
Minutes
Board of Natural Resources Meeting
June 7, 2022
Webinar/In-Person, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Bill Peach, Commissioner, Clallam County
Jim Cahill, Designee for the Honorable Jay Inslee, Washington State Governor
Dan Brown, Director, School of Environmental and Forest Sciences, University of Washington
The Honorable Chris Reykdal, Superintendent of Public Instruction
Dr. Richard Koenig, Interim Dean, College of Agricultural, Human, and Natural Resource
Sciences, Washington State University

BOARD MEMBERS EXCUSED

The Honorable Hilary Franz, Washington State Commissioner of Public Lands

CALL TO ORDER

Vice Chair Bill Peach called the meeting to order at 9:01 a.m.

Board members provided self-introduction. A meeting quorum was confirmed.

WEBINAR FORMAT BRIEFING

Ms. Tami Kellogg, Board Coordinator, provided an overview for viewing and participating in a combination webinar and in-person meeting.

EXECUTIVE SESSION

Vice Chair Peach recessed the meeting at 9:06 a.m. to an executive session to discuss with legal counsel settlement negotiations in litigation challenging Board Resolution 1560 concerning the 2015-2024 Sustainable Harvest Calculation and Resolution 1559 concerning the Marbled Murrelet Long-Term Conservation Strategy for approximately one hour. The Board will reconvene the meeting at the conclusion of the executive session.

RECONVENE

Vice Chair Peach reconvened the meeting at 10:15 p.m.

LIGHTNING TALK

Sale Property Line Surveys

Pat Beehler, Chief Surveyor, Surveys and Maps Programs, Engineering Division

1 Mr. Beehler provided an overview of the Surveys & Maps Programs. Land survey field
2 crews located in Tumwater, Chehalis, Port Angeles, Sedro Woolley, and Colville serve
3 the entire state providing accurate boundary determinations, preparation of legal
4 descriptions, installation of permanent survey markers, and preparation of final maps that
5 are recorded at the county and uploaded to the Department's GIS cadastre layer. The
6 program supports management of state lands by providing accurate determination of
7 location and boundaries and protecting trust resources from encroachment. Mr. Beehler
8 described a typical survey project in conjunction with a timber sale. The goal is to
9 complete all survey work at least one year before the scheduled timber sale.

10
11 Mr. Beehler shared information on new technology aiding survey crews who utilize
12 robotic stations with infrared light to measure and define the prism to enable angling and
13 measuring without physically removing brush.

14
15 Mr. Beehler addressed questions about identifying "bearing" trees used to mark
16 boundaries decades ago. Tree blazing entails cutting off a small portion of a tree's bark
17 to create a visible scar on the tree. The underlying wood was usually scribed with a
18 section and township numbers to help identify the location. Many assume original
19 bearing trees would have long since disappeared; however, some surveyors have found
20 trees throughout the area and continue to be amazed by how many continue to exist. The
21 length of time to complete a land survey for a timber sale can vary depending upon the
22 location and accessibility. Typically, a surveying project requires two to three weeks to
23 complete.

24 25 **PUBLIC COMMENTS**

26 **Robert Mitchell** spoke in opposition of offering the Sauerkraut timber sale and asked
27 about options to preserve the Sauerkraut area. He questioned enforcement actions during
28 harvesting because of fewer DNR staff resources and why ecosystem services benefits
29 from Capitol State Forest are debited to support other counties unable to operate within
30 its property tax base. Three options are available today to benefit the school trust. He
31 encouraged Superintendent Reykdal to vote against the timber sales.

32
33 **Daniel Harm** cited former Commissioner Doug Sutherland's opening letter on the 2006
34 Policy for Sustainable Forests. The policy for external relationships cites how
35 management activities will also include actively communicating and promoting public
36 collaboration. He questioned DNR's recent limitation on public comment during a time
37 when the public is concerned about the destruction of unprotected older forests backed by
38 leading science not available when the Habitat Protection Plan (HCP) and Policy for
39 Sustainable Forest were created. Older forests are the state's greatest asset to combat
40 climate change. Revenues from logging come at a great external cost. He asked the
41 Board to delay all clearcutting of legacy forests to afford time to address the financial,
42 social, and environmental reality.

43
44 **Brel Froebe, resident of occupied Lummi-Nooksack Territory of Bellingham,**
45 **Washington,** thanked Jefferson and Thurston County Commissioners for letters to DNR
46 requesting the pause of several legacy forest timber sales. The letters were the result of
47 the Commissioners taking the time to listen to their constituents and learning about the

1 significance of the forests. He is impressed that both counties are willing to work with
2 DNR to identify solutions that will both fund counties while protecting their older forests.
3 He hopes DNR works collaboratively with the counties. Six of the proposed timber sales
4 contain between 82 to 111 year old timber according to DNR, which is concerning. The
5 Board should not approve many of the timber sales proposed in July. He is concerned
6 that the carbon project does not include more of the older forests on state lands
7

8 **Ed Bowen, resident of Jefferson County**, cited the letter from Jefferson County
9 requesting deferral of several timber sales. He opposes the request because the affected
10 district's Commissioner did not approve the letter. County Commissioners represent the
11 county's interest and not junior taxing districts, such as the port, PUD, and fire districts.
12 He questioned why the withdrawal of Pennywise was not publicly announced.
13 Additionally, the County Commissioners did not enable the citizens of Jefferson County
14 to discuss the pulling of the sales.
15

16 **Kimberly Sowa** commented on the authority of the Board to approve proposed timber
17 sales. At the last meeting, she listened to one hour of public comments with many
18 speakers opposing various timber sales under consideration by the Board. Not one
19 member of the Board hesitated to question any of the timber sales prior to approving all
20 timber sales. The Board should not approve the Delica timber sale near Summit Lake
21 comprised of 43 acres. Many of the acres could be included within the carbon project for
22 conservation.
23

24 **James Davis** thanked the Board for deferring the Delica timber sale. He expressed
25 gratitude to the Thurston County Commissioners for taking the initiative and stepping up
26 for the very serious concerns the community has for the future of Summit Lake. He
27 thanked news outlets for publicizing the community's concerns and sharing information
28 within the region. The Board has an opportunity to take a strong leadership role instead
29 of pointing fingers to residents for the use of lawn products. It is time to take action to
30 ensure the lake remains healthy for future generations. Fifteen critical acres poses the
31 greatest risk and could be sold as carbon credits to big business. The transition could
32 ensure naturally regenerated legacy forest remain intact to hold massive amounts of
33 carbon.
34

35 **Paul Butler, small forest landowner in Thurston County**, said the last meeting left
36 him with mixed emotions. When he initially learned about the carbon project, he was
37 excited; however, Commissioner Franz announced her intent to recommend the Board
38 not revise the existing older forests policy because the policy was based on sound science
39 from some preeminent forest scientists. He listened to hours of recent interviews with
40 Jerry Franklin. He previously urged the Board to listen to the Dr. Franklin's interview
41 with the Washington Native Plants Society on 21st Century Challenges in Douglas Fir
42 Forests. The interviews do not advocate for the continued logging of older and mature
43 forests and that all remaining older and mature forests on public lands need permanent
44 protection. Superintendent Reykdal has indicated he would prefer no school construction
45 funding from harvesting older forests. It is not possible to fund school trusts fully. The
46 carbon project to protect older forests will likely lead to a revenue shortfall for the trust;
47 however, the shortfall could occur regardless because of population growth and climate

1 change. The Governor and the Legislature must make up the difference because the
2 current model of funding the trust is not working.
3

4 **Edward Chadd, resident of Clallam County**, underscored comments offered by Bret
5 Froebe and Paul Butler as he believes there is a disconnect between the intent to protect
6 future generations by protecting the climate through the initiation of a carbon project with
7 no intended reexamination of the older forests policy. Older forests must be protected.
8 He cited a letter he sent to the Board underscoring the disconnect between the comments
9 by Dr. Franklin regarding science versus Dr. Franklin's current positions. He referred to
10 an opinion published in the *Seattle Times* by Senator Kevin Van De Wege that is riddled
11 with timber industry-based misinformation.
12

13 **Tim Lanigan, resident of Summit Lake**, said he lives close to the proposed Summit
14 Lake sale and that the basic issue involves the source of water to the community. He
15 videotaped the area in January documenting sediment deposits to Summit Lake directly
16 affecting the community's water supply. He would appreciate the Board pursuing the
17 right action to ensure the community has clean water.
18

19 **Jane Lanigan, resident of Summit Lake**, spoke in support of DNR's withdrawal of the
20 Forest Practices Application for the Delica timber sale in response to a letter from the
21 Thurston County Board of Commissioners. However, she would have preferred DNR
22 had listened to the voices of hundreds of residents and recreational users as compelling as
23 the Commission's letter. She however, remains concerned, as DNR's Communications
24 Manager has indicated that many of the issues addressed by the Commissioners were
25 found not to be of concern based on information from hydrology and geological reports.
26 The alliance submitted a public records request and was told that no hydrology report was
27 required for the application. It is possible a hydrology study was conducted following the
28 receipt of the public records request, which is unlikely as the request was submitted after
29 the Forest Practices Application was submitted. More likely, the Communications
30 Manager may have referred to some hydrology principles rather than a report and that his
31 comments may have been misconstrued. General hydrology principles are not specific to
32 the unique ecosystem of the watershed providing drinking water for a majority of
33 community residents. In a recent King 5 news segment, the Communications Manager
34 suggested concerns by Thurston County were based on outdated science, even as he
35 referred to a hydrology standard 15 years old. As a scientist, she understands the current
36 understanding is only as good as the available research.
37

38 **Rod Fleck, City of Forks**, reported his office is preparing a response and some questions
39 to the pre-1900 forested stand analysis. It appears DNR skipped over a specific historic
40 event not referenced in the presentation. The event occurred in 1958 involving state-
41 owned lands used for growing wheat. At that time, the Governor was a member of the
42 Board of Natural Resources and supported a motion authorizing the Commissioner of
43 Public Lands to lease state-owned land similar to the leasing of federal lands providing
44 that a periodic review would be completed by the Board of Natural Resources with the
45 power to intervene. At the last Board meeting, Commissioner Peach offered a motion
46 that was an attempt to intervene. The motion was not acted upon and not properly
47 handled by the Board and the Chair. Rather, there was a discussion on the issue of the

1 motion. A second to the motion was never ascertained. The City believes the Board
2 should intervene in carbon initiative directly by vote pursuant to the WAC.
3

4 **Matt Comisky, American Forest Resource Council**, spoke to the need to hear from
5 more voices other than Jerry Franklin's. He cited the leasing presentation and
6 documentation submitted to the Board highlighting the WAC authorizing the Board to
7 intervene and three RCWs related to a Board decision in December 2019 on the
8 Sustainable Harvest Calculation, which has been impacted by the potential proposal. The
9 Board should exercise its right under the WAC by intervening because the project will
10 have an effect on the planning decade.

11
12 **Heath Heikkila** encouraged the Board to think globally and act locally and referred the
13 recent report released by United Nations on the global consumption of natural resources
14 predicted to double from the level in 2017 to 2060. Only 25% of that material originates
15 from wood, a renewable resource whereas 75% is from concrete and steel that are
16 nonrenewable resources. It is clear the increased utilization of wood products is critical
17 to reducing global greenhouse emissions from sustainably managed forests. He referred
18 to the letter from the Jefferson County Commission and asked the Board to review the
19 issues and render a decision.
20

21 **Ed Martin, Western Forest Products**, expressed concerns about DNR decisions. Two
22 recent faults surround the lack of a policy on older forests despite a year of presentations
23 and reviews of the HCP, Policy for Sustainable Forests, and information on pre-1900
24 stands. DNR has failed to meet the Sustainable Harvest targets for trust beneficiaries,
25 forest products industry, and the people of Washington State who enjoy healthy forests
26 and communities because of the lack of decisions. As individuals and as a Board,
27 members have critical roles and responsibilities to render decisions. He urged the Board
28 to avoid letting the Commissioner of Public Lands walk them down a path that diverts the
29 Board from its trust mandate responsibility causing the Board to fall short of making
30 decisions.
31

32 **Jeff Davis** commented on the importance of preserving Summit Lake for drinking water
33 and for the protection of fish-bearing activities. He asked the Board to reject the
34 proposed timber sale permanently.
35

36 **Barbara Carey, Green Faith Olympia**, urged the Board to revise the policies for timber
37 harvesting on state trust lands to enable remaining unplanted forests to survive and thrive.
38 Current policies have eliminated most of the state's mature trees 80 years and older.
39 State lands are the last resort in preserving the once biologically unique and diverse forest
40 landscape of older trees. Legacy forests are more effective in storing carbon that would
41 otherwise contribute to global climate change than managed forests harvested prior to the
42 ability to sequester carbon.
43

44 **Audrey Richards** said she is a new resident of Summit Lake and is concerned as the
45 watershed serves as the source of her drinking water. It is imperative to manage the
46 watershed responsibly as a system. The Delica timber sale threatens the watershed. The
47 timber sale includes mature forests offering a diversity of large stands, fallen trees, and an

1 ecosystem with complex soils, understory, and a forest canopy that supports a diversity of
2 life. The mature forest DNR is logging for a mere \$300,000 is completely different from
3 an asset the DNR will replant. The area is not only a healthy and viable system for many
4 creatures and humans, the forest sustains temperatures, protects clean air, and is stable
5 protecting the area from landslides and contamination of water. The deadliest landslide
6 in the history of the country caused 43 deaths during the Oso landslide resulting in
7 multiple lawsuits. To keep the watershed healthy, it is necessary to sustain the forest and
8 reduce logging.
9

10 **Andy Zahn** thanked the Board for delaying several timber sales and cited other timber
11 sales proposed for approval that include irreplaceable legacy forests that should be
12 preserved. He asked for cancellation of the sales and creation of an older forests policy
13 to protect all remaining forests naturally regenerated prior to 1945. Although the carbon
14 project is a good pilot, it is not adequate to meet the urgent need to protect older forests
15 and is not a substitute for creating an older forests policy.
16

17 **Cynthia Bratz, resident of Port Townsend**, expressed concerns about the critical nature
18 of climate change today. She thanked DNR for delaying several timber sales in Jefferson
19 County and Thurston County. DNR should create a process to involve the public and
20 counties to provide input on forests to be included in Phase 2 of the carbon project.
21 Several of the proposed sales under consideration by the Board are pre-1945 forests. She
22 cited timber sales the Board should not approve for sale and encouraged consideration of
23 the carbon project as a method to protect ecologically important forests and to generate
24 income for trust beneficiaries based on their large carbon sequestration potential. The
25 carbon project is not an adequate substitute for an older forests policy to protect all pre-
26 1900 forests and old, naturally regenerated forests on state lands.
27

28 **Doug Cooper, Hampton Lumber**, reported the Washington State Department of
29 Commerce cites forest products sectors as the third-largest manufacturing industry in the
30 state with gross business income of \$36 billion annually providing approximately 43,000
31 direct jobs. The volume grown and harvested on state lands is critical to the log supply
32 for Hampton sawmills in Darrington, Morton, and Randle. Reductions in timber harvests
33 ultimately results in mill curtailments, shut downs, and both rural and urban economic
34 losses. Washington State law requires a sustainable harvest level requiring continuous
35 harvesting without major prolonged curtailment or cessation of harvest. Any change in
36 management, execution of policy, or choices rendered by the Commissioner or the
37 Department causing a delay or failure to achieve the current Sustainable Harvest
38 Calculation or reduces the future calculation is the responsibility of the Board of Natural
39 Resources. He urged the Board to accept and act on its fiduciary responsibility to prevent
40 the erosion of timber harvest volume as well as pursuing opportunities to maintain and
41 increase investment in working forests.
42

43 **Bill Turner, Sierra Pacific Industries**, cited the company's four sawmills in the state in
44 addition to two co-generation plants. The company is carbon-negative rather than carbon
45 neutral as the company invests more energy into the system than withdrawn from the
46 system. The company participates in the California carbon market, which requires the
47 company's investment capturing more carbon on the ground by planting trees or thinning

1 over stock stands to achieve better growth. The company manages the stands for the
2 maximum sequestration period and stores the carbon in long-lived wood products. All
3 projects require investments. The investments produce more wood and carbon
4 sequestration over the long-term. In contrast, DNR is proposing to give up its core
5 business and rather than investing, divesting from good forestry. The Commissioner
6 presented an either/or option rather than both. The Board should review and become
7 more involved in the details of the proposal as the Commissioner's proposal is a thinly
8 veiled scheme to set aside land in perpetuity. The Board should move to halt any further
9 advancement on the carbon proposal until it has fully reviewed options, opportunities,
10 and not just set-asides.

11
12 **Rob Lewis, resident of Skagit County**, said during his previous comments, he was
13 unaware of DNR's carbon project. He thanked Commissioner Franz, the Board, and
14 DNR staff for the proposal in the midst of the climate crisis. In addition to sequestering
15 carbon, older forests serve a role in cooling climate locally through hydrological
16 processes. A recent study found that locally at all latitudes, forests biophysical impacts
17 far outweigh CO2 affects promoting local stability by reducing extreme temperatures in
18 all seasons. Extreme temperatures are what drives extinction rather than changes in
19 global averages. While preserving forests for carbon sequestration helps globally
20 disperse CO2, the regional cooling and hydrating benefits the state.

21
22 **Patricia Jones, Olympic Forest Coalition**, said she is grateful for the opportunity
23 Commissioner Franz has opened for local governments to share in the responsibility and
24 management of state lands and to provide input on how lands are managed on their
25 behalf. She thanked DNR for its work for contributing to identifying appropriate stands
26 for the carbon pilot project and looks forward to the report on the second phase of the
27 initiative and its expansion. She commented on the efforts to begin discussion on
28 environmental justice as part of the Department's responsibilities under the Climate
29 HEAL Act and the speaker series for a more just approach for forest management. Better
30 communication of this initiative and policy would be helpful to engage stakeholders.
31 These are signs of a new 21st century department readying to meet the challenge of
32 climate disruption and its impact on forests, watersheds, and infrastructure. The Board
33 should consider the Department's older forests policy and not harvest pre-1900 stands.
34 The sale rotation of DNR's plantation stands should be evaluated.

35
36 **Beverly Parsons, resident of Hansville**, cited a webinar on youth mental health and the
37 importance of community, which includes nature. She thanked the Board for the
38 withdrawal or delay of several timber sales that have prevented the dismemberment of
39 several communities. She asked the Board to stop destroying older forests. The new
40 initiative Keep Washington Evergreen is adding acreage to working forestlands and
41 leakage can be mitigated by the initiative. Using reforestation to mitigate climate change
42 while providing more timber acreage while protecting older forests would be a win-win
43 solution. She asked for a moratorium on commercial dismemberment of the legacy
44 forests that are part of the communities of Western Washington.

45
46 **Carly Lloyd** said she is concerned with the ongoing and increasing local threats of
47 climate change. She echoed previous speakers and asked the Board not to approve a

1 series of proposed timber sales of legacy forests older than 110 years old. She
2 encouraged the creation of a process for involving community members and counties to
3 provide input on which forests should be included in the Phase 2 carbon project. She
4 asked the Board not to lift the moratorium on pre-1900 forests.
5

6 **Mary Jean Ryan, resident of Jefferson County**, thanked the Board for pulling
7 Pennywise, delaying the Delica sale, and for honoring the priorities of county leaders.
8 Pennywise and Delica are both older legacy forests that should be conserved. Left to
9 grow, the forests can help DNR meet its HCP older forests targets. Saving the
10 remaining naturally regenerated older forests in Western Washington should be basic
11 agency policy, particularly given the severity of the climate crisis. She was very
12 concerned with Commissioner Franz's comments that she does not plan to offer any
13 recommendations to the Board that would strengthen the older forests policy. More
14 concerning was the statement of lifting the moratorium on logging forests older than 120
15 years opposite of what was conveyed a year ago and so dramatically at odds with science,
16 particularly Jerry Franklin, whose name was invoked. She urged the Board not to support
17 tabling the issue of older forest policy. The carbon pilot project is not a substitute for a
18 strong older forest policy.
19

20 **TIMBER SALES (Action)**

21 **Auction Results for May 2022, & Proposed Timber Sales for July 2022**

22 Tom Heller, Product Sales & Leasing Division
23

24 Mr. Heller presented the May 2022 timber auctions results.
25

26 The Department offered 11 sales totaling 51.8 mmbf. All sales sold totaling \$21.5
27 million for an average of \$414 per mbf with 2.3 bidders per sale on average. Overbid
28 was approximately 23%. A number of individual log sorts did not sell with two reoffered
29 and sold while the remaining were combined with other sold sorts.
30

31 Mr. Heller invited questions and comments. The Board offered no questions or
32 comments.
33

34 Mr. Heller presented July proposed sales. The proposal includes 10 sales totaling 47.9
35 mmbf with an estimated value of \$21.5 million and a stumpage of \$448 per mbf. The
36 delivered value is based on sort sales included within the proposal. Three sort sales
37 require approval to enable the hiring of harvesters to build roads during the dry months.
38 Four of the sales were postponed from fiscal year 2022 but are included within the
39 proposal.
40

41 Mr. Heller invited questions and comments.
42

43 Mr. Cahill asked about the status of the four timber sales from fiscal year 2022. Mr.
44 Heller advised that the four sales were never presented to the Board and require the
45 Board's approval to move forward.
46

1 Mr. Cahill asked about the reason for removal of the Pennywise sale from the sales
2 package. Mr. Heller replied that a letter from Jefferson County was received requesting
3 consideration of different course of action for the Pennywise timber sale. DNR elected to
4 postpone the sale this month. Additionally, the SEPA process for the Pennywise Timber
5 sale was not completed. Following issuance of the Notice of Final Determination, the
6 sale could be re-presented for consideration.
7

8 Mr. Heller recommended approval of all sales in the best interest of the beneficiaries and
9 the State.

10
11 MOTION: Dean Koenig moved to approve the proposed sales.

12
13 SECOND: Superintendent Reykdal seconded the motion.

14
15 ACTION: The motion was approved unanimously.
16

17 CHAIR REPORT

18 Leasing Authorities and Carbon

19 Duane Emmons, Acting Deputy Supervisor, State Uplands

20

21 Mr. Emmons presentation covered DNR's leasing authorities authorized by statute and
22 rules promulgated by the Board:
23

24 RCW 43.30.030 created the Department of Natural Resources consisting of the Board of
25 Natural Resources, an administrator, and a supervisor. RCW 43.30.105 created the
26 Commissioner of Public Lands as the Administrator of the Department. RCW 43.30.155
27 created the appointment of the Supervisor of Natural Resources by the Administrator
28 with the advice and consent of the Board.
29

30 RCW 43.30.215 covers the powers and duties of the Board. RCW 79.13.010 authorizes
31 leasing by DNR subject to the rules adopted by the Board. Additionally, RCW 79.22.050
32 authorizes sales and leases of timber, timberland, or products thereon. Except as
33 provided in RCW 79.22.060 all land, acquired or designated by the Department as state
34 forestland, shall be forever reserved from sale, but the valuable materials thereon may be
35 sold or the land may be leased in the same manner and for the same purposes as is
36 authorized for state lands if the Department finds such sale or lease to be in the best
37 interests of the state and approves the terms and conditions.
38

39 RCW 79.13.030 covers the provisions a lease must contain:
40

- 41 1) The specific use or uses to which the land is to be employed
- 42 2) The improvements required, if any;
- 43 3) Provisions providing that the rent is payable in advance in quarterly, semiannual,
44 or annual payments as determined by the Department, or as agreed upon by the
45 lessee and the Department;
- 46 4) Other terms and conditions as the Department deems advisable, subject to review
47 by the board, to achieve the purposes of the state Constitution and this chapter

1
2 Types of lease authorizations:

- 3 1) The Department may authorize the use of state land by lease at state auction for
4 initial leases or by negotiation for existing leases.
5 2) Leases that authorize commercial, industrial, or residential uses may be entered
6 into by public auction or negotiations at the option of the Department.
7 Negotiations are subject to rules approved by the Board.
8 3) Leases to public agencies, as defined in RCW 79.17.200, may be entered into by
9 negotiations. Property subject to lease agreements under this section must be
10 appraised at fair market value. The leases may allow for a lump sum payment for
11 the entire term of the lease at the beginning of the lease. The Department shall
12 calculate lump sum payments using professional appraisal standards. Renewal
13 terms for the leases must include provisions for calculating appropriate payments
14 upon renewal.
15

16 Mr. Emmons reported 20 WACs guide the Department's work. *WAC 332-22-010*
17 *Promulgation.* The chapter is promulgated by the Board of Natural Resources pursuant
18 to the authority granted by RCW 79.01.242 (now RCW 79.13.010) to establish
19 procedures for the Department's state land leasing program. The Board recognizes that in
20 order to obtain a fair market return to the trust, certain of its lands should be retained and
21 managed through leasing. These rules are designed to establish practical leasing
22 procedures and achieve the best possible return to the designated trust beneficiary
23 consistent with any other obligations imposed by law on such lands.
24

25 *WAC 332-22-060 Lease procedure—Rental adjustments.* All leases shall provide for
26 periodic rental reevaluation and adjustment, except leases with rentals based upon a
27 percentage of crop or income. The lessee may request rental adjustments as provided in
28 RCW 79.01.096.
29

30 *WAC 332-22-105 Initial lease for commercial, industrial, or residential uses by*
31 *negotiation:*

- 32 (1) The Department may negotiate initial leases to authorize commercial, industrial, or
33 residential uses on specific parcels of land zoned for such uses provided:
34 a. Not more than one application is received by the Department to lease the
35 property.
36 b. The Department determines that a rent of at least fair market rental can be
37 obtained through negotiation.
38 c. The Department publishes a notice of intent to lease which contains the legal
39 description and zoning of the property, the office to which application to lease can
40 be made, and the final date to submit a written request to lease. The notice shall
41 be published not more than thirty days nor less than twenty days immediately
42 preceding commencement of negotiation in two newspapers of general circulation
43 in the locality of the state land, one of which shall be in the county where the land
44 is located.

1 d. The Department shall report to the Board of Natural Resources on each initial
2 lease entered into by negotiation. The report shall include the fair market value of
3 the property, rental, and lease terms.

4 (2) The Department may negotiate initial leases at fair market rental to authorize
5 placement and maintenance of communication equipment in or on electronic site
6 buildings and on electronic site towers.

7
8 *WAC 332-22-110* covers mandatory lease terms.

9
10 Mr. Emmons invited feedback from the Board.

11
12 Superintendent Reykdal asked whether the carbon projects require approval by the Board
13 or whether the Commissioner and staff have the ability to execute the projects without the
14 Board's approval. Mr. Emmons explained that the carbon projects would be presented to
15 the Board. In terms of approval of any leases, the statutes and WACs have delegated the
16 authority to the Department to execute leases. However, staff plans to present to the
17 Board, the Department's evaluation and any carbon project proposal to ensure the Board
18 is informed. The final approval is ultimately at the oversight of the Board.

19
20 Vice Chair Peach noted the analysis lacked WAC 332.110.010 addressing the
21 Commissioner's authority. Mr. Emmons explained that to shorten the presentation he
22 excluded the reference as the WACs and RCWs clearly state the authorities of the Board
23 and the Commissioner.

24
25 Superintendent Reykdal commented that the Board's authority has been delegated
26 through multiple actions to the Commissioner or to staff. However, the WAC is subject
27 to periodic review requiring the Board to take an affirmative action to cancel any
28 delegation of authority. Because carbon projects are different, Commissioner Franz
29 intends to review the proposal(s) with the Board. Mr. Emmons confirmed that as a
30 matter of course, some issues, such as the carbon project, review with the Board on the
31 adjustment to the Sustainable Harvest Calculation, or adjustment of financial analysis
32 would occur.

33
34 Mr. Emmons responded to questions about the timing of the Board's discussions as staff
35 undertakes the planning process to afford an opportunity for the Board to ask questions
36 throughout the process. Mr. Emmons said staff is currently exploring the timeline and
37 examining how leasing is executed in the carbon market. The process is in the initial
38 stage of investigation as to how carbon is sold within the market. Any timber sale or
39 lease includes authority to reject all bids. He encouraged the Board to share feedback on
40 its desire to be in close alignment with negotiating a lease versus reviewing the financial
41 analysis and considering various leasing options.

42
43 Dr. Brown advised that based on the complexity and the unknowns associated with the
44 carbon market, he encouraged the Department to communicate frequently with the Board
45 as it pursues the process. Mr. Emmons affirmed the intent by staff to frequently update
46 and check-in with the Board.

1
2 Vice Chair Peach inquired as to whether the Attorney General's Office issued an opinion
3 on the issue. Mr. Emmons advised that the Office has issued information, which can be
4 shared during an executive session by the Board.
5

6 Vice Chair Peach noted that in terms of timberland fair market value, it is typical to have
7 two approaches of conversion return and comparative sales. His concern is the lack of
8 understanding as to the process the Department would follow for the appraisal to
9 establish a fair market value. Using the comparative sales approach, the value of the
10 timber should be considered. Mr. Emmons said staff is evaluating the process for
11 establishing fair market value. The Department's Chief Appraiser is consulting with
12 professional appraisers and others who are involved with institutional investors for
13 carbon.
14

15 Vice Chair Peach requested information on whether the minimum value for a carbon
16 lease considers timber value. Mr. Emmons advised that research is still ongoing at this
17 time. Following completion of the research, staff will present and explain the results to
18 the Board.
19

20 Mr. Cahill inquired about the timeframe the Board can expect for receiving a list of the
21 affected parcels for the first phase of the carbon pilot project. Mr. Emmons offered to
22 forward the information. Maps of the areas were shared last month during the Board's
23 presentation. The Board will receive a map capable of scaling the identified areas.
24

25 Mr. Emmons reported staff is working with a third-party carbon broker that has worked
26 with small and industrial landowners to market carbon for entering into the carbon
27 exchange. Staff has been seeking the company's expertise on the mechanics of carbon
28 markets. If the company elects to participate as a potential leasee, staff would pursue the
29 advertising process and complete due diligence. However, staff is utilizing the company
30 to learn about the carbon market.
31

32 Vice Chair Peach inquired about any difference in regulations pertaining to transfer of
33 federal versus state land. Mr. Emmons said the RCWs and the WACs apply equally for
34 federal versus state lands.
35

36 Dean Koenig referred to public comments recommending different stands for inclusion
37 within the carbon project. He asked whether the Department plans to delay any sales
38 moving forward at this point or continue with scheduled timber sales. Mr. Emmons
39 explained sales that have been identified and completed all necessary work are compliant
40 with DNR's policies and procedures and would proceed for sale. As DNR evaluates
41 potential carbon projects, certain parameters will be applied, such as the high
42 conservation value framework of habitat and structural complexity, as well as the social
43 aspect and pragmatic considerations. The goal is seeking larger areas that are in a
44 protection status or other areas where there are other operational considerations and
45 constraints. Setting aside some fragmented areas within a timber sale would not be
46 practical.
47

1 Vice Chair Peach conveyed interest in scheduling an executive session to share
2 information from the Attorney General's Office with the Board.

3

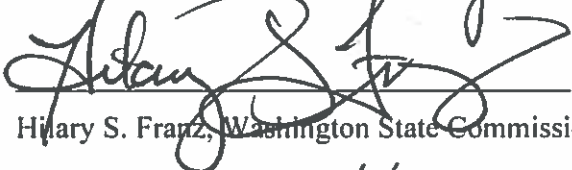
4 **ADJOURNMENT**

5 Vice Chair Peach adjourned the meeting at 12:15 p.m.

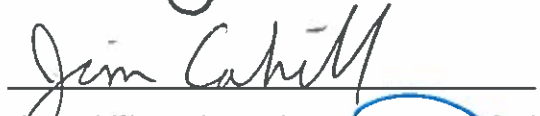
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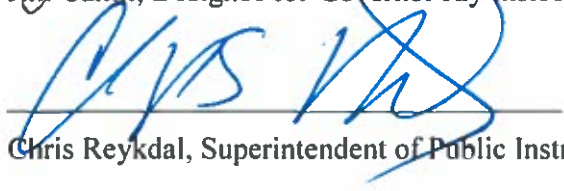
Approved this 5 day of July, 2022



Hilary S. Franz, Washington State Commissioner of Public Lands



Jim Cahill, Designee for Governor Jay Inslee



Chris Reykdal, Superintendent of Public Instruction



Bill Peach, Commissioner, Clallam County

approved via webinar

Dr. Richard Koenig, Interim Dean, College of Agricultural, Human, and Natural Resource Sciences, Washington State University



Dan Brown, Director, School of Environmental and Forest Sciences, University of Washington

Attest:



Tami Kellogg, Board Coordinator

Prepared by Valerie L. Gow, Puget Sound Meeting Services, psmsoly@earthlink.net