

The Alaska Mental Health Trust Authority
Trust Land Office
BEST INTEREST DECISION
Catholic Social Services
Lease – Anchorage, AK

MHT: 9200017
MH Parcel: SM-1523

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. 1-year lease to Catholic Social Services to facilitate the continuation of the St. Francis House Food Pantry at 3710 East 20th Avenue. 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 #. Catholic Social Services / MHT 9200017.

III. Subject Property.

A. Legal Description. Lot 1, Block 1, Community Park Loop Alaska Subdivision, according to the official plat thereof, filed under plat no. 85-218, books and records of the Anchorage Recording District, Third Judicial District, State of Alaska. Continuing 3.460 acres.

B. Settlement Parcel Number. SM-1523

C. Site Characteristics/Primary Resource Values. The parcel is located at 3710 East 20th Avenue in Anchorage, AK. The parcel contains an existing warehouse/office building consisting of approximately 30,408 square feet and associated parking and

driveway. The primary value of this parcel is in the continued use of the existing building and parking improvements for Trust beneficiary program purposes provided by Catholic Social Services.

D. Historical and Existing Uses of the Property. The parcel was originally conveyed to the Municipality of Anchorage and leased to the Alaska Treatment Center for Crippled Children and Adults to build a treatment center for rehabilitation services. The land was later conveyed back to the State of Alaska on April 29, 1997, because of the Mental Health Settlement Agreement since the property is original mental health grant land selected by the State of Alaska. Catholic Social Services acquired the building through a lease assignment in 1991, leasing the building since that assignment from the State and then the Trust. The Community Park Loop (CPL) Master Plan and Assessment completed in 2021 examined the current uses of the Trust's ownership in the area, including Catholic Social Services current lease. The CPL Master Plan recommended maintaining the current beneficiary serving use for the Catholic Social Services leased area at a less than Fair Market Value lease. Existing uses shown in Attachment A – Map.

E. Adjacent Land Use Trends. The subject parcel and adjacent lands are predominately owned by the Trust and located on the edge of the U-Med District, containing multiple universities, hospitals and institutional uses. Several other Trust owned parcels in the immediate area are utilized for less than fair market value leases issued to The ARC of Anchorage, Salvation Army, and Assets, Inc.

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

G. Existing Plans Affecting the Subject Parcel. The parcel is currently zoned PLI Public Lands and Institutions by the MOA, which is "intended to include major public and quasi-public civic, administrative, and institutional uses and activities".

H. Apparent Highest and Best Use. Maintain current use of 3710 East 20th Avenue by Catholic Social Services. 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. Catholic Social Services sent a letter to the Trust Authority staff requesting a 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 property located at 3710 East 20th Avenue, Anchorage, Alaska. Their initial letter requested a 15-year lease with a nominal annual lease of \$1,200. Based on conversations with Trust Authority staff, they revised this request for a one-year lease with a \$37,000 lease rental fee. Catholic Social Services sent a letter on 9/26/25 to TAO staff with this revised request. Based on Catholic Social Services' letter dated 9/25/25, they requested that the current lease be extended until May 31, 2027, at the offered rate of 1 % of the property's value (equivalent to \$37,000 annually) with the option to terminate early without penalty. Catholic Social Services further requests that the extension allow them to maintain Kids' Corps, Inc. as a tenant. At this location, Catholic Social Services estimated that they serve approximately 4,040 Trust beneficiaries annually. This location includes storage for household goods and an existing sublease with Kids' Corp, which serves about 30% Trust beneficiaries. Catholic Social Services will continue to use the property to address the food

and household good needs of Trust beneficiaries in the Anchorage community. 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, Focus Area 3: Economic & Social Well-being, objective 3.4 Enhance timely access to basic needs services. The Trust Authority Office made a formal request to the TLO to determine whether the Trust land on the proposed parcel (SM-1523) is suitable for the use proposed by Catholic Social Services 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 structures on the parcel to be \$3,700,000.00 with the estimated annual fair market lease rental to be \$394,404 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 February 19, 2026, this will be a lease for a 1-year term with an annual rent of \$37,000.00. 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.
- B. Valuation.** In August 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 land and 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 one-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 February 19, 2026, regularly scheduled meeting, passing the following motion: *“The Alaska Mental Health Trust Board of Trustees approve the annual lease rent of \$37,000 for a lease agreement for Lot 1, Block 1 of the Community Park Subdivision Plat 85-218, containing 3.46 acres, in Anchorage, Alaska, to Catholic Social Services. The lease shall be structured as a one-year term with an outside expiration date of April 30, 2027, and shall include a 30-day without cause termination right exercisable by either party. Rent shall be payable in monthly installments at an annualized rate of \$37,000, and the lease shall automatically terminate upon non-occupancy by tenant.”*

- 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.

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

2/25/2026

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Jusdi Warner

Date

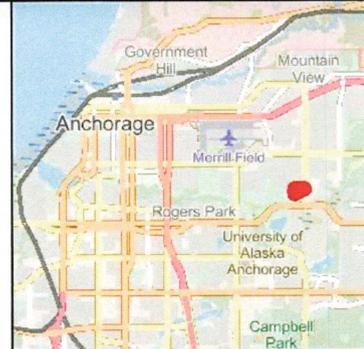
Executive Director
Alaska Mental Health Trust Land Office

Attachment A – Map



MHT 9200017

-  MHT 9200017
-  Roads
-  Mental Health Parcel



Alaska Mental Health Trust Authority
Trust Land Office
Notice under 11 AAC 99.050 of
Lease – Anchorage, AK
MHT 9200017

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 1-year lease of certain Trust land to Catholic Social Services. 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 Anchorage, AK and is more particularly described as: Lot 1, Block 1, Community Park Loop Alaska Subdivision, according to the official plat thereof, filed under plat no. 85-218, books and records of the Anchorage Recording District, Third Judicial District, State of Alaska. Continuing 3.460 acres. (MH Parcel: SM-1523).

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, March 31, 2026. 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.** 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

2/25/2026

Date
Published Anchorage Daily News: 2/26/2026