



To: Corri Feige, Chair
Resource Management Committee
Through: Jusdi Warner, Executive Director
From: Jeff Hermanns, Timber Resource Manager
Date: 5/11/2026
Re: Hollis Exchange Timber Sale - MHT 9101091
Fiscal Year: 2027

Consultation

Proposed RMC Motion:

“The Resource Management Committee recommends that 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.”

Background:

Revenue Projections:	Principal	\$3,400,000
	Income	\$600,000

Transaction/Resource: The Trust Land office (TLO) will offer an estimated twenty million board feet (20 MMBF) of timber on portions of the approximately 1,438 acres of Trust land in Hollis; land acquired through the Alaska Mental Health Trust Land (AMHT) Exchange Act of 2017. The sale will be competitive through an invitation for proposals from interested contractors and for a transparent profit share agreement for a five-year term. Sale extensions may be granted if they are in the best interest of the Trust beneficiaries. 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.

Property Description/Acreage/MH Parcel(s): Copper River Meridian: Township 73S, Range 84E, 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.

General 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 Trust lands located on Prince of Wales Island, near Hollis. The proposed timber sale is the result of both State of Alaska (SB 88) and Federal (S.131) legislation passed in 2017. The proposed sale is composed of timber on lands acquired through the Alaska Mental Health Trust Land Exchange Act of 2017 for the purpose of timber harvest.

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. The TLO also issued a best interest decision consistent with that consultation. Due to market increases, especially Western Red Cedar, interest from other operators, and the TLO increasing its knowledge and expertise with various species sale prices, the execution of this sale is being adjusted to better serve the Trust and its beneficiaries. 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.

The timber sale will be for five (5) years, which may be extended upon consent of both parties. The 5-year contract time will allow the contractor to weather slow market conditions and results in higher returns to the Trust.

The Wolf Creek Boatworks has improvements located on about 3.5 acres of Trust uplands and State tidelands on the southeast side of the parcel. About 5 acres of Trust uplands around the Wolf Creek Boatworks' improvements comprise a Historic District listed in the National Register. Timber harvest operations will not occur within the Historic District.

The timber sale will be accessed through an existing State of Alaska subdivision right-of-way and the roads from the adjacent State of Alaska timber sale that has been completed. The contractor will be responsible for complying with a Memorandum of Understanding for Hollis Access (May 31, 2019) between the TLO and the State of Alaska, Mining, Land & Water for use and maintenance of the existing roads.

Anticipated Revenues/Benefits:

1. The timber sale is expected to generate approximately \$4,000,000 in total revenue in fiscal year(s) 2027 – 2032. This is an estimate that may vary depending on market volatility, tariffs, and other geopolitical factors and final returns may vary based on these factors. The fiscal years for the final returns may also change to later years depending on a variety of dynamics, such as markets, tariffs, and requested contract extensions.
2. Harvest of timber will maximize revenue while providing for timber regeneration and future timber harvests.
3. This timber harvest will result in road development which may be used to facilitate the subdivision and sale of desirable parcels after the timber sale has been completed; thus, supporting the Trust's land sale programs.

Anticipated Risks/Concerns: There are anticipated public concerns associated with this timber sale due to the Wolf Creek Boatworks and their continued unauthorized use of Trust uplands and state tidelands. The Organized Village of Kasaan holds some interest in the Wolf Creek Boatworks improvements and will likely object to timber harvests in the area. Related to this issue, the uplands around and including the Wolf Creek Boatworks also has been listed as a Historic District in the National Register.

There may be additional public interest about the viewshed being affected by this timber harvest; i.e the high visibility of this hillside will mean that a large harvest area will be visible from the ferry route.

There have been concerns about the ongoing fluctuation in timber markets in both the domestic and international markets; this fluctuates over time dependent on geopolitical issues, tariffs, market demand, and other factors. Presently, timber markets are firm and demand, especially for Western Red Cedar and Sitka Spruce, is very strong.

Project Costs: No additional costs outside of the TLO operating budget for staff time and travel costs.

Other Considerations: None.

Due Diligence: During and after the USFS land exchange, TLO staff have visited the area on numerous occasions and conducted sale and road layouts. A timber cruise was completed in 2020 as part of the USFS land exchange process. 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. 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.

Alternatives:

- 1. Do Nothing:** This alternative assumes that timber values will not be maximized by harvesting at this time. Timber is a commodity, and the current markets are in fluctuation it is anticipated that this can be mitigated with an extended contractual 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.

Consistency with the Resource Management Strategy: The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted October 2021 in consultation with the Trust and provides for the TLO to focus first on land or resources at the high end of the market values (“best markets”). Given the current market values of timber, this sale is being adjusted to be conducted through a competitive process and sold as a scaled sale.

Trust Land Office Recommendation: Proceed with the timber sale on CRM-7061 by a competitive sale process as a scaled sale.

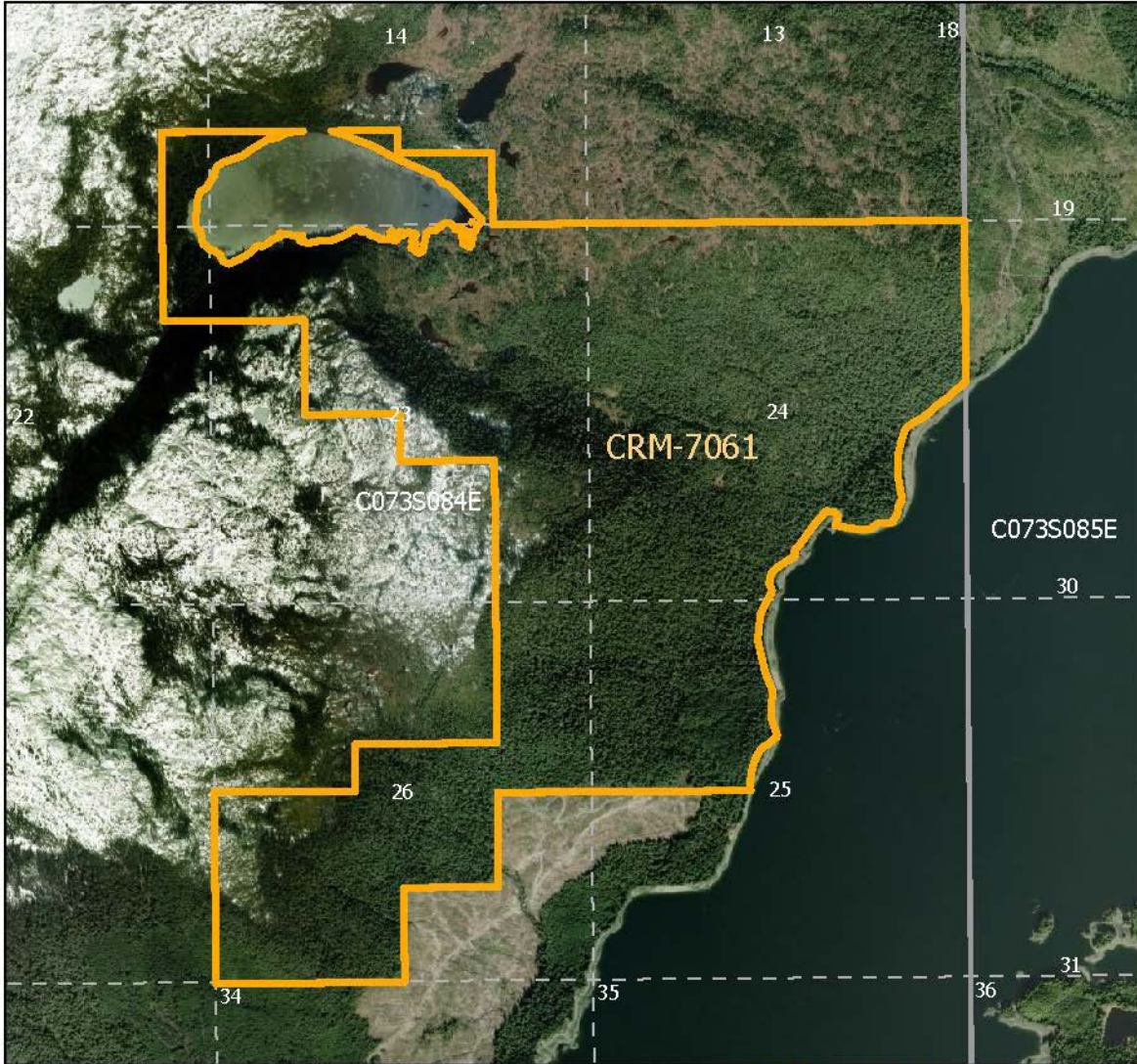
Applicable Authority: AS 37.14.009(a), AS 38.05.801, and 11 AAC 99.

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Exhibit(s):

Exhibit 1 – Map

Exhibit 1 – Map



MHT 9101091
The entirety of parcel CRM-7061

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

