

**The Alaska Mental Health Trust Authority
Trust Land Office**

**BEST INTEREST DECISION
Statement of Intent
Alaska Forest Management Cooperative**

Project No. 2014-93
MH Parcels –See Exhibit 1

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 (P.L. 84-830, 70 Stat. 709 (1956)), 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. Utilize Trust resources in conjunction with the State of Alaska, Department of Natural Resources, Division of Forestry (DOF), the Alaska Mental Health Trust Land Office (TLO), and the University of Alaska (UA) with the intent to collaboratively enhance their forest resources under a Statement of Intent (see Exhibit 1 attached) that will serve as a cooperative management agreement. The parties to this Statement of Intent (SOI) hereby express their intent to establish a reciprocal relationship to share facilities that support forest resource management.

II. Applicant/File #. 2014-93 Alaska Forest Management Cooperative

- III. Subject Property. Trust Parcels (see attached map) SE Alaska- Forest Management**
- A. Legal Description.** See Exhibit 1 (attached).
 - B. Settlement Parcel Number(s).** See Exhibit 1 (attached).
 - C. Site Characteristics/Primary Resource Values.** Trust Parcels in Southeast Alaska which are managed for Timber resources.
 - D. Historical and Existing Uses of the Property.** Properties utilized in this SOI have been utilized for forest management or support of that management.
 - E. Adjacent Land Use Trends.** Typical adjacent land use is undeveloped and compatible with forest management.
 - F. Previous State Plans/Classifications.** None
 - G. Existing Plans Affecting Area.** Northern Southeast Area Plan, Central / Southern Southeast Area Plan, Prince of Wales Area Plan
 - H. Apparent Highest and Best Use.** Highest and Best Use of affected properties is timber harvest or support of harvest activities.
- IV. Proposal Background.** The TLO, UA, DOF, and MLW have met numerous times in an effort to take action to preserve and enhance the value of their forest assets through cooperation and sharing of facilities and infrastructure necessary for forest management. The infrastructure required to move wood to market in Southeast has deteriorated since the closure of the pulp mills in 1996. These mills maintained key transportation components required to move timber throughout Southeast Alaska. By collectively offering timber sales, jointly utilizing road systems, log transfer facilities, rafting grounds, and ship loading areas the basic infrastructure required for successful timber sales will be preserved. By maintaining the infrastructure and industry the TLO will be maximizing the return from current and future timber assets which is in the best interest of the Trust and its beneficiaries. It is anticipated that the TLO may add additional lands and facilities to the SOI for existing Trust forest lands in the Northern and Southcentral Regions, as well as forest lands in Southeast that may be acquired in the future through the proposed Trust Land Exchange with the US Forest Service (MHT 9100589).
- V. Terms and Conditions.** The SOI is non-binding but states the intention of the parties is to cooperate in order to further their separate missions concerning their forest resources. The parties intend to establish a reciprocal relationship to share facilities that support forest resource management and to waive the collection of fees that any party to the SOI could charge for any associated use fees in connection with land and forest management by any of the parties, to the extent permitted by law. Examples of such cooperation include, without limitations, those items and activities listed in Exhibit 1. The authorization of the use of Trust land under the SOI will be granted through the use of a “Temporary Use Authorization” and will only include activities that are not a disposal of a Trust interest.

VI. Asset Management Considerations. To further the long-term management of the Trust's forest resources the Resource Management Strategy, adopted November, 2013, anticipates the need to outline a strategy and plan for the future: "...[this] involves strengthening the TLO's relationship with what remains of the timber industry and creating relationships that will better allow joint response to market conditions." This SOI is consistent with the RMS.

VII. Alternatives.

Do Nothing: This alternative assumes that timber values, industry, and associated infrastructure will not diminish over time, which is not a prudent assumption, given historic trends and future projections.

Proceed as Proposed. This is the preferred alternative given the likely market and harvest circumstances that will affect Trust timber values.

VIII. Risk Management Considerations.

A. Performance Risks. Potential performance risks to the Trust will be mitigated through the enforcement of standard stipulations and conditions required in a "Temporary Use Agreement" and standard timber sale contracts.

B. Environmental Risks. Environmental risks to the land and water will be addressed and regulated through contractual stipulations and enforcement of state and federal laws, such as the Alaska Forest Resources and Practices Act.

C. Public Concerns. The TLO does not anticipate public opposition to this proposal as the activities anticipated do not differ from current uses.

IX. Due Diligence.

A. Site Inspections. TLO staff have inspected most Trust properties affected by this proposal. The TLO will conduct site inspections as necessary in the future.

B. Valuation. The revenue anticipated to be waived under the SOI is de minimis and likely would not be greater than the staff time required to collect the fees.

C. Terms and Conditions Review. The SOI has been reviewed by the office of the Attorney General.

X. Authorities.

A. Applicable Authority. Alaska Statutes 37.14.009(a) and 38.05.801, and 11 AAC 99.

B. Inconsistency Determination. As the proposed cooperative management agreement 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 Trust Resource Management Committee was consulted on September 2, 2014. The Committee recommended that the proposed transaction be forwarded it to the Trust Authority Board of Trustees. The Board of Trustees was consulted on September 3, 2014 and concurred with the execution of the Statement of Intent subject to the outcome of the notice process.
- 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.
- 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 Alaska Mental Health Trust and its beneficiaries or inconsistency with 11 AAC 99. The Executive Director will 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 public 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). 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, 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 Trust Land Office, located at 2600 Cordova Street, Suite 100, 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 Trust Land Office administrative process. For specific dates or further information about the disposal, interested parties should contact the Trust Land Office at the above address, or visit the TLO website at: www.mhtrustland.org.

XVI. APPROVED:

By: 

Marcie Menefee
Executive Director

9.5.14

Date

EXHIBIT 1
Trust Parcels and Facilities (Legal Descriptions)

Parcel #	Location	Acres	Log Transfer Facility (LTF)	LTF Upland Owner
CRM-0001	Icy Bay	576		
CRM-0002	Icy Bay	1,258		
CRM-0003	Icy Bay	175		
CRM-0004	Icy Bay	6,014		
CRM-0005	Icy Bay	850		
CRM-0006	Icy Bay	16,647		
CRM-0007	Icy Bay	22,248		
C20439	Yakutat	508		
CRM-7051	Yakutat	158		
CRM-0197-02	Haines	20		
CRM-0198-02	Haines	20		
CRM-0199-02	Haines	20		
CRM-0168	Haines	40		
CRM-0054	Haines	20		
CRM-0043	Haines	18		
C70451	Haines	3,483		
CRM-0179	Haines	5		
CRM-0178	Haines	5		
CRM-0698	Haines	80		
CRM-0699	Haines	40		
CRM-0743	Haines	42		
CRM-1510	Juneau	139		
CRM-1509	Juneau	2,666		
CRM-1511	Juneau	85		
C20550.001	Sitka	2,013	Katlian Bay	MHT
C20550.002	Sitka	443	Katlian Bay	MHT
CRM-1811	Sitka	28		
CRM-7003	Sitka	108		
CRM-1852	Sitka	17		
CRM-1835	Sitka	296		
CRM-2104	Petersburg	45		
CRM-2099	Petersburg	2,480		
CRM-2060-02	Petersburg	207		
CRM-2284-02	Petersburg	1,561		
C30005.002	Petersburg	345		
C30005.001	Petersburg	188		
CRM-2405-06	Wrangell	16	Pat's Creek	MHT

Exhibit 1
Legal Descriptions (continued)

Parcel #	Location	Acres	Log Transfer Facility (LTF)	LTF Upland Owner
CRM-2405-05	Wrangell	133	Pat's Creek	MHT
CRM-2400-11	Wrangell	58	Pat's Creek	MHT
CRM-2529	Wrangell	229	Pat's Creek	MHT
CRM-2528	Wrangell	660	Pat's Creek	MHT
CRM-2454	Wrangell	559	Pat's Creek	MHT
C70871	Thorne Bay	4,576	Tolstoi	MHT
C70932	Ketchikan	4,552	Leask Cove	MHT
C32018	Ketchikan	264	Leask Cove	MHT
CRM-3129-03	Ketchikan	3,708	Gravina Island	
CRM-3129-01	Ketchikan	247	Gravina Island	
CRM-3129-08	Ketchikan	281	Gravina Island	
C20923	Hollis	30	Klawock / Tolstoi	
C70927	Hollis	13	Klawock / Tolstoi	
C32033	Control Lake	416	Klawock / Tolstoi	

The following is a non-exclusive list of improvements that are related to forest management and use only and are within the coverage of the Cooperative Management Agreement (Statement of Intent) between the parties:

- Log transfer facilities
- Bark disposal areas (on uplands)
- Rafting grounds
- Barge and ship loading facilities and moorage
- Short-term moorage
- Docks
- Wood waste disposal sites
- Work camps and associated facilities and infrastructure
- Material sites related to forest management
- Temporary communications sites and facilities related to forest management
- Sort yards and related roads
- Seasonal roads
- Temporary roads
- Non-exclusive easements

STATEMENT OF INTENT
among
THE STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES,
DIVISION OF MINING, LAND AND WATER
and
DIVISION OF FORESTRY,
and
THE ALASKA MENTAL HEALTH TRUST LAND OFFICE,
and
THE UNIVERSITY of ALASKA

This Statement of Intent (SOI) is hereby made and entered into by and between the State of Alaska, Department of Natural Resources, Division of Mining, Land and Water (DMLW), Division of Forestry (DOF), the Alaska Mental Health Trust Land Office (TLO), and the University of Alaska (UA) herein collectively referred to as the Alaska Forest Management Cooperative (AFMC).

I. PURPOSE

The purpose of this SOI is to document the parties' intention to cooperate in order to further their separate missions concerning their forest resources. The parties to this SOI hereby express their intent to establish a reciprocal relationship to share facilities that support forest resource management and waive the collection of use fees that any party to this SOI could charge to another party for land use, access across another party's land, or any associated use fees in connection with land and forest resource management by any of the parties, to the extent permitted by law. Examples of such cooperation include, without limitations, those lands listed in Exhibit 1, and those items and activities listed in Exhibit 2, attached hereto.

II. STATEMENT OF MUTUAL BENEFIT AND INTERESTS

DMLW, DOF, TLO and UA have comparable and complementary missions concerning forest resources, and each professionally manages extensive lands bordering on, or in proximity to, the other parties' lands. In carrying out their separate missions, DMLW, DOF, TLO and UA may often need to use another party's real property or services for access, staging, communications, or similar temporary activities for which each affected party might normally charge a fee. The fees for which DMLW, DOF, TLO and UA could charge each other are acknowledged to be of similar magnitude, but assessing and collecting these fees from each of the other parties would require significant administrative labor and costs by the affected parties.

DMLW, DOF, TLO and UA agree that it will be mutually beneficial, and in each party's own best interests, and, in the case of the TLO, in the interests of the beneficiaries of the Alaska Mental Health Trust, and in the case of UA, to the benefit of the land grant trust fund, to waive the collection of these fees in order to avoid the administrative costs by saving employee time for more productive activity to better facilitate their separate, but complementary missions. Further, this SOI reflects the collaborative working relationship desired by AFMC.

III. PUBLIC PROCESS REQUIREMENT

DMLW, DOF, TLO and UA agree that each party will execute and comply with its own internal requirements and regulations for public process necessary before any waiver of fees or sharing of facilities is allowed.

IV. DECISIONAL DOCUMENT

DMLW, DOF, TLO and UA agree that each party will write its own decisional document related to this SOI, and will publish it for public review. The decisional document written by each party will address the rationale used to determine that sharing of facilities and waiver of fees among DMLW, DOF, TLO and UA is in the best interest of each agency.

V. IT IS MUTUALLY UNDERSTOOD AND AGREED BY AND BETWEEN THE PARTIES THAT:

- A. LAWS or REGULATIONS. Nothing in this SOI obligates any party to take or excuse any action that may be contrary to Federal or State of Alaska laws or regulations.
- B. LAND OWNERSHIP. Nothing in this SOI affects, alters, or burdens the ownership of, or title to, any parcel or tract of land, or of any fixture to, or item of property on any parcel or tract of land.
- C. PARTICIPATION in ACTIVITIES WITH OTHERS. This SOI in no way restricts DMLW, DOF, TLO or UA from participating in similar activities and memoranda of agreement with any other landowner that is not a party to this SOI.
- D. NON-BINDING AGREEMENT. This SOI creates no right, benefit or trust responsibility, substantive or procedural, enforceable at law or equity, by or on behalf of any of the parties to it. This SOI does not prevent each party from managing its lands, resources, and activities based on each party's individual legal or trust responsibilities. Nothing in this SOI authorizes any of the parties to obligate or transfer funds. Specific projects or activities that involve the transfer of funds, services, or property among any two or more of the parties shall require the execution of separate agreements. The negotiation, execution, and administration of all such agreements shall comply with all applicable laws. Nothing in this SOI shall alter, limit, or expand the parties' statutory, trust, or regulatory authorities or obligations.
- E. TERMINATION. Any party may, in writing, revoke this SOI in whole or in part as to that party.
- F. AUTHORIZED REPRESENTATIVES. By signing below, each party certifies its acceptance of this SOI, and certifies that the signer for each agency listed in this document is, in fact, the authorized representative of that party, and is authorized to act in matters related to, and within the scope of, this SOI.

IN WITNESS WHEREOF, the parties hereto have executed this SOI as of the last date written below, which shall be the effective date of this SOI.

STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES, DIVISION OF MINING, LAND AND WATER (DMLW)

DIRECTOR

DATE

ADDRESS

**STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES,
DIVISION OF FORESTRY (DOF)**

DIRECTOR

DATE

ADDRESS

ALASKA MENTAL HEALTH TRUST LAND OFFICE (TLO)

EXECUTIVE DIRECTOR

DATE

ADDRESS

UNIVERSITY OF ALASKA (UA)

PRESIDENT

DATE

ADDRESS

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