

The Alaska Mental Health Trust Authority
Trust Land Office
BEST INTEREST DECISION AFFIRMED
Negotiated Timber Sale - Hollis, Alaska

MHT: 9101091
MH Parcel: CRM-7061

Action: Adopt the Best Interest Decision dated February 11, 2022, regarding the above referenced disposal as final, without modification. This decision document, combined with the Best Interest Decision dated February 11, 2022, constitutes the final decision on this matter, in accordance with 11 AAC 99.040.

Notice under 11 AAC 99.050: The Trust Land Office (TLO) published the public notice of the decision to dispose of approximately 16 million board feet (mmbf) of old and young growth timber for a minimum of \$2.7 million dollars in the Ketchikan Daily News and on the State of Alaska's online public notice website on February 16, 2022. The public notice was distributed to Sealaska Corporation, the City of Craig, the City of Kasaan, Craig Tribal Association, the Alaska Mental Health Trust Authority, and other interested public and private parties on February 23, 2022.

Summary of Comments: The TLO received six comments on the proposed timber sale.

One agency comment was received from the Department of Transportation & Public Facilities (DOT&PF) requesting the TLO communicate to operators to keep the State highway clear of debris and that operators use appropriate signage for ingress/egress of the State highway.

Four comments were in opposition to the timber sale expressing concerns of post-harvest visual aesthetics, environmental impacts, cultural uses, devaluation of property, and local mental health assistance programs. None of these comments provided an alternative competing interest to generate revenue that meets or exceeds the timber sale or showed that the decision is inconsistent with any provision of 11 AAC 99.

The final comment opposed the decision to negotiate a timber sale, asserting legal issues with the Wolf Creek Boatworks and provided a counterproposal to purchase a small portion of the acreage within the proposed timber sale.

Response to Agency Comment: The TLO will communicate DOT&PF's comment to the contracted operator.

Response to Four Comments: Under state law, the TLO is responsible for managing land, natural resources, and non-cash assets owned by the Alaska Mental Health Trust Authority. The TLO is statutorily mandated to manage Trust lands to generate revenue for the direct benefit of the Trust beneficiaries. The Trust's beneficiaries include broad groups of Alaskans who experience mental illness, developmental disabilities, chronic alcoholism or drug addiction, Alzheimer's disease and related dementia, and traumatic brain injuries. The Trust operates much like a private foundation, using its resources to ensure that Alaska has a comprehensive integrated mental health program. The Trust grants around \$20M a year to organizations across Alaska that serve beneficiaries and acts as a leader in planning and advocacy efforts around issues pertinent to beneficiary populations.

In August 2021, the Trust acquired the Hollis parcel (MH Parcel CRM-7061) from the US Forest Service as a part of the Alaska Mental Health Trust Land Exchange Act of 2017. The purpose of this land exchange was to: secure Federal ownership and protection of non-federal land in the State of Alaska that has significant natural, scenic, watershed, recreational, wildlife, and other public values; to create jobs and provide economic opportunities for resource use in more remote areas of the State; and to facilitate the goals and objectives of the Trust.

The identification of the Hollis parcel for exchange was a collaborative effort between the Southeast Alaska communities, environmental groups, industry, and State, Federal, and local agencies. Lands identified as suitable and supported by the parties to become Trust ownership had to be adjacent to State lands, adjacent to development, and not encroaching on old growth reserves or managed for other purposes. In 2012, during an 8-month long parcel identification process undertaken by the Tongass Futures Roundtable, the Hollis parcel was determined to be suitable to meet the purposes of the land exchange, and was supported by all parties, to be acquired by the Trust, to meet the Trust's mission.

The TLO is fulfilling the purposes of the land exchange by harvesting timber for a minimum of \$2.7 million dollars on the Hollis parcel. Timber harvest provides the maximum financial return to the Trust. At this time, conservation easements, carbon credits, a competitive land sale of this parcel, or other ventures have not been proven to provide the same or an increased return as the timber harvest. The TLO is legally obligated to maximize financial returns for the Trust and its beneficiaries. Comments received did not address the fiduciary responsibility of the TLO to make decisions 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.

The TLO appreciates the concern that the received comments conveyed about potential impacts to other property owners conducting tourism ventures, other recreation in the local area, and visual aesthetics of the parcel post harvest. Although the received comments had points which are valid to the commenters these points are outside the scope of consideration for this comment period.

All timber harvests on Trust lands are conducted utilizing the best management practices outlined in the Alaska Forest Resources and Practices Act (FRPA). Active timber harvest operations have site visits by Division of Forestry personnel, are reviewed by Alaska Department of Fish & Game (ADF&G) Habitat Division, and the Alaska Department of Environmental Conservation (DEC). The Board of Forestry (BOF) affirms that the Alaska Forest Resources and Practices Act continues to be an effective means of protecting fish habitat and water quality in a practical manner. The TLO requires all contractors to follow all state and federal laws.

Timber harvest on Trust land takes place in the open market. Trees valuable for traditional and cultural uses are available for purchase. The operator may be contacted with any inquiries for cultural trees.

The Trust, through its grant program, supports programs on Prince of Wales and in Ketchikan which serve regional area Trust beneficiaries and their families. Among others, the Trust has supported Community Connections programs in Craig and Ketchikan and is currently partnering with the organization on the design and planning for improvements to their facility in Naukati. The Trust has also helped fund the Hyدابurg Cooperative Association's Naa Iwaans (Big Cedar House) Project, and behavioral health space at the Coffman Cove Clinic on Prince of Wales. Island. In Ketchikan, the Trust supports many partners and initiatives, including Residential Youth Care and the Southeast Alaska Independent Living Council (SAIL). Financial returns from the Hollis parcel will help fund programs and resources that improve the lives of Trust beneficiaries for years to come.

In addition to supporting individual beneficiary-serving organizations through grantmaking, the Trust is a leader in implementing system-wide improvements to the continuum of behavioral health care in Alaska. It is a goal of the Trust that beneficiaries have access to quality care and services as close to home as possible, and in the least restrictive setting. Trust priority areas include beneficiary employment, disability justice, housing and home and community-based services, mental health and addiction interventions, workforce development, and early childhood intervention and prevention.

Related Matter - MHT 9101112: In addition to the comment responded to above, the TLO received a "counteroffer;" a request to purchase some of the lands included in this minimum \$2.7 million timber sale. The request for a negotiated land sale is serialized as MHT 9101112, and thus that counteroffer is addressed separately in that case file. The land impacted by the decision for MHT 9101112 may be removed from the final timber sale contract harvest area acreage, pending the outcome of MHT 9101112.

Trust Authority Consultation: The Alaska Mental Health Trust Authority was consulted on this matter on January 26, 2022.

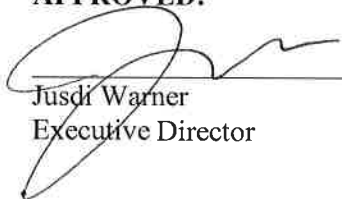
Modifications: As no comments were received suggesting that the Best Interest Decision dated February 11, 2022, should be substantively modified in any way to better serve the interest of the Trust and its beneficiaries, the Executive Director has determined that no change shall be made to that document.

Final Decision of the Executive Director: Considering all of the above, the Executive Director of the Trust Land Office hereby adopts the Best Interest Decision dated February 11, 2022, as final.

Reconsideration: Persons who submitted timely written comments during the notice period that ended March 18, 2022, are eligible to request reconsideration of this final best interest decision under 11 AAC 99.060(b) within 20 calendar days after publication of the notice or receipt of the final decision, whichever is earlier. A request for reconsideration must be submitted in writing to the Executive Director. 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. Before filing an appeal to the Superior Court under AS 44.62.560, a person must be eligible to request and must actually request reconsideration within the time specified above.

The Executive Director shall order or deny reconsideration within 20 calendar days after receiving the written 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.

APPROVED:



Jusdi Warner
Executive Director

4/18/23

Date