

## MEETING AGENDA

**Meeting:** Finance Committee  
**Date:** January 3, 2020  
**Time:** 9:15 AM  
**Location:** Trust Authority Building, 3745 Community Park Loop, Anchorage  
**Teleconference:** (844) 740-1264 / Meeting Number: 800 302 957 # / Attendee Number: #  
<http://thetrust.webex.com>  
**Trustees:** Laraine Derr (Chair), Verné Boerner, Chris Cooke, Anita Halterman, Ken McCarty, Mary Jane Michael, John Sturgeon

### Friday, January 3, 2020

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<b>9:15</b>	<b><u>Call Meeting to Order (Laraine Derr, Chair)</u></b> Roll Call Announcements Approve Agenda Ethics Disclosure Approve Minutes – August 1, 2019	4
<b>9:20</b>	<b><u>Staff Report Items</u></b> Financial Dashboard – Sarah Morrison, Acting CFO FY20 & FY21 Revenue Update– Sarah Morrison, Acting CFO	hand-out hand-out
<b>9:40</b>	<b><u>Approvals</u></b> FY2020 Pay-Out – Sarah Morrison, Acting CFO TADA Transfer Request– Sarah Morrison, Acting CFO AS 37.14.041(b) Compliance – Sarah Morrison, Acting CFO	10 11 12
<b>10:30</b>	<b>Break</b>	
<b>10:45</b>	<b><u>Planning Items</u></b> Inflation proofing Discussion– Sarah Morrison, Acting CFO	14
<b>11:15</b>	<b>Adjourn</b>	

## Future Meeting Dates

### Full Board of Trustee / Program & Planning / Resource Management / Audit & Risk / Finance

(Updated – December 2019)

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|--------------------------------|-----------------------------|------------------------|
| • Audit & Risk Committee       | January 3, <b>2020</b>      | (Fri)                  |
| • Finance Committee            | January 3, <b>2020</b>      | (Fri)                  |
| • Program & Planning Committee | January 3, <b>2020</b>      | (Fri)                  |
| • Resource Mgt Committee       | January 29, <b>2020</b>     | (Wed) – Juneau         |
| • Full Board of Trustee        | January 29-30, <b>2020</b>  | (Wed, Thu) – Juneau    |
|                                |                             |                        |
| • Audit & Risk Committee       | April 22, <b>2020</b>       | (Wed)                  |
| • Finance Committee            | April 22, <b>2020</b>       | (Wed)                  |
| • Resource Mgt Committee       | April 22, <b>2020</b>       | (Wed)                  |
| • Program & Planning Committee | April 22, <b>2020</b>       | (Wed)                  |
| • Full Board of Trustee        | May 20, <b>2020</b>         | (Wed) – TBD            |
|                                |                             |                        |
| • Program & Planning Committee | July 28-29, <b>2020</b>     | (Tue, Wed)             |
| • Audit & Risk Committee       | July 30, <b>2020</b>        | (Thu)                  |
| • Finance Committee            | July 30, <b>2020</b>        | (Thu)                  |
| • Resource Mgt Committee       | July 30, <b>2020</b>        | (Thu)                  |
| • Full Board of Trustee        | August 26-27, <b>2020</b>   | (Wed, Thu) – Anchorage |
|                                |                             |                        |
| • Full Board of Trustee        | November 18-19, <b>2020</b> | (Wed, Thu) – Anchorage |

## Future Meeting Dates Statutory Advisory Boards (Updated – December 2019)

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

- Executive Committee – monthly via teleconference (First Wednesday of the Month)
- January 14-16, 2020 – Board Meeting (Anchorage).

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

- February 4, 2020 – Council Meeting (Anchorage)
- February 6-7, 2020 – Joint Key Campaign Efforts w/GCDSE (Juneau)

### **Alaska Commission on Aging**

- February 24-27, 2020 – Board Meeting (Juneau)

**ALASKA MENTAL HEALTH TRUST AUTHORITY**

**FINANCE COMMITTEE MEETING**

**August 1, 2019**

**10:40 a.m.**

**Taken at:**

**3745 Community Park Loop, Suite 120  
Anchorage, Alaska**

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**Trustees Present:**

Laraine Derr, Chair

Chris Cooke

Mary Jane Michael

Paula Easley

Verne' Boerner

John Sturgeon

Ken McCarty

**Trust Staff Present:**

Mike Abbott

Steve Williams

Miri Smith-Coolidge

Kelda Barstad

Andy Stemp

Luke Lind

Michael Baldwin

Carrie Predeger

Katie Baldwin-Johnson

Jimael Johnson

Valette Keller

Eric Boyer

Autumn Veal

**Trust Land Office present:**

Wyn Menefee

Jusdi Doucet

Sarah Morrison

Becky Carpenter

Katie Vachris

**Also participating:**

Anita Halterman; Dan Gummo; Mary Elizabeth Rider; Steve Center.

## PROCEEDINGS

### CALL TO ORDER

CHAIR DERR called the meeting to order and stated that all trustees were present. She asked for any announcements. There being none, she moved to the agenda.

### APPROVAL OF AGENDA

**MOTION:** A motion to approve the agenda was made by TRUSTEE MICHAEL; seconded by TRUSTEE EASLEY.

*There being no objection, the MOTION was approved.*

### ETHICS DISCLOSURES

There were no ethics disclosures.

### APPROVAL OF MINUTES (April 17, 2019)

**MOTION:** A motion to approve the minutes of April 17, 2019 was made by TRUSTEE EASLEY; seconded by TRUSTEE MICHAEL

*There being no objection, the MOTION was approved.*

### CASH MANAGEMENT REPORT

CHAIR DERR moved to the Cash Management Report, and recognized Andy Stemp.

MR. STEMPEL stated that the year-to-date projected activity through the end of the June 30 report is still subject to change. This information is based on the best information and understanding of what is still pending to be processed. He began with the administrative activities section which reflected the budget for the Trust Authority Office and the Trust Land Office. It is expected that the year will finish slightly below the budgeted expenses, which is a favorable outcome for the Trust operations. He stated that the Program Activities and the Authority Grants go out to serve beneficiaries, and are also expected to finish slightly below budget. The total results for the operations of the Trust are on track. He moved to the nonbudget areas that are called Special Projects, and stated that there are no items there to report at this time. He continued to the expenditures, and stated that the year-to-date income for the Trust is substantially ahead of the revenue targets, which are still subject to some change and adjustment. He added that it was a favorable year for the Trust. He moved to the investment activity and talked about the portfolio managed by the Permanent Fund. The unofficial results are that it was a very good year, and their revenue target has been exceeded. The Department of Revenue, which manages a portion of the Trust reserves, also had a very good year; beating the revenue targets by almost \$800,000. So, the investment results for the year have been very favorable. He moved to the report of Trust resources, and noted that the highlighted item was for real estate investment. Every year there is a process with the Land Office to appraise the holdings; and for the holdings not appraised, a broker's opinion of value is needed. The seven commercial properties that are investments will be assessed and have a value developed for use in financial reporting. He concluded by stating that the end-of-the-year financial report is here for Trust consideration.

MR. ABBOTT highlighted a couple of the points that enhanced the bottom line significantly. He stated that, on the revenue side, there will be challenges in coming years to try to maintain the

current revenue levels.

CHAIR DERR asked for any other questions in cash management. There being none, she moved to the operating budget items, and asked Mr. Menefee to begin with the TLO budget.

### **TLO BUDGET**

**MOTION:** The Finance Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the Trust Land Office operating budget for FY21 in the amount of \$4,425,600 was made by TRUSTEE STURGEON.

MR. MENEFEE stated that the Trust Land Office works with a zero-base budgeting, and a budget is created for what is needed to accomplish the tasks, to bring in the revenue forecasted. His presentation compared what is being proposed in fiscal year '21 versus the trustee-approved fiscal year '20 budget, and that which was modified by the Legislature. He noted that after the '20 fiscal year budget was approved, the Governor, prior to submitting to the Legislature, reduced the Trust Land Office Budget by \$34,700, related travel. That was approved by the Legislature. He continued that the proposal for fiscal year '21 is a 2 percent reduction, primarily in the services line items. He went through the budget, explaining as he went along.

TRUSTEE COOKE asked if the \$30,000 reduction in the travel budget will impact the TLO's ability to do its job.

MR. MENEFEE replied that it would be best to keep that consistent and not raise it. The TLO will manage within that amount of money. He added that OMB is saying if travel is changed, that permission is needed to do that. He continued explaining, then strongly endorsed the TLO budget, and appreciated trustees' support.

CHAIR DERR called the motion.

*There being no objection, the MOTION was approved.*

### **MENTAL HEALTH TRUST AUTHORITY OFFICE ADMIN BUDGET**

CHAIR DERR continued to the Mental Health Trust Authority Office Admin Budget.

**MOTION:** A motion that the Finance Committee recommends that the Full Board of Trustees approve the FY21 Trust Authority Office MHT Admin Budget of \$4,215,136 was made by TRUSTEE DERR; seconded TRUSTEE BOERNER.

MR. STEMP stated that this requests a small increase over the previous level of approximately \$80,000; just under 2 percent. The request was detailed, and there is some increase in labor costs and benefits for \$30,516 anticipated. He continued that no new positions were requested, and it is a routine change in expenses based on personnel activities, seniority, merit, and others there. In anticipation of the questions on impacts on Trust operations, an effort to do more with technology is being made. There is more work done by phone, and we will continue to keep the option of rearranging the line items in the budget, if necessary. He went through the components that made up the requested \$80,000.

CHAIR DERR asked for any questions, and then called the vote.

*There being no objection, the MOTION was approved.*

### **REVENUE FORECAST**

MR. STEMPE explained that there is a two-page document with the top being the expectations for FY20, and the second page being the expectations around FY21. The first portion is the expectations around the SLURP, with a FY20 disbursement of \$23 million being projected. Based on the average, the disbursement is expected to go as the trend of values go out. The lapsed appropriations are averaged out and then forecasted that in FY20 just over \$2.1 million will be available. He continued, stating that the proposed total spend with trustee approval will be just over \$32.7 million for FY20, with an estimated end-of-the-year unobligated balance just over \$500,000. That is the outlook for the coming year.

A question-and-answer discussion ensued.

MR. STEMPE moved to FY21 and commented on some key ideas. He stated, as discussed, the base amount climbed to \$32.2 million, and adding in the estimated unobligated money at the end of FY20 will bring that to \$32.7 million. The proposed FY21 programmatic spending plan is just over \$29.2 million. If all goes as planned, FY21 should end with an unobligated balance around \$3.5 million. He strongly supported the proposed deployment of the current year unobligated money because he sees it flowing back in FY21, which allows replenishing.

MR. ABBOTT recommended that is too high of a balance to carry in light of the needs that may be faced in FY21. He stated that he will not be recommending increases in the Admin Budgets and will be recommending increases in the programmatic budgets.

CHAIR DERR called a lunch break.

(Lunch break.)

CHAIR DERR called the Finance Committee back to order. The next item on the agenda is Asset Management Policy Statement, AMPS, and the Resource Management Strategy, RMS, policy revisions. She welcomed a guest from Callan Associates.

MR. STEMPE stated that the guest is Steve Center, and gave some background information. To be presented is a highly advanced draft which is open to input and suggestions. He thanked all the people that helped bring this forward. He turned the presentation over to Callan to guide the process.

MR. CENTER stated that the presentation is a combination of a discussion about some of the changes proposed for the AMPS document, and also a bit of education about what it means to be a fiduciary, and what an investment policy statement is, and why it is important to have one. He continued that the goal of a fiduciary is to act with care, skill and prudence, relating to how the assets are managed and how they will ultimately benefit the beneficiaries.

CHAIR DERR asked for a motion.

**MOTION: A motion that the Finance Committee recommended that the Board of Trustees adopt the changes to the Asset Management Policy Statement, AMPS, as recommended by Callan, LLC, was made by TRUSTEE BOERNER; seconded by TRUSTEE COOKE.**

MR. CENTER stated that the Legislative Audit Report raised some concerns about the AMPS: The need for an entity-side perspective that addresses all Trust assets; the need for guidance around the commercial real estate investment programs; and the use of the TLO as a real estate investment manager. No. 1 is a change that is related to the structure of AMPS, and Callan recommended adding a roles-and-responsibilities section to the front of the Asset Management Policy Statement. He continued that the goal is to make sure that the roles of each important party is clearly detailed within the Asset Management Policy Statement. Callan has recommended the addition of performance benchmarks for the underlying investments of the Trust. Also recommended is tracking the overall performance of the entire Trust on an ongoing basis. He explained that the last recommended addition for the AMPS has to do with investment management oversight. He continued that the recommendation is that the Finance Committee meet with the underlying investment managers at least annually. He also recommended meeting with the Trust Land Office on this point. Some minor things were: Adding language that requires the AMPS to be reviewed at least annually to keep it up to date; dealing with semantics related to the use of cash and noncash; it is a market-like investment not a low-risk, low-duration investment. He suggested changing those terms to liquid and nonliquid. He also recommended collecting an asset spending study to make sure the spending policy for the Trust is sound. He concluded his presentation and asked for any questions.

CHAIR DERR recognized Andy Stemp.

MR. STEMPE moved to the clean version of the proposed revisions. This is not the final document. The final official version will be distributed at the upcoming meeting. He went through a memo that was drafted to go with the motion that summarizes the proposed changes. A statement that clearly defines responsibility for monitoring the overall financial condition of the Trust is needed. The proposal is to insert this language under the Finance Committee that clarifies that. He continued going through the revisions.

CHAIR DERR asked for the next step.

MR. STEMPE replied that there is a motion introduced and seconded and asked to consider making the recommendations as recommended by Callan with the understanding that a final pass through this document would be made for any administrative edits and responding to the question about the charter and making sure that it is known how this works; then it will be brought forward for potential adoption.

CHAIR DERR asked for any additional questions, and called the motion.

*There being no objection, the MOTION was approved.*

CHAIR DERR added that it will be revisited.



MR. ABBOTT thanks the trustees for the attention to this, which is the second time it has been brought forward. He stated that there will be one more time to go through it. He stated his appreciation for Steve Center's and Callan's contributions, as well as Andy Stemp's work on this.

CHAIR DERR thanked all for their work, and asked for anything more to come before the Finance Committee.

*There being none, the Finance Committee meeting was adjourned.*

(Finance Committee adjourned at 1:40 p.m.)

## MEMO

**To:** Laraine Derr, Finance Committee Chair  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Sarah Morrison, Interim Chief Financial Officer  
**Date:** December 7, 2019  
**Re:** Annual payout transfer  
**Fiscal Year:** 2020

### REQUESTED MOTION:

*The Finance Committee recommends that the full board of trustees authorize the transfer of \$23,056,600 from the Alaska Permanent Fund Budget Reserve accounts to the Mental Health Settlement Income Account to finance the FY 2020 base disbursement payout calculation. The CFO may fulfill this motion with one lump sum or multiple transfers.*

### BACKGROUND

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

The calculation for the FY20 payout and drawdown from APFC budget reserves is as follows:

	<i>FY Ending NAV</i>
FY 2016	484,334,872
FY 2017	544,685,656
FY 2018	556,593,100
FY 2019	584,419,083
Average NAV:	\$ 542,508,178
	<u>x 4.25%</u>
Payout disbursement calculation ( <i>rounded</i> ):	\$23,056,600

Because of the increase in the average value of the fund, this requested payout is \$861,600 greater than the previous year.

**To:** Laraine Derr, Finance Committee Chair  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Sarah Morrison, Interim Chief Financial Officer  
**Date:** December 23, 2019  
**Re:** Trust Authority Development Account Transfer

## REQUESTED MOTION #1:

*The Finance Committee recommends the full board of trustees approve setting a target level for Trust Authority Development Account funds at \$2.4 Million.*

## REQUESTED MOTION #2:

*The Finance Committee recommends the full board of trustees authorize the Chief Financial Officer to transfer TADA funds that exceed the target level to the Permanent Fund for investment.*

### Current Status & Expected Growth:

As of November 30, 2019, the account held \$11.40 Million and is expected to grow by approximately \$2.50 Million during the remainder of FY2020. This growth will largely come from anticipated timber sales associated with the South East Land Exchange and land sales. Additionally, the \$20.0 Million 'Support' sale is under contract and will close by September 30, 2020. Revenue from this will be attributed to the fiscal year in which the sale closes – likely FY2021 as appropriate.

### Existing Commitments:

The Trust has just over \$1.5 Million (see table below) in remaining obligations to ongoing projects. No additional new projects using TADA funding are anticipated.

Project	Remaining TADA Obligation (Rounded to nearest hundred)
USFS Land Exchange	\$1,350,600
Icy Cape Development	\$968,300
Total	\$2,318,900

### Recommendation for TADA Funds:

Because of the ongoing projects some funding will be needed to pay for expenses. At this time, the recommended target level is \$2.4 Million. This target is set based on the current commitments that need funding and will allow the Trust to complete the previously authorized work.

Funds exceeding the target amount, approximately \$9.0 Million, are recommended to be transferred to the Permanent Fund for investment in the Trust portfolio.

## MEMO

**To:** Laraine Derr, Finance Committee Chair  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Sarah Morrison, Interim Chief Financial Officer  
**Date:** December 23, 2019  
**Re:** AS 37.14.041 (b) Compliance

### REQUESTED MOTION:

*The Finance Committee recommends that the full board of trustees determine that no Trust funds exist above the current and projected needs of the beneficiaries of the Alaska Mental Health Trust.*

#### Background

AS 37.14.041 (b) states that, 'if money in the mental health trust settlement income account is not needed to meet the necessary expenses of the state's integrated comprehensive mental health program, the authority shall transfer the money to the unrestricted general fund for expenditure through legislative appropriation for other public purposes.' The purpose of this memo is to delineate the status of Trust assets in relation to the Trust's current and future expectations regarding the state's comprehensive mental health program and to formally state, for the record, that surplus assets are not available for transfer to the unrestricted general fund.

The Trust has a statutory obligation to consider the needs of both current and future beneficiaries. As the number of beneficiaries and cost of services increases over time, it is necessary that the Trust anticipates cost increases and maximizes the ability to meet those needs. As a result of this forward-looking structure, the Trust must maintain adequate spendable assets for meeting current needs while also potentially accumulating excess funds to meet increased needs in future years. In addition to these basic expenditure requirements, the Trust is required to maintain substantial reserves based on recommendations made by Callan.

Almost all of the funds in the Mental Health Trust Authority Settlement Income Account are held in two subaccounts: Trust Reserves and Trust Operating Accounts.

#### Trust Reserves

The purpose of these reserves is to smooth out income to ensure funding support for the Comprehensive Integrated Mental Health Program ("Comp Plan") for years when investment earnings are poor and ensure that the effects of market volatility are adequately mitigated. Reserves are maintained at the Alaska Permanent Fund Corporation (APFC) and at the Department of Revenue (DOR). The Trust also leaves some level of funds unobligated in order to accommodate the needs of beneficiaries that arise after the budget is approved. Trust reserves as of June 30, 2019 are as follows:

Reserves – APFC:	\$75,865,700
Reserves – DOR:	<u>\$50,048,100</u>
Total Reserves:	\$125,913,800

## **Trust Operating Accounts**

Funds in the operating accounts are funds that have been obligated, but not yet spent for a prior year purpose or are anticipated to be used for a current year purpose. As of June 30, 2019, the operating account balance was \$43,134,900.

## **Programmatic Responsibilities**

The Trust, under AS 47.30.011(b), is responsible for ensuring the Department of Health and Social Services (Department) “prepares, and periodically revises and amends, a plan for an integrated comprehensive mental health program” (AS 47.30.660). The integrated comprehensive mental health program as defined by AS 47.30.056(i).”

The Department released its updated Comprehensive Integrated Mental Health Program Plan *Strengthening the System* in July 2019. The foundational goal of the plan is “the State of Alaska will provide adequate resources and funding to support a comprehensive behavioral health service system promoting independent, healthy, Alaskans so that they may live meaningful lives in the communities of their choosing.”<sup>1</sup> It contains nine goals with recommendations for “systemic and proactive reform, practice informed programming, integrated local and traditional knowledge and fiscal service improvements.”<sup>2</sup> Designed to be a high-level and living document, the plan will assist with “guiding resource allocation decisions in the development of services, workforce, and facilities to meet the needs of Trust beneficiaries.”<sup>3</sup>

The Trust has been and remains committed to deploying resources (financial and staff) to ensure there is a sustained effort to implement, evaluate, revise as needed and update the plan over time. However, the Trust recognizes its limited spendable income is not enough, nor is it the Trust’s responsibility, to fund, implement and sustain the services identified in the plan. That is the responsibility of the Department.

## **Financial Planning**

The Trust is a perpetual trust and must ensure that (1) resources exist throughout the current fiscal year to meet unanticipated beneficiary needs, (2) adequate assets are available for future beneficiary needs and (3) protect against value loss of its cash and non-cash assets. In order to facilitate this, the Trust must apply smoothing mechanisms to expenditures and the use of financial resources. Per the AMPS, a four-year average of financial resources is utilized to ensure that market volatility does not diminish the ability of the Trust to maintain a steady spending pattern over time.

## **Conclusion**

The Trust must ensure that resources exist throughout the current fiscal year to meet beneficiary needs as they arise. Additionally, the Trust must ensure that adequate assets are available in future years to smooth fund availability should earnings diminish. The Trust does not have assets above what is necessary to meet the current and projected needs of beneficiaries. No funds are available for transfer to the general fund.

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<sup>1</sup> <http://dhss.alaska.gov/Commissioner/Pages/MentalHealth/default.aspx>, pg. 4

<sup>2</sup> <http://dhss.alaska.gov/Commissioner/Pages/MentalHealth/default.aspx>, pg. 4

<sup>3</sup> <http://dhss.alaska.gov/Commissioner/Pages/MentalHealth/default.aspx>, pg. 2

## MEMO

**To:** Laraine Derr, Finance Committee Chair  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Sarah Morrison, Interim Chief Financial Officer  
**Date:** December 23, 2019  
**Re:** Inflation Proofing

The purpose of this memo is to provide trustees with historical information and policy requirements regarding inflation-proofing of the Mental Health Trust Fund (“corpus”) held at the Alaska Permanent Fund Corporation (APFC). The intention at this time is not to request action, but to inform and prepare trustees for future requests for action. It is anticipated that the April 2020 Finance Committee meeting will include a more in-depth discussion and analysis, a selection of a method for inflation-proofing over time, and consideration of an inflation-proofing transfer during this fiscal year.

The Asset Management Policy Statement (AMPS) provides guidance for the trust relating to management of the cash and non-cash assets of the trust. One of the stated objectives contained in the AMPS is to “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”. When the corpus experiences gains for a given year, the Budget Reserve at the Department of Revenue (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 the APFC. When the Budget Reserve is fully funded at both DOR and APFC, funds may be used to offset the effects of inflation. Per the AMPS, the effect of inflation will be estimated by using the US Department of Labor Bureau of Labor Statistics CPI-U index<sup>1</sup>. Inflation proofing can be full or partial and occur as approved by trustees.

Historically under AMPS, any balance of reserves that exceeded 400% of the base annual payout were transferred from reserves to principal and characterized as inflation-proofing. There is no direct tie to any independent measures of inflation or the actual calculation of these inflation-proofing measures prior to 2014 – the year that the CFO began providing to trustees inflation-proofing estimates following the CPI methodology. A history of inflation-proofing actions is provided in the table below.

Year	Inflation-Proofing Transfer (\$)
FY1998	6,910,543
FY2000	41,544,000
FY2003	11,059,800
FY2005	15,337,401
FY2008	2,436,534
FY2018	5,000,000
Total	82,288,098

The last inflation proofing calculation was presented at the November 2017 trustee meeting and estimated the need at \$42.45 million. In January 2018, a transfer of \$5.0 million was approved by trustees reducing the inflation burden to \$41.15 million. Since that time, the inflation-proofing requirement has undoubtedly increased. An updated, official, inflation-proofing requirement will be provided at the April 2020 meeting. In addition to providing an amount, the CFO will provide trustees the opportunity to review options regarding regular inflation-proofing actions, the use of reserves and the amount of reserves available.

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<sup>i</sup> Consumer Price Index – All Urban Consumers; U.S.; All items; 1967 = 100