

Alaska Mental Health Trust Authority
Trust Land Office
Notice under 11 AAC 99.050 of
Decision to Issue Exclusive Temporary Easement – Gil Access Project - Fairbanks
MHT #9400736

Notice is hereby given that, pursuant to the provisions of AS 38.05.801 and 11 AAC 99, the Executive Director of the Alaska Mental Health Trust Land Office (TLO) has determined that it is in the best interest of the Alaska Mental Health Trust and its beneficiaries to complete an exclusive Easement of certain Trust land to the Fairbanks Gold Mining, Inc. The basis for this determination is explained in a written best interest decision prepared by the Executive Director pursuant to 11 AAC 99.040.

The Trust land affected by the decision is north of Fairbanks, Alaska, and is more particularly described as: A strip of land 100 feet in width and approximately 14,150 feet in length located on a portion of Trust Land Parcels located Sections 2, 10, and 18-20 of Township 002 North, Range 003 East, Fairbanks Meridian, Alaska and containing approximately 32.5 acres (MH Parcel F70015).

Persons who believe that the written decision should be altered because it is not in the best interest of the Trust or its beneficiaries, or because the decision is inconsistent with Trust management principles set out in 11 AAC 99.020, or any other provision of 11 AAC 99, must provide written comments on or before **4:30 PM, January 25, 2021. Comments should be submitted to the TLO at 2600 Cordova Street, Suite 201, Anchorage, AK 99503, or by fax (907) 269-8905 or email mhtlo@alaska.gov.** Following the comment deadline, the Executive Director will consider timely comments that question the decision on the basis of the best interest of the Alaska Mental Health Trust and its beneficiaries or inconsistency with 11 AAC 99, and the best interest decision may be changed in response to such written comments or other information. Commenting parties will be provided a copy of the final best interest decision after the end of the notice period.

To be eligible to file for reconsideration of the best interest decision, or to file a subsequent appeal to the Superior Court, a person must have submitted written comments during the notice period. Eligible persons will have twenty (20) calendar days after published notice of or receipt of the final written decision to request that the Executive Director reconsider the decision under 11 AAC 99.060(b).

Copies of the written decision are available at the Trust Land Office, or at <https://alaskamentalhealthtrust.org/trust-land-office/>. If you have any questions concerning this action, please contact the Trust Land Office at (907) 269-8658.

In compliance with the Americans with Disabilities Act, the Alaska Mental Health Trust is prepared to accommodate individuals with disabilities. Please contact the Trust Land Office at (907) 269-8658 for assistance. Requests for assistance must be received at least 96 hours prior to the comment deadline in order to ensure that any necessary accommodations can be provided.

The Executive Director of the TLO reserves the right to waive technical defects in this notice or to amend, postpone, or vacate the best interest decision.

DocuSigned by:


Wyn Menefee
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Executive Director

12/18/2020

Date

Published Fairbanks Daily News Miner: 12/22/2020

The Alaska Mental Health Trust Authority
Trust Land Office
BEST INTEREST DECISION
Exclusive Temporary Easement - Gil Access Project - Fairbanks

MHT: #9400736
MH Parcel(s): F70015

In accordance with AS 38.05.801 et seq. and the implementing regulations governing Alaska Mental Health Trust (“Trust”) land management (11 AAC 99), Trust land shall be managed consistently with the responsibilities accepted by the State under the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)). This means that management shall be conducted solely in the best interest of the Trust and its beneficiaries.

In determining the best interest of the Trust and its beneficiaries, and in determining consistency between state law and the Alaska Mental Health Enabling Act, the Executive Director of the Alaska Mental Health Trust Land Office (“TLO”) shall, at a minimum, consider the following interactive Trust management principles in accordance with 11 AAC 99.020:

- Maximization of long-term revenue from Trust land;
- Protection of the corpus;
- Protection and enhancement of the long-term productivity of Trust land;
- Encouragement of a diversity of revenue-producing uses of Trust land; and
- Management of Trust land prudently, efficiently, and with accountability to the Trust and its beneficiaries.

I. Proposed Use of Trust Land. The applicant proposes to lease three parcels of Trust land in a negotiated mineral lease. The parcels will be subject to mineral reconnaissance and exploration drilling.

II. Applicant/File #. Fairbanks Gold Mining, Inc. / MHT 9400736

III. Subject Property.

A. Legal Description. A segmented strip of land 100 feet in width and approximately 14,150 feet in length located on a portion of Trust Land Parcel F70015 located in Sections 2, 10, and 18-20 of Township 002 North, Range 003 East, Fairbanks Meridian, according to the survey plat approved by the U.S. Surveyor General’s Office in Juneau, Alaska on January 16, 1914.

B. Settlement Parcel Number(s). F70015

C. Site Characteristics/Primary Resource Values. The parcel is located within the Fairbanks Mining District approximately 20 miles north of Fairbanks. The site is primarily covered in low alpine boreal shrubbery, primarily mixed white spruce, birch and willow with limited areas of shrub wetland in low lying areas. The primary resource value is mineral in nature.

- D. Historical and Existing Uses of the Property.** The parcel has extensive current and historic use for mineral exploration and development.
- E. Adjacent Land Use Trends.** Adjacent land use trends are almost exclusively mineral exploration and development and public recreation. The applicant leases both State of Alaska Mining Claims, Upland Mining Leases and mineral leases with the Mental Health Trust.
- F. Previous State Plans/Classifications.** None. The Eastern Tanana Area Plan was adopted on August 28, 2015 postdating the Trusts' land acquisition.
- G. Existing Plans Affecting the Subject Parcel.** The Fairbanks North Star Borough has designated affected lands as GU-1 (General Use) and ML (Mineral Lands). The Eastern Tanana Area Plan's management for adjacent State Lands is Mineral and Dispersed Public Recreation.
- H. Apparent Highest and Best Use.** The highest and best use is anticipated to be mineral exploration and development, which is supported by this easement proposal. The easement does not prevent future development of the parcel.

IV. Proposal Background. On June 6, 2020, Fairbanks Gold Mining, Inc. proposed to execute a temporary, exclusive easement to facilitate the transport of ore materials from the Gil Project to the Fort Knox Mine for milling. The access route is an existing road which will require widening to accommodate mining haul trucks and associated mining equipment. The roadbed is proposed to be widened to 100 feet inclusive of appropriately sized berms, storm water drainage systems and erosion control measures. The anticipated length of the easement is 14,150 feet in total.

V. Terms and Conditions. The proposed action includes an exclusive, temporary easement authorization for a portion of F70015.

- A.** The authorization will have a primary term of five years. The contract may be extended an additional term of five years subject to terms below.
- B.** The annual rent would be calculated at 11% of the appraised land value due annually for the life of the authorization.
- C.** The contract may be extended for one additional five-year term. The annual rent will increase by 4% for the following five-year term.

VI. Resource Management Considerations. The proposal is consistent with the "Resource Management Strategy for Trust Lands" (RMS), which was adopted in March 2016 in consultation with The Trust and provides for the TLO to protect the corpus and long-term productivity of Trust lands. These goals will be achieved by the terms and conditions in the easement. Secondary and cumulative impacts are reduced by the terms and conditions, which require insurance, bonding, and indemnification. The easement will positively affect the Trust's opportunity to maximize revenues from this site and adjacent Trust lands over time.

VII. Alternatives.

- A. Do Nothing:** Doing nothing would preclude opportunity to receive value for the proposed activities within an existing footprint that is currently being used as a

transportation corridor between the Gil Project and the Fort Knox Mine. Further, doing nothing would render the Gil Project infeasible and would reduce the royalty revenue the Trust receives from Fairbanks Gold Mining, Inc.

B. Proceed as Proposed: The TLO would receive revenues from the easement itself and would facilitate an essential transportation corridor to transport ore material from the Gil Project to the mill facility at the Fort Knox Mine.

VIII. Risk Management Considerations.

A. Performance Risks. No additional land disturbances aside from normal maintenance is anticipated. The standard easement indemnification, bonding and insurance coverage naming the Trust as an additional insured should mitigate unknown liabilities.

B. Environmental Risks. The Commercial Liability Insurance coverage requirements should mitigate unknown environmental and liability risks. Further, construction design will include storm water run-off prevention mechanisms and erosion control measures to further mitigate potential environmental risks.

C. Public Concerns. Subject to comments resulting from the public notice, there are no known concerns that suggest the proposed temporary easement is inconsistent with Trust principals.

IX. Due Diligence.

A. Site Inspection. A site inspection of the proposed access route was conducted on September 10, 2020.

B. Valuation. The Trust will receive approximately \$12,505 over the primary five-year term and \$15,915 for the second term should the applicant choose to extend for the full 5-year term.

C. Terms and Conditions Review. No independent review of the proposed terms and conditions was required because they are standard to the easement agreements already reviewed by a contracted private law firm and other public and private land managers to best serve the interests of the Trust.

X. Authorities.

A. Applicable Authority. AS 37.14.009(a), AS 38.05.801, and 11 AAC 99 (key statutes and regulations applicable to Trust land management and disposal).

B. Inconsistency Determination. As the proposed negotiated lease is specifically authorized under 11 AAC 99, any relevant provision of law applicable to other state lands is inapplicable to this action if it is inconsistent with Trust responsibilities accepted by the State under the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)) as clarified by AS 38.05.801 and Alaska Mental Health Trust land regulations (11 AAC 99). 11 AAC 99 includes determinations that certain State statutes applicable to other State land do not apply to Trust land unless determined by the Executive Director, on a case-by-case basis, to be consistent with 11 AAC 99.020. The State Statutes deemed inconsistent with Trust management principles and inapplicable to Trust land by these regulations have not been applied to this decision or this action, including,

but not limited to, AS 38.04 (Policy for Use and Classification of State Land Surface), AS 38.05.035 (Powers and Duties of the Director), AS 38.05.300 (Classification of Land), AS 38.05.945 (Notice), AS 38.05.946 (Hearings), and 11 AAC 02 (Appeals).

XI. Trust Authority Consultation. TLO consultation is defined in statute and regulation under AS 37.14.009(a)(2)(C) and 11 AAC 99.050 and clarified under 11 AAC 99.030(d) which requires the executive director to consult before issuing a public notice of a written decision of best interest.

XII. Best Interest Decision. Given the information above and the information contained in the complete record, the Executive Director finds that the proposed transaction is in the best interest of the Trust, subject to the terms and conditions addressed in this decision. The decision is based upon the consideration of the five Trust management principles set out in 11 AAC 99.020 and is in full compliance with 11 AAC 99. This decision does not preclude the TLO from determining that an alternative proposal will serve the best interest of the Trust. A future determination of that nature will require a best interest decision specific to the proposal.

A. Non-competitive Disposal Determination. 11 AAC 99.020 (d) allows for the disposal of Trust land through a competitive basis, unless the Executive Director in consultation with the Trust Authority, determines in a written decision required by 11 AAC 99.040 that a non-competitive disposal is in the best interest of the Trust and its beneficiaries. This non-competitive disposal is in the Trust's best interest because this authorization is essential to FGMI's operational plans to realize the benefits of the Gil Project revenues which has already been determined in the best interest of the Trust and its beneficiaries. This decision does not preclude the TLO from determining that an alternative proposal will serve the best interest of the Trust or that additional infrastructure may be co-located with the proposal.

XIII. Opportunity for Comment. Notice of this Best Interest Decision will take place as provided under 11 AAC 99.050. Persons who believe that the decision should be altered because it is not in the best interest of the Trust or its beneficiaries, or because the decision is inconsistent with Trust management principles set out in 11 AAC 99.020 or any other provision of 11 AAC 99, must provide written comments to the TLO during the notice period. Following the comment deadline, the Executive Director will consider timely written comments that question the decision on the basis of the best interest of the Trust and its beneficiaries or inconsistency with 11 AAC 99. The Executive Director may then, in his or her discretion, modify the decision in whole or in part in response to such comments or other pertinent information, or affirm the Best Interest Decision without changes. The Best Interest Decision as modified or affirmed will become the final agency action, subject to reconsideration procedures under 11 AAC 99.060. Additional notice will be provided for a substantially modified decision. If no comments are received by the end of the notice period, this Best Interest Decision will be affirmed, and the proposed action taken. (See notice for specific dates.)

XIV. Reconsideration. To be eligible to file for reconsideration of this Best Interest Decision, or to file a subsequent appeal to the Superior Court, a person must submit written comments during the notice period.

Persons who submit timely written comments will be provided with a copy of the final written decision and will be eligible to request reconsideration within 20 calendar days after publication of the notice or receipt of the decision, whichever is earlier under 11 AAC 99.060(b). This request must be accompanied by the fee established by the Executive Director under 11 AAC 99.130, which has been set at \$500, to be eligible for reconsideration. The Executive Director shall order or deny reconsideration within 20 calendar days after receiving the request for reconsideration. If the Executive Director takes no action during the 20-day period following the request for reconsideration, the request is considered denied. Denial of a request for reconsideration is the final administrative decision for purposes of appeal to the superior court under AS 44.62.560.

XV. Available Documents. Background documents and information cited herein is on file and available for review at the TLO, located at 2600 Cordova Street, Suite 201, Anchorage, Alaska 99503. Phone: (907) 269-8658. Email: mhtlo@alaska.gov.

The disposal action proposed by this decision will occur no less than 30 days after the first publication date of this decision, and after the conclusion of the TLO administrative process. For specific dates or further information about the disposal, interested parties should contact the TLO at the above address, or visit the website at: <https://alaskamentalhealthtrust.org/trust-land-office/>.

[SIGNATURE PAGE FOLLOWS]

XVI. APPROVED:

DocuSigned by:



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Wyn Menehee

Executive Director
Alaska Mental Health Trust Land Office

12/18/2020

Date

XVII. CONSULTATION CONCURRENCE:

In accordance with 11 AAC 99.030(d) and the policies of the Alaska Mental Health Trust Authority, the Trust Land Office has consulted with me, and received concurrence to proceed with the above transaction.

DocuSigned by:



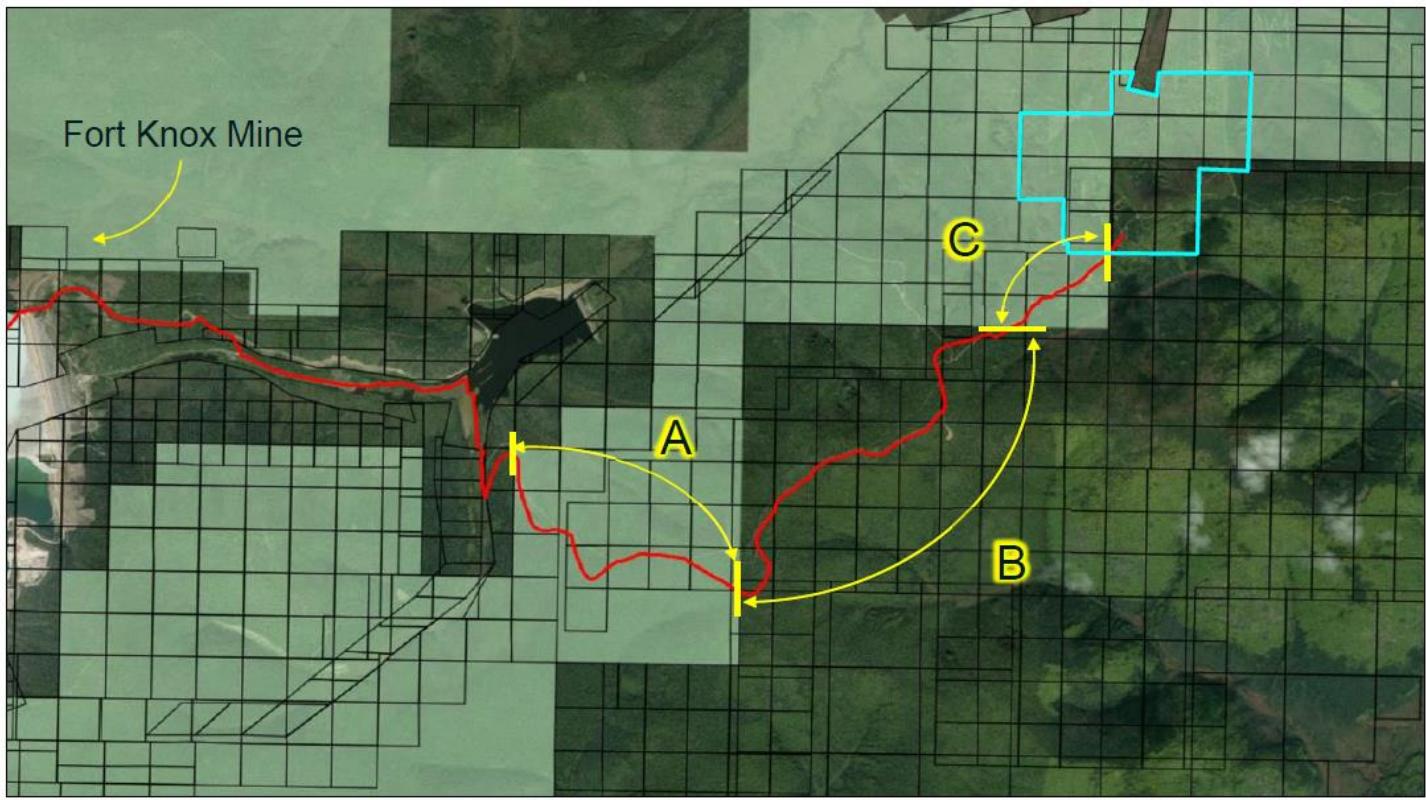
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Michael K. Abbott

Chief Executive Officer (CEO)
Alaska Mental Health Trust Authority

12/18/2020

Date

**GIL PROJECT ACCESS
EXCLUSIVE TEMPORARY EASEMENT
MHT #9400736**



MHT 9400736 Gil Project Easement

Legend

- Claim Boundary (MHT)
- Selected Lands (MHT)
- Gil Project Area (MHT/DNR)
- Gil Access/Haul Road (MHT/DNR)

Access Route Distances

- A Segment (MHT) – 9850 ft.
- B Segment (DNR) – 13,500 ft.
- C Segment (TLO) – 4,300 ft.

