

**MEMORANDUM**  
DEPARTMENT OF NATURAL RESOURCES

**State of Alaska**  
DIVISION OF AGRICULTURE  
1800 Glenn Highway, Suite 12  
Palmer, Alaska 99645-6736

**TO:** Board of Agriculture and Conservation      **DATE:** August 16, 2010  
**THRU:** Franci Havemeister, Director  
**FROM:** Ray Nix, Asset Manager      **TELEPHONE NO.:** 761-3870  
**SUBJECT:** ARLF Disposal  
7411 Kenai Spur Highway

Background

Ownership of this property was discovered shortly after I began employment (2000) with the Division of Agriculture. Since then, several other properties in the area have been successfully disposed of. This property however has been offered several times through sealed bid sales and real estate listings without any success. The last time this property was offered with a purchase amount of \$19,500. Disposal of the property has not been a priority due to the extremely low management costs and previous unsuccessful attempts to dispose of this property. I discussed some possible future disposal efforts with a Kenai area realtor and an updated inspection was scheduled. The parcel is +- 7 acres and borders the Kenai Spur Highway at Mile 7. A recently constructed bike trail exists between the footprint of the highway and the property. The property is very long and narrow with substantial moose browse.

I've had several discussions with a Kenai Peninsula realtor regarding a possible listing of this property. The realtor mentioned that properties of this type are subject to being listed for long periods of time and that the last listed price was significantly higher than he would expect to receive for the property. He also indicated that the buyer pool for properties of this type is virtually non-existent given the actual usable area and layout.

On July 16 I traveled to Kenai to conduct an asset inspection of the property. Corner markers were evident. I've discussed disposal of this property on many occasions with the Director and the Board. Although management costs are minimal, it might prove beneficial to simply have this parcel available for purchase through an Over-the-Counter (OTC) offering. Costs of such an offering are minimal compared to conducting a sealed bid sale, out-cry auction or other method and allows persons to purchase the property anytime during the offering for a set price.

Regulations require that the disposal of real property must be noticed to the public under 11 AAC 39.720, and disclose specific material terms and conditions of the disposal. Before disposal, the board will establish the terms and conditions for the disposal of property of the fund, including whether financing by installment contract will be available, minimum down payment, interest rate, minimum acceptable bid, and bid deposit. An open-ended timeline would be recommended.

**RECOMMEND** the BAC authorize the Director or designee to dispose of the ARLF real property located at 7411 Kenai Spur Highway, Alaska, by an Over-the-Counter Offering with a purchase price of \$14,000.

Subject to: ARLF Contract Financing subject to BAC approval (No guarantee of ARLF Contract Financing)  
 Minimum of \$1,400 Bid Deposit (Only refundable should the BAC not approve Contract Financing)  
 Minimum of 10% down payment  
 Terms not to exceed 15 years  
 Seven Percent Interest Rate

BAC CHAIRPERSON \_\_\_\_\_

Date \_\_\_\_\_

**GENERAL DESCRIPTION**  
 This is a leasehold interest in the land and improvements thereon, as shown on the site plan attached hereto, and is subject to the provisions of the lease agreement attached hereto as **EXHIBIT**. The land is situated in the Municipality of Anchorage, Alaska, and is bounded by the following:

**CERTIFICATE OF INTEREST AND NEGOTIATION**  
 The State of Alaska has an interest in the land and improvements thereon, as shown on the site plan attached hereto, and is subject to the provisions of the lease agreement attached hereto as **EXHIBIT**. The State of Alaska has an interest in the land and improvements thereon, as shown on the site plan attached hereto, and is subject to the provisions of the lease agreement attached hereto as **EXHIBIT**.

**PROPERTY MONITORING**  
 The State of Alaska has an interest in the land and improvements thereon, as shown on the site plan attached hereto, and is subject to the provisions of the lease agreement attached hereto as **EXHIBIT**. The State of Alaska has an interest in the land and improvements thereon, as shown on the site plan attached hereto, and is subject to the provisions of the lease agreement attached hereto as **EXHIBIT**.

**NOTES**  
 1. The State of Alaska has an interest in the land and improvements thereon, as shown on the site plan attached hereto, and is subject to the provisions of the lease agreement attached hereto as **EXHIBIT**. The State of Alaska has an interest in the land and improvements thereon, as shown on the site plan attached hereto, and is subject to the provisions of the lease agreement attached hereto as **EXHIBIT**.

**LEGEND**  
 1. Private Property  
 2. State of Alaska  
 3. Municipality of Anchorage

**EXHIBIT**  
 1. Lease Agreement  
 2. Site Plan  
 3. Title Block