

**Maine Health Access Foundation
Board of Trustees Meeting Minutes
February 14, 2019**

Trustees Present: Roy Hitchings (Chair); Dr. Connie Adler, Deborah Deatruck, Dennis King, Barbara Leonard (*ex-officio*), Tony Marple, Edward Miller, Bruce Nickerson, Michelle Probert, Susan Roche, Catherine Ryder, Lisa Sockabasin, Toho Soma, Dr. Ted Sussman, Shirl Weaver

Trustees Absent: Nancy Fritz

Finance Committee Members Present: Tom Cattell, Phil Heywood, Odette Thurston, Skip White

Guests Present: Yvonne Goldsberry, Sue Fulton, Brian Presti (Endowment for Health); Michael Bevilacqua (John T. Gorman Foundation); Cassandra Binette, Greg Johnson, Ian MacPherson (Prime Buchholz & Associates)

Staff Present: Margo Beland, Charles Dwyer, Jake Grindle, Ruta Kadonoff, Dani Kalian (recorder), Cathy Luce, Jeb Murphy, Frank Martinez Nocito, Kathryn Pierce

Welcome

Chair Roy Hitchings called the meeting to order at 11:48 a.m., welcomed those present, and introductions were made.

Overview of MeHAF Investment Strategy – Finance Committee Members and Prime Buchholz & Associates Financial Advisors (Cassandra Binette, Greg Johnson, Ian MacPherson)

Members of the Finance Committee along with MeHAF's financial advisors from Prime Buchholz & Associates (PBA) were in attendance to discuss MeHAF's endowment and investment strategy. Specifically, how the endowment is managed and invested, the expected returns with the current investment policy, and potential ways to enhance those returns. Ms. Binette from PBA provided an Endowment 101 presentation to the Community Advisory Committee at its January meeting as part of an overall education and information program to ensure all CAC members and Trustees are provided with the necessary material to inform the ongoing investment strategy conversation. Finance Committee Chair Bruce Nickerson underscored the importance of this education process relative to the questions we should be asking as Trustees and Finance Committee members as we consider private equity investment options. Understanding that the MeHAF bylaws specify that MeHAF will exist in perpetuity, the Finance Committee has made every effort to ensure compliance with established guidelines by pursuing an asset allocation policy that both promotes growth and ensures liquidity.

Ms. Binette outlined for Trustees MeHAF's current investment strategy including asset class diversification utilized to control risk: growth, inflation hedge, and deflation hedge. She also presented an overall investment program summary which highlighted our portfolio's performance since inception noting that it has consistently exceeded benchmarks and peers for a total fund (net) return rate of 6.2%. In order for MeHAF to exist in perpetuity, it is necessary to realize an annual rate of return of at least 7.2% to cover our 5% mandated payout plus to allow for inflation. However, it was explained that the challenge that has arisen is that the current asset allocation policy and many of the investment vehicles that have been highly effective to date, are predicted to provide lower returns in the future. To illustrate this, Ms. Binette presented a 30-year projection model which showed endowment returns based on our current asset allocation alongside returns based on a private equity investment of 5% which showed a greater return with private equity investments included.

Ms. Binette then provided an overview of new options to enhance returns which include investments in private equity, private real estate, and a revised asset allocation approach within publicly traded vehicles. It was noted that, while private equity investments usually provide greater returns, the challenges include a decrease in liquidity, with the typical private equity investment requiring a five-ten year commitment.

As Trustees reviewed the information presented, it was questioned that if our investment strategy remains as is, is it likely that we will have fewer funds available to make grants in the future? The PBA representatives indicated that this would be the case and that to avoid this eventuality, it will be important to include investment vehicles that provide a greater rate of return than we are currently realizing. It was also questioned whether the increase in the rate of return with private equity investments will really make a difference in the long run. The PBA representatives pointed out that the range of outcomes illustrated in the models run includes an increase of \$40 million dollars with a 30-year projection.

Regarding liquidity, it was shared that our current asset allocation includes investments with liquidly time frames of one year or less and that the Finance Committee is only considering tying up 5% of MeHAF's total endowment for this first round. It was also questioned how MeHAF will be able to invest in private equity investment vehicles while also remaining socially conscious and mission driven. The PBA representatives and CEO Leonard shared that we currently do not know exactly all of the holdings that are included in our portfolio and adding private equity will be similar, although later in the agenda it was shared by the Endowment for Health (which has PBA as their investment advisors) that PBA does have a list that outlines responsible investing options that can be reviewed prior to selecting private equity managers.

Chair Hitchings thanked Ms. Binette, Mr. Johnson, and Mr. MacPherson from Prime Buchholz Associates for providing this information to Trustees as MeHAF considers making changes to its investment strategy. Trustees were asked to reflect on this conversation and to share questions or concerns with him, Mr. Nickerson, or CEO Leonard. An additional opportunity for learning about private equity investments will be included on the agenda for the April 11 Joint Board and CAC meeting.

Perspectives on Private Equity Investments from Other Foundations – Yvonne Goldsberry, President & CEO; Sue Fulton, CFO; Brian Presti, Treasurer (Endowment for Health), Michael Bevilacqua, CFO (John T. Gorman Foundation)

CEO Leonard introduced representatives from two other foundations that include private equity and/or real assets in their endowment investment portfolios. Yvonne Goldsberry, President & CEO; Sue Fulton, CFO; and Brian Presti, Treasurer from the Endowment for Health, along with Michael Bevilacqua, CFO of the John T. Gorman Foundation shared their experiences with private equity investment, including benefits to the portfolio, mission alignment and implications, social screens, and administrative burden.

Ms. Goldsberry, Ms. Fulton, and Mr. Presti shared the details of the Endowment for Health's journey with private equity investing beginning in 2006 noting that they invest approximately \$2 million per year, returns are realized before being fully invested, and that it will be a self-sustaining process in a couple of years when future investment returns will cover future capital calls. She noted the importance of an established relationship with advisors from Prime Buchholz as well as their private equity investment managers. They have multiple investments with multiple managers and indicated that the quarterly capital calls are not an administrative burden. They are able to align selected investments with the Endowment's mission. The daily liquidity in the overall portfolio (private and public) is sufficient for daily needs. They currently have 15% of their endowment in private equity.

Mr. Bevilacqua shared that at its inception, the John T. Gorman Foundation's portfolio contained 15% private equity investments, and, therefore, staff was not able to participate in the process of considering the pros and cons of public equity investing. However, staff is now looking at this type of investment more closely and is considering increasing the total percentage of private equity in its portfolio from 15% to 20%. Their goal is to realize a 3%-5% return over their public investments, and their current rate of return is 15.9%, so private equity is performing as desired. Sixty-three percent of their portfolio is liquid in three months. They have the foundation's attorney review all partnership agreement with potential private equity managers. He recommends being aware of what other companies/organizations are invested in a potential private equity vehicle to determine if you'll be in good company. He noted that delay in the reporting of some managers affects the timeline of their audit and tax filings.

Trustees thanked all of the representatives from the Endowment for Health (EH) and the John T. Gorman Foundation (JTG) and posed the following questions and comments to them and PBA representatives:

- Are fund managers being used or are investments made directly? Managers raise capital and then invest in underlying funds. No direct investments are being made by EH or JTG. They use multiple managers and a couple of the managers hold two or more funds.
- JTG has an Investment Committee. EH has both Finance and Investment Committees.
- Once it is decided that a foundation needs to exist in perpetuity, can that decision be overridden? The EH's Board can vote to end that stipulation as it is not included in its bylaws. Same with JTG. However, MeHAF's bylaws state that MeHAF must exist in perpetuity and such a bylaws change would require approval by the Maine Attorney General and Superior Court, as is the case with all bylaws changes.
- EH pools funds, through PBA, with other foundations in order to have access to more private equity investments.
- How is social responsibility addressed/when does the vetting process occur? There is an increased awareness prior to investing with new managers. Also PBA has a responsible investing list that it will share, if asked.
- There is less *reported* volatility in private equity since reporting is done quarterly rather monthly.

Board Consent Agenda

Chair Hitchings asked if any items on the consent agenda required discussion. Hearing none, *it was MOVED, SECONDED (Nickerson/Adler), and VOTED UNANIMOUSLY to approve the following consent agenda items:*

- President's report
- December 13, 2018 Board meeting minutes
- December Treasurer's report

Finance Committee – Mr. Bruce Nickerson (Treasurer and Committee Chair) and Ms. Barbara Leonard (CEO)

Finance Dashboard and Payout Report: Treasurer Bruce Nickerson noted that administrative and program expenditures ended 2018 10% below projections.

Governance Committee – Dr. Connie Adler (Chair) and Ms. Barbara Leonard (CEO)

Board and CAC Recruitment Update: Dr. Adler reported that the Governance Committee was tasked with filling two Board vacancies and has successfully recruited these candidates. The confidential draft slate was presented. Renewing Trustees are: Mr. Ed Miller and Mr. Bruce Nickerson. Renewing Trustees completed a self-evaluation process that is reviewed by the Executive and Governance Committees. New Trustee candidates are: Dr. Michael Lambke and Chief Clarissa Sabattis. Candidate resumes were shared. This final slate, along with Board officers, will be presented to the Board in April for a formal vote.

The Committee was also tasked with filling up to six CAC vacancies and has successfully identified four candidates. It was determined that it is not required that we fill all six vacancies as the bylaws stipulate CAC membership should total between 12-20 members and it will stand at 18 with these new members. The confidential draft slate was presented. New CAC member candidates are: Mr. Matthew Dexter, Mr. Robert Kieffer, Ms. Fowsia Musse, and Ms. Jessica Oakes. Candidate resumes were shared. This final slate, along with CAC officers, will be presented to the CAC in April for a formal vote.

As required by MeHAF bylaws, this recruitment information, along with candidate resumes, will be forwarded to the Attorney General's office for review prior to the April vote. Dr. Adler thanked the Committee for its work and expressed appreciation for the exemplary candidates selected during this thorough process.

Trustee Position Description: Governance Committee Chair Adler shared that, at its December meeting, the Committee revised and approved the MeHAF Trustee Position Description. Based on conversations at the October 2018 Joint Board and Community Advisory Committee meeting, and in an effort to further advance MeHAF’s commitment toward health equity, the Trustee position description has been revised and a CAC member position description has been developed that aligns with the Trustee description. Previously, MeHAF had only a CAC Operational Guidelines statement along with a committee description for the CAC, but nothing specific to the roles of CAC members. The revised Trustee description includes a commitment statement and signature line that emphasizes members’ commitment to MeHAF's mission and advancing health equity. The CAC will review the CAC Member Position Description at its July meeting.

It was suggested to replace the deleted “data driven” text under “Trustee Expectations” with “data informed.” Instead, CEO Leonard recommended adding “data driven” in the second sentence, third paragraph in that section so it reads, “...the Board has strived to position MeHAF as an objective, ‘data driven,’ and strategic thought leader...” Trustees agreed to this edit.

It was then MOVED, SECONDED (Ryder/King), and VOTED UNANIMOUSLY to approve the revised Trustee Position Description, with the recommended change noted above, as presented by the Governance Committee.

Grants Committee – Mr. Ed Miller (Chair) and Ms. Ruta Kadonoff (Senior Program Officer)

Hanley Center for Health Leadership Development Foundation-Initiated Grant:

Declaration of Conflicts of Interest – The following conflicts of interest were determined:

Trustee:	Conflict:
Catherine Ryder	Hanley board member.
Toho Soma	Hanley board member.

Trustees Ryder and Soma recused themselves from the discussion and left the room.

Committee Chair Ed Miller provided background on MeHAF's support of the Hanley Health Leadership Development (HLD) program. The detailed cover memo provided in the packet explained that in the most recent round of funding for HLD, awarded in late 2016, MeHAF explicitly focused on advancing equity by supporting participation in the program by individuals from minority-led and minority-serving organizations. MeHAF grant funds helped to cover tuition costs, travel, and other expenses. In the second year of the project, MeHAF funds were also used to provide a small stipend to the (typically small) employers of these HLD participants to minimize the burden of their employees being out of the office in order to engage in the program. The proposed FI grant includes continued scholarship and stipend support for three participants from these communities in each of the next two HLD cohorts.

PO Dwyer explained that in addition, this application requests support for work begun by the Daniel Hanley Center as part of the States of Solutions Initiative. States of Solutions (SOS) is a program of the Institute for Healthcare Improvement supported by the Robert Wood Johnson Foundation, which seeks to expand regional health improvement initiatives to entire states, with an equity lens. In collaboration with MeHAF and others, the Hanley Center reached out to ethnic community-based organizations, tribal communities, organizations working in health equity, and state and local government which resulted in the Maine SOS Initiative partnership.

The Maine collaboration was selected as one of 15 states to participate in the initial planning phase of the SOS Initiative. Unfortunately, Hanley was not selected by RWJF for one of two grants available nationally to support the next phase of this work to implement their plans and hold the convening. We have requested the proposal to fund the next step in this process with a goal of positioning Hanley well for deeper partnerships with key health care leaders and for potential future funding.

It was MOVED, SECONDED (Weaver/Deatrick), and VOTED UNANIMOUSLY to approve a grant of \$100,000 to the Hanley Center for Health Leadership Development for the grant period March 1, 2019 – February 28, 2021 consistent with standard MeHAF contract obligations, as recommended by the Grants Committee.

Trustees Ryder and Soma returned to the room.

Related to the number of pages of the Hanley application included in the Board packet, Chair Hitchings asked Trustees if they would be concerned if Board packets consisted of fewer pages in the future. He suggested that some material can be summarized for Trustees by staff to reduce the volume of packet material sent prior to each meeting. Trustees indicated their support of smaller Board meeting packets and it was suggested that this would be discussed in Executive Session later in the agenda.

Grantmaking Procedures for MeHAF Donor-Advised Fund at Maine Community Foundation: Grants Committee Chair Ed Miller noted that at its August 2018 meeting, the Board approved the establishment of a Donor-Advised Fund with the Maine Community Foundation (MaineCF) to create additional flexibility in our grantmaking relative to the 5% payout requirement. An approach to establishing procedures for grantmaking from this fund, basing decision-making criteria and authority for approval on the existing structure for MeHAF’s other grantmaking, was approved by the Grants Committee and the Board at their December meetings. A draft policy was presented which outlines the details of this approval process for making future grants from this fund. The proposed draft policy was reviewed and approved by the Grants Committee at its January meeting.

It was asked if the sentence, “The target balance *is not intended to* exceed \$500,000” should be changed to, “The target balance *will not* exceed \$500,000.” CEO Leonard noted that since this is a new policy, these initial guidelines can be used and then edited as needed in the future as we learn from experience.

It was MOVED, SECONDED (Adler/Weaver), and VOTED UNANIMOUSLY to approve the procedures for making grants from the MeHAF Donor-Advised Fund at the Maine Community Foundation as proposed by the Grants Committee.

Updates: Grants Committee Chair Ed Miller provided a summary of funding-related actions taken by the Grants Committee at its January and February meetings. Details were included in a memo and consisted of updates on the release of the Addiction Care RFP, the approval of a Foundation-Initiated grant to HealthInfoNet, the Accelerating Rural Health Transformation grants slate, the Safety Net Oral Health Implementation grants slate, and Health Equity Capacity Building grants process.

Strategic Planning Committee – Ms. Deborah Deatrick (Chair) and Ms. Barbara Leonard (CEO)

Guidelines for MeHAF Funding in Support of State Government Activities:

Declaration of Conflicts of Interest – The following conflict of interest was determined:

Trustee:	Conflict:
Michelle Probert	Accepted position of Director of MaineCare at DHHS

Trustees Ms. Probert recused herself from the discussion and left the room.

Strategic Planning Committee Chair Deb Deatrick presented background regarding MeHAF's history of working with state agencies and the legislature. She noted that in the past, we have worked closely with Maine DHHS to identify projects and activities that achieve common or coordinated objectives. This approach has led to a variety of types of funding, which may continue in the future. MeHAF has not funded legislative activities, because of two risks: 1) the potential for unintended influence over pending legislation; and 2) the potential for being perceived as a “universal” source of funding for

health-related legislative studies. In order to continue to avoid these risks, staff developed draft Guidelines for Funding State Government Activities which outline narrowly defined opportunities for funding of activities that derive from legislative work along with a summary of MeHAF grants and contracts to or in support of DHHS activities between 2002-2018. At its January 16 meeting, the Strategic Planning Committee reviewed, adjusted, and approved these new Guidelines for Funding of State Government Activities. These revised guidelines were presented for approval.

Trustees asked how requests are presented to MeHAF. CEO Leonard shared that sometimes agencies apply through an RFP, other times through a Foundation-Initiated grant, usually developed based on information about an opportunity via staff or a Trustee. She noted that the proposed guidelines will be helpful to share with state agency staff and legislators, if needed, when challenging conversations arise. It was also asked if the proposed guidelines should be broadened to include requests from local governments, and CEO Leonard noted that MeHAF doesn't typically receive requests at that level. A typo on page two was pointed out and will be corrected.

It was MOVED, SECONDED, (King/Sussman), and VOTED UNANIMOUSLY to approve the Guidelines for Funding State Government Activities.

Ms. Probert returned to the room.

Ms. Deatrick reported that a small working group of the SPC will be established to review MeHAF benchmarks and make recommendations for improvement and to identify how they can be used and for what audience. This workgroup will report back at a future SPC meeting.

Update on Potential Manatt Reports on MaineCare Opportunities: CEO Leonard shared that she has been in discussion with Commissioner Lambrew about the timing and content and funding for a future report on MaineCare opportunities to address key health priorities in the state. Once the new MaineCare Director takes her position, further discussions will be held. It was agreed that Commissioner Lambrew and CEO Leonard will meet regularly in the future.

Chair Hitchings noted that he and CEO Leonard met with new Attorney General Aaron Frey last week and that it was a successful introductory meeting.

New Business – Mr. Roy Hitchings (Chair) and Ms. Barbara Leonard (CEO)

Update on Conflict of Interest Declarations/Revised August 2018 Board Meeting Minutes: CEO Leonard reported that it was discovered by staff that at the August 9, 2018 Board meeting, Trustee Catherine Ryder inadvertently neglected to declare her conflict of interest as a board member of a potential grant application organization (Maine Behavioral Health Foundation), when a concept memo outlining funding to that organization, among many others, was reviewed and approved. Ms. Ryder had listed the lead organization, but not the affiliate organization, on her annual COI form.

Ms. Ryder affirmed that this omission was unintentional, there was no duality of intent, and MeHAF's interests were primary to those of the grantee organization in her role as a MeHAF Board member. An amended version of the August 2018 Board meeting minutes that includes a footnote describing the situation was presented for review and approval.

It was MOVED, SECONDED (Nickerson/Roche), and VOTED UNANIMOUSLY to approve the revised August 9, 2018 Board meeting minutes as recommended by the Executive Committee.

Relatedly, Trustees were asked to consider when situations of prohibited self-dealing may arise in projects they are working on in the future and declare them as is required. Any self-dealing situations should be avoided and must be discussed with the SPO or CEO in advance.

CEO Leonard noted that the MeHAF Conflict of Interest Policy and Procedures are currently being updated and will be presented at a future Board meeting. In addition, staff will continue to identify tools and prompts to remind Trustees to declare potential or actual conflicts of interest.

Recognition of departing Immediate Past Board Chair Dr. Ted Sussman and Michelle Probert: Chair Hitchings shared comments about working with Dr. Sussman over the past years and his many contributions to the Foundation in general, and, specifically, to the Grants Committee when he served as that committee's chair. CEO Leonard shared words of appreciation for Dr. Sussman and thanked him for his service to the Board and MeHAF. Dr. Sussman shared reflections on his time of service on the MeHAF Board.

It was reported that Trustee Michelle Probert has recently accepted the position of Director of MaineCare at DHHS and that this meeting will be her last as a MeHAF Trustee. Chair Hitchings and CEO Leonard expressed appreciation for Ms. Probert's short time on the Board, noting that during that time she brought very helpful insights to the conversations. Ms. Probert shared reflections on her time of service on the MeHAF Board.

Grantmakers In Health Annual Meeting: CEO Leonard shared that the GIH Annual Conference is scheduled for June 12-14 in Seattle, WA. As MeHAF's primary national membership organization, the GIH conference provides an opportunity to learn about our peer health foundations in areas of grantmaking approach and content. The Executive Committee has decided to invite up to three Board members to attend the upcoming conference at MeHAF's expense. Preference will be given to Trustees who have not yet attended a GIH meeting. If none from the ranks of those who haven't attended are interested, the opportunity will be opened up to the remaining Trustees. An email will be sent to Trustees after this meeting to determine interest. Both SPO Kadonoff and PO II Dwyer will be presenting at the conference on participatory evaluation and evaluating complex change initiatives.

Executive Committee – Mr. Roy Hitchings (Chair) and Ms. Barbara Leonard (CEO)

New Executive Committee At-Large Member: Chair Hitchings described how the membership of the Executive Committee is comprised noting that it is made up of the officers (Board Chair, Vice Chair, Treasurer, and Secretary) and up to three additional at-large members. Current members of the Committee are Officers Roy Hitchings, Catherine Ryder, Bruce Nickerson, and Nancy Fritz, as well as at-large members Connie Adler (Governance Committee Chair) and Ted Sussman (Immediate Past Chair).

Prior to his becoming Board Chair in October 2018, Roy Hitchings was chair of the Strategic Planning Committee (SPC). Trustee Deb Deatrck assumed the role of chair of the SPC as of its November meeting. Chair Hitchings explained that there is great benefit to having the SPC chair on the Executive Committee to ensure broad understanding of how organizational strategic priorities are being implemented. At its January meeting the Executive Committee unanimously approved the recommendation of the Governance Committee to have Strategic Planning Committee Chair Deb Deatrck join the Executive Committee as an at-large member, and to forward this recommendation to the full Board for approval.

It was MOVED, SECONDED (Marple/Nickerson), and VOTED with one abstention to approve the appointment of Strategic Planning Committee Chair Deb Deatrck as an at-large member of the Executive Committee.

CEO 2018 Annual Review, Trustee Check-In, and Meeting Evaluation – Mr. Roy Hitchings (Chair)

It was MOVED, SECONDED (Nickerson/King), and VOTED UNANIMOUSLY to move into Executive Session at 3:38 for the purposes of discussing the CEO annual review process and to gather feedback about the meeting process, solicit suggestions for improvement, or other issues of concern. *At 3:52 pm, Trustees left Executive Session.*

Next Meeting

The Annual Meeting/Joint Board and CAC Business Meeting will be held on Thursday, April 11, 2019 at Maple Hill Farm in Hallowell.

Adjournment

The meeting adjourned at 3:54 pm.

Respectfully Submitted,
Barbara A. Leonard, MPH
President & CEO