Minutes
Board of Natural Resources Meeting
June 4, 2019
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT
The Honorable Hilary Franz, Washington State Commissioner of Public Lands
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
André-Denis Wright, Dean, College of Agricultural, Human, and Natural Resource Sciences, Washington State University

BOARD MEMBERS VIA CONFERENCE CALL
The Honorable Chris Reykdal, Superintendent of Public Instruction

CALL TO ORDER
Chair Franz called the meeting to order at 1:00 PM.

All Board members introduced themselves. Chair Franz noted there was a quorum for the meeting.

APPROVAL OF MINUTES
Chair Franz called for approval of the minutes for the May 7, 2019 Regular Board of Natural Resources Meeting.

MOTION: The Honorable Bill Peach moved to approve the minutes.
SECOND: Dean Wright seconded the motion.
ACTION: The motion carried unanimously.

PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST
Todd Wildermuth, Policy Director / Regulatory Environmental Law and Policy Clinic
University of Washington School of Law
Presented a petition for a formal forest carbon policy or initiate rulemaking that would govern the management of state forests in an effort to address climate change and carbon policy to the Board of Natural Resources. The petition requests a more robust clean energy. Mr. Wildermuth asks that the Board discuss these issues at the July Board meeting.
Abby Barrett, University of Washington School of Law, Regulatory Environmental Law and Policy Clinic
Spoke about a climate change and carbon policy request to address future impacts.

Liam Weiland, University of Washington School of Law, Regulatory Environmental Law and Policy Clinic
Spoke about a climate change and carbon policy request.

Keith Cohon, University of Washington School of Law, Regulatory Environmental Law and Policy Clinic
Spoke about sustainable forest practices. He stated there should be clear guidelines in the effort to maintain a sustainable forests while working on climate change and carbon footprint. He asked them to evaluate how climate change will effect forests. Future market potential.

Peter Goldman, WA Forest Law Center
Spoke about a holistic approach to climate change, not a request for rule making. Mr. Goldman is asking that the Board think though the next policy steps. What are the important steps to a healthy forest, what can the Board do to achieve these goals. He asked the Board to consider the financial impact to not having a policy. The petition also asks that the Board work with other agencies for long-term forest management.

Sally Paul, Washington Environmental Council, Washington Conservation Voters
Spoke about carbon and climate change petition, and requests for long-term planning for forest health.

Chair Franz spoke about the Department doing an impact study in regards to climate change and explore developing plan for long-term action.

PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS
None.

TIMBER SALES (Action Item)
Proposed Timber Sales for July 2019 | 3 handouts, including the presentation
Patrick Ferguson, Product Sales & Leasing Division

Mr. Ferguson presented the results of the May 2019 auctions to the Board. The Department offered 13 sales totaling 66.9 mmbf. Of the 13 sales, 10 sales sold totaling 53.5 mmbf and $13.0 million for an average of $243 per mbf with 1.5 bidders per sale on average. Mr. Ferguson noted that the 1.5 bidders per sale is misleading as six of the ten sales only had 1 bidder and only one sale had more than two. Mr. Ferguson also noted the reoffering of sales fiscal year 2020, which did not receive bids.

Mr. Ferguson provided a quick fiscal year 2019 update, stating that the total sold volume for the fiscal year stands at 425 mmbf with one month left of auctions where approximately 19% of the planned fiscal year volume will be offered.

Mr. Ferguson asked the Board for questions regarding the May 2019 auction results. There were none.
Mr. Ferguson then presented proposed sales offered in upcoming auctions to the Board, noting the low value package of sales was due to two forest health sales and a large thinning sale in the OESF to meet 1:1 obligations.

Commissioner Franz asked the Board for questions regarding the proposed sales.

Commissioner Peach asked about the fiscal year volume standings with the proposed package.

Mr. Ferguson remarked that the volume proposed is the start of fiscal year 2020 and that following the June 2019 auctions, fiscal year 2019 volume will be complete.

Commissioner Peach also asked about the Agency’s appraisal process and the level of input region staff have on those appraisals.

Mr. Ferguson responded that region staff should be doing sale pre-appraisals and they have the opportunity to review the appraised value and appraisal inputs following completion of the official appraisal by Agency appraisal staff.

There were no additional questions.

Mr. Ferguson asked for approval of the proposed sales as presented.

MOTION: Commissioner Peach moved to approve the proposed sales.

SECOND: Director Brown seconded the motion.

ACTION: The motion carried unanimously.

PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS

None.

LAND TRANSACTION (Action Items)

West Roesigner, No. 08-099068; Resolution 1542
Robin Hammill, Recreation, and Transactions Division

Ms. Hammill presented the Board with The West Roesigner property, which is located in Snohomish County between Lake Stevens and Lake Roesigner. She shared that the property is approximately 210 acres in size and high site class II forest land. This property is located within and adjacent to DNR managed common school trust land. The property is stocked with 79 MBF of merchantable timber and 28-year-old forest reproduction. The property was valued as forest land but the area is zoned 5 acre rural residential. The five tax parcels would permit, with clustering, a minimum of 42 home sites.

The funding used for this acquisition is from the Land Band. Ms. Hammill stated that the seller accepted a negotiated value of $650,000, with a land value of $185,000 and a timber value of $465,000. There is no compensating tax associated with this property.

Ms. Hammill concluded by asking the Board to approve Resolution 1542.
MOTION: Dean Wright moved to approve Resolution 1542.

SECOND: Honorable Bill Peach seconded the motion.

ACTION: The motion carried unanimously.

PUBLIC COMMENTS FOR CHAIR REPORT
Matt Comisky, Washington Manager, AFRC,
Commented on the continuation of the State of The State Lands, part two, which will show the
Board the cost and revenue for trust managers to manage their assets.

Commissioner Franz commented that the Department is working on the diversity of forest
management.

CHAIR REPORT
State of the State Lands Report - continued
Angus Brodie, Deputy Supervisor for State Uplands

Mr. Brodie continued the report from the May 2019 meeting, starting at slide 30, which is
showing the revenue of 2018. He reviewed the activity at the Department of Natural Resources,
with two business models. He explained the income generated and how the Department evaluates
and manages land.

He shared three challenges: reduced purchasing power, increasing cost, and investments needed
to grow. Mr. Brodie then displayed the expenditure, revenue and profit/loss and shared about the
funding source, and that the budget provisos are: RMCA at 32% and FDA at 27%.

He reviewed the funding revenue, which includes forestry, agriculture, commercial leases,
communication sites and special use lands. He stated that funding takes about 2 years to filter
through the agency. Mr. Brodie displayed a chart showing ending fund balance, expenditures
along with the cost of contract prices and the Washington State minimum wage.

Mr. Brodie reviewed silviculture and the investment of reforestation, site preparation, vegetation
management and pre-commercial thinning in the past six years for the Board. He shared that the
next biennium 2019-21 goals are to achieve revenue, volume and investment deliverables, and a
three-month ending fund balance. The challenges that the Department will face are to absorb a
six million dollar COLA for employees, invest one million to grow revenue and 11 million in
silviculture. He stated that $1.1 million is needed to complete the Trust Lands Performance
project.

Mr. Brodie then presented the funding projections for the next biennium.
Trust Land Performance Assessment
David Bergvall, Senior Policy and Project Advisor, Washington State Department of Natural Resources

Mr. Bergvall gave an overview of the staff the including their industry experience. He explained the asset valuation of state lands proposed by the contractor and accepted by DNR. He then reviewed the ideas generated by stakeholders, and the revenue based on analysis of the prior 10 years. Analysis will segregate the acreage by factors.

Meeting adjourned at 3:00 PM.
Approved this 2\textsuperscript{nd} day of July, 2019

Hilary S. Franz, Washington State Commissioner of Public Lands

Jim Cahill, Designee for Governor Jay Inslee

Absent

Chris Reykdal, Superintendent of Public Instruction

Bill Peach, Commissioner, Clallam County

André-Denis Wright, 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:

Theresa McGuire, Board Coordinator