Minutes
Board of Natural Resources Meeting
October 3, 2017
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
The Honorable Chris Reykdal, Superintendent of Public Instruction
JT Austin, Designee for the Honorable Jay Inslee, Washington State Governor
Elizabeth Van Volkenburgh, Interim Director, School of Environmental and Forest Sciences, University of Washington
Ron C. Mittelhammer, Dean, College of Agricultural, Human, and Natural Resource Sciences, Washington State University

CALL TO ORDER
Chair Franz called the meeting to order at 9:00 AM.

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

SAFETY REVIEW
Ms. Kellogg gave a safety overview and instruction on evacuating the building in case of an emergency.

APPROVAL OF MINUTES
Chair Franz called for approval of the minutes for the September 5, 2017 Regular Board of Natural Resources Meeting.

MOTION: Dean Mittelhammer moved to approve the minutes.

SECOND: Commissioner Peach seconded the motion.

ACTION: The motion approved unanimously.
PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

Pricilla Christenson, Squeaky Unit 5 Concerned Citizens, commented on the Squeaky Unit sale, and due to effects to local residents and potential unstable slopes, requested either removal of sale from the auction or an alternate approach for the sale.

Jim Stouffer, WSDDA Sequim School District, spoke about engagement with trust land beneficiaries. He also noted that he has been appointed to the Healthy Forests Advisory Committee and looks forward to being part of that Committee.

Peter Goldman, Washington Forest Law Center (WFLC), spoke about the outcome of the Forest Carbon Conference and informed the Board that a summary of the conference will be sent to the Board members.

PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS

No comments.

TIMBER SALES (Action Item)

Proposed Timber Sales for November 2017, Timber Auction Results | 3 handouts, including the presentation

Tom Heller, Product Sales & Leasing Division

Mr. Heller discussed current timber markets. He shared that timber prices are up due to a few factors: log supplies at local mills are down; intense summer weather created fire-weather shutdowns which, in turn, resulted in harvest operations not beginning until the fall for a number of sales; and the China export market that is beginning to pick up again.

The results of the September auction were presented to the Board by Mr. Heller. The Department offered 3 sales totaling 12.6 mmbf in September. Of those, all sales sold totaling $5.5 million for an average of $436 per mbf with 3 bidders per sale on average.

Mr. Heller noted that bidding is up and marketers are beginning to bid, which drives up bid price and the number of bidders. Mr. Heller then asked for questions on the September 2017 results.

Commissioner Peach asked about the Agency’s current 2nd quarter planned sales and if there was going to be a metering of sales. Mr. Heller responded that the sales wouldn’t be metered. Rather, more sales were scheduled in the 2nd and 3rd quarters based on the Agency anticipating a stronger market in these two quarters.

Mr. Heller then discussed the fiscal year 2018 planned versus sold volume graph. The baseline for this graph is what was scheduled as planned in July 2017. Mr. Heller mentioned the Agency plans to offer 61 mmbf in October, 51 mmbf in November, and 67 mmbf in December, to complete the 2nd quarter. Mr. Heller also noted the unsurety of sales planned for the 3rd and 4th quarter due to a busier than normal fire season.

Commissioner Peach asked if the Agency was limited by staffing due to fire season to schedule more volume in the 2nd quarter. Mr. Heller responded that the Agency is hitting their original schedule and sales planned for the 2nd quarter were completed prior to impacts from fire season.
Commissioner Peach commended the Agency for scheduling sales in such a positive market.

Commissioner Peach also commented about timber marketers helping bid prices.

Mr. Heller agreed, and added that marketers also aid the timber industry by increasing opportunities and being able to deliver logs where most needed.

Mr. Heller then presented proposed sales to be offered in November 2017 to the Board. Mr. Heller noted the high average value of proposed sales which is due to a combination of a positive market and an above average product mix.

Mr. Heller asked for approval of the sales package if there are no questions. There were none.

MOTION: Dean Mittelhammer moved to approve the proposed sales.

SECOND: Director Van Volkenburgh seconded the motion.

ACTION: The motion approved unanimously.

PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS

No comments.

LAND TRANSACTION (Action Items)
Pasco 16 R-3 Land Sale, No. 02-092580; Resolution 1508
Dave Gordon, Transactions ADM, Recreation, and Transactions Division

Mr. Gordon presented the Pasco 16 R-3 Land Bank Sale, which is a re-auction of the parcel. He reminded the Board that the property did not sell when it was previously auctioned in November, 2016. Mr. Gordon stated the 37.86 acres of land is zoned for multi-family/residential use within the Urban Growth Area in the city of Pasco. Bidding will begin at the appraised market value of $1,200,000. Proceeds from the sale of this property will be used to acquire productive trust lands elsewhere.

Mr. Gordon concluded by asking the Board to approve Resolution 1508.

MOTION: Commissioner Peach moved to approve Resolution 1508.

SECOND: Superintendent Reykdal seconded the motion.

ACTION: The motion approved unanimously.
CHAIR REPORT
Marbled Murrelet Long-term Conservation Strategy and Sustainable Harvest Calculation
Angus Brodie, Deputy Supervisor for State Uplands
Andy Hayes, Forest Resources Division Manager

Angus Brodie and Andy Hayes presented on the marbled murrelet long-term conservation strategy and the sustainable harvest calculation. Mr. Brodie began by discussing the timeline of work that needs to occur between the selection of a marbled murrelet alternative, and the release of a final environmental impact statement. If the Board selects a preferred alternative in November, the final EIS and HCP amendment is expected to be completed in May, 2019.

Mr. Brodie then discussed the relevance of the trust mandate and HCP issuance criteria in the context of these topics. He discussed metrics that have been presented to evaluate alternatives given DNR's fiduciary responsibility under the State Constitution, and the issuance criteria that US Fish and Wildlife Service will use to measure DNR's proposed amendment to the HCP. The baseline requirements to meet the issuance criteria and the expectations of USFWS related to marbled murrelet conservation include protecting all occupied sites, reducing the risk of degradation of those occupied sites over time, providing mitigation by developing future habitat in strategic locations, and minimizing short-term risks to the population. Based on their understanding of the Endangered Species Act and their discussions with USFWS, staff asserted they believe that Alternative B or any alternative based solely around the conservation of occupied sites would not meet the requirement of utilizing strategic locations.

Chair Franz adjourned for a break at 10:46, and then reconvened the meeting at 10:58.

Mr. Hayes presented staff's recommendation for a preferred alternative. It incorporates both input from the Board, as well as feedback from public comment. The staff-proposed alternative consists of all occupied sites with buffers, metering of habitat in strategic locations, conservation areas, extra mitigation for uncertainty, and reduced economic impacts on heavily impacted country trust land. Maps were shown that highlighted conservation area locations, and estimated impact and mitigation numbers were also shown.

Riparian and arraignment options were then discussed. The preferred riparian alternative that was discussed in the September meeting was presented – to conduct riparian harvests based on their ecological value, to not include harvest volume in the SHC, but to count those harvests in riparian areas towards the meeting the SHC. Likewise, the preferred arraignment option of 702 MMBF over 10 years was again shown as discussed in September.

Mr. Brodie and Mr. Hayes then discussed next steps, including the selection of the preferred alternative, and the production of a Supplemental Draft Environmental Impact Statement and draft HCP amendment.

PUBLIC COMMENTS FOR CHAIR REPORT
Shawn Cantrell, NW Regional Director for Defenders of Wildlife; commented on the evaluation criteria, specifically the significant contribution criterion and its intent as stated in the
HCP. He also suggested that alternative F is the only one that leads to improved conditions for
the marbled murrelet.

Peter Goldman, WFLC; spoke about comments made by the public and stakeholders, and
asked if the Board has read or heard their comments. He feels the Board cannot choose the
preferred alternative and keep their obligations to the trusts, making note of not being able to
take more than is given. He also stated the Board should not rely on confidential attorney-client
privileged conversations, and that discussions should take place in a public setting.

Matt Comisky, AFRC; commented on the timeline of the process and commenting after hearing
the presentation. He asked to see the metrics on land available on federal land for habitat
conservation. He urged the Board to get proper information in order to make a fully informed
decision.

Ariane Jaco, WEC; spoke to the three options brought to the Board in September that do not
offer a significant contribution to the conservation of marbled murrelet habitat. She asked for a
more protective strategy in the upcoming DEIS.

Art Wong, Tahoma Audubon Society; spoke about the evaluation criteria shared and
emphasized the output instead of land acreage. He further stated that the preferred alternatives
appear to be a principle, and questioned whether the marbled murrelet population decline will
be abated. He also shared his confusion with affected acres and mitigated acres.

Paul Bialkowski, Interfor; shared his concerns with riparian harvest not being counted in the
planned sustainable harvest levels, yet having that volume credited to the sustainable harvest
level volume. He favors a separate riparian harvest target.

Chair Franz asked for questions from the Board following public comments. Hearing none, she
adjourned the meeting at 12:09 PM.
Approved this 7th day of November, 2017

[Signature]

Hilary Franz, Washington State Commissioner of Public Lands

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JT Austin, Designee for Governor-Jay Inslee

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Chris Reykdal, Superintendent of Public Instruction

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Bill Peach, Commissioner, Clallam County

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Ron Mittelhammer, Dean, College of Agricultural, Human, and Natural Resource Sciences, Washington State University

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Elizabeth Van Volkenburgh, Interim Director, School of Environmental and Forest Sciences, University of Washington

Attest:

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Tami Kellogg, Board Coordinator