laura Pilz, Henry Safrit, James Sherman, Pam Tudor

Staff Present: Marla Hastings, Executive Director, Pamela De Martini, Director of Marketing and Development; Cindy Johnson, Controller

Resident Representative Present: Lorraine Baxter

I. Call to Order

D. Gruber called the meeting to order at 4:05 PM.

II. Consent Agenda

Approval of the Minutes: The October Minutes were approved on a motion from J. Kayser-Jones and second by C. Barber.

Budget: C. Tiret presented next year's budget; to be voted on next meeting. The number of residents is down and there are more patients in the Health Center. In addition expenses are increasing. We cannot take more private pay patients because of increased census in Health Center. We also have had to hire a full-time person to assist three residents who are close to transitioning into the Health Center at an additional expense. See 2009 Budget Draft Notes for details.

Investment Portfolio: R. Gridley pointed out: a) We have close to 40% in bonds; target is 30%. We are slowing down balancing the portfolio; but are within the target constraints; erring on side of being more conservative but the portfolio will be rebalanced. b) Market Value of portfolio: no principle has been lost; but we have lost income previously generated by the principle.

Executive Director's Report: M. Hastings reported that the residents have graciously put up with noise and inconvenience of the renovation.

III. Resident Scholarship/Grace and Favor

M. Hastings prepared a Report on Scholarship/Grace and Favor. Fee reductions/entrance fee reductions are made on an ad hoc basis. There are no written criteria for making these selections although each decision is made on a financial analysis. There also is no organized plan for identifying potential residents who would enhance the community and would need a scholarship. The Board had a thoughtful discussion about the charitable mission and whether we needed an outreach program and criteria for awarding scholarships. The decision was to ask the Expansion Committee to look at this issue.

**THE HERITAGE
BOARD OF DIRECTORS MEETINGS MINUTES
November 19, 2008**

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Board of Directors Present: Carolyn Barber, Andrew Carlson, Douglas Day, Randy Gridley, David Gruber, George Ivelich, Jeanie Kayser-Jones, George Morris, Trish Ostott, Bruce Scollin, Elizabeth Stanners, Connie Tiret, Leslie Van Houten

Board Excused: Molly Hauser, Jane Hickerson, Laura Pilz, Henry Safrit, James Sherman, Pam Tudor

Staff Present: Marla Hastings, Executive Director, Pamela De Martini, Director of Marketing and Development; Cindy Johnson, Controller

Resident Representative Present: Lorraine Baxter

I. Call to Order

D. Gruber called the meeting to order at 4:05 PM.

II. Consent Agenda

Approval of the Minutes: The October Minutes were approved on a motion from J. Kayser-Jones and second by C. Barber.

Budget: C. Tiret presented next year's budget; to be voted on next meeting. The number of residents is down and there are more patients in the Health Center. In addition expenses are increasing. We cannot take more private pay patients because of increased census in Health Center. We also have had to hire a full-time person to assist three residents who are close to transitioning into the Health Center at an additional expense. See 2009 Budget Draft Notes for details.

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IV. Development Report

P. De Martini reported that donations are up and we will likely reach our budgeted goal of \$40,000. This year, at the suggestion of T. Ostott, foundations were added to the mailing list. We have already received a check from one such foundation.

V. Hindes Foundation Update

M. Hastings reported that there will be a cocktail party after the January 28th Board meeting to honor the Hindes family for its generous gift. Details to follow.

VI. Facilities Committee Update

D. Day noted the installation of the new draperies and carpet in the dining room. The chairs are coming. He also noted that a small group from the Board had a good preliminary meeting with the San Francisco Planning Commission. The Facilities Committee will now discuss the next steps. D. Gruber reported that two of the units in the newly acquired Francisco property are vacant. The plan would be to rent them as executive suites although that market is somewhat soft. The units will need improving such as replacing carpeting etc. The two other tenants are month-to-month, long-term tenants. The building is rent controlled.

VII. Nominating/Board Education Committee Update

C. Barber reported on Dr. Robert Miller's CV. Kathleen Budge's CV is enclosed in this month's Board packet. She will be presented for membership on the Board in December. At this juncture, it appears that Dr. Miller is over scheduled and will be available only as a consultant and speaker.

VIII. Review Bylaws/Articles of Incorporation

Pam Kaufman, our attorney from Hanson Bridgett will be at next month's meeting and will be available to not only answer questions about the updated Bylaws but also to educate the Board on our legal obligations.

IX. Expansion Committee Update

The Board expressed gratitude to L. Pilz for her work leading the Expansion Committee. Following a paper review and site visits, the Expansion Committee recommended and the Board approved the following grants on a motion by R. Gridley and second by C. Barber:

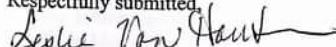
1. Curry Senior Center, \$15,000
2. Housecalls Program, UCSF \$35,000
3. Little Brothers \$20,000
4. Northside Village, \$10,000
5. Mental Health Home Visit Program, Institute on Aging \$20,000

X. Resident Communications and Relations

L. Baxter has volunteered to communicate the results of the grants to the residents. She complimented the staff on the way they handled the meals in the fitness center during the dining room renovation. She also reported on the success of the Out and About Program.

The meeting was adjourned at 6:05 p.m.

Respectfully submitted,



Leslie Van Houten, Board of Directors

THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
October 29, 2008

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, October 29, 2008, at 3400 Laguna Street, San Francisco, California

Board of Directors Present: Andrew Carlson, Randy Gridley, David Gruber, Molly Hauser, George Ivelich, Jeanie Kayser-Jones, Laura Pilz, Bruce Scollin, Elizabeth Stanners , Connie Tiret, Leslie Van Houten

Board Excused: Carolyn Barber, Douglas Day, Jane Hickerson, George Morris, Trish Ostrott, James Sherman, Pamela Tudor,

Staff Present: Marla Hastings, Executive Director, Pamela De Martini, Director of Marketing and Development

Staff Excused: Cindy Johnson, Controller

Residents' Representative: Excused

I. Call to Order

D. Gruber, Chair, called the meeting to order at 4:10 PM.

II. Consent Agenda

Approval of Minutes: The September 24, 2008, minutes were approved by the Board with one correction -- section VIII Nominating/Board Education Committee – change the number of candidates being considered to 5 from 6- on a motion by A. Carlson, seconded by J. Kayser-Jones.

Financials: C. Tiret commented that financial are substantially on track with one variance due to increased Heath Center occupancy (at 31) resulting in increased operating expense with no change to income. Additionally, several independent units are vacant temporarily while upgrades are made.

Investment Portfolio: R. Gridley reported that the decline in the investment portfolio is in line with the financial markets. The investment committee met with Bernstein Global Wealth Management, managers of the portfolio, earlier in the week. R. Gridley shared information from the meeting illustrating historical market volatility and recovery rates and information reinforcing the importance of maintaining a 3% withdrawal rate to preserve the principal of the portfolio.

Executive Director's Report: M. Hastings reported two new residents are moving in. She thanked the Board members who assisted with the selection of a new Director of Nursing and confirmed that Corky Rockwell started October 8, 2008.

III. Marketing Update

P. De Martini highlighted several items on the "Public Relations/Marketing Activities at The Heritage" report and showed samples of the consistent branding across marketing materials, including Highlights and Lecture announcements.

IV. Hindes Foundation Update

M. Hastings discussed the first of the "Out and About Program" activities—a visit to Coit Tower on November 11- and circulated the signup notebook outlining future events. The Board discussed preliminary plans to honor the Hindes family at an event for residents and Board after the January board meeting. M. Hastings will contact the Hindes Family to determine their availability.

V. Development Committee

P. De Martini reported that the annual letter to friends of The Heritage requesting annual gifts will be mailed next week. The Board members have received their letters and are asked to make a contribution to the organization. It is important that again this year 100% of the Board contribute to The Heritage.

VI. Facilities Committee

G. Ivelich reported that unit upgrades continue as independent living units turnover. The dining room refurbishment, new carpet and paint, will be done in early November. Residents will use the Theater room and Craft room for dining during the 10 days of construction. The Facilities Committee has applied to the city for a meeting with Planning Department staff. The purpose of the meeting is to have a general discussion of the height, density and scope of changes The Heritage can consider making to the property.

L. Van Houten raised the question of how this remodel addresses the changing demographics of senior demand. Ivelich indicated that the discussions are very general at this stage and there will be an opportunity to analyze demand more completely after the meeting with the city.

D. Gruber reported that the purchase of the Francisco Street flats is on hold at present.

VII. Nominating/Board Education Committee

M. Hauser reported that the Nominating Committee expects to present two candidates to join the Board in 2009: Kathleen Budge and Dr. Robert Miller. At the December meeting the Nominating Committee will present the final recommendation for officers for 2009. It is expected the current officers will continue in their present roles.

VIII. Bylaws/Articles of Incorporation

M. Hauser briefed the Board on the updated Bylaws and Articles of Incorporation. The Board should review the document for discussion at the November Board meeting. Comments or questions before the meeting should be referred to D. Gruber or Hastings who will communicate with the attorney, Pam Kaufman.

IX. Expansion Committee Update

L. Pilz reported that the committee has narrowed the Community Grant applications to six organizations. Teams of Expansion Committee members are conducting site visits with the finalists. The committee will meet in early November and bring a final recommendation to the Board at the November meeting.

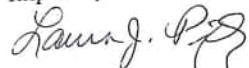
X. AAHSA Report

The Board and Staff who attended the AAHSA convention in Philadelphia in mid-October presented a summary report to the Board. Key areas for consideration include: Board strategic role, changing demographics and expectations of senior generations of the future, implications of changing financial environment and laws governing the operations of The Heritage.

The Board discussed how best to take action on the issues in the report. D. Gruber indicated this will be an agenda item for January. M. Hastings will invite the attorney Pam Kaufman to address the Board on legal matters at a future meeting.

The meeting was adjourned at 5:45 PM.

Respectfully submitted,



Laura J. Pilz, Vice Chair for
Pamela A. Tudor, Secretary



**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
September 24, 2008**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, September 24, 2008, at 3400 Laguna Street, San Francisco, California

Board of Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, George Ivelich, Jeanie Kayser-Jones, George Morris, Trish Ostott, Laura Pilz, Henry Safrit, Bruce Scollin (by conference call), James Sherman, Elizabeth Stanners (by conference call), Connie Tiret, Pamela Tudor, Leslie Van Houten

Board Excused: Andrew Carlson, Jane Hickerson

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Pamela De Martini, Director of Marketing and Development

Residents' Representative: Lorraine Baxter

I. Executive Session

An Executive Session was called at 4:00 PM to discuss Director of Nursing issues. A motion was made by J. Sherman, seconded by H. Safrit and approved by the Board to approve a salary up to \$120,000 for a new Director of Nursing and for a Board subcommittee to assist Marla in evaluating other candidates if needed.

II. Call to Order

D. Gruber, Chair, called the meeting to order at 5:00 PM.

III. Consent Agenda

Approval of Minutes: The June 25, 2008, minutes were approved by the Board on a motion by M. Hauser, seconded by G. Morris.

Financials: The Board approved the August financial statements on a motion by G. Morris, seconded by J. Kayser-Jones. Income is down and expenses are up due to a reduced overall census and increased census in Health Center.

Investment Portfolio: R. Gridley reported that the return on The Heritage investment portfolio inception to date has been 6.0%, despite the 2008 volatile market. The proceeds of the Van Ness property were placed in the account in 2004 and even with today's depressed market, the portfolio reflects a gain and is capable of funding operations as intended. Bernstein Global Wealth Management, which manages our portfolio, will be holding a meeting in October and Board members are encouraged to attend. R. Gridley will provide the date and time by email.

Executive Director's Report:
No further comments were made to the Executive Director's Report of September 24.

IV. Public Relations Update

P. De Martini called attention to the report "Public Relations/Marketing Activities at The Heritage" and plans for 2009. The report was prepared in response to the Board's Self-Assessment Survey, which indicated that more information was desired on The Heritage's Public Relations efforts.



V. **Hindes Foundation**

The Barrett and Margaret Hindes Foundation has donated \$520,000 to The Heritage with a 20% draw a year for an "Out and About Program" for independent, assisted living and Health Center residents. Scott Hindes, foundation trustee, also expressed interest in donating funds for a "wi fi project," which will be an additional donation. Board members will invite the foundation trustees to dinner to express appreciation.

VI. **Development Committee**

P. De Martini reported that donations totaled \$24,000 year-to-date and should meet the budgeted \$35,000. The repercussions of the weak economy are being seen with regular donors giving less. The most recent Senior Health lecture, "Nourishing Your Aging Brain," featuring neurologist, Dr. Robert Miller, was attended by 160 people with 40 on a waiting list. The Heritage's outreach has expanded considerably as invitations were sent to several new zip codes. A special event is being held on October 23, at 12:45 PM, which Board members are urged to attend.

VII. **Facilities Committee**

D. Day reported the Facilities Committee will make initial contact with the San Francisco Planning Department to determine the feasibility of what can be put on the site. Rooms are being upgraded as they become available.

VIII. **Nominating/Board Education Committee**

P. Tudor reported that five candidates are being considered for the Board: Scott Hindes (family ties/engineering expertise), Kathleen Budge (community/development expertise), Dr. Robert Miller (aging/wellness expert), Clint Callan and David Hines (attorneys).

IX. **Bylaws/Articles of Incorporation**

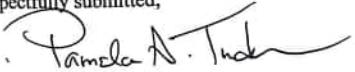
A discussion of The Heritage updated Bylaws and Articles of Incorporation was postponed to the November Board meeting.

X. **Expansion Committee Update**

L. Pilz reported that the committee had received 19 applications for grants as the result of the Request for Proposals sent to some 100 community organizations assisting seniors. Overall, the committee was pleased with the quality of the submissions. A maximum of \$100,000 has been approved for grants with \$50,000 maximum to one applicant. Committee members will review and narrow the applications, and visit the sites of those organizations of most interest. Recommendations will be brought to the Board in October.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary

**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
June 25, 2008**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, June 25, 2008, at 3400 Laguna Street, San Francisco, California.

Board of Directors Present: Douglas Day, David Gruber, Molly Hauser, George Ivelich, George Morris, Trish Otstott, Laura Pilz, Henry Safrit, Bruce Scollin (by conference call), Elizabeth Stanners, Pamela Tudor

Board Excused: Carolyn Barber, Andrew Carlson, Randy Gridley, Jane Hickerson, Jeanie Kayser-Jones, James Sherman, Connie Tiret, Leslie Van Houten

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Pamela De Martini, Director of Marketing and Development

Resident Representative Excused: Lorraine Baxter

I. Call to Order

David Gruber, Chair, called the meeting to order at 4:00 PM.

II. Approval of the Minutes

The May, 28, 2008, minutes were approved by the Board on a motion by M. Hauser, seconded by G. Morris.

III. Insurance

B. Scollin reported on the progress of researching The Heritage's general liability insurance. He is awaiting bids on increasing the blanket amount from \$8 million to \$50 million. He anticipates that he will receive premium indications in late September.

IV. Financial Report

Investment Portfolio: G. Morris reported that the weak economy and volatility was having a negative impact on the investment portfolio and investment income.

V. Executive Director's Report: Highlighting the May Executive Director's Report, M. Hastings reported on: the arrival of the new Director of Nursing, Steven Arana, who started on June 9; thirty new Joerns low-capacity beds will begin arriving June 27 for the Health Center; and the report for the Board on the progress of Title 22 Compliance prepared by the Interim Director of Nursing. She also presented, on behalf of the Facilities Committee, the new interior décor for the dining room (carpet, fabrics, wall color). Board member Jane Hickerson was thanked for her time and effort on this project.

VI. Expansion Committee

L. Pilz, Chair of the Expansion Committee, reported that the committee has sent out Request for Proposals (RFP) to some 100 organizations. A dedicated phone line and email has been established to facilitate inquiries and questions. The Expansion Committee will reconvene in September to review grant proposals, which are due

September 2. She expressed appreciation to the Expansion Team for their diligence and work in expanding the mission of The Heritage. The committee members are: Randy Gridley, Molly Hauser, George Ivelich, Jeanie Kayser-Jones, George Morris, Trish Ostott, Laura Pilz, Henry Safrit, James Sherman, Elizabeth Stanners, Leslie Van Houten.

VII. Hindes Foundation

D. Gruber reported that he and G. Morris met with Scott Hindes, Peter Hindes and Jodi Kaelle to discuss possible foundation gifts to The Heritage. They expressed an interest in an "Out and About" program that would provide opportunities for Heritage residents, at all levels of care, to enrich their day-to-day life experience outside The Heritage. A resident task team of Lorraine Baxter, Doris Howard and Margaret Jacobs provided a list of possible outings that would interest residents. M. Hastings will put together a revised proposal for the Hindes Foundation's consideration.

VIII. Facilities Committee

D. Day, chair, provided an update on the work in the McGinley Room and remodel of the three-room unit.

IX. Francisco Street Flats

D. Gruber reported that the closing of this purchase could be in a month. A question was raised as to how the rentals could be used to expand residency of The Heritage community and how requirements of the Dept. of Social Services and the city may affect this possible expansion.

X. Development Committee

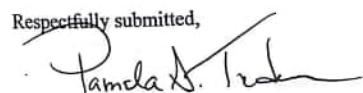
D. Gruber expressed appreciation to Pamela De Martini for the successful outreach lecture "Good Looking," and to T. Ostott for bringing in the speakers. P. De Martini used a new zip code mailing list, which brought in many new faces. She reminded the Board of the "High Tea" scheduled for August 21, to increase exposure to The Heritage. To date \$19,000 has been received in donations. Resident giving has decreased considerably. Articles will appear in "The Heritage Happenings" on the importance of gifts and bequests.

XI. Nominating/Board Education

P. Tudor reported that the revised Bylaws will be available for review at the July meeting. The Board Self Assessment completed in February indicated areas where the Board desired to be better informed. Reports on these areas of Board responsibility will continue to be given at Board meetings, the next being a report on The Heritage public relations activities.

The meeting was adjourned at 5:30 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary

**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
May 28, 2008**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, May 28, 2008, at 3400 Laguna Street, San Francisco, California

Board of Directors Present: Carolyn Barber, Andrew Carlson, David Gruber, Jeanie Kayser-Jones, Molly Hauser, George Ivelich, George Morris, Laura Pilz, Connie Tiret, Pamela Tudor, Elizabeth Stanners, Leslie Van Houten

Board Excused: Douglas Day, Randy Gridley, Jane Hickerson, Trish Otstott, James Sherman, Henry Safrit, Bruce Scollin

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Pamela De Martini, Director of Marketing and Development

Residents' Representative Present: Lorraine Baxter

I. Call to Order

David Gruber, Chair, called the meeting to order at 4:10 PM.

II. Approval of the Minutes

The April 23, 2008, minutes were approved by the Board with one change, noting that George Morris is not a member of the Audit Committee, on a motion by A. Carlson, seconded by G. Ivelich.

III. Financial Report

C. Tiret reviewed the financials which are on track in most areas. The one exception is a lower census (approx. 100 residents) as a result of vacant units under renovation, recent passing of residents and a higher temporary occupancy in the Health Center. M. Hastings reviewed the process of moving residents from Independent Living to Assisted Living or the Health Center.

IV. Investment Portfolio

D. Gruber gave a brief Investment Committee report in the absence of R. Gridley. G. Morris commented on a recent meeting with Bernstein, the investment management firm.

V. Executive Director's Report

In addition to the May Executive Director's Report, M. Hastings requested approval to purchase new beds for the Health Center. The Board passed a motion made by G. Morris, seconded by C. Tiret, authorizing an expenditure of \$32,000 to purchase new beds.

A proposal to equip the facility with wireless internet access was reviewed by the Board. It was decided that additional information is needed to make this decision and an additional bid should be obtained if possible.



VI. Expansion Committee

L. Pilz reported that the Expansion Committee is on target to send out the RFP in mid-June. Board members were encouraged to suggest additional organizations to receive the RFP. The names and contact details of organizations to receive the application should be directed to L. Pilz.

VII. Hindes Foundation

D. Gruber reported that he and G. Morris met with Scott and Peter Hindes and Jodi Kaele of the Barrett and Margaret Hindes Foundation. Discussions on a gift from the Hindes Foundation are ongoing.

VIII. Facilities Committee

G. Ivelich reported for the Facilities Committee. He reviewed remodel plans for Unit 230 which the committee recommends reconfiguring into two units – a one bedroom and a studio. This unit has been exceedingly difficult to market due to its unusual layout, having once been three studios. On a motion made by C. Tiret and seconded by G. Morris, the Board approved the expenditure of \$68,000 (an incremental \$45,000 over what had previously been approved) to refurbish the unit.

The Facilities Committee also recommended the addition of a door from the hallway to access the kitchen on the second floor in the McGinley community room. The Board approved an expenditure of \$12,000 on a motion made by J. Kayser-Jones, seconded by G. Morris.

IX. Report on Annual Conference on Aging Services of California

M. Hastings, C. Johnson and P. De Martini reported on sessions they attended at the annual meeting of Aging Services of California in San Diego.

X. Francisco Street Purchase

D. Gruber reported that the purchase of the Francisco Street flats is moving forward and due diligence continues. We are awaiting response from the seller on several minor points.

XI. University Mound Ladies Home

D. Gruber reported that the University Mounds Ladies Home has selected another group as its partner and discussions between them and The Heritage have concluded. He thanked all who were involved in the meetings for their time and for representing The Heritage in a very professional manner.

XII. Insurance

D. Gruber reported on an ongoing review of the liability insurance policy for The Heritage. Current quotes on increased coverage appear to be high so additional information will be presented at the next meet.

XIII. Resident Communications

L. Baxter, Residents' Representative, reported on the mid-year Residents' Meeting of May 20. She commended C. Johnson for an excellent presentation and very effective explanation of the annual increase in monthly care fees. She noted that no complaints or wish list items were brought up at the meeting.

L. Baxter reviewed several recent resident activities, including the picnic to Spring Lake and day trips which are being planned to use the van more extensively. She also

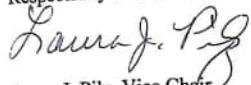
reported that the new sound system for Friendship Hall and the Dining Room is working very well.

XIV. Nominating/Board Education

P. Tudor reported that the By-Laws of the Society (written in 2000 when the two Boards joined) need to be reviewed and updated if necessary to comply with the California Non Profit Integrity Act passed in 2003. She made a motion, seconded by M. Hauser, to approve up to \$3000 to cover legal fees for the review and updating. The motion passed unanimously.

The meeting was adjourned at 5:50 PM.

Respectfully submitted,



Laura J. Pilz, Vice Chair



**Special Board Meeting of The Heritage
Regarding University Mound Ladies Home
May 2, 2008**

A special meeting of the Board of Directors of the San Francisco Ladies Protection and Relief ("the Society" or "The Heritage) was held on May 2, 2008, at 3400 Laguna Street, San Francisco, California.

Board Members Present: Andrew Carlson, Randy Gridley, David Gruber, Jane Hickerson, George Morris, Pamela Tudor, (on conference call) Carolyn Barber

Staff Present: Marla Hastings

Board of University Mound Ladies Home (UMLH) Present: Kathrine Anderson, President, Robert Wertsch, Vice President, Oreste Cavallinni, Treasurer

Counsel Present: Allan Jergesen, Hanson Bridgett, lawyer for UMLH and The Heritage

The meeting was opened by David Gruber, Chair, at 2 PM. He summarized The Heritage recommendation to the UMLH Board. The facility needs to be closed and The Heritage offers to work with them through the process. He reiterated the need to move quickly.

The Chair suggested that a feasibility study was needed to determine the site options. The cost would be between \$4,000 and \$6,000 and would take four to six weeks. The feasibility study would provide among other information: land value, highest and best use of the property, zoning, a preliminary title report. If The Heritage is the organization that UMLH chose, The Heritage would do the feasibility study and work with the UMLH to determine the next step after closure. A question was asked regarding the saving of the building façade. This would be determined by the results of the feasibility study.

D. Gruber emphasized the importance of winding down the operations, which can be done concurrently with the feasibility study. What are the needs to close down? A. Jergesen suggested it would take a month to request and receive approval from The Department of Social Services. Although the administrators have been advised, the residents have not. They will require 60 days notice, although, a longer notice of 90 to 120 days may be more realistic to assure they are well taken care of. Each resident needs to be assessed and placed appropriately. Families need to be informed. UMLH Treasurer indicated that funds were available to work through this process.

There is an opportunity to learn from other homes that have closed down. M. Hastings will research. A. Jergesen noted that setting the stage is key. Families are important. UMLH wants to do all it can for its staff and residents.

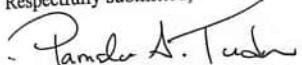
The UMLH Board meets two weeks from today to decide what organization they will move forward with. The question was asked: if The Heritage immediately commissioned a feasibility study and was not the chosen organization, would The Heritage be reimbursed? UMLB replied that they need not move that fast.

D. Gruber stated time was of the essence, information needs to be put together and decisions need to be made. The feasibility study will provide the options. He said The Heritage was interested but a process needed to be worked through. The UMLH preference would be a senior housing use. The Chair applauded the Board's effort in doing the best for the residents.

The meeting adjourned at 3:15 PM.

The Heritage Board members in attendance had a short discussion. D. Gruber indicated that he had Martorana-Bohegian review the site and the firm estimated the land value was \$8 million. This value could change significantly if zoning or deed restrictions are determined to apply to the subject property.

Respectfully submitted,



Pamela A. Tudor
Secretary



**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
April 23, 2008**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, April 23, 2008, at 3400 Laguna Street, San Francisco, California.

Board of Directors Present: Carolyn Barber, Andrew Carlson, Douglas Day, Randy Gridley, David Gruber, Jeanie Kayser-Jones, Molly Hauser, George Ivelich, Trish Oststott, Henry Safrit, Bruce Scollin, Connie Tiret, Pamela Tudor

Board Excused: Jane Hickerson, George Morris, Laura Pilz, James Sherman, Elizabeth Stanners, Leslie Van Houten

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Pamela De Martini, Director of Marketing and Development

Residents' Representative Present: Lorraine Baxter

I. Call to Order

David Gruber, Chair, called the meeting to order at 4:00 PM.

II. Approval of the Minutes

The March 26, 2008, minutes were approved by the Board with an addition (B. Scollin will research additional liability coverage) on a motion by A. Carlson, seconded by R. Gridley.

III. Recent Action Items

The following action items were approved by Board members in Executive Session and placed in these minutes on a motion from R. Gridley, seconded by B. Scollin.

- The Board authorized D. Gruber to offer the owners up to \$1.8 million for the contiguous, four-flat building at 1530 Francisco Street. (January 31, 2008)
- The Board authorized M. Hastings to hire an independent auditor at a cost of \$5,000 to \$10,000 to audit The Heritage Health Center for compliance with Title 22. (January 31, 2008)
- The Board authorized M. Hastings to contract with an employment agency to seek qualified candidates for the position of Director of Nursing up to a fee of \$30,000. (January 31, 2008)
- The Board approved Dr. Maryam Ziae Matin as The Heritage Medical Director, replacing Dr. John Henderson, who retired. (February 21, 2008)
- The Board approved an interim compliance nurse, who would also serve as temporary Director of Nursing, the cost not to exceed \$16,736, plus travel, through April 2008. If an extended search for a Director of Nursing is necessary the cost will be \$10,136 - \$12,136 per month May - July. (March 6, 2008)
- The Board approved that The Heritage should explore further the opportunity presented by the University Mound Ladies Homes to acquire the facility's land, as the assisted living facility will be closing. (March 6, 2008)

IV. Financial Report

Investment Portfolio: R. Gridley, Investment Chair, reminded Board members that The Heritage portfolio was designed to keep up with inflation and sustain the needed approximate \$2 million a year withdrawal for operations. The recent market volatility emphasizes that we cannot be looking at the prospect of large withdrawals without considering the impact on the long term adequacy of the endowment.

V. Audit Report

The Audit Committee (Randy Gridley, Connie Tiret, James Wheary, Chair, and Marla Hastings) presented the Financial Statements and Independent Auditor's Report of December 31, 2007, completed by Daoro Zydel & Holland. R. Gridley reviewed the audit process, required yearly, and complemented George Morris and Cindy Johnson on their part in providing information to and working with the auditors. As considerable assets of The Heritage are with Bernstein Global Wealth Management, he will be following up with Bernstein's auditor, Price Waterhouse Coopers, to assure appropriate internal controls are in place.

VI. Executive Director's Report

In addition to the April Executive Director's Report, M. Hastings reported that Dr. Maryam Ziae Matin, The Heritage's new Medical Director, has been well received by residents. Six applications have been received for Director of Nursing position and will be carefully reviewed. Marla reported on the progress in becoming Title 22 compliant and survey ready. Areas in each department have been identified for action and a quality assurance tool has been implemented to track progress for complete compliance.

VII. Expansion Committee

The Expansion Committee requested and the Board approved on a motion by L. Pilz, seconded by M. Hauser:

- the Society implement an Expansion Grants Program to provide funding and partnership support to new and innovative programs assisting "seniors" (people over the age of 65) in the San Francisco community.
 - Funding of up to \$100,000 for grants awarded in 2008
- L. Pilz, Committee Chair, stated that the goal of the Expansion Committee is to identify programs, which increase the scope and reach of the Society to impact more seniors in the community. The charitable mission of the Society is the guiding principle in defining the types of programs the Expansion Grants will benefit.

The Committee recommends the Society implement a program to make grants to new or existing programs sponsored by other organizations. She explained that this approach has several advantages over creating new programs directly, including: preserves flexibility to become involved in a variety of programs; opportunity to learn more about the needs of seniors in San Francisco; possible path to identifying projects the Society may want to develop further under its leadership in the future; requires limited overhead, staff or infrastructure commitments; limited liability; and flexibility in the amount of financial support. The Society is committed to provide in any year. The guidelines are deliberately unrestrained to enable the Committee to learn as much as it can.

D. Gruber expressed gratitude for the work of the Expansion Committee:
Laura Pilz, Chair, Randy Gridley, Molly Hauser, George Ivelich, Jeanie Kayser-Jones, Leslie George Morris, Trish Ostott, Henry Safrit, James Sherman, Elizabeth Stanners, Leslie Van Houten.



VIII. Hindes Foundation

D. Gruber reported that he and G. Morris will be meeting with Scott Hindes of the Barrett and Margaret Hindes Foundation to discuss their challenge to The Heritage. The Board discussed two possible projects that could be presented: a Wellness Center and a covered space in the courtyard for multiple uses, including an outdoor area for the Health Care residents. D. Day expressed that if The Heritage expands, there will be ample project and naming opportunities.

IX. Facilities Committee

D. Day, Facilities Chair, spoke that the Smith Group Continuing Service Agreement is working well rather than retaining them on a case by case project. The Facilities Committee suggests buying permanent staging furniture for empty rooms. Regarding the Master Site Plan, the committee is looking at the financials to come up with a number of units to make needed cash flow and then will go back to Smith Group for plan revision.

X. Francisco Street Purchase

D. Gruber noted that escrow will be taking longer as one of the owners wants to trade. The building is in good condition with no major issues (a fuel tank); however, maintenance is needed.

XI. Nominating/Board Education

T. Otstott, Development Chair, spoke on the reason The Heritage needs to fundraise. This was one of the areas in the Board Assessment Survey that indicated Board Members were uncertain of the need. Fundraising is important to keep connected with donors. The Heritage is a beloved community and people want to give, it is a way to keep our name visible in the community. The Heritage has a small but productive mailing list with 800 names and some 25% give to The Heritage in one of the several "asks" during the year.

XII. Resident Communications

L. Baxter, Resident Representative, reported on the resident survey and how they would like to make use of the van. A new sound system will be installed for Friendship Hall and the Dining Room. A luncheon program has been initiated with department heads dining at resident tables. The fitness classes have been well received. The Heritage will be the site of a cocktail reception to celebrate the engagement of a resident's grandson. The semi-annual resident meeting is May 20 at 9:30 AM and all Board members are welcome to attend.

XIII. University Mound Ladies Home

The Chair expressed gratitude to all the Board for their time at the meetings held with and regarding the University Mound Ladies Home (UMLH). One more meeting will be held with representatives of the UMLH Board.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary



Special Board of Directors Meeting
University Mound Ladies Home
April 18, 2008

Board Members Present: David Gruber, Jane Hickerson, George Morris, Henry Safrit, Pamela Tudor,
(By conference call) Randy Gridley, George IvElich, Jeanie Kayser-Jones

Board Members Excused: Carolyn Barber, Andrew Carlson, Douglas Day, Molly Hauser, Laura Pilz, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Leslie Van Houten

Comments made at the meeting:

- Without additional time for a detailed study, the best alternative is sale of the property.
- Considerable questions remain: economic status and health of residents, cost of relocation to appropriate facilities, impact on unionized employees
- We do not have the expertise to assist the UMLH Board through the closure process nor do we feel it would be appropriate to spend our resources to hire the necessary experts.
- UMLH needs to relocate its residents and sell its property. We would be happy to oversee the proceeds of the sale and make certain that those proceeds carry on the mission UMLH
- An attorney should review The Heritage's response to make sure that our response reflects no commitment before sending to the UMLH Board.

Response to the questions were reviewed and revised.

D. Gruber will prepare a cover letter to the attached questions/responses. The letter and response to questions will be presented at the April Board meeting for approval.

Attached: Response to Questions

Pamela D. Tudor
Secretary

QUESTIONS POSED BY THE UNIVERSITY MOUND LADIES HOME AND
RESPONSE BY THE HERITAGE
April 17, 2008

1. Based on what you have heard, what do you see as the realistic options for UMLH, given the state of finances and physical plant, and given the environment in which it is operating?

The sale of the property may be the best ultimate resolution.

2. Do you feel that you have any special knowledge or experience with respect to any of the possible options that would assist in implementing it? If so, what might that be?

We have significant experience in managing an endowment.

3. Would you envision partnering with any outside entity (e.g. a developer of affordable housing projects) in pursuing any such option? If so, who might that be?

We have discussed this option, among many options, but see partnering with an outside entity as a lengthy process that would need careful consideration.

4. Do you have any thoughts about how the various options might be financed, including using our respective endowments, doing special fundraising, engaging in tax exempt financing or obtaining government grants?

We are aware of various programs for seniors using government financing and tax credits but this again is a lengthy process.

5. We discussed the need to move forward fairly rapidly in view of the declining UMLH endowment. What are your thoughts on the feasibility of a timetable that might involve making and implementing a decision to close the facility in the fall?

We are not in a position to assess a timetable without being certain as to the program we would ultimately agree upon and be pursuing.

6. If residents would need to be relocated, how would you go about finding placement for those who were unable to do so either on their own or with the assistance of their families? Assuming that you do not have a capacity to provide accommodations in your own facilities in San Francisco, what organizations would you work with to place the residents who needed help?

The placement of residents should be done by UMLH who has the experience with its residents. However, our staff may be able to make suggestions such as the Institute on Aging and Aging Services of California.

7. How would we both handle the relocation process, in terms of presenting it to residents and families, explaining it to the public (including the press), and dealing with any other issues that you might identify?

We believe this should be the responsibility of UMLH but we would be supportive of developing a response under the name of UMLH that would ease the concerns of family members. UMLH is in the best position, as UMLH knows the history of the residents and their families. We are aware of the public perception towards senior facilities and sensitivity to the consequences.

8. How would you maintain the premises during the time between its closure and the final disposition of the property, whether it is sold or redeveloped by you? Is there any community or other use to which it might be placed that would keep it from remaining idle in the interim?

We have no interest in being involved with the property. We would recommend that you determine a process for selling the property to interested entities as soon as possible.

9. If the property ultimately cannot be redeveloped in a feasible manner and therefore must be sold, how would you handle the resulting proceeds? Could they receive special identification within your organization or your foundation? If so, how might that occur?

The Heritage would set up an University Mound Ladies Home endowment that could be used to further the mission of the University Mound Ladies Home. The Heritage would establish an ad hoc committee with the responsibility of setting guide lines, managing the funds and determining appropriate use. We would recommend that your current board appoint a member that would participate in this committee. The endowment would be under The Heritage overview and would become an entity within The Heritage family.

10. Is there anything further that you think that the UMLH Board should do before settling on an organization with which to work? For example, would it be helpful for your representatives to meet with the entire UMLH Board in order to further articulate your thoughts about the issues being considered?

The Heritage Board believes that a meeting with your Board to discuss this response would be mutually beneficial.

11. Do you have any other thoughts or comments about the issues or process that might assist the Board at this juncture?

The Heritage understands the difficulty with which you are dealing. We are sympathetic with your concerns about your residents and we applaud your efforts. It is a difficult task that you are facing.

**Board of Directors Special Meeting
April 2, 2008**

A special meeting of the Board of Directors of the San Francisco Ladies Protection and Relief was held on April 2, 2008 via phone conference.

Present: Babs Barber, Andrew Carlson, Randy Gridley, David Gruber, Jane Hickerson, Jeanie Kayser-Jones, George Morris, Trish Ostott, Bruce Scollin, Connie Tiret, Pam Tudor, and Leslie Van Houten.

Absent: Doug Day, Molly Hauser, George Ivelich, Laura Pilz, Henry Safrit, James Sherman, and Elizabeth Stanners.

Staff Present: Marla Hastings, Executive Director.

David Gruber called the meeting to order at 10:05 a.m. He stated that he had a conversation with Mr. Oreste Cavallini, the Treasurer of the University Mound Ladies Home Board of Trustees, on Friday, March 28 in the late afternoon. Mr. Oreste updated him, stating that the elevator at the University Mound Ladies Home had started to act up and was shut down as a result. The residents on the second floor were moved down to the first floor. Staff were notified that the Home would be closing down in August. He also stated that of the three parties that were originally contacted regarding taking over the University Mound Ladies Home property and assets, two remained interested. One of these interested parties is The Heritage. The other party reported assets of approximately 25 billion.

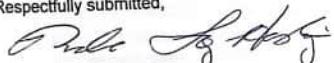
Mr. Cavallini had two questions of David Gruber. :

- Would The Heritage expand its community to include the University Mound Ladies Home? David responded that as a life care retirement facility, we would keep all of our community on one site, the current one. However, consideration would be given to a possible stand alone community on the University Mound Ladies Home site.
- Would The Heritage be able to move any of the University Mound Ladies Home residents into their community? David answered that The Heritage is currently full and would not be able to admit their residents.

There was discussion regarding the process for proceeding. The Board clarified that we need to further explore our options for the property before committing to what our approach will be. The Board asked David Gruber to contact Mr. Cavallini to request a brief sit down meeting with the Board of University Mound Ladies Home to reinforce our interest before any final decisions are made.

There being no further business, the meeting was adjourned at 10:20 a.m.

Respectfully submitted,



Marla Long Hastings
Executive Director

**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
March 26, 2008**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, March 26, 2008, at 3400 Laguna Street, San Francisco, California

Board of Directors Present: Carolyn Barber, Andrew Carlson, Randy Gridley, David Gruber, Jane Hickerson, Molly Hauser, George Ivelich, Jeanie Kayser-Jones, George Morris, Trish Otstott, Henry Safrit, Bruce Scollin, Connie Tiret, Pamela Tudor

Board Excused: Douglas Day, Laura Pilz, James Sherman, Elizabeth Stanners, Leslie Van Houten

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Pamela De Martini

Residents' Representative Excused: Lorraine Baxter

I. Call to Order

David Gruber called the meeting to order at 4:15 PM.

II. Approval of the Minutes

The February 27, 2008 minutes were approved by the Board with minor corrections on a motion by Connie Tiret and second by Andrew Carlson.

III. Financial Reports

Operations Report: Connie Tiret reported The Heritage is operating close to budget. Investment income is under budget year-to-date due to problems in the non government guaranteed, mortgage-backed securities. George Morris re-emphasized that large market fluctuations is the reason for a conservative draw down of 3% of the portfolio's Fair Market Value.

Investment Report: Randy Gridley reported that the investment portfolio is down year-to-date 6.6% versus the S&P 500 down more than 9% and international markets down 8.5%. Since inception with Bernstein (July 2000), the average yearly return on our portfolio is 7.3%, including fees. He reviewed the background on the choice of Bernstein Global Wealth Management as the Society's asset manager. Prior to 2000, the portfolio was managed by The Heritage Board of Trustees. It was determined that it was time for outside professional management. A committee interviewed four firms—two value and two growth asset managers. Bernstein was selected. The portfolio has a value bias (companies trading less than their value). Historically, value has outperformed growth 3 to 4. Long term, it is a safer strategy.

IV. Executive Director

In addition to the Executive Director's Report of March 26, 2008, Marla Hastings reported on the new interim Director of Nursing, Corky Rockwell, who began work on March 20 to keep the Health Center running smoothly, while a search is underway for a permanent Director of Nursing.



V. **Insurance Carried by the Organization**

Bruce Scollin reported on the process that is used to determine The Heritage insurance coverage, which is reviewed annually. Considerations include: market conditions/underwriter appetite/new markets; existing limits of liability; capital improvements and issues that might affect The Heritage exposures; and property appraisals done on a periodic basis (usually 5 years). He provided a spread sheet that detailed each type of insurance carried by The Heritage, amount of coverage, current cost and yearly cost back to 2005-2006. Highlights: For workers compensation insurance, joining the Guardian Group has saved over \$100,000 over four years in premiums. For property and liability insurance, The Heritage has saved 15% in premiums by joining Risk Retention Group, a group of 13 facilities with similar exposures and good loss history. It also has a strong Risk Management Consulting Group. If successful, The Heritage could expect savings of over 50% in 3-5 years, plus a surplus of premium dollars that can fund future needs. The Heritage is cautious how property insurance is viewed. Earthquake coverage is not carried due to its expense and large deductibles. After a Probable Maximum Loss study, it was determined that the building would sustain a sizable quake. The van may be the Society's greatest exposure and liability may need to be increased from the current \$9 million per incident. The Society holds \$5 million in Director and Officers insurance.

VI. **Risk Management Policy**

Randy Gridley provided a list of Risk Management issues, which was compiled two years ago, on issues that could affect us. The following are the most worrisome risks to The Heritage and recommendations:

- An earthquake or fire permanently damages the Laguna street structure making some or all of it uninhabitable for an extended period of time.
Recommendation: The Administration in conjunction with the Facilities Committee regularly updates a plan of action to provide for residents and employees. The existence of the plan is communicated to residents.
- The Society risks losing favorable tax treatment either due to earning and/or spending patterns or due to a change in the tax laws.
Recommendation: The Financial Operations Committee reports annually to the Board as to any potential risks of change in tax status.
- The Medical Director is suddenly either unwilling or unable to perform his duties.
Recommendation: The administration in conjunction with the Human Resource Committee should establish a contingency plan to handle the potential abrupt absence of a Medical Director.
- The Heritage loses the intangible quality that makes it special and desirable to both current and future residents.
Recommendation: The Executive Committee in conjunction with the Residents' Liaison Committee periodically meet with groups of incoming and existing residents to monitor possible changes in external perceptions and images.

VII. Process for Hindes Foundation Challenge

The Barrett and Margaret Hindes Foundation desires to make a major donation to The Heritage. David Gruber requested that every committee have this item on its April meeting agenda to develop proposals for the use of the gift and report back at the April 23 Board meeting.

VIII. Facilities and Master Plan

A report with bids will be available at the April Board meeting.

IX. Francisco Street Flat

David Gruber reported that the contract is out for signatures for the four-unit building at a price of \$1.8 million. It is being sold as is and no credits will be given for deficiencies. Structurally the building is sound. One apartment is vacant, and we are paying \$2000 a month to keep it vacant. If an underground storage tank is found on the property, it will need to be removed before close of escrow at a cost of \$15,000.

X. Nominating/Board Education Committee

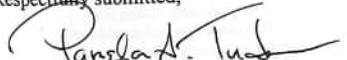
Pamela Tudor reported on the results of the Board Self Assessment completed by the Board after the February meeting. Eighteen of 19 Board members completed the form. The purpose was to identify areas of Board responsibility where the Board is doing a good job and areas where the Board can approve. Committees were requested to discuss the areas of Board Responsibility that most pertained to them, address the "Not satisfied" or "Not Sure" and come back to the Nominating/Board Education Committee with suggestions for improvement. Two areas of Board responsibility where Board members indicated "Not Sure" or "Not Satisfied" in their knowledge was on insurance coverage and risk management. Bruce Scollin and Randy Gridley were asked to address these areas of Board responsibility at this meeting so Board members were more familiar and aware of the issues.

XI. University Mound Ladies Home (UMLH)

D.Gruber reported on the UMLH on Silver and University Avenues. UMLH is an assisted living facility that has run out of money and facing closer in August. The building is obsolete. The value of the property is between \$2 and \$3 million. Approximately 32 residents need to be moved. They have requested three non profits to express if they may be interested. The consensus was that The Heritage Board would be interested in participating in the next round of discussion.

The meeting was adjourned at 6:00 PM

Respectfully submitted,



Pamela A. Tudor, Secretary

NOTE: BOARD RESPONSE REQUESTED BY END OF DAY, FRIDAY, APRIL 18, 2008

Special Board of Directors Meeting

April 11, 2008

University Mound Ladies Home

Board Members Present: David Gruber, George Ivelich, Henry Safrit, Pamela Tudor;
(By conference call) Carolyn Barber, Andrew Carlson, Jane Hickerson, George Morris, Trish Ottstott,
Laura Pilz, Elizabeth Stanners, Connie Tiret, Leslie Van Houten

Board Members Excused: Douglas Day, Randy Gridley, Molly Hauser, Jeanie Kayser-Jones, Bruce Scollin.,
James Sherman
Staff Member Present: Marla Hastings, Executive Director

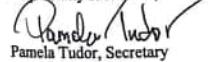
David Gruber, Chair, received a letter dated April 9, from the University Mound Ladies Home (UMLH) with questions addressing several issues relating to their situation of ceasing operations and an obsolete facility. The UMLH is asking that the three non profits contacted respond to help them assess which organization it might be best suited and that might be best suited to it. The UMLH Board is asking for a response by end of day Friday, April 18. UMLH desires to see their mission carried on and to be respectful of the remaining current residents.

Heritage Board members are requested to review the following comments from the meeting, the attached questions with a preliminary draft of a response and send their input by end of day Monday, April 14. A committee will take the Board's input and develop a formal reply to the UMLH questions by the requested April 18 date.

Discussion at the meeting:

- Does this fit with The Heritage mission? We would be expanding our community outreach but do we want to do it with a property in another part of the city?
- Do we need that facility as an extension of our current facility? Can it be upgraded to help us with that end?
- We do not at this time have a clear vision of where we want to go with this. Under what conditions would we want to get involved?
- Is it worth diverting our attention and energy from other current efforts? How many projects can we take on? Does this make sense financially? This is a costly renovation. Do we have the resources to upgrade 3400 Laguna and renovate the UMLH property?
- If we proceed, it would require a capital campaign. They have no donor base. Our constituency is small and probably would not be interested in supporting a facility in that location.
- It would take The Heritage time to do due diligence and study. Do we have the resources to do this? Ninety to 100 days is a fair amount of time for study.
- Options for use of the site: upgrade, bring number of units to optimum level, demolish and build new facility, demolish and sell the facility, demolish and build a new facility for senior housing or continuing care at home, develop an Alzheimer Center, sell property and use the money to create an endowment to carry out their mission
- How would we place remaining residents? We would want the Mound to take the lead to avoid negative publicity.
- We do not want to take on the facility as it is. Demolition brings problems, too—carrying cost considerable (legal, security, political implications from neighbors and the city). Development of this type takes years. Mercy Homes and NCPH have the experience/ resources—financially and politically.
- Our strongest asset in being selected is our long and close history and similarity in scale
- This does not appear to be a good fit. The location is not good for us. We do not want to divert our resources nor overextend ourselves. Our interest comes down to selling the facility and using the money to further the UMLH mission. This could be done by:
 - Using the money from the sell of property to establish an endowment in the name of University Mound Ladies Home that would be managed under The Heritage umbrella. An ad hoc committee would be formed to develop granting guidelines per the UMLH mission and administer the grant awards. A representative from the current UMLH Board would be on this committee.
 - Using the proceeds from the sell of property to develop the two flats next door into a dementia center named for University Mound Ladies Home

Respectfully submitted,



Pamela Tudor, Secretary



RESPONSE—PRELIMINARY DRAFT

1. Based on what you have heard, what do you see as the realistic options for UMLH, given the state of finances and physical plant, and given the environment in which it is operating?

The sale of the property may be the best ultimate resolution.

2. Do you feel that you have any special knowledge or experience with respect to any of the possible options that would assist in implementing it? If so, what might that be?

We have significant experience in managing an endowment.

3. Would you envision partnering with any outside entity (e.g., a developer of affordable housing projects) in pursuing any such option? If so, who might that be?

We have discussed this option, among many options, but see partnering with an outside entity as a lengthy process that would need careful consideration.

4. Do you have any thoughts about how the various options might be financed, including using our respective endowments, doing special fundraising, engaging in tax exempt financing or obtaining government grants?

We are aware of various programs for seniors using government financing and tax credits but this again is a lengthy process.

5. We discussed the need to move forward fairly rapidly in view of the declining UMLH endowment. What are your thoughts on the feasibility of a timetable that might involve making and implementing a decision to close the facility in the fall?

We are not in a position to assess a timetable without being certain as to the program we would be pursuing.

6. If residents would need to be relocated, how would you go about finding placement for those who were unable to do so either on their own or with the assistance of their families? Assuming that you do not have a capacity to provide accommodations in your own facilities in San Francisco, what organizations would you work with to place the residents who needed help?

The placement of residents should be done by UMLH who has the experience. However, our staff may be able to make suggestions such as the Institute on Aging and Aging Services of California.

7. How would we both handle the relocation process, in terms of presenting it to residents and families, explaining it to the public (including the press), and dealing with any other issues that you might identify?

We would be supportive of developing a response that would ease the concerns of family members. We are aware of the public perception towards senior facilities and sensitive to the consequences.

8. How would you maintain the premises during the time between its closure and the final disposition of the property, whether it is sold or redeveloped by you? Is there any community or other use to which it might be placed that would keep it from remaining idle in the interim?

We have no interest in being involved with the property. We would recommend that you determine a process for selling the property to interested entities as soon as possible.

9. If the property ultimately cannot be redeveloped in a feasible manner and therefore must be sold, how would you handle the resulting proceeds? Could they receive special identification within your organization or your foundation? If so, how might that occur?

The Heritage would set up an University Mound Ladies Home endowment that could be used to further the mission of the University Mound Ladies Home. The Heritage would establish an ad hoc committee with the responsibility of setting guidelines, managing the funds and determine appropriate use. We would recommend that your current board appoint a member that would participate in this committee. The endowment would be under The Heritage overview and would become an entity within The Heritage family.

10. Is there anything further that you think that the UMLH Board should do before settling on an organization with which to work? For example, would it be helpful for your representatives to meet with the entire UMLH Board in order to further articulate your thoughts about the issues being considered?

The Heritage Board is ready to meet with your board as your convenience.

11. Do you have any other thoughts or comments about the issues or process that might assist the Board at this juncture?

The Heritage understands the difficulty with which you are dealing. We are sympathetic with your concerns about your residents and we applaud your efforts. It is a difficult task that you are facing.



Special Board of Directors Meeting
March 6, 2008
2:00 p.m.

A special meeting of the Board of Directors of the San Francisco Ladies Protection and Relief Society (The Society) took place on March 6, 2008 at 2:00 p.m. via conference phone.

Present: David Gruber, George Morris, Andrew Carlson, Randy Gridley, Molly Hauser, George Ivelich, Jeanie Kayser-Jones, Bruce Scollin, Connie Tret and Trish Ostott

Staff: Marla Hastings, Executive Director

A quorum being present, the Board discussed the March 5, 2008 memo from Marla Hastings. She requested approval from the Board for an interim compliance nurse who can also serve as a temporary Director of Nursing. This nurse would be provided through HFS Consulting. The net cost is not to exceed \$16,736 plus travel expenses through April. If her services are needed through July, the net cost would range from \$10,136-\$12,136 plus travel expense per month. The Board moved to approve this non budgeted expense.

David Gruber led a discussion regarding the potential acquisition of the University Mound Ladies Home. The Society, along with NCPHS and the Episcopal Homes Foundation, were contacted through our attorneys at Hanson Bridgett regarding this opportunity. David Gruber and Andy Carlson have toured the community. The staff and residents of University Mound have not been told of pending changes, therefore, this information is to be kept confidential. The Board recommended that we explore this opportunity further. David Gruber will get a group of 3-4 Board members together to meet with the University Mound Ladies Homes Board of Directors who can be available the week after next.

There being no further business, the meeting was adjourned at 2:35 p.m.

Respectfully submitted,



Marla Long Hastings
Executive Director

THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
February 27, 2008

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, February 27, 2008, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Andrew Carlson, Douglas Day, David Gruber, Jane Hickerson, George Ivelich, George Morris, Bruce Scollin, James Sherman (by phone), Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Randy Gridley, Molly Hauser, Jeanie Kayser-Jones, Trish Ostott, Laura Pilz, Henry Safrit, Elizabeth Stanners

Staff Present: Maria Hastings, Executive Director, Cindy Johnson, Controller, Pamela De Martini, Director of Marketing and Development

Residents' Representative Excused: Lorraine Baxter

I. Call to Order
David Gruber, Chairman, called the meeting to order at 4:00 PM.

II. Approval of the Minutes
The January minutes were approved by the Board on a motion by Douglas Day and second by Jane Hickerson.

III. Financial Report
Operations Report: Connie Tiret reported that January Total Operating Revenue and Income are as budgeted; however, Total Investment Income is below budget due to market uncertainty and problems in the financial markets, specifically mortgage-backed securities.

Investment Report: David Gruber reported on behalf of Randy Gridley on the annual portfolio review held by Bernstein Global Wealth Management the portfolio's manager. Bernstein stated that the portfolio had minimal exposure to non government guaranteed mortgage-backed securities. Board members attending the review were Randy Gridley and Andrew Carlson. George Morris referred to the large fluctuations in the market and the need for The Heritage to continue to adhere to its policy of a conservative draw down of 3% of the portfolio's Fair Market Value.

IV. Executive Director
There were no additions to the Executive Director's Report of February 27, 2008.

V. **Title 22 Presentation**

Marla Hastings presented an overview on the Department of Social Services' Title 22 review of Skilled Nursing Facilities; impact on The Heritage; and what the surveyors will be looking for. The Heritage has had no review since 1990 as our Skilled Nursing Facility is not a Medicare nor Medi-cal certified facility, but with a recent change in the laws, all Skilled Nursing Facilities will be evaluated every two years. A consultant has been hired to conduct an audit to help prepare the staff for the unannounced visits. She noted that although The Heritage is in compliance generally, this is an opportunity for The Heritage to come into complete compliance.

VI. **Facilities Committee Update**

Three vacant rooms are being upgraded by The SmithGroup to make them more attractive and marketable. The possibility that the Master Plan may include moving some services offsite was discussed.

VII. **Update on Contiguous Property at 1530 Francisco Street**

David Gruber reported that an offer of \$1,800,000 has been presented to the owners. A payment of \$2,000 a month is being made to keep the one vacant unit off the market. He also reported that contact has been resumed with the owner of the adjoining building. (The Heritage had made an offer and was out bid several years ago on the property.) The Heritage attorney Hanson Bridgett notified The Heritage of a small assisted living community, the University Mound Ladies Home on University and Silver Avenue is facing closure. The home sits on 2.2 acres and presently has a census of 32 residents with capacity of over 70. David Gruber and Andy Carlson will be touring the facility February 28.

VIII. **Development Committee**

Pamela De Martini requested an additional \$1,000 beyond the \$4,500 approved for the donor wall plaque, which will be hung in the Health Center. On condition that Jane Hickerson review and concur with the proposal, the request was approved by the Board on a motion by Connie Tiret and second by Carolyn Barber. Pamela announced that approximately 70 people attended the Valentine Open House for neighbors, and generated much goodwill and interest.

IX. **Nominating/Board Education Committee**

- Pamela Tudor reported on the meeting to explore the need for a Board Health Center Committee attended by Jeanie Kayser-Jones, Molly Hauser, Pam Tudor, David Gruber (by phone), Marla Hastings and John Killeen. The purpose was to determine need and, if a need, the focus or job responsibilities. The need to utilize technology to update The Heritage record keeping and to promote/further the wellness of all residents was acknowledged but whether a new Board committee was the best way to address this was questioned. It was agreed that further action should not be taken without the involvement of the new Medical Director and Director of Nursing, who will have key input.
- Board members will be asked at the end of the meeting to complete a Self-Assessment Questionnaire. The purpose is to refresh the Board's understanding of role and responsibilities, assess how well the Board is carrying out those responsibilities and identify areas where the Board can improve.

X. Resident Communications

Carolyn Barber reported at the request of residents an additional door to the McGinley Room kitchen is being evaluated. This would eliminate congestion due to the popularity and multi-use of the room.

XI. Expansion Committee Update

George Morris reported that the Expansion Committee is continuing to review a Grant the committee. The committee plans to come to the Board in March with a more formal procedure.

XII. Goals for 2008

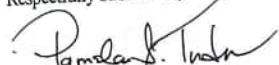
David Gruber noted every Board committee should have set goals for the year. General but not all inclusive goals: review of the Master Plan, acquire relevant real estate, attend to resident needs, develop donations, outreach to the community, and attract young, enthusiastic Board members. He welcomed comments from the Board on areas that need improvement.

XIII. Other Business

David Gruber unveiled a new, multi-purpose Canon copier, the Board's gift to the residents. The gift will be presented to Lorraine Baxter, Residents' Representative who was unable to attend the meeting.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary

Executive Board Meeting by Conference Call
February 21, 2008

Board Members Present: Carolyn Barber, Andrew Carlson, David Gruber, Jeanie Kayser-Jones, Laura Pilz, Henry Saffit, Pamela Tudor, Connie Tiret, Leslie Van Houten

Staff Present: Marla Hastings

At an Executive Board meeting today, open to the full Board, Dr. Maryam Ziae Martin was unanimously approved on a motion by David Gruber, second by Laura Pilz to be The Heritage Medical Director, replacing Dr. John Henderson, who is retiring.

Pamela A. Tudor
Secretary

January 31, 2008

Subject: BOARD ACTION AT CONFERENCE CALL

Board Members,

This is to advise you of the actions taken at the 2:00 PM conference call today. Present were: Carolyn Barber, Randy Gridley, David Gruber, Jane Hickerson, George Morris, James Sherman, Elizabeth Stanners, Pamela Tudor and Leslie VanHouten. Staff participating: Marla Hastings.

I. The Board authorized David Gruber to offer the owners up to \$1.8 million for the contiguous 4-flat building at 1530 Francisco Street.

II. The Board authorized Marla Hastings to hire an independent auditor at a cost of \$5,000 to \$10,000 to audit The Heritage Health Center for compliance with Title 22. Also, the Board authorized the Marla to contract with an employment agency to seek qualified candidates for the position of Director of Nursing up to a fee of \$30,000.

Pamela Tudor
Secretary



**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
January 23, 2008**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, January 23, 2008, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Andrew Carlson, Randy Gridley, David Gruber, George Ivelich, Molly Hauser, Jeanie Kayser-Jones, George Morris, Laura Pilz, Trish Ottstott, Henry Safrit, Jamie Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor

Directors Excused: Douglas Day, Jane Hickerson, Bruce Scollin, Leslie Van Houten

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Pamela De Martini, Director Marketing and Development

Residents' Representative Present: Lorraine Baxter

I. Call to Order
David Gruber, Chairman, called the meeting to order at 4:00 PM.

II. Approval of the Minutes
The December 2007 minutes were approved by the Board on a motion by Molly Hauser and second by Connie Tiret.

III. Financial Report
Operations Report: The Board unanimously approved 1) The Heritage 2008 Operating Budget on a motion by Molly Hauser, seconded by Randy Gridley, and 2) The Heritage 2008 Capital Budget on a motion by Molly Hauser, seconded by George Morris.
Investment Report: Randy Gridley reported that 2007 was the first year the investment portfolio did not beat the benchmark due to the portfolio tilt towards value stocks. While value performs better than growth over the long term, last year growth outperformed. The portfolio is conservatively weighted with 30% in bonds and 70% in equities. Bernstein Global Wealth Management, the portfolio's manager, will hold its annual review on February 13, at 3:30 PM. All Board members are encouraged to attend. Board members are also encouraged to attend the Bernstein Annual Meeting in March. Randy Gridley will be certain all Board members receive invitations.

IV. Executive Director
In addition to items included in the Executive Director's Report of January 23, 2008:

- The Board approved unanimously, on a motion by James Sherman and second by George Morris, to move ahead with a portrait of Dr. John Henderson at a cost of \$2400 to \$4000. The portrait will be hung in the Health Center as a tribute to his long, distinguished service.
- The Department of Public Health under Title 22 will be reviewing the Health Center every two years. As there has been no overview survey since 1990, Marla Hastings will be working with the staff to prepare for these unannounced evaluations.
- A policy on Resident Apartment Transfers and for Upgrade of Current Resident Apartments was unanimously approved by the Board, on a motion by Connie Tiret and second by Carolyn Barber, per the recommendation of the Task Team (Carolyn Barber, Lorraine Baxter, Pamela De Martini, Marla Hastings).



V. **Facilities Committee**

- **Update:** The committee is working with the SmithGroup on other options for the Master Plan to determine the costs of the changes.
- **Sitting Room, Dining Room Presentations:** Drawings and samples were presented on the proposed refurbishment. A request was made for residents to be brought into the discussion and a carpet alternative be considered.
- A resolution to thank Jane Hickerson for her time and effort associated with this project was unanimously approved with a motion by James Sherman and second by Connie Tiret.

VI. **Update on Contiguous Property at 1530 Francisco Street:**

David Gruber reported that the value of the property is between \$1,450,000 and \$1,750,000. He recommended making an offer at \$1,650,000 conditional to Board approval and further discussion with the owners. If necessary, a prudent bid could go higher to \$1,700,00-\$1,800,000 million. A bid analysis will be provided to the Finance Committee.

VII. **Development Committee**

Pamela Tudor drew attention to the 2008 Development Goals and Plan and reminded the Board of the upcoming Valentine Open House for neighbors. She expressed thanks to Trish Ostott for personally walking the neighborhood and culling a purchased mailing list. She announced that Trish Ostott will become the new chair for Development. Pamela De Martini reported a "Wish List" has been compiled that may be of interest to friends who want to make specific gifts.

VIII. **Nominating/Board Education Committee**

Officers for 2008 were unanimously approved by the Board on a motion from James Sherman and second by Carolyn Barber: Chairman—David Gruber, Vice-Chairman—Laura Pilz, Chief Financial Officer—George Morris, Secretary—Pamela Tudor. In addition, the Board unanimously approved on a motion from James Sherman and second by Carolyn Barber the election of Board members for a third term: David Gruber, Molly Hauser, Jane Hickerson, Laura Pilz, Bruce Scollin.

IX. **Resident Communications and Relations**

Lorraine Baxter thanked the Board for including in the 2008 budget six items that were requested by the Residents' Council.

X. **Expansion Committee Update**

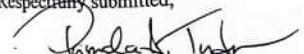
Laura Pilz reported that the Expansion Committee is continuing to review a Grant Program and a granting process. At this stage, making grants to new or existing programs sponsored by other organizations appears more appropriate than creating new programs. The committee plans to come to the Board in March with a more formal procedure. Two senior dynamics that can be expected in the future—more seniors will be living in San Francisco and a shrinking labor pool due to increasing demand.

XI. **Other Business**

Guests Scott Hindes and Jodi Kaelle, members of the Hindes family, who have been involved in leadership at The Heritage for decades, spoke of their desire to gift a substantial amount to The Heritage, thus closing the family foundation, The Barrett and Margaret Hindes Foundation. They challenged the Board to present to them defined, specific proposals that will be long lasting.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary



**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
December 12, 2007**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, December 12, 2007, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Andrew Carlson, Randy Gridley, David Gruber, Jane Hickerson, Molly Hauser, George Ivelich, George Morris, Laura Pilz, Trish Ostott, Bruce Scollin, Elizabeth Stanners, Connie Tiret, Leslie Van Houten

Directors Excused: Douglas Day, Jeanie Kayser-Jones, Henry Safrit, James Sherman, Pamela Tudor

Staff Present: Cindy Johnson, Controller, Pamela De Martini, Director Marketing and Development

Staff Excused: Marla Hastings, Executive Director

Residents' Representative Present: Lorraine Baxter

I. Call to Order
David Gruber, Chairman, called the meeting to order at 4:05 PM.

II. Approval of the Minutes and Consent Agenda
The November minutes and items on the Consent Agenda were approved.

III. Facilities Committee
Architectural Master Plan: The Smith Group is refining the concepts to focus on the Independent and Assisted Living facilities. Alternatives to the Health center will be dealt with separately after the first stages are more defined.

IV. Development Committee
Pamela De Martini reported on contributions and response to the Annual Gifts Letter. Total giving has increased three fold this year with a total of \$159,000 in contributions year-to-date. This includes: \$75,000 from the Hindes Foundation for the new van, resident giving for the Health Center refurbishment, 100% participation by Department Heads and contributions from 17 of the 19 Board members. The goal is for 100% of Board members to participate by year end.

Pamela also provided a marketing update. Of the two new remodeled units, one is tentatively committed, pending final review.



V. Financial Report

2008 Budget: Connie Tiret provided an overview of the 2008 budget. The Board unanimously approved the salary increase in the proposed budget on a motion by Bruce Scollin, seconded by Carolyn Barber.

The Board discussed the room upgrades and reconfigurations under construction. George Ivelich explained that there are two levels of upgrade:

- maintenance such as paint, carpet and bathroom refurbish when a resident moves out of a unit, and
- new upgrades including double rooms, increased closets, new bathrooms, and kitchenettes in a few select units to increase the marketability of previously small or poorly located rooms.

The Board recognized the need for a policy and pricing structure for current residents to have the opportunity to move to the expanded rooms. An ad hoc committee composed of: Marla Hastings, Pamela De Martini, Cindy Johnson, Carolyn Barber and Lorraine Baxter was appointed to bring a recommendation to the Board for discussion at the January meeting.

VI. Update on Contiguous Property at 1530 Francisco Street

David Gruber reported that he provided comparable property information to the owner of 1530 Francisco Street. He will meet with the owner in January to continue the discussion about The Heritage acquiring the property.

The Board had a brief discussion about the goal for property acquisition. It was generally agreed that selective acquisition of additional property in proximity to 3400 Laguna Street is a good investment diversification and provides flexibility for future needs.

VII. Resident Communications and Relations

Lorraine Baxter provided a summary of the Annual Residents' meeting and the many accomplishments of the residents during the past year, including: the Art Fair to raise funds for the TV in Friendship Hall, the energy conservation/composting program, the White Elephant sale, and the Volunteer Dinner to honor the more than 7,775 volunteer hours contributed by the residents in the past year.

Lorraine Baxter will be the Resident Representative to the Board for a second year in 2008.

VIII. The Expansion Committee

The Board held a brief discussion of the Beacon Hill project in the Richmond district and a SF Chronicle article on the concept.

IX. Review of '07 and Preview of '08

David Gruber highlighted the Health Center refurbishment as the outstanding accomplishment of 2007. The Master Plan will be a major agenda item for 2008 with a decision targeted for mid-year. He asked Board members to send him their thoughts on priorities and what they would like to see accomplished in 2008.

David also acknowledged the contributions by staff members Cindy Johnson and Pamela De Martini and thanked them for their outstanding work this year. He also thanked Lorraine Baxter for her work in representing the residents to the Board and her contributions to the Board.

X. **Executive Session**
An Executive Session was held.

XI. **Adjournment**
The meeting was adjourned at 5:10 PM

Respectfully submitted,

Laura J. Pilz
Vice Chair

**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
November 28, 2007**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, November 28, 2007, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Andrew Carlson, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, George Ivelich, Jeanie Kayser-Jones, George Morris, Laura Pilz, Trish Ostott, Henry Safrit, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Jane Hickerson, Bruce Scollin, James Sherman, Elizabeth Stanners

Staff Present: Cindy Johnson, Controller

Staff Excused: Marla Hastings, Executive Director; Pamela De Martini, Director Marketing and Development

Residents' Representative Present: Lorraine Baxter

I. Call to Order
David Gruber, Chairman, called the meeting to order at 4:00 PM.

II. Approval of the Minutes
The October minutes were approved with minor changes.

III. Financial Report
Operations Report: The September and October Financials were noted with no further comment.

Investment Report: Randy Gridley reported that The Heritage's portfolio is up an average of 9% per year since Bernstein Global Wealth Management was named asset manager in 2000. Although the market has been volatile over the past year, the portfolio's orientation is conservative, which has well served the preservation of the Society's assets.

IV. Executive Report
The Executive Director's Report was noted with no further comment.

V. Facilities Committee
Health Center and Room Upgrades: The Health Center is awaiting delivery of furniture. Three bids were received on updating the current one bedroom remodels. Caruso Construction, the current contractor, whose work was been excellent, will continue to be the contractor on this project and future bathroom upgrades as units become available.
Architectural Master Plan: The pro forma will be available for Board discussion at the December meeting.



- VI. Update on Contiguous Property at 1530 Francisco Street:** David Gruber reported that he had a good meeting with the property owner of the contiguous parcel and discussions will be continuing when comparables are obtained. He noted the San Francisco real estate market is cooling and the timing may be good for negotiations.
- VII. Resident Communications and Relations**
Lorraine Baxter commented that the remodeled rooms were very attractive and the new bathrooms a big improvement. The residents are working with David Costello, Director of Environmental Services, and R. Brian Hines of North Coast Solar Resources, a consultant specializing in energy conservation, to improve The Heritage's use of water, electricity and other energy usage. With the funds from the Arts Fair, the residents purchased a 52" flat-screen television for Friendship Hall. Equipment for the new fitness center will be purchased with the funds remaining. A meeting was held to generate ideas to make more use of the new van. The Residents' Annual Meeting will take place on December 4, at 9:30 AM. Board members are welcome to attend.
- VIII. Dr. John Henderson**
Henry Safrit reported that Dr. Henderson is officially retired and Dr. Richard Dennes has been named Acting Medical Director. He will be able to fulfill this role until July 1, 2008. An active search for a permanent replacement continues. To honor Dr. Henderson's long-time and distinguished service at The Heritage, Molly Hauser moved, Carolyn Barber seconded and the Board approved that an appreciation dinner be held with a presentation to him of a portrait to be hung in the Health Center, pending research into an appropriate portrait painter and cost. Doug Day will explore an appropriate portrait painter through contacts at the Bohemian Club.
- IX. Expansion Committee Update**
The Expansion Committee will have a report at the December meeting.
- X. Development Committee**
Pamela Tudor reported that response to the Annual Gifts Letter has been most favorable with Over \$9,000 received compared with a comparable \$3,000 in 2005, with many first time gifts. She thanked the ten Board members who have generously contributed and noted the importance of 100% participation. The Heritage Department heads have also been asked to contribute. Upcoming events were noted: the Tree Trimming Party, on December 5, The Heritage Holiday Party, December 12, and the neighborhood Open House on February 10, 2008. Leslie Van Houten moved, Molly Hauser seconded and the Board approved that a gift certificate of \$250 for dining at Gary Danko's be presented to Food Service Director, David Eberhardt in appreciation of his outstanding service this year. As he is an employee of The Heritage food provider Sodexho, the Board requests that Marla Hastings report back what action The Heritage might take that could affect his bonus or salary review.
- XI. Other Business—Employee Pension Plan**
Randy Gridley and Cindy Johnson reported that meetings were held with employees to explain changes to the profit sharing plan. These changes were judged by the Pension Committee to be beneficial to plan participants in light of new safe harbor laws recently enacted. Money Plan participants will have their accounts deposited in new Target Date Retirement Funds, unless they choose to opt out. The purpose of the change is to encourage employees to invest their savings into selected mutual funds, as opposed to holding it in cash. The Pension Committee chose Barclay Mutual Funds based on their low fees and competitive returns. The presentation to The Heritage's Chinatown Kitchen employees was held with an interpreter to ensure the employees understood their options. There were no changes made to the 401(k) plan at this time.



XII. **Audit Committee**

Connie Tret reported that James Wheary will remain Chairman of the Audit Committee as provisions in the By Laws allow, even though he has retired from the Board of Directors. A meeting has been held with the auditors, November 28, 2007. The report will be available in April 2008.

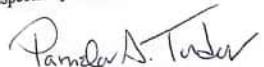
XIII. **Executive Session**

An Executive Session was not held.

XIV. **Adjournment**

The meeting was adjourned at 5:10 PM

Respectfully submitted,



Pamela A. Tudor
Secretary



**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
October 31, 2007**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, October 31, 2007, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Randy Gridley, David Gruber, George Ivelich, Jeanie Kayser-Jones, George Morris, Laura Pilz, Trish Ostott, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Pamela Tudor, Leslie Van Houten

Directors Excused: Andrew Carlson, Douglas Day, Jane Hickerson, Molly Hauser, Connie Tiret

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela De Martini, Director of Marketing and Development

Resident Representative: Lorraine Baxter

I. Call to Order

David Gruber, Chairman, called the meeting to order at 4:00 PM. He reminded Board members of the special dinner on November 1, honoring resident volunteers and encouraged Board members to attend.

II. Approval of the Minutes

Carolyn Barber moved, George Ivelich seconded and the Board approved the September Board of Director minutes with a minor change.

III. Financial Report—Investment Portfolio

Randy Gridley reported that The Heritage portfolio is up 7% year-to-date after fees. The portfolio is slightly lagging the S&P due to the portfolio's conservative orientation and broad diversification. The portfolio has no exposure to the current sub-prime problems negatively affecting markets.

IV. Executive Director's Report

Marla Hastings added the following comments to her monthly Executive Report: The Heritage will cook approximately 120 turkeys for Thanksgiving for low-income seniors as part of its partnership with Self Help for the Elderly; State Senator Carole Midgen presented The Heritage with a Certificate of Appreciation for its years of service in this annual community outreach program; the Health Center census has increased to eight private patients due to a strong marketing effort by Pamela De Martini and the Health Center's new, updated look.

V. American Association of Homes and Services for the Aging (AASHA) Annual Conference

A report was circulated from the three staff members and one Board member who attended the annual AASHA Conference in Orlando, Florida. Marla Hastings, Pamela De Martini, Cindy Johnson and Pamela Tudor gave a brief report on seminar highlights and relevance to The Heritage. The Board was encouraged to review the report and come to the November meeting with their questions.



VI. Facilities Committee

Health Center and Rooms: The Health Center is awaiting delivery of furniture for the Cedar Room, as well as new bedspreads, cubicle curtains and televisions for each patient's room. As rooms become vacant throughout The Heritage, upgrades will be made to rooms and bathrooms to increase marketability. Upgrades to the dining room and sitting areas are under study by The SmithGroup, consultants.

Contiguous Property Update: David Gruber reported that a contiguous parcel with four one-bedroom units may become available. He will be renewing conversations with the owners regarding their intentions and The Heritage's interest in the property.

VII. Resident Communications and Relations

Lorraine Baxter thanked The Heritage Board members for their enthusiastic participation in the Residents' Art Fair. A total of \$4,400 was raised which will go towards the purchase of a large screen, state-of-the art television for the Health Center's Friendship Hall.

VIII. Dr. Henderson

Henry Safrit reported that management is going smoothly in the ongoing transition of Dr. Henderson's retirement, while a search for a new director is continuing.

IX. Expansion Committee Update

Laura Pilz reported that the committee reaffirmed its goal of having a broader impact in San Francisco by helping more people beyond the residents of The Heritage. A related goal is to raise the visibility of The Heritage and the contribution it makes to improving the lives of seniors. Initially, funding enabling grants for new or existing programs appears more appropriate than creating new programs. Funding provides: 1) flexibility in the amount of financial support committed to provide in any year; 2) opportunity to learn about and evaluate a number of projects and new ideas in senior services; 3) limits additional staff and infrastructure for The Heritage; 4) leverages our financial resources and reputation. The committee will be developing an outline of a granting program which will include: process, timeline, criteria and scope. Board members Trish Ostrom and Leslie Van Houten have both had extensive experience with granting programs and will be sharing best practices from their prior granting experiences.

X. Board Nominating & Education

Development: Three candidates are currently under consideration: Dr. Robert Miller (neurologist), Clint Callan (attorney) and Kathleen Budge (community-wide knowledge).

Education: Jeannie Kayser-Jones outlined the sessions of the Gerontological Society of America Annual Convention, November 16-20, that may be of interest to Board members. The conference focus this year is on global aging. As a follow-up to the presentation of Jane Graff, President Mercy Housing of Northern California, at the October Board meeting, five Board members toured Mercy Housing's newest housing development on Mission Creek. Laura Pilz reported on this impressive, new facility that serves the needy—low income and homeless, the committed staff, and its numerous partnerships with other agencies that assist residents in stabilizing their lives.

XI. Development Committee

Pamela De Martini reported on the increase of gifts received in 2007—an increase in numbers of donors and total gifts of \$143,727. This includes the resident fund raising of \$39,820 for the Health Center refurbishment and the Hindes Foundation gift of \$75,000 for a new van.

XII. Master Plan Pro Forma Update

Randy Gridley reported that the Pro Forma for the Architectural Master Plan will be available for discussion at the November Board meeting. The need to integrate into the architectural master plan a capital assessment of the Julia Morgan building and necessary long-term improvements for the building was brought forward.

XIII. Other Business

The new hymnals for The Heritage Chapel that James Sherman purchased on behalf of the Board members have arrived. He circulated the new hymnals and asked that each Board Member sign their name. He will place a book-plate in each hymnal indicating which Board Member the gift is from. Lorraine Baxter, on behalf of the residents, expressed her appreciation to him for such a long anticipated and needed addition to the Chapel and David Gruber expressed appreciation of his gift on behalf of the Board members.

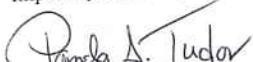
XIV. Executive Session

An Executive Session was held.

XV. Adjournment

The meeting was adjourned at 6:00 PM

Respectfully submitted,



Pamela A. Tudor
Secretary

**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
September 26, 2007**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, September 26, 2007, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Andrew Carlson, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, Jeanie Kayser-Jones, George Morris, Trish Ostott, Laura Pilz, Henry Safrit, Elizabeth Stanners, Connie Tiret, Pamela Tudor

Directors Present by Conference Phone: James Sherman

Directors Excused: Bruce Scollin, Leslie Van Houten

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela DeMartini, Director of Marketing and Development

Resident Representative: Lorraine Baxter

I. Call to Order

David Gruber, Chairman, called the meeting to order at 4:00 PM and introduced the guest speaker, Jane Graff, President of Mercy Housing, which focuses on services to low income seniors. She spoke of the innovative services provided, how they identified areas that they wanted to grow into; the important partnerships created to provide these services; the leap of faith it took to move forward; the key of mix financing, efficiencies of scale and strong facility operators.

II. Consent Agenda

- The July minutes were approved.
- The financial, investment and Executive Director's reports were noted with one comment-- the good work resulting in the Health Center's seven private patients at the end of August.

III. Facilities Committee Update

- **Health Center Update:** Douglas Day reported that the Health Center refurbishment was complete except for the delivery of new furniture for the public areas.
- **Architectural Master Plan:** Douglas Day reported the plan is on hold until completion of the Master Plan Pro Forma.
- **Sewer Pipe Replacement:** The sewer pipe that runs under the parking lot needs replacing. Connie Tiret moved, Douglas Day seconded and the Board approved a \$97,000 replacement expenditure and a \$3,000 expenditure for temporary parking for residents in a nearby apartment/condominium building.
- **Other Facility Updates:** The remodel of the two new apartments is moving along. The beauty salon will be receiving all new equipment for their new location in the basement. The safety issue will be reviewed regarding the uneven surface in the parking lot.



IV. Resident Communications and Relations

Lorraine Baxter reported that the residents are excited regarding the closed circuit TV channel that will be recommended in the 2008 budget. Good progress has been made on the all-house efforts to reduce energy and garbage costs, and increase recycling efforts. The reduction of water usage will be addressed next. Starting in January 2008, residents will lunch once a month with Department Heads. Mrs. Baxter urged Board members to attend the October 8, Resident Art Fair, a one-time event where residents will offer for purchase their hand-crafted items. The proceeds will go towards the purchase of a large flat screen television for Friendship Hall.

V. Dr. Henderson Replacement

Dr. Henry Safrit reported that the committee has two additional candidates, who will be interviewed.

VI. Expansion Committee

Laura Pilz reported that the committee is working on developing a grant making process for seed money for needy organizations that fulfill our Mission, researching long-term partnerships and criteria for both. A more detailed proposal will be presented at the November Board meeting.

VII. Development Committee

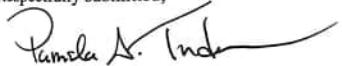
Pamela De Martini provided details on the \$4,500 cost of the Health Care Donor Wall Plaque. Douglas Day moved, Andrew Carlson, seconded and the Board approved the expenditure. Pamela reported that the annual gift appeal letter will focus on raising funds for "It's Never 2 Late," an interactive software program for Health Center residents. The cost is \$17,705 plus a \$255 per month service fee.

VIII. Master Plan Pro Forma Update

Randy Gridley reported that the pro forma will be ready for discussion at the November Board meeting. Marla Hastings and Cindy Johnson were complimented for their considerable input to the project.

The meeting was adjourned at 5:45 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary

**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
July 25, 2007**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, July 25, 2007, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Andrew Carlson, Douglas Day, Randy Gridley, David Gruber, George Ivelich, George Morris, Henry Safrit, Elizabeth Stanners, Connie Tiret, Pamela Tudor

Directors Present by Conference Phone: Jane Hickerson, Laura Pilz, James Sherman, Leslie Van Houten

Directors Excused: Molly Hauser, Jeanie Kayser-Jones, Trish Otstott, Bruce Scollin

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela DeMartini, Director of Marketing and Development

Resident Representative Excused: Lorraine Baxter

I. Call to Order

David Gruber, Chairman, called the meeting to order at 4:00 PM. The passing of resident Al Geto was noted and his considerable contributions to The Heritage community.

II. Approval of the Minutes

The June minutes were approved by the Board with minor changes.

III. Financial Report

- **Operations Results:** The operations results for May and June were presented. The operations are running on budget.
- **Investment Portfolio:** Randy Gridley reported that the portfolio has gained 5.9% for the January to June period. Twenty percent of the assets have been moved into Global Blend, which gives the portfolio managers more flexibility in allocation as the market moves between domestic and international. \$1,199,983 has been withdrawn to date for the year. The income produced by the portfolio is critical to the operations of The Heritage. He advised the Board of the biannual portfolio review to be held at Bernstein's offices on August 8, 3:00 PM and recommended that Board members attend.

IV. Executive Director's Report

Marla Hastings' monthly report was noted with the following additional comments: The van is being sold on consignment and the asking price is approximately \$15,900. The proceeds will go towards the Health Center enhancements. Marketing for private patients will include outreach to eldercare attorneys to communicate benefits of the Health Center. A new intern from the San Francisco State Gerontology Masters program will be working with the Activities Department. Some 90% of the residents have responded to the request for updated financial statements. The data will be used to determine future scholarships that will be needed for current residents, and if additional scholarships could be made available. A clear scholarship policy will be presented at the September meeting.

V. Facilities Committee Update

Douglas Day reported on behalf of the Facilities Committee:

Health Center: The SmithGroup has been hired to implement the Health Center enhancements made possible by the resident fundraising and matching gift from the Board.

Architectural Master Plan: Randy Gridley is developing a pro forma based on the SmithGroup master plan.

House Renovation:

- Bids are being obtained to convert the unmarketable studios to a two-room apartment and convert the beauty salon to an apartment.
- Bids are being obtained to replace old terra cotta clay sewer pipes which have cracked resulting in plumbing problems. A special plumbing license is required to dig to the depth of the pipes.

VI. Dr. John Henderson

Dr. Richard Dennes has expressed interest in replacing Dr. Henderson as The Heritage Medical Director. They are discussing the formation of a partnership so they could cover for each other. Other candidates are under consideration.

VII. Development Committee

Resident Fundraising for Health Center Enhancements: The Development Committee reported that a total of \$44,745 was raised for enhancements-- \$38,395 from residents with 80% of the residents participating and \$6,350 from friends of The Heritage. Residents have been asked for their input on the SmithGroup's plans for the enhancements as well as the improvements being planned for each floor.

Upcoming Events: The Board was reminded of several upcoming events—the Resident's Health Center Campaign Celebration on August 16; the lecture, *An Update on Stroke* by the Buck Institute, October 11, and the Residents' Art Fair, October 8, which will raise funds for a new large screen, plasma television for Friendship Hall. The Board was encouraged to attend.

Web Site: The Heritage web site is now online at www.theheritagesf.org

VIII. Expansion Committee

Laura Pilz, Expansion Committee Chair, reported on the progress to date of the Expansion Committee. The Committee is researching the numerous initiatives throughout the City to identify potential programs and/or partnerships. Jane Graff, President of Mercy Housing California, will be a guest speaker at the September meeting. She recently led an expansion of Mercy Hospital. Their methodology and the process which led them forward may of interest to us.

The meeting was adjourned at 5:30 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary

THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
June 27, 2007

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, June 27, 2007, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber (by conference phone), Andrew Carlson, Randy Gridley, David Gruber, Molly Hauser, George Ivelich, Jeanie Kayser-Jones, Trish Ostott, Laura Pilz, Bruce Scollin, Elizabeth Stanners, Connie Tiret, Pamela Tudor

Directors Excused: Douglas Day, Jane Hickerson, George Morris, Henry Safrit, James Sherman
Leslie Van Houten

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela De Martini,
Director of Marketing and Development

Residents' Representative: Lorraine Baxter

I. Call to Order

David Gruber, Chairman, called the meeting to order at 4:00 PM. He expressed appreciation to residents Lorraine Baxter, Lois Grant and Richard Matthews, of the Resident Advisory Committee for Development, who led the resident campaign in raising \$37, 675 towards enhancements to the Health Center, which were not included in the original refurbishment budget. A gift and card was presented to each.

II. Consent Agenda

- **Approval of the Minutes**
The May minutes were approved by the Board.
- **Financial Review**
Investments Portfolio: The portfolio is up 6.8 % for the January-May 2007 period compared to the Blended Benchmark of 6.3%.

III. Executive Director's Report

Marla Hasting's monthly report was noted with the following additional comments: A Board task team (Henry Safrit, Leslie Van Houten, Cindy Johnson and Marla Hastings) is looking into replacing Medical Director, Dr. Henderson, who will be retiring. Jeanie Kayser-Jones will look into using nurse practitioners with a background in geriatric medicine and report back to the task team. An event to honor Dr. Henderson's many years of service to The Heritage was discussed. Dr. Richard Dennes has been covering for Dr. Henderson who is recovering from surgery. Flowers have been sent to him, and he has received several visits from The Heritage staff.

IV. Resident Communications and Relations

Lorraine Baxter reported on the many residents who volunteer considerable hours (850 hours in May) at numerous non profits in the City, on projects at The Heritage and in the Health Center. She suggested that the Board consider an appropriate way to recognize and acknowledge their service to the community and The Heritage. A Board reception and special dinner will be planned.

V. Facilities Committee Update

George Ivelich reported on behalf of the Facilities Committee:

Health Center: The Health Center refurbishment has been completed ahead of schedule. A motion was made by Connie Tiret, seconded by Randy Gridley and approved by the Board to spend \$4,069 on corner guards that compliment the new wall treatment and \$13,500 for the SmithGroup to coordinate the donor wall and the additional enhancements made possible by the resident fundraising and matching Board gift.

Architectural Master Plan: A Board task team (George Ivelich, George Morris and James Sherman) is developing a pro forma based on the SmithGroup plans.

House Renovation:

- Three studio apartments on the second floor crossover corridor are not marketable. One of these is next to the Beauty Salon, which is being relocated to the Basement. A motion was made by Bruce Scollin, seconded by Elizabeth Stanners and approved by the Board to spend up to \$160,000 to combine the three studios and Beauty Salon into two, one bedroom units. The expenditure will result in a minimum of \$370,000 in entrance fees, exclusive of monthly fees.
- A motion was made by Molly Hauser, seconded by Andy Carlson and approved by the Board to retain the SmithGroup for \$30,000 (time only) inclusive of the \$13,500 previously approved, to complete design work for the Health Center enhancements and house capital projects. The consultant will obtain input from the residents.

VI. Development Committee

Resident Fundraising for Health Center Enhancements: The Development Committee reported that a total of \$37,675 had been raised by the residents to date, with 70% of the residents participating. Twenty residents provided gifts of \$500 or more, which will be acknowledged on the new donor wall. One gift was \$10,000. A special Board reception and dinner is planned for August 16. Board members were encouraged to attend this event to express appreciation and acknowledge the generosity our residents.

VII. Disposition of Van

David Gruber proposed that The Heritage sell the old van, valued between \$8,000 and \$12,000, through a consignment firm in Marin. Molly Hauser moved, Laura Pilz seconded and the Board approved that the van be sold through this firm. The funds will go towards the Health Center refurbishment.

VIII. Expansion Continued Discussion

Laura Pilz, Expansion Committee Chair, reported on the progress to date of the Expansion Committee. The Committee is researching the numerous initiatives throughout the City. Generally, it has learned of a need to facilitate greater communication to help seniors connect with services as the City has taken an orientation towards the disabled, not the aging population. Marla Hastings has been contacted to provide a tour to high level administrative staff of Laguna

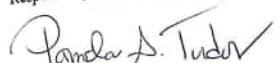
Honda, and the Director of Long Term Care Services for San Francisco on July 5. It would be helpful to have an Expansion Committee member in attendance.

IX. Other Business

Marla Hastings reported that a 61 year old neighbor had inquired about taking meals on a short-term basis, while recovering from spinal cord nerve damage. After discussion, the Board agreed that this would be good outreach to the neighborhood, if an initial assessment by Heritage staff, in the woman's home, was favorable. A trial period would be offered to determine if this would be a good fit for both parties. The woman would pay for her meals.

The meeting was adjourned at 5:30 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary

THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
May 23, 2007

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, May 23, 2007, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Andrew Carlson, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, Jeanie Kayser-Jones, Laura Pilz, George Morris, Henry Safrit, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: George Ivelich, Trish Otstott, Bruce Scollin, James Sherman

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela De Martini, Director of Marketing and Development

Resident Representative: Lorraine Baxter

I. Call to Order

David Gruber, Chairman, called the meeting to order at 4:00 PM. He reminded Board members of the opportunity to join residents in the dining room for their afternoon tea, before our meetings.

II. Consent Agenda

- **Approval of the Minutes**
The April minutes were approved by the Board with minor changes.

- **Financial Review**
Operations Results: The Financial report with Operations Results of April 2007 was presented.

The financials are on budget.

Investments Portfolio: The portfolio is up 4.7% for the January-April 2007 period compared with the Blended Benchmark of 4.9%.

III. Executive Director's Report

Marla Hastings' monthly report was noted with the following additional comments: The Heritage was presented with three awards by Guardian Comp, The Heritage's non-profit self insurance program, at their annual meeting—most improved experience modification factor, most innovative/creative safety committee and honorable mention for the lowest three-year incidence rate. She was re-elected to serve on the Guardian Comp Board for a three-year term. Dr. Henderson, Medical Director, has informally suggested that we begin looking for his replacement. A task team (Henry Safrit, Leslie Van Houten, Cindy Johnson and Marla Hastings) is in place to begin the process. A visit to The Towers is planned to discuss with their medical staff a possible joint arrangement.

IV. Annual Audit Report

The Audit Committee (Randy Gridley, Connie Tiret and Chair James Wheary, Former Board Member), met with Janet Holland, principal of Daora Zydell & Holland, in March with a draft of the Society's financials. The Heritage was complimented on its audit and Ms. Holland had no recommendations. Doug Day moved, Carolyn Barber seconded, and the Board approved that the independent auditor's report of December 31, 2006 and 2005 be approved.

V. Resident Communications and Relations

Lorraine Baxter reported that the Semi-Annual Residents' Council Meeting, on May 15, was well attended by residents. The staff presentations of Marla Hastings and Cindy Johnson were well received, and Lois Grant and Richard Matthews, Resident Advisors to the Board's Development Committee, did an excellent job presenting the fund-raising opportunity for enhancements to the Health Center, which were not included in the original refurbishment budget. The residents also plan an Arts Fair to be held in October to raise funds. Mrs. Baxter thanked the Board for the opportunity to attend the Aging Services of California conference and was especially impressed by the presentation "The Science Behind Maintaining Your Brain." She suggested this would be a good follow-up to the public information seminar held on May 3.

VI. Facilities Committee Update

- Health Center: The Health Center upgrades are almost complete. The contractors have done an excellent job.
- Architectural Master Plan: The Committee will be meeting with the Finance Committee to develop a pro forma for the Master Plan. Proposals will be received for combining four studio apartments into two one bedroom units, and for relocating our Beauty Salon to the basement.

VII. Development Committee

- Resident Fund-Raising for Health Center Enhancements: The Development Committee reported that within two days of announcement of the campaign \$18,750 had been raised and to date almost \$25,000 has been raised by residents. To thank the residents for their response, a matching gift was proposed. Jeanie Kayser-Jones made the motion, Jane Hickerson seconded and the Board approved to match the total funds raised by the residents for enhancements not included in the original budget. Lorraine Baxter mentioned the flat screen televisions would especially enhance the marketing appeal. The list of enhancements was developed by the staff with input from the residents.
- "The Heritage" 2006 Highlights: This yearly report was mailed the first week in May. Pamela De Martini was thanked for her efforts on this expanded piece that reflects so well on The Heritage.
- Alzheimer's Lecture: Over 150 guests, a record, attended the "Understanding Alzheimer's" lecture presented by the Buck Institute for Age Research. A reception was held afterwards.
- Community Outreach: A function will be hosted in the fall that will target seniors living in the immediate area, and neighborhood businesses, to introduce them to The Heritage.

VIII. Disposition of Van

With the new van donated by the Barrett and Margaret Hindes Foundation, a discussion was held on an appropriate disposition of the old van. The importance of due diligence in making donations to other organizations was emphasized. Connie Tret moved, George Morris second and the Board approved that David Gruber and Marla Hastings resource opportunities for gifting the van to an appropriate organization.

IX. Expansion Continued Discussion

Laura Pilz, Expansion Committee Chair, led a review of progress to date of the Expansion Committee and its short-term and long-term agendas.

Committee Goals and Findings from Prior Task Team

- Committee affirmed the primary goal of expansion is to increase the scope and reach of The Society to impact more seniors in the community.
- Programs supported may also increase services to current residents as a secondary objective.
- The charitable mission of The Society is a guiding principle in defining the type of opportunities the Expansion Committee considers.
- The Committee sees particular value in opportunities with early stage programs or new concepts which are in need of funding and where The Heritage support will have a significant impact. This is in contrast to long-standing programs which are well-funded and where The Heritage support would be less significant.

Committee Process and Methodology

- The committee needs a better understanding of the unfilled needs of seniors in San Francisco. Several action steps were identified to obtain this information and a Committee member assigned to follow-up on each.

Working List of Projects for Immediate Research

- The Committee will attempt to identify one or two programs which can be implemented in a relatively short time—3 to 6 months. A report will be given at the June Board meeting.
- Concepts of in-home care and CCRE without walls will also be researched. These programs will require considerable study and will be a longer-term effort.

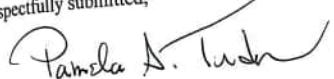
X. Board Education

- **Aging Services of California Annual Meeting:** Attendees Marla Hastings, Cindy Johnson, Pamela De Martini and Lorraine Baxter gave a summary of the seminars they attended and possible action items appropriate for The Heritage. Among them: a Board meeting evaluation form for each meeting for on-going self evaluation; a speaker at every Board meeting to educate; resident unit upgrades important (residents do not want to pay for the next generation but will pay for own upgrades); input of residents important in major facility upgrades; Episcopal Homes Foundation is a role model for outreach to seniors and The Heritage Board could learn from their considerable programs; incoming residents should be reminded of the advantages of a charitable remainder trust; and The Heritage should continue to increase its marketing efforts to expand awareness of our community. Board members were encouraged to read the written report they will receive in the mail.

- **Financial Overview:** Cindy Johnson presented the financial overview that she gave to residents at their Semi-Annual Residents' Meeting on May 15.

The meeting was adjourned at 5:45 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary

THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
March 28, 2007

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, March 28, 2007 , at 3400 Laguna Street, San Francisco, California.

Directors Present: Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, Jeanie Kayser-Jones, George Morris, Trish Ostott, Henry Safrit, James Sherman (by conference call), Connie Tiret, Pamela Tudor

Directors Excused: Carolyn Barber, Laura Pilz, Bruce Scollin, Elizabeth Stanners, Leslie Van Houten

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela DeMartini, Director of Marketing and Development

Residents' Representative Present: Lorraine Baxter

I. Call to Order
David Gruber, Chairman, called the meeting to order at 3:30 PM.

II. Consent Agenda

• Approval of the Minutes

The February minutes were approved by the Board.

• Financial Review

Operations Results: The Financial report with Operations Results of February 2007 was presented with no changes. Comments: The Capital Report carry-over projects from 2006 are on hold per the Facilities Committee. Rental of the flats was increased to \$3,650 a month in anticipation of upcoming strong occupancy months. Several vacant rooms are to be combined to meet the need for rooms with additional space. Fees will change accordingly.

• Investments Portfolio: The Investment Committee reported that a recent economic overview presented by Bernstein Global Wealth Management, asset managers of The Heritage portfolio, indicated market bumps but no significant immediate downturn in the markets.

• Executive Director's Report: The report was noted with the following additional comments. A mandatory form from the State of California Health & Human Service Agency, Licensing and Certification, was circulated for all Board members to sign. Board members are encouraged to attend the Semi-Annual meeting of the Residents' Council on May 15, 9:30 AM. The new web site for The Heritage is under design and will be previewed by Board members when completed.

• Development Committee: Highlighted were the 2007 Development Plan, the meeting with the new Resident Advisory Committee and their suggestions, and the Development events in May, which Board members are encouraged to attend—the Buck Institute Alzheimer's Lecture, May 3, and Resident Donor Appreciation Luncheons, May 17 and 24.

III. Resident Communications and Relations

Lorraine Baxter, Resident Representative, reported on her visit to the Aquatic Park Senior Center and spoke of their impressive, extensive activities, and the San Francisco Music Center which supports some 3,000 students, including over 250 seniors. Both may be of interest to The Heritage Board Expansion Committee to investigate—for partnership opportunities and possible funding, and to the residents for participation and outreach. She also reported that large print hymnals have been purchased for The Heritage Chapel. The hymnals are a gift from former Chairman James Sherman on behalf of the 2006 Board of Directors. Cost is being researched for stripping the pews to their original wood finish.

IV. Facilities Committee Update

- Health Center Refurbishment: The Friendship Hall refurbishment is complete and refurbishment of patient rooms ahead of schedule. The contractor, James E. Roberts-Obayashi Corporation, was commended for their ahead-of-schedule work and consideration of our Health Center patients.
- Architectural Master Plan: The Facilities Committee will be meeting in April to study the financial impact of the Master Plan—developing a feasibility study including costs, and potential revenue in entrance/monthly fees. A Master Plan Goals (to be kept confidential) was circulated.

V. Nominating/Board Education

- The Board unanimously approved the nomination of Andrew E. Carlson to the Board of Directors.
- The importance of a pipeline of potential Board candidates was emphasized. Nominees currently in the pipeline and reinforced by Board member comments were Clint Callan (attorney), Robert Miller (medical doctor), and Kathleen Budge (community leader). David Gruber, Jamie Sherman and Jane Hickerson will continue cultivation with these candidates. Roots in the community and family connections to The Heritage ("next generation") such as Jeffrey Berry were discussed as also timely to receive a call to begin the cultivation process.
- Board members were asked to return the Skills Matrix to update expertise on the Board. Board committees will also be requested to advise their needs for expertise looking forward.
- Education opportunities at several upcoming industry conferences were highlighted. Board members were encouraged to review the meeting agendas (Aging Services of California in Monterey, May 7-9, and the American Association of Housing & Services for the Aging in Orlando, October 12-13) and advise of their interest.

VI. Short-Term Expansion, Continued Discussions

- The Heritage is exploring several short-term areas of expansion while longer-term options are under study: identify areas to expand possible resident activities and community involvement; and expand The Heritage reach beyond walls, to partner with other non profit organizations that need financial assistance, and/or, to provide seed money to organizations whose mission falls within our own. Also, The Heritage will consider developing further existing program, such as the Posit Science program.
- The goal is to identify such organizations within the next quarter.
- The Expansion Committee includes: Laura Pilz (Chair), George Ivelich, Trish Ostott, Randy Gridley, Leslie Van Houten.

- "A Needs Assessment and Services Options for San Francisco Seniors," prepared by the Executive Director to assist the committee in their discussion, was presented.

The meeting was adjourned at 5:30 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
April 25, 2007

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, April 25, 2007, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Andrew Carlson, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, Jeanie Kayser-Jones, Laura Pilz (by conference phone), George Morris, Trish Ottstott, Henry Safrit, James Sherman, Pamela Tudor, Leslie Van Houten

Directors Excused: Bruce Scollin, Elizabeth Stanners, Connie Tiret

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela DeMartini, Director of Marketing and Development

Resident Representative Present: Lorraine Baxter

I. Call to Order

David Gruber, Chairman, called the meeting to order at 3:30 PM. He welcomed new Board member Andrew E. Carlson.

II. Approval of the Minutes

The March minutes were approved by the Board.

III. Financial Review

Operations Results: The Financial report with Operations Results of March 2007 was presented. The financials are on budget. The house census reflects 83 occupied rooms (total rooms 88). Several rooms are being combined. Private patient revenue (based on four rather than six) is below budget due Health Center refurbishment. Amortized Entry Fee is below budget due to fewer deaths.

Investments Portfolio: The Investment Committee reported that the portfolio is up 1% for the January-March 2007 quarter. Bernstein, the portfolio asset manager, sees no change in the market outlook.

IV. Executive Director's Report:

Marla Hastings' report was noted with the following additional comments. She provided an update on state legislation regarding Continuing Care Home Service. The Department of Social Services has indicated that they are not staffed to oversee the licensing process of home care and removed themselves from the process. The bill now needs to be presented to the Assembly. Leslie Van Houten commented that the timing may be opportune for the Expansion Committee to begin exploring possible opportunities in Continuing Care Home Service.

V. Resident Communications and Relations

Lorraine Baxter reported that the Resident Council discussed the usefulness of a closed circuit TV channel for residents. The service will be further researched by Heritage staff.

VII. Facilities Committee Update

- **Health Center Refurbishment:** The refurbishment is ahead of schedule.
- **Architectural Master Plan:** The Facilities Committee will be working with the Finance Committee to prepare a pro forma, including costs and potential revenue in entrance/monthly fees. The Society's mission, room configuration (mix of studio, one/two bedroom) and cultural impact on the resident community are issues that need to be addressed. The committee anticipates that Phase I of The SmithGroup plan could be completed in six to eight years.

VIII. Development Committee

- Resident fundraising for enhancements to the Health Center was discussed and approved. These are enhancements not included in the \$250,000 authorized budget. Three enhancement projects were prioritized by the Resident Executive Council. The resident fundraising will be led by the three Resident Advisors, (Lorraine Baxter, Lois Grant, Richard Matthews) to the Development Committee. The Resident Advisors will attempt to revitalize the culture of giving back to The Heritage in a way that fosters a sense of community/ enthusiasm/pride in a project that affects everyone who makes The Heritage their home.
- Pamela De Martini reported on the success of offering the Posit Science Brain Gym program to the outside community and resulting donations to the program. A new web site is under development and will be ready for approval in May/June. The expanded 2006 "The Heritage," (formerly called The Heritage Highlights) will be mailed in early May.
- Board members were encouraged to attend the events being held in May—the community outreach lecture "Understanding Alzheimer's" and following reception, the tribute to Jamie Sherman for his years of service as Board chairman, to be held at Jane and Glenn Hickerson's Sonoma home, and the two Resident Donor Appreciation luncheons.

VI. Short-Term Expansion Committee

The Committee, chaired by Laura Pilz, will be looking into ways to reach out to the community, utilizing The Heritage resources, and to expand activities for residents and community involvement. A presentation to the Board will be made at the July meeting. The committee includes Randy Gridley George Ivelich, Jeanie Kayer-Jones, Trish Ostott, George Morris, Henry Safrit, Jamie Sherman, Elizabeth Stanners and Leslie Van Houten.

The meeting was adjourned at 5:30 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary

**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
February 28, 2007**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Wednesday, February 28, 2007, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, Jeanie Kayser-Jones, Trish Ostott, Henry Safrit, Bruce Scollin, Elizabeth Stanners, Connie Tiret, Leslie Van Houten

Directors Excused: Laura Pilz, James Sherman

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela De Martini, Director of Marketing and Development

Residents' Representative Present: Lorraine Baxter, President of the Residents' Council

I. Call to Order

David Gruber, Chairman, called the meeting to order at 4:00 PM.

II. Consent Agenda

- The January minutes were approved with a correction to the Financial Report, which should read "the amount that the portfolio grows in excess of 3% is retained by the portfolio to preserve the portfolio's purchasing power i.e. as a hedge against inflation".
- The following written reports were noted:
Occupancy and Scholarship Report
The Heritage Financial Reports, December 2006 and January 2007
The Heritage Investment Report December 2006
Audit Committee Meeting Minutes of November 28, 2006
Development Committee Meeting Minutes of February 8, 2007
Executive Director's Report of February 28, 2007

III. Approval of Board Conflict of Interest Policy

At the recommendation of The Heritage auditors, the Board approved a Board Conflict of Interest Policy. This was signed by Board members, department heads and employees who are involved in purchasing or arranging for services.

Although James Wheary has resigned from the Board, he will continue to serve on the Audit Committee. Randy Gridley also volunteered to join the committee.

IV. Resident Communications and Relations

Lorraine Baxter reported that the first Resident Forum, a resident meeting without staff, met February 1st with 58 residents attending. She noted she was impressed with the overall feeling of well being among the residents and the impressive care provided by the Health Center. She welcomed Board members to join residents at the afternoon tea, suggested that the Board be informed of the major events happening at The Heritage during the month and if available join the residents, and expressed appreciation for the archive binders purchased by the Board.

V. Facilities Committee Update

Health Center: Refurbishment will begin in March.

Architectural Master Plan: Costs are being developed and a process is being determined on next steps.

VI. How Does the Society Mission Impact Resident Scholarship and Our San Francisco Community Outreach?

- David Gruber led a discussion on the Mission and possible new programs to explore—how the Society can reach out to more needy applicants, a possible expansion of the food program, providing seed money for existing organizations involved in senior care. One initial step is a more accurate understanding of community needs and existing programs. George Morris reported that The Heritage has \$400,000 in designated income that can be spent on new projects in 2007.

No Executive Session was held.

The meeting was adjourned at 5:30 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
January 23, 2007**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, January 23, 2007 , at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, George Morris, Trish Otstott, Laura Pilz, Henry Safrit, James Sherman, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Jeanie Kayser-Jones, Bruce Scollin, Elizabeth Stanners

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela De Martini, Director of Marketing and Development

Resident Representative Excused: Lorraine Baxter

I. Call to Order

James Sherman, Chairman, called the meeting to order at 3:30 PM.

II. Approval of the Minutes

The November and December minutes were approved by the Board with no comments or questions.

III. Financial Review

- The Financial report with Operations results November 2006 was presented with no additional comments.
- Randy Gridley reported on behalf of the Investment Committee that the portfolio, managed by Bernstein Global Wealth Management, year-to-date 2006 return was 17.3% versus the benchmark of 13.9%. The amount that the portfolio grows in excess of 3% is retained by the portfolio to preserve the portfolio's purchasing power i.e. as a hedge against inflation. He cautioned, although 17.3% is an excellent yearly return, this is not a long-term market return and the expectation going forward should be more defensive.

IV. Board Calendar

- The Board voted to change The Heritage Board meetings from Tuesday to the fourth Wednesday of the month.
- The Board confirmed that August would be a Board vacation month.

V. **Nominating/Governance Committee**

- The Board moved, seconded and approved The Heritage Board Officer's slate for 2007:
 - Chairman—David Gruber
 - Vice Chairman—Laura Pilz
 - Chief Financial Officer—George Morris
 - Secretary—Pamela Tudor
- Chairman James Sherman thanked the Board and Executive Committee members for their support during the last three and one-half years.
- Vice Chairman Laura Pilz expressed considerable appreciation to James for leading the Board through a comprehensive strategic planning process and providing pivotal leadership during such an important time in the organization's growth. She presented a certificate of appreciation and thankfulness for his leadership and devoted service to the Society, a service that he and the Sherman family have carried on generation after generation since The Heritage founding.

VI. **Facilities Committee**

- Health Center Refurbishment: The Board moved, seconded and approved the \$225,000 bid from James E. Robert-Obayashi Corporation, the low bidder, for the Health Center refurbishment. Work begins in February.
- Master Plan Presentation: The Smith Group, consultant, presented proposed alternatives for a master plan of The Heritage campus, which reflected potential of the site footprint. The next steps will be reports on how the potential plan is mission driven (Expansion Committee) and a detailed financial analysis of cost (Finance Committee).
- Chairman James Sherman acknowledged the hard work and diligence of the Facilities Committee: Douglas Day (Chair), David Gruber, Jane Hickerson, George Ivelich, and Henry Safrit, over the last many months.

Chairman James Sherman led a discussion in Executive Session.

The meeting was adjourned at 5:30 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary

**THE HERITAGE
BOARD OF DIRECTORS MEETING MINUTES
December 13, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society (the "Society" or "The Heritage") was held on Wednesday, December 13, 2006, at 3400 Laguna Street, San Francisco.

Directors Present: Carolyn Barber, Randy Gridley, David Gruber, Jane Hickerson, George Ivelich, Jeanie Kayser-Jones, George Morris, Trish Ostott, Laura Pilz, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Douglas Day, Molly Hauser, James Wheary

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Pamela De Martini, Director of Marketing and Development

Residents' Representative Present: Robert Baxter, President of the Residents' Council

I. Call to Order

James Sherman, Chairman, called the meeting to order at 4:00 PM.

II. Consent Agenda

- Approval of the November minutes was deferred to the January 2007 meeting.
- The following written reports from the Finance and Investment Committees were noted with no additional comment or questions:
 - Financial report with the operation results October 2006
 - Investment portfolio status
 - Executive Director's report

III. Resident Communications and Relations

Robert Baxter reported that George Ivelich presented the proposed plans for the Health Center refurbishment to the Residents' Council Annual Meeting and the plans were well received. Mr. Baxter also reviewed the operational changes and programs introduced in 2006 that were beneficial to the residents (expanded van activities, energy savings/safety/ recycling programs, resident insurance review).

IV. Nominating/Governance Committee

Pamela Tudor reported that a slate of officers for 2007 would be presented at the January meeting. Pam reminded all Directors of the importance of continued Board recruitment and requested them to forward possible candidate names to the committee. Pam also stressed the importance of Board education, which will be a key component of Board meetings in 2007. She also noted the importance of 100% Board participation in gifts to The Heritage in 2006, and, if Board members had not already done so, to please use the provided gift envelope to make a donation.

V. **Facilities**

George Ivelich reported that the Health Center refurbishment is about to go out to bid to three identified contractors (Mayta & Jensen, Plant Construction Company, James E. Roberts-Obayashi Corporation). Work that would involve lengthy OSHPD approval will not be included, i.e., electrical, fixtures and door replacements). The Smith Group has completed their work on a Campus Master Plan. The consultants will present the plan to the Board at the January meeting.

VI. **2007 Budget Approval**

The 2007 budget was moved, seconded and approved by the Board of Directors. George Morris reported that the Barrett & Margaret Hindes Foundation had notified The Heritage that they would donate a new van in 2007.

VII. **Strategic Planning Review**

The Heritage Strategic Plan was moved, seconded and approved by the Board of Directors. James Sherman expressed gratitude to all Board members for their considerable work and contributions to the plan, and special thanks to Laura Pilz and Randy Gridley for their editing efforts. Significant cost savings were among the results of this two-year strategic planning effort.

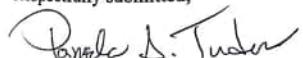
VIII. **SeniorSafe@Home Program Next Steps**

Laura Pilz reviewed discussion of Keith Perry's presentation on an investment opportunity in the SeniorSafe@ Home Program, made at the November Board meeting. The Expansion Committee's preliminary conclusions: home-based care appears to be a distinct trend in the industry; The Heritage may choose/need to establish a separate entity to limit liability; and The Heritage may choose/need to partner with other organizations to provide in-home care. The committee sees the SeniorSafe@Home Program a very interesting model, but concluded that The Heritage is not ready to make an investment commitment in the timeframe requested. The committee recommends that the Board continues to stay in dialogue with the SeniorSafe@Home Program to track their progress and re-evaluate investment or licensing participation in mid-2007. The committee also recommends that the Board convene an ad hoc task team to: study the models of in-home care; identify potential partners; and determine what would be required to be a SeniorSafe@Home Program licensee. James Sherman will respond to Keith Perry that The Heritage Board needs time to conduct its due diligence.

A discussion was held in Executive Session.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
November 28, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, November 28, 2006, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, Jeanie Kayser-Jones, George Morris, Trish Ostott, Laura Pilz, Henry Safrit, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten, James Wheary

Directors Excused: George Ivelich, Bruce Scollin

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller
Staff Excused: Pamela De Martini, Director of Marketing and Development

Resident Representative Present: Robert Baxter

I. Call to Order

James Sherman, President, called the meeting to order at 4:00 PM.

II. Consent Agenda

- Approved the October 2006 Minutes with minor changes.
- Noted the written reports from the following committees with no additional comment or questions:
 - Financial Committee (3rd Quarter 2006),
 - Investment Committee and Portfolio Status
 - Executive Director
 - Resident Communications and Relations
 - Nominating/Board Development.

III. Facilities

Doug Day reported on behalf of the Facilities Committee that work is proceeding with documents to send out to bidders for the Health Center refurbishment. The Smith Group, the consultants for The Heritage campus revitalization, is working towards a presentation to the Board in January.

IV. AASHA Reports

Seven Board members and six staff members attended the annual AASHA (American Association of Homes and Services for the Aging) annual conference in San Francisco in November. Each attendee provided a written report and spoke to "take away" items to bring back to The Heritage.

V. 2007 Budget Review

George Morris on behalf of the Finance Committee reviewed the 2007 budget highlights. He brought attention to: the line item available for scholarships, which was increased from 10% to 11%, (\$317,873 in 2007); the margin of \$279,484 available in 2007 for good works beyond sustaining the operations of The Heritage; and the reduced income from private patients due to a lesser census than targeted. The Board moved, seconded and approved two items as recommended by the Finance Committee:

- a. Increase private patient daily rate from \$220 to \$229 per day.
- b. Increase wages and salaries 4% overall with higher increases for RN's, LVN's and other employees that are below wage survey averages.

VI. Strategic Planning Review

The Strategic Plan Document was deferred to the December meeting.

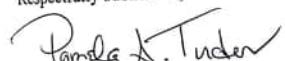
VII. Presentation on Senior Safe @ Home

Keith Perry, Chief Executive Officer, Senior Retirement Systems, who had been identified as one of the more forward thinking executives in the industry, spoke on the Senior Safe@ Home. This is a new technology-based venture that enables seniors to stay in their home. He spoke to The Heritage Board to present this new opportunity in home-based care that will be rolled out nationwide over the next year.

A discussion was held in Executive Session.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
October 24, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, October 24, 2006, at 3400 Laguna Street, San Francisco, California

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, Jane Hickerson, George Ivelich, Jeanie Kayser-Jones, George Morris, Laura Pilz, Henry Safrit, Bruce Scollin, James Sherman, Pamela Tudor, Leslie VanHouten

Excused: Molly Hauser, Trish Oststott, Elizabeth Stanners, Connie Tiret, James Wheary

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Pamela De Martini, Director of Marketing and Development

Resident Council Representative Present: Robert Baxter

I. Call to Order

James Sherman, Chairman, called the meeting to order at 4:00 PM.

II. Approval of Minutes

The August and September minutes were approved with minor changes.

III. Financial Report

a. Operational Results 3rd Quarter

George Morris reported on behalf of the Budget and Finance Committee that revenue and expenses were on track per the 2006 budget.

b. Investment Portfolio

Randy Gridley reported that the investment portfolio, managed by Bernstein Investment Research and Management, is up 9.9% through the 3rd quarter versus the bench mark which is up 7.7%. The Investment Committee is considering giving Bernstein the flexibility of moving 20% of the International/U.S. Equity between the two investment styles as market conditions change, which could improve performance without increasing risks.

IV. Facilities

Douglas Day reported on behalf of the Facilities Committee that work regarding the Health Center refurbishment and architectural review of the campus is proceeding as planned.

V. Executive Director's Report

Marla Hastings noted the upcoming meeting of the Continuing Care at Home Task Force & Providers Meeting, November 8, during the AASHA conference. She gave an update on the census, which stands at 108 residents, including eight new residents. Three of the original post-hiatus rooms remain open due to their



small size and location. A discussion of the need for safe parking for our residents concluded with a request to the Facilities Committee to consider new parking strategies as part of the architectural review of the campus. An escort service, use of City Share, and a charge for new resident parking will also be considered. A charge for parking would have minor marketing impact. The contract will be reviewed. The Heritage has been fortunate to have the services of Dr. Henderson. When a replacement becomes necessary, the suggestion was made to consider Geriatric Nurse Practitioners, who are trained to work with older people, to assist in this role.

VI. Resident Communications and Relations

Robert Baxter read a request from the Resident's Council for resident representation on the Facilities Committee. He reminded residents that they are liable for damage that they may cause to The Heritage and encouraged them to have insurance to cover such damage. Utility expenses are down 19% against the budget, due to the efforts of residents and staff. A motion was made by David Gruber, seconded by George Ivelich and approved by the Board, to support new archive binders for the library. Residents are working to upgrade the chapel with new seat covers and hymnals.

VII. Strategic Planning

James Sherman reported that the Strategic Plan, which has been further edited, will be completed and available two weeks before the November Board meeting.

VIII. Development

Pamela Tudor reported that the annual gifts letter would be delayed so to include an appeal for the refurbishment of the Health Center. To show appreciation of our residents, the Board of Directors will serve wine at dinner on November 14. The need to nurture donations from foundations was expressed.

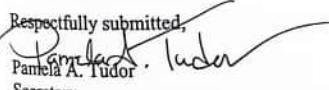
IX. Upcoming Conferences: AASHA

James Sherman encouraged Board members to take advantage of the annual AASHA Conference being held in San Francisco this year. The residents are participating in the interfaith service on Sunday morning and have created a large mural as the visual focal point in the room. Board members were invited to attend a breakfast meeting on November 7 with Keith Perry, CEO, Sears Methodist Retirement System, who was identified by consultant Dan Gray as being an innovator in the industry. The Board is especially interested in learning more about their new technology-based service, Senior Safe @ Home.

A discussion was held in Executive Session.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,


Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
September 26, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, September 26, 2006, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, Jeanie Kayser-Jones, George Morris, Trish Otstott, Laura Pilz, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor

Excused: Douglas Day, Leslie Van Houten and James Wheary, Board of Directors; Robert Baxter, Resident Council Representative

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Pamela De Martini, Director of Marketing and Development

I. Call to Order

James Sherman, Chairman, called the meeting to order at 4:00 PM and welcomed Jeanie Kayser-Jones and Trish Otstott to the Society's Board of Directors.

II. Approval of Minutes

The approval of the August minutes was deferred to the October meeting.

III. Financial Report

a. Operational Results

Connie Tiret reported on behalf of the Budget and Finance Committee (George Morris, Connie Tiret, Randy Gridley, Cindy Johnson). She directed attention to the expanded Occupancy and Scholarship Report, which details rooms, occupancies, vacancies, Health Center census and changes in resident population. The resident count is 78 with 11 vacancies. The Health Center count is 28 with four unoccupied beds. She reported that the operating loss year-to-date is per budget. The Public Nutrition bottom-line is below budget, due to increased expenses.

b. Investment Portfolio

Randy Gridley reported that the Society's portfolio returned 8% in the January to August time frame, compared with the respective benchmark return of 5.9%. He invited all Board members to the upcoming semi-annual investment performance review in November, to be held at the offices of Bernstein Investment Research and Management.

IV. HFS Medicare Report

Becky Carroll of the consulting firm HFS presented the Board their report and overview assessing the steps necessary for the Health Center to become Medicare certified, including the positives and negatives, and expense and revenue projections. It was the sense of the Board that we would not seek Medicare Certification at this time.

V. Facilities Committee

a. Health Center Refurbishment

George Ivelich presented on behalf of the Facilities Committee (George Ivelich, Henry Safrit, Douglas Day, David Gruber and Jane Hickerson) the plans for the refurbishment of the Health Center as recommended by consultant Kae-Yee Woo & Associates. The estimated cost is \$480,000. A motion was made by Randy Gridley, seconded by Elizabeth Stanners, and approved by the Board for the Facilities Committee to proceed with the Health Center refurbishment in a three-step process: 1. Meet with OSPHD for an informal review of the proposed project in order to finalize the scope of the project. 2. Determine interface with the Master Plan to be presented by The Smith Group in late October/early November. 3. Send out requests for bids to at least three contractors.

b. Architectural Review of the Campus

The Smith Group is moving quickly on recommendations for a campus Master Plan. The plan is to be completed in December.

VI. Executive Director's Report

Marla Hastings presented highlights of her written monthly report. The residents and staff are making excellent progress towards the goal of recycling 75% of The Heritage's waste. David Costello has been named Director of Environmental Services. The residents are creating a mural, which will be the focal decoration of the interfaith service, for the upcoming national convention of AASHA. A new agreement has been negotiated with Posit Science, which allows for more flexibility, expansion of the program to the outside community, and is more cost effective. A motion was made by Molly Hauser, seconded by Laura Pilz, and approved by the Board to sign the new contract with Posit Science.

Marla Hastings also noted that we have gone from 3 private patient admissions in 2005, to 10 in 2006. This is a good indication that we are becoming more well known in the market place. However, 5 family members who made it as far as touring our Health Center, did not make the choice for admission. Coming for a tour of the Health Center is a good indication that our charges, reputation and other decision making factors were in line with expectations. Not selecting The Heritage Health Center, or putting off the decision, is in line with a negative reaction to our physical plant. Marla stressed that along with sustained marketing efforts, it is very important that our Health Center be refurbished as soon as possible to strengthen our ability to attract private patients.

VII. Resident Communications and Relations

Elizabeth Stanners reported on behalf of the Resident Communications and Relations Committee (Elizabeth Stanners, Carolyn Barber, Robert Baxter). The new hours for dinner (5:30 PM buffet and 6:00 PM served dinner) have been received well. The table tops in the dining room are in need of repair.

VIII. Strategic Planning (deferred to the October meeting)

IX. Development

a. AASHA

The American Association of Homes and Services for the Aging (AASHA) will hold their annual convention in San Francisco, November 4-8. James Sherman encouraged the Board to attend, as this is an excellent opportunity for education and networking. The Board is also identifying individuals in the industry who may be interested in meeting to discuss mutual interests, i.e., continuing care at home.

b. Posit Science Event

Pamela Tudor reported on the success of the Posit Science Event on September 21, featuring Dr Henry Mahncke, who spoke on "Matching Brain Span to Life Span: Staying Sharp and Vital Throughout Life." Over 70 guests attended to hear Dr. Mahncke speak on brain plasticity, an innovative area in science with great implications for aging. Two residents spoke with testimonials of their experience. After the presentation, a hands-on demonstration and reception was held. The event provided The Heritage with the opportunity to connect with many different audiences from past Board members to the community at large.

A discussion was held in Executive Session.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
August 22, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, August 22, 2006, at 3400 Laguna Street, San Francisco, California.

Directors Present: Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, George Morris, Laura Pilz, Henry Safrit, James Sherman, Connie Tiret, Pamela Tudor

Directors Excused: Carolyn Barber, Bruce Scollin, Elizabeth Stanners, Leslie Van Houten, James Wheary

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Pamela De Martini, Director of Marketing and Development

Resident Council Representative Present: Robert Baxter

I. **Call to Order**
James Sherman, Chairman, called the meeting to order at 4:00 PM.

II. **Approval of Minutes**
The minutes of the May 2006 and June 2006 Board of Directors meetings were approved.

III. **Financial Report**
a. **Operational**
Connie Tiret reported on behalf of the Budget and Finance Committee (George Morris, Connie Tiret, Randy Gridley, Cindy Johnson) a positive variance in monthly care fees due to two new residents. Negative variances were due to below budget private patient fees, maintenance needs and Health Center salaries. The Heritage energy conservation measures are resulting in savings in 10-15% in utility expenses.

b. **Investment Portfolio**
Randy Gridley called attention to the portfolio performance of 5.4% as of July 31, as compared to the benchmark of 3.6%, despite the recent lackluster market.

IV. **Facilities Update—Health Center, Architectural Review of Campus**
Douglas Day reported on behalf of the Facilities Committee (George Ivelich, Henry Safrit, Douglas Day, David Gruber and Jane Hickerson) that estimates for the Health Center Refurbishment had been received but the figures need more review. The committee had received responses to the four RFP's for the architectural review of the campus, but they were not in a position to make a recommendation. The firms were BAR Architects, The Design Partnership, The Smith Group and Perkins Eastman.



V. Executive Director's Report

Marla Hastings introduced to the Board Pamela De Martini, The Heritage's new Director of Marketing and Development. She also showed a CNBC news clip, featuring Posit Science, which was filmed in The Heritage's Brain Gym. Marla highlighted her written monthly Executive Director's Report: The Health Center has 19 permanent residents and two new private patients, bringing the census up to six. Out of the 11 post hiatus vacancies in independent living, three units are on the market. The annual convention of the American Association of Homes and Services for the Aging (AASHA) will be in San Francisco November 4-8. A copy of the AASHA program will be mailed to all Board members. They are encouraged to identify seminars that would be of interest and advise Marla, who will coordinate registration. The Board is considering an event for 10-15 identified attendees for networking. The residents are creating a mural for the AASHA interfaith service on November 5. The Medicare certification report by HFS Consultants is completed and will be mailed to the Board for reading before the September Board meeting.

VI. Resident Communications and Relations

Robert Baxter reported on behalf of the Resident Communications and Relations Committee (Carolyn Barber, Elizabeth Stanners, Robert Baxter). Residents invite the Board to contribute to their upcoming White Elephant Sale. The goal is to make \$4,000 of which, \$2,500 will be given to the Employee Appreciation Fund. The Library Committee is giving a tour for the residents. The Chapel is being upgraded with new benches and hymnals. The donors will be recognized. Mr. Baxter encouraged Board members to attend the Resident Council meetings and the monthly birthday parties honoring residents celebrating birthdays during the month. He mentioned the importance of the residents receiving updates on the Health Center refurbishment and other projects.

VII. Strategic Planning Review

A motion was made, seconded and approved by the Board, to add to the introduction the Society's reaffirmation to life care. The Strategic Plan will be edited and polished by James Sherman, Laura Pilz and Randy Gridley.

VIII. Development and Communication

Pamela Tudor reported on behalf of the Development Committee (Jane Hickerson, Molly Hauser and Pamela Tudor). Pamela De Martini was commended on producing and mailing "The Heritage" in such a well done and timely matter. She encouraged Board members to attend the Posit Science event on September 21, featuring Dr. Henry Mahncke, speaking on "Brain Plasticity."

A discussion was held in Executive Session.
The meeting was adjourned at 6:00 PM.

Respectfully submitted,
Pamela A. Tudor
Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
June 27, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, June 27, 2006, by conference call.

Directors Present: Lewis Gridley, David Gruber, Laura Pilz, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Leslie Van Houten

Directors Excused: Carolyn Barber, Douglas Day, Molly Hauser, Jane Hickerson, George Ivelich, George Morris, Pamela Tudor, James Wheary

Staff Present: Marla Hastings, Executive Director; Pamela De Martini, Director of Marketing and Development

Residents' Council Representative Present: Robert Baxter

James Sherman, Chairman Board of Directors, called the meeting to order at 4:05 pm.

Approval of Minutes

In the absence of a quorum at the start of the meeting, the minutes were deferred until the next meeting.

Executive Director's Report

Marla Hastings provided an update on her report, which was mailed prior to the meeting. The first post-hiatus contract for a new resident will be signed this week. Five additional applicants are in the admissions process at present. The number of private patients in the Health Center continues to fluctuate between 3 and 5.

Marla Hastings welcomed Pamela De Martini, the new Director of Marketing and Development, and reported on her transition to The Heritage. Pamela's first project, The Heritage Report, will be mailed on schedule July 5.

Marla Hastings reported on the discharge of Howard Conroy, Director of Environmental Services. Pending evaluation of a replacement or staff restructure, his duties have been assumed by the Senior Maintenance Technician and the Housekeeping Supervisor. Bob Baxter noted that Marla Hastings's letter to the residents explained this change effectively; the residents are comfortable that matters are being handled professionally.

Further changes to housekeeping staff in the Health Center will be deferred until the refurbishment project is completed and the Medicare recommendation has been reviewed by the Board.



Finance Report

Cornie Tietl reviewed the May financials. Revenue for the month is slightly under budget due to fewer private patients and expenses are slightly over budget due to roof repairs and Health Center renovation costs. Net operating income year-to-date is on budget. Investment income for the month is down due to market fluctuations, but net positive for the year-to-date.

Facilities Committee

David Gruber reported for the Facilities Committee. Refurbishment of the Health Center is the primary focus of the committee's work. The RFP for the master site plan study will go to three architecture firms on July 7.

Development Committee

The dates for the next Donor Appreciation lunches are August 3 and 24. All Board members are requested to attend at least one lunch. Pamela De Martini will contact the Board to confirm attendance.

Pamela also discussed thank you letters sent to donors. In addition to the letter sent from the Executive Director, a letter will also go to donors from the Board Chair. James Sherman asked Pamela to periodically send the Board information on new donations so Board members can personally thank donors as well.

Nominating Committee

Two lunches are scheduled in July with prospective Board members. James Sherman asked all Board members to continue to identify Board candidates, specifically any individuals with a financial background who could serve on the Audit Committee.

Strategic Plan Implementation

The goal is to complete the Strategic Plan document for August. The Board concurred that the mission, directives and programs outlined in the current draft should provide guidance for the staff in advance of the official adoption of the plan.

Resident Representative Report

Bob Baxter reported on the following items for the Board:

- Philipps Employee lunch on Thursday, June 29. Board members should try to attend this event of food and entertainment planned by the staff
- Bob Baxter has formed an Ad Hoc committee to recognize the contribution and commitment of both clergy and volunteers who have conducted services at The Heritage chapel for many years. The residents want to recognize the spiritual aspects of The Heritage.
- The Activities Committee which meets Thursday will discuss additional ways to bring residents into the new environmental initiatives. In addition to the savings from environmental programs, the residents want to see The Heritage take a leadership role in being good citizens.

Adjournment

The meeting was adjourned at 4:40pm.

Respectfully submitted,

Laura J. Pilz
Laura J. Pilz



**BOARD OF DIRECTORS
MEETING MINUTES
May 23, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, May 23, 2006, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, George Ivelich, Laura Pilz, Henry Safrit, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor,

Directors Excused: Molly Hauser, Jane Hickerson, George Morris, Bruce Scollin, Leslie Van Houten, James Wheary

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller

Residents' Council Representative Present: Robert Baxter

I. Call to Order

James Sherman, Chairman, called the meeting to order at 4:00 PM.

II. Approval of Minutes

The minutes of the March 2006 and April 2006 Board of Directors meeting were approved.

III. Financial Report

a. Operational

Connie Tiret reported on behalf of the Budget and Finance Committee (George Morris, Connie Tiret, Randy Gridley, Cindy Johnson) that operating expenses reflect a \$16,000 refund made on The Heritage's compensation insurance and the private patient revenue is below budget due to deaths.

b. Investment Portfolio

Randy Gridley reported on the semi-annual meeting at the Society's annual investment performance review at the Bernstein Investment Research and Management office, May 15. Attending were Pete Turner, Randy Gridley, George Morris and Cindy Johnson. The Investment Committee is discussing a third category of funds that would give Bernstein flexibility in moving funds between Diversified Value and International Value. He reported that the Society's portfolio returned in the January to April time frame 7.1% per the respective benchmark return of 5.1%.

IV. Facilities Update—Health Center, Architectural Review of Campus

Douglas Day reported on behalf of the Facilities Committee (George Ivelich, Henry Safrit, Douglas Day, David Gruber, Jane Hickerson, Staff, Howard Conroy and Marla Hastings) that they will be meeting with the consultant Kai-Yee Woo & Associates to



finalize the Health Center renovation plan. The committee also will be reviewing the RFP for the architectural review of the campus.

V. Admissions

Marla Hastings reported on admissions issues:

a. Director of Admissions

A new Director of Marketing and Development, Pamela De Martini, has been hired and will begin on June 6. Patti Gallagher has been promoted to Marketing and Development Coordinator. In addition to maintaining her previous duties as Front Office Manager, Patti will play a larger role in marketing and development activities.

b. Life Care Admissions

Seven applications for admissions are moving through the process. An additional application is anticipated to be received this week.

c. Private Patients Admission

The census is at four for private patients with a fifth coming this week.

d. Medicare Consultant Contract

Working with HFS Consultants, the Health Center efficiency report should be completed at the end of May. The Medicare report assessing the steps necessary for the Health Center to become Medicare certified is due to be completed in June and will be presented at the Board June meeting.

VI. Resident Communications and Relations

Carolyn Barber reported on the May Residents' Council Executive Committee meeting, on behalf of the Residents' Liaison Committee, (Elizabeth Stanners, Carolyn Barber). She stated that the residents are highly interested in health and wellness, healthier menu options, and house efficiencies, such as energy conservation and recycling. This is reflected in: a desire to know more about the nutrition of food served and limiting food portions; new walk opportunities in the neighborhood; action taken to replace a stockpot with a new wok; and discussing changes of the dinner hour that would include a buffet 5:30 to 6:00 PM and optional dinner service from 6:00 – 7:00 PM. The residents are continuing to work towards more energy savings and expanding recycling efforts.

VII. Strategic Planning Review

a. Expansion Planning

Laura Pilz reported that the Expansion Committee (Randy Gridley, Leslie Van Houten, Laura Pilz, James Sherman) is reviving early exploratory work on other opportunities beyond Posit Science. She noted the importance of keeping in mind the financial responsibility but also the large lead time required to properly research expansion opportunities and their cost. Expansion programs can be funded within the resources of The Heritage or tied with development efforts. If the programs have external appeal, they may attract seed capital. She also emphasized the opportunities presented by the AASHA conference coming to San Francisco in November. The committee's plan is to have ideas formalized and seek out and meet with the experts who will be at conference. New members are needed for the committee. Hopefully new Board members, joining the Board in September, will be interested in joining the



Expansion Committee. Douglas Day suggested that a new designation be used for the word "expansion," as expansion implies building and new plant facilities and not necessarily programs.

b. Strategic Planning Review

James Sherman reviewed the contents of the draft Strategic Plan, section by section, and stressed the few areas that still need attention, such as a report on the tours of other facilities, architectural review and immediate opportunities, expansion, investment philosophy, and an update of the Development plan. He asked for emails and suggestions.

VIII. Development and Communication

- Pamela Tudor reported on behalf of the Development Committee (Jane Hickerson, Molly Hauser and Pamela Tudor) that writing, producing and mailing The Heritage Highlights will be a priority of the new Director of Marketing and Development. She reported that the meeting with the resident focus group, which was arranged at the suggestion and assistance of Robert Baxter, was extremely productive. The purpose of the meeting was to obtain resident input on designated funds. The group unanimously preferred designated fund for the Health Center refurbishment as opposed to a designated scholarship fund, and offered ideas on how to build support among the resident community for such an opportunity to give. The luncheon on April 26, hosted by the Board for former Board Managers, to announce the reopening of The Heritage after a 2 ½ year hiatus, and to introduce new programs, was attended by 29 appreciative friends. The group was enthused to see one another again, learn of The Heritage's programs and plans, and to have the opportunity to speak with current Board members.

IX. Executive Director's Report

Marla Hastings reported on:

- The Heritage's presence at the CAHSA (California Association of Homes and Services for the Aging) conference was expanded considerably this year. Gayle Reynolds presented with the Posit Science staff at a workshop that was highly attended. The success of the Posit program at The Heritage was the focus of the session. Marla Hastings presented at a workshop on the alternative work week with Dan Gray and Allison Woodall of Hansen Bridgett. The Heritage's presence continued throughout the event, as Marla Hastings serves as Vice President of the Golden Gate Region and attended a leadership breakfast with other regional leaders. She noted that the opportunity to meet regularly with this leadership group strengthens our ties with the CAHSA professional community. Attending the conference were Marla Hastings, Gayle Reynolds, Cindy Johnson and Robert Baxter.
- The emergency plan for admission of our skilled nursing residents to other facilities is in place, in case of a major disaster. We are in the process of researching other transfer possibilities, outside of San Francisco, should a large local disaster take place.



• Dr. James Kovach, President and CEO of the Buck Institute for Age Research will be speaking to our residents in June. The arrangements were made through former Board members Diane Richards and Dr. Bruce Sams.

Robert Baxter reported on the workshops that he attended at the CASHA conference and noted the importance of this educational opportunity. He also reported on the Marina Community Association meeting, which is lobbying for a street car link through the old Beltline tunnel to connect the Marina with the Fisherman's Wharf area.

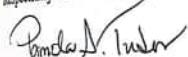
✓ **Board Recruitment**

- Pamela Tudor reported on behalf of the Nominating Committee (Carolyn Barber, David Gruber, Pam Tudor) that two Board candidates will be meeting with Board members for lunch in the coming months—Dr. Jeanie Kayser-Jones and Trish Ottstott. The plan is for these candidates to join the Board in September.

A discussion was held in Executive Session.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
April 25, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, April 25, 2006, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, Jane Hickerson, George Ivelich, George Morris, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Molly Hauser, Laura Pilz, James Wheary

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Gayle Reynolds, Director of Marketing and Development

Resident Council Representative Present: Robert Baxter

I. Call to Order

James Sherman, Chairman, called the meeting to order at 4:00 p.m.

II. Approval of Minutes

The approval of the minutes of the March 2006 Board of Directors meeting was deferred to the May Board meeting.

III. Facilities Update

George Ivelich reported on behalf of the Facilities Committee (George Ivelich, Henry Safrit, Douglas Day, David Gruber, Jane Hickerson, Howard Conroy, Marla Hastings):

- a) Room renovations. Renovation of the 11 vacant rooms is complete and on budget.
- b) Design consultant contract for Health Center. A contract was signed with Kai-Yee Woo & Associates to recommend design changes to upgrade the Health Center.
- c) Capital expenditures-near term and architectural review of the campus. Recently completed capital projects include pipe insulation, refrigeration temperature controls and boiler timers. The Facilities Committee will be meeting later in the week to begin work on the RFP for the architectural review.

IV. Financial Report

a) Budget Changes

Connie Tiret reported on behalf of the Budget and Finance Committee (George Morris, Connie Tiret, Randy Gridley, Cindy Johnson) two changes to the monthly Finance Report:

1. Under Operating Revenue--monthly care fees before scholarship and scholarship are now indicated as two separate line items so the Society can better track the total expended for scholarships.

2. Under Total Investment Income—6% has been budgeted as the required rate of return rather than 3% as in past. Three percent is needed for subsidizing operations and 3% is to allow for inflation.

b) **Investment Portfolio**

Randy Gridley reported that the Society's portfolio continues to outperform the benchmark benchmarks. He encouraged all Board members to attend the Society's annual investment performance review on May 15, 3-5 p.m., at the Bernstein Investment Research office.

V. **Admissions**

Maria Hastings reported on admissions issues:

a) **Admissions Pricing for Couples**

The staff, working in conjunction with the Executive Committee, recommended 2006 pricing for couples to be \$210,000 for the entrance fee and a \$4500 monthly care fee (\$2300 for first individual and \$2200 for the second).

A motion was made by Connie Tiret, seconded by George Morris and approved by the Board to approve the couples pricing as recommended by the staff.

b) **Interim Scholarship Policy**

Scholarships will be reviewed on a case by case basis by Executive Committee. The Fin Aid software has been purchased and is being set up to assist in analyzing applicants' financial resources and the likelihood of having adequate funds throughout their stay at The Heritage, and in estimating the cost of scholarship over a resident's expected lifetime.

b) **Search for Director of Marketing and Development**

Gayle Reynolds, Director of Marketing and Development, will resign April 28. A job search is underway for a replacement. Patti Gallagher has been promoted to Marketing and Development Coordinator and will be responsible for supervising the front office staff. A farewell party will be given Gayle on April 28. James Sherman thanked Gayle for her eleven years of service to The Heritage.

VI. **Health Center**

Maria Hastings reported on Health Center updates:

a) **Private Patients**

The Health Center has had one private patient death and one private patient admission.

b) **Medicare Consultant Contract**

HFS Consultants has begun work on a two phase contract: 1. reviewing nursing care, staff and documentation systems for updating and potential efficiencies; and 2. accessing the steps necessary for the Health Center to become Medicare certified.

c) **Medical Director Succession Planning**

The Task Team (consisting of Henry Safrit, Leslie Van Houten, Marla Hastings, Cindy Johnson) are looking at models such as The Sequoias and The S.F. Towers to determine what would work best at The Heritage in the future.

VII. **Development & Communications**

Pamela Tudor on behalf of the Development Committee (Jane Hickerson, Pamela Tudor, Gayle Reynolds) highlighted upcoming development projects:

- Luncheon on April 26, hosted by Board members for former directors and trustees
- Posit Science event for individuals on the full donor list and new friends



- 2005 Heritage Highlights to be mailed in June
- Meetings with key residents to discuss establishment of an scholarship endowment or designated scholarship fund

VIII. Resident Communications and Relations

- Elizabeth Stanners reported that Supervisor Michela Alioto-Pier, schedule permitting, will be present for the 100th birthday party of resident Peter Giovanzaza. Dr. James Kovach, President and Chief Operating Officer, of the Buck Institute for Age Research, will be speaking to residents on May 18. He will discuss aging and age related conditions. The Board is encouraged to attend.
- Robert Baxter reported that one resident has been gathering information on recycling. Working with Howard Conroy, Director of Environmental Services, they are in the process or implementing a number of measures that will save on our garbage bills, including the use of kitchen waste for compost pick up. New waste containers can be found throughout the building. Regarding the energy saving efforts, a report will be forthcoming on comparison of energy consumption and savings.

IX. Executive Director's Report

The semi-annual Residents' Council meeting will take place May 30, at 9:30 a.m., to review the budget and to conduct a disaster response review in preparation for the June earthquake drill. The first Posit Science class of 11 residents has graduated, and four graduates will go on to coach the next session. Documentation indicated significant improvement in memory. The residents have been energized and enthusiastic about the program. The employee newsletter has been well received and is effective as a recognition tool and vehicle for communicating new programs at The Heritage.

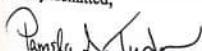
X. Strategic Planning Review

James Sherman reported that the Strategic Plan and its components are being compiled. Some of the bigger decisions are yet to come, such as how we can most effectively reach out and support other charitable endeavors. The pro forma indicates if operation savings are achieved and quotas on new residents and private patients are met, \$417,000 will be free in 2007, to redirect to other charitable projects. A special meeting of the Board was suggested to discuss expansion opportunities as a bridge to the second half of the year.

A discussion was held in Executive Session.

The meeting was adjourned at 6:00 p.m.

Respectfully submitted,



Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
March 28, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, March 28, 2006, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, David Gruber, Molly Hauser, Jane Hickerson, George Jelich, George Morris, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tirt, Pamela Tudor, Leslie Van Houten, James Wheary

Directors Excused: Douglas Day, Randy Gridley, Laura Pilz

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller; Gayle Reynolds, Director of Marketing and Development

Residents' Council Representative Present: Robert Baxter

I. Call to Order
James Sherman, Chairman, called the meeting to order at 4:00 PM.

II. Approval of Minutes
The minutes of the February 2006 Board of Directors meetings were approved with the revision noted below on a motion by Molly Hauser and seconded by Bruce Scollin.

VI. Strategic Planning
a) Cost Efficiency: Marla Hastings distributed a cost efficiency update to the Board. She restated the original Dan Gray recommendations in the update. These totaled \$1,385,000; \$850,000 in revenue and \$510,070, in expense. She noted that 3 of these expense items are initiated in the 2006 budget as a reduction in the hours of our security guard staff, day shift weekday LVN and housekeeping staff. These reductions take place July 1, 2006. On an annual basis these items represent a savings of \$164,000.

She noted that Dan's original recommendations totaled \$1,385,000. The recommended efficiencies actually total \$1,360,070, due to a discrepancy in the calculation of savings for the 12 hour shift.



III. Facilities Update

- George Ivelich reported on behalf of the Facilities Committee (George Ivelich, Henry Safrit, Douglas Day, David Gruber and Jane Hickerson):
- a) Room renovations. Renovation of the 11 vacant rooms is proceeding in preparation of occupancy by new residents up to a budgeted \$50,000. An unexpected repair of pipes in one unit will cost \$1500. The units should be ready for occupancy the third week in April.
 - b) Design consultant contract for Health Center. Two consultants had been interviewed, Kai-Yee Woo & Associates and Resource and Design, Inc. to provide plans to renovate the Health Center. The Facilities Committee recommended that Kai-Yee Woo & Associates be hired at a cost of \$23,500, based on quality of design and experience. A motion was made by Connie Tiret, seconded by Molly Hauser and approved by the Board to proceed with retaining Kai-Yee Woo & Associates to recommend design changes to upgrade the Health Center.
 - c) Capital expenditure-near term and architectural review of the campus.. The dated condition of The Heritage was of concern to the Facilities Committee. The committee reiterated that marketing consultants had addressed this issue and recommended requesting an architectural review that would identify improvements and provide a cost analysis. The committee recommended that an architectural consultant search be initiated per the following steps:

1. Review the recommendations from the marketing study
2. Develop a scope of specific tasks to be considered
3. Prepare a Request For Proposal

3. Retain an architect to prepare a schematic Master Plan

A motion was made by Carolyn Barber, seconded by Molly Hauser and approved by the Board to move ahead per the steps above to initiate an architectural consultant search. The time frame for such a search is four to six months.

IV. Financial Report

a) Budget Changes

George Morris, on behalf of the Budget and Finance Committee, (George Morris, Connie Tiret, Randy Gridley, Cindy Johnson) presented an amended 2006 Budget as follows:

1. The private patient census be changed from seven to five due to recent, unprecedented, deaths of 4 out of 7 current private patients in a six week period. This change reduces anticipated private patient revenue by \$160,600 from \$562,100 to \$401,500.
2. The budgeted Total Investment Income be stated as 6% of the recent portfolio value of \$75 million. Investment income in the original 2006 Budget was based on portfolio value of \$72 million. A 6% investment income presents the actual required rate of return. One half is needed for subsidizing operations and the other half is retained to allow for inflation.

A motion was made by Jane Hickerson, seconded by George Ivelich and approved by the Board to amend the budget as presented by the Budget and Finance Committee.



b) Audit of the December 31, 2005, Financial Statements

James Wheary reported on behalf of the Audit Committee (James Wheary, Connie Tiret). The Society's auditors, Daoro Zydel & Holland (DHZ), found:

- No significant changes except for minor cleanup in the notes
- In the DHZ letter to the Board, no significant changes except for minor passed adjustments

- No internal controls deficiencies or recommendations

The auditors suggested adopting a conflict of interest statement which the Audit Committee will take action upon.

A motion was made by George Morris, seconded by Bruce Scollin and approved by the Board to approve the December 31, 2005, financial statements and the auditors' unqualified report thereon, and to appoint Daoro Zydel & Holland as The Society's independent auditors for the year ending December 31, 2006.

V. Admissions

Marla Hastings reported on admissions issues:

a) Admissions Pricing

The staff recommended 2006 pricing for new residents and fee schedule (couples pricing will be deferred):

- Studios—Entrance Fee \$80,000, Monthly Fee \$2,300
- Single Suite—Entrance Fee \$95,000, Monthly Fee \$2,000
- Couples - Deferred

A motion was made by Molly Hauser, seconded by George Morris and approved by the Board to approve the studio and single suite, and fee pricing recommendations of the staff.

b) Interim Scholarship Policy

In the past, if an applicant needed financial assistance, a request would be brought to the Executive Committee. A motion was made by George Morris, seconded by Bruce Scollin and approved by the Board that a demonstrated need of an applicant for financial assistance will be brought to Executive Committee for review and the total sum for scholarships in 2006 will be kept within the budgeted \$280,000.

c) Fin Aid Proposal

A motion was made by Leslie Van Houten, seconded by Connie Tiret and approved by the Board to purchase Fin Aid software, a tool for analyzing applicants' financial resources, which projects the likelihood of having adequate funds throughout their stay at The Heritage. The software can also be used to estimate the cost of scholarships over a resident's expected lifetime.

d) Admissions Marketing and Tracking

A motion was made by Jane Hickerson, seconded by Carolyn Barber and approved by the Board to open The Heritage to new residents effective March 29. In celebration the residents will have a champagne toast on March 30, with Marla Hastings and Gayle Reynolds leading the celebration. Robert Baxter spoke from the residents'



perspective on the importance of integrating new residents beyond the welcoming committee and suggested steps that could be made to make the transition easier for the new residents.

VI. Health Center

Maria Hastings reported on Health Center updates:

a) Private Patients

The Health Center census is four with two potential referrals.

b) Medicare Consultant Contract

Bids were requested from two firms to do the following work:

- Phase one--review current nursing care, staff and documentation systems for updating and potential efficiencies. The cost would be \$5,000.
- Phase two--assess the steps necessary for The Heritage Health Center to become Medicare certified. The cost would be \$10,000

A motion was made and approved by the Board to hire a Medicare Consultant, HFS Consultants, to carry out Phase 1 and 2 of their proposal for a total cost of \$15,000.

c) Medical Director Succession Planning

A motion was made by George Morris, seconded by Carolyn Barber and approved by the Board to establish a Task Team, headed by Dr. Henry Safrit, to research and present a recommendation for Medical Director Succession Planning.

VII. Development & Communications

Pamela Tudor, on behalf of the Development Committee (Pamela Tudor, Jane Hickerson and Gayle Reydons), presented a draft of the 2006 Development Plan and Timeline, which emphasizes reconnecting with former members and trustees, expanding the donor base and establishing a scholarship endowment. She highlighted the:

- Luncheon for former directors and trustees on April 26, hosted by the Board
- Letter to the full donor list from Chairman Sherman announcing The Heritage opening, what we have learned in the past two years, and opportunities for the future
- Upcoming Posit Science event with invitations sent to the full donor list
- *2005 Heritage Highlights* to be mailed in June
- Meetings with key residents to discuss establishment of a scholarship endowment
- Forming a focus group to help establish an advisory group

Board comments included the importance of connecting with past residents' families and friends, of having a community-based advisory group and of opportunities for resident gifting.

VIII. Executive Director's Report

Maria Hastings reported that Supervisor Michela Alitoto-Pier may be present for the 100th birthday party of resident, Peter Giovanzana. The February Employee of the Month has been awarded to Donny Leung, Supervisor of the Self Help for the Elderly Public Nutrition Kitchen. The March Employee of the Month was awarded to Dave Costello, Senior Maintenance Technician. This award had positive impact, not only on employee moral, but strengthening the relationship with Self Help for the Elderly.



IX. Strategic Planning Review

James Sherman reported that the Strategic Plan and its components will be available for final review at the April Board meeting.

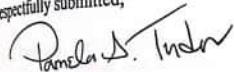
X. Board Recruitment

Pamela Tudor reported on behalf of the Nominating Committee (Pamela Tudor, Molly Hauser, Carolyn Barber and David Gruber) that two potential candidates were in the process of being contacted and a lunch arranged.

A discussion was held in Executive Session.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
February 28, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, February 28, 2006, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, George Morris, Laura Pilz, Henry Safrit, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor.

Directors Excused: Jodi Kaelle, Bruce Scollin, Leslie Van Houten, James Wheary

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Gayle Reynolds, Director of Marketing and Development

Residents' Council Representative Present: Robert Baxter

I. Call to Order

James Sherman, Chairman, called the meeting to order at 4:00 PM. He opened the meeting with a "Wrap It" diagram reflecting the priority issues coming out of the Task Force meetings and how they relate back to the Financial Projections. Conclusions on these priority issues need to be reached before moving to The Heritage of tomorrow.

II. Approval of Minutes

The minutes of the December 2005 and January 2006 Board of Directors meetings were approved.

III. Financial Reports

a) **December Financials:** George Morris reviewed the December financials. He called attention to two new lines under Operating Revenue—monthly care fee before scholarship, and scholarship, which have been added to regularly track and bring attention to the scholarship The Society is providing to residents. He reported a slight positive variance in operating income for 2005, and a net positive income for 2005, primarily due to net investment income.

b) **Investment Portfolio:** Randy Gridley reported that the investment portfolio did well last year but sentiment is growing for a likely correction over the next months. These corrections are normal and the market cannot be timed. He emphasized that the portfolio needs to grow 3-3.5% per year to keep up with inflation, based on current inflation rates.



**BOARD OF DIRECTORS
MEETING MINUTES
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IV. Resident Communications and Relations

Elizabeth Stanners and Carolyn Barber reported that The Heritage's energy consultant, Northcoast Solar Resources, spoke to the Executive Committee of the Residents' Council on the results of The Heritage energy conservation study, which was recently completed. The Health and Wellness Committee is active with an exercise program and a meal portion control program. The crosswalks at Laguna and Bay streets have been repainted to be better in line with the curves. Also, a pedestrian crossing sign has been put in place on Laguna Street at Francisco Street. These welcome changes are the result of successful efforts on the part of Marla Hastings, working with the Departments of Traffic and Public Works.

Robert Baxter commended Marla on her work on behalf of the residents' safety. Mr. Baxter reported that, at the Food Committee's suggestion, an afternoon tea and coffee hour has been implemented in the Dining Room. There are also five residents, of Italian descent, meeting regularly to converse in Italian. He suggested that The Heritage look into advising residents on how to use public transportation to get to city events, and also to explore using The Heritage van more often for such occasions.

V. Executive Director's Report

Marla Hastings reviewed highlights of her written Executive Director's Report:

- An unprecedented number of private patient deaths (four) within a short time had occurred in the Health Center.
- Recent vandalism has affected two resident's cars. The local neighborhood association and local police have been enlisted to help with the situation. Also, The Heritage security guards are making regular rounds around the perimeter of the building at night.
- Marla is looking into the parking lot situation as several residents parking in the lot seldom drive and seven residents are parking on the surrounding street. A possible fee for parking will be considered.
- A Norovirus (stomach flu) outbreak took place in the skilled nursing facility. The Public Health Department (city) and Department of Social Services (state) both made visits, due to the reporting and monitoring requirements. Good infection control practices halted the spread of the virus.
- Marla Hastings requested approval for a capital budget expenditure to insulate the pipes in the basement, to prevent excessive heat loss, at a cost of \$11,000. This was a recommendation from the energy efficiency study done by Northcoast Solar Resources. A motion was made by George Morris, seconded by Molly Hauser and approved.

VI. Strategic Planning

- a) **Cost Efficiency:** Marla Hastings distributed a cost efficiency update to the Board. She restated the original Dan Gray recommendations in the update. These totaled \$1,385,000; \$850,000 in revenue and \$510,070 in expense. She noted that three of these expense items are initiated in the 2006 budget as a reduction in the hours of our security guard staff, day shift weekday LVN and housekeeping staff. These reductions take place July 1, 2006. On an annual basis these items represent a savings of \$164,000.



She noted that Dan's original recommendations totaled \$1,385,000. The recommended efficiencies actually total \$1,360,070 due to a discrepancy in the calculation of savings for the 12 hour shift.

- b) **Contract Review:** Laura Pilz circulated copies of the new contract, explained the philosophy of the Task Team while reviewing revisions and asked for Board comments by March 6. The contract then goes to the Department of Social Services for approval, a process anticipated to take four weeks. Laura noted highlights of the contract. Much of the contract is required by California Law. The following sections are noted where the Task Team tried to reflect the objectives of The Heritage:
- Financial Information—added a separate section to emphasize the importance of the information and our right to request updated financials.
 - Alternative Payment Arrangement (i.e. scholarships)—strengthened the language.
 - Disaster Language—our responsibility and rights if we need to relocate residents as the result of a disaster, and responds to our Risk Analysis.
 - Emergency Medical Care—reduced our exposure for emergency medical services provided away from The Heritage from \$3,000 to \$1,000.
 - Clarification of Services—throughout the contract we clarified the scope and nature of the services offered by The Heritage as covered by the monthly care fee.

- c) **Financial Projections:** George Morris and Cindy Johnson presented to the Board Financial Projection 2006 to 2011, and spoke to the key assumptions made in these figures:

- Increased number of private patients, a key element of increasing operating revenue.
- Continuing ability to rent rooms in independent living as configured.
- A decrease in the number of life care residents in the Health Center and increase number to assisted living.
- The projections reflect a refurbishment of the Health Center, but not a major reconfiguration.

George Morris made a recommendation to amend the 2006 budget to reflect an average of 5 private patients rather than 7. James Sherman encouraged the Board to review the Financial Projections and email thoughts and questions to the Finance Committee.

d) **Health Center—Private Patient Status and Plans:**

- Marla Hastings stated that the proforma assumes refurbishing of the Health Center to remain competitive at an estimated cost of \$250,000. She recommended that we proceed with the process of obtaining proposals for Health Center refurbishment.
- A motion was made by David Gruber, seconded by Carolyn Barber, and approved for Marla Hastings to obtain two consultant proposals that clearly defined the scope of the Health Center refurbishment project to make this facility more marketable and the cost.
- Marla Hastings recommended that we explore, with a consultant, the requirements to become Medicare certified, and to determine if our current physical plant



presents any expensive or prohibitive obstacles to Medicare certification. Medicare certification may become a necessity to generate a higher referral base and private patients. More information is needed to make a decision.

e) **Admissions plan**

Gayle Reynolds reported that numerous individuals/couples are on the waiting list to be advised that the hiatus has been lifted. James Sherman requested a written plan to address admissions and filling vacant rooms.

f) **Facilities Analysis**

Douglas Day reported that the Facilities Committee toured the Health Center and existing vacant rooms.

- The committee recommended not to spend additional money on room refurbishment beyond usual maintenance (which includes carpet, paint, window treatment) until we had a longer-term view. A feasibility study would help us understand what we have, what we could realistically do considering the neighborhood and city processes. If dramatic changes could be made to the facility, could we do more good to serve more people? Could this facility remain marketable if left as is?
- After further discussion, the Board approved spending up to \$50,000 for room refurbishment authorizing the Facilities Committee to make the final decision on inclusion of crown molding and tub to shower conversions.
- A motion was made by Henry Safrit, seconded by Douglas Day, and subsequently withdrawn to proceed with the first step of a long-term facilities plan by developing a RFP to submit to architects. The Facilities Committee will provide more clarification. Do we generate more revenue? Do we increase number of units? What type of units: Independent living, Assisted living, or Health Center? How do we maximize the existing facility footprint?

g) **Development, Implementation of Directives, Critical Path Clarification**

Discussion deferred.

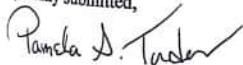
VII. **Board Recruitment.** Discussion deferred.

VIII. **Expansion Activities (Vitality for Life, Posit Science Proposal, CCRC without walls).**
Discussion deferred.

A discussion was held in Executive Session.

The meeting was adjourned at 6:30 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
January 24, 2006**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, January 24, 2006, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, George Morris, Laura Pilz, Henry Safrit, Bruce Scollin, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten. By conference call—James Sherman.

Directors Excused: Jodi Kaelle, James Wheary

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Gayle Reynolds, Director of Marketing and Development

Laura Pilz, Vice Chairman, called the meeting to order at 4:00 PM.

I. Introduction and Welcome to Residents' Representative

Laura Pilz introduced and welcomed Bob Baxter, the new residents' representative to the Board, and each Board member introduced themselves.

II. Approval of the December 14, 2005 Minutes

The approval of the December minutes was deferred.

III. Financial Report

a) November Financials: Connie Tiret reported a positive variance.

b) Investment Portfolio: Randy Gridley reported that the investment portfolio is up 8.3% for the year 2005, after fees, compared to the benchmark of 7.5%. In 2005, The Society withdrew approximately 3% to sustain operations. The draw is on target. He noted that added expenses could affect the portfolio's ability to sustain itself. He also noted that the portfolio needs to return 3-3.5% to keep up with inflation based on current inflation rates.

IV. Review and Approval of 2006 Budget

Connie Tiret highlighted items in the 2006 Budget which reflected: revenue based on three new residents and seven private patients by end of the year, an increase in the processing fee, a 3.5% cost of living increase, two new programs (Posit Science and Vitality for Life,) a reduction in workers' compensation cost, recognition of performance through an "Employee of the Month" award, in lieu of bonuses, and a reduction in utilities due to in-house efficiencies. Attention was directed to the donation line, which anticipates donations above the \$30,000 budgeted. The 2006 Budget, including three items in the Capital Budget—boiler timer, sump pump and Hoyer lift, was approved with a motion from Douglas Day and second from Randy Gridley. Other items in the Capital Budget for room and sitting room upgrades, and dining room carpet replacement were deferred for review by the Facilities Committee. These items will be considered as part of a comprehensive, integrated plan that includes the Health Center face-lift.



V. **Resident Communications and Relations**

Carolyn Barber and Elizabeth Stanners reported that the Posit Science program will begin in February. Two individuals from Posit Science will address the residents on February 1 and coaches will be trained. An ad hoc committee to the Food Committee on "Health and Wellness" has been formed.

VI. **Executive Director's Report**

Marla Hastings reported highlights from her monthly report: The private patient resident census is now at five due to two deaths. A fire drill conducted by the local Battalion Chief was well received. The residents who visited the Chinatown public nutrition program returned enthusiastic about their experience and the outreach being done by The Heritage.

VII. **AAHSA Presentation**

The three staff members, Marla Hastings, Cindy Johnson and Gayle Reynolds, and Board member, Pamela Tudor, who attended the annual AAHSA conference in November, provided an overview of their take away highlights on governance, development, team work, technology, and culture change. The group encouraged Board members to attend the national conference this year, which will be held in San Francisco.

VIII. **CAHSA CCRC Seminar Presentation (deferred)**

IX. **Strategic Planning Review**

- **Contract Committee:** Laura Pilz reported on the progress the Contract Task Team has made on revising a new contract and presented a schedule for approval. The schedule was approved with a motion made by Connie Tiret and seconded by Molly Hauser.
- **Risk Analysis:** Randy Gridley spoke to the most worrisome risks that the Risk Analysis Task Force has identified and their recommendations.

An earthquake or fire permanently damages the Laguna Street structure making some or all of it uninhabitable for an extended period of time.

Recommendation: The Administration, in conjunction with the Facilities Committee, develop and regularly update a plan of action to provide for residents and employees in the event of a natural disaster. The existence of a plan should be communicated to the residents.

The Society risks losing favorable tax treatment either due to earning and/or spending patterns, or due to a change in the tax laws.

Recommendation: The Financial Operations Committee report annually to the Board as to any potential risks of change in tax status.

The Medical Director is suddenly either unwilling or unable to perform his/her duties.

Recommendation: The Administration, in conjunction with the Human Resource Committee, should establish a contingency plan to handle the potential abrupt absence of a Medical Director.

The Heritage loses the intangible quality that makes it special and desirable to both current and future residents.

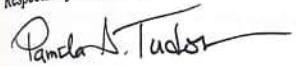
Recommendation: The Executive Committee, in conjunction with the Residents' Liaison Committee, periodically meet with groups of incoming and existing residents to monitor possible changes in external perceptions and image.



A discussion was held in Executive Session.

The meeting was adjourned at 6:30 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
December 14, 2005**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, December 14, 2005, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, James Sherman, Elizabeth Stanners, Connie Tret, Pamela Tudor, Leslie Van Houten, by conference call—Jodi Kaelle.

Directors Excused: Bruce Scollin, Jim Wheary

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Gayle Reynolds, Director of Marketing and Development

Jane Sherman, Chairman of the Board, called the meeting to order at 4:00 PM.

I. Approval of the Minutes

The minutes of the Board meeting held September 2005 were approved as submitted. The minutes of the Board meeting held November 2005 were approved with the following change: Under Resident Communications & Relations, Elizabeth Stanners and Carol Livingston reported on the recent Executive Committee meeting.

II. Financial

Budget:

Connie Tret reviewed the assumptions of the 2006 Budget and highlights:

- New residents will come in mid year and the Health Center private pay census will average seven for the year.
 - A new processing fee of \$750 is included (to be evaluated to determine actual cost).
 - Investment income will be 3% of fair market value of the portfolio.
 - Wages are the biggest change in expenses. The budget includes a 3.5% across the board cost of living expense. Bonuses will be tied to "Employee of the Month" awards.
 - Workers' compensation will decrease from \$215,000 to \$200,000.
 - The cost of two new programs—"Posit Science" and "Vitality for Life" are included.
 - Capital Long-Term Maintenance expenses include sidewalk repair, a new timer for the boiler (which will decrease energy costs) and Health Center upgrades.
- The 2006 budget was approved as submitted.

Investments:

Randy Gridley reported that the investment portfolio, managed by Bernstein Investment Research and Management, is up 6.6% year-to-date and ahead of the benchmark. An annual review of the portfolio and strategy will be held at the Bernstein office in February/March. All Board members are invited to attend.



III. Resident Communications & Relations

Elizabeth Stanners and Carolyn Barber reported on the recent Residents' Annual Meeting which took place on December 6, 2005. James Sherman, Chairman of the Board of Directors, made a presentation to the residents on the strategic plan process. He was well received and offered substantial opportunity for resident questions. In response to one of the queries, the residents were assured that their fees will not dramatically increase with the lifting of the admissions hiatus, and The Heritage is obliged to provide for their care in the future. The residents voted to have the President of the Residents' Council represent them at Board of Directors meetings, in a non-voting capacity, per continuing care statutes. A briefing book will be given to him.

IV. Strategic Planning Review

Plan Review

Introduction & Background

James Sherman presented a third draft of the Strategic Plan with Board input to date.

Financial Projections

James Sherman, George Morris and Cindy Johnson reviewed consultant Dan Gray's "Operational Review" projections and the key assumptions presented in his final report of December 12, 2005. He developed a five-year forecast based on 2005 actual and 2006 budget including increased pricing for units and achievable operational improvements. Cindy Johnson explained the key assumptions, noted several were questionable and concluded that more work needs to be done, especially in the areas of private pay patients, scholarships and subsidies, and draw for operations.

Risk Analysis

Randy Gridley reported his team's work on identifying The Heritage Risk Considerations. Risks were identified as reasonable probability of occurrence, low probability of occurrence and uncertain probability of occurrence. Board members were requested to review and provide additions.

Development Planning

Pam Tudor reported that the Development Committee was updating Laura McCrea's Development Plan presented in July 2002. Although The Heritage was not ready to implement many of the recommendations three years ago, they are relevant today as The Heritage moves forward.

Critical Path

Further clarifications were made on the critical path.

Expansion Plans

Vitality for Life

Marla Hastings reported that the residents positively received the program, and she will be providing a written report.

Posi Science

Laura Pilz reported that she and Gayle Reynolds have reviewed and signed the contract with the firm. Training of the coaches will begin in January and the program will be offered to residents in February.

Closing Comments

Board Chairman, James Sherman, acknowledged the leadership and contributions of Carol Livingston and Diane Richards who are stepping off the Board of Directors after many years of service. He noted a future event would celebrate their long commitment to the Society and appropriately thank them.

A brief discussion was held in Executive Session.



The meeting was adjourned at 6:00 PM.

Respectfully submitted,

Pamela A. Tudor

Pamela A. Tudor, Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
November 22, 2005**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or The Heritage") was held on Tuesday, November 22, 2005, at 3400 Laguna Street, San Francisco, California.

Directors Present: Douglas Day, Randy Gridley, George Ivelich, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, James Sherman, Elizabeth Stanners, Connie Tirt, Pamela Tudor, Leslie Van Houten, James Wheary, by conference call—Jodi Kaelle.

Directors Excused: Carolyn Barber, Molly Hauser, Jane Hickerson, David Gruber, Bruce Scollin

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Gayle Reynolds, Director of Marketing and Development

James Sherman, Chairman of the Board, called the meeting to order at 4:00 PM.

I Approval of the Minutes

The minutes of the Board meeting held October 25, 2005, were approved and seconded.

II Financial

Budget:

George Morris reported that revenue in the 2006 proposed budget will be dependent upon the lifting of the hiatus. The Heritage will open to new residents when the new life care contract is approved by the Board and appropriate government agencies.

Investments:

Randy Gridley reported that the investment portfolio, managed by Bernstein Investment Research and Management, was tracking per expectations with a 4% year to date increase in value after fees versus the benchmark of 3.3%. Since inception, annualized rate of return after fees is 7.3% versus the benchmark of 3.4%.

III Resident Communications & Relations

Elizabeth Stanners and Carol Livingston reported on the recent Executive Committee meeting. James Sherman reviewed The Heritage goals, progress on the strategic plan, reports from the outside consultants, commitment to life care, commitment to preserve the uniqueness of The Heritage, expansion of services on site and into the community, lifting of the hiatus, and desire to include the Resident Executive Committee in the Board's work. He answered questions regarding fees. The residents were excited about the "Vitality for Life" pilot program and the "Posit Science" "Brain Gym," which will be offered to residents. They expressed interest in a "green" building and temporary housing for displaced Katrina residents. The residents will be following up on these areas of interest. The Chairman will continue to give a bi-monthly up dates on the strategic plan and implementation.



IV. Strategic Planning Review

Plan Review

James Sherman walked through the second draft of the Strategic Plan. Board members made further suggestions and comments. Clarifications were made on the critical path.
Expansion Activities

- Posit Science Proposal: Laura Pilz reported that the contract with Posit Science will be signed within the next several weeks. Mid-January is a realistic date for start up. Two classes will be held daily for eight weeks. Gayle Reynolds is drafting a communication plan to roll out this new, innovative program for the residents.
- Vitality for Life: Marla Hastings reported on the positive feedback received from residents for the Vitality for Life pilot program. Marla Hastings requested and received Board approval to continue this program for another quarter, at a cost of \$7,000.

V. AASHA Conference

Three staff members (Marla Hastings, Gayle Reynolds, Cindy Johnson) and one Board member (Pamela Tudor) attended the annual AASHA Conference in early November. Gayle Reynolds gave the Board a summary of the most important themes from the conference—governance as leadership, the concept of “team,” which is inclusive of the entire community, and managing cultural change as the strategic initiatives are implemented. The group will be given a more detailed report with specific recommendations.

VI. CASHA Conference

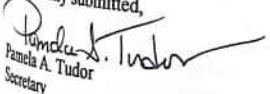
Two staff members (Marla Hastings and Gayle Reynolds) and two Board members (Carol Livingston and Pamela Tudor) attended the CASHA conference, which focused on Continuing Home Care. Marla reported that this will become a key service area in aging of the future. Work is being done, on the state level, to address licensing and other regulatory issues.

VII. Executive Director's Report

Marla Hastings brought to the Board's attention several items in her monthly Executive Director's Report: the Dan Gray Recommendations Staff Assignment Matrix, progress made by the Food Service Department in moving from good to excellent and the “Quality First” initiative that AASHA is asking all its members to share a commitment to.

Board Chairman, James Sherman, closed the meeting. A brief discussion was held in Executive Session.
The meeting was adjourned at 6:00 PM.

Respectfully submitted,


Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
October 25, 2005**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" of The Heritage") was held on Tuesday, October 25, 2005, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, David Gruber, George Ivelich, Carol Livingston, Laura Pilz, Diane Richards, Henry Saffrit, James Sherman, Pamela Tudor, Leslie Van Houten, James Wheary, by conference call—Jodi Kaelle.

Directors Excused: Molly Hauser, Jane Hickerson, George Morris, Bruce Scollin, Elizabeth Stunners, Connie Tret

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Gayle Reynolds, Director of Marketing and Development

James Sherman, Chairman of the Board, called the meeting to order at 4:00 PM.

I. Development

Pam Tudor on behalf of Development and Finance reported on the foundation status of The Heritage. Obtaining income from five non profits each year is a "worthy goal" to help meet the criteria for foundation status. Board members who have donor-advised mutual funds or foundations were asked to consider making a gift. She also reported on the annual gift letter to be sent out in November. The committee will look into what is required to establish designated funds for resident scholarships.

II. Dan Gray "The Heritage Operational Review"

Consultant Dan Gray reported his findings on how to improve the operational efficiency, increase revenue and minimize the deficit. A summary:

- Operations—Compared to other like resident communities, The Heritage is operating relatively efficiently. Some \$1.3 million in opportunities were identified but one specific opportunity—the 12-hour shift was not possible, due to current California law, which requires an affirmative vote of the affected employees. We were unable to accomplish such a vote after a concerted explanation.
- Actuarial Study—The Heritage can continue to operate indefinitely if occupancy is maintained. Some \$30 million from the portfolio could be used to fund other services.
- Marketing Study—The Heritage can continue to market lifecare and charge higher entrance and monthly fees. To be marketable in the future, units need to be combined into larger units, additional units need to be considered, a dementia unit and new health center need to be considered.
- Financial Implications—The deficit will be decreased by implementing the operational and revenue recommendations, and making a capital investment to



enhance the Health Center. The current \$1.8 million deficit can be reduced to \$800,000 over five years, with the greatest impact realized in the first three years. Marketing to private pay patients will improve cash flow as private pay is very profitable, but The Heritage needs the capacity to market to the outside community. Current resident fees should be brought up to the new market rates. We may be able to apply the higher rates to new entrants, and raise existing residents over a period of several years. He will provide proformas of various models to test assumptions and use as a planning tool.

III. Strategic Planning

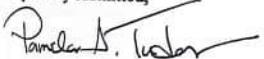
- James Sherman reviewed a draft of the Strategic Plan. Financial projections and analysis, risk factors and summary will come. The mission statement will be added. A revised version will be sent to Board members by email.

IV. Posit Sciences

- Laura Pilz reported on behalf of the Expansion Team. Laura Pilz, Diane Richards, Randy Gridley, Henry Safrit, James Sherman, and staff member, Gayle Reynolds, visited Posit Sciences to meet with their head scientist. The team reported favorably on the meeting. Early indications of the research in improving brain functionality are favorable. The yearly cost of the software program is \$25,000 for two classes a week. David Gruber moved and Doug Day seconded a motion to enter into an agreement with Posit Sciences to bring this new, innovative program to The Heritage for our residents. The Board unanimously approved the motion.

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES**

September 20, 2005

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" of The Heritage) was held on Tuesday, September 20, 2005, at 3400 Laguna Street, San Francisco, California.

Directors Present: Douglas Day, Randy Gridley, David Gruber, Molly Hauser, George Ivelich, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, James Wheary, by conference call—Jodi Kaelle.

Directors Excused: Carolyn Barber, Jane Hickerson, Jodie Kaelle, Bruce Scollin, Leslie Van Houten

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Gayle Reynolds, Director of Marketing and Development

James Sherman, Chairman of the Board, called the meeting to order at 4:00 PM.

Approval of the Minutes

The minutes of the Board meeting held August 23, 2005, were approved and seconded.

Financial Report

Year-to-Date versus Budget

Connie Tiret reviewed the August financial statements. Operating income reflects a positive variance due to a steady resident census and five private patients in the Health Center. Net income reflects a positive variance primarily due to gain on investment income.

Investment Portfolio

Randy Gridley reported the investment portfolio is up 4-5% year to date, ahead of benchmarks. The semi-annual meeting was held September 3, at Bernstein Investment Research and Management, the portfolio managers, with Board members Randy Gridley, George Morris, Baba Barber, George Ivelich and James Wheary attending. The Investment Committee reports that the portfolio is well-positioned.

Resident Communications and Relations

Elizabeth Stanners reported that the residents are interested in the strategic planning process. Residents appreciated being part of the recent focus groups conducted for the Market Study by Retirement Dynamics and Brecht Associates.



Executive Director's Report

In addition to her written Executive Director's Report, Marla Hastings spoke to the progress on implementing the 12-hour shift in the Health Center. An informal meeting took place on September 9, as some of our certified nursing assistants had requested information. A formal meeting took place on September 20, to fully inform the staff of the program. Chris Tarziers, a retired director of nursing who implemented similar shifts in her facility, was present to speak about her experience and answer questions. The vote takes place October 11.

Strategic Planning Review

Implementation

- Efficiency analysis: The savings evaluation of Dan Gray's operational recommendations, prepared by Marla Hastings, indicates that, realistically, cost savings will be approximately \$1,356,000 rather than \$1,385,000.
- Revenue enhancement: Attracting more private patients has been difficult partly due to the fact that The Heritage is not Medicare certified. To meet the target of ten private patients by year-end will take longer than originally planned. Detailed tracking of inquiries is taking place. A brochure is in development and an ad in the *Marina Times* is planned. Word of mouth seems to be the key. Henry Safrit and Randy Gridley have been working with Marla Hastings and Gayle Reynolds in reviewing strategies that work and don't work.

Expansion Team

- Laura Pilz reported on continuing discussions with Posit Science. Henry Safrit and Diane Richards are doing due diligence on the firm. The language used in the information to recruit participants should not make any scientific claims. Possibly, the program for Posit Science's Brain Fitness Program could begin at The Heritage early 2006.

Market Assessment Study

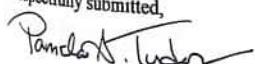
- Robert Sumner and Susan Brecht of Retirement Dynamics and Brecht & Associates gave a presentation on the conclusions and recommendations from their three-month marketing study. The presentation was followed by questions from the Board.
- The Board will meet October 5, at a special meeting to further discuss the consultants' conclusions and recommendations.

Board Chairman, James Sherman, closed the meeting. A brief discussion was held in Executive Session.

Adjournment

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
August 23, 2005**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, August 23, 2005, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, Randy Gridley, Molly Hauser, George Ivelich, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten, Jim Wheary, by conference call—Jodi Kaelle.

Directors Excused: David Gruber, Jane Hickerson

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Gayle Reynolds, Director of Marketing and Development

James Sherman, Chairman of the Board, called the meeting to order at 4:00 PM.

Approval of the Minutes

The minutes of the Board meeting held July 26, 2005, were approved on a motion by Bruce Scollin, and seconded by Elizabeth Stanners.

Financial Report

Year-to-Date versus Budget

Connie Tiret reviewed the July financial statements. Total operating revenues reflect a positive variance due to a steady resident census and five private patients in the Health Center. The census goal is ten private patients by the end of the year. Operating income and net income reflect a positive variance, primarily due to gain on investment income.

Investment Portfolio

Randy Gridley reported that the Society's investment portfolio, managed by Bernstein Investment Research and Management, is up 3.9%, after fees, at the end of July. This compares with a 2.9% gain of the S&P 500 during the comparable period. He reminded Board members of the yearly review meeting at the Bernstein office on September 3, 3:30 to 5:00 PM, and welcomed Board members to attend.

Audit Committee

George Morris reported, on behalf of the Audit Committee, that Silk, Adler & Colvin, a law firm that specializes in non-profits, had reviewed the Society's 2004 tax forms and reported that the Society had met the tax test for foundation status. The firm will provide the Society's auditors, Daoro, Zydel & Holland, worksheets for the accountants to run yearly.

Human Resources

Connie Tiret reported that the Human Resources Committee had reviewed the recommendations made in Dan Gray's "The Heritage Operational Review."



The Committee recommended that the Society focus on Pay for Performance. Raises would keep up with rate of inflation, regardless of performance rating, and bonuses would be based on employee evaluations. Training may be needed by department heads to standardize the evaluation process and communicate the new plan to employees. Regarding the recommendation to implement a base wage for employees 5 to 10% above the medium to help retention, Mrs. Tret noted that attrition is not a problem as the Society's attrition rate (4.7%) is far below the industry average (69%). A market survey is being done to determine nursing variables in San Francisco.

Nominating

Pamela Tudor requested that the Board review the draft of "Responsibilities of Board Members" and return with comments for further discussion.

Resident Communications and Relations

The Residents' Council Executive Committee did not meet in August. Marla Hastings reported that Retirement Dynamics had completed the resident focus groups, which are a component of the Market Feasibility Study. The Food Service Department is continuing to focus on overall quality improvements. The kitchen manager is attending an internship at Villa Marin, arranged by Sodexho.

Executive Report

Marla Hastings highlighted items in the Executive Director's written report:

- Mr. Gridley and Dr. Safrit met with staff, Marla Hastings, Gayle Reynolds and Mary Ellen Waldhaus, to discuss strategies and review the plan to increase the number of private patients in the Health Center. Ms. Reynolds and Mrs. Waldhaus will be working closely together to communicate and follow-up with the target market.
- A "Vitality for Life," three-month, pilot program is being implemented for eight residents with mild cognitive impairment (MCI) or early memory loss. The goal is to provide an activity-based program that will enable residents to live as independently as possible, and delay the necessity of moving to the Health Center. The residents will be tested by an outside psychologist, before and after the program, to measure results. After three months, the program will end, the results will be evaluated and a determination made if such a program fits into The Heritage strategic plan. The Executive Committee had approved the cost of \$7,000 for the pilot program.

Strategic Planning Review

"The Heritage Operational Review" Recommended Cost Savings

- Marla provided an update on the evaluation of the report's seven recommended areas for savings. Cost savings were identified as: 1) realistic to implement immediately, 2) in process of further evaluation, 3) unrealistic. Approximately \$726,000 in immediate cost savings are projected with another \$570,000 under further evaluation.
- Leslie Van Houten provided insight on California Labor Law as it relates to changing from an 8-hour to 12-hour shift in the Health Center.

Dementia Care

Marla outlined the Dementia Task Force's preliminary discussions for developing a Dementia Center. The unit would accommodate up to twelve individuals, utilizing six rooms on the first floor, currently designated for assisted living, and three adjoining rooms in the Health Center. A wander-safe area to the sitting room and an outdoor area would be included. Specific activities would be part of a program. To provide dementia services is less costly than moving individuals into the Health Center. Rooms on the



second floor, above the Health Center, would be designated for Assisted Living. A new contract could include extra cost for the service. The next step would be a market feasibility study.

Market Assessment Study

This study by Retirement Dynamics is to be completed in September. A presentation will be made at the September Board meeting. Board members were urged to attend.

Expansion Team

Laura Pilz reported on behalf of the Expansion Team. The Team has been researching programs that the Society could sponsor to achieve the strategic goals of broadening its impact to help a larger number of people in the community, and embracing new technology to assist aging in place. The Team has identified the "Brain Fitness Program" of Posit Science as an immediate opportunity to move toward those goals, and add a valuable program to benefit current residents. Participants spend 40 hours, over 8 weeks, using computer software programs to help deter and reverse many of the symptoms of memory loss, hearing and vision loss, and reduced motor control, which are symptoms of aging. The program is on-going at several retirement centers in the Bay Area and has been well received by participants. The Board approved a motion to proceed with a "Memorandum of Understanding" with Posit Science to further investigate project costs and logistic details.

Strategic Planning Time-line

James Sherman set forth a proposed time-line for the proposals and recommendations under consideration: major decisions made by October 31, with the goal of lifting the admissions hiatus in early 2006.

Other Business

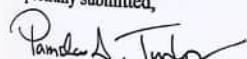
- Cindy Johnson reported that the Society's server had failed beyond repair. The purchase of a new server, operating software and backup system, at a cost of \$12,000, was approved on a motion from Doug Day, seconded by George Morris.

Board Chairman, James Sherman, closed the meeting. A brief discussion was held in Executive Session.

Adjournment

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
July 26, 2005**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, July 26, 2005, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, David Gruber, Molly Hauser, Jane Hickerson, George Ivelich, George Morris, Bruce Scollin, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Leslie Van Houten (by conference call) Jodi Kaelle, Diane Richards

Directors Excused: Carol Livingston, Randy Gridley, Laura Pilz, Henry Safrit, Jim Wheary

Staff Present: Marla Hastings, Executive Director, Cindy Johnson, Controller, Gayle Reynolds, Director of Marketing and Development

James Sherman, Chairman of the Board, called the meeting to order at 4:00 PM.

Approval of the Minutes

The minutes of the Board meeting June 28, 2005, were approved on a motion by Connie Tiret and seconded by Elizabeth Stanners.

Financial Report

Year-to-Date versus Budget

Connie Tiret reviewed the June financial statements. Highlights: Total operating revenue is slightly above budget due to higher private patient count. Expenses were above budget due to the pay out of bonuses and the consulting studies completed for strategic planning. Year-to-date net loss reflects a slightly higher variance to budget. Budgeted capital projects—concrete at the Laguna Street entrance and in the Porter Garden, and new buffet table—have been completed per the revised budget.

Investment Portfolio

George Morris reported that the investment portfolio, managed by Bernstein Investment Research and Management, is up slightly on the year. A yearly review meeting will be held at the Bernstein offices on August 31, 3:30 to 5:00 PM. Board members were urged to attend.

Foundation Status

George Morris reported an issue with The Heritage accountants, Daoro Zydel & Holland, who had not applied a test correctly on the 2004 tax forms that grants The Heritage foundation status. Jim Wheary, chair of the auditing committee, has been advised. Further discussion will be held with Silk, Adler & Colvin, a law firm that specializes in non-profits, and the auditors to correct the reporting.



Resident Communications and Relations

Elizabeth Stanners reported on the July meeting of the Residents' Council Executive Committee. Resident focus groups will take place in August as part of the Marketing Feasibility Study being done by Retirement Dynamics.

Executive Director Report

In addition to information provided in the Executive Director's written report of July 26, 2005, Marla Hastings highlighted:

- Efforts to bring in additional private pay patients
- Public Nutrition contract is under negotiation
- A Current Staff Assignment Matrix to analyze Dan Gray's recommendations made in his report, "The Heritage Operational Review."

Strategic Planning

Expansion Team

Diane Richards updated the board on the Expansion Team work. A team meeting was held with consultant Elizabeth Bartlett to explore linking The Heritage to new ventures. Among programs under review—keeping seniors in their homes and a brain health program. The committee will be bringing recommendations to the board in the fall. She reported that the firm Posit Science, a San Francisco firm focusing on memory enhancement and cognitive fitness, would be making a presentation to the Expansion Team and interested board members in early August.

Actuarial Report for The Heritage

Mr. A. V. Powell of A. V. Powell Associates presented to the board the firm's actuarial study completed and delivered this month. The report was produced to comply with regulations that require life care communities file an actuarial study with the Department of Social Services every five years. It also included an expanded format recommended by Dan Gray to help the board make decisions on the pricing of The Heritage's current and possible new services. Summary:

- Deemed in satisfactory actuarial balance
- Reserve levels are in the highest quartile when compared to other similar facilities
- Nursing units available for general community
- Fees must at least match internal inflation
- Cash should more than double in 10 years
- No imminent financial crisis

Closing Comments

James Sherman advised the board of the passing of Mrs. Byron (Ellie) Nishkian, a long-time member and president of the former Board of Managers, and commented on her dedication to The Heritage. He also reported the passing of the husband of Mrs. William (Laura) Waste. Mrs. Waste also served on the former Board of Managers.

Adjournment

The meeting was adjourned at 6:00 PM.

Respectfully submitted,

Pamela A. Tudor
Pamela A. Tudor, Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
June 28, 2005**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, June 28, 2005, by conference call.

Directors Present: Carolyn Barber, Douglas Day, Lewis Gridley, Jane Hickerson, George Ivelich, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, Bruce Scollin, James Sherman, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: David Gruber, Mary Hauser, Jodi Kaelle, Elizabeth Stanners, Jim Wheary

Staff Present: Marla Hastings, Executive Director; Cindy Johnson, Controller

James Sherman, Chairman of the Board, called the meeting to order at 4:05 PM.

Approval of the Minutes

The minutes of the Board meeting April 26, 2005, were approved on a motion by Mr. Scollin and seconded by Mrs. Livingston.

Financial Reports

Year-to-Date versus Budget

- Mrs. Tiret reviewed the May financial statements. The operating expenses were under budget. The Heritage continues to have a positive variance to budget year-to-date. Mrs. Tiret answered questions from the Board.
 - Highlights: The permanent resident and private patient revenue is above budget. The Public Nutrition Program has a high meal count, which is offset by its expense. The concrete repair project and the new buffet installed were completed per budget.
- Investment Portfolio**
- Mr. Gridley reported a decline in the portfolio for the month and year-to-date; but the portfolio continues to be ahead of its benchmarks in a volatile market. The portfolio is under the management of Bernstein Investment Research and Management. A complete mid-year report will be presented at the July Board meeting.

Human Resources

Mrs. Tiret reported that the Human Resources Committee met on June 16.

- It was brought to the attention of the committee that some recognition should be considered for employees who go out of their way beyond their job descriptions, but do not necessarily qualify for bonuses. The HR Committee requested that a note to the file be recorded and the topic would be taken into consideration during performance evaluation.
- The committee is working through the employee handbook section-by-section. The goal for completion of an update is this fall. The handbook will then be given to an attorney for review.
- Discussion of consultant Dan Gray's "Pay for Performance," part of his The Heritage Operational Review, was deferred to the August Board meeting, which will be completely devoted to reviewing his recommendations.



Resident Communications and Relations

Mrs. Barber reported on the May 26, Semi-Annual Meeting of The Heritage Residents' Council. Board members attending were Mrs. Barber, Mrs. Livingston and Mr. Sherman.

- She noted residents asked questions that Mr. Sherman addressed directly and fully.
- The general feeling among residents was good with a common emphasis on wellness and nutrition.

Executive Director's Report

In addition to information provided in the Executive Director's written report of May 31, Mrs. Hastings reported:

- The Heritage has been busy operationally with the installation of the new buffet and the yearly disaster drill for residents and employees.
- Mrs. Hastings and Mr. David Eberhardt, Director of Food Service, along with Board members, Mr. Sherman and Mrs. Tudor, toured the Public Nutrition Program's kitchen in Chinatown and met The Heritage's six employees at this site. The Board members were impressed with Mr. Eberhardt's knowledge of the program.
- As community outreach, The Heritage hosted staff and residents from the Redwoods, a multi-level care retirement community in Mill Valley. They were interested in learning more about continuing care.

Strategic Planning Review

Next Steps from April Board Meeting

- Mr. Sherman reported that A.V. Powell will present the results of the Actuarial Study at the July meeting and the Market Study presentation will be made at the September meeting. Board members were urged to attend these two meetings. Mrs. Hastings is currently in Chattanooga, TN to research Health Center issues.
- October will be devoted to considering financial implications and making decisions for the future, based on the research and reports. The process has slipped approximately six weeks. The consultants have been pressed to deliver tangible recommendations that the Board can take action on.

Actuarial & Market Assessment Studies

- Mrs. Hastings reported that the Actuarial Study draft was received, the data reviewed for correctness and returned with detailed comments by the Controller, Ms. Johnson, to assure the base data was correct. Dan Gray will also review the draft to assure that it meets the concerns brought out in The Heritage Operational Review prepared by his consulting firm, Continuum Development Services (CDS)
- The Task Force reviewed three market study proposals submitted by: Seniority, Inc., Gerontological Services, Inc. and Retirement Dynamics. The proposal from Retirement Dynamics was chosen as best answering the Request for Proposal. To help assure the consultant's final report meets Task Force expectations, the letter of engagement included the addendum below. Mrs. Hastings was requested to circulate the addendum to all Board members. Rejection letters were sent to the other two firms.

Addendum to Letter of Engagement: The Heritage is undertaking this market feasibility study to assess how its existing operations fit into the market now and into the future. The recommendations made by Retirement Dynamics must be clear as to how they are to be implemented and address the physical plant, contract and pricing. It is important that the recommendations work well with our existing physical plant and current operations with as little modification as possible.



If for some reason the market study results show that our life care contract (even with modifications) is not recommended, please contact us. At this point, we would want to assess if another type of continuing care contract would best meet our needs.

- The Retirement Dynamics process includes holding focus meetings with residents, Board members and people in the community with close association to The Heritage. These focus meetings will be held in July and August. A draft of their report will be provided September 9.

Expansion Team Activities

Miss Pilz reported that the Task Force is in the research and development stage, and will be meeting with consultant Elizabeth Bartlett the second week in July. Once again, Miss Pilz invited other Board members to join the Expansion Task Force.

Health Center Task Team

- Dr. Safrit reported that the Task Team, evaluating Dan Gray's recommendation for Health Center renovation and the addition of an Alzheimer unit, met May 31. The team is considering renovating the Health Center and establishing a dementia unit. Other areas being explored: moving independent residents to Assisted Living rather than to the Health Care Unit, and 12-hour nursing shifts. The group also visited Swindells Alzheimer's Day Program to look at the design and program.
- Mrs. Hastings, Ms. Reynolds and Director of Nursing, Mrs. Mary Ellen Waldhaus, are in Chattanooga, TN to participate in a 1 ½ day program planned by Dan Gray for The Heritage, and staff from two other retirement facilities. They are visiting facilities with a 12-hour nursing shift, a state-of-the-art Alzheimer program and a services-without-walls continuum care program.

Other Business

- Mr. Sherman reinforced an email sent out yesterday to Board members from the Development Committee to add friends and others to the mailing list so they receive *The Heritage Highlights 2004* being mailed this week. This is an important informational and fund raising vehicle for those that may be interested in our residential and Health Care communities.

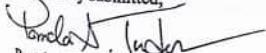
Executive Session

In Executive Session questions were raised regarding the progress of marketing private pay patients.

Adjournment

The meeting was adjourned at 5:00 PM. The next Board meeting will be at 4:00 p.m. on Tuesday, July 26, at The Heritage.

Respectfully submitted,


Pamela A. Tudor
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
April 26, 2005**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, April 26, 2005, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Douglas Day, David Gruber, Molly Hauser, George Ivelich, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, James Sherman, Connie Tiret, Pamela Tudor

Directors Excused: Randy Gridley, Jodi Kaelle, Bruce Scollin, Elizabeth Stanners, Leslie Van Houten, Jim Wheary

Staff Present: Marla Hastings, Executive Director, Gayle Reynolds, Director of Marketing and Development (by conference call), Cindy Johnson, Controller

James Sherman, Chairman Board of Directors, called the meeting to order at 4:10 PM.

Approval of Minutes

The March 22, 2005, minutes were discussed. A change was requested under Board Discussion & Conclusion to read:

"...Mr. Sherman summarized proposed next steps (see the attached draft chart) in implementing the efficiency recommendations suggested by management and consultants, including *entering into contracts for actuarial and market assessment studies.*"

The minutes were approved as amended on a motion by Mrs. Barber, seconded by Mrs. Hauser.

Financial Reports

Audit Committee

Mrs. Richards presented the audit report for Mr. Wheary, Audit Committee Chairman. The committee met on March 22, 2005, to review the findings of the Society's auditors, Dao, Zydel & Holland (DZH). Janet Holland and Senait Zemedie completed the audit on the Society's financial statements through December 31, 2004. The auditors had no significant changes, concerns, disclosures or recommendations for improvements. All of the internal accounting controls were considered appropriate for our institution. Several points were highlighted for the Board. One being the sale of the Van Ness property in January 2004 for \$38,732,704 million, and the other being that as of December 2004 the Society designated \$13,179 of unrestricted monies to the DeBatz Fund for art projects at The Heritage.

The Society's investment advisors, Bernstein Investment Research and Management, were audited by their independent auditors KPMG and a SAS 70--Statement on Auditing Standards--was reviewed by DZH. It was concluded that Bernstein adheres to the highest



standards of financial controls and there were no issues related to fraud. A private session was held with committee members and auditors. It was established that there were no additional matters of concern.

Year to Date Actual vs. Budget

Mr. Morris reported that for March the Society's revenue exceeded budget and expenses are below plan, creating a positive variance. Year to date the operating loss is less than budgeted.

Investment Portfolio

Mr. Morris reported that the portfolio at the end of the first quarter was down, reflecting the difficult market conditions. However, Bernstein is ahead of the benchmarks including fees.

Development

Mrs. Tudor reported that three Appreciation Luncheons will be held in May to thank donors who gave \$500 or more, and all residents who gave. Board members were encouraged to attend. It was suggested that the name of the Annual Report, due to be mailed in the spring will be changed to "2005 Report to the Heritage Community" or a similar more general title, as the purpose of the piece is fundraising, not financial disclosure.

Human Resources Committee

Mrs. Tiret reported on the work of the HR Committee. The employee vacation policy, which paid employees for unused vacation time, was not being abused and the committee recommended that it be continued. The committee is developing a wage increase plan based on Dan Gray's recommendation that increases should reward employees based on what The Heritage values. All employee evaluations were completed and 42 employees were identified to receive a merit bonus from the 1% increase approved last year and deferred until all evaluations were complete. Mr. Morris made the motion and Mrs. Livingston seconded to give out the merit bonuses to employees.

Nominating Committee

On behalf of the Nominating Committee, Mrs. Tudor presented an initial list of skills needed by the Board and possible candidates for the Board. The committee requested that as Board committees continue to meet, that they consider additional skills needed and propose new candidates. A draft of "Responsibilities of the Board of Directors" was also presented for review.

Resident Communications and Relations

Mrs. Barber reported that the residents expressed interest in wellness activities, such as Pilates and other exercise. The food, under the new Director of Food Services, is well received.

Executive Director's Report

Mrs. Hastings reported that five staff members will be attending the CASHA conference in May (management staff is required to attend two conferences a year) to keep up-to-



date on industry trends. Mr. Sherman requested that the staff members provide the Board with a written report. The Society is continuing in its efforts to move towards the social, rather than medical model. Mr. Gruber reported considerable savings by purchasing the new buffet from a second source rather than Sodexho.

Strategic Planning Review

Financial Team

Mr. Morris reviewed a "Summary of Recommendations" compiled from consultant Dan Gray's report "The Heritage Operational Review." The recommendations had been prioritized in order of importance by Mr. Morris, Mr. Sherman and Mrs. Hastings. Each Board member was encouraged to be involved in one of the recommendations. Concern was expressed in putting interim money into the Health Center without knowing its future.

Expansion Team

Miss Pilz reported that the Expansion Team will be entering into a contractual arrangement with Elizabeth Bartlett of KPMG to help identify new opportunities for the Society to broaden its impact in the community.

Board Strategic Session

Board members were asked to email their availability for a possible Board retreat in September/October.

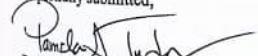
Executive Session

On behalf of the Human Resources Committee, Mrs. Tiret recommended that three special bonuses be given to management for acknowledgment of work. Mrs. Hauser made the motion and Mrs. Livingston seconded that the acknowledgement bonuses be approved.

Adjournment

The meeting was adjourned at 5:30 PM.

Respectfully submitted,


Pamela A. Tudor,
Secretary



**BOARD OF DIRECTORS
MEETING MINUTES
March 22, 2005**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, March 22, 2005, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Randy Gridley, David Gruber, Molly Hauser, George Ivelich, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safit, Bruce Scollin, James Sherman, Connie Tiret, Leslie Van Houten, Jim Wheary and Jodi Kaelle who attended by conference call.

Directors Excused: Doug Day, Jane Hickerson, Elizabeth Stanners, Pamela Tudor

Staff Present: Marla Hastings, Executive Director, Gayle Reynolds, Director of Marketing and Development; Cindy Johnson, Controller

James Sherman, Chairman Board of Directors, called the meeting to order at 4:15 pm.

Approval of Minutes

The minutes of the February 22, 2005 meeting were approved on a motion by Mrs. Barber, seconded by Mrs. Hauser.

Old Business

Audit Committee

James Wheary reported that he has resigned as a Trustee of the Retirement Plan Committee. Randy Gridley has been appointed to assume his position. Mr. Wheary made a motion for adoption of the Audit Committee charter. Mr. Scollin seconded the motion which passed unanimously.

Dining Room Buffet

David Gruber provided an update on the buffet fixture for the dining room. The original supplier will not be able to fulfill the contract and the cost of the fixture will exceed the originally approved \$25,000. Mr. Gruber was authorized to purchase the fixture from a new supplier for an amount not to exceed \$45,000 on a motion made by Mrs. Barber, seconded by Mrs. Hauser which was approved unanimously.

Financial Reports

Connie Tiret reviewed the February financial statements. Revenue for the first two months of 2005 exceeds budget and expenses are below plan, creating a positive variance in the operating results.

Strategic Planning

Mr. Sherman outlined the format for the balance of the meeting consisting of presentations on the strategic task team initiatives and the consultants' reports.



Expansion Task Team
Laura Pilz briefed the Board on the work of the Expansion Task Team, and the addition of Randy Gridley. Ms. Pilz invited any other Board members to join, if they wish. The task team plans to engage the services of Elizabeth Bartlett of KPMG on a limited basis to assist with identifying new opportunities for the Society to broaden its impact in the community.

Holland Report

George Morris reviewed the findings of the benchmarking analysis prepared by the accounting firm of Daora Zydel and Holland. The analysis compared the operating statistics of The Heritage to three senior communities of comparable size and service operating in the Bay Area. The results indicate that the expenses of The Heritage are reasonable when compared to similar organizations. Other communities appear to generate a larger portion of their income from donations and bequests where The Heritage relies upon investment income.

Executive Director's Recommendations

The Board discussed the recommendations for revenue enhancement and cost savings prepared by the staff. The Board deferred action on these items until the results of the consultant reports are reviewed.

Dan Gray Report

Dan Gray of Continuum Development Services joined the meeting and was introduced to the Board. He presented the conclusions of the operational review he conducted for The Heritage. The full report had been provided to Directors before the meeting. His report addressed issues of: Revenue Enhancement, Organizational Improvement and Productivity. Specific recommendations related to resident/private patient mix in the Skilled Nursing Facility, scholarship and subsidy policies for the organization to fulfill its mission and terms of the life care contract. Next steps identified in the analysis are to conduct an actuarial study and a market study.

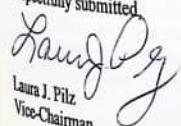
Board Discussion & Conclusion

James Sherman led a discussion of the reports after Mr. Gray departed. Following a wide-ranging conversation among the Board, Mr. Sherman summarized proposed next steps (see the attached draft chart) in implementing the efficiency recommendations suggested by management and consultants, including commissioning actuarial and market assessment studies. Each Board member, in turn, expressed their opinion on the proposed action and it was agreed to proceed. Mr. Gray was asked to re-join the meeting, and thanked for his good work and presentation.

Adjournment

The meeting was adjourned at 6:15 PM.

Respectfully submitted,


Laura J. Pilz
Vice-Chairman



**BOARD OF DIRECTORS
MEETING MINUTES
February 22, 2005**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "The Heritage") was held on Tuesday, February 22, 2005, at 3400 Laguna Street, San Francisco, California.

Directors Present: Carolyn Barber, Doug Day, Randy Gridley, George Ivelich, Jodi Kaelle, Carol Livingston, George Morris, Laura Pilz, Diane Richards, Henry Safrit, James Sherman, Elizabeth Stanners, Connie Tiret, Pamela Tudor, Jim Wheary

Directors Excused: David Gruber, Molly Hauser, Jane Hickerson, Bruce Scollin, Leslie Van Houten

Staff Present: Marla Hastings, Executive Director; Gayle Reynolds, Director of Marketing and Development; Cindy Johnson, Controller

James Sherman, Chairman Board of Directors, called the meeting to order at 4:15 pm.

Approval of Minutes

The minutes of the December 15, 2004 meeting were discussed. A change was requested in Mr. Sherman's closing remarks to read:

Martha Nell Beatty is retiring from the Board, as of December 2004, after serving almost ten years on the Board of Managers and Board of Directors.

The minutes were approved as amended on a motion by James Wheary, seconded by Carol Livingston.

Investment Governance

Randy Gridley introduced Peter Turner, Principal, Bernstein Investment Research and Management, the asset manager of the Society's portfolio. Peter spoke about the portfolio, allocations, performance, how and why investment decisions are made, and key issues for non profits. All Board members are invited to the Bernstein Client Conference on March 22 and 23, 2005.

Randy Gridley provided the Board with a copy of The Heritage's investment policy, "Principles of Investment Management."

Toward a Social Approach to Dementia Care

Marla Hastings introduced Ann Colichidas, previous AIT (Administrator in Training), who spoke to the Board about her field study, done at The Heritage Health Center, in partial fulfillment of the requirements for a degree in Master of Arts in Gerontology at San Francisco State University. Mrs. Colichidas spoke on "Toward a Social Approach to

Cure for Our Residents in the Health Center." The social model promotes relationships and meaningful activities that enhance the well being of patients, as opposed to the medical model which focuses on illness and treatment modality.

Financial Reports

Connie Tiret reviewed the December financials.

Jim Wheary reported that an Audit Committee has been formed in compliance with SB1262. The committee members are: James Wheary (chair), Connie Tiret and Diane Richards. He presented to the Board the "San Francisco Ladies' Protection and Relief Society Audit Committee Charter." He reported that the 2004 audit, conducted by Daoro Zydel & Holland, is completed, on schedule, and nothing unusual was noted by the auditors.

Human Resources

Connie Tiret reported on Human Resources Committee activities:

- The Employee Handbook is being reviewed and updated.
- The Executive Director evaluation is complete.
- All employee evaluations will be completed by March 31.
- Merit increases and bonuses are on hold until the Holland salary survey is completed.

She also commented on employee moral during this time of transition, and the importance of communication.

Nominating

Pamela Tudor reported that the Nominating Committee has prepared a proposed list of skills needed by the Board and potential Board candidates. The list will be presented to the Board at its March meeting for discussion and further input.

Resident Communications and Relations

James Sherman spoke to the Resident Executive Council on February 1, 2005, to answer their questions on the Board's strategic planning process.

Executive Director's Report

Marla Hastings provided an update on her report, which was mailed prior to the meeting.

- CASHA's Director of Communications asked for information about The Heritage for their newsletter.
- The staff is expanding the capacity for assisted living by using the second floor Perry building non-ambulatory rooms.
- An effort is being made to find more private patients for the Health Center. The Health Center census could go as high as ten (currently five patients). Discharged patients are also being reviewed to help identify what we could be doing better.



Strategic Planning**a. Financial Task Force**

George Morris reported on several projects underway to analyze the operating efficiency of The Heritage:

- The Holland study, to develop benchmarks for the operations and identify inefficiencies, should be completed next week.
- The Dan Gray study, an operations review, is completed. Dan Gray will make a presentation to the board at a future meeting.

b. Expansion Team

Diane Richards reported on the team's progress:

- Laura Pilz and Diane Richards visited the San Francisco Foundation to search their foundation database to determine where charitable contributions are being made in the Bay Area. They found that senior care has a low priority in funding.
- Laura Pilz, Diane Richards, James Sherman, George Morris and Marla Hastings met with Elizabeth Bartlett, a consultant with KMPG, who they met at the ASHAA conference in Nashville last fall. The Expansion Team felt that Ms. Bartlett could offer The Heritage a more global view, bring cutting-edge programs to the Board's attention, and help the Board work through a decision making process.
- The Expansion Team will explore opportunities to work with Ms. Bartlett to identify new opportunities for The Heritage.

James Sherman closed the meeting. A brief discussion was held in Executive Session.

Adjournment

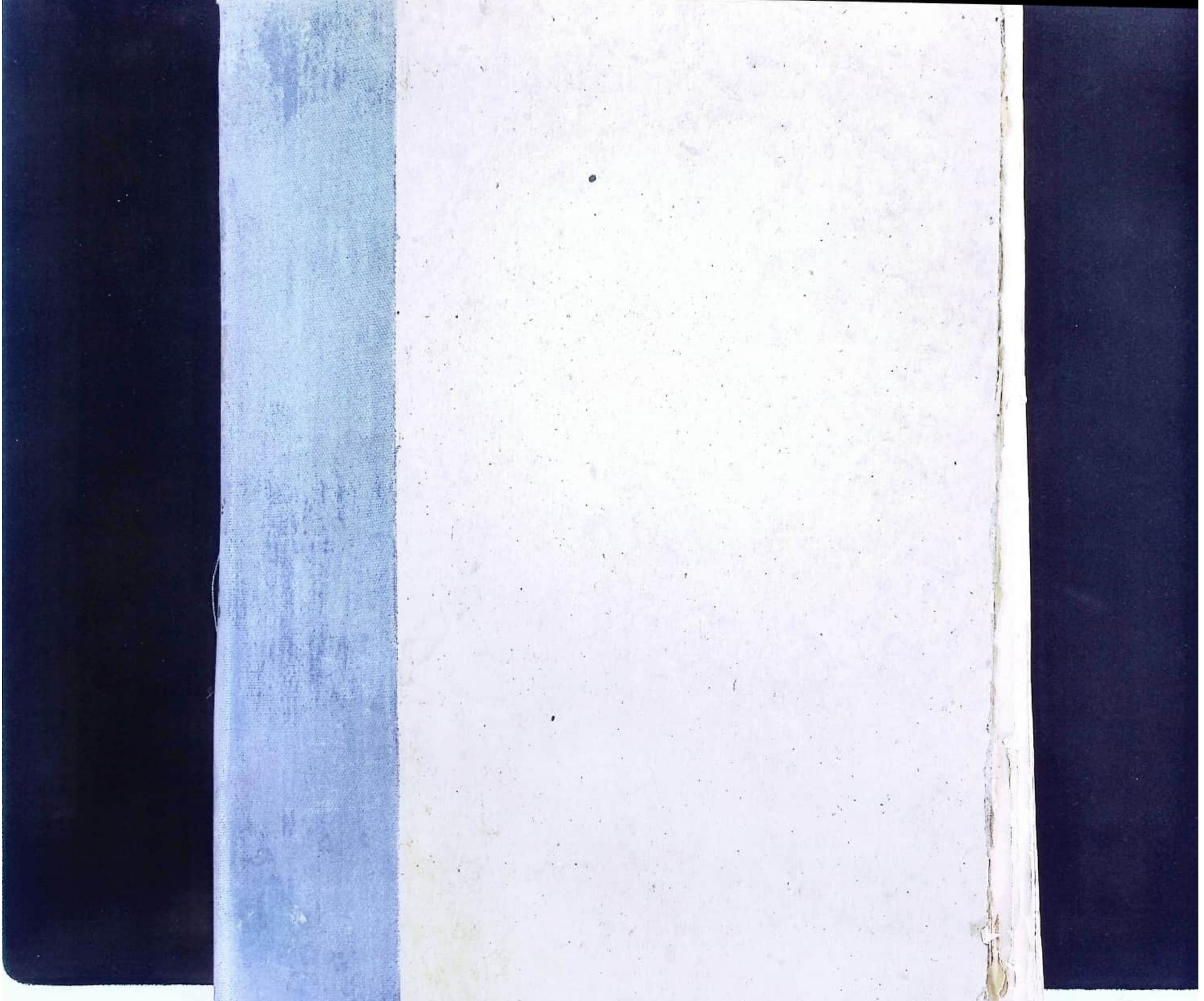
The meeting was adjourned at 6:00 PM.

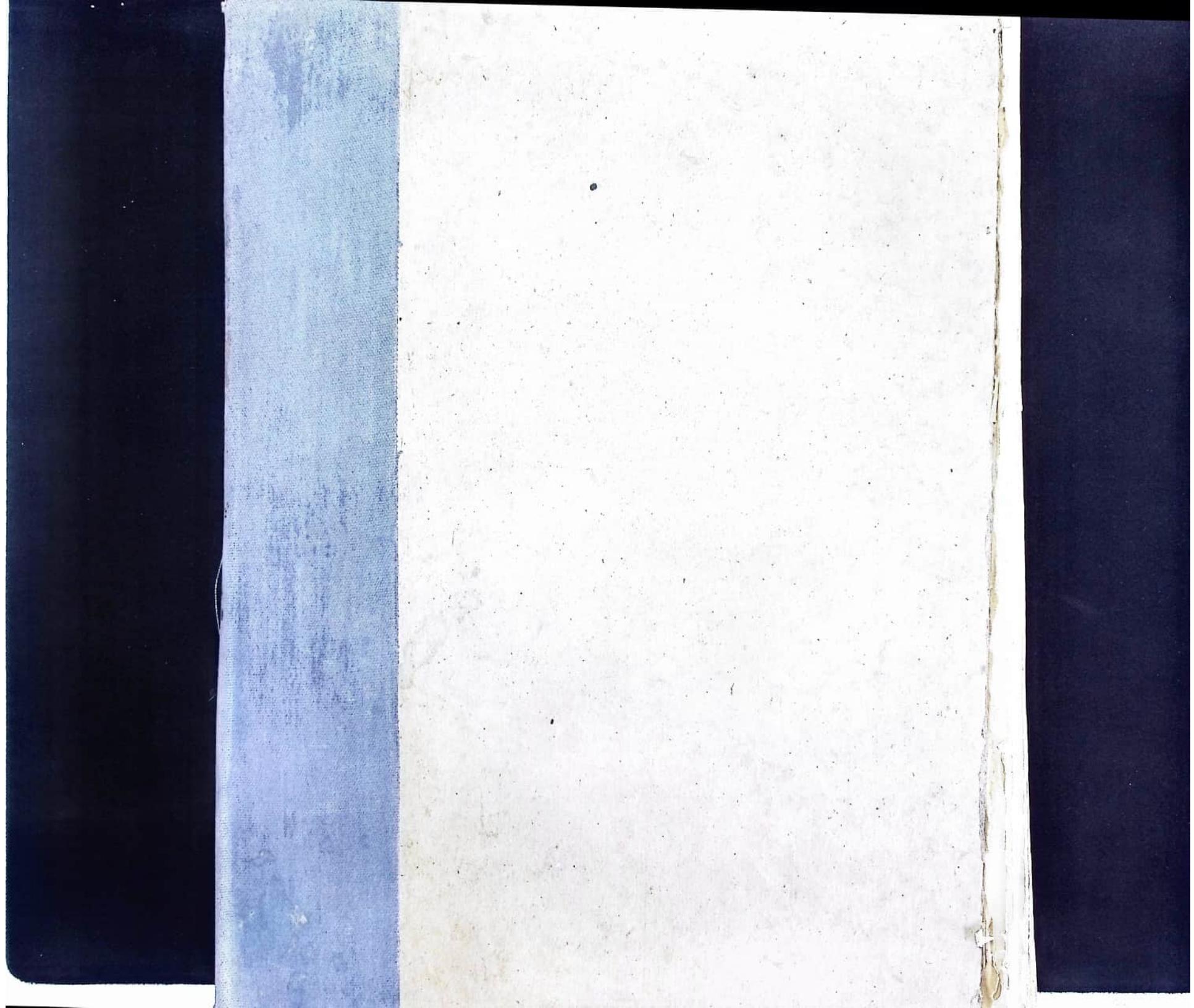
Respectfully submitted,



Pamela A. Tudor
Secretary







Presented to the
San Francisco Ladies Protection and Relief Society
by Mrs. James W. Towne
for the Hundredth Anniversary.
April 18th. 1953.

Presented to the
San Francisco Ladies Protection and Relief Society
by Mrs. James W. Towne
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Guests.

Kate Nipp
Miss Belle Lowry
Miss Jessie M. Irving
Nellie M. Marquett
Lillian Hall Larson
Sela H. Hubbard
Mary Johnson
Isabel Hamilton
Mary E. Drayton
Josephine L. Kingsbury
Paula Eliza Woods
Kathie M. Loring
Kathleen C. Woods
P. Woods
Lillie Ensign
M. Eline Belin

Lorna Logan
Manda S. Hestad
Mrs Albert L Hart
Myra M. Jeffers
Mrs A. W. Glusson
Mrs T. R. Clarke
Fannie S. Roselli
Mendana Lal
The Percy Dyer Co.
Carrie L. Richardson
Mrs Blanche Lock
Mrs F. C. Burden
Mrs L. R. Hendry
Mrs Clara Larson
Mr. & Mrs. K. L. Anderson

Mrs Ellen Lodge
Mrs. Emily M. Fischer
Peggy. Flaherty
Jane Jackson
Mrs Mary Galli
Mrs J. W. Campbell
Mrs. Harold Metzger
Mrs Anna B. Pogson
Mrs. D. J. Ogan
Miss Amy Burns
Eda Vologain
Julia Bowley
Ed Bowley
~~Mrs. Thos. H. Stoddard~~
Mrs. Jas. K. Tolay
Priscilla Karr-Connio
Anna Jaeson
Audrey C. Hasselbrook
Dorothy S. Hasselbrook
Dorothy F. Hart
Carole G. Saarman
Mrs and Mrs. G. Hister Carlisle
Mrs G. C. Boardman
Alfull J. Lundby
Marie Sophie Young
Mrs. Ed. Hagley
Mrs. Carroll Kennedy
Miss E. Clegg
Norah L. Wilches

Mrs. Ellen Loftey
Mrs. Emily M. Fischer

Peggy Thresher

Jane Jackson

Mrs. Fred Galli

Mrs. J. W. Campbell

Mrs. Harold Matzel

- Mrs. Anna B. Bogdon

Mrs. D. J. Ogan

Miss Amy Burns

Ella Vacaquin

Julia Bowley

L. D. Bowley

Mrs. Ward Stockard

Mrs. Jas. N. Foley

- Promise Klar-Tomio

Anna Jeasey

- Gertrude C. Hasselbrook

Sunny S. Hasselbrook

Dorothy F. Fort

Carroll G. Samson

Mrs. Mrs. G. Lister Carlisle

Mrs. G. C. Boardman

Alfull J. Lundby

Marie Daniels Young

Mrs. R. H. Beale

Mary & Mildred Kennedy

Mabel E. Clark

Morothy L. Walker

Mr and Mrs. William H. Gorrie

Maria Scand

Dr. Rodney R. Bend

Mrs. S. Stanton de Free

Julia Sparre Stays

Elaine Firth Tinsley

Mr & Mrs G. W. Anderson

Mr & Mrs Carroll B. Crawford

Mr & Mrs Carroll B. Crawford

Mr & Mrs Carroll B. Crawford

James Day

Petricia Hob C. Deasness -

Mrs. J. B. Travers

Adele J. Fiske

Angelita L. Sherer (Mrs)

R. Lawrence Mullaney -

Mrs. Alaburris

Mrs Grace Anderson (Beulah Rest Home, Oakland)

Mrs W. A. Root (Beulah Rest Home, Oakland)

(miss) Edith M. Pooty Mill Valley, Calif.

(Mrs.) Edna Poley de Grijalva Mill Valley, Calif.

Mrs Leslie M. Hildebrand

(Mrs. A. C.) Katherine Hornblow

Mrs Morrison D. McLee

Mrs. Charles C. French

Mr. Chas. E. French.

Miss Minerva F. Morris

Mrs. Carol Morris

Mrs Maymie H. Horner

Mrs. John Morley Bell

Mrs. Ann Stevenson

Mrs. Lucie Moller

Eliza Knapp - Arquima formosana

Mr and Mrs William H. Morris

Mariin Seaud

Dr. Rodney R. Bird

Mrs. S. Walton de Free

Julia Sparre Stays

(Clarie F with Jeffrey)

Mr & Mrs C. W. Anderson

Mr Carroll B. Crawford

Paradise H. Woodward.

Dame Day

Petoria Dicks, Deaconess -

Mrs J. B. Travens

Adele J. Field

Angelita L. Sherer (Mrs)

Elorence Mullaney -

Mary Haburkoff

Mrs Grace Anderson (Berlak Rest Home, Oakland)

Mrs W. A. Root (Berlak Rest Home, Oakland)

(miss) Edith M. Pooley, Mill Valley, Calif.

(Mrs.) Elsie Pooley Sechight, Mill Valley, Calif.

Mrs Leslie N. Hildebrand

(Mrs. G. Tammie Hamblin.

Mrs Margaret D. Hobee

Mrs Charles C. French

Dr. Chas E. French.

Miss Miriam F. Morris

Mrs. Carol Morris

Mrs Mayme H. Homer

Mrs. Lydia Morley Bell

Mrs Anna Stevenson

Mrs Lucie Holler

Mrs. Kraft - Pregmara Amadorino

Rev. Mrs.
Mrs. Josephine Barnes.
Mrs. John D. Douglas.
Mrs. Sadie E. Worth.
Mrs. Howard T. Gardner.
Miss Florence R. Selby.
Mrs. Daisy Flashman.
Mrs. Frederick W. Rees.
Mrs. Frederick J. Coulter.
Mrs. Isabella H. Donkin.
Miss Grace Donkin.
Mrs. & Mrs. H. C. Tasker.
Mrs. Charles Cadman.
Mrs. Fred Cadman.
Mrs. John Rabill.
Mrs. Edwin J. Bowes.

Mrs. E. B. Clark
Mrs. Sheldon G. Kellogg
Elizabeth Gidd
Hegie A. Corlett
Miss R. E. Small
Mrs. Palmer Smith Clinton - Mill Valley, Calif.
Edith Slack
Edith S. Parks
Katherine Knobell
Mrs. R. Malabre
Dr. R. Malabre
Paul R. Morris
Mabel J. Morris
Mr. & Mrs. Frank C. Wilson
Middleton Lyon

Mr. Josephine Barnes. Reno, Nev.
Mrs John H. Douglas
Mrs Sadie E. Worth
Mrs Howard T. Gardner
Miss Florence R. Selby
Mrs Daisy Blashman
Mrs. Frederica W. Rees
Mrs. Frieda J. Coulter
Miss Isabella H. Donkin
Miss Grace Rondin
Mrs. & Mrs. H. C. Fashbaugh
Mrs. Charles Cadman
Mrs. Bert Cadman
Mrs. John Rabill
Mrs. Edwin J. Bowes.
Mrs E. B. Clark
Mrs Sheldon G. Kelloff
Elizabeth Geiss
Hagie O. Corlett
Miss R. E. Small
Mrs. Palmer Smith Clinton - Mill Valley, Calif.
Edith Slack
~~Edith Slack~~
Hanson Knob
Mrs R. Malabre
Dr R. Malabre
Alice K. Morris
Mabel J. Morris
Mr. & Mrs. Frank C. Hobson
Mildred Lynn

Mrs Josephine Barnes. Rens. N.Y.

Mrs John M. Douglas

Mrs Sadie E. Worth

Mrs Howard T. Gardner

Miss Florence R. Selby

Mrs. Daisy Flashman

Mrs. Frederick S. Reed

Mrs. Friedel D. Coulter

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Miss Grace Rondin

Mrs. & Mrs. H. C. Fashbaugh

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Mrs. Edwin J. Bowes.

Mrs E. B. Clark

Mrs Sheldon G. Kellogg

Elizabeth Gell

Hagie O. Gorbet

Mrs R. E. Small

Mrs. Delmar Smith Clinton - Mill Valley, Calif.

Edith Slack

E. D. & G. Smith

Manson Raub

Mrs P. Malabre

Dr A. Malabre

Frank L. Morris

Naehel J. Morris

Mrs Frank C. Wilson

Mildred Lynn

Eliza H. Keane

Louise Harold

Ruth A. Corlett

Louise G. Craigton

Rena F. Kerr

Mr & Mrs Bruce Cornwall

Edna Waris Parrish

Jane Abigail

R. Knut H. Gaedek

Paul A. Simakines

Dr. Charles E. Bruce

Mr & Mrs R.N. Nelson

Mr & Mrs Joseph L. Moore

Penis H. Gleason

Jessie Sweet. (Mrs J. S.)

Mr. & Mrs. B. W. H. Garroway

Mrs. L. Miller McDougall

Mrs. Walter P. & Carty, Duluth

Lyle J. Smith &

Bethius MacKenzie

Miss Ellerberg

Mr & Mrs Duncan H. Davis

Mrs. George L. Eddie

Mrs. James Otis Lincoln

Cl. ad Mrs Connell E. B. Peeler

Sarahyn A. Donsworth

Mrs. M. R. Horatius

Ethel M. Campion

Mrs. D. Campion

Mr & Mrs Herbert Stone

Mrs. Anne G. Duffy

Mrs. H. Robert Braden

Dr. Maria G. O. T.

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BOARD OF DIRECTORS

MEETING MINUTES

2014 - 2016



Board of Directors' Meeting Minutes

December 14, 2016

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, December 14, 2016, at Heritage on the Marina (the Heritage), Fitness Center

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, David Gruber, Jane Hickerson, David Hines, Randy Gridley, Jeanie Kayser-Jones, Trish Oststott, Laura Pilz, Connie Tiret, and Leslie Van Houten

Directors Absent: Jean Fowler, Molly Hauser

Staff Present: Ken Donnelly, Chief Executive Officer, and Joseph Conroy, Controller

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Chair Pilz called the meeting to order at 4:02 PM.

II. Consent Agenda

The Board approved the Consent Agenda (the November Board minutes, the October Financial Statements, and the Marketing Report).

III. Chair's Report

Chair Pilz reviewed the past year and commented that this year has been a year in progress, a year in which we laid foundation to build for the future. In particular she pointed out the excellent hires and the building projects. Chair Pilz also mentioned that the Heritage will be doing a financial recertification of the residents starting in 2017. The purpose of the recertification is to help determine potential future liabilities.

IV. CEO's Report

CEO Donnelly discussed the logistics of the residents' financial recertification process: it will be done over a period of several years beginning with those residents with Life Care contracts.

CEO Donnelly reported that we have hired a national firm to survey the residents and the employees. The survey will be submitted anonymously. The results will be available in the first few months of the 2017.

By the end of the year, there will be a Board portal on the website that will provide access to current board packet and past information.

V. Resident Communications and Relations

Martha Nell Beatty reported on the annual meeting of the residents. Through Leading Age, Jocelyn Yow, a representative from Nancy Pelosi's office, came to visit the facility. Ms. Yow is interested in maintaining a continuing relationship with Heritage on the Marina, and will be visiting again.

VI. 2017 Operating Budget Presentation

Connie Tiret reported that our deficient continues to grow because the revenue generated from the residents does not cover the costs. This year the major impact on the budget is the new all-day dining format. Although the new format has been well received and is important in attracting future residents, the costs have increased because additional staff is required. The challenge will be to identify innovative ways of bringing in revenue.

Joe Conroy, Randy Gridley and Ken Donnelly talked about various aspects of the budget and the need to develop strategies to increase our revenue to offset the money from the portfolio used to cover our deficient. Randy Gridley briefed the Board on the health of the portfolio.

The Board was presented with a draft 2017 budget. The Board discussed the budget at length. The Board approved the proposed 2017 budget.

VII. Social Accountability Task Force update

Trish Otstott presented an opportunity for Heritage on the Marina to work with the Institute on Aging to help fund a portion of the salary of an IOA employee, Dr. Patrick Arbore. Dr. Arbore trains professionals in many aspects of senior isolation. He is an authority on, among other things, suicide in the elderly. Materials were made available for the Board to review. The Board approved the donation of \$25,000 to the IOA to fund a portion of his salary.

VIII. Nomination of Officers for 2017 and renewal of Board Terms

The Nominating Committee moved and the Board approved the following nomination of officers:

CHAIR	Laura Pilz
VICE CHAIR	Randy Gridley
TREASURER	Connie Tiret
SECRETARY	Leslie Van Houten

The Nominating Committee moved and the Board approved the following directors to serve for a three-year term ending December 2019:

David Gruber
Molly Hauser
David Hines
Jane Hickerson
Laura Pilz

IX. Adjournment

The meeting was adjourned at 5:35 p.m. for the annual Holiday Party. The next scheduled Board meeting is to be held on January 25, 2017.

Respectfully submitted,

Leslie L. Van Houten

Leslie Van Houten,
Secretary



Board of Directors' Meeting Minutes

November 16, 2016

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, November 16, 2016, at Heritage on the Marina, Stucky Library.

Directors Present: Deborah Avakian, Jane Hickerson, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, Jeanie Kayser-Jones, Trish Otstott, Laura Pilz

Directors Absent: Carolyn Barber, Andy Carlson, David Hines, Connie Tiret, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer, Joseph Conroy, Controller

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Chair Pilz called the meeting to order at 4:07 PM.

II. Consent Agenda

The Board approved the Consent Agenda (the October Board minutes, the Committee and Task Team reports, September Financial Statements, and the Marketing Report). The Facilities Committee minutes were pulled from the consent agenda. Discussion followed about the future replacement of the dining room chairs.

III. Chair's Report

Chair Pilz truncated her report due to time constraints. She mentioned that invitations to the December 14, 2016 holiday party were mailed recently. This party will follow an abbreviated Board meeting that will concentrate on the 2017 Operating Budget.

IV. CEO's Report

Ken Donnelly reported on his recently attending the LeadingAge conference in Indianapolis, Indiana. He pointed out a new focus of many sessions of the conference: workforce shortages and challenges. This includes current and anticipated shortages in staffing of nursing staff and dining staff.

He reported that we have entered into an agreement with a third-party to conduct both resident and staff satisfaction surveys. These should be completed early in 2017 and he will report the results at a future Board meeting as soon as the information is available.

Ken and Hanh Ta, Director of Operations, conducted information sessions with residents on October 28, 2016 regarding the Board approval of the policy and procedure for the End of Life Options Act. Ken also stated that all staff are acknowledging in writing that they have received and read the approved policy.

Ken updated the members on the status of the pending construction activities. He also reported that Karina Tapia will be trained by Hanh Ta in the Nursing Home Administrator-in-Training program in 2017. Lastly, he commented on the continuing generosity of the residents in donating to the Employee Appreciation Fund. He was surprised to learn that several residents of the Health center – including those who are paying privately – have made nice contributions.

V. Resident Communications and Relations

Martha Nell Beatty reported that the 2017 slate of Resident Council officers will be herself as President, Katherine Conley as Vice-President, Barbara Anderson as Secretary and Patsy Hulting as Treasurer. She also reported on activities and events that have allowed the Council to give a nice donation to the Employee Appreciation Fund. Finally, she is working with LeadingAge California contacts in Sacramento to arrange a visit from one of our State politicians sometime in December.

VI. Quarterly Financial Review

Joe Conroy led discussion of the financial statements pertaining to the quarter ended September 30, 2016. He focused on major revenue and expense items which showed significant variances – Medicare and Private Pay Fees as well as salary and wage expense. He spoke of management measures to develop a more effective scheduling of nursing staff in the Health Center and efforts to limit the use of overtime hours. The Board discussed measures to improve staffing efficiencies while maintaining quality of care.

VII. Planned Giving update

Molly Hauser reported that an annual letter and remittance envelope focusing on planned giving will be mailed on November 18, 2016. Those identifying that they plan to leave a gift in their estate plans for Heritage on the Marina will join the (newly created) Heritage Circle. Future recognition events and communication will be determined after we analyze the initial response from this mailing.

David Gruber suggested that we have a way of meeting with families of grateful patients in our Health Center. Ken Donnelly said that we do add them to our mailing list. He also said that he will look to set up regular meetings with all new residents and their families during their stay with us.

VIII. Social Accountability Task Force update

Trish Osttott reported that the group is working to get a proposal from Institute On Aging for support of their program to combat senior isolation.

IX. Adjournment

The meeting was adjourned at 5:35 p.m. The next scheduled Board meeting is to be held on December 14, 2016.

Respectfully submitted,



Ken D. Donnelly and Laura J. Pilz.



Board of Directors' Meeting Minutes

October 26, 2016

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, October 26, 2016 at Heritage on the Marina, Stucky Library.

Directors Present: Deborah Avakian, Carolyn Barber, Jane Hickerson, David Hines, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, Jeanie Kayser-Jones, Trish Osttott, Laura Pilz, Connie Tiret,

Directors Absent: Andy Carlson, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Chair Pilz called the meeting to order at 4:00 PM.

II. Consent Agenda

The Board approved the Consent Agenda (the September Board minutes, the Committee and Task Team reports, August Financial Snapshot, and the Marketing Report).

III. Chair's Report

Chair Pilz Reported that she attended a resident tea event held the previous week. The donations received from the event are designated for the Staff Appreciation Fund. She said the event was lovely and complimented residents and staff for executing the event.

IV. CEO's Report

The CEO asked for two motions to be considered. The first was to add Randy Gridley and remove George Morris and Marla Hastings from the authorized signers list for our Bernstein investment accounts. Board unanimously approved on a motion from Jeanie Kayser-Jones and second by David Gruber.

The second motion for discussion was to enter into an agreement for architectural services with HKIT Architects. The agreement is for a "not to exceed" amount of \$108,000 to perform all architectural services for the newly acquired Octavia Street



Board of Directors' Meeting Minutes

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Directors Present: Deborah Avakian, Carolyn Barber, Jane Hickerson, David Hines, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, Jeanie Kayser-Jones, Trish Oststott, Laura Pilz, Connie Tiret,

Directors Absent: Andy Carlson, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer

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I. Call to Order

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The second motion for discussion was to enter into an agreement for architectural services with HKIT Architects. The agreement is for a "not to exceed" amount of \$108,000 to perform all architectural services for the newly acquired Octavia Street

property. The Board passed the motion given by Connie Tiret and seconded by Deborah Avakian. Randy Gridley abstained from the vote.

V. Recommendation: End of Life Options Act

Jeanie Kayser-Jones and Ken Donnelly presented the background on the Act and the meetings and discussions leading to the recommended policy and procedures document presented to the Board for approval. Kayser-Jones offered a motion, seconded by Gruber. Motion approved unanimously.

Donnelly stated that he will lead staff and resident presentations to educate and inform on our policy and procedure.

VI. Resident Communications and Relations

Martha Nell Beatty reported on becoming part of a group started by Leading Age California for Resident Council Presidents. She also announced a new photographic art exhibition in the Debatz Gallery.

VII. Presentation on Falls Reporting Requirements

Jillian Somers Donovan from Hanson Bridgett was greeted and spoke to the Board. The contents of the discussion are covered under the attorney-client privilege.

VIII. Other Business

Donnelly gave a preview of the upcoming Board agendas saying that November's will include a quarterly financial review and planned giving update and the December meeting will focus on the 2017 Operating Budget proposal.

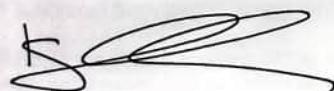
Randy Gridley reminded members that the next quarterly investment review will be held at Bernstein office, 555 California Street, on November 10, 2016 at 12 noon.

VI. Adjournment

The regular meeting was adjourned at 5:50 p.m. The next scheduled Board meeting is to be held on November 16, 2016.

Board Executive Session followed this meeting. The Executive Session was adjourned at 6:00 p.m.

Respectfully submitted,



Ken D. Donnelly and Laura J. Pilz.

San Francisco Ladies Protection and Relief Society dba Heritage on the Marina

**Board Resolution
Authorizing Implementation of End of Life Option Act Policy**

October 26, 2016

WHEREAS, effective June 9, 2016, California enacted the "End of Life Option Act" ("EOLOA" or the "Act"), which allows terminally ill patients to end their lives by obtaining aid-in-dying drugs ("AID drugs") from participating physicians;

WHEREAS, the Act gives a health care provider the right to determine the extent to which it will allow its employees, contracting persons and entities, and others to "participate" under the Act on the health care provider's premises;

WHEREAS, San Francisco Ladies Protection and Relief Society dba Heritage on the Marina (the "Corporation") is a "health care provider" under the Act to the extent that it operates a skilled nursing facility ("SNF") on the premises of Heritage on the Marina, a continuing care retirement community owned and operated by the Corporation (the "Community");

WHEREAS, the California Department of Social Services treats the residential care facility for the elderly ("RCFE") portion of the Community as an "individual or entity" under the Act that may opt not to participate under the Act, including prohibiting employees from participating;

WHEREAS, the Act defines "participation" to include (1) performing duties of an attending physician, a consulting physician, or a mental health specialist; (2) delivering the prescription for, dispensing, or delivering AID drugs; and (3) being present during ingestion of AID drugs;

WHEREAS, the Act defines "participation" to exclude (1) diagnosing a terminal disease, making a prognosis, or determining that a patient has capacity to make decisions under the Act; (2) providing a patient with information about the Act; or (3) referring a patient to a participating provider;

WHEREAS, actions taken in compliance with the Act are not considered suicide, homicide, or assisted suicide; do not form the basis for a claim of neglect or elder abuse; and do not entitle any health care provider or professional organization to subject any individual to censure, discipline, loss of privileges, or other penalty if the individual acted in good faith;

WHEREAS, any individual or entity can opt not to participate under the Act due to "conscience, morality, or ethics," and a health care provider may not subject an individual or entity to censure, discipline, loss of privileges, or other penalty for refusing to participate under the Act;

WHEREAS, in the SNF portion of the Community, the Corporation can, with notice, prohibit employees, volunteers, persons and entities contracting with the Corporation, and other persons or entities, including health care providers (such as physicians, nurses, pharmacists, and hospice agencies) from participating under the Act on the Community's premises;

WHEREAS, in the RCFE portion of the Community, the Corporation can, with notice, prohibit employees, volunteers, and persons and entities contracting with the Corporation from participating under the Act on the Community's premises;

WHEREAS, the Board wishes to adopt a consistent policy in the SNF and RCFE portions of the Community;

WHEREAS, the Board does not wish to dictate whether its employees, volunteers, or contracting persons or entities participate under the Act while off the Community's premises, and cannot dictate whether others participate under the Act while off the Community's premises;

WHEREAS, the Board has determined that it is in the best interests of the Corporation to prohibit (a) employees, (b) volunteers, and (c) persons or entities contracting with the Corporation from participating under the Act on the Community's premises;

WHEREAS, the Corporation understands that residents have the right to obtain and self-administer AID drugs on the Community's premises and that their intention to exercise this right shall not be a basis for transfer or discharge;

WHEREAS, the Corporation acknowledges that it has certain care planning and related obligations to residents who plan to ingest aid-in-dying drugs;

WHEREAS, the Corporation believes that it is in the best interests of its residents, prospective residents, employees, volunteers, and persons and entities contracting with the Corporation to disclose its position on end-of-life issues, including taking aid-in-dying drugs;

WHEREAS, the Corporation wishes to adopt and implement the EOLOA Policy and Procedure attached hereto as **Appendix A**;

WHEREAS, the Corporation wishes to prepare such other documents and adopt such other policies and procedures as are reasonable or necessary to implement the EOLOA Policy and Procedure and to put residents, staff, volunteers, and contracting persons and entities on notice regarding the EOLOA Policy and Procedure;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The EOLOA Policy and Procedure attached hereto as **Appendix A** is hereby adopted in substantially final form, subject to any revisions authorized below.
2. The Operations Director, with the advice and consent of the Corporation's Health Committee, is hereby authorized to finalize and implement the EOLOA Policy and Procedure and to prepare and implement (or cause to be prepared and implemented) all other documents, including, without limitation, disclosures, contract provisions, notices, acknowledgments, policies, procedures and training materials that [she] deems necessary or appropriate to implement the EOLOA Policy and Procedure.
3. Any acts of any officer, director, or employee of the Corporation authorized by the foregoing resolutions but taken before the adoption of such resolutions, are separately ratified, confirmed, approved and adopted as acts of the Corporation.

Leslie L. VAN HOUTEN
Leslie L. Van Houten
Secretary

25 January 2017
Date

**HERITAGE ON THE MARINA
END OF LIFE OPTION ACT POLICY AND PROCEDURE**

INTRODUCTION:

On June 9, 2016, California's End of Life Option Act (the "Act") took effect. The Act allows a competent California resident with a terminal disease to take aid-in-dying ("AID drugs") to end his or her own life, provided that the resident and his attending and consulting physicians take various steps prescribed by the Act.

San Francisco Ladies Protection and Relief Society dba Heritage on the Marina ("The Society") appreciates the tension between honoring the decision of a competent, qualified resident (as determined by his or her physician) to end his or her life under the Act in a humane and dignified manner, and celebrating and maintaining the quality of the resident's life. The Society also appreciates the diverse personal opinions of its residents, resident families, board, staff, and volunteers with respect to end-of-life decisions. With full awareness and appreciation of these issues, The Society adopts the following policy.

POLICY:

The Society supports its residents' dignity and self-determination and will honor a qualified resident's choice to end his or her life by taking AID drugs in accordance with the Act. However, The Society prohibits its (a) employees, (b) volunteers, and (c) all persons and entities contracting with The Society from "participating" under the Act, as defined in the Act, anywhere on the premises of Heritage on the Marina (the "Community"). The Society does not prohibit these persons from participating under the Act off the Community's premises.

All employees, volunteers, and contractors shall refrain from taking any of the following steps under the Act on the Community's premises:

1. Witness a written request for AID drugs;
2. Designate a witness for a written request for AID drugs;
3. Deliver, prescribe, or deliver a prescription for AID drugs;
4. Act as an attending or consulting physician or mental health specialist;
5. Take possession of AID drugs for storage, delivery, administration, or disposal;
6. Assist a resident in ingesting AID drugs; or
7. Be present during the resident's ingestion of AID drugs. (Appropriately trained caregivers may provide comfort care after a resident ingests AID drugs.)

Employees, volunteers and contractors who violate this Policy and Procedure shall be subject to discipline up to and including termination of their employee, volunteer, or contractor status. Caregiving staff will receive in-service training regarding the Act and this Policy and Procedure.

PROCEDURE:

A. Steps upon learning of a resident's decision to take AID drugs

If a resident notifies The Society of his or her intention to end his or her life by taking AID drugs in accordance with the Act, the Director of Operations shall follow this procedure:

1. With the resident's consent, notify the resident's family and/or responsible party of the resident's decision.
2. Discuss the key elements of this Policy and Procedure with the resident and, if the resident consents, the resident's responsible party and physician.
3. Instruct the resident that The Society will not (a) witness or designate a witness to any request for AID drugs; (b) take possession of any AID drug or any ancillary drug prescribed with it, whether for delivery, storage, administration, or disposal; or (c) be present during ingestion.
4. Encourage the resident to have his or her attending physician store the AID and ancillary drugs until the resident intends to ingest them.
 - a. If an RCFE resident opts to store the AID drug and ancillary drugs himself or herself, assure that the resident has a secure locked cabinet in his/her apartment to store the drugs, and that the drugs are inaccessible except to the resident and/or his or her designee.
5. Advise any SNF resident that the AID drug cannot be stored on-site.
6. Request copies of the following documents for the resident record:
 - a. Written request for AID drugs
 - b. Attestation and compliance forms completed by the attending and consulting physicians.
 - c. All advance health care directives and POLST forms.
7. Confirm that all documents in item 6 above consistent with one another.
 - a. Advise the resident and responsible parties, as applicable, to update the resident's advance health care directives and POLST forms, as needed.
8. Conduct an immediate care plan review with the resident and, if the resident desires, the resident's designated representative to discuss the following:
 - a. The involvement of a hospice agency;
 - b. Limitations on The Society's involvement in the AID process;
 - c. Storage and disposal of the AID drug and ancillary drugs;
 - d. Updating advance health care directives and POLSTs, as needed;

- e. Identifying where the dying process will occur (not in a public place); and
 - f. The resident's preferred comfort measures during the dying process.
 - (i) No employee, volunteer, or contractor shall be required to provide comfort measures.
- g. The identity of any person the resident wishes to be present during ingestion. This person shall not include any The Society's staff, volunteers, or contractors.
- h. The identity of the family member or other designee who will dispose of any unused AID drugs or ancillary drugs immediately after the resident's death, and confirmation that he or she has been or will be informed of this duty.
 - (i) No employee, volunteer, or contractor of The Society shall be designated to dispose of any such drugs.

9. Update the resident's care plan to reflect the information in item 8 above.
10. If, after ingestion, the resident requests medical treatment, call 911 immediately.
11. After the resident's death, confirm that any unused AID or ancillary drugs have been picked up for disposal by the resident's designee.

B. Involving the resident's family

A resident's decision to end his or her life by taking AID drugs may be difficult for family and other loved ones to accept, but it is ultimately the resident's decision and must be honored. At a resident's request, The Society's staff will communicate with families about the resident's end-of-life wishes and invite the family to participate in the care plan review.

C. Notifying employees, volunteers & contractors of The Society's policy and resident's choice

1. The Society will notify all employees, volunteers, and contractors of the key elements of this Policy and Procedure and The Society's decision to prohibit participation under the Act on the Community's premises. This will include in-service training, a clause in The Society's personnel manual, volunteer guidelines, or contract with third parties; and an acknowledgment form to be signed by staff, volunteers and contractors.

2. The Society will communicate the resident's decision to take AID drugs with all employees, volunteers, and contractors of The Society who may be directly affected by this decision in the course of their responsibilities at the Community.

D. Notifying residents and families of The Society's policy

1. The Society is committed to open communication with residents and their families about death and dying, including the key elements of this Policy and Procedure.

2. To facilitate open communications and to help current and prospective residents make informed choices, The Society shall notify current and prospective residents of The Society's policy. This may include town hall meetings; residency agreements; resident handbooks; brochures; and/or other forms of disclosure.

3. The Society shall encourage end-of-life planning, including preparing advance health care directives and POLST forms, and shall include programs to address end-of-life planning, grief, aging, serious illness, and related issues.

E. Review of Policy and Procedure

To assure that this Policy and Procedure continues to reflect The Society's position on this subject and can be implemented without difficulty, the Board shall direct the Health Committee to review this policy within 12 months of its adoption.

ADOPTED BY BOARD ACTION ON October 26, 2016.



Board of Directors' Meeting Minutes

September 21, 2016

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, September 21, 2016 at Heritage on the Marina, Stucky Library.

Directors Present: Deborah Avakian, Carolyn Barber, Jane Hickerson, David Hines, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, Trish Otstott, Laura Pilz, Connie Tiret, Leslie Van Houten

Directors Absent: Andy Carlson, Jeanie Kayser-Jones

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Vice-Chair Gridley called the meeting to order at 4:00 PM. Chair Pilz joined the meeting by phone.

II. Consent Agenda

The Board approved the Consent Agenda (the July Board minutes, the Committee and Task Team reports, July Financial Snapshot, the July Financial Snapshot and the Marketing Report).

III. Chair's Report

Chair Pilz announced that as of September 22, 2016 the Society will purchase the building at 3325-3327 Octavia.

IV. CEO's Report

The CEO reported on the courtyard project. The project is currently in the permitting stage. The next steps include, among other things, a public meeting for neighbors to comment on the project.

The CEO also reported on the Office of Statewide Health Planning and Development (OSHPD) review of the Heritage. The OSHPD review found numerous examples of unpermitted work from 1986 to somewhere in the 2000's. Bringing the building into compliance with these findings is being incorporated into the project to add more electrical outlets. The cost of the project is approximately \$1.5 million.

V. Resident Communications and Relations

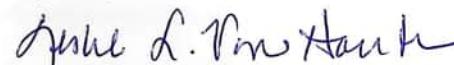
Martha Nell Beatty reported on resident activities and the new dinning room procedures.

VI. Adjournment

The regular meeting was adjourned at 4:39 p.m. The next scheduled Board meeting is to be held on October 26, 2016.

Board Executive Session and the annual resident-Board dinner in the dining room followed this meeting. The Executive Session was adjourned at 5:58 p.m.

Respectfully submitted,



Leslie L. Van Houten



Board of Directors' Meeting Minutes

July 20, 2016

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, July 20, 2016 at Heritage on the Marina, Stucky Library.

Directors Present: Andy Carlson, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, Jeanie Kayser-Jones, Trish Otstott, Laura Pilz, Connie Tiret

Directors Absent: Deborah Avakian, Carolyn Barber, Jane Hickerson, David Hines, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Vice-Chair Gridley called the meeting to order at 4:00 PM. Chair Pilz joined the meeting by phone.

II. Consent Agenda

The June minutes of the Board of Directors' meeting and the May 2016 Financial Snapshot were distributed to members. The Board approved the Consent Agenda (the June Board minutes, the Committee and Task Team reports, May Financial Snapshot and the Marketing Report).

III. Chair's Report

Vice-Chair Gridley asked CEO Donnelly to present and lead a discussion on proposed legal changes to the organization. Donnelly made a short presentation after which he, Vice-Chair Gridley and Chair Pilz led a discussion and answered questions about what has been recommended by our attorney and tax and audit counsel. The presentation was intended to share initial information. More discussion will follow in subsequent Board meetings.

CEO Donnelly to follow up with costs necessary to set up the structure, including ongoing tax filing costs. Also, costs to unwind the structure.





Board of Directors' Meeting Minutes

September 21, 2016

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Directors Present: Deborah Avakian, Carolyn Barber, Jane Hickerson, David Hines, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, Trish Oststott, Laura Pilz, Connie Tiret, Leslie Van Houten

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Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

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II. Consent Agenda

The Board approved the Consent Agenda (the July Board minutes, the Committee and Task Team reports, July Financial Snapshot, the July Financial Snapshot and the Marketing Report).

III. Chair's Report

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The CEO also reported on the Office of Statewide Health Planning and Development (OSHPD) review of the Heritage. The OSHPD review found numerous examples of unpermitted work from 1986 to somewhere in the 2000's. The cost to bring the Heritage into compliance with these findings is being incorporated into the project to add more electrical outlets. The cost of the project is approximately \$125,000.

V. Resident Communications and Relations

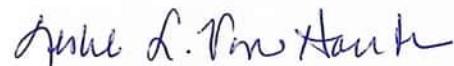
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Board Executive Session and the annual resident-Board dinner in the dining room followed this meeting. The Executive Session was adjourned at 5:58 p.m.

Respectfully submitted,



Leslie L. Van Houten



Board of Directors' Meeting Minutes

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Directors Present: Andy Carlson, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, Jeanie Kayser-Jones, Trish Oststott, Laura Pilz, Connie Tiret

Directors Absent: Deborah Avakian, Carolyn Barber, Jane Hickerson, David Hines, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Vice-Chair Gridley called the meeting to order at 4:00 PM. Chair Pilz joined the meeting by phone.

II. Consent Agenda

The June minutes of the Board of Directors' meeting and the May 2016 Financial Snapshot were distributed to members. The Board approved the Consent Agenda (the June Board minutes, the Committee and Task Team reports, May Financial Snapshot and the Marketing Report).

III. Chair's Report

Vice-Chair Gridley asked CEO Donnelly to present and lead a discussion on proposed legal changes to the organization. Donnelly made a short presentation after which he, Vice-Chair Gridley and Chair Pilz led a discussion and answered questions about what has been recommended by our attorney and tax and audit counsel. The presentation was intended to share initial information. More discussion will follow in subsequent Board meetings.

CEO Donnelly to follow up with costs necessary to set up the structure, including ongoing tax filing costs. Also, costs to unwind the structure.

IV. CEO's Report

CEO Donnelly asked for approval to add Chair Pilz to the authorized check signers list. Currently Donnelly, Controller Joe Conroy, David Gruber and Connie Tiret are signers. He also asked for approval to change the policy on checks requiring two signers to those checks \$2,500 or greater.

Motion by Gruber and Second by Molly Hauser to approve adding Chair Pilz to the signers list and changing the policy requiring two check signers to those checks \$2,500 or greater. Motion carried.

CEO Donnelly also asked members if any wished to attend the LeadingAge conference to be held October 30 – November 2, 2016 in Indianapolis, Indiana, to contact Chair Pilz.

Finally, CEO Donnelly asked each member to give him 5-10 names to add to our annual appeal mailing list.

V. Resident Communications and Relations

Martha Nell Beatty thanked Vice-Chair Gridley for presenting the investment portfolio details to residents at its July 8, 2016 meeting. She commented that generally changes are going quite well. The food is much better. Vice-Chair Gridley said he had breakfast recently and he was impressed. Ms. Beatty said the residents were enjoying the new gazebo. Molly Hauser asked CEO Donnelly to clarify the policy on reviewing and approving requests from a resident to make renovations in their unit.

VI. Other Business

Chair Pilz brought to member's attention the invitations that were distributed. This is for a special dinner to honor past members. It is to be held August 24, 2016, at the Metropolitan Club. This will be in lieu of any scheduled Board meeting.

Vice-Chair Gridley informed the group that the next quarterly investment review will be held August 4, 2016, at 2 p.m. at the Bernstein office in the Bank of America building.

VII. Adjournment

The meeting was adjourned at 5:00 p.m. The next scheduled Board meeting is to be held on September 28, 2016. This meeting will be followed by the annual resident-Board dinner to be held in the dining room.

Respectfully submitted,





Board of Directors' Meeting Minutes

June 22, 2016

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, June 22, 2016 at Heritage on the Marina, Stucky Library.

Directors Present: Andy Carlson, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, David Hines, Jeanie Kayser-Jones, Trish Otstott, Laura Pilz, Leslie Van Houten

Directors Absent: Deborah Avakian, Carolyn Barber, Jane Hickerson, Connie Tiret

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Chair Pilz called the meeting to order at 4:05 PM.

II. Consent Agenda

The Board approved the Consent Agenda (the May minutes, the Committee and Task Team reports, April Financial Snapshot and the Marketing Report).

III. Chair's Report

In light of the legal presentation on the new California Right to Die Law, there was no Chair report.

IV. Presentation on California's New Right-to-Die Law

Pam Kaufmann, partner with Hanson Bridgett, presented on California's new Right-to-Die law. In addition to her presentation, she provided the Board with a copy of a PowerPoint presentation entitled "Death with Dignity: Right to Die Issues in Senior Care and Housing." In light of the new law, the Board is charged with determining a policy on the degree to which, if any, participation by staff and contractor will be allowed. Resident education will be an important component of any Board action. The presentation is an attorney-client privileged communication in which the Board was advised of the new law, the rights of the residents and the Heritage's rights and obligations under the new law. As such, the Board members are advised to keep the advice confidential.

V. CEO's Report

CEO Donnelly gave a brief report on the number of Medicare patients and an update on construction progress. Attached is the CEO's report.

VI. Resident Communications and Relations

Martha Nell reported that the new dining format debuting on July 1, 2016 is the subject of much discussion and some uncertainty on the part of some of the residents.

VII. Executive Session

CEO Donnelly reported on the status of joint venture we are exploring.

VIII. Adjournment

The meeting was adjourned at 6:00 p.m.

Respectfully submitted,



Leslie L. Van Houten



June 22, 2016

CEO Report:

- Chita Alacarry started back full-time on 6.1.16.
 - She is meeting with all Department Heads to understand systems in place and work for better collaboration and communication with Health Center.
 - Scheduling has been better with new software.
 - Census averaging 27.50 since May 1.
 - Medicare days averaging 4.6 in June and 3.2 in May.
- Update on construction projects.
 - Units 324M, 325M, 326M.
 - 324M completed => First week of July
 - 325M completed => First week of July
 - 326M timeline.
 - TOUR of units before **next meeting**.
 - Common Kitchens.
 - Completed => by 6.24.16.
 - Bathrooms in 119P, 221P, 222P.
 - Completed => First week of July.
 - Gazebo – completed 6.3.16.
 - Everyone loves it!
 - Kudos to Dave Costello and crew for its assembly.
 - Furniture approved by resident vote and on order.
 - OSHPD electrical project.
 - Application to OSHPD submitted =>
 - Targeting completion by 9.2016.
 - Courtyard Atrium.
 - Meeting 6.21.16 with DBI, SFFD.
 - Good news: Do not need to sprinkler Perry.
 - Application to Planning Department to be submitted shortly.
- Dining Room changes set to start on or about 7.4.16.
 - Dining Room out of service week of 6.27.16.



Board of Directors' Meeting Minutes

Stucky Library

May 25, 2016

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, May 25, 2016.

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, Jeanie Kayser-Jones, Trish Ostott, Laura Pilz, Connie Tiret

Directors Absent: Jane Hickerson, David Hines, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer, Joseph Conroy, Controller

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Chair Pilz called the meeting to order at 4:15 PM. The meeting was preceded by tours of resident apartments by the Board members.

II. Consent Agenda

The Board approved the Consent Agenda (April minutes, the Committee and Task Team reports, March Financial Reports and the Marketing Report).

III. Chair's Report

Chair Pilz thanked Jean Fowler for spearheading the tours of sixteen apartments and the graciousness extended by the residents. She also discussed the summer calendar. She announced that Pam Kaufmann, our attorney with Hanson Bridget, will speak to the Board at its June 22, 2016 meeting on the ramifications of the new right-to-die law in California. The July meeting is tentatively scheduled for July 20, 2016, and the August 24 meeting will not take place. Instead, a dinner is being planned for Wednesday, August 24 to honor retired Board members.

IV. CEO's Report

CEO Donnelly reported on several items. See attached.

V. Review of Quarterly Financial Statements

Controller Conroy summarized the first quarter financial statements. He discussed revenue; especially from Medicare and Private Pay skilled residents. He also pointed out that the overage in Health Center wages is due to overtime in staffing. It is anticipated that with a new Director of Nursing set to start on June 1, 2016, there will be a reduction in the amount of overtime. He also reported that a new scheduling software program has been implemented that makes it more efficient in tracking "call offs" and finding replacements to work these shifts.

Controller Conroy also reported on higher than budgeted unemployment expense. This is due to ending the Chinatown kitchen program and turning over the Laguna kitchen to a new vendor last year. He stated that the overage in accounting expense is due to timing and will be at budget by year end.

VI. Resident Communications and Relations

Martha Nell Beatty reported on the Residents' Council Meeting and the positive response to the announcement of a 3% increase in monthly fees starting July 1, 2016. She complimented Controller Conroy on his presentation. She also announced planning for the annual resident-board dinner has begun and the date will be after the September 28, 2016 meeting.

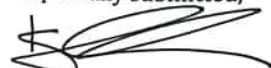
VII. Executive Session

CEO Donnelly reported on discussions with our attorney and CPAs regarding our legal structure.

VIII. Adjournment

The meeting was adjourned at 5:45 p.m.

Respectfully submitted,



Ken D. Donnelly

CEO Report for May 25, 2016 Board of Directors Meeting

1. Heritage on the Marina has received the highest rating from CMS for skilled nursing care. A 5-star rating.
 - a. While we have some improvement needed, they recognized the good care and high staffing.
2. We celebrated National Nursing Home Week 5.9 – 5.13.16.
 - a. Hanh and Karina lined up activities each day for different shifts to be recognized.
 - i. Included ice cream social one afternoon, breakfast for overnight staff another day and pizza for evening staff one day.
3. Important to recognize the work that staff performs.
 - a. We continue to recognize Employee of the Month.
 - b. I took front office staff to lunch to recognize them on Administrative Professionals Day in late-April.
4. Announced fee increase of 3% at 5.13.16 resident council meeting.
 - a. Expenses are up 3.7% over 2015 budget.
 - i. We reduced to 3% when factoring in that residents received NO COLA on social security in 2016.
 - ii. We will reduce the annual automatic wage increase for staff from 3% to 2.5%.
 1. This enables the revenue from monthly fees to cover the increase in wage expense.
5. Update on dining room changes.
 - a. Delayed until July 1, 2016. Salad/ soup station to be delivered mid-June.
 - b. Dining Room will be out of service for 3-5 days to remove old buffet and re-carpet.
6. Renovation of units, bathrooms and common area kitchens are on schedule and nearing completion.
7. We are moving forward with OSHPD projects.
 - a. Electrical upgrades. Target completion by 8.31.16.
 - b. Nurse Call System. Project start approximately 9.1.16. Project length is 6 months.
8. Courtyard Project.
 - a. Met with City Planning 5.24.16.
 - i. Planning, DBI, Historic, Water. No Fire.
 - ii. They say high probability that we will get a Categorical Exemption from CEQA. No Environmental Review.
 - iii. We will still need to have neighborhood meeting and file application for site permit et al.
 - b. Unfortunate that Fire never showed up. We will need to meet with them.
 - i. Biggest issue is whether or not we will be required to sprinkler the Perry Building first floor.
 - c. Timeline is:
 - i. File application with Planning.
 1. Secure Categorical Exemption letter. 2-3 months.
 - ii. File Building Permit Application within 2-3 months.
 - iii. DBI reviews and issues permit in 1-2 months.
 - iv. Projected start of construction = early 2017.
9. Installation of gazebo in Porter garden should be completed by mid-June.
 - a. 10x10 foot concrete foundation is being poured next week.
10. I have been invited to become a member of the SFSU Gerontology Advisory Council.
 - a. It meets quarterly.
 - b. Can be a feeder for student interns.
 - c. I also continue to serve on the Leading Age California Finance Committee and the Single Site Conference Committee.



**Board of Directors' Meeting Minutes
Conducted Via Telephone Conference
April 27, 2016**

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting telephonically on Wednesday, April 27, 2016.

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, Randy Gridley, David Gruber, Molly Hauser, Jeanie Kayser-Jones, Trish Oststott, Laura Pilz, Leslie Van Houten

Directors Absent: Jean Fowler, Jane Hickerson, David Hines, Connie Tiret

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Chair Pilz called the meeting to order at 4:04 PM.

II. Consent Agenda

The Board approved the Consent Agenda (the March minutes, the Committee and Task Team reports, March Financial Snapshot and the Marketing Report).

III. Chair's Report

Chair Pilz reported that Heritage on the Marina was the recipient of a \$10,000 bequest from one of our deceased residents, Diana Taylor.

Chair Pilz also commented on the voluminous documentation received by the Board in preparation for this meeting. She noted that the staff is working on a web portal which will provide easier access to these documents in the future as well as a way for them to be archived.

IV. CEO's Report

CEO Donnelly presented two items that required Board approval:

1. Approval of the 2015 Audit Report.
Prior to the meeting the Board was provided with the Financial Statements and Independent Auditors' Report, December 2015 and 2014. The Board approved the Audit Report for 2015.

2. Approval of Resolution for the Beer and Wine License.

We have submitted our application for a Beer and Wine License and posted as required will be notifying the homeowners within 500 feet of the property. We are seeking this license as residents have requested that they be able to buy wine and beer. The City has asked that the Board approve the application for the license. The Board approved the license application as set forth in the resolution provided to the Board.

V. Resident Communications and Relations

Martha Nell Beatty reported on the Residents' Council Meeting including a discussion of the new dining situation.

VI. Executive Session

CEO Donnelly reported on the status of joint venture we are exploring. Chair Pilz and CEO Donnelly gave an update on the Courtyard Project.

VII. Adjournment

The meeting was adjourned at 4:56 p.m.

Respectfully submitted,



Leslie L. Van Houten



Board of Directors' Meeting Minutes March 23, 2016

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, March 23, 2016 at Heritage on the Marina (the Heritage), 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, David Hines, Jeanie Kayser-Jones, Trish Osttott, Laura Pilz, Connie Tiret, Leslie Van Houten (through agenda item III.)

Directors Absent: Jane Hickerson

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: (not present)

I. Call to Order

Chair Pilz called the meeting to order at 4:10 PM.

II. Consent Agenda

The Board approved the Consent Agenda (February minutes, committee and task team reports, January financial snapshot and marketing report).

III. Chair's Report

Chair Pilz provided the board with updated Committee Membership assignments and requested Board members send her any changes/corrections.

The Courtyard Project description and schematics were discussed by CEO Ken Donnelly and the Board. David Gruber asked if we should consider adding a basement level to the project. CEO Donnelly will explore this with the architects.

The Board approved a motion from Connie Tiret, seconded by Deborah Avakian, to authorize CEO Donnelly to engage HKIT in developing more detailed specifications and develop an RFP for selecting a contractor to provide a cost estimate of the project. The motion passed with one abstention by Randy Gridley.

The Board approved a motion from Jeanie Kayser-Jones, seconded by Molly Hauser, authorizing CEO Donnelly to engage HKIT to undertake the permitting process with the City Planning Department. The motion passed with one abstention by Randy Gridley.

It was noted that CEO Donnelly will return for Board approval of professional fees involved if the costs exceed his expense authority.

IV. CEO's Report

CEO Donnelly reported Heritage on the Marina has acquired a new van for transporting residents.

A new wellness director has been hired and will be introduced to members at the next Board meeting.

The search continues for a Director of Nursing.

He informed the members of construction that has started on two units and other minor renovations and additions to the property.

He also briefed the Board on changes planned for the dining service to be announced in early April and effective June 1, 2016.

V. Planned Giving Presentation

Bill McMorran of Green Oak Consulting Group joined the meeting to present an overview of a planned giving program for Heritage on the Marina. The Board held a discussion of the ideas presented following the consultant's remarks. The Development Committee will review the ideas and return to the Board with a recommendation on next steps for the organization.

VI. Resident Communications and Relations

Martha Nell Beatty was excused from the meeting so there was no Resident Committee report. Jean Fowler will work with the residents to set up an open house for a few units prior to the May 25, 2016 Board meeting.

VII. Other Business

No other business was conducted.

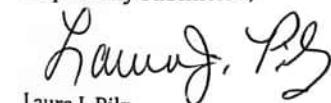
VIII. Adjournment

The meeting was adjourned at 6:05 p.m.

XI. Executive Session.

No Executive Session was held.

Respectfully submitted,



Laura J. Pilz
Chair



Board of Directors' Meeting Minutes February 24, 2016

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, February 24, 2016 at Heritage on the Marina (the Heritage), 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Carolyn Barber, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, David Hines, Jeanie Kayser-Jones, Trish Otstott, Laura Pilz, Connie Tiret, Leslie Van Houten,

Directors Absent: Andy Carlson, Jane Hickerson

Staff Present: Ken Donnelly, Chief Executive Officer, Joe Conroy, Chief Financial Officer

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Chair Pilz called the meeting to order at 4:06 PM.

II. Consent Agenda

The Board approved the Consent Agenda (the January minutes, the committee and the task team reports, the December financial snapshot and the marketing report).

III. Chair's Report

Chair Pilz reported on the Master Task Team's meeting earlier that day to discuss the Courtyard Building Project. Randy Gridley discussed the potential financing models each with its pros and cons. Gridley discussed the differences between using our properties as collateral for a mortgage or borrowing from our portfolio. At the next meeting, the Board will be presented with a case justification, the schematics and financing models. The Board will be provided with materials in advance and a vote will be taken on the project at the next meeting.

IV. CEO's Report

CEO Donnelly reported on new hires and recruitments that are under way.

Next, CEO Donnelly reported on the three recommendations from the Facilities Committee for expenditures require Board approval.

- Nurse Call System replacement in the Health Center—up to \$135, 000
- The van--\$70,000
- Two air gap systems for the kitchen prep/sink areas--\$15, 000

The Board approved these expenditures.

V. The Deep Dive on the Financial Situation

CFO Conroy reported on the year-end financial results (fees received, expenses incurred, excluding investments). See document (2015 Results Summary). Our actual loss was \$731,000.

CFO Conroy reported that three primary reasons for the negative variance:

- Overtime in health center;
- Dining services expenses—there were additional expenses resulting from transition from Sodexo to Morrison and the last year's budget was not accurate;
- Other expenses—van maintenance and repair, pipe and boiler and elevator related expenses; also the change to a more reliable albeit more expensive security firm.

VI. Strategic Initiatives

The Board was provided with a document entitled "2016 Strategic Initiatives" for its review. CEO Donnelly went over the initiatives for 2016 for the Heritage.

VII. Resident Communications and Relations

Martha Nell Beatty reported that the Executive Committee revamped the committee structure. Jean Fowler and Martha Nell Beatty invited board members to visit the residents in their apartments and to dine with them.

VIII. Other Business

The Development Committee reported on its meeting that was held earlier this week. A consultant, Bill McMorran, will present at the March meeting. The committee determined for the present it will not recommend that a consultant be hired as it considers the direction that fundraising should take.

IX. Adjournment

The meeting was adjourned at 5:45 p.m.

X. Executive Session.

Chair Pilz updated the committee on the ongoing potential expansion project. This meeting was adjourned at 5:50 p.m.

Respectfully submitted,

Leslie L. Van Houten

Leslie L. Van Houten



Board of Directors' Meeting Minutes January 27, 2016

The Board of Directors of the San Francisco Ladies' Protection and Relief Society (the Board) held its monthly meeting on Wednesday, January 27, 2016 at Heritage on the Marina (the Heritage), 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Carolyn Barber, Jean Fowler, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Laura Pilz, Connie Tiret, Leslie Van Houten

Directors Absent: Andy Carlson, Jeanie Kayser-Jones, Trish Ostott

Staff Present: Ken Donnelly, Chief Executive Officer, Joe Conroy, Controller

Residents' Representative Present: Martha Nell Beatty, Residents' Council President

I. Call to Order

Chair Pilz called the meeting to order at 4:05 PM.

II. Consent Agenda

The Board approved the Consent Agenda (the December Board meeting minutes, the Committee and Task Team Reports, the November Financial Snapshot and the Marketing Report).

III. Chair's Report

Chair Pilz welcomed the newest member of the Board, Jean Fowler, and Martha Nell Beatty, the newly elected Residents' Council President and representative to our Board. Chair Pilz also announced with regret that Mary Louise Fleming had resigned her Board position in light of her move to Southern California. Chair Pilz extended her thanks to Mary Louise for her service.

Chair Pilz asked for Board members to volunteer for the Finance Committee. Randy Gridley solicited members for the Investment Committee. Dave Gruber volunteered for both the Finance Committee and the Investment Committee; Deb Avakian volunteered to serve on the Investment Committee.

IV. CEO's Report

CEO Donnelly reported on, among other things, the successful state and federal Medicare site visit; the Norovirus outbreak that occurred over the Christmas holidays; the initial investigation into improving dining services; and research on a replacement van.

V. The Capital Budget

CFO Conroy provided a 2-page handout entitled "Staff Recommendations Capital Budget 2016" which listed a variety of projects for this year that may come to the Board as necessary for approval. A brief discussion was held on major items.

VI. Resident Communications and Relations

Martha Nell Beatty reported on, amongst other things, the residents' concerns raised by the Norovirus outbreak.

VII. Other Business

None.

VIII. Adjournment

The meeting was adjourned at 5:10 p.m.

IX. Executive Session.

Discussion was held on personnel issue and other confidential issues. This meeting was adjourned at 5:29 p.m.

Respectfully submitted,



Leslie L. Van Houten



Board of Directors' Meeting Minutes December 16, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "Heritage") was held on Wednesday, December 16, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, Mary Louise Fleming, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Patricia Otstott, Jeanie Kayser-Jones, Laura Pilz, Connie Tiret, Pamela Tudor, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Gail Lindlow, President, Residents' Council

I. Call to Order

Chair L. Pilz called the meeting to order at 4:05 PM.

II. Consent Agenda

The Consent Agenda was approved by the Board on a motion from M. Hauser and second by R. Gridley. (November Minutes, Committee and Task Team Reports, October Financial Snapshot and Marketing Report.)

III. Chair's Report

L. Pilz reminded the Board on the importance of showing organization support through 100% participation in annual giving. Board gifts need to be received by the end of the year.

The Chair announced the retirement of P. Tudor, effective yearend, and expressed appreciation for her 20 plus years of service to the Heritage Board.

The Chair called on P. Otstott, Chair of the Nominating/Governance Committee, who presented for Board approval the recommendations of her committee for the 2016 slate of officers and members to serve three-year terms. The Board approved on a motion from P. Otstrott and second by M. Hauser the following:

Slate of Officers to serve a one-year term:

Chair, Laura Pilz

Vice Chair, Randy Gridley

Treasurer, Connie Tiret

Secretary, Leslie Van Houten

Board Members to serve a three-year term (which ends December 2018):

Andy Carlson
Jeanie Kayser-Jones
Patricia Otstott
Leslie Van Houten

The 2015 Nominating Committee included: T. Otstott (Chair), C. Barber, D. Gruber, M. Hauser, P. Tudor

The Board approved Jean Fowler (elected by the residents) to represent the residents as a voting member of the Heritage Board on a motion from P. Otstott and second by M. Hauser, per California Assembly Bill 1751 which requires CCRCs to place a voting resident on the Board as of year 2016. K. Donnelly will provide an orientation on January 7, 2016.

The Chair announced that the confidentiality and conflict of interest agreements will be reviewed at the January meeting as part of the Board's due diligence.

IV. CEO's Report

K. Donnelly expressed appreciation to the Board for another fruitful year and to P. Tudor for her service, encouragement and leadership for the past years.

He reviewed the dramatic changes made in 2015: start of Medicare services, vacancies with the Director of Nursing and Executive Director and the change in Board composition with the addition of a resident voting member. He expressed 2016 as a year of opportunity: decisions on proceeding with the Master Site Plan, work to develop and establish a Planned Giving function, major capital projects such as the nurse call system replacement and others. He expressed optimism about the future and ability to evolve and appeal to residents of the future. He expressed appreciation to everyone for his or her continued support.

Leadership transition:

- Interim leadership in the Health Center is working as well as can be expected. We have instituted new policies to curb "call offs" from CNAs. We have also uncovered some other areas needing attention and are diligently addressing these challenges (Medical Records, other compliance areas).
- A Director of Nursing has been hired, Andrew Chua, and a supporting plan to have him obtain a Nursing Home Administer (NHA) license. A NHA needs to be hired, whether the current interim Hanh Ta or a replacement for a minimum six to nine months to provide preceptorship. This will result in the best long-term solution, i.e. having a CNO/NHA and will give the CEO several months to determine whether or not to retain an Operations Director in the future.

Nurse Call System:

We have completed the draft Request For Proposal for a new nurse call system and will be sending to several vendors. The plan is to commence the work in the second quarter of 2016.

Facilities Committee:

The committee was presented with the staff recommendations for the 2016 capital budget. The capital budget will be placed on the agenda for the January meeting.

Health Center Census:

- The census is currently 25--a consistent number for the last two months. A high of 29 was reached several days in October.
- The Interdisciplinary Team ,(Medical Director, Dr. Maryam Matin, the Director of Nursing, the Nursing Home Administrator, Heidi Leek, the Director of Physical Therapy, Doug Kaplan, Director of Social Services, Nursing staff, and sometimes Ken and Janet, are working on several resident transitions from Independent Living to Assisted Living and from Assisted Living to the Health Center.
- Potentially all of our Assisted Living units will be filled.

Other Health Center

- The Stericycle contract has been terminated as their fees have been persistently increasing. A new contract will begin January 2016 at \$1200 per month versus the Stericycle \$3900 per month.
- The Wellness Director position is still open as a candidate who was offered the position declined.

V. Operating Budget – 2016

J. Conroy reviewed highlights of the 2016 budget:

- In 2016 the projected loss is \$2,881,829 versus a forecasted loss in 2015 of \$3,349,648. Revenue is budgeted at \$7,391,371; expenses \$10,273,201. Based on an estimated portfolio return of 5% (rather than our historical 6%), 2016's projected loss equates to 3.9% of our total investment return.
- A challenge has been (will be) to provide higher levels of service against a fixed number of units. We don't have the additional income to support additional services.

Revenue \$6,599,644 forecasted in 2015 versus \$7,319.371 in 2016)

- Revenue is budgeted to increase 3%, primarily due to next year a full year of Medicare, five beds at \$750 per day.
- Life care fees will increase only slightly.
- Some \$230,000 has been budgeted for resident subsidy (versus \$200,000 in 2015) but no additional subsidies will be required.
- We will no longer have revenue from the public nutrition program, however, the revenue and expense has been neutral so no impact on the budget.
- There has been no increase in private patient care.

Expenses (\$10,041,563 forecasted in 2015 versus \$10,273,201 in 2016):

- Items driving expense increase: 1) new contract with Morrison Dining Services somewhat higher than previous contractor; 2) better service as in higher level of food; 3) change in security firm (former firm not reliable); 4) van pushing 80,000 miles, and needs \$30,000 in repairs; 5) added employees and \$120,000

in salaries--full time director for Activities and Wellness Department, an $\frac{1}{2}$ time position for volunteer coordinator and two activities assistants at 20 hours a week, and increase from part-time to full-time for administration position under Controller. The latter position focused on payroll. In 2016 will assume other projects such as review of resident financial records.

- As head count increases we cannot offset in head count of residents. In future we need to look at how current employees can be most efficient, where we can cutback or reallocated.
- A 3% increase was budgeted for wage and salary increase as of January 1. Also we have significant cost in benefits as health plan, workers compensation.
- We are holding the line on the rest of the expenses.
- A reminder as we move to 2016, we have a limit on the fees that we can collect again increasing services and increasing subsidy to residents.

The Board approved the 2016 budget of \$10,273,201 on a motion from C. Tiret and D. Gruber.

VI. Resident Communications and Relations

G. Lindlow reported that several residents had received notices from the Brown and Toland Group regarding the closing of the enrollment period. She suggested that it would be helpful if Heritage on the Marina could anticipate such changes and have an education session for the residents from someone knowledgeable on Medicare supplemental plans.

G. Lindlow commented that an outstanding number of residents (74) participated in the election of officers for the Residents' Council. She reminded the Board that life goes on beyond five o'clock and the importance of the van to transport residents to the ballet, symphony, opera, other city events and dinner engagements.

L. Pilz expressed appreciation to G. Lindlow as residents' representative to the Board in 2015. She will be replaced in 2016 by Martha Nell Beatty, the incoming Residents' Council President.

VII. Other Business

The meeting was adjourned at 5:36 PM. The Board joined the residents and their guests at the annual Board-hosted Christmas party.

Respectfully submitted,



Pamela A. Tudor
Secretary



Board of Directors' Meeting Minutes November 18, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "Heritage") was held on Wednesday, November 18, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Jeanie Kayser-Jones, Patricia Otstott, Laura Pilz, Connie Tiret

Directors Absent: Mary Louise Fleming, Pamela Tudor, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Gail Lindlow, President, Residents' Council

I. Call to Order

Chair L. Pilz called the meeting to order at 4:00 PM.

II. Consent Agenda

The Board approved the Consent Agenda (October Board Minutes, September Board minutes as revised, Committee and Task Team Reports, Marketing Report) on a motion from M. Hauser and second by R. Gridley.

L. Pilz explained that there was no financial dashboard included in the consent materials due to this meeting being held one week earlier than regularly scheduled.

III. Chair's Report

L. Pilz reminded members of the upcoming Holiday Party to be held on December 16. She asked members to be sure to RSVP to Patti Gallagher as soon as possible.

L. Pilz asked the Board attendees to the LeadingAge conference in Boston to share highlights from the annual conference. She distributed a list of all the education sessions attended by the five members who attended the conference.

C. Tiret highlighted her impressions and takeaways from sessions regarding community engagement, remaining competitive, and understanding senior market needs. She reported statistics about the Boomer generation. Most notably that we should not treat all Boomers alike. They want to live long, healthy and die fast. And they are a generation of "game changers."

D. Avakian shared information pertaining to Improving Sleep/Wake Experience of Residents. She quoted a study done that individualized each resident's care through

(their) Restorative Sleep Vitality Program. This resulted in a 50% reduction in daytime falls and completely eliminated falls at night.

R. Gridley also attended sessions on the Boomer consumer. He reported that the average age in Life Plan Communities is 81 years. He commented that some communities are now using Age-based Pricing models i.e. the younger you are at entry the less you pay. It was also presented that demand for urban living is growing; especially in the Boomer group.

He reported that there are not many new communities being built. Most construction is in the form of renovation and expansion of current facilities. The focus of new construction is on appealing to the middle market economic segment. This is due, in part, to the fact that Boomers, on average, will be \$500,000 short of the funds they need to maintain their current lifestyle into retirement.

T. Ostott attended sessions on fundraising, outreach, Grant Writing Do's and Don'ts, and the Boomer consumer. She reported that fundraising involves everyone - Board, Leadership and Staff. It is an "all hands on deck" philosophy. Outreach is most successful when collaborating and partnering to become a greater resource to the community than one could do on its own. She also reiterated that Boomers want to live in an urban environment and that our location is our greatest asset.

L. Pilz stated that it was reported that non-profits are feeling pressure from for-profit organizations entering the senior housing marketplace. There is a continuing trend for smaller organizations to partner, affiliate or merge. She revealed that LeadingAge has started to advocate for changing the name of our communities from Continuing Care Retirement Community to Life Plan Community.

IV. CEO's Report

K. Donnelly reported on the staff takeaways from the LeadingAge conference. A detailed summary is attached to these minutes.

Following is a summary of items reported:

- Leadership transition. Currently we have two interim contracted positions: A Nursing Home administrator which is a regulatory requirement is being filled 2 days per week and an Interim DON is contracted 5 days per week. Both are contracted through 12.31.15. Both are working well with staff. Waiting to fill any Operations position until after CNO is appointed. Not certain that Operations position is warranted. I believe the Executive Team and I can fill oversight roles. Resident Relations to be addressed by Janet, Doug and the Wellness Director – along with me at times – to address resident concerns and provide responsive communication.
- We are developing a draft RFP for a new nurse call system. The RFP has two parts: One for the Health Center/ OSHPD and the other for RCFE. We plan on sending the RFP in early December and bring a recommendation of which firm to work with and the cost to install the new system to the Facilities Committee in late-January or February.

- The Operating Budget: Prior to this meeting and discuss the budget Committee in early I presented to Residents approval of Capital Funds
- Health Center refresh: Friendship Hall floor being reviewed. Hall
- Physical plant improvements: Maintenance in early Francisco internal s
- Porter Garden: Preliminary designs submitted to residents for comments. Cost is less than \$5k. Sprinkler repair completed. New sod planned for center of garden area around fountain.
- Health Center census is currently 25; down from a high of 30. There are 2 Medicare, 2 HMO / Private Insurance, 8 private, 9 long-term, 4 short term. The Interdisciplinary Team is working on several transitions from IL to AL and from AL to Health center. Potentially all our AL units will be filled.
- A surveyor from CDPH was on site today to follow up on two investigations. Both were self-reported by us. Both were cleared and we were told that we took all the appropriate steps. Note: This is a pre-cursor to the annual licensing visit.

K. Donnelly asked for a motion to remove Marla Hastings and George Morris and to add Randy Gridley and Laura Pilz to (our investment advisor) Bernstein's authorized signers list. He also asked that the motion include adding Laura Pilz to our Wells Fargo accounts signatory list. The Board approved the motion made by Molly Hauser and seconded by Jeanie Kayser-Jones.

V. Resident Communications and Relations

L. Pilz thanked Gail and the residents for the annual resident-board dinner held October 28, 2015.

G. Lindlow reported from the recent resident council meeting that Trish Oststott had attended and spoke about social accountability. She also reported that there was some confusion on the part of the residents regarding election of a resident as a voting member to the Board of Directors. This confusion has since been mitigated and Gail stated that they plan to present to the Board - after their annual meeting on December 11, 2015 - all those who wish to be considered for membership on the Board. She said the time of the annual meeting is 9:30 a.m. and will be held in the Friendship Hall.

Gail told the Board of resident's community outreach efforts, including an upcoming sale on November 20, 2015, of knitted items. All proceeds are to benefit the Employee Appreciation Fund. A group of residents continue to knit presents for the Head Start program in the Bayview.

Gail thanked the Board for her experience of representing the residents to the Board. She reported that a new resident representative/ President will be elected at their

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- The Operating Budget will be presented for approval at 12.16.15 meeting. Prior to this meeting we will hold a Finance Committee meeting to review and discuss the budget. The Capital budget will be proposed to Facilities Committee in early December; meeting date TBD. Proposal will also be presented to Residents Council at meeting 12.11.15. We will seek final approval of Capital Budget at 1.27.16 Board meeting.
- Health Center refreshing. Bedspreads, valances are expected in 8-12 weeks. Friendship Hall flooring, divider and storage. Conceptual plans from HKIT being reviewed. Hallway carpet replacement planned for mid-January.
- Physical plant improvements: Door lever project to be completed by Maintenance in early December. Saves \$10k+! The steps were replaced at the Francisco internal stairs on 11.13.15 by Maintenance.
- Porter Garden: Preliminary designs for a gazebo were given to residents for comments. Cost is less than \$5k. Sprinkler repair completed. New sod planned for center of garden area around fountain.
- Health Center census is currently 25; down from a high of 30. There are 2 Medicare, 2 HMO/ Private Insurance, 8 private, 9 long-term, 4 short term. The Interdisciplinary Team is working on several transitions from IL to AL and from AL to Health center. Potentially all our AL units will be filled.
- A surveyor from CDPH was on site today to follow up on two investigations. Both were self-reported by us. Both were cleared and we were told that we took all the appropriate steps. Note: This is a pre-cursor to the annual licensing visit.

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L. Pilz thanked Gail and the residents for the annual resident-board dinner held October 28, 2015.

G. Lindlow reported from the recent resident council meeting that Trish Otstott had attended and spoke about social accountability. She also reported that there was some confusion on the part of the residents regarding election of a resident as a voting member to the Board of Directors. This confusion has since been mitigated and Gail stated that they plan to present to the Board - after their annual meeting on December 11, 2015 - all those who wish to be considered for membership on the Board. She said the time of the annual meeting is 9:30 a.m. and will be held in the Friendship Hall.

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Gail thanked the Board for her experience of representing the residents to the Board. She reported that a new resident representative/ President will be elected at their

annual meeting. L. Pilz and several members expressed their thanks to Gail for her service.

VI. Other Business

None.

VII. Adjournment

The meeting was adjourned at 5:16 p.m.

VIII. Executive Session.

Discussion was held on the upcoming election of officers and vetting process for new members to the Board. This meeting was adjourned at 5:45 p.m.

Respectfully submitted,



Ken D. Donnelly



Board of Directors' Meeting Minutes October 28, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "Heritage") was held on Wednesday, October 28, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, Mary Louise Fleming, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Patricia Otstott, Jeanie Kayser-Jones, Laura Pilz, Connie Tiret, Pamela Tudor, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer, and Dr. Maryam Martin, Medical Director

Residents' Representative Present: Gail Lindlow, President, Residents' Council

I. Call to Order

Chair L. Pilz called the meeting to order at 4:04 PM.

II. Consent Agenda

The Board approved the Consent Agenda on a motion from M. Hauser and second by R. Gridley with the exception of the September minutes. They were removed from the agenda and will be revisited in November. The approved Consent Agenda included Committee and Task Team Reports, August and September Financial Snapshots, Operations Report and Marketing Report.

III. Chair's Report

Resident Recruitment for Board Membership:

L. Pilz reported that the Residents' Council will be recruiting and voting to nominate a resident to sit on the Board of Directors as a voting member beginning January 2016. This is to comply with a new State regulation AB1751.

IV. CEO's Report

Recruitment update:

K. Donnelly reported three management positions are open—Director of Nursing (DON), Director of Well Being and Director of Operations. An interim DON will be starting in two weeks.

RCFE Administrator:

He requested and the Board approved a change in RCFE Administrator from Marla Hastings to Ken Donnelly on a motion from D. Gruber and second by R. Gridley.

Health Center:

Improvements in the Health Center are continuing. One focus is Friendship Hall, which has to serve multiple functions. Improvements are being made to make the space a better experience for the Health Center residents.

Also, the census currently is the highest it has been in over four years. It currently stands at 30. He noted that several Medicare patients have stayed and elected to pay privately.

Employee Satisfaction Survey:

He is following up on the results of the survey.

Employee Picnic:

He expressed appreciation to Board member D. Gruber for sponsoring the employee picnic, which was gratefully attended and enjoyed by the employees. This will become a yearly event.

Staff Transitions:

Several meetings have been held to discuss and answer questions around the recent changes in staffing. In 2016 he plans to hold regular, hosted lunches for six to eight staff as an additional way to increase dialogue and access to the CEO.

Morrison Food Service:

A meeting was held with Morrison to express disappointment with their service during the recent norovirus outbreak. Expectations were set for the future.

Discrimination in the Dining Room:

He called attention to the article in the Board packet –summarizing recent Department of Justice rulings regarding discriminating against residents from the Health Center who want to take meals in the dining room. This issue has increased with the number of Medicare patients who meet existing criteria and have shorter stays in the Health Center. A clear policy is needed and educating Heritage residents is important. The issue will be discussed in more detail at a later time.

V. Development Recommendations

P. Tudor, Chair Development/Marketing Committee, reported that the committee will be coming back to the Board with a more refined plan to create a fundraising/development function, built upon the recommendations in the Feasibility Study completed by Nelson & Associates. Rather than a traditional capital campaign, which the consultants advised Heritage on the Marina is not prepared to undertake, they recommended building the courtyard project with funds from the investment portfolio. Future bequests and planned legacy gifts would go to reimburse the portfolio. This provides the time needed to establish a cultivation and communication function. The position may be part-time or the assistance of a consultant may be required as Heritage may not have the capability in house to develop an effective Planned Giving program.

The committee recommended that the recent \$25,000 bequest from the Warren "Buzz" Perry estate be set aside as the first gift to go towards a planned legacy fundraising program and would be in keeping with the contributions that his father (architect for

the Perry building) and mother (former president of the Board of Managers) have made to the Heritage. His wife, Joan Perry was served on of the Board of Managers.

VI. Presentation on Quality Assurance Metrics

Dr. Matin presented the Health Center's efforts in developing new Quality Assurance Metrics and reviewed the results over the past quarters. She emphasized the importance and participation of all departments in creating these metrics that are raising the standard of resident care. Dr. Matin focused on two quality metrics which take the lead role in the Quality Assurance Performance Improvement plan. These are falls monitoring, prevention and reduction and elimination of the use of psychotropic medications. In addition to the quarterly Quality Assurance meetings, Dr. Matin explained that a weekly Inter-disciplinary Team meeting takes place. The participants are herself, the Rehabilitation Therapist (Heidi Leek), Director of Social services (Doug Kaplan), and the Director of Nursing. They review all quality metrics and also have special meetings whenever there is a fall.

VII. Resident Communications and Relations

G. Lindlow commented that the residents were looking forward to the Board/Resident Annual dinner that was taking place after the Board meeting.

VIII. Other Business

None

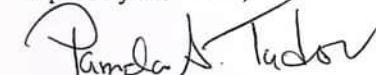
IX. Adjournment

The meeting was adjourned at 5:15 PM to go into Executive Session.

X. Executive Session

The Executive Session adjourned at 5:25.

Respectfully submitted,



Pamela A. Tudor
Secretary



Board of Directors' Meeting Minutes September 23, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "Heritage") was held on Wednesday, September 23, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Mary Louise Fleming, Randy Gridley, David Gruber, Molly Hauser, Jeanie Kayser-Jones, Laura Pilz, Connie Tiret, Pamela Tudor

Directors Absent: Carolyn Barber, Andy Carlson, Jane Hickerson, David Hines, Patricia Ottstott, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Gail Lindlow, President, Residents' Council

I. Call to Order

Chair L. Pilz called the meeting to order at 4:04 PM.

II. Consent Agenda

The Board approved the Consent Agenda (August Board Minutes, Committee and Task Team Reports, July Financial Snapshot, Operations Report, Marketing Report) on a motion from M. Hauser and second by R. Gridley.

Comments: A Quality Assurance report was requested and will be included in future agendas. Dr. Matin will also be requested to make a presentation on Quality Assurance at the October meeting. A request was made that a Resident/ Unit Capacity column be added to Marketing Department Report and Financial Snapshot to reflect actual versus full resident capacity.

III. Chair's Report

L. Pilz announced that Executive Director Marla Hastings will be retiring October. The Board plans to recognize Marla at the annual Resident-Board dinner on October 28. The Chair complimented the residents on their participation in the recent Alzheimer's Walk and reaching out to the Board to participate. (L. Pilz represented the Board on the walk.) Some \$3500 was raised of which one half will be returned in early 2016 to Heritage. Staff will be discussing with residents how to best use the funds.

Master Plan Task Team: She reported that the Historical Resource Study concluded that the Julia Morgan designed building be considered historical and registered within California Register of Historical Places. The City Planning Commission requires this study when changes are made to buildings older than 45 years. The historical designation will dictate how a new courtyard building will attach to the Morgan building. City Planning may also require an environmental impact report to assess things as shadows cast, and neighborhood parking, views and traffic. A negative

declaration is anticipated. This would indicate minimal or no impacts to the surrounding neighborhood. Initial schematic plans have also been prepared by HKIT architects to reflect how the space fits within the courtyard and use. The environmental report and approval will take four to six months.

Courtyard Project:

Laura commented that the Board will be voting to move forward (or not) with a new courtyard building. Discussion followed. Comments:

- The space needs to be multi-purpose to fill numerous needs--flexible dining alternatives, programming, concerts, lectures, special events.
- The project will help attract new residents who desire more amenities than offered today and help attract staff.
- Other important improvements need to be included in the project such as:
 - A state-of-the-art Health Center, to replace the current facility. In addition to serving residents with superior care, this project would be a cornerstone for a fundraising effort. The effort would include attracting the technology industry for innovation and creation of a donor base. Most importantly, this will encourage a younger generation to become involved in our industry.
 - Landscaping in front of the Morgan Building
 - Enhancements to the Porter Garden
- We owe it to our community and a relevant future to make this happen.
- Financing needs to be determined. The Finance Committee will work on approaches to fund and will bring back recommendations to the Board.

IV. CEO's Report

K. Donnelly reviewed the new (working draft) organization chart and recruitment efforts for the Chief Nursing Officer and Director of Operations. A hold has been placed on a volunteer coordinator until a Director of Well Being is hired. He commented that this is an enormous opportunity to look to the future and hire the highest-level team. A priority is to hire leaders with experience, enthusiasm and look to the future to bring a new dynamic to the Heritage.

V. Results of Mini-Audit and Actuarial Study

K. Donnelly reported that Janet Holland of DZH Philips reviewed and reported to the Audit Committee that the financial statements are in order. She is satisfied with the procedures in place to reconcile on a monthly and quarterly basis.

An actuarial report is required every five years. It answers the question of having necessary reserves to provide for the services that we have contracted with residents, including health care.

VI. Resident Communications and Relations

G. Lindlow reported that Morrison, who provides food services to Heritage, performed poorly during the recent outbreak of norovirus. A meeting is being held to review and set standards for the future. Residents had a robotic tour of the DeYoung Museum and also appreciated the most recent Muni bus tour of the City led by Jean Fowler. Residents will hold an appreciation dinner for Marla and her 23 years of service October 14. Details for the resident-board dinner on October 28 were commented upon.

VII. Report from Social Accountability Task Team

K. Donnelly reported that Pam Kaufman, attorney for Heritage, attended a recent task team meeting to speak on the latest thinking regarding social accountability issues. The Society's accountants and tax professional - DZH Phillips - were asked to review tax returns and the tax benefit received by the Society. The average tax benefit over the years 2012-2014 is approximately \$2 million. This is primarily due to the amount of realized gains on our investment portfolio. The Investment Committee has been asked to review the volume of transactions and investment strategy with our investment advisor Bernstein.

VIII. Other Business

None

IX. Adjournment

The meeting was adjourned at 5:47 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



Board of Directors' Meeting Minutes August 26, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "Heritage") was held on Wednesday, August 26, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, Mary Louise Fleming, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Jeanie Kayser-Jones, Laura Pilz, Patricia Osttott, Pamela Tudor, Leslie Van Houten

Director Absent: Connie Tiret

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Gail Lindlow, Residents' Council President

Guests: Theresa Nelson and Mary Powell of Theresa Nelson & Associates

I. Call to Order

Chair L. Pilz called the meeting to order at 4:11 PM

II. Consent Agenda

The Board approved the Consent Agenda items--the June Board Minutes, Committee and Task Team Reports, May and June Financial Metrics, Operations Report, Marketing Report--on a motion from D. Gruber and second by C. Barber.

III. Development Committee Report

T. Nelson and M. Powell presented a report on the results of a Feasibility Study to assess Heritage's ability to support a fund raising campaign of \$2 million over two to three years. Their key findings and observations:

Heritage on the Marina:

- Viewed positively, long history and sense of effectiveness.
- Management is moving in the right direction.
- Board leadership is committed to the project in theory but philanthropy is inadequate.
- Current overall fund development activity and philanthropy are limited.
- No formal fund development function in place.
- Case for support is not strongly compelling.
- Lacking formal fund development function.

The Project:

- Building concept seems to respond to needs, though support is divided.
- Allows for better quality of life for present residents, more attractive to prospective residents.
- Impact of Historic Resources Review yet to come.

The Campaign and Leadership:

- Suggest likely to raise no more than \$200,000 to \$300,000 over three years from those interviewed in the study, and this is an optimistic number.
- Prospect of success with \$2 million campaign appears low.
- Volunteer interest and campaign leadership interest are limited, not focused on peer solicitations.

Recommendations given findings and observations above:

- Build a stable, permanent Fund Development function at Heritage, including cultivation, communications and stewardship.
- Rather than launching a traditional capital campaign at this time, consider building the project with funds from the endowment, and directing future bequests, planned gift revenue (and interest) to reimburse the endowment.
- Use the intervening time and dedicate financial and human resources to establishing an effective development, cultivation and communications presence.
- Focus future Board recruitment on individuals who can both provide significant philanthropic support to Heritage, who can be actively involved in cultivating, soliciting and stewarding donors, and who may provide complementary skill sets and networks to those of the current Board.

Decisions required of the Board:

1. Does the Board want to move ahead on the Courtyard project?
2. If so, how? Finance with endowment to be reimbursed with gifts and planned gifts?
3. Does the Board want to look to the longer term and establish a Development function?

The Board expressed appreciation to T. Nelson and M. Powell for their excellent and objective work and the presentation of their findings. The Board gained considerable knowledge from this Feasibility Study.

Further action: The Marketing/Development Committee will discuss the report's findings and make their recommendations to the Board at an upcoming meeting. The Governance Committee will discuss recommendations regarding future Board recruitment and make recommendations to the Board.

IV. Chair's Report

No report.

V. CEO's Report

Comments moved to the Executive Session.

VI. Resident Communications and Relations

G. Lindlow reported on the resident picnic. She suggested, in the spirit of building better communications between the Board and residents, that an article on Board members appear regularly in the monthly Happenings.

VII. Health Committee Report

Committee Chair J. Kayser-Jones provided background to the Health Committee report detailed in the attachment. Summary:

- Committee is working to define and implement a "Culture of Excellence" at the Heritage.
- Overall care is good and use of psychotropic drugs has declined.
- Activities program needs improvement—we are not doing all we can to provide a health promoting environment instead of a dependency promoting environment. Oversight of volunteers is poor, competency of volunteers questioned.
- Need a qualified, proactive staff that is: more innovative, takes more initiative, has the background and experience to develop meaningful programs, and staff who will follow through with suggestions made by Health Committee members.

K. Donnelly noted he is responding to the Health Committee concerns in the Executive Session.

The Board unanimously approved two motions presented by K. Donnelly and seconded by M. Hauser:

1. The Health Center to change CNAs shifts back to 8 hours rather than the current 7 ½ hour shift. The benefits: CNAs shifts would overlap and increase accountability, and staff morale would benefit. The cost will be \$40,000.
2. A budget of \$65,000 for Phase I for Health Center refurbishment. Projections are needed for Phase II and III, which have been previously outlined to the Health Committee, will be provided in a future meeting.

VIII. Other Business

R. Gridley presented a financial update due to the recent market selloff. The selloff is tied mostly to events in China and its economy slowing. He reminded the Board that after five years of an up market, a correction was due. When the market was reaching new highs, the Investment Committee had set aside extra cash.

IX. Adjournment

The meeting adjourned at 6:12 PM and went into Executive Session.

X. Executive Session and Adjournment

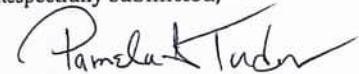
- K. Donnelly provided a status update on major initiatives for the Health Center:
1. Reorganization of the Activities and Social Service Departments.
 2. Implementation Plan of the Health Center Refreshment Project.
 3. All Facility Dementia Training.
 4. Survey Preparation.

He also discussed on-going Human Resource issues.

After discussion, the Board approved with one abstention to notify Mather Lifeways that Heritage on the Marina desires to enter into negotiation on what a formal agreement would be regarding the joint partnership opportunity. K. Donnelly and L. Pilz will take the lead and bring a draft to the Board for further discussion and action.

The Executive Session was adjourned at 7:20 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary

Attachment: Health Center Committee July 27, 2015 minutes

Heritage

ON THE MARINA

Health Committee Meeting Minutes - Draft Monday, July 27, 2015

Present: Board: Deborah Avakian, Mary Louise Fleming, David Gruber, Molly Hauser, Jeanie Kayser-Jones

Staff: Ken Donnelly, CEO, Marla Hastings, Executive Director, Doug Kaplan, Director of Activities and Social Services, Jonathan Sadorra, Director of Nursing, Dr. Maryam Matin, Medical Director

Chair, Jeanie Kayser-Jones, called the meeting to order at 3:00 p.m.

Agenda Items

Old Business:

1. **Change CNA Hours:** Jeanie Kayser-Jones reported that she and David Gruber had met with Director of Nursing, Jonathan Sadorra, in anticipation of presenting the full Board with the Health Committee's recommendation to change CNAs shifts back to 8 hours rather than the current 7 1/2 hour shift. As the full Board had made the decision to change CNA shifts, the full Board must approve changing back to 8 hour shifts. Jonathan pointed out the benefits of the change: CNAs would overlap and would increase accountability. CNAs would make walking rounds with the CNA's coming on the 3-11 p.m. shift. Jonathan also expressed that staff morale would benefit greatly, as CNAs are the only Heritage on the Marina employees with this shift arrangement.

Jeanie asked Jonathan if the RNs make walking rounds with the oncoming shift. Jonathan stated that they do not. Deb Avakian said that the RNs at UCSF make walking rounds, and that it is valuable for patient care.

The Health Committee feels that this is the right decision to help promote a "Culture of Excellence." Ken said this is something we can do immediately and the "benefits far outweigh the cost."

The Health Committee is in support of increasing CNAs hours and Ken will present this to the full Board at the August Board meeting.

New Board member Deb Avakian commented on the benefits, stating both patients and staff will receive satisfaction.

Jeanie asked Jonathan to document outcomes/benefits for our residents.

**Health Committee Meeting
Minutes - Draft
Monday, July 27, 2015**

Present: Board: Deborah Avakian, Mary Louise Fleming, David Gruber, Molly Hauser, Jeanie Kayser-Jones

Staff: Ken Donnelly, CEO, Marla Hastings, Executive Director, Doug Kaplan, Director of Activities and Social Services, Jonathan Sadorra, Director of Nursing, Dr. Maryam Matin, Medical Director

Chair, Jeanie Kayser-Jones, called the meeting to order at 3:00 p.m.

Agenda Items

Old Business:

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New Board member Deb Avakian commented on the benefits, stating both patients and staff will receive satisfaction.

Jeanie asked Jonathan to document outcomes/benefits for our residents.

Mary Louise suggested, and Doug agreed, that the organizational chart and staffing hours could be better formatted for clarity before presenting it to the Board.

- b. **Implementation of the Health Center "Refreshing Project":** Marla updated the Committee on the "refreshing project," underway in the Skilled Nursing Facility. Painting of hallways will begin this week. Painting of individual rooms will begin on August 14. Bedside tables and matching dressers have been placed in all Medicare and Private Pay rooms. A large screen television has been installed in Friendship Hall, and the one previously there was moved to the Cedar Room. The following items are on order or in progress:

Bedspreads and valances

4 Wing chairs for Friendship Hall

Over-bed tables

Art for hallways and individual rooms

Future plans to create a more "home-like" atmosphere include converting the nurses' station into a "living room."

Jeanie commented "I hope it will be beautiful, comfortable and warm" and asked if decorator, Kai Yee Woo has experience decorating facilities for older people. Marla assured her, and the Committee, that she does, and said the Health Center will be "beautiful and current."

David Gruber said it should be made to "look like home, not a hospital."

Mary Louise commented that the Health Center should be "homelike, and resident driven rather than provider driven."

As the cost of the project will exceed \$10,000, the Board will be asked to approve the project.

Jeanie asked if there were designated Medicare rooms. Marla responded that there are, but they are fluid and the two rooms with four beds are only used for our community, not Medicare or Private Pay residents.

- c. **All Facility Dementia Training:** Marla reported that we are implementing a Facility-wide dementia training through a webinar program provided by LeadingAge California. Certificates of completion will be issued to employees who attend all six classes:

October 15: **From MCI to Advanced Dementia:** Understanding the Progression of Alzheimer's disease

November 12: **Behavioral Expressions:** A New Approach to Behaviors in Dementia

January 7: **Supporting People with Cognitive Impairment in Independent and Assisted Living**

February 18: **Supporting Dementia Caregivers:** Placement and Other Care Transitions

March 17: **Person-Centered Dementia Care:** What it is and How to Move Forward

April 7: **Meeting Spiritual Needs of People with Dementia and Caregivers**

- d. **Survey Preparation:** Marla informed the Committee that our Medicare Survey window is August 10, 2015 – February 10, 2016, so staff (Health Center staff as well as Maintenance, and Food Services) have all begun preparing for the surveyors' visit.
3. **Brief Update on Medicare Admissions:** Jonathan reported that we currently have six Medicare patients in the Health Center. He said that most of our referrals come from Allscripts, an online referral service. Our patients have come from St. Mary's, UCSF, CPMC and St. Francis Hospital. In April and May, we had 130 days of Medicare stays, and in June, 120 days. Ken elaborated, stating that our revenue since April is \$240,000 against \$95,000 in expenses, so Medicare certification is going well.
4. **Plans for In-Service on "Recognizing Stroke Symptoms":** Jeanie asked Jonathan if they had had an in-service on "Staff recognition of Stroke Symptoms?" Jonathan replied that in-services will be given during the next two weeks.

New Business:

1. **Discussion on "Culture of Excellence":** Jeanie began the discussion from an anthropological point of view, defining "culture" as a way of life, a set of customs, beliefs, attitudes, traditions which are expressed in our rituals, music, art, food, kinship patterns, and behavior. Jeanie emphasized that one of the most important aspects of culture is our attitudes and beliefs about older people, especially people who depend upon us for their care. Our attitudes and beliefs influence how we provide that care. Jeanie made reference to the article that she had previously asked the committee and staff to read: "Nursing Homes: A Health-promoting or Dependency-promoting Environment."

In relation to our Health Center, Jeanie asked, do we believe that we can and should promote health, or do we sometimes engage in behavior that promotes dependency? How do we provide care? She cited an example of how putting a patient in a wheelchair, rather than helping them walk, will lead to dependency.

Jeanie noted that when she wrote the first draft of our Charter, she wrote it within the context of our facility's "Mission Statement and Values." She called attention to the Health Committee Charter and the importance of "individualized care" for each resident. She mentioned that because our CNAs provide "hands-on care," they know more about our residents than anyone else. She stressed the significance of one-to-one care.

Jeanie commented on our strengths: we are a small facility with excellent staffing and low staff turnover. She also mentioned the benefits of our non-profit status; we do not have to cut staffing and reduce the costs of other items, such as healthy food and innovative activities, to make a profit for a corporation. We are what anthropologists call a "face-to-face" community where everyone knows one another.

She asked the Committee to think about our strengths, what is it that we do very well, and how we can improve?

David Gruber commented that our day to day operation is excellent, but we can go one step ahead, do more and be "proactive," not "reactive." David told the staff that this Committee is their connection to the Board and we are there to help them do incredible work.

Jeanie mentioned exploring innovative ideas, especially for the 85% of our residents who are cognitively impaired. She reiterated that even people who seem non-reachable can be reached at some level. Jeanie mentioned the importance of exercise and strengthening muscles even for people in their 90s. She also stressed the necessity of getting people out of doors frequently.

David referenced his 92 year old mother and her desire for autonomy and control over her own life even though she was a "fall risk."

Committee members shared the following thoughts and ideas on a "Culture of Excellence":

Marla: one of our strengths is "how wonderful our staff is." People comment that our staff is "loving and kind."

Ken: "our staffing ratios are very good, but we can always do better" by having more companion care, more one-on-one and person centered care.

Dr. Matin: the whole community must "embrace the culture of excellence;" everyone from Health Center, Administration, Activities, Housekeeping, Maintenance, Food Services, etc. must have this attitude.

Our goals and values must be a team effort. She also mentioned cutting edge technology from MIT, U.C. and Stanford and our need to "step it up" in this field. For example, there are new devices and alternatives to our emergency pendants for alerting staff to resident emergencies, as many of our residents refuse to wear their pendants.

Ken: commented that he, Dave Costello and Joe Conroy are meeting today with a vendor to discuss a new nurse call system.

Moving forward is a matter of "efficiency vs. effectiveness." Ken discussed the importance of recognizing and encouraging CNAs to spend more time with their patients.

Doug: repeated a quote from a CNA, "compassion takes time."

Deb: Staff should receive on-going training in "Comfort Care," knowing your resident/patient and what's important to them. In addition to training, staff must be held accountable for their training.

Dr. Matin: stated that the Health Committee needs to shift its focus from the Health Center to the whole community, as many independent residents are "walking around with depression." She commented that our residents need personal trainers, unexpected things, and unplanned surprises.

Mary Louise: expressed that our values can be demonstrated by increasing CNAs hours to show them, residents, family members and friends, that they are respected.

Jeanie: mentioned an article that she had published that stressed the importance of "care, community and compassion" when caring for residents.

Ken: expressed his opinion that the "Responsibilities" listed on the Health Committee Charter are "right on!" He said we should ask staff, "what did you do to embrace the experience," and staff should let the Committee know how they are achieving excellence. For example, how has the additional Activity staff on weekends affected the care of our residents; what is the result?

Mary Louise: added the idea of allowing for error and growth by having staff say what they "would have liked to do differently" to have enhanced an experience for a resident. She also noticed that there are no residents on the Health Committee. Jeanie commented that she had mentioned this to the Committee, but that we have not followed up on this idea.

Jeanie: commented that staff should have the "freedom to innovate." She stated, for example, it might be more important for the staff to take a resident for a ride around the block in their wheelchair, rather than giving them a shower on a particular day.

Ken: stated our goal should be that the "experience is unparalleled" for our residents and patients.

Molly: stated our goal should be that we give the "absolute best care we can give."

Deb: expressed three qualities of UCSF:

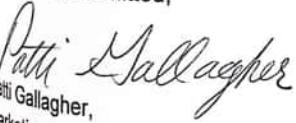
1. Engaged – all staff are inspired and love their jobs
2. Providers- believe they are sending patients/residents to the best facility available.
3. Patients, residents, and family members perceive they are getting extraordinary care and service.

Deb: stated that the definition of a "Culture of Excellence" should be in simple language.

Mary Louise: commented that the staff should know that Heritage on the Marina values their voice and honors "give and take." The staff should be asked "What does giving excellent care mean to you?" A meaningful experience for residents, staff and the Board should be our goal.

Adjournment: The meeting was adjourned at 5:10 p.m. The next meeting will be from 2-4:00 p.m., prior to the August Board meeting, on Wednesday, August 26, 2015.

Respectfully submitted,


Patti Gallagher,
Marketing and Development Coordinator





Executive Committee Meeting Minutes

August 6, 2015

A meeting of the Executive Committee of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "The Heritage") was held on Thursday, August 6, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Executive Committee Members Present: David Gruber, Laura Pilz, Randy Gridley, Pamela Tudor, Connie Tiret

Guests: Mary Leary, Chief Executive Officer, Mather LifeWays; Joe Zajdel, Vice President, Business Development; Logan Bailey-Perkins, Director of Development, Site Acquisitions

The meeting convened at 9:30 AM. The Executive Committee met with the CEO of Mather LifeWays and her team to review an opportunity for a partnership that had been presented to the Society. The joint venture's opportunity, its financial responsibility and commitment, strategic implications for the Society and impact to current initiatives and residents were discussed.

The Executive Committee unanimously agreed to 1) express to Mather LifeWays an intention of interest; and 2) invite CEO M. Leary and her team to present the opportunity to a specially called Executive Session Board Meeting within the next few weeks and provide the Board the opportunity to learn more of this opportunity and ask questions.

The meeting adjourned at 11:30 AM.

Respectfully submitted,

A handwritten signature in black ink that reads "Pamela L. Tudor".

Pamela Tudor
Secretary





Board of Directors' Meeting Minutes June 24, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "The Heritage") was held on Wednesday, June 24, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, Mary Louise Fleming, Randy Gridley, David Gruber, David Hines, Jeanie Kayser-Jones, Laura Pilz, Pamela Tudor, Leslie Van Houten

Directors Absent: Molly Hauser, Patricia Ottstott, Connie Tiret,

Staff Present: Ken Donnelly, Chief Executive Officer; Joe Conroy, Controller

Residents' Representative Present: Gail Lindlow, Residents' Council President

I. Call to Order

Chair L. Pilz called the meeting to order at 4:08 PM

II. Consent Agenda

The Board approved Consent Agenda items--the May Board Minutes, Committee and Task Team Reports and April Financial Metrics--on a motion from D. Gruber and second by R. Gridley

The Health Care Committee noted bids were coming before the committee for painting, new bedspreads and nightstands for the Health Center in effort to update and refresh.

III. Development Committee Update

P. Tudor, Development Committee Chair, reported a Case Statement had been finalized for the purpose of presenting the courtyard conceptual design to those being interviewed for the Feasibility Study. A list of 32 possible individuals, including Board members, to be interviewed, was sent to the consultants, Nelson and Associates. The results of the consultants work will be presented at the August Board meeting. She expressed appreciation to K. Donnelly for his work on preparing the five-page Case Statement, which set forth the need and importance of a new courtyard structure.

K. Donnelly announced the passing of Warren "Buzz" Perry in May. His family had considerable involvement with The Heritage over the years. His father, Warren C. Perry, retired head of the Department of Architecture at the University of California, was the architect for the Perry building, and his mother and wife had served on the Heritage Board of Managers for many years. He left \$25,000 to Heritage on the Marina. The Development Committee will be considering that this be a legacy gift against the capital project.

IV. Chair's Report

Master Plan Update

Chair L. Pilz reported that the Master Plan Task Team (L. Pilz, R. Gridley, D. Gruber, C. Tiret and K. Donnelly) were moving ahead with the courtyard concept. K. Donnelly and Tom Brutting of consultants HKIT had met with City Planning in April. City Planning does not anticipate any significant impact to neighbors. K. Donnelly will be meeting with neighbors and the Marina Community Association over the next several months.

The Master Plan Task Team requested and the Board approved \$25,000 on a second by R. Gridley for HKIT go to the next step and commence with Schematic Design.

K. Donnelly reported that City Planning now requires a Historical Resources Review of all properties over 45 years old. Page + Turnbull have been engaged to perform the study for \$5,500. They were selected over another firm, Architectural Resources Group. Their report will be delivered in four to six weeks.

L. Pilz requested and the Board agreed that the next Board meeting be in August, not July.

V. CEO Report

Health Center

K. Donnelly reported on current initiatives:

1. The need to invest in Health Center improvements:
 - To be consistent with Health Committee Charter to support a "Culture of Excellence"
 - To respond to comments from patients/residents to look less institutional and more upscale
 - To become the "boutique SNF in SF by (currently) repainting, new bedspread, flowers, wall hangings, and (future) new flooring in Friendship Hall, storage and redesign of RN station
2. Meeting with On Lok representatives to formulate a contract to accept their members for post-acute rehab only; no long-term, custodial care
3. Medicare Days, Average Claim Amount
 - To date: Billed \$157,762 for 217 days. Average claim \$727 per day.
 - Budget is 150 days per month. Budget claim \$547 per day,
4. Well-Being Program
 - Consultant has reviewed current program and will be presenting recommendations
 - Yaffa Alta has been offered the new coordinator position, subject to required clearances

Satisfaction Surveys

I. Results of resident survey

- 60 residents responded (70% rate)
- 89% very or extremely satisfied, 10% somewhat and 1% not very satisfied
- Activities/services 20% somewhat satisfied and 2% not very satisfied

2. Results of employee survey

- 21 questions in categories of My Job, Company Overall, My Manager, Teamwork, Training and Professional Development
- 54 employees responded, 63%
- 80% agree or strongly agree with questions, 15% neutral, 5% disagreed

Board comments and concerns:

- Important to hire best people possible--highly qualified, enthusiastic candidates to advance our mission and residents' well being, will highly qualified individuals want to work under current supervisors?
- Frustration over recent hires (individuals with no experience in areas they were hired for), how to hold person responsible for such ill hires, this should be an operations not a Board issue, how can best be resolved, Heath Committee requested a report back
- Regarding surveys, respondents fearful of bringing issues forward, feedback from stakeholders has not been a practice

K. Donnelly responded that he will be working through the results of the surveys. Café sessions will be held later in the summer to facilitate feedback as 20% response rate for Activities/Services is a large number to be neutral or dissatisfied in such a small community. He added work needs to be done to fully engage the workforce. People seem to be afraid to report what is bothering them. He has an open door policy for line staff and managers. Follow-up will be brought to the Board in September. His stated goal is to have a workforce that is engaged, motivated and highly capable.

VI. Resident Communication and Relations

G. Lindlow reported postings need to be easier to read. The semi annual picnic will be June 30, on the Sonoma Plaza. Morrison will hold focus groups with residents to get preferences and create a better dining experience. Residents will hold an Environmental Fair July 8, in Friendship Hall with message of "refuse, reduce, reuse, recycle." She also raised the question of a glass courtyard building getting too warm.

VII. Audit Report

D. Hines, Audit Committee Chair, briefed the Board on deficiencies, although not substantial, found in the 2014 accounting audit. The deficiency related to reconciliation of accounts. Management responded that new operating standards would be put in place. The committee suggested that auditors do a mini audit during the first half of the calendar year. At the August meeting, the committee will present a motion to approve auditors for the next year. J. Conroy, controller, was available for questions.

VIII. Other Business

L. Pilz announced the recently formed Social Accountability Task Force (P. Oststott, Chair, D. Avakian, L. Van Houten, resident G. Lindlow, K. Donnelly) is working to develop ideas on how to engage and reach out to the community as Heritage on the Marina moves forward. Board members were asked to complete a survey with their input and return to K. Donnelly by July 15.

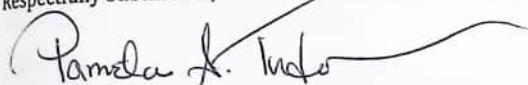
IX. Adjournment

The meeting was adjourned at 5:49 PM for a Board Executive Session.

X. Executive Session

The Board discussed an opportunity for a partnership that had been presented to the Board. The Executive Session adjourned at 6:30 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary





Board of Directors' Meeting Minutes May 27, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "Heritage") was held on Wednesday, May 27, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, Mary Louise Fleming, Randy Gridley, David Gruber, Molly Hauser, David Hines, Jeanie Kayser-Jones, Patricia Otstott, Laura Pilz, Connie Tiret, Pamela Tudor

Director Absent: Jane Hickerson, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer, Joe Conroy, Controller

Residents' Representative Present: Gail Lindlow, President, Residents' Council

I. Call to Order

Chair L. Pilz called the meeting to order at 4:08 PM. She welcomed new Board member Mary Louise Fleming, ASN, BSN, MSN, PHD, and expressed how pleased the Board was to have such an accomplished individual in the health community join the Heritage Board. The Heritage's new Director of Food Services, Erin Prosser, was introduced and welcomed. She is an employee of Morrison Senior Living and oversees the kitchen staff, who are now Morrison employees, and the dining room staff, who remain Heritage employees.

II. Consent Agenda

The Board approved the Consent Agenda (April Board Minutes, Committee Reports, Operations Report and Marketing Report) on a motion from C. Tiret and second by M. Hauser.

III. Chair's Report

L. Pilz reported on a Master Plan Task Team meeting with Tom Brutting of HKIT Consultants to discuss progress on the courtyard project. He and Ken Donnelly had a meeting with City Planning to discuss issues. As the project is within the Heritage footprint, the neighborhood is not impacted. However, as this is a Julia Morgan building and deemed historic, the San Francisco Historic Preservation Commission requires a review that could take as much as six months to a year. However, progress will proceed concurrently on the proposed plan.

She called attention to the national LeadingAge conference to be held in Boston, November 1 - 4. She encouraged Board members, especially those who have not been to this conference, to attend and let her know of their interest so reservations can be secured early.

IV. CEO's Report - March Financials Deep Dive

Controller Joe Conroy presented a quarterly review of the financials. He summarized the exhibits in the monthly Board packet—Monthly Snapshot, March Financials, Occupancy and Fee Subsidy Report, Investment Report and charts. The charts reflected Care Fees Year-to-Date March 2015, a Year-to-Date March 2015 Expense Allocation to Independent Living Type A and Type C, Assisted Living, and Skilled Nursing, and Gain/Loss for each of the services offered. The breakdowns provided a useful, important glimpse at how the expenses of the different services relate to each other. He noted that on a direct cost basis we are meeting expenses, but we do not have the economy of scale to cover administration. He excluded administration costs for purposes of the presentation.

Discussion reflected the need for further analysis and to refine the numbers so a more precise cost, including administration fees, could be attributed to each type of service. The Health Center chart reflected a significant loss, which will be reduced in the future from increasing Medicare revenues resulting from the final approval of Medicare in March. Respite Care was mentioned as a possible service to consider to generate additional income. He concluded that based on the 2015 budget, the first quarter is on track.

V. Residents' Communications and Relations

Gail Lindlow reported that there were no issues of concern. The residents remain pleased with the food and continue to give suggestions for improvement through the Residents' Food Committee.

VI. Generative Discussion: Community Outreach

K. Donnelly began a discussion on community outreach by reviewing the Society's mission statement. He reported that Self Help for the Elderly has canceled the contract that provided food from the Heritage's Chinatown kitchen (Heritage employees will receive generous termination packages) and discussed the closure's effect on the Society's tax status. As social accountability is an important part of non-profit tax status, as well as a non-profit's responsibility to the community, he challenged the Board to develop a new, appropriate, future direction for the Society. A Social Accountability Task Team will be formed to lead the process with Board input, research opportunities and bring suggestions to the Board. Trish Ostott will lead the task team with Board members Deb Avakian and Leslie Van Houten, and resident Gail Lindlow.

VII. Other Business

L. Pilz expressed condolences to D. Gruber whose mother, Lydia Gruber, who had resided in our Health Center, had passed away on May 13th. She noted that his daily attention to her well-being and care was greatly respected and valued.

VIII. Adjournment

The meeting adjourned at 5:40 PM, and the Board went into Executive Session.

IX. Executive Session

Human Resource and accounting issues were discussed. The Executive Session adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary





Board of Directors' Meeting Minutes April 22, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "The Heritage") was held on Wednesday, April 22, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Deborah Avakian, Carolyn Barber, Andy Carlson, Randy Gridley, David Gruber, David Hines, Jeanie Kayser-Jones, Patricia Otstott, Laura Pilz, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Absent: Mary Louise Fleming, Molly Hauser, Jane Hickerson,

Staff Present: Ken Donnelly, Chief Executive Officer

Residents' Representative Present: Jane Standing, Vice President, Residents' Council

I. Call to Order

Chair L. Pilz called the meeting to order at 4:00 PM. She welcomed new Board member Deborah Avakian and noted that a new Board member orientation will be May 14. Board orientation material has been updated and refreshed.

II. Consent Agenda

The Board approved on a motion from R. Gridley and second by D. Gruber the Consent Agenda (March Board Minutes, Committee Reports, February Financials, and Operations and Marketing Reports).

III. Chair's Report

L. Pilz called attention to the San Francisco Junior League WATCH luncheon (Women at the Center Honors) May 4, that will honor Heritage Board member P. Otstott for her commitment to volunteerism, community leadership and vision. [Heritage on the Marina will be well represented by Board members, staff and residents who will attend to express support-D. Avakian, L. Baxter, A. Carlson, K. Donnelly, S. Ertola, P. Gallagher, R. Gridley, D. Gruber, D. Hines, J. Kayser-Jones, L. Pilz, J. Standing, P. Tudor.]

The Chair mentioned that the Board will receive a quarterly update on the financials, beginning at the May Board meeting. Bernstein Global Wealth Management will hold their quarterly meeting on May 7, noon, to review the financial markets and outlook. All Board members are welcome to attend.

IV. CEO Report

Staff: K. Donnelly noted that staff members M. Hastings, J. Conroy and J. Howell will be attending Board meetings in the future on an as needed basis.

Board Packet Articles: He called attention to the SF Biz Times on how big hospitals are creating a new paradigm for service delivery and focusing on outcomes for maximum reimbursement. A second article from LeadingAge CA is about Honor, a well-funded startup providing Home Services. He noted that the Board needs to be educated about such new, at home services, as we may be competing with well-funded, entrepreneurial companies. Honor was founded by Seth Sternberg who raised \$20 million from an "A list" of venture capitalists in Silicon Valley. Honor begins service in Contra Costa County this month with plans to expand in the Bay Area.

Medicare: As of April 17, three patients have been admitted for short-term stays to the Health Center. We had a fourth patient but she was voluntarily discharged by her daughter to return to her AL unit at The Carlisle. CEO Donnelly reported receiving critical feedback from a UCSF social worker/discharge planner about delayed response to admission requests. As a result, admissions procedures have been adjusted to make it quicker and easier to respond. Negative feedback was also received on the Health Center physical plant (needs updating and refreshing) and criticism of the staff not being warm and friendly. Customer Service training is being planned. The question was raised if the Director of the Health Center feels free to ask for more help to address the issues?

Fundraising: K. Donnelly reviewed the scope and timetable with Theresa Nelson Associates. In April documents and materials are to be assembled. In May/June a Case Statement is to be developed and feasibility interviews to be conducted. In July a report will be made to the Board on readiness and campaign feasibility. Some 35 friends have been identified to contact, including Board members. The goal is 25-30 interviews. The consultants will have an update meeting with the Development Committee in early June. They stressed the importance of Board commitment to the campaign, which includes prioritizing individual giving levels. HKIT architects are producing a rendering of the courtyard structure. A planning meeting is scheduled with the City April 28, to understand requirements.

Quarterly Financial Review: Controller Joe Conroy will be presenting a quarterly financial review at the May meeting.

Audit Committee: The Audit Committee Meeting was postponed due to unavailability of the auditors. A filing was made for an extension.

Staffing: Heritage on the Marina's Well-Being Program Coordinator has unexpectedly resigned. K. Donnelly noted that this is an opportunity to review the program, in conjunction with the Activities program, to determine future needs and program goals. Front Office/ Reception coverage for weekends is also being evaluated after a resignation.

Food Service: The new food service provider, Morrison, is in the seventh day of the new contract. Morrison has hired all the kitchen staff except two employees who took their separation package.

V. Resident Communications and Relations

Residents' representative J. Standing reported that the response from residents on Morrison has been most favorable. Food preparation and presentation are impressive even though the menus are the same. (Morrison's own recipes are being used).

Residents at the monthly meeting have expressed that we should be reducing water use. K. Donnelly responded that this is on management's agenda. Low flow toilets and showers are installed in nearly all units. The sprinkler system has been cut back from seven to three days a week. The goal is to reach 10% reduction. The semi-annual Residents' Meeting is May 8.

VI. Presentation: PEAK Leadership Summit

K. Donnelly spoke to his attendance at PEAK, the annual conference for non-profit CCRC executives, held six months before the national LeadingAge conference. Of the several hundred attendees, some 65 executives of single-site CCRCs attended. A few impactful themes from the conference:

Meetings of Single-Site CEOs

One site was an urban Chicago setting which required a refreshing of the physical plant. (The CEO stated that you must refresh and reposition every five to seven years in today's climate.) They reduced census to allow for relocation over the two-year construction period, made use of previously underused garden space and built underground administrative offices off their parking structure. One interesting "innovation" is that they use Zipcars to transport members in their neighborhood to medical appointments, etc. They vet CNAs with their auto insurer.

A site in Topeka, Kansas has a Board policy committed to Innovation and Entrepreneurship. They established a *Strategic Opportunities Fund*, acknowledged risk and that innovative ideas don't always work. They challenged staff to innovate in the spirit of "Continuous Quality Improvement." An example, they placed an "innovate" button on their website, which allowed employees to make large and small suggestions. This will be incorporated into our website later this year.

The CEO of a large site in Virginia (600 units) was looking for opportunities to grow and diversify the revenue base. They developed a *Homecare and Hospice* program for the community. It took three years. The biggest lesson learned was: Hiring a good project leader/administrator is important, but not enough. You need several talented people and be prepared to continually monitor the progress toward goal achievement. He cited four ways to "go broke" by not having talent in following positions: scheduler, coders & billers, marketers and clinicians. You must be prepared to seek out and pay for top talent. This may require acquisition or partnership.

Decision Making:

Dan Heath, author of *Decisive*, led a presentation on "WRAP"—a process that can help make better, bolder decisions by being aware of common decision-making biases and how to avoid them. WRAP stands for Widening Your Options, Reality-Testing Your Assumptions, Attaining Distance and Preparing to be Wrong. Helpful learnings: Thinking of the steps in Due Diligence differently depending on whether the circumstances dictated we were 1) crawling, 2) walking, or 3) running toward a decision. Also, the need to play both offense and defense. This is especially true when making cutbacks. He had examples of companies in the midst of cutbacks who also exploited parts of the business working well and invested more resources. He talked about "ooching," that is trying out options and assumptions with small bets in order to aid due diligence toward a decision. He advised to attain distance before deciding. This is helpful in fighting the status quo bias and in identifying core priorities. He also advised "Prepare to be Wrong." Run a "pre-mortem and pre-parade;" meaning that if this project fails 12 months from now, what would be the factors? If wildly successful, what factors made it so? This thinking helps crystallize the aspects of the decision which will have the greatest impact of success or failure. CEO Donnelly stated that he will be using the WRAP decision process in future Board deliberations.

He concluded by thanking the Board for supporting his attendance at these conferences, which provide valued content but also an opportunity to form relationships and call on CEOs who are dealing with similar issues.

VII. Other Business

No other business was expressed.

VIII. Adjournment

The meeting adjourned at 5:30 PM, and the Board went into Executive Session.

IX. Executive Session

Human Resource issues were discussed, and the Executive Session adjourned at 5:51PM.

Respectfully submitted,



Pamela A. Tudor
Secretary



Board of Directors' Meeting Minutes March 25, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "The Heritage") was held on Wednesday, March 25, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Andy Carlson, Randy Gridley, David Gruber, David Hines, Jeanie Kayser-Jones, Patricia Otstott, Laura Pilz, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Absent: Molly Hauser, Jane Hickerson

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Janet Howell, Marketing Director; Joe Conroy, Controller

Residents' Representative Present: Jane Standing, Vice President, Residents' Council

Guest: Doug Kaplan, Director of Activities and Social Services

I. Call to Order

Chair L. Pilz called the meeting to order at 4:05 PM. She welcomed Jane Standing, Vice President of the Residents' Council.

II. Consent Agenda

The Board approved on a motion from R. Gridley and second by A. Carlson the Consent Agenda items (February Minutes, Committee Reports, January Financials, Executive Director and Marketing Reports).

III. Chair's Report

The Chair thanked Vice Chair R. Gridley for conducting the meeting in February due to her business travel. She announced that Heritage on the Marina Board Member, Patricia (Trish) Tatum Otstott, has been designated by the San Francisco Junior League to receive the prestigious Women at the Center Honors (WATCH), along with Roselyne (Cissy) Chroman Swig, for their lifelong commitment to voluntarism, community leadership and vision. An awards luncheon will be held on May 4, 11:30 AM, at the Fairmont Hotel. L. Pilz suggested that Board members consider attending, if schedules allow, to express support.



IV. CEO Report

Tokyo Visitor. K. Donnelly reported a visit by the Director from the (Japanese) National Institute of Population and Social Security Research, who was interested in learning more about the CCRC model.

Board Orientation. K. Donnelly will be working with T. Otstott to update the new member Board orientation packet and plans to orient new members before the April meeting.

Medicare. CMS notified Heritage on the Marina on March 4, 2015, of final Medicare certification and the first Medicare patient was admitted March 23. K. Donnelly expressed appreciation to Bethany McGuire, our Medicare Admissions Specialist and the Marketing and Admissions Team for this admission and for keeping our private pay admissions at a consistently high level (8-10) over the past year. He also noted that OSHPD may need to be approached on a project to widen doorways to bathrooms in the Health Center. K. Donnelly also informed the Board that an exploratory meeting will be held to discuss a possible bed hold for short-term, transitional patients in the PACE program.

Fundraising. Nelson Associates are due to start April 1, on a feasibility study. They want the Board to consider an alternative funding option—Legacy giving—to (eventually) repay or fund the proposed courtyard project.

Master Plan. There are two components. First, Tom Brutting has responded with an estimate of \$1 million for the courtyard project and at least double that amount for the full glass-covered, atrium concept. K. Donnelly and T. Brutting will be holding a pre-application meeting with SF Planning to understand any obstacles from their viewpoint. Second, the project that would allow us to gain DSS approval for non-ambulatory unit designation is stalled due to a misunderstanding on the part of the Fire Department. He is working to get this resolved.

Food Service. Morrison Management, who was awarded the new contract, will take over management of the dining room and kitchen employees on April 16, 2015. K. Donnelly recognized the efforts of Residents' Council President Gail Lindlow on the interview team and her contributions, which helped in decision-making. J. Conroy reviewed the three candidates who replied to the RFP, the selection process and the attributes that helped Morrison gain the contract. Morrison also provides food service to the Sequoias and Towers.

J. Conroy is leading the effort to analyze our IT systems and is working with a consultant to explore new technologies and replacement of existing technologies.



V. Resident Communications and Relations

J. Standing reported residents were excited with the choice of Morrison, their higher food quality and the new, different services they will be offering. She also expressed appreciation to G. Lindlow for her contribution to the selection process. Residents visited Heritage on the Marina's Chinatown kitchen, which prepares over 1,000 meals daily and were impressed with the organization. She remarked that the residents appreciated the new armchairs purchased for the McGinley Room.

VI. Nominating and Governance Committee

On behalf of the Nominating and Governance Committee, T. Otstott moved and the Board approved the addition of two new Board members: Mary Louise Fleming, ASN, BSN, MSN, PHD, and Deborah Avakian., RN, MS, NEA-BC. Both have extensive backgrounds in project administration, staffing supervision and organization structure. M. L. Fleming was brought to the committee by J. Kayser-Jones. D. Avakian was brought to the committee by T. Otstott. Members of the committee spoke regarding the highly professional backgrounds that these new members bring to the Board as well as their enthusiasm, excitement about our work and shared commitment to the Society's mission and values. In addition to Chair T. Otstott, the Nominating and Governance Committee includes C. Barber, D. Gruber, M. Hauser, and P. Tudor.

VII. Presentation: Activities Department Update

D. Kaplan presented a video and provided a Power Point overview of the Activities program in the Health Center.

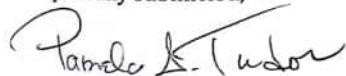
VIII. Adjournment

The meeting adjourned at 5:47 PM and the Board went into Executive Session.

IX. Executive Session

The Health Center's activity program and Human Resource issues were discussed. The Executive Session adjourned at 6:45 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary





Board of Directors' Meeting Minutes

February 25, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "The Heritage") was held on Wednesday, February 25, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Andy Carlson, Randy Gridley, David Gruber, David Hines, Jeanie Kayser-Jones, Patricia Osttott, Connie Tiret, Pamela Tudor

Directors Absent: Molly Hauser, Jane Hickerson, Laura Pilz, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Janet Howell, Marketing Director; Joe Conroy, Controller

Residents' Representative Present: Gail Lindlow

Guest: Rick Smith, Alzheimer's Association Northern California

I. Call to Order

Vice Chair R. Gridley called the meeting to order at 4:05 PM as Chair L. Pilz was out of town attending a business meeting.

II. Consent Agenda

The Board approved the December and January Minutes on a motion from C. Barber and second by D. Gruber. No questions or comments were raised on the Committee Reports, December Financial Reports, Executive Director's Report or Marketing Report.

K. Donnelly brought to the Board's attention the Resident Assistance Fund Committee, chaired by D. Hines, and the committee's approval of two subsidies, which encumber Heritage on the Marina in the amount between \$890 and \$1,000 per month. This brings the current annualized subsidization of resident monthly fees from \$190,000 to \$200,000.

III. Resident Communications Relations

G. Lindlow reported that the residents are keenly interested in the progress underway to select a new food service vendor. A partial survey of residents indicated that they were most concerned about quality—food and preparation. They desire more fresh, locally sourced produce.

IV. Alzheimer's Basics

R. Smith of the Northern California Alzheimer Association spoke to the fundamentals of Alzheimer's. Over the age of 85 some 48% of the population become afflicted with the disease. As 65% of Heritage on the Marina residents are over 85, the impact of this disease and how staff responds is an important issue in delivering best of care to our residents.

V. CEO's Report

Capital Campaign Progress. K. Donnelly reported the Development Committee interviewed three consultants who would conduct a Feasibility Study for a capital campaign and selected Nelson & Associates as being the best fit. The firm recommended approaching the study as a legacy campaign along with a capital campaign as our donor base may be more responsive to the former. Their study, which will advise the capacity to fundraise and recommend a structure for a long-term fund-raising apparatus, will start in April with completion in July.

On a motion by P. Tudor, Chair of the Development Committee, and second by D. Gruber, the Board approved a contract with Nelson & Associates not to exceed \$37,640. Development Committee members include C. Barber, M. Hauser, D. Hines, P. Ottstott.

Medicare Certification. K. Donnelly expressed appreciation to J. Kayser-Jones for making a call to the California Department of Public Health and expediting the needed follow-up survey. They found every issue had been addressed. Only a Medicare provider number is now needed to be issued, allowing us to bill and be reimbursed for Medicare eligible patient stays.

Technology Review Process. K. Donnelly reported that a strategy and time frame for an IT platform for all Heritage on the Marina systems will be ready to be presented to the Board in April.

Innovation Team. An inter-departmental Innovation Team will be established to identify and purchase items made possible through gifts designated by donors to the Technology + Innovation Fund.

Food Service Vendor. Three firms responded to the request for proposal for a new food service contract—Strategic Dining Services (SDS), Sodexo and Morrison. A decision will be made mid-March after interviews. A new contract should be in place by April 15.

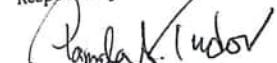
VI. Adjournment

The meeting was adjourned at 5:52 PM to go into Executive Session.

VII. Executive Session

The Board discussed and approved CEO compensation for 2015. The Executive Session was adjourned at 6:20 PM.

Respectfully submitted,



Pamela A. Tudor

Secretary





Board of Directors' Meeting Minutes January 28, 2015

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "The Heritage") was held on Wednesday, January 28, 2015, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Jeanie Kayser-Jones, Laura Pilz, Pamela Tudor, Leslie Van Houten

Directors Absent: Andy Carlson, Patricia Otstott, Connie Tiret

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Janet Howell, Marketing Director; Joe Conroy, Controller

Residents' Representative Present: Gail Lindlow

I. Call to Order

Chair L. Pilz called the meeting to order at 4:05 PM. She welcomed Gail Lindlow, the President of the Residents' Council for 2015 and resident representative to the Board.

II. Consent Agenda

The Board approved Consent Agenda Items--Committee Reports, November Financial Reports, Executive Director and Marketing Reports--on a motion from C. Barber and second by M. Hauser. The December Minutes were removed from Consent Agenda and will be included in the February Board Packet.

III. Chair's Report

L. Pilz reported on:

AB1751. Coming into effect in 2016, Assembly Bill No. 1751 is a new California law for continuing care retirement communities that requires a resident be a voting member of the Board of Directors. The Governance Committee, chaired by P. Otstott, will be reviewing the law's criteria and making a recommendation to the Board.

Master Plan. The Master Planning Committee has met with Tom Brutting, HKIT Architects, on the courtyard/landscaping project. A glass roof is being researched to incorporate a larger footprint and maximize multiple functions. Proposed plans will be brought before the Board after further refinement and costing.

IV. Resident Communications Relations

Gail Lindlow expressed her background, a resident for 11 years, and how she came to find Heritage on the Marina. She commented that the residents are encouraged by the informality of the new resident constitution and reminded the Board of the resident need for a new, larger television in Friendship Hall.

V. CEO's Report

K. Donnelly reported on:

Medicare Certification Status. The Health Center is still awaiting a final sign off by California Department of Public Health. The agency has had all the necessary documents since January 6, 2015.

Food Service Provider. The contract with food service provider SODEXO, in place since 2001, is terminated, effective April 15, 2015. Sodexo and five new providers have expressed interest in responding to a recently distributed Request For Proposals. The recurring cycle of new chefs in the past and merits of a private chef was discussed. The strong compliance component makes hiring a private chef more difficult but has not been ruled out.

Capital Fundraising. Four consultants have responded to Request for Proposals (RFP's) for a campaign feasibility study. Bids ranged from \$34,500 to \$60,000. Common themes in the RFP's: four-five months is required to do the work, a readiness assessment is first required and the importance of "linkage", i.e., identifying interested philanthropic individuals/entities that would have an interest in our mission. The Development Committee, chaired by P. Tudor, will be interviewing three of the candidates and selecting one in February.

Technology Review Process. J. Conroy met with Steve Eichen, an expert in IT analysis and CIO of Pacific Retirement Services. He has reviewed all of Heritage's systems and will be providing a vision for an IT platform for the entire operation.

Alzheimer's. Rick Smith from the California Alzheimer's Association will have a 60-minute presentation on dementia basics at the February meeting.

VI. Aging Services in California

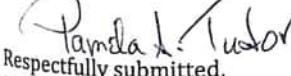
K. Donnelly gave highlights of a market portrait completed in 2014 by Ziegler through an engagement with LeadingAge California and what the changing demographics mean to the future of Heritage on the Marina.

VII. Adjournment

The meeting was adjourned at 5:15 PM for the Board to go into Executive Session.

VIII. Executive Meeting

The Chief Executive Officer's 2016 goals were discussed and how to measure progress.


Respectfully submitted,
Pamela A. Tudor
Secretary





Board of Directors' Meeting Minutes

December 10, 2014

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "The Heritage") was held on Wednesday, December 10, 2014, at 3400 Laguna Street, San Francisco, California, 94123.

Board of Directors Present: Carolyn Barber, Randy Gridley, David Gruber, Molly Hauser, David Hines, Jeanie Kayser-Jones, Patricia Otstott, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Andrew Carlson, Jane Hickerson, Laura Pilz

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Joe Conroy, Controller; Janet Howell, Director of Marketing

Residents' Representative Present: Margaret Jacobs

- I. **Call to Order**
Vice Chair R. Gridley called the meeting to order at 4:06 as Chair L. Pilz had a family emergency.
- II. **Approval of the Minutes and Consent Agenda**
The November 19, 2014, minutes and Consent Agenda were approved by the Board on a motion from M. Hauser and second from C. Tiret.
- III. **Nominating/Governance Committee**
The Board of Directors approved the 2015 Slate of Officers as recommended by the Nominating/Education Committee on a motion from Committee Chair P. Otstott and second by M. Hauser:

Chair	Laura Pilz
Vice Chair	Randy Gridley
Chief Financial Officer	Connie Tiret
Secretary	Pamela Tudor

The Board approved the following directors to be elected to a three-year term on a motion from Committee Nominating Chair P. Otstott and second by M. Hauser.

Carolyn Barber

Randy Gridley

Connie Tiret

P. Otstott expressed appreciation to committee members (C. Barber, D Gruber, M. Hauser and P. Tudor) and to the Board Members who agreed to serve.

IV. Executive Director's Report

M. Hastings responded to the "low scope/no harm" deficiencies found by the Medicare Certification survey conducted by the California Department of Public Health (CDPH) from November 4 to November 10. A plan of correction was made and filed within the required ten business days. One deficiency under the Life Safe Code Survey—a two-hour firewall above the electronic doors, which lead to the Health Center from Assisted Living—was also immediately addressed. A two-hour wall was designed by our architects, installed by our contractors and signed off by the City on December 9. A final notification of Medicare Survey is anticipated within the first weeks of January 2015.

R. Gridley expressed appreciation to Board Member J. Kayser-Jones for her expertise, and making key telephone calls to people in the California Department of Public Health (CDPH) and Centers for Medicare and Medicaid Services (CMS) to move the Heritage's application forward. Heritage on the Marina's application had sat for 11 months with no action or response from the government agencies.

V. Resident Communications and Relations

As this was her last meeting as residents' representative, M. Jacobs expressed appreciation to the Board for the opportunity to represent the voice of the residents. R. Gridley thanked her for her valuable input and candor. The new Residents' Council President, Gail Lindlow, will join the Board in January 2015.

M. Jacobs reported: the revised Residents' Council Charter was ratified, which is more informal and encourages more responsiveness; and resident projects outside Heritage on the Marina. Hand-made Christmas gifts of hats and stuffed stockings were distributed by Santa Claus, (our Director of Environmental Services, Dave Costello) to children in a Head Start program in Hunters Point. Residents are now working with the Episcopal Charities Women's Shelter to provide small gifts of needed toiletries and basic cosmetics. She asked Board members to contribute such items.

She also commended resident Lorraine Baxter who headed fundraising projects that raised over \$7,000 of which \$5,000 was contributed to the Employees Appreciation Fund.

VI. CEO'S Report

K. Donnelly expressed hope for a quick turnaround on the Medicare deficiencies so Heritage on the Marina can begin to admit and begin billing for Medicare patients. He spoke to the 2015 Capital Budget. Details will be brought to the Facilities Committee for approval then brought to the Board for ratification. The Board expressed desire for the staff to drive items costing less than \$10,000. He reviewed the process for retaining a Fundraising Consultant to conduct a Feasibility Study for a multi-functional structure in the courtyard and needed landscaping.

Regarding the Information Technology Strategic Plan, an IT expert will be reviewing all the current systems and future needs. A recommendation and budget will be brought before the Board in the first half of the year.

VII. UCSF Nursing Program

K. Donnelly reported that UCSF nursing interns began their work at Heritage on the Marina in October. Through Board Member J. Kayser-Jones, Heritage on the Marina had signed an affiliation agreement with UCSF in August to become a clinical experience internship site for UCSF Master of Science nurses in training. Three advanced students are doing 16 hours of work weekly on site. Two of the nurses are doing physical assessments of independent residents. A third nurse focuses on residents with dementia. This partnership has been excellent for both participants. R. Gridley expressed appreciation to J. Kayser-Jones for the connection and suggested that we grow the program as much as possible.

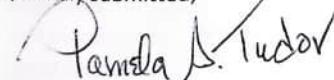
VIII. Executive Session

Before going into Executive Session at 5:02 PM, the Board thanked K. Donnelly and staff for their work in 2014. Discussion in the Executive Session centered on Human Resource and Health Center subjects.

IX. Adjournment

The Board meeting adjourned at 5:50 PM and Board members joined residents at the Annual Holiday Party.

Respectfully submitted,



Pamela A. Tudor
Secretary



**San Francisco Ladies' Protection and Relief Society
Board of Directors' Meeting Minutes
November 19, 2014**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "The Heritage") was held on Wednesday, November 19, 2014, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Andy Carlson, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Jeanie Kayser-Jones, Patricia Osttott, Laura Pilz, Randy Gridley, Connie Tiret, Leslie Van Houten (via telephone)

Director Excused: Pamela Tudor

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Joe Conroy, Controller; Janet Howell, Director of Marketing

Residents' Representative: Margaret Jacobs

I. Call to Order

Chair L. Pilz called the meeting to order at 4:00 PM. She thanked all Board members for making time to attend this meeting.

II. Approval of Consent Agenda

The October 29, 2014, minutes were approved on a motion from M. Hauser and second by R. Gridley. No questions were raised in regard to the other items on the Consent Agenda (September Financial Snapshot and Committee Reports).

In response to a question by P. Osttott regarding the recent Medicare Certification Survey, M. Hastings explained that we had zero deficiencies. She further explained how deficiencies are graded: 1) High scope of severity; 2) Isolated pattern; 3) Low scope/no harm. She cited the following example from our survey: Eight of our Health Center residents, (seven of whom have dementia) were asked if they received their "HS" or bedtime snack. They all responded "No." Our charts documented that snacks were given, but Surveyors will always believe residents. Marla related another incident where a Med Tech went from one resident's room to another without sanitizing the med tray. Another area where we need to comply is in our staff training. While all nursing staff receive Annual Infection Control, Disaster Planning, and Abuse Reporting training, the entire staff of Heritage on the Marina must also receive annual trainings. To that end, there are scheduled trainings in all three areas during the next few weeks. All of these were rated "No Harm," and were not considered deficiencies.

One area where we may need a structural correction to be in compliance for fire safety, is above the doors to the Health Center from the first floor of the Perry Building. While the doors are "ninety minute" doors, the area above the doors is only rated one hour. K. Donnelly explained that this was up to code and acceptable by OSHPD at the time, so we may be able to get this "grandfathered" in. If not construction of a two-hour wall above the doors will need to be installed.

M. Hastings stated that she could not be more proud of our staff and how well they responded during the survey. She passed around a "thank you" note signed by her and K. Donnelly, that all staff will receive with a Starbuck's gift card at a party this Friday afternoon.

J. Kayser-Jones expressed thanks to M. Hastings, K. Donnelly and the staff for doing such a good job.

M. Hastings thanked J. Kayser-Jones for her persistence in getting the surveyors here and mentioned how respectful the surveyors had treated our staff.

K. Donnelly commented that at their exit review, the surveyors stated that our residents are happy and well cared for and that they did not see any reason why we should not be Medicare certified.

III. Chair's Report

L. Pilz mentioned the annual appeal letter which was mailed earlier this month. She thanked Board members for giving generously of their time, but stressed the importance of their financial support and achieving 100% Board participation. She asked that they make their donation before the end of the year.

L. Pilz reminded the Board of the holiday party on December 10th following the Board meeting.

She thanked D. Hines for accepting the role of Board liaison to the "Resident Assistance Fund" Task Team. The Resident Assistance Fund Policy was approved by the Board at the October meeting.

IV. Resident Communications and Relations

M. Jacobs reported that things are "calm and quiet" at Heritage on the Marina. She noted that Residents are extremely pleased with the refurnished Morgan North Parlor and the comfortable, new chairs that "accommodate three different size bottoms."

M. Jacobs mentioned the revised Residents' Council Charter which will be ratified at the December 12th Annual meeting. She stated there was difficulty finding residents who were willing to serve more than a one year term. There will be two new officers elected and two current officers who will serve one more term.



V. CEO's Report

K. Donnelly reported that the Development Committee had come up with a list of five possible consultants to contact for a feasibility study on fundraising for the center courtyard project. He sent out the five RFPs this morning. The goal is to raise \$1.5 to \$2 million for this project.

K. Donnelly also informed the Board that he and Controller, Joe Conroy are looking for a firm to do a technology analysis of the whole facility. He explained that our nurse call system is no longer supported and needs to be replaced and while doing that all IT structures should be reviewed.

L. Pilz inquired as to the urgency or replacing the current nurse call system. K. Donnelly responded that he does not want to make a hasty decision and it may take up to six months to replace the current system.

J. Kayser-Jones commented that we should research this well as many nurse call systems are too noisy and disturbing to residents.

K. Donnelly and J. Conroy are reviewing all existing vendor contracts of five or more years, to determine if contracts are viable and competitively priced, or if complacency has set in. J. Conroy cited the recent example of changing insurance companies.

K. Donnelly asked the Board's opinion about going paperless in 2015 so they would receive all information online. He intends to create a secure page on our website, for Board members only, to access and archive information.

VI. Presentation of the 2015 Proposed Operating Budget

Controller, Joe Conroy presented the Board with a four page summary of the Operating Budget for 2015. (**See Attached**) He reported that he and the Budget Committee (C. Tiret, K. Donnelly, and resident, Jane Standing) reviewed the budget on Friday. J. Conroy called attention to the green bars on the 2015 Comparative Summary and pointed out the increase in revenue (\$6.2 million in 2013, to \$7.6 million in 2015) is based primarily on added income from the Francisco Street properties and Medicare Certification for a full 12 months in 2015. C. Tiret pointed out that these figures represent a "best guess," as we don't know if all five beds allotted to Medicare patients will be full 365 days per year. She complimented J. Conroy on a great job, and explained that most of the budgeted items are "pretty conservative."

The ideal census of our 32 bed Health Center was discussed with M. Hastings explaining the planned breakdown of patients as follows: 10 Private Pay (we currently have 9)

- 5 Medicare short-term patients
- 12 Life Care residents
- 5 vacant and available for our Life Care residents

D. Gruber inquired about how we gauge staffing for the potential Medicare short-term patients and what the current industry formula is. M. Hastings responded that currently the industry standard is 3.2 nursing hours per patient, per day. We now provide 4.8 nursing hours per patient per day. We anticipate providing 4.5 per day when our short-term Medicare patients are here, which is still above the minimum. D. Gruber also inquired about the admission criteria. Marketing Director, J. Howell explained that our Director of Nursing, Jonathan Sadora and our Medical Director, Dr. Maryam Matin, will choose acceptable patients. Our Medicare Admissions Specialist, Bethany McGuire, goes to hospitals to do pre-screenings whenever we get a referral.

L. Pilz asked about Medicare patients vs. Private Pay, long-term patients. K. Donnelly clarified that the maximum Medicare stay is 100 days. R. Gridley commented that some short-term patients may turn into long-term, Private Pay patients.

L. Pilz requested a report on our Medicare intakes be put on the Board Agenda every quarter.

J. Conroy further explained the figures in the Comparative Summary and the three pie charts in his 2015 Budget report. A 4% increase in monthly care fees is budgeted, but will be revisited with the Finance Committee before the residents' Semi-annual Meeting in May 2015.

J. Conroy called attention to the Public Nutrition Program (Chinatown Kitchen) which prepares and serves 800 – 1,000 meals per day. It typically operates at a deficit (\$25,000 is budgeted for 2015) as the contract is signed one year in advance of knowing what the operating expenses will be.

J. Conroy pointed out that the only expenses (\$45,000) for the Francisco Street properties are for utilities and housekeeping labor and supplies. Medicare expenses are budgeted at \$539,000 for 12 months.

Calling attention to Expense Distributions, J. Conroy explained that 65 -70% of our expenses are for wages, salaries and employee benefits. The remaining 31% is for all other expenses. We have not added any new positions but a 3% wage increase, effective July 1, is budgeted, with an overall impact of \$60,000. Also budgeted is \$100,000 for three additional CNAs in the Health Center, consistent with an increase in the resident census, and \$40,000 for Housekeeping and Maintenance supplies.

Responding to D. Gruber's question regarding any employees receiving the minimum wage, J. Conroy said our lowest paid employees receive \$13 per hour.

J. Conroy called attention to the \$657,000 improvement in our operating loss. K. Donnelly mentioned that this result is a function of maintaining a stable level of expense while increasing revenue.

Employee health benefits, through Kaiser, and the employee dental plan have remained flat and the benefits will stay the same. Workers' Compensation Insurance will increase approximately 8%.

R. Gridley stated that the \$2.779 million operating loss is a tremendous stride towards the targeted 3% portfolio withdrawal rate and that we are moving in a very positive direction, depending less on our \$80 million endowment.

In order to track our revenue and expenses in 2015, L. Pilz would like the monthly financial reports off of the Consent Agenda and brought back to the meeting for discussion. She also wants to have a quarterly discussions of Medicare and the budget.

Although one month ahead of schedule, L. Pilz asked the Board if they wanted to proceed with approval of the proposed Operating Budget for 2015. On a motion from C. Tiret and a second from D. Gruber, the Board unanimously approved the 2015 Operating Budget.

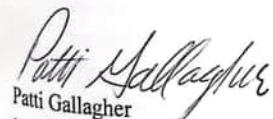
VII. Discussion of Gift Policy

This item was deferred from the October Agenda. M. Hauser expressed that this policy should have been discussed at the Development Committee before being brought to the Board and . thinks the policy is too long, too wordy and should be edited. L. Pilz called attention to the Minutes from the September 15th Development Committee meeting where K. Donnelly had presented the policy. Since the Policy was not unanimously supported by the Development Committee, (M. Hauser and D. Hines were absent) and since there was no immediate need for the policy, the discussion was postponed until the January Board meeting.

VIII. Adjournment

Laura Pilz adjourned the meeting at 5:10 p.m. Staff was excused and the Board went into Executive Session.

Respectfully submitted,



Patti Gallagher

Marketing & Development Coordinator



**San Francisco Ladies' Protection and Relief Society
Board of Directors' Meeting Minutes
October 29, 2014**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "The Heritage") was held on Wednesday, October 29, 2014, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Andy Carlson, David Gruber, Molly Hauser, David Hines, Jeanie Kayser-Jones, Patricia Oststott, Laura Pilz, Randy Gridley, Connie Tiret, Pamela Tudor, Leslie Van Houten

Director Excused: Jane Hickerson

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Joe Conroy, Controller; Janet Howell, Director of Marketing

Residents' Representative: Margaret Jacobs

I. Call to Order

Chair L. Pilz called the meeting to order at 4:00 PM.

II. Approval of Consent Agenda

The September 24, 2014, minutes were approved on a motion from M. Hauser and second by R. Gridley. No questions were raised in regard to the other items on the Consent Agenda (August Financial Snapshot and Committee Reports).

III. Facilities Committee Recommendation

The Board approved the acquisition of 130 new stackable chairs for \$26,000 on the motion of A. Carlson, Chair of the Facilities Committee, and second by M. Hauser.

IV. Chair's Report

LeadingAge: Laura Pilz and four other Board members (J. Kayser-Jones, P. Oststott, P. Tudor, L. Van Houten) attended the LeadingAge national conference this year in Nashville. She noted it was an excellent educational opportunity to hear what other nonprofits are doing across the country. She challenged us to use the information we learned. Several concerns were the same as identified last year; others a shift in priority.

Primary takeaways of the attendees:

1. Trend of seniors who want to live in an urban setting.
2. Growing importance of forming partnerships.



3. As our resident population grows older, residents with Alzheimer's will become more prevalent in Independent and Assisted Living, and education is important for staff and other residents.
4. Technology can be used effectively to minimize the problem of isolation of seniors aging in place at home, and to create a community for them.
5. Giving our residents more choice gives them autonomy. (Jeanie to add)
6. Governance comments attached.

Master Plan: L. Pilz reported that the cost for the recommendations from Tom Brutting, HKIT Architects, for a structure in the center courtyard, court garden and landscaping in front looks to be in the seven figures and may require a fundraising campaign. She asked Board members to send to the Development Committee names of possible consultants to conduct a Feasibility Study to determine if the funds could be raised. The Committee will review, select two or three candidates and send a Request For Proposal, the first step in developing a fundraising campaign.

V. Resident Communications and Relations

M. Jacobs reported: The final draft of the new resident charter will be presented by the Residents' Council Executive Committee and voted on in December. A sale of items for early holiday shopping will be held November 7, with all funds going towards the Employee Appreciation Fund. The residents are supporting another Head Start program in Mission Bay.

The lives of two long-time residents who passed away will be celebrated. New residents in the Francisco Street property are integrating well. Education is being provided to residents to help them understand how best to respond to other residents with Alzheimer's.

L. Pilz expressed appreciation for the resident-hosted Board Appreciation dinner, now an annual event that provides another opportunity for meaningful conversation between residents and Board members.

VI. CEO's Report

LeadingAge Conference: K. Donnelly referred the Board to the staff's report which was distributed at the meeting.

Medicare Certification Update: K. Donnelly called upon J. Kayser-Jones to give an update. She made numerous calls and sent numerous emails to her contacts in the governmental agencies responsible for certification and learned that the Society's application, submitted in March 2014, had not been "logged in." She was able to contact a person at the Federal level to help move the Medicare survey forward. She complimented the staff on the completeness of the papers submitted.



VII. Resident Assistance Fund Draft Proposal

The Board approved a Resident Assistance Fund Policy and Procedures as presented by K. Donnelly on a motion from C. Tiret and second by J. Kayser-Jones.

The purpose of the policy is to create guidelines for resident financial assistance by:

1) Establishing an investment account for this purpose. 2) Establishing a fund for charity care. 3) Creating an approval process by a committee headed by the CEO with a Board member as liaison. The policy provides a structure which will offer the Board a better assessment of what is being done on a charitable basis. Budgeted at this time is \$220,000 for resident financial assistance, including those residents who may run out of their own financial resources. Another benefit: the policy clearly defines what the Society is doing on a charitable basis. Discussion followed on the need to communicate more widely a Social Accountability Statement. Reports will be made to the Board on a regular basis.

VIII. Other Business

Discussion regarding the Gift Policy will be deferred to the November meeting.

IX. Adjournment

The meeting was adjourned at 5:30 PM on a motion from D. Gruber and second from M. Hauser.

Respectfully submitted,



Pamela A. Tudor
Secretary

**San Francisco Ladies' Protection and Relief Society
Board of Directors' Meeting Minutes
September 24, 2014**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society" or "Heritage on the Marina" or "The Heritage") was held on Wednesday, September 24, 2014, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Andy Carlson, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Jeanie Kayser-Jones, Patricia Ostott, Laura Pilz, Connie Tiret, Pamela Tudor

Directors Excused: Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Joe Conroy, Controller; Janet Howell, Director of Marketing

Residents' Representative: Margaret Jacobs

Guest: Tom Brutting, HKIT Architects, Master Plan consultants

I. Call to Order

Chair L. Pilz called the meeting to order at 4:00 PM.

II. Approval of Consent Agenda

The July 30, 2014, minutes were approved by the Board on a motion from R. Gridley and a second by M. Hauser. No questions were raised in regard to the other items on the Consent Agenda (Committee Reports, June-July Financial Reports, Executive Director's Report).

III. Chair's Report

L. Pilz expressed appreciation to J. Kayser-Jones, P. Ostott, P. Tudor and L. Van Houten, who would be attending the LeadingAge Conference, October 19-22, and thanked them for their time. The October Board Meeting will be moved to October 29.

R. Gridley encouraged Board members to review the monthly Bernstein Investment Performance Summary when received—not only to see how the portfolio is doing month-by-month but also to note the withdrawals. If Board members prefer the full report, let him know.

IV. Resident Communications and Relations

M. Jacobs reported that the Resident Council was updating their Constitution. The goal is to streamline the document and create a resident council that is more inclusive and open to everyone's input. They have almost a 100% positive response from residents. She also said the residents are looking forward to hosting the Board for their annual appreciation dinner this evening after the Board meeting. She explained the seating and circulated resident's photos.



V. CEO's Report

K. Donnelly reported on the progress of ENGAGED Leadership, a program implemented in the spring to increase staff engagement and get a pulse on morale. A survey resulted in suggestions for improvement. Management reviewed the suggestions and implemented those deemed feasible. The employee manual is being updated; employees are being recognized for working to support the stated values; efforts are being made to lessen the distinction between leaders and managers so managers have autonomy to do what is right rather than waiting to be told. Milestones have been put in place to guide progress.

J. Kayser-Jones requested an updated organizational chart with job titles as there have been recent changes in staff.

VI. Update on Master Planning Process: Courtyard Building, Courtyard and Garden Landscape Areas

T. Brutting began by noting that Julia Morgan had been presented the American Institute of Architects 2014 Gold Medal, considered the profession's highest honor. The Gold Medal is awarded to an individual whose work has had lasting influence on the theory and practice of architecture. Morgan is also the first woman to win the medal. Her work was celebrated at the AIA's convention in June. He noted that the Society was fortunate to have its home in a building designed by such a noted architect.

T. Brutting provided an overview of the analysis made and progress at meetings with the San Francisco Fire Department (SFFD) and Department of Building Inspection (DBI) regarding projects identified in the Master Plan. After a detailed analysis, the following conclusions were reached: 1) The building site lines that had originally restricted the size of the Courtyard Building were no longer an issue as the building would be considered an extension of the Perry Building. 2) The City had no concerns regarding the fire alarms or sprinkler systems. 3) The buildings can accommodate Assisted Living services for non ambulatory persons in all but the third floor of the Morgan Building. 4) The Perry Building meets all code requirements for non-ambulatory use.

The SFFD and DBI officials have signed a letter acknowledging these agreements that is now Public Record, avoiding the need for future dialogue with the City on these issues. The resulting impact for the organization: Independent Living residents who need more care can stay in their rooms rather than be moved, thus, allowing residents to age-in-place. The installation of a costly sprinkler systems is avoided. The Courtyard Building can be expanded.

T. Brutting then provided a new vision for a Courtyard Building, Courtyard and Garden Areas that would bring new direction and energy to the spaces.

The Courtyard Building: The plan expanded the multi-functional structure to accommodate 60 people up from the original 30. The space would accommodate additional dining, music events, concerts, lectures, a dance floor, high tea, etc. He emphasized that the drawing was only conceptual. J. Kayser-Jones spoke to the importance of getting resident input. K. Donnelly responded that the conceptual drawings had been shown to a group of residents and a survey received from each of them as to the priority for usage.



Courtyard and Garden Areas: The plan goal is to infuse more energy into the courtyard and make it a more active, usable space. A variety of activities would be available: senior friendly walking, conversation areas, bocce ball court, BBQ and fireplace. The concept emphasized water conversation with native, drought-tolerant and low maintenance plants. He mentioned the importance of being able to look through to the courtyard from the Morgan Reception Area.

L. Pilz urged the Board to continue to reflect, think about the possibilities, discuss in their committees and funnel the ideas and concerns to K. Donnelly, so we continue to move forward on these Master Plan projects.

VII. Adjournment

The meeting was adjourned at 5:33 to join the residents at the Resident hosted Board Appreciation Dinner.

Respectfully submitted,



Pamela A. Tudor
Secretary

**San Francisco Ladies' Protection and Relief Society
Board of Directors' Meeting Minutes
July 30, 2014**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society ("the Society") was held on Wednesday, July 30, 2014, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Andy Carlson, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Jeanie Kayser-Jones, Patricia Otstott, Laura Pilz, Randy Gridley, Connie Tiret, Pamela Tudor

Directors Excused: Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Joe Conroy, Controller

Staff Excused: Janet Howell, Director of Marketing

Residents' Representative: Margaret Jacobs

I. Call to Order

Chair L. Pilz called the meeting to order at 4:00 PM.

II. Approval of Consent Agenda

The June 25, 2014, minutes were approved by the Board on a motion from R. Gridley and second by M. Hauser. No questions were raised in regard to the other items on the Consent Agenda (Committee Reports, May Financial Reports, Executive Director's Report).

III. Chair's Report

L. Pilz expressed appreciation to K. Donnelly for his invitation to the Board to join him at a San Francisco Giants game as it was a special time together for everyone.

She announced the passing of Elizabeth S. "Puddy" Mitchum, who had devoted several decades of time and energy to the Society as a Trustee and Manager on the Board of Managers, including President. Her contributions included leading several significant capital projects. Several Board members shared their memories of this capable, energetic woman who gave so much to the Society.

L. Pilz asked R. Gridley to report on the highlights from the quarterly meeting held with Bernstein Global Wealth Management. The portfolio has benefited from three good years after a down market. The Investment Committee is considering raising cash to pay for future projects. He reminded the Board that the portfolio generates 3% of its income to pay the Society's deficit. He also



reminded the Board on the importance of keeping up-to-date on the trends as senior demographics continue to change. He recommended the article "The CCRC Consumer of the Future" in the Board packet.

L. Pilz called attention to the Health Committee Minutes and how the demographics of the Health Center (HC) residents and their care needs are changing.

J. Kayser-Jones, Chair of the Health Committee, reported some 85% of the HC residents have been diagnosed with dementia. The mean age is 90.80 and many need ambulatory help, which puts extra demands on the staff. Restraints are not used, which also puts added demands on the staff. An effort is being made to reduce drugs but this often conflicts with what is prescribed by the resident's physician, particularly in the case of private-pay patients. Escorts are needed to take Assisted Living residents to and from medical appointments. She noted that Doug Kaplan works well with the residents. J. Kayser-Jones also emphasized the importance of maintaining an active independent community, not just Assisted Living.

The Chair expressed appreciation to J. Kayser-Jones for arranging, beginning in September, UCSF nursing students to help in the HC. Their fresh ideas will be welcome. J. Kayser-Jones also arranged with UCSF Dr. Laura Wagner for lectures for our residents and staff on safety.

IV. Resident Communications and Relations

M. Jacobs expressed her concern regarding the mix of the community. When she arrived in her early 70s, she experienced an active community and anticipated a younger group would continue to come in to energize the population. Over the last years more and more frail people have come in and we see a drift to an Assisted Living facility. She said that she did not sign up for this and cannot move to another place that has more energy. She urged the Board to consider this and market towards more active individuals, professionals, who have worked all their lives. Maintaining a strong independent, diverse group has considerable advantages. She articulated the catch twenty-two: we want to appeal to younger, active people but they are not looking for a community until they have a health or social need.

V. CEO Report

a) Report from Café Design Team

Results from the 70 residents who participated: greater transparency needed, more regular communication, more contact with Board and Staff. Results from a similar gathering with 45 Staff: more communication and recognition, create new avenues for people to express themselves, people leave due to relationship with supervisor, want to feel they are contributing. Values were presented and well received.



- b) T. Brutting is setting up a meeting with Building Department and Fire Marshall to discuss Master Plan projects. He will present his findings at the September Board meeting.

VI. Discussion of Resident Application Process and Financial Evaluation

Following a wide-ranging discussion on resident assistance, K. Donnelly suggested that he will develop a draft on a policy document that states how we are going to formulate resident assistance going forward. His document will be presented to the Board for further discussion.

Comments expressed:

- Currently we are spending \$200,000 a year for assistance. Concurrently, the Grace and Favor Fund (\$70,000) exists to support prospective residents who need help on entry or monthly fees. But we need to consider that everyone is being subsidized to an extent.
- We have a charitable mission but also must be fiscally sound so not to erode the endowment over the years.
- Until we reduce our operating deficit to a more sustainable level, it is difficult to be more charitable, i.e. bringing in more residents who need help.
- We are making an assumption that people's money is going to last but there are many variables - in what and how they invest their funds has an impact and people are living longer.
- What is impact of bringing in younger, active residents on the Society's actuarial obligation?
- Do we need to request financial statements every three years?
- Should we be more vigorous in raising funds for Grace and Favor?
- Should we be looking at more contract options?
- The next generation may have no pensions, less security. Their fiscal dynamics will be more varied.

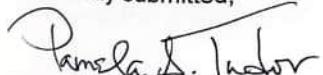
VII. Other Business

L. Pilz reminded the Board that the next Board meeting will be September 24 (no meeting in August) and the annual resident-hosted Board appreciation dinner will follow.

VIII. Adjournment

The meeting was adjourned at 6:00 PM.

Respectfully submitted,



Pamela A. Tudor
Secretary





San Francisco Ladies' Protection and Relief Society Board of Directors' Meeting Minutes June 25, 2014

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society (SFLPRS) was held on Wednesday, June 25, 2014, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Andy Carlson, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Laura Pilz, Patricia Otstott, Connie Tiret, Leslie Van Houten

Directors Excused: Jeanie Kayser-Jones, Pamela Tudor

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director
Joe Conroy, Controller; Janet Howell, Director of Marketing

Residents' Representative: Margaret Jacobs

I. Call to Order

Chair L. Pilz called the meeting to order at 4:05 PM.

II. Approval of Consent Agenda (May Minutes, Committee Reports, March Financial Reports, Executive Director's Report)

The Consent Agenda was approved by the Board on a motion from M. Hauser and second by J. Hickerson.

III. Chair's Report

a) Master Plan Progress Report

L. Pilz reported on the progress of the Master Plan Task Team following Tom Brutting's presentation "Designing for Tomorrow," at the May 28th Board Meeting. She focused on the level of specifics that the Task Team (L. Pilz, C. Tiret, K. Donnelly, R. Gridley, D. Gruber) continues to refine. L. Pilz asked Board members if they had any observations or surprises relating to T. Brutting's presentation. T. Otstott commented that the idea of creating a ramp which could be concealed behind a hedge on one side of the Morgan Building entrance was a good idea and a timely one as the hedge is dying and needs to be replaced.

L. Pilz prioritized and outlined the Task Team's next steps:

1. Aging in place/Assisted Living Capacity
2. Courtyard exterior flow and the front steps/ramp
3. Memory Care Unit



L. Pilz stated our top priority is to increase access to services and to accommodate residents wherever they reside. K. Donnelly commented that as we transition to additional Assisted Living units, throughout the buildings, the opportunity for residents to age in place will increase.

T. Brutting's plan: to create a Memory Care Unit on the entire 3rd floor of the Perry Building is considered too big a change to undergo at present and would, perhaps, as R. Gridley pointed out, create a stigma for those residents living on that floor. For an immediate solution, and a more functional use of space, K. Donnelly proposed converting the two 4-bed units, (rooms 14 and 15) currently in the Health Center, into Memory Care Units. OSHPD would have to approve this plan. All acknowledged the need for Memory Care Unit. M. Hauser inquired if that would leave us enough beds, on an emergency basis, for our current population. K. Donnelly explained that we would not be marketing our Memory Care Unit, as it would be specifically designed for and available to our current residents, only. He further explained that once we become Medicare Certified, we would limit to five the number of beds for short-term patients. The goal of the Memory Care Unit would be to create a more home-like (rather than medical) environment with the best possible service for our residents.

L. Pilz discussed the current lot lines and the variance limitations of the center courtyard space. K. Donnelly and T. Brutting will meet next Monday, June 30, 2014, to ascertain next steps in obtaining a variance and to define the purpose and capacity of an addition in the center courtyard. As K. Donnelly explained, creating a space with a 35 person capacity seems too small; a 50-60 person capacity is necessary for the scope of this project. M. Hastings pointed out how our dining room has become impacted by our current population as there are more and more frail residents on walkers and in wheelchairs.

M. Hauser inquired if and how we can offer more assistance and services in our current Assisted Living units, on the first and half of the second floor of the Perry Building. To increase the number of Assisted Living Units we need to investigate and do research re: licensure, fire regulations, sprinklers, etc. Assisted Living residents receive a variety of assistance from bathing and dressing to help with medication. Additional staff would be necessary to provide additional services to additional residents.

IV. Resident Communications and Relations

Margaret Jacobs reported on the "Residents' Café," which took place in the dining room on Thursday, June 19. Consultant Laura Peck led more than sixty residents in an open discussion prompted by three topics: 1. What we deeply appreciate about our home; 2. What were some of the most significant changes and disruptions; 3. What are the practices and behaviors that will support timely information sharing and drawing on the wisdom and experience of residents. Margaret commented that Laura Peck was an excellent facilitator, who seemed to have an understanding and empathy for seniors as she has an 89 year-old mother. M. Jacobs, now in her mid-eighties, commented that one can't know what it is like to be eighty years old until one is eighty years old. The Resident' Café was based on the idea of the "World Café," being used by corporations to



encourage small groups of people to come together for conversation and refreshments. This format for the exchange of ideas accomplishes a lot in a short amount of time. She explained that employees had a similar gathering yesterday and that one or two more sessions for residents and staff are planned.

L. Pilz commented that when she was here the day after the Residents' Café, the residents seemed energized and engaged and all had something to say about the event.

The "Design Team," composed of staff: Ken Donnelly, Marla Hastings, Janet Howell, and residents: Margaret Jacobs and Jean Fowler will look at the results of both "Cafes," and a report will be made at the next Board meeting.

V. Chief Executive Officer's Report

Home and Community Based-Services: Ken Donnelly presented the results of the research and analysis and provided summaries of his five site visits he made in March of this year:

1. Franke Tobey Jones, Tacoma, WA;
2. University Retirement Community Davis, CA,
3. Longwood at Home, Oakmont, PA,
4. Friends Life Care, Philadelphia, PA,
5. My Way, Philadelphia, PA June

K. Donnelly explained that his vision of Home and Community Based Services is to:

1. Provide a social benefit to our neighborhood which is available to all adults
2. Establish credibility by offering a service to the surrounding community and filling an unmet need/needs.
3. Gain visibility/reach more people

As "Life Care" and "Continuing Care" at home are not currently allowed by regulation in the State of California, HCBS is easier to scale and San Francisco has an abundance of existing options.

He spoke of research pointing to a "Great Senior Sell Off" in which older adults will attempt to sell their homes in an effort to realize the equity to fund their retirement. But, this will result in a glut of supply with much less demand. This will force aging Baby Boomers to remain in their homes and age-in-place. He also revealed the results of two national studies on "What services people value":

- 47%: Home Maintenance
- 30% Cleaning and Cooking
- 17% Transportation
- 16% Social Activities
- 13% Walking
- 13% Rehab/Therapy
- 11% Health Care
- 8% Dressing/bathing/grooming

K. Donnelly's conclusion is that within the next five years and beyond, many 65-74 year olds will be staying in their homes and aging-in-place. Therefore, home assessment, modification, maintenance and repairs will be valuable services to offer. He stressed that this concept is more about social credibility than financial goals and that the real goal is "getting beyond these walls."

M. Hauser asked, "Isn't S.F. Village doing this?" C. Barber responded that S.F. Village is a referral service for members. K. Donnelly explained that we could develop a business model and perhaps partner with other organizations to provide cleaning and maintenance services to the community. R. Gridley inquired what the pricing would be, how much would it cost, how much are we willing to front? K. Donnelly responded that it would depend on how we defined the business model. C. Tiret questioned whether we wanted to become employers and said we needed to explore our liability under such circumstances.

K. Donnelly also revealed the results of an email survey of 65-82 year olds, in local zip codes, whose average annual income ranged from \$30K – 90K. 5% of the 850 seniors responded with the following results:

77% would be willing to pay for services at a discounted rate.
50% require services now or within the next year.
50% project needing service within 3-5 years.

K. Donnelly informed the Board that there are no non-profits in San Francisco that offer home assessment, modification, maintenance and repair, so this is a fertile field without a lot of competition. He suggests that Heritage on the Marina develop a business model for hiring or contracting with people to perform the above services and a concierge or coordinator to take inquiries and provide information and referrals. Going forward we could also analyze whether or not to offer meal preparation and delivery, and transportation for shopping and errand running.

K. Donnelly further suggests partnering with one or more organizations such as Episcopal Senior Communities or Sodexo might allow us to gain more visibility in leveraging our brand. A. Carlson commented that he has a bias against "joint ventures and partnerships," stating if you're the one with financial strength, you're going to pay."

L. Van Houten asked if we should partner with S.F. Village and to whom we would offer our services. She also commented on the lack of diversity within the Heritage on the Marina community. We must determine what this outreach is, what our goals are and why we want to do this.

L. Pilz thanked K. Donnelly for his presentation and he thanked the Board for their discussion.

VI. Other Business

- a) **Facilities Committee Update:** Andy Carlson reported on the proposed refurbishment plan for Morgan Hall's North Parlor. Designer, Cheryl DuCote, submitted a proposal that the Facilities Committee thought was too costly. A. Carlson and M. Hastings negotiated with Cheryl, as suggested by the



Facilities Committee, for the project not to exceed \$30K. T. Ostott explained that the impetus behind this project was to replace the card table and four chairs with an attractive gaming table, which she has already purchased. The residents also proposed replacing the two couches with more seating and more tables and creating more accessibility for residents on walkers and in wheelchairs. A few items, such as the buffet/sideboard and the China cabinet will remain and some of the furniture will be repurposed. M. Hastings informed the Board that we will be looking at rugs in our storage unit to see if any of them are suitable. J. Hickerson suggested selling the furniture that we will not be using.

M. Jacobs who is on the committee working on this project said the residents are happy with C. DuCote's plan and mentioned how more and more residents are using the newly refurbished Stucky Library. She commented that fewer residents have been attending the monthly birthday celebration due to lack of seating and tables in the North Parlor.

The Board voted unanimously to accept C. DuCote's proposal and to proceed with the redecorating project, not to exceed \$30,000. M. Hastings thanked the Board for approving this project which she hopes to have completed before the holidays.

- b) **Medicare Certification:** K. Donnelly and M. Hastings have been calling the state frequently to remind them that we are ready for their Medicare Certification survey. In response to T. Ostott's question as to whether or not they speak directly to a person, M. Hastings said that they do speak to a person, but the state is understaffed and we are not their top priority.

VII. Adjournment

The meeting was adjourned at 6:03 PM.

Respectfully submitted,

Patti Gallagher
Patti Gallagher,
Marketing & Development Coordinator



Heritage

ON THE MARINA

San Francisco Ladies' Protection and Relief Society Board of Directors' Meeting Minutes May 28, 2014

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society (SFLPRS) was held on Wednesday, May 28, 2014, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Laura Pilz, Patricia Oststott, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Absent: Andy Carlson, Jeanie Kayser-Jones,

Staff Present: Ken Donnelly, Chief Executive Officer; Joe Conroy, Controller; Janet Howell, Director of Marketing

Staff Excused: Marla Hastings, Executive Director

Residents' Representative: Margaret Jacobs

Guest: Thomas C. Brutting, FAIA, Architect, Principal, HKIT Architects

I. Call to Order

Chair L. Pilz called the meeting to order at 4:03 PM.

II. Approval of Consent Agenda (May Minutes, Committee Reports, March Financial Reports, Executive Director's Report)

The Consent Agenda was approved by the Board on a motion from M. Hauser and second by C. Tiret.

III. Chair's Report

a) Board Resolution

The Board approved a resolution to change the dba name from The Heritage to Heritage of the Marina, on motion from Chair L. Pilz and second by R. Gridley. The resolution will be filed with the appropriate government authority.

b) Monthly Care Fee Increases

The Chair reported that the Residents' Semi-Annual Meeting focused on the increase in monthly care fees, which originally was to be 4% but was reduced to 3.2% after more budget scrutiny. Controller J. Conroy gave a concise, easy to understand report of the 2014 Expense Components and repeated his presentation for the Board. Discussion followed on: the importance of budgeting accurately; if costs exceed budget, should that amount be embedded in the deficit; and how best to recapture expense deficits of past years. It was agreed that the Finance Committee should review the methodology used in



calculating the yearly resident fee increase. Also, the Society needs to address its major challenge—its financial deficit.

- c) L. Pilz expressed appreciation to Board Members for attending the SF Village event honoring former Board Member Henry Safrit.

IV. Chief Executive Officer's Report

a) Medicare and Deposit to Investment Portfolio

K. Donnelly reported that we are still waiting for Medicare Certification even though the Health Center has been ready for four months. A telephone call will be made every few days to the agency responsible for certification. He also noted that \$1.6 million from the Francisco flats entrance fees would be sent to the Investment Portfolio, which was close to the cost of the flats renovation. He stated that it is anticipated that an additional \$200,000 will be invested upon receipt of the final entrance fee now pending.

b) Report on Palm Springs Conference

The California LeadingAge annual conference was attended by K. Donnelly, M. Hastings and J. Conroy. The theme was "Engagement"—staff to staff, staff to residents, staff to Board. The staff will be going through a series of exercises that will improve engagement at each level. Concurrently K. Donnelly and M. Hastings are addressing how best to build resilience to change among the residents. A consultant has been retained to guide us. The plan will engage all residents to take ownership of the valuable experiences that they have had at Heritage on the Marina so they can better address future difficulties.

c) White Zone

The San Francisco Municipal Transportation Agency has approved a white zone next to the Health Center entrance on Francisco Street. A Public Hearing is scheduled for late June and approval is expected.

V. Resident Communications and Relations

M. Jacobs reminded the Board that the number of active residents is growing smaller, thus, the number and variety of activities have been reduced. She also pointed out space limitations for activities. She commented that the Board needs to consider the nature of appropriate activities needed for an older population. Over 50% are over 90 years old. Our community is reaching "extreme old." What is the impact on current residents and how do we position best for the future? A party is being given for Ida Hodes who will have her 100th birthday this month.

VI. Master Site Plan Presentation

Thomas C. Brutting, Principal, HKIT Architects, presented "Designing for Tomorrow," based on the scope of work given to him by the Master Plan Task Team. The Task Team prioritized three major initiatives based on Board strategy: Assisted Living Capacity, Memory Care, and the Courtyard and Gardens.

VII. Other Business

The Chair reminded the Board of K. Donnelly's upcoming presentation at the June meeting: "Home and Community-Based Services," based on his visits to four communities around the country.



VIII. Adjournment

The meeting was adjourned at 6:03 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary



Heritage

ON THE MARINA

San Francisco Ladies' Protection and Relief Society Board of Directors Meeting Minutes April 23, 2014

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society (SFLPRS) was held on Wednesday, April 23, 2014, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Andrew Carlson, Carolyn Barber, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Laura Pilz, Connie Tiret, Pamela Tudor, Leslie Van Houten

Director Absent: Jeanie Kayser-Jones, Patricia Oststott

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Joe Conroy, Controller; Janet Howell, Director of Marketing

Residents' Representative: Margaret Jacobs

I. Call to Order

Chair L. Pilz called the meeting to order at 4:00 PM.

II. Approval of Consent Agenda (March Minutes, Committee Reports, February Financial Reports, Executive Director's Report)

The Consent Agenda was approved by the Board on a motion from M. Hauser and second by J. Hickerson

III. Chair's Report

a) Restated Articles of Incorporation

The Chair presented and the Board approved the Restated Articles of Incorporation on a motion from D. Gruber and second by M. Hauser.

b) San Francisco Village Event

San Francisco Village will be honoring former SFLPRS Board Member, Dr. Henry Safrit, at a fundraising event May 22, for his work in providing college scholarships for needy high school students. L. Pilz noted that the SFLPRS is putting together a table to show support for him and the organization. She asked if Board Members were interested to respond to an email being sent out.

IV. Resident Communications and Relations

M. Jacobs reported that the new residents in the flats have been well received and incorporated in the dining room. She commented on change and the increased anxiety that it causes as one grows older. She also asked the Board



to consider more programs that bring people in from the outside. She noted, "We deserve to be known more widely."

V. Resident Occupancy

J. Howell reported all Francisco Street apartments should be occupied by summer.

VI. CEO's Report

a) **Philanthropy presentation.** K. Donnelly provided a brief summary of "A Different Way to Think of Fundraising," a presentation of consultant Paula March at the previous Board meeting.

- Balancing short-term demands with long-term vision (Example: Grinnell College endowment used only for Long Term projects but student fees were rising and no dollars were available to grow faculty. Other examples of organizations where lack of a vision resulted in deterioration of the endowment over time.)
- Endowment could allow seed money for innovation.
- Change in view donor of cultivation: Recognize donor at different stages of giving. View and treat the giver as an "investor." (Giver dictates more of the communication process. Giver choice heavily influences the process.)
- Build loyalty and credibility through small campaigns.
- Larger campaigns focus on a cause. Introduce idea of "giving circles."
- Investors want assurance of sustainability. Our endowment is an advantage for us.
- Describe our organization as a Social Benefit Corporation. Investor Return On Investment is measured in social impact.

b). **Organizational Strategy Document.** K. Donnelly called attention to this document in the Board packet. The document is intended to provide each Board member with a clear direction and organizational strategy. The document included:

- Mission Statement, Vision Statement and Guiding Principles (from Board Orientation notebook).
- Summary of the 2006 Plan and Major Goals.
- Goals set for the CEO by Board of Directors in 2012 and statement of progress on each goal.
- A summary of our current Strategic Direction.

c). **2013 Highlights.** K. Donnelly called attention to *Highlights*, which was placed in the mail mid-April, and commended J. Howell for her re-visioning of this important marketing piece. He commented that *Highlights* not only reflects our new image but this "refresh" is visible from our new web site, and our new



stationery, to our Heritage on the Marina flag unfurled daily in our front yard, to our new logo on the red shirts worn by our maintenance crew. These are first steps to announce ourselves to the broader community. He reiterated M. Jacobs' comment that we need to increase our presence in the community and city.

VII. Investment Portfolio

R. Gridley, chair of the Investment Committee, presented an overview of the Society's investment portfolio currently being managed by AllianceBernstein L.P. Covered in his presentation:

- A history of the portfolio, including the decision to move from Trustee management to a professional manager in 2000 with a value bias (a purposeful shift from a growth to value bias), and sale of the Van Ness Property in 2004 for \$39 million (location of Cathedral Hill Hotel and small office building adjacent).
- The goal in positioning the portfolio is for it to last into perpetuity.
- Today the portfolio has a value bias of 85% and growth 15% with an allocation of 70% stocks and 30% bonds.
- The portfolio is being well managed by the outside managers, and it is very widely diversified. The approach is correct for a goal for a portfolio to last into perpetuity. A built in discipline rebalances between stocks and bonds when necessary.
- It is important to keep draw on the portfolio close to 3% to allow portfolio growth to keep ahead of inflation.
- No near term concerns. An advantage to using a professional manager (currently AllianceBernstein L.P.) is the automatic rebalancing to meet the portfolio goal and the ability to better manage the withdrawal of funds to support operating needs of the Society.

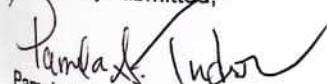
R. Gridley invited all Board members to the upcoming Bernstein meeting, May 7.

L. Pilz expressed appreciation, along with other Board members, to R. Gridley, for such a clear, easy to understand, informative review of the Society's investment portfolio, which supports the Society's mission and operations.

VIII. Adjournment

The meeting adjourned at 5:52 PM to go into Executive Session to discuss the recent letter sent to Board members from residents regarding termination of employees. The Executive Session adjourned 6:14 PM.

Respectfully submitted,


Pamela A. Tudor, Secretary





**San Francisco Ladies' Protection and Relief Society
Board of Directors' Meeting Minutes
March 26, 2014**

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Wednesday, March 26, 2014, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Randy Gridley, David Gruber, Molly Hauser, David Hines, Jeanie Kayser-Jones, Trish Oststott, Laura Pilz, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Andrew Carlson, Jane Hickerson

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Joe Conroy, Controller; Janet Howell, Director of Marketing

Residents' Representative: Margaret Jacobs

Guest: Paula March, founder and principal of Marchpartners, consultants in community benefit management

I. Call to Order

Chair L. Pilz called the meeting to order at 4:07 PM.

II. Approval of Consent Agenda (February Minutes, Committee Reports, January Financial Reports, Executive Director Report)

The Consent Agenda was approved by the Board on a motion from C. Barber and Second by R. Gridley.



III. Audit Report

On behalf of the Audit Committee, D. Hines brought before the Board the December 31, 2013 and 2012 Financial Statements and Independent Auditor's Report.

In the opinion of the auditors, DZH Phillips LLP, "the financial statements, in all material respects, were in conformity with accounting principles generally accepted in the United States." The Board approved the audit report on a motion from D. Gruber and second from C. Tiret. L. Pilz complimented J. Conroy and staff for a fine job on the preparation for this audit. The Audit Committee included: J. Conroy, C. Tiret, D. Hines, Chair.

The Board approved that DZH Phillips be named as auditors in 2015, subject to a fee increase of no more than 5%, on a motion from D. Hines and second from D. Gruber.

IV. Chair's Report

a) Proposal to receive Bylaws

On behalf of the Governance Committee, P. Otstott brought before the Board the Society's Bylaws, which have been updated. She summarized the changes. The Board approved the new Bylaws on a motion from her and second by D. Gruber. The Governance Committee included: C. Barber, D. Gruber, M. Hauser, P. Tudor, K. Donnelly, P. Otstott, chair.

b) Update on Theft and Loss

A recent increase in theft and losses is being reviewed. It is a complicated issue as in some cases items have been misplaced and others the situation is more serious. M. Hastings will return with recommendations in 60-90 days after input from residents including the possibility of vigilant cameras. Residents will be instructed in how to keep valuables secure as part of a new resident orientation.

V. Resident Communications and Relations

M. Jacobs reported that the residents are anticipating the new Francisco Street residents moving in, and residents have much appreciation for what the Board has done.

VI. Philanthropic Presentation

K. Donnelly introduced Paula March, founder and principal of Marchpartners, who gave a presentation on the latest trends in philanthropy. Highlights: apply an investor mentality to fund development; more than 1000 stakeholders benefit vs. we serve 100 seniors and their families; Heritage on the Marina is a social benefit organization and we value the investors who make superior care possible;



match resident gifts; make our strategy relevant to 30 year olds; sound business practices are a plus--be able to show guaranteed outcomes.

VII. Other Business

a) Updates

K. Donnelly reported that the staff is still on high alert waiting for the drop-in survey from the State Department of Public Health to complete Medicare certification. The RCFE/SFFD Licensing issue for the Francisco units has been resolved. J. Howell and her team have rented all but one of the Francisco units, pending medical approvals. Tom Brutting of HKIT Architects will be meeting April 10 with K. Donnelly and a subsequent meeting will be scheduled for the Master Plan Task Team to vet recommendations on three major initiatives: Assisted Living Flexibility/ Expansion, a Memory Care "Like" Area and Central Courtyard Use. A presentation will be made at the May Board meeting. K. Donnelly will also be reporting on his visits to peer communities and formulate a recommendation to the Board on Home-Care Based Services at a subsequent Board of Directors meeting.

b). Benefactor Kate F. Austin

P. Tudor related information on Kate F. Austin, the generous woman who gifted for \$10.00, in 1922, the block that is the home of Heritage on the Marina. (The balance of the block was sold to pay for the construction of the Julia Morgan Building.) She was born in 1846, married in 1866 to Henry Stanford Austin, a prominent businessman in Stockton and San Francisco. They had three children. He and the youngest daughter were killed in a tragic train accident in 1899. Her two other children passed away in their 20's. She spent her last 10-20 some years living at the Clift Hotel as a boarder; common practice for the time. She died at age 85 in 1931. Her husband bequeathed the land to her at his death. The Marketing/Development Committee is considering a Kate F. Austin Day to commemorate this woman and her gift, and as a possible Development event.

VIII. Adjournment

The meeting adjourned at 5:45 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary



Heritage

ON THE MARINA

San Francisco Ladies' Protection and Relief Society Board of Directors' Meeting Minutes February 26, 2014

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Wednesday, February 26, 2014, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Andrew Carlson, Carolyn Barber, Randy Gridley, David Gruber, Molly Hauser, Jane Hickerson, David Hines, Jeanie Kayser-Jones, Laura Pilz, Connie Tiret, Pamela Tudor, Leslie Van Houten

Directors Excused: Patricia Otstott,

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Joe Conroy, Controller; Janet Howell, Director of Marketing

Residents' Representative: Margaret Jacobs

Guests: The Society's CPA Firm, DZH Phillips, Janet Holland, Partner, and Deborah Kaminski, Tax Manager

I. Call to Order

Chair L. Pilz called the meeting to order at 4:05 PM.

II. Approval of Consent Agenda (January Minutes, Committee Reports, December Financial Reports, Executive Director's Report)

The Consent Agenda was approved by the Board on a motion from M. Hauser and second by R. Gridley.

III. Chair's Report

L. Pilz reported that the Master Plan Task Team (L. Pilz, D. Gruber, R. Gridley, C. Tiret, K. Donnelly) will be meeting monthly until April or May when recommendations will be brought before the Board. They have reviewed HKIT Architects' Master Plan Report presented to the Board in March 2013 and discussed the Society's strategic goals, which will drive the process and recommendations.

The Master Plan Task Team requested, and the Board approved on a motion from C. Tiret and second from D. Gruber, a \$30,710 expenditure for HKIT Architects to explore in greater detail three major initiatives: Assisted Living Expansion, a Memory Care Residential "Like" Area and Central Courtyard Use. C. Barber and R. Gridley abstained.

L. Pilz noted committee assignments are being revamped for 2014 and, also, the Governance Committee had reviewed the Bylaws and made recommended changes. The changes and questions have been forwarded to the Society's lawyer, Pam Kaufman of Hanson Bridgett for review. The updated Bylaws may be ready for Board approval at the March meeting.

IV. Resident Communications and Relations

M. Jacobs reiterated the importance of staff/resident communication, as the residents are aware that more changes are coming and good communication is especially important the older one becomes. She urged that the Board be aware of the effects of change on the residents and unforeseen responses. The results of the recent food tasting were diverse but an overall positive experience. Dr. Victoria Sweet's new book "God's Hotel," a transcendent testament to health care past and present has been widely read and discussed among residents. New committees recently formed: North Parlor Committee to review a more useful furniture plan, Garden Conference Room Committee to suggest how the space can be more useful, Garden Furniture Committee and Resident Orientation Committee.

V. Private Operating Foundation Status

K. Donnelly introduced Janet Holland and Deborah Kaminski from DZH Phillips who provided a guide to Private Operating Foundations (the Society). They explained how Private Operating Foundations differ from Private Foundation and the income and support tests required to qualify for Private Operating Foundation status.

VI. CEO Report

K. Donnelly brought the Board up to date on several recent developments and important meetings:

- Status of Medicare Certification - Additional information has been requested on OSHPD closeout letters. Tom Brutting of HKIT Architects helped to get an expedited response, and papers were submitted February 20. We are waiting, again, for the drop-in survey.
- Status of RCFE/SFFD inspection of Francisco Properties - There is confusion between Licensing and City re: Use. Materials were provided to justify our use and zoning, and we are waiting SFFD inspection, then RCFE approval will be sought. Expected completion is two weeks.



- A meeting with the residents will be held tomorrow. Also, Ken plans to meet with community leaders and peer organizations listed below to help clarify a direction regarding Home-Care Based Services.
A presentation/recommendation is anticipated at the May or June Board meeting.
 - Mark Farrell, San Francisco Supervisor, 3.6.14
 - Franke Tobey Jones Community, Tacoma, WA 3.17.14
 - University Retirement Village, Davis, CA 3.20.14.
 - Travel to Pittsburgh, Philadelphia in late-March.
Visit My Way, Friends Life Care, Longwood.

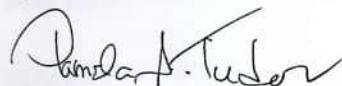
VII. Adjournment

The meeting adjourned at 5:39 to go into Executive Session.

VIII. Executive Session

K. Donnelly advised the Board of changes in staff positions. The Executive Session adjourned at 6:28 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary



San Francisco Ladies' Protection and Relief Society
Board of Directors' Meeting Minutes
January 22, 2014

A meeting of the Board of Directors of the San Francisco Ladies' Protection and Relief Society was held on Wednesday, January 22, 2014, at Heritage on the Marina, 3400 Laguna Street, San Francisco, California, 94123.

Directors Present: Carolyn Barber, Randy Gridley, David Gruber, David Hines, Jeanie Kayser-Jones, Patricia Oststott, Laura Pilz, Connie Tiret, Pamela Tudor

Directors Excused: Andrew Carlson, Molly Hauser, Jane Hickerson, Leslie Van Houten

Staff Present: Ken Donnelly, Chief Executive Officer; Marla Hastings, Executive Director; Joe Conroy, Controller; Janet Howell, Director of Marketing

Residents' Representative: Margaret Jacobs

Guest: Jonathan Sadorra, Director of Nursing

I. Call to Order

Chair L. Pilz called the meeting to order at 4:00 PM.

II. Approval of Consent Agenda (December Minutes, Committee Reports, November Financial Reports, Executive Director Report)

The Consent Agenda was approved by the Board on a motion from C. Barber and second by R. Gridley.

III. Chair's Report

L. Pilz reviewed the presentations that will be featured at upcoming Board meetings:

January: Health Center, J. Sadorra



February: Private Operating Foundation Status and Requirements,
CPA firm DZH Phillips

March: Current Philanthropy Environment, Paula March, fundraising
professional

April or May: Review of investment Portfolio, R. Gridley and Bernstein,
and Realistic Deficit Guidelines, R. Gridley

May: Home and Community-Based Services Recommendations, K. Donnelly

She also noted committee assignments are being revamped for 2014, and the Master Plan Task Team met to review Tom Brutting's Master Plan and discuss strategic goals, which will drive the Master Plan process. They plan to meet monthly until April or May, when recommendations will be brought before the Board.

IV. Resident Communications and Relations

M. Jacobs spoke to how much the residents are enjoying the house changes made in 2013. She met with Marla and Janet on how to better integrate new residents into the community. A new electric piano is at the top of the resident wish list plus a review of use of the underutilized front parlor and need for a larger van. L. Pilz called attention to the thoughtful thank you notes received from residents for the Board-hosted Holiday Party.

V. CEO Report

K. Donnelly spoke to Medicare preparation:

- a. The Physical Plant changes, including a new fire sprinkler system in the Health Center were completed and approved; and patching and painting of all room ceilings has been completed. The local licensing office of OSHPD has been notified that we are ready for a survey as of January 13, 2014.
- b. The preparation caused us to take a thorough look at all our rooms, food preparation areas, equipment, furniture and fixtures to make certain we fully comply with Medicare regulations. It has also improved staff awareness of these regulations.
- c. Ken expressed appreciation for a job well done to the many staff members whose efforts brought us to this point. M. Hastings has kept track of and overseen most of the details. She and J. Sadorra have worked with the Health



Strategic Initiatives:

Ken is focusing in 2014 on moving forward initiatives for a Memory Care program and for Home and Community-Based Services. A presentation will be made at the May Board meeting of his recommendations for Home and Community-Based Services (HCBS). He is planning a trip to the East Coast in April to visit three organizations providing Continuing Care@Home and HCBS.

VII. Health Center Overview

L Pilz welcomed J. Sadorra to the meeting. Jonathan reviewed the Medicare preparations undertaken by the staff and emphasized the fine team effort that involved the nursing process, physical plant, documentation, care delivery process, food services, accounting, human resources and administration. He reviewed the Quality Assurance process, and the Quality Assurance and Performance Improvement that, again, involved all the house staff. Jonathan concluded the Medicare Certification process has raised the standards for the Health Center and improved delivery of service for all the residents of Heritage on the Marina. The staff has embraced and is excited about offering Medicare, which takes us into the future.

J. Kayser-Jones suggested a celebration for the staff when the Health Center receives its Medicare certification.

VIII. Adjournment

The meeting was adjourned at 5:20 PM.

Respectfully submitted,



Pamela A. Tudor, Secretary

