

**Michigan Health Endowment Fund
Board Meeting**
Monday, March 24, 2016
Lansing Center, 333 East Michigan Avenue, Lansing, MI 48933

Meeting Minutes

Call to order

The board meeting of the Michigan Health Endowment Fund (“MHEF”) was called to order at 10:00 a.m. by Chairman Robert Fowler.

Roll call

A quorum was determined based on the presence of the following Board Members:

Board Members present:

Rob Fowler
Lynn Alexander (arrived 10:07)
Tim Damschroder
Cindy Estrada (arrived 10:08)
Sue Jandernoa
Keith Pretty
Michael Williams (arrived 10:15)

Absent:

James Murray
Marge Robinson

Others present:

Paul Hillegonds
Terry Gardner
Julie Skubik
Laurie Solotorow
Becky Cienki
Deanna Deldin – Clark Hill PLC
Michael Nicholas – George Johnson and Company
Leslie Pine – The Philanthropic Initiative (by phone)
Paul Partington – Northern Trust (by phone)
John Keshner – Northern Trust (by phone)

Agenda order revised until quorum present.

Public Comment:

Randy Walainis, a resident of Michigan, applauded the Board for its open policies last year and encouraged the Board to be more transparent, especially as it relates to the audit.

CEO Report:

Mr. Hillegonds reviewed the progress and success of MHEF during the past year. Mr. Hillegonds introduced the two new senior program officers: Becky Cienki and Kari Sederburg. Ms. Cienki will focus on behavioral/mental health. Kari Sederburg will be joining the team on April 11th and focus on healthy aging. Mr. Hillegonds outlined the execution of the MHEF Strategic Plan and the impact it will have on future grantmaking programs, priorities, and staffing. MHEF is actively searching for a communications coordinator and a grants manager. Mr. Hillegonds explained status and timeline of the Medigap subsidy program which is legislatively mandated, as well as the progress being made on the development of the required means test. The Department of Insurance and Financial Services and Office of the Attorney General are close to agreeing on a proposed range of Medigap means test options that will enable the Board to set eligibility for Medigap policy subsidies to be funded by MHEF. Mr. Hillegonds noted that a special Board Meeting will be needed prior to the regularly scheduled July Board Meeting for the sole purpose of approving the 2017 Medigap means test and subsidy offering. MHEF is in the process of negotiating terms of a contract for administration of the subsidy. Mr. Hillegonds thanked Mr. Gardner for his work to identify a third party administrator (“TPA”) and confer with insurance carriers and senior advocacy groups.

Board Members Alexander and Estrada arrived at 10:0am and 10:08am, respectively. Chairman Fowler noted that a quorum was present.

Approval of agenda:

Chairman Fowler asked if there were any comments regarding the agenda, which was approved without objection.

Review and approval of the minutes from the previous meeting:

Board Member Pretty moved to approve the minutes from the Board meeting of January 25, 2016. Board Member Jandernoa seconded. Motion passed six to zero.

Board Member Williams arrived at 10:15am.

MHEF Strategic Plan:

Chairman Fowler thanked Board Members, staff and The Philanthropic Initiative (“TPI”) for their participation in developing the strategic plan over the past 8 months. It was noted that the planning process included several planning sessions with the MHEF Board and staff, external research, and an Idea Lab that included MHEF’s Board and staff along with a number of external thought leaders. Leslie Pine of TPI participated in the discussion by conference phone and emphasized that the plan will serve as a useful roadmap for the Board in its decision making. Board Member Estrada moved to accept and approve the MHEF Strategic Plan. Board Member Williams seconded. Motion passed seven to zero.

Audit Committee:

Committee Chair Pretty reported that the audit is complete and introduced Mike Nicholas from George Johnson and Company. Mr. Nicholas reported to the Board the results from George Johnson and Company’s audit of the Michigan Health Endowment Fund’s financial statements. Mr. Nicholas noted that the audit report will be “clean” that there are no exceptions noted in the financial statements. Additionally, Mr. Nicholas reported on a number of matters that under

auditing standards are required to be reported to boards by the audit firm. No unusual items were noted in those matters required to be reported. The following motion was made by Board Member Pretty and seconded by Ms. Alexander.

RESOLVED, that the 2015 audited financial statements of Michigan Health Endowment Fund, as presented to the Board by George Johnson and Company, be, and they hereby are, accepted.

The vote passed seven to zero.

Terry Gardner reported that the 2015 tax return will be filed prior to the May deadline.

Investment Committee:

Mr. Damschroder reported to the Board the results of the Investment Committee meetings this quarter. The committee, in conjunction with representatives from Northern Trust, developed the draft of MHEF's Statement of Investment Policy and investment strategy and transition plan. Mr. Damschroder introduced Paul Partington from Northern Trust (who participated in the discussion by conference phone) to present the details of that process to the Board.

Following Mr. Partington's presentation, several resolutions were presented to the Board to adopt in order to effectuate the establishment of the Endowment Fund at Northern Trust and to provide for the day to day management of investments.

The first motion addressed the persons who are authorized to effectuate the Investment Advisory Agreement with Northern Trust previously authorized by the Board. The following motion was made by Board Member Damschroder and seconded by Mr. Pretty:

BE IT RESOLVED, that the Chairperson, Treasurer, President/Chief Executive Officer and Chief Financial Officer/Chief Operating Officer of this Corporation are hereby authorized to take from time to time all such action under the Northern Trust Investment Advisory Agreement ("Agreement") on behalf of the Corporation as may be necessary to carry out the intent and meaning of the Agreement.

BE IT RESOLVED, FURTHER, that the said officers of this Corporation may delegate in writing any part or all of the authority granted in the foregoing paragraph to such other officers or employees of the Corporation as they in their sole and absolute discretion may deem advisable from time to time;

BE RESOLVED, FURTHER, The Northern Trust Company shall be entitled as against this Corporation to conclusively presume that the persons so certified as holding such offices continue to respectively hold the same until otherwise notified in writing by the Corporation.

BE IT RESOLVED, FURTHER, this resolution shall be in full force and effect and binding upon this Corporation until it shall have been repealed and until written notice of

such repeal shall have been delivered to The Northern Trust Company at its office in the City of Chicago, Illinois.

The vote passed 7-0.

Next, the Board considered adoption of the Statement of Investment Policy. The following motion was made by Board Member Damschroder and seconded by Mr. Pretty:

RESOLVED, that the Statement of Investment Policy as presented to the Board with revisions and recommended by Northern Trust Investments and Michigan Health Endowment Fund's Investment Committee, be, and it hereby is, ratified, adopted and approved.

The vote passed 7-0.

Finally, a motion was considered to delegate certain non-board functions to MHEF's management in connection with implementing and monitoring MHEF's Statement of Investment Policy. The following motion was made by Board Member Damschroder and seconded by Ms. Alexander:

WHEREAS, MCL § 550.1652(6) provides that the business that a board may perform must be performed at a board meeting open to the public ("Statutory Provision");

WHEREAS, the Board of Directors of Michigan Health Endowment Fund (the "Fund"), in exercising its duties and responsibilities has reviewed, considered and adopted the Statement of Investment Policy recommended by Northern Trust and the Fund's Investment Committee; and

WHEREAS, the Board, consistent with its interpretation of the Statutory Provision, wishes to delegate to the Fund's management and/or treasurer certain non-board functions relating to implementation and monitoring of the Fund's Statement of Investment Policy.

NOW, THEREFORE, BE IT:

RESOLVED, the President/Chief Executive Officer, Chief Financial Officer/Chief Operating Officer, and/or treasurer of the Fund be, and they hereby are, authorized to implement and monitor in accordance with the Statement of Investment Policy approved by the Board, the Fund's investments, in consultation with the Fund's Investment Committee.

The vote passed 7-0.

Executive and Compensation Committee:

Chairman Fowler asked Mr. Gardner to describe the amended budget. Mr. Gardner outlined the changes in the budget which were principally related to the increase in TPA costs to manage the Medigap subsidy, grant support programming change, and increase in staffing.

The following motion was made by Board Member Damschroder and seconded by Ms. Alexander:

RESOLVED, that the amended budget for 2016, as presented to the Board, be, and it hereby is, ratified, adopted and approved.

The vote passed 7-0.

Chairman Fowler discussed the need to develop a CEO evaluation process. Upon input from Board members, it was determined that the evaluation will be a three step process. Upon selection of the evaluation tool, the entire Board will provide input regarding performance before it goes to the Executive Committee. The Executive Committee will review and assess board input and conduct the evaluation with the CEO. After the Executive Committee session, the full evaluation and recommendations will be presented to the full Board for review and approval.

Grantmaking Committee:

Committee chair Jandernoa reported that the following 27 Local Impact projects were recommended for approval by the committee: Adoption Option Inc., Allen Neighborhood Center, Bay County Health Dept., Bridging Communities, Cadillac YMCA, Charlevoix Area Hospital Foundation, Child and Family Services of Northeast Michigan, Danialle Karmanos' Work It Out, Deaf, Inc. dba Deaf and Hard of Hearing Services, Detroit Food Policy Council, District Health Department No. 10, Epilepsy Foundation of Michigan, Evangelical Homes of Michigan, Family Futures, First Steps Kent, Greater Flint Health Coalition, Kalamazoo County Mental Health and Substance Abuse Services, Keep Growing Detroit, Lebanese American Heritage Club, Little Brothers- Friends of the Elderly, Midland County Cancer Society, RSVP of Ingham Eaton & Clinton County, Saginaw Area Foundation for Eye Care, St. Patrick Senior Center, Superior Alliance for Independent Living, Van Buren Intermediate School District, The Village of Hillside and Perry Farm Village.

Chairman Fowler asked all Board Members to identify any potential grants where he/she might have a conflict of interest. Ms. Alexander stated that her employer, Presbyterian Villages of Michigan, may be a sub-recipient of the grant to the Village of Hillside grant and wished to abstain from the vote on the grant from MHEF. Ms. Jandernoa stated that she had a conflict of interest with the First Step Kent grant.

Mr. Williams moved, and Ms. Alexander seconded, to approve the following grants which presented no conflicts of interest from Board members:

1. Adoption Option Inc.;
2. Allen Neighborhood Center;
3. Bay County Health Dept.;

4. Bridging Communities;
5. Cadillac YMCA;
6. Charlevoix Area Hospital Foundation;
7. Child and Family Services of Northeast Michigan;
8. Danielle Karmanos' Work It Out;
9. Deaf, Inc. dba Deaf and Hard of Hearing Services;
10. Detroit Food Policy Council;
11. District Health Department No. 10;
12. Epilepsy Foundation of Michigan;
13. Evangelical Homes of Michigan;
14. Family Futures;
15. Greater Flint Health Coalition;
16. Kalamazoo County Mental Health and Substance Abuse Services;
17. Keep Growing Detroit;
18. Lebanese American Heritage Club;
19. Little Brothers- Friends of the Elderly;
20. Midland County Cancer Society;
21. RSVP of Ingham Eaton & Clinton County;
22. Saginaw Area Foundation for Eye Care;
23. St. Patrick Senior Center;
24. Superior Alliance for Independent Living;
25. Van Buren Intermediate School District;

The vote passed seven to zero.

Ms. Estrada moved to approve the grant application from The Village of Hillside and Mr. Pretty seconded. Ms. Alexander abstained. The vote passed six to zero.

Mr. Pretty moved to approve the grant application from First Step Kent and Mr. Damschroder seconded. Ms. Jandernoa abstained. The vote passed six to zero.

Ms. Jandernoa stated that grant application from Metro Solutions will not be recommended for approval. Laurie Solotorow explained that she spoke with representatives from Metro Solutions on how to improve its request for grant funding and the Board can expect that it will request funds in a future request.

Ms. Solotorow also indicated to the Board that all the community foundations grants have been processed and she will continue to update the Board on the outcomes of these grants.

Next, the Board considered a request for additional funding to the Monroe Community Foundation due to an error in its initial grant application. The Board previously authorized a grant to the Monroe Community Foundation in the amount of \$178,409. Ms. Solotorow explained that the Monroe Community Foundation requested to amend their original proposal because of an entry error as it incorrectly stated a request amount of \$178,409 on the application instead of \$187,970. Ms. Jandernoa moved to approve the amended application and to increase

authorized funding from \$178,409 to \$187,970 to Monroe Community Foundation. Ms. Alexander seconded. The vote passed seven to zero.

Flint update: Mr. Gardner and Ms. Solotorow described the current status of the grant to the Community Foundation for Greater Flint. After much discussion surrounding the situation in Flint, the staff will continue to monitor the situation and will remain open to proposals that fall within our guidelines.

Ms. Solotorow described the status of the grant made to the United Way for Southeastern Michigan in 2014 for emergency water support. As of March 17, 2016, the United Way for Southeastern Michigan (UWSEM) has over \$600,000 in funds remaining unused from their 2014 Project H2O Flood Clean-up Program grant. UWSEM submitted to MHEF a proposal to distribute and transfer these remaining dollars. Approximately \$245,000 of this amount has been approved by Detroit Water and Sewer Department (DWSD) and committed to qualified customers.

The remaining amount of \$389,964 represents excess funds. The UWSEM has ceased providing the water subsidy services for the City of Detroit and DWSD, and suggested that these excess funds be distributed to the successor organization handling the Detroit water billing support program. After significant Board discussion, Ms. Jandernoa moved to authorize UWSEM to pay \$245,000 to DWSD for the amount of funds committed for existing customers whose remediation has been approved, and DWSD to credit the already committed dollars to these qualified customers. Ms. Estrada seconded the motion. Vote passed seven to zero.

The Board discussed at length how to best address the remaining portion of the grant to UWSEM in the amount of \$389,964. Mr. Damschroder moved to request from UWSEM the re-allocation in the amount of \$389,964 and within 120 days staff to conduct due diligence to determine the feasibility of use of these funds in the proposed successor program and report to the Executive Committee, with the Executive Committee to make a recommendation to the Board at its July Board meeting. The motion was seconded by Ms. Jandernoa. The vote passed seven to zero.

New Business:

Chairman Fowler asked if there were any new business to consider. There being none, the meeting was adjourned.

Adjournment

The meeting was adjourned at 12:17 p.m.

Respectfully submitted,

Julie Skubik
Secretary of the meeting