

**ALASKA MENTAL HEALTH TRUST AUTHORITY**

**FULL BOARD OF TRUSTEES MEETING**

**January 28, 2021**

**8:30 a.m.**

**WebEx Videoconference/Teleconference**

**Originating at:**

**3745 Community Park Loop, Suite 120**

**Anchorage, Alaska**

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**Trustees Present:**

Chris Cooke, Chair

John Sturgeon

Brent Fisher

Verne' Boerner

Annette Gwalthney-Jones

Anita Halterman

Rhonda Boyles

**Trust Staff Present:**

Mike Abbott

Steve Williams

Carol Howarth

Miri Smith-Coolidge

Kelda Barstad

Luke Lind

Michael Baldwin

Carrie Predeger

Katie Baldwin-Johnson

Jimael Johnson

Valette Keller

Eric Boyer

Autumn Ve

Allison Biastock

Kat Roch

Travis Welch

Jusdie Doucet

Karsten Eden

**Trust Land Office:**

Wyn Menefee

Sarah Morrison

Becky Carpenter

**Also participating:**

Jierum Duarte; Ian Clark; Alex Schudel; Karen Schudel; Katie Vachris; Ann Ringstad; Hollie Chalup; Chandler Long; Andrew Grosz; Sheila Harris; Ric Nelson; Laura Russell; Al Applegate;

Ann Ringstad; Beverly Schoonover; Brenda Moor; Charlene Tautfest; Jerry Jenkins; Josephine Stern; Clinton Laskey; Heather Carpenter; Adam Crum; Stuart Goering; Al Wall; Mo Miller.

## **PROCEEDINGS**

### **CALL TO ORDER**

CHAIR COOKE called the meeting of the board of trustees of the Alaska Mental Health Trust Authority back into session from the recess taken yesterday. He called the roll, and all of the trustees were present. He then asked for any announcements or any other matters to take up before getting into the Mission Moment. He proceeded to the MicroEnterprise Grant presentation from Larissa Cummings.

### **MISSION MOMENT**

MR. ABBOTT stated that it was a pleasure to introduce some of the folks that have been working within the MicroEnterprise Grant Program. There were some questions brought up, and we took this opportunity to allow some of the program participants to share their experiences in this program. He introduced Jimael Johnson, one of the program officers who works with this program and with the Beneficiary Engagement and Employment focus area.

MS. JOHNSON stated that she has been with the Trust for about three-and-a-half years, and working on the Beneficiary Employment and Engagement focus area has been one of the highlights of her work, with the MicroEnterprise project being one of the really bright spots among that. She was pleased to be able to introduce the partners in this work and some of the beneficiaries' partners who have been able to take advantage of this program in a way that helps to improve outcomes in their lives and communities. She began with a brief background on the program and stated that the MicroEnterprise work has been one of the core projects of the Beneficiary Employment and Engagement work that the Trust has done over the past 15 years. She continued that the program benefits beneficiaries statewide and has been developed in collaboration over that time with many partners. One of the primary partners is the Governor's Council, which has led and developed it to where it is today. She continued that Larissa Cummings has worked at the Center for Human Development at the University of Alaska Anchorage for 13 years, and has been involved in a variety of employment-related projects, in addition to MicroEnterprise. She has been working as the fund administrator and project director of the MicroEnterprise Grant for the last eight years. Her goal is to see every applicant turn into a successful application. She added that she will present the program and then introduce the beneficiary partners.

MS. CUMMINGS stated that the UAA Center for Human Development and the Trust Authority collaboration on this project has had a very positive impact on beneficiaries' lives. She shared the positive difference this program has made on the lives of beneficiaries throughout the state of Alaska. She began with a brief overview of the grant, from its purpose to some of the terminology, definitions, and highlights; and then talked about who makes the funding decisions and the supports and resources available for both applicants and recipients. She shared some examples and stories of successful beneficiary recipients. She added that the highlight is that some guests that are recipients of the grant funds will give firsthand explanations of the positive impact these funds had in not only starting their businesses, but also on their day-to-day lives. She stated that the purpose of this grant is to increase access to self-employment opportunities

for the Trust beneficiaries. The grant funds are provided by the Alaska Mental Health Trust Authority for the purpose of starting, expanding or acquiring an existing business. A MicroEnterprise is defined as a business requiring startup costs of less than \$35,000, and up to a maximum of five employees. She continued that her goal is to make sure that the applicants are successful, and also to try to make things easy for the review committee members. She added that the process is quite involved, but once the applicant makes it to the funding stage, support is provided as needed. She moved on to the three guests that are MicroEnterprise recipients: Jierum Duarte with ILI Custom Leatherworks; Ian Clark with Ian's Game Paradise; and Alex Schudel with Art by Alex. She introduced Jierum Duarte, who was funded about a year and a half ago. He applied a few different times for funds, which has made a huge difference in his business. The funds paid for a leather professional sewing machine and he went from hand-stitching some of his leather work to being able to do it by machine. She asked Mr. Duarte how he got the idea for his business and how he got started, and then how the MicroEnterprise funds helped.

MR. DUARTE replied that he originally started in prison. He was incarcerated for 10 years and released in 2017. He stated that it started as a hobby to pass his time and to make a bit of money for food and hygiene. When released, he started going back to Anchorage Behavioral and Mental Health to their RISE program. He never thought it would be a business idea and did not plan on doing leather in order to financially benefit himself. It was a prison thing to just survive, and he did not know there were opportunities for people like himself. He has a mental illness, so he has the stigma of having a mental illness, and the stigma of being a felon. It was a lot harder being a felon to even be given another chance because of that stigma. He continued that the one person that believed in this vision was Travis with the RISE program, who told him he could become a business owner. He was the only person to give him an option and took the time. Mr. Duarte was also helped by two very important people, Stephanie Rhoades, a retired mental health judge, and her husband, Russell Webb. They were his mentors and put him in a position to be self-sufficient. He learned to articulate a lot better and how to deal with a lot that he did not know how to deal with. He stated that Larissa is amazing, and he would not be anywhere without her and the program because none of them knew the route to take or the difference it would make. He continued that he has been out of prison for three years and seven months and has not had one violation, no relapses, which has contributed to his life being successful. He has his own housing, equipment, his own place to work on his own workstation. He added that these things would not have been possible without programs like this and Larissa.

MS. CUMMINGS introduced Ian Clark. She stated that one of the things that was recently added to the project was trying to provide some of the funding for people who need additional support. People who already requested the maximum amount of money and then something happens, and they need a little extra help. She asked Ian Clark for a brief overview of how he got started, and then to talk about the pandemic, what happened, and how the funds were able to help.

MR. CLARK stated that before the pandemic when he was first going for the grant, he had to deal with theft, a loss of about \$20,000 of his equipment, and the mall he was in flooded. He talked about how the pandemic affected him and his business because the bills continued even though he had to shut down for a month. There was no help or break. Then the Northway Mall kicked everyone out. He continued that the cost of the move, new equipment, the initial rent, back rent, security deposit, utilities deposit at the 5<sup>th</sup> Avenue Mall, which was a monumental task

and would not have been possible without the help he was able to get.

MS. CUMMINGS introduced Alex Schudel.

MS. SCHUDEL stated that Alex decided that she would talk. Six years ago, Alex had a pacemaker put in and had to stay at home for a little while. He started drawing this airplane he had recently gone for a ride in with his uncle. His drawing was amazing. She continued that she and her husband were amazed at how cool it was through Alex's eyes. She made a thank-you note out of it. She added that relatives and friends started looking at them and said that Alex had something good going. They realized that he was interested in drawing anything that moves, goes, has a motor, whether it is in the air or on the water. She stated that they got wind of this grant and decided to start putting some of his art on T-shirts; and people got very interested. There are other things going on now with prints, and he does custom drawings. A booth was put together at a few different places, and the success is that Alex is being much more social and enjoying when other people enjoy his art. She thought that his goal in life was to maybe sit in or ride in all of these things. He has been very fortunate to ride in a Zamboni, a Sno-Cat, an Elgin street sweeper. He has a connection, and the drawings go on. His website and Facebook pages have been amazing in sharing his art. Without the grant, this probably would not have been as successful, if at all.

MS. CUMMINS asked Alex how he decided what he would draw.

MR. SCHUDEL replied vehicles.

MS. CUMMINS stated to Alex that his art is enjoyed by many and she hears it from people on how much they enjoy his art. She told him to keep up the good work. She asked for questions.

CHAIR COOKE asked the woman with Alex to identify herself.

MS. SCHUDEL replied that she is Karen, Alex's mom.

CHAIR COOKE thanked her and stated that wheels seem to be a theme with Alex. He asked Trustee Boerner for any questions.

TRUSTEE BOERNER stated that she was extremely moved by the presentation and appreciated all for coming here and sharing their experiences to address and be ambassadors to help the general public get a better understanding, and to break the stigmas and stereotypes, and to champion issues during the pandemic, as well. She thanked them for their presentations. She asked Ms. Cummins about how many applicants are received and how many awards were given to support the MicroEnterprises.

MS. CUMMINS replied that they get about 16 to 24 applications yearly, and most of them are successful. She stated that maybe one application a year may actually be denied. She continued that the committee is really good about working with the applicants, and may suggest things that may make the businesses stronger or better. They also share their expertise with the applicants during the interviews.

TRUSTEE BOERNER thanked her and stated that it was very interesting.

CHAIR COOKE recognized Trustee Boyles.

TRUSTEE BOYLES stated that Mission Moments are very emotional and are why trustees volunteer and serve as their representatives on the Trust. She thanked all the presenters for taking the time and coming because when someone is self-employed dollars are billable. She told Alex that she loved his work and asked for information on how to find him.

MR. SCHUDEL replied [www.aschudelart.com](http://www.aschudelart.com).

TRUSTEE BOYLES thanked Alex and asked Ms. Cummins if the meeting dates of the trustee meetings impact their schedule for grant startups by July 17.

MS. CUMMINS replied that it is difficult to start on July 1<sup>st</sup> when the funding is not quite in place. All of the paperwork and the hoops that both the Trust and the University have to jump through create quite a delay. She hoped that if the meeting dates were moved earlier for those agreements, that the paperwork could get to the University by June, and then everything could be up and running by July 1<sup>st</sup>. She stated that the MicroEnterprise Grants cannot open earlier because often there is trouble actually getting the money to actually disburse to the recipients that early.

CHAIR COOKE noted concern and suggested talking with Mr. Abbott and staff about the timing issues. He asked Trustee Gwalthney-Jones for any comments.

TRUSTEE GWALTHNEY-JONES commended the presenters on finding something they really enjoy doing and creating a future for themselves with it. She stated that it was really spectacular. She went to the website and noticed there were some limits for what can be done for total capital, and fewer than five employees. She asked if there was an average that is put out, or is it always at that max.

MS. CUMMINS replied that basically they do not fund people that are trying to start huge businesses. She noted that sometimes people are limited by the amount of match dollars that they have because there is a dollar-for-dollar requirement.

MS. JOHNSON clarified that the maximum amount for the MicroEnterprise Grants from the Trust is \$10,000 per person. The \$35,000 threshold is part of the definition of what a MicroEnterprise would actually be.

CHAIR COOKE recognized Trustee Fisher.

TRUSTEE FISHER stated that this was fascinating and that he has had a particular interest in MicroEnterprise, but it was always in the context of third-world countries. To see it applied to Trust beneficiaries is just fascinating. He continued that he is a big believer in creating opportunities for self-reliance, and this is fantastic. He asked if there was a particular type of beneficiary that is more likely to be successful in one MicroEnterprise than another.

MS. CUMMINS replied that sometimes the ones she thinks will not be successful go on to be wildly successful. She stated that probably 40 to 50 percent are still in business.

TRUSTEE FISHER stated that he could tell just from the presentations that it was not all about making money. There is a lot of value and strength that comes from being able to be self-reliant and using their talents and skills in a way that not only benefits the person, but also other people.

CHAIR COOKE recognized Trustee Halterman.

TRUSTEE HALTERMAN thanked the presenters and stated that it was nice to hear from the beneficiaries that receive funding programs. She told Alex that she checked out his website and it was great. She wished all great success with their good work.

CHAIR COOKE recognized Trustee Sturgeon.

TRUSTEE STURGEON also thanked the presenters and stated that these are very special moments for the trustees and they really learn a lot. He asked Jerum what his number-one selling product was.

MS. CUMMINS replied that he sells a lot of checkbooks and a lot of belts, and he is actually displaying his work at Denali Graphics.

MR. DUARTE stated that he had been selling a lot of dog collars. He talked about how his sewing machine cut down on the time of producing his dog collars in half. He also paid for his own Made in Alaska stamp that was custom made. He used the money that he made from selling his leather stuff to buy it. He added that the machines from the grant made it more efficient.

CHAIR COOKE thanked Ms. Cummins for bringing these artists and for their presentations. He wished them all continued success. He asked Mr. Abbott or Mr. Williams to address the concern about the timing of the funding.

MR. WILLIAMS stated that the big thing to remind all is that grant funds work in two ways. The University, the Center for Human Development, receives the Trust funds for the MicroEnterprise Grant Program. Because they are a State entity, they are Mental Health Trust Authority Authorized Receipts, MHTAAR funds, that are approved by the trustees and then submitted to the Governor and the Legislature, and they go through the legislative budget process. Then they are approved; the Governor signs it; and July 1 is effectively when the grant periods start. He added, that was the timing of how it all works.

CHAIR COOKE stated that the Trust had to act consistent with the State's budget cycle and the necessary legislative approval. He wanted to make sure that the board was not doing something that was causing any delay. He continued that hopefully the bureaucratic issues could be resolved. He restated appreciation for the presentation. He stated that he understood that Commissioner Crum was on-line and would talk about and update the areas that the Department is responsible for that concern the Trust and its beneficiaries.

#### **DEPARTMENT UPDATE**

COMMISSIONER CRUM stated that he will talk about some of the items done over the last year as a department. He continued that Deputy Commissioner Al Wall, Deputy Commissioner Clinton Laskey, and his Health Policy Advisor Heather Carpenter are also on-line. He thanked

the trustees for having them and stated that, as a Trust, they perform very important functions in taking care of a very special population in Alaska. This job has been made more difficult because of the COVID response and having to do things differently. He thanked them for trying to find ways to integrate serving the individuals and stated appreciation for the last presentation. He stated that, throughout 2020, the Department of Health and Social Services had to really change how they did business, and had to work to implement many different items. This included federal flexibilities, and doing a great deal of suspension of regulations and orders. He talked about how serving certain populations had to change in order to protect vulnerable populations. Throughout this, a great deal of investment of the CARES funds that were received went towards the behavioral health side. The Division of Behavioral Health worked very hard for crisis call lines to be set up to actually identify providers that had to deal with COVID patients in clinics and in hospitals. He added that in a state like Alaska, with its geography, using technology to connect was a benefit. From a divisional standpoint, more providers, more patients can be reached using technology, and it is something to look forward to in the long-term future of how Health and Social Services will operate in Alaska. He moved on to the large item announced shortly before Christmas by Governor Dunleavy, an Executive Order to restructure the Department of Health and Social Services into two departments. He stated that the plan is to take the Office of Children's Services, Juvenile Justice, the Alaska Psychiatric Institute, and Alaska Pioneer Homes and move them into a department called the Department of Family and Community Services. The remaining divisions, the Division of Behavioral Health, Division of Public Assistance, Senior and Disability Services, Healthcare Services, Division of Public Health will stay in the Department of Health. He added that he will remain as commissioner with the latter. The goal is to continue the great work that has been occurring over the last number of years. He stated that this has been read across the floor as a message to the Senate, and there is an Executive Order. This is specific power that the Alaska Constitution gives to the Governor and the executive branch to restructure the executive branch for maximum efficiency. He explained the process in more detail. He added that the goal of the effective date is July 1<sup>st</sup>. He stated that there will be a new commissioner with the current Deputy Commissioner Laskey moving over, to make sure the leadership continuity continues across the board. He asked Heather Carpenter to talk about some particular items of interest in the Executive Order as it relates to the Mental Health Trust.

MS. CARPENTER briefed the trustees on a couple of things of interest. In the 106 pages of the EO the Trust statutes are moving but nothing will be done with them. They are being aligned under the Department of Revenue. She stated that they cannot do any substantial changes in an EO. Another interest is how the 47.30 is being split, which is the main mental health chapter, and all the statutes point to that. The Commissioner described it as how the baton is passed when a constituent is getting services. The specific involuntary commitment statutes will point to that new department, and they will be responsible for that. She continued that the Department of Family and Community Services are being added as another advisor to the Trust, recognizing that the Trust will want to work with both departments pretty closely. She shared the link with staff the other day to the EO, and she can put that in the chat box as well if there is interest in reading the full EO.

COMMISSIONER CRUM moved to the FY22 budget overview, and one of the key items is for Medicaid, which is essentially flat-funded in FY22. He stated that, with the public health emergency at the federal level that allows Centers for Medicare and Medicaid Services that implemented an enhanced FMAP, or Federal Match for the Medicaid Program, of 6.2 percent.

This goes on top of whatever the typical breakdown was of the match across the different programs and different eligibility categories. This was a great deal of value to the State in that it brought in tens of millions of dollars each quarter into the Medicaid program, State and General Fund. He added that the money saved from the General Fund of \$35 million in FY21 will be carried forward. Notice had been received from the acting Health and Human Services secretary that the Biden Administration intends to keep the federal public health emergency in place until the end of the federal fiscal year, September 3<sup>rd</sup>. The public health emergency will continue to extend for 90-day increments until that timeframe. She asked Deputy Commissioner Al Wall for any other updates he would like to talk about for the Medicaid budget.

DEPUTY COMMISSIONER WALL stated appreciation for the face time with the trustees and echoed what the Commissioner said about the FMAP funding. There are many individual things moving in Medicaid that are a heavy lift this year. The first one is that Senior and Disability Services has four of its five major waivers up for renewal this year, which is a significant amount of administrative work. He continued that the biggest on that impacts the conversation of the 1115 and its implementation. He talked about the two parts, phase 1 and phase 2, and added that the 1115 has a number of new services that were not billable under the old fee for services structure, but now are. There is also a great deal of uptake among providers in the 1115 billing for mental health, as well as interest in the Crisis Now model. There are some providers that have applied to become Crisis Now stabilization centers. He added that there are a few areas are continuing on, and we are excited about what the 1115 has done and the response of the providers.

COMMISSIONER CRUM talked about API, and stated that an increase of \$6 million was asked for. He asked Deputy Commissioner Laskey to give an update on API.

DEPUTY COMMISSIONER LASKEY stated that API had made some amazing headway this past year with a maximum bed capacity of 60, which is 50 civil and 10 forensic. He continued that because of COVID-19, the process slowed down, which hindered expanding bed capacity. Also, there was a need to be able to social-distance individuals in the hospital that were double-capacity rooms, and to be able to quarantine those individuals. He added that they are now in the process of reimagining inside the hospital, and they have a goal of having the Chilkat Unit opened by April 1. The senior leadership positions are filled, as well as all of the nursing positions. He stated that the Chilkat Unit is starting training for that unit, so it will be ready for admissions as soon as the unit is opened. He then talked about the chief of psychiatry and the chief forensic psychologist leaving and that the interviewing process for both of those positions was ongoing.

COMMISSIONER CRUM moved to the implementation of the Morse plan and asked Ms. Carpenter to explain that.

MS CARPENTER stated that the Disability Law Center case was settled in September, and that settlement was signed on September 3, 2020. We appreciated and were grateful for the Trust's continued partnership in funding three big items in that settlement. The first one was the current DES/DET coordinator position; second was an Adult Protective Services worker that was specifically focusing on discharges from hospitals and correctional facilities; then there was the funding to help do the re-evaluations that Judge Morse ordered.

DEPUTY COMMISSIONER LASKEY gave an update on the DET/DES position, and stated that Ashley Christopherson was brought into that role. She is the point of contact for all Title 47 orders, and provides updates to the courts on a daily basis. She has also implemented a new documentation standard used with the different partners. He then moved to an update on the re-evaluation. He stated that the Department of Health and Social Services put out an RFP to provide re-evaluations for individuals that were unable to get into API immediately. True North was the provider that signed up, and they have been a great partner.

DEPUTY COMMISSIONER WALL stated that the third leg to that was an Adult Protective Services employee that the Trust assisted with, as well. That position has been hired, and we are at the tail end of the training that goes with that position.

CHAIR COOKE thanked the Commissioner and his team for the update and asked Trustee Boerner for any questions.

TRUSTEE BOERNER also thanked them all and especially to Ms. Carpenter for specifically addressing the issue with regard to API.

TRUSTEE BOYLES thanked all and asked that the Commissioner keep in mind the history of the Trust, the legal parameters of the establishment of the Trust, and where the Trust stands relative to budgeting.

COMMISSIONER CRUM made sure the concerns that the Trust had were brought to those that needed to hear those concerns. He stated that if the trustees had any questions, that the Trust staff can get a hold of him, and he and his staff would be glad to respond in writing to address any concerns.

TRUSTEE GWALTHNEY-JONES thanked all for the presentation and for the clarification of what is coming down the pike with the transition from the Divisions.

TRUSTEE HALTERMAN thanked the presenters for the statutory updates and asked what the Department was doing to engage some of the stakeholders. She stated that she had seen some public outcry with regard to the separation of the departments and some concerns about a lack of stakeholder involvement.

COMMISSIONER CRUM replied that two conversations came out simultaneously. One was the restructuring or the splitting of the department, and the other, for semantic purposes, referred to as the bifurcation of OCS. He added that this would be worked on over the next year to find some solution to that, or some other pathways forward.

TRUSTEE FISHER stated thank you and that he had no questions.

TRUSTEE STURGEON thanked Commissioner Crum and his staff for the presentation and for all their work doing this.

COMMISSIONER CRUM stated that Trustee Sturgeon was an unsung hero and pointed out how he helped leverage his contacts to get the personal protective equipment from the plane. He was

instrumental in getting the necessary, needed medical supplies that the State of Alaska needed in a time of crisis.

CHAIR COOKE stated that the Trust provided funds to help break the backlog of people waiting for judicial or court-ordered evaluations at API. He asked what was the change in numbers to get those evaluations done.

MS. CARPENTER stated that this was about the civil commitment rate and asked Mr. Laskey to continue.

DEPUTY COMMISSIONER LASKEY stated that the civil waitlist numbers were in the low 20s last year. As of late, those numbers have gone down drastically, and the average is about five or six individuals on the civil waitlist. He explained this more fully, and added that the beauty of having this position is the ability to get these evaluations done.

MR. ABBOTT stated that staff continue to appreciate the strong working relationship with the Department leadership. He noted that the information from the State is consistent with what was heard from the Commissioner in that the decisions about funding sources for API and other programs were made at OMB and not at the Department level.

CHAIR COOKE asked for anything further.

TRUSTEE BOERNER apologized to Deputy Commissioner Laskey for not expressing her gratitude and appreciation to him earlier.

CHAIR COOKE called a break.

(Break.)

CHAIR COOKE called the meeting back to order and called the roll. All trustees were present. He moved to the Finance Committee report update.

#### **FINANCE COMMITTEE REPORT**

MR. ABBOTT stated that what was proposed on the agenda at this point was to go through three items that were recommended for trustee support at the last Finance Committee meeting, and then a fourth item that was tabled at the Finance Committee meeting but may still be of interest for consideration at this time.

CHAIR COOKE stated that there were three requested motions, and we would take them individually. He asked for a motion.

**MOTION: A motion that the Board of Trustees authorizes the expenditure of \$295,000 from the Central Facility Fund for the second-year renewal of the RFR20-2013M Real Estate Advisor contract was made by TRUSTEE HALTERMAN; seconded by TRUSTEE STURGEON.**

MR. ABBOTT explained that this was a request to allow the Trust to spend the \$295,000 from the Central Facility Fund in order to support the real estate advisor. The Central Facility Fund is

the account that was set up a couple of years ago in order to pay for expenses associated with the commercial real estate assets. He stated that the CFF is budgeted once a year; typically, in the April and May timeframe. A budget was endorsed a little less than a year ago, but we did not fund the real estate advisor contract because there was an expectation that it would be renegotiated and the cost reduced. He continued that was accomplished. The TLO and Carol's work identified the opportunity to reduce the spend on the advisor from \$380,000 to \$295,000, a savings of about 25 percent.

TRUSTEE HALTERMAN called for the question.

*After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boerner, yes; Trustee Boyles, yes; Trustee Gwalthney-Jones, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Sturgeon, yes; Trustee Cooke, yes.)*

CHAIR COOKE moved to the second requested motion.

**MOTION:** A motion that the Board of Trustees authorizes the incorporation into the principal loan balance(s) of commercial real estate refinancing(s) the costs required to complete the refinancing transaction(s): These include costs related to financial and legal review, closings and due diligence, commercial brokerage fees, prepayment fees, legal fees related to portfolio creation, and any other usual and customary mortgage costs was made by TRUSTEE HALTERMAN; seconded by TRUSTEE STURGEON.

MR. ABBOTT stated that that was discussed in the Finance Committee meeting three weeks ago. He explained that when the trustees authorized the refinance of the debt on the commercial real estate, there was an error on his part. It was not explicitly authorized that the transactional expenses associated with the refinance be included. This is simply addressing that omission from last November when the refinance of the debt amounts of the principal amounts was authorized.

TRUSTEE HALTERMAN stated that this was not discussed and asked about the fiscal impact of this particular motion. She also asked for an approximation of what those total costs may be.

MR. ABBOTT replied that in the memo the Finance Committee reviewed it was estimated that the max that these could be is approximately \$4.1 million and those are primarily the prepayment fees. He stated that maximum because it is possible that some or all of the prepayment fees may be avoided depending on the refinance structure that is ultimately agreed to. He noted that, even though this was not included in the authorization from November, these costs were included in the modeling that was done. He added that nothing material has changed in that regard since the trustees reviewed this last fall.

CHAIR COOKE asked for the range of refinancing debt.

MS. HOWARTH replied that the maximum amount of refinancing is anticipated to be just under \$45 million. She stated that an analysis with current market interest rates is being done, and we will have the ability to hone in on that amount in a clear strategy by the end of February.

CHAIR COOKE called the vote.

*After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boerner, yes; Trustee Boyles, yes; Trustee Gwalthney-Jones, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Sturgeon, yes; Trustee Cooke, yes.)*

CHAIR COOKE moved to Motion No. 3.

**MOTION:** A motion that the Board of Trustees authorizes the transfer of \$24,157,100 from the Alaska Permanent Fund Corporation Budget Reserve account to the Mental Health Trust Settlement Income Account to finance the FY2021 base disbursement payout calculation. The CFO may fulfill this motion with one lump sum or multiple transfers was made by TRUSTEE HALTERMAN; seconded by TRUSTEE STURGEON.

MR. ABBOTT stated that this was the annual transfer from the reserves to the operating account to fund the annual operations. This is, essentially, the 4.25 percent of the invested assets. He continued that this amount is going up yearly, approximately \$1 million or so per year. That is increasing the annual operating budget and the grant making. He added that this is the annual move that is made every year to transfer that 4.25 percent from the invested assets to the operating account.

CHAIR COOKE asked if this has already been budgeted and approved by the Legislature for FY21, and has nothing to do with the other budget discussions that are going on.

MR. ABBOTT replied yes.

CHAIR COOKE asked for any questions.

TRUSTEE FISHER stated that, as a new trustee, it sounds like this is just the normal motion that would be made every year to operate the Trust.

MR. ABBOTT replied that was correct.

A brief discussion ensued.

CHAIR COOKE called for the roll-call vote.

*After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boerner, yes; Trustee Boyles, yes; Trustee Gwalthney-Jones, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Sturgeon, yes; Trustee Cooke, yes.)*

MR. ABBOTT asked for some discussion on the memo regarding the No Surplus Declaration because the motion did not come forward with a recommendation from the Finance Committee. He stated that this was a process that started a year ago. The Finance Committee considered and then the Full Board ultimately adopted a motion similar to the one being considered today, to express the Trust's determination that it did not have excess funds that were not needed to serve beneficiaries. This was discussed last year, a motion like this was adopted a year ago, and it was indicated that it would be prudent to consider such a motion or action annually going forward.

Shortly before the Finance Committee considered this, the Governor's budget was released, and he proposed to utilize Trust assets for purposes that had not been authorized by the trustees. He explained that budgeting action was because the Governor's office or OMB had determined that the Trust had more resources than it needed to meet beneficiary requirements. When this was talked about at the Finance Committee, the Trust had not yet discussed the issue with the Department of Law. As a result, the Finance Committee tabled consideration of this topic at that time. He stated that staff continues to recommend that this is an appropriate action, that the evaluation of current and future needs of the beneficiaries as described in the COMP Plan far exceed the assets that are held at this time, but the Governor's budget proposal has at least changed the environment for this determination and may have changed the trustees' interest in making such a determination.

CHAIR COOKE stated that the history of this was accurately summarized and, in his view, the decision is not one for the Finance Committee. This declaration is something to be considered and acted upon by the Board itself. He asked the trustees whether they want to bring this motion forward.

TRUSTEE BOERNER stated that she felt that it was appropriate for this Board to pick up and take up motions that may or may not have been addressed in a committee. She would like to see the motion put forward.

CHAIR COOKE asked if she was introducing the motion.

**MOTION: A motion that the Alaska Mental Health Trust Authority Board of Trustees has determined that no Trust funds exist above the current and projected need for the beneficiaries of the Alaska Mental Health Trust was made by TRUSTEE BOERNER; seconded by TRUSTEE GWALTHNEY-JONES.**

CHAIR COOKE asked for further discussion.

TRUSTEE FISHER asked what the difference was between the methodology used by the Trust staff and the methodology used by OMB to determine that there exists or does not exist funds above the current and projected.

MR. ABBOTT replied that in some of the documentation provided in support of the Governor's recommendation, it was stated that any funds at the Trust available to be spent that were not being spent in the current year were, essentially, surplus and that would include the reserves as well as funds in the operating account. He thought that was a flawed interpretation, but it was their determination. He explained that the attorney pointed out that, first, the law does not allow the State to make the determination as to whether there is an excess or a surplus that is available. That is a determination to be made by the Trust. Second, the Trust has a responsibility to manage its assets prudently and the use of reserves and similar devices are clearly prudent, and in the best interest of the Trust and its beneficiaries. He stated that he had conversations with OMB since the Finance Committee meeting, and they have begun to walk backwards from their relatively extreme initial position on availability of Trust assets. They may still suggest that Trust funds should be available for the purpose they have proposed, but he did not believe they are continuing to challenge the notion that the Trust can or should hold some level of reserves.

CHAIR COOKE went through the roll of the trustees for any questions.

TRUSTEE BOERNER stated concern of outside entities outside of the trustees of this board making determinations on funds that may or may not be identified as mental health needs. If moved into General Funds, they lose that identity.

TRUSTEE BOYLES stated that she thought a lot about this since the last meeting and the math did not work for her. It is that simplistic approach that is politically guided that she has concern with. Relative to this motion, she supports it because we need to stand firm on what we were asked to do by the settlement of the Trust, the legislators that approved the trustees, and the Governor that appointed them. She spoke in favor of the motion.

TRUSTEE GWALTHNEY-JONES agreed with everything that had been said so far and was 100 percent behind it. She stated that it was the right thing to do to protect the Trust and the beneficiaries in the long haul.

TRUSTEE FISHER stated that he thought that some people do not understand that the Trust's only source of revenue is its assets. In order to continue the mission of the Trust, those assets have to be managed prudently to adjust for up and down years. He added that he was comfortable with what had been explained with regard to this motion and was in favor of it.

TRUSTEE HALTERMAN stated that she was still troubled to be in this spot with regards to the Administration and its position and trying to accent Mental Health Trust funds without the conversation between the Department and the Trust. The statement of facts are supported by State law, which she thought were in the Trust's favor. She continued that there is a need for more thoughtful dialogue between all parties involved. She added that it was quite clear that the statute was misinterpreted and thinks the memo that was written by Mr. Abbott on the 26<sup>th</sup> put the position pretty clearly in front of the Legislature. She saw no value in the memo, and for that reason will be a no.

TRUSTEE STURGEON stated that he had some reservations and concerns. He would like assurance before he votes that all administrative remedies and discussions, both with the OMB, Legislature and the Governor's office, be exhausted. There was some concern about this causing some political problems. He does not disagree with the motion, but disagrees with the timing and would be a no vote.

**MOTION:** A motion to table this motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE STURGEON.

*After a roll-call vote, the MOTION WAS APPROVED. (Trustee Boerner, no; Trustee Boyles, yes; Trustee Gwalthney-Jones, no; Trustee Halterman, yes; Trustee Fisher, yes; Trustee Sturgeon, yes; Trustee Cooke, no.)*

CHAIR COOKE stated that the matter was tabled. One of his thoughts on the motion was that it was superfluous because it is stating that the money is used for the current and future beneficiaries of the Trust. He continued that this would require a future meeting bringing it up off the table and getting to the substance of it. He asked for anything else from the Finance Committee, and then moved to Resource Management.

## RESOURCE MANAGEMENT COMMITTEE UPDATE

TRUSTEE HALTERMAN stated that the first item on the agenda is FY21 Icy Cape Gold & Industrial Metals Project.

**MOTION:** A motion that the Alaska Mental Health Trust Authority Board of Trustees approve the proposed action Option 1, to fund the 2021 Icy Cape Gold & Industrial Heavy Metals Project from the Trust Land Office Development Account with \$10 million. These funds do not lapse. The approval includes the associated development and cost recovery plan for Option 1 included in material presented at the January 7, 2021, Resource Management Committee was made by TRUSTEE STURGEON; seconded by TRUSTEE GWALTHNEY-JONES.

MR. MENEFEE stated that Motion 1 had passed recommending selecting Option 1 at the RMC, which is a proposal to advance the industrial heavy mineral and gold project at Icy Cape to a prefeasibility study and indicated resources. He continued that it is a \$10 million approval which would include definition drilling, pilot plant sampling, mineral separation, product recovery, and assay. It also has a component about a cost recovery plan that is compliant with Regulation 20 AAC 40.610. He added that this proposal is the most cost effective and most efficient way to reach the prefeasibility stage with compliant indicated resources that are designed to maximize future returns to the Trust. It is in agreement with the confidential Hatch report that had been forwarded to all of the trustees. This project meets the objectives under the Asset Management Policy Statement and agrees with Trust principles.

CHAIR COOKE asked if the trustees had any questions.

TRUSTEE FISHER stated that, as a new trustee, he was not at that meeting and did not have the benefit of all of the information that was shared. He reviewed the memorandum and had a couple of clarification questions. This property was offered for leases and there was no interest in the property at that time, was his understanding.

A brief discussion ensued explaining and clarifying the motion.

MR. MENEFEE stated that it may be beneficial to enter into an Executive Session to share the results of what was shared at the previous Executive Session with the trustees.

CHAIR COOKE asked for a motion for Executive Session. He stated that nothing will be voted on, and that Executive Session is for discussion of confidential matters.

**MOTION:** A motion that the Board go into Executive Session to discuss confidential matters pertaining to the Icy Cape mineral exploration project in accordance with the Open Meetings Act AS 44.62.310(c) -- no decisions will be made in the Executive Session -- was made by TRUSTEE STURGEON; seconded by TRUSTEE GWALTHNEY-JONES.

CHAIR COOKE called the question on the motion.

*After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boerne, yes; Trustee Boyles, yes; Trustee Gwalthney-Jones, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Sturgeon, yes; Trustee Cooke, yes.)*

MR. ABBOTT recommended that he, Wyn Menefee, Karsten Eden, Jusdi Doucet, Steve Williams, Carol Howarth and Allison Biastock participate in the Executive Session.

(Executive Session from 11:45 a.m. to 12:19 p.m.)

CHAIR COOKE resumed the board meeting after the Executive Session and called the roll. For the record, he, fellow trustees, and certain members of the Trust Authority and Trust Land Office are returning. There were no decisions made or any action taken during the Executive Session. He asked for any further input on Motion No. 1. There being none, he went to the roll-call vote.

*After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boerner, yes; Trustee Boyles, yes; Trustee Gwalthney-Jones, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Sturgeon, yes; Trustee Cooke, yes.)*

CHAIR COOKE moved to the second motion recommended from the Resource Management Committee meeting.

**MOTION:** A motion that the Alaska Mental Health Trust Authority Board of Trustees authorizes the CFO to transfer funds from the budget reserves to the TLODA as required to fund this approved 2021 Icy Cape Gold and Industrial Heavy Minerals exploration budget and distribute to the TLO as required was made by TRUSTEE STURGEON; seconded by TRUSTEE BOYLES.

MR. ABBOTT clarified that this explicit topic was not directly discussed at the committee. However, the authorization naturally followed from the decision in Motion No. 1. Explicit authority is not needed to move money as necessary from budget reserves to support the \$10 million expenditure authorized a couple of minutes ago. It was not explicitly described in these terms with the committee. He added that if this motion passed, essentially \$10 million of Trust reserves for this function will go forward.

CHAIR COOKE asked the trustees for any questions. He called the question and did a roll-call vote.

*After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boerner, yes; Trustee Boyles, yes; Trustee Gwalthney-Jones, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Sturgeon, yes; Trustee Cooke, yes.)*

CHAIR COOKE asked for anything else to be considered under the Resource Management Committee report update. There being none, he called a break.

(Break.)

CHAIR COOKE called the meeting back to order and called the roll. All of the trustees were present. He stated that scheduled was a period for legal consultation regarding the Governor's

proposed FY22 budget and personnel update. He asked for a motion in order to go into Executive Session.

**MOTION: A motion that the board go into Executive Session for legal consultation regarding the Governor's proposed FY22 budget and regarding personnel matters in accordance with the Open Meeting Act, Alaska Statute 44.62.310 (c), was made by TRUSTEE BOERNER; seconded by TRUSTEE STURGEON.**

MR. ABBOTT recommended that in addition to trustees, that Stuart Goering and himself join for the discussion of the Governor's budget. After that, Mr. Goering would excuse himself and then he would continue on the personnel update.

*After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boerner, yes; Trustee Boyles, yes; Trustee Gwalthney-Jones, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Sturgeon, yes; Trustee Cooke, yes.)*

(Executive Session from 12:49 p.m. until 2:10 p.m.)

CHAIR COOKE resumed the session of the meeting of the Board of Trustees of the Alaska Mental Health Trust Authority. He called the roll, and all trustees were present. He noted for the record that no decisions, no action was taken at the Executive Session previously called. He moved to the original agenda, and the remaining item was trustee comments.

TRUSTEE BOERNER stated that this was one of the things she really appreciated, the opportunity to share on the record. She welcomed Trustee Fisher and was impressed with the questions he brought forward and how quickly he picked up on some of the challenging issues. She continued that she had a great appreciation for working with this Board of Trustees. The questions brought forward, the involvement and the level of commitment to the beneficiaries moved her. She added that her favorite event from the agenda had to be the Mission Moments and thanked the presenters for their presentations.

TRUSTEE BOYLES asked about the next meeting and suggested a short meeting to keep up on what is going on with the Governor's budget.

CHAIR COOKE stated that the next scheduled meeting was April 21<sup>st</sup> and noted the need for some unscheduled meetings.

TRUSTEE GWALTHNEY-JONES welcomed Trustee Fisher and stated that it was great to have his expertise with nonprofits. She also got a lot of positives from the Mission Moment. It was nice to see how the moneys were allocated and how they impacted the lives of people.

TRUSTEE FISHER stated that he was very impressed with the caliber of the individuals that have been in these meetings and the caliber of the in-depth discussion that went on. He looked forward to the opportunity to work with everybody in future meetings, and the decisions that need to be made with regard to the Trust and the beneficiaries. The Mission Moments were really great and keep in mind of what the fiduciary responsibility is with regard to the funds and the success that it can bring to individuals. He appreciated everything, the staff, and looked forward to working with both the trustees and Trust staff.

TRUSTEE HALTERMAN thanked staff and stated appreciated for the Mission Moment, finding it helpful to get the perspective of seeing the beneficiaries' services in action. She stated respect for the work that all the folks at the Trust have to do in order to prepare and thanked them for that effort.

TRUSTEE STURGEON also thanked the staff and the incredible job they do. He welcomed Trustee Fisher and was very impressed with his resume. He stated that the Trust is very fortunate to have someone of his caliber and experience to help us along this bumpy road of being a Trust member. He continued that Alaska is heading into some really challenging times, and whatever staff can do to help the beneficiaries connect to the programs. There is a need to make sure that the economy is ready to help pay for all these wonderful programs we have. He thanked Chair Cooke and Mr. Abbott for the great work they do.

CHAIR COOKE stated that the Mission Moments are always a highlight, and these were very memorable ones and will stay with us long after this meeting. It is great to see these success stories in person. He stated appreciation for all the hard work and organization putting the meeting together by staff and TLO. He felt that there was a lot of substance at this meeting. He thanked everyone for what he considered a very successful meeting with a lot of participation by everyone. He concluded his comments and asked for anything further.

**MOTION: A motion to adjourn the meeting was made by TRUSTEE HALTERMAN; seconded by TRUSTEE STURGEON.**

*After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boerner, yes; Trustee Boyles, yes; Trustee Gwalthney-Jones, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Sturgeon, yes; Trustee Cooke, yes.)*

CHAIR COOKE thanked all.

(Alaska Mental Health Trust Authority Full Board meeting adjourned at 2:35 p.m.)