

ALASKA MENTAL HEALTH TRUST AUTHORITY  
RESOURCE MANAGEMENT COMMITTEE MEETING

September 2, 2014

2:00 p.m.

Taken at:  
Alaska Trust Land Office  
2600 Cordova Street, Suite 100  
Anchorage, Alaska 99503

Trustees Present:

Larry Norene, Chair  
Laraine Derr  
Paula Easley (via speakerphone)  
Mary Jane Michael  
John McClellan

TLO Staff Present:

Marcie Menefee  
John Morrison  
Leann McGinnis  
Paul Slenkamp (via speakerphone)  
Bryan Yackel  
Karol Collyer  
Carrie Pierce

AMHTA Staff Present:

Jeff Jessee

**PROCEEDINGS:**

CHAIR NORENE calls the September 2, 2014, meeting of the Resource Management Committee of the Mental Health Trust Authority to order and recognizes the Trustees present. He asks for any announcements. There being none, he moves to the agenda. There being no changes, he moves into the consultations which are primarily timber sales and the management agreement.

MS. MENEFEE introduces Bryan Yackel who is the new project manager and comes from private-sector construction. She states that he is working for John and all are excited to have him

working in the real estate section. She continues that there are three timber sales on the agenda; two can be approved by the Resource Management Committee because of the value and size of the disposal value, and the third would go to the Full Board. She turns it over to Paul Slenkamp.

MR. SLENKAMP states that there are several reasons to move these forward as soon as possible. He continues that the Forest Service continues to have an issue with putting timber out onto the market to keep the current operators in business, and the Big Thorne timber sales have been enjoined a couple of different times, and are moving forward. He explains that it is about a 70-million-board-foot sale that the Forest Service is putting out on Prince of Wales Island, which may help Viking Lumber keep in fiber for a few more years. He states that the fiber supply industry in Southeastern is precarious and has been hand-to-mouth for several years. He continues that it is getting very crucial as these operators are just having a year-to-year fiber supply. He believes that the return to the Beneficiaries can be maximized by placing what fiber we have on the market at this time. With that, he moves to a quick discussion on the Hollis timber sale which utilizes four lots within the Hollis area; 75 acres between the four parcels. This would be a sale that would move mostly young growth. He states that the anticipated return is about 16-million-board feet, and somewhere around \$200,000. He asks for any questions.

TRUSTEE MICHAEL asks about the plan for public awareness, and if there is a buffer that gets kept along the waterfront.

MR. SLENKAMP replies that under Alaska Forest Resources and Practices Act a waterfront buffer is not required. He states that this 30-acre parcel is fairly steep and may not be associated with a subdivision, but the other three parcels are, especially the two waterfront parcels. The TLO has the intention to use this in conjunction with development for subdivision.

MS. MENELEE states that this is selective harvest where the largest, most valuable trees are taken, and trees are left so it actually looks more like a park.

CHAIR NORENE asks for a motion.

TRUSTEE MICHAEL makes a motion that the Resource Management Committee concurs with the Trust Land Office recommendation to dispose of timber through a competitive sale on Trust land in Hollis located on Prince of Wales Island.

TRUSTEE DERR seconds.

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

MS. SLENKAMP moves on to the Exchange Cove parcel which is about 76.57 acres and would also be to Trust advantage to put out as soon as possible to take advantage of the current market conditions. He states that they are still trying to find an access road, and at this point believes that this one will come in by a ramp barge. He continues that the harvest would be approximately 1.5 million board feet with an anticipated higher value because of the cedar component; the hope is to get about \$350,000 revenue over the next couple of years. He adds that he does not anticipate public concern, being in an area that has been historically harvested.

TRUSTEE MICHAEL makes a motion that the Resource Management Committee concurs with the Trust Land Office recommendation to dispose of timber through a competitive sale on Trust land near Exchange Cove located on Prince of Wales Island.

TRUSTEE DERR seconds.

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

MR. SLENKAMP states that item C is Control Lake timber sale, located in the central part of Prince of Wales Island halfway between Klawock and Thorne Bay. It is a major intersection there. He continues that this sale would incorporate the entire 416-acre parcel, and there are 152-unit acres identified. He adds that there is some other incidental timber in other areas within this parcel that may be harvested depending on market and operator preference. He states that he anticipates 5 million board feet of high-value spruce with a hope of at least \$1.2 million of return from this sale.

TRUSTEE MICHAEL states that there are already roads through this area. She asks if there is other activity going on there.

MR. SLENKAMP states that this is the primary transportation corridor on Prince of Wales Island and runs from north to south to Klawock and goes off to the east to Thorne Bay. He continues that there is also some secondary-harvest growth there.

A short discussion ensues.

TRUSTEE McCLELLAN asks if the roads that run through the property are on easements.

MR. SLENKAMP replies that they are on easements, and are actually state highways.

TRUSTEE DERR makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with the disposal of timber through a competitive sale at Control Lake located at Prince of Wales Island.

TRUSTEE MICHAEL seconds.

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

CHAIR NORENE states that item D would need to go to the Board if it passes.

MS. MENELEE states that in discussions with the Attorney General's office, they felt that given the nature of the Trust obligation to maximize revenue and because there is a facet of waiving related fees, they were most comfortable with it going to the Full Board.

MR. SLENKAMP states that the discussion he has entertained through this entire process is one which talks about stabilizing an industry in Southeastern and directly pertains to this. He

continues that putting together timber sales and fiber not only helps sustain an industry, but also maximizes the return from each individual entity. He states that through the years there has been a transportation infrastructure for moving logs through Southeastern, and one of the things those old 50-year contracts did was maintain a lot of tidelands. He explains the leases and the tidelands permits, and then states that after the work is completed those licenses are relinquished. He states that it can be several decades before those log transfer facilities are used again, in which case it is possible to actually have to go through the public permitting process for the area again which are key for transportation. He continues that one of the positives is that these improve the road systems, help to maintain existing road systems which covers the cost of this. He adds that, currently, the Trust cannot maintain their roads. He states that this agreement has excited a number of people; the Governor's Office and the Division of Forestry are very supportive. He adds that this is complicated, but a lot of the due diligence has been done.

A short discussion ensues.

CHAIR NORENE asks if there is any chatter in the current campaign dealing with timber resources.

MR. SLENKAMP replies that the Governor has been really supportive of timber, and the Commissioners also reflect that. He adds that there seems to be no shortage of politics in timber.

MR. JESSEE states that if the Trust is going to get with candidates, the message needs to be decided and who will deliver it.

CHAIR NORENE entertains a motion.

TRUSTEE MICHAEL proposes that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the TLO executing the Statement of Intent between the University of Alaska, the Department of Natural Resources and the Trust Land Office to promote the Trust's timber management program and cooperatively share facilities associated with timber harvest.

TRUSTEE DERR seconds.

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

CHAIR NORENE states that he will bring this up at tomorrow's meeting, and asks for any thoughts or comments. He asks what else is on the agenda.

MR. JESSEE states that, at the committee's discretion, a subcommittee of Trustees Michael, Webb and McClellan met to talk about the PRI issue. He continues that there has been some more drafting of some language, and this will come up during the working lunch with the Full Board. He adds that he has the latest draft and a PowerPoint that he could share so that people could at least take a look. He adds that the Land Office did a lot of great work putting this together.

CHAIR NORENE agrees to look at it. He adds, that will give an opportunity to study this before tomorrow. He states that if there is nothing further, he will adjourn the meeting.

(Resource Management Committee adjourned at 2:47 p.m.)