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Courageous Leadership
Solves Tough Problems

BOARD UPDATE

BOLD GOALS, MEASURABLE PROGRESS



For more than 55 years, the Bush Foundation has sought to improve the quality of life for residents of Minnesota, North Dakota, South Dakota and the 23 sovereign Native nations that share the same geographic area. Thanks to the generosity of Archibald and Edyth Bush, the Foundation has been able to invest nearly \$1 billion in our communities since 1953. As part of that investment, we have provided thousands of **Bush Fellows** with transformational learning

experiences that have enabled them to better serve their communities.

My fellow trustees and I are proud of the work that has been done by our grantees and through the programs we have sponsored. We are also humbled by the obligation we feel to make the best use of these resources over the coming years. Two years ago, we charted a new course for the Bush Foundation's work – putting forth a bold set of goals that we feel will make a measureable difference in the quality of life in our communities. We believe that dramatically improving educational achievement, supporting the sovereignty of Native nations and promoting courageous leadership are the right areas of focus to solve some of our communities' toughest problems. We are committed to measuring our progress toward these goals and will hold ourselves accountable for reaching them over the coming decade.

We hope that this report will give you a sense of the progress we are making toward these *Goals for a Decade*. Most of this work is extremely challenging – after all, we did not choose simple problems to address, but three of the most intractable problems our communities face. We do not claim that we have all the answers, only that we are committed to finding them. Along the way we will be transparent, we will learn from our work (and from the mistakes we will inevitably make along the way), and we will share this learning with you.

We value your insights into this work and appreciate any suggestions you wish to offer. After reading this report, please share your feedback and perspectives by emailing us at feedback@bushfoundation.org.

Finally, I want to express the Foundation's deep gratitude to Kathy Tunheim, who earlier this year completed 13 years of service on the Foundation's Board of Directors and who served as Board chair from 2007 through early 2010. We have benefited greatly from her leadership during this exciting time in the Foundation's history, and I know that she will be remembered for her lasting impact just as surely as I know that she will be missed by her colleagues.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan K. Malcolm". The signature is fluid and cursive, written over a light-colored background.

JAN K. MALCOLM, BOARD CHAIR

ON THE COVER

Boy diving, Honolulu Hawaii. For more about photographer **Tom Arndt** and an unaltered look at the photo, please see the back cover.

TACKLING TOUGH PROBLEMS



Communities everywhere are facing tough problems that don't have simple solutions and that generate conflict. It will take courageous leadership to confront these problems, embrace the conflict and work through the differences among stakeholders to find solutions. **We are committed to fostering this kind of courageous leadership and making it the norm, not the exception,** throughout Minnesota, North Dakota, South Dakota and the 23 Native nations that share the same geographic area.

The tough problems we face today are not temporary, will not solve themselves if we just wait them out and cannot be solved with business-as-usual approaches. Even when this recession ends, we will still be faced with daunting challenges that arise from our changing demographic and economic realities – an aging population, growing demands for health care, rising expectations for education and diminished prospects for economic growth. Reconciling increasing demands with lagging resources is a tough problem, particularly for our public institutions, which lack not only resources but also the public trust and, in many cases, the will to find and implement solutions. As the stresses on these public institutions grow, so will the need for courageous leadership.

In 2008, we announced our *Goals for a Decade* to increase educational achievement, work as a partner with Native nations, and promote leadership and community engagement. Since then, we have:

- Launched a **partnership with 14 higher education institutions** to **increase achievement of all students and close achievement gaps** by increasing the number of effective teachers they recruit, prepare, place and support, and whose effectiveness they guarantee to the schools that hire them.
- Begun partnering with elected leaders of 23 Native nations to improve conditions for their people by supporting their self-determined strategies for **nation-building**.

- Continued to invest in our communities via our legacy and transition grants – more than \$16 million paid in 2009 to fulfill existing grant obligations or to help nonprofits transition away from reliance on our support.

As we have proceeded over the last two years, we have become much clearer about the core or essence of all of our work: **servicing as a catalyst for the courageous leadership necessary for people to solve tough public problems.** Public institutions are the only entities to which we have given the authority and that have the scale to act on behalf of all of us, and the services they provide are vital to the success of people and communities. Yet they face some of our toughest problems, and must reconcile diminished growth in resources with undiminished growth in expectations about the key public services they provide. These are problems that cannot be solved with business-as-usual solutions but will require courageous leadership.

So just as courageous leadership has been at the heart of our work with schools and Native nations, it will also be at the heart of our work with states and localities. And just as we pursue teacher preparation as our central strategy for schools and nation-building as the key to our work with tribes, **we will be a catalyst for the courageous leadership necessary to redesign public services in order to ensure the future vitality of people and their communities.**

We believe that the best way we can help communities tackle their toughest problems is by fostering courageous leadership, wherever it is found. We recognize that those with authority may or may not practice courageous leadership, and those who practice courageous public leadership may or may not have authority. Our goal is to build the will and capacity for courageous leadership inside public institutions, and to build the public will and courageous leadership outside to press for and support solutions to tough problems. Real change will only happen with both.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Hutchinson'.

PETER C. HUTCHINSON, PRESIDENT

GRANTMAKING AND FINANCES

GOAL-AREA COMMITMENTS AND LEGACY/TRANSITION GRANTS

In 2009, the Bush Foundation began partnerships with organizations in pursuit of our long-term goals. In Educational Achievement, where the Foundation has committed \$40 million through 2020, we made initial payments to partner institutions to begin transforming their teacher-preparation programs. We launched a partnership with the Native Nations Institute to support the self-determination of tribes through nation-building. We also partnered with foundations across Minnesota, North Dakota and South Dakota to build leadership capacity and community engagement in solving tough problems.

In all, the Foundation paid \$12.1 million to organizations for work related to Leadership and Community Engagement, Educational Achievement and Native Nations.

Throughout 2009, we continued to make payments on grants that were approved prior to the launch of our *Goals for a Decade* in 2008. (We now call these commitments “legacy” grants.) We also made payments in 2009 for transition grants to organizations with which the Foundation had enjoyed longstanding and deep relationships. In all, payments on these legacy and transition grants totaled \$16.4 million in 2009. Our legacy and transition grantmaking will drop to less than \$6 million in 2010 and less than \$1 million thereafter, allowing greater investment in our new goal areas going forward.

In late 2009, we made our final grant through the **Large Cultural Organizations Development Fund (LCODF)** to the Walker Art Center for \$625,800. We also inducted our **final cohort of physicians** into the Bush Medical Fellows Program.

More details about our grants and other commitments can be found at www.bushfoundation.org.

FINANCIAL UPDATE

Our world experienced unprecedented investment losses in 2008 and into early 2009. The Bush Foundation, like many private institutions, has not yet fully recovered into early 2010. The Bush Foundation’s investments totaled \$691.5 million as of December 31, 2009, after a net investment return for 2009 of 9.0 percent. Compared to a 2008 payout of \$39.9 million, the payout for 2009 was \$36.0 million, which includes our grant payments to third parties, grant-related expenses and administrative expenses.

Our program strategies require steady funding during difficult economic times, and our long-term investment objective is to generate an inflation-adjusted return in excess of the required IRS minimum 5.0 percent payout of average assets. We have targeted a payout of \$35.0 million to fund our 2010 needs and fully expect to deliver it. Our aim is to be a dependable and effective partner for Minnesota, North Dakota, South Dakota and the 23 Native nations that share the same geographic area. **(continued)**

INVESTMENT BALANCES AT YEAR END
(1978-2009) in millions



ANNUAL PAYOUT
(1978-2009) in millions



2009 HIGHLIGHTS



TRIBAL LEADERS ATTEND FIRST ANNUAL SUMMIT

The Bush Foundation sponsored an inaugural **Tribal Leaders Summit** in October 2009, bringing together leaders from the 23 Native nations that share the same geographic area as Minnesota, North Dakota and South Dakota. At the Summit, Frank Jamerson (above) of the Standing Rock Sioux Tribe was one of the participants who shared ideas about nation-building.



UNIVERSITIES PARTNER WITH THE BUSH FOUNDATION TO TRANSFORM TEACHER PREPARATION

Representatives from colleges and universities attended a press conference in December 2009, at which the Bush Foundation and its partner institutions announced an ambitious 10-year educational achievement initiative.

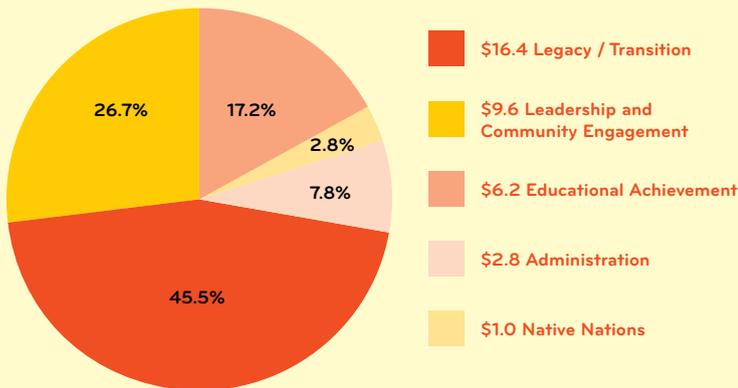


NONPROFIT CAPACITY BUILDING IN THE DAKOTAS

In early 2009, the Bush Foundation awarded \$2 million grants to the **Impact Foundation** (North Dakota) and to the **South Dakota Community Foundation** to build capacity of nonprofit organizations. As a result of this funding, a number of training workshops were held free-of-charge for nonprofits, including this day-long Nonprofit Fiscal Management Workshop in Aberdeen, South Dakota.

2009 PAYOUTS BY GOAL AREA

in millions



GOVERNANCE AND TRANSPARENCY

The Bush Foundation is committed to sustaining the public's trust through effective governance and full transparency. The Foundation is governed by a 15-member **Board** that is broadly representative of Minnesota, North Dakota, South Dakota and the 23 Native nations that share the same geographic area. In selecting new members, the Board considers individual attributes and representational factors, as well as strategic skills and experience. The performance of the Board and its individual members is reviewed every two years. Board members may serve up to four three-year terms.

All major strategy and policy decisions are made by the Board as a whole. The Board has chartered four committees to assist it in fulfilling its duties: audit, governance, finance and investment. The Board has also chartered an executive committee whose principal responsibility is to align the work of the Board and its committees with the Foundation's strategy, and to prepare the Board for major policy decisions at each of its four meetings during the year.

For more information on our governing principles, go to www.bushfoundation.org/about/principles.asp.

FOR AN UPDATE ON:

- Native Nations ➔
- Education ➔
- Leadership ➔

BOARD AND STAFF

FOUNDATION BOARD

Jennifer Alstad
Ivy Bernhardsen*
Dudley Cocke
Roxanne Givens*
L. Steven Goldstein*
Dwight Gourneau
Esperanza Guerrero-Anderson
Curtis W. Johnson
Eric J. Jolly, Ph.D.
Robert J. Jones, Ph.D.
Jan K. Malcolm
Tim Mather
Pamela Moret
Ann Mulholland
Wendy M. Nelson
Peter Pennekamp
William P. Pierskalla, Ph.D.*
Catherine V. Piersol
Gordon Sprenger*
Kathryn Tunheim*
Irving Weiser

* Denotes individuals who have since left the Foundation Board. See a list of our current [Board](#) and [staff](#).

FOUNDATION STAFF AS OF DECEMBER 31, 2009

Kari Berg
C. Scott Cooper
Julie Dagleish
Erin Dirksen
Paula Forbes
Rudy Guglielmo Jr.
Susan Heegaard
Sharon Hollingsworth
Peter C. Hutchinson
Catherine Jordan
Gülgün Kayim
Greg Keane
Kelly Kleppe
Martha Lee
Dianne Maki
Catherine McGuire
June Noronha
Deb Novak
John Otterlei
Jaime Pinkham
Alice Sanborn
Connie Sangren
Julie Sholing
Victoria Tirrel
Beth Villaume
Nancy Weidler
Julie Wells
Pam Wheelock



ON THE COVER

Boy diving, Honolulu Hawaii (16" X 20" black-and-white silver gelatin, 2002).

For 40 years, Tom Arndt has traveled extensively in America, Europe and Mexico documenting "how we look and act and react to the powerful and everyday moments that connect our common experience." His work is collected in *Home: Tom Arndt's Minnesota* (2009), available from the [University of Minnesota Press](#).

2009 FELLOWS AND ENDURING VISION AWARDS RECIPIENTS

BUSH ARTIST FELLOWS

David Adjmi
Keith Bear
Maura Bosch
Laura M. Flynn
J. Vincent Hansen
Greg Herriges
Laura MacKenzie
Peter Mayer
Sheila O'Connor
Matt Rasmussen
Thomas Scott
Dominique Serrand
Karen Sherman
Dáithí Sproule
Deborah Stein

BUSH LEADERSHIP FELLOWS

Jennifer E. Breen
Mike Bucsko
Farhiya M. Farah
Anita B. Frederick
Joellen M. Gonder-Spacek
Anab A. Gulaid
Miriam Duchess Harris
Kellee A. Hollenbeck
Shvonne L. Johnson
Patrice H. Kunesch
Jess O. Luce
Johara A. Mohammed
Michael J. Mouw
Heather A. Schoonover
Robert G. Strand
Jody L. TallBear
Scott M. Voss
Frankee L. White Dress

BUSH MEDICAL FELLOWS

Ken Britton, M.D.
Won Chung, M.D.
Laurie Drill-Mellum, M.D.
Susan Jenkins, M.D.
Aaron Larson, M.D.
Jonathan Larson, M.D.
Shao Chyi Lee, M.D.
Mary Jo Lewis, M.D.
Deb Mielke, M.D.
Dave Thompson, M.D.
Dan Trajano, M.D.
Laurel Wills, M.D.
Ed Zawada, M.D.

ENDURING VISION AWARDS RECIPIENTS

Kevin Locke
Michael Sommers
Mary Louise Defender Wilson

[Learn more about the fellows.](#)

BUSH FOUNDATION

332 Minnesota St., Suite E-900, Saint Paul, MN 55101
651.227.0891, www.bushfoundation.org

The Bush Foundation was established in 1953 by 3M executive Archibald Bush and his wife Edyth. The Foundation strives to be a catalyst to shape vibrant communities in Minnesota, North Dakota and South Dakota, and in the 23 Native nations that share the same geography, by investing in courageous and effective leadership that significantly strengthens and improves the well-being of people in these states and Native nations.