

The Alaska Mental Health Trust Authority
Trust Land Office
BEST INTEREST DECISION AFFIRMED
Cat Island Timber Sale

MHT 9100814
MH Parcel C30006

Action: Adopt the Best Interest Decision dated February 26, 2016 regarding the above referenced disposal as final, without modification. This decision document, combined with the Best Interest Decision dated February 26, 2016, 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, through sale, of about one-and one-half million board feet (1.5 mmbf) of timber in the Alaska Daily Dispatch on March 4, 2016, and distributed the notice to other interested public and private parties.

Summary of Comments: The TLO received a total of 18 comments on the proposed sale; a majority of those comments opposed the timber sale. Many comments suggested that the parcel be included in the proposed Alaska Mental Health Trust – US Forest Service Land Exchange. Comments also expressed concerns of post-harvest visual aesthetics, effects on fish and wildlife, blow down of residual trees, devaluation of property, whether financial return would be positive, whether activity would protect the Trust corpus, and accountability to Trust beneficiaries. Other comments were supportive and the timber offered would assist the forest products industry in SE Alaska.

Response to Comments:

Many commenters appeared to not understand the role of the Alaska Mental Health Trust (AMHT or Trust). During Alaska's transition to a state, Congress passed the Alaska Mental Health Enabling Act of 1956. This act transferred the responsibility for providing mental health services from the federal government to the territory of Alaska and ultimately the State by granting land that was to be use to generate revenues. Although this land was originally managed by the state as part of the general public domain, a lawsuit settlement and subsequent legislative actions in 1994 reconstituted the Alaska Mental Health Trust Authority and its land base.

The TLO was established at that time as a unit attached to the Department of Natural Resources that is specifically responsible for managing the land, other natural resources and non-financial assets owned by the Trust. The TLO generates revenue by land leases and sales, real estate, timber sales, mineral and energy exploration and development, and material sales. The TLO manages Trust land to generate revenue, which is used to improve the lives of Trust beneficiaries. Beneficiaries of the Trust include the following broad groups of Alaskans with: mental illness, developmental disabilities, chronic alcoholism and other substance related disorders, Alzheimer's disease and related dementia, and traumatic brain injuries.

The Cat Island parcel (MH C30006) was included in potential lands for the proposed AMHT – USFS Land Exchange. The Forest Service determined the parcel did not meet the criteria for exchange. Therefore it was dropped from consideration.

The maximum financial return to the Trust includes harvesting timber from Cat Island. Only high value timber, primarily red cedar, will be removed. The TLO considered conventional land based harvest methodologies as well as helicopter harvest methodology. A conventional harvest would require development of a log transfer facility, sort yard, and roads which would reduce return to the Trust. When considering financial return, probability of successful bids under different methodologies, the existing strong market for red cedar harvest and its distribution on the island, other planned helicopter logging operations occurring in this general area, and public concerns over environmental and aesthetic impacts, the TLO determined this harvest would be conducted via helicopter harvest. A TLO contractor successfully utilized selective harvest by helicopter in Ketchikan to harvest timber in close proximity to the community, and the prescription resulted in public acceptance of the harvest. This methodology will minimize ground disturbance and actually shorten the time it takes to harvest the area.

All timber harvest on Trust lands are conducted utilizing best management practices as outlined within the Alaska Forest Resources and Practices Act. Active timber harvest operations have site visits by Division of Forestry personnel, are reviewed by Alaska Fish and Game Habitat Division (ADF&G) 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 (2016 Report; BOF letter to Governor). The TLO requires all contractors to follow all state and federal laws.

The TLO assists in providing revenue to mental health beneficiary programs. The current State of Alaska budget crisis has severely hampered all state funding, including mental health programs, therefore it is important that the TLO maximizes revenue generation from Trust assets.

The TLO appreciates the concern that the received comments conveyed about potential impact to other property owners in the area. Although the received comments had points which are valid to the commenter, they typically did not address the fiduciary responsibility of the TLO. By law the TLO is obligated to manage the Trust assets in a way that is loyal to the fiduciary responsibility to the Trust in supporting its beneficiaries.

A more detailed response to these comments is available in a separate document entitled "Cat Island Timber Sale MHT 9100814 Comments and Responses".

Trust Authority Consultation: The Alaska Mental Health Trust Authority was consulted on this matter on February 26, 2016.

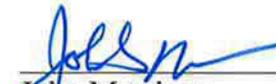
Modifications: While comments were received which suggest that the Best Interest Decision dated February 26, 2016 should be substantively modified to better serve the interest of the Trust and its beneficiaries, the Executive Director has determined that no change shall be made to that document as it represents prudent use of Trust assets.

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 26, 2016 as final.

Reconsideration: Persons who submitted timely written comments during the notice period that ended April 4, 2016 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. 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:



John Morrison
Executive Director

4-28-16

Date