

Michigan Health Endowment Fund
Executive Committee Meeting
March 9, 2018
10:00 am

Meeting Minutes

Board Members present:

Tim Damschroder
Sue Jandernoa
Keith Pretty
Lynn Alexander

Others in attendance:

Paul Hillegonds
Terry Gardner
Julie Skubik

Chairman Damschroder called the meeting to order and noted that all members were present. Board Member Alexander moved to approve the minutes from the January 9, 2018 Executive Committee meeting and Ms. Jandernoa seconded the motion. Motion was adopted.

Mr. Pretty reported that the Investment Committee met on March 7th to review the endowment portfolio and to receive a report from Northern Trust for Q4 and the full year 2017. He noted that the portfolio is well diversified, and plans are in place for the receipt of the 2018 contribution from Blue Cross in the amount of \$85 million. Approximately \$28 million of this contribution will be deposited to the endowment portfolio.

Mr. Pretty also reported on the status of the 2017 financial audit. He reported that the Audit Committee met with George Johnson & Company on March 7th to review a draft of the financial and management report. He reported that the auditors indicated good cooperation and that the Health Fund will be receiving a clean audit. Chairman Damschroder inquired if the Health Fund will seek proposals for 2018 audit services. Mr. Pretty explained that it is typical to request proposals periodically as a way of ensuring a match between the cost of services and services provided. Mr. Gardner indicated that the audit fees in 2017 increased approximately 20%.

Ms. Jandernoa reported on the results of the Grantmaking Committee meeting which was held on March 8, 2018. The committee will be recommending approximately \$6.5 million for the Nutrition and Healthy Lifestyles grant program and \$3.5 million for the Community Health Impact grant program. She also reported that the Grantmaking Committee discussed in detail three grants which are on the committee's watch list. The Health Fund is considering whether to take back grant funds or to modify the grant programs presently on the watch list.

Mr. Gardner explained to the committee the proposed changes to the Health Fund's 2016 Strategic Plan. Mr. Hillegonds indicated that additional changes to the strategic plan will be discussed at the August board member retreat.

Mr. Gardner reported on the process used for annual staff evaluations and compensation adjustments. He noted that with the normalization of operations and staffing that the Health Fund

will continue to refine the evaluation process, which the committee also encouraged. He also reported on compensation methodology. He reported that the Health Fund uses the Council of Foundations annual compensation survey as a basis. The private foundations grouping is where most of the Health Fund's peers are classified. Additionally, the Health Fund's annual budget size (\$30 - \$35 million) is comparable in operations to a \$600-\$700 million foundation (at a 5% distribution policy).

Mr. Gardner also informed the committee about recent communications with the Governor's office, as well as legislation regarding the Health Fund.

Mr. Hillegonds informed the committee about the upcoming Grantmakers in Health conference to be held in Chicago June 20-22, noting that the full agenda is not yet available.

The committee reviewed and approved a draft of the agenda for the March 27, 2018 board meeting.

The committee excused Mr. Hillegonds and Ms. Skubik and met in executive session to discuss the CEO's performance evaluation.

The meeting was adjourned at 11:05 am.