

Trust

Alaska Mental Health
Trust Authority

Resource Management Committee
Quarterly Meeting
April 17th, 2019

TAB 1
RMC AGENDA

Meeting Agenda



Meeting: Resource Management Committee
Date: April 17th 2019
Time: 9:15 AM – 11:30 AM
Location: Trust Authority Building
3745 Community Park Loop, Anchorage
Teleconference: (844) 740-1264 / Meeting Number: 801 117 297 # / Attendee Number: #
[Alaska Mental Health Trust Authority WebEx Meeting Center](#)
Trustees: Carlton Smith (Chair), Verné Boener, Chris Cooke, Laraine Derr, Paula Easley, Mary Jane Michael, Jerome Selby

Wednesday, April 17th, 2019

1. Call to Order (Carlton Smith, Chair)

- Announcements
- Approval of Agenda
- Ethics Disclosure
- Approval of Minutes
 - 2019-01-03

2. Executive Director Report

3. Consultations

a. Item A – Statewide Competitive Lease Offering – Project 2019-172

<u>Southcentral Region</u>	<u>Northern Region</u>	<u>Southeast Region</u>
Sterling	Cantwell	Ketchikan
Seldovia	Chena	Myers Chuck
Kodiak Island	Salcha	Wrangell
Talkeetna		Kupreanof
		Juneau

b. Item B – Madson Subdivision – Fall 2020 Land Sale Project – Moose Pass – Project 2020-175

c. Item C – Capital Community Broadcasting, Inc. (KTOO) – Juneau – MHT 9100677

4. Approval

a. Item 1 – FY20 Real Estate and Program-Related Real Estate Facility Budgets

5. Adjourn

TAB 2

01/03/2019 RMC MINUTES

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING

January 3, 2019
10:13 a.m.

Taken at:
3745 Community Park Loop, Suite 120
Anchorage, Alaska

OFFICIAL MINUTES

Trustees Present:

Carlton Smith, Chair
Mary Jane Michael
Laraine Derr (via Speakerphone)
Jerome Selby (via Speakerphone)
Paula Easley
Carlton Smith
Chris Cooke
Verne' Boerner

Trust Staff Present:

Mike Abbott
Steve Williams
Miri Smith-Coolidge
Kelda Barstad
Andy Stemp
Luke Lind
Michael Baldwin
Carrie Predeger
Katie Baldwin-Johnson
Jimael Johnson
Valette Keller
Eric Boyer
Autumn Vea

Trust Land Office:

Wyn Menefee
Jusdi Doucet
Sarah Morrison
Paul Slenkamp
Aaron O'Quinn

PROCEEDINGS

CALL TO ORDER

CHAIR SMITH called the meeting to order and asked for any announcements.

ROLL CALL

TRUSTEE MICHAEL stated that all trustees are present, except for Trustee Boerner.

APPROVAL OF AGENDA

MOTION: A motion was made to approve the agenda by TRUSTEE SELBY; seconded by TRUSTEE EASLEY.

There being no objection, the MOTION was approved.

ETHICS DISCLOSURES

There were no ethics disclosures.

APPROVAL OF MINUTES (October 17, 2018)

MOTION: A motion to approve the minutes of October 17, 2018 was made by TRUSTEE COOKE; seconded by TRUSTEE EASLEY.

There being no objection, the MOTION was approved.

EXECUTIVE DIRECTOR REPORT

MR. MENEFEY stated that the buildings fared fairly well after the earthquakes. There were bids received for the TAB and Cordova Street, and each of the buildings will require about \$40,000 to \$45,000 worth of repairs. Most of that is for dropped ceilings, Sheetrock and minor stuff. He continued that it will be covered by the State insurance group, and if any money has to be put out it will get returned. He moved to the Forest Service exchange and reported that there will be a meeting, but since the U.S. Government is still shut down, that has added one more twist to the closeout of Phase I. He stated that an offer was put in on the building for CHOICES, and GCI has not formally accepted it. He continued that, on the Department of Defense exchange, there is a go-ahead with an appraisal for the value of the land on the Fischer properties in Fairbanks, which will be jointly paid for. He stated that a letter was received by Trustee Michael from the Chilkat Indian Village. They asked for increased coordination and information regarding the operations by Constantine in the Haines area. He explained that he has been in communication with Constantine, and there is a new plan of operations being submitted for Phase II, which is the underground aspect of their exploration. As long as they follow environmental laws and all the other State requirements, that can be approved. There is also a reclamation plan that gets approved through Mining Land & Water. He added that Constantine has tried to reach out to provide updates to the village, which have not been accepted. Some of what they asked for will not be provided because they asked that Mining, Land & Water change their procedures, which will not happen. He reminded the trustees that the disposal decision was a best-interest decision, in consultation with the Board, about doing a mineral exploration lease back in 2014. The public had an opportunity to comment at that period of time on what should or should not be done. He added that the plan of operations is not part of the public process, but is part of doing the business of a lease. He asked for direction on how to proceed.

TRUSTEE MICHAEL stated that a response should be written with contacts to allow for a continued dialogue. She added that it is important to keep all informed.

MR. MENEFEER stated that he will prepare something and talked about the communications with Constantine about this issue. He added that they are planning on reaching out to all the interest groups and offered sit-downs to explain the new plan of operations and provide information.

CHAIR SMITH suggested that it would be worthwhile for the trustees to see that letter, dialogue, as it involves the Borough management, the Borough mayor, and the local corporation.

TRUSTEE MICHAEL asked that letter be forwarded to all the trustees.

MR. MENEFEER stated that he met with Corri Feige, the new DNR Commissioner; she is very aware of the Trust mission and understands why the TLO exists and what it does for the Trust. He moved to Community Park Loop and stated that an initial phase on planning about the strategic uses of this area has started. He added that some good Donlin wetlands mitigation press coverage was received. It was good to get out a message that the Trust is open for business in this realm to potentially use the wetlands this way.

TRUSTEE MICHAEL asked about the Urban Land Institute and the plan for this area.

MR. MENEFEER replied that the ULI was the Subpart and was already done. The Community Park planning is not contracted yet and is separate. He concluded his executive director report.

TRUSTEE COOKE asked where the money from the Donlin Creek conservation easement went, and if it is a principal asset.

MR. MENEFEER replied that \$200,000 comes at the point of signing the agreement, and then it will be \$20,000 a year for up to ten years to keep the option open. He explained that if the decision was made to go forward with the mine, an additional \$1.3 million will be paid. He added that it is not actual principal because it is not a perpetual disposal of an asset. This is putting an encumbrance on the land, similar to an easement.

CHAIR SMITH asked Mr. Menefee to share the idea behind the upcoming presentation as discussed a while back.

MR. MENEFEER stated that the presentation is to introduce the entitlement issues and help to put into perspective the events that the administration will be working on. He asked Jusdi Doucet to continue.

MS. DOUCET began with the land entitlement and stated that there are a little over a million acres but do not have the full entitlement. She continued that there is the remaining federal entitlement, replacement lands, and missed settlement lands. The lands for the entitlement were selected in 1956 through 1966. It is 2019, and there is still no full entitlement. She explained that there is a willingness of the current leadership at the UI to work constructively with the State, combined with the seniority and stature of the Alaska congressional delegation, which presents a window of opportunity. She explained the history. For the purpose of reconstituting the Mental Health Trust established under the Alaska Mental Health Enabling Act, three lists were created: The first list

was the original mental health land to be designated as Mental Health Trust land; another list that was other state land to be designated as Mental Health Trust land; third, was land that was not to be designated as Mental Health Trust land, which was land that was already encumbered, conveyed. She noted that all the land designated as Alaska Mental Health Trust land remains subject to the encumbrances or interest of record. She moved to the settlement agreement which laid out the land that was to be conveyed to the Trust. This set the basis for corrections to the original land list and established procedures for the return of land affected by hazardous materials, which is important. She continued that recognizing valid existing encumbrances, and providing direction on how to resolve competing Native allotments and outstanding selections under the Enabling Act. Any errors, omissions, over-inclusions or inconsistencies were to be corrected when discovered. She stated that the categories: Remaining federal entitlement; replacement lands from settlement agreements' errors; and settlement lands that were missed or not conveyed. These categories help to understand why there is no full entitlement and why there is more acreage than originally selected. In 2009, an agreement to settle the remaining entitlement was signed by BLM, the Trust and DNR. This agreement defined the need to get the entitlement, 37,585 acres; prioritized 15 areas for conveyance; and third, BLM said they would apply its best efforts to complete the adjudication and conveyance of land by June 30, 2009. Tentative approved lands would be surveyed as soon as feasible, and DNR said they would expeditiously convey any remaining unconveyed lands listed in the exhibit. She added that there are approximately 1,339 acres left, a rough audited estimate. She explained that the plan is to talk with DNR to reprioritize the priorities in the closeout agreement. She continued that there are good reasons why the lands have not been received: survey is expensive, and the State may not have prioritized those surveys; there may be encumbrances on the land that may reduce the value to effectively zero dollars; and then the State has other priorities of what is needed. She went through some examples of the type of land in these 1300 acres, explaining that those are currently federal lands, and some lands in State ownership have encumbrances, and they are dealing directly with the State and the Federal Government through that closeout agreement.

TRUSTEE EASLEY asked why the decision expired.

MS. DOUCET replied that, in her opinion, the decision expired because the institutional knowledge at DNR kept retiring. No one was left to know what was going on. She stated that the decision expired, and the lands have reverted back to general State lands. There is the need to come up with a new more strategic agreement in favor of the Trust. This is a work in progress to complete the Trust entitlement, and we look forward to the 2019 Land Summit with the new administration. She explained that the 2019 Land Summit is a meeting that Governor Dunleavy has called upon for the agencies that still need entitlements from the Federal Government. He wants to make it a priority to close those out or get a road map to get there. An update on this would probably be in April, as the summit is in February.

TRUSTEE COOKE thanked Ms. Doucet for the presentation and stated that it is like an exercise in continuing education for the Board.

CHAIR SMITH asked for any other comments. There being none, he asked for a motion to adjourn.

MOTION: A motion to adjourn the meeting was made by TRUSTEE SELBY; seconded by TRUSTEE EASLEY.

There being no objection, the MOTION was approved.

(Resource Management Committee Meeting adjourned at 11:06 a.m.)

TAB 3

ITEM A - Consultation



To: Carlton Smith, Chair
Resource Management Committee
From: Bruce Buzby
Date: 4/17/2019
Re: Project 2019-172 Statewide Competitive Lease Offering
Fiscal Year: 2019

Consultation

Proposed RMC Motion:

"The Resource Management Committee concurs with the Executive Director's recommendation to offer 24 parcels or portions thereof, as depicted on Attachment A, through the TLO's Competitive Commercial and Recreational Lease Program, or through other subsequent disposal methods."

Background:

Revenue Projections: The projected income revenue will be based on a per acre fair market value derived from appraisal reports or other appropriate valuation methods. Revenue projections for this lease offering, if all parcels are leased, are estimated to be \$100,000 in annual rent payments.

Transaction/Resource: The parcels, or portions thereof, to be offered for lease are listed on Attachment A of this Consultation. Descriptions include Trust parcel number, general locations, meridian, township, range, section, survey number, lot, block, subdivision name, and acreage. Parcels may be removed from the offering at the discretion of the TLO. Lease parcels offered are located in, or near, the following communities:

<u>Southcentral Region</u>	<u>Northern Region</u>	<u>Southeast Region</u>
Sterling	Cantwell	Ketchikan
Seldovia	Chena	Myers Chuck
Kodiak Island	Salcha	Wrangell
Talkeetna		Kupreanof
		Juneau

General Background: This proposal contemplates recreation and commercial development lease offerings.

- Competitive Recreation Lease Offerings will be similar in nature to the TLO's competitive land sale program. It is designed to dispose of, through a lease, subdivided lots and small parcels that do not lend themselves to other types of commercial or resource development. The parcels will be leased to the highest qualified bidder after submission of sealed bids to the

TLO. The minimum bid is the annual fee for the lease and will be determined as a percentage of the appraised value for each parcel.

- For a Competitive Commercial Lease Offering, the TLO will request proposals from qualified individuals or firms interested in leasing and developing commercial projects on land owned by the Trust. The goals of this Request for Proposals to Lease Land (RFP) are to ensure that the leased properties are responsibly developed and managed for highest and best use and for the long-term benefit of the Trust. The RFP will contain items such as the method to submit a proposal, submittal requirements, evaluation criteria, and draft lease agreement. The competitive nature of the lease sale will be through the RFP and selections done through evaluation of the project proposal and annual rent payment. Proposals may be rejected if deemed unsuitable or not in the best interest of the Trust or its beneficiaries.
- Parcels that fail to sell in a competitive lease offering may be leased through an over the counter process, negotiated process, reoffered in a future commercial or recreation lease offering, or sold through an over the counter, competitive, or negotiated sale process.

Anticipated Revenues/Benefits: The minimum lease value will be based on a percentage of the appraised fair market value of the parcel and will establish the minimum bid. Parcels that fail to be leased in a competitive offering may be leased through an over-the-counter process, negotiated process, or reoffered in a future competitive lease offering or subsequent disposal. The TLO will provide an example of the lease form, initial terms and conditions, and may entertain proposals for modifications of the lease but will retain the ability to reject any requests.

Anticipated Risks/Concerns: The standard lease indemnification, bonding, and insurance should mitigate unknown liabilities. Performance risks will be mitigated through TLO's lease contract. These documents include contemporary language to limit risks to the TLO and the Trust, ensure performance by the lessee, and allow for termination in the case of default.

Project Costs: Project costs are estimated at approximately \$150,000 with the primary costs being appraisals, title reports, parcel inspections, survey, platting, and marketing.

Due Diligence: TLO staff, contract appraiser, or surveyor has or will have inspected the parcels prior to leasing the parcels. Minimum parcel bids will be established via standard appraisals or other appropriate valuation methods. All parcels will have a title report completed prior to a competitive lease offering.

Alternatives: The primary alternative is to hold the parcels for sale sometime in the future. This alternative may increase the principal revenue from sales but decrease the overall income amount from annual rental payments.

Consistency with the Resource Management Strategy: The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted January 2016 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. Leases allow for exclusive use of the surface lands and are revocable with cause. The Lands section manages the perpetual Trust land prudently,

efficiently, and with accountability to the Trust. Best management practices ensure Trust lands are maintained, assets inventoried, liability exposure minimized, and value is retained for the present and future.

Trust Land Office Recommendation: Offer the above-mentioned parcels for competitive recreation or commercial lease.

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). AS 38.05.070 Leasing of Land Other Than for the Extraction of Natural Resources.

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. According to the board adopted RMC Charter, the RMC has delegated authority to conduct the consultation for the board. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Exhibit(s):

Attachment A - Trust Land Office 2019 Competitive Lease Program Parcel List

Maps: Safety Cove

Meyers Chuck and Meyers Island

Boat Island

Sasby Island

Windham Bay

Leask Lake

MP 183 Cantwell

Broad Pass

Chena Hot Springs

Salcha River 1

Salcha River 2

Kenai River

Kasitsna Bay

Little Tutka Bay

Kasilof River

Chase




Attachment A - Trust Land Office 2019 Competitive Lease Program Parcel List

MH Parcel Number	General Location	Community/ Subdivision	MTRS	Survey	Intended Type of Lease	Acres
Southeast Region						
CRM-3394-02	Safety Cove	Ketchikan	C076S091E	ASLS 84-54	Commercial	13.9
CRM-2556	Meyers Chuck	Meyers Chuck Subdivision	C071S086E	ASLS 85-93 TLS 2018-08	Commercial	65
CRM-2545; CRM-2554; CRM-2555	Meyers Island	Meyers Chuck Subdivision	C071S086E	ASLS 85-93	Commercial	14.21
CRM-2530	Boat Island	Wrangell	C064S084E	USS 3709	Commercial	4.75
CRM-1924; CRM-1925; CRM-1928; CRM-5019	Sasby Island	Kupreaunof	C058S079E	USRS	Recreational	71.4
CRM-7001	Windham Bay	Juneau	C050S074E	USS 3082	Commercial	4.5
C709932	Leask Lake	Ketchikan	C073S091E	USRS	Recreational	50
Northern Region						
F1001	Mile 183	Cantwell	F021S010W	USRS	Recreational	120
FM-7015	Broad Pass	Cantwell	F018S008W		Commercial	320
FM-0231-Z05	Chena Hot Springs	Chena	F003N008E	USS 4261 ASS 4243 ASLS82-3	Commercial	4347
FM-0689	Salcha River	Salcha	F005S004E	USRS	Recreational	5.73
FM-0697; FM-0698	Salcha River	Salcha	F005S004E	USRS	Recreational	7.6
Southcentral Region						
SM-0596	Kenai River	Sterling	S005N008W	AS K-1393	Recreational	5.39
SM-0595	Kenai River	Sterling	S005N008W	AS K-1393	Recreational	3.68
SM-0415	Kasitsna Bay	Seldovia	S008S013W	USRS	Commercial	16.34
SM-5020	Little Tutka Bay	Seldovia	S008S013W	USRS	Commercial	16
SM-0476	Kasilof River	Kasilof	S003N011W	USRS	Commercial	19.95
SM-2599; SM-2605	Chase	Talkeetna	S026N005W	USRS	Recreational	75

Competitive Lease Program 2019-172



Potential Lease Area Safety Cove

-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.15 0.3 Miles






Date Printed: March 19, 2019

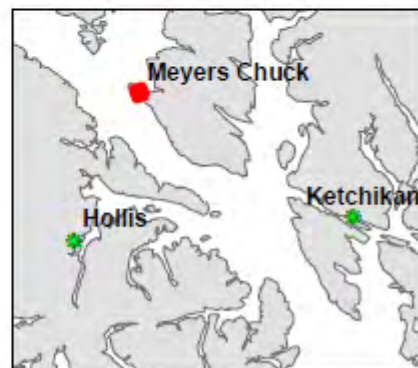
Competitive Lease Program 2019-172



Potential Lease Area Meyers Chuck and Meyers Island

-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.25 0.5 Miles



Date Printed: March 20, 2019

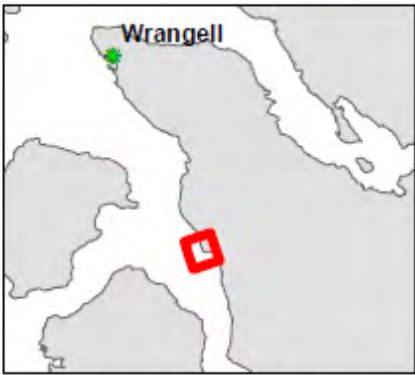
Competitive Lease Program 2019-172



Potential Lease Area
Boat Island

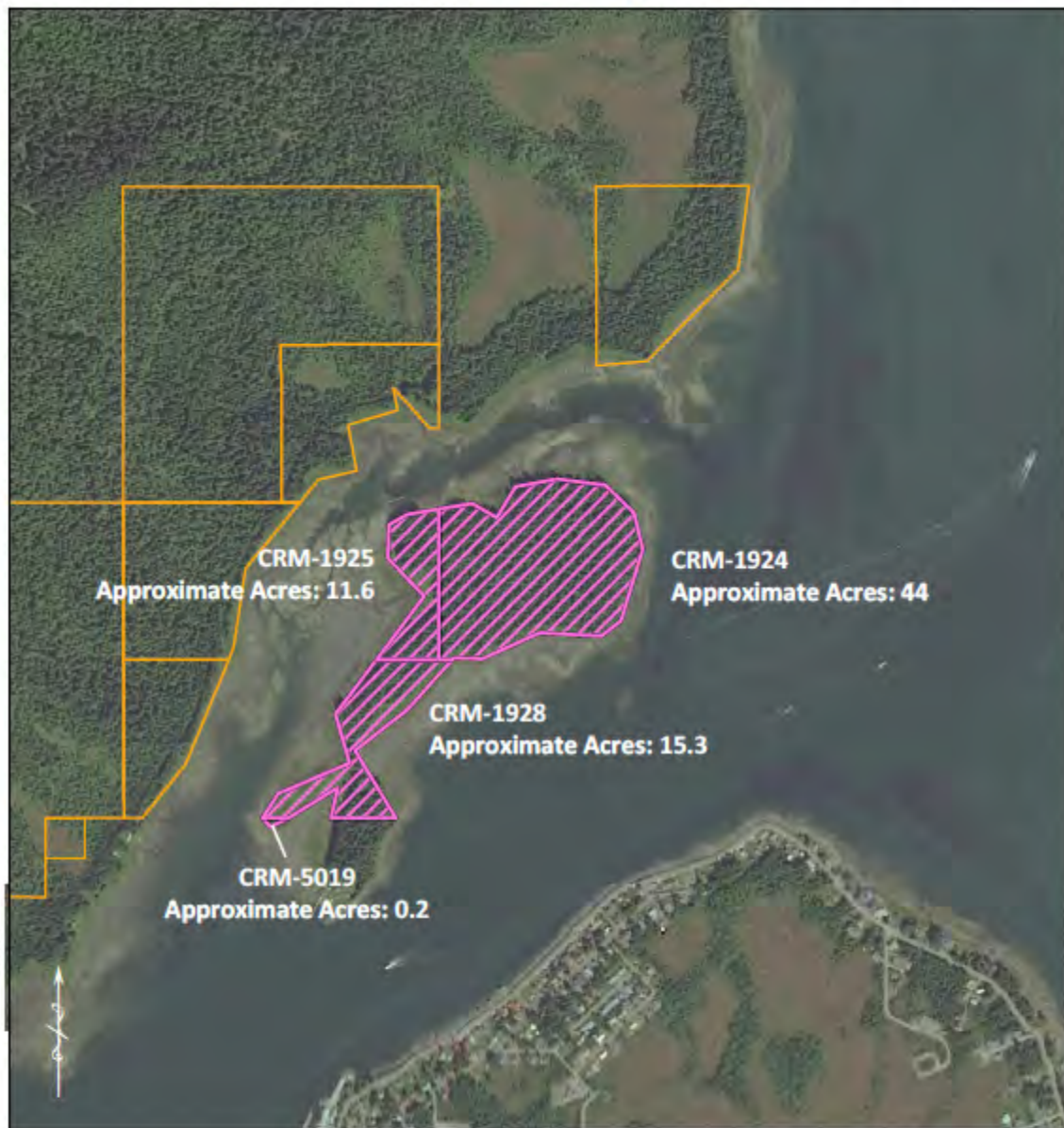
-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.2 0.4 Miles






Date Printed: March 19, 2019

Competitive Lease Program 2019-172



Potential Lease Area Sasby Island

-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.35 0.7 Miles






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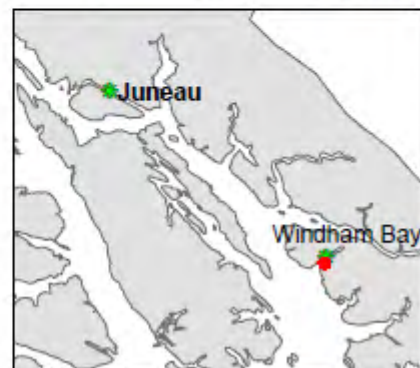
Competitive Lease Program 2019-172



Potential Lease Area Windham Bay

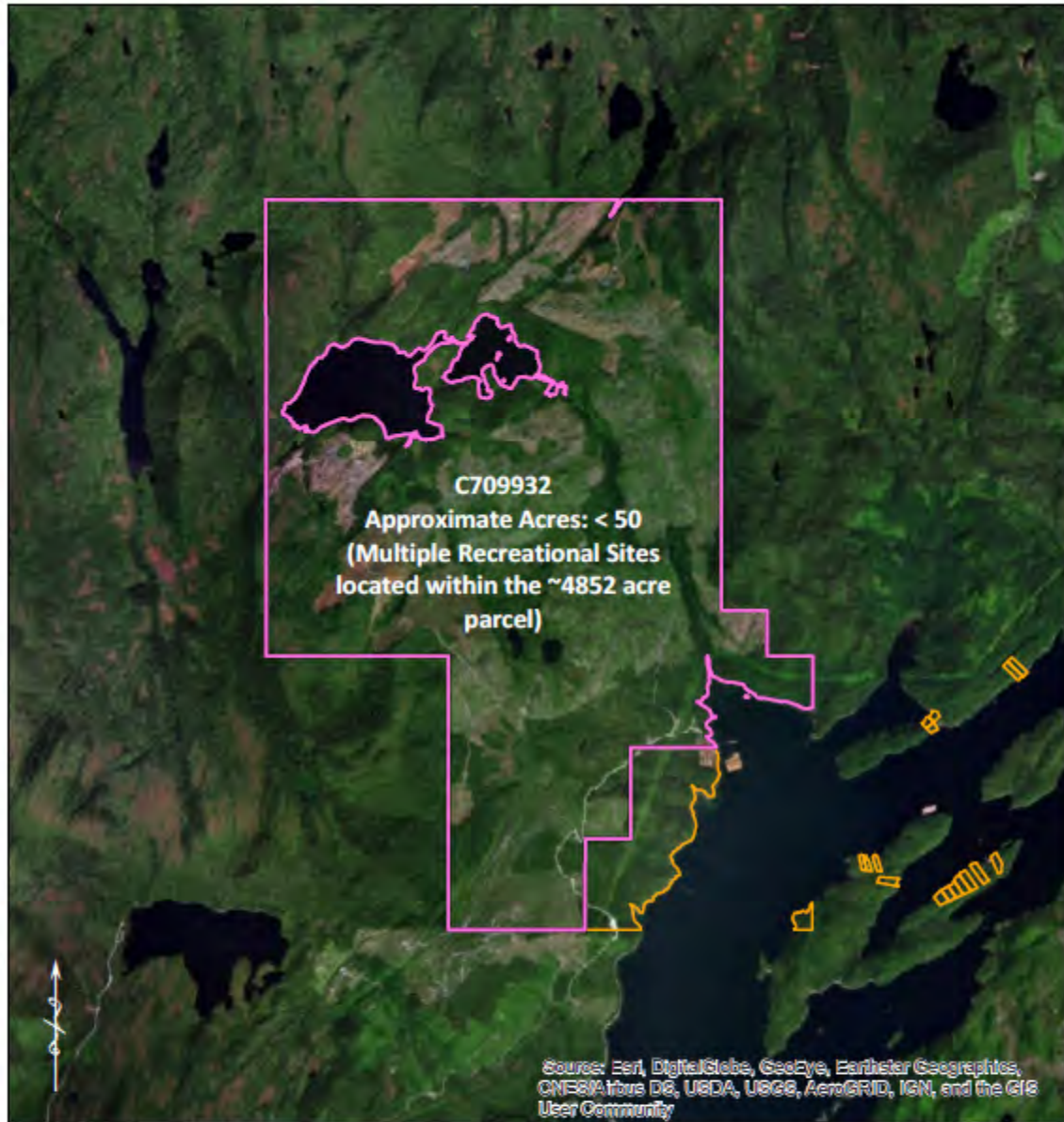
-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.06 0.12 Miles






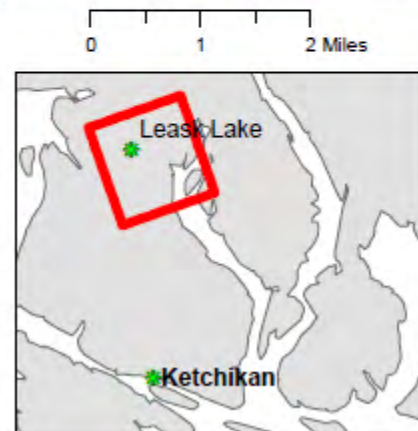
Date Printed: March 19, 2019

Competitive Lease Program 2019-172



Potential Lease Area Leask Lake




-  Commercial Use
-  Recreational Use
-  TLO Parcels



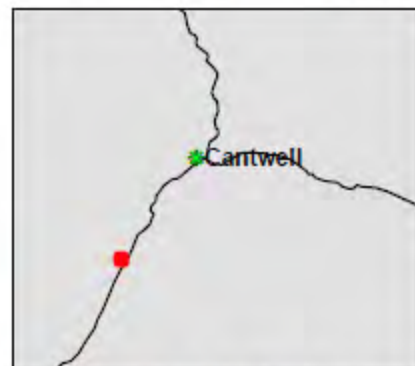
Competitive Lease Program 2019-172



Potential Lease Area Cantwell - Mile 183

-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.3 0.6 Miles






Date Printed: March 19, 2019

Competitive Lease Program 2019-172



Potential Lease Area Cantwell - Broad Pass

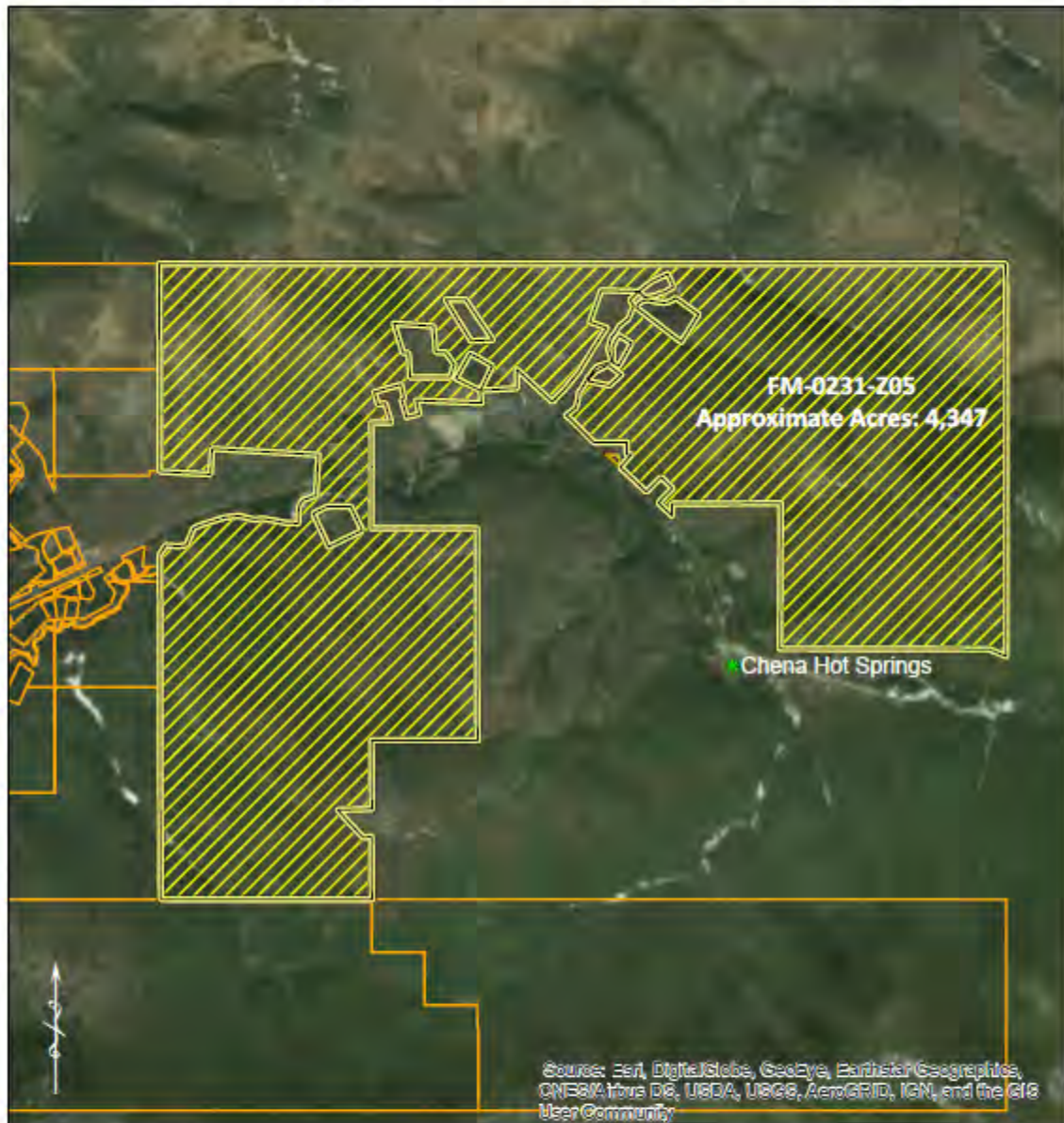
-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.5 1 Miles






Date Printed: March 19, 2019

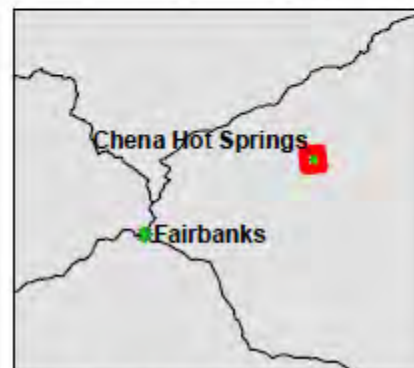
Competitive Lease Program 2019-172



Potential Lease Area Chena Hot Springs

-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 1 2 Miles






Date Printed: March 19, 2019

Competitive Lease Program 2019-172



Potential Lease Area Salcha River

-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.2 0.4 Miles






Date Printed: March 20, 2019

Competitive Lease Program 2019-172



Potential Lease Area Salcha River

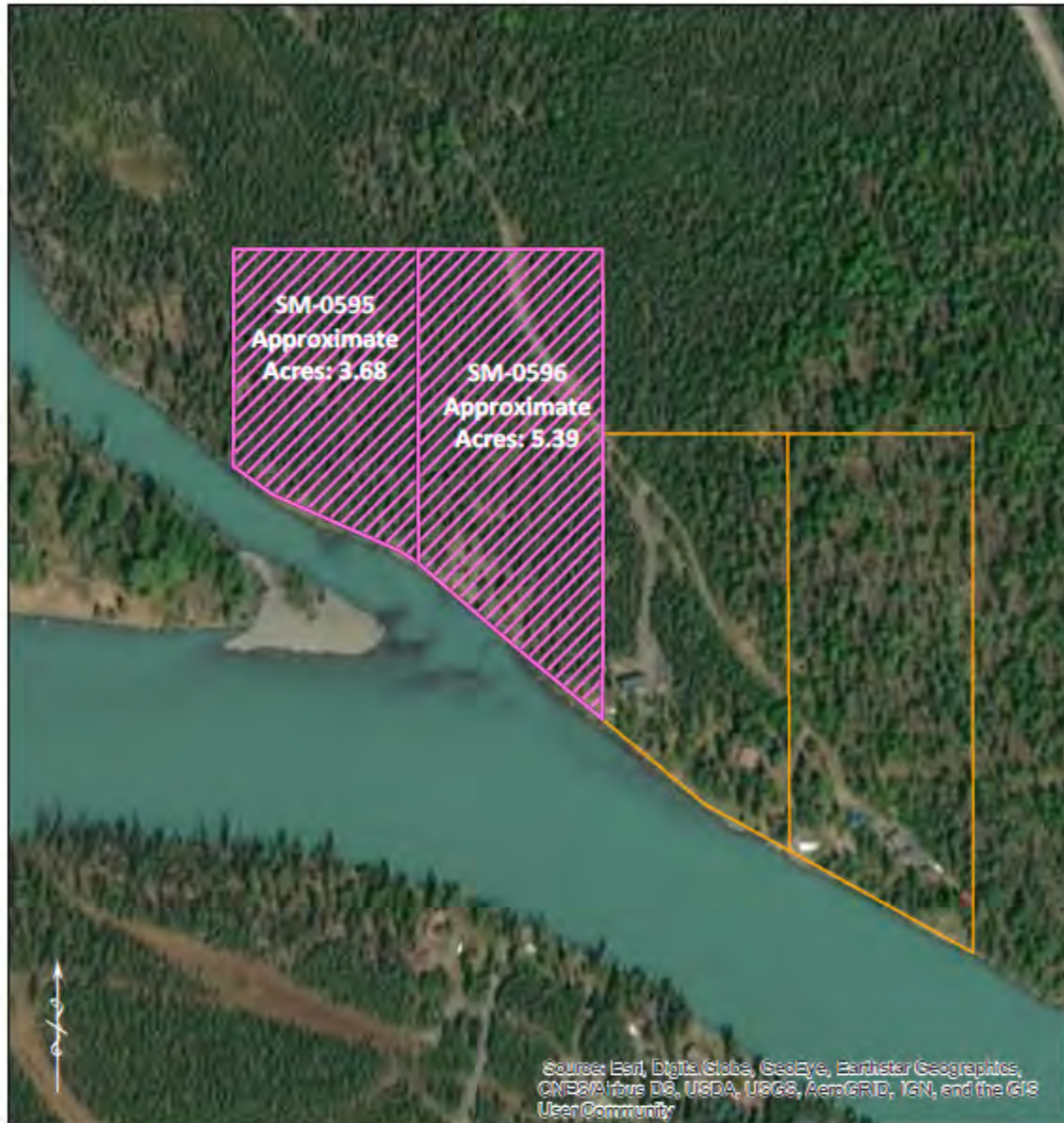
-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.2 0.4 Miles






Date Printed: March 19, 2019

Competitive Lease Program 2019-172



Potential Lease Area Kenai River

-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.08 0.16 Miles






Date Printed: March 19, 2019

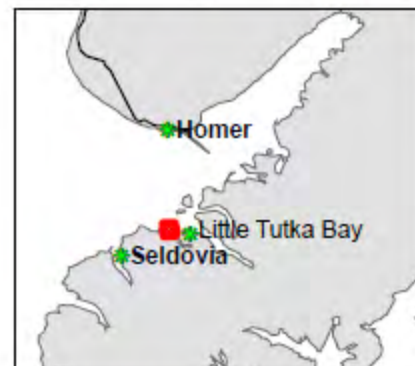
Competitive Lease Program 2019-172



Potential Lease Area Seldovia

-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.25 0.5 Miles






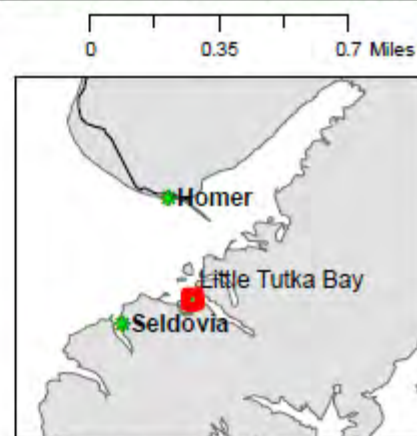
Date Printed: March 20, 2019

Competitive Lease Program 2019-172



Potential Lease Area Little Tutka Bay

-  Commercial Use
-  Recreational Use
-  TLO Parcels






Date Printed: March 19, 2019

Competitive Lease Program 2019-172



Potential Lease Area Kasilof River

-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.15 0.3 Miles






Date Printed: March 19, 2019

Competitive Lease Program 2019-172



Potential Lease Area Talkeetna - Chase Area

-  Commercial Use
-  Recreational Use
-  TLO Parcels

0 0.25 0.5 Miles



Date Printed: March 19, 2019

TAB 4

ITEM B - Consultation



To: Carlton Smith, Chair
Resource Management Committee
From: Jeff Green
Date: 4/17/2019
Re: Madson Subdivision – Fall 2020 Land Sale – Moose Pass
Project 2020-175
Fiscal Year: 2021

Consultation

Proposed RMC Motion:

“The Resource Management Committee concurs with the Executive Director’s recommendation for the offering of a portion of Trust parcel S20084 near Moose Pass through the TLO’s land sale program or subsequent disposal.”

Background:

Revenue Projections: Principal Approximately \$350,000

Transaction/Resource: The proposed action is to subdivide a portion of a larger parcel located in Moose Pass creating approximately four lots for inclusion in the TLO’s competitive land sale program. In the event the lots are not sold through the competitive land sale program, the lots may be re-offered in a future land sale, through a negotiated or over-the-counter sale, or through a lease.

The lots will be offered through a sealed bid auction and awarded to the highest qualified bidder. Purchasers may elect to pay for the lots in full or financed through a TLO land sale contract.

Property Description/Acreage/MH Parcel(s): The newly created lots would all be from, and include all of, the portion east of the western most 80-acres of Trust parcel S20084, described as T. 004 N., R. 001 W., SEWARD MERIDIAN, ALASKA SECTION 1: LOT 2; THAT UNSURVEYED PORTION OF LOT 3 WITHIN THE NE1/4; AND THE E1/2NW1/4. Lot acreage would range between 3 and 6 acres.

The physical location of the proposed subdivision and sale is approximately 1-mile south of Moose Pass along the Seward Highway.

General Background: The TLO has been selling subdivided lots and small parcels through the land sale programs since 1998 on behalf of the Trust. The parcels offered in the land sale programs are predominately from pre-existing subdivisions designed and platted by the Department of Natural Resources in the 1970’s and 1980’s, subdivisions recently developed by the TLO, or parcels under 10 acres in size.

The Moose Pass area has historically and continues to be a sought-after area. The TLO has sold nearly all of the Trust land holdings in Moose Pass that are suitable candidates for the land sale programs. This subdivision would create additional quality inventory to add to the land sale programs in the Moose Pass area.

Anticipated Revenues/Benefits: Based on recent appraisals and TLO land sales in the Moose Pass area, the TLO anticipates the total value of the four lots to be up to \$350,000. Long term economic benefits to the Trust include returns on the investment of the purchase price. For those parcels purchased with TLO financing, interest income will be produced from the sale for the term of the contract.

Anticipated Risks/Concerns: There are no significant risks or concerns associated with the project. This assessment is based on the TLO's experience from previous sales in the area. Minor risks include defaults on parcel sales by buyers. These risks will be mitigated through a land sale contract which includes contemporary language to limit risks to the Trust, ensure performance by the buyer, and allow for termination in case of default.

Project Costs: Project costs, which includes appraisals, title reports, marketing, and survey/platting costs, are not likely to exceed 20% of the estimated revenue. All project costs will be funded through the TLO operating budget.

Due Diligence: TLO staff have inspected the parcel within the last year. A contract appraiser and surveyor will both inspect the lots prior to sale. Minimum bids will be established via standard appraisals. All lots will have a title report completed prior to issuing a sale contract or quitclaim deed. Standard contract documents were reviewed by the Attorney General's office; no separate independent review was required.

Alternatives: The primary alternative is to hold the lots for sale in the future as existing. This alternative would miss selling at the high end of the market or best market and delay receipt of revenues from both principal and income. A delay of sales may result in additional costs and risks to The Trust without significant increases in value.

Consistency with the Resource Management Strategy: The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted January 2016 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. Past experience has demonstrated that it is unlikely that these parcels will appreciate at a rate that would justify holding them for a later sale. It is not cost effective for the Trust to hold these parcels and incur the associated management costs and liabilities. These sales also meet the general value expectation of setting the minimum bid offer at the appraised value.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust's best interest to subdivide Trust parcel S20084 and offer resulting lots through the TLO's land sale programs.

Applicable Authority: Alaska Statutes 37.14.009(a), and 38.05.801, and 11 AAC 99.

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. According to the board adopted RMC Charter, the RMC has delegated authority to conduct the consultation for the board. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Exhibit(s):

Exhibit A - Area Map and Proposed Subdivision Map




Exhibit A

Moose Pass Proposed Subdivision and Sale



0 0.05 0.1 0.2 Miles

Legend

-  TLO Parcel
-  Proposed Sale Area
-  Proposed Subdivision Area



Date Printed: 3/22/2019

TAB 4

ITEM C - Consultation



To: Carlton Smith, Chair
Resource Management Committee
From: Aaron O'Quinn
Date: 4/17/2019
Re: Capital Community Broadcasting, Inc. (KTOO) – Juneau
MHT 9100677
Fiscal Year: 2019

Consultation

Proposed RMC Motion:

“The Resource Management Committee concurs with the Trust Land Office Executive Director’s recommendation to issue a long-term, negotiated ground lease of Lot B of Trust parcel C20499 within the Juneau Subport Subdivision to Capital Community Broadcasting, Inc.”

Background:

Revenue Projections: **Income** **At least \$3,000,000**

Transaction/Resource: Negotiated disposal/real estate through long-term ground lease renewal and extension.

Property Description/Acreage/MH Parcel(s): A portion of Trust Parcel C20499, 360 Egan Drive, Juneau, Alaska. The land and improvements currently occupied by Capital Community Broadcasting, Inc. (CCBI) and further described as follows:

Lot B, Juneau Subport Subdivision, according to the survey plat filed in the Juneau Recording District on May 15, 2017, Plat No. 2007-29, Trust Land Survey 2017-01. The parcel contains 29,338 square feet, more or less, and is located in Township 41 South, Range 67 East of the Copper River Meridian (See plat Exhibit A).

General Background: The parcel was subject to a legacy Alaska Division of Lands lease (ADL 0352) issued in 1959. The original lease was assigned to CCBI by Alascom, Inc. in 1994. In November 2008, the TLO extended CCBI’s lease, which was then further extended in 2011 until 2021. The parcel is uniquely situated in the Juneau Subport along Egan Drive and is one of the most valuable pieces of commercial real estate currently owned by the Trust.

CCBI’s administrative and broadcast offices currently occupy the site as well as a small community meeting space (see photos Exhibit B). The building is also known as the KTOO building. Since taking over the site in 1994 CCBI has made significant investments in the improvement. Under the legacy

lease, CCBI paid significantly less than fair market value rents, but the most recent extension rents are aligned with the Alaska market. CCBI and the TLO have negotiated a 30-year initial term with an option to renew for 10 years. CCBI desires to make long-term capital investment in the current site improvements and this long-term and early site control is necessary to secure financing for the same.

Anticipated Revenues/Benefits: CCBI will pay market rents. The initial year will see revenues in line with current rent, but subsequent years the rent will be established at 9% of fair market value, subject to yearly adjustments in line with the Alaska CPI. The property will be reappraised every 10 years to reestablish a 9% rent but will never go down. Over the initial term of the lease CCBI will pay at least \$3,000,000.

Moreover, a long-term ground lease of Lot B of the Juneau Subport represents diversification in the TLO's real estate revenue strategy. Other valuable parcels in the Juneau Subport have been sold or are slated to be sold. Those funds will be put to work for the Trust in the Mental Health Trust Fund and drawn as the board of trustees direct. Revenue from ground lease rents can be directly expended by the AMHTA.

Finally, the long-term ground lease establishes a valuable cash flowing asset that could potentially be sold at an appreciated basis should capitalization rates compress in the Juneau market.

Anticipated Risks/Concerns: CCBI is significantly reliant on government and private donations as revenue sources. A weak Alaska economy and reduced government spending will undoubtedly deteriorate CCBI's revenue picture. TLO will diligently review CCBI's recent financial statements, including budget reserves, before finalizing a lease agreement. TLO believes that in the event of long-term impairment or default by CCBI it could establish a similar revenue stream by entering a new ground lease or by directly leasing the improvements.

Project Costs: Administrative and possible legal review under \$5,000.00.

Other Considerations: None.

Due Diligence: Financial due diligence of tenant. Review and approval of CCBI's proposed capital improvements.

Alternatives: Allow CCBI's current lease to run until expiration in 2021 and take ownership of improvements. The improvements are purposely built out for CCBI and reletting the premises on a direct basis would require significant investment and administrative overhead. At expiration, the property could also be sold, but likely at significant discount to account for demolition or renovation of the improvements.

Consistency with the Resource Management Strategy: The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted in March of 2016 in consultation with the Trust.

Trust Land Office Recommendation: Approval of the motion as presented.

Applicable Authority: AS38.05.801, 11 AAC 99; Resource Management Strategy

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. According to the board adopted RMC Charter, the RMC has delegated authority to conduct the consultation for the board. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Exhibit(s):

Exhibit A – Plat Map

Exhibit B – Photos provided by Capital Community Broadcasting, Inc.

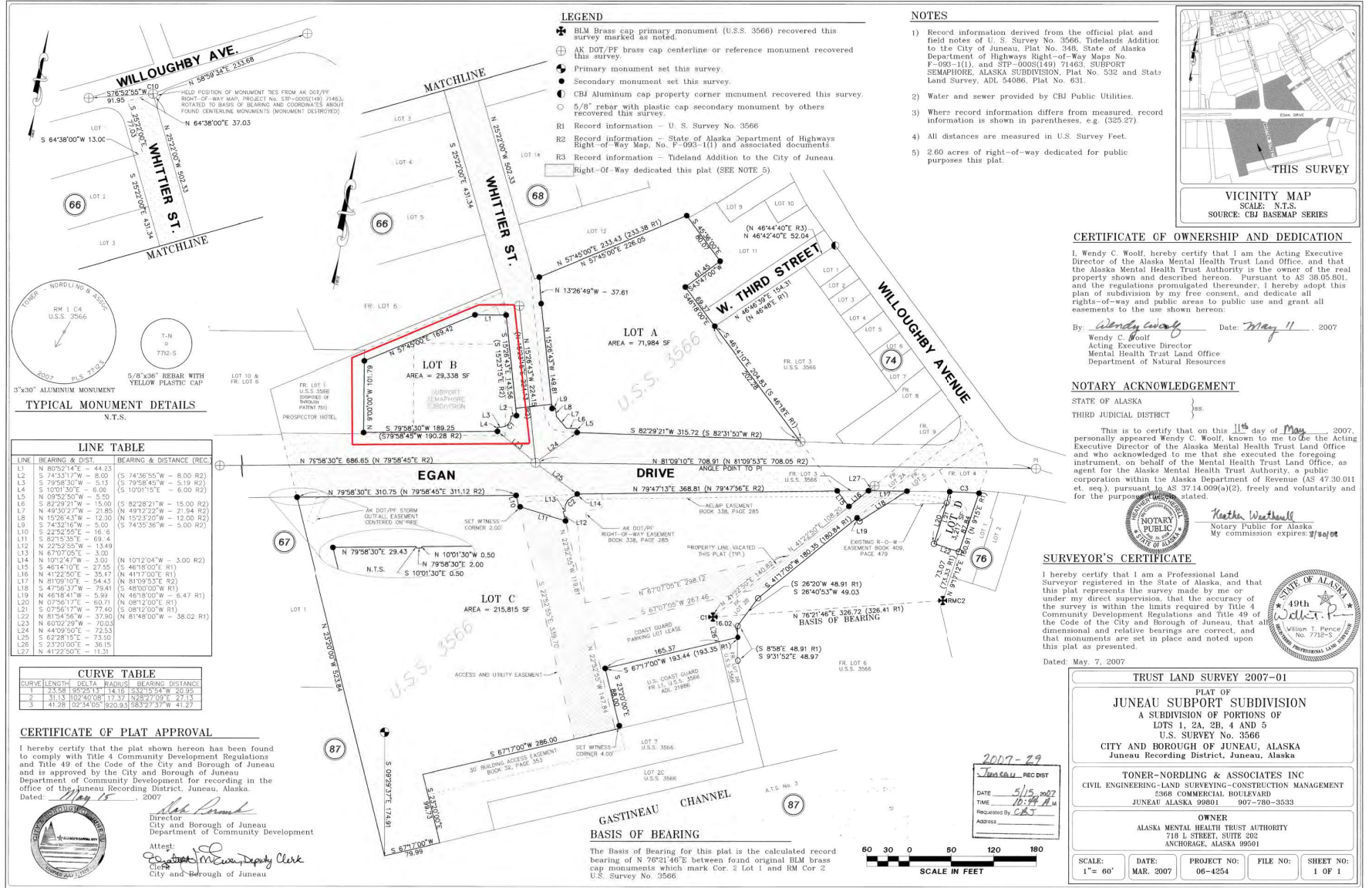


Exhibit B : Photo's provided by Capital Community Broadcasting, Inc.



TAB 5

ITEM 1 - Approval



Trust
Land Office

2600 Cordova Street
Anchorage, Alaska 99503
Phone: 907-269-8658
Fax: 907-269-8605

To: Carlton Smith, Chair
Resource Management Committee
From: Aaron O'Quinn
Date: 4/17/2018
Re: FY20 Real Estate and Program-Related Real Estate Facility
Budgets
Fiscal Year: 2020
Amount: \$10,580,000

Approval

Proposed Finance Motion:

Proposed Motion One: *"The Resource Management Committee recommends that the Trust Authority board of trustees concur with the recommendation to approve the incremental building expenditures, totaling \$10,010,000.00 budgeted for the fiscal year 2020 to be paid by the property manager from rents and other income collected from the properties."*

Proposed Motion Two: *"The Resource Management Committee recommends that the Trust Authority board of trustees approve funding the expenditures for the Non-Investment/Program Related Real Estate and REMP Real Estate – Trust Funded properties in the amount of \$845,000 for the fiscal year 2020, which appropriation shall not lapse."*

Proposed Motion Three: *"The Resource Management Committee recommends that the Trust Authority board of trustees instruct the CFO to transfer up to \$845,000 to the third-party property manager, as requested by the TLO, for capital improvements to the Non-Investment/Program Related Real Estate and REMP Real Estate – Trust Funded properties."*

Background:

FY20 Real Estate Budget from rent and other property income (Proposed Motion One)

Transaction/Resource: Budgets are presented to seek approval from the board of trustees for the expenditures necessary to service the properties. The proposed property expenditures are funded by tenant rents and other income collected from the properties.

Property Description/Acreage/MH Parcel(s): Real Estate Management Plan and other AMHT Properties are as follows:

Real Estate Management Plan Properties

1111 Israel Road; Tumwater, WA
1973 North Rulon; Ogden, UT
2600 Cordova Street; Anchorage, AK
2618 Commercial Drive; Anchorage AK
2420 & 2500 Ridgpoint Drive; Austin, TX
17319 San Pedro Avenue; San Antonio, TX
9601 Amberglen Blvd; Austin, TX

Other AMHT Properties

3745 Community Park Loop Road; Anchorage, AK
650 Yonker Court; Fairbanks, AK
2330 Nichols Street; Anchorage, AK
1300 Moore Street; Fairbanks, AK
1423 Peger Road; Fairbanks, AK

General Background: We have established a system to adequately plan, manage, audit and report activity in the real estate portfolio. Through the use of professional management services, the property information is accounted for by:

- 1) matching income to expenses;
- 2) comprehensive reporting and budgeting for each property; and
- 3) capital expense forecasting.

Anticipated gross revenues from property rents for FY20 is \$13.3 million.

Consistency with the Resource Management Strategy: The 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 maximization of return on investment and provides for long term income generation at prudent levels of risk.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust’s best interest to approve the incremental building expenditures for FY20 to be funded by tenant rents and other income collected from the properties.

Applicable Authority: AS 37.14.009(a), AS 38.05.801, 20 AAC 40.710-720 and 11 AAC 99.

Trust Authority Approval: The motions presented in this briefing document fulfill the approval requirements that are applicable to the transaction.

FY20 Real Estate Management Plan and Non-Investment/Program-Related Real Estate Facility Funding Budget (Trust Funded) (Proposed Motions Two and Three)

Transaction/Resource: Budgets are presented to seek approval from the Alaska Mental Health Trust board of trustees for the expenditures necessary to operate, maintain and/or improve the properties. The proposed property expenditures are an incremental increase to previously approved expenditure amounts.

Property Description/Acreage/MH Parcel(s): The properties include Real Estate Management Plan and Non-Investment/Program-Related Real Estate properties as follows:

- 2600 Cordova Street; Anchorage, AK
- 3745 Community Park Loop; Anchorage, AK

General Background: There are times that the Central Facility Fund will be used so as not to create an uncomfortable level of cash flow compression or that there are insufficient rents to pay for facility obligations. This is typically realized in facilities that are used for program related purposes or operations use where no rent is collected. The Trust Land Office (TLO) uses comprehensive reporting and budgeting for each property with industry recognized capital expense forecasting.

Consistency with the Resource Management Strategy: The 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 assuring that the real estate needs of mental health programs sponsored by the Alaska Mental Health Trust Authority are met as appropriate. In addition, 11 AAC 99.020(c)(3) cites protection and enhancement of the long-term productivity of Trust land.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust’s best interest to approve the incremental building expenditures for FY20.

Applicable Authority: AS 37.14.009(a), AS 38.05.801, 20 AAC 40.710-720 and 11 AAC 99.

Trust Authority Approval: The motions presented in this briefing document fulfill the approval requirements that are applicable to the transaction.

Exhibit(s):

Exhibit 1 - Property Budget Summary

FY20 Real Estate Budget Summary

Real Estate Management Plan - Rent Funded

Name	City, State	Operating	Capital Improvements ¹	Debt Service ²	FY20 Total	FY19 Approved
Parks- 1111 Israel Road	Tumwater, WA	\$ 504,000.00	\$ 35,000.00	\$ 909,000.00	\$ 1,448,000.00	\$ 1,476,000.00
IRS- 1973 North Rulon White Blvd.	Ogden, UT	\$ 743,000.00	\$ 145,000.00	\$ 626,000.00	\$ 1,514,000.00	\$ 3,463,000.00
Commercial- 2618 Commercial Drive	Anchorage, AK	\$ 13,000.00	\$ -	\$ 99,000.00	\$ 112,000.00	\$ 114,000.00
Cordova- 2600 Cordova Street	Anchorage, AK	\$ 260,000.00	\$ -	\$ -	\$ 260,000.00	\$ 509,000.00
Promontory Point- 2420 & 2500 Ridgepoint Drive	Austin, TX	\$ 812,000.00		\$ 678,000.00	\$ 1,490,000.00	\$ 1,317,000.00
North Park- 17319 San Pedro Avenue	San Antonio, TX	\$ 629,000.00	\$ 60,000.00	\$ 611,000.00	\$ 1,300,000.00	\$ 1,354,000.00
Amber Oaks- 9601 Amberglen Blvd.	Austin, TX	\$ 1,889,000.00	\$ 666,000.00	\$ 930,000.00	\$ 3,485,000.00	\$ 2,930,000.00
Totals		\$ 4,850,000.00	\$ 906,000.00	\$ 3,853,000.00	\$ 9,609,000.00	\$ 11,163,000.00

Non-Investment/Program Related Real Estate - Rent Funded

Name	City, State	Operating	Capital Improvements ¹	Debt Service ²	Total	
TAB- 3745 Community Park Loop Road	Anchorage, AK	\$ 278,000.00	\$ -	\$ -	\$ 278,000.00	\$ 284,308.00
Detox- 650 Yonker Court	Fairbanks, AK	\$ 8,000.00	\$ 5,000.00	\$ -	\$ 13,000.00	\$ 13,412.00
Assets- 2330 Nichols Street	Anchorage, AK	\$ 9,000.00	\$ -	\$ -	\$ 9,000.00	\$ 9,000.00
Fahrenkamp Center- 1423 Peger Road	Fairbanks, AK	\$ 17,000.00	\$ 50,000.00	\$ -	\$ 67,000.00	\$ 7,000.00
Denardo- 1300 Moore Street	Fairbanks, AK	\$ 34,000.00	\$ -	\$ -	\$ 34,000.00	\$ 12,223.00
Totals		\$ 346,000.00	\$ 55,000.00	\$ -	\$ 401,000.00	\$ 325,943.00
Motion 1 Subtotal					\$ 10,010,000.00	\$ 11,488,943.00

Non-Investment/REMP Real Estate - from Central Facility Fund

Name	City, State	Operating	Capital Improvements ¹	Debt Service	Total
Cordova- 2600 Cordova Street	Anchorage, AK		\$ 370,000.00	\$ -	\$ 370,000.00
TAB- 3745 Community Park Loop Road	Anchorage, AK	\$ -	\$ 475,000.00	\$ -	\$ 475,000.00
Totals		\$ -	\$ 845,000.00	\$ -	\$ 845,000.00
Motions 2 & 3 Subtotal					\$ 845,000.00

1 - Capital Improvements

Parks	Interior Paint/Plumbing
IRS	Parking lot replacement/HVAC Upgrades
Cordova	Bathroom Remodel/Replace Pneumatic HVAC Controls/New Rooftop Unit
North Park	Exterior Signage
Amber Oaks	New tenant improvements
TAB	New rooftop unit/New water heater/New Boiler/Replacement of Pneumatic Control:
Detox	Flooring
Fahrenkamp	Parking lot phase II

2 - Debt Service includes Principal and Interest