The Resource Management Committee met on October 26, 2017, and reviewed four consultations and two approvals presented by TLO staff. The three consultations required only RMC consultation. After consultation, the Committee members concurred with each proposal:

The **RMC concurred with the following 3 consultations:**

**Item A - MHT 9100862 - BW Enterprises Negotiated Sale**

**Motion Adopted:** “The Resource Management Committee concurs with the decision to sell a portion of Trust Parcel CRM-2528 through a negotiated sale or subsequent disposal action.”

**Anticipated Revenues/Benefits:** The sale would generate revenue for the Trust on land that would otherwise not be developed. The revenue generated will exceed the fair market value as it is inclusive of additional value for the material resource. The land is located away from dedicated public access in an area that would require significant access development costs, and would outweigh any positive financial returns.

**Item B – MHT 9100817 - Johnson Construction and Supply Negotiated Sale**

**Motion Adopted:** “The Resource Management Committee concurs with the decision to sell a portion of Trust Parcel CRM-2402 through a negotiated sale or subsequent disposal action.”

**Anticipated Revenues/Benefits:** The sale would generate revenue for the Trust on land that would otherwise not be developed. The revenue generated will exceed the fair market value as it is inclusive of additional value for the material resource. The land is located away from dedicated public access in an area that would require significant access development costs, and would outweigh any positive financial returns.
Item D – Disposal of Missed Settlement Land on the Homer Spit (SM-7025)

**Motion Adopted:** “The Resource Management Committee concurs with the Trust Land Office to offer and dispose of Missed Settlement Land (SM-7025) on the Homer Spit through a negotiated or competitive sale, combined with other Trust Parcels.”

**Anticipated Revenues/Benefits:** Under this proposal, the Executive Director will be able to negotiate and execute a sale of all portions of the three parcels on the Homer Spit to now include SM-7025 for $550,600. It is a benefit to the Trust to dispose of SM-7025 due to the public right-of-way encumbrance, the need to facilitate the negotiated sale with the City of Homer, and to divest the Trust of any surface estate interests on the Homer Spit, as well as, any litigation liability with the City of Homer.

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**Board Action Required:** The following proposed actions requiring full board of trustee action occurred at the October 26, 2017 RMC Meeting:

Item C – MHT 9100904 - Naukati Land Exchange Negotiated Timber Sale

**Motion Adopted:** “The Resource Management Committee recommends that the Trust Authority board of trustees concur with the disposal of timber through negotiated sale on Trust land located near Naukati on Prince of Wales Island.”

**Anticipated Revenues/Benefits:** The old growth timber sale is expected to cumulatively generate approximately $15.5M in revenue in Fiscal Years 19, 20, 21, 22, & 23. Harvest of timber will maximize revenue while providing for timber regeneration and future timber harvests.

**RMC Recommended Motion:** “The Trust Authority board of trustees concur with the proposed disposal of timber through negotiated sale on Trust land located near Naukati on Prince of Wales Island.”

Item 1 – Icy Cape Gold and Industrial Heavy Minerals Project

The proposal is to fund the Icy Cape Project with $3M to continue with stratigraphic framework and resource drilling, improve existing field camp and property infrastructure, acquire, equip, and deploy a field sample processing facility in support of targeted drilling.

**Anticipated Revenues/Benefits:** The Block contains a unique minerals prospect. It has the potential to become the Trust’s flagship property and to outperform any other mineral property the Trust owns in revenue generation over decades to come. It is likely that a successfully developed project would at least triple our annual mineral revenues. Developing the project through JVs will allow the greatest value to be realized for the Trust and will permit a major stake and controlling interest in the project. This, in turn, offers significantly higher revenue potential than traditional
leasing. Once mining begins, revenue will come from the sale of gold, garnet, other HM, and JV interests. The expected income from a future mining operation will outweigh exploration investment.

**RMC Recommended Motion:** “The Alaska Mental Health Trust Authority board of trustees approve the proposed asset enhancement action to fund the Icy Cape Gold and Industrial Heavy Minerals Project with principal from the Trust Authority Development Account (TADA) fund code 3320 with $3M. These funds do not lapse.”

**Item 2 - Land Exchange Budget Approval**

This budget is presented to seek approval from the board of trustees for the expenditures necessary to complete the land exchange as approved in the federal Alaska Mental Health Trust Land Exchange Act of 2017, and approved by a corresponding State of Alaska legislation.

**Anticipated Revenues/Benefits:** The Exchange will result in better alignment of land ownership patterns with the missions of the USFS and AMHT. Specifically, the TLO will be better positioned to maximize revenue production from timber assets by acquiring lands in less populated and more easily harvestable locations. At current market prices the estimated net return from the harvest of the old growth timber on only the Naukati tracts on Prince of Wales Island received from the Exchange will amount to approximately $15.5MM in revenue through FY23, as a result of an initial timber sale contract being considered by this body. Moreover, upon completion of the Exchange it is anticipated that the Trust will enter additional timber sale contracts for other exchange lands with similar returns on a per acre basis over time. The details of these revenue projections are discussed in more detail by Mr. Slenkamp in an accompanying presentation. The general revenue projection for timber harvest from exchange lands over the next twenty years is $30-50MM.

**RMC Recommended Motion:** “The Trust Authority Board of Trustees approve the appropriation of an additional asset enhancement expenditure of $3,165,000 from Fund 1092 Income and Fund 3320 Principal to be added to the TLO’s budget for the Land Exchange. These funds do not lapse. Staff is directed to negotiate to spend as minimum as possible of these funds.”

cc: Board of Trustees  
Steve Williams, CEO (Acting) Alaska Mental Health Trust Authority  
Wyn Menefee, Executive Director (Acting), Trust Land Office