

# Meeting Agenda



**Meeting:** Resource Management Committee  
**Date:** August 1, 2025  
**Time:** 1:30 pm  
**Location:** Trust Authority Building, 3745 Community Park Loop,  
**Teleconference:** [Zoom Link](#); Meeting ID: 842 6183 9319; Passcode: 907  
 Call-in number +1 669 444 9171; [alaskamentalthtrust.org](http://alaskamentalthtrust.org)  
**Trustees:** Corri Feige (Chair), Josie Hickel, Anita Halterman, Brent Fisher (ex-officio)

## Friday August 1, 2025

|                |                                                                                                                                                                                                                                                                                                                         | <u>Page</u>                 |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <b>1:30pm</b>  | <b>Call to Order (Corri Feige, Chair)</b><br>Roll Call<br>Announcements<br>Approval of Agenda<br>Ethics Disclosure<br>Approval of Minutes–Special Meeting, April 9, 2025<br>Approval of Minutes – RMC Committee Meeting, April 23, 2025                                                                                 | <br><br><br><br><br>6<br>11 |
| <b>1:35pm</b>  | <b>Executive Director Report</b> <ul style="list-style-type: none"> <li>Jusdi Warner, Executive Director</li> </ul>                                                                                                                                                                                                     |                             |
| <b>1:50pm</b>  | <b>Consultations - Brittany Williams</b> <ul style="list-style-type: none"> <li>Disposal of Trust Parcels – MHT 9400897</li> <li>Disposal of Trust Parcel – MHT 9101417</li> </ul> <b>Consultations – Pete Mueller</b> <ul style="list-style-type: none"> <li>Perpetual Non-Exclusive Easement – MHT 9101418</li> </ul> | <br><br>25<br>29<br><br>33  |
| <b>2:10 pm</b> | <b>Icy Cape Update/Soil Sample Reconnaissance</b> <ul style="list-style-type: none"> <li>Karsten Eden, Chief Geologist<br/>             Executive Session – (if necessary)<br/> <i>In accordance with the Open Meetings Act, AS 44.62.310(c)</i> </li> </ul>                                                            | 37                          |
| <b>2:25 pm</b> | <b>Trust Lands Presentation</b> <ul style="list-style-type: none"> <li>Sean O’Guinn, GIS Land/Title Section Chief</li> </ul>                                                                                                                                                                                            | 39                          |
| <b>2:40 pm</b> | <b>Subdivision Update</b> <ul style="list-style-type: none"> <li>Katie Vachris, Project manager<br/>             Executive Session – (if necessary)<br/> <i>In accordance with the Open Meetings Act, AS 44.62.310(c)</i> </li> </ul>                                                                                   | 49                          |

## Friday August 1, 2025 Continued

|                |                                                                                                                                                                                                                          |    |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| <b>2:55 pm</b> | <b>Roads Update</b> <ul style="list-style-type: none"><li>• Jeff Hermanns, Senior Resource Manager<br/>Executive Session – (if necessary)<br/><i>In accordance with the Open Meetings Act, AS 44.62.310(c)</i></li></ul> | 53 |
| <b>3:10 pm</b> | <b>Trust Authority Building Update</b> <ul style="list-style-type: none"><li>• Agnew Beck Consulting, Inc</li></ul>                                                                                                      | 58 |
| <b>4:30pm</b>  | <b>Adjourn</b>                                                                                                                                                                                                           |    |

## Future Meeting Dates

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

(Updated – July 2025)

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|--------------------------------|-----------------------------|--------------------------|
| • Program & Planning Committee | July 31, 2025               | (Thu)                    |
| • Audit & Risk Committee       | August 1, 2025              | (Fri)                    |
| • Finance Committee            | August 1, 2025              | (Fri)                    |
| • Resource Mgt Committee       | August 1, 2025              | (Fri)                    |
| • Full Board of Trustees       | August 27-28, 2025          | (Wed, Thu) – Anchorage   |
|                                |                             |                          |
| • Program & Planning Committee | October 15, 2025            | (Wed)                    |
| • Audit & Risk Committee       | October 16, 2025            | (Thu)                    |
| • Finance Committee            | October 16, 2025            | (Thu)                    |
| • Resource Mgt Committee       | October 16, 2025            | (Thu)                    |
| • Full Board of Trustees       | November 19-20, 2025        | (Wed, Thu) – Anchorage   |
|                                |                             |                          |
| • Program & Planning Committee | January 21, <b>2026</b>     | (Wed)                    |
| • Finance Committee            | January 22, <b>2026</b>     | (Thu)                    |
| • Resource Mgt Committee       | January 22, <b>2026</b>     | (Thu)                    |
| • Audit and Risk Committee     | January 22, <b>2026</b>     | (Thu)                    |
| • Full Board of Trustees       | February 18-19, <b>2026</b> | (Wed, Thu) – Juneau      |
|                                |                             |                          |
| • Program & Planning Committee | April 22, <b>2026</b>       | (Wed)                    |
| • Finance Committee            | April 23, <b>2026</b>       | (Thu)                    |
| • Resource Mgt Committee       | April 23, <b>2026</b>       | (Thu)                    |
| • Audit and Risk Committee     | April 23, <b>2026</b>       | (Thu)                    |
| • Full Board of Trustees       | May 20-21, <b>2026</b>      | (Wed, Thu)– location TBD |

## Future Meeting Dates

### Statutory Advisory Boards

(Updated – July 2025)

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

ACOA: <https://aging.alaska.gov>

Executive Director: Martin Lange, (907) 465-4793, [martin.lange@alaska.gov](mailto:martin.lange@alaska.gov)

- September 25, 2025 - Virtual
- December 2-3, 2025 – Virtual
- February 24-26, 2026 - TBD

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

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

ABADA: <https://health.alaska.gov/abada/Pages/default.aspx>

Executive Director: Kermit Wilson, (907) 465-4650, [kermit.wilson@alaska.gov](mailto:kermit.wilson@alaska.gov)

- TBD

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

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

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

- Triennial Meeting, Oct 6-7 Hybrid/Anchorage
- Disability and Aging Summit Oct 14-15, Anchorage
- Triennial Meeting, Feb 10-12, Hybrid/Juneau

## Trustee Committee Assignments

### Updated June 2025

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#### Executive Committee

- Brent Fisher, Chair
- Agnes Moran, Vice Chair
- Anita Halterman, Secretary
- Mary Wilson, staff

#### Audit & Risk Committee

- Kevin Fimon, Chair
- Corri Feige
- Anita Halterman
- Brent Fisher, *non-voting*
- Julee Farley, staff

#### Finance Committee

- John Morris, Chair
- Kevin Fimon
- Anita Halterman
- Brent Fisher, *non-voting*
- Julee Farley, staff

#### Program & Planning Committee

- Agnes Moran, Chair
- Kevin Fimon
- Corri Feige
- Brent Fisher, *non-voting*
- Katie Baldwin, staff

#### Resource Management Committee

- Corri Feige, Chair
- Anita Halterman
- Josie Hickel
- Brent Fisher, *non-voting*
- Jusdi Warner, staff

**ALASKA MENTAL HEALTH TRUST AUTHORITY  
SPECIAL RESOURCE MANAGEMENT COMMITTEE MEETING  
April 9, 2025  
3:00 p.m.**

**Via Zoom Originating at:  
Alaska Mental Health Trust Authority  
3745 Community Park Loop, Suite 200  
Anchorage, Alaska 99508**

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**Trustees Present:**

Corri Feige, Chair  
Brent Fisher, ex officio  
Anita Halterman  
Rhonda Boyles

**Additional trustees present:**

Agnes Moran  
Kevin Fimon

**Trust Staff Present:**

Mary Wilson  
Allison Biastock  
Katie Baldwin-Johnson  
Julee Farley  
Michael Baldwin  
Valette Keller  
Shannon Cochran  
Eliza Muse  
Heather Phelps  
Lucas Lind

**Trust Land Office staff present:**

Jusdi Warner  
Jeff Green  
Sarah Morrison  
Samantha Ponts

**Also participating:**

Jack Barnwell; Jim Myers; Joshua Arbenson; Josie Hickel; Sarah Koogle.

## PROCEEDINGS

### CALL TO ORDER

CHAIR FEIGE called the Resource Management Committee meeting to order and began with a roll call. She reminded all that, under the new governance changes, the committee consists of herself, Trustee Halterman, and Trustee Boyles. She added that Chair Fisher was present and is a standing member of all of the committees. She asked for any announcements. Hearing none, she asked for a motion to approve the agenda.

### APPROVAL OF AGENDA

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

CHAIR FEIGE stated that she had one correction with the timing for the discussion on the Alaska Behavioral Health below-market lease. It would be earlier than 3:55.

*The agenda was approved, as amended.*

CHAIR FEIGE asked for any ethics disclosures. Hearing none, she moved to the Alaska Behavioral Health below-market lease in Fairbanks.

### ALASKA BEHAVIORAL HEALTH BELOW-MARKET LEASE IN FAIRBANKS

CHAIR FEIGE stated that all of the information required by regulation has been received for the 20 AAC 40.710, which deals with the request for use of Trust land at less-than-fair market value. She asked for the motion.

**MOTION:** The Resource Management Committee recommends that the Full Board approve the annual lease rent of \$24,000, with a 10 percent rent increase every five years, for a 30-year ground lease for an approximately 6.14-acre portion of Tract A, Alaska Land Survey No. 86-29, containing 8.544 acres, more or less, according to the survey plat filed in the Fairbanks Recording District, Fourth Judicial District, State of Alaska, on February 14, 1989, as plat number 89-18 in Fairbanks, Alaska, to Anchorage Community Mental Health Services, Inc., which is doing business as Alaska Behavioral Health. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

CEO WILSON stated that this special meeting was called because of the need to have a 30-day notice for this, per the regulations. She asked Heather Phelps to continue.

MS. PHELPS stated that Jim Myers, the chief executive officer of Alaska Behavioral Health, and Joshua Arbenson, licensed clinical social worker and chief operating officer for Alaska Behavioral Health Services, were both present. She continued that Alaska Behavioral Health is requesting a less-than-fair market value lease. She explained that they were doing their due diligence to ensure that Trust beneficiaries are being served by this project and are adhering to the focus and objectives of the Comprehensive Integrated Mental Health Program Plan. She shared a map of the area, 1423 Peger Road, which is currently occupied by Alaska Behavioral Health Services, which has been a good partner for 17 years, and is currently inhabited by Tanana Chiefs Conference at 1300 Moore Street, providing a sobering center service. That lease

expires on 7/31/25, and they will move to their detox location off Younker Court in Fairbanks. They will be housed all together.

MR. GREEN went through a brief history of the original parcel, Tract A, which was acquired by the Trust as part of the settlement agreement as replacement lands. The two buildings were constructed by the Department of Health and Social Services in 1986, and they have operated mental health programming there ever since.

MS. PHELPS noted that Alaska Behavioral Health recently celebrated their 50<sup>th</sup> anniversary. They provide services from ages 2 to 102, using evidence-based practices. She continued that the Denardo Sobering Center will be moved, and the plan is for Alaska Behavioral Health to use that location to expand their services to include short-term crisis stabilization services, intensive outpatient, and partial hospitalization programs, which is being added to the continuum of care for Trust beneficiaries. She noted that they were a good tenant during their current lease with the TLO, and that 100 percent of their population consists of Trust beneficiaries. They look to continue serving Trust beneficiaries in the future.

TRUSTEE HALTERMAN asked if this would increase the services to the Tanana Chiefs beneficiaries within that region.

MS. PHELPS replied that they are expanding services, and the Alaska Behavioral Health Services will be expanding due to the crisis stabilization center. She continued that Alaska Behavioral Health respectfully requests that the Alaska Mental Health land trust consider a single 30-year lease covering both the Fahrenkamp and Denardo Center properties at a less-than-fair market value lease at \$24,000 annually.

CHAIR FEIGE asked about the method used to determine the fair market value.

MR. GREEN replied that, typically, the TLO tries not to provide much in the way of recommendation. He stated that, by regulation, it is the responsibility of the applicant to propose the rate to be paid for the use of Trust land. He continued that the rates have been 1 percent at the lowest, and 1.3 percent of the appraised fair market value of the current active ones.

E.D. WARNER clarified that the TLO role is not to determine what the less-than-fair market value lease payment is. An appraisal is procured, and we pass that along, and assess if the land is suitable for this use by looking at zoning of the surrounding areas.

MS. PHELPS stated that if the vote is in favor of moving the motion forward, there is the need to do a 30-day notice that would be distributed through the Trust. That motion would go before the Full Board to make the final decision based on regulation criteria and the consideration of public comments.

CHAIR FEIGE asked the committee members for any questions. There being none, she stated that they do not generate revenue other than reimbursements from care and services. She asked how Alaska Behavioral Health currently makes the payment on its leases.

MR. MYERS replied that they have several funding streams: state grants; the Community Behavioral Health Treatment and Recovery grants, which tend to reduce each year, even as

services are expanded. He continued that they also have some federal grants including a CCBHC grant for being a certified community behavioral health clinic. There is also the billing revenue through Medicaid, as well as private insurance, for clients with private insurance. He continued that they have smaller grants for specific programs, and spoke about a few of them.

TRUSTEE HALTERMAN stated that her mind races with the possibilities of losing potential federal funding streams by taking over responsibilities that are traditionally provided for by tribal beneficiary organizations. She continued that they could not afford to have a gap in the services for these folks. She stated appreciation for the fact that Alaska Behavioral Health was stepping to the plate to provide a new service in the area. She is in favor of this kind of approval, and added that she would like to see a bit more about historical perspectives in these types of grants and to see if something could be worked through a process that may better define what they were looking for with types of things for a grant that gives an \$11 million award haphazardly. She implored the trustees to look at the process and the historical awards that have been given, as well as the justifications, and to maybe set some parameters for the future for these types of awards which could be precedent-setting. She was inclined to support this request and wanted some more information when it comes back to the Full Board.

CEO WILSON stated that this was a new way of thinking about this money, and they are not traditionally called grants. There is a need to get in front of this committee and then the Full Board with a scan of all of the below-market properties to understand better what they are doing.

E.D. WARNER stated that the options are to approve the request, as presented; two, approve the request subject to modification; three, deny the request; or, four, return the recommendation to the Authority staff for additional information. She continued that returning with recommendations later would be the August board meeting because it has to be a regularly scheduled board meeting.

CHAIR FEIGE stated that if it is referred back to staff to answer some of the questions posed here, if that would come back at the RMC meeting on the 23<sup>rd</sup>. There is also the need to make sure to recommend a lease extension to cover that period so that nothing lapses, and that it is contained as a whole.

TRUSTEE BOYLES suggested that by October 1, payment would be needed to Alaska Behavioral Health to go in that building and to make sure it is heated because of cold weather coming in.

CHAIR FEIGE replied, based on what was shared earlier, their intention would be to use at least half of the Denardo Center for adult partial hospitalization services. The facility would be occupied and maintained while they try to figure the investment needed for the other side.

E.D. WARNER stated that the Trust Land Office can work within those parameters to expand the footprint for Alaska Behavioral Health. That expansion can be done to keep everything moving forward until the regularly scheduled board meeting.

CHAIR FEIGE stated that they were returning the recommendation to staff for some additional information. They would reconvene on this topic on the 23<sup>rd</sup> during the RMC meeting, get a report, and then would be able to move this forward. She asked for any other business to be

brought forth. Hearing none, she asked for a motion to adjourn.

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

*There being no objection, the MOTION was APPROVED.*

(The Special Resource Management Committee Meeting was adjourned at 4:17 p.m.)

**ALASKA MENTAL HEALTH TRUST AUTHORITY  
RESOURCE MANAGEMENT COMMITTEE MEETING  
HYBRID/WEBEX  
April 23, 2025  
11:55 A.M.**

**Originating at:  
Alaska Mental Health Trust Authority  
3745 Community Park Loop, Suite 200  
Anchorage, Alaska 99508**

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**Trustees Present:**

Corri Feige, Chair  
Anita Halterman  
Rhonda Boyles (Telephonic)

**Additional trustees present:**

Brent Fisher  
Kevin Fimon  
Agnes Moran

**Trust Staff Present:**

Mary Wilson  
Allison Biastock  
Katie Baldwin-Johnson  
Shannon Cochran  
Valette Keller  
Julee Farley  
Carrie Prediger  
Lucas Lind  
Michael Baldwin  
Eric Boyer  
Kat Roch  
Kelda Barstad  
Tina Voelker-Ross  
Eliza Muse  
Debbie DeLong  
Heather Phelps

**Trust Land Office staff present:**

Jusdi Warner  
Jeff Green  
Sarah Morrison  
Blain Alfonso  
Cole Hendrickson  
Mariana Sanchez  
Pam Cawley  
David MacDonald  
Karsten Eden  
Brittany Williams

**Also participating:**

Jim Johnson; Brian Raver; Brian Kleinhenz.

**PROCEEDINGS**

**CALL TO ORDER**

CHAIR FEIGE called the Resource Management Committee meeting to order and began with a roll call. She recognized that Trustees Fisher and Fimon were present. She asked for any announcements.

CEO WILSON introduced herself online, as she had not been to committee meetings before. She continued that she would be on later to introduce the below-fair-market lease.

CHAIR FEIGE asked for any other announcements in the room. Seeing none, she asked for a motion to approve the agenda.

**APPROVAL OF AGENDA**

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

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes; Trustee Boyles, yes; Chair Feige, yes.)*

CHAIR FEIGE asked for any ethics disclosures. Hearing none, she moved to the approval of minutes of January 9, 2025.

**APPROVAL OF MINUTES**

**MOTION:** A motion to approve the minutes from January 9, 2025, was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes; Trustee Boyles, yes; Chair Feige, yes.)*

**ALASKA BEHAVIORAL HEALTH BELOW-MARKET LEASE IN FAIRBANKS**

CHAIR FEIGE stated that the first item on the agenda is an open motion from the April 9, 2025, Special RMC Meeting which took a look at the below-fair-market value lease for Alaska Behavioral Health. She read the original motion back into the record:

**MOTION:** The Resource Management Committee recommends the Full Board approve the annual lease rent of \$24,000, with a 10 percent rent increase every 5 years, for a 30-year ground lease for an approximately 6.14-acre portion of Tract A, Alaska Land Survey No. 86-29, containing 8.544 acres, more or less, according to the survey plat filed in the Fairbanks Recording District, Fourth Judicial District, State of Alaska on February 14, 1989, as Plat 89-18, in Fairbanks, Alaska, going to Anchorage Community Mental Health Services, Incorporated, doing business as Alaska Behavioral Health.

CHAIR FEIGE stated that when the meeting was adjourned, the committee requested additional information from staff on the methodology used to arrive at the \$24,000-a-year number; to look at how the 30-year term was arrived at as being a suitable term period; to understand if there were other methodologies that dealt with these things; and to understand how the Trust organization at large kept track of this type of award granted to beneficiary-serving organizations. She asked CEO Wilson to pick up where they had left off.

CEO WILSON stated appreciation for the chance to respond to the committee's questions related to this lease and, after the presentation, she hoped that members would have a more complete picture of the program-related real estate program and the thoughtful use of Trust land resources to support the beneficiary-serving organizations. Members received a memo with responses to the questions listed. She thanked the staff of the TLO and the Trust Authority for pulling the discussion and materials together. She added that Jim Myers from the Alaska Behavioral Health group was also online for any additional questions for the proposed leasing. Also, a letter of support was received from the Mayor of Fairbanks on the lease from the City of Fairbanks. She recognized Jeff Green, and asked him to walk through the program-related real estate process.

MR. GREEN began with a quick overview of the history of this program going back to the Enabling Act. This use is consistent with the formation of the Trust and its lands that directly help beneficiaries and further the implementation of the Comprehensive Mental Health Plan. He reviewed the process of the request of using Trust land at less-than-fair-market value, beginning with an appraisal. There is a specific set of requirements in the regulation that the organization must submit in writing to the Trust Authority. It is all outlined, and that process completed. The Trust Authority reviews that written request and makes sure no information is missing. After that, a suitability request letter is sent to the Trust Land Office, and a look at the property and zoning is done. The appraisal and appraised value is utilized and incorporated in there to make sure there are not conflicts with the proposed use, especially if it is not existing. Then they reply with a suitability letter. Afterward, the consultation process begins and is brought forward through the Resource Management Committee, supported by the Trust Land Office. At the conclusion, there may be a request for more information, and it can be approved, it can be denied, be sent back for more information, or it can be approved subject to modification. That is where this process on this request is today. If it is approved, the Trust Authority puts out a public notice for 30 days where they take comments on the proposed beneficiary-supporting use for less-than-fair-market value. At the next regularly scheduled board meeting, the motion goes before the Full Board of Trustees, and any new information that came forward or comments from public notice are presented, and then the motion would be decided. Assuming the motion is passed, it goes back to the TLO to complete the process that is required by regulation for the disposal of Trust land. At that point, a lease will be drafted and issued, and then work with the new lessee to execute the lease. And from then forward, the TLO manages the lease. In 2016, when the Assets building was done, a fee of around 1 percent was settled on. He mentioned, on the record, that the State of Alaska on general State land can issue what they call public and charitable leases for below-fair-market value. In their regulations, there is a minimum set of 1 percent of the appraised fair market value. It is reasonable to state that is where that number arose.

MR. BOYER stated that Assets set the stage and, since that time, Kelda Barstad was the lead with the TLO on the Sitka Housing Homeless Coalition, and he was the lead on the Salvation Army and Tanana Chiefs Conference. All three of those are in the 1 percent range. Their

organizations are 100 percent serving of Trust beneficiaries primarily in terms of behavioral health, substance use disorder, mental health. He talked about Alaska Behavioral Health for 2025, and he noted that the leases for Assets and Catholic Social Services are coming up in 2026.

TRUSTEE HALTERMAN observed that by taking the annual in-kind grant and multiplying that by the number of years, that is over \$21 million granted. This is information needed in the grant reports through a footnote. She stated that she is listening to the Legislature talk about us using our land and she does not see this in a report that our resources are actually being deployed for beneficiary services, and that we have granted somebody \$21 million in use over a period. Those things need to be captured and incorporated in grant reports about in-kind contributions. Those are as meaningful as giving cash to an agency to help support them.

COO BALDWIN-JOHNSON stated that a way has been identified that will track that internally and report that out.

CHAIR FEIGE recognized Heather Phelps to address some of the questions with the work.

MS. PHELPS began with a new and improved slide that added the names of the properties that came out in the last meeting. The request differs from the April 9<sup>th</sup> memo, which she called attention to. The request was revised to a 10-year lease covering both Fahrenkamp and Denardo Centers at a less-than-fair-market value lease of \$37,000 annually. That is representative of 1 percent of the \$3.7 million appraisal value. She stated that the decrease for a 30- to 10-year lease was a combination of simultaneous conversations occurring with Alaska Behavioral Health internally and the Trust staff. They concluded that 10 years was more realistic with the economic environment. She added that the TLO was present to answer any questions about the property right now.

CHAIR FEIGE stated that it is critical that the expansion of the program, the establishment of the new Crisis Care facility, had an opportunity to be constructed, get up and running, and be stable under this initial lease period. She asked if they were comfortable that ten years was enough time to do that.

COO BALDWIN-JOHNSON stated that she believed it was a good time frame. The hope is that within the next 10 years, Behavioral Health Services will become a CCBHC state which would move them to a prospective payment system model which would mean reimbursement based on their costs.

CHAIR FEIGE stated that was the piece missing before, and she thanked them for the due diligence on that.

TRUSTEE BOYLES asked if there were any options to renew after 10 years.

E.D. WARNER replied that it can be built in, if that is a preference.

TRUSTEE BOYLES suggested adding a 10-year option.

E.D. WARNER stated that she had three things to clarify for the record. The TCC lease actually was not revenue generation; that was the grant that the Trust was providing that was in a circle. The other thing to work with Alaska Behavioral is some language to put in the lease and the

1115 waiver, Federal reimbursement thing. If that comes to fruition within that 10 years, then maybe it can be a provision in the lease to notify the Trust. There is also an internal process document that is used for the comment about commissioners, and the TLO would be happy to add that.

CHAIR FEIGE stated that there was an amended motion to put forth. She asked if there was any other conversation before introducing an amended motion.

**MOTION: The Resource Management Committee recommends the Full Board approve the annual lease rent of \$37,000 with a 10 percent rent increase every five years for a 10-year ground lease for approximately 6.14 acre portion of Tract A, Alaska land survey No. 86-29, containing 8.544 acres, more or less, according to the survey plat filed in the Fairbanks Recording District, Fourth Judicial District, State of Alaska on February 14, 1989, as plat No 89-18 in Fairbanks, Alaska, to Anchorage Community Mental Health Services, Inc., doing business as Alaska Behavioral Health. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.**

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes; Trustee Boyles, yes; Chair Feige, yes.)*

CHAIR FEIGE stated that this would go before the Full Board in August, and she thanked everyone for all of the work with this; a good job.

## **EXECUTIVE DIRECTOR REPORT**

E.D. WARNER began her presentation with the board action updates. Alaska Renewables, the wind lease, is on hold due to the current political and economic factors. The solar lease, the largest solar lease project in the state, which is on Trust land, is pulling out. They stated that it was due to construction costs rising, the likely elimination of solar powered project Federal tax incentives, and recently acquired production data from their other projects. There is still a lease in place, and they are looking to sell the project. She moved to a quick update on the Trust Authority Building and then to the subdivision program, which is a cost recovery program. The CFF approval was for the fire panel at the TAB with it being completed by June, within the fiscal year. There is a presentation on the carbon program given by Brian Raver, the contractor. Two commercial real estate assets were disposed of. There is an opportunity place on the mineral lease in Fairbanks. Everything is done, and we are waiting for a signed lease to come back, and all the deliverables. The land disposal on Petersburg was completed and conveyed to the Reid Brothers. The land disposal on Harding Lake is completed. The mineral lease in northern region is working through some title issues with the existing easement through the old Steese Highway. The best-interest decision affirmed was issued on the land disposal in Fairbanks. The TLO is waiting on the annual fee to process the oil and gas lease in Soldotna. The lease was signed. She continued that the resource management strategy, part of the package policy development that the Trust Authority side of the house awarded to Denali Daniels & Associates, will soon be discussed on priority level work being done for policies. She moved to the revenue picture and introduced Sarah Morrison, the chief business officer at the Trust Land Office, who put this together. She is the longest-standing TLO employee in tenure. It is very simple, but very complicated. Sarah will also describe how the TLO budgeting process also works.

MS. MORRISON clarified that the Trust Land Office revenues depends on the trustees' approval of an operating budget. Then the TLO generates spendable income, and also generates principal

revenue. Since inception, the TLO has generated over \$200 million in principal revenue. The revenue from the land exchange is 85 percent principal, and we are still moving forward with generating more revenue from that land. Sixty years from now, there will probably be more timber sales and the Trust will receive revenue from that investment again. She continued that they provide annual revenue goals to show what they are up to, and they will keep making money throughout the rest of the year. She added that they were already ahead on income, and they expect to hit the mark for principal. It looks like it will be a very good year. She gave a brief update on the land sales and the revenue. She moved to the Tower Hill Mines, with ongoing interest in transferring the Federal claims to the Trust and consolidating ownership which will help streamline their permitting and avoiding costly delays. The lease negotiations have become more complex, and a formal written response will be provided to the committee within the next couple weeks. She noted that, at times, defending the mission to maximize revenue is not always that popular. She stated that the TLO is continuing to provide support through the legislative session to the Trust Authority for the Trust side of the house, and also for DNR because DNR also presents the TLO budget at the same time. She talked about the positive media story that came out of the *Wrangell Sentinel* which talks about the timber industry being favorable. She continued with the timber update, stating that the China market was shut down, and the operator is looking for other markets to ship the wood. She shared the in-harvest market agreement and shared Viking Lumber's marketing campaign to tell their story. She also shared Tessa Axelson's quote: The Tongass National Forest brings music to the World. Sitka Spruce is the only product of its kind and is used exclusively in the soundboards of Steinway Pianos played by the likes of Lady Gaga and Elton John, and the backs of Gibson Guitars used by Taylor Swift and Dierks Bentley. There is no replacement for this old-growth Sitka Spruce in the finest musical instruments. She continued that customers like Steinway have concerns on what will happen when there is no more old growth to harvest. There is a need to push the Federal Government and the U.S. Forest Service to take a better look at what kind of wood is being provided for timber sales.

TRUSTEE FISHER asked about the possibility of doing land swaps with the Federal Government.

E.D. WARNER replied that the State is looking at a potential land exchange, and the Alaska Forest Association has presented to the Legislature maps and ideas about doing a Federal land exchange.

CHAIR FEIGE asked if it would be in the best interest to get the Congressional delegations involved in something like that.

E.D. WARNER replied absolutely. She continued that Lisa Murkowski was instrumental in the land exchange previously and completing it. She moved to the recruitment update and stated that there are four vacant positions, and that is beginning to have real impacts that will affect tangible things. The senior project manager, Chandler Long, has moved on, and that position is still vacant. It was recruited for, and a hire was selected. That name was submitted through the process at the beginning of February and made it to the chief of staff's desk at the end of February, but has not come out. She added that they are working it. She moved to the community engagement piece, noting that they have signed three MOUs.

MS. KELLER stated the room was disconnected from the call.

(Pause.)

CHAIR FEIGE stated that Trustee Moran has joined online and asked if she had any questions or comments.

TRUSTEE MORAN stated that she knew there were some significant layoffs in the Ketchikan Forest Service office, and they may want to level off any extra work. They got hit pretty hard with DOGE layoffs.

CHAIR FEIGE asked Ms. Warner to continue.

E.D. WARNER stated that the Trust Land Office would have a booth out in Mat-Su for the sport shows, and staff will be headed to Kenai and Fairbanks advertising the land parcels available for the land sale.

CHAIR FEIGE asked for any questions. Having none, she thanked Ms. Warner, and recognized Karsten Eden for the Icy Cape update.

### **ICY CAPE UPDATE**

DR. EDEN began with the reconnaissance sampling. He approved the sample platform this year, and as soon as the ground thaws in Fairbanks, people will be on the ground collecting samples. He continued with a quality update. All the heavy metals' analytical data was received with the results, including the garnet percentages, and we have everything. There are five qualified persons, specialists, working on the technical report. Each qualified person has certain chapters of their report to work on. It is very important to point out that it is also an audit of the project, especially the quality of the data. He went into greater detail and pointed out that in each field season there are two independent geologists out there verifying everything they are doing. At this point, we are nearing the completion of the technical report, and he suggested going into Executive Session for discussion.

CHAIR FEIGE asked for any quick questions before moving into Executive Session. There being none, she asked for a motion.

**MOTION:** Under AS 44.62.310(c), a motion that the Resource Management Committee move into Executive Session to discuss confidential matters pertaining to the analysis results for Icy Cape mineral exploration, the immediate public knowledge of which would clearly have an adverse effect upon the finances of the public entity. No decisions will be made in Executive Session. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

*There being no objection, the MOTION was APPROVED.*

(Executive Session from 1:26 p.m. until 1:58 p.m.)

CHAIR FEIGE thanked all for that very informative Executive Session and asked for a motion to return from Executive Session.

TRUSTEE HALTERMAN stated that she and her fellow trustees and members of the Trust Authority and Trust Land Office are returning to the Resource Management Committee from the

Executive Session. We did not make any decisions during the Executive Session.

## **COMMERCIAL REAL ESTATE UPDATE**

CHAIR FEIGE recognized David MacDonald, Chief Real Estate Officer at the Trust Land Office.

MR. MacDONALD began with the overall occupancy for the now reduced portfolio, having sold a couple of assets, and the transference of Cordova to the program-related portfolio. The overall occupancy is 90 percent. He pointed out that RCLCO will be responsible for the lower three properties as of April 18th and would continue on Commercial Drive through disposition. He continued through the cash flow and what was spent on the remodel and repairs, and explained the distributions and the reconciliations. He stated that it has been a privilege the last five years on doing this valuable work that helps others. He thanked the trustees for giving him the opportunity, and he recognized the value they bring to the table. The people that work at the Trust Land Office are all amazing; good people who are exceptional at their jobs, and are driven by doing the right thing.

CHAIR FEIGE thanked him and stated appreciation for the update and comments. She moved to the Carbon Credit Program Update, and recognized Jeff Green.

## **CARBON PROGRAM UPDATE**

MR. GREEN introduced Brian Kleinhenz, the president of Terra Verde, the contracted consultants for the Trust carbon offset program. They helped to do the first round of figuring out which of the Trust lands in the Southeast will be most suitable for a carbon offset project. He will share his knowledge and walk them through a bit about the voluntary carbon markets, the current state of things, and the type of project we may be able to see for the Trust.

MR. KLEINHENZ stated that he is the president of Terra Verde and has lived in Juneau, Southeast Alaska for almost 20 years. He has a background in traditional timber and has been doing a lot of work over the past decade in monetizing carbon markets for timber landowners all over the Pacific Northwest and the Western states. He began by contextualizing the carbon market and talked about the nature-based offsets returning the treaties and carbon credits. He talked about specific opportunities that the Trust is positioned to take advantage of, and continued that carbon markets are new on the global stage and have become big business. There are carbon credits being picked up to meet a wide range of needs. There is a need to do something to have an impact on carbon emissions before the technology and investments can catch up. He noted that it costs a lot of money to install new scrubbers in the smokestacks of big refineries. He added that there are two major markets available to North American landowners. Compliance markets, which is a government demanding a certain business sector improve their performance in carbon emissions, and California is the lone and sole compliance market. Because of the kind of organization the Mental Health Trust is, this is not a market that is available, because it is outside of the written regulations. The smaller market, the voluntary carbon market is an actual option. It is global, diverse, more flexible, and is completely unregulated; willing buyer/willing seller stuff. There have been some early attempts to add some structure short of regulations, which are getting more serious. He pointed out how diverse these voluntary carbon markets are. The niche is to build carbon credits in Alaska. There are a lot of forestry projects which is an important but small part of the whole picture. The bulk of the transactions going on are a lot of the other renewable energy credits on the left. He continued talking about the California compliance market. Forestry is a bigger deal in California and a lot

of their projects are home-grown. A lot of work is done in the Redwoods, down the Sierra Slope, making carbon credits there for the clients. He talked about the pricing, explaining as he went through. He then explained how a carbon project comes together. There are three main components for a forest carbon offset project: First, the listing of the project or the creation of the account; the quantification of the credits; and then the sale of the credits. These credits are built for manufacturing done through a sampling and the modeling of the trades. It is very paperwork-heavy and does not have the tangible product at the end. It is an intangible piece of paper. Because of that, the third-party mechanisms put in place are deep and pretty onerous. It is very complicated to build making sure all the quantification is correct, the math is right, that the trees are counted correctly in a manner that can be defended and replicated. He then talked about the risks. He stated that what they were working on with the Trust Land Office was to assess the project feasibility.

CHAIR FEIGE stated appreciation for the information and looked forward to learning more. She then moved into the consultations.

## CONSULTATIONS

### LAND SALE PROGRAMS PARCELS

**MOTION:** The Resource Management Committee recommends that the Alaska Mental Health Trust Authority's Board of Trustees concur with creating a pool of approximately 28 subdivision lots and small to large tract parcels listed in the attached Exhibit 1 to be subdivided that may be disposed of through TLO statewide land sale programs. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MS. WILLIAMS stated that she is Leasing and Land Sales Manager for the Trust Land Office. One of her responsibilities is the land sale programs because of the competitive quality of the land sale auction, as well of the over-the-counter, OTC. The intent is to add 28 additional trust parcels to the pool of selections for resale inventory. She noted that lands are evaluated and selected by the project management team for the Trust Land Office. As part of the review process, the TLO staff evaluates the parcel's potential for subdivision, as well. Additionally, the inventory is reviewed, and the lands are selected. It is first offered in a competitive quality land sale auction. If not sold, they will roll over to over-the-counter on sale price. The prices are set off a current appraisal done by a general real estate appraiser under the Uniform Standards of Professional Appraisal Practice. Completing this consultation allows us to be responsive as well as deal with any remedy in trespass for persons on the parcels; conduct field inspections; complete title reports and review those; and then correct any concerns or errors that come up through either original conveyances or things that have happened through the years that we are not privy to in that movement. The cost of conducting these land sales are covered by the TLO operating budget. She continued that as part of the consultation, some of these on the list exist on that program, and we are adding a couple more because they are phased out projects for that area. She moved into the maps and stated a general reminder for surfaces, State sales, or disposals. The Trust Land Office or the State withholds a mineral estate or subsurface estate. She went through the land sale parcel inventory for the consultation.

CHAIR FEIGE asked the trustees for any questions. There being none, she called the vote.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes; Trustee Boyles, yes; Chair Feige, yes.)*

## **DISPOSAL OF TRUST PARCEL C20931-MHT 9101408**

**MOTION:** The Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with the disposal of Trust parcel C20931, approximately 14 acres, through a negotiated sale or subsequent disposal. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MS. WILLIAMS stated that she manages the negotiated land sales and is consulting the Resource Management Committee on a negotiated sale of 14 acres of Trust land known as Mental Health Parcel C20931, but also realized as MHT 9101408, located in Hollis. The subject parcel is upland from Hollis Road, right onto the east side of the main city center. The applicant, Sundance Mining Group, LLC, is an adjacent landowner south of the parcel boundary. The sale was negotiated to add to and also expand their operations into that parcel. An appraisal was committed and evaluated to be valued at \$275,000 for the fair market value of that parcel. This proposal is consistent with the Resource Management strategy for the Trust land, which was adopted in October of 2021. The TLO recommends that it is in the Trust's best interest to dispose of this parcel through a negotiated sale.

CHAIR FEIGE asked for any other questions or discussion. Hearing none, she called the vote.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes; Trustee Boyles, yes; Chair Feige, yes.)*

## **UTILITY EASEMENT – MHT 9201031**

**MOTION:** The Resource Management Committee recommends that the Alaska Mental Health Trust Authority's Board of Trustees concur with the disposal of a portion of Trust parcels SM-1523 and SM-1524 through a term nonexclusive easement to Chugach Electric Association. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MR. MUELLER stated he is the Trust Resource Manager and manages the easements program for the Trust. He continued that easement disposals are difficult to legally define before construction. The construction and temporary impacts of the proposed easement will be authorized by an easement construction license. Once the construction phase is complete and the as-built survey is accepted, an easement will be granted. This consultation addresses the easement disposal. This is for Chugach Electric Association and is to realign their electrical distribution architecture. They would like to move that to the perimeter of the parcel adjacent to Bragaw Avenue and underground that line. There would be no costs to the Trust for this.

CHAIR FEIGE asked if this was because they were going to underground installation which will free that surface for use as long as it does not interfere with that easement and its purpose.

MR. MUELLER replied that was correct. He stated that the risks to the Trust are very low, and the reward would be fairly high with the ability to develop those parcels in the future, to be able to lease out more space and obtain greater revenue.

CHAIR FEIGE called the vote.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes; Trustee Boyles, yes; Chair Feige, yes.)*

## UTILITY EASEMENT – MHT 9201032

**MOTION:** The Resource Management Committee recommends that the Alaska Mental Health Trust Authority's Board of Trustees concur with the disposal of a portion of Trust parcels S20524, S20554, S20556, S20560, and S20562 through a 30-year nonexclusive easement to Matanuska Electric Association. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MR. MUELLER stated that the initial construction phase of an MEA easement will be authorized through an easement construction license, and when they have the defining land description, an official easement will be recorded. This is for improved and redundant electrical infrastructure in the Valley. There is a current substation constructed called the McRae Substation south of the Parks Highway. It is a new transmission line and will cross north of the Parks Highway and then trend north and west at the proposed Meadow Lakes Substation located at the corner of Church and Pittman Road. The proposed substation is not on trust property. The benefits to the Trust is compensation in revenue for the use of their lands that host MEA's property, and the revenue projections are during the easement construction license with a \$6000 annual essential rental fee. The easement construction license is written for three years to complete that project, and it can be terminated sooner.

CHAIR FEIGE called the vote.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes; Trustee Boyles, yes; Chair Feige, yes.)*

## UTILITY EASEMENT – MHT 9400899

**MOTION:** The Resource Management Committee recommends that the Alaska Mental Health Trust Authority's Board of Trustees concur with the disposal of a portion of Trust parcels F20286, F20288, F20289, F20298, F20299, F20309.001, F20309.002, F70015, and F70536 as depicted in exhibits through a 30-year term nonexclusive easement to Doyon Limited, Inc. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MR. MUELLER stated this is a term nonexclusive easement. The area is north of Fairbanks from about the Fox area and trending mostly within a DOT right-of-way with various areas where this project meanders out of that DOT right-of-way onto Trust property. This is being run through Doyon Limited, LLC, for a 96-strand fiberoptic cable north of Fairbanks up to the Yukon River, and to create connectivity for Alaskans who do not have strong Internet connectivity at this time. The project is a phased project and impacts multiple landowners. It is proposed that construction will begin on trust land this summer, but we do not have a defined timeline. The initial construction will be run through an easement construction license, and then a proper easement once the legal description is defined. The Trust will generate revenue from the Doyon infrastructure on the land with low risks and required bonding and insurance.

CHAIR FEIGE asked for any discussion or questions. There being none, she called the vote.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes; Trustee Boyles, yes; Chair Feige, yes.)*

## **GAS LEASE – MHT 9300102**

**MOTION:** The Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with a negotiated lease of Trust land parcels S50560, S50561, SM-2434, SM-2435, SM-2436, SM-2437, SM-2438, SM-2439, SM-2440-01, SM-2441, SM-2442, SM-2443, SM-2445-B, SM-2450 near Houston for the exploration and development of oil and gas resources. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MR. HENDRICKSON stated he is the TLO's Minerals and Energy Resource Manager. This is approximately 1300 acres of Trust-owned hydrocarbon estate. Some of the parcels also have a surface estate associated with them. The disposal is more applicable to the hydrocarbon estate. There is a nonexclusive right associated with those leases, and it is the lessee's responsibility to navigate those surface uses if there are conflicts. At this time, there are no known surface conflicts where the exploration development would take place. He continued that it is a negotiated oil and gas lease request from Dr. Samuel Cade, a long-term investor, with his business partner, Daniel Donkel, and Alaska Oil and Gas Resources, with notable land holdings on the North Slope of Alaska. This lease would complete their land package as they commit more time and resources into exploration and development in this region.

CHAIR FEIGE asked if they had a current lease with the State of Alaska, or if it was still an exploration license.

MR. HENDRICKSON replied that it is a full-blown lease in 2018. It started as an exploration license, and they submitted their request to convert it in November 2024. That lease was executed in January 2025. He stated that the main benefit is an overriding 12.5 percent production royalty on that lease. In addition, we are looking at collection of all the data associated with this to have a better understanding of the parcel's resources. It is very low risk to the benefits, as it is a heavily regulated industry. The lease documents are very similar to what the State of Alaska uses.

CHAIR FEIGE stated that the State of Alaska leases have a provision that if a certain amount of work is not done to go about developing the subsurface resources within a set period of time, then the rate for the rental payment increases on an annual basis. She asked if the Trust has a similar position.

MR. HENDRICKSON replied that the template is near verbatim to theirs, minus the language that describes the relationship between the TLO and the Trust. He continued that they are looking at a five-year term with this lease document, and it can be continued through production. As long as it is producing, they can have as long as there are resources to develop.

CHAIR FEIGE asked for any other questions. There being none, she called the question.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes; Trustee Boyles, yes; Chair Feige, yes.)*

## **MINERAL LEASE – MHT 9400921**

**MOTION:** The Resource Management Committee recommends that the Alaska Mental Health Trust Authority's Board of Trustees concur with a negotiated lease of Trust mineral estate on F20410 on Dome Creek for the processing of placer gold, as proposed.

The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MR. HENDRICKSON stated that this is an historical placer mining area known as Dome Creek, north of Fairbanks. There is current activity to this day, and it is a very unique request. There is stockpiled gravel on this parcel which turned out to be historic placer mining trailings from underground operations from years and years ago. This request was received from Mr. Jose Bonilla, who goes by Joe. He is wishing to complete the materials sale for approximately 4,000 cubic yards which does not require a consultation disposal process. It is our desire to have him process the rocks once again because of the \$3200 gold price. There has been a lot of advancement since those times when the rocks were originally processed. He is the adjacent landowner where the transportation will come in. It is a cookie-cutter shape because it was an old patented Federal mining claim that is now his private property where the individual has the equipment and utilities to process everything and water authorizations in place to go through with the washing of these rocks before selling him the 4,000 cubic yards he is looking for.

CHAIR FEIGE stated that the gold found would belong to the Trust and, after the fact, the clean washed gravel could be sold to him.

MR. HENDRICKSON replied that he is capable of going through this process with his wash plant on his property. As proposed, it would be the standard placer gold production royalty of 10 percent, then the Trust's standard rate for the stockpiled rock at that point once the placer gold is extracted.

CHAIR FEIGE thanked him and called the vote.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes; Trustee Boyles, yes; Chair Feige, yes.)*

#### **GROUND LEASE – MHT 9400917**

**MOTION:** The Resource Management Committee recommends that the Alaska Mental Health Trust Authority's Board of Trustees concur with a negotiated surface lease for waste rock storage of a portion of MH parcel F70015 to Fairbanks Gold Mining, Inc., to facilitate the continued operations at the Fort Knox Mine. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE BOYLES.

MR. HENDRICKSON stated that FGMI, the operators at Fort Knox in Fairbanks, are looking for a waste rock storage location. They have this waste rock and are looking for a place to put it. The Trust has already completed a similar surface lease with FGMI for this exact purpose. However, that surface lease is full at this point. FGMI is looking for a new version of what has already been done. It would be subject to the very similar terms that the original surface lease has for Victoria Creek. There will be a requirement that FGMI has to acquire a fair-market-value appraisal, and the rate of the lease will be the same as the original 2021 surface lease, which is above fair market value at 12 percent. This appraisal will be a third-party appraisal to be approved by the Trust Land Office; very standard. It can be refused if it is something that we do not think is a valid third party.

CHAIR FEIGE asked for any questions or discussions. There being none, she called the vote.

*After the roll-call vote, the MOTION was APPROVED. (Trustee Halterman, yes;*

*Trustee Boyles, yes; Chair Feige, yes.)*

CHAIR FEIGE stated that was the last consultation on the agenda and thanked staff and TLO for all of that hard work. She recognized Ms. Warner.

E.D. WARNER stated that that she was surprised to see Rhonda here, and we have a water bottle that is engraved for Rhonda from the Trust Authority and the TLO. It says: “We sincerely appreciate your dedicated service to the Trust.” She continued that she has been great, appreciated, and will be missed. She put on the record how the card was addressed: “To the amazing Rhonda Boyles. We will miss you, TLO.”

TRUSTEE BOYLES replied thank you.

(Applause.)

CHAIR FEIGE noted, for the record, that today is Trustee Boyles’ last Resource Management Committee meeting, and she will be missed. She is ending her tenure with the Board of Trustees. We thank her very much for her years of service, her enthusiasm, and we look forward to hearing from you as an interested party in the citizenry online during our meetings.

TRUSTEE BOYLES replied that they would see her dance if they do anything with Icy Cape.

CHAIR FEIGE asked for any other comments or questions.

COO BALDWIN-JOHNSON echoed Ms. Warner’s comments. She stated that Rhonda would be missed and stated appreciation for all of her advocacy and support of staff and the Land Office through the challenging moments that we periodically had over the years. She continued that her dedication to staff and support of all of them is tremendously valued.

TRUSTEE BOYLES replied that she will be heard from periodically from Arizona and bringing a lot back to Alaska to work with the Trust and staff to further that important cause. She will miss them all.

CHAIR FEIGE asked for a motion to adjourn.

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

CHAIR FEIGE thanked all, and adjourned the meeting.

(The Alaska Mental Health Trust Authority Resource Management Committee meeting adjourned at 3:45 p.m.)



**To:** Corri Feige, Chair  
Resource Management Committee  
**Through:** Jusdi Warner, Executive Director  
**From:** Brittany Williams, Leasing and Land Sales Manager  
**Date:** 8/1/2025  
**Re:** MHT 9400897  
Disposal of Fairbanks area Parcels FM-0596 and FM-0597  
**Fiscal Year:** 2026

## Consultation

### Proposed RMC Motion:

*"The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the disposal of Trust parcels FM-0596 and FM-0597 through a negotiated sale or subsequent disposal."*

### Background:

**Revenue Projections:** Principal \$474,521.00

**Transaction/Resource:** The proposed action is to dispose of two parcels through a negotiated sale to the applicant, Compatible Lands Management (CLM), a Limited Liability Company in Oklahoma. In the event the parcels are not sold to the applicant or a competing offeror, the parcels may be reoffered in a future land sale, through a competitive or over-the-counter sale, a negotiated sale, a subdivision development, or through a negotiated or competitive lease at or above fair market value.

**Property Description/Acreage/MH Parcel(s):** Trust parcels FM-0596 and FM-0597 comprise 355.00 acres and are legally described as:

FM-0596:

T. 003 S., R. 003 E., FAIRBANKS MERIDIAN, ALASKA  
SECTION 15: SW1/4NE1/4, W1/2SE1/4; CONTAINING 120.00 ACRES, MORE  
OR LESS. ACCORDING TO THE SURVEY PLAT ACCEPTED BY THE UNITED  
STATES DEPARTMENT OF THE INTERIOR, GENERAL LAND OFFICE IN  
WASHINGTON, D.C. ON APRIL 30, 1936.

AND

FM-0597:

T. 003 S., R. 003 E., FAIRBANKS MERIDIAN, ALASKA

SECTION 15: TRACT A OF ALASKA STATE LAND SURVEY NO. 84-63, EIELSON  
II AGRICULTURAL SUBDIVISION; CONTAINING 235.00 ACRES, MORE OR  
LESS. ACCORDING TO THE SURVEY PLAT FILED IN THE FAIRBANKS  
RECORDING DISTRICT ON OCTOBER 8, 1991, AS PLAT 91-82.

**General Background:** On April 25, 2024, the applicant applied to purchase Trust parcels FM-0596 and FM-0597, aggregating to 355.00 acres (more or less), for the purpose of creating a conservation easement adjacent to Eielson Air Force Base (EAFB) to protect critical runways and flight operations facilities and limit radar, safety, and noise concerns. The subject parcels are primarily wetlands, fall within a known floodplain, and are within EAFB's higher noise contours due to EAFB's air traffic patterns. In 2008, it was reported that an underground storage tank was present on a portion of an adjacent parcel to the north of FM-0597. An authorization was issued to the U.S. Army Corps of Engineers to remove the known contaminants and monitor the ground water. One of the subject parcels, FM-0597, was included in the remediation authorization as the known contaminants from the adjacent parcel were speculated to have impacted the adjacent lands and were included for monitoring purposes. The remediation and monitoring are ongoing with the current authorization due to expire in November of 2025.

Additionally, on May 28, 2024, EAFB reported two F-16 fuel tanks had been jettisoned onto Trust parcel FM-0597. An authorization for contamination removal and remediation was issued. The authorization is ongoing and due to expire in August of 2025. Trust parcel, FM-0596 is to the east and adjacent to Trust parcel FM-0597. Both subject parcels have been evaluated for subdivision prior to the fuel spill. It was found the rate of return on such a project would not be economic for the Trust to pursue due to development costs relative to post development land values in the area.

**Anticipated Revenues/Benefits:** This proposal provides the Executive Director with an opportunity to dispose of the subject parcels for a cumulative price of \$474,521.00. This is 143.36% of the appraised fair market value of the parcels which is comprised of a 30.00% premium for the fee estate and a 13.36% premium for the mineral estate. In addition, the applicant intends to pay outright for the parcels, enabling the full land payment to be invested to generate further return to the Trust corpus.

**Anticipated Risks/Concerns:** Concerns include the applicant rejecting standard document language; however, many potential document language issues have already been agreed upon.. Additionally, CLM's funding source for the purchase of the Property will lapse on September 30, 2025 and is contingent on the mineral estate being conveyed as part of an agreement with between CLM and the Federal Natural Resources Conservation Service (NRCS) issuing the conservation easement. A Purchase and Sale Agreement is in place, 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 parcel in Trust ownership.

**Project Costs:** \$0.

**Other Considerations:** None.

**Due Diligence:** The purchase price was determined by an appraisal completed by Axelsson & Associates, INC, completed on April 5, 2025. The appraisal determined the estimated market value of the subject parcels to be \$331,000.00. Additionally, an appraisal was completed by CLM under the Uniform Appraisal Standards for Federal Land Acquisitions, “Yellow Book”, which met CLM requirements for land an acquisition. However, the fair market value of the subject property determined by and completed by Axelsson & Associates, INC was higher. The parcels will be sold at a combined premium of 143.36%, 30.00% for the fee estate disposal and 13.36% for the mineral estate disposal, of the appraised value to compensate for not selling the parcels through a competitive process. CLM’s interest in purchasing the mineral estate is due to an agreement held between CLM and NRCS to issue a conservation easement on the subject properties. To validate it is in the Trust’s best interest to dispose of the subject properties, a study was completed and submitted by John Hoppe, Geologist BLM Alaska State Office. The assessment of the subject property concluded no significant locatable or leasable minerals were present. Additionally, standard contract documents were reviewed by the Attorney General’s office; no separate independent review was required.

**Alternatives:** The alternatives include holding the parcels for sale in the future or disposing of them through a competitive land sale. These alternatives could potentially miss selling contaminated sites at the higher end of the market, delay receipt of revenues, and fail to capitalize on the net present value of money returned to the corpus. Additionally, retaining the subject properties will result in additional management costs due to known contaminations present on site.

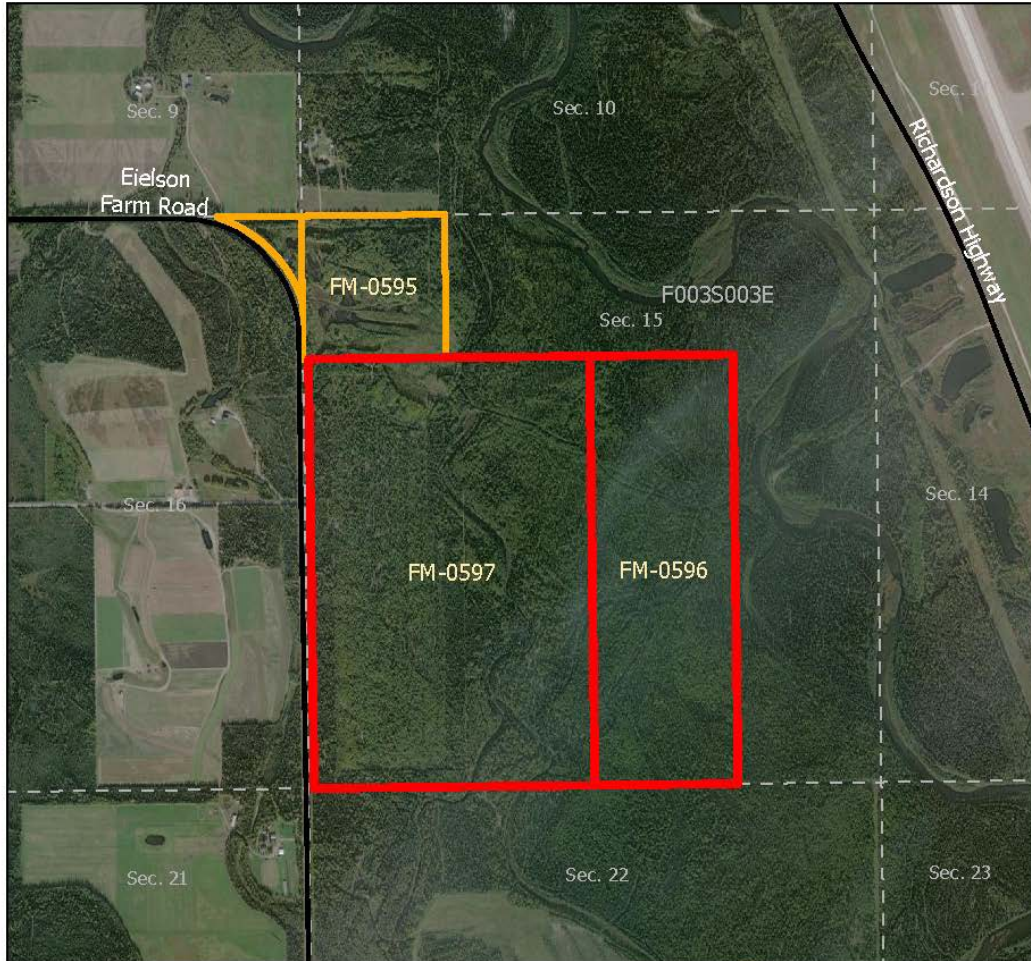
**Consistency with the Resource Management Strategy:** The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted October 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and 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 these parcels in a negotiated sale. If not sold or determined to not be in the best interest of the Trust and its beneficiaries, the parcels may be disposed of in the future through the TLO’s land sale programs, negotiated sale, or through a negotiated or competitive lease.

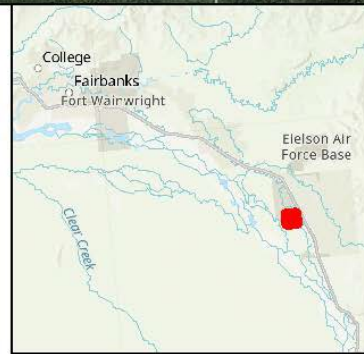
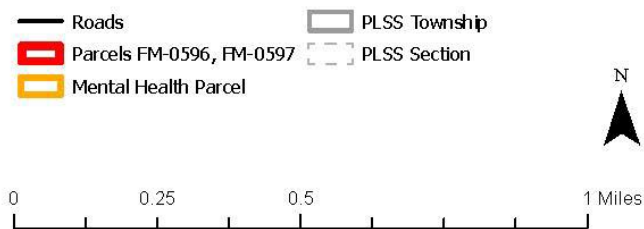
**Applicable Authority:** Alaska Statutes AS 37.14.009(a), AS 38.05.801, 11 AAC 99; Resource Management Strategy.

**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:



Mental Health Parcels FM-0596 & FM-0597





**To:** Corri Feige, Chair  
Resource Management Committee  
**Through:** Jusdi Warner, Executive Director  
**From:** Brittany Williams, Leasing and Land Sales Manager  
**Date:** 8/1/2025  
**Re:** MHT 9101417 – Negotiated Sale  
**Fiscal Year:** 2026

## Consultation

### Proposed RMC Motion:

*“The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the decision to dispose of a portion of Trust parcel CRM-2764 Lots 3 & 4, through a negotiated sale or subsequent disposal.”*

### Background:

**Revenue Projections:** Principal \$269,330.96

**Transaction/Resource:** The proposed action is to dispose of Lots 3 and 4 within the Berry Patch subdivision, a portion of Trust parcel CRM-2764, through a negotiated sale to the applicant, Ketchikan Gateway Borough. In the event the lots are not sold to the applicant or a competing offeror, the lots 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):** A portion of Trust parcel CRM-2764, Lots 3 and 4, aggregating to 0.89 acres, more or less, and are legally described as:

Located in Section 13, Township 74 South, Range 89 East, Copper River Meridian, Alaska and more particularly described as:

Lot 3 and 4 in Block 1 of Trust Land Survey 2022-03, Berry Patch Subdivision, aggregating to 0.890 acres, more or less, according to the survey plat filed in the Ketchikan Recording District on May 25, 2023, as Plat 2023-13.

**General Background:** On July 9, 2025, the Ketchikan Gateway Borough applied to purchase a portion of Trust parcel, CRM-2764, specifically Lots 3 and 4 of the Berry Patch Subdivision, aggregating to 0.89 acres, more or less. The applicant intends to develop a parking lot and an accessible route for the public beach near the subject property. The Trust parent parcel is located approximately 11 miles northwest

from the Ketchikan Central Business District and within a moderately developed neighborhood. On May 25, 2023, the Berry Patch Subdivision was recorded and comprised of Trust parcels CRM-2764 and CRM-2762. Since recordation, the Trust Land Office has disposed of five lots in the 2023 Competitive Fall Land Sale Auction and two in the Over the Counter Land Sales Program in FY24. No lots were offered in the 2024 Competitive Fall Land Sale Auction due to a correction on the original plat. The TLO intends to offer additional lots in the 2025 Competitive Fall Lands Sale Auction.

Lots 3 and 4 are located on the southwest facing boundary of Trust parcel CRM-2764. The subject property is adjacent to South Point Higgins Road and across from the Ketchikan Gateway Borough owned and managed South Point Higgins Beach Park. Additionally, a preexisting eagle's nest is present on the property boundary between lot 3 and 4. The tree was identified and tagged by the United States Fish and Wildlife Service (USFWS) and is protected under the Bald and Golden Eagle Protection Act. Due to the existing eagle's nest, development around the nesting tree is limited and will require coordination with USFWS for any taking of nearby trees or foliage.

**Anticipated Revenues/Benefits:** This proposal provides the Executive Director with an opportunity to dispose of the subject property for a cumulative price of \$269,330.96. This is 155.00% of the appraised fair market value of the parcels. In addition, the applicant intends to pay outright for the parcels, enabling the full land payment to be invested to generate further return to the Trust corpus.

**Anticipated Risks/Concerns:** Concerns include the applicant rejecting standard document language; however, many potential document language issues have already been agreed upon. A Purchase and Sale Agreement is in place, 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 parcel in Trust ownership.

**Project Costs:** \$0.

**Other Considerations:** None.

**Due Diligence:** The purchase price was determined by an appraisal of Lot 3, completed by Southeast Appraisal Services, LLC, on May 19, 2025. The appraisal determined the fair market value of Lot 3 to be \$81,000.00. Lot 4 was not appraised; however, due to similar site characteristics and adjacent location to Lot 3, the assumed fair market value of Lot 4 was calculated using a cost per acre value. Lot 4 consists of 0.47 acres, more or less, and was determined to be valued at \$91,761.91. The cumulative fair market value of Lot 3 and 4 equates to \$173,761.91. The parcels will be sold at a premium of 155.00% (\$269,330.96) of the combined appraised value to compensate for not selling the parcels through a competitive process. Additionally, standard contract documents were reviewed by the Department of Law; no separate independent review was required.

**Alternatives:** The alternatives include holding the parcels for sale in the future or disposing of them through a competitive land sale. These alternatives could potentially miss selling at the higher end of the market, delay receipt of revenues, and fail to capitalize on the net present value of money returned to the corpus. Additionally, retaining the subject properties may result in additional management costs due to known bald eagle nesting present on site.

**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 these parcels in a negotiated sale. If not sold or determined to not be in the best interest of the Trust and its beneficiaries, the parcels 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.

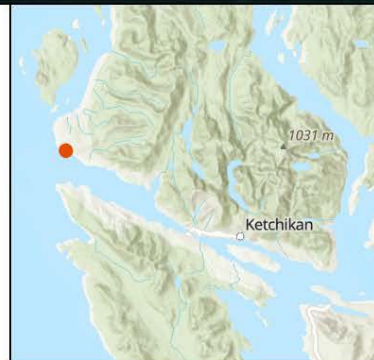
# Exhibit A:



MHT 9101417

- |                         |                      |
|-------------------------|----------------------|
| MHT 9101417             | Mental Health Parcel |
| Land Sale, Conveyed     | PLSS Township        |
| Land Sale, Contract     | PLSS Section         |
| Trust Land Survey (TLS) |                      |

0 100 200 400 600 800 1,000 Feet





**To:** Corri Feige, Chair  
Resource Management Committee  
**Through:** Jusdi Warner, Executive Director  
**From:** Pete Mueller, Easements Manager  
**Date:** 8/1/2025  
**Re:** MHT 9101418 – Cape Fox Corporation  
Perpetual Non-Exclusive Easement  
**Fiscal Year:** 2026

## Consultation

### Proposed RMC Motion:

*“The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the decision to dispose of a portion of Trust parcel CRM-7059 through a perpetual non-exclusive easement.”*

### Background:

**Revenue Projections:** The two easement sections: Easement Section 1 (Pink) and Easement Section 2 (Yellow), were appraised by a third-party licensed appraisal company in May of 2025. Revenue is consistent with the appraisal and will be assessed as a one-time payment.

- Easement Sec. 1 (Pink) \$21,800
  - Easement Sec. 2 (Yellow) \$33,000
- Total: \$54,000

**Transaction/Resource:** The Trust Land Office (TLO) proposes to grant one comprehensive easement along Coon Cove Rd. to Cape Fox Corporation (CFC) comprised and herein described as Easement Section 1 and Easement Section 2, combining three noncontiguous sections. Please refer to Exhibit 1 for reference.

**Property Description/Acreage/MH Parcel(s):** The proposed action is to dispose of a portion of Trust Parcel CRM-7059, as depicted in Exhibit 1, through the issuance of a perpetual non-exclusive easement to Cape Fox Corporation.

### A portion of Parcel CRM-7059 described as:

#### **EASEMENT Section 1 – legally described in three subsections**

1. An easement sixty-six (66) feet in width for an existing road, FDR 8334, beginning at the southern boundary of Sec. 33, T. 73 S., R. 92 E., Copper River Meridian, thence northerly to its junction with an existing road, FDR 8330, in Sec. 33, T. 73 S., R. 92 E., Copper River Meridian. Traversing approximately 0.15 miles.

2. An easement sixty-six (66) feet in width for an existing road, FDR 8330, beginning at its terminus with easement 1 in Sec. 33, T. 73 S., R. 92 E., Copper River Meridian, thence northeasterly to the western boundary of the NW1/4NW1/4 of Sec. 34, T. 73 S., R. 92 E., Copper River Meridian. Traversing approximately 0.9 miles.
3. An easement sixty-six (66) feet in width for an existing road, FDR 8330, beginning at the southern boundary of the NW1/4NW1/4 of Sec. 34, T. 73 S., R. 92 E., Copper River Meridian, thence southeasterly to the western boundary of the E1/2W1/2 of Sec. 34, T. 73 S., R. 92 E., Copper River Meridian. Traversing approximately 0.4 miles.

The easement traverses land owned by the Alaska Mental Health Trust. The aggregate area of adjoining land totals 6,325 acres. The easement was issued by the U.S. Forest Service (previous owner) to the adjoining owner (Cape Fox Corporation) and expires March 3, 2029. The total length of this section is 1.45 miles and the area encumbered by the easement is 11.60 acres (1.45 miles x 5,280' = 7,656' x 66' = 505,296 SF, or 11.60 acres). The topography is rolling to steep and heavily treed. Small unnamed lakes are located near the southern and northern end of this alignment.

**A portion of Parcel CRM-7059 described as:**

**EASEMENT Section 2 – legally described in one subsection**

1. An easement sixty-six (66) feet in width for an existing road, FDR 8330, beginning at the eastern boundary of the E1/2W1/2 of Sec. 34, T. 73 S., R. 92 E., Copper River Meridian, thence northerly to the northern boundary of Sec. 27, T. 73 S., R. 92 E., Copper River Meridian. Traversing approximately 1.60 miles.

The easement traverses land owned by the Alaska Mental Health Trust. The aggregate area of adjoining land totals 6,325 acres. The total length of this section is 1.60 miles and the area encumbered by the easement is 12.80 acres (1.60 miles x 5,280' = 8,448' x 66' = 557,568 SF, or 12.80 acres). The topography is rolling to sloping and heavily treed. A small unnamed lake is located near the northern end of this alignment and Dancing Duck Lake is approx. 0.25 miles east.

The combined requested acreage for all sections comprising Easement 1 and Easement 2 is 24.4 acres.

**General Background:** After the execution of a land exchange between the Alaska Mental Health Trust Authority (AMHTA) and the United States Forest Service, the Trust and Cape Fox Corporation were faced with access issues through each other's land. This easement will grant CFC access through AMHTA lands along Coon Cove Rd. to reach CFC lands. There are two small sections on CFC land to which, in turn, the MHTA will receive an easement ensuring each landowner, CFC and AMHTA, access to their respective lands.

**Anticipated Revenues/Benefits:** This proposal provides the Executive Director with an opportunity to dispose of the subject property through a perpetual non-exclusive easement for a combined price of \$54,000. The easements will ensure that access and usage rights are clearly defined and respected by

the parties involved. This legal arrangement is necessary to provide the Trust with access to its lands and maintain favorable relations between the AMHTA and CFC, as it allows both entities to utilize the land without infringing on each other's property or rights.

**Anticipated Risks/Concerns:** There are no anticipated unusual risks or concerns with the proposal.

**Project Costs:** There are no anticipated expenses to the AMHTA.

**Other Considerations:** The AMHTA will be granted an easement through CFC land as depicted in the exhibit as Easement 3.

**Due Diligence:** The proposed Easement will be a standard TLO easement document which is periodically reviewed by the Department of Law or TLO General Counsel to mitigate exposure to risk. TLO staff have inspected the parcel many times in the past several years due to timber harvest development, trespass mitigation, and this proposed easement.

**Alternatives:** Deny CFC's proposed easement barring CFC from accessing their land. If this were to happen, it is reasonable to believe that CFC would not grant the AMHTA an access easement through their land to reach what is otherwise inaccessible AMHTA land.

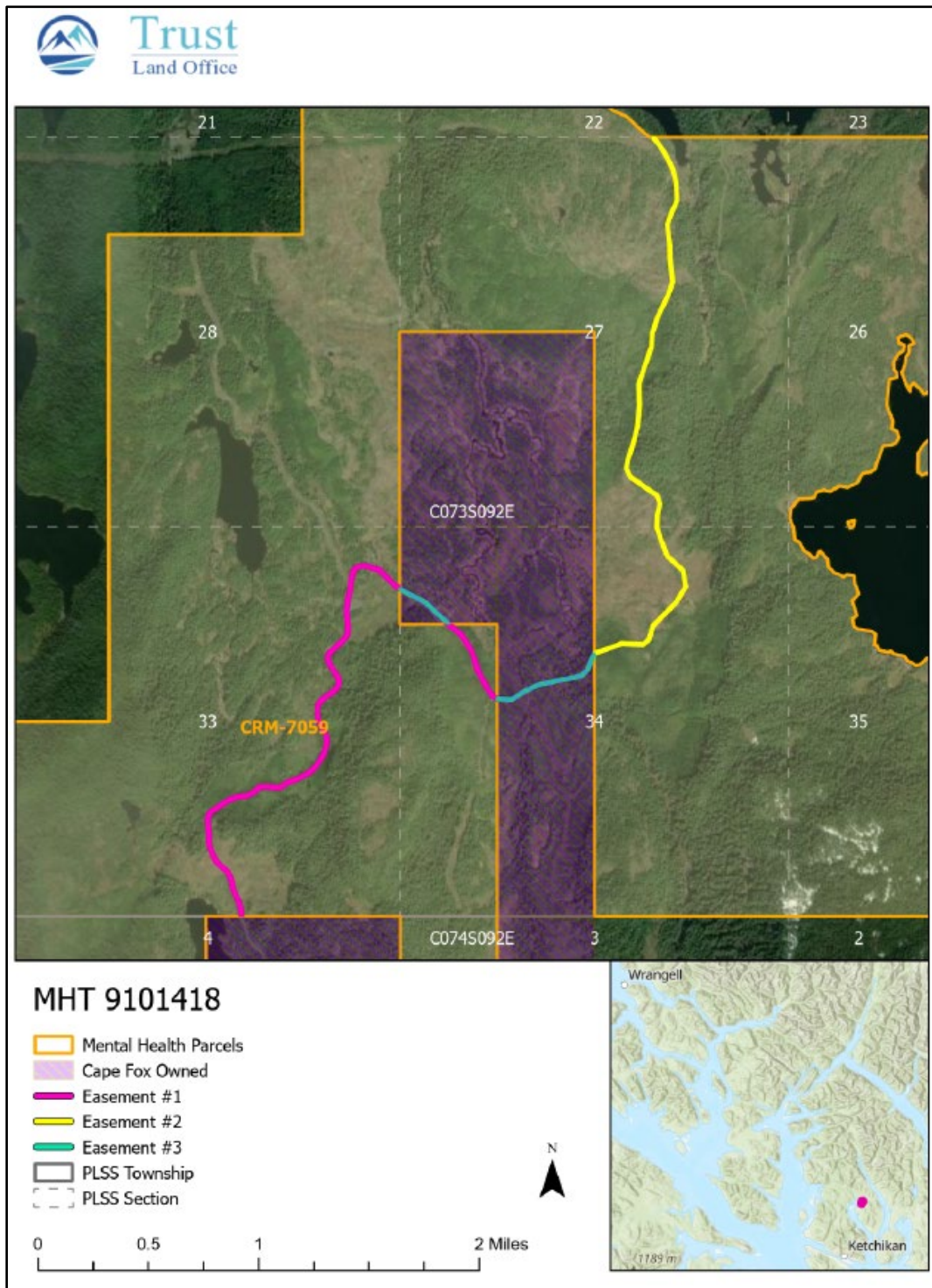
**Consistency with the Resource Management Strategy:** The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted October 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and 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 a portion of this parcels for a CFC easement.

**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.

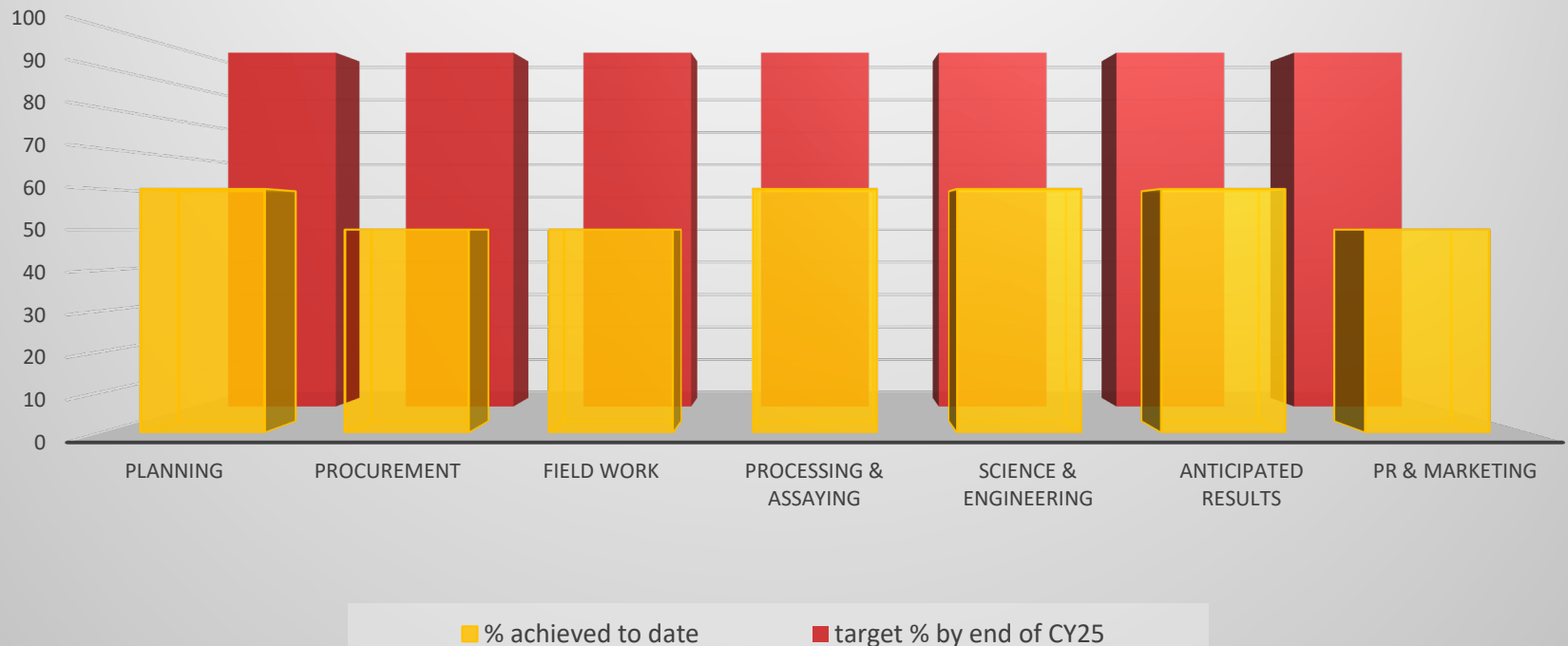
**Exhibit 1:**



*Exhibit: Land owned by the AMHTA and CFC depicting the proposed easements necessary to grant legal access through each other's land to access respective lands otherwise inaccessible as defined by property boundaries.*

# Icy Cape Gold and Industrial Heavy Minerals Project

## Icy Cape Gold and Industrial Heavy Minerals Project Progress 2nd Quarter CY 2025



# Icy Cape Gold and Industrial Heavy Minerals Project

## Project Timeline

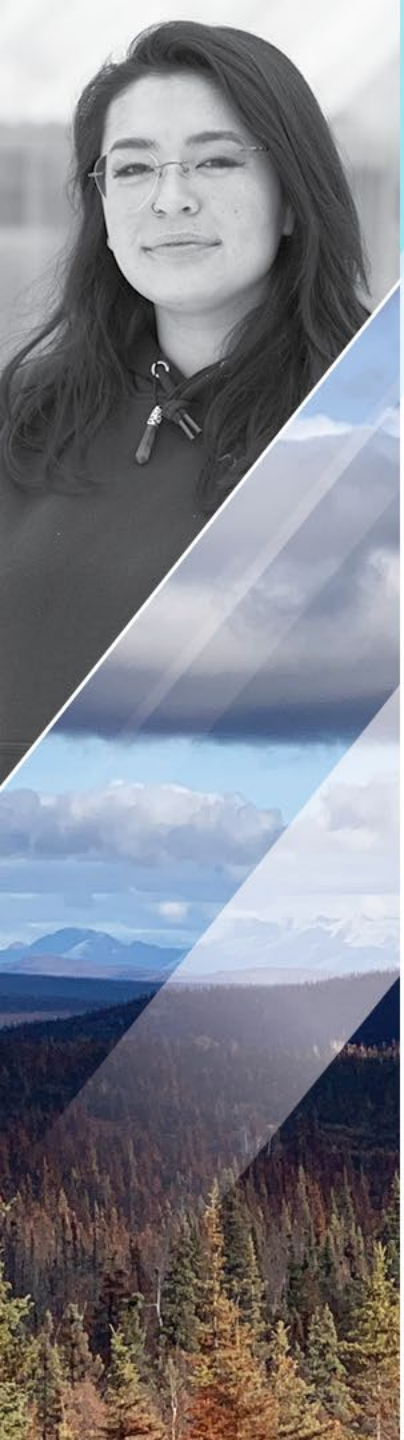
Current state

| 2015                                 | 2016                    | 2017                                 | 2018                                 | 2019                                 | 2020                                          | 2021                            | 2022                                 | 2023                                 | 2024                                 | 2025                                   |
|--------------------------------------|-------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------------|
| First phase HM sampling and assaying | Aeromagnetic survey     | Stratigraphic framework drilling     | Stratigraphic framework drilling     | Drill sample processing and assaying | Drill sample processing and assaying          | Aeromagnetic gradient survey    | 3D inversion of aeromag data         | Resource definition drilling         | Drill sample processing and assaying | Grinder Au + HM resource estimate      |
| Geologic mapping                     | HM concentrate testing  | Drill sample processing and assaying | Drill sample processing and assaying | Geologic mapping                     | Interpretation of drill results               | Grinder drill target generation | Resource definition drilling         | Drill sample processing and assaying | Metallurgical studies                | NI43-101 technical report              |
|                                      | Sampling                | Mineral product testing              | Mineral product testing              | Sampling                             | Independent project review and strategy study | Drill access trails             | Drill sample processing and assaying | Bulk sampling                        | Grinder Au + HM resource estimate    | Conceptual study                       |
|                                      | Drill target generation |                                      |                                      |                                      | 5-year plan for project advancement           | Camp infrastructure             |                                      | Metallurgical studies                | NI43-101 technical report            | Strategy study for project development |
|                                      |                         |                                      |                                      |                                      |                                               |                                 |                                      |                                      |                                      | Marketing                              |



# Mental Health Trust Lands

- 1956 Alaska Mental Health Enabling Act
  - 1,000,000 acres.
- Settlement of Weiss v. State of Alaska (1994)
  - Reconstitution of Trust Lands for the acreage received from BLM at that time.
  - Based on appraised values.
  - Mixture of fee, surface, and mineral estates.
- Closeout Agreement (2009)
  - Final agreement to close out 1956 grant.
  - Lands are still being conveyed under this agreement.



# Estate Types

- Surface Estate (Land)
  - Lands where only the surface is owned by the Trust, the subsurface is owned by someone else (State, BLM, ANCSA Corp).
  - Typical Uses (timber, agriculture, leasing/permitting, real estate development).
- Subsurface Estate (Mineral)
  - Lands where only the subsurface is owned by the Trust, the surface is owned by someone else.
  - Mineral rights, oil & gas leasing.
- Dual Ownership (Fee)
  - Lands where surface and subsurface are both owned by the Trust.



# Estate Type Breakdown

- Current Breakdown by estate:
  - Fee Estate:.....543,469 acres
  - Surface Only Estate:.....841 acres
  - Mineral Only Estate:.....448,299 acres
  - Combined acreage of all estates:...992,609 acres
- Current breakdown by surface/subsurface ownership:
  - Total surface owned:.....544,310 acres
  - Total subsurface owned:.....991,768 acres
- Acreage current as of 6/30/2025



# Remaining Mental Health Grant

- Lands remaining to be conveyed from the original 1956 grant.
  - Estimated 13,500 acres remaining.
  - Needs full audit by BLM.
  - Still conveying lands under the 2009 Closeout Agreement
  - Current pending requests:
    - 4.54-acre parcel in Sitka on Whale Island.
      - BLM is waiting for an active authorization to expire (2029) before they can convey.



# Other ways the Trust obtains lands.

- Acquisitions
- Land Exchanges
- Inholdings (mostly active federal inholdings / authorizations)
- Legislative Conveyance
- Congressional Conveyance
- Missed Settlement Lands\*
- Replacement Lands\*
- Donations\*



# Missed Settlement Lands

- Lands that were missed during the Settlement and were later determined to have been available at the time.
- Occurs infrequently.
- Current pending requests:
  - 100-acre parcel near Nikiski, Kenai Peninsula.
    - This may fall under remaining entitlement.
    - Waiting for BLM to adjudicate and process.
  - 2 parcels on the Kenai Peninsula currently under review.
  - Acquired 2 parcels last fiscal year.



# Replacement Lands

- The Settlement allows the Trust to replace lands if:
  - The land was conveyed in error.
    - Encumbrances, legal description errors, rights-of-way, located within and LDA, has pre-existing rights, third-party interests, etc.
  - Discovery of hazardous substances, making it unsuitable for its intended purpose.
    - Can either be cleaned up or replaced, depends on the contamination.
- The land is determined to have zero economic value.
  - If land conveyed to the Trust is encumbered or restricted in a way that prevents revenue generation, it is considered valueless to the Trust.
  - Such land must be removed from the Trust and replaced with suitable, unencumbered land of comparable value.
  - Ensures the Trust's assets maintain their fiduciary value.
  - Equal value (for surface/fee estate)
  - Like-kind, acre-for-acre (for mineral or hydrocarbon estate)



# Donations - Authority

- Statutes and code are nonspecific.
- **AS 38.05.035(a)(6)** “...the commissioner may...accept gifts, grants, or donations of real or personal property on behalf of the State and may dispose of property acquired by gift, grant, or donation in accordance with the terms of the acquisition...”
- **11 AAC 99.010 (c)** The (TLO) executive director may acquire land on behalf of the trust consistently with the statutes and regulations and with the approval of the trust authority.



# Donations – Current Status

- To date 3 parcels have been acquired through donation
  - 2 in Glenallen, donated in 2001
    - Parcel C1001, 17.92 acres
    - Parcel C1002, 8.54 acres
  - 1 on the Kenai Peninsula donated in 1995
    - Parcel S1002, 26.36 acres
- 52.82 acres in total.
- All 3 are currently under contract for sale.
  - Funds from sales typically follow standard land sale principle/income format but does not have to, donor can specify which account(s) the funds go to in the donation's terms & conditions.



# Donations - Considerations

- Revenue Generating Potential
- Alignment with Trust's Land Management Strategy
- Title Status & Legal Risks
- Environmental Condition
- Management & Holding Costs
- Compatibility with Surrounding Trust Lands
- Long-Term Marketability
- Terms & Conditions of Donation
- Trust Governance & Approval



Trust  
Land Office

# Subdivision Development Program Update

Resource Management Committee  
August 1, 2025

# 2023 & 2024 Approved Parcel List

| Project   | Community       | Parcel #                                                                                               |
|-----------|-----------------|--------------------------------------------------------------------------------------------------------|
| Project A | Matsu Valley    | SM-0050-b                                                                                              |
|           |                 | S20565, S20562, S34011, S20564, S20561, S20558, S20557, s20559, s20556, S20560, s20554, s20553, s20555 |
| Project B | Matsu Valley    |                                                                                                        |
| Project C | Prince of Wales | C32033                                                                                                 |
| Project D | Skagway         | C20446, C20456.002, C20424.001, C20447, C32026                                                         |
| Project E | Sitka           | C20550.001                                                                                             |
|           |                 | S20565, S20562, S34011, S20564, S20561, S20558, S20557, s20559, s20556, S20560, s20554, s20553, s20555 |
| Project F | Matsu Valley    |                                                                                                        |
| Project G | Prince of Wales | C32033                                                                                                 |
| Project H | Skagway         | C20446, C20456.002, C20424.001, C20447, C32026                                                         |
| Project I | Big Lake        | SM-2110                                                                                                |
| Project J | Kasilof         | S20057 (S20054, S20055, S20056, S20058, S20059, S20060)                                                |
| Project K | Matsu Valley    | S20549                                                                                                 |
| Project L | Sitka           | C20550.001                                                                                             |
| Project M | Prince of Wales | CRM-7061                                                                                               |
| Project N | Skagway         | C20446, C20456.002, C20424.001, C20447, C32026                                                         |
| Project O | Wrangell        | CRM-2402                                                                                               |
| Project P | Sitka           | C20550.001                                                                                             |
|           |                 | S20558, S20557, s20559, s20556, S20560, s20554, s20553, s20555                                         |
| Project Q | Matsu Valley    |                                                                                                        |
| Project R | Prince of Wales | CRM-7061                                                                                               |
| Project S | Wrangell        | CRM-2402                                                                                               |
| Project T | Matsu Valley    | S20525                                                                                                 |

| Project    | Community       | Parcel #                                                   |
|------------|-----------------|------------------------------------------------------------|
| Project U  | Ketchikan       | CRM 2941, CRM 2940-02, CRM 2841                            |
| Project V  | Seward          | S20006                                                     |
| Project W  | Prince of Wales | CRM 7063, CRM 7062                                         |
| Project X  | Prince of Wales | C32030, C70871                                             |
| Project Y  | Ketchikan       | CRM 3129-01                                                |
| Project Z  | Ketchikan       | CRM 2680                                                   |
| Project AA | Ketchikan       | C70932                                                     |
| Project BB | Prince of Wales | C300.21-003                                                |
| Project CC | Gustavus        | CRM 0926, CRM 0925, CRM 1028, CRM 1030, CRM 1032, CRM 1037 |
| Project DD | Kasilof         | S20019                                                     |
| Project EE | Nikiski         | SM 1146-01                                                 |
| Project FF | Fairbanks       | FM 0948, FM 0931, FM 0952-A01                              |
| Project GG | Fairbanks       | F20212, F20213                                             |
| Project HH | Delta Junction  | F20621, F20624                                             |
| Project II | Tok             | C20282, C20293                                             |



# 2025 Project Status Update

| Project                 | Community               | Parcel #                       | Anticipated Revenue Start |
|-------------------------|-------------------------|--------------------------------|---------------------------|
| West Cohoe              | Cohoe – Kenai Peninsula | S20056, S20058, S20059, S20060 | FY28                      |
| Jasper                  | Nikiski                 | SM-1143                        | FY28                      |
| Charlie’s Way           | Nikiski                 | SM-1420                        | FY28                      |
| Ishiyama                | Wrangell                | CRM-2405-06                    | FY28                      |
| Three Ponds             | Kasilof                 | S20113                         | FY27 – Project recorded   |
| Berry Patch             | Ketchikan               | CRM-2764, CRM-2762             | FY27                      |
| *Emerald                | Nikiski                 | SM-1164, SM-1165               | FY27 – Project recorded   |
| *Longview               | Wasilla                 | SM-20565                       | FY28                      |
| *Control Lake           | POW                     | C32033                         | FY28                      |
| *Celestial Heights/Boyd | Palmer                  | SM-0050-B                      | FY29                      |
| *Lonesome Lake          | Cohoe – Kenai Peninsula | S20057, S20054, S20055         | FY27                      |
| *Whipple Creek          | Ketchikan               | CRM-2841                       | FY28                      |
| *Blueberry Hill         | Seward                  | S20006                         | TBD                       |

A composite image on the left side of the slide. The top portion shows a woman with dark hair, wearing a grey hoodie, smiling. The bottom portion shows a scenic view of a calm lake reflecting the surrounding forested mountains under a clear sky.

# Cost Recovery Projects

| Project                 | Community               | Parcel #               | Anticipated Revenue Start |
|-------------------------|-------------------------|------------------------|---------------------------|
| *Emerald                | Nikiski                 | SM-1164, SM-1165       | FY27 – Project recorded   |
| *Longview               | Wasilla                 | SM-20565               | FY28                      |
| *Control Lake           | POW                     | C32033                 | FY28                      |
| *Celestial Heights/Boyd | Palmer                  | SM-0050-B              | FY29                      |
| *Lonesome Lake          | Cohoe – Kenai Peninsula | S20057, S20054, S20055 | FY27                      |
| *Whipple Creek          | Ketchikan               | CRM-2841               | FY28                      |
| *Blueberry Hill         | Seward                  | S20006                 | TBD                       |



Trust  
Land Office

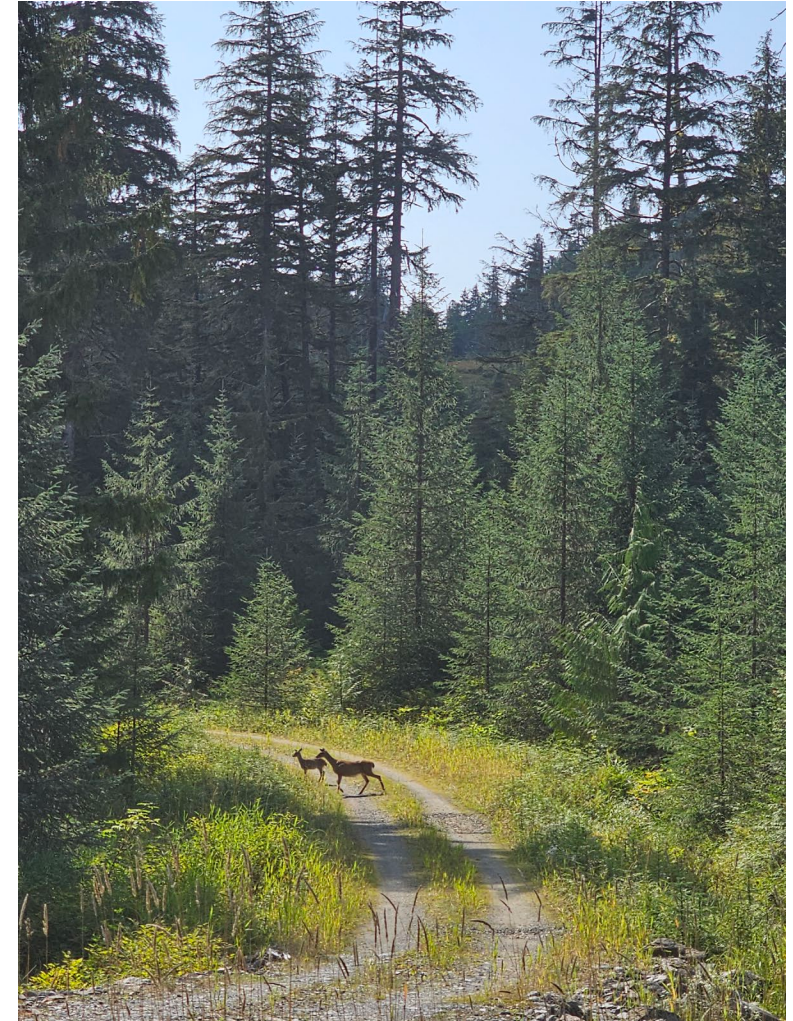
# Road Management on Trust Lands

Jeff Hermanns  
Timber Program Manager



# Importance of Roads

- **Essential for Development:** Timber harvesting, mining, residential development.
- **Current Infrastructure:** Roads from Fairbanks to Ketchikan, initially for logging, mining, exploration, etc.





# Economic Value and Costs

- Construction Costs: \$225,000 per mile.
- Example: Naukati area roads total 80 miles valued at \$20,000,000.
- Future Value: Consideration of long-term benefits.





# Development Potential

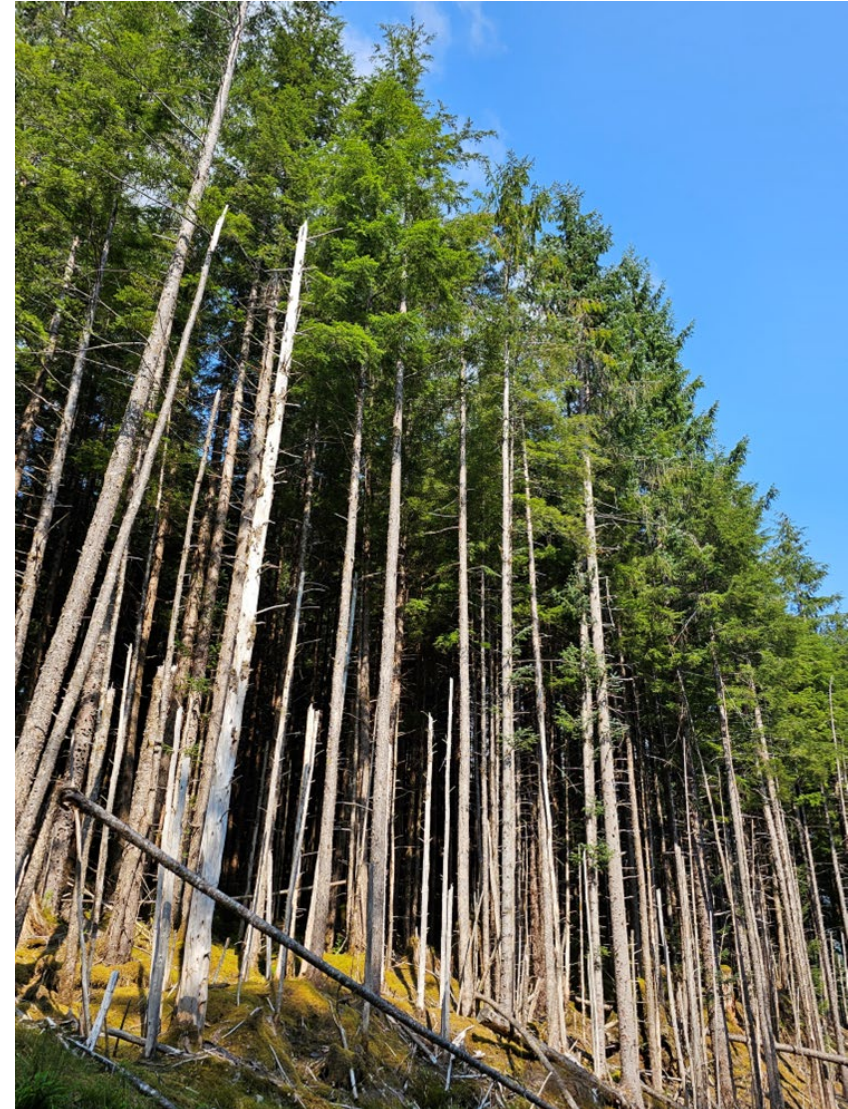
- Beachfront Properties: Naukati, Kasaan.
- Tourism and Mining: Leask Lake, Icy Bay, other areas.
- Community Benefits: Firewood, hunting, recreation, housing.





# Risk-Based Planning and Road Closure

- Risk-Based Planning: Thoughtful evaluation for maintenance and future use.
- Road Closure: Returning land to wilderness, high reconstruction costs.



# TLO Real Estate Cost Effectiveness Analysis

3745 Community Park Loop Options

Prepared for Trust Authority Resource Management Committee

# Consultant Project Team



*Curtis Fincher*  
Senior Associate  
Agnew::Beck Consulting  
Role: Project Manager, Market  
Analysis, Cost Efficiency Analysis,  
Executive Summary



*Colleen File*  
Project Analyst  
Northern Economics Inc.  
Role: Cost Efficiency Analysis Lead,  
Market Analysis



*Nate Seymour*  
Principal  
Pacwest Consulting  
Role: Property Assessment, Cost  
Estimating/Scheduling,  
Property Condition Assessment

*Client Project Team:  
Jusdi Warner, David MacDonald, and Jeffrey Green.*

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| <b>Project Overview &amp; Approach</b>           | Overview of project and methods                                                      |
| <b>Property Condition Assessment</b>             | Current Trust Authority Building condition                                           |
| <b>Scenario Descriptions</b>                     | Summary of 10 scenarios included in the analysis                                     |
| <b>Key Findings: Cost Effectiveness Analysis</b> | Comparison of scenarios by Cost Effectiveness, Net Present Value, and Residual Value |
| <b>Discussion and Next Steps</b>                 | Non-economic issues, discussion and next steps                                       |

# Edits

This slide deck is a condensed version of the slide deck shared with the Resource Management Committee the week of 7/18/25. The primary difference between this slide deck and that one is the removal of background information on “Market Analysis” and “Core Assumptions” to allow for a shorter presentation.

However, a tabulation error in the Excel document driving the model was found that also resulted in changes to net operating income for a handful of scenarios. This edit changed values on Slides 9, 26, 29, 30, and 33 (Economic Considerations, Model Leaders, NOI, and NPV). The top four scenarios overall did not change, however their respective rankings across different metrics did change.

Other significant edits include one additional slide (Slide 14), and the addition of previously unaccounted renovation costs to sub-scenarios 1b, 1c, 2b, and 2c on slide 32.

# Project Overview



The Trust Authority Building's (3745 Community Park Loop) mechanical equipment is at risk of failure and the Trust Authority must choose how to address the issue.

TLO selected a consulting team to evaluate 10 real estate scenarios intended to remedy the problem, with the goal of understanding the most cost-effective option.

# Terminology

|                          |                                                                                                                                                                             |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>TLO</b>               | Staff from the Trust Land Office                                                                                                                                            |
| <b>TAO</b>               | Staff from the Trust Authority Office                                                                                                                                       |
| <b>TA</b>                | All staff and the Board from the Alaska Mental Health Trust Authority                                                                                                       |
| <b>TAB</b>               | Trust Authority Building; the building at 3745 Community Park Loop                                                                                                          |
| <b>LTCO</b>              | Long term Care Ombudsman                                                                                                                                                    |
| <b>CapEx</b>             | Capital Expenses used to acquire, upgrade, or maintain physical assets; typically represents a significant, long-term investment.                                           |
| <b>NOI</b>               | Net Operating Income. Revenue minus expenses, yearly.                                                                                                                       |
| <b>NPV</b>               | Net present value. A way to evaluate costs and revenues over a period of time. CapEx + NOI through time, adjusted to account for inflation and rendered in present dollars. |
| <b>Disposition Value</b> | The expected sale proceeds from a building that is sold at a point in time.                                                                                                 |
| <b>Residual Value</b>    | The estimated market value of a building at a point in time, assuming it is retained and not sold.                                                                          |

## Trust Authority Building (TAB)

- ~**25,000 GSF**, 2 stories
- TAO and LTCO occupy 2<sup>nd</sup> floor.
- Large conference room on 1<sup>st</sup> floor for TA activities.
- ASD occupied 1<sup>st</sup> floor; that lease terminated due to inability to guarantee a functioning building for 2025/2026 school year and 1<sup>st</sup> floor now vacant.
- Mechanical systems (boiler room + HVAC) in need of repair or **risk building failure**. High likelihood of systems failure.

## 2600 Cordova Street Building

- ~**28,000 GSF**, 2 stories + basement/lobby.
- Home to TLO staff, VOA Alaska, a CPA office, and a dental office.
- Building in **good condition**.

# Project Methodology



1. **Refine Assumptions** underlying each scenario.  
Understand exactly what each scenario is modelling: includes space needs, feasibility of remote work during renovation, approach to asset valuation, modelled time horizons, and more.
2. **Market Analysis** of commercial real estate data for Anchorage.  
Interviews with local brokers and data analysis to understand market trends, costs to lease, costs to buy, and tenant improvement allowances.
3. Develop a detailed **Cost Estimate** for each scenario.  
Includes Property Condition Assessment of Community Park Loop and site visits to 2600 Cordova Street and for-lease office space (1835 Bragaw Office Center).
4. **Cost Effectiveness Analysis**.  
Model 10 different scenarios, and 4 additional sub-scenarios, which locate the Trust Authority Office in a suitable office space for the next 10 to 40 years; compare their costs.
5. Executive Summary Report & PowerPoint to synthesize findings.

# High Level Takeaways

## Economic considerations:

- Building new or rebuilding the Trust Authority Building onsite is extremely expensive and not recommended (could cross off 3 scenarios).
- Partially renovating the TAB, co-locating at Cordova, leasing for TAO, or buying for the TAO all offer viable options that range from -\$1.6M to -\$5.5M net present value (5 scenarios – 4 are shown as model leaders later in this presentation).
- No real compelling economic reason to consider buying or leasing a building for TAO and TLO to co-locate when the TA already owns Cordova and the TAB (could cross off 2 scenarios)

## Non-economic considerations:

- Desirability of co-locating the Trust Authority Office (TAO) and the Trust Land Office (TLO).
- Medium and long-term goals associated with the PLI zoned land that the TAB currently inhabits and its ability to support beneficiaries, and whether those goals are compatible with the TAB (not scope of this project but something for leadership to consider).

# High Level Takeaways

## **Economic considerations:**

- Building new or rebuilding the Trust Authority Building onsite is extremely expensive and not recommended.
- Rehabilitating the TAB or co-locating at an existing asset such as Cordova Street or the TAB offer cost effective options.
- Leasing or buying another building are also cost-effective options but add to the real estate portfolio of the TA; they become less cost effective with co-location.

## **Non-economic considerations:**

- Desirability of co-locating the Trust Authority Office (TAO) and the Trust Land Office (TLO).
- Medium and long term goals associated with the PLI zoned land that the TAB currently inhabits and its future to support beneficiaries.

# Property Condition Assessment

# TAB: Property Condition Assessment



## **Building Construction:**

- Steel and Metal Stud Framing Construction over Slab on Grade, Continuous Footing/Stem wall and select Spread Footings



## **Building Envelope:**

- Exterior stucco and wood siding combination
- Exterior Windows (Combination fixed and operable, older in age and efficiency)
- Built up style roofing system consisting of single ply membrane, rigid insulation and concrete paver overlay



## **Finishes:**

- Dated finishes at Level 1 (ASD Tenant Space)
  - Carpet and Vinyl Flooring, Painted GWB Walls, ACT Ceilings, Plastic Laminate Casework/Counter
- Updated finishes at Level 2 (Client Space)
  - Glass Storefront Entrance, Carpet and LVP Flooring, Tile Bathroom, Painted GWB Walls, ACT Ceilings, Casework and Solid Surface Counters.

# TAB: Property Condition Assessment (...continued)



## Mechanical, Electrical, and Plumbing:

- **Plumbing: Boiler System** serves building thru radiant panels throughout
  - Existing boilers are beyond life expectancy and recently requiring regular maintenance/repairs
  - Minimal leaks with boiler piping system over the last two years
- **Plumbing: Domestic system** consists of Hot Water heater and DWV and water piping routed to installed fixtures
  - Hot Water Heater recently replaced
  - Domestic hot water line replaced more recently as a result of previous leaks
- **Fire Sprinkler:** Building appears to be fully sprinklered
- **HVAC: Roof Mounted AHU** supplies air thru ductwork routed to ceiling installed VAV boxes and grilles
  - Existing AHU is beyond life expectancy and utilizes outdated refrigerant
- **Electrical: Power and Data** routed throughout (typical commercial office application), combination ceiling and accent fixtures throughout
  - Building Control System is primarily original and pneumatic.

# Immediate Concerns and Risks

Currently the TAB is operating on one boiler. Looking ahead to winter, if anything went wrong with that boiler, the building would become uninhabitable.

**In this case, there could potentially be a 4+ month period where staff would need to work from home or elsewhere** until the boilers were replaced and heat re-established by February/March 2026.

TAO could relocate into a short-term lease before this coming winter to mitigate this possibility, however there is significant lead time needed to move TAO into such a lease.

If the board decides to replace TAB's boilers, the soonest that work could be completed and a comfortable building environment could be guaranteed is February/March 2026, and there is a risk that the project could take longer.

# Scenarios

## 10 Scenarios:

- Initially developed by TLO; refined by project team + TLO
- Deliberately **wide-ranging**: intended to investigate many possible solutions to TAB's failing mechanical equipment without presumption or bias
- Model tells us which scenarios are most **cost-effective** over 10 years (can be adjusted for longer)
- An additional 4 sub-scenarios are also investigated.

Goal for the Committee today:

*Generate a ranked list of preferred 3 scenarios to recommend to the Board.*

# Scenarios Cheat Sheet

| #  | Name                                                  | Description                                                                    |
|----|-------------------------------------------------------|--------------------------------------------------------------------------------|
| 1  | TAB Partial Renovation                                | Mechanical systems replacement + ductwork, piping, and associated finish work. |
| 2  | TAB Mechanical Equipment Replacement                  | New boiler room, building controls, and HVAC.                                  |
| 3  | TAB Full Renovation                                   | Gut and renovation. #1 + efficiency (windows, roof) and finish upgrades.       |
| 4  | Demolish TAB and Construct New Building for TAO       | Class A, 10,400 GSF                                                            |
| 5  | Demolish TAB and Construct New Building for TAO + TLO | Class A, 16,400 GSF                                                            |
| 6  | Renovate 2600 Cordova Street for TAO                  | Renovate VOA's leased space for TAO occupancy.                                 |
| 7  | Long term lease for TAO                               | \$2.50/RSF, 7,500 RSF                                                          |
| 8  | Long term lease for TAO + TLO                         | \$2.50/RSF, 11,750 RSF                                                         |
| 9  | Buy for TAO                                           | \$250/GSF, 10,400 GSF                                                          |
| 10 | Buy for TAO + TLO                                     | \$250/GSF, 16,400 GSF                                                          |

# Scenarios 1 – 3: Renovate/No Demolition

## 1. TAB Partial Renovation

- *Full replacement of failing mechanical systems; new piping and ductwork.*
- *Significant finish work also required due to ceiling and drywall removal for pipe & ductwork replacement.*

## 2. TAB Mechanical Equipment Replacement

- *Replaces failing mechanical systems only (boilers and HVAC) and adds new control system.*
- *No piping or ductwork replaced throughout building and therefore no finish work required.*
- *Includes \$835,000 reserve fund for either additional unforeseen issues or to make some additional necessary improvements within the 10-year time frame.*

## 3. TAB Full Renovation

- *Scope of work includes everything in 'Partial Renovation' (Scenario 1), as well as efficiency and finishes upgrades throughout, including replacement of all insulation and exterior windows to improve efficiency as well as finish updates such as flooring, paint, ceilings, casework, appliances, roof replacement, and doors/frames/hardware.*

|                                                        | I. Partial Renovation | 2. Mechanical Equipment Replacement | 3. Full Renovation |
|--------------------------------------------------------|-----------------------|-------------------------------------|--------------------|
| Cost (millions)                                        | \$6.7                 | \$3.3                               | \$15.6             |
| Additional Future Maintenance Costs Budgeted?          |                       | \$835,000                           |                    |
| New Boiler & Controls                                  | X                     | X                                   | X                  |
| New HVAC Unit                                          | X                     | X                                   | X                  |
| New Radiant Panels                                     | X                     |                                     | X                  |
| New Ductwork                                           | X                     | (existing ductwork cleaned)         | X                  |
| New Piping                                             | X                     |                                     | X                  |
| New Light Fixtures                                     | X                     |                                     | X                  |
| Drywall Patching Required?                             | X                     |                                     |                    |
| New Acoustic Ceiling Panels                            | X                     |                                     | X                  |
| Efficiency Upgrades (E.g. New windows, New insulation) |                       |                                     | X                  |
| Finishes Upgrades Throughout                           |                       |                                     | X                  |
| Title 21 Code Compliance Upgrades Required?            | X                     |                                     | X                  |

We have allotted a \$835,000 reserve fund to Scenario 2, Mechanical Systems Replacement, to account for unanticipated costs associated with a more limited renovation.

This cost estimate includes piping repairs and interior finish repair due to potentially leaking pipes at 2X/year for 10 years, although there have been no pipe leaks for the past 2 years.

It also includes 2X/year radiant panel and VAV box replacement, although to date, replacement of radiant panels and VAV boxes have not been required.

|                | Scenario 1, Partial Renovation                                                                                 | Scenario 2, Mechanical Equipment Replacement                                                                                                                           | Scenario 3, Full Renovation                                                                  |
|----------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <b>Benefit</b> | Complete mechanical and control system upgrade. Improves building efficiency and reduces required maintenance. | Smaller financial investment to maintain building functionality. Improved efficiency with new equipment and controls. Less invasive to tenants.                        | Transformation into a state of the art facility.                                             |
| <b>Risk</b>    | Project cost exceeds building value. Full scope may be excessive to maintain building functionality.           | Potential for maintenance to be required with items not replaced (piping, radiant panels, VAV boxes). Recommend \$835,000 reserve fund be set aside for next 10 years. | Project costs exceeds current building value and anticipated building value upon completion. |
| <b>Impact</b>  | 9-12 months construction. Building must be vacated; interim lease required for TAO.                            | Boiler/Controls – 6 months. AHU – Installed May 2026. Vacating of building may not be required but could be prudent; Interim lease assumed in modeling for TAO         | 15-18 months construction. Building must be vacated; interim lease required for TAO.         |

# Scenarios 4 – 5: Demolition and Build New

- *Demolition of current TAB*
  - *In its place, construction of **10,400 Gross Square Feet (GSF)** facility constructed at a class A commercial level and with a layout specific to TAO's needs.*
- 
- *Demolition of current TAB*
  - *In its place, construction of **16,400 Gross Square Feet (GSF)** facility constructed at a class A commercial level and with a layout specific to TAO and TLO's needs.*
  - *Cordova St. property is assumed to be sold.*

# Scenarios 6 – 10: Demolition and Relocate

## 6. Renovate 2600 Cordova Street for TAO

- Interior renovation of **7,500 RSF** office space currently occupied by VOA (*lease expires March 2027*).
- Tenant improvement costs of **\$150/RSF**.

## 7. Long term lease for TAO

- Lease **7,500 RSF** office space at market rate of **\$2.50/RSF**.
- Tenant improvement costs of **\$150/RSF** with a **\$35** Tenant Improvement Allowance (TIA) provided by landlord.

## 8. Long term lease for TAO + TLO

- Lease **11,750 RSF** office space at market rate of **\$2.50/RSF**.
- Tenant improvement costs of **\$150/RSF** with a **\$35** Tenant Improvement Allowance (TIA) provided by landlord.
- Cordova St. property is assumed to be sold.

## 9. Buy for TAO

- Purchase **10,400 GSF** office space at market rate of **\$250/GSF**.
- Improvement costs of **\$150/RSF**.

## 10. Buy for TAO + TLO

- Purchase **16,400 GSF** office space at market rate of **\$250/GSF**.
- Improvement costs of **\$150/RSF**.
- Cordova St. property is assumed to be sold.

# Key Findings: Cost Effectiveness Analysis

# Evaluation

We arranged our Cost Effectiveness Analysis to output four primary metrics by which to evaluate the ten scenarios. These are:

1. **Capital Expense** (CapEx): *the initial cost of construction, renovation, or purchase under each scenario.*
2. **Net Operating Income** (NOI): *average revenue minus expenses over the time horizon, averaged annually.*
3. **Net Present Value** (NPV): *CapEx + NOI over the time horizon, calculated in today's dollars.*
4. **Net Present Value plus Residual Value**: *NPV + disposition value of asset assuming 2% annual appreciation.*

# High Level Findings

- Any scenario that requires building new is burdened by prohibitive construction costs.
  - Buying, leasing or pared-down renovations offer more cost-effective options.
- Top 4 options defined by net present value with and without residual value:
  - TAB Mechanical equipment replacement
  - Move TAO into Cordova
  - Long term lease for TAO
  - Purchase building for TAO

| Scenario # | Scenario Name                    | CapEx | NOI  | NPV  | NPV + Residual |
|------------|----------------------------------|-------|------|------|----------------|
|            |                                  | Rank  | Rank | Rank | Rank           |
| 2          | Mechanical Equipment Replacement | 4     | 1    | 2    | 2              |
| 6          | Cordova: TAO to move in          | 2     | 8    | 3    | 4              |
| 7          | Long term lease for TAO          | 1     | 7    | 1    | 3              |
| 9          | Buy for TAO                      | 5     | 3    | 4    | 1              |

# Capital Expenditures Estimates

\_\_\_\_\_CapEx ranges from **\$1.2 to \$15.8M**

- Of those, only Scenario 6 invests those funds into a building owned by the TA.

| Scenario # | Scenario Name                                | Estimated Capital Expenditures |      |              |              |           |                  |                |              |      | Interim Lease Amount |
|------------|----------------------------------------------|--------------------------------|------|--------------|--------------|-----------|------------------|----------------|--------------|------|----------------------|
|            |                                              | Tenant Improvements            |      | Renovation   | Reserve Fund | TAB Demo  | New Construction | Purchase Price | Total CapEx  | Rank |                      |
|            |                                              | Amount                         | Note |              |              |           |                  |                |              |      |                      |
| 1          | Partial Renovation                           | \$439,740                      | [1]  | \$6,272,389  | \$0          | \$0       | \$0              | \$0            | \$6,712,129  | 7    | \$133,650            |
| 2          | Mechanical Equipment Replacement             | \$439,740                      | [1]  | \$1,980,048  | \$835,000    | \$0       | \$0              | \$0            | \$3,254,788  | 4    | \$133,650            |
| 3          | Full Renovation (Assume TLO Moves in)        | \$439,740                      | [1]  | \$14,960,943 | \$0          | \$0       | \$0              | \$0            | \$15,400,683 | 9    | \$311,939            |
| 4          | Construct New Building on Site for TAO       | \$0                            | [2]  | \$0          | \$0          | \$380,000 | \$9,828,000      | \$0            | \$10,208,000 | 8    | \$534,600            |
| 5          | Construct New Building on Site for TAO + TLO | \$0                            | [2]  | \$0          | \$0          | \$380,000 | \$15,498,000     | \$0            | \$15,878,000 | 10   | \$837,540            |
| 6          | Cordova: TAO to move in                      | \$1,125,000                    | [3]  | \$0          | \$0          | \$380,000 | \$0              | \$0            | \$1,505,000  | 2    | \$400,950            |
| 7          | Long term lease for TAO                      | \$862,500                      | [4]  | \$0          | \$0          | \$380,000 | \$0              | \$0            | \$1,242,500  | 1    | \$133,650            |
| 8          | Long term lease for TAO + TLO                | \$1,351,250                    | [4]  | \$0          | \$0          | \$380,000 | \$0              | \$0            | \$1,731,250  | 3    | \$133,650            |
| 9          | Buy for TAO                                  | \$1,245,000                    | [5]  | \$0          | \$0          | \$380,000 | \$0              | \$2,600,000    | \$4,225,000  | 5    | \$209,385            |
| 10         | Buy for TAO + TLO                            | \$1,965,000                    | [5]  | \$0          | \$0          | \$380,000 | \$0              | \$4,100,000    | \$6,445,000  | 6    | \$209,385            |

[1] TIs assumed at \$150/sqft with a \$35 allowance from the TA to release ASD's space

[2] TIs for any space that is potentially sublet assumed in the cost per sqft of building new.

[3] TIs assumed to cost \$150/sqft to cover the cost of improving 7,500 sqft of Cordova St. for TAO to move in.

[4] TIs assumed to cost \$150/sqft with a \$35/sqft allowance resulting in \$115/sqft net to cover the cost of improving 7,500 and 11,750 sqft of building space for TAO or TAO/TLO to move into new building, respectively.

[5] TIs at \$150/sqft to cover useable sqft including common areas. Gross sqft shown in table and are in addition to \$250/sqft acquisition costs.

# Capital Expenditures Per Building Sqft

| Scenario # | Scenario Name                                | Total CapEx  | Building Sqft | Type     | Cost per Sqft |
|------------|----------------------------------------------|--------------|---------------|----------|---------------|
| 1          | Partial Renovation                           | \$6,712,129  | 24,850        | gross    | \$270         |
| 2          | Mechanical Equipment Replacement             | \$3,254,788  | 24,850        | gross    | \$131         |
| 3          | Full Renovation (Assume TLO Moves in)        | \$15,400,683 | 24,850        | gross    | \$620         |
| 4          | Construct New Building on Site for TAO       | \$10,208,000 | 10,400        | gross    | \$982         |
| 5          | Construct New Building on Site for TAO + TLO | \$15,878,000 | 16,400        | gross    | \$968         |
| 6          | Cordova: TAO to move in                      | \$1,505,000  | 7,500         | leasable | \$201         |
| 7          | Long term lease for TAO                      | \$1,242,500  | 7,500         | leasable | \$166         |
| 8          | Long term lease for TAO + TLO                | \$1,731,250  | 11,750        | leasable | \$147         |
| 9          | Buy for TAO                                  | \$4,225,000  | 10,400        | gross    | \$406         |
| 10         | Buy for TAO + TLO                            | \$6,445,000  | 16,400        | gross    | \$393         |

# Average Annual Net Operating Income

**flow.** Revenues and expenses in each case are scenario-dependent. The NOI is a ten-year average of combined lease revenue minus combined expenses for TAB, Cordova Street, and other buildings included in each scenario.

| Scenario # | Scenario Name                                | NOI         | Rank |
|------------|----------------------------------------------|-------------|------|
| 1          | Partial Renovation                           | \$178,309   | 1    |
| 2          | Mechanical Equipment Replacement             | \$100,968   | 4    |
| 3          | Full Renovation                              | (\$3,794)   | 5    |
| 4          | Construct New Building on Site for TAO       | \$177,354   | 2    |
| 5          | Construct New Building on Site for TAO + TLO | (\$12,913)  | 6    |
| 6          | Cordova: TAO to move in                      | (\$126,309) | 8    |
| 7          | Long term lease for TAO                      | (\$31,284)  | 7    |
| 8          | Long term lease for TAO + TLO                | (\$462,723) | 10   |
| 9          | Buy for TAO                                  | \$117,003   | 3    |
| 10         | Buy for TAO + TLO                            | (\$228,479) | 9    |

# Net Present Value (10-year Time Horizon)

\_\_\_\_\_ give us an idea of cost effectiveness over time.

| Scenario # | Scenario Name                                | Net Present Value |      | NPV + Residual Value |      |
|------------|----------------------------------------------|-------------------|------|----------------------|------|
|            |                                              | Amount            | Rank | Amount               | Rank |
| 1          | Partial Renovation                           | (\$5,506,715)     | 6    | (\$209,362)          | 7    |
| 2          | Mechanical Equipment Replacement             | (\$1,743,279)     | 2    | \$3,554,074          | 2    |
| 3          | Full Renovation (Assume TLO Moves in)        | (\$15,917,097)    | 9    | (\$5,437,047)        | 9    |
| 4          | Construct New Building on Site for TAO       | (\$9,077,379)     | 8    | (\$2,595,083)        | 8    |
| 5          | Construct New Building on Site for TAO + TLO | (\$16,499,045)    | 10   | (\$7,589,872)        | 10   |
| 6          | Cordova: TAO to move in                      | (\$2,639,744)     | 3    | \$1,909,165          | 4    |
| 7          | Long term lease for TAO                      | (\$1,598,839)     | 1    | \$2,950,071          | 3    |
| 8          | Long term lease for TAO + TLO                | (\$5,452,834)     | 5    | \$407,539            | 6    |
| 9          | Buy for TAO                                  | (\$3,506,099)     | 4    | \$3,624,609          | 1    |
| 10         | Buy for TAO + TLO                            | (\$8,424,160)     | 7    | \$630,792            | 5    |

# Sub-Scenarios Investigated

# Sub-scenarios Investigated (...continued)

| Scenario # | Scenario Name                                           | NPV            |      | NPV + Residual Value |      |
|------------|---------------------------------------------------------|----------------|------|----------------------|------|
|            |                                                         | Amount         | Rank | Amount               | Rank |
| 1A         | Partial Renovation                                      | (\$5,506,715)  | 1    | (\$209,362)          | 1    |
| 1B         | Partial Renovation TAB, TLO moves in                    | (\$9,616,340)  | 3    | (\$3,007,524)        | 3    |
| 1C         | Partial Renovation TAB, TLO moves in, Keep Cordova      | (\$7,516,317)  | 2    | (\$2,218,964)        | 2    |
| 2A         | Mechanical Equipment Replacement                        | (\$1,743,279)  | 1    | \$3,554,074          | 1    |
| 2B         | Mechanical Equipment Replacement TAB, TLO moves in      | (\$5,930,308)  | 3    | \$678,508            | 3    |
| 2C         | Mech.Equipment Replacement TAB, TLO moves in, Keep Cdv. | (\$3,548,865)  | 2    | \$1,748,488          | 2    |
| 3A         | Full Renovation TAB                                     | (\$12,746,770) | 1    | (\$3,578,184)        | 1    |
| 3B         | Full Renovation TAB, TLO Moves in                       | (\$15,917,097) | 3    | (\$5,437,047)        | 3    |
| 3C         | Full Renovation TAB, TLO moves in, Keep Cordova         | (\$13,513,420) | 2    | (\$4,344,833)        | 2    |

- Given current assumptions, here are the top 4 options defined by net present value with and without residual value:
  - TAB Mechanical equipment replacement
  - Move TAO into Cordova
  - Long term lease for TAO
  - Purchase building for TAO

| Scenario # | Scenario Name                    | CapEx | NOI  | NPV  | NPV + Residual |
|------------|----------------------------------|-------|------|------|----------------|
|            |                                  | Rank  | Rank | Rank | Rank           |
| 2          | Mechanical Equipment Replacement | 4     | 1    | 2    | 2              |
| 6          | Cordova: TAO to move in          | 2     | 8    | 3    | 4              |
| 7          | Long term lease for TAO          | 1     | 7    | 1    | 3              |
| 9          | Buy for TAO                      | 5     | 3    | 4    | 1              |

- The 10 Scenarios and 4 additional sub-scenarios studied are deliberately wide-ranging and intended to cover a variety of different approaches to the problem.
- TAB's mechanical equipment is at risk of immediate failure. If the board does not elect to repair that equipment, we suggest they plan for the demolition of the building.
- Additional topics for discussion:
  - Desirability of keeping Cordova Street (both in cases where TLO is and is not moved)
  - Desirability of co-locating TLO and TAO
  - Long term goals and timeline for Community Park Loop redevelopment, and whether that redevelopment is compatible with existing building
  - TAO immediate building needs for coming winter

***Goal for today's meeting:*** *Generate a ranked list of preferred 3 scenarios to recommend to the Board.*

Thank you!

