

**ALASKA MENTAL HEALTH TRUST AUTHORITY
FINANCE COMMITTEE MEETING
JANUARY 22, 2026
Zoom Videoconference
12:30 p.m.**

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

Trustees Present:

John Morris, Chair (Virtual)
Anita Halterman
Kevin Fimon
Brent Fisher, Ex-officio

Other Trustees Present:

Agnes Moran
Corri Feige

Trust Staff Present:

Mary Wilson
Allison Biastock
Julee Farley
Katie Baldwin-Johnson
Shannon Cochran
Valette Keller
Luke Lind
Eric Boyer
Kelda Barstad
Eliza Muse
Kat Roch

Department of Law:

Gene Hickey

Trust Land Office staff present:

Jusdi Warner
Blaine Alfonso
Mariana Sanchez
Britt Williams

Callan:

Steve Center

RCLCO:

Allan Popper

Natalie Condon

Department of Revenue:

Steve Sikes

Also participating:

Lisa Haas; Mason Villarma; P. Cawley; M. Behler; Katie Blake.

PROCEEDINGS

CALL TO ORDER

CHAIR MORRIS called the meeting to order and began with a roll call. He asked for any announcements. There being none, he moved to the agenda.

APPROVAL OF AGENDA

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

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

ETHICS DISCLOSURES

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

APPROVAL OF MINUTES

CHAIR MORRIS asked for a motion to approve the Finance Committee minutes from October 16, 2025.

MOTION: A motion to approve the Finance Committee meeting minutes from October 16, 2025, was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

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

COMMERCIAL REAL ESTATE UPDATE AND INVESTMENT RETURNS

CHAIR MORRIS stated that the first item on the agenda is a commercial real estate update with investment returns by Steve Center and the RCLCO team, Allan Popper and Natalie Condon.

MR. CENTER stated that the previous presentation was the Trust investment performance through the end of fiscal year 2025. Those numbers were updated because of the finalized sale of one of the commercial real estate properties that sold right after the end of fiscal year 2025. He continued that the underlying performance for the Permanent Fund and the Department of Revenue assets did not change. It was strictly a revision to the commercial real estate holdings for the Trust. He continued through his presentation, going through the numbers and explaining them as he went along. As a reminder, he stated that standard deviation is a measure of risk which helps to understand overall variability of an investment's return pattern historically. He

also went through an analysis of realized risk from the past five and ten years, and how volatile the return patterns have been for both the total Trust and its three main asset-building blocks.

CHAIR MORRIS asked if the RCLCO team was up next.

COO FARLEY asked for a motion to go into Executive Session.

MOTION: A motion that the Finance Committee of the Board of Trustees of the Alaska Mental Health Trust Authority enter Executive Session, pursuant to the Alaska Open Meetings Act, Alaska Statute 44.62.310 (c)(1) and (c)(3), to discuss the Trust's remaining commercial real estate holdings and the potential sale of the Commercial Drive property in Anchorage. The matters to be discussed include: 1, matters in which the immediate knowledge of would clearly have an adverse effect on the Trust's finances; and, 2, matters which, by law, are required to remain confidential. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE HALTERMAN.

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

(Executive Session from 12:47 p.m. until 1:30 p.m.)

TRUSTEE FIMON stated, for the record, that he and his fellow trustees are returning to the Full Board of Trustees meeting from the Executive Session. During the Executive Session, the Board of Trustees only discussed the items identified in the motion to move into Executive Session. The Board of Trustees did not take any action while in the Executive Session, other than to give directions to counsel.

INVESTMENT RISK DISCUSSION

CHAIR MORRIS recognized Steve Sikes to talk about investment risks. He stated appreciation for his time, and apologized for being behind schedule.

MR. SIKES stated that he is with the State of Alaska Department of Revenue, and is part of the team that manages two buckets of assets for the Trust: the budget reserve funds, and the GeFONSI assets. Those are the cash assets that fund operations and the grants on a shorter-term basis. He continued that he was asked to do an educational presentation on risk management. In terms of objectives, he wanted to accomplish two things: One is as it relates to the funds that they manage for the Trust, and to give a sense of the risk framework those funds are managed in; secondly, to talk about risk to help trustees reflect on the processes and procedures. He noted that risk is the uncertainty of investment return outcomes and the possibility that an investment's actual performance would deviate negatively from expectations, losing some or all of the capital. He continued that he would focus on investment risk. He stated that risk management is an iterative process of identifying, assessing, and then mitigating risks that could negatively impact an investment. He added that the goal is not to avoid risk, but to not take more risks than are needed for the investment objectives and risk tolerance. He explained that diversification is not putting all eggs in one basket, and that asset allocation is kind of the portfolio construction process that builds a diversified portfolio around an efficient mix of assets to achieve a target return. He continued that hedging refers to insurance approaches, and then there is stress-testing and scenario analysis. He added that, in terms of managing risk, risk limits can be set, and that

an important part of the risk management process is establishing an investment policy statement, which is very similar to the AMPS document that was adopted and incorporated into the process. He moved to the super important part of the risk management process which establishes a roadmap of how objectives would be achieved to manage risk and put up guardrails. He stated that the components of an IPS are the investment objectives that establish the risk tolerance, the time horizon. He explained that the goal is to manage risk, and not avoid it, with good policies and procedures; to keep it as simple as possible; and then to consider using consultants and experts for the board to make the best decisions possible.

CHAIR MORRIS thanked Mr. Sikes and asked for any questions. There being none, he moved to crafting the AMPS document and recognized Steve Center.

PROPOSED UPDATE TO THE TRUST'S ASSET MANAGEMENT POLICY STATEMENT (AMPS)

MR. CENTER stated that Callan was retained by the Trust to review the Asset Management Policy Statement and recommend some revisions to that policy statement. He noted that he worked closely with CEO Wilson, CFO Farley and Chair Morris to develop the draft of the AMPS that was included in the packet. The Asset Management Policy Statement is often referred to as an investment policy statement or IPS by most institutional investors. He continued that, in addition to some basic formatting improvements, there are a couple of things to make sure to touch on in this revision: Really defining the roles and responsibilities for the parties involved with the overall management of Trust assets; improving the overall asset management philosophy, guidelines and investment policy statement included within the AMPS. He added that one of the keys the Finance Committee wanted improved is the process for evaluating potential land and natural resource development investments managed by the Trust Land Office that require capital investment from the Trust. He stated that the hope is to improve the overall process for monitoring the investment guidelines for the underlying investment programs that the Trust invests in. He walked through the changes on the redline version with the goal of getting through the review, and to address any questions, and adding any revisions suggested. He noted that the Finance Committee will ultimately propose AMPS for board approval, with a current goal of February.

TRUSTEE MORAN stated that she was surprised to see this revision, and asked what the impetus was to do a revision.

MR. CENTER replied that, typically, an investment policy statement like the AMPS should be reviewed at least on an annual basis to make sure it is up-to-date and consistent. He stated that the AMPS, in Callan's opinion, has sat longer than it should have without reviews and revisions. He asked Gene Hickey if he had anything to add.

MR. HICKEY replied that, based on some legal review issues, he has three issues. Discussed was an addition of a statement of fiduciary standards to be added in; the possible elimination of the central facilities fund; and the last issue was a discussion on the removal of the land management provisions that are contained within the AMPS so there is not confusion going back and forth between land management issues versus investment issues in resource projects. He asked Chair Morris for some direction on those.

CHAIR MORRIS replied yes to all three of the issues, and stated that there were two other kinds

of more broad issues. First, this is just an investment document and is in no way a resource management document. It is simply an effort to codify the policies and procedures on how the trustees decide to invest the Trust money, which can be in any number of different ways. Then, more broadly, this is simply an introductory discussion onto this topic and broad overview of the points brought up by Mr. Hickey, with more discussions in the future.

MR. CENTER suggested adding a simple paragraph that notes that the management of Trust assets will be conducted in accordance with the Uniform Prudent Investor Act and the Uniform Prudent Management of Institutional Funds Act, both of which have been adopted by the State of Alaska. Additionally, all applicable laws, legislation, regulation, governing statutes, and restrictions that have been adopted by the State of Alaska. He explained this is a simple statement that makes it clear that the AMPS do not override governing rules that have been established that could control how the Trust can be invested. He continued through the changes, discussing and answering questions as he went along. He added the need for the new mission statement at the outset of the document, and asked for a copy so the old one could be replaced. He stated that the Resource Management Committee also reviews these potential investments and also makes its own recommendations to the board. That process is not currently clear in the AMPS, and it should be.

MR. HICKEY added that they were referring to the charters for both the Finance Committee and the Resource Management Committee, which both contain financial provisions. When it is a Resource Management project, there is a provision in the charter for Resource Management to comment and review those particular issues. Then the overriding Finance Committee has the review of all the financial investments and interests. There is a co-review by both committees where there could be two different recommendations going to the Full Board. It probably should be reflected in there that that issue is out there, governed by the charters, and the policy should be consistent with those adopted charters.

MR. CENTER stated, after discussion, that his goal is to incorporate some of the changes discussed into another version and to make it a little easier to digest and understand. He continued that he would make it easier to read and would provide a version that has accepted all changes so it can be read without difficulty. He added that he would get that completed and circulated ASAP.

TRUSTEE HALTERMAN explained that the charters had been changed which warranted the conversation to update the AMPS to reflect those changes to ensure that Resources and Finance were communicating about these issues. The charters are up to date, and the AMPS was still behind.

TRUSTEE FIMON added that what they worked on was ready to go to the Full Board, and that he would like to see it first before it goes to the board.

CHAIR MORRIS stated that they would talk about it at the next Finance Committee meeting.

TRUSTEE MORAN asked if this would be going to the Resource Management Committee.

MR. HICKEY replied that he understood that it will be considered at the next Resource Management Committee meeting.

CHAIR MORRIS moved to the next item on the agenda, Surplus Determination, and recognized Julee Farley.

SURPLUS DETERMINATION

CFO FARLEY stated that this is the annual surplus determination for the Trust typically done in January at the committee meeting. The reason this is done is because of a recommendation from the legislative audit that occurred in FY21. The statute says that the Trust can transfer money to the General Fund if there are surplus funds. This review is a way to analyze the investments, and to determine whether there are surplus funds. She continued that every year two questions are answered: First, does the Trust have sufficient funds to meet its commitments; second, does the Trust have sufficient funding to support the COMP Plan for present and future beneficiary needs. She explained that, recently, Callan looks at the asset allocation, the investment, and payout rate, and determines whether or not the payout rate is sustainable. The payout rate was increased from 4.25 to 4.5 percent. She went through the short summary list of assets, the maintenance reserves, which is the current balance of the CFF, and answered questions as she went along.

TRUSTEE FISHER stated the need to relook at the inflation-proofing and the timing of when they do it. Every time inflation-proofing is delayed, the core investments of the Trust for future beneficiaries are degraded. In looking at inflation-proofing, the Trust also has an obligation to make sure that the core in the Permanent Fund is not degraded. He asked the committee to consider that discussion and make a proposal to the Full Board.

CHAIR MORRIS moved to the staff report financial dashboard, and recognized Julee Farley.

STAFF REPORT FINANCIAL DASHBOARD

CFO FARLEY presented an update to the June 2025 dashboard with the BDO audit complete. Much of the information is the same, with a few notable changes from what was seen in October. The Trust Authority expenditures went down by \$5,000, and the MHTAAR expenditures were reduced by \$53,000. The larger changes for the TLO expenditures increased by \$460,000. Overall spending on capital projects stayed the same. She asked Kat Roch to speak to the Trust Authority financials.

MS. ROCH talked about the November Trust Authority agency expenditures. She continued that they did not have a projected lapse because it was so early in the fiscal year. She explained the rest of the expenses.

CFO FARLEY moved to the Land Office summary and went through those expenditures and the impact. She stated that the Finance Committee requested breaking out revenues by capital projects to give trustees clear reporting and information on those projects. She answered questions and talked about the investment activity of the Trust investments. She continued through her presentation and stated that the information provided is important for trustees to have.

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

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

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

CHAIR MORRIS thanked all for their time and patience with him being remote.

(Alaska Mental Health Trust Authority Finance Committee meeting adjourned at 3:22 p.m.)