

ALASKA MENTAL HEALTH TRUST AUTHORITY  
RESOURCE MANAGEMENT COMMITTEE

October 21, 2015

1:42 p.m.

Taken at:

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

**OFFICIAL MINUTES**

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Trustees present:

Larry Norene, Chair  
Mary Jane Michael  
Paula Easley  
Russ Webb  
Laraine Derr (via telephone)  
Carlton Smith

Trust staff present:

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

TLO staff present:

John Morrison  
Craig Driver  
Paul Slenkamp (via telephone)  
Karsten Eden  
Cindi Bettin  
Mike Franger  
David Griffin

## PROCEEDINGS

CHAIR NORENE notes that all Trustees are present. He announces that John Morrison is appointed as the Trust Land Office Director.

MR. JESSEE states that the Trust Authority staff would also like to congratulate Mr. Morrison on his appointment, and looks forward to working with him over the coming years.

MR. MORRISON states appreciation and adds that everyone at the Trust Land Office appreciates the mission and values that the Trust holds.

(Applause.)

CHAIR NORENE asks for a motion to approve the agenda.

TRUSTEE MICHAEL makes a motion to approve the agenda.

TRUSTEE WEBB seconds.

CHAIR NORENE moves to the minutes of August 5, 2015.

TRUSTEE SMITH makes a motion to approve the minutes of August 5, 2015.

TRUSTEE MICHAEL seconds.

*There being no objections, the motions are approved.*

CHAIR NORENE moves into consultations and recognizes John Morrison.

## CONSULTATIONS

MR. MORRISON states that Paul Slenkamp will do the first consultation.

MR. SLENKAMP states that he is a senior resource manager managing the forest assets of the Trust. He begins with a timber sale down on the Kenai Peninsula which is primarily for fuel mitigation. This will be approximately 900 acres that was previously harvested in about 2004. He continues that this will be a series of timber sales that will take place over the next eight or nine years that will take in about 100 acres at a time and selectively remove dying spruce, blowdown trees, and mature trees over 10 inches in diameter. He states that, to move this forward, the Trust Land Office recommends that it is in the Trust's best interest to proceed with the Kenai fuel reduction project in the form of a proposed sale.

TRUSTEE EASLEY makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the disposal of timber through negotiated sales on Trust land near Nikiski.

TRUSTEE WEBB seconds.

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

CHAIR NORENE states that the next item is the Ophir mineral lease.

MR. MORRISON states that Karsten Eden and Mike Franger will be doing the presentation.

MR. EDEN states that he is the minerals and energy section chief. He continues that this would be a competitive lease offering for the Ophir Block, a land package of almost 12,000 acres, fee simple. He states that this particular mineralization in the Ophir Block is similar to Donlin Creek. He explains that in recent years Kinross Gold Mining did an incredible job upgrading the property, collecting all the soil and rock samples, and did some trenching. He adds that it is a gold property and this particular deposit on the Ophir Block is intrusion-related gold. There are major companies, as well as mid-sized companies, looking for this particular deposit type. He continues that it is a very good time for a competitive lease offering.

MR. FRANGER states that, recently, land that had previously been encumbered by federal mining claims that had lapsed over time was conveyed and was excluded from the original conveyance of the block to the Trust. He continues that land was recently secured and its status is in good shape.

CHAIR NORENE asks for any questions.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the competitive leasing of land at Ophir for mineral exploration and development.

TRUSTEE MICHAEL seconds.

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

CHAIR NORENE states that the next consultation is in regard to the Assets building lease renewal.

MS. BURKE states that Assets is the social service provider in the Anchorage area that provides employment and other supportive services to people with developmental disabilities and some folks with mental illness. She continues that the State approached the Trust about conveying that property to the Trust for the purpose of Assets using it to maintain services for the beneficiaries. In looking at beneficiary use in the PRI program, it is close to 100 percent usage. There was a need to examine a lease that was sustainable and was healthy for the nonprofit. She explains that the reason that it is in a PRI consideration rather than just a lease negotiation is that it is below what the market value for that property and the building would be.

TRUSTEE WEBB states, for the record, a conflict in regard to this in that his brother-in-law is an employee of Assets. He states that he would like to abstain from voting.

TRUSTEE SMITH states that the 10-year proposed term of this agreement is unusual and, again, makes sense as a benefit for both parties. He continues that since this is focused on sustainability, it is an excellent way to go.

MS. BURKE thanks Trustee Smith for the clarification which has been one of the discussions given that this is a nonprofit and the hope is that they would maintain the facility and pursue additional funding for that maintenance and keep their services up to date.

CHAIR NORENE states that this will be discussed in Executive Session. He moves on to the one on Cushman Street in Fairbanks.

MS. BURKE states that this property is the Cushman Street building that has been inhabited by the Fairbanks Community Mental Health Services, previously inhabited by Fairbanks Community Behavioral Health Center. She explains that this is the nonprofit that constructed a fairly large facility and then within ten years of that construction went into bankruptcy. She adds that the organization that took over services is out of Anchorage. This is a request for the Trust to assist in purchasing this facility.

CHAIR NORENE asks for any questions. There being none, he asks for a motion to go into Executive Session.

TRUSTEE WEBB makes a motion to go into Executive Session.

TRUSTEE MICHAEL seconds.

MR. JESSEE asks to have the basis for the Executive Session put on the record.

CHAIR NORENE states that the basis is in regard to negotiations sensitivity and any comments that may come up that could affect the finances of the Trust.

(Executive Session from 1:59 p.m. until 2:50 p.m.)

TRUSTEE WEBB makes a motion to come out of Executive Session.

CHAIR NORENE asks for a motion.

CHAIR NORENE reads the motion into the record: The Resource Management Committee recommends that the Trust Authority Board of Trustees approve a 10-year lease with Assets, Inc. for the building and property located at 2330 Nichols Street in Anchorage, Alaska. The starting rent should be \$60,000 per year or \$5,000 per month. This beneficiary-related use of Trust lands is proposed at rents that are below fair market value, the increment between the established rent and fair market rent of \$345,444 is \$285,444 in one year (sic). Over the 10-year lease it is estimated that the uncompensated use of Trust land will be approximately \$3,197,900.

TRUSTEE EASLEY seconds.

TRUSTEE EASLEY states one minor change “\$285,444 in year one rather than in one year.”

*With the correction to the motion, there being no objection, the motion is approved.*

CHAIR NORENE moves to the Cushman Street building.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees authorize the Trust Land Office to negotiate a purchase price with the bankruptcy trustee for the facility at 3830 South Cushman Street in Fairbanks, Alaska, on terms acceptable to the Executive Director of the TLO or no more than the market value of the facility as determined by the executive director considering the age of the appraisals of the facility and the prospective economic and market conditions.

TRUSTEE MICHAEL seconds.

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

CHAIR NORENE asks for any further updates.

MR. MORRISON states that the Chuitna decision did not come through, and passes out a map to give the trustees a visual. He continues that the Cook Inletkeepers requested an in-stream flow reservation on three sections of Middle Creek. They were granted, and entered flow reservation on the lower section. He states that the decision will be appealed, an administrative appeal to the Commissioner’s office, and we will keep the trustees informed of the progress. The steps after that are in Superior Court. He continues that this greatly affects Trust land and is a terrifying precedent for the entire state that private citizens would hold permit capacities over resource development. It is precedent-setting. He states that another issue is a preliminary decision on No Name Bay. There were several motions that went back and forth for summary judgment and are still evolving. He states that the land exchange is moving forward and is in the process of completing the MOU with the Forest Service to determine who is responsible for what, which is the next step beyond the ATI that was signed in June. The North Park facility in San Antonio closed on September 11, 2015, and should produce about \$435,000 in income revenue in the first 12 months of ownership. He adds that anyone interested in some Trust land should get their bids in for the October 23 land sale. He moves on, stating that Dr. Karsten Eden, the minerals and energy specialist, is going to be giving the presentation on Trust land at the mining convention in November. He introduces the new Southeast Planning Manager, David Griffin, and states that he comes from DNR and is really in tune to the issues of Southeast Alaska.

CHAIR NORENE asks for any questions.

TRUSTEE WEBB states that some e-mails about a retreat with the TLO were previously exchanged that did not work. He asks if that could be scheduled around the November meeting.

After discussion, November 19, 2015, was agreed to.

CHAIR NORENE adjourns the meeting.

(Resource Management Committee meeting adjourned at 3:02 p.m.)