

**Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**Notice under 11 AAC 99.050 of**  
**Decision to Sell or Lease 450 Whittier Street**  
**TLO Project 2017-155**

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 sell or lease certain Trust land at market rate. 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 known as 450 Whittier Street in Juneau, Alaska, and is more particularly described as: Parcel H, Commencing at the most southerly corner of Lot 14, Block 68, as the same appears on the official plat of the Tidelands Addition to the City of Juneau, Alaska, a plat of subdivision of Alaska Tidelands Survey No. 3, filed in the office of the Recorder for the Juneau Recording District at Juneau, Alaska, as Plat No. 348, the True Point of Beginning; thence N 25deg 20min W 143.00 feet along the southwesterly boundary line of said Lot 14; thence N 64deg 40min E 102.50 feet; thence S 25deg 20min E 143.00 feet to a point on the southeasterly boundary line of said Lot 14; thence S 64deg 40min W 102.50 feet along said southeasterly boundary line to the point of beginning, containing an area of 14,657.5 square feet, more or less, situated in the State of Alaska, located within Section 41, Township 67S, Range 23E, Meridian Copper (MH Parcel(s) CRM-7009).

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, July 11, 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 [mhcto@alaska.gov](mailto:mhcto@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](http://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.

  
\_\_\_\_\_  
John Morrison  
Executive Director

6-6-17  
\_\_\_\_\_  
Date

# **The Alaska Mental Health Trust Authority Trust Land Office**

## **BEST INTEREST DECISION 450 WHITTIER STREET DISPOSAL**

TLO Project **2017-155**  
MH Parcel(s) **CRM-7009**

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.** This proposal is for the disposal of all or a portion of the subject property through a negotiated or competitive sale or lease at fair market value to a tenant or purchaser consistent with the TLO's Resource Management Strategy ("RMS") and all applicable regulations and laws.

**II. Applicant/File #.** TLO, Project File 2017-155

**III. Subject Property.**

**A. Legal Description.** Parcel H, Commencing at the most southerly corner of Lot 14, Block 68, as the same appears on the official plat of the Tidelands Addition to the City of Juneau, Alaska, a plat of subdivision of Alaska Tidelands Survey No. 3, filed in the office of the Recorder for the Juneau Recording District at Juneau, Alaska, as Plat No. 348, the True Point of Beginning; thence N 25deg 20min W 143.00 feet along the southwesterly boundary line of said Lot 14; thence N 64deg 40min E 102.50 feet; thence S 25deg 20min E 143.00 feet to a point on the southeasterly boundary line of said Lot14; thence S 64deg 40min W 102.50 feet along said southeasterly boundary line to the point of beginning, containing an area of 14,657.5 square feet, more or less, situated in the State of Alaska. The building is an approximately 23,004 square foot

office building constructed of steel exterior and structural components and a combination of steel and wood interior components.

**B. Settlement Parcel Number(s).** CRM-7009.

**C. Site Characteristics/Primary Resource Values.** The subject property has frontage on Whittier Street in downtown Juneau and could be utilized in its current state for office space or redeveloped for several alternative uses.

**D. Historical and Existing Uses of the Property.** The building has been utilized as office space with a small component of warehouse space for decades.

**E. Adjacent Land Use Trends.** To the East, a community & recreation center provides youth activities and other programs to area residents. North of the property are several additional office buildings including Department of Environmental Conservation. West of the property is the newly constructed Alaska State Library. South of the property is the Juneau Arts & Humanity Council. In the general vicinity around the property are many office, retail, multi-family/hotel and restaurant uses throughout the downtown area.

**F. Previous State Plans/Classifications.** None known.

**G. Existing Plans Affecting the Subject Parcel.** The subject property is zoned as MU2, a mixed-use zoning designation to accommodate a mix of appropriate commercial and residential uses.

**H. Apparent Highest and Best Use.** The apparent highest and best use is re-use of the existing improvements as office space, with the future potential for mixed-use redevelopment over time as the market demand increases or specific alternative uses are identified.

**IV. Proposal Background.** The TLO recently received jurisdiction and management of the building after decades of occupancy by various agencies under the Department of Public Safety and other State of Alaska agencies. It has seen much deferred maintenance and will require improvements to utilize the building in its current configuration as office space or significant capital to redevelop the property for alternative uses. The TLO has received specific inquiries as to the availability of the subject property both for sale or lease. Given the wide range of alternative uses for the property, which may or may not include the current building, the TLO anticipates disposal to be via negotiated sales or leases to be responsive to specific use requirements and commercial real estate transaction deadlines. However, the TLO may conduct competitive sale or lease activities if there is sufficient interest expressed from multiple parties. Competitive sales or leases may include sealed-bid or outcry auctions. This decision will allow the TLO to move forward with proposals in a commercially reasonable manner as they are presented.

**V. Terms and Conditions.** Final terms and conditions to be negotiated through execution of a commercial lease or purchase and sale agreement, as appropriate.

**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, which provides for negotiated land sales, land leases, and the general application of the real estate resource management strategy on land which is not currently being used for Trust programmatic purposes.

**VII. Alternatives.** The alternatives evaluated for this proposal are:

- A. Do Nothing** – this alternative would place the Trust and TLO at a strategic disadvantage to negotiate sales or leases as it would inappropriately extend transaction time in an industry for which aggressive timelines are the norm.

**VIII. Risk Management Considerations.**

- A. Performance Risks.** Leases of the subject property are subject to defaults by obligors and could result in loss of Trust funds invested in tenant improvements or other lease incentives. Sales will be upon either cash terms or land sale contract terms with little to no risk to Trust principal. Subdivision of the subject property resulting in retained interests by the Trust may result in risks to retained interest by deleterious adjacent uses, but these concerns may be mitigated by development restrictions such as restrictive covenants.
- B. Environmental Risks.** None known.
- C. Public Concerns.** None known. Potential occupancies are not expected to generate more traffic than prior occupancies and the public will benefit from the elimination of the attractive nuisance of vacant buildings.
- D. Other.** None known.

**IX. Due Diligence.**

- A. Site Inspection.** The site has been inspected on many occasions by numerous employees of the TLO. Additional inspection(s) as required to confirm suitability of the land for the offeror's intended use remains as the responsibility of the offeror, and the offeror's own due diligence.
- B. Valuation.** Sales price or rent will be based upon appraisals, broker's opinion of values, and review of comparable sales or leases in the market.
- C. Terms and Conditions Review.** Final terms and conditions remain to be established through the completion of a Purchase and Sale Agreement or negotiated lease to be developed and approved by the Executive Director. The TLO has authored and executed similar agreements in the past.

**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 or lease 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.** The Alaska Mental Health Trust Full Board of Directors was consulted on May 4, 2017 and the board of trustees concurred with the fair market lease and/or sale of all or part of the subject property 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 transactions are 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 may 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 based on 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](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 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](http://www.mhtrustland.org).

**XVI. APPROVED:**

  
\_\_\_\_\_  
John Morrison  
Executive Director  
Alaska Mental Health Trust Land Office

6-6-17  
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Date