

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING
October 20, 2021
9:30 a.m.
WebEx Videoconference/Teleconference

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

Trustees Present:

John Sturgeon, Chair
Chris Cooke
Rhonda Boyles
Kevin Fimon
Brent Fisher
Verne' Boerner
Anita Halterman

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
Autumn Vea
Allison Biastock
Kat Roch

Trust Land Office Staff Present:

Jusdi Doucet
Sarah Morrison
David MacDonald
Katie Vachris
Karsten Eden
Hollie Chalup
Jeff Green
Becky Carpenter
Chandler Long
Paul Slenkamp

Also participating:

Charlene Tautfest; Josephine Stern; Michele Binkley; Myranda Walso.

PROCEEDINGS

(The Resource Management Committee was called to order by Chair Sturgeon at 9:00 a.m., followed by a roll call. All trustees were present. After a request to flip the Timber Education presentation with the Land Exchange update, the agenda was unanimously approved by the Committee.)

CHAIR STURGEON recognized Jusdi Doucet.

MS. DOUCET began with the fall land sale which kicked off toward the middle of September and would be live through November 15th. She stated that there were 58 parcels scattered statewide from Lake Minchumin to Yakutat. She highlighted that Jeff Green, the Southcentral regional land manager, sold nearly \$800,000 in negotiated land sales this quarter alone; with three sales being over twice the fair market value, and the other two sales coming in at a respectable 67 percent and 38 percent above fair market value. She continued that the Trust Land Office was approached by an individual seeking to purchase all Trust-owned parcels within the Mountain Point subdivision in Ketchikan. The TLO issued a best-interest decision to sell these 11 lots for \$60,000. There were 11 lots averaging one acre in size, and each was located in an underdeveloped part of the subdivision. She added that during the public-notice period, the TLO received a qualified competing offer from a separate individual in the amount of \$66,000, which triggered an outcry auction. This was managed by Dave Griffin on October 6th where the bids started at \$66,000, with the final bid of \$112,000 for the 11 lots. She moved to the Big Game Guide Permit Program, which is on track to generate about \$50,000 in revenue this year. She then talked about the minerals and energy section, beginning with the additional-use permit for material sale on Sylvan Road which was submitted on August 6th. She continued with the status update regarding the Palmer Claims outside of Haines. The near-term work performed and to be performed constituted a multi-purpose drilling program consisting of exploration drilling for the fault offset of the south wall deposit. She noted that this work was not being completed on Trust land. She moved to the issue of a best-interest decision for a negotiated mineral lease near Ester Dome, Murphy Dome and Fox near Fairbanks for approximately 10,000 acres to Felix Gold. This best-interest decision generated significant public interest, including over 500 public comments. Ultimately, Felix Gold requested an amendment to their application based on the number of acres. They withdrew the land on and near Ester Dome, and a best-interest decision was issued that affirmed, as modified, for just over 6,000 acres. She continued to the adoption of the Resource Management Strategy Fourth Edition best-interest decision that was affirmed on October 12th. One comment was received during the public-notice period, which was addressed. Once the reconsideration period closes -- which is 20 days from the 12th -- with no request for reconsideration, the decision will be in effect, and work to publish that fourth edition as seen at the committee will be done. She stated that, at the Governor's request, the TLO is working to identify the 10 parcels of State land adjacent to Trust land that would have the quickest and most positive impact on the Trust. She continued that the TLO formed a diverse working group internally and identified parcels. We are looking into the encumbrances and limitations of those parcels in an effort to prioritize. She had been in communication with DNR's Commissioner's Office and the Division of Forestry with the hope of completing that before the 90-day deadline.

CHAIR STURGEON moved to the Icy Cape Update.

ICY CAPE UPDATE

MS. DOUCET introduced Karsten Eden, the chief geologist, to present the update.

DR. EDEN gave an update on the Icy Cape Gold Industrial Heavy Minerals Project for the third quarter of fiscal year 2021. He began with planning and stated that at the end of the third quarter they were at 90 percent. While most of the planning is completed, the final planning for next year's season is in full swing, and it is on the right track. Next was procurement, which at the end of the third quarter is at 80 percent and right on track. In the fourth quarter, camp procurement and maintenance will be done. The next category at the end of the third quarter was field work, which is also right on track at 90 percent. He stated that processing and assaying was at 75 percent, also right on track. Next, science and engineering is at 80 percent. They evaluated the results for the aeromagnetic grading geophysical survey with good results, and it is right on track. Anticipated results are at 75 percent, where they should be. He added that everything was looking good for the Icy Cape Gold and Industrial Heavy Minerals Projects, but with significant price increases, which did not impact this year too much, but it will be felt next year as drilling, catering, support services and analytical service prices go up.

CHAIR STURGEON thanked Dr. Eden for putting it all together and stated that it makes it easy for the Board to find out exactly where that project is going. He continued that it was a big investment and a tough decision because of the money. He called a break.

(Break.)

CHAIR STURGEON reconvened the meeting and asked Ms. Doucet to introduce the presenters.

FOREST SERVICE LAND EXCHANGE

MS. DOUCET stated that this land exchange has been 16 years in the making, and it was appropriate to talk about where it has been and where it is at now. She introduced Chandler Long, the project manager on this for the past two years, along with Paul Slenkamp.

MS. LONG stated she was the project manager with the honor and privilege of working on this project. She celebrated the fact that the final conveyance of this land exchange was completed. She talked about how it became a 16-year project, spanning several TLO executive directors. She covered the purpose of the land exchange and its future. She explained the pictures related to the land exchange. She went through the history of how the land exchange began and was developed. She stated that approximately 18,492 acres of Federal land are owned by the Trust. This was a value-for-value exchange; not an acre-for-acre. She then went through and explained about the parcels acquired. She stated that the Forest Service had not yet provided the perpetual free access that the Trust is entitled to, which is critical to development. The reality of this land exchange is that it always required Congressional delegation support throughout its 16-year journey. She shared a photo from the summer of 2017 at Governor Walker's bill-signing ceremony for SB88, the State Land Exchange Bill. She added that she would appreciate any time and attention by the Trust on the pending deliverables for legal access.

TRUSTEE COOKE asked if there was any outreach to the whole Alaska audience to tell this story.

MS. DOUCET replied that that is being worked on. There has been a press release from the Governor's office and Senator Murkowski's office. Anything else is being held off until the Forest Service delivers the access. It is a great story for the beneficiaries as far as the present revenue generated, and what that will be in the future.

MS. BIASTOCK added that there is a plan to feature this prominently on the annual report, which will be finalized in January.

CHAIR STURGEON thanked Chandler and recognized Ms. Doucet.

TIMBER EDUCATION

MS. DOUCET stated that next is the timber education presentation by Paul Slenkamp, our senior Trust resource manager.

MR. SLENKAMP began with an introduction to the Trust Timber Program which has been one of the longest ongoing revenue sources from the Trust Land Office since its establishment. He continued that he had been working in timber and forestry in Southeast Alaska for a long time; as area forester in Ketchikan with the State of Alaska; Southern Southeastern with the Division of Forestry; and from 2008 to the present, with the Trust Land Office. Prior to that he was a logging engineer and a contract manager with Ketchikan Pulp Company, and also did almost 15 years with Puget Sound Log Scaling, working with several different mills in Southeastern. He stated that the Trust owns about 100,000 acres of timbered lands in the Northern region; 60,000 in Southcentral; and about 47,500 in Southeastern; for a total of about 207,000 acres. He explained that the inventory is found with aerial photos that show areas of potential timber and then are plotted out. He continued that the Division of Forestry does a lot of inventory work and most of the Trust land up north are adjacent to State timberlands. While they do inventory, an agreement was worked out where they extrapolate their findings on Trust lands to give a basic understanding of volume. Timber harvest on Trust lands is subject to the Alaska Forest Resources and Practices Act. Trust lands are considered private lands. There are two different designations with that Act: Private and State lands. FRPA is primarily structured to protect anadromous fish, which is salmon habitat; water quality, which meets Title 16 of the Clean Water Act; provides best management practices for forestry activity. It is overseen by the Alaska Board of Forestry, and administered by the Division of Forestry. He continued that FRPA is not a permitting process, but is a notification and an agency review. He asked Chair Sturgeon to continue.

CHAIR STURGEON explained the cooperation between Fish & Game and Native groups in the state and the economics of it. He was on a 1989 working group created by Governor Cowper when he decided that a Forest Practices Act was needed. The 15-member working group was multi-disciplined and had someone in the environmental community, commercial fishing, sport fishing, wildlife agencies, Fish & Game and DNR, to come up with the Act. Governor Cowper wanted it to be unanimous. This group agreed on four main principles: it was to be fair to all parties concerned; no big hits to fish or the private landowners, although the private landowners knew that they would not be able to keep all their timber; it had to be enforceable; and it had to be based on professional and scientific management. Most controversial was the protection of the fish. He explained in greater detail how the concepts and principles came about. He added that over the last 30 years or so there had been a fair number of changes to the Forest Practices Act as new information has been discovered.

MR. SLENKAMP thanked the Chair for the great explanation and stated that he wished that more of that institutional knowledge was on the current board. He continued that timber has been one of the larger revenue generators of the Trust Land Office, and he talked about the new management strategy. He moved to the list of timber sales that generated 52 million feet, and he added that the timber sale program has been ongoing for many years. He stated that in the last few years, timber had been a controversial industry, and it seems to be getting moreso all the

time. The Alaska Mental Health Trust and the State of Alaska have become the sole suppliers of old-growth timber in Southeastern due to the announcement of Sealaska and the Forest Service reducing or eliminating their old-growth timber sales. The young growth is a great crop, but it takes about 70 years to produce a marketable crop. The pulp mills began large industrial cutting in the '50s, and we are coming close to that 70-year timing. He continued through his presentation and talked about the basic contractual forms that timber is sold under. He concluded his presentation and stated appreciation for the time to introduce this really important aspect of Trust Land Office operations.

CHAIR STURGEON thanked Mr. Slenkamp and stated that he learned a lot from the helpful presentation.

TRUSTEE COOKE asked about regrowth and regeneration, and how it was done.

MR. SLENKAMP replied that silviculture is basically the growing of trees, and Southeast Alaska is extremely virulent. There is no problem with reproducing. The problems arise when they come back too quickly. He stated that the primary method of silvicultural enhancement of timber is the precommercial thinning, which happens between 15 and 20 years of age. Native Corporations and the Forest Service have been very successful in getting Federal money to assist in the precommercial thinning process.

TRUSTEE COOKE asked for a little update on recovering the costs of the Land Exchange.

MR. ABBOTT replied that \$6 million was allocated in 2016 and 2017 with half coming from the TADA principal, and the other half from income. He stated that the project will come in under budget, but he was not sure by how much.

TRUSTEE BOERNER stated that because the exchange had to be equally parceled out, there will not necessarily be any immediate realizing of benefits on the land exchange itself; only on the economic activity.

MS. HOWARTH stated there was a discussion with BDO about the treatment of the Land Exchange. Next year the acreage will no longer be valued at \$1 per acre.

CHAIR STURGEON asked for a motion to adjourn.

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

After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Boerner, yes; Trustee Cooke, yes; Trustee Fimon, yes; Trustee Fisher, yes; Trustee Halterman, yes; Chair Sturgeon, yes.)

CHAIR STURGEON adjourned the meeting.

(Resource Management Committee adjourned at 11:50 a.m.)