

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

TLO Statewide Land Sale Programs FY2026 – 2031
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 28 parcels between fiscal years 2026 and 2031. 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 FY2026 – 2031.

III. Subject Property.

- A. Legal Description.** The parcels to be offered are listed in 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 evaluated for or currently in the subdivision process through a Trust Land Survey.
- E. Adjacent Land Use Trends.** Adjacent lands are mostly vacant, rural residential use, private recreational use, with minor commercial use occasionally nearby 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 classifications 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 five-year period and beyond, the TLO Lands Section will more effectively meet the Land Resource Management Strategy objectives to maintain a five-year inventory of lots

through subdivision developments in support of the TLO Statewide Land Sale Programs during fiscal years 2026 – 2031.

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 regulations 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 April 23, 2025. The Committee recommended that the proposed transaction be forwarded to the Alaska Mental Health Trust Authority Board of Trustees. On May 21, 2025, the Board of Trustees adopted the motion stating: *"The Alaska Mental Health Trust Authority Board of Trustees concur with creating a pool of approximately 28 subdivision lots and small to large tract parcels to be subdivided that may be disposed of through the TLO's Statewide Land Sale Programs."*

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.

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
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Jusdi Warner
Executive Director
Alaska Mental Health Trust Land Office

5/29/2025

Date

Attachment A – Parcel List

| General Location | Community/Subdivision (S/D) | MH Parcel Number | MTRS | Survey | Lot | Block | Acres |
|------------------|-----------------------------|------------------|----------------------|-------------|---------|-------|---------|
| Gustavus | Gustavus | CRM-0925 | C040S058E01 | ASLS 79-180 | Tract B | | 133.014 |
| Gustavus | Gustavus | CRM-0926 | C040S058E01 | ASLS 79-180 | Tract C | | 158.819 |
| Gustavus | Gustavus | CRM-1028 | C040S059E06 | ASLS 79-153 | 2B | | 28.870 |
| Gustavus | Gustavus | CRM-1030 | C040S059E06 | ASLS 79-153 | 3B | | 20.000 |
| Gustavus | Gustavus | CRM-1032 | C040S059E06 | ASLS 79-153 | 4B | | 19.570 |
| Hollis | Clark Bay Terminal S/D | C70925 | C073S084E34,35 | ASLS 79-181 | Tract C | | 13.050 |
| Hollis | Clark Bay Terminal S/D | C32009 | C073S084E34 | ASLS 79-181 | Tract C | | 7.052 |
| Kasilof | Kasilof | SM-0484 | S003N012W33 | EPF 58-39 | 2A | | 27.089 |
| Ketchikan | Coast Guard Beach | CRM-2680 | C074S089E11,12,13,14 | USS 3762 | | | 70.750 |
| Ketchikan | D Loop | CRM-2945 | C074S090E29 | ASLS 81-39 | Tract D | | 1.390 |
| Ketchikan | D Loop | CRM-2958 | C074S090E29 | ASLS 81-39 | 6A | 1 | 1.867 |
| Ketchikan | D Loop | CRM-2971 | C074S090E29 | ASLS 81-39 | 7A | 1 | 1.889 |
| Ketchikan | D Loop | CRM-2954 | C074S090E29 | ASLS 81-39 | 2 | 1 | 0.582 |
| Ketchikan | D Loop | CRM-2956 | C074S090E29 | ASLS 81-39 | 3B | 1 | 0.007 |
| Ketchikan | D Loop | CRM-2953 | C074S090E29 | ASLS 81-39 | 1 | 1 | 1.058 |

Attachment A – Parcel List (cont.)

| General Location | Community/Subdivision (S/D) | MH Parcel Number | MTRS | Survey | Lot | Block | Acres |
|------------------|-----------------------------|------------------|------------------------------------|-------------|--|-------|----------|
| Ketchikan | D Loop | CRM-2968 | C074S090E29 | ASLS 81-39 | 2A | 2 | 2.671 |
| Ketchikan | D Loop | CRM-2966 | C074S090E29 | ASLS 81-39 | 22 | 1 | 1.127 |
| Ketchikan | Whipple Creek | CRM-2941 | C074S090E19 | USS 3768 | 2 | | 9.680 |
| Ketchikan | Gravina Island | CRM-3129-08 | C076S090E1,12; C076S091E6,7,8 | ASLS 84-54 | 2E | | 290.800 |
| Meyers Chuck | Meyers Chuck S/D | CRM-2555 | C071S086E05 | ASLS 85-93 | 43K | | 12.820 |
| Meyers Chuck | Meyers Chuck S/D | CRM-2556* | C071S086E4,5,8,9 | TLS 2018-08 | Tract B | | 64.138 |
| Nikiski | Charlie's Way | SM-1420 | S008N011W32 | USRS | SW1/4NW1/4, NW1/4SW1/4 | | 80.000 |
| Nikiski | Nikiski | SM-1146-01 | S007N011W19,30 | USRS | Section 19: S1/2NE1/4, E1/2SW1/4, SE1/4; Section 20: S1/2NW1/4; Section 30: N1/2NE1/4, NE1/4NW1/4 | | 520.000 |
| Nikiski | Nikiski | SM-1146-04 | S007N011W20 | USRS | Section 20: SE1/4SW1/4, E1/2SE1/4, E1/2NW1/4SE1/4, SW1/4SE1/4 | | 180.000 |
| North Naukati | North Naukati | CRM-7063* | C068S078E1,12; C068S079E5,6,7,8 | USRS | Section 1: Lot 1; Section 12: Lots 1, 2, 3; Section 5: Lots 1 to 4, inclusive; Section 6: Lot 1; Section 7: Lot 1; Section 8: Lots 1 to 7, inclusive | | 1267.230 |

Alaska Mental Health Trust Authority
Trust Land Office
Notice under 11 AAC 99.050 of
Decision to Dispose of Trust Parcels in Statewide Land Sale Programs – Statewide
FY 2026 – 2031

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 select and offer a number of Trust parcels annually from a pool of approximately 28 parcels until sold, but primarily between the fiscal years 2026 and 2031 through the TLO's Statewide Land Sale Programs. 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 adjacent or near to the following communities: Gustavus, Hollis, Kasilof, Ketchikan, Meyers Chuck, Nikiski, and North Naukati. Further descriptions of the parcels may be found in the written best interest decision.

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, July 21, 2025. 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.

/s/
Executive Director

Date June 9, 2025
Kenai Peninsula Clarion: 06/20/2025
Multiple Publications: 06/18/2025