

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

MHT: 9101396
MH Parcel: CRM-2060-02, a portion

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 a Trust Parcel through a negotiated land sale near Petersburg, Alaska (See Exhibit A – Map) at a price of \$307,000.00.

II. Applicant/File #. Reid Brothers Logging & Construction, Inc. / MHT 9101396.

III. Subject Property.

A. Legal Description. Township 58 South, Range 79 East, Copper River Meridian, Alaska. Section 35: N1/2SW1/4SW1/4SW1/4, N1/2SE1/4SW1/4SW1/4, SE1/4SE1/4SW1/4SW1/4, W1/2W1/2SE1/4SW1/4, excluding Tract A of Alaska State Land Survey No. 80-100, filed in the Petersburg Recording District on January 11, 1983 as Plat 83-1 and further excluding Alaska Mental Health Trust Authority Quitclaim Deed No. 97-001 (ADL 105834) recorded on August 5, 2024 as Document Number 2024-000464-0 in the Petersburg Recording District.

Containing 17 acres, more or less, according to the survey plat accepted by the United States Department of the Interior, General Land Office in Washington, D.C. on October 28, 1929, and the supplemental survey plat accepted by the United States Department of the Interior, Bureau of Land Management in Washington, D.C. on October 12, 1959.

B. Settlement Parcel Number(s). CRM-2060-02, a portion of

- C. Site Characteristics/Primary Resource Values.** The parcel is 17 acres, more or less, and located south of the Petersburg Airport. The subject portion of the parcel consists primarily of a quarry floor and treed wetlands. The parcel is mostly undeveloped and is irregularly shaped.
- D. Historical and Existing Uses of the Property.** The Trust received title to the entirety of the parcel via quitclaim deed from the State of Alaska on September 20, 1996. Since the conveyance of the parcel, CRM-2060-02, a portion of the parcel has had multiple material sale contracts, serialized as MHT 9100801, MHT 9100056, MHT 9100232, MHT 9100511, and MHT 9100626. The applicant is currently under a material sale contract serialized as MHT 9100908. The term of the material sale contract will be fulfilled in December of 2024 and all extractable material on site will be exhausted.
- E. Adjacent Land Use Trends.** The portion of the parcel to be disposed of is surrounded by mostly undeveloped raw land and owned by the State of Alaska, Petersburg Borough, and private landowners.
- F. Previous State Plans/Classifications.** None.
- G. Existing Plans Affecting the Subject Parcel.** The Petersburg Borough has zoned the parcel: Undeveloped Land Pending Future Classification. Presently, there are no zoning restrictions applied to the parcel.
- H. Apparent Highest and Best Use.** Disposal through negotiated sale above fair market value.

IV. Proposal Background. On April 8, 2024, the applicant applied to purchase the subject property via negotiated land sale. The applicant owns the adjacent property located on the subject property's southwest boundary and intends to use the subject property for access to the already owned parcel and storage of construction equipment.

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.** On October 2, 2024, 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 \$307,000.00. A 10% down payment of the purchase price has been received. When the purchase price is paid in full, a Quit Claim Deed will be executed.
- B.** Parcel will be sold "as is" and "where is" with no guarantees as to the suitability for any intended use.
- C.** Purchaser agrees to pay for all escrow, title, and other closing costs including title insurance if title insurance is desired by the Purchaser.
- D.** Purchaser agrees to reimburse the TLO for the cost of the appraisal totaling \$6,000.00.

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. This parcel has been heavily impacted by the material extraction from the rock quarry on site and 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 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.** The subject portion of the parcel has had multiple authorizations since conveyance to the Trust in 1996. The applicant is actively extracting the remaining materials on site through a Trust Land Office material sale contract. The available material to be extracted will be exhausted by the end of the authorization term. 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.** 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 September of 2024.
- B. Valuation.** An appraisal was completed in September of 2024 by Ramsey Appraisal Resource and determined the fair market value to be \$215,000.00. The appraisal determined the highest and best use of the property to be for rock resource and continued use of the rock quarry floor. The appraised fair market value of the property was determined by the sales comparison method. To compensate for not selling the land competitively the TLO required a premium of 40%, or \$86,000.00 above the appraised fair market value, in addition to the \$6,000 appraisal fee, for a final negotiated sale price of \$307,000.00.
- C. Terms and Conditions Review.** An agreement for the purchase and sale of the property was executed on October 8, 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 Alaska Mental Health Trust Resource Management Committee was consulted on October 16, 2024. The Committee recommended that the proposed transaction be forwarded to the Alaska Mental Health Trust board of trustees. On November 13, 2024, the board of trustees adopted the motion stating: *“The Alaska Mental Health Trust Authority board of trustees concur with the Executive Director of the Trust Land Office’s (TLO) decision to dispose of a portion of Trust parcel CRM-2060-02, approximately 17 acres, 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, 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 purchase with an offer price that exceeds the current offer of \$307,000.00, 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.

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

XVI. APPROVED:

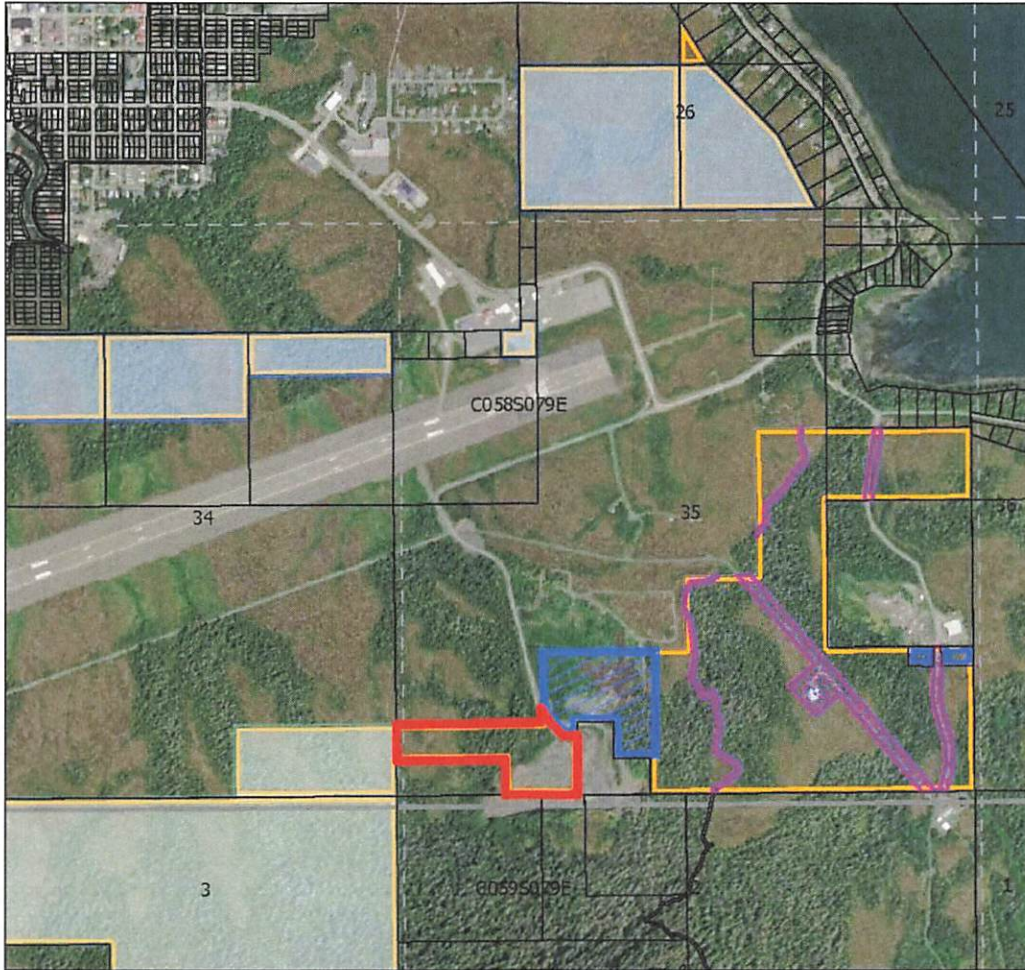
Signed by:
Jusdi Warner

Jusdi Warner
Executive Director
Alaska Mental Health Trust Land Office

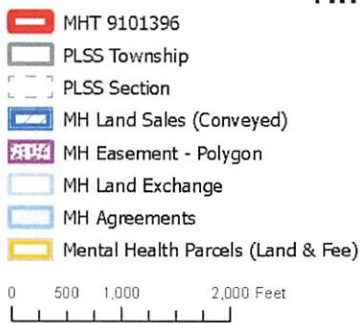
11/25/2024

Date

**Exhibit A – Map
MHT 9101396**



MHT 9101396



Alaska Mental Health Trust Authority
Trust Land Office
Notice under 11 AAC 99.050 of
Decision to Issue Negotiated Sale – Petersburg
MHT 9101396

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 land sale of certain Trust land to the Reid Brothers Logging and Construction, Inc. 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 Petersburg, Alaska, and is more particularly described as: T. 058 S., R. 079 E., Copper River Meridian, Alaska. Section 35: N1/2SW1/4SW1/4SW1/4, N1/2SE1/4SW1/4SW1/4, SE1/4SE1/4SW1/4SW1/4, W1/2W1/2SE1/4SW1/4, excluding Tract A of Alaska State Land Survey No. 80-100, filed in the Petersburg Recording District on January 11, 1983 as Plat 83-1 and further excluding Alaska Mental Health Trust Authority Quitclaim Deed No. 97-001 (ADL 105834) recorded on August 5, 2024 as Document Number 2024-000464-0 in the Petersburg Recording District. Containing 17 acres, more or less, according to the survey plat accepted by the United States Department of the Interior, General Land Office in Washington, D.C. on October 28, 1929, and the supplemental survey plat accepted by the United States Department of the Interior, Bureau of Land Management in Washington, D.C. on October 12, 1959 (MH Parcel CRM-2060-02, a portion of).

Persons who 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, December 30, 2024. 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.

Signed by:

Jusdi Warner

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Executive Director

11/25/2024

Date

Published Petersburg Pilot: 11/28/2024