

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING

April 20, 2017

1:33 p.m.

Taken at:

Alaska Mental Health Authority
3745 Community Park Loop, Suite 120
Anchorage, Alaska 99508

OFFICIAL MINUTES

Trustees present:

Carlton Smith, Chair

Larry Norene

Laraine Derr (via Speakerphone)

Jerome Selby

Paula Easley

Russ Webb

Mary Jane Michael

Trust staff present:

Greg Jones

Jeff Jessee

Steve Williams

Miri Smith-Coolidge

Valette Keller

Carley Lawrence

Amanda Lofgren

Mike Baldwin

Luke Lind

Katie Baldwin-Johnson

Heidi Wailand

Carrie Predeger

Trust Land Office present:

John Morrison

Aaron O'Quinn

Craig Driver

Sarah Morrison

Brian Yackel

Wyn Menefee

Mike Franger

Also participating:

Kathy Craft; Chris Cooke; Kate Burkhart (via Speakerphone); Katie Davies; Kathy Ireland; Debbie Mong; Rebecca Madison; Christie Reinhart; Denise Daniello (via Speakerphone); Randall Burns; Jim Calvin; Jean Gerhardt-Cyrus; Beth Davidson; Nancy Merriman (via Speakerphone); DeWayne Harris.

PROCEEDINGS

CHAIR SMITH calls the Resource Management Committee to order and states that all trustees are present. He asks for any announcements. There being none, he moves to the agenda. There being no changes, additions, or deletions, the agenda as presented will move forward. He moves to the minutes of January 5, 2017.

TRUSTEE MICHAEL makes a motion to accept the minutes of January 5, 2017.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

TRUSTEE DERR states that the minutes reflect a motion that there would be a PR contract.

TRUSTEE DERR makes a motion to rescind the motion to have a PR contract, as recorded in the January minutes.

TRUSTEE SELBY seconds.

There being one yes and six nays, the motion is not approved.

CONSULTATIONS

CHAIR SMITH asks Mr. Morrison to share the process of consultation.

MR. MORRISON states that on the agenda are four consultations and one approval. It is important to note that there is a distinct difference between consultations and approvals. He continues that consultations occur when there are disposals of Trust interests; approvals come about for a particular purpose with a proposal and a motion to vote on.

EXECUTIVE DIRECTOR'S REPORT

MR. MORRISON begins with an update on the efforts at Icy Bay. He states that the process of developing both written materials and electronic materials to initiate outreach efforts in the communities of Yakutat and Cordova has begun. In addition, the process of having meetings with various interested parties are also underway; potentially, the community meetings will begin the second week of May. He continues that these efforts are of the utmost importance and will make or break the ability to realize the potential of these properties. He recognizes staff for the planning and ability to work this process through the State system to make sure that it is successful and everyone comes home safely. He states that there is also a timber contract out

there that has about seven years left on it. There has been continual communication with the contractor on that timber sale to coordinate efforts and make sure that the Trust is able to reap the benefits of both resources on site. He adds that the TLO has been getting very positive results from the lab work on the materials that were taken last year, as well as the materials that have been sent on to various industry interests for testing on site to see how these materials fit their industrial needs. He states that PacRim has decided to cancel their efforts at the Chuitna Mine, suspending the pursuit of permitting efforts on the Chuitna coal project.

TRUSTEE EASLEY comments that Alaska very seldomly gets to make its own decisions about any natural resource, and this is a good example.

MR. COOK asks if there is any kind of remediation that needs to be done with the termination of the PacRim lease.

MR. MORRISON replies that there is no remediation in the sense that coal or anything of that nature were unearthed. He states that there are certain water quality wells and other testing infrastructure that have been installed that will be studied to determine if they should be removed. If anything needs to be removed, it would be PacRim's responsibility. He moves on and states that the spring land sale was completed. It was the largest spring land sale in some time. There were 11 parcels sold at a 9 percent premium for a potential sale revenue of \$327,800. He states that, on a sad note, Victor Appolloni turned in his resignation, and he recognizes all his efforts and loyal service after 16 years. Next is the land exchange update. Both TLO and Trust staff held community meetings in seven different communities in Southeast Alaska to talk about the mission and what is being proposed on the land. In addition, there was participation in radio interviews and newspaper advertisements to alert the communities of the meetings and get out some information. He recognizes Wyn Menefee for his efforts dealing with this.

TRUSTEE MICHAEL states that there were some challenges with a few issues on the land, and commends the efforts brought forth.

MR. MORRISON anticipates this legislation passing at both the State and Federal levels, and the efforts will continue to make sure that those in the communities understand what is happening and how their communities are being affected and how this all benefits the Trust. He moves on to an update on the productive discussions with the Fairbanks Community Mental Health Services on their proposed use of the Fahrenkamp facility. He states that all is going well and we anticipate getting the lease documents in place and proceeding to have them occupy the space sometime this summer. Similarly, staff has been working with the Tanana Chiefs to make sure that the Denardo facility will work for them, as well. He moves to an update on Yosemite and reports that Bryan Yackel, the project manager, was successful in getting the proposed budgets and changes all settled. In addition, the Municipality went through their procurement process and has awarded the contract, which came in below budget.

CONSULTATIONS

MR. FRANGER states that this is a proposal to lease, on a negotiated basis, approximately 93 acres of Trust land located on Olive Creek in the Livengood Mining District to Buckeye Land

and Minerals for placer exploration and mining. He continues that the primary term of the lease would be for three years, and the annual rental is \$5000, which can offset any production royalty for that particular year. He adds that there is a 10-percent net royalty on any production that occurs on the lease. The recommendation is to lease this land, as proposed, to Buckeye Land and Mineral.

TRUSTEE EASLEY makes a motion that the Resource Management Committee recommends that the Trust Authority board of trustees concur with the negotiated lease of Trust mineral estate on Olive Creek for exploration and development of placer gold, as proposed.

TRUSTEE SELBY seconds.

There being no objection, the motion is approved.

MR. MORRISON states that the next item is the other parcel in the Juneau Subport subdivision that is called C1 for a lease and/or sale to be determined.

MR. YACKEL states that this consultation recommends that the executive director complete negotiations for fair-market value lease or sale transactions at Subport lot C1 in Juneau. It is a large rectangular lot, southwest corner, at the intersection of Whittier Street and Egan Drive in Juneau. He continues that the recommendation is to enable the executive director to negotiate fair-market value leases or sales at the Subport.

TRUSTEE NORENE makes a motion that the Resource Management Committee recommends that the Trust Authority board of trustees concur with the Trust Land Office recommendation for the executive director to negotiate lease or sale of Trust parcel C20499, further referred to as lot C1, or portions thereof, at the Juneau Subport subdivision in Juneau, Alaska.

TRUSTEE WEBB seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB asks Mr. Yackel about the progress regarding subdivisions and other things with the City and Borough of Juneau.

MR. YACKEL replies that the application packet was submitted and came back with some conditions of approval. There were some additional questions, and they have since revised their conditions of approval. Forward progress has been made.

TRUSTEE DERR states that she has no problem with the motion. She asks if the ability to submit sealed bids is included with that.

MR. MORRISON replies that this would be inclusive of the idea of doing a sealed-bid action. At this point, due to the variety of potential uses interested parties have shown, the most beneficial methodology for the disposal of the interest will be used. He asks Wyn Menefee to talk about the Homer Spit.

MR. MENEFEE states that there are three parcels that are on the Homer Spit next to the harbor, and we have been trying to resolve a situation recognized as extensive trespass on Trust lands. These lands were platted before the earthquake in '64. It appeared that the City took a resolution of action and took this land. Then the record continued after that point, and multiple plats were done. There are about 26 subdivisions that showed City ownership, and then there is some mixed ownership on the larger parcels. He continues that they have been working with the City to see if they can buy this to clear up the situation. The presentation is to empower the executive director to either lease or sell all or portions of the three parcels. He adds that to do any of the leases or sales there will be a certain amount of actions that will be done to clear the misconceptions of ownership of these properties.

TRUSTEE SELBY makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the Trust Land Office to offer and dispose of all or a portion of three Trust parcels located on the Homer Spit, through negotiated or competitive sale, combined with a lease for any residue parcel if not sold.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

MR. MORRISON moves to Whittier Street.

MR. DRIVER states that the consultation is to evaluate, plan for, market, and negotiate a fair-market lease or sale of the property which is located at 450 Whittier Street in Juneau. The property has been occupied by the Department of Administration, Department of Public Safety and other tenants for decades. He continues that the Trust received ownership in 2009 as a replacement lands parcel using a nomination process. That building was occupied prior to that date without rent paid to the Trust. It will be vacated on the 30th of this month. He adds that the building suffers from extreme deferred maintenance from years of Public Safety using it and not putting any money into it. He asks that the trustees concur with the recommendation to allow the executive director to negotiate a fair-market lease or sale of the property.

TRUSTEE DERR makes a motion that the Resource Management Committee concur with the Trust Land Office recommendation for the executive director to negotiate leasing or the sale of all or part of the 450 Whittier Street building, and the land on which the building is located, at market rent for lease or fair market value for sale.

TRUSTEE WEBB seconds.

There being no objection, the motion is approved.

MR. MORRISON recognizes Mr. Driver for the excellent job managing the process.

TRUSTEE DERR states that she resents the statement under alternatives: "Alternatives are problematic as the quarterly nature of the Resource Management Committee and board meetings prevent the executive director from moving forward with proposals in a commercially reasonable

manner...” She adds that trustees have been very flexible about having meetings, and she objects to that comment.

MR. MORRISON states that the next item is the FY18 real estate and programmatic real estate facility budgets.

MR. DRIVER states that this is the approval for the real estate and program-related real estate facility budget. The overall real estate portfolio presented consists of 13 buildings, some of which are used for programs benefitting Trust beneficiaries. He goes through explaining, and states that there are three proposed motions.

A brief discussion ensues.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority board of trustees concur with the recommendation to approve the incremental building expenditures totaling \$8,538,000 budgeted for the fiscal year 2018 to be paid by the property managers for rents and other income collected from the properties.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Trust Authority board of trustees approve funding the expenditures for the noninvestment program-related real estate Trust-funded properties in the amount of \$555,000 for the fiscal year 2018, which appropriation shall not lapse.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority board of trustees instruct the CEO to transfer up to \$555,000 to the third-party property manager, as requested by the TLO, for the management of the noninvestment program-related real estate Trust-funded properties in capital improvements to the noninvestment program-related real estate grant-funded properties.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

CHAIR SMITH asks Mr. Morrison for any comment on the quarterly report that has been distributed.

MR. MORRISON notes that it is becoming more apparent the importance of the real estate plan and real estate activities in looking at the future.

TRUSTEE EASLEY asks to go back to the federal land exchange and questions if there are assurances in the law or the legislation that the federal government cannot renege on its promise.

MR. MORRISON replies that the legislation is such that it directs the Secretary of Agriculture to exchange the land and does not place any restrictions on the land as it is received.

TRUSTEE EASLEY asks if a wilderness study area or a land management amendment could affect any of the lands selected.

MR. MORRISON replies that the land received from the Forest Service will be free and clear of those sorts of activities, except for some of the ongoing studies. It will affect a small portion of land received and will have a sunset clause where the study will be done.

CHAIR SMITH asks for anything else to come before the committee. Hearing none, he asks for a motion to adjourn.

TRUSTEE NORENE makes a motion to adjourn the meeting.

TRUSTEE MICHAEL seconds.

There being no objection, the Resource Management Committee meeting is adjourned.

(Resource Management Committee meeting adjourned at 2:28 p.m.)