

**ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING**

Teleconference

January 29, 2020

8:00 a.m.

Taken at:

**Elizabeth Peratrovich Hall
320 W. Willoughby Avenue
Juneau, Alaska 99801**

Trustees Present:

John Sturgeon, Chair
Anita Halterman
Mary Jane Michael
Ken McCarty
Chris Cooke
Laraine Derr
Verne' Boerner

Trust Staff Present:

Mike Abbott
Steve Williams
Miri Smith-Coolidge
Katie Baldwin-Johnson
Allison Biastock
Sarah Morrison

Trust Land Office:

Wyn Menefee
Jusdi Doucet
Aaron O'Quinn
Katie Vachras

Also participating:

Rhonda Boyles; Jack Fowler; Jason Swift; Karsten Eden (Via Speakerphone).

PROCEEDINGS

CALL TO ORDER

CHAIR STURGEON called the meeting to order and asked for any announcements.

MR. ABBOTT made an announcement about the mics being live and are broadcasting in the room and over the teleconference system all the time.

TRUSTEE MICHAEL welcomed Rhonda Boyles, the new appointee from the Governor's office.

CHAIR STURGEON welcomed Ms. Boyles.

TRUSTEE BOERNER recognized and appreciated the Tlingit and Haida Tribes for the meeting on their lands and thanked them.

CHAIR STURGEON moved to approval of the agenda.

APPROVAL OF AGENDA

MOTION: A motion was made to approve the agenda by TRUSTEE McCARTY; seconded by TRUSTEE HALTERMAN.

There being no objection, the MOTION was approved.

CHAIR STURGEON asked for any ethics disclosures. There being none, he moved to approval of the minutes of January 8, 2020.

APPROVAL OF MINUTES

MOTION: A motion to approve the minutes of January 8, 2020, was made by TRUSTEE McCARTY; seconded by TRUSTEE HALTERMAN.

There being no objection, the MOTION was approved.

CHAIR STURGEON moved to the Executive Director's Report.

EXECUTIVE DIRECTOR'S REPORT

MR. MENEFEE began with the U.S. Forest Service status and stated that Phase 1 was done; we got the land, and timber is being cut. Phase 2 was divided up because there was a delay with the timber cruises. He continued that a parcel owned by the Trust was exchanged for some more lands in Naukati, which is expected to be completed by March. This is important to get done to keep the Viking Lumber Mill running. He added that a power cable with APT, called High Mountain, was down in Ketchikan. A cable has been approved and is waiting on some approval from the final easements. Phase 2 (b) is the rest of the complete exchange, and is expected to be done by March of 2021. There has been some correspondence regarding the Hollis Wolf Creek Boatworks, which is a site that has historical significance. There is a trespassing issue that the Forest Service is dealing with. He added that a 10-year sale to Viking Lumber was provided on land at Naukati, and we are expecting about \$15 million over that time period. In fiscal year '20, 7.1 million board feet has been harvested with \$1.2 million paid to the Trust on that sale. He explained that regarding the timber sale in Hollis that the timber has been cut and a road is being constructed with the challenge there being the weather. Regarding the timber harvest in Icy Cape, Sealaska harvested 20 million board feet in 2019, with two ships loaded, totaling 10.8 million board feet. They are expecting two more shiploads going out next year that are stored in the sort yard. He added that Sealaska cannot see continuing because they are not making money on that sale. There are gold assays to figure out how much gold is in Icy Cape. Mining claims were staked out, with one issue with Mining, Land & Water, which is being resolved. He continued that, also in Icy Cape, AT&T has asked for a microwave tower to be placed out by the

camp, and we are working on getting an authorization for that. There is also a log transfer facility there that benefits both the Trust, the university and others. It is where the barges are brought in to shore, and it is soon to expire. Mining, Land & Water is also processing an authorization to continue that. The Subport in Juneau was sold, and we have received 50 percent of that sale price; \$10 million, with the next \$5 million to come in 90 days. In the UMED Anchorage there will be a competitive bid for the leasing of Tract C-2, which had some title issues that are being cleaned up. He stated that the Leask Cove competitive offering will probably post in February or March, which is also a competitive leasing opportunity. He continued that a competitive leasing program will probably kick off in March with some parcels in Little Tutka Bay. He also explained the new program, Guide Use Exclusive Permitting, to use Trust lands for guiding. It was presented to the Big Game Commercial Services Board who are very excited about it. He explained the General Permit that is being created for people who use Trust land for motorized use, for firewood cutting and things like that. That went live and looks great. Staff did a great job on it and it is simplistic, much like a shopping cart. He stated that they are still working on trying to get the California market, which takes some approval to do. He continued to the West lawsuit, which was about Daniels Lake, five parcels that were sold. It went to the Supreme Court, and the Wests asked for oral arguments which will be coming up in February. We are also waiting on the consideration with Exxon Valdez Oil Spill regarding Sheridan Bay. He explained the long standing issue with Ionia on the Kenai Peninsula. Ionia will be picking up an additional parcel, and the agreement was that they are not obligated to use it for Trust purposes. With Goose Bay Refuge near Palmer, Fish & Game submitted the easement application, which is being processed. He talked about the OPA building at the UMED District, and then went over a few things on commercial properties. He introduced Jusdi Doucet with a presentation about a negotiated sale that is being considered.

MOTION: A motion that the Resource Management Committee concurs with the Executive Director's recommendation to dispose of Trust Land Parcel S20521 through a negotiated sale or subsequent disposal was made by TRUSTEE COOKE; seconded by TRUSTEE DERR.

MS. DOUCET stated that Jeff Green, the Southcentral regional manager, did all the negotiating and was ill. She continued that this is a 365-acre parcel out in the Knik River Valley, about 1.5 miles east of the end of the Knik River Road. This parcel has been appraised at \$250,000, and a gentleman applied to purchase it at fair market value, which is about \$325,000. She described the parcel and stated that it is close to communities, but completely remote for access. It is really isolated and will be surrounded by Native land. Additionally, the river is to the north, and there is a public landowner that runs all the way along that river. She added that the gentleman who has offered to purchase this is a helicopter owner and operator.

CHAIR STURGEON asked about the payment terms.

MS. DOUCET replied that he would like to finance with the Trust over a 20-year period, which he can do from 1 to 20 years, with early payoff also accepted. The financing is the prime interest rate plus 3 percent.

CHAIR STURGEON asked for any objections to the motion.

There being no objection, the MOTION was approved.

CHAIR STURGEON moved to the briefing on Community Park Loop.

COMMUNITY PARK LOOP

MR. MENEFEE asked Aaron O'Quinn to begin.

MR. O'QUINN introduced Jason Swift and Jack Fowler, architects with ECI Hyer based out of Anchorage. They were engaged to look at the Community Park holdings, which is the big 70-acre parcel at Northern Lights and Bragaw, and find the highest and best use of it. He asked them to start their presentation.

MR. FOWLER stated that he was an architect with ECI Alaska, formerly ECI Hyer. The Community Park subdivision is located north of the UMED, north of University of Anchorage, north of Providence, and is about 70 acres. He continued that there are beneficiary organizations occupying these parcels that have been there for a very long time. He moved on to examine the sort of physical boundaries, burdens and opportunities that the parcel presents; the interest and needs of the stakeholders that have been occupying the property for several decades; the current zoning and proposed zoning by the Municipality of Anchorage in accordance with the 2040 Land-Use Proposal; the current needs and costs associated with development of a parcel like that; and potential revenue sources. The next steps would be a long sort of master-planning process that is being entered into. He continued that the master plan is a document that is used as a tool to guide development and limit development and changes on the parcels for the Community Park subdivision. The master plan for Community Park will analyze and record stakeholder and community input. It will record opportunities and burdens and assets of liabilities, assess feasibility and development opportunities, create an image for vision of the future for Community Park, and establish expectation for the Trust and the Community Park beneficiary-serving organizations. He continued the presentation going through the background, the major physical burdens of the subdivision, and the expiration dates on the current leases, except for the Arc which holds a lease with the Trust in perpetuity.

MR. ABBOTT stated that the crux of the issue is that the property is very valuable. There is nothing like this quantity of undeveloped land in the center of Anchorage at this point. It is a unique parcel, both in terms of size and location and developability. He continued that it is not being used very efficiently, for a variety of reasons over the last 50 years. The property has developed the way it was developed. The challenge that needs to be addressed is how the trustees want the Trust Land Office to move forward with this subdivision. This needs to be worked on fairly quickly because the leases are beginning to expire, and the lessees are quite interested in what will be done, whether they will be allowed to re-lease their properties, or whether there will be a push for a different answer. He added that a decision is not being requested, but we are looking for some feedback from the committee on whether this investigation should continue.

TRUSTEE MICHAEL stated that the land is currently zoned Public Lands and Institution and has provided a lot of opportunity for beneficiary groups to exist there because of that zoning. She continued that there is an opportunity to work with those beneficiary groups on that land to come up with a master plan that incorporates both private and public use in a way that

maximizes the land and integrates the land with other uses. She added that this could be a really unique center for the city that incorporates the beneficiaries.

MR. MENELEE stated that staff will continue working with the contractor to progress to the next steps.

MR. ABBOTT added that, most likely, there will be more information on this at the next RMC meeting currently scheduled for mid-April.

CHAIR STURGEON called a break.

(Break.)

MR. MENELEE moved to the Palmer project, which is down near Haines. The exploration being worked on is called South Wall. There are 340 unpatented mining claims. The deal that Merrill Palmer did when he leased the claims to Constantine is that he required a 2.5 net smelter return royalty from them. He stated that Merrill Palmer has offered to sell to the Trust the right to get rid of these claims so that it can become Trust property. There is a price tag involved with that. He added that the area down around Haines is about 10 per cent Trust land, and is 100,000 acres. Not all of that is completely under lease, and it basically removes the Federal claims which consolidates the ownership under one owner. It will be all Trust land then. He explained that those Federal mining claims would need to be purchased, removed, and then go through the process of the BLM to transfer them over. He moved to the stage of the mining process and explained that early exploration has been done, and we are in advance exploration. A preliminary economic assessment has also been done. He continued that it is an advanced exploration project and is not yet a mine. There is no guarantee that there will ever be a mine. The point is a bankable feasibility study proved that somebody would make a lot of money off of this. People can get loans and are ready to invest big-time in the mine because a feasibility study says that everything was looked at and it is going to work. They have to go in a portal on Trust land, drill underneath a glacier, through the bedrock to get underneath. There are plans for water disposal and treatment that includes what to do on groundwork, road building, underground dispersing of water. All of that has been approved. DNR approved the reclamation plan. DEC approved the waste management permit. There was a case in Maui about putting water underground, which is going to the Supreme Courts. That may have an indication of how Constantine wants to move on this because they may need to get APDES, Alaska Pollutant Discharge Elimination System, which basically deals with water. He explained the current issues and the litigation with BLM, which the Trust is not involved in. It is on BLM lands where the Federal claims reside. In order to go into those discussions about confidential negotiations, he recommended going into executive session.

CHAIR STURGEON asked for a motion to go into executive session.

MOTION: Per Alaska statute 44.62 310 (b) and AS 44.62.310 (c)(1), a motion that the Resource Management Committee move into executive session to discuss the confidential matters pertaining to the finances and potential negotiations for the Palmer Project regarding the potential acquisition of Federal land that is currently encumbered by Federal mineral claims -- no decisions will be made in the executive session -- was made by TRUSTEE DERR, seconded by TRUSTEE COOKE.

MR. ABBOTT recommended that in addition to the trustees, that Rhonda Boyles, Wyn Menefee, Jusdi Doucet, Allison Biastock, Sarah Morrison, Steve Williams, and himself join the trustees in the executive session; and Karsten Eden on the line from Anchorage.

There being no objection, the MOTION was approved.

(Executive session from 10:35 a.m. until 11:06 a.m.)

CHAIR STURGEON called the meeting back to order.

TRUSTEE DERR stated, for the record, that herself, her fellow trustees, and members of the Trust Authority and Trust Land Office are returning to the Resource Management Committee from the executive session. No decisions were made during the executive session.

MOTION: A motion to adjourn the meeting was made by TRUSTEE DERR; seconded by TRUSTEE HALTERMAN.

There being no objection, the MOTION was approved.

(Resource Management Committee meeting adjourned at 11:07 a.m.)