Agenda

- December 2018 Results
- Current Fiscal Year Results
- Market Projection Discussion
- Record of Decision Process
- Current Proposed Sales
  (Action Item)
## December 2018 Results

<table>
<thead>
<tr>
<th><strong>SALES OFFERED</strong></th>
<th><strong>SALES SOLD</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• 13 sales</td>
<td>• 8 Sales</td>
</tr>
<tr>
<td>• 57.8 mmbf</td>
<td>• 34.2 mmbf</td>
</tr>
<tr>
<td>• $15.9 million</td>
<td>• $11.6 million</td>
</tr>
<tr>
<td>• $274/mbf</td>
<td>• $340/mbf</td>
</tr>
<tr>
<td></td>
<td>• Average # of Bids=1.6</td>
</tr>
</tbody>
</table>
Fiscal Year 2019 Planned Volume

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Planned</th>
<th>Sold</th>
<th>Sold Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter</td>
<td>54,000</td>
<td>49,818</td>
<td>$66.3 million</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>152,000</td>
<td>123,622</td>
<td>$339/mbf</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>170,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th Quarter</td>
<td>134,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Timber Market Updates

- Delivered prices are gathered from mills every month from a price survey.
  - Prices are for Species and Grade

- Prices on next slide reflect the average price per species from the price survey. Average price per species takes in account all grades for that species.
Timber Market Outlook

From Forest Economic Advisors:
• Log prices are predicted to start rebounding later in 2019 and continue to be stronger in 2020 but may not see the same higher prices as in Fiscal Year 2018.
  • There is variability - Some reports are showing a stronger increase in log prices, even above last year’s high.
• Prices may begin to fall again in 2021 and 2022.
Record of Decision Process

RCW 79.15.060 – Date of sale limited by time of appraisal—Transfer of authority.

• Board sets “minimum appraisal value”
• Minimum appraisal valid for 180 days
• Board may re-establish minimum appraisal at any time
• This authority may be transferred by resolution:
  • BNR Resolution No. 1301
  • BNR Resolution No. 1304
Record of Decision Process

Resolution No. 1301

“In order to ensure an individual contract harvesting project remains viable”

Authorizes Department to re-appraise and re-offer any unsold log sorts using “any prudent process that ensures competitive bidding.”

*Advertising laws do not apply
Record of Decision Process

Resolution No. 1304

Authorizes Department Supervisor to:

1. establish new minimum appraisal prior to auction
2. establish new minimum appraisal for sales which did not receive bids at auction in order to re-offer those sales

Minimum appraisal values can be lowered, or raised, based on multiple factors:

- current market conditions
- sale adjustments (area, volume, etc.)
- changes to estimated cost
Record of Decision Process

Resolution No. 1304

Advertising of new minimum appraisals

Prior to auction

• Anytime prior to auction so long as competitive bidding is maintained

Re-offer of previous no-bid sale

• Advertising must comply with State law
  • RCW 79.15-080 – Advertising sales of valuable materials
Current Proposed Sales

Total Proposal

- 14 sales
- 59.2 mmbf
- $17.2 million
- $291/mbf

Recommend all sales be approved for auction