

ALASKA MENTAL HEALTH TRUST AUTHORITY

FULL BOARD OF TRUSTEES MEETING

September 5, 2018
8:30 a.m.

Taken at:
3745 Community Park Loop, Suite 120
Anchorage, Alaska

OFFICIAL MINUTES

Trustees present:

Mary Jane Michael, Chair
Carlton Smith
Laraine Derr
Paula Easley
Jerome Selby
Christopher Cooke
Verne' Boerner

Trust staff present:

Mike Abbott
Steve Williams
Miri Smith-Coolidge
Andy Stemp
Katie Baldwin
Kelda Barstad
Jimael Johnson
Mike Baldwin
Valette Keller
Luke Lind
Autumn Vea
Allison Biastock
Eric Boyer
Travis Welch
Carrie Predeger

Trustee Land Office present:

Wyn Menefee
Jusdi Doucet

Also participating:

Kathy Craft; Alison Kulas, Patrick Reinhart; Denise Daniello; Gordon Glaser; Angela Rodell;
Diane Poage; Cindy Higgins; Anne Applegate.

PROCEEDINGS

CHAIR MICHAEL calls the meeting to order, asks for a roll call. After noting that all trustees are present, she asks for a motion to approve the agenda.

TRUSTEE COOKE makes a motion to approve the agenda.

TRUSTEE SELBY seconds.

There being no objection, the motion is approved.

CHAIR MICHAEL notes that the Guiding Principles are in the packet, and asks for any ethics disclosures.

MR. ABBOTT states that at the last meeting he disclosed that he was a board member for the United Way of Anchorage, but he resigned that position which results in no further potential conflicts of interest.

CHAIR MICHAEL moves to the minutes of the May 24, 2018, and asks for a motion.

TRUSTEE COOKE makes a motion to approve the minutes of the May 24, 2018, meeting.

TRUSTEE DERR seconds.

There being no objection, the motion is approved.

CHAIR MICHAEL notes that also in the packet are the current bylaws. She asks Ms. Johnson to introduce the Mission Moment.

MISSION MOMENT

MS. JOHNSON introduces some members of FOCUS, Inc., which is an agency that serves the Anchorage Bowl/Eagle River area. She states that she had the pleasure of working with Diane Poage, executive director, and Cindy Higgins, director of program development, as they were in the midst of developing the program that is serving the youngest beneficiaries and doing some amazing work in a relatively short period of time. She asks Ms. Poage to continue.

MS. POAGE states that she has worked in special education for about 30 years and was with the Anchorage School District as the director for related services, which is all of the specialties, including speech pathology and vision impairment. She adds that Ms. Higgins was her partner there. She continues that after retirement she moved to the nonprofit FOCUS, which is the Family Outreach Center for Understanding Special Needs, which is very family-focused. She states that at FOCUS they do wrap-around services for the families with the children, and one of the core values is compassion. She gives a short background and history about the agency and states that there are about 130 employees and seven distinct programs. She asks Ms. Higgins to continue.

MS. HIGGINS gives a short background of her experiences and states pride of the work being done in FOCUS, especially with the Early Learning Program, which meets a critical community need. She believes that, if done well, the services provided through the program will have a profound effect on future generations of Alaskans.

MS. APPLGATE states that she has been on the board for a year, and has been vice president for about a month and a half. She adds that the board is very engaged, and she is here to give voice to some of the comments that come directly from parents, grandparents and guardians of the children benefiting from the Early Learning Program.

MS. POAGE begins the slide presentation and explains the need for a place for children that are being expelled due to aggressive behavior towards others or severe tantrums that happen in a group setting. She states that FOCUS has the unique ability and expertise to create a place for these children. She continues that what was needed was someone with the expertise to put it all together, create it and make it happen, and Cindy Higgins is that person.

MS. HIGGINS states that the majority of parents find the Early Learning Program because their child has been asked to leave their previous child care centers due to their behavior. These behaviors are aggressive behavior, hitting, tantrums, destroying property and other kinds of things. She continues that the parents are desperate to find a quality child care program that has the trained staff in a small group to support the child. She adds that the expulsion rates are staggering and impacts the entire family. She states that one story is well described by one of the families. The mother was unable to be here because of work and has shared her written story.

MS. APPLGATE states that this is typical of some of the things heard at the board meetings. She reads:

“My name is August and my son, John, has gone to the FOCUS Early Learning Program since April of this year. This is his story and why FOCUS Early Learning is so important in our lives.

"He was born six weeks prematurely. After he was born, he was immediately placed in the NICU. Twenty-four hours later he was transferred to Providence for advanced NICU treatment, because his health began to decline. This was the scariest day of my life. Being a brand new mother and never having experienced this before, I feared my baby was dying and I would never see him again. Baby John, as we lovingly called him, was taken care of very well at Providence where he was under a lot of medical treatment, mostly to treat his underdeveloped lungs and the associated complications. He did very well.

"He had a month-long stay and came home on oxygen. This was also very scary. His dad and I were having to return to work. He remained on oxygen for a total of four months of his life. He was cared for mostly by his grandmother for the first year. When her health began to decline, it was necessary for us to find formal daycare.

"There are so many decisions to make when choosing a daycare for your child. For us, it had to be close to our home in Eagle River. It had to have long enough hours to accommodate my husband's and my work schedule. It had to be educational, and most of all, it had to be a safe and happy environment for him. There are not very many options in Eagle River for a one-year-old.

"But when John turned 18 months old, our options for daycare broadened. We placed him in a daycare that came highly recommended, and he stayed there for almost a year. He began to talk, but his speech was more delayed than kids his age.

"When he was in the NICU, we were told by his doctors that he may experience developmental disabilities, but to what extent, we did not know. I attributed his delay in speech to his health history as a preemie. He received speech therapy from FOCUS at this time to help him develop his speech skills.

"But our problems at daycare began to increase. When John began to have behavioral issues at daycare, I referred back to the doctors' statement about developmental disabilities. He was reportedly hitting other children frequently. At this time he was 1.5 to 2 years old, and I was trying to figure out for myself what was normal and what wasn't.

"The reports kept being made to us, and finally I was called by the owner of the daycare and was told that he was going to have to go home if his behaviors continued. When I got that call, my heart broke. I felt like someone had died. To have my child singled out for behavior was one of the worst feelings I have ever had. The daycare was staffed by many young employees, so it was impossible to know for sure if his behaviors would continue with the staff properly trained.

"I was very frustrated at times because I could see young staff huddling and talking together instead of spreading across the room giving the attention that the children needed. I became at my wit's end when I was having to pick up my son early almost daily. I had to find care elsewhere. My job and my mental health were beginning to suffer.

"I moved John to another local daycare here in Eagle River that was also highly recommended. Things were great for a bit, but eventually began to go down the same road. I was being notified about John's behavior on a daily basis. I began getting calls again at work. My stress level was rising. My son was often separated from other kids, crying, stuck in the office with managers. He was eating lunch away from other kids.

"The staff tried, I think, but they often told me how understaffed they were and how they didn't have the staff trained to handle these situations. When he was old enough to seriously start potty training, I was told that they didn't have staff to take him to the bathroom, a basic need that could not be met.

"After another year, I found myself in a situation again that was not going to work. I pulled John from this great and highly recommended daycare and tried something new. I put him in an in-home service. I found that in this setting he didn't get the structured environment he needed, and he lost out on any real education and, most of all, supervision was lacking. It was just very easy for him to fall into the same pattern of behavior.

"I was broken. I was going to have to quit my job. I didn't know how I was going to afford this or how I was going to get by, but there seemed to be no place that was the right fit for my son. It didn't exist.

"At this time I remembered a place that was recommended to me at one point, FOCUS Early Learning. It wasn't open yet when I first heard about it. At the time, I was very leery about taking John away from this for another perfect day care. However, because of a current situation it became a new hope for me; honestly, my last hope.

"I remember that they described a structured educational program that was in a smaller setting, only having a few kids compared to other places that had many. The program creators were college-educated, having advanced degrees in education. I called Cindy in tears in the middle of a workday asking to sit down to discuss my situation.

"From my first day, I have been in love with FOCUS Early Learning. They are patient and loving with my son. They are happy to see him every day. They are just as excited to see him learn and grow as I am. They never make me feel like he's a burden. Their environment is full of patience and calmness, instead of chaos and frustration.

"He has grown so much since that first day in early April of this year. His behaviors have reduced tremendously. This is also reported by his pre-K teacher at Ravenwood Elementary where he's gone for the last school year and will this next. His speech has exploded.

"To learn how to resolve problems with conflict, he's learned to socialize and to make friends in the safe and loving environment at FOCUS. He plays chef in the kitchen. He has a gym to run around with the funnest gym equipment most elementary schools don't have. He comes home with the craziest masks, hats, and art pieces that appealed to his interests, which is mostly sharks, whales, and dinosaurs.

"The teachers are awesome, and they are consistent. There is no turnover. His teachers have been the same pretty much from the beginning. You can tell that they are really happy to be there, and they love their job. FOCUS Early Learning consistently exceeds my expectations as a parent. I love dropping him off and picking him up and hearing all about his day. I love that I can go to work every day and know that he is with people that love him and want him there. I know that he and the other kids will be safe.

"I know that my son is at home with them until he is ready for kindergarten next year, and that, to me, is priceless."

MS. HIGGINS explains that this program is licensed to serve up to ten children with two teachers. One of the teachers has a master's degree in early childhood special education with a focus on positive behavior supports for young children. The second teacher is a child care associate and worked in Head Start for many, many years. Together they are a dynamite team and can teach social, emotional competency. They help the children grow and develop those critical skills that set the trajectory for the rest of their life, academically and socially. She states that the program uses a universally accepted and evidence-based model called The Pyramid Model. Evidence-based positive behavior intervention and strategies are employed throughout the day. The classroom environment is structured to support success and embed social learning throughout the day across all of the developmentally appropriate practices that happen through the core curriculum, and the emphasis is on developing those social skills. She moves to those skills and explains that the children learn to understand and manage their emotions, to develop empathy for others, to learn how to regulate and control their impulses, to make decisions, problem-solve and establish and maintain those healthy relationships. She states that it is known that teaching these skills to young children earlier is better because young children between zero and seven years old have an immense capacity to build their neural pathways and can easily unlearn unhealthy patterns and quickly learn new patterns of behavior. She continues that in this program there is an opportunity to practice those skills in a small group, in a caring supportive environment.

MS. POAGE states that the program has a low student-to-teacher ratio which is not easy to accomplish. Behavior intervention is definitely targeted. She continues that there are other specialists who come into the classroom: direct service providers; speech pathologists; occupational therapists; and also parenting classes and support for the families. She thanks the Trust and the Reagan Foundation for providing the funds to get this program started. It is fee-

based and was going to take several months to get going. She adds that Ms. Higgins put all of the pieces in place during that six months. She states that the mom of James wanted to be here but had a conflict, but made a home video to tell her story, which is from the heart.

(Video played.)

MS. POAGE states that this is a young program about seven months old and they continue to pursue community partnerships within the mental health arena, pre-K education, and university to gather partners around us. These partners are needed to make the best program possible. There is also the need to develop evaluations and methods that is specific to this population and will help effectively report positive learning outcomes. To be able to do the transitions with the school districts so that those teachers know what things either trigger the child or share the cues to give the child to help with redirecting them so there is a successful transition to kindergarten.

TRUSTEE SMITH asks what it looks like for these children once they cycle out of this program.

MS. POAGE replies that one of the challenges working in the school district is that if the child is already identified with a disability and has an Individual Education Plan, then the supports are more in place for the child when they get to kindergarten. They have some special ed supports. However, she continues that some of these children do not have a diagnosis and both their families and the school district are not prepared for that. Ms. Higgins has supervised the assessment program for the school district and is able to contact those people and have them come out to get some information before they go to kindergarten.

TRUSTEE BOERNER states that she appreciates the ability to move forward and make plans and connect with the school system without a diagnosis. She continues that it blows her mind that these types of resources are so difficult to get at. She is glad that there is a mechanism in place that goes without a diagnosis.

TRUSTEE COOKE states thanks for the presentation and notes that there are currently seven children enrolled with 12 children during the life of the program since January. He asks what happened to the five that are no longer there.

MS. HIGGINS replies that the kiddos move on, transition out of kindergarten. She explains that there was one family that moved out of state. Another family moved out to Mat-Su, and they were able to connect up with his school and help with that transition.

TRUSTEE COOKE asks if they ever found it necessary to remove someone from the program because of their behavior and, if not, then it seems like you are really filling a gap that other daycares cannot provide.

MS. HIGGINS replies that the first thing parents are told is that they will not get a phone call to come pick up their child. She continues that if the expertise is not found on the team, there will be a reach-out for expertise in other places to support that child in our setting.

TRUSTEE SELBY asks if the capacity of their program has been assessed, and how many

children there would be before maxing out.

MS. POAGE replies that they started with one class, which has the capacity for ten. Hiring another teacher pair, and then there would be a capacity for 20, which would be the max in Eagle River. She continues if there is a move to Anchorage, that would be another project.

TRUSTEE BOERNER asks if families are being turned away.

MS. HIGGINS replies that no families have been turned away up to this point. We are tracking all of the families who reach out, and we know about their outcomes down the road.

CHAIR MICHAEL thanks all and states that it was good to hear the details of the program and have a family story. She moves to Mr. Abbott and the staff report.

STAFF REPORT

MR. ABBOTT begins by introducing Allison Biastock who is a new employee and will begin with the Trust in about ten days. She will be the new chief communications officer. He asks her to introduce herself.

MS. BIASTOCK states that she is thrilled with the opportunity to work with staff and trustees to help communicate the mission of the Trust and the positive impacts the Trust has on the beneficiaries.

MR. ABBOTT continues that at the Program & Planning Committee meeting there was an update on the development of a new iteration of the comprehensive plan. The typical way forward on the comp plan would be for the advisory boards, the Department and the Trust to work equally in support of the development of the next plan. It is important to have the Department engaged in that, but, unfortunately, at this time, the Department does not have the resources to support the plan development over the next several months. They have recognized the need for the plan to be renewed and developed, even if they do not have the resources to dedicate to the development process. He continues that the near-term work for the staff level work for the development of the plan will be borne primarily by the advisory board staffs and by the Trust staff. Michael Baldwin is the Trust staff that will be leading that effort. The Department will continue to be an active commenter and reviewer of the draft materials that are developed. The Department remains committed to meeting the timeline that was committed to, that by the end of the calendar year, there will be a near final draft available for final consideration by the Trust, the advisory boards and the Department. He moves to a few Trust Land Office updates. He states that the long awaited Urban Land Institute process for reviewing options for the development of the subport parcel in Juneau will take place in a little less than two weeks, September 17 through September 20. He continues that some media work is starting to prepare the community for that conversation and for the outcome of it. He adds that a series of radio spots are being run to introduce the Trust to Juneau, in particular, but other Southeast communities, as well, to prepare folks for whatever path is chosen to be taken regarding the subport parcel. There will also be some radio spots running related to availability of Trust parcels for sale, as well. He moved to the Southeast land exchange where the work continues. It

has proved to be more difficult than anticipated to reach an agreement with the Forest Service on the values of the respective parcels involved in the exchange.

TRUSTEE COOKE asks about whether the funding approved for public radio is being used as intended.

MR. ABBOTT replies that it is, but the Trust is also getting work of ancillary recognition for being an overall funder of Alaska Public Media, as well.

TRUSTEE DERR thanks staff for the information on the grants and adds that it is really valuable information in the way it is presented and very comprehensive.

CHAIR MICHAEL recognizes Denise Daniello, and welcomes Gordon Glaser.

ALASKA COMMISSION ON AGING

MS. DANIELLO begins with an overview about the core programs that are funded with grants for seniors to make special note of how well we are doing serving seniors, particularly senior Trust beneficiaries. She thanks the trustees for approving the advisory board enhancement grant that was approved in May, which is making a lot of the projects possible. She states that there are a lot of concerns regarding senior Trust beneficiaries, highlighting four. First, there is concern about the level of grant funding for senior services going forward with the increasing senior population that is almost 130,000 based on the last estimates from the Department of Labor. She continues to the concern of family caregiver supports, older adults with behavioral health needs, and senior falls. The Commission's focus for the last few years has been to protect the funding for these important core services, but with the increasing senior population it is important to advocate for additional funding for some of the grant-funded services. She believes that family caregivers can benefit from having a systemized approach to assessing their needs to identify exactly what types of needs a caregiver has, and then develop a plan of care that will provide wrap-around services in order to be more effective in caregivers being able to provide care longer. She continues that there is an increasing recognition of older adults with mental illness, depression, substance misuse with very few treatment options to help them with those needs. She adds that senior falls continue to be the No. 1 injury for older people. About one in five adults, aged 65 and older, take a fall which results in a serious injury. She talks about some of the grant-funded services for seniors beginning with the Nutrition, Transportation, Support Services Program, which is the largest of the senior grant programs. She continues that this is one of the most effective services in helping people to retain their health and ability to live at home because it provides for their nutritional needs. She adds that research has shown that these seniors are most at risk for nursing homes, which is why this is most important. Someone comes in and helps with some chores and keeps the person company but are only able to provide them one hour a month of the homemaker services. That is one of the reasons for an increase in funding for the NTS program to provide some additional funding to serve the growing number of seniors, especially being able to provide additional homemaker services.

MR. GLASER states that there are a number of things that happen in the home where people are put at risk. It could be just changing a light bulb, if there is a problem with balance or some

heavy lifting. He continues that need to move toward a resiliency model where the talk is of improving the strengths of the in-home strengths. The basic one is the caregiver, which is often a family member.

MS. DANIELLO looks at a few more of the grant-funded services. She states that a particular concern is adult day. There were 13 adult day programs in the state and now there are ten. This is an important service for people with dementia, people with physical disabling conditions, as well as for family caregivers who work. She states that the funding for this program has not kept up with the changing population that is being served. She looks forward to working with the Trust to implement an environmental scan of all of the long-term support services, including adult day for seniors, to identify what the issues might be. She continues that senior in-home services is another program that serves vulnerable seniors, people needing assistance with three or more activities of daily living, and also low income. She adds that it provides care coordination, respite, homemaker services, and supplemental services. That is the program that shows an increase in demand. She continues her presentation, talking about some of the other grant-funded services that are needed and lacking in funding. She states that the Division of Behavioral Health has the 1115 Medicaid waiver which will help adults up until the age of 64. Unfortunately, people age 65 and older were not included because of the budget. She continues her presentation answering questions as she went through the data and then gives a quick update on the activities. She thanks the Trust for allowing herself and Mr. Glaser to attend the national conference which was a great learning experience.

MR. GLASER also thanks the Trust for the opportunity and gives a short synopsis on his experiences. He talks about some things that can be done to increase resiliency and prevent or delay problems down the road.

TRUSTEE EASLEY shares an incident that occurred in her neighborhood where a retired, over 80-year-old woman fell and laid on her garage floor for five days before someone checked on her. She had to stay in the hospital for quite a while before they could replace her broken hip. She was afraid to stay in her home afterwards, sold it and went into assisted living. Trustee Easley pointed out just the money involved in that fall.

CHAIR MICHAEL recognizes Patrick Reinhart.

GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION

MR. REINHART states that FASD Awareness Day is September 9th. He continues that there is a five-year FASD plan that was developed with the help of Michael Baldwin and many people across the state. He adds that a fairly lengthy list of goals was gone over and put into this one super graphic. It is hot off the presses and was used last night at a Channel 2 news report about FASD. He moves on to the council member news and states that there are a number of new council members coming on. He continues that the next meeting is October 2nd and 3rd in Anchorage, and will be doing a pre face-to-face meeting on October 1st on FASD. The Council meeting in Juneau is February 5th, 6th, and 7th. They are exploring the possibility of moving the Council meeting to coincide with the Key Campaign to save money and do one legislative advocacy trip. He moves to the Disability and Aging Summit on September 26-27, which is

expecting over 150 attendees this year, and the Peer Power Summit was supported last year by the Trust and had about 45 people last year. The limit this year is 90, and there were over 180 applications in the last few days. It is self-advocates running their own agenda and what they want to talk about. One of the topics this year is about sex and no one under the age of 18 can attend. He thanks the Trust for supporting that. He moves to a summit that is being planned for one day on November 15th. It is for self-advocates, supporters, guardians, lawyers, paralegals. He moves to the DD committee and states that Corey Gilmore, the new vice chair at the Council, was inducted in the Self-Advocate Hall of Fame Leadership Circle, which is quite an honor. He continues that the IDD registry is 877, and it is that high because everyone was applying for the individualized supports waiver. The regulation was approved by the Lieutenant Governor. He talks about the Enabling Technologies Group that is working hard and getting the demo up and running. This is the smart home technology that allows people to be able to track things in their own homes to prevent things like falls or being able to communicate with people quickly about a fall. These are going to be both senior related tracking and for people with disabilities. He talks about employment and the federal employment grant ending; and states that National Disability Employment Awareness Month is coming up. He continues that discussion has started about the Council taking over the management of the ABLE program from the Department of Revenue. He also states that a lot of work is being done with the Division of Public Assistance on the universal developmental screening; getting all kids screened to find out if there are developmental delays. He brings up the question of what can be done to improve the physical fitness and health of the beneficiaries. It is a big issue that should be looked at on a long-term level.

CHAIR MICHAEL thanks Mr. Reinhart and calls a five-minute break.

(Break.)

CHAIR MICHAEL calls the meeting back to order and states that next on the agenda is Angela Rodell, the Chief Executive Officer for the Alaska Permanent Fund Corporation.

ALASKA PERMANENT FUND CORPORATION

MS. RODELL begins with an overview of the capital markets, sort of what has been seen globally in the capital markets over the last year. She states that the markets did continue in a positive performance throughout fiscal year '18 and was seen across almost all geographies. Within fixed income, the U.S. rates continued to rise, and there has been a general push for increased rates by the Federal Reserve Bank. She continues that this makes it difficult for fixed income portfolios to perform well, and that was a big struggle due to the rise in the interest rate. She states that there continues to be concern over mounting trade tensions, and that is where global growth will keep those yields suppressed going forward. She adds that public equities continue to perform. The S&P 500 index, which is what is measured against the U.S. stock portfolio, was up 13.8 percent. International stocks also performed well, with an increase of their index of 8.4 percent. She explains that the base private markets tend to benefit from that same public market valuation and continue to do well. She continues that in real estate positive returns continue and the NCREIF property index was up 5.8 percent. That is at the top of the market. She adds that valuations tend to be very high across all the real estate sectors. The

strongest sector within the NCREIF index continues to be industrial. Retail properties continue to struggle within that sector. She moves to the total performance of the fund; the last quarter of fiscal year '18 was up 1.68 percent. It was beating both its passive and its performance benchmark. It did not beat the total fund return objective. She states that the trustees have three measurements of performance that are focused on: First, is the short-term metric; second is a three-year or midterm performance benchmark which compares performance against the peers; the longest run is a five-year return objective, which has been set at 5 percent plus CPI. She continues that the Permanent Fund invests with a very long time horizon. She adds that the chart points out the benefits that the fund has achieved as a result of legislation that passed 12 years ago now to impose the prudent investor rule and allow the trustees to pick the best mix of assets that should be invested in, as opposed to having the legislative-dictated list that the fund was operating under before. She then moves to doing a bit deeper dive into how each of the sectors performed and explains the growth area of the fund.

TRUSTEE SELBY asks if the private equity and special opportunities are all U.S. or multinational.

MS. RODELL replies that it is multinational. She states that when there is a need to meet income returns, this is where some of the negative performance can be seen. This has to do with the rising interest rate market and the tension that continues to occur in the bond market. She continues that the fixed income aggregate had a negative .4 percent, U.S. investment rate, negative .72 percent. There was a boost from non-U.S. fixed income bonds that generated 2.8 percent. She states that it is a real benefit to being in the illiquid asset classes of both private equity and private income. They generate a tremendous amount of value and a tremendous amount of income to the fund. She explains that each asset class is assigned by the Board of Trustees its own individual benchmark against, which determines its success and how well it is performing. She also points out that private equity and special opportunities, over three years, is 14.56 percent. Fixed income did contribute to the bottom line of the fund. She notes that, on performance, private equity performance is lagged a quarter. She states that the goal is to achieve 100 basis points annually over a three- to five-year period, and that will be very little risk. That is not taking a whole lot of risk with this particular overlay program. She moves to the second big program that was initiated over fiscal year '18, a liquidity overlay program. The Fund continues to have exposure to cash which is due to a number of different factors: First is to have cash for annual appropriation, which for fiscal year 2019 will be \$2.7 billion; next is to hold cash in anticipation of funding capital costs for the private market portfolio. She states that it creates exposure for the fund to the equity and fixed income market to get some of the benefit as if those markets were still invested in and having the availability of having that cash exactly when it is needed. She moves to the Mental Health Trust Authority assets.

MR. ABBOTT wants to know if the units of measurements have changed and there is no B after the numbers.

MS. RODELL states that, currently, it shows almost \$510 million in assets under management, which is up \$16 million from FY16, even though \$60 million was spent.

TRUSTEE COOKE asks if additional principal was transferred into the fund last year.

MS. RODELL replies, to date, one transfer of \$5 million was made that she was aware of. She continues that diversification has improved, and the risk of the fund is measured by a volatility that decreased by 24 percent over the year. Due to that reduced volatility in the markets, APFC's diversification managed to boost those returns without taking on undue risk. She states that they continue to work hard on fee reporting so there is greater transparency. The fee reports are also put on the website so that Alaskans can continue to monitor them. She states that they are continuing to work to bring management in-house; approximately 41 percent of the portfolio is managed internally. She adds that they were given a vote of confidence by the Legislature and the Governor with the addition of ten new positions that they are in the process of working towards filling to continue to increase that in-house management.

TRUSTEE SMITH states that these are positions that are coming to Alaska.

MS. RODELL adds that all of those positions are in Juneau. She states that the other big news is that the offices in Juneau are undergoing a renovation so there is room to work and bring all these different management initiatives in-house. That is hoped to be done in fiscal year '19, as well.

TRUSTEE COOKE asks about the importance of social investing, and if those kinds of issues affect the Permanent Fund in any way.

MS. RODELL replies that the statute's very clear to be prudent investors and have a duty of care and a duty of loyalty to the fund. She states that social investing is not done. She continues that the corporation has been asked to consider assuming oversight of the Trust Authority's commercial real estate portfolio. In preparing for that responsibility, it has been assumed that the portfolio would be managed in a similar manner, using a similar mix of internal and external resources that are used for the fund's real estate portfolio. She continues that, under this arrangement, the Board of Trustees for the Permanent Fund Corporation would have the ultimate fiduciary responsibility for the management of that portfolio as they have delegated to staff under the supervision of the CEO. She adds that the Mental Health Trust portfolio differs materially from the typical assets held by the Permanent Fund. The Trust portfolio has seven assets valued at approximately \$96.5 million. In contrast, the average value of any one asset is approximately \$170 million. She highlights that the Fund's approach to portfolio management will add cost that is more material because of the size of the portfolio and the size of the assets being held than what applies to the assets held at PFC. She explains the process in more detail and talks about soliciting proposals from three of the third-party real estate advisers. Each of them has a wealth of experience and would be more than qualified to operate the portfolio in a manner similar to the Permanent Fund's portfolio. There are detailed proposals from each adviser along with indication fees and how they would approach this. She adds those are available upon request. She concludes, stating that if the trustees decide to transfer the oversight of the portfolio, the Permanent Fund is prepared to assume that responsibility. She asks for any questions or discussion.

MR. ABBOTT highlights Andy Stemp's work with counterparts at the Permanent Fund to evaluate the options described. He states that the challenge comes down to cost. He continues

that the initial presentation of options that the three real estate investment partners came back with are more expensive than what could be recommended to the trustees. He adds that there is no recommendation today for consideration and is hopeful that it can be brought forward, perhaps in November, for the transition of management described. He states that staff is trying to find a solution that meets all three of those objectives.

CHAIR MICHAEL asks for questions from the trustees.

TRUSTEE COOKE asks if he is correct in inferring that this topic came up after the completion of the legislative audit of the Trust Authority that was conducted earlier this year.

MS. RODELL replies yes, and there was no contemplation prior to that. This is for the seven properties of that commercial real estate portfolio.

TRUSTEE COOKE asks if the Permanent Fund Corporation had any contact with the legislative auditors or their consultant regarding the Trust's real estate holdings and how they might be managed during the legislative audit process.

MS. RODELL replies that the State auditor came to the Permanent Fund to ask how the real estate is managed and to get an understanding of the processes that the board has put in place and what is required.

TRUSTEE COOKE asks if the auditors consulted with the Permanent Fund regarding their findings and recommendations before they were finalized.

MS. RODELL replies no.

TRUSTEE COOKE asks if the Permanent Fund Corporation reviewed the report and responded to it in any way.

MS. RODELL replies that the report was reviewed, and we have not responded to anyone about it.

CHAIR MICHAEL recognizes Carlton Smith.

TRUSTEE SMITH states that five advisers were mentioned and asks if there is a lead group among that for the fund.

MS. RODELL replies that there is not a lead to the group. There are three that work in the United States and the other two are international.

TRUSTEE SELBY states that it is a great report and he is impressed with how the management of the Permanent Fund has been tightened up in total. He appreciates the effort of all of the staff and supervision. He asks if there is a way to figure out how to do this with one staff that meets the Trust's fiduciary responsibility. He states that it needs to be done in a cost-effective manner to

preserve as much of the revenue coming from those real estate properties into providing services for the beneficiaries, which is the primary goal.

MS. RODELL replies that is the struggle that the Alaska Permanent Fund Corporation has, as well.

CHAIR MICHAEL thanks Ms. Rodell for her very good presentation, and breaks for lunch.

(Lunch break.)

CHAIR MICHAEL calls the meeting back to order and recognizes Alison Kulas, the executive director for the Alaska Mental Health Board and the Advisory Board on Alcohol and Drug Abuse.

ALASKA MENTAL HEALTH BOARD/ADVISORY BOARD ON ALCOHOL AND DRUG ABUSE

MS. KULAS begins with the Joint Advocacy Report which was seen back in May with the preliminary results of the legislative session this last year. She explains that it is structured with several articles on topics that are important to all of the boards. Then the bills that have passed with updates and when they were signed are at the back. She states that this will be published and distributed out and is referring to this hard-copy format. She starts at the State Budget Report which she goes over and then puts a focus on the challenges of the '19 budget. She stresses the importance of supporting the community-based services so that people with disabilities are served appropriately and cost effectively, allowing them to remain safe and stable members of the community. She goes through the budget in great detail. She moves to the shortfalls which will definitely be added to the list and structured. She then talks about the importance of a fully funded Medicaid. She states that this is something that Alaskans need to have access to, so they can keep going to jobs, and participating in their community events. They need to have the ability to receive that medical care appropriately and continuously, so they can maintain that stable home and provide that environment for their children. She talks about what the Division of Public Assistance budget looks like and states that this funding will address the backlog of over 20,000 public assistance applications. This is a huge burden for public assistance and for Alaskans who are waiting for those applications to be processed. She continues that these assistance applications are helping to provide aid to low-income Alaskans, including seniors and people with disabilities. She adds that the Division reported roughly 17,500 Alaskans will need an average of 231 days for their first-time Medicaid applications to be processed. She moves on to public advocacy, and then looks at recidivism reduction. She states that FY19 will be the third year of the three-year commitment by the State to fund re-entry and rehabilitation services for returning citizens after incarceration. The funding for this will support housing and employment services, case management, substance abuse mental health treatment, peer and recovery support, life skills, and financial training. She continues her presentation and highlights some of the key things that are being moved toward that can support the system overall. She states that one of the things that the Division of Behavioral Health and the Department put forward was changes to the regulations on the Medicaid state plan. The boards commented on this because this was removing sight and sound supervision during sleep hours.

This could really reduce services and appropriate level of care for Alaskans with serious emotional disturbance or severe mental illness who reside in assisted living facilities. There is a need to make sure that agencies have the funding that is needed to provide services ongoing and continually. She states there is a need to go forward next session with the revisions to Title 4 so that the public's health can be improved, increase enforcement, and bring the licensing structure up to current rather than depending on the way it was set up in 1993. She talks about justice reform and the intent to prioritize funding and solutions that may include transitional housing to reduce the disparity of Alaska Native incarceration, but also the Trust beneficiaries. She asks for any questions.

CHAIR MICHAEL recognizes Trustee Selby.

TRUSTEE SELBY asks about justice reform and when you said 65 percent are Trust beneficiaries and they stay significantly longer, has the question of why they are staying longer been addressed and if there is good rationale for why that happens.

MS. KULAS replies that is one of the statistics she inherited in her new role and is very curious about getting those answers.

MR. GLASER states that he used to be a parole officer and it can be parole and adds that it has not changed much since he was there. He continues that they were not allowed to be involved with alcohol or drugs on parole and if that was on their record, they needed to be involved in a program.. He adds that the waiting list for Akeela House and Salvation Army is still fairly long, and the Department of Corrections has some in-house programs in their facilities. There are some good ones and some bad ones.

MR. WILLIAMS talks about the statistic from the 2014 Hornby Zellers study. He states that beneficiaries were staying in longer largely because they were not good self-advocates; some of the beneficiaries were in a condition of either intoxication or instability related to their mental health issues that presents a safety challenge.

A brief discussion ensues.

TRUSTEE EASLEY asks about the potential areas of increased funding about reducing alcohol use in Alaska and what it involves. She feels that it would not do a lot of good.

MS. KULAS replies that she thinks that the world of alcohol can benefit a lot from the strategies that are used in tobacco control and prevention. She states that some of it is effective enforcement and checking that retailers are not selling to minors. She continues that the Trust has helped support funding for this through Recover Alaska. The Department of Health and Social Services has done some of this with the Be You campaign. She adds that it is challenging when creating public education campaigns because there is a need to do a lot of research to work with the target audience. She states that increasing knowledge and attitudes will eventually get to that behavior change. It needs to be a sustained campaign and not just one campaign and dropped.

TRUSTEE EASLEY agrees and states the need to make sure it is being maintained over time.

TRUSTEE SMITH moves back to Reducing Justice Involvement and asks for an example of what precharge and pretrial diversion looks like and how it works.

MR. WELCH replies that in diversion the officers that have contact with an individual are looking for ways to help that person. He states that the point of diversion is to take and try to find what that person needs rather than just finding probable cause and taking them to jail. He continues that if the underlying reason is that the person breaking into cars is addicted to heroin, the underlying problem is addressed rather than continuing to cycle them through the criminal justice system.

TRUSTEE SELBY asks if the opioid issue follows the purview of the boards.

MS. KULAS replies that some of the board members rose to this level of concern and helped convene the Opioid Policy Task Force which worked for about a year and a half to develop some recommendations, a lot of which the State has actually taken into consideration. She states that the Governor declared the emergency and the State has owned a lot of that work, but the boards really were the fire under that. She continues that they continue to support the work.

TRUSTEE SELBY asks if it is being tracked.

MR. ABBOTT replies that the short answer is yes. Opioid abuse is clearly within ABADA's purview to advise both the Trust and the rest of state government.

TRUSTEE SELBY states that he would like to get what came out of the legislative session in terms of what the State is going to be doing with that. He continues that he found it curious that there is no mention of opioids in the whole report here.

MS. KULAS replies that can be followed up on and states that the strategic plan is being developed, which is the next step.

CHAIR MICHAEL thanks Ms. Kulas and recesses the meeting until 8:30 in the morning.

(The Alaska Mental Health Authority Full Board meeting adjourned at 1:10 p.m.)

