

ALASKA MENTAL HEALTH TRUST AUTHORITY

FINANCE COMMITTEE MEETING

July 25, 2023

3:00 p.m.

Hybrid Meeting

Originating at:

**Alaska Mental Health Trust Authority
3745 Community Park Loop, Suite 200
Anchorage, Alaska 99508**

Trustees Present:

Brent Fisher, Chair
Anita Halterman
Kevin Fimon
Agnes Moran
John Sturgeon
John Morris
Rhonda Boyles

Trust Staff Present:

Steve Williams
Katie Baldwin-Johnson
Miri Smith-Coolidge
Michael Baldwin
Eric Boyer
Allison Biastock
Kat Roch
Kelda Barstad
Carrie Predeger
Autumn Vea
Debbie DeLong
Valette Keller
Travis Welch
Luke Lind
Jimael Johnson
Janie Ferguson

Trust Land Office staff present:

Jusdi Warner
Blain Alfonso
Marisol Miller
Sarah Morrison
Katie Vachris

Also participating:

Pam Cawley; John Springsteen.

PROCEEDINGS

CALL TO ORDER

CHAIR FISHER stated that the Finance Committee meeting was in session, and called a roll. He noted that John Sturgeon was excused. He asked for any announcements. There being none, he moved to the approval of the agenda.

APPROVAL OF AGENDA

MOTION: A motion to approve the agenda was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

After the roll-vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Fimon, yes; Trustee Halterman, yes; Trustee Moran, yes; Trustee Morris, yes; Chair Fisher, yes.)

CHAIR FISHER asked for any ethics disclosures. There being none, he moved to the minutes from April 19, 2023.

APPROVAL OF MINUTES

MOTION: A motion to approve the meeting minutes from April 19, 2023, for the Finance Committee was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

After the roll-vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Fimon, yes; Trustee Halterman, yes; Trustee Moran, yes; Trustee Morris, yes; Chair Fisher, yes.)

STAFF REPORTS

FINANCIAL DASHBOARD

CHAIR FISHER moved to staff reports and began with the financial dashboard. He asked Kat Roch, acting CFO, to begin.

MS. ROCH began with a walk through the financial dashboard. She noted that the expenditures related to operations were reflective of the agency budgets for both the Trust Authority Office and the Trust Land Office. She explained that the numbers were from May, and that the June numbers were starting to come in. She went through the numbers which would change slightly as FY23 closed out. Reappropriation would go through the end of August and then final numbers would come in. She moved to program activities and then talked about Authority Grants and then Capital Projects.

TRUSTEE FIMON asked about the definition of true-up.

MS. ROCH replied that most state agencies have their main operating budget, and a lot of them would spend out of that and then move money from other funding sources. That would be the true-up happening. The specific project that it was set aside for was for a beneficiary organization.

MS. BALDWIN-JOHNSON stated that the funds were approved by trustees in November 2018

for a specific purpose of working with a beneficiary organization to try to find a facility solution for them because the facility they were in is not in the best shape, or for the purpose of crisis stabilization. That approval happened when Mike Abbott was here, and we were just starting the discussion around Crisis Now. Trustees approved that then.

CEO WILLIAMS added that this was similar to the conversation related to Icy Cape and the actions taken in terms of the cost recovery and approving the funds for those two projects. Those funds are in the budget reserves and can only be drawn down with trustee approval. He continued that to draw down those funds, staff would come back to trustees with the specified purpose for consideration and approval.

TRUSTEE MORAN asked why those funds do not expire like the unexpired grant funds do.

CEO WILLIAMS explained that the grant funds were funds that had been approved either at the CEO committee or board level for a specific purpose. There was a grant term, and those were just a set-aside. The trustees made a decision to approve \$3.655 million with a broad intent. It is sitting in the budget reserves, unallocated, undesignated, but set aside for a particular purpose or intent that was set by the trustees back in 2018.

A brief discussion and explanation ensued.

MS. ROCH moved to the Trust Receipts section. The first part was income from the Trust Land Office, and the numbers did not include the commercial real estate. She continued through her report and the financials, explaining and going through the numbers and then the reserves. She wrapped up the dashboard.

FORECASTS – FY24 REVENUE AND FY25 PROJECTION

MS. ROCH moved to the revenue estimates for FY24 and FY25 and began with a brief walk-through of how the available revenue was calculated for the budgets. She explained that the net asset value of the most recent four fiscal years is evaluated, and then 4.25 percent is drawn. That is called the payout. The lapsed appropriations is where all of the money that was approved in prior budgets but was not spent went back in. She went through the TLO spendable income and moved to the miscellaneous revenue, which was usually the unexpended grant funds that were sent out to non-state agencies that were returned after the project was completed. She added that this was usually a relatively small amount. A four-year average with those funds were not taken. She wrapped up the FY24 and '25 revenue forecasts.

ASSET MANAGEMENT POLICY STATEMENT

CHAIR FISHER moved to the Asset Management Policy Statement, and asked for a motion.

MOTION: The Finance Committee recommends that the Board of Trustees adopt the Asset Management Policy Statement (AMPS) changes as indicated in the attached redline version. The motion was made by TRUSTEE BOYLES; seconded by TRUSTEE HALTERMAN.

MS. ROCH stated that the updated Asset Management Policy Statement, or AMPS, had been updated with some minor edits due to some recent changes that had occurred. She walked through where all of the changes were. First was removing references to the independent real

estate adviser; next was a revision to statutory references which was a result of the bifurcation of the Department of Health and Social Services. She explained that the change just removed references to the Department of Health and Social Services and now references the new department names. She continued that the next change was a technical name change and revised the Program-Related Investment to now be referred to as Program-Related Real Estate; from PRI to PRRE. Next was a technical change to reference the NCREIF property sector return, which has historically been used by the Land Office, and replaced references to the NPI property index.

CHAIR FISHER asked if there were any summary comments or anything on the changes.

MS. ROCH replied that, for the most part, they were just technical changes, bifurcation of the Department of Health and Social Services, removing references to the third-party real estate adviser.

CHAIR FISHER asked for any questions. There being none, he called the vote.

After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Fimon, yes; Trustee Halterman, yes; Trustee Moran, yes; Trustee Morris, yes; Chair Fisher, yes.)

APPROVALS

FY24 BUDGET RATIFICATION

CHAIR FISHER asked for the motion to be read into the record.

MOTION: The Finance Committee recommends that the Full Board of Trustees ratifies the Legislature's FY24 MHTAAR and MHT admin budget amounts as appropriated and therefore increases previous July '24 trustee authorizations by \$99,200. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MS. ROCH stated that the background behind this motion was that there were some changes throughout the legislative process. The majority of them were to account for increases to employee benefits. The Mental Health Budget Bill does pay for positions and had increases to health insurance and also the PRS rate adjusted. She went through the table that listed out what those changes were and the three different places in the budget where they applied. She continued that one item that was not related to personnel expenses was the last line, Department of Revenue Admin Services Division. That \$13,500 was allocated to DOR to help offset some of the interagency changes. She explained that those changes were sent to each agency to cover services provided by the State, such as computer services, telephones. She added that this was done to try to help offset getting a giant bill from the different agencies, and was the only one that was not related to personnel costs.

CHAIR FISHER asked for any other questions. There being none, he called the vote.

After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Fimon, yes; Trustee Halterman, yes; Trustee Moran, yes; Trustee Morris, yes; Chair Fisher, yes.)

CHAIR FISHER asked for the next motion.

TRUST AUTHORITY OFFICE AGENCY BUDGET FY25

MOTION: The Finance Committee recommends that the Full Board of Trustees approve the fiscal year '25 Trust Authority Office MHT agency budget of \$4,819,908. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

CEO WILLIAMS introduced the overall agency budget which is the request that is brought to the Finance Committee every July. It gets built into the overall budget that gets approved by the trustees in August. It includes the Trust Authority Agency budget and the Trust Land Office budget. It also includes all the programmatic elements that would be reviewed over the course of tomorrow and Thursday. He asked Ms. Roch to continue.

MS. ROCH stated that the proposal to the Trust Authority Office agency budget had a 4 percent increase for FY25 over FY24. This included staff salaries and the trustee honorarium and was reflective of merit increase. The benefit increase was not factored in as the current benefit levels were used. If adjusted, that would come back to the Board for it to be ratified for the increased amount. She moved on through the budget lines, explaining as she went along.

CHAIR FISHER asked for any questions. There being none, he called the vote.

After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Fimon, yes; Trustee Halterman, yes; Trustee Moran, yes; Trustee Morris, yes; Chair Fisher, yes.)

TRUST LAND OFFICE AGENCY BUDGET FY25

CHAIR FISHER asked for the next motion.

MOTION: The Finance Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the Trust Land Office agency budget for fiscal year 2025 in the amount of \$5,155,000. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MS. WARNER stated that Sarah Morrison would walk them through the TLO budget. She drew everyone's attention to Blain Alfonso, who was on the agenda. He was the one that did a lot of this work. Creating budgets is always unique every single year, especially with resource managers.

MS. MORRISON stated that she is the chief business officer for the Trust Land Office. She went through the budget line by line and began with Personal Services where there was a 3 percent increase for merit increases. She continued with travel, and she did not anticipate any changes.

TRUSTEE FIMON asked about the first line and stated that it was personal. He asked if it was supposed to be personnel.

MS. MORRISON replied that it is personnel, but in the state accounting systems, there are some peculiar names, so it is personal services. She answered a few other questions and asked CEO Williams to explain the retention tool.

CEO WILLIAMS replied that the way the Trust Land Office and the Trust Authority Office address merit increase is, for the first five years of a person's employment with either agency, they were eligible for up to 5 percent. After that, it kicks in to the longevity, which is a lower percentage.

MS. MORRISON continued through, answering questions as she went along.

CHAIR FISHER asked for any other questions. There being none, he called the vote.

After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Fimon, yes; Trustee Halterman, yes; Trustee Moran, yes; Trustee Morris, yes; Chair Fisher, yes.)

CHAIR FISHER recognized CEO Williams.

CEO WILLIAMS took a few minutes to recognize Trust Authority staff Debbie DeLong. She has been with the State for ten years. Prior to coming to the Trust, she worked for the Department of Transportation and then at the Trust for the rest of the time. He stated that she is a very important part of making the wheels turn at the Trust and carrying out the mission of the Trust. He took a couple of minutes to recognize her ten years of service with the State.

CHAIR FISHER stated appreciation for the loyalty and contributions that Ms. DeLong has given to the Trust, and thanked CEO Williams for making us aware of that. He asked for any comments or questions from the trustees.

TRUSTEE BOYLES asked for a clean copy of the AMPS changes to be e-mailed for their files.

CEO WILLIAMS replied that once they were approved by the Board of Trustees in August, they would do that.

CHAIR FISHER asked for any other comments or questions. There being none, he asked for a motion to adjourn.

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

After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Fimon, yes; Trustee Halterman, yes; Trustee Moran, yes; Trustee Morris, yes; Chair Fisher, yes.)

CHAIR FISHER adjourned the meeting.

(Finance Committee meeting adjourned at 3:51 p.m.)