

Michigan Health Endowment Fund
Informational Meeting of the Board

Thursday, May 21, 2015

Kellogg Center, 219 South Harrison Road, East Lansing, MI 48824

Informal Meeting Minutes

Call to order

An informal meeting of the Board of the Michigan Health Endowment Fund was called to order at 9:00 a.m. by Chairman Robert Fowler. The Chairman announced that the meeting would not be a formal meeting of the Board and would be held for informational purposes only.

Roll call

The following Board Members were present in person:

Board Members present:

Keith Pretty
Sue Jandernoa
Marge Robinson
Jim Murray
Lynn Alexander
Rob Fowler

Participating by phone:

Michael Williams
Tim Damschroder

Absent:

Cindy Estrada

Others present:

Paul Hillegonds
Duane Tarnacki
Terry Gardner
Julie Skubik

Approval of agenda:

Chairman Fowler explained that there will be no voting because of a meeting notice error. Chairman Fowler asked if there are any suggested changes to the agenda. There being none, the meeting proceeded per the agenda. Mr. Murray announced that he must depart the meeting.

Review of minutes from the previous meeting:

Chairman Fowler noted that the minutes of the March 19, 2015 meeting are included in the packet for review.

Public Comment:

Chairman Fowler announced the opportunity for members of the public to address the Board. There were no public comments.

CEO Report:

Mr. Hillegonds introduced Terry Gardner, Chief Financial Officer/Chief Operating Officer and Julie Skubik, Executive Assistant, who recently joined the staff. Mr. Hillegonds is also actively pursuing a communications director and a senior program officer. He updated the Board concerning other recent activities at the Fund.

Mr. Hillegonds distributed a Mackinac Policy Conference briefing for the benefit of Board members who would be attending the Mackinac Policy Conference in the coming weeks.

Learning Presentation:

Mark Cook, Vice President Governmental Affairs, Blue Cross Blue Shield of Michigan, made a presentation to the Board concerning the Medigap supplement issue. He provided background information concerning potential eligible populations, premium levels, projected supplements based on the \$120 million budget and related issues. Following discussion, he was thanked by the Board and concluded his presentation.

Audit Committee:

Chairman Pretty reported that members of the Audit Committee and management met with representatives of our audit firm, George Johnson & Company, on April 24 to review the Fund's operations and the proposed audit plan for the 2014 audit of the Fund's financial statements. The audit is scheduled to start in late June, with financial statement issuance in early September, and tax return preparation and filing by the end of September, within necessary deadlines. The CFO and the consultants for financial and grant activities have already begun working with the auditors to insure that the first audit goes smoothly.

Governance Committee:

Committee Chair Williams reported that the Governance Committee met the previous week and discussed the Board's 2014 Learning and Development Plan and the policy regarding the President's authority to retain staff and consultants. The Committee will also be proposing amendments to the Policy Manual and reviewing the employee handbook.

Investment Committee:

Mr. Gardner reported on behalf of Committee Chair Damschroder that the Chair and management met with Huntington Bank investment personnel to review the Fund's portfolio, its current returns, investment construct, and the current state of the market. The Committee also discussed the Fund's activities, liquidity needs and plans to formalize the endowment portion of the Fund's investment portfolio, including a search for an investment advisor and formalization of the investment policies for both the short term and longer term portfolios. Huntington Bank personnel reviewed the investment strategy followed in 2014 and recommended a similar strategy for 2015 that would carry the fund to later in the year when a formalized structure and policies would be in place.

Executive and Compensation Committee:

Chairman Fowler reported that the Committee met on May 19, 2015. The Committee discussed the newly organized Medigap workforce and its plan to establish a means test for Medigap supplemental coverage eligibility. The Committee also discussed the principal accumulation process and how it interacts with the grantmaking budget. The Committee reviewed the 2015 grantmaking program and planning. He then called upon Mr. Gardner to present an overview of the endowment funding requirements and its impact on the grantmaking budget going forward. Following Board discussion and many questions, Mr. Gardner concluded his report.

Grantmaking Committee:

Committee Chair Jandernoa reported that the Grantmaking Committee held meetings on April 28 and May 14 and is proposing two grantmaking concepts for the Board to consider for 2015:

- Utilizing Michigan’s 52 certified community foundations to facilitate the distribution of grant funds at the community level; and
- Executing a small, managed grant program to fund innovative programs that may not be identified through the community foundation process.

Both concepts would be competitive processes and would allow the Fund to accomplish a widespread distribution of grant dollars which would be focused on the areas listed in the statute as well as on the feedback gathered during the listening tours. The Grantmaking Committee would set specific criteria which would be used to evaluate the applications to insure that the projects align with the Fund’s focus areas for grantmaking for the year.

New Business:

Chairman Fowler asked if there were any new business to come before the meeting.

Adjournment

There being no further business to come before the meeting, it was adjourned at 11:30 a.m.

Respectfully submitted,

Duane L. Tarnacki
Secretary of the meeting