

**MINUTES OF MEETING OF BOARD OF DIRECTORS
OF THE REACH FOUNDATION
September 15, 2016**

Attendees:

Arif Ahmed	Vicki Hohenstein
Laura Bond	Danielle Jones (by phone)
Tom Carrico	Andy Klocke
JC Cowden	Jon Marshall
Heather Flick	Stuart Munro
Linda Hall	Rachelle Styles (by phone)
Angela Harse	Lisa Thurlow

Not in Attendance:

Dana Abraham	Tim Spilker
Brenda Sharpe, ex officio	

Guests:

Mike Engle, BKD	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

JC Cowden, Vice Chair, called the meeting to order at 4:05 p.m. in Chair Dana Abraham's absence and welcomed everyone. He noted that Danielle Jones and Rachelle Styles were participating in the meeting by phone. Brenda Sharpe, President & CEO, is currently out of the office on medical leave.

Foundation Business and Responsibilities

JC Cowden then introduced Mike Engle of BKD, the Foundation's outside audit and tax preparer, to provide a review of the Foundation's 990 and 990T Tax Return, and to address any questions from the Board.

Mike Engle said that the tax return has been reviewed by the Foundation's Finance Committee through a robust process. As required by Federal regulators, REACH follows best practices and Mike noted that the return is a public document and that the IRS closely scrutinizes information provided on the 990 including officers' compensation, Board governance and other areas. BKD uses an in-depth toolkit to gather information for the tax return. Jo Yun completes the toolkit and works with BKD to provide all the required necessary information to complete the return. The additional 990T form is required to be filed because of income generated from other investments and is not uncommon for organizations like REACH.

Jo Yun reported that the Foundation files additional returns which are not required by the IRS to ensure compliance with our tax-exempt status. She continued by stating that the return is typically filed at this time of year, as opposed to earlier, due to the Foundation's alternative investments and partnerships. Their audited financials must be completed and received by the Foundation before BKD can proceed with their work.

There being no further discussion, Tom Carrico made a motion to approve the 2015 990 and 990T Tax Return as presented. Vicki Hohenstein seconded the motion. Motion carried.

Foundation Business Consent Items

JC Cowden noted the items on the Consent Agenda including June 16, 2016 Board meeting minutes; May, June, and July Financials; 2017 Cambridge Associates Contract Renewal; and Move budgeted Opportunistic dollars to Strong Safety Net and increase spending threshold to fund the ABC Project. Items other than Board meeting minutes were all reviewed in their respective Board committees and are recommended for approval.

Tom Carrico made a motion to approve all the items on the Consent Agenda as presented. Heather Flick seconded the motion. Motion carried.

President's Report

In Brenda Sharpe's absence, JC Cowden gave the President's Report. He stated that Jon Marshall will provide information on the Alliance for a Healthy Kansas update when Jon presents the Program & Policy report later on the agenda.

Pattie Mansur commented that the Foundation is planning to host a Legislative breakfast on Tuesday, November 29 at the Foundation's office for Kansas legislators. Our Kansas policy advisor, Troy Findley will attend. The date was selected since it will occur after the November elections. Staff from the Mid-America Regional Council (MARC) will review the Country Profiles with legislators which include demographic, social and health data and trends are in our Kansas service areas, specifically Johnson, Wyandotte, and Allen Counties. Legislators will also be informed about our policy priorities for the ensuing term.

Pattie continued by announcing that Wyandotte County's Mayor Holland is an active supporter of that county's Healthy Campus initiative.

JC Cowden directed attention to the Board Development Opportunities in the materials packet. Board members should let Georgeann Henry know if there are any events they would like to attend so she can process registrations.

Executive Committee Report

JC Cowden reported that the CEO Performance Review will be conducted electronically by online survey, the link to which will be distributed via email within the next week. JC then noted the 2017 Board nominations timeline and matrix in the meeting materials packet, stating that the timeline was adopted by the CAC at their August meeting.

JC encouraged Board members to attend the annual Board, CAC, and staff Fall Social to be held at the home of Dana Abraham on Friday evening, November 11, 2016. More details will be forthcoming. He also announced that the next GIH Annual meeting will be held in Boston, MA on June 21-23, 2017, and encouraged new Board members and those who have not yet attended to let Brenda or Georgeann know if they would like to attend.

Program and Policy Committee Report

Jon Marshall said that the Committee had an in-depth report from David Jordan, Executive Director of the Alliance for a Healthy Kansas (www.expandkancare.org) at the recent Program and Policy meeting. The Alliance

is an effort funded by REACH and a number of Kansas health foundations to develop a grassroots campaign to expand KanCare, the state's Medicaid managed care program. Community forums across the state have been well-received and well-attended. Board members are encouraged to attend upcoming events scheduled in our service area.

Bill Moore reported on the recently-conducted Grantee Survey results. In years past, the Survey was managed internally, but this year, it was conducted by Center for Effective Philanthropy (CEP). Since we were deeply involved in strategic planning and revising the Theory of Change last year, a survey was not conducted in 2015. This year's results will serve as a baseline for our strategic plan. There were 110 surveys distributed and we received a 68% response rate, which is excellent. Grantees who received our solicited and capacity grants were invited to participate this year for the first time, in addition to Core Operating Partners, Program Grantees, Outcome Investment and Initiative Grantees. The survey window was May-June 2016. Bill added that the majority of questions were closed-ended; however some questions were open-ended. The perceptions measured were: Knowledge & Understanding; Impact; Relationships; Grantmaking Processes; Sustainability; and Transparency. Bill said that staff and the P&P Committee were very encouraged by the survey results and comments and that staff will be working on areas where improvement may be needed.

Bill Moore continued by stating that our Core Operating Partners, who receive core operating grants on an annual and renewable basis, will increase in 2017 from 17 to 26 as a result of the Foundation's interest in targeting four vulnerable populations, i.e. immigrants, refugees, homeless, and youth aging out of foster care.

Jo Yun noted that the remaining pool of Discretionary Grant dollars to allocate and distribute is expected to be fully expended during the fourth-quarter and prior to year-end.

Finance Committee Report

Vicki Hohenstein reported that the Finance Committee's most recent meeting was focused on the 2015 990 and 990T tax returns, and the 2017 Budget Assumptions for the Foundation. The Foundation has awarded \$1.7 so far in 2016, and \$49.5 million since the Foundation's inception. Vicki also noted that year to date investment return was 5.4% as of July 31, as compared to a 5.3% target for the same period. Much of this performance was in asset sectors that struggled in 2015 and are experiencing a relative rebound so far in 2016. Budgeted expenses are relatively on target through the first seven months of 2016. The allocation between programmatic and operating spending will become more consistent with prior years when over \$1.0 million in Core Operating grants are awarded in November.

Vicki made the members aware an Insurance Policy Renewal Summary was included in the meeting materials, which lists all the insurance products and premiums of the Foundation. All policies, with the exception of the D&O policy expiring in March 2017, were recently reviewed and renewed by the Finance Committee. The overall increase in premiums for all of these policies is approximately 2.72% year over year.

Jo Yun reviewed several schedules addressing the 2017 Budget Assumptions for the Foundation. These included annual historical financial performance and projected 2017 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 organizations inception.

The information provided represents a recommendation from the Finance Committee for the 2017 programmatic and operational spending target to be set at 5.0%. Management and the Finance Committee felt it was important to keep 2017 programmatic spending consistent with 2016 levels. 2017 will be the second year of the Foundation's strategic plan period. Members of the Finance Committee agreed it was important for the Foundation to continue its commitment in the coming year to projects launched in 2016 as a result of the strategic planning process. In keeping with long-term investment objectives, the 2017 inflation-adjusted (real) net total revenue target will be set at 5%, consistent with prior years. Using these high level spending and revenue targets, Jo Yun will work with staff and develop a detailed budget for the coming year. This line item budget will be reviewed in detail by both the Finance Committee and Program & Policy Committee prior to Board discussion and approval at the November 17, 2016 meeting.

JC Cowden then asked if there were additional questions or comments. There being none, Tom Carrico made a motion to approve the budget assumptions as presented and the 5.0% spending level for 2017 budget preparation purposes. Stuart Munro seconded the motion. The motion passed.

There being no further business, the meeting adjourned at 5:35 p.m. by consensus.

Respectfully submitted,

Georgeann Henry
Executive Assistant