

Michigan Health Endowment Fund
201 Townsend Street, Lansing, MI 48913

Board of Directors

Robert Fowler
Chairperson

Lynn Alexander
Vice Chairperson

Timothy Damschroder
Treasurer

Cindy Estrada
Secretary

Susan Jandernoa

Keith Pretty

James Murray

Marge Robinson

Michael Williams

Michigan Health Endowment Fund Meeting

January 30, 2015

1:30 p.m. – 4:30 p.m. Board Meeting

Kellogg Center, 219 S. Harrison, East Lansing, MI 48824

Michigan Health Endowment Fund Board Meeting January 30, 2015

Kellogg Center, 219 S. Harrison Road, East Lansing, Michigan, 48824

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

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| 1:30 p.m. | <p>Board Meeting, Rooms 105 A and B</p> <p>Opening—Rob Fowler</p> <ul style="list-style-type: none"> • Call to order of regular Board Meeting • Roll call • Approval of agenda, page 2 • Approval of Dec. 17, 2014 minutes, page 23 • Public Act 4 of 2014, page 4 • Bylaws, page 11 • Open Meetings Rules and Procedures, page 18 |
| 1:35 p.m. – 1:40 p.m. | <p>Public Comment</p> <p>Public Comment: Five-minute limitation on a single representative of an organization; three minutes for individuals representing themselves</p> |
| 1:40 p.m. – 1:50 p.m. | <p>Election of Officers</p> <ul style="list-style-type: none"> • Chair • Vice Chair • Treasurer • Secretary |
| 1:50 p.m. | <p>Committee Reports</p> |
| 1:50 p.m. – 2:00 p.m. | <p>Executive and Compensation Committee: Rob Fowler</p> <ul style="list-style-type: none"> • Financial report, page 28 |
| 2:00 p.m. – 2:05 p.m. | <p>CEO Recruitment Committee: Lynn Alexander</p> |
| 2:05 p.m. – 2:20 p.m. | <p>Audit Committee: Keith Pretty</p> <ul style="list-style-type: none"> • Recommendation of audit firm |
| 2:20 p.m. – 2:25 p.m. | <p>Governance Committee: Michael Williams</p> |
| 2:25 p.m. – 2:30 p.m. | <p>Investment Committee: Tim Damschroder</p> |

- Huntington statement, page 30

2:30 p.m. – 3:00 p.m.

Grantmaking Committee: Sue Jandernoa

3:00 p.m. – 4:00 p.m.

Closed Session—Rob Fowler

- Announce closed session. Board may take action following closed session, if necessary.

Process for closed session

1. State reasons for Closed Session from statute.

Legal basis: To consider the hiring, dismissal, suspension, or disciplining of Board members or employees or agents of the Fund

This session: Discuss search process for the position of Chief Executive Officer.

2. Take a roll-call vote to go into Closed Session (requires six affirmative votes); results of vote must be announced
3. Excuse the public from the room
4. Minutes must be taken for the Closed Session.

- CEO Recruitment Committee: Rob Fowler and Lynn Alexander
 - Discuss CEO Search Process
 - Discuss CEO Compensation Process

Any materials will be distributed in the closed session.

4:00 p.m.

Reconvene Open Meeting

Next Steps—Rob Fowler

- Any action needed coming out of the closed session
- Upcoming Board meetings

4:30 p.m.

Adjourn

Act No. 4
 Public Acts of 2013
 Approved by the Governor
 March 18, 2013
 Filed with the Secretary of State
 March 18, 2013
 EFFECTIVE DATE: March 18, 2013

STATE OF MICHIGAN
97TH LEGISLATURE
REGULAR SESSION OF 2013

Introduced by Senators Hune and Smith

ENROLLED SENATE BILL No. 61

AN ACT to amend 1980 PA 350, entitled “An act to provide for the incorporation of nonprofit health care corporations; to provide their rights, powers, and immunities; to prescribe the powers and duties of certain state officers relative to the exercise of those rights, powers, and immunities; to prescribe certain conditions for the transaction of business by those corporations in this state; to define the relationship of health care providers to nonprofit health care corporations and to specify their rights, powers, and immunities with respect thereto; to provide for a Michigan caring program; to provide for the regulation and supervision of nonprofit health care corporations by the commissioner of insurance; to prescribe powers and duties of certain other state officers with respect to the regulation and supervision of nonprofit health care corporations; to provide for the imposition of a regulatory fee; to regulate the merger or consolidation of certain corporations; to prescribe an expeditious and effective procedure for the maintenance and conduct of certain administrative appeals relative to provider class plans; to provide for certain administrative hearings relative to rates for health care benefits; to provide for certain causes of action; to prescribe penalties and to provide civil fines for violations of this act; and to repeal certain acts and parts of acts,” by amending the title and sections 218, 401e, and 414b (MCL 550.1218, 550.1401e, and 550.1414b), the title as amended by 1994 PA 169, section 218 as added by 2002 PA 559, section 401e as added by 1996 PA 516, and section 414b as added by 2006 PA 413, and by adding sections 201a, 220, 400, 401m, 410b, 501c, and 620 and part 6A.

The People of the State of Michigan enact:

TITLE

An act to provide for the incorporation of nonprofit health care corporations; to provide their rights, powers, and immunities; to prescribe the powers and duties of certain state officers relative to the exercise of those rights, powers, and immunities; to prescribe certain conditions for the transaction of business by those corporations in this state; to define the relationship of health care providers to nonprofit health care corporations and to specify their rights, powers, and immunities with respect thereto; to provide for a Michigan caring program; to provide for the regulation and supervision of nonprofit health care corporations by the commissioner of insurance; to prescribe powers and duties of certain other state officers with respect to the regulation and supervision of nonprofit health care corporations; to provide for the imposition of a regulatory fee; to regulate the merger or consolidation of certain corporations; to prescribe an expeditious and effective procedure for the maintenance and conduct of certain administrative appeals relative to provider class plans; to provide for certain administrative hearings relative to rates for health care benefits; to provide for the creation of and the powers and duties of certain nonprofit corporations for the purpose of receiving and administering funds for the public welfare; to provide for certain causes of action; to prescribe penalties and to provide civil fines for violations of this act; and to repeal acts and parts of acts.

Sec. 201a. Notwithstanding section 201, a health care corporation shall not be formed in this state on or after January 1, 2014.

Sec. 218. A health care corporation shall not do any of the following:

(a) Take any action to change its nonprofit status.

(b) Except as otherwise provided in section 220, dissolve, merge, consolidate, mutualize, or take any other action that results in a change in direct or indirect control of the health care corporation or sell, transfer, lease, exchange, option, or convey assets that results in a change in direct or indirect control of the health care corporation.

Sec. 220. (1) Notwithstanding any provision of this act to the contrary, a health care corporation may establish, own, operate, and merge with a nonprofit mutual disability insurer formed under chapter 58 of the insurance code of 1956, 1956 PA 218, MCL 500.5800 to 500.5840. The surviving entity of a merger described in this subsection is the nonprofit mutual disability insurer. A merger described in this subsection is exempt from the application of sections 1311 to 1319 of the insurance code of 1956, 1956 PA 218, MCL 500.1311 to 500.1319.

(2) The merger of a health care corporation with a nonprofit mutual disability insurer is effective upon completion of both of the following:

(a) The adoption of a plan of merger by the majority of the boards of directors of both the health care corporation and the nonprofit mutual disability insurer. The health care corporation shall include in the plan of merger that beginning in April of the first full calendar year after the adoption of the plan of merger the surviving entity of a merger described in subsection (1) shall use its best efforts to make annual social mission contributions in an aggregate amount of up to \$1,560,000,000.00 over a period of up to 18 years beginning in April of the first full calendar year after the adoption of the plan of merger to a nonprofit corporation created under part 6A. If adopted, the boards of directors shall submit the plan of merger to the commissioner for his or her consideration as provided in subdivision (b). A nonprofit mutual disability insurer is considered to be making its best effort under this subdivision if it makes the annual social mission contribution to a nonprofit corporation created in part 6A when the nonprofit mutual disability insurer's surplus is at least 375% of the authorized control level under risk-based capital requirements.

(b) The approval of the plan of merger by the commissioner. The commissioner shall make a determination to approve or disapprove a plan of merger within 90 days of receipt of the plan, and the commissioner shall not unreasonably withhold approval of a plan of merger submitted under subdivision (a).

(3) Notwithstanding any other provision of this act to the contrary, the directors of a health care corporation may serve as incorporators of the corporate body of, directors of, or officers of the nonprofit mutual disability insurer formed through a merger described in subsection (1).

(4) A merger described in subsection (1) is the dissolution of the health care corporation, and the surviving nonprofit mutual disability insurer assumes the performance of all contracts and policies of the merged health care corporation that exist on the date of the merger, including the participating hospital agreement, and its definition of certificate which excludes as covered services benefits provided pursuant to automobile no-fault or worker's compensation coverage, and all related contract obligations that result from orders relating to hospital provider class plans that are issued by the commissioner after July 1, 2012. However, the officers of a health care corporation may perform any act or acts necessary to close the affairs of the merged health care corporation after the date of the merger.

(5) Notwithstanding anything in this act to the contrary, if the merger of a health care corporation and a nonprofit mutual disability insurer becomes effective as described in subsection (2), the property of the health care corporation is subject to the collection of general ad valorem taxes and applicable specific taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, beginning December 31, 2013. As provided in section 201, the property of a health care corporation is exempt from taxation before December 31, 2013. This act does not confer an exemption from taxation on a nonprofit mutual disability insurer that merges with a health care corporation.

Sec. 400. (1) Notwithstanding any provision of this act to the contrary, this section applies to the use of a most favored nation clause in a provider contract on and after February 1, 2013.

(2) Subject to subsection (3), beginning February 1, 2013, a health care corporation shall not use a most favored nation clause in any provider contract, including a provider contract in effect on February 1, 2013, unless the most favored nation clause has been filed with and approved by the commissioner. Subject to subsection (3), beginning February 1, 2013, a health care corporation shall not enforce a most favored nation clause in any provider contract without the prior approval of the commissioner.

(3) Beginning January 1, 2014, a health care corporation shall not use a most favored nation clause in any provider contract, including a provider contract in effect on January 1, 2014.

(4) As used in this section, "most favored nation clause" means a clause that does any of the following:

(a) Prohibits, or grants a contracting health care corporation an option to prohibit, a provider from contracting with another party to provide health care services at a lower rate than the payment or reimbursement rate specified in the contract with the health care corporation.

(b) Requires, or grants a contracting health care corporation an option to require, a provider to accept a lower payment or reimbursement rate if the provider agrees to provide health care services to any other party at a lower rate than the payment or reimbursement rate specified in the contract with the health care corporation.

(c) Requires, or grants a contracting health care corporation an option to require, termination or renegotiation of an existing provider contract if a provider agrees to provide health care services to any other party at a lower rate than the payment or reimbursement rate specified in the contract with the health care corporation.

(d) Requires a provider to disclose, to the health care corporation or its designee, the provider's contractual payment or reimbursement rates with other parties.

Sec. 401e. (1) Except as otherwise provided in this section, a health care corporation that has issued a nongroup certificate shall renew or continue in force the certificate at the option of the individual.

(2) Except as otherwise provided in this section, a health care corporation that has issued a group certificate shall renew or continue in force the certificate at the option of the sponsor of the plan.

(3) Guaranteed renewal is not required in cases of fraud, intentional misrepresentation of material fact, lack of payment, if the health care corporation no longer offers that particular type of coverage in the market, or if the individual or group moves outside the service area.

(4) A health care corporation shall not discontinue offering a particular plan or product in the nongroup or group market unless the health care corporation does all of the following:

(a) Provides notice to the commissioner and to each covered individual or group, as applicable, provided coverage under the plan or product of the discontinuation at least 90 days before the date of the discontinuation.

(b) Offers to each covered individual or group, as applicable, provided coverage under the plan or product the option to purchase any other plan or product currently being offered in the nongroup market or group market, as applicable, by that health care corporation without excluding or limiting coverage for a preexisting condition or providing a waiting period.

(c) Acts uniformly without regard to any health status factor of enrolled individuals or individuals who may become eligible for coverage in making the determination to discontinue coverage and in offering other plans or products.

(5) A health care corporation shall not discontinue offering all coverage in the nongroup or group market unless the health care corporation does all of the following:

(a) Provides notice to the commissioner and to each covered individual or group, as applicable, of the discontinuation at least 180 days before the date of the expiration of coverage.

(b) Discontinues all health benefit plans issued in the nongroup or group market from which the health care corporation withdrew and, except as allowed under subsection (6), does not renew coverage under those plans.

(6) If a health care corporation discontinues coverage under subsection (5), the health care corporation shall not provide for the issuance of any health benefit plans in the nongroup or group market from which the health care corporation withdrew during the 5-year period beginning on the date of the discontinuation of the last plan not renewed under that subsection.

Sec. 401m. Until January 1, 2014, a health care corporation established, maintained, or operating in this state shall offer health care benefits to all residents of this state regardless of health status.

Sec. 410b. Notwithstanding section 410a(8), for a certificate delivered, issued for delivery, or renewed in this state on or after January 1, 2014, the premium for a group conversion certificate under section 410a shall be determined only by using the rating factors set forth in section 3474a of the insurance code of 1956, 1956 PA 218, MCL 500.3474a.

Sec. 414b. (1) A health care corporation may offer group wellness coverage. Wellness coverage may provide for an appropriate rebate or reduction in premiums or for reduced copayments, coinsurance, or deductibles, or a combination of these incentives, for participation in any health behavior wellness, maintenance, or improvement program offered by the employer. The employer shall provide evidence of demonstrative maintenance or improvement of the members' health behaviors as determined by assessments of agreed-upon health status indicators between the employer and the health care corporation. Any rebate or premium provided by the health care corporation is presumed to be appropriate unless credible data demonstrate otherwise, but shall not exceed 30% of paid premiums, unless otherwise approved by the commissioner. A health care corporation shall make available to employers all wellness coverage plans that it markets to employers in this state.

(2) A health care corporation may offer nongroup wellness coverage. Wellness coverage may provide for an appropriate rebate or reduction in premiums or for reduced copayments, coinsurance, or deductibles, or a combination of these incentives, for participation in any health behavior wellness, maintenance, or improvement program approved by the health care corporation. The member shall provide evidence of demonstrative maintenance or improvement of the individual's or family's health behaviors as determined by assessments of agreed-upon health status indicators

between the member and the health care corporation. Any rebate of premium provided by the health care corporation is presumed to be appropriate unless credible data demonstrate otherwise, but shall not exceed 30% of paid premiums, unless otherwise approved by the commissioner. A health care corporation shall make available to individuals all wellness coverage plans that it markets to individuals in this state.

(3) A health care corporation is not required to continue any health behavior wellness, maintenance, or improvement program or to continue any incentive associated with a health behavior wellness, maintenance, or improvement program.

Sec. 501c. Beginning January 1, 2014, a health care corporation shall establish and maintain a provider network that, at a minimum, satisfies any network adequacy requirements imposed by the commissioner pursuant to federal law.

Sec. 620. (1) Notwithstanding any provision of this act to the contrary, a certificate delivered, issued for delivery, or renewed in this state on or after January 1, 2014 by a health care corporation is subject to the policy and certificate issuance and rate filing requirements of the insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302, including the rating factor requirements of section 3474a of the insurance code of 1956, 1956 PA 218, MCL 500.3474a.

(2) For a certificate delivered, issued for delivery, or renewed in this state on or after January 1, 2014, subject to the prior approval of the commissioner, a health care corporation may establish reasonable open enrollment periods.

(3) The commissioner shall establish minimum standards for the frequency and duration of open enrollment periods established under subsection (2). The commissioner shall uniformly apply the minimum standards for the frequency and duration of open enrollment periods established under this subsection to all health care corporations.

(4) A health care corporation offering coverage during an open enrollment period established under subsection (2) shall not deny or condition the issuance or effectiveness of a certificate and shall not discriminate in the pricing of the certificate on the basis of health status, claims experience, receipt of health care, or medical condition.

PART 6A

HEALTH ENDOWMENT FUND CORPORATIONS

Sec. 651. As used in this part:

- (a) "Board" means the board of a health endowment fund corporation incorporated under this part.
- (b) "Executive director" means the executive director of a fund appointed by the board.
- (c) "Fund" means a health endowment fund corporation organized as a nonprofit corporation under section 653.

Sec. 652. (1) A health endowment fund corporation shall not be incorporated in this state except under this part.

(2) A board shall adopt a conflict of interest policy. A board member with a direct or indirect interest in any matter before the fund shall disclose the member's interest to the board before the board takes any action on the matter. The board shall record the member's disclosure in the minutes of the board meeting. If a board member or a member of his or her immediate family, organizationally or individually, would derive a direct and specific benefit from a decision of the board, that member shall recuse himself or herself from the discussion and the vote on the issue.

(3) Subject to this subsection, the governor shall appoint the members of a board with the advice and consent of the senate. An individual who is an employee, officer, or board member of a health care corporation; a lobbyist affiliated with a health care corporation; or an employee of a health insurer, health care provider, or third party administrator is not eligible to be appointed and shall not be appointed to a board under this subsection. On or before the expiration of 60 days after the incorporation of a fund under section 653, the governor shall appoint the following initial members of the board with the advice and consent of the senate:

- (a) One member from a list of 3 or more individuals recommended by the senate majority leader.
- (b) One member from a list of 3 or more individuals recommended by the speaker of the house of representatives.
- (c) One member representing the interests of minor children.
- (d) One member representing the interests of senior citizens.
- (e) Two members of the general public.
- (f) One member representing the business community.
- (g) One member from a list of 3 or more individuals recommended by the house minority leader.
- (h) One member from a list of 3 or more individuals recommended by the senate minority leader.

(4) A vacancy on a board shall be filled in the same manner as the initial appointment under subsection (3). Except as otherwise provided in this subsection, a board member shall be appointed for a term of 4 years or until a successor is appointed, whichever is later. For the initial members appointed under subsection (3), 3 members shall be appointed for 2-year terms, 3 members shall be appointed for 3-year terms, and 3 members shall be appointed for 4-year terms.

(5) Six members of a board constitute a quorum for the transaction of business at a meeting of the board. An affirmative vote of 5 board members is necessary for official action of a board.

(6) The business that a board may perform shall be conducted at a meeting of the board that is held in this state, is open to the public, and is held in a place that is available to the general public. However, a board may establish reasonable rules and regulations to minimize disruption of a meeting of the board. At least 10 days and not more than 60 days before a meeting, a board shall provide public notice of its meeting at its principal office and on its internet website. A board shall include in the public notice of its meeting the address where board minutes required under subsection (7) may be inspected by the public. A board may meet in a closed session for any of the following purposes:

(a) To consider the hiring, dismissal, suspension, or disciplining of board members or employees or agents of the fund.

(b) To consult with its attorney.

(c) To comply with state or federal law, rules, or regulations regarding privacy or confidentiality.

(7) A board shall keep minutes of each meeting. Board minutes shall be open to public inspection, and the board shall make the minutes available at the address designated on the public notice of its meeting under subsection (6). A board shall make copies of the minutes available to the public at the reasonable estimated cost for printing and copying. A board shall include all of the following in its board minutes:

(a) The date, time, and place of the meeting.

(b) Board members who are present and absent.

(c) Board decisions made at a meeting open to the public.

(d) All roll call votes taken at the meeting.

(8) Board members shall serve without compensation. However, board members may be reimbursed for their actual and necessary expenses incurred in the performance of their official duties as board members.

Sec. 653. (1) A charitable purpose nonprofit corporation may be incorporated on a nonstock, directorship basis, under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192 consistent with this part and, if incorporated under this section, shall be organized to receive and administer funds for the public welfare. The articles of incorporation must include the word "Michigan" and the phrase "health endowment fund" in the name of the fund. As soon as practicable after the incorporation of a fund under this subsection, the fund shall apply for and make its best effort to obtain tax-exempt status under section 501(c)(3) of the internal revenue code, 26 USC 501.

(2) The articles of incorporation of a fund must provide that the fund is organized for the following purposes:

(a) Supporting efforts that improve the quality of health care while reducing costs to residents of this state.

(b) Benefitting the health and wellness of minor children and seniors throughout this state with a significant focus in the following areas:

(i) Access to prenatal care and reduction of infant mortality rates.

(ii) Health services for foster and adopted children.

(iii) Access to healthy food.

(iv) Wellness programs and fitness programs.

(v) Access to mental health services.

(vi) Technology enhancements.

(vii) Health-related transportation needs.

(viii) Foodborne illness prevention.

(c) Awarding grants for a term not exceeding 3 years in duration for projects that will promote the purposes of the fund.

(d) Subsidizing the cost of individual medigap coverage to medicare-eligible individuals in this state who demonstrate a financial need in order to be able to purchase individual medigap coverage.

(3) The board shall establish a comprehensive and competitive process to award grants.

(4) The nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192, applies to a fund. If a provision relating to a fund under this part conflicts with other state law, this part controls.

(5) If a fund is eligible to receive social mission contributions under section 220(2), the eligible fund shall implement a program to disburse money to subsidize the cost of individual medigap coverage to medicare-eligible individuals in this state who demonstrate a financial need in order to be able to purchase individual medigap coverage. The commissioner shall develop a means test to be used to determine if a medicare-eligible individual applicant is eligible for the medigap coverage subsidy provided for in this subsection and shall submit the test developed to the attorney general for approval.

(6) If a fund is eligible to receive social mission contributions under section 220(2), beginning on the first day of the third August after the fund receives its initial social mission contribution, and ending on the thirty-first day of the eighth December after the fund receives its initial social mission contribution, the fund shall disburse \$120,000,000.00 to subsidize the cost of individual medigap coverage purchased by medicare-eligible individuals in this state, subject to subsection (5).

(7) A fund is a private, nonprofit corporation organized for charitable purposes and is not a state agency, governmental agency, or other political subdivision of this state. Money of a fund is held by the fund for the purposes consistent with this part and is not money of this state or a political subdivision of this state and shall not be deposited in the state treasury. A member of a board is not a public officer of this state.

Sec. 654. (1) A board shall appoint an executive director to serve as the chief executive officer of the fund. The executive director shall serve at the pleasure of the board. The executive director may employ staff and hire consultants as necessary with the approval of the board. The board shall determine compensation for the executive director and staff employed under this subsection and shall approve contracts under this subsection.

(2) The executive director shall display on the fund internet website information relevant to the public, as defined by the board, concerning the fund's operations and efficiencies, as well as the board's assessments of those activities.

Sec. 655. (1) Subject to this section, a fund may disburse money contributed to the fund each year, not including any interest, earnings, or unrealized gains or losses on those contributions, for the purposes of the fund as described in section 653. A fund may expend a portion of the money contributed to the fund in each year following the initial contribution to the fund according to the following schedule:

- (a) Years 1 through 4, 80%.
- (b) Years 5 through 8, 67%.
- (c) Years 9 through 12, 60%.
- (d) Years 13 through 18, 25%.

(2) On and after the date that the accumulated principal of money held by a fund reaches \$750,000,000.00, the fund shall maintain that amount for investment to provide an ongoing income to the fund. On and after the date that the accumulated principal in the fund reaches \$750,000,000.00, the board shall not allow the accumulated principal of the fund to fall below \$750,000,000.00 due to expenditures made for the purposes of the fund as described in section 653.

(3) A fund may expend money received by the fund from any source in a fiscal year of the fund that is in excess of the amount required to maintain the accumulated principal goals as described in subsection (2), not including any interest, earnings, or unrealized gains or losses on those funds, on the reasonable administrative costs of the fund and for the purposes of the fund as described in this part. The investment of fund money and donations by the fund are under the exclusive control and discretion of the fund and are not subject to requirements applicable to public funds.

(4) A fund may invest accumulated principal in the fund only in securities permitted by the laws of this state for the investment of assets of life insurance companies, as described in chapter 9 of the insurance code of 1956, 1956 PA 218, MCL 500.901 to 500.947.

(5) A fund's articles of incorporation or bylaws must provide for a system of financial accounting, controls, audits, and reports. The board annually shall have an audit of the fund conducted by an independent public accountant firm, and the auditor's audit report and findings shall be submitted to the board. The expense of an audit required under this subsection is considered a reasonable administrative cost under subsection (3).

(6) A fund's articles of incorporation or bylaws must require that the board shall appoint from its members an audit committee consisting of no fewer than 3 members and for the audit committee to contract with an independent auditing firm to provide an annual financial audit in accordance with applicable auditing standards.

(7) The executive director shall do all of the following:

- (a) Review and certify external auditor reports.
- (b) Make external auditor reports available to the board and to the general public.
- (c) Develop and implement corrective actions to address weaknesses identified in an audit report.

(8) The articles of incorporation or bylaws of a fund must require the fund to keep an accurate accounting of all activities, receipts, and expenditures and annually submit to the board, the governor, the senate and house of representatives appropriations committees, and the senate and house of representatives standing committees on health policy a report regarding those accountings.

(9) A fund and its directors, officers, and employees shall fully cooperate with any investigation conducted by this state or a federal agency under its authority under state or federal law, to do any of the following:

- (a) Investigate the affairs of the fund.
- (b) Examine the assets and records of the fund.
- (c) Require periodic reports in relation to the activities undertaken by the fund in compliance with applicable law.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 62 of the 97th Legislature is enacted into law.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Gay E. Randall

Clerk of the House of Representatives

Approved

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Governor

Adopted: March 24, 2014

BYLAWS
OF
MICHIGAN HEALTH ENDOWMENT FUND

(A Michigan Nonprofit Corporation)

ARTICLE I
Board of Directors

Section 1. Directorship. The Fund is organized upon a directorship basis. The property, business and affairs of the Fund will be managed by its Board of Directors.

Section 2. Number, Qualification and Term of Office. The Board of Directors of this Fund will consist of nine persons.

The Governor of the State of Michigan shall appoint the members of the board with the advice and consent of the Michigan Senate. An individual who is an employee, officer, or board member of a health care corporation; a lobbyist affiliated with a health care corporation; or an employee of a health insurer, health care provider, or third party administrator is not eligible to be appointed and shall not be appointed to the board. On or before the expiration of 60 days after the incorporation of the Fund, the Governor shall appoint the following initial members of the board with the advice and consent of the Senate:

- (a) One member from a list of 3 or more individuals recommended by the Senate Majority Leader.
- (b) One member from a list of 3 or more individuals recommended by the Speaker of the House of Representatives.
- (c) One member representing the interests of minor children.
- (d) One member representing the interests of senior citizens.
- (e) Two members of the general public.
- (f) One member representing the business community.
- (g) One member from a list of 3 or more individuals recommended by the House Minority Leader.
- (h) One member from a list of 3 or more individuals recommended by the Senate Minority Leader.

A vacancy on the board shall be filled in the same manner as the initial appointment under this Section 2. Except as otherwise provided in this section, a board member shall be appointed for a term of 4 years or until a successor is appointed, whichever is later. For the initial members appointed under this Section 2, 3 members shall be appointed for 2-year terms, 3 members shall be appointed for 3-year terms, and 3 members shall be appointed for 4-year terms.

Section 3. Resignation, Removal and Vacancies. A Director may resign by written notice to the Governor. The resignation will be effective upon its receipt by the Governor or a subsequent time as set forth in the notice of resignation. A Director may be removed, either with or without cause, by written direction of the Governor.

Section 4. General Powers as to Negotiable Paper. The Board of Directors may, from time to time, authorize the making, signature or endorsement of checks, drafts, notes and other negotiable paper or other instruments for the payment of money and designate the persons who will be authorized to make, sign or endorse the same on behalf of the Fund.

Section 5. Powers as to Other Documents. All material contracts, conveyances and other instruments may be executed on behalf of the Fund by the Executive Director, the Chairperson or any Vice Chairperson, and, if necessary, attested by the Secretary or the Treasurer.

Section 6. Compensation. Directors will serve without compensation but may be reimbursed for actual and necessary expenses incurred by a Director in the performance of his or her official duties as a Board member consistent with policies adopted by the Board.

ARTICLE II

Meetings

Section 1. Annual Meeting. The annual meeting of the Directors of the Fund will be held at the principal office of the Fund during the month of January of each year, or at any other place and date as designated by the Directors for the purpose of installing Directors and electing officers for the ensuing year, presenting to the Directors a copy of the Fund's financial report for the preceding fiscal year and for the transaction of other business properly brought before the meeting.

Section 2. Open Meetings. The business that the board may perform shall be conducted at a meeting of the board that is held in this state, is open to the public, and is held in a place that is available to the general public. However, the board may establish reasonable rules and regulations to minimize disruption of a meeting of the board. At least 10 days and not more than 60 days before a meeting, the board shall provide public notice of its meeting at its principal office and on its internet website. The board shall include in the public notice of its meeting the address where board minutes may be inspected by the public. The board may meet in a closed session for any of the following purposes:

- (a) To consider the hiring, dismissal, suspension, or disciplining of board members or employees or agents of the Fund.
- (b) To consult with its attorney.
- (c) To comply with state or federal law, or regulations regarding privacy or confidentiality.

Section 3. Notice of Meeting. Except as otherwise provided by these Bylaws or by law, and in addition to the public notice described in Section 2 above, written notice containing the time and place of all meetings of the Board of Directors will be given personally, by mail, or by electronic transmission to each Director not less than ten days before a meeting. Notice by electronic transmission will be deemed to have been given when electronically transmitted to the person entitled to the notice or communication in a manner authorized by the person. Notice of a meeting need not state the purpose or purposes of the meeting nor the business to be transacted at the meeting.

Attendance of a Director at a meeting constitutes a waiver of notice of the meeting, except where the Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 4. Quorum and Voting. Six members of the Board constitute a quorum for the transaction of business at a meeting of the Board. An affirmative vote of 5 Board members is necessary for official action of the Board.

Section 5. Conduct at Meetings. Meetings of the Directors will be presided over by the Chairperson. The Secretary or an Assistant Secretary of the Fund or, in their absence, a person chosen at the meeting will act as Secretary of the meeting.

Section 6. Minutes. The Board shall keep minutes of each meeting. Board minutes shall be open to public inspection, and the Board shall make the minutes available at the address designated on the public notice of its meeting under Section 2. The Board shall make copies of the minutes available to the public at the reasonable estimated cost for printing and copying. The Board shall include all of the following in its Board minutes:

- (a) The date, time, and place of the meeting.
- (b) Board members who are present and absent.
- (c) Board decisions made at a meeting open to the public.
- (d) All roll call votes taken at the meeting.

Section 7. Participation by Remote Communication. A Director may participate in a meeting of Directors by conference telephone or other means of remote communication by which all persons participating in the meeting may communicate with

each other. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

ARTICLE III Officers

Section 1. Election or Appointment. The Board of Directors will elect a Chairperson, a Vice Chairperson, a Secretary and a Treasurer of the Fund at each annual meeting. The Board will appoint an Executive Director to serve as the chief executive officer of the Fund. The same person may hold any two or more offices, but no officer will execute, acknowledge or verify any instrument in more than one capacity. The Directors may also appoint any other officers and agents as they deem necessary for accomplishing the purposes of the Fund.

Section 2. Term of Office. The term of office of all officers will commence upon their election or appointment and will continue until the next annual meeting of the Fund and until their respective successors are chosen or until their resignation or removal. Any officer may be removed from office at any meeting of the Directors, with or without cause, by the affirmative vote of a majority of the Directors then in office, whenever in their judgment the best interest of the Fund will be served.

An officer may resign by written notice to the Fund. The resignation will be effective upon its receipt by the Fund or at a subsequent time specified in the notice of the resignation.

Section 3. Compensation. Any officer who is an employee of the Fund will receive reasonable compensation for his or her services as fixed by the Board of Directors.

Section 4. Chairperson. The Chairperson will preside over all board meetings and will perform such other duties prescribed by the Board of Directors.

Section 5. Vice Chairperson. The Vice Chairperson will, in the absence or disability of the Chairperson, perform the duties and exercise the powers of the Chairperson and will perform any other duties prescribed by the Board of Directors or the Chairperson.

Section 6. The Executive Director. The Executive Director will be the chief executive officer of the Fund and will have general and active management of the activities of the Fund. The Executive Director will see that all orders and resolutions of the Board of Directors are carried into effect. The Executive Director will execute all authorized conveyances, contracts or other obligations in the name of the Fund except where required by law to be otherwise signed and executed and except where the signing and execution is expressly delegated by the Directors to some other person.

The Executive Director shall serve at the pleasure of the Board. The Executive Director may employ staff and hire consultants as necessary with the approval of the

Board. The Board shall determine compensation for the Executive Director and staff and shall approve contracts under this Section 6.

The Executive Director shall display on the Fund internet website information relevant to the public, as defined by the Board, concerning the Fund's operations and efficiencies, as well as the Board's assessments of those activities.

The Executive Director shall do all of the following:

- (a) Review and certify external auditor reports.
- (b) Make external auditor reports available to the Board and to the general public.
- (c) Develop and implement corrective actions to address weaknesses identified in an audit report.

Section 7. The Secretary. The Secretary will attend meetings of the Board of Directors and record or cause to be recorded the minutes of all proceedings in a book to be kept for that purpose. The Secretary will give or cause to be given notice of all meetings of the Board of Directors for which notice may be required and will perform any other duties prescribed by the Directors.

Section 8. The Treasurer. The Treasurer will oversee the financial activities of the Fund. The Treasurer will perform all duties incident to the office of Treasurer and other administrative duties as may be prescribed by the Board of Directors. All books, papers, vouchers, money and other property of whatever kind belonging to the Fund which are in the Treasurer's possession or under his or her control will be returned to the Fund at the time of his or her death, resignation or removal from office.

ARTICLE IV Committees

Section 1. Executive and Compensation Committee. The Board of Directors shall establish an Executive and Compensation Committee consisting of the elected officers of the Board. Minutes of the Executive and Compensation Committee meetings will be made available to the public. The Executive and Compensation Committee, subject to those limitations as may be required by law or imposed by resolution of the Board of Directors, may make recommendations to the Board of Directors regarding the business and affairs of the Fund, but shall not conduct the business that the board may perform.

The Executive and Compensation Committee shall review staff performance and make recommendations to the Board of Directors with respect to compensation and benefits to be paid to the Fund's staff and personnel. Notwithstanding anything contained in this Section 1 to the contrary, the Board of Directors will be responsible for approving compensation and benefits.

Section 2. Audit Committee. The Board shall appoint from its members an Audit Committee consisting of no fewer than 3 members. The audit committee will contract with an independent auditing firm to provide an annual financial audit in accordance with applicable auditing standards.

The Audit Committee will insure that the Fund will keep an accurate accounting of all activities, receipts, and expenditures and annually submit to the Board, the Governor, the Senate and House of Representatives appropriations committees, and the Senate and House of Representatives standing committee on health policy a report regarding those accountings.

The Audit Committee will establish and maintain a system of financial accounting, controls, audits, and reports. The Board annually shall have an audit of the Fund conducted by an independent public accountant firm, and the auditor's audit report and findings shall be submitted to the Board. The expense of an audit required under this subsection is considered a reasonable administrative cost of the Fund.

Section 3. Governance Committee. The Board shall appoint a Governance Committee to review and make recommendations to the Board of Directors regarding matters of the Fund's governance, including its Articles of Incorporation, Bylaws, committee structure, and policies and procedures.

Section 4. Other Committees. The Board of Directors may designate other committees as deemed appropriate. The committees will have the authority as delegated to them by the Board of Directors. Notwithstanding the foregoing, all committees shall be advisory in nature and may not transact the business of the board.

Section 5. Procedure. All committees, and each member thereof, will serve at the pleasure of the Board of Directors. Except as provided in the law, the Board of Directors will have the power at any time to increase or decrease the number of members of any committee, to fill vacancies thereon, to change any member thereof, and to change the functions or terminate the existence of any committee. Regular meetings of any committee may be held in the same manner provided in these Bylaws for meetings of the Board of Directors, and a majority of any committee will constitute a quorum at the meeting.

ARTICLE V Indemnification

Section 1. Indemnification. The Fund will, to the fullest extent now or hereafter permitted by law, indemnify any Director or officer of the Fund (and, to the extent provided in a resolution of the Board of Directors or by contract, may indemnify any volunteer, employee or agent of the Fund) who was or is a party to or threatened to be made a party to any threatened, pending, or completed action, suit or proceeding by reason of the fact that the person is or was a Director, officer, volunteer, employee or agent of the Fund, or is or was serving at the request of the Fund as a director, trustee, officer, partner, volunteer, employee or agent of another corporation, partnership, joint

venture, trust or other enterprise, whether for profit or not for profit, against expenses including attorneys' fees (which expenses may be paid by the Fund in advance of a final disposition of the action, suit or proceeding as provided by law), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit or proceeding if the person acted (or refrained from acting) in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Fund, and with respect to any criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful.

Section 2. Rights to Continue. This indemnification will continue as to a person who has ceased to be a Director or officer of the Fund. Indemnification may continue as to a person who has ceased to be a volunteer, employee or agent of the Fund to the extent provided in a resolution of the Board of Directors or in any contract between the Fund and the person. Any indemnification of a person who was entitled to indemnification after such person ceased to be a Director, officer, volunteer, employee or agent of the Fund will inure to the benefit of the heirs and personal representatives of that person.

ARTICLE VI Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Fund will end on the last day of December.

Section 2. Amendments. These Bylaws may be amended or repealed by the affirmative vote of a majority of the Directors of the Fund then in office.

Section 3. Loans and Guarantees. The Fund will not provide loans to or guarantee obligations of an officer or Director of the Fund, unless expressly permitted under State law.

MICHIGAN HEALTH ENDOWMENT FUND

OPEN MEETINGS

RULES AND PROCEDURES

I. Meetings of the Board of Directors

All meetings of the Board of Directors of Michigan Health Endowment Fund (“MHEF”) shall be held in compliance with Public Act 4 of 2013 (the “Act”) and these rules. The business that a board may perform shall be conducted at a meeting of the Board that is held in Michigan, is open to the public, and is held in a place that is available to the general public. At least 10 days and not more than 60 days before a meeting, the board shall provide public notice of its meeting at its principal office and on its internet website. The board shall include in the public notice of its meeting the address where board minutes may be inspected by the public. The business that a board may perform means formal meetings of the Board in which the Board transacts business of the Board by voting. Meetings or forums where Board members gather information and discuss policy, but do not vote, are not formal meetings.

II. Committees

As further provided in MHEF’s bylaws, committees shall be advisory in nature and may not transact the business of the Board. Committee meetings are not formal meetings of the Board and are not required to be open meetings, except in the discretion of the Committee Chair.

III. Meeting Materials

At the time of posting a Notice of a Board Meeting, MHEF shall post on its website relevant materials to be considered by the Board at the meeting, if available. Hard copies of board meeting materials will be available to members of the general public at the meeting.

IV. Minutes

Minutes of meetings of the Board of Directors and of committees shall be prepared by the Secretary and/or a designee, in accordance with the Act. Board and committee minutes shall be open to public inspection, and MHEF shall make the minutes available at the office address designated on the public notice of the meeting. MHEF shall make copies of the minutes available to the public at the reasonable estimated cost for printing and copying. Board and committee minutes shall include the date, time and place of the meeting, members who are present

and absent, board decisions made at a meeting open to the public and all roll call votes taken at the meeting.

Minutes shall be submitted to the Board or committee for approval at the next regular meeting after the meeting to which the minutes refer and will be open to public inspection as provided above after their approval.

The Secretary or designee may audiotape a Board meeting to aid in the preparation of minutes of the meeting. Once the meeting minutes have been approved by MHEF, the audiotape of the meeting shall be destroyed.

V. Conduct of Meetings

A. Meetings to be public

1. All meetings of the Board shall be open to the public, and members of the general public shall have a reasonable opportunity to be heard in accordance with these rules, except that all or part of a meeting may be closed to the public in accordance with the Act.
2. All non-closed meetings of the Board shall be open to the media, freely subject to recording by radio, television or photographic services at any time, provided that such arrangements do not interfere with the orderly conduct of the meetings.
3. One or more Directors may participate in a meeting of Directors by conference telephone or other means of remote communication by which all persons participating in the meeting may communicate with each other; provided that at least one Director is physically present at the site of the open meeting which is available to the general public so that members of the public may participate in person.

B. Agenda

Each meeting shall proceed pursuant to an agenda prepared in advance of the meeting by the Chairperson or a designee, with the following order of business:

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Public Comment
5. Approval of Minutes of Prior Meeting(s)

6. Other Business

7. Adjournment

Dates of future scheduled meetings will be identified on the agenda.

Consideration of other specific items of business may take place at such point in the meeting as the Board may determine, and shall be listed on the meeting agenda.

The agenda shall be distributed to Board members in advance of the meeting.

C. Quorum and Voting

Six members of the Board constitute a quorum for the transaction of business at Board meetings. In the absence of a quorum, a lesser number may adjourn any meeting to a later time or date with appropriate public notice. An affirmative vote of five board members is necessary for official action of the Board.

D. Presiding Officer

The presiding officer shall be responsible for enforcing these rules of procedure and for enforcing orderly conduct at meetings. The Chairperson will ordinarily act as presiding officer. The Board shall appoint one of its members Vice-Chairperson, who shall preside in the absence of the Chair. In the absence of both the Chairperson and the Vice-Chairperson, the remaining Board members shall elect one of their number to preside.

E. Disorderly Conduct

The presiding officer may call to order any person who is being disorderly by speaking out of order or otherwise disrupting the proceedings, failing to be germane, speaking longer than the allotted time or speaking vulgarities. Such person shall be seated until the presiding officer determines whether the person is in order.

If the person so engaged in presentation is called out of order, he or she shall not be permitted to continue to speak at the same meeting except by express leave of the Board. If the person shall continue to be disorderly and disrupt the meeting, the presiding officer may order the removal of the person from the meeting by law enforcement personnel or other persons as appropriate. No person shall be removed from a public hearing except for an actual breach of the peace committed at the meeting.

VI. Closed Meetings.

A. Purpose

Closed meetings may be held only for the reasons authorized in the Act.

B. Calling a closed meeting

The Board by roll call vote of all Board members elected may call a closed session. The roll call vote and purpose(s) for calling the meeting shall be entered into the minutes of the open part of the meeting at which the vote is taken.

C. Minutes of closed meeting

A separate set of minutes shall be taken by the Secretary or designee at the closed session. These minutes will be retained by the Secretary, shall not be available to the public, and shall only be disclosed if required by a civil action. These minutes may be destroyed one year and one day after approval of the minutes of the regular meeting at which the closed session was approved.

VII. Discussion and voting

A. Conduct of discussion

The presiding officer shall preserve order and decorum. The presiding officer, at his or her discretion, may permit any person to address the Board during its deliberations.

B. Voting Method

The Board shall take action by way of motions. No motion may be acted upon until it has been duly seconded by a Board member. The vote on motions shall be by “yes” or “no,” and will be taken by voice vote or, upon the request of any Board member or the discretion of the presiding officer, a roll call vote, with names called alphabetically. Following each vote, the chair shall announce that the motion carried or failed by a vote of ___ affirmative votes to ___ negative votes. The minutes shall indicate whether a motion passed or failed. At the discretion of the chairperson, Board members may be given the privilege of explaining for the record any vote.

A Board member voting in the majority on an issue may move for a reconsideration of the vote on that question at that meeting or the next succeeding meeting of the Board. When a motion to reconsider fails, it cannot be renewed.

VIII. Citizen Participation

The following rules govern statements by members of the public during the periods of Board meetings reserved for such comments or in which such comments are permitted:

- A. The presiding officer shall recognize members of the public who indicate a desire to address the Board. Where a large number of speakers is expected, a sign-up system may be employed to insure that all are provided with the opportunity to speak.
- B. No individual's comment shall exceed three minutes without the express permission of the presiding officer. If an individual is speaking on behalf of an organization, such individual may speak for up to five minutes, but no other representative of such organization will be recognized.
- C. Each speaker shall begin his or her comments by identifying himself or herself by name and address.
- D. Individuals addressing the Board shall take into consideration and be governed by the rules of common courtesy. The presiding officer may terminate the comments of a person who violates such rules.
- E. Public comments, including questions, should be addressed to the presiding officer. Board members may question or respond to speakers, but are not obligated to do so. The presiding officer may, but is not obligated to, call upon MHEF staff, employees or officers, if present, to respond to a question or comment from a member of the public, or may refer such questions or comments to MHEF staff, employees or officers for consideration.

IX. Miscellaneous

A. Amendment of rules

The Board may alter or amend these rules at any time by a vote of the Board.

B. Suspension of rules

These rules may be suspended for a specified portion of a meeting by the vote of the Board, except that Board actions shall conform to state statutes.

**Michigan Health Endowment Fund
Board Meeting**

Thursday, December 17, 2014

Radisson Hotel, 111 N. Grand Avenue, Lansing, Michigan, 48933

Meeting Minutes

Call to order

The board meeting of the Michigan Health Endowment Fund was called to order at 9:03 a.m. by Chairman Robert Fowler.

Roll call

Quorum established based on the presence of the following Board Members:

Board Members present:

Lynn Alexander
Tim Damschroder
Rob Fowler
Sue Jandernoa
Michael Williams
James Murray

Participating by phone:

Cindy Estrada
Marge Robinson

Others present:

Geralyn Lasher
Genevieve Otis
Laurie Solotorow
Duane Tarnacki

Approval of agenda

Chairman Fowler approves the agenda.

Review and adoption of the minutes from the previous meeting

Board Member Damschroder moves to approve the minutes from November 21, 2014, board meeting. Board Member Jandernoa seconds. Motion passes by a vote of seven to zero.

Public comment:

There were no public comment cards submitted.

Mr. Williams joined the meeting at 9:20 a.m.

Committee reports

I. Executive and Compensation Committee

Board Chair Fowler states that the accounting responsibilities have been transferred to an outside bookkeeping firm.

Board Member Damschroder moved to approve the 2014 Allocation to Spendable Account Resolution. Board Member Murray seconds. The following resolution was unanimously adopted:

WHEREAS, the Fund's Spending and Endowment Fund Policy allows the Fund to expend a portion of the money contributed to it in an amount up to the Maximum Spending Allowance which for year 1 is 80%;

WHEREAS, the Fund received total contributions in 2014 of \$100 million;

WHEREAS, for year 1 the Board has determined a budget range for spending of between \$25 million and \$40 million; and

WHEREAS, the Act requires that \$20 million be allocated to the Endowment Fund for purposes of meeting and complying with the Act's Accumulated Principal Goal.

RESOLVED, that the Board has reviewed the amounts spent for the year to date and the Fund has not spent the Maximum Spending Allowance, therefore, the Board hereby allocates to the "Spendable Account" the remaining amount of the Maximum Spending Allowance to be made available for spending in the balance of the current year and future years.

Board Chair Fowler stated the Board was on task and making good progress on the workplan.

II. CEO Recruitment Committee:

Board Member Alexander states the next meeting is on December 22, 2014, and will hold telephone interviews for the next round of candidates.

III. Audit Committee:

Ms. Lasher reported that there are three firms scheduled to interview on January 5, 2015.

IV. Governance Committee:

Board Member Williams stated that to date the manuals have been approved.

V. Grantmaking Committee:

Board Member Jandernoa reviewed the grants previously awarded by the Board.

Board Member Jandernoa reported that revisions have been submitted by the six additional applicants and will be recommending them to the Board for action.

Michigan Primary Care Association

Requests a grant of \$5 million for support of a project to hire, train, and integrate care liaison workers into primary care teams in health centers throughout Michigan.

The Grantmaking Committee recommends \$5 million to support this program.

Board Member Jandernoa moves to approve the Grantmaking Committee recommendation of \$5 million. Board Member Williams seconds. There were seven affirmative votes with Mr. Murray voting "no." Motion passes by a vote of seven to one.

Michigan Alliance of Boys and Girls Clubs

Requests a grant of \$5 million to fund the "Great Health Starts Here" program that seeks to improve the health of Michigan's at-risk youth by strengthening their connection to local health care systems.

The Grantmaking Committee recommends \$5 million to support this program.

Board Member Jandernoa moves to approve the Grantmaking Committee recommendation of \$5 million. Board Member Murray seconds. Motion passed unanimously.

Michigan Association of United Ways

Requests a grant of \$5 million for support of the expansion and integration of the Children's Healthcare Access Program and the 2-1-1 service.

The Grantmaking Committee recommends \$5 million to support this program.

Board Member Jandernoa moves to approve the Grantmaking Committee recommendation of \$5 million. Board Member Alexander seconds. Motion passed unanimously.

State Alliance of Michigan YMCAs

Requests an amended grant of \$3.3 million for support of a project to improve health outcomes in youth by modifying and scaling two current programs and to build state-wide-capacity for chronic disease prevention programs targeted at seniors.

The Grantmaking Committee recommends \$3.3 million to support this program.

Board Member Williams moves to approve the Grantmaking Committee recommendation of \$3.3 million. Board Member Damschroder seconds. Motion passed unanimously.

Michigan Association for Local Public Health

Requests an amended grant of \$1.9 million over three years to support the increase of vaccinations in children and seniors by developing a framework for achieving and sustaining high rates of vaccinations among these population segments.

The Grantmaking Committee recommends \$1.9 million to support this program.

Board Member Jandernoa moves to approve the Grantmaking Committee recommendation of \$1.9 million. Board Member Alexander seconds. Motion passed unanimously.

Michigan Fitness Foundation

Requests an amended grant of \$724,564 to support the roll out of the Act4Health program in two communities to support the improvement of senior health behaviors.

The Grantmaking Committee recommends \$750,000 million to support this program.

Board Member Murray moves to approve the Grantmaking Committee recommendation of \$750,000. Board Member Jandernoa seconds. Motion passed unanimously.

Michigan Association of Community Mental Health Boards

Requests a grant of \$3.4 million for support of programs to provide behavioral health services to children in doctors' offices and wellness education to older adults.

The Grantmaking Committee recommends that the application from the MACMHB be tabled to the 2015 grantmaking cycle.

- VI. Investment Committee:
Board Member Damschroder reports the portfolio is performing exactly as indicated and the fee for moving funds for grant awarding has been waived.
- VII. Board Member Williams made a motion to go into closed session to discuss search process for the position of Chief Executive Officer. Board Member Damschroder seconds. The Board voted on going into closed session:

Lynn Alexander- affirmative
Tim Damschroder- affirmative
Cindy Estrada- affirmative

Rob Fowler- affirmative
Sue Jandernoa- affirmative
Jim Murray- affirmative
Marge Robinson- affirmative
Michael Williams- affirmative

Keith Pretty- not present to vote

Motion passes by a vote of eight to zero.

CLOSED SESSION

Reconvene Open Meeting

Next Steps:

Chairman Fowler reports that the next board meeting is scheduled for January 21, 2015.

Board Member Murray made a motion to make a one-time bonus payment of \$50,000 to GERALYN Lasher for her exemplary performance during the last year as Interim Executive Director of the Fund, in order to bring her total compensation within the range for comparable positions as demonstrated by the Council of Michigan Foundations survey and compensation survey information provided by Kittleman & Associates. Board Member Alexander seconds. Motion passed unanimously.

Board Members thanked Ms. Lasher for her services.

Board Members thanked Mr. Tarnacki for his services.

Adjournment

Board Member Murray moves to adjourn the meeting. Board Member Robinson seconds. Motion passes by a vote of eight to zero. Meeting adjourns at 11:30 a.m.

Respectfully submitted,

Secretary of the meeting

Board of Directors

Robert Fowler

Chairperson

Lynn Alexander

Vice Chairperson

Timothy Damschroder

Treasurer

Cindy Estrada

Secretary

Susan Jandernoa

Keith Pretty

James Murray

Marge Robinson

Michael Williams

Interim Executive Director

Geraldyn Leshler

MHEF Statement of Financial Position

December 31, 2014

ASSETS

| | |
|--|--------------------------------|
| Chemical Bank | \$ 8,135,419.79 |
| Huntington Investments | |
| Investment - At Fair Market Value | 83,431,461.23 |
| Accrued Interest Earned - Receivable from Huntington | <u>339,424.53</u> |
| Total Value of Huntington Investments | <u>83,770,885.76</u> |
| Prepaid Insurance Expense | <u>12,181.50</u> |
| Total Assets | <u><u>\$ 91,918,487.05</u></u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|--------------------------------|
| Liabilities | |
| Accounts Payable | <u>\$ 87,435.87</u> |
| Net Assets | |
| Unrestricted Net Assets | 71,831,051.18 |
| Restricted Net Assets | <u>20,000,000.00</u> |
| Total Net Assets | <u>91,831,051.18</u> |
| Total Liabilities and Net Assets | <u><u>\$ 91,918,487.05</u></u> |

Board of DirectorsRobert Fowler
*Chairperson*Lynn Alexander
*Vice Chairperson*Timothy Damschroder
*Treasurer*Cindy Estrada
Secretary

Susan Jandernoa

Keith Pretty

James Murray

Marge Robinson

Michael Williams

Interim Executive Director

Geraldyn Leshar

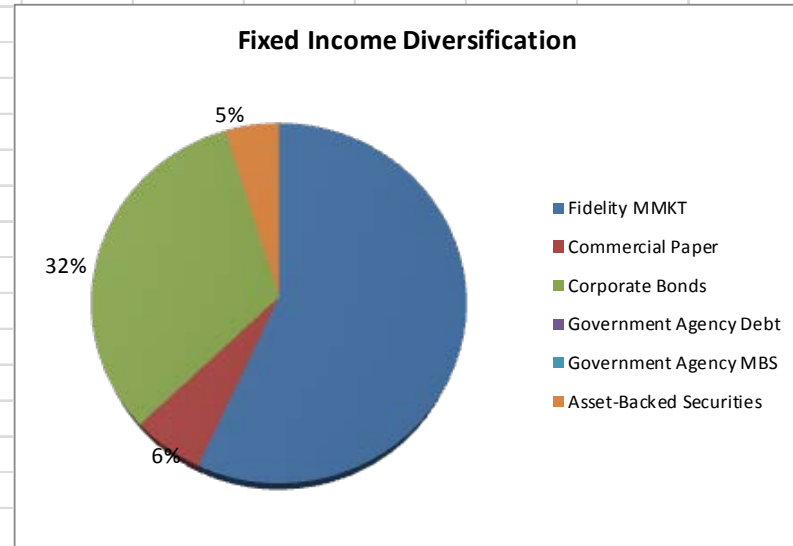
MHEF Statement of Activities
as of December 31, 2014

| | <u>Current Month</u> | <u>Year-to-date</u> |
|---|--------------------------|-------------------------|
| Operating Activities: | | |
| REVENUE | | |
| Funds Contributed from Blue Cross Blue Shield | \$ - | \$ 100,000,000.00 |
| OPERATING EXPENSES | | |
| Professional services | 83,842.60 | 1,163,140.26 |
| Grant expenses | 5,100,000.00 | 7,100,000.00 |
| Memberships | - | 24,650.00 |
| Meetings and facilities | 891.67 | 21,512.96 |
| Supplies | - | 164.80 |
| Printing and postage | 375.88 | 1,467.99 |
| Bank charges | 66.95 | 550.95 |
| Filing fees | - | 850.00 |
| Insurance expense | 1,353.50 | 4,060.50 |
| Total Operating Expenses | <u>5,186,530.60</u> | <u>8,316,397.46</u> |
| Net Operating Income (Loss) | <u>(5,186,530.60)</u> | <u>91,683,602.54</u> |
| Investment Activities: | | |
| Realized Gain (Loss) on Investments | - | (36,007.20) |
| Unrealized Gain (Loss) on Investments | (134,672.93) | (1,581,771.88) |
| Interest earned - includes paid and accrued | 160,625.34 | 1,764,044.98 |
| Dividends | 318.92 | 1,182.74 |
| Net Income (Loss) from Investment Activity | <u>26,271.33</u> | <u>147,448.64</u> |
| Change in Net Assets | <u>\$ (5,160,259.27)</u> | <u>\$ 91,831,051.18</u> |

Summary of Investments MI Health Endowment Fund 12-31-2014

Fixed Income Diversification

| Description | | Percentage |
|-------------------------|-------------------------|-------------|
| Fidelity MMKT | \$ 47,447,454.60 | 57% |
| Commercial Paper | \$ 4,993,200.00 | 6% |
| Corporate Bonds | \$ 27,010,290.98 | 32% |
| Government Agency Debt | \$ - | 0% |
| Government Agency MBS | \$ - | 0% |
| Asset-Backed Securities | \$ 3,980,515.65 | 5% |
| Total | \$ 83,431,461.23 | 100% |

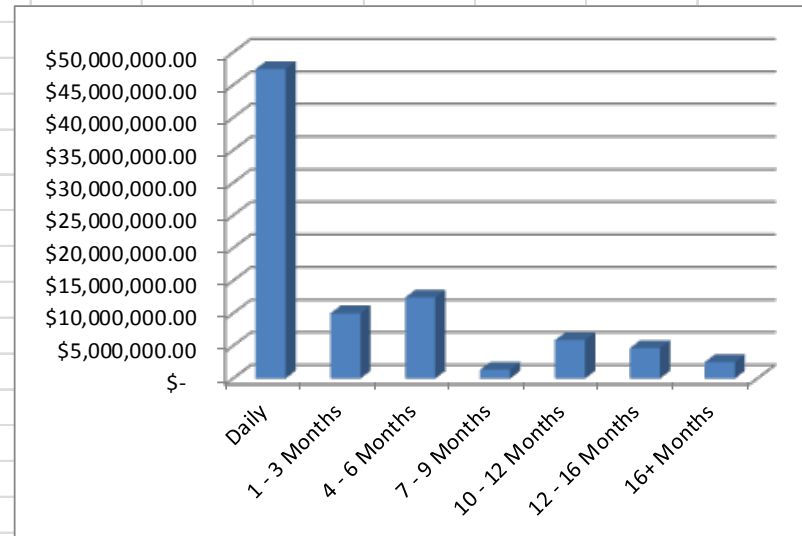


Portfolio Analysis

| Description | |
|---|-------|
| Weighted Average Yield | 0.45% |
| Weighted Average Life in Years / Duration | 0.28 |

Maturity Schedule

| Description | | Percentage |
|----------------|-------------------------|-------------|
| Daily | \$ 47,447,454.60 | 56% |
| 1 - 3 Months | \$ 9,979,129.13 | 12% |
| 4 - 6 Months | \$ 12,427,404.92 | 15% |
| 7 - 9 Months | \$ 1,345,599.00 | 2% |
| 10 - 12 Months | \$ 5,872,738.50 | 7% |
| 12 - 16 Months | \$ 4,643,301.50 | 6% |
| 16+ Months | \$ 2,515,232.00 | 3% |
| Total | \$ 84,230,859.65 | 100% |



**Portfolio Diversification Report
MI Health Endowment Fund 12-31-2014**

| Industry Description | Market Value | Percentage |
|------------------------------|-------------------------|-------------|
| Money Market Fund | \$ 47,447,454.60 | 57% |
| Asset-Backed Securities | \$ 3,980,515.65 | 5% |
| Cable & Satellite | \$ - | 0% |
| Automotive | \$ 6,525,529.50 | 8% |
| Banking / Financial Services | \$ 5,111,225.40 | 6% |
| Power Generation | \$ 975,867.75 | 1% |
| Electrical Equipment | \$ - | 0% |
| Energy Pipeline | \$ 2,863,418.20 | 3% |
| Entertainment | \$ - | 0% |
| Aerospace & Defense | \$ - | 0% |
| Home & Office Products | \$ - | 0% |
| Telecommunications | \$ 4,993,200.00 | 6% |
| Insurance / P&C | \$ 3,289,702.50 | 4% |
| Utilities | \$ - | 0% |
| Integrated Oils | \$ 2,048,545.73 | 2% |
| Software & Services | \$ 3,323,925.00 | 4% |
| Transportation & Logistics | \$ 2,872,076.90 | 3% |
| Airport Revenues | \$ - | 0% |
| Total | \$ 83,431,461.23 | 100% |

