

Alaska Mental Health Trust Authority
Trust Land Office
Notice under 11 AAC 99.050 of
Decision to Issue a Negotiated Land Sale – Point MacKenzie
MHT 9200808

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 negotiated land sale of certain Trust land to the Rodney Neal and Jacqueline Neal. 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 in the Point MacKenzie area, near Twin Island Lake, and is more particularly described as: Tract D-2-1, located within Section 16, Township 14 North, Range 4 West, Seward Meridian, containing approximately 33.62 acres (MH Parcel SM-1370)

Persons who wish to submit a qualified competing offer as described in Section XIII of the best interest decision, believe that the written 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 on or before **4:30 PM, October 23, 2023**. **Qualified competing offers and/or comments should be submitted to the TLO at 2600 Cordova Street, Suite 201, 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 <https://alaskamentalhealthtrust.org/trust-land-office/>. 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.

DocuSigned by:

Jusdi Warner

Jusdi Warner

Executive Director

9/18/2023

Date

Published Frontiersman: 09/22/2023

The Alaska Mental Health Trust Authority
Trust Land Office
BEST INTEREST DECISION
Negotiated Land Sale – Point MacKenzie

MHT: 9200808
MH Parcel(s): SM-1730

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. Negotiated Land Sale.

II. Applicant/File #. Rodney Neal and Jacqueline Neal / MHT 9200808.

III. Subject Property.

A. Legal Description. Section 16, Township 14 North, Range 4 West, Seward Meridian, Alaska and more particularly described: Tract D-2-1 containing 33.62 acres, more or less, according to the Alaska State Supplemental Cadastral Survey Plat filed in the Palmer Recording District on August 22, 1984, as Plat 84-176.

B. Settlement Parcel Number(s). SM-1730

C. Site Characteristics/Primary Resource Values. The subject parcel is located in the rural area of Point Mackenzie, Alaska near Twin Island Lakes. The subject parcel is best described as wetlands, sparsely wooded, irregular in shape, and a back-land parcel. There is a 60 foot, un-improved, dedication for Twin Island Drive that extends from Point MacKenzie Road to the northern boundary of the subject parcel. There is no direct developed access to the subject parcel, alternatively the parcel may be accessed by trails in the area.

- D. Historical and Existing Uses of the Property.** Trust parcel SM-1730 is undeveloped and there are no competing interests. No historical or existing uses are known.
- E. Adjacent Land Use Trends.** The lands to the east and south of the parcel are vacant raw land, described as wetlands owned and managed by the Trust. Lands to the north and west of the parcel are indistinguishable from the subject parcel and are owned by Cook Inlet Region, Inc. and the Matanuska Susitna Borough, respectively. The subject parcels' neighborhood consists of rural residential and seasonal recreation cabins.
- F. Previous State Plans/Classifications.** None.
- G. Existing Plans Affecting the Subject Parcel.** This area lies within the Matanuska-Susitna Borough but is not specifically zoned. The subject parcel is subject to MSB 17.01, *Acknowledgement of Existing Land Use Regulations*.
- H. Apparent Highest and Best Use.** A negotiated sale, above fair market value to the applicants, is the apparent highest and best use of the parcel. This sale would turn this parcel into a performing asset and generate revenue for the Alaska Mental Health Trust Authority (Trust) and its beneficiaries. The parcel is not economically developable in any other way due to the wetlands on a substantial majority of the parcel, the access limitations, and high construction costs.
- IV. Proposal Background.** The applicants, Rodney Neal and Jacqueline Neal, submitted an application to purchase the parcel as it was originally posted on the Over-the-Counter Land Sale Program website. After administrative review by the TLO, it was discovered that the parcel was erroneously posted on the Over-the-Counter Land Sale Program and in order for proper legal disposal would need to be sold through a best interest decision for negotiated land sale. The subject parcel is being sold through negotiated sale for \$29,450.00, a premium of 23% above the appraised fair market value of \$24,000.00.
- V. Terms and Conditions.** The parcel will be sold via a land sale contract at the time of closing. The terms and conditions include the following:
- A.** Parcel will be sold "as is" and "where is" with no guarantees as to the suitability for any intended use.
 - B.** Purchaser agrees to pay for all escrow, title, and other closing costs including title insurance if title insurance is desired by the Purchaser.
 - C.** Purchaser has been notified of and acknowledges potential unexploded military ordinance as explained by the United States Army Corps of Engineers Formerly Used Defense Sites Environmental Restoration Program notice dated March 31, 2023 regarding the parcels location within F10AK022509 – SUSITNA GUNNERY RNG FUDS PROPERTY.
- VI. Resource Management Considerations.** The proposal is consistent with the "Resource Management Strategy for Trust Land," 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 this parcel will appreciate at a rate that would justify holding it for a later sale. It is also not cost effective for the TLO to hold this

parcel and incur the associated management costs and liabilities related to being located within a United States Army Corps of Engineers Formerly Used Defense Site F10AK022509 – SUSITNA GUNNERY RNG FUDS PROPERTY.

VII. Alternatives.

- A. Do nothing or offer sometime in the future.** This alternative would delay receipt of revenues from sales, income from land sale contract interest, income from Trust principal interest, and could result in additional costs and risks to the Trust without significant increases in value.
- B. Leasing the parcel.** No interest has been expressed for leasing the property. Management costs to the Trust will generally decrease on the properties through a sale.
- C. Alternate Development.** Matanuska-Susitna Borough ordinances and zoning restrictions to plat, subdivide, and construct road and utility infrastructure, as well as wetland impacts and topography challenges, makes development of subdivision cost prohibitive. No interest has been expressed for material or subsurface development.

VIII. Risk Management Considerations.

- A. Performance Risks.** Performance risks will be mitigated through the TLO's Purchase and Sale Agreement, Land Sale Contract, and Quitclaim Deed. In present condition, the parcel is not generating any revenue for the Trust. The parcel is considered a non-performing asset.
- B. Environmental Risks.** The parcel is located within a United States Army Corps of Engineers Formerly Used Defense Site F10AK022509 – SUSITNA GUNNERY RNG FUDS PROPERTY. The purchaser has been notified, acknowledged potential environmental risks, and wishes to proceed with the purchase of the affected parcel.
- C. Public Concerns.** Subject to the comments resulting from the public notice, there are no known public concerns regarding the proposed action.

IX. Due Diligence.

- A. Site Inspection.** An appraiser hired by the TLO visited the parcel on August 15, 2022, and provided a detailed evaluation of parcel August 18, 2022.
- B. Valuation.** An appraisal of the subject parcel "as-is" and "where-is" was completed August 2022 by Black-Smith, Bethard & Carlson. The appraisal determined the fair market value of the parcel to be \$24,000.00.
- C. Terms and Conditions Review.** An agreement for the purchase and sale of the property was completed August 16, 2023. The agreement outlines the terms and conditions of the sale.

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 land 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.

A. Non-competitive Disposal Determination. 11 AAC 99.020 (d) allows for the disposal of Trust land through a competitive basis, unless the Executive Director in consultation with the Trust Authority, determines in a written decision required by 11 AAC 99.040 that a non-competitive disposal is in the best interest of the Trust and its beneficiaries. This property is being sold at a premium of 23% above the appraised value to compensate for not selling the land through a competitive process. This 23% premium offer exceeds the historical average of competitive sales in the immediate area. Given the 23% premium price offered, high percentage of wetlands devaluing the parcel, location in an active United States Army Formerly Used Defense Site that may contain unexploded ordinance, and historical sales comparisons, a non-competitive disposal is in the best interests of the Trust and its beneficiaries. If another party submits a qualified offer as explained in Section XIII, the Executive Director may consider a competitive sale under the authority of this decision.

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. Other persons who may be interested in purchasing the Property must submit their proposals during the 30-day public notice period. Instructions to apply can be found online at <https://alaskamentalthtrust.org/trust-land-office/land-sales/land-use-application/>. To be considered a qualified competing interest, applications must include the application fee, a formal Letter of Intent to include an offer price that exceeds the current offer of \$29,450.00 for the parcel and a deposit of 10% of the offered price in certified funds. In the event that there is competing interest, all qualified interested parties will be notified by phone, fax, or e-mail how they may participate in the alternative sale process. 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 may 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.

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: <https://alaskamentalthtrust.org/trust-land-office/>.

XVI. APPROVED:



Jusdi Warner
Executive Director
Alaska Mental Health Trust Land Office

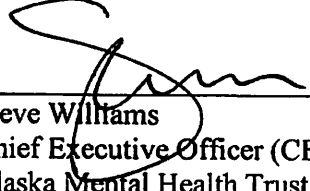
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9/14/23

Date

XVII. CONSULTATION CONCURRENCE:

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.



Steve Williams
Chief Executive Officer (CEO)
Alaska Mental Health Trust Authority

Date

9/14/23

Date