

**The Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**BEST INTEREST DECISION**  
**Alaska Mental Health Trust Mineral Closing Order - Fairbanks**

MHT: 9400927  
MH Parcels: FM-0596, FM-0597

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.** Issuance of an Alaska Mental Health Trust Mineral Closing Order in conjunction with MHT 9400897, a negotiated land sale of surface estate of Trust parcels near Fairbanks, Alaska (see Exhibit A – Map). MHT 9400897, negotiated land sale, was public noticed from August 31, 2025 – September 30, 2025, and no comments or competing offers were received. This best interest decision pertains exclusively to the associated Alaska Mental Health Trust Mineral Closing Order.

**II. Applicant/File #.** Compatible Lands Management (CLM), a Limited Liability Company / MHT 9400927.

**III. Subject Property.**

**A. Legal Description.** Two Mental Health Trust parcels, described as: Township 3 South, Range 3 East, Fairbanks Meridian, Alaska. Section 15: SW1/4NE1/4, W1/2SE1/4; containing 120.00 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 April 30, 1936 (MH parcel FM-0596) and Township 3 South, Range 3 East, Fairbanks Meridian, Alaska. Section 15: Tract A of Alaska State Land Survey No. 84-63, Eielson II Agricultural Subdivision; containing

235.00 acres, more or less, according to the Survey Plat filed in the Fairbanks Recording District on October 8, 1997, as Plat 81- 82 (MH parcel FM-0597).

**B. Settlement Parcel Number(s).** FM-0596 and FM-0597

**C. Site Characteristics/Primary Resource Values.** The two Trust parcels are generally level in elevation. Both parcels are predominantly wetlands with streams running throughout from the nearby river. The vegetation and flora present are consistent with the northern region of Alaska and wetlands, consisting of spruce, alder, various shrubs, grasses, and moss. The subject parcels are situated within a moderately developed residential and agriculture-based neighborhood. A report using readily available geology and mineral data completed on April 3, 2025, by John Hoppe, Geologist with the Bureau of Land Management (BLM) in the Alaska State Office, deduced the subject parcels do not contain significant locatable or leasable minerals, as defined by State of Alaska mineral laws. The subject parcels do contain sand and gravel; however, the sediments are common within the Tanana Valley area and are readily available commercially in the area.

**D. Historical and Existing Uses of the Property.** The Trust received title to the entirety of both parcels via quitclaim deed from the State of Alaska on September 20, 1996. Since the conveyance to the Trust, the parcels, FM-0596 and FM-0597, have remained undeveloped. Trust parcel, FM-0597, is suspected to be impacted by an adjacent 40.00-acre, more or less, Trust parcel to the north, FM-0595, identified by the United States Army Corps of Engineers to be a Formally Used Defense Site (FUDS). The Department of Defense continues to monitor the groundwater for the potential of remaining contamination leaching from Trust parcel FM-0595. Additionally, on May 28, 2024, Eielson Air Force Base (EAFB) reported two F-16 fuel tanks had jettisoned onto the subject parcels. The contaminated soil was removed, and the sites were remediated. The ground water present on both parcels continues to be monitored by the Department of Defense through a Trust Land Office Authorization. The subject parcels were evaluated for subdivision prior to the fuel spill, and it was found the rate of return on such a project would not be economic for the Trust to pursue due to development costs relative to post development land values in the area. Through the 1994 settlement, the mineral estate valuations completed on MHPAR FM-0596 and FM-0597 determined the subject parcels had mineral asset values of \$2,825.00 on FM-0597 and \$1,442.46 on FM-0596. The subject parcels have not been considered for development of the locatable mineral deposits as it would be cost prohibitive.

**E. Adjacent Land Use Trends.** The subject parcels are surrounded by mostly undeveloped, raw land, and owned by the Alaska Mental Health Trust, University of Alaska, and private landowners. The area is zoned for agricultural and residential development.

**F. Previous State Plans/Classifications.** None.

**G. Existing Plans Affecting the Subject Parcel.** The Fairbanks North Star Borough has zoned the parcel: General use (GU-1). The zoning applied by the Borough allows for residential, commercial, and heavy industrial uses. The applicant, CLM, is actively pursuing the purchase of the surface estate through a negotiated sale with the intent of executing a conservation easement on the subject properties. The

issuance of the conservation easement is contingent on closing the development of any locatable minerals on the subject properties.

- H. Apparent Highest and Best Use.** Issuance of a mineral closing order and subsequent disposal of the surface estate through a negotiated land sale above fair market value in support of the applicant's intent to create a conservation easement.

- IV. Proposal Background.** On April 25, 2024, the applicant, Compatible Lands Management (CLM), a Limited Liability Company, applied for the purchase of the surface estate of Trust parcels FM-0596 and FM-0597, aggregating to 355.00 acres, more or less. The applicant intends to create a conservation easement adjacent to EAFB to protect critical runways and flight operations facilities. Additionally, the conservation easement would limit radar, safety, and noise concerns to the public caused by the EAFB's nearby flightline. The creation of the conservation easement is conditional on closing and prohibiting the development of the mineral estate through an Alaska Mental Health Trust Mineral Closing Order in perpetuity.

- V. Terms and Conditions.** The subject parcels will be closed to development of the mineral estate. The Alaska Mental Health Trust Mineral Closing Order will be held in perpetuity, so long as a conservation easement is in place. The surface estate 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 August 28, 2025, the TLO and the applicant entered into a Purchase and Sale Agreement outlining the process for purchasing the surface estate through a negotiated sale at a price of \$474,521.00. A 10% down payment of the purchase price has been received. When the purchase is paid in full, a Quitclaim Deed will be executed. The TLO issued a best interest decision for the sale of the associated surface estate, MHT 9400897 negotiated land sale, which was public noticed from August 31, 2025 – September 30, 2025, and no comments were received. A best interest decision affirmed for MHT 9400897 was issued on October 2, 2025.
- B.** Trust land will be sold "as is" and "where is" with no guarantees as to the suitability for any intended use.
- C.** Issuance of an Alaska Mental Health Trust Mineral Closing Order upon execution of a land sale contract or quitclaim deed.
- D.** Purchaser agrees to pay for all escrow, title, and other closing costs including title insurance if title insurance is desired by the Purchaser.

- 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 is heavily impacted by wetlands and ongoing monitoring of historical FUDS impact and recent jet fuel contamination 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. The disposal of the surface estate is conditional on the issuance of the mineral closing order.
- B. Leasing the parcel.** Management costs to the Trust will generally decrease on the properties through a sale.
- C. Alternate development.** The parcel has been evaluated for subdivision, and it was found the rate of return on such a project would not be in the best interest of the Trust to pursue due to low post development land values. Additionally, development of the locatable or leasable minerals would likely not yield a high return compared to costs. The contamination from previous military use and recent F-16 fuel tank jettison complicates development of both surface and subsurface estates. 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.** As previously mentioned, the site may be impacted by adjacent FUDS and has been contaminated by an F-16 fuel tank jettison, both the military and ADEC are aware and have responded appropriately to this contamination. There are no known additional 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 April of 2025.
- B. Valuation.** An appraisal was completed in April of 2025 by Axelsson & Associates, Incorporated, and determined the fair market value of the surface estate to be \$331,000.00. The appraisal determined the highest and best use of the property to be for residential subdivision. The appraised fair market value of the property was determined by the sales comparison method. Additionally, an appraisal was completed by the Purchaser, CLM, under the Uniform Appraisal Standards for Federal Land Acquisitions, "Yellow Book", which met their requirements for land an acquisition. However, the fair market value of the subject property determined by and completed by Axelsson & Associates, INC was higher. To compensate for not selling the land competitively, the TLO required a combined premium of 143.36%, 30.00% for the surface estate disposal, and 13.36% for the

mineral estate disposal, through an Alaska Mental Health Trust Mineral Closing Order, of the appraised value. The 1994 settlement value for the mineral estate on FM-0596 and FM-0597 was determined to be \$2,825.00 on FM-0597 and \$1,442.46 on FM-0596. The TLO is receiving \$44,221.60 in total as payment for the Alaska Mental Health Trust Mineral Closing Order in addition to the \$430,300 already received for the negotiated sale of the surface estate.

- C. Terms and Conditions Review.** An agreement for the purchase and sale of the surface and mineral estate was executed on August 28, 2025. 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. Mineral Interest.** The mineral interest will be closed through an Alaska Mental Health Trust Mineral Closing Order, consistent with AS 37.14.009, AS 38.05.801, AS 38.05.185-AS 38.05.275, and AS 38.05.300.
- C. 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).

- XI. Trust Authority Consultation.** The Alaska Mental Health Trust Resource Management Committee was consulted on August 1, 2025. The Committee recommended that the proposed transaction be forwarded to the Alaska Mental Health Trust board of trustees. On August 27, 2025, the board of Trustees adopted the motion stating: *“The Alaska Mental Health Trust Authority Board of Trustees concur with the disposal of Trust parcels FM-0596 and FM-0597 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 on 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 cumulative premium of 43.36% above the appraised value to compensate for not selling the land through a competitive process. Given the cumulative 43.36% premium price offered, the ongoing monitoring for groundwater contamination from an adjacent FUDS and two F-16 fuel tanks jettisoned in 2024, 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. The negotiated land sale, MHT 9400897, for the surface estate was publicly noticed from August 31, 2025 to September 30, 2025, and no comments or competing offers were received. Therefore, a best interest decision affirmed as issued on October 2, 2025, for MHT 9400897. 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 may 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](mailto: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: <https://alaskamentalhealthtrust.org/trust-land-office/>.

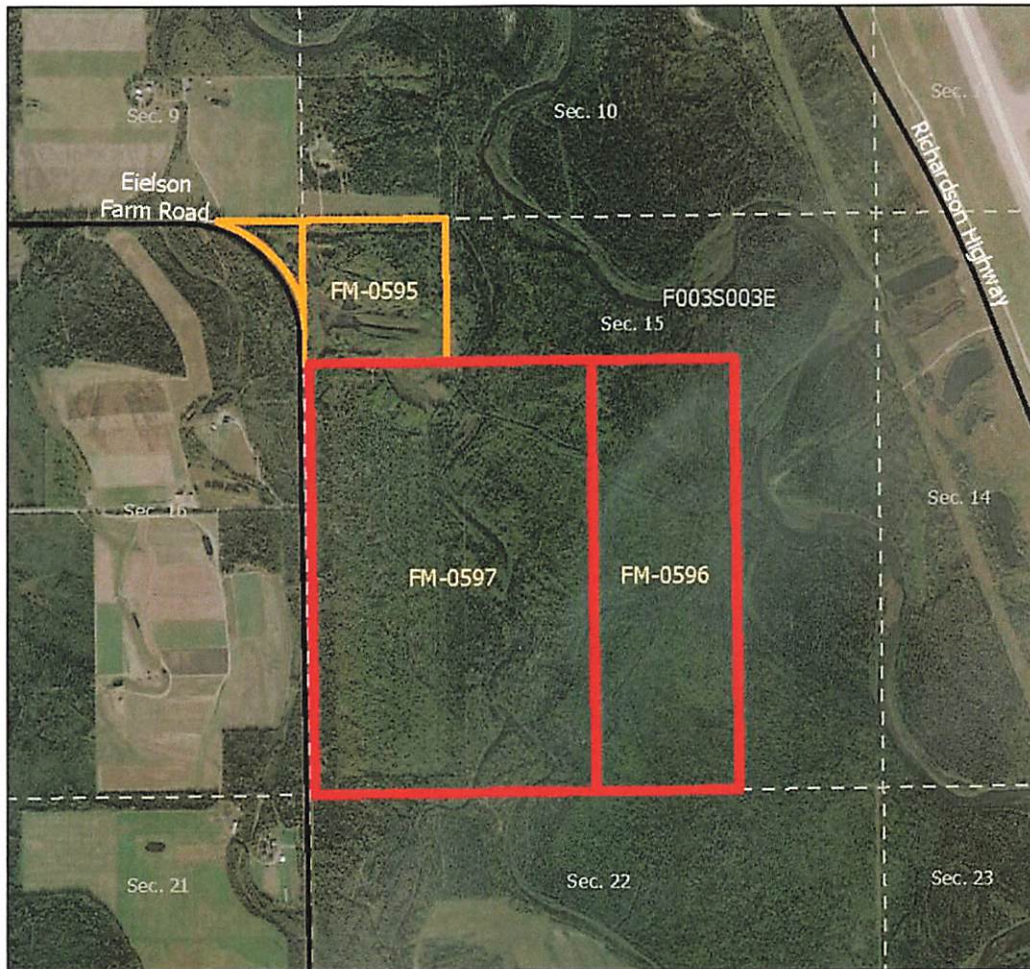
**XVI. APPROVED:**

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**Jeffrey Green**  
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Jusdi Warner  
Executive Director  
Alaska Mental Health Trust Land Office

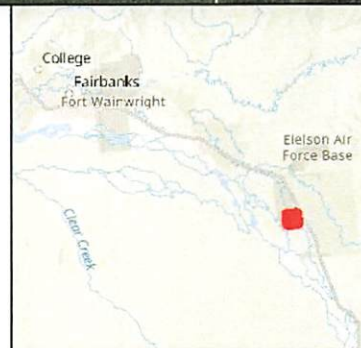
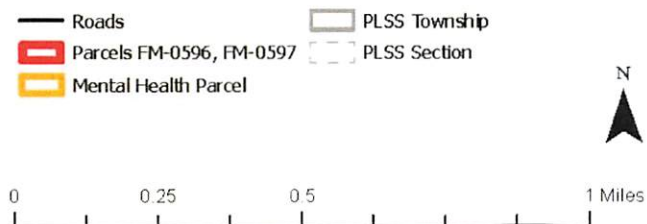
10/3/2025  
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Date



## Exhibit A – Map



Mental Health Parcels FM-0596 & FM-0597





**Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**Notice under 11 AAC 99.050 of**  
**Decision to Issue an Alaska Mental Health Trust Mineral Closing Order – Fairbanks**  
**MHT 9400927**

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 issue an Alaska Mental Health Trust Mineral Closing Order in conjunction with a completed negotiated land sale, MHT 9400897, of surface estate of Trust lands to Compatible Lands Management, a Limited Liability Company. 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 near Fairbanks, Alaska, and is more particularly described as: T. 003 S., R. 003 E., Fairbanks Meridian, Alaska. Section 15: SW1/4NE1/4, W1/2SE1/4; containing 120.00 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 April 30, 1936 (MH parcel FM-0596) and T.003 S., R.003 E., Fairbanks Meridian, Alaska. Section 15: Tract A of Alaska State Land Survey No. 84-63, Eielson II Agricultural Subdivision; containing 235.00 acres, more or less, according to the Survey Plat filed in the Fairbanks Recording District on October 8, 1991, as Plat 91-82 (MH parcel FM-0597).

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 November 6, 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](mailto: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.

DocuSigned by:  
**Jeffrey Green**  
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Jusdi Warner  
Executive Director

10/3/2025

Date  
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