

*A decade of  
achievement.*

*A decade  
of learning.*

*A decade  
of growth.*

*A decade of  
leadership.*

*A decade of  
partnerships.*

*A decade of trust.*



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## VISION AND MISSION

*The Alaska Mental Health Trust*

*Authority administers the Mental*

*Health Trust established in*

*perpetuity. It has a fiduciary*

*responsibility to its beneficiaries*

*to enhance and protect*

*The Trust and to provide*

*leadership in advocacy,*

*planning, implementing and*

*funding of a comprehensive*

*integrated mental health*

*program to improve the lives*

*and circumstances of*

*its beneficiaries.*

To Governor Murkowski, Members of the Alaska Legislature and the Alaska Public:

Ten years ago I was appointed to serve on the Mental Health Trust Authority Board of Trustees. I joined six other appointees, sitting around a table entrusted with a legislative mandate to preserve The Trust and serve our beneficiaries to the best of our abilities. What a journey it has been.

The Trust Authority history dates back further than 10 years. This year we also recognize the 50<sup>th</sup> anniversary of the Mental Health Trust Enabling Act of 1956, a plan to bring Alaskans home from institutions in the Lower 48. More of that history appears in this report.

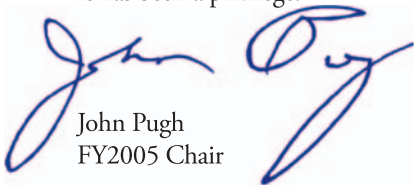
We spent our first years organizing how we would handle The Trust and stay true to the vision of enhancing and protecting The Trust and to providing leadership toward a comprehensive integrated mental health program for Alaska. We realized that treatment wasn't enough, that our beneficiaries needed a holistic approach. They needed housing, health care, job training and other of life's necessities. Without all of these elements in place, many people could not live up to their full potential. So, our strength became how we dealt with the whole picture.

Our experience over the last 10 years led us to work outside the boundaries of traditional state organizations. The Trust has made partnering the cornerstone for accomplishing its mission. Our partnerships have allowed us to leverage dollars with foundations, grants, and other organizations. Together with our partners we've become stronger and more effective.

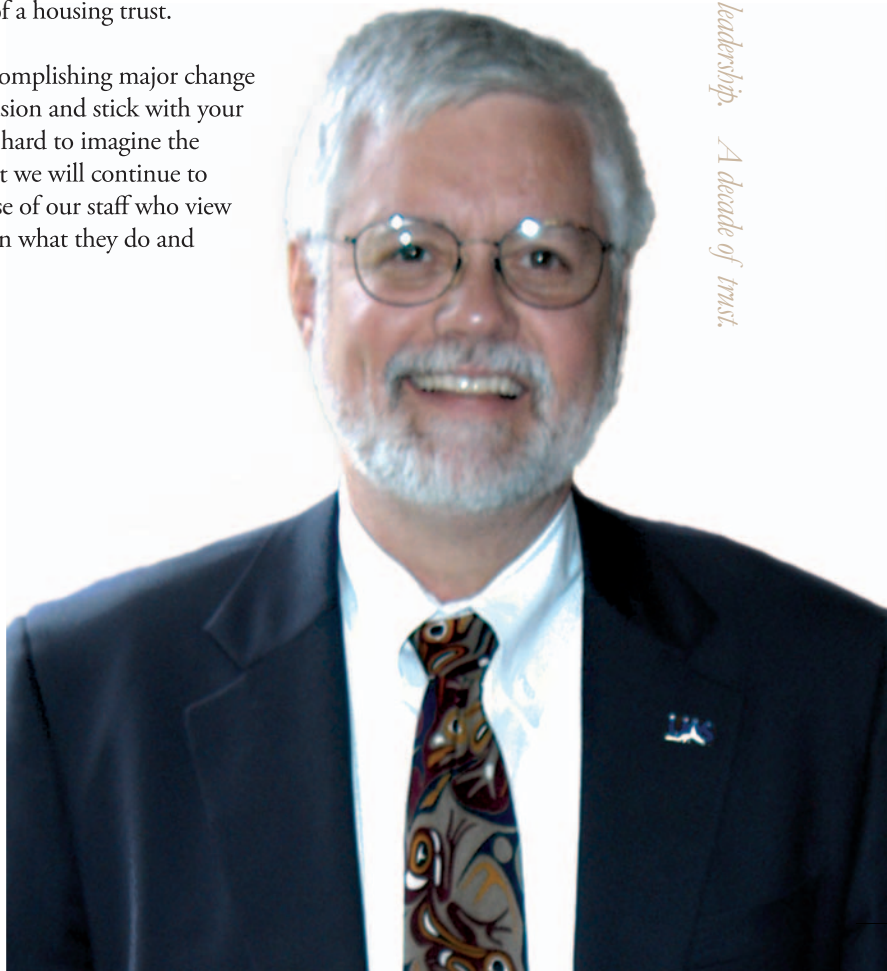
These leadership and partnering practices led The Trust to direct the majority of its funding for the next three to five years into four major focus areas (Housing, Disability Justice, Beneficiary Initiatives, and Bring the Kids Home) and to work with our partner advisory groups to develop joint advocacy priorities. The FY2006 legislative session advocacy priorities include expanding adult dental Medicaid services, the maintenance of Medicaid services for beneficiaries, and support for the creation of a housing trust.

During the past 10 years Trustees have learned that accomplishing major change is difficult and you must trust in the wisdom of your vision and stick with your plans. The Trust has truly accomplished just that. It's hard to imagine the progress we will make in the next 10 years. I know that we will continue to grow not only because of the Board's vision, but because of our staff who view their work as more than just a job. They truly believe in what they do and for that, I, and the rest of the board are thankful.

It has been a privilege.



John Pugh  
FY2005 Chair



John Pugh

*Chair, Board of Trustees*

*Chair - Comprehensive*

*Integrated Mental Health Plan*

William Doolittle, MD.

*Vice Chair,*

*Board of Trustees*

Phil Younker, Sr.

*Trustee*

Caren Robinson

*Chair - Legislative Adhoc*

*Committee*

Nelson G. Page

*Chair - Finance Committee*

John F. Malone

*Chair- Program & Planning*

*Committee*

Tom Hawkins

*Chair - Resource Management*

*Committee*

The Alaska Mental Health Trust marked its 50<sup>th</sup> anniversary in 2005. Many people are surprised to learn that The Trust has been part of the mental health landscape for a half century. Its legacy dates back to the transition from a territory to a state and when Congress passed the Alaska Mental Health Enabling Act of 1956. The Act transferred the responsibility for providing mental health services from the federal government to the Territory of Alaska and ultimately the State of Alaska.

The intent was to bring Alaskans home. Prior to statehood, the federal government sent people who experienced mental disabilities to live in an institution in Portland, Oregon. The Enabling Act created the Alaska Mental Health Trust that was to be funded from income generated by one million acres of prime land selected from the federal government. Those lands would be managed to generate income for a comprehensive integrated mental health program.

It didn't happen the way the Congress intended. Although the state legislature was responsible for managing these lands to fund mental health services, it did not do so. The state transferred the most valuable parcels of land to private individuals and the government. By the 1980s only about 45 percent of the land trust remained unencumbered and in state ownership.

In 1982 a private citizen, Vern Weiss from Nenana, filed a class action suit against the state that ultimately prevailed in the State Supreme Court. The court ordered restoration of the original trust. In 1994 a final settlement reconstructed The Trust with 565,000 acres of original Trust land, 395,000 acres of replacement land, and \$200 million dollars. The settlement established an independent Board of Trustees appointed by the governor and confirmed by the legislature to oversee the assets of The Trust and spend the income on behalf of the beneficiaries.

Once the seven Trustees were appointed they began setting a course to optimize The Trust assets on behalf of its beneficiaries. The mission was to oversee the prudent management of the \$200 million and the one million acres of land and to work to improve the lives of beneficiaries. In the first six months, The Trust signed a memorandum of understanding with the Department of Natural Resources to manage Trust lands. During that same time, the Trust fund cash was transferred to the Alaska Permanent Fund Corporation for investment.



*In 1994, a final settlement reconstructed The Trust with 565,000 acres of original Trust land, 395,000 acres of replacement land and \$200 million. It established an independent Board of Trustees appointed by the governor and confirmed by the legislature.*



*The first Board of Trustees on the day of the signing.  
Front row: Nelson Page and Tom Hawkins  
Back row: Kay Burrows, John Malone,  
Phil Younker Jr., John Pugh and Evelyn Tucker*

The creation of a statewide Comprehensive Integrated Mental Health Plan was a central task set out for The Trust. This Plan was to provide policy direction, intended to promote a continuum of care and service that fosters individual well-being, personal safety, economic security, and life with dignity for all Alaskans. The Plan guides the programs and services provided to Alaskans who are beneficiaries of the Alaska Mental Health Trust and is developed by the Department of Health and Social Services in conjunction with The Trust.

The structure of The Trust settlement empowered four Governor-appointed boards to advise on and advocate for the plan of services for Trust beneficiaries: The Alaska Mental Health Board, Governor's Council on Disabilities and Special Education, Alaska Commission on Aging and the Governor's Advisory Board on Alcoholism and Drug Abuse. A central role for The Trust was to ensure that everyone agreed on what the problems are, the number of people affected, and the impact and solutions to these problems.

Beneficiaries of The Trust are people with mental illness, developmental disabilities, chronic alcoholism, and Alzheimer's disease and related disorders. However, The Trust feels that its role must go beyond its direct beneficiaries and also support prevention and early intervention services for persons at risk of becoming beneficiaries.



1995

*The seven founding Trustees were appointed by the Governor and confirmed by the Legislature.*

*Land Office opened in December 1994.*

#### THE FY2005 BOARD OF TRUSTEES:

*(L to R) Tom Hawkins, William Doolittle, M.D., Phil A. Yunker, Sr., Caren Robinson, Nelson G. Page, John Pugh, John F. Malone.*



## HARBORVIEW

Supporting the original intention of the Enabling Act to bring residents home to Alaska, The Trust took that notion a step further with its first major project: closing Harborview in Valdez and moving residents to their home communities. Harborview housed Alaska's most profoundly disabled citizens, and at its height cared for 180 residents.

All the data had shown that people do better in their own communities, near their own families. However, first the communities needed the services to support those Harborview residents. Working with the State, The Trust funded Harborview services while the State used its funding to implement new community services. In 1997, the last resident left for home. Follow-up studies since Harborview's closing demonstrate that Alaskans do lead fuller and richer lives near their homes and families.

## ALASKA PSYCHIATRIC INSTITUTE

At the same time The Trust worked on the Harborview project, it worked with the State and began due diligence to replace the aging Alaska Psychiatric Institute (API) with a smaller, more appropriate facility. However, for a smaller facility to work, short-term crisis admissions would need to be reduced enabling API to focus on its role as Alaska's longer term psychiatric hospital. Working with a congressional earmark, a psychiatric emergency system was developed in Anchorage to reduce demands on API. With those community services in place, a smaller less expensive building has just been completed to replace the original API.



*Trust Chairman John Pugh speaks at the 2005 dedication of the new Alaska Psychiatric Institute. This culminated a multi-year effort by The Trust and the State to replace the aging building with a smaller, less expensive facility able to focus as a long-term psychiatric hospital.*



*Dignitaries gathered for the ribbon cutting of the new Alaska Psychiatric Institute.*

## FINDING OUT ABOUT OUR BENEFICIARIES

As The Trust began to establish its operating procedures and make headway toward its mission and vision, it was time to survey its beneficiaries and learn more about their needs.

- Under health, The Trust learned that beneficiary resources were too low to meet their basic health needs, such as getting eyeglasses, dental work or hearing aids.
- Under Safety, beneficiaries noted that about 37 percent had been to jail and that half of that number felt they should have received medical care instead. Emotional, physical, and sexual abuse were also listed as major problems.
- Half of the study participants said they needed additional help to fund services not covered by Medicaid or Medicare.
- According to the survey, 66 percent of the respondents were unemployed and 24 percent were employed full time or part time year-round.
- A survey during that same year revealed that more than 25 percent of all inmates and 38 percent of female inmates qualify as Trust beneficiaries, most suffering from mental illness. This made the Department of Corrections the largest mental health provider in Alaska. Further, women inmates didn't have equal access to mental health services.

With this information in hand, it became clear that The Trust needed to take a holistic approach with its beneficiaries. Addressing jobs, adequate housing, proper health care, and other elements will ensure that beneficiaries are living with dignity.

*Beneficiaries participate in group art therapy at the REACH adult day care center in Juneau. The therapy stimulates fine motor skills and the imaginations of its participants. The Center is one of the many organizations that benefit from the direct and indirect work of The Trust.*



1996

*Provided leadership in developing the State's Comprehensive Integrated Mental Health Program through the adoption of guiding principles, funding strategies, and collaboration.*

*First significant timber sale, selling 5 million board feet for about \$1 million at Icy Bay.*

1997

*Began due diligence process to downsize Alaska Psychiatric Institute and assist in closure of the Harborview Development Center.*

*Offered 70,000 Cook Inlet Basin acres for oil and gas exploration and development.*

*A decade of achievement. A decade of learning. A decade of growth. A decade of leadership. A decade of trust.*

Experts agree that alcohol abuse is the number one social and health problem in Alaska. To address this concern, Trustees have worked closely with the state administration, the Governor's Advisory Board on Alcohol and Drug Abuse, and communities to fund strategies to address problems related to substance abuse. These have included treatment programs for inmates in Corrections, encouragement of local-option laws, the use of the State's involuntary commitment laws, a detox facility in Fairbanks, and many other projects. However, a coordinated statewide effort by all Alaskans will be needed to make significant progress on this problem.

Over the past several years the State refinanced many state grants using the Medicaid program. While the federal money is important, Medicaid's medical model and dependency-promoting structure is sometimes a poor fit for Alaska. As we have recently experienced, over dependence on this funding source makes Alaska subject to the budgetary whims of the federal government. At the same time, Medicaid is at the core of the funding mechanism for Alaska's mental health program and must be protected and strategically expanded to meet Alaskan needs.

Trustees understood from the beginning that due to the remoteness, cultural variations, and poor economies of scale, rural Trust beneficiaries received limited levels of service. The first action was to sensitize State leaders and Trustees by visiting rural communities. The only way you can truly understand the successes and challenges in rural communities is to spend at least one night there.

Each year since 1998, Trustees, staff and board members from the Trust-related boards, State administrators, legislators, and legislative aides have traveled together to visit different regions of Alaska and meet with community members to understand rural issues.

In addition, the out-of-state placement of hundreds of Alaskan children, the continued over-involvement of beneficiaries with the criminal justice system, the lack of affordable, safe, accessible housing, and the desire of the beneficiaries to do as much as possible for themselves continue to be the major challenges facing The Trust.

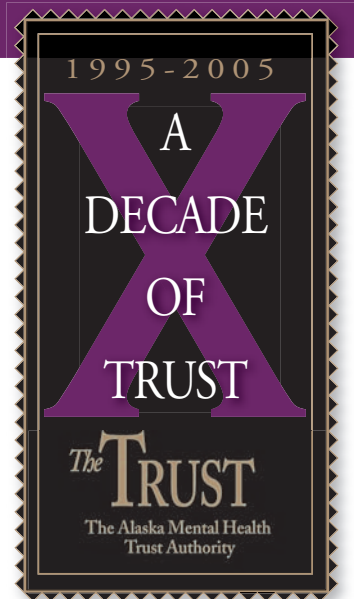


*These children remind us of the importance of The Trust to stay true to its Vision and Mission, to administer the Mental Health Trust in perpetuity, and to enhance and protect it.*

## FUTURE

Over the last 10 years, The Trust has learned to work outside the boundaries of traditional public organizations to fully meet the mandates of The Trust's unique statutory mission. One method used provides active support for many of the grantees, to better ensure the success of projects. Leadership techniques are also used that mobilize stakeholders to clarify what matters most, in what balance, and with which tradeoffs.

The Trust often acts as a convener and works with stakeholders to plan and prioritize for the future. Partnering has become the cornerstone of the work in which The Trust is involved. The Trust rarely funds projects on its own, rather it creates partnerships with other entities, partnerships that then become stronger than the sum of their parts. These leadership and partnering practices led The Trust to direct the majority of its funding for the next 3 to 5 years into four major focus areas and to work with its partner advisory groups to develop joint advocacy priorities.



1998

*Assisted with the development of the first Women's Substance Abuse Treatment Program for women in Alaska's prisons.*

*Negotiated a \$900,000 land exchange with the City and Borough of Juneau, setting the stage for redevelopment of the Trust's valuable waterfront lands in Juneau (Support).*

1999

*Sponsored the first Rural Outreach Trip.*

*Converted the Fort Knox mill site lease to a regional mill site lease, thereby allowing off-site ores to be processed at the mill.*

*Rents increased by 400%, from \$30,000 per year to \$150,000 per year.*



*Susan LaBelle, an Alaska Native leader, became a Trustee in 1997. It was her suggestion that State leaders and Trustees visit rural communities to better learn of their needs.*

*A decade of achievement. A decade of learning. A decade of growth. A decade of leadership. A decade of trust.*



2000

*Held the first Mental Health Trust Mover Awards to recognize individuals and organizations who have helped improve the lives of Trust beneficiaries.*

*Negotiated the first placer gold lease on Trust Lands.*

2001

*Final redevelopment strategy completed for the API-McLaughlin parcel.*

*Resolved public use conflicts associated with a popular riverfront parcel in Fairbanks (Chena River Wayside) by agreeing to sell the parcel to the State for about \$200,000.*

The Trust spent much of 2005 preparing and planning activities in four focus areas for 2006.

#### DISABILITY JUSTICE

Beneficiaries of the Mental Health Trust are at increased risk of involvement within the criminal justice system both as defendants and as victims. Trust beneficiaries who have committed no crime are incarcerated nearly 4,000 times each year because appropriate service alternatives are unavailable to provide for their safety and treatment.

Because of their disorders, individuals with mental disabilities are at greater likelihood of becoming involved in the criminal justice system. Once involved, they are at greater risk of repeated cycling through the system.

A long-term partnership with the Alaska Court System began FY2001 to assist Alaska's Courts to become more capable of providing an accessible forum for justly resolving cases involving Trust beneficiaries and better equipped the courts to achieve positive outcomes for the beneficiaries and the communities.

#### BRING THE KIDS HOME

Between 1998 – 2004, the children's behavioral health system in Alaska had become increasingly reliant on out-of-state residential psychiatric treatment center (RPTC) care for treatment of severely emotionally disturbed youth. Out-of-state placements in RPTC care grew by nearly 800%. At any given time, approximately 350-400 children were being served in out-of-state placements. In 2004, these statistics caused Trustees to pick this as a focus area and earmark over \$2 million each year to begin in July 1, 2005, for addressing the "Bring the Kids Home" issue, in partnership with the Dept. of Health & Social Services.

The goals of the project are to:

- Build/develop and sustain the community-based and residential capacity.
- Develop an integrated, seamless service system in Alaska.
- Significantly reduce the existing numbers of children and youth in out-of-state care and ensure that the future use of out-of-state facilities is kept to a minimum.



## AFFORDABLE, SAFE, ACCESSIBLE HOUSING

Alaska Mental Health Trust beneficiaries have many unmet housing needs. Safe, decent, affordable, accessible, and appropriate housing is often the key for beneficiaries in maintaining a healthy lifestyle and it is an important component of The Trust's holistic approach and living with dignity. The statewide shortage of affordable, safe, accessible, and appropriate housing disproportionately affects Trust beneficiaries. Some beneficiaries will require supportive living situations or accommodations to meet special needs. The goal of the Trust's Housing initiative is to increase the availability of a continuum of housing options that are best suited to Trust beneficiary needs and desires that improves/sustains their quality of life.

## AFFORDABLE HOUSING

Supportive housing is a cost-effective approach to addressing beneficiary needs.

Service	Cost per day
Hospital	\$1,600
API	\$732
Nursing Home	\$400
Detox	\$270
Jail/Prison	\$114
Supportive Housing	\$70

Sources: OMB, API, DOC, Clitheroe Center  
& AHFC data.

## TRUST BENEFICIARY GROUP INITIATIVES

There is a growing interest among Trust beneficiaries and their family members to use services provided by fellow consumers/clients and family members. These services create a sense of empowerment and choice that often helps in promoting quality sustainable services and recovery.

The state has existing models for consumer-controlled services that may be adapted or replicated by beneficiaries. The initiative will examine how this service and the mutual understanding between individuals may also improve outcomes and be part of the cost-effective services provided to beneficiaries.

## FY06 LEGISLATIVE PRIORITIES

The FY06 advocacy priorities include expanding adult dental Medicaid services, the maintenance of Medicaid services for beneficiaries, and the establishment of a housing trust.



In 2005 The Trust, in collaboration with 6 of its advisory groups, began a communications campaign to reduce stigma around beneficiary issues and to help people understand that providing treatment and other services assists in beneficiaries leading productive, healthy lives in our communities.

The Trust collaborative communications campaign featured Ramy Brooks as a spokesperson who often speaks for the campaign on alcohol, mental health and suicide prevention issues. Ramy speaks about his

experiences in his youth in Alaska and discusses a message of hope to our youth that there are people who can help if they are experiencing problems.



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For the second consecutive year, the cash assets of the trust benefited from a healthy stock market. Investments with the Alaska Permanent Fund Corporation (APFC) increased from \$333,152,000 at the end of FY2004 to \$363,826,000 at the end of FY2005.

Income from these investments was \$30,811,000 for FY2005 and \$42,322,000 for FY2004. Statutory net income determined by APFC (which does not include unrealized gains) was \$21,008,000 for FY2005 and \$18,811,000 for FY2004. This market rebound has offset the market losses of the three prior years and has validated our four-year Budget Reserve financial model. The budget reserve is set at 400 percent of the annual payout to allow disbursement during market downturns.

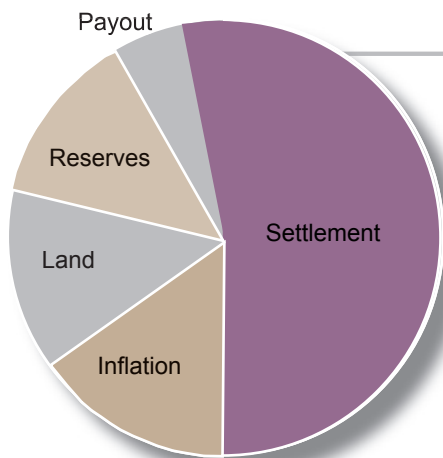
The remainder of the Budget Reserve is managed by the Treasury Division of the Department of Revenue (DOR). This portion of the Budget Reserve earned \$778,440 in FY2005. To equalize the two halves of the Budget Reserve, \$3.45 million was transferred from the APFC Budget Reserve to the DOR Budget Reserve.

The Trust was able to add approximately \$10 million to the Principal account for inflation proofing.

The Trust's payout rate, based on a percentage of market value, which is used to determine the disbursement (or payout) for the mental health budget was increased at the end of FY2004 from 3.5% to 3.75% beginning with the FY2006 budget. At the end of FY2005, the payout rate was further increased to 4.0% beginning with the FY2007 budget. This rate is applied to the amount of the Trust Fund (Principal and Budget Reserve) at the end of a fiscal year to calculate the payout for the subsequent year.

The following performance for FY2005 is available for funding the FY2006 mental health budget:

- Disbursement (payout) rate of 3.75%, for a payout of \$14,607,472. This represents an increase of 17.8% over FY2004.
- Resource management revenue allocated as income was \$3,009,923.
- Interest on the Income Account at Treasury Division was \$923,747.
- Lapsed funds from prior fiscal years were \$5,220,114.
- Total funding available for the Mental Health Trust budget in FY2006 is \$23,761,255. This is an increase of 14% over FY2005.



*Trust Cash Assets at End of FY2005*

Settlement	58.0%	\$ 200,000,000
Inflation	17.9%	\$ 61,836,475
Land	15.8%	\$ 54,527,213
Reserves	16.9%	\$ 58,429,886
Payout	3.75%	\$ 14,607,472



2002

*Advocated for the successful passage of the statewide alcohol tax increase.*

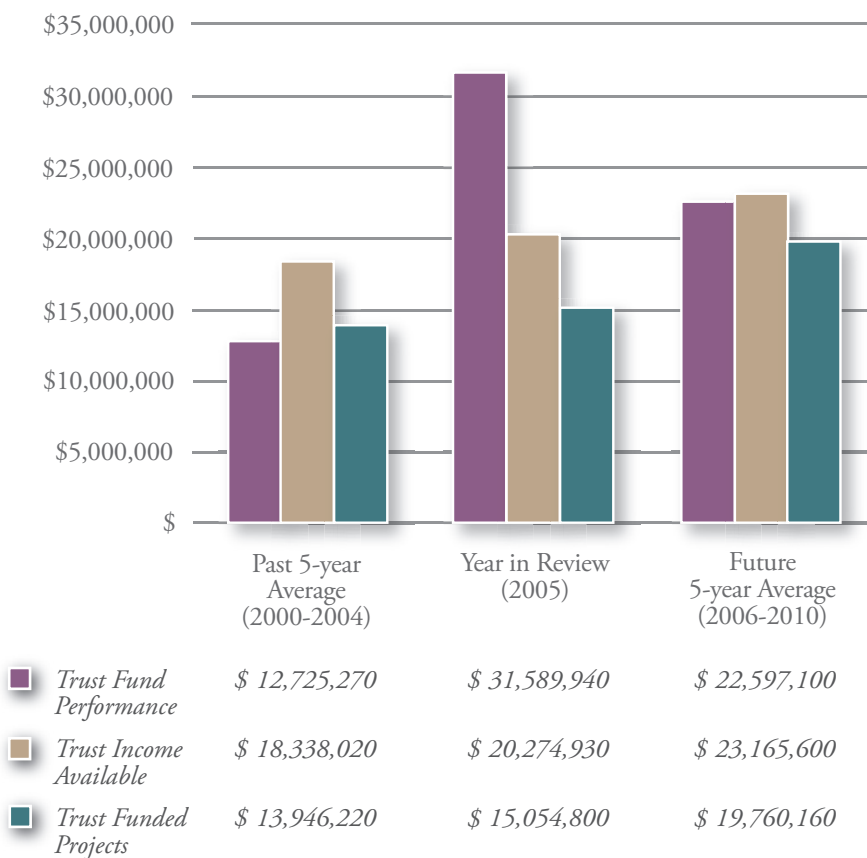
*Signed API-McLaughlin parcel subdivision plat, setting stage for conveyance of a 16-acre tract to the Department of Health and Social Services as the new API site, sale of a 25-acre tract to Providence Hospital for hospital expansion or University trade purposes, and future leasing of 14-acre Lake Otis and Providence corner parcel.*

2003

*Partnered with the Alaska Court System to sustain and expand Alaska's therapeutic courts and therapeutic justice practice statewide.*

*Land Office gross revenues increase to over \$16.8 million.*

### *Trust Fund Performance*





## 2004

*Launched new budgeting method, Budget Recommendation Planning Process that will guide decision-making and funding process for the next five to 10 years.*

*Completed the purchase of the seven-acre site for the new Fairbanks Detox Center.*

## 2005

*Concentrated on planning activities in four focus areas for 2006: Disability Justice; Bring the Children Home; Affordable, Safe Accessible Housing; and Trust Beneficiary Group Initiatives.*

*The Fall 2004 Cook Inlet Oil and Gas lease sale resulted in \$700,000 of bonus bids on 17 tracts encompassing 80,000 acres.*

The Trust Land Office exceeded its gross revenue projections by 123 percent, with final revenues equaling about \$17.6 million compared to a goal of \$7.9 million. Much of the revenue was attributable to multi-year transactions, which were not guaranteed to close in FY2005 and so were not included in the FY2005 gross revenue projections. It is important to note that Spendable Income exceeded projections by only 15 percent, with a year-end outcome of about \$3.0 million, compared to projections of \$2.6 million. Since The Trust Authority relies heavily on the Spendable Income projections of the TLO, it is important that this projection be as accurate as reasonably possible.

### FY2005 LAND OFFICE HIGHLIGHTS FOR THE YEAR

The real estate program and Community Enhancement Initiative accounted for over 76 percent (about \$13.4 million) of gross revenue. Successful efforts included the sale of about 4,060 acres of waterfront property in Gustavus to The Nature Conservancy and Department of Natural Resources for \$3.2 million, the completion of the reconfigured MHTL Subdivision in the U-Med District in Anchorage into Providence-Chester Creek Subdivision and the payoff of Providence Hospital's \$3.4 million promissory note for Tract A.

The TLO completed its eighth annual land sale, selling 58 parcels through a sealed bid process with a value of \$3,176,570. New subdivisions were completed at West Lake and Twin Island Lake both in the Mat-Su Borough, with full sellout in the 2004 land sale, valued at \$776,000.

The Trust also acquired ownership of an office building located in East Anchorage. The building, formerly known as the Family Resource Center has been renamed the Trust Authority Building and is the future home of the Alaska Mental Health Trust Authority. FY2005 timber revenue accounted for over 16 percent (about \$2.8 million) of gross revenue, with sales in Wrangell and the combined areas of Signal Mountain, Gravina Island, and Minerva Mountain in Ketchikan. The TLO also signed a contract with Alcan Forest Products LP for the multi-year Leask Lake Timber Sale with revenues anticipated from FY2006 through FY2010.

*View from Trust land, Klehini View II Subdivision, Haines, Alaska*



*Trust land, Kodiak, Alaska*



*As part of our ongoing efforts to diversify revenue, the TLO entered into a license (with expectations of a lease) with the Alaska Rainforest Sanctuary in Ketchikan. Visitors to the sanctuary have the opportunity to view the rainforest from the walking bridge, or cruise the 'zip line' high up in the rainforest (about 60 feet above ground).*

Photo Courtesy of the Alaska Rainforest Sanctuary, Ketchikan, Alaska

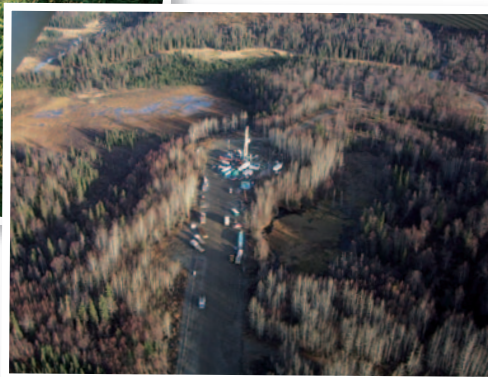
The Cook Inlet Oil & Gas Lease Sale conducted in the fall of 2004 resulted in \$780,000 in income to The Trust from bonus bids and first year rental payments. Overall, the oil and gas program accounted for over 6 percent (about \$1.1 million) of gross revenue with about 150,000 acres under lease.

The minerals and materials program accounted for almost 2 percent of gross revenue (about \$356,000). AngloGold Ashanti was the successful bidder for the competitive mineral lease offering northwest of Salcha (Caribou Creek) resulting in a lease of about 5,060 acres of Trust mineral land. Freegold Ventures LTD USA was the high bidder for 750 acres of Trust mineral land north of Cleary Summit, and the TLO received its second royalty payment of \$68,000 from the Fort Knox Gold Mine near Fairbanks.



*Trust land at Bonnie Lake.*

*Oil and gas exploration.  
Trust Land West Side  
Cook Inlet*



*Trust Land Office  
Campus in Anchorage.*

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This report was printed at a cost of \$5.63 each.