

# MICHIGAN HEALTH ENDOWMENT FUND

## Board Meeting Agenda

August 10, 2018  
Park Place Hotel  
300 E State Street, Traverse City, MI 49684

*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, page 2
  - Review of March 28, 2018 minutes, pages 3-11
  - 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. – 1:45 p.m.      **Program Officer Presentation: Laurie Solotorow**
- 1:45 p.m. – 1:50 p.m.      **Investment Committee: Keith Pretty**
- Investment Committee report, page 12
  - Review of July 2018 financial statements, pages 13-19
- 1:50 p.m. – 2:20 p.m.      **Grantmaking Committee: Sue Jandernoa**
- Consideration of Behavioral Health Grant Program recommendations
  - Grant modifications or terminations
- 2:20 p.m. – 2:25 p.m.      **Executive and Compensation Committee: Tim Damschroder**
- 2:25 p.m.      **Closed Session** (meet with attorneys)

Michigan Health Endowment Fund  
Board Meeting  
March 27, 2018  
Hampton Inn  
8068 Challis Road, Brighton, MI 48116

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Meeting Minutes

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**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  
Keith Pretty  
Rob Fowler  
Michael Williams  
Cindy Estrada  
Alexis Wiley (1:25 arrival)  
Henry Veenstra (phone)

**Others present:**

Paul Hillegonds  
Terry Gardner  
Julie Skubik  
Duane Tarnacki

**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 Williams moved to approve the minutes from the January 23, 2018 board meeting. Board Member Pretty seconded. Motion passed 7-0.

**Public Comment:**

There was no public comment.

**Chairman's Report:**

Chairman Damschroder reported that a board member retreat is scheduled for August 9-10<sup>th</sup> in Traverse City, MI. The agenda will include a strategic planning session, grantee reception and a board meeting. Leslie Pine from The Philanthropic Initiative will moderate the discussion at the strategic planning session. Chairman Damschroder reported that the board will develop a strategy regarding 2019 Medigap subsidy rates and how the current program will run through 2021.

### **CEO Report:**

Mr. Hillegonds thanked staff and committee members for their time and support in reviewing Nutrition and Healthy Lifestyles and Community Health Impact proposals that will be recommended to the board for approval. An RFP was issued for Behavioral Health grant programs and a successful Healthy Aging convening was held on March 14<sup>th</sup>. Mr. Hillegonds reported that The Health Fund has been a partner or has supported the following accomplishments that were outlined in legislative hearings in the Michigan Department of Health and Human Services 2018-2019 budget.

- A streamlined application for food assistance, Medicaid and other benefits, down from 42 pages to 18 or less depending on benefits applied for, with 80% fewer questions.
- Several steps to help mitigate the opioid crisis
- Under the State Innovation Model, the testing of Patient Centered Medical Homes modeling integrated care.
- Improvement of inpatient access to psychiatric services, including the development and implementation of a psychiatric bed registry.
- Medical Service payment pilots to test novel strategies for providing comprehensive services to frail and disabled older adults in a defined geographic area.
- An initiative to develop a Medicaid Managed Long Term Care Supports and Services Plans.
- A series of Flint water crisis actions including mobile food pantries, nutrition education outreach to children and seniors, expansion of Double Up Food Bucks.

Mr. Hillegonds reported that MDHHS has issued for public comment a proposed policy to cover pediatric outpatient intensive feeding program services. If this is adopted, it will sustain and build on the University of Michigan's program that the Health Fund supported.

Next, Chairman Damschroder discussed proposed amendments to the 2016-2020 Strategic Plan. A motion to approve the amendments was made by Mr. Fowler and seconded by Ms. Alexander. The motion passed 6-0.

### **Operations Report:**

Terry reported on the status of market volatility impacting the endowment portfolio, noting that even with all the volatility, the portfolio is just slightly below the balance at the beginning 2018. He also updated the board on future staffing plans, and reported that Rory Neuner, a Senior Consultant at Public Sector Consultants will be joining the Health Fund Squad an evaluation officer.

### **Program Presentation:**

Program Officer Kari Sederburg presented materials that focused on the Healthy Aging program: Taking the Systems Approach: Impacting Systems Through Grantmaking. A panel was moderated by Rory Neuner, Public Sector Consultants. Participants were:

- 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

Several questions were posed by the board regarding the extent of services, potential impacts, and genesis of the various projects. The board was very appreciative of the information presented.

Kari Sederburg and Tim Niyosenga updated the board on the status of the Healthy Aging program, specific grant success stories, goals for the program, and the 2018 RFP focus area.

**Audit Committee:**

Committee Chair Pretty reported that the audit has been completed and introduced George Johnson, Anthony McCade and Mike Nicholas from George Johnson and Company. Mr. Johnson reported to the board the results from their firm's audit of the Michigan Health Endowment Fund's financial statements. Mr. Johnson 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 board by the audit firm. No unusual items were noted in those matters required to be reported. The following motion was made by Mr. Pretty and seconded by Ms. Alexander.

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.

Motion passed 8-0.

Mr. Pretty reported that the 2017 tax return will be filed prior to the deadline.

**Investment Committee:**

Mr. Pretty reported to the board the results of the Investment Committee meeting and financial statements, which were included in the board material. Mr. Pretty described the changes in the Investment Policy Statement that were required due to the Health Fund adding private equity investments to the portfolio.

Mr. Fowler made a motion to accept the amended Investment Policy statement and was seconded by Ms. Alexander. Motion passed 8-0.

Next, Mr. Pretty asked Mr. Gardner to describe the amended budget. Mr. Gardner outlined the changes in the budget which were principally related to the increase in grant support programming, increase in staffing and salary adjustments.

Ms. Alexander made a motion to accept the 2018 amended budget and was seconded by Ms. Wiley. Motion passed 8-0.

**Grantmaking Committee:**

Board Member Fowler reported that the Grantmaking Committee met on March 8, 2018. Of the 53 Nutrition and Healthy Lifestyles proposals reviewed by staff, totaling \$21 million in requested funding, 11 proposals were recommended to the board for approval for funding totaling \$4.3 million. Additionally, 7 renewals were recommended for funding. Program Officer Laurie Solotorow outlined the review process and described each of the recommended proposals listed below.

New Projects

Beaumont Health Foundation	Dearborn SHINES (School Health through Integrated Nutrition & Exercise Strategies) for Healthy Kids!	\$445,890.00
Eastern Market Corporation	Cultivating a Culture of Health and Wellness in Detroit	\$400,000.00
Fair Food Network	DOUBLE UP FOOD BUCKS   Successfully Creating and Meeting Demand for Fresh Fruits and Vegetables Among SNAP Shoppers Statewide	\$500,000.00
Kids' Food Basket	From Hunger Relief to Nutrition Education and Access	\$200,000.00
Marquette-Alger-RESA	Pe-NUT Expansion Phase III	\$249,285.00
Michigan State University	Food as Medicine for Older Adults with Chronic Health Conditions	\$500,000.00
Michigan State University	Innovative Nutrition Practices in Pediatric Health Care: Assessment of Fruit and Vegetable Prescriptions for Children and Families in Need	\$500,000.00
Playworks Education Energized	Growing Safe and Healthy Play in Michigan	\$500,000.00
ProMedica Bixby Hospital	ProMedica Veggie Mobile	\$333,658.00
Spectrum Health Foundation	Spectrum Health Culinary Medicine	\$499,943.00
YMCA of Greater Grand Rapids	YMCA Healthy Corner Store Initiative	\$170,665.00

Renewals

Delta-Schoolcraft ISD	U.P. Health Project	\$497,855.00
Inter-Tribal Council of Michigan	Michigan Tribal Food Access Collaborative Project	\$200,000.00
Michigan Elementary and Middle School Principals Association	Incorporating Health and Wellness into School Improvement Plans Statewide Pilot Project	\$400,000.00
National Kidney Foundation of Michigan	PEACH (Project for EARly Childhood Health)	\$353,652.00
Public Health, Delta & Menominee Counties	Healthy Kids U.P. (HKUP)	\$333,600.00
Sparrow Foundation - Sparrow Health System	Be Well in the Kitchen	\$136,984.00
Wayne State University	Community Health Pipeline: Youth Catalyst for Change	\$262,784.00

Chairman Damschroder asked all board members to identify any of the recommended grants where he/she might have a conflict of interest with the 11 proposals and 7 renewals. There were no conflicts.

Mr. Fowler moved to approve all 18 grant recommendations as listed above and Ms. Alexander seconded.

The vote passed 8-0.

Next, Mr. Fowler reported of the 128 Community Health Impact Program proposals reviewed by staff, 39 proposals were recommended to the board for approval for funding totaling \$3.5 million. Program Officer Megan Murphy outlined the review process and described a project in each of the eight focus areas listed in the Health Fund's authorizing statute.

#### Community Health Impact Program

Alpena Area Senior Citizens Council, Inc.	Project Student Entrepreneurs	\$100,000.00
Altarum Institute	Enhancing Michigan WIC for Rural Families	\$84,672.00
American Heart Association	Building the Foundation for A Culture of Health in Faith Settings with EmPowered to Serve	\$99,982.70
Area Agency on Aging 1-B	Reducing Avoidable Hospitalizations among the MI Choice Medicaid Waiver and Dually Eligible Integrated Care (MI Health Link) Populations	\$84,115.00
Benzie Leelanau District Health Department	Mom Power: Building capacity for future sustainability and replicability	\$100,000.00
Cherry Health	Cherry Health Infant Mental Health Program	\$100,000.00
Child & Family Services of Northeast Michigan	Tools for Family Success: Taking Charge of Tomorrow	\$100,000.00
Child & Family Services of Northwestern Michigan	Toward a Trauma-Informed Northern Michigan	\$100,000.00
Community Mental Health for Central Michigan	Community Mental Health for Central Michigan - Learning Center	\$85,000.00
Crim Fitness Foundation	Healthy and Mindful Families Project	\$100,000.00
Detroit Food & Entrepreneurship Academy	Cooking Up Wellness from the Kitchen to the Community	\$100,000.00
Eastern Michigan University	Supporting the Health and Mental Health of Infants and Toddlers in Foster Care	\$100,000.00
Feeding America West Michigan	Plate Place, A Community Food Center	\$90,926.00
Food Gatherers	Health Care and Food Bank Partnership Initiative	\$100,000.00
Greater Detroit Area Health Council	I Choose Health	\$99,940.00
Harbor Beach Community Hospital	Integrated Behavioral Health Project	\$99,504.00
HAVEN	Children's Health Initiative	\$100,000.00
Health Department of Northwest Michigan	Safe Food, Safe Communities	\$100,000.00
Hurley Medical Center	Hurley Medical Center Food Farmacy- Expansion to Address Food Insecurity Within Genesee County's Most Vulnerable Populations	\$85,800.00
Jewish Hospice & Chaplaincy Network	Pilot Project to Develop a Volunteer Mediated, Evidence Based Intervention Model to Enhance Patient and Caregiver Well-being	\$100,000.00

Kalamazoo Community Mental Health and Substance Abuse Services	ADAPT for Veterans and Family Members	\$100,000.00
Keep Growing Detroit	Healthy Eaters to Healthy Leaders	\$91,638.00
Little Brothers--Friends of the Elderly	SISU (Serving Isolated Seniors in the Upper Peninsula)	\$97,406.00
Mental Health Foundation of West Michigan	Evidence-Based Research Study	\$28,000.00
Michigan Association of Health Plans Foundation	Creating New Tools: Responding to the Adverse Child Experience Community	\$70,000.00
Michigan Environmental Council	CSA Shares as a Healthy Food Delivery Model for Vulnerable Families: Year II	\$100,000.00
Michigan Public Health Institute	Partners in Care Concierge Expansion, Enrichment, and Evaluation	\$100,000.00
Michigan State University	An Online Parenting Intervention Program to Support Michigan Families	\$99,954.10
Michigan State University	A High School Personal Care Aide Technical Training Program	\$99,999.29
Pine Rest Christian Mental Health Services	Improving Post-Discharge Follow-Up with Telehealth	\$77,360.00
Portage Health Foundation	Adolescent Mental and Behavioral Health	\$100,000.00
Presbyterian Villages of Michigan Foundation	Caregiver's Best Friend	\$100,000.00
Project Healthy Community	Fundamentals of Understanding Nutrition ("FUN") Pantry	\$35,000.00
Southeastern Michigan Health Association	Detroit Community Outreach and Overdose Prevention Project (CO-OP) Project	\$100,000.00
TCM Counseling	Emotionally Healthy Children and Teens	\$51,400.00
The Regents of the University of Michigan	Leveraging E-Health to Improve Care for Pediatric Diabetes: A New Approach to Care Delivery for Children and Families with Type 1 Diabetes Across Michigan	\$100,000.00
Tolfree Foundation	Go Outside!	\$100,000.00
University Rehabilitation Alliance DBA: Origami Brain Injury Rehabilitation Center	Return to Driving after Injury: Road to Independence	\$58,595.00
Wayne State University	Real Time Nursing Home Quality Control – Second Year	\$79,846.00

Chairman Damschroder asked all board members to identify any of the recommended grants where he/she might have a conflict of interest with the 39 proposals. Ms. Alexander stated her conflict with Presbyterian Villages of Michigan Foundation and wished to abstain from the vote

on the grant. Also, Mr. Williams stated that he had a conflict of interest with the Eastern Michigan University grant.

Mr. Fowler moved, and Mr. Williams seconded, to approve the following grants which presented no conflicts of interest for board members:

Alpena Area Senior Citizens Council, Inc.	Project Student Entrepreneurs	\$100,000.00
Altarum Institute	Enhancing Michigan WIC for Rural Families	\$84,672.00
American Heart Association	Building the Foundation for A Culture of Health in Faith Settings with EmPowered to Serve	\$99,982.70
Area Agency on Aging 1-B	Reducing Avoidable Hospitalizations among the MI Choice Medicaid Waiver and Dually Eligible Integrated Care (MI Health Link) Populations	\$84,115.00
Benzie Leelanau District Health Department	Mom Power: Building capacity for future sustainability and replicability	\$100,000.00
Cherry Health	Cherry Health Infant Mental Health Program	\$100,000.00
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Detroit Food & Entrepreneurship Academy	Cooking Up Wellness from the Kitchen to the Community	\$100,000.00
Feeding America West Michigan	Plate Place, A Community Food Center	\$90,926.00
Food Gatherers	Health Care and Food Bank Partnership Initiative	\$100,000.00
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Jewish Hospice & Chaplaincy Network	Pilot Project to Develop a Volunteer Mediated, Evidence Based Intervention Model to Enhance Patient and Caregiver Well-being	\$100,000.00



Kalamazoo Community Mental Health and Substance Abuse Services	ADAPT for Veterans and Family Members	\$100,000.00
Keep Growing Detroit	Healthy Eaters to Healthy Leaders	\$91,638.00
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Tolfree Foundation	Go Outside!	\$100,000.00
University Rehabilitation Alliance DBA: Origami Brain Injury Rehabilitation Center	Return to Driving after Injury: Road to Independence	\$58,595.00
Wayne State University	Real Time Nursing Home Quality Control – Second Year	\$79,846.00

The vote passed 8-0.

Next, Mr. Fowler moved to approve the grant application from Eastern Michigan University and Ms. Estrada seconded. Mr. Williams abstained. The vote passed 7-0.

Mr. Fowler moved to approve the grant application from Presbyterian Villages of Michigan Foundation and Ms. Estrada seconded. Ms. Alexander abstained. The vote passed 7-0.

**Executive and Compensation Committee:**

Chairman Damschroder reviewed the process for evaluation of the CEO. The board members were given the opportunity to provide input to the Executive and Compensation Committee regarding CEO performance. Chairman Damschroder reported that the board gave Mr. Hillegonds excellent reviews of his leadership and performance.

**Adjournment**

The meeting was adjourned at 4:03 p.m.

Respectfully submitted,

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Julie Skubik  
Secretary of the meeting

# MICHIGAN HEALTH ENDOWMENT FUND

To: Health Fund Board of Directors  
From: Keith Pretty, Treasurer  
Date: August 2, 2018  
Re: Investment Committee Report

The Investment Committee met on July 31, 2018 to review the following items:

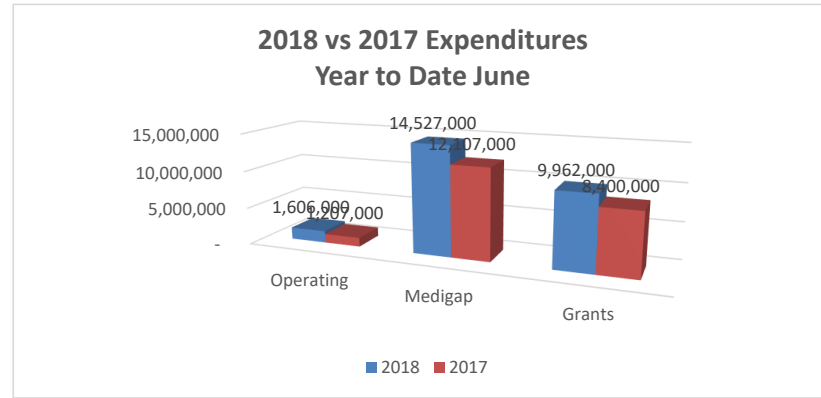
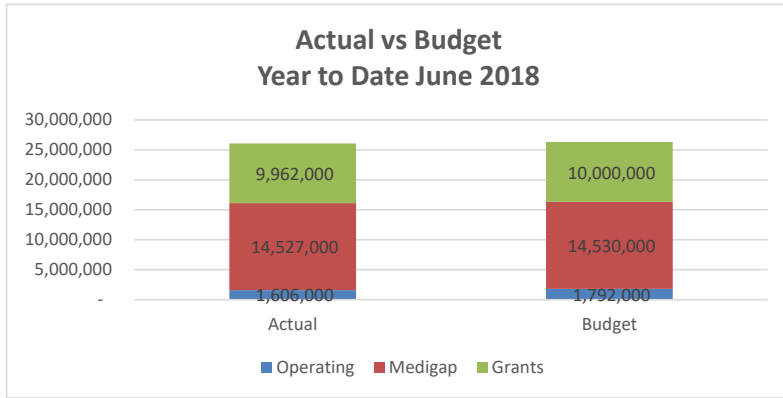
- Q2 and year to date 2018 investment report from Northern Trust
- Operating portfolio report from the CFO

The Investment Committee reviewed the results of the 2018 year to date performance and market volatility noting that the volatility of the markets has caused the Health Fund endowment portfolio to slightly underperform its benchmark year to date. The performance of the portfolio is slightly positive for the year, and at this time no changes are warranted.

The Investment Committee reviewed the status of the operating portfolio noting that the portfolio is positioned to take advantage of upcoming Federal Reserve rate increases.

**MICHIGAN HEALTH ENDOWMENT FUND  
FINANCIAL AND GRANTMAKING STATISTICS  
JUNE 30, 2018**

**Financial Metrics**

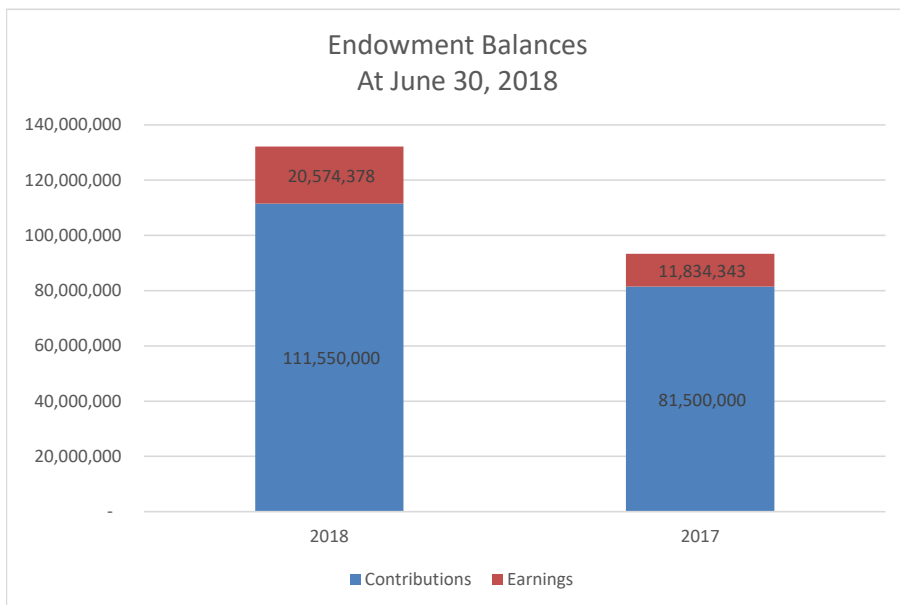


**Grant Making**

	<u>Concept Papers</u>		<u>Applications</u>		<u>Awards</u>	
	<u>#</u>		<u>#</u>	<u>\$</u>	<u>#</u>	<u>\$</u>
<b>2018</b>						
Nutrition and Healthy Lifestyles	99		53	\$21,069,702	18	\$6,484,316
Community Health Impact	174		128	\$11,301,644	39	\$3,519,138
Behavioral Health	91		53	\$19,498,632	n/a	n/a
Healthy Aging	107		n/a	n/a	n/a	n/a
Special Projects	n/a		n/a	n/a	n/a	n/a
<b>Total</b>	<b>471</b>		<b>234</b>	<b>\$51,869,978</b>	<b>57</b>	<b>\$10,003,454</b>
<b>2017</b>						
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
<b>Total</b>	<b>293</b>		<b>337</b>	<b>\$83,216,588</b>	<b>95</b>	<b>\$25,106,749</b>
<b>2016</b>						
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
<b>Total</b>	<b>40</b>		<b>228</b>	<b>\$56,443,807</b>	<b>81</b>	<b>\$21,440,907</b>

**MICHIGAN HEALTH ENDOWMENT FUND  
INVESTMENT STATISTICS  
JUNE 30, 2018**

**ENDOWMENT FUND**

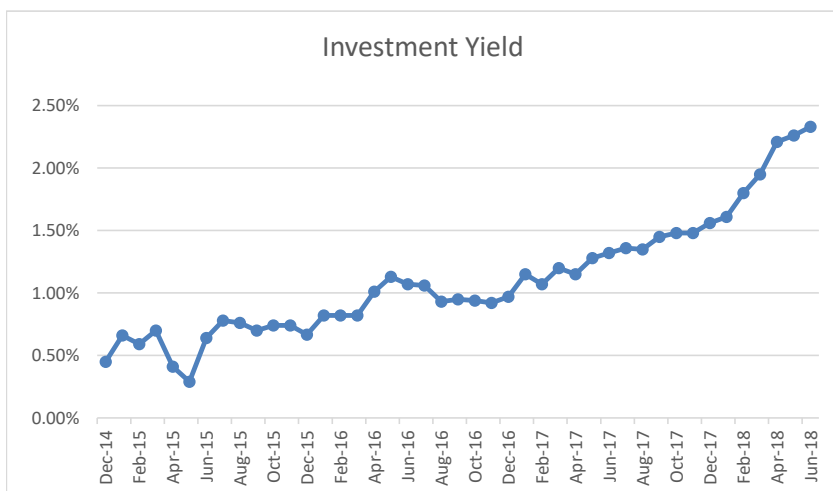


**Asset Allocation (@ 3-19-18)**

	<u>Actual</u>	<u>Target</u>	<u>Difference</u>
US Equity	37.5%	40%	-2.5%
Foreign Developed	27.2%	27%	0.2%
Emerging Markets	12.7%	8%	4.7%
Real/Diversified	10.3%	10%	0.3%
Fixed Income*	11.9%	15%	-3.1%
Private Equity	0.4%	n/a	0.4%
	<u>100.0%</u>	<u>100.00%</u>	

Performance	YTD	0.14%
	1 Year	9.13%

**OPERATING FUND**



**Operating Fund Investments**

Largest Position Size	4.0M	4.3%
Largest 10 Positions	35.4M	38.2%
Total # Positions	45	
Average Credit Rating	A	
Average Life	4.1 months	

**Michigan Health Endowment Fund  
Statement of Financial Position  
June 30, 2018 and 2017**

	<b>2018</b>		<b>2017</b>	
	<b>OPERATING</b>	<b>ENDOWMENT</b>	<b>OPERATING</b>	<b>ENDOWMENT</b>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Checking - Chemical Bank	\$ 321,316		\$ 1,073,473	
Huntington Investments, at FMV	92,730,177		90,880,536	
Northern Trust Investments		\$ 132,002,243		\$ 93,236,464
Accrued interest receivable	601,814	122,135	295,777	97,879
Prepaid expenses	2,243,752		1,749,842	
Interfund Transfer				
<b>Total current assets</b>	95,897,059	132,124,378	93,999,628	93,334,343
<b>Furniture and equipment, net of depreciation</b>	128,725		141,743	
<b>Other assets</b>				
Security Deposits	844		844	
	\$ 96,026,628	\$ 132,124,378	\$ 94,142,215	\$ 93,334,343
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 439,826		\$ 986,850	
Other current liabilities	163,050		115,216	
<b>Total current liabilities</b>	602,876		1,102,066	
<b>Other liabilities</b>				
Grants payable	9,179,441		5,872,376	
<b>Total liabilities</b>	9,782,317		6,974,442	
<b>Net assets</b>				
Net assets restricted by donor		\$ 84,050,000		\$ 54,000,000
Unrestricted net assets	86,244,311	48,074,378	87,167,773	39,334,343
<b>Total net assets</b>	86,244,311	132,124,378	87,167,773	93,334,343
	\$ 96,026,628	\$ 132,124,378	\$ 94,142,215	\$ 93,334,343
 <b>Supplemental Presentation</b>				
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 net assets	20,681,538		20,458,245	
Current year income (loss)	31,562,773	28,397,935	26,709,528	19,896,658
<b>Total net assets</b>	86,244,311	132,124,378	87,167,773	93,334,343

**Michigan Health Endowment Fund**  
**Statement of Activities**  
**For the six months ending June 30, 2018 and 2017**

	2018		2017		\$ Change
	Operating	Endowment	Total	Total	
<b>Revenue</b>					
Direct Public Support	\$ 85,000,000	\$ -	\$ 85,000,000	\$ 60,000,000	\$ 25,000,000
Investment income	707,424	347,935	1,055,359	8,320,784	(7,265,425)
<b>Total revenue</b>	<u>85,707,424</u>	<u>347,935</u>	<u>86,055,359</u>	<u>68,320,784</u>	<u>17,734,575</u>
<b>Expenses</b>					
Grants awarded	9,961,780		9,961,780	8,400,055	1,561,725
Medigap subsidy	13,480,280		13,480,280	10,027,651	3,452,629
Medigap servicing	1,046,464		1,046,464	2,079,529	(1,033,065)
Grant program support	272,425		272,425	136,993	135,432
Legal and accounting fees	47,150		47,150	77,355	(30,205)
Outside contract services	179,135		179,135	99,692	79,443
Salaries and benefits	938,158		938,158	748,906	189,252
Office related expenses	56,743		56,743	51,326	5,417
Insurance expense	13,917		13,917	14,717	(800)
Office supplies and misc	41,378		41,378	34,041	7,337
Membership and dues	19,800		19,800	11,464	8,336
Travel and meetings	37,421		37,421	32,869	4,552
<b>Total expenses</b>	<u>26,094,651</u>	<u>-</u>	<u>26,094,651</u>	<u>21,714,598</u>	<u>4,380,053</u>
<b>Other Income (Expense)</b>					
Transfer to Endowment	<u>(28,050,000)</u>	<u>28,050,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	<u>\$ 31,562,773</u>	<u>\$ 28,397,935</u>	<u>\$ 59,960,708</u>	<u>\$ 46,606,186</u>	<u>\$ 13,354,522</u>

**Michigan Health Endowment Fund**  
**Statement of Activities - Operating Fund - Budget vs Actual**  
**For the one month & six months ending June 30, 2018**

	Actual One Month Ending 6/30/18	Budget One Month Ending 6/30/18	\$ Over (Under) Budget	Actual Six Months Ending 6/30/18	Budget Six Months Ending 6/30/18	\$ Over (Under) Budget
<b>Revenue</b>						
Direct Public Support	\$ -	\$ -	\$ -	\$ 85,000,000	\$ 85,000,000	\$ -
Investment income	149,676	140,000	9,676	707,424	630,000	77,424
<b>Total revenue</b>	<b>149,676</b>	<b>140,000</b>	<b>9,676</b>	<b>85,707,424</b>	<b>85,630,000</b>	<b>77,424</b>
<b>Expenses</b>						
Grants awarded	7,806	-	7,806	9,961,780	10,000,000	(38,220)
Medigap subsidy	2,243,591	2,250,000	(6,409)	13,480,280	13,500,000	(19,720)
Medigap servicing	166,464	165,000	1,464	1,046,464	1,030,000	16,464
Grant program support	45,275	96,000	(50,725)	272,425	443,000	(170,575)
Legal and accounting fees	1,000	7,500	(6,500)	47,150	67,000	(19,850)
Outside contract services	30,267	24,750	5,517	179,135	168,200	10,935
Salaries and benefits	161,187	168,617	(7,430)	938,158	951,342	(13,184)
Office related expenses	9,260	9,600	(340)	56,743	57,600	(857)
Insurance expense	2,319	2,750	(431)	13,917	16,500	(2,583)
Office supplies and misc	6,170	6,500	(330)	41,378	35,500	5,878
Membership and dues	8,600	500	8,100	19,800	13,000	6,800
Travel and meetings	7,934	8,000	(66)	37,421	40,000	(2,579)
<b>Total expenses</b>	<b>2,689,873</b>	<b>2,739,217</b>	<b>(49,344)</b>	<b>26,094,651</b>	<b>26,322,142</b>	<b>(227,491)</b>
<b>Other Expense</b>						
Transfer to Endowment	-	-	-	28,050,000	28,050,000	-
<b>Change in net assets</b>	<b>\$ (2,540,197)</b>	<b>\$ (2,599,217)</b>	<b>\$ 59,020</b>	<b>\$ 31,562,773</b>	<b>\$ 31,257,858</b>	<b>\$ 304,915</b>



MICHIGAN HEALTH ENDOWMENT FUND  
 OPERATING FUND PORTFOLIO HOLDINGS  
 June 30, 2018  
 (unaudited)

Description	Industry	Credit Rating	Maturity	Yield	Market Value	Principal Cost	\$ Gain/Loss	Int Earned (Acrr)
<b>Cash / Cash Equivalents</b>								
FIDELITY GOVT MMKT	Money Market Fund	AAA	Daily	1.24%	\$ 2,461,973.30	\$ 2,461,973.30	\$ -	\$ -
					\$ 2,461,973.30	\$ 2,461,973.30	\$ -	\$ -
<b>Municipal Bonds</b>								
					\$ -	\$ -	\$ -	\$ -
<b>Commercial Paper</b>								
JP MORGAN	Banks	A1 / P1	7/9/2018	1.88%	\$ 1,499,175.00	\$ 1,488,078.75	\$ 11,096.25	\$ -
FORD MOTOR CREDIT	Auto Manufacturing	A2 / P2	7/10/2018	2.35%	\$ 1,998,720.00	\$ 1,987,390.00	\$ 11,330.00	\$ -
WGL HOLDINGS	Utilities	A1 / P2	7/19/2018	2.25%	\$ 1,997,520.00	\$ 1,984,018.33	\$ 13,501.67	\$ -
DISNEY CO	Entertainment Content	A1+ / P1	8/8/2018	2.10%	\$ 3,991,040.00	\$ 3,971,204.44	\$ 19,835.56	\$ -
ONTARIO TEACHERS	Banks	A1+ / P1	8/10/2018	1.83%	\$ 1,995,140.00	\$ 1,978,481.11	\$ 16,658.89	\$ -
QUALCOMM	Wireless Telecommunication	A1 / P1	9/19/2018	2.36%	\$ 940,967.28	\$ 940,874.52	\$ 92.76	\$ -
GENERAL ELECTRIC	Electrical Equipment Manufacturin	A1 / P1	9/27/2018	2.34%	\$ 3,977,680.00	\$ 3,956,435.56	\$ 21,244.44	\$ -
CATHOLIC HEALTH	Health Care Facilities	A2 / P2	10/10/2018	2.57%	\$ 1,986,900.00	\$ 1,984,841.67	\$ 2,058.33	\$ -
COCA COLA	Food & Beverage	A1+ / P1	10/16/2018	2.25%	\$ 1,013,064.00	\$ 1,009,069.28	\$ 3,994.72	\$ -
AT&T	Wireless Telecommunication	A2 / P2	12/6/2018	2.70%	\$ 3,458,035.00	\$ 3,454,053.75	\$ 3,981.25	\$ -
ONTARIO TEACHERS	Banks	A1+ / P1	12/14/2018	2.34%	\$ 504,114.60	\$ 503,749.53	\$ 365.07	\$ -
					\$ 23,362,355.88	\$ 23,258,196.94	\$ 104,158.94	\$ -
<b>Corporate Bonds</b>								
PACIFICORP	Utilities	A1 / A+	7/15/2018	1.81%	\$ 575,603.75	\$ 575,912.45	\$ (308.70)	\$ 14,980.35
UNITED HEALTH	Managed Care	A3 / A+	7/16/2018	1.80%	\$ 1,249,775.00	\$ 1,250,051.66	\$ (276.66)	\$ 10,885.42
CVS CORP	Health Care Facilities	Baa1 / BBB+	7/20/2018	2.11%	\$ 1,499,685.00	\$ 1,498,819.36	\$ 865.64	\$ 12,745.83
ROYAL BANK OF CANADA	Banks	A1 / AA-	7/27/2018	2.18%	\$ 1,226,815.95	\$ 1,227,011.35	\$ (195.40)	\$ 11,547.43
CITI GROUP	Banks	Baa1 / BBB+	7/30/2018	2.14%	\$ 1,499,670.00	\$ 1,500,009.22	\$ (339.22)	\$ 13,527.08
CATHOLIC HEALTH	Health Care Facilities	Baa1 / BBB+	8/1/2018	2.27%	\$ 1,854,018.54	\$ 1,854,505.48	\$ (486.94)	\$ 20,085.00
MASSMUTUAL	Life Insurance	Aa2 / AA+	8/2/2018	2.33%	\$ 1,799,550.00	\$ 1,798,561.64	\$ 988.36	\$ 15,645.00
LLOYDS BANK	Banks	Aa3 / A	8/17/2018	2.28%	\$ 3,996,760.00	\$ 3,995,988.20	\$ 771.80	\$ 29,777.78
FIFTH THIRD BANK	Banks	Aa3 / A-	8/20/2018	2.29%	\$ 399,948.00	\$ 399,798.15	\$ 149.85	\$ 3,105.56
KRAFT FOODS	Food & Beverage	Baa3 / BBB	8/23/2018	2.35%	\$ 3,769,125.00	\$ 3,770,573.99	\$ (1,448.99)	\$ 81,666.66
AIR LEASE CORP	Commercial Finance	Baa1 / BBB	9/4/2018	2.39%	\$ 999,590.00	\$ 1,000,397.27	\$ (807.27)	\$ 8,531.25
TORONTO DOMINION	Banks	Aa2 / AA-	9/6/2018	2.22%	\$ 3,992,600.00	\$ 3,988,370.38	\$ 4,229.62	\$ 18,527.78
METLIFE	Life Insurance	Aa3 / AA-	9/14/2018	2.33%	\$ 1,995,720.00	\$ 1,991,731.82	\$ 3,988.18	\$ 8,025.00
ONEOK PARTNERS	Pipeline	Baa3 / BBB	9/15/2018	2.49%	\$ 3,001,770.00	\$ 3,004,380.01	\$ (2,610.01)	\$ 28,266.67
SPECTRA ENERGY	Pipeline	Baa2 / BBB+	9/25/2018	2.30%	\$ 1,500,360.00	\$ 1,501,957.80	\$ (1,597.80)	\$ 11,800.00
EOG RESOURCES	Exploration & Production	Baa1 / BBB+	10/1/2018	2.43%	\$ 3,182,791.50	\$ 3,184,919.19	\$ (2,127.69)	\$ 54,140.62
HEWLETT PACKARD	Hardware	Baa2 / BBB	10/5/2018	2.37%	\$ 1,562,262.00	\$ 1,561,937.69	\$ 324.31	\$ 10,497.50
JACKSON NATIONAL LIFE	Life Insurance	A1 / AA-	10/15/2018	2.35%	\$ 2,363,950.72	\$ 2,362,476.44	\$ 1,474.28	\$ 9,373.33
ABN AMRO BANK	Banks	A1 / A	10/30/2018	2.50%	\$ 1,999,560.00	\$ 2,000,015.77	\$ (455.77)	\$ 8,472.22
NY LIFE	Life Insurance	Aaa / AA+	11/2/2018	2.23%	\$ 3,065,344.50	\$ 3,063,408.25	\$ 1,936.25	\$ 7,811.35
DISCOVER BANK	Banks	Baa3 / BBB	11/13/2018	2.57%	\$ 1,998,840.00	\$ 2,000,186.81	\$ (1,346.81)	\$ 6,933.33
RYDER SYSTEMS	Transportation & Logistics	Baa1 / A	11/15/2018	2.37%	\$ 1,998,800.00	\$ 2,000,502.28	\$ (1,702.28)	\$ 6,261.11
BLACK & DECKER	Home Improvement	Baa2 / A-	11/17/2018	2.32%	\$ 1,992,060.00	\$ 1,991,637.93	\$ 422.07	\$ 3,964.89
KROGER	Supermarkets & Pharmacies	Baa1 / BBB	12/15/2018	2.37%	\$ 2,124,524.26	\$ 2,128,793.02	\$ (4,268.76)	\$ 6,307.38
HARLEY DAVIDSON	Auto Manufacturing	A3 / A-	1/15/2019	2.58%	\$ 2,797,370.40	\$ 2,799,541.21	\$ (2,170.81)	\$ 29,101.88
NUTRIEN	Chemicals	Baa2 / BBB	1/15/2019	2.53%	\$ 2,973,941.30	\$ 2,996,948.84	\$ (23,007.54)	\$ 90,182.81
TOYOTA MOTOR	Auto Manufacturing	Aa3/AA-	1/17/2019	2.39%	\$ 2,993,040.00	\$ 2,995,208.38	\$ (2,168.38)	\$ 28,700.00
LLOYDS BANK	Banks	Aa3 / A	1/22/2019	2.54%	\$ 1,794,767.40	\$ 1,794,635.34	\$ 132.06	\$ 16,297.50
HYUNDAI CAPITAL	Auto Manufacturing	Baa1 / A-	3/18/2019	2.71%	\$ 2,986,170.00	\$ 2,995,341.87	\$ (9,171.87)	\$ 21,458.33
DOW CHEMICAL	Chemicals	Baa2/BBB	5/15/2019	2.80%	\$ 2,148,564.00	\$ 2,151,075.36	\$ (2,511.36)	\$ 21,909.38
					\$ 65,342,977.32	\$ 65,384,697.16	\$ (41,719.84)	\$ 610,528.44
<b>Asset-backed Securities</b>								
GSR MTG TR 2004-10F SER 20	Residential MBS	A / AA	0.66	3.50%	\$ 79,484.32	\$ 80,594.50	\$ (1,110.18)	\$ 59.60
CAPITAL AUTO RECV SER 2015	Auto ABS	AA / AA+	1.48	2.41%	\$ 716,481.62	\$ 725,194.34	\$ (8,712.72)	\$ 690.37
FEDL HOME LN MTG CRP SER	Residential MBS	AAA	2.75	1.70%	\$ 766,904.09	\$ 807,344.81	\$ (40,440.72)	\$ 1,033.35
					\$ 1,562,870.03	\$ 1,613,133.65	\$ (50,263.62)	\$ 1,783.32
					\$ 92,730,176.53	\$ 92,718,001.05	\$ 12,175.48	\$ 612,311.76

**The Michigan Health Endowment Fund**  
**Endowment Fund Holdings**  
**June 30, 2018**  
(unaudited)

<u>Asset Description</u>	<u>Country</u>	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized G/L</u> <u>Total</u>	<u>% of</u> <u>Total</u>
VANGUARD INSTL TOTAL INDEX	United States	49,587,533	39,950,450	9,637,083	37.53%
VANGUARD DEVELOPED MARKETS INDEX INSTL BURGUNDY ASSET MANAGEMENT	International Region International Region	31,756,042 4,172,850	28,150,079 3,610,865	3,605,963 561,985	24.03% 3.16%
GLOBAL EMERGING MARKETS FUND - STEWART DFA EMERGING MARKETS-VALUE	Emerging Markets Region Emerging Markets Region	8,720,061 8,056,003	8,075,212 8,289,257	644,849 (233,254)	6.60% 6.10%
T ROWE PRICE NEW ERA FUND	Real Return	4,701,786	4,354,673	347,113	3.56%
BROOKFIELD INVT FDS GLOBAL LISTED REAL ESTATE FD	United States	4,149,826	4,174,946	(25,120)	3.14%
LAZARD FDS INC GLOBAL LISTED INFRASTRUCTURE	International Region	4,780,082	4,284,385	495,697	3.62%
RENAISSANCE VENTURE FUND III	Venture Capital	172,369	210,000	(37,631)	0.13%
PEAK ROCK FUND	Venture Capital	284,710	249,090	35,620	0.22%
LONGFELLOW	Fixed Income	15,463,391	15,967,302	(503,911)	11.70%
CASH	Fixed Income	282,222	282,222	-	0.21%
		<u>132,126,875</u>	<u>117,598,481</u>	<u>14,528,394</u>	<u>100.00%</u>