**ALASKA MENTAL HEALTH TRUST AUTHORITY**
**FINANCE COMMITTEE MEETING**
**HYBRID/ZOOM**

**July 30, 2026**
**8:30 a.m.**

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

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**Trustees Present**:
John Morris, Chair
Anita Halterman
Kevin Fimon
Brent Fisher, Ex-officio (virtual)

**Other Trustees Present:**
Agnes Moran (virtual)

**Trust Staff Present:**
Mary Wilson
Allison Biastock
Katie Baldwin-Johnson
Shannon Cochran
Valette Keller
Julee Farley
Luke Lind
Carrie Predeger
Michael Baldwin
Eric Boyer
Kat Roch
Kelda Barstad
Tina Voelker-Ross
Eliza Muse
Debie DeLong
Heather Phelps

**Trust Land Office staff present:**
Jusdi Warner
Jeff Green
Sarah Morrison

**Department of Law:**
Gene Hickey

**Also participating:**
Steve Centerr; Natalie (RCLCO)

## 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.

*There being no objections, the MOTION was APPROVED.*

### ETHICS DISCLOSURE

CHAIR MORRIS asked for any ethics disclosures. Hearing none, he moved to the minutes.

### APPROVAL OF MINUTES

**MOTION:** A motion to approve the minutes of April 23, 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.)*

**MOTION:** A motion to approve the minutes of May 11, 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.)*

### INFLATION-PROOFING DISCUSSION

CHAIR MORRIS stated that the first item on the agenda was an inflation-proofing discussion. He recognized Steve Center.

MR. CENTER stated that they would be having a discussion about inflation-proofing for the Trust as a whole. He shared a graphic that was pulled together after the end of FY25 and goes through June 30, 2026. He explained that the graphic represents three different figures and how they have grown over time. The green line is the total balance held at the Permanent Fund by the Trust; the orange line is the target inflation-proofing balance; and the blue line is the APFC corpus, which is the corpus as it has been formally inflation-proofed by ad hoc inflation-proofing transfers made by the trustees over the course of the last 20 to 30 years. He added that these set the stage for the discussions going forward.

TRUSTEE FIMON asked about the formula for inflation-proofing that is used in this graph.

MR. CENTER replied that they use the same formula the Permanent Fund uses. It adjusts the previous year's balance by the impact of inflation and any inflows from the TLO principal income transfers. He then explained the exact formula for each year's calculation. It takes the beginning year's inflation-proofing target, adds in any principal inflows from TLO income, and multiples that by the current year's 12-month CIP-U figure. The inflation-proofing is the base number, and he explained how they got that target. He continued that the Board does have to make formal ad hoc inflation-proofing deposits into the corpus in order to formally inflation-proof the Permanent Fund corpus if they believe that the Trust has that requirement by statute.

MR. HICKEY replied that it is not a mandatory requirement under statute to inflation-proof, and inflation-proofing is also not defined under the statute. He wanted to make sure that everyone was clear on that.

MR. CENTER then talked about the framework for preserving principal within the Trust. He stated that the APFC is legislatively required by statute to conduct inflation-proofing appropriations from the earnings reserve account on an annual basis to protect the long-term real value of the Alaska Permanent Fund against inflation. These annual transfers are made automatically to inflation-proof the principal, and they come out of the earnings reserve balance. That ultimately restricts the spendable assets within the Permanent Fund to what is held in the earnings reserve. This is a good model to create limitations around what can be spent from the Permanent Fund. It has effectively worked well to keep hands out of the cookie jar. It is a very large pool of assets that can be very attractive. Additionally, the Legislature can make ad hoc appropriations to inflation-proof the corpus if the earnings reserve grows sizably large. He continued his presentation, answering questions as he went along. Currently, based upon the opinion of the Legislature, the inflation-proofing model that the Permanent Fund uses is the model that should be used by the Trust.

TRUSTEE FISHER stated that the board has to decide if it is the responsibility of the Trust to spend the same amount for the trustees every year, or to protect the corpus so that it is available whatever the returns of the corpus bring back to spend, and then decide what the length of period is if they were going to do averages.

TRUSTEE HALTERMAN appreciated that Mr. Center was making the information pretty digestible. She continued that it is a complex topic that has been discussed on this Board for many years, with some outstanding issues for them to address. She asked counsel for some clarification with regard to the obligations, because there is a statutory obligation to protect the spending for current beneficiaries and future beneficiaries.

MR. HICKEY replied that there is the concept that current beneficiaries need to be treated the same as future beneficiaries, but was not sure it was in the statute itself.

TRUSTEE HALTERMAN asked for more clarification and more details on this.

MR. CENTER continued to the concept called the Real Value Funded Ratio which helps to determine what could theoretically be used for discretionary investments within the Trust. This is not related directly to the spending rate. This is not money leaving the Trust. This is money being used particularly for investments within TLODA. This is designed to be a stepwise process where each step needs to be done sequentially in order to help someone to determine what the level of discretionary capital is. He explained the illustrations of this concept on the slide. He continued to the final slide. The concept or the goal is for the Trust to maintain the long-term real purchasing power of the Trust by doing periodic reviews to determine a sustainable spending rate, which the Trust already does, and that is included in the AMPS. He continued that the new concept would be determining this Real Value Funded Ratio to determine what the potential discretionary investment level could be within the Trust. Then, if that Real Value Funded Ratio is above 1.1, the Trust has discretionary capital and could, theoretically, make investments in Trust Land Office development, assuming that each investment compares favorably versus the long-term projected rate of return of the Permanent Fund.

**AMPS REVIEW**

CHAIR MORRIS thanked Mr. Center and stated appreciation for his continuing to get things done on a remarkable fast pace. He moved to the next item on the agenda, the AMPS review. He stated that the last point of the discussion was a broad outline of the current working of AMPS. He continued that there would be more coming out for folks to see, discuss. We will have another meeting to try to move things forward once folks see the drafts and have time to digest it. He moved to the commercial real estate update.

**COMMERCIAL REAL ESTATE UPDATE WITH RCLCO**

> **MOTION:** A motion that the Alaska Mental Health Trust Authority Board of Trustees Finance Committee enter into Executive Session pursuant to the Alaska Open Meetings Act AS 44.62.310(c)(1) to discuss the update report from RCLCO concerning the Trust's remaining commercial real estate holdings. This discussion will include matters the immediate knowledge of which will have a material adverse impact on the finances of the Trust. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.
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> *After the roll-call vote, the MOTION was APPROVED. (Trustee Fimon, yes; Trustee Halterman, yes; Chair Morris, yes.)*

(Executive Session from 9:42 a.m. until 10:47 a.m.)

CHAIR MORRIS moved to the approvals.

**APPROVALS**

**FY27 BUDGET RATIFICATION**

> **MOTION:** The Finance Committee recommends that the Full Board of Trustees ratify the Legislature's Fiscal Year 2027 MHTAAR and MHT Admin Budget amounts as appropriated and therefore increase previous Fiscal Year 2027 trustee authorization by $381,000. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

MS. ROCH stated that this is a motion that is brought forward every year. There are always adjustments to things like health insurance, retirement contributions. This one also included the third year of COLA increase, which was added in. There were also some union contracts that included some increases, which is what the $381,000 is about. She continued that it is added in by Legislature, and comes back to the Board every year for ratification.

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

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

**FY27 PAYOUT AUTHORIZATION**

> **MOTION:** The Finance Committee recommends that the Full Board of Trustees authorize the transfer of $34,290,600 from the Alaska Permanent Fund Corporation

Budget Reserve Account to the Mental Health Settlement Income Account to finance the Fiscal Year 2027 budget. The CFO may fulfill this motion with one lump sum or multiple transfers, and the full transfer must be made prior to June 30, 2027. The CFO will report to the Finance Committee when the transfers are made. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

CFO FARLEY stated that this is authorization for her to transfer the funds from APFC Budget Reserves to fund the FY27 budget that was approved by trustees last year. This FY27 budget is the first year using the 4.5 percent payout.

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

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

**TRUST AUTHORITY OFFICE AGENCY BUDGET FY28**

**MOTION:** The Finance Committee recommends that the Full Board of Trustees approve the Fiscal Year 2028 Trust Authority Office MHT Agency Budget of $6,335,900. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

COO BALDWIN-JOHNSON stated that this budget reflects a 7 percent year over year, and that increase ending measured increase to support the operations, a slight increase in the travel for trustee meetings, staff travel, and such. For the services line, the primary driver of that net increase were interagency receipts, which were mandated costs billed to the Trust for shared services like IT and other kinds of things.

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

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

**TRUST LAND OFFICE AGENCY BUDGET FY28**

**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 2028 in the amount of $5,786,900.

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

**MOTION:** The Finance Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the operations and maintenance budget in the amount of $1,518,500. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

MS. MORRISON stated that it was important to talk about the TAB renovation project and the motion that will be at the end of the series of budget requests. She clarified that motion does rescind the original funding that the trustees had approved. She needed to make it very clear that the project is ongoing and is not going away. There was a change in the ability to spend from appropriations that are approved by trustees, and that OMB made a determination, along with their attorneys, that any of these projects that involve the program-related real estate, costs have to made from legislatively approved funds. The TLO had no access to the funding that the trustees had approved. She stated that the overall 2028 proposal for operating budget totals $5,786,900, which encompasses personal services, travel services, and supplies. Personal services has an increase of $99,500, which is merit increases, general staffing changes. That reflects a 4 percent increase from the prior year. The services line has an increase of 4 percent, which includes things like attorneys, architectural, and engineering. She pointed out that in FY27 they requested a 10 percent contract contingency as part of the TAB money they had to get included and will be dropped out in FY28. She continued through the budget, answering questions as she went along. She asked E.D. Warner to speak more about how the authority works for them to be able to redeploy capital into other projects.

E.D. WARNER stated that there is some discretion there, but it is all in the operating budget.

CHAIR MORRIS called the question.

> *After the roll-call vote, the MOTION was APPROVED. (Trustee Fimon, yes; Trustee Halterman, yes; Chair Morris, yes.)*
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> **MOTION:** <u>The Finance Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the Fiscal Year 2027 supplemental of $408,700 for maintenance and operations. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.</u>

MS. MORRISON stated that FY27 is the first year that the Trust had to include the operations and maintenance costs for the PRRE properties. At that time, that included the Cordova building and the Trust Authority building. Also included for FY27 is 3710 East 20$^{th}$, in anticipation of that building being vacant. Additionally, when they originally planned for the FY27 costs, they just had the FY26 budget for those properties. They are adding a 10 percent escalation for those properties. She stressed that it is even more critical to do because of that OMB determination that PRRE costs need to come from legislatively approved sources. The new amount for FY27 with a supplemental is $1,304,500, representing a $408,700 increase from the original request.

E.D. WARNER stated that this gives the Trust Land Office the ability to pay the bills, keep the lights on, and operations going. She added that the $5 million number that was approved for TLO operations for the office cannot be used for the properties but can be used for TAB if something runs over with the TAB because that final is being approved.

CHAIR MORRIS called the question.

> *After the roll-call vote, the MOTION was APPROVED. (Trustee Fimon, yes; Trustee Halterman, yes; Chair Morris, yes.)*
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> **MOTION:** <u>The Finance Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the FY27 supplemental of $90,500 to provide contingency funding for the Trust Authority Building Renovation Project. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.</u>

E.D. WARNER stated that this is where they were asking for a 10 percent contingency of the contract amount for FY27, which was much lower than originally anticipated in the budget that trustees approved prior.

TRUSTEE HALTERMAN asked if this was an account that is being held in case needed, and if not used, would it lapse.

E.D. WARNER replied that this will be in the operating budget for that purpose, and if not spent it will lapse.

CHAIR MORRIS called the question.

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

> **MOTION:** <u>The Finance Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the FY27 supplemental of $439,700 to fund tenant improvements. This will be included in the Trust Land Office budget as a capital budget item. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.</u>

MS. MORRISON explained that this goes back to those original amounts that trustees approved. There was $439,700 available to fund tenant improvements should they be necessary to get a tenant in there. The ultimate amount would be negotiable depending on a variety of factors with a specific lease. Any amount higher than that must be paid by the tenant. She added that it would not lapse until it is done, or the trustees decide not to do it anymore. It would just be when those improvements are needed.

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

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

> **MOTION:** <u>The Finance Committee recommends that the Full Board of Trustees rescind its motion from August 27, 2025, concerning the funding needed and approved for the TAB mechanical equipment in the amount of $3,254,788 and the Board's motion made at its May 2026 meeting by permitting expenditures to incur in Fiscal Year 2026 through 2028. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.</u>

MS. MORRISON stated that this removes the separate funding authority the trustees had approved prior due to that change in the funding authority. We have requested and been approved, so far, for all of the parts and pieces that go into funding this. They are going into other parts of the budget, so this is no longer necessary.

TRUSTEE FIMON asked if there was a new number replacing the $3 million, or is it just being rescinded.

MS. MORRISON replied it is being rescinded and not being replaced.

MR. HICKEY stated that this motion was being made at his request because, having been approved, it would have been authorization for the TLO to spend that $3.2 million. Money for the TAB renovation, most of it, was included in last year's operating budget to cover those last appropriations. The spending authorization has been approved.

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

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

CHAIR MORRIS asked if there was anything else anyone would like to say or discuss. Hearing nothing else, he entertained a motion to adjourn.

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

CHAIR MORRIS thanked all and adjourned the meeting.

(The Alaska Mental Health Trust Authority Finance Committee meeting adjourned at 11:22 a.m.)