

**MINUTES OF MEETING OF BOARD OF DIRECTORS
OF THE REACH FOUNDATION
September 18, 2014**

Attendees:

Dana Abraham	Chad Moore
Bill Bruning	Raymond Rico (by phone)
Tom Carrico	Brenda Sharpe, ex-officio
JC Cowden	Brad Stratton
Linda Hall	Rachelle Styles
Harold Johnson	Dave Thomas
Syrtiler Kabat	Liz Wehlage (by phone)
Andy Klocke	Judy Works
Randy Lopez	

Not in Attendance:

Stuart Munro

Guests:

Becky Benak, REACH Staff	Georgeann Hemry, REACH Staff
Mathew Davis, REACH Staff	Pattie Mansur, REACH Staff
Dawn Downes, REACH Staff	Bill Moore, REACH Staff
Carla Gibson, REACH Staff	Jo Yun, REACH Staff

Welcome and Introduction

Chair Brad Stratton called the meeting to order at 4:10 p.m.

Foundation Business

Brad Stratton announced that Tom Carrico and Jo Yun would provide a review of the Foundation's 990 and 990T Tax Return prepared by our tax firm, BKD. Tom noted that normally the Foundation's tax advisor, Mike Engle would make the presentation but he was unable to attend tonight's meeting. Tom stated that BKD specializes in non-profit tax and accounting services, and that they had provided the Finance Committee with a thorough review of their report at their meeting earlier in the week. He then turned the meeting over to Jo Yun to provide a comprehensive overview.

Jo stated that 2013 tax return does not significantly differ from the one prepared for 2012. There were no major policy changes during the last fiscal year. Jo directed everyone to page 7 of the report, the Governance aspect of the 990. The IRS uses the information provided on this page for risk assessment purposes. Jo noted that Mike Engle informed the Finance Committee that based on his experience and the reviews BKD provides for other non-profit clients, REACH does an outstanding job regarding governance related issues. Several additional key pages of the tax return were reviewed in detail, highlighting information of interest to the Board, including the lobbying disclosure. It was specifically noted that REACH is well within the lobbying limit before the expenditures reach taxable thresholds. Jo stated that the pages most often of interest to the public include grants awarded and compensation of key employees.

In addition to filing the Form 990, the Foundation also files a 990T return. REACH pays taxes on unrelated business income derived from alternative investments. The 990T is a federal return and triggers state returns for both Kansas and Missouri, the two states in our service area. REACH also files additional returns, specifically for qualifying foreign transactions since some of our partnerships have overseas activities.

Brad Stratton asked if there was any discussion or if anyone had questions or concerns. There being none, Syrtiller Kabat made a motion to approve the 2013 990 and 990T returns, as presented. Chad Moore seconded. The motion passed.

The next item was the Consent Agenda which included the June 19, 2014 Board Meeting Minutes; May, June and July Financials; and the 2015 Cambridge Associates Contract renewal. Brad inquired if anyone had any discussion about items on the Consent Agenda. There being none, Judy Works made the motion to approve the Consent Agenda. Tom Carrico seconded. The motion passed.

President's Report

Legislator Meetings

Brenda Sharpe reported that July, August and September proved to be an opportunity for her to focus more of her time and effort on the Foundation's health policy agenda. She and other Board members attended a number of candidate and policy forums across the region. Brenda also attended one-on-one meetings with legislators in the Foundation's service area to discuss the Foundation's current and potential policy priorities, as well as to offer advice on how we frame those issues so that they are most likely to be acted upon by the legislature.

Brenda visited Jefferson City, MO on Tuesday, September 9 with Julie Murphy Finn of Kit Bond Strategies, REACH's Missouri policy consultants, where they held individual meetings with nine legislators from our area. Brenda noted that a key theme from meetings with all our legislators is to find alternative language when discussing Medicaid expansion. Chad Moore stated that another term frequently being used as a result of the ACA is "block funding" to refer to state-based Medicaid waiver proposals to the federal government. Brenda noted that other terms staff are considering for inclusion in the policy agenda draft are "fixing the coverage gap" or "addressing eligibility". Discussion ensued.

CAC Appointments

Governor Sam Brownback has appointed Marearl Denning to the Foundation's CAC. Marearl is a Johnson County resident, photographer and ceramicist, and is active in state and local politics. Attorney General Derek Schmidt has appointed Shelly Phalen and Ann Swarts to the CAC. Shelly is the Senior VP, Corporate Accounting & Finance at Smithfield-Farmland and is a resident of Wyandotte County. Ann is the Managing Director of CBIZ MHM, LLC and is a resident of Johnson County. The Johnson County Commission is currently considering a candidate for their appointment to the CAC, and a decision is expected in a couple of weeks.

The CAC will kick off their 2015 Nominations Process in October with the launch of a press release announcing the upcoming process. Board incumbents who wish to seek re-election are asked to let Brenda Sharpe or Heather Flick, CAC Chair, know as soon as possible whether or not they plan to seek another term on the Board. Statements of interest from candidates are due December 18, 2014. All nomination information can be accessed on REACH's website.

Strategic Planning Update

Staff recently completed its third pre-planning retreat in preparation for the Board's strategic planning process which will kick off in the next several months. Vatsala Pathy of Rootstock Solutions facilitated three sessions which focused on challenges staff face in our current grantmaking priorities and processes, wins and successes based on staff perception and community feedback, our relationship with other funders, internal and external communication opportunities and potential strategies, a scan of our external environment and perceived drivers of future change in philanthropy and the health care sector. Our work has culminated in the development of a set of plausible "future scenarios" for the Board to consider, concur with or contest

during its own planning process. These will be distributed as part of the Board's strategic planning process to be launched later this year.

A Request for Proposals (RFP) was distributed to a large number of strategic planning consulting firms and was posted on a number of sites frequented by consultants. Nine RFPs were submitted by the deadline and Brenda and Bill Moore have conducted a preliminary review and are recommending three of the firms for further consideration by Brad Stratton and Dana Abraham. They will then make a final recommendation to the Executive Committee regarding the engagement.

Board Development Opportunities

Brenda thanked the members of the Board for their continued engagement in REACH-related functions and activities over the summer months when the Board did not officially meet. She then directed their attention to the revised Board Development Opportunities sheet, and encouraged anyone interested in attending to contact Georgeann Henry.

Committee Reports

Brad Stratton gave the Executive Committee report. Brad noted that it is time for the annual CEO Performance Review. Brenda Sharpe is concluding year one of a two-year contract, so Board members will be surveyed electronically for input, which will be summarized by Brad and provided to the Executive Committee for review and discussion.

Brad encouraged Board members to review the CAC's nominations timeline in their meeting packets and to be mindful of upcoming deadlines.

Brad thanked Bill Bruning for agreeing to host the Fall Social at his home on the evening of Friday, September 26, 2014. Bill Bruning said there will be food and beverage stations catered by PB&J and provided parking instructions.

The Program and Policy Committee report was given by Randy Lopez. Randy thanked Chad Moore for filling in at the last meeting, and also thanked the REACH staff for being present and engaged in the community. Randy also congratulated Carla Gibson on her BHCC recognition earlier this month.

Randy then turned the report over to Bill Moore to provide an overview of the proposed 2014-15 Health Insurance Marketplace Outreach and Enrollment Initiative. Its purpose is to increase consumer enrollment in affordable health insurance coverage through the Federally-Facilitated Marketplace in Kansas and Missouri. The continuation of the initiative in 2014-2015 will focus primarily on improving coordination of outreach and enrollment activities in the Kansas City metropolitan area, continued support and technical assistance for Enroll Wyandotte and support for continuation of the digital media campaign implemented by Enroll America during the last marketplace open enrollment period.

Randy Lopez said there is additional information included in the meeting materials packets and asked if anyone had questions or required further explanations. There being no further discussion, Chad Moore made the motion to approve the HIM Initiative. Dana Abraham seconded it. The motion passed.

Bill Moore then reported on the results of the Letters of Intent (LOI) the Foundation received. Thus far, 40 have been received for the 2015 cycle compared to 56 for 2014; one being ineligible. The requests totalled \$3.92 million. Sixteen fewer proposals were submitted for 2015 and \$1.3 million fewer dollars were requested than during the 2014 Program Grant LOI process. The competitive priorities breakdown is: 11 for expansion of health care access points; 6 for training and expanding a diverse workforce of health providers,

navigators, care coordinators and mental health engagement specialists, and five for integration of oral health, mental health, and primary care services.

All the applicants will be notified by the end of September whether or not they will be invited to submit a full proposal. A full Proposal Conference/Evaluation Workshop will be conducted on Thursday morning, October 9 at the Foundation offices.

Bill Moore directed attention to the recent survey results in the meeting materials, and noted that we are now three years into conducting the survey. Survey results indicate that the REACH Foundation's communications are clear and consistent; 80% stated REACH definitely plays a part and 90% stated the Foundation has a positive impact on our community. The Theory of Change is becoming more widely accepted. The survey indicate that the vast majority of our grantee partners view their relationship with REACH as very positive. A brief discussion ensued.

Randy Lopez referred the Board to the staff discretionary grants summary in the meeting materials and concluded his report.

Tom Carrico provided the Finance Committee Report. He said that investment returns were slightly lower in July but year-to-date performance is still strong. The Foundation's investment portfolio continues to be more heavily weighted toward equities at this time, at the advice of Cambridge Associates.

Tom also reviewed the July 2014 financial information provided in the meeting materials. The investment balance decreased month over month to an ending balance of \$138.1 million. Grants payable had an ending value of \$934,000 at the end of July, which was lower by \$809,000 when compared to the prior month. Year-to-date, the Foundation has awarded \$2.6 million in grants and paid \$3.1 million on existing commitments. During the month, the Foundation received a \$400,000 unbudgeted contribution from CHG. Through July, programmatic expenses and operating expenses are tracking close to plan and are expected to be on or near budget at year-end.

There being no questions or comments, Tom then turned the meeting over to Jo Yun. Jo noted for the Board's information that the Finance Committee had recently reviewed and approved the renewal of the Foundation's non-D&O insurance policies. The deductibles and limits for these property and general liability policies were unchanged from current coverage. The difference in the renewal quotes and previous rates is insignificant.

The 2015 Budget Assumptions were then addressed by Jo. In the meeting materials, several schedules were included to address proposed 2015 Budget Assumptions for the Foundation. These included annual historical financial performance and projected 2014 income and spending information for the Foundation. Additionally, historical and projected quarterly investment pool values were 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 Finance Committee discussed this information at length and recommends to the Board a total 2015 target for total programmatic and operational spending of 5.1%. A more detailed budget will be developed using this spending threshold and be presented to both the Finance and Program & Policy committees. Once the committees have had an opportunity to review and discuss this information, final approval for the 2015 budget will be sought at the November Board meeting.

Brad Stratton then asked if there were additional questions or comments. There being none, Harold Johnson made a motion to approve the 5.1% spending level for 2015 budget preparation purposes. David Thomas seconded. The motion passed.

There being no further business, Tom Carrico made the motion to adjourn at 6:00 p.m., which was seconded by Judy Works. Motion passed and the meeting was adjourned.

Respectfully submitted,

Georgeann Henry
Executive Assistant