

**ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE
April 24 and 25, 2024
Volumes 1 and 2 of 2**

**Hybrid Meeting:
Alaska Mental Health Trust Authority
3745 Community Park Loop, #200
Anchorage, Alaska 99508**

Trustees Present:

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

Trust Staff Present:

Steve Williams
Katie Baldwin-Johnson
Miri Smith-Coolidge
Michael Baldwin
Julee Farley
Allison Biastock
Valette Keller
Kelda Barstad
Luke Lind
Debbie DeLong
Carrie Predeger
Janie Ferguson
Eliza Muse
Eric Boyer
Heather Phelps
Janie Ferguson
Tina Volker-Ross
Kat Roch

Trust Land Office staff present:

Jusdi Warner
Jeff Green
Sarah Morrison
Tracy Salinas
Blain Alfonso
David MacDonald
Peter Mueller
Mariana Sanchez
Karsten Eden

Heather Weatherall
Jeff Hermanns
Katie Vachris
Chandler Long

Also participating:

John Springsteen; Patrick Reinhart; Justin Slaughter; Alyssa Bish; Jena Crafton; Rod Shipley; Tony Newman; Stephanie Wheeler; Stephanie Hopkins; Ann Ringstad; Brenda Moore; Lisa Cauble; Paul Cornils; Philip Licht; Stephanie Kings; Kathi Trawver; Cole Hendrickson; Commissioner John Boyle.

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 continued to the approval of the agenda.

APPROVAL OF THE AGENDA

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

After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Sturgeon, 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. There being none, he moved to the approval of the minutes.

APPROVAL OF THE MINUTES

MOTION: A motion to approve the minutes of January 4, 2024, was made by TRUSTEE MORRIS; seconded by TRUSTEE BOYLES.

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 continued to the Commercial Real Estate Assets Reclassification approval.

COMMERCIAL REAL ESTATE ASSETS RECLASSIFICATION APPROVAL

MOTION: A motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the proposed action, removing 2600 Cordova Street, Anchorage, Alaska. The investment portfolio is reclassifying the asset as a Program-Related Real Estate Portfolio. The motion was made by TRUSTEE MORRIS; seconded by TRUSTEE HALTERMAN.

CHAIR STURGEON asked Ms. Warner to continue.

MS. WARNER stated that this is essentially a reclassification of this asset into the Program-Related Real Estate Portfolio. In 2011, this building was acquired through a resolution signed by the Board Chair at that time for the purpose of serving as the main office for staff of the TLO, with additional tenants in the building subsidizing the occupancy costs and also making a little bit of cash flow, thereby classifying it as an investment property. Since 2011 to now, this asset is very similar to the Trust Authority Building which sits in this Program-Related Real Estate Portfolio. She turned it over to David MacDonald to present.

MR. MacDONALD stated that he did believe that this was ever formally designated as a portion of the investment portfolio; it was just a legacy situation, and it came down through to the present time. In 2011, it was acquired prior to the creation of the Real Estate Management Plan. Currently, it would not meet the return requirements, so it would not qualify. This is just to get clarification

that this is not a property that was meant for investment purposes for financial gain and financial return. It is more for the TLO's staff to have an office, and it lines up very much similarly to the Trust Authority Building. We are just trying to clean up any inconsistency within the Trust properties. One is in one portfolio; the other one is in a different portfolio. It is not a fully income-producing property because the TLO is not paying rent, and it creates an unfair advantage. The clean and simple thing going forward would be just classifying it in the Program-Related Real Estate Portfolio and being consistent with the TAB.

CHAIR STURGEON asked if there were any questions from board members.

TRUSTEE FIMON asked that in the unlikely event that we did switch this and the building got sold a few years down the road, would that impact us very much as far as how the then-gains would be.

MR. MacDONALD answered that it would be handled identically as the same situation regarding the Trust Authority Building.

MS. WARNER stated that the answer to the question is no. It would be considered the same for disposal.

TRUSTEE FIMON asked about the impact on beneficiaries.

MS. WARNER replied that there would be no negative impact on beneficiaries.

CHAIR STURGEON asked if there were any other questions on this motion. Hearing none, he called for the vote.

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 stated that the motion passed, and moved to the consultations.

CONSULTATIONS

MS. WARNER stated that there were a series of investment portfolio asset dispositions that are being brought before the trustees.

CHAIR STURGEON asked for the motion to be read.

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, TLO, recommendation to proceed with disposal of 2618 Commercial Drive, Anchorage, Alaska, at terms acceptable to the executive director with a minimum price at or about fair-market value as determined via appraisal. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE MORRIS.

MS. WARNER stated that Commercial Drive is located in Anchorage and has a sole tenant of Cummins, Incorporated, with over 15,000 rentable square feet. The Trust acquired this building in 2012. This motion is being offered consistent with Board of Trustees' February 1st, 2024, decision: "The Board of Trustees directs the TLO to continue to prudently manage seven commercial real

estate properties and to return to the Board and recommend disposal of any of those properties that the TLO determines pursuant to its statutory and regulatory directives that those disposals will be in the best interest of the Trust and its beneficiaries.” The TLO recommends approval of this motion because it will provide the TLO with the flexibility it needs to complete a sale of this commercial building market, also a flexibility that the TLO believes it needs to insure it obtains the return on this property that is in the best interest of the Trust and its beneficiaries. We would like to go into more detail to describe the disposition of assets in this portfolio, and so at this time I recommend going into Executive Session.

CHAIR STURGEON asked if there were any questions or discussion from the Board. Hearing none, he asked if it would be appropriate for us to discuss all of the motions before us about disposal of real estate in one Executive Session, or do we have to do multiple Executive Sessions.

MS. WARNER replied one Executive Session.

CHAIR STURGEON stated that we can only have one motion on the floor at a time.

MS. WARNER stated that we have to table the current motion.

TRUSTEE HALTERMAN stated that she will table that motion, and then read the motion to put us into an Executive Session so that we can have a conversation.

MOTION: A motion that the Resource Management Committee table the previously read motion. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE MORRIS.

CHAIR STURGEON entertained a motion to move into Executive Session.

MOTION: Per AS 44.62.310(c) (1), (c) (2), a motion that the Resource Management Committee move into Executive Session to discuss confidential matters pertaining to commercial real estate, the immediate public knowledge of which would clearly have an adverse effect upon the finances of a public entity. No decisions will be made in the Executive Session. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE BOYLES.

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 stated that we will go into Executive Session to discuss the real estate proposals.

MS. WARNER recommended that the following people go into Executive Session from staff: The entire Resource Management Committee along with Steve, Katie, Allison, Julee, myself, Jeff, and David. And trustees' counsel is online.

CHAIR STURGEON asked if there were any objections from board members. Hearing none, the Resource Management Committee moved into the Executive Session.

(Executive Session from 11:27 a.m. until 11:54 a.m.)

NOTICE OF RETURN FROM EXECUTIVE SESSION: For the record, myself, my fellow trustees, members of the Trust Authority and Trust Land Office are returning to the Resource Management Committee from the Executive Session. We did not make any decisions during the Executive Session. The statement was read by TRUSTEE BOYLES.

CHAIR STURGEON stated that we have a motion that has been tabled, and we have to vote to take it off the table. It was the Commercial Drive proposed sale. 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, yes; Chair Sturgeon, yes.)

CHAIR STURGEON stated that that motion is back on the table. He asked if there was any discussion on that motion.

MR. WILLIAMS stated that he just wants to put on the record that he did recommend that the motion in front of the trustees and the committee be approved. He continued that this is a good path forward. This asset and other assets were purchased with a long-term horizon of roughly seven to 20 years, and we are in that window. They were never intended to be held in perpetuity, and this is a good step forward for the Trust and for beneficiaries now and into the future.

CHAIR STURGEON asked if there was any discussion on that motion. Hearing none, he called the vote.

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 stated that the motion passed and asked for someone to read the next motion into record.

MOTION: A motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Directors concur with the Trust Land Office, TLO, recommendation to proceed with the disposal of 1111 Israel Road Southeast, Tumwater, Washington, at terms acceptable to the executive director with a minimum price at or above fair market value as determined via appraisal. The motion was made by TRUSTEE BOYLES; seconded by TRUSTEE MORRIS.

CHAIR STURGEON asked if the CEO had a recommendation on this proposal.

MR. WILLIAMS stated that this is an asset that was purchased with a long-term-view horizon, and this asset is within that period of time of seven to 20 years. He recommended this for approval as we look to the prudent sale of an asset that will have a positive impact for the beneficiaries now and into the future.

CHAIR STURGEON asked if there was any discussion from the Board. Hearing none, he called the vote.

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 stated that the motion passed, and he asked for a trustee to read the next motion into record, which is Promontory Point.

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, TLO, recommendation to proceed with disposal of 2420 and 2500 Ridgpoint Drive, Austin, Texas, at terms acceptable to the executive director with a minimum price at or above fair-market value as determined via appraisal. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE HALTERMAN.

CHAIR STURGEON asked if the CEO had a recommendation on this proposal.

MR. WILLIAMS stated, again, recognizing that this property was acquired with a long-term-horizon investment of seven to 20 years, we are in that window right now, and he recommended support of the committee for the motion before trustees. He stated that this would be in the best interest of the beneficiaries for now and into the future.

CHAIR STURGEON asked if there was any discussion from the Board. Hearing none, he called the vote.

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 stated that the motion passed unanimously. He asked for the next consultation to be read into the record.

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, TLO, recommendation to proceed with the disposal 17319 San Pedro Avenue, San Antonio, Texas, at terms acceptable to the executive director with a minimum price at or above fair-market value as determined via appraisal. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE MORRIS.

CHAIR STURGEON asked if the CEO had a recommendation on this proposal.

MR. WILLIAMS stated that this asset, like the previous ones, were invested in with a long-term horizon of seven to 20 years, and we are in that window right now. He recommended support for the motion before trustees. He continued that this is in the best interest of the beneficiaries for now and into the future.

CHAIR STURGEON asked if there was any discussion from the Board. Hearing none, he called the vote.

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 stated that the motion passed unanimously. He asked for the next motion to be read into the record.

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, TLO, recommendation to proceed with disposal of 9601 Amberglen Boulevard, Austin, Texas, at terms acceptable to the executive director with a minimum price at or above fair-market value as determined via appraisal. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE MORRIS.

CHAIR STURGEON asked if the CEO had a recommendation on this proposal.

MR. WILLIAMS stated that recognizing, again, that this asset was also purchased with a long-term horizon with no intent of holding in perpetuity, and that horizon was a seven- to 20-year window, and that we are in that window, he recommended support of the motion before the committee. This would be in the best interest of the beneficiaries present and into the future.

CHAIR STURGEON asked if there was any discussion from the Board. Hearing none, he called the vote.

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 stated that the motion passed unanimously. He continued that it was time for lunch, and noted that Trustee Fisher would be leaving us for a while.

TRUSTEE FISHER stated that he was leaving now and will be returning after the Special Board Meeting at 1:30.

CHAIR STURGEON adjourned the meeting for lunch.

(Lunch break.)

CHAIR STURGEON called the meeting to order, and stated that we are going to talk about the carbon credit program. He entertained a motion to move into Executive Session.

MOTION: Per AS 44.62.310(c) (1), (c) (2), a motion that the Resource Management Committee move into Executive Session to discuss confidential matters pertaining to the carbon program consultation, the immediate public knowledge of which would clearly have an adverse effect upon the finances of the public entity. No decisions will be made in the Executive Session. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE MORRIS.

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

CHAIR STURGEON asked the people online to switch to the Executive Session line. And asked Jusdi, Jeff Green, Jeff Hermanns, Chris, Gene Hickey, Steve, Katie, Julee, and Allison to all please stay in the room for the Executive Session.

(Executive Session from 12:34 p.m. until 1:28 p.m.)

NOTICE OF RETURN FROM EXECUTIVE SESSION: For the record, myself, my fellow trustees, members of the Trust Authority and Trust Land Office are returning to the Resource Management Committee from the Executive Session. We did not make any decisions during the Executive Session. The statement was made by TRUSTEE MORRIS.

CHAIR STURGEON recessed the Resource Management Committee until tomorrow morning at 8:30.

(Resource Management Committee meeting recessed at 1:30 p.m.)

April 25, 2024

PROCEEDINGS

CALL TO ORDER

CHAIR STURGEON called the meeting back to order, and called the roll. He noted that Trustee Fisher was excused today. He asked for any announcements. There being none, he continued where we left off yesterday before The Arc discussion, and turned the meeting to Jeff Green.

MR. GREEN stated that the last few points that he wanted to bring up were in regard to the risks and what can still be done with land in a carbon project. First, land in a carbon project can still be utilized for other uses, such as selective harvesting and concurrent uses, like recreational uses, hunting, camping, commercial filming, things like that. Carbon credits can be retained to perform a more substantial harvest. That is within the possibilities and allowances of the registry. It is not a disposal. It is a contract to maintain those carbon credits for 40 years. There are some risks: It is a decentralized market; it is not regulated; there are no guarantees. Some entities believe that the voluntary carbon market will do very well over the next 40 years in a very long shot, and credits will be in the hundreds of dollars or multiple of hundreds of dollars in 20 to 30 years; others believe that it will remain relatively unchanged. The TLO is not counting on that to make this project make sense for the Trust. The other pieces that the owner does is to commit to maintain those carbon stocks for 40 years from the start date; but there are no verification requirements after the 40-year contract ends; there are fixed costs that we spoke about. There are some environmental risks when it comes to the risks to the trees and the carbon asset itself. As Mr. Hermanns mentioned, the forests in Southeast are considered relatively safe. The fire risk is very, very low, and there are not natural events such as disease, wind, fire, pests that affect some of the other forest lands in other parts of the country. Another piece is that the landowner is required to contribute to a buffer pool for those types of liabilities, and each registry has its own separate equation for the buffer pool; but it is generally between 13 to 18 percent of the developed credits that go into a buffer pool. If there is some natural event that affects the carbon stocks, that is covered from a buffer pool. As an

alternative, the American Carbon Registry allows landowners to purchase credits to make up the percentage of their buffer pool. If we believe our credits are worth more and we can find other credits that are worth less, we can purchase other credits to reach that threshold in order to make a project more profitable for the Trust. There are many different ways to mitigate risks and to maximize the revenue to the Trust.

MR. HERMANNNS stated that there is windthrow in Southeast. But, historically, most of the lands that are being looked at are very safe from windthrow. There is insect and disease; the hemlock sawfly come through. But, again, when compared to, say, British Columbia, the Rocky Mountains, and other areas, we do not have the tree mortality that is seen other places. The trees are very healthy, and can withstand insect infestations and that kind of thing.

CHAIR STURGEON asked if somebody comes along and wants a right of way, if somebody wants to go around with a solar farm up north, or if we decide we want to take some out and make a subdivision, if we have that flexibility.

MR. GREEN replied that there are many possibilities. As long as we are in the project, we are accounting for those things, and we are retaining credits that cover those generating credits that would be removed from the project for a road, then we can still do those types of uses on Trust land. Rights of way, small leases, or things of that nature are not a problem to accommodate. There is even a provision in these contracts for de minimus uses that are not even considered.

CHAIR STURGEON asked for the first motion be read into the record.

MOTION: A motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with the management of up to 63,000 acres of forested lands in Southeast Alaska for the development of a carbon offset program with the development of carbon credits from those lands at terms acceptable to the executive director. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE BOYLES.

TRUSTEE FIMON asked if carbon credits are developed enough where they could be called a commodity.

MR. GREEN answered that he is not a financial markets expert, but he would think that it would be considered a type of commodity.

MS. FARLEY stated that she had done preliminary research, and typically, a commodity is a fungible product, and based on world market factors, prices. There seems to be some variability in the carbon credits. There might not be that level of stability or consistency in the prices as if it were a commodity. Commodities are transparent markets, generally. She stated that she heard them referred to as the Wild West in financial markets, and that is her perspective.

TRUSTEE FIMON asked if we know how many shares or credits are traded on a given day to perhaps look up on the Dow Jones.

MR. GREEN replied he has heard them called "environmental commodities." As far as the liquidity of the market and how large it is, the last number that he recalled was that in 2022 it was around \$2 billion, estimated by the World Bank. Again, it is not centralized, so there are many

ways to trade them, apparently.

TRUSTEE BOYLES asked about the percentage compared to the total percent of forestry owned by the Trust. 63,000 acres is what we are talking about.

MR. HERMANNNS stated that it is the majority of what is owned in Southeast. Statewide, the Trust owns about 250,000 acres. We did not deem what is owned in the Interior and Southcentral to meet the threshold of high integrity, so that was not included.

CHAIR STURGEON stated that one of the board members asked if we could develop our own credits and sell them directly to, say, Alaska Airlines, or if we are better off going through a registry.

MR. GREEN answered that we still need to register the credits, and that proves to the industry and companies that it is there, it is verified, they exist, and the carbon is sequestered. Once the credits are verified, the Trust can do whatever it would like with them.

TRUSTEE MORAN asked if the Trust has to commit all the acreage upfront, or if it is something that we can plan into.

MR. GREEN answered that this is not something where we must commit all 63,000 acres. We will go through a process to refine it to meet the administrative requirements so that we can consider this land for carbon. It would be something where when we refine the project, we can go through it and pick out specific acreage. The more acres that are in there, the more lucrative the project is going to be, because more carbon is going to be sequestered.

CHAIR STURGEON asked, let us say five years from now, the Federal Government comes to us and they want to buy all of our 63,000 acres, if we would then have to pay back the credits under those circumstances.

MR. GREEN replied that his understanding is that it is just like any other contract, and it would travel with the land. If we sell it, then the buyer would have to accept those terms of that contract.

MS. WARNER noted that this carbon offset program has gone through the Legislature, and she has talked to legislators about how the Trust can do this program without any new legislation or laws. We are pretty engaged in Southeast with All-Landowners' Group or Alaska Forest Association. One of the biggest hurdles that we had to overcome with messaging for a carbon offset program is with the loggers. Their concern was if we were taking away their industry. The Trust has been holding the industry together. That has taken some time. Mr. Hermannns has done a great job of talking with those folks, and she stated that she also talked to them down in Ketchikan. There are a lot of conversations. They are pretty comfortable now, because we are not taking away their timber sales; they are contracted with the Trust.

CHAIR STURGEON asked if there were any other questions from the Board. Hearing none, he turned the floor to Steve Williams.

MR. WILLIAMS stated that this is really exciting in terms of maintaining a revenue stream for Trust assets in Southeast for the foreseeable future. The other piece to it that we will still have to work out is the management of the carbon credits and how that gets sold over time. He continued

that he and Ms. Farley will be looking at that and working with the TLO to do that. The other half of this is that we are having to figure out how the pieces of the puzzle all fit together for the long haul.

CHAIR STURGEON asked if there were any other questions. Hearing none, he called for the vote.

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

CHAIR STURGEON stated that the motion passed, and asked for the second motion to be read.

MOTION: A motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the proposed action to fund the carbon offset program from the Trust Land Office Development Account, TLODA, with \$1 million. These funds do not lapse. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE HALTERMAN.

CHAIR STURGEON asked for any discussion. Hearing none, he called for the vote.

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

CHAIR STURGEON stated that the motion passed.

TRUSTEE HALTERMAN requested updates on the \$1 million periodically so that we know what is going on with the expenditures.

CHAIR STURGEON continued to the Executive Director's Report.

EXECUTIVE DIRECTOR'S REPORT

MS. WARNER stated that we are still in negotiations on that solar lease that we entered into down on Kenai, toeing the line for the best interests of the Trust. Negotiations have gone back and forth several times. The Department of Law is involved. Renewables IPP have changed attorneys to get a more local attorney here in Alaska, because things are different in Alaska. We hope to cross the finish line very soon on this lease. Alaska Renewables LLC are the wind leases. They are currently reviewing it. The Salvation Army lease that was below fair market value has been signed, and that is done. The Tanana Chiefs Conference, the best-interest decision for that below-current-market lease was completed. The decision was affirmed, and the lease is with TCC for signature at this time. No Name Bay, this is the end of a 13-year process from the Supreme Court to Superior Court, and the Court ultimately ruled that DNR would purchase this fancy island on No Name Bay from the Trust at fair market value. That quit claim deed has been issued; the money has been received; and it is recorded. Juneau land sales, Chandler came with a couple of big land sales, Glacier Long Property Development, in this fiscal year. They are selling that property, and so it is being paid in full. Over \$4 million has been received, and the total is \$25,000 short of \$5 million. Katie Vachris will speak about the subdivision program, and Karsten Eden is moving right along with the zone sampling. We have a contractor in place, and we will be doing some sampling in the northern region this year. Timber sales, everything is going well with Viking and Alcan. The operations are

all looking good. The big news is that we have a lot of China sort sitting in the yard at Shelter Cove. The ship has been loaded. We have 1.8 million board feet out, and so we will get some money from that. The good news is that the market turned in just a way that we could actually make a little bit of money on that and not lose money. Shelter Cove Road is scheduled to resume work on May 1st. We are hoping that that is a site that trustees will be able to visit at the Ketchikan May board meeting. The update on land sales is that we are finding a lot of success still in our over-the-counter land sale program. We have added 17 parcels that rolled over from the land sale. The competitive land sale has an inventory value at 1.2 million. The date is set for the competitive land sale come this fall. We are working hard to get those parcels in order and ready to go into that land sale. The interest rates are pretty high. The people are still buying land at 11.5 percent. Our negotiated sales are going very well. To date, we have had about \$5.2 million in gross sales. Viking has put in their operations plan, and they are probably done at the end of October. Alcan has about three to four years left on Shelter Cove. Regarding the Trust Authority Building, there is a potential for a pretty high cost for this building and the things that need to be done to bring it to code and to fix the HVAC. We are still doing analysis on that. We have brought in a third-party contractor to help us analyze that, and we hope to have something to bring trustees this summer. Marisol Miller has left the Trust Land Office, and David MacDonald is operating at full capacity right now. The TLO has spent a lot of time with Petersburg. There is about a 600-plus acre parcel that the Land Office has been working to subdivide, and it gets pretty complicated with the Planning Authority and City Government and lots of different things. Ultimately, it comes down to the mayor's signature on that plat. The plat is ready. Everything is designed. We have people knocking on the door that want to buy land out of this subdivision; but Petersburg is holding back because they wish for the Land Office to build roads. Their argument is it should bring more money in for the Trust by making the lots more valuable. Our argument is that there is a lot of risk in doing that; we put money into building the roads and hope that there is a high absorption rate. We could potentially phase this. It has been a challenge because it is a complex story, and when the media puts it in about one or two paragraphs, it does not always come across the best. She continued that she has had conversations with the mayor and Senator Stedman on how to move forward on this project. To date, the mayor still does not have the vote from the Assembly to sign the plat. She wanted the trustees to know that the last discussion with the mayor was that the TLO is walking away and coming back later because we are not going to spend any more energy on this until there is movement.

CHAIR STURGEON asked for any questions from the Board.

TRUSTEE BOYLES asked about the China sort that got shipped.

MR. HERMANNNS replied that the China market, in particular, has not been very well. For every acre that you go out with a log, you end up with a certain amount of China sort. You put that in all the little corners that you can in the sort yard, hoping that the market is going to get to a better point. But wood ages. As it is sitting out there in the weather and the sun it starts to change colors and change looks. Then people will want to pay you less for that because it looks different. Whenever you are holding that much inventory, it just starts to get a little concerning.

MS. WARNER added that the other concern is we are under a harvest market agreement. That is different than the Viking sale where it is just stumpage, and they pay a flat rate. We took on a little more risk in the harvest market agreement, but we make a lot more money under that. If they do not get the logs out, then that costs us money.

CHAIR STURGEON stated that China's market is in the tank right now, and it is three main sorts. The J sort, that is kind of a higher end Japanese log, higher quality logs, not many lots, relatively little defect, old growth. There is the K sort, which is a smaller log, like a pole-type log. The C sort is the China sort, and that is kind of your rougher, bigger knots, higher defect log. These logs go in different places, and the China market is not doing very good right now.

MR. HERMANNNS added that it is just an indication of where their economy is. A good portion of the wood gets used for forms, for concrete.

CHAIR STURGEON asked for any questions from the Board. Hearing none, he continued to the Icy Cape update.

ICY CAPE UPDATE

DR. EDEN stated that this is the update for the project for the first quarter of calendar year '24. We are on track with everything where there is planning, procurement, field work, processing, assaying sites, engineering results, marketing. Regarding marketing, he stated that he was in Virginia a few weeks ago and met with industry consultants. A marketing strategy study had recently been completed by a leading industry consultant to outline the best options and strategy to market. We have a clear path moving forward of how to market. We had that before, but it is always good to have another set of eyes look at everything and say that “your plan looks good, but maybe you want to consider this.” The project timeline, this year we are still processing core samples. He continued that he expects all of the heavy minerals results back by August; the gold assays back by the end of May, which is very good. Metallurgical studies, the bulk samples are with the specialized processing facilities and being worked on. All of the experts have been lined up for the independent technical report, and it is scheduled to be done by the end of the year. Resource specialists have been lined up for the resource estimate. They are all under contract, and as soon as we have the assay results, they are ready to work on it. That is the plan for this year. For next year, we still have the conceptual study planned and a strategy study for marketing.

CHAIR STURGEON stated we will go into Executive Session after the Commissioner's report to get the results of the assay. He called for a quick break until the Commissioner comes online.

(Break.)

CHAIR STURGEON greeted Commissioner Boyle, and then turned the floor over to him.

COMMISSIONER BOYLE stated that he really enjoys the relationship that DNR has with the Trust. The Trust Land Office falls under his department's ambit. He stated his appreciation for Ms. Warner's efforts to coordinate with DNR on issues that impact both the State and the Trust. That working relationship is very strong, and we have been working closely together around the Constantine Mining Project in Haines, which is important to a lot of people. One of the areas that makes a lot of sense for us to have close coordination on is our land holdings in Southeast. He thinks that that industry is a key and vital part to Alaska's future. It is important to do whatever we possibly can to make every stick of timber available on our relatively meager land holdings in Southeast to enable our logging companies to continue, and hopefully we will get to a point where we either see better quality out of Washington, D.C., or at least help see through their transition to being able to handle the new growth that will gradually become available on our lands and Federal lands. That coordination between the TLO and DNR is important as we try to work in those areas like Shelter Cove where the TLO has ongoing timber sales, and the State has land around there and

timber available. There are opportunities for the State and TLO to really work together on administering or setting out some of these timber sales where DNR may have employees and personnel in our Division of Forestry that can help lay out timber sales on TLO land in areas across the state where TLO's forester may not readily be. If we can help the TLO find efficiencies there and save the Trust money and help manage resources in a way for them and for the State to look for areas where we are doing joint timber sales, that makes a lot of sense. His intent is to move forward in finding those efficiencies, where it makes sense for one party or the other, to help administer timber sales and free up our other resources to focus on other areas. He continued that he knows that the State has been interested in looking at carbon opportunities, as well. He sees opportunities on the resource station efforts in areas that have been impacted either by wildfire or insect infestation and the like. He has been very clear to the folks in the timber industry that the State is not looking to set aside merchantable timber as part of a carbon offset project; but we are looking to find opportunities where we can set areas aside potentially for carbon purposes, where through a proper management program we can be more incentivized to apply those improved forest management techniques with the commercial to improve the quality of the trees and the health of the trees in these areas, so that additional carbon benefit will be seen from healthier, more robust trees absorbing more carbon. In the long run, when the carbon projects are over, we will be left with great merchantable timber that can then be ready or close to being ready for harvest. It is really about trying to find where timber makes sense or where carbon makes sense in the context of rebuilding our forests. He sees us having more opportunities in the Mat-Su Valley and in the Kenai Peninsula area, and those environments where we are really challenged to have a lot of forest inventory with merchantable timber and where our forests need a lot of work to kind of get back into the shape to help support a more robust timber industry in that part of the state. Beyond that, at least at DNR, we are very focused on the energy side of the equation. We have dwindling natural gas production coming out of the Cook Inlet. We are hopeful to see some incentives put in place this year by the Legislature that will encourage and promote new investment and development in the Cook Inlet, and to help alleviate the Southcentral energy needs problems. For the longer run, the State is really standing at the precipice of needing to make those investments into that next form of energy that is going to carry the State forward in the future, which he believes lie with coal, which is a phenomenal energy resource. Alaska has more coal than the rest of the Lower 48 combined. The United States itself has 27 percent of the world's supply of coal; and Alaska has over 50 percent of that 27 percent. We are sitting on an enormous resource here in the state, and with next-generation coal technology and potentially with carbon capture, you can build a new coal-fired powered plant that would produce affordable and reliable power, and the environmental impacts of that are mediated by having those types of technologies in place. In Alaska, we start having clean coal to begin with, with low sulfur and low mercury content and the like. He stated that he sees a lot of opportunity there. If we were to site a significant coal-fired power plant in the Valley and upgrade our transmission system to ensure that we could send electricity down to Homer or up to Fairbanks, with a power source like that, we can then look to stimulate our mining economy by running transmission lines to places like Donlin or other mining opportunities in the Alaska Range and elsewhere that would help lower their costs of energy and certainly make those mining projects more of a reality. We are still in the early days of assessing what that might look like, but he thinks that we are at a point where we have to make those investments and make those plans to move on to an energy source that is going to help us reduce our reliance on natural gas firepower and provide that reliable, firm baseload that all of us need. He continued that, beyond that, the next really big opportunities are really to be a potential hydrogen hub. He has been talking to a number of operators, big companies that are looking at making significant investments here in the state harnessing wind power to provide the energy that they need for the electrolysis process and the hydrogen, ammonia, and methanol sort of production that would all be derivatives of the

hydrogen that would be produced. It is exciting to see what that can look like for the future of our state in terms of not only generating a lot of energy to help supply that process, but also to drive down the cost of energy and provide more energy resources across the state. Also, to see the new manufacturing base that would be set up at Alaska. Instead of just exporting raw material out of the state, we would start producing these value-added products. There is tremendous opportunity there. If some of these projects were to move forward, it really would transform Alaska as we know it with the jobs and the manufacturing and the opportunities that all of those types of projects would ultimately create. There is also a corollary with our push to seek carbon capture and fuel-efficient storage legislation through the Legislature this year because of the manufacturing process for methanol and the like. They need pure streams of CO₂ for those processes. Having CO₂ that is stored underground that could readily be accessed is important for their processes, and having that framework in place will be essential to supporting an industry like that. The U.S. Department of Energy has been meeting with the Japanese Government on the prospect of potentially importing captured Japanese CO₂ for sequestration here in the state. That would provide a major revenue source for us to capitalize on our empty core space that we have in our rocks and to be able to utilize potentially that CO₂ for other investor processes. Again, a lot of opportunity in that space depending on how that all shakes out.

CHAIR STURGEON thanked Commissioner Boyle and asked if any Board members had any questions. Hearing none, he noted that the Board looks forward to working in partnership with DNR. Just this morning, the Trust talked about our wind project that we are leasing, a solar project that we are leasing land on, and we are coming to the final results of a \$10 million investment for our mining operation in Icy Cape. This morning, the Board approved a million-dollar carbon project, and, certainly, timber is one of our priorities.

COMMISSIONER BOYLE thanked everyone.

CHAIR STURGEON asked for someone to read the motion to go into Executive Session to hear about Icy Cape.

MOTION: Per AS 44.62.310(c) (1), (c) (2), a motion that the Resource Management Committee move into Executive Session per Alaska Statute 44.62.310(c) to discuss confidential matters pertaining to Icy Cape, the immediate public knowledge of which would clearly have an adverse effect upon the finances of the public entity. No decisions will be made in Executive Session. The motion was made by TRUSTEE BOYLES; seconded by TRUSTEE MORRIS.

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

CHAIR STURGEON noted that we have a majority, so we will move into Executive Session.

MS. WARNER recommended that she, Jeff Green, and Karsten Eden from the TLO join that Executive Session, as well.

MR. WILLIAMS added, from the Trust Authority Office, Allison, Julee, Katie, and himself.

CHAIR STURGEON stated that that is fine.

(Executive Session from 9:33 a.m. until 10:00 a.m.)

NOTICE OF RETURN FROM EXECUTIVE SESSION: For the record, myself, my fellow trustees, members of the Trust Authority and Trust Land Office, are returning to the Resource Management Committee meeting from the Executive Session. We did not make any decisions during the Executive Session. The statement was made by TRUSTEE BOYLES.

CHAIR STURGEON stated that we are out of the Executive Session, and we are right on time for a break.

(Break.)

CHAIR STURGEON called the meeting back to order and stated that we are now in open meeting status, and the first topic is subdivision development update.

SUBDIVISION DEVELOPMENT UPDATE

MS. WARNER stated, to introduce this conversation, Katie Vachris is the project manager and will be leading the discussion today. She prefaced that this is the cost recovery subdivision development program that trustees recently funded. We are at a junction for decision-making. Katie will be briefing trustees on a couple options that we have the potential to move forward on, and we are hoping to get trustee feedback.

MS. VACHRIS stated that she was there to give trustees an update on the subdivision project on Boyd Road in the Mat-Su Borough, which trustees visited last summer. The TLO has been working our way through design, financial analysis, and most recently, the pre-application process with the Mat-Su Borough Planning Department. The current design looks a little bit different than the last time trustees saw it. There are multiple decision points that we cross through the entitlement process, and our team continues to review and re-review our estimates and projections. So far with the Boyd project, each of the decision points has pointed us in the direction of continuing towards development. She stated that she is very pleased with the feasibility studies, the final design, although it could change through the public notice process, conversations with the planning department, and industry professionals. She continued that they are seeking trustees' input as decisions are made on where to go forward with this project. The design shown has passed the pre-application phase with the Borough and is set to go to public notice in the coming days. At this stage, we have three directions we could choose to pursue going forward. The first option is to proceed with development after completing the public notice phase, completing roads and utilities and bringing the project through to completion. Those completed lots would then be placed in the annual land sale. The benefit is the revenue reward; we maximize the revenue and can gain efficiencies in those expenses. With this option, we have to spend money to make money. Risks include cost overruns in construction, delays in construction, and a changing market. We know those risks, and we have worked to mitigate those risks to a more tolerable level. She continued to the second scenario, which is to offer the entire 80-acre parcel to the market targeting developers or builders who may wish to just purchase raw land to develop their own subdivision. Speaking with industry professionals and other developers, we have a great parcel here with great potential, and there is quite a bit of interest. In this scenario, we would appraise the land, put a premium on that value, and allow potential offerors, a free look period so that they can do their own diligence to make an educated offer to the Trust. They would have access to the studies and data have already been completed. They may choose to do some of their own work, as well. The benefits to this

scenario include a lower risk. It does not cost much of anything to be able to put this up on the market tomorrow. There would be no more expenses. We would likely receive one bid, maybe a couple of bids potentially from different developers. She believes that it would be a quicker disposal at some level of profit. The drawback is that low risk typically also results in a lower reward. There is still profit; just not as much. There could be about a million-dollar difference between the net revenue of this scenario versus the first scenario. She continued that the third scenario is the option to invite potential partners to compete for the opportunity to partner with us through the completion of the development project. We would partner with another developer or builder to share both the risk and the reward. The selection of that partner would be a competitive process, and once that selection is made, the terms would be negotiated. Benefits to the TLO include allowing the partner to construct the roads and utilities and gain the efficiencies that are present in the private sector that we may not have as a public agency. It also allows us to increase our time to market, because they are able to contract with those developers of roads much more quickly than we would through the traditional procurement process. Any partner that we worked with would have a certain level of experience doing these types of projects, which would be mandated through the competitive process, so that they are familiar with the most efficient contractors to build those roads, and that ultimately results in a slightly lower cost for the project. The risk is that we are no longer the sole owner of the project, and the partner would have their own goals that they would be pursuing, as well. We give up a little bit of that ownership. Because we remain the landowner, we are holding this land at zero value through the development phase, where there are no tax implications. Whereas, if the developer were to purchase, they would be on the hook for paying taxes on this land until they developed it and sold it off. It is another opportunity that we have, and it has been presented in multiple forms through different developers and conversations that we have had with them. The return may not be quite as high as what we would see in Scenario 1. These are all three great options for the Boyd project, and we are not boxed in. We have the ability and time to pursue what we really want to do with that project. We believe that the best scenario for the Trust is Scenario 1, to continue through development, pending feedback from the public notice process. There is the risk; there is higher investment; but the research, the analysis, due diligence that has been done all point to the opportunity to realize significant results and revenue. There have been ways built in to reduce the risk to the Trust. We have exit strategies. We know that this conversation will look very different six months from now. She stated that she loves the idea of doing this as a phased approach, because at each phase we have the ability to reevaluate what it is that we need to do and what the best option is to gain those revenues. To summarize, Option 1 is the most upfront investment, but it also results in the greatest reward in the terms; Option 2 is just selling the whole 80-acre parcel, the lowest risk option; Option 3 is that hybrid, allowing us to capitalize on our internal strengths and also the strengths of the partnership for the remainder of those activities, sharing the profits in the end.

MS. WARNER stated that we are very much looking forward to any feedback from trustees' expertise.

TRUSTEE MORAN asked if Option 1 is exactly what Petersburg is asking us to do, and if it is done on this Boyd project, what will be the response to their request to do it for the Puget Sound project.

MS. WARNER replied, at this time, because we do not have a guarantee of a signed plat, we cannot in good faith ask trustees to spend any Trust money on building roads on a plat that is not complete.

CHAIR STURGEON noted, so there is really no action.

TRUSTEE MORAN stated that each of these three options would be going forward with each phase of the project. She asked if we do a raw land sale, it will not all be put out to a raw land sale.

MS. VACHRIS responded, that is correct. We evaluate each of these options based on the information presented in front of us. It may look slightly different for different projects.

TRUSTEE MORRIS noted, it looks like the only struggle is whether to put the roads in. She asked if that has been done before.

MS. WARNER replied, no, that we have put roads in under a real estate timber cut, built on platted driveways through a timber harvest, but not in this way.

TRUSTEE MORRIS asked about how much money has been appropriated. This project would result in a lower expense than that \$3 million.

MS. VACHRIS responded that it is a \$3 million funding through the cost recovery program.

TRUSTEE MORRIS asked if there is a staff member or a contractor that has done this before.

MS. VACHRIS replied that we have contractors through surveying and engineering contracts that have been procured. They are the subject-matter experts as far as doing the design build of the specifications for the roads. The next step would be to go out through procurement to hire that contractor who would then develop the roads. As far as having an engineer in-house, we do not have one. We hire that out through our survey team.

TRUSTEE MORRIS stated that the third option is where we are partnering with a developer that has expertise in more of the things besides the engineering and surveying which the dollar value of that expertise is hard to quantify, but it does not make that less real. That might present a win-win scenario as you continue to consider that as a viable option. It is exciting to become real estate developers, but it is also risky.

CHAIR STURGEON seeing no further questions, moved to the next topic.

CONSULTATIONS

MOTION: A motion that the Resource Management Committee concurs with the Executive Director of the Trust Land Office's, TLO's, decision to dispose of Trust parcels SM-2000, SM-2001, SM-2002, and SM-2003 through a negotiated sale of subsequent disposal. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE MORRIS.

MS. LONG stated that our first negotiated sale today is 20 acres of Trust property on Horseshoe Lake, just north of Big Lake. This property is on the southeast side of the lake and is the least developed portion of Horseshoe Lake because it is wet with no road access to that property. This sale is comprised of four contiguous lots; only two of which touch the water. SM-2000 and SM-2001 have developable ground and waterfront property. The properties behind it, SM-2002 and SM-2003, are a lovely backyard pond which the TLO determined should be disposed of with the developable property. About 12 of the 20 acres in this property is underwater. Outside of those 12 acres, it should be noted that all of the parcels include freshwater emergent wetlands as delineated on the National Wetlands Inventory. The applicants first applied to purchase this property back in

May of 2021; however, they requested to pause the application due to access concerns. This is not road-accessible, and they proposed to construct a road across patented legal public access easements. They applied with the State Department of Natural Resources Southcentral Regional Office to construct those roads. In May of 2023, the State signed their decision on the matter, which did not approve their request to construct legal public access road easements. The applicant came back to us and said that they wanted to move forward anyway. We obtained a new appraisal in November of '23, valuing this property at \$200,000. We signed a purchase and sale agreement at 30 percent above the fair market value at \$260,000. We have a \$26,000 payment sitting in escrow. There are no anticipated risks or concerns with this negotiated sale. The applicant is prepared to pay in full, enabling full payment to the Trust corpus this fiscal year. The public notice will also provide the opportunity for acceptance of any competing offers that we may receive on this property. One consideration here is that this negotiated sale is within the Matanuska Susitna Borough that we talked about this morning. It may be well that the Mat-Su Borough saw an increase of 20 percent in their population from 2010 to 2020, by far the largest in the state. The U.S. census showed the Borough at just under 112,000 people, making it the second largest municipality in the state now. Big Lake has become increasingly popular for private recreational development, which is the proposed use for these applicants. Therefore, it is quite feasible that we may receive competing offers on the property through the public notice process.

CHAIR STURGEON asked if there were any questions or concerns from the Board. Hearing none, he called for the vote.

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

MOTION: A motion that the Resource Management Committee concurs with the Executive Director of the Trust Land Office's, TLO's, decision to dispose of Trust parcel SM-0005 through a negotiated sale or subsequent disposal. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE BOYLES.

CHAIR STURGEON asked Ms. Long to continue.

MS. LONG stated that this consultation for this negotiated sale is for 150 acres of Trust property along the Knik River, near Palmer, in the periphery of the community of Butte. It sits about 1.5 miles downstream from the Old Glenn Highway bridge and can be accessed along Republican Way. The terminus of Republican Way is about 3200 feet from the nearest corner of the property. However, it is built on a section line easement and is quite flat, easily developable ground; so, it can be extended, and access can be provided to the property. This property ranges anywhere from densely to sparsely wooded. It has really incredible views of the Chugach Mountain Range. The odd-shaped property line is because when it was surveyed in 1979, it was waterfront property, where the Knik River was. Since then, all of the land highlighted in blue on the map has been added in front of the property. The TLO had the Trust property appraised on the hypothetical condition that the land highlighted in blue was assembled to the Trust property, thereby aggregating the 300 acres. This valuation method was chosen because the parcel has riparian rights, which means, No. 1, the property owner has the right to access that navigable waterway; and No. 2, the property owner has the primary right to obtain any accreted lands that may have been added to that property. Accretion is a technical term describing the gradual and imperceptible addition of land to a parcel at the natural deposition of water-borne sediments. It is a very slow, natural process. A

riparian landowner has the opportunity to undertake a legal process known as a Quiet Title Action to obtain clear title to any accreted property, and therefore have it assembled to their riparian property. The Quiet Title Action can take years to process. In this situation, the TLO is a willing seller and has a willing buyer of the property, as is. In order to capitalize on that present value money and turning this parcel into a performing asset in the near term, the TLO has determined that selling the 150-acre parcel, valued as if it were 300 assembled acres, is in the best interest of the Trust. By selling now, the Trust is foregoing any future option to file a Quiet Title Action. Once the purchaser, Knik River Ranch, holds title to the 150 acres, they are the ones to hold the primary right to any accreted lands with the opportunity to file a complaint to assemble the accreted lands in due course. The appraisal was completed in March of '24, and the value of the property is \$550,000 under the hypothetical condition that it was 300 assembled acres. The TLO negotiated the land sale at 775,000; 40 percent above the value of the hypothetical 300 assembled acres. The TLO cannot and does not guarantee, warrant, or make any representations to the purchaser about their ability to obtain any of the lands highlighted in blue between the property line and the Knik River. Knik River Ranch, LLC, proposes to use the property for regenerative farming, agricultural production, and equine recreation, which is fairly consistent with the farming and wholesale distribution of farm products made in the industries in Butte. While lands adjacent to this property are for rural residential purposes, this parcel is within the 100-year flood zone designated by the Mat-Su Borough; therefore, alternative forms of revenue generation such as subdivision development may not be in the Trust's best interest. The applicant has paid a 10 percent down payment. There are no anticipated risks with this sale, and the public process provides for an opportunity for acceptance of any competing offers. Based on all this information, the TLO Executive Director has determined that it is in the best interest of the Trust and its beneficiaries to proceed with this negotiated sale of Parcel SM-0005.

A discussion ensued about Quiet Title Action.

CHAIR STURGEON asked for any questions. Hearing none, he called for the vote.

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

CHAIR STURGEON stated that the motion passed, and asked for the next motion.

MOTION: A motion that the Resource Director of the Trust Land Office's, TLO's, decision to dispose of Lots 2, 3, 4, and 5 of Trust Parcel F-1002 through a negotiated sale or subsequent disposal. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE HALTERMAN.

MS. LONG stated that this negotiated sale is for a portion of Mental Health Parcel F-1002, which was subdivided into five lots in 2006. This sale is for Lots 2, 3, 4, and 5, each roughly an acre, and aggregate to 4.3 acres. These lots are on Younker Court off South Cushman Street in Fairbanks. The lots are flat and vacant. Behind them sits industrial material mining, and adjacent to them is Lot 1. Fairbanks Native Association, our applicant, applied for these lots to expand their current campus of care for a treatment facility. This supports their mission of improving the quality of life for individuals and families by promoting justice, healing, and wellness in the community. The proposed expansion of their campus of care appears to align with the current land use of Lot 1. Lot 1 is a 30-year below-market-value ground lease issued to Tanana Chiefs Conference, which was

recently approved by the Board of Trustees on February 1st, 2024, for the Fairbanks Gateway to Recovery Detoxification Program. Trust Authority staff determined that the use of Lot 1 aligns with the Comprehensive Integrated Mental Health Program plan by providing treatment for drug and alcohol misuse and because it improves treatment and recovery support services in the area. This negotiated sale of Lots 2 through 5 is an opportunity for South Cushman Street in Fairbanks to expand its presence as an institution of wellness in Fairbanks. In September of '23, an opinion of fair market value was procured for the lots, valuing an aggregate sale at \$347,100; and if we were to sell them individually, they would round out at \$469,000. The TLO-negotiated sale price of 40 percent above the opinion of fair market value of the individually sold lots amounts to \$656,600. A purchase and sale agreement was executed, and a down payment has been received and sits in escrow. The applicant intends on paying in full. There are no anticipated risks or concerns.

CHAIR STURGEON asked if there were any questions. Hearing none, he called for the vote.

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

CHAIR STURGEON stated that the motion passed, and asked for the next motion.

MOTION: A motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with creating a pool of approximately 19 subdivision lots and small to large tract parcels to be subdivided that may be disposed of through the TLO statewide land sale programs. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE BOYLES.

MS. WARNER stated that Britt Williams is our project manager on this consultation, but she is unable to join us today, so Jeff Green is going to walk us through this consultation.

MR. GREEN stated that we are talking about adding these parcels that are selected for this consultation to the existing bank of parcels that we have for our land sale programs. Those two programs are the over-the-counter sale and our statewide competitive lease sale that we have every fall. We are estimating up to 6 million in principal, and up to 3 million in income from those. The income would be derived from the interest on contracts that we hold when the parcels are sold. These parcels were evaluated and selected by Ms. Williams and the project management team to be added to the inventory for the upcoming competitive and over-the-counter land sale. We select somewhere around 50 parcels to include in that, and the creation of a pool allows us to more effectively create that list of parcels and do all the due diligence that is required. When a parcel does not sell in the competitive land sale, it is then transferred to the over-the-counter land sale, and we try to sell it from there. All parcels will be appraised by a general real estate appraiser before they are added to the competitive land sale, and they will be offered with a minimum bid that is at least the appraised fair market value.

CHAIR STURGEON asked if there were any questions, comments, or concerns from any Board members.

TRUSTEE MORAN asked if any of these have the potential to be controversial, or if they are all pretty straightforward.

MR. GREEN answered that he did not think that any of these would be controversial to sell off these parcels.

TRUSTEE FIMON asked if some of that subdivision will be done by the Trust.

MR. GREEN answered yes. Some of the parcels are already small enough where it would not make sense to subdivide them. Others will require subdivision to make it economic to sell off the parcels. We would do the subdivision, paid for out of our operating funds; or if it is a larger project, through the subdivision development program with cost recovery for the parcels once they sell.

CHAIR STURGEON asked for any other questions from trustees. Hearing none, he called for the vote.

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

CHAIR STURGEON stated that the motion passed, and asked for the next motion.

MOTION: A motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with the decision to amend Mental Health Trust No. 94-00248, a negotiated mineral lease, to include approximately 3,016 additional acres of Trust lands described and attached hereto in Exhibit B surrounding Livengood, expanding to an aggregate 12,986 acres, more or less, of Trust property. The motion was made by TRUSTEE FIMON; seconded by TRUSTEE MORRIS.

MR. HENDRICKSON stated that the land in question today is in the region of Livengood. It is historically known for mineral development; specifically, placer mining. As early as 1914, within the creek beds of Livengood Creek, which are running through and adjacent to the Trust property, placer gold was discovered. Currently, the majority of Trust subsurface holdings in Livengood are within a long-standing mineral lease for exploration and development. While the Trust is most significantly a landowner in sheer size within the development area in question, the complexity and mineral state layers to the region created several types of exclusions to Trust titles. These exclusions can be on the private, State, and Federal levels of ownership that typically were the result of an action prior to the reconstitution of the Trust. Typically, this is seen as Federal, State, or privately owned mining claims. As these exclusions are continuously removed from Trust title, either by TLO action or automatically, the land eventually becomes unencumbered Trust land for the TLO to manage appropriately. Currently, the majority of the Trust land in the Livengood area is under authorization with Tower Hill Mines, which for years has been diligently undertaking exploration efforts, having conducted geophysical surveys, drilling, and bulk sampling programs in the lease area and adjacent lands. These efforts done by Tower Hill Mines have led to a recent completion of an NI 43-101 report that has a Pre-Feasibility Study mine plan that could produce approximately 6.4 million ounces of gold, as reported by the company, throughout the lifespan of that claim. Tower Hill Mines is continuing their development of Trust land with the gathering of necessary environmental baseline data required for Federal and State permitting, in addition to evaluating their land tenure across the board for optimization and clarity. Tower Hill Mines tends to be the majority landowner across the board in this entire parcel. The proposed action today is to seek concurrence from trustees for the addition of approximately 3,000 acres of former State of

Alaska mining claims that were issued prior to the reconstitution of the Alaska Mental Health Trust and have since been deemed abandoned or closed. These claims were overwriting exclusions on Trust title, in addition to the mineral lease that is already established. If the proposal is passed today, the land would go through the TLO standard two-step decision process, a best-interest decision, followed by a public notice of the decision to confirm that our action was in the best interest of the Trust, followed by a final decision, if any comments are received. This proposed action will directly increase revenues from this existing mining lease through the annual fees known as advanced royalty payments. This lease is primarily a revenue source at this point in time. Once commercial production of this mine takes place, it will switch to a royalty payment. The lease is also strictly governing prudent reclamation of property development of Trust lands to continuously protect them, in addition to all State and Federal laws associated with mine development. The majority of this project has already been authorized for years through the existing mining lease. The proposal today adds approximately 3,000 acres of clarity, moving forward an additional revenue source for this existing lease, and immediately turns a nonperforming asset into one that produces revenue, all while continuing that development to the ultimate end goal of commercial production of a mine.

TRUSTEE FIMON asked when Tower Hill Mines initiated that lease.

MR. HENDRICKSON answered that the exact execution was 2004. It was originally with AngloGold Ashanti. It has since been amended and assigned, and has developed into what we see today with the Tower Hills.

MS. WARNER stated that Tower Hills Mine is in good standing with the Trust Land Office.

CHAIR STURGEON asked for any questions from trustees. Hearing none, he called for the vote.

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

CHAIR STURGEON called for a lunch break.

(Lunch break.)

CHAIR STURGEON called the meeting back to order, and turned the meeting over to Trustee Halterman.

MOTION: A motion that the Board ask our counsel for a legal opinion regarding the proper treatment of the TLO from an organizational standpoint and to identify how the Trust Settlement Agreement and State law has designed the structure. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE MORRIS.

TRUSTEE HALTERMAN stated that this is legal guidance and clarity that she thinks would be beneficial for the Board as we continue our work on the governance process reforms. This level of clarity will help us in understanding the role and the structural commitment that was made for the Trust.

TRUSTEE FIMON asked if it requires anything other than a correspondence to our counsel or

some other action.

TRUSTEE HALTERMAN answered, at this point, it is just a matter of giving the clearance to counsel to go ahead and provide that feedback to us. The Board's support is necessary to do so.

CHAIR STURGEON asked if there were any questions from trustees. Hearing none, he called for the vote.

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

CHAIR STURGEON stated that the motion passed, and asked for the next motion.

MOTION: A motion that the Board of Trustees change that reporting requirement so that the Trust Land Office Executive Director report directly to the Alaska Mental Health Trust Authority Board of Trustees. This change will result in a change with the Trust's hierarchy whereby the CEO and Trust Land Office Executive Director will be placed as direct reports to the Board of Trustees. This change will become effective immediately, and the Board of Trustees will continue to review this issue as part of our work on our governance documents. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE MORAN, for discussion.

TRUSTEE BOYLES stated that this is outside of the parameters of the governance discussions. She asked if it should be included in that, and should the attorney also take a look at what was the original concept of the reporting structure.

TRUSTEE HALTERMAN replied that she is not positive how to answer that question because she knows that counsel has been looking at this matter with her and has been working on some governance language. But we cannot move forward on that without Board approval. This is a decision that the Board needs to weigh in on, and we are getting a little ahead of the governance work, but this motion will give us some direction so that we can start laying the foundation that is needed. She stated that, historically, her understanding is that the Trust Land Office executive director reported directly to the Board. There was a change that she understood took place in 2017 with the development of the governance documents that the Trust is mostly working within. That changed that reporting requirement, and it places an additional burden on our executive director for the Trust Land Office; and in her humble assessment, it appears to interfere with the TLO executive director's autonomy that is guaranteed by State law. She expected that counsel can give us some additional guidance as we work through our governance changes. But this is a step necessary to begin that process.

TRUSTEE BOYLES stated that she did not interpret the motion as a request for the attorney to take a look at it, but the motion is that we are going to make this change. It is a motion; we are going to vote on it. She asked for clarity on the motion.

TRUSTEE HALTERMAN stated that there will be governance work that follows the motion. We are making the decision to make that structural change without the governance work being finalized. The governance work will follow this particular motion, and the additional clarity about roles and reporting will have to be worked out in that governance work. She re-read the motion.

TRUSTEE BOYLES stated when we make a change on who reports directly to whom, she would like to know before voting in favor of this that that does not change the accounting reporting, that it does not change who our chief financial officer works for, or that whole system that is supportive to the TLO and to the Alaska Mental Health Trust. They work in tandem. They are a team. She stated her concern about how many changes will come down the line, and she would like to hear from the attorney first before we discuss that. As a board, we hear a lot from Ms. Warner and the wonderful work the TLO does, and Steve enters into the conversation. She stated that those are her thoughts, and that she will not vote for this.

TRUSTEE FIMON stated that he may have some concern that the motion is coming before we get the counsel. He thought that maybe the motion might be that we would entertain getting that counsel. But maybe the Chair already has and he is not privy to that, but that we are getting counsel and advice and whatever before kind of making the vote. He had reservations about making a change that might be that dramatic without some other input there, especially from legal counsel. He asked the Chair if that was fair.

TRUSTEE HALTERMAN replied that it is fair, and she wanted to address the question without going into a confidential conversation. This could be a subject of an Executive Session to go into further detail, but she was careful about not doing that. She explained that she has been working with counsel to insure that we are looking at potential language for the changes that are being considered, because there will be a need to look at the CFO's role with regard to these changes. There does need to be an interface and some communication between a CEO, CFO, and the Trust Land Office Executive Director. She continued that those are all questions she discussed with counsel and made them aware of her concerns. We need to work on the governance language to insure that we address each of those issues to make sure that we do not erode a process that is working well. She stated that we do have to interface between the Trust Land Office and our Finance folks in order to be meaningful in the presentation of materials. Those types of issues will need to be ironed out, and rather quickly, through the governance process, which we will be coming back to, hopefully, within the next couple of months.

CHAIR STURGEON asked, if this is approved by the Board, if the Land Trust Office would have to have a separate governance document. What Trustee Halterman is saying is that we need to do this first so that our attorneys can develop that separate Trust Land Office governance and have kind of a parallel one with the administrative side. He asked if that is what we are talking about.

TRUSTEE HALTERMAN replied yes and no. We could do it the other way, but we will end up with the end result. She stated that she wanted to make these kinds of motions while we still have Chair Sturgeon in our presence. Unfortunately, most trustees have found out that we are getting ready to lose our Chair. She stated that she wanted him to be part of conversations that lead to a meaningful development of a charter that addresses the concerns that Ms. Boyles and Mr. Fimon have raised and that we have been anticipating with regard to looking at the prospective change. When we start diving into the governance conversation about how to address those kinds of concerns, there will need to be a charter developed in order to accommodate this. She stated that she has been looking at language; it is not finalized. Some areas that need further development, and she is hoping that we can benefit from our Resource Committee Chair's service still in working through those issues before his tenure has eroded us. The reason that she moved the motion forward now is so that we can have his expertise to make sure that we have a solid governance process in place before we lose Mr. Sturgeon.

TRUSTEE MORAN stated that maybe we need to have a motion to have Legal look at this prior to making this change.

TRUSTEE HALTERMAN replied that she had them do that, and this draft motion is a result of those conversations.

TRUSTEE MORRIS stated that he shared the strong desire to wrap up as much business as humanly possible before we lose Mr. Sturgeon, who is an asset to the Trust, and whose judgment and knowledge are valued. This is a significant change, clearly. He continued that, philosophically, he believes that we are one organization, not two, and that we are stronger the more we bring the two parts of the organization together. There are cultural skills that are part of the Trust Land Office that would be of benefit the more they are spread to the Trust Authority Office. Today we received reports on three different options, despite the fact that staff wanted to do one in terms of subdivisions up in the Valley. Every report we receive from the Trust Land Office measures both outcomes and results, and estimates them ahead of time. Those are valuable skills that we would like to see more of. As a practical matter, if the Trust Land Office was an entity that simply generated revenue and tossed money back into the Trust coffers every so often, having them report directly to the Board might make some sense. But that is not the organization that they are. Every so often they say, "We need money from the Trust to make more money," or to do an experiment we voted on today with the subdivisions, or previously where we have given money to explore the Icy Cape. When the money is going to go both ways, his feeling is that there needs to be one person in charge of the entire organization. His thought is that this matter requires significantly more discussion, possibly in an Executive Session, before we make this level of change.

MR. WILLIAMS stated that this is a part of the governance conversation that we have had, which is looking at not just the charters, but the role of the CEO and other senior leadership, the TLO included. He believes that this is a premature step, including a step that would have implications to our current MOU that is between the TLO, DNR and the Trust, the structure, and who reports to whom and how. So that would have to be considered. He did not understand the exigency to having this take effect immediately, and he recommended that we hold back and have this conversation in light of the fuller context of governance. The TLO Executive Director has at times reported to the CEO, has at times reported to the Board of Trustees or a committee of the Board; whether that was formal or informal, that occurred. That created some challenge with the dynamics and the work of the Trust as a whole. It was not healthy, effective, and it was not in the best interest of the beneficiaries. In 2017, there was an organizational realignment that is our current structure that had the TLO Executive Director reporting to the CEO for continuity, which has allowed, since that point in time, the two arms of the organization to work more collaboratively focused, sharing each other's areas of expertise, but really about the interface. He stated that he and all trustees have talked about the importance of the land assets, how those are managed, how those generate revenue, and how they in the end impact the lives and improve the lives of our beneficiaries. A lot of time has been spent since 2017 creating that after a period of pretty significant dysfunction. That recommendation came from Greg Jones, who at the time was hired as the interim CEO of the Trust, and prior to that was the executive director of the Land Office. In statute, the Trust shall contract with the Trust Land Office within the Department of Natural Resources to manage our million acres of land. He continued that he shared all of that to try and give perspective to whether there is exigency behind this or not, and, obviously, the Board of Trustees makes that decision -- well, this is currently the Resource Management Committee making

that decision -- but, ultimately, it is the Board, and he thought that it should be considered within the larger context of our governance work. Honestly, he continued, that it requires a little bit more time for staff to be able to provide information to the trustees so that they can make an informed decision on a very significant change to the structure and the operations of the Trust, and staff has not been afforded that opportunity.

CHAIR STURGEON asked for Ms. Warner's thoughts.

MS. WARNER replied that she felt a little uncomfortable to comment at this time given all that has been discussed. The only comment is that she can appreciate that the Trust Land Office and the Trust Authority have two very separate missions and work to accomplish those.

CHAIR STURGEON stated that the chairman is not supposed to have any comments, so he gave the gavel to Trustee Fimon. He continued that he has been chair of the Resource Committee for five years now, and this is going to be his last meeting. He stated that both the Trust Office and the TLO do great jobs. There are different skill sets to do those jobs, and the common denominator is the Board. The Board approves transfers of money from the Trust Office to the TLO and vice versa. He thought that it is more efficient for the TLO to report directly to the Board. The skill sets are totally different, and sometimes when decisions have to be made, he thinks that Mr. Williams looks more towards the money that goes to the Trust Land Office as money that cannot be used for his programs, and so that is a fair consideration. And vice versa. His thought is that for him it is a good move. This is not something that is against the charter because it was done prior to 2017. To him, it is just two different organizations with two different missions, and it is the responsibility of the Board to pull those folks together. He stated that he was going to vote "yes" on this, and he wanted everybody to know that. He took the gavel back from Trustee Fimon.

MR. WILLIAMS stated that he wanted to make a comment, meaning no disrespect. He continued that when he looks at the overall budget of the Trust as a whole, and the needs of the TLO in order to generate future revenue, he is looking at the whole.

CHAIR STURGEON called for the vote.

After the roll-call vote, the MOTION was APPROVED. (Trustee Moran, yes; Trustee Boyles, no; Trustee Morris, no; Trustee Halterman, yes; Trustee Fimon, yes; Chair Sturgeon, yes.)

CHAIR STURGEON called for a motion to adjourn.

MOTION: A motion to adjourn the Resource Management Committee meeting was made by TRUSTEE HALTERMAN; seconded by TRUSTEE MORRIS.

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

(Resource Management Committee meeting adjourned at 11:54 a.m.)