

MEETING AGENDA

Meeting: Finance Committee
Date: January 4, 2018
Time: 3:00 PM
Location: Trust Authority Building, 3745 Community Park Loop, Anchorage
Teleconference: (844) 740-1264 / Session Number: 807 424 829 # / Attendee Number: #
<http://thetrust.webex.com>
Trustees: Jerome Selby (Chair), Chris Cooke, Laraine Derr, Paula Easley, Greg Jones, Mary Jane Michael, Carlton Smith

Thursday, January 4, 2018

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3:00 pm	<u>Call Meeting to Order (Jerome Selby, Chair)</u> Roll Call Announcements Ethics Disclosure Approve Agenda Approve Minutes – 10/26/17	Hand-Out
3:10	<u>Staff Report Items/Approvals</u> <ul style="list-style-type: none">Cash Management Reports – Andy Stemp, CFOMotion – Account Consolidation – Andy Stemp, CFOMotion - FY2018 Pay-Out – Andy Stemp, CFOFY2019 Budget Update – Mike Abbott, CEO	Hand-Out 5 6 7
3:40	<u>Investment Policy Discussion</u> <ul style="list-style-type: none">Andy Stemp, CFO	Hand-Out
4:00 pm	<u>Adjourn</u>	

Future Meeting Dates

Full Board of Trustee / Program & Planning / Resource Management / Finance 2018 / 2019

(Updated – December 21, 2017)

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- | | | |
|--------------------------------|----------------------------|---------------------------------|
| • Program & Planning Committee | January 4, <u>2018</u> | (Thu) |
| • Resource Mgt Committee | January 4, <u>2018</u> | (Thu) |
| • Finance Committee | January 4, <u>2018</u> | (Thu) |
| • Full Board of Trustee | January 24-25, <u>2018</u> | (Wed, Thu) – JUNEAU |
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| • Program & Planning Committee | April 18, <u>2018</u> | (Wed) |
| • Resource Mgt Committee | April 18, <u>2018</u> | (Wed) |
| • Finance Committee | April 18, <u>2018</u> | (Wed) |
| • Full Board of Trustee | May 9, <u>2018</u> | (Wed) – TBD |
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| • Program & Planning Committee | Jul 31- Aug 1, <u>2018</u> | (Tue, Wed) |
| • Resource Mgt Committee | August 2, <u>2018</u> | (Thu) |
| • Finance Committee | August 2, <u>2018</u> | (Thu) |
| • Full Board of Trustee | Sep 5-6, <u>2018</u> | (Wed, Thu) – Anchorage
– TAB |
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| • Program & Planning Committee | October 17, <u>2018</u> | (Wed) |
| • Resource Mgt Committee | October 17, <u>2018</u> | (Wed) |
| • Finance Committee | October 17, <u>2018</u> | (Wed) |
| • Full Board of Trustee | November 15, <u>2018</u> | (Thu) – Anchorage – TAB |

Future Meeting Dates

Full Board of Trustee / Program & Planning / Resource Management / Finance 2018 / 2019

(Updated – December 21, 2017)

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- | | | |
|--------------------------------|----------------------------|---------------------------------|
| • Program & Planning Committee | January 3, <u>2019</u> | (Thu) |
| • Resource Mgt Committee | January 3, <u>2019</u> | (Thu) |
| • Finance Committee | January 3, <u>2019</u> | (Thu) |
| • Full Board of Trustee | January 30-31, <u>2019</u> | (Wed, Thu) – JUNEAU |
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| • Program & Planning Committee | April 17, <u>2019</u> | (Wed) |
| • Resource Mgt Committee | April 17, <u>2019</u> | (Wed) |
| • Finance Committee | April 17 <u>2019</u> | (Wed) |
| • Full Board of Trustee | May 8, <u>2019</u> | (Wed) – TBD |
| | | |
| • Program & Planning Committee | July 30-31, <u>2019</u> | (Tue, Wed) |
| • Resource Mgt Committee | August 1, <u>2019</u> | (Thu) |
| • Finance Committee | August 1, <u>2019</u> | (Thu) |
| • Full Board of Trustee | September 4-5, <u>2019</u> | (Wed, Thu) – Anchorage
– TAB |
| | | |
| • Program & Planning Committee | October 16, <u>2019</u> | (Wed) |
| • Resource Mgt Committee | October 16, <u>2019</u> | (Wed) |
| • Finance Committee | October 16, <u>2019</u> | (Wed) |
| • Full Board of Trustee | November 14, <u>2019</u> | (Thu) – Anchorage – TAB |

Future Meeting Dates Statutory Advisory Boards - 2018 (Updated – December 21, 2017)

Alaska Mental Health Board / Advisory Board on Alcoholism and Drug Abuse

- April 16-20, 2018 – Utqiagvik / Barrow <dates tentative>

Governor’s Council on Disabilities and Special Education

- Jan. 31-Feb 2, 2018 – Juneau
- May 15, 2018 – Video/Teleconference
- October 4-6, 2018 – Anchorage

Alaska Commission on Aging

- February 5-9, 2018 – face-to-face meeting
- May 2018 – Date to be determined.

MEMO

To: Jerome Selby, Finance Committee Chair
From: Andrew Stemp, Chief Financial Officer
Date: December 21, 2017
Re: Account Consolidation Transfer

REQUESTED MOTION:

A motion approving a transfer of \$5.0 million from APFC Budget Reserves previously assigned for inflation proofing into APFC Principal.

BACKGROUND

The Trust considers the impact of inflation on the resources available to meet beneficiary needs. As part of an effort to mitigate the impact of inflation in January 2014 the Trustees reserved \$5 million as inflation proofing assets. These funds were managed by the Alaska Permanent Fund Management Corporation, but retained outside of the main Trust portfolio. The segregation of these assets was intended to give the Trust maximum flexibility to invest the money, but still have access to the money should there be a reason to spend the money to meet beneficiary needs.

RECOMMENDATION

At this time, the Trust has significant reserves available to meet unanticipated needs and would be better served by transferring that money into the APFC principal. Taking this action will simplify administration of Trust assets and permanently commit the money to the Trust portfolio.

MEMO

To: Jerome Selby, Finance Committee Chair
From: Andy Stemp, Chief Financial Officer
Date: December 19, 2017
Re: Annual payout transfer
Fiscal Year: 2018

REQUESTED MOTION:

The Finance Committee recommends that the full board of trustees authorize the transfer of \$21,111,000 from the Alaska Permanent Fund Budget Reserve accounts to the Mental Health Settlement Income Account to finance the FY 2018 base disbursement payout calculation. The CFO may fulfill this motion with one lump sum or multiple transfers.

BACKGROUND

The Asset Management Policy Statement (AMPS) provides for an annual payout disbursement calculation consisting of 4.25% of the rolling four-year average aggregate net asset value (NAV) of principal and budget reserve investment balances held the Alaska Permanent Fund Corporation (APFC) and the Department of Revenue.

The calculation for the FY18 payout and drawdown from APFC budget reserves is as follows:

	<i>FY Ending NAV</i>
FY 2014	\$500,866,741
FY 2015	500,472,541
FY 2016	484,334,872
FY 2017	<u>501,256,000</u>
Average NAV:	\$ 496,732,538
	<u>x 4.25%</u>
Payout disbursement calculation (<i>rounded</i>):	\$ 21,111,000

Because of the increase in the average value of the fund, this requested payout is \$498,000 greater than the previous year.

Trust

Alaska Mental Health
Trust Authority

3745 Community Park Loop, Suite 200
Anchorage, AK 99508
Tel 907.269.7960
www.mhtrust.org

MEMO

To: Board of Trustees
From: Michael Baldwin, Evaluation & Planning Officer
Through: Mike Abbott, Chief Executive Officer
Date: December 21, 2017
Re: Update on Governor's Proposed FY19 Budget

On December 15, 2017 the Governor released the proposed FY19 budget recommendations that included allocations for the General Operating Budget, the Capital Budget, and the Mental Health Budget Bill.

This is a preliminary summary of differences between the trustees' approved FY19 Mental Health budget bill recommendations and the Governor's proposed FY19 budget.

MHTAAR Clean-up: The Governor's proposed budget makes new MHTAAR recommendations that appear to be focused upon making adjustments for projected FY19 salary increases. While they are minor amounts, the trustees are the only body allowed to make MHTAAR recommendations. They will require trustee board action to address.

- New **MHTAAR \$1.0** for Department of Corrections – Behavioral Health care FY19 salary and health insurance increases.
- New **MHTAAR \$1.1** for Department of Health & Social Services (DHSS) – Alaska Mental Health Board/Advisory Board on Alcohol and Drug Abuse FY19 salary and health insurance increases.
- New **MHTAAR \$1.2** for DHSS – Health Care Services – Medical Assistance Administration FY19 salary and health insurance increases.
- New **MHTAAR \$1.7** for DHSS – Senior & Disabilities Services Administration FY19 salary and health insurance increases.
- New **MHTAAR \$0.5** for DHSS – Alaska Commission on Aging FY19 salary and health insurance increases.
- New **MHTAAR \$1.1** for DHSS – Governor's Council on Disabilities & Special Education FY19 salary and health insurance increases.
- New **MHTAAR \$0.5** for Department of Labor and Workforce Development (DOLWD) – FY19 salary adjustment for the Job Center Liaison in Correctional Facilities project.

Total: \$7.1 MHTAAR

MHTAAR Moved between Department Results Delivery Units

(Divisions)/Components: The Governor's proposed budget makes recommendations that adjust allocations between a department's internal divisions or programs that do not match the Trust's approved FY19 budget. There do not appear to be changes in the

- The trustees approved a total budget of **\$1,300.0 MHTAAR** and **GF/MH** for the Department of Transportations *Coordinated Transportation* project. The Governor's budget recommended the same amount, but shifted **\$1,000.0 GF/MH** to the **AHFC Dividends** fund source.

Other Notable Recommendations: The Governor's budget allocated funding from the Designated General Fund – Alcohol/Other Drug Abuse Treatment and Prevention Fund for the DHSS Division of Behavioral Health. At this time we are unsure of whether this new money, or if it is repurposed existing funds. Staff will be consulting with Department staff to fully understand these allocations.

- **\$18,937.7** was added to the DHSS Behavioral Health Treatment & Recovery Grants line for a program to develop substance use disorder services for FY19.
- In FY19, **\$4,186.8** added to the DHSS Behavioral Health Prevention & Early Intervention Grants budget line.