Land Exchange Purpose

- Restructure Trust land portfolio in SE Alaska with lands more conducive to revenue generating development
- Removes the majority of the community proximity concerns
- Land would be valuable for timber harvest, subdivisions, and other commercial ventures
- On the receiving end, the USFS and communities value the watershed and viewshed protection and recreational opportunities.
United States Forest Service
Tongass National Forest
and
Alaska Mental Health Trust Authority
Agreement to Initiate
Case No. 5x-18
June 30, 2015

<table>
<thead>
<tr>
<th>AMHT Parcel Acreage</th>
<th>USFS Parcel Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ketchikan</td>
<td>7156</td>
</tr>
<tr>
<td>Petersburg</td>
<td>4087</td>
</tr>
<tr>
<td>Wrangell</td>
<td>1104</td>
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<tr>
<td>Sitka</td>
<td>2884</td>
</tr>
<tr>
<td>Myers Chuck</td>
<td>169</td>
</tr>
<tr>
<td>Juneau</td>
<td>2666</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18066</strong></td>
</tr>
<tr>
<td>Ketchikan</td>
<td>8170</td>
</tr>
<tr>
<td>Naukati</td>
<td>10665</td>
</tr>
<tr>
<td>Hollis</td>
<td>1544</td>
</tr>
<tr>
<td>Gravina/Niblack</td>
<td>541</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20920</strong></td>
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</tbody>
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Sources: Esri, DeLorme, HERE, TomTom, Intermap, Increment P Corp., GEBCO, USGS, TAQ, NASA, NRCan, DeLorme, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, and the GIS User Community
Long Process

- Multiple meetings with advisory, community, and environmental groups, governmental agencies, and Native groups supported a land exchange and helped select the lands to be included.

- Started with an attempt to do Administrative Exchange

- After costs and time frames were considered and the dire need for more timber on the market, TLO agreed to switch to a legislative exchange process.

- Senator Murkowski pushed through the Alaska Mental Health Trust Land Exchange Act of 2017 directing the USFS to exchange lands.

- A companion state legislation also passed the same time.
Requirements

• Directed the USFS to exchange so removed discretionary decision process – No EIS

• Still required USFS to conduct process for reviewing, mitigating and addressing historical and cultural properties, threatened and endangered species review, hazardous materials review, and wetlands

• Required the Trust to pay for the cost of conducting the exchange ($6.2 Million approved by Trustees)

• Required timber cruises and appraisals for the equal value exchange

• Required surveys
Expediency and Breakouts

- Exchange was supposed to be done in 2 years
- Broke exchange into two phases so we could get timber to market sooner
- Phase 1 in Naukati is complete and conveyed to the Trust and timber harvest underway
- Phase 2a complete and conveyed with timber harvest initiated
- Phase 2b remainder supposed to be completed by January 2021
Outstanding Issues

- Appraisal and balancing
- No Name Bay Supreme Court Decision
- Hollis Wolf Creek Boatworks trespass resolution by USFS
- Programmatic Agreement Amendment
- Minor Trespass on Trust land
- Conveyance
- Post and blazing post conveyance
- Shelter Cove Road Upgrades (outside of exchange but necessary to realized revenues)
Land to be Acquired

- Naukati
- Hollis
- Shelter Cove
- In all we could receive approximately 18,000 acres depending on the appraisal valuations – amount of land received is equalized after final appraisal.
- We could increase net revenues from expected current land use ($2 - $7 M) to expected net revenue from the new lands ($21 - $33 M).
- Cost is still expected to be within the approved $6.2 M budget.
- Board approved expenditures in two parts with the later revision in 2018
Revenue earned to date from exchange lands

- Naukati Phase 1
  - $ 2.2 M
- Naukati Phase 2a
  - Harvest is just starting so no revenue booked yet
  - Expected revenue from the Phase 2a parcels (1,514 acres) – approximately $1.6M in old growth timber
- Naukati Phase 2b
  - Lands are not yet conveyed but under contract to Viking for old growth timber