

Alaska Mental Health Trust Authority
Trust Land Office
Notice under 11 AAC 99.050 of
Decision to dispose of 1 parcel near Flat Lake
MHT #9200686

Notice is hereby given that, pursuant to the provisions of AS 38.05.801 and 11 AAC 99, the Executive Director of the Alaska Mental Health Trust Land Office (TLO) has determined that it is in the best interest of the Alaska Mental Health Trust and its beneficiaries to complete a land sale of certain Trust land to Dan P. Kruse and Grace L. Kruse. The basis for this determination is explained in a written best interest decision prepared by the Executive Director pursuant to 11 AAC 99.040.

The Trust land affected by the decision is adjacent to or near Flat Lake, and is more particularly described as: TOWNSHIP 17 NORTH, RANGE 4 WEST, SEWARD MERIDIAN, ALASKA SECTION 29: LOT 1, CONTAINING 5.000 ACRES, MORE OR LESS, according to the survey plat accepted by the United States Department of the Interior, Bureau of Land Management in Washington, D.C. on January 19, 1959. (MH Parcel **SM-2235**).


Persons who believe that the written decision should be altered because it is not in the best interests 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 on or before **4:30 PM, December 18, 2017. Comments should be submitted to the TLO at 2600 Cordova Street, Suite 100, Anchorage, AK 99503, or by fax (907) 269-8905 or email mhtlo@alaska.gov.** Following the comment deadline, the Executive Director will consider timely 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, and the best interest decision may be changed in response to such written comments or other information. Commenting parties will be provided a copy of the final best interest decision after the end of the notice period.

To be eligible to file for reconsideration of the best interest decision, or to file a subsequent appeal to the Superior Court, a person must have submitted written comments during the notice period. Eligible persons will have twenty (20) calendar days after published notice of or receipt of the final written decision to request that the Executive Director reconsider the decision under 11 AAC 99.060(b).

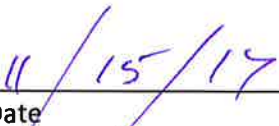
Copies of the written decision are available at the Trust Land Office, or at www.mhtrustland.org. If you have any questions concerning this action, please contact the Trust Land Office at (907) 269-8658.

In compliance with the Americans with Disabilities Act, the Alaska Mental Health Trust is prepared to accommodate individuals with disabilities. Please contact the Trust Land Office at (907) 269-8658 for assistance. Requests for assistance must be received at least 96 hours prior to the comment deadline in order to ensure that any necessary accommodations can be provided.

The Executive Director of the TLO reserves the right to waive technical defects in this notice or to amend, postpone, or vacate the best interest decision.



Wyn Menefee
Executive Director (Acting)



Date
Published Anchorage Dispatch News 11/17/2017

The Alaska Mental Health Trust Authority Trust Land Office

BEST INTEREST DECISION Flat Lake Negotiated Land Sale

MHT #9200686
MH Parcel SM-2235

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.** A negotiated sale of a Trust parcel at a price 30% above the appraised value of \$22,000.
- II. **Applicant/File #.** Dan P. Kruse and Grace L. Kruse / MHT 9200686.
- III. **Subject Property.**
 - A. **Legal Description.** TOWNSHIP 17 NORTH, RANGE 4 WEST, SEWARD MERIDIAN, ALASKA SECTION 29: LOT 1, CONTAINING 5.000 ACRES, MORE OR LESS, ACCORDING TO THE SURVEY PLAT ACCEPTED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT IN WASHINGTON, D.C. ON JANUARY 19, 1959.
 - B. **Settlement Parcel Number(s).** SM-2235.
 - C. **Site Characteristics/Primary Resource Values.** The parcel is inland, forested, and access is gained by accessing Flat Lake along a section line easement.
 - D. **Historical and Existing Uses of the Property.** This parcel is vacant.
 - E. **Adjacent Land Use Trends.** The immediate neighborhood is sparsely developed with residential/recreational uses ranging from small cabins to custom homes;

mostly seasonal. Flat Lake provides sport fishing and recreational water activities.

F. Previous State Plans/Classifications. Willow Sub-basin Area Plan, October 1982; Little Susitna Corridor, Primary Uses: Watershed/Fish & Wildlife/Recreation.

G. Existing Plans Affecting the Subject Parcel. Flat Lake lies within the Matanuska Susitna Borough and is subject to the Matanuska Susitna Borough ordinances.

H. Apparent Highest and Best Use. Disposal through negotiated sale.

IV. Proposal Background. The parcel was appraised in June 2017 for \$22,000. The applicants submitted an application to purchase the parcel on September 19th, 2017.

V. Terms and Conditions. The purchaser agrees to purchase the above described Property for the amount of \$28,600 (Purchase Price).

VI. Resource Management Considerations. The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted March 2016 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. Past experience has demonstrated that it is unlikely that this parcel will appreciate at a rate that would justify holding them for a later sale.

VII. Alternatives.

A. Do nothing or offer sometime in the future. This alternative would delay receipt from sales and could result in additional costs and risks to the Trust without significant increases in the value.

B. Alternate development. The lack of a constructed road to the parcel makes development of the subdivision or commercial development cost prohibitive.

C. Proceed as proposed. The proposed sale will alleviate the Trust from managing a non-performing asset.

VIII. Risk Management Considerations.

A. Performance Risks. In the parcel's present condition, it is not generating any revenue for the Trust. The parcel is considered a non-performing asset.

B. Environmental Risks. There are no known environmental risks associated with the proposed sale. There is no history of the Trust authorizing any land uses on the parcel.

C. Public Concerns. There are no known public concerns.

IX. Due Diligence.

A. Site Inspection. TLO staff have not conducted a site inspection, however, the appraiser was onsite for the appraisal of the property in June 2017, which revealed nothing of concern.

B. Valuation. The purchase price was determined by an appraisal completed by Rikrland Valuation Services, LLC on June 3, 2017. The appraisal determined the

estimated market value of the property to be \$22,000. Under 11 AAC 99.020, the TLO is mandated to sell land on a competitive basis. In order to sell land through a negotiated land sale process, TLO's Executive Director has determined that a premium would be charged for all negotiated sales. The premium for the Property will be 130% of the appraised value to compensate for not selling the land through a competitive process.

C. Terms and Conditions Review. TLO land sale contract documents were reviewed by the Attorney General's office. A separate independent review is not necessary.

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 negotiated sale is 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).

XI. Trust Authority Consultation. TLO consultation is defined in statute and regulation under AS 37.14.009(a)(2)(C) and 11 AAC 99.050 and clarified under 11 AAC 99.030(d) which requires the executive director to consult before issuing a public notice of a written decision of best interest.

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.

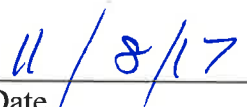
- XV. Available Documents.** Background documents and information cited herein is on file and available for review at the TLO, located at 2600 Cordova Street, Suite 100, Anchorage, Alaska 99503. Phone: (907) 269-8658. Email: mhtlo@alaska.gov.

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:



Wyn Menefee
Executive Director (Acting)
Alaska Mental Health Trust Land Office



Date

In accordance with 11 AAC 99.030(d) and the policies of the Alaska Mental Health Trust Authority, the Trust Land Office has consulted with me, and received concurrence to proceed with the above transaction.



Mike Abbott
Chief Executive Officer
Alaska Mental Health Trust Authority

11-8-17

Date