

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING

January 3, 2014

9:00 a.m.

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

Trustees Present:

Larry Norene, Chair
Laraine Derr
Paula Easley
Mary Jane Michael

Trust Staff Present:

Jeff Jessee
Steve Williams
Miri Smith-Coolidge
Kevin Buckland
Mike Baldwin
Carley Lawrence
Natasha Pineda

TLO Staff Present:

Marcie Menefee
Mike Franger
John Morrison
Sarah Cunningham
Leann McGinnis
Victor Appolloni
Rick Fredericksen

Also Participating:

Suzanne West (via telephone)

PROCEEDINGS:

CHAIR NORENE calls the January 3, 2014 meeting to order and asks for a roll call. He asks for any announcements. There being none, he asks for any changes to the agenda. He approves the agenda.

CHAIR NORENE moves on to approval of the minutes of November 21, 2013.

TRUSTEE DERR makes a motion to approve the minutes of November 21, 2013.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

CHAIR NORENE moves to Consultations, stating that there are four consultations.

CONSULTATIONS

BLUE RIBBON GOLD, INC.

MR. FREDERICKSEN states that this would be a negotiated placer lease with a company called Blue Ribbon Mining. He continues that this is on a property 25 miles northwest of Haines on Trust land parcels, to which only the mineral rights are owned; no surface rights. He states that the company has been mining on Porcupine Creek for the last several years. He continues that the area has had placer production since the late 1800s at Porcupine Creek and its tributaries, McKinley Creek and Cahoon Creek have produced approximately 80,000 ounces of placer gold over the last century. He states that the negotiated lease would be a standard placer mining lease; the Trust would receive 10 percent of the gold produced. He adds that there is an annual rental payment of some \$5,000 that is recoverable from the production royalty. He continues that the applicant has been the subject of a television series that follows the activities of gold miners in South America and in Alaska. He states that the recommendation is to concur with this lease.

TRUSTEE DERR makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the negotiated lease of Trust land on Cahoon Creek for mining placer gold, as proposed.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

TRUSTEE DERR notes that the consistency with Long-Term Asset Management Strategy says it was adopted July 15, 2003, and a new one has been adopted. She states that the public comment period is not done yet, so that date will change sometime in January.

2014 LAND SALE

CHAIR NORENE recognizes Victor Appolloni.

MR. APPOLLONI states that the Trust Land Office is recommending offering approximately 60 existing subdivided and small lots in this upcoming land sale. He continues that the estimated total value of these 60 parcels is at \$2.3 million. He adds that the cost for this land sale is estimated at \$100,000, which includes procuring appraisals, title reports, parcel inspections and marketing.

TRUSTEE DERR asks the total acreage.

MR. APPOLLONI replies that each parcel has the acreage listed, and he will get the total acreage.

TRUSTEE EASLEY asks about the Hourglass Lake parcel.

MR. APPOLLONI replies that this parcel is contaminated with some diesel fuels and was recently cleaned up by removing the contaminated soils and decommissioning the water well. He states that clearance from DEC has been received, stating that this parcel has been cleaned and is off their list.

TRUSTEE MICHAEL makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the competitive offering of approximately 60 existing subdivision lots and small-size parcels through the TLO's annual land sale program.

TRUSTEE DERR seconds.

TRUSTEE EASLEY asks if there has been any interest in the lot by Little Harding Lake and Wrangell.

MR. APPOLLONI replies that Little Harding Lake is a subdivision and there is a lot of interest from the neighbors surrounding it. He continues that the Wrangell lots are a bit out of the way, and a few people are interested.

There being no objection, the motion is approved.

KOPPENBERG PLACER MINING LEASE

CHAIR NORENE recognizes Mike Franger.

MR. FRANGER states that this is a proposal to lease approximately 526 acres of Trust mineral estate for placer mining development in the vicinity of Dome Creek and Seattle Creek. He adds that it is an historic mining area. He states that the applicant is an experienced miner who has been continuously mining since 1975 in various mining districts around the state. He adds that it is a standard placer lease.

TRUSTEE DERR makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the negotiated lease of Trust mineral estate on Dome Creek for mining of placer gold, as proposed.

TRUSTEE MICHAEL seconds.

MR. JESSEE asks what would happen if someone finds a bigger deposit of gold further down.

MS. MENEFEЕ replies that the placer lease does not give the miner the rights to take the lode.

There being no objection, the motion is approved.

METGAS OIL AND GAS LEASE

CHAIR NORENE recognizes Rick Fredericksen.

MR. FREDERICKSEN states that this concerns a negotiated lease for four oil and gas lease tracts in Upper Cook Inlet and goes through the tracts involved. He continues that on Tract 29 is a previous drill hole called the Northern Dancer what was drilled about eight years ago by Storm Cat Energy. He adds that the well was released before properly testing or abandoning and remains a liability to the Trust because it was not closed properly. He states that by taking this lease Metgas will utilize that hole and properly close it. He continues that this lease is for unconventional gas development in that there is a proprietary process for removing gas from water. He explains the process, adding that it has been used experimentally in California at a place called Gill Ranch. He continues that the companies have had discussions with the State, and there have not been any concerns over the process raised.

TRUSTEE MICHAEL makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the negotiated leasing of four oil and gas lease tracts for exploration and development of Trust gas resources, as proposed.

TRUSTEE DERR seconds.

There being no objection, the motion is approved.

A discussion about how the Board allocates resources to income or principal ensues.

CHAIR NORENE moves back to the agenda for updates.

UPDATES

MS. MENEFEЕ states that there have been negotiations with other landowners on the Kenai Loop Gas Field as to the allocation of the production of gas there, and we are hoping for a resolution this month. She continues that the International Tower Hill Mining Company appointed Tom Irwin to be the head of the Livengood projects and will be talking to them within the next month or two about their long-term plans for bringing that project closer to productions.

She moves on to Riversdale, out in Chickaloon, stating that Riversdale is looking for a partner there. She states that the land exchange with the Forest Service in Southeast Alaska has drafted a feasibility analysis report and sent that on to the region, which is real progress. She adds that they are looking to sign the agreement to initiate by April.

CHAIR NORENE asks about the ramifications with expenses.

MS. MENELEE replies that none of the money has been spent. She moves on to timber, stating that a draft proposal has been sent to DOT to consider a project at Icy Bay under the Roads to Resources funding. She explains that this is State funding to fund specific transportation routes to support development on State resources, there has been discussion with DOT about funding a marine access facility at Icy Bay. She continues that they have met with the University, the Division of Forestry, and will be meeting again this month to cooperatively move and advance the collaboration of State timber resources, which includes Trust timber, in a way to leverage opportunities as either partners or as a group. She adds that this concept has a lot of support internally with the agencies. She explains the concept, adding that they are looking at ways to collaboratively move an agenda ahead that would benefit everyone.

CHAIR NORENE asks about real estate.

MR. MORRISON replies that they closed on the IRS loan, providing \$8.3 million back to the Trust Principal account; and the facility in Washington is scheduled to close on Monday.

TRUSTEE DERR asks about the Subport in Juneau.

MR. MORRISON replies that there are some in Juneau who are putting together various plans that involve Trust property, but a deal on the Subport is not being actively pursued.

CHAIR NORENE moves on, stating that the Resource Management Committee, the normal meeting schedule does not provide for meetings for quite a period of time other than quarterly. He continues that he sees the need for them, and the committee would like to meet and be updated or consider new objectives. He asks Ms. Menefee to coordinate and add a Resource Management Committee meeting or two to keep the Trustees informed.

MS. MENELEE states that a meeting can be scheduled between now and April, and adds that she will organize it.

CHAIR NORENE recognizes Trustee Derr.

TRUSTEE DERR noted that a deposit for a bond was placed in the wrong account, and that there were controls that were put in place to prevent that.

MS. MENELEE explains the issue, what happened, and how it was corrected.

MR. JESSEE asks that Mr. Buckland be made aware when things like that happen.

CHAIR NORENE asks for any additional comments or questions.

TRUSTEE EASLEY states that, over time, when the consistency determinations are being done, there is wording that she has a problem with and was hoping that someone could explain it.

A discussion ensues.

CHAIR NORENE recognizes Jeff Jessee.

MR. JESSEE gives an update, stating that there was a meeting with the airport officials to talk about the Clitheroe parcel that is out on Point Woronzof. He continues that the airport folks do not anticipate any future need for the land around Clitheroe, which is currently Municipal property. He adds that this raised the possibility of looking at perhaps the Trust securing a long-term lease on that Municipal property, and a look at renovation or replacement of the current Clitheroe program and potential further development on that property. He asks for reaction from the committee.

CHAIR NORENE states that he has a positive reaction, and that it should be pursued.

TRUSTEE DERR asks who owns Clitheroe.

MR. JESSEE replies that the Municipality owns it, and the Salvation Army has a long-term lease at a nominal rent.

A short discussion ensues.

CHAIR NORENE asks for any other comments or questions. Seeing none, he adjourns the meeting.

(Resource Management Committee meeting adjourned at 10:00 a.m.)