

**MINUTES OF MEETING OF BOARD OF DIRECTORS
OF THE REACH FOUNDATION
September 17, 2015**

Attendees:

Dana Abraham
Tom Carrico
JC Cowden
Heather Flick
Linda Hall
Vicki Hohenstein
Andy Klocke
Jon Marshall
Chad Moore (by proxy)

Stuart Munro
Raymond Rico
Brenda Sharpe, ex-officio
Tim Spilker (by phone)
Rachelle Styles (by phone)
Brad Stratton
David Thomas
Judy Works

Not in Attendance:

Syrtiler Kabat

Guests:

Mathew Davis, REACH Staff
Dawn Downes, REACH Staff
Mike Engle, BKD
Carla Gibson, REACH Staff

Georgeann Hemry, REACH Staff
Pattie Mansur, REACH Staff
Bill Moore, REACH Staff
Jo Yun, REACH Staff (by phone)

Brad Stratton called the meeting to order at 4:05 p.m. and welcomed everyone. He then stated that the first agenda item would be adjusted to allow the Board to officially accept the resignation of David Thomas. Brad thanked David for his service and contributions and turned the meeting over to Brenda Sharpe for a few remarks about David's tenure on the Board. To recognize David's Board service, REACH will award a Discretionary Grant to the JayDoc Clinic in his honor. David thanked the Board and shared a few reflections before leaving the meeting.

Brad Stratton then introduced Jo Yun who participated by phone. Jo introduced Mike Engle of BKD, in attendance at the meeting, to provide a review of the Foundation's 990 and 990T Tax Return, and address any questions from the Board.

Mike Engle said that BKD uses an in-depth toolkit to gather information for the tax return. Jo prepares the toolkit and works with BKD to provide all necessary information to complete the return. After all returns are prepared, Jo reviews the documents and the entire Finance Committee provides the final review before it is submitted to the Board. Mike reminded the Board that the Return is a public document and directed attention to page 6 of the 990. The information gathered on this page provides the answer to the governance practices and policies of the Foundation. The Foundation continues to be at 100% compliance and has been for many, many years. Mike then provided a brief overview of the remaining pages of the 990 and a comprehensive summary of relevant information.

Jo Yun stated that the 2014 Return had revised Schedule A disclosures, as compared to prior year returns. The Foundation worked with legal counsel and BKD to develop disclosure language for the return that was consistent with Foundation practice and referenced legal arguments used when the organization's current IRS public charity status was approved.

Brad Stratton emphasized the importance of the 990 and 990T returns, as these are often used by the public as source for Foundation information. He reminded Board members that this is a public document and as a result, a considerable amount of staff time is incurred to ensure the document accurately represents the work of the organization.

There being no further discussion, Tom Carrico made a motion to accept 2014 990 and 990T Tax Return as presented. Chad Moore seconded the motion. The motion passed.

Brad Stratton next directed attention to the Foundation's 2016 Budget Assumptions and turned the meeting over to Jo Yun. Jo explained the process by which the Foundation's budget is developed every year. The Finance Committee thoroughly discussed and reviewed the Assumptions presented. This information is very high-level. The more detailed 2016 budget will be presented to the Board for approval at the November 2015 meeting.

Jo Yun reviewed several schedules addressing the 2016 Budget Assumptions for the Foundation. These included annual historical financial performance and projected 2015 income and spending information for the Foundation. In addition, historical and projected quarterly investment pool values were also discussed along with a comparison of inflation adjusted historical dollar value compared to investment pool values at each year end since the organization's inception.

The information provided represents a recommendation from the Finance Committee for a total 2016 programmatic and operational spending target of 4.9%. The committee felt the slightly lower spending amount, as compared to the 5.0% spending rate historically used and the 5.1% used in 2015, was conservative and warranted given recent weaker investment returns. In addition, the Foundation is just starting to commence a new strategic plan implementation phase, and as a result all programs are being evaluated as to "fit" with the new direction. The timing of a flatter programmatic spending objective in 2016 might work out well during this assessment and tactical plan development year. In keeping with long-term investment objectives, the 2016 inflation-adjusted (real) net total revenue target will be set at 5%, consistent with prior years.

There being no additional discussions, Tom Carrico made a motion to accept the recommend 2016 Budget Assumptions spending percentage of 4.9%. Chad Moore seconded the motion. The motion passed.

Foundation Strategy

Brad Stratton announced that the next Agenda item for discussion was the Foundation's 2016-2020 Strategic Plan and Theory of Change for review and approval. He then turned the meeting over to Brenda Sharpe and Bill Moore.

Brenda directed attention to the Theory of Change and drill downs in the packet of materials. She reminded Board members that the document is not in its final form as yet. This is the time to discuss the information and provide feedback before next week. The next step will be to present the material to our Core Operating Partners in October. Pattie Mansur will then perform a final edit and then the information will be communicated via our e-news and other usual communication channels. The target date for this dissemination is October 1. Brenda continued by thanking Bill Moore for his considerable leadership on this effort.

The Board members then divided into three breakout sessions for approximately 20 minutes to provide additional feedback on the three outcomes in the revised Theory of Change—Enroll All Eligible; Close the Coverage Gap; and Strong Safety Net—and their corresponding strategies. Each group was asked to assign a note taker and to address the following questions:

- a. What did you find compelling or interesting about the strategies proposed for your outcome area?
- b. Did you find anything confusing or terms which you did not understand?
- c. Was the evidence-base, rationale and background information sufficient to justify the use of the strategies?
- d. Was anything missing that you expected to see or felt you needed to see in the documents provided?

The Board reconvened at 5:10 p.m., and each group reported on their feedback. Discussion ensued. The note taker from each session will forward their notes to Bill Moore, who will incorporate the suggested revisions and points of clarification before the drill-downs are distributed to our Core Operating Partners in October.

Brenda Sharpe stated that the next steps in the strategic planning process are for the Executive Committee will review and finalize the revised TOC and drill-downs based on tonight's feedback session, as well as that of the group of data experts and advisors we will be convening to help us identify the most appropriate targets and benchmarks.

Brad Stratton moved on to the Consent Agenda, consisting of the June 25, 2015 Board meeting minutes; May, June, and July Financials; 2016 Cambridge Associates Contract Renewal; Recommended Changes to the Statement of Investment Objectives and Policies; Oral Health Integration into PCMH Initiative; and Health Insurance Marketplace Outreach & Enrollment (HIM Initiative). Brenda Sharpe reminded new members that any Board member has a right to request any item be removed from the Consent Agenda for further discussion, and stated that an item is only placed on the Consent Agenda after it has been thoroughly vetted by the proper Committee. There being no questions or concerns, Tom Carrico made a motion to approve the Consent Agenda as presented. Raymond Rico seconded. The motion passed.

Brad then directed attention to the Foundation's 2016-2020 Strategic Plan and Theory of Change for approval. Dana Abraham made a motion to approve both documents with aforementioned modifications, and an understanding that additional edits may be forthcoming. Chad Moore seconded. The motion passed.

President's Report

Brenda Sharpe summarized recent legislative visits in Jefferson City which she and Pattie Mansur attended, along with Julie Murphy Finn and Matt Rooney of Kit Bond Strategies. They were successful in meeting with several legislators and staff from our service area throughout the day. Brenda reminded Board members of the Thursday, October 8 Legislator and Grantee Reception on to be held at the Foundation's offices. The reception will provide a good opportunity for our Board and grantees to share the work of the Foundation with our local delegations from Kansas and Missouri. She continued by encouraging board members to send a personal e-mail to their respective elected officials to remind them of the event.

Brenda announced that Jennifer Rhodus was reappointed to the CAC by Governor Brownback, and Addie Hawkins was reappointed by the Unified Government of Kansas City, KS and Wyandotte County. Kevin Klamm and Joan Cabell were appointed as new CAC members by the Johnson County Commission, and Patti Miklos Boyd was appointed by the Allen County Commission. Denny Kurogi is CAC Chair; Ann Swarts is Vice Chair; and Shelly Phalen is Secretary.

Brenda announced that Tuesday was HCF's 10-year celebration of grantmaking. The event was held at the InterContinental Hotel and approximately 450 people attended. Kathleen Sebelius was the keynote speaker.

The REACH staff conducts an internal campaign each year to raise money for the United Way of Greater Kansas City. Brenda reported that we again had 100% staff participation in this year's campaign. The team will participate in our fourth "REACH Reno" day, when the staff renovates a selected area of the facilities of one of our grantees. This year, staff has selected the PACES program at Wyandot, Inc., in Kansas City, KS, where we will paint and redecorate three rooms.

Brenda encouraged Board members to review the development opportunities list and if interested in attending an event, please let Georgeann know. She encouraged members to join us at the Urban League lunch on December 3 at Starlight Theater.

Judy Works inquired about the number of slots available for Board members to attend the March 2016 GIH annual conference to be held in San Diego. Brenda Sharpe said new Board members have first choice then members who have only attended once are next. The number of slots available is contingent on the Foundation's annual budget and the availability of newer Board members. We will happily add anyone to the waiting list.

Executive Committee Report

Brad Stratton reported that the CEO Performance Review will be conducted electronically by online survey. He then moved on to the 2016 Board nominations Timeline and Matrix in the packet of materials, stating that Timeline was adopted at the last CAC meeting in August. Brad continued by announcing that given the timing of David Thomas's resignation, the Executive Committee and CAC recommend that the vacated term be filled as part of the upcoming Board nominations process for 2016. The term will be for one year, and then the Board member elected to that position will be eligible to seek an additional three-year term the following year in order to maintain an evenly distributed class size.

Brad welcomed Board members to attend the annual Board, CAC and staff holiday party at his and wife Kim's home on Friday, December 11. Invitations will follow in November.

Program & Policy Committee

JC Cowden said the last P&P meeting focused almost entirely on reviewing the Theory of Change. JC then turned the meeting over to Bill Moore to highlight the P&P Dashboard. Bill provided an overview and asked if there were any questions. Discussion ensued. The Discretionary Grant schedule was provided for Board review. The information has not changed much since the last meeting as most funds were allocated in the first half of the year. All remaining grant funds will likely be expended by the November Board meeting. JC Cowden encouraged everyone to read the Discretionary Grant sheet provided in the packet of materials as it captures a significant aspect of our work and breadth of community partners.

Finance Committee

Tom Carrico reported that the Finance Committee's most recent meeting was focused on the 2014 990 and 990T tax returns and the 2016 Budget Assumptions for the Foundation. Investment performance in July was disappointing and August returns were not much better. It has been a very tense and volatile time from an investment return perspective. The Finance Committee is watching the progress and the trends and works with Cambridge Associates to develop and maintain a diversified portfolio to withstand market volatility as much as possible.

Tom moved on to the Insurance Policy Renewal Summary which lists all the insurance products and premiums of the Foundation. All policies, with the exception of the D&O, were recently renewed by the Finance Committee. The overall increase in premiums for these policies will be approximately 1%, year over year. The Commercial Package policy deductible amount was increased from \$5,000 to \$10,000 to be consistent with other policy deductibles. This change did create a small savings which was offset by the addition of rental car physical damage coverage.

Brad Stratton then asked if anyone had questions or news items. Pattie Mansur announced that Brenda Sharpe was recently featured as a guest blogger for Community Catalyst, highlighting philanthropy's role in supporting solutions to chronic health disparities such as the creation of dental therapy providers. Pattie stated the article is on the Foundation's Facebook page and our website. Brenda's Health Affairs *Grant Watch* blog post on oral health integration with colleagues from two other foundations was also published in June. These are both national publications with a significant audience.

There being no further business to discuss, the meeting adjourned at 6:00 p.m.

Respectfully submitted,

Georgeann Hemry
Executive Assistant