

ALASKA MENTAL HEALTH TRUST AUTHORITY

FULL BOARD MEETING

January 29, 2014

1:00 p.m.

Taken at:

Alaska Permanent Fund Corporation
Hugh Malone Board Room
801 West Tenth Street
Juneau, Alaska 99801

OFFICIAL MINUTES

Trustees present:

Mike Barton, Chair
Laraine Derr
Larry Norene
Russ Webb
Paula Easley
Mary Jane Michael

Trust staff present:

Jeff Jessee
Steve Williams
Kevin Buckland
Katie Baldwin-Johnson
Nancy Burke (via telephone)
Bill Herman
Mike Baldwin (via telephone)
Miri Smith-Coolidge
Kate Burkhart
Amanda Lofgren (via telephone)
Natasha Pineda
Carley Lawrence
Kathy Craft
Denise Daniello

TLO staff present:

John Morrison

Others participating:

Millie Ryan; Donna Mong; Sheila Soule; Fred Kopacz (via telephone); Mary McEwen (via telephone); Brenda Bogowith (via telephone).

PROCEEDINGS

CHAIR BARTON calls the meeting to order, and asks for a roll call. He moves on to the agenda, asking for any changes or modifications. There being none, he asks for a motion of approval.

TRUSTEE DERR makes a motion to approve the agenda.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

CHAIR BARTON moves to the minutes of November 21, 2013, and asks for any corrections or modifications.

TRUSTEE DERR makes a motion to approve the minutes of November 21, 2013.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

CHAIR BARTON asks for any ethics disclosures. There being none, he asks for any comments or questions on the Guiding Principles. There being none, he moves to the staff report.

CEO UPDATE

MR. JESSEE gives an update on the budget status in the Legislature, and explains the budget cuts. He continues to the Senate side, stating that there is less likelihood of a move to significantly reduce the budget. He adds that they have started the weekly communications, legislative meetings, and will be tracking the bills. He states that moving a significant amount of money over to Corrections could be a big issue, which has been suggested by Representative Neuman. He adds that he encouraged looking at setting some goal or target rather than just looking at strategies. He concludes his update.

CHAIR BARTON asks for any comments or questions.

MR. WILLIAMS states that interviews for the admin manager were done the last couple of weeks, and an offer had been made to an individual who currently works for the Department of Administration, general services. Valette Keller has accepted, and she will be starting the last week of February.

CHAIR BARTON recognizes Trustee Paula Easley for the Planning Committee report.

PLANNING COMMITTEE REPORT

TRUSTEE EASLEY states that there is an important event coming up that Russ Webb and Mary Jane Michael have put a lot of effort into. She asks Trustee Michael to give the details.

TRUSTEE MICHAEL states that the Morningside Reception will be held today at 4:30, and the database for the 4,000 Alaskans that were served there will be rolled out. She thanks Carley for the fantastic job of putting this together in a matter of weeks. She adds that it will be a great presentation. She asks Carley to give an update on attendance.

MS. LAWRENCE states that individual invitations were handed out as well as being emailed to all legislators. She continues that she has not heard direct feedback and will be going around the Capitol later to remind folks and encourage their attendance.

MR. JESSEE adds that the announcement has been posted on the bulletin board of each floor of the Legislature.

TRUSTEE EASLEY states that it will be an interesting afternoon, and hopes everyone will be there. She moves on to the Planning Meeting report. She states that the newest and biggest project is the substance abuse prevention and treatment focus area, and goes through the update that Katie Baldwin-Johnson gave at the meeting. She continues that the planning at the Trust is looking at a public health approach to develop a comprehensive approach that complements the partners, and that is beginning with baseline data about behavioral health systems and conducting polling on the existing information on community public attitudes and beliefs, and working on increased advocacy. She states that there was a concern expressed by one of the Trustees that there be a significant involvement by the Alaska Native community, which has taken place. She continues that programs that show results and have the data to substantiate those results will be the ones funded in the future. She talks about the focus on seniors and home- and community-based services and the collaboration with the Alaska Commission on Aging on the State plan for Alzheimer's disease and the Power of Aging Summit. She asks Mr. Herman to talk about the Scorecard.

MR. HERMAN states that a five-year lookback was done on the Scorecard, and found that there were more satisfactory indicators over the years. He continues that there were two in the beginning; then went to six; and now back to five in 2013. He adds that four of the six were worked on that related to initiatives that had some funding in at various points for the Commission on Aging has worked on. He states that a results-based accountability software is being used that is going to be Web-based with the hope to eventually embed on the Web site so

that people can drill down into what is happening related to various indicators. He talks about expanding on identifying and forecasting the status of the needs of the Beneficiaries, connect into policies and programs, and plans on improving those services related to the data. He adds that then the implementation of things, like the focus areas, will be evaluated.

TRUSTEE EASLEY states that after that point it will be a very useful tool in looking at budget items. She thanks Mr. Herman, and continues her report. She states that the Trustees discussed the various Trust focus areas and looked at how to generate more support for them. She continues that the Complex Behavioral Program has generated data that shows that it does save money, and asks Mr. Jessee for some information on Empowering Hope.

MR. JESSEE states that Senator Kelly expressed an interest in a legacy project to try to deal with the impacts of excessive alcohol and substance use, and pulled together a group that has been titled "Empower Hope". He continues that the group has initially identified three areas to move forward on: One is to basically eradicate fetal alcohol syndrome from the state out of a belief that the economic impact to the state is substantial in terms of lifetime costs to deal with folks with those severe disabilities; second strategic area is to rally natural responders in communities; and third is looking at how to enhance the infrastructure in rural Alaska to create more economically viable communities. He states that the slides will be presented tomorrow in Senate Finance with a chance for the Senator to have some dialogue with the Trustees about his vision.

TRUSTEE EASLEY asks about any discussions about budget numbers.

MR. JESSEE replies that there are no specific budget numbers yet.

TRUSTEE EASLEY asks for any questions, and recognizes Mr. Herman.

MR. HERMAN refers to the Alaska Scorecard, and thanks Mary McEwen for all her hard work on the reworking of the Scorecard this year and last year.

MS. McEWEN states that it is her pleasure and looks forward to a continued partnership.

TRUSTEE EASLEY concludes the Planning Committee Report.

CHAIR BARTON thanks Ms. Easley, and asks for any questions or comments. There being none, he moves on to the Finance Committee.

FINANCE COMMITTEE REPORT

TRUSTEE DERR states that the Finance Committee met on January 3, 2014, in Anchorage and begins with the transfers.

TRUSTEE DERR makes a motion that the Finance Committee recommends that the Full Board of Trustees approve the transfer of \$21,992,900 from the Alaska Permanent Fund budget reserve account to the Mental Health Settlement income account, AKSAS fund 34046. The transfer is to

finance the FY2014 base disbursement calculation of \$18,240,500, plus \$3,752,400, to phase in smoothing all payout components of the current AMPS. The CFO may fulfill this motion with one lump sum or multiple transfers.

CHAIR BARTON asks for any comments or questions.

There being no objection, the motion is approved.

TRUSTEE DERR states that the second item is the budget reserve rebalancing.

TRUSTEE DERR makes a motion that the Finance Committee recommends that the Full Board of Trustees approve the transfer of \$3.5 million from budget reserves managed by the Department of Revenue Treasury Division to the Alaska Permanent Fund Corporation to rebalance budget reserves between investment managers.

CHAIR BARTON asks for any questions, and recognizes Trustee Norene.

TRUSTEE NORENE asks about the necessity for doing this, the rebalancing, and if it is a requirement that those reserves are balanced at the Permanent Fund versus Treasury.

MR. BUCKLAND replies that it is in accordance with the AMPS to rebalance, and it is just moving funds between budget reserves. He goes through the performance on the cash management side.

MR. JESSEE states that it is a requirement.

There being no objection, the motion is approved.

TRUSTEE DERR states that the third item is in regard to inflation-proofing.

TRUSTEE DERR makes a motion that the Finance Committee recommends the Full Board of Trustees approve the transfer of \$5 million from budget reserves managed by the Alaska Permanent Fund Corporation to the principal to inflation-proof the fund.

CHAIR BARTON asks for any questions, and recognizes Trustee Norene.

TRUSTEE NORENE states that he does not think this is a necessary move for the sole purpose of inflation-proofing.

TRUSTEE WEBB voices his objection.

A discussion ensues.

TRUSTEE WEBB removes his objection and asks that the Finance Committee make an effort to review what the policies are and make sure that they are the correct policies.

TRUSTEE NORENE states that in Mr. Buckland's handout it is stated that the third alternative is not to do anything at this time, given that it was not necessary.

MR. BUCKLAND states that the options are to either move it permanently over or create sort of a nominal account that heretofore has not been officially done, but would put the Board on record indicating that the plan is not to spend those funds.

The discussion continues.

TRUSTEE WEBB proposes an amendment to the motion, that the Full Board of Trustees approve establishment of an inflation-proofing account within the budget reserve managed by the Alaska Permanent Fund Corporation, and the transfer of \$5 million into that account.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

CHAIR BARTON moves back to the original amendment and asks for further discussion.

There being no objection, the motion is approved.

CHAIR BARTON asks the Finance Committee to review the existing policies and report back at the next board meeting. He calls a 15-minute break.

(Break.)

CHAIR BARTON calls the meeting to order, and recognizes Trustee Derr.

TRUSTEE DERR makes a motion that the Finance Committee recommends that the Full Board of Trustees approve a \$75,000 designated grant to Alaska Pacific University for the doctoral program in counseling psychology accreditation project.

There being no objection, the motion is approved.

TRUSTEE DERR makes a motion that the Finance Committee recommends that the Full Board of Trustees authorize the CFO to increase existing FY14 Authority Fund expenditure authorization for designated grants, AKSAS AR No. 16865-17, by \$500,000, and approve these funds to be awarded in a new designated grant to the Alaska Primary Care Association for the Primary Care Medical Home Project.

There being no objection, the motion is approved.

TRUSTEE DERR states that the next request is from the Quyana Clubhouse expansion.

TRUSTEE DERR makes a motion to recommend approval to the Full Board of Trustees for a \$50,000 FY14 designated grant to Southcentral Foundation for the Quyana Clubhouse expansion project.

TRUSTEE NORENE states that the cost was not reasonable for the product, and asks what happened to the project.

MR. KOPACZ explains that the project is being built on federal land which has a lot of constraints on what can be done, and requires all kinds of approvals from the Federal Government, including the fact that a permanent structure cannot be erected.

CHAIR BARTON calls the vote; the motion fails.

TRUSTEE DERR makes a motion to approve changing the intent of \$79,999 of the FY13 MHTAAR Governor's Council for Disabilities Special Ed Disability Employment Initiative to the FY14 MHTAAR Governor's Council for Disability and Special Ed to increase employment of people with disabilities, making them less dependent on government-funded programs.

There being no objection, the motion is approved.

TRUSTEE DERR makes a motion that the Finance Committee reaffirms the instruction for Trust staff to issue a request for proposals to obtain investment consultant services with regard to asset allocation, and the draft RFP was included with the packet.

TRUSTEE NORENE states that he looked at the proposed RFP and it appeared too broad in scope to be useful for the amount of money in mind, and it did not accomplish what is truly wanted to be accomplished.

TRUSTEE DERR states concern in redoing the study.

A discussion ensues.

CHAIR BARTON states that the concern is that, as currently written, the right information is not being received.

TRUSTEE WEBB makes a motion that the Board of Trustees direct the Finance Committee and all Trustees with an interest to review the specifics of the RFP for a review of the assets allocation, and to come up, by the next meeting, with an agreed-upon RFP that answers the questions that Trustees believe need to be answered.

TRUSTEE DERR seconds.

There being no objection, the motion is approved.

TRUSTEE DERR asks Mr. Buckland for the cash management report.

MR. BUCKLAND states that the cash management worksheet has been updated through December, which is halfway through the fiscal year, and walks through the revenues. He asks for any questions.

TRUSTEE DERR concludes the Finance Committee report.

CHAIR BARTON asks for any questions or comments. There being none, he moves to the Resource Management Committee report.

RESOURCE MANAGEMENT COMMITTEE REPORT

TRUSTEE NORENE states that there are four different items from the last RMC meeting that require Full Board approval.

TRUSTEE NORENE makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the negotiated lease of Trust land on Cahoon Creek for mining of placer gold, as proposed.

There being no objection, the motion is approved.

TRUSTEE NORENE makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the competitive offering of approximately 60 existing subdivision lots and small-sized parcels through the TLO's Annual Land Sale program.

There being no objection, the motion is approved.

TRUSTEE NORENE states that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the negotiated lease of Trust mineral estate on Dome Creek for mining of placer gold, as proposed.

There being no objection, the motion is approved.

TRUSTEE NORENE states that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the negotiated leasing of four oil and gas lease tracts for exploration and development of Trust gas resources, as proposed.

There being no objection, the motion is approved.

TRUSTEE NORENE states that those were the items that required approval. He continues that Mr. Morrison will go over the negotiations with Buccaneer and CIRI and the TLO regarding gas allocations.

MR. MORRISON states that Ms. Menefee is in an AOGCC hearing with CIRI and the State of Alaska regarding the Kenai Loop parcel to determine the allocation of interest, and some

headway is being made. In addition, he adds that there is new information on the ATI (agreement to initiate) with the Forest Service for the land exchange. He continues that the Forest Service is reporting that they are 80 percent complete with the feasibility analysis. He states that work is being done on funding with the DOT on marine bulkhead in Icy Bay, which is a major infrastructure aspect of actually transferring the logs to a barge. He continues that the Parks building in Washington has been officially closed. He adds, that is the extent of the items on the list.

TRUSTEE NORENE states that there was a discussion on the need for more timely meetings, and asks for a few meetings, even telephonically, during the three-and-a half-month gap.

CHAIR BARTON states that there was a commitment for two meetings for the recognition of this situation, and that is still valid. He adds to let him know, and the special meetings will be called, as needed.

TRUSTEE NORENE concludes his report.

MR. JESSEE asks Mr. Morrison for an update on the Health and Human Services building and the L Street property.

MR. MORRISON replies that there have been some high-level discussions about the possibility of locating the Department of Health and Social Services building on the L Street parcel and are in continued talks in terms of the cost of putting the facility on that particular parcel. He adds that in the interim there is a high-visibility sign on the parcel, and there are reputable parties interested.

TRUSTEE EASLEY asks about the road through the U-Med District.

MR. MORRISON replies that he is actively involved in the U-Med area planning committee, and there are currently four different paths. It is unclear how it will turn out.

TRUSTEE MICHAEL states that the DHSS building is owned by the city and is in a condition that needs to be demolished. She continues that they are not in a position to pay a lease rate that would be comparable with the kind of building the Trust would want to construct, and recommends looking at that existing DHSS site. She adds that she would be happy to discuss this.

A short discussion ensues on the subject.

MR. JESSEE moves on to HB 77, the in-stream flow reservations and the public notice issues. He states concern on whether the work being done on that bill is addressing all of the potential Trust issues that might need to be put forward in that. He asks if there is an interest in looking at this because these negotiations are happening right now.

TRUSTEE EASLEY states that this bill was short a couple of votes, and there is a commitment to getting that bill on the floor very soon. She adds that it is very important because the Trust stands to earn over \$300 million over the years with the Chuitna process.

MR. MORRISON states that he received a joint letter from the Resource Development Council and the Alaska Miners' Association that does a good job explaining what the old in-stream reservation methodology was and exactly what is being currently proposed to change so everyone will be on the same page as to what HB 77 does. He continues that he would be happy to entertain a thought of proposing a beneficial change.

TRUSTEE EASLEY states that the bill is going to the Senate Resources Committee, and that would be an opportunity. She adds that they are open to modifications.

A discussion ensues.

MR. JESSEE asks if there is an interest in a private contract for a resources attorney for this.

TRUSTEE NORENE agrees.

A discussion ensues on engaging an attorney.

CHAIR BARTON states that this has broad implications for many aspects of resource development and other things.

MR. JESSEE states a look at Mr. Morrison's point to look at the resulting framework and invest in the in-stream flow reservations on all Trust land without waiting for a development to appear, which will draw tribal response.

TRUSTEE NORENE concludes the Resource Management report.

CHAIR BARTON asks what happens in the Forest Service exchange when the ATI is received in April. He continues that he would like to know when the exchange will happen.

MR. MORRISON replies that after the ATI there are still 62 steps, and he explains that the next hurdle is the conflict between the State approval process and the Federal approval process, whereby the appraisals may become stale, thereby necessitating a continual flip-flopping of approval.

CHAIR BARTON asks how that relates to the available timber supply of the Trust.

MR. MORRISON replies that, until the transfer, the Trust owns the property and could potentially do whatever with it. He adds that this is a land exchange, not a timber exchange. He continues that it could affect the value of the land, but not as much as expected.

A discussion ensues.

CHAIR BARTON thanks Trustee Norene and states that brings the meeting to the end of the agenda. He states that there are some other items to discuss, and begins with having the May board meeting in Anchorage or elsewhere. He adds that last year it was held in Fairbanks.

A discussion ensues, ending with a decision to hold the May meeting in Fairbanks.

CHAIR BARTON asks staff to develop some listing of the opportunities of field trips, et cetera, in the Fairbanks area for the May meeting.

MR. WILLIAMS asks to talk about the dates for the May meeting, stating that it is currently scheduled for one day, Wednesday, May 7.

CHAIR BARTON asks to include the options for the dates in the opportunities list. He thanks all.

(Board Meeting recessed at 12:00 p.m. and reconvened at 11:30 a.m., January 30, 2014)