

INVITATION FOR PROPOSALS
STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
MENTALHEALTH TRUST LAND OFFICE
Shelter Cove Timber Sale
Revillagigedo Island, Ketchikan
December 15, 2020

MHT 9101005

I) GENERAL BACKGROUND INFORMATION

The Alaska Mental Health Trust Land Office (TLO) requests proposals from qualified individuals or firms (Proposer) to harvest timber and construct roads from a portion of the Alaska Mental Health Trust's holdings on Revillagigedo Island in the vicinity of Ketchikan, Alaska. The intention of this Invitation for Proposal (IFP) is to enter into a Contract to maximize revenue from the timber located on these lands. The initial term of the Contract will be ten (10) years. The TLO is soliciting proposals that would maximize value to the landowner, provide sustainable forest management, market forest products, and provide access to and maintenance of access to Trust Lands.

The timber sale area consists of land acquired by the Alaska Mental Health Trust (AMHTA) by a land exchange with the US Forest Service (USFS), and is contingent on acquisition of such land. The AMHTA anticipates receiving conveyance of up to 8,882 acres of land in the Shelter Cove Area Ketchikan, Alaska in March 2021. The final acreage received will be determined by the equalization process of the exchange after appraisal. The Trust Land Office (TLO) which manages lands for the AMHTA is making available all the old growth timber (not previously harvested timber stands) suitable for timber harvest in this land exchange area. The timber sale area is accessed from Ketchikan by the Alaska Department of Transportation (ADOT) Shelter Cove Road system which is under construction. The road is in disrepair, utilized by the public, and a low volume remote road.

A portion of this timber sale contract requires the successful proposer to reconstruct 3.3 miles of the main Shelter Cove road, replace 6 bridges, and other maintenance work. This segment of road work is within the State of Alaska owned road right of way. It will be a design/build effort outlined in Attachment F and is separate from general harvesting area access roads. The proposer will be required to submit a design and plan of construction acceptable and falling within a limited designated budget. The Shelter Cove road reconstruction will be funded through a Reimbursable Service Agreement (RSA) between Alaska Department of Transportation & Public Facilities (DOT) and the TLO consisting of legislatively approved state funds. It is a design/build road project that will be administered and managed by the TLO to facilitate access to Trust lands. The proposer under the design/build arrangement may use all or parts of previously designed DOT Shelter Cove Road Project SSHWY00224 plans and associated bid documents. The proposer may construct improvements shown on the DOT plans without modifications, or they may propose alternatives to reduce cost and/or increase speed of delivery. Deviations from the DOT project design must be designed, overseen, and certified by an Alaskan licensed professional engineer (PE) as a design build program element of the TLO timber harvest sale. The Shelter

Cove Road project will require a separate \$100,000 bond separate from the timber sale. All information provided by the DOT/PF in Attachment F is for reference purposes only. The proposer is responsible for obtaining all information required for the purposes of design and construction of the specified road. All materials quarried from rock pits on AMHT lands and used in reconstruction of the Shelter Cove road must be purchased from the TLO.

The DOT project SSHWY00224 design is already permitted for all environmental considerations. Deviations from that design may require environmental review and associated State and Federal agency permit modifications in consultation with DOT. New or separate permits and/or authorizations will be obtained based on the design/build project prior to construction. Those reviews and approvals will be facilitated by DOT staff but proposer's design/build engineer will furnish supporting drawings, quantities, etc. to assist and insure schedule coordination.

Alternative road designs will be required to be in accordance with applicable standards outlined in the project plan set, AASHTO Guidelines for Geometric Design of Very Low Volume Roads (2019 Edition), and as described for bridge structures. The primary goal is to replace all existing bridge crossings with either new bridges or culverts at the proposer's option and to resurface/improve the roadway.

The timber sale is expected to be about 4,308 acres of old growth timber and contains up to 100 million board feet (mmbf) of hemlock, spruce, red and yellow cedar. (Please refer to Attachment A, which generally depicts the location of the sale area).

This sale will be primarily harvested through conventional techniques; acquisition of access authorizations, additional timber from adjacent landowners, regulatory permits, and payment of taxes (if any), will be the responsibility of the Contractor. The Contractor will be responsible for any permits, surveys and cleanup associated with this timber sale.

II) PROPOSALS

The TLO is seeking proposals from financially capable Proposers with proven experience harvesting and marketing timber in Alaska. The harvest location involves the need for logistical support, a high level of operational efficiency, and the financial capability to complete the project properly and on schedule, with a commitment to environmentally sound logging and road building practices. The successful Proposer-Contractor will be required to supply all capital, labor, equipment, materials, staff and subcontractors necessary to construct or arrange for use of the necessary infrastructure, harvest, processing and transport of timber from the sale area to sort, scale, and market logs. The Contractor will provide and complete all other obligations that are required under this Contract.

- a) Contract Term, Review and Reappraisal: The Contract term is for ten (10) years with rights to renew for up to one (1) additional year if the contractor is in good standing and compliant with all terms and conditions of the contract.
- b) Proposal Options: The TLO will consider proposals submitted in the following formats:
 - i) A "Harvest and Marketing" Agreement, wherein the successful Proposer will continuously during the term of the Contract provide all services associated

with the management and marketing of the timber in the sale area. A critical requirement will be that the Contractor provides the TLO with actual sales invoices, contracts, and financial reporting information regarding the timber sale operations. The proposal must include a clear pricing structure which can be compared with other offers. Payments to the TLO shall be scheduled with production revenue and must meet specific minimum requirements. This agreement requires an annual reconciliation of the financial terms of the contract.

- ii) Each proposal must include the design/build agreement that will address the Shelter Cove Road reconstruction project in Attachment F. The proposal will utilize the Design/Build contract and contain project details that will replace the specified bridges as outlined by the DOT plans or an alternate plan prepared by an Alaskan Professional Engineer. The proposal will include all outlined Shelter Cove road reconstruction items. The Shelter Cove road reconstruction and maintenance may not exceed \$5,000,000.

The TLO will make its determination as to which proposal, or any proposals, to accept, modify, or reject based on its own determination as to what is in the best interest of the Trust.

The TLO reserves the right to award or reject any or all proposals based on internal objectives and ratings.

Proposals are to be received at the TLO office no later than 2:00 PM on January 22, 2021.

III) GENERAL TIMBER SALE DESCRIPTION

- a) Location and Description of Timber: The sale area lies approximately 14 ½ miles northeast of Ketchikan, Alaska. The timber sale includes all old growth timber (not previously harvested timber stands) any standing, down, live, and dead merchantable timber within the designated old growth stands within the Contract Area as shown on the timber sale maps (Attachment A).
- b) Timber Volume Estimate: Prospective Proposers are responsible for making their own determination of the species, volumes, and quality of timber available for harvest within the Contract Area. Interested parties should be prepared to conduct their own timber inventory or other estimate of the timber that is subject to this Invitation for Proposals.

The TLO has not yet performed a timber cruise of the sale area. A timber cruise is currently being conducted and will be released when it becomes available through the exchange process. The timber cruise is being conducted as part of the land exchange appraisal process and will not be available until the lands are conveyed. Timber sales have occurred on adjacent parcels including: 5,200-acre Leask Lake by the TLO, other timber sales have been conducted in the area by the USFS and Cape Fox Corporation. An estimated species composition and volume/ acre has been derived from that information. This information is available in Exhibit B.

c) Infrastructure:

- i) Roads: The Contractor will be responsible for proposing timber harvest methodology and road locations. All plans must be preapproved in writing by the TLO prior to implementation. A detailed Plan of Operations that is compliant with the Alaska FRPA must be filed with the Alaska Division of Forestry prior to commencement of operations. (Note: the Shelter Cove Road reconstruction effort as presented in Attachment F is a separate road project segment and funding source tracked separately and distinguishable from the harvest roads.)
- ii) Logging Camp: No logging camp will be required.
- iii) Log Transfer Facility: The Leask Cove Log Transfer Facility (LTF) is designated for this sale. The Contractor will be responsible for aspects of continued permitting during this contract and compliance to all applicable permits and reports including the annual bark deposit reports. LTF permitting is in place; however, the operator will be responsible for updating, maintaining and any additional fees required to maintain the LTF.
- iv) Permits: The Contractor is solely responsible for the acquisition of all necessary permits and authorizations.
- v) Property Lines: The Contractor will be responsible for conducting operations within the Contract Areas as outlined in Attachment A (Timber Sale Map) or as modified at the completion of the land exchange. The Contractor will be responsible for locating or surveying property lines as needed to prevent trespass on adjacent landowners.
- vi) Logging Conditions: Prior to commencement of operations the Contractor will prepare a plan of areas proposed to be harvested by harvest method. The operations will be planned and conducted in a manner which complies with FRPA requirements.
- vii) Access for Due Diligence Inspection: Access to the sale areas for inspection of the timber is by road and foot. The land is currently under USFS ownership. Access is by the Shelter Cove Road. The road is intermittently open, checking with the TLO prior to visiting site is advised. No authorization is required from the Trust Land Office to conduct on-site due diligence activities.

IV) FINANCIAL TERMS

Proposer must provide a verifiable means to determine volume of timber removed from the sale area. This may be by 100% scale, or an approved sample scale method. A production deposit of \$100,000 dollars will be paid in advance of harvest activities or within ninety-days (90) days of the effective contract date. This is separate from the \$100,000 performance bond. The deposit will be maintained through the duration of the contract. This is to be used as a prepayment (advanced stumpage) throughout the contract. This deposit will be released as stumpage payments once 75% of sale is completed.

The TLO has set **minimum proposal requirements**. The TLO will evaluate proposals (including the plan of operations, marketing, financial offer, and stumpage rates) based on what it determines to be in the best interest of the Trust. **It is the Proposer's/Contractor's obligation to present material in a manner which the TLO is able to quantify.**

Decision criteria will be based on the revenue which will be derived for the Trust, the operator's success in previous contracts and the operator's regulatory compliance history. Prior history of litigation may also be a factor and will be reviewed. The Trust reserves the right to refuse any or all offers for any reason.

The proposal must include a method by which timber volume can be tracked and verified as to quantity and price at the time of sale. Anticipated revenue to the Trust will be determined by utilizing timber volume estimates (Attachment B) by species expanded by the terms of the harvest market agreement. The TLO acknowledges that timber is a commodity and that markets have large price fluctuations.

The Proposer will submit item costs and the % return after deduction of proposed costs. See the contract language and explanation in Attachment D to assist in an explanation of costs. **The TLO will require a minimum return (averaged from all species) of \$100/mbf.** The anticipated species mix is: W. Hemlock 65%, Sitka Spruce 23%, Red Cedar 9%, & Y. Cedar 3%. Proposals will be based on using a -\$650/mbf F.A.S. price minus - Estimated Total Cost ___ \$/Mbf; then multiplied by 100,000 mbf; then multiplied by the Return to TLO ___% \$/Mbf. This will give overall return for IFP scoring purposes.

a) Mandatory Financial Offers:

- i) Offers may be submitted on Attachment D or similar form containing at a minimum, all of the required information outlined in Attachment D. Your replacement form must be easy to understand and must not require additional explanation. Please designate - **Financial Offer**.
- ii) Financial offers must meet or exceed the Minimum Stumpage Price of \$100/mbf all species (Section IV) above, to be considered.
- iii) A proposal deposit of \$25,000 in the form of a cashier's check must be submitted with the proposal. Proposal deposits will be returned to unsuccessful Proposers upon the award to a successful Proposer or the cancellation of this solicitation. The proposal deposit of the successful Proposer will be applied to the performance deposit.
- iv) Additional contract provisions in Attachment F, "Shelter Cove Road EXH A Design Build" are also required to be completed. This contractual portion will cover road reconstruction required to complete this sale. It will be compensated through a Reimbursable Service Agreement (RSA) with the Alaska Department of Transportation. All costs related to the Shelter Cove road work will be tracked and accounted for separately than the rest of the HMA calculations. This contract will require a separate performance bond.

b) Payment Schedule:

- i) The production deposit (advanced stumpage) will be required two weeks in advance of timber harvest and will be held based on the operating plan. This deposit shall be \$100,000 and will, at the discretion of the TLO, be increased or decreased to reflect the average rate of production in a 30-day period.

- ii) Stumpage payments (payments as outlined in HMA) will be paid to the TLO within 14 days of completion of sale of logs. A monthly production report will be submitted by the 10th day of each month (even during months when no production has occurred).
There will be an end of fiscal year and end of contract reconciliation of stumpage and payments.
- c) **Performance Deposit:** A separate \$100,000 cash performance bond will be required prior to the execution of the Contract. The proposal deposit of \$25,000 will be applied to the performance deposit for the successful Proposer. The remaining balance is due prior to contract signature. This deposit is designed to cover possible costs connected with the Proposer's failure to perform or complete the terms of the Contract, including, but not limited to, clean-up of environmental contamination and any regulatory requirements that need to be addressed following the active life of the Agreement.

V) TIMBER SALE AGREEMENT TERMS

- a) **General Information:** The Draft Timber Sale Contract (Attachment C), sets forth the terms and conditions applicable to the Shelter Cove Timber Sale. The attached Draft Timber Sale Contract is designed for a Harvest Market Agreement Timber Sale; an additional provision in the contract, "Shelter Cove Road EXH A Design Build" is also required to be completed. This contractual portion will cover road reconstruction required to complete this sale. It will be compensated through a Reimbursable Service Agreement (RSA) with the Alaska Department of Transportation and Public Facilities. The AK DOT/PF will review and approve the required design build proposal.

The TLO will negotiate limited changes to the Draft Timber Sale Contract if they are determined to be in the best interest of the Trust. The Draft Timber Sale Contract should be reviewed carefully and thoroughly. If Proposers wish to negotiate changes, they should submit with their proposal a statement identifying each section or provision they wish to negotiate and a summary of the proposed changes. If there are any conflicts between this IFP and the Draft Contract, this IFP prevails.

VI) SUBMITTING PROPOSALS

- a) **Qualifications of Proposer:** All Proposers must be at least 18 years of age, if an individual; legally competent to enter into and carry out the provision of the Timber Sale Contract; and licensed to do business in the State of Alaska. All Proposers must submit a completed Business Questionnaire, Attachment E.
- b) **Pre-Proposal Conference:** The TLO will conduct a pre-proposal conference on issues relating to this IFP at the Legislative Affairs Conference Room, Suite 311, 1900 First Ave. Ketchikan, AK at 10:00 am on January 7, 2021 in Ketchikan Alaska.
- c) **Questions and Comments:** Questions or comments concerning this IFP must be made in writing, no later than 10:00 M on Thursday January 7, 2021. There will be a

mandatory pre-proposal meeting held in Ketchikan at 10 am, 1/7/2021. Question should be presented at that time. This should allow adequate time to make and distribute necessary responses on amendments, if any. All correspondence and inquiries must be directed in writing to:

Paul Slenkamp, Senior Resource Manager
Alaska Mental Health Trust Land Office
1900 First Avenue, Suite 313
Ketchikan, AK 99901
Fax: (907) 225-6617 or email: paul.slenkamp@alaska.gov

- d) Amendments: Proposers are required to keep themselves informed of any amendments to the IFP. Amendments to the IFP will be in writing signed by the TLO representative, will be made prior to the Due Date, and will expressly be identified as such. Only persons to whom the IFP has been sent by the TLO will be sent amendments and such supplemental information or clarifications as may be issued by the TLO. By submitting a proposal, each Proposer agrees to all terms and conditions in the IFP as amended by all amendments issued by the TLO prior to the date and time the proposal is received by the TLO.
- e) Submitting Proposals: Each Proposer must submit two (2) complete copies of its proposal, in a sealed envelope labeled as follows: Shelter Cove Timber Sale Contract (Proposer's Name and Address) by **January 22, 2021**.

To be complete, each proposal must include the following:

- i) A bid deposit in the form of a **certified Cashier's Check** or **money order** made out to the Trust Land Office for **\$25,000.00**. The successful Proposer's check or money order will be used towards timber sales advanced stumpage deposit. The unsuccessful Proposers will have their check or money order returned.
 - ii) A detailed operating plan, complete with maps, as discussed in Contents of Proposal, a short plan of mitigating local concerns should be included.
 - iii) The completed Design/Build agreement outlined in Attachment F with proposed design and plan of construction completion with estimates.
 - iv) Proposer must complete and sign Attachment D, entitled FINANCIAL OFFER and provide a detailed price proposal as discussed in CONTENTS OF PROPOSAL.
 - v) The Proposer must complete and sign Attachment E, entitled BUSINESS QUESTIONNAIRE.
 - vi) Statement identifying each section or provision of the Draft Contract Proposer wishes to negotiate and summarizing Proposer's proposal on the matter.
- f) Contents of Proposal: Detailed proposal to include:
- i) Detailed plan of highest economic return to the Trust;
 - ii) Payment for Utility logs and pine will be \$1.00 per thousand board feet net utility scale.
 - iii) List of facilities that proposer plans for access, sortyard, log transfer and storage

logs.

Please Note: Proposals which do not comply with the minimum content requirements may be considered unresponsive.

g) Deadlines for Submittals:

**All Proposals must be received no later than the Due Date:
2:00 p.m. January 22, 2021 at:**

The Alaska Mental Health Trust Land Office
1900 First Avenue, Suite 313
Ketchikan, AK 99901

An authorized representative of the Proposer must sign all proposals. Only original proposals will be accepted. Proposals will not be accepted by fax. It is the responsibility of each Proposer to ensure that its proposal is received at the address noted above prior to the Due Date. Proposals received after the Due Date will not be considered.

- h) Proposals Opening: Proposals will be opened at the Trust Land Office at 10:00 a.m. on January 22, 2021 at the Ketchikan Office, 1900 First Ave., Suite 313, Ketchikan, Alaska. The proposal opening is open to the public. Proposers are not required to be present at the proposal opening.
- i) Duration of Proposals: All proposals must remain in effect and irrevocable for 90 days following the Due Date (January 22, 2021) of the proposals. Proposers may withdraw proposals prior to the proposal opening by delivering a written request for revocation to the TLO Representative at the address provided in Section VI (c) above prior to the Due Date.

VII) PROPOSAL EVALUATION AND AWARD

- a) Proposals will be evaluated on the following criteria:
- i) The TLO's judgment as to the ability of the Proposer to satisfy financial commitments and manage the project to completion as proposed;
 - ii) The Proposer's demonstrated experience with similar logging, road building, and marketing projects in Alaska, including Proposer's history of violations and stop-work orders related to the Alaska Forest Resources and Practices Act or other similar forest practices statutory authority.
 - iii) Past litigation history related to timber sale purchases.
 - iv) Revenue to the Trust, with a schedule of projected revenue.
 - v) The completeness of the proposal, ability to address issues of local, state or federal regulations, coordination with adjacent landowners,

and the ability to perform the financial obligations of the proposed contract;

vi) Any other information that the TLO deems appropriate for consideration.

b) Proposals which do not include the required information as listed above may be rejected.

VIII) AWARD PROCEDURE

The TLO intends to evaluate all proposals and select an apparent successful Proposer, or reject any and all proposals, at its sole discretion, by January 29, 2021. Evaluation and award will be made at the sole discretion of the TLO, solely in the best interest of the Alaska Mental Health Trust. The TLO may use TLO employees, attorneys, outside consultants and other appropriate parties to evaluate any and all proposals submitted, including financial offers and financial statements. The TLO or its advisers may conduct due diligence including, but not limited to, credit and litigation examinations that go beyond the material presented by Proposer and may seek written or oral opinions regarding Proposer's ability to financially and operationally perform as stated in the proposal.

This IFP does not commit the TLO to accept any proposals, award a contract or enter into a Contract. The TLO reserves the right, in its sole discretion, to accept or reject any and all proposals and/or financial offers for any reason or no reason, to extend the deadline for this IFP, to cancel this IFP, solicit new proposals, to negotiate separately with any person whether or not it submitted a proposal, to award the contract without further discussions, to waive any informality or technicality in this IFP and in the proposals received, and to award the contract to any Proposer which the TLO believes to be in the best interest of the Alaska Mental Health Trust, whether or not the proposal is purported to be the highest value proposal. If there are no responsive proposals from responsible Proposers received by the Due Date, the TLO, in its sole discretion, reserves the right to extend the offering, to re-advertise under the same or different terms, to offer this timber for sale through negotiation with any entity the TLO chooses, and/or to not sell the timber.

The TLO's decision to award a contract may be appealed in writing within twenty (20) days in accordance with 11 AAC 99.060. To appeal the decision the aggrieved Proposer must have submitted a complete and timely proposal to the TLO for the timber sale in contention.

Communication regarding the timber sales will not be considered relevant unless presented in writing.

IX) DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY

- a) This IFP is subject to the following disclaimers and limitations of liability. By submitting a proposal, Proposer hereby acknowledges and agrees that:
 - i) The information provided in the IFP is only general background information. Upon TLO authorization, the Proposer has full and unrestricted access to the

sale area, and has the full and unlimited opportunity to closely inspect the property, timber, access, infrastructure, and operating conditions and has evaluated options available for transporting logs, fuel, equipment and material; and that the proposer is knowledgeable of timber and is relying solely upon its own expertise or that of its consultants.

- ii) Proposer assumes each, every, and all risk with regard to the sale and purchase of timber from the TLO and associated road construction work.
- iii) Proposer accepts full responsibility for determining stand characteristics, timber volume and species composition, harvest unit terrain, harvest system requirements and operational conditions as they pertain to Proposer's markets, needs, equipment and other resources.
- iv) Proposer may not rely in any manner upon any representation by the TLO or any of its employees or representatives outside the provisions of this IFP or the terms or conditions contained in this IFP and the Draft Contract, for any purpose, including the interpretation of any provision of this IFP or compliance with the requirements of the IFP. No amendment of this IFP may be made orally.
- v) The maps provided with this IFP are approximations and no guarantee or warranty is made as to their accuracy. It is Proposer's responsibility to examine the sale area and take such other steps as may be necessary to ascertain the exact character and location of the sale area, the general and local conditions which can affect this project, and to satisfy itself as to the quantities and quality of timber present.
- vi) The TLO believes that the statements of fact in this IFP are substantially accurate. However, the TLO cannot and does not make any warranties or representations of any kind or character, express or implied, as to availability, quantity, quality, harvestability, merchantability, fitness for a particular use or purpose, matters of title, physical conditions, availability of access, operating projections, valuations, governmental regulations or any other matter concerning the timber offered herein for sale. The composition of the timber offered for sale is not warranted for grade, size, density, defect, taper or any other stand or log component. The TLO makes no warranties and shall have no liability respecting the condition or availability for use of the roads, log transfer facility, permits, or other infrastructure. The TLO will not be liable under any circumstances for any damages relating to the purchase or use of such timber or any infrastructure or for any special, consequential or incidental damages. The TLO will not be liable for and will not pay any costs incurred in the evaluation, submission or preparation of a proposal or expenses incurred due to the rejection for any reason of any or all proposals, cancellation of this IFP, the successful Proposer's failure to execute the Contract or any other reason, including fault of TLO or its representatives.

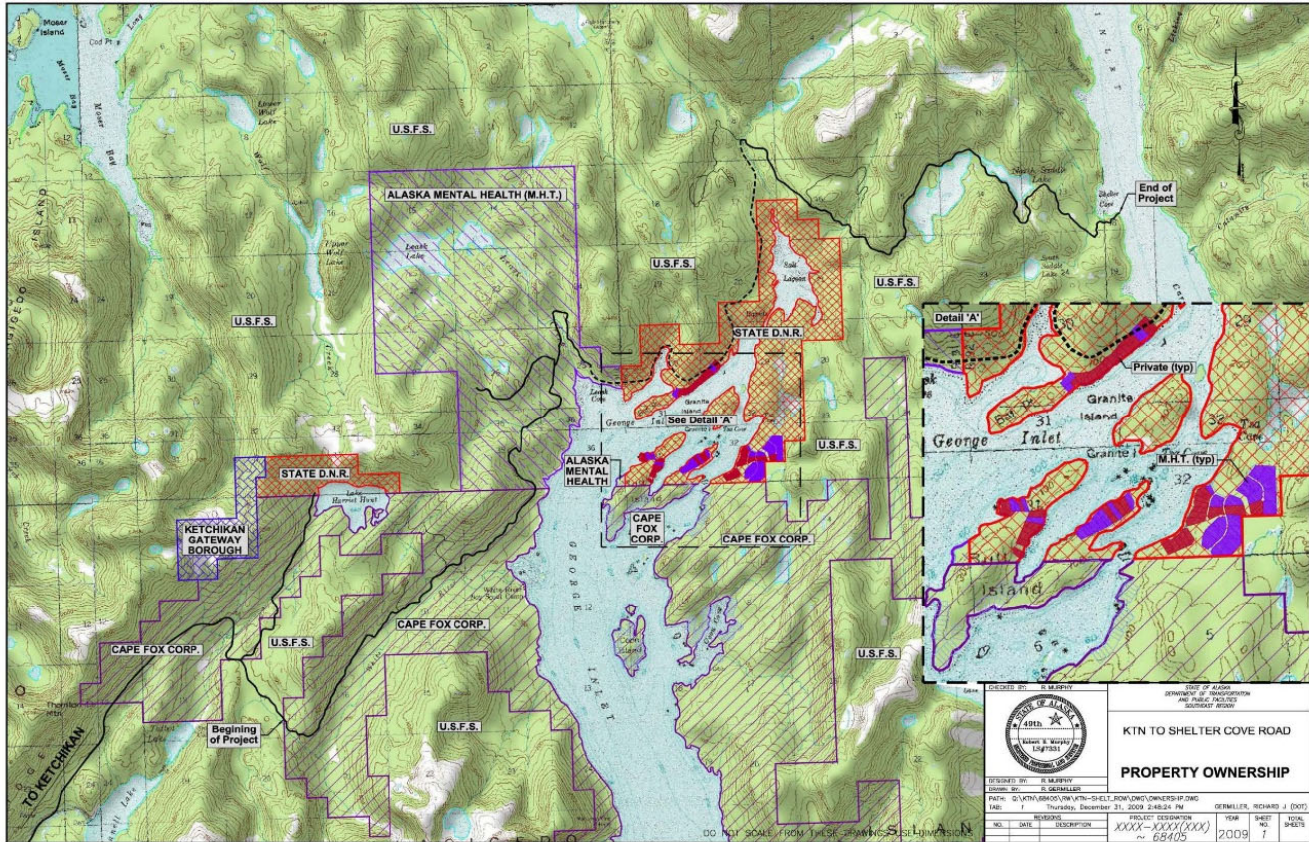
ATTACHMENT A

(Sale Area Maps, 4)

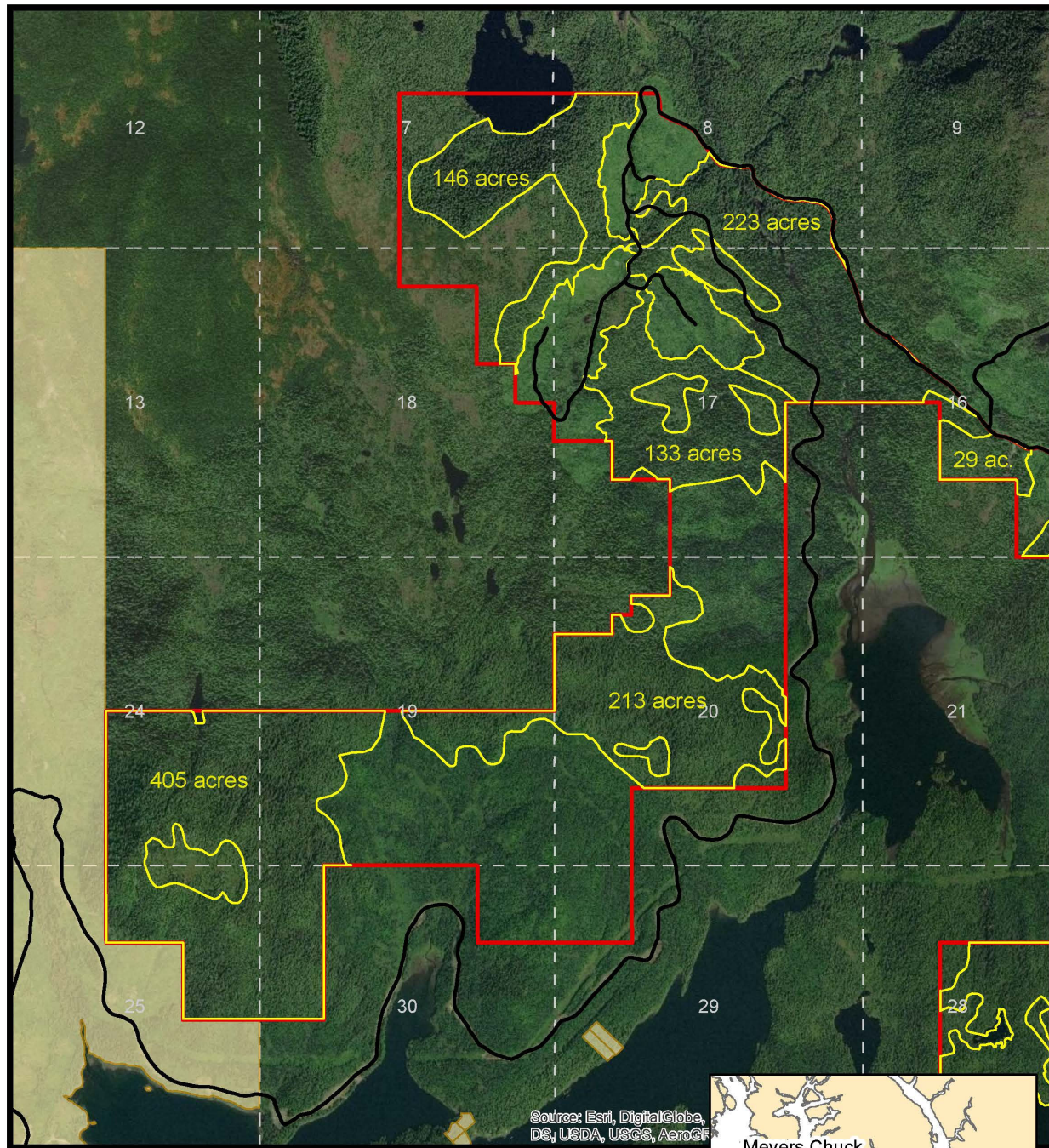
Overall project area.

Ketchikan-Shelter Cove Road

Figure 8. Property Ownership Map, Ketchikan to Shelter Cove

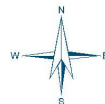


Attachment A

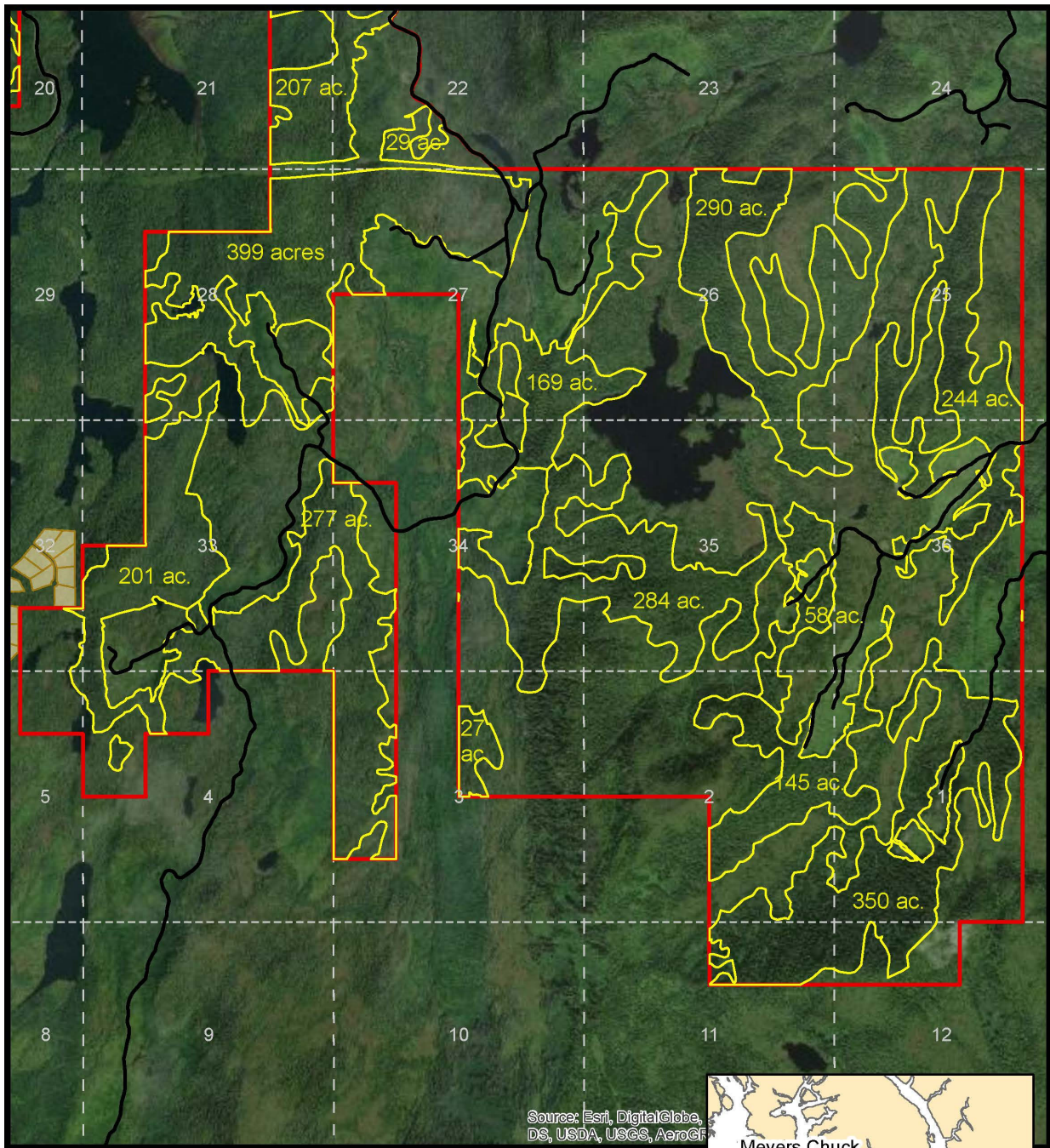


- Road
- Sale Area
- Exchange Land
- Mental Health Trust Parcels

Shelter Cove Timber Sale MHT 9101005



Attachment A



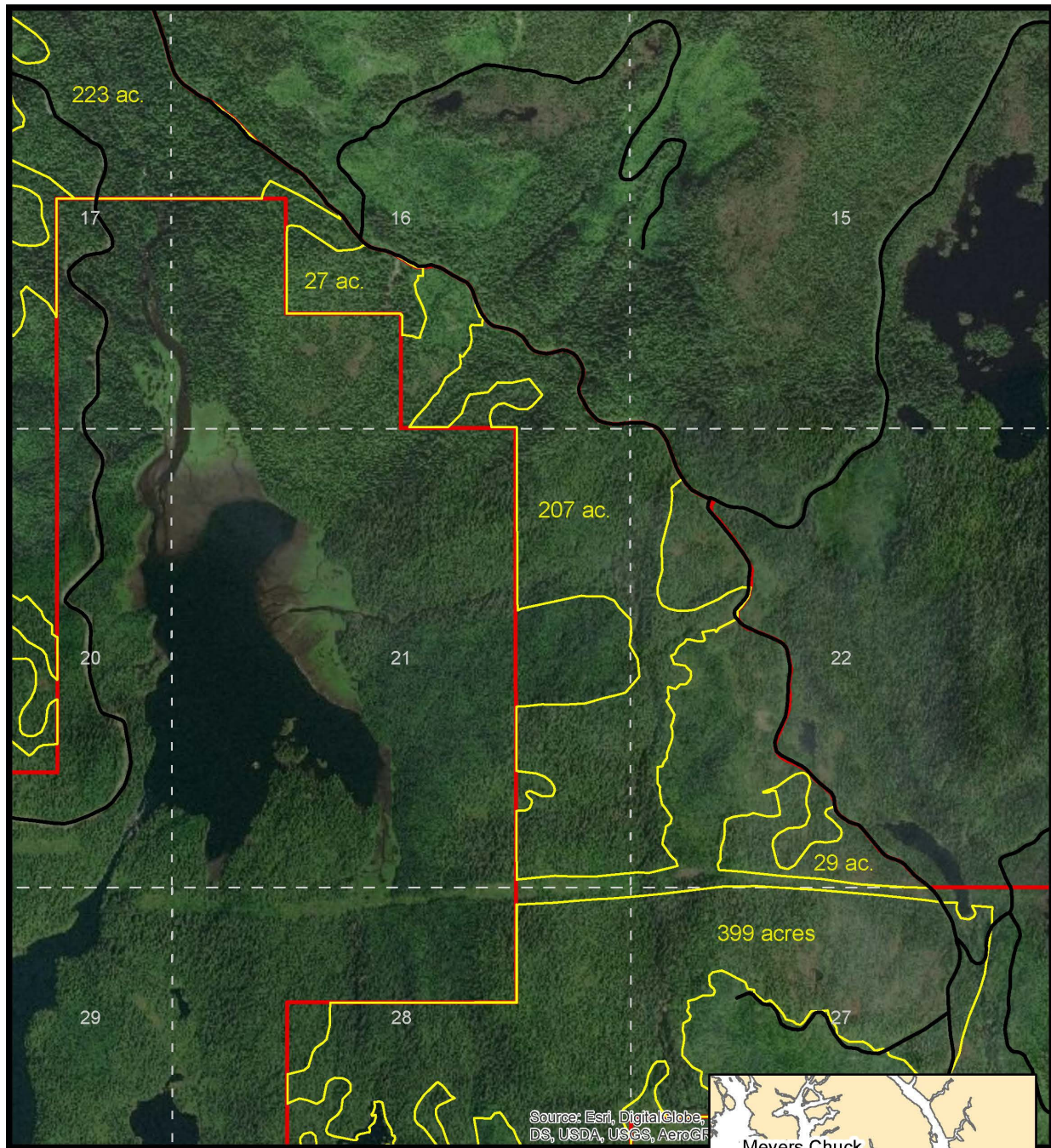
Source: Esri, DigitalGlobe, GeoEye, USDA, USGS, AeroGRID, IGN, and the GIS User Community

- Road
- Sale Area
- Exchange Land
- Mental Health Trust Parcels

Shelter Cove Timber Sale MHT 9101005

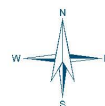


Attachment A



- Road
- Sale Area
- Exchange Land
- Mental Health Trust Parcels

Shelter Cove Timber Sale MHT 91001005



ATTACHMENT B

Timber Volume Estimate

| | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------|------------------------------------------------|---------------------|---------------------|-------------------------|-----------|--------------------------------------|-----------------------------------------|--|---------------|
| Shelter Cove Timber Sale Volume Information | | | | | | | | | |
| There is an ongoing timber cruise of the Shelter Cove portion of the Alaska Mental Health Land Exchange | | | | | | | | | |
| This will be made available when the appraisal is released to the public. | | | | | | | | | |
| | | | | | | | | | |
| This timber sale is a Scale Sale therefore purchase volumes will be from actual harvest figures. | | | | | | | | | |
| The IFP will be based on the following specie percentage: | | | | | | | | | |
| Hemlock | Red Cedar | Sitka Spruce | Yellow Cedar | Pine & Misc. | | | | | |
| 65% | 9% | 23% | 3% | 0% | | | | | |
| | | | | | | | | | |
| Leask Lake Timber Sale Brand 10/ all volume | | | | Actual Cutout | | | | | |
| Hemlock | Red Cedar | Sitka Spruce | Yellow Cedar | Pine & Misc. | Total | Net mbf | Leask Lake Timber Sale Parcel | | |
| | | | | | | | acres 5,115 acres | | |
| | | | | | | | Leask Lake Unit- 3,150 acres | | |
| 37,532.84 | 5,196.85 | 13,280.85 | 1,732.28 | 1.01 | 57,742.83 | | Unit Acre Vol- 18.3 mbf/ acre | | |
| 65.0% | 9.0% | 23.0% | 3.0% | 0.0% | | | | | |
| Leask Lake Timber Cruise information | | | | | | | | | |
| 39,625 | 5,487 | 14,021 | 12,375 | 0 | 60,962.00 | | Pulp Cruise Net Utility/ mbf | | 19,038 |
| 65.0% | 9.0% | 23.0% | 20.3% | 0.0% | 0.00 | | Net- sawlog /mbf | | <u>60,962</u> |
| | | | | | | | Leask Lake Timber Cruise Vol. Net + Net | | 80,000 |
| | | | | | | | | | |
| | | | | | | | | | |
| Leask Lake Timber Sale Brand 20 | | | | | | | | | |
| Hemlock | Red Cedar | Sitka Spruce | Yellow Cedar | Pine & Alder | Total | Leask Lake Addition 263 acres | | | |
| 1281.97 | 168.73 | 592.84 | 3.54 | 26.61 | 2077.01 | Unit acres 113 acre Net 18.4mbf/acre | | | |
| 61.7% | 8.1% | 28.5% | 0.2% | 1.3% | | | | | |
| | | | | | | | | | |
| USFS Buckdance Timber Sale, Shelter Cove side | | | | | | | | | |
| Hemlock | Red Cedar | Sitka Spruce | Yellow Cedar | Pine & Alder | Total | unknown unit acres or vol/acre | | | |
| 3,666.60 | 924.60 | 1,071.00 | 861.91 | 0.00 | 6,524.11 | | | | |
| 56.2% | 14.2% | 16.4% | 13.2% | 0.0% | | | | | |
| | | | | | | | | | |
| Shelter Cove timber Cruise acres (land exchange) | | | | | | | | | |
| 4,304.00 | Acres of Old Growth stratified (maps included) | | | | | | | | |
| | | | | | | | | | |

ATTACHMENT C
Draft Timber Sale Contract (sample contract)
(Attached Separately)

[Separate attachment]

ATTACHMENT D **SHELTER COVE TIMBER SALE FINANCIAL PROPOSAL**

Name of
Proposer _____

Address _____

Telephone # () Fax # () _____

Authorized Representative(s): _____

Proposer hereby makes the following offer (in United States currency) for the purchase of the Alaska Mental Health Trust's Shelter Cove Timber Sale, MHT 9100814, as described in the Invitation for Proposals, including any amendments issued prior to the Due Date.

Proposal:

Trust Land Office
Shelter Cove Timber Sale
Harvest Market Proposal Work Sheet

Attachment "D"

Company Name **MARKETING RETURN FORMAT**

The Proposer will submit item costs and the % return after deduction of proposed costs. See the contract language below to assist in an explanation of costs. The TLO will require a minimum return (averaged from all species) of \$100/mbf. Proposals will be based on using a \$650/mbf F.A.S. price minus ESTIMATED TOTAL COST \$/MBF; then multiplied by 100,000 mbf; then multiplied by RETURN TO TLO ____% \$/MBF. This will give overall return for IFP scoring purposes.

| <u>MARKETING RETURN</u> | |
|-------------------------------------|-----------------------|
| | <u>PER MBF</u> |
| SALE Price \$/MBF | \$ 650.00 |
| | |
| DIRECT COST \$/MBF | \$ _____.00 |
| LOGGING COST | \$ _____.00 |
| ROAD COST (\$ ____ K/mile) estimate | \$ _____.00 |
| SCALING/SUPPLIES | \$ _____.00 |
| COST TO FOB | \$ _____.00 |

| | |
|-------------------------------------------|---------------|
| Accounting, Marketing, Admin, Engineering | \$ _____ .00 |
| ESTIMATED TOTAL COST \$/MBF | \$ _____ .00 |
| ESTIMATED TOTAL RETURN \$/MBF | \$ _____ .00 |
| RETURN TO TLO ____%-\$/MBF | \$ _____ /MBF |

AGREEMENT

In consideration of the mutual agreements contained herein and the mutual benefits to be derived here from, the parties hereto agree as follows:

1. **Definitions.** In this Agreement the following words have the following meanings:

(a) **"Direct Costs"** means costs of harvesting and marketing the Logs properly harvested under this Agreement including (but not limited to) the cost of road construction and maintenance (other than for Shelter Cover Road paid by DOT/PF); rock royalties; bridge construction*; felling, bucking, yarding, loading, hauling, sorting, scaling, processing, booming logs, including the cost of boomsticks; crane maintenance; engineering; permitting; camp operation if required; quality control; towing and ship tending; normal and reasonable inventory loss; interest on working capital; Contractor's costs for contract supervision attributable to Logs sold. In the event that Contractor sells Logs on terms other than F.A.S. (Free Along Side) ship (i.e., F.O.B. ship, C&F, C.I.F., etc.) then the actual costs incurred beyond those costs necessary to deliver the Logs F.A.S. ship will also be included in Direct Costs. Direct Costs are shown in Exhibit "B" on the basis of net Scribner scale volume plus utility scale for pulp. * Road construction, maintenance, and bridge construction paid for by DOT/PF and other funding sources are excluded from this agreement.

(b) **"TLO's Profit"** means the allocation of the Marketing Return to TLO as provided in subparagraph 6(a).

(c) **"Gross Sales Revenues"** means, for any period, the aggregate of all proceeds from sales of Logs sold by Contractor during such period.

(d) **"Logs"** means all sawlogs and Pulp Logs harvested from the Timber during the term of this agreement.

(e) **"Minimum Return"** means the Marketing Return rate specified in paragraph 8.

(f) **"Contractor's Fee"** shall mean the allocation of Marketing Return to Contractor as provided in subparagraph 6(a).

(g) **"Timber"** means all standing and down timber located on the property described in Exhibit "A".

2. **Harvesting and Marketing Services.** Contractor shall provide the following harvest and marketing services to TLO for the Timber:

- (a) Harvest planning and scheduling.
- (b) Engineering and road layout.
- (c) Administration of contracts for road building, timber harvesting, hauling, sort yard operation and ship loading.
- (d) Quality control for cutting, utilization and sorting logs harvested.
- (e) Negotiation of sales agreements with customers, including setting prices and determining volume and quality of logs sold. Contractor shall make commercially reasonable

efforts to obtain the highest return on all sales. Contractor shall not sell Logs to any entity owned or controlled by Contractor without the prior written consent (including consent to price and terms of sale) of TLO.

- (f) Invoicing, accounts receivable collection and letters of credit.
- (g) Inventory and log accountability.
- (h) Ship scheduling and, where necessary, ship chartering.
- (i) Accounting and cost control.
- (j) Financing of working capital.

3. **Marketing Return.** The Marketing Return shall be equal to the Gross Sales Revenues for all Logs sold during any calendar quarter less the aggregate of:

- (a) all Direct Costs attributable to the Logs sold; and
- (b) all amounts paid in settlement of customer claims during that quarter.
- (c) In the event pulp log produced under this amendment actual sales value is

less than harvesting costs as shown on Exhibit "B" No market return shall be made and Contractor will only be allowed costs up to the FAS value of the pulp logs.

4. **Allocation of Marketing Return.** The Marketing Return shall be distributed as follows:

- (a) Contractor shall pay to TLO, _____percent (____%) of the Marketing Return as TLO's Profit.
- (b) Contractor shall retain _____ percent (____%) (100% - TLO Marketing Return) of the Marketing Return as Contractor's Fee.
- (c) Contractor shall provide a calculation of Marketing Return for each calendar quarter in the format shown in Exhibit "B".

5. **Minimum Return.** The Minimum return rate shall be based on the marketing return to the TLO divided by net scale. The stumpage rate of return (averaged from all species) will exceed \$100/mbf. In the event that the average TLO's Profit for all Logs harvested and sold during the term of this Agreement is less than the Minimum Return (\$100/mbf), Contractor agrees to recalculate the Marketing Return for the entire volume of Logs so that the average Market Return for all Logs harvested and sold equals the Minimum Return and to make any additional payments of TLO's Profit within twenty (20) days of the end of the Term.

6. **Records and Inspection of Books.** Contractor shall maintain its records for this Agreement in a way which will specifically describe gross sales revenues, each component of Direct Costs, amounts paid in settlement of customer claims, and other items addressed under this Agreement. At reasonable times and upon reasonable notice, TLO shall have the right, at its expense, to have a mutually agreeable CPA firm inspect Contractor's books, contracts and records which are relevant to Contractor's payments under this Agreement.

7. **Payments.**

(a) Contractor shall fund all Direct Costs. Marketing Return shall be calculated quarterly. Log decks, including pulp decks with an anticipated negative Marketing Return shall be accrued as a sale when completed and included in the calculation of Marketing Return for that quarter. Such accruals shall be adjusted to actual upon sale. Contractor shall pay TLO its portion of the Marketing Return within 30 days of the end of the calendar quarter. Five percent (5%) interest per annum will be paid to TLO for Marketing Return payments not made within 30 days. The allocation of Marketing Return provided in Paragraph 6 above shall be reconciled on an annual basis as of the end of each calendar year. Overpayments to TLO shall be credited against future

payments due. If there is insufficient Marketing Return due to TLO to offset such overpayment, TLO shall repay such overpayment to Contractor within twenty (20) days of the end of the Term or determination of the overpayment, whichever comes first. Underpayments to TLO shall be paid within twenty (20) days of the end of the Term or of determination of payment due, whichever comes first. A copy of the shipping invoice will be mailed or faxed by Contractor to TLO as soon as it is available to Contractor.

(b) At the close of the Term of this Agreement, the parties shall meet if necessary, to reconcile differences in determining Direct Costs, Marketing Return, and other matters.

8. **Harvest Plan.** Prior to commencing operations, Contractor will provide TLO with a timber harvest plan and marketing plan. Contractor shall harvest and market timber to achieve the maximum Marketing Return consistent with environmental considerations and responsible forest management. The harvest plan shall be approved by the management Committee if in accordance with all applicable federal, state and local laws, and shall be updated annually prior to commencement of each harvest season. Contractor shall provide the management Committee with quarterly updates to the Harvest and Marketing Plan as well as a quarterly forecast of volume and returns. The Purchaser agrees to harvest and purchase a minimum of 50 million board feet of timber in the first five (5) years of operation commencing from the execution of this contract.

9. **Utilization.**

(a) Contractor shall make reasonable efforts to fell, buck, merchandise, and utilize timber in a manner that shall maximize Market Return. Contractor shall provide fallers and/or bucking crews with Contractor's tree selection criteria, bucking instructions, and preferred log lengths, in writing. Contractor shall not be required to harvest stands or units of Timber which will yield less than the Minimum Return.

(b) Contractor shall make reasonable efforts to avoid wastage due to negligent breakage, excessive stump height, improper practices or careless handling or transportation.

(c) TLO shall have the right to suspend operations if Marketing Return losses are identified due to contractor's performance under subparagraphs (a), and (b) of this paragraph 12 and such performance has not been improved to meet the standards of subparagraphs (a) and (b) after notification of the management Committee.

10. **Management Committee.** The parties shall form a management Committee composed of two (2) members; one (1) appointed by Contractor and one (1) appointed by TLO. The representatives appointed by each party shall have full authority to represent that party at meetings of the management Committee.

(a) **Responsibilities.** The management Committee shall:

- (i) review and approve the annual harvest plan;
- (ii) review the form of the contractor's logging contract;
- (iii) provide direction on TLO policy issues;
- (iv) endeavor to resolve disputes between the parties concerning the discharge of their respective obligations under this Agreement;
- (v) perform any other duty delegated to it by the parties pursuant to this Agreement.

(b) **Meetings.** The management Committee shall meet as and when required to carry out its responsibilities, but in any event not less than once per calendar quarter. Either party may request a meeting on reasonable notice and meetings may be held by telephone. All

members or their designated representatives' members must be present at any meetings of the management Committee.

(c) **Decisions.** All decisions of the management Committee must be unanimous.

11. **Grant of Rights.** Except as provided in Paragraph 12(a), TLO hereby grants to Contractor the exclusive right to provide harvesting and marketing services to TLO with respect to the Timber for the Term of this Agreement on the terms and conditions set forth in this Agreement.

12. **Confidentiality.** The parties agree that all information concerning log grades, volumes, prices, sorts, marketing plans and related information is proprietary and confidential (the "Confidential Information"). The parties hereto agree not to disclose any of the Confidential Information to third parties or to any persons except employees to whom disclosure is necessary in order to carry out the provisions of this Agreement. The parties further agree to instruct all employees to whom such information is disclosed as to its confidentiality and to further instruct them not to copy or distribute any documents containing the Confidential Information or to disclose the information to others except to the extent necessary to carry out the obligations of the parties under this Agreement.

ATTACHMENT E
SHELTER COVE TIMBER SALE BUSINESS QUESTIONNAIRE

This form is to be completed by any persons submitting a proposal on the subject timber sale and returned to the Alaska Mental Health Trust Land Office as part of their proposal packet. It is to be completed with the full knowledge of the authorized representative of the Proposer. Please explain any omissions and use additional pages where appropriate.

1. Name, address, and contact information for Proposer:

Name _____ Title _____

Business Name, if any _____

Address _____ City _____ State ____ Zip _____

Telephone Number () _____ Fax # () _____

E-Mail _____

2. Name, address and contact information for individual completing questionnaire:

Name _____ Title _____

Address _____ City _____ State ____ Zip _____

Telephone Number () _____ Fax # () _____

E-mail _____

3. Proposer's organization:

- ☐ Individual ☐ Business Corporation ☐ Tax Exempt Corporation
☐ General Partnership ☐ Limited Partnership
☐ Other (explain) _____

Place of Formation of Proposer: _____ Date of Formation: _____

Alaska Business License #: _____

Taxpayer ID #: _____

Note: Proposer must have a valid Alaska Business License. Proposer should include any of the following that demonstrates evidence that the Proposer possesses a valid Alaska Business License:

- (a) A current copy of Proposer's Alaska Business License.
- (b) A canceled check that demonstrates Proposer's payment of the Alaska Business License fee.
- (c) A copy of Proposer's Alaska Business License application with a receipt stamp from the State's business license office.

4. How long has Proposer been in business? _____ (years). Was Proposer ever organized under another name? ☐ Yes ☐ No

If yes, please explain:

5. List Proposer's present business activities and locations:

6. List partners, principals, directors, officers, and project managers of Proposer:

| Name | Phone | Position | Address |
|------|-------|----------|---------|
|------|-------|----------|---------|

7. List Proposer's major equity interest owners and affiliated entities. An equity interest owner shall be considered "major" if more than 5% of the total equity interest or voting power is owned and controlled. An entity shall be considered affiliated with Proposer if it controls, is controlled by or is under common control or management with Proposer. Describe any voting, sale or similar Contracts:

| Name | Position | Address | Interest | Phone |
|------|----------|---------|----------|-------|
|------|----------|---------|----------|-------|

8. Proposer's Financial Information:

a) The financial condition of Proposer as of _____ (date), is reflected in the attached financial statements certified as prepared or reviewed by a CPA. Include: balance sheets, income statements, statement of retained earnings, and a statement of assets and liabilities, all fully itemized in accordance with generally accepted accounting standards. If the date of the financial statement precedes the date of this submission by more than six months, also attach an interim financial statement not more than 60 days old.

b) Name, address and contact number(s) of individual who prepared Proposer's financial statement:

Prepared by: _____

NOTE: If requested, and to be the extent allowed by law, financial information marked confidential will be kept confidential.

9. List three business and three credit references with whom Proposer has done business in the last three years:

| Name | Relationship | Address | Phone |
|------|--------------|---------|-------|
|------|--------------|---------|-------|

10. Identify Proposer's sources of capital for this project:

11. List and describe Proposer's previous projects that are similar in nature and scope to the proposed timber sale:

12. Has Proposer or any person listed in question 6 and 7 or any entity currently or previously affiliated with Proposer or any person listed in question 6 or 7 ever filed a petition for bankruptcy, been adjudged bankrupt, or made an assignment for the benefit of creditors?

Yes ☐ No ☐ If yes, please explain:

13. Within the past 10 years, has Proposer or any person listed in question 6 and 7 or any entity currently or previously affiliated with Proposer or any person listed in question 6 or 7 ever been in default on any obligation, or been subject to any unsatisfied judgment or lien or litigation to enforce performance of a contract? Has litigation ever been required to satisfy such a judgment or lien? Was a default judgment ever entered in such proceeding?

Yes ☐ No ☐ If yes, please explain:

14. Identify and describe, including dates, any and all governmental notices, including, without limitation, Stop Work Orders, Notices of Violation, Citations or other documents notifying Proposer of non-compliance under Alaska Statutes 16 or 41 or similar applicable wildlife or habitat protection and forest practices statutes in other states or federal jurisdictions within the past 10 years. Includes such notices issued to Proposer, to its current or previously affiliated entities, its employees or to contractors working on behalf of Proposer.

15. List all legal actions or administrative claims, within the past 10 years to which Proposer, any person listed in question 6 or 7 or any entity currently or previously affiliated with Proposer or any person listed in question 6 or 7 has been a party.

16. The following individual(s) have authority to sign any and all documents related to this IFP, subsequent timber sale contract and related documents (attach copy of Proposer's corporate resolution or appropriate notarized documents):

| Name | Title |
|------|-------|
|------|-------|

I HEREBY CERTIFY that I have received, read, and understand the Alaska Mental Health Trust Land Office's Shelter Cove Timber Sale Invitation for Proposal, and any/all amendments thereto and accept the terms and conditions therein. The information submitted herein is true to my own knowledge. I have relied solely on my own professional judgment and not on any representatives of the Alaska Mental Health Trust Land Office in the preparation and submission of this Proposal and, I have the signatory authority to sign any documents associated with this Proposal. I hereby acknowledge and agree that the Alaska Mental Health Trust Land Office may in its sole discretion use staff, consultants and others it deems necessary to review this Proposal and Business Questionnaire and conduct due diligence to evaluate information contained therein.

Proposer: _____ Date _____

By: _____

Its: _____

ATTACHMENT F
Shelter Cove Road, TLO
MHT 9101005, Shelter Cove Timber sale

This agreement pertains only to road reconstruction funded through AK-DOT/PF Design-Build Agreement.

[Separate Attachment]