

Trust

Alaska Mental Health
Trust Authority

Overview of Asset Management Policy Statement (AMPS) and Resource Management Strategy (RMS)

Background and History

These tools are intended to assist and guide decision-making within the framework of Trust responsibilities and obligations.

The Trust has an interesting challenge to balance the needs of current beneficiaries with the needs of future beneficiaries, including beneficiaries yet to be born. This creates a natural tension between competing needs and responsibilities.

Two key resources are the Asset Management Policy Statement (AMPS) and the Resource Management Strategy (RMS).

Relationship Between the Two Tools

- **Asset Management Policy Statement**-serves as the management plan for assets entrusted to the board.
 - **Mental Health Trust Fund**
 - **Trust Reserves**
 - **Cash Management Accounts (GeFONSI)**
 - **Commercial Real Estate**
 - **Settlement Lands**

Relationship Between the Two Tools

- **Resource Management Strategy**, can be seen as the TLO strategy for accomplishing the management plan objectives. This document is established in 11AAC 99.099C and addresses specific Trust resources:
 - **Timber**
 - **Oil & Gas**
 - **Minerals**
 - **Land Management & Development**
 - **Coal**
 - **Materials**

Interaction Between the Documents

- Ideally the AMPS and RMS work together to advance the interests of the Trust. The AMPS serves as an umbrella addressing all Trust assets and the RMS is a specialized component that concentrates on natural resources.
- The AMPS is owned and controlled by the Trustees. The RMS is developed by the TLO in consultation with the Trustees and can be considered a roadmap for how the TLO implements the directions in the AMPS.
- Both are considered “living documents” that may be revised as circumstances change.

Asset Management Policy Statement

- Updated and Adopted January 28, 2015
- This document is internal to the Trust and can be revised by the trustees; it includes guidance based on settlement terms, statutes, and regulations as a framework to work within.
- Best practices for these types of documents include a regular review to make sure it remains relevant and useful for decision making.

Legislative Audit Report

- Identified three questions associated with the current policies:
 - Need for an entity-wide perspective that addresses all Trust assets
 - Need for guidance around the commercial real estate investment program
 - Use of the Trust Land Office as a real estate investment manager

Trust Efforts to Address Policy Concerns

The Trust engaged Callan LLC as an independent advisor to review policies and provide input based on industry best practices.

- ✓ This firm has 46 years of experience advising endowments, foundations, retirement plans and other groups. Total assets managed by Callan clients exceed \$2 trillion.
- ✓ The firm has a long history serving the Alaska Permanent Fund and the Alaska Retirement Management Board.
- ✓ Callan is independent of investment managers and will provide policy recommendations based on the current industry best practices and the highest professional standards.

Opportunities for the Trust

Working through the policy review and update process provides two opportunities to gain benefits for the Trust:

Short-Term: We will satisfy audit recommendations by addressing the questions raised in the report. We may also benefit from adopting current benchmarking tools to more accurately assess investment performance and forecast future results.

- August 1, 2019 Callan and Trust staff presents the results of the review and any recommended updates for consideration by the Finance Committee.
- September 4th & 5th 2019 Trust staff presents the final version of any proposed updates for consideration and potential adoption at the Full Board Meeting.
- December 31, 2019 Updated versions of policy documents are published and available for distribution.

Opportunities for the Trust

Working through the policy review and update process provides two opportunities to gain benefits for the Trust:

Long-Term: We will benefit from aligning the policy documents with our newly implemented governance changes and charters, as well as with the Comprehensive Mental Health Plan. Additional assessment of the reserve requirements, inflation proofing needs, and other strategic decisions can be completed to position the Trust for future growth.

- April 22, 2020 Trust staff presents the results of the continuing review and associated reserve requirement study for consideration by the Finance Committee.
- September 2 & 3 2020 Trust staff presents a new version of policy documents, incorporating all previous revisions as well as the additional analysis for consideration and potential adoption at the Full Board Meeting.