

ALASKA MENTAL HEALTH TRUST AUTHORITY  
RESOURCE MANAGEMENT COMMITTEE MEETING

January 26, 2016  
1:23 p.m.

Taken at:

Alaska Permanent Fund Corporation  
Hugh Malone Board Room  
801 West 10<sup>th</sup> Street, Third Floor  
Juneau, Alaska

**OFFICIAL MINUTES**

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Trustees present:

Larry Norene, Chair  
Carlton Smith  
Laraine Derr  
Russ Webb  
Paula Easley  
Mary Jane Michael

Trust staff present:

Steve Williams  
Jeff Jessee  
Miri Smith-Coolidge  
Carley Lawrence  
Amanda Lofgren  
Kevin Buckland  
Mike Baldwin  
Katie Baldwin-Johnson  
Carrie Predeger (via telephone)

TLO staff present:

John Morrison  
Wyn Menefee  
Victor Appolloni (via telephone)

Others participating:

Kate Burkhart, ABADA and Mental Health Board; Kathy Craft; Patrick Reinhart, Governor's Council on Disabilities & Special Education; Linda Soriano (via telephone); Keith Hamilton (via telephone); Casey Anderson (via telephone).

## **PROCEEDINGS**

CHAIR NORENE calls the Resource Management Committee meeting of January 26, 2016, to order and states that all the committee members are present. He introduces Wyn Menefee, the new deputy director, and welcomes him. He moves to the agenda and asks for any changes or additions. There being none, he accepts the agenda and moves to the minutes of October 21, 2015.

TRUSTEE SMITH makes a motion to accept the minutes of October 21, 2015.

TRUSTEE MICHAEL seconds.

*There being no objection, the motion is approved.*

CHAIR NORENE states that there are two consultations today and begins with the 2016 annual land sale. He recognizes John Morrison.

MR. MORRISON states that Victor Appolloni will be giving the consultation for the land sale over the telephone.

MR. APPOLLONI states that the proposed action is for approximately 70 subdivision lots and small-sized parcels listed in the consultation packet. He adds that if not sold in the 2016 land sale, the parcels may be reoffered in future land sales. The parcels will be offered through either a sealed bid auction and awarded to the highest qualified bidder, an outcry auction, and also awarded to the highest qualified bidder; or offered through an over-the-counter sale. He continues that purchasers may elect to pay for the parcel in full or finance them through a TLO sale contract. The TLO estimates the market value of all the parcels offered in the 2016 sale at \$3 million. He states that, based on land sale data since 2010, the TLO anticipates receiving \$1.5 million in total bid offers. He continues that the Trust Land Office recommends that it is in the Trust's best interest to offer approximately 70 existing subdivision lots and small-sized parcels through the TLO's land sale program in various locations throughout Alaska.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the offering of approximately 70 subdivision lots and small-sized parcels through the TLO's annual land sales program.

TRUSTEE MICHAEL seconds.

*There being no objection, the motion is approved.*

CHAIR NORENE moves to the next item, the Resource Management Strategy, which is a consultation.

MR. MORRISON states that the TLO is required to develop and maintain a long-term asset management strategy. He continues that the TLO meets this requirement through the Resource Management Strategy or RMS. The RMS has progressed over time in an iterative nature. It began as a five-year investment plan focusing on real estate acquisition and development, which was adopted in July of 2013. He adds that after adoption of the original plan, trustees requested the TLO develop similar plans for all the Trust's noncash assets. He explains that over four years, since the plan was first adopted, it has come full circle. The plan presented is a strategy to diversify, develop, and defend Trust assets. The plan is written in a more timeless manner so that it may be useful in a variety of market and regulatory conditions for the years to come and will need less revision in future updates. He continues that the TLO needs to focus on its mission to maximize revenue and is committed to utilizing this overall strategy to develop a portfolio capable of returning as much spendable income as the Trust corpus distribution within 20 years. He adds that all of these plans will work in concert to provide available capital to require or develop income-producing assets to achieve this goal.

A discussion ensues.

MR. MORRISON explains that between new staff, the new current vision from the board, and a need to adopt a more robust plan to weather the storm of changes and the way things might go, this is a substantially changed document from a wording perspective. He states that the focus today is the relatively small change in the stated goals and objectives found with each individual plan.

The discussion continues.

MR. MORRISON gives a brief overview of what the spirit of the changes is and then focuses on the goals and objectives, which are really more quantifiable in terms of change.

TRUSTEE WEBB states that the sense he got was that the effort was not changing the substance of the strategy, but laying out the statutory and regulatory framework for what the TLO does. He continues that he did not see substantive changes to the strategy itself.

MR. MORRISON states that is a good way to articulate that and continues that the document was restructured to be more precise and concise on laying out the operational framework.

The discussion continues.

TRUSTEE WEBB states that this was a substantial improvement over anything previously seen. It is really informative.

CHAIR NORENE agrees.

MR. MORRISON continues his presentation and speaking to the goals and objectives and describing the slight changes.

TRUSTEE DERR states that the AMPS are policy and asks how it compares. She continues the need to make sure that they do not conflict.

CHAIR NORENE states that they do not conflict.

MR. MORRISON moves on to the next section, which is minerals and marketing. He states that they are two separate plans within the document and continues his presentation, explaining the goals and objectives.

The discussion continues.

TRUSTEE EASLEY asks if this is more specific and more proactive in regard to doing enough in marketing the mineral projects.

MR. MORRISON replies that previously not enough was being done, and this is part of the new vision and focus across the TLO specific to minerals and energy. He moves on to the PRI program, stating that the concept was that with the pending addition of an additional staff member, it seemed appropriate to have that person come on board and develop changes specific to this area.

A discussion ensues on this section.

MR. MORRISON states that the next plan is forestry, which had a substantial rewording and reorganization of thoughts. He continues that the exchange was and will be a critical aspect of having a forestry program. He explains this more fully, and then moves on to the real estate management plan.

TRUSTEE SMITH comments that he had gotten to know the real estate policy of the Permanent Fund and sees a lot of the same criteria here. He states that it may be of value to talk through some of those things.

MR. MORRISON notes that and continues his presentation.

TRUSTEE DERR states concern on the asset allocation percentage.

A discussion ensues.

MR. MORRISON moves on to energy, and states that all of the highly technical discussions of things and all the analysis of current events were boiled down to a strategy. He goes through the goals and objectives. He states that the last part of the plan is mitigation marketing, and this was largely unchanged. He adds that the mitigation marketing in its various forms is relatively new with some perceived opportunity for the Trust.

CHAIR NORENE states that, unless there is any more discussion, there is a proposed RMC motion.

TRUSTEE SMITH makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the adoption of the newest draft of the Resource Management strategy as a long-term asset management strategy for managing Trust Land assets consistent with TLO regulations, as cited.

TRUSTEE EASLEY seconds.

TRUSTEE DERR objects, stating that she is uncomfortable with some of the policy changes in there that have not been discussed.

*CHAIR NORENE calls the vote: Trustee Easley, yes with the understanding that the AMPS and this will be analyzed; Trustee Derr, no; Trustee Smith, yes; Trustee Webb, yes. The motion is approved.*

CHAIR NORENE asks Mr. Morrison for any important updates.

MR. MORRISON states that there are many updates that could be talked about offline, in the interest of time. He encourages all to read the annual reports and let the TLO know if there is any further discussion needed.

TRUSTEE DERR asks, in regard to the monthly report, what the reason is for the real estate management being only 25 percent.

MR. MORRISON replies that there are several reasons, and explains them in greater detail.

CHAIR NORENE asks for any other questions.

TRUSTEE EASLEY asks if copies of this annual report have been given to each legislator.

MR. MORRISON replies no, that it just came off the presses. He states that is the next part of the plan.

CHAIR NORENE asks for any other questions on the monthly report. There being none, he asks for any other issues to be brought before the committee.

TRUSTEE WEBB states that the Resource Management Committee take action to give direction on the need to generate more income.

TRUSTEE DERR makes the point that her concern is giving direction. She states that her concern is that it should come from the Planning Committee that this is the amount of money that will be needed, and there is the need for more income to meet the projected needs.

CHAIR NORENE states that it is not just a function of a particular committee; but is a board function. He continues that the planning function helps, the Finance Committee analysis helps, but it is the board that has to make those long-range projections.

The discussion continues.

TRUSTEE WEBB states that the goal has not been set, just the interim objectives. He continues, and then tables the discussion for a later time.

CHAIR NORENE asks for a motion to adjourn.

TRUSTEE WEBB makes a motion to adjourn the meeting.

TRUSTEE MICHAEL seconds.

*There being no objection, the meeting is adjourned.*

(Resource Management Committee meeting adjourned at 2:39 p.m.)