



Dear Present and Future Board Members of the XYZ Foundation:

The new foundation's Articles of Incorporation include the major elements of my “donor intent” in creating the foundation. However, there are also certain principles related to the foundation that are important to me; this letter outlines those principles and should be viewed as a further expression of my intent. As such, I hope that present and future members of the board will give serious consideration to these principles in all their actions on behalf of the foundation.

The foundation was created to embody and give expression to two fundamental precepts of the Christian tradition. The first precept -- “To whom much is given, much is expected.” -- is a principle that is at the heart of all my philanthropy. The members of the family are cognizant of the many blessings we have received. Moreover, as committed members of the Catholic community, we are acutely aware of our responsibility to share those blessings. I hope succeeding generations of the XYZ family embrace this responsibility by seeking to create opportunities for those in need to overcome poverty -- both economic poverty and/or poverty of spirit.

The second precept is a hallmark of Catholic social teaching and is summed up in the Oriental proverb: “Give a person a fish and they eat for a day. Teach a person to fish and they eat for life.” My preference has been to support organizations that address root causes through education and research, and those that promote and/or create systemic change.

These two principles and the light of my Christian beliefs and values have guided my philanthropy.

As of this writing, the foundation’s Mission Statement is the following:

The XYZ Foundation is primarily a Christian philanthropy in the Catholic tradition that aims to make the world a better place through transformational investments in Catholic education, in the manifestation of Catholic social teaching and values, and on occasion in the support of other important areas of need throughout the world .

- In most instances, priority in awarding grants should be given to organizations that adhere to Catholic and Judeo-Christian values. However, it is not my intent to restrict the foundation from making grants to other worthy organizations based on other faiths -- e.g., organizations with roots in Islam, Judaism or Hinduism -- if the board in its judgment decides to do so.
- As stated in the Mission Statement, I want the foundation to support and invest in Catholic education as opposed to public education.
- I have a fundamental belief in the value of an entrepreneurial spirit, and I hope the foundation will act in accordance with that belief. It is that spirit that I saw so well illustrated in the family business; I believe it can have similarly salutary effects on philanthropy.

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- It would be a wonderful result if the foundation made transformational investments, by which I mean those relatively large gifts that allow institutions and programs to seize the opportunity to demonstrate meaningful improvement and growth in defined and measurable ways. The establishment of Progress Valley many years ago is one such example. My gifts to St. Thomas University over many years, the endowed chair for the Engineering School Dean at Marquette University, and the support for research in Alzheimer's disease at the Mayo Clinic, are other examples.
- In selecting grantees and social investment partners, I hope the foundation will favor organizations with proven track records of efficiency, effectiveness, and commitment to the communities of interest they serve or represent.
- It is very important to me that the foundation's board and staff are committed to absolute integrity in service to the people, projects, and organizations they support. The board should adopt a Code of Ethics that will ensure that the foundation, staff, agents and consultants, will at all time act in the public interest, avoid conflicts of interest, and honor the donor's intent. In addition, projects and organizations supported by the foundation will be expected to operate in a manner consistent with high moral and ethical principles.
- The foundation's board is legally responsible for the selection of new board members. The Articles of Incorporation call for a majority of the board to be members of the XYZ Family. I would like the board to seriously consider the family's recommendations and suggestions for new board members. If in the future, there is a Philanthropy Committee, as is the case today, or some similar family governance structure in place, those entities would be an important source of such recommendations or suggestions. In any event, the board should use its best judgment in choosing the most qualified and interested members of the family, as defined in Section 1.1 of the Foundation's By Laws, to become board members.
- Outside (i.e., non-family) board members should be chosen based on their wisdom, integrity and experience and they should be individuals who share the family's Catholic social values and principles. In my mind, examples of such individuals would include a highly respected Bishop or leader of the Catholic Church, an experienced executive/CEO of a family business with a high degree of interest in charitable giving, and a nationally respected philanthropy expert.
- While board members will not receive compensation (except possibly in rare circumstances deemed appropriate by the board), I think it is appropriate that board members be allowed to designate gifts to charitable organizations of their choice, in an amount to be established by the board, so long as those gifts are consistent with the mission of the foundation and are reasonable.
- The foundation is one of several that I have established. I believe there is economy and efficiency in a common administrative and investment management process, and encourage the board to join with the family's other related foundations in utilizing the system for administration and management that exists in the family office today. There may also be

opportunities for collaboration and joint grant making with the other related XYZ Family foundation initiatives.

- It is my intention to name specific institutions that will receive annual grants of \$1 million each for as long as they fulfill certain conditions delineated in Appendix A, attached hereto. As of this writing those institutions include St. Thomas University, Marquette University, The College of St. Catherine, and the Mayo Clinic. I may name other institutions to this list in coming years. In all other respects, the board has complete discretion in its grant making consistent with the Foundation's mission.

It is my wish that the foundation's giving always reflect the decision and judgments of the entire board, and that there not be a formal or informal "partitioning" or division of the annual grants budget among board members.

I hope this letter is a helpful reflection of my values, principles, and passions. From whatever vantage point I might have in the future, I thank you for your efforts in helping to make the world a better place.