

# Meeting Agenda



**Meeting:** Resource Management Committee  
**Date:** July 26, 2022  
**Time:** 1:30 pm  
**Location:** Online via webinar and teleconference  
**Teleconference:** (844) 740-1264 / Meeting Number: 2454 486 6538 # / Attendee Number: #  
<https://alaskamentalhealthtrust.org/>  
**Trustees:** John Sturgeon (Chair), Rhonda Boyles, Verné Boerner, Kevin Fimon, Brent Fisher, Anita Halterman, Agnes Moran

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Wednesday July 26, 2022

Page No

<b>1:30</b>	<b>Call to Order (John Sturgeon, Chair)</b> Roll Call Announcements Approval of Agenda Ethics Disclosure Approval of Minutes <ul style="list-style-type: none"><li>• April 20, 2022</li></ul>	4
<b>1:35</b>	<b>Executive Director Report</b>	hand-out
<b>1:55</b>	<b>Icy Cape Update</b>	hand-out
<b>2:10</b>	<b>Break</b>	
<b>2:20</b>	<b>Consultations</b> <ul style="list-style-type: none"><li>• Item A – Disposal of Trust Parcel CRM-1138-03 – MHT 9101121</li><li>• Item B – Disposal of Trust Parcel C20492 – MHT 9101122</li><li>• Item C – Disposal of Trust Parcels SM-1442/1435 – MHT 9200837</li><li>• Item D – Land Sale Program Parcels</li><li>• Item E – Icy Cape Timber Sale - MHT 9101128</li></ul>	9 13 17 21 26
<b>3:30</b>	<b>Presentation</b> <ul style="list-style-type: none"><li>• Trust Land Estate Education</li></ul>	hand-out
<b>4:00</b>	<b>Adjourn</b>	

## Future Meeting Dates

### Full Board of Trustee / Program & Planning / Resource Management / Audit & Risk / Finance

(Updated – June 2022)

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- |                                |                            |                        |
|--------------------------------|----------------------------|------------------------|
| • Audit & Risk Committee       | July 26, 2022              | (Tue)                  |
| • Finance Committee            | July 26, 2022              | (Tue)                  |
| • Resource Mgt Committee       | July 26, 2022              | (Tue)                  |
| • Program & Planning Committee | July 27-28, 2022           | (Wed, Thu)             |
| • Full Board of Trustee        | August 24-25, 2022         | (Wed, Thu) – Anchorage |
|                                |                            |                        |
| • Audit & Risk Committee       | October 19, 2022           | (Wed)                  |
| • Finance Committee            | October 19, 2022           | (Wed)                  |
| • Resource Mgt Committee       | October 19, 2022           | (Wed)                  |
| • Program & Planning Committee | October 20, 2022           | (Thu)                  |
| • Full Board of Trustee        | November 16-17, 2022       | (Wed, Thu) – Anchorage |
|                                |                            |                        |
| • Audit & Risk Committee       | January 5, <b>2023</b>     | (Thu)                  |
| • Finance Committee            | January 5, <b>2023</b>     | (Thu)                  |
| • Resource Mgt Committee       | January 5, <b>2023</b>     | (Thu)                  |
| • Program & Planning Committee | January 6, <b>2023</b>     | (Fri)                  |
| • Full Board of Trustee        | January 25-26, <b>2023</b> | (Wed, Thu) – Juneau    |
|                                |                            |                        |
| • Audit & Risk Committee       | April 19, <b>2023</b>      | (Wed)                  |
| • Finance Committee            | April 19, <b>2023</b>      | (Wed)                  |
| • Resource Mgt Committee       | April 19, <b>2023</b>      | (Wed)                  |
| • Program & Planning Committee | April 20, <b>2023</b>      | (Thu)                  |
| • Full Board of Trustee        | May 24-25, <b>2023</b>     | (Wed, Thu) – TBD       |

## Future Meeting Dates

### Statutory Advisory Boards

(Updated – June 2022)

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#### **Alaska Mental Health Board / Advisory Board on Alcoholism and Drug Abuse**

AMHB: <http://dhss.alaska.gov/amhb/Pages/default.aspx>

ABADA: <http://dhss.alaska.gov/abada/Pages/default.aspx>

Executive Director: Bev Schoonover, (907) 465-5114, [bev.schoonover@alaska.gov](mailto:bev.schoonover@alaska.gov)

- Executive Committee – monthly via teleconference (Second Tuesday of the Month)
- Fall Meeting: October TBD / Fairbanks

#### **Governor’s Council on Disabilities and Special Education**

GCDSE: <http://dhss.alaska.gov/gcdse/Pages/default.aspx>

Acting Executive Director: Patrick Reinhart, (907)269-8990, [patrick.reinhart@alaska.gov](mailto:patrick.reinhart@alaska.gov)

- Fall Meeting: October 13-15, 2022 / Girdwood & via Webinar

#### **Alaska Commission on Aging**

ACO: <http://dhss.alaska.gov/acoa/Pages/default.aspx>

Executive Director: Jon Haghayeghi, (907) 465-4879, [jon.haghayeghi@alaska.gov](mailto:jon.haghayeghi@alaska.gov)

- Fall Meeting: TBD

**ALASKA MENTAL HEALTH TRUST AUTHORITY**  
**RESOURCE MANAGEMENT COMMITTEE MEETING**  
**April 20, 2022**  
**2:00 p.m.**  
**WebEx Videoconference/Teleconference**

**Originating at:**  
**3745 Community Park Loop, Suite 120**  
**Anchorage, Alaska**

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**Trustees Present:**

John Sturgeon, Chair  
Chris Cooke  
Brent Fisher  
Anita Halterman  
Verne' Boerner  
Kevin Fimon  
Rhonda Boyles

**Trust Staff Present:**

Steve Williams  
Carol Howarth  
Miri Smith-Coolidge  
Kelda Barstad  
Luke Lind  
Michael Baldwin  
Katie Baldwin-Johnson  
Jimael Johnson  
Valette Keller  
Allison Biastock  
Kat Roch  
Eric Boyer  
Carrie Predeger

**Trust Land Office staff present:**

Jusdi Warner  
Sarah Morrison  
David MacDonald  
Marisol Miller  
Becky Carpenter  
Paul Slenkamp  
Karsten Eden  
Hollie Chalup  
Jeff Green  
Chandler Long  
Blain Alfonso

**Also participating:**

Mary David

## PROCEEDINGS

### CALL TO ORDER

CHAIR STURGEON called the meeting to order and began with a roll call. He asked for any announcements. There being none, he moved to the agenda.

### APPROVAL OF AGENDA

**MOTION:** A motion to approve the agenda was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FISHER.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Boerner, yes; Trustee Fimon, yes; Trustee Fisher, yes; Trustee Halterman, yes; Trustee Cooke, yes; Chair Sturgeon, yes.)*

CHAIR STURGEON asked for any ethics disclosures. There being none, he moved to approval of the minutes from January 5, 2022.

### APPROVAL OF MINUTES

**MOTION:** A motion to approve the minutes from January 5, 2022, was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Boerner, yes; Trustee Cooke, yes; Trustee Fimon, yes; Trustee Fisher, yes; Trustee Halterman, yes; Chair Sturgeon, yes.)*

### TRUST LAND OFFICE EXECUTIVE DIRECTOR REPORT

MS. WARNER began with the Timber asset class. She continued that, pursuant to the Alaska Mental Health Land Exchange Act regarding the easements, the Forest Service may enter into cost-share maintenance agreements with respect to the reciprocal road accesses that were exchanged. The U.S. Forest Service showed interest in working towards this cost-share maintenance agreement, but a draft of the cost-share maintenance agreement was exchanged, which resulted in no sense of agreement. The Department of Law has been engaged by the Trust; the Forest Service engaged Office of General Counsel; and another draft is expected shortly. She added that a cost-share agreement would go a long way at the staff level. She continued her report with the Wolf Creek Boatworks in Hollis. An application was submitted and the application fee paid for a negotiated land sale. She explained that this land was received in the land exchange with an active Federal litigation surrounding a portion of the parcel, and 40 acres were applied for under the application. An adjudication of that negotiated sale will move forward and will be in the best interests of the Trust. She pointed out that the timber behind the Hollis Boatworks, which was the Hollis exchange sale, went out to decision. Public comments were received, and we are still in the deliberative process with an anticipated decision to come out in the early summer. Regarding the Federal litigation, the State and Trust moved to dismiss the litigation, both asserting sovereign immunity, and that the Plaintiff failed to state the claim. The Federal Government moved to dismiss for the lack of jurisdiction because the U.S. Forest Service no longer owns the land. She moved to the Shelter Cove Road and stated that the DOT has the funding to provide an upgrade to the road, and the Trust received \$5.8 million to complete the project. On the Naukati young growth sale, a contract was entered into with Viking Lumber, which was timed perfectly for the Alaska Forest Association meeting. The expected

return over the term of the contract will be about \$3 million. She then explained the deficit on the projections for this year. She stated that Paul Slenkamp was retiring and shared some of the highlights of his 50 years in the timber industry. He spent 22 of those years with the State of Alaska, and then 14 years with the Trust Land Office. She thanked him for the revenue he generated for beneficiaries, and for his knowledge of timber that he imparted to the Trust. She continued that his work at the TLO contributed millions of dollars to the Trust, and the legacy of his work will continue to serve the Trust for years to come. She continued with an update that Quality Asphalt Pavement had applied for another site in the Mat-Su Valley for materials after the Meadow Lakes parcel was denied at the Board of Adjustments and Appeals. A contract was entered into with R & M Consulting to conduct a prefeasibility study on both parcels; the new parcel applied for, and the Meadow Lakes parcel. She explained the Livengood project area managed by International Tower Hill. She then brought attention to the work being done with the State, BLM, and International Tower Hill on the Federal Mine Conversion process. She explained that this was a unique process because when a Federal mining claim conversion project was finishing, it converts to a State claim. In this case, it is slated to go to the Trust. She moved to the two wells identified to be on Trust land from the Alaska Oil and Gas Conservation Commission orphan wells. Her presentation continued to Fantasy Island located in No Name Bay, and she went through its history. She discussed the land sales, which were a huge success this fiscal year with an anticipated closing of \$3 million in negotiated land sales; \$2 million in over-the-counter land sales; and \$1.7 million for the competitive land sale. The total was \$6.7 million in land sales for just this fiscal year. She recognized Brit Williams for her dedication, effort and her amazing job for the land sale project. She continued to some of the initial work that went into developing the commercial development opportunities on Trust Land, and then introduced the new team members: Vanessa Head, the executive assistant; and Blain Alfonso, the administrative manager. In new opportunities, she recognized Bruce Buzby and Dave Griffin who are both moving on from the TLO. She added that DNR sponsored a second annual Future Leaders Summit, which is a year-long commitment to learning and leadership. It recognizes those within the organization for their current strengths and their recognized potentials. Chandler Long, the project manager on the land exchange, was selected to represent the TLO.

TRUSTEE COOKE thanked Ms. Warner for the interesting and descriptive report of the activity at the TLO.

TRUSTEE BOERNER congratulated and thanked Mr. Slenkamp and welcomed Vanessa Head and Blain Alfonso. She added that it was a great report.

CHAIR STURGEON asked for any questions. There being none, he moved to the Icy Cape Update and recognized Karsten Eden.

### **ICY CAPE UPDATE**

DR. EDEN gave an update on Icy Cape and went through seven categories, beginning with planning; procurement; field work; processing and assaying; science and engineering; anticipated results; and PR and marketing. He explained in more detail as he went through his presentation. He shared some pictures of the new camp and explained that Icy Cape is a very stormy, rainy place, so it is very important to have a good camp.

CHAIR STURGEON thanked Dr. Eden for a very good presentation. He talked about the cost overruns and preferred to have some requests for additional funding, which needs to be done on a year-by-year basis.

MS. WARNER noted that that was a great point, and there would be better information available, and that is a definite option.

MR. WILLIAMS stated that back in 2020, the trustees approved \$10 million for the work Dr. Eden was doing to get to that prefeasibility stage. In moving forward, closer attention would be paid, and trustees will be provided with updates that will help guide consideration of any requested additional funds.

CHAIR STURGEON asked for any other questions or comments.

TRUSTEE BOYLES stated that her two favorite projects with the Trust are Crisis Now and Icy Cape.

CHAIR STURGEON moved to the next presentation.

MR. GREEN, the deputy director at the Trust Land Office, gave a brief overview of most things pertaining to subdivisions on Trust land. He began with a general background of subdivisions, how subdivisions came about, and then explained the process and went through a couple of the current major projects.

CHAIR STURGEON thanked Mr. Green for the very informative presentation, and recognized Mr. Williams.

MR. WILLIAMS stated that Jusdi Warner was nominated to be a 2022 Journal of Commerce Top Forty Under 40 by one of her colleagues in the Department of Natural Resources. She was selected to be part of that class of recipients, and it is well deserved. He continued that she brings her leadership and her knowledge to the TAO staff in terms of helping to get connected to the work of the TLO. He stated that he represented the TLO and the TAO at the banquet, and Ms. Warner was presented with a plaque that recognizes her as a recipient of the 2022 Top Forty Under 40 Rising Young Business Leaders.

(Applause)

MS. WARNER stated her thanks and noted that it was an honor to be recognized. She added that she was a little shocked to be selected. She then recognized Paul Slenkamp, who would be leaving the TLO, which will be a huge loss to the Trust. She continued that Mr. Slenkamp worked in the timber industry for nearly five decades, and was a senior resource manager for the Trust Land Office for 14 years. His timber program management had generated over \$16 million to the Trust and its beneficiaries, which was a lead contributor in sustaining Alaska's wood products industry. In addition, the \$16 million of Paul's work at the Trust will continue to generate upwards of another \$20 million after he retired. She recognized Mr. Slenkamp for a job well done and thanked him for his service to the State of Alaska and to the Trust and its beneficiaries. She continued that being a forester in Southeast Alaska is a very unique, and definitely a different kind of occupation. She added that he is a legend in the industry in Alaska, and she presented him with a plaque. The plaque recognized and gave thanks for all the work done for the Trust: "With great appreciation, we hereby recognize Paul Slenkamp for 22 years of service to the State of Alaska. Throughout your service you have operated timber programs which maintained the Southeast Alaska wood industry and generated more than \$16 million for the Alaska Mental Health Trust. Your legacy will continue to support Trust beneficiaries as timber sales resulting from the U.S. Forest Service Exchange, in which you played an integral

role, are realized. Thank you for your service, your dedication, your positive impact on Alaska, and for a job well done.”

CHAIR STURGEON added that the plaque was yellow cedar and to not take it to Viking and try selling it, because the prices are high.

(Laughter and applause)

MR. SLENKAMP stated that it was an honor to work with the Trust and all the trustees through the years. He continued that he had spent 14 years working on the land exchange, and he gave quarterly, biquarterly, and annual updates for years. He had many people tell him that the Federal Land Exchange would never get done. But it did get done and will really provide revenue and jobs in Southeast for a long time to come. He added that it was an honor, and the Trust is a great mission. Unfortunately, enough money to provide all the services that the beneficiaries require is not enough, but we certainly try hard. He thanked everyone very much.

(Applause)

CHAIR STURGEON congratulated Mr. Slenkamp and wished him the best of luck. He hoped that he would keep in touch and let us know how he was doing.

MR. WILLIAMS added that this was in the vein of connecting the work that Mr. Slenkamp had done for 14 years, the work that the previous staff of the TLO had done, and the work that the future and the present staff of the TLO are doing, which was to connect the resource development to the revenue that is generated for the beneficiaries directly. He had the opportunity and the pleasure of working with Paul over the 14 years that he worked at the Trust Land Office. The \$16 million that was generated through his work went to serve beneficiaries in health clinics in Coffman Cove, on Prince of Wales Island in Shishmaref, Savoonga, Gambell. There was work done directly in Ketchikan with the Ketchikan Wellness Coalition, Community Connections, a local nonprofit down there. They stood up sobering centers in Bethel, enhanced detox facilities in Fairbanks. Mr. Slenkamp said that the revenue to meet all the needs of the beneficiaries could be generated, but what was there was the need to figure out how to generate revenue to meet some of the needs of the beneficiaries. He knew that was the core piece of what drove Paul Slenkamp over the last 14 years.

CHAIR STURGEON congratulated Paul Slenkamp and wished him godspeed. He asked for a motion to adjourn.

**MOTION:** A motion to adjourn the meeting was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FISHER.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Boyles, yes; Trustee Boerner, yes; Trustee Cooke, yes; Trustee Fimon, yes; Trustee Fisher, yes; Trustee Halterman, yes; Chair Sturgeon, yes.)*

CHAIR STURGEON thanked all for all the help and for all the presentations.

(Resource Management Committee meeting adjourned at 3:43 p.m.)



**To:** John Sturgeon, Chair  
Resource Management Committee  
**From:** Jeff Green, Deputy Director  
**Date:** 7/26/2022  
**Re:** MHT 9101121 – Disposal of Trust Parcel CRM-1138-03  
**Fiscal Year:** 2023

## Consultation

### Proposed RMC Motion:

*“The Resource Management Committee concurs with the Executive Director’s recommendation to dispose of Trust parcel CRM-1138-03 through a negotiated sale or subsequent disposal.”*

### Background:

**Revenue Projections:** \$390,000.00

**Transaction/Resource:** The proposed action is to dispose of a parcel through a negotiated sale to the applicant, Jeff Rolquin. In the event the parcel is not sold to the applicant, the parcel may be reoffered in a future land sale, through a competitive or over-the-counter sale, a negotiated sale, or through a negotiated or competitive lease.

**Property Description/Acreage/MH Parcel(s):** The negotiated sale includes Trust parcel CRM-138-03, described as:

T. 40 S., R. 65 E., COPPER RIVER MERIDIAN, ALASKA, SECTIONS 7 AND 18: THAT PORTION OF U.S. SURVEY NO. 3765 LYING SOUTH OF THE SOUTH BOUNDARY OF THE APPROVED MUNICIPAL ENTITLEMENT ADL 101676, EXCLUDING ALASKA STATE LAND SURVEY 79-78; CONTAINING 16.12 ACRES, MORE OR LESS ACCORDING TO THE SURVEY PLAT ACCEPTED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT IN WASHINGTON, D.C. ON OCTOBER 16, 1961.

The physical location of the parcel is on the east side of the Glacier Highway across from Point Stephens Road at Tee Harbor in Juneau.

**General Background:** In early-April 2022, the TLO received an application for a negotiated sale. There are no other uses currently authorized on the parcel. A large portion, approximately 6 acres, of the parcel is encumbered by the Glacier Highway Right-of-Way, leaving approximately 10 acres for unrestricted private use. Much of the remaining unencumbered 10 acres is steep terrain. There is no

history of use or interest in the parcel, most likely due to its large amount of encumbered area, challenging topography, and the cost to develop or improve it.

**Anticipated Revenues/Benefits:** Under this proposal, the Executive Director will be able to negotiate and execute a sale of the parcel for \$390,000, which is 30% above the appraised fair market value of the parcel. The applicant plans to purchase with cash, adding all the revenue to the corpus as principal. This sale would generate revenue from a parcel that otherwise is not producing revenue.

**Anticipated Risks/Concerns:** There are no significant risks or concerns associated with this negotiated sale. Minor risks include nonpayment on the sale by the buyer. This risk will be mitigated through a purchase and sale agreement which includes contemporary language to limit risks to the Trust, ensure performance by the buyer, and allow for termination in case of default with retention of the parcels in Trust ownership.

**Project Costs:** \$0

**Other Considerations:** N/A.

**Due Diligence:** TLO staff inspected the parcel in March of 2022. The purchase price was determined by an appraisal completed by Southeast Appraisal Services, LLC. on April 20, 2022. The appraisal determined the fair market value of the parcel to be \$300,000. The parcel will be sold at a premium of 30% above the appraised value to compensate for not selling the parcel through a competitive process. Contract documents were reviewed by the Department of Law, and no separate independent review is required.

**Alternatives:** The alternative is to hold the parcel for sale competitively or lease sometime in the future. This alternative would delay receipt of revenues from the sale of the parcel and could result in additional costs and risks to the Trust without significant increases in value. Historical competitive sales in the Juneau area demonstrate that we are unlikely to produce revenue above the negotiated price. Additionally, there has been no expressed interest in the parcel for sale or lease, likely due to the challenging topography and cost to improve the land. The Best Interest Decision will provide the opportunity to make competitive offers if there is additional competing interest in purchasing the parcel.

**Consistency with the Resource Management Strategy:** The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted October 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. Past experience has demonstrated that it is unlikely that this parcel will appreciate at a rate that would justify holding it for a later sale. It is not cost effective for the Trust to hold this parcel 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 by negotiated sale. If not sold, the parcel may be disposed of in the future through the TLO's land sale programs, negotiated sale, or a negotiated or competitive lease.

**Applicable Authority:** Alaska Statutes 37.14.009(a), and 38.05.801, and 11 AAC 99.



**Trust Authority Consultation:** This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

**Exhibit(s):** A: Detailed Location Map

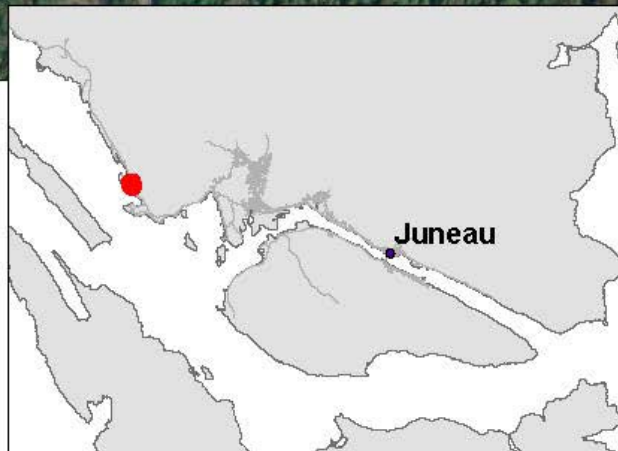
## Exhibit A: Detailed Location Map



Negotiated Sale  
MHT 9101121

-  MHT 91001121
-  Mental Health Parcels

0 200 400 600 800 1,000 Feet





**To:** John Sturgeon, Chair  
Resource Management Committee  
**From:** Jeff Green, Deputy Director  
**Date:** 7/26/2022  
**Re:** MHT 9101122 – Disposal of Trust Parcel C20492  
**Fiscal Year:** 2023

## Consultation

### Proposed RMC Motion:

*“The Resource Management Committee concurs with the Executive Director’s recommendation to dispose of Trust parcel C20492 through a negotiated sale or subsequent disposal.”*

### Background:

**Revenue Projections:** \$487,500.00

**Transaction/Resource:** The proposed action is to dispose of a parcel through a negotiated sale to the applicant, Jeff Rolquin. In the event the parcel is not sold to the applicant, the parcel may be reoffered in a future land sale, through a competitive or over-the-counter sale, a negotiated sale, or through a negotiated or competitive lease.

**Property Description/Acreage/MH Parcel(s):** The negotiated sale includes Trust parcel C20492, described as:

T. 41 S., R. 67 E., COPPER RIVER MERIDIAN, ALASKA, SECTIONS 9 AND 16; TRACT A OF ALASKA STATE LAND SURVEY NO. 90-242; CONTAINING 10.34 ACRES, MORE OR LESS. ACCORDING TO THE SURVEY PLAT RECORDED IN THE JUNEAU RECORDING DISTRICT ON JUNE 11, 1991, AS PLAT 91-35.

The physical location of the parcel is on the east side of Channel Vista Drive in Juneau.

**General Background:** In early-April 2022, the TLO received an application for a negotiated sale. There are no other uses currently authorized on the parcel. The majority of the parcel is steep terrain. There is no history of use or interest in the parcel, most likely due to its challenging topography and the cost to develop or improve it.

**Anticipated Revenues/Benefits:** Under this proposal, the Executive Director will be able to negotiate and execute a sale of the parcel for \$487,500, which is 30% above the appraised fair market value of the parcel. The applicant plans to purchase with cash, adding all the revenue to the corpus as principal. This sale would generate revenue from a parcel that otherwise is not producing revenue.

**Anticipated Risks/Concerns:** There are no significant risks or concerns associated with this negotiated sale. Minor risks include nonpayment on the sale by the buyer. This risk will be mitigated through a purchase and sale agreement which includes contemporary language to limit risks to the Trust, ensure performance by the buyer, and allow for termination in case of default with retention of the parcels in Trust ownership.

**Project Costs:** \$0

**Other Considerations:** N/A.

**Due Diligence:** TLO staff inspected the parcel in March of 2022. The purchase price was determined by an appraisal completed by Southeast Appraisal Services, LLC. on April 20, 2022. The appraisal determined the fair market value of the parcel to be \$375,000. The parcel will be sold at a premium of 30% above the appraised value to compensate for not selling the parcel through a competitive process. Contract documents were reviewed by the Department of Law, and no separate independent review is required.

**Alternatives:** The alternative is to hold the parcel for sale competitively or lease sometime in the future. This alternative would delay receipt of revenues from the sale of the parcel and could result in additional costs and risks to the Trust without significant increases in value. Historical competitive sales in the Juneau area demonstrate that we are unlikely to produce revenue above the negotiated price. Additionally, there has been no expressed interest in the parcel for sale or lease, likely due to the challenging topography and cost to improve the land. The Best Interest Decision will provide the opportunity to make competitive offers if there is additional competing interest in purchasing the parcel.

**Consistency with the Resource Management Strategy:** The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted October 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. Past experience has demonstrated that it is unlikely that this parcel will appreciate at a rate that would justify holding it for a later sale. It is not cost effective for the Trust to hold this parcel 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 by negotiated sale. If not sold, the parcel may be disposed of in the future through the TLO’s land sale programs, negotiated sale, or a negotiated or competitive lease.

**Applicable Authority:** Alaska Statutes 37.14.009(a), and 38.05.801, and 11 AAC 99.

**Trust Authority Consultation:** This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

**Exhibit(s):** A: Detailed Location Map

## Exhibit A: Detailed Location Map



### Exhibit A





**To:** John Sturgeon, Chair  
Resource Management Committee  
**From:** Jeff Green, Deputy Director  
**Date:** 7/26/2022  
**Re:** MHT 9200837 – Disposal of Trust Parcels SM-1435 & SM-1442  
**Fiscal Year:** 2023

## Consultation

### Proposed RMC Motion:

*“The Resource Management Committee concurs with the Executive Director’s recommendation to dispose of Trust parcels SM-1435 & SM-1442 through a negotiated sale or subsequent disposal.”*

### Background:

**Revenue Projections:** \$432,380.00

**Transaction/Resource:** The proposed action is to dispose of two parcels through a negotiated sale to the applicant, Wetlands & Waters Foundation, LLC. In the event the parcels are not sold to the applicant, the parcels may be reoffered in a future land sale, through a competitive or over-the-counter sale, a negotiated sale, or through a negotiated or competitive lease.

**Property Description/Acreage/MH Parcel(s):** The negotiated sale includes Trust parcels SM-1435 & SM-1442, described as:

T. 008 N., R. 011 W., SEWARD MERIDIAN, ALASKA

SECTION 34: LOT 20; CONTAINING 2.29 ACRES, MORE OR LESS. ACCORDING TO THE SURVEY PLAT ACCEPTED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT IN WASHINGTON, D.C. ON MAY 8, 1959.

T. 008 N., R. 011 W., SEWARD MERIDIAN, ALASKA

SECTION 34: E1/2SW1/4SW1/4NE1/4, SE1/4SW1/4NE1/4, E1/2NW1/4SE1/4, NW1/4NE1/4SE1/4; CONTAINING 45.00 ACRES, MORE OR LESS. ACCORDING TO THE SURVEY PLAT ACCEPTED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT IN WASHINGTON, D.C. ON MAY 8, 1959.

The physical location of the parcels is at the end of Neighbors Road adjacent to Daniels Lake in Nikiski.

**General Background:** In mid-April 2022, the TLO received an application for a negotiated sale. There are no other uses currently authorized on the parcel. There is no history of use or interest in the parcels, most likely due to their undulating topography and the cost to develop or improve them.

**Anticipated Revenues/Benefits:** Under this proposal, the Executive Director will be able to negotiate and execute a sale of the parcels for \$432,380, which is 30% above the appraised fair market value of the parcels based on the hypothetical condition that the parcels have been subdivided, electrical lines have been installed, and access roads have been constructed. The applicant plans to purchase with cash, adding all the revenue to the corpus as principal. This sale would generate revenue from parcels that otherwise are not producing revenue.

**Anticipated Risks/Concerns:** There are no significant risks or concerns associated with this negotiated sale. Minor risks include nonpayment on the sale by the buyer. This risk will be mitigated through a purchase and sale agreement which includes contemporary language to limit risks to the Trust, ensure performance by the buyer, and allow for termination in case of default with retention of the parcels in Trust ownership.

**Project Costs:** \$0

**Other Considerations:** N/A.

**Due Diligence:** TLO staff inspected the parcels in June of 2021. The purchase price was determined by an appraisal completed by Black-Smith, Bethard, & Carlson, LLC on May 27, 2022. The appraisal based on the hypothetical subdivision, utilities, and access condition determined the fair market value of the parcels to be \$332,600. The parcels will be sold at a premium of 30% above the appraised value to compensate for not selling the parcels through a competitive process. Contract documents were reviewed by the Department of Law, and no separate independent review is required.

**Alternatives:** The alternative is to hold the parcels for sale competitively or lease sometime in the future. This alternative would delay receipt of revenues from the sale of the parcels; add development costs for the expense of subdividing the parcels, constructing access roads and electric, and marketing costs; and could result in additional costs and risks to the Trust without significant increases in value. Historical competitive sales in the Nikiski area demonstrate that we are unlikely to produce revenue above the negotiated price and would incur over \$100,000 in additional development costs. Additionally, there has been no expressed interest in the parcels for sale or lease, likely due to the challenging topography and cost to improve the land. The Best Interest Decision will provide the opportunity to make competitive offers if there is additional competing interest in purchasing the parcels.

**Consistency with the Resource Management Strategy:** The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted October 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. Past experience has demonstrated that it is

unlikely that these parcels will appreciate at a rate that would justify holding them for a later sale. It is not cost effective for the Trust to hold these parcels and incur the associated management costs and liabilities.

**Trust Land Office Recommendation:** The TLO recommends that it is in the Trust's best interest to offer these parcels by negotiated sale. If not sold, the parcels may be disposed of in the future through the TLO's land sale programs, negotiated sale, or a negotiated or competitive lease.

**Applicable Authority:** Alaska Statutes 37.14.009(a), and 38.05.801, and 11 AAC 99.



**Trust Authority Consultation:** This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

**Exhibit(s):** A: Detailed Location Map

# Exhibit A: Detailed Location Map



Negotiated Sale  
MHT 9200837

 MHT 9200837  
 Mental Health Parcels

0 200 400 600 800 1,000 Feet





2600 Cordova Street, Suite 201  
Anchorage, Alaska 99503  
Phone: 907-269-8658  
Fax: 907-269-8605

**To:** John Sturgeon, Chair  
Resource Management Committee  
**From:** Brittany Williams, Leasing and Land Sales Manager  
**Date:** 7/26/2022  
**Re:** 2023 – 2025 Parcel Inventory for Statewide Land Sale Programs  
**Fiscal Year:** 2023 – 2025

## Consultation

### Proposed RMC Motion:

*“The Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with creating a pool of approximately 88 subdivision lots and small to large tract parcels to be subdivided that may be disposed of through the TLO’s Statewide Land Sale Programs.”*

### Background:

**Revenue Projections:** Principal (up to) \$6 Million  
Income (up to) \$3 Million

**Transaction/Resource:** The proposed action is to select and offer, through the TLO’s Statewide Land Sale Programs, Trust parcels annually from a pool of 88 parcels between fiscal years 2023 and 2025. If a parcel is not sold within this timeframe, it may be reoffered in future TLO Statewide Land Sale Programs. These parcels were identified based on already being suitable for disposal or a candidate for subdivision in an area where market conditions will allow for profitable sales after a subdivision has been completed.

Parcels identified for inclusion in the Statewide Land Sale Programs will be offered up in the following order of Land Sale Programs:

1. Annual Competitive Land Sale Program (Sealed Bid Auction Format).
2. Year-round Over-the-Counter Land Sale Program.
3. Negotiated Sale at, or above, the appraised value.

The Executive Director, in consultation with the Trust Authority, may elect to sell a parcel from this pool through a negotiated sale, so long as a written decision is completed providing the opportunity for interested parties to submit qualified competing offers and describing that a non-competitive disposal is in the best interest of the Trust and its beneficiaries.

Purchasers may elect to pay for the parcel in full or finance through a TLO land sale contract.

**Property Description/Acreage/MH Parcel(s):** Trust parcels in the pool are mostly from subdivisions currently being developed by the TLO, pre-existing subdivisions designed and platted by the Department of Natural Resources (DNR) (primarily in the 1970's and 1980's), or individual parcels 30 acres or smaller in size that are already suitable for disposal. These parcels have characteristics that are typical of residential and recreational properties that do not lend themselves to other types of resource development.

The parcels to be offered are listed on Exhibit 1 of this consultation document. Descriptions include Trust parcel number, general locations, meridian, township, range, section, survey number, lot, block, and acreage.

It is important to note that certain parcels may be deleted from the list because of the public notice process, title reviews, parcel inspections, or the identification of a higher and better use that would generate larger returns.

**General Background:** The TLO has been selling parcels through the Statewide Land Sale Programs since 1998 on behalf of the Trust. In previous years, the TLO would select a limited number of already subdivided parcels on an annual basis to offer during the next fiscal year. The TLO concluded that an inventory of parcels from which the TLO could select from over the next three years and beyond would better maximize revenues from the Statewide Land Sale Programs. Throughout the last two years, partly due to low interest rates, the TLO has seen an increase in land sales and has amplified its subdivision development efforts to keep pace with sales. This consultation specifically includes larger parcels/tracts of land which first require subdivision, many of which are currently underway, in order to maximize revenue from the sales. After the subdivisions are completed, the number of total lots that are sold will be much greater than the 88 parcels, which make up the parent parcels of the subdivisions.

**Anticipated Revenues/Benefits:** By having an inventory of parcels to select from that has been through the TLO's administrative process, the TLO can consolidate costs such as appraisals and parcel inspections over multiple land sale years, have more flexibility to respond timely to public interest, market trends, and more effectively sell the parcels.

The TLO's goal is to generate \$6 million during the three-year sale period. Land sales have performed very well over the last two years, and it is possible for this trend to continue with the TLO's ability to provide inventory in areas where demand is high. However, with the rise of interest rates the option to finance a parcel becomes less attractive and sales may slow as a result. Exact revenues received will be dependent on number of land sale contracts issued, payoffs, and interest rates. These anticipated revenues will be realized over a twenty-year period for each land sale year. Remaining parcels not sold within this three-year period may continue to generate revenue in future years as they are sold.

**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 from buyers. 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:** Project costs over the three-year period are estimated at approximately \$300,000

(from TLO operating budget) with the primary costs being surveys, appraisals, title reports, parcel inspections, and marketing.

**Due Diligence:** Prior to the sale of the parcels a TLO staff member, contract appraiser, or surveyor will inspect each parcel. Minimum parcel bids will be established via standard appraisals or other appropriate valuation methods. All parcels will have a title report completed prior to issuing a sale contract or quitclaim deed. Contract documents have been reviewed by Department of Law; no separate independent review is required.

**Alternatives:** The primary alternative is to hold the parcels for future development or sales. This alternative would delay receipt of revenues and could result in additional costs and risks to the Trust without significant increases in value. Currently, the TLO has assessed the highest and best use of these parcels as residential or recreational properties. If an alternative resource development proposal is identified or a negotiated sale application is received prior to the competitive sale and over-the-counter sale offering, for a specific parcel in the future, the TLO may re-evaluate the highest and best use and may elect an alternative use, which would require separate decision and consultation.

**Consistency with the Resource Management Strategy:** The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted October 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. Experience has demonstrated that it is unlikely that these parcels will appreciate at a rate that would justify holding them for a later sale. It is also not cost effective for the TLO to hold these parcels for a long period of time and incur the associated management costs and liabilities.

Also, by designating a pool of parcels to select from and offer over the next three-year period, the TLO Lands Section will more effectively meet the Land Resource Management Strategy objectives to maintain a three-year inventory of lots through subdivision developments in support of the land sale programs during fiscal years 2023 – 2025.

**Trust Land Office Recommendation:** The TLO recommends that it is in the Trust’s best interest to select and offer Trust parcels from a pool of 88 existing parcels between fiscal years 2023 and 2025 through the TLO’s Statewide Land Sale Programs. If not sold in the initial timeframe the parcels may be re-offered in future land sale programs.

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

**Trust Authority Consultation:** This briefing document fulfills the consultation requirements that are applicable to the transaction. If significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

**Exhibit(s):** Exhibit 1 – Parcel List

General Location	MH Parcel Number	MTRS	Survey Type	Survey Number	Lot	Block	Acres
Big Lake	SM-2285	S017N004W30	USRS		19		21.77
Big Lake	SM-2266	S017N004W29, 30	USRS		SECTION 29: ALL EXCLUDING LOTS 1-8, ALASKA STATE LAND SURVEY NO. 83-198, ALASKA STATE LAND SURVEY NO. 84-03, AND ALASKA STATE LAND SURVEY NO. 90-31; SECTION 30: E1/2NE1/4		591.35
Big Lake	Portion of SM-2110	S017N004W20, 21, 23			ALL		1781.06
Big Lake	SM-2069	S017N004W16	TLS	2016-01	ALL		159.97
Big Lake	SM-2070	S017N004W16	TLS	2016-01	ALL		108.67
Big Lake	SM-2064	S017N004W16	TLS	2016-01	ALL		155.47
Big Lake	SM-2054	S017N004W15	TLS	2016-01	ALL		10.40
Big Lake	SM-1919-A	S017N004W01, 2, 10	TLS	2016-01	ALL		1691.00
Big Lake	SM-1942	S017N004W11	TLS	2016-01	ALL		3.67
Big Lake	SM-1941	S017N004W11	TLS	2016-01	ALL		4.57
Big Lake	SM-1963	S017N004W11	TLS	2016-01	ALL		10.00
Big Lake	SM-1940	S017N004W11	TLS	2016-01	ALL		5.00
Big Lake	SM-2071	S017N004W16	TLS	2016-01	ALL		14.69
Big Lake	SM-2068	S017N004W16	TLS	2016-01	ALL		159.98
Big Lake	SM-2061	S017N004W15	TLS	2016-01	ALL		23.21
Hollis	C70927	C073S084E35	ASLS	79-181	TRACT D PARCEL 2 AND TRACT H		12.93
Juneau	C1006	C040S066E32, 33	USS	3259	Lots 33 - 53		29.79
Kachemak Bay	Portion of SM-0422-D	S008S013W21	USRS		ALL UPLANDS, EXCLUDING U.S. SURVEY NOS. 3903, 3979, 3980, 3981 AND 4700, ENGINEERING PLAT FILE NO. 69-3, SOUTH KACHEMAK ALASKA SUBDIVISION, AND ALASKA STATE LAND SURVEY NO. 78-64		293.46
Ketchikan	CRM-2764	C074S089E13	USS	3157	123B		4.77
Ketchikan	CRM-2762	C074S089E13	USS	3157	96		7.63
Nikiski	SM-1327-01	S008N011W23	USRS		NW1/4SE1/4 EXCLUDING ALASKA STATE LAND SURVEY NO. 75-75		36.99
Nikiski	SM-1326	S008N011W23	USRS		5		41.23
Nikiski	S1002	S008N011W23	USRS		THE SW1/4 OF THE SE1/4, EXCEPTING THEREFROM THE WEST 450 FEET AS MEASURED PARALLEL TO THE WEST LINE OF SAID SW1/4 OF THE SE1/4		26.36
Palmer	SM-0063	S018N002E07	USRS		3		35.42
Palmer	SM-0064	S018N002E07	USRS		4		35.52
Palmer	SM-0065	S018N002E07	USRS		E1/2SW1/4, NE1/4SE1/4, W1/2SE1/4, N1/2SE1/4SE1/4		220.00
Petersburg	CRM-2284-02	C060S079E13, 14, 23, 24, 25	TLS	2021-02	ALL		670.65
Petersburg	CRM-2390	C060S079E25	USRS		40		5.00
Petersburg	CRM-2389	C060S079E25	USRS		39		4.85
Petersburg	CRM-2388	C060S079E25	USRS		38		3.70
Petersburg	CRM-2387	C060S079E25	USRS		37		4.46
Petersburg	CRM-2386	C060S079E25	USRS		36		4.78
Petersburg	CRM-2385	C060S079E25	USRS		35		5.66
Petersburg	CRM-2384	C060S079E25	USRS		34		5.24
Petersburg	CRM-2383	C060S079E25	USRS		33		4.92
Petersburg	CRM-2382	C060S079E25	USRS		32		4.84
Petersburg	CRM-2381	C060S079E25	USRS		31		4.45
Petersburg	CRM-2380	C060S079E25	USRS		30		2.50
Petersburg	CRM-2379	C060S079E25	USRS		29		4.99
Petersburg	CRM-2378	C060S079E25	USRS		28		4.79
Petersburg	CRM-2377	C060S079E25	USRS		27		2.24
Petersburg	CRM-2376	C060S079E25	USRS		26		3.59
Petersburg	CRM-2375	C060S079E25	USRS		25		4.26
Petersburg	CRM-2374	C060S079E25	USRS		24		2.57
Petersburg	CRM-2393	C060S079E25	USS	2609	C		3.14
Petersburg	CRM-2392	C060S079E25	USS	2609	B		4.43
Petersburg	CRM-2391	C060S079E25	USS	2609	A		4.96
Petersburg	CRM-2396	C060S079E25	USS	2609	29		4.99
Petersburg	CRM-2395	C060S079E25	USS	2609	28		4.87
Petersburg	CRM-2397	C060S079E25	USS	2609	30		4.99
Petersburg	CRM-2394	C060S079E25	USS	2609	D		4.45
Petersburg	CRM-2370	C060S079E25	USRS		20		3.80
Petersburg	CRM-2371	C060S079E25	USRS		21		3.14
Petersburg	CRM-2399	C060S079E26	USRS		6		5.60
Petersburg	CRM-2398	C060S079E26	USRS		5		4.08
Petersburg	CRM-2340	C060S079E23	USRS		5		0.86
Petersburg	CRM-2343	C060S079E23	USRS		12		5.03

General Location	MH Parcel Number	MTRS	Survey Type	Survey Number	Lot	Block	Acres
Petersburg	CRM-2344	C060S079E23	USRS		13		4.44
Petersburg	CRM-2277	C059S079E35	USRS		42		2.50
Salcha	FM-7009	F006S004E02, 11	USRS		SECTION 2: LOTS 10, 11 AND 12, LOTS 24 TO 27 INCLUSIVE, LOTS 35 TO 38 INCLUSIVE, LOTS 45, 46, 47, 54 AND 55, LOTS 67, 68, 82, 83, 90, 91, 98, 99, 106, 107, 112 AND 113, LOTS 116 TO 118 INCLUSIVE, LOTS 121 TO 124 INCLUSIVE, LOTS 129 TO 132 INCLUSIVE, LOTS 137 TO 141 INCLUSIVE, LOTS 148 TO 154 INCLUSIVE, LOTS 160 TO 162 INCLUSIVE. SECTION 11: LOTS 4 AND 5, LOTS 9 TO 12 INCLUSIVE, LOTS 24 TO 40 INCLUSIVE, LOTS 44 TO 84 INCLUSIVE.		198.10
Skagway	C20456.002	C028S059E02	USS	5110	5		225.00
Skagway	C20454.001	C028S059E01	USS	5110	5		160.00
Skagway	C20446	C027S059E35	USS	5110	THAT PORTION OF LOT 5 OF U.S. SURVEY NO. 5110 WITHIN SW1/4NE1/4, SE1/4NW1/4, E1/2SW1/4, SE1/4 EXCLUDING U.S. SURVEY NO. 3307, ALASKA STATE LAND SURVEY NO. 74-157 AND NAHKU BAY		315.00
Skagway	C20447	C027S059E36	USS	5110	THAT PORTION OF LOT 5 OF U. S. SURVEY NO. 5110, ALASKA OFFICIALLY FILED ON MARCH 22, 1990 WITHIN SECTION 36 DESCRIBED AS FOLLOWS: NE1/4NE1/4SE1/4, S1/2NE1/4SE1/4, S1/2SE1/4, EXCLUDING USS 3312, USS 1254 AND USS 176; S1/2S1/2SW1/4; N1/2S1/2SW1/4 AND THE N1/2SW1/4 WEST OF THE CORPORATE BOUNDARY LINE OF THE CITY OF SKAGWAY RECORDED IN BOOK 2, PAGE 674 EXCLUDING USS 5106A; E1/2SE1/4NW1/4 AND THE W1/2SW1/4NE1/4 WEST OF THE CORPORATE BOUNDARY LINE OF THE CITY OF SKAGWAY RECORDED IN BOOK 2, PAGE 674, SKAGWAY RECORDING DISTRICT.		190.00
Skagway	C32026	C027S059E36	USS	5110	THAT PORTION OF THE SW1/4SW1/4NW1/4 WITHIN THE UNSUBDIVIDED REMAINDER OF LOT 8 OF U.S. SURVEY NO. 5110 EXCLUDING ANY PORTION OF U.S. SURVEY NO. 5106A.		10.00
Sterling	SM-0618	S005N008W29	USRS		5		19.02
Wasilla	S20550	S018N001W23	USRS		NE1/4		160.00
Wasilla	S20551	S018N001W23	USRS		N1/2NW1/4		80.00
Wasilla	S20549	S018N001W21	USRS		SW1/4NE1/4		40.00
Wasilla	S20553	S018N001W29	USRS		NE1/4NW1/4		40.00
Wasilla	S20554	S018N001W29	USRS		W1/2NW1/4		80.00
Wasilla	S20555	S018N001W29	USRS		SE1/4NW1/4		40.00
Wasilla	S20556	S018N001W30	USRS		NE1/4NE1/4		40.00
Wasilla	S20557	S018N001W30	USRS		E1/2NW1/4NE1/4		20.00
Wasilla	S20558	S018N001W30	USRS		W1/2NW1/4NE1/4		20.00
Wasilla	S20559	S018N001W30	USRS		SW1/4NE1/4		40.00
Wasilla	S20560	S018N001W30	USRS		SE1/4NE1/4		40.00
Wasilla	S20561	S018N001W30	USRS		LOTS 3 AND 4, E1/2SW1/4		152.29
Wasilla	S20563	S018N001W31	USRS		LOT 1, NE1/4NW1/4		76.35
Wasilla	S20562	S018N001W31	USRS		NE1/4		160.00
Wasilla	S20564	S018N001W31	USRS		2		36.55
Wasilla	S34011	S018N001W31	USRS		SE1/4NW1/4		40.00
Wasilla	S20565	S018N001W31	USRS		LOTS 3 AND 4, E1/2SW1/4		153.66
Wasilla	S20566	S018N001W35	USRS		E1/2SE1/4		80.00
Wasilla	S20525	S017N002W10	USRS		SW1/4NE1/4		160.00
Willow	SM-2465	S020N004W34	USRS		NE1/4NW1/4SW1/4, E1/2SW1/4		90.00
Willow	SM-2466	S020N004W35	USRS		N1/2N1/2SW1/4		40.00
Willow	SM-2467	S020N004W35	USRS		S1/2N1/2SW1/4, S1/2SW1/4		120.00



**To:** John Sturgeon, Chair  
Resource Management Committee  
**From:** Chandler Long  
**Date:** 7/26/2022  
**Re:** Icy Bay Timber Disposal, MHT 9101128  
**Fiscal Year:** 2023

## Consultation

### Proposed RMC Motion:

*"The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the disposal of the timber in the Icy Bay area on Trust Land."*

### Background:

<b>Revenue Projections:</b>	<b>Principal \$ 5,525,000</b>	<b>(up to)</b>
	<b>Income \$ 975,000</b>	<b>(up to)</b>

**Transaction/Resource:** The Trust Land Office (TLO) will offer for disposal, all or a portion of all merchantable timber on Trust land referred to as the Icy Bay tract. Disposal of timber resources will be through competitive, negotiated, or other disposal methods. A potential sale may be based on a stumpage return, lump sum, harvest market agreement, or other sale contract methods. This consultation is valid for all timber disposed of at Icy Bay within 10 years. Presently, there is market interest in portions of the merchantable timber volume at Icy Bay.

The current market interest is in Icy Bay timber that is approximately 120 years old. These stands are Sitka Spruce dominant and preferred by markets as a smaller diameter log considered to be "young old growth." The timber age is due to land uplift from several earthquakes in September 1899 with an epicenter near Yakutat Bay. This young old growth is ideal for certain markets, however, timber sales in Icy Bay have historically required higher volume harvests to be economic. Icy Bay is well known as a demanding and expensive place to operate. Storm events are common making road maintenance ongoing. Icy Bay is logistically remote, it requires remote camps and barging in and out all infrastructure from sand ramps in shallow water where there's potential for weather outbreaks potentially causing costly delays (i.e., demurrage).

Yak Timber Inc., has applied to purchase three (3) million board feet (mmbf) of timber at Icy Bay. The proposed harvest units were a part of Sealaska Timber Company's (Sealaska) timber sale contract with the TLO (MHT 9100698), however, were not harvested due to unfavorable market conditions related to the Covid-19 pandemic, China tariffs, and dumping of European wood from spruce bark beetle kill. The uncut timber units were paid for by Sealaska at their stumpage rate of \$132 per thousand board feet

(mbf) per the terms of their contract. These timber units may be sold lump sum to Yak Timber Inc. for \$75 per mbf, returning an additional \$225,000 to the Trust on the same timber. The summed revenue from this 3 mmbf of timber would be \$207 per mbf or \$701,668.

The Yak Timber Inc. timber sale would be for five (5) years, which may be extended upon consent of both parties. Performance risks would be mitigated by an upfront lump sum payment for the identified timber units, insurance, bonding, and having the remote camp off of Trust land. The proposed timber sale contract would include a stumpage sale option if additional timber is requested for harvest. The 5-year contract will allow time to consider market conditions and evaluate the feasibility of additional timber units. It has been found that extended contract times allow the contractor to weather slow market conditions and results in higher returns to the Trust. The extended contract time may offer the opportunity to incorporate additional economic timber units and thereby increase the Trust's return. By broadening this consultation to include all Icy Bay timberlands it allows the TLO the ability to increase the Trust's return by increasing timber harvests if suitability is determined once the contractor is mobilized in Icy Bay.

The TLO has experienced an increase of interest in its timber sale program following other landowners closing or reducing their timber sale programs in 2021. Providing wood to assist in the timber industry stability and transition to young growth timber has been a primary objective of the State of Alaska timber bridge. The TLO is fulfilling the purpose of the timber bridge by selling wood to local industry. At this time, negotiating a sale with Yak Timber Inc., would be the most prudent method of disposal as to turn this timber into a performing asset right now. It is in the Trust's best interest to negotiate with Yak Timber Inc. and make all timber at Icy Bay available for disposal over the next 10 years to be able to continue offering timber to maintain an industry which can transition to harvest Trust young growth in 5-15 years.

Public notice process will occur for each timber sale in the 10-year term.

**Property Description/Acreage/MH Parcel:** CRM-0001, CRM-0002, CRM-0003, CRM-0004, CRM-0005, CRM-0006, CRM-0007-A, and CRM-0008, located within Copper River Meridian, Township 22 South, Range 22 East, Sections 1-36, Copper River Meridian, Township 22 South, Range 21 East, Sections 1-27 and 35-36, Copper River Meridian, Township 22 South, Range 20 East, Sections 1-14, Copper River Meridian, Township 22 South, Range 19 East, Sections 1-5 and 11-12. Quit Claim Deed (QCD) Nos. 8000002 and 8200046.

The timber disposal area includes approximately 18,000 acres of timberland within the described approximately 48,244 acres of Trust land in the Icy Bay Tract. Exhibit 1 depicts the timber disposal area.

**General Background:** Timber resources have been commercially disposed of at Icy Bay commencing in 1971 through 1988 by the Department of Natural Resources (DNR). Following the reconstitution of the Alaska Mental Health Trust Authority (Trust) and formation of the TLO, the TLO completed its first timber sale (MHT 9100021), at Icy Bay, from 1997 to 2002. This sale returned over \$11 million dollars to the Trust.

In 2013 a timber cruise was conducted which forecasted 3,000 acres (50 mmbf) ready for harvest, with an additional 8,000 acres ready for harvest beginning in 2022. The remaining 7,000 acres of the approximately 18,000 acres of timberlands at Icy Bay is projected to be harvested beginning 50 years from its initial cut in 1996. To date, an estimated 9,357 acres and projected 35 mmbf is ready for harvest at Icy Bay. Based on the current proposed sale price at this time, with the cost of road maintenance and river crossing upgrades, the TLO anticipates a \$6.5 million dollar return from merchantable timber at Icy Bay.

In 2014 Timber Sale MHT 9100698 was issued to Sealaska. In 2018 and 2019 Sealaska harvested 1,643 acres and almost 29 million board feet (MMBF) resulting in a \$3.48 million dollar return to the Trust. Due to unfavorable market conditions, Sealaska demobilized in 2020 and estimated approximately 3,611.12 mbf of timber volume was left uncut. Sealaska paid \$476,668, in addition to the \$3.48 million, in uncut stumpage per the terms of the contract.

To date, approximately 55% of the commercial timber stands at Icy Bay have been harvested at some time in the past and evaluation of these harvests suggest a 50-year rotation.

The TLO has engaged in the sale of timber as a major contributor to its traditional revenue portfolio. The Trust Resource Management Committee has heard and approved various consultations on timber disposals in Icy Bay beginning in 1995. At the November 2013 Trust full board meeting, Trustees approved the sale of timber on all 18,000 acres of Icy Bay timberlands. As the last consultation on Icy Bay timber disposal was in 2013, it has been determined this consultation is appropriate for future timber disposal in the next 10 years.

The TLO desires that the proposed timber disposal will assist in providing sufficient timber to the southeast Alaska timber industry to remain operable until other landowners can market additional timber. The TLO continues to be an active participant in the State of Alaska timber bridge, supporting the industry transition to young growth and providing framework for the TLO to have a future young growth timber program.

**Anticipated Revenues/Benefits:**

1. The Yak Timber Inc. timber sale will generate a minimum of \$225,000.
2. Harvest of timber will maximize revenue while providing for timber regeneration and future timber harvests.
3. Timber harvests support the State of Alaska bridge timber programs transition to young growth.

**Anticipated Risks/Concerns:** Anticipated risks and concerns include compatibility with other development opportunities at Icy Bay, as well as timber sale feasibility due to the complex logistics of Icy Bay.

Timber harvests will not overlap with areas of the Icy Cape Gold and Industrial Heavy Minerals Project; however, all activities will route along the same mainline road system. Timber will be hauled along the mainline and transported to the Log Transfer Facility (LTF) east of the Trust Icy Bay Tract. Road use will require coordination amongst the parties on site. Joint use of roads and road maintenance responsibilities will be a part of the proposed timber sale contract.

Potential future harvests on western portions of the Icy Bay Tract will require access improvements including bridge upgrades. There are no sources of shot rock in the Icy Bay area, therefore, roads are not durable and tend to revegetate with grass and alder rapidly. Further, stream bed locations are highly variable. Primary river channels often change course and run over the mainline road. This requires unique road management techniques such as low bridge abutments where the river can overrun if needed and then be corrected back into the primary channel under the bridge. 13.5 miles of the mainline is an on-going maintenance obligation of the TLO which could be supported by timber disposal. It is still to be determined if western Icy Bay Tract timber disposal could prove to support the necessary road and bridge upgrades to haul the timber to the LTF. If the proposed timber sale contract were extended to include additional units in western Icy Bay, a road maintenance agreement may be implemented between the TLO and the operator. The current Yak Timber Inc. proposal is to harvest units in the southeast portion of the Icy Bay Tract which will not require bridge or abutment improvements.

**Project Costs:** TLO staff time and travel costs.

**Other Considerations:** This sale will assist in the SE Alaska timber industries transition to a young growth timber industry for long term viability. The Trust is reliant on the timber industry to purchase Trust timber in the future.

**Due Diligence:** The TLO staff have visited the area on numerous occasions. An extensive timber cruise and logging plan was conducted in 2013 prior to the Sealaska timber sale. That timber cruise and data from Sealaska's harvests were utilized to negotiate the sale price. The TLO monitors all log scale and payments throughout a contract.

Performance risks will be mitigated through the terms of the timber sale contract. Insurance and bonding is required and the remote camp will not be placed on Trust land.

**Alternatives:**

1. **Do Nothing:** This alternative assumes that timber values will not be maximized by harvesting at this time. Timber is a commodity, markets fluctuate, it is anticipated that this can be mitigated with an extended contractual time. There is a distinct possibility that if the sale is not marketed now there may not be an industry in place to purchase it in the future.
2. **Alternate Development:** Due to the remote nature of the parcel, the alternate development opportunities are those found away from community centers such as the existing history of logging, current big game guiding, and the exploratory Icy Cape Gold and Industrial Heavy Minerals Project. At this time, such remote development opportunities have been determined to be compatible with the current timber disposal proposal by Yak Timber Inc.
3. **Proposed Alternative:** This alternative will provide the Trust with revenue and will help to maintain customers for future timber sales. The harvest should not adversely impact other future development. Harvest now will allow a new forest to start again as the industry looks to transition from old growth to young growth over the next 5-15 years.

**Consistency with the Resource Management Strategy:** The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted October 2021 in consultation with the Trust and provides for 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 current Yak Timber Inc. proposal affected by this decision will be sold with a five (5) year contract term. Future timber sales will be evaluated based on market conditions at that time.

**Trust Land Office Recommendation:** Proceed with the disposal of timber on Trust land at Icy Bay by negotiated, competitive, or other disposal processes with a stumpage, lump sum, harvest market agreement or other sale contract method(s). This timber disposal consultation is valid for 10 years.

**Applicable Authority:** AS 37.14.009(a), AS 38.05.801, and 11 AAC 99.

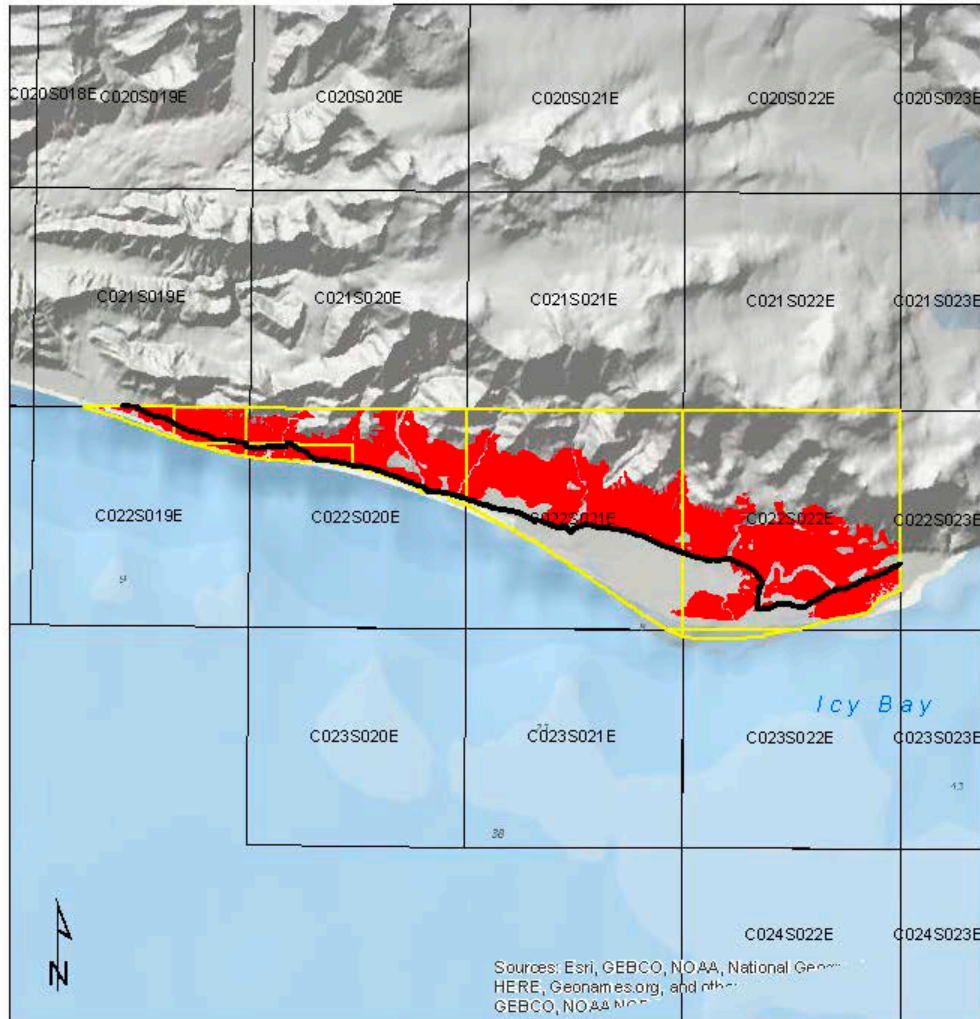
**Trust Authority Consultation:** This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

**Exhibit(s):**

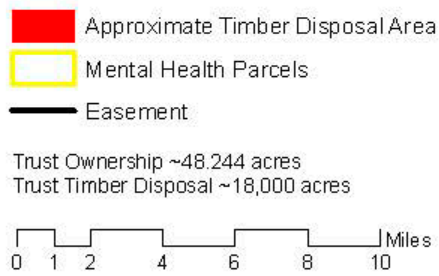
Exhibit 1 – Icy Bay Timber Disposal Map

Exhibit 2 – MHT 9101128 Timber Sale Area Map

# Icy Bay Timber Disposal Map Exhibit 1



## Icy Bay Timber Disposal MHT 9101128 Area Map



# MHT 9101128 Timber Sale Area Map Exhibit 2

