

**MINUTES OF MEETING OF BOARD OF DIRECTORS
OF THE REACH FOUNDATION
September 20, 2018**

Attendees:

Arif Ahmed
Laura Bond
Katie Ferro
Angela Harse
Vicki Hohenstein
Danielle Jones
Andy Klocke
Jon Marshall

Jerrihlyn McGee
Wendy Neal
Todd Pleimann
Joe Reuben
Heather Samuel
Jim Sanders
Brenda Sharpe, ex-officio
Lisa Thurlow

Not in Attendance:

Tom Handley

Lynette Sparkman-Barnes

Guests:

Mike Engle, BKD
Annie McKay, Kansas Action for Children
Becky Benak, REACH Staff
Mathew Davis, REACH Staff

Dawn Downes, REACH Staff
Carla Gibson, REACH Staff
Pattie Mansur, REACH Staff
Jo Yun, REACH Staff

Welcome

The meeting was called to order by Chair Vicki Hohenstein at 4:02 p.m.

Foundation Strategy

Brenda Sharpe introduced Annie McKay, President and CEO of Kansas Action for Children (KAC). The board and staff of KAC, in consultation with The Race Matters Institute, have been working to become a more race forward organization and apply an equity lens to their work on behalf of all Kansas children. Brenda asked Annie to come and share their approach to implementing this equity framework and offer any thoughts or considerations for REACH as the Foundation prepares to embark on a new strategic plan in late 2019. A question and answer period followed Annie's presentation.

Foundation Business and Responsibilities

Vicki Hohenstein 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.

Jo Yun explained the tax preparation and review process for the new Board members. 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 Finance Committee thoroughly reviews the return. Mike Engle noted 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 provided a brief, high-level overview of the 990 with a comprehensive summary of relevant information and entertained questions from the Board. Arif Ahmed moved to approve the 2017 990 and 990T Tax Return as presented. Danielle Jones seconded the motion. Motion carried.

President's Report

Brenda Sharpe stated several board members indicated their interest in learning more about the REACH staff members, therefore, she introduced a new segment to her President's Report, "Staff Spotlight." Brenda plans to choose one staff member at each board meeting and share a few details about their professional backgrounds and personal lives. By tenure, Becky Benak was the first staff to be highlighted.

Brenda reported that she was pleased with the turnout for the Harvard Medicaid Report event held earlier in the month. The event drew the interest of 90 participants, including the Commissioner of Insurance, 12 legislators, several candidates for public office, members of the media, and community partners. Brenda acknowledged Pattie Mansur and Mathew Davis for all of their work to pull off an excellent event.

Brenda provided an update on Avenue 82, REACH's new office location. REACH's investment has been made and a letter of intent for lease terms signed. Brenda and Jo are currently working with the developers to finalize the footprint of the space. The Foundation will have a community room on the first floor that will accommodate 80-100 people, connected with an internal staircase to REACH's office space on the second floor. The Planning Commission approved the developer's TIF proposal in August and the City Council will vote for final approval on October 31, 2018.

Brenda announced that April Holman, an attorney by trade and previously a policy analyst for the Kansas Legislative Research Department, was hired in July as the new Executive Director for the Alliance for a Healthy Kansas.

REACH and seven other local funders are working together to host a convening about the 2020 Census, centering around what's at stake for the Kansas City region and the importance of a complete count.

Brenda asked those board members who attended the Grantmakers In Health annual meeting in June to share a few key takeaways. Several members offered their thoughts about the experience.

Brenda announced that, due to the recommended extension of Vicki Hohenstein's current board term to fulfill her officer position, and the fact that all incumbents whose terms expire in May 2019 are eligible for reelection, there will be few vacancies on the Board in 2019 unless an incumbent chooses not to seek a second term. However, the CAC is responsible for providing a slate of nominees to the board, therefore, there will still be a process to identify potential candidates, though a less aggressive approach for recruitment will be taken than in years past.

Brenda gave an update on CAC appointments. Justin Richter was recently appointed to the CAC by Governor Colyer. The Johnson County Commission has not yet identified a replacement for Todd Pleimann following his nomination to the Board of Directors.

Brenda noted that the list of upcoming Board and CAC development opportunities was included in the meeting materials for review. Members are to contact Mathew Davis for more information or to indicate their interest in attending.

Foundation Business Consent Items

Vicki Hohenstein noted the items on the Consent Agenda including Board meeting minutes for June 14, 2018; May, June, and July Financials; Board Term Extension of Vicki Hohenstein; Theory of Change; Program and Policy Committee Job Description Revision; and the Program Policies Revisions. All items other than Board meeting minutes have been reviewed by their respective committees and are recommended for approval. Todd Pleimann moved to approve all items on the Consent Agenda as presented. Jon Marshall seconded the motion. Motion carried.

Executive Committee Report

Vicki Hohenstein stated that printed copies of the Conflict of Interest disclosure forms as well as the current grantee and vendor lists were provided to all board members and staff for completion. The disclosure forms may be completed and hand delivered to Becky Benak after the meeting, or by mail or email if more time is needed.

Vicki reviewed the CEO Annual Performance and Compensation Review Timeline. Vicki noted that Brenda Sharpe is currently in her first year of a three year employment agreement with the foundation. The Executive Committee will review inflation information and discuss a possible cost of living adjustment to Brenda's salary at their October 18 Committee meeting.

Vicki announced that the annual fall social gathering for Board/CAC/Staff and their guests will be held at her home on Friday evening, October 5, 2018. More details will follow.

Finance Committee Report

Andy Klocke reviewed the July Financial Dashboard. Andy reminded the Board that 2017 was a robust investment performance year and noted that 2018 investment activity has been relatively benign; however the Emerging Market sector has particularly suffered in the 2018 market environment.

The Insurance Policy Renewal Summary listing all the insurance products and premiums of the Foundation was included in the meeting materials. Jo Yun noted that all policies are reviewed and renewed by the Finance Committee on an annual basis and reported back to the Board. Jo mentioned that the Finance Committee did consider adding cyber-liability insurance, however, after further review of information from the Foundation's broker, determined the operational risk to the Foundation of a potential cyber threat was not significant enough to justify the relatively high premium cost.

Jo Yun presented the 2019 Budget Assumptions. Jo explained the distinct process by which the annual budget assumptions are determined by the Finance Committee. Upon board approval of the high-level spending objectives recommended by the Finance Committee, Jo will work with staff and develop the budget detail for the coming year. The Finance Committee's recommendation to the Board was a total 2019 target for programmatic and operational spending of no more than 4.9%, with an intention to keep 2019 program related expenditures as close to 2018 spending as possible. An increase in operational costs over 2018 is expected as some open staffing positions get filled. A rate of 5.0% was used for 2018 and 2017. The committee felt the 4.9%

recommendation was prudent, particularly given the muted investment return outlook. In keeping with long-term investment objectives, the 2019 net revenue target will be set at 5%, adjusted for inflation. Arif Ahmed moved to approve the 2019 budget spending assumptions, as recommended by the Finance Committee. Todd Pleimann seconded the motion. Motion carried.

Both the Finance Committee and Program & Policy Committee will review the more detailed budget prior to Board discussion and approval at the November 15, 2018 meeting.

The next Finance Committee meeting will be held Tuesday, November 6, 2018 at 7:30 a.m.

Program and Policy Committee Report

Danielle Jones provided the Program & Policy Committee update. Danielle referred to the list of 2019 Core Operating Partners, including 28 grantees for a total of \$1.4 million. Danielle asked Brenda to explain the “W” notated on several organizations that were discussed with the Program and Policy Committee. Brenda explained that core operating grants are unrestricted, and intended to support the general operations of nonprofit organizations whose work is highly aligned with the foundation’s mission and outcome investment priorities. Carla Gibson and Dawn Downes monitor these grants year-round to ensure that requirements are met in a timely manner, communication is open, governance and leadership is intact within the organization, etc. Several of our partners have undergone major leadership transitions, experienced difficulties with submitting timely requirements, or other issue that warrant closer attention. Staff will continue to monitor these grantees closely and, in some cases, help identify other resources to address the issue.

Brenda Sharpe discussed the KanCare Meaningful Measures Collaborative (KMMC) which would establish and monitor metrics and meaningful outcome measurements for KanCare. The 2018 Board-approved Budget contains an unallocated “Opportunistic” line item of \$200,000. This proposed amount allows REACH to engage in and support unanticipated yet strategic funding opportunities to leverage the foundation’s mission which may arise throughout the year. The Program and Policy Committee recommended for Board approval the allocation of the budgeted \$200,000 in Opportunistic dollars to the Close the Coverage Gap Outcome Investment portfolio increasing the 2018 spending threshold from \$1,021,650 to \$1,221,650. Additionally, the Program and Policy Committee recommended for Board approval a grant to the Kansas Health Institute not to exceed \$200,000 for the KanCare Meaningful Measures Collaborative (KMMC). Laura Bond moved to approve the committee’s proposed motion and Heather Samuel seconded. Motion carried.

Carla Gibson provided an update on the Close the Coverage Gap Immigrant and Refugees RFP. For this RFP, the foundation is particularly focused on strategies that address health coverage barriers among citizen and non-citizen immigrants and refugees who reside and/or work in our 6-county geographic service area. The deadline for proposals is Tuesday, October 2, 2018 and grant award notifications will be made on Thursday, October 18, 2018.

Dawn Downes gave an update on the Strong Safety Net Care Connections grants. Dawn mentioned the Foundation engaged an outside evaluator to help staff think differently and more strategically about this body of work and its impact. Staff will be sharing more information around this learning mindset in the coming months.

Pattie Mansur provided a public policy update. Pattie highlighted several recent occurrences related to Medicaid expansion at the state level and new federal grants coming to Kansas and Missouri to battle the opioid crisis. She also discussed the Kansas and Missouri Attorney Generals who joined a lawsuit filed by the Texas Attorney General aimed at weakening the Affordable Care Act including popular provisions like pre-existing condition

coverage mandates. Pattie noted that Brenda had recently met with Kansas Attorney General Derek Schmidt to discuss how Kansans with pre-existing conditions would be protected, and he indicated he thought it likely that Congress would enact separate legislation to ensure those protections, should the AG's prevail in their lawsuit.

Brenda stated that all 2018 Discretionary Grant funding will likely be out the door by November 15, 2018.

Danielle announced the next P&P meeting will be held Tuesday, November 13, 2018 at 5:00 p.m.

The next Board of Directors meeting will be held November 15, 2018 at 4:00 p.m.

There being no further business, the meeting adjourned at 5:53 p.m. by consensus.

Respectfully submitted,

Becky Benak
Director of Grants & Operations