location:  2700 East 18th Street, Jonas Board Room, Suite 211
Kansas City, Missouri  64127

HCF Executive Committee Members attendance:
Kimberly Young, Board Chair
Wayne Powell, Board Vice Chair
Tom Cranshaw, Board Secretary
Peg VanWagoner, Board Treasurer
Susan Garrett, Administration & Logistics Committee Chair
Thomas Carignan, Finance & Investment Committee Chair
Alan Flory, Program/Grants Committee Chair
Roy Robinson, At Large Member
Bridget McCandless, M.D., President/CEO

Committee Members unable to attend:
Jim Dockins, Ed.D., Audit Chair (notified HCF prior to meeting of inability to attend)

HCF Associates in attendance:
Rhonda Holman, Vice President/COO
Mark Flaherty – HCF General Legal Counsel (via teleconference)
Karen C. Guile, Grants Administration Manager
Jessica Hembree, Program Officer
Jennifer Sykes, Communications Officer
Rick Zimmer, CFO/Asst. Treasurer

Guests in attendance:
None

Kimberly Young, Chair, called the meeting to order at 8:35am, and welcomed all those in attendance. Because not all of the Committee members had arrived, the Committee went out of order from the meeting agenda and focused on non-action items.

Reports from Committee Chairs

Program/Grants Committee – Alan Flory, reported that the Foundation held a pre-proposal conference for the Healthy Communities RFP in November of 2015 at the Kauffman Foundation. Approximately 175 persons attended. There will be no substantive changes in the Healthy Communities RFP from the previous year and letters of intent for that RFP are due later this month. Mr. Flory informed the Committee that the Program/Grants Committee will meet the following week. The agenda will consist of a report of the Committee’s self-assessment results, a review of the CEO’s approval limits for Applicant Defined Grants (ADGs) and Special Initiatives, a discussion regarding a high impact initiative, an update of the Strategic Plan, and brief reports on the special initiatives and ADGs approved last December. Mr. Flory also informed the Committee that newly elected HCF Board member Kimberly Riley has been assigned to the Program/Grants Committee and they look forward to welcoming her on Tuesday.
The next meeting of the Program/Grants Committee will be held on Tuesday, January 12th, at 8:00am.

❖ **Treasurer’s Report** – Peg VanWagoner reviewed the November 2015 Financial Statements with the Committee. Investment value of $542 Million decreased in November by approximately ($2.1M). Our year-to-date return on investments through November is 1.9% versus the Policy benchmark of 2.8%. December is not expected to help annual returns as investment revenue is estimated to be flat (at best) or lower for the month.

Ms. VanWagoner informed the Committee that it is a terrible time for the markets right now. Net investments less the Foundation’s $8M line of credit and grant payables left our net assets at $524M. The Foundation had an operating loss through November of almost $9M.

❖ **Administration & Logistics Committee** – Susan Garrett updated the Committee that HCF was still in the process of performing due diligence regarding office space. Several Board members have toured the building in which HCF is most interested at this time and there is still an opportunity for other members to do so if they wish. Dr. McCandless reminded the Committee of some of the criteria the Board named in its search for a potential new facility:

- Facilities be adequate
- Located in the urban core
- Modest design
- Adequate parking
- ADA accessible
- Design that supports the work of associates
- Space that supports collaborative work with community
- Environment that supports health

Dr. McCandless stated the Foundation has submitted a letter of interest to the developers of the building project and has negotiated a reasonable lease rate, though no contract has been drawn up at this time. The next step of the process is to ask the Executive Committee to determine whether they feel the Foundation should proceed as a normal tenant, or if it would behoove HCF and the community to become a ‘tenant plus,’ which would entail loaning funds to the developers of the project.

The Committee discussed some pros and cons of such an arrangement. Dr. McCandless stated that HCF was at the very early stages of considering such a loan/investment in the community. Mr. Zimmer informed the group that the Finance & Investment Committee would more fully vet the potential arrangement at their meeting later this month and develop a list of parameters they would like to see in such an investment/loan. Several Committee members asked questions and voiced potential concerns, such as a perceived shift in mission for HCF. There was a consensus among the Committee to encourage HCF to further research the potential arrangement.

Ms. Garrett next updated the Committee on the 2016 Strategic Plan, of which there was a draft provided. She provided a timeline for work done on the plan by Staff with a consultant in the last quarter of 2015. The draft of the Strategic Plan will be presented at the Board sub-committee meetings during the month of January and will be on the agenda for approval at the next Board meeting. Ms. Garrett asked that the Executive Committee members review the draft of the plan and the revised HCF logic model and provide any feedback to her, in order to reduce some of the burden on staff. Ms. Garrett will compile their feedback and relay it back to staff.
Rhonda Holman addressed the Committee and stated that the goal of the Strategic Plan document before them was to follow the Strategic Direction outlined by the HCF Board. She asked the Committee to consider two things when reviewing the draft of the Strategic Plan:

1) A lot of preparatory work will need to be done in 2016 to begin to implement the changes to operations, particularly to HCF’s grantmaking, that the plan entails.

2) This plan remains a work in progress. Changes to the plan will continue to be made, with one of most important refinements being the development of evaluation metrics. HCF staff have scheduled time to develop new metrics and Jane Mosley, the Foundation’s Evaluation Officer, will be charged with figuring out how we shall credibly assign metrics to evaluate our work. Ms. Holman cautioned that HCF may need to rethink how we are stating some of our goals in order to be able to credibly assess our work.

Ms. Holman informed the Committee that once the plan is approved, Staff will craft timelines and goals/strategies to drive down into the operating level. Board will receive semi-annual reports on progress.

While Committee members offered preliminary comments and concerns regarding the Strategic Plan draft, there was a consensus among the group that they were in supportive agreement of the direction of the Strategic Plan draft. They agreed to send feedback and suggested revisions to Ms. Garrett to pass along to staff, who will most likely be continuing to refine the draft until a final draft is ready to be presented to the Board in February. Ms. Garrett offered sincere thanks to the HCF staff for their contributions to the plan, and Rhonda Holman and Brad Hart in particular, who worked diligently throughout the holiday break in order to present this draft to the Committee today.

The next meeting of the Administration and Logistics Committee will be held on Thursday, January 21st, at 9:00am.

- **Audit Committee** – no report.

- **Finance & Investment Committee** – Tom Carignan informed the Committee that Preliminary 2015 financial results will be presented to the Finance & Investment Committee meeting on January 25th, though final results will not be available until approximately May 2016 due to Private Equity valuations. (Private Equity represents 13% of HCF’s Portfolio.) However, he cautioned the Committee that preliminary December results will not be favorable. Early estimates are pointing to another $5-$10 million investment loss for the month. Operating loss for the year is estimated in the $15 to $20 Million range.

Mr. Carignan also reminded the Committee that the Finance & Investment Committee will also be reviewing the economics of a potential investment in the building project mentioned earlier at their next meeting.

The next meeting of the Finance/Investments Committee will be held on Monday, January 25th, at 12:00pm.

**Report of Board Chair**

Kimberly Young thanked Rhonda Holman, Bridget McCandless, M.D., and Susan Garrett for their hard work towards the development of the new Strategic Plan. She also welcomed all of new Committee Chairs and members: In the new year, HCF welcomes Susan Garrett as chair of the Administration & Logistics Committee, Jim Dockins, Ed.D.,
Advocacy Update

**Update on Tobacco Tax** – Jessica Hembree updated the Committee regarding two movements in Missouri to increase the tobacco tax. Unfortunately, both of the competing movements are proposing less-than-desired tax increases, which are necessary in order to have impact on the populations we serve. Ms. Hembree directed the Committee’s attention to articles included in the meeting packet regarding the tobacco tax movements in Missouri as well as a one-pager that outlines the public health benefits for Missouri from a cigarette tax rate increase. Research shows that small or phased-in tax increases do not produce significant public health benefits. She stated that staff’s recommendation is that HCF does not support either movement and that the best scenario for the health of our community would be that neither of those proposals make it on the November 2016 ballot.

The Committee discussed this issue at some length. It was decided that the Foundation should not remain passive in this issue but should use its voice to educate the community as to why it is not supportive of either of the current tobacco tax proposals. The Committee encouraged the Foundation to release statements with the general theme of “We can do better than the current tobacco tax proposals.” HCF is for public health, and the two current proposed bills do not have as significant health impact as a larger increase could achieve. If one of those bills were to pass, Missouri’s tobacco tax would still rate among the bottom states in the nation. The Committee was supportive of sending a message to the public to state that our community would be ‘settling’ if it approved one of these bills, and that ‘we can do better than 10%.’

**Update on Tobacco 21** – Ms. Hembree directed the Committee’s attention to a map included in the meeting packet that outlines the areas that have adopted Tobacco21 policies in just the last 3-6 months. Since HCF’s last Board meeting, Independence adopted such a policy. Ms. Hembree and Dr. McCandless attended a meeting the previous evening with all of the Johnson County, KS mayors to discuss Tobacco21. The Committee congratulated the team on their work on this initiative.

**2016 Policy Agenda** – Ms. Hembree informed the Committee that some minor changes were made to the draft of the 2016 Policy Agenda since their last Board meeting. One of HCF’s Board members is very passionate about women’s health and asked that it be included on the 2016 Policy Agenda, therefore staff did some research into the issue. They found that Title X funding is just 11% of publicly funded family planning services in Missouri (88% is from Medicaid), and there are only four clinics within HCF’s service area that receive Title X funds. Therefore, it was decided to incorporate women’s issues into the Medicaid and other access goal.

Alan Flory made a motion to approve the revised 2016 Policy Agenda. Tom Cranshaw seconded the motion. The motion was approved by unanimous voice vote.

**Report of the President** – Dr. McCandless informed the Committee that our community recently experienced a win with the reinstatement of adult Medicaid dental benefits by the Missouri Governor yesterday. She also explained that, in terms of the scope of HCF’s advocacy endeavors, HCF’s past CEO, Steve Roling, had great knowledge of policy issues.
in the state of Missouri, as does Dr. McCandless; and there has always been an unwritten agreement with the REACH Health Care Foundation that they will focus on policy issues in Kansas and HCF will focus on issues in Missouri. Therefore, the scope of advocacy endeavors have focused more on Missouri in the past, and will continue to do so. Dr. McCandless just wanted the Committee’s understanding that the Foundation would not strive to be an advocacy leader in the state of Kansas.

Roy Robinson stated that, although HCF may not be striving to be an advocacy leader in Kansas, its support of and participation in the KanCare discussion held with Kansas legislators earlier in the week was significant. Dr. McCandless explained that HCF, along with the other large Kansas grantmaking foundations, sponsored a discussion among Kansas funders, business leaders and legislators regarding the expansion of KanCare.

Ms. Young thanked the Committee members and HCF staff for their updates.

**Tom Cranshaw** made a motion to go into closed session pursuant to Section 610.021(01) of the Missouri Sunshine Law for the purpose of discussing legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys; and pursuant to Section 610.021(13) for the purpose of discussing the performance evaluation of the President/CEO. **Alan Flory** seconded the motion. The motion to go into closed session was approved by roll call vote.

**Tom Cranshaw** made the motion to return to open session, which was seconded by **Thomas Carignan**. The motion to return to open meeting was approved by roll call vote.

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<td>Bridget McCandless, M.D.</td>
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The next meeting of the HCF Executive Committee will be held at 8:30am on March 3rd, 2016 in the Jonas Board Room, Suite 211, 2700 E. 18th St., Kansas City, MO 64127.