

SENATE FINANCE COMMITTEE
January 25, 2023
9:02 a.m.

[9:02:13 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Steve Williams, Chief Executive Officer, Alaska Mental Health Trust Authority; Anita Halterman, Board Chair, Alaska Mental Health Trust Authority, Representative Julie Coulombe.

SUMMARY

PRESENTATION: ALASKA MENTAL HEALTH TRUST AUTHORITY

Co-Chair Stedman discussed the agenda. He observed that the chair of the Alaska Mental Health Trust Authority (AMHTA) Board was in the gallery.

^PRESENTATION: ALASKA MENTAL HEALTH TRUST AUTHORITY

[9:03:23 AM](#)

STEVE WILLIAMS, CHIEF EXECUTIVE OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY, introduced himself and discussed his background. He relayed that he had worked for the trust

for about 17 years and had held his current position for one year.

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ANITA HALTERMAN, BOARD CHAIR, ALASKA MENTAL HEALTH TRUST AUTHORITY, introduced herself and relayed that she had been with the AMHTA board in a variety of different roles for approximately four years. She had assumed the role of chair one year previously. She asserted that AMHTA had a unique place in state government as a funder that could also apply its resources in a catalytic fashion to help improve Alaska's system of care. She listed AMHTA's activities as supporting partners, bringing on new lines of service, supporting capacity building, working on workforce development issues, capital projects, and policy planning activities. She acknowledged that AMHTA was aware that the trust was not meeting the needs of many of its beneficiaries. She mentioned challenges such as waitlists and increasing costs. She noted AMHTA was very engaged with partners to support meaningful change and a robust continuum of services and support for vulnerable Alaskans.

Ms. Halterman discussed a presentation entitled "Senate Finance Committee, January 25, 2023" (copy on file).

Co-Chair Stedman suggested the board members identify themselves when introduced.

Ms. Halterman looked at slide 2, "Trustees":

- Anita Halterman, Chair
- Rhonda Boyles, Vice Chair
- Brent Fisher, Secretary, Finance Committee Chair
- Verné Boerner, Program and Planning Committee Chair
- John Sturgeon, Resource Management Committee Chair
- Kevin Fimon, Audit and Risk Committee Chair
- Agnes Moran, Trustee

Ms. Halterman introduced the trustees listed on the slide and noted that Ms. Moran would transition to the role of Program and Planning Committee Chair. She described the composition of the board. She explained that the board was independent and provided governance and fiduciary oversight and direction in achieving the mission of the trust. Trustees were appointed by the governor and confirmed by the legislature. She anticipated that the legislature would

be considering confirmation of two of the seven trustees in the current year.

Ms. Halterman spoke to slide 3, "Trust Beneficiaries":

Trust beneficiaries include Alaskans who experience:

- Mental illnesses
- Intellectual and/or developmental disabilities
- Alzheimer's disease and related dementia
- Traumatic brain injuries
- Substance use disorders

Ms. Halterman commented that many beneficiaries fell into more than one category listed on the slide. She explained that the trust supported both youth and adult beneficiaries to prioritize individuals whose behavioral health conditions and developmental disabilities placed them at risk of institutionalization. The trust also considered prevention of conditions (where possible) to be a part of the trust's mandate.

Ms. Halterman referenced slide 4, "Mission of the Trust":

It is the duty of the Alaska Mental Health Trust Authority to provide leadership in the advocacy, planning, implementing and funding of services and programs for Trust beneficiaries.

Ms. Halterman relayed that working closely with the state, the trust supported the development of a five-year comprehensive mental health plan. The trust also worked continuously to manage its assets and preserve and grow the trust's corpus. The trust's activities considered perpetuity, while anticipating beneficiaries' needs into the future.

[9:09:06 AM](#)

Mr. Williams turned to slide 5, "Legislative Audit (2021) Update":

Submitted status report in November 2022 to Legislative Auditor

- Provided updates on recommendations in the 2021 Audit Report
 - Commercial Real Estate

- No recommended action necessary

Mr. Williams discussed a status update of the 2021 legislative audit that had been requested of the trust, which was a follow-up from an audit in 2018. At the time, there had been interest and question regarding whether the funding for the purchase of seven commercial real estate properties was appropriate. He recounted that the trust had followed through with the audit recommendations made in 2018, with a follow-up in 2021 to check in on the status of the recommendations.

Mr. Williams continued that most recently, the legislative auditor had requested an update to include a status update on the 2021 audit. There had been five recommendations in the audit, and the trust provided a status report to the legislative auditor and then the Legislative Budget and Audit Committee in December 2022. The legislative auditor had recommended no action at the time. He thought the work with the auditor showed the trust's level of importance and its ability to address and its operations overall.

Mr. Williams considered slide 6, "Financial Position," which showed a bar graph of trust-invested assets and a table entitled 'Primary Trust Financial Assets (end of FY 22).' He noted that AMHTA had historically used the slide in presentations to demonstrate the trust's financial position of the total invested assets of the trust. The graph represented up to year-end 2022. He focused on the far right of the chart, where the green section of the bar represented the corpus of the trust, managed by the Alaska Permanent Fund Corporation (APFC). The green portion represented about \$531 million. The light blue portion of the bar represented the budget reserves, which totaled around \$204 million. The smaller, darker portion of the bar represented the equity of the real estate assets, which was roughly \$73 million. He cited a total of around \$801 million in total invested assets of the trust.

Mr. Williams observed a slight dip in 2021 which was reflective of the turbulent financial times, and then a positive change.

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Co-Chair Hoffman asked Mr. Williams about the \$71 million of restricted reserves as part of the \$204 million that were in the trust's reserves.

Mr. Williams informed that the restricted reserves were designated as part of how the trust's reserves were split. Some of the reserves were unrestricted, and the unrestricted were invested with APFC. The formula was part of what was reviewed in the audit in 2020 to make sure the trust was allocating and accounting for its reserves properly.

Co-Chair Hoffman asked what the reserves were earmarked for.

Mr. Williams relayed that the board set a target of 400 percent of spending for budget reserves. In the event that there was significant downturn in the market, the reserves would provide funding to maintain grantmaking and operations without reductions.

Co-Chair Stedman relayed he had met with Mr. Williams the previous day and had asked him to address the trust's portfolio and its ability to handle dips, including the smoothing mechanism.

Mr. Williams displayed slide 7, "Available Funding," which showed two tables. The table on the left showed the trust's estimated available funding for FY 24, which was calculated through four different revenue streams. The top showed the corpus, the second row was unexpended funds from prior year grants, the third row down showed spendable income generated by the trust land office, and the last row showed interest earned on General Fund and Other Non-Segregated Investments (GeFONSI) accounts. He explained that the trust considered the previous four years for each category of funding, after which the figures were averaged to determine projected available spending for the upcoming fiscal year.

Mr. Williams continued that the trust looked at the average earnings of the corpus over four years for a 4.25 percent draw. He explained that the averaging or smoothing was done in order to mitigate the highs and lows of the market. The approach was to smooth out any volatility, so it had minimal impact on the organization and its beneficiaries.

Mr. Williams addressed the chart on the right-hand side of the slide, which showed available funding each fiscal year since FY 19. He observed modest growth in available funding of \$1 million to \$2 million per fiscal year. He noted that looking at FY 23, there was a modest growth of a few hundred thousand dollars because of the current market.

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Senator Wilson observed that the carry-forward of prior year funds was a little more than 10 percent of the grants that were funded. He asked if there was a reason that the grants were not funded. He asked for more detail.

Mr. Williams did not have specific grants to identify but spoke to why there was lapses in grant funding. He explained that some projects did not start as expected. Some work with agencies did not fully expend trust funds due to a variety of delays, and some projects did not start at all. He relayed that the trust tried to keep the carry-forward amount below 10 percent, but recognized that in any given fiscal year, there would be funds that were not expended as hoped.

Senator Kiehl asked Mr. Williams to discuss land office spendable income. He asked if the spendable income was everything generated by the land office, or if it was a portion.

Mr. Williams relayed that the purpose of the land office was to maximize revenue on trust lands to the benefit of beneficiaries and the trust. When the land office generated revenue for the trust, it was broken into two categories per statute and regulation. Some of the revenue generated from trust lands was spendable income and did not have to go into the corpus or principal, and some revenues had to be deposited in the corpus of the trust per statute. He cited that 85 percent of revenue generated from timber activity on trust lands went into the principal of the trust, and 15 percent was distributed to the trust as spendable income. He noted that land office spendable income was part of the table on slide 7 that showed the trusts estimated available funding for FY 24.

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Mr. Williams highlighted slide 8, "FY 24 Spending":

Authority Grants

\$19,723.5

Designated grants to community providers, nonprofits, local governments and Tribal organizations

•Includes \$1.9M in mini grants

Agency Budgets

Trust Authority: \$4,624.4

Trust Land Office: \$5,019.1

MHTAAR

\$9,825.6

Designated grants to state agencies, requires receipt authority

Mr. Williams discussed the pie chart on slide 8. He explained that the trust authority office focused on programs, services, grants, and policy making. He cited that there were 17 full-time employees in the trust authority office. The trust land office was operated within the Department of Natural Resources, separate from the trust authority office in the Department of Revenue. There were 19 full time employees in the land office. The land office monitored and developed the land so that it maintained value and provided revenue generating opportunities.

Mr. Williams discussed the yellow slice of the pie chart, Mental Health Trust Authority Authorized Receipts (MHTAAR), which were funds approved by the trustees for a specific purpose within a state agency. He explained that the legislature provided the receipt authority to use the funds as approved by the trustees. He cited that in FY 24, there was about \$9.8 million going to a variety of state agencies. The dark green half of the pie was indicative of authority grants that went outside the state budget process. The trust had the authority to make grants directly to organizations.

Mr. Williams noted that the mini grants mentioned on the slide went directly to beneficiaries for a variety of reasons. He described that trustees could apply for mini-grants of up to \$2,500 for mental health and addiction-related issues, for populations experiencing Alzheimer's and dementia and other related disorders, and for those who

might experience an intellectual or developmental disability.

Co-Chair Stedman asked Mr. Williams to avoid using acronyms. He asked for an explanation of FTE.

Mr. Williams explained that FTE signified a full-time equivalent position.

Mr. Williams looked at slide 9, "MHTAAR, FY24":

- Dept. of Health (\$3,384.8)
- UAA (\$2,092.5)
- AHFC (\$1,520.0)
- Dept. of Family and Community Services (\$772.0)
- Dept. of Corrections (\$771.0)
- Dept. of Administration (\$353.4)
- Alaska Court System (\$304.4)
- Dept. of Transportation and Public Facilities (\$300.0)
- Dept. of Public Safety (\$160.0)
- Dept. of Education and Early Development (\$120.0)
- Dept. of Labor and Workforce Development (\$25.0)

Mr. Williams summarized that there was about \$9.8 million approved by the trustees and going through 11 state agencies. The combined total for the Department of Health and the Department of Family and Community Services was about \$4 million. There were also increments to the Alaska Court System and AHFC.

[9:25:13 AM](#)

Mr. Williams addressed slide 10, "FY 24 GF/MH Recommendations (and Associated MHTAAR)," which showed a table comparing what had been approved with trustee recommendations and what was in the governor's proposed FY 24 budget that had been released in December. He highlighted that every year by statute AMHTA's board of trustees had to made recommendations to the administration and the legislature for how the state could spend state General Fund dollars. The trust submitted a letter with the approved budget by September 15. He referenced the table and noted that the blue columns denoted what the trustees

recommended, and the yellow columns showed what was in the governor's proposed budget.

Mr. Williams continued to address slide 10. The top portion of the table showed operating budget items and the bottom portion showed capital budget items, which were included in the mental health budget. He noted that the governor did include several recommendations from the trustees for state General Funding, but did not include all recommendations, which was not uncommon. He noted that the recommendations were the priorities of the trust to ensure there were services and programs in the communities. He mentioned the Crisis Now Continuum of Care grants, which were shown on two lines of the table as recommendations by the trust in the amounts of \$1 million and \$500,000. He described the grants as critical for the trust's continued momentum and implementation of the Crisis Now statewide effort, but noted that the items had not been included in the governor's proposed budget.

Mr. Williams mentioned the Comprehensive Integrative Mental Health Program Plan, which was a plan that by statute was developed every five years by the department in partnership with the trust and others. The plan was approaching its renewal period, and the increment shown in the second row of the table reflected the associated position. He emphasized that the increment shown in the second row was critical for the trust to have a point of contact with the department for developing and updating the plan.

Co-Chair Stedman wanted to wait to address the matter until the administration submitted the supplemental budget and amendments that were expected in the following week, before a discussion to further understand concerns and recommendations. He mentioned the Alaska Housing Assistance Program and committee interest in concentrating on the housing shortage and capacity issues. He was sure that the capital budget chairman would be interested in the matter and thought the committee would seek out discussions with the administration and the trust to see about further increasing housing availability. He mentioned problems throughout the state, particularly in rural Alaska.

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Senator Wilson had a question about peer support certification in the Department of Health. He asked if the

funds were for substance abuse peer support. He did not think there was a requirement for peer support to be certified. He asked if there was associated legislation or if the trust was offering certification for those that wanted it.

Mr. Williams relayed that there was a peer support certification program developed by the department in conjunction with the trust whereby programs could utilize people with lived experience in the delivery of services in the system of care. He offered to get back to the committee with information on whether there was a certification requirement. He added that peer certification was an entry point and pathway to increased employment opportunities for individuals who had lived experiences. He mentioned that peer support was a key component of the delivery of services in all the levels of the Crisis Now model of continuum of care.

[9:31:11 AM](#)

Senator Wilson qualified that he supported peer certification but did not know if it was required as part of the different billable systems. He wanted to ensure there were qualified individuals.

Mr. Williams agreed to follow up with the committee in writing.

Co-Chair Stedman mentioned the topic of the budgets and the fiscal position of mental health. He recounted conversation from a few years previously about inflation-proofing the trust. He asked Mr. Williams to address the topic.

Mr. Williams discussed inflation proofing and emphasized protecting the purchasing power of the trust for future beneficiaries. He shared that it was possible to transfer income into the principal of the trust as a mechanism for doing so, and in the past couple of years the trust had done so with approximately \$76 million. He reiterated that the trust calculated available spending by ensuring it did not overdraw and by using the average of the previous four years of earnings with a 4.25 percent draw. He cited that the trust had contracted with Callan the past spring to look out the inflation-proofing approach. Callan had concurred with the approach that the board was using to protect and inflation-proof the corpus.

Co-Chair Stedman asked if the inflation-proofing was taking place on more of a routine basis than previously.

Mr. Williams answered "yes." He mentioned the 400 percent target for budget reserves, after which the trustees could take any excess for inflation-proofing or any critical programming or anything related to the land office. The revenue beyond the 400 percent triggered a conversation with trustees as to how to deploy the funding.

Co-Chair Stedman asked Mr. Williams to discuss why the trust was so protective of the fund and why the spending amount was capped at 4.25 percent.

Mr. Williams mentioned the role of the trust and beneficiaries and mentioned maintaining funding and purchasing power to maintain equity between beneficiaries today and beneficiaries in the future.

Co-Chair Stedman asked if it was critical in AMHTA's mission to not overdraw the trust.

Mr. Williams answered "yes."

Co-Chair Stedman thought it would be helpful for presentation in the other body, which had many new members, to explain the philosophy behind the 4.25 percent draw.

Mr. Williams thanked Co-Chair Stedman for his suggestion. He noted that Callan had reviewed the trust the previous spring and concurred that the 4.25 percent draw was the appropriate percentage to maintain the equity and purchasing power for the future.

[9:36:28 AM](#)

Mr. Williams advanced to slide 11, "Trust Grant Impacts," which was a high-level demonstration of grant impact for FY 22. He referenced the AMHTA annual report, and an included investment report which was distributed to members' offices. He noted that the investment report listed each grant awarded by the trust in FY 22. The slide showed the categories and types of grants and the total amounts of funds approved for the different projects and purposes.

Co-Chair Stedman thought Senator Bishop would like to ask about workforce development.

Senator Bishop asked what AMHTA was doing with workforce development and training.

Mr. Williams relayed that the trust was engaged in several different areas related to workforce development. He referenced Senator Wilson's question about peer support certification, which was an area the trust was engaged in to build up the workforce for providers. He mentioned the Support for Service to Health Care Practitioners (SHARP) Program, which was a loan repayment program that had generated hundreds of jobs included nurses, behavioral health clinicians and behavioral health aids. The program had been tapped into by the Department of Corrections, the Alaska Psychiatric Association, the Office of Children's Services, as well as community partners.

Senator Bishop asked whether Alzheimer's patients fell under the purview of the trust. He had seen a need to expand training in the care of Alzheimer's patients. He thought the state might be behind the curve in having services in the community.

Mr. Williams affirmed that adults experiencing Alzheimer's, dementia, or other related illnesses were beneficiaries of the trust. The trust did its work to address workforce issues and solutions in partnership with the Alaska Commission on Aging, which was one of trust's advisory boards. He offered to provide further information regarding any potential grants over time with targeted workforce related to the population mentioned by Senator Bishop.

Senator Wilson asked for clarification of the state's utilization of state programs using the SHARP Program, and whether it was SHARP I, II, or III.

Mr. Williams agreed to get back to the committee with the information.

Co-Chair Stedman asked Senator Wilson to restate the question.

Senator Wilson defined the SHARP acronym.

Mr. Willams explained that over the course of several years the SHARP program had gone through evolutions of improvement and different programs related to workforce issues. He offered to provide detailed information at a later time.

[9:41:04 AM](#)

Mr. Williams looked at slide 12:

The Trust develops its budget and engages in grantmaking, advocacy, and system improvement efforts around the following areas:

Established Focus Areas

- Disability Justice
- Mental Health & Addiction Intervention
- Beneficiary Employment & Engagement
- Housing and Home & Community Based Services

Additional Priorities

- Workforce Development
- Early Childhood Intervention & Prevention

Mr. Williams explained that when staff presented budget recommendations to the AMHTA Board of Trustees, there was direction by the trustees to do so in a targeted fashion. He discussed the focus areas listed on the slide and noted that the strategies and goals within the focus areas had changed over time. The focus areas were issues that impacted beneficiaries and required long-term and constant improvement. He expressed that the value of the trust to the state was that it used its funds to help the system continue to evolve over time so as to not become stagnant in quality or efficiency. He explained that the trust looked at areas within each of the focus areas listed.

Mr. Williams showed slide 13, "Policy/Advocacy":

- Community-Based Services
- Housing and homelessness
- Workforce Development
- Medicaid
- Transforming behavioral health crisis response

Mr. Williams noted that in addition to the focus areas, the trust was engaged in policy and advocacy work in

partnership with its four statutory advisors: the Alaska Commission on Aging, the Alaska Mental Health Board, the Advisory Board on Alcoholism and Drug Abuse, as well as the Governor's Council on Special Education and Disabilities. He noted that although the areas were broad, they were critical to the way the trust's system provided services to its beneficiaries and families across the state. He emphasized that having access to families as close to the home as possible was the most cost effective and effective way of meeting the needs of the beneficiaries.

Mr. Williams continued discussing AMHTA's focus areas of policy and advocacy. He mentioned that workforce development was critical to the trust's organizations and mentioned the struggle with workforce across all sectors. He highlighted that healthcare was one of the largest cost drivers in the state. He cited that trust beneficiaries were largely insured through the Medicaid Program, and the trust's organizations used Medicaid to bill for services while ensuring the billed services were commensurate with the cost of delivery. The organizations also maintained the relevance to inflation over time. He noted that the last bullet referenced the trust's work with the department and others in the community on the Crisis Now system of care.

Mr. Williams referenced slide 14, "Behavioral Health Crisis Response: Timeline," which showed a flow chart depicting a timeline to show the work with the department and other partners in transforming how the state responded to people having a behavioral health crisis. He mentioned a lawsuit against the state in 2018 or 2019, which was the energy behind the department and the trust considering how to transform the system.

[9:46:00 AM](#)

Mr. Williams turned to slide 15, "Crisis Now Implementation -At a Glance":

System Implementation

- House Bill 172 signed into law in July 2022
- 988 implemented nationwide in July 2022
- Medicaid 1115 waiver implementation ongoing
- Statewide Hospital ERs Learning Collaborative established in December 2022

Statewide

- Crisis Now Project Management Contract
- Careline Crisis Line

Mat-Su

- Crisis Community Coordinator
- Mobile Crisis Response + Withdrawal Management
- Crisis Community Collaborative

Anchorage

- Crisis Community Coordinator
- Crisis Stabilization Planning Grants: Southcentral Foundation, Providence Alaska
- Crisis Community Collaborative

Fairbanks

- Crisis Community Coordinator
- Mobile Crisis Response
- Crisis Community Collaborative

Juneau

- Bartlett Regional Crisis Stabilization
- Mobile Integrated Behavioral Health Response
- Crisis Community Collaborative

Ketchikan

- Crisis Community Coordinator

Early Planning Efforts

- Kotzebue
- Copper Center
- Unalaska

Mr. Williams thanked the members for their support for HB 172 [legislation passed in 2022 that dealt with changes to involuntary commitment] the previous year, which was a strong and required underpinning for the Crisis Now model implementation would be successful. He cited focus on Anchorage, Fairbanks, and the Matanuska-Susitna (Mat-Su) Valley; but noted that the map indicated work in other communities including Kotzebue, Copper Center, Unalaska, Juneau, and Ketchikan.

Senator Wilson recalled that the previous year's capital budget had provided \$8 million to Providence Medical Center to help with the Crisis Now model and remodel of the Alaska Psychiatric Institute (API). Since that time, he thought Providence had switched the chief executive officer and

made other changes and was rumored to not be engaged in the project as planned. He asked if Mr. Williams had any concerns about the project staying on track, or whether the funds needed to be redirected to other facilities in the state that could be converted to crisis stabilization centers.

Mr. Williams affirmed that the matter had been discussed in conversations immediately after the transition had happened. The trust did not have any concerns about the project going forward. The old API building was intended to be a crisis stabilization center. The building would not only provide crisis stabilization services, but also crisis residential services and an urgent care component. There had been no indications that the plan would not go forward, and the trust had recently viewed a presentation by Providence on the current project with a request for additional funds to continue. He recounted that the trustees only yesterday had approved roughly \$1.5 million for Providence to continue the work on the project.

Senator Bishop asked for more information on who the trust was working with for providers in the Copper Valley area of his district.

Mr. Williams agreed to provide the information at a later time.

[9:49:44 AM](#)

Mr. Williams considered slide 16, "Trust Land Office":

Highlights

- Land sales
- Revenues from USFS Land Exchange parcels
- Icy Cape development
- Easement program

Mr. Williams noted that the executive director of the land office, along with 18 positions, helped to generate revenue off of lands for the trust. He highlighted the table on the right-hand side of the slide, which showed the asset classes of trust lands. The items showed some of the ways the trust land office generated revenue. He mentioned mineral development, timber, leases, land sales, and the sale of materials such as gravel. He pointed out anticipated revenue of \$11.8 million for FY 23. He

highlighted land sales. He noted that each fall the trust office had a land sale, where individual Alaskans could place bids for identified parcels of land. The most recent land sale had generated \$2.7 million of revenue, and based on the amount he thought the trust would meet or exceed its goals for the current fiscal year.

Mr. Williams continued to discuss the trust land office. In addition to revenues from the land exchange and parcels the trust continued to have timber activity. He mentioned locations in Naukati, Prince of Wales Island, and Shelter Cove. The timber activity generated income for the trust. He added that the activity maintained a workforce in an area of the state. He discussed the Icy Cape development, a parcel of land which was near Yakutat, where there was a possibility of generating revenue from minerals. The project was working towards a pre-feasibility study of the parcel. He described that the trust was looking at possible revenue generation from utility easements.

[9:53:02 AM](#)

Co-Chair Stedman corrected that Icy Cape was north of Yakutat. He mentioned that the Naukati area was on Prince of Wales Island, and Shelter Cove was in Ketchikan.

Senator Wilson referenced discussions by the administration regarding carbon sequestration and wondered if the trust land office had started looking at the issue since it engaged in timber sales.

Mr. Williams affirmed that the topic was a subject of conversation that the trust land office was looking into, with consideration of how it could play into the trust's work and lands.

Senator Bishop asked how many acres the trust land office had sold to generate \$2.7 million. He asked if the Icy Cape development was a placer deposit.

Mr. Williams acknowledged that he was not an expert in mining terminology but thought the term placer indicated the use of water to wash out minerals from the area, and indicated "yes."

Co-Chair Stedman thought there would be a project visit the following summer and thought there was a substantial amount

of mineralization that could be lucrative for the trust. He thought the potential project was a promising area for revenue and jobs.

9:55:21 AM

Senator Kiehl asked how much interest the board had in the land office's approach. He opined the trust should be the most popular entity in the state but thought in many places the trust was deeply disliked due to its approach to the land office's activities. He asked if the board was engaged with the matter.

Ms. Halterman was aware of conflicts with the trust's resource development projects and feedback from the public. She did not know if the trust's approach had been as meaningful as it could be with regard to the trust's land development. She specified that the trust needed to engage partners more frequently and in a meaningful way. She relayed that the board did the best it could, learned from mistakes as it presented development projects, and engaged with feedback. She emphasized that the board was very engaged with the trust's resource development and emphasized the associated income and jobs creation. She relayed that the trust wanted the communities to support the projects, and that the trust needed to ensure that resource development projects were the "right fit."

Mr. Williams added that he had been charged with doing community outreach and education related to the trust's role and resources, and how the money that was generated benefitted communities and individuals. He thought that by-in-large individuals did not understand the complexity of the trust nor the difference between state and trust lands and the trust mission.

Ms. Halterman added that the trust could and would do a better job of educating beneficiaries about the role of resource development for programs. She thought there was a disconnect for beneficiaries that did not understand how trust land was different from other lands in the state. She affirmed that the board and the CEO and staff were aware of the need to engage beneficiaries to understand the connection to resource development. She cited that the efforts were started when trust land office was present at the Improving Lives Conference. She summarized that the

board was well aware of the disconnect and was actively working to improve the situation.

[9:58:44 AM](#)

Senator Kiehl apologized if he had suggested that the trust should not develop resources, which was not his intention. He mentioned concepts such as social license. He thought it was important that when communities learned about a high-impact development when the work was already underway, the opportunity to work with the community was lost. He referenced a roughly 25-year history of a "bad neighbor" approach. He thought the trust had every opportunity to do all the resource development it did without making enemies.

Ms. Halterman thought Senator Kiehl's point was well made.

Co-Chair Stedman relayed that there was a lot of trust land in his district, and the trust had responded well to communities while trying to work the issue if there was visual or view-shed impact through land exchanges. He discussed monetizing trust lands, which was the trust's mission. He recognized that trust land development caused great concern, especially to those that lived next to trust land. He thought the trust had been responsive to communities and cited that the trust had harvested timber and followed up with subdivisions to increase housing. He recognized there was always ongoing conflict, particularly regarding timber harvest. He thought the trust was in difficult position as a land developer.

[10:01:31 AM](#)

Senator Wilson echoed Co-Chair Stedman's comments and referenced a trust project in his district that had experienced conflict. He thought the matter had been resolved and thanked the trust, who he thought had handled the issue responsibly.

Co-Chair Stedman relayed that there was potentially huge view shed impacts in Ketchikan, in an area where the Russians had logged up Mount Verstovia. He mentioned the old second-growth after Russian logging and shipbuilding in Sitka. He relayed that the issue had been worked out over a long period of time and worked on a land exchange. He was sure there were other areas of concern. He mentioned Haines and Whale Pass.

Co-Chair Stedman asked for more detail regarding real estate holdings that were subject to the legislative audit in 2018. He asked about a target holding period and cash positions of the assets. He wondered about the time frame of when the projects would be gone.

Mr. Williams agreed to provide an update.

Mr. Williams displayed slide 17, "Thank You."

Mr. Williams appreciated the committee's interest and dialogue and looked forward to a continued partnership.

Co-Chair Stedman looked forward to a presentation on the Icy Cape development the following year. He suggested that the next presentation could provide information on income and job creation potential.

Co-Chair Stedman discussed the agenda for the following day.

#

ADJOURNMENT

[10:06:17 AM](#)

The meeting was adjourned at 10:06 a.m.