

**MINUTES OF MEETING OF BOARD OF DIRECTORS
OF THE REACH FOUNDATION
June 20, 2013**

Attendees:

Dana Abraham
Bill Bruning
Tom Carrico
JC Cowden (by phone)
Harold Johnson, Jr.
Syrtiler Kabat
Randy Lopez
Chad Moore

Stuart Munro
Raymond Rico (by phone)
Janie Schumaker
Brenda Sharpe, ex-officio
Brad Stratton
Rachelle Styles
Liz Wehlage
Judy Works

Not in Attendance:

Brenda Bohaty

George Pierson

Guests:

Abe Cole, BKD Auditors
Becky Benak, REACH Staff
Mathew Davis, REACH Staff
Dawn Downes, REACH Staff
Troy Findley, Summit Strategies Group
Lyle Pishny, Lathrop Gage

Carla Gibson, REACH Staff
Georgeann Henry, REACH Staff
Pattie Mansur, REACH Staff
Bill Moore, REACH Staff
Jo Yun, REACH Staff

Welcome and Introduction

The meeting was called to order by Chair Bill Bruning at 4:05 p.m.

Foundation Strategy

Bill Bruning introduced Troy Findley of Summit Strategies Group, REACH's Kansas policy advisor, to provide a summary of the 2013 Kansas legislative session. Troy began by stating that the recently-ended session spanned 99 days, and provided a party membership/ideology breakdown of the House and Senate. The House is currently comprised of 92 Republicans and 33 Democrats. The party breakdown for the Senate chamber is 32 Republicans and 8 Democrats.

What was learned in the just-concluded Kansas Senate was that the body is solidly conservative. The high turnover seemed to have less of an impact (House members graduating to the Senate). More were willing to support Governor Brownback's agenda than the House was, but not always. The Senate as a whole appeared to be more cautious, and willing to keep the door open on key issues (i.e., Medicaid expansion). Below the surface there were internal leadership struggles.

The Kansas House is still very conservative. More moderate Republicans were elected than expected and there were enough Democrats and moderate Republicans in the House to block some Constitutional amendment proposals, since 84 votes were required to pass legislation. High turnover and a new leadership team did seem to impact dynamics. The GOP freshmen class contained not only more moderates and more independent thinking members, who appeared to be well-organized. The group as a whole was less likely to follow the Governor's lead (sales tax increases, for example); and more likely used their votes to block constitutional amendments. The House GOP appears to have 2-3 voting factions.

Going into the session, there were two fiscal crises looming; (1) taxes, and (2) budget:

(1) Taxes: with 6.3% sales tax drop to 5.7%, the basic choice was keeping all or some of sales to maintain the Governor's "glide path to zero" on income taxes. The House was inclined to keep the sales tax pledge, and the Senate backed the Governor. As a result, sales tax of 6.15% or \$777 million net new revenue over five years.

(2) Budget: it was eventually adopted through unprecedented procedures (Pay-Go). There were cuts to critical areas such as regents and public safety. There were lots of SGF expenditures "off-loaded" to places such as KDOT and CIF. The result is there will be a State budget in deficit by fiscal year 2018.

The Governor's agenda was: (1) Education; no substantive formula changes and litigation pending. The reading initiative did not pass, and there was a Common Core slideshow at the end of the session. (2) Taxes; "glide path to zero" maintained but not without political costs; and (3) Judiciary; Court of Appeals appointment process to change laws and the Supreme Court is still in play.

The 2013 Legislative outlook and REACH's priorities are (1) Medicaid expansion; (2) Oral health workforce; (3) KanCare oversight; and (4) Safety net clinic funding.

2014 Session's outlook will be that the budget will continue to be a challenge and adjustments to the two year budget are likely. Medicaid expansion, education, taxes, KPERS reforms, and the school finance lawsuit are all significant issues still facing the legislature.

Foundation Business

Abe Cole of BDK was introduced by Bill Bruning. Abe said that BDK's audit approach focused on areas of higher risk – the unique characteristics of the REACH Healthcare Foundation's operating environment, design effectiveness of our internal controls, and our financial statement amounts and disclosures. The objective was to express an opinion on the conformity of our financial statements, in all material respects, with accounting principles generally accepted in the United States of America.

The areas of audit emphasis and results were: (1) Management override of controls; the risk which management may override existing and functioning accounting controls is an inherent risk to the Foundation. Result: No matters were reportable; and (2) Valuation of investments and proper recording of investment return; the risk which investments are not valued in accordance with GAAP and that investment return is not recorded properly. Result: No matters were reportable.

The independent auditors opinion is they issued an unmodified opinion or "clean" opinion as to whether the financial statements of the REACH Healthcare Foundation, as of and for the year ended December 31, 2012, are fairly presented, in all material respects. Brad Stratton publically thanked Jo Yun for her work on the audit.

As is the Boards' standard practice, Bill Bruning called for a closed session with the auditors without management present to discuss their cooperation with audit procedures. At 4:45 p.m., Chad Moore moved and Judy Works seconded a motion to go into closed session or five minutes. Motion carried. At 4:50 p.m., Janie Schumaker moved to return to open session and Chad Moore seconded. Motion carried.

Bill Bruning called for a motion that the results of the audit be accepted as presented. Harold Johnson, Jr., moved and Tom Carrico seconded the motion. Motion carried unanimously.

Pattie Mansur presented a draft of the REACH 2012 Annual Report. She stated it is almost complete. The annual report includes highlights of our Theory of Change, our major initiatives, and an alphabetical listing of grant awards coded by program area. Photographs will also be included in the final version, as will the letter from the Chair and CEO. Bill Bruning then asked for a motion to approve the specific financial pages which will appear in the annual report. Tom Carrico made the motion and Janie Schumaker seconded. The motion carried unanimously.

Bill Bruning turned the floor over to Brenda Sharpe to discuss potential uses for the recent \$200,000 contribution received from Community Health Group (CHG) as part of the continued wind-down. Brenda noted that the Board could take no action on use of the funds and they would simply be added to the Foundation's Historic Dollar Value (HDV) revenue and bottom line in 2013. Staff recommends instead that the Board consider allocating the full unbudgeted \$200,000 to the Opportunistic line item in the 2013 Initiatives budget, to be used to support implementation of projects and proposals which may arise from two upcoming opportunities: the National Dialogue on Mental Health in Kansas City this fall, and enrollment of uninsured residents of Kansas and Missouri in the new Health Insurance Marketplaces set to launch October 1st. Brenda referred the Board to the REACH Mental Health and Health Insurance Marketplace Activity Initiative included in the Board packet. Discussion ensued. Stuart Munro moved to approve the use of \$200,000 from CHG as recommended by staff and outlined in the initiative proposal. Syrtiller Kabat seconded the motion and the motion carried.

President's Report

Brenda Sharpe gave the President's Report. She provided the Board with the First Quarter 2013 Organizational Dashboard. Three domains and eleven benchmarks are now being tracked on a quarterly basis and will be reviewed by the Executive Committee as their regular meetings. They are intended to provide the Board and staff with relevant and timely information about the Foundation's activities and impact. Both the benchmarks and dashboard format are considered works in progress. Do not hesitate to make suggestions for improvement and request clarification.

The past several months have afforded REACH a number of highly visible opportunities to provide content expertise and leadership in a variety of national, state and local settings. Below are just a few highlights of the 46 activities excerpted from the staff activity log to support the organizational benchmark, *"Staff Engagement in State, Regional and National Efforts (number of discrete invitations and participation in events, committees, presentations)."*

Becky Benak – Grants Managers Network (national)

Dawn Downes – Funders Oral Health Policy Group (national)

Carla Gibson – Heartland Regional Health Equity Council (regional)

Bill Moore – Economics of the Affordable Health Care Act, Brookings Institute (regional)

Brenda Sharpe – GIH CEO Workshop Presentation "What's Keeping You Up at Night?" (national)

Staff will be working with our Policy Consultant, Troy Findley of Summit Strategies, to host two luncheons in July for a small group of legislators from our service area. The purpose of these luncheons will be to provide a general overview of REACH and our activities, review health statistics for our region, present our policy priorities, and seek their assistance and feedback on our policy agenda. Depending upon RSVPs, Board members may be called upon to assist with extending invitations to their representatives and senators.

Plans are shaping up for our 10th Anniversary Celebration and activities scheduled for later this fall. A social event honoring all our current and former Board, CAC and staff members will be held Friday evening, September 27th at the Nerman Museum on the campus of Johnson County Community College. A community luncheon highlighting our first decade of work will be held on Wednesday, October 2nd at the Gallery event space in the Power and Light District. Many of our key consultants and partners have been approached to provide underwriting support for this event, and \$10,500 has been raised to date toward our \$20,000 goal. This underwriting will allow us to keep our event and operating costs low and to include as many community members and grantees in the festivities as possible, while not negatively impacting our available funds for grants.

The following individuals have been appointed to the CAC or have appointments pending:

Denny Kurogi, Johnson County Commission, *re-appointment final*

Jon Marshall, Allen County Commission, *re-appointment final*

Cecilia Ysaac-Belmares, *re-appointment final*

Governor's appointee, to replace expired term of Michelle Haley, *pending*

Governor's appointee, to replace unexpired term of Debra Staecker Mollahan, *pending*

Brenda provided the Board with draft language in response to a request from the Kansas City Kansas Chamber Legislative Committee for its members, including REACH, to weigh in on U.S. Senate Bill 744 regarding immigration reform. The response provided was developed with the assistance of Board members Randy Lopez, Raymond Rico and Bill Bruning. Discussion ensued. By consensus, the Board recommended that Brenda forward the response to the Kansas City Kansas Chamber.

At present, there are no upcoming board development opportunities on our calendars for July and August. We will keep you apprised if any arise which may be of interest to our Board and CAC over the summer months.

Foundation Business and Consent Items

Bill Bruning reviewed the items on the consent agenda, including the May 16, 2013 Board meeting minutes, and the April 2013 Financials.

Tom Carrico moved and Dana Abraham seconded the motion to approve the consent agenda. The motion passed unanimously.

Committee Reports

Bill Bruning gave the Executive Committee report. He stated that no responses were received to the Foundation's recent correspondence with the parties to the Asset Purchase Agreement (APA): Community Health Group, Hospital Corporation of America, and the Kansas Attorney General's Office. The correspondence was prepared with the assistance of legal counsel, Lyle Pishny, and noted our understanding that certain covenants and provisions included in the APA expired effective March 2013.

All Board members have received the Conflict of Interest and Disclosure forms, which include lists of REACH's vendor and Grantmaking relationships. Members were asked to please complete and return to Georgeann.

Bill recapped the KGIH Trustee Retreat which was held in Topeka the previous week and requested feedback from other members. Discussion ensued. Bill reminded everyone of the upcoming meetings. Tuesday, July 9, 2013 at 5:00 p.m. is the next meeting of the Program and Policy committee. Executive Committee meeting will be Tuesday, August 20, 2013 at 4:00 p.m.; the CAC meeting will be Thursday, August 29, 2013 at 5:30 p.m.; and next month's Board meeting will be Thursday, September 19, 2013 at 4:00 p.m.

Brad Stratton discussed the April 2013 Foundation financials. Operating cash at the end of the month was \$337,000. The Foundation moved no money from investments during the month for operational needs. The value of investments increased \$1.4 million from March to an ending value of \$128.9 million. The Foundation's year-to-date investment return through the end of April was 5.4%, as compared to a 6.4% benchmark. At the end of April, grants payable had an ending value of \$2.3 million. During the month, the Foundation approved \$78,000 in discretionary grant awards and paid \$69,000 on existing commitments. Year-to-date, the Foundation has awarded \$2.3 million in various grants and has paid \$1.7 million on existing commitments. April financials reflect Net Income of \$1.1 million, a result of \$1.4 million in investment income and \$248,000 in programmatic and operating expenses for the month.

Chad Moore provided the Program and Policy Committee report. The upcoming Request for Proposals will reflect several changes. In the next grant cycle, core operating grants will move from a competitive process to a solicited one instead, to better reflect the relationship between the Foundation and our key partners, as well as to reduce the administrative burden on our grantees and staff. We have a communication plan and timeline in place regarding communication about these changes.

The competitive grant process will continue for organizations seeking program grants from the Foundation. Bill Moore noted that for the 2014 competitive cycle, the Theory of Change has been revised and identified 8 new

strategies: four related to access and four to quality. New strategies equal new opportunities for organizations to engage with the Foundation. Also, for the first time, grant seekers may identify not only strategies on which they'd like to partner with us, but also barriers to access and quality they are attempting to address.

Also, all grantees of the Foundation will not be required to share their policy or state their intent to mirror the REACH statement on non-discrimination, including sexual orientation. It was noted that although REACH's Board-adopted Diversity and Inclusion Policy also references gender identify, the current EEOC statement in the employee handbook does not and needs to be updated to reflect the Board's position on non-discrimination.

Chad referenced the Kansas and Missouri "Navigator" grant applications made by various organizations to support outreach and enrollment on the federal Health Insurance Marketplaces launching October 1st. We will know later this summer which entities in each state receives those awards and anticipate working with them to identify gaps in our service area in which we can provide assistance.

There being no further business, Janie Schumaker moved to adjourn the meeting. Liz Wehlage seconded the motion. Motion carried and the meeting was adjourned at 6:10 p.m. The next Board meeting is scheduled for Thursday, September 19, 2013 at the REACH Foundation offices.

Respectfully submitted,

Georgeann Henry
Executive Assistant