

NATIONAL CENTER FOR FAMILY PHILANTHROPY

IRWIN SWEENEY MILLER FOUNDATION:

A STUDY IN SPEND DOWN

NOVEMBER 2013



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Irwin Sweeney Miller Foundation: A Study in Spend Down

By Alice Buhl

This is the story of the third generation members of the Miller family who chose to spend down the Irwin Sweeney Miller Foundation, with assets of approximately \$25 million. Their story is different from many in two important ways. First, the decision to spend down had not been suggested or implied by previous generation donors Nettie Sweeney Miller, Clementine Miller Tangeman, J. Irwin Miller, and Xenia Miller. Second, the decision was driven by the possibility of making a significant difference in Columbus, Indiana, the family's historic community, even though only one of the six current generation families still lived there.



November
2013

EXPLORING KEY ISSUES IN FAMILY GIVING

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Inevitably, family foundation spend downs involve a struggle between different beliefs about potential “goods.” Some families do good by continuing the foundation over the years and growing the assets. But that approach isn’t for everyone. Some families would be more effective if they considered a creative and strategic spend down, as did the Millers.

Some families don’t have the interest, experience or time to continue a foundation from one generation to the next, even if they have good working relationships. However, one of the important learnings from the ISMF experience is that even families with some strained relationships can often work well together for a stated period of time around a specific cause or project. The Columbus community has benefited enormously from the willingness of the third generation to respect the family’s legacy, think strategically, work with each other and the community,

and ultimately make critical decisions about the future of the foundation.

Although this story is about spend down, it is also about two other issues that have a broader application to family foundations. According to reports from the affected nonprofits, ISMF closed out grantmaking for individual grantees with thoughtfulness and respect. Other foundations that are changing grant focus or phasing out long-supported organizations can learn from the way that ISMF communicated with and prepared their grantees. Second, the ISMF board chose to focus their efforts and significant dollars on a major project in Columbus, the donors’ hometown. Family members looked carefully at the kind of giving that had been important to the donors, discussed the legacy they wanted to add, and agreed on focusing the foundation’s



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remaining resources. The ways the foundation chose to support a major community effort can be instructive for others whether or not a foundation is spending down.

The Miller family graciously agreed to document this process and talk with me as I was putting their story together. I believe that their experience might help other family foundations, particularly smaller ones, think about spending down, phasing out grants, and strategic grantmaking. My viewpoint of the ISMF spend down is not entirely objective since I was a consultant/facilitator for the early parts of the process. However, that experience has also given me insights that I might not otherwise have.

The first part of this paper describes the early phases of decision-making and the steps taken to implement the spend out. The second section looks at the three areas of substantive work: current grantees, downtown redevelopment, and other community and property projects. The final section includes reflections and comments from interviews with family and community members in late 2012, as the foundation was in the final phases of shutting down. In all sections, family or community quotes are in italics.

ABOUT THIS PAPER

This paper represents the latest in in the National Center for Family Philanthropy’s series of publications, guides, and webinars on the topic of limited life foundations and the processing of spending out. This paper was created in partnership with Duke University’s Center for Strategic Philanthropy and Civil Society, which shares our interest in exploring the special challenges facing spend down foundations. Featured NCFP guides on this topic include “The Power of Urgency: The Eckerd Family Foundation’s Limited Life Approach” and “Alternatives to Perpetuity: A Conversation Every Foundation Should Have.” See the end of this paper for a list of additional resources on this topic, and visit the Knowledge Center at www.ncfp.org to view our Special Focus Area on this topic.

IRWIN SWEENEY MILLER FOUNDATION HISTORY

(see sidebar on page 4 for family history in Columbus)

Miller family members talk about seven generations of community philanthropy. Each generation has carried forward stories of the ways that their predecessors supported individuals, churches, and community organizations. The community also benefitted from a family business, later a public corporation, Cummins Engine Co., headed by J. Irwin Miller. In addition to its other philanthropic support, Cummins funded nationally known architects to design schools and community buildings, making Columbus an architectural showplace.



Joseph Irwin Miller

The Irwin Sweeney Miller Foundation itself has had a long and significant history. It was established in 1952 by Nettie Sweeney Miller, her children J. Irwin Miller and Clementine Tangeman, along with Nettie’s sister and a family friend, as a vehicle to carry out the philanthropic activities of the Miller family. Over the years, additional assets were contributed by the early generations of family members. In the 1960s the foundation worked with the Cummins Engine Foundation and the Irwin Union Bank to fund national causes such as civil rights and education, as well as provide funds to local Columbus organizations, giving away as much as \$4.5 million per year.

In the late 1970s ISMF directors decided to focus the grantmaking closer to home in an effort to become more knowledgeable about and connected to grantees. The foundation had spent most of its assets and returned to depending on annual contributions from its directors.

J. Irwin Miller and his sister Clementine Tangeman were well known for their local philanthropic work. ISMF supported many

organizations in Bartholomew County, and the staff worked closely with grantees on issues that significantly benefited the county and extended the impact of the grants. In addition, the foundation made major infrastructure grants in the community. As the foundation spent down in 2010, the following summary in the local paper, *The Republic*, described a few highlights of the family's philanthropy:

In the 1960s, commercial and residential development drew people to the north and east and put the health of Columbus' downtown at risk," said Margaret Miller, a child of J. Irwin and Xenia Miller [his wife]. "To address this concern, a long-term strategic plan was created by the first Redevelopment Commission [which included] a civic and social center in the heart of the community.

That development was often referred to as Super Block, a futuristic structure set in the midst of 19th century buildings. The complex included a shopping center owned by the Miller family, but added to it at the urging of architect Cesar Pelli was a social center that came to be known as The Commons.

There were other significant gifts to follow—brick and mortar projects like the renovation of Franklin Square buildings and their subsequent donation to the Heritage Fund [the local community foundation]; the original restoration of the building that would house the Visitors Center and its subsequent expansion; the creation of the Columbus gallery of the Indianapolis Museum of Art.

There were also gifts of outstanding public art: Henry Moore's "Large Arch," Jean Tinguely's "Chaos" and Dale Chihuly's "Yellow Chandelier."

FAMILY INVOLVEMENT IN THE FOUNDATION

Family members of the current generation were invited to join the ISMF board as they reached the age of 18 but at first rotated on and off the board with only one person from the third generation serving at a time. The Millers had five children: Margaret, Cath-



J. Irwin Miller and his wife, Xenia Simons Miller

erine, Betsey, Hugh, and Will. Mrs. Tangeman's stepson John also joined the board. In the mid '70s, all family members and their spouses were added as regular trustees. However, it was well known among family members that Mr. Miller and Mrs. Tangeman directed the decision-making.

After Mrs. Tangeman's death in 1996, Mr. Miller continued to set the direction for the grantmaking. He was chair, and Xenia

Miller, his wife, became president of the foundation. A paragraph from a letter he wrote to the trustees in May of 1997 described how Mr. Miller saw his role (with identifications added):

After CMT's (Mrs. Tangeman) death, when ISMF Directors decided to do strategic planning for the future of the Foundation, XSM (Mrs. Miller) and I agreed that we should do this. However, in recent weeks, we have both become uncomfortable with this course of direction. ISMF was founded with the principal purpose of enabling our generation to do the kind of philanthropy we wanted to do in our lifetimes, following the projects and programs we thought were the best ideas at the time. XSM and I want ISMF to continue to do that—with principal focus on the projects and initiative coming up in Columbus, and with help from the whole board. If the directors want to take ISMF in a different direction, you can, of course, do so after we are gone, with those assets which remain, and you can and should pursue programs of interest to you with monies which you contribute...



Of course, if the majority of the Directors of ISMF disagrees with our preferences for the direction of ISMF during our lifetimes, they can vote to do something different. In that case, XSM and I will let the Board run ISMF as it chooses with absolutely no hard feelings and with respect for your responsibilities as directors, and we will pursue our philanthropic interests by making these grants directly out of our personal assets.

Family members, reflecting back to that time, said:

- “Our mom, dad, and Aunt Clemmie told stories about previous generations, going back seven generations. Each generation had embraced a sense of responsibility and commitment to the community.”
- “My father made a point of showing me poverty. Dad wanted to make sure we understood how lucky we were. Our parents’ religion really

formed most of their and their own parents’ tradition; my grandmother helped others. I was always aware that we were a family of givers and came from a family of givers.”

- “In some respects we didn’t have a lot of choice. Irwin and Xenia were the wheel of the car and we were kind of tagging along, even though they went out of their way to involve us.”
- “We didn’t feel effectively engaged while our parents were alive.”

In contrast, a long-time foundation staff member reported that she felt that Mr. Miller listened to her even when she did not agree with him. The community respect accorded to the staff suggests that Mr. Miller hired strong staff members and supported them.

THE IRWIN SWEENEY MILLER FAMILIES

Family history in Columbus, Indiana goes back to J. Irwin and Clementine’s great-grandfather, Joseph Ireland Irwin who was born in 1824 and moved to Columbus as a young man. The Miller and Sweeney families came to Columbus in the latter half of the nineteenth and early twentieth centuries, with all three families becoming leaders in business, politics, philanthropy, and the church. For many years the Irwin home (called 608 by the family) was home to four generations of an extended Irwin-Sweeney-Miller family, which included the Miller’s two children, Clementine and Irwin.

The males in the family were active in politics and business. J. Irwin Miller ran Cummins Engine, the most successful of several family businesses, from 1934 until 1977, interrupted only by service in the U.S. Navy during World War II. He helped to establish the National Council of Churches and served as its first lay president. He led religious and business delegations that pushed for legislation that became the Civil Rights Act of 1964. Under his leadership, the Cummins Foundation provided architectural fees for new public buildings in Columbus, bringing world class design to

schools, fire departments, and municipal buildings.

With some notable exceptions, women in the family weren’t directly involved in the businesses, but the family supported their education and roles as leaders in philanthropy. Nettie Sweeney Miller was a well-known churchwoman and served as the first president of the foundation, followed by her sister Elsie. Clementine Miller Tangeman, the third president, graduated from Smith College, served as Gray Lady in Italy in World War II, and was a leader in the International Girl Guides and Girl Scouts for over 60 years. Mrs. Tangeman was a leader in funding the Christian Theological Seminary, as well as the schools she attended. Her life and philanthropy have been chronicled in a paper entitled, “With Strength to Reason and the Warmth to Feel” (Andrea Walton, Center for the Study of American Culture and Education, New York University School of Education, 1998).

After Mrs. Tangeman’s death in 1996, Xenia Miller, J. Irwin Miller’s wife, became president of the Foundation. Mrs. Miller also had wide-ranging philanthropic interests, including horticulture, art, historic preservation, and education.



THE BEGINNING OF CHANGE

In 2004, Mr. Miller died. His wife Xenia lived until 2008 but had been ill for some time and was no longer able to participate in the foundation. At the time of Mr. Miller’s death, only one of the five Miller siblings lived in Columbus. Will Miller, the youngest of the five, and his wife Lynne Maguire were very actively involved in the Columbus community, Will as chairman and CEO of Irwin Financial Corporation and Lynne as vice president for planning and marketing at the Columbus regional hospital. The other four Miller siblings and John Tangeman, Clementine’s stepson, had active careers and lives in other places.

A considerable portion of the foundation’s assets remaining in 2005 had been left to the foundation through Mrs. Tangeman’s estate. Although she did not legally limit her gift, she expressed a particular interest in funding in Bartholomew County where Columbus is located.



Elizabeth Clementine Miller Tangeman and her brother, J. Irwin Miller.

As I have observed in my work with other similar families, it takes some time for family members to develop new systems of working together after a strong entrepreneurial father dies. In many cases these strong men have been the center of decision making so that siblings don’t learn to negotiate and work with each other. When the strong leader is no longer around, there is often some tension before new ways of working are developed. Mr. Miller had made Will, his youngest son, along with a non-family

member, the executors of his estate. However, there was not a succession plan or agreement in place about who would chair the foundation.

Family members may want to step into that very powerful role, when, in fact, a better decision might be to define the role differently and agree to rotate leadership.

Initially, several Miller siblings were interested in chairing the foundation, and it seemed difficult to reach a consensus, a common occurrence after the death of a strong leader. Family members may want to step into that very powerful role, when, in fact, a better decision might be to define the role differently and agree to rotate leadership.

In the case of the Miller family, the board chose Lynne Maguire as interim chair, deferring the decision about a permanent chair. She already had strong leadership experience in organizations and planning, as well as in-depth knowledge of Columbus. Lynne’s interim appointment ultimately extended through the foundation’s spend down.

At the October 2004 meeting, with the encouragement of staff, the board agreed to appoint a planning committee to identify a consultant who would work with the family to help it develop a mission, direction, and strategy for the future of the foundation. At this point, family members didn’t have a clear sense of their options and didn’t really know what other family members might want to support. However, they feared that there would be differences, so they sought a consultant to help them manage those differences. At the same time, they were clear that they didn’t want a consultant to “get in the way of the family members dealing with the issues themselves.” They also wanted someone who would be perceived as neutral.



BEGINNING THE PLANNING PROCESS

The staff developed a detailed request for proposal and identified possible consultants. The RFP asked for a timeline and a description of a specific process and deliverables. The planning committee interviewed several consultants by telephone and made a choice. My proposal was dated December 13, 2004 and I was quickly hired and began working with the foundation in late January 2005.

We agreed that I would interview all family board members before a May meeting. In addition, I went to Columbus for three days to interview community and nonprofit leaders. The planning committee had monthly discussions, reviewing questions to be used in the interviews, people to be interviewed, and materials that would be needed both for my background and for the board meeting. I will talk later about the staff roles in both the grant phase out and downtown redevelopment work, but it's important to underscore here that the staff's role was also critical at this point in preparing materials, making contacts for appointments, and paving the way for conversations.

PREPARING FOR THE FIRST MEETING

Getting Information from Key Community Leaders

Because ISMF had been so active and important in the Columbus community, board members wanted the views of community members reflected in the strategic planning process. I interviewed key leaders as well as heads of nonprofits that had been supported by the foundation. Essentially, everyone said they would prefer that ISMF continue to function in the community much as it had in the past. Community leaders believed that ISMF's leadership role as well as its dollars had a significant impact on Columbus in the past and hoped that leadership and those resources would continue to be there to help Columbus in the years ahead.

Even when I asked several nonprofit leaders what they would do if they had to choose between getting a significant grant for their organization or having the foundation continue its presence in the community, they usually paused (I'm sure to dream about all those dollars), but ultimately said they wanted the foundation to continue to play a leadership role in the community.

Getting Family Opinions

The individual telephone interviews with family members turned out to be a critical element of the planning process. I reviewed a set of questions with the planning committee and then sent them in advance to each board member. These interviews were particularly critical because family members didn't realize that they actually had substantive agreement on several key issues. Two of these issues set the tone for the discussion:

- Family members expressed a desire to fund predominantly in Bartholomew County. The major persuading factors were that Clementine Tangeman's bequest was a significant portion of the assets, and it was well known that she wanted to make a difference in the town where she grew up. Family members thought they could be more effective with the dollars available targeting the local community. In particular, the board wanted to solve the "problem" of the Commons and to provide support for the Irwin Gardens (more on both of these later).
- Equally important, family members did not see the foundation fulfilling purposes that are important to some philanthropic families:
 - Keeping the family connected. The family already stays connected through their property in Canada that has served over the years as a family gathering place in summer;
 - Funding the personal interests of family members. The family rejected this because of the strong interest to fund in Bartholomew County and the reality that only two family members lived there.
 - Being a vehicle for involving the next generation. Although many philanthropic families have this as a key part of their initial thinking, the ISMF board did not see this in their future. One family member said, "I can't imagine bringing in the next [children of the current] generation. There aren't enough funds to spend the effort on it."



Defining Options for the Future

I provided a summary of the board and community interviews to board members in advance. In that summary, and based on family member feedback, I suggested three primary options, not mutually exclusive:

- Continue the foundation. Provide staffing and continue to support organizations in the community, either modestly, to exist in perpetuity, or with the intent of spending beyond income and ending the foundation after some set number of years.
- Use the funds for a special purpose that might include continuing the foundation in a different form.
- Close down the foundation, by giving support to one major issue or project, endowing key organizations, or giving the funds to the local community foundation.

One key paragraph in my report to the board reflected on the relationships of family members:

I want to point out that many of you believe your choice will ultimately depend on your capacity to work together. Although you all care about each other and have many warm personal relationships, your experience in working together as a group hasn't been good. A number of you will want to see evidence of a capacity to work together in order to consider any options that will require that. If you don't see that evidence, a number of you are more likely to prefer an option that will close out or change the foundation significantly.

MAKING CRITICAL DECISIONS

In some families I have worked with, a quiet consensus begins emerging about the future of the foundation. Family members begin sharing visions of the future and defining them as they talk with each other. In other families that process doesn't take place easily without outside help. All families I know, including my own, tend to emphasize differences rather

than similarities. The Millers knew their differences but they weren't as aware that they also shared ideas about the future of the foundation.

Family members were initially somewhat surprised and relieved that they had the substantive agreement that I reported from the interviews: they wanted to keep the funding in Columbus/Bartholomew County and had little interest in continuing the foundation for future generations. Because of this initial understanding, board members were able to move more quickly to considering approaches to funding in Columbus/Bartholomew County. It also allowed them to make decisions at the May 2005 meeting that were significant and that set the tone for the remainder of the work.

The board agreed to three major actions:

1. **Develop a plan for the ISMF role in The Commons, The Commons Mall, and downtown.** This action was driven by a number of factors:
 - As noted above in the *Republic* article, the family had historically played a significant role in the downtown. However, downtown Columbus was suffering the ills of many small towns, with little parking space, hotels locating outside of town near the highways, empty storefronts, and diminishing downtown activity.
 - The Commons, originally given to the Columbus community by Mrs. Tangeman and Mr. and Mrs. Miller, had deteriorated and was becoming difficult to manage. The very popular indoor playground was no longer considered safe by more recent standards, many of the businesses in the attached mall had left, and maintenance costs were increasing significantly. Although The Commons was still popular for large community gatherings it no longer suited many community needs.
 - A community group (Vision 20/20, co-chaired by Will Miller and the Mayor) was currently developing alternatives for the downtown.



The board saw this as an opportunity to fund a specific project that would fit within the downtown redevelopment holistically. Being a part of the Vision 20/20 group's overall strategy also fit with the foundation's history of respecting community leadership.

- Family members also saw an opportunity to leave a third generation legacy in the Columbus community. A major project in Columbus seemed consistent with the history of the founders, and would represent a way to use the foundation resources in the community of their origin.
- Because family members had long been exposed to architectural concepts and development issues, they saw possibilities for the future of Columbus. They also shared a family vision of quality and community culture that they wanted to help maintain in Columbus.

2. **Phase out current grantmaking.** The board believed the ISMF grantmaking program had been very strong over the years but that continuing it in the same way wouldn't be feasible, given the desire to focus on downtown redevelopment. At this point, board members believed that while ISMF would have other priorities in the next few years, the foundation could return to grantmaking at a future time. In the meantime, family members felt it critical to close out current grantmaking in a fair, respectful way. They believed they could manage that process with current staff and then redeploy them to working with the downtown.

- The ISMF grantmaking program was heavily dependent on good staffing. Over the years, the foundation had been proactive in working with organizations and community issues. Organizations were helped and supported in many ways.
- Much of the funding for staffing and administrative, financial, and legal needs had come from the family office, predominantly supported by J.

Irwin and Xenia Miller. Family members realized that future funding for foundation support would need to change. Expenses for the foundation, which had been modest, would need to be significantly increased in order to maintain the current style of grantmaking.

Family members were surprised and relieved that they had substantive agreement around the fact that they wanted to keep the funding in Columbus/ Bartholomew County and had little interest in continuing the foundation for future generations.

- The fact that most family members did not live in Columbus made it more difficult to envision a future with continued community grantmaking. The Miller family members who didn't live in Columbus returned regularly to visit their mother but didn't expect to have a strong tie after her lifetime. They had all seen the power of family involvement in the Columbus community but didn't see it continuing in the same way in their generation.
- 3. **Develop a plan that will sustain the properties that were important to Mrs. Tangeman, specifically the Gardens and her long-time home (called 608 by the family).** The board hoped to honor her interest by preserving the gardens and planning for the property she had owned.
- Although not a legal requirement, Mrs. Tangeman had expressed a desire that the Gardens



Board comments at the end of the meeting were quite positive, with most indicating energy and passion for the work that needed to be done.

next to her home continue to be available to the public at set times each week, as they had in her lifetime.

- Since the board was willing to endow the Gardens, it seemed initially there would be a number of options to make this possible.

Board subgroups were assigned for each of these three issues. The board also committed to openly communicating with the community, particularly with nonprofits that would be significantly affected.

The board did not officially agree to spend out at this point, although their actions implied a potentially significant expenditure. Board comments at the end of the meeting were quite positive, with most indicating energy and passion for the work that needed to be done. I saw their decisions being driven by a desire to leave a legacy from their generation that was in keeping with the legacy that their parents' generation had supported. The following comments from various family members are indicative of the level of emerging consensus about what was driving their decisions:

- “The process was crucial in helping us focus on what we agreed on. We were all worried about what we disagreed on. It might have taken us a long time to draw it out on our own with awkward board conversations.”

- “[Only one] of us lived there anymore. It’s a local foundation. We’re not a group that needs an institution to do our giving. We can find individual ways. We’re much too different to want one institution.”
- “Just wasn’t much there, what could be done? It wasn’t as if the younger Millers were each going to add (dollars) and blow it up to a larger capitalization.”
- “I thought we did a good job of doing what he/they [Mr. and Mrs. Miller and Clementine Tangeman] probably would have wanted us to do. We helped the town; we carried on their vision for the downtown, all three cared very much for Columbus. They didn’t want Columbus to become just another rural community but wanted better for it.”
- “We respected that Clemmie had given the money. Maybe we weren’t as interested [in what she preferred], but the board did the right thing by respecting her wishes.”

PHASING OUT GRANTS

In many ways, ISMF grantmaking was ahead of its time. J. Irwin Miller and Clementine Tangeman led efforts in the 1960s to support civil rights initiatives, including early work supporting the creation of the Children’s Defense Fund, the Chicano Education Project, and the Black Women’s Community Development Fund. They also formed an early grantmaking collaborative that included ISMF and two corporate entities related to the family: the Cummins Engine and Irwin Union Bank Foundations.

Even after the grantmaking became focused on Columbus in the 1970s, the Foundation looked at specific opportunities and needs beyond individual organizations. A summary of the grantmaking done in May 2005 describes the foundation’s approach to grantmaking:

- Support of the work of an outstanding individual
- Identification of a need that the community ignores



- Identification of opportunities to combine services
- Response to a request for help in an area that is not popular.

One comment by a family member on past grantmaking summed up the foundation's grantmaking approach: *ISMF is willing to take risks others wouldn't because they weren't financially or socially acceptable. It has been patient capital, investing in something for the long run, stepping out on a limb for something that makes sense but may not be popular.*

The foundation's staff identified, nurtured, and even coordinated the grantmaking that implemented the standards set by the board. Like many families who also have a family office, almost all staff support was provided by the family office at no cost to the foundation. In this way, ISMF, despite being a relatively small foundation, was able to afford sophisticated and able staff and office support.

In September 2005, ISMF directors took another key step in phasing out grants, approving a declining grant schedule for the 12 organizations that had been receiving regular operating grants. Most of them were given a 3-5 year declining support schedule. The schedules were also worked out individually with each organization, although some adjustments were made as circumstances changed. The total estimated package was \$3 million.

Communicating with Grantees

The staff and board of the foundation recognized the importance of letting the community—and especially foundation grantees—know about their decisions. Indeed, as soon as the decision was made about the grants, ISMF invited the executive directors and board chairs of all the affected grantee organizations to a meeting with the board chair and primary ISMF staff. Since it was an ISMF tradition to meet with grantees in their offices, rather than make them come to the foundation offices, these two meetings took place at the United Way and the Columbus Philharmonic conference rooms.

The foundation's staff identified, nurtured, and even coordinated the grantmaking that implemented the standards set by the board. Like many families who also have a family office, almost all staff support was provided by the family office at no cost to the foundation.

As Em Rodway, the key grant staff person at the time, explained: "Of course they all came suspecting 'something' was up. I think they were very relieved to learn about the spend down (over 3-5 years) rather than an immediate shut down (which they feared). We wanted them together so that they would hear the same message and be able to ask questions. We also hoped that having two representatives from each organization would mean that the message was heard clearly. We had handouts, detailing the schedule of the spend down so there would be no confusion. What also helped, I think, was that they knew us, we had relationships with everyone in the room, and they knew we were trying to be as fair as possible."

The foundation's directness paid off. Years later, one of the grantees remembered that meeting: *They came in here, looked us in the eye and said this is what we are going to do. We felt respected by the way it was done. Everything was first class.*

In October 2005, the local paper carried an article and editorial, both supportive of the way the foundation was managing the grantmaking phase out and continuing to provide opportunities for current



grantees. They quoted several nonprofit leaders who were disappointed that the foundation was phasing out its grantmaking but pleased that their organizations would have an opportunity to receive grants on a declining schedule.

The Technical Assistance Funds

Although the phasing out of grantmaking was thoughtfully managed, not all of ISMF’s efforts to cushion the blow to long-time grantees paid off. For example, ISMF set aside two funds to provide technical assistance to the organizations being phased out, one for social service agencies and another for the arts community, in both cases primarily to help raise other funds. Everyone had high hopes for these funds and worked hard to make them successful, but in the end neither achieved as much as expected. In spite of their similarities, the nonprofit organizations in each group also had significant differences. Each organization had limited staff resources and needed someone to help them do the work rather than teach them how to do it:

- The arts group hired a firm to help promote the activities of their organizations with some success.
- The social service group hired a fundraising firm to provide training and suggestions for grant proposal preparation. Although new opportunities were identified, no new money was raised. Each organization felt it needed a dedicated grant writer. However, none had the depth of staff for this resource and they were unable to determine how to share such a position.
- In looking back on this effort, the organizations, although grateful for the support, felt they spent a great deal of time trying to reconcile different needs without significant results.
- Ultimately, some of the arts funds that had been set aside were divided among the organizations with each providing a plan (such as promotion, donor software, etc.) for its respective portion of the funds.

CREATING AN ENDURING LEGACY: THE COMMONS AND DOWNTOWN COLUMBUS

(see sidebar on page 17 for specific projects and timeline)

A visitor to downtown Columbus sees a very different picture today from the one he or she would have seen in 2005. The central Commons building has been updated from the previous aging structure and is a thriving community gathering place with a very popular indoor playground. Parking is readily available, and there are new restaurants, a new downtown hotel, and people walking on the streets at lunchtime and in the evening.



The New Commons Mall, Columbus, Indiana

The Foundation’s Initial Strengths

Everyone I talked with agreed that this change in downtown Columbus wouldn’t have happened without the Miller family’s focused investment and leadership. Certainly many others contributed to the changes. But the role of the family and foundation were key and essential. There were a number of factors that put the foundation in a position to play this key role:

- The community was in the process of a study about what was needed in the downtown. This study, co-chaired by Will Miller, allowed ISMF to respond legitimately to what the community said it wanted, rather than be seen as deciding for the community what was needed. Will’s role in the community made his leadership significant and critical.



- The family and ISMF were widely respected for their long history of philanthropy and leadership in the Columbus community over several generations.

The family felt responsible for the Commons. They recognized that it had become more of a liability than a strength downtown... they were willing to invest foundation resources in a first rate architect to do the initial planning for revitalization of the downtown and the Commons Mall.

- The foundation staff was experienced and trusted in the community. Sarla Kalsi—president and CEO of the family office and executive director of the foundation for 36 years—was widely respected and very experienced. Sarla served on committees and led efforts for change. She was able to solve problems and suggest options when things got stuck, as they can often do in a community with many differing interests and perspectives. Sarla also understood the importance of having the community involved in the decision making process. In addition to Sarla, the foundation had very able legal and financial support, and was willing to bring in other consultants and staff as necessary.
- Mrs. Tangeman had left the foundation a number of pieces of property downtown, some of which were leveraged to provide support for the new efforts.

- The family felt responsible for the Commons. They recognized that it had become more of a liability than a strength downtown and, in the tradition of the family, they were willing to invest foundation resources in a first rate architect (Koetter Kim & Associates) to do the initial planning for revitalization of the downtown and the Commons Mall.

Other Factors that Led to Success... and Some that Slowed Progress

There were several other critical factors that ultimately led to the successes in Columbus:

- Cummins Engine Co. respected the work that was going on in the community and recommitted to Columbus as a training and resource center for its employees worldwide, ultimately locating several hundred additional employees in a new office building in the downtown.
- The mayor, City Council, and Downtown Redevelopment Commission were all willing to be creative in their approaches to redevelopment and their use of public money, land, and resources.
- Many community leaders were willing to provide support for solutions and parts of the renewal.
- Foundation contributions were a significant, but ultimately small portion of the more than \$141 million invested in downtown projects from 2008–2013. Public funds provided more than \$26 million, private sources over \$109 million, and ISMF approximately \$11 million.

And there were several factors that significantly slowed progress:

- A major retailer who was unhappy with the downtown redevelopment plans filed for an injunction.
- A group of taxpayers protested against the city’s proposed tax increase to pay for The Commons, and it was eventually defeated.



The Foundation’s Role in the Process of Change

The story of Columbus’ redevelopment deserves its own documentation and analysis. My purpose here is to show the role of the foundation and the family in the change so that other families considering a major project might learn from this example. As community members noted, the change could not have happened without ISMF and family leadership. But family members also know it wouldn’t have happened without the involvement of many others, and a bit of luck, as one said.

- ISMF trustees made a clear commitment to allocate significant resources to the downtown and made their commitment public. This action provided support to the work of the Vision 20/20 group and made the potential changes seem possible.
- ISMF often paid for the studies that made new options or ideas viable. They supported the Vision 20/20 strategic planning effort and two major architectural studies by Koetter Kim & Associates.
- At each step, a clear communication plan was developed with messages and spokespersons.
- The trustees were willing to take risks, often by becoming involved in rather complex property and equity arrangements. As one trustee put it:

“We provided the risk capital. The downtown redevelopment plan was predicated on the idea that the governmental and philanthropic dollars would be used to bear the risks that the market itself would not cover, to the point where it would create a critical mass, and money would come for investment through the normal market mechanisms.”

- ISMF trustees were able to keep the vision or end point in mind and were flexible as situations and possibilities changed.

“Willingness to listen and learn as we went along, to modify. We followed the traditions

Board members brought many talents to the table. There was experience in the law, architecture, and economic development. They cared about Columbus and were willing to get involved.

of the foundation to listen to the community rather than impose what we wanted to do.”

“Be flexible along the way; we kept changing the rank order of things.”

- Part of the ISMF tradition was to invest in outstanding individuals. This continued as the staff identified partners and resources that would provide leadership to various parts of the redevelopment.

“In a normal market we would have said, “let’s put the hotels at the interstate, the return on our investment appears better.” By providing the land and finding Tim Dora, an experienced hotel developer and operator who was willing to take an extra level of risk to put in place the first downtown hotel, we created a changed picture that began the process of allowing people to understand what the potential in this plan really was.”

- The staff worked closely with a very able Redevelopment Commission that was also willing to think creatively about the use of resources.
- The Columbus family members, Will and Lynne, plus the staff, were available to meet regularly with key people and be directly involved in discussions and decisions. Other family members participated in the decision-making at key times so the community saw their clear intention and support.



- Board members (including the in-laws) brought many talents to the table. There was experience in the law, architecture, and economic development. They cared about Columbus and were willing to get involved.

Community Voices

The following statements by community members illustrate the importance of the involvement of the foundation, family, and staff.

“ISMF leaders had a vision and they made an investment... they were smart enough to bring the right people in the room. The city, county, private, and public all came together. They were the initial catalyst. They collaborated with other existing foundations and asked: how can we work together for the community? You felt as if you weren’t alone.”

“Family involvement, especially Will, was key. Doors opened that you wouldn’t be able to open on your own.”

“ISMF staff has special abilities, rallied others to the cause, underwrote the cost of studies, so that information was available without first reaching a public consensus. They were willing to make decisions. They listened at every step of the way.”

“An important ability to be a risk taker, front-ending studies for community buy in. Willing to take some heat. Foundation did not waiver; it was committed to the community. Also a fluid process which responded to opportunity.”

“Cummins wouldn’t have made the commitment [to locate a new office building here] otherwise. They did it because things were happening in the downtown.”

“They [the family] wanted it to end well and it did. We all have positive feelings.”

“They did the nitty gritty work, but everything they did was high quality.”

“It wasn’t just the money. It was leadership, thinking big, and energy. The foundation was in the middle of things. We’re now missing [the foundation] at the table [due to the spending down].”

DECISIONS ABOUT OTHER FOUNDATION RESPONSIBILITIES

The family faced several other decisions which ultimately affected their overall planning and thinking for the spend out of the foundation. In particular, there were two family houses in Columbus, each with a significant garden, the future of which needed to be determined.

The first was the Irwin Home and Gardens (also known as 608), located in downtown Columbus. It had been the home to seven generations of the family, including Mr. Miller and Mrs. Tangeman in their childhoods. Mrs. Tangeman had hoped to preserve as a public amenity the Irwin Gardens which, although private, had been open to the public one day each week and were often used for special events.



Irwin Home and Gardens
in Columbus, Indiana

The second was the Miller House and Gardens (known within the family as 2760), the home of Irwin and Xenia Miller in which the current generation grew up and located a few miles from downtown. The home, commissioned in 1953,



was a collaboration of three of the most prominent mid-century modern designers in the U.S.: architect Eero Saarinen, landscape architect Dan Kiley, and interior designer Alexander Girard. In 2000, the house became the first National Historic landmark to receive its designation while one of its designers, Dan Kiley, was still living and while still occupied by its original owners. After Mr. Miller’s death, but while Mrs. Miller was still living there, the Miller House and Gardens were put in a trust.



Miller House and Gardens
in Columbus, Indiana

The foundation convened a group of architects, preservationists, museum directors, and architectural historians to explore alternatives for the ultimate stewardship of both properties. Family members cite this information session as very helpful in “understanding what we could and couldn’t do.”

Although family members were willing to consider donating the Irwin Home and Gardens to a nonprofit and (through the foundation) providing an endowment for the Gardens, it turned out that there was no viable organization willing to assume the responsibility for them.

The family and staff explored a number of options with the Visitor’s Center and Park Department but weren’t able to find any workable solutions. The property was ultimately sold and is currently a bed and breakfast, The Inn at Irwin Gardens, with rooms named for family members. In the words of a family member, *I don’t know if we could have done anything differently; maybe we could have saved 608 and preserved the Gardens. I don’t think Aunt Clemmie would have been unhappy with the way it turned out. She was practical.*

The Miller House and Gardens were ultimately given to the Indianapolis Museum of Art and are available for tours through the Columbus Area Visitors Center. The trust that was created during Mrs. Miller’s lifetime permitted the family to work this out even though only four of the five siblings agreed to donate their share of the property. An endowment for the maintenance of the property was provided by Irwin-Sweeney-Miller Foundation and gifts to support programming came from the Cummins Foundation. This decision, in fact, was consistent with the family’s interest in supporting Columbus, since the Miller House and Garden is now a major community attraction. It also supports the larger architectural scene in Columbus which draws tens of thousands of visitors yearly.

FAMILY REFLECTIONS ON THE SPEND DOWN

Family members reflected on their decision to make a strategic investment in Columbus and spend down the assets of the foundation as well as their experience in the process:

- “We actually ended up having a pretty good time on some of these things, (such as) meetings with architects. We had some disagreements, but for the most part those were handled well. All and all we were becoming more and more skilled in dealing with each other. I thought it was going to be a pretty miserable experience, but it wasn’t.”
- “It was the right decision, unless we were personally going to contribute to the foundation. We didn’t want our siblings ‘yeaing’ or ‘naying’ our personal decisions.”
- “Principles were laid down early. The family splitting up the money doesn’t make any sense in our mythology. It isn’t your money, so it doesn’t compute. If that mythology isn’t already there, making it up from whole cloth would be tough.”
- “We had a credible opportunity to do a lot of good. And we really didn’t want to keep having to make decisions together.”



Although all the board members were initially supportive of the decisions and direction for the future of the foundation, one sibling eventually became unhappy with what was being done. Hugh Miller said, *in retrospect, we could have done much more with those funds if we had broadened our vision and scope to see beyond the minimal agenda of getting out of town.*

The hope of some family members was that the work with the foundation would also help family members work with each other more productively on issues related to the family home and estate. Although everyone believes that was true to some extent, Hugh became alienated from the family after he filed a suit to contest how his mother's affairs were being managed following his father's death and ultimately the management of her estate as well. He also resigned from the foundation board in 2010. Again, Hugh's reflections:

In a situation like this, where it is a new generation taking over, you inherit some of the good ideas, the publicity of the successes, but you also get their way of operating and set of problems that their ways of thinking never solved.

I also asked what advice family members would give to other family foundations facing similar divisions among siblings that emerge following the death of their parents:

- “Hire an outside consultant who can help work out issues. Go with the flow; do what's practical and what's feasible. Respond to your own circumstances. Look around to see what you can do.”
- “Honor your past but don't be bound by it. Times change. We wanted to honor the legacy in a way that allowed us to close the foundation. Not enough people think about spending down, balancing ongoing operations versus having a big impact.”
- “In the context of your own family you have to make sure there is a process that includes everybody's voice. The definition of consensus which you [the consultant] gave us early on was really helpful. The hard question is, can you find the common denominator, a substantive place where everyone can see value. Place based philanthropy, knowing the players, and finding a moment in time where there was a big opportunity to make a difference.”
- Advice from staff: *Be the driver but do it in the background. Be as inclusive as you possibly can. This is really hard work and can be easily derailed; it's not for the faint hearted. Takes a long time, and requires stick-to-itiveness.*

FINAL OBSERVATIONS AND SUMMARY

One of the things we know about family foundations is that a family's history and culture often play a very important role in the direction and governance of family foundations. The Miller/Tangeman family's style was to emphasize leadership (and funding) by the senior generation. Although the next generation was included on the foundation board, they were not involved in significant ways in the foundation. J. Irwin Miller didn't prescribe future leadership for the foundation, but he passed on most of his other leadership roles to his youngest son, Will.

When the time came for their leadership in the foundation, the siblings had very little experience at working together. Several had gone to boarding school so hadn't even shared many growing up experiences. The family placed a high value on philanthropy and taught it by example to the next generation. But J. Irwin Miller's way of managing and running the foundation did not give the next generation experience in working together in philanthropy.

In addition, a philanthropy style that expects each generation to contribute to its own causes may tend to lead toward family members doing separate rather than joint philanthropy. In a note in 1996, J. Irwin Miller said that the family and foundation had contributed over \$146 million to philanthropy. The family tradition was for family members to fund and lead philanthropy efforts in their lifetime. This mirrors the trend today of donors being more active in philanthropy while they are alive. It might

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Timeline for ISMF Role in The Commons and Other Columbus Downtown Development

2004	<ul style="list-style-type: none">• Irwin Miller passes away. ISMF Directors decide to engage a consultant to help them with strategy for future grantmaking.• Redevelopment Commission of Columbus engages Development Concepts, Inc. (DCI) to develop a Downtown Columbus Strategic Plan. Mayor Fred Armstrong and Will Miller are co-chairs of Vision 20/20 Steering Committee, a group of community leaders who are charged with receiving input from the community and helping to shape the strategic plan.
2005	<ul style="list-style-type: none">• Several planning meetings with the consultant result in a unanimous decision by ISMF directors to support the Vision 20/20 strategic plan which includes addressing the future of The Commons Mall owned by ISMF and located in the heart of the downtown. ISMF board owns other strategic real estate in this area and agrees to direct the bulk of its assets on Vision 20/20 projects subject to approval by legal counsel.
2006	<ul style="list-style-type: none">• ISMF Board meets with legal counsel to discuss the proposed decisions regarding downtown projects. Board proceeds with implementation based on advice from legal counsel. Hotel Indigo project approved subject to City building parking garage.
2007	<ul style="list-style-type: none">• Sears unhappy with downtown redevelopment plans regarding hotel and related parking lot and files lawsuit against ISMF. After few months, Sears drops lawsuit. Hotel Indigo and Jackson St. parking garage construction starts.• Board approves funding for The Commons with expectation of additional funds from Heritage Fund, the city, and private citizens.
2008	<ul style="list-style-type: none">• Cummins makes decision to bring 500 professional employees to downtown office building. State and city agree to build another parking garage on 2nd and Jackson Streets.• Demolition of The Commons and The Commons Mall.• Hotel Indigo and Jackson Street Parking Garage open.• Severe flooding in Columbus and Bartholomew County places downtown projects on hold.• Public announcement of donation of the Miller House and Garden by 4 out of 5 Miller family members. ISMF pledges \$5 million endowment.
2009	<ul style="list-style-type: none">• City Council unanimously approves \$9 million of bonds for \$18 million The Commons Project. Balance of the funds to come from local foundations and the public.• 120 signatures are turned in to force a remonstrance against the construction of The Commons. At the end of a 30-day period, The Commons supporters have 9,580 signatures versus 580 turned in by opponents.• The city awards the construction project to a local builder.• Jackson Street, which was closed as part of The Commons Mall, is donated back to the city. The Commons Mall west of the street receives a face-lift as it now will open onto a street instead of a part of an indoor mall. ISMF invests over \$2 million in this project which will then be donated to a public organization (donated to the Columbus Capital Foundation in 2011 along with \$800,000 to The Heritage Fund for maintenance).
2011	<ul style="list-style-type: none">• Cummins decides to add additional employees in Columbus and authorizes Dora Bros. to build a second office building adjacent to the one completed in 2009. Cummins builds a parking garage on 7th and Jackson to provide parking for employees.• Public dedication and opening of the new Commons.
2012	<ul style="list-style-type: none">• City starts Fourth Street and Jackson Street reconstruction projects.• Cummins garage completed.
2013	<ul style="list-style-type: none">• Cummins office building completed.• Coles Apartments completed.• Fourth Street and Jackson Street open.



be argued that although there was no suggestion of spend down by the previous generation, their model of grantmaking was consistent with spend down: spending the money given by the previous generation in ways that was consistent with their grantmaking. Families continuing over time usually find ways to respect the values of the previous generations while interpreting the grantmaking in ways that reflect current family interests and community needs.

For the Miller/Tangeman families, legacy was very important. The ISMF board took the interests of the donors very seriously in its spend down. Anyone looking at the history of J. Irwin Miller, Xenia Miller, or Clementine Tangeman would see that ISMF's leadership and strategic funding for Columbus was very much in the pattern and character of the donors. The Columbus, Indiana community has benefited enormously from each generation of the family's philanthropic leadership. I didn't know the Millers or Mrs. Tangeman but can only imagine they would be very pleased and proud of the contribution of their descendants.

ADDITIONAL RESOURCES ON LIMITED LIFE FOUNDATIONS AND SPENDING OUT

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Renz, Loren and Wolcheck, David, 2009. *Perpetuity or Limited Lifespan: How Do Family Foundations Decide: Intentions, Practices, and Attitudes*. New York, NY: Foundation Center.

Stone, Deanne, 2005. *Alternatives to Perpetuity: A Conversation Every Foundation Should Have*. Washington, DC: National Center for Family Philanthropy.

For additional information, please visit the National Center's Special Focus Area on this topic at www.ncfp.org or the Duke University's Center for Strategic Philanthropy and Civil Society's special Project on Spend-Down at the AVI CHAI Foundation and The Atlantic Philanthropies.



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Alice Buhl is Senior Fellow to the National Center for Family Philanthropy and its Board of Directors. She was a founding board member of the National Center for Family Philanthropy and led the development of the

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NCFP provides the research, expertise, and networking opportunities necessary to inspire our national network of giving families every step of the way on their philanthropic journey. Families learn how to transform their values into effective giving that makes a positive and enduring impact on the communities they serve. *Together, we make great things happen.*

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