

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING
January 7, 2021
12:45 p.m.
WebEx Videoconference/Teleconference

Originating at:
3745 Community Park Loop, Suite 120
Anchorage, Alaska

Trustees Present:

John Sturgeon, Chair
Rhonda Boyles
Ken McCarty
Chris Cooke
Annette Gwalthney-Jones
Anita Halterman
Verne' Boerner

Trust Staff Present:

Mike Abbott
Steve Williams
Carol Howarth
Miri Smith-Coolidge
Kelda Barstad
Luke Lind
Michael Baldwin
Carrie Predeger
Katie Baldwin-Johnson
Jimael Johnson
Valette Keller
Allison Biastock
Kat Roch

Trust Land Office staff present:

Wyn Menefee
Sarah Morrison
Jusdi Doucet
David MacDonald
Katie Vachris
Hollie Chalup
Karsten Eden

Also participating:

Beverly Schoonover; Kristin Vandagriff; Becky Carpenter; Sheila Harris; Andrew Gross; Julia Gross; Mo Miller; Brenda Moore.

PROCEEDINGS

CALL TO ORDER

CHAIR STURGEON called the roll and stated that all the trustees were present. He asked for any announcements. There being none, he moved to approval of the agenda.

APPROVAL OF AGENDA

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

After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boyles, yes; Trustee Cooke, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, excused; Trustee McCarty, yes; Trustee Sturgeon, yes; Trustee Boerner, yes.)

ETHICS DISCLOSURES

CHAIR STURGEON asked for any ethics disclosures. Hearing none, he moved to the approval of the minutes.

APPROVAL OF MINUTES

MOTION: A motion to approve the October 21, 2020, minutes was made by TRUSTEE COOKE; seconded by TRUSTEE HALTERMAN.

CHAIR STURGEON called a roll-call vote for approval of the minutes.

After a roll-call vote, the MOTION WAS APPROVED. (Trustee Boyles, yes; Trustee Cooke, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, yes; Trustee Boerner, yes.)

EXECUTIVE DIRECTOR'S REPORT

CHAIR STURGEON recognized Wyn Menefee.

MR. MENEFEE began with an update on the U.S. Forest Service Exchange. He stated that the appraisals for both the Federal and the non-Federal lands have been completed by Horan Associates and given to the Forest Service, which will be reviewed, and an appraisal summary will be written. There are title review reports that need to be completed. He talked about the Hollis Boatworks lawsuit which is against the Forest Service. He added that the land exchange is expected to be completed by the first quarter of 2021. He moved to the Shelter Cove timber sale, which has gone out for an invitation to bid. There was a prebid meeting that was a discussion of a complex timber sale that includes a market agreement and road upgrades on Shelter Cove Road. There are road portions within the sale. This is all contingent on getting land through the Exchange, which is contingent upon the appraisal turning out with sufficient lands at Shelter Cove. He talked about the two primary material sales, one in Haines and the other by Meadow Lakes. Haines is waiting for return information. On Meadow Lakes, the terms of the contract for QAP are being finalized, and we expect those to kick off in early spring. He continued that an agreement between the Trust Land Office and Mining Land & Water, DNR and DOT about how section line easements are treated on Trust land was finally signed. This is important because a lot of time arguing about section line easements on plats with boroughs and various different instances where there are question marks has been laid out in this document,

which explains and clarifies when section line easements are allowed and when they are not. He moved to Fairbanks Gold Mining International, FGMI, which delayed the corporate approval on the Gil Mine. Some of the quotes came back higher than expected. Meanwhile, there are three best-interest decisions out for public comment. When FGMI gives corporate approval, then those authorizations can be in effect. The Community Park Loop planning continues, with more information to come. He stated that a competitive leasing program was launched, and within the first week the first bid from the Little Tutka Bay parcel, 16 acres, for \$45,000 per year was received. Public comment is out on that for any other interested parties that want to compete on that. That program is good to get the news out that we are open for doing business. He explained that there was a transition to a new property manager in San Antonio, and Transwestern is the new entity.

CHAIR STURGEON stated that next is a choice for the Board to make. He stated that it is a \$10 to \$12 million request after spending \$5.2 million. He asked for a motion.

MR. ABBOTT recommended that a trustee make one or the other motion in order to start talking about it. If there is a preference for the alternative, then the motion can be amended or canceled and we can start over.

MOTION: A motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the proposed action Option 1 to fund the Icy Cape Gold and Industrial Heavy Minerals project from the Trust Land Office Development Account, the TLODA, with \$10 million. These funds do not lapse. This approval includes the associated development and cost recovery plans for Option 1 included in these presentation materials, was made by TRUSTEE BOERNER; seconded by TRUSTEE HALTERMAN.

MR. MENEFFEE stated that he would present this and Dr. Karsten Eden would be able to add as the presentation went along. He prefaced the discussion on the fact that an update from the exploration results was presented on October 21st, both in the public forum and in executive session. He began with the structure of the materials. He stated that his recommendation would be for Motion 1, but there is an alternative motion because there was a reasonable expectation that could be chosen. He continued that Exhibit A is the Icy Cape property map. Exhibit B is a structure of how the Icy Cape Project would advance, and it goes into the different options. Exhibit C is a timeline for the options done in a chronological way. Exhibit D is a document that talks about de-risking the Icy Cape Gold and Industrial Heavy Mineral Project. Exhibit E is a cost recovery plan and why it is necessary. He added that there was a memo from Mr. Abbott that will be presented after this presentation. He simplified for the Board to approve funds to advance the exploration project to a stage of indicated resources on the Grinder Prospect and Prefeasibility Study, which includes definition drill, pilot plant, sampling, mineral separation, recovery plan because of the new regulations. He continued that with this project and presentation, we are trying to accomplish some goals and objectives that are founded in AMPS, in regulation, and in the Settlement Act. This is trying to maximize the return and create it as soon as possible, and to find a company that has experience and financing to succeed in creating and operating a successful mining operation that fully utilizes the resources.

CHAIR STURGEON asked for an explanation of the mining standards and how they work so the Board can understand what is trying to be accomplished.

MR. MENEFEE replied that the standards are mostly financial standards, which is to prevent people from piping up resources to get more money spent on them.

DR. EDEN stated that this is being worked under the guidelines of 43-101 and JORC, so all of the data is compliant so far. He added that the only thing not compliant at the moment is the resource estimate.

MR. MENEFEE continued his presentation, answering questions as he went along.

TRUSTEE COOKE asked about the Hatch Consulting Firm report, and if it was available to the trustees.

MR. MENEFEE replied that the Hatch report has been kept confidential to this point and could be shared with the Board, especially in executive session. He stated that an arrangement to see that in detail can be made. He continued through the exhibits which went through different options. He added the de-risking part, which is a term used in the industry which is reducing risk. He explained that when an entity comes to partner with the Trust, they look at their risk and there is a better opportunity to get good returns the more a project is de-risked for the other entities. When de-risking for external parties is talked about, it is to de-risk it for Trust potential financial losses of the investments being made now. He stated that a prefeasibility study examines the environment, the permitting, proposed operation plans, processing, logistics, economics to get to a successful mine. There can be multiple studies that equate to the prefeasibility study.

DR. EDEN added that it is particularly challenging to find a partner at this stage that has both the expertise of large-scale placers of gold and industrial heavy minerals.

MR. MENEFEE moved to the resource confirmation, which is basically another way of de-risking and defining the resources better.

CHAIR STURGEON called a break.

(Break.)

CHAIR STURGEON called the meeting back to order. He asked if it would be possible to have Hatch do a brief presentation in an executive session via teleconference.

MR. MENEFEE replies that would be a challenge because Hatch is no longer under contract. They did the report and fulfilled all their duties. He stated that to get them to present would probably mean putting them under contract again.

TRUSTEE COOKE stated that this motion will come up at the Board meeting which would be an opportunity to make the Hatch report available to any board member.

DR. EDEN suggested doing the presentation by themselves.

CHAIR STURGEON asked Mr. Menefee and Mr. Abbott to work on the logistics of that.

MR. MENEFEE continued his presentation.

TRUSTEE BOERNER asked about the reception received from the Alaska Miners' Association. Also, if the tribal entities in the communities were reached out to; and, if so, what was their reception to it.

MR. MENEFEE replied that The Alaska Miners' Association is very aware of the project and we had presented the results to the Heavy Minerals Conference in South Africa, which was well received. He added that tribal entities were reached out to and both the corporations and the tribes attended the meetings, had discussions and gave comments. He continued that Cordova had little interest. He moved to the cost of the recovery plan. He stated that the thing about the cost recovery regulations is that it requires a specific development plan that addresses the cost recovery and, when approved, goes into effect.

CHAIR STURGEON asked Mr. Abbott for his thoughts on this project.

MR. ABBOTT stated that, structurally, the relationship between the TLO and the Trust Authority and the trustees is different than the relationship of other Trust components. He stated that supervision of Mr. Menefee was delegated to him, and he is in full agreement, but not because he approved everything in advance. He continued that this was not a typical consultation. This is the TLO asking for Trust funds. He stated that this is an unusual arrangement for a landowner. He reached out to several Alaska landowners, Native Corps, in particular, trying to find examples where landowners, which is essentially the role of the Trust, invested their own money in this level of exploration and, to date, had not found any. He continued that Mr. Menefee did a great job of describing the potential benefits of this prospect to the Trust and the amount of income that it could generate with a relatively reasonable risk. The challenge is if the investment opportunity is that good, we need to make sure of that before investing the money. He believed there are opportunities to further explore partnering with a mining exploration company to consider the investment that the TLO is proposing the Trust makes. He went through the pros and cons of the proposition.

CHAIR STURGEON understood that the recommendation would take another year to explore the possibility of having some other mining company or some entity come in and offer to bankroll the \$10 million.

MR. ABBOTT recommend that the TLO recommendation be put aside for potentially a year, and other opportunities to gain investment in the project be explored.

TRUSTEE COOKE asked about the impact that the timber sales had recovering any of the costs from all of the activities in Icy Cape.

MR. MENEFEE stated that the regulations were not in place while doing the timber sale, and the revenue was the normal 85/15 split, except for the contractual provision at the end of the timber sale. The timber was wholly separately funded, and the Trust did not fund anything on that timber sale.

CHAIR STURGEON stated that there is another meeting between now and January to go over this, and did want to be respectful of all the hard work the TLO had done.

TRUSTEE McCARTY stated that there was a motion on the floor and pointed out that the Trust is in risk management and takes risk in different pieces and places. This is new in the aspect of a large amount of money towards the risk.

CHAIR STURGEON asked if the board was ready to vote on this, or did it need more discussion. He stated that he did spend a lot of time going over this project and his recommendation would be to vote “yes”. He continued that it was risky and added that any kind of resource development in Alaska will be risky. He thanked Mr. Menefee and his team for all the hard work, as well as Mr. Abbott, and then did a roll-call vote.

After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boyles, yes; Trustee Boerner, yes; Trustee Cooke, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, no; Trustee McCarty, yes; Trustee Sturgeon, yes.)

TRUSTEE HALTERMAN stated that there are salmon-bearing streams there, and we can talk about those issues in general at the January meeting. She added that it may help answer some of the reservations she had.

MR. MENEFEE asked about scheduling the RMS consultation.

CHAIR STURGEON stated preference on moving it to the spring meeting. He entertained a motion for adjournment.

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

After the roll-call vote, the MOTION WAS APPROVED. (Trustee Boyles, yes; Trustee Boerner, yes; Trustee Cooke, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, yes.)

CHAIR STURGEON thanked all for their time, and Mr. Menefee and crew, and Mr. Abbott for the great presentations and preparation for the meeting.

(The Resource Management Committee meeting adjourned at 3:53 p.m.)