

**ALASKA MENTAL HEALTH TRUST AUTHORITY
FINANCE COMMITTEE MEETING
April 24, 2024
8:30 a.m.**

**Hybrid Meeting:
Alaska Mental Health Trust Authority
3745 Community Park Loop, #200
Anchorage, Alaska 99508**

Trustees Present:

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

Trust Staff Present:

Steve Williams
Katie Baldwin-Johnson
Miri Smith-Coolidge
Michael Baldwin
Julee Farley
Allison Biastock
Valette Keller
Kelda Barstad
Luke Lind
Debbie DeLong
Carrie Predeger
Janie Ferguson
Eliza Muse
Eric Boyer
Heather Phelps
Janie Ferguson
Tina Volker-Ross

Trustee Land Office staff present:

Jusdi Warner
Sarah Morrison
Jeff Green
Tracy Salinas
Blain Alfonso
David MacDonald

Also participating:

John Springsteen; Patrick Reinhart; Bryce Coryell; Heather Maidl; Justin Slaughter; Alyssa Bish;
Jena Crafton; Rod Shipley; Tony Newman; Stephanie Wheeler; Stephanie Hopkins; Steve Sikes.

PROCEEDINGS

CALL TO ORDER

CHAIR MORRIS called the meeting to order, called the roll, and asked for any announcements. There being none, he continued to the approval of the agenda.

APPROVAL OF THE AGENDA

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

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

CHAIR MORRIS asked if anyone had any ethics disclosures. Seeing and hearing none, he asked for a motion to approve the minutes from the January 4th Finance Committee meeting.

APPROVAL OF MINUTES

MOTION: A motion to approve the minutes from January 4, 2024, was made by TRUSTEE STURGEON; seconded by TRUSTEE BOYLES.

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

FINANCIAL UPDATE

MS. FARLEY began with a review of the dashboard. She continued with the Trust Authority Office through March: at 75 percent through with the year, 61 percent of the budget has been expended, which is underbudget. The remaining amount is expected to be expended over the rest of the year, with a variance of a couple hundred thousand. She continued that as far as program activities, 51 percent of MHTAAR has been expended, well below 75 percent, if that funding was used evenly throughout the year. The State pulls those funds as needed; we cannot make them use it. She continued that Authority Grants are 45 percent expended, on par with last year at this time. Grants are expended on a beneficiary-need or programmatic basis, as opposed to the budgeting that is done on a fiscal year. She stated that we have discussed in the past the lapsed amounts, the current 45 percent will not be 100 percent in June; the carryover amount will be delineated as we get to the end of June.

MS. MORRISON stated that the Trust Land Office through the end of March has spent \$3,472,000, which represents 69 percent of the budget. An additional 1,427,800 is anticipated to be spent before the end of the fiscal year. The total will be 4,899,800, which will leave us with roughly \$150,000 under budget, partially due to a vacancy; and some of our subdivision work has been moved out into FY25, as well as some costs that were more appropriately attributed to cost recovery, as opposed to our budget. Capital Projects are those projects that are funded TLODA through the cost recovery program. A couple have popped up since the last time the dashboard was presented, which included a minerals project and the subdivision project. The minerals project is evaluating mineral potential and to further characterize the type of development potential our lands might have; 1.5 million over five years, around \$300,000 a year. The work has begun, and we should see expenditures show up for the next dashboard. The subdivision project includes commercial, residential, and mixed use. It involves the

coordination, design, and disposal efforts, and a lot of them are very large-scale subdivisions with a lot of potential lots. That is \$3 million over five years, with an estimated spend of \$1 million in the first year. Similar to the mineral project, work has begun, but we just have not seen expenditures yet. Through March, on Icy Cape we have spent \$6,781,400, and we anticipate an additional \$1,158,600 through the end of June, with a projected total through the end of the fiscal year of \$7,940,000. At this point, we are in year 4 of 5. By the end of the project year 4, we anticipate being around \$9 million in expenditures, which is right on budget. We still anticipate being under \$10 million for the entire project. She continued that July through March, for income, we have generated \$6,643,200, which represents 92 percent of the planned budget. We are ahead at this point, and we expect to continue to be ahead, generating \$1,065,800 by the end of June, wrapping up the fiscal year with \$4,709,000, which is \$729,000 over the estimated plan. With principal, July through March, we have generated \$4,692,500, which is 71 percent of our planned budget; and we anticipate generating an additional \$2,479,500, for a total of \$7,172,000, which is \$535,300 over plan. One of the big drivers to being ahead of plan in both income and principal is our land sale program, and we have had some big negotiated sales in which we could actually see principal revenue be even higher before the end of the fiscal year. Some of it really depends on the timing of when we start to receive revenue for some pretty large sales. The other aspect is on the income side, with interest from financed land sales. The last few years, we have been in a high-interest-rate environment on amortized debt. As customers start paying off, they are paying a relatively high portion of their payments towards interest, which is spendable income for the Trust.

MS. FARLEY picked up on the investment activity section, which had some pretty big numbers. The APFC gain through the end of March is at 65 percent, a little under where we expected to be if the markets performed evenly throughout the year; but they do not. The March number is 15 million higher than the February numbers that were in the dashboard. In February, the dashboard showed we were 20 million below the expected. Now the Permanent Fund is 5.7 million below the expected, but we are moving in on that. She noted that looking at the markets on a monthly basis is sometimes not helpful when you have a portfolio where you are invested in the long term. The Permanent Fund's performance fiscal year to date is 4.6 percent, versus 5.8 percent of the benchmark; but those numbers are through February. Roughly, through March, it will be up to maybe 2 percent; so we could be looking at 6.6 percent through March for the Permanent Fund portfolio; but the plan was about 7.4 percent. The Permanent Fund through February was under the benchmark. The primary reason for that is the benchmark represents an index return, whereas the Permanent Fund is in the portfolio with a lot of active management. 401(k) index funds have been doing extremely well. This is the year where index funds are being active funds. That is why the Permanent Fund portfolio may come in below the benchmark; but over the long term, their active portfolio should out return the index portfolio. She continued with the portfolio that the Department of Revenue manages. Their gains through March are 5.5 million, and that is already at 150 percent of what was expected. The Department of Revenue account is invested primarily in index returns. For the year, they are 2.7 million above expected. Moving to the commercial real estate section, the CFF withdrawals have been added. There have been distributions from the commercial real estate portfolio of 1.6 million, and \$547,000 represents the CFF withdrawals made in this fiscal year to date. Distributions of \$510,000 are expected for the rest of the year. The commercial real estate portfolio represents .1 percent through March, including \$1,049,000, plus the principal payments through the debt service, is how we get to that return. She continued to the last section, which is a picture of the Trust assets. There is APFC managed Trust principal of 545,000, which pretty much stays the same, except when principal payments are received from the Trust Land Office or when inflation adjustments are made into the corpus. There are unrealized gains on this portfolio that are not

locked in, 113 million, which reflects the current market value. The APFC manages \$63.6 million of reserves for the Trust, which are spendable reserves, which is where the annual payout has historically come from. The total portfolio that the APFC manages for the Trust is \$721,691,000. The Trust also has reserves at the Department of Revenue totaling 52.9 million. The total externally managed investments are 775 million, which is the amount annually applied to the 4.25 percent payout, which is what drives three quarters of the annual revenue calculation. The commercial real estate portfolio is \$61.378 million, which is the value that was on the audited financials. That number stays the same until there is another set of audited financials for June 30th, 2024. The Trust's total investments are 836 million. She noted that APFC manages a spendable reserve account of \$63.6 million; and the Department of Revenue manages a reserve account of \$53 million. The Trust has access to both of those accounts to fund activities, and when we look at the sum of those, it is \$116.5 million. We could pay an annual payout 3.7 years with the amount in reserves, and that gives us a comfort to be able to continue to provide for beneficiaries. She continued with a summary of the GeFONSI accounts managed by the Department of Revenue. The Central Facility Fund balance is at \$1.9 million. The TLODA accounts are at 6.56 million, and those funds include the Capital Projects mentioned earlier. TADA is the principal proceeds from the Trust Land Office which are transferred. There are a few other minor amounts in there. The balance gets transferred to the APFC principal, which happens about every other month. The DOR Operating Fund balance is essentially our checking account, which funds the operations of the Trust.

CHAIR MORRIS thanked Mrs. Farley, and recognized Mr. Sikes from the Department of Revenue for a presentation about our reserves management.

DEPARTMENT OF REVENUE PRESENTATION FOR RESERVES

MR. SIKES stated that he is part of the team at the Department of Revenue that manages approximately 50 billion in investments for the retirement system in the State. He stated that the purpose of his presentation was to recommend the FY25 asset allocation for the budget reserve funds managed on behalf of the Mental Health Trust. Currently managed are approximately 100 million in Trust assets; 51.6 million in the budget reserve; and the remainder is in the GeFONSI pool. The numbers are a bit different than CFO Farley presented because the cutoffs are different; he was using February numbers, and CFO Farley used March 31. For the budget reserve funds, the Alaska Mental Health Trust Board approves the asset allocation. The recommendation is for the Board to continue to revisit this on an annual basis, which is the cycle used for out-of-state funds. For GeFONSI, because these assets are coming with other State funds, the Commissioner of Revenue approves that asset allocation annually. The current asset allocation is 85 percent short-term fixed income, and 50 percent medium-term fixed income; very conservative. The Board's AMPS document establishes the investment checklist for the account. The objectives indicate the asset allocation should be calibrated around the spending rate, produce a real rate of return above 5 percent over time, also recognizing prudent risk levels; and the portfolio needs to provide liquidity to facilitate ongoing payouts to support program spending. He provided a brief financial market context, as well as historical stock and bond returns. He continued that asset allocation is one of the most important actions to managing the portfolio. It recognizes the objectives and constraints of the funds. The DOR asset allocation process uses 10-year, forward-looking capital market assumptions developed by Callan to generate efficient portfolio metrics. For the FY25 asset allocation for the budget reserve, we are recommending a 10 percent increase in fixed income and a corresponding decrease in the equity asset classes: 7 percent domestic, 3 percent in international. Compared to last year, the recommendation increases expected return and reduces risk. Expected return increases by 25 basis points, from 6.75 total return to 7 percent. The real return also increases from 4.25 to 4.50.

Portfolio yield increases from 3.18 to 3.54, and risk drops from 12.3 percent to 10.6 percent. The tail risk also improves due to a one-year, 10 percent probable return, and a 5 percent probable return with the cVaR label. The recommended asset allocation expected a previously expected real return slightly above the Board spending rate of 4.25 percent, so it meets the purchasing power objectives of the AMPS document. The asset allocation that DOR recommended incorporates less equity than the 70/30 weight proposed by Callan in the 2022 spending study. Expected returns are higher as a result of the revised capital market assumptions. That solution still delivers acceptable returns at lower risk levels. For comparative purposes, included is Option 1 as a solution that maintains the FY24 real return expectation of 4.25. While this is appealing from a risk standpoint, the size of change would have been very large at 19 percent; and so the change in the fixed income weight would have gone from 33 percent to 52 percent, which is very large for a one-year change. The DOR felt like Option 2 would be the more prudent approach, providing a 10 percent change, which is still large. He continued that Option 3 maintains the current equity fixed income mix of 67/33, and while the expected returns are attractive, DOR did not feel the level of risk was warranted real return. Option 2 is still greater than the spending rate at a much lower risk level. Investments at the Trust, as with the Treasury, are also very liquid; one of the objectives of budget reserve funds. The investments we provide are very cost-effective. The investment fees are 1 basis point for domestic equity, and 5 basis points for international equity. The fixed income is managed internally by our internal fixed income staff, so we are providing a liquid, low-cost solution to the Trust.

CHAIR MORRIS thanked Mr. Sikes for a very thorough review. He continued, to understand the summary, we have an opportunity to revise our asset allocations and the investments held by the Department of Revenue in such a way that we can actually reduce our calculated risk and have at least equivalent returns. Then there is another option where we can make an even more dramatic change than proposed. To do that it seems most prudent to take this middle-of-the-road improvement approach, which is listed as Motion 1 in our packet. He asked for any questions, and then for a trustee to read the motion.

MOTION: A motion that the Finance Committee recommends the Full Board of Trustees approve the following asset allocation for budget reserves managed by the State of Alaska Department of Revenue effective July 1, 2024: Asset allocation, target holding, and target range. Broad U.S. equity: Target holding 32, target range plus or minus 5. International equity: 25 percent, plus or minus 5. Core U.S. fixed income: 42 percent, target range plus or minus 5. And cash equivalents: 1 percent, minus 1, and plus 2 percent target range. The motion was made by TRUSTEE BOYLES; seconded by TRUSTEE FIMON.

TRUSTEE HALTERMAN stated that this is a win-win. She was glad to see the Trust reducing risk while increasing returns. She thought that trustees should support this motion.

CHAIR MORRIS asked for any other discussion or questions. Hearing none, he noted that Trustee Sturgeon was excused, and called the roll.

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

AMPS UPDATE

CHAIR MORRIS moved the meeting to the Asset Management Policy update, and asked for a trustee to read the motion.

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

CHAIR MORRIS asked if there were any questions or discussion about the proposed changes.

MS. FARLEY stated the Asset Management Policy is a document that gets reviewed occasionally, and it was reviewed by trustees in August when we made some changes related to the third-party real estate adviser. There are other changes to be considered. We will engage a consultant through our spending study starting later this year, and that will be presented next year at this time to the Finance Committee. For this discussion, she delineated the changes; most of them minor, technical corrections. For the annual revenue calculation, it has been practiced and set in the AMPS that all components of revenue be a four-year average. It is important to keep that as a four-year average, because markets do swing, and it is difficult to budget based within those swings. Four years should provide plenty of stability in the revenue calculation. One aspect of this that she pointed out is, instead of looking at estimated values of the APFC portfolio, to look at actual values. When calculating the annual revenue, it is removing that uncertainty relating to estimating the value of the APFC portfolio. That has historically been done, and that adds uncertainty to the annual revenue calculation and requires a later adjustment. This will clean up that process so that when we do this revenue calculation, we will lock in the amount coming in from the APFC portfolio. She continued that when she looked at the calculations, it just made a lot of sense to move the smaller components of income to a two-year average, which allows the Trust to access those funds more quickly. It provides more certainty because in looking at two years, we can look at actual numbers and not have to estimate one to two years. The TLO income contributions revenue that the redline document proposes is to look at two years of actual numbers instead of what has been used as four years, which includes a mix of actual and estimated. Lapsed funding has been a tricky element to understand. We will use two years of actual numbers in the known last amounts, because estimating lapses is just too difficult. There is some variability in the revenue calculations, and it just provides a level of uncertainty that is difficult to manage. The last item is for the GeFONSI interest, which will be the most recent actual interest earned. The end goal here is to increase certainty for our revenue calculation; and in the case of the lapsed funding, allow us to access those funds sooner and deploy them for beneficiary needs.

CHAIR MORRIS reiterated that what we are going to do is reduce the amount of money that we are just estimating or educatedly guessing at, which will increase our safety and our predictability. Also, we are going to reduce the time window so that we can bring some of the lapsed funds forward and actually use them rather than let them sit for a couple of extra years for reasons which remain elusive.

MR. WILLIAMS stated that another reason to look at this and the reason that we are bringing this forward to propose to the committee today, is it will allow Trust funds to get out sooner to the beneficiaries.

TRUSTEE HALTERMAN stated that about a year and a half ago we motioned to deploy the

reserves quicker than the four-year period. It had not been a written policy anywhere that there was a practice; it just kind of happened. It does not make sense to let those funds sit there for four years accumulating when we have providers that have needs now.

After the roll-call vote, the MOTION was APPROVED. (Trustee Fimon, yes; Trustee Boyles, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Moran, no; Trustee Sturgeon, yes; Chair Morris, yes.)

CHAIR MORRIS moved the meeting to the commercial real estate update, and recognized Jusdi Warner.

COMMERCIAL REAL ESTATE

MS. WARNER stated that this is usually something that has been seen in the Resource Management Committee, but the TLO thought it would be best to give a brief performance update before going into the budgets. She turned the meeting over to David MacDonald.

MR. MacDONALD stated that, for the most part, the portfolio is operating as planned. There is not really too much worthy of note, with the exception of North Park. The Circle K deal that was signed last year has finished the construction on their tenant improvements, and they formally took occupancy on April 1st. We will start to see some additional revenues coming in from that. Those improvements are not reflected in the document yet. The net cash flows for the first three quarters of the fiscal year total \$2,242,154, which is \$773,000 ahead of the budget. Changes have been made to how we report, so tenant improvements are now being capitalized. We are still ahead of plan, doing nicely, and tracking where we want to be at the end of the fiscal year. CFF Draws were \$546,000. The first one of \$273,000 landed in December. The additional draws were not taken within the first three quarters of the fiscal year, but one hit in early April for another \$273,000, and one that just landed for another \$273,000. The full 820,000 has now been received at the property level. He continued that for our purposes, the net cash flow is the income, the rents and other income that we generate at the property, minus the expenses, including lease-up costs, capital expenditures, and the debt service. The difference between the net cash flow and the distributions is the money that is set aside for cash reserves for upcoming needs. In the bigger picture, we want it to be self-sustaining and to be providing money; but, on occasion, we have needs for funds that transcend what we are able to do, so we are building up funds to be able to handle it within the LLC accounts. When that is not available, the CFF provides additional relief. The objective is to build the reserves so CFF draws are not needed. Anticipated upcoming capital expenditures of \$650,000 are expected. He continued that the TLO recently had the approval to dispose of the Rulon White property in Ogden, Utah. The motion that was approved says the property must be sold at or above fair market value as determined by an appraisal, which is complete. A broker has been selected, and their listing agreement has been received, which will be sent to counsel. The goal is to commence with the marketing campaign early next month. Internally, there have been some discussions on upcoming capital expenditures, including roofs and rooftop unit/air conditioning unit replacements. He continued with a detail of vacancies and leases of the commercial real estate properties.

CHAIR MORRIS thanked Mr. MacDonald and stated that this forward-looking information about anticipating portfolio vacancies helps us very much with planning, and at least having an idea of perhaps CFF requests coming in the future. He asked for comments or questions from fellow trustees.

TRUSTEE BOYLES asked about selling Rulon.

MR. MacDONALD stated that Rulon is going to be marketed both across the country and probably internationally. The search was limited to just the top national and international brokerage firms, and not a company that specializes in industrial properties. A broker has been hired out of Dallas; Jeff Hickey with Colliers, who has been doing this for decades.

CHAIR MORRIS asked if there were any questions or comments on the line. Hearing none, he stated that there are a couple of motions.

MOTION: A motion that the Finance Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the incremental building expenditures totaling \$10,993,685 budgeted for the fiscal year 2025 to be paid by the property manager from rents, cash reserve, and other income collected from the properties. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE BOYLES.

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

CHAIR MORRIS asked a trustee to read the next motion into the record.

MOTION: A motion that the Finance Committee authorizes the expenditure in an amount not to exceed \$40,000 for the purpose of performing appraisals on all commercial real estate portfolio properties. Specifically, to include those not previously scheduled to be conducted this year. These appraisals are to be performed on or before the 30th of June, 2024. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE STURGEON.

CHAIR MORRIS stated that we have good, solid data that is reliable from the point of view of our financial staff on cash flows and so forth. We want to have the best available data for the appreciation of the properties.

MS. FARLEY stated that we never really know the value of a piece of real estate until it is sold, but an appraisal is the next best thing. This is a data point that is needed if we want to have a public-facing document with the performance of the commercial real estate.

CHAIR MORRIS asked if there were any comments or questions. Hearing none, he called the question.

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

CHAIR MORRIS called a break.

(Break.)

CHAIR MORRIS called the meeting back to order and moved to the conversation about the Central Facilities Fund.

DISCUSSION OF CFF STRUCTURE

MS. FARLEY stated that there is a motion to create the Central Facility Fund, and the memo around that is in the packet, which provides some good history for the Central Facility Fund. She continued that she and Jusdi have been meeting quarterly to agree on transfers to fund the Central Facility Fund so that when there is a request coming from the TLO to fund an expenditure of commercial real estate, there are funds available for that. She explained that the CFF fund is not a separate account within the accounting system, but it can get a little tricky at times.

CHAIR MORRIS stated that this is simply an opportunity to start a conversation echoing the sentiments of Trustee Moran earlier where there are a lot of changes at once, and that maybe it is okay to pace ourselves. He continued that he wanted to introduce the idea of taking another look at the Central Facility Fund for perhaps the next Finance Committee Meeting, because it seems like staff is spending a lot of time tracking this Central Facility Fund. This makes it a little bit more opaque in terms of what is our total cash flow from commercial real estate back to the Trust. It seems to have historically been for a reason to guarantee funding for capital expenditures at the commercial real estate, but that really is not the case currently. Currently, the trustees have to approve all expenditures from the Central Facility Fund, just as if one does not exist. This is an introductory topic for further conversation.

MS. WARNER stated, just to overly simplify this, the Central Facility Fund set aside \$2 million in a bucket, and there are other things in that bucket. For the State accounting system, when you look at that balance, it is all the things in the bucket. There is a manual mechanism that the CFO has to do in an Excel spreadsheet to get that out, which is time-consuming.

CHAIR MORRIS asked if there was further discussion.

TRUSTEE HALTERMAN stated that she had two motions to read into the record for consideration that are unrelated to the Central Facilities Fund. The first was an Alaska Mental Health Trust Authority motion regarding honorarium.

MOTION: A motion that the Board of Trustees request our counsel research, review, and provide an opinion on what works the Board of Trustees are entitled to receive honorarium for. In addition, to provide insight over where trustees are entitled to their per diem. And there appears to be a disagreement over when the Board of Trustees can seek honorarium, and also how those requests are processed. I so move. I also ask that we ask counsel for an opinion on who reviews and approves the honorariums and other trustee-related expenses. I so move. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE MORAN.

CHAIR MORRIS stated that those seem like two separate motions.

TRUSTEE HALTERMAN answered that it is one motion. She stated that she had another motion to be read separately.

CHAIR MORRIS asked Trustee Halterman to read it one more time.

MOTION: A motion that the Board of Trustees request our counsel research, review, and provide an opinion on what works the Board of Trustees are entitled to receive

honorariums for. In addition, to provide insight over when trustees are entitled to per diem. There appears to be a disagreement over when the Board of Trustees can seek honorariums, and also how those requests are processed. I so move. I also ask that we move counsel for the opinion on who reviews and approves those honorariums and other trustee-related expenses. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE MORAN.

CHAIR MORRIS noted that it sounds like the motion is to have legal counsel review what is entitled to an honorarium, and also our process for determining honorariums and so forth. He asked for discussion or comment.

TRUSTEE BOYLES stated that she thought there was already a policy in place for that with the administration; that the Board of Trustees collectively made those decisions.

MR. WILLIAMS stated that the guidelines for the honorarium are outlined in our statutes. It says an honorarium of \$200 a day for any part of a day spent at a meeting of the Board, at a meeting of a subcommittee of the Board, or as a representative of the Board. That is the honorarium. Then there is per diem and travel expenses authorized for boards and commissions under the Alaska Statute. That is the structure that guides trustee honorarium and per diem. Today is an example of trustees' ability to claim per diem for \$200. Tomorrow is the same; it is a board meeting. It is not just a full day; it can be a partial day. It could be an hour. It could be trustees going and representing the trustees at a meeting. We have historically also used honorarium when staff are meeting with a trustee in preparation for a board meeting or a committee meeting. That is the structure we have recorded. It is calculated, and trustees are sent a review of what has been calculated to determine if there is anything missing. We process the honorarium in that regard.

MR. STURGEON stated that the statute is sometimes pretty broad, and there are things that come up. He asked for an explanation of any problems.

CHAIR MORRIS stated that whenever anyone has a question about their pay, that is enough for him to say let us do what we should do to answer the question because people's feelings can get wound up in pay. He continued that if we are going to have a discussion of specific examples of why someone may have that concern, we should transition to an Executive Session before doing so. A question or concern on this kind of topic is enough to say let us take a look and see if we can reassure everyone and clarify it.

MR. STURGEON noted that he is looking more at generalities and not looking at a particular person. Perhaps if there are issues that come up that can be generic.

CHAIR MORRIS asked Mr. Williams to answer if he could speak in generalities without naming a particular person or anything that would affect the reputation of any individual, but if we feel we need further discussion, let us go to an Executive Session to discuss this topic.

MR. WILLIAMS stated that he was not sure how to respond to the question.

TRUSTEE FISHER stated there are sometimes generalities in statutes and trying to understand a little bit more definitively what something means is what is being asked in this motion. For example, what does it mean to represent the Trust? Do we have to have interaction with a person or a body of people, or is it meeting preparation, or is it working with a staff member on a

project? If two trustees talk to each other because they are on a committee, is that representation if it is not in a formal meeting? That is the kind of clarification that seems to be in this motion, because it is pretty general.

TRUSTEE BOYLES asked the maker of the motion if the intent of the motion is to have our attorney look at the statute and look at how we implement it on both of those, honorariums and per diem. If they are in Alaska Statute, maybe what we need is an explanation, and that is what is being asked of the motion

TRUSTEE HALTERMAN answered that is correct.

TRUSTEE MORAN stated that if we go out and get an attorney's opinion on that, we take all personalities out of it, and we will know, cut and dry, what is acceptable.

CHAIR MORRIS asked if there was any other discussion. Hearing none, he called the question.

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

CHAIR MORRIS stated that he believed Chair Halterman had a second motion.

MOTION: A motion that the Board of Trustees request our counsel research and provide an opinion on whether the Board of Trustees can be reimbursed for air travel when a trustee is traveling from out of state to a board meeting or for board-related business. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE STURGEON.

CHAIR MORRIS asked if there was any discussion.

TRUSTEE BOYLES asked if there are guidelines in the Alaska Statutes to address that under Boards and Commissions, or under the Mental Health Trust.

TRUSTEE HALTERMAN stated that she did not want to give details. She has been tasked as Chair with reviewing trustee travel, and with either approving or denying travel. She stated that she has denied travel in the past year, and she has been asked for some clarity that she was not able to provide, which is the reason for the motion. There are trustees that are serving in state that travel to our meetings and there are questions related to their honorariums while in travel status, as well. As Chair, she stated that questions cannot be resolved without some guidance.

TRUSTEE MORAN stated that if we want to grow the Board beyond the Railbelt to really truly engage trustees from more rural areas where it is more expensive to travel, the more clarity we can provide on these travel rules and regulations might work to encourage rather than discourage people to apply from more outer areas of the state.

CHAIR MORRIS asked if there was any further discussion. Hearing none, he called the question.

After the roll-call vote, the MOTION was APPROVED. (Trustee Sturgeon, yes;

Trustee Fimon, yes; Trustee Boyles, yes; Trustee Halterman, yes; Trustee Moran, yes; Trustee Fisher, yes; Chair Morris, yes.)

CHAIR MORRIS asked if there were other topics of discussion from any trustees.

MS. KELLER asked if the Board would like staff to initiate those conversations with counsel, or if the Board will initiate those conversations with counsel for the previous two motions that passed.

TRUSTEE HALTERMAN stated that she thought that it probably should be in partnership.

CHAIR MORRIS asked if staff can take a lead on that, and to include Chair Halterman in the conversation. He asked for a motion to adjourn.

MOTION: A motion to adjourn the Special Full Board of Trustees Meeting was made by TRUSTEE FIMON; seconded by TRUSTEE STURGEON.

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

(Finance Committee meeting adjourned at 11:03 a.m.)