

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING

January 4, 2018
12:45 p.m.

Taken at:
Alaska Mental Health Authority
3745 Community Park Loop, Suite 120
Anchorage, Alaska 99508

OFFICIAL MINUTES

Trustees present:

Carlton Smith, Chair
Jerome Selby
Mary Jane Michael
Chris Cooke
Laraine Derr (via Speakerphone)
Paula Easley
Greg Jones

Trust staff present:

Mike Abbott
Steve Williams
Miri Smith-Coolidge
Kelda Barstad
Andy Stemp
Carley Lawrence
Luke Lind
Michael Baldwin
Carrie Predeger
Katie Baldwin-Johnson
Jimael Johnson
Valette Keller

Trust Land Office present:

Wyn Menefee
Sarah Morrison
Aaron O'Quinn
Dave Griffin
Paul Slenkamp

Also participating:

Verné Boerner; Kathy Craft; Patrick Reinhart.

PROCEEDINGS

CHAIR SMITH calls the Resource Management Committee to order, noting that six members are present; waiting for Trustee Derr. He asks for any announcements. There being no announcements, he moves to the approval of the agenda.

(Trustee Derr is present via Speakerphone.)

TRUSTEE SELBY makes a motion to approve the agenda.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

CHAIR SMITH moves to the minutes of October 26, 2017.

TRUSTEE SELBY makes a motion to approve the minutes of October 26, 2017.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

EXECUTIVE DIRECTOR REPORT

MR. MENEFEE begins with the sale in Homer and states that a \$550,000 check was just received. That sale completes a multi-year effort with many ups and downs. It is a good sense of accomplishment, and he adds that Jusdi did a commendable job on finishing that up. He moves on, stating that a lease at the North Park facility with Spectrum was just re-signed. An additional 7,262 square feet was added to the lease that was signed for 6.4 years. It represents about \$3.8 million worth of income, minus some of the operation costs. Staff is doing an RFP on the IRS building in Utah. He adds that the way the RFP is structured gives good standing to have the IRS stay. The Coldwell Banker property was ending, and we had to re-bid that, which is in process. An agreement with the City of Juneau was made. An appraisal on the Whittier Street Building is being done, and there is a parking RFP that went out on the street in Juneau for the State of Alaska. They put such conditions in this RFP that made it pretty untenable for the Trust to actually put a bid in. He moves to the U.S. Forest Service, stating that the cost collection agreement was signed. The programmatic agreement is almost finalized. Some things are still being worked on. The survey contract also started. There is a lot of work that is being done to progress toward completion, and exchanging of the first parcels in May. Some effort was put in the PRI Building search, and we are still looking to house the Consumer Web and CHOICES. He states that the procurements with Icy Cape are underway with field season coming up. He moves to Daniels Lake, which was the four parcels consulted on down by Kenai. A late commenter objected to it, and we ended up doing a reconsideration, which is the last stage in the process. They now have a 30-day clock in which to appeal to the Superior Court if the reconsideration decision is not approved. He continues that the best-interest decision for the

Naukati timber sale is out for public review, and we have been working on helping DNR comment to D.C. and on the statutes for the Tier 3 Outstanding National Resource Waters. This has the capability of substantially reducing what the Trust can do with certain lands if it goes the wrong way. He adds that the TLO is very involved in the process of making sure that the statute being put in is correct, to protect the State from not locking up their lands and not allowing the use of our own resources. It is a very important statute, and we are heavily involved in watching how it is doing.

CHAIR SMITH asks for any questions.

TRUSTEE JONES asks if vacancies are being seen in the real estate markets; and if our buildings staying pretty full.

MR. MENEFEE replies that it is a little tough because there are a lot of buildings of the type we have. For example, keeping the Cordova Building full is difficult; but where we invested in other states do not have large vacancies. He adds that there is a strong market in Utah. He then moves into a couple of consultations, and asks Mr. O'Quinn to continue.

MR. O'QUINN began with an update on the progress because there were a number of steps that had to be completed in order to get to conveyances in May. He states that the appraisal process is well underway. Highest-and-best-use determinations have been reached by the appraisers. They will be conducting timber cruises on the tracts that have been identified as timber being the highest and best use. The U.S. Forest Service will be handling that. He continues that the Forest Service process is coming to an agreement, and we have reached some creative solutions that will save some money regarding mitigating some known historical resources. He adds that no endangered species have been found to exist in the exchange parcels. Some other pro forma analyses that the Forest Service has to complete are almost done, and we are not anticipating an adverse impact from those. He states that this consultation is being triggered both because it is a disposal and because the state law that was passed in concert with the federal legislation requires reaching a best-interest decision to complete the land exchange. He asks that the board concur with the executive director's decision to complete the land exchange. He adds that this is the first step of the three-step process that has to be completed. He talks about the expenditure progress, and states that the public comment period for the timber sale is nearly complete. There are a few comments on it, but generally nothing to be concerned about. He adds that the timber should be able to be cut as soon as the deed is signed. He states that because the appraisal does not come in until later, it is an equal-value land exchange. The unknown is the exact acreage. He continues that every scenario they went through is going to be positive toward the Trust.

TRUSTEE JONES asks how many phases of exchanges there are, and how long will that take.

MR. MENEFEE replies that this exchange has a Phase I and a Phase II. Phase I, called "Phase I Naukati," is supposed to be completed by May 5th. It is a certain amount of acreage, and two parcels in Ketchikan go to the Forest Service. Everything else is by May 5th next year.

TRUSTEE COOKE makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concurs with the Executive

Director of the Trust Land Office's decision that the land exchange contemplated by the Alaska Mental Health Land Exchange Act of 2017 is in the best interests of the Trust, as required by 22 SLA 17, section 6(a)(2).

TRUSTEE JONES seconds.

There being no objection, the motion is approved.

CHAIR SMITH asks about the role of the Lieutenant Governor, and what that involves statutorily.

MR. MENEFEE replies that the Lieutenant Governor's role is as the reviser of statutes. Because there were three conditions that had to be met in SB 88, those had to be done before moving forward with the exchange. The report that will be sent after those steps states that the steps have been completed, and he provides the statute.

MR. SLENKAMP clarifies that this first timber sale at Naukati, about 3800 acres, is actually for the old growth and will return about \$6 million. He continues that there is also a young-growth component; a component in Hollis; almost 9,000 acres in Shelter Cove.

TRUSTEE JONES asks about the difference between the old growth and the young growth.

MR. SLENKAMP replies that old growth timber just means it has never been commercially harvested before. The new growth is basically an unlimited market.

MR. MENEFEE talks about mitigation marketing, explaining that it is in the waters of the U.S., managed by the Corps of Engineers who are responsible to ensure, under the Clean Water Act, that those waters of the U.S. are not degraded. He continues that a project that requires filling or disturbing wetlands has to be approved by the Corps. He adds that this is the first wetland mitigation project that has been done.

TRUSTEE COOKE states, for the record, that he wants to make a disclosure that the Calista Corporation, of which he owns two shares, has some financial interest in Donlin Gold. Those shares have no market value and cannot be sold. He states that on the record, in case there is a question.

MR. GRIFFIN states that he is the Southeast area regional manager. This project is actually in Southcentral, and he has been working in that capacity within the TLO looking at opportunities for wetland mitigation and compensatory mitigation, wetland banks and those types of things. In the fall of 2017, Donlin Gold approached the TLO with an interest in getting some compensatory wetland mitigation. He adds that they are working with the Village of Tyonek and CIRI in this area, as well. He states that Donlin wanted a letter from the TLO, which is nonbinding, but gives them something that they can take back to their superiors, as well as the Corps, saying that the TLO is willing and interested in doing business.

A brief discussion ensues.

TRUSTEE MICHAEL asks how the price per acre for mitigation is determined.

MR. GRIFFIN replies that this is a per-acre value, and Donlin actually had appraisals done in the area in 2016. The appraisal came in at \$500 an acre, and they offered the TLO \$750. There is a premium built in if the fair market value was to be used.

TRUSTEE JONES asks how they feel about the conditions that have been put on them.

MR. MENELEE replies that the first step is the letter of intent and the consultation, and then it is presented to the Corps.

TRUSTEE SELBY makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Authority Board of Trustees concur with the executive director of the Trust Land Office decision to dispose of a portion of Trust parcels SM-7016, SM-7015, SM-1530-B0a, SM-1505-A01, and SM-1506-01, through the selling of a conservation easement, lease, deed restriction, restricted covenant, or other conveyance or instrument restricting certain surface use activities for purposes of retaining or protecting wetland values of the Trust property.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

CHAIR SMITH asks for anything else to come before the committee. The Chair entertains a motion to adjourn.

TRUSTEE COOKE made a motion to adjourn the meeting.

TRUSTEE SELBY seconds.

There being no objection, the meeting is adjourned.

(Resource Management Meeting adjourned at 1:33 p.m.)