

Michigan Health Endowment Fund
Board Meeting
November 2, 2017
Hampton Inn
8068 Challis Road, Brighton, MI 48116

Meeting Minutes

Call to order

The board meeting of the Michigan Health Endowment Fund was called to order at 1:00 p.m. by Chairman Tim Damschroder.

Roll call

A quorum was determined based on the presence of the following board members:

Board Members present:

Tim Damschroder
Lynn Alexander
Sue Jandernoa
Keith Pretty
Rob Fowler
Michael Williams
Cindy Estrada (by phone)

Absent:

Alexis Wiley

Others present:

Paul Hillemonds
Terry Gardner
Julie Skubik
Duane Tarnacki

Approval of agenda:

Chairman Damschroder asked if there were any comments regarding the agenda, which was approved without objection.

Public Comment:

There was no public comment.

Chairman's Report:

Chairman Damschroder reported that Keith Pretty, Rob Fowler and himself were notified by the Executive Office that the Governor had re-appointed them to four-year terms at the Health Fund. Also, Jim Murray has tendered to the Governor his resignation from the Health Fund board. Senate Majority Leader Arlan Meekhof has recommended candidates to succeed Mr. Murray. The Health Fund's office should be notified in the near future when the candidate is selected.

CEO Report:

Mr. Hillemonds recognized the reappointment of Tim Damschroder, Keith Pretty and Rob Fowler and thanked them for their continuing commitment to the Health Fund. Also, he reported the loss of consultant and friend Peter Pratt. Mr. Pratt of Public Sector Consultants was diagnosed with cancer and

tragically passed away. Peter's vision and intelligence supported the Health Fund in many different ways. Mr. Hillegonds reported on the grantmaking activity which included the recent Behavioral Health convening, collaboration opportunity with Ralph C. Wilson Foundation, concept papers and RFP release dates. He also reported that the 2016 Annual Report is complete. Mr. Hillegonds briefly discussed the Health Fund's role with policy makers in regard to the Affordable Care Act and federal Medicaid funding.

Review and approval of the minutes from the previous meetings:

Board Member Fowler moved to approve the minutes from the July 27, 2017 board meeting. Board Member Pretty seconded. Motion passed seven to zero.

Operations and Program Report:

Mr. Gardner reported on the outreach efforts of the Health Fund. The program officers have traveled throughout the state meeting with potential and current grantees including trips to lower Northern Michigan and the upper peninsula. He also reported that the Health Fund will conduct a survey of grantees and applicants next summer to learn about possible improvements in the Health Fund's grantmaking process. He reported on innovative ways the Health Fund is approaching grantmaking; these include a joint opioid project with three additional funders and a potential joint RFP with an upper peninsula funder. Mr. Gardner reported that the Health Fund recently completed a survey of Medigap applicants. The purpose was to discover how to improve outreach of potential subsidy qualifiers. Also, he reported on several evaluation projects including the 2014 grants, community foundations awards and the 5 Healthy Towns Foundation program. Kari Sederburg reported on a potential joint staffing position with the Ralph C Wilson Jr Foundation.

Program Presentation:

Program Officer Becky Cienki gave a behavioral health initiative update. This included background on the Behavioral Health Initiative, environmental update, evaluations, status of grants and potential strategy changes. Current grantee Phillip Bergquist, Manager, MDHHS Policy and Strategic Initiative and Donata Kidd, Muskegon County Office of MDHHS, presented an overview of the Project Reform grantee program and MI Bridges pilot program. The presentation included the details of the pilot program in Muskegon County.

Audit Committee:

Mr. Pretty reported the George Johnson & Company will continue as the audit firm for the 2017 audit cycle. He also reported that, due to the growth of the Health Fund, an RFP will be issued in 2018 for future audit and tax preparation services.

Investment Committee:

Mr. Pretty reported to the board the results of the Investment Committee meeting and financial statements, which were included in the board material. He reported that Terry Gardner and the consultants at Northern Trust continue to manage a successful portfolio. The Endowment Fund is up over 14% and the 2018 contribution and allocations are being reviewed.

Governance Committee:

Mr. Williams and Mr. Tarnacki presented an overview of the following policy amendment that is recommended by the committee.

WHEREAS, Public Act 4 of 2013 (the "Act") restricts the portion of contributions that Michigan Health Endowment Fund (the "Fund") may expend each year for the first 18 years of its existence;

WHEREAS, the Act requires that once the accumulated principal held by the Fund reaches \$750,000,000, the Fund must maintain that amount as an endowment fund and may not allow the principal to fall below \$750,000,000 (“Accumulated Principal Goal”);

WHEREAS, amounts received in excess of the Accumulated Principal Goal may be spent for the purposes of the Fund and for reasonable administrative costs of the Fund; and

WHEREAS, the Board of Directors desires to establish a spending and endowment fund policy with respect to the expenditure, management, and investment of contributions received by the Fund for the first 18 years of its existence.

NOW, THEREFORE, BE IT:

RESOLVED, that the Fund may expend a portion of the money contributed to it in each year following the initial contribution in an amount up to the percentage specified below (“Maximum Spending Allowance”):

- (a) Years 1 through 4: 80%
- (b) Years 5 through 8: 67%
- (c) Years 9 through 12: 60%
- (d) Years 13 through 18: 25%

RESOLVED, that the Board of Directors of the Fund shall annually determine a budget range for spending which shall not exceed the Maximum Spending Allowance set forth above [plus funds available in the Spendable Account described below.](#)

RESOLVED, that the Board of Directors of the Fund shall maintain an endowment fund (the “Endowment Fund”) for purposes of meeting and complying with the Act’s Accumulated Principal Goal.

RESOLVED, that the Fund shall contribute to the Endowment Fund, at a minimum, a portion of the money contributed to it each year according to the following schedule:

- (a) Years 1 through 4: 20%
- (b) Years 5 through 8: 33%
- (c) Years 9 through 12: 40%
- (d) Years 13 through 18: 75%

unless the Endowment Fund reaches \$750,000,000 prior to the end of the 18-year term.

RESOLVED, that the Board of Directors shall maintain a segregated account for the accounting control of monies in the Endowment Fund.

RESOLVED, that the Board of Directors shall have final authority and discretion as to the investment and reinvestment of the assets of the Endowment Fund, including the authority to delegate investment decisions to professional investment managers, subject to the Act’s requirement that accumulated principal be invested only in securities permitted by the laws of the State of Michigan for the investment of assets of life insurance companies.

RESOLVED, that administrative expenses pertaining to the Endowment Fund may be charged to the Endowment Fund or paid from the general assets of the Fund, at the discretion of the Board of Directors.

RESOLVED, that the Board shall annually review amounts spent for the year and in the event that the Fund has not spent the Maximum Spending Allowance, it may allocate to a "Spendable Account" all or a portion of such contributions, which would be available for spending in the current year and future years, and may also allocate to the Spendable Account all or a portion of other amounts received by the Fund, including investment income; amounts not allocated to the Spendable Account will be deemed added to the Endowment Fund.

The following motion was made by Mr. Pretty and seconded by Ms. Alexander.

RESOLVED, that the following policy of the Board of Directors is approved in the manner presented at this meeting: Spending and Endowment Fund Policy

The motion passed seven to zero.

Executive and Compensation Committee:

Chairman Damschroder asked Mr. Gardner to describe the budget process and major activities contained within the proposed 2018 budget. Mr. Gardner presented the 2018 budget and major assumptions, including staffing, grant making, Medigap and program support. He noted that if adjustments are necessary, they will be presented in 2018. Mr. Gardner also presented an updated forecast through 2032 as a broad overview of the overall grantmaking and reserving strategy. Mr. Fowler inquired as to the status of prior reserves for Medigap. Mr. Gardner indicated that \$40 million had been reserved for Medigap in prior years, and that anticipated deficits during the Medigap payout period were approximately \$38 million. Mr. Gardner also fielded other questions from board members regarding specific budget items, including investment income, program support and current status of Medigap.

The following motion was made by Mr. Williams and seconded by Ms. Alexander:

RESOLVED, that the budget for 2018, as presented to the Michigan Health Endowment Fund Board of Directors, be, and it hereby is, ratified, adopted and approved.

The motion passed seven to zero.

The next item presented by Mr. Gardner was a resolution to set the 2017 endowment and Fund reserve allocation. The following motion was made by Mr. Pretty and seconded by Mr. Fowler:

WHEREAS, the Fund's Spending and Endowment Fund Policy allows the Fund to expend a portion of the money contributed to it in an amount up to the Maximum Spending Allowance which for year 4 is 80% plus funds available in the Spendable Account;

WHEREAS, the Fund received total contributions in 2017 of \$60 million; and

WHEREAS, the Act requires that \$12 million be allocated to the Endowment Fund for purposes of meeting and complying with the Act's Accumulated Principal Goal.

NOW, THEREFORE, BE IT:

RESOLVED, that \$12 million be allocated to the Fund's Endowment Fund; and

RESOLVED, that the Board has reviewed the amounts spent for the year to date, including Medicare Supplemental Insurance Premium subsidies required by the Act, and the Fund is anticipated to

spend above the Maximum Spending Allowance for 2017, therefore, the Board hereby makes no allocation to the “Spendable Account” for 2017.

The motion passed seven to zero

Grantmaking Committee:

Board Member Jandernoa reported that the Grantmaking Committee met on October 12, 2017. Of the 59 Healthy Aging proposals reviewed by staff, totaling \$22.8 million in requested funding, 13 proposals were recommended to the board for approval for funding totaling \$5.2 million. Program Officer Kari Sederburg outlined the review process and described each of the recommended proposals listed below.

Area Agency on Aging of Northwest Michigan	Integrating Healthcare and Community-based Services for Individuals with Dementia	\$292,064
Calvin College	Collaborative Inter-Professional Falls Prevention Program	\$433,394
Central Michigan University	Experiential Learning Older Adult Home Visit and Health Improvement Program	\$422,455
Genesee Health System	Genesee County Healthy Aging	\$500,000
Henry Ford Health System – Global Health Initiative	Knock & Check: Phase Two	\$306,375
Jewish Hospice and Chaplaincy Network	LifeLinks: Home-based Palliative Care Program	\$464,000
Michigan State University	THRIVE Network: Educating Dementia Caregivers on Wellness and Self-care	\$500,000
Otsego County Commission on Aging	Expansion of Innovative Technology and Aging Program	\$360,320
Region 7 Area Agency on Aging	Community Care Transitions	\$500,000
St. Joseph Mercy	Establishing Geriatric Behavioral Health Services	\$462,000
Trinity Health Continuing Care	E-Prescribing Aging Services through Electronic Medical Records	\$495,000
Upper Peninsula Health Care Solutions	Make a Plan, Share a Plan	\$296,243
Wayne State University	Frailty Prevention in Older African Americans	\$256,076

Chairman Damschroder asked all board members to identify any of the recommended grants where he/she might have a conflict of interest with the 13 proposals. There were no conflicts.

Ms. Jandernoa moved to approve all 13 grant recommendations as listed above and Mr. Pretty seconded.

The vote passed seven to zero.

Next, Ms. Jandernoa reported that the Health Fund received and reviewed 15 grant proposals for the Special Projects and Emerging Ideas grant round totaling \$6,206,548. She explained that this was an

invite-only grant round and 12 proposals were recommended for funding totaling \$4.9 million. Program Officer Kari Sederburg outlined the review process and described each of the 12 recommended proposals.

Chairman Damschroder asked all board members to identify any of the recommended grants where he/she might have a conflict of interest with the 12 proposals. There were no conflicts.

Hospice of Michigan	Pediatric Chronic Complex Care Program Pilot	\$500,000
Michigan Department of Health and Human Services	Re:Imagining Integrative Service Delivery	\$500,000
Michigan Department of Health and Human Services	Statewide Directory and Consumer Relationship Management (CRM) Tools for Care Coordinators	\$500,000
Michigan Department of Health and Human Services	Community Paramedic Project	\$500,000
Michigan Council for Maternal and Child Health	Michigan Model for Health Online	\$497,265
Michigan Department of Health and Human Services	Parental and Caseworker Engagement in Medical/Mental Health Decision Making	\$263,722
Michigan Department of Health and Human Services	Michigan Pediatric Behavioral Health Acute Inpatient Access Improvement	\$300,000
Michigan Department of Health and Human Services	MLTSS: Medicaid Managed Care Long-Term Care Supports and Services	\$150,000
Spectrum Health	Strong Beginnings	\$500,000
Michigan Department of Health and Human Services	Air Quality and Health Assessment Initiative	\$500,000
Michigan Department of Health and Human Services	Diversity in Dementia Care	\$267,753
The Regents of the University of Michigan	Promoting Infant Health and Wellbeing by Engaging Fathers	\$500,000

Ms. Jandernoa moved to approve all 12 grant recommendations as listed above and Mr. Fowler seconded.

The vote passed seven to zero.

Adjournment

The meeting was adjourned at 3:44 p.m.

Respectfully submitted,

Julie Skubik
Secretary of the meeting