

ALASKA MENTAL HEALTH TRUST AUTHORITY
SPECIAL FULL BOARD MEETING

October 26, 2016
11:45 a.m.

Taken at:
3745 Community Park Loop, Suite 120
Anchorage, Alaska

OFFICIAL MINUTES

Trustees present:

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

Trust staff present:

Jeff Jessee
Steve Williams
Miri Smith-Coolidge
Amanda Lofgren
Heidi Wailand
Kevin Buckland
Luke Lind
Mike Baldwin
Carley Lawrence
Carrie Predeger
Katie Baldwin-Johnson
Valette Keller

TLO staff present:

John Morrison

Also present:

Kathy Craft; Kate Burkhart; Patrick Reinhart; Sherry Henshaw; Faith Myers; Dorrance Collins;
Susan Musante; Lisa Cauble; Brenda Moore; Charlene Tautfest, Paul Wilcox.

PROCEEDINGS

CHAIR WEBB calls the Special Full Board of Trustees to order, and states that all trustees are present. He asks for a motion to approve the agenda.

TRUSTEE NORENE makes a motion to approve the agenda.

TRUSTEE EASLEY seconds.

CHAIR WEBB asks if there are any objections to removing the executive session from the agenda.

There being no objection, the motion is approved.

TRUSTEE DERR states that she is not sure if this should be added to the agenda or not. She continues that a letter was received from a couple of people in regard to an audit, and she thinks there is a need to talk about it. She adds that she does not know if that is a legal issue that needs an executive session.

CHAIR WEBB replies that, as far as he knows, it is not a legal issue. It is not on the agenda, but can be added with a vote.

TRUSTEE DERR asks how it will be handled.

TRUSTEE NORENE replies that he plans to comment on it at the Resource Management Committee meeting.

TRUSTEE DERR states that her concern is that it is in regard to the policies of the Trust and not the Resource Management Committee. She recommends that it be handled at the board level.

CHAIR WEBB states that he just arrived in town and has seen two letters from two individuals. One was seeking the Legislative Council to do an audit of the Trust Land Office, and various items related to the Trust Land Office. The second letter was directed to Representative Hawker to ask for a legislative audit of the same things. He continues that there is no action item because at the moment there is no legislative audit pending. He adds that his approach would be to talk to the individuals who sent the letter to learn the purpose, and then to speak with the chair of the Legislative Council and determine their intentions.

CHAIR WEBB states that there is an agenda item on the Mental Health Trust Authority operations, organizational review, and personnel issues.

TRUSTEE NORENE states that it has become clear that there is a needed change in the organization to meet the needs of the beneficiaries of the future; specifically, with regard to principal and income. He continues that a new effort and orientation of leadership is needed to accomplish that, which includes the trustees. He adds that the present fiscal crisis exacerbates that problem. He goes into the needs in greater detail, adding the need to understand, guide and support the efforts of the TLO for providing both growth and income. He recognizes that the CEO has been very successful in creating an organization and providing that leadership up to this

time. He continues that a newer, more financially oriented organization needs efficiency and effectiveness in that relation, and the present CEO does not have the skill set for those particular issues. His thoughts are the need for a different style of leadership, both trustees and CEO.

TRUSTEE DERR states that she thought that was what was discussed at the Executive Committee meeting; to put out and look at an organizational review.

TRUSTEE NORENE states that this is about a new organizational plan.

TRUSTEE SELBY asks about the purpose of today's meeting. He states that he finds it curious that there is no packet material provided to the board on which to base an intelligent discussion on anything. He finds that especially a disservice to the Trust beneficiaries because they have no way of having any idea of what this board meeting is about, and this is their organization. It is the beneficiaries' organization. He continues that he has a major problem with what Trustee Norene said about changing the structure of this organization, the beneficiaries' organization. It is now going to become a financial management organization on which the beneficiaries are secondary. He adds that he will never vote for that because it is totally opposite of why the Mental Health Trust was established, to take care of these folks. He states that changing the structure of this organization in that way will create some real issues at the legislative level for this organization.

TRUSTEE NORENE states that his point is that the present CEO does not have the skill set needed to assist the trustees in redesigning the plan. A change of leadership is needed.

TRUSTEE DERR states that this is putting the cart before the horse. The goal is put out there, what is wanted, and then an action is made. This is moving Mr. Jessee out of his job without a direction or plan. She continues that she assumes that there have been enough secret meetings, the action has been taken. She adds that all the trustees have not been included; three have never been involved in a meeting.

TRUSTEE SMITH states that it is not his intent to shut down the discussion, but there are some decorum issues right now.

CHAIR WEBB recalls under Robert's Rules that individuals are not to be attacked, disparaged, as has just occurred. He asks that all stick to the issues. Over the past year and a half, the CEO has been relieved of authority to oversee the Trust Land Office finances and otherwise; something that the trustees delegated some time ago. There has been a relatively ineffective effort to try to make the two organizations work effectively together. He talks about the fiduciary responsibility to be advocates and funders of services and generate as much income to make that possible.

TRUSTEE EASLEY states that she read over the CEO's job description and thinks that he fully complies with the requirements of his job description.

CHAIR WEBB states that the CEO job description was not adopted by the trustees.

TRUSTEE EASLEY continues that, over the years, Mr. Jessee's performance has been evaluated and there were no complaints. She states that at each evaluation she contacted the advisory boards, and the consensus has been that he always did an excellent job, even though sometimes they disagreed with him. He is someone who can defend every aspect of the Mental Health Trust Budget at the Legislature. She states that the Chair and Trustee Norene went and presented an option that was not authorized by the board. This is so important that all of the advisory boards should be contacted and consulted concerning the decision. The Trust does not operate in isolation.

CHAIR WEBB states that to debate the issue a motion is needed.

TRUSTEE SELBY makes a motion to proceed with the organizational review by an outside agency, as discussed at the last board meeting, and take a look at it at the November board meeting. The draft is ready to be reviewed by outside folks who might want to bid on it so that the RFP can be tightened up for the review in November.

TRUSTEE DERR seconds.

CHAIR WEBB states that he understands the motion. It is to proceed with a solicitation or a request for information, and asks which is the preference.

TRUSTEE SELBY replies that it was his understanding that a request for proposal to send out to folks who do this as a course of business was going to be prepared to look at the organizational structure and give a recommendation about how to restructure the organization for the future effectively. This was his understanding of the discussion at the last board meeting. He states that to take an action prematurely without getting outside expert consultation is not right.

TRUSTEE DERR adds that the minutes state that we will come back at the November board meeting in regard to the organizational review.

CHAIR WEBB reviews the history and his understanding of the executive committee meeting and the discussion.

TRUSTEE SELBY disagrees, stating that it never came up for an action.

TRUSTEE EASLEY states that it was tabled.

CHAIR WEBB adds, that was after discussion in which all trustees participated.

TRUSTEE SELBY disagrees. All the trustees did not participate, but were listening in.

The discussion continues.

TRUSTEE SMITH calls the question.

CHAIR WEBB states that there has been a motion to call for the question.

TRUSTEE NORENE seconds.

CHAIR WEBB asks if there is an objection to voting on the question, which is to bring the question to a vote.

There being no objection, the motion is approved.

CHAIR WEBB states that the motion is to proceed with the development of a solicitation to be considered by trustees at the November meeting for an organizational review. That has been moved and seconded.

There being no objection, the motion is approved.

TRUSTEE NORENE asks about the tabled issue.

CHAIR WEBB states that the tabled issue at the Executive Committee was the RFI. He continues that the motion was made and passed in the September meeting, and then reaffirmed here was for staff to move forward with developing a draft solicitation to bring back to the trustees for an organizational review. Rather than an RFI, there will be a draft of a solicitation for consideration at the November meeting, and the trustees will determine at that time if that meets the goals or if it needs to be readjusted. He adds that in the course of the drafting of that solicitation, between now and November will be an opportunity for input.

TRUSTEE SMITH asks about Mr. Jessee.

CHAIR WEBB states that he has a document and asks Mr. Jessee if he would like to read it.

MR. JESSEE moves back to the motion and states that there is a little confusion as to how to proceed here, because the RFLOI was done and the Executive Committee did not feel it was hitting the mark. He asks if an RFP is to be prepared now. He states that the idea behind the RFLOI was to get enough information to be able to craft a good RFP. He continues that he is pretty insecure about being able to develop an RFP that will meet the needs without some input from the trustees. He requests assigning this to a committee or something so it can be done right. He adds that we are in no better position to define it now than we were before.

CHAIR WEBB states that it can be assigned to a standing committee to help better define the mark that is trying to be hit with an organizational review, or we can assign a special committee.

TRUSTEE SMITH states his interest.

TRUSTEE NORENE states his interest.

TRUSTEE SELBY states no recollection of hearing any objections to what was in the document at the very brief Executive Committee meeting in which all did not participate. Some were in listening mode because of not being on the Executive Committee. He continues that to imply that he somehow participated in that discussion is absolutely incorrect and inappropriate. He adds that he did not realize that he had an opportunity to even participate or speak at that

meeting, because, normally, that would not be happening when an Executive Committee meeting is happening. He does not recall anybody being able to articulate any problem that was perceived with the document that had been prepared by the staff to go out and try to get some additional input from the professionals who do this kind of thing so that a better document could be made out of the request for the proposal. He asks if someone would enlighten him on what was identified at that meeting in terms of what was inadequate as far as getting input from the professionals.

TRUSTEE EASLEY replies that there was none. Trustee Norene made a motion to table, and that was the end of it.

CHAIR WEBB states that the events of the Executive Committee meeting will not be debated, and there is no need to fail to keep decorum. To allege dishonesty or wrongdoing or whatever is inappropriate, and asks all to focus on the issue at hand. The issue at hand being that a motion has been passed to have drafted a solicitation for an organizational review for consideration by the board at the November 17th meeting. He assigns the full Finance Committee to work towards developing that better target and better direction so staff will have a better understanding of where to get to and to work with staff in regard to that. He states that issue is resolved, at least until there is another draft for consideration at the November 17th meeting. He moves on to the document from Mr. Jessee, and asks him to read it.

MR. JESSEE states that this is addressed to the Board of Trustees, October 26, 2016:

"Since I arrived in Alaska in 1980 as a VISTA Volunteer working with what is now the Disability Law Center, I have dedicated my professional career to serving the Trust beneficiaries. For the last 21 years, I've been privileged and honored to serve them as the CEO of the Trust.

"The Trust and the beneficiaries will face many unprecedented challenges as Alaska deals with our fiscal and economic difficulties. It is clear that a majority of the Board of Trustees believes that significant changes in the Trust organization, and efforts must be made to meet these challenges.

"These changes will require new perspectives and ideas to ensure that the Trust can meet the needs of the beneficiaries well into the future.

"Therefore, I believe that it is in the best interest of the beneficiaries, the Trust, and myself that I resign as CEO in favor of a different role within the Trust.

"This will enable me to continue to serve the beneficiaries to the best of my abilities, and enable the Board of Trustees, the Trust, and the Trust Land Office to focus on making adaptations that will enable the Trust to best meet the needs of the beneficiaries now and in the future.

"To facilitate changes in my role, and the direction of the Trust, I submit my resignation effective as of the effective date of the approved appointment of my successor.

" Jeff Jessee."

CHAIR WEBB recognizes Trustee Norene.

TRUSTEE NORENE makes a motion that the Trust accept the resignation of Jeff Jessee as CEO effective on the date the appointment of his successor as CEO is approved. He further moves that the trustees appoint Greg Jones as CEO of the Trust Authority to be forwarded immediately to the Chief of Staff and become effective on the date of the approval. Finally, he moves that

Mr. Jones be authorized to appoint Mr. Jessee to a position of program officer effective on the date Mr. Jessee's resignation becomes effective, with no break in service, to enable him to continue to serve the interests of the Trust beneficiaries.

TRUSTEE SMITH seconds.

TRUSTEE SELBY asks for a division of the motions.

TRUSTEE DERR seconds.

CHAIR WEBB has asked that the individual motions be divided, and his understanding is that they follow and depend upon each other. He asks if there is objection to Mr. Selby's motion to divide the various motions.

TRUSTEE NORENE states, as maker of the motion, he objects to that. He continues that it could harm the intent and the facilitation of retaining Mr. Jessee to serve the beneficiaries.

CHAIR WEBB asks who is in favor of dividing the motions and calls the vote: Trustee Easley, yes; Trustee Selby, yes; Trustee Derr, yes; Trustee Smith, no; Trustee Norene, no; Trustee Michael, no; Chair Webb, no. The motion fails.

CHAIR WEBB states that there is a motion on the floor, and it has been seconded. He adds that there will be a roll call vote on the motion.

TRUSTEE EASLEY asks for discussion on the motion.

CHAIR WEBB replies yes.

TRUSTEE DERR states that her problem with this whole thing is a legal issue, and she thinks that there should be an attorney review because she thinks that due process has not been followed.

CHAIR WEBB asks that she precisely state the concern about due process. There is a motion on the floor.

TRUSTEE DERR explains in regard to accepting Mr. Jessee's resignation, in regard to due process, the whole Board of Trustees have not talked about what the problem is, been able to ask Mr. Jessee questions as to why he is resigning. She then talks about a new person who has no program experience to run the Trust, stating that she has a real problem with that. She asks if there should be some legal advice.

CHAIR WEBB states that the question is duly noted. There is a motion on the floor. He asks for any more discussion.

TRUSTEE DERR asks if an attorney has been consulted.

TRUSTEE NORENE replies that the Trust has retained an attorney, Mr. Paul Wilcox.

TRUSTEE DERR asks how that came to be. She states that she was never asked about hiring an attorney.

TRUSTEE NORENE explains that the Executive Committee chose to hire an attorney, and there had been a threat of litigation.

TRUSTEE DERR asks at what meeting that occurred. She adds that it did not happen at the Executive Committee that she listened to. She asks at what Executive Committee meeting did that occur? She inquires, nobody remembers? She states that is because it was a meeting that was not public-noticed.

CHAIR WEBB recognizes Trustee Selby.

TRUSTEE SELBY states that he asked for a division of the motion because there are three very distinct and very important actions that are taking place there. The second one, appointing someone he never heard of, there is no resume, and he is being asked to vote on retaining this person as the executive director for the Trust. He finds that unacceptable. The normal process would be to advertise for applicants to fill a position. The board would have the ability to review all of the applicants and go through a selection process to determine who is the best-qualified individual to fill the now-vacant position, and then the board would vote on hiring that individual. He continues that the board has been closed out of the process of reviewing and making a selection from the best-qualified applications. He states that he does not see how the Mental Health Trust beneficiaries are well served at all by that type of action. He thinks it is totally inappropriate, if not illegal, for that to occur in that manner.

CHAIR WEBB recognizes Trustee Norene.

TRUSTEE NORENE states that he understands not being familiar with Greg Jones and explains what the position is. Greg Jones will be required to be the CEO for a period of time to hire Mr. Jessee in a different role instead of not hiring him. Only a CEO can hire, and there will be a CEO in place. He adds that it is not the intent for Greg Jones to be the CEO overall. He states that Mr. Jones, who has a tremendous background with the Trust, understands the entire operation, is familiar with everybody, will merely be an assistant to help the trustees consider what that job should be. Once that is defined, then a search will commence in accordance with the job description that will be defined. He is a placeholder with probably the most knowledge and experience. He has done reorganizations for GCI, for CIRI, for the Municipality, and he is expert in the field and the best available to accomplish what needs to be accomplished.

TRUSTEE EASLEY asks if Trustee Norene is saying that trustees do not have authority to remove Mr. Jessee from his position and to hire someone else who has authority to do that.

TRUSTEE NORENE replies that the trustees do have the authority to remove Mr. Jessee. He states that this motion is designed for continuity for Mr. Jessee, and to put him in a new role where he can be of benefit to the Trust and its beneficiaries, with his skill set.

TRUSTEE SELBY asks if Mr. Jones has a resume.

TRUSTEE NORENE replies that he is sure he does and will be here at 1:00 o'clock in regards to the Resource Management Committee. He states that he can speak with any that are not familiar with Mr. Jones. Most have seen his resume and his experience.

TRUSTEE SELBY replies that is beside the point. The point is if Mr. Jones has a resume, it would seem that it would have been provided to the board for this meeting as backup documentation. He states that what is unacceptable to him is that Mr. Jones was offered a position and he has accepted it without the rest of the board having any involvement in the process and not even sharing the resume with those not familiar with this individual. He adds that this is way off the mark for procedural due process. He continues that, the main point, there is no reason that this needs to be done today because Mr. Jessee's resignation says that he would be willing to continue to serve until he is replaced, which would allow for a correct procedural due process to take place with the board of directors being allowed to review resumes of someone who is going to replace Mr. Jessee, and then go through a selection process and hire somebody into that position. Meanwhile, Mr. Jessee would continue to serve; the organization would stay stable and continue to function. He states his concerns on who Mr. Jones is. He recommends stepping back, accepting Mr. Jessee's resignation, since it was offered in good faith and is appropriate. He does not see any reason that the procedural due process of allowing the board to go through a selection process of who will replace him is circumvented. He adds that the board is the only authority with the authority to hire even an interim replacement, if that is not the person wanted for the long haul. He asks what the rush is.

TRUSTEE EASLEY states that she would have no objection to having Greg Jones sign a contract to do exactly what Trustee Norene is proposing, which may solve the problem. She agrees that there is no rush.

CHAIR WEBB states that there is a motion on the floor. He asks for any further discussion of that particular motion. He asks if there is an amendment to the motion that anyone would like to offer.

TRUSTEE SELBY replies that he did try to divide the question and does not know what the value would be to offer an amendment because he did try to get the board to think about what is being done today. He states that this board is seriously at risk and he would like to follow procedural due process and keep the Mental Health Trust beneficiaries on the top of the agenda item.

CHAIR WEBB replies that all agree with that. He asks if Trustee Selby has an amendment to offer to the motion that is on the floor that would accomplish that purpose.

TRUSTEE SELBY makes an amendment to the motion to accept Mr. Jessee's resignation and postpone the action on the other two items until the board has had an opportunity to review and get involved in the process of moving forward from here in an orderly fashion.

TRUSTEE EASLEY seconds.

CHAIR WEBB asks for discussion.

TRUSTEE NORENE asks if that would harm Mr. Jessee's interest and harm the Trust's ability to have him work. He asks if that would create the discontinuance of services of Mr. Jessee.

CHAIR WEBB replies that his understanding is that Mr. Jessee would continue to serve as the CEO until the board reviewed resumes of potential candidates to replace him, either on an interim or permanent basis, and elected to hire one of those candidates as his successor and the approval process that must take place for any exempt employee is completed. In his understanding, there would be no break in service for Mr. Jessee, and he would continue as a Trust employee until the action was taken to hire his successor.

TRUSTEE EASLEY asks if Mr. Jessee is resigning his position as CEO and accepting a position as the program officer, or is he resigning all together.

CHAIR WEBB replies that, essentially, he is resigning as CEO in favor of a different role from the Trust.

A short discussion and explanation ensues.

MR. JESSEE clarifies that, in his letter, his resignation is effective as of the effective date of the approved appointment of his successor. He states that he will continue to serve as CEO until the Chief of Staff signs off on a successor CEO. He adds that whether that decision is made today or whenever, he will continue to serve until that individual is appointed officially by the Chief of Staff.

TRUSTEE EASLEY asks what the Chief of Staff has to do with it.

CHAIR WEBB replies that all of the employees at the Trust and the Trust Land Office are called fully exempt employees. He states that they are exempt from the personnel rules, which means that they are not merit-system employees. He continues that all fully exempt employees in State Government, of which the Trust and the Trust Land Office are a part of, must be approved by the Governor. And depending on the salary levels, if it is outside the normal salary range, also requires an approval. He explains this in greater detail with examples.

MR. JESSEE states that the most salient point here is that whoever the Trust wants to hire as the CEO has to be approved by the Governor.

CHAIR WEBB states that there is a proposed amendment that would accept Mr. Jessee's resignation and delay further consideration of the second two portions of the motion.

TRUSTEE NORENE states that he is going to vote against the amendment, even though it is meritorious. He thinks that the original motion would be a more efficient process and get the Trust back on track. He continues that he has a lot of faith in Mr. Jones and feels it could be very expeditious to stick with the motion.

TRUSTEE MICHAEL states that if there was an opportunity today to spend more time talking about an interim executive or CEO, it would be worthwhile, but she is not in favor of continuing

to delay. She continues that all should be included in the conversation and thinks that has been prohibited at all the meetings up to this time. There are some critical issues and the Trust cannot continue to function having two reports. She adds that we cannot be without leadership, and have a divided one.

CHAIR WEBB recognizes Trustee Smith, and then states that he will call a brief recess.

TRUSTEE SMITH echoes some of the same concerns about the timing, and states that he is not going to support the amendment.

CHAIR WEBB calls a 15-minute recess and will dispose of the amendment after the recess.

(Break.)

CHAIR WEBB calls the meeting back to order and states that there is a motion on the floor. He restates the motion.

CHAIR WEBB calls the vote: Trustee Easley, yes; Trustee Selby, yes; Trustee Derr, yes; Trustee Smith, no; Trustee Norene, no; Trustee Michael, no; Chair Webb, no. The motion fails.

CHAIR WEBB moves back to the original motion and asks if there is an amendment to the motion.

TRUSTEE MICHAEL makes a motion to amend the second paragraph of the original motion to read as follows: I further move that the appointment of Greg Jones as interim CEO of the Trust Authority be forwarded immediately to the Chief of Staff to become effective on the date of that approval.

TRUSTEE NORENE seconds.

CHAIR WEBB asks for discussion.

TRUSTEE NORENE states support for the amendment in that it helps for clarification.

TRUSTEE SELBY asks for an explanation for how that is different from what the original motion was.

CHAIR WEBB replies that the amendment clarifies that Mr. Jones' appointment is on an interim basis.

CHAIR WEBB calls the vote: Trustee Easley, abstain; Trustee Selby, no; Trustee Derr, yes; Trustee Smith, yes; Trustee Norene, yes; Trustee Michael, yes. The motion is approved.

CHAIR WEBB moves back to the consideration of the original motion, as amended.

TRUSTEE EASLEY makes an amendment that Mr. Jessee's salary range be the same until this matter is resolved.

CHAIR WEBB explains that, as long as Mr. Jessee remains as CEO, his salary will remain the same until he transitions to the new position.

TRUSTEE EASLEY withdraws her motion.

CHAIR WEBB calls the vote: Trustee Easley, no; Trustee Selby, no; Trustee Derr, no; Trustee Smith, yes; Trustee Norene, yes; Trustee Michael, yes; Chair Webb, yes. The motion is approved.

TRUSTEE DERR states that she has one more question in regard to the obtaining of the attorney. Trustee Norene said that the action was taken in Executive Committee, and she would like to know when that Executive Committee met.

TRUSTEE NORENE replies that he misstated. He was Acting Chair in the absence of both the Chair and the Vice Chair, and under the threat of litigation and the recusal of the current legal counsel, thought it would be best to have counsel available.

TRUSTEE DERR states that she did not know that the Trust operates on one board member's thoughts as to when to hire legal advice for the entire board.

CHAIR WEBB states that is duly noted, and we will look at the bylaws to make sure that things are being done right. He continues that he believes that the Chair is authorized to take action on behalf of the board to carry out the business of the Trust on an interim basis. That will be clarified, and if there is a problem he will let everyone know.

TRUSTEE NORENE states that if there is a problem he will offer an apology.

CHAIR WEBB states that there are no further items on the agenda and concludes the Special Meeting of the Full Board of Trustees. He asks for a motion to adjourn.

TRUSTEE DERR makes a motion to adjourn and states that it is a very sad day.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

(Special Full Board meeting adjourned at 1:28 p.m.)