

The Alaska Mental Health Trust Authority Trust Land Office

BEST INTEREST DECISION Decision to Dispose of Parcels through the Annual Land Sale Program

Project 2014-64
MH Parcels: Multiple Parcels

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, 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 60 existing subdivision lots and small sized parcels through a competitive sale in various locations throughout Alaska. The parcels maybe re-offered in future sales if not sold in the 2014 Land Sale.
- II. Applicant/File #.** TLO Project 2014-64: Annual Statewide Land Disposal Program.
- III. Subject Property.**
- A. Legal Description.** A list of parcels with legal descriptions, subdivision names, locations, acreages, and Trust parcel numbers is attached (Attachment A). Approximately 60 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 2013 Land Sale have been carried over to the 2014 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:

<u>Southcentral Region</u>	<u>Northern Region</u>	<u>Southeast Region</u>	
Big Lake	Chena Hot Springs	Edna Bay	Sitka
Little Tutka Bay	Circle	Hollis	Thorne Bay
Moose Pass	Delta Junction	Meyers Chuck	Wrangell
Nikiski	Ester	Ketchikan	
Talkeetna	Olnes	Kupreanof	
	Salcha	Petersburg	

- B. Settlement Parcel Number(s).** C20735,C20736,C20737,C20761,C20765,C20772, C20803,C20811,C20814,C20949,C30014.002,C30015.003,C70924,C81087,C81133, CRM-0974,CRM-2150,CRM-2245,CRM-2246,CRM-2307,CRM-2308,CRM-2309, CRM-2547,CRM-2548,CRM-2550,CRM-2552,CRM-2971,CRM-7002,F20406, F20636,F80419,F80975,F80976,F80978,FM-0203,FM-0695,FM-0698,FM-0723, FM-0724,FM-0725,FM-0726,FM-0981,FM-0989,FM-7009,S20086,S20092,S20093, S20157,S20159,SM-0371,SM-1197,SM-2026,SM-2564, and SM-2565.
- C. Site Characteristics/Primary Resource Values.** Site characteristics are typical of residential and recreational properties with the primary resource value being real estate.
- D. Historical and Existing Uses of the Property.** There are no known historic or existing uses and the parcels are typically unencumbered. The parcels are mostly in existing platted subdivisions, some of which have power, water or sewer service, and have varying types of access.
- E. Adjacent Land Use Trends.** Adjacent lands are typically in residential use, with some private recreational use as well.
- F. Previous 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 Trust land were in existence when the land was subdivided and managed by DNR.
- G. Existing Plans Affecting the Subject Parcel.** Local jurisdiction plans were or will be reviewed to ensure the sale of the parcels will be consistent with local zoning requirements.
- H. Apparent Highest and Best Use.** These parcels are in their “best markets” 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 TLO has been selling parcels through the Annual Land Sale program since 1998 on behalf of The Trust. The parcels offered in these sales are mostly from pre-existing subdivisions designed and platted by the Department of Natural

Resources in the 1970's and 1980's, subdivisions recently developed by the TLO, or parcels under 10 acres in size.

- V. **Terms and Conditions.** The parcels will be offered to the highest qualified bidder over the set minimum bid. 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 an appraisal or other acceptable valuation approach. At least 5% of the bid amount is to be submitted with the bid. Another 5% is required with the signed Declaration of Intent. 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 monthly, 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 2014 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). 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, land sale contract, and quitclaim deed. These documents include contemporary language to limit risks to the TLO and 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 these parcels are being offered in have expressed interest for the parcels to be put up for sale.

IX. Due Diligence.

- A. Site Inspection.** TLO staff, 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 or other appropriate valuation methods..
- C. Terms and Conditions Review.** Contract documents were reviewed by the Attorney General's Office and an independent law firm.
- D. Other.** All parcels will have a title report completed prior to issuing a sale contract or quitclaim deed.

X. Authorities.

- A. Applicable Authority.** AS 37.14.009(a), AS 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), and 11 AAC 02 (Appeals). Other provisions of law the TLO deems inconsistent with Trust responsibilities include:

- 1) AS 38.05.055, Alaska Residency required for purchase of State land and AS 38.05.940, Veteran's discounts 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, hereby violating key Trust management principles.
- 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 is in direct conflict with 11 AAC 99.060 and there for does not apply to the transaction pursuant to 11 AAC 99.060(d).

XI. Trust Authority Consultation. The Alaska Mental Health Trust Resource Management Committee was consulted on January 3, 2014. The Committee recommended that the proposed transaction be forwarded to the Alaska Mental Health Trust Board of Trustees. The Board of Trustees was consulted on January 29, 2014, and the Board of Trustees concurred with the disposal of approximately 60 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 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 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 for reconsideration, 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 TLO, located at 2600 Cordova Street, Suite 100, Anchorage, Alaska 99503. Phone (907) 269-8658. Email: 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 TLO administrative process. For specific dates or further information about the disposal, interested parties should contact the TLO at the above address, or visit the website at: www.mhtrustland.org.

XVI. APPROVED:



By: Marcie Menefee
Executive Director
Alaska Mental Health Trust Land Office



Date

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

MH Parcel Number	General Location	Community/Subdivision	Legal Description	Survey	Lot	Block	Acres
Southcentral Region							
SM-2026	Big Lake	Hourglass Lake	S017N004W14	USRS S017N004W	27		4.400
SM-0371	Kachemak Bay	Little Tutka Bay	S008S013W21	EPF 69-3	12	2	1.940
S20086	Moose Pass	Trail Lake Group Homesites	S004N001W01	USS 2528	8		3.990
S20157	Moose Pass	Trail Lake Group Homesites	S005N001W36	USS 2528	24		3.970
S20159	Moose Pass	Trail Lake Group Homesites	S005N001W36	USS 2528	26		4.860
S20092	Moose Pass	Trail Lake Group Homesites	S005N001W36				
S20092	Moose Pass	Trail Lake Group Homesites	S004N001W01	USS 2528	16		4.150
S20093	Moose Pass	Trail Lake Group Homesites	S005N001W36	USS 2528	30		4.820
SM-1197	Nikiski	Island Lake Subdivision	S007N012W13	TLS 2012-01	1		1.784
SM-1197	Nikiski	Island Lake Subdivision	S007N012W13	TLS 2012-01	2		1.784
SM-1197	Nikiski	Island Lake Subdivision	S007N012W13	TLS 2012-01	3		1.783
SM-2564							
SM-2565	Talkeetna	Chase II Alaska Subdivision Unit 1A	S026N004W07	ASLS 79-149	4 & 5	5	10.000
Northern Region							
FM-0203	Springs	Chena Hot Springs	F003N008E31,32	USS 4259	4		6.050
	Circle	Circle					
F80975	Delta Junction	Greely Subdivision	F010S011E30	ASLS 79-164	Lot A	Tract B	4.809
F80976	Delta Junction	Greely Subdivision	F010S011E30	ASLS 79-164	Lot 2	Tract B	3.847
F80978	Delta Junction	Greely Subdivision	F010S011E30	ASLS 79-164	Lot 4	Tract B	3.847
F20636	Delta Junction	West Addition Delta Jct. Townsite	F010S010E23	EPF 230021	19 & 20	10	0.644
F20636	Delta Junction	West Addition Delta Jct. Townsite	F010S010E23	EPF 230021	3, 4, 17, & 18	10	1.288
F20636	Delta Junction	West Addition Delta Jct. Townsite	F010S010E23	EPF 230021	7, 8, 13, & 14	10	1.288
FM-0981	Ester	Aspenwood Subdivision	F001S003W23	ASLS 84-20	7	7	3.407
FM-0981	Ester	Aspenwood Subdivision	F001S003W23	ASLS 84-20	9	7	3.774
FM-0981	Ester	Aspenwood Subdivision	F001S003W23	ASLS 84-20	9	5	3.620
FM-0989	Ester	Aspenwood Subdivision	F001S003W26	ASLS 84-20	Tract D	8	2.424
F80419	Olnes	Olnes East Subdivision	F003N001W24	ASLS 80-178	5	4	4.951
F20406	Olnes	Olnes East Subdivision	F003N001E30	ASLS 80-178	22	4	9.085
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract A		1.872

MH Parcel Number	General Location	Community/Subdivision	Legal Description	Survey	Lot	Block	Acres
Northern Region							
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract B		2.058
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract C		1.915
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract D		1.887
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract E		1.839
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract F		1.838
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract G		2.213
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract H		1.960
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract I		1.863
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract J		1.852
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract K		2.090
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract L		2.104
FM-7009	Salcha	Little Harding Lake Subdivision	F006S004E11	TLS	Tract M		4.821
Southeast Region							
C20803	Edna Bay	Edna Bay Subdivision	C068S076E21,22	ASLS 81-116	5	Block 4	4.700
C20811	Edna Bay	Edna Bay Subdivision	C068S076E23	ASLS 81-116	12	Block 11	4.156
C20814	Edna Bay	Edna Bay Subdivision	C068S076E23, 26	ASLS 81-116	Tract O		4.509
C70924	Hollis	Clark Bay Terminal Subdivision	C073S084E34	ASLS 79-181	Tract A		2.106
CRM-7002	Ketchikan	South Point Higgins Group	C074S089E013	USS 3089	107		1.730
C20949	Ketchikan	Upper George Inlet Subdivision	C073S092E31	ASLS 84-39	6	Block 3	2.660
CRM-2150	Kupreanof	Kupreanof Island	C059S079E09	ASLS 79-182	3		3.030
CRM-2552	Meyers Chuck	Meyers Chuck Subdivision	C071S086E05	ASLS 85-93	43H		0.702
CRM-2550	Meyers Chuck	Meyers Chuck Subdivision	C071S086E05	ASLS 85-93	43F		0.681
CRM-2547	Meyers Chuck	Meyers Chuck Subdivision	C071S086E05	ASLS 85-93	43C		0.728
CRM-2548	Meyers Chuck	Meyers Chuck Subdivision	C071S086E05	ASLS 85-93	43D		0.814
CRM-2307							
CRM-2308							
CRM-2309	Petersburg	Falls Creek Subdivision	C060S079E11	TLS 2002-02	11		0.780
CRM-2307	Petersburg	Falls Creek Subdivision	C060S079E11	TLS 2002-02	5		1.330
CRM-2245	Petersburg	Mile 7.5 Mitkof Hwy	C059S079E35	USRS	9		2.500

MH Parcel Number	General Location	Community/Subdivision	Legal Description	Survey	Lot	Block	Acres
Southeast Region							
CRM-2246	Petersburg	Mile 7.5 Mitkof Hwy	C059S079E35	USRS	10		2.500
C30015.002	Prince of Wales Island	Thorne Bay	C071S084E34	ASLS 80-121	12	Block 5	3.250
C81087	Sitka	Middle Island Subdivision	C055S063E07	ASLS 87-129	9	1	1.251
C20772	Wrangell	Olive Cove Subdivision	C065S085E31	ASLS 81-233	10	1	4.701
C81133	Wrangell	Thoms Place Subdivision	C066S086E05	ASLS 81-234	10	Block 2 Unit 3	3.046
C30014.002	Wrangell	Thoms Place Subdivision	C066S086E05	ASLS 81-234	2	Block 2 Unit 3	4.228
C20735	Wrangell	Wrangell Island East Subdivision	C068S084W28	ASLS 83-8	5	Block 1	1.222
C20736	Wrangell	Wrangell Island East Subdivision	C068S084W28	ASLS 83-8	6	Block 1	0.999
C20737	Wrangell	Wrangell Island East Subdivision	C068S084W28	ASLS 83-8	9	Block 1	1.507
C20765	Wrangell	Wrangell Island West Subdivision	C064S084E20	ASLS 96-12	1A	2	4.925
C20761	Wrangell	Wrangell Island West Subdivision	C064S084E17	ASLS 83-7	1	Block 5	4.999





