

# The Alaska Mental Health Trust Authority Trust Land Office

## BEST INTEREST DECISION Decision to Sell Parcels in the Annual Land Sale Program

TLO 2013-33  
MH Parcels: See Attachment A

In accordance with AS 38.05.801 et seq. and the implementing regulations governing Alaska Mental Health Trust (“Trust”) land management (11 AAC 99), Trust land shall be managed consistently with the responsibilities accepted by the state under the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)). This means that management shall be conducted solely in the best interest of the Trust and its beneficiaries.

In determining the best interest of the Trust and its beneficiaries, and in determining consistency between state law and the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)), the Executive Director of the Alaska Mental Health Trust Land Office (“TLO”) shall, at a minimum, consider the following interactive Trust management principles in accordance with 11 AAC 99.020:

- Maximization of long-term revenue from Trust land;
- Protection of the corpus;
- Protection and enhancement of the long-term productivity of Trust land;
- Encouragement of a diversity of revenue-producing uses of Trust land; and
- Management of Trust land prudently, efficiently, and with accountability to the Trust and its beneficiaries.

**I. Proposed Use of Trust Land.** The proposed action is to offer approximately 64 existing subdivision lots and small sized parcels to the highest qualified bidder through a competitive land sale in various locations throughout Alaska. If not sold in the first sale the parcels may be re-offered in future competitive or over-the-counter sales.

**II. Applicant/File #.** TLO 2013-33: Annual Statewide Land Disposal Program for 2013.

**III. Subject Property.**

**A. Parcels.** A list of parcels with legal descriptions, subdivision names, locations, acreages, and Trust parcel numbers is attached (Attachment A). Approximately 64 parcels of varying sizes will be offered. Some parcels may be deleted from the sale list as a result of the notice process. Some unsold parcels from the 2012 sale have

been carried over to the 2013 sale. Parcels may be removed from the sale at the discretion of the TLO. The parcel list includes parcels located in or near the following communities:

- Edna Bay
- Hollis
- Ketchikan
- Meyers Chuck
- Petersburg
- Sitka
- Thorne Bay
- Whale Pass
- Wrangell
- Delta Junction
- Ester
- Olnes
- Two Rivers
- Cordova
- Little Tutka Bay
- Kodiak
- Moose Pass
- Nikiski
- Talkeetna
- Wasilla

- B. Settlement Parcel Number(s).** See attached spreadsheet (Attachment A).
- C. Site Characteristics/Primary Resource Values.** Site characteristics are typical of residential and recreational properties and the primary resource value is real estate.
- D. Historical and Existing Uses of the Property.** There are no known historic or existing uses and the parcels are typically unencumbered. Often, the TLO contracts with appraisers or surveyors to inspect a parcel that has not previously been inspected by a TLO staff member to identify any issues with the parcel. Problems that may limit marketability are identified as part of the appraisal and title research process. If a problem is identified, the TLO will most likely remove the parcel from the sale and conduct an analysis of the issue. The parcel may be relisted in the current sale, or offered in a later sale once the problem is corrected or resolved.
- E. Adjacent Land Use Trends.** The parcels are mostly in existing subdivisions, some of which have power, water or sewer service, and have varying types of access. Adjacent lands are typically in residential use, with some private recreational use as well.
- F. State Plans/Classifications.** Applicable DNR Area Plans and classification were reviewed and found to have no impact on parcels being offered for sale because in most cases, the classification placed on the Trust's land were in existence when the land was subdivided and managed by DNR. Local jurisdiction plans were or will be reviewed to ensure the sale of the parcels will be consistent with local zoning requirements.
- G. Apparent Highest and Best Use.** These parcels are in their "best market" as individual subdivision lots to be sold for residential/private recreational use. The highest and best use of these properties at this time is offer as residential and recreational lots to maximize long-term revenues to the Trust.

**IV. Proposal Background.** The 2013 land sale is the fifteenth annual independent competitive sale of Trust lands. The lot list includes parcels mostly from older, pre-existing subdivisions designed and platted by the Department of Natural Resources in the 1970s and 1980s.

- V. Terms and Conditions.** Unless paid for fully in cash, the parcels will be sold via a land sale contract administered by the TLO. The principle terms and conditions include the following:
- A.** Minimum bid is based on appraisal or other acceptable valuation approach. At least 5% of the bid amount is to be submitted with the bid. Another 5% is required at closing. The TLO's financing term is a maximum of twenty (20) years based on the amount financed with a likely interest rate of approximately 6.25% based on the Wall Street Journal published prime rate plus 3%. Often parcels with values below \$5,000 are immediately paid off.
  - B.** Payments may be made quarterly or annually.
  - C.** Parcels will be sold "as is" with no guarantees as to suitability for any intended use.
  - D.** The sale agreement allows for minimal clearing and use of materials within the parcel for development of a residential site. No commercial use of resources (timber or materials) may be made until after payoff and recording of the quitclaim deed.
- VI. Asset Management Considerations.**
- A. Marketplace Considerations.** The Trust Asset Management Policy Statement states the TLO focus first on land at the high end of their market values ("Best Markets") and then on land or resources with Best Market potential within the next two to ten years. The competitive disposals proposed for the 2013 Land Sale are recreational or residential in nature and appear to be in the "Best Market" category as individual subdivision lots to be sold for residential/recreational use.
  - B. Disposal Considerations.** Past experience has demonstrated that it is unlikely that these parcels will appreciate at a rate that would justify holding them for a later sale. Most residential land is purchased, rather than leased; therefore, it is not likely that there would not be much interest in leasing the properties. Management costs to the Trust will generally decrease on the properties through a sale.
  - C. Revenue Diversity Considerations.** Long-term economic benefits to the Trust include returns on the investment of the purchase price (corpus) in the Permanent Fund. For those parcels purchased with TLO financing, interest income will be produced from the sale contract for the term of the contract.
- VII. Alternatives.** The primary alternative is to hold the parcels for sale sometime in the future. This alternative would delay receipt of revenues from sales and income from interest payments and may result in additional costs and risks to the Trust without significant increases in value.
- VIII. Risk Management Considerations.**
- A. Performance Risks.** Performance risks will be mitigated through the TLO's bid forms and land sale contract which includes contemporary language to limit risks to

the Trust, ensure performance by the Buyer, and allow for termination in the case of default.

- B. Environmental Risks.** There are no known environmental risks associated with this action.
- C. Public Concerns.** Subject to comments resulting from the public notice, there are no known concerns that suggest the proposed transaction is inconsistent with Trust principles. A majority of the communities in which Trust land is being offered in the 2013 sale have expressed interest in sale of Trust lands.

**IX. Due Diligence.**

- A. Site Inspections.** A TLO staff member, contract appraiser, or surveyor has or will have inspected the parcels prior to sale.
- B. Valuation.** Minimum parcel bids will be established via appraisals that meet the most current Uniform Standards of Professional Appraisal Practice (USPAP) standards as published by the Appraisal Foundation or other appropriate valuation methods.
- C. Terms and Conditions Review.** Land sale contract documents were reviewed by Attorney General's office; no separate independent review was required.

**X. Authorities.**

- A. Applicable Authority.** Alaska Statutes 37.14.009(a) and 38.05.801, and 11 AAC 99 (key statutes and regulations applicable to Trust Land management and disposal).
- B. Inconsistency Determination.** As the proposed sales are specifically authorized under 11 AAC 99, any relevant provision of law applicable to other state lands is inapplicable to this action if it is inconsistent with Trust responsibilities accepted by the state under the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)) as clarified by AS 38.05.801 and Alaska Mental Health Trust land regulations (11 AAC 99). 11 AAC 99 includes determinations that certain state statutes applicable to other state land do not apply to trust land unless determined by the executive director, on a case-by-case basis, to be consistent with 11 AAC 99.020. The state statutes deemed inconsistent with trust management principles and inapplicable to trust land by these regulations have not been applied to this decision or this action, including, but not limited to, AS 38.04 (Policy for Use and Classification of State Land Surface), AS 38.05.035 (Powers and duties of the director), AS 38.05.300 (Classification of land), AS 38.05.945 (Notice), AS 38.05.946 (Hearings), 11 AAC 02 (Appeals); and AS 46.40 (Alaska Coastal Management Program), to the extent that it does not apply to private land owners. The TLO hereby deems the following provisions of law inconsistent with Trust responsibilities:
  - 1) AS 38.05.055: Alaska Residency required for purchase of State land and AS 38.05.940: Veteran's Discount allowed on purchase price of State land. Preferences or discounts provided to Alaska residents or veterans would be

granted at a cost to the Trust, thereby violating this key trust management principle.

- 2) AS 38.05.127: Access to navigable or public water and requiring “to and along” easements on Trust properties diminishes the sale value of Trust lands and therefore is inconsistent with trust management principles.
- 3) AS 38.05.065(g): Appeal of director’s decision to commissioner, AS 38.05.065(g), is in direct conflict with 11 AAC 99.060 and therefore does not apply to the transaction pursuant to 11 AAC 99.060(d).

**XI. Trust Authority Consultation.** The Trust Resource Management Committee was consulted on January 3, 2013. The Committee recommended that the proposed transaction be forwarded it to the Trust Authority Board of Trustees. The Board of Trustees was consulted on January 30, 2013 and concurred with the disposal of Trust parcels through the TLO’s Annual Land Sale Program, subject to the outcome of the notice process.

**XII. Best Interest Decision.** Given the information above and the information contained in the complete record, the Executive Director finds that the proposed transaction is in the best interest of the Trust, subject to the terms and conditions addressed in this decision. The decision is based upon the consideration of the five Trust management principles set out in 11 AAC 99.020 and is in full compliance with 11 AAC 99. This decision does not preclude the TLO from determining that an alternative proposal will serve the best interest of the Trust. A future determination of that nature will require a best interest decision specific to the proposal.

**XIII. Opportunity for Comment.** Notice of this best interest decision will take place as provided under 11 AAC 99.050. Persons who believe that the decision should be altered because it is not in the best interest of the Trust or its beneficiaries, or because the decision is inconsistent with Trust management principles set out in 11 AAC 99.020 or any other provision of 11 AAC 99, must provide written comments to the TLO during the notice period. Following the comment deadline, the Executive Director will consider timely written comments that question the decision on the basis of the best interest of the Alaska Mental Health Trust and its beneficiaries or inconsistency with 11 AAC 99. The Executive Director will then, in his or her discretion, modify the decision in whole or in part in response to such comments or other pertinent information, or affirm the best interest decision without changes. The best interest decision as modified or affirmed will become the final agency action, subject to reconsideration procedures under 11 AAC 99.060. Additional notice will be provided for a substantially modified decision. If no comments are received by the end of the notice period, this best interest decision will be affirmed and the proposed action taken. (See public notice for specific dates.)

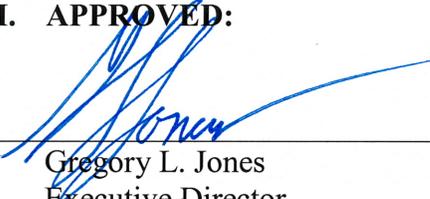
**XIV. Reconsideration.** To be eligible to file for reconsideration of this best interest decision, or to file a subsequent appeal to the Superior Court, a person must submit written comments during the notice period.

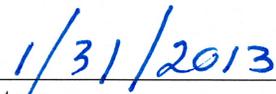
Persons who submit timely written comments will be provided with a copy of the final written decision, and will be eligible to request reconsideration within 20 calendar days after publication of the notice or receipt of the decision, whichever is earlier under 11 AAC 99.060(b). The Executive Director shall order or deny reconsideration within 20 calendar days after receiving the request for reconsideration. If the Executive Director takes no action during the 20-day period following the request, the request is considered denied. Denial of a request for reconsideration is the final administrative decision for purposes of appeal to the superior court under AS 44.62.560.

**XV. Available Documents.** Background documents and information cited herein is on file and available for review at the Trust Land Office, located at 2600 Cordova Street, Suite 100, Anchorage, Alaska 99503. Phone (907) 269-8658. Email: [mhtlo@alaska.gov](mailto:mhtlo@alaska.gov).

The disposal action proposed by this decision will occur no less than 30 days after the first publication date of this decision, and after the conclusion of the Trust Land Office administrative process. For specific dates or further information about the disposal, interested parties should contact the Trust Land Office at the above address, or visit the TLO website at: [www.mhtrustland.org](http://www.mhtrustland.org).

**XVI. APPROVED:**

  
By: \_\_\_\_\_  
Gregory L. Jones  
Executive Director

  
Date: \_\_\_\_\_

Attachments: Attachment A – Parcel List  
Attachment B – General Location Maps

**Attachment A - Parcel List**

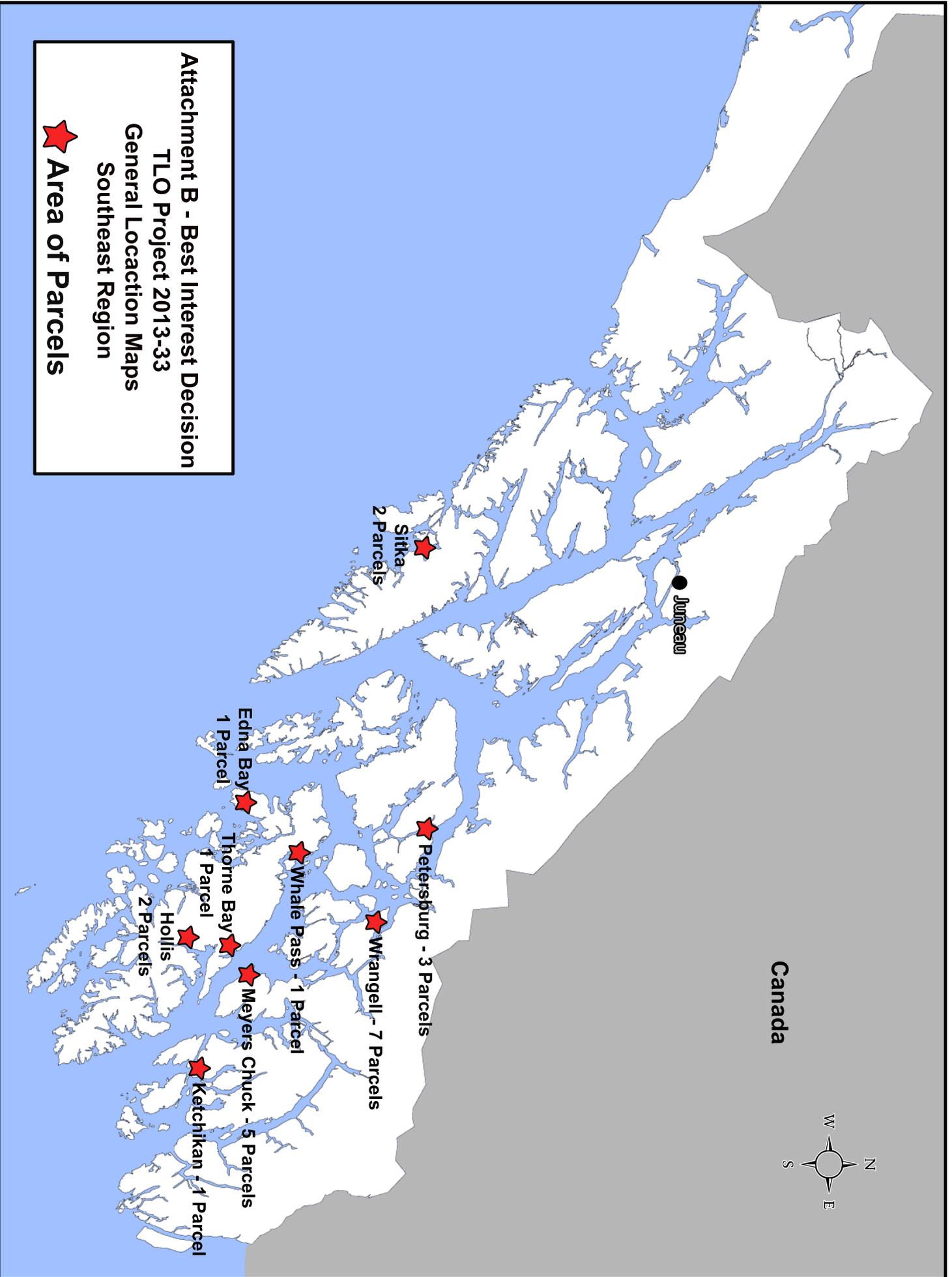
<b>MH PARCEL NUMBER</b>	<b>ACRES</b>	<b>GENERAL LOCATION</b>	<b>COMMUNITY/SUBDIVISION</b>	<b>LEGAL DESCRIPTION</b>	<b>SURVEY TYPE &amp; NUMBER</b>	<b>LOT</b>	<b>BLOCK</b>
<b>Southeast Region</b>							
CRM-2552	0.702	Meyers Chuck	Meyers Chuck Subdivision	C071S086E05	ASLS 85-93	43H	
CRM-2553	0.807	Meyers Chuck	Meyers Chuck Subdivision	C071S086E05	ASLS 85-93	43I	
CRM-2550	0.681	Meyers Chuck	Meyers Chuck Subdivision	C071S086E05	ASLS 85-93	43F	
CRM-2547	0.728	Meyers Chuck	Meyers Chuck Subdivision	C071S086E05	ASLS 85-93	43C	
CRM-2548	0.814	Meyers Chuck	Meyers Chuck Subdivision	C071S086E05	ASLS 85-93	43D	
C70924	2.106	Hollis	Clark Bay Terminal Subdivision	C073S084E34	ASLS 79-181	Tract A	
C20929	0.483	Hollis	Clark Bay Terminal Subdivision	C073S084E34	ASLS 79-181	Tract I	
C81186	2.900	Ketchikan	Upper George Inlet Subdivision	C073S092E32	ASLS 84-39	7	4
C20786	2.422	Whale Pass	Whale Passage Subdivision	C066S080E31	ASLS 81-217	8	10
C81088	1.537	Sitka	Middle Island Subdivision	C055S063E07	ASLS 87-129	10	1
C81087	1.251	Sitka	Middle Island Subdivision	C055S063E07	ASLS 87-129	9	1
C81121	4.839	Wrangell	Wrangell Island West Subdivision	C064S084E17	ASLS 83-7	4	5
C81122	4.217	Wrangell	Wrangell Island West Subdivision	C064S084E17	ASLS 83-7	5	5
C20762	4.938	Wrangell	Wrangell Island West Subdivision	C064S084E17	ASLS 83-7	3	5
C81133	3.046	Wrangell	Thoms Place Subdivision	C066S086E05	ASLS 81-234	10	Unit 3
C30014.002	4.228	Wrangell	Thoms Place Subdivision	C066S086E05	ASLS 81-234	2	Unit 3
C20771	3.260	Wrangell	Olive Cove Subdivision	C065S085E31	ASLS 81-233	9	1
C20772	4.701	Wrangell	Olive Cove Subdivision	C065S085E31	ASLS 81-233	10	1
C20843	3.970	Thorne Bay	South Thorne Bay Subdivision	C071S084E33	ASLS 80-121	8	2
CRM-2307	1.330	Petersburg	Falls Creek Subdivision	C060S079E11	TLS 2002-02	5	
CRM-2245	2.500	Petersburg	Mile 7.5 Mitkof Hwy	C059S079E35	USRS	9	
CRM-2246	2.500	Petersburg	Mile 7.5 Mitkof Hwy	C059S079E35	USRS	10	
C20814	4.509	Edna Bay	Edna Bay Subdivision	C068S076E23, 26	ASLS 81-116	Tract O	
<b>Northern Region</b>							
F80975	4.809	Delta Junction	Greely Subdivision	F010S011E30	ASLS 79-164	A	Tract B
F80976	3.847	Delta Junction	Greely Subdivision	F010S011E30	ASLS 79-164	2	Tract B
F80978	3.847	Delta Junction	Greely Subdivision	F010S011E30	ASLS 79-164	4	Tract B

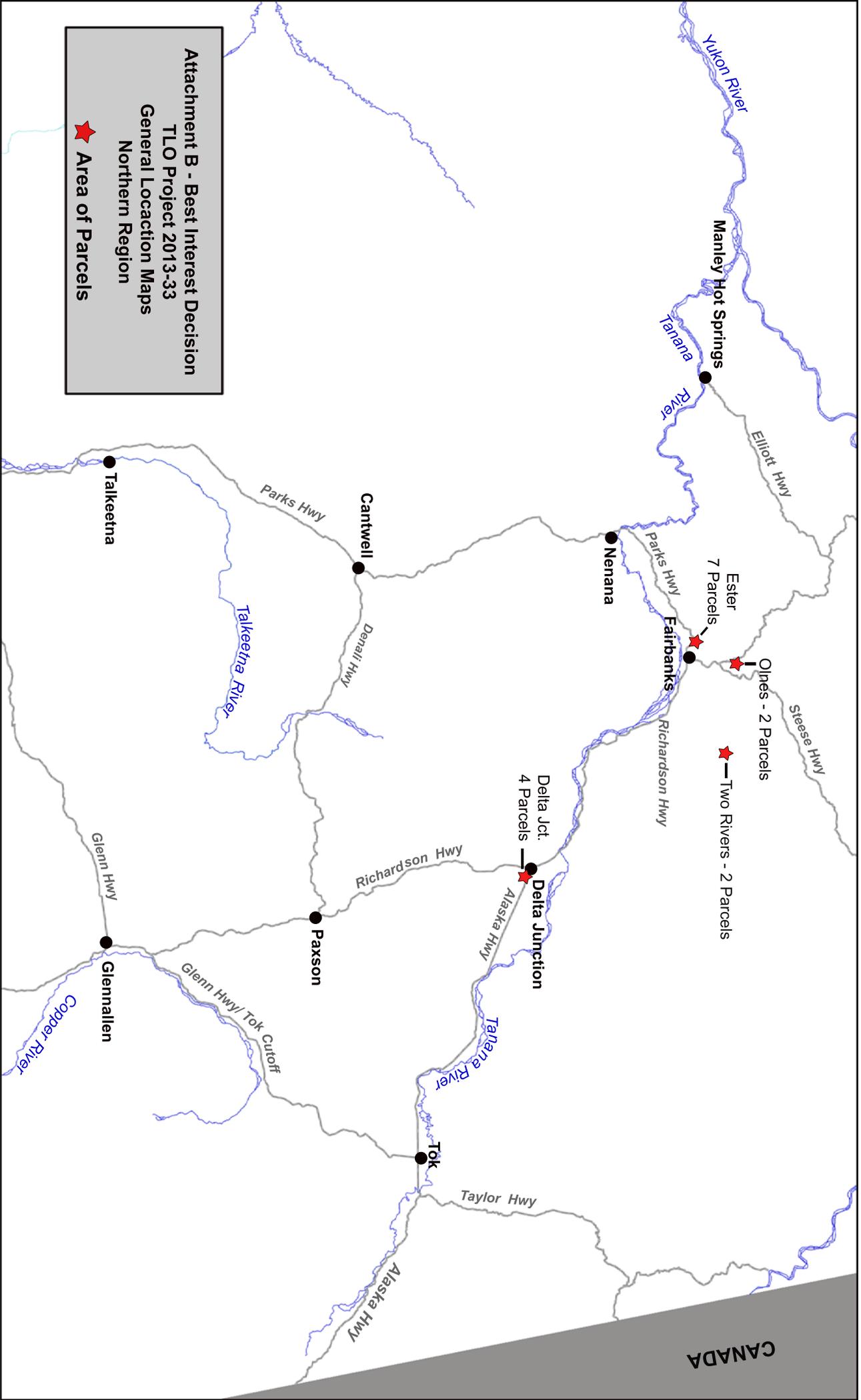
**Attachment A - Parcel List**

<b>MH PARCEL NUMBER</b>	<b>ACRES</b>	<b>GENERAL LOCATION</b>	<b>COMMUNITY/SUBDIVISION</b>	<b>LEGAL DESCRIPTION</b>	<b>SURVEY TYPE &amp; NUMBER</b>	<b>LOT</b>	<b>BLOCK</b>
F20636	1.288	Delta Junction	West Addition Delta Jct. Townsite	F010S010E23	EPE 230021	9, 10, 11 & 12	10
FM-0990 & FM-0991	2.710	Ester	Aspenwood Subdivision	F001S003W26	ASLS 84-20	8	3
FM-0990 & FM-0991	3.027	Ester	Aspenwood Subdivision	F001S003W26	ASLS 84-20	9	3
FM-0981	3.407	Ester	Aspenwood Subdivision	F001S003W23	ASLS 84-20	7	7
FM-0981	3.774	Ester	Aspenwood Subdivision	F001S003W23	ASLS 84-20	9	7
FM-0981	3.620	Ester	Aspenwood Subdivision	F001S003W23	ASLS 84-20	9	5
FM-0989	2.142	Ester	Aspenwood Subdivision	F001S003W26	ASLS 84-20	4	8
FM-0989	2.424	Ester	Aspenwood Subdivision	F001S003W26	ASLS 84-20	Tract D	8
F80419	4.951	Olmes	Olmes East Subdivision	F003N001W24	ASLS 80-178	5	4
F20406	9.085	Olmes	Olmes East Subdivision	F003N001E30	ASLS 80-178	22	4
FM-0077	1.963	Two Rivers	Horseshoe Downs Subdivision	F001N004E33	ASLS 80-140	Tract A	
F33010	4.501	Two Rivers	Horseshoe Downs Subdivision	F001N004E33	ASLS 80-140	Tract B	
<b>Southcentral Region</b>							
SM-2564 & SM-2565	10.000	Talkeetna	Chase II Alaska Subdivision Unit 1A	S026N004W07	ASLS 79-149	4 & 5	5
SM-2527 & SM-2528	10.000	Talkeetna	Chase II Alaska Subdivision	S026N004W06	ASLS 79-149	1 & 2	9
SM-2522 & SM-2523	10.000	Talkeetna	Chase II Alaska Subdivision	S026N004W06	ASLS 79-149	1 & 2	11
S20144	4.140	Moose Pass	Trail Lake Group Homesites	S005N001W36	USS 2528	3	
S20145	3.560	Moose Pass	Trail Lake Group Homesites	S005N001W36	USS 2528	6	
S20086	3.990	Moose Pass	Trail Lake Group Homesites	S004N001W01	USS 2528	8	
S20087	3.990	Moose Pass	Trail Lake Group Homesites	S004N001W01	USS 2528	9	
S20156	4.720	Moose Pass	Trail Lake Group Homesites	S005N001W36	USS 2528	21	
S20158	4.410	Moose Pass	Trail Lake Group Homesites	S005N001W36	USS 2528	25	
C20246.002	3.640	Cordova	Saddle Point Subdivision	C015S003W32	ASLS 81-28	6	
SM-0454	1.320	Kodiak	Isthmus Cove	S029S019W33	USS 3471	22	

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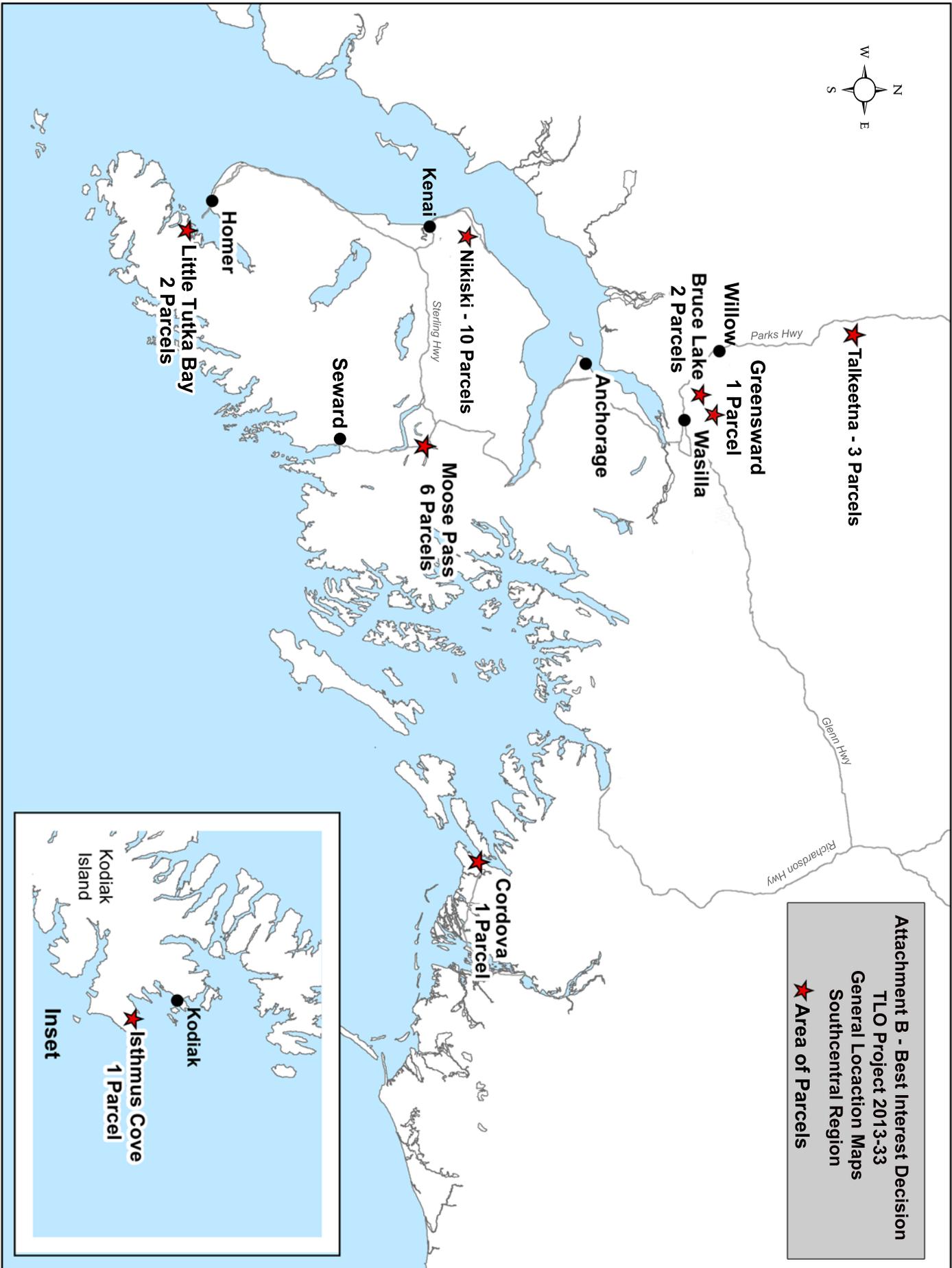
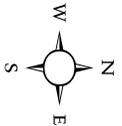
<b>MH PARCEL NUMBER</b>	<b>ACRES</b>	<b>GENERAL LOCATION</b>	<b>COMMUNITY/SUBDIVISION</b>	<b>LEGAL DESCRIPTION</b>	<b>SURVEY TYPE &amp; NUMBER</b>	<b>LOT</b>	<b>BLOCK</b>
SM-1197	1.784	Nikiski	Island Lake Subdivision	S007N012W13	TLS 2012-01	1	
SM-1197	1.784	Nikiski	Island Lake Subdivision	S007N012W13	TLS 2012-01	2	
SM-1197	1.783	Nikiski	Island Lake Subdivision	S007N012W13	TLS 2012-01	3	
SM-1118	1.572	Nikiski	Two Fish Lake Subdivision	S007N011W09	TLS 2012-02	1	
SM-1118	1.435	Nikiski	Two Fish Lake Subdivision	S007N011W09	TLS 2012-02	2	
SM-1118	1.435	Nikiski	Two Fish Lake Subdivision	S007N011W09	TLS 2012-02	3	
SM-1118	1.435	Nikiski	Two Fish Lake Subdivision	S007N011W09	TLS 2012-02	4	
SM-1118	1.435	Nikiski	Two Fish Lake Subdivision	S007N011W09	TLS 2012-02	5	
SM-1118	1.435	Nikiski	Two Fish Lake Subdivision	S007N011W09	TLS 2012-02	6	
SM-1118	1.717	Nikiski	Two Fish Lake Subdivision	S007N011W09	TLS 2012-02	7	
SM-0380	2.300	Kachemak Bay	Little Turka Bay	S008S013W22	EPF 69-3	21	2
SM-0371	1.940	Kachemak Bay	Little Turka Bay	S008S013W21	EPF 69-3	12	2
S80590	1.110	Wasilla	Greensward Subdivision	S018N002W23	ASLS 79-154	7	5
S80562	0.950	Wasilla	Bruce Lake Subdivision	S018N002W36	ASLS 79-155	1	10
S80557	1.080	Wasilla	Bruce Lake Subdivision	S018N002W36	ASLS 79-155	7	7





**Attachment B - Best Interest Decision**  
**TLO Project 2013-33**  
**General Location Maps**  
**Northern Region**  
 ★ **Area of Parcels**

CANADA



Best Interest Decision

Decision to Sell Parcels in the Annual Land Sale Program

Map 3 of 3

TLO 2013-33