

**TAB 3**



# Which fund is right for you?

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OUR FUNDS

Donor Advised Funds

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**Funds for Nonprofits**

MCF Funds

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## Our Funds

### Funds for Nonprofits

There are currently over 250 agencies holding endowments with the Montana Community Foundation. If you are a non-profit, 501(c)(3) organization and are interested in establishing an endowment to benefit your nonprofit in perpetuity, please contact **Program Director Cathy Cooney**.

#### *Our Funds for Nonprofits ...*

A Carousel for Missoula  
 Action for Eastern Montana Endowment Fund  
 Alberta Bair Theater Building Endowment Fund  
 Alberta Bair Theater Dance Endowment  
 Alberta Bair Theater Education Endowment Fund  
 Alberta Bair Theater Operations Endowment Fund  
 Alternative Energy Resource Organization Fund  
 American Indian Institute Endowment  
 American Red Cross of Montana Fund  
 Anaconda Hearst Free Library Endowment  
 Animal Welfare League Endowment Fund  
 Apostles Evangelical Lutheran Church  
 Archie Bray Foundation  
 Archie Bray Foundation Facilities Maintenance Endowment  
 Beacon Community Foundation Endowment  
 Beartooth RC&D Area  
 Benefis Healthcare Foundation Endowment  
 Bethel Chapel Endowment Fund  
 Big Brothers & Sisters of Gallatin County  
 Big Brothers Big Sisters of Butte-Silver Bow Endowment  
 Big Brothers Big Sisters of Helena Endowment  
 Big Brothers Big Sisters of Yellowstone County Endowment  
 Big Hole River Foundation Endowment Fund  
 Big Sky Community Corporation Endowment  
 Big Sky Hospice Horizon Home Endowment  
 Bigfork Center for the Performing Arts Endowment  
 Billings and Yellowstone County Trails Endowment  
 Billings Community Foundation Endowment  
 Billings Depot Inc. Endowment Fund  
 Billings Food Bank Endowment Fund  
 Billings Preservation Society Endowment  
 Billings Seventh Day Adventist Church Endowment  
 Billings Studio Theatre Endowment  
 Billings Symphony Society Endowment Fund  
 Billings Unitarian Endowment  
 Boys & Girls Club of Red Lodge & Beartooth Front

Boys & Girls Club of the Northern Cheyenne Nation  
Boys & Girls Club of Yellowstone County Endowment Fund  
Bozeman Public Library Endowment  
Bozeman Symphony Endowment  
Broadview Community Center Centennial Endowment  
Broadwater County Historical Society Endowment  
Broadwater Health Center Endowment Fund  
Butte Center for the Performing Arts Endowment  
Butte Central Education Foundation Endowment Fund  
Butte Family YMCA Endowment Fund  
Butte-Silver Bow Youth Guidance Corporation Fund  
C.M. Russell Museum Endowment  
Cancer Network of Sanders County Endowment  
Canton Church Project Endowment Fund  
Carbon County Historical Society Endowment Fund  
Care Net Pregnancy Center of Billings Endowment  
Cascade County Historical Society Endowment Fund  
Cathedral of St. Helena Historic Preservation Trust End.  
Center for Mental Health Foundation Endowment  
Child and Family Intervention Center Endowment Fund  
Clark Fork Coalition Endowment Fund  
Community Leadership Development, Inc. Endowment  
Dress for Success, Billings, Inc. Endowment Fund  
Drumlummon Institute Designated Endowment  
Ducks Unlimited Endowment  
Eagle Mount Endowment  
Eagle Rock Sanctuary Endowment Fund  
Eastern Plains RC&D Area Inc Fund  
Education Fnd. for Billings Public Schools Unrestricted Fund  
Education Foundation for Billings Public Schools  
Emerson Cultural Center  
Episcopal Church of the Incarnation Memorial Foundation  
Evangelical Covenant Church Endowment  
Exploration Works Designated Endowment  
Fall River Electric Co-op Educational Fund of the WYF  
Farm In The Dell Endowment Fund  
Feathered Pipe Foundation  
First Baptist Church Endowment Fund  
Five Valleys Land Trust Endowment  
Flathead Lakers Endowment Fund  
Florence Crittenton Home & Services Foundation End.  
Foothills Community Christian School  
Fort Peck Paleontology, Inc. Endowment Fund  
Fort Peck Theatre Preservation Endowment Fund  
Foster Grandparents Endowment Fund  
Foundation for Animals Endowment  
Foundation for Community Care Endowment  
Foundation for the Diocese of Helena Endowment Fund  
Friends of Public Radio - Fund 2000  
Friends of Reach Endowment  
Friends of the Butte Archives Endowment Fund  
Friends of the Pioneer Museum Endowment Fund  
Friends of the Yellowstone Gateway Museum Endowment  
Friendship House Endowment  
Gallatin Valley Land Trust Endowment Fund

Garden City Harvest Endowment Fund  
Garfield County Health Center Endowment  
Girl Scouts of Montana & Wyoming Endowment Fund  
Glacier Symphony and Chorale Endowment Fund  
Glasgow Evangelical Church Endowment Fund  
Glasgow Scotties Endowment Fund  
God's Love Endowment  
Grandstreet Theatre - Pauline Allen Endowment  
Grant-Kohrs Ranch Endowment  
Great Falls Community Beautification Endowment Fund  
Great Falls Public Library Foundation Endowment Fund  
Great Falls Rescue Mission Fund  
Great Falls Symphony Association Endowment Fund  
Greater Capital Youth Soccer Endowment  
Greater Gallatin United Way Endowment  
Greater Missoula Family YMCA Endowment  
Greater Montana Foundation  
Greater Yellowstone Coalition Endowment Fund  
Hardin Area Community Fund/HRC Main Street & Beyond  
Harriet Barer Memorial Cemetery Endowment  
Head Start, Inc. Endowment Fund  
Headwaters Academy - Bozeman, MT Endowment Fund  
Heart of the Valley Humane Society Endowment Fund  
Helena Area Community Foundation Seed Fund  
Helena Area Habitat for Humanity Endowment  
Helena Education Foundation Endowment Fund  
Helena Food Share Endowment  
Helena Symphony Society Endowment Fund  
Helena YMCA Endowment Fund  
Helena YWCA Endowment Fund  
Heritage Park Endowment  
Hockaday Center for the Arts Endowment Fund  
Holter Museum of Art Endowment  
Holy Spirit Episcopal Church, Missoula Endowment  
Hopa Mountain Foundation Fund  
Humane Society of Northwest Montana  
Humanities Montana Endowment  
Huntley Project Museum Endowment Fund  
Indian Law Resource Center Endowment Fund  
Intermountain Children's Home Endowment  
Intermountain Children's Home PATH Program Endowment  
International Choral Festival Endowment  
International Hunter Education Association Endowment  
Jeannette Rankin Peace Center Endowment  
Jim Rickard Staff Development Fund  
Junior League of Billings, Inc. Endowment Fund  
Lance Armstrong Foundation Designated Endowment  
Last Chance Community Powwow Endowment Fund  
Lewis & Clark County Cooperative Health Center Fund  
Lewis & Clark Foundation Endowment  
Lewis & Clark Humane Society Endowment  
Lewis & Clark Library Foundation Endowment Fund  
Little White Church Fund of the Phillips Co. Community Fnd.  
Long Run Fire Department Endowment Fund  
Lutheran Social Services of MT FBO /St. John's Lutheran

Magic In Your Hands Endowment  
Masonic Youth Endowment Fund  
McLaughlin Research Foundation  
MCT, Inc. Community Arts Endowment Fund  
Meagher County Historical Association  
Mid-Yellowstone Valley Habitat for Humanity  
Miles City Public Library Endowment Fund  
Missoula Alliance Church Endowment Fund  
Missoula Butterfly House and Insectarium  
Missoula Community Chorus Endowment Fund  
Missoula Food Bank Endowment Fund  
Missoula Humane Society Endowment  
Missoula Museum of the Arts Foundation Endowment  
Missoula Public Library Foundation Endowment  
Missoula Symphony Association Endowment Fund  
Missoula Youth Homes Endowment Fund  
Montana Association of Churches Endowment Fund  
Montana Audubon Society Endowment Fund  
Montana Cancer Consortium Endowment  
Montana Capitol Restoration Foundation Endowment  
Montana Council Boy Scouts of America Endowment  
Montana Environmental Information Center Endowment  
Montana Food Bank Network  
Montana History Foundation  
Montana Hope Project Endowment  
Montana Land Reliance Endowment  
Montana Learning Center at Canyon Ferry Lake Endowment  
Montana Meth Endowment Fund  
Montana Military Museum Endowment Fund  
Montana Natural History Center Endowment Fund  
Montana Natural Resources Conservation Fund  
Montana Professional Teaching Foundation Endowment Fund  
Montana Public Radio KUFM, University of Montana Endowment  
Montana State Council of Trout Unlimited Foundation  
Montana Stockgrowers Association Endowment Fund - REEF  
Montana Trust for Civil Liberties Fund  
Montana Wilderness Association Forever Wild Endowment  
Mount Helena Community Church Endowment Fund  
Museum of the Rockies Endowment Fund  
Myrna Loy Center Endowment Fund  
NAMI Fund  
National Center for Appropriate Technology Endowment  
National Smokejumpers Association Endowment Fund  
Nature Conservancy of Montana Endowment Fund  
Neighborworks Great Falls  
Northern Rockies Radiation Oncology Center Endowment Fund  
Northern Rocky Mountain Easter Seals of Great Falls  
Northwest Montana Historical Society Endowment  
ORION Endowment Fund  
Our Lady of the Rockies Foundation Endowment Fund  
Paris Gibson Square Museum of Art Endowment Fund  
Pearl & Bob Richardson Endowment of the United Way of L&C Co  
Phillipsburg Area Education Foundation Endowment  
Phillips Co. Community Foundation FBO Malta Senior Citizens  
Phillips Co. Historical Society/Phillips Co. Community Fnd

Phillips County Rural Fire Dept/Trafton Arena Endowment  
Pioneer Cabin Endowment Fund  
Planned Parenthood of Montana  
Plymouth Christian Education Endowment Fund  
Polson City Library Endowment Fund  
Powell County Museum and Arts Foundation Endowment  
Prickly Pear Land Trust Endowment Fund  
Public Land/Water Access Association, Inc.  
Range Rider's Museum Endowment Fund  
Ray and Clara Eidukas Girl Scout Camp Endowment Fund  
Red Lodge Music Festival  
Rimrock Opera Company Foundation, Inc. Endowment Fund  
Roger F. Eble/Education Fnd. for Billings Public Schools  
Ronald McDonald House of Billings Endowment  
Roundup Memorial Hospital & Nursing Home Endowment Fund  
Saco Methodist Church End. of the Phillips Co. Community Fnd.  
Salvation Army of Great Falls Endowment Fund  
Sapphire Lutheran Homes Endowment Fund  
School Administrators of Montana Youth Endowment Fund  
Shriners Hospital Endowment Fund  
Silver Run Ski Foundation  
Special K Ranch Endowment Fund  
St. John's Episcopal Church Endowment  
St. Johns Evangelist Church Endowment Fund  
St. Paul's Methodist Church Designated Endowment Fund  
St. Peter's Community Hospital Foundation Endowment  
State Capital Band Endowment Fund  
Target Range Foundation Endowment  
Teller Wildlife Refuge Designated Endowment  
Trinity Lutheran Church Endowment Fund  
Tumbleweed Runaway and Homeless Youth Endowment  
United Way of Cascade County Endowment Fund  
United Way of Missoula County Endowment Fund  
University of Montana Foundation-U of M Law School Endowment  
Upper Musselshell Historical Society Endowment Fund  
Valley County Friends of the Library Endowment Fund  
Valley County Historical Society - Old Glory Endowment Fund  
Valley County Historical Society Endowment  
Venture Theatre, Inc. Endowment  
West Yellowstone Foundation Endowment Fund  
Western Heritage Center Endowment  
Western Sustainability Exchange Endowment Fund  
Whitefish Community Foundation Endowment Fund  
Whitefish Theatre Company Endowment  
Women's Correctional Ministry Endowment Fund  
World Museum of Mining Endowment Fund  
Yellowstone Art Museum Endowment Fund  
Yellowstone Ballet Company Endowment  
Yellowstone River Parks Association Endowment Fund  
Yellowstone Wildlife Sanctuary Endowment  
Young Families Program, Inc. Endowment Fund  
YWCA Gateway House

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**Montana Community Foundation**  
**Pooled Portfolio Review**

BOARD OF DIRECTORS

- MARY CRAIGLE, CHAIR (HELENA)
- CYNTHIA WOODS, VICE CHAIR (HELENA)
- BRIAN PATRICK, SECRETARY (GREAT FALLS)
- DALE WOOLHISER, TREASURER (MISSOULA)
- DAN CLARK, IMMEDIATE PAST
- CHAIR (BOZEMAN)
- LAURA BREHM (MISSOULA)
- JEFF BRETHERTON (MISSOULA)
- KELLY BRUGGEMAN (BILLINGS)
- BARBARA BYRNE (GREAT FALLS)
- CHASE HIBBARD (HELENA)
- CASEY LOZAR (HELENA)
- SCOTT PANKRATZ (MISSOULA)
- TAWNAYA RUPE (EMIGRANT)

INVESTMENT COMMITTEE

- MARY CRAIGLE, COMMITTEE CHAIR (HELENA)
- KELLY BRUGGEMAN (BILLINGS)
- JACK KING (BILLINGS)
- MIKE GUSTAFSON (BILLINGS)
- ALYCE KUHN (EKALAKA)
- JEFF BRETHERTON (MISSOULA)
- CASEY LOZAR (HELENA)
- DALE WOOLHISER, BOARD TREASURER - EX-OFFICIO
- (MISSOULA)
- MARY RUTHERFORD, CEO - EX-OFFICIO (HELENA)

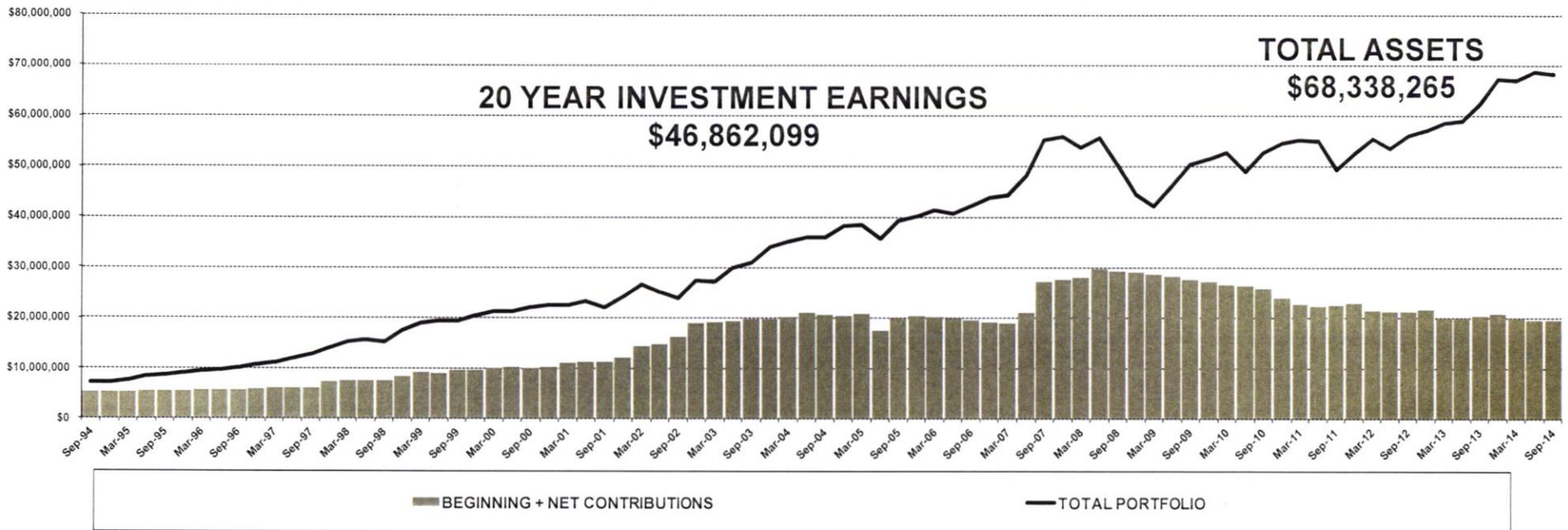
*all about Montana's future*

MONTANA  
COMMUNITY  
FOUNDATION



# 20 Year History of Asset Growth – Investment Pool

## September 30, 1994 – September 30, 2014



# History of Investment Earnings – Investment Pool

## September 30, 1994 – September 30, 2014



	MCF Investment Earnings	MCF Rate of Return
Beginning Balance	\$7,171,060	
Net Contributions/Withdrawals	\$14,305,106	
9.30.1994 - 12.31.1994	(\$47,093)	-0.7%
1995	\$1,764,794	24.4%
1996	\$1,343,780	14.5%
1997	\$1,944,576	17.6%
1998	\$2,404,672	16.7%
1999	\$1,588,459	8.6%
2000	\$1,346,095	6.4%
2001	(\$6,920)	0.0%
2002	(\$3,593,853)	-13.3%
2003	\$5,624,965	20.0%
2004	\$3,565,875	10.3%
2005	\$1,987,692	5.4%
2006	\$4,871,887	12.3%
2007	\$3,744,831	8.1%
2008	(\$12,974,972)	-22.3%
2009	\$8,867,424	20.4%
2010	\$6,480,459	13.1%
2011	(\$1,087,863)	-2.1%
2012	\$5,829,595	11.3%
2013	\$11,054,774	19.8%
YTD 2014	\$2,152,922	3.2%
<b>Total Investment Earnings</b>	<b>\$46,862,099</b>	
<b>Ending Balance</b>	<b>\$68,338,265</b>	<b>8.2%</b>

# Asset Allocation Guidelines – Investment Pool



## ASSET ALLOCATION GUIDELINES

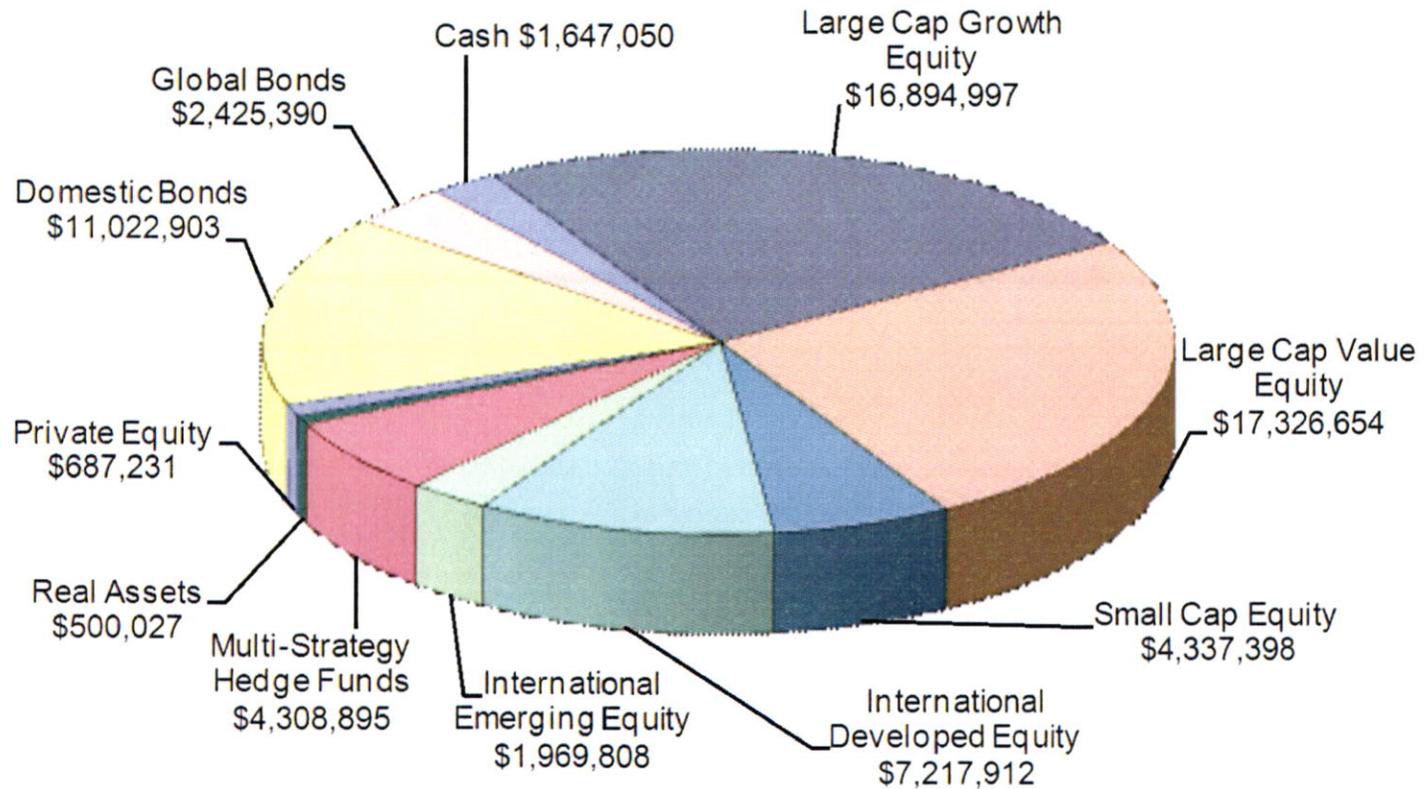
Asset Class	Strategic			Manager Allocation
	Minimum	Target	Maximum	September 30, 2014
Domestic Equity	35.0%	45.0%	55.0%	51.5%
Small Cap Equity	2.5%	7.5%	10.0%	6.5%
International Equity	2.5%	12.5%	20.0%	13.9%
Total Equity	60.0%	65.0%	70.0%	71.9%
Fixed Income & Cash	20.0%	27.5%	60.0%	19.8%
Alternative Investments	0.0%	7.5%	12.5%	8.3%

# Diversification – Investment Pool



**TOTAL ASSETS \$68,338,265**

## ASSET ALLOCATION



**Total Assets \$68,338,265**

# Historical Annualized Returns – Investment Pool



## ANNUALIZED RETURNS

	3rd Qtr	YTD 2014	<i>Ending September 30, 2014</i>			
			1 Yr	3 Yrs	5 Yrs	10 Yrs
<b>Total Portfolio (Net of Fees)</b>	-0.6%	2.8%	9.8%	12.6%	8.7%	6.2%
<b>Total Portfolio (Gross of Fees)</b>	-0.4%	3.2%	10.5%	13.2%	9.4%	6.9%
<b>Benchmark<sup>1</sup> (Gross of Fees)</b>	-0.7%	4.6%	11.3%	13.6%	9.9%	6.7%

<sup>1</sup>Reflects the returns of the market proxies, (S&P 500, Russell 2000, MSCI EAFE, BofAML Domestic Master) combined and weighted by the month by month proportion of the asset mix in the actual portfolio.

# Historical Annual Returns – Investment Pool



## HISTORICAL ANNUAL RETURNS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total Portfolio (Gross of Fees)	19.8%	11.3%	-2.1%	13.1%	20.4%	-22.3%	8.1%	12.3%	5.4%	10.3%	20.0%	-13.4%	0.0%	6.4%
Benchmark <sup>1</sup> (Gross of Fees)	18.7%	10.8%	1.0%	11.7%	18.1%	-21.9%	6.3%	12.7%	4.5%	9.1%	20.8%	-11.5%	-3.1%	-1.2%
Policy Index <sup>2</sup> (Gross of Fees)	18.6%	12.3%	2.1%	12.6%	20.1%	-24.3%	6.4%	12.9%	4.8%	9.5%	20.4%	-11.1%	-4.8%	-2.0%

### Versus Benchmark:

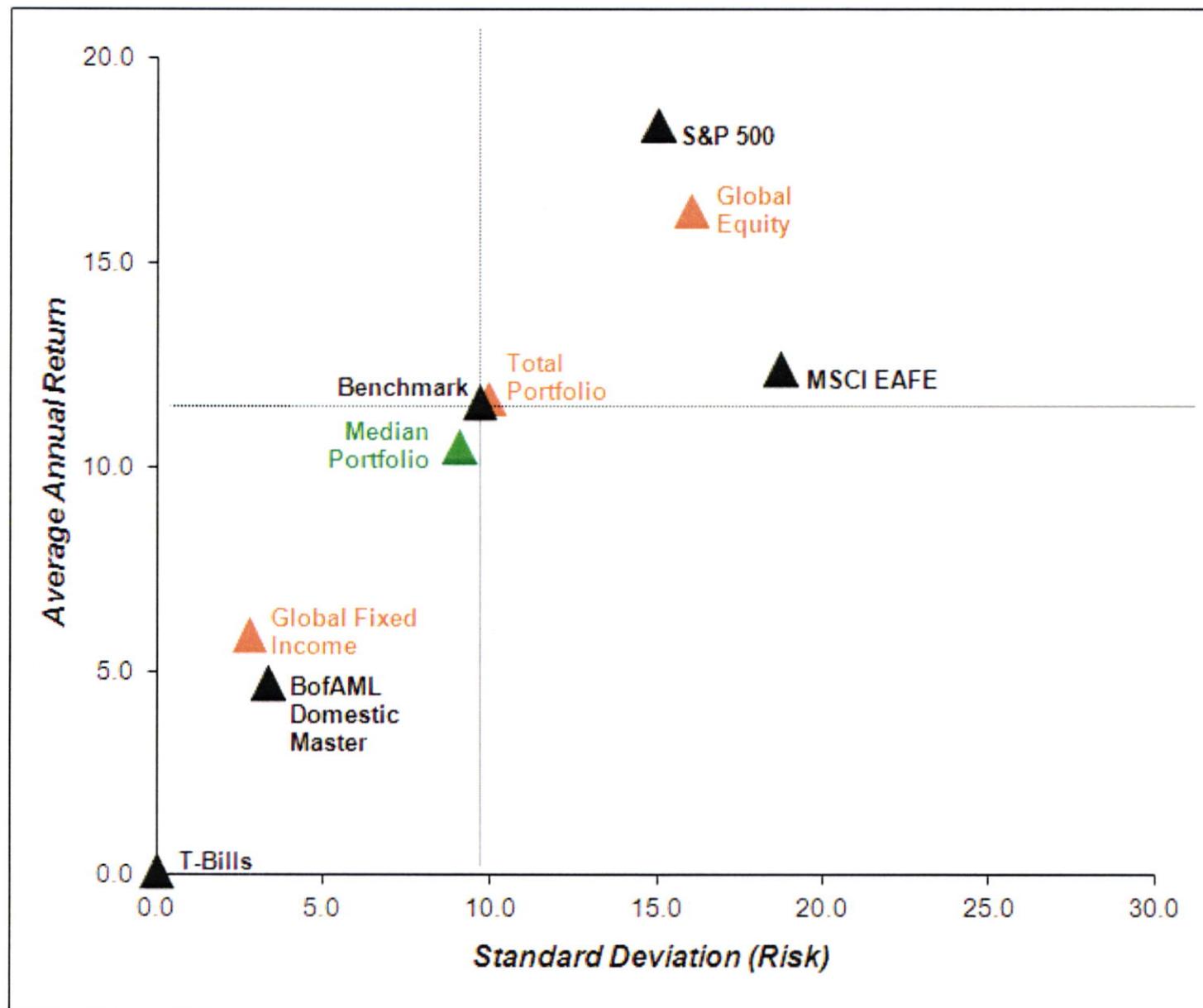
Outperformed (9)	X	X		X	X		X		X	X			X	X
Underperformed (5)			X			X		X			X	X		

### Versus Policy:

Outperformed (9)	X			X	X	X	X		X	X			X	X
Underperformed (5)		X	X					X			X	X		

# Total Portfolio Market Line Analysis

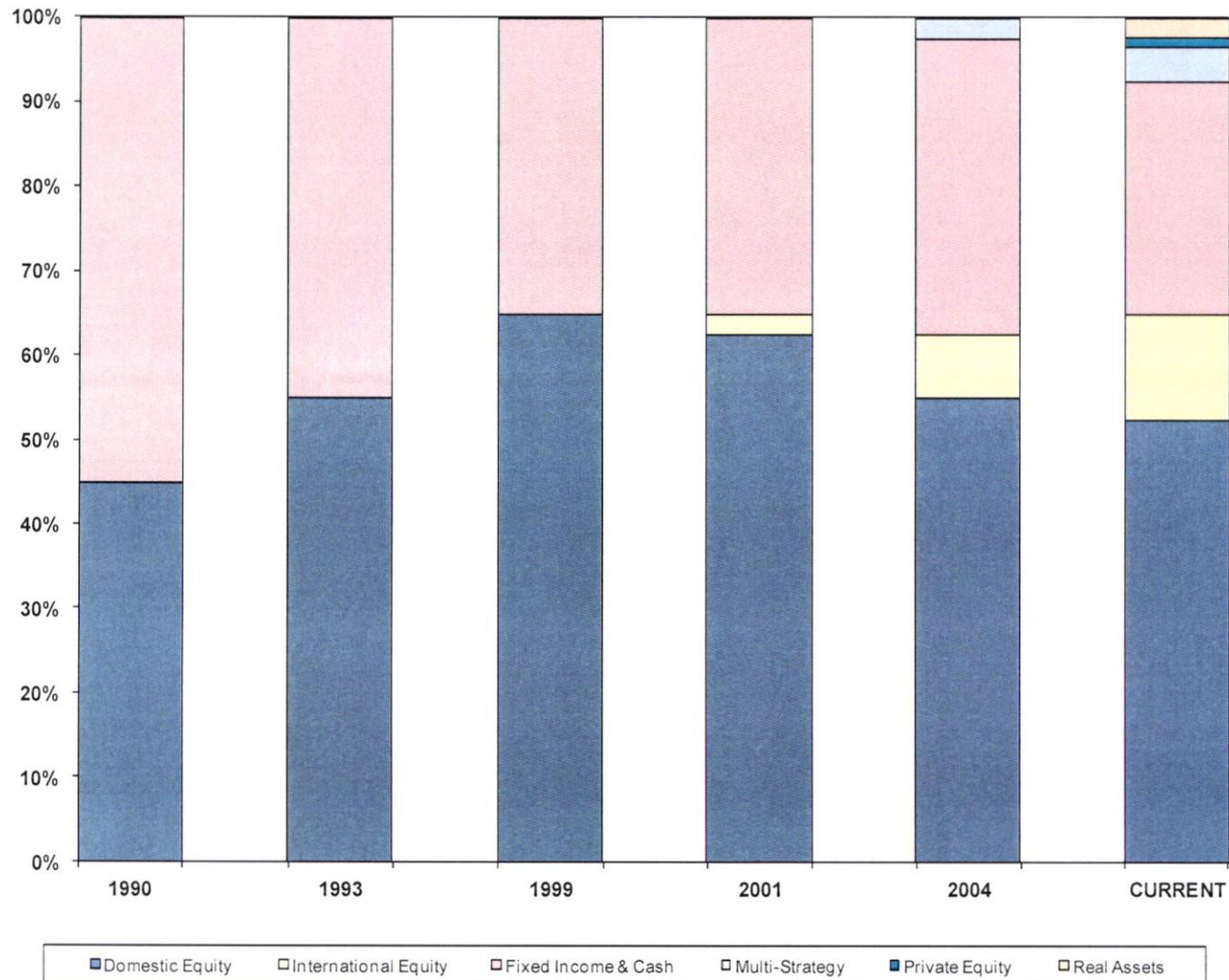
## 12/2008 to 9/2014



# Target Asset Allocation



TARGET ASSET ALLOCATION, SELECT YEARS 1990 - 2014



# Uniform Fiduciary Standards of Care

GLOBAL INSTITUTIONAL CONSULTING

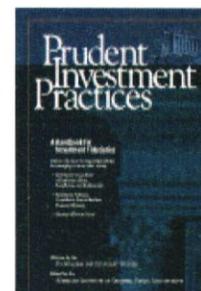
Bank of America  
Merrill Lynch

“Outline the *Practices* that define a prudent process for investment fiduciaries.”

1. Know standards, laws, and trust provisions.
2. Diversify assets to specific risk/return profile of client.
3. Prepare investment policy statement.
4. Use “prudent experts” (money managers) and document due diligence.
5. Control and account for investment expenses.
6. Monitor the activities of “prudent experts”.
7. Avoid conflicts of interest and prohibited transactions.



Source: *Prudent Investment Practices by the Foundation for Fiduciary Studies, 2003.*



# Disclosure Statement

We consider your quarterly statements and/or trade confirmations to be the official record of your transactions. This summary is being provided for informational purposes only and/or in response to your request. Portions of this material may have been produced using a template designed by a Merrill Lynch Financial Advisor. In the event of any discrepancy between it and data produced through the programs of Merrill Lynch, the recipient must rely on the latter. Information herein, including but not limited to research, market valuations, calculations and estimates is believed to be reliable but Merrill Lynch does not warrant its completeness or accuracy. Opinions and estimates constitute our judgment and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Furthermore, the information contained in this transmission is confidential and intended only for the use of the addressee. If the reader of this communication is not the intended recipient, you are hereby notified that any retention, dissemination, copying, facsimile, or any other distribution is strictly prohibited.

In connection with the information in the AIM report, such as the comparisons of the returns of an AIM client's portfolio with those of the selected market indexes and other professionally managed portfolios, it should be noted that:

1. Changes in portfolio valuations due to capital gains or losses, dividends, interest or other income are included in the calculation of returns.
2. Transaction costs, such as commissions, are included in the purchase cost or deducted from the proceeds of a sale of a security.
3. Portfolio returns are generally shown before the deduction of investment advisory fees. Investment advisory fees (when reported to Merrill Lynch) are treated as a portfolio withdrawal rather than as a reduction in income and therefore do not reduce returns (unless the client requests that these fees be treated as a reduction in income).
4. When client assets are maintained by an unaffiliated custodian, Merrill Lynch will rely upon the data supplied by the custodian or third party manager in preparing the AIM report. Merrill Lynch is not responsible for the accuracy of this data. When special circumstances come to its attention, Merrill Lynch reserves the right to make adjustments which, in its judgment, would more accurately reflect the value of securities held in, and the performance of, a particular portfolio.

When making performance comparisons, it should be noted that:

1. Differences in transaction costs among portfolios will affect portfolio comparisons.
2. The market indexes shown in the AIM report do not include transaction costs. If available, an actual investment in these indexes, or in the securities comprising the indexes, would require an investor to incur transaction costs and performance would be reduced by such costs, and their compounded effect. Market indexes or other benchmark returns are shown for comparison purposes only, and there is no assurance or guarantee that such performance will be achieved.
3. Performance information from third party sources may differ from that shown in the AIM report. These differences may be due to different methods of analysis, different pricing sources, treatment of accrued income, and different accounting procedures. For example, infrequently traded fixed income securities may be priced according to yields calculated on a matrix system which may vary among pricing sources. As another example, if sufficient data is available, AIM reports are prepared on a trade date basis, and AIM report performance information may differ from reports prepared on a settlement date basis.
4. Mutual Fund Data Analysis reports as well as valuation of hedge funds are prepared based on information from third party sources. This information has not been verified and cannot be guaranteed. This data may include estimates and is subject to revision.

This report is provided as a management aid for the customer's internal use only. The results of the study are not to be distributed to any other party. The report does not constitute a recommendation by Merrill Lynch. It cannot be used for advertising or sales promotion purposes.



## **Staff Expertise**

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The Community Medical Center would benefit from the in-house expertise of the entire MCF staff. The lead staff members in a partnership with Community Medical Center would be Mary K. Rutherford, Chief Executive Officer; Emily Kovarik, Chief Financial Officer; Catherine Cooney, Program Director; Riley Meredith, Marketing & Communications Director; and Amy Sullivan, Director of the Montana Office of Gift Planning. Mary Rutherford and Emily Kovarik would oversee all of the services offered to Community Medical Center. Catherine Cooney would administer grant programs. Riley Meredith would handle all publicizing of grant cycles and media communications. Amy Sullivan would oversee donor development to promote future fund growth. The MCF staff's relevant experience is listed below:

### **Mary K. Rutherford, Chief Executive Officer**

- Experienced executive with over twenty years of experience in philanthropic leadership
- Proven track record in endowment building and fundraising for medical and educational institutions
- Master's degree in Philanthropic Studies from the Lilly School of Philanthropy, Indiana University; graduate of the National Planned Giving Institute at the College of William and Mary; and a B. S. in Business Management from Lewis-Clark State College
- Skilled in endowment and investment management, formerly of a \$300 million foundation
- Expertise in working with boards and volunteers, including recruitment, orientation and self-evaluation
- Extensive experience in developing policies, procedures in the areas of governance, financial and investment management
- Personnel management of twenty staff and board management of up to thirty Trustees
- Expertise in building relationships with internal and external stakeholders through community outreach
- Oversight for the planning and execution of strategic plans for complex organizations with multiple sites

### **Catherine Cooney, Program Director**

- Seventeen years of grant making experience
  - Program Director, *MCF* for over eight years
  - V.P., Director of Grant Programs for *The Community Foundation*, serving Riverside & San Bernardino Counties in Southern California for nine years
- Created health-related re-granting programs for *The Community Foundation* in partnership with *The California Endowment*, a major health conversion foundation in California
- Extensive experience in working with foundation board members in organizing grant programs, providing due diligence, working with volunteer grant committees to make granting decisions, etc.
- Knowledge of the state through client services, travel to all fifty-six counties in Montana. Relationships with a broad network of 74 community foundations in the state that could assist MHF with collecting needs assessment data, provide local outreach to prospective MHF grantees and partner with possible MHF re-granting programs
- Relationships with other foundations, nonprofits through her role as Board Secretary of the *Community Foundations Council for Montana* and professional activities with *Philanthropy Northwest* and *Montana Nonprofit Association (MNA)*, including serving as a trainer for MNA workshops
- Has been the principle organizer of community foundation training events in Montana for the past eight years, including training on grant making and philanthropic leadership, among other topics
- Fourteen years of experience in the healthcare sector before working in the philanthropic sector
- Master's degree in Public Administration and a Certificate in Nonprofit Management

### **Emily Kovarik, Chief Financial Officer**

- CPA with twelve years of expert nonprofit financial management experience in Montana
- Leads business and accounting activities with focus on integrity, ethics and achieving the non-profit mission of MCF
- Expertly directs the Foundation's annual audits and Form 990 to successful completion, including communication with Audit & Finance Committee, Board of Directors, CEO and independent accounting firm, Moss Adams
- Highly skilled in managing MCF's \$225k investment in its Blackbaud software suite, which includes the leading *GrantedGE* for grant making, *The Financial Edge* for finance and accounting, and *The Raiser's Edge* for fundraising and donor management
- Monitors investments closely with the Investment Committee of the MCF Board of Directors
- Advanced GAAP accounting knowledge and proficient in IRS regulations
- Prepares monthly GAAP-basis financial statements for review by the Board of Directors and CEO
- Experienced supervisor and proven success of leading staff to accomplishment of business directives and personal growth
- Former supervising auditor with KPMG LLP, where she led public and private clients in a variety of industries, including *Lithia Motors*, *Xerox*, *Freightliner* and *City of Portland*
- Bachelor's Business Administration with Major in Accounting, Gonzaga University, cum laude

### **Riley Meredith, Marketing & Communications Director**

- Marketing and communications professional with a decade of experience in business-to-business and business-to-consumer marketing, both traditional and new media
- Leads all marketing and communication initiatives for MCF and the Women's Foundation of Montana
- Was the Sr. Corporate Marketing Manager for one of the world's largest gaming technology companies (Bally Technologies, Inc.) managing some of their most significant licensed brand launches such as *NASCAR®* and *The Magic of David Copperfield™*
- Managed launch and marketing for Bally's interactive division as well as international marketing and communications for the company's interests in Europe and Africa
- Handled customer communications during the largest acquisition in Bally's history
- Former Division Director of Business & Gaming for a leading Las Vegas public relations and marketing firm, with clients including M Resort Spa Casino; Nevada Development Authority; American Casino & Entertainment Properties; Snell & Wilmer, LLP; Las Vegas Meetings by Caesar's Entertainment; and many more
- Worked as an independent marketing and communications consultant where he worked for advertising agencies, on a U.S. senate campaign, for four Montana state senators, and more
- PhD program in Creative and Critical Writing, University of Sussex; Master's degree Writing: Process and Practice, University of Wales; Bachelor's degree in English (High Honors), Minor in History, University of Montana; Advanced Army ROTC training, Graduated First in Company

### **Amy Sullivan, Director of the Montana Office of Gift Planning**

- Leads the Montana Office of Gift Planning as convener, educator, development officer and gift planning expert in support of Montana philanthropy
- Served as President and Chief Executive Officer of the Montana History Foundation for 10 years
- Ran her own association management and government affairs business while simultaneously managing a multimillion dollar federal voting rights project
- Started her career in journalism in Chicago and Great Falls, before spending eight years working for publicly elected officials including two governors, a congressman and a United States senator
- Master's and bachelor's degrees from Northwestern University's Medill School of Journalism

### **Contact Us**

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## ***Board of Directors Biographies***

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### **Mary Craigle, Board Chair (Helena)**

Mary is the Bureau Chief of the Montana Census & Economic Information Center Bureau. Before that, Mary managed research functions for the Montana Department of Revenue, the Commissioner of Higher Education, the Office of Public Instruction and the Department of Corrections. Mary has been recently appointed by Governor Bullock to be a facilitator for the Main Street Montana Project. She owned her own market research firm in Kansas City, Missouri, before moving back to Montana in 1996.

### **Cynthia R. Woods, Vice Chair (Billings)**

Cynthia R. Woods owns a private law practice, in which she specializes in estate planning, estate and trust administration, guardianship/conservatorship proceedings and business succession planning. She received her undergraduate degree (magna cum laude) in finance from the University of Denver, her law degree (with honors) from the University of Montana and has an advanced tax law degree from the University of Miami.

### **Brian Patrick, Secretary (Great Falls)**

Brian Patrick is a founding board member of the Broadwater Community Foundation. He served for fifteen years as Superintendent of Schools in Townsend before accepting a position as the Director of Business Operations at Great Falls Public Schools. In 2007, Brian was awarded the G.V. Erickson Award, the most prestigious honor for Montana school administrators, for his innovative programs in the Townsend school district.

### **Dale Woolhiser, Treasurer (Missoula)**

A Montana native, Dale is the First Vice President-Investments with UBS Financial Services in Missoula. Dale also worked in financial management as a branch manager for Merrill Lynch and is a founding board member and current President of the Missoula Community Foundation. In 2009, Dale was honored with a Community Service Award from the University of Montana for his outstanding service and commitment to the Missoula community.

### **Dan Clark, Past Board Chair (Bozeman)**

Dan is the Director of Montana State University's Local Government Center and works with local government practitioners and their professional associations, tribal governments, state agencies, legislators, and the Montana University System. Dan is also the former mayor of Choteau, MT.

### **Laura Brehm (Missoula)**

Laura is an Independent Consultant who previously served as the President of the University of Montana Foundation. Laura has a bachelor's degree from University of California, Berkeley, Certificate in Strategic Innovation, London Business School, multiple courses from CASE, AGB, Indiana University. She is an active volunteer in the Missoula community, serving the Children's Museum, Butterfly House and Insectarium, and NAMI (National Alliance for the Mentally Ill).

### **Jeff Bretherton (Missoula)**

Jeff returned to his native Montana in 2005 to lead the development and planned giving programs of the Rocky Mountain Elk Foundation. Before that, he developed a new nonprofit agency, the Minnesota Real Estate Foundation, to work exclusively with charitable gifts of real estate. He was closely allied in that work with the Central Minnesota Community Foundation. He also worked as the development and planned giving officer of Minnesota's Saint John's University, where he earned his B.A. in 1993. He also serves on the Boys and Girls Club board of directors and Missoula's Planned Giving Council.

### **Kelly Bruggeman (Billings)**

Kelly serves as the Executive Director of the First Interstate BancSystem Foundation and has been with the organization since it was formed in 1990. Kelly currently serves as a board member of COR Enterprises, a founding board member of Montana Financial Education Coalition, board member of Montana Nonprofit Association; board member of Philanthropy Northwest, and a council member of Community Foundations of Montana. In the past, Kelly has also served on the Advisory board of homeWORD, and a Founding Board

Member of NeighborWorks Montana. Kelly has a B.S. in Business Administration/Marketing from the University of Montana and has completed coursework from the Kellogg School of Management at Northwestern University – Governing the Family Business. She is currently involved with COR Enterprises as a board member, Montana Financial Education Coalition, Founding Board member, Montana Nonprofit Association, Board member, Philanthropy Northwest, Board member, Community Foundations of Montana, council member

### **Barbara Byrne (Great Falls)**

Barb is a rancher in Ulm (Great Falls). Barb has served on the Cascade Education Foundation for 3 years, evaluating Cascade high school graduates for scholarships and fund raising. She has served on the University of Great Falls Finance Committee for 4 years, and the Board for 3 years, and she is also on the board and Development committee for the Benifis Foundation for 1.5 years. Barb has a BS Business with Accounting emphasis, Eastern Montana College, Billings.

### **Casey Winn Lozar (Helena)**

After spending 15 years away from Montana, Casey recently moved home and is actively working in Indian Country with the Dept. of Commerce and with the Lt. Governor and Governor. His interests include supporting resource development activities including strategy development, donor cultivation and stewardship, donor pipeline and introductions. Support program development and project administration. He is an enrolled member of the Confederated Salish and Kootenai Tribes and has worked most of his career as a tribal broker with corporate leaders and public officials. A graduate of Polson High School, Casey went on to earn degrees at Dartmouth College (BA in History), Harvard University (M.ED), University of Colorado (MBA), Executive Education Coursework at MIT0-Sloan School of Management and Columbia University-Graduate School of Business. Casey is affiliated with the following professional organizations: Tribal Education Departments National Assembly, National Indian Education Association, Montana Indian Education Association, American Indian Science and Engineering Society, Association of Fundraising Professionals, Native Professionals, Dartmouth College Alumni Network, Native American Alumni Association of Dartmouth, Independent Sector NGEN.

### **Stacey Mueller (Missoula)**

Stacey is the CFO for Blackfoot Telecommunications Group. Previously she served as Vice President and Branch Manager of First Interstate Bank in Missoula. Previously, she served as publisher of the Missoulian and former Chief Financial Officer of the Rocky Mountain Elk Foundation. She is an inactive Certified Public Accountant and a graduate of the University of Montana School of Business Administration.

### **Scott Pankratz (Missoula)**

Scott is the Co-founder and Executive Director of Ecology Project International since 2000, Founder and Director of Swift Center for Conservation Education since May of 2009 and Founder and Facilitator of Nonprofit Leadership Roundtable since January 2012. Montana is where he has chosen to raise his two children (4 & 7), base his career, and spend his free time. Montana is an all-in commitment, and a place with much potential for working together to achieve collaborative impact. Scott has an M.S. Environmental Studies, University of Montana (2000); Professional Residency in Environmental Education, Teton Science School, Wy. Graduate accreditation Utah State University. B.A. Environmental Studies, UC Santa Barbara (1993)

### **Tawnya Rupe (Emigrant)**

Tawnya is the Fund Program Director of the Mountain Sky Guest, Arthur M. Blank Family Foundation where she has been since 2002. Prior to this she was in the Large Animal Pharmaceutical Industry. Her interests include ranching and promoting local food systems. Tawnya has served as the Park County Community Foundation, Founding Board President (past), the Montana Outdoor Science School, Board Member (past), Community Mediation Center, Youth Justice Council Volunteer (past). She currently serves as Council Member on the Community Foundations of Montana council. Tawnya has a B.A., Animal Science with Minor in Agriculture Business, MSU, Bozeman, MT.

A Proposal Presented to



From day one.

Presented by:



October 2, 2014

## Honoring the Legacy

## Alignment

- Mission
- Focus on Community
- Proven Performance

## ABOUT MCF

- A 501(C)(3) with more than 25 years serving Montana
- More than \$70 million in assets under management
- Nearly 930 funds and planned gifts
- Awarded \$3.2 million in grants in 2013
- 15% of those grants were made for public health and human services
- 4<sup>th</sup> largest funder in Montana

avg. \$ 75,268.81 / fund.

Date  
Wolbrin?

### ADVANTAGES

- Structure - 501c3
- Cost effective
- Missoula
- Proven track record
- Big initiatives
- Partnerships and connections
- Fulfilling Donor Intent
- Fundraising
- Grant programs
- Experience in health-related field

41 funds in this area.  
3.6 million.  
400 grants in MSO.  
80K to B/O MSO.



4

### HISTORY OF STRATEGIC PARTNERSHIPS

- Community foundations
- Missoula area
  - Donors
  - Partners
  - Funds
  - Grantees
- Re-granting relationships
- Community collaborations



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→ Payday lenders e.g.

\* How about grant programs with the Feds?

## Recommended Considerations

- Field of Interest Fund
- Supporting Organization

## Field of Interest Fund – What it is

- Permanent endowed fund
- Focused on healthcare/health
- Limited to the Missoula area

$$5m @ 4.5\% = \$225,000$$
$$5m @ 2\% = 100K.$$

*Option II*

### Community Health Field of Interest Fund – How it would work

- Structure – Governance
  - Part of MCF's overall structure (board, tax requirements, etc.)
- Granting
- Grants committee
  - Committee member selection
  - Granting abilities
- Partnerships

### Supporting Organization

*12.C.8509(a)(3)*

- Structure – Governance
  - More independent than Field of Interest Fund
  - Still under MCF's legal structure
  - Board of Directors
  - Set up requirements
  - Increased legal, accounting, reporting requirements and costs
- Granting
- Partnerships

*Can it be limited Geographically?*



**FEES**

- Objective Focused
- MCF Board Approved
- Negotiable

*5 m 1-1.25%*

*10-80 b.p.*

*Uniform Prudent Investment*



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all about montana's future

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**GETTING STARTED**

- We are well positioned to be your partner
  - Mission, history and experience
  - Professional and dedicated staff
  - Established infrastructure
  - Sound investment management
  - Dedication to donor stewardship
  - Established and approved annually
  - Best choice to carry out original donor intent



MONTANA COMMUNITY FOUNDATION  
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## CONTACT

Mary K. Rutherford, MA, CFRE  
Chief Executive Officer  
406 443 8313  
maryr@mtcf.org



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THANK YOU!

# Montana Community Foundation – 2<sup>nd</sup> Presenter

3 = Above Average

2 = Average

1 = Below Average

	<b>3</b>	<b>2</b>	<b>1</b>
1. Fund management expertise			
2. Ability to focus on Western Montana and the triple aim			
3. Administrative competency			
4. Grantee management			
5. Ability to secure matching funds			
6. Ability to raise funds/donations			
7. Tax knowledge for foundations			
8. Administrative fee			
a. What is included			
b. What is excluded			

A Proposal Presented to:



From day one.

Presented by:



November 20, 2014

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### Honoring the Legacy

- Mission
- Focus on Community
- Administrative Infrastructure
- Proven Performance



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### About MCF

- A 501(C)(3) with more than 26 years serving Montana
- \$73 million in assets
- Nearly 860 charitable funds and planned gifts
- Awarded \$3.2 million in grants in 2013
- 4<sup>th</sup> largest funder in Montana
- Independent, objective, community focused
- Board members serve voluntarily, without compensation



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### Advantages

- Agent of the Philanthropist – Objective, Place-minded
- Cost effective
- Missoula/Western Montana Centric
- Proven track record



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### Fund Development

- Leveraging Relationships
- Fund Raising
  - Focus on raising permanent endowments – 88% of assets
  - Focus on individual donors and organizations
  - Creating family foundations
  - 75 Donor Advised Funds
  - 280 Planned Gifts – valued at >\$6 million
  - Receive approximately \$4 million annually in current gifts
  - Unrealized estate gifts >\$20 million



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### Grant Oversight

- Staff expertise in grantmaking – 25+ years of cumulative experience
- Building grantmaking capacity in Montana
- Constituent record, grantmaking and financial software
- Due diligence processes
- Process evaluation (monitoring) and outcome evaluation
- Capacity building of grantee organizations



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### Fund Management Expertise

- Institutional Investor
- Investment Structure
- Long-term Investment Strategy



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### Investment Structure

- Investment Policy
- Investment Committee
- Investment Consultants
- Investment Staff



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### Fund Management Expertise

- Asset Allocation Model
- Rate of Return
  - 8% over 20 year period (1994-2014)
  - 19.8% in 2013
- Endowment Payout Rate
  - Set and approved annually by the Board of Directors
  - 4.5% based on 36 month rolling average (Effective 12/31/14)
  - \$65,000,000 endowment will distribute \$2.9 million annually



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## History of Strategic Partnerships

- Private Funders
- Community foundations
- Missoula area
  - Donors
  - Partners
  - Funds
  - Grantees
- Re-granting relationships
- Community collaborations

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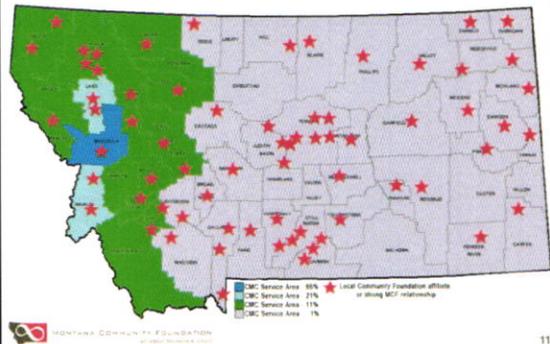
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## CMC Service Area / MCF Presence



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## Local Connections

- Local Communities
  - 75 local community foundations
  - Partnerships in 92 of Montana's communities
  - 5 partnerships in areas representing 86% of all CMC inpatients

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**Recommendation:**  
**Create a Supporting Organization under MCF**

**Type #1**  
**The Parent-Subsidiary**  
 Operated, supervised or controlled by MCF

**Type #2**  
**The Brother-Sister**  
 Supervised or controlled in connection with

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**Supporting the Triple Aim Approach to Healthcare**

- Focus on individuals and families
- Redesign of primary care services and structures
- Population health management
- Cost control platform
- System integration and execution

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**Design of a Triple Aim Enterprise**

Define "Quality" from the perspective of an individual member of a defined population

Institute for Healthcare Improvement, 2012  
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### Key Personnel

- Mary Rutherford, President & CEO
- Emily Kovarik, CFO
- Cathy Cooney, Grants & Programs Director
- Riley Meredith, Marketing & Communications Director
- Amy Sullivan, Director, Montana Office of Gift Planning

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### Proposed New Staffing Structure Supporting Organization



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### Permanent and Immediate Impact

- Assumption: \$75 million in sale proceeds
- \$65 million permanent endowment will produce approximately \$2.9 million annually FOREVER
- Remaining funds set aside for immediate grantmaking and start-up costs (legal, staffing, office space)

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### Fees

- Set by MCF Board and reviewed annually (*in consultation with new board*)
- Competitive and negotiable
- Two types
  - Investment Management Fees
  - Administrative Fees



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### First Steps Following AG Approval

- File with the state as a Montana non-profit
- File IRS Form 1023 (Supporting Organization)
- Select Board of Directors
- Create Bylaws
- Determine what portion of sale assets will be permanently endowed vs. how much will be available for immediate grantmaking
- Set strategic priorities – Triple Aim Focus



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### MCF as Your Partner

- Mission, history and experience
- Professional and dedicated staff
- Established infrastructure
- Sound investment management
- Dedicated to donor stewardship
- Best choice to carry out original donor intent



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**Contact**

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President & Chief Executive Officer  
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maryr@mtcf.org



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FOUNDATION  
*all about Montana's future*

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**THANK YOU!**

Mary Rutherford  
President & CEO

Mary Craigie  
Board Chair

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COMMUNITY MEDICAL CENTER FOUNDATION

BOARD OF TRUSTEES

June 17, 2014

- MINUTES -

I. CALL TO ORDER

A meeting of the Board of Trustees was held on June 17, 2014. The meeting was called to order by Barry Kenfield, Chair, at 5:30 PM.

MEMBERS PRESENT

Steve Carlson  
Mike Combo  
Larry Gianchetta  
Ramona Holt  
Barry Kenfield  
Tom McLaughlin  
Susan Muralt  
Robert Phillips  
Ty Robinson  
Sigri Thorn-Gildea

EXCUSED

Kym Black  
Jeri Fisher  
Shannon Lukes  
Ty Robinson  
Kathy Roth

ALSO PRESENT

Scott Hacker

II. REVIEW/APPROVAL OF MINUTES

The motion was made, seconded, and carried to recommend approval of the minutes of the May 20, 2014 Board of Trustees meeting as presented.

III. CMC INC. POST-CLOSING STRUCTURE PRESENTATION

Scott Hacker, Chair, Task Force, was in attendance and provided an overview of CMC, Inc. post-closing structure for public benefit use of closing proceeds. It was noted the recommendations were drafted by legal upon recommendation of the Task Force. The Task Force is represented by 5 hospital Board members and 3 Foundation board/staff members. The purpose of the Task Force is to review considerations and provide a recommendation to the Hospital Board regarding the use of closing proceeds. Following discussion, the Chair asked the Board's consensus. The general consensus of the Board was for consideration to be given to using Community Medical Center Foundation in forming a New Foundation.

IV. HOSPITAL

A. CEO REPORT

Stephen Carlson, CEO, reported the hospital is \$500,000 ahead of budget for April 2014; to date, budget is at \$4.7M on the \$5M budget. The members accepted the CEO Report as informational. No recommendations were made.

V. FOUNDATION EXECUTIVE

A. BOARD CHAIR REPORT

There was no Board Chair report.

B. VICE-PRESIDENT REPORT

The Vice-President presented the following report:

1. *Donor Stewardship*

Communication regarding the status of the Foundation was sent to 600 donors, with follow-up telephone calls to 80 donors. It was noted that donor feedback has included a gift annuity donor considering re-allocating their gift; an endowment donor wanting affirmation that their gift may be used in some fashion toward its intended purpose; and another who requested the hospital Board give consideration to forming a New Foundation with the current Foundation. No recommendations were made.

2. *Funding Requests*

The following funding requests were presented:

a) SAFE KIDS MISSOULA COALITION

*Proposal:*

- Foundation to become the sponsoring Lead Agency

*Expenses*

Staff (.5 FTE)	35,000
Education/Certification	5,000
Outreach/Marketing	5,000
Fundraising	5,000

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**\$50,000**

*Available Funds*

# 3048, Neonatal/Nurses Education	15,176
# 3050, Neonatal Department	9,016
# 3056, Pediatrics Department	16,354
# 3825, Neonatal Endowment Interest	1,480
# 3827, Dr. Day Pediatrics Endowment Interest	4,652
# 3848, Women's/Newborn Care Endow Interest	3,322

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**\$50,000**

a) REHABILITATION DEPARTMENT

*Purpose:* To fix pool chlorination system

*Expense:* \$25,062

*Available Funds:*

# 3065, Rehabilitation Institute Cook Estate	16,953
# 3066, Rehabilitation Institute Recreational Therapy Act.	403
# 3086, Rehabilitation Institute Occupational Therapy	2,071
# 3540, Rehabilitation Institute	5,593

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**\$25,020**

Following discussion, the members agreed the requests were appropriate and in compliance with donor intent. A motion was made, seconded, and carried to recommend approval of the Foundation as a Lead Agency for Safe Kids Missoula. A second motion was made, seconded, and carried to recommend approval of allocating \$50,000 from Funds 3048, 3050, 3056, 3825, 3827, and 3848 to fund Safe Kids Missoula. A third motion was made, seconded, and carried to recommend approval of allocating \$25,020 from Funds 3065, 3066, 3086, and 3540 to fix the rehabilitation department's pool chlorination system.

3. *Responsibility for the Foundation's Operating Expenses*

Effective September 1, 2014, the Foundation will be responsible for paying its operating costs. It was noted that a budget will be presented at the next meeting. The members agreed that the Foundation will need to develop a model that sustains itself, including the cost of operations. New Foundation Mission will be addressed at an upcoming meeting. The recommendation was made to present a "Fundraising" and "No-Fundraising" budget.

VI. **FINANCE/INVESTMENTS**

Mike Combo, Chair, provided the following report:

▪ **3% Administration Fee**

The Administration Fee (\$105,981) has been charged for all three (3) prior quarters in FY14. These charges resulted in changes of the investment earnings for those time periods. All changes are reflected in the Financials.

- **Terminate Front Street Capital, Inc., Investment Manager Contract**  
Termination of Investment Manager agreement was effective May 30, 2014. Confirmation of investments sales have been received. Final Accounting from Front Street Capital, Inc., received, \$2,678.00, in fees. Confirmation of wire transfer to FIB Checking: \$1,065,000.
- **International Investments/Risk**  
The Foundation's investment's consultant communicated that he has not found International Investments to be any more risky than US investments and that it is important, in providing the Foundation with diversification of its investments, that International funds be included in the asset mix. The Finance/Investments Committee recommended approval of International Investments in the asset mix.
- **Asset Allocation**  
The following asset allocation by investment class was recommended for approval:  
25% international (5 funds); 50% domestic (8 funds); 25% short term bonds.
- **Determination of Investments Custodian**  
The Committee recommended First Interstate Bank as Custodian following review of various bank proposals.
- **Timeline for Termination of Agreements/Accounts**  
The recommendation Vice-President will work through the timeline with Bidart & Ross.
- **April 2014 Financials**
- **Employee Reimbursement Policy**  
The policy was written in follow-up to the recommendations of the auditors; its purpose is to establish an accountable employee expense reimbursement plan that complies with United States Treasury Regulation §1.62-2. In general, this regulation requires the timely substantiation of employee expense reimbursements.
- **CliftonAllenLarson Interim Review**  
An interim review of the financials resulted in no follow-up at this time. Following report, a motion was made, seconded and carried to recommend approval of First Interstate Bank as the Foundation's custodian. A second motion was made, seconded, and carried to recommend approval of the asset allocation as recommended. A third motion was made, seconded, and carried to recommend approval of the Employee Reimbursement Policy. The remaining items were accepted as presented.

VII. **DEVELOPMENT/STEWARDSHIP**

There was no Development/Stewardship report.

VIII. **EDUCATION COMMITTEE**

There was no Education Committee report.

IX. **NEXT MEETING**

The next meeting of the Community Medical Center Foundation Board of Trustees is scheduled to meet on July 17, 2014 at 5:30 PM.

X. **ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at 7:00 PM.

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MIKE COMBO, SECRETARY

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DATE

/stg

# CMC Post-Closing Mission and Structure

DRAFT 5/13/14

## Broad Objectives

1. Define the mission for the use of the sales proceeds and any restrictions on their use
2. Establish the role, structure and governance of the post-closing entities, including:
  - a. New Foundation
  - b. Existing CMC Foundation (likely merged with New Foundation or becomes New Foundation)
  - c. Existing Hospital Corp.
  - d. Post-Closing Hospital Advisory Board
  - e. CMC Representation on JV and BC Boards

## Timeline & Tasks

May Board Meeting:

1. Present outline of mission and structure
  - a. Obtain consensus for the drafting AG Submission
  - b. Obtain feedback on preliminary structure
2. Summarize potential UM involvement
3. Summarize next steps in assessing research feasibility
4. Summarize next steps in assessing mid-level education feasibility
5. Confirm Board's intent to purchase 2% JV interest

June Board Meeting:

1. Obtain Board's approval of AG Submittal unless received at May meeting

September 1, 2014 (Assumed Closing)

1. Complete formation and board population of new and repurposed entities

## New Foundation Mission

**Mission Objectives:**

1. Positively influence the health of Western Montana.
2. Establish lasting institutions or services rather than one time benefits.
3. Contribute to the economic vitality of CMC's service area.
4. Enhance Missoula's presence in the delivery of regional health care.

**Proposed Mission:**

The New Foundation's funds shall be restricted to the following uses:

1. **Post-secondary educational programs** for the purpose of training health care professionals focused on the delivery of primary care;  
*[Note: Specific near-term intent is to establish a mid-level education program in coordination with UM. Drafting to be broad enough to provide flexibility to accommodate future changes in needs.]*

*Questions*

- a. *Do we want to require UM to match funds provided by the New Foundation in order to leverage the New Foundation's resources and solidify UM's commitment?*
  - b. *Can UM establish a nurse practitioner program in-lieu of a PA program?*
  - c. *Will the program directly compete with Rocky Mountain College's PA program in Billings?*
  - d. *What are the Western Montana benefits vs. the state-wide benefits?*
2. **Medical research** for the purpose of developing improved patient diagnoses, treatments or quality of care;  
*[Note: Specific near-term intent is to establish a clinical research program with Missoula physicians related to oncology, pulmonology, rheumatology, diabetes, gastrointestinal and/or neurology. Need to determine if research should be in cooperation with UM or an existing research foundation or to establish a newly formed effort.]*

*Questions:*

- a. *How does research benefit local patients?*
  - b. *How do we establish a research effort so that it does not directly benefit one of the local hospitals?*
  - c. *Do we work with an existing research effort?*
  - d. *What level of staff would need to be established?*
3. **Housing/Patient Affordability (Ronald McDonald House)**
  4. **Repurchase of CMC** pursuant to the terms of the sale agreement; and
  5. **Other uses** benefiting the healthcare of patients or public health if either of the first [three] objectives is not reasonably feasible.

**Restrictions on Fund Uses:**

1. Funds cannot be used to fund activities which directly benefit CMC or St. Patrick Hospital.
2. Activities funded by the Foundation must be primarily performed in Western Montana.

*Question: How to define Western Montana?*

**Purchase of JV Interest:** As part of the formation transactions, the New Foundation shall purchase a two percent ownership interest in the Joint Venture pursuant to its option in the sale agreement.

Question:

Do the pros of ownership outweigh the cons?

Pros:

- a. Strengthens Missoula area representative's voice on JV and BC Boards
- b. Enhances Montana focus of JV, especially if Kalispell buys in
- c. Facilitates enforcement of sale agreement through information received as an owner

Cons:

- a. Is New Foundation truly separate from hospital if it owns a 2% interest?
- b. Conflict of enforcing sale contract if also an owner
- c. How will the AG view the ownership?

**New Foundation Life:** The New Foundation is intended to provide perpetual benefit to the community. Funds shall be invested and used with the intent of establishing and continuing mission services in perpetuity. Notwithstanding the foregoing, the New Foundation may dissolve its operations as described below.

**Ability to Contribute and Dissolve:** New Foundation may contribute funds to a third-party foundation so long as the use of such funds is restricted to those allowed in the New Foundation's mission. New Foundation may elect to dissolve upon the contribution of all funds.

***[Note: New Foundation has the option to contribute all its funds to a third party foundation (e.g., UM Foundation) under conditions and restrictions to be negotiated. New Foundation could be then dissolved.]***

Question:

*Can we get comfortable with the donation of the funds to a third-party foundation in the time we have prior to closing or should this be considered after the New Foundation is established for a portion or all of the funds?*

#### **New Foundation Board Composition**

The New Foundation's Board shall be an eleven member self-perpetuating community board initially consisting of: two members of the existing CMC Foundation Board; four members of the CMC Hospital Board; and five community members currently on neither board. Board members' terms shall be staggered three year terms. Neither employees of CMC or St. Patrick Hospital may be board members.

***[Note: Need to argue to the AG that current hospital and foundation board members are important to:***

*ensure execution of the mission which is being developed broadly and specifically by the Boards and to access the level of industry knowledge of the boards' members.]*

#### **Existing CMC Foundation**

The existing CMC Foundation's assets shall be merged with those received from the sale of the hospital's assets to form the assets of the New Foundation. The existing CMC Foundation's corpus may be used for the New Foundation or a new corpus established depending on IRS approval and legal issues. The New Foundation shall be responsible for winding down the obligations and on-going business of the existing CMC Foundation. The board of the existing CMC Foundation will be terminated with the formation transactions. Current employees of the existing CMC Foundation are eligible for employment with the New Foundation at the discretion of the New Foundation's Board.

#### **CMC Hospital Board**

The existing CMC Hospital Board shall be reduced in size from its current thirteen members to three members at the time of the formation transactions. The purpose of the board shall be to: a) unwind the remaining assets and liabilities of the existing hospital's corpus; and b) enforce the terms of the sale agreement. [**\$3.0 million TBD in Definitive Agreement**] of proceeds from the sale of the hospital's assets shall remain in the hospital's corpus for the purpose of performing its duties. Any time after the [fifth] anniversary of the formation transactions, the CMC Hospital Board may terminate its activities if it determines that all of its obligations have been fulfilled. Any remaining assets shall be transferred to the New Foundation and the New Foundation shall assume responsibility to enforce the sale contract.

Question: Should the Hospital Board members be paid?

**Joint Venture and Billings Clinic Boards:** The New Foundation shall appoint one of its board members to each of the Joint Venture and Billings Clinic's Boards. The same board member may be appointed to both boards.

*Question: Scott Stearns suggested that a non-Board member be the representative of the board. Can a New Foundation Board member sit on these boards?*

**Post-Closing Hospital Advisory Board:** The New Foundation Board shall have the right to appoint one of its members to the Hospital Advisory Board to be formed by the Joint Venture as part of the formation transactions for so long as the New Foundation holds an ownership interest in the Joint Venture or [ten years], whichever is longer. [**The purpose of the board seat is to monitor the New Foundation's investment and to monitor compliance with the sale agreement.**]

Question: Can the sale agreement be modified to accommodate this?