

**The Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**BEST INTEREST DECISION**  
**Negotiated Land Sale – Delta Junction – 0.669 acres**

MHT: 9400749  
MH Parcel: F20626

In accordance with AS 38.05.80 exhibit 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 #.** Our Lady of Sorrows Church / MHT 9400749

**III. Subject Property.**

**A. Legal Description.** Located within Section 14, Township 10 South, Range 10 East, Fairbanks Meridian, Alaska and more particularly described as: Lots 14 and 15 in Block 12 of the North Addition of Engineering Plat File 23-21, North and West Additions to Delta Junction Townsite, containing 0.669 acres, more or less, according to the survey plat filed in the Fairbanks Recording District on November 13, 1963, as Serial No. 63-7859.

**B. Settlement Parcel Number(s).** F20626

**C. Site Characteristics/Primary Resource Values.** The subject parcel is located within the town of Delta Junction and is a level, undeveloped, and mostly wooded residential parcel with direct road access from N. Clearwater Ave, Deborah Street, and Chena Street.

**D. Historical and Existing Uses of the Property.** The applicant had previously been under a 55-year Ground Lease Agreement which expired July 16, 2019. MH Parcel F20626 had been used for functions hosted by the church. The subject

parcel provided additional space for parking along the roads on three of its boundaries.

- E. Adjacent Land Use Trends.** MH Parcel F20626 is a double corner lot and adjacent to residential use lands, this includes a church on the northwest boundary of the parcel.
- F. Previous State Plans/Classifications.** None.
- G. Existing Plans Affecting the Subject Parcel.** The subject parcel is zoned for and restricted to one to two family dwellings and falls within "Flood Zone A".
- H. Apparent Highest and Best Use.** In consideration of the site characteristics and adjacent lands, the highest and best use is a land sale for residential use. A negotiated land sale with a 30% premium maximizes the return to the Trust and its beneficiaries, therefore is the highest and best use of the parcel.

**IV. Proposal Background.** The applicant, Our Lady of Sorrows Church, requested to purchase the parcel through negotiated sale and agreed to pay a premium of 30% above the appraised fair market value.

**V. Terms and Conditions.** On July 18, 2023, the TLO and the applicant entered into a purchase and sale agreement outlining the process for purchasing the property through a negotiated sale at a price of \$18,000.00. A 100% down payment has been received. The purchase price is paid in full, and a Quit Claim Deed will be executed once the decision process has been completed.

**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. Past experience has demonstrated that this parcel will not appreciate at a rate that would justify holding it for a later sale. It is not cost effective for the TLO to hold the parcel and incur the associated management costs and potential future liabilities.

**VII. Alternatives.**

- A. Do nothing or offer sometime in the future.** This alternative would delay receipt of revenues from sale, income from Trust principal interest, and could result in additional costs and risks to the Trust without significant increase in value.
- B. Leasing the parcel.** No interest has been expressed in leasing the property. Management costs to the Trust will generally decrease on the property through a sale.
- C. Alternate development.** Although there is direct road access on the northern, eastern, and southern boundaries, the cost to develop or subdivide the parcel would not be in the best interest of the Trust due to cost and the lower value of the parcel. The high construction costs and adjacent low property values suggest the return on development investment would not compete with the proposed negotiated sale.

### **VIII. Risk Management Considerations.**

- A. Performance Risks.** Performance risks are mitigated through the TLO Purchase and Sale Agreement, Land Sale Contract, and Quitclaim Deed. In present conditions, the parcel is not generating revenue for the Trust and is therefore considered a non-performing asset.
- B. Environmental Risks.** There are no known environmental risks associated with the proposed sale.
- 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.** A site inspection was conducted April 24, 2023, to confirm that the subject parcel had not been developed. The parcel is heavily wooded and undisturbed.
- B. Valuation.** An appraisal of the subject parcel “as is” and “where is” was completed on August 23, 2022, by Black-Smith, Bethard & Carlson, LLC. The appraisal determined the highest and best use of the property to be for residential use. The appraised fair market value of the property was determined by the sales comparison method. Several nearby recent sales were analyzed to determine \$13,800 as the market value of the subject property. To compensate for not selling the land competitively the TLO required a premium of 30%, or \$4,200.00 above the appraised fair market value, for a final negotiated sale price of \$18,000.00.
- C. Terms and Conditions Review.** On July 18, 2023, a purchase and sale agreement for the property was executed. The agreement outlines the terms and conditions of the sale. 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 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).

**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.** 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 parcel is being sold at a 30% premium above the appraised fair market value to compensate for not disposing of the land through a competitive sales process. This 30% premium offer exceeds the historical average of competitive sales in the immediate area. Given the 30% premium on the sales price, the costs to further develop the parcel, and the net-present value of money, a non-competitive disposal at a 30% premium 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://alaskamentalhealthtrust.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 \$18,000.00 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.)

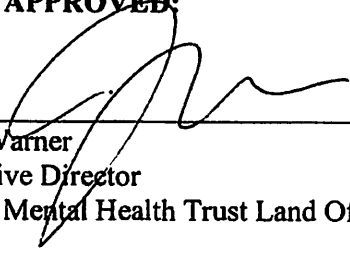
- XIV. Reconsideration.** To be eligible to file for reconsideration of this Best Interest Decision, or to file a subsequent appeal to the Superior Court, a person must submit written comments during the notice period.

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](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: <https://alaskamentalthrust.org/trust-land-office/>.

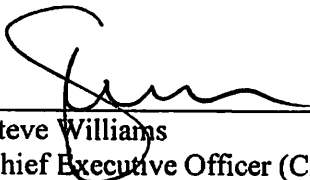
**XVI. APPROVED:**

  
\_\_\_\_\_  
Jusdi Warner  
Executive Director  
Alaska Mental Health Trust Land Office

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

9/14/23  
\_\_\_\_\_  
Date

**Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**Notice under 11 AAC 99.050 of**  
**Decision to Issue Negotiated Land Sale – Delta Junction**  
**MHT 9400749**

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 negotiated land sale of certain Trust land to Lady of Sorrows, a nonprofit church. 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 Delta Junction and is more particularly described as: Lots 14 and 15 in Block 12 of the North Addition of Engineering Plat File 23-21, North and West Additions to Delta Junction Townsite, located within Section 14, Township 10 South, Range 10 East, Fairbanks Meridian, containing approximately 0.669 acres (MH Parcel F20626).

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](mailto: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 Delta Wind: 09/21/2023