

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING

August 3, 2017

9:00 a.m.

Taken at:

Alaska Mental Health Authority
3745 Community Park Loop, Suite 120
Anchorage, Alaska 99508

OFFICIAL MINUTES

Trustees present:
Carlton Smith, Chair
Laraine Derr
Jerome Selby
Paula Easley
Russ Webb
Mary Jane Michael
Chris Cooke

Trust staff present:
Greg Jones
Steve Williams
Michael Baldwin
Carrie Predeger
Lucas Lind
Valette Keller
Kat Roch
Miri Smith-Coolidge

Trust Land Office present:
John Morrison
Aaron O'Quinn
Sarah Morrison
Wyn Menefee
David Griffin
Amber Brazington
Juliana Romer
Jusdi Doucet

Also participating:
Kathy Craft

PROCEEDINGS

CHAIR SMITH calls the Resource Committee to order and states that all trustees are present. He asks for any announcements. There being none, he moves to the agenda.

TRUSTEE DERR makes a motion to accept the agenda.

TRUSTEE WEBB seconds.

There being no objection, the motion is approved.

CHAIR SMITH moves to the minutes of April 20, 2017.

TRUSTEE SELBY makes a motion to accept the minutes of April 20, 2017.

TRUSTEE WEBB seconds.

There being no objection, the motion is approved.

EXECUTIVE DIRECTOR'S REPORT

MR. MORRISON begins by introducing three new staff members: Amber Brazington, administrative assistant; Juliana Romer, front-desk person; and Jusdi Doucet, the new Southcentral Land Manager. He states that the Fahrenkamp lease completed a few months ago. Fairbanks Community Mental Health has occupied the property as of August and is continuing to look at ways to expand the utilization of the property. He moves on and states that the Denardo lease was rented on the same timeline to the Tanana Chiefs Council. He is happy to report that both of the buildings are occupied and will be making the Trust some rental income. He continues with updates from Icy Bay. Dr. Eden is still there and is, for reporting purposes and certification of the scientific process, monitoring the sampling process and security of the samples for the entire time the operation is ongoing. He adds that a robust communications system which includes a repeater up on the hillside was set up. There is communication through two-way radio for the crew, and there is also a robust internet connection. This is a very remote location. He then explains the process with his presentation.

TRUSTEE SELBY asks for a brief layout of the next steps going forward and then for next summer.

MR. MORRISON replies that there are many different ways to go. First, is further analysis of the drill bore that was taken, which may go on for quite some time. He continues that this can go on for multiple years. The next step would be to schedule for interaction with the Borough of Yakutat and other interested parties in that area. He states that at the spring meeting it was communicated that an update on what is happening would be presented in the fall. He continues that Trust staff will be there next summer for some activity. He adds an invitation to the trustees to do even a day trip to see firsthand how the operation is working.

A short discussion ensues.

MR. MORRISON gives a limited update on the Homer Spit issue. He states that they have not been communicative and have chosen to try to get the Governor's office and the Commissioner to intercede on their behalf. He continues that this has come about because of their renewal of leases on Trust land. They are collecting monthly significant income on Trust land. He moves on to the land exchange update. He states that things are going extremely well and thanks Wyn Menefee for his incredible contributions to this process. Still needed is an MOU with the Forest Service. He continues, that, from a legal standpoint, the last step in the process to fully clear the path for the Trust to complete the exchange is that the Governor has to sign SB 88. He continues No Name Bay, roughly a 3,000-acre parcel on Kuiu Islands, is one of the last pieces of original Trust selection land that was received in 2012. Shortly after receipt, another party filed a lawsuit that, for any number of reasons, the Trust was not entitled to receive that parcel. He continues that the Trust has been fighting to establish clear legal title to the parcel for the last five years. The good news is that the title was solidified. He states that Aaron O'Quinn has been working diligently to make the process of the PRI acquisition come together.

CONSULTATIONS

MR. MORRISON briefly describes the consultation process and how it works. He asks David Griffin, Southeast Area Land Manager, to go through the five consultations.

MR. GRIFFIN states that there is a lot of interest in Southeast Alaska for land sales. He begins with the five parcels on Daniels Lake. Two of them were a part of the consult that occurred in January of this year when several hundred parcels were put forward. These two have the access road running through them, and one is waterfront. There has been an offer to purchase all five of the parcels, and it is a potential negotiated sale. This sale would generate significant revenue for the Trust.

TRUSTEE WEBB makes a motion that the Resource Management Committee concurs with the disposal of five Trust parcels located on Daniels Lake in Nikiski, SM 1434, SM 1436, SM 1438, SM 1439, and SM 1440, through a negotiated sale or subsequent disposal.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

MR. GRIFFIN states that the next consultation is in Gustavus, which is west of Juneau. The applicant has proposed to purchase four parcels which are located between the Salmon and Duke Rivers in Gustavus. The applicant is an adjacent landowner. An appraisal needs to be done.

TRUSTEE MICHAEL makes a motion that the Resource Management Committee concurs with the decision to sell portions of Trust parcels CRM 0977, CRM 0976, CRM 1049, and CRM 6005 under a negotiated sale or a subsequent disposal.

TRUSTEE COOKE seconds.

There being no objection, the motion is approved.

MR. GRIFFIN moves to Mountain Point Subdivision in Ketchikan. As application was received that seeks to purchase all of the Trust holdings in the Mountain Point Subdivision. This area does not have any developed access at the moment, and there is platted access. He states that this was an Alaska State Land Survey when DNR was in charge of these properties. The applicant understands that these are unique properties and is interested in purchasing these so that he can consolidate and potentially subdivide.

A short discussion ensues.

TRUSTEE SELBY makes a motion that the Resource Management Committee concurs with the decision to sell all or portions of 15 parcels of land located in the Mountain Point Subdivision in Ketchikan with a negotiated sale or subsequent disposal.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

MR. GRIFFIN states that the next parcel is in Haines, in the Mud Bay area. He notes that the consultation in January included this parcel, as well as the next parcel in Petersburg. It was appraised at \$73,000, and the offer was \$102,000. He believes that it is in the best interest of the Trust to sell this property.

TRUSTEE COOKE makes a motion that the Resource Management Committee concurs with the decision to sell Trust parcel CRM 0752 through a negotiated sale or subsequent disposal.

TRUSTEE DERR seconds.

TRUSTEE SELBY states that it is important to put on the record on each of these parcels if there are any local government concerns on the parcels. He adds that no concerns have been expressed on any of these parcels.

There being no objection, the motion is approved.

MR. GRIFFIN states that in Petersburg the four parcels were combined into one sale parcel. The adjacent owner would like to purchase this property and is willing to pay 25 percent above the appraised value. The Borough has been notified and there are no objections.

TRUSTEE DERR makes a motion that the Resource Management Committee concurs with the decision to sell four Trust parcels, CRM 2201, CRM 2202, CRM 2203 and CRM 2204, through a negotiated sale or subsequent disposal.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

MR. GRIFFIN thanks everyone.

MR. MORRISON moves back to Anchorage and states that this parcel was received through a reversionary clause from McLaughlin Center in conjunction with 40th Avenue extension that went through after receipt of the parcel and extensive negotiations with the Municipality over the taking of the 40th Avenue right-of-way. He explains more fully and, due to the extended efforts of staff, an agreement was reached with McLaughlin to cross a section of their parcel outside of their fence that was necessary to get water and sewer to the site. That was completed last summer and has a lot of potential with the expansion of Providence as they continue to build buildings and others want to locate near them. He asks Mr. O'Quinn to continue.

MR. O'QUINN states that this is a consultation to grant the executive director authority to dispose of the property at fair-market value either through a sale or a lease. He continues that the parcel is desirable and there have been some inquiries to purchase it recently. He adds that any sale might involve subdivision of the property, but in general it is expected to be strictly a revenue-generation project and any major expenditures made to push it forward would come back for an appropriation.

TRUSTEE WEBB states that this gives one of the best opportunities for development. The Trust does have long-term ground leases with two facilities that are across Laurel Street.

TRUSTEE MICHAEL asks if the recommendation is to potentially sell the property versus developing it.

MR. O'QUINN replies that this would grant the authority to sell or lease at fair-market value and would not necessarily include that in the future. He states that if that was a possibility, it would be up to the executive director to decide to forego a fair-market value sale or lease and maybe hold off for a development opportunity in the future.

MR. MORRISON states that this is an important consideration on whether there is an ability to invest principal elsewhere or invest principal in this site which will weigh in on what is in the best interest of the Trust for this parcel and other sale consideration.

A discussion ensues.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the Trust Land Office recommendation for the executive director to negotiate a disposal of all or part of Trust parcel SM-1526-01, further referred to as Tract C-2, or portions thereof, at Providence Chester Creek Subdivision in Anchorage, Alaska.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

MR. MORRISON states that the last item on the list is an approval. Separate from consultations, this is a trustee approval, and is noted as such. It deals with the TLO FY19 budget. He continues that it is part of the process for the Resource Management Committee to review this

budget and recommend approval to the board. Based on the budget that was approved last year, the position taken is to have the smallest increase possible based on needs of the Trust and the TLO. He explains the changes.

A short discussion ensues; the key issue being about the inclusion of the Trust Land Office budget and the Trust Authority budget because they require an appropriation by the Legislature.

TRUSTEE SELBY makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees approve the Trust Land Office operating budget for FY19 in the amount of \$4,568,400.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

MR. MORRISON states that all of the noted items on the agenda have been addressed. He continues that the Utah building has generated and sent to the Trust well over a million dollars in income revenue. The Promontory Point building has distributed over \$1.3 million in spendable income revenue. He then goes over the rate of return received from the real estate program and the overall return both in terms of income and principal. He adds that, last year, the total return to the Trust was 15.6 percent of invested capital. This year it is going to be substantially higher.

TRUSTEE WEBB recognizes Mr. Morrison's contributions to the Trust and states that the real estate program has been enormously successful. He thanks him for all of the hard work and professionalism throughout his time as Trust Land Office director.

(Applause.)

TRUSTEE SELBY echoes that sentiment and extends appreciation to the rest of the staff of the Trust Land Office.

CHAIR SMITH asks for any other comments. There being none, he asks for any other business to come before the committee.

MR. MORRISON states appreciation for the accolade and will miss serving the beneficiaries and the pleasure of being at the TLO. He continues that it would be impossible to accomplish any of this without such a competent, dedicated staff. He adds that this year, FY17, in terms of performance, the TLO and the dedication of staff eclipsed in revenue the original \$200 million grant from the settlement, which is a real milestone.

TRUSTEE DERR makes a motion to adjourn the meeting.

TRUSTEE WEBB seconds.

There being no objection, the meeting is adjourned.

(Resource Management Committee adjourned at 10:45 a.m.)