

Trust

Alaska Mental Health
Trust Authority

Resource Management Committee Quarterly Meeting

April 16, 2015

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE

Draft Agenda

April 16, 2015: 1:30 to 2:30 p.m.

Teleconference

Call in Number: **(866) 469-3239**

Meeting/Session Number: **803 901 883 #**

Call to Order (Chair Larry Norene)

Committee Members (Voting):

Laraine Derr

Mary Jane Michael

Mike Barton (ex-officio)

Russ Web

John McClellan

Paul Easley

Announcements

Approval of Agenda

Approval of Minutes

1. Consultations

1) [Doug Baker Placer Lease – Flume Creek \(Item A\)](#)

2. Approval

1) [FY16 Real Estate Budget \(Item 1\)](#)

3. Updates

4. Monthly Report Questions

5. Other

6. Adjourn

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE

January 27, 2015

8:30 a.m.

Taken at:

Permanent Fund Corporation
Hugh Malone Board Room
801 West 10th Street
Juneau, Alaska 99801

OFFICIAL MINUTES

Trustees present:

John McClellan, Chair
Mike Barton
Laraine Derr
Paula Easley
Russ Webb
Larry Norene (via Speakerphone)

Trust staff present:

Jeff Jessee
Steve Williams
Miri Smith-Coolidge
Kevin Buckland
Carly Lawrence
Amanda Lofgren
Katie Baldwin-Johnson
Michael Baldwin

TLO staff present:

Marcie Menefee
John Morrison
Paul Slenkamp (via Speakerphone)
Cindi Bettin
Craig Driver (via Speakerphone)
Bryan Yackel

PROCEEDINGS

CHAIR McCLELLAN calls the meeting of the Resource Management Committee to order. He states that Laraine Derr, Paula Easley, Russ Webb, Mike Barton are present; and Larry Norene is on the phone. He adds that there is a quorum and asks for any announcements. Hearing none, he moves to approval of the agenda.

TRUSTEE DERR makes a motion to approve the agenda.

TRUSTEE BARTON seconds.

There being no objection, the motion is approved.

CHAIR McCLELLAN moves to the minutes, asking for any corrections or additions.

TRUSTEE DERR makes a motion to accept the minutes.

TRUSTEE BARTON seconds.

There being no objection, the motion is approved.

CHAIR McCLELLAN states that the next item of business is the consultation by the Trust Land Office. He recognizes Marcie Menefee.

TRUST LAND OFFICE

KASSAN TIMBER SALE

MS. MENEFEE states that the first consultation is the Kasaan timber sale, and turns it over to Paul Slenkamp.

MR. SLENKAMP states appreciation for the opportunity to address the committee this morning. He continues that this was put forward for consultation in 2012, and the contract has been in effect for a couple of years. He adds that some of the young-growth timber and old-growth patches have been identified and can be added to the contract for additional value. He anticipates that this will add an additional 400 acres of commercial timber and will bring in revenue up to an additional \$400,000. He adds that the Kasaan timber sale is operated by Alcan Forest Products and has, to date, brought in about \$1,020,000. He explains that there have been some overseas market conditions that caused operations to cease, but the assumption is activity is anticipated. He continues that the TLO would like to have this additional timber in place when the markets align.

CHAIR McCLELLAN asks for a motion.

TRUSTEE BARTON makes a motion to accept the addition of 400 acres of timber to the Kasaan timber sale.

TRUSTEE DERR seconds.

There being no objection, the motion is approved.

2015 COMPETITIVE LAND SALE

MS. MENEFEE states that Cindi Bettin, with the land section, will walk through this item.

MS. BETTIN states that for the 2015 Fall and Winter Land Sale Program, the TLO proposes 62 subdivision lots or parcels through the program. She continues that most of the parcels are located in various sections of the state, and Southeast has a few more than in prior years. She adds that some of the parcels will be added or deleted during the public notice process, and minor adjustments to the list will not require further consultation, as was done in the past. She states that there are four lots in the South Fairbanks subdivision area that have commercial value to them and are zoned general use by Fairbanks North Star Borough. She continues that to better market these parcels, they will be listed through a real estate broker rather than have them sold on an over-the-counter sale.

A short discussion ensues.

MS. BETTIN discusses the remainder parcels and asks the Trustees to concur with the Trust's best interest to offer these.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees concur with the competitive offering of approximately 62 subdivision lots and small-sized parcels through the TLO's Annual Land Sale Programs.

TRUSTEE BARTON seconds.

There being no objection, the motion is approved.

CHAIR McCLELLAN states that the next order of business would be to go back and revisit Item A and restate the exact working of the motion for the record.

TRUSTEE BARTON makes a motion that the Resource Management Committee concurs with the Trust Land Office recommendation to dispose of timber through a negotiated sale on Trust land near Kasaan on Prince of Wales Island.

TRUSTEE DERR seconds.

There being no objection, the revised motion is approved.

CHAIR McCLELLAN states that the next order of business is the mitigation marketing addition.

MS. MENEFEE states that it is item C in the packet, and Cindi Bettin will make that presentation.

MS. BETTIN states that in 2013, the Board of Trustees concurred with the adoption of the Resource Management Strategy Plan as the long-term asset management. In the plan, it was decided that an annual review would be conducted to keep current with potential market changes and economics. She continues that in 2015, the TLO recommends adopting mitigation marketing within this plan. The remainder of the plan remains unchanged. She reported that the compensatory mitigation market is a multi-billion-dollar industry in the United States. She adds that the addition of mitigation marketing will allow the TLO to take advantage of economic opportunities in Alaska. She points out that this is not a request for funds; the plan is a management guideline. It does not authorize expenditures in the future. If there is an opportunity that the TLO wants to recommend, it will be reviewed on a case-by-case basis and brought to the Board of Trustees in the normal consultation process. She states that on compensatory mitigation, the TLO proposes to focus on the most mature industry, which is wetland mitigation.

TRUSTEE EASLEY asks what there is besides wetlands.

MS. BETTIN replies that there is a carbon trade exchange in which carbon offsets for companies to become carbon neutral; companies can purchase credits to comply with mandatory carbon regulations. Carbon credits are based on reforestation or preserving forests. Another form of compensatory mitigation is conservation mitigation, which is done by the U.S. Fish and Wildlife Service, and it is related to the Endangered Species Act. She explains that compensatory wetlands mitigation is the result of Section 404 of the Clean Water Act that requires the resource development project to avoid and minimize damage to wetlands. When there are unavoidable impacts, it is the preferred mitigation source or mitigation banking to functional loss of unavoidable impacts. She adds that the regulatory agency is the U. S. Corps of Engineers (Corps). She states that the TLO plans to use compensatory mitigation to promote Trust resource projects on Trust lands -- not as a speculator market. TLO will work through developments from the very beginning of the permitting process and phase the approach so that a bank is not left without a project. She continues that compensatory mitigation is also an additional revenue source besides the resource itself. She also explains the Corps requirements and the risks. She states that the TLO asks for concurrence for adding the proposed draft mitigation marketing as a new asset classification to the Resource Management Strategy 2015 Update.

MS. MENEFEE comments that there is an additional option for the owner of the wetland bank to change the course in the future of that designation that generally is a perpetual easement on the land.

TRUSTEE WEBB states that this appears as a smart thing to do by giving an opportunity to move forward with the developments that require some sort of an offset, and the process described makes an enormous amount of sense.

A short question-and-answer session ensues.

CHAIR McCLELLAN 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 2015 update of the adopted Resource Management Strategy, the long-term assessment management strategy for managing Trust land assets consistent with TLO regulations under 11 AAC 99.020 and 11 AAC 99.090(c).

TRUSTEE DERR seconds.

MS. MENELEE states that it is anticipated that there will be an annual review of those policies, and the addition of the mitigation marketing chapter into the Resource Management Strategy is something that can be reviewed on an annual basis. She adds that the Trustees can change the policies.

A short discussion ensues.

TRUSTEE EASLEY states concern on the Federal requirement for wetland. The Clean Water Act does not mention wetlands, and the wording needs to be changed to reflect what is in Section 404 of the Clean Water Act. She adds that, unless someone can find that it is substantiated in law, the wording should be modified.

MS. BETTIN replies that it will be looked at, and the process refined.

There being no objection, the motion is approved.

TRUSTEE WEBB asks Trustee Derr to explain her concern about the process.

TRUSTEE DERR replies that her concern is that the process has been carefully reviewed and concerns are reflected, and that the whole fiduciary responsibility is there all the time. It is all a big responsibility.

TRUSTEE EASLEY states that the policy as stated is a good policy, and she would not support it if there was no opportunity to look at each individual project, which there was and is.

A short discussion ensues.

MS. MENELEE reiterates that the TLO has never moved and done something independently that the Board did not concur with. She agrees with Trustee Webb that there are safeguards in place. She continues that it is in the best interest of the Trust to adopt the policy, and then for the TLO to look at opportunities to try to bring something forward.

CHAIR McCLELLAN asks for any other comments. There being none, he states that the next item of business is the L Street negotiated commercial lease. Due to private-sector confidentiality, he asks for a motion to move to Executive Session.

TRUSTEE DERR makes a motion to move into Executive Session.

TRUSTEE BARTON seconds.

There being no objection, the motion is approved.

(Executive Session from 9:36 a.m. to 10:06 a.m.)

CHAIR McCLELLAN goes back on the record and asks Mr. Morrison for a statement on the issue.

MR. MORRISON reiterates some of the discussion in terms of the nature of the ground lease as proposed. He states that this transaction is desirable due to the income revenue generated and the suitability of the tenant.

TRUSTEE DERR makes a motion that the Trust Authority Board of Trustees concur with the negotiation, execution by TLO of a ground lease of parcels S82631 and S1005, or portions thereof, at terms to be negotiated by TLO staff, and the subsequent execution by TLO of the documents necessary to facilitate the transaction and development.

TRUSTEE BARTON seconds.

There being no objection, the motion is approved.

CHAIR McCLELLAN states that the next item of business is the Yosemite utility extension funding.

MS. MENELEE introduces Bryan Yackel, the project manager. She states that he works directly for John Morrison and comes from the private sector. She continues that he has a great amount of experience in large construction project management, and he will go over the next two items.

MR. YACKEL states that he has two requests for project funding approvals, and both of them involve water/sewer line mainline extensions. The first is Eagle River, three parcels that are referred to as Yosemite parcels. He continues that these are neighborhood parcels next to Eagle River High School. The Municipality of Anchorage is committed to doing a major road upgrade project in 2016 which will tear out and completely redo Yosemite Drive. He continues that this proposal is to work the TLO project concurrently with them. He adds that this creates some synergy that enables a reduction in administrative efforts and reduces the construction pricing. He states that there is a preliminary not-to-exceed cost estimate of up to 2,000 feet of ultimate line installation at \$900,000, and we are seeking Board approval.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommend that the Alaska Mental Health Trust Board of Trustees approve the expenditure of principal funds for sewer and water infrastructure improvements to and for a portion of the parcel known as Yosemite in the amount of \$900,000 from the TA-DA (AKSAS fund 34045).

TRUSTEE DERR seconds.

MR. BUCKLAND suggests a friendly amendment which would be that these funds do not lapse.

TRUSTEE WEBB accepts the friendly amendment that would add to the language here that these funds do not lapse.

TRUSTEE DERR seconds.

There being no objection, the motion is approved.

CHAIR McCLELLAN moves on to the next order of business, U-Med Utility Extension Funding.

MR. YACKEL states that this parcel is located just to the south of McLaughlin Youth Center, formerly referred to as C-2. It is about four-and-a-half acres and is one of the last large vacant commercially developable real estate pieces in the U-Med of that size that is not on a hospital or university campus. He continues that it was regraded in 2012, and the project included the removal or exportation of about 70,000 cubic feet of materials which was a major improvement to the site topography. He adds that the goal is to complete these utility installations this year, and there is a not-to-exceed estimate of \$600,000 for the utility installations, and we are seeking board approval.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Board of Trustees approve the expenditure of principal funds for sewer and water infrastructure improvements to and for the parcel known as C-2 in the amount of \$600,000 from the Trust Authority Development Account (AKSAS fund 34045).

TRUSTEE DERR seconds.

MR. BUCKLAND offers a friendly amendment that these funds do not lapse.

TRUSTEE WEBB accepts the friendly amendment that would add to the language that the funds would not lapse.

TRUSTEE DERR seconds.

There being no objection, the motion is approved.

MS. MENELEE states, that for time's sake, she will combine updates with the monthly report. She continues that on January 21, all parties related to the Kenai Loop Gas Allocation issue settled with AIX, the successor to Buccaneer. She adds that there will be some money coming into the Trust in the next two weeks based on that settlement that would bring the projected revenue back up to past the revenue goals for halfway through the fiscal year. She thanks her staff for helping in that long settlement, which was quite a learning experience. She states that the annual report was published last week. She also thanks staff for all of the effort on that. She asks for any questions.

TRUSTEE DERR asks what is happening with the new Congress and the land exchange.

MS. MENELEE replies that right now the land exchange does not include any Congressional action. She continues that what has happened related to Congress was that the Sealaska bill was passed, and Region 10 of the Forest Service in Alaska had intended to be looking at the ATI packet that was forwarded from the forest supervisor's office. She adds that, because of that, legislation got delayed in reading the impacts of Sealaska for the Forest Service, and the project was put on hold. She states that Forrest Cole is going to retire in April, and the TLO is looking at a way to move forward this Region 10 review before he retires. She adds that the effort will focus on getting the ATI signed before Forrest actually leaves the Forest Service. She states that that is all she has.

CHAIR McCLELLAN thanks Ms. Menefee, and asks for any other business to come before the committee. Hearing none, the meeting is adjourned.

(Resource Management Committee meeting adjourned at 10:23 a.m.)



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: 4/16/2015
Re: Doug Baker Placer Lease – Flume Creek
MHT #9400572
Fiscal Year: 2015

Consultation

Proposed RMC Motion:

“The Resource Management Committee recommends that the Trust Authority board of trustees concur with the negotiated lease of Trust mineral estate on Flume Creek for mining 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 Flume Creek in the Fairbanks Mining District.

Property Description/Acreage/MH Parcel(s): A portion of Trust parcel F70015, located in NW1/4SW1/4 Section 15, Township 2 North, Range 1 East, Fairbanks Meridian, which is approximately 20 miles northeast of Fairbanks just off the Steese 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 15 of the Steese Highway. The applicant is an experienced placer miner and has operated in various locations in the Central Mining District of Alaska. The applicant is well equipped to conduct the proposed mining activities, has a good working relationship with the various state agencies that regulate placer mining, and has received several awards for his reclamation activities on past placer mining projects.

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% 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 2015 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 Doug Baker, doing business as Lakeview Excavating, Inc., as proposed.

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

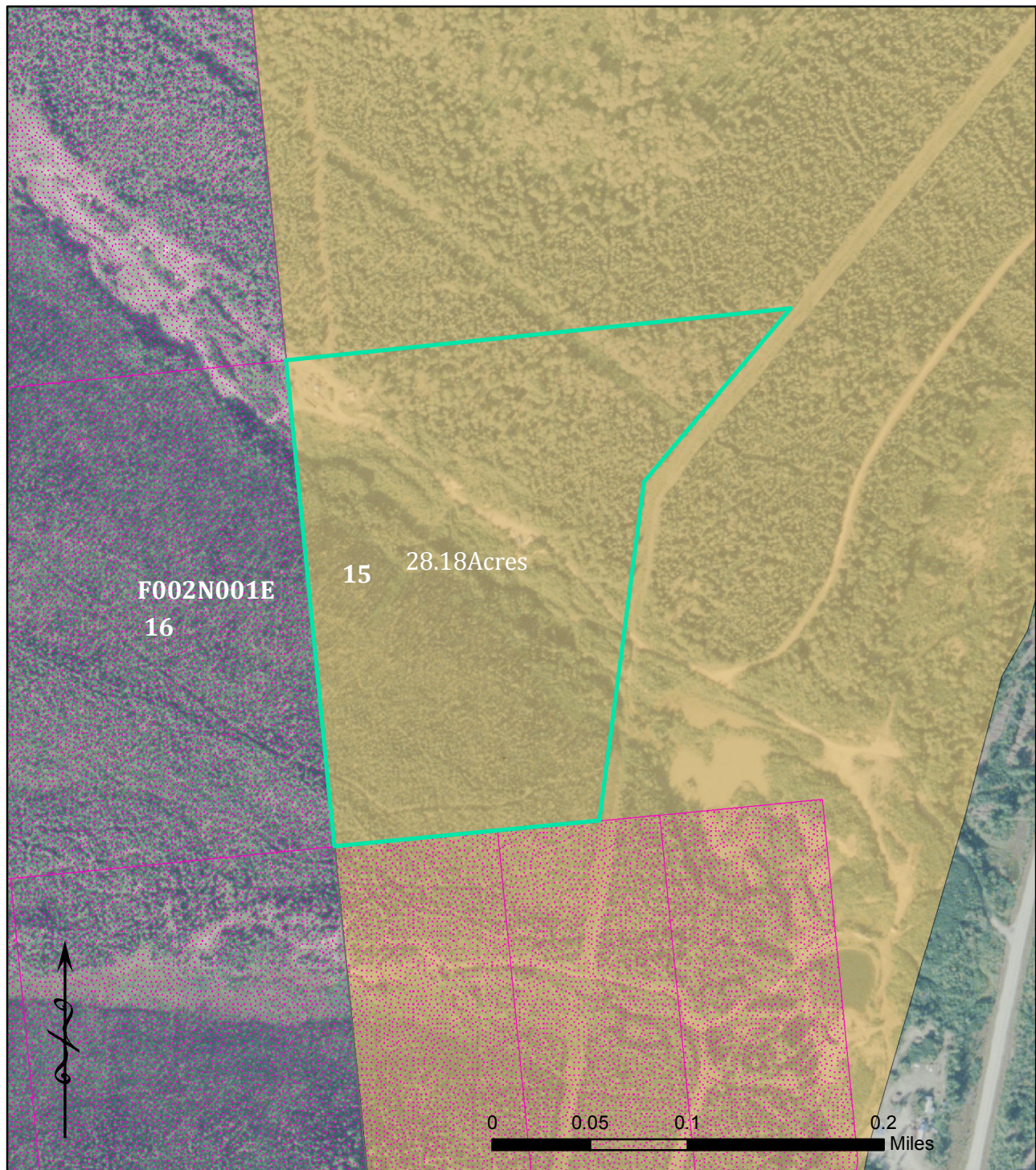
Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Schedule of Actions:

Resource Management Committee Consultation:	April 16, 2015
Board of Trustee Consultation:	May 7, 2015
Complete Best Interest Decision:	May 11, 2015
Public Notice:	May 13, 2016

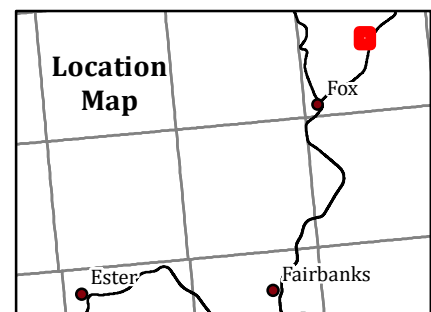
Exhibit(s):

Location Map



Doug Baker Placer Lease MHT 9400572

- MHT 9400572 Lease Boundary
- Existing State Mining Claims
- Mental Health Trust Land





To: Larry Norene, Chair
Resource Management Committee
From: Craig Driver
Date: 4/16/2015
Re: FY16 Real Estate Budget
Fiscal Year: 2016
Amount: \$4,774,400

Approval

Proposed RMC Motion:

“The Resource Management Committee recommends that the board of trustees concur with the recommendation to approve the incremental building expenditures, totaling \$4,774,400 budgeted for FY16 to be paid by the property manager from rents and other income collected from the properties.”

Background:

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): All 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; Anchorage, AK
2618 Commercial Drive; Anchorage AK
2420 & 2500 Ridgpoint Drive; Austin, TX

Other AMHT Properties

3745 Community Park Loop Road; Anchorage, AK
650 Yonker Court; 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 professional management services, the property information is accounted for by:

- 1) matching income to expenses;
- 2) comprehensive reporting and budgeting for each property;
- 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 2015 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 FY16 to be funded by tenant rents and other income collected from the properties.

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:

Finance Committee Consultation:	April 16, 2015
Trust Authority Consultation:	May 14, 2015

Exhibit(s):

Property Budget Summary

FY16 Real Estate Budget Summary

Name	City, State	Operating	Capital	Principal	Interest	Total
Parks	Tumwater, WA	443,600	27,500	426,000	483,400	1,380,500
IRS	Ogden, UT	818,700	194,300	303,900	315,800	1,632,700
Commercial	Anchorage, AK	8,600		49,300	49,800	107,700
Cordova	Anchorage, AK	269,400	123,500			392,900
TAB	Anchorage, AK	240,700	66,300			307,000
Detox	Fairbanks, AK	14,800	20,000			34,800
Promontory Point	Austin, TX	311,000		169,500	438,300	918,800
Totals		2,106,800	431,600	948,700	1,287,300	4,774,400

TLO Activities through February 28, 2015
66 % of the Fiscal Year



Trust Land at Whipple Creek in Ketchikan

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

Highlights

- The TLO has reached 83% of the overall FY15 revenue goals (Principal 60%, Income 115%).
- The Great Land Trust purchased 160 acres of Trust land for the Alaska Railroad project at Point MacKenzie. The parcel sold for \$150,000 - a \$30,000 premium over the appraised value.
- The Control Lake Timber Sale is nearing completion. Due to a mild winter, harvest activities have been constant since beginning in November and the sale has generated nearly half a million dollars. It is expected to generate nearly a million dollars of revenue in total.
- The assignment of the oil and gas lease from Buccaneer to AIX Energy was completed and is effective as of March 1.
- TLO staff are investigating a potential placer mining trespass in the Gilmore Dome area.

February Revenue Notes

- Year-to-Date revenue as of February 28, 2015:
 - Principal: \$3,284,698
 - Income: \$4,525,044
 - Total: \$7,809,742
- Oil and Gas Income revenue is greater than anticipated due to several unanticipated events:
 - ◇ Liquidated damages payments from Buccaneer for \$1,000 per day which ceased as of February 28.
 - ◇ Cook Inlet Energy paid a \$300,000 lease extension fee.
 - ◇ The Kenai Loop allocation agreement entitled the TLO to roughly \$720,000 of unbudgeted Income revenue.
- Oil and Gas Principal revenue is ahead of estimates due to the settlement of the allocation agreement for Kenai Loop. Royalty payments have resumed and nearly \$1.2 million of royalties held in escrow, pending the settlement, have been transferred to Principal revenue.
- The state revenue system is on a modified accrual basis and each year some revenue is deferred from the prior year to the current year. Oil and Gas, Real Estate, Coal, and Land Income revenues are affected and as a result those revenues are higher than budgeted in the first quarter of the fiscal year.
- Land Principal revenue is ahead of budget for the year. There were several negotiated sales from the prior fiscal year that were not completed until FY15.

General Performance Measurements As of February 28, 2015

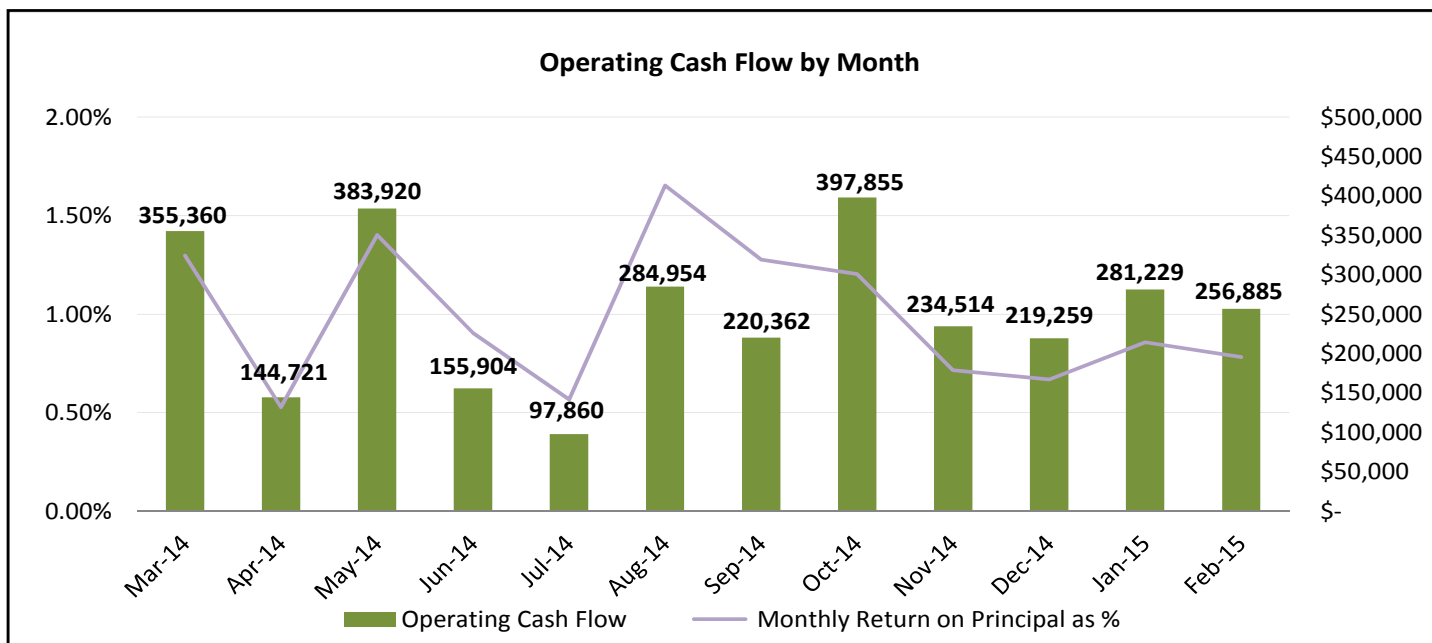
1. Revenue Analysis:

Principal						
	FY14 YTD	FY15 YTD	FY15 YTD Goal	(Under)/Over	FY15 Annual Goal	% of FY15 Annual Goal
Coal	-	-	-	-	-	-
Oil & Gas	1,294,657	1,406,601	1,232,000	174,601	1,848,000	76%
Minerals	34,043	160,797	-	160,797	2,000,000	8%
Materials	(1,964)	95,904	7,000	88,904	12,000	799%
Timber	307,025	404,744	297,500	107,244	382,500	106%
Land	819,254	1,216,653	523,214	693,439	1,200,000	101%
REMP	-	-	-	-	-	-
Real Estate	-	-	-	-	-	-
Total	\$ 2,453,015	\$ 3,284,698	\$ 2,059,714	\$ 1,224,984	\$ 5,442,500	60%

Income						
	FY14 YTD	FY15 YTD	FY15 YTD Goal	(Under)/Over	FY15 Annual Goal	% of FY15 Annual Goal
Coal	157,309	142,651	140,000	2,651	151,200	94%
Oil & Gas	819,596	1,716,142	395,233	1,320,909	575,000	298%
Minerals	594,605	586,804	493,400	93,404	523,000	112%
Materials	-	-	-	-	-	-
Timber	54,181	71,425	52,500	18,925	67,500	106%
Land	937,723	619,337	578,100	41,237	845,000	73%
REMP	761,314	871,102	666,667	204,435	1,000,000	87%
Real Estate	NA	517,582	520,789	(3,207)	781,183	66%
Total	\$ 3,324,728	\$ 4,525,044	\$ 2,846,689	\$ 1,678,355	\$ 3,942,883	115%

Total						
	FY14 YTD	FY15 YTD	FY15 YTD Goal	(Under)/Over	FY15 Annual Goal	% of FY15 Annual Goal
Coal	157,309	142,651	140,000	2,651	151,200	94%
Oil & Gas	2,114,253	3,122,743	1,627,233	1,495,510	2,423,000	129%
Minerals	628,648	747,601	493,400	254,201	2,523,000	30%
Materials	(1,964)	95,904	7,000	88,904	12,000	799%
Timber	361,206	476,169	350,000	126,169	450,000	106%
Land	1,756,977	1,835,989	1,101,314	734,675	2,045,000	90%
REMP	761,314	871,102	666,667	204,435	1,000,000	87%
Real Estate	NA	517,582	520,789	(3,207)	781,183	66%
Total	\$ 5,777,743	\$ 7,809,742	\$ 4,906,403	\$ 2,903,339	\$ 9,385,383	83%

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-14	27,382,518	355,360 ¹	1.30%	8.77%
Apr-14	27,382,518	144,721 ²	0.53%	8.90%
May-14	27,382,518	383,920 ³	1.40%	9.66%
Jun-14	17,248,744 ⁴	155,904	0.90%	9.69%
Jul-14	17,248,744	97,860 ⁵	0.57%	9.37%
Aug-14	17,248,744	284,954 ⁵	1.65%	10.44%
Sep-14	17,248,744	220,362	1.28%	10.98%
Oct-14	33,048,844	397,855 ⁶	1.20% ⁶	11.41%
Nov-14	32,805,383	234,515 ⁷	0.71%	11.68%
Dec-15	32,805,383	219,259 ⁸	0.67%	10.92%
Jan-15	32,805,383	281,229 ⁸	0.86%	11.35%
Feb-15	32,805,383	256,885	0.78%	11.86%

12-Month Average \$ 252,735

12-Month Total \$ 3,032,823

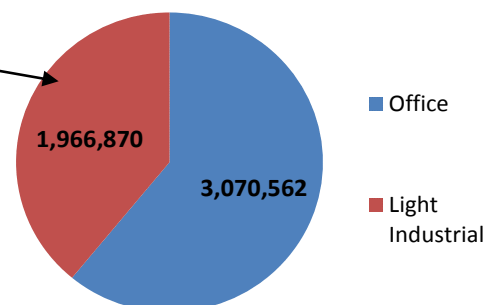
Inception to Date \$ 5,037,432

- 1) The return on Principal was lower in January and February due to the acquisition of the Parks Building. January rent was incorrectly paid to the seller. Rent for February and March were received in March.
- 2) April cash flow is lower due to property tax payment for Parks Building. The building was not financed until May.
- 3) The cash flow is higher in May due to the completion of the tenant refresh and the release of funds from escrow.
- 4) Trust Principal investment is lower in June due to the financing of the Parks Building for \$10,000,000.
- 5) Cash flow in July is lower due to rent not being paid at Parks Building. This issue has been resolved and July rent was received in August.
- 6) The return on Principal and cash flow has been restated for October. Financial statements were revised to reflect pre-paid rents collected at closing (\$277,645) and property taxes were paid for the Parks Building (~\$90,000).
- 7) Cash flow is lower in November due to the annual property tax payment for the IRS Building (~\$70,000).
- 8) A portion of December rents (\$50,000) were paid in January. December cash flow will be lower and January cash flow will be higher.

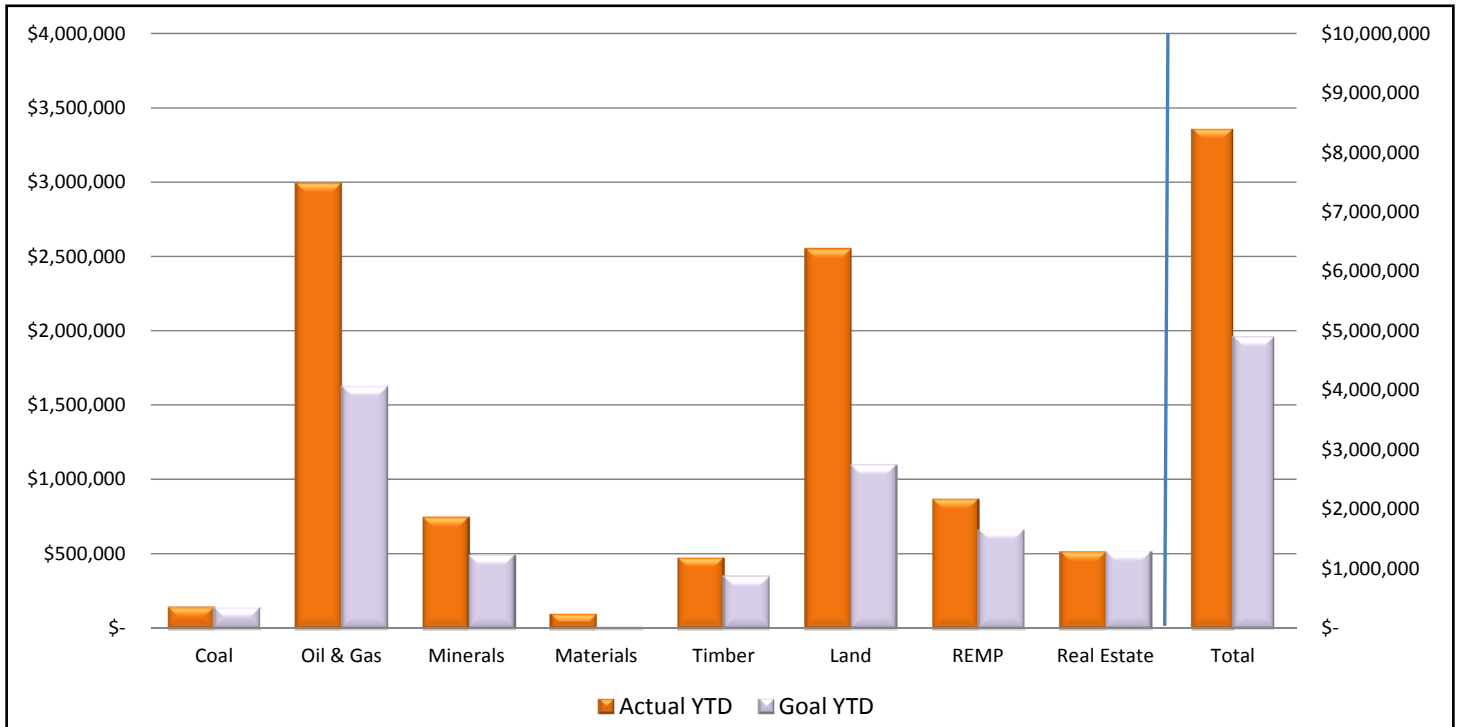
Portfolio Value

Asset Basis	52,861,765	
Asset Appreciation/(Depreciation)	484,595	
Current Asset Value	53,346,360	
Equity	34,279,397	64.26%
Debt	19,066,963	35.74%

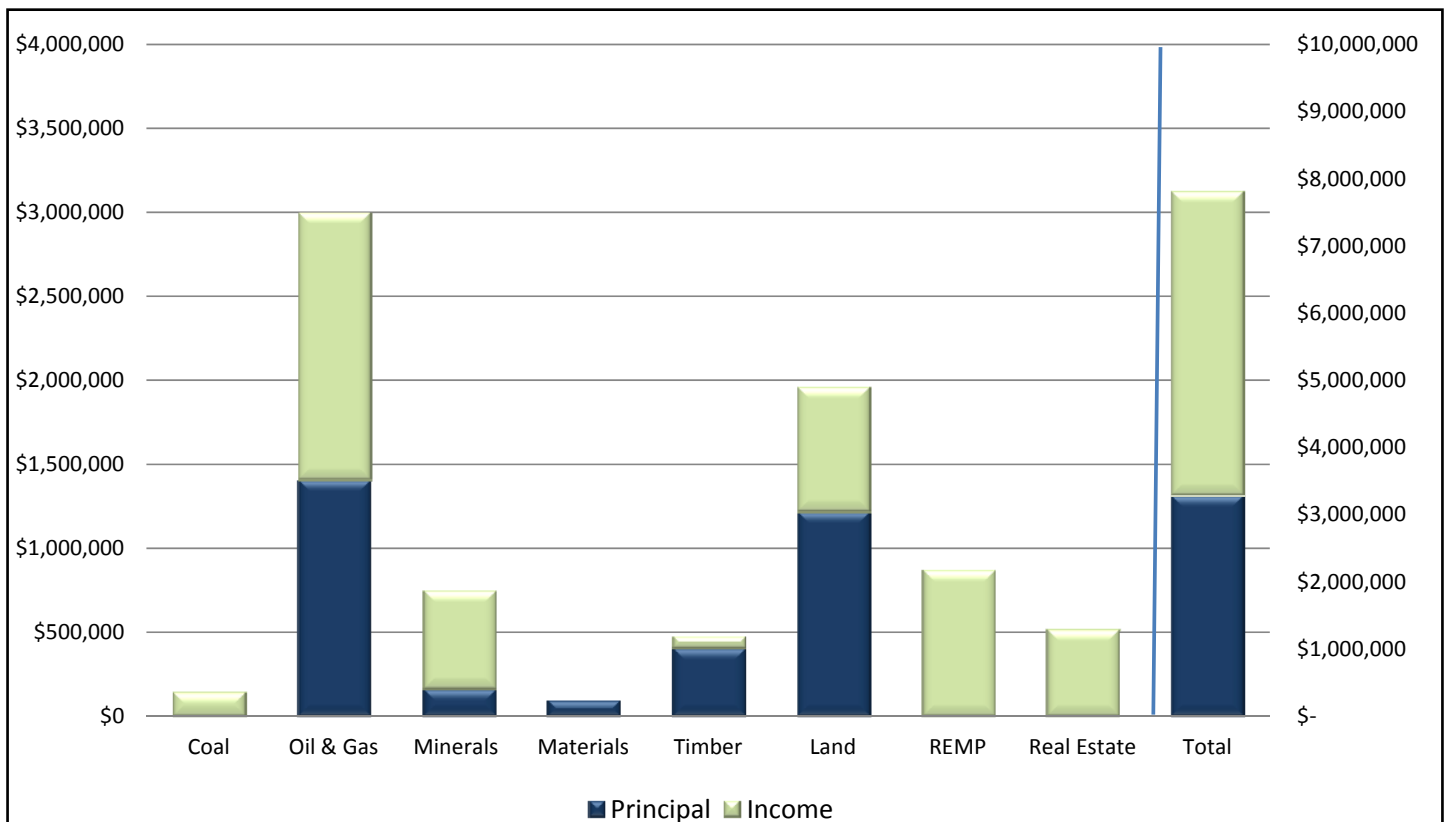
Cash Flow by Property Type Inception to Date



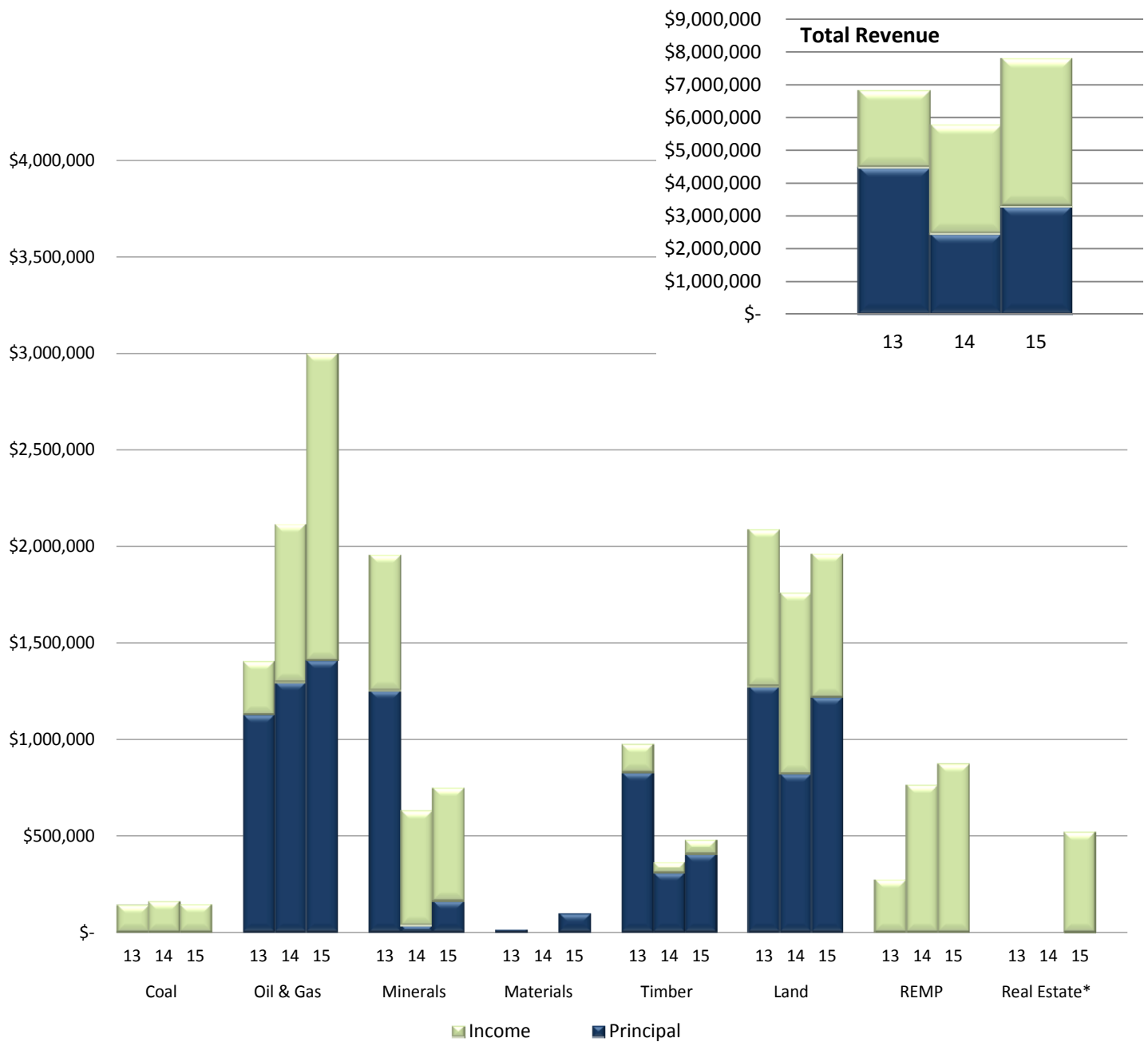
FY15 YTD Revenue vs. FY15 Revenue Goal As of February 28, 2015



FY15 YTD Revenue - Principal and Income As of February 28, 2015



Revenue as of February 2015 Fiscal Year to Date – Principal and Income FY2013 - FY2015



*Real Estate was not tracked separately in FY13 and FY14. Real Estate revenue was included with Land.

General Performance Measurements As of February 28, 2015

2. Operating Budget:

AR 37169	Original Appropriation	Line Item Transfer	Current Appropriation	Expended	Balance	% Expended
Personnel	2,664,400	(45,000)	2,619,400	1,581,245	1,038,155	60%
Travel	123,200	-	123,200	59,531	63,669	48%
Services	1,229,300	45,000	1,274,300	517,259	757,041	41%
Commodities	54,500		54,500	16,101	38,399	30%
Capital Outlay	-	-	-	-	-	NA
Total	\$ 4,071,400	-	\$ 4,071,400	\$ 2,174,136	\$ 1,897,264	53%

3. Capital Funds - Change of Intent

	Budget	% Complete	Encumbered	Expended	Unobligated Balance	% Expended
Yosemite Drive Pre-Development	187,493	95%	19,837	87,346	80,310	47%
Tract C-2 Water & Sewer Engineering (U-Med)	58,203	25%	-	7,061	51,142	12%
Total	\$ 245,696		\$ 19,837	\$ 94,407	\$ 131,452	38%

Note: Change of Intent RSA will be closed

4. Capital Funds - Other

	Budget	% Complete	Encumbered	Expended	Unobligated Balance	% Expended
Trust Land Exchange FY14-15	2,250,000	25%	94,734	22,590	2,132,676	1%
Tract C-2 Pre-Development (U-Med)*	1,950,000	100%	17,107	1,745,296	187,597	90%
Total	\$ 4,200,000		\$ 111,841	\$ 1,767,886	\$ 2,320,273	42%

*Project is complete. Closeout pending administrative items.