

ALASKA MENTAL HEALTH TRUST AUTHORITY

BOARD OF TRUSTEES MEETING

November 17, 2016

8:30 a.m.

Taken at:

Alaska Mental Health Trust Authority
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
Jerome Selby

Trust staff present:

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

Trust Land Office:

John Morrison
Sarah Morrison
Leann McGinnis
Wyn Menefee

Others Participating:

Kathy Craft; Kate Burkhart; Patrick Reinhart; Denise Daniello; Donna Mong; Lisa Cauble; Brenda Moore; Charlene Tautfest; Monique Martin; Karen Forest; Heidi Wailand; Rebecca Madison; Beth Davidson; Mark Williams; Brad Whistler (via telephone); Jennifer Harrison.

PROCEEDINGS

CHAIR WEBB calls the meeting to order and states that all trustees are present. He asks for any announcements. There being none, he moves to the agenda, and recognizes Ms. Lawrence.

JOINT ADVOCACY PRIORITIES DISCUSSION

MS. LAWRENCE states that, instead of a presentation, there will be a collective joint advocacy priority discussion with the hope of a more interactive discussion from trustees, executive directors, and staff to help shape the joint priorities this year. She begins with a question to the three advisory boards: With Trump winning the presidency and the GOP maintaining the majority in the Senate and House, a major point of contention has been the ACA. She asks what are the potential impacts to the beneficiaries in regards to their health care and ACA. She asks Denise Daniello to begin.

MS. DANIELLO states that if the Affordable Care Act is repealed there will be some severe changes because the Medicaid program is the healthcare insurance program for millions of low-income Americans, and that will definitely have some repercussions. She states that she thinks that in Alaska and 30 other states, the concern is the implications of the repeal of the Affordable Care Act and the changes to Medicaid, as well as Medicaid expansion. If this funding is taken away, a lot of that responsibility is going to come back to the states. She continues that one of the priorities of the Trump administration is to put back a lot of the responsibilities for providing healthcare insurance to the states, and that can be done through capping the amounts. She adds that it will be interesting to see how things move forward.

MS. BURKHART continues that one of the things learned is that the people who think they know what is going to happen do not. In answering her constituents' question as to what is going to happen, the short answer is "I don't know," and the long answer is that the best predictor of future behavior is past behavior. She adds that they have looked at past behavior to figure out what might be expected. She explains this in greater detail. She states that the general theme is not just repeal, but it is repeal and replace, which will take some time, and explains this more fully. She continues that no one is mentioning the Indian Health Service improvements that could have a big impact on the State of Alaska, the people of Alaska, and many beneficiaries. Emphasizing the importance of preserving the Indian Health Care Improvement Act, whatever happens with the Affordable Care Act, is something that needs to be talked about.

MR. REINHART states that in the Medicaid block-granting issue there may be an opportunity, in terms of getting rid of the institutional bias that exists in Medicaid. He continues that Medicaid guaranteed nursing home care and some other institutional care, but does not guarantee home- and community-based services. He states that they are also concerned about ending the

executive orders related to disability employment. There have been some executive orders across all sectors of the federal government about a percentage of people with disabilities being hired. He continues, that would be something to be concerned about going away. He adds that the permitting of federal educational funding to be used for private schools will be looked at in particular as it relates to special education. He states concern on the elimination of the budget sequestered cuts for Defense only, and we might see those back in the domestic program.

MS. DANIELLO adds that from the senior community there may be changes to Medicare. This was mentioned by Representative Ryan. She talks about his plan to increase the age for Medicare from 65 to 67, and also capping the overall governmental spending for Medicare. This would increase premiums for seniors. There has also been talk about reduced funding for Medicare Part D for prescriptions. She states, that could have repercussions for the health of the senior population here in Alaska. Premiums would increase for seniors who already live on a fixed income.

MS. LAWRENCE continues with the next questions: There will be additional cuts made to programs serving beneficiaries in the proposed budget from Governor Walker and more from legislators. How do we decide which reductions to accept and which ones to fight? How do we identify cuts we can recover from and cuts that are catastrophic?

MS. BURKHART states that this has been worked on with the constituents for several years and the need to provide good advice about where to make reductions from which we can recover. She continues that we need to be on the same page on how much the system can constrict and come back. She adds that in approaching this conversation with legislators, it would be a more constructive and productive conversation to state our understanding for the need to make reductions, and work together. She explains this more fully.

MS. DANIELLO agrees, and adds the need to focus on the cost savings of home- and community-based services for people who need nursing home care. This is important to keep people healthy and able to live independently in their homes.

MS. LAWRENCE asks if the trustees have any comments on how to prioritize or which cuts to fight for.

TRUSTEE SELBY states that he would like to launch into the priorities. He proposes the Alaska Mental Health Trust Board Legislative Priorities, which are five items:

No. 1: To fund the mental health program's developmental disability programs and senior citizen programs at the 2017 level. These agencies are the backbone for critical services for many people in Alaska and must be maintained for the people of Alaska. These programs are experiencing heavy demand for services and are struggling to meet the needs of the Alaskan people at the FY17 funding level.

No. 2: Continue implementation of Medicaid reform, Senate Bill 74; continue to provide the Medicaid optional benefits; develop a support program for family caregivers who provide millions of dollars of care at no cost to the state; build flexibility into the program to deal with federal funding changes, i.e. block grants.

No. 3: Move forward on implementation of criminal justice reform, Senate Bill 91.

He asks for staff to help with the bullets here.

No. 4: Adopt an alcohol tax increase.

No. 5: Adopt revisions to Title 4.

MS. LAWRENCE states that the last PowerPoint shows the potential bills that the Trust staff and the executive directors have identified.

TRUSTEE SELBY suggests going down the list and begins with the position of not accepting any additional cuts. He also suggests going through each of the programs and figuring out what can be trimmed in order to accommodate the Legislature's need to show that they are cutting. He states that it is critical to get this summarized onto one page and to share that one page with individual legislators.

TRUSTEE MICHAEL states that she needs the data that shows how Medicaid expansion did this year and how much of the grant money got replaced by Medicaid. This will help with the justification on maintaining funding.

MR. REINHART states that there was no ground loss on the grants which were held at zero, and nothing has switched over from grant to Medicaid at this point.

MS. DANIELLO adds that there was no money lost for senior grants either. She states that it is important to keep in mind that the senior population is growing at an annual rate of about 6 percent. The population is growing faster than program capacity.

MS. BURKHART states that behavioral health grants were not so lucky. The GF for the treatment and recovery grants was reduced by several million. A key component to the Medicaid reform part for behavioral health is the Medicaid rate adjustment that is supposed to go into effect in 2017. She continues that there is some controversy because it was expected to be a retroactive adjustment, and the Division has informed providers that it may not be retroactive. She adds that the shift from GF grants to Medicaid will only work in the behavioral health system if the rates are meaningful. They have not had a meaningful rate adjustment since the '90s.

TRUSTEE SELBY states that his concept was to put the framework together today, and then he would like staff to work with these folks and Monique to refine this and make it a finished product over the next week or so, and then start getting it out to the Legislature.

CHAIR WEBB states that he likes Trustee Selby's idea in that a clear idea of what goals are wanted to be accomplished is needed. He suggests looking at the potential impacts of the cuts, see how seriously people are impacted, and look at the alignment with the laws, the Trust mission and principles, and determine where those fit in terms of what the law says must be done.

The discussion continues.

MR. REINHART asks what Mr. Jessee's role is going to be in going forward, because he was counted on for a lot of the ins, outs and intricacies of what is next.

CHAIR WEBB replies that Mr. Jessee is still here and will be working on defining his role. He is and will remain an incredible advocate.

TRUSTEE DERR states concern on Mr. Jessee going to Juneau as the Trust legislative representative as a program manager. She continues that there are a lot of new legislators just coming in and, from her perspective, a person who has been in the limelight and who has resigned as head of the organization and then coming to lobby for that organization does not seem very effective.

CHAIR WEBB shares his experience in the Legislature and states that he has far fewer concerns in that regard. He adds that in terms of making deals, the CEO is not authorized to make a deal; only the Trust is authorized.

The discussion continues.

MS. LAWRENCE clarifies, as per Trustee Selby's request of putting together the one sheet with those five main points, that the rest of the trustees had consensus on that. She states that she would like to start working on that right away and provide a draft. If there are any other major points, she would appreciate that feedback now to help the working draft.

TRUSTEE SELBY makes a motion that the Alaska Mental Health Trust Board draft 2017 Legislative Priorities -- as presented earlier with five points, which are to be defined with staff and input from the advocacy groups over the next week before being released -- be adopted, in concept.

TRUSTEE DERR seconds.

TRUSTEE EASLEY states that it is important to emphasize to the Legislature that if the services are not provided that this will result in much higher costs.

TRUSTEE MICHAEL states that she wants to make sure that whatever is selected aligns with Alaska healthcare reform.

TRUSTEE SELBY states that he meant to include the Commissioner in the folks that staff would work with before this thing is finalized. He continues that the Commissioner's office has some very critical input, and he is confident that the staff can take the framework discussed and turn it into a polished document.

CHAIR WEBB states that he is a bit uncomfortable adopting five points that he has not digested fully, but knows that some additional work needs to be done. He suggests discussing scheduling some time later for a retreat with trustees and consultation with our general counsel.

TRUSTEE DERR states that there is a motion on the floor.

TRUSTEE SMITH states that he is comfortable with discussing concepts, but would like to hear what the managers have to say.

TRUSTEE DERR states that the list is just a synthesis of these points, and those came from the managers.

MR. WILLIAMS reaffirms that the approach of this discussion is the approach that has been used historically.

A discussion ensues on specific priority lists and how they were adopted.

CHAIR WEBB calls the vote on the motion.

There being no objection, the motion is approved.

TRUSTEE SELBY thanks Carley and the reps from the advocacy groups for all the work put into this document.

CHAIR WEBB invites Karen Forrest, Deputy Commissioner of Health and Social Services, and Monique Martin, also representing the Department, to step forward.

DEPUTY COMMISSIONER FORREST invites any questions about what is going on in the Department. She turns it over to Ms. Martin.

MS. MARTIN states that she is a health care policy adviser at the Department of Health and Social Services. She begins that SB74 requires the Department to release an annual Medicaid reform report, which is just a report on the progress on all things in SB74. She adds that she has a copy for everyone. She states that there are 11 different elements that are considered part of the Medicaid reform program, and then there are another 15 elements that are specific measures that the Legislature wanted to hear about. She continues that the Annual Medicaid Report was finished on November 15th and transmitted to the Legislature. She moves on to the Coordinated Care Demonstration projects, and behavioral health reform are also related to Medicaid reform. She adds that the bill requires the Department release the request for proposals by December 31 of this year. The Coordinated Care Demonstration projects came about when Agnew::Beck recommended the Accountable Care Organization pilot projects and Senator Kelly, the sponsor of SB74, was looking at full risk-managed care for certain segments of the Medicaid population. The legislators decided to create a process that will allow different innovative healthcare delivery models to bubble to the surface based on the people providing services. She goes through the process in greater detail, and talks about the results. She states that the RFI summary will be released on Friday, and it will be shared with the folks at the Trust. She moves on and states that a contract was recently awarded to Milliman, a subcontractor with Agnew::Beck, on the Medicaid redesign and expansion technical assistance contract. They are helping with all the actuarial needs on SB74. Milliman will also help form all the actuarial analysis for the Behavioral Health Reform, for the Coordinated Care Demonstration projects, as well as any innovative payment models that may be developed from the Coordinated Care Demonstration

project proposals. She states that another part of SB74 calls out two work groups: Telehealth is looking at recommendations and identifying barriers to expanding Telehealth in the state, and the Quality and Cost-Effectiveness work group. She explains more fully. She talks about upcoming meetings, and states that the second webinar update on Medicaid redesign implementation is tomorrow. The public will be updated on how implementation of SB74 is going. That will be followed by the second key partner meeting. There are four webinars and four key partner meetings that Agnew::Beck is helping to facilitate. She explains and moves to the Division of Insurance. She states that a 1332 waiver allows getting around some of the requirements of the Affordable Care Act. Alaska still has to show that the same number of people are being insured, along with some other requirements. She moves to the State hiring freeze and talks about how the Commissioner worked with the Deputies to come up with a hiring proposal to the Governor. They will be able to review monthly any vacancies that have come available and be able to fill 30 positions every month. She states that the Governor is very interested in keeping updated on how that is working because the Commissioner mentioned that there are other departments that want to fall in line with that. She asks for any questions.

TRUSTEE MICHAEL asks what the thought is about the next legislation session.

MS. FORREST replies that it is a very important session, and the situation is unknown. She states that as direct services to the public are provided, those are real services that are being eliminated.

MS. MARTIN adds that, in looking closely at SB72 and the Medicaid reforms, only two would be impacted by repeal and replace of the Affordable Care Act: One is the 1915(k) option, and the other is health comm.

TRUSTEE SMITH asks how what happens on the federal level is monitored, and who is engaged for that.

MS. FORREST replies that there are a lot of partners on the federal level and very close relationships with Centers for Medicare and Medicaid Services. Those relationships are critical at a time when there is an opportunity to talk about what might be coming and what people are hearing.

MR. JESSEE states that the Legislature and the budget have been discussed, and that budget is due in about a month. He asks if anything can be told about what to expect from the Governor's budget in areas that we need to be concerned about.

MS. FORREST states appreciation for the questions, and replies that they are still in the process.

MS. MARTIN replies that Commissioner Davidson has been asked that question a couple of times and one of the things that she has referenced is that over the last two years each fiscal year the Department's budget has been reduced by about 8 percent. She continues that nothing is an easy cut in the Department of Health and Social Services.

MS. FORREST thanks the Trust for all the support provided to the Department for the services that the Department has provided over the years.

CHAIR WEBB speaks on behalf of the trustees and staff and thanks the behavioral health folks and the folks in all of the service system for all that they do. He moves on and asks Trustee Selby if he would like any further discussion on the item of the interim CEO appointment.

TRUSTEE SELBY replies yes, because there was a lot of testimony yesterday and a lot of letters.

TRUSTEE SELBY makes a motion that the Mental Health Trust Board hold the action of accepting Jeff Jessee's letter of resignation, the appointment of Greg Jones as interim CEO, and the appointment of Mr. Jessee to a program position in abeyance until the Board meets with the statutory advisory boards and statutory commission advisers and beneficiaries to obtain input into the organization and personnel issues involved.

TRUSTEE EASLEY seconds.

TRUSTEE SELBY states grave concern because some good input was heard yesterday from a number of folks, and maybe there is a need to step back, slow down a little bit. He continues that the house is not in order. There is no job description for either of these positions, and he still does not have a resume of the interim CEO, and does not know who this person is. He adds that he is not clear if John Morrison is being demoted at the Land Office by this appointment, or how does that work. He states that that has not been defined. There is a lot of work that the Board has to do to get this structured right for success, and he sees opportunities fluttering away by not getting the house in order first. He adds, that is the reason for his motion. He states that a lot of anxiety has been created which was heard in the testimony and letters yesterday.

CHAIR WEBB asks for further discussion, and recognizes Trustee Derr.

TRUSTEE DERR states that the first thing that popped in her mind was the idea that we were going to do this organizational review, and maybe a motion like this is good.

CHAIR WEBB states that a motion has been made and seconded. He calls the vote.

TRUSTEE SELBY asks for a roll- call vote.

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

TRUSTEE SELBY makes a motion that the Board of Trustees designate Jeff Jessee as the legislative liaison for the upcoming legislative session on behalf of the Board of Directors.

TRUSTEE EASLEY seconds.

CHAIR WEBB asks for discussion.

TRUSTEE NORENE suggests waiting until the interim CEO works with the trustees on that issue.

TRUSTEE SELBY states that the legislative action that was just talked about is a board-driven responsibility; not a staff-driven responsibility. He thinks that the Board needs to clarify and make it clear to the folks in Juneau that Mr. Jessee is going to be representing the Board clearly and does not have someone else in between that can be mucking up the waters by issuing staff directives to the person that is supposed to be reporting directly to the Board of Directors for this coming legislative session. He states a real interest in seeing that happen. This has a potential of having a disastrous, unintended consequence when it is not clear whether the person in Juneau is really speaking for the Board. He continues that this would clarify that Mr. Jessee is going to be representing the Board of Directors' positions in Juneau during the legislative session.

CHAIR WEBB comments that, according to the bylaws, the Board does not set the duties of staff and that is left up to the CEO to do. He believes that it is appropriate, has been in the past, and would be in the future, to let the CEO determine the staff responsibilities and how they will work together to carry out the mission of the Trust.

TRUSTEE DERR states that speaks to her concern earlier of making sure that the new Legislature knows that Jeff Jessee is our representative.

TRUSTEE MICHAEL states that it is a good idea but does not think that the Board should be making that decision. She continues that the Board can have input into that decision, but that should be done with the interim CEO.

TRUSTEE SMITH points out that this does not preclude Mr. Jessee from being in that position.

TRUSTEE EASLEY states that she would like some assurance that nothing is going to change regarding the representation in Juneau, which has always been Mr. Jessee.

CHAIR WEBB states that the motion is on the floor and asks for any other comments.

TRUSTEE SELBY states that if this action does not pass, it means that the CEO has more authority over the legislative priorities than the Board does because that CEO has the ability to direct the legislative action and gets in between the Board and the person who is going to be dealing with legislative action. Legislative action is a Board function; not a staff function; not a CEO function. It is a function of the Board of Directors being represented in Juneau as we choose to be represented. He states that he is having a hard time grasping how a staff member gets to override Board interest in that fashion. He asks for a roll-call vote.

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

CHAIR WEBB moves on to a nonfocus area allocation funding request regarding the Alaska eHealth Network, and recognizes Heidi Wailand.

MS. WAILAND thanks the trustees for considering this request and introduces Rebecca Madison, executive director of the Alaska eHealth Network; Beth Davison, the state health information technology coordinator for Department of Health and Social Services; Mark Williams, an Alaska eHealth Network board member from Providence Hospital, who had to leave. She begins with a quick overview on how the AeHN's board of directors launched a strategic planning process with three goals in mind: To develop a clear definition of the role of the health information exchange; to explore and prioritize opportunities for increasing value to its existing participants and future participants; and to develop the strategic plan, a plan that would give them a clear path moving forward. She thanks AeHN for inviting the Trust to be a part of that process. She states that she was brought on board to help to coordinate and lead the comprehensive mental health program planning for the Trust, and she does not think that she has been in a meeting where the importance of data and having the technology infrastructure to support the redesign and kind of new system of care that is being envisioned has not been brought up. She continues that it is clear that the health information exchange and the Alaska eHealth Network are the lynchpins of that system. She explains in detail what is going on right now that makes this an urgent need to continue to proceed with this strategic planning process and to have outside expertise to help guide it along. She states that there are organizations that have resources to start to aggressively pursue the goals associated with health information exchange. She continues that this request would help to tap into some subject-matter expertise to propel this effort, to develop a roadmap for the Alaska eHealth Network and the statewide information exchange, and to make sure there is the capacity and resources needed to be successful in this onboarding effort with 140 providers that are going to be coming on board over the next year; and also in the ability to really support provider organizations in starting to use the health information exchange. She adds that it is one thing to connect the dots and another to actually start using it and incorporating it into clinical health, and to make sure that all of the resources that might be available as we embark and continue to proceed in this journey are tapped into.

CHAIR WEBB asks for any questions.

TRUSTEE DERR states that she has a couple of concerns, one being that it has been in effect for four years.

MS. WAILAND states that the health information exchange technology platform that is being used today went live in August, 2013.

TRUSTEE DERR states concern about the board members worrying about the organization's capacity to promote the adoption of the exchange and meet the operational demands, and then they talk about developing a plan and rebuilding confidence. She continues that she is worried that confidence is being rebuilt after it has been in effect for three-plus years.

MS. WAILAND replies that in the strategic planning process a wide range of stakeholders, board members, and participants have been interviewed. One of the things that struck her in those conversations was the lack of firm knowledge about what is going on, misunderstanding and uncertainty.

CHAIR WEBB asks for any other questions or comments. There being none, he asks for a motion.

TRUSTEE MICHAEL makes a motion to approve up to \$50,000 FY17 allocation from consultative services strategic planning for a technical assistance contract to assist the Alaska eHealth Network with developing a roadmap to strengthen Alaska's health information exchange.

TRUSTEE SELBY seconds.

There being no objection, the motion is approved.

CHAIR WEBB calls a recess of about 15 minutes.

(Break.)

CHAIR WEBB states that the next item on the agenda is a discussion about a contract for board facilitation. He asks Nelson Page, general counsel, to come forward.

TRUSTEE DERR thinks that the next item is retention of counsel.

CHAIR WEBB states that is a moot issue, and we will leave that up to staff to determine, as necessary.

TRUSTEE DERR asks if he would explain what it was that the trustees were going to leave up to staff.

CHAIR WEBB replies that there was a matter in which our general counsel necessarily had to recuse himself from providing legal advice to the Trust. He continues that he believes that this point is a moot issue and will let the new CEO make determinations about when and whether or not there is a need for an employment law attorney and whether or not, after consultation with general counsel, a separate attorney is needed.

MR. PAGE states that is correct, he has recused himself and will not participate in legal actions that relate to your CEO. And, if he understands the Governor's determination yesterday, it means that you do not need to have someone necessarily to represent the Trust. That decision will be revisited and will depend on what the CEO wants to have done.

TRUSTEE SELBY states that it is not a moot point from his perspective, and it is unfortunate that it occurred. He continues that the whole issue begins and ends with Trustee Webb's memo to a staff member, whom you do not supervise, where you specifically directed that information be withheld from the Board. That, Mr. Chairman, is beyond the pale. It needs to never happen again. Enough said.

CHAIR WEBB states that the next item is a contract for board facilitation and training.

TRUSTEE NORENE makes a motion to facilitate a contract or create a contract for facilitative training for the board up to \$35,000, for a facilitated session on board relationships and functioning. A facilitated session with staff, if needed, and as needed, to develop a scope of work for an organizational review, training on the Ethics Act, and training on the Open Meetings Act.

TRUSTEE SMITH seconds.

TRUSTEE NORENE states the hope that this will help the trustees get back on track and think about our jobs and our duties in working together, and we learn what should be known about the Ethics Act, Open Meetings Act, so that part is out of the way, and then we could get started with the new CEO and support a reorganization plan.

TRUSTEE SMITH asks if Mr. Page could comment about the process he envisions that would involve the trustees.

MR. PAGE states appreciation for the opportunity to sit in and watch the meeting today. He continues that the trustees know his commitment to the Trust, and not to just the Trust, but to the work it does. He states that, as far as he can recall, this is as much tension as he has seen among the trustees in 21 years, and this is one of the few times that there has been a lack of clarity among the trustees as to the direction that they want to go. He adds, that is of great concern to him. He will be talking with each of the trustees, to try to get some sense as to where things are and how it got there. He continues that he would want to talk to the CEO and the Trust Land Office and others to see if they have any insight that would be useful. He states, without his weighing in on the merits of any decision that was made in terms of policy, to at least try to give some advice, some suggestions, his point of view, and hopefully facilitate a better relationship and better discussions going forward.

TRUSTEE SELBY asks if this is going to be an open meeting under the Open Meetings Act.

MR. PAGE replies that he assumes so, unless there are legal issues which would be headed under his legal contract, which is a different contract from this one. He explains that this contract is with him as an individual and not as a lawyer; sort of the way that he has been able to facilitate the budget meetings in the past.

TRUSTEE SELBY states that his only suggestion would be to bring a couple extra folks to help because there is a lot of work to be done here.

TRUSTEE DERR states that this is great, and thanks the Chair and Trustee Michael for proposing this.

MR. JESSEE states concern about the budgetary impacts of these contracts because they are starting to add up and are a concern.

CHAIR WEBB asks for any comments or questions. There being none, he calls the vote.

There being no objection, the motion is approved.

MR. PAGE thanks all, and states that he is looking forward to working with everybody.

CHAIR WEBB states that next on the agenda is a discussion on the issue regarding the potential need for a contract for the Trust Land Office to work on issues related to the legislative audit, if there is one.

MR. MORRISON states that a legislative audit could potentially be a burdensome issue. He continues that everybody at the TLO are all quite busy protecting assets and maximizing revenues, as our mission states, and we had talked about the possibilities of potentially identifying someone to contract with who might help if an audit came about.

CHAIR WEBB states that, if he understands correctly, it is not a matter in which any action by the board is needed; it is just an informational item. He asks if there is money and the authority within their budget to enter into such a contract, if need be.

MR. MORRISON replies that, yes, they have the authority to enter into a contract like this. But he wanted to have a discussion because the Trust does intentionally need to put some opportunity funding into this budget.

TRUSTEE SELBY states that they had an audit every year in Kodiak Island Borough, and auditors were in the conference room for a month nonstop. He continues that they might consider looking to supplement staff time, because staff knows where all the files are. It might be more effective to look at supplementing day-to-day operations of the staff if the staff is burdened. It is something to think about.

TRUSTEE EASLEY asks if he foresees the legislative auditors looking more at financial information or compliance with statutes, and if there was any guidance on that.

MR. MORRISON replies that currently there is no guidance.

TRUSTEE EASLEY asks if anyone has ever experienced a legislative audit, and if that could be talked about.

CHAIR WEBB replies yes to experience, and states that if the Legislature asks or orders an audit, there will be a process by which the scope of work will be defined -- the scope of the audit, the purpose. He continues that the auditors will come and engage the agency and discuss the process, the information needed and the timing of all that. He adds that before that discussion there is virtually no idea what the scope of the audit is and its purpose, and we are waiting until the legislative auditors are heard from. He asks Mr. Buckland if he has anything to add.

MR. BUCKLAND replies that sounded spot on. He states that it definitely ends up having an impact, depending on the actual scope that the auditor is developing in conjunction with the legislator's request.

TRUSTEE DERR asks if he thinks there will be a different strategy now that there is a different head of Legislative Council.

CHAIR WEBB replies that would be pure speculation, and he does not have a clue. He asks for any other questions or comments. There being none, he thanks Mr. Morrison and moves to the Finance Committee report.

FINANCE COMMITTEE REPORT

TRUSTEE NORENE states that there are four items that require action.

TRUSTEE DERR makes a motion to approve the Finance Committee recommendation to suspend transfers of cash principal from the Trust Authority Development Act to the Alaska Permanent Fund Corporation through November 2017.

TRUSTEE MICHAEL seconds.

CHAIR WEBB asks for any objections or discussion.

TRUSTEE SELBY objects.

With one objection, the motion is approved.

TRUSTEE NORENE states that the next item is from the Trust Land Office in regard to Icy Cape, and he asks Mr. Morrison to continue.

MR. MORRISON states that the Icy Cape offering is a unique opportunity for the Trust to further its interests and meet its mission to protect assets and maximize revenue while following the program to target properties at their highest level of timing for highest marketable status.

A short discussion ensues.

TRUSTEE NORENE makes a motion that the Finance Committee moves for approval of the recommendation to fund the newly formed entity with principal from the Trust Authority Development Account, fund code 3320, with \$2 million. These funds do not lapse.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

TRUSTEE NORENE states that the next item for approval will be the Fairbanks Homeless and Housing Services coordinator.

TRUSTEE NORENE makes a motion that the Finance Committee recommends for a \$92,300 fiscal year '17 partnership grant with the City of Fairbanks for the Fairbanks Homeless and Housing Services coordinator.

TRUSTEE SELBY seconds.

CHAIR WEBB asks Amanda Lofgren if she has clarification for the trustees before the vote.

MS. LOFGREN states that one of the things that is included in the packet that was not part of the Finance Committee meeting was the memorandum of agreement. She continues that it is her understanding that if the trustees were to approve this today, a memorandum of agreement would be forwarded to the City Council, and then a resolution would be passed by the Council to accept that funding. Then the grant agreement would be entered into.

CHAIR WEBB states that he has some concerns about holding the City harmless and the City agreeing to hold the Trust harmless, but not agreeing to appropriate money to do so. He continues that changes to this memorandum of agreement would have to be made before he would support it. He asks if the memorandum of agreement can be separated from the award of a grant, and then work out the memorandum of agreement.

TRUSTEE NORENE amends the motion by saying "subject to."

TRUSTEE SMITH seconds.

There being no objection, the amendment to the motion is approved.

CHAIR WEBB asks for any objections to the amended motion.

There being no objection, the motion is approved.

TRUSTEE NORENE states that the Finance Committee recommends for a \$70,450 fiscal '17 partnership grant to Eastern Aleutian Tribes, Inc., for the planning and preimplementation phase or employment-based intensive outpatient treatment program.

MS. BALDWIN-JOHNSON notes that Jennifer Harrison is here today, if there are any questions about this motion.

There being no objection, the motion is approved.

CHAIR WEBB states that the last issue is the report on the Finance Committee actions that were approved on October 26th. No action is required by the Board; it is informational action.

TRUSTEE NORENE concludes the Finance Committee report.

PLANNING COMMITTEE REPORT

CHAIR WEBB moves on to the Planning Committee report, and recognizes Mary Jane Michael.

TRUSTEE MICHAEL states that there is a summary in the packet on page 123 of the meeting on October 26th and the areas that were covered. She continues that there is one item and it is the Trust-directed dental projects. She recognizes Amanda Lofgren.

MS. LOFGREN states that she put together a memo, and Mr. Whistler will talk about the history of the dental program from the Department's perspective. She continues that dental is one of the optional services, and it is going to be really important going into the session to make sure that the Dental Association in Alaska is closely worked with. She adds that the Trust has been really invested in dental services since 2005, and we would like to protect those investments. She states that the memo outlines the mini-grant, and she goes through it. She adds that staff's recommendation is to bring this forward in the spring. She continues that Brad Whistler is an incredible resource to the Department and to the Trust. She asks him to go through the history of the dental program and where it is today.

MR. WHISTLER begins with adult dental Medicaid services, which is an optional Medicaid service, and goes through the history of the dental services in greater detail. He then moves on to more recent changes with the adult dental services, explaining as he goes along. He states the same concerns as the board of trustees in that these are optional Medicaid services, and in cutting services, optional services are eliminated.

CHAIR WEBB asks for any questions.

TRUSTEE SELBY asks Ms. Lofgren if they had a chance to go through the optional services and prioritizing them. He continues the hope that they are looking for where outside assistance might be available so some of the service could continue, even if there is a reduction of State funding.

MS. LOFGREN replies yes, there have been conversations, but we have not gone as far as prioritizing the services yet.

CHAIR WEBB thanks them for the informative presentation, and thanks Mr. Whistler for all his work over the years at the Department.

MR. WHISTLER thanks all and signs off.

TRUSTEE MICHAEL asks Mr. Baldwin for any announcements or anything else that needs to be considered. She states that there is a meeting on January 5th for the agenda, and asks if that time can be used for legislative discussions, if necessary.

MR. BALDWIN replies that the meeting is on the books and it will be prime time to have the legislative discussion along with one or two other issues that are bubbling up. He adds that things will be sorted out in the next week or two, and there may be a need for a December

meeting. He asks if folks might be available around December 15 for a possible Planning Committee meeting.

After discussion, December 12 was agreed upon.

CHAIR WEBB asks, in terms of the work that Mr. Page plans to do with the trustees, if he would be available sometime from December 4th through January 14th to work on the facilitated session and training.

After discussion, it was agreed that a Planning Committee meeting and a session with Nelson Page will take place on January 4 and 5, 2017, in Anchorage.

TRUSTEE SELBY requests, since the schedule is being discussed, to move the committee meetings that are scheduled for April 13 to April 20.

CHAIR WEBB asks staff to note that request, and to work with and to try to coordinate with all trustees' calendars.

MR. BALDWIN states that Carley Lawrence would like to give an update on some events.

MS. LAWRENCE states that they have been working for over a year with Senator Kelly's office and staff. Empowering Hope is the group on prevention of fetal alcohol spectrum disorder, and last year there was a multimedia campaign. This is the second phase of that campaign. She continues that it was recently launched and she takes this opportunity to show the campaign. There were two spots, two advertisements which will be running both on television and through social media. There are also longer vignettes of each provider talking a bit about why prevention of FASD is important to them. She adds that one of those will be shown, and she will send a link so the others can be watched at the Board's leisure.

(Videos being shown.)

MS. LAWRENCE states that those spots started running on different social media platforms this past week, and now that the election has passed, they will start running on television throughout the state.

TRUSTEE DERR comments on the good job.

TRUSTEE SMITH suggests having something in these ads for further information where people might go.

MS. LAWRENCE replies that there is a Web page dedicated on their site for the FASDE that will be populated with more information, and with a number to call for people that need services. That is indicated in the ads.

TRUSTEE MICHAEL concludes the Planning Committee report.

CHAIR WEBB states that it is time for a lunch break, and we will continue afterwards with the Resource Management Committee report.

(Lunch break.)

CHAIR WEBB calls the meeting back to order and recognizes Trustee Smith with the Resource Management Committee report.

RESOURCE MANAGEMENT COMMITTEE

TRUSTEE SMITH calls the trustees to a memo on page 128 in the packet where we have four items to consider. They are the Alaska Natural Gas lease; two timber sales; Icy Cape; and the sale of the Juneau parcel owned by the Trust. He states that there are 10 or 11 motions total, and encourages the trustees to feel free in helping to make motions. He asks Mr. Morrison to start with the first motion.

MR. MORRISON states that the first item on the agenda is the Icy Cape item. He clarifies that there are six motions to be presented. Motion No. 3 will be addressed in the Finance Committee report.

TRUSTEE SMITH makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the formation of an entity by the Trust Land Office for the purpose of advancing the Icy Cape Gold and Industrial Heavy Minerals project by developing, marketing, and operating the Icy Cape mineral project and forming joint ventures.

CHAIR WEBB states that it is a committee motion and does not require a second.

There being no objection, the motion is approved.

TRUSTEE SMITH makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees authorize the executive director of the Trust Land Office to represent the Trust's interests in the project to ensure a successful operation, including, but not limited to, modification of the project, plan, sale of mined goods, financing or other capital considerations, and developing proposed joint venture partnerships at appropriate junctures.

CHAIR WEBB recalls when this motion was brought up in committee Trustee Selby had a suggestion about joint venture partnerships at appropriate junctures.

MR. MORRISON states that was a very lengthy discussion and believes the resolution of that discussion is recommended motion No. 6

There being no objection, the motion is approved.

TRUSTEE SMITH states that No. 3 is completed, and moves on to motion 4.

TRUSTEE SMITH makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees delegate to the executive director of the Trust Land Office the authority to determine if it is necessary to modify or cancel these transactions.

There being no objection, the motion is approved.

TRUSTEE SMITH makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with the leasing of the parcel known as Icy Cape to the newly formed entity for the purposes of pursuing a mine.

There being no objection, the motion is approved.

TRUSTEE SMITH makes a motion that the Resource Management Committee recommends that the formation of joint ventures for the Icy Cape project be approved by the Alaska Mental Health Trust Authority Board of Trustees.

TRUSTEE DERR states concern, in the way this motion reads, the trustees are approving the formation of joint ventures. She continues that at that time she thought that any joint venture formation had to come back to the Trust for approval.

TRUSTEE EALSEY states that that is the intent.

TRUSTEE NORENE asks if this is just working on the wording.

TRUSTEE DERR replies yes.

TRUSTEE DERR makes a motion to amend this motion to say the Resource Management Committee recommends the formation of joint ventures for the Icy Cape project to come back to the Alaska Mental Health Trust Authority Board of Trustees.

TRUSTEE EASLEY seconds.

CHAIR WEBB asks for any objection to the amendment, and then asks for any objection to the motion.

There being no objection, the motion is approved.

TRUSTEE SMITH states that the next item is item A, negotiated oil and gas leases.

MR. MORRISON states that this is an opportunity to lease 19 oil-and-gas tracts on the west side of Cook Inlet for gas development; specifically, coalbed methane gas development. This is an exciting project because of its unique location and some other activity in the area. He continues that other tracts in this area have been offered for competitive lease sales and garnered no interest. He adds that in this case it was appropriate to move forward with the negotiated lease

that would generate roughly \$950,000 in bonus bids, as well as an ongoing \$950,000 lease on the tracts.

TRUSTEE SMITH makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with the negotiated leasing of 19 oil-and-gas lease tracts for exploration and development of the Trust natural gas resources, as proposed.

CHAIR WEBB states that it seems a rare opportunity in the current oil-and-gas market. He continues that several years ago there was a pretty good spike in oil-and-gas leases, which subsequently dropped off. He adds that these are leases of a different nature, and this is an unexpected opportunity.

There being no objection, the motion is approved.

MR. MORRISON states that the next item is a proposed negotiated sale for what is known as Tract C2 of the Subport property in Juneau. He continues that this opportunity came through an unsolicited offer. The Trust owns the surrounding parcels and still has a vested interest in the nature of the development, as well as the potential successes.

TRUSTEE SMITH makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with the negotiated sale by the Trust Land Office for the disposal of a portion of Trust parcel C20499, further referred to as Lot C2, or portions thereof, at the Juneau Subport Subdivision.

TRUSTEE SELBY states that a couple of folks from Juneau testified and were concerned about the buyer on this parcel. He asks if this is in line with the best interest of the Juneau community.

MR. MORRISON replies that through the process information will be gathered to make sure that the sale is in the best interest of the Trust, which is a deciding factor for the actions.

CHAIR WEBB states that when the Trust was reconstituted and land was selected, the selection had come from land that was already surveyed, and a good portion of that land was in or around communities in Alaska, including this land on the waterfront in Juneau. There was concern stated that in determining the Trust's interest, the interests of the community will be ignored or there will be a failure to do due diligence and not know what the purpose or use of the land would be made by the buyer if it was elected to sell it.

MR. MORRISON states that this parcel is a waterfront parcel and is zoned for a particular use. There have been many attempts over the years to find what the highest and best use for this parcel would be. He explains in greater detail.

CHAIR WEBB asks for any further discussion.

There being no objection, the motion is approved.

TRUSTEE SMITH states that there are two more items, and three motions in total. Before proceeding he comments with regard to the two proposed timber harvests. He continues that substantial public comment was received on these two issues and there are earnest concerns about the public process. As a result, the process is being impeded today. Efforts have been initiated to inform the public by holding three community meetings, in Petersburg, Ketchikan, and Saxman.

MR. MORRISON states that the recommendation to proceed with timber sales came forward some time ago and it has gone through an extended process. Recently, there was an opportunity to host and attend public community meetings in Petersburg, Ketchikan, and Saxman that were widely attended. The intention was to initiate the process to backstop the unforeseen circumstance of not being successful in the land exchange legislation efforts and move quickly to meet the needs of industry and the best interest of the Trust in getting some of the viable timber market while there was a market. He continues that significant additional comment has been received, and the recommendation would be to give the trustees more time to consider the comments received before deciding which way to go on these issues.

TRUSTEE NORENE thinks that the prior decisions need to be reconsidered and give more time to assimilate the information. The first step would be to reconsider the prior motion.

TRUSTEE NORENE makes a motion to reconsider the previous action to conditionally approve the P-1 timber sale in Petersburg.

TRUSTEE MICHAEL seconds.

A discussion ensues.

There being no objection, the motion is approved.

CHAIR WEBB states that the P-1 timber sale is back before the board for consideration.

TRUSTEE NORENE states that he would happily hear a recommendation if this matter should be tabled until there is an opportunity to examine all of this information.

CHAIR WEBB states that they will reconvene in early January. There is no board meeting scheduled, but there is a plan to have committee meetings and a facilitated retreat session. The board meeting can certainly be scheduled at that time after having fully considered all of the public comments received.

TRUSTEE DERR suggests, rather than having a board meeting then, since the deadline in this motion was January 15th, it would be better to consider it at the board meeting at the end of January.

CHAIR WEBB states that is an excellent suggestion.

TRUSTEE NORENE makes a motion to delay further action on the P-1 timber sale until the regularly scheduled January board meeting.

TRUSTEE SMITH seconds.

TRUSTEE DERR requests that the record reflects that she and Trustee Norene agree.

There being no objection, the motion is approved.

MR. MORRISON states that the Ketchikan parcel is identical in this regard, and suggests another motion.

TRUSTEE NORENE makes a motion that the trustees reconsider the K-3 timber sale motion that was previously passed.

TRUSTEE SMITH seconds.

There being no objection, the motion is approved.

TRUSTEE NORENE makes a motion to bring this matter back up at the January board meeting for further review.

TRUSTEE SMITH seconds.

There being no objection, the motion is approved.

TRUSTEE EASLEY states interest in what is being done in Washington, and asks for an update as to how other people, besides our senator, are looking at the issue.

MR. MORRISON replies that they are getting a broad consensus of success for language to support the exchange, both from the congressional delegation, as well as the Administration. It is a very optimistic outlook, and we are working with a diverse group of interested parties and stakeholders.

TRUSTEE SMITH moves on to the recommended motion 11.

MR. MORRISON states that motion 11 was a staff attempt to address one area of concern that has been heard through the public process and the community meetings that seem to potentially address many of the concerns heard. It is an attempt to reaffirm the Trust's abilities, the intentions or issues surrounding the willingness to do a sale if it is in the best interest of the Trust. He explains this more fully. He adds that there is no specific action item to present, and we were hoping for a kind of forward-looking concurrence that if something did come, it is a good-faith effort to show the public that there is the willingness and ability to take these actions.

CHAIR WEBB states that, based on what was said, the time to consider this motion would be after all the public comments are reviewed and are ready to bring up the issue of the timber sales. He adds that no action is necessary at this point.

TRUSTEE SMITH concludes the Resource Management Committee report.

CHAIR WEBB moves to the Executive Committee report and states that it will be brief. He states that the committee met on October 3 and had a discussion in which all but Trustees Smith and Michael participated. Discussed was the request for letters of interest, the draft, and it was determined that it did not quite hit the target. Action was delayed, to be brought back for discussion here. He continues that it was determined to move forward with a facilitated session in the future in a stepwise fashion to get to where we want to be. He concludes the Executive Committee report. He moves to the last item on the agenda, which, given the previous actions, is probably not worthy of discussion at this point because there is a plan of action for the future during which the Board will spend an entire facilitated day discussing this issue.

A discussion ensues on the plan for the facilitated meeting.

TRUSTEE SMITH shares the conversations he had with three consulting firms, and states the need to understand the scope and objectives that are wanted. He states that that could be a conversation that gets clarity in January and will require comments and input from every single trustee.

TRUSTEE NORENE states that the interim CEO has a lot of experience in that arena and will help guide in that effort. He continues that he has a lot of confidence that he will be of great assistance in this matter.

TRUSTEE DERR asks what the timeline is for getting the interim CEO on board.

CHAIR WEBB replies that the documents have been submitted.

MS. KELLER states that the new-hire paperwork was sent to be filled out. It also includes all of the IRS paperwork and just the general HR things. She continues, that will all be submitted as soon as she gets them back, and his hire date will be effective as of yesterday, the date that approval from the Governor's office was received.

TRUSTEE DERR states that it would be good to provide a resume to Trustee Selby, as he requested.

CHAIR WEBB replies that he will be happy to do that.

A short discussion ensues on the facilitated meeting and giving staff direction to gather information.

TRUSTEE EASLEY requests that information be sent out to trustees as soon as it is available.

CHAIR WEBB comments on the perception of a lack of focus or a loss of focus on Trust beneficiaries. He knows this to be untrue because he has discussed with a number of trustees their own personal experiences, their own backgrounds and their reasons as to why they are on the Trust, as well as their specific knowledge of what faces Trust beneficiaries on a daily basis. He talks about his own personal history about beneficiaries, beneficiary needs, and what beneficiary lives are like. He states, on the record, that he cares about the lives of Trust beneficiaries, and lives that life and that caring every day. He adds that he knows with an absolute certainty that other members on this board have similar experiences.

TRUSTEE NORENE comments on his experiences with beneficiaries. He states that what bothers him is an identity problem of the Trust and what it is. He continues that people lose track of the fact that we are trustees of the corpus of the Trust, required to protect and grow that in order to pay for those beneficiaries. He explains this more fully.

The discussion continues.

TRUSTEE DERR states the need to go back to the guiding principles. At one point in time they would be reflected upon at the beginning of meetings, and then it was agreed to put them in every packet so that they were before us at all times. She suggests, as part of the organizational review, to go back and look at the guiding principles.

TRUSTEE SMITH shares some of his personal experiences with regard to his family and beneficiaries. He states that when you stand before the Legislature and tell them why you want to serve on this board, he did so because he believes what is being done is a good thing, and that is why he is here.

TRUSTEE EASLEY appreciates the comments and thinks everyone has experiences. She states that in looking around the room she sees people who are in their jobs, doing what they do because they care about the beneficiaries. She continues that what makes this organization so special is because we all have dealt with all kinds of situations, and we understand what being a beneficiary means. She adds that our goal is to provide for the beneficiaries and we work to improve their lives, and that cannot be done without money. We all do what we can to make it happen in the best way. Thank you.

CHAIR WEBB asks for any other comments. There being none, he asks for a motion to adjourn.

TRUSTEE NORENE makes a motion to adjourn the meeting.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

(Alaska Mental Health Trust Authority Full Board of Trustees meeting adjourned at 2:26 p.m.)