

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING
January 5, 2022
12:45 p.m.
WebEx Videoconference/Teleconference

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

Trustees Present:

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

Trust Staff Present:

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

Trust Land Office staff present:

Jusdi Warner
Sarah Morrison
David MacDonald
Katie Vachris
Karsten Eden
Hollie Chalup
Jeff Green
Chandler Long

PROCEEDINGS

CALL TO ORDER

CHAIR STURGEON called the meeting to order and began with a roll call. He asked for any announcements. There being none, he moved to the agenda.

APPROVAL OF AGENDA

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

CHAIR STURGEON asked for any ethics disclosures. He stated that he had received a call from Mr. Jim Clark, the attorney for Mr. Palmer and Constantine Mine. He first had received an email with a letter from the president of the Constantine Mine. He continued that he forwarded the letter to the TLO and the Trust office staff, and thanked him for the comments. He also received a phone call and reminded Mr. Clark of the role of the TLO, and that he should be dealing with them. He added that he wanted to disclose that. He asked for any other ethics disclosures.

TRUSTEE HALTERMAN stated that she did not have a disclosure, but she had received a ton of e-mails with regard to some of the resource development initiatives. This was to her Mental Health Trust email account. She asked if those emails should go on the public record.

MR. ABBOTT replied that they were not obligated to respond to them or forward them. He stated that she is welcome to send them on to staff.

APPROVAL OF MINUTES

CHAIR STURGEON moved to the minutes from October 20, 2021.

MOTION: A motion to approve the minutes from October 20, 2021, 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.)

TRUST LAND OFFICE EXECUTIVE DIRECTOR REPORT

MS. WARNER stated that she recently got married and changed her name. She announced that Jeff Green was hired in the deputy-director position, and has settled into his new role. She continued that he has served as the Southcentral regional manager for the Trust Land Office for the last four years.

CHAIR STURGEON welcomed Mr. Green aboard.

MS. WARNER began her report with the timber asset class and got right into the land exchange update. She updated a Southeast sustainability strategy meeting that included Senator Murkowski, Senator Sullivan and Secretary Vilsack in an effort to encourage the Department of Interior and the U.S. Forest Service to deliver the remaining easements in a timely manner. She stated that they continue to secure access, which is critical in the timber harvest operations, at

Shelter Cove and Naukati. The Forest Service did grant a 10-year permit, but the Act did not call for a 10-year permit, and that is unsatisfactory to the Trust. The Act called for easements issued in perpetuity. She continued that there were a number of concerns about the permit which she explained. She moved to the Hollis Boatworks site, and the meeting with Mr. Sam Romey and his attorney regarding his use of the newly acquired lands from the land exchange, which he does occupy. He was briefed on the process of obtaining authorization for the use of Trust lands, but we have not yet received an application. She moved into Felix Gold and reminded all of the modification of the best-interest decision. After a best-interest decision was affirmed, the interested parties have the right, for 20 days, to ask the executive director to reconsider. She stated that a request for reconsideration was filed timely and was denied based on a number of factors. The requestor has the option to file a complaint in the Superior Court. After waiting 30 days, no such complaint was made, and we are proceeding with negotiating the final terms of the Felix Gold lease. She continued her presentation, and then played one of the newly made advertisements for one of the lease parcels.

(Video played.)

MS. WARNER continued her report, moving to the negotiated sales and talked about the parcels that were sold and what would become available in the over-the-counter program. She also talked about the subdivision which would create over 110 additional parcels for the Trust Land sale program. She talked about the commercial real estate asset and then moved to the panel for building a long-term, resilient timber supply. The objective of the panel was to examine factors currently inhibiting the growth of the timber industry and highlighting opportunities to address them. She thanked Mr. Abbott on the record, from the Trust Land Office, for getting his boots on the ground in support. She stated that the Resource Management Strategy 4th Edition is now in effect and is published on the website.

CHAIR STURGEON asked for any questions. There being none, he moved to consultations.

MS. WARNER asked to give the floor to Dr. Eden to provide the Icy Cape update.

DR. EDEN gave an update starting with the project planning, which was completed for the year; with more planning done than anticipated. He stated that procurement is ahead of the game, as well as the field work. He continued that processing and assaying, as well as science and engineering, were also on track. He added that more measurable results were achieved in '21 than had been anticipated in the PR and marketing. He stated that everything looked good and that we were in a good place. He noted that we are facing significant price increases on drilling prices and catering.

TRUSTEE FIMON asked, aside from cost increases, what would be the next big test.

DR. EDEN replied basically a price increase when it comes to supplies. He added that, at this point, there had been no problems and that they were within budget.

CHAIR STURGEON moved to consultations.

CONSULTATIONS

CHAIR STURGEON stated that there were three consultations and asked for a motion.

MOTION: A motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with the disposal of the timber in the Hollis area on Trust land on Prince of Wales Island was made by TRUSTEE COOKE; seconded by TRUSTEE HALTERMAN

MS. WARNER stated that Chandler Long would provide some context for this consultation. She continued that Ms. Long was the project manager of the land exchange, and she works out of the Ketchikan office with frequent interaction with timber sales. She added that this timber sale is the last contract for the first phase of contracts for the land exchange.

MS. LONG stated that this was her first in-person meeting, and that she is a land and resource manager out of the Ketchikan office. She continued that Hollis is the last area of the old growth in the Trust portfolio, and also is the most visible of all the Trust land exchange lands. An appraisal was completed with the land exchange to determine the highest and best use of these parcels. Hollis was the only parcel in phase 2B of the final conveyance where the highest and best use was determined to be timber. She added that the parcel is about 1,438 acres, with about 800 acres of old growth and 29 acres of young growth. That is projected to be 16 million board feet. She stated that the consultation does say 20 million board feet. Timber cruises are estimated and can overrun or underrun, and they wanted to consult on any potential overrun. She added that this is a difficult sale with some anticipated public scrutiny. This sale is directly south of State of Alaska land logged in 2017. The hillside is viewed from the ferry accessing Hollis every day. The local operations of Viking Lumber Company supports the community, and they are also the last working sawmill of significant size in the state. They have a history of compliance, timely payments and accounting, and have shown competency to fulfill all regulatory requirements on the ground. She continued that the TLO is recommending moving forward with the negotiated five-year contract to Viking Lumber Company for the Hollis exchange timber sale resulting in a \$2.7 million return. She added that the land exchange was key to preserving the existing industry, which is essential to maximizing timber receipts for the Trust.

A brief question-and-answer discussion ensued.

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

CHAIR STURGEON moved to the second consultation.

MOTION: A motion that the Resource Management Committee concurs with the Trust Land Office recommendation for the executive director to negotiate disposal of the Trust Parcel SM-1479 through sale or lease was made by TRUSTEE HALTERMAN; seconded by TRUSTEE COOKE.

MS. WARNER stated that Jeff Green started this consultation, and she turned it over to him.

MR. GREEN stated that this is a consultation to grant the executive director the authority to develop and dispose of the subject property at or above the fair market value, either through sale or lease, and it may be done competitively if judged to be in the best interest of the Trust. He continued that the parcel is a nice piece of property with legal access via section line on the east side that comes from the north down to southwest. There has not been any specific interest in the parcel, but the adjacent subdivision development has reached a point to look at and decide the best way to tackle the development, and to configure it to maximize revenues. He added that the Municipality of Anchorage has assessed this parcel for \$225,000. The fair-market value would be substantiated by a valuation done by a real estate developer, especially after any sort of subdivision or improvements.

A brief discussion ensued.

CHAIR STURGEON called the vote.

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 moved to the disposal in Fairbanks.

MOTION: A motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with the Trust Land Office recommendation for the executive director to negotiate disposal, through lease or sale, of all or parts of Trust Parcels F20212 and F20213 was made by TRUSTEE COOKE; seconded by TRUSTEE HALTERMAN.

MS. WARNER asked David MacDonald to continue.

MR. MacDONALD noted that this property is centrally located in Fairbanks and is a commercially zoned property. He continued that it is a heavily trafficked, signalized intersection, and we believe that it has commercial viability. He continued that the purpose of this consultation is to work towards implementing a proactive marketing campaign. The belief is that the most likely users or prospective tenants that would be interested in this site would be smaller.

A discussion ensued.

CHAIR STURGEON called the vote.

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 called a break.

(Break.)

CHAIR STURGEON called the meeting back to order.

MS. WARNER answered the question about the timber appraisal and replied that it is an export market appraisal.

CHAIR STURGEON stated that the significance of that is that the export market is normally higher. So even though it is selling to a domestic market, it was appraised to a higher value as the export markets, which is the highest and best value, is obtained.

MS. WARNER continued by explaining that the Palmer project is the copper and zinc deposit with credits to gold and silver down near Haines, out in the valley, past Kluane. It is the South Wall prospect and where Constantine has been doing the majority of its exploration. They hold leases with the TLO, and a lease on the 340 mining claims held by Merrill Palmer. The claims are on selected Trust land which has not been conveyed to the Trust due to the encumbered Federal mining claims. Based on the law, those lands cannot be obtained until those claims are relinquished or abandoned. She explained the situation with Merrill Palmer and Constantine.

CHAIR STURGEON asked for a motion to go into Executive Session.

MOTION: A motion, as per AS 44.62.310(b) and AS 44.62.310(c), that the Resource Management Committee move into Executive Session to discuss confidential matters pertaining to finances and potential negotiations for the Palmer project regarding the potential acquisition of Federal land that is currently encumbered by Federal mineral claims, with no decisions to be made during the Executive Session, 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 stated that management had requested that some staff be included, and he asked Mr. Abbott to read the names.

MR. ABBOTT requested that Jusdi Warner, Jeff Green, Hollie Chalup, Karsten Eden, Carol Howarth, Steve Williams, Alison Biastock, and himself be included to participate in the Executive Session.

(Executive Session from 2:27 p.m. until 3:17 p.m.)

CHAIR STURGEON stated that they were out of Executive Session.

TRUSTEE HALTERMAN stated, for the record, that she, her fellow trustees and members of the Trust Authority and Trust Land Office returned to the Resource Management Committee from Executive Session. No decisions were made during the Executive Session.

CHAIR STURGEON moved to Trustee Comments.

TRUSTEE COMMENTS

TRUSTEE HALTERMAN thanked staff and the Trust Land Office for all of the insight with regard to the issues considered today. It was a productive meeting, and she appreciated the professionalism and courtesies that extend into these meetings.

TRUSTEE BOERNER thanked Mr. Abbott and wished everyone a Happy New Year. She also thanked staff for all the work done in preparation for the meetings, and also thanked the trustees.

TRUSTEE BOYLES apologized for all the things going on at her house and stated that it will be quieter tomorrow and that she will be more involved.

TRUSTEE COOKE reiterated appreciation for the staff with all the work done in bringing the trustees up to speed with the matters and decisions that the TLO deals with on a regular basis. He stated that the financial information was quite useful and were necessary pieces to keep the engine going, and to serve the beneficiaries.

TRUSTEE FIMON thanked Carol Howarth and Jusdi Warner for leading the presentations and for all the information. He also recognized the rest of the staff and the presenters for helping out. He offered special thanks to Mr. Abbott for everything, and wished all a Happy New Year.

TRUSTEE FISHER stated that the meetings and the discussions today were very productive and informational. He appreciated the staff for being so well prepared, and he thought that it went particularly well.

CHAIR STURGEON also thanked staff for the great job and added that they make our jobs easier. There being no other business, he 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 Halterman, yes; Trustee Boerner, yes; Trustee Boyles, yes; Trustee Cooke, yes; Trustee Fimon, yes; Trustee Fisher, yes; Chair Sturgeon, yes.)

CHAIR STURGEON stated that the meeting was officially adjourned.

(Resource Management Committee meeting adjourned at 3:23 p.m.)