

MEMO

To: Corri Feige– Resource Management Committee Chair
Date: April 23, 2025
Re: Request to Lease Trust Land at Less than Fair Market Value
Additional Requested Information
Grant Amount (In-Kind): \$366,745 annually – the annual in-kind grant amount is determined by the difference between the fair market rent (\$403,745) of the property and the below market rent (\$37,000) amount
Grant Term: Proposed 10-year lease, with a 10% rent increase every 5 years
Grantee: Anchorage Community Mental Health Services, Inc. dba Alaska Behavioral Health
Project Title: Alaska Behavioral Health Less than Fair Market Value Lease

Assigned Program Staff: Heather Phelps

PROJECT UPDATE

On 4/9/25, the Resource Management Committee met to discuss the Alaska Behavioral Health Request to Lease Trust Land at Less than Fair Market Value. The committee requested that the Trust Land Office and the Alaska Mental Health Authority provide additional information regarding the project.

1) What other methodologies do other states use to determine the rate for less than fair market value disposals?

The Trust is a unique entity within the United States, with no specific comparable organizations elsewhere. As a result, it proved difficult to gather insight from or land trusts or foundations operating in different states.

The TLO reached out to other state trust land management offices through the National Association of State Trust Lands to inquire about the methods and analysis other states may use for the disposal of trust lands below fair market value for beneficiary uses. No responses have been received, but the TLO will keep pursuing update the committee at a future meeting when responses are received.

The Trust Authority has not identified another foundation with land assets that must be used specifically to support mental health and vulnerable populations. Many land trusts associated with foundations that intersect with non-profit organizations are focused on conservation or community housing.

2) Provide additional information on history of less than fair market value disposals and how the Trust has landed on the range of 1%?

The four previous applications, starting in 2016, for the Trust's less than fair market value disposal process have all utilized annual rents of approximately, but not less than, one percent of the appraised fair market value. The state of Alaska, under AS 38.05.810, has the authority to issue public and charitable leases to non-profit corporations operating exclusively for charitable, religious, scientific, or educational purposes on general state land through the Division of Mining, Land & Water. The annual rental for these uses on state land may not be less than one percent of the fair market value. It is reasonable that the Trust has historically set a similar minimum to the state for its less than fair market value disposals to an exclusively beneficiary serving organization.

3) How does the Trust internally track below fair market value leases?

Below-market leases have not historically been tracked as "in-kind" grants. To meet this request, the process for tracking going forward includes the following:

A record for each Below Market Lease will be entered into the TAO grant database with:

- A brief description from the Trustee approval documents.
- A one-year grant term (preferably 7/1 to 6/30 for ease of tracking) noting full duration of approved term (10 years, 15 years etc.).
- An "in-kind grant" amount that is the difference between the annual fair market value rent and the annual below fair market rent amount.
- Special coding to make sure that these will be:
 - Easily tracked
 - Easily differentiated from MHTAAR and Authority Grants in Trust reporting

Each year the TAO will verify with the TLO that the leases have been renewed, confirm the fair market value vs. the below fair market lease amount and renew the record in the grants-tracking database accordingly.

For external reporting, the Trust will include a special section in the yearly grant investment report that provides an annual summary of each active below market value lease with an in-kind dollar amount and identified beneficiary-serving recipient.

4) Provide more information to explain the requested amount of \$24,000. Since the combined properties are \$301,000, why is there a need for a decrease in the below fair market value?

A lesser below fair market amount provides the agency the ability to redirect those funds to operations or capital improvements. Alaska Behavioral Health provided the following information for the RMC:

AKBH currently has two SAMHSA grants for Certified Community Behavioral Health Clinics (CCBHC) that will end on 9/29/2026. One grant is specifically for our clinic in Wasilla and is funded at \$1 million per year. The other is for Anchorage and Fairbanks and is also funded at \$1 million per year. There is a very low probability of either of these grants being available in the future, though slightly higher for the Wasilla funding than for the Anchorage/Fairbanks award.

Comprehensive Behavioral Health Treatment and Recovery Grants from the State of Alaska make up a large portion of AKBH's funding. Current funding for Fairbanks is a little over \$2.4 Million. AKBH expects to see that amount shrink this next fiscal year and doesn't expect it to increase in any future years.

In FY2024 AKBH had a Projects for Assistance in Transition from Homelessness (PATH) grant in Fairbanks funded at \$147K. In FY2025, the State awarded that grant to a provider in Juneau instead.

AKBH is always looking for new grant opportunities at both the federal and state levels. The current outlook does not look promising at either level. Despite funding decreases, AKBH will focus on maintaining or increasing services. A Below-Market Lease would allow us to spend more money providing services than we would otherwise be spending on rent.

Additionally, Alaska Behavioral Health has stated that a *ten-year* lease rather than a 30-year lease may make more sense, as there are many unknowns and variables regarding how behavioral health services will be reimbursed in the future.

5) Explain how this request fits with Crisis Now for Fairbanks and the potential plans for the utilization of the other side of the Denardo Center.

Crisis Now

The City of Fairbanks has supported crisis services since 2019 when the Trust proposed a systemic method to improve crisis care across Alaska. Support for crisis services in Fairbanks includes law enforcement, the fire department, tribal partners, behavioral health providers, community providers, and the mayor. The City of Fairbanks has prioritized requests for state, federal, and other foundation funds for crisis stabilization services. Alaska Behavioral Health has partnered with the city for the last three and a half years with a mobile crisis team, and the city supports Alaska Behavioral Health in establishing a crisis stabilization center. This center will have the capacity to receive drop-offs from first responders, including the Mobile Crisis Team, and accept walk-ins. The proposed crisis stabilization center would add a necessary component to

the crisis care continuum in Fairbanks, which already includes the Fairbanks Emergency Communications Center for dispatching, the Mobile Crisis Team, and a voluntary crisis center. The City of Fairbanks supports a Crisis Stabilization Center, which is operated on the Crisis Now principle of 'No Wrong Door' to accept 100% of referrals from law enforcement, emergency services, providers, and the public. The Mayor of Fairbanks has submitted a letter of support for this project.

Denardo Center

The following was submitted by Alaska Behavioral Health: We believe that one side of the Denardo Center would be conducive in its present configuration to operating an adult partial hospitalization program. It may need some cosmetic remodeling, but not substantial structural changes. The other side may be suitable for a temporary home for 23- hour Crisis Stabilization Center. The licensing standards for this level of care have not been finalized, and so there remain several unknown factors. Another factor that is yet to be known for Crisis Stabilization is what the demand is, and therefore what capacity will be needed. If the Denardo building is not a suitable long-term site, we would develop Crisis Stabilization at another site and most likely use that side of the building in a manner that would allow us to expand existing services. If we were to secure a lease on the Denardo Center, we would start planning immediately with the goal of utilizing the space as soon as it was available and usable. There are too many unknowns at this point to predict construction timelines.

6) What are the advisor's thoughts about the below fair market lease?

On 4/18/25, the Trust met with AMHB/ABADA Executive Director and GCDSE staff and discussed the below fair market lease proposal. The Trust was unable to consult with ACOA due to staff being on leave. The Trust provided an overview of the request and asked for advisory board input. The advisory boards are very supportive of the Trust proposing below fair market leases for beneficiary-serving organizations, especially when there is an opportunity to better serve communities with Trust resources that further support the Trust's mission.

BUDGET

Grantee	Initial Appraised Value	Annual LTFMV Rent	LTFMV Rent Percent of Appraised Value	Initial Appraised Annual FMV Rent	Term	Total "granted" in-kind annually	Total "granted" in-kind for term
Alaska Behavioral Health	\$ 3,700,000	\$ 37,000	1.000%	\$ 403,745	10	\$ 366,745	\$ 3,667,450

Attached Exhibits:

1. Trust Authority Less than Fair Market Value Process Outline
2. Letter of Support for Alaska Behavioral Health Crisis Stabilization Center

MEMO

To: Corri Feige– Resource Management Committee Chair
Date: April 9, 2025
Re: Request to Lease Trust Land at Less than Fair Market Value
Fiscal year: FY26
Grantee: Anchorage Community Mental Health Services, Inc dba Alaska Behavioral Health
Project Title: Alaska Behavioral Health Less than Fair Market Value Lease

REQUESTED MOTION:

The Resource Management Committee recommends the Full Board approve the annual lease rent of \$24,000, with a 10% rent increase every 5 years, for a 30 year ground 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

Assigned Program Staff: Heather Phelps

STAFF ANALYSIS

Alaska Behavioral Health requests a long-term single lease at less than fair market value for the two properties located at 1423 Peger Road (Fahrenkamp Center) and 1300 Moore Street (Denardo Sobering Center), Fairbanks, Alaska. Alaska Behavioral Health currently houses a certified community behavioral health center at the Fahrenkamp Center located at 1423 Peger Road under their current lease agreement with the Trust for the last 17 years. Tanana Chiefs Conference has a sobering center at the 1300 Moore Street address and their lease with the Trust ends on July 31st, 2025. Tanana Chiefs Conference is relocating its sobering center to its Detox Center on Younkers Court. Alaska Behavioral Health would like to expand services at the 1300 Moore St. location to include short-term crisis stabilization and intensive outpatient and partial hospitalization programs. Alaska Behavioral Health serves 100% trust beneficiaries and is committed to serving trust beneficiaries at these two locations.

Trust Authority Office staff has determined that sufficient information was provided by the organization, per 20 AAC 40.710, to warrant a less than fair market value lease, and that the

project aligns with the Mental Health and Addiction Intervention focus area to serve Trust beneficiaries.

Staff recommend the approval of a lease of Trust land at less than fair market value under 20 AAC 40.710.

COMP PLAN IDENTIFICATION

Goal	Objective	Comments
Goal 5 Suicide Prevention	5.2 Crisis system improvement	

PROJECT DESCRIPTION

The following is excerpted from the prospective grantee's application.

PROJECT DESCRIPTION

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.

PARCEL DESCRIPTION

The property will comprise portions of Trust Parcel F20213, a larger parcel of land legally described as:

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.

The specific portions of the Trust Parcel F20213 to be incorporated into the lease contemplated in this motion, totaling approximately 6.14 acres of land area, are shown in the following exhibit:



The portions of the property to be leased are more commonly known by their street addresses 1423 Peger Road and 1300 Moore Street, Fairbanks, AK.

WHO WE SERVE

Alaska Behavioral Health is one of three agencies in Alaska designated as a Certified Community Behavioral Health Center. Alaska Behavioral Health has two CCBHC locations (Anchorage and Fairbanks). Alaska Behavioral Health provides comprehensive behavioral health care services to Alaskans of all ages, from age 2 to 102. Alaska Behavioral Health focuses on using evidence-based practices to help clients improve their quality of life. Services include child and family, teen and young adult services, outpatient clinics, the Alaska Child Trauma Center, adult mental health residential treatment, intensive community-based services for adults with higher needs, mobile crisis services in Fairbanks, partial hospitalization programs for children and adults, and a medical team for psychiatry, primary care, and medication management.

ESTIMATED NUMBERS OF BENEFICIARIES SERVED EXPERIENCING:

Mental Illness:	781
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Developmental Disabilities:	29
Substance Abuse	70
Traumatic Brain Injuries:	61
Secondary Beneficiaries (family members or caregivers providing support to primary beneficiaries):	972

Attached Exhibits:

1. Trust Authority Suitability Request Letter
2. Trust Land Office Suitability Letter
3. Alaska Behavioral Health Request for Less than Fair Market Letter

Considered 4/9/25



David Pruhs, Mayor

18 April 2025

Alaska Mental Health Trust Authority
3745 Community Park Loop, Suite 200
Anchorage, Alaska 99508

RE: Support for Alaska Behavioral Health's Crisis Stabilization Center at 1300 Moore Street

To the Trustees:

The Mayor's Office of the City of Fairbanks is writing to express strong support for Alaska Behavioral Health's proposal to operate a Crisis Stabilization Center at 1300 Moore Street.

The City of Fairbanks has supported a Crisis Stabilization Center in the Interior to serve any person in crisis since 2019 when the Alaska Mental Health Trust Authority proposed a systemic method to improve crisis care across Alaska.

Our community members, many the family and friends of loved ones with serious mental illness, have been advocating for an alternative to an emergency room or correctional facility for decades. The City of Fairbanks supports a Crisis Stabilization Center which is operated on the Crisis Now principle of 'No Wrong Door' to accept 100% of referrals from law enforcement, emergency services, providers, and the public.

City of Fairbanks staff over the last five years have proposed the possibility of operating a Crisis Stabilization Center to multiple providers and Alaska Behavioral Health expressed their commitment to providing this service to our community. The City has also had the distinct privilege of partnering with Alaska Behavioral Health for the provision of Mobile Crisis Team response to citizens in distress for the last 3.5 years. Alaska Behavioral Health has a proven track record of being an excellent partner, operating their team to the full fidelity of the Crisis Now model, and integrating with our public safety professionals. Now, the Mobile Crisis Team, our law enforcement officers, and emergency service and our public safety agencies need a comprehensive facility where they can take individuals in crisis where they know they will be accessed, monitored, and treated before being discharged back into the community with a robust care plan.

The City of Fairbanks supports and asks the Trustees to continue to support the establishment of crisis services to build capacity for individuals in crisis to be served appropriately in the Interior Region without being sent hundreds or thousands of miles away from their homes, communities, and families.

Sincerely,

David Pruhs
Mayor





Alaska Behavioral Health Less than Fair Market Value Lease Follow Up April 23, 2025

A vertical strip of six landscape and nature photographs on the left side of the slide. From top to bottom: a green field with trees in the background; a man in a vest and glasses; a dense green forest; a blue lake with mountains in the background; a woman smiling; and a blue lake with a forested shoreline.

PRRE Less than Fair Market Value Lease Process

- Initial Discussion/Renewal Discussion: TAO/TLO
- Site Tour: TAO/TLO
- Lease Review (if pre-existing use): TLO
- Appraisal - quotes, ordered, completed (process timeline 60-90 days): TLO
- Organization submits a written request to the Trust Authority: TAO
- Trust Authority review and potentially issues a suitability request to TLO
- TLO sends a suitability letter to Trust Authority
- Consultation by Trust Authority via RMC meeting: TAO/TLO
- Trust Authority issues a public notice
- Motion for approval goes before the Full Board of Trustees: TAO/TLO
- TLO Best Interest Decision
- Lease drafted: TLO
- Lease Execution: TLO
- Commencement of Lease: TLO

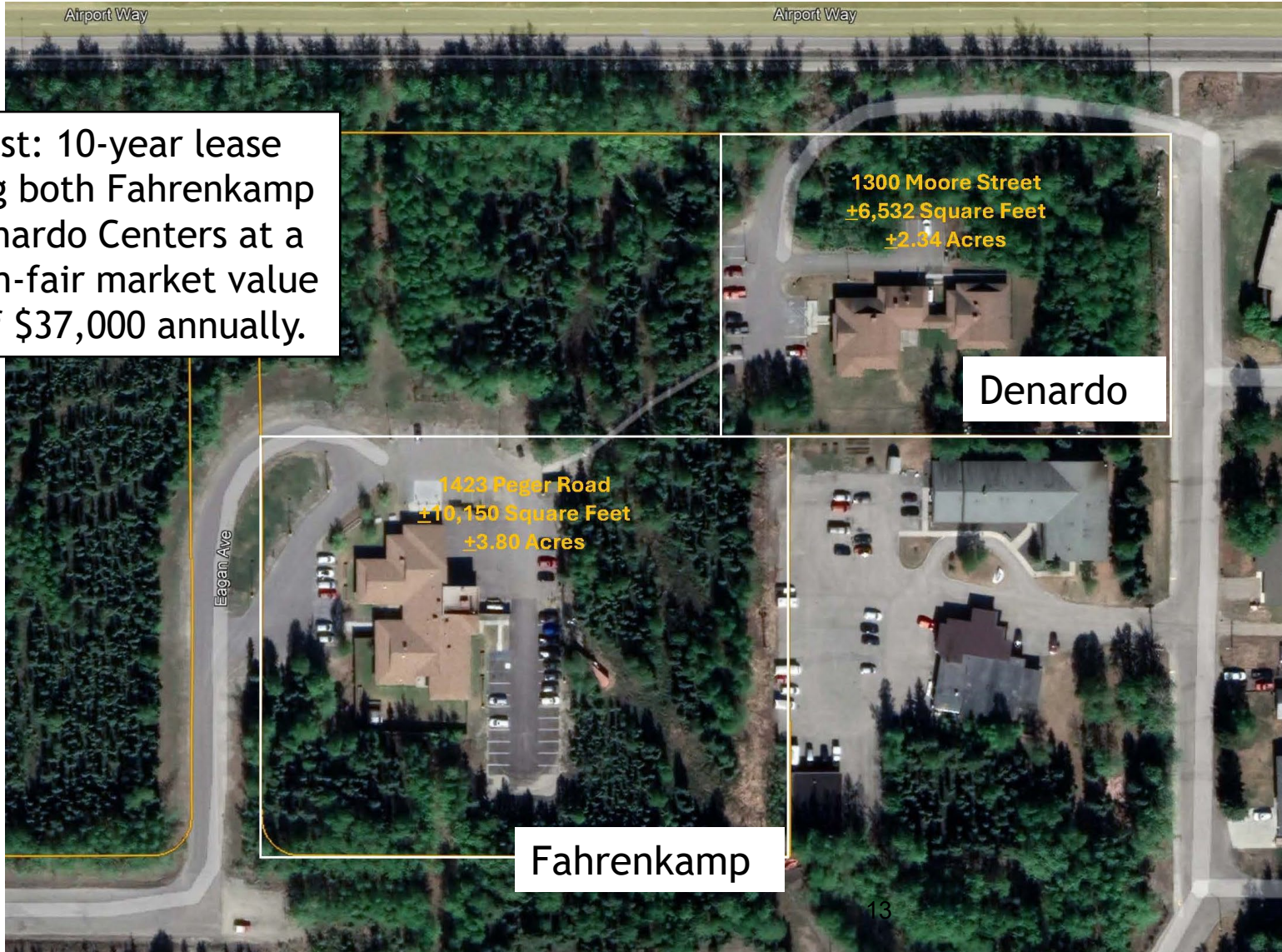
PRRE Leases

* Reflects what is proposed

Customer	Beneficiary Focus Area	Effective Date	Expiration Date	Initial Appraised Value	Annual LTFMV Rent	LTFMV Rent Percent of Appraised Value	Initial Appraised Annual FMV Rent	Term	Total “granted” in-kind annually	Total “granted” in-kind for term
Sitka Homeless Coalition	Housing and Home and Community Based Services	Sept. 2023	Sept. 2053	\$ 390,000	\$ 3,900	1.000%	\$ 31,200	30	\$ 27,300	\$ 819,000
Assets (Anchorage)	Employment and Engagement	June 2016	June 2026	\$ 5,700,000	\$ 60,000	1.053%	\$ 345,444	10	\$ 285,444	\$ 2,854,440
Salvation Army (Anchorage)	Mental Health and Addiction Intervention	October 2023	Sept. 2048	\$ 1,188,000	\$ 15,701	1.322%	\$ 95,040	25	\$ 79,338.52	\$ 1,983,463
Tanana Chiefs Conference (Fairbanks)	Mental Health and Addiction Intervention	August 2024	July 2054	\$ 2,900,000	\$ 30,000	1.034%	\$ 317,088	30	\$ 287,088.00	\$ 8,612,640
Alaska Behavioral Health* (Fairbanks)	Mental Health and Addiction Intervention			\$ 3,700,000	\$ 37,000	1.000%	\$ 403,745	10	\$ 366,745	\$ 3,667,450
Arc of Anchorage	Housing and Home and Community Based Services	Sept. 1960	Perpetual	\$ 3,800,500	\$ 1	0.0000263%	\$ 336,000	Indefinite	\$ 336,000	
Catholic Social Services (Anchorage)	Housing and Home and Community Based Services	August 1986	April 2026	\$ 417,100	\$ 1 12	0.000238%	\$ 36,700	40	\$ 36,700	

Alaska Behavioral Health Less Than Fair Market Value Lease Request

Request: 10-year lease covering both Fahrenkamp and Denardo Centers at a less-than-fair market value lease of \$37,000 annually.



Alaska Behavioral Health Request

Beneficiary serving activities on the property:

Fahrenkamp Building

- Community Behavioral Health Center (current)
 - integrated primary care
 - integrated psychiatry
 - assessments
 - walk-in crisis services
 - therapeutic clinical services
 - telehealth services
- AKBH Mobile Crisis Team (current)

Denardo Building

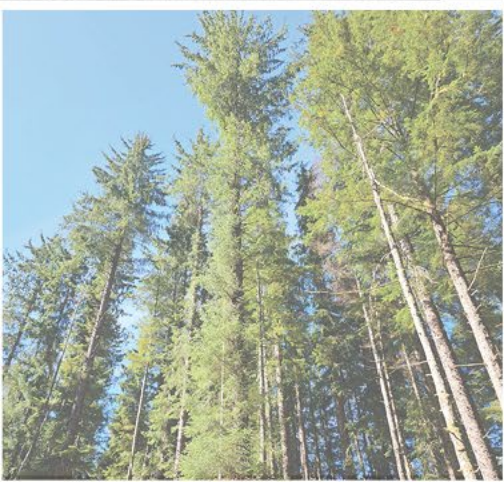
- Adult partial hospitalization (planned)
- Short-term crisis stabilization (planned)





Alaska Behavioral Health Request, Continued

- Aligns with the Trust's *Mental Health & Addiction Intervention* focus area
- Supports ongoing Trust initiative to enhance behavioral health crisis response across Alaska
- These programs also correspond with several areas of focus in Alaska's 2025-2029 *Comprehensive Integrated Mental Health Program Plan*
 - *Suicide prevention*
 - *SUD Prevention*
 - *Services in the lease-restricted setting*
 - *Healthcare*



Questions?

