

LAW OFFICE OF
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November 7, 2017

Via Certified Mail and email (mike.abbott@alaska.gov)

Mr. Mike Abbott
Chief Executive Officer
Alaska Mental Health Trust Authority
3745 Community Park Loop
Suite 200
Anchorage, Alaska 99508

Dear Mr. Abbott:

We represent Trucano Construction Company. Almost a year ago, Trucano sent a letter of intent to purchase Trust Property that the Trust advertised for sale in Juneau, Alaska. The address of the property that the Trust advertised for sale is located at Egan Drive and South Whittier Street, and is known as the Juneau Subport Parcel C1, and is referred to as C1 in this letter. Trucano has never received any response from anyone at the Trust regarding its offer.

If Trucano's December 21, 2016 letter (copy enclosed) was not clear, Trucano now clearly offers to pay the Trust \$3,240,000.00 for C1.

Rorie Watt, who is the City Manager of the City and Borough of Juneau, wrote your predecessor on September 1, 2017. A copy of Mr. Watt's Memorandum is attached. Mr. Watt confirmed several things that we reiterate:

- The CBJ Assembly adopted a Resolution on June 26, 2017 supporting the sale of C1 to a private sector bidder. While not mentioned in the Resolution,

which is attached to Mr. Watt's Memorandum, the only bona fide bidder on the Project was, and is, Trucano.

- Trucano's bid is approximately 20% over fair market value of C1.
- The Trust has incurred significant and ongoing costs related to management, site cleaning, fencing, brush clearing, and exposure to liabilities, which the Trust could have avoided by selling the property last December when it received Trucano's offer.
- Historic leasing of C1 has not provided economic value in excess of the proposed purchase.
- The Trust has not communicated, at all, with Trucano since Trucano submitted its bid to the Trust, and has never provided any basis for not accepting Trucano's offer.
- The declining state of the state and local economy indicates there are not economic indicators to support a speculative future land value that could outpace the value of invested principal that the Trust would receive from the bid price.
- The development of C1 would entail supporting 501(c)(3) facility by the Alaska Ocean Center and public boat harbor.

Parcel C1 was offered on a competitive basis as required by law governing Trust land. 11 AAC 99.020(d). Trucano's offer on C1 was greater than the fair market value of the land, so entering into a sales agreement with Trucano for C1 is "solely in the best interest of the Alaska mental health trust and its beneficiaries." 11 AAC 99.020(b).

Moreover, selling C1 to Trucano is consistent with Trust management principles because it will maximize long-term revenue from trust land, protect and enhance the corpus of the Trust, protect and enhance the long-term productivity of C1, encourage a diversity of revenue-producing uses of C1 (see, for example page 2 of Mr. Watt's Memorandum to the Trust), and would be prudent, efficient management of trust land with accountability to the trust and its beneficiaries. All

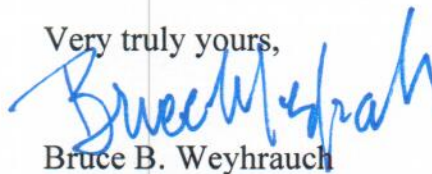
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of this comports with Alaska law in 11 AAC 99.020(c) and in AS 38.05.801.

To help facilitate the Trust's legal responsibilities on Trucano's offer to purchase C1, we have prepared a Purchase and Sale Agreement on C1 (enclosed). In addition, Trucano has arranged to establish a non-interest bearing account at Escrow Agent First American Title Insurance Company in Juneau, Alaska, which will hold 5.0% of the total amount of the offer, or \$162,000.00. That amount, along with the remaining \$3,078,000.00 (minus the \$500 Deposit Trucano sent the Trust on December 21, 2016), will be transferred to the Trust at closing.

Trucano looks forward to closing on this property before the month is out. Please call me if you have any questions. Doug Trucano, President of Trucano Construction, may be reached at 907 586-2444.

Very truly yours,



Bruce B. Weyhrauch

C: Governor Bill Walker
Trucano Construction Company
CBJ Manager Rorie Watt

Enclosures:

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| Attachment 1. | Trucano Construction Company's December 21, 2016 letter to the Trust Land Office. |
| Attachment 2. | CBJ Manager Rorie Watt's September 1, 2017 Memorandum to Wyn Menefee, Deputy Director, AMHTLO |
| Attachment 3. | C1 Purchase and Sale Agreement |