

ALASKA MENTAL HEALTH TRUST AUTHORITY

FINANCE COMMITTEE

January 27, 2015  
1:30 p.m.

Taken at:

Permanent Fund Corporation  
Hugh Malone Board Room  
801 West 10<sup>th</sup> Street  
Juneau, Alaska 99801

**OFFICIAL MINUTES**

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Trustees present:

Laraine Derr, Chair  
Mike Barton  
Larry Norene (via speakerphone)  
Paula Easley  
John McClellan  
Russ Webb

Trust staff present:

Jeff Jessee  
Steve Williams  
Nancy Burke (via speakerphone)  
Miri Smith-Coolidge  
Kevin Buckland  
Natasha Pineda (via speakerphone)  
Carrie Predeger (via speakerphone)  
Luke Lind (via speakerphone)  
Carley Lawrence  
Michael Baldwin  
Valette Keller (via speakerphone)  
Amanda Lofgren  
Katie Baldwin-Johnson

TLO staff present:

Marcie Menefee  
John Morrison  
Paul Slenkamp

Others participating:

Kate Burkhart; Kathy Craft (via speakerphone); Bob Mitchell; Pam Leary; Darcy Lockhart (via speakerphone); Brandon Cullum; Peggy Schick; Mike Sobocinski (via speakerphone); Tawny Buck (via speakerphone).

## **PROCEEDINGS**

CHAIR DERR calls the meeting to order, and recognizes the Trustees present. She moves on to the agenda, and asks for any additions or corrections.

TRUSTEE WEBB makes a motion to approve the agenda.

TRUSTEE McCLELLAN seconds.

*There being no objection, the motion is approved.*

CHAIR DERR moves to the approval of the minutes for October 22, 2014, and asks for any additions or corrections. She states that her corrections are on page 2 of the minutes, about two thirds of the way down, change "rebid" cash to "remit." Then on page 5 of the minutes where Ms. Baldwin-Johnson states "biannual" should be changed to "biennial." She questions the motion on page 8, and asks someone to follow up on that, adding that it was a contingent motion. She asks for any other additions or corrections.

TRUSTEE McCLELLAN makes a motion to accept the corrected minutes of October 22, 2014.

TRUSTEE WEBB seconds.

*There being no objection, the motion is approved.*

CHAIR DERR moves on to the cash management report, and recognizes Kevin Buckland.

MR. BUCKLAND states that the cash management report is updated through December 31, 2014. He goes through the report, explaining as he goes along.

A short discussion ensues.

CHAIR DERR thanks Mr. Buckland. She suspends the agenda and introduces Pam Leary, the division director in the Department of Revenue, and Bob Mitchell, the chief investment officer.

MS. LEARY states that she is the division director of the Treasury and starts with an overview of the functions of the Treasury Division and what is done for the Trust in terms of all of the funds as it relates to investments. She also includes a quick overview of all investments managed by the Treasury. She then turns the presentation over to Bob Mitchell, the head of Fixed Income Fund Investments.

MR. MITCHELL states that the approach taken in this presentation is to start with the basics and build out from that. He starts with the Alaska Statute 37.0.070 which names the Commissioner and gives him/her the authority to invest on behalf of the State. He moves to Statute 37.0.071 which names the Commissioner as the fiduciary and points to the Prudent Investment Rule. He explains that fiduciary is a high duty that requires the person that is investing money to act solely for the benefit of the fund or the beneficiaries of the fund. He highlights and summarizes how the Department of Revenue satisfies the Prudent Investor requirements that are in statute. He continues his presentation, explaining as he goes along. He asks for any questions.

CHAIR DERR states that it has been six years since the last review and asks for any recommendations as to what can be done.

MR. MITCHELL replies that it is hard to reach beyond this portfolio and have an opinion about the overall asset allocation of the investments that are available to this Board. He states that the target asset allocation for the fund is a good thing, and the remaining question: Is it serving the role or purpose that the Board envisioned when it moved money from the Permanent Fund to the Treasury Division? He adds that he does not have the basis for answering that question.

A discussion ensues.

TRUSTEE WEBB thanks both for their excellent presentation. He states that the point made by Mr. Jessee about having the right mix in both the Permanent Fund and at Treasury is worth exploring.

CHAIR DERR states appreciation to Ms. Leary and Mr. Mitchell, and adds that the Department of Revenue is one of the Trust's statutory advisers. She goes back to the agenda and states the need for a motion in regard to the 2015 payout.

TRUSTEE WEBB makes a motion that the Finance Committee recommends that the Full Board of Trustees authorize the transfer of \$23,212,400 from the Alaska Permanent Fund Budget Reserve Account to the Mental Health Settlement Income Account to finance the FY2015 base disbursement payout calculation and AMPS smoothing phase-in. The CFO may fulfill this motion with one lump sum or multiple transfers.

TRUSTEE BARTON seconds.

*There being no objection, the motion is approved.*

CHAIR DERR moves to motion 2, reads it, and asks if everyone is comfortable with it.

TRUSTEE WEBB asks Mr. Buckland to explain the goal of this particular motion.

MR. BUCKLAND explains that this would authorize amounts that are above 200 percent of the payout that is invested at Treasury to be moved over to the Permanent Fund. He continues that, in theory, there is 200 percent in budget reserves and Treasury and Permanent Fund, and the amount would be moved. It follows the current of 200 percent.

CHAIR DERR asks if the amount moved to reserves means principal.

MR. BUCKLAND replies no, that would still keep its current state, which is budget reserves. He states that it is not an actual inflation-proofing or an assignment for inflation-proofing. It is just moving it from Treasury budget reserves to Permanent Fund budget reserves, and maintains the current flexibility in nature.

TRUSTEE WEBB states that it is following the policy that is in place.

TRUSTEE WEBB makes a motion that the Finance Committee recommends that the Full Board of Trustees authorize the CFO to transfer balances in excess of \$38.92 million from the Department of Revenue Trust Reserve Account, AKSAS Fund 34047, to reserves managed by the Alaska Permanent Fund Corporation. The CFO may fulfill this motion with one lump sum or multiple transfers.

TRUSTEE McCLELLAN seconds.

*There being no objection, the motion is approved.*

CHAIR DERR moves on to approving the motions from the Resource Management Committee. The first item is the C-2 Utility Extension.

TRUSTEE McCLELLAN makes a motion that the Finance Committee recommends that the Alaska Mental Health Trust Board of Trustees approve the expenditure of Principal Funds for sewer and water infrastructure improvements to and for the parcel known as C-2 in the amount of \$600,000 from the TA-DA, AKSAS Fund 34045. These funds do not lapse.

TRUSTEE WEBB seconds.

*There being no objection, the motion is approved.*

CHAIR DERR moves on to the Yosemite Utility Extension.

TRUSTEE WEBB makes a motion that the Finance Committee recommends that the Alaska Mental Health Trust Board of Trustees approve the expenditure of Principal Funds for sewer and water infrastructure improvements to and for a portion for the parcel known as Yosemite in the amount of \$900,000 from the TA-DA, AKSAS Fund 34045. These funds do not lapse.

TRUSTEE McCLELLAN seconds.

*There being no objection, the motion is approved.*

CHAIR DERR moves to the Medicaid expansion, and recognizes Mr. Jessee.

MR. JESSEE asks Natasha Pineda to begin.

MS. PINEDA notes that there is new data coming out of the Evergreen Report, and when it is available, all the Trustees will receive it. She states that Chris Ashenbrenner contacted her and clarified that she misspoke when she mentioned that the Mental Health Grants lapsed \$4 million last year. She continues that it was a misunderstanding, and Ms. Ashenbrenner wanted to correct that for the record. She moves on, stating that Medicaid expansion is a priority for the Governor and an area of high interest to the Trust, as expansion will be a catalyst for reform, which has many implications and will touch the lives of many Beneficiaries. She gives an overview on how the Trust staff is working with the Department of Health and Social Services, adding that different aspects are being fielded. She states that the primary role has been to coordinate the development of agreed-upon language, scope and deliverables for a potential contract. She continues that the Department of Health and Social Services has a team comprised of Chris Ashenbrenner, Monique Martin, Jon Sherwood, Kate Burkhart, and Ree Sailors. She states that there are many aspects to Medicaid Expansion Reform, and all stages and aspects of the technical assistance and consultations would be designed to assist safe and effective expansions for laying foundations for meaningful reform while galvanizing the current reforms that are underway. She continues that the Trust has a vested interest in this work, and staff has been engaging in many aspects to date. She turns it back to Mr. Jessee.

MR. JESSEE states that, originally, the Trust was looking at a \$450,000 contract. He continues that the Department looked into the possibility of getting an admin match. He goes into greater detail of what was pursued and the results of more cooperation.

A discussion ensues.

TRUSTEE WEBB makes a motion that the Finance Committee recommend approval to the Full Board of Trustees for up to \$400,000 from FY15 designated grants for technical assistance and consultation on Medicaid expansion and reform.

TRUSTEE BARTON seconds.

*There being no objection, the motion is approved.*

MS. ASHENBRENNER thanks the Trustees, stating that this will be a huge help to really do something, and they will do their best to make the Trustees proud.

MR. JESSEE recognizes Amanda Lofgren.

MS. LOFGREN states that in the last couple of meetings the Trustees have heard the 1915 Social Security section acronym soup and a lot about the four existing waivers which are 1915(c). She continues that the Department has done a lot of work around the 1915(k). She states that this request is specifically around the 1915(i), which is a collaborative project being submitted by the advisory boards, in addition to ABIN, to hire a contractor to develop and design an implementation plan for the 1915(i) home- and community-based State plan amendment. She clarifies that this is a State plan option and not a waiver service. She states that the 1915(i) targets Beneficiaries who fall through the cracks of service and are at risk of being placed in

skilled nursing homes, the Alaska Psychiatric Institute, intermediate care facilities for individuals with developmental disabilities, as well as residential psychiatric treatment centers, the Department of Corrections and homelessness. She continues that the 1915(i) primarily serves individuals who do not meet nursing facility level of care. She adds that a lot of the Beneficiaries currently may not qualify, but are still at a high risk for institutionalization. She states that this contract will allow for the Trust and advisory partners, Beneficiaries, the Department and stakeholders to engage in clearly understanding the 1915(i), identifying what that eligibility criteria is, because there can be multiple target populations served within the 1915(i), but everyone has to meet that same eligibility criteria, and then services can be targeted to each of those different target populations. She states that this will also allow for a comprehensive cost impact analysis to be done for the Department to move forward with making a decision in regard to implementing or adopting a 1915(i). She continues that this was a joint project submitted by the four boards, and asks Kate Burkhart to comment.

MS. BURKHART states that she is the executive director for the Alaska Mental Health Board and the Alaska Advisory Board on Alcoholism and Drug Abuse. She points out that explicitly in conversation with the Department around Medicaid expansion, the request for technical assistance is the intention that this will all be coordinated. She states that some of the conversation is around why this is a critical and contingent project. She continues that the proposal points out clearly the fact that there are many Beneficiaries that will be disenrolled from the PCA program because of not necessarily meeting the nursing home level of care criteria, but clearly cannot function in the community without those supports. She also points out that this is an emergent situation that is fast approaching.

TRUSTEE WEBB asks if part of these costs would also be matchable under the Medicaid administrative claim.

MS. BURKHART replies that, to her understanding, they are. She states that she is not sure whether the Commission on Aging or the Governor's Council have the authority to bill Medicaid, but the Department does.

TRUSTEE WEBB states that then the question becomes how much money is really needed here.

MS. LOFGREN explains that the proposals, most met the scope of what was needed which was around \$200,000. She states that the idea was to retain that funding internally and administrate that contract with the collaboration of the four advisory boards serving as the steering committee.

TRUSTEE WEBB makes a motion to recommend approval to the Full Board of Trustees for a contract not to exceed \$200,000 to develop the 1915(i) Medicaid State Plan Service Implementation Plan. \$100,000 is from the FY14 General Authority Grant Funds to the advisory boards, and \$100,000 is from FY15 Designated Grants.

TRUSTEE BARTON seconds.

TRUSTEE WEBB amends the motion to say that this should be up to \$200,000, with the caveat to make sure that whatever administrative is available is obtained and bring back a budget of what that would be.

*There being no objection, the motion is approved.*

CHAIR DERR moves on to the last designated grant, which is Behavioral Health Needs Assessment and Gap Analysis for Southeast Youth for Bartlett Regional Hospital. She recognizes Katie Baldwin-Johnson.

MS. BALDWIN-JOHNSON states that Darcy Lockhart, with Bartlett Hospital, is on-line. She continues that this request is to fund \$25,000 to Bartlett Hospital to contribute to the cost of funding a comprehensive local community and regional needs assessment for children and adolescent services. She adds that these funds will specifically be used to engage a contractor that will work with the community stakeholders and other regional service providers of child and adolescent services to inventory what is available, understand utilization of those services, identify those trends, make sense of those trends, and identify gaps and needs for service planning in this region. She states that Bartlett is concerned about the community's ability to support the needs of youth with psychiatric crises, longer-term needs of those youth in the region without sending them to Anchorage or out of state. She continues that Bartlett is contributing to this project, a combination of both cash and in-kind services. Their plan is to continue working with the stakeholders that have already been engaged, and reach out with others through the assessment process.

TRUSTEE WEBB makes a motion that the Finance Committee approve a \$25,000 FY15 Designated Grant to Bartlett Regional Hospital for the Behavioral Health Needs Assessment and Gap Analysis for Southeast youth.

TRUSTEE BARTON seconds.

*There being no objection, the motion is approved.*

CHAIR DERR thanks Ms. Baldwin-Johnson.

MS. LOCKHART thanks the Trust.

CHAIR DERR moves on to the motion for the shortfall of funds in the Designated Grant Fund.

TRUSTEE WEBB makes a motion to recommend approval to the Full Board of Trustees to use unobligated funds to increase FY15 Designated Authority Grants currently at \$560,000 by \$500,000 to a new total of \$1,060,000, AR167827.

TRUSTEE EASLEY seconds.

*There being no objection, the motion is approved.*

CHAIR DERR moves forward to the Aging in Place Renovation.

MS. LOFGREN states that this request is from REACH to renovate their existing group home, which has served Beneficiaries for many years who are now aging and require a more appropriate design that supports both their physical needs and to age in place successfully. She explains that REACH began exploring the condition of the home and the property with the needs of the Beneficiaries in 2007. She continues that REACH then participated in the predevelopment program to create a space plan, in addition to a cost estimate, to determine whether they should remodel or purchase property and build new. She states that it was determined that reconstruction was the most financially viable, and another home was identified to rent during renovation for the residents to live in until renovations were complete. She continues that this is a partnership project with Rasmuson Foundation. REACH has already secured a community block development grant through the City and Borough of Juneau, and they are securing a loan for this project.

TRUSTEE WEBB makes a motion that the Finance Committee recommend approval to the Full Board of Trustees for a \$75,000 FY15 Partnership Grant to REACH for the Aging in Place Renovation of Mark Alan Home Project.

TRUSTEE BARTON seconds.

*There being no objection, the motion is approved.*

CHAIR DERR states that the next item to come before the Finance Committee is the Alaska Seeds of Change request for \$70,000.

MR. JESSEE explains that Seeds of Change is a youth transition employment program to assist youth in transitioning from growing up to actually working for a living. It is built on a greenhouse model. He continues that there is a business plan to develop fresh vegetables and herbs for the Anchorage market. He adds that McCall Group did a market service for them and are very confident that the market does exist. He states that a warehouse for the growing operation has been secured, and the Department of Health and Social Services gave them a couple of million-dollar grants to acquire that and to get the program going. He explains that this \$70,000 is to hire a greenhouse growing manager and program director for six months in order to work up the business plan and actually get them into production.

TRUSTEE WEBB makes a motion that the Finance Committee recommend approval to the Board of Trustees for the \$70,000 FY15 partnership grant to Anchorage Community Mental Health Services for the Alaska Seeds of Change project.

TRUSTEE BARTON seconds.

A short discussion ensues.

*There being no objection, the motion is approved.*



MR. SOBOCINSKI thanks the Trustees.

CHAIR DERR moves on to LINKS Mat-Su Parent Resource Center, Inc.

MS. LOFGREN states that in 2011, the Trust, the Mat-Su Health Foundation, and other partners commissioned the community needs assessment to identify strategies to address the increasing needs of seniors in the Mat-Su. One of the four recommendations was an aging and disability resource center. She explains that this request is a partnership with LINKS, Mat-Su Health Foundation, and Senior and Disability Services to provide bridge funding to support the Aging and Disability Resource Center to sustain the existing level of services through FY16. She states that the Aging and Disability Resource Center provides information, referral, and options counseling to Beneficiaries regardless of funding sources, and often with no funding sources, to access community-based services, other supports to live in the community, or settings of their choice. She continues that the request is to provide \$30,000, and Mat-Su Health Foundation will provide the \$27,000 to get them through FY15. She adds that for FY16 there will be additional funds from Senior and Disability Services.

TRUSTEE WEBB makes a motion that the Finance Committee approve a \$30,000 FY15 partnership grant to the LINKS Mat-Su Parent Resource Center for the Mat-Su Aging & Disability Resource Center.

TRUSTEE BARTON seconds.

A short discussion ensues.

*There being no objection, the motion is approved.*

CHAIR DERR states that ends the Partnership Grants, which leaves less than \$60,000 remaining in the Partnership Grants for this year. She moves to Focus Area Reallocation.

MS. PINEDA states that in November a conversation around the impact of Ballot Measure 2 on youth and Beneficiaries and the important roles the Mental Health Trust can play in engaging and making sure that the Beneficiaries and boards are at the forefront of the conversation related to implementation of the ballot. She continues that, since then, Substance Abuse Prevention and Treatment Focus Area was looked at to see how to engage in this effort at the state and community level.

A short discussion ensues.

TRUSTEE WEBB makes a motion that the Finance Committee approve a reallocation of \$130,000 Substance Abuse Prevention and Treatment Focus Area Funds from FY15 Policy Development for work on marijuana policy.

TRUSTEE BARTON seconds.

The discussion continues.

*CHAIR DERR calls the votes. All in favor: Trustee McClellan, aye; Trustee Barton, aye. All opposed: Trustee Easley, aye; Trustee Webb, aye. Tied vote. Chair Derr votes aye. The motion carries three to two.*

CHAIR DERR moves on to the focus area, the HCBS Program Assistance and Pilot for \$250,000.

MR. WILLIAMS explains that these are the motions to redesignate the funds that were already approved at the November 20 Board Meeting from MHTAAR to Authority Grant so that the funds can RSA to the Department, assisting them with assessing up to 550 assessments for folks that the Department was way behind in getting done.

TRUSTEE WEBB makes a motion that the Finance Committee recommend approval to the Full Board of Trustees to redesignate \$50,000 of FY13 Housing Focus Area MHTAAR funds and \$200,000 of FY14 Housing Focus Area MHTAAR funds to Authority Grants to reverse the actions taken November 20, 2014.

TRUSTEE BARTON seconds.

*There being no objection, the motion is approved.*

TRUSTEE WEBB makes a motion that the Finance Committee recommend that the Full Board of Trustees authorize the Trust to negotiate a reimbursable services agreement not to exceed \$250,000 with the Division of Senior and Disability Services for the home- and community-based personal care assistance and pilot, with the caveat that as much of that as possible be matched with Medicaid dollars and that we not expend more than \$250,000 total, and that the Medicaid match reduce the amount of Trust expenditure by whatever amount is obtained. The funding is from as follows: \$50,000 from FY13 Housing IT applications and homes; \$50,000 from FY14 housing, IT applications and homes; \$150,000 FY14 housing, seniors with ADRD institution diversion.

TRUSTEE BARTON seconds.

*There being no objection, the motion is approved.*

MR. WILLIAMS thanks the Trustees for passing the motion. He states the other way to control this is the way the RSA is set up with DHSS. He continues that they will look at how the RSA is structured so that they are not only paying the costs that are not Medicaid admin reimbursable, but also tracking the amount of funds to accomplish getting the 550 or so assessments completed.

CHAIR DERR asks for anything else to come before the Finance Committee. She thanks all and adjourns the meeting.

(Finance Committee meeting adjourned at 4:03 p.m.)