

Trust

Alaska Mental Health Trust Authority

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Asset Management Policy Statement
Adopted: ~~May 22, 2024~~TBDAugust 1, 2025

Asset Management Policy Statement

Purpose

The Asset Management Policy Statement ("AMPS") specifically delineates the asset-management philosophy and policiespractices of the boardBoard of trusteesTrustees (the boardBoard) of the Alaska Mental Health Trust Authority (the Trust"AMHTA"). It has been developed with the goal of ensuring and enhancing Trust aAssets for beneficiaries today and in the future to serve as the management plan for those assets entrusted to the boardBoard. The boardBoard believes it is essential to adopt a long-term plan by which these assets will be maintained and enhanced through prudent managementprudently managed. The AMPS may be revised by action of the boardBoard, and should be reviewed annually. The boardBoard has adopted the AMPS to serve as that long-term plan, in order that:

- there be a clear understanding on the part of the trusteesTrusteesBoard, staff, beneficiaries, and the public as to the objectives, goals, and restrictions with regard to the management of Trust assets;
- assets be structured and managed in a prudent manner; and
- there be a meaningful basis for performance evaluations of asset classes, managers, and strategies used to achieve the management objectives.

Background

Creation of the Trust

The Alaska Mental Health Trust (the "Trust") was established by Congress under the Alaska Mental Health Enabling Act of 1956 ("Act"). The 1956 lawAct included a grant to the State of Alaska of one million acres of land to be held in trust and used to generate revenues to ensure the development of a Integrated Comprehensive Integrated Mental Health Program for the State of Alaska. In the mid-1980s, a class-action citizen lawsuit, Weiss v. State, was filed, alleging the mismanagement of these lands. In 1994, the Alaska Legislature passed legislation that was subsequently approved by the Alaska Superior Courts as a settlement of the litigation (the settlement"Settlement").

Settlement Framework

The settlement reconstituted the Trust with an initial \$200 million in cash and nearly one million acres of land. A seven memberboardThe Board

consists of trustees ~~Trustees~~ seven members ("Trustees") and it was created and charged with the fiduciary responsibility of administering the Trust. The settlement ~~Settlement~~ included statutory language (AS 37.14.009(a)) that assigned the Alaska Permanent Fund Corporation ("APFC") management of the Mental Health Trust Fund and assigned the Department of Natural Resources ("DNR") ~~management of Trust land, natural resource assets, and associated improvements.~~ The 1994 legislation required DNR to establish a separate unit, the Trust Land Office ("TLO"), for this purpose. Other Trust funds, such as Trust income allocated for annual mental health program spending, a portion of budget reserves, and, on a short-term basis, cash receipts generated by the TLO are managed by the Department of Revenue (DOR).

The boardBoard directs the financial management of the earnings from the assets of the Trust, which exist solely to improve the lives of current and future Trust beneficiaries ~~into programs and projects~~, that are designed to improve the lives of Trust beneficiaries: Alaskans who experience mental illness, developmental disabilities, chronic alcoholism, and others who suffer major mental illness as set forth in AS 44.25.290 and 20 AAC 40. Alzheimer's disease and related dementia, traumatic brain injury and substance abuse disorders (see AS 44.25).

Mission Statement

The boardBoard has adopted the following mission statement for the Trust:

The Alaska Mental Health Trust Authority (the Trust) administers the Mental Health Trust to improve the lives of beneficiaries. Trustees have a fiduciary responsibility to protect and enhance trust assets in perpetuity for the beneficiaries. The Trust provides leadership in advocacy for and planning, implementing and funding of the Comprehensive Integrated Mental Health Program; and acts as a catalyst for change.

Roles and Responsibilities

Board of Trustees

Established by AS 44.25.200, the boardBoard ~~of trustees~~ Trustees is the governing body for theAMHTA ~~Alaska Mental Health Trust Authority~~. The boardBoard has the responsibility of establishing and maintaining broadBoard policies and objectives for the prudent management of Trust assets. Trustees are fiduciaries of the Trust. The Board establishes broad policies and sets the direction for asset management in this AMPS. The board delegates the implementation of these policies to the board's finance committee, resource management committee, executive committee and to staff. In doing so, the boardBoard maintains a "top-down" perspective,

focusing on important policy-level issues, and maintaining the proper fiduciary perspective and time horizon for analysis of the performance of Trust assets. The Board may, from time to time, seek the input of third-party experts, such as investment managers or consulting firms, to assist with their fiduciary responsibilities.

Finance Committee

The ~~board~~Board of trustees ~~Trustees~~ has established a ~~finance~~Finance committee ~~Committee~~ to assist the ~~board~~Board in the financial oversight and strategic financial planning for the Trust. This ~~committee~~Committee consists of ~~three~~ current voting members of the ~~board~~Board ~~of trustees~~Trustees and the Board Chair as a non-voting member. The Finance Committee considers the overall financial performance of Trust assets, including the real estate and natural resources managed by the Trust Land Office, and makes recommendations to the ~~board~~Board when necessary. The Finance Committee evaluates and makes recommendations to the Board on prospective capital investments of the Trust. The ~~committee~~Finance Committee will consult with the Chief Financial Officer and Chief Executive Officer to oversee the implementation of this AMPS. Additional responsibilities may be found in the ~~committee~~Finance Committee charter. The Finance Committee may, from time to time, seek the input of third-party experts retained by AMHTA, such as investment managers or consulting firms, to assist with their fiduciary responsibilities.

Resource Management Committee

The ~~board~~Board of trustees ~~Trustees~~ has established a ~~resource~~Resource management ~~Management committee~~Committee to assist the ~~board~~Board in the oversight and strategic planning for the land, natural resource assets, and associated improvements held by the Trust. This ~~committee~~Committee consists of ~~three~~ current voting members of the ~~board~~Board and the Board Chair as a non-voting member ~~of trustees~~Trustees. The ~~committee~~Resource Management Committee will consult with the Chief Executive Officer and the Trust Land Office to oversee ~~the implementation of this AMPS regarding~~ the Trust's land, natural resource assets, and associated improvements by the Department of Natural Resources. Additional responsibilities may be found in the ~~committee~~Resource Management Committee charter. The Committee may, from time to time, seek the input of third-party experts retained by AMHTA, such as investment managers or consulting firms, to assist with their fiduciary responsibilities.

Chief Executive Officer

As defined by AS 44.25.230, ~~the staff position that serves the board~~ ~~Board basis~~ the Chief Executive Officer (“CEO”) is the staff position that is responsible for the day to day management of ~~of the~~ AMHTA and serves the Board. The Chief Executive Officer CEO implements the policies established by the ~~board~~ ~~Board~~ of Trustees according to the authorities and guidelines provided in ~~state~~ statute, regulations, AMHTA by laws, and the Chief Executive Officer CEO charter. ~~Additionally, the Chief Executive Officer CEO serves as the manager of the Commercial Real Estate Limited Liability Corporations, if any, and may utilize the expertise of a third-party asset managers, listing agents, real estate brokers, leasing agents and others~~ retained by AMHTA to assist with this responsibility.

Chief Financial Officer

The Chief Financial Officer (“CFO”) provides reports on investment activity and results, as well as provides general oversight of the Trust investments. As part of the annual budgeting process, the Chief Financial Officer CFO will make a calculation and a recommendation to the Finance Committee as to the amount of money that should be withdrawn ~~for from~~ the investment accounts to fund Trust activity. Where investment managers require administrative direction from the Trust to implement the investment policies and strategies (such as rebalancing activities) the Chief Financial Officer CFO provides that direction in accordance with established ~~Board~~ policies.

Trust Land Office (TLO)

The office has responsibility for management of the Trust's ~~property and land~~, natural resource assets, ~~and associated improvements~~. The TLO was established within the Department of Natural Resources under AS 44.37.050.

Trust Land Office (TLO) Executive Director

~~The TLO Executive Director has overall responsibility for the management of approximately one million acres of Trust land with accountability to the Trust and its beneficiaries. This position reports to the Chief Executive Officer CEO of the Trust. In fulfilling the contract with the board described in AS 37.14.009, this staff position serves the commissioner of the Department of Natural Resources as the Executive Director of the Trust Land Office. Per the Memorandum of Understanding with the Department of Natural Resources, the Commissioner has delegated the authority to select/replace the Executive Director to the Trust with concurrence of the~~

~~DNR Commissioner.~~

Alaska Permanent Fund Corporation (APFC)

~~The Alaska Permanent Fund Corporation~~ APFC manages the Mental Health Trust ~~Authority Investment Fund and other Trust assets~~ as agreed by the ~~trustees Board~~ and APFC in accordance with AS 37.14.009.

Department of Revenue (DOR)

The ~~Department of Revenue~~ DOR manages funds for the State of Alaska, including ~~Trust~~ AMHTA budget reserves and other short-term investments.

Statement of Asset Management Philosophy

~~The AMPS serves as a framework to ensure maximum resources enable prudent management of Trust resources so that they remain are available to current and future beneficiaries.~~ The AMPS helps the ~~board~~ Board effectively supervise, monitor, and evaluate the investment and management of the Trust's liquid and non-liquid assets. The ~~short-term cash, liquid and non-liquid~~ investment programs ~~and Trust land and resource management program~~ are defined in the various sections of the AMPS by:

- stating in a written document the ~~board's~~ ~~Board's~~ expectations, objectives, and guidelines for management of the ~~short-term cash, liquid and non-liquid assets~~;
- complying, or ensuring compliance, with all applicable fiduciary, ~~prudence~~ ~~prudent investor~~, and due diligence requirements, ~~including the requirements of AS 37.10.071~~, that experienced investment professionals and land managers would reasonably utilize, and with all applicable laws, rules, and regulations that may impact Trust assets;
- setting forth an investment structure for the ~~liquid assets of the~~ Trust; this structure includes various accounts, asset classes, investment management styles, risk tolerance, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term;
- establishing guidelines for management of the Trust's non-liquid assets consistent with the TLO's long-term asset management strategy as defined in 11AAC 99.090(c);
- monitoring, evaluating, and comparing the investment performance results achieved by APFC, DOR, and TLO on a regular basis;
- encouraging effective communications between the ~~trustees~~ ~~Trustees~~ ~~Board~~, staff, APFC, DOR, and TLO;

- establishing a framework to aid ~~trustees~~ the Board ~~Trustees~~ in determining the annual available funding amount for ~~protection and enhancement of Trust assets and~~ spending on behalf of the beneficiaries in mental health programs and projects, and protecting and enhancing the value of the Trust for future beneficiaries; and
- establishing policies and procedures for systematic evaluation of relative risk and returns for prospective investments as compared to the best available alternate investments.
- ~~aligning asset management strategies with the time horizons identified in the comprehensive mental health plan.~~

This AMPS is formulated upon the ~~board's~~ Board's consideration of the financial implications of a wide range of policies and describes the prudent ~~liquid, and non liquid~~ investment processes that the ~~trustees~~ Trustees ~~Board~~ deems appropriate.

The ~~board~~ Board recognizes that even though its investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. This prevents ad-hoc revisions to the ~~board's~~ Board's philosophy and policies in reaction to either speculation or short-term market fluctuations.

The ~~board~~ Board recognizes that the Trust has many stakeholders with differing levels of expertise and will make reasonable efforts to develop policies that are easily communicated to ~~partner~~ statutory boards, advisors and other stakeholders, so that the framework for decision making is clear and transparent.

Asset Management Objectives

The asset management objectives of the Trust have been established by the ~~board~~ Board in conjunction with a comprehensive review of the Trust's current and projected financial requirements. The investment earnings from liquid assets and income produced from ~~Trust~~ non-liquid assets may ~~will~~ be used primarily ~~to protect and enhance the value of Trust assets and~~ implement annual mental health program funding strategies and ~~secondarily to protect the enhance the value of the Trust for future beneficiaries~~. Accordingly, investment results and Trust land resource management decisions are critical elements in achieving the outcome objectives of the Trust. ~~The overarching asset management objective is to maintain appropriate cash asset allocation and trust land management policies that are compatible with the spending policy while still having the potential to produce positive real returns.~~

Short-Term Cash Management Objectives

Specific short-term cash management objectives are to:

- primarily protect the Trust's short-term capital needs;
- achieve a rate of return comparable to that offered by short-term savings accounts such as money market funds or investment grade short duration bonds;
- allow for as-needed liquidity to meet the cash flow needs of the Trust.

Liquid Asset Management Objectives

Specific liquid asset management objectives are to:

- preserve and enhance the purchasing power of the Trust's cash principal ~~and the income-generating capacity of the Trust's non-liquid asset portfolio;~~
- ~~achieve a real rate of return (above inflation) of five percent (5%) over a full market cycle with reasonable and prudent levels of risk; and~~
- provide a steady, reliable payout stream to ensure funding of program spending goals while maintaining sufficient liquidity in all market environments.

Non-Liquid Asset Management Objectives

Specific non-liquid land, ~~and~~ natural resource management and ~~commercial real estate~~ objectives are to:

- protect and enhance the non-cash asset value and productivity of Trust property;
- maximize revenues from Trust non-liquid assets over time;
- encourage a diversity of revenue-producing uses of Trust non-liquid assets;
- manage Trust land prudently, efficiently, and with accountability to the Trust and its beneficiaries; and
- use Trust non-liquid assets for beneficiary purposes, when such use is found to be in the best interest of the Trust and its beneficiaries.

Guidelines and Investment Policy

Time Horizon

The investment time horizon, ~~also referred to as duration~~, is one of the major ~~factors—considerations when evaluating an asset allocation in achieving positive investment results. In order to appropriately balance investment decisions and spending decisions, the The TrustAMHTA~~

considers several time horizons:

Short-Term: ~~The TrustAMHTA invests-maintains~~ funds that are held temporarily, pending use by ~~Trustits~~ programs or other investment decisions. These investments have an approximate time horizon ~~of up to~~ two years with an emphasis on preservation of capital rather than growth. Investments in this area include the funds held in the General Fund and Other Non-Segregated Investment ("GeFONSI") ~~account-pool~~ managed by the Department of Revenue¹. The GeFONSI ~~account-pool~~ is intended to produce ~~moderate-cash-like~~ returns with low levels of risk; accordingly it holds a mix of ~~high-high~~-quality, ~~short-short~~ term securities and holds the regular operating funds used by ~~the TrustAMHTA~~. ~~The Trust's~~AMHTA's GeFONSI accounts include the following

- Trust Settlement Income Account (SIA): ~~(GeFONSI Fund 1092)~~
- Trust Authority Development Account (TADA): ~~(GeFONSI Fund 3320)~~
- ~~Central Facilities Fund-Trust Land Office Development Account ("TLODA")~~: ~~(GeFONSI Fund 3322)~~

From time to time, as part of the operations of the ~~commercial-Commercial real-Real estate-Estate~~ portfolio, ~~the TrustAMHTA~~ may also hold cash, certificates of deposit, or money market accounts in federally insured banks. These funds are generally invested in low-risk, highly liquid accounts and include:

- Operating Accounts for Building management
- Property Reserves for Capital Improvements

Medium-Term: ~~The TrustAMHTA~~ invests funds that may be needed in the future for use by ~~Trustits~~ programs. These investments have an approximate time horizon of five to seven years with an emphasis on balancing preservation of capital while still achieving growth. Investments in this area include:

- Budget Reserves managed by DOR

Long-Term: ~~The TrustAMHTA~~ also invests funds for the benefit of future beneficiaries. These investments are managed for long term growth, with a time horizon of seven ~~years and beyond to twenty years~~. Investments in this area include:

- Mental Health Trust Fund, including Budget Reserves managed by APFC
- Commercial Real Estate ~~holdings~~ managed by the ~~TLO~~ ~~Chief Executive Officer~~ ~~CEO~~
- ~~Trust Land Office Development Account (TLODA)~~ projects managed by the TLO

¹ Additional information regarding the GeFONSI pool can be found at <https://treasury.dor.alaska.gov/home/investments/gefonsi>

Risk Tolerance

~~Investment risk is generally correlated with investment returns. The potential for investments to perform differently than anticipated (producing either significantly better or worse returns) is referred to as volatility. Deciding how much volatility within the portfolio is acceptable is a critical decision in determining potential investment results and achieving positive investment results, net of inflation. The Trust considers both the risk associated with specific investment strategies as well as the aggregate risk to total Trust assets.~~

~~The board recognizes the difficulty faced by APFC, DOR and DNR in meeting investment and Trust land resource management objectives because of the uncertainties and complexities of contemporary investment markets and the non-liquid asset management operating arena. The board also recognizes that some risk must be assumed to achieve the APFC's long-term investment objectives, the DOR's Budget Reserve investment objectives, and the TLO's land management objectives. Further, in commingling Trust liquid assets with the Alaska Permanent Fund managed by the APFC, the ability to withstand short and intermediate term market volatility has been considered. The board will review the realized five-year and ten-year risk (standard deviation) of the Trust on a periodic basis (not less than once every three years) to ensure the Trust's overall portfolio has not exhibited an undue level of risk.~~

Asset Allocation

Careful allocation of Trust capital is an essential component of managing the overall ~~potential return and risk portfolio risk profile and of the Trust the potential return. Investing decisions strive for a balance between overweighting capital in a narrow section (concentration risk) and distributing capital so broadly that investments are not focused and generate mediocre results.~~ Asset allocation is the framework for managing investment decisions to achieve the desired result within an acceptable range of risk. Capital investment decisions must be made only after a thorough and systematic comparison of projected investment return and risk levels versus that of available alternatives, which include the APFC. Additionally, any potential labor demands on Staff and the Board along with the level of related institutional expertise required of the Staff and the Board must be considered.

The TrustAMHTA has unique features when considering asset allocation:

- By investing as a commingled account at the Alaska Permanent Fund, the Trust benefits from substantial economies of scale and reduced costs. However, the TrustAMHTA cannot adjust the asset allocation or the investment strategies employed by APFC and is subject to periodic changes to the return and risk targets adopted by APFC.

- Through the Settlement the Trust holds approximately one million acres of land throughout Alaska. This is a substantial asset for the Trust, but it has limited liquidity and is concentrated in Alaska.
- Associated with the land holdings, the TrustAMHTA participates in natural resource development (harvesting timber, mining, oil & gas production, etc.). This creates some sensitivity to commodity prices, foreign exchange rates, and the overall economic environment.
- The TrustAMHTA holds direct real estate investments in several commercial properties. The funds invested in these assets represent less than 10% of total Trust assets and have limited liquidity. The Commercial Real Estate portfolio has entered wind-down/liquidation and no new properties will be added to the program.
- The Trust maintains a commitment to serving beneficiary needs through the provision of facilities at lease rates that may differ from market rates. These program-related assets generate limited financial return to the Trust and should be excluded from asset allocation calculationsmay need to be considered as a separate asset class than other real estate investments.
- By investing as a commingled account at the Alaska Permanent Fund, the Trust enjoys economies of scale and reduced costs. However, the Trust cannot adjust the asset allocation or the investment strategies of the Alaska Permanent Fund, and is subject to periodic changes to the return and risk targets adopted by APFC.
- The Trust holds direct real estate investments in several commercial properties. The funds invested in these assets represent less than 10% of total Trust assets and have limited liquidity.

Considering these factors, the Finance Committee shall review the asset allocation annually following completion of the annual financial statement audit recommend andan adjustment to the asset allocation to the Board between the various accounts and the risk profile of the Department of Revenue Budget Reserve as necessary to achieve Trust objectives. The Chief Financial OfficerCFO, in coordination with external consultants, will provide the Finance Committee with an aggregate report of current asset valuations and make recommendations for reallocationsfor trusteeTrusteeBoard consideration. Asset allocation amounts are based on a range of invested funds rather than a dollar threshold. The Trust assets are categorizeddistributed as follows:

Investment Manager	Account	Risk Profile (1=Low, 5=High)	Asset Allocation
Department of Revenue (<u>Cash or</u> <u>GeFONSI</u>)	<u>GeFONSI</u>	<u>Low1</u>	Established by the Manager ²
Department of Revenue	<u>Budget Reserves</u>	<u>Moderate2</u>	Established by the

² Department of Revenue investment policies and allocations are published on line at:
http://treasury.dor.alaska.gov/Portals/0/docs/blue_book/investment_policies_and_procedures.pdf

(Budget Reserves)			Manager with Trust direction ³
Alaska Permanent Fund Corporation(<u>Trust Fund and Reserves</u>)	<u>Trust Fund and Reserve Balances</u>	Moderate3	Established by the Manager ⁴
Trust Land Office-Commercial Real Estate LLCs (CEO and Third-Party Manager(s))	<u>Commercial Real Estate</u>	Moderate4	Established by the Trust ⁵
Trust Land Office <u>TLODA Projects</u> (including PRI activity)	<u>TLODA Projects</u>	Moderate5	Established by the Trust ⁶

Performance Expectations

A substantial significant factors in achieving positive long term investment results areis the costs and fees associated with investment services. The Trust has two external managers that handle financial investments: the Alaska Permanent Fund Corporation APFC and the Department of Revenue DOR. Because of the amount ofsubstantial assets managed by the Permanent Fund Corporation APFC⁷ and the State of Alaska GeFONSI investment pool⁸ the Trust receives the benefit of their purchasing power and economies of scale. This relationship allows for investments to be made at a lower cost than what would otherwise be available to the Trust and contributes to the longlong term growth of Trust investments. Accordingly, the Trust AMHTA seeks to work with these agencies as our investment managers whenever possible.

Short-Term and Liquid Asset Managers

Alaska Permanent Fund Corporation

APFC management responsibilities for the Trust's principal Fund are provided for in APFC statute and a memorandum of agreement between the Trust and the APFC (APFC MOA).

The boardBoard reviews the long-term performance, risk, and liquidity characteristics of the APFC-managed investments on a periodic basis (but

³ The Trust AMHTA gives broad guidance around which Department of Revenue DOR investment funds the Trust should participate in. Descriptions of the allocations and investment pools are published on line at: http://treasury.dor.alaska.gov/Portals/0/docs/blue_book/investment_policies_and_procedures.pdf under the section Z-1.

⁴ The Permanent Fund Asset Allocation framework and targets are published at:

<https://apfc.org/diversification-framework-asset-allocation/>

⁵ Current allocation is sevenfour properties, with approximately \$4025.6 million in invested funds.

⁶ The Trust has made an allocation of up to \$8 million in development projects, but has not yet approved projects from this account.

⁷ \$6584 Billion as of May 2019February 2025

⁸ \$3 Billion as of May 2019February 2025

not less than annually) ~~and evaluates whether the APFC's asset allocation strategy meets the long term investment return objective of the Trust with an acceptable level of risk. The finance-Finance committee-Committee will meet with representatives from the APFC investment staff~~ on a periodic basis (but not less than annually) to review the APFC's investment strategy ~~and adherence to investment policy and guidelines.~~

The performance target for the APFC investments~~s~~ will be APFC's current ~~Blended custom~~ Performance Benchmark, as outlined by the APFC, ~~along with APFC's long term Total Fund Return Objective of CPI+5%.~~

Department of Revenue

The asset allocation for Budget Reserves under management of the Treasury Division is directed by the ~~trustees~~TrusteesBoard.

The Department of RevenueDOR Treasury Division holds and manages ~~one half~~75% of the Budget Reserve, cash balances of the Central Facilities Trust
Land Office Development AccountTLODAFund, ~~cash balances of the Trust Authority Development Account~~TADA, and on a short-term basis the ~~revenue~~income generated by the TLO and Trust income allocated by the ~~trustees~~TrusteesBoard for spending on the Integrated Comprehensive Integrated Mental Health Program ~~held within the Settlement Income Account~~SIA.

Investments of the Budget Reserves are made pursuant to guidance provided by ~~the~~CFOstaff under the fiduciary direction of the ~~board~~Board. In executing their duties, the ~~finance-Finance committee-Committee~~ shall periodically (not less than every three years) review asset allocation independently or request consultation from outside entities and, if appropriate, recommend the ~~board~~Board adopt changes.

The ~~Central Facilities Fund~~Trust ~~Land Office Development Account~~TLODA, ~~Trust Authority Development Account~~TADA, and ~~Settlement Income Account~~SDIA ~~are is~~ currently invested ~~in alongside~~ the General Fund and other ~~Other Non-Segregated Investments (GeFONSI account)~~. The ~~finance committee~~ shall periodically (not less than every three years) review the cash balances of the Trust in conjunction with projected expected expenditure or reinvestment demand and recommend an asset allocation to the ~~board~~.

The performance target for the Budget Reserves managed by the ~~Department of Revenue~~DOR ~~are is reviewed approved by the Board~~Trustees ~~on at least an annually basis, with any revisions approved by the Board~~Trustees. The performance target for the GeFONSI funds are specified in the Investment Policy Statement that is approved by the ~~Commissioner of~~ Revenue on an annual basis. a

Non-Liquid Asset Managers

Trust Land Office

The TLO manages the Trust's non-liquid assets, with the exception of the Commercial Real Estate portfolio, on behalf of the trustees in accordance with applicable statutes, regulations, and a memorandum of understanding between the Trust and DNR (DNR MOU). The land resource component of the Trust is made up of Alaskan land parcels, natural resource assets, and associated improvements. TLO management responsibilities are provided for in AS 38.05.801, 11 AAC 99, and the DNR MOU.

~~TLO outcomes are projected each budget cycle with annual outcomes addressed in annual TLO budgets approved by the board. While the TLO consults primarily with the resource management committee of the board on specific transactions, consultation can also occur between the TLO and the Trust Administration Office (TAO) and between the TLO and the board, in accordance with specific board policies or transaction circumstances.~~

~~The performance of direct private equity real estate will be annually evaluated using an index or indices determined by the finance committee. The performance of any projects funded through the Trust Land Office Development Account (TLODA) will be presented to the Board on at least an annual basis, including the calculation of financial metrics such as an internal rate of return (IRR) along with multiple on invested capital (MOIC) and distributions to paid-in capital (DPI) ratios. Such calculations are to be performed by the Chief Financial Officer, with the assistance of the TLO and third-party experts on an as-needed basis. TLODA projects should also be compared on a time-weighted basis versus a commodity-sensitive performance index, such as the FTSE CoreCommodity CRB® Index or similar. TLODA project's comparative performance to that of the APFC will be reported to the Board no less than annually, along with the performance of the APFC.~~

General operating expectations for the Trust Land Office TLO are governed by the Resource Management Strategy document. Of note are as follows:

- TLO will focus first on land or resources at the high end of their market values ("Best Markets") and then on land or resources with Best Market potential within the next two to ten years;
- land or resources not included above will be considered "Long Term Market" lands, with TLO management emphasis placed on reasonable value preservation and enhancement actions in the interim;
- generally, the TLO will focus on transactions that:
 - maximize return at prudent levels of risk;
 - contribute to a diverse assortment of resource activity;
 - provide ancillary values to the Trust; and
 - remove or prevent liability risks;
- leases are preferred over sales and, when reasonable to do so, land

- values should be enhanced before disposal through lease or sale;
- transactions should not harm values of or future opportunities associated with other Trust lands;
- lands, structures, and resources may be acquired when the acquisition will add value to the Trust's non-liquid asset portfolio through the Trust Land Office Development Account TLODA or will contribute to the mission of the Trust as a program-related investment, upon approval of the Board;
- investments in Trust land, including improvements funded by the Trust Land Office Development Account TLODA, should be consistent with the guidelines in the Resource Management Strategy and, when expected to generate increased value for the Trust, the projected exposed investment risk and results -results should must compete favorably with the projected long-term total rate of return and risk (standard deviation) of the Alaska Permanent Fund Corporation (10-year geometric annualized projected return of 7.30% as of January 2025);
- land exchanges may be considered, when associated costs and outcomes can be reasonably established;
- if beneficiary program uses of Trust lands are proposed at rents below fair market value, the increment between proposed rents and fair market value rents will be considered an allocation of Trust revenue and must be approved by the boardBoard. ; and
- lands, structures, and resources may be acquired when the acquisition will add value to the Trust's non-liquid asset portfolio or will contribute to the mission of the Trust in another way. All acquisitions will be analyzed on a 'Life Cycle Basis'; defined as the present value of the acquisition cost, the operating income/benefits during the holding periods and the value of the asset at disposition.

In accordance with AS 13.38, 20 AAC 40.610, and this AMPS, TLO revenue will be allocated as follows:

- To Principal: Land sale revenues; royalties from coal, gas, materials, minerals, and oil; perpetual easements; and 85% of revenues from timber sales.
- To Income: Interest from land sale contracts; bonus bids; rents; distributions from the commercial real estate portfolio and 15% of revenues from timber sales.

Commercial Real Estate Investments

The TLO Chief Executive Officer CEO monitors and manages the Commercial real Real estate Estate investment assets of the Trust. The CEO may engage a third-party asset management firm and others to assist with the monitoring and management of these assets. The TLOThe third-party asset management firm and others will provides advice and recommendations regarding Trust's non-liquid direct real estate

investments to ~~trustees~~ Trustees ~~the Board~~ when considering investment decisions.

The ~~board~~ Board reviews the long-term performance, risk, and liquidity characteristics of the real estate investments on a periodic basis (but not less than annually).

The performance target for the assets is the NCREIF Office Property Sector Return ~~and the performance of the APFC~~.

~~Revenue from the Commercial Real Estate portfolio in the form of rents, net sale proceeds, rebates and all other revenue shall be allocated to income.~~

Control Procedures

AMPS Revisions

It is not expected that the AMPS will change frequently. In particular, short-term changes in the financial, real estate and natural resource markets and associated operating arenas should not require adjustments to the AMPS. However, the ~~board~~ Board will review the AMPS at least annually to confirm it remains relevant. Additionally, the AMPS shall be reviewed if there is a ~~substantial sale of Trust non-liquid property or natural resource assets~~⁹, a fundamental change to how APFC manages its portion of the liquid assets, alterations to the ~~Trust's~~ AMHTA's spending policy, or if the ~~Trust~~ AMHTA is impacted by statutory revisions. ~~All revisions to the AMPS should be performed in consultation with external advisors.~~

Short-Term and Liquid Assets

APFC & DOR performance will be reviewed quarterly by the ~~finance~~ Finance committee ~~Committee~~ who will report all performance to the ~~board~~ Board to determine the continued feasibility of achieving the investment and Trust land management objectives and the appropriateness of the AMPS for achieving those objectives.

Non- Liquid Assets (Including Land, Natural Resources, and associated Associated improvements-Improvements and Commercial Real Estate(Non-Liquid Assets)

The TLO will maintain a level of management capacity necessary to prudently manage and develop Trust non-liquid assets over time. It is understood that this component of Trust non-liquid asset management

⁹ A substantial sale is considered a transaction one that generates cash proceeds large enough to materially change the Trust's financial performance. Using the 4.25% distribution rate, a sale of \$23 million in property would increase the annual portfolio distribution by \$1 million over the 4 year averaging cycle.

represents a significant expense to the Trust. Necessary management expenses will be reviewed and approved by the Finance Committee, Resource Management Committee and the Board on an annual basis.

The duties and responsibilities of the TLO are generally provided for in AS 38.05.801 and more specifically provided for in 11 AAC 99 and the DNR MOU. The specific management principles are provided for in 11 AAC 99.

TLO financial performance will be reviewed at least annually by the ~~finance Finance committee Committee~~ which will report all performance to the ~~boardBoard~~.

A review of the Commercial Real Estate portfolio will be presented to the Finance Committee at least annually by the CEO and/or the third-party asset management firm.

Total Trust Performance

On at least an annual basis, the total financial performance of the Trust assets will be presented by the CFO to the ~~boardBoard~~. Performance will be compared to a blended benchmark consisting of the following indices (weighted based upon the Trust's allocation to each category as of the beginning of each fiscal year):

- APFC Allocation: APFC's ~~Blended~~ Performance Benchmark
- DOR Budget Reserves: Blended Benchmark ~~aligned with asset allocations approved by the TrusteesBoard~~
- DOR GeFONSI: ~~Bloomberg Barclays 1-3 Year Gov't/Credit Index~~ GeFONSI's Custom Performance Benchmark
- TLODA Projects: ~~actual Actual~~ performance of the TLODA Project program
- ~~TLO Commercial~~ Commercial Real Estate: NCREIF ~~Property Office~~ Sector Return

Investment Guideline Monitoring

On at least an annual basis, the investment accounts of the Trust should be reviewed by the CFO to confirm they are being managed in accordance with all applicable investment guidelines. Any areas of deviation from stated guidelines should be noted and monitored on a quarterly basis by the Board, with an understanding that immediate correction may not be financially prudent. Once any guideline breach has been corrected, the Board may return to annual investment guideline reviews. Investment guidelines are as follows:

- APFC: The APFC Board of Trustees approves the APFC Investment Policy, which can be found on its website¹⁰. Confirmation of adherence to this policy should be part of the Board's annual review

¹⁰ The APFC Investment Policy can be found under the "Governance and Corporate Policies" archive online at: <https://apfc.org/report-archive/#14-35-governance-and-corporate-policies>

with the APFC.

- DOF Budget Reserves: The Department of Revenue-DOR manages the Budget Reserves account in accordance with a long-term asset allocation target established by the Board. This portfolio invests in a mixture of active and passive commingled investment vehicles and is rebalanced at least quarterly based upon cash flows in and out of the Trust. Any deviation from the long-term asset allocation targets should be minimal.
- DOF GeFONSI: Governed by the Investment Policy Statement approved by the Department of Revenue¹¹. It is anticipated that GeFONSI will not materially deviate from its stated investment guidelines.
- TLODA Projects: The Trust Land Office-TLO will implement all TLODA projects in accordance with the parameters for each project approved by the TrusteesBoard. The TLO will present an update on TLODA Projects to the TrustBoard on a periodic basis (but no less than annually).
- Commercial Real Estate: The Commercial Real Estate program is in wind-down/liquidation and no new properties should be added to the portfolio.

Cash Management Procedures

The Trust has elected to utilize the General Fund and Other Non-Segregated Investments (GeFONSI) account, managed by DOR, as its short-term cash management investment vehicle. The Trust has three primary cash management accounts that utilize GeFONSI: TADA (account 3320), TLODA (account 3322) and SIA (account 1092). In general:

- The Trust Authority Development Account (TADA) receives cash flows generated by TLO asset sales.
- Trust Land Office Development Account (TLODA) receives capital from Trust reserves to fund TLODA activity and any other TLO-related expenditures as approved by the Board, including any capital needs of the Commercial Real Estate investment program. This account is expected to maintain a target working balance of \$2 million.
- Settlement Income Account (SIA) is the account from which income available for appropriation and expenditure is deposited. SIA ultimately funds the Mental Health Trust Authority Authorized Receipts ("MHTAAR"), AMHTA agency budget, TLO annual budget, and other authorized grants. SIA is expected to maintain a working balance of the current fiscal year's withdrawal plus any residual balances from withdrawals yet to be spent. \$1 million. Any excess over this balance may be invested in the DOF Budget Reserve account in an effort to minimize cash drag on overall Trust

¹¹ The GeFONSI Investment Policy Statement can be found in section XII.A of the State of Alaska Department of Revenue Treasury Division Investment Policies and Procedures found at: http://treasury.dor.alaska.gov/Portals/0/docs/blue_book/investment_policies_and_procedures.pdf

performance.

Spending Policies

The board Board has the authority to authorize the expenditure of Trust funds to protect and enhance the value and productivity of Trust assets, for the award of grants and contracts in fulfillment of the Trust's purpose to ensure a Comprehensive Integrated Integrated Ceomprehensive Mental Mental Health Hhealth Program system Program, to protect and enhance the value and productivity of Trust assets, and, with legislative approval, the operating expenses of the Trust Authority Office ("TAO") and TLO. This Spending spending Policy policy outlines five board Board objectives:

1. follow a spending policy based upon a sustainable percentage of investment net asset values ~~and expendable income from Trust land management~~.
2. apply smoothing mechanisms to mitigate the effects of short-term market volatility on spending and maintain a reliable funding stream to ensure the support of a Integrated Comprehensive Ceomprehensive Integrated Mental Mental Health Hhealth Program system Program for the beneficiaries;
3. maintain the purchasing power of the Trust principal, including addressing the effects of inflation, by using the reserve model consisting of the Budget Reserve account originally recommended by Callan Associates LLC in 1996 and updated in 2025; and
4. establish a Budget Reserve account to ensure funding support for the Comprehensive Integrated Mental Health Program Integrated Ceomprehensive Mental Hhealth system Program is maintained in a difficult market environment;
5. protect and enhance the so that r ensure maximum resources are available to current and future beneficiaries corpus of the Trust by allocating sufficient resources to ensure that Trust assets are properly managed, including the use of funds allocated to the Trust Land Office Development Account TLODA, where appropriate and approved by the Board, to maximize the value and productivity of Trust non-liquid assets;

The board recognizes achieving Trust asset management objectives requires adequate resources be allocated for that purpose by reimbursing APFC and DOR for the reasonable costs of managing Trust assets.

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Annual Available Funding Framework

Having a relatively consistent and predictable funding stream is paramount to ensuring an effective Comprehensive Integrated Comprehensive Mental Health Program. To mitigate the effects of periodic market volatility on funding, the ~~board~~Board utilizes smoothing mechanisms to maximize funding consistency.

The following components have been established as a framework to aid ~~trustees~~Trustees~~the Board~~ in determining the annual available funding amount:

- An annual withdrawal calculation consisting of 4.254.50 percent of the rolling four year-end¹² average of the actual net asset value ("NAV") at the end of fiscal year for the aggregate of the following:
 - Principal Invested at APFC¹³
 - Budget Reserve invested at APFC
 - Budget Reserve invested at DOR
- The rolling two year-end average of known and termed lapsed appropriations funded from the Settlement Income Account SIA¹⁴, or other process approved by the ~~board~~Board to capture the value of prior year unused funds;
- The most recent finalized rolling two year-end average of income generated by Trust Land Office TLO operations;
- The interest earned on cash held with the General Fund and Other Non Segregated Investments (GeFONSI) managed by DOR for the most recent fiscal year;
- The unobligated/unallocated funds that could have been authorized in previous fiscal years under this framework calculation; and
- Other miscellaneous unrestricted revenues properly deposited into the Trust Settlement Income Account SIA such as contributions from partner agencies and the recovery of prior year expenditures received after the funding appropriation lapsed.

~~Trustees~~The Board reserves the right to expend additional funds when circumstances warrant. Concurrently, ~~trustees~~Trustees~~the Board~~ acknowledges that principal assets are not available for expenditure.

The annual withdrawal calculation amount will be transferred to the Settlement Income Account SIA and invested with the GeFONSI in one or

¹² To ensure clarity and consistency in calculations, the year-end amounts referred to in the Annual Available Funding Framework are defined as the amounts/values as of the end of the fiscal year (June 30th) rather than the end of the calendar year (December 31).

¹³ Funds in the Trust operating accounts Account are not included in the payout calculation unless Trustees approve otherwise.

¹⁴ Settlement Income Account fund 1092 only. Lapsed appropriations funded from other sources are not included in the calculation.

~~more transactions during each fiscal year with minimal risk on a lump sum or periodic basis by the CFO in consultation with the CEO based on market conditions and cash flow needs.~~

Budget Reserve Guidelines

In order to fulfill funding requirements during market downturns, a Budget Reserve account will be maintained to help ensure funding availability. Based on a Callan ~~Associates LLC~~ study of the Alaska Permanent Fund and the Alaska Mental Health Trust Fund, the Budget Reserve is set at 400% of the targeted annual withdrawal calculation amount. This reserve amount should be adequate to provide maximum assurance that the Trust will be able to meet annual funding goals.

Approximately ~~one-half~~^{75%} of the Budget Reserve shall be invested by the DOR. The remainder of the Budget Reserve shall be invested by the APFC in the same manner as the ~~P~~principal.

When ~~the APFC Budget Reserve allocation exceeds 100% experiences gains~~ for a given year, the Budget Reserve at DOR will first be adjusted up to ~~200~~³⁰⁰% of the current year's targeted annual withdrawal calculation ~~(if needed). If additional gains remain, adjustments will be made to the Budget Reserve invested by APFC.~~ When the Budget Reserve is fully funded at both DOR and APFC, funds may be used to help offset the effects of inflation ("inflation proofing") ~~by adjusting the Principal balance at APFC.~~ The effect of inflation will be estimated by using US Department of Labor Bureau of Labor Statistics CPI-U index¹⁵.

When the APFC or DOR experiences losses for a given year, the Budget Reserve at DOR ~~will may~~ be maintained or adjusted to ~~200~~³⁰⁰% of the annual withdrawal calculation from the Budget Reserve at APFC.

In the event of severe and/or sustained losses ~~or withdrawals~~ whereby the Budget Reserve is insufficient to meet the annual payout while maintaining at least ~~200~~³⁰⁰% of the current year's annual withdrawal calculation then the withdrawal rate or amount may be reviewed by the ~~trustees~~Trustees.

Full or partial inflation proofing may be facilitated by the following method:

- Inflation proofing permanent transfer (official non-spendable transfer)
 - Upon notification by the CFO that ~~trustees~~Trustees the Board ~~have has performed approved~~ an official and permanent inflation proofing ~~transfer~~, APFC will initiate an accounting entry to irretrievably transfer funds from Budget Reserves to the Mental Health Trust Fund ~~Principal~~.

Trust Land Office Development Account Guidelines

¹⁵ Consumer Price Index All Urban Consumers; U.S.; All Items; 1967=100
AHMTA Investment Policy Statement, ~~May 2~~^{TBD}~~2~~^{August 1, 2024}~~2025~~

~~The value and productivity of Trust liquid and non-liquid assets must be maximized through the reinvestment of Trust income where appropriate. This includes investments made through Program Related Real Estate (PRRE), the Resource Management Strategy (RMS) or other programs approved by trustees. So that To achieve ensure maximum resources are available to current and future beneficiaries, this objective~~, the Board will maintain a Trust Land Office Development Account (TLODA) to use Trust income to exchange one asset for another, to maintain or enhance the value of the Trust's existing non-liquid asset portfolio, either through prudent investments in non-liquid assets already owned by the Trust or through the acquisition of additional assets. Assets in the TLODA may also be used to acquire assets that enhance the capacity of the state's mental health program, such as facilities for delivering services to beneficiaries. This may be accomplished through the financing of projects, purchase/lease of assets, exchange or resale.

All recommendations for expenditure from TLODA must be presented by the TLO. Recommendations for expenditure from the TLODA will be noticed in the same manner as other Trust expenditures, including presentation to ~~appropriate Trust committees~~ the Finance and Resource Management Committees and final approval by ~~a committee or the board Board of trustees~~ Trustees, as provided for in the Trust bylaws. Recommendations will be based upon a specific work-investment plan with identified priorities. Such presentations should clearly detail the investment case for each TLODA project, including associated risks (including financial, operational, legal, and macroeconomic risks), and projected returns/internal rate of return (IRR) target for any proposed non-program related investment~~PRI/PRRE~~ and program related real estate ("PRI/PRRE") investments. These investments are expected to must compare favorably with the projected long-term total rate of return and risk profile of the Alaska Permanent Fund Corporation—APFC.~~(10 year geometric annualized projected return of 7.30% as of January 2025)~~.

Where TLODA funds are used to enhance the value of the Trust's existing non-liquid assets, each project will be accounted for individually and the ~~proceeds earnings~~ from the project will be used to calculate performance metrics such as an internal rate of return (IRR), multiple on invested capital ("MOIC"), and distributions to paid-in capital ("DPI"). These investments must compare favorably with the projected long-term total rate of return and risk profile of the APFC.

The ~~trustees TrusteesBoard~~ may adjust the TLODA IRR target on a ~~case by case~~case-by-case basis, reflecting the unique circumstances of each project. Classifying these cash flows between principal and income shall be done at the direction of the ~~trustees TrusteesBoard~~, in accordance with 20 AAC 40.610.

The TLODA projects may involve ~~real estate~~land ~~investment~~ and natural resource development, asset classes that are ~~potentially~~ illiquid or exposed to fluctuating commodity prices. Accordingly, the ~~trustees TrusteesBoard~~

~~have has established \$8 million as the maximum allocation to this account, representing approximately 1.5% of Trust liquid assets. requires TLODA projects to compare favorably both in terms of risk and return to alternative available investments, including APFC. In addition, these investments must be considered in terms of total Trust portfolio asset allocation. These projects will be reevaluated according to these metrics no less often than annually.~~

Additional allocations may be made in the future, depending upon the needs of the Trust.

Trust Land Office Commercial Real Estate Guidelines

~~The commercial Commercial real Real estate Estate assetsinvestments held by the Trust generate income through lease payments. These assets also have the potential to create value through appreciation, through a combination of property improvements, lease renewals, and overall economic growth. Management of these assets is outlined in the Resource Management Strategy and are handled by the Trust Land Office Chief Executive OfficerCEO. The CEO may choose to hire a third-party asset management firm and others to assist with the management and oversight of the Commercial Real Estate assetsinvestments, including the ongoing evaluation of potential property sales.~~

~~The Trust Land Office has been selected as the manager for these assets because of their unique and comprehensive knowledge of the Trust settlement lands and resources, which will minimize the potential for inadvertent concentration risk, their understanding of the Trust mission and objectives, which will assist with the alignment of investment decisions along with the Comprehensive Integrated Mental Health Plan, and their ability to perform these duties within their current responsibilities thereby creating a low incremental cost for their services.~~

There are three key features associated with the ~~commercial Commercial real Real estate Estate assetsinvestments~~ that should be considered as part of the AMPS:

- Each property has an annual budget for operations, debt service, and maintenance/capital improvements. ~~Because these costs must be paid to preserve the value of the assets, income generated by the properties will be used to fund these costs first, prior to making distributions to fund beneficiary programs.~~
- The properties ~~utilize participate in~~ the Central Facilities Fund ("CFF") ~~within TLODA~~, with contributions from the properties accumulating over time. These funds provide a cash flow cushion in the event that major improvements are needed to maintain the properties or to secure leases. ~~The fund has a target of \$2 million and contributions to the fund should be made prior to making distributions to fund beneficiary programs.~~

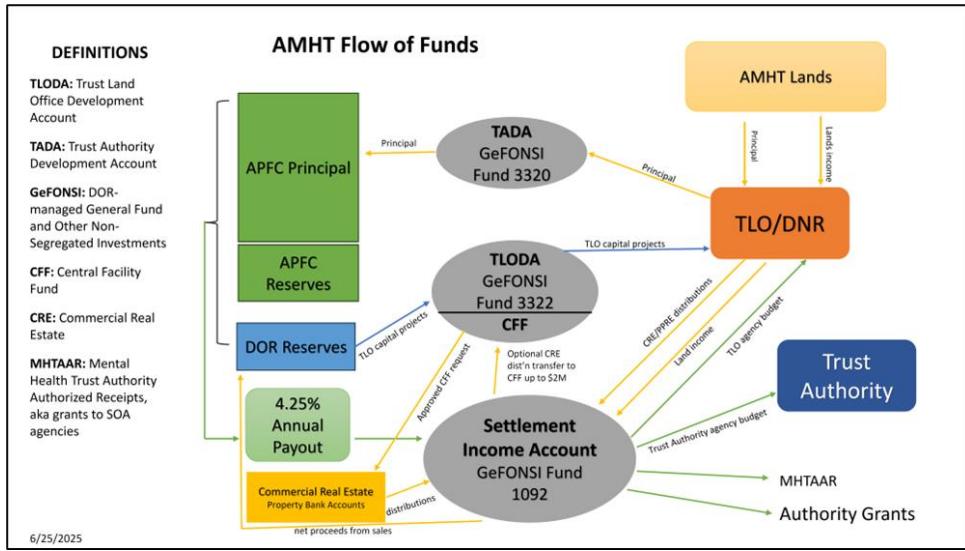
- Certain properties have outstanding ~~mortgagesdebt~~. These ~~mortgages loans~~ are structured as non-recourse debt, which limits the overall liability of the Trust. The terms of each mortgage, especially the timing of any balloon payment requirements, should be carefully considered as part of the overall investment strategy.

These assets ~~are managed by the Trust Land Office and~~ compose less than 10% of the Trust's overall investments. Each property has a commercial property manager that prepares an annual budget, collects the rents, and handles day ~~to-to~~-day operations. Expenditures must be part of the ~~trustee Trustee Board~~ approved annual budget ~~and TLO staff monitor the monthly results of each property.~~

~~These assets serve two purposes: they provide a hedge against volatility in the stock market and they generate income that supplements the annual distribution from the Trust portfolio. The Trust may elect to sell these assets and replace them with different assets at any time.~~

Flow of Funds Diagram

The following chart serves as a high-level illustration of the general flow of funds among the various Trust accounts.



Definitions

For purposes of ease of administration and understanding of this Asset Management Policy Statement, the following terms are defined or clarified:

THE ALASKA PERMANENT FUND CORPORATION (“APFC”): The Alaska Permanent Fund Corporation manages the liquid assets of the Alaska Mental Health Trust Authority under the APFC’s asset allocation policy as approved by the APFC Board of Trustees and its investment policies and guidelines for major asset classes.

ASSETS: Consists of the liquid and non-liquid assets of the Alaska Mental Health Trust Authority, including property and resource assets acquired by the TLO on behalf of the Trust.

BOARD: The governing body of the Alaska Mental Health Trust Authority established by AS 44.25.210.

BUDGET RESERVE: Budget Reserve is set at 400% of the targeted annual withdrawal amount. This reserve amount should be adequate to ensure the Trust’s ability to meet its spending goals in a difficult market environment and to provide liquidity in future years. The budget reserve is maintained both within the Department of Revenue Budget Reserve as well as the Alaska Permanent Fund Corporation.

CENTRAL FACILITY FUND (“CFF”): A component of the Trust Land Office Development Account used to finance operations and maintenance on buildings owned by the Trust, including capital improvements and leasing commissions for the Commercial Real Estate portfolio.

CHIEF EXECUTIVE OFFICER (“CEO”): The staff position as defined by AS 44.25.230 serving the Board as the chief executive officer of the Alaska Mental Health Trust Authority.

CHIEF FINANCIAL OFFICER (“CFO”): The staff position serving as the chief financial officer of the Alaska Mental Health Trust Authority.

COMMERCIAL REAL ESTATE (“CRE”) PORTFOLIO: A portfolio of commercial real estate properties held by the AMHTA. The CEO is responsible for management and potential disposition of the CRE portfolio. At this time, no new properties are to be added to the CRE portfolio.

GENERAL FUND AND OTHER NON-SEGREGATED INVESTMENT (“GEFONSI”): An investment pool managed by the Alaska Department of Revenue Treasury Division. The pool buys fixed income securities on behalf of the Trust and tracks the earnings and value of the Trust’s share of the pool.

LIQUID ASSETS: Assets of the Alaska Mental Health Trust Authority that are invested through the Department of Revenue (DOR), under management of the Treasury Division, and also through the Alaska Permanent Fund Corporation (APFC).

NON-LIQUID ASSETS: Assets of the Alaska Mental Health Trust Authority that consist of property and natural resource assets. Such assets are managed for the Trust by the Trust Land Office (TLO).

SETTLEMENT: The statutes, settlement agreement, letters clarifying the settlement agreement, and the final Superior Court order creating and approving the settlement of Weiss v. State of Alaska.

SETTLEMENT LAND: The properties and associated improvements transferred to the Trust as part of the original Mental Health Enabling Act (PL 94-830) as well as the properties subsequently transferred to the Trust as replacement lands via the Settlement.

STAFF: The CEO, CFO, Trust Land Office Executive Director, all employees of the AMHTA and the TLO.

TRUST: The Alaska Mental Health Trust established by Congress under the Mental Health Enabling Act of 1956.

TRUST AUTHORITY: The Alaska Mental Health Trust Authority established by AS 44.25.200.

TRUST AUTHORITY DEVELOPMENT ACCOUNT ("TADA"): The holding place for cash principal until it is transferred to the APFC for investment by the Alaska Permanent Fund. The account is maintained on the state accounting system as GASB fund 3320. Prior to September 2014, this account was referred to as the Trust Land Development Account.

TRUST AUTHORITY OFFICE ("TAO"): The office with responsibility for providing support to the chief executive officer and Board of Trustees in management of Trust financial assets and in assuring development of the Integrated Comprehensive Mental Health Program.

TRUST LAND OFFICE ("TLO"): The office with responsibility for management of the Trust non-liquid assets and natural resource assets and associated improvements established within the Department of Natural Resources under AS 44.37.050.

TRUST LAND OFFICE DEVELOPMENT ACCOUNT ("TLODA"): where a portion of spendable income has been assigned for future use on natural

resource development projects or other activities authorized by the Trustees. The account is maintained on the state accounting system as GASB fund 3322.

TRUST LAND OFFICE ("TLO") EXECUTIVE DIRECTOR: In fulfilling the contract with the Board described in AS 37.14.009, this staff position serves the commissioner of the Department of Natural Resources as the Executive Director of the Trust Land Office. Per the Memorandum of Understanding with the Department of Natural Resources, the Commissioner has delegated the authority to select/replace the Executive Director to the Trust with concurrence of the Commissioner.

TRUST LAND PORTFOLIO: The non-liquid assets of the Alaska Mental Health Trust Authority that are managed by the Trust Land Office, including improved properties and facilities. The land portfolio includes properties acquired through the Settlement as well as other properties acquired for program related investment (PRI).

TRUST SETTLEMENT INCOME ACCOUNT ("SIA"): The GeFONSI account in which income available for appropriation and expenditure is deposited (and from which agencies receiving MHTAAR funded appropriations expend). The account is maintained on the state accounting system as GASB fund 1092.

TRUSTEE(S): The Board of Trustees of the Trust Authority, either collectively or individually.

For purposes of ease of administration and understanding of this Asset Management Policy Statement, the following terms are defined or clarified:

THE ALASKA PERMANENT FUND CORPORATION (APFC): The Alaska Permanent Fund Corporation manages the liquid assets of the Alaska Mental Health Trust Authority under the APFC's board's asset allocation policy as approved by the APFC Board of Trustees and its investment policies and guidelines for major asset classes.

ASSETS: Consists of the liquid and non-liquid assets of the Alaska Mental Health Trust Authority, including property and resource assets acquired by the TLO on behalf of the Trust.

BOARD: The governing body of the Alaska Mental Health Trust Authority established by AS 44.25.210.

BUDGET RESERVE: Budget Reserve is set at 400% of the targeted annual withdrawal amount. This reserve amount should be adequate to ensure the Trust's ability to meet its spending goals in a difficult market environment and to ensure liquidity in future years. The budget reserve is maintained both within the state treasury Department of Revenue Budget Reserve as well as the Alaska Permanent Fund Corporation.

CHIEF EXECUTIVE OFFICER (CEO): The staff position as defined by AS 44.25.230 serving the board Board as the chief executive officer of the Alaska Mental Health Trust Authority.

CHIEF FINANCIAL OFFICER (CFO): The staff position serving as the chief financial officer of the Alaska Mental Health Trust Authority.

GENERAL FUND AND OTHER NON-SEGREGATED INVESTMENT (GEFONSI): An investment pool managed by the Alaska Department of

Revenue Treasury Division. The pool buys fixed income securities on behalf of the Trust and tracks the earnings and value of the Trust's share of the pool.

LIQUID ASSETS: Assets of the Alaska Mental Health Trust Authority that are invested through the Department of Revenue (DOR), under management of the Treasury Division, and also through the Alaska Permanent Fund Corporation (APFC).

NON-LIQUID ASSETS: Assets of the Alaska Mental Health Trust Authority that consist of property and natural resource assets. Such assets are overseen by the Trust Land Office (TLO).

~~TRUST SETTLEMENT INCOME ACCOUNT: The GeFONSI account in which income available for appropriation and expenditure is deposited (and from which agencies receiving MHTAAR funded appropriations expend). The account is maintained on the state accounting system as GASB fund 1092.~~

~~TRUST AUTHORITY DEVELOPMENT ACCOUNT: The holding place for cash principal until it is transferred to the APFC for investment alongside the Alaska Permanent Fund. The account also holds some funding for previously authorized development projects that are being completed. The account is maintained on the state accounting system as GASB fund 3320. Prior to September 2014, this account was referred to as the Trust Land Development Account.~~

~~TRUST FACILITY MAINTENANCE ACCOUNT/CENTRAL FACILITY FUND: A component of the Settlement Income Trust Land Office Development Account where a portion of facility rents are deposited used to finance operations and maintenance on buildings owned by the Trust, including capital improvements and leasing commissions for the commercial Commercial real Real estate Estate portfolio. The account is maintained on the state accounting system as GASB fund 3322. The account was originally authorized by Resolution 05-04.~~

~~TRUST LAND OFFICE DEVELOPMENT ACCOUNT: A component of the Budget Reserves, where a portion of spendable income has been assigned for future use on natural resource development projects or other activities authorized by the trustees Trustees. The account is maintained on the state accounting system as GASB fund 3322. The account was originally authorized by Resolution 05-04.~~

~~TRUST LAND PORTFOLIO: The non liquid assets of the Alaska Mental Health Trust Authority that are managed by the Trust Land Office, including improved properties and facilities. The land portfolio includes properties acquired through the Settlement as well as other properties acquired for program related investment (PRI) and commercial investment properties.~~

~~SETTLEMENT: The statutes, settlement agreement, letters clarifying the settlement agreement, and the final Superior Court order creating and approving the settlement of Weiss v. State of Alaska.~~

~~SETTLEMENT LAND: The properties and associated improvements transferred to the Trust as part of the original Mental Health Enabling Act (PL 94-830) as well as the properties subsequently transferred to the Trust as replacement lands (June 10, 1994 settlement).~~

~~STAFF: The CEO, Trust Land Office Executive Director, all employees of the Trust and the Trust Land Office.~~

~~TRUST: The Alaska Mental Health Trust established by Congress under the Mental Health Enabling Act of 1956.~~

~~TRUST AUTHORITY: The Alaska Mental Health Trust Authority established by AS 44.25.200.~~

~~TRUSTEE(S): The board Board of trustees Trustees of the Trust Authority, either collectively or individually.~~

~~TRUST AUTHORITY OFFICE (TAO): The office with responsibility for providing support to the chief executive officer and board Board of trustees Trustees in management of Trust financial assets and in assuring development of the Comprehensive Integrated Mental Health Program.~~

~~TRUST LAND OFFICE (TLO): The office with responsibility for management of the Trust non-liquid assets and natural resource assets and associated improvements established within the Department of Natural Resources under AS 44.37.050.~~

~~TRUST LAND OFFICE (TLO) EXECUTIVE DIRECTOR: In fulfilling the contract with the board Board described in AS 37.14.009, this staff position serves the commissioner of the Department of Natural Resources as the Executive Director of the Trust Land Office. Per the Memorandum of Understanding with the Department of Natural Resources, the Commissioner has delegated the authority to select/replace the Executive Director to the Trust with concurrence of the Commissioner.~~