



To: Brent Fisher, Chair
Board of Trustees
Through: Jusdi Warner, Executive Director
From: Cole Hendrickson, Minerals & Energy Resource Manager
Date: 2/19/2026
Re: MHT 9201068
Kenai Peninsula Solar Farm - Negotiated Land Lease
Fiscal Year: 2026 - 2057

Consultation

Proposed BOT Motion:

"The Alaska Mental Health Trust Authority board of trustees concur with the decision to lease Trust parcels SM-1162-01 and SM-1162-04 through a negotiated term lease."

Background:

Revenue Projections:	Income
	Development Phase - \$5,000 annually
	Operations Phase - percentage of gross revenue
	Reclamation Phase - \$35,000 annually

Transaction/Resource: The proposed action is to dispose of two parcels through negotiated lease for an initial 30-year term, with methods of extending, to the applicant, TUGLIQ Energy USA Inc., for the purpose of developing cost-competitive, wholesale solar electricity.

Property Description/Acreage/MH Parcel(s): Trust parcel SM-1162-04 is an 80-acre rectangle with approximately 153 feet of frontage along Escape Route Road and legally described as:

T. 007 N., R. 011 W., SEWARD MERIDIAN, ALASKA
SECTION 33: W1/2NE1/4;

CONTAINING 80.00 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY PLAT ACCEPTED BY THE UNITED STATES DEPARTMENT
OF THE INTERIOR, BUREAU OF LAND MANAGEMENT IN DENVER, COLORADO ON
DECEMBER 10, 1979.

Trust parcel SM-1162-01 is a 600 acre parcel adjacent to the east side of SM-1162-04. It is legally described as:

T. 007 N., R. 011 W., SEWARD MERIDIAN, ALASKA
SECTION 27: SE1/4NE1/4, SE1/4SW1/4, SW1/4SE1/4, E1/2SE1/4
SECTION 33: E1/2NE1/4
SECTION 34: N1/2;

CONTAINING 600.00 ACRES, MORE OR LESS.

ACCORDING TO THE SURVEY PLAT ACCEPTED BY THE UNITED STATES DEPARTMENT
OF THE INTERIOR, BUREAU OF LAND MANAGEMENT IN DENVER, COLORADO ON
DECEMBER 10, 1979.

General Background: On June 12, 2024, the Trust Land Office and Renewables Independent Power Producers (IPP) LLC entered into a lease agreement, serialized as MHT 9200844, for the subject property for the purpose of building a two phased solar farm with interconnection into the Homer Electric Association utility grid on Escape Route Road. IPP was able to complete a handful of studies after lease issuance including a Phase 1 Environmental Site Assessment, Ground Screw testing, Eagle Survey, Wetlands Report, and a Geotechnical & Engineering Considerations Report. On November 14, 2025, this lease was terminated at the request of IPP due to not finding a new developer to take on the project, being unable to secure financing, or a new Power Purchase Agreement due to market conditions at the time.

Since this termination, TUGLIQ Energy USA Inc. (TEU) has expressed interest in continuing the development of the solar farm project. TEU is a specialized Independent Power Producer based out of Quebec, Canada with solar projects and studies ranging from Africa to the Northwest Territory of Candana. TEU will serve as the lessee with their operational partner Solvest Inc. who specializes in comprehensive renewable energy solutions. The project looks to utilize expiring tax credits in order to make development costs of the project economical. TEU would serve as the original lessee, with an anticipated assignment to a project specific entity, to be created, in which TEU will remain as the asset owner.

The project was able to secure a Memorandum of Understanding with Homer Electric Association for the connection to their transmission infrastructure for the offtake, which will be updated to a full Power Purchase Agreement as the project advances.

Should the disposal process result in a timeline issuance of a lease agreement and financing be secured, it is anticipated that development would begin in early summer 2026 in order to make use of applicable tax credits that make the project feasible. Development will be an initial 79,000 modules across 260 acres of the property with an installed capacity of 56.5 megawatts. An option to lease the second phase of development would expand the project to the remaining 420 acres of the property at a later date, to take advantage of the infrastructure of Phase 1.

Anticipated Revenues/Benefits: The primary benefit to this disposal is the collection of land use fees which vary based on the phase of the project from a flat fee during construction and converts to a rent

based on a negotiated percentage of gross revenues during the operations phase followed by a conversion back to a flat fee during the decommissioning phase.

Anticipated Risks/Concerns: Concerns include the applicant defaulting on the terms of the agreement. Risks will be mitigated through contemporary language to limit Trust risk, ensure performance, and termination language, in the case of default, with retention of the property in Trust ownership.

Project Costs: \$0. The project is not expected to incur any expense on the Trust's behalf outside the TLO's normal operating budget to support administrative oversight.

Other Considerations: This project expands the portfolio of the TLO by incorporating solar into the energy program.

Due Diligence: A full life cycle, multiphase lease agreement template was developed for solar projects on Trust land after the original solar project (MHT 9201068) was proposed and issued. The existing template would be reviewed and utilized for this agreement. TLO staff have inspected the subject properties over the years, while Renewable IPP was the lessee of the project, and are familiar with the site. The parcels are primarily wooded areas with portions of the properties displaying wetland characteristics. Several user-developed off-road vehicle trails have been observed, in addition to trespass dumping of appliances and garbage, which the TLO has cleaned up in the past.

Alternatives: The alternatives include holding the parcels for development and/or sale in the future or disposing of them through a competitive or alternative negotiated lease. Future development into subdivision lots would not meet or exceed the current anticipated revenue. This is not a high value residential subdivision location.

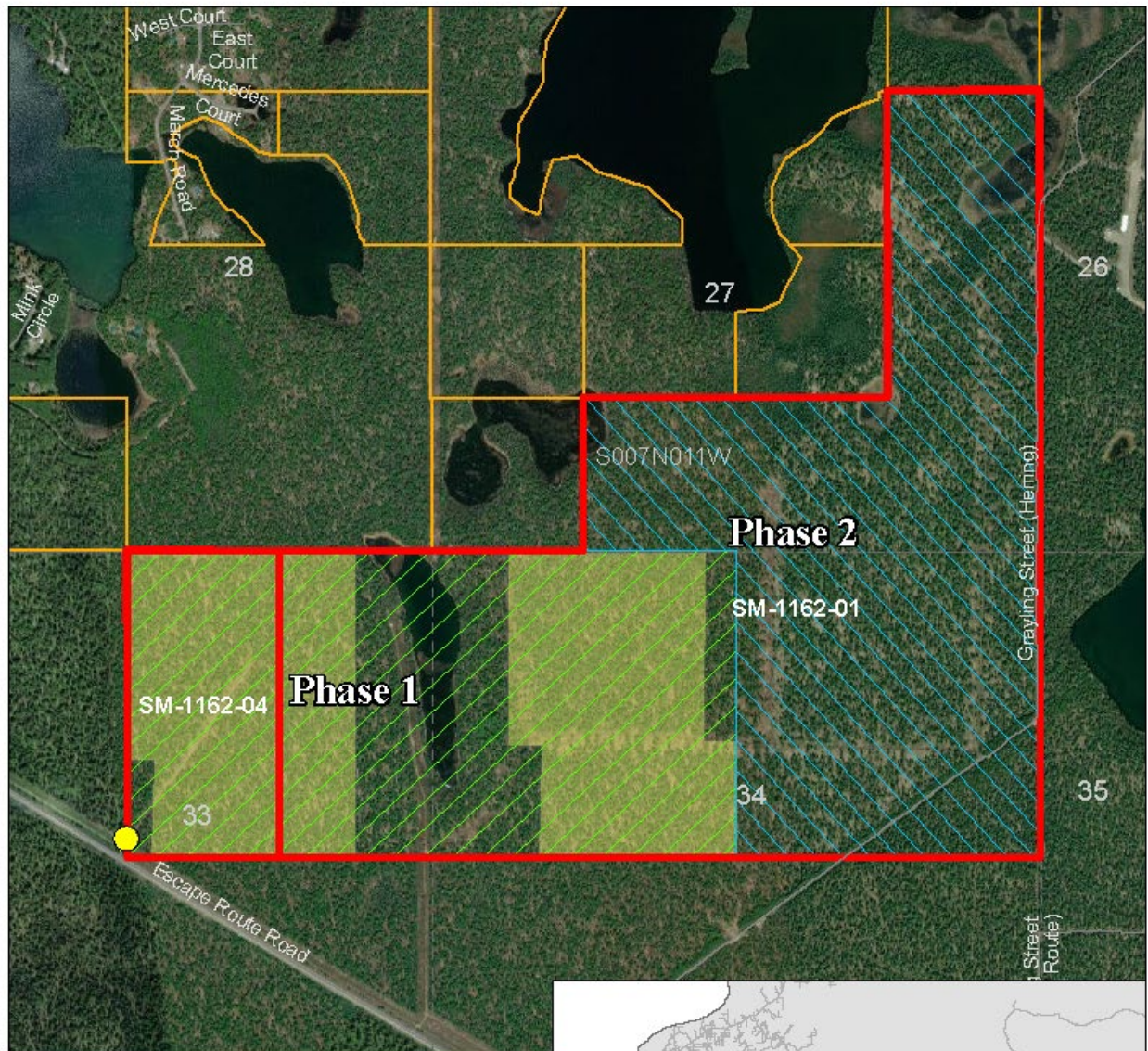
Consistency with the Resource Management Strategy: The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted October 2021 in consultation with the Trust and provides for the TLO to maximize return at prudent levels of risk, prevent liabilities, and convert nonperforming assets into performing assets.

Trust Land Office Recommendation: The Trust Land Office recommends that it is in the Trust's best interest to offer these parcels for a negotiated lease.






Applicable Authority: Alaska Statutes AS 37.14.009(a), AS 38.05.801, 11 AAC 99; Resource Management Strategy.

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.

Exhibit(s):
Area Map



MHT 9201068

-  Grid Interconnection
-  Phase 1
-  Phase 2
-  Phase 1 Solar Array
-  MHT 9201068
-  Mental Health Parcels

