

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING
HYBRID/WEBEX

July 25, 2023
10:15 a.m.

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

Trustees Present:

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

Trust Staff Present:

Steve Williams
Katie Baldwin-Johnson
Miri Smith-Coolidge
Michael Baldwin
Allison Biastock
Eric Boyer
Kat Roch
Kelda Barstad
Debbie DeLong
Valette Keller
Travis Welch
Janie Ferguson

Trust Land Office staff present:

Jusdi Warner
Jeff Green
Katie Vachris
Marisol Miller
David MacDonald
Sarah Morrison
Blain Alfonso
Karsten Eden
Ashley Oien

Also participating:

John Springsteen; Stephanie Hopkins.

PROCEEDINGS

CALL TO ORDER

CHAIR STURGEON called the Resource Management Committee to order and began with a roll call. He asked for any announcements. Not hearing any, he moved to the approval of the agenda.

APPROVAL OF AGENDA

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

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

CHAIR STURGEON asked for any ethics disclosures, and recognized Trustee Morris.

TRUSTEE MORRIS asked to recuse himself from the discussion and vote on the Salvation Army lease that may be coming up today. He stated that he is on the advisory board for the Salvation Army.

CHAIR STURGEON replied that Trustee Morris was excused from that vote. He asked for any other ethics disclosures. Hearing none, he moved to the approval of the minutes of April 19, 2023.

APPROVAL OF MINUTES

MOTION: A motion to approve the Resource Management Committee meeting minutes from April 19, 2023, was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FISHER.

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

TRUST LAND OFFICE EXECUTIVE DIRECTOR REPORT

CHAIR STURGEON recognized Jusdi Warner, executive director of the Trust Land Office.

MS. WARNER stated that her report would be a little different by covering more project-specific items instead of covering each asset class individually. She highlighted the TLO performance on what they work for all year long, and were highly motivated to do: The FY23 annual goal was about 11.8 million. A monthly report is produced, and it goes by each asset class. She added that they have a trust that covers income; a trust that covers principal; and a trust that covers the total. She noted that today they would be looking at the total, which was subject to change because the July numbers had not yet been completed. She continued that almost every asset class had exceeded the goal, which was exciting.

TRUSTEE MORAN stated that she was curious about when the goals were exceeded if that impacted the ability to develop these in the future, and if there would be reduced revenues going forward at some point or not.

MS. WARNER replied that that is considered when any interest for the Trust land is disposed, and it is attributable to the right now and keeping future generations in mind. She moved to the Palmer or Constantine project. She stated that there was additional interest in the Trust purchasing the relinquished Palmer claims. She gave a high-level overview of the project and pointed out that it is a copper, zinc, silver, gold, barite prospect in the advanced exploration stage. The project is operated by Constantine North, Incorporated, and located within the Porcupine Mining District in the Haines Borough. She continued that the project area consists of 340 unpatented load-mining claims that cover an area of approximately 6,700 acres, and also 63 State mineral claims that cover an area of approximately 9,200 acres. Constantine also holds an open-mining lease with the Trust, which is about 40,000 acres of land that surrounds those Federal and State claims. She explained in more detail, and noted that they are in negotiations with Constantine. This past month she met with the Lieutenant Governor, alongside the DNR commissioner, on the subject matter. She explained the need for a mineral property appraisal on the Palmer claims by an independent, certified, licensed mineral appraiser that complies with the Uniform Standards of Professional Appraisal Practice and the standard set for them by the American Institute of Professional Geologists and the International Institute of Mineral Appraisers.

CHAIR STURGEON noted that what Ms. Warner did not say is that this is pretty political with a lot of political pressure. The Governor's Office and the chiefs of staffs were contacted. They put political pressure on the Trust Land Office and the Board to expend this \$15 million to buy this project. He added that all the Trust is asking for is a good appraisal of what is there.

TRUSTEE BOYLES asked if this appraisal affected the offer to extend the lease.

MS. WARNER replied no.

TRUSTEE MORAN asked if the lease was covering all of it, or just the Palmer deposits.

MS. WARNER explained the map and the boundaries, as well as the property that would be released if the lease was not extended. She talked about the public comment brought forward with concern for Trust land and the future of Trust land out in Fort Knox at the May board meeting. Trustee Boyles had requested additional information. She stated that the Fort Knox mine is an open-pit, truck-and-shovel operation using carbon-in-pulp, heap leach, and gravity processes to recover gold. The mine is located about 25 miles northeast of Fairbanks, and the project is operated by Fairbanks Gold Mining Company, FGMI. It is a wholly-owned subsidiary of Kinross Gold Corporation. The major Fort Knox Mine facilities consist of an open-pit mine, the mill, administrative facilities, tailings storage facility, water storage reservoir, and the Walter Creek and the Barnes Creek Heap Leach facilities. This mine was originally permitted in 1994, and operates 24 hours a day, 365 days a year. The most recent data she found for who was employed there was from 2020, and that was 655 people. It has generated over \$28 million for the Trust since 1994. She talked about the four authorizations in the area, and then continued explaining the complexity and potential impacts of the project on multiple divisions and

agencies. She moved to the plan that was produced by FGMI that describes the procedures and processes that would be used to return the land disturbed by mining operations to a stabilized condition, which provides for a long-term protection of the land and the water resources. The plan describes the schedule for reclamation activities, general reclamation procedures, and the methods for achieving the final closure requirements and objectives. In addition, the plan serves as a basis for calculating reclamation costs and the amount of the financial assurance. The reclamation would begin upon cessation of the mining and milling operations, and final reclamation would be completed as expeditiously as feasible. Notification in writing on final closure would be provided to all of the regulators within 90 days after cessation of the mining, which is expected to be in 2030. She added that the SRCE bond is redone and updated every five years, and is based on the project and how it has changed in pricing. The TLO has the opportunity every five years to review and sign off on the bond in those five-year intervals. Currently, that bond sits at \$102 million. She continued to the Hollis timber sale and the Historic Wolf Creek Boatworks. She moved to her last slide and gave the wind project updates. She stated that the best-interest decisions went out to public notices, and they close on August 4th and August 18th. She stated that Congress established a Department of Defense Formerly Used Defense Sites, which is FUDS, a program as part of the Defense Environmental Restoration Program to address properties formerly owned by, leased to, or otherwise possessed by the Department of Defense that may contain environmental contamination or military munitions resulting from past Department of Defense related activities. There are 17 sites that have been identified on Trust land. A few land sales were lost because we did not know they were FUDS sites. Potential owners were notified immediately, and some of them turned the parcels back in. There was only one that kept their parcel. She added that it was up to the Army Corps of Engineers to determine if a further investigation on these lands is warranted, and it is another standard to meet to get funding for remediation. She stated that the Trust is on a list with the Department of Natural Resources for FUDS sites. It does not look like there would be any funding to remediate these sites in any near future, but we do have a seat at the table and will stay engaged.

TRUSTEE HALTERMAN asked if there is an opportunity to exchange these lands out for other pieces of land that could be leased or sold.

MS. WARNER replied that she approaches this once a year with DNR with a new creative solution of why the land should be taken back. According to the settlement and Trust lands, their argument is that they did not know either. It is an ongoing dialogue between the TLO and DNR on taking the lands back because they are contaminated with a zero value. This was part of that agreement. The TLO is currently in the process of conducting inventory and feasibility work on all the suitable Trust parcels for evaluation of potential carbon projects in the voluntary carbon market. The hope is to have the possible projects identified and move toward initiating a project or multiple projects later in the fall. A third of the project has been completed, and we are scheduled to complete the remaining data collection and evaluation by the end of August, early September. She then talked about attending the National Association of State Trust Lands conference in Santa Fe, New Mexico, which was the best conference she ever attended, especially working alongside commissioners, directors, and other staff from Western states that are doing the same work for school trusts or things of that nature. She highlighted the as-built survey in Skagway when a house was built on Trust Land that was discovered by Dave Griffin. The project was turned over to Chandler Long who did a great job negotiating with the person

who owned the house. She negotiated \$58,500 in back fees, and a 30 percent premium of the appraised fair market value. She also negotiated with the buyer to buy the whole parcel on the side of the mountain which was highly likely not to get monetized due to it being the side of the mountain and steep terrain. She added that the person who built their house there owns their own excavation company, with a material site just down the road. She continued with staff updates and introduced Ashley Oien, the administrative assistant that started in May, and we are very excited to have. That position became open because of growth in the Trust Land Office. Next is Tracy Salinas in the executive assistant role, doing a great job. She added that those two hold the Trust Land Office glued together. She also recognized Marisol Miller, who would be receiving her pin and certificate for five years of service with the State of Alaska. She thanked Marisol for her service to the State of Alaska and to the Trust.

ICY CAPE UPDATE

CHAIR STURGEON recognized Karsten Eden for the update.

DR. EDEN stated that the update was for the second quarter of the calendar year '23 for the Icy Cape Gold and Industrial Heavy Minerals project. He explained the colors with his charts; red is where they would be at the end of the year, and the gold is where they were presently. He began with the field work that was a big success. It was completed during the second quarter of the calendar. The resource definition, rolling and grinder, was completed. All the grinder drill core samples on site were completed. Also finished was collecting a 10-ton sediment sample from the grinder for metallurgical and engineering studies, gold recovery testing, as well as the engineering drill holes for extended penetrometer testing that determines the hardness of the sediments that implicates the kind of equipment to use for future mining. Also completed was drilling duplicate holes for independent analysis and testing by future developers of the prospect. All field work was finished ahead of schedule. Instead of three seasons, all drilling and sampled processing was successfully completed in two field seasons, which resulted in significant cost and time savings to the project. He continued to processing/assaying which was also ahead of schedule. Science and engineering are on track; and planning is at 75 percent. Procurement is also at 75 percent, and we are currently identifying the procurement needs for the remainder of the calendar year and next year. He noted that it was a very successful field season, and the field crews gave it their best. He could not have asked for better performance. He added that it was not easy, but all challenges have been overcome. He stated that safety is the No. 1 priority on all of his projects, and he reported that there were no injuries and no accidents. He moved to a brief update on the budget and how inflation impacted it. Even with inflation, they were right within the budget and spent a little less than anticipated during the second quarter, which was because of implementing streamlining procedures and better efficiency. He stated that resource definition drilling and grinder was done. The idea is to be done with this grinder project by the end of '25, and we are right on track and within the budget.

CHAIR STURGEON thanked Dr. Eden for his great work and great job. He moved to the commercial real estate performance review for FY23. He introduced the real estate team, David MacDonald and Marisol Miller.

PRESENTATIONS

FY23 COMMERCIAL REAL ESTATE PERFORMANCE REVIEW

MR. MacDONALD noted that, because of the nature of real estate, it is always important to start

off with the reminder that their mission is to maximize revenues for the benefit of the beneficiaries. The motivation is trying to do exceptional work on behalf of the beneficiaries. He gave a brief, in-depth background of himself and his experiences.

MS. MILLER spoke about her direct leasing and property management experience, as well as her asset management experience. She also added her professional accounting and finance experience, as well as the unique opportunity living in various different states, being a military spouse.

MR. MacDONALD began with Amber Oaks, which is now up to 96 percent occupied; and the portfolio is now 94 percent occupied. They were still working on the pending deal. He moved to the seven assets which were unique to the ownership. He stated that there was turnover on occasion, and those need to be maintained. In renting them out, they need to be kept at a certain standard to keep them competitively positioned to attract tenants and to keep rents at the maximum levels. He continued that they had a loss overall of \$1.24 million. There was \$3 million in lease-up costs, primarily at Amber Oaks, with a lesser amount at North Park; both brought the occupancy back up in those projects. He added that it is important to remember that leases typically run five to seven years and capital expenses were not done every year, but just occasionally. He talked about the impact the pandemic had; when costs went beyond, there was a draw on the CFF, which is a last resort.

MS. MILLER went through the distributions for fiscal year '23; a total of \$1.8 million this year. She explained that it was based on what was happening at each asset based on projects, lease-up, capital improvements, and the unanticipated needs that every building has.

TRUSTEE MORAN asked about what costs were generally kept at the property level bases on taxes; those types of costs that would not be distributed that would be held at the LLC level.

MS. MILLER replied that at every asset the monthly mortgage needs would be anticipated and that would be held back for anything that might come up. They keep a minimum of one month's mortgage in capital operating expenses at each asset in anticipation of any needs, as well as property tax dispute costs. There is the base expense, which averages to about \$500, and then the legal costs. If there was a refund, those funds would come back via distribution. She stated that the asset maintains its own tax escrow and pay based on the requirements of each individual state.

MR. MacDONALD stated that they try to maximize the cash flow and judge performance in terms of the money that the properties spin off and how much could be distributed. The properties are compared and broken down on three levels: the income, the appreciation, and the combined total. Those are compared to the NCREIF portfolio and how that performed. There is a pretty good track record of exceeding those benchmarks, and that continued. He stated that the office market from a buying-and-selling office building perspective is trouble. Amber Oaks was struggling to find buyers that were able to close on the deal. That project being on the market was just crushing the value of the asset and, despite the operations doing extremely well with 96 percent occupancy, the valuation was done.

CHAIR STURGEON asked, if there were no objections from the Board, to have that monthly

report out to the Board so the trustees do not have to absorb all this in one meeting and could be better educated. He called the lunch break.

(Lunch break.)

APPROVALS

COST RECOVERY PROGRAMS

CHAIR STURGEON called the meeting back to order and recognized Ms. Warner.

MS. WARNER stated that she and Ms. Roch had a presentation to provide before getting into the two proposals in the packets. She asked Ms. Roch to begin.

MS. ROCH began with a brief background on the cost recovery process. She continued that there was a regulation change in 2020 to change the way that money coming back to the Trust was distributed between principal and income. She went through the graphic of how the revenue generated by the Trust Land Office flowed between principal and spendable income. She showed the breakdown of the split between principal and spendable income and shared a simple visual that showed the difference with cost recovery versus without.

MS. WARNER gave a brief history for the cost-recovery regulations and stated that the Asset-Management Policy Statement is referred to as AMPS. It specifically delineates the philosophy and practices of the Board. It had been developed to serve as the management plan for those assets entrusted to the Board. The AMPS states that the Board believes it is essential to adopt a long-term plan by which these assets will be maintained and enhanced through prudent management. The projects that will be seen today are classified in AMPS as medium term. The general operating expectation in the AMPS was as follows: TLO will focus first on land or resources at the high end of their market values, best market, and then the land or resources with best market potential within the next two to ten years. Land or resources not included above would be considered long-term market lands with TLO management emphasis placed on reasonable value preservation and enhancement actions in the interim. She continued that the TLO would focus on transactions that, No. 1, maximize return at prudent levels or risk; contribute to diverse assortment of resource activity; provide ancillary values to the Trust; and remove or prevent liability risks. The TLO will maintain a level of management capacity that is necessary to prudently manage and develop the Trust's nonliquid assets over time. It is understood that this component of the Trust nonliquid asset management represents a significant expense to the Trust. AMPS also provides guidance on the TLODA, which is the investment reserves. The TLODA is the Trust Land Office Development Account. The value and productivity of Trust liquid and nonliquid assets must be maximized to the reinvestment of Trust income where appropriate. To achieve this objective, the Board maintains a Trust Land Office Development Account to use Trust income to maintain or enhance the value of the Trust's existing nonliquid asset portfolio. The creation of the TLODA lays the groundwork for the foresight of the cost-recovery regulations. They were promulgated in 2021, and were approved through the Board approvals here. She added that it is very clear that they could not apply these regulations retroactively, and could only go forward. She stated that Icy Cape is the only project that is currently utilizing the cost-recovery method. When that project starts generating revenue, the first dollars will go to the Trust as cost recovery. This is spendable income that gives an additional spendable income on an annual basis to provide more opportunity either for the Trust

Land Office or for Trust beneficiaries or programs. According to the regulations, trustees are to consider the following: The value of the land before and after the project; will the project investment provide value to the land or resource; will it be more valuable after the investment. No. 2, risk value is not realized; and how long would it take post investment for those returns to begin.

CHAIR STURGEON asked for the motion.

MOTION: The Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the proposed action to fund the statewide subdivision development program from the Trust Land Office Development Account, TLODA, with \$3 million. These funds do not lapse. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE MORAN.

MS. WARNER stated that Dr. Katie Vachris would be discussing the program request. She is a project manager in the Land Section of the Trust Land Office.

DR. VACHRIS stated that she was happy to be joining here to discuss the future of the subdivision development project and how they may partner in this program. She explained that she has been with the TLO for several years and holds a doctorate degree in business administration, with an emphasis in project management, and is a local real estate agent, as well. The TLO had offered lands for sale through annual land sales since the mid-1990s, offering smaller parcels to individuals either on a cash basis or through the in-house financing. Many of these parcels were already subdivided into smaller attainable lots with settlements. The TLO had completed subdivision projects to create additional inventory throughout the years. This is not a new program. The land sales are the TLO's bread and butter and represent about 47 percent of all revenues generated currently through the TLO. This past year, the land sales produced a record of about \$5.4 million in sales; our best year yet. She continued that the list of future land sales parcels remains strong. We do keep a running list throughout the year and continually evaluate which parcels and which lots might be best for the land sales. Part of the stewardship that we are charged with at the TLO is to look at the lands and how the value could be maintained in future years. With that, there is a shortage of smaller parcels, which means that it will materially impact the ability to conduct these land sales. There are large parcels, large tracts of land remaining that are over 100 acres; sometimes 600 acres or more. The average individual Alaskan may not be able to afford to purchase something like that. That is why we are looking at trying to break these large tracts of lands down into smaller, more manageable tracts. She added that the concept of scaling the sustained subdivision development program is being pursued. She added that this is not a new thing that the TLO does. Many of these tracts of land are within commuting distances of major communities in the state and they are struggling with a housing crisis. She pointed out a list of projects anticipated being completed in the next five years; about 25 or 26 of them. The majority of the subdivisions are in the Mat-Su Valley, which is one of the fastest-growing areas in the state and is where the positive net migration is currently happening in the state. She added that the Trust is one of the current major landholders out there. She also talked about the housing shortage, which is not new, despite the increased publicity through the pandemic. It has been an ongoing issue for decades. She moved on to the Boyd Road projects that many had toured a few months ago, and stated that they were looking to potentially put some higher-price-point homes there based upon the neighborhood. She added that they are aware of

the average and greatest need in each community, and she talked about doing some affordable housing options. She noted how each project had a life of its own with its own characters and unique surprises that come up, but they generally follow a subdivision process, which she explained.

MS. WARNER stated that this is being looked at as an opportunity for the Trust and is the regular course of business, which is what the Trust Land Office does every day. This will be utilizing the cost recovery regs to provide an opportunity for spendable income.

CHAIR STURGEON stated that they were ready for the question, and did a roll-call vote.

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

CHAIR STURGEON thanked Ms. Warner and moved to the proposed motion for the mineral potential evaluation program. He asked for a motion.

MOTION: The Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the proposed action to fund the Mineral Potential Evaluation Program from the Trust Land Office Development Account, TLODA, with \$1.5 million. These funds do not lapse. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE FIMON.

CHAIR STURGEON asked Ms. Warner to begin the discussion.

MS. WARNER stated that the TLO's mandate is to generate revenue through mineral development. Therefore, there was a need for a clear understanding of the mineral potential of Trust land to make the best possible business decisions. A proper understanding of the land's mineral potential mineral occurrences was key for marketing and selecting suitable partners for mineral resource development, as well as negotiating any lease terms that would maximize returns to the Trust. She continued that their strategy was the development of the state-of-the-art marketing products such as descriptive, clever, concise memoranda that catch the eye of key target players which were backed up by NI43 010-style technical reports and GIS data packages that demonstrate the mineral's potential. It is very important in the revenue generation strategy overall. She added that she mentioned before that Fort Knox would likely go offline for production by 2030, and we anticipate Icy Cape coming online. However, due diligence in this arena must continue for future generations to ensure that revenue generation. And, as we are experiencing in Icy Cape, these things take time. She stated that they were asking for a mineral potential evaluation program funding request to be set up via the cost recovery regulations. Reconnaissance work that was being requested is the preliminary examination of the general geologic features and characteristics of an area. Systematic investigation and the reconnaissance stage comprises of geological mapping, outcrop sampling, geochemical sampling and preliminary geophysical surveys. The location of this ask was stateside, and we are asking for the priority to be on brownfields Trust parcels. That means sampling that is on Trust land that is close in vicinity to known prospects of producing mines. We are also including greenfields areas, which are lesser of a priority, but may have some potential. She continued that the value

of the subsurface minerals on Trust lands that there is no data on is zero dollars. The risk of not monetizing the asset is not having any data to move forward with the marketing strategy, and getting key players interested in Trust land. She asked that their plan be approved to start utilizing this cost recovery. She then went through the five-year plan in the packet. She gave a formal introduction to Dr. Karsten Eden who designed the program and had chosen a strategic location. He is a Certified Professional Geologist with 18 years' diverse international experience in the management of exploration and mine development in Alaska, West Africa, Western Australia, Scandinavia, and Europe. His background also includes exploration targeting and extensive experience in complex exploration data analysis, mineral potential modeling, 3D geological modeling, resource modeling, and mineral economics. He is recognized as a qualified and competent person in the USA, Canada, Europe, Australia, and South Africa, with experience in the reporting standards of Canadian National Instrument 43.101. He is very qualified to do this work, and we have the most confidence in this program. This is part of that strategic plan to keep that \$15-plus million going.

TRUSTEE FIMON asked if brownfields and greenfields are a generic classification.

DR. EDEN replied that they are correct geological terms. Brownfield exploration is exploring close to an existing mine prospect; greenfield is far away from anything that was known.

MS. WARNER added that exact locations were not being provided due to the confidential nature of where they think the mineral resources are.

CHAIR STURGEON asked for any other questions. There being none, he did a roll-call vote.

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

CHAIR STURGEON called a break.

(Break.)

CHAIR STURGEON called the meeting back to order. He asked that the motion be read into the record.

MOTION: The Resource Management Committee recommends the Full Board approve the annual lease rent of \$15,701.48 with a 10 percent rent increase every five years for a 25-year ground lease of Tract 1-A, according to the plat of Tracts 1-A and 4-A, Community Park Alaska Subdivision/Trust Parcel FM 1520 in Anchorage, Alaska, to the Salvation Army. The motion was made by TRUSTEE HALTERMAN; seconded by TRUSTEE MORAN.

CHAIR STURGEON asked Ms. Warner to continue.

MS. WARNER stated that the presentation was about the Salvation Army on Community Park Loop and a request for that lease to continue at below fair market value. Jeff Green from the

TLO and Eric Boyer of the Trust Authority will give this presentation and introduce the guests.

MR. BOYER presented the master plan and then went into detail about the services that Salvation Army has and is currently providing in very close proximity to the TAO, right across the street. He introduced Lieutenant Colonel Doug Tollerud; Captain Polk; and Division Director of Development Ruth Hayes.

MR. GREEN began with a brief overview of the use of Trust land at less than fair market value, program-related real estate. He continued into the history of the Community Park Loop area, the master plan and assessment that was done in 2021, and then talked about the program-related real estate onsite. He walked through the formal process for a request to use Trust land at less than fair market value. He added that, for today, that process is simple and straightforward because of use that is already taking place there. If the recommendation is to approve the project, then the Trust Authority will public-notice the project for 30 days; and then, at the next regularly scheduled Full Board of Trustees' meeting, the recommendation will be evaluated based on the criteria in the regulation. That includes any public comments received during the public-notice period.

MR. BOYER went through the Salvation Army programs and the request. He stated that the Salvation Army is one of the longest-standing, beneficiary-serving organizations in the state. They have been providing services at this location for close to 60 years. The Booth Home was the very first facility built on that campus, and has provided services to beneficiaries since then. He talked about some of the services provided there, and added they had other campuses around the State. He noted that over the years and decades, Salvation Army has been a good tenant and has worked well with the Land Office and Authority Office. He stated that the Salvation Army will consistently be a good partner for the community members and the services provided to beneficiaries.

MR. GREEN went through the relevant details of the lease and gave an overview of the parcel itself. The parcel involved for this proposed use is SM 1520; Tract 1-A Community Park Alaska Subdivision, contains just over 4.5 acres. It is located at the corner of East 20th Avenue and Nichols Street and currently zoned PLI, Public Lands and Institutions, by the Municipality of Anchorage and "intended to include major public and quasi-public civic, administrative, and institutional uses and activities." There is no conflict with the zoning. He stated that in June, 2023, the land value of the parcel was appraised. It is currently a developed parcel with three main separate wood frame single-story buildings constructed and owned by the Salvation Army. The appraisal used a sales comparison approach of similar properties within the region, and recently sold and determined the fair market value of the parcel to be \$1,188,000. A fair market lease rental would be \$95,040 annually.

TRUSTEE FIMON asked if the Salvation Army was a national organization or is this branch in the lease a state entity.

LT. COL. TOLLERUD stated he was Lieutenant Colonel Doug Tollerud, Divisional Commander for the Salvation Army Alaska. He continued that was a two-part question. Yes, they are an international organization with a base in London, England. National headquarters is located in Washington D.C. Everything is locally driven. They have to raise the funds, manage

their own resources and have a team together. They make the decision, raise the money, pay the bills, hire staff and so on. He added that they do not commingle funds.

MR. GREEN stated that the TLO would be negotiating and crafting the terms with assistance from legal counsel. The lease would be structured as a 25-year ground lease. The Trust would not own, manage, or operate any of the buildings. We would just administer the ground lease for use. Also required is commercial general liability insurance, and standard indemnification language will be used.

CHAIR STURGEON stated that the Salvation Army is an incredible organization and there is nothing like it in the world. He called the vote.

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

CHAIR STURGEON stated that the motion passed unanimously and asked for anything else for the good of the order. He asked for a motion to adjourn.

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

CHAIR STURGEON thanked everyone and adjourned the meeting.

(Resource Management Committee meeting adjourned at 2:00 p.m.)