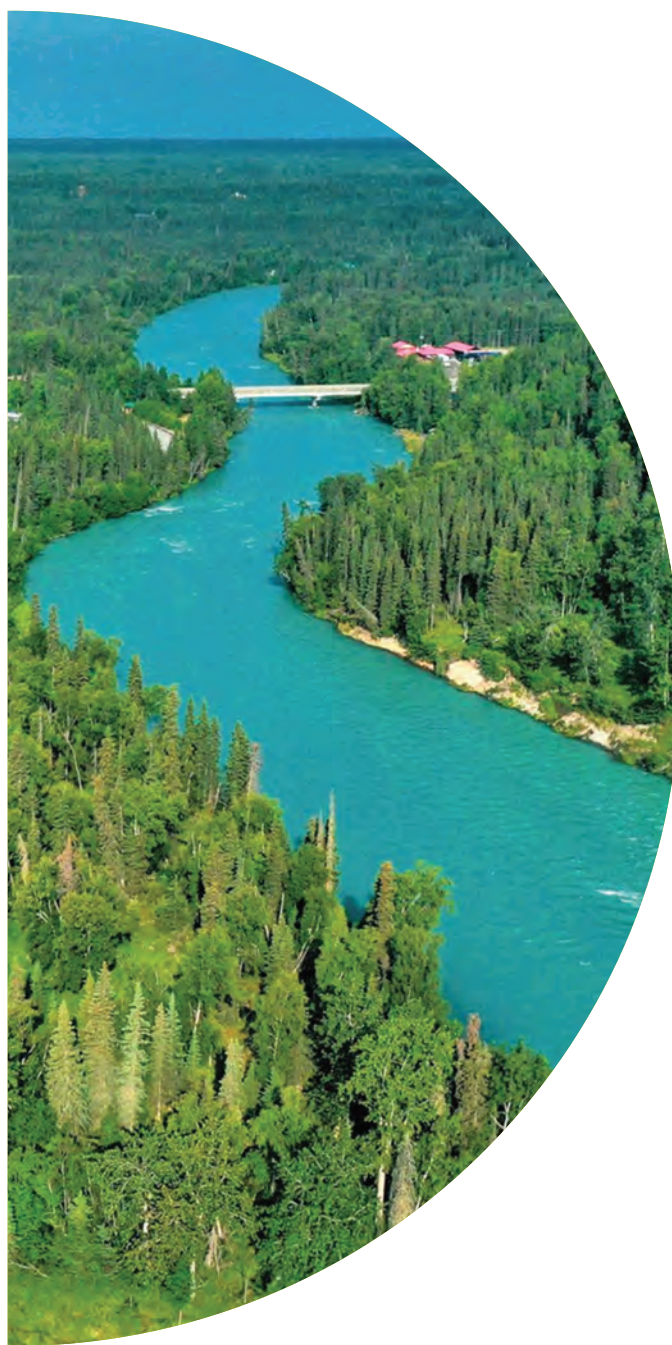


Trust

Alaska Mental Health  
Trust Authority



2021

ANNUAL  
REPORT



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## BOARD OF TRUSTEES

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## Letter from the Chair and CEO

2021 was another year of noteworthy achievements for the Alaska Mental Health Trust Authority (Trust), our state's unique organization serving the Trust beneficiary community: Alaskans experiencing mental illness, intellectual and developmental disabilities, chronic alcohol or drug addiction, Alzheimer's disease and related dementia, and traumatic brain injuries.

At its creation, the Trust was endowed, by law, with certain financial assets and one million acres of Alaska land; and it is the Trust's responsibility to manage these resources to support current and future beneficiaries. In doing so, the Trust is completely self-supporting and receives no money from the state's general fund.

We are pleased to report that in 2021, the Mental Health Trust Fund, managed by the Alaska Permanent Fund Corporation and, in part, by the Department of Revenue, saw record gains and grew to an unprecedented level. This strong financial performance enabled the board of trustees to allocate more than \$24 million in grants to beneficiaries and beneficiary-serving organizations in fiscal year (FY) 2021.

The Trust achieved similar success in the management of our lands. Our Trust Land Office (TLO) made significant strides in timber harvesting, natural resource development, and land sales, all of which grow Trust assets. The activities of the TLO also contributed to state and local economies by supporting jobs and helping ensure strong resource development industries in the state.

As an organization, we take our responsibility to manage and administer Trust assets on behalf of our beneficiaries very seriously, and we continue to make all financial decisions in the best interest of the Trust and its beneficiaries. This year, we had an opportunity to review our financial procedures and consider potential improvements to our financial management practices during a follow-up to our legislative audit from 2018.

As a "catalyst for change," the Trust leverages its unique ability to use its resources to promote system-level change, meaning we can help fund pilot projects,

promising practices, and the launch of new services for beneficiaries. We could not be more thankful for the many partners across Alaska that are helping us advance our mission of improving the lives and circumstances of Trust beneficiaries. We are also proud that through grant funding, technical assistance, and advocacy efforts, the Trust has been able to support our partners as we collectively weather the challenges associated with the ongoing response to the COVID-19 pandemic.

In 2021, we saw great progress in one of our priority initiatives: Improving Alaska's behavioral health crisis response capabilities using implementation of the nationally recognized Crisis Now model as a framework. In partnership with the Alaska Department of Health and Social Services and a multitude of providers, local governments, Tribal entities, and other partners, the Trust is using its resources to stand up new services intended to prevent suicides and reduce emergency room and correctional facility use for those in crisis. One of the many efforts we are excited about is the commencement of 24/7 mobile crisis response teams comprised of a clinician and Peer Support Specialist in Fairbanks in late 2021. We remain committed to applying Trust staff and financial resources to this effort.

Entering 2022 and the third year of the global pandemic, we are more aware of the impact COVID-19 has had on mental health, substance use, our workforce, and other factors which impact Trust beneficiaries and our communities. The Trust remains committed to our role as a catalyst for change to ensure that beneficiaries have access to a complete continuum of quality behavioral health care, that the public and policymakers are aware of beneficiary needs, and partnerships with the state and organizations across Alaska continue to improve beneficiary outcomes.



A handwritten signature in black ink that reads "Michael K. Abbott".

**Michael K. Abbott**  
Chief Executive Officer



A handwritten signature in black ink that reads "Christopher R. Cooke".

**Christopher R. Cooke**  
Board Chair

## About the Trust

The only organization of its kind in the U.S., the Alaska Mental Health Trust Authority (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. Beneficiaries of the Trust include Alaskans who experience mental illness, intellectual and developmental disabilities, substance use disorders, Alzheimer's disease and related dementia, and traumatic brain injuries.

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 state operating and capital budget expenditures each year to the Governor and Legislature to support Alaska's Comprehensive Integrated Mental Health Program Plan and to meet identified needs of Trust beneficiaries. The Trust is completely self-sustaining and uses no state general fund dollars.

## THE TRUST LAND OFFICE

The Trust Land Office (TLO), a special unit within the Department of Natural Resources, contracts exclusively with the Trust to manage the organization's approximately one million acres of land and other non-cash assets with the sole purpose of generating revenue to support programmatic work on behalf of Trust beneficiaries.

## HISTORY

Prior to statehood, there were limited services in the Territory of Alaska for anyone with mental illness, addictions, or other cognitive 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 had 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



# Trust 2021 Highlights

## IMPROVING BEHAVIORAL HEALTH CRISIS RESPONSE IN ALASKA

This year, the Trust, in coordination with the Alaska Department of Health and Social Services (DHSS) and other partners, is continuing to devote time and resources to improve how Alaska's systems respond to individuals experiencing a behavioral health crisis. Using the nationally recognized Crisis Now model as a framework, the Trust is investing in bringing new crisis response services online in Anchorage, Mat-Su, and Fairbanks. The Crisis Now model is working in many communities to prevent suicide, reduce inappropriate use of emergency rooms and jails, and to provide the best supports for individuals in crisis. In addition to work taking place in Alaska's population centers, efforts are underway to address workforce shortages, update policies, and to make system-wide enhancements to improve crisis response in communities across the state.

### RECENT TRUST INVESTMENTS IN CRISIS RESPONSE

- **Fairbanks Crisis Now**  
Coordinator (City of Fairbanks) \$135K
- **Fairbanks Mobile Crisis Teams**  
Clinical (Alaska Behavioral Health) and Peer Support Specialist (the Bridge) \$807K
- **Call Center Operations Expansion**  
(Alaska Careline) \$100K
- **Anchorage Crisis Stabilization Services Planning**  
(Southcentral Foundation and Providence Alaska) \$885K
- **Mat-Su Crisis Community Development**  
Coordinator (Mat-Su Health Foundation) \$100K

## USFS LAND EXCHANGE COMPLETION

The Trust has completed the conveyance of lands involved in a major land exchange with the U.S. Forest Service (USFS). The Trust/USFS land exchange follows an extensive and multi-year, stakeholder-driven public process and acts of both Congress and the Alaska Legislature. Ultimately, this exchanges 17,980 acres of Trust land near Ketchikan, Juneau, Sitka, Petersburg,

and Wrangell, which will now be preserved for public use, with 18,490 acres of USFS lands on Prince of Wales Island and near Upper George Inlet that can now be developed. This land exchange represents a win for communities, for Trust beneficiaries, and for the job-supporting timber industry in Southeast Alaska. Revenues generated by timber harvests and other activities on lands the Trust acquired will directly support work to improve the lives of Trust beneficiaries.

## ALASKA SCORECARD & COMP PLAN

In 2019, the Department of Health and Social Services (DHSS) partnered with the Trust to complete the *Strengthening the System: Alaska's Comprehensive Integrated Mental Health Program Plan 2020-2024* (Comp Plan). The Comp Plan serves as a blueprint for our state's planners and service providers to inform efforts to improve outcomes for Trust beneficiaries. Early in 2021, the Trust and DHSS released the 2020 Alaska Scorecard: Key Issues Impacting Alaska Mental Health Trust Beneficiaries (Scorecard). The Scorecard is a data measurement tool that examines the population health outcomes of Alaskans receiving care and services as described in the Comp Plan. The 2020 annual update to the Scorecard adds new indicators related to early childhood intervention, long-term services, and the social determinants of health. The Scorecard is used primarily by grant writers, policymakers, and advocates to measure the outcomes of the Comp Plan and to make data-driven decisions regarding services and programs. The complete Comp Plan and the Scorecard can be found on the DHSS and Trust webpages.

## ANTI-STIGMA EFFORTS

We know that there are disproportionate negative sentiments toward Alaskans experiencing mental illness, substance misuse, and other challenges like Alzheimer's disease and related dementia. Negative perceptions of Trust beneficiaries can get in the way of employment opportunities, housing, and access to necessary services. It can also prevent beneficiaries and those that care about them from seeking the help and support they need. For several years, the Trust has devoted resources to addressing the stigma experienced by beneficiaries through advocacy and communication efforts. In 2021, the Trust launched the latest materials in a public awareness campaign about stigma. In the campaign, Alaskans experiencing various beneficiary conditions share how stigma has impacted them in their own voice. You can learn more at [alaskamentalhealthtrust.org/what-is-stigma](https://alaskamentalhealthtrust.org/what-is-stigma).

## FY 2021 BREAKDOWN OF GRANTS

over  
**\$21.1**  
Million  
Awarded  
Total



## Grant Making

Each year, trustees approve the majority of the Trust's annual budget for grants to nonprofit organizations, service providers, Tribal entities, state and local governments, and other groups that serve or support Trust beneficiaries. Grants are awarded statewide and throughout the year. In FY 2021, trustees allocated \$24 million in support of Trust grants.

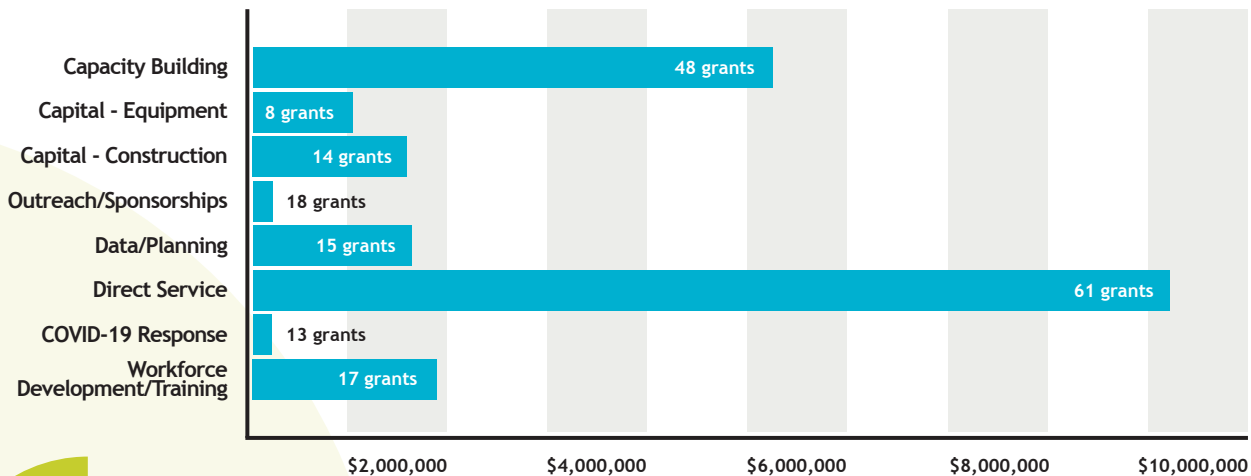
For a complete list of Trust grants made this year, see the FY 2021 Trust Grant Investments document on our webpage.

## GRANTS TO PARTNERS

The Trust works closely with organizations across Alaska to fund capacity building and pilot projects, planning efforts, outreach, equipment purchases, and conference sponsorships through authority grants. Trust grants are often prioritized to serve as catalytic funding that can help our partners do things like bring on new lines of service, access training for innovative ways to serve beneficiaries, and help implement system-level improvements in Alaska.

The Trust's largest grantee is the State of Alaska, with annual grants designated to various state agencies that provide supports and services to beneficiaries. Grants to state agencies are referred to as Mental Health Trust Authority Authorized Receipt (MHTAAR) funds. State agencies must obtain legislative approval to receive and expend these funds.

## TOTAL GRANT AMOUNT BY CATEGORY





## MINI GRANTS TO INDIVIDUALS

Close to 900 beneficiaries received an individual or “mini” grant in FY 2021. 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, services to improve quality of life and 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.

### TYPES OF TRUST GRANTS

**MHTAAR Grants** are grants to state agencies that are advanced through the state budget-development process each year.

**Authority Grants** are awarded to a variety of partner organizations and occur outside the state budgeting process. There are several types:

**Partnership Grants** are awarded year-round, typically for a specific purpose or need.

**Microenterprise Grants** are administered by the University of Alaska. These grants support small, beneficiary-owned businesses.

**Mini Grants** are small grants awarded through partner agencies on behalf of individual beneficiaries and are offered in three areas:

- Developmental Disabilities
- Behavioral Health
- Alzheimer’s Disease

## 2021 BENEFICIARY MINI GRANT HIGHLIGHTS

A Trust beneficiary experiencing chronic paranoid schizophrenia gained access to permanent stable housing following a period of homelessness and living in short-term motels. With the behavioral health mini grant, she was able to obtain a mattress, bedding, lamp, and other basic household items to help set up her new home.

A Trust beneficiary experiencing Alzheimer’s disease-related dementia was agitated with her clothing, causing her to undress at inappropriate times. Through an Alzheimer’s disease and related dementias Trust mini grant, she was able to acquire special adaptive clothing that was comfortable and improved her dressing habits.

A young Trust beneficiary with Autism was non-verbal and in need of a communication device. Through a Trust developmental disabilities mini grant, he was able to obtain an iPad equipped with a speech-generating application that supports his ability to interact with his caregivers.

**“Just because I am someone who’s in recovery, it does not necessarily mean that defines who I am and who I can be.”**

ANDREW, TRUST PARTNER





## Public Policy and Systems Change

While best known to many as a grant maker, the Trust also has a duty to educate the public and policymakers on beneficiary needs. As such, the Trust applies resources to, and is actively engaged in, public policy and systems change efforts. Trust staff works closely with beneficiaries, community providers, the Tribal health system, policymakers, and others to advocate for programs, policies, and enhancements to our continuum of care that will improve outcomes for Trust beneficiaries.

### CRISIS RESPONSE RELATED POLICY CHANGES

As a part of ongoing efforts to improve Alaska's response to individuals experiencing a behavioral health crisis, there is proposed legislation to change Alaska's laws pertaining to commitments for psychiatric emergencies. Working closely with DHSS, the Trust has been advocating for passage of legislation that will enhance options available to law enforcement and first responders when engaging with an individual in a behavioral health crisis, and expand the number of facilities that can conduct evaluations of those in crisis — ultimately facilitating appropriate care. Read more about our work in behavioral health crisis response on page four.

### MEDICAID

The Trust has been a longtime advocate, leader, funder, and partner to DHSS efforts to improve Medicaid in Alaska, including through efforts to expand Medicaid and the development and implementation of the Medicaid 1115 Behavioral Health Waivers. Medicaid coverage for behavioral health and home and community-based services represents one of the most important tools our state has in meeting the needs of Trust beneficiaries, and the Trust recognizes the positive impacts the program has on both those served and the providers who are serving them. There is a growing body of national research focused on how the global pandemic has negatively impacted mental health and increased rates of substance use. To better meet current and anticipated increases in the need for services, the Trust supports the exploration of whether continued use of many of the Medicaid program flexibilities that arose during the pandemic, such as the use of telehealth, should become permanent, as well as the ongoing examination of reimbursement rates to ensure they match the current market.

### COMMUNITY-BASED SERVICES

Trust beneficiaries overwhelmingly prefer to receive services in their home or their community. This type of person-centered care delivery reduces the need for institution-level care and promotes independence. Home and Community-Based Services are also delivered in a manner that integrates, not isolates, beneficiaries from their community. These services typically cost significantly less for all payers, including government, than institutional care, and allow beneficiaries to attain services in the least restrictive environments. The Trust will continue to advocate for and fund efforts that support a strong system of care that includes ready access to needed community-based services. Examples of community-based services include housing assistance, assisted living, reentry and transition services, family caregivers, case management, education and training for providers and caregivers, peer support, transportation, employment assistance, and mental health and substance abuse treatment.

## WORKFORCE CHALLENGES

To encourage a robust system of community-based services and supports, efforts to address workforce shortages in Alaska must continue. The pandemic exacerbated the workforce shortages that already existed in almost every health care discipline supporting Trust beneficiaries. The Trust is actively engaged, providing both technical assistance and grant funding, in health care workforce initiatives including the development of a certification program for peer support specialists, the Alaska SHARP recruitment and retention program, and more. The Trust recognizes not only the important connection between our behavioral health workforce and beneficiary access to care, but the necessity of a strong workforce in meeting Trust policy objectives.

### IN RECOGNITION OF ALASKA'S BENEFICIARY SERVICE WORKFORCE

The Trust is grateful for the extraordinary effort and dedication of those Alaskans who work directly with and support individual Trust beneficiaries in our communities, and who serve as leaders in the many organizations engaged in this important work. Despite the challenges of the COVID-19 pandemic, these professionals show up every day, work overtime, and pick up shifts to ensure beneficiaries' needs are met. The Trust appreciates each and every individual involved in advancing the Trust's mission of improving the lives of Trust beneficiaries, especially during these challenging times.

**“The last time we tapped into funding from the Trust was very specific. We had a reduction in one of our grants – it cut in half our Supported Employment program – so we were not going to be able to support as many people. The Trust stepped in and funded us for three years to continue that work.”**

AMANDA, TRUST PARTNER



## Trust Focus Areas

To maximize advocacy and grant making work on behalf of Trust beneficiaries, the board of trustees approves spending allocations to projects and initiatives in established focus and priority areas as a part of their annual budgeting process.

### FOCUS AREA: BENEFICIARY EMPLOYMENT & ENGAGEMENT

This Trust focus area recognizes the improved beneficiary outcomes associated with integrated, competitive employment opportunities and meaningful community engagement. Work is an essential part of wellness and self-sufficiency for individuals experiencing disabilities or who are in recovery from behavioral health conditions, and allows Trust beneficiaries to contribute positively to their community, pay taxes, and experience improved health and wellbeing. Similarly, meaningful community engagement opportunities reduce isolation. The Trust promotes evidence-based strategies and best practices that increase beneficiary employment and community engagement opportunities.

#### FY21 GRANT HIGHLIGHT: SOUTH PENINSULA BEHAVIORAL HEALTH'S IPS PROGRAM EXPANSION AND SUSTAINABILITY

South Peninsula Behavioral Health Services (SPBHS) in Homer has successfully implemented the nationally recognized Individual Placement & Supports (IPS) employment model, which helps beneficiaries with mental illness and substance use disorders attain and keep gainful employment. In the IPS model,

beneficiaries receive an individualized level of support in finding and maintaining work that fits their education, interests, strengths, and skills. Since the onset of the COVID-19 pandemic, the IPS team at SPBHS has adapted and improvised to continue to provide high-quality, supported employment services to beneficiaries and the community during the pandemic-related labor shortage. Trust grant funds support employment specialist staff who continue to meet with local employers while ensuring beneficiary work goals and desires are prioritized in providing the right job match. Ultimately, SPBHS has been able to maintain a 50-70% employment rate while the national IPS provider rate averages approximately 43%.

### FOCUS AREA: MENTAL HEALTH & ADDICTION INTERVENTION

The Mental Health & Addiction Intervention area of Trust work is focused on ensuring access to the full continuum of care, from prevention and early intervention to treatment and recovery for Trust beneficiaries. Alcohol and drug misuse among Alaskans is substantial and constitutes one of the state's most preventable and costly health challenges. Trust staff are working with partners across Alaska to help ensure beneficiaries have timely access to effective addiction and mental health interventions and treatment, including medication assisted treatment. It is essential that Alaska has a statewide capacity and availability of treatment so when an individual is ready to get help, they can receive it immediately.

**“You know, they told me to look in the mirror, to just tell myself I am special. I am somebody...and I did all that and they helped me. That’s what SeaView taught me.”**

**CHARLOTTE, TRUST BENEFICIARY**





### **FY21 GRANT HIGHLIGHT: AKEELA HOUSE SUD TREATMENT PROGRAM EXPANSION, AKEELA, INC.**

Akeela House is a residential substance use disorder (SUD) treatment facility in Anchorage. In FY 2021, the Trust approved a grant to the organization that allowed a physical expansion of their facility, resulting in an increase from 20 to 36 treatment beds. This expansion will help reduce the number of Trust beneficiaries who are on a waitlist for care – waitlists represent an existing challenge that has been exacerbated by the COVID-19 pandemic. Residential treatment is a critical component in the continuum of effective addiction interventions and treatment, and the Akeela House expansion will provide much needed new capacity, serving Anchorage and statewide residents.

### **FOCUS AREA: HOUSING AND HOME & COMMUNITY-BASED SERVICES**

This focus area recognizes that beneficiaries who have ready access to necessary services in their home community often experience improved outcomes. Having access to home & community-based services provides beneficiaries maximum independence, autonomy, and dignity. These supports assist a person with their activities of daily living (eating, bathing, etc.) and instrumental needs of independent living

(making phone calls, paying bills, managing medication), often at a far lower cost than institutional care. The Trust is also a leader and strong supporter of efforts to prevent and address homelessness, including permanent supportive housing initiatives, recognizing that 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.

### **FY21 GRANT HIGHLIGHT: BRIDGE TO SUCCESS, COVENANT HOUSE ALASKA**

The Trust was a contributing funder to Covenant House Alaska's Bridge to Success initiative, which is creating 22 new "micro-unit" apartments to serve young people ages 18 to 24 who are experiencing homelessness. Young Trust beneficiaries experiencing homeless are particularly vulnerable to trafficking, financial exploitation, and other abuse. In this best-practice model, residents have the privacy and independence associated with a self-contained room, and complete access to on-site services including health care, behavioral health care, education, employment preparation, and recreation. When residents are ready to transition to permanent housing, Covenant House Permanency Navigators will provide intensive post-placement case management.

Bridge to Success’s innovative transitional housing model also helps prevent beneficiaries in this age group from transitioning directly from youth shelters to adult shelters, which are typically not designed to meet youth needs.

## **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 and the reality that access to the necessary community treatment and support systems is challenging and limited. The Disability Justice focus area is aimed at reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system. In addition to working to prevent beneficiaries from entering the criminal justice system, the Trust invests in reentry efforts in communities across Alaska, knowing that access to community supports and services can reduce recidivism.

## **FY21 GRANT HIGHLIGHT: PUBLIC GUARDIAN SERVING WESTERN ALASKA, OFFICE OF PUBLIC ADVOCACY**

To improve the lives of Trust beneficiaries in Western Alaska, the Trust provides grant funding to support a Public Guardian position in the Department of Administration, Office of Public Advocacy (OPA). The guardian serves OPA’s Western Alaska region which includes Bethel, Dillingham, Naknek, and surrounding communities. Public guardians serve adult Trust beneficiaries found by the Superior Court to be incapacitated due to a behavioral health condition or disability. Public guardians help maintain benefits, manage finances, make medical decisions, and ensure suitable housing for each Trust beneficiary they serve. This position supports an OPA goal of reducing current public guardian caseloads from approximately 100 cases per public guardian to the recommended national maximum of 40 cases per public guardian, and results in improved services and supports for the Trust beneficiaries served.





**“Having community-based services available to me has made it possible for me not to return back to prison and not recidivate.”**  
BOBBY, TRUST BENEFICIARY AND PARTNER

# Priorities: Workforce & Early Childhood Intervention and Prevention

## WORKFORCE

In order to provide ready access to the services Trust beneficiaries need to thrive, Alaska needs a robust network of trained health care and behavioral health professionals. The Trust, recognizing the connection between a strong workforce and the accessibility of quality health care services, as well as the current shortages in trained health care workers, has prioritized workforce development. Trust-supported workforce efforts include support for student loan repayments and incentives, training and technical support for direct service professionals, partnerships with the University of Alaska and Alaska Department of Labor and Workforce Development, and funding for the development of new certification and apprenticeship programs.

## EARLY CHILDHOOD INTERVENTION & PREVENTION

This Trust priority recognizes that early childhood experiences can have an impact on an individual's lifelong mental and physical health, and understands that positive interventions in early childhood can positively alter the life course trajectory of a potential Trust beneficiary. 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 is supporting initiatives that apply evidence-based practices to help prevent the youngest Alaskans, when possible, from becoming Trust beneficiaries.





### **FY21 WORKFORCE GRANT HIGHLIGHT: PEER SUPPORT CERTIFICATION, ALASKA COMMISSION FOR BEHAVIORAL HEALTH CERTIFICATION**

Through the partnership with DHSS and the Alaska Commission for Behavioral Health Certification (ACBHC), the Trust supported the development of an official ACBHC certification for Peer Support Specialists in Alaska. Peers, a growing profession in behavioral health, are individuals with lived experience who can meaningfully connect with an individual receiving treatment or services. With Trust support, this new certification process launched in early 2021 and has since certified over 70 staff statewide in one of the Peer Support Specialist certification levels. Creating this process and pathway for peer staff was critical for community behavioral health providers in meeting beneficiary and workforce needs, and in implementing new Medicaid 1115 Behavioral Health Waiver services that require a certified peer. The professionalization offered by the certification also supports career advancement opportunities for peers.

### **FY21 EARLY CHILDHOOD INTERVENTION & PREVENTION GRANT HIGHLIGHT: INFANT & EARLY CHILDHOOD MENTAL HEALTH CAPACITY BUILDING, REACH, INC.**

REACH, Inc. in Juneau, a Trust partner, has been working to improve outcomes for Trust beneficiary children, age birth to three years, who experience developmental delays. REACH has been working with Juneau families to provide developmental guidance, education, and emotional support for parenting within an existing home-visiting program over the last year. In FY 2021, a Trust grant supported REACH in continuing this work and supported a qualified specialist to mentor both families and staff on the social emotional needs of young beneficiaries. Children, ages birth to three, who experience social-emotional delays may later present as having challenges with relationships, behavior, and mental health issues. After more than a year of social isolation and increased family stress due to the COVID-19 pandemic, enhanced mental health supports from the foundational stages of early childhood development are even more important.

**“The Alaska Mental Health Trust Authority is one of the best things going for our state...We’ve got a lot of problems, and some of them are political. This is one that shouldn’t be political.”**

ED, COMMUNITY MEMBER



## The Trust Land Office

A unit within the Alaska Department of Natural Resources, the Trust Land Office (TLO) has a singular role – to manage the Trust’s one million acres of land and other non-cash assets to generate revenue to support the Trust’s work on behalf of beneficiaries. All decisions relating to the use of Trust lands and resources are made solely in the best interest of the Trust and its beneficiaries, in line with Trust principles.

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; mitigation marketing, 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.

### WHERE ARE THE TRUST’S LANDS?

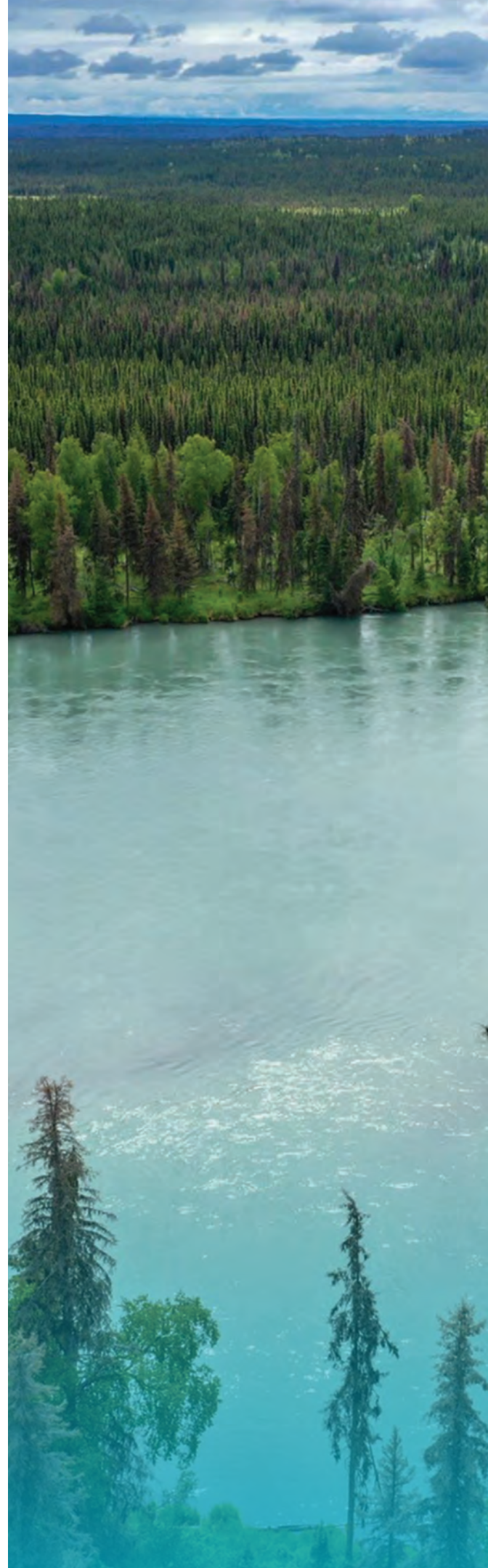
There are Trust parcels in Southcentral, Southeast, and Interior Alaska.

The TLO maintains an online, interactive mapping tool that displays the location of, and information pertaining to, Trust lands in Alaska.

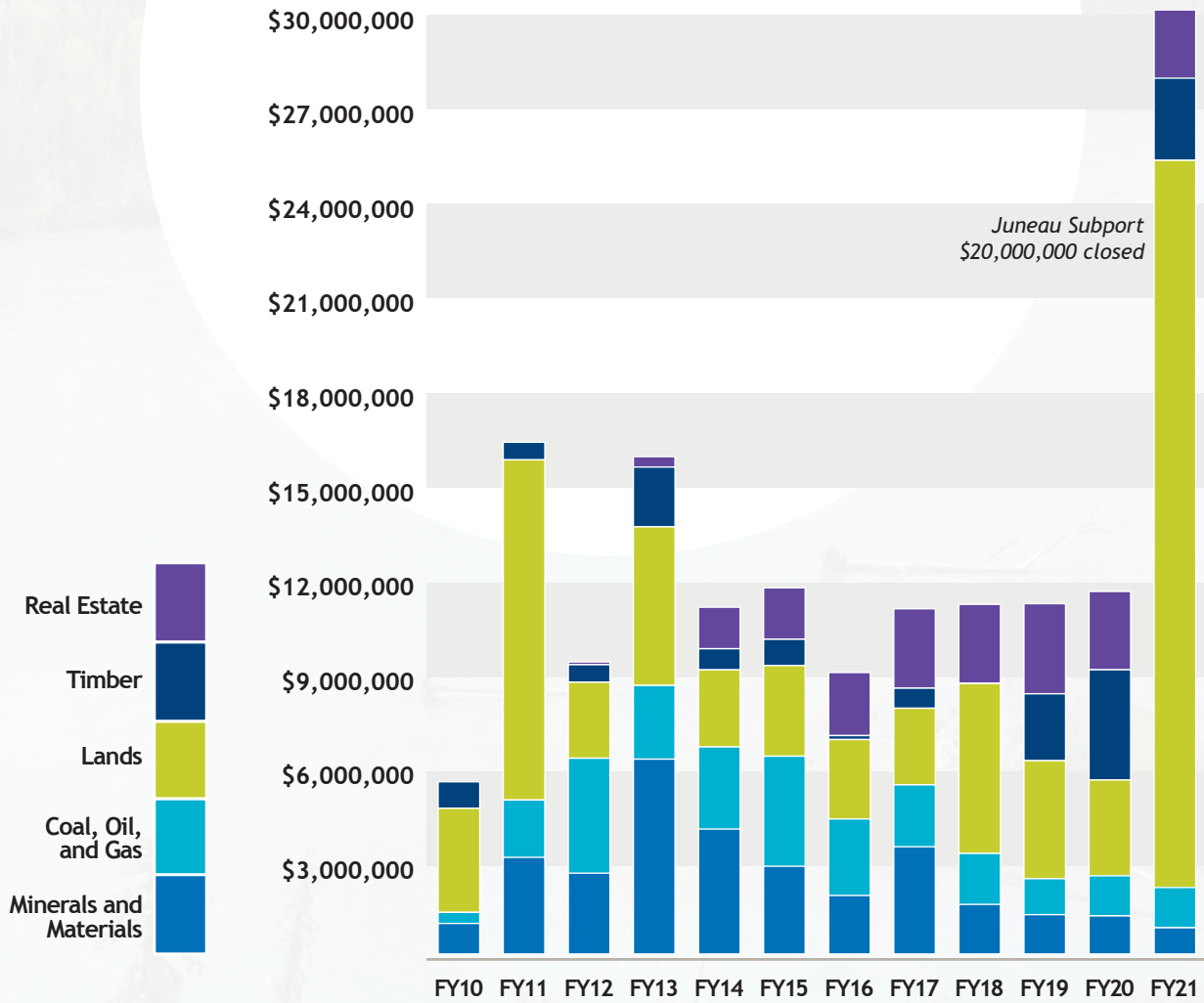
Visit the Trust’s webpage to access the TLO’s interactive map and other resources related to Trust lands at [alaskamentalhealthtrust.org/landsmap](http://alaskamentalhealthtrust.org/landsmap).

#### THE TLO MANAGES LAND WITHIN SEVERAL ASSET CLASSES

- Land and Land Sales
- Minerals and Materials
- Energy
- Forestry
- Real Estate



## TRUST LAND OFFICE REVENUES



## HOW DOES THE TRUST SELL LAND?

### Competitive Land Sales

The program sells subdivided lots and small parcels that lend themselves to residential, recreational, or commercial use. The competitive nature of the program maximizes revenue from Trust land. For Trust parcels with unique characteristics, i.e., waterfront, scenic viewsheds, and islands, an outcry auction may be used.

### Over-the-Counter (OTC) Sales

Parcels that do not sell in a competitive land sale are often moved to our online OTC sale and sold for 30% over appraised value to account for the non-competitive offering.

### Negotiated Land Sales

Interested parties may apply for a negotiated sale through the Trust Land Office. Each application is evaluated and adjudicated to ensure maximum revenues from Trust land.

## Land Assets

During fiscal year (FY) 2021, management of the Trust's surface estate generated \$3.1 million in revenue, not inclusive of real estate transactions. The largest portion of this revenue comes from land sales, but revenue is also earned through leases, interest on land sale contracts, licenses, and easements.

The Trust Land Office (TLO) also earns revenues issuing permits on Trust land, including exclusive big game guide permits in select areas, and through general permits, available online, that allow for non-commercial, non-motorized day use for activities such as recreation, cutting firewood, or landing personal aircrafts on Trust lands.

The TLO offers continuous Over-the-Counter land sales, which generated \$1,353,000 in FY 2021, and holds a competitive land sale auction of select parcels each fall. The FY 2021 land auction resulted in \$374,000 – a 22% premium over the minimum bid for parcels sold. In addition to these set land sales, the TLO considers negotiated sales of Trust land assets and may work with an interested party to determine how and if the disposal of a parcel is in the best interest of the Trust and its beneficiaries.

While the TLO has generated over \$147 million in land sale revenue since 1994, less than 3% of the land from the original million-acre entitlement has been sold and conveyed.

The TLO also maintains stewardship of Trust lands, preserving the value of Trust resources and protecting the long-term productivity of Trust surface lands until they are converted into a cash asset.

## NEW TRUST COMPETITIVE LEASE PROGRAM

The TLO is offering competitive leases on tracts of Trust land that, due to their unique nature and value, have not been previously offered for sale or lease. These scenic parcels, conducive to commercial or recreational use, are located across the Trust's land holdings from Interior to Southeast Alaska. You can learn more about these parcels on the Trust webpage at [alaskamentalhealthtrust.org/trust-land-office/land-sales/leaseprogramlist/](https://alaskamentalhealthtrust.org/trust-land-office/land-sales/leaseprogramlist/).

## Minerals and Energy

A large portion of Trust land was specifically selected for its subsurface and material resources, and associated revenue-generating potential. The Trust Land Office (TLO) manages these natural resources, which include coal; oil and gas; minerals; construction material; and industrial heavy minerals.

The TLO promotes 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 programs for Trust beneficiaries across Alaska.

### KENAI'S AIX GAS WELL

Despite waning production in Cook Inlet gas, AIX Energy continues to be a steady gas producer in the Kenai Loop field. Their producing well on Trust land generated over \$1 million in revenue in FY 2021. Since the well's production began in 2013, it has generated more than \$13 million in revenue to support Trust beneficiaries.

### USIBELLI COAL UNITIZATION

In FY 2020, the Usibelli Coal Mine incorporated its landholding into the Healy Coal Unit, which included Trust lands. Since unitization, the Trust receives revenue from coal production on the percentage of Trust lands within the Unit, despite not having coal produced from Trust lands themselves. Since unitization, these Trust lands have generated more than \$300,000 in revenue.

### HAINES GRAVEL SALE

A gravel material sale in Haines, supporting the Haines Highway Reconstruction Project, generated over \$340,000 for Trust beneficiaries in FY 2021. The project is nearly complete, and reclamation is anticipated to begin in the spring of 2022.

### FORT KNOX GIL MINE EXPANSION

In September 2021, Fort Knox Mine near Fairbanks opened the Gil Mine, a satellite open-pit gold project. Because the Trust owns a portion of the mineral interest in the Fort Knox Mine, the Trust earns royalties on the mine's gold production each year. The Fort Knox Gil Mine expansion is anticipated to stabilize or slightly increase royalty production for a projected four-year period. Since the mine's royalty payments began, Fort Knox has generated more than \$25 million for the Trust.

### ICY CAPE EXPLORATION PROJECT

The Trust's Icy Cape land block near Yakutat in Southeast Alaska contains significant amounts of gold and industrial heavy minerals, such as garnet, epidote, zircon, rutile, magnetite, and platinum-group metals. Based on the encouraging outcome of an independent review of the Trust's Icy Cape Gold and Industrial Heavy Minerals Project by a leading international consulting firm, in FY 2021 the board of trustees approved \$10 million for additional exploration work on Trust land at Icy Cape. Ongoing work at the site is informing indicated resources and a pre-feasibility study for the project.

In the summer of 2021, a high resolution airborne gradient magnetic survey was flown over the project area. The results of this survey will assist in resource definition drilling which is scheduled to begin in early summer 2022.

**“The primary benefits I received through the services at SeaView were connection, understanding, compassion, and education.”**

KRISTIN, TRUST BENEFICIARY





## Forestry

The Trust Land Office (TLO) is collaboratively working with landowners throughout the state to manage forest resources in a responsible manner, while meeting Trust revenue-generation objectives. The Trust's forest resources are located throughout Alaska, with the most valuable timber in Southeast Alaska.

The TLO continues to seek opportunities to create sales when the market, available timber, and interests are aligned. In addition to timber harvests, the TLO also issues negotiated timber sales for fuel reduction, biofuels, commercial firewood, and other specialty wood harvest projects.

The TLO's resource management strategy is to provide ongoing timber sales in Southeast Alaska to support a strong industry that will continue to generate revenues for the Trust, while generating new timber sales in other areas of the state when economically viable.

Recent conveyance of U.S. Forest Service (USFS) lands to the Trust through a major land exchange opens new Trust lands to development in Southeast Alaska. You can read more about this milestone exchange on page four.

### NAUKATI TIMBER SALE

This timber sale of old growth timber in Naukati on Prince of Wales Island, lands conveyed to the Trust through the Trust/USFS land exchange, began in January 2019. To date, the sale has generated about \$5 million in revenues from over 40 million board feet (MMBF) of timber harvested. The 10-year sale is expected to ultimately provide about \$15 million to the Trust. This negotiated timber sale is to Viking Lumber Company, which owns and operates the largest remaining sawmill in the state. Viking and its contractors, which total about 100 employees, credit their continued operations to the Trust Land Exchange and this contract.

### SHELTER COVE TIMBER SALE

In March of 2021, all old growth timber in the Shelter Cove tract of land near Ketchikan, acquired through the Trust/USFS land exchange, was sold. The sale is

expected to provide about 50 MMBF of timber and \$8 million to \$10 million in revenues for the Trust. This Trust-led sale also incorporates an Alaska Department of Transportation and Public Facilities road project to improve the Shelter Cove Road. The \$5.8 million road project, managed by the Trust, will replace five bridges, and resurface and maintain the 35 miles of road connecting these lands to the Ketchikan road system, improving access.

### HOLLIS AND YAKUTAT TIMBER AND REAL ESTATE SALES

In Fiscal Year 2021, the TLO completed timber sales in Hollis and Yakutat. With additional Trust subdivision parcels in each area, the infrastructure and additional road access developed as a part of these sales will improve the value of nearby Trust lands. During the TLO's 2021 annual Fall Land Sale, 14 lots in Yakutat were offered and 13 received bids; combined, the purchase prices exceeded appraised value by close to 30%.

## Real Estate

Serving the Trust's mission, the Trust Land Office (TLO) generates income from its real estate program through ground and building rents, as well as occasional sales of parcels. The TLO's real estate management program consists of three areas: Program-Related Real Estate, Real Estate Development, and Commercial Real Estate.

### PORTFOLIO REFINANCE

In 2021, the Trust took advantage of low interest rates and completed a favorable refinance for several properties in its commercial real estate investment program. These assets were selected for the impact that reduced mortgage payments would have on the financial returns to the Trust. Thanks to this refinance, properties will yield more income for Trust grant making.

### STRONG PERFORMANCE IN A TURBULENT MARKET

In Fiscal Year 2021, and despite the COVID-19 pandemic, the TLO's commercial real estate investment portfolio achieved returns that consistently exceeded nationally recognized performance benchmarks such as the NCREIF Property Index. The index is produced by the National Council of Real Estate Investment Fiduciaries (NCREIF) for the purpose of enhancing the ability of institutional investors to evaluate the risk and returns derived from commercial real estate portfolios. In managing the Trust's portfolio of properties, TLO staff have concentrated on tenant retention and reducing turnover, maintaining a 90% occupancy rate even with market fluctuations, and securing several long-term leases. The TLO also focused on institutional-class management of property operations, expenses, and prudent capital investments to maximize revenues from Trust investment properties.

#### TRUST REAL ESTATE MANAGEMENT PROGRAM AREAS

**Program-Related Real Estate** works with beneficiary-serving organizations on existing properties and/or in evaluating, acquiring, or developing additional facilities.

**Real Estate Development** involves planning, developing, and monetizing the Trust's high-value surface estates.

**Commercial Real Estate** optimizes the Trust's existing income-producing real estate investments.

**"The Alaska Mental Health Trust has been an incredible ally for us."**

ELIZA, TRUST PARTNER



# Financial Summary

It is the duty of the Alaska Mental Health Trust Authority to enhance and protect the Mental Health Trust Fund. This means a responsibility to safeguard and manage Trust assets in perpetuity – for the benefit of both current and future Trust beneficiaries. Each year, the Trust supports its activities from the revenue generated from its assets.

The Trust uses its resources to support system change and capacity building projects. Trust funds are intended to be deployed for short-term, catalytic opportunities to initiate programs that improve and increase the capacity of Alaska’s system of care. Trust funds are also intended to support, but not to replace, state spending to ensure the health and welfare of Alaskans.

## TRUST ASSETS

The Trust’s financial assets experienced record gains in Fiscal Year 2021 thanks to a strong performance of Trust investments. 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.

## ANNUAL EXPENDITURE AMOUNT

To ensure stable funding and program continuity, the annual trust expenditure amount is created by combining a four-year average of the following:

- Annual trust withdrawal from invested assets (4.25% of year-end value)
- Spendable income generated from Trust Land Office activities
- Interest income earned on operating account balances
- Prior years’ unexpended funds

**“In general, you can tell how a society cares about its people by how it spends its collective resources. And I feel that in many, many places in the United States, in fact most places, mental health gets a back seat when it should have a front seat.”**

VINCENT, COMMUNITY MEMBER







## Primary Trust Financial Assets

*(Amounts represent total values at the end of FY 2021)*

**Mental Health Trust Fund**

\$497,966,000

**Real Estate Investment Equity**

\$65,891,000

**Restricted Reserves**

\$132,026,000

**Unrestricted Reserves**

\$136,177,000

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

## TRUST REVENUES

### Spendable Income

- Investment earnings
- Rent and payment from non-perpetual 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%)

## 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 granting and operations.

When assets in the Trust fund earn more than necessary to cover annual spending, the remainder become Reserves. These reserves can remain invested, be invested in Trust land improvements, or transferred to the Trust Fund, all which support future beneficiary needs.

Trust lands also generate revenue. Revenue associated with non-recurring activity, like the sale of a parcel of land or mineral resources, are deposited into the Trust fund and grow annual investment earnings. Revenues like lease or rent payments, a portion of timber sales, and real estate investments are considered spendable income and fund Trust operations and grants.

**“It’s important for us to realize that individuals who are struggling with addiction, individuals who are struggling with mental health – they are people. They have incredible value and worth, and I think that we should be going out of our way as a state, as a community, as a people, to come along and do everything that we can to help them.”**

PHILIP, TRUST PARTNER





## FY 2021 Financial Activity

### EARNINGS

Revenue from the Trust's cash and land assets reached a record \$215.4 million in fiscal year (FY) 2021. Because we use a four-year average to calculate our annual withdrawal and develop our budget, FY 2021's record earnings will be reflected in roughly \$6 million in additional funds available for spending for Trust beneficiary programs over the next four years. Further, investment gains and very strong earnings from the Trust Land Office grew the corpus of the Trust fund – which benefits future Trust beneficiaries.

### TRUST BUDGETING AND SPENDING

When developing the annual budget, trustees and staff 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 2021, trustees allocated \$24 million in combined Authority Grant (funds to beneficiary-serving partners) and Mental Health Trust Authority Authorized Receipt (funds to state agencies) spending.

Separate from grant making, the Trust spends money to actively manage and protect the value of settlement lands, for advocacy and systems improvement activities on behalf of Trust beneficiaries, and to administer Trust grants. For the 12-month period ending June 30, 2021, the Trust's agency expenses were \$7.9 million. The trustees continue to emphasize deploying financial resources to enhance services to beneficiaries and limiting expenses, meaning Trust agency spending has remained relatively flat and represents a smaller portion of overall spending each year.

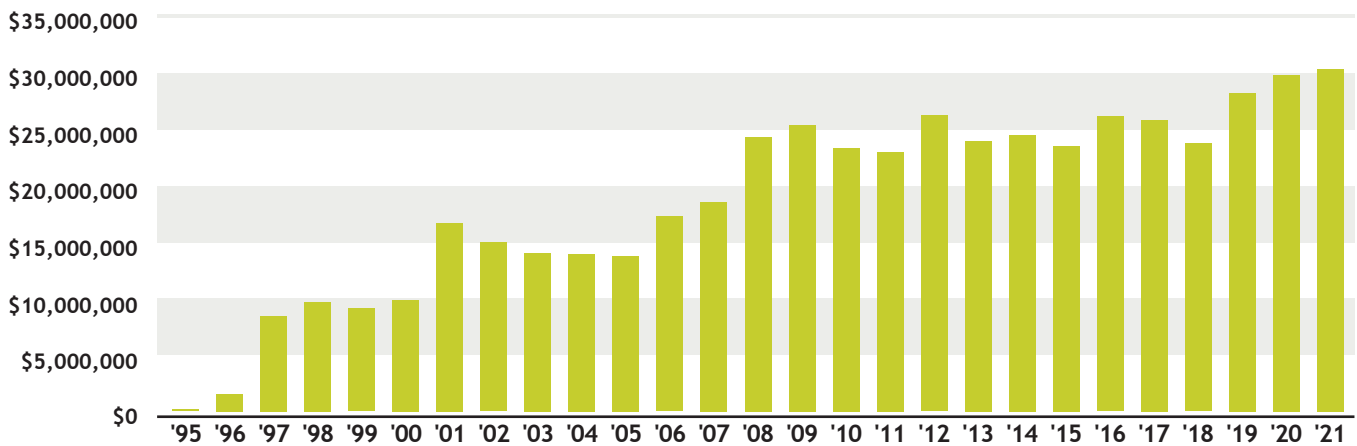
### FY 2021: A BANNER YEAR FOR REVENUE

In FY 2021, the Trust's investments and land assets generated \$215.4 million in revenue, more than five times the earnings in FY 2020.

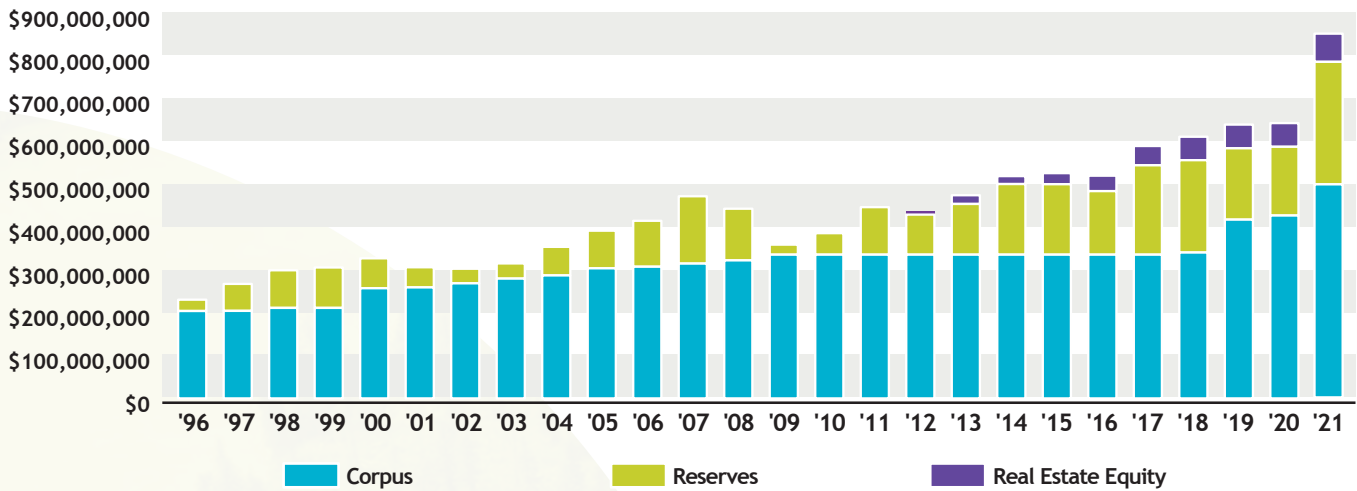
Our record-setting revenue came from our APFC-managed funds and our funds managed by DOR. These cash investments generated 83% of the Trust's revenue in FY 2021.

Trust land assets generated \$30.2 million in revenue in FY 2021. \$20 million was realized from the finalization of the sale of a single land parcel – the Juneau Subport.

## ANNUAL TRUST SPENDING (GRANTS AND AGENCY SPENDING)



## TRUST INVESTED ASSETS



## APPROXIMATE NUMBER OF TRUST BENEFICIARIES

Many beneficiaries experience more than one of these conditions.

**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  
(all ages)

**11,600**

Developmental  
Disabilities  
(all ages)

**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+)

To learn more about Trust beneficiaries, visit our website at:

**[alaskamentalthrust.org](http://alaskamentalthrust.org)**







Trust

Alaska Mental Health  
Trust Authority

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