

Alaska Mental Health Trust Authority
Trust Land Office
Notice under 11 AAC 99.050 of
Decision to Issue a Competitive Timber Sale – Hollis, AK
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 competitive timber sale on certain Trust land. 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 (MH Parcel CRM-7061).

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, July 13, 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

6/9/2026

Date
Published Ketchikan Daily News: 06/11/2026

The Alaska Mental Health Trust Authority
Trust Land Office
BEST INTEREST DECISION
Decision to Issue a Competitive 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 consistent with the Alaska Mental Health Enabling Act (P.L. 84-830, 70 Stat. 709 (1956)); thus, management focused solely on 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 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 of the economic timber, an estimated 20 million board feet (20 MMBF), through a competitive sale. These lands were acquired from the United States Forest Service (USFS) as authorized by the Alaska Mental Health Trust Land Exchange Act of 2017 for the purpose of timber harvest, development, and maximization of revenue.

II. Applicant/File #. MHT 9101091

III. Subject Property.

A. Legal Description. 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. See Exhibit 1 – Map.

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 and is the only developed area of the parcel. The Wolf Creek Boatworks is about three and a half acres in size and is partially situated on State tidelands. Overall, the parcel is generally an old growth forested hillside composed of Western Hemlock, Red and Yellow Cedar, and Sitka Spruce. Twenty-nine acres was previously harvested by “A Frame” logging approximately 65 – 70 years ago. 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 harvests 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. Presently, this project is in a suspended status. A portion of Wolf Creek Boatworks’ improvements are located on this parcel as well as the state’s adjacent tidelands. The Boatworks’ improvements were constructed in the 1930’s under a USFS special use permit. In 2015, USFS issued its final permit authorizing the federal lands to continue to be used for the Boatworks. Since 2015, there has been no land use authorization – issued by USFS or the Trust – allowing the Boatworks improvements to remain on these lands. The Boatworks use of State tidelands has never been authorized by DNR. The TLO understands that as of April 2025 the Organized Village of Kasaan holds an interest in the Boatworks improvements. In the past, the TLO has offered the Boatworks a land use authorization for up to 5 acres of land and to then sell those five acres to the Boatworks in the future. To date, the parties have not reached an agreement. Lastly, in 2025, approximately five acres of trust uplands that contain the Boatworks improvements were recognized to constitute a Historic District and were included in the National Historic Register.
- 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 abut the previously harvested State 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.** On August 30, 2021, the land in question was conveyed by USFS to the Alaska Mental Health Trust. The 2008 Prince of Wales

Island Area Plan addresses the State Lands adjacent to this land. Available at: <https://dnr.alaska.gov/mlw/planning/areaplans/wales/> (accessed on May 20, 2026).

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 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. In early 2022, the TLO consulted the Board on this timber sale as a negotiated sale for a fixed stumpage amount with an anticipated return of up to \$2.7 million; the anticipated return was based on an appraisal completed during the USFS-AMHTA land exchange. In 2022, the TLO issued a best interest decision consistent with that consultation. For the following reasons, this proposed timber sale is being adjusted to better serve the Trust beneficiaries: market increases (especially for Western Red Cedar); competitive interest in the sale; and the TLO's increased knowledge and expertise with various species sale prices. There are approximately 800 acres of old growth timber deemed economic in the timber cruise and approximately 29 acres of 65–70-year-old second growth timber which is of harvestable size. Additional logging units may be added within this area if field work determines that additional areas are able to be economically harvested.
- 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. The sale will now be a competitive sale, based on scaled volumes with payments structured around the amount of harvest of specific species and a price/MBF. This adjustment is expected to exceed the initial 2022 appraised value of \$2.7 million and provide a more transparent profit share agreement.
- 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. 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. Commercial harvest of the timber will, in some cases, facilitate other commercial opportunities on the lands post-harvest, such as subdivision development.

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 any 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.

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 (FRPA) – AS 41.17.010 - .955 – to minimize the risk of environmental impacts to air, fish, and wildlife. Regular inspections are completed by the State of Alaska Division of Forestry. 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. All operations are required to comply to all State and Federal regulations including the Alaska Forest Resource and Practices Act. The Wolf Creek Boatworks Historic District is located on the parcel and is discussed in sections III C. and III D. of this decision. Though it is legally permissible to harvest timber with the boundaries of the historic district, no commercial harvest will take place within the boundaries of the historic district.

IX. Due Diligence.

- A. **Site Inspection.** The parcel has been visited by the TLO staff over the last three years and has been evaluated for timber harvest. A timber cruise has been completed and evaluated in determining the approach to offering this sale competitively.

- B. Valuation.** Timber revenue expectations for this negotiated sale are based on an independent appraisal and timber cruise which was conducted as part of the AMHT / USFS land exchange. Additionally, TLO staff reviewed the timber cruise of the adjacent State of Alaska Division of Forestry, North Hollis Timber Sale, SSE-1346-K, to ensure that the Trust will see maximum returns for this sale and that the cruise data used to evaluate the best method of sale is accurate in the context of an old growth timber cruise. 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. The TLO will monitor all log scale and payments through the duration of the sale. All harvest and road layout will occur with oversight of the TLO forester.

X. Authorities.

- A. Applicable Authority.** AS 37.14.009(a), AS 38.05.801, and 11 AAC 99.
- B. Inconsistency Determination.** As the proposed 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 Plans), 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 May 11, 2026. 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 May 20, 2026, and the full board of trustees concurred with the timber sale passing the following motion: “*The Alaska Mental*

Health Trust Authority board of trustees concur with the decision to dispose of the economic timber on Trust parcel CRM-7061 through a competitive 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.
- 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 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.

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:

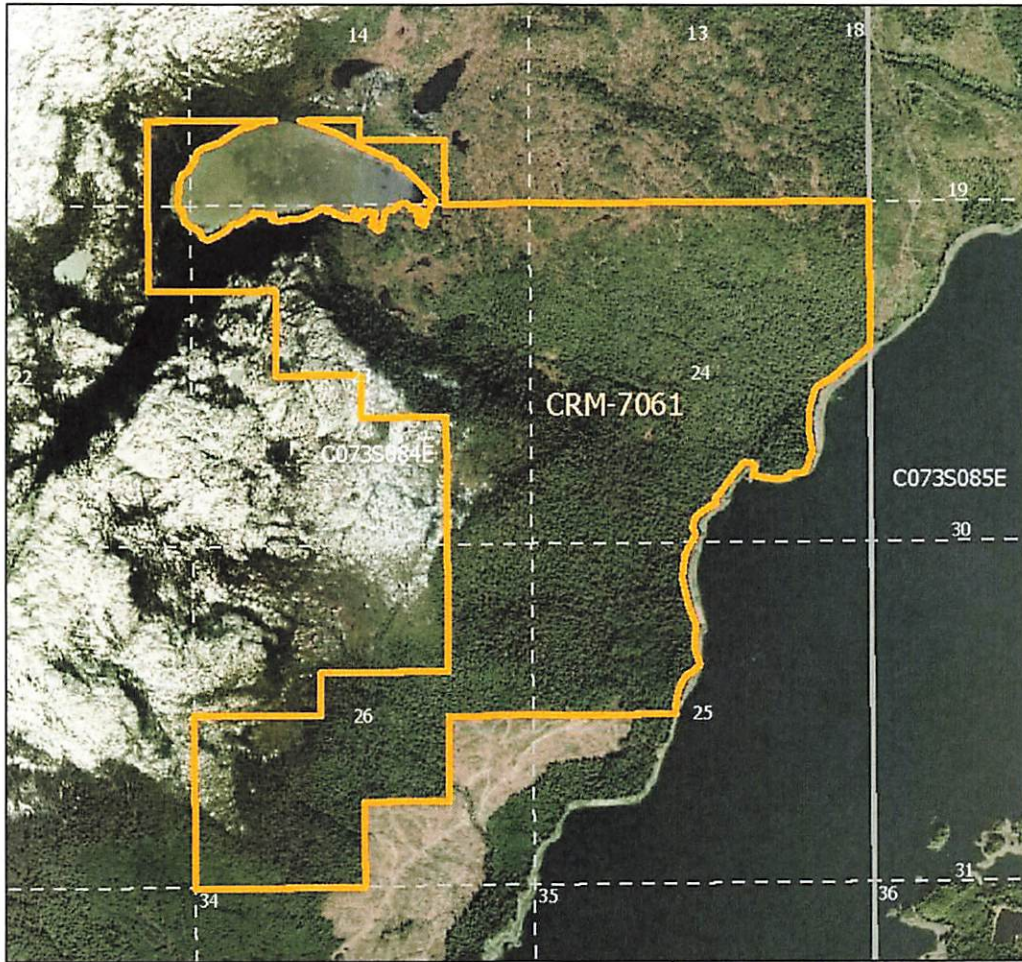
Signed by:
Jusdi Warner
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Jusdi Warner
Executive Director
Alaska Mental Health Trust Land Office

6/9/2026

Date

Exhibit 1 – Map



MHT 9101091
The entirety of parcel CRM-7061

- Mental Health Parcel CRM-7061
- PLSS Township
- PLSS Section

