MICHIGAN HEALTH ENDOWMENT FUND

Michigan Health Endowment Fund
Board Meeting
March 27, 2018
1:00 p.m.
Hampton Inn
8068 Challis Road
Brighton, MI 48116

Michigan Health Endowment Fund Board Meeting
March 27, 2018

Hampton Inn Brighton
8068 Challis Road, Brighton, Michigan 48116

The mission of the Michigan Health Endowment Fund is to improve the health of Michigan residents, with special emphasis on the health and wellness of children and seniors, while reducing the cost of health care.

1:00 p.m. - 1:10 p.m. **Opening: Tim Damschroder**

- Call to order of board meeting
- Roll call
- Review of agenda, pages 1-2
- Review of January 23, 2018 minutes, pages 3-8
- Chairman's report

1:10 p.m. – 1:15 p.m. **Public Comment**

Public Comment: Five-minute limitation for a single representative of an organization; three minutes for individuals representing themselves

1:15 p.m. – 1:20 p.m. **CEO Report: Paul Hillegonds**

1:20 p.m. – 1:25 p.m. **Operations Report: Terry Gardner**

1:25 p.m. – 2:00 p.m. **Grantee Panel**

- Sarah Slocum, Altarum Institute, Medicaring Communities in the Huron Valley PACE Program
- Kathleen LaTosch, ACLU/SAGE, Improving Care to LGBT Older Adults
- Alex Plum, Henry Ford Health System, Knock & Check: Reducing Social Isolation
- Juwana Jackson, Trinity Health, Whatever it Takes

2:00 p.m. – 2:45 p.m. **Program Officer Presentation: Kari Sederburg**

2:45 p.m. – 2:50 p.m. **Investment Committee: Keith Pretty**

- Investment Committee report, page 9
- Approval of amended Investment Policy Statement
- Review of February 2018 financial statements, pages 10-16

2:50 p.m. – 3:15 p.m. **Audit Committee: Keith Pretty**

- Audit Committee report, page 17
- Presentation of audited financial statements by representatives of George Johnson & Company
- Resolution to accept 2017 audited financial statements, page 18
- Status of filing 2017 tax return

3:15 p.m. – 3:20 p.m. **Executive and Compensation Committee: Tim Damschroder**

- Revised 2018 budget, page 19
- CEO performance evaluation
- Strategic Plan amendments

3:20 p.m. – 4:00 p.m. **Grantmaking Committee: Sue Jandernoa**

- Consideration of Nutrition and Healthy Lifestyles Grant Program recommendations
- Consideration of Community Health Impact Grant Program recommendations

4:00 p.m. **Adjourn**

Michigan Health Endowment Fund
Board Meeting
January 23, 2018
Lansing Radisson
111 N Grand Ave, Lansing, MI 48933

Meeting Minutes

Call to order
The board meeting of the Michigan Health Endowment Fund was called to order at 1:00 p.m. by Chairman Tim Damschroder.

Roll call
A quorum was determined based on the presence of the following board members:

Board Members present:
Tim Damschroder
Lynn Alexander
Sue Jandernoa
Keith Pretty
Rob Fowler
Michael Williams
Cindy Estrada
Alexis Wiley
Henry Veenstra

Others present:
Paul Hillegonds
Terry Gardner
Julie Skubik
Duane Tarnacki (by phone)

Approval of agenda:
Chairman Damschroder asked if there were any comments regarding the agenda, which was approved without objection.

Review and approval of the minutes from the previous meetings:
Board Member Pretty moved to approve the minutes from the November 2, 2017 board meeting. Board Member Williams seconded. Motion passed nine to zero.

Public Comment:
There was no public comment.

Chairman's Report:
Chairman Damschroder introduced and thanked new board member Henry Veenstra. Mr. Veenstra was nominated by Senator Arlan Meekhof and appointed by Governor Snyder for a term that will run until October 2020. Chairman Damschroder proposed two grantmaking committees, one that will review Nutrition and Healthy Lifestyles and Community Health Impact grant proposals, and the other that will be responsible for Healthy Aging, Behavioral Health and Special Projects and Emerging Ideas. Each committee will have a total of five members. The work of the two committees will be bridged by the same chair and vice chair for both.

CEO Report:
Mr. Hillegonds thanked the board for their leadership over the past year and willingness to continue to serve in the year ahead. Mr. Hillegonds introduced the Health Fund's newest employee, Tim Niyonsenga. Tim will be assisting with the Healthy Aging Program, in particular supporting the Health Fund and Ralph C. Wilson Jr. Foundation partnership focused on caregiving. Mr. Hillegonds reported on his presentation to the Greater Flint Health Coalition on the mission and work of the Health Fund. The coalition members expressed their support for the Health Fund's engagement in Flint to date and commitment to partnering on the community as it deals with the longer-term health impacts of lead-tainted water. Mr. Hillegonds thanked the board for their participation in the strategic planning luncheon where the implementation of the current plan was reviewed. The review included refinements to grantmaking, including planning and transition grants, capacity building technical support and adjusting the annual grantmaking cycle. Mr. Hillegonds stated that the purpose of the Health Fund is not to replace government spending reductions but to support innovative nonprofit initiatives that will result in healthier Michigan citizens, less chronic disease and reduced health care costs—at the same time informing smarter public policy.

Operations Report:
Mr. Gardner reported that the investment portfolio returned slightly over 20% in 2017. Operationally, he reported that the Health Fund was slightly under budget in 2017 because of tight staffing levels. Increasing the current staff levels to support program officers and evaluations will be considered in 2018. The Fund sponsored a successful and well attended webinar on tools and techniques that grantees could use to demonstrate cost effectiveness. This webinar was recorded and linked on the Health Fund's website. Mr. Gardner reported that over 350 concept papers and applications were received in response to the Nutrition and Healthy Lifestyle and Community Health Impact RFPs. The Medigap program is in its second year with a slight reduction of participants after they were deemed ineligible. Mr. Fowler inquired about the anticipated timeline and amounts of the subsidies. A broad discussion ensued regarding the program and Mr. Gardner agreed to provide alternatives to the board regarding operation of the subsidy for the upcoming years.

Program Presentation:
Janet Olszewski and John Slocum presented to the board a report on the status of Health Fund evaluation efforts as well as preliminary results from our 2014 grantees and the Community Foundations grants. They also provided insights into the evaluation efforts for the Health Fund's three proactive programs. This presentation is attached.

Audit Committee:
Mr. Pretty reported that the 2017 audit is in process. The on-site fieldwork has been completed by George Johnson & Company. The audit results will be presented by representatives of the audit firm at the March 2018 board meeting. He also reported that the tax return is expected to take longer this year due to the need to receive K-1's from the private equity investments before we can file our return.

Investment Committee:
Mr. Pretty reviewed the yearend financial statements, and then asked Mr. Gardner to provide a report on the status of the Medigap subsidy reserves.

Governance Committee:
Committee Chair Williams requested that each board member update their conflict of interest disclosures. Mr. Williams asked Mr. Gardner to describe the following spending policy that was recommended by the committee. The following motion was made by Ms. Alexander and seconded by Mr. Fowler.

WHEREAS, the Financial Accounting Standards Board Accounting Standards Codification 958-205-45 requires the annual financial statements for nonprofit organizations to include a description of the governing board's interpretations of the law underlying the organization's net asset classification of donor-restricted endowment funds;

WHEREAS, the Michigan Uniform Prudent Management of Institutional Funds, MCL 451.921, *et seq* ("UPMIFA") was adopted by the State of Michigan and became effective September 10, 2009;

WHEREAS, the Health Fund's governing board may interpret UPMIFA, absent any regulatory guidance or legal authority to the contrary, as requiring the maintenance of the historic-dollar-value of donor-restricted gifts to endowment; and

WHEREAS, historical-dollar-value is defined as the fair value of the original gift and subsequent gifts as of the gift date, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor instrument.

NOW, THEREFORE, BE IT, RESOLVED, that the Board of the Health Fund does hereby designate the $2 million grant received from the Ralph C. Wilson Jr. Foundation (the "Foundation") pursuant to the grant agreement by and between the Foundation and the Health Fund as an "Endowment Grant" to be separately accounted for in a "Ralph C. Wilson Jr. Foundation Endowment Fund" (the "Endowment Fund") designated in the Health Fund's books and records.

RESOLVED, FURTHER, that the Board interprets UPMIFA to require the preservation of the fair value of the Endowment Grant as of the gift date of the Endowment Grant absent explicit donor stipulations to the contrary, and accordingly classifies the original value of the Endowment Grant as permanently restricted net assets with all such other amounts in the

Endowment Fund that is not classified as permanently restricted net assets classified as temporarily restricted net assets.

RESOLVED, FURTHER, that for years after 2018, the annual amount of income available for distributions from the Endowment Fund shall be 5% of the fair market value of the Endowment Fund, with the amount available for distribution in the present year based on a twelve quarter rolling average of the market value ending on September 30 of the prior year or such shorter period of time until the Endowment Fund has been held for twelve quarters (the "Spending Policy").

RESOLVED, FURTHER, in accordance with UPMIFA, distributions may be made from principal of the Endowment Fund when deemed appropriate by the Board, acting in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considering, if relevant, all of the following factors:

(a) The duration and preservation of the Endowment Fund;
(b) The purposes of the Health Fund and the Endowment Fund;
(c) General economic conditions;
(d) The possible effect of inflation or deflation;
(e) The expected total return from income and the appreciation of investments;
(f) Other resources of the Health Fund; and
(g) The investment policy of the Health Fund.

The motion passed eight to zero.

Next, Mr. Gardner explained the following technical policy correction that will allow non-board members to vote in committees. The following motion was made by Mr. Fowler and seconded by Ms. Estrada.

WHEREAS, in order to gain the experience and expertise of a broad class of individuals, the Board of Directors of Michigan Health Endowment Fund (the "Fund") recognizes the value of appointing non-board members to serve as members of the Fund's committees.

NOW, THEREFORE, BE IT:

RESOLVED, that non-board members may be appointed to serve as members of the Fund's committees other than the Audit Committee; and

RESOLVED, that each non-board member who is appointed to a committee will serve for a term commencing with his or her appointment and continuing until the next annual meeting of the Fund or until his or her resignation or removal by the Board.

The motion passed eight to zero.

Grantmaking Committee:

Ms. Jandernoa reported that the staff and subject matter experts are currently reviewing Nutrition and Healthy Lifestyle and Community Health Impact grant proposals. The committee will meet again in March and will present recommendations to the board at the March board meeting.

Executive and Compensation Committee:

Chairman Damschroder asked Mr. Gardner to describe the resolution to release reserve funds to cover the operating deficit for Medigap program expenses.

The following motion was made by Mr. Pretty and seconded by Mr. Williams:

WHEREAS, at the Health Fund's Board meeting held on January 23, 2017, the board designated $17 million of its accumulated Spendable Account to be reserved and designated to the Health Fund's Medicare Supplemental Insurance Subsidy ("Medigap") program.

NOW, THEREFORE, BE IT RESOLVED that $6,000,000 of the Medigap reserve be and it hereby is released from that restriction and made available so that the funds can be used in furtherance of the Medigap program for the 2017 calendar year.

The motion passed seven to zero.

Election of Officers:

Board Member Fowler moved to nominate the following slate of officers. Board Member Williams seconded.

- Chair – Tim Damschroder
- Vice Chair -Lynn Alexander
- Treasurer – Keith Pretty
- Secretary – Sue Jandernoa

Motion passed seven to zero.

Appointment of Board Committees:

Chairman Damschroder moved to nominate the following board members to committees.

Executive and Compensation Committee

- Tim Damschroder - Chair
- Lynn Alexander - Vice Chair
- Keith Pretty - Treasurer
- Sue Jandernoa - Secretary

Grantmaking Committee – Behavioral Health, Healthy Aging, Special Projects and Emerging Ideas

- Sue Jandernoa-Chair
- Rob Fowler – Vice Chair
- Cindy Estrada
- Lynn Alexander
- Tim Damschroder

Grantmaking Committee- Nutrition and Healthy Lifestyles, Community Health Impact

- Sue Jandernoa-Chair
- Rob Fowler- Vice Chair
- Michael Williams
- Alexis Wiley
- Henry Veenstra

Governance Committee

- Michael Williams-Chair
- Henry Veenstra
- Alexis Wiley

Investment and Audit Committees

- Keith Pretty-Chair
- Cindy Estrada
- Rob Fowler
- Jon Braeutigam (Investment only)

The committee appointments were unanimously approved.

Adjournment

The meeting was adjourned at 2:50 p.m.

Respectfully submitted,

_____

Julie Skubik
Secretary of the meeting

MICHIGAN HEALTH ENDOWMENT FUND

To: Health Fund Board of Directors
From: Keith Pretty, Treasurer
Date: March 27, 2018
Re: Investment Committee Report

The Investment Committee met on March 7, 2018 to review the following items:

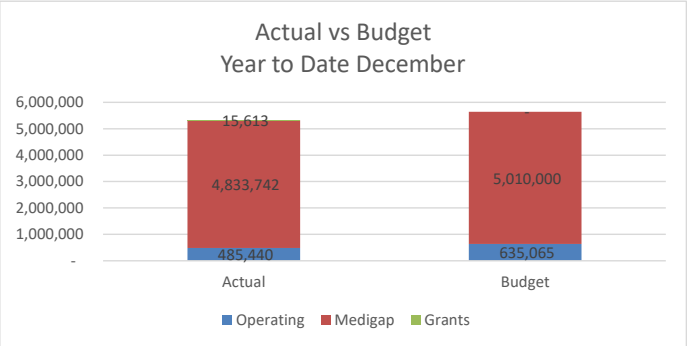
- Q4 and full year 2017 investment report from Northern Trust
- Investment strategy for 2018 contribution
- Revised Investment Policy Statement

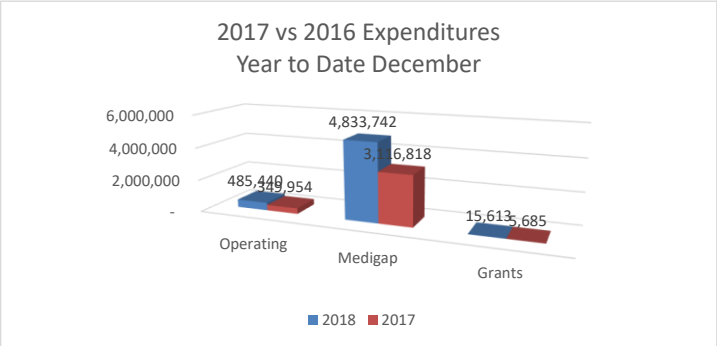
The Investment Committee reviewed the results of 2017's investment program, as well as 2018 year to date performance and market volatility. Northern Trust will invest the 2018 contribution consistent with existing allocations, with slight tactical shifts away from the US market towards overseas markets.

The Investment Committee reviewed and approved the changes to the Health Fund's Investment Policy Statement, which resulted from the addition of private equity holdings to the portfolio. The committee recommends approval of the revised Investment Policy Statement.

MICHIGAN HEALTH ENDOWMENT FUND
DASHBOARD STATISTICS
FINANCIAL AND GRANTMAKING

Financial Metrics



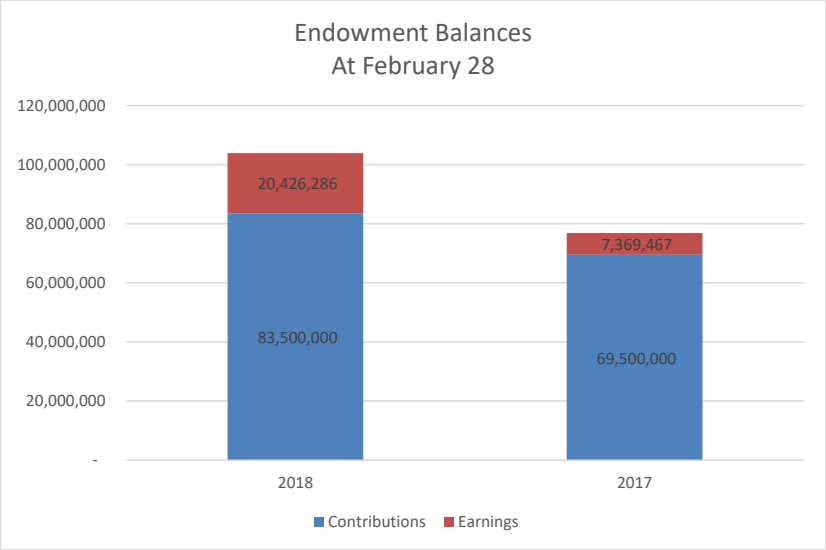


Grant Making

	Concept Papers	Applications		Awards	
2018	#	#	$	#	$
Nutrition and Healthy Lifestyles	99	53	$21,069,702	n/a	n/a
Community Health Impact	174	128	$11,301,644	n/a	n/a
Behavioral Health	91	n/a	n/a	n/a	n/a
2017	#	#	$	#	$
Nutrition and Healthy Lifestyles	41	65	$20,485,494	13	$4,872,946
Community Health Impact	79	134	$10,185,786	41	$3,510,054
Behavioral Health	76	64	$23,519,801	16	$6,457,082
Healthy Aging	97	59	$22,818,959	13	$5,287,927
Special Projects	n/a	15	$6,206,548	12	$4,978,740
Total	**293**	**337**	**$83,216,588**	**95**	**$25,106,749**
2016	#	#	$	#	$
Nutrition and Healthy Lifestyles	n/a	0	$0	0	$0
Community Health Impact	n/a	72	$6,107,625	37	$3,002,271
Behavioral Health	n/a	67	$22,180,996	11	$4,669,948
Healthy Aging	40	65	$17,857,085	12	$4,862,393
Special Projects	n/a	24	$10,298,101	21	$8,906,295
Total	**40**	**228**	**$56,443,807**	**81**	**$21,440,907**

MICHIGAN HEALTH ENDOWMENT FUND
DASHBOARD STATISTICS
INVESTMENTS

ENDOWMENT FUND

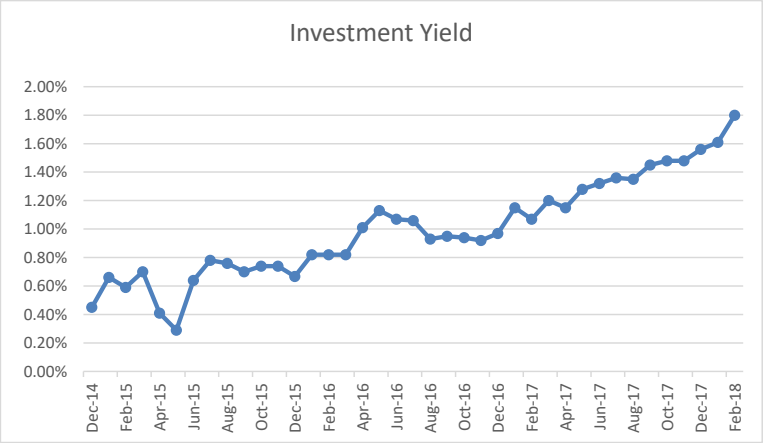


Asset Allocation (@ 3-19-18)

	Actual	Target	Difference
US Equity	39.9%	40%	-0.1%
Foreign Developed	28.3%	27%	1.3%
Emerging Markets	9.1%	8%	1.1%
Real/Diversified	9.4%	10%	-0.6%
Fixed Income*	12.9%	15%	-2.1%
Private Equity	0.4%	n/a	0.1%
	100.0%	100.0%	

Performance	YTD	0.26%
	1 Year	14.97%

OPERATING FUND



Operating Fund Investments

Largest Position Size	3.0M	5.6%
Largest 10 Positions	21.1M	38.9%
Total # Positions	36	
Average Credit Rating	A2/P2	
Average Life	3.9 months	

Michigan Health Endowment Fund
Statement of Financial Position
Feburary 28, 2018 and 2017

	2018		2017	
	OPERATING	**ENDOWMENT**	**OPERATING**	**ENDOWMENT**
ASSETS				
Current assets				
Checking - Chemical Bank	$ 278,562		$ 224,719	
Huntington Investments, at FMV	54,324,746		60,416,274	
Northern Trust Investments		$ 103,846,817		$ 76,791,209
Accrued interest receivable	432,291	79,469	256,638	78,258
Prepaid expenses	2,248,581		2,392,386	
Total current assets	57,284,180	103,926,286	63,290,017	76,869,467
Furniture and equipment, net of depreciation	133,700		142,815	
Other assets				
Security Deposits	844		844	
	$ 57,418,724	$ 103,926,286	$ 63,433,676	$ 76,869,467
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	$ 397,954		$ 1,600	
Other current liabilities	166,091		467,728	
Total current liabilities	564,045		469,328	
Other liabilities				
Grants payable	7,376,511		5,808,823	
Total liabilities	7,940,556		6,278,151	
Net assets				
Permanently restricted net assets		$ 56,000,000		$ 42,000,000
Temporarily restricted net assets		47,726,443		31,437,685
Designated net assets	34,000,000		40,000,000	
Unrestricted restricted net assets	20,681,538		20,458,245	
Current year income (loss)	(5,203,370)	199,843	(3,302,720)	3,431,782
Total net assets	49,478,168	103,926,286	57,155,525	76,869,467
	$ 57,418,724	$ 103,926,286	$ 63,433,676	$ 76,869,467

Michigan Health Endowment Fund
Statement of Activities
For the two months ending February 28, 2018 and 2017

	2018			2017	
	Operating	Endowment	Total	Total	$ Change
Revenue					
Direct Public Support	$ -	$ -	$ -	$ -	$ -
Investment income	131,425	199,843	331,268	3,601,519	(3,270,251)
Total revenue	131,425	199,843	331,268	3,601,519	(3,270,251)
Expenses					
Grants awarded	15,613		15,613	5,685	9,928
Medigap subsidy	4,457,742		4,457,742	2,510,256	1,947,486
Medigap servicing	376,000		376,000	606,562	(230,562)
Grant program support	68,300		68,300	19,978	48,322
Legal and accounting fees	21,500		21,500	27,382	(5,882)
Outside contract services	53,492		53,492	21,503	31,989
Salaries and benefits	292,418		292,418	230,770	61,648
Rent expense	18,205		18,205	17,263	942
Insurance expense	4,639		4,639	4,906	(267)
Office supplies and misc	13,155		13,155	11,294	1,861
Membership and dues	11,200		11,200	11,315	(115)
Travel and meetings	2,531		2,531	5,543	(3,012)
Total expenses	5,334,795	-	5,334,795	3,472,457	1,862,338
Other Income (Expense)					
Transfer to Endowment			-	-	-
Change in net assets	$ (5,203,370)	$ 199,843	$ (5,003,527)	$ 129,062	$ (5,132,589)

Michigan Health Endowment Fund
Statement of Activities - Operating Fund - Budget vs Actual
For the two months ending February 28, 2018

	Actual One Month Ending 2/28/18	Budget One Month Ending 2/28/18	$ Over (Under) Budget	Actual Two Months Ending 2/28/18	Budget Two Months Ending 2/28/18	$ Over (Under) Budget
Revenue						
Direct Public Support	$ -	$ -	$ -	$ -	$ -	$ -
Investment income	48,325	55,000	(6,675)	131,425	115,000	16,425
Total revenue	48,325	55,000	(6,675)	131,425	115,000	16,425
Expenses						
Grants awarded	7,806	-	7,806	15,613	-	15,613
Medigap subsidy	2,263,125	2,325,000	(61,875)	4,457,742	4,650,000	(192,258)
Medigap servicing	188,000	180,000	8,000	376,000	360,000	16,000
Grant program support	31,500	90,000	(58,500)	68,300	145,000	(76,700)
Legal and accounting fees	6,500	5,500	1,000	21,500	35,000	(13,500)
Outside contract services	33,711	20,600	13,111	53,492	36,200	17,292
Salaries and benefits	137,278	177,253	(39,975)	292,418	356,165	(63,747)
Rent expense	8,786	9,600	(814)	18,205	19,200	(995)
Insurance expense	2,320	2,750	(430)	4,639	5,500	(861)
Office supplies and misc	2,490	8,500	(6,010)	13,155	13,500	(345)
Membership and dues	-	500	(500)	11,200	12,500	(1,300)
Travel and meetings	1,614	6,000	(4,386)	2,531	12,000	(9,469)
Total expenses	2,683,130	2,825,703	(142,573)	5,334,795	5,645,065	(310,270)
Other Expense						
Transfer to Endowment	-	-	-	-	-	-
Change in net assets	$ (2,634,805)	$ (2,770,703)	$ 135,898	$ (5,203,370)	$ (5,530,065)	$ 326,695

MICHIGAN HEALTH ENDOWMENT FUND
OPERATING PORTFOLIO FEBRUARY 2018

Description	Industry	Credit Rating	Maturity	Yield	Market Value	Principal Cost	$ Gain/Loss
Cash / Cash Equivalents							
FIDELITY GOVT MMKT	Money Market Fund	AAA	Daily	0.74%	$ 1,859.34	$ 1,859.34	$ -
					$ 1,859.34	$ 1,859.34	$ -
Municipal Bonds							
MI ST REV BDS	MI BABs	A2 / AA	9/15/2018	1.67%	$ 3,036,582.50	$ 3,189,154.24	$ (152,571.74)
					$ 3,036,582.50	$ 3,189,154.24	$ (152,571.74)
Commercial Paper							
TORONTO DOMINION	Banks	A1+ / P1	3/27/2018	1.38%	$ 998,800.00	$ 990,904.72	$ 7,895.28
CATHOLIC HEALTH	Health Care Facilities	A2 / P2	4/2/2018	1.86%	$ 1,996,940.00	$ 1,992,394.44	$ 4,545.56
SUNCORP METWAY	Banks	A1 / P1	4/10/2018	1.51%	$ 1,995,800.00	$ 1,985,000.00	$ 10,800.00
AMEREN ILLINOIS	Utilities	A2 / P2	4/16/2018	1.97%	$ 1,874,077.02	$ 1,874,064.49	$ 12.53
JP MORGAN	Banks	A1 / P1	4/28/2018	1.51%	$ 692,035.98	$ 687,927.50	$ 4,108.48
WALGREENS	Supermarkets & Pharmacies	A2 / P2	5/7/2018	2.08%	$ 996,070.00	$ 995,400.00	$ 670.00
FORD MOTOR CREDIT	Auto Manufacturing	A2 / P2	5/11/2018	1.79%	$ 1,991,920.00	$ 1,988,924.44	$ 2,995.56
MONDELEZ INC	Food & Beverage	A2 / P2	6/12/2018	2.13%	$ 1,987,180.00	$ 1,987,515.56	$ (335.56)
JP MORGAN	Banks	A1 / P1	7/9/2018	1.88%	$ 1,488,420.00	$ 1,488,078.75	$ 341.25
ONTARIO TEACHERS	Banks	A1+ / P1	8/10/2018	1.83%	$ 1,980,920.00	$ 1,978,481.11	$ 2,438.89
					$ 16,002,163.00	$ 15,968,691.01	$ 33,471.99
Corporate Bonds							
DAIMLER FINANCE	Auto Manufacturing	A2 / A	3/2/2018	1.67%	$ 1,500,000.00	$ 1,499,922.88	$ 77.12
ACTAVIS FUNDING	Pharmaceuticals	Baa3 / BBB	3/12/2018	1.60%	$ 2,000,420.00	$ 2,000,456.79	$ (36.79)
MIDAMERICAN POWER	Utilities	Aa2 / A+	3/15/2018	1.47%	$ 1,501,740.00	$ 1,502,214.99	$ (474.99)
PENSKE	Transportation & Logistics	Baa2 / BBB	3/15/2018	1.52%	$ 2,000,640.00	$ 2,001,431.34	$ (791.34)
NISSAN MOTOR	Auto Manufacturing	A2 / A	3/15/2018	1.45%	$ 2,000,000.00	$ 2,000,269.68	$ (269.68)
HYUNDAI CAPITAL	Auto Manufacturing	Baa1 / A-	3/19/2018	1.70%	$ 1,999,800.00	$ 2,000,295.95	$ (495.95)
GOLDMAN SACHS	Banks	A3 / BBB+	4/1/2018	1.77%	$ 2,006,120.00	$ 2,007,234.92	$ (1,114.92)
ZIMMER BIOMET	Medical Device	Baa3 / BBB	4/1/2018	1.71%	$ 999,760.00	$ 1,000,233.21	$ (473.21)
CHEVRON	Chemicals	A2 / A-	5/1/2018	1.78%	$ 1,223,971.00	$ 1,224,715.12	$ (744.12)
TRAVELERS	P&C Insurance	A2 / A	5/15/2018	1.69%	$ 2,015,080.00	$ 2,016,732.70	$ (1,652.70)
TARGET	Mass Merchants	A2 / A	5/15/2018	1.70%	$ 1,257,425.00	$ 1,258,063.37	$ (638.37)
TELENOR	Wireless Telecommunication	A3 / A	5/22/2018	1.84%	$ 998,750.00	$ 999,541.83	$ (791.83)
CISCO	Communications Equipment	A1 / AA-	6/15/2018	1.71%	$ 1,497,870.00	$ 1,499,660.33	$ (1,790.33)
CATERPILLAR	Machinery Manufacturing	A3 / A	6/16/2018	1.71%	$ 1,497,795.00	$ 1,499,903.16	$ (2,108.16)
REYNOLDS AMERICAN	Tobacco	Baa2 / BBB+	6/20/2018	1.97%	$ 1,999,320.00	$ 2,001,797.50	$ (2,477.50)
METLIFE	Life Insurance	Aa3 / AA-	6/22/2018	1.88%	$ 1,999,440.00	$ 1,999,947.11	$ (507.11)
PACIFICORP	Utilities	A1 / A+	7/15/2018	1.81%	$ 581,877.00	$ 583,151.24	$ (1,274.24)
UNITED HEALTH	Managed Care	A3 / A+	7/16/2018	1.80%	$ 1,248,675.00	$ 1,250,435.86	$ (1,760.86)
CITI GROUP	Banks	Baa1 / BBB+	7/30/2018	2.14%	$ 1,498,695.00	$ 1,500,045.77	$ (1,350.77)
GATX	Commercial Finance	Baa2 / BBB	7/30/2018	2.28%	$ 1,280,141.73	$ 1,281,494.06	$ (1,352.33)
SPECTRA ENERGY	Pipeline	Baa2 / BBB+	9/25/2018	2.30%	$ 1,503,540.00	$ 1,504,697.45	$ (1,157.45)
NY LIFE	Life Insurance	Aaa / AA+	11/2/2018	2.10%	$ 995,190.00	$ 996,305.35	$ (1,115.35)
					$ 33,606,249.73	$ 33,628,550.61	$ (22,300.88)
Asset-backed Securities							
MTG TR 2004-10F SER 2004-10F CL	Residential MBS	A / AA	0.97	3.50%	$ 122,688.74	$ 124,278.32	$ (1,589.58)
APITAL AUTO RECV SER 2015-2 CL	Auto ABS	AA / AA+	1.75	2.41%	$ 717,385.24	$ 725,194.34	$ (7,809.10)
OL HOME LN MTG CRP SER 3943 CL	Residential MBS	AAA	3.08	1.70%	$ 837,817.27	$ 877,624.82	$ (39,807.55)
					$ 1,677,891.25	$ 1,727,097.48	$ (49,206.23)
					$ 54,324,745.82	**$ 54,515,352.68**	**$ (190,606.86)**

The Michigan Health Endowment Fund
Endowment Fund Flash Report
March 19, 2018
(unaudited)

Asset Description	Country	Market Value	Cost	Unrealized G/L Total	% of Total
VANGUARD INSTL TOTAL INDEX	United States	41,446,911	32,219,364	9,227,547	39.9%
VANGUARD DEVELOPED MARKETS INDEX INSTL	International Region	26,910,048	22,256,204	4,653,844	25.9%
BURGUNDY ASSET MANAGEMENT	International Region	2,481,918	200,810	2,281,108	2.4%
GLOBAL EMERGING MARKETS FUND - STEWART	Emerging Markets Region	4,934,252	3,990,931	943,321	4.7%
DFA EMERGING MARKETS-VALUE	Emerging Markets Region	4,601,964	4,039,257	562,707	4.4%
T ROWE PRICE NEW ERA FUND	Real Return	3,203,178	3,154,673	48,505	3.1%
BROOKFIELD INVT FDS GLOBAL LISTED REAL ESTATE FD	United States	3,326,612	3,475,514	(148,902)	3.2%
LAZARD FDS INC GLOBAL LISTED INFRASTRUCTURE	International Region	3,235,927	3,016,020	219,907	3.1%
RENAISSANCE VENTURE FUND III	Venture Capital	210,000	210,000	-	0.2%
PEAK ROCK FUND	Venture Capital	236,623	256,080	(19,457)	0.2%
LONGFELLOW	Fixed Income	13,294,579	13,669,248	(374,669)	12.8%
CASH	Fixed Income	74,147	74,097	50	0.1%
		103,956,159	86,562,198	17,393,961	1.00

MICHIGAN HEALTH ENDOWMENT FUND

To: Health Fund Board of Directors
From: Keith Pretty
Date: March 27, 2018
Re: Audit Committee Report

The Audit Committee met on March 7, 2018 to review the results of the audit by George Johnson & Co. for the year ending December 31, 2017. Representatives of George Johnson & Co. will present their audit report to the board at this meeting.

MICHIGAN HEALTH ENDOWMENT FUND

RESOLUTION
TO ACCEPT 2017 AUDITED FINANCIAL STATEMENTS

RESOLVED, that the 2017 audited financial statements of Michigan Health Endowment Fund, as presented to the board by George Johnson and Company, be, and they hereby are, accepted.

Michigan Health Endowment Fund
2018 Budget Revised
March 27, 2018

	Final 2017	Original Budget 2018	Revised Budget 2018
Revenue			
Direct Public Support	62,000,000	85,000,000	85,000,000
Investment income - Operating	973,998	1,000,000	1,350,000
Investment income - Endowment	16,288,758	-	
Total revenue	79,262,756	86,000,000	86,350,000
Expenses			
Grants	25,032,370	29,000,000	29,000,000
Medigap Subsidy	23,302,527	28,000,000	27,000,000
Medigap Servicing	3,776,065	2,160,000	2,140,000
Other grant program support	411,924	972,000	1,044,000
Total Grants and Program Support	52,522,886	60,132,000	59,184,000
Legal and accounting fees	142,880	115,000	120,000
Outside contract services	205,784	324,000	362,000
Salaries and benefits	1,572,671	2,160,000	2,025,000
Rent expenses	105,690	115,000	115,000
Insurance expense	27,592	33,000	33,000
Office supplies and misc	57,437	56,000	57,000
Membership and dues	32,148	32,000	32,000
Travel and meetings	71,694	85,000	80,000
Depreciation	11,923	15,000	12,000
Total expenses	2,227,819	2,935,000	2,836,000
Other Expense			
Transfer to Endowment	14,000,000	28,000,000	28,050,000
Change in net assets	10,512,051	(5,067,000)	(3,720,000)