

Trust

Alaska Mental Health
Trust Authority

Resource Management Committee Quarterly Meeting

April 14, 2016

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING
DRAFT AGENDA
APRIL 14, 2016
11:00 a.m. - 12:30 p.m.

Teleconference Information

Call in Number: (866) 469-3239
Meeting/Session Number: 800 428 933 #
Attendee Number: #

Call to Order (Chair Larry Norene)

Committee Members (Voting):

Laraine Derr
Paula Easley
Russ Webb
Mary Jane Michael
Carlton Smith
Jerome Selby
John Morrison, Staff

Announcements

Approval of Agenda

Approval of Minutes

- a) January 26, 2016
- b) February 26, 2016

1. Consultations

- a) Community of Elfin Cove Negotiated Sale (Item A)
- b) Randal Powelson Placer Lease – Fox Creek (Item B)

2. Approvals

- a) Icy Cape Airborne Magnetic Survey (Item 1)
- b) FY17 Real Estate and Program Related Investment Facility Budgets (Item 2)

3. Updates

4. Monthly Report Questions

5. Other

6. Adjourn

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING

January 26, 2016
1:23 p.m.

Taken at:

Alaska Permanent Fund Corporation
Hugh Malone Board Room
801 West 10th Street, Third Floor
Juneau, Alaska

OFFICIAL MINUTES

Trustees present:

Larry Norene, Chair
Carlton Smith
Laraine Derr
Russ Webb
Paula Easley
Mary Jane Michael

Trust staff present:

Steve Williams
Jeff Jessee
Miri Smith-Coolidge
Carley Lawrence
Amanda Lofgren
Kevin Buckland
Mike Baldwin
Katie Baldwin-Johnson
Carrie Predeger (via telephone)

TLO staff present:

John Morrison
Wyn Menefee
Victor Appolloni (via telephone)

Others participating:

Kate Burkhart, ABADA and Mental Health Board; Kathy Craft; Patrick Reinhart, Governor's Council on Disabilities & Special Education; Linda Soriano (via telephone); Keith Hamilton (via telephone); Casey Anderson (via telephone).

PROCEEDINGS

CHAIR NORENE calls the Resource Management Committee meeting of January 26, 2016, to order and states that all the committee members are present. He introduces Wyn Menefee, the new deputy director, and welcomes him. He moves to the agenda and asks for any changes or additions. There being none, he accepts the agenda and moves to the minutes of October 21, 2015.

TRUSTEE SMITH makes a motion to accept the minutes of October 21, 2015.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

CHAIR NORENE states that there are two consultations today and begins with the 2016 annual land sale. He recognizes John Morrison.

MR. MORRISON states that Victor Appolloni will be giving the consultation for the land sale over the telephone.

MR. APPOLLONI states that the proposed action is for approximately 70 subdivision lots and small-sized parcels listed in the consultation packet. He adds that if not sold in the 2016 land sale, the parcels may be reoffered in future land sales. The parcels will be offered through either a sealed bid auction and awarded to the highest qualified bidder, an outcry auction, and also awarded to the highest qualified bidder; or offered through an over-the-counter sale. He continues that purchasers may elect to pay for the parcel in full or finance them through a TLO sale contract. The TLO estimates the market value of all the parcels offered in the 2016 sale at \$3 million. He states that, based on land sale data since 2010, the TLO anticipates receiving \$1.5 million in total bid offers. He continues that the Trust Land Office recommends that it is in the Trust's best interest to offer approximately 70 existing subdivision lots and small-sized parcels through the TLO's land sale program in various locations throughout Alaska.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the offering of approximately 70 subdivision lots and small-sized parcels through the TLO's annual land sales program.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

CHAIR NORENE moves to the next item, the Resource Management Strategy, which is a consultation.

MR. MORRISON states that the TLO is required to develop and maintain a long-term asset management strategy. He continues that the TLO meets this requirement through the Resource Management Strategy or RMS. The RMS has progressed over time in an iterative nature. It began as a five-year investment plan focusing on real estate acquisition and development, which was adopted in July of 2013. He adds that after adoption of the original plan, trustees requested the TLO develop similar plans for all the Trust's noncash assets. He explains that over four years, since the plan was first adopted, it has come full circle. The plan presented is a strategy to diversify, develop, and defend Trust assets. The plan is written in a more timeless manner so that it may be useful in a variety of market and regulatory conditions for the years to come and will need less revision in future updates. He continues that the TLO needs to focus on its mission to maximize revenue and is committed to utilizing this overall strategy to develop a portfolio capable of returning as much spendable income as the Trust corpus distribution within 20 years. He adds that all of these plans will work in concert to provide available capital to require or develop income-producing assets to achieve this goal.

A discussion ensues.

MR. MORRISON explains that between new staff, the new current vision from the board, and a need to adopt a more robust plan to weather the storm of changes and the way things might go, this is a substantially changed document from a wording perspective. He states that the focus today is the relatively small change in the stated goals and objectives found with each individual plan.

The discussion continues.

MR. MORRISON gives a brief overview of what the spirit of the changes is and then focuses on the goals and objectives, which are really more quantifiable in terms of change.

TRUSTEE WEBB states that the sense he got was that the effort was not changing the substance of the strategy, but laying out the statutory and regulatory framework for what the TLO does. He continues that he did not see substantive changes to the strategy itself.

MR. MORRISON states that is a good way to articulate that and continues that the document was restructured to be more precise and concise on laying out the operational framework.

The discussion continues.

TRUSTEE WEBB states that this was a substantial improvement over anything previously seen. It is really informative.

CHAIR NORENE agrees.

MR. MORRISON continues his presentation and speaking to the goals and objectives and describing the slight changes.

TRUSTEE DERR states that the AMPS are policy and asks how it compares. She continues the need to make sure that they do not conflict.

CHAIR NORENE states that they do not conflict.

MR. MORRISON moves on to the next section, which is minerals and marketing. He states that they are two separate plans within the document and continues his presentation, explaining the goals and objectives.

The discussion continues.

TRUSTEE EASLEY asks if this is more specific and more proactive in regard to doing enough in marketing the mineral projects.

MR. MORRISON replies that previously not enough was being done, and this is part of the new vision and focus across the TLO specific to minerals and energy. He moves on to the PRI program, stating that the concept was that with the pending addition of an additional staff member, it seemed appropriate to have that person come on board and develop changes specific to this area.

A discussion ensues on this section.

MR. MORRISON states that the next plan is forestry, which had a substantial rewording and reorganization of thoughts. He continues that the exchange was and will be a critical aspect of having a forestry program. He explains this more fully, and then moves on to the real estate management plan.

TRUSTEE SMITH comments that he had gotten to know the real estate policy of the Permanent Fund and sees a lot of the same criteria here. He states that it may be of value to talk through some of those things.

MR. MORRISON notes that and continues his presentation.

TRUSTEE DERR states concern on the asset allocation percentage.

A discussion ensues.

MR. MORRISON moves on to energy, and states that all of the highly technical discussions and all the analysis of current events were boiled down to a strategy. He goes through the goals and objectives. He states that the last part of the plan is mitigation marketing, and this was largely unchanged. He adds that the mitigation marketing in its various forms is relatively new with some perceived opportunity for the Trust.

CHAIR NORENE states that, unless there is any more discussion, there is a proposed RMC motion.

TRUSTEE SMITH makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the adoption of the newest draft of the Resource Management strategy as a long-term asset management strategy for managing Trust Land assets consistent with TLO regulations, as cited.

TRUSTEE EASLEY seconds.

TRUSTEE DERR objects, stating that she is uncomfortable with some of the policy changes in there that have not been discussed.

CHAIR NORENE calls the vote: Trustee Easley, yes with the understanding that the AMPS and this will be analyzed; Trustee Derr, no; Trustee Smith, yes; Trustee Webb, yes. The motion is approved.

CHAIR NORENE asks Mr. Morrison for any important updates.

MR. MORRISON states that there are many updates that could be talked about offline, in the interest of time. He encourages all to read the annual reports and let the TLO know if there is any further discussion needed.

TRUSTEE DERR asks, in regard to the monthly report, what the reason is for the real estate management being only 25 percent.

MR. MORRISON replies that there are several reasons, and explains them in greater detail.

CHAIR NORENE asks for any other questions.

TRUSTEE EASLEY asks if copies of this annual report have been given to each legislator.

MR. MORRISON replies no, that it just came off the presses. He states that is the next part of the plan.

CHAIR NORENE asks for any other questions on the monthly report. There being none, he asks for any other issues to be brought before the committee.

TRUSTEE WEBB states that the Resource Management Committee take action to give direction on the need to generate more income.

TRUSTEE DERR makes the point that her concern is giving direction. She states that her concern is that it should come from the Planning Committee that this is the amount of money that will be needed, and there is the need for more income to meet the projected needs.

CHAIR NORENE states that it is not just a function of a particular committee; but is a board function. He continues that the planning function helps, the Finance Committee analysis helps, but it is the board that has to make those long-range projections.

The discussion continues.

TRUSTEE WEBB states that the goal has not been set, just the interim objectives. He continues, and then tables the discussion for a later time.

CHAIR NORENE asks for a motion to adjourn.

TRUSTEE WEBB makes a motion to adjourn the meeting.

TRUSTEE MICHAEL seconds.

There being no objection, the meeting is adjourned.

(Resource Management Committee meeting adjourned at 2:39 p.m.)

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING

February 26, 2016
3:00 p.m.

Taken at:

3745 Community Park Loop, Suite 120
Anchorage, Alaska

Teleconference

(All participants appeared via Speakerphone)

OFFICIAL MINUTES

Trustees present:

Larry Norene, Chair
Carlton Smith
Laraine Derr
Russ Webb
Paula Easley
Jerome Selby

Trust staff present:

Steve Williams
Jeff Jessee
Miri Smith-Coolidge

TLO staff present:

John Morrison
Wyn Menefee
Paul Slenkamp

PROCEEDINGS

CHAIR NORENE calls the Resource Management Committee meeting of February 26, 2016, to order and calls the roll. There is a quorum, and he proceeds with the meeting. He asks for any announcements and states that following this meeting there will be a trustees' meeting. He states that the one item on the agenda is Cat Island. He asks for any additions to the meeting. There being none, he moves into the consultation and recognizes John Morrison.

MR. MORRISON thanks everyone for getting this meeting together at the last moment. He states that it is greatly appreciated that the TLO can proceed with business that does not necessarily follow the schedule. He asks Paul Slenkamp to continue.

MR. SLENKAMP states that he is senior resource management, forestry, for the Trust Land Office. He continues that this is an opportunity sale that presented due to a high cedar market which was unanticipated. He adds that there has also been an open winter in Southeastern which is allowing activity in the woods that is unusual this time of year. He explains that Cat Island is a small parcel, 359 acres, that the Trust owns just outside of Hollis, Alaska. It is an isolated parcel without a road system to it. He continues that the timber is semi-sparse and somewhat inaccessible. He adds a couple of other equipment opportunities that have presented themselves. He anticipates about a million and a half board feet to be available with about 800-900 board feet of red cedar included in that. He continues, that will produce about \$500,000 revenue to the Trust; \$425,000 will be in principal, and approximately \$75,000 of that in income. He states that Hollis originally was established in 1956 as the first logging camp for Ketchikan Pulp Company, so there is a long history of timber harvest. He continues that he believes that this harvest can be done without any environmental issues and should help bridge some of the gap in the timber revenue stream. The Trust Land Office would like to recommend to proceed with the competitive timber sale. He asks for any questions.

CHAIR NORENE thanks Mr. Slenkamp and asks for a motion.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the disposal of timber through competitive sale on Trust land on Cat Island located near Hollis on Prince of Wales Island.

TRUSTEE DERR seconds.

There being no objection, the motion is approved.

CHAIR NORENE asks if there is anything further.

MR. MORRISON replies that there is nothing further and believes that the board meeting will follow with this same topic at 3:15 p.m.

CHAIR NORENE asks, since all are on-line, if there are any updates or news to discuss.

TRUSTEE WEBB states that the House has proposed, in addition to the cuts to the Health and Social Services budget that the Governor proposed, another \$41 million with significant cuts. He continues that the Governor's increments for McLaughlin Youth Center to maintain staffing, \$470,000, was not accepted; \$50,000 to maintain staffing at the Kenai Peninsula Youth Facility; there were big cuts of \$13.3 million to Healthcare Medicaid services, and he goes through some of the additional cuts. He recommends that everyone take a look at that budget report.

MR. JESSEE states that the cuts are pretty substantial and may be worse on the Senate side.

TRUSTEE WEBB asks about the Corrections budget.

MR. JESSEE replies that he thinks they had a \$7 million reduction.

CHAIR NORENE asks for a motion to adjourn.

TRUSTEE WEBB makes a motion to adjourn the RMC meeting.

CHAIR NORENE adjourns the meeting.

(Resource Management Committee meeting adjourned at 3:15 p.m.)



To: Larry Norene, Chair
Resource Management Committee
From: David Griffin
Date: 4/14/2016
Re: Community of Elfin Cove Negotiated Sale
MHT #9100674 - Item A
Fiscal Year: 2016

Consultation

Proposed RMC Motion:

"The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the negotiated land sale of six parcels in Elfin Cove, Alaska to the Community of Elfin Cove."

Background:

Revenue Projections: Principal \$143,000

Transaction/Resource: The proposed action is to conduct a negotiated land sale of six parcels in Elfin Cove, Alaska.

Property Description/Acreage/MH Parcel(s): CRM-1444 (1.09 acres), CRM-1456 (0.65 acres), CRM-1457 (0.60 acres), CRM-1458 (0.58 acres), CRM-1459 (0.62 acres), and CRM-1460 (0.68 acres); USS 2946 and USS 2949.

General Background: In 2010 the Community of Elfin Cove submitted an application to the TLO to purchase parcel CRM-1444 for the purpose of establishing a community park. No action was taken by the TLO because the TLO was attempting to return CRM-1444, along with five other parcels (CRM-1456, CRM-1457, CRM-1458, CRM-1459, and CRM-1460), back to DNR for replacement lands. The reason behind returning the parcels was because CRM-1444 was encumbered by DOT/PF agreements for access, and the other parcels are at the base of a steep slope that is prone to rock slides, causing the land values to be low, and sustaining a liability for the Trust due to the potential slide hazard; furthermore, all the parcels receive high public use and trespass is an ongoing issue.

Discussions between the TLO and the board members of the Community of Elfin Cove culminated in a negotiated deal where the Community of Elfin Cove would purchase all six parcels for the amount of \$143,000. The sale would provide the community with a land base while alleviating the Trust of non-performing assets in a remote location. CRM-1444 has an appraised value of \$90,000, and the remaining five parcels have an appraised value of \$60,000, for a total of \$150,000. The five adjoining

parcels at the head of the cove are highly unlikely to be purchased because of steep topography, unsuitable ground for construction, and risk of rock slides. The TLO has never received inquiries to purchase any of these lots, and the Trust would generate more revenue by selling all parcels together at the negotiated amount than from just selling CRM-1444. The TLO believes this sale is in the Trust's best interest because long term management and liability costs of the remaining five parcels over an extended timeframe would be more than the reduced revenue of \$7,000.

Anticipated Revenues/Benefits: The negotiated purchase price for the six parcels combined is \$143,000. In the context of per acre value, the combined total of 4.22 acres generates approximately \$33,800 per acre. Upon completion of the negotiated land sale, the Trust would no longer have any assets in Elfin Cove, which would relieve the Trust of owning and managing land in a remote area of the state that is expensive to travel to, and difficult to get in and out of (an average cost for one person to travel from Anchorage to Elfin Cove is \$1,000). The disposal of these properties also relieves the Trust of any liabilities associated with rock and land slide hazards, and stewardship issues associated with unauthorized uses.

Anticipated Risks/Concerns: None

Project Costs: None

Other Considerations: At present the Community of Elfin Cove does not own any land. This purchase will provide the community opportunities to dedicate and enhance public space.

Due Diligence: TLO staff has been working with the Community of Elfin Cove on this project for approximately six years.

Alternatives: One alternative would be to sell them only one parcel, CRM-1444, at a cost of \$108,000, and continue to maintain the other five parcels. It is unlikely the TLO would be able to sell the other five parcels as residential lots, thus the parcels would remain as non-performing assets while parcel management costs continue to accrue. Another alternative is to consider selling the timber. This isn't commercially viable because of the limited access and the small size of the lots.

Consistency with the Resource Management Strategy: The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted January 2016 in consultation with the Trust and provides for a careful evaluation and adjudication process, and will maximize value while improving public relations in the community.

Trust Land Office Recommendation: Proceed with the negotiated sale.

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

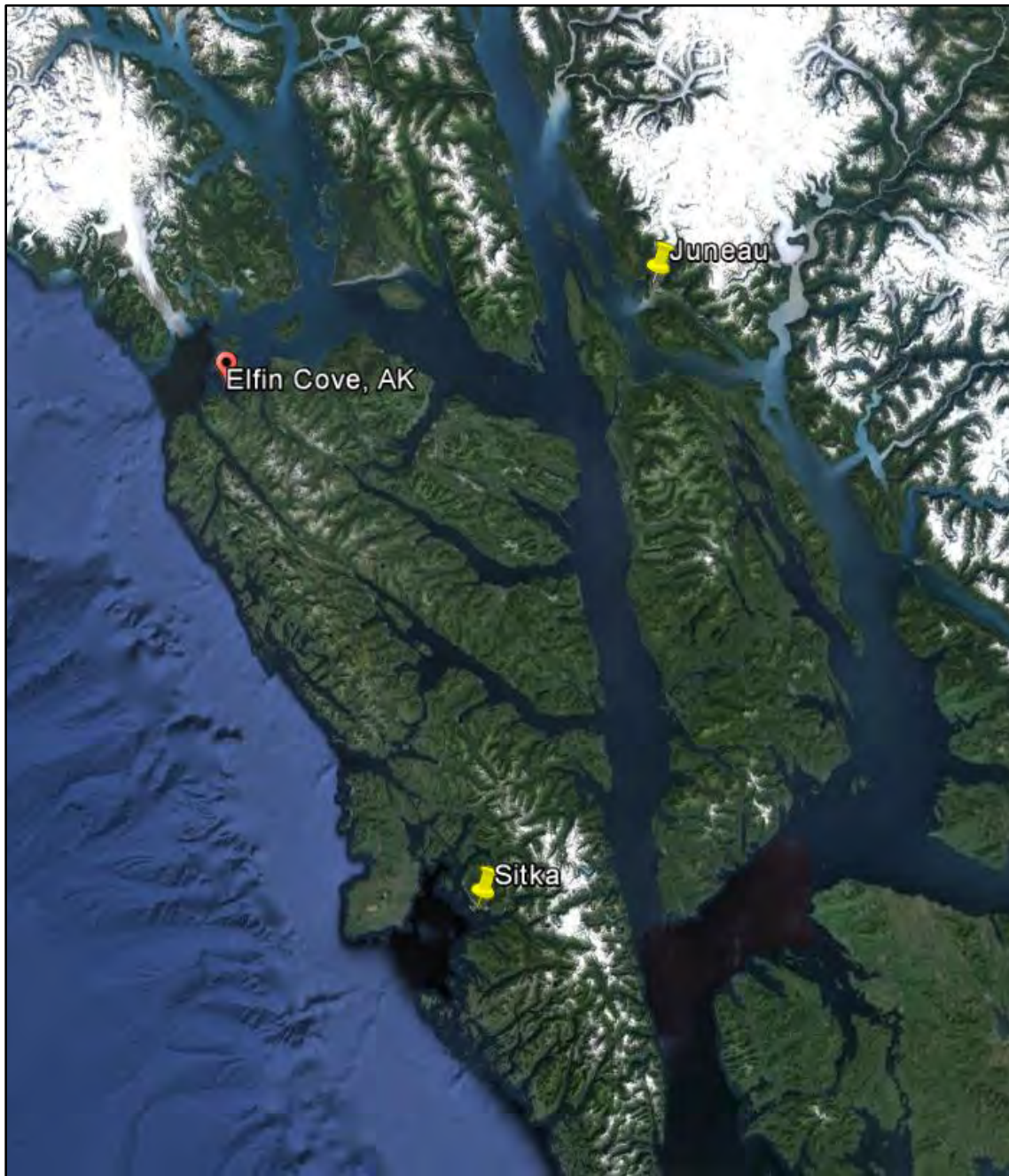
Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Schedule of Actions:

Resource Management Committee Consultation:	April 14, 2016
Trust Authority Consultation:	May 4, 2016
Complete Best Interest Decision:	May 5, 2016
Public Notice:	May 6, 2016

Exhibit(s):

Exhibit 1 – Location Map
Exhibit 2 – Parcel Map
Exhibit 3 – Aerial Views



Location Map



Parcel Map



Aerial view of CRM-1444



CRM-1456, CRM-1456, CRM-1458, CRM-1459, and CRM-1460



Trust
Land Office

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

To: Larry Norene, Chair
Resource Management Committee
From: Mike Franger
Date: 4/14/2016
Re: Randal Powelson Placer Lease - Fox Creek
MHT #9400592 - Item B
Fiscal Year: 2017

Consultation

Proposed RMC Motion:

"The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the negotiated lease of Trust mineral estate on Fox Creek for exploration and development of placer gold, as proposed."

Background:

Revenue Projections: Principal (up to) Unknown
Income (up to) \$15,000

Transaction/Resource: A negotiated placer lease of Trust mineral estate with a primary term of three years for the purpose of exploration, development, and production of placer gold on Fox Creek in the Fairbanks Mining District.

Property Description/Acreage/MH Parcel(s): A portion of Trust parcel F20289, located in NW1/4 Section 19, Township 2 North, Range 1 East, Fairbanks Meridian, which is approximately 20 miles northeast of Fairbanks just off the Elliott Highway.

General Background: The area of interest is owned in fee by the Trust and is located in an area of historic placer mining activity northeast of Fairbanks near Mile Post 2 of the Elliott Highway. The applicant is an experienced placer miner and has operated in various locations in the Fairbanks Mining District of Alaska. The applicant is well equipped to conduct the proposed mining activities and has a good working relationship with the various state agencies that regulate placer mining.

Anticipated Revenues/Benefits: Revenues will consist of an annual rental fee of \$5,000, which can be credited against production royalty as it accrues for that year. Any production that occurs is subject to a 10 percent net royalty. In addition, the areas that are mined will be reclaimed according to current state standards.

Anticipated Risks/Concerns: There are no unusual risks associated with the proposed activity. Risks typically associated with this type of activity will be mitigated through compliance with the Alaska Placer Mining Application (APMA) permit program and reclamation standards imposed and enforced by state mining regulators. In addition, TLO mining lease terms will be enforced.

Project Costs: No unusual or significant costs are anticipated other than periodic site visits.

Other Considerations: The applicant is an experienced placer miner and has a good reputation with state regulators.

Due Diligence: The leasing process and the lease terms have been determined as a result of internal staff analysis and review of past practices. The TLO staff is generally familiar with the proposed lease area, having leased land in the vicinity in the recent past. The mine reclamation record of the applicant has been reviewed and found to be satisfactory.

Alternatives: (1) Do not offer the land for lease; (2) Do not offer the mineral interest as a negotiated placer mining lease; and (3) Offer through a competitive process, which is not warranted for this relatively small acreage.

Consistency with the Resource Management Strategy: The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS) which was adopted in January 2016 in consultation with the Trust and provides for the TLO to focus on land or resources at the high end of market values (“best markets”). The current market values of precious metals are sufficient to create a demand for mineable land so the prospective mineral land affected by this decision is in a “best market” situation and, based on demand, should be offered now. Further, the action is a step toward generating revenues from Trust mineral resources, consistent with a key Trust land management principle of encouraging a diversity of revenue generating uses of Trust land.

Trust Land Office Recommendation: Lease the described area of interest on a negotiated basis to Randal Powelson, doing business as Fox Mining LLC #1034112, as proposed.

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

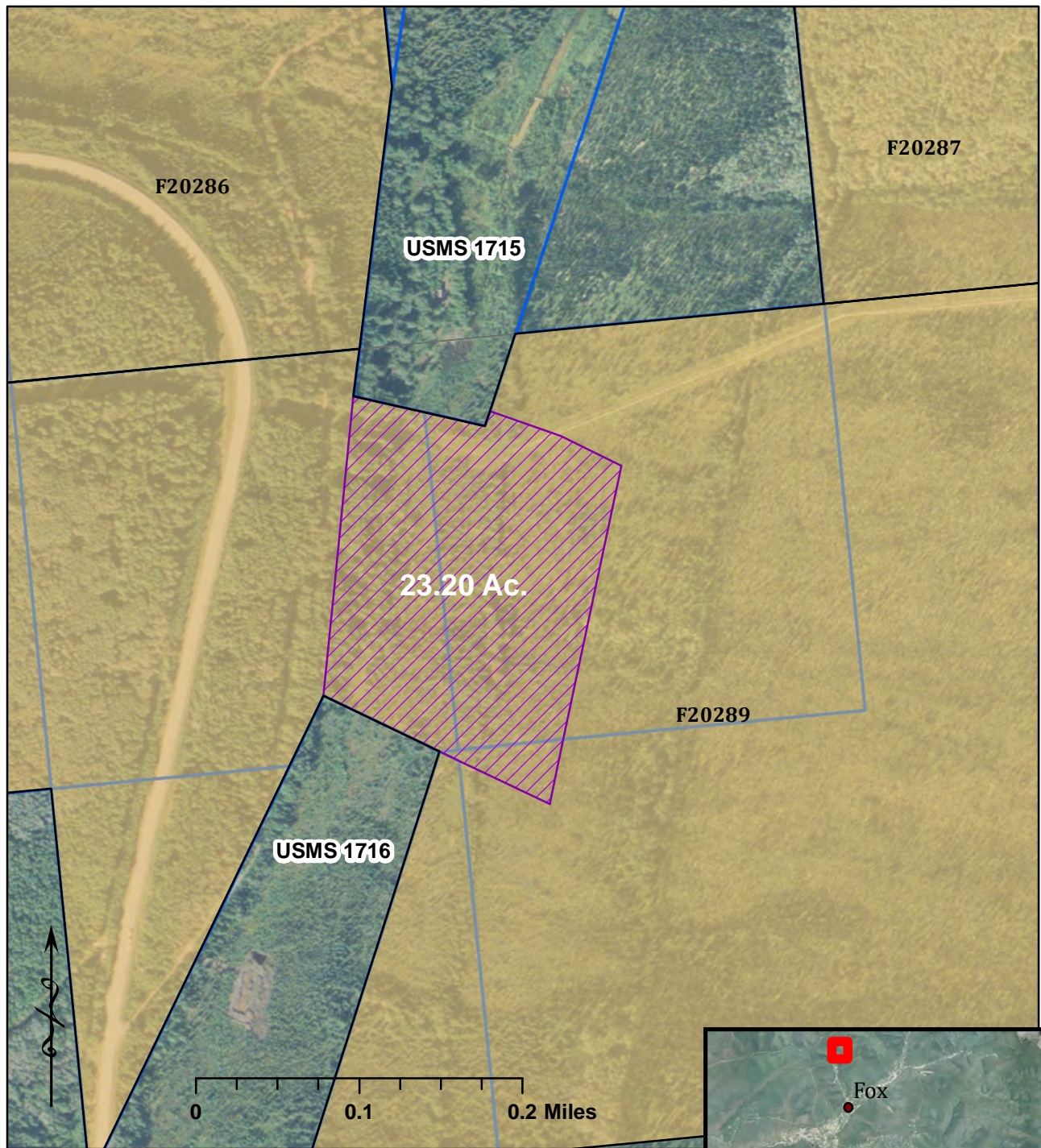
Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Schedule of Actions:


Resource Management Committee Consultation:	April 14, 2016
Trust Authority Consultation:	May 4, 2016
Complete Best Interest Decision:	May 5, 2016
Public Notice:	May 9, 2016

Exhibit(s):

Exhibit 1 - Location Map



Placer Lease - Randal Powelson
MHT 9400592

 MHT 9400592 Lease Boundary

 Mental Health Trust Land





To: Larry Norene, Chair
Resource Management Committee
From: Dr. Karsten Eden, CPG, EurGeol
Date: 4/14/2016
Re: Icy Cape Airborne Magnetic Survey - Item 1
Fiscal Year: 2017
Amount: \$175,000

Approval

Proposed RMC Motion:

"The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees approve the expenditure of principal funds for parcel research and exploration of the parcel known as Icy Cape in the amount of \$175,000 from the TADA (fund code 3320). These funds do not lapse."

Background:

Transaction/Resource: Request/proposal for a low altitude airborne magnetic survey over the coastal plain and delta areas at Icy Cape to detect high concentrations of heavy minerals placers and associated gold placers.

Property Description/Acreage/MH Parcel(s): All of MHT parcel no. CRM-0001 and CRM-0003, and parts of CRM-0002, CRM-0004, CRM-0005, CRM-0006, CRM-0007A, CRM-0008 and CRM-0009 as part of the Icy Cape Block, located in CO22S019E, CO22S020E, CO22S021E and CO22S022E. The total magnetic survey area on the Icy Cape land block comprises approximately 25,000 acres, more or less.

General Background: Icy Cape is located on the coast of the Gulf of Alaska near Icy Bay approximately 75 miles northwest of Yakutat. Placer gold in garnet-rich sands ("ruby sands") have been described in the Icy Cape region and exploited since the early 1900's. The TLO is currently evaluating the potential for industrial heavy minerals placers such as garnet, zircon, rutile, ilmenite, magnetite and epidote as well as the potential for gold placers as co or by-product. The TLO is in dialog with global heavy minerals mining companies and global producers of industrial mineral products to promote development of this unique mineral property and to develop a market for its unusual variety of valuable industrial mineral species. It is absolutely critical to demonstrate to the industry that the Icy Cape heavy minerals property has the potential to produce high grade ore material in bulk tonnage over an extended period of time. A low altitude airborne magnetic survey of the area will show areas of high concentration of heavy minerals placers (including gold) that represent prime targets for testing for ore grade material. Low altitude airborne magnetic surveys in

heavy minerals exploration are industry standard and have proven to be most effective for determining areas of high heavy minerals concentration and outlining potential areas for mining.

Anticipated Revenues/Benefits: The benefits of the airborne magnetic survey are tremendous. Not only will the survey show areas of high concentration of heavy minerals and therefore outline prime target areas for drill testing and mining, but it will upgrade the property's value and therefore increase its marketability.

Icy Cape is a unique and minerals-rich prospect. It has the potential to become the Trust's flagship property and to outperform any other mineral property the Trust owns in terms of revenue generation over an extended period of time. It is probable that a successfully developed project would at least double our annual mineral revenues.

Anticipated Risks/Concerns: No anticipated risks and concerns.

Project Costs: The project cost is estimated to be \$175,000.

Other Considerations: The Icy Cape land block is located within the Yakutat gold province. Within the Yakutat gold province, active placer mining activity clearly demonstrates the fertile characteristics of this geologic environment.

Due Diligence: TLO staff is familiar with the Icy Cape land block, having last visited the property and conducted bulk concentrate sampling in July 2015. The necessity for an airborne magnetic survey has been determined as a result of lengthy internal analysis and review of publicly available and internally produced exploration data and reports.

Alternatives: Do not conduct the proposed airborne magnetic survey. This would limit the information available to market this exceptional resource to potential developers, a key piece of information that most large heavy minerals mining companies expect when evaluating a prospect.

Consistency with the Resource Management Strategy: The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted January 2016 in consultation with the Trust and provides for the TLO to focus first on land or resources at the high end of their market values ("best markets").

Trust Land Office Recommendation: The TLO recommends expending principal funds to conduct the low altitude magnetic survey of the Icy Cape lowlands.

Applicable Authority: Alaska Statutes 37.14.09(a), 38.05.801, and 11 AAC 99 (key statutes and regulations applicable to Trust land management and disposal).

Trust Authority Approval: This briefing document fulfills the approval requirements that are applicable to the transaction.

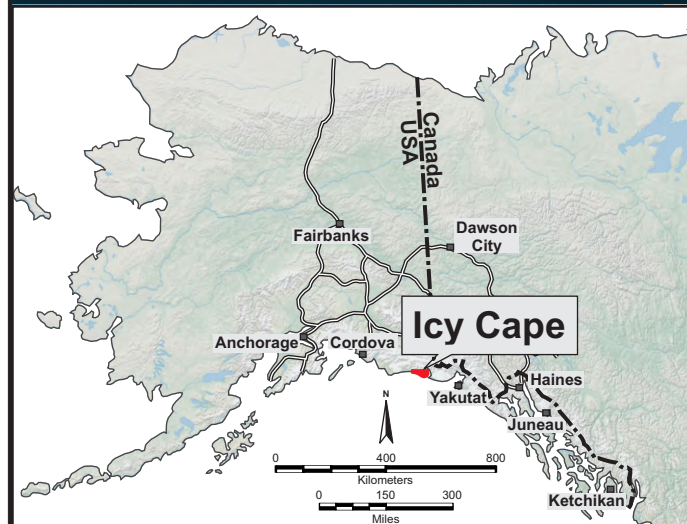
Schedule of Actions:

Finance Committee Approval:	April 14, 2016
Resource Management Committee Approval:	April 14, 2016
Trust Authority Approval:	May 4, 2016
Complete Best Interest Decision:	Not required
Public Notice:	Not required




Exhibit(s):

- Exhibit 1 – Icy Cape Land Block Map
- Exhibit 2 – Photos of Icy Cape Placer Deposits
- Exhibit 3 – Example of Low Altitude Airborne Magnetic Survey

Exhibit 1

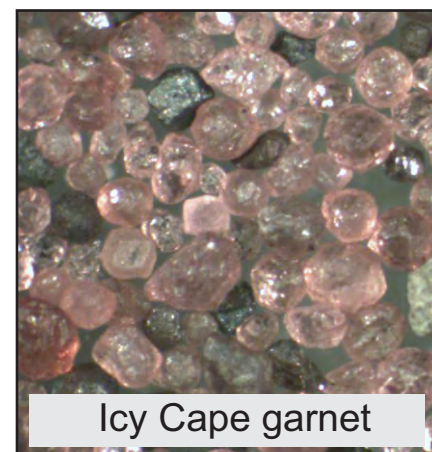


Explanation of Symbols

-  Heavy minerals and gold-bearing sand and gravel
-  Outline of proposed airborne magnetic survey
-  Road



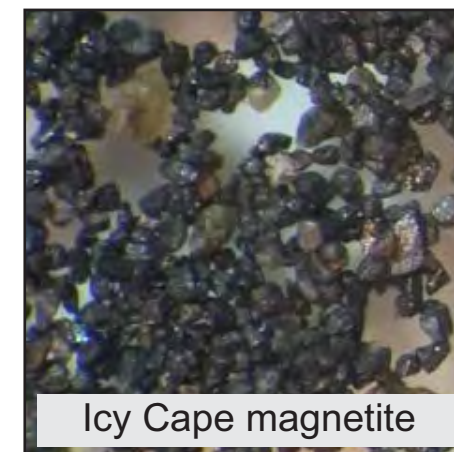
Icy Cape gold



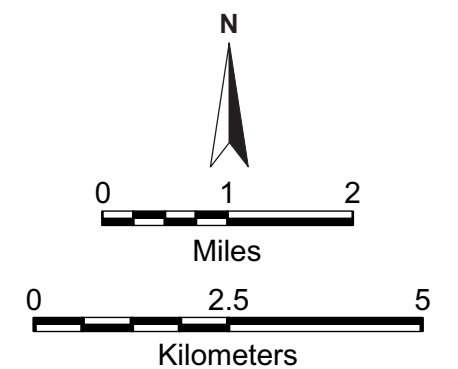
Icy Cape garnet



Icy Cape zircon



Icy Cape magnetite



Datum: NAD 83, UTM Zone 7

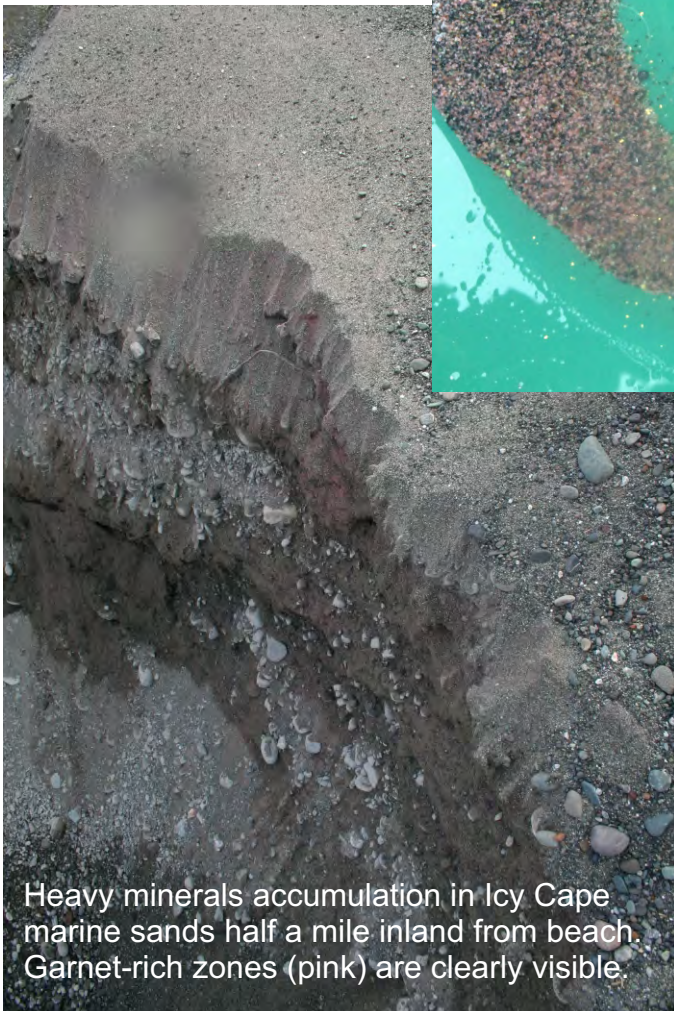


Exhibit 2

Dr. Eden and Connor Michael wet sieving heavy minerals concentrates collected from upper beach on Icy Cape Land Block.



Panned heavy minerals concentrate mostly consisting of garnet (pink), epidote (green) and magnetite (black) minerals on the left and placer gold on the right.



Heavy minerals accumulation in Icy Cape marine sands half a mile inland from beach. Garnet-rich zones (pink) are clearly visible.



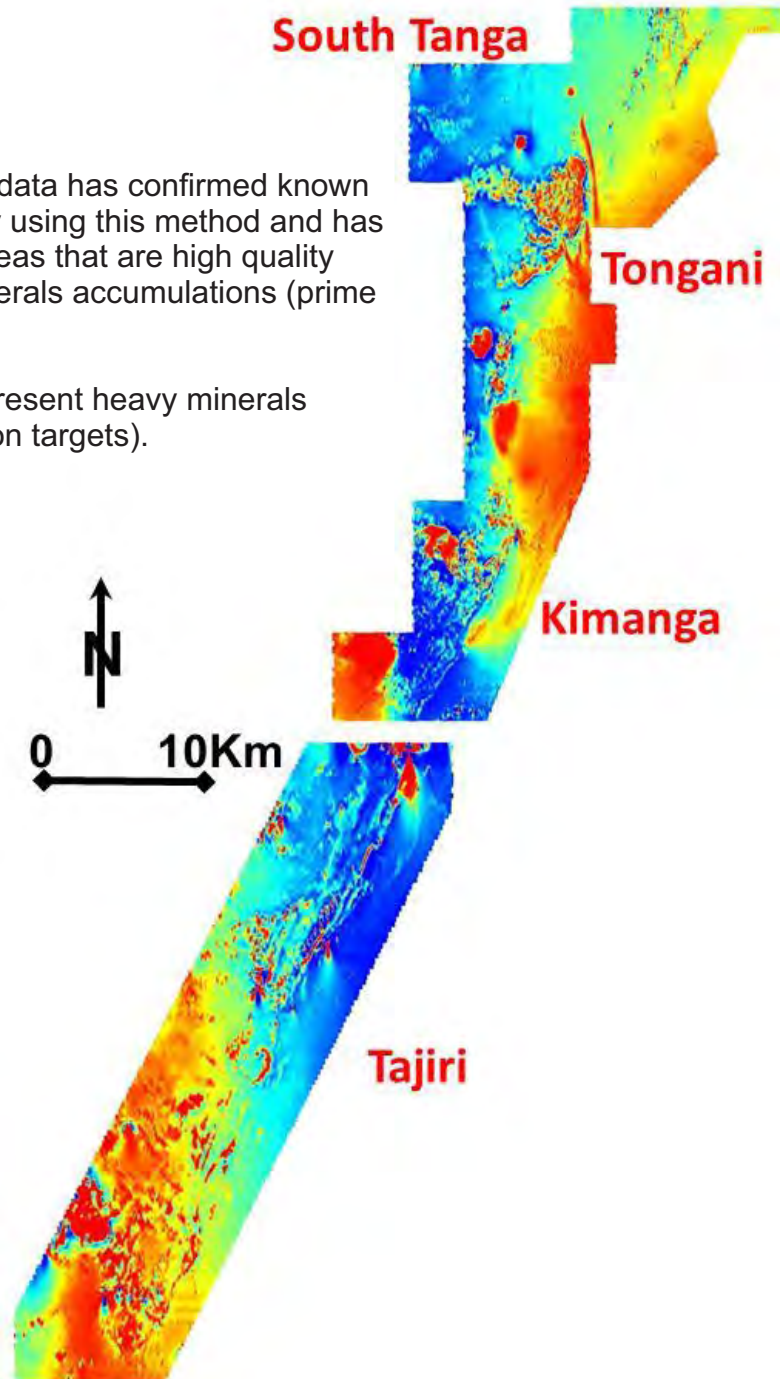
Heavy minerals accumulation in Icy Cape marine sands above mean high tide on Trust Land. Garnet (pink) is clearly visible.

Exhibit 3

Example of a low altitude airborne magnetic survey flown over heavy minerals containing sands on the east coast of Tanzania, Africa

Detailed analysis of the survey data has confirmed known heavy mineral sand deposits by using this method and has further detected several new areas that are high quality prospects for further heavy minerals accumulations (prime exploration targets).

Sausage-shaped red areas represent heavy minerals accumulations (prime exploration targets).



Source: ASX Announcement by Syrah Resources Limited on April 18, 2013



Trust
Land Office

2600 Cordova Street, Suite 100
Anchorage, Alaska 99503
Phone: 907-269-8658
Fax: 907-269-8605

To: Larry Norene, Chair
Resource Management Committee
From: Craig Driver
Date: 4/14/2016
Re: FY17 Real Estate and
Program Related Investment (PRI) Facility Budgets – Item 2
Fiscal Year: 2017
Amount: \$5,971,900

Approval

Proposed RMC Motion:

Proposed Motion One: *“The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the recommendation to approve the incremental building expenditures, totaling \$5,759,700 budgeted for FY17 to be paid by the property manager from rents and other income collected from the properties.”*

Proposed Motion Two: *“The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees approve funding the expenditures for the Program Related Investment properties in the amount of \$212,200 for FY17, which appropriation shall not lapse.”*

Proposed Motion Three: *“The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees instruct the CFO to transfer up to \$212,200 for FY17 to the third party property manager, as requested by the TLO, for management of the Program Related Investment properties.”*

Background:

FY17 Real Estate Budget (Proposed Motion One)

Transaction/Resource: Budgets are presented to seek approval from the board of trustees for the expenditures necessary to service the properties. The proposed property expenditures are funded by tenant rents and other income collected from the properties.

Property Description/Acreage/MH Parcel(s): Real Estate Management Plan and other AMHT Properties are as follows:

Real Estate Management Plan Properties

1111 Israel Road; Tumwater, WA
1973 North Rulon; Ogden, UT
2600 Cordova Street; Anchorage, AK
2618 Commercial Drive; Anchorage AK
2420 & 2500 Ridgepoint Drive; Austin, TX
17319 San Pedro Avenue; San Antonio, TX

Other AMHT Properties

3745 Community Park Loop Road; Anchorage, AK
650 Yonker Court; Fairbanks, AK

General Background: We have established a system to adequately plan, manage, and report activity in the real estate portfolio. Through the use of professional management services, the property information is accounted for by:

- 1) matching income to expenses;
- 2) comprehensive reporting and budgeting for each property; and
- 3) capital expense forecasting.

Consistency with the Resource Management Strategy: The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted January 2016 in consultation with the Trust and provides for maximization of return on investment and provides for long term income generation at prudent levels of risk.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust’s best interest to approve the incremental building expenditures for FY17 to be funded by tenant rents and other income collected from the properties.

Applicable Authority: AS 37.14.009(a), AS 38.05.801, 20 AAC 40.710-720 and 11 AAC 99.

Trust Authority Approval: This briefing document fulfills the approval requirements that are applicable to the transaction.

FY17 Program Related Investment Facility Budget (Proposed Motions Two and Three)

Transaction/Resource: Budgets are presented to seek approval from the Alaska Mental Health Trust board of trustees for the expenditures necessary to operate and maintain the properties. The proposed property expenditures are an incremental increase to previously approved expenditure amounts.

Property Description/Acreage/MH Parcel(s): The Program Related Investment properties are as follows:

2330 Nichols Street, Anchorage, AK
1300 Moore Street, Fairbanks, AK
1423 Peger Road, Fairbanks, AK

General Background: The Trust Land Office (TLO) has established a system to adequately plan, manage, and report activity in the real estate portfolio. Through the use of third party professional management services, the property information is accounted for by:

- 1) matching income to expenses;
- 2) comprehensive reporting and budgeting for each property; and
- 3) capital expense forecasting.

Consistency with the Resource Management Strategy: The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted January 2016 in consultation with the Trust and provides for assuring that the real estate needs of mental health programs sponsored by the Alaska Mental Health Trust Authority are met as appropriate. In addition, 11 AAC 99.020(c)(3) cites protection and enhancement of the long-term productivity of Trust land.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust’s best interest to approve the incremental building expenditures for FY17.

Applicable Authority: AS 37.14.009(a), AS 38.05.801, 20 AAC 40.710-720 and 11 AAC 99.

Trust Authority Approval: This briefing document fulfills the approval requirements that are applicable to the transaction.

Schedule of Actions:

Finance Committee Approval:	April 14, 2016
Resource Management Committee Approval:	April 14, 2016
Trust Authority Approval:	May 4, 2016
Complete Best Interest Decision:	Not required
Public Notice:	Not required

Exhibit(s):

Exhibit 1 - Property Budget Summary

FY17 Real Estate Budget Summary

Real Estate Management Plan

Name	City, State	Operating	Capital Improvements	Principal	Interest	Total
Parks	Tumwater, WA	455,657		525,332	383,488	1,364,477
IRS	Ogden, UT	814,063	163,000 ¹	303,924	315,847	1,596,834
Commercial	Anchorage, AK	13,480		51,443	47,624	112,547
Cordova	Anchorage, AK	257,428	175,000 ²			432,428
Promontory Point	Austin, TX	411,453		159,468	476,474	1,047,395
North Park	San Antonio, TX	389,510		213,414	319,451	922,375
Totals		2,341,591	338,000	1,253,581	1,542,884	5,476,100 *

Non-Investment Real Estate

Name	City, State	Operating	Capital Improvements	Principal	Interest	Total
TAB	Anchorage, AK	245,467	25,000 ³			270,467
Detox	Fairbanks, AK	13,180				13,180
Totals		258,647	25,000	-	-	283,600 *

Motion 1 Subtotal 5,759,700 *

Program Related Investment Properties

Name	City, State	Operating	Capital Improvements	Principal	Interest	Total
Assets	Anchorage, AK	10,229				10,229
Fahrenkamp Center	Fairbanks, AK	64,138	70,000 ⁴			134,138
Denardo	Fairbanks, AK	67,841				67,841
Totals		142,208	70,000	-	-	212,200 *

Motions 2 and 3 Subtotal 212,200 *

Capital Improvements

- 1 - IRS Parking lot, break room flooring, HVAC unit replacements
- 2 - Cordova HVAC/VAV box replacements, building improvements, tenant improvements
- 3 - TAB Contingency to cover potential mechanical, electrical & plumbing needs
- 4 - Fahrenkamp Roof replacement, contingency to cover potential mechanical, electrical & plumbing needs at Family Centered Services lease expiration

* Rounded Numbers



Trust
Land Office

TLO Activities through February 29, 2016 67% of the Fiscal Year



Southeast Area Lands Manager, David Griffin, inspecting Trust land in Wrangell

*Protecting and enhancing the value of Alaska Mental Health Trust Lands
while maximizing revenues from those lands over time*

Highlights

- Sumitomo is performing due diligence on existing exploration data from the Salcha Block provided by the TLO and has entered into a confidentiality agreement. This area shows significant potential for the occurrence of intrusion-related gold deposits such as the large Pogo deposit already mined by Sumitomo.
- Analysis of mineralogical and geochemical data from research conducted on Icy Cape garnets concludes that a significant portion of garnets are yttrium rich. This is a rare commodity that could be sold to the laser industry as a laser medium.
- A land use license for Doyon, Limited was extended to allow for continued storage of material on Trust land west of Nenana to facilitate oil and gas exploration in the area.
- The Cook Inlet Oil and Gas Corporation submitted a proposal to explore and develop coal bed methane on Trust land. After review, the TLO made a counteroffer, but a response has not yet been received.
- The closure of federal mining claims on Trust land near Livengood that includes an active placer mining operation prompted the TLO to request a conveyance of that land in order to enter into a Trust lease of the affected area with the miner.
- The Best Interest Decision for a 25-year ground lease to Usibelli was affirmed. This lease will provide access through Trust land near Sutton for the proposed Wishbone Hill Coal Project and will generate an estimated \$340,000 over the lease term.
- The TLO has been preparing three Invitations for Proposals (IFP) for timber sales on Prince of Wales Island; Exchange Cove, Cat Island, and two lots near Hollis. The total volume will be roughly two million board feet and could provide an estimated \$800,000 in revenue. IFPs will post after the Best Interest Decision is affirmed. Work will likely begin in May, but the majority of the revenue will be received in FY17.

- The TLO and 165,000 others submitted comments for the USFS Tongass Forest Plan Amendment. This amendment is part of the USFS plan to transition to young growth-only harvests in the next 15 years. The current forest product industry believes this will adversely affect the profitability of the industry. The TLO is reliant upon a healthy timber industry to provide a competitive environment to maximize revenue.

February Financial Notes

➤ Year-to-Date revenue as of February 29, 2016:

➤ Principal:	\$2,107,988
➤ Income:	\$2,860,798
➤ Total:	\$4,968,786

- REMP distributions for FY16 are less than expected. Cash is being held until final costs for capital improvement projects are known. Distributions will begin to catchup with expectations over the next few months.

General Performance Measurements As of February 29, 2016

1. Revenue Analysis:

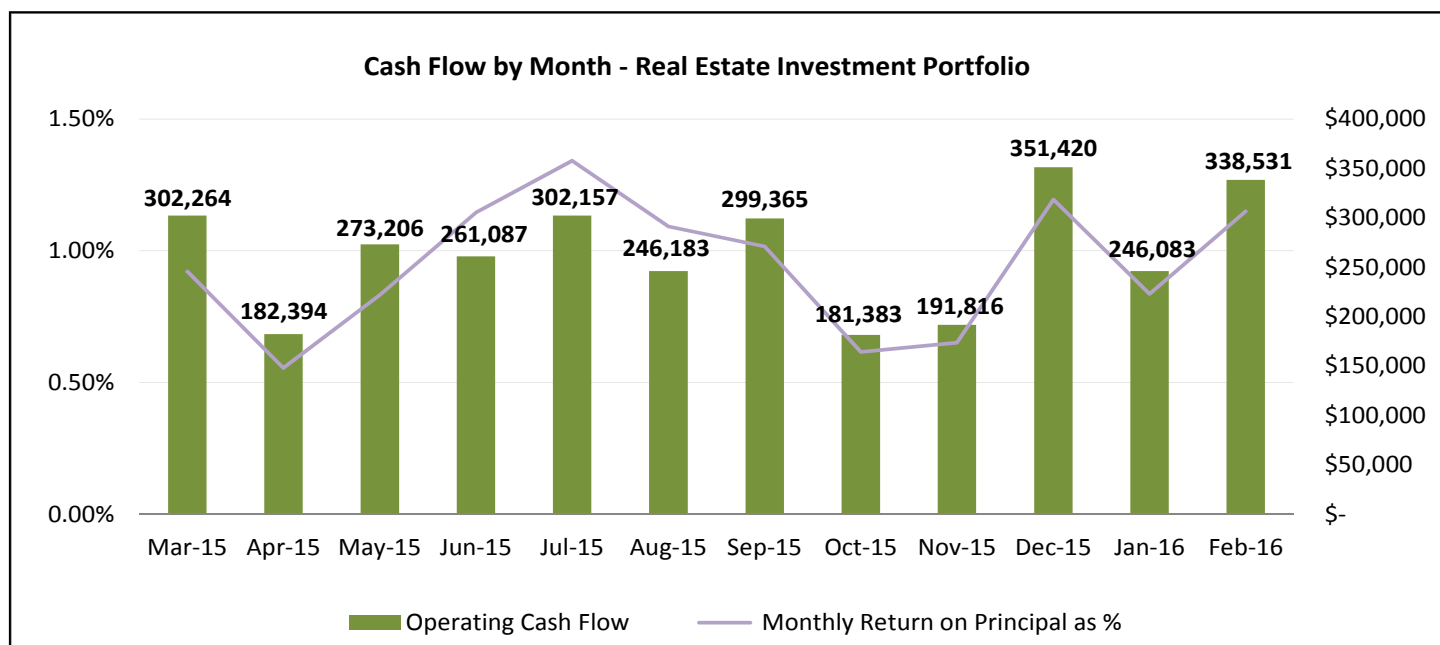
Principal						
	FY15 YTD	FY16 YTD	FY16 YTD Goal	(Under)/Over	FY16 Annual Goal	% of FY16 Annual Goal
Coal	-	-	-	-	-	-
Oil & Gas	1,406,601	1,253,230	1,232,000	21,230	1,848,000	68%
Minerals	160,797	70,484	-	70,484	2,000,000	4%
Materials	95,904	-	156,000	(156,000)	309,000	0%
Timber	404,744	5,800	135,150	(129,350)	255,000	2%
Land	1,216,653	778,473	799,000	(20,527)	1,200,000	65%
REMP	-	-	-	-	-	-
Real Estate	-	-	-	-	-	-
Total	\$ 3,284,698	\$ 2,107,988	\$ 2,322,150	\$ (214,162)	\$ 5,612,000	38%

Income						
	FY15 YTD	FY16 YTD	FY16 YTD Goal	(Under)/Over	FY16 Annual Goal	% of FY16 Annual Goal
Coal	142,651	142,428	264,000	(121,572)	264,000	54%
Oil & Gas	1,716,142	361,389	416,324	(54,934)	416,300	87%
Minerals	586,804	562,648	208,100	354,548	535,900	105%
Materials	-	-	-	-	-	-
Timber*	71,425	94,752	23,850	70,902	45,000	211%
Land	619,337	721,185	675,807	45,378	900,500	80%
REMP	871,102	468,342	933,333	(464,991)	1,400,000	33%
Real Estate	517,582	510,054	378,504	131,550	567,800	90%
Total	\$ 4,525,044	\$ 2,860,798	\$ 2,899,918	\$ (39,120)	\$ 4,129,500	69%

Total						
	FY15 YTD	FY16 YTD	FY16 YTD Goal	(Under)/Over	FY16 Annual Goal	% of FY16 Annual Goal
Coal	142,651	142,428	264,000	(121,572)	264,000	54%
Oil & Gas	3,122,743	1,614,620	1,648,324	(33,704)	2,264,300	71%
Minerals	747,601	633,132	208,100	425,032	2,535,900	25%
Materials	95,904	-	156,000	(156,000)	309,000	0%
Timber*	476,169	100,552	159,000	(58,448)	300,000	34%
Land	1,835,989	1,499,658	1,474,807	24,851	2,100,500	71%
REMP	871,102	468,342	933,333	(464,991)	1,400,000	33%
Real Estate	517,582	510,054	378,504	131,550	567,800	90%
Total	\$ 7,809,742	\$ 4,968,786	\$ 5,222,068	\$ (253,282)	\$ 9,741,500	51%

*Timber Income includes receipts from a log sort yard use agreement with Sealaska Timber Corporation. The Trust is paid based on the amount of timber to pass through the facility. This income is not derived from the harvesting of timber from Trust land and is 100% Income as opposed to the 85/15 split that is typical from harvest-based revenue.

Real Estate Management Plan Monthly Report

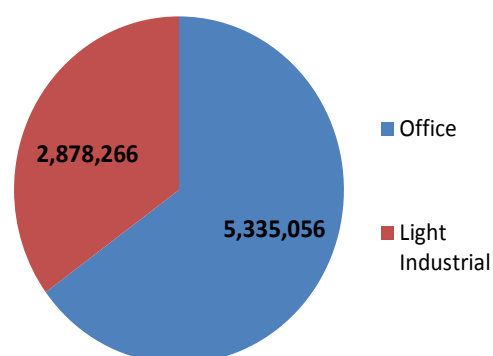


Portfolio Performance by Month

Month	Trust Principal Investment	Operating Cash Flow	Monthly Return on Principal as %	12 Month Trailing Return
Mar-15	32,805,383	302,264	0.92%	11.47%
Apr-15	32,805,383	182,394 ¹	0.56%	11.50%
May-15	32,805,383	273,206	0.83%	10.93%
Jun-15	22,805,383 ²	261,087	1.14%	11.17%
Jul-15	22,518,745	302,157	1.34%	11.94%
Aug-15	22,518,745	246,183 ³	1.09%	11.38%
Sep-15	29,433,258 ⁴	299,365 ³	1.02%	11.12%
Oct-15	29,433,258	181,383 ³	0.62%	10.54%
Nov-15	29,433,258	191,816 ³	0.65%	10.48%
Dec-15	29,433,258	351,420 ^{3,5}	1.19%	11.00%
Jan-16	29,433,258	246,083 ⁵	0.84%	10.98%
Feb-16	29,433,258	338,531	1.15%	11.35%
12-Month Average		\$ 264,657		
12-Month Total		\$ 3,175,889		
Inception to Date		\$ 8,213,321		

- 1) Cash flow is lower in April due to a \$92,000 real estate tax payment for 1111 Israel Road.
- 2) Trust Principal investment is lower in June due to the financing of the Promontory Point buildings.
- 3) Cash flow for August through December has been revised to more accurately capture lender escrow accounts for operating activities.
- 4) Owner contribution increased in September due to the acquisition of the North Park Corporate Center in San Antonio, TX.
- 5) Cash flow was higher in December and lower in January due to \$44,250 of prepaid rents for Northpark.

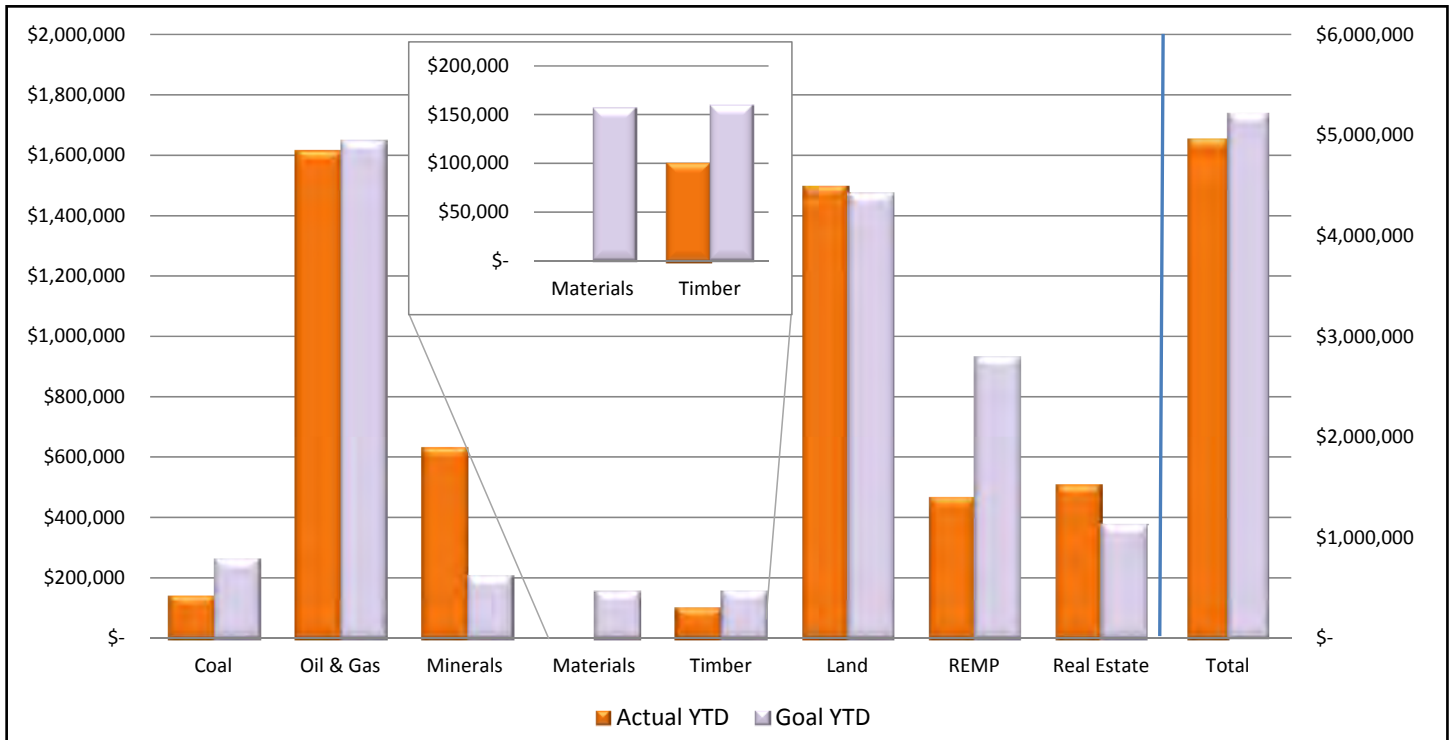
Cash Flow by Property Type



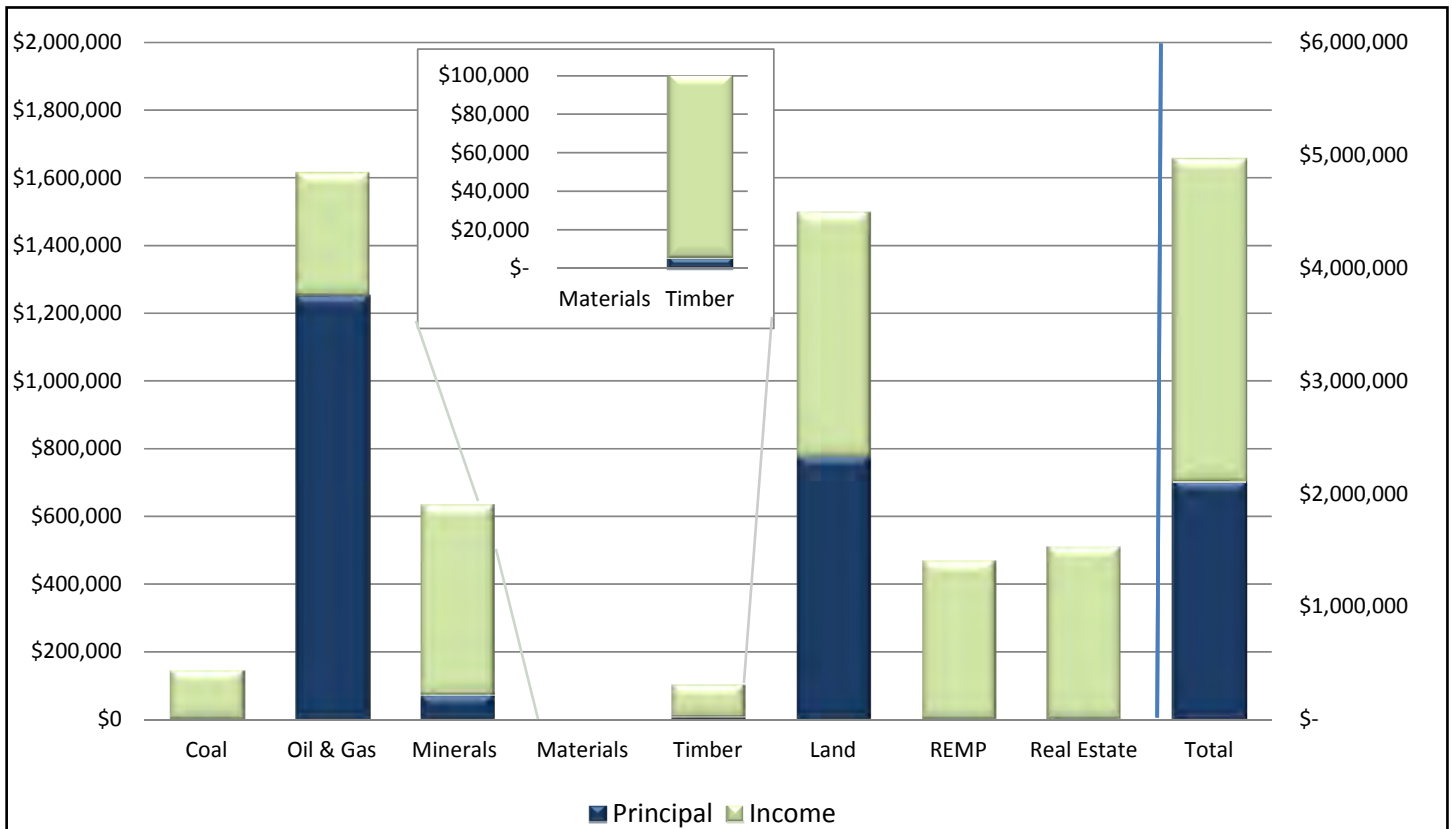
Portfolio Value

Asset Basis	68,059,348
Asset Appreciation/(Depreciation)	321,736
Current Asset Value	68,381,084
Equity	32,424,208 47.42%
Debt	35,956,876 52.58%

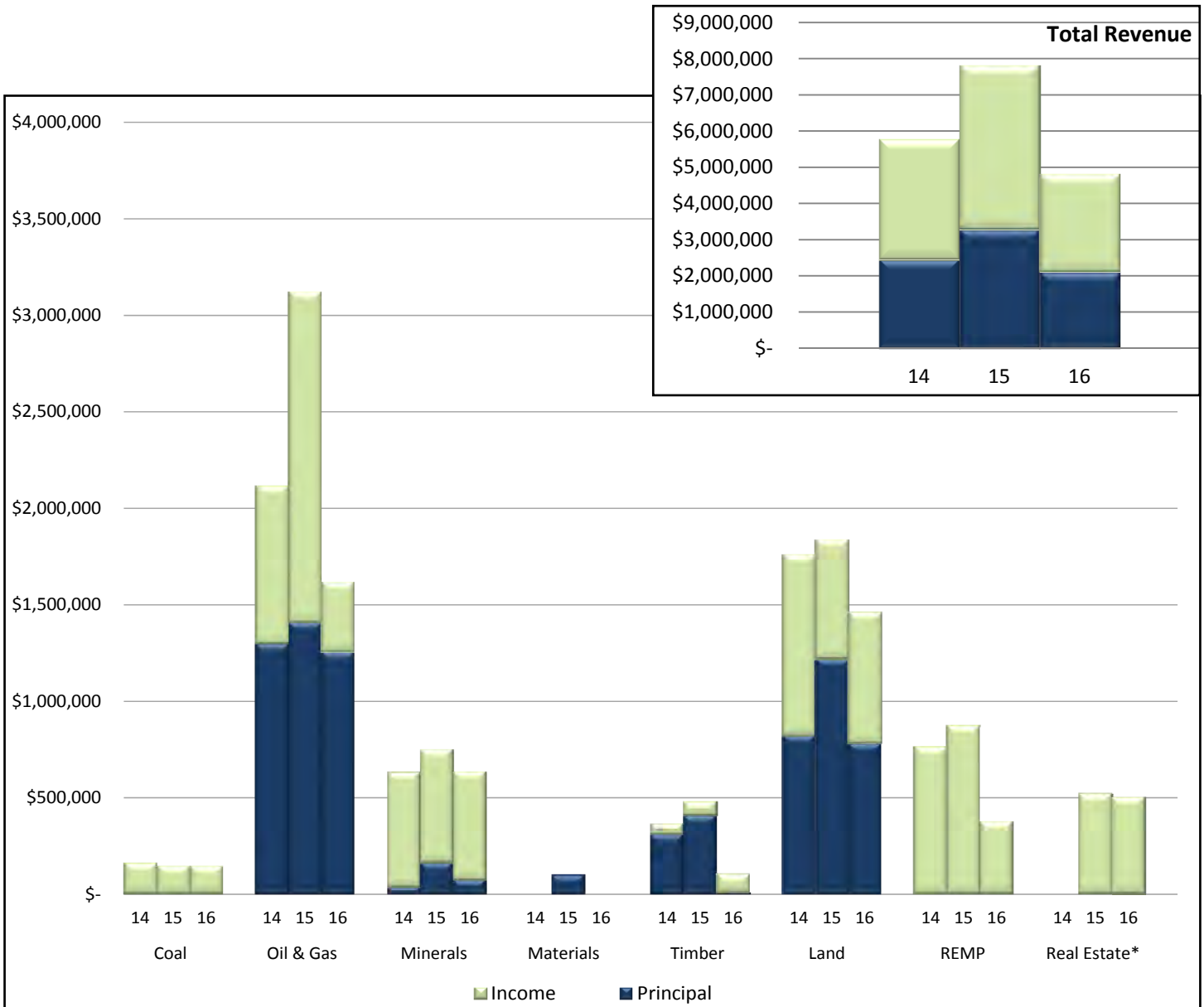
FY16 YTD Revenue vs. FY16 Revenue Goal As of February 29, 2016



FY16 YTD Revenue - Principal and Income As of February 29, 2016



Revenue as of February 2016 Fiscal Year to Date – Principal and Income FY2014 - FY2016



*Real Estate was not tracked separately in in FY14. Real Estate revenue was included with Land.

General Performance Measurements As of February 29, 2016

2. Operating Budget:

AR 37169	Original Appropriation	Line Item Transfer	Current Appropriation	Expended	Balance	% Expended
Personnel	2,735,300	(30,200)	2,705,100	1,623,681	1,081,419	60%
Travel	143,700	-	143,700	48,297	95,403	34%
Services	1,386,900	30,200	1,417,100	530,843	886,257	37%
Commodities	56,000	-	56,000	22,344	33,656	40%
Capital Outlay	-	-	-	12,398	(12,398)	NA
Total	\$ 4,321,900	-	\$ 4,321,900	\$ 2,237,562	\$ 2,084,338	52%

3. Capital Funds

	Budget	% Complete	Encumbered	Expended	Unobligated Balance	% Expended
Trust Land Exchange FY14-15	2,250,000	25%	240,528	93,128	1,916,344	4%
C2 Utility Extension	600,000	25%	34,070	22,929	543,001	4%
Yosemite Utility Extension*	900,000	2%	37,261	14,886	847,853	2%
Total	\$ 3,750,000		\$ 311,859	\$ 130,943	\$ 3,307,198	3%

*Current data in IRIS for this project does not appear to have posted correctly. This report reflects information for FY15 available in AKSAS in addition to information available in IRIS. A reconciliation of this project will occur in the spring.