

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING
January 6, 2023
12:30 p.m.
WebEx Videoconference/Teleconference

Originating at:
Alaska Mental Health Trust Authority
3745 Community Park Loop, Suite 200
Anchorage, Alaska

Trustees Present:

John Sturgeon, Chair
Anita Halterman
Agnes Moran
Kevin Fimon
Rhonda Boyles

Trust Staff Present:

Steve Williams
Katie Baldwin-Johnson
Carol Howarth
Kelda Barstad
Michael Baldwin
Allison Biastock
Eric Boyer
Kat Roch

Trust Land Office staff present:

Jusdi Warner
Jeff Green
Katie Vachris
Marisol Miller
David MacDonald
Sarah Morrison

Also participating:

Diane Fielden; Erin O'Boyle; Bev Schoonover; Maranda Hamme; Mary David; Patrick Reinhardt; John Springsteen.

PROCEEDINGS

CALL TO ORDER

CHAIR STURGEON called the meeting to order and began with a roll call. He stated the Trustee Boerner was excused. He asked for any announcements. There being none, he moved to the approval of the agenda.

CEO WILLIAMS acknowledged that John Springsteen, from the Governor's office, joined the meeting. He stated that he is one of the Governor's special assistants and has been assigned to the State Corporations, as well as some other duties.

CHAIR STURGEON asked for a motion to approve the agenda.

APPROVAL OF AGENDA

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

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

CHAIR STURGEON asked for any ethics disclosures. Hearing none, he moved on to the minutes from October 19, 2022.

APPROVAL OF MINUTES

MOTION: A motion to approve the Resource Management Committee meeting minutes from October 19, 2022, was made by TRUSTEE HALTERMAN; seconded by TRUSTEE MORAN.

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

TRUST LAND OFFICE EXECUTIVE DIRECTOR REPORT

CHAIR STURGEON recognized Jusdi Warner, executive director of the Trust Land Office.

MS. WARNER began with the timber harvest from Naukati and Shelter Cove timber sales which currently comprises the largest part of the industry's timber supply in the state. She continued that active negotiations on the Amendment to the Shelter Cove Timber Sale contract should be completed by the end of this month. Active management and oversight of these two sales insure these operations were conducted within the parameters of the contracts. She talked about Viking Lumber which reduced the unit from 85 acres down to 67 acres. The road system within the unit was adjusted, with the total amount of road to be constructed reduced by 866 feet, and the crossing of one stream has been eliminated. She added that changes to this unit were made to protect areas that may or may not contain cultural resources. This was left over from the land exchange. The changes were a success in that the creative redesign effort will not cost the Trust revenues, and will protect potential cultural resources. She continued that the work was proceeding to develop and we will prepare the Hollis timber sale in the spring of 2023, supplying the industry with two years of valuable timber. She stated that the TLO recently requested

funding from the DNR, Division of Forestry, for hazardous forest fuels reduction projects on two Trust parcels near Tok. DNR denied this request on the basis of other projects taking priority on State land with those Federal dollars. She continued, that would have been a biofuel harvest in Tok to support fire suppression and economic heating for the Tok school. She added that the benefit for the TLO was clearing lots with anticipated aspen regeneration and future subdivision land sales. The benefit to the community would be fire protection of one of the largest pieces of infrastructure in Tok, supportive economic heating to the school, and land lots for sale. She continued that the Trust Land Office will still proceed with this project absent the DNR funding. She moved to the Alaska Forest Association which inquired about the TLO's interest on a potential land exchange with the State of Alaska for the land at Shelter Cove. This could be of potential benefit that could move to the harvest of this timber into the current TLO timber harvest contract. She explained fully, and moved to the TLO receiving interest in sequestering carbon through timber resources on Trust land. She talked about entering the voluntary carbon markets by providing carbon credits for oil and gas majors, hedge funds, and banks. She explained how the credit, which corresponded to one metric ton of reduced, avoided or removed CO₂, worked in more detail. She added that the task force on scaling voluntary carbon markets estimates that the market for carbon credits could be worth upward of \$50 billion as soon as 2030. This had been evaluated by the TLO for a number of years and we hope to bring more information to the committee in April of this year. She moved to the pros and cons of the carbon credit program and stated that there was a significant amount of risk with it because all credits were not created equal. She also discussed risks for the Trust.

TRUSTEE HALTERMAN asked about the kind of political impact there would be by getting into selling carbon emission properties. She asked if it could cause a potential conflict for the Trust.

MS. WARNER replied that she thought it would have the potential because the timber industry is being held together in Southeast Alaska right now and some revenue could be generated off nonperforming assets. She also talked about the 100-year term. She stated that a shorter term, a 40-year credit, can be done, which lessens the value of that carbon.

MS. WARNER continued to the fall competitive land sale and talked about the 54 sold parcels. She also talked about the Big Game Guide Permit Program, the BGGPP, and how the online competitive lease program was invigorated, with plans to add additional new inventory in the near term. She continued that the Army Corps of Engineers issued a nationwide permit on November 14th and suspended the permit three days later. The Corps stated that the Chilkat Indian Village raised significant objections to the authorization dated November 16th. The Army permit will be suspended until such time as these issues are fully considered and a permit is either reinstated, revoked or modified. She talked about the need for a clear understanding of the mineral potential on Trust Land. A strategic plan is under development that would outline strategic areas of interest for reconnaissance sampling, mean rock chip, soil and stream sediment sampling, and geological bedrock mapping. The Usibelli Coal Mine unitized royalty payments exceeded \$68,000, which is an increase of 28 percent; and they have not yet moved on to Trust land. She stated that TLO staff attended the Alaska Miners Association Conference, and Karsten Eden, chief geologist, presented updates on TLO's Icy Cape gold and industrial heavy minerals project, the 2022 drilling season at the exploration project highlight session, which went very well. She moved to Program-Related Investments and stated that the public notice is out for the Sitka Homeless Coalition, and it closes on January 14th at 4:30 p.m. To date, no comments have

been received. She continued that the TLO requested a draw from the Central Facilities Fund to perform necessary engineering work prior to performing the replacement of the building's existing rooftop unit, boiler and pneumatic control systems. Engineering will be required prior to the unit replacement as newer units will have differing heights and weights which directly affect the structure of the roof and the building. She noted that trustees approved this funding in 2018.

CHAIR STURGEON asked about the controversy on Livengood Road out of Fairbanks. If that road is built, what are the potential resources, and what would that mean to the Trust.

MS. WARNER replied that the potential Trust value under deposit is \$436 million. The deposit was proven at Livengood; there is a lot of gold there, which is worth a lot of money. The road is a big player in that, and the Trust would like to see this project go through because it would generate a lot of revenue for the Trust and its beneficiaries. Getting the lease longer term will secure more investors, which is really important. Getting infrastructure out there and supporting that development is very important. This has the potential to be an excellent program, and the prefeasibility study has been completed.

CHAIR STURGEON asked if the Trust had taken a position on that road.

MS. WARNER replied that the Trust had not, as of yet, taken a formal stance. She stated that the project is next door to Fort Knox, and it would be very beneficial to meet the need of employing Alaskans with jobs.

TRUSTEE HALTERMAN asked for some pros and cons on the project to see both sides of the argument. She added that she was not as familiar with this project.

CHAIR STURGEON asked for staff to come up with some pros and cons, and stated that it would also be beneficial for the Trust to take a position on that road.

MS. WARNER replied that she would bring back some information and a recommendation for trustees to consider. She moved to the commercial real estate and stated that the portfolio remains just over 91 percent leased overall. The TLO is housed in the Cordova Building, and she highlighted some exceptional work and diligence by the commercial real estate folks. The building is currently undergoing a bathroom remodel and an elevator modernization, which represents a culmination of a significant multi-year effort to maintain the building as a Class B office space. She noted that the TLO does not contribute to rents paid at the property, and the TLO asset manager made an exceptional effort to keep costs within the property's budget. She stated that the commercial real estate working group continued working on finding consensus on the Commercial Real Estate Investment Policy and Procedures, cross-referencing the policies and procedures that were already in place through the Resource Management Strategy, the LLC agreements, the charters, et cetera. In each executive director report she tries to cover things that are happening in the GIS land title unit. This unit is the glue that holds the TLO together and is the foundation for much of the success we have. The title reports are critical documentation that are required to defend that the Trust owns the land and the resources before any disposal can take place. The State of Alaska Department of Natural Resources is charged with defending all State title. There is a reimbursable services agreement with the realty services section in DNR that produces most of the title reports. Because of staffing challenges continuing, it has become

increasingly challenging to get the title reports timely. She continued that Chandler Long completed the year-long Future Leaders Summit. This group plans and organizes next year's DNR Future Leaders Summit. Ms. Long reported that she is pleased with the program, learned a tremendous amount; and her most valuable session was the legislative tour in Juneau. She continued that their staffing levels were stabilizing. Cole Hendrickson started in the land and resource adjudicator position in December; Katie Vachris will be joining the TLO team in mid-January as a project manager, initially working on subdivision development. She added that there is only one vacant administrative position, and that recruitment will start this month. She stated that Chairman Sturgeon and she will be teaming up to speak at a Resource Development Council breakfast on February 2nd. It is a statewide trade association comprised of individuals and companies from Alaska's fishing, forestry, mining, oil and gas, and tourism industries. RDC's membership includes Alaska Native corporations, local communities, organized labor and industry support firms. Their purpose is to encourage a strong, diversified private sector in Alaska, and to expand the State's economic base through the responsible development of the natural resources. They will be highlighting and covering the Trust, its mission, and the work projects of the TLO. She talked about her service on the BLM Resource Advisory Council after her appointment in 2020, and stated that her term would be ending in February. She stated that she always strives to provide informed, objective advice on a broad array of public land issues, and she is committed to collaboration and creating solutions on those issues.

TRUSTEE MORAN asked if there would be any Trust representation on the Resource Advisory Council since she would no longer be a member.

MS. WARNER replied that unless there was a nomination and appointment, there would not be. She continued that she had hoped for a more influential voice on that board, but it was difficult to get traction.

ICY CAPE UPDATE

CHAIR STURGEON moved to the Icy Cape update and recognized Jusdi Warner.

MS. WARNER stated that the project planning for this calendar year is currently at 120 percent. The planning for this year's work was completed, and the planning for next year's field season is in full swing. It is on track, and all the permitting for the field season 2023 has been completed. She moved to procurement and stated that it was all right on track at right at 100 percent. Current procurement needs for next year are currently being identified. All the field work, including drilling, was completed during the third quarter of the calendar year. More than 10,000 feet in total were drilled. The samples were processed on site and concentrates were shipped out to the contract laboratory in Virginia. Camp was winterized, and a watchman continues being on-site over the winter. She continued through the presentation and then did a brief update on the budget and how inflation has affected the budget. She added that information from the analysis should start coming in April, but we are not sure when it will be presented.

CHAIR STURGEON thanked Ms. Warner for the great job she did.

TRUSTEE COMMENTS

TRUSTEE HALTERMAN thanked all for all the work they did and stated that she is impressed with the land sales and the revenue generated. She also stated appreciation for the great dialogue about funding programs that were critical to the Crisis Now implementation, and for the time and

attention that it took to pull together the materials for the meetings. She added that there will be future presentations for insight about some changes that may be forthcoming for policy. She thanked all for all the time and effort in pulling these meetings together.

TRUSTEE BOYLES stated that Ms. Warner is amazing, and agreed on the diplomacy of her involvement in BLM. She continued that she looked forward to more information on Icy Cape, which is a favorite project of hers. It is what the Trust exists for: developing the land and turning it into money to fund future beneficiaries. She added that this two-day meeting was one of the best Planning Committee meetings because of the reminder of our fiduciary responsibilities. She stated that it was a good meeting, and she complimented CEO Williams for all the support staff gives the committee chairs and the Trust.

TRUSTEE FIMON thanked Ms. Warner for her report, and noted his interest in the battle that continues in doing roads or improvements and all the things that happen for progress. He also congratulated the TLO staff for the strong sales. He was thankful for Gene Hickey and Carol Howarth for their help to the committee chairs, and for touching on some of the hard issues; and just for the reminder of the responsibility as fiduciaries to all the beneficiaries. He talked about the phenomenal presentations yesterday. He was impressed with April Kyle, whose knowledge and presentation were so informative. He also thanked all the staff that have the trustees so prepared and set up for the meetings.

TRUSTEE MORAN thanked all for two great days of meetings, and noted that she found the Native Health presentation extremely useful.

CHAIR STURGEON reiterated the thanks to staff for all the hard work put into these meetings. He marveled at how good they make the trustees look.

CEO WILLIAMS recognized Carol Collier, the long-term care ombudsman. She has retired, resigned from her position, and will be leaving the state. She was a long-term care specialist, and has worked in the LTCO office for over nine years. She was charged with taking complaints and investigating any issues that may have arisen from seniors living in long-term-care facilities. She has been a great advocate for seniors and for beneficiary seniors. He added that she did a lot of good work on behalf of the beneficiaries and seniors, in general, in Alaska.

CHAIR STURGEON stated appreciation for that recognition. There being no other comments or concerns from the trustees, he entertained a motion to adjourn the meeting.

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

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

(Resource Management Committee meeting adjourned at 1:31 p.m.)