

## Board of Trustee Meeting

**Date: January 28-29, 2015**

**Alaska Permanent Fund Corporation / Hugh Malone Board Room  
801 West 10th Street, Juneau, AK 99801**

**January 28<sup>th</sup>:** Call in number: (866)-469-3239; Training Session: 800 545 487 # / Attendee Number: #

**January 29<sup>th</sup>:** Call in number: (866)-469-3239; Training Session: 809 024 338 # / Attendee Number: #

<http://amhta.webex.com>

**Trustees: Mike Barton (Chair), Laraine Derr (Vice Chair), Paula Easley (Secretary/Treasurer),  
Larry Norene, Mary Jane Michael, Russ Webb, John McClellan**

### Wednesday, January 28, 2015

**Page No.**

<b>8:15a</b>	<b>Call to Order – Mike Barton, Chair</b>	
	<b>Roll Call</b>	
	<b>Approval of Agenda</b>	
	<b>Approval of Minutes - November 20, 2014</b>	<b>5</b>
	<b>Ethics Disclosure</b>	
	<b>Review of Guiding Principles</b>	<b>21</b>
<b>8:30</b>	<b>Staff Report</b>	
	<b>CEO Update</b>	
<b>8:45</b>	<b>Committee Report</b>	<b>40</b>
	<b>Resource Management</b>	
<b>9:00</b>	<b>Committee Report</b>	<b>42</b>
	<b>Finance</b>	
<b>9:30</b>	<b>Approvals FY15 November Small Projects</b>	<b>44</b>
	<b>Small Project Application Spreadsheet</b>	<b>46</b>
<b>9:45</b>	<b>AMPS Discussion</b>	<b>48</b>
	<b>Nelson Page</b>	
<b>10:15</b>	<b>Break</b>	
<b>10:30</b>	<b>Partner Update</b>	
	<b>Ronald Taylor</b>	
	<b>Acting Commissioner, Department of Corrections</b>	
<b>11:00</b>	<b>Statutory Advisor Update</b>	<b>90</b>
	<b>Alaska Mental Health Board / Advisory Board on Alcoholism &amp; Drug Abuse</b>	
<b>12:00p</b>	<b>Lunch on your own</b>	

<b>1:15p</b>	<b>Assemble at Alaska State Capitol, Room #519</b>	
<b>1:30</b>	<b>House Finance Committee Presentation</b> Alaska State Capitol, Room #519	
<b>2:45</b>	<b>Statutory Advisor Update</b> Governor's Council Disabilities & Special Education	<b>105</b>
<b>3:30</b>	<b>Committee Report</b> Planning <ul style="list-style-type: none"><li>• MMIS Update – Margaret Brodie, Director Health Care Services, Health &amp; Social Services</li></ul>	<b>118</b>
<b>4:00</b>	<b>Statutory Advisory Update</b> Valerie Davidson Commissioner of Health & Social Services	
<b>4:30</b>	<b>Recess</b>	
<b>4:45</b>	<b>Public Comment</b>	<b>37</b>

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**Thursday, January 29, 2015**

**Page No.**

<b>8:30a</b>	<b>Assemble at Alaska State Capitol, Room #532</b>	
<b>9:00</b>	<b>Senate Finance Committee Presentation</b> Alaska State Capitol, Room #532	
<b>11:30</b>	<b>Statutory Advisor</b> Alaska Commission on Aging	<b>120</b>
<b>12:15p</b>	<b>Other Business</b>	
<b>1:15p</b>	<b>Adjourn</b>	

## Future Meeting Dates

### Full Board of Trustee / Finance / Resource Management / Planning

(updated 12/08/14)

#### **FY15/16 - Finance Committee Dates:**

- January 27, 2015 (Tue) – JUNEAU
- April 16, 2015 (Thu)
- August 4, 2015 (Tue)
- October 21, 2015 (Wed)
- January 26, **2016** (Wed)
- April 14, **2016** (Thu)
- August 2, **2016** (Tue)
- October 20, **2016** (Thu)

#### **FY15/16 – Resource Management Committee Dates:**

- January 27, 2015 (Tue) – JUNEAU
- April 16, 2015 (Thu)
- August 4, 2015 (Tue)
- October 21, 2015 (Wed)
- January 26, **2016** (Tue) – JUNEAU
- April 14, **2016** (Thu)
- August 2, **2016** (Tue)
- October 20, **2016** (Thu)

#### **FY15/16 – Planning Committee Dates:**

- January 27, 2015 (Tue) – JUNEAU
- April 16, 2015 (Wed)
- August 5-6, 2015 (Wed, Thu)
- October 21, 2015 (Wed)
- January 26, **2016** (Tue) – JUNEAU
- April 14, **2016** (Thu)
- August 3-4, **2016** (Tue)
- October 20, **2016** (Thu)

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

- January 28-29, 2015 (Wed, Thu) – JUNEAU
- May 7, 2015 (Thu) – TBD
- August 26-27, 2015 (Wed, Thu) – Anchorage
- November 18, 2015 (Wed) – Anchorage – TAB
- January 27-28, **2016** (Wed, Thu) – JUNEAU
- May 5, **2016** (Thu) – TBD
- August 24-26, **2016** (Wed, Thu, Fri)
- November 17, **2016** (Thu) – Anchorage – TAB

**Minutes for the  
November 20, 2014  
Full Board of Trustee  
Meeting**

ALASKA MENTAL HEALTH TRUST AUTHORITY

FULL BOARD MEETING

November 20, 2014

8:15 a.m.

Taken at:

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

**OFFICIAL MINUTES**

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Trustees present:

Mike Barton, Chair  
Laraine Derr  
Larry Norene  
Mary Jane Michael  
Paula Easley  
John McClellan

AMHTA staff present:

Jeff Jessee  
Steve Williams  
Nancy Burke (via telephone)  
Miri Smith-Coolidge  
Kevin Buckland  
Michael Baldwin  
Marilyn McMillan  
Carrie Predeger  
Carley Lawrence  
Amanda Lofgren  
Katie Baldwin-Johnson  
Luke Lind  
Valette Keller  
Natasha Pineda  
Barbara Dick

TLO staff present:

Marcie Menefee  
John Morrison

Also present:

Kate Burkhart; Teri Tibbett; Denise Daniello; Mary Shields; Patrick Reinhart; Ric Nelson; Kathy Craft; Tawny Buck (via telephone); Elizabeth Ripley; Michael Kerosky; Jon Sherwood (via telephone); Lindsay Brothe; Donna Mong; Britteny Howell; Dean Paul; Heidi Frost; Duane Mayes; Faith Myers; Dorrance Collins.

## **PROCEEDINGS**

TRUSTEE DERR calls the meeting to order. She states that Chairman Barton will be along shortly. She adds that Russ Webb is not present this morning. She moves on to the approval of the agenda, asking for any additions or deletions.

TRUSTEE MICHAEL makes a motion to approve the agenda.

TRUSTEE McCLELLAN seconds.

*There being no objection, the motion is approved.*

TRUSTEE DERR moves to the approval of the minutes of August 5, 2014.

TRUSTEE MICHAEL makes a motion to approve the minutes of August 5, 2014.

*There being no objection, the motion is approved.*

TRUSTEE MICHAEL makes a motion to accept the minutes of September 3 and 4, 2014.

TRUSTEE NORENE seconds.

*There being no objection, the motion is approved.*

TRUSTEE DERR asks for any ethics concerns with any of the items to come before the Trustees today. There being none, she reviews the Guiding Principles. She moves on to the staff report, and recognizes Jeff Jessee.

## **STAFF REPORT**

MR. JESSEE states that there are a number of logistical issues this morning that will mean adjusting the agenda. He moves on to the CEO update stating that, it is not official, but for all practical purposes it is clear that the Governor-Elect is Walker. He adds that the delay has gotten the transition process and team off to a somewhat slow start. He continues that the chairs of the transition teams are meeting early this afternoon. He states that there are 17 transition team subcommittees, and over 250 Alaskans from all over the state have been invited to meet tonight, Saturday and Sunday. He adds that the process is open to the public, and the media will be there. He continues that the only thing known officially is that Jim Whitaker is going to be chief of staff. He talks about the different scenarios of the transition, budget cuts, and prioritization of Beneficiaries' needs. He talks about the issue around Proposition 2 and the Marijuana Initiative.

He states that the next two years will determine the future of how marijuana is dealt with in the state. He continues that if the marijuana industry is able to acquire licenses and then invest in infrastructure, then the chances of that industry being eliminated are pretty slim. He explains the three phases or strands of the marijuana initiative going forward. He states that, probably at the January meeting, staff will bring forward something to review on how an ongoing effort on this subject might fit into the Substance Abuse Prevention and Treatment focus area. He adds that this is to make sure that a level of resource and activity is allocated. He asks for any questions or comments.

TRUSTEE NORENE agrees that if there is going to be regulation on marijuana, it needs to be thought about to have something done, with a focus on the impact on young people. The alcohol and drug abuse focus area should be adequate to look at that.

MR. JESSEE states that marijuana is not as damaging, both individually and societally, as alcohol, but it does produce Beneficiaries. He adds that it is not necessarily an enhancement to the Beneficiaries that have co-occurring disorders. He states that in talking with the residential substance abuse providers for adolescents, they deal with a fair amount of marijuana addiction. He adds that adults have a slightly lower addiction rate.

TRUSTEE EASLEY states that a lot of the Elders in Kodiak had pretty much given up on the long-time alcoholics as far as being able to make a huge difference. She continues that they definitely want their programs focused on prevention to the youth. She adds that the Trust can really make some progress in working on prevention for teenagers.

TRUSTEE DERR asks about Proposition 3 and how that will impact the Trust in terms of grants and the future of Beneficiaries.

MR. JESSEE replies that an increase in the minimum wage is a good thing, but there is a concern that as the wage is raised the number of jobs available decreases. He states, if that happens, it is a bad thing for the Beneficiaries.

TRUSTEE MICHAEL asks if there is a limitation on the amount that can be made.

MR. JESSEE replies, yes, for Social Security. He asks Ms. Lofgren to reply further.

MS. LOFGREN states that there is a substantial gainful allowance of approximately \$1170.

A short discussion ensues.

TRUSTEE DERR asks for any other questions in regard to the staff report. There being none, she moves to the Executive Committee report.

## **EXECUTIVE COMMITTEE REPORT**

TRUSTEE DERR reports that the Executive Committee met October 22, 2014, and reviewed the audit for the fiscal year ended June 30. She states that the Trust received an unqualified or clean audit opinion on the financials for the fiscal year. She continues that the audit report also



included a review of internal control of financial reporting and compliance, which was also clean. She adds that there were no material weaknesses or significant deficiencies that came to the auditors' attention. She states that the Trust closed FY14 with a net position of \$585.6 million; an increase of \$58.2 million over the prior year. She asks for any comments. There being none, she moves on to the Resource Management Committee report.

## **RESOURCE MANAGEMENT COMMITTEE REPORT**

TRUSTEE NORENE states that there are some consultations to bring forward, and he asks Ms. Menefee to continue.

MS. MENEFEE states that the Resource Management Committee met on October 22, 2014, and has consultations that the RMC has brought forward to the Board. She continues that the first issue is a coal lease to Usibelli in the Healy area.

TRUSTEE NORENE makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Board of Trustees concur with the negotiated lease with Usibelli Coal Mining for mining of coal.

*There being no objection, the motion is approved.*

MS. MENEFEE states that the second motion is related to a Canadian company, Freegold Ventures. She continues that the project is referred to as the Cleary Summit Project and the use of Trust land for ski runs adjacent to the private land that Ski, Inc. owns. She adds that it is a very popular area in Fairbanks. She explains what Freegold is doing and the potential revenue.

TRUSTEE NORENE makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Board of Trustees concur with the addition of 1173 acres to the existing lease with Freegold Ventures.

*There being no objection, the motion is approved.*

TRUSTEE NORENE asks for any additional updates.

MS. MENEFEE states that the TLO has reached a preliminary settlement with the parties related to the Kenai Loop Gas Field, and a term sheet of agreement was signed with the company, AIX. She continues that the terms of the settlement are confidential. She states that the second is the status for the land exchange with the Forest Service. She continues that the forest supervisor's office forwarded a draft feasibility analysis to Region 10, which is a big deal. She adds that it is a tremendous statement of their continued support inside of Alaska. She states that the Region 10 review should take less than six months and then the Forest Service exchange process, which includes appraisals of the NEPA process, public meetings, should begin.

TRUSTEE NORENE concludes the report.

TRUSTEE DERR moves to the Finance Committee Report.

## FINANCE COMMITTEE REPORT

TRUSTEE DERR states that there are four items that came from the Finance Committee for approval by the Board of Trustees. She continues that the first is to continue the suspension of the quarterly transfer. She asks Mr. Buckland for the Cash Management Report.

## CASH MANAGEMENT REPORT

MR. BUCKLAND states that there have been no major changes since last month, and the figures have been updated to October 31. He goes through the report quickly, explaining as he goes along.

TRUSTEE DERR asks for any questions in regard to the Cash Management Report. There being none, she moves on to the discussion of the payments to the Permanent Fund. She recognizes and welcomes Chair Barton.

TRUSTEE DERR makes a motion that the Finance Committee recommends \$350,000 FY15 designated grant to RurAL CAP, Alaska Community Action Program, for start-up of the newly acquired Safe Harbor housing programs and capacity development activities.

*There being no objection, the motion is approved.*

TRUSTEE DERR makes a motion that the Finance Committee recommends to change \$200,000 of FY14 Housing Focus Area Authority Grant funds to FY15 MHTAAR funds.

*There being no objection, the motion is approved.*

TRUSTEE DERR makes a motion that the Finance Committee recommends a \$250,000 FY15 MHTAAR grant to the Division of Senior and Disability Services for the HCBS program assistance and pilot.

*There being no objection, the motion is approved.*

MS. PINEDA states that there is a request to approve the focus area allocation for the polling area. She explains that the polling strategy is a partner project with Recover Alaska partners. She continues that it is an opportunity to better understand the motivations behind people's beliefs around a variety of issues related to substance abuse.

TRUSTEE EASLEY makes a motion to approve a focus area allocation for a contract for Polling: Knowledge, Attitudes, Beliefs, and Behaviors, not to exceed \$350,000: \$150,000 will be from the FY15 Substance Abuse Prevention and Treatment Focus Area Authority Funds; \$100,000 from FY16 Substance Abuse Prevention and Treatment Focus Area Authority Funds; and \$100,000 from DHSS, Division of Behavioral Health.

TRUSTEE McCLELLAN seconds.

A discussion ensues.

TRUSTEE EASLEY amends the motion to be contingent upon receipt of \$100,000 from DHSS.

TRUSTEE McCLELLAN states that the second is in agreement.

*There being no objection, the motion is approved, as amended.*

TRUSTEE DERR concludes the Finance Committee report.

CHAIR BARTON thanks Trustee Derr. He asks, given that oil is \$75, if that will have any effect on operations in terms of the payout or anything else.

MR. BUCKLAND replies that the bulk of the payout is based off the net asset value of the investments which are invested broadly at the Permanent Fund, and at the Treasury Division. He explains that it is more contingent upon how the overall economy is operating, as opposed to one particular sector.

CHAIR BARTON moves on to the Ad Hoc Committee.

#### **AD HOC COMMITTEE**

MR. JESSEE states that Kevin Buckland will lead that discussion.

MR. BUCKLAND begins with some background about the implementation of PRI policy that was adopted by the Board, which was included in the AMPS. He states that, during the meeting, additional changes were made and the document was updated. He asks for any questions.

TRUSTEE McCLELLAN asks if the Trust Land Office was involved in making the changes.

MR. BUCKLAND replies yes.

A short discussion ensues.

MR. JESSEE suggests looking at it and bringing it back up in January.

CHAIR BARTON asks if there are any objections to tabling this until the January meeting.

MR. WILLIAMS asks for clarification on whether a meeting needs to be coordinated for the review.

CHAIR BARTON suggests that the Trustees do it on their own, and if there are questions, a meeting can be put together.

TRUSTEE McCLELLAN states that he would like to have the TLO signed off and agreeing to the final version by the time it is brought back to the Board.

CHAIR BARTON suggests that if upon the final review there are any issues, to let all the Trustees know and not wait until the January meeting.

A short discussion ensues.

CHAIR BARTON calls a break.

(Break.)

CHAIR BARTON states that, according to the bylaws, the Chair is responsible for making the Trust committee assignments. He continues that he has decided that all seven Trustees will be on each of the three committees. He adds that it is the desire of the Trustees to serve on a different committee than presently assigned; second, it gives every Trustee a vote on each committee; third, it makes it easier for the committee to get a quorum. He states that this is how they will operate in the coming year, and if any problems are identified with operating that way, those will be resolved in a fashion that seems appropriate.

CHAIR DERR asks about committee chairmanships.

CHAIR BARTON replies that committee chairs will remain as they are, and the committee chairs will run the committee meetings. He moves on to the Planning Committee report, and recognizes Trustee Easley.

## **PLANNING COMMITTEE REPORT**

TRUSTEE EASLEY states that she was pleased that every single Trustee was in attendance at the last meeting, and adds that she will cook another prime rib dinner for the next meeting to keep that attendance up. She continues that Heidi Weiland, the Trust contractor on the Behavioral Health Systems Assessment, did a project update. She adds that Michael Baldwin has given the System Provider Survey.

MR. BALDWIN states that the last big chunk of Medicaid data was sent so the contractors can start to crunch numbers there. He continues that they met with and attended the Tribal Health Consortium's Behavioral Health Aide meeting and did some engagement with the health aides. He adds that it was a good meeting, and we have been getting some feedback and some surveying. He states that we were also invited to be part of the Division of Behavioral Health's Change Agent Conference and had an opportunity for some provider surveying with the grantees and providers there. He goes through some of the results of the survey, and answers questions.

TRUSTEE EASLEY states that Melissa from Mat-Su Health Foundation spoke and reported on their findings. She continues that they found that there were a lot of times they were not able to handle Mental Health Trust Beneficiaries and would have to be sent out for higher levels of care. She adds that on here the majority of them can be handled in their local communities, which is also surprising.

A short discussion ensues.

TRUSTEE EASLEY states that Michael Bailey from the Alaska Association on Developmental Disability, and Lizette Stiehr, talked about the impact on MMIS and the problems of converting to the new computer billing system requirements.

MS. BURKHART states that Margaret Brodie provided an update on the lawsuit at the Change Agent Conference. The mediation failed because the decision-makers from Xerox were not available. She continues that the first hearing is in January. She adds that Xerox is funding the cost of 30 additional staff at Health-Care Services because Health-Care Services is checking and signing off on every fix. She gives a bit more information on the meeting, and states that at least three providers are actively consulting with counsel on the possibility of a lawsuit.

TRUSTEE EASLEY asks Carrie Predeger for an update on the Grantee Authority Grant summaries.

MS. PREDEGER states that the document on page 128 of the packet is a summary of all of the Authority Grant projects that were closed in FY13. She continues that there were 103 Authority Grant projects for a total of \$6,443,351. She adds that 77 percent of that funding fell into either the focus area or the General Authority Grant category. She goes through the highlights.

TRUSTEE EASLEY thanks Ms. Predeger, and states that is a good representation of the results-based accountability.

A short question-and-answer ensues.

TRUSTEE EASLEY concludes the Planning Committee report and states that the next meeting will be in January.

CHAIR BARTON asks staff if a date has been decided on.

MR. WILLIAMS replies that they are looking into the availability of the Permanent Fund and where that falls in relation to the January board meeting. He adds that staff will get back to the Trustees with the date.

CHAIR BARTON recognizes Elizabeth Ripley.

MS. RIPLEY states that she is executive director of the Mat-Su Health Foundation and appreciates the opportunity to be here. She gives a brief background about the Mat-Su Health Foundation. She states that they strive in their work as a regional funder to work closely with the Alaska Mental Health Trust Authority, and are grateful for all the work done looking out for the Beneficiaries that impact the health of all of Alaska. She begins with a short video about the health foundation.

(Video being played.)

MS. RIPLEY goes over the background and then introduces their board members. She then states that their focus is on growing and offering the right services to a fast-growing population; recruiting doctors; providing adequate charity care and public education programs regarding

health. She continues that the hospital is profitable primarily because it is in the fastest-growing population base in the state and is reclaiming market share as it adds new services and procedures. She talks about the values; the first being that as the executive director she was required to live in Mat-Su and become a part of the community. She continues, giving a complete background of Mat-Su and the challenges being faced. She states that there is a sheet in the packet about their behavioral health environmental scan, which has been going on for all of 2014. She continues that the first report of the scan will be published on Monday and will be available on their Web site. She goes through the report. She gives an overview of how they grant and how they will grant within the focus areas. She goes through the tiers of grant making. She highlights how they plan to make a difference. She concludes her presentation and asks for any questions.

CHAIR BARTON thanks Ms. Ripley, and states that next on the agenda is Mike Kerosky for Anchorage Youth Indicators, Trends and Comparisons.

MR. KEROSKY thanks the Trustees, and states that two years ago the Trust generously provided the funding for this study. He gives a context for the report, and adds there is a full report in the packet. He highlights some of the report, especially the results that pertain particularly to Trust constituents. He states that two years ago there were two questions: Are Anchorage kids any different than the national average when it comes to risky behaviors and strengths behaviors? Is there any way to tell where all this effort put into the last 18 years from the strength-based point of view really makes any difference? He continues that in completing the study, a number of limitations were found: In Alaska, there is a rule that a student has to have parental consent, which limits the number and frequency of surveys; most of the youth indicators or instruments were targeting negative behaviors; and there was a limitation on the pool of data. He does a quick summary of data and continues his slide presentation, explaining as he goes along. He states that the following are using these research results: Anchorage Youth Development Coalition director, Deborah Williams; Melanie Sutton from Anchorage School District -- both for funding. He concludes his presentation and asks for any questions. There being none, he again thanks the Trustees.

MS. SMITH-COOLIDGE states that all of these meeting materials are on the Web site.

CHAIR BARTON recesses for lunch, and will reconvene at 1:15.

(Lunch break.)

CHAIR BARTON states that at the last Board meeting a number of Trustees had questions about the Medicaid waiver program. He recognizes Amanda Lofgren.

MS. LOFGREN thanks Mr. Jesse for a good job in his staff report highlighting how integrated and how integral Medicaid is with the work done at the Trust with all of the focus areas and grant-making work. She adds that there have been a lot of changes. She states that in the packet, on page 131, are the documents from the planning meeting on the State plan and the services in SDS. She states that Jon Sherwood will give the history of Medicaid.

MR. SHERWOOD states that Medicaid is a component of the Social Security Act, which was enacted in 1935, and focused on providing support to people with old age, poverty, unemployed, and the widows and orphans or the single-parent families of America. He continues that Social Security provides payment to citizens in these circumstances. He continues that it has evolved to also making grants to states to operate the Medicaid program. He adds that, in 1965, Medicare and Medicaid passed into law and became Titles 18 and 19 of the Social Security Act. He states that in 1972, Alaska's Medicaid program began; it is a contract with the federal government. In 1981, states were given the ability to waive certain Medicaid rules to offer human community services for people eligible for Medicaid in institutional settings. He adds that those home- and community-based service waivers are 1915(c) of the Social Security Act and are usually the waivers talked about. He states that the Americans with Disabilities Act put a requirement on states to provide services in the most integrated, least restrictive setting. He continues that in 1993 the general waiver authority, 1115 demonstration waivers, under the Social Security Act waived a number of program requirements. He adds that the 1115 waivers can be used to do very small changes, as long as there is a demonstration purpose that can be proved to be cost-neutral to the federal government. He continues that Alaska applied for and was approved for its first home- and community-based waivers in 1993. He adds that there are currently four of them: Alaskans Living Independently, or the ALI waiver, which serves individuals age 21 and older, that need a nursing facility level of care; individuals with developmental disabilities, the IDD waiver, which serves individuals of all ages that meet a level of care for intermediate care facilities; APDD, adults with physical and developmental disabilities waiver, which is a structure used to provide rehabilitative services targeted for people with developmental disabilities who happen to qualify under a nursing facility level of care; CPMC waiver, which is children with complex medical disabilities, which is nursing facility level of care through age 21. He talks about the Olmstead decision, which satisfied that states have to provide community-based services to individuals in lieu of institutional services, which he explains. He adds that Alaska does not have an Olmstead plan. He explains the role of Medicaid in the health-care system and Alaska's programming. He moves on, stating that there are three mechanisms for management: defining the pool of who is eligible is one of the ways of managing the Medicaid program and the Medicaid budget; required services versus optional services; the rates providers are reimbursed at, how much is paid for is going to impact how much it costs to operate the program. He goes through some of the required services, and then talks about some of the optional services. He states that Medicaid is an entitlement program and talks about eligibility. He continues that Medicaid works relative to Medicare, which is the primary payer. He adds that Medicaid picks up the long-term supports.

A short question-and-answer period ensues.

MR. SHERWOOD moves on and talks about some state plan options which give more flexibility and allow for focusing a little more on outcomes.

MS. LOFGREN states that the Medicaid Reform Advisory Group has identified several different innovative strategies, and the 1915(k) was one of the identified strategies presented.

MR. SHERWOOD moves on, explaining 1915(i) option which is home- and community-based services options, and explains the difference between options and waivers.

TRUSTEE MICHAEL asks about the RSS, Recipient Support Services.

MS. BURKHART replies that Director Wall stated that the situation that gave rise to the assumption that RSS services were no longer reimbursable has been resolved and those claims are being processed. She adds that there will be efforts to redefine what services are considered recipient support services, and the Division will engage in that process with the Alaska Behavioral Health Association.

A discussion ensues.

MS. LOFGREN apologizes for not introducing Jon Sherwood. She states that he had worked for the Commissioner in the Department of Health and Social Services for a long time, and has since moved over to the Division of Senior and Disability Services as deputy director.

CHAIR BARTON states that this is very educational and that every conceivable question was answered. He thanks Ms. Lofgren and Mr. Sherwood for an informative presentation.

MR. SHERWOOD thanks the Trustees for the opportunity, and also Nancy Burke for doing much of the work in putting this all together.

CHAIR BARTON moves along to the Governor's Council on Disabilities and Special Education.

## **GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION**

MR. REINHART states that he is the new director of the Governor's Council on Disabilities and Special Education, and Ric Nelson is the chair. He continues that the Council operates on a five-year plan and this is the end of the five-year cycle. He adds that they will be going to a new planning cycle this year and points out the areas that were covered in the planning. He states that, to a certain degree, the Council is required by federal law to support a self-advocacy organization, which is Peer Power Alaska. He continues that they are involved in the Self-Advocacy Key Campaign, PIP, Partnership in Policymaking. He adds that it is run by the Center for Human Development, training people to be advocates. He continues his presentation, explaining the slides as he goes along. In Employment First, he states that the next step is to get a group of the Commissioners that are identified in this bill together to talk about what some of the next steps are. He continues, that has been delayed with the election change. He talks about the Trust Beneficiary Employment and Engagement area, which is a huge collaboration area, and the Alaska Safety Empowerment Network. He states that some of the 2014 legislative outcomes are: an update on the Anchorage Taxicab and Limousine Service Ordinances; Complex Behavior Collaborative; House Bill 21, the Employment First Bill; HB 361, Applied Behavioral Analyst Licensing; HB 210, the Safe Student Act; HB 278, the Comprehensive Education Bill, the repeal of the high school qualifying exam. He explains each. He states that it was a very productive year; everything on the agenda got done. He talks about the difficulty in developing the 2015 legislative priorities and discussion. He states that there have been a lot of discussions with the Deaf community on helping them get their messaging together on the Denali Deaf Center. He continues that they have a facility that they do not own. They would like to buy it and build it out. He states that another issue is putting a disability designation on IDs and training of peace



officers to recognize people with nonapparent disabilities. He states that another thing they are interested in is the reuse of durable medical equipment and assistive technology. He adds that this may be a regulatory issue in terms of getting opportunities for recycling of expensive equipment. He continues that if the State bought it with Medicaid, there should be a way to reuse it.

MR. NELSON states, on the CMC ruling and guidance on home- and community-based services, CMS came out with a new rule about the new waiver. He continues that the State needs to come up with a transitional plan by March 17, 2015. Some of the items that need to be in the plan are: emphasis on quality of life; person-centered planning; the definition of home-and community-based settings; conflict-free care coordination in case management; and added protections for recipients in provider-controlled or operated residential settings. He adds that the care coordination is required outside of the agency that provides the services.

MR. REINHART states that the draft plan is expected to be out in January.

MR. NELSON states that the State has to provide a 30-day public comment period for this transition. He continues that the Council is getting information on how these changes will impact the recipients. He asks for any questions.

CHAIR BARTON thanks Mr. Nelson and Mr. Reinhart. He states that the Board will recess until 3:33.

(Break.)

CHAIR BARTON begins with the Alaska Commission on Aging, and recognizes Denise Daniello.

## **ALASKA COMMISSION ON AGING**

MS. DANIELLO states that she is the executive director for the Alaska Commission on Aging.

MS. SHIELDS states that she is Mary Shields and is chair of the Alaska Commission on Aging.

MS. DANIELLO states that the purpose of this presentation is to provide an update on a joint project, which is Alaska's road map to address Alzheimer's disease and related dementia. She continues that the plan is ready to be finalized, and then moved forward to implementation. She gives a quick overview of the road map process, and provides some background information about Alzheimer's disease and related dementia. She lists the names of people on the core team who developed the road map, and thanks the Trust for being a strong partner in this development. She states that the road map has three main purposes: to increase public awareness about Alzheimer's disease; increase understanding; and to understand the current impact of Alzheimer's disease; to have a comprehensive way of addressing this disease, and have a set of performance measures to measure the results. She gives a short history of the process and states that the plan is to finalize it in the middle of December. She recognizes Duane Mayes, the director of Senior and Disability Services and also one of the commissioners on the Commission on Aging. She adds that he is a strong partner in developing the road map. She continues her

presentation, explaining as she goes along. She moves on to the goals of the road map, and states that each goal has a series of recommendations. The first goal is to promote more public awareness, prevention and early diagnosis of Alzheimer's disease and related dementia. She states that this has three recommendations, and within each of these recommendations are a series of strategies. She continues that this is probably a five- to ten-year planning and implementation process. The strategies for this goal are: promoting more understanding about Alzheimer's disease; promoting a better understanding about ways to reduce risk and improve cognitive health; and the importance of increasing memory screening to increase early diagnosis. The second goal is to improve access to appropriate housing services and supports for individuals with ADRD at all stages of the disease. She states that Goal 3 is to optimize quality, safety and efficiency for people with ADRD, which includes a set of strategies to increase safety. The fourth goal deals with developing a long-term care workforce that is trained in dementia care; fifth is improving quality of life for the family caregivers; and last has to do with expanding the ability to research and monitor ADRD prevalence, cost of care and prevention, and to further the understanding of the personal and financial impact of Alzheimer's disease in Alaska for a better picture of the cost of care per person. She states that the road map is a living document that will be continuously updated as the implementation process moves forward. She continues that they have begun working on implementation by identifying and recruiting organizations to help with leading that implementation effort to prioritize the strategies and develop performance measures that will be in line with the Department's performance measures. She thanks the Trust for being a partner in this effort.

CHAIR BARTON asks Ms. Shields for any comments.

MS. SHIELDS states that there is a Commission meeting in December at the Anchorage Senior Activity Center which is going to involve a senior forum. She looks forward to seeing as many of the Trustees as possible to participate and be involved and get a feel for what is done at the meetings. She thanks all.

CHAIR BARTON moves on to the Alaska Mental Health Board and the Advisory Board on Alcoholism and Drug Abuse, recognizing Kate Burkhart.

#### **ALASKA MENTAL HEALTH BOARD AND THE ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE**

MS. BURKHART states that Teri Tippet, the advocacy coordinator for the Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse, is also here. She continues that the presentation topic is advocacy. She adds that Teri's position is in collaboration because it is funded by the joint advocacy funding that the boards receive. She states that the statewide advocacy constituency forums were organized by Teri, in conjunction with staff from the Alaska Mental Health Trust Authority and the Alaska Behavioral Health Association, as well as the Commission on Aging and The Governor's Council on Disabilities and Special Education, and also the Peer Support Consortium. She continues that they occurred in Fairbanks, Anchorage, Mat-Su, and Juneau. She asks Teri to talk about the format.

MS. TIBBETT states that it was a two-day forum. She continues that the first day some training on how to tell your personal story to a legislator in three minutes or under was done; how to

focus on the highlights and how to focus on what is wanted. She adds that a lot of role-playing and practicing was done. She states that also talked about was how to navigate the public process. She continues that the self-advocates were asked to meet with their legislators during the interim in their home district. She adds that 105 advocates were newly trained in 2013 and 2014.

MS. BURKHART states that she attended the forum in Fairbanks and one unexpected benefit was having managers from the local providers in the room hearing directly from Beneficiaries about what was and was not working. She continues that the ability to advocate with the treatment or individualized case plan team is equally important.

MS. TIBBETT states that in the training there were not only Beneficiaries, but also providers and administrators participating. She goes through, explaining the slides and participants from the different forums that were held.

MS. BURKHART moved on to the work during the legislative session, stating that the activities include the weekly legislative teleconferences that are made possible in part through a lot of prep work that the Trust supports and conducts the week before. She continues that Ms. Tibbett chairs the legislative teleconferences, and the Beneficiaries are the audience. She adds that the point is to ensure that Beneficiaries understand what is going on and also understand how they can best influence the process.

MS. TIBBETT explains that the money from Family Voice is used to bring people in who either experience a disability or a family member of a person who experiences a disability. She states that they chose to focus on youth in transition and people who are impacted by FASD. She continues going through the slide presentation. She adds that the groups involved are the Alaska Native Justice Center, the Alaska Youth Advocates, the Alaska Youth and Family Network, Empower, and Facing Foster Care in Alaska. She talks about the Get Out and Register Campaign which was getting registrars in disability facilities statewide to register people to vote. She states that once it got going, there was a great response.

MS. BURKHART states that a big part of this was voting assistance and understanding that disabilities should not be a barrier to exercising your right to vote. She adds that there are mandatory services available to help people vote; not at the polls, but for early voting and absentee voting. She continues, highlighting how Teri, as the advocacy coordinator, supported work around the criminal justice reform legislation over the last few sessions and then also Empowering Hope.

MS. TIBBETT states that one of the most successful projects is FASD. She continues that table tents were placed on restaurant tables statewide on FASD Awareness Day that offers a free nonalcoholic beverage to pregnant women.

MS. BURKHART concludes their presentation.

CHAIR BARTON thanks both Ms. Burkhart and Ms. Tibbett, and asks for any questions. There being none, he calls a break.

(Break.)

## **PUBLIC COMMENT**

CHAIR BARTON opens the public comment period and goes through the public comment guidelines in the bylaws. He recognizes Faith Myers.

MS. MYERS states that Dorrance Collins will also be testifying. She continues that they are asking the Trust Authority to set up and sponsor a committee meeting whose goal is to improve Trust Authority Beneficiaries rights and quality of care. She adds that she and Mr. Collins would like to co-chair this committee. She states that the Trust Authority Beneficiaries number into the thousands. She continues that they are being mistreated as follows: Notification of rights. Trust Beneficiaries are not in a clear way notified of their rights and assistance in the protection of these rights. Beneficiaries are rarely informed that the State is required to investigate their complaints. Trust Beneficiaries do not have a fair standardized grievance procedure and appeal process.

MR. COLLINS states that a 396-page book produced by the State of Maine Department of Behavioral Health and Developmental Services which contains rights and regulations concerning clients receiving treatment, as well as assistance in the protection of rights, notification of rights, et cetera. He continues that it also contains 13 pages on the patient grievance procedure and appeal process. He adds that this information is made available to every patient in Maine. He also states that the State of Georgia, Division of Mental Health information contains requirements for notification of patient rights, assistance in the protection of rights, and a 14-page grievance and appeal process law. He states that Alaska has a three-paragraph patient grievance law, and according to the Attorney General, the law only applies to four facilities. He shares a four-page behavioral health grant grievance rules that is given to providers, but the grievance rules are not given to clients, which are Trust Beneficiaries. He states that a booklet from Disability Law Center concerning mental health rights in Alaska states: If a patient or Trust Beneficiary wants to file a complaint, just contact the provider. He continues, that is not enough.

MS. MYERS states that they are asking the Trust to help set up a committee meeting on improving rights and quality of care for Trust Beneficiaries, and they will call on Monday to start the planning process.

MR. COLLINS mentions that Behavioral Health has agreed and wants to sit in on that meeting. He thanks all.

CHAIR BARTON thanks both Ms. Myers and Mr. Collins. He asks if anyone else would like to testify. Hearing none, public comment period is closed. He asks for a motion to adjourn.

TRUSTEE NORENE makes a motion to adjourn the meeting.

*CHAIR BARTON adjourns the meeting.*

(AMHTA Full Board meeting adjourned at 4:50 p.m.)

**The Trust's  
Guiding Principles /  
Mission Statement /  
Trust Budget  
Process Flowcharts**



## **Trust Guiding Principles**

***To improve the lives of Trust beneficiaries, The Trust is committed to:***

Education of the public and policymakers on beneficiary needs;

Collaboration with consumers and partner advocates;

Maximizing beneficiary input into programs;

Continually improving results for beneficiaries;

Prioritizing services for beneficiaries at risk of institutionalization or needing long-term, intensive care;

Useful and timely data for evaluating program results;

Inclusion of early intervention and prevention components in programs;

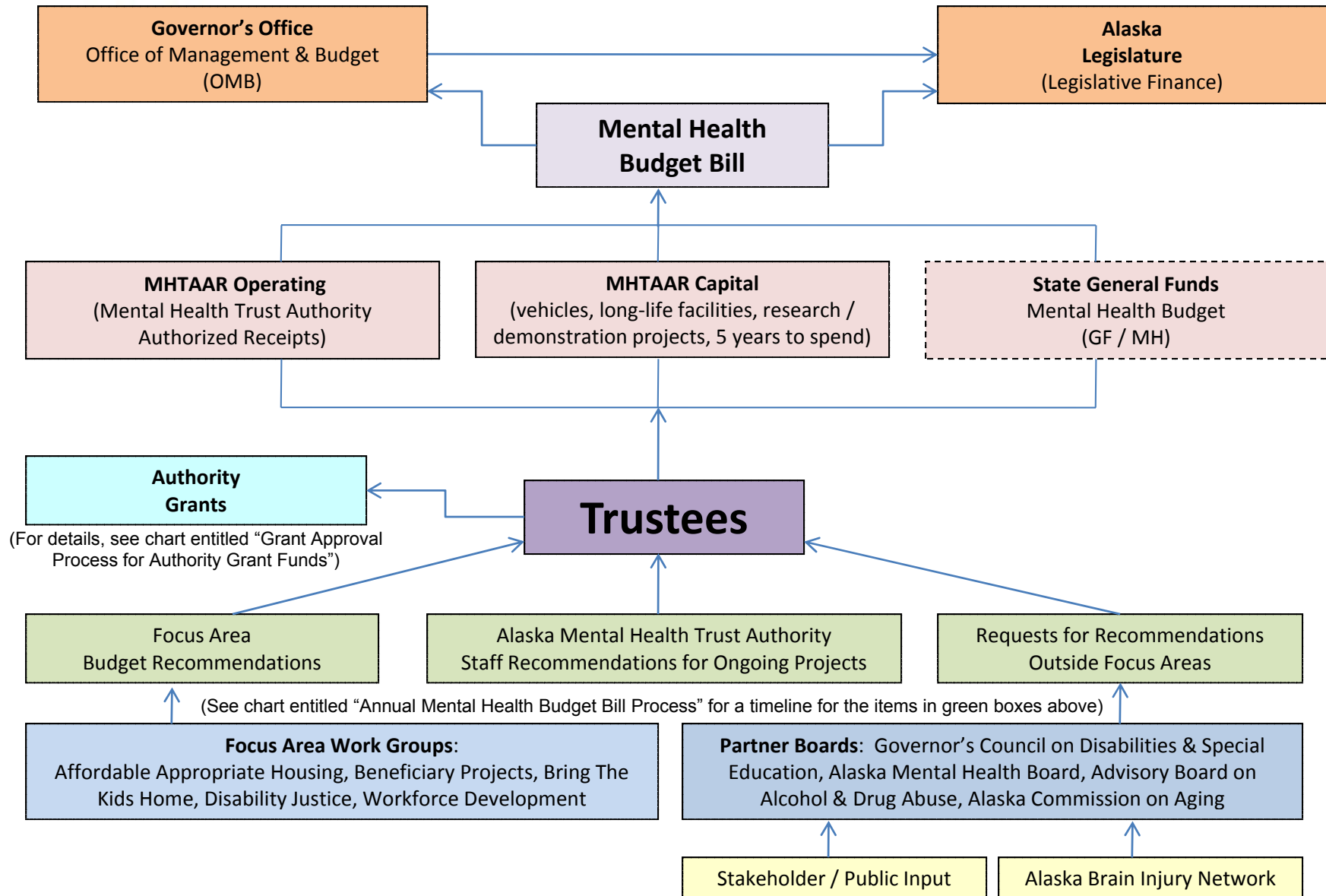
Provision of reasonably necessary beneficiary services based on ability to pay.



## **Trust Mission Statement**

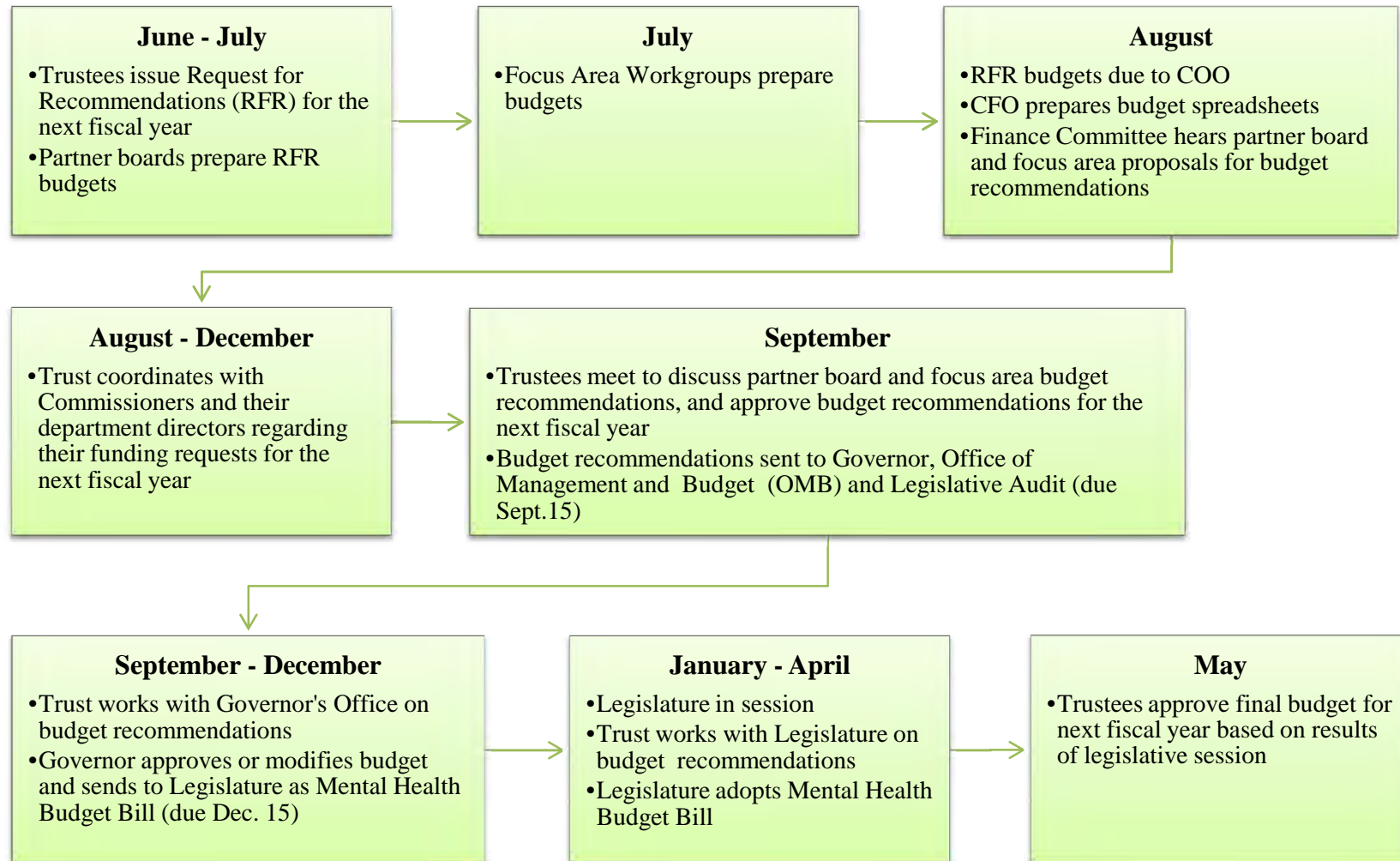
The Alaska Mental Health Trust Authority (The Trust) administers the Mental Health Trust to improve the lives of beneficiaries. Trustees have a fiduciary responsibility to protect and enhance trust assets in perpetuity for the beneficiaries. The Trust provides leadership in advocacy, planning, implementing and funding of the Comprehensive Integrated Mental Health Program; and acts as a catalyst for change.

## Alaska Mental Health Trust Authority Budget Process





## Timeline for Annual Mental Health Budget Bill Process

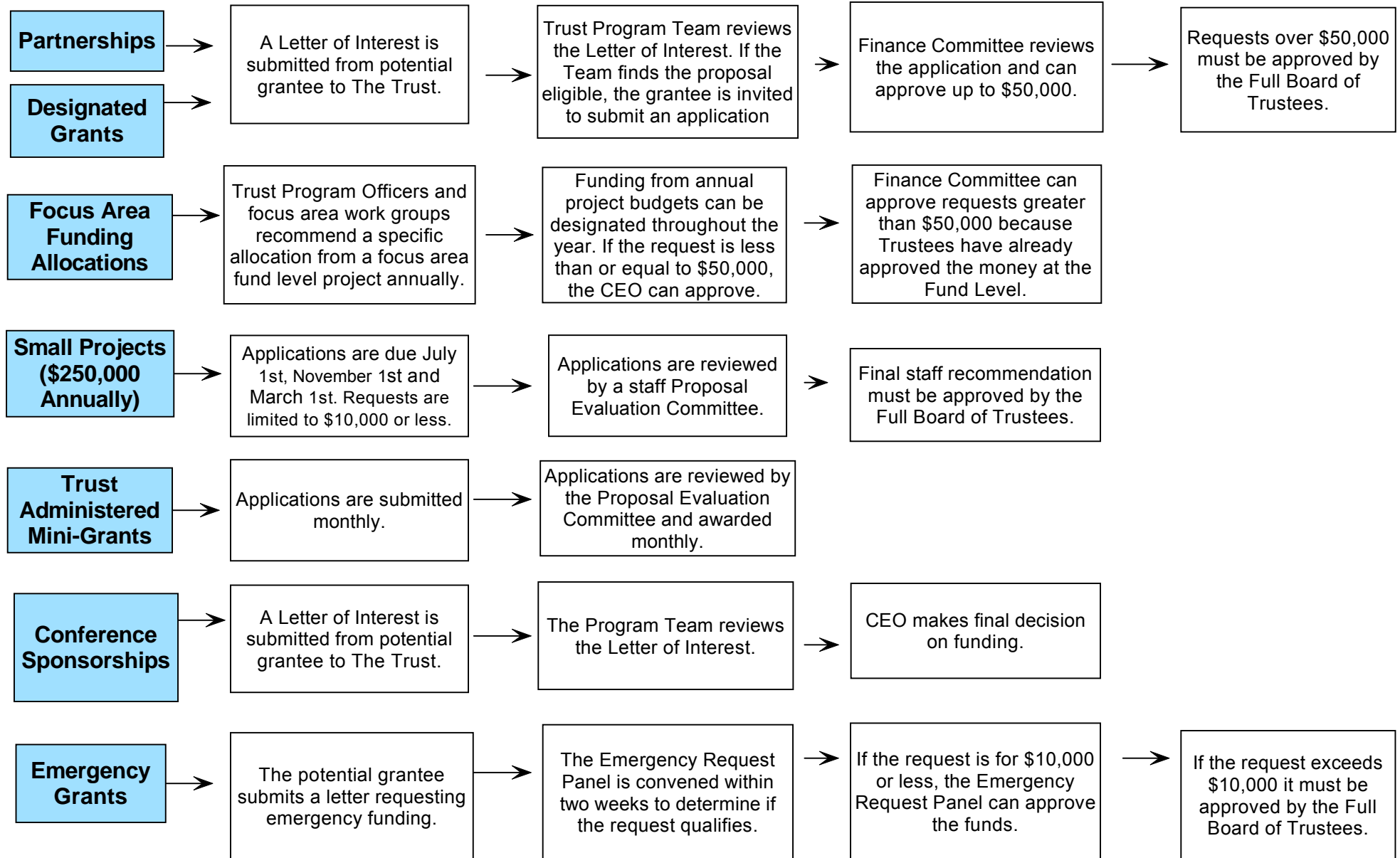


Note: timeline represents those items in the green boxes in the chart entitled "Alaska Mental Health Budget Process"

June 2009

# Grant Approval Process for Authority Grant Funds

All annual budgets are approved by the Full Board of Trustees at the September Meeting



Note: this chart depicts those items included in the blue box labeled "Authority Grants" on the chart entitled "Alaska Mental Health Trust Authority Budget Process"

[Revised: 05/08/12]

# Trust Annual Calendar

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>Board Administration</b>												
Trustee reports due to APOC – Mar 15			XX									
Trustee committee assignments					XX							
Officer elections									XX			
Board evaluations										XX	XX	
CEO evaluation											XX	
<b>Trust Administration</b>												
Legislature convenes	XX											
Trustees present budget to House/ Senate Finance Committees	XX	XX										
Legislature adjourns				XX								
Request for Recommendations (RFR) issued to partner boards April 30				XX								
Fiscal year ends June 30						XX						
Fiscal year begins July 1							XX					
RFRs due from partner boards July 30							XX					
Advocacy Summit											XX	
Staff drafts Trust office budget for next fiscal year								XX				
Staff coordinates w/DHSS on budget								XX	XX	XX	XX	XX
Trustee meeting to approve next fiscal year budget									XX			
Trust budget recommendations due September 15 to Governor/ Legislative Finance									XX			
Financial audit begins							XX					
Financial audit completed										XX		
Staff coordinates with OMB/DHSS on budget recommendations										XX	XX	XX
Trustees meet to finalize budget											XX	
Governor's budget released December 15												XX

5/25/10

# **Current Trust Bylaws**

1  
2  
3 ALASKA MENTAL HEALTH TRUST AUTHORITY  
4 BYLAWS

5  
6 ARTICLE I  
7 NAME

8  
9 The name of this organization is the Alaska Mental Health Trust Authority.  
10 Common usage and abbreviation may be "The Trust" or "Trust Authority."

11  
12 ARTICLE II  
13 MISSION

14  
15 Section 1. The Trust Authority acts in the best interest of the beneficiaries of The Trust. Its  
16 mission is:

17  
18 The Alaska Mental Health Trust Authority (The Trust) administers the Mental Health Trust to  
19 improve the lives of beneficiaries. Trustees have a fiduciary responsibility to protect and  
20 enhance trust assets in perpetuity for the beneficiaries. The Trust provides leadership in  
21 advocacy for and planning, implementing and funding of the Comprehensive Integrated  
22 Mental Health Program; and acts as a catalyst for change.

23  
24  
25 ARTICLE III  
26 BOARD OF TRUSTEE  
27 MEMBERSHIP AND TERMS OF OFFICE

28  
29 Section 1. Trust Authority composition:

30 (a) The Trust shall be governed by its board of trustees.

31  
32 (b) The Trust Authority Board of Trustees here after referred to as the Trust Authority,  
33 consists of seven members appointed by the governor and confirmed by the  
34 legislature. The members appointed under this subsection shall be appointed based  
35 upon their ability in financial management and investment, in land management, or in  
36 services for the beneficiaries of The Trust.

37  
38 (c) A member of the board is entitled to:

- 39 1. An honorarium of \$200 each day spent at a meeting of the board, at a meeting of  
40 a subcommittee of the board, or as a representative of the board. The sliding  
41 scale will be \$50 for less than 2 hours, \$100 for 2 to 4 hours, \$150 for 4 to 6 hours  
42 and \$200 for 6 hours or more. Any conflicts will be resolved by the Executive  
43 Committee; and  
44 2. Per Diem and travel expenses are authorized for boards and commissions under  
45 AS 39.20.180.  
46

1 Section 2. Term of office, vacancies, and removal:

- 2 (a) The members of the Trust Authority serve staggered five-year terms. A member  
3 shall continue to serve until the member's successor is appointed and confirmed by  
4 the legislature.  
5  
6 (b) A vacancy occurring in the membership of the Trust Authority shall be filled within 60  
7 days by appointment of the governor for the unexpired portion of the vacated term.  
8  
9 (c) The governor may remove a member of the Trust Authority only for cause, including  
10 incompetence, neglect of duty, misconduct in office, poor attendance, or lack of  
11 contribution to the Trust Authority's work.  
12  
13 A member being removed for cause shall be given a copy of the charges and  
14 afforded an opportunity to publicly present a defense in person or by counsel upon  
15 not less than 10 days' written notice. If a member is removed for cause, the governor  
16 shall file with the lieutenant governor a complete statement of all charges made  
17 against the member and the governor's findings based on the charges, together with  
18 a complete record of the proceedings. The removal of a member for cause  
19 constitutes a final administrative order. A member seeking to appeal the governor's  
20 removal of a member for cause under this subsection shall file a notice of appeal with  
21 the superior court under AS 44.62.560.  
22  
23 (d) Except for a trustee who has served two consecutive five-year terms, a member of  
24 the Trust Authority may be reappointed. A member of the Trust Authority who has  
25 served two consecutive five-year terms is not eligible for reappointment to the Trust  
26 Authority until one year has intervened. (§ 26 ch 66 SLA 1991).  
27

28 ARTICLE IV  
29 OFFICERS AND DUTIES  
30

31 Section 1. The Trust Authority, by a majority vote of its membership, shall annually elect a  
32 Chair, Vice Chair, and Secretary/Treasurer and other officers it considers  
33 necessary from its membership.  
34  
35

36 Section 2. The officers must be elected by a majority vote at the September meeting, and  
37 their term of office shall start on October 1 and shall end on the following  
38 September 30.  
39

40 Section 3. Officers may be re-elected to the office in which they serve by vote of the  
41 membership of the Trust Authority as above.  
42

43 Section 4. In the event of the resignation, death, or removal from the Trust Authority, of the  
44 Chair, the Vice-Chair will succeed to the office of the Chair.  
45

46 Section 5. If an office of the Trust Authority becomes vacant, an election shall be held to fill  
47 the vacancy at the next regular meeting of the Trust Authority following the

vacancy. In the interim, the Chair may appoint a member to serve until the election is held.

Section 6. The duties of the officers shall be as follows:

(a) Chair

1. Call all meetings. Preside at all meetings.
2. Appoint Committees and Chairs of Committees.
3. Serve as ex-officio (voting) member of all Committees.
4. Serve as the Trust Authority's official representative during his/her term.
5. Operate and conduct the business and affairs of the Trust Authority according to the statutes, regulations, bylaws and policies adopted by the Trust Authority.
6. Approve Trust Authority meeting agenda.

(b) Vice Chair

1. Assist the Chair in the discharge of his/her duties and preside at meetings in the absence of the Chair.
2. Keep a list of actions taken by motion at each meeting and place items requiring follow-up on the agenda for the next meeting.
3. Act as the parliamentarian for the Trust Authority.
4. Perform other duties described in these Bylaws or in accordance with statutes, regulations, by-laws and policies adopted by the Trust Authority.

(c) Secretary/Treasurer

1. Sign to authenticate Trust Authority meeting minutes after Board approval for the record. Upon request, attest to the authenticity of Trust Authority by-laws, and approved motions.
2. Perform other duties assigned by the Trust Authority or the Executive Committee.

ARTICLE V  
MEETINGS

Section 1. The Trust Authority will meet at least four times each fiscal year. Committees will meet as necessary to accomplish their responsibilities.

Section 2. Special meetings of the Trust Authority may be held at such time and place as the Chair may order; or when any four Trustees request to the CEO a meeting be scheduled.

Section 3. Reasonable public notice of Trust Authority and Committee meetings shall be provided in accordance with AS 44.62.310. Meetings of the Trust Authority and its Committees are subject to the Open Meetings Act, AS 44.62.310 and 44.62.312.

Section 4. A quorum at all meetings shall consist of a simple majority of currently appointed Trust Authority members. One-half of the Trust Authority membership of a Committee constitutes a quorum at a Committee meeting for conducting and

exercising the powers of the Trust Authority, but in no event shall consist of less than two members.

Section 5. No member of the Trust Authority may designate a proxy.

Section 6. The Trust Authority will schedule at least one period for public comment during each regularly scheduled Trust Authority meeting. Prior to beginning the public comment period, the presiding officer will specify any limitation on content or topics to be addressed. She or he should read or may paraphrase the following procedural constraints:

- (a) The purpose for having public comment is to allow persons the opportunity to provide information to the Trust Authority and to advise the Trust Authority about problems and issues.
- (b) The public comment period will not be considered a hearing and cannot be used for that purpose. Organizations are required to request hearings in advance in writing, and when granted by the Trust Authority, the hearing must be given public notice in accordance with law.
- (c) Public comments will normally be held to a maximum of three minutes per speaker. A waiver to the time limit may be granted by order of the Chair or motion adopted by the Trust Authority.
- (d) The public comment period is not to be used in order to criticize or attack specific individuals.
- (e) The Trust Authority may not take action during the comment period, but may take matters under advisement.
- (f) The Trust Authority may consider matters identified during the public comment period under new business, but may defer such matters to a subsequent meeting in order to complete the original agenda or to provide notice to the public that the item will be on the Trust Authority's agenda.
- (g) In order to afford the maximum amount of time to the public, responses or comments by Trust Authority members or Trust Authority staff during public comment periods will be held to a minimum.

Section 7. Meetings of the Trust Authority may be conducted by teleconference or videoconference in accordance with AS 44.62.312(a)(6) provided that with respect to a matter which requires the consideration of documents a member participating by teleconference or videoconference may vote only on those matters to which he or she has access to said documents.

Section 8.

- (a) Formal actions by The Trust are accomplished through adoption of motions.



1 (b) Motions must be proposed by a Committee or Trust Authority member.

2  
3 (c) Copies of motions on the agenda will be available to the public at the opening of the  
4 Trust Authority meeting.

5  
6 Section 9. A document becomes an official Trust Authority document only upon approval of  
7 the Trust Authority. Any document not approved by the Trust Authority shall be  
8 clearly marked "DRAFT".

9  
10 ARTICLE VI  
11 COMMITTEES

12  
13 The Trust Authority Chair may designate Ad Hoc Committees or task forces to  
14 accomplish special purposes. Persons other than Trust Authority members may serve on  
15 the Trust Authority's Ad Hoc Committees and task forces; however, such persons may not  
16 be voting members of such committees, only appointed committee members may vote on  
17 committee actions. (The Chair of the Board of Trustees is a voting member of each  
18 committee, article IV, section 6 (a)) Committee actions must be reported to the Trust  
19 Authority at the next regular Trust Authority meeting.

20  
21 ARTICLE VII  
22 EXECUTIVE COMMITTEE

23  
24 Section 1. The Executive Committee of the Trust Authority is composed of three officers,  
25 the Chair, the Vice Chair, and the Secretary/Treasurer. The Chief Executive  
26 Officer shall participate as requested at Executive Committee meetings.

27  
28 Section 2. The Executive Committee:

29 (a) Has full authority within the limits of established Trust Authority priorities, policies, and  
30 procedures to act on behalf of the Trust Authority between regularly scheduled  
31 meetings with a dollar limit of \$500,000.00 on expenditures.

32  
33 (b) Evaluates the Chief Executive Officer's performance in carrying out policies,  
34 procedures, and directions of the Trust Authority before the November Trustee  
35 meeting.

36  
37 (c) Refers matters to other Committees for reports to the Trust Authority.

38  
39 (d) Monitors activities of the Trust Authority through the Standing Committees.

40  
41 (e) Reviews corporate performance measures, analyzes them, and brings them to the  
42 Trust Authority with recommendations.

43  
44 (f) Approves the annual corporation audit and forwards to the state for inclusion in the  
45 state financial statements within timeframes set by the state department of  
46 Administration.

47 (g) Reviews Memorandums of Agreement (MOAs) that involve the Trust Authority  
48 and other governmental entity's except the Department of Natural Resources in

1 respect to the Trust Land Office and recommends to the Board of Trustees for  
2 approval.

3  
4 Section 3. The Executive Committee will meet no less than two times a year.  
5  
6

7 ARTICLE VIII  
8 STANDING COMMITTEES  
9

10 Standing Committees and their Chairs will be appointed by the Chair.  
11

12 (a) The Resource Management Committee:

- 13 • Develops policies and plans for protecting, enhancing, and managing the Trust's  
14 non-cash resources in the best interests of the beneficiaries.
- 15 • Implements plans at the direction of and on behalf of The Trust in accordance with  
16 Trust statutes and regulations.
- 17 • Approves disposals with an annual lease rental more than \$50,000 and not to  
18 exceed \$200,000; and disposals with sale revenues more than \$100,000 and less  
19 than \$500,000. This authority includes disposals that could produce revenues in the  
20 form of royalties that exceed this revenue limit if the disposal is an extension or  
21 expansion of an existing lease that has previously been subject to the consultation  
22 process, so long as any expansion or addition to that lease does not exceed 25% of  
23 the original lease acreage. All approvals for new disposals of interest that include  
24 royalties shall be approved by The Trust Authority.
- 25 • Approves project-specific expenditures from the Trust Land Office principal account  
26 up to \$50,000.
- 27 • Reviews Trust Authority Memorandum of Agreement with the Department of  
28 Natural Resources for management of the Trust Land Office and recommends for  
29 approval to Board of Trustees.
- 30 • Reviews annual operating budget for TLO and recommends approval to Finance  
31 Committee.
- 32 • Evaluates, along with DNR, the Executive Director of the TLO annually.  
33

34 (b) The Planning Committee:

- 35 • Identifies and forecasts the status and needs of beneficiaries.
- 36 • Develops program policies and plans to meet needs and improve the  
37 circumstances of beneficiaries; and recommends to the Trust Authority for approval  
38 as appropriate.
- 39 • Evaluates the implementation of approved policies and plans affecting  
40 beneficiaries.  
41

42 (c) The Finance Committee:

- 43 • Develops policies for investment and fiscal management for approval by the Trust  
44 Authority.
- 45 • Oversees the implementation of approved investment and fiscal management  
46 policies.
- 47 • Reviews the administrative budgets for The Trust and Trust Land Office and then  
48 recommends to the Trust Authority for approval.

- Approves expenditure of authority funds to implement Trust Authority-approved Focus Area allocations or bundles of an unlimited amount for a state fiscal year so long as the total annual budget approved for this purpose for the same fiscal year is not increased.
- Approves authority funds for individual Partnership Grants, General Authority Grants and Trust Directed Projects in amounts up to \$50,000 awarded to a specific recipient.
- Recommends to the Trust Authority individual Partnership, General Authority Grants and Trust Directed Projects in amounts over \$50,000 for each specific recipient.
- Approves Changes of Intent for MHTAAR grants involving the carry-over from one state fiscal year to the next.

## ARTICLE IX

### CHIEF EXECUTIVE OFFICER

- Section 1. The Trust Authority shall hire and appoint a Chief Executive Officer as provided by law.
- Section 2. The Chief Executive Officer is responsible for ensuring the staffing, planning, organizing, coordinating, and directing all activities necessary to fulfill the powers, duties, and purpose of the Trust Authority.
- Section 3. The Trust Authority will evaluate the performance of the Chief Executive Officer after the first six months of employment. Thereafter, the Chief Executive Officer's performance shall be evaluated annually by the Executive Committee.
- Section 4. Termination of employment of the Chief Executive Officer is by simple majority of the seven trustees.
- Section 5. Authorizes disposition of assets with an annual lease rental of \$50,000 or less and/or total sale revenues of \$100,000 or less.
- Section 6. Designates funds for contracts or grants in amounts up to \$50,000 each to a specific recipient so long as the Focus Area project or bundle is within the scope and amount previously approved by the Trust Authority but had not already been designated to a specific agency.
- Section 7. Approves authority grants in amounts up to \$10,000 for purposes that are allowed under AS 47.30.056 totaling not more than the total approved for this purpose annually by the Trust Authority for Trust Directed Projects.
- Section 8. Executes transactions previously approved by the Trust Authority.
- Section 9. The Chief Executive Officer will provide fiscal oversight of the Trust Land Office on behalf of The Trust Authority.

1  
2  
3 ARTICLE X  
4 PARLIAMENTARY AUTHORITY  
5

6 Unless otherwise provided by law or these Bylaws, the Trust Authority's procedures  
7 shall be governed by Robert's Rules of Order Newly Revised.  
8

9  
10 ARTICLE XI  
11 ETHICS  
12

13 Section 1. Trust Authority members are required to comply with AS 39.52.010 -39.52.960,  
14 the Alaska Executive Branch Ethics Act.  
15

16 Section 2. In addition to complying with the requirements of the Alaska Executive Branch  
17 Ethics Act, Trust Authority members shall refrain from influencing or attempting  
18 to influence their fellow Trust Authority members, or the Trust Authority's staff, to  
19 take any official action or make any recommendation for official action with  
20 respect to the state's funding, direct or indirect, of an organization with which  
21 they are associated.  
22

23 Section 3. Trust Authority members are required to comply with the Conflict of Interest  
24 Declaration as stipulated in the Alaska Executive Branch Ethics Acts.  
25

26  
27 ARTICLE XII  
28 AMENDMENT OF BYLAWS  
29

30 These Bylaws may be amended at any regular or special meeting of the Trust  
31 Authority by a two-thirds vote of Trust Authority members provided that written notice and  
32 copies of the proposed amendment have been submitted to the members 30 days prior to  
33 the meeting or by unanimous vote without notice.  
34

# **Public Comment Guidelines**

## PUBLIC COMMENT GUIDELINES

<b>WHEN?</b>	<ul style="list-style-type: none"> <li>The Trust bylaws call for a public comment period during all regular meetings of the Full Board of Trustees. See page 2 of this document for the relevant bylaw.</li> <li>Full Board meetings usually are held in late January/early February, May, September and November. Public comment typically occurs at the close of the first meeting day. Public notice is issued for all meetings. Meeting information and agendas are posted on The Trust’s website <a href="http://www.mhtrust.org">www.mhtrust.org</a>. (See our <a href="#">online calendar</a>.)</li> </ul>
<b>PURPOSE?</b>	The public comment period allows individuals to inform and advise the Board of Trustees about issues, problems or concerns. It is not a hearing.
<b>PROTOCOL?</b>	<ul style="list-style-type: none"> <li>Individuals are invited to speak for up to three minutes.</li> <li>A speaker may be granted the latitude to speak longer than the 3-minute time limit only by the Board Chair or by a motion adopted by the Full Board of Trustees.</li> <li>Participants addressing issues relating to Trust beneficiaries will have priority order.</li> <li>Speakers are not permitted to criticize or attack others.</li> <li>Anyone providing comment should do so in a manner that is respectful of the Board of Trustees and all meeting attendees. The Board Chair maintains the right to stop public comments that contain inappropriate or inflammatory language or behavior.</li> </ul>

## FREQUENTLY ASKED QUESTIONS

<b>How can someone provide comments?</b>	<p>IN PERSON - please sign up for public comment using the clipboard provided by Trust staff during the Trustee meeting.</p> <p>VIA TELECONFERENCE – please call the meeting teleconference number on a telephone hard line. To prevent audio feedback, do not call on a speaker phone or cell phone. You may use the mute feature on your phone until you are called to speak, but do not put the call on hold because hold music disrupts the meeting. If this occurs, we will mute or disconnect your line.</p> <p>IN WRITING – send comments to the address or fax number below or email <a href="mailto:delisa.culpepper@alaska.gov">delisa.culpepper@alaska.gov</a>. Note that, if you wish your comments distributed to Trustees prior to a meeting, all comments should be received at least two days prior to the meeting to allow time to distribute them to Trustees.</p>
<b>Where is The Trust office?</b>	The Trust Authority Building is located at 3745 Community Park Loop in Anchorage. A <a href="#">downloadable map</a> can be found on our website under Contact Us.
<b>What is the call-in number?</b>	Complete dialing instructions and the call-in number are posted on our website. Check our <a href="#">online calendar</a> , find the meeting and click on the link to find the meeting agenda, call-in information and any meeting documents. Problems? Email <a href="mailto:info@mhtrust.org">info@mhtrust.org</a> .
<b>Is public comment taken at Trustee committee meetings?</b>	Public comment is not regularly scheduled during Trustee committee meetings. Written comments are always welcome and may be submitted to the Trustees at any time to the address or fax number below or email <a href="mailto:delisa.culpepper@alaska.gov">delisa.culpepper@alaska.gov</a> . Note that, if you wish your comments distributed to Trustees prior to a committee meeting, all comments must be received two days prior to the meeting to allow time to distribute them to Trustees.
<b>What is the process for commenting on projects on Trust land?</b>	Public comment regarding projects on Trust land is most effective when provided early in the decision process. Trust land is managed by the Trust Land Office (TLO) on behalf of the Trust Authority. Written comment is sought by the TLO on a per-project basis. Before each project, the TLO consults with the Board of Trustees and issues a “best interest decision and public notice” regarding the project. The best interest decision and instructions for submitting comments are posted on the <a href="#">Trust Land Office website</a> , through the <a href="#">State of Alaska Online Public Notices</a> and in local newspapers. Following the comment period, the TLO may affirm, revise or rescind the best interest decision regarding the project. Of course, public comment regarding any Trust land issue may be provided to the Trustees at any time at the address or fax number below, by email to <a href="mailto:delisa.culpepper@alaska.gov">delisa.culpepper@alaska.gov</a> or at Trustee meetings as described above.
<b>For additional information:</b>	Call Delisa Culpepper, Chief Operating Officer, at 907-269-7965 or email <a href="mailto:delisa.culpepper@alaska.gov">delisa.culpepper@alaska.gov</a> if you have additional questions.

# ALASKA MENTAL HEALTH TRUST AUTHORITY

## BYLAWS

### ARTICLE V MEETINGS\*

Section 6. The Trust Authority will schedule at least one period for public comment during each regularly scheduled Trust Authority meeting. Prior to beginning the public comment period, the presiding officer will specify any limitation on content or topics to be addressed. She or he should read or may paraphrase the following procedural constraints:

- (a) The purpose for having public comment is to allow persons the opportunity to provide information to the Trust Authority and to advise the Trust Authority about problems and issues.
- (b) The public comment period will not be considered a hearing and cannot be used for that purpose. Organizations are required to request hearings in advance in writing, and when granted by the Trust Authority, the hearing must be given public notice in accordance with law.
- (c) Public comments will normally be held to a maximum of three minutes per speaker. A waiver to the time limit may be granted by order of the Chair or motion adopted by the Trust Authority.
- (d) The public comment period is not to be used in order to criticize or attack specific individuals.
- (e) The Trust Authority may not take action during the comment period, but may take matters under advisement.
- (f) The Trust Authority may consider matters identified during the public comment period under new business, but may defer such matters to a subsequent meeting in order to complete the original agenda or to provide notice to the public that the item will be on the Trust Authority's agenda.
- (g) In order to afford the maximum amount of time to the public, responses or comments by Trust Authority members or Trust Authority staff during public comment periods will be held to a minimum.

\* Excerpted from Alaska Mental Health Trust Authority Bylaws adopted October 2012. All statutes, regulations and bylaws governing The Trust can be found on our website <http://www.mhtrust.org/index.cfm/About-Us/Statutes-Regulations-Bylaws>.

May 2013

# **Resource Management Committee Report**



**The Resource Management Committee Report will be  
presented at the Full Board of Trustee Meeting on  
January 28<sup>th</sup>, 2015**

**You can reference the  
January 27<sup>th</sup>, 2015  
Resource Management Committee  
Meeting Documents on The Trust website  
[www.mhtrust.org](http://www.mhtrust.org)**

**<http://mhtrust.org/meeting/meeting-1417825485/>**

# **Finance Committee Report**

**The Finance Committee Report will be presented at  
the Full Board of Trustee Meeting on  
January 28<sup>th</sup>, 2015**

**You can reference the  
January 27<sup>th</sup>, 2015  
Finance Committee Meeting Documents  
on The Trust website  
[www.mhtrust.org](http://www.mhtrust.org)**

**<http://mhtrust.org/meeting/meeting-1417825042/>**

# **FY15 Small Projects Approvals November 2014**

**To:** Mike Barton, Chairman, Board of Trustees  
**Date:** December 15, 2014  
**Re:** FY15 November Small Project Approval  
**Fiscal Year:** 2015  
**Amount:** \$83,430.00  
**Grantee:** Multiple Small Project Grantees (attached)  
**Project Title:** FY15 November Small Projects

## MEMO

### REQUESTED MOTION:

*Approve the recommended FY15 small projects from the November application period in the amount of \$83,430.00*

### PROJECT DESCRIPTION

The Trust, in accordance with its mission to improve the lives and circumstances of beneficiaries, awards one-time small project grants of up to \$10,000 to create innovative new program ideas, substantially improve and supplement existing activities, or significantly increase the quality of ongoing projects. The small project grants are available three times a year, July, November, and March.

For the November 2014 application period, the Trust received 15 applications totaling \$125,633. A review committee comprised of Trust staff, with input from the statutory advisory boards met on December 15<sup>th</sup> to review the applications and make recommendations to the full Board of Trustees.

Attached is a spreadsheet listing the review committee's recommendations to approve \$83,430.00 for 10 Small Project grants.

Attachment: Small Project PEC Recommendations, December 15, 2014

PEC recommends Trustees approve							
ID	Organization	Title	Brief Description	Request Amount	Location	PEC Recommendation	PEC Comments
6229	Fairbanks Native Association	GRAF Treatment Facility Basketball Court Improvements	This project will have a positive impact on the lives of Trust beneficiary youth going through substance abuse treatment, many of whom are from rural Alaska. This basketball court will be utilized as a substance abuse preventative tool that represents the importance of living a healthy and active lifestyle. Trust beneficiaries will be able to learn the concepts of discipline, teamwork and integrity, which are all lifelong values that support productive and healthy lifestyles.	\$10,000.00	Fairbanks	Recommend Approval, \$10,000.00	<i>This project provides a positive activity for at-risk youth in the Fairbanks area.</i>
6231	Fairbanks Childrens Museum	Museum Attendee Sensory Aid Availability	The Fairbanks Children's Museum will be opening to the public on a full-time basis in January of 2015. It is part of the mission of the Fairbanks Children's Museum wants to be fully inclusive of all attendees' needs and to advance accessibility. To accommodate children with special needs, who may be overstimulated by this environment, this grant will provide an "Interactive Bubble Tube" exhibit. Bubble tubes help to create a calming space within an otherwise busy environment, providing light and de-escalating visuals with positive visual stimulation. Also, weighted vests, weighted blankets and noise-cancelling headphones will be available for museum attendees to use as needed.	\$6,670.00	Fairbanks	Recommend Approval, \$6,670.00	<i>An innovative program to accommodate children with special needs.</i>
6233	Identity, Inc.	Information and Communications Technology for Statewide Gender Dysphoria Services	These funds will assist the organization in updating its communication and information technology, electrical power to support enhanced technology and to purchase limited furnishings to maintain a comfortable and accessible environment at the center. Identity Inc's center is located in Anchorage and provides support and counseling to a high number of Trust beneficiaries that are transitional age youth and adults at risk of homelessness, mental illness and substance addiction. These improvements will enable the program to expand access to counseling, support groups, resources, education and training to a particularly vulnerable and geographically disperse population.	\$10,000.00	Anchorage	Recommend Approval, \$10,000.00	<i>This project serves Trust beneficiaries that are high risk, yet traditionally underserved.</i>
6234	Anchorage Neighborhood Health Center	Pain Management and Behavioral Health Integration in Primary Health	ANHC is focused on integrating behavior health in our primary care setting. To meet the overwhelming need we will be implementing new treatment approaches. Innovative approaches are needed to address some common behavioral health complaints of our patients. We want to start a pain management group which will provide patients with tools to deal with pain and decrease or eliminate the dependence on pain medication. We also plan to build a behavioral health library which will be used by our doctors, clinicians, and patients as we integrate behavioral health into our primary care setting.	\$10,000.00	Anchorage	Recommend Approval, \$10,000.00	<i>This project helps develop integrated behavioral health and primary care services as part of the patient centered medical home strategy.</i>
6235	Anchorage Safety Center/Patrol	New Mats for the Anchorage Safety Center.	New mats for Anchorage Safety Center are needed to replace the older mats that are starting to show wear. The mats are used for the comfort of Trust Beneficiaries so they do not have to sleep on the concrete floor. At current, there are 52 mats that are in the safety center, and 48 of them will be replaced with this grant.	\$9,850.00	Anchorage	Recommend Approval, \$9,850.00	<i>This project targets 100% Trust beneficiaries in a crisis setting and ensures that they are able to endure the sobering process in a safe environment.</i>
6236	Alaska Association for Infant and Early Childhood Mental Health	Alaska Infant Mental Health Endorsement	This project is for the purchase of a web-based centrally managed application system to track the endorsement of individuals who provide culturally sensitive, relationship-focused practice promoting infant mental health (IMH). An endorsement in IMH reflects the specialized knowledge acquired through education, reflective supervision and work experiences with infants, toddlers, young children and their families.	\$6,500.00	Fairbanks	Recommend Approval, \$6,500.00	<i>This program is aligned with the Early Childhood Comprehensive Systems planning and is an identified need in the continuum of care for children ages 0-3.</i>
6237	Rainforest Recovery Center	Emergency Services Program equipment	Rainforest Recovery Center will use this funding to increase client safety and basic comfort and to improve the speed and safety of transfer to the emergency department. We propose to upgrade the sleeping mats and purchase a bariatric sized wheelchair. The Emergency Services Program (ESP) provides Juneau's seriously inebriated adults a physical health/condition evaluation and monitoring by EMTs in a safe place in the ESP room at Rainforest Recovery Center (RRC) for up to 24 hours. 100% of our clients are Alaska Mental Health Trust beneficiaries.	\$4,360.00	Juneau	Recommend Approval, \$4,360.00	<i>Helps to improve the operating efficiencies and the health and safety conditions for a project that serves 100% Trust beneficiaries.</i>
6238	Alaska Childrens Trust	Native Village of Old Harbor	This project will support the newly formed Tribal Youth Council (TYC) in Old Harbor. TYC's primary focus is to help develop and steer the future leadership of the community. This will be accomplished through regular meetings and training opportunities for local youth to help build their leadership and life skills, as well as regularly scheduled youth and family activities.	\$10,000.00	Anchorage	Recommend Approval, \$10,000.00	<i>This is a culturally-appropriate project focused on Trust beneficiaries in rural areas.</i>
6240	Yukon Koyukuk Elder Assisted Living Facility	Yukon Koyukuk Elders' Assisted Living Facility Window Shades	The Yukon Koyukuk Elder Assisted Living Facility provides care to elder beneficiaries. This proposal requests funds for thermal window shades to reduce the chill coming from the large bank of rectangular windows facing the Yukon River. Elders currently cannot sit by the window in winter and stay warm. This grant will make the facility comfortable for residents and reduce heating costs.	\$9,550.00	Galena	Recommend Approval, \$9,550.00	<i>This project increases the energy efficiency of the facility, which improves organizational sustainability and provides comfort for Trust beneficiaries.</i>
6242	REACH	Air purification and Recycle Build-up	This project consists of the addition of an air purification system to our Shredding Operations for the health and welfare of our individuals. In addition, the project will assist in growing our employment possibilities in the recycling field.	\$6,500.00	Juneau	Recommend Approval, \$6,500.00	<i>This project addresses the health and welfare of Trust beneficiaries.</i>
			<b>Total recommended to be approved</b>			<b>\$83,430.00</b>	

PEC recommends Trustees decline							
ID	Organization	Title	Brief Description	Request Amount	Location	PEC Recommendation	PEC Comments
6230	Ionia Inc.	Healing Our Future	This is a peer-run alcohol and drug abuse prevention project which believes that what we eat affects the quality of our biology and the quality of our biology is the foundation upon which all else is built. Village-based Trust beneficiaries will come for two trainings demonstrating that common sense discussions come alive when based in simple foods. At these trainings, we will all forego junk foods, learn together how to replace junk foods with traditional and modern simple foods and explore how taking diet seriously can lead to everything else.	\$9,900.00	Kasilof	Recommend Decline	<i>The Trust has previously issued a grant for the business model development of this project.</i>
6239	Alternatives Community Mental Health Center Inc. Db a Denali Family Services	Developing Enhanced Interventions in Trauma-Informed Care, Part I: EMDR	We are seeking funding for training and supervision in Eye Movement Desensitization and Reprocessing (EMDR) Therapy. EMDR is a SAMHSA recognized evidence-based practice for the treatment of stress, anxiety, depression, and PTSD. Research suggests that, when properly implemented, EMDR can greatly reduce both time in treatment and utilization of prescription medications. However, EMDR is not widely available in Alaska and, where available, is not readily accessible to Medicaid recipients. Supporting this project would greatly enhance our community's capacity to effectively treat traumatic stress and, over time, will positively impact the lives of thousands of trust beneficiaries.	\$9,790.00	Anchorage	Recommend Decline	<i>This training is for staff and is not appropriate for small project funding.</i>
6241	Co-Occurring Disorders Institute Inc	Strengthening Families	Our program will focus on parenting skills, resiliency for children and parents, child development education, support and social connections, healthy emotional development, prevention of unhealthy patterns and child trauma, and referrals for after care. Included in this program will be a weekly family meal in which families can practice positive family skills. The program will be designed to be 8 to 10 weeks long. Incentives will be built into the program to encourage graduation and family engagement. Our target will be to serve 4-5 families each group.	\$10,000.00	Palmer	Recommend Decline	<i>Request is for continuing operating expenses, which are outside small project guidelines.</i>
6243	The Other Paw Assistance Dogs	Team Flyer Service Dog Training Program	Team Flyer Service Dog Training Program is a 6-week program for people 10 and older who are interested in learning to train service dogs. Participants include people interested in volunteering with The Other Paw Assistance Dogs (TOPAD). The groups meet once weekly for 6 weeks to learn about all aspects of assistance dogs, including the history, training philosophies, care, and laws surrounding assistance dogs. Participants attend group sessions and work directly with TOPAD assistance dogs-in-training.	\$2,510.00	Fairbanks	Recommend Decline	<i>This project is not targeted at Trust beneficiaries.</i>
6244	Native Village of St. Michael	Language, Arts and Crafts, Native Dance	<p>This project will focus on language. We have a community deficiency in speaking our own language. We have chosen this project to teach the language, the groups will work on arts and crafts through lesson plans made by the project coordinator.</p> <p>In the 1960's the community of St. Michael lost their annual festivities when some elders and people of St. Michael were going through the T.B. epidemic and boarding schools were populated by village students, leaving customs at home. A student survey showed that they wanted to see the annual potlatch come back.</p>	\$10,000.00	St. Michael	Recommend Decline	<i>This project is not targeted at Trust beneficiaries.</i>

# **Asset Management Policy Statement (AMPS)**



**To:** Mike Barton, Chairman  
**Through:** Trustee Derr, Trustee Easley, Trustee Norene  
**From:** Kevin Buckland, Chief Financial Officer  
**Date:** November 20, 2014  
**Re:** Asset Management Policy Statement Update

MEMO

## REQUESTED MOTION:

*The board adopts the updated Asset Management Policy Statement (AMPS) dated November 20, 2014 as recommended by the AMPS ad-hoc committee.*

## BACKGROUND

Trust and Trust Land Office staff drafted an update to the AMPS after the September 3, 2014 board meeting during which the board adopted policy updates related to the administration of Program Related Investments (PRI). The Staff-recommended changes to the AMPS arising from PRI policy implementation as well as clarifying language and minor updates and grammatical corrections were reviewed by an ad-hoc AMPS committee consisting of Trustee Derr, Trustee Easley and Trustee Norene. The ad-hoc committee met November 3, 2014 with Trust and TLO staff. Trust staff present included Jeff Jessee, Steve Williams, Kevin Buckland and Nancy Burke. TLO staff present included Marcie Menefee and John Morrison.

Below are a summary of the recommended changes to the September 2011 version of the AMPS by the committee. Page numbers reference the redline version which included initial staff recommended edits that may or may not be in the final draft for consideration today:

Page 4 of 22:

New version explicitly cites the TLO's long-term asset management strategy and references the Alaska Administrative Code.

Page 5 of 22:

Explicitly state that the Trust's investment objective is to achieve a real rate of return of five percent (5%) annually after inflation.

Page 6 of 22:

Collapsed two bullets at top of page into one.

Page 7 of 22:

The last paragraph was moved from page 9 of 22. It was previously included on page 7/15 of the September 2011 version of the AMPS. Committee members concluded it was not necessary and it was stricken.

Page 8 of 22:

The asset allocation of investments at APFC was initially included here by staff but stricken. Committee members believed that it may have to be updated too frequently as it was APFC's allocation at a given time. Committee members also stated that Trustees do not have direct control over APFC's allocation and do not want to infer otherwise.

The last paragraph was included by staff to inform trustees of the benchmark for APFC investments and was stricken when the table containing the asset allocation was removed from the draft.

Page 9 of 22:

The document was updated to formally state trustees will periodically (not less than every three years) assess the APFC long-term performance, risk, liquidity and asset allocation.

The second full paragraph was largely included in previous AMPS editions (page 7 of 15 in the September 2011 version) however committee members decided to strike the paragraph in part because of the wording inferred a higher level of review than was actually being performed and that the board has not explicitly / actively delegated responsibility for investment guidelines and selection of investment managers to APFC.

The third full paragraph was moved to page 7 of 22 before being stricken.

Under "Department of Revenue" on this page only minor changes were made including a clarification that the Treasury division manages the cash balances of the Trust Authority Development Account (TADA) and other cash holdings as well as half of budget reserves.

Page 10 of 22:

The asset allocation of budget reserves managed by Treasury was initially included by staff for informative purposes since there is not another current policy document where the asset allocation is documented. The table was stricken by the committee which expressed concern over the table becoming stale and not desiring to update the AMPS more frequently than might otherwise be necessary. Reference to a composite benchmark for the asset allocation was also stricken.

The second and third full paragraphs were updated to periodically (not less than every three years) assess asset allocation for budget reserves and TADA.

Page 11 of 22:

The second paragraph was added by staff to formalize that performance of direct private equity will be periodically evaluated by an index determined by the resources management committee. A suggestion that an appropriate index would be the NCREIF (National Council of Real Estate Investment Fiduciaries) was stricken.

The third full paragraph that references a TLO fee schedule was stricken by staff and agreed to by the committee. It was thought to be unnecessary.

Page 12 of 22:

There was discussion regarding the first and third bullets regarding the need for investments in Trust land to compete favorably with the long term rate of the APFC and the requirement for the board to approve rents below market value for beneficiary programs operating in or on Trust assets.

Page 14 of 22:

The last paragraph under “Non-Cash Assets” was updated to be consistent with the review of APFC & DOR performance in that the performance will be reported to the full board.

Page 15 of 22:

No substantive changes were made.

Page 16 of 22:

A reference to the Consumer Price Index (CPI) was added to state that the Trust will measure inflation using the CPI-U (1967=100) index. This index was selected as it is the index that the APFC uses to “inflation proof” the Permanent Fund corpus.

Page 17 of 22:

The policy and difference between an “official” permanent inflation-proofing transfer versus a notional transfer of budget reserves was formalized.

Page 18-19 of 22:

Policy language for the TADA was updated accommodate Program Related Investments (PRI); general cleanup was done on the wording was also done to help the section to flow better.

Page 20-21 of 22:

The TADA definition was updated to remove the reference to the account being temporary and added a reference that the TADA was previously known as the Trust Land Development Account.

Aside from the changes disclosed herein there was a lengthy discussion regard auditing the direct real estate managed by the TLO. No update was made to the AMPS to address the issue.



# Alaska Mental Health Trust Authority

## Asset Management

### Policy Statement

# Asset Management Policy Statement

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## Purpose

The Asset Management Policy Statement (AMPS) specifically delineates the asset management philosophy and practices of the ~~Board-board~~ of ~~Trustees-trustees~~ (~~Board~~) of the Alaska Mental Health Trust Authority (~~The-Trust~~the Trust). It has been developed to serve as the management plan for those assets entrusted to the ~~Board~~board. The ~~Board-board~~ believes it is essential to adopt a long-term plan by which these assets will be maintained and enhanced through prudent management. The ~~Board-board~~ has adopted the AMPS to serve as that long-term plan, in order that:

- there be a clear understanding on the part of ~~the-Trust~~the trustees, staff, beneficiaries, and the public as to the objectives, goals, and restrictions with regard to the management of Trust assets;
- assets be structured and managed in a prudent manner; and
- there be a meaningful basis for performance evaluations of asset classes, managers, and strategies used to achieve the management objectives.

## Background

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### *Creation of ~~the-Trust~~the Trust*

The Alaska Mental Health Trust Authority (~~The-Trust~~the Trust) was established by Congress under the Mental Health Enabling Act of 1956. The 1956 law included a grant to the State of Alaska of one million acres of land to be used to generate revenues to ensure the development of a Comprehensive Integrated Mental Health Program for the State of Alaska. In the mid 1980's, a class-action citizen lawsuit, Weiss v. State, was filed, alleging the mismanagement of these lands. In 1994, the Alaska Legislature passed legislation that was subsequently approved by the Alaska Superior Court as a settlement of the litigation (the ~~Settlement~~settlement).

~~09-17-14~~ AMPS DRAFT Revised ~~October~~November 2014~~September 2011~~

Page 2 of 22

## Settlement Framework

~~The Settlement~~The settlement reconstituted ~~The Trust~~the Trust with an initial \$200 million in cash and nearly one million acres of land. A seven-member ~~Board-board~~ of Trustees-trustees was created and charged with the responsibility of administering ~~The Trust~~the Trust. The ~~Board-board~~ is required by statute (AS 37.14.009(a)) to contract with the Alaska Permanent Fund Corporation (APFC) for the management of the cash principal of ~~The Trust~~the Trust and with the Department of Natural Resources (DNR) for the management of its non-cash resource assets. The 1994 legislation required DNR to establish a separate unit, ~~the Trust~~the Trust Land Office (TLO), for this purpose. Trust income allocated for annual mental health program spending and, on a short-term basis, revenue generated by the TLO is managed by the Department of Revenue (DOR).

To carry out this mandate, ~~the Board~~the board has the responsibility of establishing and maintaining broad policies and objectives for the prudent management of Trust assets. The Board establishes broad policies and sets the direction for asset management in this AMPS.

The ~~Board-board~~ delegates the implementation of these policies to ~~the Board~~the board's ~~Finance-finance Committee~~committee, ~~Resource resource Management-management Committee~~committee, ~~Executive executive Committee~~committee and to ~~Trust Administrative Office~~ staff. In doing so, ~~the Board~~the board maintains a “top-down” perspective, focusing on important policy-level issues, and maintaining the proper fiduciary perspective and time horizon for analysis of the performance of Trust assets.

The ~~Board-board~~ then directs the financial management of the earnings from the assets of ~~The Trust~~the Trust into programs and projects that are designed to improve the lives of Trust beneficiaries: Alaskans who experience mental illness, developmental disabilities, chronic alcoholism, ~~and~~ Alzheimer’s disease ~~or-and~~ related ~~disorders~~ dementia, traumatic brain injury and similar disabilities ~~substance abuse disorders~~ (see AS 47.30).

## Mission Statement

The ~~B~~oard has adopted the following ~~Mission-mission Statement~~ statement for ~~The Trust~~the Trust:

The Alaska Mental Health Trust Authority (~~The Trust~~the Trust) administers the Mental Health Trust to improve the lives of

beneficiaries. Trustees have a fiduciary responsibility to protect and enhance trust assets in perpetuity for the beneficiaries. ~~The Trust~~The Trust provides leadership in advocacy for and planning, implementing and funding of the Comprehensive Integrated Mental Health Program; and acts as a catalyst for change.

## Statement of Asset Management Philosophy

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The AMPS helps ~~the Board~~the board effectively supervise, monitor, and evaluate the investment and management of ~~The Trust~~The Trust's cash and non-cash assets. The cash investment program and Trust land and resource management program are defined in the various sections of the AMPS by:

- stating in a written document ~~the Board~~the board's expectations, objectives, and guidelines for management of the cash and non-cash assets;
- complying, or ensuring compliance, with all applicable fiduciary, prudence, and due diligence requirements that experienced investment professionals and land managers would reasonably utilize, and with all applicable laws, rules, and regulations that may impact Trust assets;
- setting forth an investment structure for the cash assets of ~~The Trust~~The Trust; this structure includes various accounts, asset classes, investment management styles, risk tolerance, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term;
- ~~setting forth~~approve~~establishing~~ guidelines for management of ~~The Trust~~The Trust's non-cash assets ~~through~~consistent with the TLO's long-term asset management strategy as defined in 11AAC 99.090(c);
- monitoring, evaluating, and comparing the investment performance results achieved by APFC, DOR, and TLO on a regular basis;
- encouraging effective communications between ~~the Trust~~the trustees, ~~staff~~TAO, APFC, DOR, and TLO;

- establishing a framework to aid ~~Trustees~~ trustees in determining the annual available funding amount for protection and enhancement of Trust assets and spending on behalf of the beneficiaries in mental health programs and projects.

This AMPS is formulated upon ~~the Board~~ the board's consideration of the financial implications of a wide range of policies and describes the prudent cash, and non-cash processes that ~~the Trust~~ the trustees deem appropriate.

The ~~Board~~ board recognizes that even though its investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. This prevents ad-hoc revisions to ~~the Board~~ the board's philosophy and policies in reaction to either speculation or short-term market fluctuations.

## Asset Management Objectives

The asset management objectives of ~~The Trust~~ the Trust have been established by ~~the Board~~ the board in conjunction with a comprehensive review of ~~The Trust~~ the Trust's current and projected financial requirements. The investment earnings from cash assets and income produced from Trust non-cash assets will be used to protect and enhance the value of Trust assets and implement annual mental health program funding strategies. Accordingly, investment results and Trust land resource management decisions are critical elements in achieving the outcome objectives of ~~The Trust~~ the Trust. The overarching asset management objective is to maintain appropriate cash asset allocation and trust land management policies that are compatible with the ~~Spending~~ spending Policy policy while still having the potential to produce positive real returns.

### Cash Management Objectives

Specific cash management objectives are:

- to preserve and enhance the purchasing power of ~~The Trust~~ the Trust's cash principal and the income generating capacity of ~~The Trust~~ the Trust's non-cash asset portfolio;
- to achieve a real rate of return (above inflation) of five percent (5%) annually maximize return within reasonable and prudent levels of risk; and



- to provide a steady, reliable payout stream to ensure funding of program spending goals while maintaining sufficient liquidity in all market environments. year-to-year to ensure the development of a Comprehensive Integrated Mental Health Program for the beneficiaries; and
- ~~to ensure The Trust's ability to meet its spending goals in difficult market environments and to ensure liquidity in future years.~~

### Trust Land Management Objectives

Specific Trust land management objectives are:

- to protect and enhance the non-cash asset value and productivity of Trust property;
- to maximize revenues from Trust non-cash assets over time;
- to encourage a diversity of revenue-producing uses of Trust non-cash assets;
- to manage Trust land prudently, efficiently, and with accountability to ~~The Trust~~The Trust and its beneficiaries; and
- to use Trust non-cash assets for ~~Mental Health Trust~~ beneficiary purposes, when such use is found to be in the best interest of ~~The Trust~~the Trust and its beneficiaries.

## Guidelines and Investment Policy

### Time Horizon

So that interim marketplace circumstances and fluctuations will be viewed with appropriate perspective, the investment of ~~The Trust~~the Trust's Principal-principal account and Budget Reserve account invested at APFC as well as non-cash assets are based upon an investment and managed for long term growth over time (generally greater than five years).

Investment strategies for ~~the Budget budget Reserve-reserves account~~ invested outside of APFC (currently at DOR) are to be determined by ~~the Trustthe trustees~~.

Investment of Trust income allocated for annual mental health program spending as well as ~~the Trustthe Trust AuthorityLand~~ Development Account (~~TADA~~) and Trust Facility Maintenance Account is based on a horizon of one year.

## Risk Tolerance

The ~~Board-board~~ recognizes the difficulty faced by APFC, DOR, and DNR in meeting investment and Trust land resource management objectives because of the uncertainties and complexities of contemporary investment markets and the non-cash asset management operating arena. The ~~Board-board~~ also recognizes that some risk must be assumed to achieve the APFC's long-term investment objectives, the DOR's Budget Reserve investment objectives, and the TLO's land management objectives. Further, in co-mingling Trust cash assets with the Alaska Permanent Fund managed by the APFC, the ability to withstand short and intermediate term market volatility was considered.

## Performance Expectations

### Cash Managers

#### Alaska Permanent Fund Corporation

APFC management responsibilities for ~~The Trustthe Trust~~'s principal are provided for in APFC statute and a memorandum of agreement between ~~The Trustthe Trust~~ and the APFC (APFC MOA).

~~For investment purposes, Trust assets are commingled with the Alaska Permanent Fund and other assets under management by the APFC. The APFC board of trustees has established by formal resolution an asset allocation policy for the Alaska Permanent Fund, which it reviews annually and modifies as it determines appropriate. The APFC board has also established by resolution investment policies and guidelines for major asset classes in which money managed by the APFC is invested. Those resolutions are reviewed by the APFC board periodically and modified as it determines appropriate. The APFC's current asset allocation and investment policy and guideline resolutions are posted on the APFC website.~~

The current asset allocation policy as set by the APFC board of trustees is as follows:

<u>Risk Class</u>	<u>Asset Class</u>	<u>Risk Class Target</u>	<u>Asset Class Target</u>
<u>Cash &amp; Interest Rates</u>		<u>6%</u>	
	<u>Cash</u>		<u>1.2%</u>
	<u>US Government Bonds and International Developed Government Bods (currency Hedged)</u>		<u>4.8%</u>
<u>Company Exposure</u>		<u>55%</u>	
	<u>Global Credit</u>		<u>11%</u>
	<u>Public/Private Credit</u>		<u>2%</u>
	<u>Global Equity</u>		<u>36%</u>
	<u>Private Equity</u>		<u>6%</u>
<u>Real Assets</u>		<u>10%</u>	
	<u>Real Estate</u>		<u>12%</u>
	<u>Infrastructure</u>		<u>4%</u>
	<u>US Treasury Inflation Protected Securities</u>		<u>3%</u>
<u>Special Opportunities</u>		<u>20%</u>	
	<u>Allocation Strategies:</u>		
	<u>—Absolute Return Mandate</u>		<u>6%</u>
	<u>—Real Return Mandate</u>		<u>7%</u>
	<u>—Emerging Markets Multi-Asset</u>		<u>2%</u>
	<u>—Fixed Income Domestic Aggregate</u>		<u>2%</u>
	<u>Other:</u>		
	<u>—Debt Opportunities</u>		<u>1%</u>
	<u>—True Special Opportunities</u>		<u>2%</u>

To assess relative performance a composite benchmark consisting of various indices with weightings in proportion to the asset allocation will be used. Currently the target consists of the following: 52.5% MSCI ACWI IMI, 13.1% Barclays Global Corporate Hedged, 8.0% Barclays Global Treasury Hedged, 2.2% Barclays TIPS, 2.0% Barclays

Mortgage Index, 7.5% MSCI REIT, 4.4% FTSE Developed Core Infrastructure, and 10.1% 3 month Treasury Bills.

The ~~Board-board~~ reviews the long-term performance, risk, and liquidity characteristics of the APFC on a periodic an ongoing basis (but not less than once every three years) and evaluates whetherconcurs currently believes that the APFC's current ~~provides an~~ asset allocation strategy ~~that~~ meets the long-term investment return strategic asset allocation objectives of ~~The Trust~~ the Trust with an acceptable level of risk.

~~The Board-board believes that liquidity will not be a problem under the current APFC MOA as the relative size and diversification of the Alaska Permanent Fund ensures should meet the sufficient liquidity is always needs available of The Trust. The Board-board has delegated responsibility for investment guidelines and the selection and supervision of investment managers to the APFC.~~

~~For investment purposes, Trust assets are commingled with the Alaska Permanent Fund and other assets under management by the APFC. The APFC Board of Trustees has established by formal resolution an asset allocation policy for the Alaska Permanent Fund, which it reviews annually and modifies as it determines appropriate. The APFC Board has also established by resolution investment policies and guidelines for major asset classes in which money managed by the APFC management is invested. Those resolutions are reviewed by the APFC Board periodically and modified as it determines appropriate. The APFC's current asset allocation and investment policy and guideline resolutions are posted on the APFC website.~~

#### **Department of Revenue**

The asset allocation for Budget Reserves under management of the Treasury Division is directed by the trustees.

~~The Department of Revenue Division of Treasury Division in the Department of Revenue holds and manages one half of the Budget Reserve, cash balances of the TADA and on a short term basis the revenue generated by the TLO and Trust income allocated by the Trustthe Trustees for spending on the Comprehensive Integrated Mental Health Program.~~

Currently the asset allocation for Budget Reserves under management of the Treasury Division are as follows:

<u>Asset Class</u>	<u>Target %</u>	<u>Acceptable Range</u>	<u>Relative Performance Benchmark</u>
<u>Cash</u>	<u>10%</u>	<u>+/- 4%</u>	<u>3-month T-Bill</u>
<u>Broad Market Fixed Income</u>	<u>20%</u>	<u>+/- 10%</u>	<u>Barclays US Aggregate</u>
<u>Domestic Equity</u>	<u>40%</u>	<u>+/- 9%</u>	<u>Russell 3000</u>
<u>International Equity</u>	<u>21%</u>	<u>+/- 5%</u>	<u>MSCI EAFE</u>

To assess relative performance a composite benchmark consisting of various indices with weightings in proportion to the asset allocation will be used.

Investments, including investments in The Trust's non-cash asset portfolio, of the Budget Reserves are made pursuant to guidance provided by the TAO staff under the fiduciary direction of the Board the board. In executing their duties, the finance committee may shall periodically (not less than every three years) review asset allocation independently or request consultation from outside entities and if appropriate recommend the board adopt changes.

The TADA is currently invested alongside the General Fund and other Non-Segregated Investments (GeFONSI). The finance committee may shall periodically (not less than every three years) review the cash balances of the TADA in conjunction with projected expected expenditure or reinvestment demand and recommend an asset allocation to the board. the board allocate a portion of the TADA to bonds to achieve a higher return relative to cash.

### **Non-Cash Asset Manager**

#### **Trust Land Office**

The TLO manages ~~The Trust~~ the Trust's non-cash assets on behalf of ~~the Trust~~ the Trustees, in accordance with applicable statutes, regulations, and a memorandum of understanding between ~~The Trust~~ the Trust and DNR (DNR MOU).

~~The trust~~ The Trust land resource component of ~~The Trust~~ The Trust is made up of about 5,000 land parcels statewide, totaling about one million acres. TLO management responsibilities are provided for in AS 38.05.801, 11 AAC 99, and the DNR MOU.

TLO outcomes are projected for the upcoming ~~five-year period of time~~budget cycle with annual outcomes addressed in annual TLO budgets approved by ~~the Trust~~the Trustees. While the TLO consults primarily with the ~~Resource—resource Management—management Committee—committee~~ of ~~the Board~~the board on specific transactions, consultation can also occur between the TLO and the TAO and between the TLO and the ~~full-B~~board, in accordance with specific ~~Board-board~~ policies or transaction circumstances.

~~The performance of direct private equity real estate will be periodically~~annually evaluated using an index or indices determined by the resources management committee, such as the NCREIF<sup>4</sup> Property Index (NPI).

~~TLO rents and sale value expectations are to be guided by a TLO fee schedule, with final decisions being made after full consideration is given to the specific transaction being proposed and the existing market place associated with the transaction. The TLO fee schedule will be updated in accordance with policies established by the Board, but no less often than every five~~two years.

General operating expectations are as follows:

- ~~the~~-TLO will focus first on land or resources at the high end of their market values (“Best Markets”) and then on land or resources with Best Market potential within the next two to ten years;
- land or resources not included above will be considered “Long Term Market” lands, with TLO management emphasis placed on reasonable value preservation and enhancement actions in the interim;
- generally, the TLO will focus on transactions that:
  1. maximize return at prudent levels of risk;
  2. contribute to a diverse assortment of resource activity;
  3. provide ancillary values to ~~The Trust~~The Trust; and
  4. remove or prevent liability risks;
- leases are preferred over sales, and, when reasonable to do so, land values should be enhanced before disposal through lease or sale;
- transactions should not harm values of or future opportunities associated with other Trust lands;

<sup>4</sup>NCREIF (National Council of Real Estate Investment Fiduciaries) Property Index is a quarterly time series composite total rate of return measurement of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes in a fiduciary environment. The NPI reports nationally and regionally as well as by property type.

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- investments in Trust land should compete favorably with the projected long-term total rate of return of the Alaska Permanent Fund Corporation;
- land exchanges may be considered, when associated costs and outcomes can be reasonably established;
- if beneficiary program~~beneficiary-related~~ uses of Trust lands are proposed at rents ~~that are~~ below fair market value, the increment between proposed rents and fair market value rents will be considered an allocation of Trust revenue and must be approved by ~~the Board~~the board;
- lands, structures, and resources may be acquired when the acquisition will add value to ~~The Trust~~the Trust's non-cash asset portfolio or will contribute to the mission of ~~The Trust~~the Trust in another way. All acquisitions will be analyzed on a 'Life Cycle Basis'; defined as the present value of the acquisition cost, the operating income/benefits during the holding periods and the value of the asset at disposition.

In accordance with AS 13.38, 20 AAC 40.610, and this AMPS, TLO revenue will be allocated as follows:

- To Principal: Land sale revenues; royalties from coal, gas, materials, minerals, and oil; perpetual easements; and 85% of revenues from timber sales.
- To Income: Interest from land sale contracts; bonus bids; rents; and 15% of revenues from timber sales.

## Control Procedures

### AMPS Revisions

It is not expected that the AMPS will change frequently. In particular, short-term changes in the financial, real estate and natural resource markets and associated operating arenas should not require adjustments to the AMPS.

### Cash Assets

APFC ~~& , DOR, and TAO~~ performance will be reviewed at least annually by the ~~Finance finance Committee committee~~ who will report all performance to ~~the Board~~the board to determine the continued feasibility of achieving the investment

and Trust land management objectives and the appropriateness of the AMPS for achieving those objectives.



## Non-Cash Assets

The TLO will maintain a ~~base~~ level of management capacity necessary to prudently manage and develop Trust non-cash assets over time. It is understood that this component of Trust non-cash asset management represents a significant expense to ~~The Trust~~The Trust.

The duties and responsibilities of the TLO are generally provided for in AS 38.05.801 and more specifically provided for in 11 AAC 99 and the DNR MOU. The specific management principles are provided for in 11 AAC 99.

TLO performance will be reviewed at least annually by the ~~Resource Management Committee~~resource management committee ~~which will report all performance to the board.~~

## Spending Policies

The ~~Board~~board has the authority to authorize the expenditure of Trust funds to protect and enhance the value and productivity of Trust assets, for the award of grants and contracts in fulfillment of ~~The Trust~~the Trust's purpose to ensure a Comprehensive Integrated Mental Health Program, and, with legislative approval, the operating expenses of the TAO. This Spending Policy outlines five ~~Board~~board objectives:

1. protect and enhance the corpus of ~~The Trust~~the Trust by allocating sufficient resources to ensure that Trust assets are properly managed, including the use of principal allocated to ~~the Trust~~the Trust Authority and Development Account, where appropriate, to maximize the value and productivity of Trust non-cash assets;
2. apply smoothing mechanisms to mitigate the effects of short-term market volatility on spending and maintain a reliable funding stream to ensure the support of a Comprehensive Integrated Mental Health Program for the beneficiaries;
3. establish a Budget Reserve account to ensure funding support for the Comprehensive Integrated Mental Health Program is maintained in a difficult market environment;
4. maintain the purchasing power of ~~the Trust~~the Trust principal, including addressing the effects of inflation, by using the reserve model consisting of the

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Budget Reserve account originally recommended by Callan Associates in 1996; and

5. follow a spending policy based upon a sustainable percentage of investment net asset values realized return from investments and expendable actual income from Trust land management.

The ~~Board~~board recognizes achieving Trust asset management objectives requires adequate resources be allocated for that purpose by reimbursing APFC and DOR, and DNR, for the reasonable costs of managing Trust assets.

#### *Annual Available Funding Framework*

Having a relatively consistent and predictable funding stream is paramount to ensuring an effective Comprehensive Integrated Mental Health Program. To mitigate the effects of periodic market volatility on funding, ~~the Board~~the board utilizes smoothing mechanisms to maximize funding consistency.

The ~~sum of the~~ following components ~~has~~have been established as a framework to aid Trustees in determining the annual available funding amount:

- An annual withdrawal calculation consisting of 4.25 percent of the rolling four year-end average aggregate net asset value (NAV) of the following:
  - Principal invested at APFC<sup>2</sup>
  - Budget Reserve invested at APFC
  - Budget Reserve invested at DOR
- The rolling four year-end average of lapsed appropriations funded from the Settlement Income Account<sup>3</sup>;
- The rolling four year-end average of expendable income generated by Trust Land Office operations;
- The rolling four year-end average of interest earned on cash held with the General Fund and Other Non-Segregated Investments (GeFONSI) managed by DOR<sup>4</sup>;
- The unobligated/unallocated funds that could have been authorized in previous fiscal years under this framework calculation; and

<sup>2</sup> Funds in ~~the Trust~~the Trust Authority Land Development Account are not included in the payout calculation unless Trustees approve otherwise.

<sup>3</sup> Settlement Income Account AKSAS fund 34046 only. Lapsed appropriations funded from the Facility Maintenance Account are not included in the calculation.

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- Other miscellaneous unrestricted revenues properly deposited into ~~the Trust~~<sup>the Trust</sup> Settlement Income Account such as contributions from partner agencies and the recovery of prior year expenditures received after the funding appropriation lapsed.

Trustees reserve the right to expend additional funds when circumstances warrant. For instance, if original projections used to build a preliminary budget prove materially inaccurate due to deteriorating market conditions, ~~Trustees-trustees~~ may elect to authorize funds beyond what the framework above would generally suggest. Concurrently, ~~Trustees-trustees~~ acknowledge that ~~Principal-principal~~ assets must be safeguarded.

The annual withdrawal calculation amount will be transferred to the Settlement Income Account and invested with the GeFONSI with minimal risk on a lump sum or periodic basis by the CFO in consultation with the CEO based on market conditions and cash flow needs.

#### *Budget Reserve Guidelines*

In order to fulfill funding requirements during market downturns, a Budget Reserve account will be maintained to help ensure funding availability. Based on a Callan Associates study of the Alaska Permanent Fund and the Alaska Mental Health Trust Fund, the Budget Reserve is set at 400% of the targeted annual withdrawal calculation amount. This reserve amount should be adequate to provide maximum assurance that ~~The Trust~~<sup>the Trust</sup> will be able to meet ~~its~~ annual ~~available~~ funding goals.

One half of the Budget Reserve shall be invested by the DOR. The remainder of the Budget Reserve shall be invested by the APFC in the same manner as the Principal.

When APFC experiences gains for a given year, the Budget Reserve at DOR will first be adjusted up to 200% of the current year's targeted annual withdrawal calculation. If additional gains remain, adjustments will be made to the Budget Reserve invested by APFC. When the Budget Reserve is fully funded at both DOR and APFC, funds may be used assigned to help offset the effects of inflation ("inflation proofing"). The effect of inflation will be estimated by using US Department of Labor Bureau of Labor Statistics CPI-U index<sup>4</sup>.

• <sup>5</sup>

<sup>4</sup> Consumer Price Index All Urban Consumers; U.S.; All Items; 1967=100

<sup>5</sup> Funds may be irretrievably transferred to the non-spendable principal account or retained with the Budget Reserve in a notional inflation-proofing account.

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If no provision has been made to offset the effect of inflation for multiple years, Trustees may assign a portion of the Budget Reserve as an inflation buffer.

When the APFC or DOR experiences losses for a given year, the Budget Reserve at DOR will be maintained or adjusted to 200% of the annual withdrawal calculation from the Budget Reserve at APFC.

In the event of severe and/or sustained losses whereby the Budget Reserve is insufficient to meet the annual payout while maintaining at least 200% of the current year's annual withdrawal calculation then the withdrawal rate or amount may be reviewed by ~~the Trust~~the trustees.

Full or partial inflation proofing may be facilitated by one of the following methods:

- Inflation proofing permanent transfer (official non-spendable transfer)
  - Upon notification by the CFO that Trustees have performed an official and permanent inflation proofing, APFC will initiate an accounting entry to irretrievably transfer funds from Budget Reserves to the non-spendable principal account.
- Inflation proofing assignment (notional transfer)
  - No official entries are necessary as funds remain in the Budget Reserve account at APFC, however the board is officially on record assigning the balance perpetually just as though the funds were principal. This balance is not factored into the base goal to maintain 400% of the targeted withdrawal in reserves. The notional inflation proofing subaccount of Budget Reserves may theoretically be utilized by the board under draconian market circumstances <del>do trustees want to discuss a higher voting threshold (e.g. super majority or unanimous approval) to allow expenditure</del>.

#### Land Development Account Utilization Guidelines

~~The value and productivity of Trust non-cash assets must be maximized through the reinvestment of Trust principal where appropriate. To achieve this objective, the Board will maintain a Trust Land Development Account to use Trust principal to exchange one principal asset for another, to maintain or enhance the value of The Trust's existing non-cash asset portfolio, either through prudent investments in non-cash assets already owned by The Trust or through the acquisition of additional assets.~~

~~Project-specific investment recommendations will be noticed to the public in the same manner as TLO land disposal actions (11 AAC 99.050), except that requests for decision reconsideration (11 AAC 99.060) must be made to the CEO of the Trust Authority rather than the Executive Director of the TLO.~~

~~The TLO will make periodic funding recommendations for the Trust Land Development Account as part of the overall Trust budgeting process. Recommendations will be based upon a specific work plan.~~

~~Funding recommendations will follow the capitalization thresholds for capital assets as delineated in the Alaska Administrative Manual.~~  
Trust Authority Development Account Guidelines

The board will maintain the Trust Authority Development Account (TADA) to use Trust principal to exchange one principal asset for another.

The value and productivity of Trust cash and non-cash assets must be maximized through the reinvestment of Trust principal from time to time. This includes investments made through Program Related Investments (PRI), the Resource Management Strategy (RMS) or ~~any~~ other programs approved by the Trusttrustees deem appropriate.

~~To achieve these objectives, the Board~~the board may directly use income or principal assets to enhance the capacity of the state's mental health program or to maintain or enhance the value of ~~The Trust~~the Trust's existing non-cash asset portfolio ~~as determined by the board~~. This may be accomplished through ~~the use of cash or non-cash assets in the form of~~ financing of projects, purchase/lease of assets, exchange or resale. ~~The Bboard will maintain the Trust~~the Trust Authority Development Account (TADA) to use Trust principal to exchange one principal asset for another.

Recommendations for expenditure from the TADA ~~These recommendations will~~ be noticed in the same manner as other Trust expenditures, including presentation to appropriate Trust committees and final approval by a committee or ~~the Board~~the board of Trustees, as provided for in ~~the Trust~~the Trust

Comment [MM1]: Replace with new language approved on 9/3/2014.

Comment [WSF(2)]: Language presented to and approved by Board of Trustees 9/3/2014

~~B~~ylaws. Recommendations will be based upon a specific work plan with identified priorities.

~~Trust staff will work with the TLO to make periodic PRI funding recommendations to the Boardthe board specific to utilization of the TADA. The TLO will make periodic project specific funding recommendations for the TADA to implement the RMS or any other program the Trustthe Trustees deem appropriate. Recommendations will be based upon a specific work plan with identified priorities.~~

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## Definitions

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For purposes of ease of administration and understanding of this Asset Management Policy Statement, the following terms are defined or clarified:

APFC: The Alaska Permanent Fund Corporation manages the cash assets of the Alaska Mental Health Trust Authority under the APFC ~~Board's-board's~~ asset allocation policy and its investment policies and guidelines for major asset classes.

ASSETS: Consists of the cash and non-cash assets of the Alaska Mental Health Trust Authority, including property and resource assets acquired by the TLO on behalf of ~~The Trustthe Trust~~.

BOARD: The governing body of the Alaska Mental Health Trust Authority established by AS 47.30.016.

BUDGET RESERVE: Budget Reserve is set at 400% of the targeted annual disbursement amount. This reserve amount should be adequate to ensure ~~The Trustthe Trust~~'s ability to meet its spending goals in a difficult market environment and to ensure liquidity in future years. The budget reserve is maintained both within the state treasury (in GASB fund 34047) as well as the Alaska Permanent Fund Corporation.

CHIEF EXECUTIVE OFFICER (CEO): The staff position as defined by AS 47.30.026 serving ~~the Boardthe board~~ as the chief executive officer of the Alaska Mental Health Trust Authority.

TRUST SETTLEMENT INCOME ACCOUNT:— The account in which income available for appropriation and expenditure is deposited (and from which agencies receiving MHTAAR funded appropriations expend). The account is maintained on the state accounting system as GASB fund 34046.

TRUST ~~AUTHORITYLAND~~ DEVELOPMENT ACCOUNT: A ~~temporary Principal-principal~~ account maintained by ~~the Boardthe board~~ to facilitate periodic principal exchanges and to enhance the value of ~~The Trustthe~~

~~Trust's~~ assets. ~~It is also the holding place for cash principal until it is transferred to the APFC for investment alongside the Alaska Permanent Fund.~~ The account is maintained on the state accounting system as GASB fund 34045. ~~Prior to September 2014, this account was referred to as the Trust Land Development Account.~~

TRUST FACILITY MAINTENANCE ACCOUNT: A component of the Settlement Income Account where a portion of facility rents are deposited to finance operations and maintenance on buildings owned by ~~The Trust~~The Trust. The account is maintained on the state accounting system as GASB fund 34048. The account was originally authorized by Resolution 05-04.

TRUST LAND PORTFOLIO: The non-cash assets of the Alaska Mental Health Trust ~~Authority~~ that are managed by ~~the Trust~~the Trust Land Office, including improved properties and facilities.

SETTLEMENT: The statutes, settlement agreement, letters clarifying the settlement agreement, and the final Superior Court order creating and approving the settlement of Weiss v. State of Alaska.

STAFF:- The CEO, ~~the Trust~~Trust Land Office Executive Director, ~~any all~~ employees of ~~the Trust~~the Trust ~~Administrative Office~~ and/or ~~the~~ Trust Land Office.

TRUST: The Alaska Mental Health Trust established by Congress under the Mental Health Enabling Act of 1956.

TRUST AUTHORITY:- The Alaska Mental Health Trust Authority established by AS 47.30.011.

TRUSTEE(S):- The ~~Board board~~ of ~~Trustees-trustees~~ of ~~the Trust~~the Trust Authority, either collectively or individually.

TRUST ADMINISTRATIVE OFFICE (~~TAO~~)(TAO): The office with responsibility for providing support to the ~~Chief chief Executive executive Officer-officer~~ and ~~Board board~~ of ~~Trustees-trustees~~ in management of Trust financial assets and in assuring development of the Comprehensive Integrated Mental Health Program.

TRUST LAND OFFICE (TLO):- The office with responsibility for management of ~~the Trust~~the Trust non-cash assets (property and natural resource assets), established within the Department of Natural Resources under AS 44.37.050.



TRUST LAND OFFICE (TLO) EXECUTIVE DIRECTOR: The staff position serving the ~~Commissioner~~ commissioner of the Department of Natural Resources in conjunction with ~~the Board~~ the board as the ~~Executive-executive Director-director~~ of ~~the Trust~~ the Trust Land Office.



# **Alaska Mental Health Trust Authority**

## **Asset Management**

## **Policy Statement**

# Asset Management Policy Statement

## Purpose

The Asset Management Policy Statement (AMPS) specifically delineates the asset management philosophy and practices of the board of trustees of the Alaska Mental Health Trust Authority (the Trust). It has been developed to serve as the management plan for those assets entrusted to the board. The board believes it is essential to adopt a long-term plan by which these assets will be maintained and enhanced through prudent management. The board has adopted the AMPS to serve as that long-term plan, in order that:

- there be a clear understanding on the part of the trustees, staff, beneficiaries, and the public as to the objectives, goals, and restrictions with regard to the management of Trust assets;
- assets be structured and managed in a prudent manner; and
- there be a meaningful basis for performance evaluations of asset classes, managers, and strategies used to achieve the management objectives.

## Background

### *Creation of the Trust*

The Alaska Mental Health Trust Authority (the Trust) was established by Congress under the Mental Health Enabling Act of 1956. The 1956 law included a grant to the State of Alaska of one million acres of land to be used to generate revenues to ensure the development of a Comprehensive Integrated Mental Health Program for the State of Alaska. In the mid 1980s, a class-action citizen lawsuit, Weiss v. State, was filed, alleging the mismanagement of these lands. In 1994, the Alaska Legislature passed legislation that was subsequently approved by the Alaska Superior Court as a settlement of the litigation (the settlement).

### *Settlement Framework*

The settlement reconstituted the Trust with an initial \$200 million in cash and nearly one million acres of land. A seven-member board of trustees was created and charged with the responsibility of administering the Trust. The board is required by statute (AS 37.14.009(a)) to contract with the Alaska Permanent Fund Corporation (APFC) for the management of the cash principal of the Trust and with the Department of Natural Resources (DNR) for the management of its non-cash resource assets. The 1994 legislation required DNR to establish a separate unit, the Trust Land Office (TLO), for this purpose. Trust income allocated for annual mental health program spending and, on a short-term basis, revenue generated by the TLO is managed by the Department of Revenue (DOR).

To carry out this mandate, the board has the responsibility of establishing and maintaining broad policies and objectives for the prudent management of Trust assets. The Board establishes broad policies and sets the direction for asset management in this AMPS.

The board delegates the implementation of these policies to the board's finance committee, resource management committee, executive committee and to staff. In doing so, the board maintains a “top-down” perspective, focusing on important policy-level issues, and maintaining the proper fiduciary perspective and time horizon for analysis of the performance of Trust assets.

The board then directs the financial management of the earnings from the assets of the Trust into programs and projects that are designed to improve the lives of Trust beneficiaries: Alaskans who experience mental illness, developmental disabilities, chronic alcoholism, Alzheimer’s disease and related dementia, traumatic brain injury and substance abuse disorders (see AS 47.30).

### *Mission Statement*

The board has adopted the following mission statement for the Trust: The Alaska Mental Health Trust Authority (the Trust) administers the Mental Health Trust to improve the lives of beneficiaries. Trustees have a fiduciary responsibility to protect and enhance trust assets in perpetuity for the beneficiaries. The Trust provides leadership in advocacy for and planning, implementing and funding of the Comprehensive Integrated Mental Health Program; and acts as a catalyst for change.

# Statement of Asset Management Philosophy

The AMPS helps the board effectively supervise, monitor, and evaluate the investment and management of the Trust's cash and non-cash assets. The cash investment program and Trust land and resource management program are defined in the various sections of the AMPS by:

- stating in a written document the board's expectations, objectives, and guidelines for management of the cash and non-cash assets;
- complying, or ensuring compliance, with all applicable fiduciary, prudence, and due diligence requirements that experienced investment professionals and land managers would reasonably utilize, and with all applicable laws, rules, and regulations that may impact Trust assets;
- setting forth an investment structure for the cash assets of the Trust; this structure includes various accounts, asset classes, investment management styles, risk tolerance, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term;
- establishing guidelines for management of the Trust's non-cash assets consistent with the TLO's long-term asset management strategy as defined in 11AAC 99.090(c);
- monitoring, evaluating, and comparing the investment performance results achieved by APFC, DOR, and TLO on a regular basis;
- encouraging effective communications between the trustees, staff APFC, DOR, and TLO; and
- establishing a framework to aid trustees in determining the annual available funding amount for protection and enhancement of Trust assets and spending on behalf of the beneficiaries in mental health programs and projects.

This AMPS is formulated upon the board's consideration of the financial implications of a wide range of policies and describes the prudent cash, and non-cash processes that the trustees deem appropriate.

The board recognizes that even though its investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. This prevents ad-hoc revisions to the board's philosophy and policies in reaction to either speculation or short-term market fluctuations.

## Asset Management Objectives

The asset management objectives of the Trust have been established by the board in conjunction with a comprehensive review of the Trust's current and projected financial requirements. The investment earnings from cash assets and income produced from Trust non-cash assets will be used to protect and enhance the value of Trust assets and implement annual mental health program funding strategies. Accordingly, investment results and Trust land resource management decisions are critical elements in achieving the outcome objectives of the Trust. The overarching asset management objective is to maintain appropriate cash asset allocation and trust land management policies that are compatible with the spending policy while still having the potential to produce positive real returns.

### **Cash Management Objectives**

Specific cash management objectives are to:

- preserve and enhance the purchasing power of the Trust's cash principal and the income generating capacity of the Trust's non-cash asset portfolio;
- achieve a real rate of return (above inflation) of five percent (5%) annually with reasonable and prudent levels of risk; and
- provide a steady, reliable payout stream to ensure funding of program spending goals while maintaining sufficient liquidity in all market environments.

## **Trust Land Management Objectives**

Specific Trust land management objectives are to:

- protect and enhance the non-cash asset value and productivity of Trust property;
- maximize revenues from Trust non-cash assets over time;
- encourage a diversity of revenue-producing uses of Trust non-cash assets;
- manage Trust land prudently, efficiently, and with accountability to the Trust and its beneficiaries; and
- use Trust non-cash assets for beneficiary purposes, when such use is found to be in the best interest of the Trust and its beneficiaries.

# **Guidelines and Investment Policy**

## **Time Horizon**

So that interim marketplace circumstances and fluctuations will be viewed with appropriate perspective, the investment of the Trust's principal and Budget Reserve account invested at APFC as well as non-cash assets are managed for long term growth over time (generally greater than five years).

Investment strategies for budget reserves invested outside of APFC (currently at DOR) are to be determined by the trustees.

Investment of Trust income allocated for annual mental health program spending as well as the Trust Authority Development Account (TADA) and Trust Facility Maintenance Account is based on a horizon of one year.

## **Risk Tolerance**

The board recognizes the difficulty faced by APFC, DOR and DNR in meeting investment and Trust land resource management objectives because of the uncertainties and complexities of contemporary investment markets and the non-cash asset management operating arena. The board also recognizes that some risk must be assumed to achieve the APFC's long-term investment objectives, the DOR's Budget Reserve investment objectives, and the TLO's land management objectives. Further, in co-mingling Trust cash assets with the Alaska Permanent Fund managed by the APFC, the ability to withstand short and intermediate term market volatility was considered.

## **Performance Expectations**

### ***Cash Managers***

#### **Alaska Permanent Fund Corporation**

APFC management responsibilities for the Trust's principal are provided for in APFC statute and a memorandum of agreement between the Trust and the APFC (APFC MOA).

The board reviews the long-term performance, risk, and liquidity characteristics of the APFC on a periodic basis (but not less than once every three years) and evaluates whether the APFC's asset allocation strategy meets the long-term investment return objective of the Trust with an acceptable level of risk.

#### **Department of Revenue**

The asset allocation for Budget Reserves under management of the Treasury Division is directed by the trustees.

The Department of Revenue Treasury Division holds and manages one half of the Budget Reserve, cash balances of the TADA, and on a short-term basis the revenue generated by the TLO and Trust income allocated by the trustees for spending on the Comprehensive Integrated Mental Health Program.

Investments of the Budget Reserves are made pursuant to guidance provided by staff under the fiduciary direction of the board. In executing their duties, the finance committee shall periodically (not less than every three years) review asset allocation independently or request consultation from outside entities and, if appropriate, recommend the board adopt changes.



The TADA is currently invested alongside the General Fund and other Non-Segregated Investments (GeFONSI). The finance committee shall periodically (not less than every three years) review the cash balances of the TADA in conjunction with projected expected expenditure or reinvestment demand and recommend an asset allocation to the board.

### ***Non-Cash Asset Manager***

#### **Trust Land Office**

The TLO manages the Trust's non-cash assets on behalf of the trustees, in accordance with applicable statutes, regulations, and a memorandum of understanding between the Trust and DNR (DNR MOU).

The Trust land resource component of the Trust is made up of about 5,000 land parcels statewide, totaling about one million acres. TLO management responsibilities are provided for in AS 38.05.801, 11 AAC 99, and the DNR MOU.

TLO outcomes are projected for the upcoming budget cycle with annual outcomes addressed in annual TLO budgets approved by the Trustees. While the TLO consults primarily with the resource management committee of the board on specific transactions, consultation can also occur between the TLO and the TAO and between the TLO and the board, in accordance with specific board policies or transaction circumstances.

The performance of direct private equity real estate will be annually evaluated using an index or indices determined by the resource management committee.

General operating expectations are as follows:

- TLO will focus first on land or resources at the high end of their market values ("Best Markets") and then on land or resources with Best Market potential within the next two to ten years;
- land or resources not included above will be considered "Long Term Market" lands, with TLO management emphasis placed on reasonable value preservation and enhancement actions in the interim;

- generally, the TLO will focus on transactions that:
  1. maximize return at prudent levels of risk;
  2. contribute to a diverse assortment of resource activity;
  3. provide ancillary values to the Trust; and
  4. remove or prevent liability risks;
- leases are preferred over sales and, when reasonable to do so, land values should be enhanced before disposal through lease or sale;
- transactions should not harm values of or future opportunities associated with other Trust lands;
- investments in Trust land should compete favorably with the projected long-term total rate of return of the Alaska Permanent Fund Corporation;
- land exchanges may be considered, when associated costs and outcomes can be reasonably established;
- if beneficiary program uses of Trust lands are proposed at rents below fair market value, the increment between proposed rents and fair market value rents will be considered an allocation of Trust revenue and must be approved by the board; and
- lands, structures, and resources may be acquired when the acquisition will add value to the Trust's non-cash asset portfolio or will contribute to the mission of the Trust in another way. All acquisitions will be analyzed on a 'Life Cycle Basis'; defined as the present value of the acquisition cost, the operating income/benefits during the holding periods and the value of the asset at disposition.

In accordance with AS 13.38, 20 AAC 40.610, and this AMPS, TLO revenue will be allocated as follows:

- To Principal: Land sale revenues; royalties from coal, gas, materials, minerals, and oil; perpetual easements; and 85% of revenues from timber sales.
- To Income: Interest from land sale contracts; bonus bids; rents; and 15% of revenues from timber sales.

# Control Procedures

## **AMPS Revisions**

It is not expected that the AMPS will change frequently. In particular, short-term changes in the financial, real estate and natural resource markets and associated operating arenas should not require adjustments to the AMPS.

## **Cash Assets**

APFC & DOR performance will be reviewed at least annually by the finance committee who will report all performance to the board to determine the continued feasibility of achieving the investment and Trust land management objectives and the appropriateness of the AMPS for achieving those objectives.

## **Non-Cash Assets**

The TLO will maintain a level of management capacity necessary to prudently manage and develop Trust non-cash assets over time. It is understood that this component of Trust non-cash asset management represents a significant expense to the Trust.

The duties and responsibilities of the TLO are generally provided for in AS 38.05.801 and more specifically provided for in 11 AAC 99 and the DNR MOU. The specific management principles are provided for in 11 AAC 99.

TLO performance will be reviewed at least annually by the resource management committee which will report all performance to the board.

# Spending Policies

The board has the authority to authorize the expenditure of Trust funds to protect and enhance the value and productivity of Trust assets, for the award of grants and contracts in fulfillment of the Trust's purpose to ensure a Comprehensive Integrated Mental Health Program, and, with legislative approval, the operating expenses of the TAO. This Spending Policy outlines five board objectives:

1. protect and enhance the corpus of the Trust by allocating sufficient resources to ensure that Trust assets are properly managed, including the use of principal allocated to the Trust Authority Development Account, where appropriate, to maximize the value and productivity of Trust non-cash assets;

2. apply smoothing mechanisms to mitigate the effects of short-term market volatility on spending and maintain a reliable funding stream to ensure the support of a Comprehensive Integrated Mental Health Program for the beneficiaries;
3. establish a Budget Reserve account to ensure funding support for the Comprehensive Integrated Mental Health Program is maintained in a difficult market environment;
4. maintain the purchasing power of the Trust principal, including addressing the effects of inflation, by using the reserve model consisting of the Budget Reserve account originally recommended by Callan Associates in 1996; and
5. follow a spending policy based upon a sustainable percentage of investment net asset values and expendable income from Trust land management.

The board recognizes achieving Trust asset management objectives requires adequate resources be allocated for that purpose by reimbursing APFC and DOR, and DNR for the reasonable costs of managing Trust assets.

#### *Annual Available Funding Framework*

Having a relatively consistent and predictable funding stream is paramount to ensuring an effective Comprehensive Integrated Mental Health Program. To mitigate the effects of periodic market volatility on funding, the board utilizes smoothing mechanisms to maximize funding consistency.

The following components have been established as a framework to aid trustees in determining the annual available funding amount:

- An annual withdrawal calculation consisting of 4.25 percent of the rolling four year-end average aggregate net asset value (NAV) of the following:
  - o Principal invested at APFC<sup>1</sup>
  - o Budget Reserve invested at APFC
  - o Budget Reserve invested at DOR
- The rolling four year-end average of lapsed appropriations funded from the Settlement Income Account<sup>2</sup>;

<sup>1</sup> Funds in the Trust Authority Development Account are not included in the payout calculation unless Trustees approve otherwise.

<sup>2</sup> Settlement Income Account AKSAS fund 34046 only. Lapsed appropriations funded from the Facility Maintenance Account are not included in the calculation.

- The rolling four year-end average of expendable income generated by Trust Land Office operations;
- The rolling four year-end average of interest earned on cash held with the General Fund and Other Non-Segregated Investments (GeFONSI) managed by DOR;
- The unobligated/unallocated funds that could have been authorized in previous fiscal years under this framework calculation; and
- Other miscellaneous unrestricted revenues properly deposited into the Trust Settlement Income Account such as contributions from partner agencies and the recovery of prior year expenditures received after the funding appropriation lapsed.

Trustees reserve the right to expend additional funds when circumstances warrant. For instance, if original projections used to build a preliminary budget prove materially inaccurate due to deteriorating market conditions, trustees may elect to authorize funds beyond what the framework above would generally suggest. Concurrently, trustees acknowledge that principal assets must be safeguarded.

The annual withdrawal calculation amount will be transferred to the Settlement Income Account and invested with the GeFONSI with minimal risk on a lump sum or periodic basis by the CFO in consultation with the CEO based on market conditions and cash flow needs.

### *Budget Reserve Guidelines*

In order to fulfill funding requirements during market downturns, a Budget Reserve account will be maintained to help ensure funding availability. Based on a Callan Associates study of the Alaska Permanent Fund and the Alaska Mental Health Trust Fund, the Budget Reserve is set at 400% of the targeted annual withdrawal calculation amount. This reserve amount should be adequate to provide maximum assurance that the Trust will be able to meet annual funding goals.

One half of the Budget Reserve shall be invested by the DOR. The remainder of the Budget Reserve shall be invested by the APFC in the same manner as the Principal.

When APFC experiences gains for a given year, the Budget Reserve at DOR will first be adjusted up to 200% of the current year's targeted annual withdrawal calculation. If additional gains remain, adjustments will be made to the Budget Reserve invested by APFC. When the Budget Reserve is fully funded at both

DOR and APFC, funds may be used to help offset the effects of inflation (“inflation proofing”). The effect of inflation will be estimated by using US Department of Labor Bureau of Labor Statistics CPI-U index<sup>3</sup>.

When the APFC or DOR experiences losses for a given year, the Budget Reserve at DOR will be maintained or adjusted to 200% of the annual withdraw calculation from the Budget Reserve at APFC.

In the event of severe and/or sustained losses whereby the Budget Reserve is insufficient to meet the annual payout while maintaining at least 200% of the current year’s annual withdrawal calculation then the withdrawal rate or amount may be reviewed by the trustees.

Full or partial inflation proofing may be facilitated by one of the following methods:

- Inflation proofing permanent transfer (official non-spendable transfer)
  - Upon notification by the CFO that trustees have performed an official and permanent inflation proofing, APFC will initiate an accounting entry to irretrievably transfer funds from Budget Reserves to the non-spendable principal account.
- Inflation proofing assignment (notional transfer)
  - No official entries are necessary as funds remain in the Budget Reserve account at APFC, however the board is officially on record assigning the balance perpetually just as though the funds were principal. This balance is not factored into the base goal to maintain 400% of the targeted withdrawal in reserves. The notional inflation proofing subaccount of Budget Reserves may theoretically be utilized by the board under draconian market circumstances.

### *Trust Authority Development Account Guidelines*

The board will maintain the Trust Authority Development Account (TADA) to use Trust principal to exchange one principal asset for another.

The value and productivity of Trust cash and non-cash assets must be maximized through the reinvestment of Trust principal from time to time. This includes investments made through Program Related Investments (PRI), the Resource Management Strategy (RMS) or other programs approved by trustees.

The board may directly use principal assets to enhance the capacity of the state’s mental health program or to maintain or enhance the value of the Trust’s

<sup>3</sup> Consumer Price Index All Urban Consumers; U.S.; All Items; 1967=100

existing non-cash asset portfolio. This may be accomplished through financing of projects, purchase/lease of assets, exchange or resale.

Recommendations for expenditure from the TADA will be noticed in the same manner as other Trust expenditures, including presentation to appropriate Trust committees and final approval by a committee or the board of trustees, as provided for in the Trust bylaws. Recommendations will be based upon a specific work plan with identified priorities.

# Definitions

For purposes of ease of administration and understanding of this Asset Management Policy Statement, the following terms are defined or clarified:

**APFC:** The Alaska Permanent Fund Corporation manages the cash assets of the Alaska Mental Health Trust Authority under the APFC board's asset allocation policy and its investment policies and guidelines for major asset classes.

**ASSETS:** Consists of the cash and non-cash assets of the Alaska Mental Health Trust Authority, including property and resource assets acquired by the TLO on behalf of the Trust.

**BOARD:** The governing body of the Alaska Mental Health Trust Authority established by AS 47.30.016.

**BUDGET RESERVE:** Budget Reserve is set at 400% of the targeted annual disbursement amount. This reserve amount should be adequate to ensure the Trust's ability to meet its spending goals in a difficult market environment and to ensure liquidity in future years. The budget reserve is maintained both within the state treasury (in GASB fund 34047) as well as the Alaska Permanent Fund Corporation.

**CHIEF EXECUTIVE OFFICER (CEO):** The staff position as defined by AS 47.30.026 serving the board as the chief executive officer of the Alaska Mental Health Trust Authority.

**TRUST SETTLEMENT INCOME ACCOUNT:** The account in which income available for appropriation and expenditure is deposited (and from which agencies receiving MHTAAR funded appropriations expend). The account is maintained on the state accounting system as GASB fund 34046.

**TRUST AUTHORITY DEVELOPMENT ACCOUNT:** A principal account maintained by the board to facilitate periodic principal exchanges and to enhance the value of the Trust's assets. The account is maintained on the state accounting system as GASB fund 34045. Prior to September 2014, this account was referred to as the Trust Land Development Account.



**TRUST FACILITY MAINTENANCE ACCOUNT:** A component of the Settlement Income Account where a portion of facility rents are deposited to finance operations and maintenance on buildings owned by the Trust. The account is maintained on the state accounting system as GASB fund 34048. The account was originally authorized by Resolution 05-04.

**TRUST LAND PORTFOLIO:** The non-cash assets of the Alaska Mental Health Trust Authority that are managed by the Trust Land Office, including improved properties and facilities.

**SETTLEMENT:** The statutes, settlement agreement, letters clarifying the settlement agreement, and the final Superior Court order creating and approving the settlement of Weiss v. State of Alaska.

**STAFF:** The CEO, Trust Land Office Executive Director, all employees of the Trust and the Trust Land Office.

**TRUST:** The Alaska Mental Health Trust established by Congress under the Mental Health Enabling Act of 1956.

**TRUST AUTHORITY:** The Alaska Mental Health Trust Authority established by AS 47.30.011.

**TRUSTEE(S):** The board of trustees of the Trust Authority, either collectively or individually.

**TRUST ADMINISTRATIVE OFFICE (TAO):** The office with responsibility for providing support to the chief executive officer and board of trustees in management of Trust financial assets and in assuring development of the Comprehensive Integrated Mental Health Program.

**TRUST LAND OFFICE (TLO):** The office with responsibility for management of the Trust non-cash assets (property and natural resource assets) established within the Department of Natural Resources under AS 44.37.050.

**TRUST LAND OFFICE (TLO) EXECUTIVE DIRECTOR:** The staff position serving the commissioner of the Department of Natural Resources in conjunction with the board as the executive director of the Trust Land Office.

**Advisory Board on  
Alcoholism & Drug  
Abuse /  
Alaska Mental Health  
Board**



# Alaska State Budget FY2016

Kate Burkhart, Executive Director

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



# Pieces of the Puzzle

\$1

Revenue and Expenses

\$2

The FY2016 Placeholder Budget

\$3

Governor Walker's Capital Budget

\$4

A 10-Year Plan

\$5

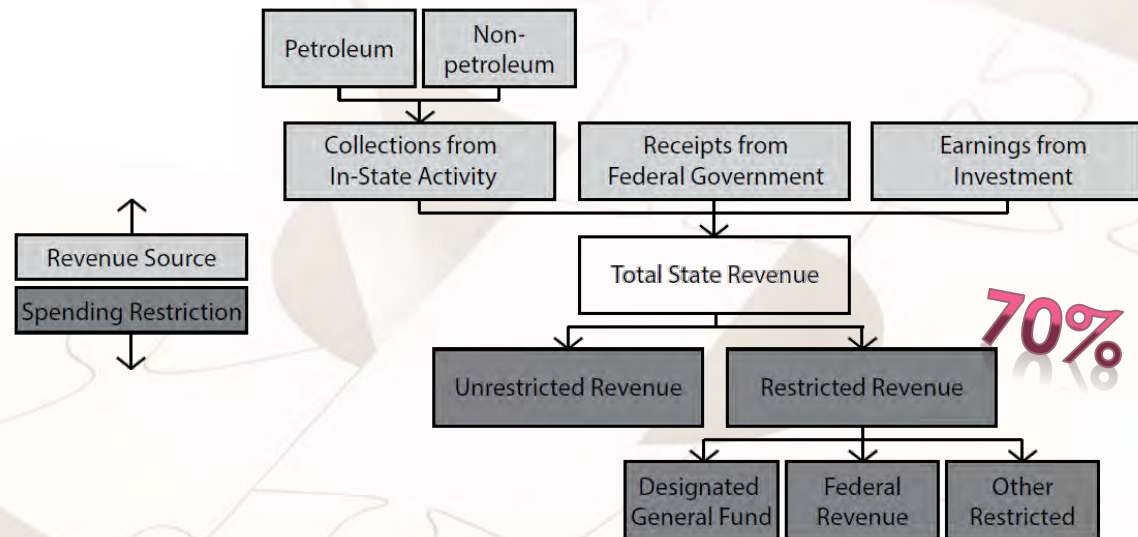
Medicaid Expansion

\$6

Questions, Comments, Discussion

# Revenue

Alaska's income comes from restricted and unrestricted sources:



**\$9.9 billion**  
**FY16 estimated**

**\$10.1 billion**  
**FY15 estimated**

**\$17.2 billion**  
**FY14 actual**

**Source:** [\*Revenue Sources Book, Fall 2014\*](#) Alaska Department of Revenue (December 9, 2014)



# FY2016 Placeholder Budget

*based on Parnell Administration's proposed budget*

**\$5.3 billion Operating (3.8% less than FY15)**  
**\$219.5 million Capital (63% less than FY16)**

## **"Live Within Our Means"**

Reductions across all agencies.

Recognizes that FY15 budget will have a \$2-3 billion deficit.

## **"Do More With Less"**

Flat funding of Medicaid, Public Assistance, health care programs.

Transfers of funds, positions to meet agency needs without additional funds.

Read the proposed budget at:

<https://omb.alaska.gov/html/budget-report/fy-2016-budget/parnell-work-in-progress.html>

*Governor Walker has asked agencies to find 5% in savings for FY2016. (ADN, December 11, 24, 2014)*



# FY2016 Placeholder Budget – Operating Summary

## (Office of Management & Budget)

Department	FY2015 Conference Committee (11487)	FY2015 Authorized (11492)	FY2015 Management Plan (11493)	FY2016 Work in Progress Budget (12101)	FY2015 Management Plan vs FY2016 Work in Progress Budget	
Administration	347,558.3	348,365.7	348,365.7	347,767.8	-597.9	-0.2%
Commerce	204,941.5	215,347.6	215,347.6	215,277.0	-70.6	-0.0%
Corrections	330,811.7	333,040.5	333,040.5	331,288.6	-1,751.9	-0.5%
Educ & Early Devel	1,547,274.6	1,698,061.9	1,698,061.9	1,616,731.4	-81,330.5	-4.8%
Environ Conservation	87,079.9	87,560.9	87,560.9	87,714.4	153.5	0.2%
Fish and Game	215,271.2	215,272.6	215,272.6	216,795.3	1,522.7	0.7%
Governor	32,748.9	34,338.1	34,338.1	28,977.9	-5,360.2	-15.6%
Health & Social Svcs	2,670,908.7	2,692,324.5	2,692,324.5	2,703,218.3	10,893.8	0.4%
Labor & Workforce	184,097.6	185,306.7	185,306.7	185,056.9	-249.8	-0.1%
Law	93,401.4	95,401.4	95,401.4	94,310.0	-1,091.4	-1.1%
Military & Veterans Affairs	60,337.7	60,337.1	60,337.1	63,356.0	3,018.9	5.0%
Natural Resources	167,814.2	178,330.4	178,330.4	184,611.3	6,280.9	3.5%
Public Safety	206,438.8	206,581.4	206,581.4	210,138.4	3,557.0	1.7%
Revenue	372,264.2	376,050.9	376,050.9	404,995.6	28,944.7	7.7%
Transportation	629,036.8	629,036.8	629,036.8	640,188.3	11,151.5	1.8%
University of Alaska	918,070.0	924,863.7	924,863.7	937,870.5	13,006.8	1.4%
Alaska Court System	115,479.7	115,676.9	115,676.9	116,926.4	1,249.5	1.1%
Legislature	76,676.2	78,077.9	78,077.9	76,365.8	-1,712.1	-2.2%
Branch-wide Unallocated App	27,000.0	27,000.0	27,000.0	23,091.1	-3,908.9	-14.5%
Debt Service	302,517.2	305,790.6	305,790.6	309,504.4	3,713.8	1.2%
Direct Approp to Retirement A	5,241.6	3,005,241.6	3,005,241.6	262,519.8	-2,742,721.8	-91.3%
Fund Capitalization	540,387.6	715,387.6	715,387.6	623,875.4	-91,512.2	-12.8%
Special Appropriations	0.0	33,366.8	33,366.8	0.0	-33,366.8	-100.0%
Fund Transfers	2,211,692.1	-677,478.1	-677,478.1	2,450,732.0	3,128,210.1	461.7%
<b>Totals</b>	<b>11,347,049.9</b>	<b>11,883,283.5</b>	<b>11,883,283.5</b>	<b>12,131,312.6</b>	<b>248,029.1</b>	<b>2.1%</b>



# Department of Health and Social Services

- Shift from FASD Program of \$291.0 to Rural/Suicide Prevention  
**FASD Program reduced by 22%**
- Shift from Comprehensive Prevention of \$232.7 to Rural/Suicide Prevention  
**RSSP increased by \$523.7 (15%)**
- Shift from BH Grants of \$263.8 to Comprehensive Prevention, \$264.2 to Psychiatric Emergency Services; shift of federal receipt authority for block grants  
**BH Grants reduced by 3%**  
**Psychiatric Emergency Services increased by 3.5%**
- Alcohol Safety Action Program received \$500.0 Omnibus Crime Bill funds  
**ASAP increased 13.6%**
- Residential Child Care, SMI Grants, SED Grants, Designated Evaluation and Stabilization/Treatment flat

***Behavioral Health Medicaid (like all Medicaid components) was budgeted at FY15 level.***

**No additional unallocated reduction was budgeted for DHSS.**





# Department of Corrections

- Behavioral Health Care budget flat funded
- Shift of \$127.4 from Behavioral Health to Dental Oversight at Goose Creek Correctional Center
  - Transfer of clinician IV PCN to become Dental Medical Officer at GCCC
- Substance Abuse Treatment budget increased by \$500.0 for Recidivism Reduction Grants (new Omnibus Crime Bill funds) and \$700.0 from GCCC (reallocation, not new funds)

***Department of Healthcare and Rehabilitative Services created. Omnibus Crime Bill funds allocated in components (not a separate line).***

**Target FY16 unallocated reduction of \$3,925.0  
(FY15 reduction of \$284.2)**



# Department of Education

- Transfer of Teaching and Learning Support PCN to Mt. Edgecumbe High School for Mental Health Clinician position
- FY15 OTI for Parents and Teachers was zeroed out.
- WWAMI Medical Education contribution flat funded.

**No additional unallocated reduction was budgeted for DEED.**

*The impact of Ketchikan Gateway Borough et al. v. State of Alaska (1KE-14-16CI) decision (issued November 21, 2014) is as yet unknown. The required local contribution – through which localities contribute \$220-230 million to education each year – was found to be a dedicated fund and therefore unconstitutional. It is unclear how the Executive and Legislative branches will respond, and what that will mean for the FY16 budget appropriation process.*

# Department of Commerce

- Reallocation of positions to create 2 FTE at Alcoholic Beverage Control Board for marijuana regulation.

# FY2016 Capital Budget – Governor's

- AMHTA Home Modification and Upgrades \$750.0 GF + \$300.0 MHTAAR (DHSS)
- AMHTA Coordinated Transportation \$1,000.0 GF + \$300.0 MHTAAR (DOT)

Not included were capital funds for housing and homelessness programs that do not have a federal match:

☒ Empowering Choice Housing Program	\$2,000,000 GF
☒ Homeless Assistance Program	\$7,150.0 GF + \$850.0 MHTAAR
☒ Special Needs Housing	\$1,750,000 GF
☒ Teacher, Health, Public Safety Housing	\$5,000,000 GF
☒ VPSO Set-Aside	\$1,000,000 GF
☒ Supplemental Housing Development	\$7,000,000 GF

We are very concerned about the capital funding for homelessness programs. It is certain that loss of emergency shelter services will result in deaths among the most disabled and vulnerable Trust beneficiaries.





# Trends

It appears, in both the DHSS and DEED budgets over the past 3-5 years, that allocation of resources (and therefore attention) on early childhood programs is flat or even reduced. The Boards have formally advised DHSS on the financial impact of early childhood trauma and lack of services on the Medicaid budget, and encouraged investment in EPSDT and early childhood mental health services to contain and curtail Medicaid costs. Research also documents the negative educational and economic outcomes for people who needs but do not receive early childhood services.





# A 10-Year Spending Plan

To fulfill the requirements of AS 37.07.020(b), the Office of Management and Budget released a 10 Year Plan that is neither endorsed nor committed to by the Governor. That 10-Year Plan offers three spending scenarios.

## **Scenario 1: Fall 2014 Forecast with flat General Fund spending**

Annual general fund spending is held at approximately \$5.6 billion for all segments of General Fund spending through FY2025, assuming the Fall 2014 revenue forecast. Budget deficits are expected through FY2025, exhausting the reserve balances by FY2023.

## **Scenario 2: Fall 2014 Forecast for prices with expected investment and flat General Fund spending**

Based on the Fall 2014 price forecast, and the expected industry investment case prior to risking the projected oil production, it is assumed that oil production will equal the unrisked, independent technical assessment provided to the Department in the Fall 2014 forecast. General Fund spending remains flat at \$5.6 billion, with short term deficits (\$3+ billion) and annual reserve withdrawals until FY2023 – but expected recovery of the Constitutional Budget Reserve by FY2025..

# \$ A 10-Year Spending Plan

## **Scenario 3: General Fund Revenue at lower price (\$90+/-) with flat General Fund spending**

Assuming oil prices of \$60 for FY2016 and then near \$90 through the end of the decade, gradually rising to near \$100 in the last three years of the decade, spending growth is held at approximately \$5.6 billion throughout the period. Flat General Fund spending of \$5.6 billion results in budget shortfalls of approximately \$2.5- \$3.5 billion annually beginning in FY2015 and continuing through the 10 years considered. Steady withdrawals from reserves will exhaust both funds by FY2018.







# Medicaid Expansion

Throughout the conversation about Medicaid Expansion, the Boards articulated a concern for the behavioral health system's viability if expansion is implemented too simplistically. With the change in Administration, the Boards have joined the planning and policymaking efforts of Commissioner Davidson and her staff to ensure that the effort to expand access to health care to more Alaskans in need actually achieves that result for our constituents.

Behavioral health services cannot be shifted to Medicaid *in toto* and still maintain the array of services needed to support community living. Not all of the recovery supports needed to maintain functioning and community placement are medically necessary services, and thus are not Medicaid-reimbursable. Even some medical services – like community based psychiatric emergency services -- will continue to require General Fund payment.

Current Medicaid reimbursement levels are such that community behavioral health centers cannot operate without General Funds, too. Meaningful rate increases for core services are critical to the successful implementation of Medicaid expansion for behavioral health recipients.

Many of the behavioral health agencies expected to enroll as new Medicaid providers are substance abuse treatment providers that have heretofore never billed Medicaid. The training, organizational development, and capacity building needed to support these agencies in transitioning to Medicaid as the primary payer is substantial.

The Boards have long worked to mitigate the constriction of behavioral health services that resulted from re-financing the system with Medicaid. We caution against, in the shared desire to connect all Alaskans to quality health care, inadvertently reducing access to mental health and substance abuse services.



# Questions, Comments, Discussion

**Thank you!**

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**Advisory Board on Alcoholism  
and Drug Abuse**



**Alaska Mental Health Board**



# **Governor's Council on Disabilities and Special Education**

## **Governor's Council on Disabilities and Special Education Report**

January 2015 AMHTA Meeting  
Patrick Reinhart, Executive Director  
Ric Nelson, Council Chair  
Rich Sanders, Project Coordinator

### **FY16 Budget items to follow that would impact DD beneficiaries**

- We will be closely following the items below, which if cut from the state budget, would negatively impact our DD beneficiaries:
  - DD Grants
  - STAR Program
  - Complex Behavior Collaborative

## DD Grants

- ***Serve those who have a State of Alaska Developmental Disabilities eligibility determination, but who do not have I/DD waiver services***
  - Significant disability, manifested before age 22, resulting in substantial functional limitations in three or more areas of major life activity
  - Without these DD grants there will be a significant gap in crucial services for beneficiaries who have significant needs, but are still waiting for I/DD waiver services or do not meet nursing facility level of care
    - Services provided include: case management, day habilitation, supported employment, supported living, respite services, residential services, and more

## DD Grants

- Amount of yearly funding: \$11,635,795
  - Per current grant period of FY15 (7/01/14 – 6/30/15)
- These grants serve 1,002 consumers with disabilities
  - There are a total of 26 agencies statewide that serve these consumers through DD grants
- DD Grants provide funding to support an array of services to eligible consumers, allowing them to remain as independent as possible in their homes and communities



## STAR Program

- The Short-Term Assistance & Referral Program (STAR) assists individuals with developmental disabilities and their families in accessing services through state DD programs.
    - Assistance includes:
      - Applying for DD eligibility
      - Referral to community resources
      - Applying for DD mini-grants
      - Completing forms/gathering documentation for:
        - Medicaid
        - Developmental Disabilities Registration & Review Process (I/DD Waiver waitlist)
        - Other public programs
- » Without this program, individuals with DD and families would lose a vital statewide resource to help them navigate the formal state processes for accessing public services*

## STAR Program

- Amount of total yearly funding: \$1,020,000
  - 12 STAR grant agencies statewide
    - Each STAR agency has been awarded \$85,000
- The STAR Program serves 240 individuals
  - Applicants for the STAR grant must meet eligibility requirements for DD or CCMC (children with complex medical conditions).
- The STAR program also has discretionary funds to be utilized in crisis situations and when no other source of funding is available
- The STAR Program utilizes a family-driven, person-centered approach in that families and individuals are the “experts” in determining the type of supports they require

## Complex Behavior Collaborative (CBC)

### Participants Served in SFY14:

- 50 individuals received CBC services
  - Of those, 26 successfully graduated
  - 24 are still receiving services.

### Communities Served in SFY14:

- Anchorage/Eagle River, Mat-Su, Fairbanks, Kenai Peninsula, Homer, Valdez, Cordova, Juneau, Ketchikan, Kotzebue, Buckland, and two northern village.

### Funding Amounts FY14 & 15:

- FY14: \$425.0 GF/MH OTI
- FY15: \$450.0 GF/MH base funding

### Results for SFY14:

- 78% of participants avoided institutional care
- 92% of participants maintained their community placement status

## Complex Behavior Collaborative (CBC)

### Consequences if Funding is Cut:

- Elimination of Program and Important Components:
  - Pool of experts
  - Training of providers in state
- Increase in people leaving their communities to get services
  - Alaska Psychiatric Institute
  - Corrections
  - Out-of-state placements



## Council Legislative Priorities

1. HB \_\_\_\_: Disability Training & Identification Bill
2. Capital project support - Denali Deaf Center (\$995 K)
3. Changes to Medicaid and Home and Community Based Services (HCBS) Waivers To Save the State Money

## Other Issues We Will Follow

- **Autism Task Force Recommendations**
- **Potential bill to carve out education funding for students in residential psychiatric treatment**
- **HB 27&28/SB ? - PCA services**
  - Relating to persons in adult foster care
- **Operating Budget Deliberations**
  - Especially around all things Medicaid related (i.e. expansion, reform ideas, waivers & general fund supports like DD grants)

## Medicaid Expansion\*

- Could cover an additional 43,000 Alaskans by 2020
- Comes with increased federal dollars
- Would shift many individuals from state-funded programs to Medicaid, resulting in state savings
- Due to ACA requirements (2014-2020):
  - cost to AK of *not* expanding Medicaid ~ \$240.5 million
  - cost to AK of Medicaid expansion ~ \$200.6 million

\*The Lewin Group. 2013. *An Analysis of the Impact of Medicaid Expansion in Alaska: Final Report*. [http://dhss.alaska.gov/Documents/Lewin\\_Final\\_Report.pdf](http://dhss.alaska.gov/Documents/Lewin_Final_Report.pdf)

## Medicaid Expansion

- Alaska would need to implement before 2017 in order to receive 100% federal match through 2016
- Addl costs of administering Medicaid for new enrollees matched by fed government at current matching rate for program administration
  - By 2020, Alaska would pay only 7.7% of the total cost of expanding Medicaid, due to federal subsidies



## Medicaid Expansion\*

- Currently, approx. 20,000 uninsured Alaskans
  - Strain other state health programs and safety net providers, do not receive necessary care, risk draining personal finances
- State can choose between several different implementation strategies for Medicaid expansion
  - Could cap certain eligibility categories of adults (e.g., pregnant women) at 138% poverty
    - right now they are covered at 175%
  - Moving the “gap” enrollees to Health Benefits Exchange (HBE)
  - Move the breast and cervical cancer program eligibles to HBE, etc.

\*The Lewin Group. 2013. An Analysis of the Impact of Medicaid Expansion in Alaska: Final Report. [http://dhss.alaska.gov/Documents/Lewin\\_Final\\_Report.pdf](http://dhss.alaska.gov/Documents/Lewin_Final_Report.pdf)

## Implementation Challenges

- Evidence from Maryland’s expansion\* suggests the case management system may become overburdened due to increases in Medicaid recipients, resulting in delays and problems for beneficiaries
- Alaska already experiencing significant changes to case management, due to CMS final rule:
  - system redesign to make case management *conflict-free*
  - person-centered planning mandates require more training, planning, and time of case managers

Personal communication, Lorraine Nawara, Steve Lutzky & Britteny Howell, Jan 15, 2015.



## Implementation Challenges

- Some of the current implementation options shift the financial burden from the state onto the consumer
  - Certain groups of adults at 175% poverty are covered (pregnant women, breast & cervical cancer enrollees, etc)
  - If we cap them at 138%, the gap population between 138-175% FPL have higher out-of-pocket health care expenses
  - They are vulnerable populations

## Recommendations

- In design of conflict-free case management system, include strategies to increase supply of case managers in the state, to keep up with anticipated increases in Medicaid enrollees
  - Apprenticeship program to help train more CMs?
  - Incentives, tuition waivers, other supports to CMs?
- Consider 1915(k) and (i) state plans in addition to expansion
  - Replace 1915(c) waivers with 1915(k) and (i) state plans
  - Increased federal dollars
  - Can help cover beneficiaries that do not yet require institutional level of care and those in the “gap” of the DD service system

## Employment Update

- Working with Agnew Beck to implement recommendations from the ICI policy review and stakeholder meeting held in September for the Beneficiary Employment & Engagement focus area.
- Gathered data experts from:
  - Department of Education & Early Development
  - Department of Health & Social Services
  - Department of Labor & Workforce Development
  - Alaska Mental Health Board
- **Goal: Identify quality dataset indicators to measure effectiveness of employment activities across state systems**

## Trust Small Employment/Engagement Workgroups

- Data Management / Service Definitions
- Workforce Development
- Transition Age Youth
- Behavioral Health
- Policy
- Beneficiary Training & Self Sufficiency
- Community Engagement & Meaningful Activities
- Business Engagement
- **Goal: Prioritize and implement strategies for remainder of FY15 and for FY16 within each area. Identify population level indicators for strategies and related performance measures to ensure they are effective.**



## Assistance to Providers

- Assisting Anchorage Community Mental Health Services
  - Benefits planning for Social Security recipients
  - Ticket to Work network to become self-sustaining
  - Meeting with groups to explain myths, facts and benefits of employment
  - Staff training on best practices in employment services
    - Individual Placement & Support
    - Customized Employment
- Ensuring staff for I/DD providers have access to customized employment trainings

## Employment First Law

- Working with new administration to implement Employment First policies and practices in state government
  - Meeting with Governor's office and Department Commissioners
  - Developing Alaska progress measurement tool for annual reports to the Trust
  - Emphasis on changes that are most likely to directly result in an increase in hires of people with disabilities

## Other Projects

- Ongoing basic Social Security benefits, work incentives and financial stability training to providers
- Outreach to business and industry
  - Chambers of Commerce
  - Society for Human Resource Managers
  - OFCCP Job Fair for Federal contractors to meet new Section 503 requirements
- Policy work
  - New Home & Community Based settings requirements
  - Cross agency agreement on process, definitions of services and data collection

## Next Steps in Employment

- Increase access to quality benefits information for beneficiaries
  - More trained certified benefits planners
  - Access to basic benefits information online
  - More training for front line staff, beneficiaries and families on Social Security work incentives and financial literacy/stability
- Gather small workgroup recommendations to implement
  - May stakeholder meeting



## Next Steps in Employment

- Bring IPS training to providers
- Have departments self review for Employment First implementation
- Complete Ticket to Work EN for ACMHS
  - Recruit new provider to become a Social Security Employment Network
- New course in Customized Employment
- Expansion of Provisional Hire

## Questions



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Governor's Council on Disabilities &  
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907-269-8990  
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# **Planning Committee Report**

**The Planning Committee Report will be presented at  
the Full Board of Trustee Meeting on  
January 28<sup>th</sup>, 2015**

**You can reference the  
January 27<sup>th</sup>, 2015  
Planning Committee Meeting Documents  
on The Trust website  
[www.mhtrust.org](http://www.mhtrust.org)**

**<http://mhtrust.org/meeting/meeting-1417825310/>**

# **Alaska Commission on Aging**



## **Alaska Commission on Aging SFY2016 Budget Impacts for Senior Trust Beneficiaries and Older Alaskans**



**Alaska Commission on Aging Presentation to the  
Alaska Mental Health Trust Authority  
January 28, 2015**

### **Presentation Overview**

- Review of FY2016 Budget Impacts for programs serving Senior Trust Beneficiaries & older Alaskans
- ACoA's FY2016 Legislative Priorities & Service Description
  - National Family Caregiver Grant Program: SDS Senior Grants Program, \$325.0 GF/MH
  - Senior In-Home Services: SDS Senior Grants Program, \$350.0 GF/MH
  - Policy Priorities
- Medicaid Expansion/Reform: Opportunities & Challenges for Alaska's Long-term Care System
- Alaska's Roadmap to Address Alzheimer's Disease & Related Dementias: Update
- Preliminary Findings from Senior Assessment Activities for the Alaska State Plan for Senior Services, FY2016-2019
- Questions & Discussion

**State Budget Overview of Programs Serving Older Alaskans:  
Comparison of FY2015 Enacted Budget &  
Governor's Proposed FY2016 Budget (December 2014)**

Program	Enacted FY2015 Budget	Proposed FY2016 Governor's Budget	\$ Change
Senior Community Based Grants (Senior & Disabilities Services)	<b>\$16,367.4 Total</b> \$5,792.4 GF \$4,341.6 GF/MH \$6,108.4 Federal \$125.0 MHTAAR	<b>\$16,792.4 Total</b> \$5,792.4 GF \$4,341.6 GF/MH \$6,358.4 Federal \$300.0 MHTAAR	<b>425.0 Total</b> +\$250.0 Federal +\$175.0 MHTAAR
Senior Benefits Payment Program (Public Assistance)	<b>\$23,090.5 Total</b> \$23,090.5 GF	<b>\$23,111.9 Total</b> \$23,101.8 GF \$10.1 Federal	<b>\$21.4 Total</b> +\$11.3 GF +\$10.1 Federal
Medicaid Adult Dental Services (Medicaid Services)	<b>\$15,885.3 Total</b> \$6,547.2 GF \$9,338.1 Federal	<b>\$15,885.3 Total</b> \$6,547.2 GF \$9,338.1 Federal	<b>0</b>
Long-Term Care Ombudsman Office (Alaska Mental Health Trust Authority)	<b>\$826.8 Total</b> \$411.5 GF/MH \$415.3 Other	<b>\$874.9 Total</b> \$454.2 GF/MH \$420.7 Other	<b>\$48.1 Total</b> \$42.7 GF/MH \$5.4 Other

Source: State of Alaska, Office of Management & Budget

**State Budget Overview of Programs Serving Older Alaskans:  
Comparison of FY2015 Enacted Budget &  
Governor's Proposed FY2016 Budget (December 2014)**

Program	Enacted FY2015 Budget	Proposed FY2016 Governor's Budget	\$ Change
Senior & Disabilities Medicaid Services (Medicaid Services)	<b>\$558,964.9</b> \$272,081.5 GF \$285,815.0 Federal \$1,068.4 Other	<b>\$558,964.9</b> \$272,081.5 GF \$285,815.0 Federal \$1,068.4 Other	<b>\$0</b>
Pioneer Homes (Alaska Pioneer Homes)	<b>\$60,653.7</b> \$35,711.3 UGF \$15,479.9 DGF \$8,831.5 Other \$631.0 Federal	<b>\$61,445.5</b> \$36,278.8 UGF \$15,601.4 DGF \$8,934.3 Other \$631.0 Federal	<b>+791.8 Total</b> +\$567.5 UGF +\$121.5 DGF +\$102.8 Other
Energy Assistance Program (Public Assistance)	<b>\$26,833.5</b> \$12,669.2 GF \$14,164.3 Federal	<b>\$26,857.9</b> \$12,674.3 GF \$14,183.6 Federal	<b>+24.4 Total</b> +\$5.1 GF +\$19.3 Federal
Senior Citizen Housing Development Grant Program (AHFC)	<b>\$4.5 Million GF</b>	<b>\$4.5 Million GF</b>	<b>\$0</b>

Source: State of Alaska, Office of Management & Budget

**Programs Serving Older Alaskans:  
Number of Seniors Served by Program, FY2013 & FY2014**

<b>Program</b>	<b>Number of Seniors Served, FY2013</b>	<b>Number of Seniors Served, FY 2014</b>	<b># Change</b>
Senior & Disabilities: Title III Senior Grant-Funded Services (Seniors, age 60+)	33,795	34,839	<b>+1,044</b>
Alaska Pioneer Homes (% of ADRD Residents at Level III)	56%	55%	<b>-1% ADRD</b>
Older Alaskans Medicaid Waiver Recipients, Age 65+ (Senior & Disabilities Services)	2,044 senior recipients	1,884 senior recipients	<b>-160 seniors served</b>
Senior Benefits (Division of Public Assistance)	11,123 recipients, age 65+	11,298 recipients, age 65+	<b>+175 seniors</b>

ACoA Senior Snapshot, FY2014

**Programs Serving Older Alaskans:  
Number of Seniors Served by Program, FY2013 & FY2014**

<b>Program</b>	<b>Number of Seniors Served, FY2013</b>	<b>Number of Seniors Served, FY 2014</b>	<b># Change</b>
Food Stamps (Division of Public Assistance)	6,281 seniors, age 60+ (November 2013)	6,548 seniors, age 60+ (November 2014)	<b>+276 seniors, age 60+</b>
Heating Assistance: Households with an Elder Present (age 65+)	LIHEAP: 3,273 Alaska Affordable Heating Assistance Program: 906	LIHEAP: 3,229 Alaska Affordable Heating Assistance Program: 867	<b>-44 LIHEAP Assistance -39 Heating Assistance</b>
AHFC Waitlist for Senior/Disabled Housing	1,501 (November 2013)	564 (November 2014)	<b>-937 Waitlist for Senior/Disabled Housing</b>
Office of Long-Term Care Ombudsman (Long-term care residents, age 60+)	Cases Open: 671 # of Complaints: 1,417	Cases open –734 Complaints –1,311	<b>Cases open +63 Complaints –106</b>
Adult Protective Services: Reports of Harm (age 60+)	Intakes: 2,598	Intakes 3,085	<b>Intakes +487</b>

ACoA Senior Snapshot, FY2014

### Why Should Funding Be Preserved for Core Senior Grant-Funded Services?

- To serve an increasing number of Senior Trust Beneficiaries & other older Alaskans who do not qualify for Medicaid waiver & Personal Care Assistant services but need assistance.
- To help Senior Trust beneficiaries and other vulnerable seniors maintain their health and independence, while providing stepped-down care as needed to live at home and in the community for as long as possible.
- Long-term care is expensive – averaging \$66,000 per resident for assisted living and \$240,000 for nursing home care (Genworth Financial 2014).
  - **Family Caregiver Supports** help to reduce the risk of caregiver burnout and insure seniors are safe and well-cared for at home for as long as possible.
  - **Senior In-Home Services** support seniors in their recovery from hospital stays, persons transitioning from nursing home residency back to the community, and older Alaskans who received waiver services but are no longer qualified due to material improvement in their health status and require supports to maintain their progress.
  - **Nutrition, Transportation, & Support Services** provide essential supports that improve health status, reduce social isolation, and prevent/postpone the need for higher cost care.

### National Family Caregiver Grant Program

Division of Senior & Disabilities Services, Senior Community Based Grants Component



**FY2016 Budget Recommendation: \$325,000 GF/MH**

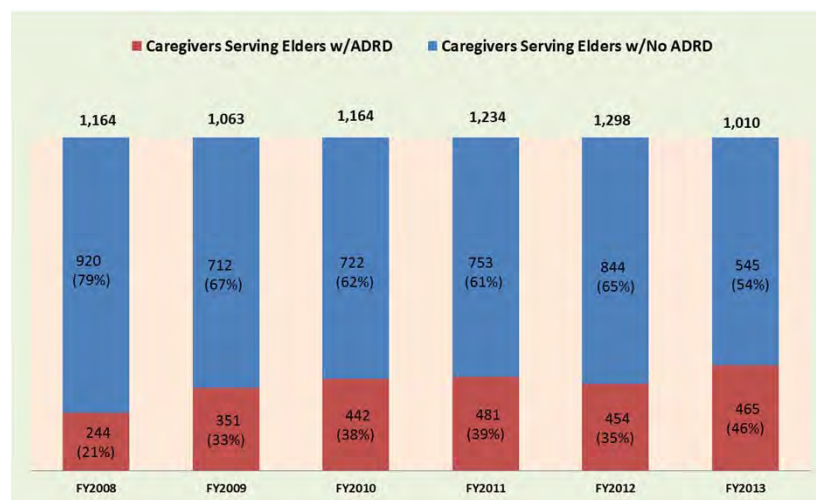
**FY2015 Base Funding: \$1,026,575 (\$762,530 Federal/\$261,045 GF)**

## National Family Caregiver Support Program: Services Provided & Number of Caregivers Served

- Family Caregiver Supports Program serves family caregivers of (1) elderly individuals (age 60+) with ADRD & other chronic health & disabling conditions and (2) unpaid grandparents (age 55+) caring for their grandchildren who may be at risk.
- Services include case management, respite, training, counseling, peer support, legal assistance, and supplemental supports.
- In FY2013, nine providers served a total of **1,056** family caregivers of which **1,010** cared for elderly loved ones – **424** being caregivers of older persons with dementia - and **46** were grandparents caring for at-risk grandchildren. Additional funding is recommended to address the waitlist (n=21) and build program capacity.
- Unpaid family caregivers provide 80% of the care for Senior Trust Beneficiaries with ADRD who live at home. Approximately, 33,000 Alaskans provided 37 million hours of unpaid care to their adult family members in 2013 (AARP 2014).
- Family Caregiver Support Services support families caring for vulnerable Alaskans at home. These services help to keep caregivers strong and delay the need for costly institutional care.
- This budget recommendation addresses *Alaska's Roadmap to Address ADRD*, Strategy 5.1.2.

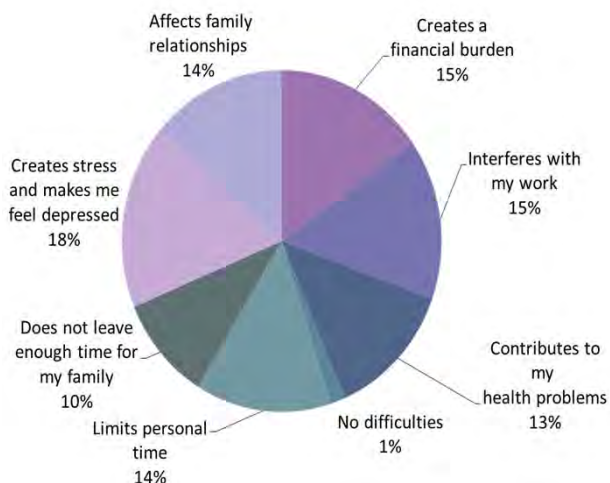


## Family Caregiver Support Grant Program: *SDS Senior Grants Indicator: Number of caregivers serving elderly individuals & persons with ADRD*



### Needs Assessment: Family Caregiver Survey:

*What is the most difficult challenge you face as a caregiver?*



Source: ACoA Caregiver Survey & Alaska's Roadmap to Address Alzheimer's Disease & Related Dementia

### How Family Caregiver Supports Make a Difference for Senior Trust Beneficiaries with Dementia & Older Alaskans

- Family caregivers of older people with dementia report greater levels of stress, health problems, and utilize health care at higher levels than non-dementia caregivers. Family Caregiver Supports provides services that help caregivers to maintain good health, avoid social isolation, and reduce the risk of exhaustion.
- Caregiving has expanded and now includes a broad array of nursing tasks. Many family caregivers receive little or no training to perform these tasks and would benefit from specialized training.
- Alaska's nursing homes are expensive – more than \$200,000 annually. Family caregivers prevent/postpone the need for higher cost care.
- With the exception of a \$90,000 increase in FY09, state funding has been held at the same level since the program began more than a decade ago. In FY13, 171 fewer caregivers were served comparing FY08 and FY13.
- Senior and Disabilities Services Senior Grants Unit projects that the funding recommendation is sufficient to eliminate the waitlist of 21 family caregivers needing support services and build program capacity.

## Senior In-Home Services

Division of Senior & Disabilities Services, Senior Community Based Grants Component



**FY2016 Budget Recommendation: \$350,000 GF/MH**

**FY2015 Base Funding: \$2,917,265 GF**

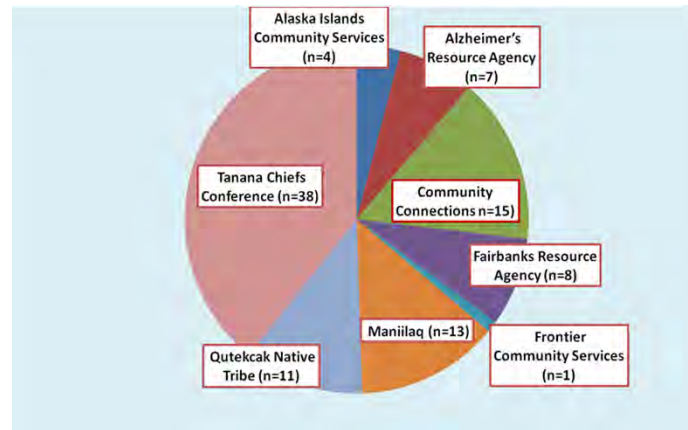
## Senior In-Home Services

### Services Provided & Number of Seniors Served

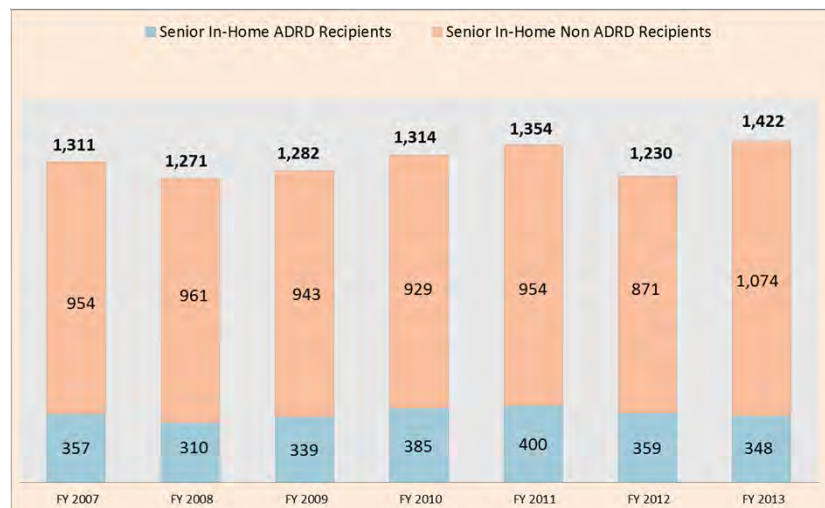
- Senior In-Home Services serves vulnerable seniors age 60+ years who need assistance but do not qualify for Medicaid services. Many are recovering from hospital stays and nursing home rehabilitation resulting from surgeries, falls, and illness.
- Services include care coordination, homemaker services, supplemental supports, and respite for family caregivers.
- In FY2013, this program served 1,422 seniors (unduplicated count), of which 348 (25%) have Alzheimer's disease and related dementia, through 15 provider agencies.
- Senior & Disabilities Services report **97 seniors on a statewide waitlist** for Senior In-Home Services. Chore and respite services are in greatest demand.
- Older Alaskans living in rural & remote areas have limited access to these services.
- Seniors contribute to the cost of Senior-In home Services through a sliding fee scale. In FY14, this program received approximately \$100,000 from senior contributions statewide and is projected to receive a similar amount from FY16 senior contributions.
- This recommended investment will address the waitlist and help seniors preserve their improved health status at a fraction of the cost of institutional care.



### Senior In-Home Services Waitlist by Provider



### Senior In-Home Recipients by Beneficiary Status





### **Nutrition, Transportation & Support Services Preserving FY2014 Budget \$545.0 GF Increase**

- NTS provides core, safety net services for persons age 60+ targeting vulnerable older Alaskans and provide support for family caregivers.
- Services include home-delivered meals, congregate meals, assisted transportation & homemaker services.
- NTS is one of the few programs serving Senior Trust Beneficiaries with ADRD who do not meet level of care requirements to qualify for the Medicaid waiver (Alaskans Living Independently).
- NTS recipients share many characteristics that make older adults more vulnerable to nursing home admissions.
- Due to flat funding and increased costs to provide services, NTS served 10,868 seniors (FY12) down from 12,053 (FY08) .
- Evidence-based strategies, like core NTS services, are cost effective and help to postpone the need for higher cost care.

### **ACoA FY2015 Policy Legislative Priorities**

- Preserve funding for core senior grant-funded and Medicaid services to assist seniors in their efforts to maintain health and well-being and prevent the need for higher cost care.
- Increase the availability of appropriate and affordable senior housing across the continuum of care using a variety of funding mechanisms that include public-private and public-public partnerships. Preserve funding for the AHFC Senior Citizens Housing Development Grant program.
- Improve capacity to serve persons with Alzheimer's disease and related dementias (ARD).
- Support policies that promote protection of older Alaskans from financial exploitation and other forms of abuse (HB 8, Representative Hughes)
- Improve supports and training for family and other informal caregivers to enable them to care for their aging loved ones at home for as long as possible to prevent/delay higher cost skilled facility care.
- Support the "Joint Advocacy Priorities" highlighting the economic/social contributions of Trust beneficiaries and the value of community supports for Alaskans with disabilities.

### **Pursuing Budget Efficiencies to Serve Senior Trust Beneficiaries**

- Leverage protective services specialists' home visits: Office of Children's Services and Adult Protective Services
- Integrate behavioral health care services in primary care setting to increase screenings and offer appropriate treatment using an interdisciplinary team approach.
- Increase utilization of the Complex Behavioral Collaborative for providers and family caregivers of seniors with dementia and challenging behaviors and pursue an in-state CBC provider(s).
- Improve access to community residential placement options for hard-to-place seniors with dementia/challenging behaviors discharged from API by coordinating with Division of Behavioral Health to improve GR rates for assisted living homes, increase use of dementia mapping of ALHs, and enhance use of CBC resources.



### **Medicaid Expansion / Medicaid Reform: Impacts for Senior Trust Beneficiaries & Older Alaskans**

## ACoA Medicaid Reform Group Recommendations

- Encourage **development of intensive case management focusing on person-centered care** through the **Patient Center Medical Home** and the new **“super utilizer” case management** being used by DHSS to steer patients to the primary care system, away from the emergency room (MRAG Innovation #4).
- Implement a **tiered rate system based on acuity** as a strategy to **incentivize providers to obtain specialized training and provide care to people with high acute needs such as seniors with complex behaviors** resulting from dementia and mental illness (MRAG Innovation #5).
- **Increase use of public health nurses** to provide initial assessments for local patients and alleviate the backlog of assessments at a reduced cost from savings on transportation (MRAG Innovation #7).
- **Allow Medicaid recipients** on fixed incomes to **forego the need to submit recertification paperwork** that will reduce administrative costs (MRAG Innovation #19).
- **Implement the 1915(k)** (also known as the Community First Choice Option) to Alaska’s Medicaid Plan to refinance the state’s PCA program and provide appropriate services for people with cognitive impairments such as cueing and supervision (MRAG Innovation #22).
- **Add the 1915(i)** Medicaid option as an amendment to the Medicaid State Plan to provide a broad array of appropriate community-based services for persons with AD/DR and other cognitive impairments. Hospice is an underfunded service that could be covered under the 1915(i) option.

## Medicaid Expansion: What does it mean for Alaska seniors?

### Primary Impacts:

- **No change projected** in the number of Medicaid enrollees for persons age 65+ already insured by Medicare (Lewin Report, 2013)
- Seniors, age 60-64, who have no insurance and meet eligibility requirements would be eligible under the expansion, however the number is expected to be small.

### Secondary Impacts:

- Indirect benefit for seniors with adult children serving as family caregivers who are unemployed/underemployed due to caregiving responsibilities.
- Indirect benefit for seniors with adult children who would be eligible for Medicaid expansion.

**Medicaid expansion provides the platform for Medicaid reform.**

## Medicaid Expansion: Platform for Medicaid Reform

### Recommended Medicaid State Plan Amendments

- “Community First Choice” Option K
- Option (k)
  - Provides an opportunity to refinance Personal Care Assistant (PCA) services allowing the state to garner an additional 6% federal match.
  - Provides “cueing and supervision” specialized services for persons with dementia and other cognitive impairments.
- Option (i)
  - Provides a broad array of appropriate services for persons with dementia and other Trust Beneficiaries who do not qualify under the current waiver.
  - Provide savings to the State’s General Relief Assistance program.
  - Could serve persons at 300% SSI, the same income threshold as the 1915(c) waiver, if Alaska chooses to pursue.
  - Fills in the service gap of the (k) option.
  - Provide a new funding source for the Pioneer Homes for residents with ADRD now covered by Payment Assistance.

*Bottom Line: The fiscal impacts are complex and need further study. Implementing the (k) and (i) options to the Medicaid State Plan show promise for Trust beneficiaries.*



## Alaska’s Roadmap to Address Alzheimer’s Disease & Related Dementia: Project Update

## Alaska's Roadmap to Address Alzheimer's Disease & Related Dementia: Project Update

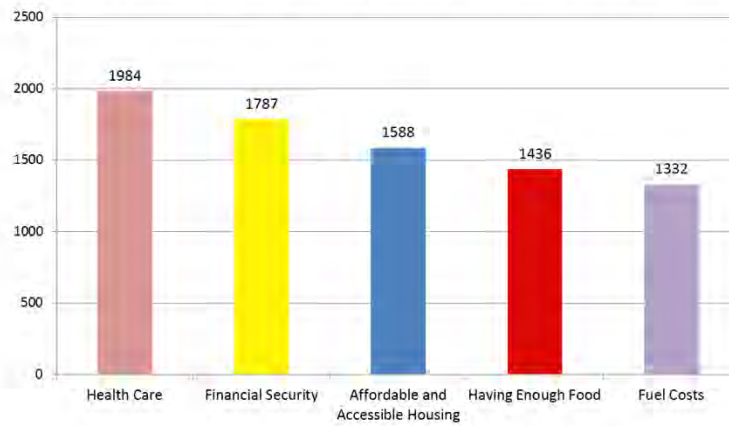
- Alaska's Roadmap to Address ADRD now finalized (December 31) and distributed to stakeholders.
- Next steps: Implementation Plan
  1. Educate Alaskans about prevention, diagnosis, treatment, costs and appropriate care for people with ADRD through all possible media, in-person presentations, and policy advocacy (Strategy 1.1.1). Convener: Alzheimer's Resource of Alaska
  2. Assess feasibility and design an implementation plan for a potential 1915(i) and 1915(k) HCBS State Medicaid Plan amendments (Strategy 2.1.1). Convener: The Trust
  3. Develop and implement regulations for quality standards for assisted living homes and other residential settings so that caregivers' skills are appropriate to the population they serve (Strategy 3.2.1). Convener: Office of Long-term Care Ombudsman
  4. Increase dementia care training across the continuum of care and in complementary fields such as police, emergency services, finance, justice system, nursing dental, optometry, social work, & mental health (Strategy 4.2.1). Convener: Pioneer Homes
  5. Increase training to caregivers about ADRD, resources available and approaches/strategies for providing care and reducing stress and fatigue (Strategy 5.1.1). Convener: AARP Alaska
  6. Increase in-home respite and adult day services to meet caregiver needs for appropriate breaks in providing care (Strategy 5.1.2). Convener: Alaska Commission on Aging



## Preliminary Findings from Senior Needs Assessment Activities: What's Working Well & Areas Needing Improvement

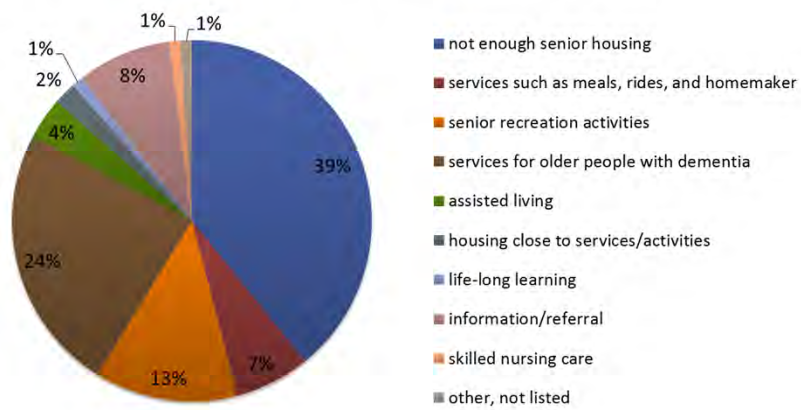
## Results: Top Senior Issues of Importance to Seniors

Question 8. Top Senior Issues of Importance to Seniors



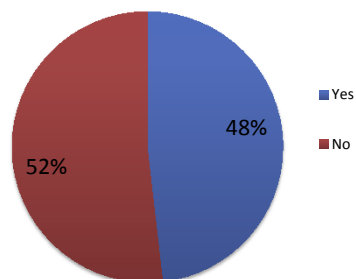
## Elder-Senior Listening Sessions Interactive Polling Results

What is the biggest gap in services for seniors?

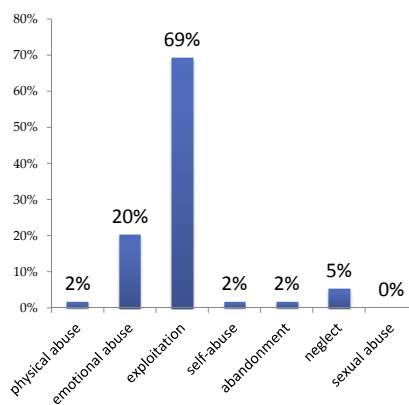


## Elder-Senior Listening Sessions Interactive Polling Results

Have you or someone you know experienced elder abuse?



If you answered "yes" to the last question, which form of elder abuse have you noticed the most? \*



**Thank You. Questions?**

