

CONFIDENTIAL ATTORNEY CLIENT PRIVILEGE
MEMORANDUM OF UNDERSTANDING
Between the Alaska Mental Health Trust Authority and
the Alaska Department of Revenue

The Alaska Mental Health Trust Authority (AMHTA) has deposited certain funds in the Alaska Mental Health Trust Reserve Fund (Fund 3321) (the "Invested Funds") for investment by the Department of Revenue, Treasury Division ("Treasury").

The Invested Funds will be invested according to AMHTA's Asset Management Policy Statement ("AMPS") and AMHTA's approved asset allocation for the Invested Funds.

This MOU:

1. Outlines the rights and responsibilities of AMHTA;
2. Establishes responsibilities of Treasury as the investment managers of the Invested Funds and any accrued earnings.

Rights and Responsibilities of AMHTA

- (A) AMHTA will retain all right, title and interest in the Invested Funds and may withdraw the Invested Funds or any part of them without fee, penalty, or any other cost at any time subject only to the notice requirement set forth in (C) below. Treasury hereby acknowledges that such withdrawal may be made without the need for a legislative appropriation or any other action except as set forth in this paragraph (A).
- (B) AMHTA, by executing this MOU, agrees to give Treasury the power and responsibility to invest the Invested Funds, which includes any earnings accrued or earned thereon, and to perform other record keeping responsibilities of an investment manager as provided in this MOU.
 - a. Asset allocation for the Invested Funds is approved by AMHTA. Upon request, Treasury will provide an annual asset allocation recommendation for consideration by AMHTA.
 - b. Any changes to AMHTA's AMPS will be consistent with this MOU and funds will be invested given Treasury's investment pool options.
- (C) AMHTA, by executing this MOU, agrees to pay Treasury for investment services rendered with respect to the Invested Funds under this MOU as follows:
 - a. The monthly fee for each month is equal to the Invested Funds on the last day of such month multiplied by 0.001 (0.1 percent) and divided by twelve (12);
 - b. This fee is for all investment and advisory services provided by Treasury including internally managed funds.
 - c. AMHTA shall make payment upon receipt of monthly invoices from Treasury for services rendered for the immediately preceding month;
 - d. AMHTA may make the payment by transferring the amount owed to Treasury from funds of AMHTA or, at AMHTA's discretion, by giving written permission to Treasury to withdraw the amount owed from the Invested Funds;
 - e. Investment management fees for externally managed funds, which are generally low-cost index fees, are charged directly to the underlying investment pools.

- (D) AMHTA shall give Treasury at least three (3) business days' notice for any withdrawal from or deposit to Invested Funds.

Responsibilities of the Alaska Department of Revenue

- (A) Treasury shall take necessary steps to invest the Invested Funds on behalf of AMHTA in accordance with the AMHTA provided asset allocations.
- (B) Treasury shall serve as the investment manager for the Invested Funds. In this capacity Treasury will exercise the powers and duties of an investment manager, including professional care and compliance with AMHTA's Asset Management Policy Statement and the provision of regular reports in a format that is satisfactory to AMHTA. This MOU constitutes a contract between AMHTA and Treasury.
- (C) The Invested Funds shall be invested in a manner directed by AMHTA. Asset allocation and permitted investments will adhere to Treasury's Investment Policy and Procedure Manual. The portfolio will be rebalanced regularly in accordance with policy and asset class rebalancing bands agreed upon by AMHTA. If there is substantive change in the investment policy, the Commissioner of Revenue or Chief Investment Officer will notify the Chief Financial Officer of AMHTA.
- (D) AMHTA shall be credited with investment earnings. Unless otherwise directed by AMHTA in writing, the investment earnings shall be deposited in the Invested Funds and invested in the same manner as the Invested Funds.
- (E) Treasury will serve as investment manager and fiduciary on behalf of AMHTA for the Invested Funds and all amounts held in Invested Funds, including investment earnings on the Invested Funds.

Miscellaneous

The parties to this MOU may amend it at any time in writing with the concurrence of the both parties.

Name:
Title:
Alaska Mental Health Trust Authority

DATE:

Name:
Title:
Department of Revenue

DATE: