

# Trust

# 25

Alaska Mental Health  
Trust Authority

Y E A R S

## 2019 Annual Report

Celebrating 25 years of supporting efforts  
to improve the lives of Trust beneficiaries.









# Table of Contents

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Letter from the Chair and CEO ..... 1

About the Trust..... 2

25 Years of Serving Beneficiaries..... 3

Comprehensive Mental Health Program Plan 2020-2024 ..... 4

The Trust and Public Policy..... 5

Grant Making ..... 6

Focus Area: Substance Abuse Prevention & Treatment ..... 7

Focus Area: Housing & Long-Term Services & Supports..... 8

Focus Area: Disability Justice ..... 9

Focus Area: Beneficiary Employment & Engagement..... 10

Priorities: Workforce & Early Intervention/Prevention ..... 11

The Trust Land Office ..... 12

Land Assets..... 13

Minerals and Energy ..... 14

Forestry ..... 15

Real Estate ..... 16

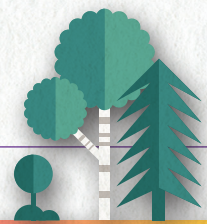
Financial Summary ..... 17

Approximate Number of Trust Beneficiaries ..... 19





# Letter from the Chair and CEO



This year marked the 25th anniversary of the landmark legal settlement that created the Alaska Mental Health Trust Authority. The anniversary was an opportunity to appreciate the accomplishments of the Trust and our partners over the past quarter century, as well as our stewardship and growth of Trust assets. It also encouraged us to look ahead at what Alaska needs to improve for beneficiaries to realize even greater success.

To ensure Alaska continues to build and support resources and mechanisms to adequately serve Trust beneficiaries, the Trust's priorities and established focus areas collectively work toward systems-level improvements in Alaska's behavioral healthcare continuum. Trustees approved \$21.8 million in grant funding for FY 2019, and our grant investments have positively impacted Trust beneficiaries and the organizations that support them. In addition to grant making, we continue our mission of educating the public and policymakers on the unique needs of Trust beneficiaries and contributing to effective policy decisions.

Our ability to provide meaningful grant funding and serve as a leader in advocacy and planning across Alaska is a result of diligent asset growth, including continued strong performance of the lands and natural resources managed by the Trust Land Office. Our financial strength will ensure there are sufficient resources to support Trust beneficiaries today, as well as the beneficiaries of tomorrow.

In addition to our 25th anniversary, this year we also celebrated the Department of Health and Social Services' (DHSS) release of the latest comprehensive plan for mental health services in Alaska — *Strengthening the System: Alaska's Comprehensive Integrated Mental Health Program Plan, 2020-2024*. In partnership with DHSS and Trust Advisory Boards, we helped develop this plan to address the known gaps in our behavioral health system and serve as a blueprint to guide the statewide application of resources to improve the lives of Trust beneficiaries.

In an environment where fiscal resources are constrained, the needs of our beneficiaries and the systems that support them are growing. We have long applied Trust resources to reform and maximize spending on Alaska's behavioral health system. We know that, as a state, we are not meeting the needs of beneficiaries, particularly those experiencing a mental health crisis. Trust funds play an important role as a catalyst for system improvement, and our annual budget has supported and leveraged state, federal, and other partner spending. We will keep working to apply our resources to the many challenges in our system of care — knowing that we can, and must, improve our behavioral health continuum.

We pledge to continue to identify and implement innovative solutions to the challenges our beneficiaries face, to solicit and apply beneficiary perspectives to our efforts and to increase the corpus of the Trust as well as our spendable income. Our trustees and staff will keep working to fulfill the mission of the Trust. We look forward to another 25 years of partnering with the state and our fellow Alaskans to improve the lives and circumstances of Trust beneficiaries.

## BOARD OF TRUSTEES

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*Chair*

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John Sturgeon  
*Resource Management  
Committee Chair*

1



*Mary Jane Michael*  
Mary Jane Michael, Board Chair



*Mike Abbott*  
Mike Abbott, Chief Executive Officer



# About the Trust

For the past quarter century, the Alaska Mental Health Trust Authority has administered the trust and served beneficiaries who experience mental illness, developmental disabilities, substance use disorders, Alzheimer's disease and related dementia, and traumatic brain injuries.

The only organization of its kind in the U.S., the Trust is a state corporation that maintains a unique position in Alaska's government. Our funds, similar to a private foundation, are self-generated and granted to projects, partnerships, and programs that promote long-term systematic change, and improve the lives and circumstances of Trust beneficiaries. In addition to granting funds, the Trust also provides leadership in advocacy, planning, and the implementation of beneficiary services and programs.

The Trust is overseen by a seven-member board of trustees who are appointed by the Governor and

confirmed by the Alaska Legislature. Trustees are authorized to spend Trust income without legislative appropriation, they also recommend to the Governor and Legislature operating and capital budgets to support the Comprehensive Integrated Mental Health Program Plan.

## THE TRUST LAND OFFICE

The Trust contracts with the Trust Land Office, a special unit within the Department of Natural Resources, to manage its approximately one million acres of land and other non-cash assets to generate revenue.

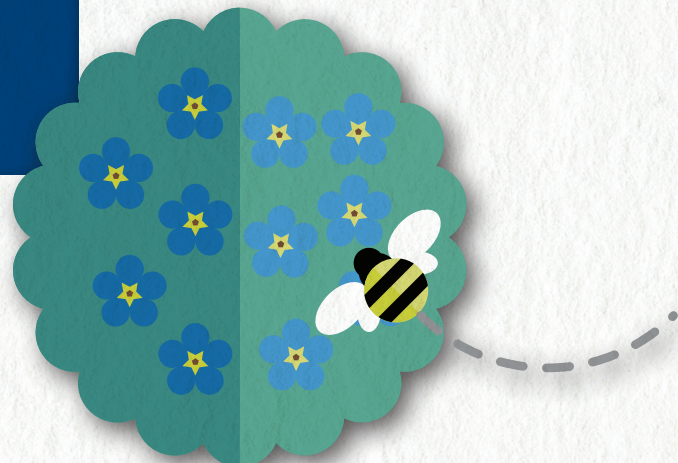
## HISTORY

Prior to statehood, there were limited services in the Territory of Alaska for anyone with mental illness, addictions, or other mental disabilities. In 1956, Congress transferred responsibility for providing mental health services from the federal government to the Territory

and, ultimately, the State of Alaska. One million acres of land were a part of this transfer of responsibility, establishing the Alaska Mental Health Trust. These lands were to be managed to generate income for a comprehensive integrated mental health program. However, in a class action lawsuit ruling in 1984, the Alaska Supreme Court determined the state breached its fiduciary responsibility to manage Trust land. In 1994, after many years of litigation, in a final landmark settlement the Alaska Mental Health Trust Authority was established, the million acres of land reconstituted, a \$200 million cash payment from the state was made and invested with the Alaska Permanent Fund Corporation, and an independent board of trustees was established to oversee the cash and non-cash assets of the Trust.

## TRUST STATUTORY ADVISORY BOARDS

- Advisory Board on Alcoholism and Drug Abuse
- Alaska Commission on Aging
- Alaska Mental Health Board
- Governor's Council on Disabilities & Special Education





# 25 Years of Serving Beneficiaries

While the original Alaska Mental Health Trust was established prior to statehood in 1956, this year the Trust celebrated the 25th anniversary of the 1994 Weiss v. State of Alaska legal settlement that created the Alaska Mental Health Trust Authority. The occasion was a chance to consider and recognize the many individuals and organizations that helped build the Trust, and who applied their efforts and expertise to making Alaska a better place for beneficiaries to call home.

The Trust became part of Alaska history in an era when there were not sufficient services for our

beneficiaries. In the past quarter century, the Trust has funded systems change initiatives, capacity building projects, and technical assistance for state, Tribal and local government, and community partners across Alaska.

Trust financial assets, which provide catalytic funding to projects and initiatives that positively impact change, have been managed in a way to ensure they can support current and future Trust beneficiaries.

In the past 25 years, trustees have approved more than  
**\$355 million** to fund more than  
**3,200** beneficiary-serving projects and more than  
**8,600** mini grants to beneficiaries across Alaska.



## KEY EVENTS IN TRUST AUTHORITY HISTORY

**1994** Landmark legal settlement creates the Alaska Mental Health Trust Authority with its independent board of trustees

**1997** With the availability of more community-based services for individuals with developmental disabilities, Harborview Center in Valdez closes permanently

The Trust Land Office (TLO) sells its first parcel of Trust land

**1999** The first mental health court in Alaska is developed with support from the Trust

**2003** The Trust earns its first royalty payment from its mineral interest at Fort Knox Mine (FY 2004)

**2004** In partnership with the Anchorage Police Department, the Trust helps implement Crisis Intervention Training (CIT) in Anchorage, focusing on how to best assist those in psychiatric crisis (CIT later expands to Fairbanks, Mat-Su, and Juneau)

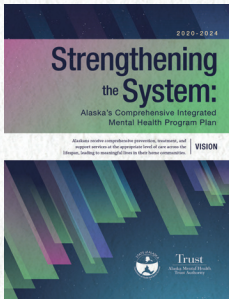
**2005** For the first time, the Trust establishes priority focus areas to best maximize spending — they include Bring the Kids Home (an effort to keep and serve Alaska's kids with severe emotional disturbance in state), Safe and Affordable Housing, Disability Justice, and a Beneficiary Projects Initiative

The new Alaska Psychiatric Institute opens in Anchorage on land contributed by the Trust

Working with the Denali Commission, the Trust begins to fund the creation of behavioral health spaces in Alaska's Rural Health Clinics



# Comprehensive Mental Health Program Plan 2020-2024



*Strengthening the System: Alaska's Comprehensive Integrated Mental Health Program Plan, 2020-2024.*

The plan envisions an Alaska where Trust beneficiaries receive comprehensive prevention, treatment, and support services at the appropriate level of care in their home communities.

*Strengthening the System* is intended to serve as a blueprint for our state's

In 2019 the Department of Health and Social Services (DHSS), in partnership with the Trust, finalized *Strengthening*

planners and service providers as they work to apply resources and talent to improve the lives of Trust beneficiaries. The plan defines nine goals, each with corresponding objectives and strategies, to create a comprehensive mental health program in Alaska.

At this time, the Trust is working with DHSS on defining methods to monitor progress towards the goals outlined in the plan, as well as developing a framework to guide plan implementation efforts. Going forward, a scorecard associated with the plan's goals and objectives will be published each year.

You can access the complete plan and supporting materials on the DHSS and Trust webpages.

## STRENGTHENING THE SYSTEM'S GOALS

- Goal 1: Early Childhood
- Goal 2: Healthcare
- Goal 3: Economic and Social Well-being
- Goal 4: Substance Use Disorder Prevention
- Goal 5: Suicide Prevention
- Goal 6: Protecting Vulnerable Alaskans
- Goal 7: Services in the Least Restrictive Environment
- Goal 8: Services in Institutional Settings
- Goal 9: Workforce, Data, and Funding

**2008** The Trust and partners work to open the Gateway to Recovery Enhanced Detox Center in Fairbanks

**2011** Karluk Manor, the first Permanent Supportive Housing project supported by the Trust, opens in Anchorage

The Trust and community partner-supported Ellengcarvik • Xiq'udilanhoy Yix (Sobering Center) opens in Bethel

**2015** The Trust Land Office (TLO) begins mineral exploration at its Icy Cape land block

Medicaid is expanded in Alaska — the Trust strongly advocated for and funded start-up costs leading to this expansion knowing it would increase access to treatment for Trust beneficiaries and help control costs

**2017** Juneau's Forget-Me-Not Manor Housing First program, supported by the Trust and community partners, opens its doors

The U.S. Congress approves a land exchange between the Trust and the U.S. Forest Service, paving the way for monetization of Trust timber resources

**2019** The TLO sells the unique Juneau Subport parcel for \$20 million to Norwegian Cruise Lines, representing the single largest transaction in Trust history



# The Trust and Public Policy

In addition to our role as a grantor, the Trust applies resources to public policy and systems change efforts. These efforts promote understanding of our beneficiaries and the services needed to support them in the community and in the least restrictive environment. Trust leadership works closely with beneficiaries, community providers, and the tribal health system to advise the state on funding and policies that impact Alaska's continuum of healthcare. The Trust, with its partners, offers a statewide voice advocating for programs and laws that will improve outcomes for Trust beneficiaries.

## IMPROVING THE PSYCHIATRIC CRISIS CONTINUUM OF CARE

Recent challenges at Alaska Psychiatric Institute (API), and lengthening waits for Alaskans in need of forensic evaluations within the Department of Corrections have highlighted long-standing gaps in Alaska's continuum of care for those experiencing a psychiatric crisis. Psychiatric boarding in emergency departments and the backlog of individuals waiting in correctional facilities for legal competency evaluations and restoration are two pressing issues in need of immediate action and long-term solutions. The Trust is working with the Department of Health and Social Services (DHSS) and other community partners to expand Alaska's crisis continuum of behavioral health intervention beyond what currently exists, which is limited to inpatient (institutional) and general mental health outpatient care.

## MEDICAID REFORM

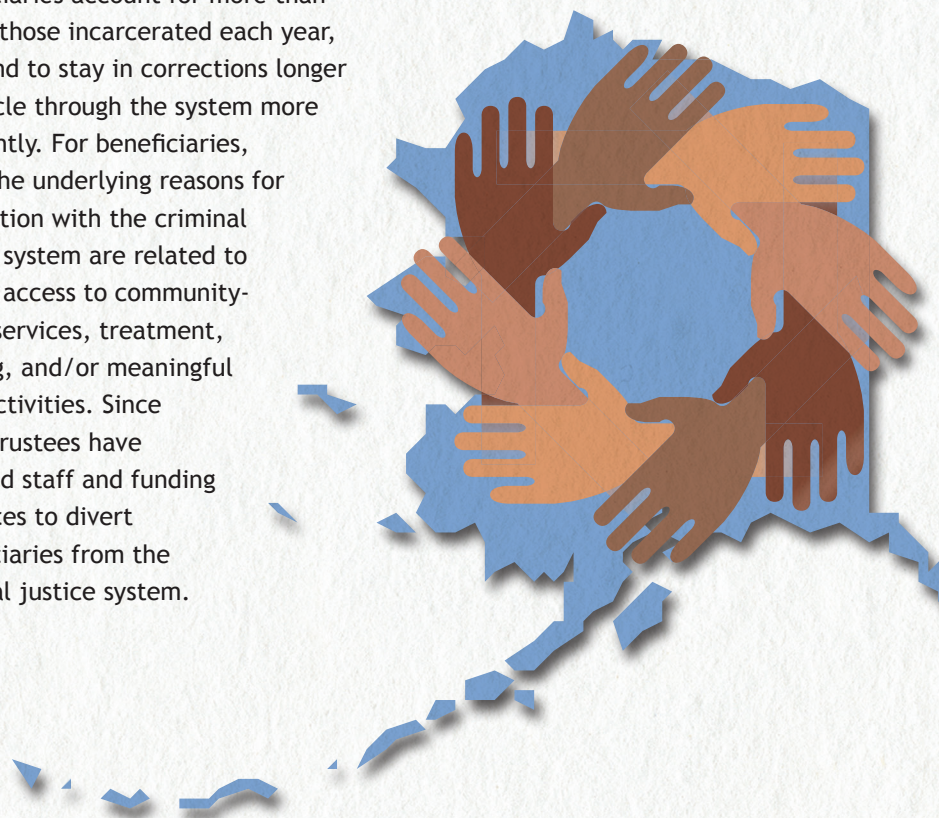
The Trust continued funding and providing policy support to DHSS for the implementation of reforms to Alaska's Medicaid program. As a part of the trustee approved, multi-year \$10 million commitment to reform, the Trust supported the drafting and submission of an 1115 Behavioral Health Waiver to the U.S. Center for Medicare and Medicaid Services to expand Trust beneficiaries' access to mental health and addiction services. DHSS received approvals of the Substance Use Disorder (SUD) portion of the waiver and initiated implementation in 2019. Approval of the behavioral health component was received in September 2019 and it is on track for implementation in FY 2020.

## CRIMINAL JUSTICE REFORM & REINVESTMENT

Beneficiaries account for more than 40% of those incarcerated each year, and tend to stay in corrections longer and cycle through the system more frequently. For beneficiaries, often the underlying reasons for interaction with the criminal justice system are related to lack of access to community-based services, treatment, housing, and/or meaningful daily activities. Since 2005, trustees have directed staff and funding resources to divert beneficiaries from the criminal justice system.

## COMMUNITY-BASED SERVICES

The Trust remains a strong advocate for maintaining crucial services for our state's most vulnerable populations. Examples of community-based services include housing assistance, assisted living, family caregiver and natural supports, case management, education and training for providers and caregivers, peer support, transportation, mental health and substance abuse treatment. These services typically cost significantly less than institutional care and allow beneficiaries to attain services in the least restrictive environments.





# Grant Making

A majority of the Trust's annual budget is designated for grants to beneficiaries, nonprofit organizations, service providers, tribal entities, governmental agencies, and other groups that serve Trust beneficiaries. Grants are awarded statewide and throughout the year. In FY 2019 the Trust awarded approximately \$22 million in grants.

## GRANTS TO PARTNERS

Understanding that any real improvements to beneficiary outcomes will require collaboration and partnerships, the Trust works closely with organizations across Alaska to fund capacity building and

pilot projects, equipment purchases, planning efforts, outreach, and conference sponsorships through authority grants.

The Trust also provides grants to various state agencies who must obtain legislative approval to receive and expend these funds. These are referred to as Mental Health Trust Authority Authorized Receipt (MHTAAR) funds.

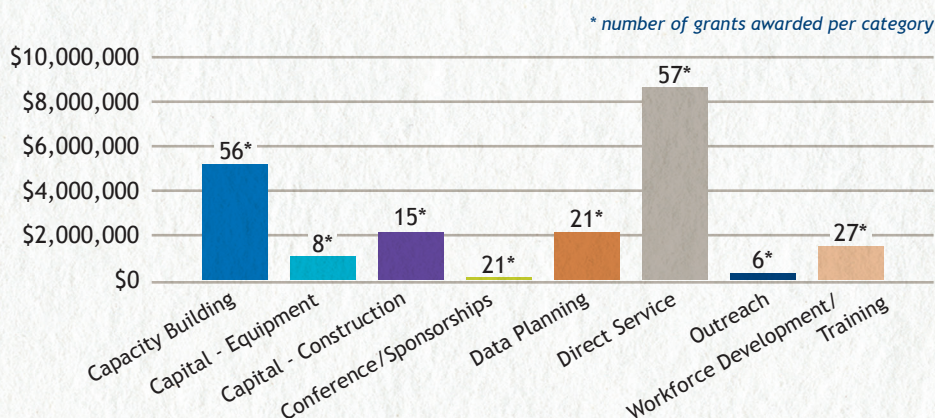
## MINI GRANTS TO INDIVIDUALS

More than 1,200 beneficiaries received an individual or "mini" grant in FY 2019. These individual grants are

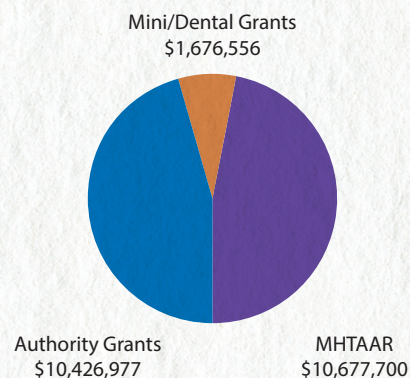
administered through partner agencies and are awarded monthly throughout the year. Mini grants of up to \$2,500 per award may be used for a broad range of equipment, supplies, and services to improve quality of life, increase independent functioning, and help to attain and maintain healthy and productive lifestyles. Mini grants can also be used for some beneficiary dental services not covered by Medicaid.

For a complete list of our annual grants, see our FY 2019 Grant Investment document on our webpage.

Total Grant Awards By Category



FY 2019 Breakdown of Grant Funding



## 2019 BENEFICIARY MINI GRANTS

■ In Craig, the daughter of a Trust beneficiary experiencing stroke-related dementia received a mini grant to help keep the beneficiary safe. As the sole caregiver who must also continue to work full-time, the daughter had huge concerns that her parent would wander while she was away at work. The mini grant enabled the family to purchase a GPS tracker and home security camera with motion detection so that the beneficiary could be monitored from their caregiver's phone.

■ A young child from the Kenai Peninsula Borough experiences epilepsy, developmental delays and hypertonia. The hypertonia makes it difficult for the child to remain in a seated position for mealtime, or to safely enjoy age-appropriate activities while standing or sitting at a table. With the assistance of a developmental disabilities mini grant, a supportive seating system, and a safety harness and suspension system were purchased to allow the child to be supported while eating meals and to actively explore their environment with peers.



# Focus Area: Substance Abuse Prevention & Treatment

Substance abuse and addiction constitute the largest preventable and most costly health problems in Alaska. Trust beneficiaries experience negative health and behavioral health outcomes caused by drug and alcohol addiction, and providers, first responders, and emergency rooms are stressed with meeting the needs of those struggling with addiction. According to a 2014 study of Trust beneficiaries in Alaska's Department of Corrections, 70% had a substance abuse-related diagnosis.

There is also substantial cost to the Alaska economy. In 2019, the Trust commissioned McDowell Group to update a series of studies on the economic costs of drug and alcohol misuse in Alaska. Based on this analysis, drug and alcohol misuse-related costs to Alaska's economy totaled approximately \$3.5 billion in 2018.

Trust staff are working with partners across the state to help ensure beneficiaries have timely access to effective addiction interventions and treatment, including medication

assisted treatment, in communities as close to home as possible. It is essential that Alaska has statewide capacity and availability of treatment when an individual is ready for it.

The Trust funded the implementation of the 1115 Waiver to the state's Medicaid program, which expands access to both substance abuse and behavioral health treatment by giving providers more flexibility in the Medicaid reimbursable services they can provide.



## 2019 GRANT: Volunteers of America (VOA) Treatment Enhancement

VOA's treatment program offers critical services to children, adolescents, and families. As a primary provider of addiction treatment services to youth and adolescents ages 13-24 impacted by addiction, the program benefited from Trust support during critical transitions in agency leadership and a decline in available funding. VOA has served approximately 270

youth from communities across Alaska. Trust funding enabled VOA to streamline operations, acquire evidence-based treatment models that support enhanced programming, and substantially reduce operating expenses to support long-term stability of the organization.

## 2019 GRANT: Set Free Residential Treatment Facility in Homer

The Trust contributed capital funding to Set Free Alaska to support development of a 16 bed men's residential addiction treatment center in Homer. Also supported by a grant from the Department of Health and Social Services, Division of Behavioral Health, this project is focused on increasing statewide capacity to serve individuals impacted by addiction and mental health issues through expanded access to residential programming. The city of

Homer and the Kenai Peninsula Borough, much like other regions of our state, are struggling with the impacts of addiction, which has also been identified as one of the most significant problems facing the community in the last three regional Community Needs Assessments. Set Free Alaska has an excellent track record of providing quality trauma-informed addiction treatment services in the Mat-Su for many years.



# Focus Area: Housing & Long-Term Services & Supports

The Trust concentrates efforts on ensuring beneficiaries have access to a continuum of services and support in their home and community.

Having access to long-term services and supports provides beneficiaries maximum independence, autonomy, and dignity. These supports assist a person with their activities of daily living (eating, bathing, toileting) and instrumental needs of independent living (making phone calls, paying bills, managing medication). Equally important as access to these services, is

that these services be person-directed, meaning that individual beneficiaries can express choice and practice self-determination in meaningful ways at every level of daily life.

The Trust is also a strong supporter of efforts to prevent and end homelessness. In recent years, the Trust has funded Housing First projects in Anchorage, Juneau, and Fairbanks. Housing First is an evidence-based practice that recognizes a person must have the safety and security of a place to live before they can commit

to consistent treatment and recovery of health and behavioral health conditions, reducing or eliminating substance use, obtaining employment or education, or meeting other goals. The Trust is also supporting Housing and Homeless Coordinator positions at a local government level in Anchorage, Fairbanks, and Juneau.

## 2019 GRANT: Juneau's Forget-Me-Not Manor Permanent Supportive Housing

The Trust supported Phase 2 of the Forget-Me-Not Manor permanent supportive housing project in Juneau, which is planning 32 additional housing units for chronically homeless adults who suffer from alcoholism, serious mental illness, and other co-occurring disorders, and have a history of high emergency service utilization. The Trust also supported Phase 1 of the project, a newly constructed 32-unit facility. Permanent supportive housing is a successful intervention that works to reduce

homelessness, lessen strains on emergency services, and help individuals more meaningfully engage with available community services.

One year after being housed, residents decreased contact with the most expensive points in the service system: 45% fewer ER visits, 99% less sleep off center visits, 66% fewer contacts with law enforcement, and a 54% decrease in ambulance transports.

## 2019 GRANT: Anchorage's Library Community Resource Navigation Program

This Trust-supported program provides outreach, information, and referrals to basic needs, housing, recovery services, and access to healthcare for library patrons. Like most urban libraries, one of Anchorage Public Library's core constituencies includes customers experiencing complex vulnerabilities, including poverty,

homelessness, and mental/behavioral health challenges. In the first six months of the program, it was discovered that it reaches people who are not receiving services elsewhere in the community — confirming the Library has unique relationships and access to people who are falling outside of the city's social safety net.

## 2019 GRANT: Fairbanks Rapid Rehousing

The Fairbanks Housing & Homeless Coalition, in conjunction with the Fairbanks Rescue Mission, created a Rapid Rehousing program called MyPlace, for which the Trust is a primary funder. MyPlace quickly connects families and individuals experiencing homelessness to permanent, private market housing through intensive

case management, applicable employment services, and tapering financial support. MyPlace is a community driven endeavor that uses nationally established standards and practices to limit the length of time people are without permanent housing and prevent relapses back into homelessness.



# Focus Area: Disability Justice

Trust beneficiaries are at increased risk for involvement with the criminal justice system, both as victims and defendants, due to their disabilities as well as deficiencies in community treatment and support systems.

Each year, hundreds of beneficiaries are incarcerated for their safety without being charged with a crime because adequate service alternatives do not exist in the community. Thousands more are arrested for offenses resulting from behaviors associated with symptoms of their mental disorders.

Beneficiaries account for more than 40% of those incarcerated each year, and tend to stay in corrections longer and cycle through the criminal justice system more frequently. In addition to working to prevent beneficiaries from entering the criminal justice system, the Trust invests in reentry efforts in communities across Alaska.

The disability justice focus area is aimed at reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system.



## 2019 GRANT:

### Assess, Plan, Identify, Coordinate (APIC)

The Trust partners with the Department of Corrections, which operates the APIC program. This program assures continuity of care for Trust beneficiaries transitioning from the correctional system back into society. APIC coordinates five service and treatment elements to achieve success including clinical care, medication management, housing coordination benefits support, and others. The program's goal is to decrease the risk of inappropriate or avoidable rearrest, prosecution and incarceration of beneficiaries, and the associated high costs of managing these populations in the criminal justice system.

## 2019 GRANT:

### Alaska Prisoner Reentry Initiative

The Trust is investing in Reentry Coalitions in four communities through these partners: Interior Center for Non-Violent Living (Fairbanks), NeighborWorks Alaska (Anchorage), Valley Charities, Inc. (Mat-Su), and JAMHI Health & Wellness (Juneau). Reentry outcomes improve when we can provide "warm handoffs" from correctional facilities to community-based services and supports. Reentry Coalitions are a key part of the Trust's effort to raise awareness about beneficiaries involved in the criminal justice system, and to provide beneficiaries the opportunity for positive, successful reintegration into our communities. Last year, coalition members also developed a forensic peer support program for reentrants, and educated more than 200 Alaskans through reentry simulations across the state.

## 2019 GRANT: The Palmer Family Infant Toddler Court (PFIT)

The Trust is partnering with the Mat-Su Health Foundation and other private and public entities to support PFIT. This therapeutic court serves families with infants and toddlers between the ages of 0-3 who are involved with the Office of Children's Services (OCS). The Court Team is made up of the judge, OCS caseworkers, attorneys, guardians ad litem/court appointed special advocates, and a

project coordinator. There is an Indian Child Welfare Advocate, when appropriate. The team builds strong supports around the family with the primary goals of achieving permanency within twelve months and reunifying young children with their families of origin. Results are positive and promising after the program's first year in operation.



# Focus Area: Beneficiary Employment & Engagement

Meaningful employment and engagement can be critical elements in the lives of Trust beneficiaries. However, data demonstrates that Trust beneficiaries are underrepresented in integrated employment settings with competitive wages.

Work is an essential part of wellness and self-sufficiency for individuals experiencing disabilities, and has a positive impact on self-esteem, life satisfaction, and improved mental health. Similarly, meaningful community engagement opportunities reduce isolation.

Alaska is an “Employment First” state. Employment First means that integrated, competitive employment in the general workforce should be the first and preferred option for individuals with disabilities receiving assistance from publicly funded systems. Through the Employment First philosophy, the Trust works with state and community partners to promote individual and family self-sufficiency through employment and educational opportunities, and to sustain cultural values.

The Trust continues to prioritize peer support and recovery-oriented services through partnership grants and statewide systems building. Peer support workforce development allows beneficiaries in recovery to help other individuals initiate and stay engaged in their own recovery process.

## 2019 GRANT:

### Individual Placement and Support (IPS) Model

The Trust, in partnership with the Department of Health Social Services, Division of Behavioral Health, is providing Kenai’s Frontier Community Services training support to implement the IPS model, which helps beneficiaries with mental illness and substance use disorders attain gainful employment. Employment is an important part of community integration and supports recovery and treatment. In the evidence-based IPS model, beneficiaries are supported in applying for employment that fits their education, interest, strengths, and skill set. Once employed, a supported employment specialist will keep in contact with the beneficiary to help ensure successful integration and employment outcomes.

## 2019 GRANT:

### Akeela Peer Support Workforce Development

Akeela, Inc. partnered with the Trust to establish a new peer support service within the Stepping Stones treatment program for mothers with substance use disorders and their children. The project supports training and hiring of women with the lived experience required to be a peer support counselor. People with lived experience are a ‘softer, warmer point of entry’ that can skillfully share their own story to help others navigate the recovery journey. Recovery supports include outreach and engagement, transportation assistance to and from treatment, recovery-oriented activities, and mentoring. The program offers new opportunities for gainful and meaningful beneficiary employment.



# Priorities: Workforce & Early Intervention/Prevention

## WORKFORCE

Recognizing the connection between the accessibility of quality healthcare services and the needs of Trust beneficiaries, as well as the current shortages in trained healthcare workers, the Trust is working with stakeholders to meet existing and future workforce requirements.

Our workforce related efforts have included funding for student loan repayments and incentives, including through the Trust-supported SHARP program administered by the Department of Health and Social Services, support for a variety of

university efforts, training and technical support for direct service professionals, and exposing youth to careers in behavioral healthcare.

These initiatives are especially important during the changing climate in the provision and delivery of healthcare services. Trust beneficiaries rely on services from community-based organizations, clinics, Tribal Health System providers, and hospitals.

## EARLY INTERVENTION AND PREVENTION

We are increasingly aware of the critical opportunities and threats

to the lifelong mental and physical health of our population during the earliest years. The Trust recognizes the significance of early childhood experiences on lifelong health and is exploring opportunities to expand the impact of early intervention and prevention strategies.

Positive interventions in early childhood can alter the life course trajectory of a potential Trust beneficiary in a positive direction. The Trust is supporting initiatives that apply evidence-based practices to help prevent the youngest Alaskans, when possible, from becoming Trust beneficiaries.

### 2019 GRANT: PATH Academies

To help grow Alaska's healthcare workforce, the Trust supports the Quality Pre-Apprenticeship Training in Healthcare or PATH Academy. In this program, individuals interested in a career as a Direct Support Professional can learn, over the course of three weeks, the core competencies needed to work in this in-demand

field. This program represents a unique collaboration between the Trust, the Alaska Training Cooperative at UAA, the Alaska Department of Labor and Workforce Development, and the South Central Area Health Education Center.

### 2019 GRANT: Trauma-Informed Schools Pilot

The Juneau School District partnered with the Trust and State departments to pilot the Washington State University "CLEAR" model of trauma-informed practice in select elementary schools. CLEAR (Collaborative Learning for Educational Achievement and Resilience) partners with education systems to create and sustain trauma-informed models of practice through staff

development, consultation, and support. The three year systems change process integrates trauma-informed practices, policies, and culture in schools. Lessons learned from the pilot inform state education policy and support positive outcomes for young Trust beneficiaries and their families.

### 2019 GRANT: Child-Parent Psychotherapy (CPP) Training

Thirty-five mental health clinicians from rural and urban communities statewide recently began an eighteen-month CPP training cohort. CPP is an evidence-based practice model for children aged 0-5 who have experienced at least one traumatic event and/or are experiencing mental health, attachment and/or behavioral problems, including post-traumatic stress disorder. CPP strengthens the relationship between

a child and caregiver to restore the child's sense of safety and attachment, and to improve cognitive, behavioral, and social functioning. This collaboratively funded project supports Trust priorities related to early childhood intervention and prevention through a "two-generation" approach — addressing the needs of both the child and the adult(s) in their life.



# The Trust Land Office

The Alaska Mental Health Trust Authority contracts with the Trust Land Office (TLO), a unit within the Department of Natural Resources, to manage its approximately one million acres of land and other non-cash assets to generate revenue. Decisions approving use of Trust lands and resources are made solely in the best interest of the Trust and its beneficiaries, in line with Trust principles.

The TLO manages land within seven asset classes: land, minerals and materials, program-related real estate, forests, real estate, energy, and mitigation marketing.

Revenue-generating uses of Trust land include: land use authorizations and sales; commercial real estate; timber sales; mineral exploration and production; coal, oil, and gas exploration and development; sand, gravel, and rock sales; and other general land uses.

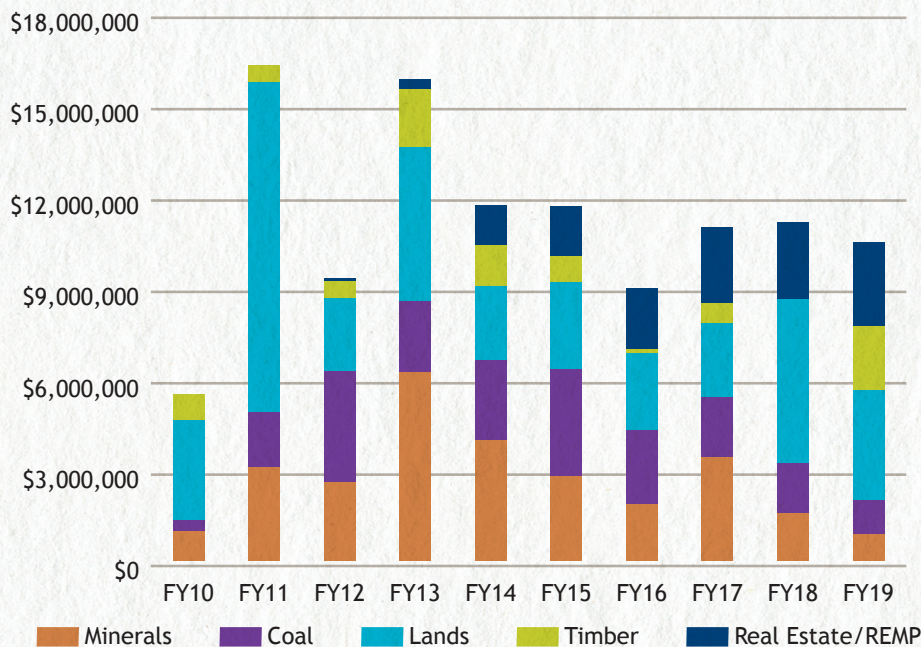
Effectively managing Trust land assets requires both diligent analysis and constant coordination across the asset classes in order to determine the highest and best use of Trust lands.

## FIRST WETLAND MITIGATION AGREEMENT SIGNED

The TLO's first wetland conservation agreement involving Trust land was signed in FY 2019. The agreement gives Donlin Gold, LLC (Donlin) an option to enter a long-term deed restriction agreement for approximately 2,000 acres of Trust land near Tyonek for the purpose of wetlands compensatory mitigation.

Under the agreement, Donlin has paid the Trust \$200,000 for the option to purchase a deed restriction and will continue to pay \$20,000 annually for the option. If a decision to construct a mine is made, Donlin will pay the Trust \$1.3 million to limit surface development of the Trust's land, maintaining the value of the land's existing wetlands, for 99 years.

TLO Annual Revenue FY 2010-FY 2019





# Land Assets

## WHERE ARE THE TRUST'S LANDS?

There are Trust parcels in Southcentral, Southeast, and Interior Alaska.

The Trust Land Office (TLO) maintains an online, interactive mapping tool that displays the location of, and information pertaining to, the Trust land in Alaska.

Visit the Trust's webpage to access TLO's interactive map and other resources related to Trust lands.

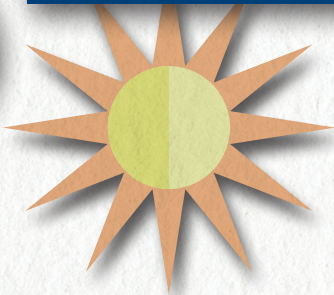
Management of the Trust's surface estate generated \$3.6 million in revenues, not inclusive of real estate transactions, during FY 2019. This includes leases, land sales, interest on land sale contracts, licenses, and easements. The most significant portion of this revenue is derived from land sales.

The TLO continuously conducts over-the-counter land sales, which generated \$453,000 in revenues in FY 2019. The TLO also holds one competitive land auction of select parcels each fall. The FY 2019 auction resulted in \$945,000, a 42% premium over the minimum bid for parcels sold. The TLO also occasionally entertains negotiated sales of Trust land assets, and will work with an interested party to determine if a parcel's sale is in the best interest of the Trust and its beneficiaries.

While the TLO has generated close to \$100 million in land sale revenue since 1994, less than 3% of the land from the original million-acre

entitlement has been sold. The TLO is effectively and prudently generating revenue through land sales in order to maximize long-term sustained yield from Trust land assets.

The TLO is also tasked with preserving and protecting the value of Trust resources and prioritizes protecting the long-term productivity of Trust surface lands until they are converted into a cash asset. Stewardship principles exercised by the TLO ensure that Trust lands are maintained, and that land value is retained for present and future Trust beneficiaries. This work can take the form of monitoring the cleanup of a contaminated site, removing solid waste resulting from unauthorized activities, or asserting ownership of disputed lands. This function can require extensive fieldwork in addition to significant research efforts. Stewardship does not directly generate revenue but is critical to preserving the revenue potential of Trust land.





# Minerals and Energy

A large portion of original Trust land was specifically selected for its abundance of subsurface and material resources, and associated revenue-generating potential. The Trust Land Office (TLO) manages these natural resources that include: coal; oil and gas; minerals; construction material such as armor rock, sand and gravel; and industrial heavy minerals such as garnet, rutile, zircon, and epidote.

While commodity prices have only risen slightly in FY 2019, prolonging challenges for companies operating in the oil, gas, and mining sectors, the Trust has adjusted promotional methods and partnered with the industry to leverage financial resources to keep exploration on Trust land moving forward. Further, the TLO regularly offers Trust land for oil, gas, and mineral leasing, and encourages active development of lands leased under this program in order to generate revenue to support Trust beneficiaries.

## HEALY UNITIZATION AGREEMENT

The Healy Coal Unitization Agreement was signed by Usibelli Coal Mine, the TLO, the University of Alaska, and the Department of Natural Resources in October 2019. The Trust will benefit from this agreement through greater revenue from the unitized coal field versus individual coal mining leases on Trust land. The Trust anticipates generating approximately \$200,000 in royalty revenue per year from these lands.

## HAINES BLOCK

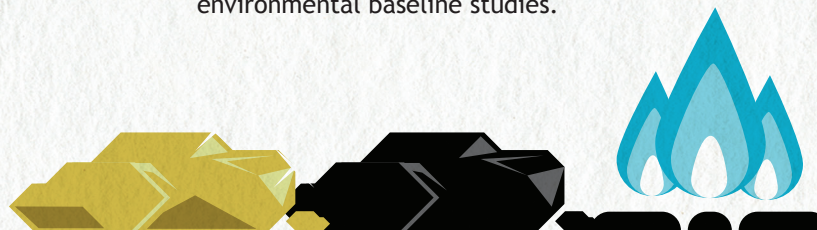
Constantine Metal Resources continues exploration work on the “Haines Block,” focusing on regional target generation and the extension of the Palmer copper, zinc, silver, and gold deposit onto adjacent Trust lands. Main exploration activities include drilling, reconnaissance geochemical sampling, geological mapping, and environmental baseline studies.

## FORT KNOX

Because the Trust owns a portion of the mineral interest in the Fort Knox mine, each year the Trust earns royalties on the mine’s gold production. Since the mine’s royalty payments began, Fort Knox has generated more than \$24 million for the Trust.

## KENAI’S AIX GAS WELL

AIX Energy is a steady gas producer in the Kenai Loop field. As the landowner of this producing well, the Trust receives approximately \$1 million per year in production royalty payments. Since the well’s production began in 2013, it has generated more than \$11 million in revenues to support Trust beneficiaries.



## ICY CAPE

The TLO continues to conduct exploratory work on Trust land near Icy Cape, about 75 miles northwest of Yakutat. The Icy Cape land block contains significant prospects of gold and industrial heavy minerals, such as garnet, zircon, magnetite, epidote, and platinum group metals. Exploration and sampling at Icy Cape began in FY 2016 and is ongoing.

In the summer of 2019, the TLO continued its exploration program. Bulk sediment samples were collected and analyses are consistent with large-volume gold and industrial placer mineral resource

models. Analysis of samples collected during the 2018 completed drilling program at Icy Cape is on-going, with encouraging preliminary results.

The TLO is continuing its dialogue with global heavy minerals mining companies and producers of industrial mineral products to promote development of this unique mineral property. Infrastructure from timber harvest activities in Icy Cape, such as tidewater access, a road system, and an airstrip, will facilitate the development of this remote area.



The Trust's forest resources are located throughout Alaska, with the most valuable timber in Southeast Alaska. The Trust Land Office (TLO) continues to seek opportunities to create sales when the market, available timber, and interests are aligned. The TLO is collaboratively working with landowners throughout the state to manage forest resources in a responsible manner while meeting Trust objectives. The TLO also issues negotiated timber sales for fuel reduction, biofuels, commercial firewood, and other specialty wood harvest projects.

It is essential to protect the value of timber resources so the TLO timber program can provide a long-term source of revenue from its land base. It is the TLO's intention to provide ongoing timber sales in Southeast Alaska, while generating new economically viable timber sales in the Fairbanks, Delta Junction, Mat-Su, and Kenai areas.

## NAUKATI EXCHANGE TIMBER SALE

This negotiated timber sale to Viking Lumber Company, the largest remaining sawmill in the state, is

going well and represents the first returns to the Trust resulting from the United States Forest Service (USFS)/Alaska Mental Health Trust (AMHT) Land Exchange Act of 2017. The timber sale began operation three weeks after the Trust received conveyance (March 2019) of 2,400 acres, which comprised the Phase 1 portion of the Land Exchange. The Naukati Exchange Timber Sale has supplied the Trust with about \$1.3 million on 8.7 million board feet (MMBF) of timber harvested. The 10-year sale is expected to provide about \$15 million to the Trust.

## ICY BAY TIMBER SALE

The TLO realized success via Sealaska Timber Corporation and its subcontractor Fairchild Trucking harvesting Icy Bay timber. About 18 MMBF were harvested in FY 2019 for a total of 28.4 MMBF for the sale. This sale has yielded to date \$3.73 million in stumpage revenue to the Trust. Although harvest operations have gone smoothly, the U.S.-China trade war and other market conditions have impacted the price received for this wood, affecting profitability for our contractors. This sale is likely to be completed in 2020.

## HOLLIS TIMBER SALE

The TLO is working to utilize a Hollis timber sale to improve the condition of parcels for a future land sale. The TLO worked with the Department of Natural Resources to redesign the road right-of-way and plat to provide easier access and better lot design. A timber sale to construct new access, open views, and highlight existing features prior to subdivision sales has been started and should be completed this year.

## USFS LAND EXCHANGE

In early 2019 Phase I of the USFS/AMHT Land Exchange was finalized.

Per the USFS/AMHT Land Exchange Act of 2017, the U.S. Forest Service and the Trust will each swap approximately 20,000 acres of land.

The TLO is working diligently to resolve title, trespass, encroachment, and other due diligence items for Phase II lands, for which all conveyances are anticipated to be complete by early 2021.





# Real Estate

The Trust Land Office's (TLO) real estate management program is segregated into three areas: Real Estate Development (develop and monetize existing high-value surface estate), Program-Related Real Estate (real estate supporting and/or serving a beneficiary-related purpose), and Commercial Real Estate (strategic management of current income-producing real estate investments).

## REAL ESTATE DEVELOPMENT

The TLO manages multiple surface leases throughout the state and strives to establish additional long-term surface leases capable of generating spendable income for the Trust. Current efforts include marketing the Trust's U-Med Anchorage holdings, and a master planning effort for the Trust's Community Park holdings.

Additionally, the TLO is pursuing strategic renegotiations of existing ground leases as opportunities arise.

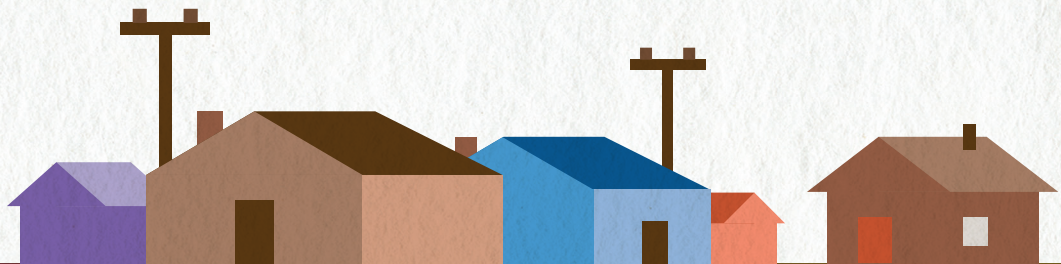
## PROGRAM-RELATED REAL ESTATE

The Trust continues to evaluate the acquisition of real estate assets for the specific purpose of serving Trust beneficiaries. This type of real estate asset is often referred to as Program-Related Investment. Trust staff, working on behalf of a beneficiary group, may propose acquiring select properties and/or identifying Trust land that would be appropriate for the development of a beneficiary program or facility. TLO staff provides technical and professional assistance by identifying existing Trust land or other available land for consideration of the board of trustees.

## COMMERCIAL REAL ESTATE

The TLO continues to focus on stabilization of its commercial real estate assets by establishing long-term leases with creditworthy tenants, through diversification of lease expiration dates within individual assets, and by attending to routine, preventative maintenance, and prudent capital investments.

Due to various market factors, the market value of the Trust's commercial real estate assets decreased by 1.3% between FY 2018 and FY 2019. Despite this modest decrease, in FY 2019 Trust commercial properties generated nearly \$2.8 million in spendable income to support Trust beneficiaries, representing a nearly 10% increase over real estate earnings in FY 2018.



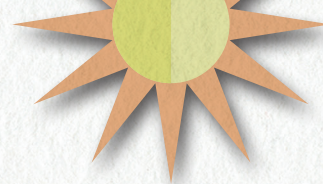
## JUNEAU SUPPORT PARCEL SALE

In a 2019 competitive land auction, the TLO sold the Trust's waterfront parcel in the Juneau Support subdivision for \$20 million to Norwegian Cruise Lines. The decision to sell this parcel followed a complete analysis, including a third-party report and recommendation, determining that selling

the parcel was in the best interest of the Trust and its beneficiaries. The time and effort spent on monetizing this unique and valuable land asset will result in a significant deposit to the principle of the Trust fund, supporting beneficiaries for years to come.



# Financial Summary



The Alaska Mental Health Trust Authority (Trust) is charged with the perpetual management and safeguarding of Trust assets for the benefit of current and future generations of beneficiaries. While the Trust funds system change and capacity building projects,

## PRIMARY TRUST FINANCIAL ASSETS

**Amounts represent total values at the end of FY 2019**

Mental Health Trust Fund  
\$458,506,000

Real Estate Investment Equity  
\$63,392,000

Reserves  
\$125,914,000

\*In addition to financial assets, the Trust also owns one million acres of land assets.

partnerships, and Trust-initiated projects that will improve the lives and circumstances of beneficiaries, Trust funds are intended to be deployed for short-term, catalytic opportunities to pilot programs and services to enhance Alaska's system of care, not to replace state spending to ensure the health and welfare of Alaskans.

The Trust's invested cash assets are managed by the Alaska Permanent Fund Corporation (APFC) and the State of Alaska Department of Revenue (DOR) Treasury Division, both of which invest the Trust's assets in a high-quality mix of stocks, bonds, and other investments to generate income. The Trust Land Office (TLO) is responsible for managing non-cash assets, which include approximately one million acres of land, the associated natural resources, and commercial real estate assets and other facilities owned by the Trust.

## TRUST REVENUES

The Trust earns revenue from two primary sources: investments and land.

Investments include the Mental Health Trust Fund and Trust reserves. Each year, 4.25% of the four-year average of the value of our invested assets is withdrawn to fund Trust operations and granting. When assets in the Trust fund earn more than necessary to cover annual spending, the remainder grows Trust reserves to protect its grant investments through market fluctuations.

Trust lands also generate revenue. Revenue associated with non-recurring resources, like the sale of a parcel of land or mineral resources, are

invested to add to Trust investment earnings. Income like lease or rent payments, a portion of timber sales, and earnings from Trust cash and real estate investment portfolios are considered spendable income and fund Trust operations and grant investments.

## FY 2019 Trust Land Office Revenue Summary

	Actual
Coal	\$14,568
Oil & Gas	\$1,279,522
Minerals	\$840,942
Materials	\$24,780
Timber	\$2,130,100
Land	\$3,594,636
REMP	\$2,034,100
Real Estate	\$721,320
Total	\$10,639,968

## FY 2019 FINANCIAL ACTIVITY

### Earnings

In FY 2019, Trust investments earned a total of \$36.2 million. Using our formula, trustees approved a transfer of \$23.3 million to support Trust programmatic spending. The portion of the earnings that exceed annual funding needs are applied to the Trust's reserves and can increase the value of the annual withdrawal in future fiscal years.

TLO activities earned a total of \$10.6 million in FY 2019. Of that, \$4.9 million was spendable income used to support beneficiary programs and services, with the remainder invested for future growth. The other \$5.7 million was added to the Alaska Mental Health Trust fund.

## TRUST REVENUES

### Spendable Income

- Investment earnings
- Rent and payment from non-permanent uses of Trust land
- Interest from land sale contracts
- Timber sales (15%)

### Non-Spendable Income

- Land sales
- Permanent rights of way and easements
- Coal, oil/gas, materials, and mineral royalties
- Timber sales (85%)





### Annual Expenditure Amount

To ensure stable funding and program continuity, annual trust expenditures are funded by a combination of the following sources:

- Annual trust withdrawal from invested assets (4.25% of the previous four-year average value)
- Spendable income generated from Trust Land Office activities
- Interest income earned on cash balances
- Prior year's unexpended funds (average of the previous four-year lapse amount)

### Trust Budgeting and Spending

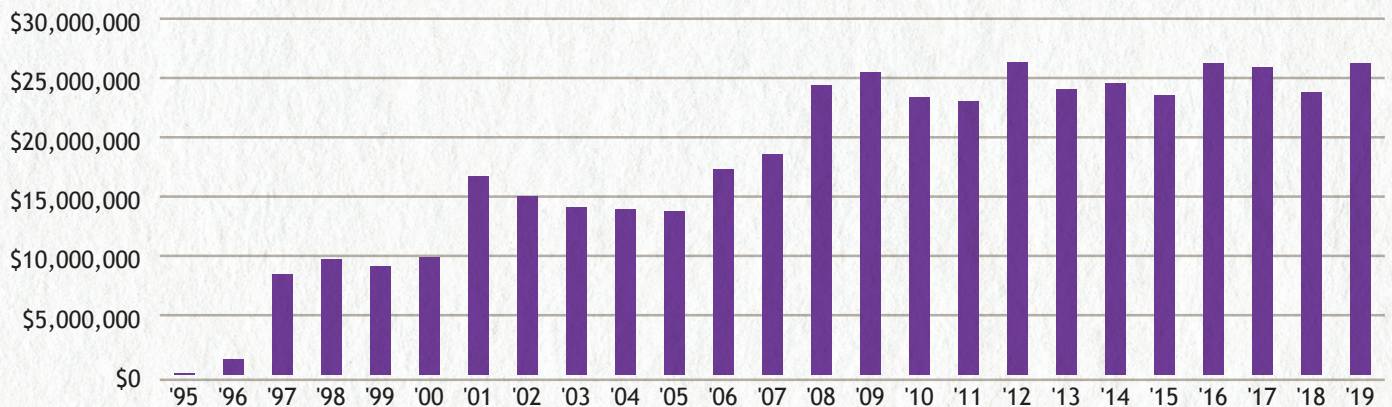
As a part of each budgeting cycle, trustees engage in a robust stakeholder-driven process to help determine funding priorities. Trustees understand that Trust funds play an important part in programs and services for beneficiaries across Alaska. As such, in FY 2019 trustees approved \$21.8 million in combined Authority Grants, and Mental Health Trust Authority Authorized Receipt funds to state agencies to deliver services to beneficiaries.

Separate from the beneficiary activities, the Trust spends money

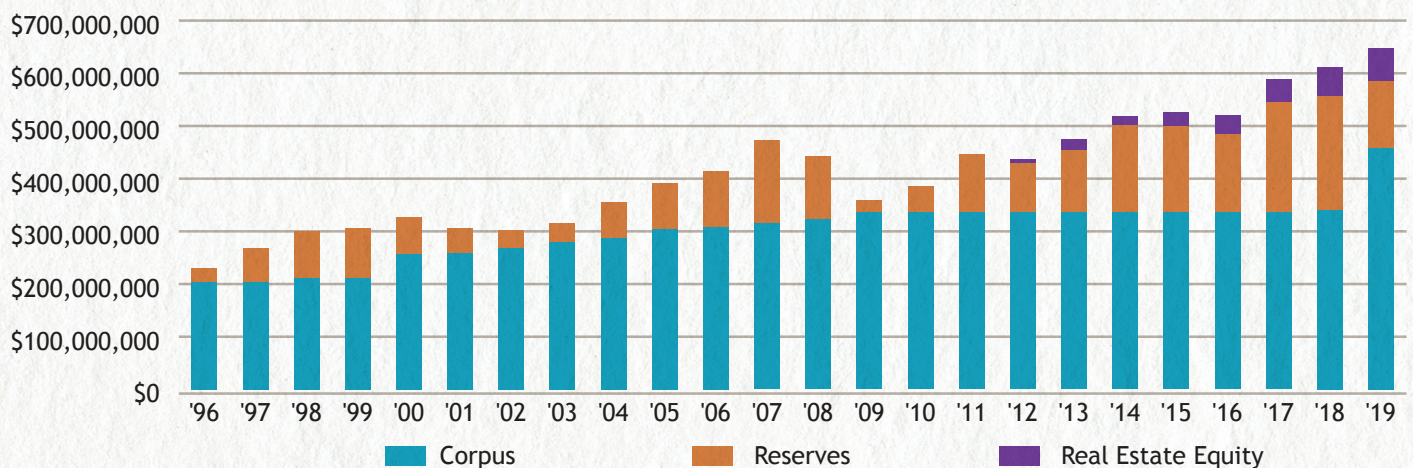
to actively manage and protect the value of settlement lands and to administer trust grants. For the 12-month period ending June 30, 2019, the administrative expenses were \$7.8 million. The trustees continue to emphasize deploying financial resources to enhance services to beneficiaries and limiting expenses, and anticipate no growth in administrative spending for FY 2020.

It is important to note that the Trust supports all of its activities and grants with self-generated income; there are no State General Fund dollars required by the Trust.

### Annual Trust Spending (Grants and Administration)



### Trust Invested Assets





# Approximate Number of Trust Beneficiaries

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**27,500**

Serious Mental  
Illness (ages 18+)

**5,600**

Serious Emotional  
Disturbance  
(ages 9 to 17)

**111,400**

Any Mental Illness  
(ages 18+)

**7,500**

Alzheimer's Disease  
(ages 65+)

**11,800**

Traumatic Brain  
Injury

**11,600**

Developmental  
Disabilities

**1,300**

Dependent on and  
Abuse of Alcohol  
(ages 12 to 17)

**38,700**

Dependent on and  
Abuse of Alcohol  
(ages 18+)

**19,700**

Dependent on and  
Abuse of Illicit  
Drugs (ages 18+)

19

To learn more about Trust beneficiaries visit our website,  
**[alaskamentalhealthtrust.org](http://alaskamentalhealthtrust.org)**











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