Resource Management Committee
Quarterly Meeting
August 3, 2017

Protecting and enhancing the value of Alaska Mental Health Trust Lands while maximizing revenues from those lands over time.
ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING
AGENDA
August 3, 2017
9:00 a.m. – 10:30 a.m.

Teleconference Information
Call in number: (844) 740-1264
Meeting Number / Access Code: 808 583 384 #
Attendee Number: #
https://thetrust.webex.com

Call to Order (Chair Carlton Smith)
Committee Members (Voting):
  Chris Cooke
  Laraine Derr
  Paula Easley
  Mary Jane Michael
  Jerome Selby
  Russ Webb
  John Morrison, Staff

Announcements
Approval of Agenda
Approval of Minutes
  • 2017-04-20

1. Executive Director Report

2. Consultation
   a) Nikiski Area – Daniels Lake Negotiated Sale MHT 9200669 (Item A)
   b) Gustavus Negotiated Sale MHT 9100899 (Item B)
   c) Mt. Point Subdivision Negotiated Sale MHT 9100894 (Item C)
   d) Haines – Mud Bay Negotiated Sale MHT 9100872 (Item D)
   e) Petersburg – Mile 5.5 Mitkof Highway Negotiated Sale MHT 9100880 (Item E)
   f) Providence – Chester Creek Tract C2 Disposal (Item F)

3. Approval
   a) FY19 Budget (Item 1)

4. Quarterly Report Questions

5. Other

6. Adjourn
ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING

April 20, 2017

1:33 p.m.

Taken at:

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

OFFICIAL MINUTES

Trustees present:
Carlton Smith, Chair
Larry Norene
Laraine Derr (via Speakerphone)
Jerome Selby
Paula Easley
Russ Webb
Mary Jane Michael

Trust staff present:
Greg Jones
Jeff Jessee
Steve Williams
Miri Smith-Coolidge
Valette Keller
Carley Lawrence
Amanda Lofgren
Mike Baldwin
Luke Lind
Katie Baldwin-Johnson
Heidi Wailand
Carrie Prediger

Trust Land Office present:
John Morrison
Aaron O’Quinn
Craig Driver
Sarah Morrison
Brian Yackel
Wyn Menefee
Mike Franger

AMHTA 1 Resource Management Committee
Meeting Minutes - April 20, 2017
Also participating:
Kathy Craft; Chris Cooke; Kate Burkhart (via Speakerphone); Katie Davies; Kathy Ireland; Debbie Mong; Rebecca Madison; Christie Reinhart; Denise Daniello (via Speakerphone); Randall Burns; Jim Calvin; Jean Gerhardt-Cyrus; Beth Davidson; Nancy Merriman (via Speakerphone); DeWayne Harris.

PROCEEDINGS

CHAIR SMITH calls the Resource Management Committee to order and states that all trustees are present. He asks for any announcements. There being none, he moves to the agenda. There being no changes, additions, or deletions, the agenda as presented will move forward. He moves to the minutes of January 5, 2017.

TRUSTEE MICHAEL makes a motion to accept the minutes of January 5, 2017.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

TRUSTEE DERR states that the minutes reflect a motion that there would be a PR contract.

TRUSTEE DERR makes a motion to rescind the motion to have a PR contract, as recorded in the January minutes.

TRUSTEE SELBY seconds.

There being one yes and six nays, the motion is not approved.

CONSULTATIONS

CHAIR SMITH asks Mr. Morrison to share the process of consultation.

MR. MORRISON states that on the agenda are four consultations and one approval. It is important to note that there is a distinct difference between consultations and approvals. He continues that consultations occur when there are disposals of Trust interests; approvals come about for a particular purpose with a proposal and a motion to vote on.

EXECUTIVE DIRECTOR’S REPORT

MR. MORRISON begins with an update on the efforts at Icy Bay. He states that the process of developing both written materials and electronic materials to initiate outreach efforts in the communities of Yakutat and Cordova has begun. In addition, the process of having meetings with various interested parties are also underway; potentially, the community meetings will begin the second week of May. He continues that these efforts are of the utmost importance and will make or break the ability to realize the potential of these properties. He recognizes staff for the planning and ability to work this process through the State system to make sure that it is successful and everyone comes home safely. He states that there is also a timber contract out
there that has about seven years left on it. There has been continual communication with the contractor on that timber sale to coordinate efforts and make sure that the Trust is able to reap the benefits of both resources on site. He adds that the TLO has been getting very positive results from the lab work on the materials that were taken last year, as well as the materials that have been sent on to various industry interests for testing on site to see how these materials fit their industrial needs. He states that PacRim has decided to cancel their efforts at the Chuitna Mine, suspending the pursuit of permitting efforts on the Chuitna coal project.

TRUSTEE EASLEY comments that Alaska very seldomly gets to make its own decisions about any natural resource, and this is a good example.

MR. COOK asks if there is any kind of remediation that needs to be done with the termination of the PacRim lease.

MR. MORRISON replies that there is no remediation in the sense that coal or anything of that nature were unearthed. He states that there are certain water quality wells and other testing infrastructure that have been installed that will be studied to determine if they should be removed. If anything needs to be removed, it would be PacRim’s responsibility. He moves on and states that the spring land sale was completed. It was the largest spring land sale in some time. There were 11 parcels sold at a 9 percent premium for a potential sale revenue of $327,800. He states that, on a sad note, Victor Appolloni turned in his resignation, and he recognizes all his efforts and loyal service after 16 years. Next is the land exchange update. Both TLO and Trust staff held community meetings in seven different communities in Southeast Alaska to talk about the mission and what is being proposed on the land. In addition, there was participation in radio interviews and newspaper advertisements to alert the communities of the meetings and get out some information. He recognizes Wyn Menefee for his efforts dealing with this.

TRUSTEE MICHAEL states that there were some challenges with a few issues on the land, and commends the efforts brought forth.

MR. MORRISON anticipates this legislation passing at both the State and Federal levels, and the efforts will continue to make sure that those in the communities understand what is happening and how their communities are being affected and how this all benefits the Trust. He moves on to an update on the productive discussions with the Fairbanks Community Mental Health Services on their proposed use of the Fahrenkamp facility. He states that all is going well and we anticipate getting the lease documents in place and proceeding to have them occupy the space sometime this summer. Similarly, staff has been working with the Tanana Chiefs to make sure that the Denardo facility will work for them, as well. He moves to an update on Yosemite and reports that Bryan Yackel, the project manager, was successful in getting the proposed budgets and changes all settled. In addition, the Municipality went through their procurement process and has awarded the contract, which came in below budget.

CONSULTATIONS

MR. FRANGER states that this is a proposal to lease, on a negotiated basis, approximately 93 acres of Trust land located on Olive Creek in the Livengood Mining District to Buckeye Land
and Minerals for placer exploration and mining. He continues that the primary term of the lease would be for three years, and the annual rental is $5000, which can offset any production royalty for that particular year. He adds that there is a 10-percent net royalty on any production that occurs on the lease. The recommendation is to lease this land, as proposed, to Buckeye Land and Mineral.

TRUSTEE EASLEY makes a motion that the Resource Management Committee recommends that the Trust Authority board of trustees concur with the negotiated lease of Trust mineral estate on Olive Creek for exploration and development of placer gold, as proposed.

TRUSTEE SELBY seconds.

There being no objection, the motion is approved.

MR. MORRISON states that the next item is the other parcel in the Juneau Subport subdivision that is called C1 for a lease and/or sale to be determined.

MR. YACKEL states that this consultation recommends that the executive director complete negotiations for fair-market value lease or sale transactions at Subport lot C1 in Juneau. It is a large rectangular lot, southwest corner, at the intersection of Whittier Street and Egan Drive in Juneau. He continues that the recommendation is to enable the executive director to negotiate fair-market value leases or sales at the Subport.

TRUSTEE NORENE makes a motion that the Resource Management Committee recommends that the Trust Authority board of trustees concur with the Trust Land Office recommendation for the executive director to negotiate lease or sale of Trust parcel C20499, further referred to as lot C1, or portions thereof, at the Juneau Subport subdivision in Juneau, Alaska.

TRUSTEE WEBB seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB asks Mr. Yackel about the progress regarding subdivisions and other things with the City and Borough of Juneau.

MR. YACKEL replies that the application packet was submitted and came back with some conditions of approval. There were some additional questions, and they have since revised their conditions of approval. Forward progress has been made.

TRUSTEE DERR states that she has no problem with the motion. She asks if the ability to submit sealed bids is included with that.

MR. MORRISON replies that this would be inclusive of the idea of doing a sealed-bid action. At this point, due to the variety of potential uses interested parties have shown, the most beneficial methodology for the disposal of the interest will be used. He asks Wyn Menefee to talk about the Homer Spit.
MR. MENEFEE states that there are three parcels that are on the Homer Spit next to the harbor, and we have been trying to resolve a situation recognized as extensive trespass on Trust lands. These lands were platted before the earthquake in ’64. It appeared that the City took a resolution of action and took this land. Then the record continued after that point, and multiple plats were done. There are about 26 subdivisions that showed City ownership, and then there is some mixed ownership on the larger parcels. He continues that they have been working with the City to see if they can buy this to clear up the situation. The presentation is to empower to the executive director to either lease or sell all or portions of the three parcels. He adds that to do any of the leases or sales there will be a certain amount of actions that will be done to clear the misconceptions of ownership of these properties.

TRUSTEE SELBY makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the Trust Land Office to offer and dispose of all or a portion of three Trust parcels located on the Homer Spit, through negotiated or competitive sale, combined with a lease for any residue parcel if not sold.

TRUSTEE EASLEY seconds.

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

MR. MORRISON moves to Whittier Street.

MR. DRIVER states that the consultation is to evaluate, plan for, market, and negotiate a fair-market lease or sale of the property which is located at 450 Whittier Street in Juneau. The property has been occupied by the Department of Administration, Department of Public Safety and other tenants for decades. He continues that the Trust received ownership in 2009 as a replacement lands parcel using a nomination process. That building was occupied prior to that date without rent paid to the Trust. It will be vacated on the 30th of this month. He adds that the building suffers from extreme deferred maintenance from years of Public Safety using it and not putting any money into it. He asks that the trustees concur with the recommendation to allow the executive director to negotiate a fair-market lease or sale of the property.

TRUSTEE DERR makes a motion that the Resource Management Committee concur with the Trust Land Office recommendation for the executive director to negotiate leasing or the sale of all or part of the 450 Whittier Street building, and the land on which the building is located, at market rent for lease or fair market value for sale.

TRUSTEE WEBB seconds.

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

MR. MORRISON recognizes Mr. Driver for the excellent job managing the process.

TRUSTEE DERR states that she resents the statement under alternatives: “Alternatives are problematic as the quarterly nature of the Resource Management Committee and board meetings prevent the executive director from moving forward with proposals in a commercially reasonable
manner…” She adds that trustees have been very flexible about having meetings, and she objects to that comment.

MR. MORRISON states that the next item is the FY18 real estate and programmatic real estate facility budgets.

MR. DRIVER states that this is the approval for the real estate and program-related real estate facility budget. The overall real estate portfolio presented consists of 13 buildings, some of which are used for programs benefitting Trust beneficiaries. He goes through explaining, and states that there are three proposed motions.

A brief discussion ensues.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority board of trustees concur with the recommendation to approve the incremental building expenditures totaling $8,538,000 budgeted for the fiscal year 2018 to be paid by the property managers for rents and other income collected from the properties.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Trust Authority board of trustees approve funding the expenditures for the noninvestment program-related real estate Trust-funded properties in the amount of $555,000 for the fiscal year 2018, which appropriation shall not lapse.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority board of trustees instruct the CEO to transfer up to $555,000 to the third-party property manager, as requested by the TLO, for the management of the noninvestment program-related real estate Trust-funded properties in capital improvements to the noninvestment program-related real estate grant-funded properties.

TRUSTEE NORENE seconds.

There being no objection, the motion is approved.

CHAIR SMITH asks Mr. Morrison for any comment on the quarterly report that has been distributed.

MR. MORRISON notes that it is becoming more apparent the importance of the real estate plan and real estate activities in looking at the future.
TRUSTEE EASLEY asks to go back to the federal land exchange and questions if there are assurances in the law or the legislation that the federal government cannot renege on its promise.

MR. MORRISON replies that the legislation is such that it directs the Secretary of Agriculture to exchange the land and does not place any restrictions on the land as it is received.

TRUSTEE EASLEY asks if a wilderness study area or a land management amendment could affect any of the lands selected.

MR. MORRISON replies that the land received from the Forest Service will be free and clear of those sorts of activities, except for some of the ongoing studies. It will affect a small portion of land received and will have a sunset clause where the study will be done.

CHAIR SMITH asks for anything else to come before the committee. Hearing none, he asks for a motion to adjourn.

TRUSTEE NORENE makes a motion to adjourn the meeting.

TRUSTEE MICHAEL seconds.

*There being no objection, the Resource Management Committee meeting is adjourned.*

(Resource Management Committee meeting adjourned at 2:28 p.m.)
To: Carlton Smith, Chair  
Resource Management Committee  

From: David Griffin  

Date: 8/3/2017  

Re: MHT 9200669  
Nikiski Area - Daniels Lake Negotiated Sale  
Trust Parcels: SM-1434 (acres); SM-1438 (acres); SM-1436 (3.17 acres); SM-1439 (5 acres); and SM-1440 (5 acres)  
Fiscal Year: 2018  

Proposed RMC Motion:

“The Resource Management Committee concurs with the disposal of five Trust parcels located on Daniels Lake in Nikiski (SM-1434, SM-1436, SM-1438, SM-1439, and SM-1440) through a negotiated sale or subsequent disposal.”

Background:  

Revenue Projections: The projected principal revenue of all five parcels will be based on fair market value, and is estimated to be approximately $410,000.

Transaction/Resource: The proposed action is to dispose of a total of five parcels through a negotiated sale to a neighboring land owner. On January 5, 2017, the Resource Management Committee was consulted on two of the five parcels on (SM-1434 and SM-1438; both parcels are highlighted in blue on Exhibit 1- Parcel Map). The other three parcels that are part of this consultation are in addition to the previously consulted parcels (SM-1434 and SM-1438), and would be sold to the applicant and neighboring land owner. In the event the parcels are not sold to the applicant, the parcels may be reoffered in a future land sale, through a negotiated or over-the-counter land sale, or through a lease.

Property Description/Acreage/MH Parcel(s): The parcels are located northeast of Nikiski on Daniels Lake, on the Kenai Peninsula, and are shaped rectangularly typical of residential lots.

Parcel SM-1434 is forested, has lake frontage, and can be accessed by road along a dedicated access easement; it’s approximately 5 acres in size.
Parcel SM-1436 is forested, and has lake frontage; there is no dedicated road access; it’s approximately 3.17 acres in size.

Parcel SM-1438 is forested, and can be accessed by road along a dedicated access easement; it’s approximately 5 acres in size.

Parcel SM-1439 is inland from the lake, contains some forest lands, there is a constructed and dedicated public road access in the northeast portion of the parcel, and some wetlands exist near the southcentral property boundary; the lot is approximately 5 acres in size.

Parcel SM-1440 is inland and forested with some wetlands in the northwestern corner of the lot, there is no constructed or dedicated road access, effectively land locking the parcel. The parcel is approximately 5 acres in size.

**General Background:** Of the five subject parcels, three can be accessed by road (SM-1434, SM-1438, and SM-1439), one by water only (SM-1436), and the other is landlocked without any road or water access (SM-1440). The interested buyer lives on two neighboring lots situated in the middle of all five parcels, and from information gathered on the ground it appears that the neighbor has placed structural encroachments on Trust parcel SM-1434, that support a small horse ranch; structures include a barn, corral, and small man-made pond. The sale would generate revenue for the Trust while solving the trespass/encroachment issue associated with the unauthorized horse ranch structures, i.e. corral, barn, and man-made pond.

**Anticipated Revenues/Benefits:** By entering a negotiated sale with the applicant the TLO would seek a substantial premium above fair market value, approximately 20-30% above the appraised values. Furthermore, the sale would generate revenue for the Trust while solving an ongoing trespass/encroachment issue.

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

**Project Costs:** At present, costs associated with the project include an appraisal for the parcels totaling approximately $3,000.00; the appraisal costs will be born by the purchaser, and added into the final sale price.

**Other Considerations:** N/A

**Due Diligence:** TLO staff, contract appraiser, or surveyor has or will have inspected the parcels prior to disposal. Minimum parcel price will be established via standard appraisals or other appropriate valuation methods. All parcels will have a title report completed prior to issuing a sale contract or quit

Item A
Daniels Lake Negotiated Sale - MHT 9200669
RMC 08-03-2017
claim deed. Contract documents were reviewed by Attorney General’s office; no separate independent review was required.

Alternatives: If the Trust or the potential buyer is unable to agree to terms of a sale, then the TLO will need to solve the outstanding encroachment issues affecting Trust parcel SM-1434; any solution would need to benefit the Trust’s interest. In this instance a reasonable solution would be to have the encroachments removed from Trust property, and have the impacted area/site restored to its original condition, and seek compensation for past use of Trust property. Another alternative is to dispose of the parcels sometime in the future. This alternative would delay receipt of revenues and could 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 March 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 also not cost effective for the TLO to hold these parcels for a long period of time and incur the associated management costs and liabilities.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust’s best interest to offer these five parcels by negotiated sale. If not sold, the parcels may be disposed of in the future.

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

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. 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 1 – Parcel Map
To: Carlton Smith, Chair  
Resource Management Committee

From: David Griffin

Date: 8/3/2017

Re: MHT 9100899  
Gustavas Negotiated Sale  
Portion of Trust Parcels: CRM-0977, CRM-0976, CRM-1049, and CRM-6005

Fiscal Year: 2018

Proposed RMC Motion:

"The Resource Management Committee concurs with the decision to sell portions of Trust Parcels CRM-0977, CRM-0976, CRM-1049, and CRM-6005 under a negotiated sale or subsequent disposal."

Background:

Revenue Projections: The projected principal revenue will be based on fair market value, and is estimated to be approximately $400,000 cumulatively for all parcels.

Transaction/Resource: The proposed action is to dispose of up to four portions of parcels of vacant and undeveloped land in Gustavus through a negotiated sale; however, if the current negotiated sale is unsuccessful, the parcels or portions thereof may be disposed of at some time in the future.

Property Description/Acreage/MH Parcel(s): The parcels are located in Gustavus, and situated between the Dude River and Salmon River along a coastal flood plain. There is no developed road access to the parcels.

Trust Parcel CRM-0977 is forested, with water frontage on the Dude River along the western boundary; it’s approximately 27.33 acres in size.

Trust Parcel CRM-0976 is inland, and forested; it’s approximately 20 acres in size.

Trust Parcel CRM-1049 is inland and forested, with some open flats; the northeast corner borders the Salmon River; it’s approximately 40.76 acres in size.

Trust Parcel CRM-6005 consists of open flats and wetlands, and the eastern property boundary borders the Salmon River; it’s approximately 14.82 acres in size.
**General Background:** In 2010 the applicant pursued a negotiated purchase of the property, but TLO staff rejected his application due to the need to do more research of the Gustavus real estate market. In 2012, the applicant approached the TLO again with interest about purchasing the parcels. The applicant owns a large parcel adjacent to the Trust parcels and has a vision of establishing a retirement community on the land. In winter of 2017, the applicant contacted the TLO once again pursuing interest in purchasing the parcels through a negotiated sale and submitted an application to purchase the property through a negotiated sale.

**Anticipated Revenues/Benefits:** The sale would generate revenue for the Trust in an area that would otherwise require capital improvements so extensive that development costs would outweigh any positive financial returns.

**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. Minor risks include defaults on parcel sales by the buyer. These risks will be mitigated through a land sale contract which includes contemporary language to limit risk to the Trust, ensure performance by the buyer, and allow for termination in the event of default.

**Project Costs:** Appraisal costs are projected to be approximately $5,000.00; and would be included in the final sale price to be paid by the purchaser.

**Other Considerations:** N/A

**Due Diligence:** TLO staff, contract appraiser, or surveyor has or will have inspected the parcels prior to sale. Minimum parcel values will be established via standard appraisals or other appropriate valuation methods. All parcels will have a title report completed prior to issuing a sale contract or quit claim deed. Contract documents were reviewed by Attorney General’s office; no separate independent review was required.

**Alternatives:** The primary alternative is to hold the parcels for sale competitively sometime in the future. This alternative would delay receipt of revenues from sales and income from interest payments and could result in additional costs and risks to the Trust without significant increases in value, additionally it is not expected that other individuals would be interested in purchasing and developing access to the parcels. Another alternative would be to sell fewer parcels than the four listed by the applicant.

**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 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
also not cost effective for the TLO to hold these parcels for a long period of time and incur the associated management costs and liabilities.

**Trust Land Office Recommendation:** The TLO recommends that it is in the Trust’s best interest to offer these four parcels to the applicant through a negotiated sale. If not sold, the parcels may be disposed of in the future.

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

**Trust Authority Consultation:** This briefing document fulfills the consultation requirements that are applicable to the transaction. 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 1 – Parcel Map
Exhibit 1 - Parcel Map (Gustavus Neg. Sale MHT 9100899)
Consultation

Proposed RMC Motion:

“The Resource Management Committee concurs with the decision to sell all or portions of 16 parcels of land located in the Mountain Point Subdivision in Ketchikan through a negotiated sale or subsequent disposal.”

Background:

Revenue Projections: The projected principal revenue will be based on fair market value, and is estimated to be no less than $150,000.

Transaction/Resource: The proposed action is to dispose of 16 individual Trust properties from the Mt. Point Subdivision. If not sold to the interested buyer, all or some of the parcels may be disposed of in the future. The potential purchaser may elect to pay for the parcel in full or finance through a TLO sale contract.

Property Description/Acreage/MH Parcel(s): The Mt. Point Subdivision is located south of Ketchikan on the upland side of the South Tongass Highway, in an area generally known as Mountain Point. The location of these parcels is in an undeveloped area and that’s inaccessible by road. The topography of the property is hilly and forested, with several small creeks. The combined total acreage of all the parcels equals 34.875 acres. Eleven of these parcels include typical residential subdivision lots, while the other five parcels were designed as subdivision green space or buffer strips, which is the reason Tracts A, B, E, H, and I are oddly shaped.

CRM-3319 (Plat 82-29, Lot 1, Block 1) – 0.624 acres
CRM-3320 (Plat 82-29, Lot 2, Block 1) – 0.613 acres
CRM-3321 (Plat 82-29, Lot 3, Block 1) – 0.709 acres
CRM-3322 (Plat 82-29, Lot 4, Block 1) – 0.679 acres
CRM-3323 (Plat 82-29, Lot 5, Block 1) – 0.754 acres
CRM-3333 (Plat 82-29, Lot 15, Block 1) – 0.594 acres
CRM-3336 (Plat 82-29, Lot 1, Block 2) – 0.72 acres
CRM-3337 (Plat 82-29, Lot 2, Block 2) – 0.603 acres
CRM-3339 (Plat 82-29, Lot 4, Block 2) – 0.596 acres
CRM-3340 (Plat 82-29, Lot 5, Block 2) – 0.605 acres
CRM-3346 (Plat 82-29, Lot 4, Block 4) – 0.741 acres
CRM-7052 (Plat 82-29, Tract A) – 6.845 acres
CRM-7053 (Plat 82-29, Tract B) – 12.751 acres
CRM-7054 (Plat 82-29, Tract E) – 4.108 acres
CRM-7055 (Plat 82-29, Tract H) – 3.406 acres
CRM-7056 (Plat 82-29, Tract I) – 0.527 acres

**General Background:** The applicant is a neighboring landowner and is interested in redesigning and developing the subdivision lots, as well as constructing access roads, and installing electrical and water utilities as required by the Ketchikan Gateway Borough.

**Anticipated Revenues/Benefits:** The sale would generate revenue for the Trust in an area that would otherwise require capital improvements so extensive that development costs would outweigh any positive financial returns.

**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, plus the fact that the parcels consist of vacant land with no developed access. A minor risk would involve a default by the purchaser. The risk will be mitigated through a land sale contract which includes contemporary language to limit risk to the Trust, ensure performance by the buyer, and allow for termination in the event of default.

**Project Costs:** Appraisal costs are projected to be approximately $7,500.00 - $9,500.00; and would be included in the final sale price to be paid by the purchaser.

**Other Considerations:** The applicant is also working with the Ketchikan Gateway Borough on a similar request to purchase their holdings in the area. The borough is postponing their negotiations with the applicant until a decision to move forward is made by the Trust.

**Due Diligence:** TLO staff, contract appraiser, and/or surveyor has, or will have inspected the parcels prior to sale. Minimum parcel values will be established via standard appraisals or other appropriate valuation methods. All parcels will have a title report completed prior to issuing a sale contract or quit claim deed. Contract documents were reviewed by Attorney General’s office; no separate independent review was required.
Alternatives: The primary alternative is to hold the parcels for sale sometime in the future. This alternative would delay receipt of revenues from sales and income from interest payments and could result in additional costs and risks to the Trust without significant increases in value. Another alternative would be to sell fewer parcels than the 16 listed by the applicant.

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 the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. 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 also not cost effective for the TLO to hold these parcels for a long period and incur the associated management costs and liabilities.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust’s best interest to offer these 16 parcels to the applicant. If not sold, the parcels may be disposed of in the future.

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

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. If 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 1– Parcel Map
Exhibit 1 - Parcel Map (Mt. Point Neg. Sale MHT 9100894)
To: Carlton Smith, Chair  
Resource Management Committee  
From: David Griffin  
Date: 8/3/2017  
Re: MHT 9100872  
Haines – Mud Bay  
Trust Parcel: CRM-0752  
Fiscal Year: 2018

Proposed RMC Motion:

“The Resource Management Committee concurs with the decision to sell Trust parcel (CRM-0752) through a negotiated sale or subsequent disposal.”

Background:

Revenue Projections: The projected principal revenue will be based on fair market value, and is estimated to be no less than $102,000.

Transaction/Resource: The proposed action is to dispose of an individual Trust property totaling 1.68 acres. If not sold to the interested buyer, the parcel may be re-offered in future for subsequent disposal. The potential purchaser may elect to pay for the parcel in full or finance through a TLO sale contract.

Property Description/Acreage/MH Parcel(s): The subject parcel is located south of Haines, and situated on the waterfront in an area called Mud Bay. The parcel is forested, and has a rocky coastline. The only access to the parcel is by boat.

CRM-0752 (Lot 2; Section 28, T. 031 S., R. 060 E., Copper River Meridian) 1.68 acres

General Background: Parcel CRM-0752 is located south of Haines in an area called Mud Bay. The parcel was slated to go into the Fall 2017 Land Sale, which the RMC was consulted, on January 5, 2017; once the “For Sale” sign went up, the neighboring property owner expressed a desire to purchase the property through a negotiated sale.

Anticipated Revenues/Benefits: By entering a negotiated sale for this parcel, the TLO would seek a substantial premium above fair market value, approximately 30% above the appraised value. This would ensure the Trust receive value in excess of what would be expected in a competitive sale.
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, plus the fact that the parcel consists of vacant land. A minor risk would involve a default by the purchaser. The risk will be mitigated through a land sale contract which includes contemporary language to limit risk to the Trust, ensure performance by the buyer, and allow for termination in the event of default.

Project Costs: N/A

Other Considerations: N/A

Due Diligence: TLO staff, contract appraiser, and/or surveyor has, or will have inspected the parcels prior to sale. Minimum parcel values will be established via standard appraisals or other appropriate valuation methods. All parcels will have a title report completed prior to issuing a sale contract or quit claim deed. Contract documents were reviewed by Attorney General’s office; no separate independent review was required.

Alternatives: The primary alternative is to hold the parcel for sale sometime in the future. This alternative would delay receipt of revenues from sales and income from interest payments and could 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 March 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. 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 also not cost effective for the TLO to hold these parcels for a long period and incur the associated management costs and liabilities.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust’s best interest to offer this parcel through a negotiated sale. If not sold, the parcel may be disposed of in the future.

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

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. If 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 1 – Parcel Map
Exhibit 1 - Parcel Map (Haines Neg. Sale MHT 9100872)
Consultation

The Resource Management Committee concurs with the decision to sell four Trust parcels (CRM-2201, CRM-2202, CRM-2203, and CRM-2204) through a negotiated sale or subsequent disposal.

Background:

Revenue Projections: The projected principal revenue will be based on fair market value, and is estimated to be no less than $150,000.

Transaction/Resource: The proposed action is to dispose of four individual Trust properties totaling 2.14 acres. If not sold to the interested buyer, all or some of the parcels may be disposed of in the future. The potential purchaser may elect to pay for the parcel in full or finance through a TLO sale contract.

Property Description/Acreage/MH Parcel(s): The subject parcels are located south of Petersburg along on the Mitkof Highway (Mile 5.5), and situated on the waterfront of the Wrangell Narrows. The parcels border the highway and slope steeply down to the water from the shoulder of the road, except the southernmost parcel (CRM-2204) which is an acre in size, and suitable as a building site.

CRM-2201 (Plat 70-196, Tract 4) – 0.010 acres
CRM-2202 (Plat 70-196, Tract 5) – 0.34 acres
CRM-2203 (Plat 70-196, Tract 6) – 0.80 acres
CRM-2204 (Plat 70-196, Tract 7) – 0.99 acres

General Background: Parcels CRM-2201, CRM-2202, and CRM-2203 are extremely small and consist of narrow slivers of unbuildable land. These three parcels steeply slope from the shoulder of the highway down to the waters edge, and are practically unbuildable which is the reason they were combined with parcel CRM-2204. By combining parcels CRM-2201, CRM-2202, and CRM-2203, with CRM-2204,
the Trust can sell the parcels as one, and receive significantly more revenue in a land sale. The parcels have waterfrontage, electrical service, and maintained road access. The adjacent landowner is interested in entering into a negotiated sale with the Trust to avoid seeing the property sold to someone else. He's lived next to the Trust parcels since 1976 and wishes to purchase the property to avoid seeing the land developed. He understands the negotiated sale process and is willing to pay a premium to secure the purchase.

**Anticipated Revenues/Benefits:** By entering a negotiated sale for these parcels, the TLO would seek a substantial premium above fair market value, somewhere in the range of 25% above the appraised value.

**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, plus the fact that the parcels consist of vacant land. A minor risk would involve a default by the purchaser. The risk will be mitigated through a land sale contract which includes contemporary language to limit risk to the Trust, ensure performance by the buyer, and allow for termination in the event of default.

**Project Costs:** N/A

**Other Considerations:** N/A

**Due Diligence:** TLO staff, contract appraiser, and/or surveyor has, or will have inspected the parcels prior to sale. Minimum parcel values will be established via standard appraisals or other appropriate valuation methods. All parcels will have a title report completed prior to issuing a sale contract or quit claim deed. Contract documents were reviewed by Attorney General’s office; no separate independent review was required.

**Alternatives:** The primary alternative is to hold the combined parcels for sale sometime in the future. This alternative would delay receipt of revenues from sales and income from interest payments and could result in additional costs and risks to the Trust without significant increases in value. Additionally, because of the configuration of the parcels, it is unlikely the Trust could sell three of the parcels individually in a competitive sale. It is expected that the negotiated sale would bring in more revenue than a competitive sale.

**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 the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. 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 also not cost effective for the TLO to hold these parcels for a long period and incur the associated management costs and liabilities.
**Trust Land Office Recommendation:** The TLO recommends that it is in the Trust’s best interest to offer these four parcels through a negotiated sale to the applicant. If not sold the parcels may be disposed of in the future.

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

**Trust Authority Consultation:** This briefing document fulfills the consultation requirements that are applicable to the transaction. If 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 1 – Parcel Map
To: Carlton Smith, Chair  
Resource Management Committee  

From: Aaron O’Quinn  

Date: 8/3/2017  

Re: Providence – Chester Creek Tract C2 Disposal  
Fiscal Year: 2018  

Consultation  

Proposed RMC Motion:  

“The Resource Management Committee recommends that the Trust Authority board of trustees concur with the Trust Land Office (TLO) recommendation for the Executive Director to negotiate a disposal of all or part of Trust Parcel SM-1526-01 further referred to as Tract C2, or portions thereof, at the Providence – Chester Creek Subdivision in Anchorage, Alaska.”  

Background:  

Revenue Projections: Principal Income  
At Least Fair Market Value, if sold; At Least Fair Market Rent, if leased.  

Transaction/Resource: The proposal is for the Executive Director of the TLO to negotiate a fair market rent lease or fair market value sale of Tract C2, or portions thereof, at the Providence – Chester Creek Subdivision in Anchorage, Alaska. Negotiations will be completed on terms acceptable to the Executive Director, consistent with the TLO Resource Management Strategy (“RMS”) and all applicable regulations and laws.  

Property Description/Acreage/MH Parcel(s): Trust Parcel SM-1526-01, as shown on Exhibit 1 having the following legal description:  

Tract C-2 of the Providence – Chester Creek Subdivision containing 5.37 acres, more or less, according to the survey plat recorded in the Anchorage Recording District on December 29, 2004 as plat no. 2004-169.  

General Background: The Trust acquired title to Tract C-2 in May of 2009 (QCD 8000106) from the Department of Natural Resources when the Trust declared forfeiture for failure of DHSS to utilize Tract C-2 for specified purposes and Tract C-2 reverted to the Trust.  

Since reverting to Trust ownership, many site improvements have been undertaken. 40th Street was constructed to Lake Otis Parkway, several utilities have been put in place, and the site has been partially graded and cleared to allow for development.
There is continued and visible demand for U-Med located land driven by Providence Alaska Medical Systems, the University of Alaska, and private developers. Recently completed significant facilities expansions on the respective campuses and adjacent lands have increased the pressure on remaining undeveloped land and has increased its value and Tract C-2 received significant investment by the Trust to make it suitable for such developments.

**Anticipated Revenues/Benefits:** Under this proposal, the Executive Director would have discretion to configure a disposal of the Property at fair market value. Total revenue is dependent on the term and size of any disposal, including any tenant improvement allowances or enhancements necessary to market or let the Property. By approving this motion, the Executive Director will be able to negotiate and execute the transaction(s) in a more expedient manner than waiting to consult for a specific transaction. It is the goal of this consultation to make the board aware of pending opportunities that could require this type of expedience to be recognized.

**Leasing Considerations:**

The TLO has received no inquiries recently from prospective lessees. Generally, leases are negotiated rather than being offered competitively to take advantage of leasing for the specific needs of the applicant. By consulting on this matter now, prior to receiving an inquiry, the TLO will be in a better position to move forward over a commercially reasonable timeline.

**Sales Considerations:**

The TLO has recently received one inquiry to purchase Tract C2 at appraised value. Additionally, it is possible that the TLO may wish to subdivide the parcel into numerous smaller parcels to meet the needs of both future users. The decision to undertake a subdivision may be a point of negotiation for future sales/lease scenarios. These costs would be negotiated between the TLO and any prospective purchaser/lessee borne in a commercially reasonable manner that is consistent with the MHTA and TLO procedures, regulations and statutory requirements. The TLO could offer the property for sale through a negotiated or competitive process (a competitive sales scenario could include an auction if deemed appropriate). Any negotiated sale would consider a premium above appraised value to compensate for not completing the disposal through a competitive sale.

**Anticipated Risks/Concerns:** Overall, there are few concerns associated with this transaction. This consultation gives the Executive Director the ability to move forward with proposed fair market transactions, subject to a best interest decision process, providing notice to stakeholders and an opportunity for any of said stakeholders to provide timely comments.

**Project Costs:** This consultation anticipates that for a sales scenario, closing and other anticipated transactional and/or administrative costs would be split between buyer and seller in accordance with local business practices. Additional costs may include the cost to subdivide the land pursuant to Municipality of Anchorage requirements, or remediation of any deficiencies in the Property required to consummate a purchase or lease transaction. The area is served with existing utilities
and the surrounding streets and pedestrian accesses are well established, so while the requirement for improvements remains to be determined, this is anticipated to be an insignificant cost. The TLO is not requesting an appropriation for any of the purposes outlined herein now, but may seek funding at a later time and in accordance with AMHTA/TLO regulations and procedures.

Due Diligence: As stated under Project Costs above, additional legal review to finalize the transaction documents will be required to facilitate this transaction and review the potential associative risks.

Alternatives: The alternatives to this proposal are:

- Develop this parcel now, or at a later date using Trust funds. The TLO is not currently able to undertake a project of this magnitude, even so, moving forward with a development now would be speculative in nature, with increased risk to the option of lease or sale. Finding a tenant(s) that could partner in a development of this magnitude and recognizing revenue from a completed development has no definitive timeline.
- Do nothing. This scenario offers no definitive timeline for revenue generation and has the potential to hinder commercial transactions if the TLO cannot respond to offers in a commercially reasonable fashion.

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. The RMS acknowledges negotiated land sales as an acceptable action provided they are subject to a stringent adjudication process as outlined in this consultation.

Trust Land Office Recommendation: The Trust Land Office recommends approval of the motion as described herein.

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. 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 – Anchorage Bowl Location Overview
Exhibit B – Plat Excerpt
Exhibit C – Conceptual Design for C2 UMED
Plat 2004-167 Depicting Lot C2 at the Providence – Chester Creek Subdivision
The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees approve the Trust Land Office operating budget for FY19 in the amount of $4,568,400.”

The Trust Land Office (TLO) seeks the recommendation of the Resource Management Committee for the FY19 operating budget. Please see Exhibit 1 for a breakout of the proposed line items.

For this request, the FY19 budget is compared against the FY18 budget as approved by the board of trustees with the addition of an increment for health insurance costs. This is a critical distinction. The FY18 budget approved by trustees was decreased $54,700 by the Governor prior to transmission to the Legislature. Additionally, the Legislature decreased the TLO budget by $250,000. The FY18 TLO budget was, in total, reduced by $304,700. The amounts used in this request assumes that the TLO’s FY18 budget will be made whole through the Legislative Budget and Audit Committee process or the FY18 Supplemental process.

Exhibit(s):
Exhibit 1 – FY19 Trust Land Office Budget Proposal
## TRUST LAND OFFICE OPERATING BUDGET

FY19 Proposal

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>FY17 YTD¹</th>
<th>FY18 Original²</th>
<th>FY18 Mgmt Plan²</th>
<th>FY19 Proposal</th>
<th>18-19 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
<td>2,598,039</td>
<td>2,998,300</td>
<td>2,842,025</td>
<td>2,956,025</td>
<td>4.0%</td>
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<tr>
<td>Travel</td>
<td>80,851</td>
<td>143,000</td>
<td>143,000</td>
<td>133,000</td>
<td>-7.0%</td>
</tr>
<tr>
<td>Services</td>
<td>1,115,382</td>
<td>1,320,600</td>
<td>1,476,875</td>
<td>1,423,350</td>
<td>-3.6%</td>
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<tr>
<td>Supplies</td>
<td>65,805</td>
<td>56,000</td>
<td>56,000</td>
<td>56,000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,860,077</td>
<td>4,517,900</td>
<td>4,517,900</td>
<td>4,568,375</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

**Total FY19 Increase**: 50,475

<table>
<thead>
<tr>
<th>Revenue</th>
<th>FY17 YTD¹</th>
<th>FY18 Original²</th>
<th>FY18 Mgmt Plan²</th>
<th>FY19 Proposal</th>
<th>18-19 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>6,532,701</td>
<td>4,973,000</td>
<td>4,843,750</td>
<td>5,310,625</td>
<td>9.6%</td>
</tr>
<tr>
<td>Income</td>
<td>5,167,825</td>
<td>4,209,850</td>
<td>4,247,757</td>
<td>4,298,382</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,700,526</td>
<td>9,182,850</td>
<td>9,091,507</td>
<td>9,609,007</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

(1) Numbers are not final until the reappropriation period ends August 31

(2)$44,300 added to Gov’s Budget for health insurance cost increase. Added to FY18 Original and FY18 Mgmt. Plan

**FY19 TRUSTEE REQUEST:**

$4,568,400

Personal Services*

- Merit Inc. Est (Includes Benefits) 66,358
- LTNP to FTP 47,642
- **Total Increase** 114,000

*Request is rounded