Minutes
Board of Natural Resources Meeting
January 10, 2012
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT
The Honorable Peter Goldmark, Washington State Commissioner of Public Lands
Daniel J. Bernardo, Dean, Washington State University – via conference call
Bob Nichols, for the Honorable Christine Gregoire, Washington State Governor
Dr. Thomas Hinckley, Interim Director, School of Forest Resources, College for the Environment, University of Washington – via conference call
The Honorable Randy Dorn, Superintendent of Public Instruction
The Honorable Jon C. Kaino, Commissioner, Pacific County – via conference call

CALL TO ORDER
Chair Goldmark called the meeting to order at 9 AM. All board members introduced themselves. Chair Goldmark noted there are four members present and that there is a quorum for this meeting.

SAFETY REVIEW
Ms. Ishler gave a safety overview and instruction on evacuating the building in case of an emergency for the audience and board members.

APPROVAL OF MINUTES
Chair Goldmark called for approval of the minutes for the December 6, 2011 Board of Natural Resources meeting.

MOTION: Mr. Nichols moved to approve the minutes of the December 6, 2011 meeting
SECOND: Dr. Hinckley seconded the motion
ACTION: The motion was approved unanimously

PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS
Marcy Goldie, Olympic Forest Coalition: Ms. Goldie commented on the Blowder Creek timber sale and the Settlement Partners Agreement. She asked the board to delay the Blowder Creek timber sale due to Northern Spotted Owl and Marbled Murrelet habitat and unstable slopes. Ms. Goldie noted an issue with 1:1 ratio of thinning for regeneration of harvests and the
department’s inability to meet the minimum requirement of the Settlement Agreement indicating
the likelihood of the Conservation Caucus going into the dispute resolution process under this
agreement.

Superintendent Dorn arrived at 9:05AM.
Dean Bernardo arrived via conference call at 9:06AM.

**TIMBER SALES (Action Item)**

*Proposed Timber Sales for February 2012* | 3

Paul Bialkowsky, Assistant Division Manager, Forest Resources and Conservation Division

Mr. Stephenson introduced Mr. Bialkowsky as the new Assistant Division Manager for the
product sales section in the Forest Resources and Conservation Division and thanked Dave
Gordon for stepping in to this position on the interim basis. Mr. Stephenson informed the board
of the possibility that the department may not meet the sustainable harvest levels for 2012.

Mr. Bialkowsky presented the results of the December auctions to the board. DNR auctions
averaged 3.0 bidders per sale. Of the 11 sales offered 11 were sold, resulting in 45.6 mmbf of
the volume offered being purchased. Sales brought an average of $338/mbf for a total of $15.4
million.

Dr. Hinckley asked what the average sale price was. Mr. Bialkowsky replied that the appraised
price was $304/mbf and that the average realized at auction was $338/mbf, a 20% up-bid.

Mr. Bialkowsky then presented the February 2012 proposed sales packet to the Board.
Commissioner Kaino noted that the appraised price per mbf was lower than the December results
and asked whether species mix was influencing that. Mr. Bialkowsky responded that there was a
variable density thinning sale in the packet that brings in a lower price per mbf and that a number
of sales were primarily hemlock which also brings in a lower price per mbf.

Dr. Hinckley asked why there was such a large price difference with hemlock vs. Douglas fir
given that in past months it was reported that China was purchasing hemlock in sufficient
quantities to drive up the price of that species. Mr. Bialkowsky replied that there was sufficient
demand in the first half of 2011 to drive up prices but that China has raised capital requirements
on lending in an effort to slow down their real estate market which, coupled with an over-supply
of logs and lumber, has resulted in a slowdown in the second half of 2011. Private timberland
owners in the state are now selling hemlock logs into the domestic market or are in a hold
position which is depressing the price of hemlock.

Mr. Nichols asked for an explanation of the Blowder Creek timber sale and comments received
from the public regarding the sale. Mr. Bialkowsky introduced Bill Wells, Coast District
manager for the Olympic region who oversees the district that includes the Blowder Creek sale.
Mr. Wells informed the board that the Blowder Creek timber sale followed all department
policies and procedures including the 1997 Habitat Conservation plan and the Policy on
Sustainable Forests.
Mr. Wells informed the board that the road reconstruction, within the area of Marbled Murrelet habitat, was reviewed with the U.S. Fish & Wildlife service and a concurrence letter from the USFWS was obtained for the reconstruction within that area. Sedimentation issues raised were addressed; three state lands geologists, two state lands engineers and a Forest Practices geologist had inspected the site on multiple occasions and approved the road plan. Further, the Washington Department of Fish & Wildlife had issued a Hydraulic Permit for the construction of a bridge for the area in question.

Commissioner Kaino asked whether the four miles of road construction and the associated costs are included in the appraisal for the sale. Mr. Bialkowski replied that the sale appraisal and minimum bid include the estimated road construction costs and that purchasers are aware of those costs when evaluating the sale.

Commissioner Kaino then asked whether the USFWS had reviewed and approved of the sale. Mr. Wells replied that the USFWS only reviewed that portion of the road construction within the area of Murrelet habitat and that the concurrence letter only relates to that portion of the sale area. He further clarified that the rest of the sale area follows the HCP and DNR policies and procedures.

Dr. Hinckley asked whether other roads were evaluated for timber haul. Mr. Wells replied that three alternate haul routes were evaluated but that the route selected was the least costly and most practical and had fewer stream crossings and areas of instability than other routes.

MOTION: Commissioner Kaino moved to approve the proposed timber sales for February 2012

SECOND: Dean Bernardo seconded the motion

ACTION: The motion was unanimously approved.

Commissioner Kaino requested that DNR staff prepare a synopsis on the current sustainable harvest levels and the anticipated levels for 2012.

PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS

No comments

LAND TRANSACTIONS

Green Creek Road Acquisition: 08-088231 | 1 Handout
Debi VanBuren, Asset and Property Management

Ms. VanBuren presented the Green Creek Road acquisition proposal, which comprises 163 acres in Pacific County located between Raymond and Pe Ell and North of Highway 6.

Ms. VanBuren stated the acquisition adds high quality forest land to an existing block of trust land, eliminates an inholding, and provides both near-term and future revenue opportunities. This acquisition also facilitates sustainable management and affords access options for timber harvests valued at approximately $4 million dollars on adjacent trust lands.
Ms. VanBuren described the property attributes to include a county road to the property as well as power. County zoning for most of the property is Rural Land, which allows one home per 5 acres. About 5 acres is zoned Rural Remote and provides for one home per 10 acres. The property does have one developed home site with a manufactured home, garage outbuildings and two barns. The near term plan includes renting the home and pasture with a 3-5 year goal of planting the pasture in trees and the selling and removal of the manufactured home.

Most of the site is classified as Site Class II. Over 94 acres is in 60-80 yr. old merchantable timber, 39 acres is pasture and about 30 acres is constrained by wetlands and stream buffers, providing habitat for fish and wildlife.

The primary forest mix by board foot is 62% Doug fir with approximately 1 million bf of red alder and about 5% a mix of other species native to local forests including hemlock and red cedar.

The total negotiated purchase price is $1,600,000 with $910,000 attributed to the merchantable timber and $690,000 for the land and improvements.

Commissioner Kaino asked where the forest land was located that required access and also where the county road was located. Ms. VanBuren referred to page 4 of her presentation and indicated the inaccessible timber was to the west and north of the subject parcel. The county road ends at the home site and is identified by a small yellow line within the subject.

MOTION: Commissioner Kaino moved to approve the Green Creek Road Acquisition (Resolution 1371)

SECOND: Superintendent Dorn seconded the motion

ACTION: The motion was unanimously approved

CHAIR REPORT

Marbled Murrelet Conservation Strategy Update:

Cullen Stephenson, Deputy Supervisor for State Uplands

Kristen Ohlson-Kiehn, Project Lead for the Marbled Murrelet Conservation Strategy

Mr. Stephenson introduced Ms. Ohlson-Kiehn to the board members.

Ms. Ohlson-Kiehn gave the members an update on the discussions with the USFWS. She reminded the board what occurred at the December board meeting and informed them that we are still in discussions with the services and have not received final comments from them yet; mainly due to the holidays. She let the board know the department is working diligently and that good progress in being made. Ms. Ohlson-Kiehn let the board know we do however have an agreement with the USFWS on our respective joint NEPA / SEPA roles and responsibilities.

Superintendent Dorn asked if there is an expected date for the final document. Ms. Ohlson-Kiehn replied that we do not have a set date for the final document.

PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

Marcy Goldie, Olympic Forest Coalition: Ms. Goldie stated she had no additional comments.
Ann Forest Burns, American Forest Resource Council: Ms. Forest Burns commented on the draft Need, Purpose and Objectives Statement for the MMLTCS Project. She applauds the department's efforts in putting forth a concise and consistent document in relation to department obligations. She offers assistance of her organization and plans to provide meaningful input during the formal scoping period.

Meeting adjourned at 9:39 AM
Approved this 7th day of February, 2012

Peter Goldmark, Washington State Commissioner of Public Lands

Bob Nichols for Governor Christine Gregoire

Randy Dorn, Superintendent of Public Instruction

Jon C. Kaino, Commissioner, Pacific County

Daniel J. Bernardo, Dean, Washington State University

 approved via conference call

Dr. Thomas Hinckley, Interim Director, School of Forest Resources, College for the Environment, University of Washington,

Attest:

Tami Ishler, Board Coordinator