

**Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**Notice under 11 AAC 99.050 of**  
**Decision for a Negotiated Timber Sale – Hollis – Prince of Wales Island**  
**MHT 9101091**

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 negotiated timber sale of certain Trust land to Viking Lumber Company, Inc. 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 one mile north of the community of Hollis on Prince of Wales Island and is more particularly described as: Copper River Meridian, Township 73 South, Range 84 East, Sec. 14, lots 1 to 5 inclusive: Sec. 15 lot 1; Sec. 22, lot 1; Sec. 23, lots 1 and 2; Sec. 24, lot 1; Sec. 25, lot, 2; Sec. 26 lot 2; Containing 1,438 acres (CRM-7061).

Persons who wish to submit a qualified competing offer as described in Section XIII of the best interest decision, 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 18, 2021**. **Qualified competing offers and/or 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:  
**Jusdi Warner**  
A4E9F1FC953B4D2...  
Jusdi Warner  
Executive Director

2/14/2022

Date

Published Ketchikan Daily News: 02/16/2021

**The Alaska Mental Health Trust Authority**  
**Trust Land Office**  
**BEST INTEREST DECISION**  
**Hollis Exchange Timber Sale**  
**Decision to issue a Negotiated Timber Sale - Hollis, Alaska**

MHT: **9101091**  
MH Parcel: **CRM-7061**

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.** Disposal through negotiated sale of approximately sixteen million board feet (16 mmbf) of old and young growth timber for \$2.7 million dollars. These lands were acquired from the United States Forest Service (USFS) as authorized by the Alaska Mental Health Trust Land Exchange Act of 2017.

**II. Applicant/File # MHT 9101091**

**III. Subject Property.**

**A. Legal Description.** The property is 1 mile north of Hollis on Prince of Wales Island and identified as parcel CRM-7061: Copper River Meridian, Township 73 S, Range 84 E, Sec. 14, lots 1 to 5 inclusive: Sec. 15 lot 1; Sec. 22, lot 1; Sec. 23, lots 1 and 2; Sec. 24, lot 1; Sec. 25, lot, 2; Sec. 26 lot 2; Containing 1,438 acres.

Patent # 50-2021-0081

**B. Settlement Parcel Number. CRM-7061**

**C. Site Characteristics/Primary Resource Values.** The parcel is north of the community of Hollis and occupies land on a hillside from sea-level, the western shores of Twelve-mile Arm, to 1,500 feet in elevation. The parcel has

approximately one and a half (1.5) miles of saltwater frontage along Twelve-Mile Arm. The western boundary of the parcel skirts sparsely vegetated alpine terrain with the northern portion of the parcel encompassing Wolf Lake (about 100 acres in size). Wolf Creek meanders through the parcel from Wolf Lake in a SE direction for about one and one-half miles to the saltwater. Wolf Creek Boatworks is located at the confluence of Wolf Creek and the saltwater. The appraisal states it is the only developed area of the parcel, is about three acres in size, and is situated mostly on State tidelands.

Overall the parcel is generally forested hillside composed of Western Hemlock, Red and Yellow Cedar, and Sitka Spruce. The parcel lies between two existing harvest units - Sealaska Corporation to the northeast (harvested in 1990's) and State of Alaska to the south (harvested in 2017). There have been selective harvests conducted along the beaches, as well as, other selective harvest areas. An appraisal was conducted for the Alaska Mental Health Trust (Trust) Land Exchange which found the highest and best use of this parcel as timberlands.

- D. Historical and Existing Uses of the Property.** These lands were in federal ownership until the Trust acquired the property on August 30, 2021. The Hollis area was the first remote logging camp operated by Ketchikan Pulp Company in the 1950's. This region has had timber harvest conducted for over 100 years. In 1996, Alaska Power and Telephone (AP&T) filed for a FERC license for Wolf Lake Hydroelectric Project (# 11508-000-AK). AP&T also filed for a USACE permit for a transmission line and access road corridor to support the proposed Wolf Creek Hydroelectric Project.

A portion of Wolf Creek Boatworks is located on this parcel. The Boatworks facility was constructed in the 1930's and had been the recipient of a USFS special use permit, along with additional buildings and infrastructure, until the permit expired on its own terms in 2015. Currently, there is no active authorization for the Boatworks facility or additional infrastructure, located on the Hollis parcel. Historic Wolf Creek Boatworks, a nonprofit corporation registered with the State of Alaska, has filed a complaint in US District Court against the US Forest Service, State of Alaska and Alaska Mental Health Trust asserting a pre-existing right to the property. Historic Wolf Creek Boatworks to date has not applied for use of Trust land.

- E. Adjacent Land Use Trends.** The area around the parcel is primarily undeveloped. Sealaska Corporation timberlands are northeast of the parcel and were harvested in the 1990's; to the south is State of Alaska lands harvested in 2017. There are State of Alaska subdivisions along the coast of Twelve-Mile Arm, these lots adjoin the previously harvested State lands and do not have connectivity to Trust lands. Many of these lots are in private ownership. Lands to the north and west are in USFS ownership. The USFS land to the northeast includes the Karta River Wilderness.
- F. Previous State Plans/Classifications.** The land was under USFS ownership and was conveyed to the Alaska Mental Health Trust on August 30, 2021. The Prince of Wales Island Area Plan incorporates the adjacent State Lands.
- G. Existing Plans Affecting the Subject Parcel.** None

**H. Apparent Highest and Best Use.** The current apparent highest and best use of this parcel is for timber development.

- IV. Proposal Background.** The TLO has engaged in the sale of timber as a major contributor to its traditional revenue portfolio. The proposed timber sale will dispose of commercially viable timber on lands acquired by the aforementioned land exchange with the USFS near Hollis. The proposed timber sale is the result of both State of Alaska (SB 88) and Federal (S.131) legislation passed in 2017 approving the exchange. The land exchange has been supported by the City of Craig, State Legislators, the Alaska Congressional Delegation, Tongass Futures Roundtable, and a number of other organizations. This timber sale will assist in providing timber to the southeast Alaska timber industry. The negotiated timber sale will be at fair market value (based on independent appraisal) and produce revenues which meet or exceed the average return of State and Federal timber sales. This sale has been determined to be critical in maintaining a timber industry in southeast Alaska. Postponing or not conducting the sale may result in the closing of a vital component of that industry which would have a direct adverse impact on future revenues to the Trust.
- V. Terms and Conditions.** Trust timber disposal and the accompanying road construction will be conducted under conditions that reflect the fair market value. The resulting sale contract will be substantially the same as those used by the TLO for other large timber harvest operations, with revisions recommended, as necessary, by the TLO contract administrator and the Department of Law.
- VI. Resource Management Considerations.** The proposal is consistent with the TLO's adopted Resource Management Strategy (RMS) (adopted October 2021), which emphasizes disposal of Trust assets at the high end of their market values; in a manner that maximizes revenues to the Trust at prudent levels of risk. Although the timber market has fluctuated, the duration of this sale is expected to span the time to capture higher market values and the sale terms designed to benefit the Trust in improved markets. Consistent with regulation, 85% of Trust timber receipts are placed into the principal account (corpus) of the Trust, while 15% is classified as income. Given the likelihood of diminishing values for Trust timber over time, near term sales will therefore result in higher annual interest distribution from the Trust's investment of principal than would be the case if timber sales occurred over a longer time frame. Therefore, offering all the old growth timber in this area is prudent. Timber, as a renewable resource, is expected to regenerate after harvest for potential future timber harvests. Appropriate management of these lands combined with other lands acquired through the land exchange can lead to sustained yield of timber in the future.
- VII. Alternatives.**
- 1. Do Nothing:** This alternative assumes that timber values will not be maximized by harvesting at this time. There is a distinct possibility that if the sale is not marketed now there may not be an industry in place to purchase it.

2. **Alternate Development:** Due to the character and location, the parcel does not lend itself to other development opportunities that would produce a return to the Trust comparable to a commercial timber harvest. Commercial harvest of the timber will, in some cases, facilitate other commercial opportunities on the lands.
3. **Proposed Alternative:** This alternative will provide the Trust with revenue and will help to maintain customers for future timber sales. The harvest should not adversely impact other future development. Harvest now will allow a new forest to start.

## **VIII. Risk Management Considerations.**

- A. **Performance Risks.** Performance risks will be minimized through professional sale designs. The timber sale process will minimize the risk of having the timber being purchased at below market values or by a person or entity that does not have the demonstrated ability to perform under the contract, and by strict enforcement of the timber sale contract.
- B. **Environmental Risks.** The proposed timber sales will not result in significant environmental risks to the Trust. Timber sale operations are governed by State and Federal regulations, as well as contract provisions requiring strict compliance with the Alaska Forest Resources and Practices Act to minimize the risk of environmental impacts to air, fish, and wildlife. The contract will be strictly enforced.
- C. **Public Concerns.** This timber sale is in a visible location, however it is a portion of the Alaska Mental Health Land Exchange of 2017 that garnered support and traction through the Tongass Future Roundtable. This sale is being locally manufactured and providing jobs and other economic stimulus to the Prince of Wales Island economy. All operations are required to comply to all State and Federal regulations including the Alaska Forest Resource and Practices Act.

## **IX. Due Diligence.**

- A. **Site Inspection.** The TLO has experience managing timber resources in southeast Alaska. The parcel has been visited by the TLO staff and has been evaluated for timber harvest. A timber cruise has been completed and evaluated in determining to offer this timber sale.
- B. **Valuation.** Timber values for this negotiated sale are based on an independent appraisal which was conducted as part of the AMHT / USFS land exchange. The land was appraised as if in private ownership and to its highest and best use, which is timberland for this parcel. The timber resource valuation calculated the return based on the anticipated selling value of timber on site less all costs to produce the timber delivered to market.
- C. **Terms and Conditions Review.** Timber purchase and sale agreements will be similar to those used by the TLO for other large timber harvest operations, with revisions recommended, as necessary, by the TLO and the Department of Law.

**X. Authorities.**

**A. Applicable Authority.** AS 37.14.009(a), AS 38.05.801, and 11 AAC 99.

**B. Inconsistency Determination.** As the proposed negotiated timber 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). AS 38.05.112 (Forest Land Use), AS 38.05.113 (Five-Year Sale Schedule), to the extent that it does not apply to private landowners. In addition, AS 38.05.115 (limitations and conditions of sale) and its implementing regulations are hereby deemed inconsistent to the extent that they would limit volumes available for harvest by the Trust and to the extent that said limitations would benefit others at a cost to the Trust.

**XI. Trust Authority Consultation.** The Alaska Mental Health Trust Resource Management Committee was consulted on January 5, 2022. The Committee recommended that the proposed transaction be forwarded to the Alaska Mental Health Trust board of trustees. The board of trustees was consulted on January 26, 2022, and the full board of trustees concurred with the timber sale.

**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 through 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. 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. The Executive Director, in consultation with the Trust Authority, has determined that a negotiated timber sale to Viking Lumber

Company is in the best interest of the Trust and its beneficiaries. The return on this sale will meet or exceed current market prices.

**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. Other persons who may be interested in the Property must submit their proposals during the 30-day public notice period. Instructions to apply can be found online at <https://alaskamentalhealthtrust.org/trust-land-office/land-sales/land-use-application/>. To be considered a qualified competing interest, applications must include the application fee, a formal Letter of Intent to include an offer price that matches or exceeds the current offer of \$2,700,000 for the timber located on this parcel. In the event that there is competing interest, all qualified interested parties will be notified by phone, fax, or e-mail how they may participate in the alternative sale process. 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:**

DocuSigned by:  
**Jusdi Warner**  
41691769508492...  
\_\_\_\_\_  
Jusdi Warner  
Executive Director  
Alaska Mental Health Trust Land Office

2/11/2022

\_\_\_\_\_  
Date



**Certificate Of Completion**

Envelope Id: BD9BB1F012054E19B94326596595DDD1	Status: Completed
Subject: Please DocuSign: 9101091-BID-Hollis ExchTS_1-19-2022 v4_0.doc	
Source Envelope:	
Document Pages: 7	Signatures: 1
Certificate Pages: 3	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelope Stamping: Disabled	Tracy Andis
Time Zone: (UTC-09:00) Alaska	PO Box 110206
	Juneau, AK 99811
	tracy.andis@alaska.gov
	IP Address: 158.145.14.21

**Record Tracking**

Status: Original	Holder: Tracy Andis	Location: DocuSign
2/11/2022 1:10:37 PM	tracy.andis@alaska.gov	
Security Appliance Status: Connected	Pool: StateLocal	
Storage Appliance Status: Connected	Pool: State of Alaska	Location: DocuSign

**Signer Events**

Jusdi Warner  
 jusdi.warner@alaska.gov  
 Security Level: Email, Account Authentication (None)

**Signature**

DocuSigned by:  
**Jusdi Warner**  
 A4E9E1FC953B4D2...

Signature Adoption: Pre-selected Style  
 Using IP Address: 10.2.128.92

**Timestamp**

Sent: 2/11/2022 1:11:22 PM  
 Viewed: 2/11/2022 1:14:20 PM  
 Signed: 2/11/2022 1:14:29 PM

**Electronic Record and Signature Disclosure:**

Accepted: 12/30/2021 9:53:31 AM  
 ID: 602731d5-3aaf-4076-a8af-4fc6419229d  
 Company Name: State of Alaska

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	2/11/2022 1:11:22 PM
Certified Delivered	Security Checked	2/11/2022 1:14:20 PM
Signing Complete	Security Checked	2/11/2022 1:14:29 PM
Completed	Security Checked	2/11/2022 1:14:29 PM
Payment Events	Status	Timestamps

**Electronic Record and Signature Disclosure**

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

Please read this Electronic Records and Signature Disclosure (ERSD). It concerns your rights regarding electronically undertaking, and the conditions under which you and the State of Alaska agree to electronically undertake, the transaction to which it relates (the “TRANSACTION”).

### **Consent to Electronically Undertake the TRANSACTION**

You can electronically undertake the TRANSACTION only if you confirm that you meet the following requirements by selecting the box next to “I agree to use electronic records and signature” (the “AGREE BOX”):

1. you can fully access and have read this ERSD;
2. you can fully access all of the information in the other TRANSACTION records;
3. you can retain all of the TRANSACTION records in a form that you will be able to fully access for later reference;
4. you consent to undertake the TRANSACTION electronically; and
5. you are authorized to undertake the TRANSACTION. (Please note that falsely undertaking the TRANSACTION may subject you to civil liabilities and penalties and/or to criminal penalties.)

If you cannot or are not willing to confirm each of these five things, do not select the AGREE BOX.

### **Withdrawing Consent**

If you select the AGREE BOX, you can withdraw your consent to electronically undertake the TRANSACTION at any time before you complete the TRANSACTION: simply do not finalize it. The only consequence of withdrawing your consent is that you will not finalize the TRANSACTION.

If you select the AGREE BOX, your consent will apply only to this TRANSACTION. You must separately consent to electronically undertake any other transaction with the State of Alaska.

### **Paper Option for Undertaking the TRANSACTION**

You may undertake the TRANSACTION with the State of Alaska using paper records. (State of Alaska employees who want to undertake the TRANSACTION in paper should contact the agency responsible for the TRANSACTION.) Print the paper records on the website of the State of Alaska agency responsible for the TRANSACTION, or request them from the agency. The State of Alaska homepage is at <http://alaska.gov/>.

### **Copies of TRANSACTION Records**

After completing the TRANSACTION but before closing your web browser, you should download the TRANSACTION records. Or you can download the records within 30 days after

completing the TRANSACTION using the link in the DocuSign email sent to the email address you used to complete the TRANSACTION. The State of Alaska will not provide a paper copy of the TRANSACTION records as part of the TRANSACTION. Under the Alaska Public Records Act (APRA), AS 40.25.100–.295, you can request a copy from the agency responsible for the TRANSACTION, but if too much time has passed, the agency may no longer have the records when you make your request. If required under the APRA, the agency will charge a fee.

### **Required Hardware and Software**

For the minimum system requirements to electronically undertake the TRANSACTION, including accessing and thereby retaining the TRANSACTION records, visit <https://support.docusign.com/guides/signer-guide-signing-system-requirements>. These requirements may change. In addition, you need access to an email account.

### **How to Contact the State of Alaska**

To ask a question on this ERSD or the DocuSign document generated after you complete the TRANSACTION or on using DocuSign to electronically undertake the TRANSACTION, contact the Alaska Department of Administration at either of the following addresses:

State of Alaska  
Department of Administration  
550 West 7th Avenue  
Suite 1970  
Anchorage, AK 99501  
Reference: DocuSign

[doa.commissioner@alaska.gov](mailto:doa.commissioner@alaska.gov)  
Subject: DocuSign

To ask any other question on the TRANSACTION records or to update the information for contacting you electronically, contact the State of Alaska agency responsible for the TRANSACTION using the contact information in the TRANSACTION records or, if those records contain no contact information, using the contact information on the agency's website. Again, the State of Alaska homepage is at <http://alaska.gov/>.