

**ALASKA MENTAL HEALTH TRUST AUTHORITY
FINANCE COMMITTEE MEETING
HYBRID/WEBEX
July 30, 2024
1:20 p.m.**

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

Trustees Present:

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

Trust Staff Present:

Allison Biastock
Katie Baldwin-Johnson
Miri Smith-Coolidge
Julee Farley
Michael Baldwin
Eric Boyer
Kat Roch
Carrie Predeger
Luke Lind
Michael Baldwin
Kelda Barstad
Debbie DeLong
Valette Keller
Tina Voelker-Ross
Eliza Muse
Janie Caq'ar Ferguson

Trust Land Office staff present:

Jusdi Warner
Jeff Green
Sarah Morrison
Brittany Williams

Also participating:

Patrick Reinhart; Maria Smilde; Stephanie Hopkins; Christopher Orman; Lee Cruise; Charlene Taufest.

PROCEEDINGS

CALL TO ORDER

CHAIR MORRIS called the Finance Committee meeting to order and began with the roll call. There being no announcements, he asked for a motion to amend the agenda.

APPROVAL OF AGENDA

MOTION: A motion to approve the amended Finance Committee agenda by adding a discussion of the related annual payout procedures, including an Executive Session, if needed, and to delete the CRE net proceeds discussion. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE HALTERMAN.

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

CHAIR MORRIS asked for any ethics disclosures. There being none, he moved to the approval of minutes from April 24, 2024.

APPROVAL OF MINUTES

MOTION: A motion to approve the minutes from April 24, 2024. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

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

CHAIR MORRIS entertained a motion to move into Executive Session to discuss the amended agenda item, and to save the staff report items for the public when the previously noticed meeting was started.

MOTION: A motion that the Board of Trustees move into Executive Session to discuss the 2022 annual payout procedure pursuant to the Alaska Open Meetings Act, Alaska Statute 44.62.310(c)1 and 2, as the immediate knowledge of the matters to be discussed during the Executive Session will have an adverse effect on AMHTA's finances, and they may tend to prejudice the reputation and character of individuals.

MR. HICKEY stated that he thought that this Executive Session included the commercial real estate issue.

MOTION: A motion was made that the Finance Committee enter into Executive Session to discuss commercial real estate holdings, appraisals, and sales process pursuant to the Alaska Open Meetings Act, Alaska Statute 44.62.310(c)2, as the immediate knowledge of the matters to be discussed during the Executive Session will have an adverse effect on AMHTA's finances. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE FEIGE.

CHAIR MORRIS noted that there were two topics that needed to be discussed in Executive Session, and added an amendment to the motion.

MOTION: The motion was amended to include the annual payout for 2022 and the current commercial real estate holdings and appraisals. The motion was made by CHAIR MORRIS; seconded by TRUSTEE HALTERMAN.

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

CHAIR MORRIS asked Trustee Moran if she would like to have a discussion on the topic.

TRUSTEE MORAN agreed with the commercial real estate question, but did not believe the second topic raised to the level of Executive Session.

CHAIR MORRIS asked for any other discussion. There being none, he moved into Executive Session.

(Executive Session from 1:29 p.m. until 2:48 p.m.)

TRUSTEE FIMON stated, for the record, that he, his fellow trustees and members of the Trust Authority and Trust Land Office returned to the Finance Committee from the Executive Session. No decisions were made during the Executive Session other than to give direction to counsel.

STAFF REPORT ITEMS

CHAIR MORRIS recognized Ms. Farley to do the Financial Dashboard report.

MS. FARLEY stated that she and Sarah Morrison, the chief business officer of the TLO office, would go through the Dashboard through May. She added that the June numbers were just trickling in, and she continued through the numbers.

MS. MORRISON went through the Trust Land Office numbers and then the capital projects.

TRUSTEE FEIGE asked about the Trust Land Exchange, U.S. Forest Service RSA, if that gets distributed and then goes back into the principal and the income accounts.

MS. MORRISON replied that those are real funds, and they moved to income. She explained that income included leases, licenses, 15 percent of timber, and that principal was where the royalties, land sale revenues are placed.

MS. FARLEY moved to investment activity and stated that the good news from APFC is that they are getting closer to the goal. The expected long-term goal is about 7.5 percent, and through May they returned 7.15 percent. She continued through with the forecast for fiscal year '25 and '26.

CHAIR MORRIS thanked Ms. Farley and called a break.

(Break.)

CENTRAL FACILITY FUND

CHAIR MORRIS proceeded to the Central Facility Fund staff recommendation and asked for the

motion to be read.

MOTION: The Finance Committee recommends that the Full Board of Trustees authorize the elimination of Fund 3322 Central Facility Fund, CFF, for use in funding program-related commercial real estate investment property. Any funds currently assigned to the CFF will be transferred back to the Trust Settlement Income Account Fund, 1092, and the Trust Land Office will continue to present funding requests for such expenditures to trustees and, if approved, they will be funded by the Trust Settlement Income or as otherwise approved by trustees. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

MS. FARLEY stated that there was a request at a recent Finance Committee meeting to have staff evaluate the use of CFF. The background is that in 2018 a motion was made to set up the CFF and it was housed in Fund 3322, and used on a regular basis. The goal was to have a \$2 million balance to fund necessary, unexpected capital-related expenditures for the commercial real estate and the program-related properties. Because of the complications and difficulty associated with administering the CFF, she recommended dissolving the fund and still going through the CFF request process. It would not be called a CFF request, but would just be a capital request process where trustees would approve expenditures with the funding determined at that time. She continued that in looking at the accounts, there were no funding issues, and there would be the available capital necessary to maintain the commercial real estate portfolio. She added that it just relieves some of the difficulty and the maintenance associated with tracking the CFF balance on the spreadsheet.

CHAIR MORRIS thanked Ms. Farley, and asked Ms. Warner for any comments or thoughts.

MS. WARNER stated that to remove the Central Facility Fund could potentially put the TLO in an awkward position. Under the LLC agreement, there is a duty and responsibility to manage those buildings and keep them in good working order, and she was not sure that elimination of the CFF would facilitate that. Coming to the Trust for funding, knowing that there was no funding set aside specifically to provide an owner contribution to the portfolio when needed, is a problem.

A lengthy discussion ensued.

CHAIR MORRIS asked for any other comments or discussion. There being none, he called the question.

After the roll-vote, the MOTION FAILED. (Trustee Fimon, no; Trustee Fisher, no; Trustee Halterman, yes; Trustee Feige, no; Trustee Moran, no; Trustee Boyles, no; Chair Morris, yes.)

APPROVALS

PROMONTORY POINT FINANCING

CHAIR MORRIS moved to Promontory Point Financing, and asked for the motion to be read.

MOTION: The Finance Committee recommends to the Alaska Mental Health Trust Authority Board of Trustees that the Board direct the Trust Land Office to distribute all cash/income currently held by the TLO for all commercial real estate except three months of reserves, rent escrows, and tax escrows; and that the Board approves payment of \$1.2 million for the Promontory Point Property Escrow Reserve to satisfy the loan conditions per the Promontory Point Loan Agreement. In the event of a confirmed purchase offer for the property, as determined by the executive director of TLO, the CFO is approved to fund the defeasance, if necessary, by up to \$8.7 million, as recommended by the Resource Management Committee. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE HALTERMAN.

CHAIR MORRIS asked for any discussion or comments. He asked Ms. Farley why this was an alternative proposed to simply funding the defeasance.

MS. FARLEY stated that, from an asset allocation and investment perspective, this would look at the use of \$1.2 million versus \$8.7 million. If the same results could be achieved, the preference would be to outlay \$1.2 million.

TRUSTEE FIMON asked for clarity on the \$8.7 million passed earlier.

MR. HICKEY replied that the earlier motion was a recommendation to the Finance Committee, and this would be an amendment to that recommendation.

CHAIR MORRIS asked for any other comments or questions. There being none, he called the question.

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

FY25 BUDGET RATIFICATION

MOTION: The Finance Committee recommends that the Full Board of Trustees ratify the Legislature's fiscal year '25 MHTAAR and MHT Admin budget amounts as appropriated; and, therefore, increase previous fiscal year '25 trustee authorization by \$668,500. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

MS. BIASTOCK stated that there was an update to the memo that differed from what was received in the packet. A footnote was added that related to the FY25 approved budget amount shown for the Trust Land Office. The trustee signed budget was \$5,156,000, but the number did not match the number that was in the motion passed by the Finance Committee, then by the Full Board related to the TLO agency budget. She continued that there was no risk to the Trust. The TLO recognized it, restricted the funds, and there was no overspend. For transparency, and to insure accurate numbers, there was the footnote. The motion approved by the Board was \$5,155,000 versus the \$5,156,600.

A brief discussion ensued.

CHAIR MORRIS asked for any other discussion. There being none, he called the question.

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

TRUST AUTHORITY OFFICE AGENCY BUDGET FY26

MOTION: The Finance Committee recommends that the Full Board of Trustees approve the fiscal year '26 Trust Authority MHT Agency Budget of \$5,306,800. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FEIGE.

MS. BALDWIN-JOHNSON pointed out that the FY26 budget reflected a 3 percent increase over the FY25 budget. She noted that the table showed the adjustments.

CHAIR MORRIS asked for any other comments or questions. There being none, he called the question.

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

TRUST LAND OFFICE AGENCY BUDGET FY26

MOTION: The Finance Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the Trust Land Office Agency Budget for Fiscal Year '26 in the amount of \$5,556,500. The motion was made by TRUSTEE BOYLES; seconded by TRUSTEE HALTERMAN.

MS. MORRISON walked through the budget proposal for FY26. She stated that they anticipated a 3 percent increase in personnel services, which includes all salaries and benefits for the 19 employees, as well as some estimates for merit increases. She stated that the goal is to be fully staffed.

CHAIR MORRIS asked for any other comments or questions. There being none, he called the question.

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

CHAIR MORRIS stated that there was nothing more on the agenda, and asked for any other matters for discussion. There being none, he asked for a motion to adjourn.

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

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

CHAIR MORRIS thanked all, and adjourned the meeting.

(Alaska Mental Health Trust Authority Finance Committee meeting adjourned at 4:20 p.m.)