

**ALASKA MENTAL HEALTH TRUST AUTHORITY
FINANCE COMMITTEE MEETING**

**HYBRID/ZOOM
APRIL 23, 2026
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
Anita Halterman
Kevin Fimon
Brent Fisher, Ex-officio (Virtual)

Other Trustees Present:

Josie Hickel
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
Carrie Predeger
Michael Baldwin
Kat Roch
Kelda Barstad
Tina Voelker-Ross
Debbie DeLong
Heather Phelps

Department of Law:

Gene Hickey

Trust Land Office staff present:

Jusdi Warner
Jeff Green
Sarah Morrison

Also participating:

Steve Center; Steve Sikes.

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 DISCLOSURE

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 January 22, 2026.

MOTION: A motion to approve the Finance Committee meeting minutes from January 22, 2026, 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.)

AMPS REVIEW

CHAIR MORRIS thanked Trustee Feige for deferring the AMPS review from the Resource Management Committee meeting. He introduced Steve Center to present the review.

MR. CENTER stated that Callan was retained by the Alaska Mental Health Trust Authority to help with a couple of different projects. One of the main ones was to go through the process of assisting with the revision of the Asset Management Policy Statement, or the AMPS. He began by briefly touching on the best practices for the structure of an Asset Management Policy Statement. He then moved to some of the revisions that Callan is going to recommend, some of which are simply formatting changes, streamlining of the AMPS. Others are necessary updates. He also talked about some proposed additions and other additional revisions. Some will, ultimately, require Full Board approval because they will potentially include a change to the asset allocation for the budget reserves account, as far as how it is split between the Permanent Fund and the Department of Revenue. He continued that, historically, there has been this investment called the Central Facility Fund that is under the TLODA portfolio which has been used for management of the commercial real estate program. The commercial real estate

program has shrunk in size dramatically, and is in the liquidation phase. The necessity for that Central Facilities Fund is pretty low, and he recommends the removal of that fund.

CHAIR MORRIS stated that this is a great opportunity for an overview of a really complicated and really important topic which can help every trustee to understand why this is important work to lean into.

MR. CENTER reminded trustees that they would not be voting on anything today. This is purely educational to help get through the work session coming up in May where, ultimately, the Finance Committee will be proposing a revised AMPS to the Full Board. He continued with a high-level overview of what some best practices typically are for the AMPS. A typical asset management policy statement should cover all of the legal requirements for the Board as far as how to govern the overall control of the underlying investments of the program. He added that it is important that there is no one-size-perfect solution for these documents. They are typically custom-tailored for each asset pool. That is why the Mental Health Trust investment policy statement will look very different than the Permanent Fund's investment policy statement. The policy statement needs to communicate to the ultimate users what you want to communicate. It also needs to be structured in a way that is easy to read, but also sets out the important guidelines to allow the Trust to manage itself prudently for the long term. He added that it is also important that legal counsel reviews the documents. He continued through his presentation.

TRUSTEE HALTERMAN asked if there were any instances where the AMPS had language that was conflicted by a law that now has language that clarifies it.

MR. CENTER replied that he did not recall any language in the AMPS that conflicted. He continued with recommendations of some high-level additions and revisions to the AMPS.

TRUSTEE MORAN stated that, included in the packet, there were three different versions of the AMPS. She asked if all three of the versions would be discussed.

MR. CENTER explained that there are two versions of Callan's AMPS. There is an AMPS red-line version and an AMPS red-line fully accepted version. The fully accepted one takes away all of the red lines, approves all of the recommended changes in the document, and makes it easier to read. They are the same version.

CHAIR MORRIS stated that the third one was from him, and trustees would find it easy to read because the only changes between it and Callan is highlighted in yellow. There are a few extra paragraphs for consideration to look at in there. He continued that it is a fantastic document, which has taken a lot of steps in the right direction. This is important and it sets the framework for how we keep the Trust safe for the future generations. He added the need for clear fiduciary standards for decision-making, with flexibility and implementation of what we want to do. He asked Mr. Sikes, who was online, if he had a chance to look at the AMPS drafts and if he had any thoughts about them.

MR. SIKES replied that it is an excellent direction in terms of some of the revisions being considered and proposed. He liked Mr. Center's advice on the philosophical approach of the document in terms of needing to provide direction and guardrails, but also needing to provide flexibility. He also liked making clear that the Finance and Resource Committees can use third-

party experts. He added that it was nice work, and he was happy to see this.

BUDGET RESERVE ASSET ALLOCATION

MR. CENTER disclosed that he worked closely with Mr. Sikes on this analysis, and he is well aware of what is being proposed here, particularly given that he actually manages the Department of Revenue budget reserve portfolio. He continued that the budget reserves account serves as a cushion for the long-term Trust financial activity. It is designed to permit the Trust to have the capital ready for approved expenditures, as needed, rather than holding just this most recent year's approved payout. The Trust segregates 400 percent of the most recent year's payout as the budget reserve. He added that the current infrastructure is evenly split between the Department of Revenue and the budget reserve portfolio. He continued his presentation, answering questions that came up. He stated that diversification gives the best possible return with the lowest level of risk. Even with a lower return, it can benefit the Trust as a whole because it could have a lower volatility over the longer term.

TRUSTEE FIMON asked about the backwards analysis.

MR. CENTER replied that the backwards-looking analysis they do helps to recognize what the opportunity cost looks like, and how they look at the trailing performance for the Trust. He explained that what they do not look at is if we had done it this way they could have performed better. One of the things Callan has been retained to do is to help the Trust track the performance of the total Trust over time, including the budget reserve portfolio and the commercial real estate assets. He reminded all that the Mental Health Trust has the assets of the Permanent Fund, the budget reserve portfolio, the GeFONSI portfolios and also the land portfolio. He explained that the TLODA portfolio is there to develop land where investments seem appropriate or could be appropriate.

CFO FARLEY highlighted that the Department of Revenue budget reserves box is the asset allocation being looked at. The Department of Revenue had traditionally presented the annual asset allocation recommendation to trustees. This year they moved toward having Callan make the recommendation for the asset allocations as it could be viewed within the context of the total Trust investment portfolio.

MR. CENTER noted that the Board approved derisking the Department of Revenue budget reserve portfolio last year, bringing it down from 57 percent equity to 50 percent equity. He was not recommending a change to that asset allocation structure for the Department of Revenue budget reserve portfolio because the Trust still has a solid structure from a risk/return standpoint and the ability to maintain that 4.5 percent payout in perpetuity. Callan was not recommending any changes to the underlying asset allocation.

CHAIR MORRIS thanked Mr. Center, and called a five-minute break.

(Break.)

STAFF REPORT ITEMS

CHAIR MORRIS called the meeting back from break and moved to the staff report items, the financial dashboard. He recognized Julee Farley, CFO.

CFO FARLEY stated that they have the dashboard with information as of February 28th. The first section relates to the Trust Authority. She asked Kat Roch to present the information.

MS. ROCH stated that the dashboard with Trust Authority activity, the agency budget and grants activity was in front of them. She began with agency expenditures and stated that they were on track to spend the majority of the budget. She went through the expenditures and then talked about how the older money continues to be spent, such as the older capital funds. She continued going through the numbers, explaining and answering questions as she went along. She added that she needs to adjust for unearned revenue included in those numbers. Making those adjustments will result in more clarity on the information matching what the Land Office provides.

E.D. WARNER clarified that the U.S. Forest Service land exchange is not under the cost recovery regulation. It is not cost recovery, which is why it is shown in the Land Office brief as regular revenue.

CFO FARLEY continued to investment activity and stated that the numbers are both above the long-term projected returns of both of the investment categories. The report is the investment activity. She finished the earnings and then explained the assets.

TRUSTEE MORAN asked what the spendable reserves were.

CFO FARLEY replied that the spendable reserves includes realized gains generated from APFC investments.

TRUSTEE FIMON asked about the Central Facilities Fund being an accounting entry and not sitting in a different account.

MS. ROCH replied that it was all in the same fund, and is just an accounting issue of keeping them separate.

CFO FARLEY pointed out that the FY26 payout has been completed. The trustees approved it in November, and that has been satisfied when some commercial real estate was sold. The proceeds went into budget reserves.

CHAIR MORRIS thanked CFO Farley, and moved to the Budget Amendment. Before beginning, he stated that this motion seemed to designate programmatic areas of the budget to redistribute the money. He asked if this was appropriate for the Finance Committee to do, or is it more of a Program & Planning Committee activity to decide where to spend the money.

MR. HICKEY replied that he did not see any problem because it will go to the Full Board to move the money anyway. His recommendation would be to transfer the funds and then the Full Board can decide if they want to send it to the Program & Planning Committee to reallocate for recommendation.

COO BALDWIN-JOHNSON asked if that may create some timing issues.

MR. LIND replied that the intent was to have the Finance Committee recommend the budget

amendment, which would set the funds up to be available. Then any actual grant expenditures would go back through the Program & Planning Committee for individual review to make sure they are programmatically appropriate for funding. In both cases, the Full Board of Trustees is the final decision-making authority.

COO BALDWIN-JOHNSON noted that, historically, the budget amendments on the budget have been done through Finance.

BUDGET AMENDMENT – INCREASE IN FUNDING AVAILABLE FOR FY27

MOTION: The Finance Committee recommends that the Board of Trustees authorize a transfer up to \$9,859,492 in unspent prior-year Authority Grants into the Fiscal Year '27 Authority Grant funds. This transfer is comprised of \$3,805,579 in unspent Fiscal Year '23 Authority Grant funds; \$4,148,951 in unspent Fiscal Year '24 Authority Grant funds; and \$1,904,961 in unspent Fiscal Year '25 Authority Grant funds. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

CHAIR MORRIS asked for any discussion.

CFO FARLEY emphasized that the unspent Authority Grant funds are the subject of these motions. They sit idle until FY29, FY30 and FY31 under the normal lapse schedule. This motion would move them to FY27 and will accelerate the deployment by two to four years. This follows the discussion on the dashboard of the unspent amount.

CHAIR MORRIS asked to confirm that no grantees from 2024, for example, will come forward and ask for any part of this \$4 million.

MR. LIND replied absolutely.

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

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

\$120M INFLATION MEMO REVIEW

CFO FARLEY stated that this memo was discussed, and staff promised to bring it forward to the trustees for consideration. There was an inflation-related motion approved in March 2021. It designated \$120 million of earnings as principal for the purposes of inflation-proofing, and in the same motion there was \$50 million approved for the actual transfer from earnings to principal. This leaves about \$730 million outstanding related to this motion. She brought this forward in case the trustees desired to act on this in a couple of different ways.

TRUSTEE FIMON stated that he was not ready to take any action to change, rescind or do anything on that memo that he did not write or note all the details on. It has been sitting in excess of five years, and a few more months until they have the known numbers at the end of the fiscal year won't have an impact.

TRUSTEE HALTERMAN agreed with Trustee Fimon. She was not inclined to make changes in

a motion that was made many years ago by previous boards. She would encourage the Board to consider restraint from future motions of this nature because it is problematic. She added that a better, more detailed conversation at the August meeting would be a good place for it.

CHAIR MORRIS agreed, and added that working on it in August would be a good goal after the AMPS is done. After a brief discussion, he moved to the MOU Review.

MOU REVIEW – APFC MOU

MOTION: A motion that the Finance Committee forward the Draft Memorandum of Agreement with the Alaska Permanent Fund Corporation to the Full Board of Trustees for consideration and adoption. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

CFO FARLEY stated that she and Mr. Hickey worked on these, an MOU, and an MOA for APFC. The confidential documents were provided or sent to trustees, which are drafts at this point.

TRUSTEE HALTERMAN stated that they are pretty straightforward documents and look great. She added that they are pretty clean and can be advanced.

CFO FARLEY mentioned that she also sent an update from RDLCO, the real estate advisor. They will be at the May board meeting.

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

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

MOTION: A motion that the Finance Committee forward the Draft Memorandum of Understanding with the Department of Revenue to the Full Board of Trustees for consideration and adoption. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE HALTERMAN.

CHAIR MORRIS asked for any discussion.

TRUSTEE HALTERMAN stated that it is a straightforward document. She reviewed them and they are pretty standard. She recommended advancing them as written.

CHAIR MORRIS asked for anything else. There being nothing, he called the vote.

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

TRUSTEE HALTERMAN had a point of clarification. She asked if they needed to have another motion about the budget reserve asset allocation.

CHAIR MORRIS replied that they made no changes, and he was going to leave it unsaid where

we could go back and do it. There was no motion made on that.

MOTION: A motion that the Finance Committee recommend no changes to the asset allocation for budget reserves managed by the State of Alaska Department of Revenue 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 asked for anything else to come before the Committee.

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

There being no objection, the MOTION was APPROVED.

CHAIR MORRIS adjourned the meeting.

(Alaska Mental Health Trust Authority Finance Committee meeting adjourned at 2:34 p.m.)