Trust
Alaska Mental Health Trust Authority

3745 Community Park Loop, Suite 200
Anchorage, AK 99508
Tel 907.269.7960
www.mhtrust.org

MEETING AGENDA

Meeting: Finance Committee
Date: April 22, 2020
Time: 8:30 AM
Location: online via webinar and teleconference
Teleconference: (844) 740-1264 / Meeting Number: 803 458 556 # / Attendee Number: #
https://alaskamentalhealthtrust.org/
Trustees: Laraine Derr (Chair), Verné Boerner, Rhonda Boyles, Chris Cooke, Anita Halterman, Ken McCarty, John Sturgeon

Wednesday, April 22, 2020

		Page No.
8:30	**Call Meeting to Order (Laraine Derr, Chair)**	
	Roll Call / Announcements / Approve Agenda / Ethics Disclosure	
	Approve Minutes – January 3, 2020	5
8:45	**Planning Items**	
	Update on Mental Health Trust Fund and Reserves – Alaska Permanent Fund Corp., Angela Rodell, CEO	
	Break	
9:30	**Staff Report Items**	
	• Financial Dashboard – Carol Howarth, CFO	hand-out
	• FY2021 Budget Update – Mike Abbott, CEO	
10:00	**Planning Items**	
	• TLO Commercial Real Estate Performance & Recommendations Harvest Capital, Erin O'Boyle, Principal, and Gail McDonough	11
	Break	
	• COVID-19 Effects on FY21 Real Estate Cash Flows Wyn Menefee, ED TLO	hand-out
11:20	**Approvals**	
	• FY21 Real Estate and Program-Related Real Estate Facility Budgets Wyn Menefee, ED TLO	40
	• For consideration – Real Estate Portfolio Refinance Carol Howarth, CFO	44
12:00	**Lunch**	

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			Page No.
12:45	**Follow-up**		
	•	Inflation proofing Discussion– Carol Howarth, CFO	hand-out
	•	Update on Investment Policy – Mike Abbott, CEO, Carol Howarth, CFO	50
1:15	**Adjourn**		

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Future Meeting Dates

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

(Updated – March 2020)

• Finance Committee	April 22, 2020	(Wed)
• Resource Mgt Committee	April 22, 2020	(Wed)
• Program & Planning Committee	April 23, 2020	(Thu)
• Full Board of Trustee	May 20, 2020	(Wed) – TBD
• Program & Planning Committee	July 28-29, 2020	(Tue, Wed)
• Audit & Risk Committee	July 30, 2020	(Thu)
• Finance Committee	July 30, 2020	(Thu)
• Resource Mgt Committee	July 30, 2020	(Thu)
• Full Board of Trustee	August 26-27, 2020	(Wed, Thu) – Anchorage
• Full Board of Trustee	November 18-19, 2020	(Wed, Thu) – Anchorage
• Audit & Risk Committee	January 6, **2021**	(Wed)
• Finance Committee	January 6, **2021**	(Wed)
• Resource Mgt Committee	January 6, **2021**	(Wed)
• Program & Planning Committee	January 6, **2021**	(Wed)
• Full Board of Trustee	January 27-28, **2021**	(Wed, Thu) – Juneau

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Future Meeting Dates

Statutory Advisory Boards

(Updated – February 2020)

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

- Executive Committee – monthly via teleconference (First Wednesday of the Month)

Governor's Council on Disabilities and Special Education

- May 12, 2020 – Anchorage/ZOOM
- Sep. 29-30, 2020 – Anchorage/ZOOM
  (possible pre/post-meeting for Autism Ad Hoc and/or Workgroup on FASD)
- February 2021 Juneau/ZOOM

Alaska Commission on Aging

- February 10-13, 2020 – Board Meeting (Juneau)

ALASKA MENTAL HEALTH TRUST AUTHORITY

FINANCE COMMITTEE MEETING

January 3, 2020
9:10 a.m.

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

Trustees Present:
Mary Jane Michael, Acting Chair
Laraine Derr, Chair (via Speakerphone)
Chris Cooke
Verne' Boerner
Ken McCarty
Anita Halterman

Trust Staff Present:
Mike Abbott
Steve Williams
Miri Smith-Coolidge
Kelda Barstad
Luke Lind
Michael Baldwin
Carrie Predeger
Katie Baldwin-Johnson
Jimael Johnson
Valette Keller
Eric Boyer
Autumn Vea

Trust Land Office present:
Wyn Menefee
Jusdi Doucet

Also participating:
Jerry Jenkins

PROCEEDINGS

CALL TO ORDER
CHAIR MICHAEL called the meeting to order and clarified that she will chair the meeting since Lorraine Derr is on Speakerphone. She asked for a roll call and stated that all the trustees were present except for Trustee Sturgeon. 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 DERR; seconded by TRUSTEE COOKE.
>
> *There being no objection, the MOTION was approved.*

ETHICS DISCLOSURES
There were no ethics disclosures.

APPROVAL OF MINUTES (August 1, 2019)

> **MOTION:** A motion to approve the minutes of August 1, 2019, was made by TRUSTEE DERR; seconded by TRUSTEE COOKE.
>
> *There being no objection, the MOTION was approved.*

CHAIR MICHAEL moved to the presentation on the financial dashboard.

FINANCIAL DASHBOARD
MS. MORRISON began her presentation explaining the operating budget for both the Trust Authority and the Trust Land Office. She continued through the different sections, explained and answered questions as she went along.

FY20 AND FY21 REVENUE UPDATE
MR. ABBOTT stated that most of the revenue calculations are based on four-year averages from different revenue streams. He explained that FY19 is fully closed and will further perfect the FY19 estimates worked on this past August. He continued that Ms. Morrison will go through the good data with the FY20 revenue estimates.

CHAIR MICHAEL asked, for the new trustees' benefit, why this averaging of four years is done.

MS. MORRISON replied that it is stipulated in the Asset Management Policy Statement to calculate the payout using a four-year moving average. She stated that doing that keeps the payout consistent over time so no huge swings in cash available are experienced. She added, that protects the budgets from what is happening in the market, and has allowed consistency over time. She began with the net asset values which are inclusive of the corpus of the Permanent Fund, the budget reserves of the Permanent Fund, and the reserves at the Department of Revenue. That value is averaged over time, and then 4.25 percent is calculated to get the $23.1 million payout for 2020. She continued that funds that were obligated in previous years, including lapses from MHTAAR, Authority Grants, and operating budgets totaled $2.6 million for FY19. That is fairly consistent over time. She then included TLO spendable income, making $504,000 that has not yet been obligated from the FY20 budget. She added that this leaves a little flexibility for obligating funds starting the fiscal year for unanticipated expenses.

MR. ABBOTT stated that the bottom-line number is that with six months left in the fiscal year, there is roughly $500,000 of unobligated FY20 revenue that could be deployed. He added that this is the remainder of the money available to address any special needs that may arise. He continued that any further deployment or obligation from FY20 is not recommended at this time. The recommendation will be to move some FY20 money around inside the existing approved budgets, which will be discussed in the Program Committee.

APPROVALS

MR. ABBOTT stated that this is the annual conversation to move money from the investments into the checking account. That is an active step that the trustees take annually. He added that Ms. Morrison will walk through the calculations.

> **MOTION:** A motion that 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 FY2020 base disbursement payout calculation. The CFO may fulfill this motion with one lump sum or multiple transfers was made by TRUSTEE COOKE; seconded by TRUSTEE HALTERMAN.

MS. MORRISON reiterated that this is standard operating procedure and the Board takes this step every year to get money out of the reserves and into the operating account. The Asset Management Policy Statement provides for this annual payout of 4.25 percent of the average net asset value across the Permanent Fund reserves, and the reserves held at the Department of Revenue.

CHAIR MICHAEL asked for any further discussion. There being none, she called a roll-call vote.

> *Trustee Derr, yes; Trustee Boerner, yes; Trustee Cooke, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, absent; Trustee Michael, yes.*
> *The MOTION was approved.*

TRUSTEE COOKE moved to the TADA account motions, and asked if they were to be together or separately.

MR. ABBOTT recommended moving them individually.

> **MOTION:** A motion that the Finance Committee recommends the Full Board of Trustees approve setting a target level for Trust Authority Development Account funds at $2.4 million was made by TRUSTEE COOKE; seconded by TRUSTEE DERR.

MR. ABBOTT stated that this also is the annual step taken to move funds that have accumulated since a year ago in the TADA account. He added that these are the receipts from Trust Land Office activity that are considered principal.

MS. MORRISON stated that, as of November 30, 2019, this account held $11.4 million. It is expected to accumulate an additional $2.5 million during the remainder of 2020. She explained the estimation on what will be needed for the existing commitments, and added that there is a need to have enough funds in the TADA account to be able to meet those obligations.

CHAIR MICHAEL asked for any further discussion. There being none, she called a roll-call vote.

Trustee Derr, yes; Trustee Boerner, yes; Trustee Cooke, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, absent; Trustee Michael, yes.
The MOTION was approved.

TRUSTEE COOKE stated that there is a second motion.

MOTION: A motion that the Finance Committee recommends the Full Board of Trustees authorize the Chief Financial Officer to transfer the TADA funds that exceed the target level to the Permanent Fund for investment, transferring it to the Mental Health Trust Fund was made by TRUSTEE COOKE; seconded by TRUSTEE HALTERMAN.

TRUSTEE COOKE changed it from the Permanent Fund for investment to the Mental Health Trust Fund; TRUSTEE HALTERMAN seconded it with the change.

CHAIR MICHAEL called a roll-call vote.

Trustee Derr, yes; Trustee Boerner, yes; Trustee Cooke, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, absent; Trustee Michael, yes.
The MOTION was approved.

CHAIR MICHAEL stated that the next item is AS 37.14.041 (b) compliance, and asked Trustee Cooke to read the motion.

MOTION: A motion that 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 was made by TRUSTEE COOKE; seconded by TRUSTEE BOERNER.

MR. ABBOTT stated that this is not a motion that has been done in the past. There is a section of the Mental Health Trust statutes and section of the settlement that essentially requires the Trust to transfer to the General Fund any assets from the settlement income account that are not necessary for the Trust to meet the needs of its beneficiaries. This could be described as a safety valve to prevent the Trust from growing to such a degree that it had more money than it needed in order to serve the beneficiaries and its purpose. He explained that the language has been around since 1994, since the organic act. This has never been addressed directly, and it is recommended to do it on an annual basis, to evaluate the assets of the Trust, evaluate the needs of beneficiaries, and make a positive affirmation that there are no excess or surplus Trust assets that could be transferred to the General Fund.

TRUSTEE DERR stated that the Housing Finance Corp. and AIDEA are both public corporations in the state and occasionally give money to the General Fund. She asked why this would be different than that.

MR. ABBOTT replied that the AIDEA and AHFC have specific statutory obligations to pay dividends. He stated that they were set up, initially with State capital, and then authorized to conduct their operations in such a way that they funded their own operations, as well as paid the

State a dividend. They are managed with that expectation in mind. He continued that the Trust does not have that obligation to pay a dividend. The concept of a dividend or a return to the State is nowhere described in the Trust and would have been anathema to the Plaintiffs that challenged historic State management of its Trust responsibilities. The assertion then was that all Trust assets were to be used for Trust beneficiaries.

TRUSTEE COOKE stated concern about the motion. The language seems a little loose. The statute that is quoted talks only about the Mental Health Trust Settlement Income Account, but the motion states no Trust funds exist above current projected needs.

MR. ABBOTT stated that staff would not object to changing the language in the motion to match the language in the statute and changing "Trust funds" to "Mental Health Trust Settlement Income Account."

TRUSTEE COOKE suggested an amendment of the motion. The amendment would track the statutory language and reads as follows:

> **MOTION:** The Finance Committee recommends that the Full Board of Trustees determine that there is no money in the Mental Health Trust Settlement Income Account not needed to meet the necessary expenses of the State's Integrated Comprehensive Mental Health Program motion was made by TRUSTEE COOKE; seconded by TRUSTEE DERR.

MR. ABBOTT stated there was no objection to the adjustment in the motion and would seek guidance either from the Department of Law or potentially, outside counsel on this topic.

TRUSTEE DERR stated that this motion just takes the issue to the Full Board and does not do anything to jeopardize anything.

CHAIR MICHAEL clarified that there is an amended motion on the table, and we have a second to that motion. She asked for any further discussion.

TRUSTEE HALTERMAN asked if this is making recommendations to review this issue at the Full Board.

CHAIR MICHAEL replied yes.

CHAIR MICHAEL called a roll-call vote.

> *Trustee Derr, yes; Trustee Boerner, yes; Trustee Cooke, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, absent; Trustee Michael, yes.*
> *The MOTION was approved.*

MR. ABBOTT thanked all and added that this would be added on the Board agenda for a good, solid discussion.

MR. MENEFEE stated that the vote was made for amending the motion, but the original motion was not passed.

CHAIR MICHAEL called a roll-call vote on the original motion, as amended.

> *Trustee Derr, yes; Trustee Boerner, yes; Trustee Cooke, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, absent; Trustee Michael, yes.*
> *The MOTION was approved.*

CHAIR MICHAEL called a break.

(Break.)

CHAIR MICHAEL called the meeting back to order, and recognized Mr. Abbott.

MR. ABBOTT stated that this item does not have a motion associated with it and is designed to start the conversation. He continued that an inflation-proofing conversation has not been had for a couple of years. It was talked about when discussing the Asset Management Policy a while ago. There is an expectation that when the reserves exceed the reserve target, the trustees should contemplate inflation-proofing the Mental Health Trust Fund. He added that, in looking at the dashboard this morning, currently we are approximately $20 million over the current reserve target. It is far enough over to where it is appropriate to think about. He stated that the recommendation is for a time line on this and to start the conversation, and then the recommendation would be that at the next Finance Committee meeting, currently planned for April, calculations of what the inflation-proofing requirement could be and different ways to fund some or all be discussed.

MS. MORRISON gave a brief rundown of the information in the memo to set up the next conversation where some options will be brought forward for consideration.

CHAIR MICHAEL asked for anything else to come before the Finance Committee. There being none, she asked for a motion for adjournment.

> **MOTION:** A motion for adjournment was made by TRUSTEE HALTERMAN; seconded by TRUSTEE COOKE.

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

(Finance Committee adjourned at 11:23 a.m.)

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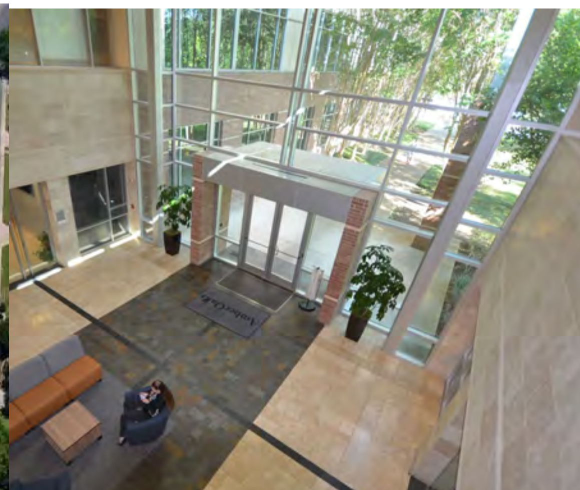


AMHTA FINANCE COMMITTEE MEETING April 22, 2020



Packet Materials

AGENDA

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HARVEST CAPITAL ROLE

- The 2018 Legislative Audit recommended AMHTA revise its Asset Management Policy Statement, to incorporate industry Best Practices and facilitate compliance with State Investment Laws.
- AMHTA engaged Callan Associates, a 30-year advisor to Alaska Permanent Fund (APF), to assist and make revision recommendations to the Asset Management Policy Statement.
- Callan recommended:
  - Hire an independent real estate advisor to oversee the Trust's real estate investments on a fiduciary basis.
  - Services to include valuation, hold/sell decision recommendation, performance measurement, and property management assistance, all as a fiduciary.
  - The independent outside advisor services does not replace the TLO services. Advisor to report annually to the Finance Committee and BOT.
- AMHTA completed this recommendation, and Harvest Capital was selected as the independent real estate advisor in October 2019, after Callan solicited Harvest to participate in an RFP process.

HARVEST CAPITAL ROLE

AMHTA Mission Statement:

"It is the duty of the Alaska Mental Health Trust Authority to provide leadership in the advocacy, planning, implementing and funding of services and programs for Trust beneficiaries.

The Trust Land office protects and enhances the values of the Alaska Mental Health Trust Authority lands while maximizing revenues from those lands over time."

Harvest Fiduciary Duty:

- *Advise, advocate, and protect the Trust to maximize the value of the Trust's assets.*
- *Provide leadership in advocacy and planning, in order for AMHTA to maximize total return (cash flow & appreciation) for the funding of the Trust's Programs.*
- *As an SEC registered investment advisor, fulfill the fiduciary duty we have to act in the Trust's best interests, making recommendations determined to be in AMHTA's best interests.*

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HARVEST CAPITAL ROLE

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Harvest Capital Partners LLC ("Harvest") is an SEC registered Investment Advisor, brings 35+ of real estate experience, and has almost 15 years of experience advising institutional clients on directly held real estate investments with a real estate portfolio size in excess of over $9 billion. Harvest provides Real Estate "Principal" consulting services to select pension fund and institutional clients, is registered with the SEC, and is certified as a Women Business Enterprise in the Commonwealth of Massachusetts. Services include:

- **Strategic Planning**: Allocation recommendations, attribution analysis, investment strategy and policy, risk/return objectives and correlations, real estate vehicles, performance management, customized research.
- **Portfolio Services**: Investment manager selection and management, allocation management, portfolio restructuring, real estate fund due diligence, leverage program strategy and implementation, performance benchmarking, industry research/analysis, investor advocacy, portfolio monitoring and reporting.
- **Asset/Property Services:** Acquisition and disposition analysis, asset evaluations, review of annual business plans, valuation analysis, restructuring troubled assets, renegotiating partnership agreements.
- **Investment Services:** Sourcing, negotiating, underwriting, due diligence, financing, and closing of direct investments in real estate; Experienced in all aspects of transactional management including negotiation of investment manager base fee and incentive fee agreements.
- **Specialized Services**: Joint Venture Partnership Investment Analysis/Negotiation and Oversight; M&A Services for Fund Operator acquisitions, Co-Investment Analysis; Programmatic JVs, Evaluation of Preferred Equity and Mezzanine Debt Vehicles; Sourcing of Direct Investments and potential operating partners; evaluation of REITs.

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HARVEST CAPITAL ROLE

Erin O'Boyle

Erin O'Boyle is a Founder and Managing Partner of Harvest Capital Partners which focuses on advisory services to institutional clients, including LP strategy and LP execution to Public and Private Pension funds and institutions. Erin provides deep and implementable insights into LPs gathered through her experience working closely with family, public REIT, GP in private equity and LP advisory structures. This experience, blended with her Operational Leadership roles and Consulting and Advising with a variety of organizations, provides her with a unique, comprehensive perspective.

At Harvest Capital Erin consults and advises on Allocation, Benchmarking, Direct Investments, Separate Accounts, Fund investments, and Co-investments to a variety of organizations.

Prior to founding Harvest Capital Erin was founding Partner of Westport Point Capital Partners, a private equity real estate investment company in an exclusive JV investment platform with Prudential Real Estate Investors. Entity strategies included Value Add strategy and manufactured to core. She reported directly to the venture Board of Trustees providing her with deep insights into Board of Trustees decision-making processes.

Erin gained deep investment and operational expertise at Beacon Capital Partners (BCP), a real estate private equity firm and its predecessor company, Beacon Properties Corporation, a public REIT. Erin was a founding partner at BCP, where she served as the Chief Investment Officer and the Chair of the investment committee. In addition, Erin oversaw the firm's investment activities, including the raising and placement of $3.5 billion raised through three private funds, and executed over $3 billion in investments and over $1 billion in dispositions. In addition, Erin held leadership positions in development, acquisitions, leasing, and asset management. Erin held fiduciary responsibilities at BCP and Westport Point Capital and was responsible for reporting to Investors and the Board of Trustees at Beacon Properties Corporation.

Erin is on the Advisory Board of private equity firm Regent Properties. Previously she served on the MIT Alumni Fund Board, where her work was recognized as the recipient of the Henry B. Kane Award for distinguished service to MIT. Additional board work includes the MIT Center for Real Estate Alumni Association (past chair), NAIOP, the Northeast Chapter of the Real Estate Investment Advisory Committee (REIAC), and the New England Women in Real Estate (Past President).

Erin received a B.S. in Structural Engineering from the University of Delaware where she graduated cum laude and was inducted into Tau Beta Pi, a national engineering Honor Society. She holds an M.S. in Real Estate from the Massachusetts Institute of Technology where she has been a guest lecturer.

Harvest Capital Partners is a Minority Women-Owned Business and an SEC-registered real estate advisory firm. Erin lives in Boston, Massachusetts.

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HARVEST CAPITAL ROLE

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Gail McDonough

Gail McDonough is a consultant who provides investment advisory services to various real estate clients. Her primary areas of focus include: real estate investment acquisitions, investment strategy, development project analysis, and asset dispositions. With more than 30 years of experience, as an investor, consultant and investment sales broker she provides clients with a comprehensive perspective of their potential investments, real estate holdings and strategic options.

Her current clients include private investors, developers, state pensions and not for profits. Prior to Magnolia Realty Capital Gail served as a Senior Vice President - Capital Markets at Colliers International where she was responsible for business development, client management and transaction execution for institutional investors, private equity funds, not for profit and private regional investors. Previously Gail served as a National Director in Jones Lang LaSalle's Investment Sales group. As a key member of the sales team, she focused her attention on investment sales in the Greater Boston area. From 2005 to 2008 she completed transactions exceeding $1.8 billion. Representative clients included; The Blackstone Group/Equity Office, Archon/Goldman Sachs, Taurus Investments, J.E. Roberts Company, Rockwood Capital, and Reebok/adidas.

Prior to joining Jones Lang LaSalle, Gail gained her expertise at several leading Boston real estate firms. From 2003 to 2005 Gail was a consultant and served as the Director of Finance on the Waterside Place mixed-use development in South Boston with The Drew Company. Prior to that, she served as an Acquisitions Manager for the Archon Group/Goldman Sachs, focusing on acquisitions, dispositions and the origination of mezzanine debt opportunities, as an Acquisitions Associate at TA Associates Realty, and as a Senior Asset Management Associate for New England Mutual Life Insurance Company.

Gail earned a M.S. in Real Estate Development from the Massachusetts Institute of Technology and a B.S. in Business Management from Babson College.

Gail is a past member of the Real Estate Finance Association (REFA) Board of Directors (2006-2015) and member of the Real Estate Investment Acquisitions Council (REIAC). She is an InnCouncil Member at Pine Street Inn and member of the Catholic Charities Real Estate Committee.

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HARVEST FIDUCIARY EVALUATION

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- ✓ PORTFOLIO QUALITY: HIGH QUALITY
- ✓ MANAGEMENT OF PORTFOLIO: WELL MANAGED BY TLO
- ✓ PORTFOLIO PERFORMANCE: TOP PERFORMING, WELL ABOVE BENCHMARK AND APF

PORTFOLIO BENCHMARKED RETURNS	I Yr.	3 Yr.	5 Yr.
AMHTA Portfolio (1)	**8.5%**	**N/A**	**N/A**
Comparison: APF Real Estate Performance (2)	-1.29%	5.25%	7.47%
Comparison: APF Total Fund Performance (2)	6.32%	9.96%	7.13%
<u>NCREIF Benchmark</u> FY 19 Reported (2) Updated 1 Year	6.83% 6.20%	7.07%	9.13%

(1) Income return only reported, does not include appreciation return included in APF and NCREIF. Also, reported without netting Advisory Fees due to lagging time period when no advisor retained. In future years, advisor fees to be deducted (approx. 70 bps). (2) Per APF performance reporting.

HARVEST FIDUCIARY EVALUATION

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- **Outstanding** Portfolio Performance, as demonstrated by achieving:
  - **8.5% benchmarked return compared to the 6.2% NCREIF (NPI) index return** (page 10).
  - **The AMHTA 8.5% benchmarked return is just from income – not including appreciation.**
- The Portfolio valuation **increased from $95,260,000 to $99,045,929** (page 11).
- **The projected FY 2019/2020 Cash Flow from A well managed portfolio is $2,721,834** (pages12).
- Harvest findings include that the portfolio debt does not follow Best Practices (page 17).
- **Harvest strongly recommends that the portfolio be refinanced with Best Practice Debt –** interest only, and with other provisions (extensions, repayment provisions, etc., see page 18).
  - **BENEFITS:**

    - $45 MILLION of Cash Flow over 10 years, superior to other outcomes (page 19& 28).

    - Avoid $15 MILLION loan repayments over this time period. (page 19 & 27).

    - **Fulfill mission statement '*maximizing revenues from those lands over time*'** (page 4).
    - **FLEXIBILITY – CAN STILL MAKE AMORTIZATION PAYMENTS IF DESIRED.**
  - **DETRIMENTS: NONE.**

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HARVEST FIDUCIARY EVALUATION

AMHTA Portfolio Snapshot		
Assets at Net Market Value, 12/31/19*		**$56.1 million**
A. Harvest Portfolio Valuation (page 9) B. Existing Debt C. Assets at Net Market Value (A minus B)		$99,045,929 $42,924,994 $56,120,935
Number of Real Direct Property Interests, 12/31/19		**7**
Total Distributions during Quarter **Total 2019 Distributions**		**$561,500** **$2,243,024**
	AMHTA Portfolio*	**NCREIF***
Year ended 12/31/19:		
Net Income Return **	8.50%	4.40%
Capital Return ***	N/A	1.80%
Total Net Return	**8.50%**	**6.20%**
Harvest Valuation, net of property level debt estimated at $42,920,469.* * Calculation per NCREIF: NOI/(Market Value +1/2 Cap Ex-1/3 NOI).* ****Calculation per NCREIF: (Ending Market Value-Beginning Market Value-Cap. Exp.)/ (Beginning Market Value+1/2 Cap Ex – 1/3 NOI).*		

Note: Harvest is unable to calculate a Capital Appreciation component of the return as it requires a Beginning Market Value and an Ending Market Value for the calculation for the time period. However, going forward, the annual Capital Appreciation component can be calculated utilizing the change in Harvest's annual valuation or an external appraisal.

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HARVEST PORTFOLIO VALUATION (12/31)

Property	Harvest Valuation 12/31/19	Most Recent External Appraisal
1111 Israel, Tumwater, WA	$14,030,000 ($267 PSF)	$17,400,000 ($331 PSF, 6/17)
1973 N Rulon, Ogden, UT	$20,193,300 ($202 PSF)	$13,300,000 ($133 PSF, 6/17)
9610 Amber Glen Blvd., Austin, TX	$27,672,350 ($260 PSF)	$26,300,000 ($247 PSF, 5/19)
2420/2500 Ridgepoint Dr.,Austin, TX	$16,098,430 ($172 PSF)	$16,200,000 ($173 PS, 6/17)
17319 San Pedro Ave, San Antonio, TX	$15,117,309 ($175 PSF)	$14,750,000 ($171 PSF, 5/18)
2600 Cordova, Anchorage, AK	$3,219,030 ($118 SSF)	$4,730,000 ($169 PSF, 6/18)
2618 Commercial, Anchorage AK	$2,715,508 ($180 PSF)	$2,580,000 ($171 PSF, 6/16)
TOTAL	**$99,045,929 ($205)**	**$95,260,000 ($197 PSF)**

PROJECTED 2019/2020 PORTFOLIO CASH FLOWS

2019/2020 Budget Reforecast ($000's) (2)	1111 Israel	1973 N Rulon White	9601 Amber Glen	2420/2500 Ridgepoint Drive	17319 San Pedro	2600 Cordova	2618 Comm. Drive	TOTAL
Income	1,597,620	2,005,748	4,021,888	2,572,664	1,850,279	431,930	227,894	12,708,023
Operating Exp.	504,939	743,360	1,461,105	819,878	646,116	260,341	8,112	4,443,851
NOI	1,092,681	1,262,388	2,560,783	1,752,786	1,204,163	171,589	219,782	8,264,172
Debt Service	908,820	639,771	925,906	674,000	601,072	-	98,975	3,848,544
NOI after DS	183,861	622,617	1,634,877	1,078,186	603,091	171,589	120,807	4,415,628
Cap Expen.	35,000	145,000	1,127,449	18,259	132,586	235,500	-	1,693,794
Net Cash Flow	**$148,861**	**$477,617**	**$507,428**	**$1,059,927**	**$470,505**	**($63,911)**	**$120,807**	**$2,721,834**
Estimated Cash Flow if had Market I/O Debt (1)								**$4,606,561**

(1) 2019/2020 preliminary estimate adding $1,884,727 (with Amber Oaks restructured) to the net cash flow per an AMHTA calculation.
(2) Per projections provided to Harvest (and at property tours in November and December); Alaska assets are per Budget.

PORTFOLIO OVERVIEW (As of 12/31)

1111 Israel Road, Tumwater

- 100% leased, credit tenants.
- 11% of leases expires in 2021.
- YTD income on Budget.
- State of Washington Lease extension in 2023.
- Refinancing with CMFG Life.
- Stable long term cash flow.

1973 N Rulon White Blvd., Ogden

- 100% leased under a long term credit tenant IRS lease.
- YTD income is on Budget
- YTD expenses are under budget.
- Potential value add opportunity to expand the building to serve the IRS needs.
- Refinancing opportunity.
- Stable long term cash flow.

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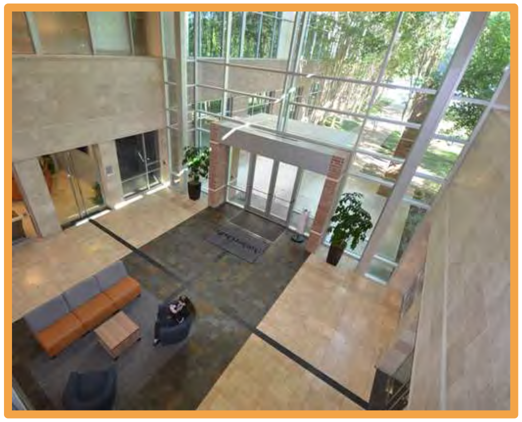
PORTFOLIO OVERVIEW (As of12/31) (cont'd)

14

17310 San Pedro Ave, San Antonio

- 97% leased, with 47.8% leases expirations in 2019.
- Marriott Worldwide and True Source renewed leases.
- YTD net income exceeds budget by $27K.
- Refinancing opportunity.
- After release Advantage suite, good long term cash flow.



9610 Amberglen Blvd., Austin

- 97% leased, Class A+ asset.
- 14.8% lease expirations in 2020.
- YTD income on budget after updated CAM billings.
- Refinancing the asset will significantly enhance cash flow.
- High performing multi-tenant asset.

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PORTFOLIO OVERVIEW (As of12/31) (cont'd)

15

2420/2500 Ridgepoint Dr., Austin

- 100% leased with new Texas DOT credit tenant lease.
- 50% of leases expire in 2020, which is expansion space for the Texas DOT.
- Positive income variance of $278K, due to the unbudgeted $600K termination payment.
- Refinancing opportunity.
- Stable long term cash flow.

2600 Cordova Street, Anchorage

- 82% leased, 97% occupied,10.3% expiring in 2020.
- TLO occupies 4,337 SF of space (not under a lease).
- YTD net income is $26K under budget, a result of unbudgeted concessions.
- Minimal lease rollover, good stable cash flow asset.

PORTFOLIO OVERVIEW (As of12/31) (cont'd)

2618 Commercial Drive, Anchorage

- 100% leased to Cummins Northwest.
- The lease expires in June 2021, and its upcoming renewal is very strategic.
- YTD income and expenses are all on budget.
- Refinancing the asset will significantly enhance cash flow.
- Stable long term cash flow with lease renewal.

HARVEST FINDINGS

- AMHTA has a high quality, well leased, well managed portfolio with balanced rollover.
- The leverage on the portfolio is conservative at a 44% Loan To Value (LTV).
- Special Issues:
  - Amberglen Blvd. has a loan locked out to prepayment (2026);
  - 1111 Israel Road if not refinanced will have significant negative cash flow after the lease extension with the State of Washington;
  - San Pedro Avenue matures in Oct 2021.
- The existing loans are financed with quality Life Companies and Banks, preferred lenders.
- The existing loans are not structured with Best Practices:
  - The Existing loans have interests rates well above market, diminishing cash flow.
  - The existing loans have high loan constants (the rate of interest and loan amortization combined), further diminishing cash flow. Best practices at this low LTV are interest only.
  - Certain loans have high loan early prepayment provisions.
  - The loans do not provide loan extension options which are a best practice to provide flexibility.

HARVEST RECOMMENDATION: REFINANCE

- Refinance the portfolio with best practice interest only, market rate debt (conservatively 3-3.5%)
  - **Refinancing will increase Cash Flow to AMHTA by $19.5 million over 10 years, compared to the existing financing, a significant benefit.**
  - **If the portfolio otherwise is not refinanced, AMHTA will need to fund $15 million to repay maturing loans** (slide 27).
  - **FLEXIBILITY – AMHTA CAN STILL MAKE AMORTIZATION PAYMENTS IF DESIRED. But will have flexibility!**
- Engage a mortgage broker to market the portfolio to lenders and to negotiate best terms.
- Consider a Portfolio Loan, instead of individual loans, to get best terms on interest rate with great flexibility.
  - The loan would also allow for prepayment, selling assets, loan extensions;
  - Existing Lenders in competition may solve Amberglen/1111 Israel issues.

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HARVEST RECOMMENDATION: Benefit of Scenario C

AMHTA PORTFOLIO SCENARIOS	Cash Flow to AMHTA 10 Year Total
A. Existing Debt	$25,891,834
B. Individual Debt Paid Off at Maturity	$18,908,039
C. Recommended – Refinance Portfolio Dec. 2020	**$45,372,773**
D. Impact on Cash Flow with Portfolio Refinance (C minus A)	***$19,480,939***

APPENDIX

- Benchmarking
- Existing Debt Summary
- Projection: Scenario A, Scenario B, Recommended Scenario C

APPENDIX:BENCHMARKING PERFORMANCE

- **Harvest recommends the NCREIF Index (NPI) as a reasonable performance benchmark for AMHTA to utilize.**
  - It is not an ideal benchmark, as the NCREIF benchmark is dominated by large assets in urban locations.
  - However, in the absence of another real estate performance benchmark that mirrors the AMHTA portfolio, it has been chosen to provide some context on asset and portfolio performance.

- **NPI returns are gross of property-level management fees and are calculated for each property on an unleveraged basis and then aggregated to create a total return for the Index.**
  - Total returns for each quarter are calculated as income plus appreciation components.
  - Capital Improvements are deducted from the appreciation return in the NPI; therefore, the appreciation returns on the NPI are not directly comparable to returns on transaction-price based indices which implicitly include capital improvements in property value.
  - NPI returns are market-weighted averages of returns to the individual properties. Consequently, larger properties will have a greater influence on the NPI than smaller properties.

APPENDIX: BENCHMARKING PERFORMANCE

- **As previously noted, NPI is an unlevered index.**
  - However, it is estimated that approximately 52% of the properties in the NPI are levered, at a Loan-to-Value ("LTV") ratio of 41.8% .
  - Since leverage accentuates returns, actual returns experienced by investors may be significantly overstated or understated relative to the returns that the investors' properties contributed to the NPI depending on the market cycle.
  - This distinction was (painfully) apparent during the 2008 financial crisis when investors experienced a large negative disparity in the performance of their levered real estate assets when compared to the NPI.
- **Composition of the NPI has evolved over time. The NPI began with data from 150 properties to the current 7,300+ properties.**
  - The most significant change that influenced NPI returns have been the increase in the number of properties owned in JV structures.
  - The inclusion of relatively larger properties, especially office towers in gateway markets and regional and super-regional malls.
  - In 2000 there were 430 JVs which comprised approximately 25% of the NPI's value; by 2016 there are 2,359 JVs which comprise 42% of the NPI's value.
  - In 2000 there were 59 properties with a gross market value of $200 million+, comprising 19% of the NPI; currently, there are 404 properties accounting for approximately 41% of the value of the Index.

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APPENDIX: BENCHMARKING PERFORMANCE

- **Collectively, JVs and properties valued at $200 million or more account for almost 70% of the NPI.**
  - The performance results of these "trophy" assets drive the overall NPI results by their proportionate contribution to the index.
  - Such assets are primarily owned by the (larger) commingled funds and are generally outside the reach of (smaller) direct investors.

- **The NPI consists predominantly of operating, stabilized properties which are valued on a quarterly basis.**
  - The NPI's total quarterly returns are geometrically linked into customized time-series returns with the quarterly, one-year and three-year total returns being the most-quoted NPI performance measures in the real estate industry.
  - Over longer time horizons, the uneven effects that implementation of value creation strategies and leverage can have on the Portfolio's shorter-term performance are moderated.
  - Harvest is utilizing an annual benchmark, but the use of a rolling three-year performance benchmark in the future should allow for a more meaningful comparison of Portfolio to BM performance in addition to a rolling one-year metric.

APPENDIX: SUMMARY OF EXISTING DEBT

AMHTA
Updated Debt Summary - April 2020

	Lender	Loan Origination	Maturity Date	Interest rate	Loan Constant	Original Principal	12/31/19 Principal Per YE Statements	Estimated Value (BOV)	Estimated Current LTV (BOV)	Potential to refinance?	Monthly Payment	Annual Debt Service	Notes
1111 Israel Road	CMFG Life	6/6/2014	7/1/2029	4.35%	9.10%	$ 10,000,000	$ 7,111,766	$10,500,000 - $11,000,000	65%-68%	Restructure	$ 75,735	$ 908,819	Can prepay after July 1. 2019 with prepayment penalty payment; Yield maintenance calculation; Low BOV due to 100% building rolling in 2020.
1973 N Rulon White Blvd	Northrim Bank	12/16/2013	12/16/2033	4.20%	7.40%	$ 8,382,000	$ 6,667,574	$16,400,000 - $20,232,300	33%-41%	Yes - $4-6 million proceeds	$ 52,832	$ 633,980	No Pre-Payment Penalty
2420/2500 Ridgepoint Drive	Principal	6/26/2015	7/1/2025	4.69%	6.69%	$ 10,230,000	$ 9,499,905	$16,200,000	59%	Yes	$ 52,995	$ 635,940	30 Year amortization, past the 48 Month Lockout, Defeasance until Open Period (which is 3 months prior to maturity) when can pay off with small fee; New Sate of Texas DOT for 100% building through 2025.
9601 Amberglen Blvd	State Farm	8/2/2016	9/1/2036	4.25%	7.94%	$ 13,440,000	$ 11,852,621	$26,300,000	45%	After 9/2026	$ 78,431	$ 941,171	10 year Lockout (9/1/26), thereafter yield maintenance for prepayment fee, 6 month Open Period can pay prior to maturity date with no fee.
17319 San Pedro Avenue	John Hancock	10/31/2011*	10/31/2021	5.20%	8.90%	$ 8,400,000	$ 6,753,846	$15,178,850	44%	Yes	$ 50,089	$ 601,072	25 Year amortization, Prepayment allowed, penalty greater of a yield maintenance or 1% of loan balance.
2600 Cordova Street								$ 4,861,823					Unleveraged
2618 Commercial Drive	Northrim Bank	7/1/2013	7/1/2033	3.94% est	9.35%	$1,368,000	$ 1,039,281	$ 2,877,457	36%	Yes	$ 8,248	$ 98,975	Open to Prepayment.
TOTAL						$ 51,820,000	$ 42,924,994	$92,318,130 - $96,650,430	44%		$ 318,330	$ 3,819,957	

* Assumed Mortgage 9/11/15-balance $7,704,803

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APPENDIX SUMMARY COMPARISON: *Existing, Pay off Debt at Maturity, Refinance*

AMHTA DEBT ANALYSIS

April 2020

For the Years Ending	Forecast Year 1 Jun-21	Forecast Year 2 Jun-22	Forecast Year 3 Jun-23	Forecast Year 4 Jun-24	Forecast Year 5 Jun-25	Forecast Year 6 Jun-26	Forecast Year 7 Jun-27	Forecast Year 8 Jun-28	Forecast Year 9 Jun-29	Forecast Year 10 Jun-30	**Cash Flow 10 Year Total**
Scenario A: Alaska Portfolio - Existing Debt											
Annual Cash Flow After Debt Service	698,447	1,927,488	3,792,505	1,738,432	3,493,681	224,855	2,211,515	4,271,224	3,479,970	4,053,717	**25,891,834**
Scenario B: Alaska Portfolio - Individual Asset Debt Paid Off at Maturity											
Annual Cash Flow After Debt Service & Debt Pay Off	698,447	(3,987,972)	4,330,751	2,276,678	(4,210,561)	1,336,738	3,323,399	5,383,106	4,591,853	5,165,600	**18,908,039**
Scenario C: Alaska Portfolio - Refinance of Portfolio December 2020											
Annual Cash Flow After Debt Service	1,816,647	4,121,999	5,966,077	3,912,004	5,667,251	2,336,121	4,322,784	6,382,489	5,591,237	5,256,163	**45,372,773**
Impact on Cash Flow with Portfolio Refinance	**$1,118,200**	**$2,194,511**	**$2,173,573**	**$2,173,572**	**$2,173,570**	**$2,111,267**	**$2,111,269**	**$2,111,265**	**$2,111,267**	**$1,202,447**	**$19,480,939**

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APPENDIX: AMHTA PORTFOLIO CASH FLOW **Scenario A Existing Debt**

Scenario A: Alaska Portfolio - Existing Debt										
July 2020 through June 2030	Forecast Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5	Forecast Year 6	Forecast Year 7	Forecast Year 8	Forecast Year 9	Forecast Year 10
For the Years Ending	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30
Rental Revenue										
Potential Base Rent	8,783,172	9,050,007	9,288,293	9,379,051	9,695,497	9,915,586	10,191,878	10,423,491	10,801,590	11,245,757
Absorption & Turnover Vacancy	(454,021)	(405,352)	(27,554)	(761,384)	(219,485)	(905,415)	(335,040)	(119,795)	(392,301)	(649,732)
Free Rent	(94,629)	(39,006)	(8,541)	(43,236)	(37,805)	(5,748)	(117,087)	(65,383)	(50,572)	(32,730)
CPI Increases	29,822	50,443	71,368	44,008	11,628	35,054	58,825	82,945	51,087	27,264
Total Rental Revenue	8,264,344	8,656,092	9,323,566	8,618,439	9,449,835	9,039,477	9,798,575	10,321,258	10,409,804	10,590,560
Total Expense Recoveries	3,383,650	3,526,853	3,771,700	3,829,104	3,907,628	3,697,018	4,013,889	4,262,898	4,383,875	4,524,180
Total Tenant Revenue	11,647,994	12,182,945	13,095,266	12,447,543	13,357,463	12,736,495	13,812,464	14,584,156	14,793,678	15,114,740
Potential Gross Revenue	11,647,994	12,182,945	13,095,266	12,447,543	13,357,463	12,736,495	13,812,464	14,584,156	14,793,678	15,114,740
Vacancy Allowance	(240,224)	(252,848)	(274,896)	(256,688)	(277,234)	(260,877)	(286,930)	(305,364)	(307,717)	(312,224)
Effective Gross Revenue	11,407,770	11,930,097	12,820,370	12,190,855	13,080,229	12,475,618	13,525,534	14,278,792	14,485,961	14,802,515
Total Operating Expenses	4,540,639	4,676,858	4,817,164	4,961,679	5,110,529	5,263,845	5,421,760	5,584,413	5,751,945	5,924,504
Net Operating Income	6,867,132	7,253,239	8,003,206	7,229,177	7,969,700	7,211,774	8,103,774	8,694,379	8,734,016	8,878,012
Leasing Costs										
Tenant Improvements	1,399,507	867,329	34,942	925,752	279,115	2,389,319	1,420,147	267,477	1,120,229	1,172,378
Leasing Commissions	495,036	281,060	18,324	410,158	146,256	600,246	465,475	139,486	107,778	524,557
Total Leasing Costs	1,894,543	1,148,389	53,266	1,335,909	425,371	2,989,564	1,885,622	406,963	1,228,007	1,696,935
Total Capital Expenditures	460,997	406,106	407,117	404,518	300,333	309,343	318,623	328,182	338,027	348,168
Total Leasing & Capital Costs	2,355,539	1,554,494	460,383	1,740,427	725,704	3,298,907	2,204,245	735,145	1,566,034	2,045,103
Cash Flow Before Debt Service	**4,511,592**	**5,698,744**	**7,542,823**	**5,488,749**	**7,243,996**	**3,912,867**	**5,899,529**	**7,959,234**	**7,167,982**	**6,832,909**
Debt Service										
Interest	1,766,836	1,607,036	1,481,347	1,387,672	1,290,086	1,091,144	987,131	878,904	766,295	667,462
Principal	2,046,309	2,164,220	2,268,971	2,362,645	2,460,229	2,596,868	2,700,883	2,809,106	2,921,717	2,111,730
Total Debt Service	3,813,145	3,771,256	3,750,318	3,750,317	3,750,315	3,688,012	3,688,014	3,688,010	3,688,012	2,779,192
Cash Flow After Debt Service	**$698,447**	**$1,927,488**	**$3,792,505**	**$1,738,432**	**$3,493,681**	**$224,855**	**$2,211,515**	**$4,271,224**	**$3,479,970**	**$4,053,717**

APPENDIX: AMHTA PORTFOLIO CASH FLOW *Scenario B – Debt Repaid*

Scenario B: Alaska Portfolio - Individual Asset Debt Paid Off at Maturity

July 2020 through June 2030	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
For the Years Ending	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30
Rental Revenue										
Potential Base Rent	8,783,172	9,050,007	9,288,293	9,379,051	9,695,497	9,915,586	10,191,878	10,423,491	10,801,590	11,245,757
Absorption & Turnover Vacancy	(454,021)	(405,352)	(27,554)	(761,384)	(219,485)	(905,415)	(335,040)	(119,795)	(392,301)	(649,732)
Free Rent	(94,629)	(39,006)	(8,541)	(43,236)	(37,805)	(5,748)	(117,087)	(65,383)	(50,572)	(32,730)
CPI Increases	29,822	50,443	71,368	44,008	11,628	35,054	58,825	82,945	51,087	27,264
Total Rental Revenue	8,264,344	8,656,092	9,323,566	8,618,439	9,449,835	9,039,477	9,798,575	10,321,258	10,409,804	10,590,560
Total Expense Recoveries	3,383,650	3,526,853	3,771,700	3,829,104	3,907,628	3,697,018	4,013,889	4,262,898	4,383,875	4,524,180
Total Tenant Revenue	11,647,994	12,182,945	13,095,266	12,447,543	13,357,463	12,736,495	13,812,464	14,584,156	14,793,678	15,114,740
Potential Gross Revenue	11,647,994	12,182,945	13,095,266	12,447,543	13,357,463	12,736,495	13,812,464	14,584,156	14,793,678	15,114,740
Vacancy Allowance	(240,224)	(252,848)	(274,896)	(256,688)	(277,234)	(260,877)	(286,930)	(305,364)	(307,717)	(312,224)
Effective Gross Revenue	11,407,770	11,930,097	12,820,370	12,190,855	13,080,229	12,475,618	13,525,534	14,278,792	14,485,961	14,802,515
Total Operating Expenses	4,540,639	4,676,858	4,817,164	4,961,679	5,110,529	5,263,845	5,421,760	5,584,413	5,751,945	5,924,504
Net Operating Income	6,867,132	7,253,239	8,003,206	7,229,177	7,969,700	7,211,774	8,103,774	8,694,379	8,734,016	8,878,012
Leasing Costs										
Tenant Improvements	1,399,507	867,329	34,942	925,752	279,115	2,389,319	1,420,147	267,477	1,120,229	1,172,378
Leasing Commissions	495,036	281,060	18,324	410,158	146,256	600,246	465,475	139,486	107,778	524,557
Total Leasing Costs	1,894,543	1,148,389	53,266	1,335,909	425,371	2,989,564	1,885,622	406,963	1,228,007	1,696,935
Total Capital Expenditures	460,997	406,106	407,117	404,518	300,333	309,343	318,623	328,182	338,027	348,168
Total Leasing & Capital Costs	2,355,539	1,554,494	460,383	1,740,427	725,704	3,298,907	2,204,245	735,145	1,566,034	2,045,103
Cash Flow Before Debt Service	**4,511,592**	**5,698,744**	**7,542,823**	**5,488,749**	**7,243,996**	**3,912,867**	**5,899,529**	**7,959,234**	**7,167,982**	**6,832,909**
Debt Service										
Interest	1,766,836	1,462,817	1,274,542	1,192,655	1,107,276	637,108	556,493	472,496	384,979	312,128
Principal	2,046,309	1,949,609	1,937,530	2,019,416	2,104,794	1,939,021	2,019,637	2,103,632	2,191,150	1,355,181
Total Debt Service	3,813,145	3,412,426	3,212,072	3,212,071	3,212,070	2,576,129	2,576,130	2,576,128	2,576,129	1,667,309
Cash Flow After Debt Service	698,447	2,286,318	4,330,751	2,276,678	4,031,926	1,336,738	3,323,399	5,383,106	4,591,853	5,165,600
Required Equity For Loan Payoff *		**6,274,290**			**8,242,487**					
Net Cash Flow to AMHTA	**$698,447**	**-$3,987,972**	**$4,330,751**	**$2,276,678**	**-$4,210,561**	**$1,336,738**	**$3,323,399**	**$5,383,106**	**$4,591,853**	**$5,165,600**

* North Park debt matures October 2021 & Ridgepoint debt matures June 2025

APPENDIX: AMHTA PORTFOLIO CASH FLOW Scenario C - Recommended: Refinance Portfolio

Scenario C: Alaska Portfolio - Refinance of Portfolio December 2020										
July 2020 through June 2030	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
For the Years Ending	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30
Rental Revenue										
Potential Base Rent	8,783,172	9,050,007	9,288,293	9,379,051	9,695,497	9,915,586	10,191,878	10,423,491	10,801,590	11,245,757
Absorption & Turnover Vacancy	(454,021)	(405,352)	(27,554)	(761,384)	(219,485)	(905,415)	(335,040)	(119,795)	(392,301)	(649,732)
Free Rent	(94,629)	(39,006)	(8,541)	(43,236)	(37,805)	(5,748)	(117,087)	(65,383)	(50,572)	(32,730)
CPI Increases	29,822	50,443	71,368	44,008	11,628	35,054	58,825	82,945	51,087	27,264
Total Rental Revenue	8,264,344	8,656,092	9,323,566	8,618,439	9,449,835	9,039,477	9,798,575	10,321,258	10,409,804	10,590,560
Total Expense Recoveries	3,383,650	3,526,853	3,771,700	3,829,104	3,907,628	3,697,018	4,013,889	4,262,898	4,383,875	4,524,180
Total Tenant Revenue	11,647,994	12,182,945	13,095,266	12,447,543	13,357,463	12,736,495	13,812,464	14,584,156	14,793,678	15,114,740
Potential Gross Revenue	11,647,994	12,182,945	13,095,266	12,447,543	13,357,463	12,736,495	13,812,464	14,584,156	14,793,678	15,114,740
Vacancy Allowance	(240,224)	(252,848)	(274,896)	(256,688)	(277,234)	(260,877)	(286,930)	(305,364)	(307,717)	(312,224)
Effective Gross Revenue	11,407,770	11,930,097	12,820,370	12,190,855	13,080,229	12,475,618	13,525,534	14,278,792	14,485,961	14,802,515
Total Operating Expenses	4,540,639	4,676,858	4,817,164	4,961,679	5,110,529	5,263,845	5,421,760	5,584,413	5,751,945	5,924,504
Net Operating Income	6,867,132	7,253,239	8,003,206	7,229,177	7,969,700	7,211,774	8,103,774	8,694,379	8,734,016	8,878,012
Leasing Costs										
Tenant Improvements	1,399,507	867,329	34,942	925,752	279,115	2,389,319	1,420,147	267,477	1,120,229	1,172,378
Leasing Commissions	495,036	281,060	18,324	410,158	146,256	600,246	465,475	139,486	107,778	524,557
Total Leasing Costs	1,894,543	1,148,389	53,266	1,335,909	425,371	2,989,564	1,885,622	406,963	1,228,007	1,696,935
Total Capital Expenditures	460,997	406,106	407,117	404,518	300,333	309,343	318,623	328,182	338,027	348,168
Total Leasing & Capital Costs	2,355,539	1,554,494	460,383	1,740,427	725,704	3,298,907	2,204,245	735,145	1,566,034	2,045,103
Cash Flow Before Debt Service	**4,511,592**	**5,698,744**	**7,542,823**	**5,488,749**	**7,243,996**	**3,912,867**	**5,899,529**	**7,959,234**	**7,167,982**	**6,832,909**
Debt Service										
Interest	1,766,836	1,607,036	1,481,347	1,387,672	1,290,086	1,091,144	987,131	878,904	766,295	667,462
Principal	2,046,309	2,164,220	2,268,971	2,362,645	2,460,229	2,596,868	2,700,883	2,809,106	2,921,717	2,111,730
Total Debt Service	3,813,145	3,771,256	3,750,318	3,750,317	3,750,315	3,688,012	3,688,014	3,688,010	3,688,012	2,779,192
Cash Flow After Debt Service	698,447	1,927,488	3,792,505	1,738,432	3,493,681	224,855	2,211,515	4,271,224	3,479,970	4,053,717
Refinancing January 1, 2021										
Pay Off Existing Debt & Fees	45,049,863									
New Interest Only Financing Proceeds	45,049,863									
Cash Flow Impact										
Cash Flow Before Debt Service - Scenario 1	**4,511,592**	**5,698,744**	**7,542,823**	**5,488,749**	**7,243,996**	**3,912,867**	**5,899,529**	**7,959,234**	**7,167,982**	**6,832,909**
Amortizing Debt Service	1,906,573									
Portfolio Interest Expense at 3.5% as of 1/1/21	788,373	1,576,745	1,576,745	1,576,745	1,576,745	1,576,745	1,576,745	1,576,745	1,576,745	1,576,745
Total Debt Service	2,694,945	1,576,745	1,576,745	1,576,745	1,576,745	1,576,745	1,576,745	1,576,745	1,576,745	1,576,745
Net Cash Flow	**$1,816,647**	**$4,121,999**	**$5,966,077**	**$3,912,004**	**$5,667,251**	**$2,336,121**	**$4,322,784**	**$6,382,489**	**$5,591,237**	**$5,256,163**

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To:	Laraine Derr, Chair Finance Committee
From:	Marisol Miller, Real Estate Asset Manager
Date:	4/22/2020
Re:	FY21 Real Estate and Program-Related Real Estate Facility Budgets
Fiscal Year:	2021
Amount:	$10,405,837

Approval

Proposed RMC Motion:

Proposed Motion One: *"The Finance Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the recommendation to approve the incremental building expenditures, totaling $10,405,837 budgeted for the fiscal year 2021 to be paid by the property manager from rents and other income collected from the properties."*

Proposed Motion Two: *"The Finance Committee recommends that the Trust Authority board of trustees approve funding the expenditures for the Non-Investment/Program Related Real Estate and REMP Real Estate – Trust Funded properties in the amount not to exceed $53,032 for the fiscal year 2021 from the Central Facility Fund, which appropriation shall not lapse."*

Proposed Motion Three: "*The Finance Committee recommends that the Trust Authority board of trustees instruct the CFO to transfer up to $53,032 to the third-party property manager, as requested by the TLO, for capital improvements to the Non-Investment/Program Related Real Estate and REMP Real Estate – Trust Funded properties."*

Background:

FY21 Real Estate Budget from rent and other property income (Proposed Motion One)
Transaction/Resource: Budgets are presented to seek approval from the board of trustees for the expenditures necessary to service the properties. The proposed property expenditures are funded by tenant rents and other income collected from the properties.

Property Description/Acreage/MH Parcel(s): Real Estate Management Plan and other AMHTA Properties are as follows:

Real Estate Management Plan	**Properties Other AMHT Properties**
1111 Israel Road; Tumwater, WA	3745 Community Park Loop Road; Anchorage, AK
1973 North Rulon; Ogden, UT	650 Yonker Court; Fairbanks, AK
2600 Cordova Street; Anchorage, AK	2330 Nichols Street; Anchorage, AK
2618 Commercial Drive; Anchorage AK	1300 Moore Street; Fairbanks, AK
2420 & 2500 Ridgepoint Drive; Austin, TX	1423 Peger Road; Fairbanks, AK
17319 San Pedro Avenue; San Antonio, TX	
9601 Amberglen Blvd; Austin, TX	

General Background: We have established a system to adequately plan, manage, audit and report activity in the real estate portfolio. Through the use of professional management services, the property information is accounted for by:

1) matching income to expenses;
2) comprehensive reporting and budgeting for each property; and
3) capital expense forecasting.

Anticipated gross revenues from property rents for FY21 is $11.799 Million. Expected FY21 net revenue from REMP properties is $1.16 Million and from PRRE properties $231 thousand with a total FY21 projected net revenue of $1.39 Million. Net revenues are projected to be down $534 thousand from FY19 actuals of $2.034 Million. The FY21 net revenues will likely be about $110 thousand less than the currently projected FY20 net revenues of $1.50 Million (original goal for FY20 was $1.78 Million). This reduction of net revenues is due to unanticipated lease turnovers, capital expenses, the short-term extension of an anchor tenant in one of our TX properties and the unforeseeable impacts of COVID-19. Net revenues are sent to the Trust Authority, with which the CFO determines any allocations to the CFF before distributions to the Trust for other purposes.

Consistency with the Resource Management Strategy: The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted March 2016 in consultation with the Trust and provides for maximization of return on investment and provides for long term income generation at prudent levels of risk.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust's best interest to approve the incremental building expenditures for FY21 to be funded by tenant rents and other income collected from the properties.

Applicable Authority: AS 37.14.009(a), AS 38.05.801, 20 AAC 40.710-720 and 11 AAC 99.

Trust Authority Approval: The motions presented in this briefing document fulfill the approval requirements that are applicable to the transaction.

FY21 Real Estate Management Plan and Non-Investment/Program-Related Real Estate Facility Funding Budget (Trust Funded) (Proposed Motions Two and Three)

Transaction/Resource: Budgets are presented to seek approval from the Alaska Mental Health Trust board of trustees for the expenditures necessary to operate, maintain and/or improve the properties. The proposed property expenditures are an incremental increase to previously approved expenditure amounts.

Property Description/Acreage/MH Parcel(s): The properties include Real Estate Management Plan and Non-Investment/Program-Related Real Estate properties as follows:

- 3745 Community Park Loop; Anchorage, AK

General Background: There are times that the Central Facility Fund will be used so as not to create an uncomfortable level of cash flow compression or that there are insufficient rents to pay for facility obligations. This is typically realized in facilities that are used for program related purposes or operations use where no rent is collected. The Trust Land Office (TLO) uses comprehensive reporting and budgeting for each property with industry recognized capital expense forecasting.

Consistency with the Resource Management Strategy: The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted March 2016 in consultation with the Trust and provides for assuring that the real estate needs of mental health programs sponsored by the Alaska Mental Health Trust Authority are met as appropriate. In addition, 11 AAC 99.020(c)(3) cites protection and enhancement of the long-term productivity of Trust land.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust's best interest to approve the incremental building expenditures for FY21.

Applicable Authority: AS 37.14.009(a), AS 38.05.801, 20 AAC 40.710-720 and 11 AAC 99.

Trust Authority Approval: The motions presented in this briefing document fulfill the approval requirements that are applicable to the transaction.

Exhibit(s):

Exhibit 1 - Property Budget Summary

FY21 Real Estate Budget Summary

Real Estate Management Plan - Rent Funded

Name	City, State	Gross Receipts	Operating	Capital Improvements [1]	Debt Service [2]	FY21 Total	FY20 Approved
Parks- 1111 Israel Road	Tumwater, WA	$ 1,597,620.00	$ 536,461.00	$ 94,600.00	$ 908,819.00	$ 1,539,880.00	$ 1,448,000.00
IRS- 1973 North Rulon White Blvd.	Ogden, UT	$ 2,005,747.54	$ 747,863.00	$ 151,675.00	$ 619,771.00	$ 1,519,309.00	$ 1,514,000.00
Commercial- 2618 Commercial Drive	Anchorage, AK	$ 238,927.50	$ 13,112.00	$ 150,000.00	$ 98,975.00	$ 262,087.00	$ 112,000.00
Cordova- 2600 Cordova Street	Anchorage, AK	$ 574,069.24	$ 282,410.65	$ 165,397.00	$ -	$ 447,807.65	$ 260,000.00
Promontory Point- 2420 & 2500 Ridgepoint Drive	Austin, TX	$ 1,967,556.37	$ 698,112.23	$ 13,500.00	$ 654,668.16	$ 1,366,280.39	$ 1,490,000.00
North Park- 17319 San Pedro Avenue	San Antonio, TX	$ 1,570,305.43	$ 641,283.47	$ 689,468.60	$ 601,071.96	$ 1,931,824.03	$ 1,300,000.00
Amber Oaks- 9601 Amberglen Blvd.	Austin, TX	$ 3,178,190.60	$ 1,887,903.14	$ 99,500.00	$ 915,422.64	$ 2,902,825.78	$ 3,485,000.00
Totals		**$ 11,132,416.68**	**$ 4,807,145.49**	**$ 1,364,140.60**	**$ 3,798,727.76**	**$ 9,970,013.85**	**$ 9,609,000.00**

Non-Investment/Program Related Real Estate - Rent Funded

Name	City, State	Gross Receipts	Operating	Capital Improvements [1]	Debt Service [2]	Total	FY20 Approved
TAB- 3745 Community Park Loop Road	Anchorage, AK	$ 319,258.24	$ 357,290.00	$ 15,000.00	$ -	$ 372,290.00	$ 278,000.00
Detox- 650 Yonker Court	Fairbanks, AK	$ 102,850.92	$ 8,412.00	$ -	$ -	$ 8,412.00	$ 13,000.00
Assets- 2330 Nichols Street	Anchorage, AK	$ 62,698.68	$ 9,500.00	$ -	$ -	$ 9,500.00	$ 9,000.00
Fahrenkamp Center- 1423 Peger Road	Fairbanks, AK	$ 139,188.12	$ 15,945.00	$ -	$ -	$ 15,945.00	$ 67,000.00
Denardo- 1300 Moore Street	Fairbanks, AK	$ 43,309.92	$ 29,676.00	$ -	$ -	$ 29,676.00	$ 34,000.00
Totals		**$ 667,305.88**	**$ 420,823.00**	**$ 15,000.00**	**$ -**	$ 435,823.00	**$ 401,000.00**
					Motion 1 Subtotal	**$ 10,405,836.85**	**$ 10,010,000.00**

Non-Investment/REMP Real Estate - from Central Facility Fund

Name	City, State	Gross Receipts	Operating [3]	Capital Improvements [1]	Debt Service	Total
TAB- 3745 Community Park Loop Road	Anchorage, AK	$ 319,258.00	$ 357,290.00	$ 15,000.00	$ -	$ 372,290.00
Totals			**$ 357,290.00**	**$ 15,000.00**	$ -	**$ 372,290.00**
			Motions 2 & 3 Subtotal	**$ 53,032.00**		

1 - Capital Improvements

Parks	Staining Tresllis/ Parking lot Maintenance/Powerwashing/striping/Parking lot lighting/Interior painting/lease renewal repair requests
IRS	HVAC RTU replacement/HVAC Preventative Maintenance/West Parking lot repairs/Loading dock seal/ Paint exterior building/ Skylight replacement
Cordova	Parking lot & Garage Lighting/Bathroom Remodel/common area painting
North Park	Sealcoat/Stripe/Asphalt repairs/ Awning cleaning and waterproofing
Amber Oaks	HVAC Replacement/1st floor painting & Corridor flooring/LED lighting retrofit
TAB	ASD lease renewal repairs and paint
Detox	
Fahrenkamp	

2 - Debt Service includes Principal and Interest

3 - Operating Due to cash compression there will be shortfalls in cashflows we will need to use upto $38,032 for shortfalls in cashflows

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MEMO

To: Laraine Derr, Finance Committee Chair
Through: Mike Abbott, Chief Executive Officer
From: Carol Howarth, Chief Financial Officer
Date: 4/22/2020
Re: FY21 Real Estate Management Plan-Portfolio Refinancing
Fiscal Year: FY20/FY21
Project: Commercial Real Estate Refinancing Consideration

Proposed Finance Motion:

Proposed Motion: *Evaluate refinancing of the TLO commercial real estate assets under an interest-only structure and alternatives. The evaluation should incorporate strategic factors including asset holding periods and select assets' near-term refinancing requirements.*

Background:

Of the seven properties within TLO Real Estate Management Plan (REMP) six are mortgaged, with a total outstanding debt balance forecast at $40.9MM effective 12/31/2020. The debt maturities range from 2021 to 2036 and interest rates range from 3.94% to 5.20%.

For each property, Harvest Capital LLC (Harvest) has analyzed the operating performance and market outlook, the condition and anticipated required maintenance and capital expenditures, and the financing of the asset.

Given property condition and tenant strength, the short amortization schedules of the current debt, and an undefined holding period for the assets, Harvest has suggested that refinancing the properties within a single portfolio and structuring a $45MM mortgage as interest-only will generate an incremental increase in cash flow of approximately $2.2MM per year over an 8-year time horizon. Targeting a January 2021 closing, Harvest anticipates the TLO could secure an interest rate of 3.5% or lower.

Trust analysis evaluating the status quo versus an interest-only structure suggests an interest-only structure compares favorably in the near- and mid-term to the status-quo loan structures, which includes some balloon payments. As the holding period of the assets stretches beyond 8 years, the benefit gradually neutralizes. At the point of asset sale, cash flow from an interest-only structure is reduced by required balloon principal payment.

Property Description: Real Estate Management Plan properties are as follows:

1111 Israel Road; Tumwater, WA
2600 Cordova Street; Anchorage, AK
2420 & 2500 Ridgepoint Drive; Austin, TX
9601 Amberglen Blvd; Austin, TX
1973 North Rulon; Ogden, UT
2618 Commercial Drive; Anchorage, AK
17319 San Pedro Avenue; San Antonio, TX

Anticipated Revenue/Benefits of an Interest-Only Refinancing

- Packaging the properties as a portfolio, the strong loan-to-value of the portfolio, and the quality of the estimated operating income can attract institutional investors at an attractive interest rate.
- An interest-only loan structure allows for flexibility on principal payments.
- Compared to the current mortgages and plans, which includes refinancing of two properties with anticipated balloon payments (San Pedro FY22, and Ridgepoint FY25), refinancing will generate an estimated $2.2MM incremental cash flow in the first eight years, then gradually decline to net zero gain should the properties be held longer-term.

Anticipated Risks/Concerns of an Interest-Only Refinancing

- Despite a strong tenant base, current economic conditions may weaken revenue projections, and thus affect interest rates offered.
- While market interest rates compare favorably to the properties' existing mortgage rates, market uncertainty makes it difficult to project rates in 6-8 months' time.
- Interest-only financings are structured with one-time balloon principal repayments. While optional principal payments may be made, a large ending repayment must be planned for.
- While balloon payments may be funded by the sale of the properties, there is uncertainty regarding future property values.

Project Costs of an Interest-Only Refinancing

- Mortgage Pre-Payment Fees: $3,433,909
    - Israel Rd., Ridgepoint Dr., Amberglen Blvd., San Pedro Ave.
- Closing Costs (est.): $693,563
    - Brokerage Fees, Legal Costs, Closing Costs
- Investment Advisor Fees: $75,000-$150,000
- TOTAL (est.): roughly $4.25MM

Other Considerations

Strategic and operational factors can be considered:

- Near- and mid-term cash benefit of an interest-only structure could offset the yet-unknown impact of current market volatility on the near-term income generated from MHTF.
- There is revenue uncertainty on some commercial real estate parcels given the unknown duration and impact of COVID-19.

- A balloon payment for San Pedro Ave. is due on 10/31/2021 in the amount of $6,301,478.22.
- A balloon payment for Ridgepoint Dr. is due on 7/1/2025 in the amount of $8,379,290.94, six months prior to Texas Department of Transportation purchase option in December 2025.
- At lease expiration in 3 years, the State of Washington has a purchase option on Israel Rd., and the property under the existing financing structure will be loss-making in the near future.

Consistency with the Trust's Asset Management Policy Statement: The Commercial Real Estate properties are long-term investments intended to benefit future beneficiaries. AMPS investment time horizon for the commercial real estate holdings is 7-20 years. The timing of principal repayment will affect the cash flow available for current and future beneficiaries.

Alternatives:
The ability to refinance all or some of the properties at a lower interest rate may provide a better cash flow balance between the near- and long-term. Options may include the proposed interest-only structure, refinancing with a longer-amortization schedule; refinancing secured against lease revenue stream; other structures not yet identified.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust's best interest to refinance some or all of the commercial real estate mortgages, and should engage a third party with expertise in evaluating and recommending the best option(s) for the Trust.

Applicable Authority: AS 37.14.009(a), 20 AAC 40.720.

Trust Authority Approval: The motions presented in this briefing document fulfill the approval requirements that are applicable to the transaction.

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable. In the event that significant changes are made necessary, the Trust Authority will be consulted as to the changes.

Schedule of Actions: April 2020 the Trust shall secure advisory service through an RFP process. The advisory service shall complete an analysis and recommendation for refinancing the seven properties within the REMP for the next Trustee board meeting.

Available Documents: Harvest Capital Summary of Existing Debt, Debt Summary: Refinancing Loan Balances & Pre-Payment Fees (estimate), Harvest Capital Financing Alternatives – Annual Cash Flow

Alaska Mental Health Trust Authority
Updated Debt Summary - April 2020

	Lender	Loan Origination	Maturity Date	Interest rate	Loan Constant	Original Principal	12/31/19 Principal	Estimated Value (BOV)	Estimated Current LTV (BOV)	Potential to refinance?	Monthly Payment	Annual Debt Service	Notes
1111 Israel Road	CMFG Life	6/6/2014	7/1/2029	4.35%	9.10%	$10,000,000	$7,111,766	$10,500,000 - $11,000,000	65%-68%	Restructure	$75,735	$908,819	Can prepay after July 1. 2019 with prepayment penalty payment; Yield maintenance calculation; Low BOV due to 100% building rolling in 2020;
1973 N Rulon White Blvd	Northrim Bank	12/16/2013	12/16/2033	4.20%	7.40%	$8,382,000	$6,667,574	$16,400,000 - $20,232,300	33%-41%	Yes - $4-6MM proceeds	$52,832	$633,980	No Pre-Payment Penalty
2450/2500 Ridgepoint Dr	Principal	6/26/2015	7/1/2025	4.69%	6.69%	$10,230,000	$9,499,905	$16,200,000	59%	Yes	$52,995	$635,940	30 Yr amortization, past the 48 Month Lockout, Defeasance until Open Period (3 months prior to maturity) when can pay off with small fee; New State of Texas DOT for 100% building through 2025
9601 Amberglen Blvd	State Farm	8/2/2016	9/1/2036	4.25%	794.00%	$13,440,000	$11,852,621	$26,300,000	45%	After 9/2026	$78,431	$941,171	10 year Lockout (9/1/26), thereafer yield maintenance for prepayment fee, 6 month Open Period can pay prior to maturity date with no fee.
17319 San Pedro Avenue*	John Hancock	10/31/2011*	10/31/2021	5.20%	8.90%	$8,400,000	$6,753,846	$15,178,850	44%	Yes	$50,089	$601,072	25 Year amortization, prepayment allowed, penalty greater of a yield maintenance or 1% of loan balance.
Cordova							$0	$4,861,823					Unleveraged
Commercial	Northrim Bank	7/1/2013	7/1/2033	3.94%	9.35%	$1,368,000	$1,039,281	$2,877,457	37%	Yes	$8,248	$98,975	Open to Prepayment.
TOTAL						**$51,820,000**	**$42,924,993**	**$92,318,130 - $96,650,430**	**44%**		**$318,330**	**$3,819,957**	

*Assumed Mortgage 9/11/15-balance $7,704,803

HARVEST CAPITAL
Debt Summary
Refinancing Loan Balances and Pre-Payment Fees (estimate)

As of December 31, 2020

	Loan Balance	Estimated Pre-Payment Fees	Closing Costs	Total New Loan Balance
Israel	$ 6,552,195	$ 506,135		$ 7,058,330
N. Rulon	6,198,495	-		6,198,495
Ridge Point	9,312,889	1,157,500		10,470,389
Amberglen	11,326,028	1,573,076		12,899,104
San Pedro	6,497,933	197,198		6,695,131
Commercial	1,034,852	-		1,034,852
Cordova	-	-		-
Mortgage Brokerage Fees (100 BPS)			443,563	443,563
Legal Costs for Portfolio Execution*			100,000	100,000
Closing Costs ($25,000 per asset)			150,000	150,000
Total	**$40,922,391**	**$3,433,909**	**$693,563**	**$45,049,863**

Interest Only Loan Proceeds as % of December 2020 Valuation **45%**

* If single asset refinancings assume $30,000 in legal fees per asset, $80,000 additional costs for total of $773,563 in Closing Costs

HARVEST CAPITAL
Financing Alternatives - Annual Cash Flow
Estimated April 2020

For the Years Ending	Forecast Year 1 Jun-21	Forecast Year 2 Jun-22	Forecast Year 3 Jun-23	Forecast Year 4 Jun-24	Forecast Year 5 Jun-25	Forecast Year 6 Jun-26	Forecast Year 7 Jun-27	Forecast Year 8 Jun-28	Forecast Year 9 Jun-29	Forecast Year 10 Jun-30	**Cumulative Total (Nominal)**
Scenario A: Existing Debt, Refinancing Balloon Payments											
Annual Cash Flow After Debt Service	$698,448	$1,927,488	$3,792,505	$1,738,432	$3,493,681	$224,855	$2,211,515	$4,271,224	$3,479,970	$4,053,717	**$25,891,835**
Scenario B: Existing Debt, Individual Asset Debt Paid-off at Maturity											
Annual Cash Flow After Debt Service & Debt Pay Off	698,448	(3,987,973)	4,330,751	2,276,679	(4,210,562)	1,336,738	3,323,400	5,383,105	5,046,263	5,165,600	**19,362,449**
Scenario C: Portfolio Refinance, Interest-Only, December 2020											
Annual Cash Flow After Debt Servic	1,816,648	4,121,999	5,966,077	3,912,004	5,667,251	2,336,121	4,322,784	6,382,489	5,591,237	5,256,163	**45,372,773**
Impact on Cash Flow with Portfolio Refinance v. Scenario A	**$1,118,199**	**$2,194,511**	**$2,173,573**	**$2,173,572**	**$2,173,570**	**$2,111,266**	**$2,111,269**	**$2,111,265**	**$2,111,267**	**$1,202,446**	**$19,480,938**

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MEMO

To: Laraine Derr, Finance Committee Chair
Through: Mike Abbott, Chief Executive Officer
From: Carol Howarth, Chief Financial Officer
Date: April 22, 2020
Re: Asset Management Policy – Suggested Timeline for Trustee Activities and Reviews

Background:
The Trust's Asset Management Policy Statement outlines responsibilities and requirements of the Board of Trustees and Finance Committee.

Staff Analysis:
The Trust is complying with policies outlined in the AMPS. The policy related to the Central Facility Fund (CFF) has some inconsistencies that if clarified will simplify management. Below is a suggested timeline for reviewing asset performance and for clarifying the CFF.

April	• Quarterly review of APFC Performance v. Benchmark • Quarterly review of DOR Performance v. Benchmark
July	• APFC Meeting with Investment Staff and Review of Performance Metrics • Review DOR Budget Reserve Investment Guidance • Annual Review of Asset Allocation
August	• TLO Real Estate Budget Cycle Outcomes • Annual TLO Annual Financial Performance Actual v Plan
Septem-ber	• Consider Acceptable Volatility, 5- and 10-year Risk Assessment
October	• TLO 3rd Party Real Estate Advisor Annual Performance
3rd Quarter	• Review & Revise CFF for policy consistency