

**ALASKA MENTAL HEALTH TRUST AUTHORITY
SPECIAL FULL BOARD MEETING
June 14, 2024
8:30 a.m.**

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

Trustees Present:

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

Trust Staff Present:

Steve Williams
Katie Baldwin-Johnson
Michael Baldwin
Julee Farley
Valette Keller
Kelda Barstad
Luke Lind
Debbie DeLong
Carrie Predeger
Eric Boyer
Heather Phelps
Tina Volker-Ross

Trustee Land Office staff present:

Jusdi Warner
Sarah Morrison
Jeff Green

Also participating:

Gene Hickey

PROCEEDINGS

CALL TO ORDER

CHAIR HALTERMAN called the meeting to order, called the roll, and asked for any announcements.

CEO WILLIAMS announced that the Bert Hall award was presented to the Trust by the Mat-Su Health Foundation for all of the work that we and the partners in the Valley have been doing related to working on Crisis Now.

CHAIR HALTERMAN asked for a motion to approve the agenda.

APPROVAL OF THE AGENDA

MOTION: A motion to approve the agenda was made by TRUSTEE MORRIS; seconded by TRUSTEE FISHER.

CHAIR HALTERMAN asked if there were any adjustments or objections to the approval of the agenda. Hearing and seeing none, it was so moved.

There being no objection, the MOTION was APPROVED.

ETHICS DISCLOSURES

CHAIR HALTERMAN asked if anyone had any ethics disclosures. Seeing and hearing none, she asked for a motion to approve the minutes from the March 18th Special Full Board meeting.

APPROVAL OF MINUTES

MOTION: A motion to approve the minutes from March 18, 2024, was made by TRUSTEE MORAN; seconded by TRUSTEE BOYLES.

CHAIR HALTERMAN asked if there were any objections or amendments to the March 18th, 2024, minutes. Seeing and hearing none, they were adopted.

There being no objection, the MOTION was APPROVED.

GOVERNANCE DISCUSSION

CHAIR HALTERMAN stated that regarding the governance conversation, we have made our way through a good number of the changes already, and that today we are going to make our way through the remaining charter changes which require more discussion. She turned it over to Mr. Williams to talk about the memo.

CEO WILLIAMS stated that the memo is an orientation memo to make sure that trustees remembered how to read the spreadsheet that highlights all the identified "parking lot" items that need further discussion from the March 18th meeting.

CHAIR HALTERMAN stated that we will start with the charter of the Board of Trustees that were set aside to be discussed at a later date. She turned the meeting over to Mr. Hickey to lead the conversation about the charter changes and the edits that are outstanding. For 4(b), there are edited changes, and the staff comments are in the third row.

MR. HICKEY stated that the original charter included language that required the Board of Trustees' charter to insure the Integrated Comprehensive Mental Health Program, and it was revised to change "insure" to "provide." The comment from staff identified why "insure" was not the appropriate language; but "provide" probably is not the appropriate language, either. The suggested change is that the Board include "to assist with" an Integrated Comprehensive Mental Health Program, and that would alleviate concerns from a legal standpoint of insuring, which locally means guaranteeing, which as you are working with other agencies you cannot do. Staff's comments with regard to "provide" would be consistent with the statutory framework.

CEO WILLIAMS stated "to assist with" is fine.

TRUSTEE BOYLES asked a process question, if trustees were voting today or if this is similar to a work session.

MR. HICKEY answered that this is more like a work session, with trustees basically giving direction to counsel to come up with a finalized document. That finalized document will get prepared, assuming that we get through all of these parking-lotted items, and then that final document will come up for consideration at a future board meeting for the Board of Trustees to approve.

TRUSTEE MORAN asked if we are in agreement with "assist with," if that then comes out of the parking lot.

MR. HICKEY responded yes, but these will be in a final form and then approved. For instance, there might be some disagreement during the meeting as to whether somebody agrees with the change or a couple people agree or do not agree. As long as the majority is saying this is the way we want to go, that does not mean that when you get to that final document, people cannot raise an objection to a particular provision or the way it went and state how they want to proceed. Otherwise, trustees would be making motions on every particular change, and it would take a long time to get through this process.

CHAIR HALTERMAN added that there is a possibility that there may be one or two issues that are not finalized. But we can move forward with a document, knowing that there are a couple of outstanding issues. She continued that this is a living, breathing document, and we should revisit it anytime that any member of the Board sees something that needs to be brought up. Once we adopt the final changes, there will likely be a different process to do that. She moved to the next section, which is governance.

MR. HICKEY stated that the second issue is regarding a board development program to build skills of trustees, which will include policies for trustee recruitment, retention, and training. The staff had a comment concerning trustee retention, which is a responsibility that lies with the Governor. He concurred that the Governor has the ultimate authority to appoint the trustees to the Board. His understanding of the discussions with the trustees and the draft and how this was prepared is that trustee retention is not so much who has the ultimate authority to actually appoint individuals to the Board of Trustees, but how to identify people that may be willing to serve and to remain on the Board, given the fact that it is a voluntary board with very little compensation for the trustees.

CEO WILLIAMS stated that the recruitment process is outlined in the Trust statutes, which

states the members of the nomination panel, and then what happens from that point forward. He then gave an overview of the process, noting that the statute does not outline a step-by-step process, but it does give guidance.

MS. KELLER added that the statute does outline that the Governor must consider a recommendation from the six individuals on the nominating panel who are appointed by entities named in statute, but the Governor does not have to choose from that recommendation. From that statute, there is an internal policy and process outlined that treats it like a recruitment process. We post a recruitment, collect resumes from the Governor's Office process, which includes an application that all trustees have filled out. We work with Boards and Commissions in the Governor's Office to review those resumes.

CHAIR HALTERMAN stated that the statute is AS 47.30.016, and it does not talk about what the process is that we follow, but it does outline the requirements that we must comply with by State law.

MR. HICKEY noted that when the department of health was changed, the section was modified, and it is now 44.25.210. The statute sets up the parameter of how a new trustee gets appointed, but the policy itself of how to get to that point is not in the statute. The charters and regulations expand on those particular statutory provisions. He stated that he has not seen the policy.

TRUSTEE FISHER stated that he is not sure recruitment is the correct word. Based on what he understands with regard to that process, we are not really recruiting anybody, nor do we have an obligation as a board to recruit anybody; we are just a part of the notification and filtering process before it gets up to the Governor.

CEO WILLIAMS stated that if you have a board development program, and you put in the intro that it is intended to educate, increase, retain and have highly qualified trustees and here is the program that does that, that is probably one way to address retention, and then there are other places that will address it, as well.

MR. HICKEY stated that perhaps a change to the language be: The Board development program will include policies that will enhance trustee recruitment, retention, and training. He asked if that worked.

CHAIR HALTERMAN asked if there were any objections to that language change. Hearing none, she gave the meeting back to Mr. Hickey.

MR. HICKEY continued to section is 12(b), which is language that was added to serve as the primary interface for statutory advisory boards. The staff comment is that this is a shift of the work of the board from a board level to more of an operations/administrative level.

CEO WILLIAMS stated that the staff comments in the third column speak to the reasoning behind this, that on a day-to-day basis or a weekly basis, staff is interfacing with the advisory boards EDS to work through issues, policies, programs that are in the best interests of the beneficiaries that are represented by these three boards. He continued that the primary interface really does have to lie within the staff to facilitate that.

TRUSTEE BOYLES agreed with the staff comments in their entirety. As a Board of Trustees,

we have a lot of work to do, and to take on the primary interface for statutory advisory boards would be a lift, and it is the staff's role.

TRUSTEE MORAN stated her agreement with Trustee Boyles after having attended some of those meetings, and seeing the amount of work that goes into it. She does not think that adding that task on to existing trustee responsibilities is feasible.

CHAIR HALTERMAN asked if there were any other comments from trustees. Hearing none, she stated that she does not disagree with Trustees Boyles and Moran on the comments. She recommends that trustees do participate at least occasionally in those advisory board meetings because there is a role for trustees, and she struggled to understand the role of our advisory boards.

MR. HICKEY noted that the issue of advisory boards comes under AS 44.25.250, and that statute requires that the Board review and consider recommendations submitted by the various advisory boards. The thought that the issue with that particular change was to get trustees more involved in the ongoing operations of the advisory boards, to understand those reports and recommendations. The Board is in compliance as long as it follows through with the requirements of the statute. This would be a policy determination for the Board; not a legal requirement to be the primary interface. There is no problem if the Board decides to strike this language, or including it in some different rendition from a legal standpoint. Just so everyone is clear he stated that this came from Catherine Woods, the prior consultant.

(The discussion continued.)

TRUSTEE BOYLES stated that in the light of moving forward expeditiously, to leave this issue for the future, and to strike it.

CHAIR HALTERMAN asked if there were any objections to striking it. Hearing none, she noted that we can take it upon ourselves to be more engaged, but it is not going to be something in the governance rules.

MR. HICKEY moved on to operations and human resources. Paragraph 25, the language added: The Board will establish the personnel policy for the effective management of AMHTA. Staff comments is that there is a human resources and operational staff function, and it is less so the role of the governance board. Basically, the Trust follows the State of Alaska human resource policies and procedures. There was a note that there was apparently trustee consensus, but it was still parking-lotted, and he is not sure of the issue. By statute, the AMHTA is not required to follow State human resource policy. From the law standpoint, if the AMHTA Board of Trustees wants to adopt the state policy as a policy, we would recommend going ahead and doing that. If trustees want to adopt it with modifications, he would go ahead and do that, but there should be some policy in place that identifies that that is official. There is an HR policy that has been provided, and this Board should look at that adopted policy to determine whether or not it wants that or a modification of that. All that this language says is that one has been adopted, and that you want to take a look at it.

CHAIR HALTERMAN stated that she believes that it was from 2015, which predates the governance rules that we are following, and we have to look at some of the provisions that are outlined there because they do not apply and it has been challenging for the Chair. She believes

that the Board should look at those policies and consider whether or not they want to revise any provisions of them, and then bring them forward and readopt them in a more current manner.

MS. BALDWIN-JOHNSON asked Mr. Hickey if he can give the reference for what exempts the Trust Authority from following the State personnel policy.

MR. HICKEY responded that there is a specific statute in personnel that makes employees of the Trust exempt, and the same is true for the Alaska Housing Finance Corporation and some others, but he did not have that at the tip of his fingers.

CEO WILLIAMS stated that there is uniform agreement on reviewing the personnel policies and making sure there is something in place. What staff is pointing out is that the staff will work with the Board to do that.

TRUSTEE MORRIS agreed with Mr. Williams, and added that we could perhaps solve this by adding the phrase “with the assistance of Trust staff.”

MR. HICKEY stated that the only point of this language is because the AMHTA is exempt from the State's policy, and that it is incumbent upon the Board to adopt one. That would be consistent with law to have a written personnel policy.

CHAIR HALTERMAN stated that she had not looked at this policy in a little while, but from what she recalled, because we have the exempt status, some of the provisions that were in the policy seem outdated or may be in need of revision or consideration. If we have adopted the policy in the past at a board meeting, which it sounds like we have, we probably should revisit this from time to time, like we do many of our other documents, to make sure they remain relevant and current, and that we are putting fresh eyes on it to see that we have made sure that we provide the right policies or statutory provisions.

TRUSTEE MORAN stated that we are all in agreement that we need a personnel policy and that should be a requirement. She stated that she was fine with the staff recommendation, and it does not set a time frame. It assumes that will be in kind of a cooperative relationship.

MR. HICKEY stated that the Board still needs to adopt it, which is why the word "established" was used there, so it is approved by the Board.

TRUSTEE MORAN stated that she was fine with “established,” too.

CHAIR HALTERMAN asked if there was any objection to leaving the language under the proposed edits from November of 2023, that the Board will establish a personnel policy for the effective management of the Trust, or do we want to add language “with the assistance of staff.”

MR. HICKEY stated that he does not have any objection to the language about assistance of staff.

CHAIR HALTERMAN stated that she agrees with the assistance of staff, and if there is no objection to that, we will roll with a slight change to the language, and move on to No. 27 under the operations and human resources.

MR. HICKEY continued that this is referring to language that was added to the existing language where the CEO shall report to the Board on at least a monthly or more frequent basis with a report identifying the CEO's progress in all tasks assigned to the CEO by the Board. The Board shall identify each assignment; the date of the assignment; when the assignment was completed; if not completed, why; and when completion is expected. He stated that the issue is that it is an ongoing process, and if the language was actually necessary for inclusion within the charter.

TRUSTEE MORAN stated that the Board is a very dynamic environment, and she does not believe that we need to micromanage the CEO as to what level of reports and what is in each report. She thought that the Board gets adequate information as it is; that if the Board establishes a good working relationship with the CEO, it should be an ongoing dialogue. It is not appropriate to put this level of detail into a charter.

CHAIR HALTERMAN spoke to the language being added as a result of the Board not being aware of the reports from Harvest Capital.

TRUSTEE FISHER noted that he and Ms. Baldwin-Johnson worked on that, and she went through all of the history in the minutes and identified all of the motions and everything that had been approved so that we at least had a record of those things as trustees. It was really well done. He asked if that is updated.

MS. BALDWIN-JOHNSON answered, yes, that the team that actually did all the research on that are keeping that updated with every committee meeting and every Board meeting.

TRUSTEE FISHER stated that on occasion it is not uncommon for trustees individually to request additional information or reports on a specific issue in more detail, and that is different from these official motions and approvals, and that is what this language is partly asking about. Because as it relates to Harvest reports, there were trustees asking for additional information, and they were not getting some of that.

MS. BALDWIN-JOHNSON responded that we essentially have two tasks: one that we are tracking all the motions; and then one that is tracking all of the requests to the staff, and specifically what is requested. She continued that they are verified with our court reporting meeting minutes so that we are keeping that accurate.

TRUSTEE FISHER stated that with that clarification he would suspect that those are also things that the CEO is overseeing with regard to what was requested, and trustees are getting that information now. If it is being updated on a regular basis, it is being documented.

TRUSTEE MORRIS stated, in both the staff recommended and proposed edits, it says that the Board will set annual reports targets in writing for the CEO at the beginning of each year. A lot can change in a year, and we may want to add some more flexibility for when we want to set goals, change goals, new goals.

CEO WILLIAMS responded that goals do not need to be set. If something happens that causes something to be re-prioritized or the Board says, "Hey, this is really a thing," that is a conversation that happens between the CEO and the Board.

CHAIR HALTERMAN stated that in the existing governance rules that we are working off of,

there was a provision that required a secretary to monitor motions, and our contractor recommended we pull that language out. It being there led to a dialogue that actually led to the discovery of missing motions and a little bit of additional research to be able to track and to start following through. She continued that we should clearly look at policies that help support that process once we are done with this governance process.

TRUSTEE FISHER stated that there is no requirement in place that insists that we need regular updates. The language as it is right now is pretty detailed with reporting at least monthly. Perhaps a more general language can be made that requires that there be the documentation for motions and requests without necessarily saying that there has to be a monthly report and progress with tasks. That gives us more flexibility in working with staff and the CEO of what is reasonable.

MR. HICKEY responded something along the lines of “the CEO shall report to the Board on the progress of all tasks assigned to the CEO,” and to just eliminate the timing requirement. He modified the language as “the CEO shall report to the Board the progress on all tasks assigned to the CEO by the Board.”

TRUSTEE FISHER added "on a regular basis."

CHAIR HALTERMAN asked if there were any objections to that language change. Hearing none, she asked Mr. Hickey to proceed.

MR. HICKEY moved to Section 3(d) regarding a change made to duties and responsibilities that the Chair would serve as a voting ex-officio member of all committees rather than a nonvoting member. Staff had an issue with that regarding a potential violation of the Open Meetings Act. From the law standpoint, he did not see that as an issue. Board members are required to comply with the Open Meetings Act, including committees and subcommittees. The fact that more people are talking should not matter, but you still have to comply with the Open Meetings Act. There is a legitimate point made to having four people voting on a particular board, which is an issue that the Board should consider. Staff recommended maintaining the current committees, and the existing language.

TRUSTEE FIMON stated that we should come back to this after we talk about the committee make-up.

CHAIR HALTERMAN stated that will be tabled for now.

MR. HICKEY moved to the next section, charter of the Chair of the Board, 3(f), “facilitate effective and open communication between the Board and CEO,” and then the added language was, “and coordinate board member request for information; however, all committee chairs shall direct communications with the CEO, CFO, COO, CCO, TLO, ED, and staff as needed to complete committee work as outlined in each committee's charter.”

TRUSTEE MORAN stated that staff does not need to be in there. If we have access to the main executive, branch of the Trust, it is covered.

TRUSTEE BOYLES agreed with Trustee Moran.

CHAIR HALTERMAN stated that she likes the CEO, CFO, COO, CCO, and TLO ED. She continued that she has actually exercised the right to contact each of those individuals as the Chair, and has never felt the need to go down to the staff level.

TRUSTEE MORRIS concurred, and asked if we need a call out to say the staff have the ability to send information the other way when they have a significant concern as in a whistleblower-type scenario.

ACTING CHAIR FISHER stated that Chair Halterman stepped out for a minute, so he took over as Acting Chair.

TRUSTEE BOYLES stated that under staff recommendation, they addressed the Trust communications policy, and it would seem that would be the appropriate place for the infrequent time that a staff member may want to talk to a board member, under Trust Communication Policy.

MR. HICKEY stated that it can certainly go into the communication policy, but is probably a better provision within the personnel policy because staff will have access to the personnel policy, more than the communication policy.

TRUSTEE MORRIS stated that the edit will be to delete the words "and staff" from proposed edits 3(f), and that is that.

MR. HICKEY continued to section 3(h), which refers to the Chair acting as one of the official spokespersons for AMHTA, together with the CEO and others as directed by the Board. There was language that staff concurred, but then it was listed as a parking-lot item.

CHAIR HALTERMAN stated that in her review of all of the charters, each of the committee charters talks about roles for each of the committees, but they are not quite clear in any policy where roles are assumed. Her goal with this particular charter would be for us to really look at the role of the Board versus the role of the CEO and define it clearly, maybe even through policy.

TRUSTEE MORAN stated that we are in concurrence with that, so we can move on.

MR. HICKEY moved to 3(i), which was reviewed to approve travel and other expenses of the members of the Board and CEO in conformance with a Board-approved travel policy, or in the absence of a Board-approved travel policy, then conforming with the State's current travel policy. The staff says that the language seems to create an exemption to existing SOA policy and questions the authority to create a separate policy outside of the existing State policy. He looked at this issue and spoke with his counterpart at APFC, and the Board does have the ability to change the travel policy, but it must be done in coordination with the Department of Administration. For instance, APFC has changed some of their travel policy requirements. If the Board wanted to do that, they would have to come up with a change, run it by the Department of Administration, get approval on that side of it, and then go forward, or to just adopt the State travel policy. This is a policy decision by the Board; not a legal requirement.

TRUSTEE BOYLES stated that she is concerned about us not being in a healthy economic situation in the state of Alaska, and we are public servants. We need to be cognizant that

whatever we do can be on the top of the fold for almost no reason because the Trust is very visible, and the integrity of the Trust is very visible. She stated that trustees need to be very careful with changing State policy as to anything with the roles of the trustee when it comes to reimbursement.

CHAIR HALTERMAN noted that her understanding is that there is latitude within the State policy that we can explore. It is still a State policy, but the Board needs to make some decisions about whether or not we want to explore latitude. This is important when we look at the fact that we have a number of trustees that are currently traveling between multiple states or from other destinations. We are struggling with our recruitment of trustees when people are not compensated for the work they do and for the travel time. If there are some exceptions that travel policy allows, she would encourage the Board to look at them and see if it is applicable to the current Board make-up because it is a State policy that allows for us to explore those exemptions. Right now, this affects Trustee Moran the most because she bears two days of travel every time she comes to this boardroom, and it is uncompensated time; and we have no latitude. We can actually improve our recruitment and retention of our trustees if we consider exceptions that are appropriate as necessary. Right now, we do not have that latitude because we have not exercised the adoption of any exceptions.

MR HICKEY added that is where the reason for the language came up was because it is a voluntary Board, the honorarium is minimal, and the travel requirements are excessive for some members to just take a look at it. All this language does is permits the Board of Trustees to go ahead and do that. The Board is not adopting any particular travel policy at this point, but it can be reviewed, and that determination can be made if it is desired.

TRUSTEE MORAN felt that one of the things that we are doing when we are cleaning up the charter is getting rid of any extraneous references to policies, because we were not tracking them as it was. She asked if this is something that can be taken up at the committee level.

CHAIR HALTERMAN stated that it does need to be in here because it is the role of the Chair to look at all travel for all trustees and also for the CEO, and to make a determination on that travel and apply the policy in making that determination. It is the role of the Chair to examine those requests, and also to exercise some fiduciary responsibility to make sure that the travel is appropriate and that it is for a Board activity. She stated that she has been faced with having to deny some travel requests by applying the policy that we currently apply, which is the State of Alaska travel policy. With no exceptions, there is no latitude. Having those rules in writing is helpful for the duties of the assigned, respective roles.

TRUSTEE MORAN stated whether or not there is a policy in here, that travel still needs to be approved.

MR. HICKEY stated that the Trust has approved the statewide policy; that is what currently is being followed. All this language does is give the Board the ability to modify that.

TRUSTEE FISHER stated that this is necessary language as a reminder for future boards, as well, that they do not have to follow the State policy, and they can seek a policy that fits better for the trustees. He continued that it is really an issue for getting people out of Anchorage and making sure that some costs of being a member of the Board are taken care of; and not just for people who have the money or people who have flexibility with their work that

allows them to participate as a trustee. It is a really good reminder to have in here that we can seek a different policy than the State of Alaska.

TRUSTEE BOYLES stated that we need to be very careful with this because we do not need to set ourselves apart from other boards and commissions in that we may be managing a lot of money; but we are not managing it for us, we are managing it for benefactors. Somebody always has a personal choice to serve on a board or not, for whatever reason.

CHAIR HALTERMAN stated that this change is in response to comments that have been made repeatedly during the confirmation process about what are we doing to recruit from rural Alaska. When you have someone in rural Alaska that gives up two days of time without any compensation for that time, and we have no latitude to pay for travel from other places, it limits our ability to do that recruitment. She continued that she had conversations with senators about this particular problem, and they can ask us until the cows come home what are we doing to recruit from rural Alaska, but if we do not change the environment to allow them to be compensated fairly for the work they do it will not happen. It is a volunteer position; these are honorariums, but it is not really a paid position here. Most people are going to make more in their daily duties at a job than they will ever make serving on this Board spending a full day in this board room. Two of those days are often spent in travel status with zero compensation. If there is latitude under the State of Alaska policy for travel to explore exceptions to account for individual circumstances, she believes that the Board has a duty to look after each of our trustees to make sure that we can accommodate them so that they can continue to participate on this board, and we can encourage and improve our recruitment from rural locations. Right now, most people look at the fact that they are not going to be compensated and they will not make that kind of time commitment, and that has been the reality of what we face.

TRUSTEE MORAN stated that she is fine with just leaving that terminology in here, and we can hash out the details of what the policy is or is not at a later date.

TRUSTEE FIMON stated that our language needs to speak to what we referenced earlier, that we can change it.

MR. HICKEY stated that that is all that is really in the charter. The proposed language is simply that the State policy applies absent a new policy by the Board.

CHAIR HALTERMAN moved on to Page 37, under duties and responsibilities, the Secretary of the Board.

TRUSTEE MORAN stated that as the current secretary, she supported this change.

CHAIR HALTERMAN stated that there was conversation about restoring this because this particular provision led to the tracking of the motions that had been lost. This led to a conversation between two trustees that actually led to the discovery of some missing tracked information. The recommendation was to restore this provision.

MR. HICKEY responded that he believed that is accurate.

CHAIR HALTERMAN asked if everyone was okay with leaving it out and continuing with staff recommendations. She noted that it is covered in another section that was just discussed. She

moved to Page 38, charter of the Executive committee, under authorities.

MR. HICKEY noted that the language is modified, and now reads, “The committee Chair will have direct access to the CEO, CFO, COO, CCO, TLO ED, legal counsel and staff, as well as advisers, consultants, and asset managers.” We have already dealt with the issue of the staff, so it would remain whether or not that would be the chair, and this would not just go to the Executive Committee. This is a change made throughout each of the committee charters, so it would apply whether the Board wants those Chairs to have the same access to advisers, consultants, and asset managers.

CHAIR HALTERMAN noted that the distinction on this one is it is the Executive Committee, and we have the asset managers. We are just talking about removing staff and we would coordinate through those parties. She asked Mr. Hickey if that would be a consistent language change,

MR. HICKEY replied that removal of staff would be consistent, and that same change would be made in every charter for each committee. He continued, that will come out based on the consensus that we have had, and the issue then becomes if the Board wants to keep the language in about access for the committee chairs to legal counsel, asset managers, advisers, et cetera.

CEO WILLIAMS stated that the proposed language to the far right just adds that we have talked about this in other work sessions about coordinating that with the Trust Land Office executive director and/or the CEO. It is important for trustees to make sure that they have all the awareness of what is going on operationally if they want to reach out to whoever the entity is. It will also help to bring trustees up to speed, and will mitigate any confusion. That does not mean that direct communication can happen in specific circumstances. He felt strongly that there has to be some coordination with the CEO and/or the TLO ED, depending on the issue.

MR. HICKEY asked if he meant that if a trustee is going to contact one of these individuals, they have to go through the CEO or the TLO ED, or to just notify that they are going to make that contact and have a discussion.

CEO WILLIAMS replied that the intent is just the understanding and coordination of what is the content of the conversation; so it is an awareness. With that awareness, the staff can say, “Here is some background for you to have as you are reaching out to consultant X,” and that trustee would reach out to the appropriate staff.

MR. HICKEY stated first, before they make the contact, rather than trustee contacting the adviser, the consultant, and just letting the CEO or the TLO ED know that that contact was made. He wanted to make sure everybody understands the differences there.

MR. WILLIAMS responded that was correct.

TRUSTEE FISHER stated that he would be opposed to requiring the trustees to coordinate their communication with the executive staff. He continued that we live in a much more flattened world with regard to structures of organizations, and it is an important piece of respect to make sure that people are cc'd or realize there is some communication that is going to go on. But requiring a coordination to happen through either the CEO or the ED of the TLO is really cumbersome; particularly for committee chairs who are working directly with executive staff

who are part of those committees. Awareness should be made, and that is the responsibility of us as trustees to do that, where appropriate. But to require a coordination is just really too cumbersome in today's world.

TRUSTEE BOYLES asked if this meant every committee would have the same thing repeated.

MR. HICKEY answered that it is applicable to every committee, and this is a change that would go throughout each charter.

CHAIR HALTERMAN weighed in that for the Executive Committee to be required to coordinate with the CEO and executive director will limit their ability to potentially deal with any issues that might come up if they have retained senior leadership. That would be the only concern she had about forcing a coordination. If there is an issue that needs to be dealt with, the Board has a fiduciary obligation; and to place an artificial barrier on the Board may limit their ability to resolve an issue.

TRUSTEE BOYLES stated that sometimes we are going to make policy changes because of one issue that may have occurred, but she does not think that if she were the CEO of the Trust or the executive director of the TLO, that she would want to deal with every committee chair requiring her to have many conversations about an issue that could or could not involve the CEO or the executive director. We should have respect for the CEO, and if it is a problem, we solve the problem. She continued that we should not change the policy to solve the behavior of an executive director that does not communicate well with the chair or the Board, and we need to look at why we are doing it. All committee chairs have the right to go to the CEO, chief financial officer.

CHAIR HALTERMAN responded that if we look back at the original language, there were some exceptions carved out, and this just expands those, which she thought is important as we think about the fact that we just changed the structure of the TLO, as well. Thought really needs to be given to if we really want to create an additional level. She stated that she rarely will have a conversation with anyone without cc'ing our CEO, and there is really no reason to keep our CEO out of the loop. But if there comes a time where it needs to happen, she did not think the Board should hinder itself from being able to resolve an issue. She stated that she will not be the chair forever, and is thinking about in perpetuity.

TRUSTEE BOYLES stated that this includes asset managers, advisers, and consultants who are contractual. Maybe in some cases there is not a document, but there is an implied contract. She did not think it is appropriate for any one of seven board members to say, "Jusdi, I am sorry, I forgot to tell you, but I want to go talk to that guy cutting trees on Prince of Wales Island"; and that is what this says. She stated that she will fight that all the way through.

CHAIR HALTERMAN stated that she did not think that is what it says. It refers to any advisers that we employ; and it is the Board that employs the advisers.

TRUSTEE FISHER stated that he wanted clarification. He thought that there was agreement on the word "staff," and that we are making that adjustment already based on our previous discussion. He continued that this is about talking to executive levels, senior people that are consultants or advisers that are outside of the organization.

MR. HICKEY added that the original language spoke in terms of having the committee having direct access, and he looked at this as a restriction on that going to just the chair. Theoretically, if the committee had seven members, any one of those members would have direct access under the existing language to the CEO, CFO, legal counsel, and this restricted that to make it more centralized to just the committee chair, and then we added in the COO, CCO, and TLO ED, and limiting it to the committee chair. The issue that he thought that the Board of Trustees resolved is that comfort level of the addition of those other positions, and how to coordinate that communication. He asked, is it done ahead of time by talking with those individual positions before making the contact, or is it just keeping those positions in the loop.

CHAIR HALTERMAN called a break.

(Break.)

CHAIR HALTERMAN called the meeting back to order, and stated that they are at the top of Page 38, authorities, No. 5.

MR. HICKEY stated that it sounds like we have a difference of opinion on this. He thought that this issue goes to personnel issues, and this might be a good topic to table. His recommendation was to save it for the Executive Session at the end where there will be some other legal and/or personnel issues to talk about.

CHAIR HALTERMAN asked trustees if there was any objection to tabling this item. Seeing none, she moved to governance, 12(a) at the bottom of Page 38.

MR. HICKEY stated there was a revision to the language that he thought there was apparent agreement on, but it is listed as parking-lotted. Language was added that we would review, recommend amendments, and implement changes to AMHTA's bylaws and charters. Then there is a change in proposed language to conduct the governance review of AMHTA's bylaws and charters once every three years and to recommend any amendments to the Board for approval.

CHAIR HALTERMAN stated that if she remembered correctly, we did have a conversation about the Executive Committee taking the lead on this and then bringing recommendations back to the Board for approval. One thought that they landed closer to is the staff-recommended language in the last discussion.

MR. HICKEY stated that the Executive Committee does not have the ability to amend. The Full Board must meet at a Full Board meeting to change the charters or the bylaws. If there is concurrence on to conduct the governance review of AMHTA's bylaws and charters once every three years and to recommend any amendment to the Board for approval, legally, there is no problem with that particular language.

CHAIR HALTERMAN asked Mr. Hickey if the three-year obligation was already stricken.

MR. HICKEY stated that he would not put in a recommended number of years requiring the Board to take actions, because this is something that the Board be reviewing on an ongoing basis.

CHAIR HALTERMAN recommended to strike the "once every three years" and replace it with "as needed," and then recommend the amendments to the Board for approval.

MR. HICKEY responded that if the language is stricken, it would then read, “conduct the governance review of AMHTA's bylaws and charters and recommend any amendments to the Board for approval.”

CHAIR HALTERMAN asked if there was any objection to the language. Hearing none, she moved to the next charter.

MR. HICKEY stated that in 3(g), the language was revised to provide the committee's written input and feedback to the CEO in support of the annual performance evaluation of the CFO. Language was added to say that the committee chair of the Finance Committee may attend and participate in the annual evaluation meeting between the CEO and CFO. The staff comment on that indicates that that could stifle positive or negative feedback and put the employee in a difficult position if a trustee was involved within that process.

CHAIR HALTERMAN asked if this item should be parking-lotted.

TRUSTEE MORRIS stated that he thought that it can be discussed.

MS. FARLEY stated that would create an interesting and odd dynamic to have her boss in that evaluation, her boss' boss in that evaluation, and she was not sure that created a good environment for an annual review. She feels that soliciting written input from the chairs of the two committees would be sufficient, and having an open communication with the chairs would also be sufficient. She asked Mr. Hickey at what point does the involvement in annual evaluations approach management of an organization.

MR. HICKEY replied that he thought that the trustees should get their comments out before any questions go to counsel. The hesitation is that his role is as a legal adviser to the Board; not to staff. He wanted to make sure that that line is understood, and that his advice goes to the Board. To the extent the Board wants him to answer that question, he is happy to, but the Board would have to actually request that.

CHAIR HALTERMAN pointed out the proposed edits add the word "may." They do not have to, but there is an option. The trustees could, she supposes, force their way in without this language if they felt it necessary to participate in that process, but this just solidifies some latitude. It does not mean it is going to happen. But if either the Finance Chair or Audit & Risk Chair saw the need to, they could exercise that right.

TRUSTEE MORAN stated that the problem that was addressed here is the lack of feedback that came out of the last evaluation, which has been resolved by having a grievance procedure. If there is something that needs to happen, we now have resolved that issue. One of the issues of the board chairs participating physically within the evaluation is that board chairs change every year. There could be an employee that is getting drifted all over the place just because of different expectations. The one commonality here is the CEO who can act as a filter for whoever the chair is that comes through. Board chairs have the ability to contact the executive officer. If we think there is some disconnect there, we still have that happening, too. Performance evaluations are a personal thing. She continued that we do not need to have the whole world in on them, as long as we have the confidence that they are being handled correctly and the employee has a feedback procedure if they do not feel that they have been treated fairly.

CHAIR HALTERMAN stated her agreement with Trustee Moran. If we address some issues through policy, this likely is unnecessary language.

TRUSTEE FISHER stated his problem with the effectiveness of annual reviews anyway. Reviews are uncomfortable situations, no matter how good they are. His thought is that more people is more uncomfortable rather than just one on one. The language says "may," but it may be interpreted by trustees to say that "I get to go in, and I want to be there every single time," and that is unnecessary. The Board has direct communication between an executive and a trustee, a chair already in place, and if there are any issues that they want to address, they can address it outside of an evaluation program.

TRUSTEE FIMON stated his thoughts that it might not be a bad idea to have the CEO, the Chair of Finance, the Chair of Audit, and the CFO to just have a meeting where they talk about some issues, and solve an issue or two. He was just looking at this like running a business that could happen a couple of times a year. Just the idea of having language in there and the word "may" means that whoever might be in my chairman's position at any time could just show up at the evaluation, and he was pretty strongly against that. He does not want to be restricted from having a good conversation, which does not need to be part of the charter.

CHAIR HALTERMAN asked for any objections to removing the language "the committee Chair may attend and participate in the annual evaluation meeting between the CEO and the CFO." Bearing in mind that we are going to have some policy work that will address some of these issues that prompted the addition of that language.

MR. HICKEY noted that it is not just communication from trustees down; it is employees up, too, which will be addressed in the personnel policy.

CHAIR HALTERMAN stated that language will be stricken, and we will move on to authorities on Page 39.

MR. HICKEY stated that this was tabled for the Executive Session, per our prior discussion.

CHAIR HALTERMAN stated that this one is tabled and moved on to Page 40, operating procedures, No. 6. This is more of the conversation about committee structures.

MR. HICKEY stated that this change went to the discussion on recruitment/retention and how can the Board of Trustees, for lack of a better term, lighten the load, so to speak, of requiring all trustees' attendance at all committee meetings; whereas if you change the committee structure to something less than the committee of the whole, you can alleviate some of that workload and then have committee reports. Then there was a pretty good discussion of this at the prior meeting to change this from committee of the whole to something less than committee of the whole.

CHAIR HALTERMAN noted that we also had stricken the language that we have an appointed committee secretary, because we have a court reporter.

TRUSTEE MORAN asked if we can just deal with this by saying "up to a committee of the whole," and then depending on the environment you are operating in you might want to set it at

the beginning of the year.

MR. HICKEY stated that he was concerned about making sure you set it because of quorum issues. His recommendation was to set it in the charter itself rather than leaving it at the whim of the Board there, because it could lead to some legal issues.

TRUSTEE MORRIS stated that he is concerned about having a variable committee size because it could lead to an accusation of gaming the system or gaming a vote were you to change the size of the committee in order to get the results you wanted from any action.

CHAIR HALTERMAN noted that that was a great observation and then asked if we want to leave the structure of the Finance Committee as a committee of the whole.

TRUSTEE MORRIS replied that he did not know if we are postponing the committee of the whole conversation, but he sees no purpose in having a committee of the whole,. You have a committee; you have a whole board.

CHAIR HALTERMAN stated that the Finance Committee will be raising any recommendations to the Full Board for the Full Board to consider. We could streamline functions by maintaining a much smaller structure so that trustees are not sitting through two days of meetings. That is where we are on the conversation: what is the appropriate committee size that is needed to land on for this particular committee.

TRUSTEE MORRIS stated that, given the overall environment of our charters and the role the committees take and where all major decisions still run through the Board as a whole, the committees really perform the function of a work group, and he thought that three is a very reasonable number of people to streamline that and hopefully allow a significant reduction in the number of committee meetings for all members.

CHAIR HALTERMAN asked if anyone is opposed moving to the structure of the Finance Committee being a committee of three. The only caveat is that obviously when we go back to the parking-lotted item with the Chair serving as a voting or nonvoting member, we will have to consider that when we think about the fact that we just landed on a committee of three. That would make the decision a little bit easier to make it say that the Chair would be a nonvoting member. That would solidify the decision for that particular provision if we went with the committee of three. She stated that she was leaning in that direction, probably, for other committees, as well, or maybe a committee of five. Keeping that an odd number is going to be important for the final vote.

TRUSTEE FIMON stated that Trustee Morris brought up an earlier question, which we were going to address in the very next thing there, maybe under financial management. He stated that he would like to discuss a little bit about what might fall under Finance Committee versus where it might be now, before he voted as to whether or not he wanted the Finance Committee to now be three people. If we start bringing more of that kind of conversation to the committee, he did not know how we avoid not basically duplicating all the efforts of somebody's investment policy and commercial real estate and all those things. He is nervous that that puts him in a position of being a rubber-stamper on something when he did not sit in on at the committee level. He wondered what is the Finance Committee really going to be covering if we were to make changes, before voting on three versus seven.

CHAIR HALTERMAN responded that she did not know right now the structure that we follow is the committee of the whole. Finance reviews something, makes recommendations. When we get to the Full Board, there is a memo that is developed that makes recommendations for the Full Board, and we do not spend much time discussing those issues because they have already been fleshed out pretty clearly with everybody already in the room. It may slow down the Board decisions to have to go back if trustees have questions that they were not in the room to hear, or the dialogue was not had. We may slow down the Board Meeting if there are outstanding questions with trustees that were not part of the process in the Finance Committee. She continued that right now what we are doing is when we get to the Full Board, we have already made these decisions and it is pretty much a yes each time it goes through the process. It is not going to change the fact that we are all going to get to weigh in on the issue. But Trustee Fimon is right, we may have more dialogue when we get to that Full Board conversation because four of the members potentially were not in the room.

TRUSTEE FISHER stated that he suspected that reducing the size of the committees is going to lengthen the Board meetings because there is going to be more discussion. With regard to anybody's concern about rubber-stamping in a Board meeting because they did not have enough time to discuss things that they wanted, this does not prohibit any trustee from attending a committee meeting if we see issues like numbers that we want to understand better. We can attend those committee meetings and get the information that we need at that time. We can choose to be there rather than be required to be there.

MR. HICKEY replied that that is accurate.

TRUSTEE MORRIS stated that the committee is not to decide affirmatively on action. The committee requires the Full Board's approval to take any actions. The committee simply can only prevent action being taken by not passing it on to the Full Board. By having a very small committee, you only have to convince two people to have the action pass through Full Board review. That seems to be a very elegant solution to reduce the number of meetings, where any matter that meets the very minimal threshold of convincing two board members to pass it on for further review will be passed on to full review by the Board. He expected the Board meetings themselves will take longer for discussion on the numbers, but, hopefully, that will be outweighed by having fewer meetings in total.

TRUSTEE MORAN stated that the other reason she liked having the additional conversation during the regular Board meeting is she believes that more people are paying attention.

CHAIR HALTERMAN noted that that is a great point. Unfortunately, we have more participation at Full Board Meetings than we typically do in our committee meetings. We have a lot more participants from our partner agencies; our advisory boards are typically more engaged with the Full Board, as opposed to our committees. Having more dialogue in the Board Meetings over motions that advance probably is warranted for the public's transparency purposes.

MR. HICKEY stated that if the consensus is on Finance to do it as a committee of three, that trustees should go along and talk about the other committees, as well. Finance is probably one of the more important committees as a result of the fiduciary obligation. He asked if three members is the trustees' will for Finance, is three members is the trustees' will for all the other committees,

as well.

MS. BALDWIN-JOHNSON added, with the exception that we need to look closely at the Program & Planning Committee charter, because there is authority of the Program & Planning Committee to approve up to a certain amount.

MR. HICKEY replied that we will address that during the ability to delegate, which, based on some research that we have done, is an issue for us.

CHAIR HALTERMAN stated that we do need to keep that in mind as we go through these changes. She asked if trustees were in agreement that for each committee we will land with a committee of three. She asked if the committee chairs will determine the committee members.

MR. HICKEY responded that trustees are going to have to address the process in the charter. He asked if committees will be three, will the Chair of the Board set up the committees. He asked if it is something that will be done by consensus when doing the organizational meeting of setting up who the chairs are going to be, who the committees are going to be.

CHAIR HALTERMAN replied that right now it is the Chair's role to choose committee chairs.

MR. HICKEY noted that only the committee chairs, though, because it is a committee of the whole, everybody is participating. The issue becomes if trustees are going to do a committee of three, how to assign committee assignments at that point.

CHAIR HALTERMAN stated that her personal preference would be that it would be the responsibility of the committee chair to establish the structure of the committees.

MR. HICKEY noted that might lead to certain members not being participants in committees. It seems that when trustees are organizing the committees, maybe when electing officers, there is a discussion of who wants to serve on which committee.

CHAIR HALTERMAN stated that from a practicality standpoint, with Finance, there is some overlap between Resource, and the Resource Committee chair should be a part of the Finance Committee and Audit & Risk.

TRUSTEE FIMON noted that then we are going to be at every meeting.

MR. HICKEY stated that he thought that trustees would want some flexibility when deciding on who is going to be on what committee. The Board as a whole can decide where the committee assignments go. Trustees can do it by vote. We can add a provision to the charter of the Trust or an amendment to the charter of the chair of the Trust to identify where we do committee chair assignments, and then we can put in a provision that discusses how committee assignments are then made.

CHAIR HALTERMAN recommended that if we do that, that we consider input from each of those committee chairs as we go through the process. She wants to think it through carefully before making those decisions, if it is the chair's assignment.

TRUSTEE MORAN added, if trustees have a structure where the Board Chair picks the

committee chair and then picks the two people that are on the committee with the chair, the Board Chair determines everything, and that is too much power in one position.

CHAIR HALTERMAN replied that that is why the decision should not be made lightly; it should be done in concert with the committee chairs, and should be a joint decision.

TRUSTEE MORRIS felt that this is a broader discussion, and it may be something we add to the charter formally, but we should take a stab at working it out through consensus. What we come through in that consensus, we formalize in the charter at that time.

MR. HICKEY stated that perhaps he can just draft some language of how to go about doing it, and to the extent trustees are in agreement and need to discuss it at the time the final charter is adopted, changes can be made at that point.

CHAIR HALTERMAN asked Mr. Hickey to provide some options, as well.

TRUSTEE FIMON stated that whenever it comes time to make the vote or to make the decision or however we are going to go forward as far as picking the size of our committees, we have already now listened to some input that maybe Program & Planning might have reasons to have more than three. He stated that he wants to know a little bit more before actually voting on three or seven.

TLO ED WARNER reminded trustees that for the Resource Management Committee chair, there is delegated authority to the committee to approve leases, random activities up to a certain level. She asked trustees to keep that in mind going forward.

MR. HICKEY asked trustees if they want to talk about delegation now, if that will enhance the process here. He thought it would remove some obstacles. He continued that we did look at the issue of delegation of authority, and it was more in line with the grant process rather than what Ms. Warner has just raised with respect to TLO leases and whatnot. The ultimate conclusion that Law has reached is that there is no authority to delegate grant authority to the CEO or others. He stated that he thought that it is going to apply equally, although he did look at it with respect to TLO, and there are a bunch of reasons for it: No. 1, in order to delegate under Alaska Law, you need express statutory authority, and we do not have that in the Trust statute. For instance, if the Trust statute said the Board of Trustees may delegate authority to the CEO, then so be it, you would have that power; but the statute does not provide that. Second, you can get an implied authority to delegate if you have broad regulatory authority. If you had regulations that permitted you to do so, you might be able to make an argument that there was implied authority. The Trust regulation authority is pretty limited. It specifically identifies what you are to regulate. It says: the Trust shall adopt regulations to do X, to do Y. It does not specifically say to delegate authority or the like. The third issue is your delegation now under your existing charter actually violates your regulations. When you look at your regulations, even for small grants, the regulations require the staff to review the application and then make recommendations to the Board for approval, and you are currently not following that process.

TRUSTEE MORRIS asked if the prohibition on delegation includes committees.

MR. HICKEY answered that it would, and that would be a fourth reason. The statute also states that trustees cannot issue proxies. If the power is the power of the Board, the Board as a whole

needs to approve those things. If you get a committee of three and we said we are going to delegate them approval authority, by implication, the Full Board has given proxy to three members to make those decisions, and that would violate the statute, as well.

CHAIR HALTERMAN stated that one saving grace we have is that we have been operating under a committee of the whole. Inadvertently, we had a rule that was not quite the way it should have been, but, by default, generally most of our work has been done with every trustee in the room; the exception being the grants that are delegated to staff.

TRUSTEE MORRIS stated that moving forward, it would appear that this is another strong advocacy for small committees of three, because, again, even in the specific historical case of the Program & Planning Committee or the Resource Management Committee, since we can no longer in good faith do that, they simply become work groups that pass along ideas and filter out ideas that do not meet the minimal standard of approval to trustees.

CHAIR HALTERMAN stated that that makes the decision about the committee size a little easier. She asked if there is any objection to landing on the committee of three for the Finance Committee and, as a general rule, for every other committee except for Program & Planning, which we will reserve for separate conversation, or if we need to land on three there since we just eliminated this issue.

TRUSTEE MORAN replied that we can land on three there, because there is no delegation of authority.

CHAIR HALTERMAN asked if there was any objection to landing on the committee structure being a committee of three. She asked Mr. Hickey for a cleanup of the language about delegated authority throughout the document in order to comply.

MR. HICKEY stated that there will be changes to the language in the CEO charter, and that we will look at the Trust issue with Resource Management for the TLO, as well. He stated that he will clean that up and get drafts back out on those particular provisions.

TRUSTEE MORRIS stated that there is a little paragraph of unnumbered language at the bottom of the page below No. 6 on Page 40 in the charter making the duty of the committee to assist the Finance Committee into finding a CRE investment policy and procedure. He recommended adding similar language here, and to run that to any TLO activities that require a financial investment on the part of the Trust above some threshold. It is important that when we do those activities that they are more about money than they are about resources, and they need to be consistent with our Asset Management Policy rather than how we manage the land-use policy. As we evolve and become even more sophisticated, it is going to be hard to imagine all the different permutations of these activities. There is significant ambiguity in which committee is responsible for what activity. There is no overlap. All too often, neither committee takes care of it. He stated that he would like to have some clarity on Finance versus Resource Management, but his preference would be Finance for these types of activities.

MR. HICKEY stated that this is more a policy issue for the Board to discuss rather than a legal one: What areas do you want Finance to be identified as the lead on and seek input versus it being a Resource Management issue? He did not know if Trustee Morris had specific instances of how he wants that language to read.

TRUSTEE MORRIS deferred to Mr. Hickey, but something along the lines of: The Finance Committee, with the assistance of the Resource Management Committee, and others, shall define commercial real estate investment policy and procedure, as well as policies and procedures for any investments requiring a cumulative investment of Trust funds in excess of \$500,000.

MR. HICKEY noted that in 13, where we had it parking-lotted, it had a note that RMC or Finance would be responsible and that we would be changing the financial management. He asked Trustee Morris, rather than assisting the Resource Management Committee, if we would change that to the Resource Management Committee will assist Finance Committee.

TRUSTEE MORRIS replied yes.

TRUSTEE BOYLES asked if they know that that Resource Management component of the Trust is overarchingly more important than anything else that we do, because they are financially contributing big amounts in perpetuity for our beneficiaries. She thought that we need to have the staff weigh in on how that impacts them operationally if we have to have two committees and a committee of the whole. She continued that she is mostly concerned about confidentiality, because there are some things that should not be out there to the public on what we are doing when it comes to our resource management.

TRUSTEE MORRIS respectfully disagreed. He stated that the part that got his attention first is that the Land Office is somehow the most important thing that the Trust does and he, frankly, disagrees with that diametrically. He believes that the most important role of the trustees is to help guide grant-making and policy advocacy in a way that improves Alaskan beneficiaries, and the Trust Land Office is merely one of the means of which we have the assets to do so. He continued that we are not primarily a timber-cutting or subdivision-making place; we are an institution that is attempting to change people's lives. The Trust Land Office is the tail of the dog; it is not the dog. As far as workflow and policy, the bigger changes as to which committee is actually defined now is actually a streamlining of work. Having two committees overseeing something partially is double the work as one. Secondly, the bigger changes in workflow are going to come from our newly discovered prohibitions on delegation authority for grant-making or investments of the Trust Land Office activities, which are unrelated to which committee is involved in the oversight.

TRUSTEE BOYLES asked if we have the opportunity for Administration to weigh in before making any changes on this.

MS. FARLEY asked if there is a request to use a million dollars in the Trust funds, would that approval come up through Finance or Resource.

TRUSTEE MORRIS answered that the intention of his commentary was to clarify that because that is ambiguously defined currently with the recommendation that it come through Finance, because Finance has the wealth of information at its disposal to know what is the best use of a million dollars. The committee in the middle between Resource Management and Program & Planning is Finance. The committee that is the custodian of the Asset Management Policy is also Finance. He continued that it makes the most sense for the Finance Committee to make that decision or to pass that decision on to the Full Board for approval or not.

TRUSTEE BOYLES stated that this is a broad subject, and we do not have the privilege of looking back at the arrangement between TLO and the Mental Health Trust Administration. She continued that we get a lot of money from the TLO in order to distribute grants and run the organization. She stated that she would be curious to see the historical perspective as part of the Trust: What were the priorities when we were issued permission to become a Trust? We were given a lot of property to manage in perpetuity to make money. We also were given cash, which we have done a tremendous job increasing that revenue from \$300,000 to almost a billion now. Is one more important than the other? How do they interact? She stated that if we are taking the risk as the TLO to spend a million dollars to make 100 million and we just lost a million, then do we get the credit? Is anybody getting credit for doing the wonderful work that we are doing? She does not know how they actually come together. Hopefully, we can have that discussion with that information in front of us.

TLO ED WARNER explained that there is a lot of autonomy to the executive director through the statute and the regulatory framework for the Trust Land Office. Something to consider is that having a Finance Committee drive and dictate and potentially recommend resource decisions is concerning to her as the executive director. There are a lot of implications to the role of the executive director that should not be moved to the Finance Committee. Those considerations are important, and she stated that she can elaborate further, but was not sure if this is the time, and is actually not 100 percent prepared to give trustees all of her points on this.

TRUSTEE MORRIS stated that he pulled up the financial management report from 2021. For that year, the Trust Land Office income receipts were \$4 million; investment activity income was 38 million. That has been the consistent pattern that the Trust Land Office generates about 10 percent of the income that is used for grant-making.

TRUSTEE BOYLES stated that when the Trust was formed, there were two separate divisions. Land and the Trust management, and there is a DNR contract that manages our land. She asked Mr. Hickey about the rules of that. She asked what kind of flexibility do we have as the Trust in our fiduciary responsibility to work with lands, and if that role is the same as it is with the Mental Health Trust, or are they different.

MR. HICKEY answered that this is one of the motions that was passed at one of the meetings that we are still looking at: What the relationship is between TLO and the Trust Administrative offices, and how those two interact. He stated that the Trust owns all the assets, and the TLO is the manager of how those noncash assets are managed and how they operate. He continued that when we are looking at charters, we are talking about policy issues that affect investment, sale, things along those lines that ultimately the Trust has to approve; not the actual day-to-day of what the TLO does. Those issues still come to the Board. The TLO is not making those decisions without Board approval. He continued that the issue is still being looked at. His understanding is that it is more of an issue of should it be Resource Management or Finance with respect to the roles and obligations of the two separate committees. Right now, he is just looking for clarification of what is Finance or what should it be versus what is Resource Management and what should that be. If it is an investment issue, that might be a Finance issue. If it is, should we sell the timber. That might be a Resource Management issue.

TRUSTEE MORRIS stated that the way he distinguishes it is whether or not the Trust has to send money to the Trust Land Office to initiate the activity. Do we need to spend a million dollars to do carbon credits? When we have to make those decisions, we are making an

investment, that is Finance. If we have the existing asset, then Finance should stay out of it.

TLO ED WARNER stated that this is already delineated by the way the Board does business. If we come to you through the Resource Management Committee and say that we have a mining mineral lease that we are going to execute and we are going to make a million dollars off of that, we look for the consultation from the AMHTA. If we come to you to say we need \$10 million for Icy Cape, that is an approval from the Board. So regardless, the Board decides what committee that is in. But that does not change what the requirements are by law for the Land Office to do. It just gets back to the issue trustees are were wrestling with: Is it committees of a whole or not?

MR. HICKEY stated that the issue is if you are now not doing committees of the whole, all Trustee Morris is saying is, all right, what is Finance going to be responsible for, because it is only three members, versus what is RMC responsible for. We have delineated that now because we did not have a committee of the whole. Before it did not really matter because everybody sat on the RMC. But now, because you are reducing the size of those committees, TLO, if they need a million dollars for a mining operation coming from the Trust, the direction would then be to send that to the Finance Committee now, and the Finance Committee then is making a recommendation, versus if you want timber, 500,000 acres, that is going to go to RMC now, and RMC will make the recommendation to the Full Board. It is just a delineation of what goes where is really what these charters are going to define.

CHAIR HALTERMAN asked Mr. Hickey to clarify for us where the Trust Land Office currently has autonomy versus where we have some room. If we assign tenant improvements, program investments as part of a Finance assignment and the rest of it falls under Resources, it makes sense because there is autonomy under State statute for the Trust Land Office. The TLO comes to us and they apprise us of what they are getting ready to do, but they have the ability to go forth and do what they need to do. It is more of a consultation than it is seeking our approval. But when we get into tenant improvements and program investments, that is where we have a potential to get into some financial decision-making, and those, just as a general rule, regardless of the dollar amount, should be diverted to the Finance Committee, which she stated as her preference.

TRUSTEE FISHER stated that he was the Finance Committee chair when we first started talking about CRE, and John Sturgeon, who was chair of the Resource Management Committee, and we talked about how we could move forward. He felt that there was only a need for one of us to be involved in developing the process for the sale of CRE, and he was comfortable with me doing that. That is why I took that on as the Finance chair. But as he was involved as just a trustee with regard to CRE previous to that, he has looked at things a little bit differently. He stated that he understands Trustee Morris' perspective that if there is a need for money, the Finance Committee ought to be the ones that make the recommendation to the Board. That is what we are talking about, because nobody can make any decisions the way we are setting this up. It is really who is going to make the recommendation to the Board that we should move forward on a particular Resource Management project by putting any type of Resource Management projects under anything other than Resource Management, we just create another step before it actually comes to the Board. We just created more work for the other committee when the exact same kind of discussion should be happening in the Resource Management Committee as would happen in the Finance Committee before recommendation is being made to the Board to make the actual decision. He stated that, sure the Finance Committee does make investment decisions,

with the cash that is outside of the Permanent Fund. But, mostly, what they are doing is just making sure the financials are clear enough for the rest of the Board of Trustees to be able to understand what we are making decisions on. With regard to the Resource Management, those are business decisions about using the resources to create revenue that then comes to the Trust who gives out grants. If we move resource management recommendations from the Resource Management Committee over to the Finance Committee, we are creating a bigger group of people that are reviewing the potential resource investment; but we are not going to do anything different with regard to what should be done anyway before it gets recommended to the Full Board to make the financial investment decision. He stated his inclination to just have the Resource Management folks do everything they are supposed to do and have been doing in bringing forth all the financial information for business decision-making, making that decision, and moving it up to the Full Board rather than creating the additional step of re-presenting the information to the Finance Committee for that recommendation to come to the Board. We would be creating extra work for the Resource Management Committee by requiring that information go to Finance.

TRUSTEE BOYLES added that she was always under the assumption that there was autonomy to a lot of what TLO did, and that was reinforced periodically by comments that we would get that we are flexible. We have got trees to cut, and we can cut them. We do not have to act like DNR and go through a whole process to cut them. The autonomy, the flexibility, and relying on the natural resource development skill, which she believes our TLO operates at a high level. If combining it with Finance is a rubber stamp, again, it is work, but she does not want to ever do anything that erodes the autonomy and flexibility of the TLO.

CHAIR HALTERMAN asked Mr. Hickey about program improvements and whether or not they fall under the statutory provision for autonomy.

MR. HICKEY stated that it is an issue still being analyzed and he was not prepared to go down that road. But if we are talking about strictly management of the resources, that is where the TLO and autonomy is. What Trustee Morris is referring to is when there is a request for funds from the Trust to do something with purchasing commercial real estate, studying of a potential of a mining operation, whatever, that ought to be the Finance Committee, not Resource Management. He continued that Trustee Fisher raises a valid point; it could be a combination of the two. No. 1, from a Resource Management issue, is a project good for the Trust to undertake? Well, Resource Management is going to have a much better handle on that than the Finance Committee would. It might be creating another hoop there for everybody to jump through. Or perhaps the Board of Trustees wants to just leave that to Resource Management because it is a Resource Management issue at its heart.

CHAIR HALTERMAN stated that we need to answer a little bit more the question about where the autonomy falls. Her understanding is that once we moved into this commercial real estate portfolio, we exposed ourselves to potential new risks, and we have to ask more financial questions about some of the decisions that we are making.

MR. HICKEY stated that any investment is going to involve evaluation of risk, and it might be a good finance issue if you are talking about commercial real estate. RMC may not have the necessary expertise to go into that, because they are resources, not commercial real estate. If trustees are spending Trust money that the TLO needs, that is still going to require approval from the Board of Trustees to have that money given to them to do what they need to do, and that is

the only issue we are talking about here. The rest of it on autonomy and everything else is a totally separate issue, and we are just talking about policy here.

TRUSTEE BOYLES stated that this is a business, and she thinks business more than she thinks grants. In front of us right now is the sale of commercial real estate. Who do you think took the political heat for that? We are selling because we are tired of worrying about it. But, ultimately, it was managed by the TLO. There is going to be an amount of finance contribution to the Trust, and we are writing policies right now on how to handle that money. She stated that if she was the TLO, she would be saying, "Do not forget, I want to take a portion of this and go over here and make some more money." Yet we have got to depend on the business acumen of the Finance Committee to make that decision, as well as natural resources. She thought that the policy works great now. How can we possibly do it until we dive into it and say this is what we should be doing, this is what would happen if TLO went to DNR? She felt that she needed a bigger picture before dictating a policy on autonomy or anything else. Hopefully, that will come back to us, which means if we have got something on the table relative to this, we need to table it.

TRUSTEE MORRIS stated that he felt that we must have clarity on the issue of one committee or the other. He continued that the Land Office generates about 10 percent of the spendable money that we have for making grants. He felt that our beneficiaries would be significantly better served if we spent a lot more time talking about them than where we are getting 10 percent of our money.

TRUSTEE FIMON asked Ms. Warner if the TLO has the autonomy to bring an option and take it forward without trustee approval of any kind. He asked if she could go to the DNR Commissioner and tell him that you are going to do such and such without trustee approval.

MS. WARNER replied that she does not have to tell the DNR Commissioner, and she does not need trustee approval. However, the DNR Commissioner and the Board of Trustees hire and fire her decisions, and there are checks and balances there to keep her in line. That is the short answer. The little bit longer answer is to consider from your perspective that you do not necessarily want investment driving land management decisions because you will get into a place when bodies change out of these positions that will not seek that consultation, they will go and do things where there will not be communication, and what she is hearing for the last year is that trustees want more communication. She would not like to see something that could potentially harm that communication either. The autonomy of the executive director is that that position can make any land management decision, it can consult with trustees, and trustees can say we do not really like that, and she could still make that decision anyway.

TRUSTEE FIMON asked, with the exception of whether or not you needed funds.

MS. WARNER answered if she needed funds, and yes, that is the line, which gets to exactly what Trustee Fisher was saying.

TRUSTEE FIMON stated that it gets to Trustee Fisher's point, but in some ways we are neglecting that it is also getting to Trustee Morris' point.

MS. WARNER stated, yes, there has to be approval by the Board of Trustees.

TRUSTEE FIMON stated that he believes that is where part of the proposal comes from. He does not think Trustee Morris or any of us actually are all hung up about getting into those autonomy decisions, because we do not have anything to say about it until somebody wants \$3 million to put together a subdivision.

TRUSTEE MORRIS stated, exactly. Because he personally has minimal interest in TLO operations that he does what is required as a trustee, and that is it. But as the Finance chair, there are alternate uses of the money. That is what Finance is supposed to do: Do we invest it in something that has to do with houses or trees, or do we invest it in beneficiaries? He continued that there has got to be a nexus, and there needs to be clarity. We are in the business of writing charters and policy, so make it so that if we do not have a real easygoing Trustee Sturgeon to talk to that it still works. We need clarity going forward. We need to have somebody that does the work of recommending to the Full Board for action on which of our many multitudes of possible investments should we make at a given time. He does not see that it increases work at all. For him, it is a relatively minor matter of just clarifying something that is ambiguous and opaque in the current charters.

CHAIR HALTERMAN called a lunch break.

(Lunch break.)

CHAIR HALTERMAN called the meeting back to order, and stated that we are finishing up the conversation at the bottom of Page 40 of our spreadsheet under financial management, No. 13. She asked Mr. Hickey where he was on it.

MR. HICKEY replied that he would propose language to modify that particular provision for the trustees to review as part of the final adoption, and then if further discussion was needed at that time to clarify, the Board of Trustees could do so at that time.

CHAIR HALTERMAN moved to Page 41 at the top of the page under role, 3(g).

MR. HICKEY stated that this one has already been resolved; the language in the other charters has been stricken.

CHAIR HALTERMAN continued to authorities, No. 5.

MR. HICKEY stated that that was tabled for the Executive Session.

CHAIR HALTERMAN moved to the bottom of the Page 42, operating procedures, No. 6.

MR. HICKEY stated that this has been resolved as a committee of three, and the language concerning the secretary appointment has been stricken.

TRUSTEE MORRIS stated that there is further conversation required because of the language: Three board members appointed by the Board Chair.

MR. HICKEY replied, that what was agreed to is that the language would read that the committee would be three board members, and that he would prepare options for the trustees to look at as to how the other two members were appointed.

CHAIR HALTERMAN continued to Page 43 at the top under role, 3(e).

MR. HICKEY stated that one was resolved already, as well, and the next one is 5, which is, again, tabled.

CHAIR HALTERMAN stated that that one is tabled for the Executive Session, and we can move on to Page 44, operating procedures, No. 6.

MR. HICKEY noted that this is for the Resource Management Committee, an issue going to the Board committee makeup that has been resolved with what has just been put on the record. He continued that the next one is under real estate investments, and this issue is resolved with the additional language that we will prepare concerning the interplay between the Finance Committee and the Resource Management Committee. He stated that the next one, under (b), again, monitor commercial real estate, and that is an issue that has been resolved with new language concerning Finance Committee versus Resource Management Committee interplay.

CHAIR HALTERMAN moved to Page 45, financial, 17(b).

MR. HICKEY noted that this looks like staff concurred. It does go to delegation and committee size now, so we have to look at that.

CHAIR HALTERMAN moved to Page 46, Program & Planning Committee under roles, 3(i).

MR. HICKEY stated that that issue has been resolved, and 5 is the item that was tabled for Executive Session under authorities.

CHAIR HALTERMAN moved to Page 47.

MR. HICKEY stated that No. 6, likewise, has been resolved by moving the committee to three members with language on the appointment process for the committee members.

CHAIR HALTERMAN stated that Page 48 is the charter of the chief executive officer. We are looking at No. 5 and then No. 6.

MR. HICKEY stated that this was resolved because of the report that the staff is currently preparing with respect to motions and whatnot. It does not address the issue of reports that the Trust receives. Trustee Fisher discussed the issue of the staff tracking motions and the tasks assigned, and this goes to reports received, as well, by the CEO or others within the TAO and TLO and whether or not those reports should be forwarded to the trustees.

TRUSTEE BOYLES asked if the staff-recommended final would be appropriate there.

TRUSTEE MORAN stated that she is good with that.

TRUSTEE MORRIS concurred.

TLO ED WARNER stated that it says CEO from the TLO, and trustees also have on the table the TLO executive director charter which goes straight to the Board, so that may need to be

amended.

MR. HICKEY stated that we are not getting to the ED TLO charter today.

CHAIR HALTERMAN stated that we might be able to discuss some of it in Executive Session, but that will not be finalized today.

MR. HICKEY stated, in the CEO charter, in Section 6, this issue is resolved based on the prior discussion in Trustee Fisher's comments.

CHAIR HALTERMAN asked if there were any comments or concerns. Hearing none, she asked Mr. Hickey to continue.

MR. HICKEY stated that under authorities of the CEO charter, Section 5, we added in a provision that says the CEO is required to report to the Board at each of four regularly scheduled meetings per year and any special meetings. Staff had indicated a comment that special meetings are typically for narrow purposes and there should not be a need for a CEO report at each and every one of those meetings. The language was modified by eliminating that proposed change.

CHAIR HALTERMAN asked for any objection to eliminating that. Hearing none, she stated that can be removed.

MR. HICKEY stated that still under authorities in Section 7 is that the delegation of authority to the CEO was reduced from the current version of 100,000 to \$25,000, and there was an additional change made at the end of that section with added information that the CEO shall provide the board members with at least 30 days' advanced written notice of any grant the CEO intends to award. The notice shall include the name of the grantee, the amount of the grant award, the purpose of the grant.

TRUSTEE MORRIS asked if we should not strike all this given the delegation.

MR. HICKEY noted that that is his recommendation. Again, the Board would need to provide consensus on that.

CHAIR HALTERMAN stated that the recommendation being that we strike it. She asked for any objection to striking the language.

TRUSTEE BOYLES stated that she did not have an objection to striking the language, but believed that trustees need to have some discussion around the process.

CHAIR HALTERMAN stated that it looks like there are no objections, but we will need to have some conversation about what that looks like.

MR. HICKEY moved to the charter of the chief executive officer, No. 12, which is an item where the language was added that the CEO will actively consult with the Board to receive their consent on the employment or termination of the following key roles: COO, ED of the TLO, and CFO. He continued that the CEO shall provide the Board with all terms and conditions of employment offers for the above-listed positions as part of the consultation. The staff had indicated that the CEO is hired by the Board and responsible for the day-to-day and has a trustee-

approved agency budget that they must operate within, and that this change will shift the role and the work of the Board from a governance to an operational level. He continued that under the current charter, the CEO consults with the Board on the process and selection of these positions and all Trust employees of the State of Alaska, so, terms and conditions are largely standard. Staff recommends removing the added language.

TRUSTEE BOYLES added that the staff-recommended final is appropriate there because when you come to a public entity like the Trust Board and you have public meetings going into an Executive Session, you still have financial information on contract offers, acceptance, all of that, which gets down into minutia. She stated that if she were the applicant, she may not want seven or eight people that she does not know knowing and evaluating. She would like to keep it at a little bit higher level on the CEO, ED of the TLO, and chief financial officer, as the staff has recommended.

TRUSTEE MORRIS suggested deleting the ED of the TLO from the list.

MR. HICKEY stated that the language will read: The CEO will actively consult with the Board and receive their consent in the employment/termination of the COO and CFO.

CHAIR HALTERMAN asked if there were any objections to that language.

TRUSTEE BOYLES asked if that in any way compromises our contract with DNR.

MR. HICKEY answered that the TLO ED was eliminated from the language, so it should not.

CHAIR HALTERMAN stated that we will have a new charter, and that will spell it out. We will still have to have an MOU, which is just not going to have our TLO executive director reporting to the CEO. That report is now directly to the Board.

TRUSTEE BOYLES asked Ms. Warner who she is hired by.

MS. WARNER responded that the Commissioner of DNR has that authority, through consultation with AMHTA. That is in the delegation. It belongs to the DNR Commissioner. She does not think one or the other can make that decision unilaterally, given that consultation language.

MR. HICKEY stated that it seems to apply to an approval process.

CHAIR HALTERMAN stated that we actually made our way through all of these already, and we are moving forward to Executive Session.

TRUSTEE MORRIS stated, before we go into an Executive Session, there was one matter that was not listed in the charters that he wanted to address. Currently, there is a one-year term limit on committee chairs, which seems to be an arbitrary restriction that may not be in the interest of the Trust. When we have a trustee with the expertise of John Sturgeon serving on the Resource Management Committee, it may be best for the Trust that they be able to do that with the continued consent of the rest of the trustees, and that tying our hands in this matter is unnecessary.

CHAIR HALTERMAN stated that in the charter of the chair of the Board, duties and responsibilities, C, appoint committee chairs and members for standing and ad hoc committees. Standing committees and their chairs will be appointed by the chair. After polling the Board regarding individual trustees' interests and abilities to serve, the Board chair may not concurrently serve as the chair of any standing committee. It does not restrict it to one year, and John Sturgeon was probably our Resource Committee chair the entire time he was serving on this board. We never did change that out. She stated that she has gone through that process twice with polling trustees about their interests, and if folks are eligible to serve in their respective roles, she is not inclined to change it unless the Board wills it.

TRUSTEE MORRIS stated that if it does not exist in the bylaws or the charters, then we can continue on. He was under the impression that there was a restriction.

CHAIR HALTERMAN stated that there is a restriction on the chair for two years, and it is without unanimous consent of the Board or a majority member vote.

MR. HICKEY noted that we altered that to two full terms, and then an existing chair that could reach that goal could then serve longer if it was the desire of the Board.

CHAIR HALTERMAN stated that is under Introduction 2: The chair may be reelected to office by a vote of the membership of the Board as above. The Board's intention is to allow board members the opportunity to serve in officer roles in support of ongoing Board development. To that end, no member may serve more than two consecutive terms in the same office except as provided for by a vote of five or more members. That is the old language; we did clean it up.

MR. HICKEY stated that the new language would permit the chair to continue serving if it was the will of the Board, in excess of the term being set or listed.

TRUSTEE FIMON asked if the five votes was removed.

MR. HICKEY answered that is still there.

CHAIR HALTERMAN added that it clarified that it was two full years. That was really the only clarification on that one.

MR. HICKEY responded, two full terms. If somebody was appointed for an interim, a chair stepped down, they could fulfill the remaining term there and the two additional terms.

CHAIR HALTERMAN continued that anything after that requires a vote of five or more.

MR. HICKEY noted that there is not a term limit in there for committee chairs.

CEO WILLIAMS stated that in the charter for Board of Trustees, at the very end, under operating procedures or something, or board meeting practices, it says: Committees will meet as necessary. He thought there was inconsistent language between what is in the Board charter and then each of the committees, so that needs to be checked.

TRUSTEE MORRIS stated that in the bylaws, Article 5, Officers and Duties, Section 3: Others may be elected to the office in which they serve by vote of the membership of the Board as

above. The Board's intention is to allow board members the opportunity to serve in officer roles in support of ongoing board development. To that end, no member may serve more than two consecutive terms in the same office except as provided by affirmative vote of five board members. He imagined that is actually reasonable to leave. Its intention is to be restrictive, but its execution is not.

CHAIR HALTERMAN stated that it is restrictive for the Executive Committee, leadership team. The secretary, vice chair, and chair would need to have at least five members to vote for them to do more than two terms, so we would need a majority vote.

MR. HICKEY stated that once we finish the charter work that we need to clean up the bylaw work, as well. The changes within the charters will be reflected in the bylaws. If the charter language altered the bylaws, there will be a redraft of the bylaws so that they are all consistent.

TRUSTEE MORRIS deeply regretted bringing up this question.

CHAIR HALTERMAN asked if trustees were ready to move into an Executive Session, and asked for a motion to move into Executive Session.

INTO EXECUTIVE SESSION

MOTION: Per AS 44.62.310(c) (1), (c) (2), a motion that the Special Full Board move into Executive Session to discuss confidential matters pertaining to commercial real estate, the immediate public knowledge of which would clearly have an adverse effect upon the finances of a public entity. No decisions will be made in the Executive Session. The motion was made by TRUSTEE MORRIS; seconded by TRUSTEE MORAN.

(Executive Session from 1:41 p.m. until 4:40 p.m.)

NOTICE OF RETURN FROM EXECUTIVE SESSION: For the record, myself, my fellow trustees, members of the Trust Authority and Trust Land Office are returning to the Resource Management Committee from the Executive Session. We did not make any decisions during the Executive Session. The statement was read by TRUSTEE FIMON.

CHAIR HALTERMAN called for a motion to adjourn.

MOTION: A motion to adjourn the Special Full Board of Trustees meeting was made by TRUSTEE MORRIS; seconded by TRUSTEE MORAN.

There being no objection, the MOTION was APPROVED.

(Alaska Mental Health Trust Authority Special Full Board Meeting adjourned at 4:40 p.m.)