

# Trust

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Alaska Mental Health  
Trust Authority

## **Resource Management Committee Quarterly Meeting**

**October 26, 2017**

ALASKA MENTAL HEALTH TRUST AUTHORITY  
RESOURCE MANAGEMENT COMMITTEE MEETING  
AGENDA

October 26, 2017  
10:30 A.M. - 12:00 P.M.  
Lunch Break  
12:30 P.M. - 1:30 P.M.

Teleconference Information

Call in number: (844) 740-1264  
Meeting Number / Access Code: 806 557 134 #  
Attendee Number: #  
Webinar Link: [thetrust.webex.com](http://thetrust.webex.com)

Call to Order (Chair Carlton Smith)

Committee Members (Voting):

Chris Cooke  
Laraine Derr  
Paula Easley  
Greg Jones  
Mary Jane Michael  
Jerome Selby  
Wyn Menefee, Staff

Announcements

Approval of Agenda

Approval of Minutes

- 2017-08-03

1. Executive Director Report

2. Consultation

- a) BW Enterprises Negotiated Sale - MHT 9100862 (Item A)
- b) Johnson Construction and Supply Negotiated Sale - MHT 9100817 (Item B)
- c) Naukati Land Exchange Negotiated Timber Sale - MHT 9100904 (Item C)
- d) Disposal of Missed Settlement Land on the Homer Spit (Item D)

3. Executive Session

*In accordance with the Open Meetings Act, AS 44.62.310(c)*

4. Approval

- a) Icy Cape Gold and Industrial Heavy Minerals Project (Item 1)
- b) Land Exchange Budget (Item 2)

5. Quarterly Report Questions

6. Other

7. Adjourn

Resource Management Committee Meeting

October 26, 2017

Executive Session Motion

**Motion:** *In accordance with the Open Meetings Act, Alaska Statute 44.62.310(c), I make a motion for the Resource Management Committee members to convene an Executive Session for the purpose of considering two items that are financially sensitive in nature for the Trust.*

ALASKA MENTAL HEALTH TRUST AUTHORITY  
RESOURCE MANAGEMENT COMMITTEE MEETING

August 3, 2017

9:00 a.m.

Taken at:

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

**OFFICIAL MINUTES**

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Trustees present:  
Carlton Smith, Chair  
Laraine Derr  
Jerome Selby  
Paula Easley  
Russ Webb  
Mary Jane Michael  
Chris Cooke

Trust staff present:  
Greg Jones  
Steve Williams  
Michael Baldwin  
Carrie Predeger  
Lucas Lind  
Valette Keller  
Kat Roch  
Miri Smith-Coolidge

Trust Land Office present:  
John Morrison  
Aaron O'Quinn  
Sarah Morrison  
Wyn Menefee  
David Griffin  
Amber Brazington  
Juliana Romer  
Jusdi Doucet

Also participating:  
Kathy Craft



## PROCEEDINGS

CHAIR SMITH calls the Resource Committee to order and states that all trustees are present. He asks for any announcements. There being none, he moves to the agenda.

TRUSTEE DERR makes a motion to accept the agenda.

TRUSTEE WEBB seconds.

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

CHAIR SMITH moves to the minutes of April 20, 2017.

TRUSTEE SELBY makes a motion to accept the minutes of April 20, 2017.

TRUSTEE WEBB seconds.

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

## EXECUTIVE DIRECTOR'S REPORT

MR. MORRISON begins by introducing three new staff members: Amber Brazington, administrative assistant; Juliana Romer, front-desk person; and Jusdi Doucet, the new Southcentral Land Manager. He states that the Fahrenkamp lease completed a few months ago. Fairbanks Community Mental Health has occupied the property as of August and is continuing to look at ways to expand the utilization of the property. He moves on and states that the Denardo lease was rented on the same timeline to the Tanana Chiefs Council. He is happy to report that both of the buildings are occupied and will be making the Trust some rental income. He continues with updates from Icy Bay. Dr. Eden is still there and is, for reporting purposes and certification of the scientific process, monitoring the sampling process and security of the samples for the entire time the operation is ongoing. He adds that a robust communications system which includes a repeater up on the hillside was set up. There is communication through two-way radio for the crew, and there is also a robust internet connection. This is a very remote location. He then explains the process with his presentation.

TRUSTEE SELBY asks for a brief layout of the next steps going forward and then for next summer.

MR. MORRISON replies that there are many different ways to go. First, is further analysis of the drill bore that was taken, which may go on for quite some time. He continues that this can go on for multiple years. The next step would be to schedule for interaction with the Borough of Yakutat and other interested parties in that area. He states that at the spring meeting it was communicated that an update on what is happening would be presented in the fall. He continues that Trust staff will be there next summer for some activity. He adds an invitation to the trustees to do even a day trip to see firsthand how the operation is working.

A short discussion ensues.

MR. MORRISON gives a limited update on the Homer Spit issue. He states that they have not been communicative and have chosen to try to get the Governor's office and the Commissioner to intercede on their behalf. He continues that this has come about because of their renewal of leases on Trust land. They are collecting monthly significant income on Trust land. He moves on to the land exchange update. He states that things are going extremely well and thanks Wyn Menefee for his incredible contributions to this process. Still needed is an MOU with the Forest Service. He continues, that, from a legal standpoint, the last step in the process to fully clear the path for the Trust to complete the exchange is that the Governor has to sign SB 88. He continues No Name Bay, roughly a 3,000-acre parcel on Kuiu Islands, is one of the last pieces of original Trust selection land that was received in 2012. Shortly after receipt, another party filed a lawsuit that, for any number of reasons, the Trust was not entitled to receive that parcel. He continues that the Trust has been fighting to establish clear legal title to the parcel for the last five years. The good news is that the title was solidified. He states that Aaron O'Quinn has been working diligently to make the process of the PRI acquisition come together.

## CONSULTATIONS

MR. MORRISON briefly describes the consultation process and how it works. He asks David Griffin, Southeast Area Land Manager, to go through the five consultations.

MR. GRIFFIN states that there is a lot of interest in Southeast Alaska for land sales. He begins with the five parcels on Daniels Lake. Two of them were a part of the consult that occurred in January of this year when several hundred parcels were put forward. These two have the access road running through them, and one is waterfront. There has been an offer to purchase all five of the parcels, and it is a potential negotiated sale. This sale would generate significant revenue for the Trust.

TRUSTEE WEBB makes a motion that 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.

TRUSTEE MICHAEL seconds.

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

MR. GRIFFIN states that the next consultation is in Gustavus, which is west of Juneau. The applicant has proposed to purchase four parcels which are located between the Salmon and Duke Rivers in Gustavus. The applicant is an adjacent landowner. An appraisal needs to be done.

TRUSTEE MICHAEL makes a motion that 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 a subsequent disposal.

TRUSTEE COOKE seconds.

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

MR. GRIFFIN moves to Mountain Point Subdivision in Ketchikan. As application was received that seeks to purchase all of the Trust holdings in the Mountain Point Subdivision. This area does not have any developed access at the moment, and there is platted access. He states that this was an Alaska State Land Survey when DNR was in charge of these properties. The applicant understands that these are unique properties and is interested in purchasing these so that he can consolidate and potentially subdivide.

A short discussion ensues.

TRUSTEE SELBY makes a motion that the Resource Management Committee concurs with the decision to sell all or portions of 15 parcels of land located in the Mountain Point Subdivision in Ketchikan with a negotiated sale or subsequent disposal.

TRUSTEE EASLEY seconds.

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

MR. GRIFFIN states that the next parcel is in Haines, in the Mud Bay area. He notes that the consultation in January included this parcel, as well as the next parcel in Petersburg. It was appraised at \$73,000, and the offer was \$102,000. He believes that it is in the best interest of the Trust to sell this property.

TRUSTEE COOKE makes a motion that the Resource Management Committee concurs with the decision to sell Trust parcel CRM 0752 through a negotiated sale or subsequent disposal.

TRUSTEE DERR seconds.

TRUSTEE SELBY states that it is important to put on the record on each of these parcels if there are any local government concerns on the parcels. He adds that no concerns have been expressed on any of these parcels.

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

MR. GRIFFIN states that in Petersburg the four parcels were combined into one sale parcel. The adjacent owner would like to purchase this property and is willing to pay 25 percent above the appraised value. The Borough has been notified and there are no objections.

TRUSTEE DERR makes a motion that 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.

TRUSTEE EASLEY seconds.

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

MR. GRIFFIN thanks everyone.

MR. MORRISON moves back to Anchorage and states that this parcel was received through a reversionary clause from McLaughlin Center in conjunction with 40<sup>th</sup> Avenue extension that went through after receipt of the parcel and extensive negotiations with the Municipality over the taking of the 40<sup>th</sup> Avenue right-of-way. He explains more fully and, due to the extended efforts of staff, an agreement was reached with McLaughlin to cross a section of their parcel outside of their fence that was necessary to get water and sewer to the site. That was completed last summer and has a lot of potential with the expansion of Providence as they continue to build buildings and others want to locate near them. He asks Mr. O'Quinn to continue.

MR. O'QUINN states that this is a consultation to grant the executive director authority to dispose of the property at fair-market value either through a sale or a lease. He continues that the parcel is desirable and there have been some inquiries to purchase it recently. He adds that any sale might involve subdivision of the property, but in general it is expected to be strictly a revenue-generation project and any major expenditures made to push it forward would come back for an appropriation.

TRUSTEE WEBB states that this gives one of the best opportunities for development. The Trust does have long-term ground leases with two facilities that are across Laurel Street.

TRUSTEE MICHAEL asks if the recommendation is to potentially sell the property versus developing it.

MR. O'QUINN replies that this would grant the authority to sell or lease at fair-market value and would not necessarily include that in the future. He states that if that was a possibility, it would be up to the executive director to decide to forego a fair-market value sale or lease and maybe hold off for a development opportunity in the future.

MR. MORRISON states that this is an important consideration on whether there is an ability to invest principal elsewhere or invest principal in this site which will weigh in on what is in the best interest of the Trust for this parcel and other sale consideration.

A discussion ensues.

TRUSTEE WEBB 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 a disposal of all or part of Trust parcel SM-1526-01, further referred to as Tract C-2, or portions thereof, at Providence Chester Creek Subdivision in Anchorage, Alaska.

TRUSTEE MICHAEL seconds.

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

MR. MORRISON states that the last item on the list is an approval. Separate from consultations, this is a trustee approval, and is noted as such. It deals with the TLO FY19 budget. He continues that it is part of the process for the Resource Management Committee to review this

budget and recommend approval to the board. Based on the budget that was approved last year, the position taken is to have the smallest increase possible based on needs of the Trust and the TLO. He explains the changes.

A short discussion ensues; the key issue being about the inclusion of the Trust Land Office budget and the Trust Authority budget because they require an appropriation by the Legislature.

TRUSTEE SELBY makes a motion that 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.

TRUSTEE MICHAEL seconds.

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

MR. MORRISON states that all of the noted items on the agenda have been addressed. He continues that the Utah building has generated and sent to the Trust well over a million dollars in income revenue. The Promontory Point building has distributed over \$1.3 million in spendable income revenue. He then goes over the rate of return received from the real estate program and the overall return both in terms of income and principal. He adds that, last year, the total return to the Trust was 15.6 percent of invested capital. This year it is going to be substantially higher.

TRUSTEE WEBB recognizes Mr. Morrison's contributions to the Trust and states that the real estate program has been enormously successful. He thanks him for all of the hard work and professionalism throughout his time as Trust Land Office director.

(Applause.)

TRUSTEE SELBY echoes that sentiment and extends appreciation to the rest of the staff of the Trust Land Office.

CHAIR SMITH asks for any other comments. There being none, he asks for any other business to come before the committee.

MR. MORRISON states appreciation for the accolade and will miss serving the beneficiaries and the pleasure of being at the TLO. He continues that it would be impossible to accomplish any of this without such a competent, dedicated staff. He adds that this year, FY17, in terms of performance, the TLO and the dedication of staff eclipsed in revenue the original \$200 million grant from the settlement, which is a real milestone.

TRUSTEE DERR makes a motion to adjourn the meeting.

TRUSTEE WEBB seconds.

*There being no objection, the meeting is adjourned.*

(Resource Management Committee adjourned at 10:45 a.m.)



**To:** Carlton Smith, Chair  
Resource Management Committee  
**From:** David Griffin  
**Date:** 10/26/2017  
**Re:** MHT 9100862  
BW Enterprises Negotiated Sale – Wrangell, AK  
**Fiscal Year:** 2018

## Consultation

### Proposed RMC Motion:

*“The Resource Management Committee concurs with the decision to sell a portion of Trust Parcel CRM-2528 through a negotiated sale or subsequent disposal action.”*

### Background:

**Revenue Projections:** The projected principal revenue will be based on a per acre value from a prior negotiated sale to BW Enterprises from 2010, which incorporates the value of the land, as well as the material and rock resources that exist on site. Revenue projections for this sale are estimated to be approximately \$150,000.00.

**Transaction/Resource:** The proposed action is to dispose of a small portion of a large tract of vacant land located in an area south of the community of Wrangell.

**Property Description/Acreage/MH Parcel(s):** The subject property is located eight miles south of Wrangell, and east of the Zimovia Highway. The property is wooded, and the ground appears to have significant rock resources under the soil. The applicant proposes to purchase of approximately 12 acres from the Trust. The Trust Parcel is CRM-2528.

**General Background:** BW Enterprises is the applicant. The company specializes in producing and selling rock and gravel materials for use in construction and road building. BW Enterprises purchased eight acres from the Trust in 2010, much of which has already been developed for mining the rock resource. BW Enterprises is seeking additional property to expand their operations, hence their desire to purchase additional land from the Trust.

**Anticipated Revenues/Benefits:** The sale would generate revenue for the Trust on land that would otherwise not be developed. The revenue generated will exceed the fair market value as it is inclusive of additional value for the material resource. The land is located away from dedicated public access in an area that would require significant access development costs, and 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:** The negotiated sale would include costs and fees associated with survey and subdivision platting. These costs and any additional fees would be included in the final sale price to be paid by the purchaser.

**Other Considerations:** The subject property would be adjacent to the land the TLO previously sold to BW Enterprises in 2010, as well as Trust property included in the US Forest Service (USFS) land exchange. Any survey work along the boundaries of the exchange lands would be coordinated with TLO staff and the USFS.

**Due Diligence:** TLO staff visited the site and met with the applicant in July 2017. Staff inspected the parcel, and determined that the purpose of the applicant's proposal is to acquire additional property to expand their rock and gravel mining operations. After consideration of the prior negotiated sale to the applicant in 2010, the value of the parcel will be determined on a per acre value that considers not only the square footage of the land, but also the development potential of the rock and gravel resources that exist on site. The subject parcel 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:** With the knowledge that BW Enterprises is interested in purchasing the subject property for its potential commercial rock resources, the TLO could seek revenue through a material sale contract with the applicant. Another alternative is to hold the parcel 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 parcel.

**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 this parcel will appreciate at a rate that would justify holding it for a later sale. It is also not cost effective for the TLO to hold this parcel 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 to the applicant through a negotiated sale. If not sold, the parcel and or it's rock resources 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 A:**





**To:** Carlton Smith, Chair  
Resource Management Committee  
**From:** David Griffin  
**Date:** 10/26/2017  
**Re:** MHT 9100817  
Johnson Construction and Supply Negotiated Sale  
Wrangell, AK  
**Fiscal Year:** 2018

## Consultation

### Proposed RMC Motion:

*"The Resource Management Committee concurs with the decision to sell a portion of Trust Parcel CRM-2402 through a negotiated sale or subsequent disposal action."*

### Background:

**Revenue Projections:** The projected principal revenue will be based on a per acre value which incorporates the value of the land, as well as the rock and gravel resources that exist on site, and is estimated to be approximately \$62,500.00.

**Transaction/Resource:** The proposed action is to dispose of a small portion of a large tract of vacant land located in an area south of the community of Wrangell.

**Property Description/Acreage/MH Parcel(s):** The subject property is located two miles south of Wrangell, and east of the Zimovia Highway. The property is wooded, and the ground appears to have significant rock resources under the soil. The applicant proposes to purchase approximately 5 acres from the Trust. The Trust Parcel is CRM-2402.

**General Background:** Johnson Construction and Supply is the applicant. The company specializes in lumber and building products used in residential and commercial construction. The subject property is located behind the company store and lumber yard. They are seeking to expand the foot print of their business and need the additional space to do so.

**Anticipated Revenues/Benefits:** The sale would generate revenue for the Trust on land that would otherwise not be developed. The revenue generated will exceed the fair market value as it is inclusive of additional value for the material resource. The land is located away from dedicated public access in an area that would require significant access development costs, and 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:** The negotiated sale would include costs and fees associated with survey and subdivision platting. These costs and any additional fees would be included in the final sale price to be paid by the purchaser.

**Other Considerations:** The subject property would be adjacent to land the Trust property included in the USFS land exchange. Any survey work along the boundaries of the exchange lands would be coordinated with TLO staff and the USFS.

**Due Diligence:** TLO staff visited the site and met with the applicant in July 2017. Staff inspected the parcel, and determined that the purpose of the applicant's proposal is to acquire additional property to expand the footprint of their building supply company, and potentially pursue rock and gravel mining operations. After consideration of a similar type of negotiated sale in the area that took place in 2010, the value of the parcel will be determined on a per acre value that considers not only the square footage of the land, but also the development potential of the rock and gravel resources that exist on site. The subject parcel 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:** With the knowledge that the applicant is interested in purchasing the subject property for its potential commercial rock resources, the TLO could seek revenue through a material sale contract with the applicant. Another alternative is to hold the parcel 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 parcel.

**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 this parcel will appreciate at a rate that would justify holding it for a later sale. It is also not cost effective for the TLO to hold this parcel 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 to the applicant through a negotiated sale. If not sold, the parcel and or its rock resources 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 A:







**To:** Carlton Smith, Chair  
Resource Management Committee  
**From:** Paul Slenkamp  
**Date:** 10/26/2017  
**Re:** MHT 9100904  
Naukati Land Exchange Negotiated Timber Sale  
**Fiscal Year:** 2018

## Consultation

### Proposed RMC Motion:

*"The Resource Management Committee recommends that the Trust Authority board of trustees concur with the disposal of timber through negotiated sale on Trust land located near Naukati on Prince of Wales Island."*

### Background:

**Revenue Projections:** Principal \$13,175,000 (up to)  
Income \$ 2,325,000 (up to)

**Transaction/Resource:** The Trust Land Office (TLO) will offer approximately one-hundred million board feet (100 MMBF) of old growth (not previously harvested) timber through a negotiated sale on approximately 3,848 acres of land that will be acquired through the land exchange with the US Forest Service (USFS) as authorized through the Alaska Mental Health Trust Act of 2017 and the state legislation in SB 88. The sale will encompass all old growth (OG) timber within land the Trust will receive at Naukati through the exchange which totals 10,880 acres. The sale will start with Phase 1 (1,159 OG acres; 2,400 total acres) lands. The Phase 1 portion of the exchange is required to be completed by May 5, 2018, harvest will begin as soon as possible following conveyance. The remaining Naukati lands will be offered as they become available, and full conveyance (completion of the entire land exchange) is required to occur on May 5, 2019. The timber sale will be for ten years, which may be extended upon consent of both parties.

**Property Description/Acreage/MH Parcel:** Copper River Meridian, Township 68S, Range 78E, portions of sections 5, 6, 7, 8, 25, & 36 Township 68S, Range 79E, sections 35 & portions of sections 25, 26, 30, 31 & 36; Township 69S, Range 79E, sections 1, 12 & portions of sections 22, 11, 12, 13 & 14 Township 69S, Range 80E, sections 2, 3, 4, 5, 6 & portions of sections 8, 9, 10, 11, 12; MH Parcel CRM-7060.

**General Background:** The TLO has engaged in the sale of timber as a major contributor to its traditional revenue portfolio. The proposed timber sale will dispose of old growth commercially viable

timber on Trust lands located near Naukati on Prince of Wales Island. The proposed timber sale is the result of both State of Alaska (SB 88) and Federal (S.131) legislation that passed in 2017. The proposed sale is composed of timber on lands that will be acquired through the land exchange with the USFS.

The Trust Resource Management Committee has heard and approved several consultations on the land exchange beginning in 2005. The Trustees have demonstrated support for this land exchange through several motions and resolutions through the years. Inclusive in these actions, the Trustees demonstrated a commitment to domestic processing for part of the timber received in the exchange.

In 2013, the Board of Trustees appropriated \$3,005,000 to execute a land exchange with the U.S. Forest Service. The TLO has positioned the land exchange to play a key role in the preservation of the existing timber industry in SE (Southeast) Alaska. A healthy timber industry is a key component to maximizing timber receipts to the Trust. The consultation stated “making this funding available will allow the TLO to take advantage of the congressional support and potential alignment of the national forest plans toward addressing ‘Sustainable Forestry in Southeast Alaska’ with this important initiative”.

The continuing operation of the remaining SE timber industry was a key component in the passage of the AMHT Land Exchange Act of 2017. The proposed timber sale will provide significant timber volume to a local manufacturer. The support garnered from the Tongass Futures Roundtable, the Governors Timber Task Force, Secretary of Agriculture Thomas Vilsack, Senator Lisa Murkowski, the Tongass Advisory Committee, and others, was centered on retaining the existing industry.

A signing ceremony for SB 88 was held in Ketchikan on August 10, 2017. This event was attended by Senator Lisa Murkowski, Governor Bill Walker, State Senator Bert Stedman, Representative Dan Ortiz and others. “This is an opportunity to help the Alaska Mental Health Trust as they seek to provide for the most vulnerable in our state,” Senator Murkowski said. “Because of this exchange, we have protected view shed, we have allowed for support for our timber industry because of the exchange and again, provided a valuable resource to the Alaska Mental Health Trust.”

The support of the Alaska Forest Association (AFA), City of Craig, and SE Conference hinged upon the fact that old growth timber located on Prince of Wales Island would be made available for domestic production. The lobbying efforts of these organizations were major factors in the passage of the legislation.

The Secretary of Agriculture, Thomas Vilsack, issued a directive (Memorandum 1044-009) on July 2, 2013, instructing the US Forest to transition the Tongass National Forest to young growth harvest only in the next 10 to 15 years. Senator Murkowski at the request of the TLO, AFA and others, requested that the Secretary recognize the AMHT Land Exchange as a critical component of this transition. Secretary Vilsack, in a letter to the Senator dated November 19, 2013, stated “an equal value land exchange between the Trust and the Forest Service will be properly considered. It will also help to strengthen and diversity local economies throughout Southeast Alaska”.

Over the past several years, the TLO has worked closely with the SE Landowners Group comprised of the University of Alaska, Alaska Division of Forestry, US Forest Service, and Sealaska Corporation with the primary purpose to preserve the existing infrastructure that is required to sustain the current industry. It is well recognized that the primary threat was lack of fiber (timber). The available fiber has to be balanced in time and volumes to different buyers to keep a viable industry, but one land owner cannot supply all the required fiber. Having a healthy industry benefits the Trust as well as the other land owners by having multiple companies to purchase timber.

The negotiated timber sale will be at fair market value and produce revenues which exceed the average return of State and Federal timber sales which include domestic production.

**Anticipated Revenues/Benefits:**

1. The old growth timber sale is expected to cumulatively generate approximately \$15.5M in revenue in Fiscal Years 19, 20, 21, 22, & 23.
2. Harvest of timber will maximize revenue while providing for timber regeneration and future timber harvests.

**Anticipated Risks/Concerns:** There may be some anticipated public concern associated with the timber harvest. The land exchange has been a public issue for years and received the support from several environmental groups to provide timber to the SE Alaska Timber Industry. This timber sale should be an anticipated result of the exchange. The Naukati area has a long history of timber harvest.

**Project Costs:** TLO staff time and travel costs to develop and manage the contract.

**Other Considerations:** Sale of this timber may assist the Southeast Alaska forest products industry to remain in operation while alternate timber supplies from the US Forest Service and the State of Alaska are developed.

**Due Diligence:** TLO staff members have visited the project area and conducted sale layout and timber cruises. On-going field inspections and financial tracking will be conducted by TLO staff during the timber sale.

**Alternatives:**

**Do Nothing:** This alternative assumes that timber values will not be maximized by harvesting at this time. Timber is a commodity and the current markets allow for solid financial return.

**Alternate Development:** Due to the character and location, the parcel does not lend itself to other development opportunities that would produce a return to the Trust comparable to a commercial timber harvest. Commercial harvest of the timber will, in some cases, facilitate other commercial opportunities on the lands. Carbon credit programs evaluated do not keep a viable timber industry



available to purchase other timber from trust lands and include significant long term financial commitments.

**Proposed Alternative:** This alternative will provide the Trust with revenue. The harvest should not adversely impact other future development. Harvesting now will allow for the reforestation of these parcels.

**Consistency with the Resource Management Strategy:** The proposal is consistent with the “Resource Management Strategy for Trust Land”, which was adopted January 2016 in consultation with the Trust which allows the TLO to focus first on land or resources at the high end of the market values (“best markets”). Given the current market values of timber, the prospective lands affected by this decision are in a “best market” situation and should be offered now rather than later.

**Trust Land Office Recommendation:** Proceed with the negotiated timber sale on the old growth portion of the Naukati Land Exchange (CRM-7060).

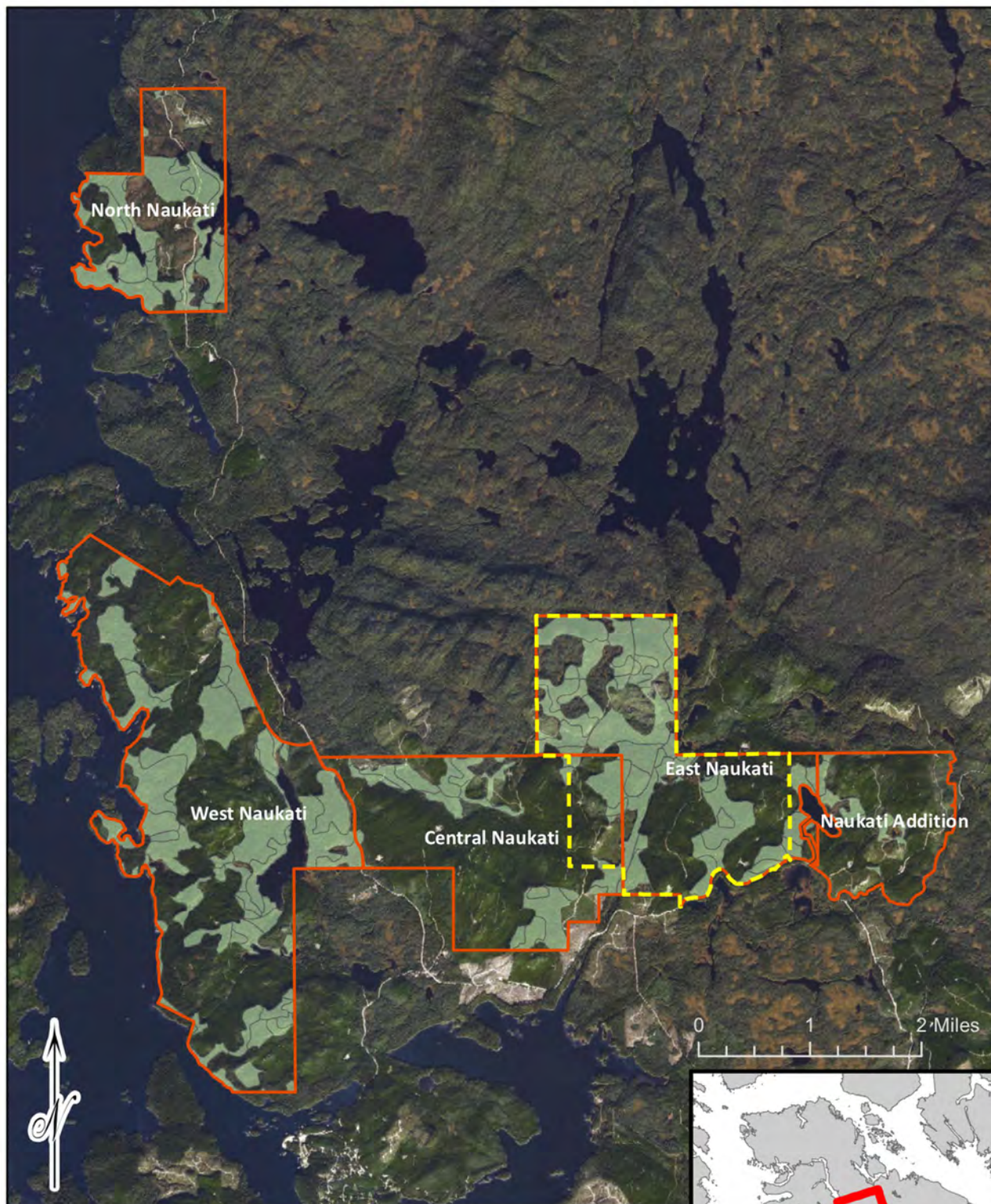
**Applicable Authority:** This briefing document fulfills the consultation requirements that are applicable to the transaction under AS 37.14.009(a), AS 38.05.801, and 11 AAC 99. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.




**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 1:**

Naukati Land Exchange Timber Sale Map

## Exhibit 1 - Naukati Land Exchange Timber Sale Map



-  Naukati Phase I 1,159 Old Growth Acres
-  Land Exchange Act
-  Old Growth Timber 3,848 Acres Approximately







Trust  
Land Office

2600 Cordova Street, Suite 100  
Anchorage, Alaska 99503  
Phone: 907-269-8658  
Fax: 907-269-8605

**To:** Carlton Smith, Chair  
Resource Management Committee  
**From:** Jusdi Doucet, Southcentral Lands Manager  
**Date:** 10/26/2017  
**Re:** Disposal of Missed Settlement Land on the Homer Spit  
(SM-7025)  
**Fiscal Year:** 2018

## Consultation

### Proposed RMC Motion:

*"The Resource Management Committee concurs with the Trust Land Office to offer and dispose of Missed Settlement Land (SM-7025) on the Homer Spit through a negotiated or competitive sale, combined with other Trust Parcels."*

### Background:

**Revenue Projections:** Indeterminant, but of negligible value.

**Transaction/Resource:** The proposed transaction is to include SM-7025 in a larger negotiated sale for \$550,600 to the City of Homer. This transaction is required to complete that sale.

**Property Description/Acreage/MH Parcel(s):** That Portion of the Right-of-Way (ROW) for Homer Spit Road as depicted on Coal Bay Alaska Subdivision, according to the Survey Plat, filed as Serial No. 63-1097, in the Homer Recording District, on December 3, 1963, which is located within the boundaries of what is depicted as Lot 42 on the document described as Homer Spit Amended, a Resubdivision, Recorded as Plat 89-34, in the Homer Recording District, on September 21, 1989.

The document described as Amended Plat 89-34 is being relied upon solely to identify the property to be disposed.

**General Background:** The Resource Management Committee concurred on April 20<sup>th</sup>, 2017 to dispose of the remaining three parcels on the Homer Spit through negotiated or competitive sale. Later, the Trust Land Office (TLO) identified a small linear parcel of Missed Settlement Land serialized as SM-7025 which is encumbered by a public right-of-way adjacent to one of the aforementioned three parcels on the Homer Spit. This encumbrance significantly devalues the SM-7025 as a standalone parcel, and furthermore the negotiated sale with the City of Homer for the three parcels on the spit is contingent upon the inclusion of this land in that sale.

**Anticipated Revenues/Benefits:** Under this proposal, the Executive Director will be able to negotiate and execute a sale of all portions of the three parcels on the Homer Spit to now include SM-7025 for \$550,600. It is a benefit to the Trust to dispose of SM-7025 due to the public ROW encumbrance, the need to facilitate the negotiated sale with the City of Homer, and to divest the Trust of any surface estate interests on the Homer Spit, as well as, any litigation liability with the City of Homer.

**Anticipated Risks/Concerns:** There are few concerns associated with this transaction. Approval of this motion would give the Executive Director the ability to move forward with a sale or subsequent disposal, subject to a best interest decision process, providing notice to stake holders and an opportunity for any of said stakeholders to be heard.

**Project Costs:** The TLO is not requesting an appropriation for any of the purposes outlined herein now, but may seek funding at a later time, in accordance with AMHTA/TLO regulations and procedures.

**Due Diligence:** TLO staff have conducted the title research and received an expedited conveyance of the Missed Settlement Land (SM-7025) from the Division of Mining, Land and Water. All negotiated sale contract documents will be reviewed by the Attorney General's office.

**Alternatives:**

- (1) The primary alternative is to not include SM-7025 in the disposal to the City of Homer. This denial would prevent the sale of the three remaining parcels for \$550,600 and additionally, prevent the Trust from divesting all of its' surface interests on the Homer Spit.
- (2) A secondary alternative would be to vacate the ROW and include SM-7025 in a later disposal. This would prove to be time consuming and costly to the Trust Land Office. Additionally, it is anticipated to take two years to work through many of the challenging title issues in the area at a high cost that would not facilitate a high return.

**Consistency with the Resource Management Strategy:** The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted in March 2016 in consultation with the Trust and provides for the TLO to identify and enhance lands for economic development and mitigate risk liabilities of the land estate held by the Trust.

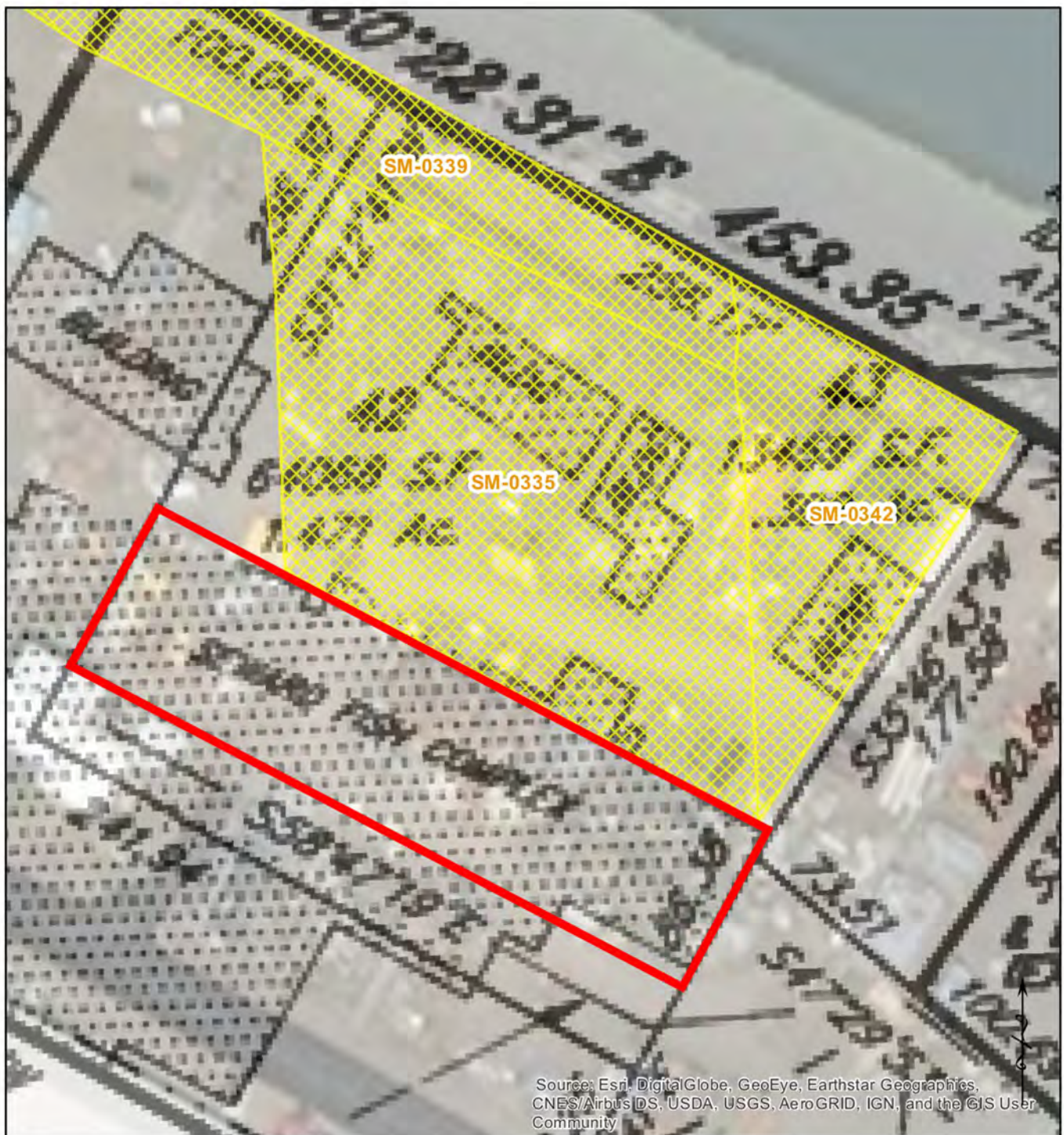
**Trust Land Office Recommendation:** The TLO recommends that it is in the Trust's best interest to offer and dispose of SM-7025 as a part of the three Trust parcels on the Homer Spit through a negotiated sale or by subsequent disposal combined with other Trust parcels.

**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 1 - Location Map



0 25 50 75 100 Feet

-  SM-7025 portion of Homer Spit Road in EPF 28-96 to be disposed
-  Trust Land



Note: this unofficial ArcMap overlay sketch of Homer Amended Plat 89-34 Sheet 5 is based on best available State GIS data and may not be to scale; this was created for request purposes only.

Date Printed: 10/9/2017





Trust  
Land Office

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**To:** Carlton Smith, Chair  
Resource Management Committee  
**From:** Dr. Karsten Eden, CPG, EurGeol  
**Date:** 10/26/2017  
**Re:** Icy Cape Gold and Industrial Heavy Minerals Project  
**Fiscal Year:** 2018

Approval

#### Proposed RMC Motion:

*"The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees approve the proposed action to fund the Icy Cape Gold and Industrial Heavy Minerals Project with principal from the Trust Authority Development Account (TADA) fund code 3320 with \$3M. These funds do not lapse."*

#### Background:

**Transaction/Resource:** Fund the Icy Cape Project with \$3M to continue with stratigraphic framework and resource drilling, improve existing field camp and property infrastructure, acquire, equip, and deploy a field sample processing facility in support of targeted drilling.

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

**Proposed Actions:** There is one proposed action:

1. Approve funding for the Icy Cape Project for:
  - a. Stratigraphic framework and resource drilling
  - b. Camp upgrades and infrastructure improvements
  - c. Other items needed for a successful project

**General Background:** TLO's Icy Cape property is located in the Gulf of Alaska near Icy Bay about 75 miles (120 km) northwest of Yakutat (Exhibit A). Placer gold in garnet-rich sands ("ruby sands") have been described in this region and explored for/exploited since the early 1900s. In 1992, Paraclete Resources, Inc. outlined five prospective areas for placer gold, estimated a total 3.5M troy ounce resource in the western portion of the property. This estimate is not compliant with Canadian Institute of Mining and Metallurgy CIM (CIM) and Society for Mining, Metallurgy and Exploration (SME) definition standards for Mineral Resources and Minerals Reserves, as defined under National Instrument 43-101 (NI43-101). Since 1996, when land and minerals ownership of the Icy Cape Block

(henceforth Block) was transferred from the State of Alaska to the Alaska Mental Health Trust Authority, no mineral-resource related activity has been conducted there.

Glacio-fluvial, deltaic, and shoreline features cover the surface, but their lateral and vertical distribution in the subsurface are unknown. Our research shows these sediments to be of exploration interest. Stratigraphic framework drilling, therefore, is a critical component of this Approval.

The Block is in a remote area in the Gulf of Alaska. It is poorly accessible and its single existing road is in inadequate condition to traverse the length of the area. Only the eastern third of the road is drivable. Bridges are derelict or absent. Logging roads perpendicular to the single road are overgrown with alder and locally washed out. Most of the roads can support drilling equipment and support vehicles. Older logging roads are overgrown and currently not traversable. Target drill sites in the low and up-lands adjacent to the single road are not currently accessible without improvements, and new roads need to be constructed along with temporary bridges. Some areas are accessible only by helicopter or by sea.

The Minerals & Energy (M&E) Section of the TLO identified this Block as prospective for placer gold and for associated heavy minerals (HM) as added value. M&E conceived, designed, and initiated the Icy Cape Gold and Industrial Heavy Minerals Project (henceforth Project) in July 2015. Designed as a staged and incremental effort, the Project's focus is evaluation of the potential for industrial HM (for example garnet, zircon, and rutile) as co-products of gold exploitation.

All aspects of Phase 1, 2, and 3 have been supervised and managed by TLO's Certified Professional Geologist, a Qualified Person as defined in National Instrument 43-101 and a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves Joint Ore Reserves Committee (JORC) code. This assures that mining industry standards are followed, and certify that guidelines of NI43-101, JORC and the South African Mineral Committee (SAMREC) will be met or exceeded.

In Phase 1 of the Project, technical literature and unpublished TLO archive documents were compiled and analyzed, and a preliminary geological mineral-resource map was compiled. HM concentrates were collected in the field, and over 100 samples from pre-TLO ownership reconnaissance samples were analyzed for their mineralogical compositions. These samples were retrieved from the Geologic Materials Center in Anchorage.

Phase 1 results confirm potential for gold and identify and quantify garnet and other HM as prospective co-products. These minerals comprise the majority of the HM group. Eden et al., 2016 estimate the Block to contain in excess of 2 billion tons of sediments to 35 feet below the surface. (NOTE: During exploration drilling in July 2017 we discovered ancient beach sediments in a coast-parallel terraces almost 3 miles inland and over 200 feet above sea level).

In Phase 2 of the Project (started in July 2016), field crews collected exploration samples totaling about 4,000 pounds for laboratory studies. Samples were collected by use of backhoe, hand dug pits, channel samples of road cuts, and hand-held augers. On-site reconnaissance panning showed all samples have gold and HM.

Phase 2 samples collected during the 2016 field season were shipped to a contracted HM laboratory for test work. In the laboratory, samples were processed by industry-specific methods and standards to produce individual mineral concentrates for industrial testing, application, marketing, and thus, foster and expedite development of gold and HM in the Block.

In the contracted HM laboratory, Icy Cape HM sands underwent comprehensive testing for mineral separation procedures. Individual mineral concentrates have been analyzed for various critical economic components for resource assessment (HM grade, mineralogical assemblage, quality and PSD). Garnet and epidote group concentrates were also sent to an independent industrial laboratory for testing as abrasive media. Garnet concentrates were analyzed in accordance with the laboratory qualification tests of SSPC-AB1 "Abrasive Standard No. 1 – Mineral Slag Abrasives" and met the requirements of the specification for all tests performed. As a result, Icy Cape garnet abrasive is classified as Class A. Garnet concentrates were also sent to the industry for independent testing. Two major abrasive producing companies analyzed and tested Icy Cape garnets and confirmed the high quality of the product. Icy Cape garnets are marketable.

Test results for epidote group minerals as abrasive media (SSPC-AB1) and in water filtration and purification are pending. Mineralogical and metallurgical test work on gold, platinum group minerals and HM separation and recovery methods are ongoing.

During August 2016, the TLO contracted for a low-altitude high-resolution aeromagnetic survey over the coastal sediments of the Block. Such airborne data delineate variations in magnetic intensity of shallow subsurface geologic material. Areas with higher than adjacent magnetism (anomalies) are projected to be associated with HM placers (that include gold and platinum group metals), and help locate drilling-exploration targets. Magnetism maps show patterns consistent with our geologic and deposit models of the Block. Through data interpretation (aeromagnetism, geology and mineralogy) and exploration concept development potential target areas were generated for drill testing in 2017.

TLO purchased a 24-man tent camp for the Project to house all field personnel. Facilities include sleeping quarters, laundry/shower tents, toilets and a kitchen tent. Approximately 16 people stayed in camp during the 2017 field season (Phase 3), not including short-term visits by executives, technical advisors, and commercial interests.

Field work in 2017, including stratigraphic framework and assessment drilling (Phase 3) was conducted during July and August. Framework drilling enables an understanding of the geologic history of subsurface sediments and provides samples sufficiently large for gold and HM analyses



(JORC requirement). The field season went smoothly with no break downs, no down-time and most importantly no accidents or injuries. Safety was the number one priority.

Drilling focused on the region between the eastern property boundary and the Little River to the west along the main road and old logging roads that were cleared in the spring for access to drill sites. Drill targets beyond the Little River were not accessible during the 2017 drilling program.

The 2017 field season was a total success. Preliminary field analysis and observation of drill core are very encouraging and promising. Highlights of the 2017 field season are:

1. **Drilled ahead of schedule and expectation.** Based on the high performance of crews all priority holes were successfully drilled ahead of schedule and drill core logged, processed and sampled. This allowed drilling of additional holes for stratigraphic framework.
2. **Proved aeromagnetic models.** Our aeromagnetic models were directly correlated to the subsurface geology and will guide future drilling.
3. **Confirmed projected stratigraphic sequences (beach complexes).** We confirmed beach sediments from the current shoreline to almost 3 miles inland consistent with our geological modeling. We also confirmed gold, garnet and epidote group minerals-bearing sequences (stacked shorelines).
4. **Discovered gold and HM-containing sediments below projected geophysical targets.** For stratigraphic framework drilling it was also critical to drill below the identified geophysical target areas, in other words beyond the vertical (depth) limits of the geophysical survey coverage. This led to the discovery of gold and HM-containing sands in addition to the confirmed gold and HM containing sedimentary sequences (stacked shorelines).

The geological team consists of national and international HM placer experts, gold placer and platinum experts, and geology students.

A major abrasive producing corporation conducted a site visit this summer to obtain a better understanding of the mineral prospects, property layout, infrastructure and accessibility.

At the end of the 2017 field season, selected samples were shipped to the contracted HM laboratory. Samples will be analyzed for critical economic components for resource assessment (HM and gold grade, mineralogical assemblage, quality of mineral species and PSD). Assay results are pending. During the mineral separation process, valuable information on mineral recovery and mineral processing will be gained.

This year's drilling program upgrades the property's value and therefore increases its marketability. Based on this year's exploration success, it is critical to continue with stratigraphic frame work and resource drilling (continuation of Phase 3) in 2018. Defined targets to the west of the Little River need to be drill tested for HM and gold content, particularly in areas defined by Paraclete Resources for

gold exploitation. Gold and HM containing stratigraphic sequences as well as other significant discoveries made this year require further drilling for resource definition. Critically, the project requires two powerful waterless sonic drill rigs capable of high-rate drilling by use of an 8" core barrel and 9" over-ride casing for continuous samples. To achieve these goals, major infrastructure improvements need to be undertaken. This means clearing or brushing of parts of the main road and selected old logging trails to access drill sites, the construction of new trails to access drill sites and possibly the construction of temporary bridges where river crossings are impossible. Heavy equipment for construction work and exploration support will be needed.

Communication of M&E's exploration results has gained international attention and support. M&E is in constant communication with the HM industry and major abrasive producing industry to market the Property. Large industry is showing interest in the project, is testing our mineral products, providing in-kind analytical services, providing technical field support and is conducting site visits. The M&E Section leveraged its small reconnaissance budget for Phase 1 by attracting a major HM mining corporation's interest and thereby tripled the value of the initial investment. In Phase 2 and Phase 3, M&E leveraged the budget by gaining in-kind technical field support from the HM industry as well as in-kind analytical services.

The Project will demonstrate that the Block can produce gold commercially along with HM in bulk tonnage over an extended period of time. It is likely that there are at least two deposit types; smaller high-grade and larger, though lower grade. Continued exploration drilling (Phase 3) will produce the relevant information to determine future exploitation scenarios, whether it's through Joint Venturing (JV) with mining companies, mineral producers, and/or investment groups, or through competitive leasing.

Phase 4, after completion of drilling, would consist of a test mining operation through the entity with a pilot plant for producing gold and industrial heavy mineral products for sale.

**Anticipated Revenues/Benefits:** The Block contains a unique minerals prospect. It has the potential to become the Trust's flagship property and to outperform any other mineral property the Trust owns in revenue generation over decades to come. It is likely that a successfully developed project would at least triple our annual mineral revenues. Developing the project through JVs will allow the greatest value to be realized for the Trust and will permit a major stake and controlling interest in the project. This, in turn, offers significantly higher revenue potential than traditional leasing. Once mining begins, revenue will come from the sale of gold, garnet, other HM, and JV interests. The expected income from a future mining operation will outweigh exploration investment.

**Anticipated Risks/Concerns:** As in any mining and mineral-resource ventures, there are inherent risks and concerns. Although there is a possibility that drilling analyses might indicate low resource potential in the Block, magnetic, geologic, and other adjunct data, including field observations and ongoing laboratory analyses indicate otherwise.

**Project Costs:** The drilling program, sample analysis, significant infrastructure improvements and logistics, (that is, continuation of Phase 3) are estimated at \$3M (Exhibit B).

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

**Due Diligence:** The TLO M&E Section Chief and other staff are familiar with the resource potential of the Block. They have researched, inspected, and sampled the property repeatedly, and conducted Phases 1, 2 and 3 exploration programs that included participation in laboratory analyses. The importance of conducting the stratigraphic and resource drilling program were determined by lengthy internal analysis and review of published and internally produced exploration data and reports. Market analysis, consultation with industry-expert exploration and resource assessment parties were also conducted.

**Alternatives:** As long as there is exploration success, it is important to move forward with the Project. One alternative, although unwise, is to discontinue with the Project and conduct a competitive lease offering. Given the fact that there are several revenue streams associated with the Project and not just one (HM such as garnet, epidote, zircon as well as placer gold), the likelihood of a single successful bidder that has the expertise and experience in both HM and placer gold mining is slim. The best option for the Project is to continue drilling and communication with the industry to find suitable partners for the project. The HM and abrasive industry has already expressed interest in the Project and as long as the Project keeps moving forward, industry interest will increase which will ultimately lead to development.

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

**Trust Land Office Recommendation:** The TLO recommends the allocation of principal funds to continue the drilling and analysis campaign at Icy Cape (continuation of Phase 3).

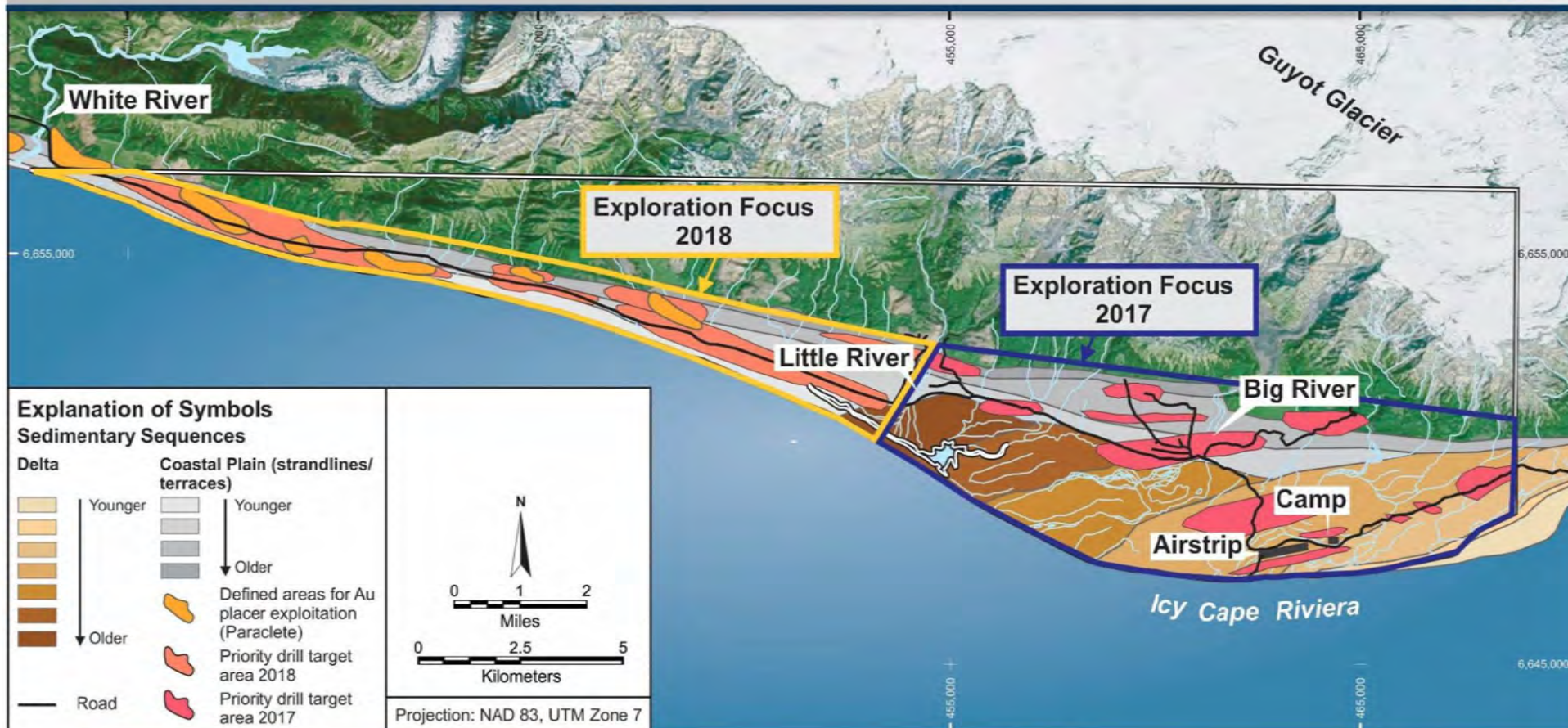
**Applicable Authority:** Alaska Statutes 36.30.850(b)15(B), 37.14.009(a), 38.05.801, and regulations 11 AAC 99, 20 AAC 40.700 (key statutes and regulations applicable to Trust land management and disposal).

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

**Exhibit(s):** Exhibit A – Icy Cape Block Map  
Exhibit B – 2018 Exploration Cost Estimate



# Exhibit A: Icy Cape Block Map





# Exhibit B – 2018 Exploration Cost Estimate



▪ Drilling contractor:	\$700,000
▪ Sample processing facility:	\$200,000
▪ Infrastructure upgrades:	\$300,000
▪ Catering/camp maintenance:	\$100,000
▪ Fuel (diesel and gasoline):	\$50,000
▪ Project logistics:	\$400,000
▪ Sample analysis:	\$500,000
▪ Field/camp supplies:	\$150,000
▪ Contractor support:	\$200,000
▪ Rental equipment:	\$100,000
▪ Administration:	\$50,000
▪ Contingency:	\$250,000
<b><u>Total:</u></b>	<b><u>\$3,000,000</u></b>



**To:** Carlton Smith, Chair  
Resource Management Committee  
**From:** Aaron O'Quinn, Project Manager  
**Date:** 10/26/2017  
**Re:** Land Exchange Budget Approval  
**Fiscal Year:** 2018

Approval

**Proposed RMC Motion:**

*"The Resource Management Committee makes a motion to recommend that the Trust Authority Board of Trustees approve the appropriation of an additional expenditure of \$3,165,000 from Fund 1092 Income and Fund 3320 Principal to be added to the TLO's budget for the Land Exchange. These funds do not lapse."*

**Background:**

**Transaction/Resource:** This budget is presented to seek approval from the board of trustees for the expenditures necessary to complete the land exchange as approved in the federal Alaska Mental Health Trust Land Exchange Act of 2017, and approved by a corresponding State of Alaska legislation.

**Property Description/Acreage/MH Parcel(s):** Numerous parcels as depicted on maps attached as Exhibit D.

**General Background:** The land exchange between the U.S. Forest Service (USFS) and the Alaska Mental Health Trust (AMHT) (the "Exchange") began in 2006. There were several proposals prior to the formal process of initiating an administrative land exchange which began in 2011. On August 6, 2013, the board of trustees approved the appropriation of \$3,005,000 from Fund 1092 Income and Fund 3320 Principal to pursue the Exchange. The anticipated expenditure was outlined in a cost breakdown attachment at the time of that appropriation (attached hereto as "Exhibit A").

The TLO, in conjunction with the USFS pursued the administrative process to complete the exchange, which ultimately proved to be an inappropriate fit for the scope of large exchange sought. This administrative process would require costly environmental impact statement under the National Environmental Policy Act (NEPA) and would still have left the discretion to complete the exchange in the hands of the USFS. Having used approximately \$250,000 appropriated for the administrative exchange with an uncertain outcome, the timber industry and the TLO requested of the Alaska congressional delegation, legislation that would remove the exchange from the administrative process and make exchanging the land and congressionally mandated action. The TLO and trustees then spent

considerable time in educating the public on the Exchange in an effort to get the federal and state legislation passed.

To that end, the Alaska Mental Health Trust Exchange Act of 2017 (the “Federal Act”) (attached hereto as “Exhibit B”) was passed on May 5, 2017 with the Alaska legislature similarly adopting complimentary legislation on August 10, 2017 to authorize the land exchange (attached hereto as Exhibit C”).

The Federal Act specifies that 7 parcels of Federal land (the “Federal Land”), totaling approximately 20,580 acres shall be exchanged with approximately 18,258 acres of non-Federal land (the “Non-Federal Land”) spread across 20 parcels (maps depicting the Federal Land and Non-Federal Land are attached hereto as “Exhibit D”).

Since that time TLO and USFS staff have been negotiating the details of the Exchange, for which the Federal Act holds that “the Trust shall agree to pay, without compensation, all costs that are associated with each phase of the exchange . . . including . . . costs to complete land surveys, appraisals, and environmental reviews . . . and reimbursement of costs for agency staff . . . or third-party contractors.”

Consistent with this requirement, the Trust and USFS have worked diligently together to determine which surveys and reviews may be necessary to complete the Exchange under the Federal Act. These include:

- Endangered Species Reports;
- Hazardous Material Reports;
- Wetlands and Floodplains Reports;
- Cultural and Historical Resource Evaluation;
- Appraisal of Federal Lands and Non-Federal Lands;
- Selected Timber Cruising of Federal and Non-Federal Lands;
- Selected Surveys of Federal and Non-Federal Lands;
- Mineral Potential Reports;
- Title Reports and Title Insurance for Non-Federal Lands;
- Staff Time for Review of the Above Surveys and Reviews.

In addition to the work in preparing the land exchange legislation, the TLO and USFS have begun executing many of the required surveys and reviews using the funds previously appropriated on August 6, 2013.

Specifically, those funds have been expended as follows:

Employee Travel	\$46,700
Public Meetings/Advertising	\$12,400
BLM Survey of Federal Lands	\$725,000
Consulting Fees	\$307,400



Legal Fees	\$68,400
Misc.	\$50,000
Total	<b>\$1,210,000</b>

<b>Funds Appropriated</b>	<b>\$3,005,000</b>
<b>Funds Expended</b>	<b>\$1,210,000</b>
<b>Remaining Funds</b>	<b>\$1,795,000</b>

The TLO anticipates that the total expenditures to complete both Phase I and Phase II of the Exchange, including funds already expended, is approximately \$6,170,00. The details of those costs are attached hereto as Exhibit E and are discussed below in the "Project Cost" section. As a result, the TLO is requesting a total of \$3,165,000 to complete the Exchange in full.

**Anticipated Revenues/Benefits:** The Exchange will result in better alignment of land ownership patterns with the missions of the USFS and AMHT. Specifically, the TLO will be better positioned to maximize revenue production from timber assets by acquiring lands in less populated and more easily harvestable locations. At current market prices the estimated net return from the harvest of the old growth timber on only the Naukati tracts on Prince of Wales Island received from the Exchange will amount to approximately \$15.5MM in revenue through FY23, as a result of an initial timber sale contract being considered by this body. Moreover, upon completion of the Exchange it is anticipated that the Trust will enter additional timber sale contracts for other exchange lands with similar returns on a per acre basis over time. The details of these revenue projections are discussed in more detail by Mr. Slenkamp in an accompanying presentation. The general revenue projection for timber harvest from exchange lands over the next twenty years is \$30-50MM.

**Anticipated Risks/Concerns:** The Exchange will be conducted on a value-for-value basis with the value of the properties determined by a commercial appraiser. The third-party appraiser introduces an element of uncertainty to the project. If the lands of the USFS are valued more highly than those of the Trust, there is a risk that the value surplus of the USFS will result in the Trust receiving less land than anticipated. To mitigate, the legislation has been drafted in a way that transfers the USFS tracts to the Trust in order of the Trust's preference for harvestability. Additionally, the State Act requires the TLO Executive Director to make a Best Interest Decision and the board of trustees to approve the Exchange before it is completed. This is anticipated to occur before May 5, 2018, when Phase I of the Exchange is scheduled to be completed.

Many of the risks associated with the previous administrative exchange are eliminated through the legislative exchange. For instance, the administrative exchange would result in a lengthy NEPA EIS process allowing for significant public commentary and exposes the USFS decision to exchange land to judicial review. By receiving a legislative mandate, both the USFS' discretion to complete the exchange and the ability of third-party entities to easily challenge the exchange are eliminated.

## **Project Costs:**

Based on the TLO's ongoing discussions with the USFS, it has been decided that the USFS will perform most required tasks and that the TLO will reimburse the USFS for the cost of these services through a cost collection agreement (the "CCA"). Those tasks include the preparation of endangered species reports, a portion of the culture resources evaluations, hazardous materials assessments, mineral potential reports, and wetlands and floodplains reports. Additionally, the USFS will bill the TLO for its costs in evaluating title to the Non-Federal parcels and other costs associated with the oversight and review of other tasks being handled directly by the TLO. The amount budgets for the CCA is \$1,472,810. However, the TLO has insisted the USFS provide detailed billing for all staff time and costs billed under the CCA and it is anticipated that with diligent efforts by both the TLO and the USFS, the USFS will be able to complete the CCA tasks under this proposed budget. The \$1,472,810 represents the most that these tasks should cost. The CCA has not been signed pending this appropriation, but the USFS has begun work on these various components in anticipation of a positive outcome to this consultation in order to meet the deadlines imposed by the Federal Act.

The appraisal of both the Federal and Non-Federal parcels are being handled under a separately agreed-to cost collection agreement (the "Appraisal CCA"). The Appraisal CCA projects a cost of \$887,735 to appraise the value of all of the lands in the Exchange. Approximately 25% of this budget is attributable to USFS staff time to review and facilitate the appraisal process. Based upon discussions with the selected appraiser and the USFS, the TLO similarly expects that the appraisal and appraisal oversight can be performed under budget by combining site visits and reviewing existing literature and \$887,735 is not expected to be totally expended. The Appraisal CCA is executed and the appraisal process has begun.

Additional significant costs associated with completing the Exchange is a timber cruise of Federal and Non-Federal Lands, which may be necessary depending on the initial evaluations of the appraiser. This is expected to cost no more than \$200,000 and will be procured as determined by the appraiser.

A survey of the Non-Federal Lands to be conducted to subdivide and replat the Non-Federal Lands consistent with USFS and local borough requirements of \$1,200,000. This scope of work is in development and will be procured through the Department of Natural Resources. An additional component of the Non-Federal Land survey is posting and blazing of the new USFS boundary lines that interface with private property. The TLO is exploring cost savings measures to complete this process, including performance during the survey process and completion of the posting and blazing process by the USFS for several years subsequent to the completion of the Exchange. This scope of work is similarly being developed, but it is expected to cost approximately \$650,000.

The TLO is also anticipating entering into a programmatic agreement (the "PA") to be promulgated by and between the Federal Advisory Council on Historic Preservation ("ACHP"), the TLO, the USFS, the State of Alaska's State Historic Preservation Office ("SHPO") and possibly local tribal organizations and native corporations, as appropriate. This agreement will define the TLO's obligations to survey and preserve cultural and historical resources it may encounter through development and likely put into place long-standing obligations. The exact scope of performance under the PA is unknown as the TLO

has just received the initial draft from the USFS on October 12, 2017, but have estimated this performance at \$250,000. Additionally, ongoing reporting obligations will be part of business plans for future timber harvest or other development consistent with the PA.

The total cost of \$6,070,000 is more than was anticipated by the TLO in its initial request in 2013. However, with revenues from Phase I's old growth and young growth timber expected to cover these costs within the first ten years of completing the Exchange and thousands of other acres of old growth and young growth to harvest in Phase II, the value proposition in the Exchange remains.

**Due Diligence:** Throughout the negotiation process the TLO has worked diligently to ensure that all expenditures highlighted above are absolutely necessary to complete the Exchange and will continue to work to ensure that the necessary tasks are completed in as cost-effective manner as possible. In acquiring the Federal Lands the TLO will conduct customary assessment of the Federal Lands to verify title, encumbrances, and sources of liability (environmental, trespass, etc.) through customary means, including internally-generated title reports, Phase Is, site inspections, and timber business plan evaluations.

**Alternatives:**

1. No Action- The funding is essential to the completion of the proposed AMHT / USFS Land Exchange. If the TLO is not successful in this exchange it may be required to harvest current holdings, resulting in additional public opposition or loss of revenue.
2. Postpone Funding- The Federal Act requires that the Trust fund the costs of the Exchange and imposes strict deadlines for the conveyance of Phase I and Phase II of the Exchange. Postponing funding would undermine the Trust that has been built between the Trust and USFS in negotiating the CCA and may result in a failure to meet the statutory deadlines and terminate the possibility of completing the Exchange. It may also postpone providing fiber to market which may cause failure of key timber industry business resulting in a lack of potential customers to which the TLO may sell additional timber assets.
3. Adopt proposed action- This action will illustrate the commitment of the Trust to the proposed Exchange and allow the TLO to contract with the USFS and outside vendors to complete the Exchange on its legally-imposed deadlines.

**Consistency with the Resource Management Strategy:** The proposal is consistent with the long term "Resource Management Strategy for Trust Land" (RMS) which was adopted January 2016 in consultation with the Trust and provides that the land exchange outlined above is overarching goal of the RMS.

**Trust Land Office Recommendation:** The TLO recommends that the Resource Management Committee approve the motion as presented.

**Applicable Authority:** P.L. 115-31, Div G, Section 431(a)(2), 22 SLA 17, AS 37.14.009(a), AS 38.05.801, and 11 AAC 99

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

**Exhibit(s):**

Exhibit A – Original Cost Breakdown - 2013

Exhibit B – Federal Legislation

Exhibit C – State Legislation

Exhibit D – Map of Exchange Parcels

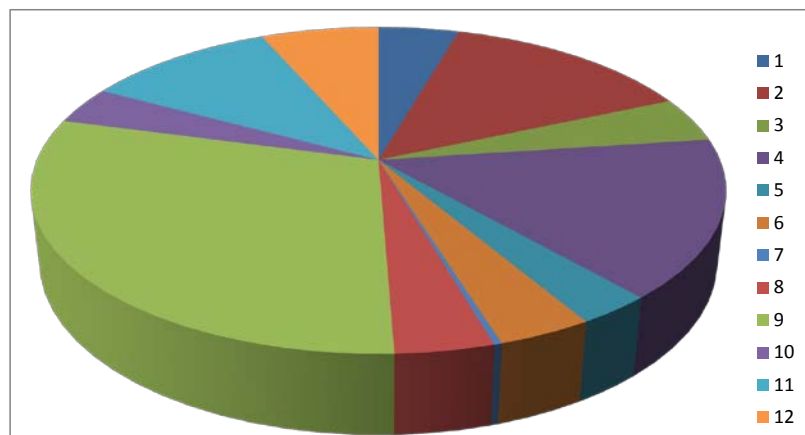
Exhibit E – Total Cost of Land Exchange

### Projected Costs for AMHT - USFS Land Exchange

Until the actual scope of each task is identified, the RFP is generated, and contract awarded; all costs are an estimation. Items are interrelated, the appraisal & NEPA which will encompass most resource reports not all of the resource reports. The presented costs are estimations generated by phone conversations with contractors interested in securing the work. This land exchange is a unique project with few if any precedences thereby making cost estimates difficult.

#### Resource reports summary of Costs

Graph Item #	Corresponding ATI Description	Task	Forest Service Costs	Low Estimate	Medium Estimate	High Estimate
1	Land Valuation	Land Valuation, (Appraisal)	0	\$75,000	\$112,500	\$150,000
2		Timber Cruise	0	\$281,300	\$375,150	\$468,800
3		Mineral Assessment	0	\$75,000	\$112,500	\$150,000
4	Survey	Survey	0	\$375,000	\$450,000	\$525,000
5	Title Work, Curative Actions	Title Insurance, Escrow	0	\$50,000	\$75,000	\$100,000
6		Boundary Mgmt	0	\$75,000	\$100,000	\$125,000
7		Water Rights	0	\$0	\$5,000	\$10,000
8	Environmental Site assessment	Environmental assessment	0	\$75,000	\$112,000	\$130,500
9	Environmental Analysis (NEPA)	NEPA	0	\$500,000	\$750,000	\$1,000,000
10	Closing (Escrow, Recording)	Closing	0	\$75,000	\$100,000	\$125,000
11	TLO Staff Time	TLO Staff	0	\$240,000	\$300,000	\$355,000
12	Forest Service Staff Time	FS Staff	\$50,000	\$50,000	\$100,000	\$220,000
		Grand Totals	<b>\$50,000</b>	<b>\$1,871,300</b>	<b>\$2,592,150</b>	<b>\$3,359,300</b>



AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: In the nature of a substitute.

**IN THE SENATE OF THE UNITED STATES—115th Cong., 1st Sess.**

**S. 131**

To provide for the exchange of certain National Forest System land and non-Federal land in the State of Alaska, and for other purposes.

Referred to the Committee on \_\_\_\_\_ and  
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended  
to be proposed by \_\_\_\_\_

Viz:

1 Strike all after the enacting clause and insert the following:  
2

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Alaska Mental Health  
5 Trust Land Exchange Act of 2017”.

6 **SEC. 2. PURPOSE.**

7 The purpose of this Act is to facilitate and expedite  
8 the exchange of land between the Alaska Mental Health  
9 Trust and the Secretary of Agriculture in accordance with  
10 this Act—



1 (1) to secure Federal ownership and protection  
2 of non-Federal land in the State of Alaska that has  
3 significant natural, scenic, watershed, recreational,  
4 wildlife, and other public values by—

5 (A) retaining the undeveloped natural  
6 character of the non-Federal land; and

7 (B) preserving recreational trails for hik-  
8 ing, biking, and skiing;

9 (2) to create jobs and provide economic oppor-  
10 tunities for resource use in more remote areas of the  
11 State; and

12 (3) to facilitate the goals and objectives of the  
13 Alaska Mental Health Trust.

14 **SEC. 3. DEFINITIONS.**

15 In this Act:

16 (1) ALASKA MENTAL HEALTH TRUST.—The  
17 term “Alaska Mental Health Trust” means the Alas-  
18 ka Mental Health Trust Authority, an agency of the  
19 State.

20 (2) FEDERAL LAND.—The term “Federal land”  
21 means the following 7 parcels of National Forest  
22 System land, as generally depicted on maps 7  
23 through 9, comprising a total of approximately  
24 20,580 acres:

## 3

1 (A) The parcel generally depicted as  
2 “Naukati Phase 1” on map 8, comprising ap-  
3 proximately 2,400 acres.

4 (B) The parcel generally depicted as “West  
5 Naukati” on map 8, comprising approximately  
6 4,182 acres.

7 (C) The parcel generally depicted as  
8 “North Naukati” on map 8, comprising ap-  
9 proximately 1,311 acres.

10 (D) The parcel generally depicted as “East  
11 Naukati/2016 Naukati addition” on map 8,  
12 comprising approximately 1,067 acres.

13 (E) The parcel generally depicted as “Cen-  
14 tral Naukati” on map 8, comprising approxi-  
15 mately 1,858 acres.

16 (F) The parcel generally depicted as “Hol-  
17 lis” on map 9, comprising approximately 1,538  
18 acres.

19 (G) The parcel generally depicted as “Shel-  
20 ter Cove Area” on map 7, comprising approxi-  
21 mately 8,224 acres.

22 (3) MAP.—The term “map” means the applica-  
23 ble map prepared by the Alaska Region of the For-  
24 est Service to accompany this Act—

1 (A) numbered 1, 2, 3, 4, 5, 6, 7, 8, or 9  
2 and dated March 3, 2017; or

3 (B) numbered 10 and dated March 9,  
4 2017.

5 (4) NON-FEDERAL LAND.—The term “non-Fed-  
6 eral land” means the following 20 parcels of non-  
7 Federal land, as generally depicted on maps 1  
8 through 6 and map 10, comprising a total of ap-  
9 proximately 18,258 acres:

10 (A) The parcel generally depicted as parcel  
11 K-1 on map 1, comprising approximately 1,878  
12 acres.

13 (B) The parcel generally depicted as parcel  
14 K-2 on map 1, comprising approximately 707  
15 acres.

16 (C) The parcel generally depicted as parcel  
17 K-3 on map 1, comprising approximately 901  
18 acres, including the 12-acre conservation ease-  
19 ment described in section 4(e)(1).

20 (D) The parcel generally depicted as parcel  
21 K-4A on map 1, comprising approximately  
22 3,180 acres.

23 (E) The parcel generally depicted as parcel  
24 P-1A on map 2, comprising approximately

1           3,174 acres, including the administrative site  
2           described in section 5(c).

3           (F) The parcel generally depicted as parcel  
4           P-1B on map 2, comprising approximately 144  
5           acres.

6           (G) The parcel generally depicted as parcel  
7           P-2B on map 2, comprising approximately 181  
8           acres.

9           (H) The parcel generally depicted as parcel  
10          P-3B on map 2, comprising approximately 92  
11          acres.

12          (I) The parcel generally depicted as parcel  
13          P-4 on map 2, comprising approximately 280  
14          acres.

15          (J) The parcel generally depicted as parcel  
16          W-1 on map 3, comprising approximately 204  
17          acres.

18          (K) The parcel generally depicted as parcel  
19          W-2 on map 3, comprising approximately 104  
20          acres.

21          (L) The parcel generally depicted as parcel  
22          W-3 on map 3, comprising approximately 63  
23          acres.

## 6

1 (M) The parcel generally depicted as parcel  
2 W-4 on map 3, comprising approximately 700  
3 acres.

4 (N) The parcel generally depicted as parcel  
5 S-2 on map 4, comprising approximately 284  
6 acres.

7 (O) The parcel generally depicted as parcel  
8 S-3 on map 4, comprising approximately 109  
9 acres.

10 (P) The parcel generally depicted as parcel  
11 S-4 on map 4, comprising approximately 26  
12 acres.

13 (Q) The parcel generally depicted as parcel  
14 MC-1 on map 5, comprising approximately 169  
15 acres.

16 (R) The parcel generally depicted as parcel  
17 J-1B on map 6, comprising approximately  
18 2,261 acres.

19 (S) The parcel generally depicted as parcel  
20 J-1A on map 6, comprising approximately 428  
21 acres.

22 (T) The parcel generally depicted as parcel  
23 NB-1 on map 10, comprising approximately  
24 3,374 acres.



1           (5) SECRETARY.—The term “Secretary” means  
2           the Secretary of Agriculture.

3           (6) STATE.—The term “State” means the State  
4           of Alaska.

5   **SEC. 4. LAND EXCHANGE.**

6           (a) IN GENERAL.—If the Alaska Mental Health  
7   Trust offers to convey to the Secretary, in the 2 phases  
8   described in subsection (n), all right, title, and interest  
9   of the Alaska Mental Health Trust in and to the non-Fed-  
10   eral land, the Secretary shall—

11           (1) accept the offer; and

12           (2) offer to exchange with the Alaska Mental  
13   Health Trust, in the 2 phases described in sub-  
14   section (n), all right, title, and interest of the United  
15   States in and to the Federal land.

16           (b) CONDITION ON ACCEPTANCE.—Title to any non-  
17   Federal land conveyed by the Alaska Mental Health Trust  
18   to the Secretary under subsection (a) shall be in a form  
19   that is acceptable to the Secretary.

20           (c) VALID EXISTING RIGHTS.—The conveyances  
21   under subsection (a) shall be subject to any valid existing  
22   rights, reservations, rights-of-way, or other encumbrances  
23   of third parties in, to, or on the Federal land and the non-  
24   Federal land as of the date of enactment of this Act.

25           (d) RECIPROCAL ROAD EASEMENTS.—

1 (1) IN GENERAL.—The Secretary and the Alas-  
2 ka Mental Health Trust shall exchange at no cost  
3 reciprocal easements on existing roads as necessary  
4 to access the parcels each party acquires in the ex-  
5 change.

6 (2) PUBLIC ACCESS.—The reciprocal easements  
7 exchanged under paragraph (1) shall provide for  
8 public access.

9 (3) COST-SHARE AGREEMENT.—The Secretary  
10 and the Alaska Mental Health Trust may enter into  
11 a separate cost-share agreement to cover the cost of  
12 road maintenance with respect to the reciprocal  
13 easements exchanged under paragraph (1).

14 (e) K-3 PARCEL LANDFILL BUFFER.—

15 (1) IN GENERAL.—As a condition of the ex-  
16 change under subsection (a), in conveying the parcel  
17 of non-Federal land described in section 3(4)(C) to  
18 the United States, the Alaska Mental Health Trust  
19 shall grant to the United States a 300-foot conserva-  
20 tion easement abutting that parcel along the inter-  
21 face of the parcel and the City of Ketchikan landfill  
22 (as in existence on the date of enactment of this  
23 Act), as generally depicted on map 1.

24 (2) DEVELOPMENT AND OWNERSHIP.—The  
25 conservation easement described in paragraph (1)

1 shall provide that the land covered by the easement  
2 remains undeveloped and in the ownership of the  
3 Alaska Mental Health Trust.

4 (3) EQUALIZATION.—The value of the conserva-  
5 tion easement described in paragraph (1) shall be in-  
6 cluded in the value of the non-Federal land for pur-  
7 poses of equalizing the values of the Federal land  
8 and the non-Federal land under subsection (j).

9 (f) RESEARCH EASEMENTS.—

10 (1) IN GENERAL.—In order to allow time for  
11 the completion of research activities of the Forest  
12 Service that are ongoing as of the date of enactment  
13 of this Act, in conveying the Federal land to the  
14 Alaska Mental Health Trust under subsection (a),  
15 the Secretary shall reserve research easements for  
16 the following Forest Service study plots (as in exist-  
17 ence on the date of enactment of this Act):

18 (A) The Sarkar research easement study  
19 plot on the parcel of Federal land described in  
20 section 3(2)(B), as generally depicted on map  
21 8, to remain in effect for the 10-year period be-  
22 ginning on the date of enactment of this Act.

23 (B) The Naukati commercial thinning  
24 study plot on the parcel of Federal land de-  
25 scribed in section 3(2)(B), as generally depicted

1 on map 8, to remain in effect for the 15-year  
2 period beginning on the date of enactment of  
3 this Act.

4 (C) The POW Yatuk study plot on the  
5 parcel of Federal land described in section  
6 3(2)(A), as generally depicted on map 8, to re-  
7 main in effect for the 10-year period beginning  
8 on the date of enactment of this Act.

9 (D) The POW Naukati study plot on the  
10 parcel of Federal land described in section  
11 3(2)(D), as generally depicted on map 8, to re-  
12 main in effect for the 10-year period beginning  
13 on the date of enactment of this Act.

14 (E) The Revilla George study plot on the  
15 parcel of Federal land described in section  
16 3(2)(G), as generally depicted on map 8, to re-  
17 main in effect for the 10-year period beginning  
18 on the date of enactment of this Act.

19 (2) PROHIBITED ACTIVITIES.—The Alaska  
20 Mental Health Trust shall not construct any new  
21 road or harvest timber on any study plot covered by  
22 a research easement described in paragraph (1) dur-  
23 ing the period described in subparagraph (A), (B),  
24 (C), (D), or (E) of that paragraph, as applicable.

25 (g) AREA OF KARST CONCERN.—



1           (1) IN GENERAL.—In conveying the parcels of  
2       Federal land described in subparagraphs (A) and  
3       (D) of section 3(2) to the Alaska Mental Health  
4       Trust under subsection (a), the Secretary shall re-  
5       serve to the United States a conservation easement  
6       that shall protect the aquatic and riparian habitat  
7       within the area labeled “Conservation Easement”, as  
8       generally depicted on map 8.

9           (2) PROHIBITED ACTIVITIES.—The conservation  
10      easement described in paragraph (1) shall prohibit  
11      within the area covered by the conservation ease-  
12      ment—

13                 (A) new road construction and timber har-  
14                 vest within 100 feet of any anadromous water  
15                 bodies (including underground water bodies);  
16                 and

17                 (B) commercial mineral extraction.

18      (h) COMPLIANCE WITH APPLICABLE LAW.—Prior to  
19      completing each phase of the land exchange described in  
20      subsection (n), the Secretary shall complete, for the land  
21      to be conveyed in the applicable phase, any necessary land  
22      surveys and required preexchange clearances, reviews,  
23      mitigation activities, and approvals relating to—

24                 (1) threatened and endangered species;

25                 (2) cultural and historic resources;

1 (3) wetland and floodplains; and

2 (4) hazardous materials.

3 (i) APPRAISALS.—

4 (1) IN GENERAL.—Not later than 90 days after  
5 the date of enactment of this Act—

6 (A) the Secretary and the Alaska Mental  
7 Health Trust shall select an appraiser to con-  
8 duct appraisals of the Federal land and the  
9 non-Federal land; and

10 (B) the Secretary shall issue all appraisal  
11 instructions for those appraisals.

12 (2) REQUIREMENTS.—

13 (A) IN GENERAL.—All appraisals under  
14 paragraph (1) shall be conducted in accordance  
15 with nationally recognized appraisal standards,  
16 including—

17 (i) the Uniform Appraisal Standards  
18 for Federal Land Acquisitions; and

19 (ii) the Uniform Standards of Profes-  
20 sional Appraisal Practice.

21 (B) FINAL APPRAISED VALUE.—

22 (i) IN GENERAL.—During the 3-year  
23 period beginning on the date on which the  
24 final appraised values of the Federal land  
25 and the non-Federal land for each phase of

1 the exchange described in subsection (n)  
2 are approved by the Secretary, the Sec-  
3 retary shall not be required to reappraise  
4 or update the final appraised values of the  
5 Federal land and the non-Federal land.

6 (ii) EXCHANGE AGREEMENT.—After  
7 the date on which an agreement to ex-  
8 change the Federal land and non-Federal  
9 is entered into under this Act, no re-  
10 appraisal or updates to the final appraised  
11 values of the Federal land and the non-  
12 Federal land approved by the Secretary  
13 shall be required.

14 (3) PUBLIC REVIEW.—Before completing each  
15 phase of the land exchange described in subsection  
16 (n), the Secretary shall make available for public re-  
17 view summaries of the appraisals of the Federal land  
18 and the non-Federal land for the applicable phase.

19 (j) EQUAL VALUE LAND EXCHANGE.—

20 (1) IN GENERAL.—The value of the Federal  
21 land and the non-Federal land to be exchanged  
22 under subsection (a) shall be—

23 (A) equal; or

24 (B) equalized in accordance with this sub-  
25 section.

1 (2) SURPLUS OF FEDERAL LAND VALUE.—

2 (A) IN GENERAL.—If the final appraised  
3 value of the Federal land exceeds the final ap-  
4 praised value of the non-Federal land in phase  
5 2 of the exchange (after applying any cash  
6 equalization credit or debit from phase 1 of the  
7 exchange under subsection (n)(2)), the Federal  
8 land shall be adjusted by removing 1 or more  
9 parcels, or 1 or more portions of parcels, as de-  
10 termined by the Alaska Mental Health Trust,  
11 with the concurrence of the Secretary, in ac-  
12 cordance with subparagraph (B) until, to the  
13 maximum extent practicable, approximate equal  
14 value of the Federal land and non-Federal land  
15 is achieved.

16 (B) ORDER OF PRIORITY.—The parcels of  
17 Federal land shall be removed under subpara-  
18 graph (A) in the reverse order in which the par-  
19 cels are listed in section 3(2), beginning with  
20 subparagraph (G).

21 (3) SURPLUS OF NON-FEDERAL LAND VALUE.—

22 (A) IN GENERAL.—If the final appraised  
23 value of the non-Federal land exceeds the final  
24 appraised value of the Federal land in phase 2  
25 of the exchange (after applying any cash equali-

1            zation credit or debit from phase 1 of the ex-  
2            change under subsection (n)(2)), the non-Fed-  
3            eral land shall be adjusted by removing 1 or  
4            more parcels, or 1 or more portions of parcels,  
5            as determined by the Alaska Mental Health  
6            Trust, with the concurrence of the Secretary, in  
7            accordance with subparagraph (B) until, to the  
8            maximum extent practicable, approximate equal  
9            value of the Federal land and non-Federal land  
10          is achieved.

11            (B) ORDER OF PRIORITY.—The parcels of  
12          non-Federal land shall be removed under sub-  
13          paragraph (A) in the reverse order in which the  
14          parcels are listed in section 3(4), beginning  
15          with subparagraph (T).

16            (C) WAIVER OF CASH EQUALIZATION.—In  
17          order to expedite completion of the exchange, if  
18          the values of the Federal land and the non-Fed-  
19          eral land cannot be equalized under this para-  
20          graph, the Alaska Mental Health Trust may, at  
21          its sole discretion, elect to waive any cash  
22          equalization payment that would otherwise be  
23          due from the United States under paragraph  
24          (4).



1 (4) REMAINING DIFFERENCE.—Any remaining  
2 difference in value after adjusting the Federal land  
3 or non-Federal land under paragraph (2)(A) or  
4 (3)(A), respectively, shall be equalized by—

5 (A) removal of a portion of a parcel of the  
6 Federal land or the non-Federal land, as appli-  
7 cable, as determined by the Alaska Mental  
8 Health Trust, with the concurrence of the Sec-  
9 retary;

10 (B) the payment of a cash equalization, as  
11 necessary, by the Secretary or the Alaska Men-  
12 tal Health Trust, as appropriate, in accordance  
13 with section 206(b) of the Federal Land Policy  
14 and Management Act of 1976 (43 U.S.C.  
15 1716(b)); or

16 (C) a combination of the methods de-  
17 scribed in subparagraphs (A) and (B), as deter-  
18 mined by the Alaska Mental Health Trust, with  
19 the concurrence of the Secretary.

20 (k) COSTS.—As a condition of the land exchange  
21 under this Act, the Alaska Mental Health Trust shall  
22 agree to pay, without compensation, all costs that are as-  
23 sociated with each phase of the exchange described in sub-  
24 section (n), including—

1           (1) all costs to complete the land surveys, ap-  
2           praisals, and environmental reviews described in sub-  
3           section (h) such that the exchange may be completed  
4           in accordance with the deadlines described in sub-  
5           section (n); and

6           (2) on request of the Secretary, reimbursement  
7           of costs for agency staff, additional agency staff, or  
8           third-party contractors appropriate such that the ex-  
9           change may be completed in accordance with the  
10          deadlines described in subsection (n).

11       (l) LAND SURVEYS, APPROVALS, USES.—

12           (1) SURVEY INSTRUCTIONS.—Not later than 90  
13          days after the date of enactment of this Act, the  
14          Secretary of the Interior shall issue survey instruc-  
15          tions to assist in the timely completion of all land  
16          surveys necessary to complete the land exchange  
17          under subsection (a) in accordance with the dead-  
18          lines described in subsection (n).

19           (2) SURVEYS.—Unless otherwise agreed to by  
20          the Secretary and the Alaska Mental Health Trust,  
21          after consultation with the Secretary of the Interior,  
22          land surveys shall not be required for—

23                   (A) any portion of the boundaries of the  
24                   non-Federal land that is contiguous to—

## 18

1 (i) National Forest System land, as in  
2 existence on the date of enactment of this  
3 Act; or

4 (ii) land that has been surveyed or  
5 lotted as of the date of enactment of this  
6 Act;

7 (B) any portion of the boundaries of the  
8 Federal land that is contiguous to—

9 (i) land owned as of the date of enact-  
10 ment of this Act by—

11 (I) the Alaska Mental Health  
12 Trust; or

13 (II) the State; or

14 (ii) land that has been surveyed or  
15 lotted as of the date of enactment of this  
16 Act;

17 (C) any portion of the boundaries that the  
18 Secretary and the Alaska Mental Health Trust  
19 agree, after consultation with the Secretary of  
20 the Interior, is adequately defined by a survey,  
21 mapping, or aliquot part, or other legal descrip-  
22 tion; and

23 (D) any portion of the boundaries of the  
24 non-Federal land that—

1 (i) the United States tentatively con-  
2 veyed to the State without survey;

3 (ii) is being reconveyed to the United  
4 States in the land exchange under sub-  
5 section (a); and

6 (iii) is not surveyed as of the date of  
7 enactment of this Act.

8 (m) PARCEL ADJUSTMENT.—If a portion of a parcel  
9 of the Federal land or the non-Federal land to be conveyed  
10 under subsection (a) cannot be conveyed due to the pres-  
11 ence of hazardous materials—

12 (1) the portion shall be removed from the ex-  
13 change; and

14 (2) the final exchange values shall be equalized  
15 in accordance with subsection (j).

16 (n) LAND EXCHANGE PHASES.—

17 (1) IN GENERAL.—The land exchange under  
18 subsection (a) shall be completed in 2 phases, as  
19 specifically described in paragraphs (2) and (3).

20 (2) PHASE 1.—

21 (A) IN GENERAL.—Subject to subpara-  
22 graph (B), not later than 1 year after the date  
23 of enactment of this Act—

24 (i) the Secretary shall convey to the  
25 Alaska Mental Health Trust the parcel of

## 20

1 Federal land described in section 3(2)(A);  
2 and

3 (ii) the Alaska Mental Health Trust  
4 shall simultaneously convey to the United  
5 States the parcels of non-Federal land de-  
6 scribed in subparagraphs (A) and (B) of  
7 section 3(4).

8 (B) CONDITIONS.—Subparagraph (A) shall  
9 be subject to the following conditions:

10 (i) The land conveyed under this sub-  
11 paragraph shall be appraised—

12 (I) separately from the land de-  
13 scribed in paragraph (3); but

14 (II) in accordance with the na-  
15 tionally recognized appraisal stand-  
16 ards described in subsection (i)(2)(A).

17 (ii) Any cash equalization payment  
18 that would otherwise be necessary to be  
19 paid by the Secretary or the Alaska Mental  
20 Health Trust on the completion of the con-  
21 veyance under this paragraph shall be—

22 (I) deferred until the completion  
23 of the conveyance under paragraph  
24 (3); and



## 21

1 (II) debited or credited, as appro-  
2 priate, to any final land or cash  
3 equalization that may be due from ei-  
4 ther party on the completion of the  
5 conveyance under paragraph (3).

6 (3) PHASE 2.—Subject to subsection (j), not  
7 later than 2 years after the date of enactment of  
8 this Act—

9 (A) the Secretary shall convey to the Alas-  
10 ka Mental Health Trust the Federal land de-  
11 scribed in subparagraphs (B) through (G) of  
12 section 3(2); and

13 (B) the Alaska Mental Health Trust shall  
14 simultaneously convey to the United States the  
15 non-Federal land described in subparagraphs  
16 (C) through (T) of section 3(4).

17 **SEC. 5. USE OF THE FEDERAL LAND AND NON-FEDERAL**  
18 **LAND.**

19 (a) FEDERAL LAND CONVEYED TO THE ALASKA  
20 MENTAL HEALTH TRUST.—On conveyance of the Federal  
21 land to the Alaska Mental Health Trust under this Act,  
22 the Federal land shall—

23 (1) become the property of the Alaska Mental  
24 Health Trust; and

1 (2) be available for any use permitted under ap-  
2 plicable law (including regulations).

3 (b) NON-FEDERAL LAND ACQUIRED BY THE SEC-  
4 RETARY.—

5 (1) IN GENERAL.—On acquisition of the non-  
6 Federal land by the Secretary under this Act, the  
7 non-Federal land shall—

8 (A) become part of the Tongass National  
9 Forest;

10 (B) be administered in accordance with the  
11 laws applicable to the National Forest System;  
12 and

13 (C) be managed—

14 (i) to preserve—

15 (I) the undeveloped natural char-  
16 acter of the non-Federal land, except  
17 as provided in paragraph (3); and

18 (II) the wildlife, watershed, and  
19 scenic values of the non-Federal land;  
20 and

21 (ii) to provide for recreational oppor-  
22 tunities consistent with the purposes and  
23 values of the non-Federal land to be pre-  
24 served under clause (i), including the de-

1                   velopment or maintenance of recreational  
2                   trails as described in paragraph (3).

3           (2) BOUNDARY REVISION.—On acquisition of  
4           the non-Federal land by the Secretary under this  
5           Act, the boundaries of the Tongass National Forest  
6           shall be modified to reflect the inclusion of the non-  
7           Federal land.

8           (3) RECREATIONAL TRAILS.—Nothing in this  
9           subsection precludes the development or mainte-  
10          nance of recreational trails for hiking, biking, or ski-  
11          ing.

12          (c) ADMINISTRATIVE SITE.—On acquisition of the  
13          parcel of non-Federal land described in section 3(4)(E),  
14          the Secretary shall set aside 42 acres of the parcel, in the  
15          location generally depicted on map 2, as an administrative  
16          site for purposes of the future administrative needs of the  
17          Tongass National Forest.

18   **SEC. 6. WITHDRAWAL.**

19          Subject to valid existing rights, the non-Federal land  
20          acquired by the Secretary under this Act shall be with-  
21          drawn from all forms of—

22                (1) entry, appropriation, or disposal under the  
23                public land laws;

24                (2) location, entry, and patent under the mining  
25                laws; and

1 (3) disposition under the mineral leasing, min-  
2 eral materials, and geothermal leasing laws.

3 **SEC. 7. MISCELLANEOUS PROVISIONS.**

4 (a) REVOCATION OF ORDERS; WITHDRAWAL.—

5 (1) REVOCATION OF ORDERS.—Any public land  
6 order or administrative action that withdraws the  
7 Federal land from appropriation or disposal under a  
8 public land law shall be revoked to the extent nec-  
9 essary to permit the conveyance of the Federal land.

10 (2) WITHDRAWAL.—

11 (A) IN GENERAL.—If the Federal land or  
12 any Federal interest in the non-Federal land is  
13 not withdrawn or segregated from entry and  
14 appropriation under a public land law (includ-  
15 ing logging and mineral leasing laws and the  
16 Geothermal Steam Act of 1970 (30 U.S.C.  
17 1001 et seq.)) as of the date of enactment of  
18 this Act, the Federal land or Federal interest in  
19 the non-Federal land shall be withdrawn, with-  
20 out further action by the Secretary, from entry  
21 and appropriation.

22 (B) TERMINATION.—The withdrawal  
23 under subparagraph (A) shall be terminated—

24 (i) on the date of the completion of  
25 the phase of the land exchange described

1 in section 4(n) covering the applicable Fed-  
2 eral land; or

3 (ii) if the Alaska Mental Health Trust  
4 notifies the Secretary in writing that the  
5 Alaska Mental Health Trust elects to with-  
6 draw from the land exchange under section  
7 206(d) of the Federal Land Policy and  
8 Management Act of 1976 (43 U.S.C.  
9 1716(d)), on the date on which the Sec-  
10 retary receives the notice of the election.

11 (b) MAPS, ESTIMATES, DESCRIPTIONS.—

12 (1) MINOR ERRORS.—The Secretary and the  
13 Alaska Mental Health Trust, by mutual agreement,  
14 may correct minor errors in any map, acreage esti-  
15 mate, or description of any land conveyed or ex-  
16 changed under this Act.

17 (2) CONFLICT.—If there is a conflict between a  
18 map, acreage estimate, or description of land in this  
19 Act, the map shall be given effect unless the Sec-  
20 retary and the Alaska Mental Health Trust mutually  
21 agree otherwise.

22 (3) AVAILABILITY.—On the date of enactment  
23 of this Act, the Secretary shall file and make avail-  
24 able for public inspection in the office of the Super-  
25 visor of the Tongass National Forest each map.



APRIL \_\_, 2017

**RULES COMMITTEE PRINT 115-\_\_**  
**TEXT OF THE HOUSE AMENDMENT TO SENATE**  
**AMENDMENT NUMBERED 1 TO H.R. 244, THE**  
**HONORING INVESTMENTS IN RECRUITING**  
**AND EMPLOYING AMERICAN VETERANS ACT**  
**OF 2017**

**[Showing the text of the Consolidated Appropriations Act,  
2017.]**

In lieu of the matter proposed to be stricken by Senate amendment numbered 1, insert the following:

**1 SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Consolidated Approp-  
3       riations Act, 2017”.

**4 SEC. 2. TABLE OF CONTENTS.**

Sec. 1. Short title.  
Sec. 2. Table of contents.  
Sec. 3. References.  
Sec. 4. Explanatory statement.  
Sec. 5. Statement of appropriations.  
Sec. 6. Availability of funds.  
Sec. 7. Technical allowance for estimating differences.  
Sec. 8. Correction.

DIVISION A—AGRICULTURE, RURAL DEVELOPMENT, FOOD AND  
DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIA-  
TIONS ACT, 2017

Title I—Agricultural Programs  
Title II—Conservation Programs  
Title III—Rural Development Programs  
Title IV—Domestic Food Programs  
Title V—Foreign Assistance and Related Programs

1 INCORPORATION BY REFERENCE

2 SEC. 431. (a) The provisions of the following bills of  
3 the 115th Congress are hereby enacted into law:

4 (1) H.R. 2104 (the Morley Nelson Snake River  
5 Birds of Prey National Conservation Area Boundary  
6 Modification Act of 2017), as introduced on April  
7 20, 2017.

8 (2) S. 131 (the Alaska Mental Health Trust  
9 Land Exchange Act of 2017), as ordered to be re-  
10 ported on March 30, 2017, by the Committee on  
11 Energy and Natural Resources of the Senate.

12 (3) S. 847 (the Women’s Suffrage Centennial  
13 Commission Act), as introduced on April 5, 2017.

14 (b) In publishing this Act in slip form and in the  
15 United States Statutes at Large pursuant to section 112  
16 of title 1, United States Code, the Archivist of the United  
17 States shall include after the date of approval at the end  
18 an appendix setting forth the text of the bills referred to  
19 in subsection (a).

20 This division may be cited as the “Department of the  
21 Interior, Environment, and Related Agencies Appropria-  
22 tions Act, 2017”.



# LAWS OF ALASKA

## 2017

**Source**  
CSSB 88(RES)

**Chapter No.**  
\_\_\_\_\_

### AN ACT

Authorizing a land exchange with the federal government in which certain Alaska mental health trust land is exchanged for certain national forest land and relating to the costs of the exchange; and providing for an effective date.

\_\_\_\_\_

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

THE ACT FOLLOWS ON PAGE 1

## AN ACT

1 Authorizing a land exchange with the federal government in which certain Alaska mental  
2 health trust land is exchanged for certain national forest land and relating to the costs of the  
3 exchange; and providing for an effective date.

4 \_\_\_\_\_  
5 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
6 to read:

7 PURPOSE. In accordance with the Alaska Mental Health Trust Land Exchange Act of  
8 2017 or a federal Act with similar terms, the purposes of this Act are to

9 (1) authorize the Department of Natural Resources, acting on behalf of the  
10 Alaska Mental Health Trust Authority, to exchange mental health trust land managed by the  
11 Department of Natural Resources for United States Forest Service land of equal or  
12 comparable value;

13 (2) aid the Alaska Mental Health Trust Authority in achieving its goals and  
14 objectives, including increasing trust revenue;

1 (3) contribute to the economic health of communities in Southeast Alaska; and  
2 (4) preserve land adjacent to the communities of Ketchikan, Petersburg,  
3 Wrangell, Sitka, Juneau, and Meyers Chuck.

4 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
5 read:

6 EXCHANGE OF MENTAL HEALTH TRUST LAND FOR FEDERAL LAND. (a)  
7 Notwithstanding AS 38.05.801, AS 38.50, or any other provision of law, and subject to the  
8 provisions of this Act, the Alaska Mental Health Trust Land Exchange Act of 2017 or a  
9 federal Act with similar terms, and any valid existing rights, reservations, rights-of-way, or  
10 other encumbrances in, to, or on land conveyed under this Act, the Department of Natural  
11 Resources may convey all right, title, and interest of certain mental health trust land described  
12 in sec. 3(a) of this Act to the federal government in exchange for the conveyance of certain  
13 federal land described in sec. 3(b) of this Act.

14 (b) The Alaska Mental Health Trust Authority shall pay all costs of the exchange,  
15 including

16 (1) the costs incurred completing the land surveys, appraisals, and  
17 environmental reviews described in the Alaska Mental Health Trust Land Exchange Act of  
18 2017 or a federal Act with similar terms; and

19 (2) upon request of the United States Secretary of Agriculture, the costs of  
20 federal agency staff, additional federal agency staff, or third-party contractors hired by the  
21 federal government to effect the exchange as described in the Alaska Mental Health Trust  
22 Land Exchange Act of 2017 or a federal Act with similar terms.

23 (c) All surveys required to complete the exchange shall be conducted in the manner  
24 described in the Alaska Mental Health Trust Land Exchange Act of 2017 or a federal Act with  
25 similar terms.

26 (d) In accordance with the Alaska Mental Health Trust Land Exchange Act of 2017 or  
27 a federal Act with similar terms, conveyance of both federal and mental health trust land  
28 under this Act is subject to

29 (1) reciprocal easements on existing roads as necessary to access the parcels  
30 that each party acquires in the exchange; the easements must also provide for public access;  
31 and



1 (2) conservation and research easements and related land use limitations  
2 described in the Alaska Mental Health Trust Land Exchange Act of 2017 or a federal Act with  
3 similar terms that

4 (A) provide a buffer adjacent to the Ketchikan landfill;

5 (B) allow for the completion of United States Forest Service research  
6 on designated study plots; and

7 (C) protect certain karst areas of concern.

8 (e) The Department of Natural Resources may enter into a cost-share agreement to  
9 cover the cost of road maintenance with respect to any reciprocal road easements exchanged  
10 under (d)(1) of this section.

11 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
12 read:

13 **LAND TO BE EXCHANGED.** (a) Subject to the provisions of this Act, the following  
14 mental health trust land, as generally depicted on maps one through six and 10, comprising a  
15 total of approximately 18,258 acres, may be exchanged for the federal land described in (b) of  
16 this section:

17 (1) land generally depicted as parcel K-1 on map 1, comprising approximately  
18 1,878 acres;

19 (2) land generally depicted as parcel K-2 on map 1, comprising approximately  
20 707 acres;

21 (3) land generally depicted as parcel K-3 on map 1, comprising approximately  
22 901 acres, including the depicted conservation easement area;

23 (4) land generally depicted as parcel K-4A on map 1, comprising  
24 approximately 3,180 acres;

25 (5) land generally depicted as parcel P-1A on map 2, comprising  
26 approximately 3,174 acres;

27 (6) land generally depicted as parcel P-1B on map 2, comprising  
28 approximately 144 acres;

29 (7) land generally depicted as parcel P-2B on map 2, comprising  
30 approximately 181 acres;

31 (8) land generally depicted as parcel P-3B on map 2, comprising

1 approximately 92 acres;

2 (9) land generally depicted as parcel P-4 on map 2, comprising approximately  
3 280 acres;

4 (10) land generally depicted as parcel W-1 on map 3, comprising  
5 approximately 204 acres;

6 (11) land generally depicted as parcel W-2 on map 3, comprising  
7 approximately 104 acres;

8 (12) land generally depicted as parcel W-3 on map 3, comprising  
9 approximately 63 acres;

10 (13) land generally depicted as parcel W-4 on map 3, comprising  
11 approximately 700 acres;

12 (14) land generally depicted as parcel S-2 on map 4, comprising  
13 approximately 284 acres;

14 (15) land generally depicted as parcel S-3 on map 4, comprising  
15 approximately 109 acres;

16 (16) land generally depicted as parcel S-4 on map 4, comprising  
17 approximately 26 acres;

18 (17) land generally depicted as parcel MC-1 on map 5, comprising  
19 approximately 169 acres;

20 (18) land generally depicted as parcel J-1B on map 6, comprising  
21 approximately 2,261 acres;

22 (19) land generally depicted as parcel J-1A on map 6, comprising  
23 approximately 428 acres; and

24 (20) land generally depicted as parcel NB-1 on map 10, comprising  
25 approximately 3,374 acres.

26 (b) Subject to the provisions of this Act, the mental health trust land described in (a)  
27 of this section may be exchanged, in the manner provided in secs. 4 and 5 of this Act, for the  
28 following United States Forest Service land, comprising a total of approximately 20,580  
29 acres, as generally depicted on maps seven through nine:

30 (1) land generally depicted as the "Naukati Phase 1" parcel on map 8,  
31 comprising approximately 2,400 acres;

(2) land generally depicted as the "West Naukati" parcel on map 8, comprising approximately 4,182 acres;

(3) land generally depicted as the "North Naukati" parcel on map 8, comprising approximately 1,311 acres;

(4) land generally depicted as the "East Naukati/2016 Naukati addition" parcel on map 8, comprising approximately 1,067 acres;

(5) land generally depicted as the "Central Naukati" parcel on map 8, comprising approximately 1,858 acres;

(6) land generally depicted as the "Hollis" parcel on map 9, comprising approximately 1,538 acres; and

(7) land generally depicted as the "Shelter Cove Area" parcel on map 7, comprising approximately 8,224 acres.

(c) The Department of Natural Resources may, by mutual agreement with the United States Secretary of Agriculture, correct minor errors in any map, acreage estimate, or description of land subject to exchange under this section.

(d) If there is a conflict between a map, acreage estimate, or description of land subject to exchange under this section, the map shall be given effect unless the Department of Natural Resources and the United States Secretary of Agriculture mutually agree otherwise.

(e) In this section, "map" means the applicable map prepared by the Alaska Region of the United States Forest Service entitled "Alaska Mental Health Trust Act of 2017," numbered

(1) 1 - 9, and dated March 3, 2017; or

(2) 10, and dated March 9, 2017.

**\* Sec. 4.** The uncoded law of the State of Alaska is amended by adding a new section to read:

LAND EXCHANGE PHASES. (a) Subject to the time limitations of the Alaska Mental Health Trust Land Exchange Act of 2017 or a federal Act with similar terms, the land described in sec. 3(a) and (b) of this Act shall be exchanged in two phases, as described in this section.

(b) Subject to sec. 5 of this Act, if the United States Secretary of Agriculture has conveyed the parcel of federal land described in sec. 3(b)(1) of this Act to the Alaska Mental

1 Health Trust Authority, the Department of Natural Resources shall convey the parcels of trust  
2 land described in sec. 3(a)(1) and (2) of this Act to the federal government.

3 (c) Land to be conveyed under (b) of this section shall be appraised before land to be  
4 conveyed under (e) of this section.

5 (d) Notwithstanding sec. 5 of this Act, any cash equalization payment due under sec.  
6 5 of this Act shall be

7 (1) deferred until the completion of land conveyances under (e) of this section;  
8 and

9 (2) debited or credited, as appropriate, to any final land or cash equalization  
10 that may be required under sec. 5 of this Act from either party upon completion of the  
11 conveyances under (e) of this section.

12 (e) Subject to sec. 5 of this Act, if the United States Secretary of Agriculture has  
13 conveyed the parcels of federal land described in sec. 3(b)(2) - (7) of this Act to the Alaska  
14 Mental Health Trust Authority, the Department of Natural Resources shall convey the parcels  
15 of trust land described in sec. 3(a)(3) - (20) of this Act to the federal government.

16 \* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to  
17 read:

18 EQUAL VALUE OF LAND AND OTHER CONSIDERATION EXCHANGED. (a)  
19 The value of the mental health trust land and other consideration exchanged for federal land  
20 and other consideration under this Act shall be equalized under this section when the  
21 Department of Natural Resources completes the land exchange described in sec. 4(e) of this  
22 Act.

23 (b) If the final appraised value of all of the federal land described in sec. 3(b) of this  
24 Act exceeds the final appraised value of all of the mental health trust land described in sec.  
25 3(a) of this Act, the Department of Natural Resources may, in consultation with the United  
26 States Secretary of Agriculture,

27 (1) consent to the removal of one or more parcels of federal land described in  
28 sec. 3(b) of this Act from the exchange, beginning in the reverse order that the parcels are  
29 listed under that subsection until, to the maximum extent practicable, approximate equal value  
30 is achieved in the exchange; and

31 (2) equalize any remaining difference in value by

1 (A) removing a portion of a parcel of the federal land described in sec.  
2 3(b) of this Act from the exchange;

3 (B) making a cash payment to the federal government that is equal to  
4 the difference in value; or

5 (C) using both methods described in (A) and (B) of this paragraph.

6 (c) If the final appraised value of all of the mental health trust land described in sec.  
7 3(a) of this Act exceeds the final appraised value of all of the federal land described in sec.  
8 3(b) of this Act, the Department of Natural Resources may, in consultation with the United  
9 States Secretary of Agriculture,

10 (1) remove one or more parcels of mental health trust land described in sec.  
11 3(a) of this Act from the exchange, beginning in the reverse order that the parcels are listed  
12 under that subsection, until, to the maximum extent practicable, approximate equal value is  
13 achieved in the exchange; and

14 (2) equalize any remaining difference in value by

15 (A) removing a portion of a parcel of the mental health trust land  
16 described in sec. 3(a) of this Act from the exchange;

17 (B) accepting a cash payment from the federal government that is  
18 equal to the difference in value; or

19 (C) using both methods described in (A) and (B) of this paragraph.

20 (d) If a portion of a parcel of the federal land or the mental health trust land to be  
21 conveyed under sec. 3 of this Act cannot be conveyed by the federal government or the  
22 Department of Natural Resources because of the presence of hazardous material,

23 (1) that portion may be removed from the exchange; and

24 (2) the final values of the land exchanged under this Act shall be equalized  
25 under this section.

26 (e) To expedite completion of the exchange, if the values of the federal land and the  
27 mental health trust land cannot be exactly equalized under this section, the Department of  
28 Natural Resources may, if the public officer in the Department of Natural Resources who is  
29 responsible for the management of the land assets of the Alaska Mental Health Trust  
30 Authority under AS 38.05.801 determines that it is in the best interests of the trust established  
31 under the Alaska Mental Health Enabling Act of 1956, P.L. 84-830, 70 Stat. 709, waive any

1 cash equalization payment due from the federal government under (c)(2) of this section.

2 (f) All land exchanged under this Act shall be appraised

3 (1) in accordance with nationally recognized appraisal standards, including the  
4 Uniform Appraisal Standards for Federal Land Acquisitions and the Uniform Standards of  
5 Professional Appraisal Practice; and

6 (2) subject to any appraisal instructions issued by the United States Secretary  
7 of Agriculture under the Alaska Mental Health Trust Land Exchange Act of 2017 or a federal  
8 Act with similar terms.

9 (g) Once the value of a parcel of federal land or mental health trust land subject to  
10 exchange under sec. 3 of this Act is approved as the final appraised value of the parcel by  
11 both the federal government and the Department of Natural Resources under this section, the  
12 state may not require the land to be reappraised or revalued.

13 \* **Sec. 6.** The uncoded law of the State of Alaska is amended by adding a new section to  
14 read:

15 **CONDITIONAL EFFECT; DUTY TO NOTIFY.** (a) This Act takes effect only if

16 (1) the Alaska Mental Health Trust Land Exchange Act of 2017 or a federal  
17 Act with similar terms is passed by the 115th United States Congress and enacted into law;

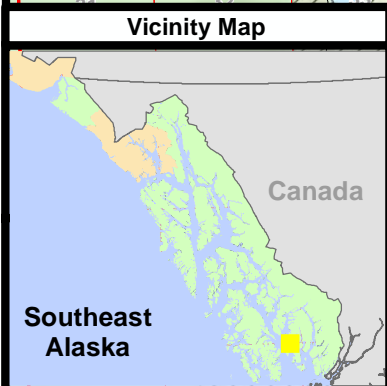
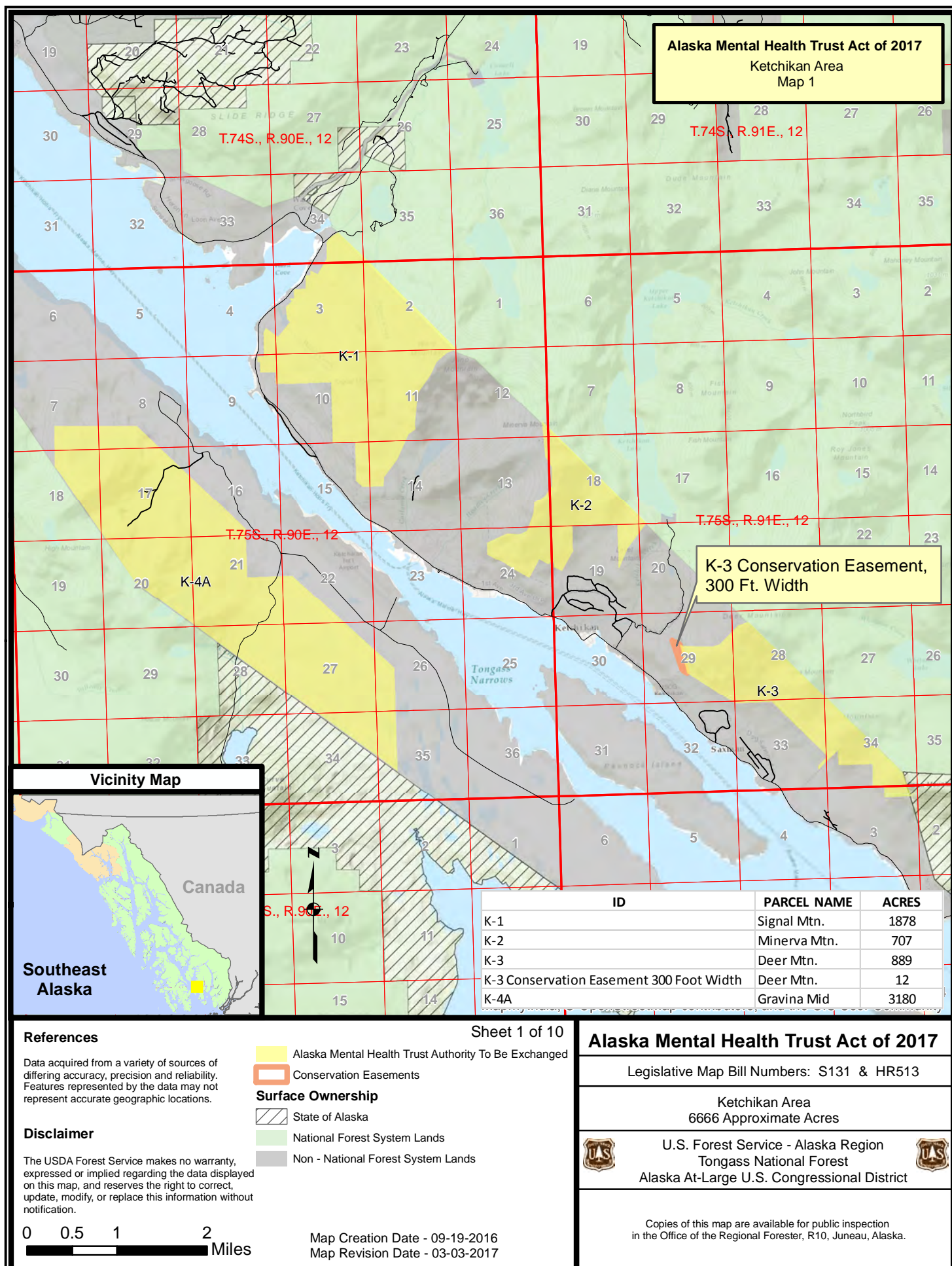
18 (2) on or before January 1, 2024, the public officer in the Department of  
19 Natural Resources who is responsible for the management of the land assets of the Alaska  
20 Mental Health Trust Authority under AS 38.05.801 determines that the exchange authorized  
21 by this Act is in the best interests of the trust established under the Alaska Mental Health  
22 Enabling Act of 1956, P.L. 84-830, 70 Stat. 709; and

23 (3) on or before January 1, 2024, the Alaska Mental Health Trust Authority  
24 approves the exchange authorized by this Act.

25 (b) The chair of the board of trustees of the Alaska Mental Health Trust Authority  
26 shall certify in writing to the lieutenant governor and the revisor of statutes if, on or before  
27 January 1, 2024, the Alaska Mental Health Trust Authority determines that the conditions in  
28 (a) of this section have occurred.

29 \* **Sec. 7.** If, under sec. 6 of this Act, this Act takes effect, it takes effect on the day after the  
30 date on which the chair of the board of trustees of the Alaska Mental Health Trust Authority  
31 makes the certification to the revisor of statutes under sec. 6 of this Act.





ID	PARCEL NAME	ACRES
K-1	Signal Mtn.	1878
K-2	Minerva Mtn.	707
K-3	Deer Mtn.	889
K-3 Conservation Easement 300 Foot Width	Deer Mtn.	12
K-4A	Gravina Mid	3180

#### References

Data acquired from a variety of sources of differing accuracy, precision and reliability. Features represented by the data may not represent accurate geographic locations.

#### Disclaimer

The USDA Forest Service makes no warranty, expressed or implied regarding the data displayed on this map, and reserves the right to correct, update, modify, or replace this information without notification.

Alaska Mental Health Trust Authority To Be Exchanged

Conservation Easements

#### Surface Ownership

State of Alaska

National Forest System Lands

Non - National Forest System Lands

0 0.5 1 2 Miles

Map Creation Date - 09-19-2016  
Map Revision Date - 03-03-2017

Sheet 1 of 10

#### Alaska Mental Health Trust Act of 2017

Legislative Map Bill Numbers: S131 & HR513

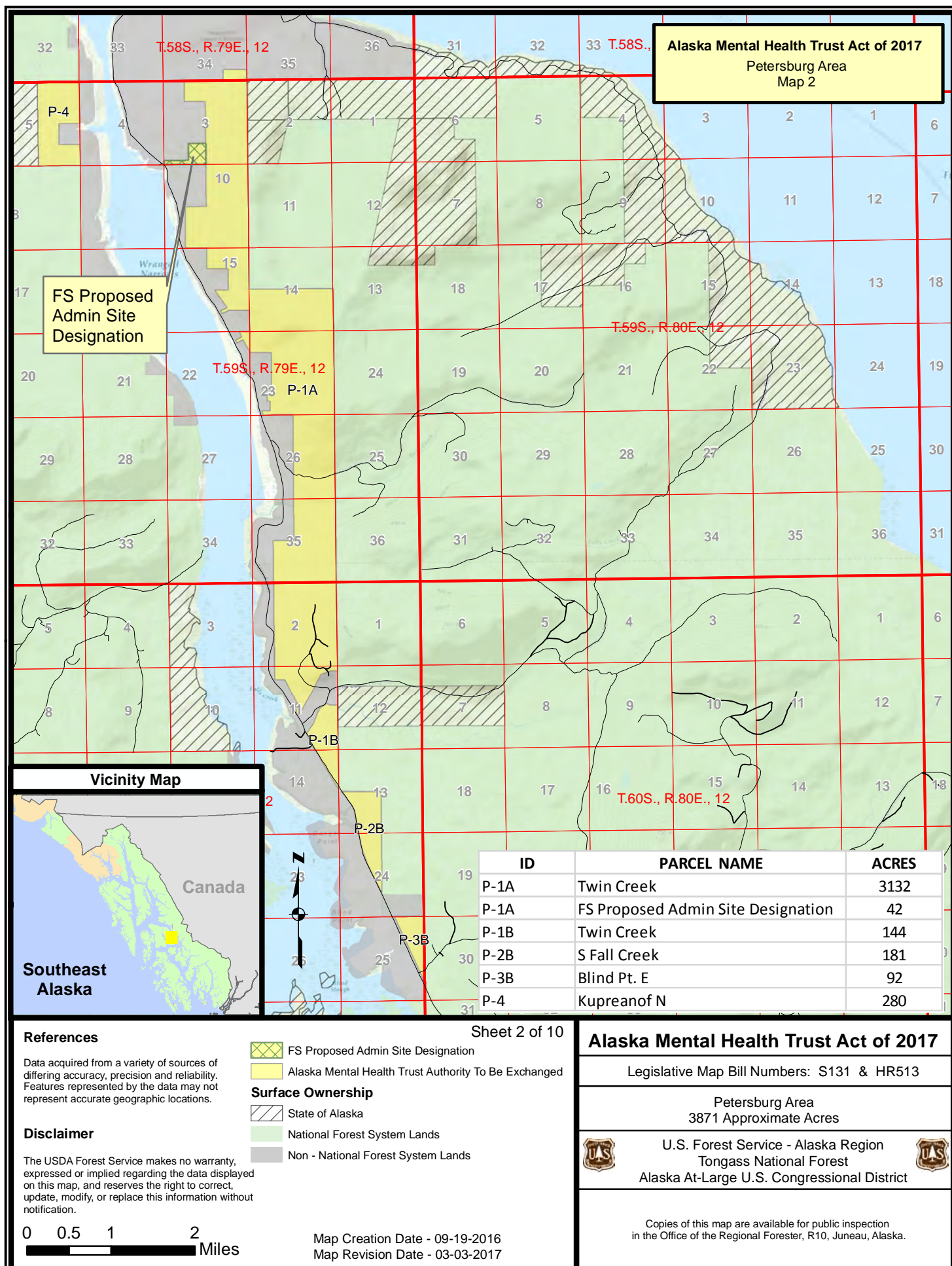
Ketchikan Area  
6666 Approximate Acres



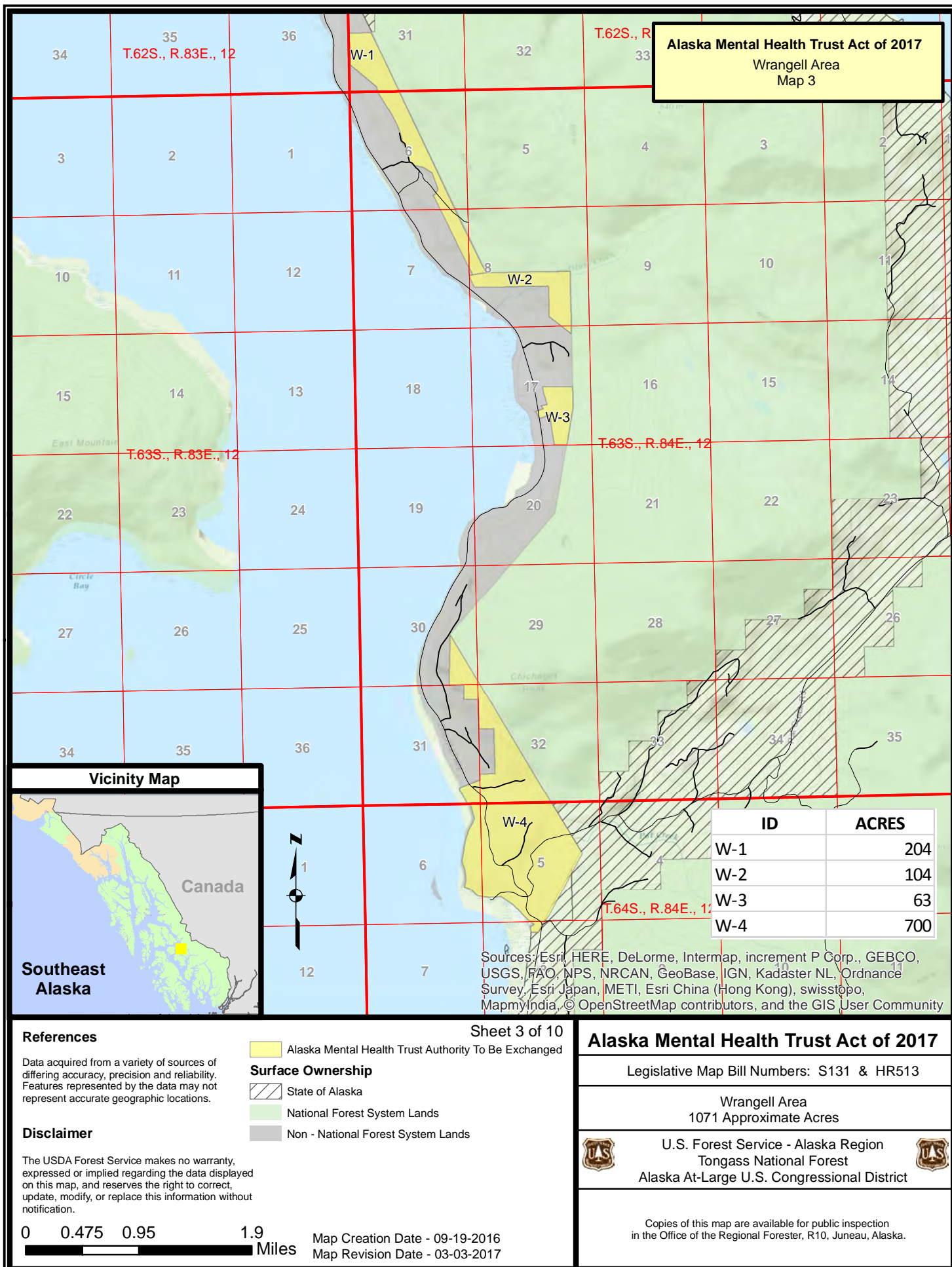
U.S. Forest Service - Alaska Region  
Tongass National Forest  
Alaska At-Large U.S. Congressional District



Copies of this map are available for public inspection  
in the Office of the Regional Forester, R10, Juneau, Alaska.

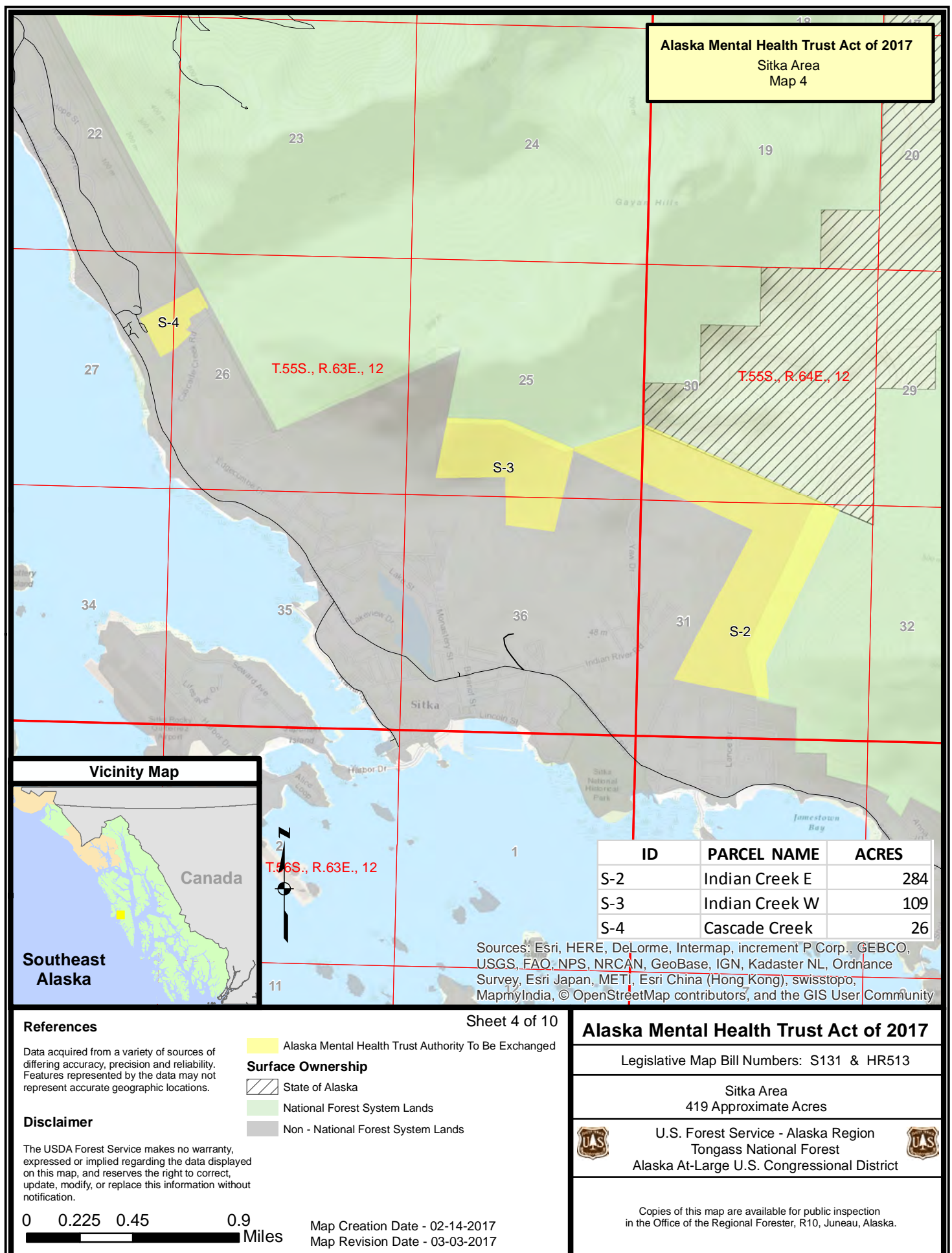


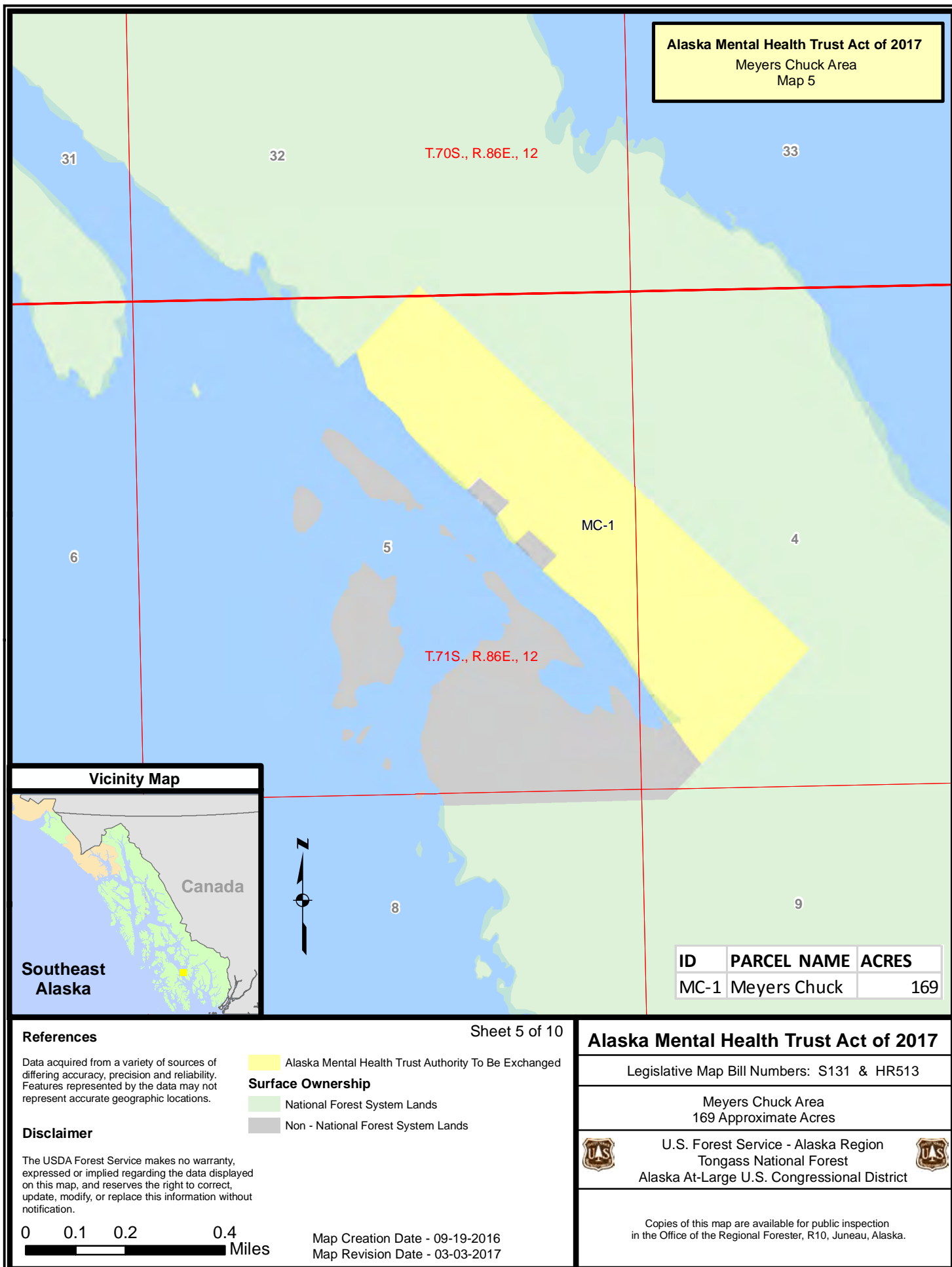




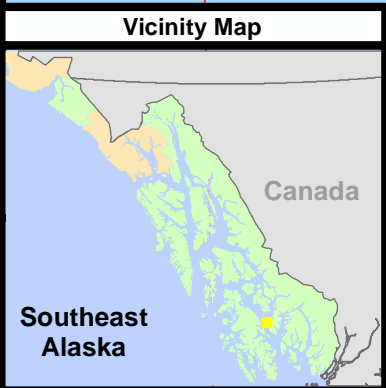
ID	ACRES
W-1	204
W-2	104
W-3	63
W-4	700

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community





**Alaska Mental Health Trust Act of 2017**  
Meyers Chuck Area  
Map 5



ID	PARCEL NAME	ACRES
MC-1	Meyers Chuck	169

#### References

Data acquired from a variety of sources of differing accuracy, precision and reliability. Features represented by the data may not represent accurate geographic locations.

#### Disclaimer

The USDA Forest Service makes no warranty, expressed or implied regarding the data displayed on this map, and reserves the right to correct, update, modify, or replace this information without notification.

0 0.1 0.2 0.4  
Miles

Map Creation Date - 09-19-2016  
Map Revision Date - 03-03-2017

Sheet 5 of 10

Alaska Mental Health Trust Authority To Be Exchanged

**Surface Ownership**

National Forest System Lands

Non - National Forest System Lands

#### Alaska Mental Health Trust Act of 2017

Legislative Map Bill Numbers: S131 & HR513

Meyers Chuck Area  
169 Approximate Acres

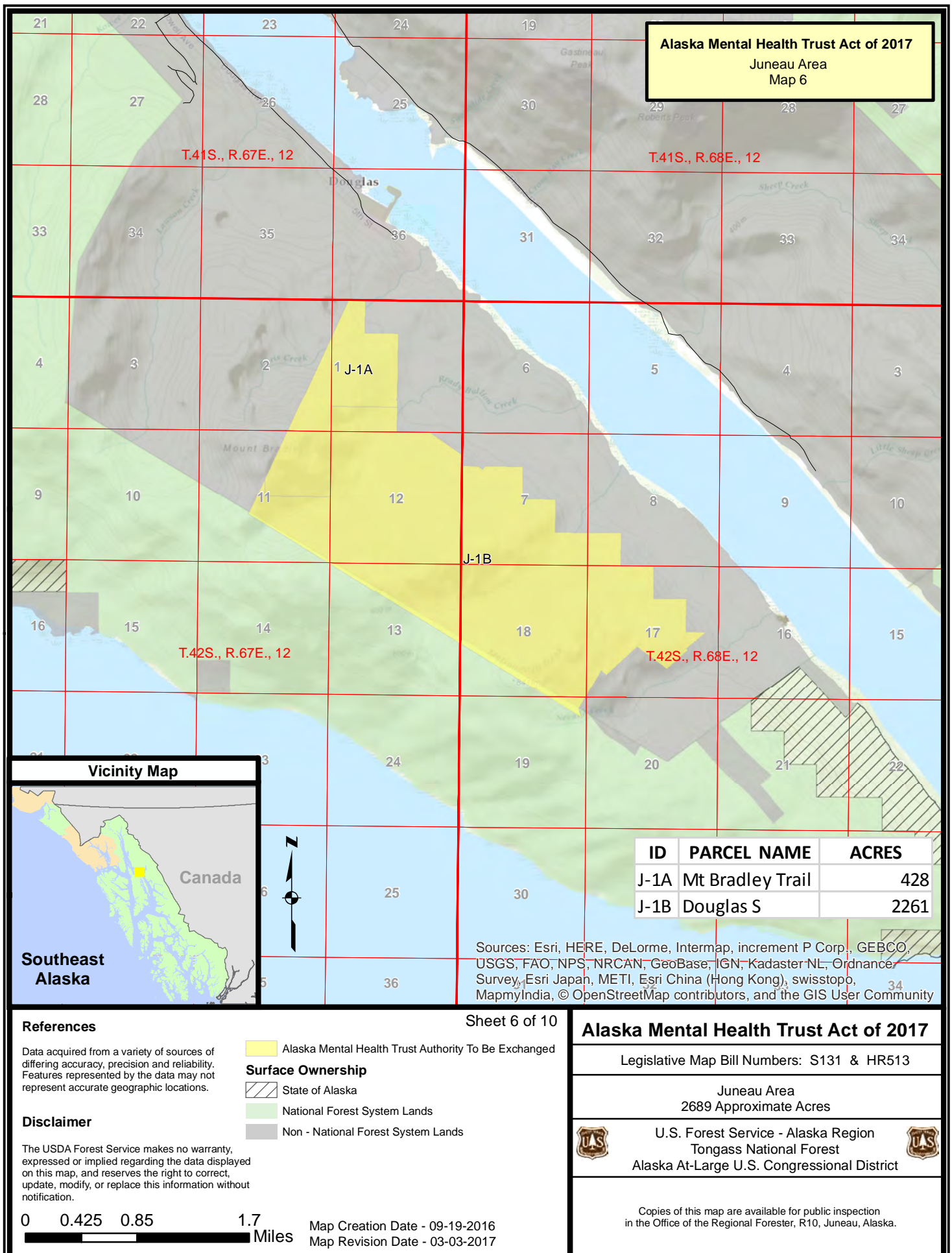


U.S. Forest Service - Alaska Region  
Tongass National Forest  
Alaska At-Large U.S. Congressional District



Copies of this map are available for public inspection  
in the Office of the Regional Forester, R10, Juneau, Alaska.





**Alaska Mental Health Trust Act of 2017**  
Juneau Area  
Map 6



ID	PARCEL NAME	ACRES
J-1A	Mt Bradley Trail	428
J-1B	Douglas S	2261

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

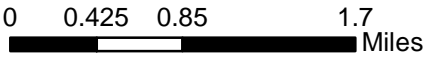
**References**

Data acquired from a variety of sources of differing accuracy, precision and reliability. Features represented by the data may not represent accurate geographic locations.

**Disclaimer**

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- Alaska Mental Health Trust Authority To Be Exchanged
- Surface Ownership**
  - State of Alaska
  - National Forest System Lands
  - Non - National Forest System Lands



Map Creation Date - 09-19-2016  
Map Revision Date - 03-03-2017

Sheet 6 of 10

**Alaska Mental Health Trust Act of 2017**

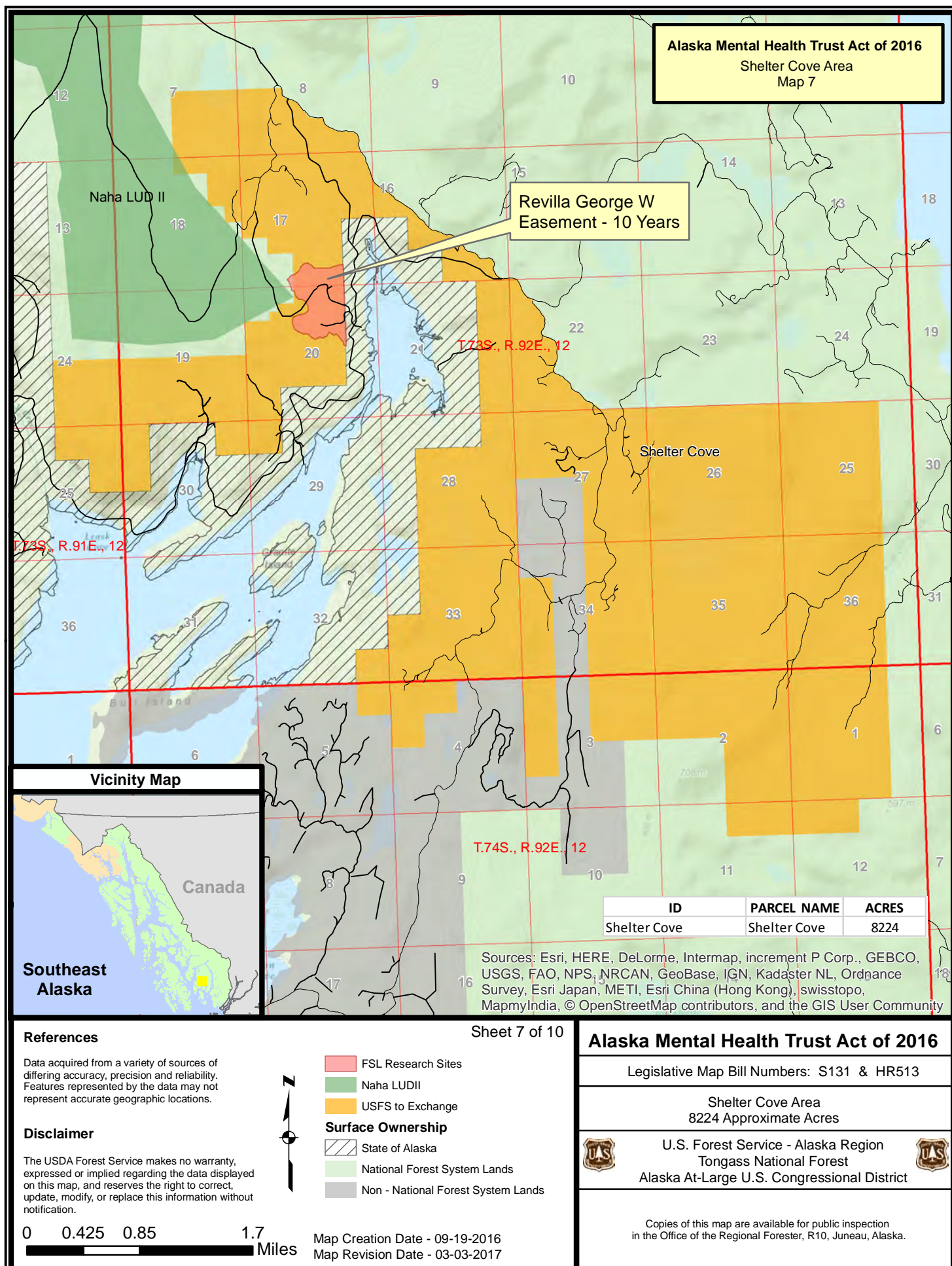
Legislative Map Bill Numbers: S131 & HR513

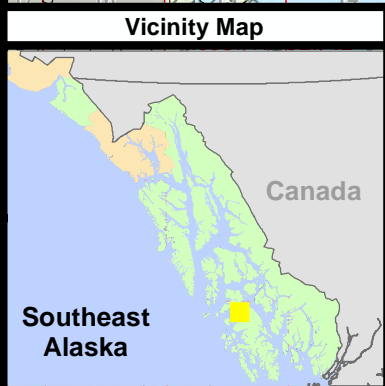
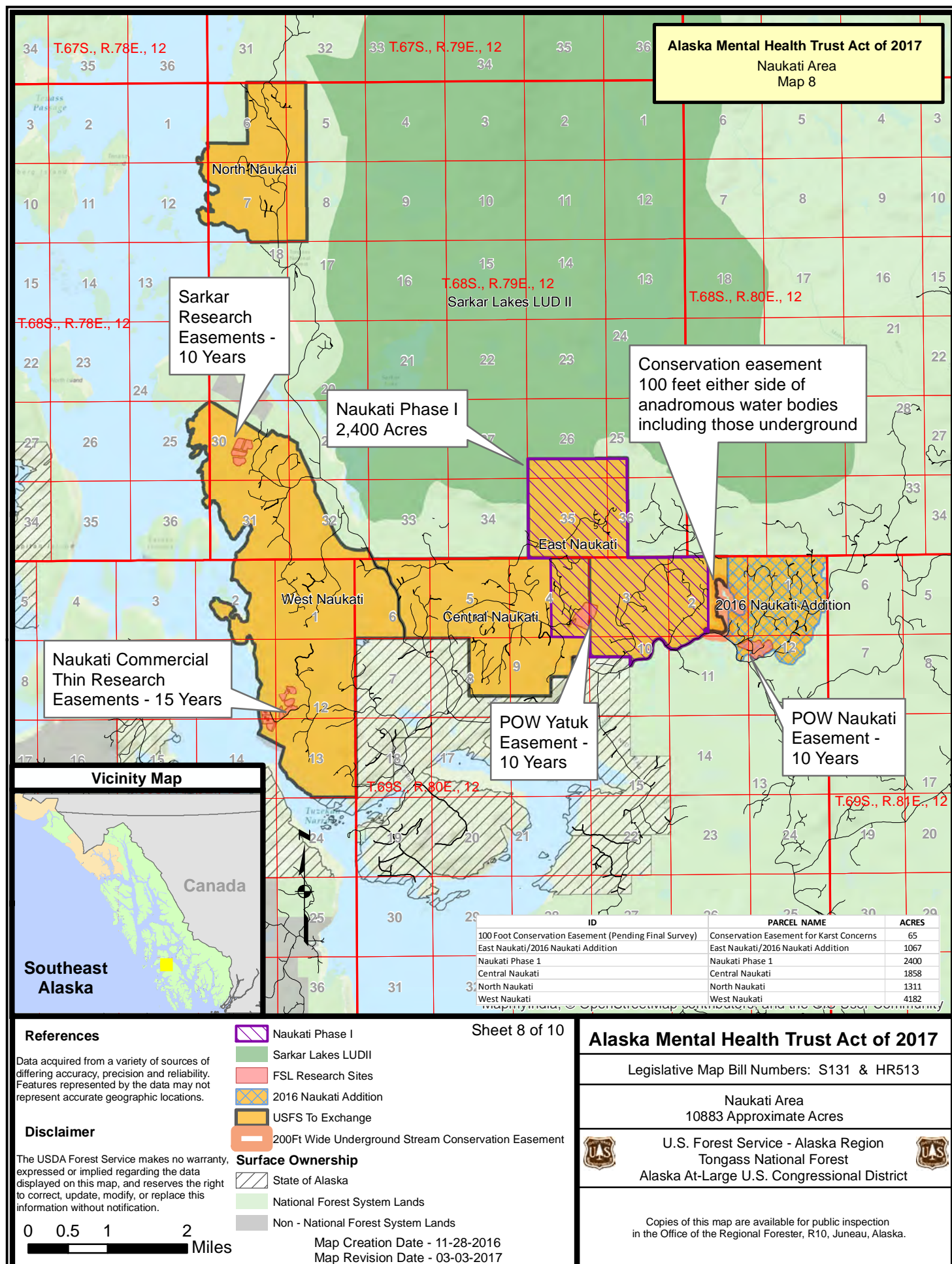
Juneau Area  
2689 Approximate Acres

U.S. Forest Service - Alaska Region  
Tongass National Forest  
Alaska At-Large U.S. Congressional District

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ID	PARCEL NAME	ACRES
100 Foot Conservation Easement (Pending Final Survey)	Conservation Easement for Karst Concerns	65
East Naukati/2016 Naukati Addition	East Naukati/2016 Naukati Addition	1067
Naukati Phase 1	Naukati Phase 1	2400
Central Naukati	Central Naukati	1858
North Naukati	North Naukati	1311
West Naukati	West Naukati	4182

### References

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- Naukati Phase I
- Sarkar Lakes LUDII
- FSL Research Sites
- 2016 Naukati Addition
- USFS To Exchange
- 200ft Wide Underground Stream Conservation Easement
- Surface Ownership**
- State of Alaska
- National Forest System Lands
- Non - National Forest System Lands

0 0.5 1 2 Miles

Map Creation Date - 11-28-2016  
Map Revision Date - 03-03-2017

Sheet 8 of 10

### Alaska Mental Health Trust Act of 2017

Legislative Map Bill Numbers: S131 & HR513

Naukati Area  
10883 Approximate Acres



U.S. Forest Service - Alaska Region  
Tongass National Forest  
Alaska At-Large U.S. Congressional District



Copies of this map are available for public inspection in the Office of the Regional Forester, R10, Juneau, Alaska.



ID	PARCEL NAME	ACRES
Hollis	Hollis	1538

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

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- Surface Ownership**
-  Karta River Wilderness
  -  USFS to Exchange
  -  State of Alaska
  -  National Forest System Lands
  -  Non - National Forest System Lands

Map Creation Date - 09-19-2016  
Map Revision Date - 03-03-2017

Sheet 9 of 10

## Alaska Mental Health Trust Act of 2017

Legislative Map Bill Numbers: S131 &amp; HR513

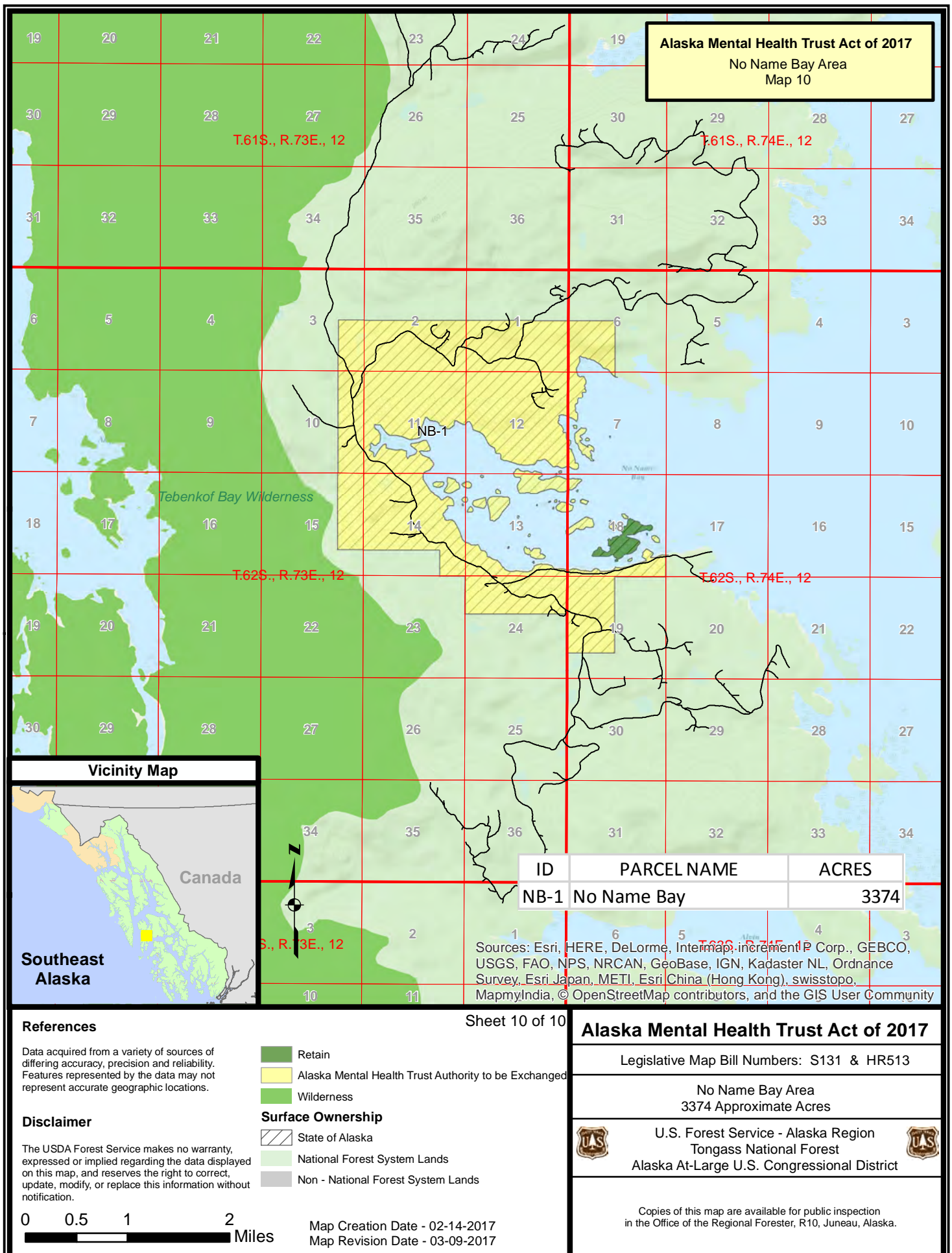
Hollis Area  
1538 Approximate Acres



U.S. Forest Service - Alaska Region  
Tongass National Forest  
Alaska At-Large U.S. Congressional District



Copies of this map are available for public inspection  
in the Office of the Regional Forester, R10, Juneau, Alaska.



**Alaska Mental Health Trust Act of 2017**  
No Name Bay Area  
Map 10

ID	PARCEL NAME	ACRES
NB-1	No Name Bay	3374

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community



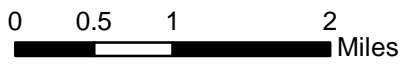
**References**

Data acquired from a variety of sources of differing accuracy, precision and reliability. Features represented by the data may not represent accurate geographic locations.

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- Retain
- Alaska Mental Health Trust Authority to be Exchanged
- Wilderness
- Surface Ownership**
- State of Alaska
- National Forest System Lands
- Non - National Forest System Lands



Map Creation Date - 02-14-2017  
Map Revision Date - 03-09-2017

Sheet 10 of 10

**Alaska Mental Health Trust Act of 2017**

Legislative Map Bill Numbers: S131 & HR513

No Name Bay Area  
3374 Approximate Acres

U.S. Forest Service - Alaska Region

Tongass National Forest

Alaska At-Large U.S. Congressional District

Copies of this map are available for public inspection in the Office of the Regional Forester, R10, Juneau, Alaska.

### Projected Costs for AMHT - USFS Land Exchange

Though significant progress has been made, the exact scope of work for many of the tasks is still in development, but the budget has been prepared to reflect the highest anticipated costs to complete. The TLO has achieved many milestones including entering into a CCA to complete the appraisal process, negotiation and, pending approval of this budget, signing of the CCA to complete necessary surveys and reports. Moreover, continued dialog and cooperation with our exchange partner are anticipated to yield additional savings.

Graph Item #		Low Estimate
1	Pre-Legislation Expenses	\$ 604,000
2	Survey of Federal Lands	\$ 725,000
3	Survey of Non-Federal Lands	\$ 1,200,000
4	Posting & Blazing of Non-Federal La	\$ 650,000
5	USFS CCA	\$ 1,408,000
6	Appraisal CCA	\$ 868,000
7	Timber Cruise	\$ 200,000
8	Additional Consulting	\$ 75,000
9	Legal Fees/Title Insurance	\$ 150,000
10	Additional TLO Travel	\$ 40,000
11	Performance under NHPA PA	\$ 250,000
	<b>Total</b>	<b>\$6,170,000</b>

### Total Land Exchange Budget Expended and Anticipated

