

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

**October 20, 2023  
1:40 p.m.**

**Originating at:  
Alaska Mental Health Trust Authority  
3745 Community Park Loop, Suite 200  
Anchorage, Alaska 99508**

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**Trustees Present:**

John Sturgeon, Chair  
Anita Halterman (virtual)  
Brent Fisher  
Rhonda Boyles  
John Morris  
Agnes Moran  
Kevin Fimon

**Trust Staff Present:**

Steve Williams  
Katie Baldwin-Johnson  
Julee Farley  
Miri Smith-Coolidge  
Kelda Barstad  
Michael Baldwin  
Eric Boyer  
Debbie DeLong  
Autumn Vea  
Valette Keller  
Doreen Schenkenberger  
Luke Lind

**Trust Land Office staff present:**

Jusdi Warner  
Jeff Green  
Blain Alfonso  
Sarah Morrison  
Tracy Salinas  
David MacDonald  
Jeff Hermanns  
Sean O'Guinn

**Also participating:**

Stephanie Hopkins; Charlene Tautfest; Jacoline Bergstrom.

## PROCEEDINGS

### CALL TO ORDER

CHAIR STURGEON called the meeting to order and began with a roll call. He stated that Trustee Morris asked to be excused about 2:30 p.m. He asked the trustees for any announcements. Hearing none, he moved to the agenda.

### APPROVAL OF AGENDA

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

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

CHAIR STURGEON asked for any ethics disclosures. Hearing none, he moved to the minutes from July 25, 2023.

### APPROVAL OF MINUTES

**MOTION:** A motion to approve the Resource Management Committee meeting minutes from July 25, 2023, was made by TRUSTEE MORAN; seconded by TRUSTEE MORRIS.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Boerner, yes; Trustee Fimon, yes; Trustee Fisher, 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 stated that her report would be a bit different, more on some of the core work that they do. She wanted to ensure that trustees were aware of what happens after a consultation or approval is brought to the trustees and they take action. She began with the TLO performance, an excerpt from a monthly report that was produced every month. She added that the goal is to generate revenue. They track all of the asset classes and look at what the last fiscal year-to-date compared to the current fiscal year goals. Then they look at the annual goals, and the percentages. She stated that first quarter overall was at about 24 percent, and it looks pretty good, with no surprises. Everything is on track. It is important to note that in prior years the Trust did not make any adjustments to the third-party appraisals on the market value of the buildings. This year it came in at 16 percent, and we took the hit this year for prior years.

TRUSTEE MORRIS asked if the goal for this year was higher or lower than last year.

MS. WARNER replied that the goal is a little higher, and the goal last year was beat by \$3 million. Our estimate is \$12.6 million, and we hope to beat that as well. She moved to approvals or consultations that had been brought to the board. She talked about the Central Facility Fund which was trustee-approved in 2018. The document states that the CFO and the executive director will meet on a quarterly basis to populate that fund. In May they came to the

board for a Central Facility Fund approval for the commercial real estate at Amber Oaks for a lease that was about \$1.2 million. That money was expended; that lease completed; and the lessees were in the building and operating. She continued that, as far as expenditures went, they are right on track; a little under that 25 percent. She moved to a few consultations and reported on the land leases. She talked about the wind energy leases and the solar lease on the Kenai Peninsula that was close to being done. It is alternative energy, something new that they are working towards with the Department of Law. Finally, they consulted on a 386-acre parcel in Juneau that Glacier Property Developments wants to purchase. A down payment has been received, and we can now move forward on the best-interest decision process. That will go out for public notice at the end of the month. The last was the Salvation Army below-fair-market lease, and that best-interest-decision process has been completed. The letter of intent was executed, and the lease will begin shortly. The last bullet was cost recovery. The trustees just approved \$1.5 million for a minerals potential program and that contract was just awarded. There is a 10-day protest period, and we cannot do any work on that project until that protest period is over. We are happy with the selection, and we feel confident. The other cost recovery program approved was \$3 million for the subdivision program which is moving along. That will require more contractors when getting surveys, appraisals and such. The groundwork is being laid, and staff is meeting with local governments to understand the parameters within the ordinances, building relationships, and the needs in those communities. She moved to the Big Game Guide Permit Program, BGGPP, which was launched a few years back and has kind of stayed stagnant. It has not increased or decreased, and it makes about \$38,000 per year. She explained that this program is at Icy Bay, and we have a closure, which means that no one can use that land. It is not open for public access, and no one can even hunt there unless they get permission from the Trust Land Office. It was closed for the Icy Bay minerals exploration project. She talked about some great land in Tyonek with a lot of big moose, and we do not have a closure for Tyonek. Exclusivity could be provided if a guide wanted to pay, but they would not be very popular. No guide wants to take on the policing of everyone using Tyonek to hunt. She talked about inheriting 55-year leases from the State of Alaska, which we are obligated to uphold those until 55 years is over. She added that a lot of those are coming to an end, and we are either re-leasing or selling those at above-fair-market value. She moved to the land sales, and talked about the competitive land sale that is going on now. There are 36 parcels out there, with four that have bids on them. The bid total is \$2.8 million. Also offered is the over-the-counter land sale. Most of the parcels that do not sell in the land sale will roll over to this over-the-counter sale option. There are 18 parcels on that list, and it is online; three have been sold in this fiscal year totaling \$100,000. It is a great program, and is part of the reason that they are \$3 million ahead last year. They also do negotiated sales, and the one in Juneau will be a significant amount of revenue for the land sales. She then talked about BGGPP and the general use of Trust land. Many years ago, pre-COVID, this general permit was instituted, and those numbers are tracked. It is not very expensive to get a general permit to go out and use Trust land, for day use, noncommercial. If overnight is wanted, a permit from the Trust could be online; you click it; and it emails you a permit after you pay your fee. This is not a big revenue generator; but is to educate the public that this is Trust land. She talked about the Resource Management Strategy, adopted in 2021, which we follow for approvals for requests and consultations, which covers all of the asset classes and goals. Every decision made is related to this Resource Management Strategy. She reminded all that the Trust Land Office does no section-line easements; that is strictly a State/DNR function. Section line easement runs across Trust land, but we do not manage them. She shared pictures of staff, and she is was super proud of them. She recognized Jeff Hermanns who has spent 10 years with the State of Alaska and had been the local forester in

Tok and Copper River from 2006 to 2016. He has been with the Trust for just over a year. His claim to fame or notoriety is the Tok biomass project for heating the school and bringing that together. He has also done a really good job of getting the timber sales lined out and ensuring that, as the landowner, the Trust is protected. She is very happy and proud to be on the same side of the table as Jeff. She presented him with an award signed by the Governor. She concluded her presentation and asked for any questions.

CHAIR STURGEON thanked Ms. Warner and moved to the commercial real estate update.

### **COMMERCIAL REAL ESTATE UPDATE**

MR. MacDONALD shared that the TLO is expecting the Salvation Army lease back, and we hope to have an executed lease in the near term. On his real estate update he began with occupancy and stated that it is at 94 percent with two vacancies. With the lease being signed today, they will be at 98 percent instead of the average nationally of 81 percent. He continued that they are fortunate to have good assets, property managers, and leasing agents who are all doing a fantastic job. He moved to income and talked about rent, expense reimbursements and some other miscellaneous income. Expenses involve the budget of which the first two months were below budget, and we are doing better than anticipated. He moved to the lease in CapEx, still dealing with some leases and some costs coming in. The notable one is the Operation Home Front lease that was in and paying rent. Some construction costs for the tenant improvement build-out are still coming in. There are also a couple of CapEx things where the unoccupied properties are not able to get done. He stated that the distributions which are the income minus the expenses are behind, with some costs from last year coming in. He continued that in September the portfolio spun \$286,699 in cash flow with the first quarter, then it spun \$730,513 in net cash flow. He moved to the debt and the equity. As of the end of October, the debt took the outstanding balances. He also discussed some of the prepayment penalties. He noted that it is important to keep in mind the context of what is being looked at, and to remember that the pandemic hit.

TRUSTEE BOYLES stated that she has different opinions about some of this because of education with some of the information shared. She suggested that it would be beneficial to present the individual situation and how that would affect the entire group of commercial real estate.

MR. MacDONALD noted that he viewed his job is to oversee the operations on a day-to-day basis, to try to make the trustees aware of the issues, and to present recommendations to help understanding along the way. Some issues that come up may be complicated, and some difficult decisions need to be made. He is there to help them understand and, for the benefit of the Trust, to make the right decisions.

CHAIR STURGEON thanked Mr. MacDonald and added that it was a very good report, and that he liked the new format.

### **ICY CAPE UPDATE**

MR. EDEN gave an update of the third quarter of 2023 on the progress of the Icy Cape project. There were seven categories to measure the progress of the project, and things are looking good. He noted that planning at the end of the third quarter was at 80 percent. Planning for core sample, processing, and metallurgical test studies were the tasks for the third quarter. There are

not that many testing facilities in North America that can handle gold samples, and to process them the right way. He talked about three of them. The plan is right on track. Procurement is also at 80 percent, and right on track. They are currently identifying the needs for the remainder of the calendar year and for next year. The big one for this final quarter of the calendar year will be going out with a request for quotes for the gold sample processing, and we hope to have the document ready next week. He added that it takes testing facilities at least three to four months to really handle the sampling and to get the results desired. He stated that field work was 100 percent, and it was done all in the second quarter. He continued that the camp was winterized in July/August and there is a watchman out on the site that is looking after everything. Processing and assaying is at 75 percent. He visited the lab facilities two weeks ago and everything was going well. Samples are being processed. Science and engineering are also right on track. For maximum gold recovery, we have to know exactly how the sample needs to be processed. Assaying is also on track. He moved to the anticipated results at 75 percent, which was an understatement. They are actually better than that; ahead of schedule. The last category was public relations and marketing, and we have leading industry consultants visiting the project, and they all have been very impressed. He added that on November 7<sup>th</sup> he would be giving a presentation on the project at the Alaska Association Mining Convention. He summarized that everything is on track and very successful, also within budget.

CHAIR STURGEON thanked Mr. Eden for his report, and recognized Jeff Hermanns for the TLO Timber program.

### **TLO TIMBER PROGRAM**

MR. HERMANNNS thanked the trustees for the opportunity to come speak, and he talked about working 30-some years in this profession. He started off with Ketchikan Pulp Company right out of college working for a large corporation in a very large industry. He worked for the Forest Service for a short time; for the State of Alaska DNR; for the University of Alaska. He continued that the best outfit that he has worked for in his 30-plus year profession is the Trust. It is the best job he's had; the most meaningful; with the most potential. He added that he is a program of one, and shared a bit of perspective in being the No. 1 player on public land for timber supply for the last couple decades. He stated that the Trust is coming down to the end of it, with only about three years of harvesting left. He continued that DNR has 40 people working in their timber program alone. He noted that he is excited about the future going forward.

CHAIR STURGEON stated that the Tongass National Forest at one time put up 500 million board feet during their peak year; the largest National Forest in the United States. They had thousands of people working for them, and the Trust does more than what they do now.

MR. HERMANNNS added that there was a complete collapse with the Forest Service. They were at the meeting in Ketchikan last week and basically announced that they were not going to do anything. He stated that that was stunning. They have a half a million acres with second-growth which is the second growth of timber on that acreage, and they do not want to harvest that. He added that it is about a lot of broken promises with the Forest Service. He talked about the importance of what the Trust does for Rural Alaska and Southeast Alaska is really huge. A lot of people are being employed that otherwise would not be. The importance of the economy in Southeast is tremendous.

CHAIR STURGEON asked Mr. Hermanns to show an example of old growth and second growth.

MR. HERMANNNS showed photos and stated that he bucked them himself with a chainsaw. He apologized for the lumpiness. He continued that this came off a stump. He added that the 30 years they were logging had been old growth, and this was an old-growth tree. There is old-growth timber that the rest of the U.S. does not have. Steinway pianos, the finest pianos in the world, almost exclusively get their product from our lands and our operation. He continued that this tree was probably 400 years old; the lines are close; and they cannot be distinguished. He showed other samples of Alaska western red cedar. Alaska yellow cedar is being made into some of the finest musical instruments in the world. He stated that he is very proud that the Trust is supplying the world with that kind of product. He compared the 400-year-old product and the 45-year-old product, and stated that the Trust has some really top-notch growing sites, with high-quality wood, making high-quality stuff. He stated that this could make really good two-by-fours to build a lot of mini-houses. Alaska has a housing crisis. This could really help facilitate that. He continued that this is energy from the sun and stored carbon, which is a big deal in this day and age. He added that he is really excited about this going forward because it is a huge opportunity. He stated that this is from a managed forest. In the land trade, they went in and did what was called pre-commercial thinning and thinned-out the forest. There is optimal growth, which is important to remember. This photo is on the Shelter Cove project which has four or five different major harvest periods. He shared some pictures of the area and the forest and growth. He talked about the 60,000 acres of high-quality carbon with integrity in Southeast Alaska. He continued explaining the different approaches and the changes in the industry.

CHAIR STURGEON stated that the TLO has enthusiastic employees. All the presentations were great. He called a break.

(Break.)

CHAIR STURGEON called the meeting back on record, and asked Ms. Warner to introduce the next presenter.

### **TRUSTE LANDS PRESENTATION**

MS. WARNER introduced Sean O'Guinn, chief section chief for the title work at the Trust Land Office.

MR. O'GUINN stated that he would cover the differences between State land and Mental Health Trust lands. Then he would talk about the Enabling Act and how that affects management. He would then go through the consistency determinations and the key differences. He explained that land owned by the State government is for general public use and other State purposes. It is managed by the State government, various agencies. The different purposes are public parks, schools, highways and everything benefitting public use. Mental Health Trust lands are technically State lands, but the differences have to do with the purposes for which they were set up. Educational lands, schools and universities -- are similar to the Trust and are not technically public lands. Mental Health Trust lands refer to a specific category of State land held in trust by the Mental Health Trust Authority and managed by the Trust Land Office. Basically, the Mental Health Trust land area is a specific category of State lands that are managed with a primary objective of generating revenues to support mental health services and programs for qualifying

Alaskans. He explained that the Mental Health Trust land was granted to the State through the Mental Health Enabling Act of 1956, which created a public trust with certain stipulations. The Mental Health Enabling Act is very specific in its intent to fund mental health services, while the Statehood Act provided a broader mandate allowing the State to use the lands for various public purposes. One of the most significant elements of this Act was the establishment of a large land trust, comprising of 1 million acres, to be used to generate revenue for mental health services in Alaska. The law came at a time when Alaska was a U.S. territory and lacked sufficient resources for infrastructure of mental health care. The Act transferred land and resources to the Territory, with the stipulation that proceeds from the land would be used for mental health services. That is the key difference between general State land managed for the benefit of the public. After Alaska achieved statehood in 1956, the management and control was passed to State government, and eventually to the Trust Authority and Trust Land Office. He continued through his presentation in detail.

CHAIR STURGEON thanked Mr. O’Guinn for the accelerated presentation and asked for any questions. There being no questions, he moved to the approval and asked for someone to read the motion.

**MOTION:** The Resource Management Committee recommends the Full Board approve the annual lease rent of \$30,000 for a 30-year lease with a 10 percent rent increase every five years of Lot 1 South Fairbanks Subdivision according to Plat No. 2007-198 in the Fairbanks Recording District, Trust Parcel F1002 in Fairbanks, Alaska, to Tanana Chiefs Conference. The motion was made by TRUSTEE FISHER; seconded by TRUSTEE MORAN.

MR. BOYER introduced Jacoline Bergstrom, the director of health services for Tanana Chiefs Conference. She was there to answer any questions about the operation of support around health services, behavioral health, and anything about their operating services into the future. He also introduced David MacDonald the Land Office real estate expert. He talked about where this land is, why they were talking about it for less than fair market value, and the program that Tanana Chiefs Conference operates there. He added that Mr. MacDonald would finish up with a quick overview of the lease with pictures to show where in Fairbanks this is located. He began with the actual statute and code regulations that had to be answered when considering an organization that was residing on Trust land and actually in a Trust building. This operation is up at 650 Younker Court in Fairbanks, in the southeast section of the city, and is operated on Trust land. It is a little less than two acres, and with about an 8600-square-foot building that is Trust property, as well. It was actually built in 2007 for the purpose of delivering withdrawal management services. This is a request from Tanana Chiefs. They treat Trust beneficiaries, provide services that meet the intent of the Trust mission and focus area, which is mental health and addiction intervention services. The use of that land determination comes to the Trust. He reviewed that and wrote a letter to the executive director at the Land Office, and they reviewed that there. He continued that, with the help of David MacDonald, they made a determination on suitability of that use. All of those letters were in the packet, and the project was brought forward to the trustees. He shared a reminder of those six aspects that were answered in those letters: the ability to implement those services; were they being implemented to the benefit of the beneficiaries; what the support would be to Tanana Chiefs if approved going forward. That will go out for public comment if approved today. He stated that it is important to know that this building, with the Trust’s leadership, operates the only medically managed withdrawal

management facility in Interior Alaska. The Tanana Chiefs Conference also provides the healthcare support at Tok, which is a little over 200 miles from Fairbanks. The Interior is like the size of Texas; almost 40 percent of the land mass of Alaska; with only one regionally based tribal health corporation providing services. It is a massive area. One-hundred percent of the people served there are Trust beneficiaries. It keeps them at home. Through that facility they are able to get support for these services through insurance and Medicaid reimbursement. That barely covers the services because they have to have medical practitioners and behavioral health practitioners to do this. This is something that fits in the Tanana Chiefs Conference strategic plan for providing services to beneficiaries, and it is open to all beneficiaries in the Interior. They have plans for improving and advancing additional supports within that footprint.

MR. MacDONALD stated that this is a 30-year term. It was looked at and we wanted to give them enough time to make adjustments to the building and to really feel like they have the time to invest in the building and the operations, and to get a reasonable useful life out of it rather than a five-year deal which limits how much they could spend. He continued that they were also talking about moving the sobering center over into this facility. It is a 30-year deal with 10 percent bumps starting at \$30,000 a year. He added that they are using the same lease structure as the Salvation Army deal.

CHAIR STURGEON thanked them for the presentation and asked the trustees for any questions.

TRUSTEE FISHER asked if they said that the facility and the program would be available to all Trust beneficiaries in the Interior, and not just Alaska Native beneficiaries.

MR. BOYER replied yes, all beneficiaries.

TRUSTEE BOYLES asked if it was still a triple-net lease.

MR. MacDONALD replied that it is an absolute triple-net lease. It actually saves additional money because right now it is on a traditional lease, and they have been paying \$800 a month to oversee that.

TRUSTEE BOYLES stated that, as one trustee, she would like to see an expansion to tie it to Crisis Now.

TRUSTEE MORAN ask what the average stay is.

MS. BURGSTROM replied that they had been operating it solely for the last few months and had to hire additional staff. It took a little bit. She stated that they are open 24/7, 365 now. What they are seeing is that if the beneficiaries are detoxing from alcohol, it was three to four days. If opioids are involved, it could be seven to ten.

TRUSTEE MORAN asked if there was an age limit, and if they would take 16- or 17-year-olds.

MS. BURGSTROM replied that right now it is adults, and we have not dealt with youth yet, but that is something they may have to look at.



CHAIR STURGEON asked for any other questions or comments from the board. Hearing none, he called the question.

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

MS. BURGSTROM thanked all very much and thanked them for the collaboration over the years. She stated there were very familiar faces across the table.

CHAIR STURGEON thanked her for coming down, and stated that it was good to see her. He asked for trustee comments.

### **TRUSTEE COMMENTS**

TRUSTEE FISHER complimented Chair Sturgeon on a great job in leading the committee. It was a very informational, and he really enjoyed it. He thanked staff from TLO and TAO for putting this together.

TRUSTEE MORAN stated that it had been an interesting two days with valuable discussions. She continued that she gets a lot of complaints from her community that they do not ever discuss anything. That is not the case, and there were very good discussions.

TRUSTEE FIMON echoed that. The discussions and the presentations were very informative. In this case, some of them were quite fun and entertaining. He stated appreciation for the interaction and the input from the fellow trustees.

TRUSTEE BOYLES welcomed Julee. She stated that this meeting reinforced an opinion about the staff, both with programs and with the TLO: They like what they do, and they like where they work. Most of all, they believe in their mission. Above and beyond that, she sees vision that comes from staff which is something that cannot be taught to an employee; it is the atmosphere that they work in.

TRUSTEE HALTERMAN thought that they all ran great meetings and the information flow from the last two days was wonderful. It was a very informative couple of days with a bit deeper dialogue. She appreciated the responsiveness of the Trust Land Office to the questions that trustees have raised, and their continued willingness to continue to provide answers. She looked forward to the answers that trustees have sought. She thanked each of the chairs for running great meetings; all did a great job. She thanked Miri for keeping her muted when she forgot to mute herself. She thanked Chair Sturgeon and all of the other chairs.

CHAIR STURGEON asked CEO Williams if he had any final comments.

CEO WILLIAMS echoed the thanks of the trustees for all the attention and the good conversations during the two days. A lot of good information on the activities of the Trust Land Office was shared. The discussion about the difference between State land and Trust land is a really important one. He was also glad that all staff got to hear that. It was also good for the public to hear, as well. That was a great and timely presentation. He thanked them all again.

CHAIR STURGEON thanked the trustees. It was a very informative meeting with some great questions, and we accomplished a lot. He thanked staff for all the preparation and making the trustees look good. Everything is always in order, and he appreciated and understood the amount of work it takes to get these together. He thanked Julee for her first meeting, and he looked forward to working with her. He was very encouraged and very happy to have her onboard. He asked for a motion for adjournment.

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

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

CHAIR STURGEON adjourned the meeting.

(The Resource Management Committee Meeting adjourned at 4:08 p.m.)