
Executive Committee Agenda

3745 Community Park Loop, Room 210
November 19, 2014

Committee members: Mike Barton (Chair), Laraine Derr (Vice Chair), Paula Easley (Secretary / Treasurer)

		<u>Page No.</u>
11:45 am	<u>Call Meeting to Order</u> (Mike Barton, Chair)	
	Roll Call	
	Announcements	
	Ethics Disclosure	
	Approve Agenda	
	Approve Minutes – 10/30/13	3
12:00 pm	<u>Executive Session</u>	
	CEO Review	
1:00	Adjourn	

Future Meeting Dates

Full Board of Trustee / Finance / Resource Management / Planning

(updated 09/10/14)

FY15/16 - Finance Committee Dates:

- Jan 7, 2015 (Wed)
- April 16, 2015 (Thu)
- August 4, 2015 (Tue)
- October 21, 2015 (Wed)

FY15/16 – Resource Management Committee Dates:

- Jan 7, 2015 (Wed)
- April 16, 2015 (Thu)
- August 4, 2015 (Tue)
- October 21, 2015 (Wed)

FY15/16 – Planning Committee Dates:

- January 7, 2015 (Wed)
- April 16, 2015 (Thu)
- June 24, 2015 (Wed)
- August 5-6, 2015 (Wed, Thu)
- October 21, 2015 (Wed)

FY 15/16 – Full Board of Trustee Meeting Dates:

- November 20, 2014 (Thu) – Anchorage – TAB
- January 28-29, 2015 (Wed, Thu) – JUNEAU
- May 7, 2015 (Thu) – Anchorage – TAB
- September 2-4, 2015 (Wed, Thu, Fri) – Anchorage – TAB
- November 19, 2015 (Thu) – Anchorage – TAB

ALASKA MENTAL HEALTH TRUST AUTHORITY
EXECUTIVE COMMITTEE MEETING

October 30, 2013

10:30 a.m.

Taken at:
Alaska Mental Health Trust Authority
3745 Community Park Loop, Suite 200
Anchorage, Alaska 99508

Trustees present:
Mike Barton, Chair
Laraine Derr
Paula Easley

Trust staff present:
Jeff Jessee
Delisa Culpepper
Kevin Buckland
Marilyn McMillan
Steve Williams
Miri Smith-Coolidge

TLO staff present:
Marcie Menefee
Sarah Cunningham
John Morrison

Others participating:
Eric Campbell

PROCEEDINGS

CHAIR BARTON states that he, Laraine Derr, and Paula Easley are here as Trustees. He asks for everyone to identify themselves. He begins with the minutes of January 3, 2013.

TRUSTEE DERR makes a motion to approve the minutes of January 3, 2013.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

TRUSTEE DERR makes a motion to approve the minutes of October 24, 2013.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

CHAIR BARTON moves to the audit presentation, and recognizes Eric Campbell.

AUDIT PRESENTATION

MR. CAMPBELL states that he is with BDO, formerly Mikunda Cottrell. He explains that Mikunda Cottrell merged with BDO July 1st, and is a new name to Alaska. He continues that they performed the audit this year for June 30, 2013, and adds that in 2012 they did the audit under Mikunda Cottrell. He begins with the independent auditor's report, stating that it is three pages long. He continues that under auditor's responsibilities one of the things that they do not do is audit the Permanent Fund. He adds that KPMG does that audit and issues a financial statement that is specifically for the Mental Health Trust assets, and then that is incorporated into the rest of the activities that are audited.

A discussion ensues on why the audit cannot be produced earlier.

MR. CAMPBELL states that on page 4, under "Opinion," there is an unqualified and clean opinion. He adds that there is also a clean opinion on the financial statements. He recommends that everyone involved in the Trust read the management's discussion and analysis. He states that it is a good summary of what happened in numbers, explaining the numbers in a narrative format.

TRUSTEE DERR asks, in the last paragraph, what the expended grant funds by the grantee, \$2 million, means.

MR. BUCKLAND explains that it is AHFC and is related to homeless assistance grants. He adds that since it is capital in nature, the spending can ebb and flow across fiscal years. He continues that there was some built up that was expended in FY12 that do not have the same level of expenditures in FY13.

MR. CAMPBELL goes through the financial statements, explaining as he goes along. He states that the total assets for this year are \$571 million, compared to \$533 million last year, with a \$38 million increase. He adds that most of that is sitting in cash and investments. He states that the liabilities were \$44 million compared to \$45.9 million in the prior year, with the liabilities down \$1.9 million. He moves on to income, and states that last year there was a \$14 million loss in all of the cash and investments. He continues that this year there was a \$35 million gain. He explains that there was increased oil production; a settlement with the Municipality of Anchorage; Fort Knox Royalties were higher; and a new timber contract.

MR. BUCKLAND states that every class of revenue that TLO generates was increased, except for coal, which was down.

MR. CAMPBELL states that it was a good year for revenues, with a \$51 million increase. He continues, explaining the expenditures of \$24.4 million. He states that most of the rest is financial statements and is mostly a lot of Permanent Fund activity.

TRUSTEE DERR asks about the language regarding the Permanent Fund and the Trust. She continues that the Trust does not have an absolute return strategy or holds private equity through investments. She adds that it is not presenting a picture of the Trust financial statements.

A discussion ensues on the wording.

MR. WILLIAMS suggests “through the Permanent Fund, the Trust is invested.”

TRUSTEE DERR agrees that would help.

MR. CAMPBELL states that wordsmithing is okay as long as it is not misstated. He adds that one of the problems is that everything is intermingled with what the Land Office is doing, what Treasury is doing, and what Permanent Fund is doing.

The discussion continues.

MR. CAMPBELL moves on to the capital assets.

TRUSTEE DERR asks about the capital assets and how they are recorded.

MR. BUCKLAND explains the situations, stating that those things are unique to the Trust, and adjustments may need to be made down the road.

A discussion ensues on the Cordova property.

MR. CAMPBELL states that sometimes it is a fine line between the investment properties and capital assets.

CHAIR BARTON asks how the demolition money for L Street is shown and carried.

MR. CAMPBELL replies “land” and “land improvements. “

The discussion continues.

MR. CAMPBELL moves on to 44, pointing out that there is \$5 million over the next five years of minimum rent coming on. He adds that these are noncancelable lease revenues. He explains how the numbers came about.

He states that there are five new rules on the horizon in governmental accounting which may have a significant impact on the financial statements. He continues that all entities are going to have to record the unfunded liability related to pensions. He explains that the State is going to have to go through and identify which portion of that is related to every entity in the State that is

involved in PERS, and tell everybody how much is allocated to them. He adds, that will have to be shown on the financial statements, and that unfunded liability is going to show up as a big one. He continues going through the audit.

CHAIR BARTON asks for any more questions.

MR. BUCKLAND comments that the Senior Assurance Management is out on the family emergency which will bring a \$391,000 change between accounts receivable and investments because of a request that they take it back. He adds that this will be a minor change.

MS. CULPEPPER asks if a motion is needed from the Executive Committee.

MR. BUCKLAND replies that, traditionally, an approval to receive and approve the audit has been done.

TRUSTEE DERR makes a motion that the Executive Committee accept the audit based upon minor changes that will take place.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

CHAIR BARTON congratulates Mr. Buckland on a clean audit.

MR. BUCKLAND thanks him.

MS. CULPEPPER states that the changes will be available at the November 21 meeting, and then it will show on the agenda under the Executive Committee report to bring it forward to the Trustees for action.

TRUSTEE EASLEY states that in the past the Executive Committee approved it and that was it.

MR. BUCKLAND states that he did not think that the Full Board needed to take action.

CHAIR BARTON states that Board approval is not needed.

MS. CULPEPPER explains that according to the bylaws, the Full Board is needed. She continues that it will be presented as part of the committee report.

CHAIR BARTON asks Trustee Derr to make the report to the Full Board on November 21.

TRUSTEE DERR states that she has one more thing to bring to the Executive Committee. She continues that the Planning Committee meeting is tomorrow and they are planning to discuss PRIs. She asks if that will be on the Trustee agenda on the retreat. She adds that she would like it discussed before it goes to committee for any decision.

MR. JESSEE replies that the status is that it is going to come up at the Planning Committee for discussion purposes; no action to be taken. He continues that it will then be on the retreat agenda.

A short discussion and explanation ensues.

MS. CULPEPPER states that the Executive Committee will need to hold a session to do the CEO's review.

CHAIR BARTON states the intent is to do that November 21. He continues that the noncash asset piece of the Asset Management Plan is done, and the cash asset piece needs to get done. He asks when that can be accomplished.

MR. BUCKLAND states that there is an RFP ready to go, and adds that it will be an interesting process.

MS. CULPEPPER states that it will likely be spring before the contractor would have the product back and report to the Finance Committee on that.

CHAIR BARTON asks if there is any benefit in institutionalizing the way it is now and then revising it when the contractor's report is received.

A discussion ensues.

CHAIR BARTON asks for anything else to come before the Committee. There being none, he asks for a motion for adjournment. He thanks Mr. Campbell for a job well done.

TRUSTEE DERR moves adjournment.

There being no objection, the motion is approved.

(Executive Committee adjourned at 11:36 a.m.)