

**MINUTES OF MEETING OF BOARD OF DIRECTORS
OF THE REACH FOUNDATION
September 21, 2017**

Attendees:

Dana Abraham	
Arif Ahmed	Jon Marshall
Laura Bond	Joe Reuben
JC Cowden (by phone)	Raymond Rico
Linda Hall	Heather Samuel
Tom Handley	Jim Sanders
Angela Harse	Brenda Sharpe, ex-officio
Vicki Hohenstein	Rachelle Styles (by phone)
Danielle Jones (by phone)	Lisa Thurlow

Not in Attendance:

Andy Klocke (by proxy)

Guests:

Mike Engle, BKD	Georgeann Hemry, REACH Staff
Mathew Davis, REACH Staff	Pattie Mansur, REACH Staff
Dawn Downes, REACH Staff	Lyle Pishny, Legal Counsel
Carla Gibson, REACH Staff	Jo Yun, REACH Staff

Welcome

Chair Dana Abraham called the meeting to order at 4:03 p.m. and welcomed everyone. She noted that JC Cowden, Danielle Jones and Rachelle Styles were participating in the meeting by phone. Andy Klocke was unable to attend and designated Dana Abraham to vote his proxy on voting matters.

Foundation Business and Responsibilities

Dana Abraham introduced Mike Engle of BKD, the Foundation's outside audit and tax preparer, to provide a review of the Foundation's IRS 990 and 990T Tax Returns, and to address any questions from the Board.

Mike Engle said that BKD uses an in-depth toolkit to gather information for the tax return. Jo Yun 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 thoroughly reviews the return. Mike noted that the return is a public document and that REACH follows best practices and meets all federal regulatory requirements. The additional filing of the 990T form is required due to taxable income generated from other investments.

Mike added that the Foundation continues to be at 100% compliance and has been for many, many years. He then provided a brief overview of the 990 with a comprehensive summary of relevant information and entertained questions from the Board.

There being no further discussion, Vicki Hohenstein made a motion to approve the 2016 990 and 990T Tax Return as presented. Arif Ahmed seconded the motion. Motion carried.

President's Report

Brenda Sharpe reported that she was in Iola, KS on Tuesday for the announcement by Robert Wood Johnson Foundation's president, Richard Besser, M.D., that Thrive Allen County was the recipient of one of the RWJ Foundation's Culture of Health Prize grants. He also announced the other national grant recipients at the media event. The \$25,000 grant affords national exposure for the community and Allen County. Brenda noted that REACH funded the first community assessment in Allen County approximately 13 years ago and to date, that ultimately led to the formation of THRIVE. The Foundation has invested approximately \$1.3 million in Allen County since inception. A video prepared by the RWJ Foundation for the announcement was shown and will be available on THRIVE's website.

Brenda continued by reporting that staff has supported multiple convenings and our program officers have conducted dozens of site visits (33 by last count) during the past several months. Several multi-funder efforts were launched over the summer, including the Bi-State Consumer Experience and Access Survey, which will collect data from more than 4,500 consumers in Kansas and Missouri. REACH also became a key partner in the Midwest Medicaid Expansion Project, a study being conducted in three states, including Kansas, by the Harvard T.H. Chan School of Public Health and co-funded by the Commonwealth Foundation in New York. This study will attempt to evaluate the impact of various state-based Medicaid expansion programs on consumers. Kansas will be the non-expansion state included in the study. The ABC Early Childhood Project is fully underway and will provide a unique, evidence-based intervention for high-risk families to bond with their children, reducing the stress and trauma, so often a pre-cursor to later mental health issues.

The program team and the P&P Committee continue to make a deep dive into our outcome and investments areas by evaluating for continued fit, Brenda stated. Additionally, the Foundation has engaged MAKE Digital for a new and better functioning website beginning in 2018.

Brenda Sharpe then asked the Board members who attended June's GIH Annual Convention in Boston to share their key takeaways from the convening. Lisa Thurlow, Jon Marshall, Laura Bond, Danielle Jones, Angela Harse, Heather Samuel and Vicki Hohenstein shared some of their observations.

Brenda announced that Beth Barlow was recently appointed to the CAC by Kansas Attorney General Schmidt. Beth is a resident of Humboldt, Kansas in Allen County, and her three-year term commenced on June 1, 2017. An appointment by the Unified Government is on the Commission's agenda for early October.

Board members were asked to refer to the upcoming Board and CAC professional development events included in the packet. Members who would like to attend should contact Georgeann to process registrations.

Foundation Business Consent Items

Dana Abraham noted the items on the Consent Agenda including June 15, 2017 Board meeting minutes; May, June, and July Financials; Three-Year Investment Consulting Contract Renewal; and Theory of Change Revision. Items other than Board meeting minutes have all been reviewed by their respective Board committees and are recommended for approval. Dana added that the Finance Committee's RFP for an investment consulting firm was a thorough vetting of several offerings. Jo Yun wrote a very comprehensive summary of each presenter. The Finance Committee chose Cambridge Associates enabling the Foundation to lock in fees for the next three years.

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

Executive Committee Report

Dana Abraham stated that the printed Grantee and Vendor Conflict of Interest forms are in front of you for members and staff. Please complete and turn them in to Georgeann.

Dana then reviewed the Board nominations and process timeline, and Board matrix. She noted that five members would term out and thus be ineligible to reapply. Jon Marshall and Heather Samuel are eligible to reapply for a second three-year term. Brenda Sharpe said that Pattie Mansur would prepare and distribute a press release in October announcing the 2018 Board application process. The application deadline this year is Thursday, December 14, 2017.

Dana Abraham announced that the annual holiday gathering for Board/CAC/Staff and their guests will be held at her home on Friday evening, October 27. More details to follow.

Finance Committee Report

Vicki Hohenstein reported that the Finance Committee's most recent meeting was focused on the 990 and 990T tax returns for 2016, and the Foundation's 2018 Budget Assumptions. The Foundation has awarded \$1.4 million so far in 2017 and \$53.7 million since the Foundation's inception. Vicki also noted that year-to-date investment return was 10.4% as of July 31, as compared to an 8.3% target for the same period. Much of this performance is in asset sectors that struggled in 2016 and are experiencing a relative rebound in 2017. Budgeted expenses are relatively on target through the first seven months of 2017. No significant variance from budget for total foundation expenses is anticipated for the year. The allocation between programmatic and operating spending will become more consistent to historical experience in November when over \$1.0 million in Core Operating grants are planned to be awarded. This cycle is consistent with prior years.

Vicki made the members aware that an Insurance Policy Renewal Summary was included in the meeting materials listing all the insurance products and premiums of the Foundation. All policies, with the exception of the D&O policy expiring in March 2018, were recently reviewed and renewed by the Finance Committee. The overall increase in premiums for all of these policies is immaterial year-over-year.

Jo Yun reviewed several schedules addressing the Foundation's 2018 Budget Assumptions. These included annual historical financial performance and projected 2018 income and spending information. Additionally, 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 to approve a 2018 spending target not to exceed 5.0% of the 12-quarter average Asset Base (calculated per policy), with an intention to keep 2018 program related spending consistent with the 2017 budget and projection. Next year (2018) is the third year of the Foundation's strategic plan period. Members of the Finance Committee agreed it was important for the Foundation to continue its commitment to projects launched in 2016 and 2017 related to the long-term strategy of the Foundation. In keeping with documented investment objectives, the 2018 inflation-adjusted (real) net total revenue target will be set at 5%, consistent with prior years. Upon board

approval of the high-level spending objectives, Jo Yun will work with staff and develop a detailed budget for the coming year. Both the Finance Committee and Program & Policy Committee will review the more detailed budget prior to Board discussion and approval at the November 16, 2017 meeting.

There being no further discussion, Heather Samuel made a motion to approve the 2018 budget spending assumptions, as recommended by the Finance Committee. Linda Hall seconded. Motion carried.

Program and Policy Committee Report

Jon Marshall reported that the Committee met earlier this month. The Foundation has joined Grantmakers Concerned with Immigrants and Refugees (GCIR). GCIR works with member foundations, as well as the greater philanthropic community, on a wide range of immigration and immigrant integration issues, including education, health, employment, civic participation, racial and economic justice, and other concerns affecting immigrant children, youth, and families. GCIR released a philanthropy position statement on immigrant and refugee health. Brenda Sharpe solicited committee feedback on the foundation's involvement, and they agreed that REACH be listed as a signer on this statement.

Jon said that the Foundation has approximately \$65,000 in Discretionary Grant dollars to roll out the door by year-end.

Brenda Sharpe said that Kim Moore plans to retire at the end of this year from United Health Ministries Fund in Hutchinson, KS. Brenda stated that unless there was any opposition, REACH will make a \$1,000 CEO Discretionary grant to Kim's alma mater Southwest College, Winfield, KS, in recognition of his service to the state and his role as mentor and colleague. The Board agreed to this gift by consensus.

Jon Marshall reminded everyone that the next P&P meeting has been changed to Tuesday, November 7 and asked committee members to please update their calendars.

At 5:15 p.m., Dana Abraham asked for a motion to adjourn to closed session for the purpose of discussing personnel matters before the Board. Jon Marshall made the motion to adjourn to closed session for 20 minutes. Tom Handley seconded the motion. Motion carried.

At 5:33 p.m., Heather Samuel made a motion to extended the closed session to 5:50 p.m. Jon Marshall seconded the motion. Motion carried.

At 5:48 p.m. Heather Flick made a motion to extended the closed session to 6:00 p.m. Tom Handley seconded the motion. Motion carried.

At 6:00 p.m., Arif Ahmed made a motion to return to open session. Lisa Thurlow seconded the motion. Motion carried.

At 6:03 p.m., Vicki Hohenstein made a motion to extend the contract of Brenda Sharpe, President and CEO for a period of three years, in keeping with the terms and conditions presented and reviewed in closed session, and to include reference to an appropriate Consumer Price Index determined by the Chair, in consultation with the Foundation's compensation and legal advisors. Furthermore, the Chair is authorized to execute the agreement with Brenda Sharpe on behalf of the Foundation. Jon Marshall seconded the motion. Motion carried.

There being no further business, the meeting adjourned at 6:08 p.m. by consensus.

Respectfully submitted,

Georgeann Henry
Executive Assistant