

## MEETING AGENDA

**Meeting:** Finance Committee  
**Date:** January 22, 2026  
**Time:** 12:30 pm – 4:10 pm  
**Location:** Trust Authority Building, 3745 Community Park Loop, Anchorage  
**Teleconference:** [Zoom Link](#); Meeting ID: 842 6183 9319; Passcode: 907  
Call-in number +1 669 444 9171; [alaskamentalthtrust.org](http://alaskamentalthtrust.org)  
**Trustees:** John Morris (Chair), Kevin Fimon, Anita Halterman, Brent Fisher (ex-officio)

### Thursday, January 22, 2026

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<b>12:30pm</b>	<b>Call Meeting to Order (John Morris, Chair)</b> Roll Call Announcements Approve Agenda Ethics Disclosure Approve <a href="#">Minutes</a> – October 16, 2025	
<b>12:35pm</b>	<b>Commercial Real Estate Update and Investment Returns</b> <ul style="list-style-type: none"><li>Steve Center, Senior Vice President, Callan LLC</li><li>Allan Popper, Managing Director, RCLCO</li><li>Natalie Condon, Senior Associate, RCLCO</li></ul> Executive Session – (if necessary) In accordance with the Open Meetings Act, AS 44.62.310(c)	2
<b>12:55pm</b>	<b>Investment Risk Discussion</b> <ul style="list-style-type: none"><li>Steve Sikes, Investment Officer, Department of Revenue</li></ul>	handout
<b>1:40pm</b>	<b>Proposed update to the Trust's Asset Management Policy (AMPS)</b> <ul style="list-style-type: none"><li>Steve Center, Senior Vice President, Callan LLC</li></ul>	18
<b>3:10pm</b>	<b>Trustee Questions</b>	
<b>3:40pm</b>	<b>Surplus Determination</b> <ul style="list-style-type: none"><li>Julee Farley, CFO</li></ul>	50
<b>3:55pm</b>	<b>Staff Report Items</b> <ul style="list-style-type: none"><li>Financial Dashboard, Julee Farley, CFO</li></ul>	55
<b>4:10pm</b>	<b>Adjourn</b>	

December 12, 2025



## **Alaska Mental Health Trust Authority**

Investment Performance Update

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**Steve Center, CFA**  
Fund Sponsor Consulting

**Julia Moriarty, CFA**  
Capital Markets Research

Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

# Introduction

## Presenters



### **Steve Center, CFA**

- 15<sup>th</sup> year with Callan, 27<sup>th</sup> Year in the industry
- Senior Vice President, West Coast Consulting Team
- Callan Shareholder
- Manager Search Committee Member
- MBA, University of Washington



### **Julia Moriarty, CFA**

- 35<sup>th</sup> year with Callan, 35<sup>th</sup> Year in the industry
- Senior Vice President, Co-Manager of Capital Markets Research
- Callan Shareholder
- MBA, UC Berkeley

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## Overview

- Callan previously presented investment performance for the Alaska Mental Health Trust Authority during the October 2025 Finance Committee meeting
- Subsequent to this meeting, one of the Commercial Real Estate properties sold for a valuation above what was used for our calculations and was ultimately carried at this higher valuation in the Trust's FY2025 audited financial statements
- The attached analysis updates the Commercial Real Estate performance using this higher valuation for the transacted property

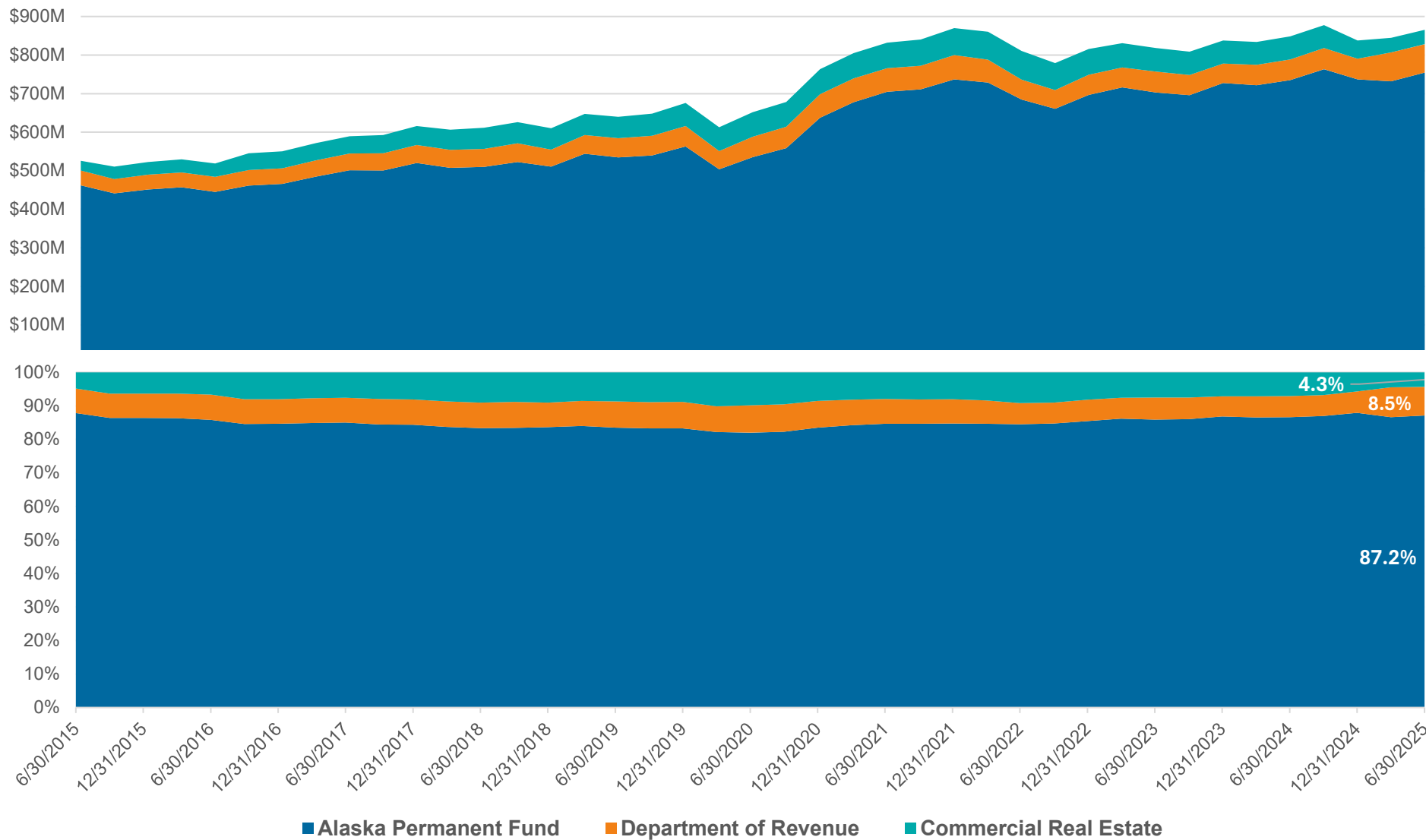
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## Trust Investment Performance

# AMHTA Investment Mix (ex-GeFONSI, TLO Assets and TLODA Projects)

Fiscal Years 2015-2025

## Alaska Mental Health Trust - Asset Breakdown

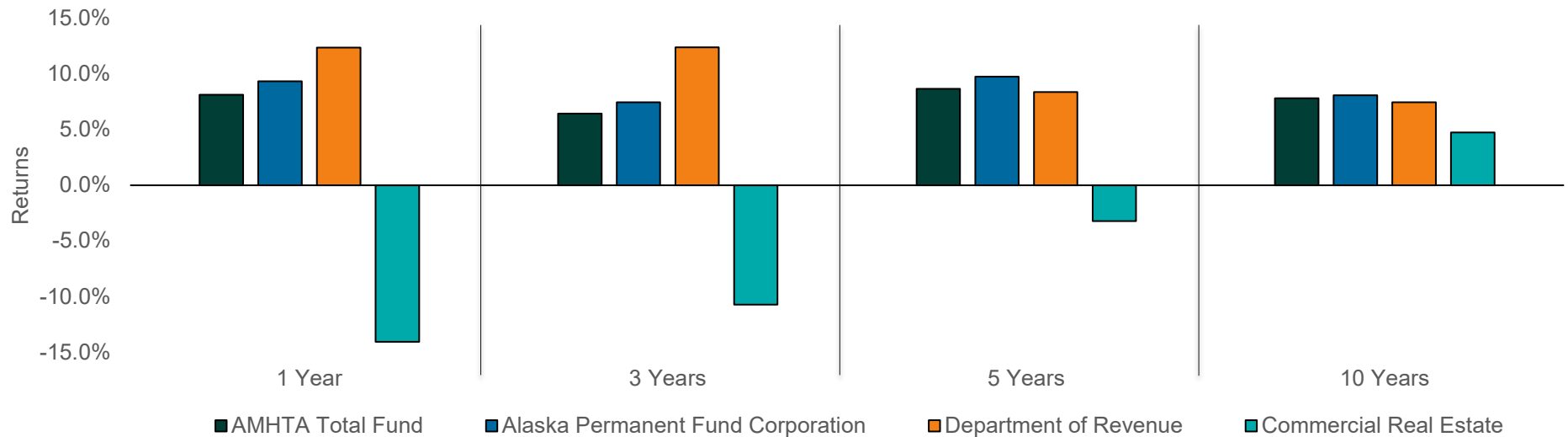


# Historical Annualized Performance and Investment Mix

## Alaska Mental Health Trust Authority - Historical Investment Performance

As of June 30, 2025

	1 Year	3 Years	5 Years	10 Years
<b>AMHTA Total Fund<sup>1</sup></b>	8.13%	6.44%	8.67%	7.82%
<b>Alaska Permanent Fund Corporation</b>	9.35%	7.46%	9.77%	8.10%
<i>APFC Performance Benchmark</i>	9.31%	8.22%	9.49%	7.80%
<b>Department of Revenue</b>	12.37%	12.41%	8.38%	7.45%
<i>DoR Performance Benchmark</i>	12.16%	12.08%	8.14%	7.23%
<b>Commercial Real Estate<sup>2</sup></b>	-14.07%	-10.73%	-3.21%	4.76%
<i>NCREIF Office</i>	-0.16%	-9.94%	-4.41%	0.86%
<i>NCREIF Total</i>	4.23%	-2.75%	3.70%	5.22%



SOURCE: AMHTA, Trust Land Office, APFC, Alaska Department of Revenue, Callan

Returns over one year are annualized. APFC and DoR Returns are shown net of investment management fees. CRE returns are shown gross of expenses.

<sup>1</sup>Total Fund performance excludes GeFONSI, TLO land assets, and Trustee approved TLODA projects of \$26.67M, of which \$19.7M has been funded by the Trust to date

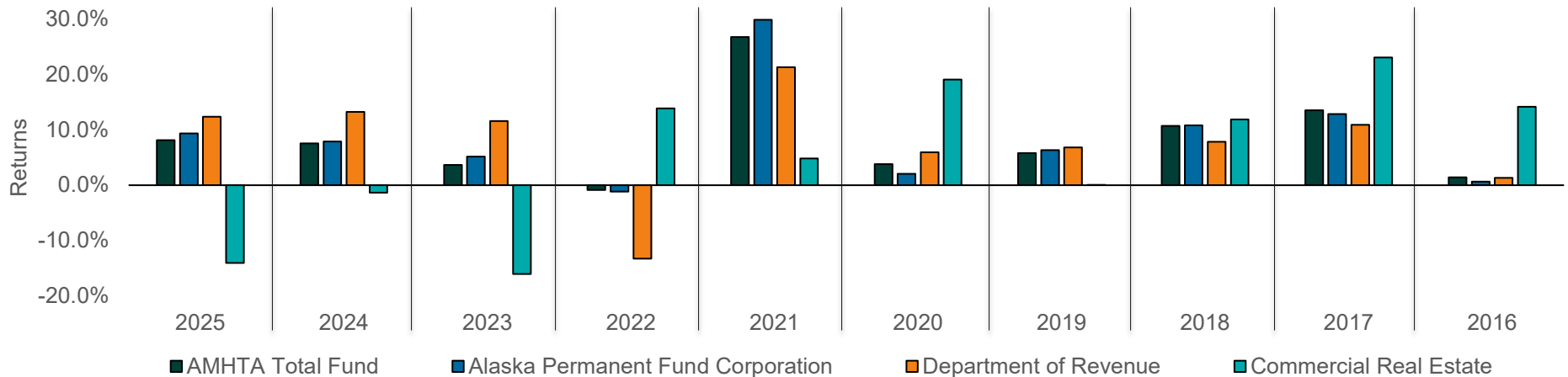
<sup>2</sup>Returns are estimated using the Modified Deitz method, assuming mid-year distributions and actual property purchase dates. CRE net distributions used for return calculations. Includes Cordova, though the Board has approved reclassifying this holding as program-related as of 7/1/2024. FY 2025 CRE performance ex-Cordova was -19.63%.

# Fiscal Year Performance

## Alaska Mental Health Trust Authority - Fiscal Year Investment Performance

Fiscal Years Ending June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>AMHTA Total Fund<sup>1</sup></b>	8.13%	7.55%	3.69%	-0.88%	26.80%	3.83%	5.82%	10.72%	13.57%	1.42%
<b>Alaska Permanent Fund Corporation</b>	9.35%	7.90%	5.18%	-1.17%	29.93%	2.06%	6.34%	10.84%	12.89%	0.65%
<i>APFC Performance Benchmark</i>	9.31%	9.62%	5.78%	-3.08%	28.10%	2.03%	7.42%	8.25%	11.23%	2.05%
<b>Department of Revenue</b>	12.37%	13.27%	11.61%	-13.27%	21.36%	5.96%	6.84%	7.86%	10.92%	1.33%
<i>DoR Performance Benchmark</i>	12.16%	12.98%	11.12%	-13.41%	21.28%	5.42%	7.15%	7.39%	11.40%	0.60%
<b>Commercial Real Estate<sup>2</sup></b>	-14.07%	-1.36%	-16.07%	13.89%	4.82%	19.12%	0.03%	11.91%	23.09%	14.19%
<i>NCREIF Office</i>	-0.16%	-14.41%	-14.53%	5.85%	3.25%	3.97%	6.79%	6.55%	5.57%	9.31%
<i>NCREIF Total</i>	4.23%	-5.53%	-6.60%	21.45%	7.37%	2.69%	6.51%	7.19%	6.97%	10.64%



SOURCE: AMHTA, Trust Land Office, APFC, Alaska Department of Revenue, Callan.

Returns over one year are annualized. APFC and DoR Returns are shown net of investment management fees. CRE returns are shown gross of expenses.

<sup>1</sup>Total Fund performance excludes GeFONSI, TLO land assets, and Trustee approved TLODA projects of \$26.67M, of which \$19.7M has been funded by the Trust to date

<sup>2</sup>Returns are estimated using the Modified Deitz method, assuming mid-year distributions and actual property purchase dates. CRE net distributions used for return calculations. Includes Cordova, though the Board has approved reclassifying this holding as program-related as of 7/1/2024. FY 2025 CRE performance ex-Cordova was -19.63%.



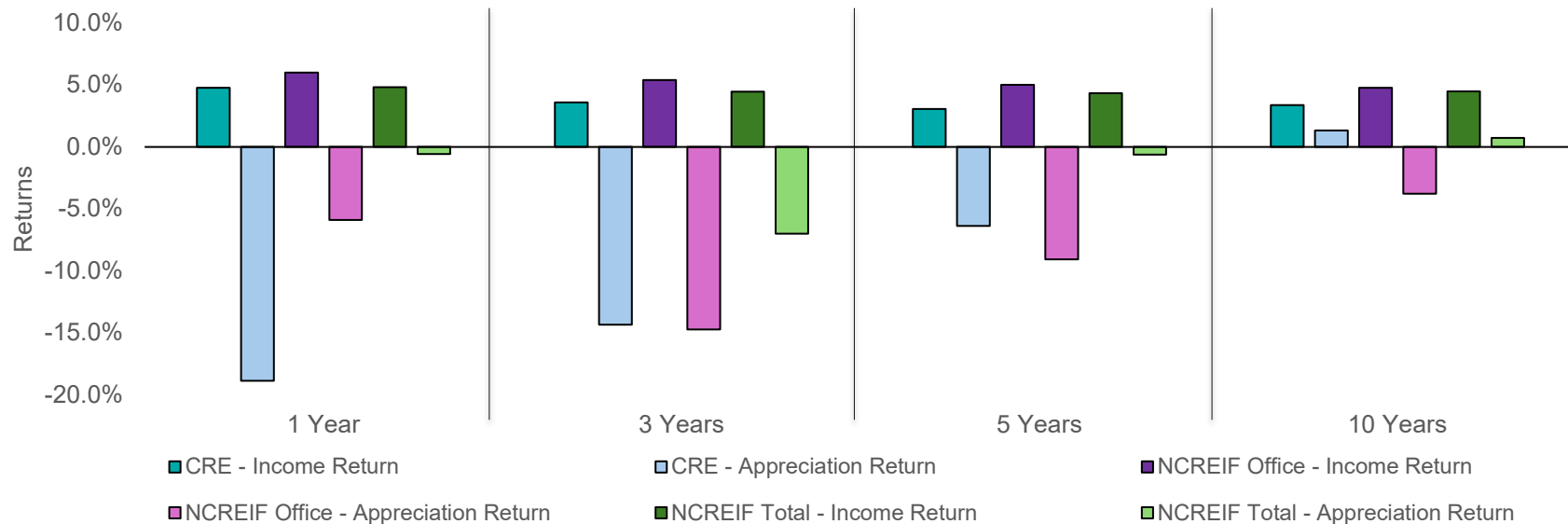
# Commercial Real Estate Historical Annualized Performance

## Income and Appreciation Return Details – Gross of Expenses

### Alaska Mental Health Trust Authority - Commercial Real Estate Investment Performance

As of June 30, 2025

	1 Year	3 Years	5 Years	10 Years
<b>Commercial Real Estate<sup>1</sup></b>				
Income Return	4.77%	3.58%	3.05%	3.38%
Appreciation Return	-18.84%	-14.33%	-6.36%	1.34%
<b>NCREIF Office</b>				
Income Return	6.00%	5.39%	5.00%	4.76%
Appreciation Return	-5.89%	-14.72%	-9.07%	-3.77%
<b>NCREIF Total</b>				
Income Return	4.83%	4.47%	4.34%	4.48%
Appreciation Return	-0.58%	-6.98%	-0.62%	0.72%



SOURCE: AMHTA Annual Reports, Trust Land Office

Returns over one year are annualized. CRE returns are shown gross of expenses. Includes the Cordova property, though the Board reclassified it as program-related as of 7/1/2024.

<sup>1</sup>Returns are estimated using the Modified Deitz method, assuming mid-year distributions and actual property purchase dates. CRE net distributions used for income return calculations.

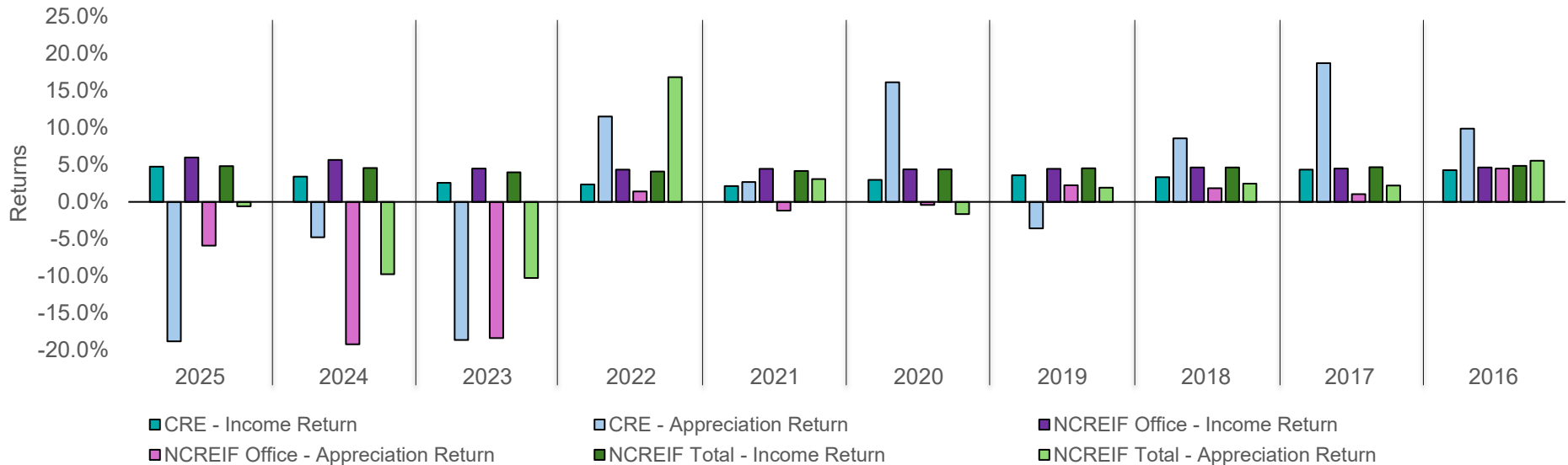
# Commercial Real Estate Fiscal Year Performance

## Income and Appreciation Return Details – Gross of Expenses, Trailing and Fiscal Years

### Alaska Mental Health Trust Authority - Commercial Real Estate Investment Performance

Fiscal Years Ending June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Commercial Real Estate<sup>1</sup></b>										
Income Return	4.77%	3.42%	2.57%	2.35%	2.15%	2.98%	3.61%	3.33%	4.36%	4.30%
Appreciation Return	-18.84%	-4.77%	-18.64%	11.54%	2.67%	16.14%	-3.58%	8.58%	18.74%	9.89%
<b>NCREIF Office</b>										
Income Return	6.00%	5.66%	4.52%	4.38%	4.47%	4.40%	4.46%	4.64%	4.49%	4.63%
Appreciation Return	-5.89%	-19.23%	-18.41%	1.43%	-1.18%	-0.41%	2.25%	1.85%	1.05%	4.52%
<b>NCREIF Total</b>										
Income Return	4.83%	4.59%	3.99%	4.10%	4.19%	4.40%	4.53%	4.64%	4.69%	4.88%
Appreciation Return	-0.58%	-9.78%	-10.27%	16.85%	3.08%	-1.65%	1.91%	2.46%	2.20%	5.56%



SOURCE: AMHTA Annual Reports, Trust Land Office

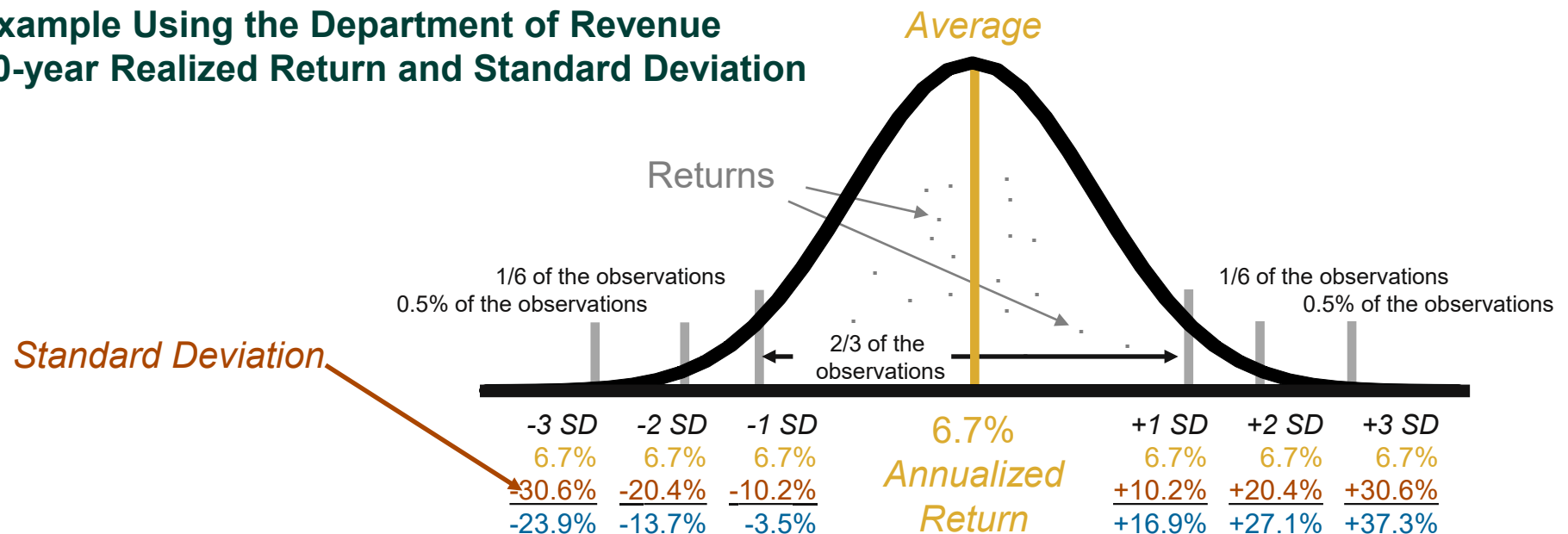
Returns over one year are annualized. CRE returns are shown gross of expenses. Includes the Cordova property, though the Board reclassified it as program-related as of 7/1/2024.

<sup>1</sup>Returns are estimated using the Modified Deitz method, assuming mid-year distributions and actual property purchase dates. CRE net distributions used for income return calculations.

## Standard Deviation as a Measure of Risk

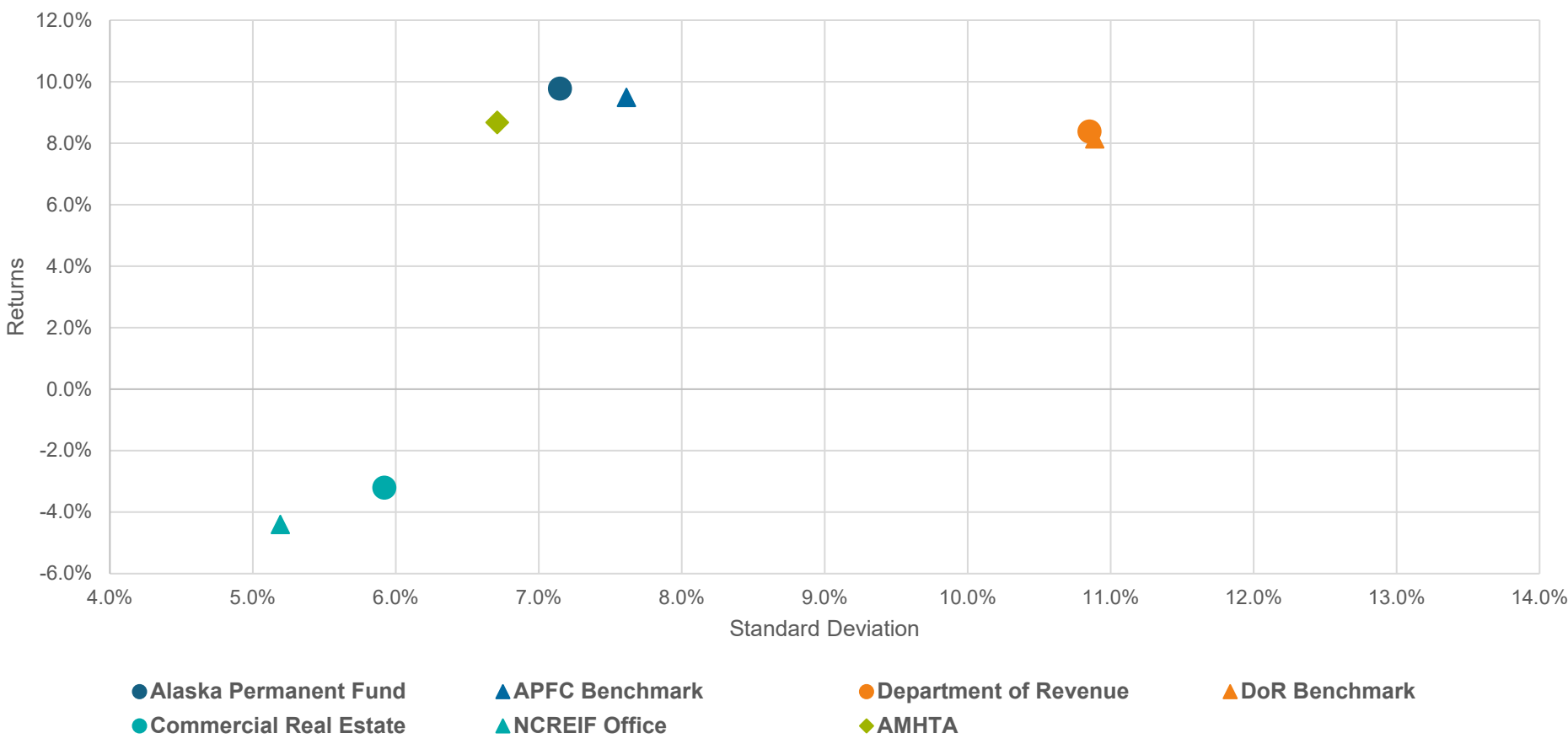
- Risk is measured by the standard deviation of returns, which can be thought of as the average difference from the average return over a period of time
  - If there are large deviations from the average, the standard deviation is high—meaning returns have historically been very volatile
- Calculation of standard deviation includes returns both above and below the average

### Example Using the Department of Revenue 10-year Realized Return and Standard Deviation



# Five Year Risk Analysis

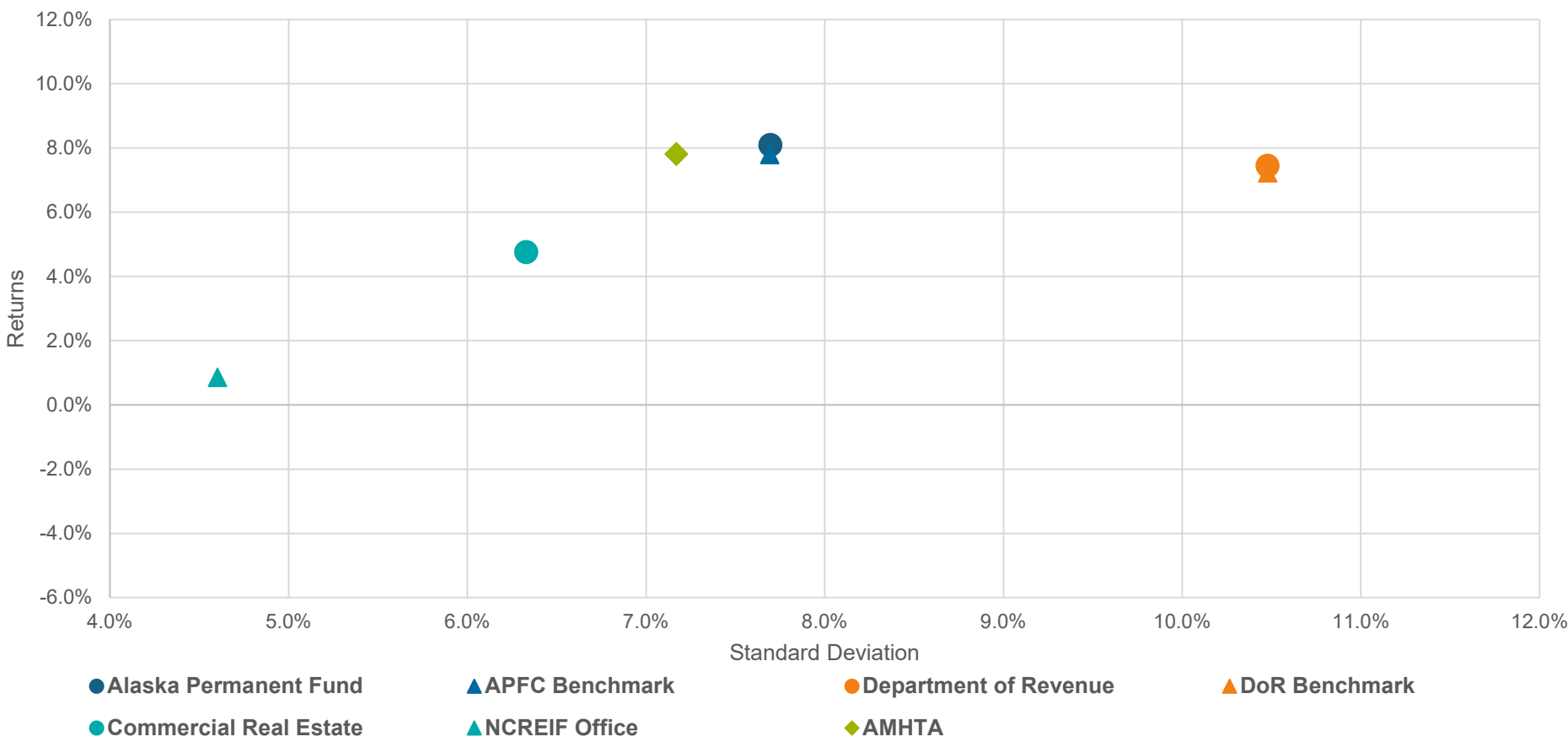
Five Year Annualized Risk vs. Return



	Alaska Permanent Fund	APFC Benchmark	Department of Revenue	DoR Benchmark	Commercial Real Estate	NCREIF Office	AMHTA ex-GeFONSI, TLO & TLODA
Standard Deviation	7.15%	7.61%	10.85%	10.89%	5.92%	5.19%	6.71%
Return	9.77%	9.49%	8.38%	8.14%	-3.21%	-4.41%	8.67%

# Ten Year Risk Analysis

Ten Year Annualized Risk vs. Return



	Alaska Permanent Fund	APFC Benchmark	Department of Revenue	DoR Benchmark	Commercial Real Estate	NCREIF Office	AMHTA ex-GeFONSI, TLO & TLODA
Standard Deviation	7.70%	7.69%	10.48%	10.48%	6.33%	4.60%	7.17%
Return	8.10%	7.80%	7.45%	7.23%	4.76%	0.86%	7.82%

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## Notes on the Commercial Real Estate Return Calculations

- The performance of the Commercial Real Estate (CRE) investments presented in this analysis is significantly influenced by the annual valuation model utilized for commercial real estate investments
- Unlike the CRE investments, the APFC and DoR portfolios are valued monthly, providing additional data for accurate time-weighted rate of return calculations
- The annual valuation of the CRE investments also results in lower historical realized standard deviation figures
- Furthermore, the ultimate performance of the CRE investments will be greatly affected by the final sale prices of any assets sold
- Currently, the CRE portfolio has an outstanding equity valuation of approximately \$37.4 million, but any asset sales may occur at prices well below this valuation
- All CRE data presented herein includes Cordova (estimated equity valuation of \$4.5M as of June 30, 2025, approximately 12% of the CRE assets), which has been classified as “Program-Related” as of July 1, 2024

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Callan

# Trust

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## Alaska Mental Health Trust Authority

**Alaska Mental Health Trust Authority**

**Asset Management Policy Statement**

**Adopted: ~~May 22, 2024~~ TBD August 1, 2025**

## Asset Management Policy Statement

### Purpose

The Asset Management Policy Statement ("AMPS") ~~specifically~~ delineates the ~~asset~~ management philosophy and ~~policies/practices~~ of the ~~board~~ Board of ~~trustees~~ Trustees (the ~~board~~ "Board") of the Alaska Mental Health Trust Authority (~~the Trust~~ "AMHTA"). It has been developed ~~with the goal of ensuring and enhancing Trust assets for beneficiaries today and in the future to serve as the management plan for those assets entrusted to the board~~ Board. The ~~board~~ Board believes it is essential to adopt a long-term plan by which these assets will be ~~maintained and enhanced through prudent management~~ prudently managed. The AMPS may be revised by action of the ~~board~~ Board, and should be reviewed annually. The ~~board~~ Board has adopted the AMPS to serve as that long-term plan, in order that:

- there be a clear understanding on the part of the ~~trustees~~ Trustees Board, staff, beneficiaries, and the public as to the objectives, goals, and restrictions with regard to the management of Trust assets;
- assets be structured and managed in a prudent manner; and
- there be a meaningful basis for performance evaluations of asset classes, managers, and strategies used to achieve the management objectives.

## Background

### *Creation of the Trust*

The Alaska Mental Health Trust (the "Trust") was established by Congress under the Alaska Mental Health Enabling Act of 1956 ("Act"). The ~~1956 law~~ Act included a grant to the State of Alaska of one million acres of land to be held in trust and used to generate revenues to ensure the development of a Integrated Comprehensive ~~Integrated~~ Mental Health Program for the State of Alaska. In the mid-1980s, a class-action citizen lawsuit, Weiss v. State, was filed, alleging the mismanagement of these lands. In 1994, the Alaska Legislature passed legislation that was subsequently approved by the Alaska Superior Courts as a settlement of the litigation (the ~~settlement~~ Settlement).

### *Settlement Framework*

The ~~s~~Settlement reconstituted the Trust with an initial \$200 million in cash and nearly one million acres of land. ~~A seven member board~~ The Board

consists of ~~trustees~~ Trustees seven members ("Trustees") and it ~~was~~ created and charged with the fiduciary responsibility of administering the Trust. The ~~settlement~~ Settlement included statutory language (AS 37.14.009(a)) that assigned the Alaska Permanent Fund Corporation ("APFC") management of the Mental Health Trust Fund and assigned the Department of Natural Resources ("DNR") management of Trust land, natural resource assets, and associated improvements. The 1994 legislation required DNR to establish a separate unit, the Trust Land Office ("TLO"), for this purpose. Other Trust funds, such as Trust income allocated for annual mental health program spending, a portion of budget reserves, and, on a short-term basis, cash receipts generated by the TLO are managed by the Department of Revenue (DOR).

The ~~board~~ Board directs the financial management of the earnings from the assets of the Trust, which exist solely to improve the lives of current and future Trust beneficiaries into programs and projects, that are designed to improve the lives of Trust beneficiaries: Alaskans who experience mental illness, developmental disabilities, chronic alcoholism, and others who suffer major mental illness as set forth in AS 44.25.290 and 20 AAC 40. Alzheimer's disease and related dementia, traumatic brain injury and substance abuse disorders (see AS 44.25).

#### Mission Statement

The ~~board~~ Board has adopted the following mission statement for the Trust:

*The Alaska Mental Health Trust Authority (the Trust) administers the Mental Health Trust to improve the lives of beneficiaries. Trustees have a fiduciary responsibility to protect and enhance trust assets in perpetuity for the beneficiaries. The Trust provides leadership in advocacy for and planning, implementing and funding of the Comprehensive Integrated Mental Health Program; and acts as a catalyst for change.*

## **Roles and Responsibilities**

### **Board of Trustees**

Established by AS 44.25.200, the ~~board~~ Board of trustees Trustees is the governing body for ~~the~~ AMHTA-Alaska Mental Health Trust Authority. The ~~board~~ Board has the responsibility of establishing and maintaining ~~broad~~ Board policies and objectives for the prudent management of Trust assets. Trustees are fiduciaries of the Trust. The Board establishes broad policies and sets the direction for asset management in this AMPS. ~~The board delegates the implementation of these policies to the board's finance committee, resource management committee, executive committee and to staff.~~ In doing so, the ~~board~~ Board maintains a "top-down" perspective,

focusing on important policy-level issues, and maintaining the proper fiduciary perspective and time horizon for analysis of the performance of Trust assets. The Board may, from time to time, seek the input of third-party experts, such as investment managers or consulting firms, to assist with their fiduciary responsibilities.

### Finance Committee

The ~~board-Board of trustees-Trustees~~ has established a ~~finance-Finance committee-Committee~~ to assist the ~~board-Board~~ in the financial oversight and strategic financial planning for the Trust. This ~~committee-Committee~~ consists of three current voting members of the ~~board-Board of trustees-Trustees~~ and the Board Chair as a non-voting member. The Finance Committee considers the overall financial performance of Trust assets, including the real estate and natural resources managed by the Trust Land Office, and makes recommendations to the ~~board-Board~~ when necessary. The Finance Committee evaluates and makes recommendations to the Board on prospective capital investments of the Trust. The ~~committee-Finance Committee~~ will consult with the Chief Financial Officer and Chief Executive Officer to oversee the implementation of this AMPS. Additional responsibilities may be found in the ~~committee Finance Committee~~ charter. The Finance Committee may, from time to time, seek the input of third-party experts retained by AMHTA, such as investment managers or consulting firms, to assist with their fiduciary responsibilities.

### Resource Management Committee

The ~~board-Board of trustees-Trustees~~ has established a ~~resource-Resource management-Management committee-Committee~~ to assist the ~~board-Board~~ in the oversight and strategic planning for the land, natural resource assets, and associated improvements held by the Trust. This ~~committee-Committee~~ consists of three current voting members of the ~~board-Board and the Board Chair as a non-voting member of trustees-Trustees~~. The ~~committee Reesource Management Committee~~ will consult with the Chief Executive Officer and the Trust Land Office to oversee ~~the implementation of this AMPS regarding~~ the Trust's land, natural resource assets, and associated improvements by the Department of Natural Resources. Additional responsibilities may be found in the ~~committee-Resource Management Committee~~ charter. The Committee may, from time to time, seek the input of third-party experts retained by AMHTA, such as investment managers or consulting firms, to assist with their fiduciary responsibilities.

### Chief Executive Officer

As defined by AS 44.25.230, ~~the staff position that serves the board~~ Board asis the Chief Executive Officer (“CEO”) is the staff position that is responsible for the day to day management of of the AMHTA and serves the Board. The ~~Chief Executive Officer~~ CEO implements the policies established by the ~~board~~ Board of Trustees according to the authorities and guidelines provided in state statute, regulations, AMHTA by laws, and the Chief Executive Officer CEO charter. Additionally, the Chief Executive Officer CEO serves as the manager of the Commercial Real Estate Limited Liability Corporations, if any, and may utilize the expertise of a third-party asset managers, listing agents, real estate brokers, leasing agents and others retained by AMHTA to assist with this responsibility.

#### Chief Financial Officer

The Chief Financial Officer (“CFO”) provides reports on investment activity and results, as well as provides general oversight of the Trust investments. As part of the annual budgeting process, the ~~Chief Financial Officer~~ CFO will make a calculation and a recommendation to the Finance Committee as to the amount of money that should be withdrawn ~~for from~~ the investment accounts to fund Trust activity. Where investment managers require administrative direction from the Trust to implement the investment policies and strategies (such as rebalancing activities) the ~~Chief Financial Officer~~ CFO provides that direction in accordance with established Board policies.

#### Trust Land Office (TLO)

The office has responsibility for management of the Trust’s ~~property and land~~, natural resource assets, and associated improvements. The TLO was established within the Department of Natural Resources under AS 44.37.050.

#### Trust Land Office (TLO) Executive Director

The TLO Executive Director has overall responsibility for the management of approximately one million acres of Trust land with accountability to the Trust and its beneficiaries; and This position reports to the Chief Executive Officer CEO of the Trust. In fulfilling the contract with the board described in AS 37.14.009, this staff position serves the commissioner of the Department of Natural Resources as the Executive Director of the Trust Land Office. Per the Memorandum of Understanding with the Department of Natural Resources, the Commissioner has delegated the authority to select/replace the Executive Director to the Trust with concurrence of the

~~DNR Commissioner.~~

### Alaska Permanent Fund Corporation (APFC)

~~The Alaska Permanent Fund Corporation~~APFC manages the Mental Health Trust Authority Investment Fund ~~and other Trust assets~~ as agreed by the ~~trustees~~Board and APFC in accordance with AS 37.14.009.

### Department of Revenue (DOR)

The ~~Department of Revenue~~DOR manages funds for the State of Alaska, including ~~Trust~~AMHTA budget reserves and other short-term investments.

## Statement of Asset Management Philosophy

~~The AMPS serves as a framework to ensure maximum resources~~enable prudent management of Trust resources so that they remain~~are~~ available to current and future beneficiaries. The AMPS helps the ~~board~~Board effectively supervise, monitor, and evaluate the investment and management of the Trust's liquid and non-liquid assets. The short-term cash, liquid and non-liquid investment programs ~~and Trust land and resource management program~~ are defined in the various sections of the AMPS by:

- stating in a written document the ~~board's~~Board's expectations, objectives, and guidelines for management of the short-term cash, liquid and non-liquid assets;
- complying, or ensuring compliance, with all applicable fiduciary, ~~prudence~~prudent investor, and due diligence requirements, including the requirements of AS 37.10.071, that experienced investment professionals and land managers would reasonably utilize, and with all applicable laws, rules, and regulations that may impact Trust assets;
- setting forth an investment structure for the ~~liquid assets of the~~Trust; this structure includes various accounts, asset classes, investment management styles, risk tolerance, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term;
- establishing guidelines for management of the Trust's non-liquid assets consistent with the TLO's long-term asset management strategy as defined in 11AAC 99.090(c);
- monitoring, evaluating, and comparing the investment performance results achieved by APFC, DOR, and TLO on a regular basis;
- encouraging effective communications ~~s~~ between the ~~trustees~~TrusteesBoard, staff, APFC, DOR, and TLO;

- ~~establishing a framework to aid trustees the Board Trustees in determining the annual available funding amount for protection and enhancement of Trust assets and~~ spending on behalf of the beneficiaries in mental health programs and projects, ~~and protecting and enhancing the value of the Trust for future beneficiaries;~~ and
- establishing policies and procedures for systematic evaluation of relative risk and returns for prospective investments as compared to the best available alternate investments.
- ~~aligning asset management strategies with the time horizons identified in the comprehensive mental health plan.~~

This AMPS is formulated upon the ~~board's Board's~~ consideration of the financial implications of a wide range of policies and describes the prudent ~~liquid, and non-liquid~~ investment processes that the ~~trustees Trustees Board~~ deems appropriate.

The ~~board Board~~ recognizes that even though its investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. This prevents ad-hoc revisions to the ~~board's Board's~~ philosophy and policies in reaction to either speculation or short-term market fluctuations.

The ~~board Board~~ recognizes that the Trust has many stakeholders with differing levels of expertise and will make reasonable efforts to develop policies that are easily communicated to ~~partner statutory~~ boards, ~~advisors~~ and other stakeholders, so that the framework for decision making is clear and transparent.

## Asset Management Objectives

The asset management objectives of the Trust have been established by the ~~board Board~~ in conjunction with a comprehensive review of the Trust's current and projected financial requirements. The investment earnings from liquid assets and income produced from ~~Trust non-liquid assets~~ ~~may will~~ be used ~~primarily to protect and enhance the value of Trust assets and~~ implement annual mental health program funding strategies ~~and secondarily to protect the enhance the value of the Trust for future beneficiaries.~~ Accordingly, investment results and Trust land resource management decisions are critical elements in achieving the outcome objectives of the Trust. ~~The overarching asset management objective is to maintain appropriate cash asset allocation and trust land management policies that are compatible with the spending policy while still having the potential to produce positive real returns.~~

### Short-Term Cash Management Objectives



Specific short-term cash management objectives are to:

- primarily protect the Trust's short-term capital needs;
- achieve a rate of return comparable to that offered by short-term savings accounts such as money market funds or investment grade short duration bonds;
- allow for as-needed liquidity to meet the cash flow needs of the Trust.

### **Liquid Asset Management Objectives**

Specific liquid asset management objectives are to:

- preserve and enhance the purchasing power of the Trust's cash principal ~~and the income generating capacity of the Trust's non-liquid asset portfolio;~~
- ~~achieve a real rate of return (above inflation) of five percent (5%) over a full market cycle with reasonable and prudent levels of risk; and~~
- provide a steady, reliable payout stream to ensure funding of program spending goals while maintaining sufficient liquidity in all market environments.

### **Non-Liquid Asset Management Objectives**

Specific non-liquid land, ~~and~~ natural resource management and commercial real estate objectives are to:

- protect and enhance the non-cash asset value and productivity of Trust property;
- maximize revenues from Trust non-liquid assets over time;
- encourage a diversity of revenue-producing uses of Trust non-liquid assets;
- manage Trust land prudently, efficiently, and with accountability to the Trust and its beneficiaries; and
- use Trust non-liquid assets for beneficiary purposes, when such use is found to be in the best interest of the Trust and its beneficiaries.

## **Guidelines and Investment Policy**

### **Time Horizon**

The investment time horizon, ~~also referred to as duration,~~ is one of the major ~~factors—considerations when evaluating an asset allocation in achieving positive investment results. In order to appropriately balance investment decisions and spending decisions,~~ the Trust ~~the Trust~~ AMHTA

considers several time horizons:

Short-Term: ~~The Trust~~AMHTA ~~invests-maintains~~ funds that are held temporarily, pending use by ~~Trusts~~ programs or other investment decisions. These investments have an approximate time horizon ~~of up to~~ two years with an emphasis on preservation of capital rather than growth. Investments in this area include the funds held in the General Fund and Other Non-Segregated Investment ("GeFONSI") ~~account-pool~~ managed by the Department of Revenue<sup>1</sup>. The GeFONSI ~~account-pool~~ is intended to produce ~~moderate-cash-like~~ returns with low levels of risk; accordingly it holds a mix of ~~high-high~~-quality, ~~short-short~~-term securities and holds the regular operating funds used by ~~the Trust~~AMHTA. ~~The Trust's~~AMHTA's GeFONSI accounts include the following

- Trust Settlement Income Account ("~~SIA~~"): ~~{GeFONSI Fund 1092}~~
- Trust Authority Development Account ("~~TADA~~"): ~~{GeFONSI Fund 3320}~~
- ~~Central Facilities Fund Trust Land Office Development Account~~ ("~~TLODA~~"): ~~{GeFONSI Fund 3322}~~

From time to time, as part of the operations of the ~~commercial-Commercial~~ ~~real-Real estate-Estate~~ portfolio, ~~the Trust~~AMHTA may also hold cash, certificates of deposit, or money market accounts in federally insured banks. These funds are generally invested in low-risk, highly liquid accounts and include:

- Operating Accounts for Building management
- Property Reserves for Capital Improvements

Medium-Term: ~~The Trust~~AMHTA invests funds that may be needed in the future for use by ~~Trusts~~ programs. These investments have an approximate time horizon of five to seven years with an emphasis on balancing preservation of capital while still achieving growth. Investments in this area include:

- Budget Reserves managed by DOR

Long-Term: ~~The Trust~~AMHTA also invests funds for the benefit of future beneficiaries. These investments are managed for long term growth, with a time horizon of seven ~~years and beyond to twenty years~~. Investments in this area include:

- Mental Health Trust Fund, including Budget Reserves managed by APFC
- Commercial Real Estate ~~holdings~~ managed by the ~~TLO~~Chief Executive Officer/CEO
- ~~Trust Land Office Development Account~~ (TLODA) projects managed by the TLO

<sup>1</sup> Additional information regarding the GeFONSI pool can be found at <https://treasury.dor.alaska.gov/home/investments/gefonsi>  
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## Risk Tolerance

Investment risk is generally correlated with investment returns. The potential for investments to perform differently than anticipated (producing either significantly better or worse returns) is referred to as volatility. Deciding how much volatility within the portfolio is acceptable is a critical decision in determining potential investment results and achieving positive investment results, net of inflation. The Trust considers both the risk associated with specific investment strategies as well as the aggregate risk to total Trust assets.

The board recognizes the difficulty faced by APFC, DOR and DNR in meeting investment and Trust land resource management objectives because of the uncertainties and complexities of contemporary investment markets and the non-liquid asset management operating arena. The board also recognizes that some risk must be assumed to achieve the APFC's long-term investment objectives, the DOR's Budget Reserve investment objectives, and the TLO's land management objectives. Further, in commingling Trust liquid assets with the Alaska Permanent Fund managed by the APFC, the ability to withstand short and intermediate term market volatility has been considered. The board will review the realized five-year and ten-year risk (standard deviation) of the Trust on a periodic basis (not less than once every three years) to ensure the Trust's overall portfolio has not exhibited an undue level of risk.

## Asset Allocation

Careful allocation of Trust capital is an essential component of managing the overall ~~potential return and risk portfolio risk profile and of the Trust's~~ ~~potential return~~. ~~Investing decisions strive for a balance between overweighting capital in a narrow section (concentration risk) and distributing capital so broadly that investments are not focused and generate mediocre results.~~ Asset allocation is the framework for managing investment decisions to achieve the desired result within an acceptable range of risk. Capital investment decisions must be made only after a thorough and systematic comparison of projected investment return and risk levels versus that of available alternatives, which include the APFC. Additionally, any potential labor demands on Staff and the Board along with the level of related institutional expertise required of the Staff and the Board must be considered.

The ~~Trust~~AMHTA has unique features when considering asset allocation:

- By investing as a commingled account at the Alaska Permanent Fund, the Trust benefits from substantial economies of scale and reduced costs. However, the TrustAMHTA cannot adjust the asset allocation or the investment strategies employed by APFC and is subject to periodic changes to the return and risk targets adopted by APFC.

- Through the Settlement the Trust holds approximately one million acres of land throughout Alaska. This is a substantial asset for the Trust, but it has limited liquidity and is concentrated in Alaska.
- Associated with the land holdings, the TrustAMHTA participates in natural resource development (harvesting timber, mining, oil & gas production, etc.). This creates some sensitivity to commodity prices, foreign exchange rates, and the overall economic environment.
- The TrustAMHTA holds direct real estate investments in several commercial properties. The funds invested in these assets represent less than 10% of total Trust assets and have limited liquidity. The Commercial Real Estate portfolio has entered wind-down/liquidation and no new properties will be added to the program.
- The Trust maintains a commitment to serving beneficiary needs through the provision of facilities at lease rates that may differ from market rates. These program-related assets generate limited financial return to the Trust and should be excluded from asset allocation calculations.~~may need to be considered as a separate asset class than other real estate investments.~~
- ~~By investing as a commingled account at the Alaska Permanent Fund, the Trust enjoys economies of scale and reduced costs. However, the Trust cannot adjust the asset allocation or the investment strategies of the Alaska Permanent Fund, and is subject to periodic changes to the return and risk targets adopted by APFC.~~
- ~~The Trust holds direct real estate investments in several commercial properties. The funds invested in these assets represent less than 40% of total Trust assets and have limited liquidity.~~

Considering these factors, the Finance Committee shall review the asset allocation annually following completion of the annual financial statement audit recommend and an adjustment to the asset allocation to the Board between the various accounts and the risk profile of the Department of Revenue Budget Reserve as necessary to achieve Trust objectives. The Chief Financial OfficerCFO, in coordination with external consultants, will provide the Finance Committee with an aggregate report of current asset valuations and make recommendations for reallocations for trustee TrusteeBoard consideration. Asset allocation amounts are based on a range of invested funds rather than a dollar threshold. The Trust assets are categorized distributed as follows:

Investment Manager	<u>Account</u>	<u>Risk Profile</u> (1=Low, 5=High)	Asset Allocation
Department of Revenue ( <del>Cash or GeFONSI</del> )	<u>GeFONSI</u>	<u>Low1</u>	Established by the Manager <sup>2</sup>
Department of Revenue	<u>Budget Reserves</u>	<u>Moderate2</u>	Established by the

<sup>2</sup> Department of Revenue investment policies and allocations are published on line at:  
[http://treasury.dor.alaska.gov/Portals/0/docs/blue\\_book/investment\\_policies\\_and\\_procedures.pdf](http://treasury.dor.alaska.gov/Portals/0/docs/blue_book/investment_policies_and_procedures.pdf)  
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<del>(Budget Reserves)</del>			Manager with Trust direction <sup>3</sup>
Alaska Permanent Fund <del>Corporation (Trust Fund and Reserves)</del>	<u>Trust Fund and Reserve Balances</u>	<u>Moderate<sup>3</sup></u>	Established by the Manager <sup>4</sup>
<del>Trust Land Office- Commercial Real Estate LLCs (CEO and Third- Party Manager(s))</del>	<u>Commercial Real Estate</u>	<u>Moderate<sup>4</sup></u>	Established by the Trust <sup>5</sup>
<del>Trust Land Office TLODA- Projects (including PRI- activity)</del>	<u>TLODA Projects</u>	<u>Moderate<sup>5</sup></u>	Established by the Trust <sup>6</sup>

### Performance Expectations

A ~~substanti~~Sal ~~significant~~ factors in achieving positive long term investment results ~~are~~is the costs and fees associated with investment services. The Trust has two external managers that handle financial investments: the Alaska Permanent Fund Corporation APFC and the Department of Revenue DOR. Because of the amount of substantial assets managed by the Permanent Fund Corporation APFC<sup>7</sup> and the State of Alaska GeFONSI investment pool<sup>8</sup> the Trust receives the benefit of their purchasing power and economies of scale. This relationship allows for investments to be made at a lower cost than what would otherwise be available to the Trust and contributes to the ~~long-long~~ term growth of Trust investments. Accordingly, the Trust AMHTA seeks to work with these agencies as our investment managers whenever possible.

### Short-Term and Liquid Asset Managers

#### Alaska Permanent Fund Corporation

APFC management responsibilities for the Trust's ~~principal Fund~~ are provided for in APFC statute and a memorandum of agreement between the Trust and the APFC (APFC MOA).

The ~~board Board~~ reviews the long-term performance, risk, and liquidity characteristics of the APFC managed investments on a periodic basis (but

<sup>3</sup> The Trust AMHTA gives broad guidance around which Department of Revenue DOR investment funds the Trust should participate in. Descriptions of the allocations and investment pools are published on line at: [http://treasury.dor.alaska.gov/Portals/0/docs/blue\\_book/investment\\_policies\\_and\\_procedures.pdf](http://treasury.dor.alaska.gov/Portals/0/docs/blue_book/investment_policies_and_procedures.pdf) under the section Z-1.

<sup>4</sup> The Permanent Fund Asset Allocation framework and targets are published at: <https://apfc.org/diversification-framework-asset-allocation/>

<sup>5</sup> Current allocation is ~~seven-four~~ properties, with approximately \$40-25.6 million in invested funds.

<sup>6</sup> ~~The Trust has made an allocation of up to \$8 million in development projects, but has not yet approved projects from this account.~~

<sup>7</sup> \$65-84 Billion as of ~~May 2019~~February 2025

<sup>8</sup> \$3 Billion as of ~~May 2019~~February 2025

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not less than annually) ~~and evaluates whether the APFC's asset allocation strategy meets the long-term investment return objective of the Trust with an acceptable level of risk. The finance-Finance committee-Committee will meet with representatives from the APFC investment staff on a periodic basis (but not less than annually) to review the APFC's investment strategy and adherence to investment policy and guidelines.~~

The performance target for the APFC investments will be APFC's current ~~Blended-custom~~ Performance Benchmark, as outlined by the APFC, ~~along with APFC's long-term Total Fund Return Objective of CPI+5%.~~

### Department of Revenue

The asset allocation for Budget Reserves under management of the Treasury Division is directed by the ~~trustees-Trustees~~ Board.

The ~~Department of Revenue~~ DOR Treasury Division holds and manages ~~one half~~ 75% of the Budget Reserve, cash balances of the ~~Central Facilities Trust Land Office Development Account TLODA Fund, cash balances of the Trust Authority Development Account TADA,~~ and on a short-term basis the ~~revenue-income~~ generated by the TLO and Trust income allocated by the ~~trustees-Trustees~~ Board for spending on the ~~Integrated~~ Comprehensive Mental Health Program ~~held within the Settlement Income Account SIA.~~

Investments of the Budget Reserves are made pursuant to guidance provided by the ~~the CFO~~ staff under the fiduciary direction of the ~~board-Board~~. In executing their duties, the ~~finance-Finance committee-Committee~~ shall periodically (not less than every three years) review asset allocation independently or request consultation from outside entities and, if appropriate, recommend the ~~board-Board~~ adopt changes.

The ~~Central Facilities Fund Trust Land Office Development Account TLODA, Trust Authority Development Account TADA, and Settlement Income Account SDIA~~ are ~~is~~ currently invested ~~in alongside~~ the General Fund and other ~~Other Non-Segregated Investments (GeFONSI account).~~ The ~~finance committee~~ shall periodically (not less than every three years) review the cash balances of the Trust in conjunction with projected expected expenditure or reinvestment demand and recommend an asset allocation to the board.

The performance target for the Budget Reserves managed by the ~~Department of Revenue~~ DOR ~~are-is~~ reviewed ~~approved~~ by the ~~Board-Trustees~~ on at least an annually basis, with any revisions ~~approved by the Board-Trustees.~~ The performance target for the GeFONSI funds are specified in the Investment Policy Statement that is approved by the Commissioner ~~er of~~ Revenue on an annual basis. ~~a~~

### Non-Liquid Asset Managers

## Trust Land Office

The TLO manages the Trust's non-liquid assets, with the exception of the Commercial Real Estate portfolio, on behalf of the trustees~~Trustees, in~~ accordance with applicable statutes, regulations, and a memorandum of understanding between the ~~Trust~~AMHTA and DNR (DNR MOU). The land resource component of the Trust is made up of Alaskan land parcels, natural resource assets, and associated improvements. TLO management responsibilities are provided for in AS 38.05.801, 11 AAC 99, and the DNR MOU.

~~TLO outcomes are projected each budget cycle with annual outcomes addressed in annual TLO budgets approved by the board. While the TLO consults primarily with the resource management committee of the board on specific transactions, consultation can also occur between the TLO and the Trust Administration Office (TAO) and between the TLO and the board, in accordance with specific board policies or transaction circumstances.~~

~~The performance of direct private equity real estate will be annually evaluated using an index or indices determined by the finance committee. The performance of any projects funded through the Trust Land Office Development Account (TLODA) will be presented to the Board on at least an annual basis, including the calculation of financial metrics such as an internal rate of return (IRR) along with multiple on invested capital (MOIC) and distributions to paid-in capital (DPI) ratios. Such calculations are to be performed by the Chief Financial Officer, with the assistance of the TLO and third-party experts on an as-needed basis. TLODA projects should also be compared on a time-weighted basis versus a commodity-sensitive performance index, such as the FTSE CoreCommodity CRB® Index or similar. TLODA project's comparative performance to that of the APFC will be reported to the Board no less than annually, along with the performance of the APFC.~~

General operating expectations ~~for the Trust Land Office~~TLO are governed by the Resource Management Strategy document. Of note~~are as follows~~:

- ~~• TLO will focus first on land or resources at the high end of their market values ("Best Markets") and then on land or resources with Best Market potential within the next two to ten years;~~
- ~~• land or resources not included above will be considered "Long Term Market" lands, with TLO management emphasis placed on reasonable value preservation and enhancement actions in the interim;~~
- ~~• generally, the TLO will focus on transactions that:~~
  - ~~— maximize return at prudent levels of risk;~~
  - ~~— contribute to a diverse assortment of resource activity;~~
  - ~~— provide ancillary values to the Trust; and~~
  - ~~— remove or prevent liability risks;~~
- ~~• leases are preferred over sales and, when reasonable to do so, land~~

- values should be enhanced before disposal through lease or sale;
- transactions should not harm values of or future opportunities associated with other Trust lands;
- lands, structures, and resources may be acquired when the acquisition will add value to the Trust's non-liquid asset portfolio through the Trust Land Office Development Account TLODA or will contribute to the mission of the Trust as a program-related investment, upon approval of the Board;
- investments in Trust land, including improvements funded by the Trust Land Office Development Account TLODA, should be consistent with the guidelines in the Resource Management Strategy and, when expected to generate increased value for the Trust, the projected ~~posed~~ investment risk and results ~~results should must~~ compete favorably with the projected long-term total rate of return and risk (standard deviation) of the Alaska Permanent Fund Corporation; ~~(10-year geometric annualized projected return of 7.30% as of January 2025);~~
- land exchanges may be considered, when associated costs and outcomes can be reasonably established;
- if beneficiary program uses of Trust lands are proposed at rents below fair market value, the increment between proposed rents and fair market value rents will be considered an allocation of Trust revenue and must be approved by the ~~board~~ Board; and
- lands, structures, and resources may be acquired when the acquisition will add value to the Trust's non-liquid asset portfolio or will contribute to the mission of the Trust in another way. All acquisitions will be analyzed on a 'Life Cycle Basis'; defined as the present value of the acquisition cost, the operating income/benefits during the holding periods and the value of the asset at disposition.

In accordance with ~~AS 13.38~~, 20 AAC 40.610, ~~and this AMPS~~, TLO revenue will be allocated as follows:

- To Principal: Land sale revenues; royalties from coal, gas, materials, minerals, and oil; perpetual easements; and 85% of revenues from timber sales.
- To Income: Interest from land sale contracts; bonus bids; rents; ~~distributions from the commercial real estate portfolio~~ and 15% of revenues from timber sales.

### **Commercial Real Estate Investments**

The ~~TLO Chief Executive Officer~~ CEO monitors and manages the ~~Commercial real Real estate Estate~~ investment assets of the Trust. ~~The CEO may engage a third-party asset management firm and others to assist with the monitoring and management of these assets. The TLO~~ The third-party asset management firm and others will ~~provides~~ provide advice and recommendations regarding Trust's non-liquid direct real estate



investments to ~~trustees~~ Trusteethe Board when considering investment decisions.

The ~~board~~ Board reviews the long-term performance, risk, and liquidity characteristics of the real estate investments on a periodic basis (but not less than annually).

The performance target for the assets is the NCREIF Office Property Sector Return and the performance of the APFC.

Revenue from the Commercial Real Estate portfolio in the form of rents, net sale proceeds, rebates and all other revenue shall be allocated to income.

## Control Procedures

### AMPS Revisions

It is not expected that the AMPS will change frequently. In particular, short-term changes in the financial, real estate and natural resource markets and associated operating arenas should not require adjustments to the AMPS. However, the ~~board~~ Board will review the AMPS at least annually to confirm it remains relevant. Additionally, the AMPS shall be reviewed if there is a ~~substantial sale of Trust non-liquid property or natural resource assets~~<sup>9</sup>, a fundamental change to how APFC manages its portion of the liquid assets, alterations to the ~~Trust's~~ AMHTA's spending policy, or if the ~~Trust~~ AMHTA is impacted by statutory revisions. All revisions to the AMPS should be performed in consultation with external advisors.

### Short-Term and Liquid Assets

APFC & DOR performance will be reviewed quarterly by the ~~finance~~ Finance committee ~~Committee~~ who will report all performance to the ~~board~~ Board to determine the continued feasibility of achieving the investment and Trust land management objectives and the appropriateness of the AMPS for achieving those objectives.

### Non- Liquid Assets (Including Land, Natural Resources, and associated Associated improvements-Improvements and Commercial Real Estate(Non-Liquid Assets)

The TLO will maintain a level of management capacity necessary to prudently manage and develop Trust non-liquid assets over time. It is understood that this component of Trust non-liquid asset management

<sup>9</sup> A substantial sale is considered a transaction one that generates cash proceeds large enough to materially change the Trust's financial performance. Using the 4.25% distribution rate, a sale of \$23 million in property would increase the annual portfolio distribution by \$1 million over the 4 year averaging cycle.

represents a significant expense to the Trust. Necessary management expenses will be reviewed and approved by the Finance Committee, Resource Management Committee and the Board on an annual basis.

The duties and responsibilities of the TLO are generally provided for in AS 38.05.801 and more specifically provided for in 11 AAC 99 and the DNR MOU. The specific management principles are provided for in 11 AAC 99.

TLO financial performance will be reviewed at least annually by the ~~finance Finance committee-Committee~~ which will report all performance to the ~~board~~Board.

A review of the Commercial Real Estate portfolio will be presented to the Finance Committee at least annually by the CEO and/or the third-party asset management firm.

### **Total Trust Performance**

On at least an annual basis, the total financial performance of the Trust assets will be presented by the CFO to the ~~board~~Board. Performance will be compared to a blended benchmark consisting of the following indices (weighted based upon the Trust's allocation to each category as of the beginning of each fiscal year):

- APFC Allocation: APFC's ~~Blended~~ Performance Benchmark
- DOR Budget Reserves: Blended Benchmark ~~aligned with asset allocation as approved by the Trustees~~Board
- DOR GeFONSI: ~~Bloomberg Barclays 1-3 Year Gov't/Credit Index~~GeFONSI's Custom Performance Benchmark
- TLODA Projects: ~~actual~~Actual performance of the TLODA Project program
- ~~TLO Commercial~~Commercial Real Estate: NCREIF ~~Property Office~~ Sector Return

### **Investment Guideline Monitoring**

On at least an annual basis, the investment accounts of the Trust should be reviewed by the CFO to confirm they are being managed in accordance with all applicable investment guidelines. Any areas of deviation from stated guidelines should be noted and monitored on a quarterly basis by the Board, with an understanding that immediate correction may not be financially prudent. Once any guideline breach has been corrected, the Board may return to annual investment guideline reviews. Investment guidelines are as follows:

- APFC: The APFC Board of Trustees approves the APFC Investment Policy, which can be found on its website<sup>10</sup>. Confirmation of adherence to this policy should be part of the Board's annual review

<sup>10</sup> The APFC Investment Policy can be found under the "Governance and Corporate Policies" archive online at: <https://apfc.org/report-archive/#14-35-governance-and-corporate-policies>  
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with the APFC.

- ~~DOR Budget Reserves: The Department of Revenue-DOR manages the Budget Reserves account in accordance with a long-term asset allocation target established by the Board. This portfolio invests in a mixture of active and passive commingled investment vehicles and is rebalanced at least quarterly based upon cash flows in and out of the Trust. Any deviation from the long-term asset allocation targets should be minimal.~~
- ~~DOR GeFONSI: Governed by the Investment Policy Statement approved by the Department of Revenue<sup>11</sup>. It is anticipated that GeFONSI will not materially deviate from its stated investment guidelines.~~
- ~~TLODA Projects: The Trust Land Office-TLO will implement all TLODA projects in accordance with the parameters for each project approved by the TrusteesBoard. The TLO will present an update on TLODA Projects to the TrustBoard on a periodic basis (but no less than annually).~~
- ~~Commercial Real Estate: The Commercial Real Estate program is in wind-down/liquidation and no new properties should be added to the portfolio.~~

### Cash Management Procedures

~~The Trust has elected to utilize the General Fund and Other Non-Segregated Investments (GeFONSI) account, managed by DOR, as its short-term cash management investment vehicle. The Trust has three primary cash management accounts that utilize GeFONSI: TADA (account 3320), TLODA (account 3322) and SIA (account 1092). In general:~~

- ~~The Trust Authority Development Account (TADA) receives cash flows generated by TLO asset sales.~~
- ~~Trust Land Office Development Account (TLODA) receives capital from Trust reserves to fund TLODA activity and any other TLO-related expenditures as approved by the Board, including any capital needs of the Commercial Real Estate investment program. This account is expected to maintain a target working balance of \$2 million.~~
- ~~Settlement Income Account (SIA) is the account from which income available for appropriation and expenditure is deposited. SIA ultimately funds the Mental Health Trust Authority Authorized Receipts ("MHTAAR"), AMHTA agency budget, TLO annual budget, and other authorized grants. SIA is expected to maintain a working balance of the current fiscal year's withdrawal plus any residual balances from withdrawals yet to be spent. \$1 million. Any excess over this balance may be invested in the DOR Budget Reserve account in an effort to minimize cash drag on overall Trust~~

<sup>11</sup> The GeFONSI Investment Policy Statement can be found in section XII.A of the State of Alaska Department of Revenue Treasury Division Investment Policies and Procedures found at: [http://treasury.dor.alaska.gov/Portals/0/docs/blue\\_book/investment\\_policies\\_and\\_procedures.pdf](http://treasury.dor.alaska.gov/Portals/0/docs/blue_book/investment_policies_and_procedures.pdf)  
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performance.

## Spending Policies

The ~~board~~ Board has the authority to authorize the expenditure of Trust funds to ~~protect and enhance the value and productivity of Trust assets, for the award of grants and contracts in fulfillment of the Trust's purpose to ensure a Comprehensive Integrated Integrated Comprehensive Mental Health Hhealth Program systemProgram, to protect and enhance the value and productivity of Trust assets, and, with legislative approval, the operating expenses of the Trust Authority Office ("TAO") and TLO. This Spending-spending Policy-policy outlines five board-Board objectives:~~

1. follow a spending policy based upon a sustainable percentage of investment net asset values ~~and expendable income from Trust land management.~~
2. apply smoothing mechanisms to mitigate the effects of short-term market volatility on spending and maintain a reliable funding stream to ensure the support of a ~~integrated Comprehensive Comprehensive Integrated Mental Mmental Health Hhealth Program systemProgram~~ for the beneficiaries;
3. maintain the purchasing power of the Trust principal, including addressing the effects of inflation, by using the reserve model consisting of the Budget Reserve account originally recommended by Callan ~~Associates LLC~~ in 1996 ~~and updated in 2025~~; and
4. establish a Budget Reserve account to ensure funding support for the ~~Comprehensive Integrated Mental Health Program integrated Comprehensive Mmental Hhealth systemProgram~~ is maintained in a difficult market environment;
5. ~~protect and enhance the~~so that ~~r-ensure maximum resources are available to current and future beneficiaries corpus of the Trust by allocating sufficient resources to ensure that Trust assets are properly managed, including the use of funds allocated to the Trust Land Office Development Account TLODA, where appropriate and approved by the Board, to maximize the value and productivity of Trust non-liquid assets;~~

~~The board recognizes achieving Trust asset management objectives requires adequate resources be allocated for that purpose by reimbursing APFC and DOR, DNR for the reasonable costs of managing Trust assets.~~

### *Annual Available Funding Framework*

Having a relatively consistent and predictable funding stream is paramount to ensuring an effective ~~Comprehensive~~ Integrated ~~Comprehensive~~ Mental Health Program. To mitigate the effects of periodic market volatility on funding, the ~~board-Board~~ utilizes smoothing mechanisms to maximize funding consistency.

The following components have been established as a framework to aid ~~trustees-Trustees~~ The Board in determining the annual available funding amount:

- An annual withdrawal calculation consisting of ~~4.25~~4.50 percent of the rolling four year-end<sup>12</sup> average of the actual net asset value ("NAV") at the end of fiscal year for the aggregate of the following:
  - Principal Invested at APFC<sup>13</sup>
  - Budget Reserve invested at APFC
  - Budget Reserve invested at DOR
- The rolling two year-end average of known and termed lapsed appropriations funded from the ~~Settlement Income Account~~SIA<sup>14</sup>, or other process approved by the ~~board-Board~~ to capture the value of prior year unused funds;
- The ~~most recent finalized~~ rolling two year-end average of income generated by ~~Trust Land Office~~TLO operations;
- The interest earned on cash held with the ~~General Fund and Other Non-Segregated Investments~~ (GeFONSI) managed by DOR for the most recent fiscal year;
- The unobligated/unallocated funds that could have been authorized in previous fiscal years under this framework calculation; and
- Other miscellaneous unrestricted revenues properly deposited into the Trust ~~Settlement Income Account~~SIA such as contributions from partner agencies and the recovery of prior year expenditures received after the funding appropriation lapsed.

~~Trustees~~The Board reserves the right to expend additional funds when circumstances warrant. Concurrently, ~~trustees-Trustees~~ The Board acknowledges that principal assets are not available for expenditure.

The annual withdrawal calculation amount will be transferred to the ~~Settlement Income Account~~SIA and invested with the GeFONSI ~~in one or~~

<sup>12</sup> To ensure clarity and consistency in calculations, the year-end amounts referred to in the Annual Available Funding Framework are defined as the amounts/values as of the end of the fiscal year (June 30th) rather than the end of the calendar year (December 31).

<sup>13</sup> Funds in the Trust operating accounts ~~Account~~ are not included in the payout calculation unless Trustees approve otherwise.

<sup>14</sup> Settlement Income Account fund 1092 only. Lapsed appropriations funded from other sources are not included in the calculation.

~~more transactions during each fiscal year with minimal risk on a lump sum or periodic basis by the CFO in consultation with the CEO based on market conditions and cash flow needs.~~

### Budget Reserve Guidelines

In order to fulfill funding requirements during market downturns, a Budget Reserve account will be maintained to help ensure funding availability. Based on a Callan ~~Associates-LLC~~ study of the Alaska Permanent Fund and the Alaska Mental Health Trust Fund, the Budget Reserve is set at 400% of the targeted annual withdrawal calculation amount. This reserve amount should be adequate to provide maximum assurance that the Trust will be able to meet annual funding goals.

Approximately ~~one-half~~ 75% of the Budget Reserve shall be invested by the DOR. The remainder of the Budget Reserve shall be invested by the APFC in the same manner as the ~~P~~ principal.

When ~~the~~ APFC ~~Budget Reserve allocation exceeds 100% experiences gains~~ for a given year, the Budget Reserve at DOR will first be adjusted up to ~~200~~ 300% of the current year's targeted annual withdrawal calculation ~~(if needed). If additional gains remain, adjustments will be made to the Budget Reserve invested by APFC.~~ When the Budget Reserve is fully funded at both DOR and APFC, funds may be used to help offset the effects of inflation ("inflation proofing") ~~by adjusting the Principal balance at APFC.~~ The effect of inflation will be estimated by using US Department of Labor Bureau of Labor Statistics CPI-U index<sup>15</sup>.

When the APFC or DOR experiences losses for a given year, the Budget Reserve at DOR ~~will may~~ be maintained or adjusted to ~~200~~ 300% of the annual withdraw calculation from the Budget Reserve at APFC.

In the event of severe and/or sustained losses ~~or withdrawals~~ whereby the Budget Reserve is insufficient to meet the annual payout while maintaining at least ~~200~~ 300% of the current year's annual withdrawal calculation then the withdrawal rate or amount may be reviewed by the ~~trustees~~ Trustees.

Full or partial inflation proofing may be facilitated by the following method:

- Inflation proofing permanent transfer (official non-spendable transfer)
  - Upon notification by the CFO that ~~trustees~~ Trustees ~~the Board have has performed approved~~ an official and permanent inflation proofing ~~transfer~~, APFC will initiate an accounting entry to irretrievably transfer funds from Budget Reserves to the Mental Health Trust Fund ~~Principal~~.

### Trust Land Office Development Account Guidelines

<sup>15</sup> Consumer Price Index All Urban Consumers; U.S.; All Items; 1967=100  
AHMTA Investment Policy Statement, ~~May 2~~ TBD ~~August 1, 2024~~ 2025

The value and productivity of Trust liquid and non-liquid assets must be maximized through the reinvestment of Trust income where appropriate. This includes investments made through Program Related Real Estate (PRRE), the Resource Management Strategy (RMS) or other programs approved by trustees. So that To achieve ensure maximum resources are available to current and future beneficiaries, this objective, the Board will maintain a Trust Land Office Development Account (TLODA) to use Trust income to exchange one asset for another, to maintain or enhance the value of the Trust's existing non-liquid asset portfolio, either through prudent investments in non-liquid assets already owned by the Trust or through the acquisition of additional assets. Assets in the TLODA may also be used to acquire assets that enhance the capacity of the state's mental health program, such as facilities for delivering services to beneficiaries. This may be accomplished through the financing of projects, purchase/lease of assets, exchange or resale.

All recommendations for expenditure from TLODA must be presented by the TLO. Recommendations for expenditure from the TLODA will be noticed in the same manner as other Trust expenditures, including presentation to appropriate Trust committees the Finance and Resource Management Committees and final approval by a committee or the board Board of trustees Trustees, as provided for in the Trust bylaws. Recommendations will be based upon a specific work investment plan with identified priorities. Such presentations should clearly detail the investment case for each TLODA project, including associated risks (including financial, operational, legal, and macroeconomic risks), and projected returns/internal rate of return (IRR) target for any proposed non-program related investment PR/PRRE and program related real estate ("PRI/PRRE") investments. These investments are expected to must compare favorably with the projected long-term total rate of return and risk profile of the Alaska Permanent Fund Corporation APFC. (10 year geometric annualized projected return of 7.30% as of January 2025).

Where TLODA funds are used to enhance the value of the Trust's existing non-liquid assets, each project will be accounted for individually and the proceeds-earnings from the project will be used to calculate performance metrics such as an internal rate of return (IRR), multiple on invested capital ("MOIC"), and distributions to paid-in capital ("DPI"). These investments must compare favorably with the projected long-term total rate of return and risk profile of the APFC.

The ~~trustees Trustees~~ Board may adjust the TLODA IRR target on a case by case case-by-case basis, reflecting the unique circumstances of each project. Classifying these cash flows between principal and income shall be done at the direction of the ~~trustees Trustees~~ Board, in accordance with 20 AAC 40.610.

The TLODA projects may involve real estate land investment and natural resource development, asset classes that are potentially illiquid or exposed to fluctuating commodity prices. Accordingly, the ~~trustees Trustees~~ Board

~~have~~ has established \$8 million as the maximum allocation to this account, ~~representing approximately 1.5% of Trust liquid assets,~~ requires TLODA projects to compare favorably both in terms of risk and return to alternative available investments, including APFC. In addition, these investments must be considered in terms of total Trust portfolio asset allocation. These projects will be reevaluated according to these metrics no less often than annually

Additional allocations may be made in the future, depending upon the needs of the Trust.

#### ~~Trust Land Office~~ Commercial Real Estate Guidelines

The ~~commercial-Commercial real-Real estate-Estate assets~~ investments held by the Trust generate income through lease payments. These assets also have the potential to create value through appreciation, through a combination of property improvements, lease renewals, and overall economic growth. Management of these assets ~~is outlined in the Resource Management Strategy and~~ are handled by the ~~Trust Land Office~~ Chief Executive Officer ~~CEO~~. The CEO may choose to hire a third-party asset management firm and others to assist with the management and oversight of the Commercial Real Estate ~~assets~~ investments, including the ongoing evaluation of potential property sales.

~~The Trust Land Office has been selected as the manager for these assets because of their unique and comprehensive knowledge of the Trust settlement lands and resources, which will minimize the potential for inadvertent concentration risk, their understanding of the Trust mission and objectives, which will assist with the alignment of investment decisions along with the Comprehensive Integrated Mental Health Plan, and their ability to perform these duties within their current responsibilities thereby creating a low incremental cost for their services.~~

There are three key features associated with the ~~commercial-Commercial real-Real estate-Estate assets~~ investments that should be considered as part of the AMPS:

- Each property has an annual budget for operations, debt service, and maintenance/capital improvements. ~~Because these costs must be paid to preserve the value of the assets, i~~ Income generated by the properties will be used to fund these costs first, prior to making distributions to fund beneficiary programs.
- The properties ~~utilize participate in~~ the Central Facilities Fund (“CFF”) within TLODA, with contributions from the properties accumulating over time. These funds provide a cash flow cushion in the event that major improvements are needed to maintain the properties or to secure leases. ~~The fund has a target of \$2 million and contributions to the fund should be made prior to making distributions to fund beneficiary programs.~~



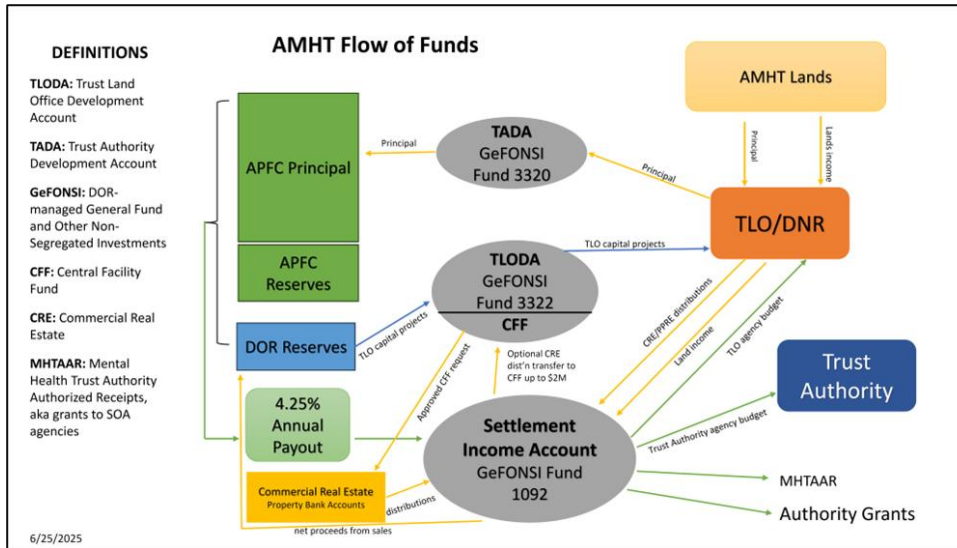
- Certain properties have outstanding ~~mortgages~~debt. These ~~mortgages-loans~~ are structured as non-recourse debt, which limits the overall liability of the Trust. The terms of each mortgage, especially the timing of any balloon payment requirements, should be carefully considered as part of the overall investment strategy.

These assets ~~are managed by the Trust Land Office and~~ compose less than 10% of the Trust's overall investments. Each property has a commercial property manager that prepares an annual budget, collects the rents, and handles day ~~to-to~~-day operations. Expenditures must be part of the ~~trustee~~ Trustee Board approved annual budget ~~and TLO staff monitor the monthly results of each property.~~

~~These assets serve two purposes: they provide a hedge against volatility in the stock market and they generate income that supplements the annual distribution from the Trust portfolio. The Trust may elect to sell these assets and replace them with different assets at any time.~~

## Flow of Funds Diagram

The following chart serves as a high-level illustration of the general flow of funds among the various Trust accounts.



## Definitions

For purposes of ease of administration and understanding of this Asset Management Policy Statement, the following terms are defined or clarified:

THE ALASKA PERMANENT FUND CORPORATION ("APFC"): The Alaska Permanent Fund Corporation manages the liquid assets of the Alaska Mental Health Trust Authority under the APFC's asset allocation policy as approved by the APFC Board of Trustees and its investment policies and guidelines for major asset classes.

ASSETS: Consists of the liquid and non-liquid assets of the Alaska Mental Health Trust Authority, including property and resource assets acquired by the TLO on behalf of the Trust.

BOARD: The governing body of the Alaska Mental Health Trust Authority established by AS 44.25.210.

BUDGET RESERVE: Budget Reserve is set at 400% of the targeted annual withdrawal amount. This reserve amount should be adequate to ensure the Trust's ability to meet its spending goals in a difficult market environment and to provide liquidity in future years. The budget reserve is maintained both within the Department of Revenue Budget Reserve as well as the Alaska Permanent Fund Corporation.

CENTRAL FACILITY FUND ("CFF"): A component of the Trust Land Office Development Account used to finance operations and maintenance on buildings owned by the Trust, including capital improvements and leasing commissions for the Commercial Real Estate portfolio.

CHIEF EXECUTIVE OFFICER ("CEO"): The staff position as defined by AS 44.25.230 serving the Board as the chief executive officer of the Alaska Mental Health Trust Authority.

CHIEF FINANCIAL OFFICER ("CFO"): The staff position serving as the chief financial officer of the Alaska Mental Health Trust Authority.

COMMERCIAL REAL ESTATE ("CRE") PORTFOLIO: A portfolio of commercial real estate properties held by the AMHTA. The CEO is responsible for management and potential disposition of the CRE portfolio. At this time, no new properties are to be added to the CRE portfolio.

GENERAL FUND AND OTHER NON-SEGREGATED INVESTMENT ("GEFONSI"): An investment pool managed by the Alaska Department of Revenue Treasury Division. The pool buys fixed income securities on behalf of the Trust and tracks the earnings and value of the Trust's share of the pool.

LIQUID ASSETS: Assets of the Alaska Mental Health Trust Authority that are invested through the Department of Revenue (DOR), under management of the Treasury Division, and also through the Alaska Permanent Fund Corporation (APFC).

NON-LIQUID ASSETS: Assets of the Alaska Mental Health Trust Authority that consist of property and natural resource assets. Such assets are managed for the Trust by the Trust Land Office (TLO).

SETTLEMENT: The statutes, settlement agreement, letters clarifying the settlement agreement, and the final Superior Court order creating and approving the settlement of Weiss v. State of Alaska.

SETTLEMENT LAND: The properties and associated improvements transferred to the Trust as part of the original Mental Health Enabling Act (PL 94-830) as well as the properties subsequently transferred to the Trust as replacement lands via the Settlement.

STAFF: The CEO, CFO, Trust Land Office Executive Director, all employees of the AMHTA and the TLO.

TRUST: The Alaska Mental Health Trust established by Congress under the Mental Health Enabling Act of 1956.

TRUST AUTHORITY: The Alaska Mental Health Trust Authority established by AS 44.25.200.

TRUST AUTHORITY DEVELOPMENT ACCOUNT ("TADA"): The holding place for cash principal until it is transferred to the APFC for investment by the Alaska Permanent Fund. The account is maintained on the state accounting system as GASB fund 3320. Prior to September 2014, this account was referred to as the Trust Land Development Account.

TRUST AUTHORITY OFFICE ("TAO"): The office with responsibility for providing support to the chief executive officer and Board of Trustees in management of Trust financial assets and in assuring development of the Integrated Comprehensive Mental Health Program.

TRUST LAND OFFICE ("TLO"): The office with responsibility for management of the Trust non-liquid assets and natural resource assets and associated improvements established within the Department of Natural Resources under AS 44.37.050.

TRUST LAND OFFICE DEVELOPMENT ACCOUNT ("TLODA"): where a portion of spendable income has been assigned for future use on natural

resource development projects or other activities authorized by the Trustees. The account is maintained on the state accounting system as GASB fund 3322.

TRUST LAND OFFICE ("TLO") EXECUTIVE DIRECTOR: In fulfilling the contract with the Board described in AS 37.14.009, this staff position serves the commissioner of the Department of Natural Resources as the Executive Director of the Trust Land Office. Per the Memorandum of Understanding with the Department of Natural Resources, the Commissioner has delegated the authority to select/replace the Executive Director to the Trust with concurrence of the Commissioner.

TRUST LAND PORTFOLIO: The non-liquid assets of the Alaska Mental Health Trust Authority that are managed by the Trust Land Office, including improved properties and facilities. The land portfolio includes properties acquired through the Settlement as well as other properties acquired for program related investment (PRI) .

TRUST SETTLEMENT INCOME ACCOUNT ("SIA"): The GeFONSI account in which income available for appropriation and expenditure is deposited (and from which agencies receiving MHTAAR funded appropriations expend). The account is maintained on the state accounting system as GASB fund 1092.

TRUSTEE(S): The Board of Trustees of the Trust Authority, either collectively or individually.

~~For purposes of ease of administration and understanding of this Asset Management Policy Statement, the following terms are defined or clarified:~~

~~THE ALASKA PERMANENT FUND CORPORATION (APFC): The Alaska Permanent Fund Corporation manages the liquid assets of the Alaska Mental Health Trust Authority under the APFC's board's asset allocation policy as approved by the APFC Board of Trustees and its investment policies and guidelines for major asset classes.~~

~~ASSETS: Consists of the liquid and non-liquid assets of the Alaska Mental Health Trust Authority, including property and resource assets acquired by the TLO on behalf of the Trust.~~

~~BOARD: The governing body of the Alaska Mental Health Trust Authority established by AS 44.25.210.~~

~~BUDGET RESERVE: Budget Reserve is set at 400% of the targeted annual withdrawal amount. This reserve amount should be adequate to ensure the Trust's ability to meet its spending goals in a difficult market environment and to ensure liquidity in future years. The budget reserve is maintained both within the state treasury Department of Revenue Budget Reserve as well as the Alaska Permanent Fund Corporation.~~

~~CHIEF EXECUTIVE OFFICER (CEO): The staff position as defined by AS 44.25.230 serving the board Board as the chief executive officer of the Alaska Mental Health Trust Authority.~~

~~CHIEF FINANCIAL OFFICER (CFO): The staff position serving as the chief financial officer of the Alaska Mental Health Trust Authority.~~

~~GENERAL FUND AND OTHER NON-SEGREGATED INVESTMENT (GEFONSI): An investment pool managed by the Alaska Department of~~

~~Revenue Treasury Division. The pool buys fixed income securities on behalf of the Trust and tracks the earnings and value of the Trust's share of the pool.~~

~~LIQUID ASSETS: Assets of the Alaska Mental Health Trust Authority that are invested through the Department of Revenue (DOR), under management of the Treasury Division, and also through the Alaska Permanent Fund Corporation (APFC).~~

~~NON-LIQUID ASSETS: Assets of the Alaska Mental Health Trust Authority that consist of property and natural resource assets. Such assets are overseen by the Trust Land Office (TLO).~~

~~TRUST SETTLEMENT INCOME ACCOUNT: The CoFONSI account in which income available for appropriation and expenditure is deposited (and from which agencies receiving MHTAAR funded appropriations expend). The account is maintained on the state accounting system as GASB fund 1092.~~

~~TRUST AUTHORITY DEVELOPMENT ACCOUNT: The holding place for cash principal until it is transferred to the APFC for investment alongside the Alaska Permanent Fund. The account also holds some funding for previously authorized development projects that are being completed. The account is maintained on the state accounting system as GASB fund 3320. Prior to September 2014, this account was referred to as the Trust Land Development Account.~~

~~TRUST FACILITY MAINTENANCE ACCOUNT/CENTRAL FACILITY FUND: A component of the Settlement Income Trust Land Office Development Account where a portion of facility rents are deposited used to finance operations and maintenance on buildings owned by the Trust, including capital improvements and leasing commissions for the commercial Commercial real Real estate Estate portfolio. The account is maintained on the state accounting system as GASB fund 3322. The account was originally authorized by Resolution 05-04.~~

~~TRUST LAND OFFICE DEVELOPMENT ACCOUNT: A component of the Budget Reserves, where a portion of spendable income has been assigned for future use on natural resource development projects or other activities authorized by the trustees Trustees. The account is maintained on the state accounting system as GASB fund 3322. The account was originally authorized by Resolution 05-04.~~

~~TRUST LAND PORTFOLIO: The non-liquid assets of the Alaska Mental Health Trust Authority that are managed by the Trust Land Office, including improved properties and facilities. The land portfolio includes properties acquired through the Settlement as well as other properties acquired for program related investment (PRI) and commercial investment properties.~~

~~SETTLEMENT: The statutes, settlement agreement, letters clarifying the settlement agreement, and the final Superior Court order creating and approving the settlement of Weiss v. State of Alaska.~~

~~SETTLEMENT LAND: The properties and associated improvements transferred to the Trust as part of the original Mental Health Enabling Act (PL 94-830) as well as the properties subsequently transferred to the Trust as replacement lands (June 10, 1994 settlement).~~

~~STAFF: The CEO, Trust Land Office Executive Director, all employees of the Trust and the Trust Land Office.~~



~~TRUST: The Alaska Mental Health Trust established by Congress under the Mental Health Enabling Act of 1956.~~

~~TRUST AUTHORITY: The Alaska Mental Health Trust Authority established by AS 44.25.200.~~

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~~TRUST LAND OFFICE (TLO): The office with responsibility for management of the Trust non liquid assets and natural resource assets and associated improvements established within the Department of Natural Resources under AS 44.37.050.~~

~~TRUST LAND OFFICE (TLO) EXECUTIVE DIRECTOR: In fulfilling the contract with the board Board described in AS 37.14.009, this staff position serves the commissioner of the Department of Natural Resources as the Executive Director of the Trust Land Office. Per the Memorandum of Understanding with the Department of Natural Resources, the Commissioner has delegated the authority to select/replace the Executive Director to the Trust with concurrence of the Commissioner.~~



Trust Settlement Income Account:  
Surplus Determination  
Finance Committee  
January 22, 2026

Trust  
Alaska Mental Health  
Trust Authority

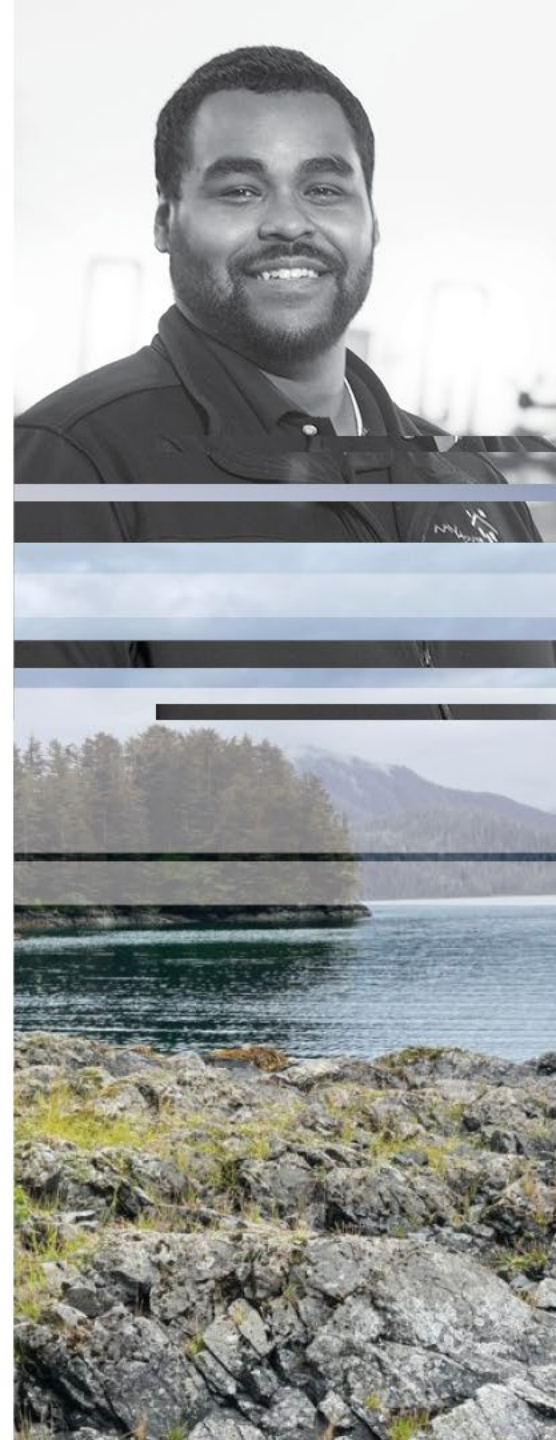
# AS 37.14.041

## Use of Trust Settlement Income Account

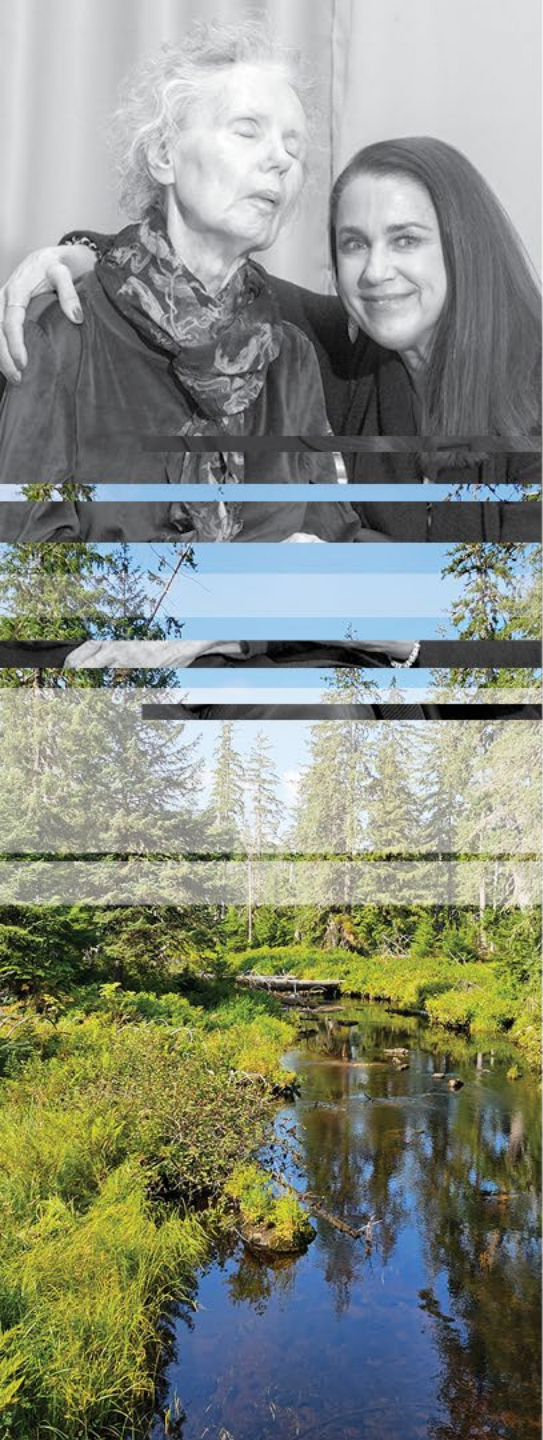
- 1) Statute outlines money in the Income Settlement Account may be used for specific purposes
- 2) Statute states the authority shall transfer money to the unrestricted general fund...for other public purposes, **only if money in the Account is not needed** to meet the necessary expenses of the state's integrated comprehensive mental health program

### Legislative Audit FY21 Recommendation:

Develop a policy for annual determination of excess funds







## Annual determination addresses two questions:

Does the Trust have sufficient funds to meet its current commitments?

→ *Are spendable assets sufficient to support our budget and existing commitments?*

Does the Trust have sufficient funding to equitably support the Comp Plan for present and future beneficiary needs?

→ *Will investments generate enough earnings each year to enable the Trust to draw a payout each year, in perpetuity?*

# The Trust does not have excess spendable income.

Spendable Assets at Year-End FY25	
Cash Balances	75,434,700
Commercial Real Estate	37,425,000
Budget Reserves	143,655,300
<b>Total Spendable Assets</b>	<b>256,515,000</b>
Trustee Approved Commitments at Start of FY26	
FY26 Budget and PY Obligations	63,773,000
FY27 Approved Budget	43,435,100
400% Reserve Target	121,013,200
Maintenance Reserves	1,756,300
Capital Projects	9,597,288
Inflation Proofing Transfer to Corpus	70,280,300
<b>Total Commitments</b>	<b>309,855,188</b>

## Challenge

- Trust assets must equitably support current and future generations
- Financial snapshots in time do not reflect future funding needs or funding sources to support those needs
- Trust budgets do not meet the full need
- The Trust must manage for fluctuations in asset value over time







# Does the Trust have sufficient investments to generate a payout for continued support of the Comp Plan?

- Asset allocation and spending policy drive the balance between future fund availability and current spending
- The FY26 available funding calculation includes \$30 million generated from Trust investments managed by APFC and DOR.
- Current spendable assets should be sufficient for continued payout support of this level, with Budget Reserves balance maintained at 400% of the annual payout

## DISCUSSION

# Alaska Mental Health Trust

For period ending: June 30, 2025  
 % of FY reported: 100%

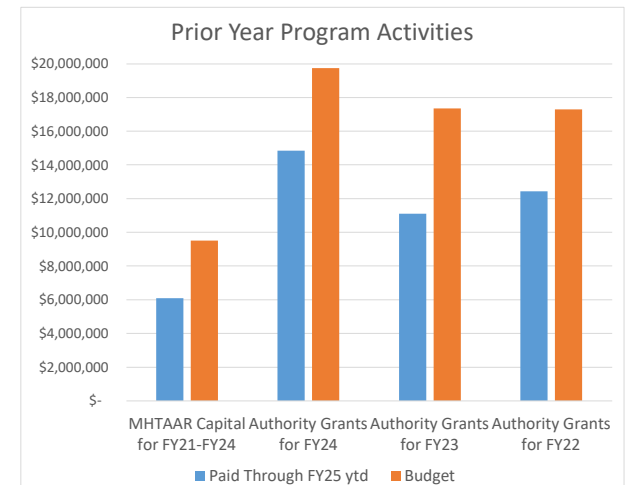
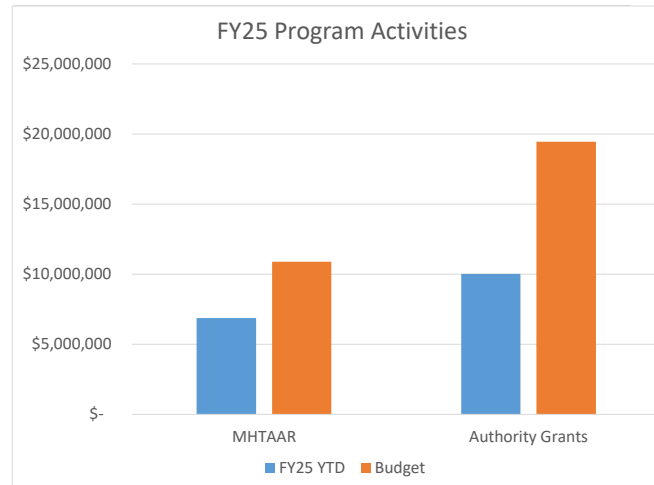
TRUST AUTHORITY	FY25 July-June Expenditures	% of budget	FY25 Remaining/Projected/ Encumbered	Approved Budget	Projected Lapse over/(under)
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<b>Operating Expenditures</b>					
FY25 Trust Authority Agency Exp.	\$ 4,776,000	92%	\$ -	\$ 5,173,300	\$ (397,300)

## Program Activities

	Paid in FY25		Trustee Encumbered/Approved	To be approved or encumbered	Approved Budget	
MHTAAR	\$ 6,871,435	63%	\$ -	\$ 3,522,965	\$ 10,894,400	\$ (500,000)
Authority Grants	10,025,399	52%	4,578,777	4,337,824	19,442,000	(500,000)
FY25 Budget	\$ 16,896,834	56%	\$ 4,578,777	\$ 7,860,789	\$ 30,336,400	(1,000,000)
	Paid in FY25		Previously Paid	Remaining Budget	Approved Budget	% expended
MHTAAR Capital for FY21-FY24	\$ 1,365,307		\$ 4,731,900	3,417,493	9,514,700	64%
Authority Grants for FY24	4,648,717		10,193,528	4,903,755	19,746,000	75%
Authority Grants for FY23	684,446		10,423,740	6,241,514	17,349,700	64%
Authority Grants for FY22	63,415		12,376,121	4,850,400	17,289,900	72%
Total FY21-FY24 Budgets	\$ 6,761,885					

**Total Program Activities paid FY25** \$ 23,658,719



# Alaska Mental Health Trust

For period ending: June 30, 2025

TRUST LAND OFFICE		July-June	% budget		Approved Budget	Projected Lapse
Operating Expenditures		Expended		FY25 Encumbered		
FY25 TLO Agency Expenditures		4,537,000	84%	230,000	5,417,100	650,000
Revenues (excl. CRE and Capital Projects)		Revenue			Approved Plan	
Trust Land Office-Income*		\$ 4,077,891	98%		\$ 4,173,400	
Trust Land Office-Principal		5,768,975	78%		7,395,100	
Land Office Revenues		\$ 9,846,866	85%		\$ 11,568,500	

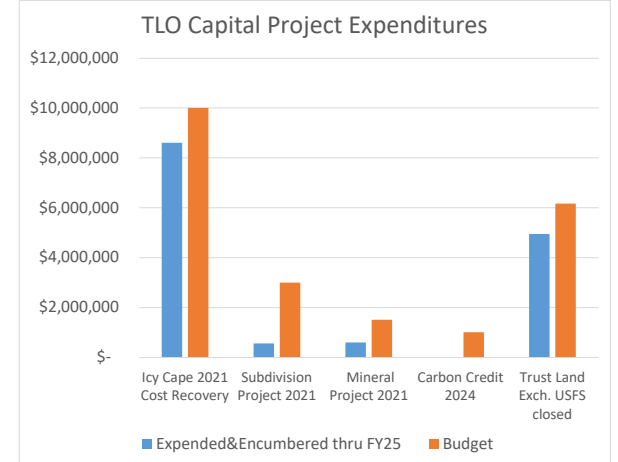
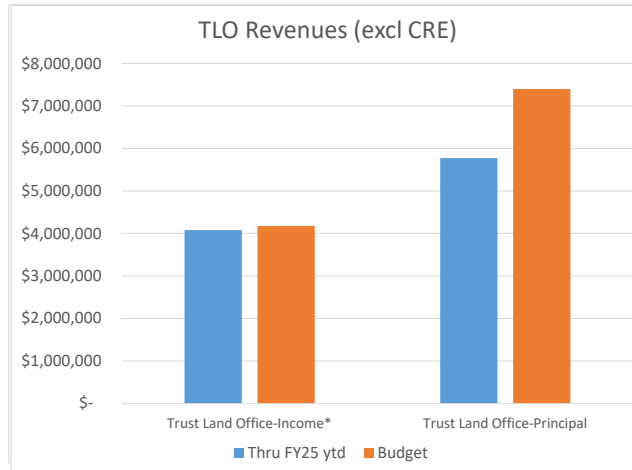
\* does not include \$1.3M of FY26 revenue

Capital Projects																	
	July-June	Expended	Encumbered	Cumulative Expended & Encumbered thru June 2025	YTD Principal	YTD Income	Inception to date Principal & Income	Approved Budget	Remaining Budget								
Icy Cape 2021 Cost Recovery	\$	994,201	\$	161,000	\$	8,611,000		\$	10,000,000	\$	1,389,000	14%					
Subdivision Project 2021	\$	213,237	\$	296,500	\$	551,400		\$	3,000,000	\$	2,448,600	82%					
Mineral Project 2021	\$	150,000		\$	600,000			\$	1,500,000	\$	900,000	60%					
Carbon Credit 2024	\$	-		\$	-			\$	1,000,000	\$	1,000,000	100%					
Trust Land Exch. USFS closed	\$	-		\$	4,950,000	\$	637,600	\$	112,500	\$	10,621,900	\$	6,170,000	\$	-	0%	
Icy Cape 2016 closed	\$	-		\$	2,000,000			\$	2,000,000	\$	-	0%					
Icy Cape 2017 closed	\$	-		\$	3,000,000			\$	3,000,000	\$	-	0%					
<b>Total Capital Projects</b>	<b>\$</b>	<b>1,357,438</b>	<b>\$</b>	<b>457,500</b>	<b>\$</b>	<b>19,712,400</b>	<b>\$</b>	<b>637,600</b>	<b>\$</b>	<b>112,500</b>	<b>\$</b>	<b>10,621,900</b>	<b>\$</b>	<b>26,670,000</b>	<b>\$</b>	<b>5,737,600</b>	<b>22%</b>
Shelter Cove (DOT funded)	\$	152,200	\$	220,800	\$	7,140,280	\$	-	\$	-	\$	-	\$	7,175,000	\$	34,720	

FY25

**TLO Total Principal Revenue incl. Capital Projects \$ 6,407,000**

**TLO Total Income Revenue incl. Capital Projects \$ 4,190,000**





# Alaska Mental Health Trust

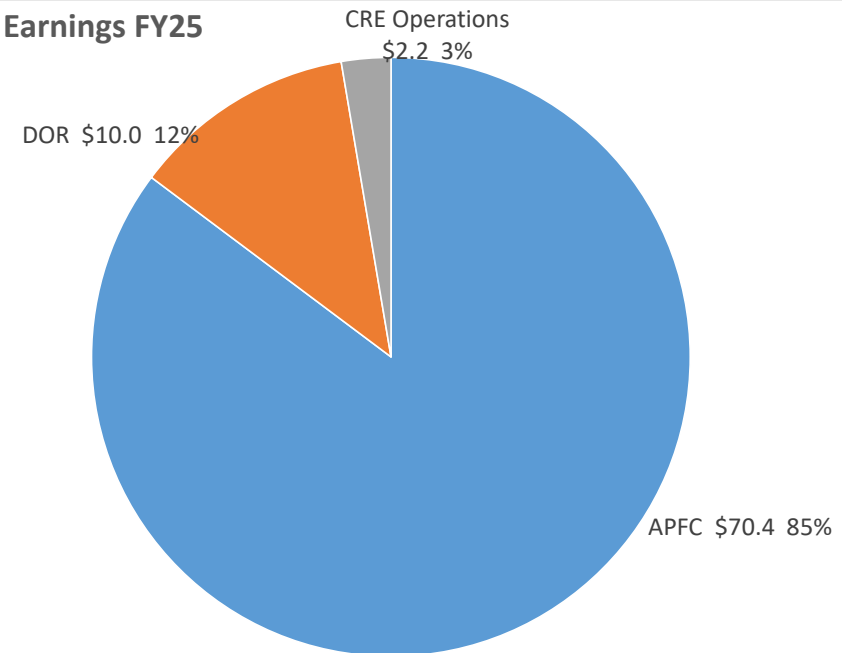
For period ending: June 30, 2025

## TRUST INVESTMENT ACTIVITY

	July-June	% budget		Plan	Performance
<b>Managed by APFC (inc. Principal and Budget Reserves)</b>					
APFC Unrealized gain(loss)	16,679,000				
APFC Statutory Net Income	53,766,000				
APFC Gain \$	70,445,000	123%		\$ 57,124,800	FY25 thru June 9.4% vs 9.3% bench (LT expected return 7.7%)
<b>Managed by DOR</b>					
Budget Reserves gain (loss)	7,528,900	200%		3,763,900	FY25 thru June 12.4% vs 12.2% bench (LT expected return 7.0%)
GeFONSI Interest earnings	2,444,100	128%		1,915,800	
DOR	9,973,000			5,679,700	
<b>Commercial Real Estate Distributions from Operations</b>					
Managed by TLO	2,177,370	105%		2,069,000	
Managed by RCLCO	-			-	
<b>Total Investment Earnings</b>	<b>\$ 82,595,370</b>	<b>127%</b>	<b>\$ -</b>	<b>\$ 64,873,500</b>	
CRE Distribution from Property Sales	21,172,600		-	20,600,000	
FY25 CRE Owner Contributions	(7,800,000)				

### Investment Earnings FY25

(\$million)



# Alaska Mental Health Trust

For period ending: June 30, 2025

## TRUST ASSETS at June 30, 2025

### Investments

APFC-Managed Trust Corpus	\$	559,321,000
APFC-Managed Unrealized Gains		125,053,000
APFC-Managed Spendable <b>Reserves</b>		<u>70,084,400</u>
Total APFC Managed Funds	\$	754,458,400

Trust <b>Reserves</b> at DOR	\$	<u>73,570,900</u>
Total Externally Managed Investments	\$	828,029,300

Basis for 4.5% payout calculation on June 30, 4yr avg.

Commercial Real Estate	\$	<u>32,781,200</u>
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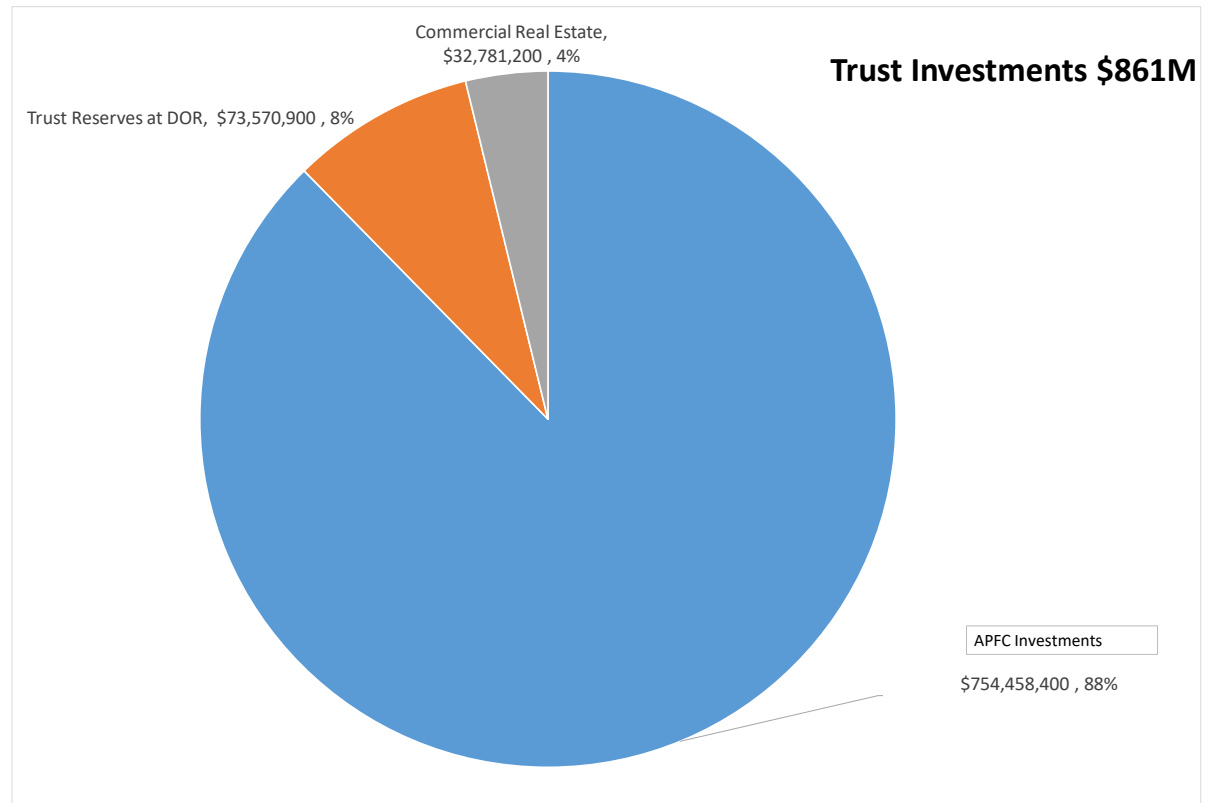
Value at June 30, 2025 (excl Cordova)

<b>Total Investments</b>	<b>\$</b>	<b>860,810,500</b>
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<b>Reserves (included in above Investments)</b>	<b>\$</b>	<b>143,655,300</b>
Reserves as % of FY26 Payout		475%
Less Trustee Approvals to be funded from Reserves:		
<u>FY26 payout not yet taken</u>		<u>(30,253,297)</u>
<b>Adjusted Reserve Balance</b>		<b>113,402,008</b>
<b>Available Reserves as % of FY26 Payout</b>		<b>375%</b>
Amount Above (Below) Target		(7,611,200)

### Cash Managed by DOR (GeFONSI)

Trust Authority Development (Principal) Account	90,706
TLODA	6,342,473
Central Facility Fund Avail Bal	1,756,270
DOR Operating Funds*	67,336,004
<b>Total</b>	<b>75,525,453</b>



# Alaska Mental Health Trust

For period ending: November 30, 2025

% of FY reported: 41%

TRUST AUTHORITY		FY26 July-Nov Expenditures	% of budget	FY26 Remaining/Projected/ Encumbered	Approved Budget	Projected Lapse over/(under)
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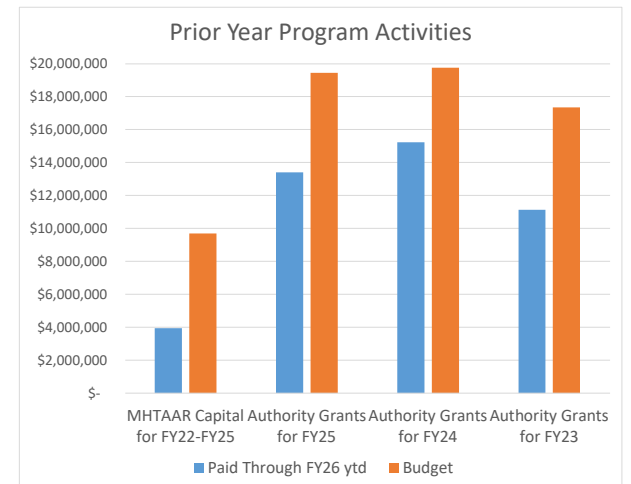
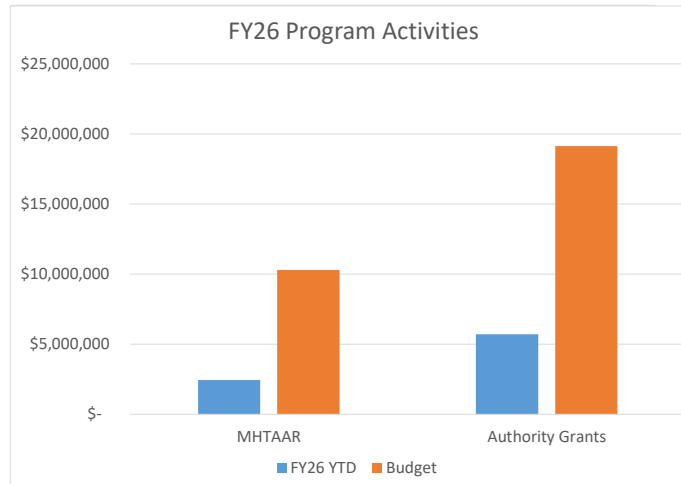
## Operating Expenditures

FY26 Trust Authority Agency Exp. \$ 2,138,400 39% \$ 3,153,420 \$ 5,473,300

## Program Activities

	Paid in FY26		Trustee Encumbered/Approved	To be approved or encumbered	Approved Budget	
MHTAAR	\$ 2,431,331	24%	\$ -	\$ 7,874,169	\$ 10,305,500	
Authority Grants	5,700,471	30%	3,520,826	9,898,003	19,119,300	
FY26 Budget	\$ 8,131,802	28%	\$ 3,520,826	\$ 17,772,172	\$ 29,424,800	-
	Paid in FY26		Previously Paid	Remaining Budget	Approved Budget	% expended
MHTAAR Capital for FY22-FY25	\$ 450,221		\$ 3,482,860	5,747,157	9,680,238	41%
Authority Grants for FY25	3,379,300		10,025,399	6,037,301	19,442,000	69%
Authority Grants for FY24	377,436		14,842,245	4,526,319	19,746,000	77%
Authority Grants for FY23	22,530		11,108,186	6,218,984	17,349,700	64%
Total FY22-FY25 Budgets	\$ 4,229,486					

Total Program Activities paid FY26 \$ 12,361,288



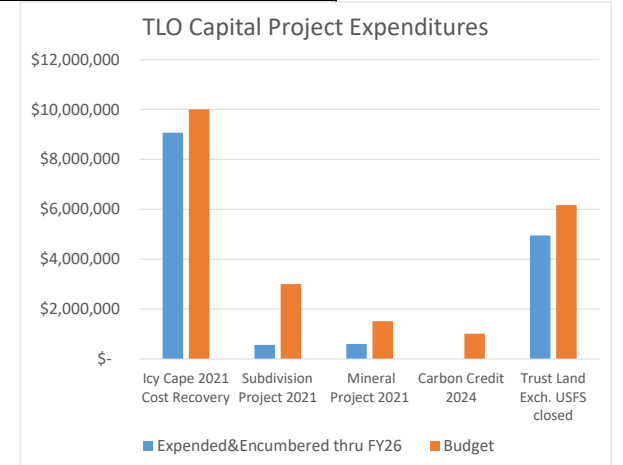
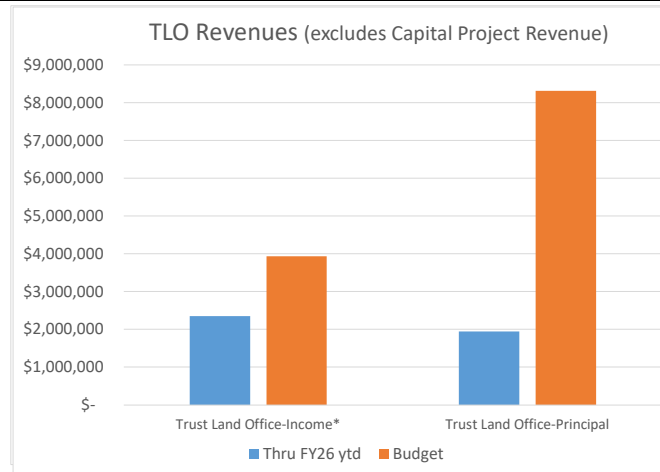
# Alaska Mental Health Trust

For period ending: November 30, 2025

TRUST LAND OFFICE		July-Nov	% budget	Approved Budget	Projected Lapse/Notes
Operating Expenditures		Expended		FY26 Remaining/ Projected/Encumbered	
FY26 TLO Agency Expenditures		1,551,900	27%	4,169,700	5,721,600
Revenues (excl. Capital Projects)		Revenue		Approved Plan	
Trust Land Office-Income*		\$ 2,351,829	60%	\$ 3,933,587	*Includes \$1.3M collected in FY25
Trust Land Office-Principal		1,947,516	23%	8,314,250	
Land Office Revenues		\$ 4,299,344	35%	\$ 12,247,837	

Capital Projects		YTD Expended	Encumbered	Cumulative Expended & Encumbered thru Nov2025	YTD Principal	YTD Income	Inception to date Principal & Income	Approved Budget	Remaining Budget	
Icy Cape 2021 Cost Recovery		\$ 283,234	\$ 278,064	\$ 9,071,300				\$ 10,000,000	\$ 928,700	9%
Subdivision Project 2021		\$ 9,881	\$ 283,576	\$ 551,400				\$ 3,000,000	\$ 2,448,600	82%
Mineral Project 2021		\$ -	\$ -	\$ 600,000				\$ 1,500,000	\$ 900,000	60%
Carbon Credit 2024		\$ -	\$ -	\$ -				\$ 1,000,000	\$ 1,000,000	100%
Trust Land Exch. USFS <i>closed</i>		\$ -		\$ 4,950,000	\$ 223,021	\$ 39,357	\$ 10,884,251	\$ 6,170,000	\$ -	0%
Icy Cape 2016 <i>closed</i>		\$ -		\$ 2,000,000				\$ 2,000,000	\$ -	0%
Icy Cape 2017 <i>closed</i>		\$ -		\$ 3,000,000				\$ 3,000,000	\$ -	0%
<b>Total Capital Projects</b>		<b>\$ 293,115</b>	<b>\$ 561,640</b>	<b>\$ 20,172,700</b>	<b>\$ 223,021</b>	<b>\$ 39,357</b>	<b>\$ 10,884,251</b>	<b>\$ 26,670,000</b>	<b>\$ 5,277,300</b>	<b>20%</b>
Shelter Cove (DOT funded)		\$ -	\$ 197,559	\$ 7,140,280	\$ -	\$ -	\$ -	\$ 7,175,000	\$ 34,720	

FY26YTD										
TLO Total Principal Revenue incl. Capital Projects		\$ 2,170,537	TLO Total Income Revenue incl. Capital Projects		\$ 2,391,185					



# Alaska Mental Health Trust

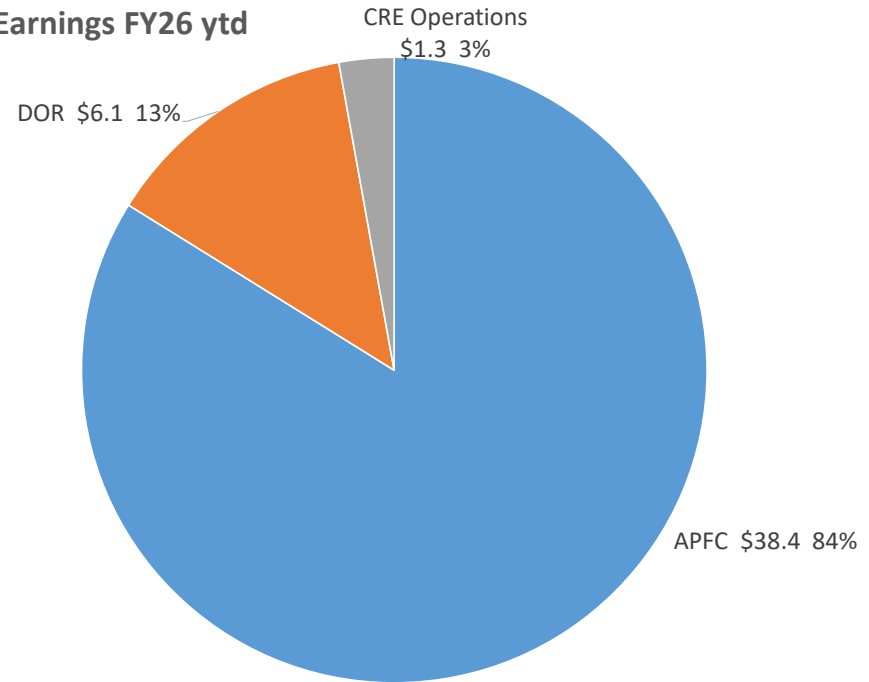
For period ending: November 30, 2025

## TRUST INVESTMENT ACTIVITY

	July-Nov	% Plan	Plan	Performance
<b>Managed by APFC (inc. Principal and Budget Reserves)</b>				
APFC Unrealized gain(loss)	13,538,000			
APFC Statutory Net Income	24,906,000			
APFC	\$ 38,444,000	66%	\$ 58,368,100	FY26 ytdOct 4.9% vs 5.2% bench (LT expected return 7.6%)
<b>Managed by DOR</b>				
Budget Reserves gain (loss)	5,028,600	105%	4,782,100	FY26 ytdNov 6.8% vs 6.7% bench (LT expected return 6.5%)
GeFONSI Interest earnings	1,062,700	41%	2,570,100	
DOR	6,091,300		7,352,200	
<b>Commercial Real Estate Distributions from Operations</b>				
Managed by RCLCO	1,280,935			
<b>Total Investment Earnings</b>	\$ 45,816,235	70%	\$ -	\$ 65,720,300
FY26 CRE Distribution from Property Sales	13,245,000		-	
FY26 CRE Owner Contributions	20,000			

### Investment Earnings FY26 ytd

(\$million)



# Alaska Mental Health Trust

For period ending: November 30, 2025

## TRUST ASSETS at November 30, 2025

### Investments

APFC-Managed Trust Principal	\$ 560,901,000
APFC-Managed Unrealized Gains	131,200,000
APFC-Managed Spendable Reserves	<u>94,990,400</u>
Total APFC Managed Funds	\$ 787,091,400

Trust <u>Reserves</u> at DOR	\$ 78,599,400
Total Externally Managed Investments	\$ 865,690,800

Basis for 4.5% payout calculation on June 30, 4yr avg.

Commercial Real Estate	\$ 31,052,700
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Inv. value at June 30, 2025 (excl Cordova)

Total Investments	\$ 896,743,500
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<b>Reserves (included in above Investments)</b>	\$ 173,589,800
Less: TAB HVAC	(3,254,788)
FY26 4.25% payout	(30,253,297)
FY27 4.5% payout	(34,290,600)
<b>Adjusted Reserve Balance*</b>	<b>140,082,000</b>
<b>Available Reserves as % of FY27 Payout</b>	<b>409%</b>
Amount Above (Below) Target	2,576,000

### Cash Managed by DOR (GeFONSI)

Trust Authority Development (Principal) Account	336,094
TLODA	5,814,615
Central Facility Fund Avail Bal	1,756,270
DOR Operating Funds	<u>55,901,437</u>
Total	<u>63,808,416</u>

