

ALASKA MENTAL HEALTH TRUST AUTHORITY

EXECUTIVE COMMITTEE MEETING

February 28, 2017
11:00 a.m.

Taken at:

3745 Community Park Loop, Suite 120
Anchorage, Alaska

OFFICIAL MINUTES

Trustees present:

Russ Webb, Chair
Mary Jane Michael
Carlton Smith
Laraine Derr
Larry Norene
Paula Easley (via Speakerphone)
Jerome Selby (via Speakerphone)

Trust staff present:

Greg Jones
Steve Williams
Heidi Wailand
Carley Lawrence
Michael Baldwin
Miri Smith-Coolidge
Katie Baldwin-Johnson
Amanda Lofgren
Carrie Predeger
Luke Lind
Vallette Keller
Kat Roch

Trust Land Office:

John Morrison
Craig Driver
Sarah Morrison

Others Participating:

Eric Campbell (via Speakerphone); Kate Burkhart (via Speakerphone); Denise Daniello (via Speakerphone); Charlene Tautfest; Brenda Moore.

PROCEEDINGS

CALL TO ORDER

CHAIR WEBB calls the meeting to order and asks for any announcements. There being none, he asks for a motion to approve the agenda.

TRUSTEE MICHAEL makes a motion to approve the agenda.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

CHAIR WEBB asks for any ethics disclosures. There being none, he moves to the minutes of the October 3, 2016, Executive Committee meeting.

TRUSTEE MICHAEL makes a motion to approve the minutes of the October 3, 2016, Executive Committee meeting.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

CHAIR WEBB moves to the auditors.

TRUSTEE NORENE asks if the intention is to approve this draft, or if it just a briefing.

MR. JONES replies that the draft is ready for approval except for the management discussion, which was not included and is being put together.

CHAIR WEBB asks if there is some imperative to move this quickly through approval.

MR. JONES replies that the state auditors and LB&A are having some difficulty in getting the State's audit together for the Legislature. There is a statutory requirement that has not been met, and we are not the only entity that is late.

CHAIR WEBB recognizes Eric Campbell and asks him to begin his presentation.

MR. CAMPBELL states that he is a partner with BDO and performed the audit for the Mental Health Trust for June 30, 2016. He continues that there will be an unmodified opinion on the report this year. He adds that it is a clean opinion. He states that there were no findings, questioned costs, or material weaknesses. He adds that the wrap-up of the audit is significantly delayed, and the main reason for that is the new accounting system implementation at the State of Alaska. He moves to the wrap-up document and states that nothing was found of concern that was needed to be made aware of. He goes through the financial statements, stating that because the Trust is a permanent fund entity within the State of Alaska, it is required to be reported under government auditing standards. He continues that a statement of net assets, which is on a full

accrual basis of accounting, is required. He adds that the noncurrent liability, like the net pension liability, would not be on the statement of net assets. The balance sheet is on the governmental accounting or budgetary accounting and does not include long-term activities. He explains in greater detail and goes through the assets, deferred outflows, the liabilities, and the net assets. He moves on and explains the statement of activities in detail. He finishes highlighting the financial statements and states that the footnotes break everything out in a lot of detail. He adds that there is nothing in the footnotes that need to be pointed out. He notes the opinion of the government auditing standards which states that there was no finding of internal control and did not find any compliance violations with laws or regulations.

CHAIR WEBB asks for any questions.

TRUSTEE NORENE asks for a better definition of "nonexpendable corpus."

MR. CAMPBELL replies that it is what is left of the original amount that was contributed to the Mental Health Trust as a permanent fund to fund the mental health issues over the years. He states that it needs to stay in there and generate income for future years. He adds that it basically rises and falls with the market.

TRUSTEE DERR asks where the LLC assets show up.

MR. CAMPBELL replies that it is on page 30 in the real estate "other" column.

MR. JONES states that in the wrap-up document it is the intent to issue an unqualified report next week. He asks if an action by the board is needed.

MR. CAMPBELL replies yes.

MR. JONES states that the Management Discussion and Analysis has the goal of getting done this week. He has suggested that the board take action on the audit work without the MD&A included.

MR. CAMPBELL states that is correct because as an auditor there is no opinion of that. The audit could be accepted as is, and then attach the MD&A to the front of it.

TRUSTEE EASLEY asks who prepares the MD&A, and if it will be Kevin Buckland under contract.

MR. JONES replies that contract has expired and John, himself and the accounting staff will try to put that together. He points out that this is not a normal situation. We are short-staffed, and had IRIS problems putting this together. He states that there is the option of not taking action and doing it at the May meeting, or to call a special meeting.

TRUSTEE NORENE makes a motion to approve the audit.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

TRUSTEE NORENE comments that the information provided in the audit is relevant to the concerns, from a trustee's point of view, that a change to the bylaws that the Full Board consider this instead of just the Executive Committee.

TRUSTEE SMITH states that he is happy for a nonqualified opinion. He adds that this is also an opportunity for the incoming CFO to confer and discuss some of those regulatory changes seen on the horizon.

MR. CAMPBELL states that was already discussed, and that he will get together with the new CFO and transfer as much knowledge as possible.

CHAIR WEBB asks for any other comments or questions. Hearing none, he thanks Mr. Campbell for the report, the hard work, and adds that an unqualified opinion is nice to have.

TRUSTEE NORENE makes a motion to adjourn the Executive Committee meeting.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

(Executive Committee Meeting adjourned at 11:47 a.m.)