

**To: Members of the State Board of
Education & Early Development**

March 17, 2021

From: Michael Johnson, Commissioner

Agenda Item: 10

◆ ISSUE

The board is being asked for approval for the department to pursue the sale of two parcels of land on Japonski Island to the Southeast Alaska Regional Health Consortium (SEARHC). Because of current legal impediments to the sale, the board is also being asked for approval to pursue an agreement with SEARHC to lease the two parcels.

◆ BACKGROUND

- The subject parcels are the Millerville site, Lot 15G, USS 1496, 8.29 acres, and the Penrod Hall site, ASLS 97-63, 1.53 acres.
- Under AS 14.07.030(a)(6), sale of the property from the department to SEARHC is currently prohibited, because the department's land transfer authority is limited to sales to federal and state agencies and political subdivisions of the state.
- On March 1, 2021, the Rules Committee of the state House and Senate introduced legislation (HB 120 and SB 97) at the request of the Governor that would remove the limitation on allowable buyers and provide that the department may "transfer an interest in real property according to terms, standards, and conditions established by the commissioner."
- Approval for the proposed sale could also be provided by legislation providing in uncodified law for the sale of these parcels to SEARHC despite AS 14.07.030(a)(6). This type of legislation has not yet been introduced.
- The department has the option of transferring the property to the Department of Natural Resources (DNR). DNR statutes and regulations would then govern the potential sale to SEARHC.
- SEARHC has indicated that it needs the use of the two parcels during the construction of hospital facilities nearby. The construction is expected to start this spring.
- Because the legal authority issue is unlikely to be resolved by the time that SEARHC seeks to use the property, a lease agreement with SEARHC for the use of the property could provide an interim solution.
- Commissioner Johnson and Assistant Attorney General Luann Weyhrauch will be present to brief the board.

◆ OPTIONS

- Approval to pursue the sale of the two parcels when legal issues are resolved
- Approval to pursue the lease of the two parcels to SEARHC
- Approval to transfer the two parcels to the Department of Natural Resources

◆ ADMINISTRATOR'S RECOMMENDATION

- Approval to pursue the sale of the two parcels when legal issues are resolved
- Approval to pursue the lease of the two parcels to SEARHC

◆ SUGGESTED MOTION

I move the State Board of Education and Early Development approve the department's pursuit of (1) the sale of two parcels of land owned by the department, the Millerville site, Lot 15G, USS 1496, 8.29 acres, and the Penrod Hall site, ASLS 97-63, 1.53 acres, to Southeast Alaska Regional Health Consortium (SEARHC) when legal issues related to the proposed sale are resolved; and (2) a lease agreement with SEARHC for the two parcels for an interim period.