

**The Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**BEST INTEREST DECISION**  
**Decision to Dispose of Trust Parcels through the Trust Statewide Land Sale Programs**

TLO Statewide Land Sale Programs FY2023 – 2025  
MH Parcel(s): 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 annually select and offer, through the TLO’s Statewide Land Sale Programs, Trust parcels from a pool of 88 parcels between fiscal years 2023 and 2025. If a parcel is not sold within this timeframe, it may be reoffered in future TLO Statewide Land Sale Programs.

Parcels identified for inclusion in the Statewide Land Sale Programs will be offered up in the following order of Land Sale Programs:

1. Annual Competitive Land Sale Program (Sealed Bid Auction Format).
2. Year-round Over-the-Counter Land Sale Program.
3. Negotiated Sale at, or above, the appraised value.

The Executive Director, in consultation with the Trust Authority, may elect to sell a parcel from this pool through a negotiated sale, so long as a written decision is completed describing that a non-competitive disposal is in the best interest of the Trust and its beneficiaries.

**II. Applicant/File #.** Trust Land Office/TLO Statewide Land Sale Programs FY2023 – 2025.

**III. Subject Property.**

- A. Legal Description.** The parcels to be offered are listed on Attachment A of this Best Interest Decision. Descriptions include the general location, Mental Health Parcel Number, Meridian/Township/Range/Section, survey type, survey number, lot, block, and acreage. It is important to note that certain parcels may be deleted from the list at the TLO’s sole discretion.
- B. Settlement Parcel Number(s).** Settlement parcel numbers are listed on Attachment A of this Best Interest Decision under the column identified as “MH Parcel Number”.
- C. Site Characteristics/Primary Resource Values.** Site characteristics are typical of residential and recreational properties with the primary resource value being rural residential or recreational 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, surveyed government lots, or are in the process of being subdivided through a Trust Land Survey.
- E. Adjacent Land Use Trends.** Adjacent lands are mostly vacant, rural residential use, private recreational use, with commercial use as well.
- F. Previous State Plans/Classifications.** The Alaska Department of Natural Resources (ADNR) Area Plans for each parcel were reviewed. In most cases, the classification placed on Trust land were in existence when the land was subdivided and managed by ADNR, and no longer apply to Trust land.
- G. Existing Plans Affecting the Subject Parcel.** Local government 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.** The TLO has assessed the highest and best use of these parcels as residential or recreational properties. If an alternative resource development proposal is identified for a specific parcel in the future, the TLO may re-evaluate the highest and best use and may elect an alternative use which would require separate decision.

**IV. Proposal Background.** The TLO has been selling parcels through the Statewide Land Sale program since 1998 on behalf of the Trust. In previous years, the TLO would select a limited number of parcels on an annual basis to offer during the next fiscal year sale. The TLO concluded that an inventory of parcels the TLO could select from over the next three years and beyond would better maximize revenues from the Statewide Land Sale programs.

By having a pool of parcels to select from that went through the TLO’s administrative process, the TLO can consolidate costs such as appraisals and parcel inspections over multiple land sale years, have more flexibility to public interest and market trends, and more effectively market the parcels.

**V. Terms and Conditions.** Parcels will be offered up in the following order of Land Sale Programs:

1. Annual Competitive Land Sale Program (Sealed Bid Auction Format).
2. Year-round Over-the-Counter Land Sale Program.
3. Negotiated Sale at, or above, the appraised value.

Some parcels that have unique attributes and characteristics will use a two-step auction process. This will be determined at the discretion of the TLO. In the event that more than one sealed bid is received for one of these unique parcels, an outcry auction will be held among the three highest qualified bidders.

Unless paid for fully in cash, the parcels will be sold via a land sale contract administered by the TLO. The principal terms and conditions include the following:

- A.** Minimum bids are 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 form. The TLO's financing term is a maximum of twenty (20) years based on the amount financed with a fixed interest rate based on the Wall Street Journal published prime rate plus 3%. Often, parcels with values below \$5,000 are immediately paid off.
- B.** Installment payments may be made monthly, quarterly, or annually.
- C.** Parcels will be sold "as is" / "where 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 the parcel is paid in full and recording of the quitclaim deed.
- E.** To protect the interest of the Trust, the TLO reserves the right to postpone or cancel any land offering. Individual parcels may be withdrawn from the sale process at any time prior to the TLO signing the final conveyance document.

**VI. Resource Management Considerations.** 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. Experience has demonstrated that it is unlikely that these parcels will appreciate at a rate that would justify holding them for a later sale. It is also not cost effective for the TLO to hold these parcels for a long period of time and incur the associated management costs and liabilities.

Also, by designating a pool of available parcels to select from and offer over the next three-year period and beyond, the TLO Lands Section will more effectively meet the Land Resource Management Strategy objectives to maintain a three-year inventory of lots through subdivision developments in support of the TLO Statewide Land Sale Programs during fiscal years 2023 – 2025.

## VII. Alternatives.

- A. Do nothing or offer sometime in the future. These alternatives would delay receipt of revenues from sales and income from interest payments and could result in additional costs and risks to the Trust without significant increases in value.
- B. Leasing the Parcels. Most residential lots are purchased, rather than leased. Management costs to the Trust will generally decrease on the properties through a sale.
- C. Alternate Development. Most of the parcels are in existing subdivisions or located in or near communities and encumbered by local zoning regulation that limit other resource development or have limited resource values besides real estate or no immediate feasible alternate development interests or proposals.

## 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.

## IX. Due Diligence.

- A. **Site Inspection.** TLO staff, contract appraiser, or contract surveyor will inspect the parcels prior to sale at the TLO's sole discretion.
- B. **Valuation.** Minimum parcel bids will be established via appraisals that meet the most current Uniform Standards of Professional Appraisal Practice (USPAP) or other appropriate valuation methods.
- C. **Terms and Conditions Review.** The Standard TLO land sale documents have been reviewed by the Department of Law.

## 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:

- i. 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.
- ii. 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.
- iii. AS 38.05.065(g), Appeal of director's decision to commissioner is in direct conflict with 11 AAC 99.060 and therefore does not apply to the transaction pursuant to 11 AAC 99.060(d).

C. Provisions of law applicable to other state land that are determined to apply to trust land by the executive director, on a case-by-case basis include:

- i. AS 38.05.035(i), persons eligible to file a request for reconsiderations.
- ii. 11 AAC 02.030 (a) and (e), filing request for reconsideration.
- iii. 11 AAC 02.040 timely filing.

**XI. Trust Authority Consultation.** The Alaska Mental Health Trust Authority Resource Management Committee was consulted on July 26, 2022. The Committee recommended that the proposed transaction be forwarded to the Alaska Mental Health Trust Authority Board of Trustees. The Board of Trustees was consulted on August 24, 2022, and the Board of Trustees concurred with the proposed use of Trust land as described in this Best Interest Decision.

**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). This request must be accompanied by the fee established by the Executive Director under 11 AAC 99.130, which has been set at \$500, to be eligible for reconsideration. 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 201, 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:**

DocuSigned by:  
*Jeffrey Green*  
825CF745D3A54C8...  
Jeffrey Green  
Acting Executive Director  
Alaska Mental Health Trust Land Office

10/10/2022  
Date

# Attachment A – Parcel List

General Location	MH Parcel Number	MTRS	Survey Type	Survey Number	Lot	Block	Acres
Big Lake	SM-2285	S017N004W30	USRS		19		21.77
Big Lake	SM-2266	S017N004W29, 30	USRS		SECTION 29: ALL EXCLUDING LOTS 1-8, ALASKA STATE LAND SURVEY NO. 83-198, ALASKA STATE LAND SURVEY NO. 84-03, AND ALASKA STATE LAND SURVEY NO. 90-31; SECTION 30: E1/2NE1/4		591.35
Big Lake	Portion of SM-2110	S017N004W20, 21, 23			ALL		1781.06
Big Lake	SM-2069	S017N004W16	TLS	2016-01	ALL		159.97
Big Lake	SM-2070	S017N004W16	TLS	2016-01	ALL		108.67
Big Lake	SM-2064	S017N004W16	TLS	2016-01	ALL		155.47
Big Lake	SM-2054	S017N004W15	TLS	2016-01	ALL		10.40
Big Lake	SM-1919-A	S017N004W01, 2, 10	TLS	2016-01	ALL		1691.00
Big Lake	SM-1942	S017N004W11	TLS	2016-01	ALL		3.67
Big Lake	SM-1941	S017N004W11	TLS	2016-01	ALL		4.57
Big Lake	SM-1963	S017N004W11	TLS	2016-01	ALL		10.00
Big Lake	SM-1940	S017N004W11	TLS	2016-01	ALL		5.00
Big Lake	SM-2071	S017N004W16	TLS	2016-01	ALL		14.69
Big Lake	SM-2068	S017N004W16	TLS	2016-01	ALL		159.98
Big Lake	SM-2061	S017N004W15	TLS	2016-01	ALL		23.21
Hollis	C70927	C073S084E35	ASLS	79-181	TRACT D PARCEL 2 AND TRACT H		12.93
Juneau	C1006	C040S066E32, 33	USS	3259	Lots 33 - 53		29.79
Kachemak Bay	Portion of SM-0422-D	S008S013W21	USRS		ALL UPLANDS, EXCLUDING U.S. SURVEY NOS. 3903, 3979, 3980, 3981 AND 4700, ENGINEERING PLAT FILE NO. 69-3, SOUTH KACHEMAK ALASKA SUBDIVISION, AND ALASKA STATE LAND SURVEY NO. 78-64		293.46
Ketchikan	CRM-2764	C074S089E13	USS	3157	123B		4.77
Ketchikan	CRM-2762	C074S089E13	USS	3157	96		7.63
Nikiski	SM-1327-01	S008N011W23	USRS		NW1/4SE1/4 EXCLUDING ALASKA STATE LAND SURVEY NO. 75-75		36.99
Nikiski	SM-1326	S008N011W23	USRS		5		41.23
Nikiski	S1002	S008N011W23	USRS		THE SW1/4 OF THE SE1/4, EXCEPTING THEREFROM THE WEST 450 FEET AS MEASURED PARALLEL TO THE WEST LINE OF SAID SW1/4 OF THE SE1/4		26.36
Palmer	SM-0063	S018N002E07	USRS		3		35.42
Palmer	SM-0064	S018N002E07	USRS		4		35.52
Palmer	SM-0065	S018N002E07	USRS		E1/2SW1/4, NE1/4SE1/4, W1/2SE1/4, N1/2SE1/4SE1/4		220.00
Petersburg	CRM-2284-02	C060S079E13, 14, 23, 24, 25	TLS	2021-02	ALL		670.65
Petersburg	CRM-2390	C060S079E25	USRS		40		5.00
Petersburg	CRM-2389	C060S079E25	USRS		39		4.85
Petersburg	CRM-2388	C060S079E25	USRS		38		3.70
Petersburg	CRM-2387	C060S079E25	USRS		37		4.46
Petersburg	CRM-2386	C060S079E25	USRS		36		4.78
Petersburg	CRM-2385	C060S079E25	USRS		35		5.66
Petersburg	CRM-2384	C060S079E25	USRS		34		5.24
Petersburg	CRM-2383	C060S079E25	USRS		33		4.92
Petersburg	CRM-2382	C060S079E25	USRS		32		4.84
Petersburg	CRM-2381	C060S079E25	USRS		31		4.45
Petersburg	CRM-2380	C060S079E25	USRS		30		2.50
Petersburg	CRM-2379	C060S079E25	USRS		29		4.99
Petersburg	CRM-2378	C060S079E25	USRS		28		4.79
Petersburg	CRM-2377	C060S079E25	USRS		27		2.24
Petersburg	CRM-2376	C060S079E25	USRS		26		3.59
Petersburg	CRM-2375	C060S079E25	USRS		25		4.26
Petersburg	CRM-2374	C060S079E25	USRS		24		2.57
Petersburg	CRM-2393	C060S079E25	USS	2609	C		3.14
Petersburg	CRM-2392	C060S079E25	USS	2609	B		4.43
Petersburg	CRM-2391	C060S079E25	USS	2609	A		4.96
Petersburg	CRM-2396	C060S079E25	USS	2609	29		4.99
Petersburg	CRM-2395	C060S079E25	USS	2609	28		4.87
Petersburg	CRM-2397	C060S079E25	USS	2609	30		4.99
Petersburg	CRM-2394	C060S079E25	USS	2609	D		4.45
Petersburg	CRM-2370	C060S079E25	USRS		20		3.80
Petersburg	CRM-2371	C060S079E25	USRS		21		3.14

## Attachment A – Parcel List (cont.)

General Location	MH Parcel Number	MTRS	Survey Type	Survey Number	Lot	Block	Acres
Petersburg	CRM-2399	C060S079E26	USRS		6		5.60
Petersburg	CRM-2398	C060S079E26	USRS		5		4.08
Petersburg	CRM-2340	C060S079E23	USRS		5		0.86
Petersburg	CRM-2343	C060S079E23	USRS		12		5.03
Petersburg	CRM-2344	C060S079E23	USRS		13		4.44
Petersburg	CRM-2277	C059S079E35	USRS		42		2.50
Salcha	FM-7009	F006S004E02, 11	USRS		SECTION 2: LOTS 10, 11 AND 12, LOTS 24 TO 27 INCLUSIVE, LOTS 35 TO 38 INCLUSIVE, LOTS 45, 46,47, 54 AND 55, LOTS 67, 68, 82, 83, 90, 91, 98, 99, 106, 107, 112 AND 113, LOTS 116 TO 118 INCLUSIVE, LOTS 121 TO 124 INCLUSIVE, LOTS 129 TO 132 INCLUSIVE, LOTS 137 TO 141 INCLUSIVE, LOTS 148 TO 154 INCLUSIVE, LOTS 160 TO 162 INCLUSIVE. SECTION 11: LOTS 4 AND 5, LOTS 9 TO 12 INCLUSIVE, LOTS 24 TO 40 INCLUSIVE, LOTS 44 TO 84 INCLUSIVE.		198.10
Skagway	C20456.002	C028S059E02	USS	5110	5		225.00
Skagway	C20454.001	C028S059E01	USS	5110	5		160.00
Skagway	C20446	C027S059E35	USS	5110	THAT PORTION OF LOT 5 OF U.S. SURVEY NO. 5110 WITHIN SW1/4NE1/4, SE1/4NW1/4, E1/2SW1/4, SE1/4 EXCLUDING U.S. SURVEY NO. 3307, ALASKA STATE LAND SURVEY NO. 74-157 AND NAHKU BAY		315.00
Skagway	C20447	C027S059E36	USS	5110	THAT PORTION OF LOT 5 OF U. S. SURVEY NO. 5110, ALASKA OFFICIALLY FILED ON MARCH 22, 1990 WITHIN SECTION 36 DESCRIBED AS FOLLOWS: NE1/4NE1/4SE1/4, S1/2NE1/4SE1/4, S1/2SE1/4, EXCLUDING USS 3312, USS 1254 AND USS 176; S1/2S1/2SW1/4; N1/2S1/2SW1/4 AND THE N1/2SW1/4 WEST OF THE CORPORATE BOUNDARY LINE OF THE CITY OF SKAGWAY RECORDED IN BOOK 2, PAGE 674 EXCLUDING USS 5106A; E1/2SE1/4NW1/4 AND THE W1/2SW1/4NE1/4 WEST OF THE CORPORATE BOUNDARY LINE OF THE CITY OF SKAGWAY RECORDED IN BOOK 2, PAGE 674, SKAGWAY RECORDING DISTRICT.		190.00
Skagway	C32026	C027S059E36	USS	5110	THAT PORTION OF THE SW1/4SW1/4NW1/4 WITHIN THE UNSUBDIVIDED REMAINDER OF LOT 8 OF U.S. SURVEY NO. 5110 EXCLUDING ANY PORTION OF U.S. SURVEY NO. 5106A.		10.00
Sterling	SM-0618	S005N008W29	USRS		5		19.02
Wasilla	S20550	S018N001W23	USRS		NE1/4		160.00
Wasilla	S20551	S018N001W23	USRS		N1/2NW1/4		80.00
Wasilla	S20549	S018N001W21	USRS		SW1/4NE1/4		40.00
Wasilla	S20553	S018N001W29	USRS		NE1/4NW1/4		40.00
Wasilla	S20554	S018N001W29	USRS		W1/2NW1/4		80.00
Wasilla	S20555	S018N001W29	USRS		SE1/4NW1/4		40.00
Wasilla	S20556	S018N001W30	USRS		NE1/4NE1/4		40.00
Wasilla	S20557	S018N001W30	USRS		E1/2NW1/4NE1/4		20.00
Wasilla	S20558	S018N001W30	USRS		W1/2NW1/4NE1/4		20.00
Wasilla	S20559	S018N001W30	USRS		SW1/4NE1/4		40.00
Wasilla	S20560	S018N001W30	USRS		SE1/4NE1/4		40.00
Wasilla	S20561	S018N001W30	USRS		LOTS 3 AND 4, E1/2SW1/4		152.29
Wasilla	S20563	S018N001W31	USRS		LOT 1, NE1/4NW1/4		76.35

## Attachment A – Parcel List (cont.)

General Location	MH Parcel Number	MTRS	Survey Type	Survey Number	Lot	Block	Acres
Wasilla	S20562	S018N001W31	USRS		NE1/4		160.00
Wasilla	S20564	S018N001W31	USRS		2		36.55
Wasilla	S34011	S018N001W31	USRS		SE1/4NW1/4		40.00
Wasilla	S20565	S018N001W31	USRS		LOTS 3 AND 4, E1/2SW1/4		153.66
Wasilla	S20566	S018N001W35	USRS		E1/2SE1/4		80.00
Wasilla	S20525	S017N002W10	USRS		SW1/4NE1/4		160.00
Willow	SM-2465	S020N004W34	USRS		NE1/4NW1/4SW1/4, E1/2SW1/4		90.00
Willow	SM-2466	S020N004W35	USRS		N1/2N1/2SW1/4		40.00
Willow	SM-2467	S020N004W35	USRS		S1/2N1/2SW1/4, S1/2SW1/4		120.00