

**ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING**

**April 17, 2019
9:15 a.m.**

Taken at:

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

OFFICIAL MINUTES

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

Trust staff present:
Mike Abbott
Steve Williams
Andy Stemp
Allison Biastock
Mike Baldwin
Travis Welch
Katie Baldwin-Johnson
Miri Smith-Coolidge

Trust Land Office present:
Wyn Menefee
Jusdi Doucet
Jeff Green
Aaron O'Quinn
Sarah Morrison
David Griffin
Bruce Buzby
Marisol Miller

Others participating:
John Sturgeon; Ken McCarty.

PROCEEDINGS

CHAIR SMITH called the Resource Management Committee meeting to order and asked for approval of the agenda.

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

There being no objection, the MOTION was approved.

CHAIR SMITH asked for any ethics disclosures. There being none, he asked for a motion to approve the minutes.

MOTION: A motion to approve the minutes was made by TRUSTEE DERR; seconded by TRUSTEE SELBY.

There being no objection, the MOTION was approved.

CHAIR SMITH moved to the Executive Director Report and recognized Mr. Menefee.

EXECUTIVE DIRECTOR REPORT

MR. MENEFEE stated that there will be consultations and one approval. A consultation is where before public notice of a disposal, we ask for input from the board. Approval is required when we need to expend money and need to get board approval to do such. He introduced Marisol Miller, the new real estate asset manager, and recognized Bruce Buzby for 20 years of service to the State.

(Applause.)

MR. MENEFEE stated that Jeff Green had been able to work on resolving a longstanding platting issue with the Mat-Su Borough. The property has been disposed of, and the dispute with the Borough was resolved. He continued that the acquisition possibility of GCI Digital for the Choices Web location is being reviewed. There is the potential that the conditions of what must be purchased may change. The zoning issue is not enough parking space for the intended use, and a solid recommendation to the Board is not ready yet. He moved to timber, noting that Icy Cape still has a lot of timber being harvested with a built-up stockpile there. There will be a shipment going to China when they hit 5 million board feet. He added that a three-week Icy Cape mineral exploration field season is being planned. He stated that Phase 2 of the U.S. Forest Service land exchange is progressing and is expected to be done by the end of July. The appraiser then has to use that to make the appraisal calculations; then Phase 2 will be completed in January or February. He moved to Subport Juneau, which is on track to do the competitive sealed bid sale of the C1 parcel, with an award in September. He continued that a couple of leases in North Park and Amber Oaks in Texas have been signed, and there has been a lot of interest in the Utah building. The North Dancer Natural Gas Well has had steps taken towards plugging and abandoning it that was required by AOGCC. He explained that the potential lessee for that backed out. Also being worked on was a potential financial structure to purchase the

claims for Constantine Mine, the Palmer claims. He added that Constantine has submitted a new application for the waste permit and the reclamation plan. That just went out to public notice with DEC and DNR, and will be a 30-day public review ending May 15th. He continued that SB51, the proposed bill that talks about designation of outstanding national resource waters has been tabled in Senate Resources until next year.

CHAIR SMITH moved to the three consultations.

CONSULTATIONS

MOTION: A motion that the Committee recommend to the Full Board that the Resource Management Committee concurs with the Executive Director's recommendation to offer 24 parcels, or portions thereof, as depicted on Attachment A, through the TLO competitive commercial and recreational lease program or through other subsequent disposal methods, was made by TRUSTEE SELBY.

MR. MENEFEE stated that there are three regional managers: Southcentral Region is Jeff Green; Northern Region is Bruce Buzby; and Southeast Region is Dave Griffin. They have quite a bit of land management responsibilities. He asked Mr. Buzby to continue.

MR. BUZBY explained that the TLO is proposing to offer Trust parcels to the competitive lease offering with a projected income revenue of approximately \$100,000 in annual payments if all the parcels are leased. It also contemplates a recreational and commercial development lease offering and will be leased to the highest qualified bidder after the submission of a sealed bid to the TLO. The request for proposal will be used to ensure that the leased properties are responsibly developed and managed to the highest and best use for the benefit of the Trust. He explained fully and added that the proposal may be rejected if it is unsuitable or not in the best interest of the Trust or its beneficiaries. The current estimate of \$150,000 in the TLO's budget may be needed to conduct the appraisals, title reports, personal inspections, and with some survey needs and platting requirements to market these parcels. He stated that David Griffin will discuss the Southeast parcels.

MR. GRIFFIN began with Safety Cove at the south point of Gravina Island outside of Ketchikan. It provides protective moorage for different boats in the area. He added that it is in an area that receives a high amount of tourism and has about 3500 feet of shoreline. The upland vegetation is typical of Southeast Alaska, and is kind of a rainforest. He continued that each parcel has its own unique characteristics. Some lend themselves toward commercial activities, while others are more recreational. He moved to Meyers Chuck, located on the Cleveland Peninsula. It is a small island, with about half of it underdeveloped. There is also a significant parcel on the mainland side. There are no utilities, but there is a small community with a post office. The next parcel is Boat Island, about 10 miles south of Wrangell. He stated that islands are unique assets that provide unique experiences to the users. Then, Sasby Island is about a mile off the shore of Petersburg, and is part of the Kupreanof community. This has been identified as having potential recreational use. It has a lot of tidelands and is pretty shallow. He continued that the next parcel is at the bottom of Windham Bay, which is a popular area for tourism, wildlife viewing. It is located inside a designated federal wilderness area. The final

parcel is about 10 miles north of Ketchikan and has road system access, the Leask Lakes area. He stated that there is an expansive system of logging roads on this parcel.

MR. BUZBY moved to the next parcel located near Milepost 183 of the Parks Highway between Talkeetna and Cantwell. This could potentially be developed as a subdivision for purposes of leasing parcels, about five- to ten- acre lot size. The next parcel is about two miles to the west of the City of Cantwell and is a 320-acre parcel that abuts Denali National Park with rail access. It will be offered out to see if anyone is interested in a lodge or recreation area that would facilitate access into Denali Park. He continued to the parcel near Chena Hot Springs, which is very close to a high-use recreational area, looking for commercial development. The next parcel is up the Salcha River, about 40 miles south of Fairbanks along the Richardson Highway. Primarily, recreational leasing would be an option because there is high recreational use along the Salcha River.

MR. GREEN started out in Southcentral with two parcels located on the Kenai River. They were selected as a potential recreational use site for the area. The next parcel is about six miles northeast of Seldovia and 11 miles south of Homer. It looks out over Kachemak Bay and has quite a bit of exclusive waterfront. Next is a little parcel in Little Tutka Bay, fairly close to the one outside of Seldovia. It also has a potential commercial tourism interest. He stated that the Kenai Peninsula is a popular area with this parcel on the Kasilof River and directly adjacent to a state rec site. It is managed by Alaska State Parks. He added that the last one is about 2.5 miles north of Talkeetna. The railroad track runs through it, and there is also a trail.

CHAIR SMITH recognized Trustee Selby.

MOTION: A motion was made that the Resource Management Committee concur with the Executive Director's recommendation for the offering of a portion of Trust parcel S20084 near Moose Pass through the TLO's land sale program or subsequent disposal, by TRUSTEE SELBY.

MR. MENEFEE explained that the difference is looking at a sale versus a lease. He asked Mr. Green to continue.

MR. GREEN stated that the proposed action is to subdivide and a subsequent sale through the competitive land sale program. That will be how it will be offered first. If it does not sell, then it might be offered in an OTC or a negotiated sale or a lease if there is interest for that. He continued that the whole parcel is 120 acres and is made up of three separate tracts. The one on the east side of the railroad does not have to be subdivided; the second tract to the west, where the hatchery is for the proposed subdivision area; and then the third tract is to the left and is an 80-acre rectangle. He explained that this area has done well in the land sale program in the past. This will likely be offered in the fall.

TRUSTEE BOERNER asked if submerged lands were still Trust lands.

MR. MENEFEE explained some of the land rights issues beginning with accretion. The issue when there is a property boundary line that abuts a navigable water or a public water, it is usually called a meandering boundary. It hugs whatever the coastline, river line or water line is. He

continued that if there is erosion that takes away land over time, the actual land changes ownership to whomever owns the bed of the river.

MR. GREEN stated that this proposed sale is anticipated to bring around \$350,000 in revenue. The cost to complete the platting and subdivision is expected to be between 10 and 20 percent of that. He stated that it would be in the best interest to move this forward.

CHAIR SMITH moved to No. 3, and recognized Trustee Selby.

MOTION: A motion was made that the Resource Management Committee concurs with the Trust Land Office Executive Director's recommendation to issue a long-term, negotiated ground lease of Lot B of Trust parcel C20499 within the Juneau Subport Subdivision to Capital Community Broadcasting, Inc., by TRUSTEE SELBY.

MR. O'QUINN explained that this proposal is to basically renew a ground lease that has been in existence since the late '50s for some improvements that are located across from the Subport parcel that will be sold this summer. It is the KTOO building on Egan Drive. He continued that the property was formerly an armory site and then became some telecom infrastructure. There was a lease to the telecom company which eventually only needed a small portion of it, and then leased it to a public broadcasting entity. He continued through the history and stated that recently CCBI asked to renew the lease so they could make some significant investments in their improvements that they own on the property. It was negotiated to increase the rent to 9 percent of fair market value.

MR. ABBOTT stated that the Trust inherited this lease when the property was acquired when the Trust was reconstituted. This will be the first time this will be leased as a Trust parcel.

CHAIR SMITH asked for any further comments. There being none, he called a break.

(Break.)

CHAIR SMITH called the meeting back to order.

TRUSTEE SELBY stated that he will incorporate all three motions into one.

MOTION: A motion to move Section 1: The Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the recommendation to approve the incremental building expenditures, totaling \$10,010,000 budgeted for the Fiscal Year 2020, to be paid by the property manager from rents and other income generated from the properties;

Further moved, Section 2: The Resource Management Committee recommends that the Trust Authority Board of Trustees approve funding the expenditures for the Noninvestment/Program-Related Real Estate, and REMP Real Estate Trust-funded properties in the amount of \$845,000 for the Fiscal Year 2020, which appropriation shall not lapse;

Further moved Section 3: The Resource Management Committee recommends that the Trust Authority Board of Trustees instruct the CFO to transfer up to \$845,000 to the

third-party property manager as requested by the TLO for capital improvements to the Noninvestment/Program-Related Real Estate and REMP Real Estate-Trust-funded properties. The motion was made by TRUSTEE SELBY; seconded by TRUSTEE COOKE.

MR. MENEFEE stated that this is allowing the properties to be managed and is approving the amount of money needed to manage those properties.

MR. O'QUINN went through the different properties. The non-rent properties: The Sobering Center, the Detox Center, the Fahrenkamp Center, the Denardo Center, and a few other assets. He explained that the rent properties fund themselves. He continued going through the properties and the budgets.

MR. ABBOTT stated that each of the buildings, which have LLCs, have their own checking accounts. The rents go into that account, and the operating expenses come out of it. That is the budget that is being approved. Where those individual accounts can also pay for their capital expenses, they are doing so.

MOTION: A motion to divide the question into three sections and vote on each section individually was made by TRUSTEE SELBY; seconded by TRUSTEE DERR.

There being no objection, the MOTION IS APPROVED.

TRUSTEE SELBY requested to vote on Motion 1.

There being no objection, the MOTION IS APPROVED.

TRUSTEE SELBY requested to vote on Motion 2.

There being no objection, the MOTION IS APPROVED.

TRUSTEE SELBY requested to vote on Motion 3.

There being no objection, the MOTION IS APPROVED.

CHAIR SMITH asked for any other business. Hearing none, he adjourned the meeting.

(The Resource Management Committee meeting adjourned at 11:15 a.m.)