

**The Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**BEST INTEREST DECISION**  
**Anchorage Community Mental Health Services, Inc. dba Alaska Behavioral Health**  
**Lease – Fairbanks, AK**

MHT: 9400664  
MH Parcel: F20213

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.** 10-year lease to Anchorage Community Mental Health Services, Inc. dba Alaska Behavioral Health to facilitate the continuation of a certified community behavioral health center serving Trust beneficiaries at the Fahrenkamp Center, located at 1423 Peger Road, and to expand services to the Denardo Center, located at 1300 Moore Street, which would provide short-term crisis stabilization, intensive outpatient, and partial hospitalization programming. This less than fair market value lease was recommended for approval by the Alaska Mental Health Trust Authority and brought to the Resource Management Committee where it was then recommended to the Alaska Mental Health Trust Authority Full Board of Trustees and subsequently approved.

**II. Applicant/File #.** Anchorage Community Mental Health Services, Inc. dba Alaska Behavioral Health / MHT 9400664.

**III. Subject Property.**

**A. Legal Description.** Approximately 6.14-acre portion of Tract A, Alaska Land Survey No. 86-29, containing 8.544 acres, more or less, according to the survey

plat filed in the Fairbanks Recording District, Fourth Judicial District, State of Alaska on February 14, 1989, as Plat No.89- 18, in Fairbanks, Alaska.

**B. Settlement Parcel Number.** Portion of F20213

**C. Site Characteristics/Primary Resource Values.** The parcel is located at 1423 Peger Road and 1300 Moore Street in Fairbanks, AK. The portions of the parcel are currently developed containing multiple wood framed single-story buildings, one of which is currently in use by the applicant. Primary resource value is for maintaining current use for the Alaska Behavioral Health.

**D. Historical and Existing Uses of the Property.** The buildings were originally constructed in the late 1980's by the State of Alaska Department of Health and Social Services. In 2014 their ownership and management were transferred to the Trust Authority to support Trust beneficiaries. Alaska Behavioral Health has leased the Fahrenkamp Center, 1423 Peger Road, since 2017 providing behavioral health services. Tanana Chiefs Conference has leased the Denardo Center, 1300 Moore Street, since 2017, providing a sobering center. Existing uses shown in Attachment A – Map.

**E. Adjacent Land Use Trends.** The subject parcel is in a mixed-use area along the Airport Road corridor, which is bounded by Airport Road to the north, Peger Road to the west, Eagan Avenue to the south, and Wilbur Street to the east. The corridor features commercial and residential uses, with residential infill mostly set back from immediate exposure. Improvements vary in age, quality, and condition.

**F. Previous State Plans/Classifications.** N/A.

**G. Existing Plans Affecting the Subject Parcel.** The parcel is currently zoned GC General Commercial District by the Fairbanks North Star Borough, intended to provide a wide variety of retail offices, wholesale, personal services and other general service uses for the consumer population of large segments of the community.

**H. Apparent Highest and Best Use.** Maintain current use of 1423 Peger Road by Alaska Behavioral Health and expand their use to include 1300 Moore Street. The proposed use is consistent with the highest and best use and has been approved by the Alaska Mental Health Trust Authority full board of Trustees through the use of Trust land at less than fair market value process outlined in 20 AAC 40.710.

- IV. Proposal Background.** Alaska Behavioral Health sent a letter to the Trust Authority staff requesting a single long-term lease at less than fair market value under 11 AAC 99.110 and 20 AAC 40.710 to continue providing behavioral health services to Trust beneficiaries at the Fahrenkamp Center located at 1423 Peger Road and to expand services to 1300 Moore Street. Alaska Behavioral Health has a certified community behavioral health center (CCBHC) at the 1423 Peger Road location. CCBHC services include integrated primary care, integrated psychiatry, assessments, walk-in crisis services, therapeutic clinical services, and telehealth services. Additionally, at this location, Alaska Behavioral Health has a mobile crisis team that works closely with first responders in the Fairbanks North Star borough. The mobile crisis team is supported from this location with funding from the Alaska Mental Health Trust Authority. The Fahrenkamp Center also hosts a bus stop on the Fairbanks North star Borough red line to increase access for clients without

transportation. These services at Fahrenkamp are delivered to a diverse array of clients experiencing mental health, behavioral health, and developmental disability challenges.

The expansion to Denardo Center on 1300 Moore Street includes short-term crisis stabilization, intensive outpatient, and partial hospitalization programming. The buildings for these services already exist on the property and are used to provide services to Trust beneficiaries. Alaska Behavioral Health is adaptable to evaluating and responding to community needs using evidence-based practice. The long-term plans for the Center will remain flexible to allow for such adaptations. It is expected that all patients are Trust beneficiaries. Trust Authority Office staff determined that sufficient information was provided by the organization as guided by 20 AAC 40.710. This project aligns with the Comprehensive Integrated Mental Health Program Plan, Goal 5: Suicide Prevention, objective 5.2, which improves the crisis system support services. The Trust Authority Office made a formal request to the TLO to determine whether the Trust land on the proposed parcel (F20213) is suitable for the use proposed by Alaska Behavioral Health and the estimated fair market value of that use. The TLO determined that the parcel is suitable for the proposed use and provided fair market value of the combined structures on the parcel to be \$3,700,000.00 with the estimated annual fair market lease rental to be \$403,745 annually.

- V. Terms and Conditions.** As approved by the Alaska Mental Health Trust full Board of Trustees, through the process outlined in 20 AAC 40.710 for use of Trust land at less than fair market value, at their regularly scheduled full board of trustees meeting on August 27, 2025, this will be a lease for a 10-year term with a starting annual rent of \$37,000.00, with a 10% rent increase every 5 years. Standard commercial lease terms and conditions used by the TLO to protect the Trust's interests will apply.
- 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 manage Trust land for Program-Related Real Estate by assuring the real estate needs of mental health programs sponsored by the Alaska Mental Health Trust Authority are met as appropriate and support and enhance the Trust's mission to promote a comprehensive integrated mental health program.
- VII. Alternatives.**

  - A. Do nothing or offer sometime in the future.** This alternative would delay receipt of revenues from the lease and fail to promote a comprehensive integrated mental health program.
  - B. Alternate development.** Any type of further subdivision for residential or commercial use would likely be uneconomic, even with the high cost of housing in Fairbanks, due to the significant financial investment necessary to demolish aged structures, further subdivide, construct roads, install utilities, and market.
- VIII. Risk Management Considerations.**

  - A. Performance Risks.** Performance risks will be mitigated through the TLO's standard Letter of Intent agreement and Lease Agreement.

- B. Environmental Risks.** There are no known environmental risks associated with the proposed lease.
- C. Public Concerns.** Subject to comments resulting from the public notice period, there are no known public concerns. This project has already been publicly noticed through the Trust Authority's use of Trust land at less than fair market value process and there was one supporting public comment received.

**IX. Due Diligence.**

- A. Site Inspection.** The TLO and its contractors have inspected the parcel multiple times over the last 2 years, with TLO staff visiting the parcel and touring the buildings in November of 2024.
- B. Valuation.** In January of 2025, the TLO had the value of the structures appraised by Black-Smith, Bethard & Carlson, LLC. The appraisal used a sales comparison approach of similar properties within the region that recently sold and determined the fair market value of the combined structures to be \$3,700,000.00.
- C. Terms and Conditions Review.** A standard TLO commercial lease agreement will be used for this authorization and will be reviewed by the Department of Law and/or outside Counsel prior to the execution of the Lease Agreement.

**X. Authorities.**

- A. Applicable Authority.** AS 37.14.009(a), AS 38.05.801, 20 AAC 40.710, and 11 AAC 99 (key statutes and regulations applicable to Trust land management and use of Trust land at less than fair market value).
- B. Inconsistency Determination.** As the proposed ten-year lease was approved under the process for use of Trust land at less than fair market value in 20 AAC 40.710 and 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.** TLO consultation is defined in statute and regulation under AS 37.14.009(a)(2)(C) and 11 AAC 99.050 and clarified under 11 AAC 99.030(d) which requires the executive director to consult before issuing a public notice of a written decision of best interest. The Alaska Mental Health Trust Board of Trustees approved this less than fair market value lease disposal at their August 27, 2025, regularly scheduled meeting, passing the following motion: *"The Alaska Mental Health Trust Board of Trustees approves the annual lease rent of \$37,000, with a 10% rent increase every 5 years,*

*for a 10-year lease for an approximately 6.14 acre portion of Tract A, Alaska Land Survey No. 86-29, containing 8.544 acres, more or less, according to the survey plat filed in the Fairbanks Recording District, Fourth Judicial District, State of Alaska on February 14, 1989, as Plat No.89- 18, in Fairbanks, Alaska to Anchorage Community Mental Health Services, Inc dba Alaska Behavioral Health."*

- 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 approval of the Alaska Mental Health Trust Authority Board of Trustees, through the approval process outlined in 20 AAC 40.710 for a less than fair market value use, 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 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.

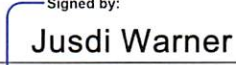
Persons who submit timely written comments will be provided with a copy of the final written decision and will be eligible to request reconsideration within 20 calendar days after publication of the notice or receipt of the decision, whichever is earlier under 11 AAC 99.060(b). This request must be accompanied 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 are 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:**

Signed by:  
  
Jusdi Warner  
Executive Director  
Alaska Mental Health Trust Land Office

9/12/2025

Date



## Attachment A – Map



MHT 9400664

- Roads
- MHT 9400664
- Mental Health Parcel
- PLSS Township
- PLSS Section

0 125 250 500 US Feet



**Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**Notice under 11 AAC 99.050 of**  
**Lease – Fairbanks, AK**  
**MHT 9400664**

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 complete a 10-year lease of certain Trust land to Anchorage Community Mental Health Services, Inc. dba Alaska Behavioral Health. 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 located in Fairbanks, AK and is more particularly described as: approximately 6.14-acre portion of Tract A, Alaska Land Survey No. 86-29, containing 8.544 acres, more or less, according to the survey plat filed in the Fairbanks Recording District, Fourth Judicial District, State of Alaska on February 14, 1989, as Plat No.89- 18. (MH Parcel: F20213).

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, October 20, 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.

Signed by:

**Jusdi Warner**

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Jusdi Warner  
Executive Director

9/16/2025

Date 9/16/2025

Published Fairbanks Daily News Miner: 9/18/2025