

Meeting Agenda



Meeting: Resource Management Committee
Date: October 19, 2022
Time: 10:00 am
Location: Online via webinar and teleconference
Teleconference: (844) 740-1264 / Meeting Number: 2453 203 2405 # / Attendee Number: #
<https://alaskamentalthtrust.org/>
Trustees: John Sturgeon (Chair), Rhonda Boyles, Verné Boerner, Kevin Fimon, Brent Fisher, Anita Halterman, Agnes Moran

Wednesday, October 19, 2022

Page No

10:00	Call to Order (John Sturgeon, Chair) Roll Call Announcements Approval of Agenda Ethics Disclosure Approval of Minutes • July 26, 2022	4
10:05	Executive Director Report	hand-out
10:30	Icy Cape Update	hand-out
10:45	Consultations • Item A – Disposal of Trust Parcel FM-0451 – MHT 9400747 • Item B – Disposal of Trust Parcel CRM-1138-01 – MHT 9101132	12 16
11:15	Adjourn	

Future Meeting Dates

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

(Updated – October 2022)

- | | | |
|--------------------------------|----------------------------|------------------------|
| • 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, 2023 | (Thu) |
| • Finance Committee | January 5, 2023 | (Thu) |
| • Resource Mgt Committee | January 5, 2023 | (Thu) |
| • Program & Planning Committee | January 6, 2023 | (Fri) |
| • Full Board of Trustee | January 24-25, 2023 | (Tue, Wed) – Juneau |
| | | |
| • Audit & Risk Committee | April 19, 2023 | (Wed) |
| • Finance Committee | April 19, 2023 | (Wed) |
| • Resource Mgt Committee | April 19, 2023 | (Wed) |
| • Program & Planning Committee | April 20, 2023 | (Thu) |
| • Full Board of Trustee | May 24-25, 2023 | (Wed, Thu) – TBD |
| | | |
| • Audit & Risk Committee | July 25, 2023 | (Tue) |
| • Finance Committee | July 25, 2023 | (Tue) |
| • Resource Mgt Committee | July 25, 2023 | (Tue) |
| • Program & Planning Committee | July 26-27, 2023 | (Wed, Thu) |
| • Full Board of Trustee | August 29-30, 2023 | (Tue, Wed) – Anchorage |

Future Meeting Dates

Statutory Advisory Boards

(Updated – July 2022)

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

- 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

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

Alaska Commission on Aging

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

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

- Fall Meeting: October 3-5, 2022 / TBD
- Winter Meeting: December 5-6, 2022 / TBD

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING
July 26, 2022
1:30 p.m.
WebEx Videoconference/Teleconference

Originating at:
Alaska Mental Health Trust Authority
3745 Community Park Loop, Suite 120
Anchorage, Alaska

Trustees Present:

John Sturgeon, Chair
Brent Fisher
Anita Halterman
Agnes Moran
Kevin Fimon
Rhonda Boyles

Trust Staff Present:

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

Trust Land Office staff present:

Jusdi Warner
Sarah Morrison
David MacDonald
Karsten Eden
Hollie Chalup
Jeff Hermanns
Britt Williams
Chandler Long
Sean O'Guinn

Jeff Green

Also participating:

Pam Cawley; Patrick Reinhardt; Lesley Thompson; John Walker; Kathy Craft; Beverly Schoonover; Lisa Cauble; Josephine Stern; Adam Rutherford.

PROCEEDINGS

CALL TO ORDER

CHAIR STURGEON called the meeting to order and began with a roll call. He stated that Trustee Boerner was excused, and there was a quorum. 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, with the correction of it being Tuesday not Wednesday, by TRUSTEE HALTERMAN; seconded by TRUSTEE FISHER.

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

CHAIR STURGEON asked for any ethics disclosures.

TRUSTEE MORAN stated that she lived on South Point Higgins Road where there will be property up for sale.

CHAIR STURGEON asked the Executive Director how to handle that.

MR. WILLIAMS replied that it was the will of the board to determine whether to consider Trustee Moran's declaration of conflict for the topic that may be discussed. She could always recuse herself from that topic and allow the quorum to conduct the business.

CHAIR STURGEON stated that Trustee Moran could explain in more detail the conflict when that issue was discussed, and the board would decide if there is a problem. Hearing no other ethics disclosures, he moved to the minutes from April 20, 2022.

APPROVAL OF MINUTES

MOTION: A motion to approve the Resource Management Committee minutes from April 20, 2022, was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FISHER.

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

TRUST LAND OFFICE EXECUTIVE DIRECTOR REPORT

MS. WARNER welcomed the trustees, and introduced the new hires. She continued with the

timber presentation. Shelter Cove, outside of Ketchikan, is the one timber harvest contract there, but the project is bifurcated due to separate road funding. She stated that in her April update she mentioned that the funding from DOT may not be enough to complete the project and that it appeared to be about \$1.3 million short due to bridge costs, shipping costs, as well as all the ancillary costs and abutments that go along with putting in a bridge. She met with the DOT Commissioner, at the direction of the DNR Commissioner, to discuss funding options. It was a great meeting with him looking towards finding different funding sources for that \$1.3 million. She added that the Shelter Cove Road is a public easement, thus DOT's interest. The second part of the Shelter Cove project is the timber sale. She reported that a harvest market agreement with Alcan Timber was entered into. She stated that, after looking at the contract with Alcan, it was concluded that as that contract stands it does not serve either party's interests, and we agreed to enter into renegotiations. She thanked Chair Sturgeon for being an incredible resource for the TLO on this process. Ms. Warner continued that Jeff Hermanns came to the TLO with extensive experience in Alaska in the timber industry, including Southeast Alaska and Icy Bay. He was in Montana the past six years working state forestry. He has worked on securing a contract to harvest timber on Trust land surrounding the school at Tok. This serves as a dual-purpose project. For the Trust, it will generate some revenue from the timber, and it fosters the subdivision project for more revenue generation. She continued that the TLO had received more than 200 comments with respect to the TLO's review and approval of Constantine's amended plan of operations. As a stipulation of the lease, Constantine must submit a plan of operations for approval. This was not a new lease, but was a modification to the prior approved plan. She noted that she was a panelist at the Alaska Miners Association Mining Day in Fairbanks and served on a panel about managing Alaska's land for multiple use, environmental protection and maximum benefit. She continued that the TLO was invited back to give a presentation on the Icy Cape project at the conference in November in Anchorage. She discussed the two parcels that the Department of Military and Veteran's Affairs would like to purchase for a cemetery site. She then moved on to land sales, which had a great year with 59 new financed contracts. This shatters the highest record by 36 contracts financed, and increasing the contract portfolio balance by \$2.6 million. She noted that there is a new DNR commissioner, Akis Gialopsos, who set up the meeting to find that Shelter Cove Road funding. She thanked Sean O'Guinn, who has been with the State for ten years, and presented him with a certificate of appreciation and a pin.

(Applause.)

CHAIR STURGEON congratulated Mr. O'Guinn and asked about the hunting leases.

MS. WARNER replied that the big game guide permit program continued being a smooth and efficient program. There is a new guide in Icy Bay. We had not been able to get any additional interest in the program aside from a transporter at Tyonek that pays an annual permit fee.

CHAIR STURGEON thanked Ms. Warner for her great presentation and moved to the Icy Bay update.

ICY BAY UPDATE

DR. EDEN began the update for the Icy Cape Gold and Industrial Heavy Minerals project for the second quarter of 2022. He stated that the project planning was currently at 60 percent at the end of the second quarter. He continued that planning for the field season was completed, and

planning for next year's field season is in full swing and on track. He added that procurement was also on track, and we are identifying procurement for next year. He reported on the field work and, at the end of the second quarter, we were only about 5 percent shy of the target goal. He noted that there were no surprises with the drilling, and continued to processing and assaying, which was at 45 percent. Science and engineering were at 60 percent; also on track. There is now a state-of-the-art sample processing facility out there. He added that PR and marketing were also on track. He reported on the site visit by three trustees. There were two complete drill holes on display, and everyone was able to see the three main lithological units, mainly the diamicton, the siltstone, the coarser sand with the interbedded beach sands. The group learned about geological core logging and the kind of samples taken for further processing and analysis. He summarized that a great discussion about the project was held with the employees of Global Mineral Sands and the visitors. He was impressed with the interest and enthusiasm the group showed during the visit, and he thanked all for coming out.

TRUSTEE BOYLES thanked Dr. Eden for having them and stated that the crew was awesome. They had a very positive attitude; and Andrew, the big geologist, convinced her quickly and clearly that the money would be made back, and that he would bake her a cake when that happened. She asked that he be reminded of that.

CHAIR STURGEON thanked Dr. Eden for the presentation and stated regret on not being able to attend. He called a break.

(Break.)

CHAIR STURGEON called the meeting back to order and moved to the five consultations that the Trust Land Office would present.

MOTION: The Resource Management Committee concurred with the Executive Director's recommendation to dispose of Trust parcel CRM-1138-03 through a negotiated sale or subsequent disposal was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FISHER.

MS. WARNER stated that this parcel and the next one are similar and are both located in Juneau. It is the same applicant, and he agreed to pay 30 percent over the fair-market value. She asked Jeff Green to continue.

MR. GREEN stated that this parcel is 16.12 acres, and the total sale price is \$390,000, which included the 30 percent premium. He continued that about 10 acres of the property is unencumbered, and the rest is steep mountainside. Subject to the public notice period, which will provide for the acceptance of any competing offers, there are no anticipated risks or concerns.

CHAIR STURGEON asked for any questions. There being none, he called for the question.

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

CHAIR STURGEON moved to the next consultation.

MOTION: The Resource Management Committee concurred with the Executive Director's recommendation to dispose of Trust Parcel C20492 through a negotiated sale or subsequent disposal. Motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MS. WARNER stated that the combination of these two sales to the applicant is just shy of \$900,000.

MR. GREEN stated that the same applicant is interested in this parcel. It is 10.34 acres, with the total sale price of \$487,500. That includes a 30 percent premium on the appraised value, which was \$375,000, to justify the negotiated sale. He continued that no other interest in the parcel, commercial or otherwise, has been received. The negotiated sale for the 30 percent premium is a good way to convert it to a performing asset. The applicant is also interested in the Trust mission.

CHAIR STURGEON asked for any questions. There being none, he called the vote.

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

CHAIR STURGEON moved to Item C.

MOTION: The Resource Management Committee concurred with the Executive Director's recommendation to dispose of Trust parcels SM-1435 and SM-1442 through negotiated sale or subsequent disposal. Motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FISHER.

MS. WARNER stated that this parcel is on Daniels Lake in Nikiski. It sounds familiar because the Trust Land Office and the Trust had gone through litigation on some land in the area. This parcel has nothing to do with that litigation, which was settled.

MR. GREEN explained that this third and final negotiated sale consultation is for Trust parcels SM-1435 and SM-1442. The applicant is Wetlands and Waters Foundation, LLC, which is a local resident that elected to purchase the parcel under an LLC. The parcels combined are approximately 47.29 acres. The total sale price for the parcels is \$432,380, which included a 30 percent premium on the appraised sale. The other thing that justified this negotiated sale is that the appraisal was done on a hypothetical subdivision. The applicant approached us with the interest in purchasing. It will also be subject to the public notice period. The applicant is a local landowner interested in preserving the parcel as raw land. They also expressed interest and support of the mission of the Trust.

CHAIR STURGEON called the roll-call vote.

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

Chair Sturgeon, yes.)

CHAIR STURGEON moved to Item D, land sale program parcels.

MOTION: The Resource Management Committee recommended 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. Motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE MORAN.

MS. WARNER stated that this consultation was designed to create an inventory for the land sales program that includes a competitive land sale that is coming up in September. She asked Ms. Williams to talk about this.

MS. WILLIAMS stated that one of her responsibilities was managing the statewide land sales program, which includes a competitive and over-the-counter land sales program. She continued that this consultation was to create a bank of approximately 88 parcels from all three regions of the state and to authorize the disposal of them in a specific method over the next three years through the TLO land sale programs. She added that the TLO auctioned parcels are offered with a minimum bid based off a current appraisal that customers base their bids on. The TLO is estimating generating \$2 million in principal and \$1 million from interest annually from the land sales programs, totaling \$6 million in principal and \$3 million in interest over the course of three years. She did a brief overview of the land sale program and then discussed the parcels, how they were selected, and reviewed the general location maps. She stated that the parcel selections are subject to the best-interest decision and public-notice process, which will be completed as a requirement in regulation. The communities will be noticed, and the public will have an opportunity to comment on these potential sale parcels, if they choose to participate in that process.

CHAIR STURGEON asked Trustee Moran about her ethics concern on the property on Higgins Road so that the board could decide if there is a conflict.

TRUSTEE MORAN replied that she lives very close to the land sale. She stated that it would definitely have an impact on property values, and, being a property owner, she wanted full disclosure.

CHAIR STURGEON asked the board if that was a significant ethics concern. The board did not see the concern as significant, and noted that Trustee Moran could participate on this issue. He called the roll-call vote.

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

CHAIR STURGEON moved to Item E, Icy Cape Timber sale.

MOTION: The Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with the disposal of timber in the Icy

Bay area on Trust land. Motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MS. WARNER stated that there is an applicant interested in some timber at Icy Bay. The scope of the consultation has been broadened to all merchantable timber at Icy Bay. There are multiple projects going on at Icy Bay. We refer to timber as Icy Bay; and to mineral exploration as Icy Cape. Chandler was the project manager on the land exchange, and she did a great job. Jeff Hermanns was also on this consultation with some real-life experience at Icy Bay.

MS. LONG stated that she is a land resource manager and primarily works out of the Ketchikan Trust Land Office. She had the privilege of working with Paul Slenkamp, who retired in April. She was consulting on part or all of the merchantable timber within the Icy Bay tract. This disposal could be through competitive, negotiated or another method and would be valid for the next 10-year term. Any timber disposed of within that 10-year term would have a public-notice process at the time of that timber sale. There are about 48,000 acres of land in the Icy Bay tract, with roughly 18,000 acres of timber land. In 2013, a timber cruise was completed and forecasted 9,000 acres and roughly 35 million board feet, which are currently available for harvest in 2022. She added that portions of this timber are not accessible without bridge upgrades and road improvements. She stated that timber is a significant asset and continues to be an important component of the revenue stream in the Trust Land Office portfolio. She added that it is in the Trust's best interest to support maintaining the existing timber industry in Southeast Alaska. Yak Timber, Incorporated, part of the YaskwdGat KwGan portfolio, which is an ANCSA village corporation, has applied for 3 million board feet of timber in the southeast corner of Icy Bay. The harvest units they are applying for are part of the Sealaska sale that were left uncut when Sealaska demobilized from Icy Bay in 2020 due to unfavorable market conditions at that time. She stated that the current proposal from Yak Timber does not require bridge or other major access improvements. She asked TLO Forester Jeff Hermanns to share some insight and perspective from his experience there.

MR. HERMANNNS stated that he lived and breathed Icy Bay from 1999 through 2006 with the University of Alaska as their senior forest engineer. He continued that Icy Bay is one of the more difficult places in all of North America to harvest timber. The amount of movement and change at Icy Bay is spectacular and a big challenge. The biggest challenge with the entire operation is the road. This timber offering does not require road-building, but the risk is still challenging.

CHAIR STURGEON thanked Mr. Hermanns and noted that he appreciated his skill. He asked for any questions. He stated that it is an unbelievable difficult place to log, and they are actually putting log bundles into the open ocean and hauling them across the bay. After discussion, he moved to the roll-call vote.

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

CHAIR STURGEON stated that the consultations were done, and moved to the presentation on Trust Land Estate Education.

TRUST LAND ESTATE EDUCATION

MS. WARNER stated that this was an educational piece about Trust land ownership and introduced Sean O’Guinn with an incredible in-depth understanding of State land title.

MR. O’GUINN stated that he is land title manager for the TLO and talked about his background. He began with a quick introduction on Trust lands and the history that began with the Mental Health Enabling Act on July 28, 1956, when all of the land was received. He then gave a brief history for the settlement agreement and talked about getting replacement land or missettlement land. He talked about selling the land estate and severing the mineral estate so that same parcel of land would have two owners: the owner of the surface, and the owner of the mineral estate. He explained that the mineral estate is the dominant estate, but it only has value if the minerals can be extracted. He talked about the “bundle of sticks,” which is about individual rights to the property and not necessarily split estates. He explained the importance of doing the title research and title reports because the land ownership and rights become complex without the proper research. He continued his presentation explaining as he went through the different rights and boundaries.

CHAIR STURGEON thanked Mr. O’Guinn, and asked for any questions. He stated that was the last item on the agenda.

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

TRUSTEE BOYLES stated the need for a work session specifically for board information, and an opportunity for discussion relative to the presentations made.

CHAIR STURGEON thanked Trustee Boyles, and stated that a work session is a good idea. He moved to adjournment.

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

(Resource Management Committee meeting adjourned at 3:47 p.m.)



To: John Sturgeon, Chair
Resource Management Committee
From: Chandler Long, Senior Project Manager
Date: 10/19/2022
Re: MHT 9400747 – Disposal of Trust Parcel FM-0451
Fiscal Year: 2023

Consultation

Proposed RMC Motion:

“The Resource Management Committee concurs with the Executive Director’s recommendation to dispose of Trust parcel FM-0451 through a negotiated sale or subsequent disposal.”

Background:

Revenue Projections: \$540,800.

Transaction/Resource: The proposed action is to dispose of a parcel through a negotiated sale to the applicant, the Salcha-Delta Soil and Water Conservation District, in partnership with the US Military. 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 or easement. If the parcel is not sold to the applicant, any reoffering of the parcel would be at or above fair market value.

Property Description/Acreage/MH Parcel(s): Trust parcel FM-0451 consists of 280 acres legally described as:

T. 001 S., R. 001 E., FAIRBANKS MERIDIAN, ALASKA SECTION 9: NE1/4 SECTION 10: W1/2NW1/4, NW1/4SW1/4; CONTAINING 280.00 ACRES, MORE OR LESS.
ACCORDING TO THE SURVEY PLAT APPROVED BY THE U.S. SURVEYOR GENERAL'S OFFICE IN JUNEAU, ALASKA ON OCTOBER 9, 1913.

The subject property is located immediately northwest of the Fort Wainwright Northern Warfare Training Center.

General Background: The Salcha-Delta Soil and Water Conservation District applied for a conservation easement in October 2020 seeking to purchase an interest in the property on behalf of the Army Compatible Use Buffer (ACUB) Program. The ACUB program mitigates encroachments to military training, testing, and operations by conserving natural landscapes and protecting habitats around existing training operations. The US Army Environmental Command oversees cooperative agreements

with partners, such as the Salcha-Delta Soil and Water Conservation District, who acquire the land, or an interest in the land, in their name and manage it in perpetuity as an effective buffer to the military training center and as a preservation of natural space.

In January of 2022, the TLO acquired a feasibility study of the development capability of the 280-acre parcel which concluded that development opportunities are significantly limited. Access to the property is via the Fort Wainwright military base and portions of the parcel are within the Military Noise Area (extending east from Ladd Army Airfield). Over 90% of the parcel has poorly drained soils with shallow permafrost, resulting in difficulties with septic system installation, road, and house construction. In consideration of the physical access and development limitations, the undeveloped lots in the adjacent Secluded Acres Subdivision, and high development costs, at this time developing the parcel would likely not be in the best interest of the Trust and its beneficiaries.

The TLO evaluated the proposal for a conservation easement and determined it is in the best interest of the Trust and its beneficiaries to dispose of the property via a negotiated sale. A conservation easement would perpetually restrict future develop, yet the TLO would remain liable and responsible for impacts to the property as the landowner. Therefore, disposal of the surface estate is a preferred action given the considerations discussed above.

Anticipated Revenues/Benefits: This proposal provides the Executive Director an opportunity to dispose of the property for \$540,800. This is 30% above the appraised fair market value of the parcel. While the military funding restricts land acquisitions to a maximum of 10% above the fair market value, the Salcha-Delta Soil and Water Conservation District funded the remainder of the purchase price.

Anticipated Risks/Concerns: There are no significant risks or concerns associated with the negotiated sale. The applicant has acquired the funds and is able to pay in full for the parcel. Any minor 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: The purchase price was determined by an appraisal completed by Axelsson & Associates, Inc., on September 27, 2020. The appraisal determined the fair market value of the parcel to be \$416,000. 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.

After consideration of the proposal by Salcha-Delta Soil & Water Conservation District, TLO staff explored the highest and best use of the property and determined that a negotiated sale is most suitable

for the project. A negotiated sale would generate significant revenues for the Trust on property that has limited development opportunities due to the majority of the parcel being wetlands, currently having no competing uses, and likely will not have any competing uses in the foreseeable future. Further, a negotiated sale protects the Trust from any future liabilities the land could present. Preliminary agreement documents have been reviewed by the Attorney General's office; no separate independent review is required.

Alternatives: The alternative is to hold the parcel for sale competitively or invest in subdivision development. These alternatives 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. The development constraints of the parcel suggest we are unlikely to produce the same revenue by subdividing and selling lots or offering the parcel competitively. There has been no expressed interest in the parcel for sale or lease, likely due to the geographic constraints, proximity to military operations and associated noise, and costs to improve the land. The Best Interest Decision will provide the opportunity to make competitive offers if there is competing interest in purchasing the parcel.

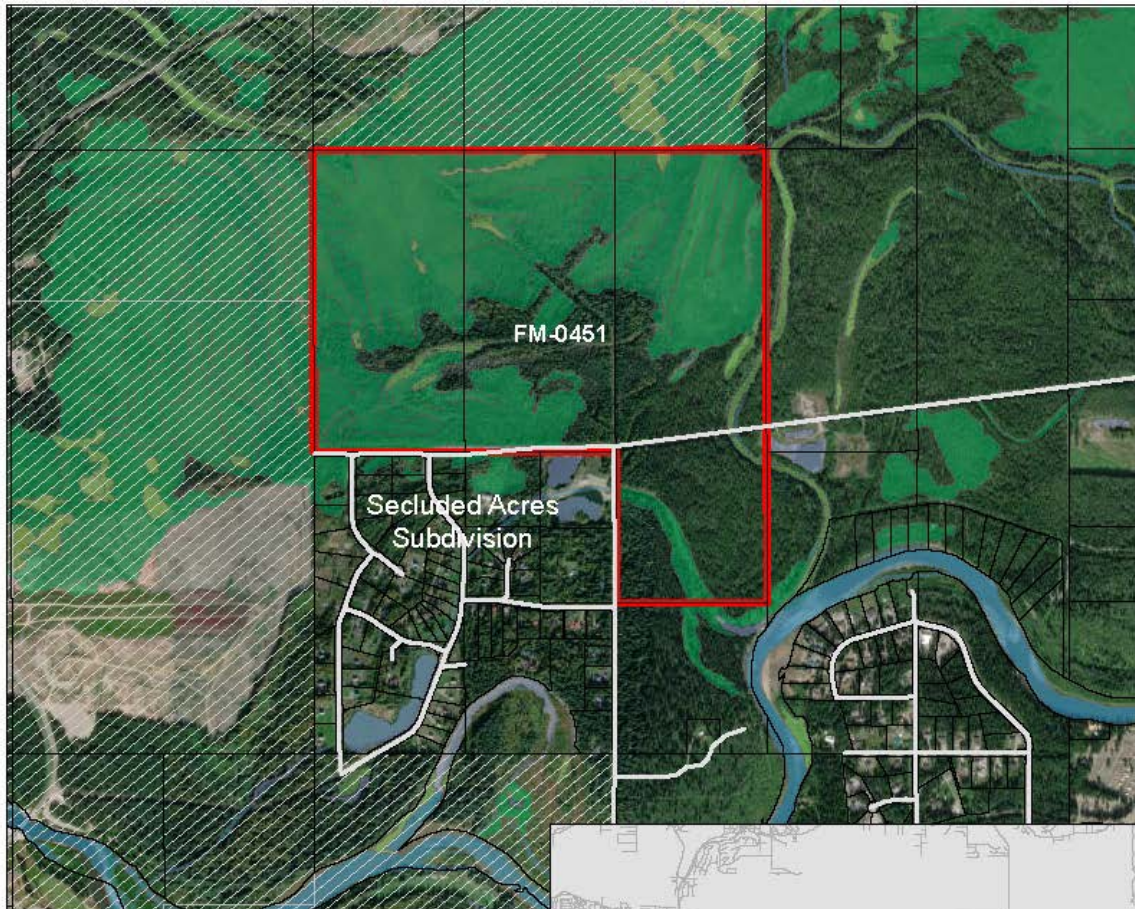
Consistency with the Resource Management Strategy: The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted in October 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets. Experience has demonstrated that it is unlikely that 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 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 through a negotiated or competitive lease or easement.

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 A:



Negotiated Sale, MHT 9400747

Wetland Type

- Estuarine and Marine Deepwater
- Estuarine and Marine Wetland
- Freshwater Emergent Wetland
- Freshwater Forested/Shrub Wetland
- Freshwater Pond
- Lake
- Other
- Riverine



- Roads
- MHT 9400747
- Ft. Wainwright Military Withdrawal



To: John Sturgeon, Chair
Resource Management Committee
From: Chandler Long, Senior Project Manager
Date: 10/19/2022
Re: MHT 9101132 - Disposal of Trust Parcel CRM-1138-01
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 Trust Land Office (TLO) recommendation for the Executive Director to dispose of Trust parcel CRM-1138-01 through a negotiated sale or subsequent disposal."

Background:

Revenue Projections: \$1,075,000.

Transaction/Resource: The proposed action is to dispose of a parcel through a negotiated sale to the applicant, Glacier Property Development LLC. 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 at or above fair market value.

Property Description/Acreage/MH Parcel(s): Trust parcel CRM-1138-01 consists of 67 acres legally described as:

T. 40 S., R. 64 E., COPPER RIVER MERIDIAN, ALASKA

SECTIONS 1 AND 12:

T. 40 S., R. 65 E., COPPER RIVER MERIDIAN, ALASKA

SECTIONS 6 AND 7: THAT PORTION OF U.S. SURVEY NO. 3765 LYING
NORTH OF THE NORTH BOUNDARY OF THE APPROVED MUNICIPAL
ENTITLEMENT ADL 101676.

CONTAINING 67.106 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 a waterfront lot along Tee Harbor and uplands above the Glacier Highway, north of Auke Bay in Juneau, AK.

General Background: The applicant applied for a negotiated land sale in May of 2022. A different negotiated land sale application for this parcel, serialized as MHT 9101126, was received in April of 2022 yet subsequently withdrawn in September 2022. The applicants both had commercial interest in the property. The Juneau area continues to be a sought-after area, particularly for housing and tourism development.

The Visitor Industry is up and growing in Southeast Alaska. According to surveys conducted by Southeast Conference, business leaders in the visitor sector report a strong forecast in coming years and the most positive outlook of any industry in the region.

The subject parcel is a larger lot that is split by the Glacier Highway right-of-way. Direct access from the highway is developable and power available. The terrain varies from suitable for development to steeply sloping. The east side of the highway is mountainous which allows for continuous ocean views on the parcel.

The parcel has approximately 8.5 acres of waterfront and 47 acres of upland property, for a total of 55.5 unencumbered acres outside the Glacier Highway right-of-way. The parcel is currently zoned for single family and duplex dwellings by the City & Borough of Juneau (CBJ).

Due to these characteristics, it appears suitable for disposal, either through the proposed negotiated sale or by other means of disposal if determined to be in the best interest of the Trust and its beneficiaries.

Anticipated Revenues/Benefits: This proposal provides the Executive Director an opportunity to dispose of the property for \$1,075,000. This is 30% above the appraised fair market value of the parcel. In addition, the applicant intends on financing with the TLO, providing further revenue from the interest generated over the term of the contract.

Anticipated Risks/Concerns: Concerns include the applicant defaulting on the contract. Risks 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.

Due Diligence: The purchase price was determined by an appraisal completed by Southeast Appraisal Services, LLC on May 9, 2022. The appraisal determined the fair market value of the parcel to be \$826,000. 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. Standard contract documents were reviewed by the Attorney General's office; no separate independent review was required.

Alternatives: The alternatives include holding the parcel for development and/or sale in the future or disposing through a competitive or negotiated lease. These alternatives could potentially miss selling at the higher end of the market and delay receipt of revenues from both principal and income. A

delay in sales may result in additional costs and risks to the Trust without significant increases in value.

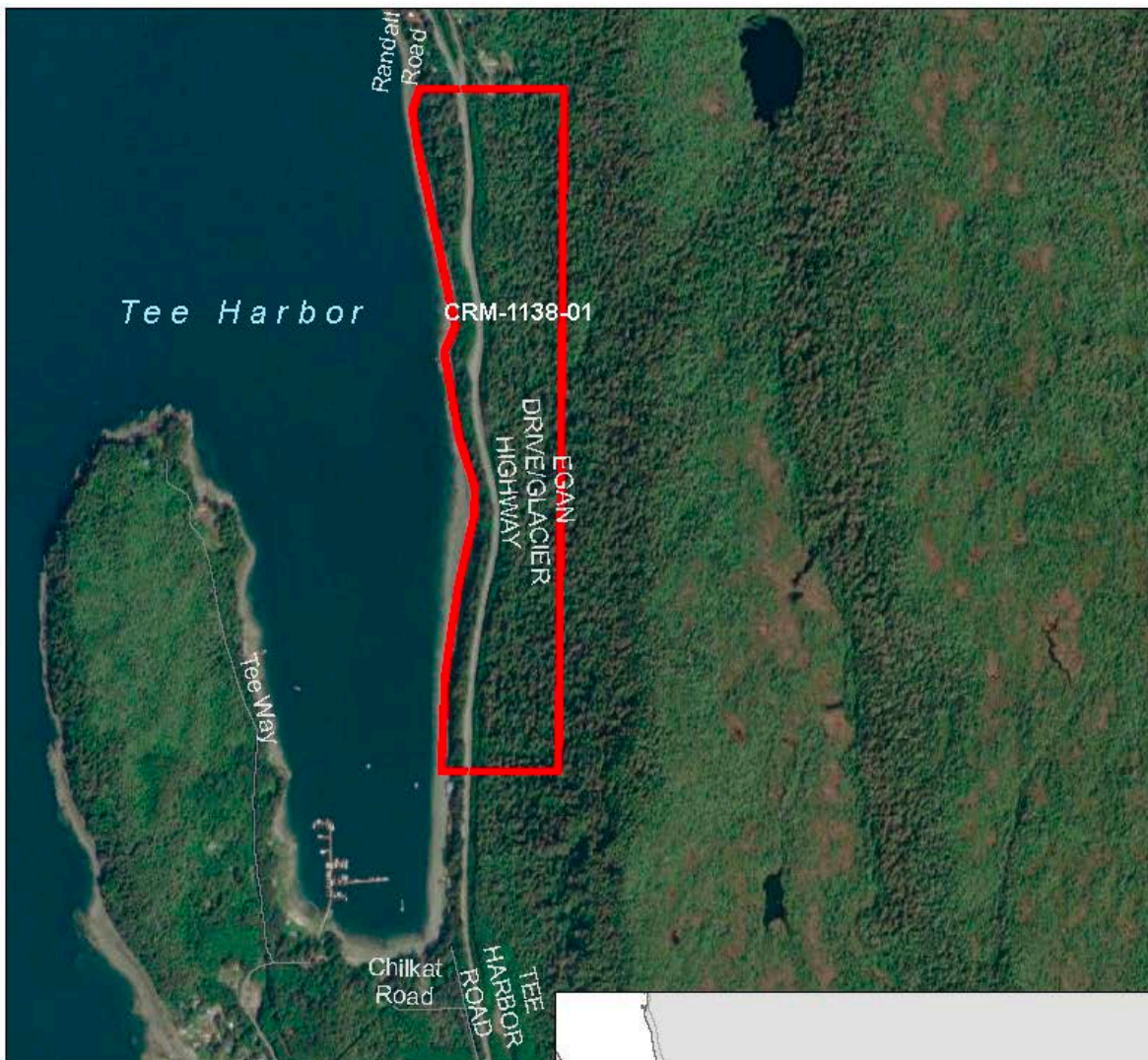
Consistency with the Resource Management Strategy: The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted October 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert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

Trust Land Office Recommendation: The Trust Land Office recommends that it is in the Trust’s best interest to offer this parcel by negotiated sale. If not sold or determined to not be in the best interest of the Trust and its beneficiaries, the parcel may be disposed of in the future through the TLO’s land sale programs, negotiated sale, or through a negotiated or competitive lease.

Applicable Authority: Alaska Statutes AS 37.14.009(a), AS 38.05.801, 11 AAC 99; Resource Management Strategy.

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:



Disposal of
CRM-1138-01, MHT 9101132

 MHT 9101132



0 0.2 0.4 0.6 0.8 1 Miles

