MEETING AGENDA

Meeting: Finance Committee
Date: July 29, 2021
Time: 9:00 AM
Location: online via webinar and teleconference
Teleconference: (844) 740-1264 / Meeting Number: 177 095 4986 # / Attendee Number: #
https://alaskamentalhealthtrust.org/

Trustees: Anita Halterman (Chair), Verné Boerner, Rhonda Boyles, Chris Cooke, Brent Fisher, John Sturgeon

Thursday, July 29, 2021

9:00 Call Meeting to Order (Anita Halterman, Chair)
Roll Call / Announcements Approve Agenda / Ethics Disclosure
Approve Minutes
• March 5, 2021
• April 21, 2021

9:10 Staff Report Items
Financial Dashboard – Carol Howarth, CFO
Revenue Forecast FY22-FY24 – Carol Howarth, CFO
Legislative Audit Update
Inflation Proofing Update
Commercial Real Estate Refinance Update

10:30 Break

10:45 Planning Items
Commercial Real Estate Update
• Harvest Capital, Erin O’Boyle, Principal, and Gail McDonough

12:00 Lunch

12:45 Planning Items – (continued)
Trust Land Office Agency Budget FY23 – Wyn Menefee, Executive Director
Trust Authority Office Agency Budget FY23 – Mike Abbott, CEO

1:15 Planning Items – (continued)
FY21 Asset Allocation Review - Carol Howarth, CFO

1:45 Trustee Comments

2:00 Adjourn
Future Meeting Dates
Full Board of Trustee / Program & Planning / Resource Management / Audit & Risk / Finance
(Updated – June 2021)

• Program & Planning Committee   July 27-28, 2021   (Tue, Wed)
• Audit & Risk Committee   July 29, 2021   (Thu)
• Resource Mgt Committee   July 29, 2021   (Thu)
• Finance Committee   July 29, 2021   (Thu)
• Full Board of Trustee   August 25-26, 2021   (Wed, Thu) – Anchorage

• Audit & Risk Committee (tentative)   October 20, 2021   (Wed)
• Finance Committee (tentative)   October 20, 2021   (Wed)
• Resource Mgt Committee (tentative)   October 20, 2021   (Wed)
• Program & Planning Committee (tentative)   October 21, 2021   (Thu)
• Full Board of Trustee   November 17-18, 2021   (Wed, Thu) – Anchorage

• Audit & Risk Committee   January 5, 2022   (Wed)
• Finance Committee   January 5, 2022   (Wed)
• Resource Mgt Committee   January 5, 2022   (Wed)
• Program & Planning Committee   January 6, 2022   (Thu)
• Full Board of Trustee   January 26-27, 2022   (Wed, Thu) – Juneau

• Audit & Risk Committee   April 20, 2022   (Wed)
• Finance Committee   April 20, 2022   (Wed)
• Resource Mgt Committee   April 20, 2022   (Wed)
• Program & Planning Committee   April 21, 2022   (Thu)
• Full Board of Trustee   May 25, 2022   (Wed) – TBD
Future Meeting Dates
Statutory Advisory Boards
(Updated – July 2021)

Alaska Mental Health Board / Advisory Board on Alcoholism and Drug Abuse
AMHB:  http://dhss.alaska.gov/amhb/Pages/default.aspx
ABADA:  http://dhss.alaska.gov/abada/Pages/default.aspx
Executive Director:  Bev Schoonover, (907) 465-5114, bev.schoonover@alaska.gov

- Executive Committee – monthly via teleconference (Fourth Wednesday of the Month)
- Statewide Suicide Prevention Council Meeting: August 24, 2021 / time TBD (virtual)
- Fall Meeting: October 12-14, 2021 / Sitka

Governor’s Council on Disabilities and Special Education
GCDSE:  http://dhss.alaska.gov/gcdse/Pages/default.aspx
Executive Director:  Kristin Vandagriff, (907) 269-8999, kristin.vandagriff@alaska.gov

- Fall Meeting: September 29-30, 2021 / location TBD

Alaska Commission on Aging
ACOA:  http://dhss.alaska.gov/acoa/Pages/default.aspx
Executive Director:  Lisa Morley, (907) 465-4879, lisa.morley@alaska.gov

- Fall Meeting: September 1-2, 2021 / location TBD
- Winter Meeting: November 16-17, 2021 / location TBD
Trustees Present:
Chris Cooke, Chair
Rhonda Boyles
John Sturgeon
Brent Fisher
Annette Gwalthney-Jones
Verne’ Boerner

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 Vea
Allison Biastock
Kat Roch
Travis Welch
Jusdi Doucet
Karsten Eden
Katie Vachris

Trust Land Office:
Wyn Menefee
Sarah Morrison

Also participating:
Levi Rinehart; Sheila Harris; Josephine Stern; Adam Bryan; Beverly Schoonover; Milan Pickette
CALL TO ORDER
CHAIR COOKE called this meeting of the Finance Committee to order. He explained that the chair of the committee, Anita Halterman, was not available, and she passed the chair for this meeting over to him. He continued that the first order of business was the roll call. He stated that Trustee Halterman was excused, and Trustee Boerner was expected. He added that there was a quorum. He asked for any further announcements. There being none, he moved to the approval of the agenda and asked for a motion.

APPROVAL OF AGENDA
MOTION: A motion to approve the agenda was made by TRUSTEE STURGEON; seconded by TRUSTEE GWALTHNEY-JONES.

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

ETHICS DISCLOSURES
CHAIR COOKE stated that the agenda was approved and asked for any ethics disclosures. Hearing none, he stated that the topic on the agenda for this meeting was the issue of inflation-proofing the Trust fund. There is a memo from staff about this topic, and he requested a motion to facilitate discussion.

MOTION: A motion that the Finance Committee recommends that the Board of Trustees approve the transfer of $120,280,300 from the Alaska Mental Health Trust Authority budget reserve account to the Alaska Mental Health Trust Authority principal account managed by the Alaska Permanent Fund Corporation was made by TRUSTEE BOYLES; seconded by TRUSTEE STURGEON.

CHAIR COOKE recognized Mr. Abbott.

MR. ABBOTT stated that the subject of inflation-proofing had been a subject of discussion amongst the trustees for several months, and it was discussed last year, as well. He continued that, for a variety of reasons, it is believed to be appropriate at this time to consider a transfer from Trust reserves to the Trust corpus; or the Mental Health Trust Fund to permanently protect the buying power of the Trust’s corpus. He added that the Trust has taken this step many times in its history, as described in the memo. He explained that it is an act that is specifically identified as a potential use of Trust reserves in the statutes, and identified in the Asset Management Policy Statement as a priority, once the reserves have been determined to meet or exceed the target level that the Asset Management Policy Statement establishes. He noted that this is a timely step, not just because of the financial position, but also because of recent interest in alternate uses of Trust reserves. He added that the trustees are familiar with the Governor’s proposed budget introduced a few months ago that proposed to use $16 million of Trust reserves in the near term, and on the order of $50 million in subsequent years, for a variety of State purposes that has not been included in the Trust’s budget or that the Trust has not authorized. He asked Ms. Howarth to describe the condition of the reserves and the inflation-proofing mechanism.
MS. HOWARTH stated that the proposed action on inflation-proofing is to make a formal designation and transfer budget reserves to the Permanent Fund principal account. She continued that, as noted in a prior memorandum and this memo, the trustees have flexibility in their choice of preserving purchasing power of the Trust. The first is a principal-and-interest model where funds are designated as inflation-proofing and cannot be withdrawn once they have been designated. She added that the other methodology is using the endowment method where spending is monitored on a percent of market value. She explained that it limited that basis, and then the reserve balances are monitored to ensure that there is flexibility to meet near-term needs should the market fall and the percent of market value limits the amount of spending. She highlighted that the purpose of the fund management is to ensure funding and the availability to serve the beneficiaries. It is focused on now and in the future. The now part is the reserves to make sure of that buffer. The future part is that percent of market value, which has been an established basis of 4.25 percent. She explained in greater detail the current needs, the current balances of the reserves, and looked at what would be paid out in terms of the annual revenue for the Trust fund. She looked at inflation-proofing from the principal-and-interest model which applied an inflation factor on an annual basis to the principal balances within the Permanent Fund-managed account. The other method of looking at the inflation-proofing uses the endowment model which uses the percent of the market value and the spending reserves. She explained that the endowment model is a more forward-thinking model that came out in the last 20 years. The principal-and-interest model is what the Legislature is familiar with because that is the model that the Permanent Fund is based on.

CHAIR COOKE thanked Ms. Howarth, and stated that both Trustee Boerner and Trustee Fisher are on the line. He asked for any specific questions about the motion, and then moved to discussion of the motion.

TRUSTEE BOERNER stated that inflation-proofing has been raised over the years, but has not been moved on. She asked for a brief history.

MR. ABBOTT replied that the Trust has contemplated inflation-proofing periodically in January of 2018, and it ultimately was not acted on. He explained that there were not sufficient reserves to make a full inflation-proofing transfer as that is being contemplated now. Then there was another conversation with the trustees about this in May of last year.

CHAIR COOKE stated that this proposed transfer would not wipe out the reserves and would, in fact, bring the reserves back to the level consistent with the established Asset Management Policy. The 400-percent reserve amount would be maintained. He continued that if the reserves were taken and spent in other ways, the income draw in the future would be impacted. By putting it in the Trust fund, it is there forever; and the beneficiaries, in particular, would continue to realize the benefit of the annual draw.

TRUSTEE BOYLES stated her approval of doing the inflation-proofing, and doing it now.

TRUSTEE BOERNER agreed and stated that it was the right time, is something that has been considered for a while, and she stated her support.

TRUSTEE FISHER stated he was in favor of it.

Alaska Mental Health Trust Authority  Finance Committee Meeting Minutes
March 5, 2021
TRUSTEE GWALTHNEY-JONES was absolutely in favor and agreed with what Trustee Boyles stated.

TRUSTEE STURGEON also agreed, and stated that the Mental Health Trust was doing what the State of Alaska should do, spending money within their means, setting up the appropriate reserves and inflation-proofing, which the State has not done. He supported the inflation-proofing.

CHAIR COOKE called the question and called the roll-call vote.

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

CHAIR COOKE stated that was the only item on the agenda. He recommended having a special meeting at the end of March which allows plenty of time for notice and the gathering of more information that was requested.

MR. ABBOTT stated that it made a lot of sense, and staff was willing to work on it. He added that might be a good time to talk about the state of the discussions with the Legislature on the Trust budget and the budget reserves conversation in the Finance Committee.

CHAIR COOKE agreed and asked for anything further before entertaining a motion to adjourn.

TRUSTEE BOYES asked if anyone foresees a time when the board could meet in person.

MR. ABBOTT replied that in-person meetings are considered the default option, and we only recommend a different approach when there is a good reason, which has been the case to date. It is possible, depending on the status of the vaccination program and other factors, for an in-person meeting.

CHAIR COOKE asked staff to keep monitoring that situation.

TRUSTEE BOERNER recommended that the board and the Trust consider referring back to the gatekeeping guidelines published by the CDC with regards to in-person meetings. She stated that there is a five-point criteria that is recommended as far as an in-person or indoor meetings.

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

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

CHAIR COOKE adjourned the meeting.

(The Alaska Mental Health Trust Authority Finance Committee was adjourned at 2:22 p.m.)
ALASKA MENTAL HEALTH TRUST AUTHORITY

FINANCE COMMITTEE MEETING
April 22, 2021
9:00 a.m.
WebEx Videoconference/Teleconference

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

Trustees Present:
Anita Halterman, Chair
Chris Cooke
Rhonda Boyles
John Sturgeon
Brent Fisher
Annette Gwalthney-Jones
Verne’ Boerner

Trust Staff Present:
Mike Abbott
Steve Williams
Carol Howarth
Miri Smith-Coolidge
Luke Lind
Valette Keller
Kat Roch

Trust Land Office:
Sarah Morrison
Jusdi Doucet
David MacDonald
Katie Vachris
Becky Carpenter
Marisol Miller
Sean O’Guinn

Also participating:
Sheila Harris; Stephanie Hopkins
CALL TO ORDER
CHAIR HALTERMAN called the meeting to order and began with the roll call. She stated that there was a quorum and asked for any announcements.

TRUSTEE GWALTNEY-JONES stated that she had a 2:30 appointment and would need to leave about 2:15 if the meeting goes beyond that point.

CHAIR HALTERMAN asked for any other announcements. There being none, she moved to approval of the agenda.

APPROVAL OF THE AGENDA
CHAIR HALTERMAN asked for a motion.

MOTION: A motion to approve the agenda was made by TRUSTEE COOKE; seconded by TRUSTEE STURGEON.

CHAIR HALTERMAN asked for any ethics disclosures. There being none, she moved to approval of minutes.

APPROVAL OF THE MINUTES
MOTION: A motion to approve the minutes of January 7, 2021 was made by TRUSTEE GWALTNEY-JONES; seconded by TRUSTEE STURGEON.

After a roll-call vote, the agenda was APPROVED. (Trustee Gwalthney-Jones, yes; Trustee Sturgeon, yes; Trustee Fisher, yes; Trustee Cooke, yes; Trustee Boyles, yes; Trustee Boerner, yes; Trustee Halterman, yes.)

After a roll-call vote, the minutes of January 7, 2021 were APPROVED. (Trustee Gwalthney-Jones, yes; Trustee Sturgeon, yes; Trustee Fisher, yes; Trustee Cooke, yes; Trustee Boyles, yes; Trustee Boerner, yes; Trustee Halterman, yes.)

STAFF REPORT
MR. ABBOTT stated that he would report only on what was related to FY21 spending. He reminded the trustees that he was particularly determined that the Trust spend all or as much as possible of its budgeted resources every year. He continued that funds not spent do lapse back to the Trust, but those funds are not out there working for the beneficiaries. He added that in previous fiscal years, a lot of progress towards reducing the historic lapse rate had been made. He did not expect that trend to continue in FY21. He reported on the primary sources of potential lapse. The first being the two different admin budgets: one for the Trust Authority team and the Department of Revenue and the other for the Trust Land Office and the Department of Natural Resources. He explained the circumstances and added that it was primarily due to COVID and contributions or programmatic requirements that did not need Trust funds in the area of Crisis Now. He asked Carol Howarth to present the rest of the dashboard.

MS. HOWARTH stated that she is the chief financial officer of the Trust. She then went through
a financial report through the third quarter, March 31, of the fiscal year. The dashboard showed expenditures and receipts for the Trust and the resources which are the Trust equivalent of a balance sheet. She continued that the format of this report provided a projection for the remainder of the year and also provided an estimate for the expected variance to plan. She added that an uptick of activity in the fourth quarter is being seen in terms of programmatic activities and the Authority Grants will pick up quite substantially. She moved to special projects, which are coming out of budget reserves and trustee-approved commitments for capital products. She stated that the sources of revenue to the Trust come from Trust Land Office activities and the cash investments. The Trust Land Office income that flows directly to the Authority as spendable income is, at the end of third quarter, nearly at the full-year plan level, $2.9 million versus $2.9-plus million. She added principal income, which is the Trust Land Office revenue that gets transferred to the Permanent Fund for management. She continued that some of the strong year-to-date performance was due to timing differences with regard to receipt of funds and also to the Sealaska forfeiture payment when it closed timber activities at Icy Cape earlier in the fiscal year. She moved to cash investments in other areas of revenue and looked at the earnings generated off the Trust fund and the earnings reserve balance. She talked about the strong performance, and discussed Trust resources. She moved on to the Mental Health Trust Fund and explained the balance and then the budget reserves. She stated that the combined funds managed by the Permanent Fund and the Department of Revenue ended March at $288 million. She explained that the available reserves are calculated by subtracting the commitments and obligations. As of March 31st, there was $12.5 million for Icy Cape and beneficiary facilities, plus up to $120,280,300 for inflation-proofing the Trust fund corpus. There were also reserves for the FY21 payout, which stand at $131 million. She continued to the update on the commercial real estate refinancing which the trustees authorized and with an interest-only structure and as a portfolio. The priorities on the refinancing were, first, interest-only; favorable interest rates; and the ability to sell assets, if needed. This was important for two assets which have tenant purchase options. At this point, the estimate of the total amount for the loan portfolio was at $32 million principal. She explained that interest rates are lower than when this action was approved, which provides the opportunity to buy flexibility, if needed. She stated that the next step was to lock in the rate and the general terms. She explained the specifics of a 10-year loan and added that there will be an additional exclusion for the Promontory Point asset when the tenant has purchase options. She introduced Marisol Miller, the Trust real estate asset manager at the Trust Land Office, to discuss the Central Facility Fund.

CENTRAL FACILITY FUND UPDATE
MS. MILLER stated that she was the real estate asset manager and works directly with David MacDonald. She continued that the purpose of the presentation was to give a refresher on the Central Facility Fund. She explained that in the past the Trust Land Office would come to the board on a case-by-case basis asking for funding for buildings that needed assistance dealing with needs that exceeded either cash flows or that had extraordinary or unique circumstances, whether it was a program-related investment or a rent-funded building. The board approved the reactivation of the Central Facility Fund for centralizing funds from both commercial real estate assets and program-related, rent-funded buildings in one location for any building with anticipated or unanticipated needs or costs that exceeded property cash flows. She added that the Harvest contract is billed directly to the Central Facility Fund on a monthly basis. The original motion set a target balance of $2 million for the Central Facility Fund, based on the May 2018 board approval. She went through some of the historical board approvals, the first two for the
rooftop unit replacements at the Trust Authority building and the Cordova building. Due to the pandemic, that work was postponed. The funds were not released, and the repairs have not been made at this time. She added that the board approvals do not allow for funds to lapse, and this funding is still approved for use for both of the buildings. She continued with the board approvals, and then went through fiscal year ’21, and what was done at the Central Facility Fund.

CHAIR HALTERMAN asked for any questions. There being none, she moved to the commercial real estate update.

COMMERCIAL REAL ESTATE UPDATE
MS. HOWARTH introduced David MacDonald, the senior real estate manager, who will do the commercial real estate market update.

MR. MACDONALD stated that the presentation provided a quick look at current market conditions in commercial real estate. He explained how COVID made the last year pretty tough and very unique. It started with making sure everyone stayed safe, with an emphasis on protecting others. He continued, that translated to commercial real estate evolving to work-from-home polices which tended to negatively impact office buildings. He explained how this all played out with net occupancy plummeting and companies going into survival mode to stay in business. He stated that anything to give back space and reduce costs was done. A lot of businesses had long-term lease commitments, shut their offices, and waited for their lease to expire. The exception to this was declaring bankruptcy to get out sooner. He added that the supply increased and demand plummeted, translating into lower occupancy rates or higher vacancy rates which, in turn, translate to lower lease rates. He continued that the bottom line was the assets were good and held up pretty well; the majority have long-term leases, and the tenants were doing well. There are seven assets, and five of them have 100 percent occupancy with no changes expected. There were two that had turnover: The Amberglen project or Amber Oaks and, at this time, the portfolio occupancy is at 83 percent. North Park had a Marriott call center; that lease expired; and they decided to vacate. That dropped the occupancy in North Park to 52 percent. The Amber Oaks project had a 29,000-square-foot tenant; the lease expired; and they vacated, causing a drop to 61 percent. He continued that activity is starting to pick back up. He added that the vaccines are changing the market sentiment from one of survival mode to one of optimism that things will return to normal. He continued his presentation going through the other five assets.

MS. HOWARTH asked Ms. Miller to give a quick update on the exact timing for the internal appraisals for accounting purposes.

MS. MILLER stated that the Broker’s Opinion of value on the alternating years are completed annually between May and June for fiscal year-end with new values the beginning of every year. On the alternating years, appraisals are done based on the out-of-pocket cost. She explained that values are redone, and all of the books are updated at that time.

MR. ABBOTT stated that the results of those appraisals and opinion letters will most likely be available at the July Finance Committee meeting.

CHAIR HALTERMAN thanked the presenters for the updates and called a break.
CHAIR HALTERMAN called the meeting back to order. With all the trustees present, she stated that there were a number of commercial real estate motions and moved to the approvals. She asked for a trustee to read Motion 1.

**MOTION:** The Finance Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees improve the incremental building expenditures, totaling $12,256,035, budgeted for the fiscal year 2022 to be paid by the property manager from rents and other income collected from the properties was made by TRUSTEE COOKE; seconded by TRUSTEE FISHER.

MS. DOUCET stated that the numbers in the property budget summary flow projections are related to occupancy and the related capital and operating expenses in FY22. She continued that the cash flows and expenses are necessary to ensure appropriate revenue production, and to keep the buildings up to par increases. She added that these projections do not include the potential refinance figures that were discussed earlier, which can have an impact on these numbers.

MS. MILLER directed the trustees to the header of the page where it says, “Real Estate Management Plan-Rent Funded,” the commercial real estate rent-funded buildings section. Provided here is more data both in prior-year approved and total expenditures. The total operating and debt service for the seven commercial real estate rent-funded properties is $11.1 million, and the anticipated net revenues for the commercial real estate rent-funded is $1.4 million. She continued that for the program-related non-investment rent-funded buildings, the anticipated gross receipts are $740,000, and total expenses of $413,000, with a net revenue at the end of FY22 of $347,000. She talked about the operating expenses, the capital improvements and the debt service, as well as the figures that would change significantly for the five properties that would be refinanced. She explained that Caption 1 was capital improvements; No. 2 was debt services; and No. 3 is the operating. The TLO is asking for $22,500 in operating expenses for the Trust Authority Building.

MR. ABBOTT highlighted that there were two properties, North Park in San Antonio and Amber Oaks in Austin, that because of their current vacancy rate and the significant one-time expenses expected in order to get them leased neither will show a positive net position in FY22. He talked about the need to pull funds from the Central Facility Fund and the building reserves to make sure there are enough funds in those budgets to pay for the expenses expected that will be necessary in order to lease the properties. He strongly encouraged trustees to support the budget as presented.

CHAIR HALTERMAN called the question.

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

CHAIR HALTERMAN asked for Motion 2 to be read into the record.
MOTION: The Finance Committee recommends that the Trust Authority Board of Trustees approve funding and instruct the CFO to transfer up to $269,442 to the third-party property manager, as requested by the TLO, for operating expenses and capital expenses to the Non-Investment/Program Related Real Estate, and REMP Real Estate properties from the Central Facility Fund for the fiscal year 2022, which appropriations shall not lapse, was made by TRUSTEE BOYLE; seconded by TRUSTEE STURGEON.

MR. ABBOTT stated that this was a complementary motion to the one just adopted. The first motion authorized the expenditure of money from the individual buildings. This next one will authorize funding from the Central Facility Fund for the two allocations previously described.

CHAIR HALTERMAN called the vote.

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

CHAIR HALTERMAN moved to Motion 3 for the record.

MOTION: A motion that the Finance Committee recommends that the Full Board of Trustees authorize spending $173,083.33 from the Central Facility Fund for the November 2021 through June 2022 portion of Real Estate Advisor’s contract was made by TRUSTEE COOKE; seconded by TRUSTEE GWALTHNEY-JONES.

MS. HOWARTH stated that the purpose of this motion is to align the Harvest contract with the fiscal year. The current Harvest contract crosses fiscal years. She continued that the trustees approved the last contract, which takes the funding of the Harvest contract through the second term, ending October 2021, and this would extend it to June 30th, 2022.

CHAIR HALTERMAN asked for any questions. There being none, she called the vote.

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

MR. ABBOTT stated that that concluded the business that staff had recommended. He thanked the chair for running an efficient meeting.

CHAIR HALTERMAN thanked the staff for being prepared, which is very much appreciated. She asked for a motion to adjourn.

MOTION: A motion to adjourn the meeting was made by TRUSTEE GWALTHNEY-JONES; seconded by TRUSTEE BOERNER.
After the roll-call vote, the MOTION was APPROVED. (Trustee Boerner, yes; Trustee Boyles, yes; Trustee Cooke, yes; Trustee Fisher, yes; Trustee Gwalthney-Jones, yes; Trustee Sturgeon, yes; Trustee Halterman, yes.)

(Finance Committee meeting adjourned at 10:48 a.m.)
# AGENDA

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- List of Source Documents
- Benchmarking Performance
- AMHTA FY 2021 Cash Flow Report
- Existing Debt Summary Chart
- Summary of Pending Debt Refinancing
- Benefits of Pending & Projected Refinancing
- AMHTA Real Estate Market Report Summaries
INTRODUCTION: HARVEST CAPITAL ROLE

- The AMHTA implemented Callan’s recommended changes to the Asset Management Policy Statement, including:
  - Hire an independent fiduciary real estate advisor.
  - Strategic Services/Investment/Portfolio & Asset Management Services to include strategic advice, valuations, hold-sell decision recommendation, performance measurement, asset management assistance, portfolio analysis, and be a resource to the Trust and the TLO.
  - The Advisor, following the standard advisory role model provides services to the Trust (joining the TLO also providing services to the Trust), and the advisor reports annually to the Finance Committee and BOT.

- Harvest Capital was selected by the AMHTA as the independent real estate advisor in October 2019, after Callan Associates, engaged by the AMHTA (and a 30-year advisor to Alaska Permanent Fund), solicited Harvest to participate in an RFP process.
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.
Harvest Capital Partners LLC (“Harvest”) is an SEC registered Investment Advisor, brings 35+ years 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.
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.
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.
### PORTFOLIO SNAPSHOT

<table>
<thead>
<tr>
<th>PORTFOLIO SNAPSHOT</th>
<th>DESCRIPTION</th>
<th>EVALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Quality</td>
<td>Suburban Office &amp; Industrial Properties</td>
<td>HIGH QUALITY</td>
</tr>
<tr>
<td>Tenancy</td>
<td>55% Credit Tenants</td>
<td>STRONG CREDIT</td>
</tr>
<tr>
<td></td>
<td>28% Regional Credit</td>
<td>VACANCY DECREASING</td>
</tr>
<tr>
<td></td>
<td>17% Vacancy</td>
<td></td>
</tr>
<tr>
<td>Investment Characteristics</td>
<td>Income (Cash Flow)</td>
<td>VERY GOOD</td>
</tr>
<tr>
<td></td>
<td>Appreciation</td>
<td>PROVIDES BALANCE &amp; DIVERSIFICATION TO APFC/DOR</td>
</tr>
<tr>
<td></td>
<td>Inflation Hedge</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lacks full sector diversification</td>
<td></td>
</tr>
<tr>
<td>Risk Management</td>
<td>Lease Rollover 14% annually on average Debt Expirations staggered</td>
<td>WELL BALANCED</td>
</tr>
<tr>
<td>Benchmark Performance</td>
<td>Annual returns compared to NCREIF</td>
<td>EXCELLENT</td>
</tr>
<tr>
<td>Challenges</td>
<td>Lease Vacancy at North Park</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lease Amber Oaks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Refinance assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>North Park - Challenging</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amber Oaks - Leasing up</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Refinance - Single asset, underway, improve Cash</td>
<td></td>
</tr>
<tr>
<td></td>
<td>flows to AMHTA</td>
<td></td>
</tr>
<tr>
<td>OVERALL</td>
<td>PERFORMED WELL OVERALL</td>
<td>GOOD</td>
</tr>
</tbody>
</table>
IMPORTANCE OF TENANT CREDIT IN PORTFOLIO CONSTRUCTION

- Measures financial strength/surety of tenants to pay rent obligations.
- Best: Rated Tenant Credit (Aaa, A2) formally rated by Rating Agencies.
- Good: Regional Credit Tenants in the submarket that have operating longevity.

CONCLUSION: AMHTA has excellent tenant credit with 55% RATED.

(1) Moody's Credit Ratings; Texas DOT expansion space included;
LEASE ROLLOVER: WELL BALANCED PORTFOLIO CONSTRUCTION

- Portfolio Construction should strive for staggered lease expiration dates.
- Staggered lease expiration dates minimizes risk of significant required capital expenditures concentrated in a single year(s), and risk of large building vacancies at one time, causing diminished cash flow/deficits until space released.

CONCLUSION: Good balance, 14% average lease expirations annually (5 yr. avg).

<table>
<thead>
<tr>
<th>PORTFOLIO LEASE EXPIRATION</th>
<th>Building</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total SF Expiring</td>
<td>486,182</td>
<td>78,578</td>
<td>8,557</td>
<td>66,260</td>
<td>51,916</td>
<td>136,023</td>
<td>44,266</td>
<td>76,042</td>
<td>169,355</td>
<td>51,916</td>
<td>120,903</td>
</tr>
<tr>
<td>Percent Of Total Portfolio SF Expiring</td>
<td>16.2%</td>
<td>1.8%</td>
<td>13.6%</td>
<td>10.7%</td>
<td>28.0%</td>
<td>9.1%</td>
<td>15.6%</td>
<td>34.8%</td>
<td>10.7%</td>
<td>24.9%</td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Washington Parks</td>
<td>52,510</td>
<td>-</td>
<td>-</td>
<td>46,857</td>
<td>-</td>
<td>5,653</td>
<td>-</td>
<td>-</td>
<td>46,857</td>
<td>-</td>
<td>5,653</td>
</tr>
<tr>
<td>1973 N. Rulon</td>
<td>100,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Promontory Point</td>
<td>97,102</td>
<td>46,893</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>97,102</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>97,102</td>
</tr>
<tr>
<td>Amber Oaks</td>
<td>106,832</td>
<td>25,700</td>
<td>6,648</td>
<td>7,107</td>
<td>24,916</td>
<td>-</td>
<td>8,871</td>
<td>61,104</td>
<td>10,202</td>
<td>24,916</td>
<td>-</td>
</tr>
<tr>
<td>North Park</td>
<td>86,401</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,000</td>
<td>18,148</td>
<td>27,447</td>
<td>13,806</td>
<td>-</td>
<td>27,000</td>
<td>18,148</td>
</tr>
<tr>
<td>Commercial Drive</td>
<td>15,120</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,120</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2600 Cordova</td>
<td>28,217</td>
<td>5,985</td>
<td>1,909</td>
<td>12,296</td>
<td>-</td>
<td>-</td>
<td>7,948</td>
<td>1,132</td>
<td>12,296</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
DEBT EXPIRATIONS: WELL BALANCED PORTFOLIO CONSTRUCTION

- Staggered debt expiration dates are a best practice in Portfolio Construction.
- The above market interest rate debt is being refinanced on a single asset basis, providing enhanced cash flow to the Trust (Refinancing update on Slide 32).
- Leverage benefits real estate by amplifying returns and increasing cash flow.

CONCLUSION: Best Practices for debt expirations being followed.
### HARVEST PORTFOLIO PERFORMANCE REPORT

- **VALUATIONS INCREASING DUE TO LEASING AND RECOVERY**
  - Note: Washington Parks appraiser did not include impact of lease rollover.

- **CONCLUSION:** Good values, Portfolio beginning to recover value.

<table>
<thead>
<tr>
<th>Property (1)</th>
<th>Harvest Valuation FY 2021</th>
<th>Harvest Valuation FY 2020</th>
<th>Most Recent External Appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington Parks, Tumwater, WA</td>
<td>$13,800,000 ($263 PSF)</td>
<td>$13,900,000 ($266 PSF)</td>
<td>$18,860,000 ($359 PSF, 6/20)</td>
</tr>
<tr>
<td>1973 N Rulon, Ogden, UT</td>
<td>$19,900,000 ($199 PSF)</td>
<td>$19,400,000 ($194 PSF)</td>
<td>$20,100,000 ($201 PSF, 6/20)</td>
</tr>
<tr>
<td>Amber Oaks, Austin, TX</td>
<td>$27,000,000 ($253 PSF)</td>
<td>$26,500,000 ($249 PSF)</td>
<td>$26,300,000 ($247 PSF, 5/19)</td>
</tr>
<tr>
<td>Promontory Pt. Austin, TX</td>
<td>$17,000,000 ($176 PSF)</td>
<td>$16,200,000 ($173 PSF)</td>
<td>$15,500,000 ($165 PSF, 6/20)</td>
</tr>
<tr>
<td>North Park, San Antonio, TX</td>
<td>$14,600,000 ($169 PSF)</td>
<td>$14,500,000 ($167 PSF)</td>
<td>$14,050,000 ($163 PSF, 7/21)</td>
</tr>
<tr>
<td>2600 Cordova, Anchorage, AK</td>
<td>$3,200,000 ($112 PSF)</td>
<td>$3,200,000 ($118 PSF)</td>
<td>$4,100,000 ($145 PSF, 6/20)</td>
</tr>
<tr>
<td>Commercial Drive, Anchorage AK</td>
<td>$3,100,000 ($207 PSF)</td>
<td>$2,700,000 ($179 PSF)</td>
<td>$2,580,000 ($171 PSF, 6/16)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$98,800,000 ($203 PSF)</strong></td>
<td><strong>$96,500,000 ($199 PSF)</strong></td>
<td><strong>$101,490,000 ($210 PSF)</strong></td>
</tr>
</tbody>
</table>

All Valuations have been rounded to the $000,000s. (1) The square footages in some properties have been increased due to remeasurement or correction: Amber Oaks (106,499 to 106,832) Promontory Point (93,786 to 97,102) and Cordova (27,322 to 28,217).
**FY 2021 SUMMARY PERFORMANCE**

- Trust has durable income with $2.0 million available for distribution.
- TLO depositing $553K into the Central Facilities Fund from this amount.

**CONCLUSION:** Good Income Available for Distribution in spite of Covid Recession.

<table>
<thead>
<tr>
<th>Summary: Market Value and Trend of Available for Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Harvest Net Market Asset Value 6/30</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Number of Real Direct Property Interests</td>
</tr>
<tr>
<td>Harvest 1Q21 Valuations</td>
</tr>
<tr>
<td>Less: Outstanding Debt 6/30</td>
</tr>
<tr>
<td><strong>Harvest Net Market Value 6/30</strong></td>
</tr>
<tr>
<td><strong>Total FY Available for Distribution</strong> (1)</td>
</tr>
<tr>
<td>Total Distributed to the Trust after property reserves</td>
</tr>
<tr>
<td>Total Distributed to the Trust after CFF funding reserve</td>
</tr>
</tbody>
</table>

(1) Per June 2021 financial statements provided by TLO, from property management reports (2) Through May 2021, $1,367,200, and estimated on a prorata basis to be $1,450,000, to be finalized.
HARVEST PORTFOLIO PERFORMANCE REPORT

BENCHMARK PERFORMANCE

- The strong income return component is outstanding.
- Benchmark calculation is based upon Available NOI/Cash Flow for Distribution.

CONCLUSION: Superior AMHTA CRE performance, exceeds NCREIF benchmark (590 basis points).

<table>
<thead>
<tr>
<th>BENCHMARK SNAPSHOT</th>
<th>FY 2021 NCREIF*</th>
<th>FY 2021 AMHTA Portfolio</th>
<th>FY 2020 AMHTA Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended June:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income Return **</td>
<td>4.08%</td>
<td>6.68%</td>
<td>8.50%</td>
</tr>
<tr>
<td>Capital Appreciation***</td>
<td>-1.47%</td>
<td>1.83%</td>
<td>-4.34%</td>
</tr>
<tr>
<td>Total Net Return****</td>
<td>2.61%</td>
<td>8.51%</td>
<td>4.16%</td>
</tr>
</tbody>
</table>

* NCREIF for year ending 3/31/21; NCREIF as an Index lags by one Quarter; ** Calculation per NCREIF: NOI/(Market Value + 1/2 Cap Ex - 1/3 NOI). NCREIF Overall index utilized.
**** If the AMHTA Benchmark performance were calculated based upon actual distributions, the AMHTA FY2021 Benchmark return would be 7.65%.
BENCHMARK PERFORMANCE COMPARED TO REINVESTMENT OPTION

- APFC 2021: Strong Fund peak performance representative of stock market surge; Long-term annual performance goal: 5% + CPI.
- Returns reported Net of Fees per APFC protocol for comparison purposes.

CONCLUSION: AMHTA strong income + appreciation returns provides balance and inflation hedge.

<table>
<thead>
<tr>
<th>Metric Comparison with Reinvestment Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2021</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Income</td>
</tr>
<tr>
<td>Appreciation</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

(1) CF projections utilized are from July 1, 2020 to June 30, 2021, and Harvest Advisory Fee deducted. To provide comparison to APFC. (2) APFC 1 year returns for the month ending 5.31.21, net of fees; APFC RE Equity FYTD through 5.31.21, net of fees; (3) NCREIF Annual NPI Index for the quarter ending 3/31/21; NCREIF is reported Gross of Fees.
GLOBAL GROWTH AT HIGHEST IN OVER A DECADE WITH ‘FRAGILE’ FAULT LINES

THE ‘JABS’ AND ‘JAB-NOTS’
- Vaccinated countries that will sustain recovery, Unvaccinated countries not recovering.
- Compare: USA – 68% Vaccinated, 6.4% GDP\(^{(1)}\) growth, 5.4% inflation\(^{(2)}\) vs. Japan 15% vaccinated and 3.25% GDP growth, inflation .14%, falling/flat consumer prices.

SUPPLY AND DEMAND IMBALANCES CREATING BOTTLENECKS
- Shortages of microchips disrupting high demand electronics and car manufacturing.
- Cost of shipping has ‘quadrupled’ from China to the US.
- Peak lumber prices down 40% from May 2021 high, which was 6X higher than April 2020.
- Surging housing prices foreshadow rise in rental housing rates, sustaining inflation.

STIMULUS WITHDRAWL HANGOVER
- End of Government Aid/Interventions – what happens when Emergency loans come due?

DIFFERENT ECONOMIES, DIFFERENT FAULT LINES, DIFFERENT OUTCOMES
(1) US Commerce Dept. 1Q2021; 9.1% projected 2Q2021 (2) US Labor Department report June 2021 (7.13.21 report)
‘A PICTURE IS WORTH A THOUSAND WORDS’
US ECONOMY – SEVERAL YEARS OF INFLATION, GDP GROWTH, INTEREST RATE INCREASES TO FOLLOW.

HIGHER INFLATION HERE FOR YEARS
- Last 3 months annualized 9.7%, currently 3.2% in 2021, expected to be 2.3% in 2022 and 2023.
- Federal Reserve Bank cites supply bottlenecks, hiring difficulties, and other Covid transition factors as root causes.

STRONG GDP GROWTH
- 6.4% annualized 1Q2021, reprojected to be 9.1% annualized for 2Q2021.

JOB GROWTH
- 850,000 jobs added in June 2021, hourly wages up 8%,(1) labor shortages?

INTEREST RATES PROJECTED TO INCREASE in 2023
(1) Increase YTY Feb 2020/2021.
US REAL ESTATE EMERGING FROM COVID RECESSION, CHALLENGES AND OPPORTUNITIES

TOTAL RETURNS VARY BY SECTOR (1)
- Total return led by Industrial (14.1%), Apartment (2.6%), Office (1.3%), and Retail (-6.0%).
- Office income protected in a downturn by contractual lease terms, and Apartments with short leases has earlier rent decline but then recovery.

NEW SUPPLY VARIES BY SECTOR (2)
- Industrial and Apartment in equilibrium with new supply meeting demand.
- Office supply ‘spigot’ with lower demand creates a longer recovery.
- Retail low supply growth but sector demand anemic.

RENT GROWTH (2)
- Industrial, with strong demand outpacing any new supply, has strongest Rent Growth, Apartments and Office negative, and retail positive.

(1) NCREIF annualized for Quarter ending 1.31.21; (2) CBRE – Econometric Advisors, 1Q21.
ECONOMIC AND REAL ESTATE MARKET OVERVIEW

- TRENDLINE: TOTAL RETURN AND RENT GROWTH PRE-COVID & DURING COVID

![Figure 1: US real estate returns across property types](chart1.png)

![Figure 2: Property sector rent growth](chart2.png)

Source: Data show unlevered NCREIF Property Index total returns filtered for only ODCE managers, March 2021. Past performance is not indicative of future result.

Source: CBRE-Econometric Advisors, 1Q21. Note: retail rent growth only reflects Neighborhood, Community and Strip Shopping Centers, thus excluding Malls, Lifestyle and Power Centers.
ECONOMIC AND REAL ESTATE MARKET OVERVIEW

- TRENDLINE: HOW NEW SUPPLY IMPACTS OCCUPANCY (GOOD AND BAD)
  - Industrial and Apartment balanced.
  - Office oversupply decreases occupancy while there is less demand.
  - Retail supply decrease helps keep status quo.

Figure 3: Occupancy and supply trends

Source: CBRE Econometric Advisors, 1Q21. Note: Supply is shown as a completion rate (i.e., completions as a percent of existing inventory). Note: retail occupancy and supply rates only reflect Neighborhood, Community & Strip Shopping Centers, thus excluding Malls, Lifestyle and Power Centers.
ECONOMIC AND REAL ESTATE MARKET OVERVIEW

PERFORMANCE: SECTOR AND ASSET SPECIFIC, THE BEST TO HARDEST HIT

INDUSTRIAL

- Sector outperforming all others, availability at 7.0%.
- Demand well exceeds new supply (100 MSF vs. 58M SF), pressuring NOI growth, and investor demand as a result.
- E-Commerce is driving force, growth of 30%+ quarterly predicted.
- Investment Markets: Most favored, demand outstrips supply, cap rates decreasing.
ECONOMIC AND REAL ESTATE MARKET OVERVIEW

MULTIFAMILY
- Apartment vacancy is 4.7% (1Q21), lower than the 5% historical average.
- Renters attracted to less dense markets with lower rents, and CBDs lag.
- Sunbelt markets surpassing traditional gateway markets for investor demand.
- Cap rates have dipped in some markets to 3.5% from 4.0%+ for stabilized properties, reflecting a strong investor competition for property.
- **Investment Outlook:** Apartments surpasses Industrial in investment activity level, cap rates dropping.

OFFICE
- High Availability rate at 22%, equal to the GFC and Tech crash of 2001.
- CBDs hit harder than suburban office, massive CBD sublet space will slow recovery.
- Everything hinges on return to the office, how much and when?
- **Investment Outlook:** Out of favor, cap rates increasing, longer to recover.
RETAIL

- Sector remains troubled especially in lifestyle & mall retail, and Power Centers -- victims of on-line retail sales and systemic and demographic shifts.
- Grocery anchored retail remains a bright spot with healthy NOIs and investor appetite for this sector.
- Retail has the weakest demand since the GFC, with 10.5 million SF returned to the market.
- Sector change continues, with E-commerce retail being part of Industrial Logistics space.
- A lack of transactions results in less data to assess valuations.
- Investment Outlook: Out of favor, challenging especially Malls.
## ECONOMIC AND REAL ESTATE MARKET OVERVIEW

### SNAPSHOT OF 2Q21 MARKET CONDITIONS WHERE ASSETS LOCATED

<table>
<thead>
<tr>
<th>KEY METRIC (000's SF)</th>
<th>Olympia WA (Wash Parks)</th>
<th>Ogden UT (N Rulon)</th>
<th>Austin, TX (Promontory Point)</th>
<th>Austin, TX (Amber Oaks)</th>
<th>San Antonio TX (North Park)</th>
<th>Anchorage Industrial (Comm. Dr)</th>
<th>Anchorage Office (Cordova)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector</strong></td>
<td>Office</td>
<td>Industrial</td>
<td>Office</td>
<td>Office</td>
<td>Office</td>
<td>Industrial</td>
<td>Office</td>
</tr>
<tr>
<td><strong>Sub-Market size (SF)</strong></td>
<td>1,914,000</td>
<td>57,191,204</td>
<td>2,862,459</td>
<td>16,430,331</td>
<td>10,308,830</td>
<td>1,614,809</td>
<td>5,625,009</td>
</tr>
<tr>
<td><strong>Overall Market Vac %</strong></td>
<td>1.6%</td>
<td>1.9%</td>
<td>20.2%</td>
<td>20.2%</td>
<td>21.3%</td>
<td>1.5%</td>
<td>8.2%</td>
</tr>
<tr>
<td><strong>Submarket Vac. %</strong></td>
<td>1.6%</td>
<td>1.9%</td>
<td>29.7%</td>
<td>17.7%</td>
<td>22.4%</td>
<td>0%</td>
<td>8.2%</td>
</tr>
<tr>
<td><strong>Net Absorption</strong></td>
<td>(2,196)</td>
<td>(268,954)</td>
<td>(109,315)</td>
<td>(17,344)</td>
<td>14,454</td>
<td>26,141</td>
<td>81,357</td>
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<tr>
<td><strong>Sub-Market Under Construct.</strong></td>
<td>0</td>
<td>1,070,457</td>
<td>0</td>
<td>717,646</td>
<td>203,459</td>
<td>(120,000)</td>
<td>0</td>
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<tr>
<td><strong>Asking Rent $/SF</strong></td>
<td>$22.33</td>
<td>$6.78</td>
<td>$34.40</td>
<td>$38.15</td>
<td>$22.55</td>
<td>$16.51</td>
<td>$30.37</td>
</tr>
<tr>
<td><strong>Market Condition</strong></td>
<td>Very Good</td>
<td>Good</td>
<td>Mod-High Challenge</td>
<td>Mod. Challenge</td>
<td>High Challenge</td>
<td>Very Good</td>
<td>Stable</td>
</tr>
</tbody>
</table>

(1) Market data Cushman & Wakefield, CBRE 2Q21; CoStar June 2021.
CONSIDERATIONS

- Can the asset be sold or does existing debt not allow prepayment?
- Can the asset be sold due to asset conditions (i.e. high vacancy or high rollover)?
- Can the asset be sold at INTRINSIC VALUE in current market environment?
- Where is the asset value in the real estate cycle?
- Hold Benefit - producing greater income (cash flow) and appreciation than reinvesting? Provide Inflation hedge?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash Parks</td>
<td>YES – W PENALTY</td>
<td>HIGH ROLLOVER</td>
<td>SELLABLE</td>
<td>LOW POINT</td>
<td>HOLD</td>
</tr>
<tr>
<td>N Rulon</td>
<td>YES</td>
<td>GOOD</td>
<td>SELLABLE</td>
<td>LOW POINT</td>
<td>HOLD</td>
</tr>
<tr>
<td>Promontory Pt.</td>
<td>YES – W PENALTY</td>
<td>GOOD</td>
<td>SELLABLE</td>
<td>LOW POINT</td>
<td>HOLD</td>
</tr>
<tr>
<td>Amber Oaks</td>
<td>NO</td>
<td>HIGH VACANCY</td>
<td>MOD DIFFICULT</td>
<td>LOW POINT</td>
<td>HOLD</td>
</tr>
<tr>
<td>North Park</td>
<td>YES</td>
<td>HIGH VACANCY</td>
<td>DIFFICULT</td>
<td>LOW POINT</td>
<td>HOLD</td>
</tr>
<tr>
<td>Comm. Drive</td>
<td>YES</td>
<td>GOOD</td>
<td>SELLABLE</td>
<td>LOW POINT</td>
<td>HOLD</td>
</tr>
<tr>
<td>Cordova</td>
<td>N/A</td>
<td>GOOD</td>
<td>SELLABLE</td>
<td>LOW POINT</td>
<td>HOLD</td>
</tr>
</tbody>
</table>
HARVEST HOLD-SELL ANALYSIS AND RECOMMENDATION

- ADDITIONAL CONSIDERATION
  - How does the valuation compare to replacement cost? It is not an absolute determinant, but a consideration as Buyers often do not want to buy existing building at a price above replacement cost.
  - Replacement cost is re-calculated annually to account for increases in land prices and construction costs.

<table>
<thead>
<tr>
<th>SALE ANALYSIS</th>
<th>CURRENT VALUATION PSF</th>
<th>REPLACEMENT COST</th>
<th>CURRENT VALUATION AS % OF REPLACEMENT COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash Parks</td>
<td>$263.00</td>
<td>$408.00</td>
<td>64%</td>
</tr>
<tr>
<td>N Rulon</td>
<td>$199.00</td>
<td>$272.00</td>
<td>73%</td>
</tr>
<tr>
<td>Promontory Pt.</td>
<td>$176.00</td>
<td>$284.00</td>
<td>62%</td>
</tr>
<tr>
<td>Amber Oaks</td>
<td>$253.00</td>
<td>$333.00</td>
<td>76%</td>
</tr>
<tr>
<td>North Park</td>
<td>$169.00</td>
<td>$250.00</td>
<td>68%</td>
</tr>
<tr>
<td>Comm. Drive</td>
<td>$207.00</td>
<td>$271.00</td>
<td>76%</td>
</tr>
<tr>
<td>Cordova</td>
<td>$112.00</td>
<td>$328.00</td>
<td>34%</td>
</tr>
</tbody>
</table>
REINVESTMENT CONSIDERATIONS FOR BALANCE

- Proceeds from an asset sale would be re-invested in the Trust’s accounts of either the APFC or the DOR.

- Trust’s Liquid Investment Concentration: 91% with the APFC, and 9% with the State of Alaska DOR.

- APFC FY 21 Asset Allocation is currently: 39% Public Equity (stocks), 21% Fixed Income (bonds), 15% Private Equity, 7% Real Estate, 9% Private Income, 6% Absolute Return and 3% Risk Parity/Cash.

- APFC Fund investment objective is defined by an Investment Risk Tolerance Policy of 80% Equity/20% Bonds, to provide long-term strong returns, and in the short term can have volatile returns, as measured by the Value at Risk (VaR): 1 standard deviation, using 10-year data, and Drawdown (GFC 2007-2009).
REINVESTMENT CONSIDERATIONS FOR BALANCE (CON’T)

- The Reinvestment Investment Option: Long term good returns, but due to growth strategy can produce highs and lows (-17.5% to 20% over the last 11 years).

- AMHTA Investment Portfolio Construction Considerations: Consider providing an income + appreciation balance through its CRE holdings, to offset any years of (normally) expected low returns of reinvestment alternative and current APFC holdings.
REINVESTMENT CONSIDERATIONS FOR BALANCE (CON’T)

- The Trusts’ CRE provides approximately 3% of the Trust annual revenue, and 28% - 32% of the TLO’s spendable income.

- Trust Investment Portfolio Construction should include Inflation Hedge Investments.

- The Trust’s CRE is high performing for stable durable Income (cash flow) while also appreciating in value — is a great inflation hedge, and a solid contributor to the Trust’s annual revenue.

- Statement of the Importance of Inflation Hedge Investments in a portfolio:

  “Inflation was a thief that would destroy the Fund’s value over time”
  -- Elmer Rasmuson, first APFC Board Chair, quotation from APFC 2020 Annual report
RECOMMENDATION

HOLD THE ASSETS

- Benefit from the stable durable income to the Trust.
- Benefit from high achieving CRE portfolio, exceeding NCREIF benchmark.
- Benefit from inflation hedge investment to the Trust, when inflation is expected.
- Benefit from asset appreciation, coming out of Low Point of the Real Estate Cycle.
- Achieve portfolio diversification in investment portfolio construction.
- Significant discount to replacement costs signals more growth can be achieved.

Asset Determining Factors

- Avoid Reduced Proceeds due to debt prepayment penalties on 2 assets.
- Amber Oaks debt is locked out from repayment, so sale not feasible.
- North Park is in ‘value creation’ mode, not possible to execute a sale at its intrinsic medium-term/long-term value.
PORTFOLIO ACCOMPLISHMENTS AND CHALLENGES

REFINANCING OF ASSETS

April 2020 Recommendations: 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.
- Consider a Portfolio Loan, instead of individual loans, to get best terms on interest rate with great flexibility.

Refinancing Status: Accomplishments

- Refinancing options in process for North Park (3.85%, 10 yr. terms, 25 yr. amortization, with $1.5M TI funding), N Rulon and Commercial Drive (3.38% interest, 20 yr. term, 20 yr. amortization), will increase Cash Flow to AMHTA by $3.3 million over 10 years. See Chart in Appendix for details.
- A Portfolio Loan was feasible but was not pursued -- considering that APFC with a similar structure “did not jump the shark”.
- The balance of the portfolio can be refinanced when leasing status/debt allows and optimal terms. The estimated increase in Trust Cash Flow from refinancing entire portfolio compared to April 2020 recommendation is $13.9 million over 10 years (plus a total loan pay down of $11 million decreasing LTV to 29% over 10 years (assuming FY2021 Harvest Valuations).
PORTFOLIO ACCOMPLISHMENTS AND FY 2022 CHALLENGES

- **ASSET LEASING**
  - Commercial Drive: Renewed Cummings lease for 5-year term.
  - North Park: Lease 41K SF; Market with 20% market vacancy rate challenging.
  - Amber Oaks: Lease 37K SF; Market has good momentum. 1 new lease completed (7K SF).
  - Washington Parks: Renew SOW (LED 11/23), or if tenant vacates release 47K SF.

- **ASSET REFINANCINGS**
  - Complete pending refinancing of North Park, N Rulon, and Commercial Drive.
  - Refinance Promontory Point when prepayment diminished, or at maturity (2025).
  - Refinance Amber Oaks if terms favorable when leasing completed/debt lockout expires (2026).

- **CAPITAL**
  - Continue to maximize cash flow by expensing/repairing and avoid replacement.

- **BEST PRACTICES AND RESOURCE**
  - Harvest to continue to collaborate with the TLO and be a resource.
TLO BEST PRACTICES UPDATE AND ADVISOR AS RESOURCE

- COMPLETED BEST PRACTICES
  - Completed revised Management and Leasing Agreements for ECR.
  - TLO/Harvest Monthly Calls.
    - Update on asset activity, strategy, and discussion/collaboration.

- IN-PROCESS BEST PRACTICES
  - Renegotiate the Management and Leasing Agreements with Colliers.
  - Refinance North Park, N. Rulon and Commercial Drive.
  - Refinance remaining assets at correct time governed by terms/penalties.

- BEST PRACTICE OPPORTUNITIES
  - Create/Utilize Metrics as Tool for Management and Efficiency: Portfolio & monthly property management reporting, annual property management budget requirements, investment metric utilization, evaluations.
PORTFOLIO ACCOMPLISHMENTS AND CHALLENGES (As of June 2021)

**Washington Parks, Tumwater**
- 100% leased, credit tenants.
- YTD net income exceeds Budget by $63K.
- Refinance asset after re-leasing (2022/2023).
- Stable long term cash flow.

**1973 N Rulon White Blvd., Ogden**
- 100% leased under a long-term credit tenant IRS lease.
- YTD income exceeds Budget by $69K.
- YTD expenses are $10K over budget.
- Monitor annexation discussions of Weber Industrial Park by City of Harrisville (RE Tax implication).
- Refinancing in process.
- Stable long term cash flow.
PORTFOLIO ACCOMPLISHMENTS AND CHALLENGES

**North Park, San Antonio**
- 52% leased.
- Challenging market, several prospect tours, no pending LOIs, expect economic recovery to lag for several months.
- YTD net income underperformed budget by $598K.
- Debt expires 10/21, refinancing underway.
- No outstanding LOIs, lease up to take time.

**Amber Oaks, Austin**
- 65% leased, Class A+ asset.
- Strong leasing activity, 7+ LOIs outstanding, market momentum.
- YTD income has a positive variance of $62K.
- Refinance in 2026 if terms attractive to enhance cash flow.
- High performing multi-tenant asset.
PORTFOLIO ACCOMPLISHMENTS AND CHALLENGES

Promontory Point, Austin
- 100% leased with Texas DOT credit tenant lease.
- Texas DOT expansion space occupancy 12/21.
- Negative net income variance of $80K, primarily due to expenses being $85K over budget.
- Refinancing opportunity after penalty payment diminishes.
- Stable long term cash flow.

2600 Cordova Street, Anchorage
- 100% leased.
- TLO occupies 6,829 SF of space (not under a lease).
- YTD net income is $27K under budget, a result of unrecovered pass-through billings.
- Minimal lease rollover, good stable cash flow asset.
2618 Commercial Drive, Anchorage

- 100% leased to Cummins Northwest.
- The lease expires in 2026.
- YTD net income exceeds Budget by $27K.
- Refinancing the asset will significantly enhance cash flow.
- Stable long term cash flow with lease renewal.
APPENDIX

- Listing of Source Documents
- Benchmarking Performance
- AMHTA FY 2021 Cash Flow Report
- Summary of Existing Debt
- Summary of Pending Debt Refinancing
- Benefits of Pending & Projected Refinancings
- AMHTA Real Estate Market Report Summaries
Listing of Source Documents

- APFC Investment Policy statement dated May 21, 2021
- APFC Board of Trustees Performance Report dated April 30, 2021
- APFC 2020 Annual Report
- Cushman & Wakefield and CBRE Office Market Reports for 2Q2021.
- NCREIF Users Guide to the NPI (undated).
- WSJ ‘Inflation Accelerates Again in June as Economic Recovery Continues’ July 13, 2021
- CNBC ‘Lumber prices dive more than 40% in June, biggest monthly drop on record’ July 1, 2021.
- 1Q21 data from CBRE Economic Advisors, NCREIF, Real Cap Analytics.
- Real Estate Outlook Edition 2, 2021 ‘Persistent Divergence’ UBS.
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.
As previously noted, NPI is an unlevered (assumes no debt) 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.
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 Benchmark performance in addition to a rolling one-year metric.
# AMHTA Portfolio

## FY 2021 YE Projected Cash Flow

June 2021 Operating Statements

<table>
<thead>
<tr>
<th></th>
<th>Washington Parks</th>
<th>1973 N. Rulon White Blvd</th>
<th>Amber Oaks</th>
<th>Promontory Point</th>
<th>North Park</th>
<th>2600 Cordova Street</th>
<th>2618 Commercial Drive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1,612,047</td>
<td>2,089,756</td>
<td>3,240,047</td>
<td>1,972,532</td>
<td>1,236,464</td>
<td>515,707</td>
<td>251,352</td>
<td>10,917,904</td>
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<tr>
<td>Operating Expenses</td>
<td>487,895</td>
<td>772,336</td>
<td>1,367,117</td>
<td>812,251</td>
<td>698,516</td>
<td>298,175</td>
<td>9,315</td>
<td>4,445,605</td>
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<tr>
<td>NOI</td>
<td>1,124,152</td>
<td>1,317,420</td>
<td>1,872,930</td>
<td>1,160,281</td>
<td>537,948</td>
<td>217,532</td>
<td>242,037</td>
<td>6,472,299</td>
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<tr>
<td>Capital</td>
<td>-</td>
<td>5,409</td>
<td>295,304</td>
<td>-</td>
<td>84,877</td>
<td>169,940</td>
<td>-</td>
<td>555,530</td>
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<tr>
<td>Cash Flow Before Debt Service</td>
<td>1,124,152</td>
<td>1,312,011</td>
<td>1,577,626</td>
<td>1,160,281</td>
<td>453,071</td>
<td>47,592</td>
<td>242,037</td>
<td>5,916,769</td>
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<tr>
<td>Interest Expense</td>
<td>283,842</td>
<td>386,520</td>
<td>405,108</td>
<td>443,199</td>
<td>337,293</td>
<td>38,758</td>
<td>-</td>
<td>1,894,721</td>
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<tr>
<td>Principal (Est)</td>
<td>624,977</td>
<td>233,251</td>
<td>536,063</td>
<td>192,741</td>
<td>263,779</td>
<td>60,217</td>
<td>-</td>
<td>1,911,027</td>
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<tr>
<td>Debt Service</td>
<td>908,819</td>
<td>619,771</td>
<td>941,171</td>
<td>635,940</td>
<td>601,072</td>
<td>-</td>
<td>98,975</td>
<td>3,805,748</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>215,333</td>
<td>692,240</td>
<td>636,455</td>
<td>524,341</td>
<td>(148,001)</td>
<td>47,592</td>
<td>143,062</td>
<td>2,111,021</td>
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<td>Adjustments for CFF</td>
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<td></td>
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<td></td>
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<td>553,000</td>
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<tr>
<td>Adjusted CF from Portfolio</td>
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<td></td>
<td></td>
<td></td>
<td>1,558,021</td>
</tr>
</tbody>
</table>
## APPENDIX: SUMMARY OF EXISTING DEBT

### AMHTA Updated Debt Summary - July 2021

<table>
<thead>
<tr>
<th>Lender</th>
<th>Loan Origination</th>
<th>Maturity Date</th>
<th>Interest Rate</th>
<th>Loan Constant</th>
<th>Original Principal</th>
<th>6/30/21 Principal Per YE Statements</th>
<th>Estimated Value (BOV)</th>
<th>Estimated Current LTV (BOV)</th>
<th>Potential to refinance?</th>
<th>Annual Debt Service</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington Parks</td>
<td>CMFG Life</td>
<td>6/6/2014</td>
<td>7/1/2029</td>
<td>4.35%</td>
<td>9.09%</td>
<td>$10,000,000</td>
<td>$6,184,331</td>
<td>$13,800,000</td>
<td>45%</td>
<td>Restructure after SOW renewal 2023</td>
<td>$908,819</td>
</tr>
<tr>
<td>1973 N Rulon White Blvd</td>
<td>Northrim Bank</td>
<td>12/16/2013</td>
<td>12/16/2033</td>
<td>4.19%</td>
<td>7.39%</td>
<td>$8,382,000</td>
<td>$6,323,169</td>
<td>$19,900,000</td>
<td>32%</td>
<td>In process</td>
<td>$619,771</td>
</tr>
<tr>
<td>Promontory Point</td>
<td>Principal</td>
<td>6/26/2015</td>
<td>7/1/2025</td>
<td>4.69%</td>
<td>6.22%</td>
<td>$10,230,000</td>
<td>$9,214,766</td>
<td>$17,000,000</td>
<td>54%</td>
<td>Yes</td>
<td>$635,940</td>
</tr>
<tr>
<td>Amber Oaks</td>
<td>State Farm</td>
<td>8/2/2016</td>
<td>9/1/2036</td>
<td>3.57%</td>
<td>7.00%</td>
<td>$13,440,000</td>
<td>$11,055,608</td>
<td>$27,000,000</td>
<td>41%</td>
<td>After 9/2026</td>
<td>$941,171</td>
</tr>
<tr>
<td>North Park</td>
<td>John Hancock</td>
<td>10/31/2011*</td>
<td>10/31/2021</td>
<td>5.20%</td>
<td>7.16%</td>
<td>$8,400,000</td>
<td>$6,364,909</td>
<td>$14,600,000</td>
<td>44%</td>
<td>In process</td>
<td>$601,072</td>
</tr>
<tr>
<td>2600 Cordova Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$8,400,000</td>
<td>$6,364,909</td>
<td>$14,600,000</td>
<td>44%</td>
<td>In process</td>
<td>$601,072</td>
</tr>
<tr>
<td>2618 Commercial Drive</td>
<td>Northrim Bank</td>
<td>7/1/2013</td>
<td>7/1/2033</td>
<td>3.94%</td>
<td>7.24%</td>
<td>$1,368,000</td>
<td>$949,763</td>
<td>$3,100,000</td>
<td>31%</td>
<td>Yes</td>
<td>$98,975</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$51,820,000</td>
<td>$40,092,546</td>
<td>$95,400,000</td>
<td>42%</td>
<td></td>
<td>$3,805,748</td>
</tr>
</tbody>
</table>

* Assumed Mortgage 9/11/15-balance $7,704,803
### APPENDIX: SUMMARY OF PENDING DEBT REFINANCINGS

#### PENDING REFINANCINGS (1)

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>Loan Maturity</th>
<th>Existing Lender</th>
<th>Assumption: Refinance 2021?</th>
<th>2021 Refinance Term (Yrs)</th>
<th>2021 Refinance: Interest Rate (%) Amortization (Yrs.)/ Loan Amount/Term</th>
<th>2021 Transaction Costs: Prepayment Penalty (if any, as of 9/30/21)/ Lender Fees/Third party Fees/PSRS</th>
<th>Assumption Future Refinance: Date</th>
<th>Assumption Future Refinance: Interest Rate (%) Amortization (Yrs.)/ Loan Amount/Term</th>
<th>Future Refinance Transaction Costs: Prepayment Penalty (if any)/Lender Fees/Third party Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Park</td>
<td>10/21</td>
<td>Hancock</td>
<td>Yes</td>
<td>3</td>
<td>3.85% +$1.5M earnout/25yrs/ $8M/10 yrs.</td>
<td>1% Lender Fee/Third party fees/PSRS fee</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>North Rulon</td>
<td>12/33</td>
<td>Northrim Bank</td>
<td>Yes</td>
<td>10</td>
<td>3.38-3.52%/20-yr/ outstanding balance/20 yrs.</td>
<td>$10,000/ Third party fees/PSRS fee</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Comm. Drive</td>
<td>7/33</td>
<td>Northrim Bank</td>
<td>TBD</td>
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<td>Similar terms to N Rulon</td>
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#### FUTURE REFINANCINGS

<table>
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<tr>
<th>PROPERTY</th>
<th>Loan Maturity</th>
<th>Existing Lender</th>
<th>Assumption: Refinance 2021?</th>
<th>2021 Refinance Term (Yrs)</th>
<th>2021 Refinance: Interest Rate (%) Amortization (Yrs.)/ Loan Amount/Term</th>
<th>2021 Transaction Costs: Prepayment Penalty (if any, as of 9/30/21)/ Lender Fees/Third party Fees/PSRS</th>
<th>Assumption Future Refinance: Date</th>
<th>Assumption Future Refinance: Interest Rate (%) Amortization (Yrs.)/ Loan Amount/Term</th>
<th>Future Refinance Transaction Costs: Prepayment Penalty (if any)/Lender Fees/Third party Fees</th>
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<tr>
<td>Washington Parks</td>
<td>7/29</td>
<td>CMFG</td>
<td>No</td>
<td>N/A</td>
<td>N/A</td>
<td>2024 (SOW lease exp. 11/30/23)</td>
<td>Market rate &amp; fees (assume today’s rate + 50 bps)</td>
<td>Yes, $278K</td>
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<tr>
<td>Promontory Point</td>
<td>7/25</td>
<td>Principal</td>
<td>No</td>
<td>N/A</td>
<td>N/A</td>
<td>2025</td>
<td>Market rate &amp; fees (assume today’s rate + 50 bps)</td>
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<tr>
<td>Amber Oaks</td>
<td>9/36</td>
<td>State Farm</td>
<td>No</td>
<td>N/A</td>
<td>N/A</td>
<td>2026 (lockout expires)</td>
<td>Market rate &amp; fees (assume today’s rate + 50 bps)</td>
<td>Yes, $764K</td>
<td></td>
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</table>

(1) Refinancings are pending and as such the terms listed should be used as an approximation and may be one of a couple options.
# AMHTA REFINANCING CASH FLOW ANALYSIS

## Harvest Advisory Projected Net Change in Original Debt Service vs. Refinancing

**July 2021**

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<tbody>
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<td><strong>North Park</strong></td>
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<td>Original Debt Service (9/2021 Maturity)</td>
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<td><strong>N. Rulon</strong></td>
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<td>Benefit from Refinancing</td>
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<td><strong>Israel/Washington Parks</strong></td>
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<td>Original Debt Service (7/2029 Maturity)</td>
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<td>Original Debt Service (7/2025 Maturity)</td>
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<td>Refinancing Debt Service</td>
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<td>635,943</td>
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<td>294,852</td>
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<td>Benefit from Refinancing</td>
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<td>(0)</td>
<td>(0)</td>
<td>(1)</td>
<td>312,666</td>
<td>341,090</td>
<td>341,090</td>
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<td><strong>Amber Oaks</strong></td>
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<td>Original Debt Service (9/2036 maturity)</td>
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<td>941,170</td>
<td>941,171</td>
<td>941,171</td>
<td>941,170</td>
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<tr>
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<td>941,170</td>
<td>941,171</td>
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<tr>
<td>Benefit from Refinancing</td>
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<td>423,647</td>
<td>635,470</td>
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<td><strong>TOTAL BENEFIT</strong></td>
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<td>$713,928</td>
<td>$1,083,448</td>
<td>$1,396,114</td>
<td>$1,848,185</td>
<td>$2,060,007</td>
<td>$2,060,007</td>
<td>$2,060,009</td>
<td>$2,060,009</td>
<td>$13,878,199</td>
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</table>

* Based on comparison to Forecasted Benefit of I/O Refinancing in April 2020 ($19.5 million)
## AMHTA REFINANCING CASH FLOW ANALYSIS

### Harvest Advisory Projected Amortization

**July 2021**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>North Park Principal Repayment</td>
<td>205,705</td>
<td>190,146</td>
<td>197,596</td>
<td>205,339</td>
<td>213,866</td>
<td>221,748</td>
<td>230,438</td>
<td>239,467</td>
<td>248,852</td>
<td>258,603</td>
<td>2,211,280</td>
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<td>N. Rulon Principal Repayment</td>
<td>259,604</td>
<td>230,066</td>
<td>237,965</td>
<td>246,134</td>
<td>254,583</td>
<td>263,322</td>
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<td>281,712</td>
<td>291,382</td>
<td>301,386</td>
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<td>Commercial Drive Principal Repayment</td>
<td>41,351</td>
<td>35,596</td>
<td>36,818</td>
<td>38,082</td>
<td>39,389</td>
<td>40,741</td>
<td>42,140</td>
<td>43,588</td>
<td>45,082</td>
<td>46,631</td>
<td>409,418</td>
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<td>Israel/Washington Parks Principal Repayment</td>
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<td>681,678</td>
<td>352,102</td>
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<td>1,686,492</td>
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<td>Ridgepoint/Prom Point Principal Repayment</td>
<td>208,022</td>
<td>217,990</td>
<td>228,437</td>
<td>239,385</td>
<td>20,459</td>
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<td>-</td>
<td>914,293</td>
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<tr>
<td>Amber Oaks Principal Repayment</td>
<td>555,517</td>
<td>575,676</td>
<td>596,568</td>
<td>618,217</td>
<td>640,651</td>
<td>218,677</td>
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<td>-</td>
<td>-</td>
<td>3,205,306</td>
</tr>
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</table>

**TOTAL PRINCIPAL REPAYMENT*** | $1,922,911 | $1,931,152 | $1,649,486 | $1,347,157 | $1,168,468 | $744,488 | $544,941 | $564,767 | $585,316 | $606,620 | $11,065,306 |

* Combined principal repayment of existing debt and refinancing of 3 assets in FY 2022
## APPENDIX: AMHTA Real Estate Market Report Summaries

**Key Market Metrics:** Salt Lake/Ogden, Utah: 1973 N Rulon White (Office/Warehouse) Source CoStar June 2021.

<table>
<thead>
<tr>
<th>Ogden Submarket</th>
<th>Inventory (SF)</th>
<th>1Q Vacancy %</th>
<th>2Q Vacancy %</th>
<th>1Q Under Constr. SF</th>
<th>1Q Under Constr. SF</th>
<th>1Q Under Constr. SF</th>
<th>1Q Under Constr. SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davis Industrial</td>
<td>57,191,204</td>
<td>2.0%</td>
<td>1.9%</td>
<td>(268,964)</td>
<td>1,070,457</td>
<td>$6.59</td>
<td>$6.78</td>
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<tr>
<td>Morgan County</td>
<td>214,000</td>
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<td>--</td>
<td>--</td>
<td>--</td>
<td>$7.08</td>
<td>$7.02</td>
</tr>
<tr>
<td>West Outlying Weber</td>
<td>310,000</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>$7.66</td>
<td>$7.53</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>57,715,040</strong></td>
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<td><strong>1,130,069</strong></td>
<td><strong>1,317,000</strong></td>
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<table>
<thead>
<tr>
<th>Thurston County Market</th>
<th>Inventory (SF)</th>
<th>2Q Vacancy %</th>
<th>1Q Vacancy %</th>
<th>4Q Vacancy %</th>
<th>12 Mo Net Absorp SF</th>
<th>1Q Under Constr. SF</th>
<th>1Q Under Constr. SF</th>
<th>1Q Under Constr. SF</th>
<th>4Q Under Constr. SF</th>
<th>1Q Under Constr. SF</th>
<th>4Q Under Constr. SF</th>
<th>1Q Under Constr. SF</th>
<th>4Q Under Constr. SF</th>
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<tr>
<td>Downtown Olympia</td>
<td>4,119,000</td>
<td>2.2%</td>
<td>1.8%</td>
<td>-15,556</td>
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<td>Eastside</td>
<td>1,284,000</td>
<td>3.8%</td>
<td>4.0%</td>
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<td>Lacey</td>
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<td>Outlying Thurston</td>
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<td><strong>TOTAL</strong></td>
<td><strong>1914,000</strong></td>
<td>1.6%</td>
<td>2.1%</td>
<td>-3,045</td>
<td>0</td>
<td><strong>22.41</strong></td>
<td><strong>22.05</strong></td>
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<table>
<thead>
<tr>
<th>Anchorage Office Market</th>
<th>Inventory (SF)</th>
<th>1Q Vacancy %</th>
<th>2Q Vacancy %</th>
<th>12 mo. Net Absorp SF</th>
<th>2Q Under Constr. SF</th>
<th>1Q Asking Rent PSF</th>
<th>2Q Asking Rent PSF</th>
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<tr>
<td>Spendard-10 Submarket</td>
<td>5,625,009</td>
<td>10.0%</td>
<td>8.2%</td>
<td>81,357</td>
<td>0</td>
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<td>$30.37</td>
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<table>
<thead>
<tr>
<th>Anchorage Industrial Market</th>
<th>Inventory (SF)</th>
<th>1Q Vacancy %</th>
<th>2Q Vacancy %</th>
<th>12 mo. Net Absorp SF</th>
<th>2Q Under Constr. SF</th>
<th>1Q Asking Rent PSF</th>
<th>2Q Asking Rent PSF</th>
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<tr>
<td>Post Rd/Glenn</td>
<td>1,614,809</td>
<td>3.1%</td>
<td>1.5%</td>
<td>23,741</td>
<td>0</td>
<td>$16.07</td>
<td>$16.51</td>
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## Key Market Metrics

Austin Texas Amber Oaks and Promontory Point  
Source: Cushman & Wakefield 2Q2021 and 1Q2021.

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<th>Submarket</th>
<th>Supply SF</th>
<th>1Q21 % Vacant</th>
<th>2Q21 % Vacant</th>
<th>2Q Net Absorp SF</th>
<th>2Q21 Under Constr. SF</th>
<th>YTD Constr Comp. SF</th>
<th>2Q Avg Asking Rent</th>
<th>1Q Avg Asking Rent</th>
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<td>CBD</td>
<td>12,950,109</td>
<td>17.5%</td>
<td>23.8%</td>
<td>170,492</td>
<td>1,862,338</td>
<td>1,550,265</td>
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<td>$59.03</td>
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<td>Central</td>
<td>1,382,274</td>
<td>27.5%</td>
<td>20.4%</td>
<td>97,114</td>
<td>69,642</td>
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<td>Far Northwest</td>
<td>16,430,331</td>
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<td>17.7%</td>
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<td>717,646</td>
<td>128,700</td>
<td>$38.15</td>
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<td>19.9%</td>
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<td>Round Rock</td>
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<td>17.0%</td>
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<td>2,342,108</td>
<td>23.8%</td>
<td>23.0%</td>
<td>12,935</td>
<td>350,611</td>
<td>0</td>
<td>$44.09</td>
<td>$44.94</td>
</tr>
<tr>
<td>Southeast</td>
<td>1,436,496</td>
<td>14.6%</td>
<td>14.6%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$32.55</td>
<td>$32.63</td>
</tr>
<tr>
<td>Southwest</td>
<td>11,466,206</td>
<td>13.7%</td>
<td>14.9%</td>
<td>-197,863</td>
<td>207,177</td>
<td>0</td>
<td>$41.30</td>
<td>$41.34</td>
</tr>
<tr>
<td>East</td>
<td>1,945,878</td>
<td>32.1%</td>
<td>40.2%</td>
<td>6,003</td>
<td>1,379,367</td>
<td>172,000</td>
<td>$54.10</td>
<td>$55.58</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>58,750,343</td>
<td>18.2%</td>
<td>20.2%</td>
<td>-117,243</td>
<td>4,634,781</td>
<td>1,850,965</td>
<td>$44.72</td>
<td>$43.11</td>
</tr>
</tbody>
</table>
**APPENDIX: AMHTA Real Estate Market Report Summaries**

**Key Market Metrics**  San Antonio North Park  Source: CBRE 2Q2021 and 1Q2021.

<table>
<thead>
<tr>
<th>2Q21 vs 1Q21 San Antonio</th>
<th>Supply SF</th>
<th>1Q % Vacant</th>
<th>2Q % Vacant</th>
<th>2Q21 Net Absorp</th>
<th>2Q Under Constr SF</th>
<th>2Q Constr Comp. SF</th>
<th>1Q Avg Asking Rent</th>
<th>2Q Asking Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>5,222,238</td>
<td>14.6%</td>
<td>13.7%</td>
<td>-39,800</td>
<td>148,769</td>
<td>0</td>
<td>$26.92</td>
<td>$26.92</td>
</tr>
<tr>
<td>North Central</td>
<td>10,308,830</td>
<td>22.5%</td>
<td>22.4%</td>
<td>14,454</td>
<td>203,459</td>
<td>0</td>
<td>$22.72</td>
<td>$22.55</td>
</tr>
<tr>
<td>Far North Central</td>
<td>2,244,262</td>
<td>15.8%</td>
<td>17.0%</td>
<td>16,617</td>
<td>221,849</td>
<td>0</td>
<td>$33.50</td>
<td>$33.50</td>
</tr>
<tr>
<td>Northeast</td>
<td>2,403,120</td>
<td>28.1%</td>
<td>26.4%</td>
<td>-508</td>
<td>230,000</td>
<td>0</td>
<td>$21.06</td>
<td>$21.06</td>
</tr>
<tr>
<td>Northwest</td>
<td>10,555,764</td>
<td>23.3%</td>
<td>24.2%</td>
<td>-10,972</td>
<td>303,890</td>
<td>0</td>
<td>$19.94</td>
<td>$20.21</td>
</tr>
<tr>
<td>Far West</td>
<td>920,275</td>
<td>13.1%</td>
<td>20.6%</td>
<td>0</td>
<td>66,000</td>
<td>0</td>
<td>$23.00</td>
<td>$23.00</td>
</tr>
<tr>
<td>South</td>
<td>721,639</td>
<td>6.6%</td>
<td>14.4%</td>
<td>4,333</td>
<td>0</td>
<td>168,587</td>
<td>$17.00</td>
<td>$17.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>32,376,128</td>
<td>20.9%</td>
<td>21.3%</td>
<td>-15,876</td>
<td>1,173,967</td>
<td>107,401</td>
<td><strong>$21.65</strong></td>
<td><strong>$21.68</strong></td>
</tr>
</tbody>
</table>


Thank you for the opportunity to service the AMHTA.
The Trust Land Office (TLO) seeks the recommendation of the Finance Committee for the FY23 agency budget. Please see Exhibit 1 for a breakout of the proposed line items.

For this request, the FY23 budget is compared against the FY22 budget.

Exhibit(s):
Exhibit 1 – FY23 Trust Land Office Budget Proposal
### TRUST LAND OFFICE AGENCY BUDGET

**FY23 Proposal**

<table>
<thead>
<tr>
<th></th>
<th>Expenditures</th>
<th>FY21 YTD as of 7/06/21¹</th>
<th>FY22 Trustee Approved Budget</th>
<th>FY22 Mgmt Plan</th>
<th>FY23 Proposal</th>
<th>FY22-23 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Personal Services²</td>
<td>2,654,792</td>
<td>2,963,770</td>
<td>3,120,470</td>
<td>3,204,500</td>
<td>8%</td>
</tr>
<tr>
<td>7</td>
<td>Travel</td>
<td>51,831</td>
<td>137,000</td>
<td>151,639</td>
<td>140,545</td>
<td>3%</td>
</tr>
<tr>
<td>8</td>
<td>Services</td>
<td>1,284,577</td>
<td>1,235,030</td>
<td>1,223,891</td>
<td>1,531,005</td>
<td>24%</td>
</tr>
<tr>
<td>9</td>
<td>Supplies</td>
<td>47,331</td>
<td>58,000</td>
<td>54,500</td>
<td>54,500</td>
<td>-6%</td>
</tr>
<tr>
<td>10</td>
<td>Total</td>
<td>4,038,531</td>
<td>4,393,800</td>
<td>4,550,500</td>
<td>4,930,550</td>
<td>12%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>FY21 YTD as of 7/6/21¹</th>
<th>FY22 Trustee Approved Budget</th>
<th>FY22 Mgmt Plan</th>
<th>FY23 Proposal</th>
<th>FY22-23 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Principal</td>
<td>25,403,312</td>
<td>5,435,000</td>
<td>6,173,500</td>
<td>6,517,750</td>
<td>20%</td>
</tr>
<tr>
<td>15</td>
<td>Income</td>
<td>5,621,057</td>
<td>6,000,920</td>
<td>4,440,859</td>
<td>5,334,667</td>
<td>-11%</td>
</tr>
<tr>
<td>16</td>
<td>Total</td>
<td>31,024,369</td>
<td>11,435,920</td>
<td>10,614,359</td>
<td>11,852,417</td>
<td>4%</td>
</tr>
</tbody>
</table>

(1) Numbers are not final until the reappropriation period ends August 31. Revenue deferrals not yet completed.

(2) FY22 and FY23 accounts for a vacancy factor and a mandatory increase to contributions to the retirement system passed with SB55.

**FY23 TRUSTEE REQUEST:**

$4,930,550

<table>
<thead>
<tr>
<th></th>
<th>Personal Services*</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>FY23 Merit Inc. Est. $</td>
</tr>
<tr>
<td>29</td>
<td>FY23 Benefits Inc. Est. $</td>
</tr>
<tr>
<td>30</td>
<td>Total Merit and Benefits Inc. Est. $</td>
</tr>
</tbody>
</table>

*Request is rounded and will not equal the difference between FY23 and FY22 on row 6 due to allocated vacancy factor.
To: Anita Halterman, Finance Committee Chair
Thru: Mike Abbott, Chief Executive Officer
From: Carol Howarth, Chief Financial Officer
Date: July 20, 2021
Re: FY 23 Trust Authority Office MHT Agency Budget Request

REQUESTED MOTION:
The Finance Committee recommends that the full Board of Trustees approve the FY 23 Trust Authority Agency budget of $4,430,325.

BACKGROUND
Staff have prepared the FY 23 Trust Authority Office agency budget based on the anticipated activity levels of the Trust. The Trust staff request that the Finance Committee recommend that the full board of trustees approve the MHT Agency funds as detailed in the attached document.

The FY 23 proposed budget reflects a net increase of $250,428 (6.0%) from the amount approved by the full board for FY 22. The proposed budget reflects the changes outlined below:

<table>
<thead>
<tr>
<th>Budget Line</th>
<th>Amount Over (Under) Approved FY22 Budget</th>
<th>Major Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Personal Services</td>
<td>$266,778</td>
<td>Reflects merit increases and a 6% increase in PERS contribution</td>
</tr>
<tr>
<td>2000 Travel</td>
<td>$0</td>
<td>Reflects no increase in FY23 budgeted travel</td>
</tr>
<tr>
<td>3000 Services</td>
<td>$(19,350)</td>
<td>Reflects decreases in outside legal and shared services, offset primarily by DOR investment fees, telecom and consulting</td>
</tr>
<tr>
<td>4000 Supplies</td>
<td>$3,000</td>
<td>Reflects increased costs associated with food and non-food supplies</td>
</tr>
<tr>
<td>4000 Equipment</td>
<td>$0</td>
<td>No capital equipment purchases anticipated</td>
</tr>
</tbody>
</table>

In the just-completed legislative session, a 6% increase to PERS was made that is effective FY22. This is an obligation that the Trust must fund, and will carry forward into FY23.

Reduced activities from 4th quarter FY20 through FY21 make it a challenge to forecast the cost of planned Travel, Services and Supplies given a lack of reliable trend. Travel budget—which supports site visits, an important part of Program Officers activities—has been held at $82,000 for four budget years. Trust Authority Office staff restarted travel recently and we are seeing significantly higher average trip costs than over a year ago. Interagency Services are uncertain as they are reevaluated by OMB: some costs may decline, others may increase. This uncertainty applies not only to FY23, but to the current fiscal year, such as a new 0.1%-of-balance fee for DOR management of Trust Budget Reserves, resulting in an unanticipated FY22 $42,000 fee increase. As a result, staff will be carefully managing expenditures.
## MENTAL HEALTH TRUST AUTHORITY
### AGENCY BUDGET

### EXPENDITURES

<table>
<thead>
<tr>
<th></th>
<th>FY20 Approved</th>
<th>FY20 Actuals</th>
<th>FY21 Mgmt Plan as of July 9, 2021</th>
<th>FY22 Approved</th>
<th>FY22 Approved Plus PERS</th>
<th>FY23 Proposal</th>
<th>FY23 % Chg from FY22 Approved</th>
<th>FY23 % Chg from FY22 Approved + PERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Personal Services</td>
<td>2,952,595</td>
<td>2,714,465</td>
<td>2,949,989</td>
<td>2,938,749</td>
<td>3,033,697</td>
<td>3,207,375</td>
<td>3,300,475</td>
<td>8.8%</td>
</tr>
<tr>
<td>2000 Travel</td>
<td>82,000</td>
<td>62,869</td>
<td>82,000</td>
<td>944</td>
<td>82,000</td>
<td>82,000</td>
<td>82,000</td>
<td>0.0%</td>
</tr>
<tr>
<td>3000 Services</td>
<td>996,025</td>
<td>673,211</td>
<td>1,102,147</td>
<td>821,579</td>
<td>997,200</td>
<td>997,200</td>
<td>977,850</td>
<td>-1.9%</td>
</tr>
<tr>
<td>4000 Supplies</td>
<td>64,711</td>
<td>51,005</td>
<td>67,000</td>
<td>37,618</td>
<td>67,000</td>
<td>67,000</td>
<td>70,000</td>
<td>4.5%</td>
</tr>
<tr>
<td>5000 Equipment</td>
<td>-</td>
<td>-</td>
<td>14,000</td>
<td>9,362</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,095,331</strong></td>
<td><strong>3,501,550</strong></td>
<td><strong>4,215,136</strong></td>
<td><strong>3,808,252</strong></td>
<td><strong>4,179,897</strong></td>
<td><strong>4,353,575</strong></td>
<td><strong>4,430,325</strong></td>
<td><strong>6.0%</strong></td>
</tr>
</tbody>
</table>

### FTEs

<table>
<thead>
<tr>
<th></th>
<th>FY20 Conf Cmte</th>
<th>FY20 Actuals</th>
<th>FY21 Mgmt Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>MHT Admin</td>
<td>18</td>
<td>18</td>
<td>17</td>
</tr>
</tbody>
</table>

## FY2023 Request to TRUSTEES:

$4,430,325