



Page No.

**12:30 Lunch Break**

**1:00 Trustee Ethics Training**

- Stuart Goering & Maria Bahr, Department of Law

**2:00 Break**

**2:15 Public Comment**

- For Public Comment Guidelines click [here](#)

**Recess**

Revised 01/25/21

## Thursday, January 28, 2021

Page No.

<b>8:30</b>	<b>Call to Order Announcements</b>	
<b>8:35</b>	<b>Mission Moment</b> Microenterprise <ul style="list-style-type: none"><li>• Larrisa Cummings</li></ul>	
<b>9:20</b>	<b>Statutory Advisor Update</b> Adam Crum, Commissioner, Department of Health & Social Services	
<b>10:15</b>	<b>Break</b>	
<b>10:30</b>	<b>Finance Committee Report / Update</b> <ul style="list-style-type: none"><li>• FY2021 Pay-Out</li><li>• Central Facility Fund</li><li>• CRE Refinancing</li><li>• AS 37.14.041(b) Compliance</li></ul>	68
<b>11:30</b>	<b>Resource Management Committee Report / Update</b> <ul style="list-style-type: none"><li>• FY21 Icy Cape Gold &amp; Industrial Metals Project</li></ul> <p><b>Executive session – (if necessary)</b> <i>In accordance with the Open Meetings Act, AS 44.62.310(c).</i></p>	75
<b>12:00</b>	<b>Legal Consultation Regarding the Governor’s Proposed FY22 Budget and Personnel Update</b> <p><b>Executive session – (if necessary)</b> <i>In accordance with the Open Meetings Act, AS 44.62.310(c).</i></p>	78
<b>1:30</b>	<b>Trustee Comments</b>	
<b>1:45</b>	<b>Adjourn</b>	
<b><u>Additional Documents</u></b>		
	<ul style="list-style-type: none"><li>• Program &amp; Planning Committee Report</li></ul>	124

## Future Meeting Dates

### Full Board of Trustee / Program & Planning / Resource Management / Audit & Risk / Finance

(Updated – January 2021)

---

- Program & Planning Committee      January 6, **2021**      (Wed)
- Audit & Risk Committee      January 7, **2021**      (Thu)
- Finance Committee      January 7, **2021**      (Thu)
- Resource Mgt Committee      January 7, **2021**      (Thu)
- Full Board of Trustee      January 27-28, **2021**      (Wed, Thu) – TBD
  
- Audit & Risk Committee      April 21, **2021**      (Wed)
- Finance Committee      April 21, **2021**      (Wed)
- Resource Mgt Committee      April 21, **2021**      (Wed)
- Program & Planning Committee      April 21, **2021**      (Wed)
- Full Board of Trustee      May 26, **2021**      (Wed) – TBD
  
- Program & Planning Committee      July 27-28, **2021**      (Tue, Wed)
- Audit & Risk Committee      July 29, **2021**      (Thu)
- Resource Mgt Committee      July 29, **2021**      (Thu)
- Finance Committee      July 29, **2021**      (Thu)
- Full Board of Trustee      August 25-26, **2021**      (Wed, Thu) – Anchorage
  
- Audit & Risk Committee (tentative)      October 20, **2021**      (Wed)
- Finance Committee (tentative)      October 20, **2021**      (Wed)
- Resource Mgt Committee (tentative)      October 20, **2021**      (Wed)
- Program & Planning Committee (tentative)      October 21, **2021**      (Thu)
- Full Board of Trustee      November 17-18, **2021**      (Wed, Thu) – Anchorage

## Future Meeting Dates Statutory Advisory Boards (Updated – January 2021)

---

### **Alaska Mental Health Board / Advisory Board on Alcoholism and Drug Abuse**

- Executive Committee – monthly via teleconference (Third Wednesday of the Month)

### **Governor’s Council on Disabilities and Special Education**

- February 1-2, 2021 – via zoom

### **Alaska Commission on Aging**

- February 17-18, 2021 – via zoom

**The Trust's  
Guiding Principles /  
Mission Statement /  
Trust Budget  
Process Flowcharts**

## Trust Guiding Principles

---

**To improve the lives of Trust beneficiaries, The Trust is committed to:**

Education of the public and policymakers on beneficiary needs;

Collaboration with consumers and partner advocates;

Maximizing beneficiary input into programs;

Continually improving results for beneficiaries;

Prioritizing services for beneficiaries at risk of institutionalization or needing long-term, intensive care;

Useful and timely data for evaluating program results;

Inclusion of early intervention and prevention components in programs;

Provision of reasonably necessary beneficiary services based on ability to pay.

Approved 5-12-09, Board of Trustee meeting

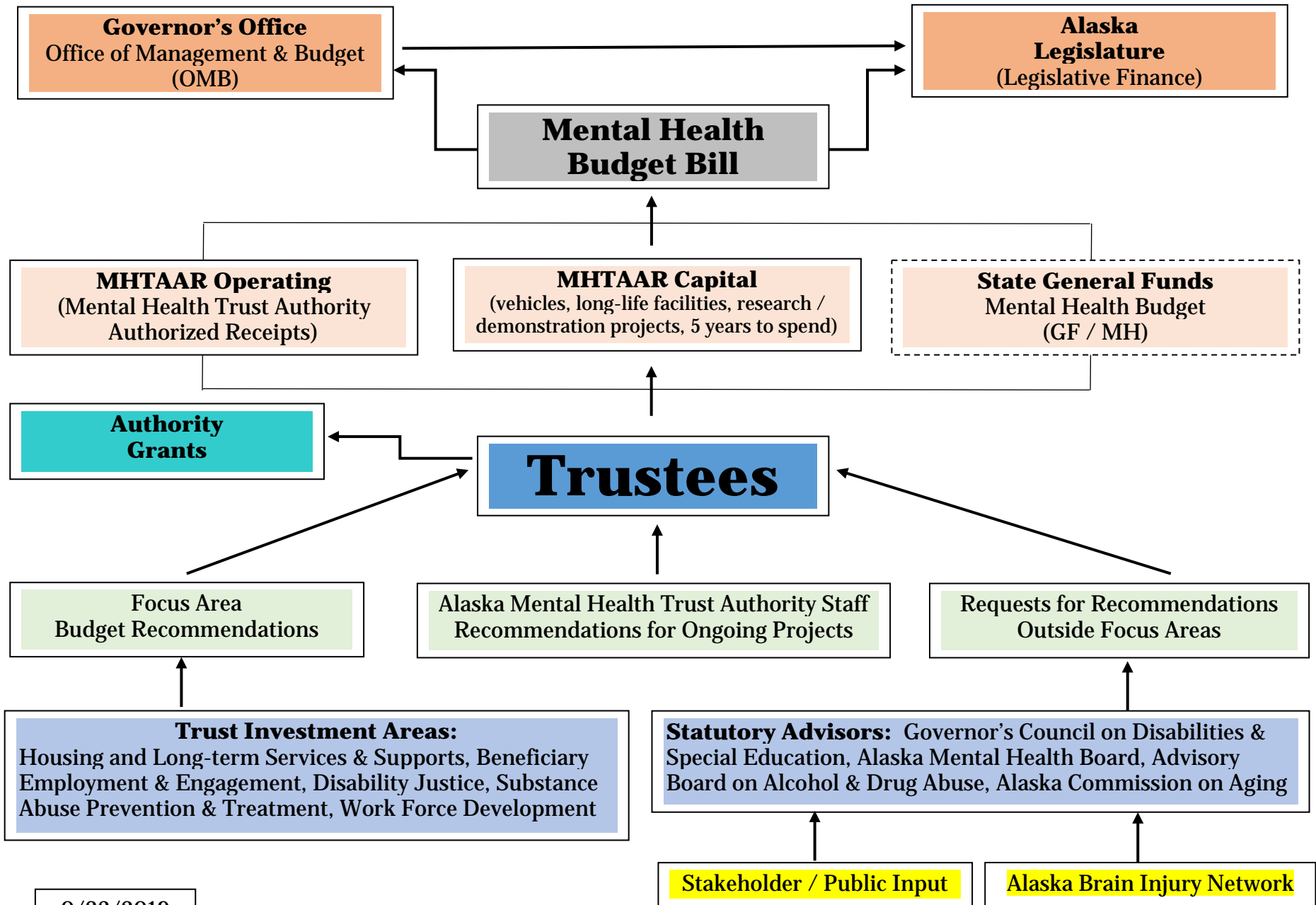
## Trust Mission Statement

---

The Alaska Mental Health Trust Authority (The Trust) administers the Mental Health Trust to improve the lives of beneficiaries. Trustees have a fiduciary responsibility to protect and enhance trust assets in perpetuity for the beneficiaries. The Trust provides leadership in advocacy, planning, implementing and funding of the Comprehensive Integrated Mental Health Program; and acts as a catalyst for change.

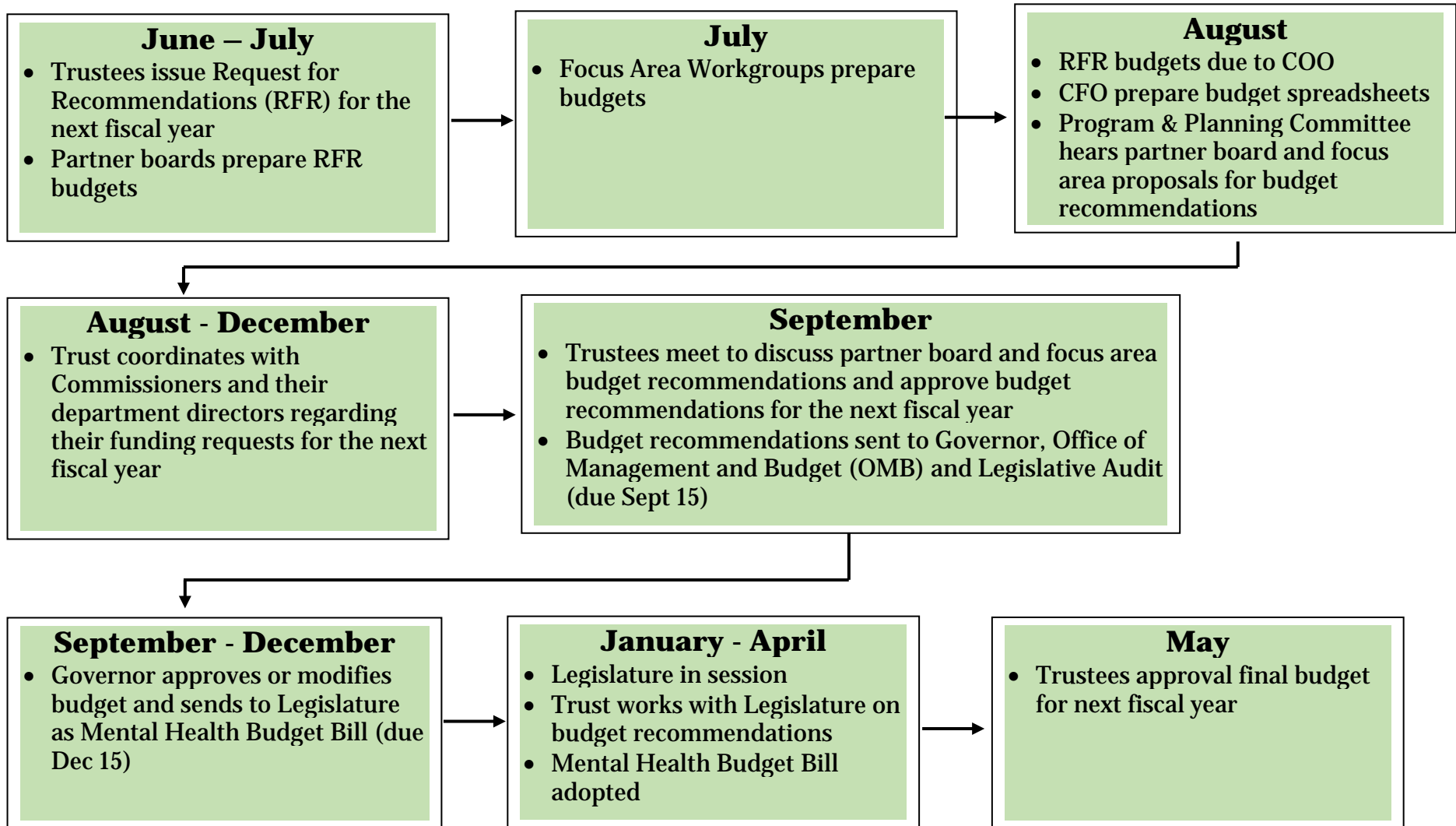
Approved 5-12-09, Board of Trustee meeting

# Alaska Mental Health Trust Authority Budget Process



0/23/2019

## Annual Mental Health Budget Bill Process

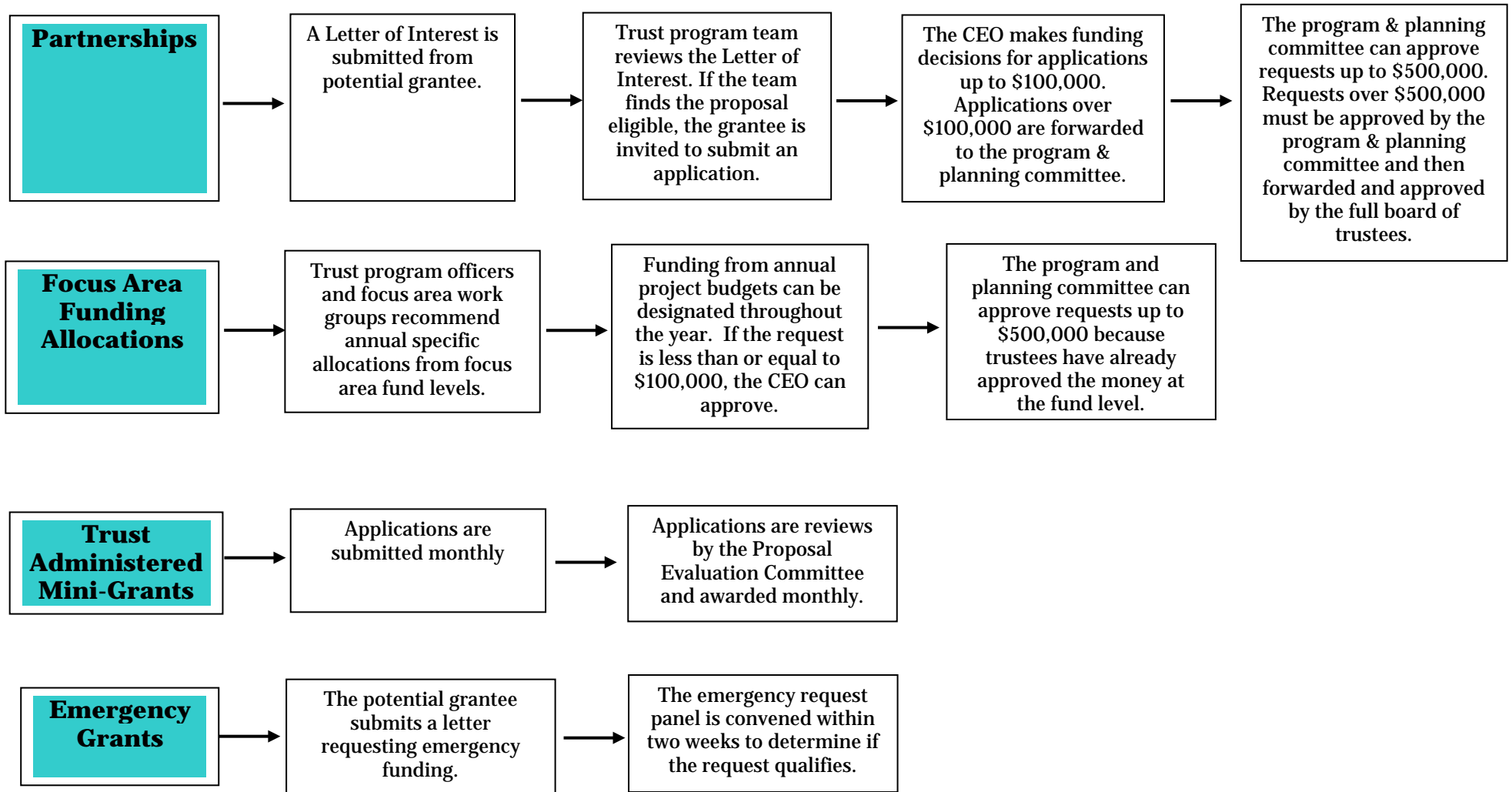


Note: timeline represents those items in the green boxes in the chart entitled "Alaska Mental Health Budget Process"

01/23/2019

# Grant Approval Process for Authority Grant Funds

All annual budgets are approved by the full board of trustees at the September meeting



Note: this chart depicts those items included in the teal box labeled “Authority Grants” on the chart entitled “Alaska Mental Health Trust Authority Budget Process”

Revised: 01/23/2019

# Alaska Mental Health Trust Annual Calendar

TRUSTEES	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Scheduled full board meeting & prep												
Scheduled committee meetings & prep												
APOC filing due 3/15												
Officer elections												
Board evaluations												
CEO evaluation												

LEGISLATURE	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Budget finalization with departments												
Trust advocacy trainings												
House/Senate Finance budget presentation												
Legislative session												

PROGRAM	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Focus area budget updates, stakeholder mtg												
Request for recommendations (RFR) issued												
Statements of Intent / grant agreements												
Trust/DBH quarterly meetings												
Small projects												
Grant quarterly reports												
Rural Outreach (every 2yrs)												

LAND OFFICE	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Resource field season												
Real estate BOV/appraisals												
Fall land sale												
Quarterly reports												
Ft. Knox audit (every 2yrs)												

ADMINISTRATION	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Fiscal year end & re-appropriation												
External audit												
Operating budget due 9/15												
Trust annual report												
Contract renewals												
OMB measures												
Asset allocation annual review												

ADVISORY BOARDS	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Statutory Advisory Board - ACoA												
Statutory Advisory Board - AMHB/ABADA												
Statutory Advisory Board - GCDSE												

**Minutes for the  
November 18, 2020  
Full Board of Trustee  
Meeting**

**ALASKA MENTAL HEALTH TRUST AUTHORITY**

**FULL BOARD MEETING**

**November 18, 2020**

**8:30 a.m.**

**WebEx Videoconference/Teleconference**

**Originating at:**

**3745 Community Park Loop, Suite 120**

**Anchorage, Alaska**

---

**Trustees Present:**

Chris Cooke, Chair

John Sturgeon

Annette Gwaltney-Jones

Ken McCarty

Anita Halterman

Verne' Boerner

**Trust Staff Present:**

Mike Abbott

Steve Williams

Carol Howarth

Miri Smith-Coolidge

Kelda Barstad

Luke Lind

Michael Baldwin

Carrie Predeger

Katie Baldwin-Johnson

Jimael Johnson

Valette Keller

Eric Boyer

Autumn Vea

Allison Biastock

Kat Roch

Travis Welch

**Trust Land Office:**

Wyn Menefee

David MacDonald

Sarah Morrison

Marisol Miller

Hollie Chalup

Kate Vachris

**Also participating:**

Josie Stern; Lisa Morley; Jacqueline Summers; Kim Champney; Jake Carpenter; Amanda Faulkner; Jenny Weissaupt; Jeff Green; Dan Habeger; Beverly Schoonover; Kristin Vandagriff; Sheila Harris; Lesley Thompson; Brenda Moorer; Stuart Goering; Charlene Tautest; Lizette Stiehr; Nona Safra; Corey Gilmore.

**PROCEEDINGS**

**CALL TO ORDER**

CHAIR COOKE called the meeting to order and began with a roll call. He stated that Trustee Boyles was excused, and added that Trustee Boerner was expected to attend. He moved on and asked for any announcements. He asked Trustee McCarty if the election tally had been finalized.

TRUSTEE McCARTY replied that the tally is not final yet, so there are no election results, but he had a good lead.

CHAIR COOKE stated that Trustee Boerner was present and asked for any changes or additions to the agenda. There being none, he asked for a motion to approve the agenda.

**APPROVAL OF AGENDA**

**MOTION:** A motion to approve the agenda was made by TRUSTEE HALTERMAN; seconded by TRUSTEE McCARTY.

*After the roll-call vote, the MOTION was approved. (Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Cooke, yes).*

CHAIR COOKE stated that the Guiding Principles and the Mission Statement are in the packet, and he urged the trustees to review them from time to time. He asked for any ethics disclosures. There being none, he moved to the minutes.

**APPROVAL OF MINUTES**

**MOTION:** A motion to approved the minutes of the August 26-27, 2020, meeting was made by TRUSTEE HALTERMAN; seconded by TRUSTEE GWALTHNEY-JONES.

*After the roll-call vote, the MOTION was approved. (Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Cooke, yes).*

**ANNOUNCE FINANCE CHAIR**

CHAIR COOKE stated that the Finance Committee chair position is vacant because Laraine Derr is no longer on the board. He appointed Trustee Halterman as the Finance chair, doubling her duties with also being chair of the Audit & Risk Committee. He looked forward to Trustee Halterman’s leadership at the upcoming Finance Committee meeting in January.

**MISSION MOMENT**

CHAIR COOKE recognized Eric Boyer to introduce the Mission Moment presenter.

MR. BOYER introduced Kim Champney, who will lead through the Mission Moment. She has a long history of working in the DD field as a direct support provider and a manager. She worked for REACH in Juneau for a number of decades, and over the last several years has been working as a contractor to provide support for projects like this.

TRUSTEE BOERNER stated that she had technical issues and was present.

MS. CHAMPNEY stated that she and her teammates were excited to talk about DSP hire. She began by explaining and describing the workforce crisis. It is getting to the point where the lives of beneficiaries are in danger because there are gaps in their care. She talked about DSP, Direct Support Professional, which is an umbrella term that covers a number of people and is really about people that provide day-to-day support to people with disabilities. Some examples are helping to get a person out of bed and do daily life; someone that goes in and checks on a person with mental illness to make sure medication is taken; someone that coaches someone with their job. She continued that the workforce challenges have been building, particularly over the last five years. The economy has changed, and Medicaid reimbursement rates have stayed the same, while the cost of doing business increased. She added that a major study of data was done in 2018, and the turnover of DSPs is very high. The estimated cost in 2018 was \$5 million. The other study estimated that to hire in this role costs about \$5,000, taking into account the recruitment and extensive hiring process. Then the wages are low and often DSPs work multiple jobs and some are actually on public assistance. She explained that when COVID hit, a significant number of people left the field because of not feeling comfortable providing support, especially in group situations. An informal survey of 25 employers in September identified 426 vacant positions. She stated that out of crisis comes innovations, and she introduced Jacqueline Summers to share what was started pre-COVID that led to DSP hire.

MS. SUMMERS stated that she is the managing director of Health TIE, and how the DSP problem was analyzed. Health TIE was launched as a central hub that connects entrepreneurs and changemakers who want to make a difference with organizations that need assistance. She stated that, working with the Trust, three successful pilot projects have launched, which will all help beneficiaries. It has been a collaborative effort with the Trust and the other presenters. People from all channels that want to make a difference are being gathered showing that a difference can be made. She invited the trustees to join the open innovations that are held twice a month.

MS. CHAMPNEY introduced Jake Carpenter to share the details of DSP hire.

MR. CARPENTER stated that, at its core, DSP is a website and app that connects people who want to be DSPs with people who need DSPs. He explained how the app and a website tackled that workforce problem. He spoke about his brother, Ray, who suffers from traumatic brain injury and is a Trust beneficiary. He stated that when there is a disabled family member that requires supports, DSPs are very familiar. In the last 15 years, his brother has had 150 staff members rotate through his daily care. The 426 vacancies represent hundreds of people's lives, jobs, and their ability to be productive members of the community. He continued that many issues were identified, and the biggest issues were the low starting wages and the demanding job. It is hard to get started in the field with a complicated regulatory environment in paying and

billing; an isolating job; and limited opportunities for advancement. He moved on to the app and website and stated that software is good at making things easier by connecting people and simplifying the hiring process; connecting to other DSPs; matching people with new opportunities, new roles as DSPs; and provides instant access to training. He stated that this creates a marketplace, a one-stop shop that allows communities to strengthen themselves and access the resources needed. He continued that 18 months ago, with funding from the Trust, a mobile app and website called DSP Hire was built which allows organizations to post positions, DSPs to apply for those positions, and we will be adding notification services for urgent need notifications.

MS. CHAMPNEY recognized Amanda Faulkner.

MS. FAULKNER stated that she works at Frontier Community services in the Central Kenai Peninsula area. It has been around for 40 years with services provided to individuals from infancy through the end of life. It is a one-stop shop, doing it all. She explained that she has been with Frontier for 20 years and one thing that is always a challenge is the workforce. Currently, Frontier has a 36 percent turnover rate, and it spends about \$160,000 a year onboarding new employees and training, which is very individualized. Quality services are provided, which costs money. The base rate for DSPs is \$16.25, and we offer health insurance, but we still struggle. While classified as rural, Frontier is on a road system. She talked about some of the problems and challenges and how they are handled. She stated that the app allows a provider agency to cast a smaller net to a group of people that are interested in this work and are knowledgeable. The hope is the app will bring a transparent communication between employer/employee that will cut out some of the time, and when expanded will bring about that match.

MS. CHAMPNEY stated that Ms. Faulkner is the newly elected president of the Alaska Association on Developmental Disabilities which is the trade association of service providers for that group. She concluded the presentation and asked for any questions.

CHAIR COOKE thanked them for the very interesting, informative presentations and recognized Trustee Boerner.

TRUSTEE BOERNER stated appreciation for the individual experiences. She continued that it was exciting to see the development of the software in streamlining the process, removing some barriers, and she hoped for lowering costs. She believes that the DSPs are the heroes, woefully underpaid, with the need for benefits and health care for themselves.

TRUSTEE GWALTHNEY-JONES stated that this was exciting to see and explained that she worked for the Arc of Anchorage and supervised all of the in-home support personnel. She continued that one of the issues was the inconsistent hours working with people wanting benefits or full-time work. She asked if this program allowed for everyone's schedule to be in there; showing remaining availability for full-time hours.

MR. CARPENTER replied that type of functionality is something that is being worked out.

TRUSTEE HALTERMAN stated that she worked with Senior Disability Services and saw the

struggles for the beneficiaries not receiving the services needed on a regular basis. She asked how the differences between the agency-based service provider needs versus the consumer-directed service provider needs for those beneficiaries are being addressed.

MS. CHAMPNEY replied that, at this point, the employment was run through agencies that are posting the needs and agencies doing the hiring. She stated that down the road they may be a self-directed model where there is some sort of third-party support for people unable to manage their own staff.

TRUSTEE McCARTY stated that it was excellent seeing the use of technology to inform of needs and as a reach-out to those needs. He asked about the lowest age to be able to do DSP services. He also asked for the top three reasons people leave DSP work.

MS. FAULKNER replied that employees will be hired at 18 and, with this app, a definite career ladder for people in this field would show. She stated that the biggest challenge is finding a schedule that matches with the people being served, the DSP and keeping it consistent. The second would be the competition with higher paying jobs out there; and the third is it was not a good fit.

CHAIR COOKE thanked all for their presentations, and moved to the next item which was a legal matter concerning previous actions of the board. He asked for a motion.

**MOTION:** A motion to ratify all actions taken by the Alaska Mental Health Trust Authority Board, or by a committee of the Board acting under authority delegated by the Board, between April 7, 2020, and October 1, 2020, as listed in the attached spreadsheet was made by TRUSTEE HALTERMAN; seconded by TRUSTEE McCARTY.

CHAIR COOKE recognized Stuart Goering from the Department of Law.

MR. GOERING stated that, in reviewing the actions that the Board took during that April to October period, he and the Trust staff did not identify any actions that were even questionable. He continued that there was no reason to believe that there was any infirmity in anything that was done previously. He added that the fact that there was some ambiguity about the status of a trustee, his recommendation was to adopt this motion simply to avoid any possible issue. The most important thing is to acknowledge that the issue exists and then deal with it directly. This was already accomplished by having it on the agenda. He recommended the additional step of actually adopting the motion and ratifying those actions.

A brief discussion ensued.

CHAIR COOKE called the question.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Cooke, yes).*

CHAIR COOKE thanked Mr. Goering for the guidance, and moved to the Staff Report and CEO Update.

### **THE STAFF REPORT AND CEO UPDATE**

MR. ABBOTT, on behalf of the whole staff, congratulated Ken McCarty on electoral success and looked forward to working with him as he changes hats. He stated that prior to beginning his service with the Legislature, Trustee McCarty will need to step away from his responsibilities as a trustee which would lead to a vacancy in an existing term. He explained that the Governor will have 60 days from the date of resignation to appoint a replacement. That replacement will begin their service immediately, but will be subject to confirmation. He continued that confirmation by the Legislature would likely be during the first regular session of the 32<sup>nd</sup> Legislature. He added that there are no other trustee terms ending in 2021. He commented that the early January committee meetings will probably need two days, which are January 6<sup>th</sup> and 7<sup>th</sup>. He recognized that the Trust Land Office appears to be in the final stages of negotiating a ground lease for the last undeveloped Trust parcel in the U-Med District in Anchorage. The TLO is working with a local developer on a lease arrangement that, within a couple of years, will likely generate about \$300,000 a year of new income for the Trust. He continued his update and stated that the Trust was working on a case-by-case basis with API and other state agencies to identify community partners that could provide services and housing to some of the folks with complex needs and difficult challenges. He then updated how the Trust and staff address COVID-19-related requirements and challenges. He added that they continue to work very productively from remote locations and will continue going forward. He called attention to thank-you notes received that were shared in an email and asked that they be looked at, and concluded his update.

TRUSTEE HALTERMAN asked about the struggle the Care Coordination Network is having in finding secure servers, and they are looking for guidance over those issues.

MR. ABBOTT replied that a considerable amount of effort and resources towards helping agencies improve their telecommunications capability, especially as it relates to being able to support beneficiaries and provide services. He added that it has not been tabulated, and he does not have exact numbers.

TRUSTEE HALTERMAN stated that her concern was because most of the care coordinators have broken from agency support, have gone independent and are struggling.

MR. ABBOTT stated that he would be happy to talk further about ideas to support those folks.

### **AUDIT & RISK COMMITTEE REPORT**

CHAIR COOKE stated that the audit was discussed at the committee meeting on October 21 and to follow up there is a proposed motion.

**MOTION: A motion that the Board of Trustees accept the Alaska Mental Health Trust Authority's basic financial statements and government auditing standards auditor's report for the period ending June 30, 2020, was made by TRUSTEE HALTERMAN; seconded by TRUSTEE McCARTY.**

MS. HOWARTH explained that, on an annual basis, the Trust Authority's financial statements are audited and are provisionally submitted at the last Audit Committee meeting. She stated that they were completed, consistent with what he was presented, and this is a normal acceptance process. She continued that the reports will be available to be posted on the website for the public to review. They have also been submitted to the State. She added that it was done and submitted on time.

MR. ABBOTT stated that it was a clean audit, first time in about three years. He continued that he was very proud of the work the three key teams did in order to bring this report forward.

CHAIR COOKE asked for any other questions or comments. There being none, he called the vote.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Cooke, yes).*

#### **FINANCE COMMITTEE UPDATE**

CHAIR COOKE moved to the Finance Committee Update and asked for clarification with regard to the motions.

MR. ABBOTT replied that there were two motions associated with the first agenda item. Both of the motions were addressed in the Finance Committee in October and were unanimously recommended to support both of them. He explained that both need Board confirmation of the committee recommendation.

**MOTIONS: A motion that the Board of Trustees approve setting a target level for Trust Authority Development Account funds at \$1.710 million. A motion that the Board of Trustees authorizes the Chief Financial Officer to transfer TADA funds that exceed the target level to the Alaska Permanent Fund Corporation for investment to the Trust Fund was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOERNER.**

MR. ABBOTT explained that the motion has the effect of allowing the CFO to take funds that are earned through Trust Land Office activity between now and the end of the fiscal year and maintain a minimum balance in the account of \$1.7 million to pay for existing obligations, and then deposit the balance, which should be in excess of \$10 million accumulated during the year, to the Alaska Permanent Fund Corporation for investment in the Trust fund.

TRUSTEE McCARTY questioned having collective motions. He stated that it seemed that the motions needed to be addressed one motion at a time.

MR. ABBOTT replied that it was up to the Board, and he did not think that it was a requirement to deal with them separately. He added that he believed handling them as a combined motion would not change their effect on the decision.

A brief discussion and explanation ensued.

TRUSTEE BOERNER had a point-of-order question. The way she understood the motion was that it was not two motions; just continuing on. She heard Trustee McCarty recommend that those two items be separated out. She asked if that would be an amendment to the motion or what is the motion currently on the floor for consideration. She understood that there cannot be two motions on the floor.

CHAIR COOKE ruled that they would be voted separately.

TRUSTEE McCARTY concurred with the point-of-order question and stated the following:

**MOTION:** An amendment to Motion 1 as presented in the packet and look at it independently and then address the other one as Motion 2 was made by TRUSTEE McCARTY; seconded by TRUSTEE BOERNER.

MR. ABBOTT recommended that, for the sake of clarity and that the minutes read relatively clean recommended that the read motions be withdrawn, and a new Motion No. 1 be read in.

**MOTION:** A motion to withdraw both motions was made by TRUSTEE HALTERMAN; seconded by TRUSTEE McCARTY. TRUSTEE McCARTY withdrew his amendment.

*There being no objection, the MOTIONS were withdrawn.*

CHAIR COOKE asked for a single motion for the trustees to consider.

**MOTION:** The Board of Trustees approve setting the target level for the Trust Authority Development Account funds at \$1.710 million was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOERNER.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Cooke, yes).*

CHAIR COOKE noted that Trustees Sturgeon Boyles were excused. He moved to Motion 2.

**MOTION:** The Board of Trustees authorizes the chief financial officer to transfer TADA funds that exceed the target level to the Alaska Permanent Fund Corporation for investment in the Trust Fund was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOERNER.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Cooke, yes).*

CHAIR COOKE moved to a proposed motion regarding the commercial real estate debt that was discussed previously.

**MOTION:** The Board of Trustees authorizes the chief financial officer to refinance as much of the current commercial real estate debt as prudent in order to reduce debt service requirements and maintain flexibility to allow for future property sales. The chief financial officer may use interest-only debt that allows the Trust to pay down the loan was made by TRUSTEE HALTERMAN; seconded by TRUSTEE GWALTHNEY-JONES.

MR. ABBOTT explained that the memo was provided to the Finance Committee on September 9, and that motion was adopted by the committee as proposed.

A discussion ensued.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, no; Trustee Sturgeon, yes; Trustee Cooke, yes).*

CHAIR COOKE called a break.

(Break.)

CHAIR COOKE came back into session and called the roll. All trustees, except Trustee Boyles, were present. He moved to the Resource Management Committee report.

#### **RESOURCE MANAGEMENT COMMITTEE REPORT**

CHAIR COOKE stated that there are several proposed motions that were recommended to the Full Board for approval from the Resource Management Committee.

**MOTION:** A motion that the Alaska Mental Health Trust Authority Board of Trustees concur with creating a pool of approximately 194 subdivision lots and small- to medium-sized parcels that may be disposed of through the TLO statewide land sale program was made by TRUSTEE STURGEON; seconded by TRUSTEE HALTERMAN.

MR. MENEFEE stated that this consultation was about an inventory of parcels created to be put into the statewide land sale process. This large inventory is expected to earn about \$3 million over about three years. He added that this was to continue with the statewide land sale program that has been done over multiple years. This will refresh the inventory of parcels.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, yes; Trustee Cooke, yes).*

CHAIR COOKE moved to Consultation Item B, Fairbanks Gold Mining Inc., Kinross.

**MOTION:** A motion that the Alaska Mental Health Trust Authority Board of Trustees concur with the decision to issue a negotiated surface lease facilitating the development of a lode gold deposit adjacent to the Fort Knox Mine was made by TRUSTEE STURGEON; seconded by TRUSTEE McCARTY.

MR. MENEFEE stated that this consultation is about expanding the efforts of Fairbanks Gold Mining to move over to the Gil Project. This area already has claims, but this would be giving a surface lease and getting 12 percent of the appraised land value from that surface lease. This project is important to help bring ore into the mill to keep the mill at Fort Knox running.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, yes; Trustee Cooke, yes).*

CHAIR COOKE moved to Consultation Item C.

**MOTION:** A motion that the Alaska Mental Health Trust Authority Board of Trustees concur with the decision to issue a negotiated surface lease to facilitate the expansion of the Fort Knox Mine pit and Gilmore Project was made by TRUSTEE STURGEON; seconded by TRUSTEE HALTERMAN.

MR. MENEFEE stated that this was the second part of some work being done at Fort Knox. This will take some overburden and waste rock from the actual pit at Fort Knox and move that burden to Trust lands. This is a waste-rock storage facility on Trust land.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, yes; Trustee Cooke, yes).*

CHAIR COOKE moved to Consultation Item D.

**MOTION:** A motion that the Alaska Mental Health Trust Authority Board of Trustees concur with the issuance of a negotiated lease for the exploration and development of natural gas resources on Trust lands in the Matanuska-Susitna area was made by TRUSTEE STURGEON; seconded by TRUSTEE HALTERMAN.

MR. MENEFEE stated that this motion is about what was brought up in the committee meeting which was that Gardes approached for a lease to explore for natural gas. There will be a target of coal-bed methane there also. The data collection will be received which will help inform the gas potential on the land and potentially increase the revenues through the royalties.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, yes; Trustee Cooke, yes).*

CHAIR COOKE concluded the matters referred from the Resource Management Committee. He noted that at the Resource Management Committee meeting on October 21, there were extensive materials, backgrounds and maps and a more detailed discussion of these items. All trustees were participants in that committee meeting. He thanked Mr. Menefee and the TLO staff for the excellent presentation and details provided about these developments. He moved to the Program

& Planning Committee.

## **PROGRAM & PLANNING COMMITTEE REPORT**

CHAIR COOKE asked for a proposed motion.

**MOTION:** A motion that the Board of Trustees approve the allocation of \$750,000 FY2021 unobligated funds as Authority Grant funds to the current FY2021 budget, January 30, 2020, in the Housing & Long-Term Services and Supports focus area. These funds will be used for the four grants listed in the documents approved at the October 22, 2020, Program & Planning Committee meeting was made by TRUSTEE BOERNER; seconded by TRUSTEE STURGEON.

MR. ABBOTT explained that this was the complementary motion to the grant awards that the Program & Planning Committee endorsed in October. Currently, in anticipated FY21 revenue there is approximately \$1.4 million of unobligated funds. This action would take about half of those unallocated funds and specifically place them into a position to fund the four grants that are described in memos that are attached behind in the Board packets.

TRUSTEE BOERNER suggested that the items that are no longer requested motions but were approved by the committee should be listed as approved committee motions, not as requested motions.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, yes; Trustee Cooke, yes).*

CHAIR COOKE stated that completed the morning agenda. He stated that next is our CEO annual performance evaluations and lunch. He asked for a motion to go into Executive Session.

**MOTION:** A motion that the Board go into Executive Session to perform the annual performance evaluations of the chief executive officer in accordance with the Open Meetings Act, AS 44.62.310(c) was made by TRUSTEE McCARTY; seconded by TRUSTEE HALTERMAN.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, yes; Trustee Cooke, yes).*

(Executive Session and lunch from 11:52 a.m. until 1:26 p.m.)

CHAIR COOK stated that it was 1:26, and he resumed the Board of Trustees' meeting for the Alaska Mental Health Trust Authority. He called the roll; Trustee Boyles was excused, and all the other trustees were present. He continued that the Executive Session concluded, and the trustees did not adopt any motions or take any other action during Executive Session. He reported that the evaluation will be continued at a later date to be determined. He moved back into the agenda and apologized to the presenters for the tardiness. He recognized Beverly Schoonover.

## **PARTNER ADVISORY BOARDS**

MS. SCHOONOVER stated that she was the executive director of the Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse.

MS. VANDAGRIFF stated that she was the executive director for the Alaska Governor's Council on Disabilities and Special Education.

MS. THOMPSON stated that she was the interim executive director with the Alaska Commission on Aging. She continued that they made a great hire for the executive director; Lisa Morley, who had been running the grant services for Senior and Disability Services. She will take the lead for the commission during this presentation.

MS. MORLEY stated that she was very excited to be working for the Alaska Commission on Aging and partnering with the Mental Health Trust. She continued that she had been working with Senior and Disability Services for the past 19 years and looked forward to working with everyone.

MS. SCHOONOVER stated that the purpose of this joint presentation is to share information on how the Alaska Medicaid program supports Trust beneficiaries. This would be a really good introduction to trustees about Medicaid and the Medicaid support system. She continued that Medicaid is very complicated, and the approach is to give a few basic definitions about Medicaid and then go into services and supports for Trust beneficiaries. She added that some personal stories would be shared. She began with a definition of Medicaid which provides health-care coverage for eligible Alaskans. It was expanded in September 2015 to improve access to health-care services; that was called the Medicaid Expansion. She stated that there are various eligibility requirements for Medicaid, and she gave a brief glance to some of the eligibility groups. She asked Ms. Morley to continue.

MS. MORLEY talked about the financial eligibility standards and requirements for old age and disabled. She explained that if someone met the financial eligibility then they are often eligible for other long-term programs or services where they also have to meet the functional level of care. She stated that Medicare does not pay for long-term care services and supports, but does pay for other medical costs. Medicaid eligibility is determined by the Department of Public Assistance, and the functional eligibility for various programs is determined by those divisions that manage those programs.

MS. SCHOONOVER talked about the Medicaid spending and gave a few more definitions. She stated that Medicaid waivers allow states to offer services that Medicaid does not cover to accomplish certain goals. She went through some examples.

MS. VANDAGRIFF talked about the different Medicaid waivers and added that the most impacted is the developmental disabilities population. The Developmental Disabilities Shared Vision, which continues to be funded by the Trust, is hugely instrumental to the populations and is the lens which is used to look at the service provision of the different waivers. She stated that the beginning of the waiver process starts at the developmental disability eligibility phase. This is somebody experiencing severe chronic disability; mental, physical or both. It is there before

the person reaches the age of 22 and is likely to continue indefinitely for the long-term supports and services aspect. The result is substantial functional limitations in three or more of the following major-life activity areas: Self-care, learning, mobility, expressive and receptive language, self-direction, capacity for independent living and economic self-sufficiency. She explained in great detail. She then moved to stakeholders that look into the wording and the weight of the questions to make sure that the intake process for waiver reflect those stakeholder needs, and the different waivers and processes involved. She stated that the average cost for a waiver is about \$88,000, as opposed to \$214,000 for being in an institution. She then shared a resource that showed the different waiver types and provided a bit more description on what that service entails.

MS. MORLEY reminded everyone that the word “waiver” means actual individuals who meet nursing home level of care. It is a required Medicaid service to provide nursing home level of care in a nursing home or an institution. The individual is basically waiving that requirement so care can be received in their own home, out of an institution. This is the preference of most individuals, and is also a huge cost savings. These services keep individuals independent in their homes. She stated that the waiver services save the State money, provide a very important service, and allow people to receive their services in their own homes and communities. She moved to other Medicaid supports and talked about the Community First Choice program, a Medicaid program. This program is different from the Medicaid waivers because it provides increased training to providers, freedom for individuals, and there is also an additional 6 percent State match that CMS provided as an incentive for states to adopt this new program. She moved to personal care services and went through them, explaining as she went along. She stated that every year individuals who are on the waitlist need to update that information, and the Developmental Disability Resource Connection will help with this. She added that there are six ADRCs throughout the state, and six DDRCs; both can be found on the SDS website.

MS. SCHOONOVER moved to the 1115 Behavioral Health Waiver Services which were created by the Division of Behavioral Health. She explained that this waiver allowed the State to try something out to see if folks with substance-use disorders, co-occurring disorders, mental health could be served, keep the federal participation the same and hopefully just increase services and access to care. She talked about the new waiver services that target substance-use disorders, get folks the treatment when they need it so as not to elevate to institutional care or institutional placements. She also talked about case management with an emphasis in peer-based services and the American Society of Addiction Medication, ASAM, model is a level-of-care tool. She continued with the different target groups and then moved to Crisis Now. There are now billing codes and services available for crisis services: observation, stabilization, short-term crisis care, residential services, and then more services allowed in the 1115 for the adult mental health residential. The services are happening, and as the waiver matures, there will be some pretty amazing data that the Division and the Department will be able to share about the outcomes and the cost savings. She moved to some amazing members that shared their personal stories about how Medicaid impacted and still impacts their lives.

MR. GILMORE stated that the DD Shared Vision is where living the life chosen is talked about. This is a fundamental shift in the way services are delivered because the plan of care is written by a team of people who discuss what should be worked on and then ask the clients what they would like to do. He shared his story of having cerebral palsy and needing help with every

activity of daily living: showering, dressing, eating, even needing help to hug his partner. He explained that it is very challenging. The services are listed as optional, but are really not. It is not optional to live a life. He continued that the people that do this work generally make between \$15 and \$16 an hour. There is a high turnover, and it is difficult to find people, which is why he relocated from Juneau to Anchorage and is away from his partner. He added that his care coordinators are good and have done their best. They said I had to go, had to move, and I had 30 days to do it. He wanted to share what it is like and that it is tough. He thanked all for the opportunity to speak and bring some reality to the presentation and numbers.

CHAIR COOKE thanked Mr. Gilmore for his presentation and for helping put a real human face on so many of the things that the Trust deals with and talks about. He asked if there were any other presenters.

MS. SAFRA stated that she was Nona Safra from Homer and may be known from the Commission on Aging, the SILC, the Governor's Council for Disabilities or from her Veterans' projects. She shared her personal journey with Medicaid, waivers and mini-grants as both a caregiver and a person with a brain injury. The person she cares for led an adventurous life in Alaska until the time to retire arrived. Along with it came dementia, diabetes, CLL, and a quad bypass. By 2015, he needed Medicaid to maintain any quality of life. She continued that they learned to balance her brain challenges with his medical issues all while she advocated for vulnerable Alaskans. She was in denial about subtle day-to-day changes which affected her emotionally, physically and her mental health. In turn, that affected the person she cared for. She made the easier choices, and emotional choices, but not the best choices. The person she cared for did not acknowledge his Alzheimer's diagnosis or that his level of competency had changed. He was in denial but tried really hard to be helpful. His going out alone became risky and she finally broke down with the need for a Medicaid waiver. She found a wonderful care coordinator who she could rely on and he would trust. This care coordinator helped navigate the forms, questions, and narratives to apply for waivers. The virtual interviews were challenging as the person she cared for wandered. The folks that worked through the waiver process were rock stars. She added that his waiver became effective six weeks ago, but he has not received any services. Having Medicaid waiver is good, but getting services would be better. She explained that hope lies with the agencies and Trust support. Alzheimer's Resources has a mini-grant that will provide exercise, but she needs to go with him until a same-sex care provider can be arranged. She has a mini-grant from ABIN, also supported by the Trust, because her TABI was undiagnosed for a decade and she now needs a stent placed in her brain. She added that she is slowly going blind, which is partially controlled by a very expensive medicine that is not on her formulary. Also, the vision changes require new glasses several times a year. The high cost of the drugs and glasses overwhelmed her being on a fixed income. She stated that the lessons learned about Medicaid is about how to manage things like technology, like Telehealth, which is awesome. It needs to continue post-COVID because it is a more efficient way to deliver services to Medicaid recipients. She went through some of the different cost savings and sent out a huge thank you to the Trust, the partner advisory boards, and the agencies that assist the beneficiaries. She participates in programs like the brain injury ECHO and the super advocacy training. She thanked the Trust for sponsoring her day, and listening.

CHAIR COOKE thanked Ms. Safra and stated that there was one more presenter.

MS. TAUTFEST thanked Nona and Corey and stated that they were awesome. She continued that her name was Charlene Tautfest, and the story is her son's; which has been a 15-year-long journey until today. She explained that he was diagnosed with schizophrenia while attending college in 2006, and he was on her insurance at the time. That insurance covered quite a bit or all of his medical care. Eventually he was on disability, deemed mentally disabled, had to go on Medicaid and is no longer on her insurance. He did not want to go on Medicaid because he did not want government in his life. That was not a political statement, just part of his diagnosis. He was very paranoid of the government. He also wanted to work and lead a meaningful, productive life. She added that the main point of being on Medicaid was his medications, which could cost anywhere from \$1500 to \$2000 a month. There were also constant hospitalizations when one medication did not work, or if he was not compliant with it. She stated that about five years ago providers said there was medication in long-acting form that was one shot per month. It is a very expensive shot, and Medicaid only covered one type of medication, but it was not the one he really needed. He took the shot, and not having to take a pill every day and being compliant helped him do a lot better. Once he was stable, we moved to Anchorage to go through services through DVR, and he was eventually employed. He has his own insurance and still has a \$300 copay for his medication. He is self-sustaining, working, paying his own rent, whereas before he was on every service. She advocates for those employment services for those folks that want to work, and her son was one of them. She thanked the trustees, and stated that she worked best with questions.

CHAIR COOKE thanked Ms. Tautfest for another outstanding presentation. He asked for any questions.

TRUSTEE BOERNER thanked the advisory boards for their presentation and encouraged the trustees, especially the new trustees, to consider attending their board meetings. She stated that she is a big fan of Corey and thanked him for his presentation. He has one of the greatest wits of anyone that she has met. She also thanked Nona and Charlene for their presentations, as well. She continued that it really means a lot to hear their stories in order to understand the individual impacts that we are having.

TRUSTEE McCARTY stated appreciation for the testimonies and asked about the Medicaid payment formula.

MS. SCHOONOVER replied that this question may not be able to be answered. Provider rates are a whole big issue and another big discussion.

CHAIR COOKE thanked all for the presentations and for sharing the stories.

MS. SCHOONOVER stated that there are Council, Commission, and Board updates that are in the packets.

MS. THOMPSON, from the Commission on Aging, stated that December 1<sup>st</sup> is a Zoom meeting, she would get the agenda out, and invited all to attend.

CHAIR COOKE called a break.

(Break.)

CHAIR COOKE called the meeting back to order and continued to the communications update.

### **COMMUNICATIONS UPDATE**

MS. BIASTOCK stated that she was the Chief Communications Officer at the Trust. She spoke about the communications program in May and is glad for this opportunity for a midyear check-in. She began with a few acknowledgements: Valette Keller who supports several things in the communications program and appreciated her expertise; Northwest Strategies is the communications contractor and bolsters much of this work; she also acknowledged the Trust and TLO staff. She started with the communication goals for the external communications program which were developed considering the mission, duties, past research efforts. The first goal is around stigma, which is a longstanding goal of the Trust. Goal No. 2 deals with perception of the Trust and understanding the purpose of the work. Goal 3 touches on much of the work at the Trust, not just communications. She went through some of the communications tools and talked about the external communications program. She emphasized some highlights on some of the points. Earned media is press that mentions the Trust or can mention things that are important to the beneficiaries; she talked about press releases. She went through some of the graphics and then moved to the media monitoring service through Meltwater. She highlighted the web page which underwent a significant upgrade in 2018 and now jointly houses content about the Authority and the Land Office. This is one of the most important communications tools. She then highlighted social media which continues to be an important communication tool. The Trust has a Facebook page and an Instagram page. Currently, there are 5,500 followers on the Facebook page with an anticipated increase during the upcoming media campaign efforts. She added that Facebook is a busy medium, and we do track the engagement on the posts which continue to perform at a higher rate than the industry average. She then talked about community presentations and gave an example of a COVID adaptation, which was a great success with a decent turnout. Virtual community meetings are a good opportunity to help organizations across Alaska get to know the Trust a little better. She moved to collaborations with partners on externally facing events will continue to be a very important tool, and she went through some images that represented three great events that were held recently. The Trust had an important role in all of them and provided some information on events. She also highlighted the panel held last week. She moved to the Hearts of Glass where a community panel was held to focus on disability employment. It was held at the end of a period at which the documentary film, Hearts of Glass, about inclusive employment at a hydroponic greenhouse in Jackson Hole, Wyoming, was being streamed for free for Alaskans. She stated that it was great to work with the filmmakers and other key partners on sharing these great messages about fully integrated employment. There was a great turnout, and it went very well. She continued to the media campaigns and talked about the Stigma campaign. Paid media campaigns are a very important communications tool, and the most recent research indicates that there is significant stigma attached to the beneficiaries, and we have learned that positively changing perceptions and attitudes faced by the beneficiaries is the key to addressing that stigma. She added that the Stigma media campaign was multimedia that was launched in May of last year. She talked about the cost and stated that the campaign included broadcast and cable TV which is fairly expensive and very effective. She also stated appreciation for the efforts of Anthony; Corbin and his mom, Karli; Lily; Betty; and Jennifer for participating in the campaign and sharing their stories. She moved to the additional media campaign that is planned to be launched in the coming weeks. It

is the Lands campaign and will be statewide featuring a series of ads that communicate the basic message of revenues earned on Trust land that support Trust beneficiaries. These ads need to communicate the idea of the Trust's responsibility to manage the lands in a way that maximizes earnings, and why Trust lands support the work on behalf of beneficiaries is great for the communities. She moved to the print ad for the Lands campaign and explained that the media will be on a statewide level and talked about what is being planned. She asked that the radio spot be played.

(Radio ad played.)

MS. BIASTOCK continued that the Lands campaign is a great segue into the Land Office communications. Some of the efforts include advertising for the recent fall land sale, all being done with a modest budget. She added that they continue to look for opportunities to communicate about the work of the Trust and the Trust Land Office. She moved to the upcoming research project which is intended for early in 2021 with the hope to have results to share at the spring meeting. The purpose of this research effort is to assess Alaskans' current perception of the beneficiaries. She added that the effort is going to primarily focus on stigma. The plan is to work with the contractor who will help develop questions and help conduct that research. The results are to better understand how to maximize Trust resources, to reduce beneficiary stigma. They can help strengthen the internal decision-making in the communication and other efforts to help tailor the messaging to help in the mission and the communication goals. She then briefly touched on advocacy and went through the annual report which is underway for fiscal year '20.

CHAIR COOKE thanked Ms. Biastock.

TRUSTEE BOERNER noted a great presentation. She stated that she was particularly curious about the research protocol methods and the steps towards minimizing bias in the design.

MS. BIASTOCK replied that the plan is to work with professionals, and we will endeavor to make sure that the protocols are followed.

TRUSTEE STURGEON commented on the wonderful program, a great presentation and some really good work. He stated interest in seeing the results of some of the programs.

CHAIR COOKE asked if trustees have additional thoughts regarding the communications program, how to communicate about it.

MR. ABBOTT replied to feel free to reach out to Ms. Biastock, and to copy him on the e-mail.

#### **PUBLIC COMMENT**

CHAIR COOKE asked if anyone had signed up for public comment.

MS. SMITH-COOLIDGE replied that she did not have anyone signed up.

CHAIR COOKE stated that there was one written comment in the packet from Faith Myers and Dorrance Collins.

MR. ABBOTT asked if he should read the public comment introductory remarks. There may be people online that will participate.

CHAIR COOKE stated that it would help if the opener was read.

MR. ABBOTT stated that the public comment period allows individuals to inform and advise the Board of Trustees about issues, problems, or concerns. It is not a hearing. Individuals are invited to speak for up to three minutes. A speaker may be granted the latitude to speak longer than the three-minute time limit only by the Chair, or by a motion adopted by the Full Board. Participants addressing issues related to Trust beneficiaries will have priority order. Speakers are not permitted to criticize or attack others, and anyone providing comment should do so in a manner that is respectful of the Board of Trustees and all meeting attendees. The Chair maintains the right to stop public comments that contain inappropriate or inflammatory language or behavior. He added that there is a timer, and the Chair can begin the process.

CHAIR COOKE thanked Mr. Abbott for that preliminary statement and understood that no one notified prior to now to take part in public comment. He asked if there was anyone in attendance online who cared to give public comment to the trustees. He asked if there was such an individual to speak up. He stated that it appeared that there was no one wanting to participate in the public-comment portion. If there was nothing further, he closed the public-comment portion of the meeting and returned to Ms. Biastock for any comments or questions about the Communications Update.

#### **COMMUNICATIONS UPDATE - CONTINUED**

TRUSTEE HALTERMAN asked what role Northwest Strategies plays.

MS. BIASTOCK replied that Northwest Strategies is the communications contractor. Working with them is a great way to leverage the in-house resources to be able to maximize the communications program. They provide support with things like ad development, media placement, some graphic support, and the like.

CHAIR COOKE asked if Ms. Biastock was working on the Medicaid issue with the partner boards.

MS. BIASTOCK replied that the Trust has messaged on Medicaid, and we have worked on it in the advocacy efforts. During the time of Medicaid reform efforts with the State there was active Funding, and we had developed some materials. While the reform effort is no longer funded, it is certainly a topic that is on the mind. Medicaid is a joint priority with the Trust and the partner advisory boards, and messaging is developed around that.

#### **TRUSTEE COMMENTS**

TRUSTEE BOERNER thanked Mr. Abbott for working hard to ensure the safety of staff and thanked staff, who are simply amazing, and she appreciated all the work done throughout this time and all the changes made, as well. She thanked the advisory boards and partners. She counted her blessings in being able to be with her family during this time. At the same time, her heart is heavy with worry on having someone near and dear that is infected. She asked the

public to make the sacrifice of the discomfort of wearing a mask. She stated the need to get the curve down so that the pressure on the hospitals, clinics and the frontline workers is relieved. The good news is that the vaccines coming out are showing a high level of efficacy. In closing, she stated that she is honored to work with her fellow trustees. They are engaged, have a wide breadth and depth of knowledge, and she is thankful to have the opportunity to serve and learn from them. She added that the heroes are the Trust beneficiaries, and the personal stories today meant a lot to her.

TRUSTEE GWALTHNEY-JONES thanked everyone for the really great presentations. She also thanked everyone for bearing with and being patient as she continues to learn about this incredible Trust and all the good works being done for the beneficiaries. She is excited to see what it can continue to do and accomplish in the years to come. Again, great presentations, great information, which is very much appreciated.

TRUSTEE HALTERMAN echoed some of the same sentiments that the other trustees have stated. She thanked staff and especially appreciated the spotlight on the beneficiaries. The most meaningful part of any of the discussions is to hear from the populations that are served. She thanked the staff for all the work done into pulling these meetings together. She thanked Allison for hanging in there during the technical difficulties and appreciated the fact that this is stressful on all of us in having to do meetings this way. She was relieved to get to participate today because the doctor was not letting her leave her house. The fact of doing this telephonically enabled her to be a participant, as she is recovering from surgery. She thanked everyone for all the information. It was a valuable meeting. She stated that she caught many of the spotlights and they are working. This will help in the long run and will serve well for many decisions that will be made in the future.

TRUSTEE McCARTY stated great appreciation for the staff and for all the people and workers that are out there helping the beneficiaries. A constant theme is the passion for the beneficiaries and how to help them function in a manner that has the least intrusion. He talked about the opportunities with technology and the collection of data is spanning the spectrums of different things in an objective manner. He moved to the stigma of mental health, and he wants to change that stigma and encouraged changing the stigma of treatment. He talked about his tradition of pie giving and wished all a great Thanksgiving.

TRUSTEE STURGEON stated that he did not have much to add. Everyone complimented the staff, and Mr. Abbott did a great job preparing for this meeting. He knows how difficult it is to get the Board packets ready and on time and thanked the staff for that. He enjoyed Allison's presentation and would like to see more of the beneficiaries come and talk, which helps understand why we are doing this. He asked for more of those presentations, and thanked all.

CHAIR COOKE underscored all the comments that were made, especially Trustee Sturgeon's point on the mission moments being the highlight of the meeting. He also thanked staff and all the presenters. He stated that, individually, the trustees should continue the efforts to follow best practices for limiting contact and wearing masks and the other steps recommended to lowering the chance of exposure. Part of the Trust messaging should be to encourage people to get vaccinated when that time comes. The Trust has an interest in the health and well-being of the beneficiaries and also the entire public, especially for something that is easily transmitted. There

is a need to be out in front on this whole community education and responsibility effort. He asked for a motion to adjourn.

**MOTION:** A motion to adjourn the meeting was made by TRUSTEE HALTERMAN; seconded by TRUSTEE GWALTHNEY-JONES.

*After the roll-call vote, the MOTION was approved. (Trustee Boerner, yes; Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Sturgeon, yes; Trustee Cooke, yes).*

(Alaska Mental Health Trust Authority Full Board Meeting adjourned at 4:03 p.m.)

**Minutes for the  
December 8, 2020  
Full Board of Trustee  
Meeting**

**ALASKA MENTAL HEALTH TRUST AUTHORITY**  
**SPECIAL FULL BOARD OF TRUSTEES MEETING**

December 8, 2020  
9:00 a.m.  
WebEx Videoconference/Teleconference

Originating at:

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

**OFFICIAL MINUTES**

---

**Trustees present:**

Chris Cooke, Chair  
Annette Gwalthney-Jones  
Rhonda Boyles  
John Sturgeon  
Ken McCarty  
Anita Halterman

**Trust staff present:**

Mike Abbott  
Mike Baldwin  
Miri Smith-Coolidge  
Valette Keller  
Lisa Morley  
Sheila Harris  
Kat Roch  
Jillian Gellings  
Lesley Thompson

**PROCEEDINGS**

CHAIR COOKE called the Special Full Board of Trustees meeting to order and took a roll. He stated that Trustee Boerner was excused, and that we were waiting for Trustees McCarty and Boyles. He asked for any announcements. There being none, he moved to approve the agenda.

**MOTION:** A motion to approve the agenda was made by TRUSTEE HALTERMAN; seconded by TRUSTEE GWALTHNEY-JONES.

*There being no objection, the MOTION was approved.*

CHAIR COOKE asked for any ethics disclosures. There being none, he stated that the CEO annual evaluation discussion from the prior board meeting would continue, and that was the only item of business. He asked for a motion to proceed with the executive session.

**MOTION:** A motion that the board go into executive session to complete the annual performance evaluation of the Chief Executive Officer in accordance to the Open Meetings Act, AS 44.62.310(c) was made by TRUSTEE HALTERMAN; seconded by TRUSTEE GWALTHNEY-JONES.

*After the roll-call vote, the MOTION was approved. (Trustee Gwalthney-Jones, yes; Trustee Halterman, yes; Trustee Sturgeon, yes; Trustee Boyles, yes; Trustee Cooke, yes.)*

CHAIR COOKE stated that Trustee Boyles was online. He recessed the open board meeting for the purpose of going into the executive session.

(Executive session from 9:08 a.m. 9:58 a.m.)

CHAIR COOKE resumed the full board meeting of the Alaska Mental Health Trust Authority and took a roll. He mentioned, for the record, that Trustee McCarty joined while the board was in executive session. All of the other trustees were present, and Trustee Boerner was excused. He stated that no motions were passed; no board action was taken; no decisions were made in the executive session, which dealt with personnel matters. He continued that there was no further business on the agenda and entertained a motion to adjourn.

**MOTION:** A motion to adjourn the meeting was made by TRUSTEE HALTERMAN; seconded by TRUSTEE STURGEON.

*After the roll-call vote, the MOTION was approved. (Trustee Gwalthney-Jones, yes; Trustee Sturgeon, yes; Trustee Boyles, yes; Trustee Halterman, yes; Trustee McCarty, yes; Trustee Cooke, yes.)*

CHAIR COOKE adjourned the meeting and thanked all.

(The Special Full Board of Trustees meeting concluded at 10:00 a.m.)

# **Current Trust Bylaws**

1  
2  
3 ALASKA MENTAL HEALTH TRUST AUTHORITY  
4 BYLAWS

5  
6  
7 ARTICLE I  
8 NAME  
9

10 The name of this organization is the Alaska Mental Health Trust Authority.  
11

12  
13 ARTICLE II  
14 PURPOSE OF THE AUTHORITY  
15

16 The Alaska Mental Health Trust Authority acts in the best interest of the beneficiaries  
17 of the trust. It is accountable to:

- 18 (a) Provide for sound governance, fiduciary oversight and direction in achieving the  
19 mission of the Trust Authority;  
20 (b) Ensure an integrated, comprehensive mental health program for the State of Alaska  
21 in partnership with Department of Health and Social Services (DHSS); and  
22 (c) Preserve, protect, and grow the trust corpus and administer trust assets.  
23  
24

25 ARTICLE III  
26 BOARD OF TRUSTEE MEMBERSHIP AND TERMS OF OFFICE  
27

28 Section 1. Trust Authority board of trustees composition:

- 29 (a) The Trust Authority shall be governed by its board of trustees.  
30 (b) The Trust Authority board of trustees, hereafter referred to as the board, consists of  
31 seven members appointed by the governor in accordance with AS 47.30.016 and  
32 confirmed by the legislature.  
33

34 Section 2. Term of office, vacancies, and removal:

- 35 (a) The members of the board serve staggered five-year terms. A member shall continue  
36 to serve until the member's successor is appointed and confirmed by the legislature.  
37 (b) A vacancy occurring in the membership of the board shall be filled within 60 days by  
38 appointment of the governor for the unexpired portion of the vacated term.  
39 (c) The governor may remove a member of the board only for cause per AS 47.30.021.  
40 (d) Except for a trustee who has served two consecutive five-year terms, a member of  
41 the board may be reappointed. A member of the board who has served two  
42 consecutive five-year terms is not eligible for reappointment to the board until one  
43 year has intervened as per AS 47.30.021(d).  
44  
45

ARTICLE IV  
BOARD OF TRUSTEE DUTIES

1  
2  
3  
4 Section 1: The role of the board is to:

- 5 (a) Set the vision for the organization;  
6 (b) Set policies for the organization, including adoption of regulations as appropriate  
7 under AS 47.30.031;  
8 (c) Adopt charters that define the role, authority, operating procedures, duties, and  
9 responsibilities of the board and standing committees; and  
10 (d) Approve contractual agreements with advisors as defined in statute and the  
11 settlement agreement, specifically Alaska Permanent Fund Corporation (APFC),  
12 Department of Natural Resources (DNR), and Statutory Advisory Boards.  
13 (e) Fulfill the duties listed in AS 37.14.007(b)(1)-(12).  
14

15 Section 2: The board will conduct business in accordance with AS 47.30.036.  
16  
17

ARTICLE V  
OFFICERS AND DUTIES

18  
19  
20  
21 Section 1. The board, by a majority vote of its membership, shall annually elect a Chair,  
22 Vice Chair, and Secretary from its membership.  
23

24 Section 2. The officers will be elected by a majority vote at the annual budget approval  
25 meeting, and officers' terms of office commence upon adjournment of that  
26 meeting. Officers' terms of office end effective at adjournment of the meeting in  
27 which new officers are elected.  
28

29 Section 3. Officers may be re-elected to the office in which they serve by vote of the  
30 membership of the board as above. The board's intention is to allow board  
31 members the opportunity to serve in officer roles in support of ongoing board  
32 development. To that end, no member may serve more than 2 consecutive terms  
33 in the same office except as provided for by affirmative vote of 5 board members.  
34

35 Section 4. If the office of the Chair becomes vacant, the Vice Chair succeeds to the office of  
36 the Chair and serves until an election held at the next board meeting. The newly  
37 elected Chair will serve until the next annual election.  
38

39 Section 5. Except for the office of Chair, if an office of the board becomes vacant, an  
40 election shall be held to fill the vacancy at the next regular meeting following the  
41 vacancy. The officer will serve until the next annual election.  
42

43 Section 6. The duties of the officers shall be as follows:

- 44 (a) Chair  
45 1. Call all meetings. Preside at all meetings.  
46 2. Appoint chairs of committees and committee members.

- 1 3. Serve as ex-officio (voting) member of all committees, but may not
- 2 concurrently serve as board Chair and chair of any standing committee, with
- 3 the exception of the Executive Committee.
- 4 4. Act as primary spokesperson for the board.
- 5 5. Act as one of the official spokespersons for the Trust Authority, together with
- 6 the Chief Executive Officer (CEO), when requested by the Chief
- 7 Communications Officer.

8  
9 (b) Vice Chair

- 10 1. Assist the Chair in the discharge of his/her duties.
- 11 2. Perform the duties of the Chair in the absence or incapacity of the Chair.
- 12 3. Perform other duties as assigned by the board.

13  
14 (c) Secretary

- 15 1. Assume duties of the Chair when Chair and Vice Chair are unavailable.
- 16 2. Perform other duties as assigned by the board.
- 17 3. Assure that the records of board proceedings are maintained in accordance
- 18 with these bylaws and in accordance with AS 37.14.007(b)(2) and the Records
- 19 Management Act (AS 40.21).

20  
21  
22 ARTICLE VI

23 MEETINGS

24  
25 Section 1. The board will hold four regular meetings each fiscal year. Committees will meet

26 as necessary to accomplish their responsibilities.

27  
28 Section 2. Special or emergency meetings of the board may be held at such time and place

29 as the Chair may order; or upon the written request to the Chair of any four

30 trustees.

31  
32 Section 3. Reasonable public notice of board and committee meetings shall be provided in

33 accordance with AS 44.62.310. Meetings of the board and its committees are

34 subject to the Open Meetings Act, AS 44.62.310 and 44.62.312.

35  
36 Section 4. A quorum at all board meetings shall consist of four board members. A quorum at

37 committee meetings is a majority of the committee's members.

38  
39 Section 5. No member of the board may designate a proxy.

40  
41 Section 6. The board will schedule at least one period for public comment during each

42 regularly scheduled board meeting.

43  
44 Section 7. Formal actions by the board are accomplished through adoption of

45 motions.

ARTICLE VII  
COMMITTEES OF THE BOARD

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

There will be five standing committees of the board. Standing committee chairs and members will be appointed by the Chair after polling the board regarding individual trustee's interest and ability to serve. A member may serve as chair of only one standing committee at any time except as a stand-in until the next regularly scheduled board meeting. Standing committees will have a minimum of 3 committee members. The board chair may designate ad hoc committees to accomplish special purposes. Persons other than board members may serve on the board's ad hoc committees; however, such persons may not be voting members of such committees, only appointed board members may vote on committee actions. Committee recommendations will be reported to the board for action at the next regular board meeting.

Section 1. The Executive Committee of the board is composed of three board officers, the Chair, the Vice Chair, and the Secretary. The Executive Committee will:

- (a) Ensure development of policies for governing the Trust Authority for approval by the board.
- (b) Oversee implementation of governance policies at the direction of and on behalf of the board in accordance with law and the committee charter adopted by the board.
- (c) The Executive Committee will meet only as needed.

Section 2. The Resource Management Committee will, in consultation with the CEO and Executive Director (ED) of the TLO:

- (a) Ensure development of policies for protecting, enhancing, and managing the trust's non-cash resources in the best interests of the beneficiaries for approval by the board.
- (b) Oversee implementation of plans at the direction of and on behalf of the board in accordance with law and the committee charter adopted by the board.

Section 3. The Program and Planning Committee will, in consultation with the CEO and Executive Director (ED) of Mental Health Policy and Programs.:

- (a) Ensure development of policies to meet needs and improve the circumstances of beneficiaries; and recommends to the board for approval.
- (b) Oversee implementation of plans at the direction of and on behalf of the board in accordance with Trust Authority statutes and regulations and the committee charter adopted by the board.

Section 4. The Finance Committee will, in consultation with the CEO and Chief Financial Officer (CFO):

- (a) Ensure development of policies for investment and fiscal management for approval by the board.
- (b) Oversee implementation of approved investment and fiscal management policies on behalf of the board in accordance with Trust Authority statutes and regulations and the committee charter adopted by the board.

- 1 Section 5. The Audit and Risk Committee will, in consultation with the CEO and CFO:  
2 (a) Ensure development of policies for managing the annual audit process and  
3 identifying and addressing organizational risk for approval by the board.  
4 (b) Oversee implementation of approved audit and risk management policies on behalf  
5 of the board in accordance with Trust Authority statutes and regulations and the  
6 committee charter adopted by the board.

7  
8  
9 ARTICLE VIII  
10 CHIEF EXECUTIVE OFFICER

11  
12 Section 1. The board shall select and employ a Chief Executive Officer as provided by law.

13  
14 Section 2. The Chief Executive Officer is responsible for day-to-day operations of the Trust  
15 Authority including planning, organizing, coordinating, and directing all activities  
16 necessary to enable the Trust Authority to exercise its powers and duties, and  
17 fulfill the purpose of the Trust Authority. The CEO will operate and conduct the  
18 business and affairs of the Trust Authority according to the statutes, regulations,  
19 bylaws, policies, and charters adopted by the board. The CEO duties and  
20 responsibilities shall be set forth in a CEO Job description to be adopted by the  
21 board.

22  
23 Section 3. The Chief Executive Officer shall oversee administration of the contract with the  
24 Trust Land Office on behalf of the Trust Authority to ensure compliance with  
25 AS 37.14.009(a)(2).

26  
27  
28 Section 4. The board will evaluate the Chief Executive Officer's performance annually in  
29 writing. The board will define the process for conducting annual reviews and  
30 include it in the Board Operations Manual.

31  
32 Section 5. Termination of employment of the Chief Executive Officer is by majority vote of  
33 the board.

34  
35  
36 ARTICLE IX  
37 PARLIAMENTARY AUTHORITY

38  
39 Unless otherwise provided by law or these bylaws, the board's procedures shall be  
40 governed by Robert's Rules of Order Newly Revised. The Chair may appoint an appropriate  
41 person to serve as parliamentarian.

42  
43  
44 ARTICLE X  
45 ETHICS

46  
47 Board members are required to comply with the Alaska Executive Branch Ethics Act  
48 (AS 39.52) and AS 47.30.016(c)(2).

1  
2  
3 ARTICLE XI  
4 AMENDMENT OF BYLAWS  
5

6 These bylaws may be amended at any meeting of the board. Amendment of these  
7 bylaws requires 5 affirmative votes of board members provided that written notice and  
8 copies of the proposed amendment have been submitted to the members 30 days prior to  
9 the meeting, or by unanimous vote without notice.  
10

11  
12 ARTICLE XII  
13 DEFINITIONS  
14

15 In these bylaws,  
16

17 **The Alaska Mental Health Trust** means the sum of all assets owned by the Alaska  
18 Mental Health Trust as established by the Alaska Mental Health Trust Enabling Act, P.L. 84-  
19 830, 70 Stat. 709 (1956) and the Mental Health Settlement Agreement (June 10, 1994),  
20 including cash and non-cash assets.  
21

22 **The Alaska Mental Health Trust Authority (the Trust Authority)** means the entity  
23 charged with administering the trust, as trustee, is governed by a seven-member board. (AS  
24 37.14.007, AS 47.30.011, AS 47.30.016)  
25

26 **The Trust Land Office (TLO)** means the unit of the Alaska Department of Natural  
27 Resources that is charged with managing the trust's natural resources, land, and other fixed  
28 assets. (AS 44.37.050)  
29

30 **Regular Meeting** means a board meeting that is scheduled at the annual budget  
31 meeting to occur during the succeeding year, provided that a regular meeting that is  
32 rescheduled on reasonable notice to the public is still a regular board meeting.  
33

34 **Special Meeting** means any board meeting other than a regular meeting, including  
35 an emergency meeting.  
36

37 **Emergency Meeting** means any board meeting conducted for the purpose of  
38 addressing time sensitive matters that may not be capable of resolution within the statutory  
39 or delegated authority of the Executive Committee or the CEO. If an emergency meeting is  
40 conducted on less than the customary public notice, public notice shall be published as  
41 soon as practicable. If the agenda of an emergency meeting is not available in advance, the  
42 agenda will be published as soon as practicable after the emergency meeting.

\_\_\_\_\_  
Mary Jane Michael, Chair

\_\_\_\_\_  
Laraine Derr, Secretary

# Approval

## MEMO

**To:** Chris Cooke, Chair  
**From:** Mike Abbott, Chief Executive Officer  
**Date:** January 27, 2021  
**Re:** FY21 Budget Amendment – Increase Partnerships line item

### REQUESTED MOTION:

*Approve re-allocating \$300,000 in FY21 Authority Grant funds to the FY21 Partnership budget line. The Authority Grant funds being re-allocated are outlined below.*

### BACKGROUND

On January 30, 2021, the board of trustees approved a FY21 Amended Budget which included \$2,150,000 of Authority Grants funds, in the Non-focus Area Allocation section of the budget, for Partnership grants. Partnership grant funds are awarded to organizations for specific projects serving Trust beneficiaries and aligned with the Trust’s mission and priorities. To receive Partnership funds an organization submits an application according to the Trust’s outlined application process, applications are then reviewed and successful applications are approved according to authorities outlined in the Trust charters. To date, 23 organizations have received \$1,041,020 of Partnership funds. It is anticipated that an additional \$723,000 will be awarded to 15 organizations in January and February, leaving a balance of FY21 Partnership Authority Grant funds of \$385,980.

### PROJECT DESCRIPTION

Trust staff have reviewed the current approved FY21 Amended Budget and identified areas in the budget where there will be a projected lapse of Authority Grant funds. Rather than allowing those FY21 funds to sit idle, this request would be to simply reallocate the identified funds to the Partnership grant line, where they could be deployed for an approved broad set of projects and activities that would have a positive impact on beneficiaries.

Below is the previously approved FY21 Authority Grant funds, totaling \$300,000 that would be reallocated to increase the FY21 Partnership Authority Grant fund line.

#### **FY21 Authority Grant Funds to be Reallocated**

FY21 Rural Outreach Trip funds	\$200,000
Trustees approved \$200,000 to conduct a Rural Outreach Trip to an identified region of the state for trustees, legislators, legislative staff, commissioners and key partners. Staff hoped that the COVID-19 pandemic would be under control, allowing for a trip to be safely conducted. Given the	

current and projected trajectory of the pandemic a trip in FY21 is not safe or advisable and will not occur in FY21. There is \$200,000 budgeted and approved by trustees in FY22 for a Rural Outreach Trip. Staff intend to plan and execute a trip in FY22, assuming it the pandemic is under control and public health officials indicate it is safe to travel.	
FY21 Beneficiary Employment and Engagement (BEE) – Employment Resources  Trustees approved \$335,000 to the “Employment Resources” line in the BEE focus area. To date \$235,000 of the funds have been deployed to implement the Individual Placements and Supports (IPS) supported employment model, expand peer support services, support social enterprise programs, and enhance transition age youth pre-employment support program services. Due to a reduction in community service capacity resulting largely from the COVID-19 pandemic, staff anticipate delays in any other projects being implemented, resulting in a projected balance of funds in FY21.	\$100,000
<b>Total</b>	<b>\$300,000</b>

**STAFF ANALYSIS**

Trust staff recommends trustee approval of this reallocation of the identified FY21 Authority Grant funds to the FY21 Partnership Line in the Non-focus Area Allocation section of the FY21 budget.

# **Statutory Advisor Update**

- **Alaska Commission on Aging**
- **Alaska Mental Health Board /  
Advisory Board on Alcoholism &  
Drug Abuse**
- **Governor's Council on Disabilities  
and Special Education**

# Statutory Advisors Update

- Lisa Morley, Executive Director, Alaska Commission on Aging
- Kristin Vandagriff, Executive Director, Governor's Council on Disabilities and Special Education
- Bev Schoonover, Executive Director, Alaska Mental Health Board / Advisory Board on Alcoholism and Drug Abuse

# Alaska Work Matters Employment Task Force



# Employment Policy Context:

- 2014: Alaska becomes an Employment First State
  - In the provision of publically funded services in Alaska to people with disabilities, the first and preferred outcome is competitive and integrated employment
  - DOLWD, DHSS, and DEED report annually to the Trust on progress
    - 2014: Beneficiary Employment and Engagement became a Trust focus area
- 2018: Alaska's DOLWD repealed Alaska's subminimum wage regulation
  - Only the 3<sup>rd</sup> state in the nation to do this
  - DVR lead this effort within DOLWD
- 2018: National Governor's Association Employment Learning Lab
  - Alaska Recommendations – Employment Task Force to improve employment outcomes for Alaskans with disabilities
- 2019: Empowerment Through Employment Conference
  - Thanks to both DOLWD and DHSS Commissioners for presenting
  - Included high level employment policy discussion with SEED and CSG
    - Task Force highly noted as next step by stakeholders

# Draft Task Force Documents:

- State Exchange on Employment and Disability (SEED) developed:
  - Draft Executive Proclamation
  - Task Force Brief
  - Telework Policy Guide for State and Local Policymakers
  - COVID 19: Federal Disability-Specific and Other Related Guidance Policy Brief

*Employment is the most direct and cost-effective means to empower individuals with disabilities to achieve independence and economic-self-sufficiency and revitalize our State's economy by growing the taxpayer base and simultaneously lowering costs to the State for cash or medical and disability benefits and their administration.*



# Purpose:

- Undertake a review and analysis of existing policies, practices, and procedures, existing barriers, and existing workforce utilization data regarding the employment of people with disabilities in the State of Alaska in order to document the current status of disability employment policy in the State and
- Prepare a report within twelve months that includes recommendations for policies, practices, and procedures that should be adopted by the Governor and applicable departments, agencies, and commissions of the executive branch, and policy options for consideration by the legislative branch to expand and improve employment opportunities and outcomes for individuals with disabilities.

# Possible Enhancement Areas:

- Making the State a Model Employer of individuals with disabilities;
  - DVR Provisional Hire
- Building the capacity of the private sector to enhance employment opportunities for individuals with disabilities;
- Designing Youth transition programs providing career development, work-based learning experiences, and parental involvement;
- Establishing Employment First initiatives recognizing that work in the general workforce (competitive, integrated employment) is the first and preferred outcome in the provision of publicly-funded services and supports of all working age individuals with disabilities, including individuals with the most significant disabilities;
- Improving Transportation policies to address transportation options that are reliable and accessible for individuals with disabilities;
- Implementing stay-at-work and return-to-work policies and programs for individuals who become ill or injured on or off the job;
- Supporting disability-owned and disabled veteran-owned businesses through procurement and contracting systems.
- Enhancing rural traditional skill development such as subsistence, self-employment, et al.
- Individual Placement and Support (IPS) Model

# Possible Composition:

## Members or their designees:

- the Governor;
- the Lieutenant Governor;
- the Commissioners of the following agencies: Administration, Education and Early Development, Labor and Workforce Development, Health and Social Services, Corrections, and Transportation and Public Facilities;
- the Chief Executive Officer, Alaska Mental Health Trust Authority;
- the Executive Director, Governor's Council on Disabilities and Special Education;
- the Executive Director, Alaska Mental Health Board;
- the Executive Director, Alaska Commission on Aging;
- the Director, Division of Vocational Rehabilitation;
- the Director, Division of Employment Training Services
- the Director, Division of Senior and Disabilities Services;
- the Director, Division of Behavioral Health;
- Tribal Vocational Rehabilitation representative
- 3 private sector employer representatives;
- 5 private citizen representatives with disabilities (one each bringing lived experience from the following beneficiary categories: developmental disabilities, substance misuse concerns and/or living in recovery, mental illness, traumatic/acquired brain injury, and Alzheimer's/related dementia);
- and additional individuals as the Governor deems necessary.
  - Total of 24 members with statewide representation.



# Timeframes, Resource Allocation, & Deliverables:

## Timeframes

- The Task Force would be time-limited (twelve months)

## Resource Allocation

- The allocation of resources such as: virtual meeting platform costs, transcription, and staff time to facilitate administrative needs of these time limited meetings are already covered within the Governor's Council on Disabilities and Special Education funding by the Alaska Mental Health Trust Authority.
- The only other resource allocation is that of designated time to participate in Task Force meetings and reporting writing by other state agencies.

## Deliverables

- Statewide data pull regarding services provided to Alaskans with disabilities across the lifespan to support employment and employment outcomes
- At least 4 statewide meetings with Task Force members
- Policy enhancement recommendation report relating to improving employment outcomes for Alaskans with disabilities

# Task Force Timeliness and Telework:

- Telework continues to be a core employment strategy for people with disabilities
- As we work through this pandemic, telework for many with disabilities who are or live with members of the “high risk” population will be critical
  - This Task Force presents as an opportunity to make State telework policies as effective as possible
  - Universal Design concept which will benefit people with disabilities as well as those without
- Per SEED’s Telework Policy Brief, public and private sector employers are reporting that telework can benefit organizations by:
  - Saving money by promoting management efficiencies and costs related to employee turnover and absenteeism;
  - Making organizations more resilient in response to emergencies;
  - Reducing real estate and energy costs, transit costs, and environmental impact;
  - Improving the quality of employee work-life; and
  - Increasing employment opportunities for persons with disabilities.

*\*Note: SEED has developed a robust Telework Policy brief which could help inform this timely work.*

# Cross Agency Collaboration

- Trust Beneficiary Employment and Engagement
- COVID-19 Employment Taskforce
- At-Risk Youth Initiative
- Senior Employment Initiative
- Business Employment Services Team  
(BEST – collaborative employer engagement)
- Empowerment Through Employment
  - Conference and Guide
- Many others...



Empowerment Through  
Employment Resource  
Guide:

<http://dhss.alaska.gov/gcds/e/Documents/EmpowermentThroughEmployment.pdf>

# Task Force Next Steps:

- Obtaining Proclamation and/or Support from:
  - The Governor,
  - Department of Labor and Workforce Development
  - Department of Health and Social Services





# 2021 Legislative Priorities

January 2021

# Legislative Priorities 2021:

- Virtual Lunch and Learn: Joint Legislative Presentation with AARP, AGENET, and ACoA, February 3, 2021
- Virtual Legislative Visits: February 16-18, 2021
- 2021 Priorities:
  - Preserve funding for senior service programs including the Alaskans Living Independently waiver, elder protection, and grant-funded services to promote health, safety, and independence for vulnerable older Alaskans assisting them to live longer in the community, where most seniors want to be, at a significantly lower cost than institutional care.
  - Promote awareness about the value of unpaid family caregivers who care for loved ones. Work to support legislation/budget items that would increase wrap-around services/coaching for all caregivers based on a standardized assessment.
  - Join Workforce Statement with Partners

# Legislative Priorities 2021:

- Council Virtual Legislative Visits: February 8-19, 2021
- Council will be offering House & Senate HSS Committees a presentation on 2021 priorities
- **2021 Council Legislative Priorities:**
  - **SESA Reauthorization**
    - 2 Prefile Bills: SB 19 (Senator Stevens) & HB 43 (Representative Story)
    - Extends SESA through June 30, 2029
  - **Home and Community Based Services Are Not Optional for Alaskans with Developmental Disabilities**
    - Importance of HCBS to Alaskans with developmental disabilities
    - Likely implications if HCBS is cut
  - **Home and Community Based Services are Cost Saving**
    - HCBS is cost savings compared with institutional care (ICF/IID)
    - Additional cost saving efficiency strategies are suggested based on stakeholder feedback
  - **Workforce Joint Statement with Partners**

\*\*\*Council Legislative Committee Link to 2021 Legislative Priority Documents:  
<http://dhss.alaska.gov/gcdse/Pages/committees/legislative/default.aspx>



# Legislative Priorities 2021

The AMHB/ABADA Board and Legislative Advocacy Committee are still reviewing bill and budget priorities for FY21. A few bills (Pre-filed 01/08/2021) that are currently in discussion are:

**HB 20 – Medical Assistance Program** (Rep. Josephson). Requires the state medical assistance program to provide services; relates to cost containment and payments for adult dental services.

**SB 2 – Peace Officers De-Escalation, Misconduct** (Sen. Gray-Jackson). Relates to de-escalation procedures used by peace officers; reporting acts of misconduct by peace officers; peace officer certificates; and activities related to the Alaska Police Standards Council.

**SB 3 – Police Officers, De-Escalation, Oral Warning** (Sen. Gray-Jackson). Requires peace officers to attempt to de-escalate a situation and use alternative non-lethal methods of engagement before discharging a firearm; requires a peace officer to provide an oral warning before discharging a firearm; and activities related to the Alaska Police Standards Council.

**SB 9 – Alcohol Beverage Control (ABC) Board, Alcohol Regulations** (Sen. Micciche). Related to regulation of manufacturers, wholesalers, retailers of alcohol beverages; alcohol licensure, permits; transporting or delivering alcoholic beverages; changes to the ABC Board.



# Board Updates

## Board Update:

- New Executive Director began December 1, 2020
- Vaccine Distribution for individuals 65 and over
- A Call for Action: Alaska's 10 Year Plan to Address Alzheimer's Disease and Related Dementias – Completed January 2021
- Next Commission Meeting: February 16-18, 2021 (virtual)

# Board Update:

- New Council Program Coordinator Staff
- State 5-Year Plan Development Update
  - State Plan is due August 2021
- Next Council Meeting: February 1-2, 2021 (virtual, using ZOOM)
- FY20 Annual Report \*Coming Soon\*
- Vaccine Allocation Comment Letter
  - Priority considerations for Alaskans with developmental disabilities who are not in group home/congregate settings

## Board Update:

- New Executive Committee elected and began in January, including our new leadership Chair Sharon Clark, Alaska Mental Health Board and Chair Renee Schofield, Advisory Board on Alcoholism and Drug Abuse.
- Executive Committee Meetings are the fourth Wednesday of the month in 2021 and all are welcome to attend.
- New AMHB/ABADA Board Member: Robert “Bobby” Dorton, Fairbanks Re-entry Coalition Community Co-Chair and peer advocate.



Questions:

# **Finance Committee Report / Update**

**To:** Chris Cooke, Chair  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Carol Howarth, Chief Financial Officer  
**Date:** January 12, 2021  
**Re:** Finance Committee Report

### **REQUESTED MOTION #1:**

*The Board of Trustees authorizes the expenditure of \$295,000 from the Central Facility Fund for the second-year renewal of the RFP20-013M Real Estate Advisor contract.*

### **REQUESTED MOTION #2:**

*The Board of Trustees authorizes the incorporation into the principal loan balance(s) of commercial real estate refinancing(s) the costs required to complete the refinancing transaction(s): these include costs related to financial and legal review, closing and due diligence, commercial brokerage fees, prepayment fees, legal fees related to portfolio creation, and any other usual and customary mortgage costs.*

### **REQUESTED MOTION #3:**

*The Board of Trustees authorizes the transfer of \$24,157,100 from the Alaska Permanent Fund Corporation Budget Reserve account to the Mental Health Settlement Income Account to finance the FY 2021 base disbursement payout calculation. The CFO may fulfill this motion with one lump sum or multiple transfers.*

### **Meeting Summary:**

There has been one meeting of the Finance Committee since the last board report, occurring on January 7, 2021. The meeting was attended via the online WebEx platform by trustees Anita Halterman (chair), Vernè Boerner, Rhonda Boyles, Chris Cooke, Annette Gwalthney-Jones, Ken McCarty and John Sturgeon.

The January 7, 2021 Finance Committee addressed eight items: investment updates from APFC and DOR, staff reports Trust financials and inflation proofing, and four motions.

Alaska Permanent Fund Corporation Statutory Advisor Update (APFC): Angela Rodell, CEO of APFC, presented to Trustees information on asset allocation and performance of Trust funds managed by APFC. Ms. Rodell noted:

- Trust principal (or corpus) and Budget Reserves, as of November 30, was nearly \$620MM, and is invested as one account side-by-side with the APFC funds.
- Since inception, Trust funds managed by APFC have had their asset allocation shift from the original mix of stocks, bonds and real estate, to now also include private equity, private income, absolute return, risk parity and cash.
- APFC is increasing its cash target to 2% for greater investment flexibility.
- Asset classes with the highest percentage total holding are fixed income, stocks, and private equity, at 21%, 40% and 16%, respectively, and their three year average returns were 5.33%, 8.25% and 16.85%, respectively.
- While 68% of the funds are invested domestically, there is broad international diversification.
- Performance November YTD was 10.78%, as compared to 2.01% for FY20. Fund performance exceeded both the passive index and performance benchmarks.
- Despite year-to-year volatility, managing with a long-term horizon has helped fund managers ensure increasing fund balances over time.

Ms. Rodell explained that statute directs the fund management focus to be solely on financial return, and the APFC is pleased that its senior and middle management staff are more gender and ethnically diverse than peers.

Department of Revenue, Treasury Update (DOR): Steve Sikes, Investment Officer at State of Alaska Treasury, joined by Zach Hanna, Chief Investment Officer, reviewed the asset allocation and performance of Trust funds managed by Treasury: cash balances in GeFONSI funds, and Budget Reserves. Mr. Sikes described:

- The asset allocation of GeFONSI (Trust's CFF, TADA and Income Settlement accounts). DOR targeted 77% as cash equivalent and 23% Fixed Income, and had generated 0.37% YTD and 1.59% over five years, consistently exceeding the benchmark.
- The asset allocation of Budget Reserves. DOR targeted 33% Domestic Equity, 23% International Equity and 44% Fixed Income, and had generated 11.19% YTD and 8.83% over five years, consistently exceeding the benchmark, with a 6.3% annual rate of return since inception.

Mr. Sikes provided an outlook, noting that although Callan's revised forecasts will be provided later this month, JP Morgan, one of the earliest to revise forecasts, expects a roughly 1% reduction in return across all asset classes. Treasury's current forecast is for a 0.4% to 0.8% drop.

- US Treasury interest rates have been following a downward trend since the early '80s, and bond and equity returns have trended upwards, due to global economic expansion.
- Federal stimulus has stabilized the capital markets, but low rates and inflation may make returns from fixed income more challenging to achieve.
- The NASDAQ has been showing strong gains (+20%), driven by five tech companies, which contrasts to Value Stocks, which have not recovered from the March downturn.

November 2020 Dashboard: The Committee reviewed the November dashboard. Administrative costs are expected to end FY21 below plan. Programmatically, grant activity is on track. No funds earmarked for TLODA or Beneficiary Facilities have been yet approved.

TLO land management activity is expected to generate \$800,000 more than plan, and distributions from commercial real estate investments are expected to be down nearly \$100,000. Cash investments managed by DOR and APFC were almost double the annual plan. With \$715MM in November financial assets and \$778MM in total assets, the Trust had close to 800% of its reserve target in Budget Reserves, easily meeting its 400% target with an excess of \$96MM. Given market volatility, year-end balances

forecasts are uncertain. Trustees questions included those about TLO income and commercial real estate income. Reflecting on DOR and APFC early presentations on current performance, Trustees' questions focused on Budget Reserves. The CFO stated it would be prudent for Trustees to estimate FY21 year end balances based on Callan's projections for DOR and APFC, which would be roughly \$38MM; and the Budget Reserve surplus more conservatively at \$50-\$60MM.

Inflation Proofing: Staff presented an overview on statutory and policy requirements for Trustees, noting that Trustees have flexibility in when and how they address the obligation to protect the purchasing power of the Trust. Two methods of calculating the status of fund purchasing power, using year-end FY2020 data, demonstrated that purchasing power had not been maintained. The first focused on the purchasing power of the Trust fund corpus. It utilized the method statutorily required for the Alaska Permanent Fund. It would require a deposit of \$108MM into the APFC-managed principal account to bring the original \$200MM and subsequent TLO principal deposits to the same purchasing power as when the funds were received. The second approach, the reserve model, focused on the value of the Budget Reserves combined with the corpus. It demonstrated that there was a shortfall of \$34MM in cash resources relative to what was required to maintain purchasing power. Trustee questions focused on the reserve model and the difference between the results. The discussion was not completed. It was decided to spend time at a future date discussing inflation proofing.

FY2021 Payout: The motion to recommend that the full board authorize the CFO to transfer \$24,157,000 from APFC-managed Budget Reserves to the Income Settlement Account passed. It was pointed out that this was the annual payout to fund budgeted operations.

FY2021 Central Facility Fund Real Estate Advisor Funding: The motion to recommend that the full board authorize \$295,000 to pay for the third party real estate advisor's second contract year passed. These funds would come from the Central Facility Fund. Staff reported that the contract was successfully negotiated down from the first-year price of \$380,000.

No Surplus Declaration: Trustees tabled the motion to recommend to the full board that they affirm that the Trust has uses for its earnings reserves and that no surplus funding exists for transfer into the General Fund. Trustees questions were raised about the necessity at this time for the declaration. Those supporting the motion noted that it was an annual process to make the statement.

Commercial Real Estate Refinancing Costs Authorization: The motion to recommend to the full board that they approve the incorporation of fees and costs associated with refinancing of the commercial real estate into the principal loan amount passed. Staff noted that asking for approval for these expenditures and for including them in refinancing was an oversight at the time Trustees approved the commercial real estate refinancing. Staff noted that this information had been incorporated into prior analysis presented to Trustees. No refinancing would be pursued unless in the financial best interest of the Trust.

The Finance Committee concluded at approximately 12:32 pm. The next scheduled meeting of the Finance Committee is ***April 21, 2021.***

## MEMO

**To:** Anita Halterman, Finance Committee Chair  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Carol Howarth, Chief Financial Officer  
**Date:** December 21, 2020  
**Re:** Commercial Real Estate Refinancing Costs Approval  
**Fiscal Year:** 2021

### REQUESTED MOTION:

*The Finance Committee recommends that the full board of trustees authorize the expenditure of \$295,000 from the Central Facility Fund for the second year renewal of the RFP20-013M Real Estate Advisor contract.*

### BACKGROUND

Per the Asset Management Policy Statement regarding Non-Liquid Asset Managers, a Third Party Real Estate Advisor monitors the real estate investment assets managed by the TLO. This advisor “assists with the oversight and monitoring of real estate investment assets acquired by the Trust for income generating purposes. The advisor is managed by the CFO and provides an annual report to the trustees on the status of these real estate assets.”

This fixed price contract was awarded to Harvest Capital Partners LLC (Harvest) with three (3) 1-year renewals. The first-year contract was for \$380,000. During consideration of this function last year, the Trustees directed staff to seek a less expensive agreement in year 2. This second renewal has been negotiated for \$295,000. The contract scope has been reduced as the TLO assumes from Harvest direct responsibility for budget preparation and business plan development, while Harvest continues to provide strategic advice and review. Additionally, the TLO assumes responsibility for a portfolio summary, while Harvest continues to provide strategic direction, advice and review. Harvest retains full responsibility for internal valuation, hold/sell analysis, and risk assessment. It reviews assets, and presents to the Trustees its recommendations for the commercial real estate business plan.

The funding source for this contract is the Central Facility Fund (CFF). The balance of the CFF as of 11/30/2020 was \$743,761, and there are sufficient funds to cover this contract. The source of the CFF funding is contributions from the properties accumulated over time, and AMPS has a funding target for the CFF of \$2,000,000.

## MEMO

**To:** Anita Halterman, Finance Committee Chair  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Carol Howarth, Chief Financial Officer  
**Date:** December 22, 2020  
**Re:** Commercial Real Estate Refinancing Costs Approval  
**Fiscal Year:** 2021

### REQUESTED MOTION:

*The Finance Committee recommends that the full board of trustees authorize the incorporation into the principal loan balance(s) of commercial real estate refinancing(s) the costs required to complete the refinancing transaction(s): these include costs related to financial and legal review, closing and due diligence, commercial brokerage fees, prepayment fees, legal fees related to portfolio creation, and any other usual and customary mortgage costs.*

### BACKGROUND

At the November 2020 Board Meeting, Trustees approved a motion “authorizing the CFO to refinance as much of the current commercial real estate (CRE) debt as is prudent in order to reduce debt service requirements and maintain flexibility to allow for future property sales. The CFO may use interest-only debt that allows the Trust to pay down the loan.”

The motion of November 2020 approved the refinancing, but did not request approval of expenditures necessary to successfully execute the refinancing. The financial analysis presented to the Trustees at the September 2020 Finance Committee meeting incorporated costs that would be authorized by this action. Harvest Capital provided a cost estimate of \$4.127 MM for a \$45.050 MM refinancing. Of the total estimate, \$3.434MM is attributable to pre-payment fees on four properties and \$0.693MM to related closing costs and fees.

The amount of refinancing expenses has been estimated conservatively to provide sufficient flexibility for the Trust to achieve the most savings possible. At this point in time, it is unknown exactly what interest rates or terms can be secured so it is unknown if all assets will ultimately be refinanced. Trustees’ authorization to refinance is conditioned upon financial prudence. The total amount refinanced, including fees, must represent a favorable cash flow benefit as compared to the existing debt structures.

MEMO

**To:** Anita Halterman, Finance Committee Chair  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Carol Howarth, Chief Financial Officer  
**Date:** December 21, 2020  
**Re:** Annual payout transfer  
**Fiscal Year:** 2021

**REQUESTED MOTION:**

*The Finance Committee recommends that the full board of trustees authorize the transfer of \$24,157,100 from the Alaska Permanent Fund Corporation Budget Reserve account to the Mental Health Settlement Income Account to finance the FY 2021 base disbursement payout calculation. The CFO may fulfill this motion with one lump sum or multiple transfers.*

**BACKGROUND**

The Asset Management Policy Statement outlines a spending policy for determining the Trust’s annual available funding. A major component of available funding is the payout from the budget reserves managed by the Alaska Permanent Fund Corporation (APFC). The annual payout calculation consists of 4.25% of the rolling four-year average aggregate net asset value (NAV) of principal and budget reserve investment balances held the APFC and the Department of Revenue.

The calculation for the FY21 payout and drawdown from APFC budget reserves is as follows:

	<i>FY Ending NAV</i>
FY 2017	\$544,685,656
FY 2018	556,593,100
FY 2019	584,419,083
FY2020	587,908,308
Average NAV:	\$ 568,401,522
	<u>x 4.25%</u>
Payout disbursement calculation ( <i>rounded</i> ):	\$24,157,100

This requested payout is \$1,100,500 greater than in FY2020.

## MEMO

**To:** Chris Cooke, Chair  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Carol Howarth, Chief Financial Officer  
**Date:** January 20, 2021  
**Re:** No Surplus Declaration

### **REQUESTED MOTION:**

*The Alaska Mental Health Trust Authority Board of Trustees has determined that no Trust funds exist above the current and projected needs for the beneficiaries of the Alaska Mental Health Trust.*

#### **Background**

AS 37.14.041 (b) states that, 'if money in the mental health trust settlement income account is not needed to meet the necessary expenses of the state's integrated comprehensive mental health program, the authority shall transfer the money to the unrestricted general fund for expenditure through legislative appropriation for other public purposes.' The purpose of this memo is to delineate the status of Trust assets in relation to the Trust's current and future expectations regarding the state's comprehensive mental health program and to formally state, for the record, that surplus assets are not available for transfer to the unrestricted general fund.

The Trust has a statutory obligation to consider the needs of both current and future beneficiaries. As the number of beneficiaries and cost of services increases over time, it is necessary that the Trust anticipates cost increases and maximizes the ability to meet those needs. As a result of this forward-looking structure, the Trust must maintain adequate spendable assets for meeting current needs while also potentially accumulating excess funds to meet increased needs in future years. In addition to these basic expenditure requirements, the Trust is required to maintain substantial reserves based on recommendations made by Callan Associates.

The spendable funds of the Mental Health Trust Authority are held Trust Reserves and two Trust Operating Accounts.

#### **Trust Reserves**

The purpose of these reserves is to smooth out income to ensure funding support for the Comprehensive Integrated Mental Health Program ("Comp Plan") for years when investment earnings are poor and ensure that the effects of market volatility are adequately mitigated. Reserves are maintained at the Alaska Permanent Fund Corporation (APFC) and at the Department of Revenue (DOR). Cash in excess of these requirements may be used to offset the

effect of inflation on the Trust’s cash principal, which is an obligation of the Trust. Depending on the methodology used to calculate the effects of inflation, \$34MM to \$108MM is required to inflation proof the Trust fund. Trust reserves as of June 30, 2020 are as follows:

Reserves – APFC:	\$107,526,700
Reserves – DOR:	<u>\$ 53,028,500</u>
Total Reserves:	\$160,555,200

### **Trust Operating Accounts**

Funds in the Income Settlement operating accounts are funds that have been obligated, but not yet spent for prior years’ purposes or are anticipated to be used for a current year. Funds in the Central Facility Fund (CFF) are allocated for funding expenditures to support commercial and program related real estate needs not covered by assets’ operating income. As of June 30, 2020, operating account balances were:

Income Settlement account:	\$44,040,800*
CFF account:	<u>\$ 923,500</u>
Total Operating accounts:	\$45,964,300

*\*Total Income settlement income account balance of \$63,040,800 included \$18MM escrowed for NCL sale.*

### **Programmatic Responsibilities**

The Trust, under AS 47.30.011(b), is responsible for ensuring the Department of Health and Social Services (Department) “prepares, and periodically revises and amends, a plan for an integrated comprehensive mental health program” (AS 47.30.660). The integrated comprehensive mental health program as defined by AS 47.30.056(i).”

The Department released its updated Comprehensive Integrated Mental Health Program Plan *Strengthening the System* in July 2019. The foundational goal of the plan is “the State of Alaska will provide adequate resources and funding to support a comprehensive behavioral health service system promoting independent, healthy, Alaskans so that they may live meaningful lives in the communities of their choosing.”<sup>1</sup> It contains nine goals with recommendations for “systemic and proactive reform, practice informed programming, integrated local and traditional knowledge and fiscal service improvements.”<sup>2</sup> Designed to be a high-level and living document, the plan will assist with “guiding resource allocation decisions in the development of services, workforce, and facilities to meet the needs of Trust beneficiaries.”<sup>3</sup>

The Trust has been and remains committed to deploying resources (financial and staff) to ensure there is a sustained effort to implement, evaluate, revise as needed and update the plan over time. However, the Trust recognizes its limited spendable income is not enough, nor is it the Trust’s responsibility, to fund, implement and sustain the services identified in the plan. That is the responsibility of the Department.

<sup>1</sup> <http://dhss.alaska.gov/Commissioner/Pages/MentalHealth/default.aspx>, pg. 4

<sup>2</sup> <http://dhss.alaska.gov/Commissioner/Pages/MentalHealth/default.aspx>, pg. 4

<sup>3</sup> <http://dhss.alaska.gov/Commissioner/Pages/MentalHealth/default.aspx>, pg.2

**Financial Planning**

The Trust is a perpetual Trust and must ensure that (1) resources exist throughout the current fiscal year to meet unanticipated beneficiary needs, (2) adequate assets are available for future beneficiary needs and (3) protect against value loss of its cash and non-cash assets. In order to facilitate this, the Trust must apply smoothing mechanisms to expenditures and the use of financial resources. Per the AMPS, a four-year average of financial resources is utilized to ensure that market volatility does not diminish the ability of the Trust to maintain a steady spending pattern over time.

**Conclusion**

The Trust must ensure that resources exist throughout the current fiscal year to meet beneficiary needs as they arise. Additionally, the Trust must ensure that adequate assets are available in future years to smooth fund availability should earnings diminish. The Trust does not have assets above what is necessary to meet the current and projected needs of beneficiaries. No funds are available for transfer to the general fund.

# **Resource Management Committee Report / Update**

# Memorandum



**To:** Chris Cooke, Chair of the Board of Trustees  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Wyn Menefee, Executive Director  
**Date:** January 20, 2021  
**Subject:** January 7, 2021 – Resource Management Committee Meeting  
Summary

---

The Resource Management Committee met on January 7<sup>th</sup>, 2021, received a brief update of key TLO activities from the Executive Director Report. The committee was scheduled to receive one (1) Approval and one (1) Consultation presented by TLO staff. Ultimately, due to lack of time, the consultation was not presented and pushed to the April RMC.

## Board Action Requested:

**MOTION 1:** *“The Alaska Mental Health Trust Authority board of Trustees approve the proposed action Option 1 to fund the 2021 Icy Cape Gold and Industrial Heavy Minerals Project from the Trust Land Office Development Account (TLODA) with \$10M. These funds do not lapse. This approval includes the associated development and cost recovery plans for Option 1 included in the materials presented at the January 7, 2021 Resource Management Committee.”*

**MOTION 2:** *“The Alaska Mental Health Trust Authority board of trustees authorize the CFO to transfer funds from the budget reserves to the TLODA as required to fund this approved 2021 Icy Cape Gold and Industrial Heavy Minerals exploration budget and distribute to the TLO as required.”*

## Meeting Summary:

### Approval Item 1 – 2021 Icy Cape Gold & Industrial Heavy Minerals Project

The RMC received a presentation on this approval item and the board approved the recommended motion for funding Option 1 as described in the RMC packet from January 7<sup>th</sup>. This approves \$10 million to further exploration efforts on the Icy Cape Gold and Industrial Heavy Minerals Project to advance it to a pre-feasibility study with indicated resources. The intention is to thereafter offer the project to a company to further explore and develop a mine.

The RMC recognized that the board members will still take time to consider this information and had the opportunity to ask further questions by email to Wyn and Mike before the board meeting. As requested, Wyn also distributed to the Trustees the confidential Hatch report that was referenced during the RMC meeting. The Board Motion 1 is made with recognition that there may be additional discussion during the board meeting. The public information supporting this motion is contained in the RMC packet from January 7<sup>th</sup> which has been posted online and is in the board packet today. This includes the approval memo, the development plan for various options, the cost recovery plan, and a memo from the CEO. The cost recovery plan addresses how revenues from this project will be allocated between principal and income. The potential financial advantage to the Trust and the risk of investment was also presented in these materials.

Motion 1 specifically approves the cost recovery plan to recover development costs to the Mental Health Trust Settlement Income Fund from future revenues realized by advancing this project which is allowed by board approval

of a development plan according to AS 20.40.610. By board approval, the cost recovery plan allows future revenues that come from royalties or sale or other revenues which normally would be allocated as principal under AS 20.40.610 to be used to replenish the Mental Health Trust Settlement Income Fund with amounts equal to the development costs attributable to management of Trust land in preparation of future mine development transactions before revenues are allocated to principal. Specifically, the cost recovery plan indicates that the value of the land is significantly improved from the current typical valuation of lands containing near shore marine sediments of interest at \$23,000 to a potential value of at least \$15.2M at the pre-feasibility stage derived from a cost approach valuation method used in mineral appraisal valuations. This valuation does not indicate the potential future value to the trust from mine development that could well exceed \$100M. The potential risk of not recovering the value of the improvement to the land has been discussed in the materials presented to the board, recognizing that a mine may never be developed, that compliant resource estimates never reach the indicated resource level, or that pre-feasibility studies do not show the potential for economical resource extraction through mine operations. The duration of the recovery of the development costs are shown under Option 1 to begin as soon as 2026 but could take some years after that depending how the transaction is made with various financial remuneration conditions with a future entity to further explore and develop a mine. Motion 1 is inclusive of the approval to recover the development costs to the Mental Health Trust Settlement Income Fund before allocating any of the future revenues to principal using the process prescribed under AS 20.40.610.

Although not shared during the RMC nor discussed at the RMC, there is a second motion included here that authorizes the administrative transfer of sufficient funds from reserves to the TLODA to cover the expenditures approved through Motion 1. This is the administrative function of authorizing the CFO to put funds in the right accounts to enact Motion 1.

cc: *Board of Trustees*  
*Mike Abbott, CEO Alaska Mental Health Trust Authority*  
*Wyn Menefee, Executive Director, Trust Land Office*



**To:** John Sturgeon, Chair  
Resource Management Committee  
**From:** Dr. Karsten Eden, CPG, EurGeol  
**Date:** 1/7/2021  
**Re:** FY21 Icy Cape Gold and Industrial Heavy Minerals Project  
**Fiscal Year:** 2021

Approval

#### Proposed RMC Motion:

**Recommended Motion 1:** *“The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees approve the proposed action Option 1 to fund the Icy Cape Gold and Industrial Heavy Minerals Project from the Trust Land Office Development Account (TLODA) with \$10M. These funds do not lapse. This approval includes the associated development and cost recovery plans for Option 1 included in these presented materials.”*

**Alternative Motion 1:** *“The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees approve the proposed action Option 2 Phase 1 to fund the Icy Cape Gold and Industrial Heavy Minerals Project from the Trust Land Office Development Account (TLODA) with \$7M. These funds do not lapse. This approval includes the associated development and cost recovery plans for Option 2 Phase 1 included in these presented materials.”*

#### Background:

**Transaction/Resource:** Three options are presented for consideration on advancing the Icy Cape Gold and Industrial Heavy Minerals Project (Project) with the primary objective to maximize the return for the Trust. A secondary objective is to create the maximized return as soon as reasonable. A third objective is to find a company that has the experience and financing to succeed in creating and operating a successful mining operation that fully utilizes the resource.

Hatch, a leading international consulting firm specializing in the mining, mineral and metals industries was contracted to provide an independent review for development options of the Project. Based on very encouraging exploration results thus far, assessment and ranking performed, Hatch recommends that the TLO further develop the Project through in-house financing in the near to midterm until the Project’s economic parameters and resources are more fully defined and returns to the TLO can be maximized. The review also recommends further development and exploration work to advance the mineral resource estimates to an indicated resources level followed by a pre-feasibility study. In Hatch’s professional opinion, to achieve maximum return on investment, the Trust’s best option is to advance

the Project to a pre-feasibility stage using compliant indicated resource estimates and to continue dialogue with the mining industry to engage suitable partners for the Project.

Following Hatch's expert advice, TLO proposes two options to advance the Project to its recommended stage. Both options require further funding from the Trust to perform resource definition drilling to delineate a compliant indicated resource, conduct test mining and commission a pre-feasibility study. The TLO recommends Option 1 because it is more cost effective, provides the greatest potential to realize returns more quickly, and has the possibility of providing the greatest return on investment. However, recognizing the magnitude of the investment and the potential risk in granting this approval, Option 2 provides the possibility of a similar outcome with more decision input from the board and a greater exit strategy at the end of Option 2 Phase 2. This is why both motions are presented.

**Option 1** - is the most economic and expedient solution to achieve the Project's goal. TLO estimates \$10 million are required over five years to bring the Project to the pre-feasibility stage.

**Option 2, Phases 1 and 2** - which combined will yield the same results as Option 1 over 7.5 years at a cost of \$12.5 million, but incrementally and with significant differences in cost and timeline.

- a. Phase 1 is the first step in a 7.5-year staged and incremental plan to advance the Project by defining an indicated mineral resource. The estimated cost of Phase 1 is \$7 million to be spent over four years.
- b. The estimated cost of Phase 2 is \$5.5 million to be spent over 3.5 years and includes test mining, engineering studies and commissioning a pre-feasibility study.

The reason this option, divided in two phases, takes longer and costs more than Option 1 is that under Option 2, several efforts are divided to run consecutively rather than concurrently, which increases the logistical and operations costs, but gives the board an additional point of decision whether to advance to Phase 2 after seeing the results of Phase 1. This provides a clean exit strategy after Option 2 Phase 1 if the results obtained during Phase 1 are not satisfactory. Option 1 could be discontinued if poor results were realized from further drilling but it does not provide as clean an exit strategy since most of the work for both the indicated resource effort and pre-feasibility study would be underway. Stopping Option 1-part way through completion might mean that the potential cost recovery and revenues would be very similar to those expressed for Option 3.

Both Option 1 and Option 2 have different work schedules, timeline, budgets and expected returns which are outlined in detail in Exhibit B - Advancing the Icy Cape Gold and Industrial Heavy Minerals Project towards a Pre-Feasibility Study. The intent of both options is that at the conclusion of either option, the TLO would offer the Project for lease or partnership from a major mining company. There would be no additional project specific Trust funds requested because the TLO would conduct the offerings and subsequent management out of normal administrative operating funds.

**Property Description/Acreage/MH Parcel(s):** All MHT parcels no. CRM-0001, CRM-0002, CRM-0003, CRM-0004, CRM-0005, CRM-0006, CRM-0007A, CRM-0008 and CRM-0009 of the Icy Cape Block, located in CO22S019E, CO22S020E, CO22S021E and CO22S022E and subtends about 48,000 acres.

**General Background:** TLO's Icy Cape property is located in the Gulf of Alaska near Icy Bay about 75 miles (120 km) northwest of Yakutat (Exhibit A). Placer gold in garnet-rich sands ("ruby sands") have been described in this region and explored for/exploited since the early 1900s. Between 1996, when land and minerals ownership of the Icy Cape Property (henceforth Property) was transferred from the State of Alaska to the Alaska Mental Health Trust Authority, and 2015, no mineral-resource related activity was conducted on the Property.

The Minerals & Energy (M&E) Section of the TLO identified the Icy Cape Property as prospective for placer gold (Au) and associated industrial heavy minerals (HM) deposits and initiated the Icy Cape Gold and Industrial Heavy Minerals Project in 2015. The Project is a staged and incremental effort with a focus on mineral resources and their subsequent commercial development. The Trust funded \$5.2 million for preliminary exploration of these assets.

The Icy Cape Project was conceived, designed and implemented by Dr. Karsten Eden in his capacity as Minerals & Energy Section Chief of the TLO. Dr. Eden has worked extensively in Africa, Australia, Europe, and Alaska for both junior and major mining companies and governments. He has conducted exploration targeting, field-campaign planning, data analysis, field operations, resource modeling, and mineral economics projects. His many connections with experts in research, development, and mining have been instrumental in assisting him with the Project.

Dr. Eden is a Professional Geologist in the US certified through the American Institute of Professional Geologists, a Professional Geologist certified through the European Federation of Geologists, a Qualified Person as defined in National Instrument 43-101, and a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves Joint Ore Reserves Committee (JORC) code. He is also a member of the International Institute of Mineral Appraisers.

Dr. Eden has over 25 years of experience in the exploration and development of industrial heavy mineral and placer gold projects. His peer-reviewed publications on mineral projects and research demonstrate his professional standing in the exploration and mining industry as well as in academia. He has been recognized as an Expert Witness in placer resources in the Superior Court for the State of Alaska.

Dr. Eden identified and selected Global Mineral Sands Inc (GMS) to assist the development of the Project. GMS is led by Andrew E. Grosz, a recognized domestic and international expert with over 40 years of professional research and exploration innovation in industrial heavy- mineral resources.

Between 2015 and 2020 the TLO reviewed, synthesized, and interpreted published and proprietary TLO documents. In 2015 the TLO collected heavy mineral (HM) concentrates in the field. In addition to those samples, there were over 100 samples collected at the Geological Materials Center in Anchorage, AK that were collected during pre-TLO ownership reconnaissance operations. These samples were analyzed by GMS for their mineralogical compositions. Results confirmed potential for gold, and

identify and quantify, garnet, epidote, magnetite and other HM as prospective co-products. These minerals comprise the majority of the HM group.

Samples totaling more than 4,000 pounds for laboratory studies were collected by use of a backhoe, hand dug pits, channel samples of road cuts, and hand-held augers. On-site reconnaissance panning showed all samples have gold and HM. In the laboratory, Icy Cape HM sands underwent comprehensive testing for mineral separation procedures. Individual mineral concentrates have been analyzed for various critical economic components for resource assessment (HM grade, mineralogical assemblage, quality, and particle size distribution). Garnet and epidote group concentrates were also sent to an independent industrial laboratory for testing as abrasive media. A low-altitude high-resolution aeromagnetic survey of the Project area was conducted. Data show patterns consistent with nearshore marine HM deposit models and were used to generate targets for drill testing in 2017 and 2018.

Stratigraphic framework and resource assessment drilling were conducted with an initial focus on the area between the eastern property boundary and the Little River to the west along the main road and old logging roads that were cleared in the spring for access to drill sites. Drill targets beyond the Little River were not accessible during the 2017 drilling program. Drilling was carried out by the Boart Longyear Company by use of an 8-inch diameter sonic drill. Samples were collected in 5-foot increments and are larger than specified to satisfy the requirements of JORC and NI43-101. 72 holes were drilled totaling approximately 7,000 feet.

Aeromagnetic models were directly correlated to the subsurface geology and guided subsequent drilling that confirmed projected stratigraphic sequences (beach complexes). Drilling confirmed beach sediments from the current shoreline to almost 3 miles inland. Field and laboratory analyses confirmed gold, garnet, epidote group minerals, and magnetites in the sediments. Stratigraphic framework drilling penetrated below the geophysically-defined target areas and led to the discovery of gold and HM-containing well-sorted sands below overlying confirmed gold and HM containing sedimentary sequences (stacked shorelines).

The geological team consisted of HM placer experts, gold placer and platinum experts, and geology students. TLO contracted GMS, a specialized consulting firm and laboratory for HMs, expert advice, consulting services, sample processing and analyses. At the end of the first field season selected samples were shipped to GMS and were analyzed for their economic geologic components HM and gold grade, mineralogical assemblage, quality of mineral species, geochemical aspects, particle size distributions, and abrasive qualities, along other physical aspects.

Stratigraphic framework and resource drilling continued in 2018. Targets west of the Little River in areas prospected by Paraclete Resources for gold were included. Gold and HM containing stratigraphic sequences discovered in 2017 were subjected to further drilling. Boart Longyear was awarded the drilling contract for the 2018 season and again used its powerful LS600 sonic drill rig that allowed waterless high-rate drilling by use of an 8" core barrel and 9" over-ride casing for continuous samples. To achieve the exploration goals for 2018 large segments of the main road were cleared or brushed along with selected abandoned old logging trails to access drill sites. New trails to access drill sites and temporary bridges, where river crossings were impossible, were constructed. Drill targets west of

Munday Creek could only be accessed by track-mounted vehicles. In support of targeted drilling a sample processing facility was built on site including a drill core archive.

In 2018, 46 holes were cored, totaling approximately 6,000 feet. At the end of the field season, all samples from the two drilling campaigns, were shipped to GMS for analysis. Samples are in analytical cue at GMS and TLO anticipates assay results of samples by the end of 2021.

The 2018 field season was challenging in terms of accessing and preparing drill sites. Based on the high performance of crews, all priority holes were successfully drilled ahead of schedule and drill cores were logged, processed, and sampled. This allowed drilling of additional holes for stratigraphic framework that continued to define extensive gold and HM-bearing sediments below projected geophysical targets. The underlying sands are finer grained well sorted sands and contain gold and HM in larger quantities than overlying sediments. They occur as massive sediment bodies with large horizontal and vertical extents.

The 2017 and 2018 drilling operations mainly focused on aeromagnetic highs that are interpreted to be former shoreline sequences with higher gold and HM content. Some aeromagnetically low areas drilled for geophysical model verification show high grade gold within the lower unit and indicate that aeromagnetic lows should not be ignored for further drilling for economic gold grade. This is likely a function of the resolution of the aeromagnetic survey's parameters. Results show the Property contains areas of high gold and HM, areas with higher gold and lower HM, and areas with lower gold and higher HM grades. In total 119 bore holes averaging 113 feet in a range of 17.5 to 300 feet were sampled.

In 2019 bulk grab sediment samples were collected along new logging roads in the eastern Property from fresh road-cut exposures and borrow-pit walls excavated for logging road construction materials. Samples were processed on-site and shipped to GMS where the samples were analyzed for gold and HM. The "60m sands", a fine-grained gold- and HM-rich sand unit that spans miles along the foothills of the mountains, were subsequently delineated for future exploratory drilling. Stream sediment samples were also collected by use of a helicopter and results of analyses suggest additional resource potential in inaccessible areas exhibiting aeromagnetic anomalies.

About two metric tons of the lower unit (fine-grained well-sorted sand ("marine sand")) were processed on site for HM (garnet, epidote) concentrate that was tested for abrasive qualities by a third-party lab. Results show high quality abrasive resource potential.

In 2020, through a competitive bidding process, the TLO selected an independent review of the Project by Hatch, INC. for development option scenarios. Hatch is a leading international consulting, engineering, environmental and project management services company. It is the largest consulting services firm in the world that specializes in the mining, mineral and metals industries. One of Hatch's key strengths is the ability to combine their financial and business experience with the technical excellence and knowledge of their wide array of industry experts.

Based on the very encouraging exploration results thus far, assessment and ranking performed, Hatch recommends that the TLO further develops the Project through in-house financing in the near-to mid-

terms until the Project's economic parameters and resources are more fully defined and returns to the TLO can be maximized. The review also recommends further development and exploration work to advance the mineral resource estimates to an **indicated resources** level followed by a **pre-feasibility study**.

The Trust has funded the project with \$5.2M through FY2021.

It is important to differentiate the Project from other hardrock mining ventures. This is a placer deposit. That means that particles from an ore body have been eroded, moved or transported to an area of deposit. What this means is that extraction techniques in this type of placer deposit do not require chemicals for extraction and onsite processing. That also means that there is no need for tailings dams and other advanced storage facilities for toxic chemicals or waste. The potential extraction of this type of resource can be seen similar to a large material site excavation. There are no tunnels or underground structures. This means that permitting for a placer operation is far less complex than permitting large hard rock mines like Fort Knox, Red Dog, Pogo, or Kennsington.

**Anticipated Revenues/Benefits:** The Property contains unique mineral prospects. It has the potential to become the Trust's flagship property and to outperform any other mineral property the Trust owns in revenue generation over decades to come.

As with virtually all resource development projects, there is some risk involved with investing more funds in this project. The full extent of the potential resource is not known and further refinement of the potential resource comes with a cost. There is an adage in the resource extraction industry, "you have to spend money to make money". Exploration does not guarantee expected results. By appropriate exploration planning and good fortune, the TLO has been able to see increasingly positive results at each stage of exploration including the new discovery and identification of the underlying mineral rich sands. Expected returns on investment are based upon conservative projections from the data the TLO has developed. Obtaining those results is dependent on obtaining sufficient data from infill drilling to support or exceed current projections to be able to identify compliant indicated resources. Further when royalties from a producing mine are discussed, it is an assumption that the TLO will be able to lease or obtain a joint venture partner that is willing and capable of taking the Project to a producing mine. There may be other external constraints that can affect that effort, such as mineral market prices, global economy, permitting problems, or pandemic. Exhibit D discusses de-risking the project. Even with the potential downside risks, the TLO still feels that it is appropriate to progress to indicated resources and pre-feasibility study by further exploration with a goal of maximizing the potential revenue from this mineral rich property.

Two Options for development are envisioned:

**Option 1** is the best option to achieve Project objectives efficiently. TLO estimates \$10 million are required over five years to bring the Project to the pre-feasibility stage with compliant indicated resources. The optimized work plan and budget share resources and workflow among drilling, test mining and pre-feasibility studies.

It is plausible that TLO can generate revenue through royalties in a range of \$100M to \$150M (based on 10% royalty for placer resources) for the Grinder Prospect during its mine life. The details of that revenue projection were shared in executive session on 10/21/2020. However, this can likely only be achieved if the Project is developed to a pre-feasibility status with compliant indicated resources. At this status it will attract interest from suitable partners, likely major mining companies, that can provide support of resources (capital and experience) for exploitation adding a degree of de-risking to the Project. The Project could be offered to mineral industry as early as in 2025. The royalty revenues would be produced over the life of the mine.

If Option 1 is approved, TLO will offer at its completion this opportunity to the mineral industry with a requirement of an up-front bonus bid payment requirement prior to any future mine development and production (see Exhibit E *Cost Recovery Plan*). This would be structured to recover the Trust's full investment to bring the Project to this pre-feasibility status.

No further project specific funding is anticipated after reaching pre-feasibility status. The offering of the opportunity will be conducted with regular TLO operational funding.

**Option 2 Phase 1** is the first step in a 7.5-year staged and incremental plan to advance the Project by defining an indicated mineral resource. A resource estimation by an independent firm specializing in gold and heavy mineral placers will then be commissioned. On completion of Phase 1, the TLO will present the results to the Board and if the results confirm indicated mineral resource in viable quantities, the TLO will recommend the following steps to complete Option 2 Phase 2 to reach pre-feasibility status. The estimated cost of Phase 1 is \$7 million to be spent over four years.

A status of compliant indicated resource will attract mining interests. However, because Option 2 Phase 1 excludes a pre-feasibility study, returns to the TLO will most likely not be maximized to the same extent as having a pre-feasibility study. Defined economic parameters, as part of the pre-feasibility study, are critical parameters that will make or break the Project. Without those, a potential mining company interested in the Project will most likely negotiate a buy-in on the Project at a discounted rate, since the company would have to significantly de-risk the Project by conducting their own pre-feasibility study with all the associated studies and efforts. TLO believes it could re-coup some of its investment by a bonus bid as described in Exhibit E *Cost Recovery Plan*, but most likely not the full value. The balance will come from royalty payments over time when the Project reaches the production stage.

TLO could likely generate revenue through royalties in a range of \$50M to \$75M from the selected prospect during its mine life (based on a 5% discounted royalty rate). Under Option 2 Phase 1 our earliest offering of the Project to industry will be Fall of 2024.

**Option 2 Phase 2** is the second part of an incremental approach. It is not a stand-alone package, but rather the continuation of Option 2 Phase 1 aimed at advancing the Project

towards a prefeasibility study which includes test mining, and operating a pilot plant to test commercial production, mineral separation, and recovery.

When the Project is developed to the point where a pre-feasibility study can be completed with a mine plan and discounted cashflow evaluation, the intrinsic value of the asset will be more accurately established, and a better return will be achieved by the TLO. Test mining and a pilot plant are necessary scope items that will provide the process design basis for recovery of both precious metals and industrial heavy minerals for a full-scale plant. Importantly, the pilot plant will also provide grade confirmation from drill samples from select mining areas.

TLO estimates \$5.5M to be spent over 3.5 years to complete Option 2 Phase 2. Work under Phase 2 would begin as early as January 2025 and end with offering the Project to the industry in mid-2028. According to Hatch, expected returns to the TLO for reaching the pre-feasibility stage are highest of the alternatives they evaluated. It is plausible that TLO can generate revenue through royalties in a range of \$100M to \$150M (based on 10% royalty for placer) for one prospect during its mine life. However, this can only be achieved if the Project achieves a positive prefeasibility study. This will also de-risk the project significantly by making it more attractive for potential mining companies to invest in and develop this Project. TLO believes it could re-coup its entire investment by a bonus bid as described in the Cost Recovery Plan (Exhibit E).

Each of Option 1 and Option 2 have different work schedules, timeline, budgets and expected returns which are outlined in detail in Exhibit B - *Advancing the Icy Cape Gold and Industrial Heavy Minerals Project towards a Pre-Feasibility Study*.

**Anticipated Risks/Concerns:** Expenditures for mineral resource exploration and development activities at Icy Cape are investments for the Trust. These resources are indicated to be rewarding for the Trust and for the mining company that develops the prospects on the Property. While mineral resource development can involve risk, return on investment on successful exploration and development can be very large. Potential investors and/or mining companies look for high returns on investments, and in order to attract and retain risk-averse investors, TLO's plan is to focus on de-risking the Project's potential external parties. This obviously means that the Trust will carry the risk of not getting a return on the investment if the offering does not produce developers willing to invest. Evaluating other projects with similar grade per ton, the TLO believes that it is highly likely to attract a mine developer if the Project is advanced to a successful pre-feasibility study. The discussion of risk will be explained for both external parties as well as for the Trust.

The TLO's risk reduction for the Project's potential external parties and for the Trust will take place on two fronts, 1) on a technical basis and 2) based on a cost recovery plan.

- 1) *Risk Reduction on a Technical Basis:* TLO's detailed risk reduction plan for the Project on a technical basis is outlined in Exhibit D – *De-risking the Icy Cape Gold and Industrial Heavy Minerals Project*. The Project can achieve this through exploration and development work with in-house financing in the short- to medium-terms and by producing a certified pre-feasibility study for the prospective

localities within property and adjacent areas. As the Project is developed to the point where an economic assessment can be completed with a mine plan and discounted cashflow evaluation, the intrinsic value of the asset can be accurately established, and a better return can be achieved. Thus, the Project will be incrementally de-risked as it progresses through stages. Fortunately, the TLO has found increasingly positive results at each stage of exploration which bodes well for continued refinement of the resource. To reach both the indicated resource and pre-feasibility study, careful exploration modeling will be used to focus on areas with the greatest potential for success. Appropriate demonstrable test mining will be established that expands on the data and processes that have already been explored by the TLO. Appropriate evaluation of potential environmental concerns will be conducted. Community engagement will continue.

- 2) *Risk Reduction based on Cost Recovery*: To acquire the Project, the lessee or partner will be required to make a one-time cash payment in excess of the Trust's investment costs to the TLO, due on the day the lease agreement or Joint Venture (JV) contract gets signed. This practice can be seen in the mining industry and allows exploration companies to re-coup investment costs. This can range from straight cash payments to future investment guarantees, depending on the nature of the deal. Straight buy out is more common as a purchase of a project from a junior mining company, whereas joint ventures may spend toward advancing the project. The advantage of using a "bonus bid" mechanism is that it allows the Trust to recover its investment prior to any development and/or production. The Trust's accounting mechanism classifies a "bonus bid" as income that may go into the Trust Settlement Income Fund. Exhibit E *Cost Recovery Plan* outlines the various cost recovery scenarios for the two Options.

The primary risk to the Trust is whether it will recover the amount it invested in the Project as well as whether the Trust will receive the maximum returns possible from developing the resource. TLO seeks to de-risk the Project for the Trust on both fronts.

**Investment Recovery:** The TLO is unlikely to be able to maximize the return on the resources at this point of exploration. The resource is not well enough defined to be able to obtain high value return that will outperform the investment to date (see Option 3 in Exhibit B). However, positive results from exploration indicate high probability of success to bring the resource definition to indicated resources with additional exploration. As discussed in Exhibit E *Cost Recovery Plan*, with further successful resource delineation and pre-feasibility study, the TLO believes it can fully recover the Trust investments through a bonus bid process. This is contingent on the TLO seeing positive results while moving to indicated resources and positive affirmation of a developable mine through a pre-feasibility study. As the TLO has shared in detail in executive session, the exploration results to date continue to show high probability of success in meeting both of those desired outcomes.

**Maximizing Returns:** The Trust approved Asset Management Policy Statement (AMPS) states the objectives for specific non-liquid land and natural resource management are to 1) protect and enhance the non-cash asset value and productivity of Trust property; and 2) maximize revenues from Trust non-liquid assets over time. This Project is designed to accomplish these objectives. AMPS further says that the board recognizes that some risk must be assumed to achieve the TLO's land management objectives. The Project is designed to maximize revenues over time while working to de-risk the project for external parties and the Trust to reach the objectives of gaining a well-funded and experienced

partner to develop a producing mine which fully utilizes the substantial mineral resources of this property.

A risk in not continuing this Project as proposed is the Trust not receiving maximum returns for the resources. When leasing a project, the TLO loses operational control over the course of development or where funds are expended by the private company. Once leased, the TLO loses the ability to control how fully the resources are extracted. Not advancing to a producing mine prevents the Trust from receiving royalty from the Project. Further advancing the exploration reduces both of these concerns. By effectively delineating the resource and showing how it can be fully developed with all mineral resources considered, the Trust has a much better chance to both see the Project developed into a mine and the resources fully developed. If the Trust can ensure that the resource development utilizes both the gold and heavy minerals, the Trust will receive a much greater long-term revenue from royalties. This is one reason why Hatch recommends using internal investment to advance the project to pre-feasibility status.

**Project Costs:** All aspects of Option 1 are estimated at \$10M. All aspects of Option 2 are estimated at \$12.5M with Phase 1 estimated at \$7M and Phase 2 at \$5.5M.

**Other Considerations:** The Icy Cape Block is within the Yakutat gold province. In this province, active placer gold mining on State-owned beaches adjacent to the Block demonstrates and underscores the resource-fertile characteristics of this Property.

**Due Diligence:** The TLO Mineral & Energy Section Chief and other staff are familiar with the resource potential of the Block. They have researched, inspected, and sampled the property repeatedly, and conducted stratigraphic framework and resource assessment drilling programs that included participation in laboratory analyses. The importance of following Hatch's expert advice and recommendations to advance the Project to the pre-feasibility status were determined by lengthy internal analysis and review of published and internally produced exploration data and reports. Market analyses, consultation with industry-expert exploration and resource assessment parties were also conducted.

**Alternatives:** As long as there is exploration success, it is important to move forward with the Project. One alternative, although unwise, is Option 3 to discontinue with exploration of the Project and conduct a competitive lease offering (see Exhibit B – *Advancing the Icy Cape Gold and Industrial Heavy Minerals Project*). The Project will have depleted its funding by the end of FY 2021. Currently the Project is in an early stage of development where the perceived level of risk for interested mining companies appears to be high. The TLO believes that there are no junior mining companies with significant enough experience with both gold and heavy mineral placers and sufficient financial backing to advance to an operating mine that fully exploits the resource and maximizes returns to the Trust. Though one might form under the right circumstances, that places overconfidence in TLOs ability to market the Project sufficiently to achieve that result. The probability of this Project never becoming a mine that fully exploits the resource is significantly increased by leasing the area at this stage of exploration.

The reality is that TLO has offered the Property through a competitive leasing process for mineral exploration in the past but received no interest. We have additional information about the potential

resource now which could increase interest. It is perceivable that interest might come from small-scale placer miners interested in the gold, however, the estimated \$20K annual revenue, if that, is insignificant of what TLO could get if the Project advanced to the pre-feasibility stage and with a large-scale mining company as partner to develop the Project. It is unlikely that any interest from companies at this point will focus on the full suite of resources, potentially leaving the heavy minerals undeveloped and the Trust foregoing those revenues.

The best option for the Project is to continue exploration and communication with the industry to find suitable partners for the project. The HM and abrasive industry have already expressed interest in the Project and as long as the Project keeps moving forward with positive results industry interest will increase which will likely ultimately lead to development.

**Consistency with the Resource Management Strategy:** This proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted March 2016 in consultation with the Trust and provides for the TLO to focus first on land or resources at the high end of their market values (“best markets”). Gold is very much at the high end of the markets at this point. It is an organizational mandate for the TLO to maximize its income base by developing its natural resources. Further, the RMS clearly states that the TLO needs to adapt to new commodity market and industry situations, and therefore, develop business opportunities.

**Trust Land Office Recommendation:** As long as there is exploration success, it is important to move forward with the Project exploration for the Trust to eventually receive the highest returns. In agreement with the recommendations from Hatch the TLO recommends the best option is to advance the Project to the pre-feasibility stage with compliant indicated resource estimates and to continue communication with the industry to find suitable partners for the Project.

Option 1 is the best economic and timely Option to achieve the Project’s goal, however, Option 2 will reach the same goal, except it will cost significantly more and it will take longer to reach the desired goal. The reason this Option divided in two phases takes longer and costs more than Option 1 is that under Option 2 several efforts are divided to run consecutively rather than concurrently, which increases the logistical and operations costs, but gives the board an additional point of decision whether to advance to Phase 2 after seeing the results of Phase 1. This lowers initial investment risk during Phase 1 but requires a higher investment capital to reach completion of Phase 2 if the board seeks the highest returns.

TLO recommends the allocation of funds from the TLODA to advance the Project through Option 1 at Icy Cape.

The alternative Option 2 is also acceptable for advancing the project but was selected as an alternative motion because it costs more and takes more time to begin to see returns. However, it does provide another key board decision point after reaching indicated resources and a cleaner exit strategy if the board chooses to not to advance to pre-feasibility after evaluating the results of Option 2 Phase 1.

TLO does not recommend Option 3 as it is most likely to fail to return to the Trust sufficient revenues warranted by such a mineral-rich land base.

**Applicable Authority:** Alaska Statutes 36.30.850(b)15(B), 37.14.009(a), 38.05.801, and regulations 11 AAC 99, 20 AAC 40.700 (key statutes and regulations applicable to Trust land management and disposal).

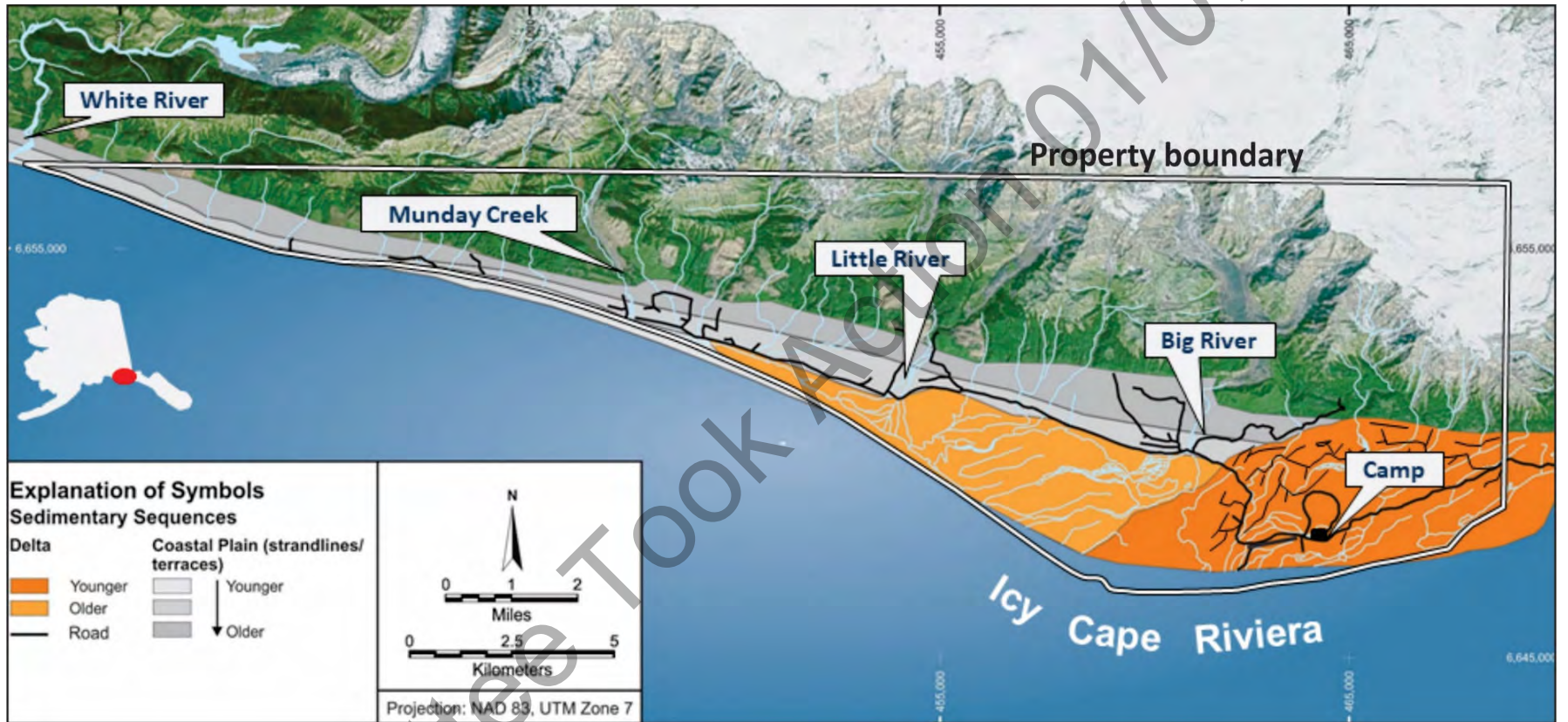
**Trust Authority Approval:** The motion presented in this briefing document fulfills the approval requirements that are applicable to the transaction.

**Exhibit(s):**     **Exhibit A** – Icy Cape Property map  
                  **Exhibit B** – Advancing the Icy Cape Gold and Industrial Heavy Minerals Project  
                  **Exhibit C** – Timeline for Options 1, 2 and 3  
                  **Exhibit D** – De-risking the Icy Cape Gold and Industrial Heavy Minerals Project  
                  **Exhibit E** – Cost Recovery Plan  
                  Icy Cape Memo from CEO to Trustees

Committee Took Action 01/07/21

# Exhibit A

## Map of Icy Cape Property



## **Exhibit B**

### **Advancing the Icy Cape Gold and Industrial Heavy Minerals Project towards a Pre-Feasibility Study**

#### **Summary**

The Trust has funded the TLO with \$5.2M to conduct exploration of the Icy Cape lands over the course of 4 years. The TLO has taken this project from some basic historical information of some prospecting to identifying potential resources, flying aeromagnetic surveys, conducting a drilling program, making new discoveries that increase potential returns from the resources, and having tests conducted on drill samples. The initial efforts of the Project were to increase technical information about the resources to make it more marketable and leasable to increase the returns. Continued very positive results from the drilling and testing program have been encouraging. The TLO hired an independent 3<sup>rd</sup> party consultant to help recommend the appropriate path forward with the information available to date. With that advice, the TLO prepares this plan and budget request with the goal of increasing the returns to the Trust and to maximize those returns. This potential of increasing returns by investing additional funds in exploration becomes an investment decision for the board.

TLO presents three options for proceeding with the Icy Cape Project. To achieve maximum return on investment, the TLO believes the Trust's best option is to advance the Project to a pre-feasibility stage using compliant indicated resource estimates and to continue dialogue with the mining industry to engage suitable partners for the Project. This is in alignment with the 3<sup>rd</sup> party recommendations by a recognized mining consultant firm.

Option 1 is the most economic and expedient solution to achieve the Project's goal. This option offers significant cost and time savings accelerating the Project to its desired goal. Option 2, Phases 1 and 2 and combined will yield the same results as Option 1, but incrementally and with significant differences in cost and timeline. This combination option allows for some agility in potential course corrections and may mitigate potential disruptions by external factors (i.e. climate, epidemic restrictions, etc.) Both Option 1 and Option 2 are acceptable scenarios to advance to pre-feasibility status, which both increases the potential for maximizing the returns and to get to a producing mine. Option 3, although likely to produce the least returns, is to discontinue exploration of the Project and conduct a competitive lease offering.

Under Option 1 the timeline is approximately 5 years with a budget of \$10M. The timeline for combined Phase 1 and 2 of Option 2 is 7.5 years with a budget of \$12.5M. Under Option 3, an offering could be attempted by January 2022 without additional budget required. This is seen as a visual representation in Exhibit C. Each of these options have different timeframes, budgets and expected returns which are explained below, both immediately in the table and in the following narrative.

### Options at a Glance

Option	Cost	Timeline to earliest return	Income Recovery Potential	Potential Revenue	Decision point	Future Funding
Option 1	\$10M	5 years	\$15.2M	\$100M - \$150M	Now or with cancellation	None
Option 2 Phase 1	\$7M	4 years	\$7M	\$50M – \$75M	Now and at indicated resource	None unless advanced to Phase 2
Option 2 Phase 2	\$5.5M	3.5 years	\$12.5M - \$17.7M	\$100M - \$150M	Now and at indicated resource	None
Option 3	\$0	2 years	\$0	Less than \$1M	Now	No

### Introduction

The Icy Cape Gold and Industrial Heavy Minerals Project (Project) was started in 2015 after the Property had been identified as prospective for gold and associated industrial heavy minerals. In 2017 and 2018, following exploration target generation based on high resolution aeromagnetic survey data, stratigraphic framework drilling was conducted. Significant mineral resource prospects are defined on the Property.

Through a competitive bidding process, the TLO selected an independent review of the Project by Hatch for development options. Hatch is a leading international consulting, engineering, environmental and project management services company. It is the largest consulting services firm in the world that specializes in the mining, mineral and metals industries. Hatch has proven experience in similar studies for the mining industry, investment groups, and proven in-depth knowledge of large-scale beach mining industry. Hatch Advisory consultants are broadly experienced industry professionals who generally have a combination of engineering/technical and business analysis/finance qualifications. One of Hatch Advisory's key strengths is the ability to combine their financial and business experience with the technical excellence and knowledge of their wide array of industry experts. Hatch has deep sector expertise in the Gold and Industrial Heavy Mineral Sands industries. Their analysis, expert advice, technical expertise, and reports are widely regarded as the most credible in the mining industry.

Based on the very encouraging exploration results thus far, assessment and ranking performed, Hatch recommends that the TLO further develops the Project through in-house financing in the near to midterm until the Project's economic parameters and resources are more fully defined and returns to the TLO can be maximized. Hatch considered leasing, joint ventures, financing, and other scenarios. The review also recommends further development and exploration work to advance the mineral resource estimates to an indicated resources level followed by a pre-feasibility study. Hatch further recommends a that a full time Chief Geologist lead the Project.

It is common practice in the mining industry to discount and de-rate projects with resources not at compliant status and/or compliant inferred resources. This would be projects in early exploration with no more than inferred resources, where we currently stand with this Project. As a reminder, a project needs to reach indicated resources through additional infill drilling to reach the pre-feasibility reporting

compliant status. This means at this stage of the exploration, developers would negotiate a buy-in on the Project at highly discounted rates. In early-stage development, the value of the gold is often deeply discounted because the economic parameters of the project have not been defined yet. Current gold prices are about \$1,900/toz but a potential investor/developer could discount this as low as \$5/toz.

A pre-feasibility study with a mine plan and discounted cashflow accurately establishes the value of the asset and yields better returns to the Trust. This work requires test mining and operating a pilot recovery plant. A pilot plant will provide empirical data for recovery, process design, full-scale plant and confirm grade/recovery from ore-definition drill samples.

The advancement of an exploration project towards a mine is shown schematically in Figure 1. It is a 'progress triangle' for global copper mine projects that shows how many projects are at each stage. This triangle also applies to other global mine projects. Although other statistical sources might vary some, the general concept that few projects advance from early exploration to producing mines but the further the exploration progresses, the higher the likelihood of getting to a producing mine. The Figure shows that there are far more projects at early stages of development as development and de-risking processes eliminate uneconomic projects. The conclusion is that three of one hundred exploration projects make it from the prospect to the pre-feasibility stage. At pre-feasibility status a given project has a 75% probability of advancing to development. Figure 1 also shows the four development options for the TLO Project.

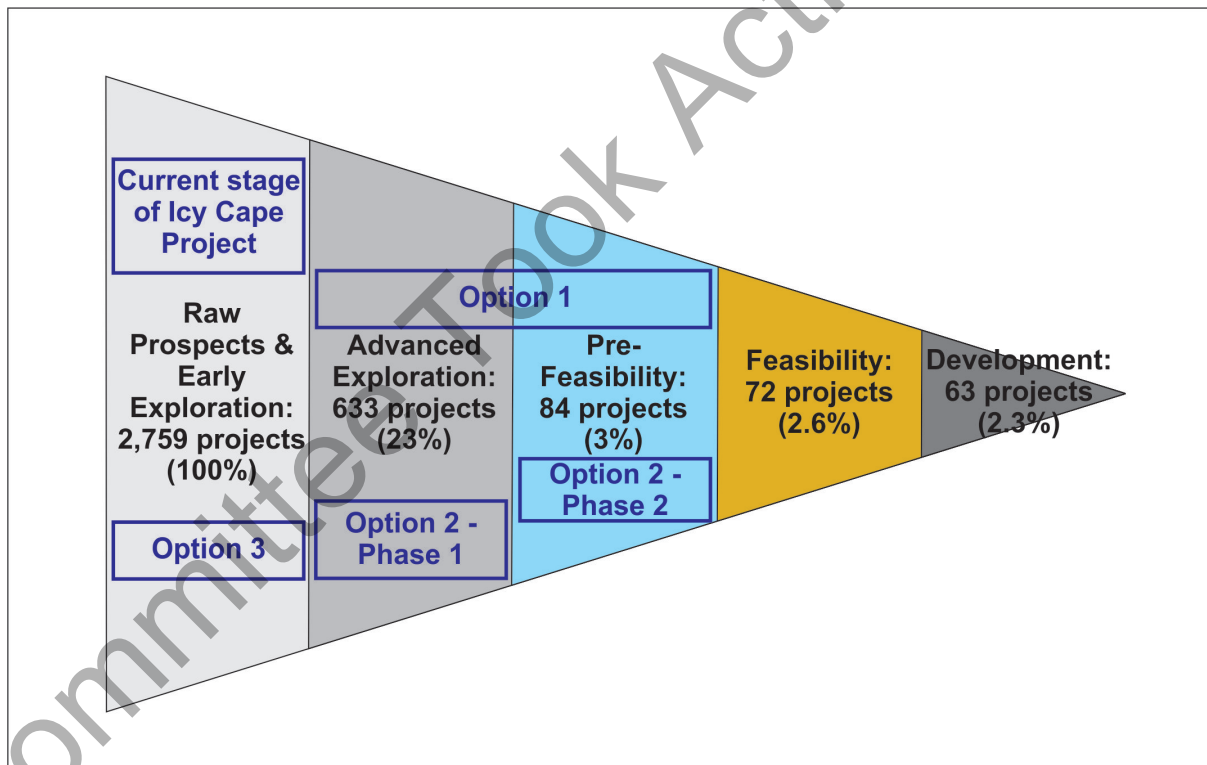


Figure 1: 'Progress triangle' for global copper mine projects, demonstrating how many projects are each stage and advancement options for the Icy Cape Project. Modified from Sykes, J.P., 2013. Why is developing a mine so difficult? In *Proceedings Curtin Business School Higher Degree by Research Students' Colloquium*, pp 35–49 (Curtin University: Perth)

## 1. Options for capitalization

Three options are presented for consideration on advancing the Project with the primary objective to maximize the return for the Trust. A secondary objective is to create the maximized return as soon as reasonable. A third objective is to find a company that has the experience and financing to succeed in creating and operating a successful mining operation that fully utilizes the resource.

### **1.1 Option 1, demonstrate pre-feasibility status**

#### ***Indicated resource estimates and pre-feasibility study***

Option 1 is the best option to achieve Project objectives efficiently. TLO estimates US\$10 million are required over five years to bring the Project to the pre-feasibility stage.

According to Hatch, expected returns to the Trust for this option are highest. It is plausible that TLO can generate revenue through royalties in a range of \$100M to \$150M (based on 10% royalty for placer) for one prospect during its 8 year mine life. The details of that revenue projection were shared in executive session on 10/21/2020. However, this can likely only be achieved if the Project is developed to a positive pre-feasibility status with compliant indicated resources. At this status it will likely attract interest from suitable partners, likely major mining companies, that can provide support of resources (capital and experience) for exploitation adding a degree of de-risking to the Project. Figure 1 demonstrates the increased likelihood of a project in pre-feasibility status reaching production stage; the Project could be offered to industry as early as in 2025. The royalty revenues would be produced over the life of the mine.

It must be recognized that early exploration results support positive outlook on reaching indicated resources as predicted. However, in any mining operation there can be disappointing results from a drilling program that do not meet expectations which in turn influences a potential negative evaluation of the economics during pre-feasibility study. The board must consider the potential for negative or less than expected results. The board's committal to Option 1 only provides one exit strategy if there are negative results from the drilling program. The board could discontinue funding the Project and after contractual obligations would leave the Project in a status similar that described under Option 3.

If Option 1 is approved, TLO will likely offer this opportunity to the industry with a requirement of an up-front bonus bid payment requirement prior to any future mine development and production. This would be structured to recover the Trust's full investment to bring the Project to this pre-feasibility status. The optimized work plan and budget share resources and workflow between drilling, test mining and pre-feasibility studies.

The work plan and budget allow for a seamless and continuous workflow between drilling, updated indicated resource estimates, test mining and pre-feasibility study. This will entail definition drilling at one prospect, testing, and sampling and a pilot plant to test commercial production, mineral separation, and product recovery. This approach will advance the Project to a pre-feasibility status for a selected prospect. At this status, with defined and internationally accepted and compliant mineral resource estimates, the resources are defined, marketable and convertible.

#### **1.1.1 Work schedule**

**Year 1: February 2021 – January 2022**

**Work Outline:**

- inspect camp and vehicles, inventory facilities, camp, and infrastructure improvements
- survey land to be cleared, build drill access trails and drill pads for 2022 drilling
- construct sample preparation facility and field laboratory
- process back-log drill samples (Au, PGM, HM)
- permitting
- marketing
- approximately 3 months of field work

**Procurement:**

- barge, fuel, heavy equipment, transportation, camp upgrades
- contractor for drill access trail building and drill pads
- consulting, laboratory services, field lab support
- 40x60ft metal structure (sample processing facility)
- contractor to set-up sample processing facility
- caterer, camp maintenance etc. for 2022-24 exploration seasons.
- drilling contractor for the 2022-23 exploration seasons
- airborne magnetic survey over selected prospects
- environmental base line studies
- container housing
- laboratory and sample processing equipment, including hydro-gravimetric
- concentrators and magnetic separators
- engineering firm to assist in pilot plant design and test mining

**Estimated Cost: \$1.5M**

**Year 2: February 2022 – January 2023**

**Work Outline:**

- definition drilling (approximately 12,000ft)
- on-site sample processing
- sample analyses
- build drill access trails and drill pads for 2023 drilling
- test and prepare ground for small test mining operation in 2023
- start environmental baseline studies
- design and prepare for small test mining and pilot plant operation in 2023
- permitting
- marketing
- approximately 6 months of field work

**Procurement:**

- barge, fuel, heavy equipment, transportation, camp upgrades
- contractor for drill access trail building and drill pads
- test mining equipment
- mining contractor
- pilot plant

**Estimated Cost: \$2.5M**

### **Year 3: February 2023 – January 2024**

#### **Work Outline:**

- definition drilling (approximately 12,000ft)
- on-site sample processing
- sample analyses
- test mining to verify gold, PGM and HM grades for resource
- pilot plant to test commercial production, mineral separation, and recovery
- mining and metallurgical engineering studies
- ship concentrates in super-sacks to potential buyers for industrial testing
- continue environmental baseline studies
- investigation of energy resources for future mining operations at Icy Cape
- approximately 6 months of field work

#### **Procurement:**

- barge, fuel, heavy equipment, transportation, camp upgrades

**Estimated Cost: \$3.5M**

### **Year 4: February 2024– January 2025**

#### **Work Outline:**

- produce in-house technical project report and compliant resource indicated by estimates according to SK-1300 regulations and guidelines
- continue test mining to verify gold, PGM and HM grades for resource
- operate pilot plant to test commercial production, mineral separation, and recovery
- sample processing and analyses
- ship concentrates in super-sacks to potential buyers for industrial testing
- continue environmental baseline studies
- mining and metallurgical engineering studies
- product development such as database and GIS-based packages for marketing
- marketing
- meetings with large scale placer mining companies and HM industry
- approximately 3 months of field work

#### **Procurement:**

- barge, fuel, heavy equipment, transportation, camp upgrades
- independent consulting firm to conduct a Technical NI-43-101 Report or JORC Report
- including compliant indicated resource estimates
- independent consulting company to provide an economic pre-feasibility study for the Project

**Estimated Cost: \$1.5M**

### **Year 5: February 2025– January 2026**

#### **Work Outline:**

- sample processing and analyses

- independent consulting firm to conduct a Technical NI-43-101 Report or JORC Report
- including compliant indicated resource estimates
- independent consulting company to provide an economic pre-feasibility study for the Project
- ship concentrates in super-sacks to potential buyers for industrial testing
- marketing
- meetings with large scale placer mining companies and HM industry
- competitive lease offering, negotiated lease or JV

**Procurement:**

- independent consulting firm to provide strategy study for the development of the project for highest ROI

**Estimated Cost: \$1M**

	2021	2022	2023	2024	2025
Planning	[Orange bar spanning 2021-2025]				
Field work	[Orange bar]	[Orange bar]	[Orange bar]	[Orange bar]	[Orange bar]
Drilling		[Orange bar]	[Orange bar]	[Orange bar with ?]	[Orange bar with ?]
Sample processing	[Orange bar spanning 2021-2025]				
Sample analyses	[Orange bar spanning 2021-2025]				
Consultant support	[Orange bar spanning 2021-2025]				
Test mining			[Orange bar]	[Orange bar]	
Indicated resource estimate				[Orange bar]	
Marketing	[Orange bar spanning 2021-2025]				
Pre-feasibility					[Orange bar]
Offering					[Orange bar]

Table 1: Outline of work schedule for Option 1

**1.2 Option 2, a phased approach to reach pre-feasibility status**

Option 2 Phase 1 is the first step in a 7.5-year staged and incremental plan to advance the Project by defining an indicated mineral resource. A resource estimation by an independent firm specializing in gold and heavy mineral placers will then be commissioned. On completion of Phase 1, TLO will present the results to the board and if the results confirm indicated mineral resource in viable quantities, recommend following steps to complete Option 2 Phase 2 to reach pre-feasibility status. The estimated cost of Phase 1 is \$7M to be spent over four years. The estimated cost of Phase 2 is \$5.5M to be spent over 3.5 years. The reason this option divided in two phases takes longer and costs more than Option 1 is that under

Option 2, several efforts are divided to run consecutively rather than concurrently, which increases the logistical and operations costs, but gives the board an additional point of decision whether to advance to Phase 2 after seeing the results of Phase 1.

Both Option 1 and Option 2 with both phases appear to provide the option to maximize revenues for the Trust over the life of a producing mine. They both increase the probability of reaching a producing mine. Option 2 with both phases costs more to reach those same projected revenues while exercising only one phase may prevent some cost recovery of development costs as income and reduce overall returns.

The discussion below will identify the work and the effect on potential financial returns by phase.

### **1.2.1 Option 2 Phase 1, *Indicated resource estimates***

A status of compliant indicated resource will attract mining interests. However, because Option 2 Phase 1 excludes a pre-feasibility study, returns to the TLO will most likely not be maximized to the same extent as having a pre-feasibility study. Defined economic parameters, as part of the pre-feasibility study, are critical parameters that will make or break the Project. Without those, a potential mining company interested in the Project will most likely negotiate a buy-in on the Project at a discounted rate, since the company would have to significantly de-risk the project by conducting their own pre-feasibility study with all the associated studies and efforts. TLO believes it could re-coup some of its investment by a bonus bid as described in the Cost Recovery Plan, but most likely not the full value. The balance will come from royalty payments over time if the Project reaches the production stage.

TLO could likely generate revenue through royalties in a range of \$50M to \$75M from one prospect during its mine life (based on a 5% discounted royalty rate). Under Option 2 Phase 1 our earliest offering of the Project to industry will be Fall of 2024.

#### **1.2.1.1 Work schedule for Option 2 Phase 1**

##### **Year 1: February 2021 – January 2022**

###### **Work Outline:**

- inspect camp and vehicles, inventory facilities, camp, and infrastructure improvements
- survey land to be cleared, build drill access trails and drill pads for 2022 drilling
- construct sample preparation facility and field laboratory
- process back-log drill samples (Au, PGM, HM)
- permitting
- marketing
- approximately 3 months of field work

###### **Procurement:**

- barge, fuel, heavy equipment, transportation, camp upgrades
- contractor for drill access trail building and drill pads
- consulting, laboratory services, field lab support
- 40x60ft metal structure (sample processing facility)
- contractor to set-up sample processing facility
- caterer, camp maintenance etc. for 2022-24 exploration seasons.
- drilling contractor for the 2022-23 exploration seasons

- airborne magnetic survey over selected prospects
- environmental base line studies
- container housing
- laboratory and sample processing equipment, including hydro-gravimetric
- concentrators and magnetic separators
- engineering firm to assist in pilot plant design and test mining

**Estimated Cost: \$1.5M**

**Year 2: February 2022 – January 2023**

**Work Outline:**

- definition drilling (approximately 12,000ft)
- on-site sample processing
- sample analyses
- build drill access trails and drill pads for 2023 drilling
- start environmental baseline studies
- permitting
- marketing
- approximately 6 months of field work

**Procurement:**

- barge, fuel, heavy equipment, transportation, camp upgrades
- contractor for drill access trail building and drill pads

**Estimated Cost: \$2.25M**

**Year 3: February 2023 – January 2024**

**Work Outline:**

- definition drilling (approximately 12,000ft)
- on-site sample processing
- sample analyses
- continue environmental baseline studies
- approximately 6 months of field work

**Procurement:**

- barge, fuel, heavy equipment, transportation, camp upgrades

**Estimated Cost: \$2.25M**

**Year 4: February 2024– December 2024**

**Work Outline:**

- sample analyses
- produce in-house technical project report and compliant resource indicated estimates according to SK-1300 regulations and guidelines
- independent consulting firm to conduct a Technical NI-43-101 Report or JORC Report including compliant indicated resource estimates
- product development such as database and GIS-based packages for marketing

- marketing
- meetings with large scale placer mining companies and HM industry
- competitive lease offering, negotiated lease or JV

**Procurement:**

- independent consulting firm to conduct a Technical NI-43-101 Report or JORC Report including compliant indicated resource estimates

**Estimated Cost: \$1M**

	2021	2022	2023	2024
<b>Planning</b>	[Orange bar spanning 2021-2024]			
<b>Field work</b>	[Orange bar]	[Orange bar]	[Orange bar]	
<b>Drilling</b>		[Orange bar]	[Orange bar]	
<b>Sample processing</b>	[Orange bar spanning 2021-2024]			
<b>Sample analyses</b>	[Orange bar spanning 2021-2024]			
<b>Consultant support</b>		[Orange bar spanning 2022-2024]		
<b>Indicated resource estimate</b>				[Orange bar]
<b>Marketing</b>	[Orange bar spanning 2021-2024]			
<b>Offering</b>				[Orange bar]

Table 2: Outline of work schedule for Option 2 Phase 1.

**1.2.2 Option 2 Phase 2 Pre-feasibility study**

If the outcome of Option 2 Phase 1 is favorable, the Board of Trustees might decide to continue financing the Project towards the pre-feasibility stage. Option 2 Phase 2 is the second part of an incremental approach. It is not a stand-alone package, but rather the continuation of Option 2 aimed at advancing the Project towards a prefeasibility study which includes test mining, and operating a pilot plant to test commercial production, mineral separation, and recovery.

When the Project is developed to the point where a pre-feasibility study can be completed with a mine plan and discounted cashflow evaluation, the intrinsic value of the asset will be more accurately established and a better return will be achieved by the TLO. Test mining and a pilot plant are necessary scope items that will provide the process design basis for recovery of both precious metals and industrial heavy minerals for a full-scale plant. Importantly, the pilot plant will also provide grade confirmation from drill samples from select mining areas.

TLO estimates \$5.5M to be spent over 3.5 years to complete Option 2 Phase 2. Work under Phase 2 would begin as early as January 2025 and end with offering the Project to the industry in mid-2028. According to Hatch, expected returns to the TLO for reaching the pre-feasibility stage are highest of the alternatives they evaluated. It is plausible that TLO can generate revenue through royalties in a range of \$100M to \$150M (based on 10% royalty for placer) for one prospect during its mine life. This is based on the information shared with the board during executive session. However, this can only be achieved if the Project achieves a positive prefeasibility study. Even with positive compliant indicated resources, other factors such as operating costs, recovery processes, logistics, and permitting must also be evaluated to reach a positive pre-feasibility study. Assuming we can reach that positive result, this will also de-risk the project significantly making it more attractive for potential mining companies to invest in and develop this Project. TLO believes it could re-coup its entire investment by a bonus bid as described in the Cost Recovery Plan.

### **1.2.2.1 Work schedule for Option 2 Phase 2**

#### **Year 5: January 2025 – December 2025**

##### **Work Outline:**

- inspect camp and vehicles, inventory facilities, camp, and infrastructure improvements
- engineering firm to assist in pilot plant design and test mining
- test and prepare ground for test mining operation in 2026
- permitting
- marketing

##### **Procurement:**

- barge, fuel, heavy equipment, transportation, camp upgrades
- engineering firm to assist in pilot plant design and test mining
- test mining equipment
- mining contractor for 2026 and 2027
- pilot plant

##### **Estimated Cost: \$1M**

#### **Year 6: January 2026 – December 2026**

##### **Work Outline:**

- test mining to verify gold, PGM and HM grades
- pilot plant to test commercial production, mineral separation, and recovery
- mining and metallurgical engineering studies
- ship concentrates in super-sacks to potential buyers for industrial testing
- investigation of energy resources for future mining operations at Icy Cape
- approximately 4 months of field work

##### **Procurement:**

- barge, fuel, heavy equipment, transportation

##### **Estimated costs: \$2M**

**Year 7: January 2027– December 2027**

**Work Outline:**

- test mining to verify gold, PGM and HM grades
- pilot plant to test commercial production, mineral separation, and recovery
- mining and metallurgical engineering studies
- ship concentrates in super-sacks to potential buyers for industrial testing
- investigation of energy resources for future mining operations at Icy Cape
- approximately 2 months of field work
- independent consulting company to conduct pre-feasibility study based on generated data

**Procurement:**

- barge, fuel, heavy equipment, transportation
- independent consulting company to provide an economic pre-feasibility study for the Project

**Estimated Cost: \$1.5M**

**Year 8: January 2028– August 2028**

**Work Outline:**

- independent consulting company to provide an economic pre-feasibility study for the Project
- ship concentrates in super-sacks to potential buyers for industrial testing
- continue environmental baseline studies
- product development such as database and GIS-based packages for marketing
- marketing
- meetings with large scale placer mining companies and HM industry
- competitive lease offering, negotiated lease or JV

**Procurement:**

- independent consulting firm to provide strategy study for the development of the project for highest ROI

**Estimated Cost: \$1M**

	2025	2026	2027	2028
<b>Planning</b>	[Orange bar spanning 2025-2028]			
<b>Field work</b>		[Orange square]	[Orange square]	
<b>Consultant support</b>	[Orange bar spanning 2025-2028]			
<b>Test mining</b>		[Orange square]	[Orange square]	
<b>Marketing</b>	[Orange bar spanning 2025-2028]			
<b>Pre-feasibility</b>				[Orange bar spanning 2028]
<b>Offering</b>				[Orange square]

Table 3: Outline of work schedule for Option 2 Phase 2.

### 1.3 Option 3, no additional funding from the Trust

Option 3 is to conduct a competitive lease offering with no further exploration efforts other than completing the assay of the existing core samples. The Project will have depleted its funding by the end of CY 2021. Currently the Project is in an early stage of development where the perceived level of risk for interested mining companies appears to be high. The TLO believes that there are no junior mining companies with significant enough experience with both gold and heavy mineral placers and sufficient financial backing to advance to an operating mine that fully exploits the resource and maximizes returns to the Trust. Though one might form under the right circumstances, that places overconfidence in TLOs ability to market the Project sufficiently to achieve that result. The probability of this Project never becoming a mine that fully exploits the resource is significantly increased by leasing the area at this stage of exploration.

Without defined mine economic parameters at this stage of development potentially interested parties will most definitely negotiate a buy-in and royalty rate on the Project at a highly discounted rate. This means that it is also highly unlikely that TLO will recover its current investment of \$5.2M. The greatest potential returns to the Trust are from royalties from a producing mine, not the leasing fees. The risk of not reaching a producing mine is significantly higher at this stage of exploration.

Another drawback of Option 3 is the fact that TLO faces the risk of losing its expert team after termination of further exploration of the Project. TLO could not as effectively market the Project to target industry since its technical expert team with its experience and expertise would not be available.

The reality is that TLO has offered the Property through a competitive leasing process for mineral exploration in the past but received no interest. We have additional information about the potential resource now which could increase interest. It is perceivable that interest might come from small-scale placer miners interested in the gold, however, the estimated \$20K annual revenue, if that, is insignificant of what TLO could get if the Project was advanced to the pre-feasibility stage and with a large-scale mining company as partner to develop the Project. It is unlikely that any interest from companies at this point

will focus on the full suite of resources, potentially leaving the heavy minerals undeveloped and the Trust forgoing those revenues.

Under Option 3 the Project would be offered to the industry as early as January 2022.

### 1.3.1 Work schedule for Option 3

#### Year 1: January 2021 – October 2021

##### Work Outline:

- finish sample processing
- finish sample analyses
- produce final report
- product development such as database and GIS-based packages for marketing
- marketing
- competitive lease offering

	2021	2022
Planning		
Sample processing		
Sample analyses		
Marketing		
Offering		

Table 4: Outline of work schedule for Option 3

## 1.4 Conclusions and Recommendations

As long as there is exploration success, it is important to move forward with the Project for the Trust to eventually receive the highest returns. As with all mine projects, there is risk in progressing with exploration because there is the chance that the TLO would not be able to obtain expected results from the exploration project. This is why many junior mining companies do not succeed in advancing project to a producing mine. However not advancing the Project ensures lower returns if the TLO were successful in leasing or finding a joint venture partner.

In agreement with the recommendations from Hatch the TLO recommends the best option is to advance the Project to the pre-feasibility stage with compliant indicated resource estimates and to continue communication with the industry to find suitable partners for the Project. Option 1 is the best economic and timely option to achieve the Project's goal, however, Option 2 will reach the same goal, except it will cost significantly more and it will take longer to reach the desired goal. TLO does not recommend Option 3 as it is most likely to fail to return to the Trust sufficient revenues warranted by such a mineral rich land base.

Although there is inherent risk in all the options, advancing further in exploration will better define the resource and bring the highest likelihood of bringing the Project to a producing mine. The advancement

of the Project to indicated resources and then to prefeasibility study incrementally and substantially de-risks the project for potential developers. The Trust is carrying the risk for this portion of the project, but in TLO's opinion is supported by the robust results from the exploration to date.

According to Hatch, in-house financing has the highest likelihood of success, given the current level of project advancement. In Hatch's opinion, it is unlikely that a partner with sufficient credentials, experience, and good faith development desire will be secured before the mineral resource estimate is advanced to a compliant indicated classification and a pre-feasibility study conducted. This is a key driver for Hatch's strategic recommendation.

Small-scale placer miners do not have the experience, expertise, and financial back-up to advance and develop this large-scale placer gold and industrial heavy minerals project, but large mining companies do. Therefore, the goal is to advance the Project to pre-feasibility status and thus de-risk it to make it attractive for marketing to the large-scale placer mining industry. The potential revenue that the Project will generate if advanced toward production justifies further Trust investment, especially if the investment can be recovered by a bonus bid prior to any further development. According to Figure 1, the likelihood of advancing an exploration project from pre-feasibility via feasibility and to production is 75%.

**Exhibit C**

Timelines for cost estimates for Option 1, Option 2, and Option 3.

	2021	2022	2023	2024	2025	2026	2027	2028
<b>Option 1</b>	Drilling / indicated resource / test mining / pre-feasibility \$10M							
<b>Option 2</b>	Phase 1: drilling / indicated resource \$7M			Phase 2: test mining / pre-feasibility \$5.5M				
<b>Option 3</b>	Offer \$0							

Committee Took Action 01/07/21

## Exhibit D

### De-risking the Icy Cape Gold and Industrial Heavy Minerals Project

#### Introduction

Expenditures for mineral resource exploration and development activities at Icy Cape are investments for the Trust. These resources are indicated to be rewarding for the Trust and for the mining company that develops the prospects on the Property. While mineral resource development can involve risk, return on investment on successful exploration and development can be very large.

The purpose of this exhibit is to discuss the risk for both the Trust and for the potential future partners in the Project and discuss ways to reduce risk on both accounts. De-risking the project for external parties is congruent with de-risking the project for the Trust to avoid financial loss. The more attractive the Project is to other parties, the more likely the Trust will realize desired returns. In any case the Trustees must be cognizant of the inherent risk with mine development when making investment decisions.

Potential investors and/or mining companies look for high returns on investments, and in order to attract and retain risk-averse investors, the plan is to focus on de-risking the Project. The Project can achieve this through exploration and development work with in-house financing in the short- to medium-terms and by producing certified pre-feasibility studies for the prospective localities within property and adjacent areas. As the Project is developed to the point where an economic assessment can be completed with a mine plan and discounted cashflow evaluation, the intrinsic value of the asset can be more accurately established and a better return can be achieved. Thus, the Project will be incrementally de-risked as it progresses through stages as shown in Figure 1.

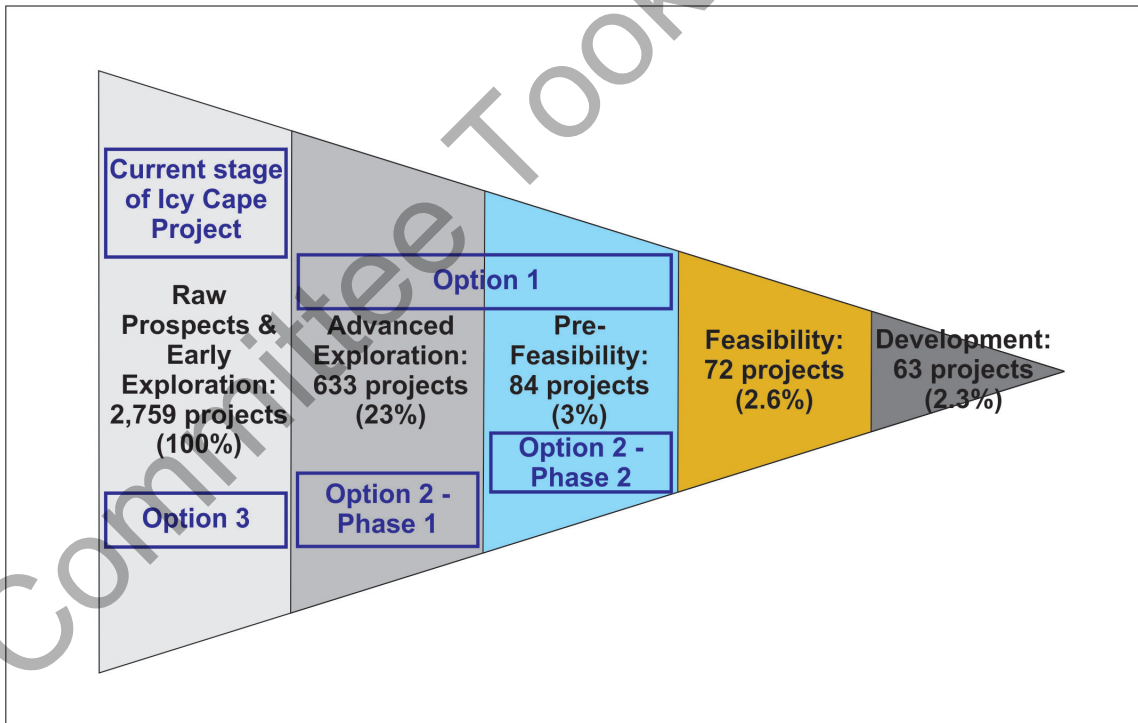


Figure 1: 'Progress triangle' for global copper mine projects, demonstrating how many projects are each stage and advancement options for the Icy Cape Project. Modified from Sykes, J.P., 2013. Why is developing a mine so difficult? In *Proceedings Curtin Business School Higher Degree by Research Students' Colloquium*, pp 35-49 (Curtin University: Perth)

That is the optimistic straight path to success. We must clarify that each step of this path for de-risking the Project depends on good results and positive outcomes which can not be guaranteed. As additional drilling is performed, the TLO is optimistic of finding results that match or exceed predictions of quantities and grades that were discussed in executive session with the board. Fortunately, the TLO has found increasingly positive results at each stage of exploration which bodes well for continued refinement of the resource.

If a positive indicated resource is achieved, pre-feasibility studies that examine the environment, permitting, proposed operation plans, processing, logistics and economics also need to find results that are positive for a successful mine. Though the TLO can produce probable scenarios and supporting documentation, ultimately a 3<sup>rd</sup> party expert consultant must find sufficient data to support a probable mine success. This is required to attract the right type of mining company partner to buy into the project and advance the Project to a mine.

Therefore, each incremental stage of the advancement of this exploration project has potential for disappointing results that would inhibit progress to a producing mine and ultimate return on investment. But if the Project is advanced with positive results at each stage of the exploration, the likelihood of reaching a producing a mine with expected revenues is increased as shown in Figure 1.

### **Financing**

The Project's plan is to define its position as a low-risk investment to potential developers by self-financing a mineral-resource-compliant pre-feasibility economic study. An independent pre-feasibility study with compliant indicated resource will likely secure the highest returns for the Icy Cape mineral resources compared to offering the Project for lease or joint venture at this stage. By investing in-house capital on further exploration, testing and piloting over the next several years, the economic parameters of the Project can be better defined. This will reduce the risk profile of the Project for external parties and lower the cost of capital associated with external financing. Advancing the Project to well-defined economic parameters will facilitate and attract interest from partners that will provide the necessary support in terms of resources (capital and experience) in later stages of development. Although this advancement to pre-feasibility study with indicated resources does make the Project more attractive to investors or developers, it is not a guarantee that a large company will buy into the project. As we have seen with Covid-19, worldwide factors can influence future economic decisions by external parties.

### **Resource confirmation**

TLO, investors and/or major mining companies want to profit, but neither will without a viable resource. TLO plans to significantly de-risk the Project by presenting a pre-feasibility study based on compliant indicated resources that outline how the resources can be mined and processed profitably. The higher the expected revenues or the lower the expected costs, the more attractive this investment opportunity is. Moreover, comprehensive drill hole and assay databases, geophysical data, test-mining, pilot plant, processing, and metallurgical engineering data, as well as environmental baseline data and other relevant environmental data will be available for due diligence studies. This is a new project and not recycled and renamed.

### **Decreasing costs**

Mineral exploration in remote regions is expensive, but TLO can lower costs by maximizing efficiency by using state of the art technology and research, latest analytical methods and latest industry procedures. As a strategy, decreasing costs is often tied to planning. TLO focusses on tightening its processes and actively seeking out low-cost solutions. As an example, TLO plans to hire as many local people as possible to work on the Project rather

than hiring out of State. Logistics are tightly controlled to lower operations costs. Using contractors that have experience with the project from earlier stages has helped reduce costs. This will allow for additional work while still within budget and provides investors a greater chance of a high return on investment. Demonstrable cost control measures help to support the economic evaluations in the pre-feasibility study. This will also add to de-risking the Project.

### **Jurisdiction**

Alaska is mining-friendly and ranked as a top-tier mining jurisdiction by the Fraser Institute based on geological attractiveness, mineral potential, and government policies. The Icy Cape Project is a placer project and not a hard rock project. Alaska has a straightforward and predictable permitting process for placer operations. Due to the size, remote location and distance from communities and other projects, and nature of the Icy Cape Project, Hatch, an independent consulting company, considers risk of permit delays or denials to be low.

There will be further assessment of the environmental resources of the area so that future operational plans can avoid or mitigate impacts of the future mining operations. Already the TLO has been in coordination with ADF&G in identifying anadromous streams. As a reminder, this is a placer deposit rather than hard rock deposit, therefore there is a much less complex permitting structure for placer mines. Because it will not require chemical separation processes to extract the minerals, many of the challenges of hard rock mining are avoided.

Since 2016, TLO has engaged the communities of Yakutat and Cordova on a regularly scheduled basis. The people in these communities have expressed interest in employment opportunities. Yakutat has expressed the desire to increase borough revenues through excise tax. When possible, TLO has used local businesses to support operations. TLO is committed to community engagement and relationship building.

### **Management team**

TLO manages a group of research, exploration, and mining professionals led by the TLO's Certified Professional Geologist who has 25 years-experience in mineral exploration and mine development. The group is composed of professionals experienced in multiple disciplines and TLO continues to build its team by specialized skills such as in "permitting." In-house financing gives TLO flexibility to get expertise through hiring consultants or contractors. While the Project is managed by the TLO, project development goals can be controlled, but once the Project is leased, the TLO loses its ability to control the trajectory of the Project.

### **Examples of successfully de-risked exploration projects leading towards mine development**

The purpose of the following examples is to show the progression to mine development via junior mining companies. There is a specific focus on the method of financing. The most similar mines in grade or remoteness were chosen. Because of the lack of placer examples, the examples are mostly hard rock projects.

**Example 1:** Contango ORE and Royal Gold Inc. produced a preliminary economic assessment (PEA) for the Peak Gold project in eastern Alaska that attracted Kinross Gold Corp' interest. In October 2020, Kinross Gold Corp. agreed to pay US\$93.7 million to buy a 70% stake in the Peak Gold project near the town of Tok in eastern Alaska, an acquisition slated to deliver high-grade feedstock to the mill at Kinross' Fort Knox Mine near Fairbanks.

Peak Gold hosts 9.2 million metric tons of measured and indicated resources averaging 4.08 grams per metric ton (1.21 million ounces) gold and 14.19 g/t (4.2 million oz) silver. Based

on this resource, Kinross expects to produce 1 million oz of gold-equivalent, which includes the value of both the gold and silver recovered, from Peak Gold ore over a 4.5-year mine life, or roughly 222,000 oz per year (source: North of 60 Mining News, October 2, 2020).

**Example 2:** Goldrich Mining produced measured and indicated resource estimates for its Little Squaw gold placer deposit in the Brooks Range, Alaska and attracted a partner for development. In April 2012, Goldrich announced the formation of Goldrich NyacAU Placer, LLC, a 50/50 joint-venture company formed by Goldrich and NyacAU, LLC (source: goldrichmining.com), to bring Goldrich's Chandalar placer gold properties into production. While there was no cash payment made to Goldrich, under the terms of the LOI, NyacAU will provide a funding package of loans and equity that, subject to the timing of production, are estimated to total approximately \$8.5 million. The loans are to be repaid from future production.

**Example 3:** Back River Project is 100% owned by Sabina Gold & Silver Corp. The gold project is advanced and fully permitted, located in a remote region in Nunavut, Canada. The company has advanced the project from grassroots exploration to pre-feasibility, and further to feasibility and therefore has significantly de-risked the project. It is a great example of how a junior exploration company matures to a mid-tier mining company by deciding to develop a project itself all the way to production to maximize returns and shareholder value. The Goose Mine project, part of the Back River project, hosts 12.4 million metric tons of reserves averaging 6.3 grams per metric tons gold in three open-pit deposit (source: sabinagoldsilver.com and North of 60 Mining News, November 1, 2019).

**Example 5:** In January 2010 Underworld Resources delineated the Golden Saddle deposit in the White Gold District in the Yukon, Canada, with an indicated resource of 1M ounces of gold grading 3.2 g/t plus an inferred resource of 407,413 ounces of gold grading 2.5 g/t. Because of the favorable results, Kinross Gold purchased Underworld for \$139M in March 2010 (source: investment.com, September 2017).

**Example 6:** Kaminak Gold's journey in the White Gold District of the Yukon began in 2009. After 6 years of development and more than \$100 million spent, the company has identified a world-class resource and created value for its shareholders. In 2014 Kaminak completed a Preliminary Economic Assessment for the Coffee Gold Project, which indicates a robust, high margin, rapid pay-back, 11-year, open pit, heap leach project in Canada at current gold prices. After announcing a very positive feasibility study for the Coffee Gold Project in early 2016, Kaminak was acquired by Goldcorp in 2016 for \$520M (source: pinnacledigest.com May 19, 2016).

## **Exhibit E**

### **Cost Recovery Plan**

#### **Introduction**

20 AAC 40.610 allows the Trust to approve a plan to recover development costs from royalties or other resource transactions when those costs are used to enhance the value or marketability of the land. Per 20 AAC 40.610 this is a cost recovery plan for investment options in the Icy Cape Gold and Industrial Minerals Project described in Exhibit B “Advancing the Icy Cape Gold and Industrial Heavy Minerals Project towards a Pre-Feasibility Study”. The intent is to achieve a pre-feasibility status in which indicated resources are defined. Financing will be provided by the Trust Land Office Development Account (TLODA) which is a subaccount of the Mental Health Trust Settlement Income Fund and upon recovery will be paid back to the Fund with a plan specifying pro-rated returns on TLO expenditures.

#### **Subject**

A pre-feasibility status for a mining project is an economic assessment that includes a mine plan and discounted cashflow evaluation. “Indicated resources” are marketable, enabling the solicitation of advice from competing independent consulting firms on options and bids for competitive leasing, negotiated lease, or a joint venturing with a mining company, among others. Many companies have expressed interest in the Project’s resources, and competition promotes higher bids.

Investing in the Project will significantly increase the property’s market value. The Trust lands are typically valued at \$1 per acre in audit valuations. Mineral resources are not typically valued by appraisers until a mineral project reaches bankable reserves. At \$1 per acre, the 23K acres containing the nearshore marine sediments of interest are valued at \$23K. However, using the cost approach method in mineral property appraisals allows to estimate a potential future value for the different options. As investment will be spent on property development, the Project, on achieving pre-feasibility stage, will be valued at full-investment cost. Currently \$5.2M has been allocated to the Project and the board may approve either an additional \$10M, \$7M or \$12.5M depending on the option chosen. Therefore, the project could be valued at \$15.2M - \$17.7M on achieving pre-feasibility stage.

This assumes successful results. Obviously results that don’t confirm an indicated resource equal to or exceeding expectation, or a pre-feasibility study that does not show the Project as economically viable would devalue the project. The cost recovery plans shown below use revenue returns that are based on the current understanding of our findings from exploration with conservative estimates of gold prices and high costs for operating a mine as explained in the past executive session. Future royalties returns are based on standard placer royalty rate of 10%.

#### **1. Cost Recovery Plan for Option 1**

Under Option 1 TLO estimates \$10 million to be spent over the next five years to bring the Project to the pre-feasibility stage. This assumes that the positive results will continue, and a positive pre-feasibility report can be

obtained. The work plan and budget allow for a seamless and continuous workflow between drilling, updated indicated resource estimates, test mining and pre-feasibility study. This will entail definition drilling at one prospect, testing, and sampling and a pilot plant to test commercial production, mineral separation, and recovery.

### **1.1 Mechanism**

Under Option 1, the Project, at the completed pre-feasibility stage will be offered to the mining industry for development as early as Fall 2025. To acquire the Project, the lessee or partner will be required to make a one-time cash payment in excess of the Trust's investment costs to the TLO, due on the day the lease agreement or JV contract gets signed. This is a practice that occurs in the mining industry and allows exploration companies to recoup investment costs. This can range from straight cash payments to future investment guarantees, depending on the nature of the deal. Straight buy out is more common as a purchase of a project, whereas joint ventures may spend toward advancing the project. The future offer of this Project from the TLO is much like a sale of a junior mining project that is seen in the industry. The TLO would not be selling the land but giving exclusive rights for development. If the TLO is successful in obtaining a bonus bid when leasing or creating a joint venture, the TLO could recover investments starting as early as December 2025. The advantage of using a "bonus bid" mechanism is that it allows the Trust to recover its investment prior to any development and/or production. The Trust's accounting mechanism classifies a "bonus bid" as income that may go into the Mental Health Trust Settlement Income Fund. This would capture both the \$5.2M already invested, along with the \$10M allocated by the board under Option 1 as income replenishing the Mental Health Trust Settlement Income Fund.

What if a potential mining company will not make a bonus bid but offers to pay increased royalty instead? In this scenario, it is assumed that production will not start before 2031 due to necessary confirmation drilling, feasibility study, permitting and mine development. Based on the most recent technical data and as well as on an average 20-year gold and HM price, it is perceivable that investment costs can be recovered with the revenue received during the first year of production, whenever that might be, but as early as 2031. In this event under Option 1 through approval of this cost recovery plan, initial royalty payments would be used to recover the approved income investment funds used. 20 AAC 40.610 does not allow recovery of development costs that occurred before a cost recovery development plan is approved. Once this \$10M is returned to the Mental Health Trust Settlement Income Fund, further royalty collected would go to the Mental Health Trust Fund as principal.

What if there will be no interested mining company to develop the Project after a completed pre-feasibility study? With the current interest expressed by large mine producers in the Project after the Project advances to pre-feasibility stage, the TLO believes this is unlikely. However uncontrollable factors such as severely depressed mineral prices, slumped economy, or prolonged pandemic could influence the marketability at the time offered. Historically finding no interest is unlikely given that 75% of projects with a completed positive pre-feasibility study advance all the way to production (see Sykes, 2013). However, in this event the Trust will not have lost future opportunity since it still owns the Property, but with one significant difference. It will now have a defined gold and

industrial heavy mineral resource on its Property. This will significantly increase the property's market value to the industry since the Project will have been significantly de-risked. At the completion of a positive pre-feasibility study, the Property is valued at its full-investment cost. TLO can also make data packages available for purchase to interested parties to re-coup some of its investment costs. Unfortunately, under this scenario we cannot accurately state the time of return of investment, however the means of cost recovery would be the same as the two previous paragraphs.

The TLO presents these alternatives with the assumptions of the earliest recovery dates possible. The actual return dates may vary depending on duration of negotiations, outside business decisions, and factors that the TLO cannot control.

Under Option 1 all work processes, including logistics, transportation, field work, sample processing, engineering studies, and procurement interlock and occur concurrently allowing a continuous workflow. This means that termination of the Project at any given time during the 5-year work plan will not allow full recovery of the investment since it will be considered an incomplete project. The Trust does have the option to ask for the project to be halted and expenditures to cease if the results of the infill drilling produce poor results. For instance, if poor drill results occurred in the first year, after hearing reports of poor results, drilling might be stopped for the subsequent years. After contractual obligations are met, some of the approved funds could be kept by the Trust. Stopping the Project mid-stream discourages investors or future partners, thus it may be challenging to obtain higher returns desired by getting to a producing mine. Highly discounted lease agreements may be all that is possible and there is a strong possibility that this would mean that cost recovery could only be through lease payments if the mine never makes it to production .

### **1.2 Summary of Cost Recovery Alternatives under Option 1:**

Through a bonus bid, recovery of at least \$15M (income and principal) as early as December 2025.

Through royalty, recovery of \$10M income as early as 2031.

## **2. Cost Recovery Plan for Option 2**

Option 2 is part of an incremental approach to finance development of the Project. It is a phased package aimed at advancing the Project towards defined and internationally accepted and compliant indicated mineral resource estimates through definition drilling at one selected prospect. For Phase 1, the TLO estimates \$7M to be spent over 4 years to bring the project to indicated resource status. If the board then approves Phase 2, the TLO estimates and additional \$5.5M to be spent over 3.5 years to complete the pre-feasibility study.

Because of the Phasing of Option 2, and the possibility that no additional funding will be provided after Phase 1, the cost recovery plan for Option 2 will be divided into phases with the return potential varying for each phase.

## **2.1 Option 2 Phase 1 Indicated Resource**

This option proposes to spend \$7M over the course of 4 years to reach compliant indicated resources. If the TLO is successful in bringing the Project to internationally compliant indicated resources, the TLO believes it could recoup some of this investment costs by a bonus bid, but most likely not the full value. Under this option a pre-feasibility study with detailed engineering studies is not included and therefore, the Project's economic and technical parameters will not be defined. Without those, a potential mining company interested in the Project will most likely negotiate a buy-in and royalty on the Project at a discounted rate since the company would have to significantly de-risk the project by conducting their own engineering and pre-feasibility study.

### **2.1.1 Mechanism**

Under Option 2 Phase 1, the Project, at the completed compliant indicated resource stage, and further de-risked since it is now considered an advanced project, will be offered to the mining industry for development as early fall of 2024.

To acquire the Project, the lessee or partner will be required to make a one-time cash payment in excess of the Trust's investment costs to the TLO, due on the day the lease agreement or JV contract gets signed. However, due to the reasons stated above, this may not happen. The potential lessee or partner will likely negotiate for a lower bonus bid and a lower royalty rate. Under the assumption that the bonus bid amounts to \$7M and discounted royalty rate is 5%, the Option 2 Phase 1 investment would be recovered through the bonus bid, however the balance of the Trust investment made previous to the Phase 1 investment will not be able to be recovered. Those previous investments do not fall under the provisions of 20 AAC 40.610 for cost recovery, therefore royalty payments will be placed in the Mental Health Trust Fund as principal.

What if a potential mining company will not make a bonus bid but accepts to pay the standard royalty rate of 10%? In this scenario, the Trust would have to wait to recover the \$7M investment once the mine begins production. However, the time period between the initial agreement and the first received annual royalty payment would be 8 years at minimum, if not more. The Trust would recover \$7M through royalty payments during the first year of production, placing that in the Mental Health Trust Settlement Income Fund with any additional royalty being allocated to the Mental Health Trust Fund as principal. That recovery would likely not be realized until 2034.

What if there will be no interested mining company to develop the Project after the compliant indicated resource status has been achieved? This is possible, given that 11% of projects with compliant indicted resources reach the production stage (see Sykes, 2013). If there is never interest, the investment funds do not get recovered. Since this is a straight-forward placer mining project and not a hard-rock project, a partner would likely be found eventually and Phase 1 investment costs will be recovered by either a bonus bid, royalty payments, or a combination of both as shown in the previous paragraphs at an indefinite time in the future. At that point in the future, the \$7M would be recovered as income first before any of the revenues would be deposited as principal.

### **2.1.2 Summary of Cost Recovery Alternatives under Option 2 Phase 1:**

Through a bonus bid, recovery of at least \$7M (income) as early as December 2024; or through royalty, recovery of \$7M income as early as 2034.

### **2.2. Cost Recovery Plan for Option 2 Phase 2**

Option 2 Phase 2 is not a stand-alone package, but rather the continuation of Option 2 Phase 1 aimed at advancing the Project towards a prefeasibility study which includes test mining, and operating a pilot plant to test commercial production, mineral separation, and recovery. TLO estimates \$5.5M to be spent over 3.5 years. This assumes that Option 2 Phase 1 produces positive indicated resources that warrant further investment in Phase 2.

#### **2.2.1 Mechanism**

Work under Phase 2 would begin as early as January 2025 if approved by the board and end with offering the Project to the industry in mid-2028. The successful completion of the pre-feasibility study will significantly de-risk the project to the point where it has a 75% probability to advance to development (see Sykes, 2013). A pre-feasibility study that does not endorse the probable success of the Project advancing to a mine would leave the Trust at trying to market the Project similar to what was discussed above under Option 2 Phase 1.

To acquire the Project after a published positive pre-feasibility study, the lessee or partner will be required to make a one-time cash payment in excess of the Trust's entire investment costs to the TLO, due on the day the lease agreement or JV contract gets signed. This would include both investment costs for Phase 1 and Phase 2, but also the previous \$5.2M invested in the exploration, returning at least \$17.7M as income. Again, this is a practice in the mining industry that allows exploration companies to re-coup investment costs. TLO could recover investments starting as early as fall of 2028 by a "bonus bid" mechanism that allows the Trust to recover its investment prior to any development and/or production. The Trust's accounting mechanism classifies a "bonus bid" as income that may go into the Mental Health Trust Settlement Income Fund. Further royalty payments would be allocated principal allocated to the Mental Health Trust Fund.

What if a potential mining company will not make a bonus bid but offers to pay increased royalty instead? In this scenario, it is assumed that production will not start before 2034 due to necessary confirmation drilling, feasibility study, permitting and mine development. Based on the most recent technical data and as well as on an average 20-year gold and HM price, it is perceivable that investment costs can be recovered with the revenue received during the first year of production, whenever that might be, but as early as 2034. Initial royalty payments amounting to \$12.5M would go directly into the Mental Health Trust Settlement Income Fund recovering the investment for Phase 1 and Phase 2. Further royalty would be allocated to principal and deposited in the Mental Health Trust Fund. 20 AAC 40.610 does not allow the initial development costs of \$5.2M to be recovered as income.

What if there will be no interested mining company to develop the Project after a completed pre-feasibility study? This is unlikely given that 75% of projects with a completed positive pre-feasibility study make it all the way to production (see Sykes, 2013). However, in this event the Trust will not have lost future opportunity since it still owns the Property, but with one significant difference. It will now have a defined gold and industrial heavy mineral resource on its Property. This will significantly increase the property's market value to the industry. At the completion of a positive pre-feasibility study, the Property is valued at its full-investment cost. TLO can also make data packages available for purchase to interested parties to re-coup some of its investment costs. Unfortunately, under this scenario we cannot accurately state the time of return of investment, however the means of cost recovery for the \$12.5M would be the same as the two previous paragraphs.

### **2.2.2 Summary of Cost Recovery Alternatives under Option 2 Phase 2:**

Through a bonus bid, recovery of at least \$17.7M (income and principal) as early as December 2028; or through royalty, recovery of \$12.5M income as early as 2034.

### **3. Cost Recovery Plan for Option 3**

Option 3 is to discontinue with exploration of the Project with no further investment and conduct a competitive lease offering. The Project will have depleted its current funding by the end of CY 2021. No Cost Recovery Plan is required under Option 3 since it does not fall under 20 AAC 40.610. This means that there is no way for the TLO to recover its current investment of \$5.2M as income. If the Project was developed in some way at this stage, normal allocation of income and royalty under 20 AAC 40.610 applies.

**To:** John Sturgeon, Chair Resource Management Committee  
**From:** Mike Abbott, Chief Executive Officer  
**Date:** January 7, 2021  
**Re:** Icy Cape Memo from CEO to Trustees

---

In addition to the presentation and recommendation from the TLO, the Trust must consider other factors as it considers a \$10m investment in the Icy Cape mineral exploration project. I bring this additional information to ensure that the Trustees have a broader perspective on this decision. Additionally, these considerations should be part of the record of the Trustees decision on this matter.

As CEO, I don't favor or disfavor the TLO recommendation. I can productively support the Trust if the TLO recommendation is endorsed and I can similarly support the Trust in developing the Icy Cape project differently.

I have three primary areas of additional factors to be considered.

**Mining Partnerships Could Be Explored Further**

The TLO recommendation is not the only opportunity to develop this mineral deposit. The TLO proposed role for the Trust as the sole investor in the exploration work is an uncommon role for a public, native corporation, or institutional landowner. Typically, the funds for exploration work would be provided by professional mining exploration companies and their investors. Such a partner would typically negotiate an exclusive arrangement for ultimate development of the resource and would fully fund the exploration and ultimate development expenses. In exchange, the landowner receives a royalty or share of profits in the event an actual mine is developed. If we pursued that option, the risk is carried by the partner, which in turn will require the Trust to accept less revenue if a mine is developed. The Trust would also share development decision-making with the partner rather than being in complete control.

The TLO does not believe that a mining company would be willing to invest as we propose and commit to fully develop the resource. I agree that there are few if any mining exploration companies that are configured to develop deposits like the one at Icy Cape. But my high-level conversations with several experienced Alaska miners indicates that we might find suitable partners if we aggressively marketed the project with the data we have developed in our initial exploration work. No one outside of our team has seen the results of the exploration work conducted so far. Perhaps others will find it as compelling as the TLO does.

It would take at least six months to determine if satisfactory partnership could be developed. If, at the end of a diligent marketing effort, there were no satisfactory exploration partnership opportunities the Trust could re-consider the allocation of Trust funds as proposed now by the TLO.

### **This Is A High-Risk Investment**

The Trust must seriously consider the speculative nature of this investment. Investments in projects with this relatively low level of exploration work are considered high-risk. Institutional investors (like the Trust) would typically avoid allocations like this. The fact that the TLO does not think anyone else would invest in the project at this time is an indication of the high level of risk. Why do we think this is a good investment of Trust assets if professional mining investors don't find it attractive? Are we smarter than the marketplace?

Our investment could fail for one or more reasons. Here are four possibilities that are particularly conspicuous:

- The continued exploration work may not confirm the expectations we have. Either or both ore grades or quantities may be lower than the sampling we have done so far.
- It may be more difficult for various reasons to develop a large mine at this site. The deposit is located in a remote area without good transportation or power options. The project economics, as evaluated in a pre-feasibility study, may not support the level of investment required of a mine operator.
- The project may be more difficult to permit than expected. The project area is adjacent to (but outside) of a National Park's designated wilderness area and a U.N. designated World Heritage Site. Local, state or national anti-mining advocacy could make permits hard to get or create higher project costs than expected.
- Even with positive results from exploration and pre-feasibility work, a partnership with a mine operator with the necessary capital and operating expertise may not materialize on the terms anticipated by the TLO.

There is a very real possibility that the investment of \$10m will never be recovered.

Contrarily, although a high-risk investment should not be a large part of a perpetual Trust's portfolio, \$10m represents less than 2% of the Trusts invested assets and could be justified since we stand to be so well compensated if the project ultimately pays off.

### **There Is Other Trust Work That Could Be Funded Instead**

The source of funds for this investment – Trust reserves – are considered spendable income, they can be used for any Trust purpose. The funds requested by the TLO for the Icy Cape project could otherwise fund programmatic and/or capital needs associated with the implementation of the Comprehensive Integrated Mental Health Program Plan (Comp Plan). Between our current focus areas we could deploy these, or other reserve funds, and improve short and long term benefit for our beneficiaries.

The proposed investment in the Icy Cape project would be as large as any single use of Trust spendable income in our short history. The only comparable commitment of Trust funds was the \$10m investment in Medicaid expansion and reform. Those funds have caused the State to operate Medicaid more efficiently and the expand Medicaid services to 62,000 previously uninsured Alaskans – tens of thousands of which are Trust beneficiaries.

Conversely, and happily, the Trust reserves are currently capable of providing the funds recommended by the TLO and also significantly increasing program spending.

Committee Took Action 01/07/21

# **Additional Documents**

**To:** Chris Cooke, Chair  
**Through:** Mike Abbott, Chief Executive Officer  
**From:** Steve Williams, Chief Operating Officer  
**Date:** January 27, 2021  
**Re:** Program and Planning Committee Report

---

The meeting occurred on January 6, 2021 and was attended by trustees Verné Boerner (chair), Chris Cooke, Anita Halterman, Ken McCarty, Rhonda Boyles, John Sturgeon and Annette Gwalthney-Jones. Due to the Covid-19 pandemic, the meeting was not held in person, rather it was held using video and teleconference technologies.

**Meeting Summary:**

The following items were presented and discussed by the Committee.

1) *CEO Update*

Mike Abbott updated the Committee on the following topics:

- the status of Trustees Boyles and Halterman confirming that they continue to serve as trustees in good standing per the Governor's office and the Department of Law;
- location and dates of the January 27-28, 2021 full board meeting;
- the current public information campaign connecting the Trust Land Office's land management activity to the Trust Authority Office's programmatic activity impacting beneficiaries; and,
- a high-level overview of the Governor's FY22 Proposed Budget.

2) *FY22 Governor's Budget Analysis/Joint Advocacy*

Trust staff provided a detailed overview of the Governor's FY22 Proposed Budget, walking through a memo addressed to the Committee. The memo outlined a comparison of the board of trustees approved FY22 Budget to the Governor's FY22 Proposed Budget highlighting the areas of agreement and differences.

Staff presented an overview of identified joint advocacy areas (Trust and Advisory Boards) for the upcoming legislative session. The identified areas included: (1) Medicaid Health Coverage; (2) Community Support Services; (3) Behavioral Health Services; (4) Safe, Affordable Supportive Housing; and, (5) Beneficiary Employment. They also described how the Trust, Advisory Boards and other key stakeholders will track budget discussions and legislation affecting beneficiaries during the upcoming legislative session.

- 3) *Telehealth: Alaska's Transition, Usage & Future of Service Provision*  
Al Wall, Deputy Commissioner (DHSS), Gennifer Moreau (Director - Div. of Behavioral Health) and Renee Gayhart, (Director - Div. Health Care Services) presented on the use and impacts of telehealth service delivery for beneficiaries. The presentation covered telehealth uptake and utilization, expenditures, diagnostic codes and service categories, impacts on service access during Covid-19 and the future of telehealth service delivery beyond the pandemic.
- 4) *Crisis Now Update*  
Trust staff provided an in-depth update to the Committee on the Trust's work with its partners to develop and implement psychiatric crisis services using the *Crisis Now* framework. The update included: (1) an overview of the *Crisis Now* framework; (2) a description of the Project Management and Team structure; (3) updates on work and activities in Anchorage, Mat-Su Valley, and Fairbanks; (4) an explanation of the planned phase implementation approach for Anchorage; (5) a review of the Project timeline; and, (6) identified next steps.
- 5) *Comprehensive Integrated Mental Health Program Plan (Comp Plan) update*  
Jillian Gellings (Project Analyst), Rebecca Topol (Research Analyst), Leah Van Kirk (Program Coordinator II) from the Department of Health and Social Services and Autumn Vea (Trust Evaluation & Planning Officer) provided an update on the *Comp Plan*. This included a brief history of the *Comp Plan* but, focused on the progress made to revise and update the *Comp Plan* Scorecard. A copy of the DRAFT updated Scorecard was provided and reviewed with the Committee.
- 6) *Covid-19 Impacts - Beneficiaries & the Organizations Serving Them*  
Lizette Stiehr (Executive Director, Alaska Association on Developmental Disabilities), Tom Chard (Chief Executive Officer, Alaska Behavioral Health Association), and Marianne Mills, (Board Chair, AgeNet) provided an update to the Committee on Covid-19 impacts to community providers and beneficiaries. The topics covered by the presenters included: (1) impacts affecting workforce retention and recruitment; (2) provider organizations' operating budgets; and, (3) the mental health of beneficiaries and the individuals who provide them services and supports.
- 7) *Fetal Alcohol Spectrum Disorder (FASD)*  
Michael Baldwin, (Trust Senior Evaluation & Planning Officer), Jeanne Gerhardt-Cyrus (FASD Advocate), and Lanny Mommsen (Research Analyst III, Governor's Council on Disabilities and Special Education) provided an educational presentation on FASD. The presentation included an explanation of what is Fetal Alcohol Spectrum Disorder, a historical description of the Trust, Advisory Boards and other partner collaborations to improve the identification of and system of care for beneficiaries experiencing an FASD. Jeanne provided a beneficiary perspective to the presentation, as a parent of several children experiencing FASD and an advocate for improved services and supports.
- 8) *Staying Connected and Safe through Assistive Technology*  
Kelda Barstad (Trust Program Officer) and Mystie Rail (Executive Director – Assistive Technology of Alaska) provided a presentation covering, the Trust's work in the area of service provision through technology, specifically in the 2020 Tech Summit series and how technology can increase beneficiary independence and quality of life. Ms. Rail explained the

process ATLA uses to: (1) assess the assistive technology needs of individuals; (2) identify the best assistive technology for identified individual needs; (3) train individuals on the use of assistive technology; and, (4) train and assist individuals with setting up proper IT security protocols.

There were no formal actions taken by the Program and Planning Committee taken at the meeting. The Program and Planning Committee adjourned at approximately 4:00pm. The next scheduled meeting of the committee is ***April 21, 2021.***