

**Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**Notice under 11 AAC 99.050 of**  
**Decision to Issue Negotiated Land Sale – Butte**  
**MHT 9200885**

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 Knik River Ranch, LLC. 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 near Butte, AK, and is more particularly described as: T. 016 N., R. 002 E., SEWARD MERIDIAN, ALASKA SECTION 4: LOT 1; CONTAINING 150.00 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 FEBRUARY 28, 1979 (MH Parcel: SM-0005).

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, August 12, 2024. 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

7/3/2024

Date

Published Matsu Valley Frontiersman: 7/12/2024

**The Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**BEST INTEREST DECISION**  
**Negotiated Land Sale – Butte**

MHT: **9200885**  
MH Parcel: **SM-0005**

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.** Disposal of Trust Parcels through a negotiated land sale near Butte, Alaska (See Exhibit A – Map) at a price of \$775,000.

**II. Applicant/File #.** Knik River Ranch, LLC / MHT 9200885.

**III. Subject Property.**

**A. Legal Description.** T. 016 N., R. 002 E., SEWARD MERIDIAN, ALASKA SECTION 4: LOT 1; CONTAINING 150.00 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 FEBRUARY 28, 1979.

**B. Settlement Parcel Number(s).** SM-0005.

**C. Site Characteristics/Primary Resource Values.** The parcel is 150-acre. It is undeveloped, irregularly shaped, and located on the north side of the Knik River, a state-owned navigable waterway. When surveyed in 1979, the 150-acre parcel was waterfront property. Since that 1979 survey, approximately 150 acres of uplands have potentially accreted between the 1979 survey parcel boundary and the Knik River. According to the National Wetlands Inventory, much of the parcel is designated as freshwater forested/shrub wetlands with pockets of riverine & freshwater emergent

wetlands and 100% of the parcel is within the 100-year flood zone. The parcel is densely to lightly forested with vegetation typical of the area.

- D. Historical and Existing Uses of the Property.** There has been no authorized historic use of the parcel since the Trust assumed ownership and there are no existing uses. The Department of Natural Resources issued a Quitclaim Deed for this parcel to the Trust in 1996.
- E. Adjacent Land Use Trends.** The overall parcel is surrounded by vacant raw land, much of which is classified as wetlands, owned by the State of Alaska, Matanuska-Susitna Borough, and private landowners.
- F. Previous State Plans/Classifications.** None.
- G. Existing Plans Affecting the Subject Parcel.** This area lies within the MSB but is not specifically zoned. MSB 17.01 *Acknowledgement of Existing Land Use Regulations* may apply to this area.
- H. Apparent Highest and Best Use.** Disposal through negotiated sale above fair market value.

**IV. Proposal Background.** The applicant, Knik River Ranch, LLC, requested to purchase the parcel for the purpose of expanding regenerative farming operations, agricultural production, horse training, and equine commercial recreation along Republic Way through negotiated sale and agreed to the hypothetical condition addressed in section IX, B and thus to pay a premium of 40% above the appraised fair market value.

**V. Terms and Conditions.** The parcel will be sold via a land sale contract or quitclaim deed 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.** Seller makes no representations or warranties, express or implied, as to title to, access to, or quiet enjoyment of any of the land highlighted in blue in Exhibit A, thus land between the boundary of the parcel and the Knik River. Seller has made and makes no representations that the sale of this 150-acre parcel entitles the purchaser to any potential accreted land. Seller makes no representations or warranties as to the outcome of any platting or legal action – including a Quiet Title Action -- to legally own lands between the boundary of the parcel and the Knik River. The Seller makes no representations that the sale of this parcel conveys any title to the potential accreted lands shown in Exhibit A.

**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.

**VII. Alternatives.**

- A. Do nothing or offer sometime in the future.** This alternative would delay receipt of revenues from sales, potential 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.** 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 in material or subsurface development. 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.

### **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.
- B. Environmental Risks.** There are no known environmental risks associated with the proposed sale.
- C. Public Concerns.** Concern has been expressed regarding the impact of possible future uses on any potentially anadromous streams on the parcel. The TLO is not a regulatory agency and does not control uses or development that may impact anadromous streams, wetlands, or other regulated matters. Any future development on the parcel, regardless of the owner, may need to consult with the Alaska Department of Fish & Game (ADFG) Habitat Section to determine whether a stream is anadromous and acquire a fish habitat permit if required by state statute/regulation. Subject to comments resulting from the public notice, there are no other known public concerns.

### **IX. Due Diligence.**

- A. Site Inspection.** A site inspection and detailed examination was done by the appraiser of all available data pertaining to the parcel when the valuation was completed in March of 2024.
- B. Valuation.** An appraisal was completed in March of 2024 by Black-Smith, Bethard & Carlson, LLC. and determined the fair market value to be \$550,000. The appraisal determined the fair market value of an approximately 300-acre parcel to be \$550,000. The appraisal was completed *under the hypothetical condition* that the 150-acre parcel and the approximate 150-acres of potential accreted lands would collectively result in title to a 300-acre parcel; that in selling this parcel, the Trust is foregoing the opportunity to obtain any of the potentially accreted lands. The purchaser, not the Seller, will be responsible for commencing a Quiet Title Action against the state to obtain legal title to any potential accreted lands. The property will be sold at a premium of 40% above the appraised value of the parcel because the sale is not going through the competitive sale process.
- C. Terms and Conditions Review.** An agreement for the purchase and sale of the property was executed on April 5, 2024. The standard TLO land sale contract 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.** The Resource Management Committee was consulted on April 25, 2024, and the Resource Management Committee adopted the motion stating, *“The Resource Management Committee concurs with the Executive Director of the Trust Land Office’s (TLO) decision to dispose of Trust parcel SM-0005 through a negotiated sale or subsequent disposal.”*

**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 40% above the appraised value to compensate for not selling the land through a competitive process. Given the 40% premium price offered on a hypothetically appraised assembled parcel, high percentage of wetlands devaluing the parcel, 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://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 \$775,000, 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 will then, in her or his 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:  
**Jusdi Warner**  
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Jusdi Warner  
Executive Director  
Alaska Mental Health Trust Land Office

7/9/2024  
\_\_\_\_\_  
Date

Exhibit A – Map  
MHT 9200885



**MHT 9200885**  
**Parcel: SM-0005**

- Mental Health Parcels (Land & Fee)
- PLSS Township
- PLSS Section
- Roads
- Potential Accreted Lands

