

**Maine Health Access Foundation
Meeting of the Board of Trustees
February 8, 2024**

Trustees Present: Toho Soma (Chair); Beth Bordowitz, Barbara Crider, Christy Daggett, Dennis King, Barbara Leonard (*ex-officio*), Kevin Lewis, Edward Miller, Grace Odimayo, Susan Roche, Anita Ruff, Clarissa Sabattis, Ian Yaffe

Trustees Absent: Tracey Hair, Michael Lambke, Abdulkerim Said

Community Advisory Committee Member Present: Kenneth Lewis

Guests Present: Cathy Kidman, Consultant; Nanci Morris, Managing Director, Kidderbrook Group

Staff Present: Emily Berrill, Charles Dwyer, Jake Grindle, Holly Irish, Ruta Kadonoff, Dani Kalian (recorder), Jeb Murphy, Frank Martinez Nocito

Welcome

Board Chair Toho Soma called the meeting to order at 1:01 p.m., welcomed those present, and reviewed the agenda. Introductions were made and a relationship-building exercise was conducted concerning meeting norms.

Board Consent Agenda

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

- President's Report
- December 14, 2023, Board meeting minutes
- December 2023 Treasurer's Report and Finance Dashboard
- Audit engagement materials

**Finance Committee – Ed Miller (Treasurer), Barbara Leonard (CEO),
and Nanci Morris (Kidderbrook)**

December 2023 Financial Benchmarks and Payout Report: Treasurer Ed Miller shared that each year it is reported whether expenditures in the prior year are consistent with the budget that is constructed to meet the required 5% payout level (expenditures as a percent of endowment value). For 2023, we budgeted for a payout of approximately 5.24% or \$6.6 million in expenses based on an *estimated* January-June 2022 average net asset value (NAV) of \$132.5 million. At the end of 2023, our expenses were \$6.9 million, reflecting an estimated payout level of 5.38% against the *actual* January-December 2022 average NAV of \$129 million. Mr. Miller noted that the volatility of the market in 2022 made estimating the projected payout for 2023 somewhat challenging, and that there was some variability from budgeted program expenditures which reflected responses to a number of emerging needs and opportunities. It was also shared that the administrative budget was under by \$190,449 in large part due to no additional federal tax payment during the year.

Investment Advisory Consultant RFP Background and Recommendation: Treasurer Ed Miller and CEO Leonard updated Trustees on the RFP process that the Finance Committee has undertaken as part of fiduciary due diligence to explore the possibility of making a change to our

current investment advisors which have remained the same since the endowment was established with MeHAF's inception. Led by consultants from Kidderbrook Group (with Nanci Morris in attendance at this meeting), the Finance Committee engaged in a multiphase process beginning in July 2023 with the development of the RFP and discussion around the desired advisory models of non-discretionary and Outsourced Chief Investment Officer (OCIO). A three-member Subcommittee of the Finance Committee worked with staff to review the draft RFP, selecting firms to be invited, and reviewing responses. Seven proposals were submitted in response to the RFP and three finalists were selected to make in-person presentations to the full Finance Committee in December, after which two were selected to move forward – the incumbent firm of Prime Buchholz and Brown Advisory. Prime Buchholz proposed both a non-discretionary model and an OCIO model; Brown Advisory only provides OCIO services.

Treasurer Miller indicated that Kidderbrook's guidance throughout this process was invaluable, and he recognized the work and commitment of the Subcommittee as it delved into and learned more about the intricacies of the considerations involved in making this decision. Slides were shared from a previous presentation to the Finance Committee that provided details about the different levels of advisor input that is available through multiple models ranging from an internal Chief Investment Officer, non-discretionary Investment Advisor (current MeHAF model with Prime Buchholz), and an Outsourced Chief Investment Officer (OCIO). The OCIO model offers a knowledge partner who is responsible for executing the Investment Policy Statement, providing comprehensive portfolio reporting, full discretion to select funds and investment vehicles within IPS parameters, and supports many administrative and operational responsibilities that are now done by staff.

The Finance Committee held a special meeting on January 18 to make a final selection. Before moving to a recommendation regarding firm selection, the Committee considered whether to move to an OCIO arrangement or to remain with a non-discretionary advisory arrangement. All Committee members present supported moving to an OCIO model due to the increasingly complex nature of investing/investment vehicles and the potential for relieving burden on staff. Following this decision, Finance Committee members present voted unanimously to select Brown Advisory as the new consultant. Members not present were provided information from the January 18 meeting and were polled, resulting in two abstentions from individuals who had missed the December 18 meeting, and two votes in favor of the selection of Brown Advisory. Following this meeting, additional reference checks on Brown Advisory were completed, and Kidderbrook further negotiated fees, yielding a discount from the original proposal. At the Finance Committee meeting immediately preceding today's Board meeting, the Finance Committee re-affirmed its decision to recommend the selection of Brown Advisory as MeHAF's new investment advisor. The vote had been unanimous with one abstention.

Nanci Morris shared reflections on the process and the decision by the Committee to seek an OCIO model by recommending Brown Advisory, citing the benefits of the greater number of responsibilities that will be under the purview of Brown vs staff. This model not only frees up staff time, but reduces the level of expertise staff needs to possess regarding investment knowledge, and this is important particularly during the CEO transition. The complexity of the current investment environment and the ever-increasing asset classes will be more easily navigated with the resources of an OCIO and Brown Advisory. Ms. Morris noted that the level at which an OCIO is engaged and the tasks that they are assigned can evolve as the relationship with MeHAF and the Finance Committee develops.

Finance Committee members who were involved in this process shared that the group leaned into the meeting norms of providing *space to share* and *active discussion for decision-making and non-closure* as members took on the task of learning about details of the different investment models, considered what would benefit MeHAF most, and remained open to new opinions as learning was achieved that informed the decision made. It was also noted that the Committee was in the enviable position of choosing between two very strong candidate firms.

Trustees thanked the Finance Committee for their efforts in this process and provided comments and questions.

- Regarding the fees outlined in the Brown proposal, it was asked if they are a flat annual fee or if they are tied to the endowment value. Ms. Morris indicated that they will start out flat and then will be tied to endowment assets per the provided schedule.
- It was asked that, given that the 2024 budget had been approved in December, and the increase in fees moving to Brown will produce, will budget adjustments be necessary at this point? CEO Leonard stated that we can explain this variance in investment advisor fees in financial reporting throughout the year.
- Details regarding the timeline of this transition were requested. CEO Leonard shared that, based on the outcome of the vote, she will have a conversation tomorrow with a Bernstein Shur attorney from their investment and endowment department to discuss anything that needs to be considered prior to final conversations with Brown and Prime Buchholz. The attorney will also review and advise on the final proposed contract with Brown. After this, it is anticipated the transition should take four-six weeks with the expectation that the management team from Brown will be in attendance at the May Finance Committee meeting.

It was MOVED, SECONDED (Lewis/King), and VOTED UNANIMOUSLY, to approve the selection of Brown Advisory as MeHAF's investment advisory consulting contract, under an Outsourced Chief Investment Officer (OCIO) model, to begin on or about March 1, 2024, with final contract language pending legal review by MeHAF's attorney.

Governance Committee – Susan Roche (Chair) and Barbara Leonard (CEO)

Board and Community Advisory Committee Recruitment Update: Governance Committee Chair Sue Roche reported that the Governance Committee has recruited for and has commitments from three new Board Trustees and four new Community Advisory Committee members to fill upcoming April vacancies. The confidential draft slates of new and renewing Trustees and CAC members, officer composition, and candidate bios were shared with both the Board and CAC (at its January meeting). These lists will be provided to the Attorney General's office for review within the required 30-day timeframe prior to the April 11 Annual Meeting, during which both slates will be voted on by Trustees and CAC members.

CEO Transition – Toho Soma (Chair), Barbara Leonard (CEO), Susan Roach Vice Chair), Cathy Kidman (Consultant)

CEO Leonard has notified the Board that she will be stepping down as of December 31, 2024. She will seek a three-month contract extension that will begin on October 1. With this announcement, the Board has begun the work of searching for a new leader. The Board will establish a contract with consultant Catherine Kidman, who was in attendance, to support immediate next steps. Chair Soma noted that Trustee Sue Roche will chair the Search Committee and he will step in as Chair of the Governance Committee as she begins her new role.

CEO Leonard shared that she will be supporting the Executive Committee in this *pre-search* phase, the first of three phases, that will lead to the selection of a search firm, after which she will step out of the process as the Search Committee and search firm proceed with the process. Cathy Kidman will provide support and guidance to the Board, CAC, and staff through Phase 1. She outlined an overview of the three phases:

Phase 1 – February-April: “Pre-search”

- Identify principles and values for the search; select search firm

Phase 2 – April-Month of Hire (TBD)

- Work with search firm to select new leader

Phase 3 – Onboarding of CEO

- Transition Team members to be selected to represent key groups/knowledge areas of foundation
- Members may participate in Phase 1 or Phase 2 or both; may elect to create new group for Phase 3

Ms. Kidman noted that to conduct an equity-infused search, it is important to plan ahead to determine what qualities, principles, and values we want reflected in the search firm to ensure effective selection of the next CEO. She will field a survey and offer virtual open office hours for the Board, CAC, and staff to help engage with and gather information about what we want to communicate to a potential search firm. Questions to start this conversation may include:

1. What values and principles do you want to guide an equity-infused search?
2. What do we want a search firm to explore?
3. What is important to you in a search firm?

Trustees were then offered the opportunity to voice questions and concerns about the three search phases outlined:

- It was asked if there are specialized firms that work with foundations, specifically, or if we’ll be working with a general nonprofit firm? Are there categories of search firms that we need to consider based on industry, organization size, profit/nonprofit, etc.? CEO Leonard indicated that she has been compiling a list of potential firms for consideration and that they don’t neatly conform to specific categories. The ones on the list so far have been involved in leadership searches for foundations and a health conversion foundation. The firm that was used for MeHAF’s CEO search in 2016 is on the list. Since that time there is great focus on conducting searches within a DEI framework, and how to best incorporate this into the search will be considered by the Search Committee with input from the Board, CAC, and staff through the survey conversations that will be conducted by Ms. Kidman.
- It was recommended that communication with staff throughout this process be extremely deliberate, structured, and open with clear expectations. A plan should be developed early in the process that will outline the frequency of which and by whom staff will be communicated with as the phases proceed.
- It was recommended to allow consideration for the time and energy that will be required of those who commit to serving on the Search and Transition Committees, making sure that we are not asking too much of certain people.
- To commit to a fair and equitable search process, it was recommended that all queries regarding the search process, potential candidates, timeline, etc. be directed to members

of the Search Committee in order to avoid creating an unlevel playing field by engaging in personal side conversations.

- What is the role of the Search Firm when negotiating the compensation package with a potential candidate? Ms. Kidman noted that once clear specifics are determined of what is included in the compensation package, negotiations are usually between the Board, the Search Firm, and the candidate. The last phase of the offer process can fall apart quickly if specifics and level of authorization are not sufficiently clear and understood by all involved.
- It was requested that who will be involved in the final decision-making process be transparent relative to whether staff will be informed, consulted, or have input.
- How would having an internal candidate affect the search process and how plans are communicated to staff? Ms. Kidman noted that it is often known early in the process if there might be an internal candidate. Once the development of the CEO profile is completed, this possible circumstance will be considered by the Search Committee and Search Firm.
- It was asked if the questions for the Board, CAC, and staff that will be used to develop a list of qualities, principles, and values that we want reflected in the search firm will be communicated orally or via an online survey. Ms. Kidman noted that a survey will be sent to the groups with open office hours via zoom sessions with her being offered for conversations. The search firm, once selected, will undertake an inclusive process to determine what experience, values, and qualities are desired in candidates for the new CEO.

Chair Soma thanked everyone for this discussion and encouraged anyone with questions to reach out to him or Sue Roche.

Program and Grants Committee – Grace Odimayo (Chair) and Ruta Kadonoff (VPP)

Policy and Procedure Updates: Program and Grants Committee Chair Grace Odimayo and VPP Kadonoff reported that in the course of a comprehensive review and revision of MeHAF's Program Procedure Manual in 2023, led by Grants Manager Irish, several areas where changes in our standard practices around grantmaking and program contracting have not been incorporated into existing organizational policy statements were identified. Staff considered how these policy statements needed to be modified to remain consistent with our practices as they have evolved based on our experience, feedback from key stakeholders, and a commitment to continuous process improvement. As a result of this review, a number of revisions to existing policies were brought forward for the Program and Grants Committee's consideration at its January meeting, at which it approved all changes to policies as proposed. Two of these policies also require Board approval. The proposed changes and the rationale for each policy were reviewed.

Grant Match Requirement – Edits to this policy are minor and primarily update the language in two areas in the interest of clarity. When reviewing the document, it was noted that it states the policy applied to "all grantees" and then listed "except" certain types of grants. The list of exceptions, in fact, includes many of our grantmaking categories. We are recommending changing the initial sentence to more accurately state that the policy applies to "some" grantees. The list of grant types to which the policy does not apply is unchanged. Second, we modified the language that speaks to how this policy

is applied to sub-divisions of larger organizations to make the example slightly clearer and more specific.

Program Consultant and Services Contract Policy – The second paragraph that was added to this policy statement reflects the substantive changes. In brief, it was recognized that MeHAF’s contracting process was overly burdensome for both contractors and staff when contracted for multiple projects with the same person or entity, requiring an entirely new contract for each distinct project. Staff worked with MeHAF attorneys to migrate our approach to contracting to a two-part process, which is briefly described in the policy statement.

Other edits to this policy bring it into alignment with current practice and our current approval process, as reflected in other MeHAF policies and our approval “grid.” It seems these were not incorporated into the text of this policy at the time prior changes to approval requirements were made.

It was MOVED, SECONDED (King/Miller), and VOTED UNANIMOUSLY to approve proposed revisions to both the Grant Match Requirement Policy and the Program Consultant and Services Contracts Policy as presented.

Changes to the Policy for Reallocation of Grant Funds within a Grant Year and Annual Renewal of Funding for Multi-Year Grants were reviewed. No approval was required from the Board.

**Nova Fund – Jake Grindle (SPO), Ruta Kadonoff (VPP),
and Barbara Leonard (CEO)**

SPO Jake Grindle reported that following the planning retreat focused on building infrastructure to support and strengthen a movement to advance Health Justice in Maine that MeHAF hosted in November 2023, a feedback survey was fielded with participants and VPP Kadonoff and SPO Grindle have had individual conversations with many respondents. Work is continuing with the Health Advocacy and Health Equity Capacity Building cohorts to develop next steps, with the goal remaining for grantees in these two programs to be the decision-makers for how the \$2 million allocated from the Nova Fund for this work will be spent. Mr. Grindle noted that further updates will be shared at the April joint Board and Community Advisory Committee meeting.

**New Business – Toho Soma (Chair), Ruta Kadonoff (VPP),
and Barbara Leonard (CEO)**

Committee Members Solicitation: Chair Soma noted that the Dr. Wendy J. Wolf Health Leadership Award Committee is looking for new members, including three Trustees, to conduct its business to select the next award recipient. The award is presented at the October Joint Board and Community Advisory Committee meeting. Communications Manager Jeb Murphy briefly outlined what is required of committee members, noting that the process has been streamlined over the past seven years, and requires no more than six-eight hours overall. He indicated it’s a good opportunity to connect with fellow Trustees and Community Advisory Committee members. Beth Bordowitz, Kevin Lewis, and Grace Odimayo volunteered to serve for a second year.

Strategic Framework Learning and Evaluation Plan Development: CEO Leonard shared that staff is in the process of analyzing data from our grants management system as well as information from a series of interviews with grantees regarding the strategic framework

evaluation plan. The initial data will be presented to and reviewed by the Strategic Planning Committee at its meeting later this month. The Committee will develop guidance as to how to frame the agenda item for discussion at the April joint Board and Community Advisory Committee meeting.

Update on MeHAF Response to Lewiston Shootings: CEO Leonard shared that she and SPO Frank Martinez Nocito are part of a funders group that meets weekly to discuss and monitor the funders' response to the Lewiston shootings. MeHAF had initially allocated over \$200,000 to a pooled fund for the immediate response. At its last meeting, the group learned that the AG's office will be providing funds to move some initiatives forward until federal funds become available. SPO Martinez Nocito serves as the liaison between the funders group and Maine DHHS leadership. He shared that there are two federal grants for which Maine is eligible. A SAMHSA \$2M, 12-month grant application had been submitted in January. A second grant opportunity is still pending with the intent that the application will be submitted soon.

Update on the *Blue Ribbon Commission to Design a Plan for Sustained Investment in Preventing Disease and Improving the Health of Maine Communities*: CEO Leonard reported that the work of this Commission has just been completed and the report has been released. The Commission looked at the Fund for a Healthy Maine which was created from funds provided through the Master Settlement Agreement (MSA), a settlement of a national lawsuit with cigarette manufacturers for illness and death caused by tobacco use. Over time, the funds available via the MSA have declined as smoking tobacco has declined. The Commission made suggestions to both assist with this structural budget gap and to provide more consolidated reporting back to the legislature about the use of funds. A link to the Commission's report will be provided when the minutes are distributed.

Update on Reaching out to Individual Trustees Who Expressed Interest in One-on-One Input on Top Board/CAC Survey Interest Areas: Senior Program Officer Jake Gridle shared an update on results from a survey fielded to Trustees and CAC members in the fall regarding interest in having conversations with staff around areas of expertise and experience. Three top categories included workforce, advocacy, and behavioral health. SPO Dwyer, SPO Grindle, and SPO Martinez Nocito (respectively) will be reaching out in coming weeks to those who have expressed interest in those topics for follow up.

Grantmakers In Health (GIH): Mr. Soma noted that the 2024 GIH Annual Conference on Health Philanthropy will be held in Portland, Oregon, June 4-6. Two Trustees and two Community Advisory Committee members will have the opportunity to attend with expenses paid by MeHAF. An email with details will be sent to all Trustees and CAC members to gauge interest.

**Executive Committee – Toho Soma (Chair) and
Barbara Leonard (CEO)**

CEO 2024 Annual Priorities: The draft CEO annual plan was shared with Trustees who were provided the opportunity to review and to ask clarifying questions. CEO Leonard reviewed the contents and plans for continuing and new priorities. She noted that a key focus that is woven throughout the plan will be making sure everything we do this year will support a successful search and transition to a new leader.

Trustee Check-in and Meeting Evaluation

Meeting Norms Check-In, Evaluation: Chair Soma asked for feedback on how the meeting norms were applied during discussions.

Next Meeting

The Board of Trustees will next meet on April 11, 2024. This will be MeHAF's Annual Meeting which is held jointly with the Community Advisory Committee. The meeting will be held in-person at Maple Hill Farm in Hallowell.

Adjournment

The meeting adjourned at 3:47 pm. *(King/Roche)*.

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