

A scenic landscape featuring a calm lake that perfectly reflects the surrounding mountains and a sky filled with soft, white clouds. The mountains are rugged and appear to be covered in sparse vegetation. In the foreground, the rocky shore of the lake is visible, and some green foliage from a tree is seen on the right side of the frame.

# **Trust Real Estate Presentation**

**by Greg Jones**

**May 20, 2020**

# Real Estate Questions

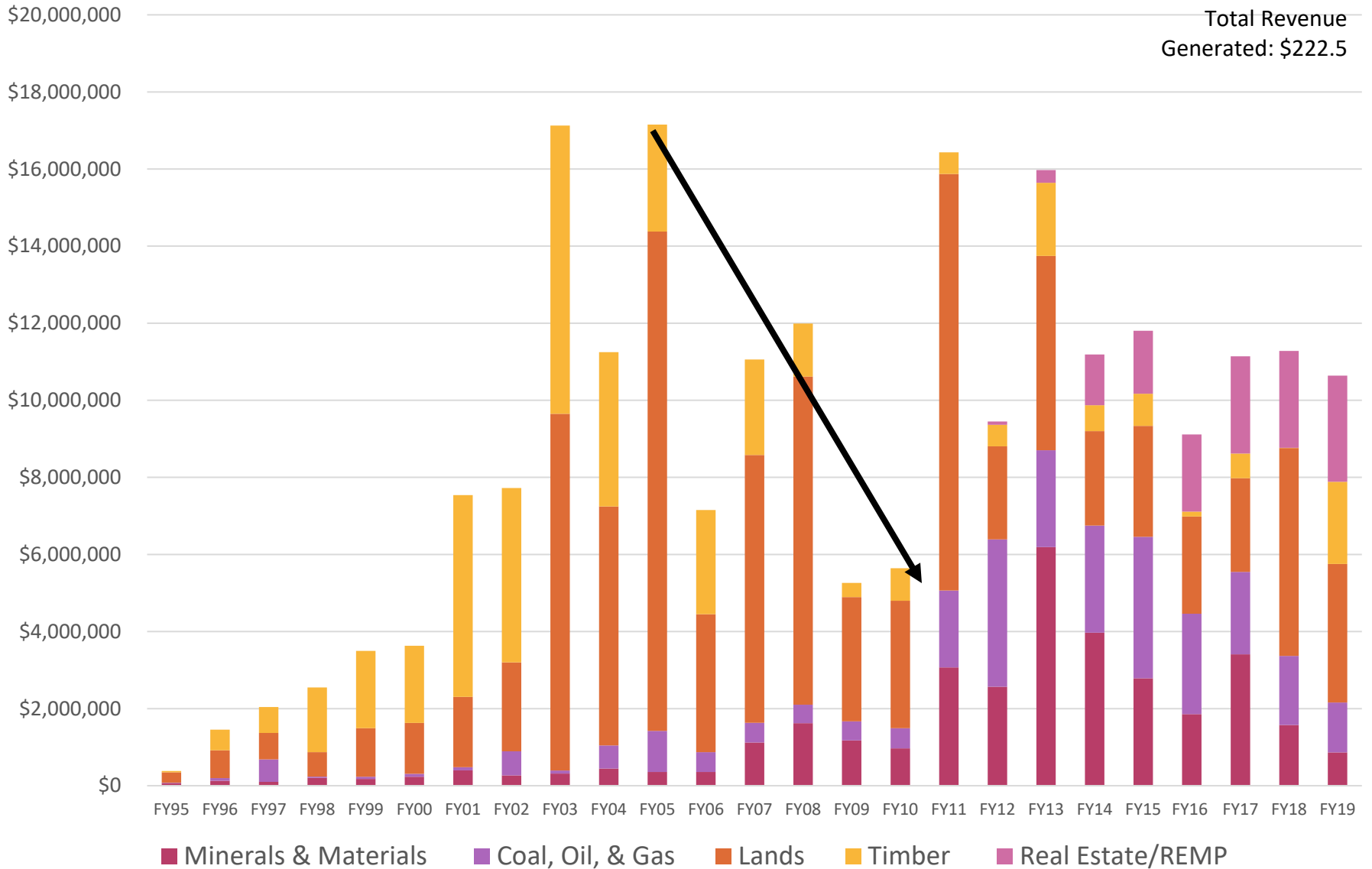
- **Why real estate?**
- **Why debt?**
- **Interest only debt?**
- **Portfolio vs facility debt? Ask Carol.....**
- **Under what conditions can the Trust deploy principal?**

# Real Estate Questions

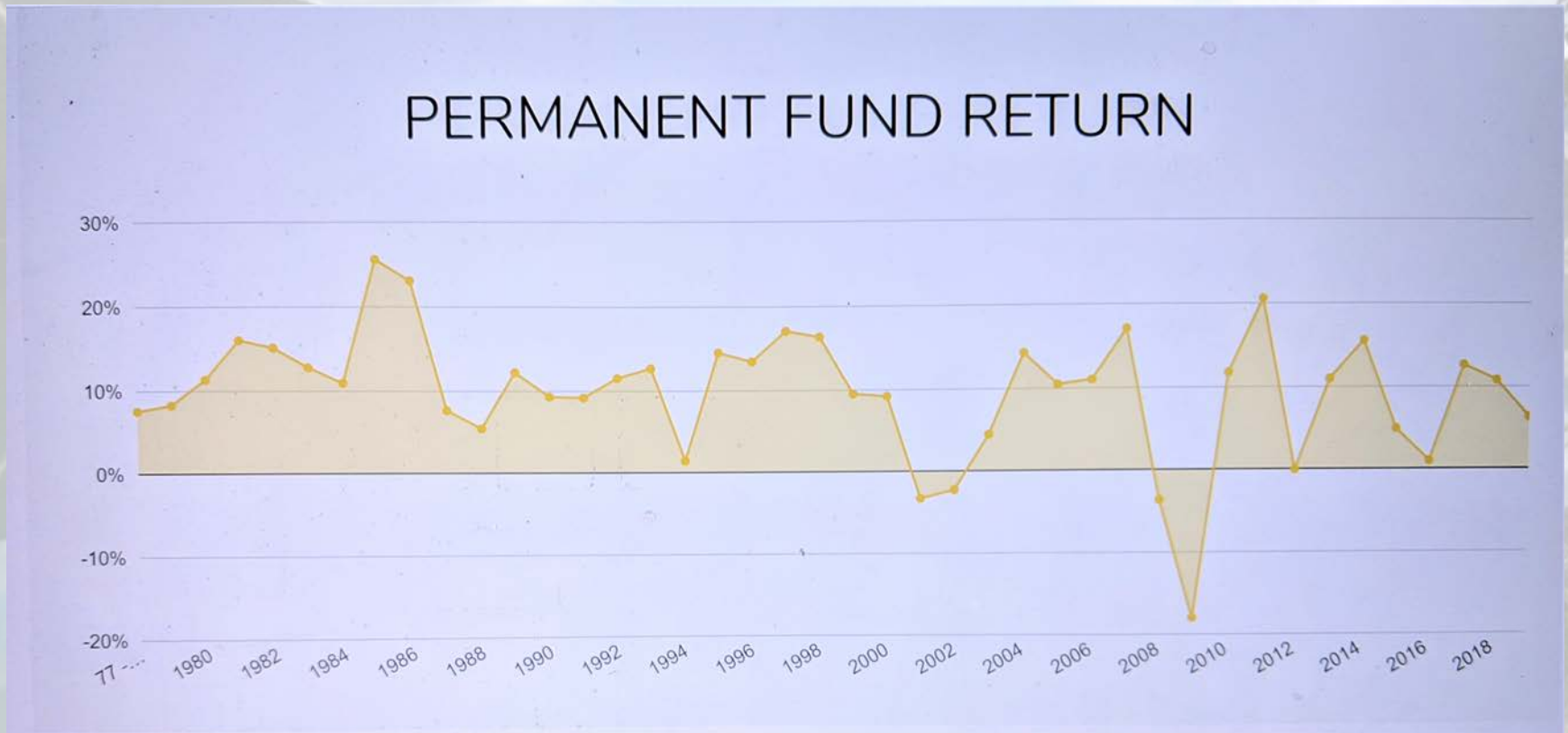
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# Trust Land Office Annual Revenue FY1995 - FY2019

Total Revenue  
Generated: \$222.5

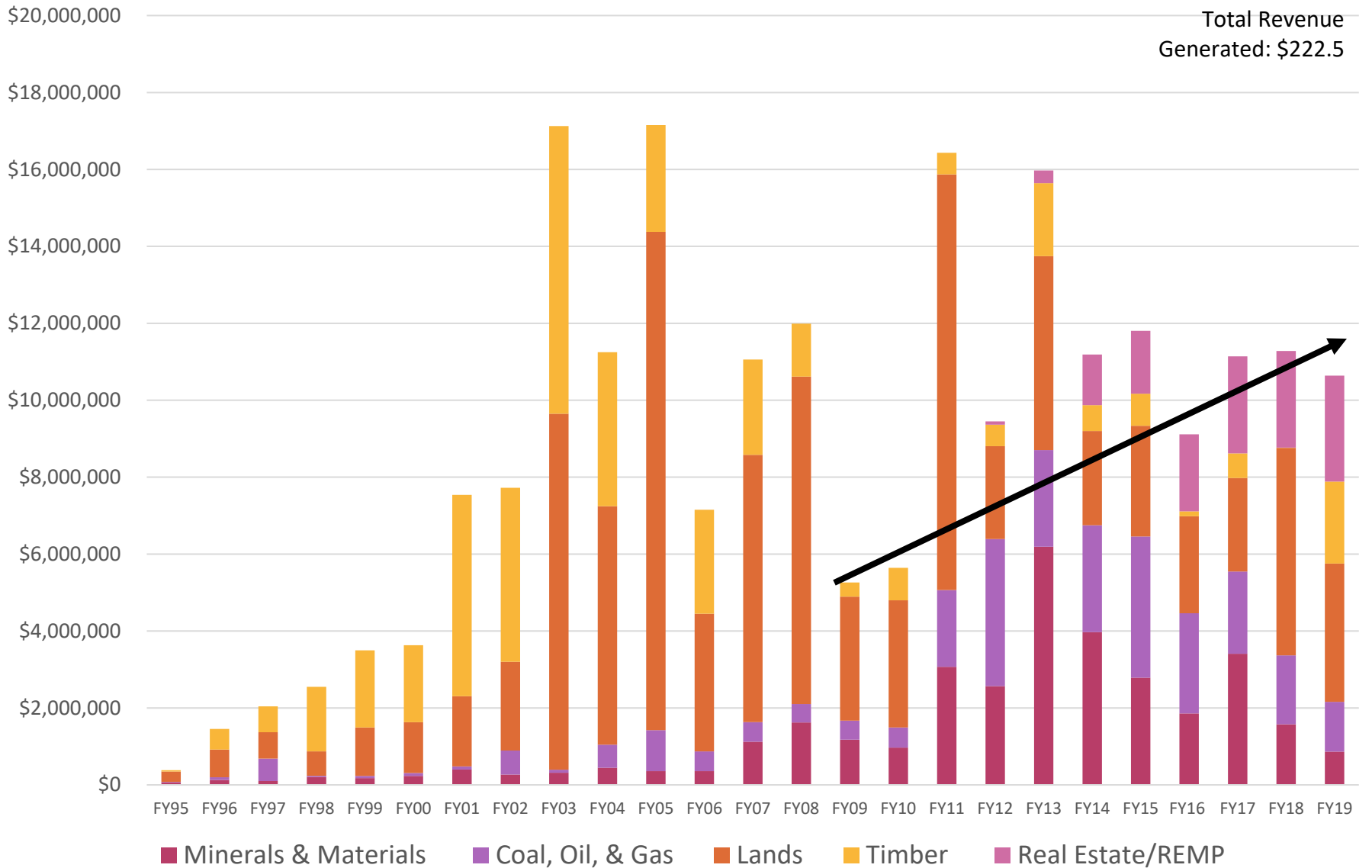


# Permanent Fund Performance

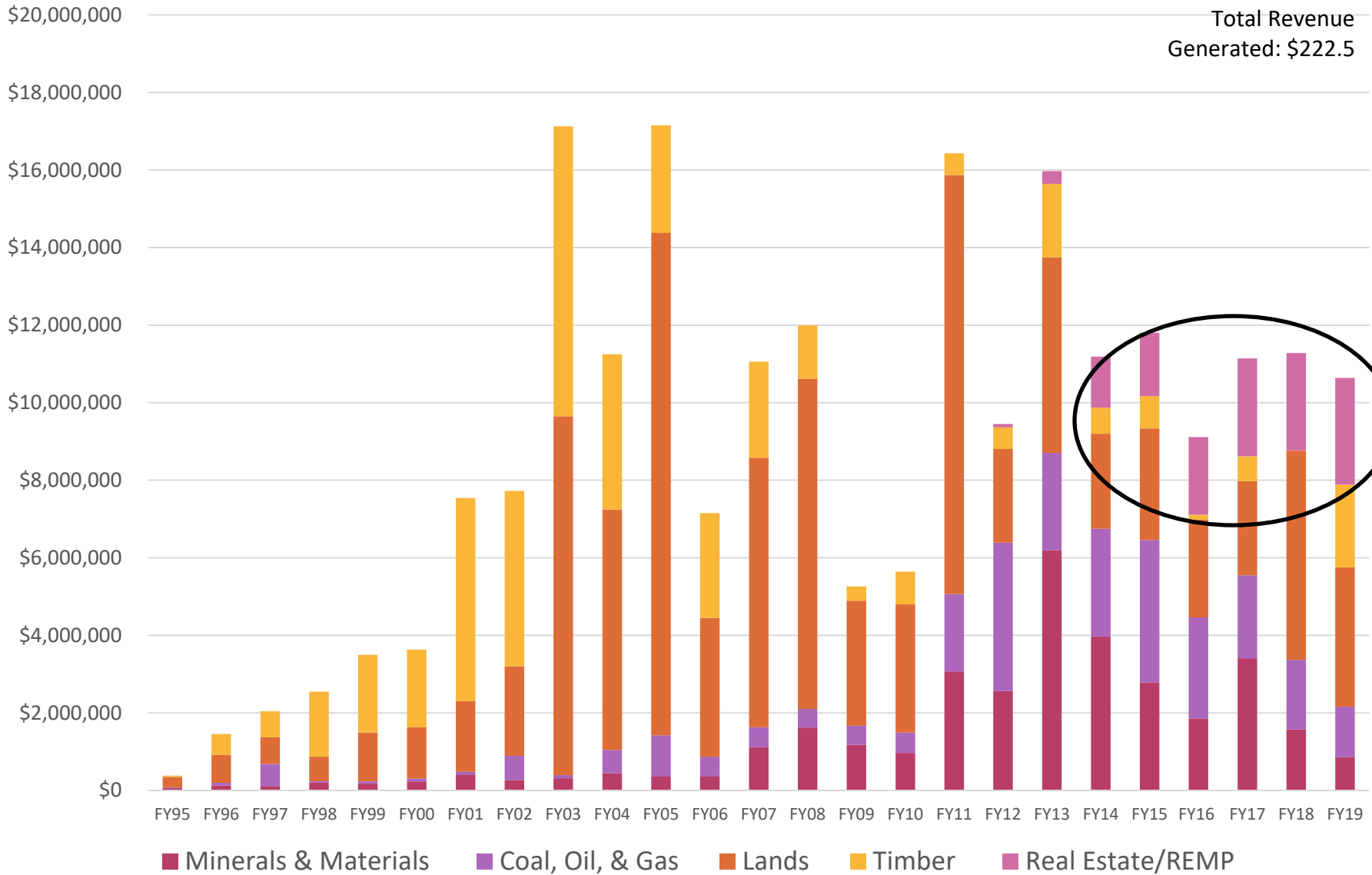


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# Why Debt?

Conceptual Debt Analysis	No Debt		50% Debt		
	Building A		Building A	Building B	
	Investment Value	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	
Amount of Debt	0	\$ 500,000.00	\$ 500,000.00		
Amount Invested	\$ 1,000,000.00	\$ 500,000.00	\$ 500,000.00		
Market rent	8%	8%	8%		
Revenue	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00		
Interest on Debt	0%	4%	4%		
Debt Service	\$ -	\$ 20,000.00	\$ 20,000.00		
Cash Flow	\$ 80,000.00	\$ 60,000.00	\$ 60,000.00	\$ 120,000.00	
Gross Return on Investment	8.00%	12.00%	12.00%	12.00%	

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Investment Value	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
Amount of Debt	0	\$ 500,000.00	\$ 500,000.00
Amount Invested	<b>\$ 1,000,000.00</b>	<b>\$ 500,000.00</b>	<b>\$ 500,000.00</b>
Market rent	8%	8%	8%
Revenue	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00
Principal on Debt	\$ -	\$ -	\$ 16,500.00
Interest Rate	0%	4%	4%
Interest Paid	\$ -	\$ 20,000.00	\$ 20,000.00
Cash Flow	<b>\$ 80,000.00</b>	<b>\$ 60,000.00</b>	<b>\$ 43,500.00</b>
Gross Return on Investment	<b>8.00%</b>	<b>12.00%</b>	<b>12.00%</b>
		X2	X2

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## The TLO

# Fundamental Unanswered Question

- Can the Trust deploy principal to enhance Trust assets?
- What do the statute and regulations allow?
  - Open to interpretation
  - Audit did not resolve
  - There are two ways to resolve the issues:
    - Through the courts
    - Legislative action
- Working with the Legislature is better!

A scenic landscape featuring a calm lake reflecting the surrounding mountains and a blue sky with scattered white clouds. The foreground shows a rocky shoreline with some green foliage on the right. A semi-transparent dark rectangle is overlaid on the center of the image, containing the word "Discussion" in a large, bold, black sans-serif font.

# Discussion

A scenic landscape featuring a large body of water in the foreground, reflecting the sky and surrounding mountains. The mountains are rugged and covered in green vegetation. The sky is blue with scattered white clouds. In the bottom right corner, there are some green leaves and branches. A semi-transparent white box is overlaid on the center of the image, containing the text "Thank you" in a large, black, sans-serif font.

Thank you