

Loren K. Stanton
Attorney at Law
PO Box 5558
Ketchikan, Alaska 99901
(907) 225-5999
(907) 247-2399 fax
lorenk@kpunet.net

January 14, 2003

Mark R. Hamilton, President, University of Alaska

The Board of Regents, University of Alaska

NOTICE OF INTENT

Attention: Mr. Hamilton, Regents:

I represent many individuals who have come to the conclusion that your recent decision to sell a 145.27-acre parcel of land near Ketchikan for \$175,000.00 is based on faulty information and a flawed process. We are asking that the University immediately stop the process for the sale of this property and not transfer title.¹

“The University of Alaska Land Management office engages in the responsible land and resource development of University of Alaska trust lands while maintaining its fiduciary responsibility to manage the trust lands to secure an appropriate financial return for the University.” These are the words of the University. The Regents have not fulfilled their fiduciary responsibility to secure an appropriate financial return for the University.

Selling a 145.27-acre parcel of land located near Ketchikan for \$175,000.00 when the assessed value is over \$440,000.00 is not responsible! Selling property for less than 40% of the assessed value is clearly a failure of the Regent’s fiduciary responsibility. This property could be sold for much more if the appropriate methodology was used to find buyers. Thus providing greater funding for the education of our children. Part of this property (approx. 280 feet) fronts on Roosevelt Drive. Lots along this road can be sold for up to \$40,000 each. Five of these lots facing Roosevelt Drive would alone be worth more than the purchase price! Therefore, if the Regents of the University of Alaska do not reassess their action² it is the intent of interested persons to file suit and use the appropriate legal processes to fully expose the failings of your system of land sales.

Your staff provided the following explanation for selling the land for \$175,000.00 in the “Mountain Point, Ketchikan Land Sale Briefing January 11, 2003. THIS PARAGRAPH IS FULL OF CONTRADICTIONS!

The Land Value. Staff valued the parcel at a minimum offer price of \$129,000 (or approximately \$888 per acre) based on comparable sales data adjusted for the extreme difficulties that a buyer would be faced with in

¹ It is understood that the transfer may occur as early as Tuesday, January 14, 2003.

² Upon information and belief this property was not in the University’s 2002 Competitive Land Sale package as presented to and voted upon by the Regents.

attempting to develop the property for any purpose. The difficulties relating to harvesting the timber on the property include problems with access (only 2 apparent access points in a mile long parcel), the narrow irregular shape, the extreme steepness of the parcel (even by Ketchikan standards), and the significant challenge involved in complying with all local, state and federal laws concerning timber harvesting. In addition to other laws and regulations, the Ketchikan Gateway Borough requires a 100' minimum buffer between the adjoining subdivision and any harvesting on this property. For these reasons, Land Management did not consider it to be feasible to offer a timber sale on this parcel. Development of a residential subdivision on this parcel by the University was also considered unfeasible due to many of the same reasons listed above coupled with a stagnant local real estate market that shows no signs of changing any time soon.

The key is the phrase "For these reasons ... did not consider it feasible to offer a timber sale" If staff had investigated a timber sale they would have known it was feasible! After all the buyers are planning a timber sale! This states that the buffer was one of the reasons they would not do a timber sale. Additionally, Staff indicated they did not know that they were selling to a timber company! The name of the company is Alcan Forest Products. What else would they be doing with the property? The university land management office erred in not getting a full assessment of the value of the property in order to determine its "fair market value". An "internal assessment" which does not assess the value of the timber or take into consideration the borough's valuation is inaccurate and does not represent due diligence and fiduciary responsibility on the part of the university.

At some point during this litigation the buyers are going to claim a lost profit. That alleged profit will be used by us to show that the University failed to come anywhere near the Fair Market Value of the property. It is our belief that the buyers will choose a number far in excess of the assessed value.

This property near Ketchikan is being transferred by quitclaim deed. The University did no title search. The very foundation of the value of property is a title search. Statements made by your staff are that staff valued the property. What did the staff do? This is clearly a failure of the University's procedures for the sale of property. How can one assign value without basic research?

Our case will be based on the failure of the University to sell at Fair Market Value, the Regents failure to carry out the appropriate procedures for selling this piece of land, the failure of the assessment process, and the flawed notification process.

The university did NOT provide the required public notice (prior to a regents board meeting) of a development/disposal plan that included THIS parcel.

The UA Land Management plan states that Land Management must **accurately** assess the social, economic, and environmental consequences associated with development of its land grant assets to insure that the University's value of stewardship is fulfilled. This was not done. Your staff did not know that many people get their water from this land. We are certain that your staff did not even check with DNR regarding water rights. There are at least two identified bald eagle nests on the site. Did your staff address this? What other environmental aspects of this property did they miss?

Your staff's explanation that notifying the public with publications in newspapers in Fairbanks, Anchorage and Juneau is indefensible. Notification is something that the courts take seriously. The University cannot hope to receive an offer for Fair Market Value

without offering the land to buyers who would be most knowledgeable about the parcel. To obtain FMV the university must change its notification procedures to include notice of sale in any local printed media.

Legal requirements were not met, University policy and regulations were not followed, Fiduciary duties remain unfulfilled and Stewardship requires that this sale be withdrawn and reconsidered. If you wish to avoid litigation please do not complete the sale nor record any sale documents.

You know that there are other options that can be pursued in relation to this property. You have a fiduciary duty to follow-up on those possibilities given your failures to legally carry out this sale.

Sincerely,

<signed>
Loren K. Stanton
Attorney at Law

Mark R. Hamilton sypres@alaska.edu
Joseph Beedle joseph.beedle@alaska.edu

Regents

Brian D. Rogers, Chair (1999-2007)

Brian.Rogers@alaska.edu

Elsa Froehlich Demeksa, Vice Chair (1997-2005)

Elsa.Demeksa@alaska.edu

Frances H. Rose, Secretary (1999-2007)

Frances.Rose@alaska.edu

Joseph E. Usibelli, Jr., Treasurer (1999-2007)

joe@usibelli.com

Michael J. Burns (1997-2005)

SYMJB@alaska.edu

Chancy Croft (1995-2003)

ccroft@alaska.com

Byron I. Mallott (2002-2009)

Byron.Mallott@sealaska.com

Mary K. Hughes (2002-2009)

mkhughes@acsalaska.net

Kevin O. Meyers, (2000-2007)

kevin.o.meyers@conocophillips.com

Joe J. Thomas (1995-2003)

Joe.Thomas@alaska.edu

Derek Miller (2002-2003)

fypres@uaf.edu

Contact: Locals For Responsible Land Use, Parker Smith, President 907 225-3456