MEETING AGENDA

CLALLAM COUNTY
REVENUE ADVISORY COMMITTEE

223 East 4th Street, Room 160
Port Angeles, Washington
November 10, 2025 – 2 p.m.

Revenue Advisory Committee meetings will be available virtually at:

If you would like to participate in the meeting via Zoom audio only, call 253-215-8782 and use meeting ID: 836 9266 4344 and passcode: 12345 and use *9 to raise your hand.

If you would like to participate in the meeting via Zoom video conference, visit https://us06web.zoom.us/j/83692664344 and use meeting ID: 836 9266 4344 and passcode: 12345

This meeting can be viewed on a live stream at this link: https://clallamcountywa.gov/meetings

Public comment and questions can be directed to the Clerk of the Board at 360-417-2256 or loni.gores@clallamcountywa.gov

I. CALL TO ORDER, ROLL CALL

II. APPROVAL/MODIFICATIONS TO THE AGENDA

III. APPROVAL OF MINUTES FOR THE MEETINGS ON: September 22, 2025

IV. PUBLIC COMMENT (total of 20 minutes)

V. BUSINESS ITEMS

a. Doc Holliday Presentation –
   - Earth Law
   - Jim Buck
   - AFRc

b. Recommendation from RAC to the County Commissioners

c. Committee for County Trust Land Public Comment

VI. FUTURES AGENDA ITEMS

VII. PUBLIC COMMENT (total of 20 minutes)

VIII. NEXT MEETING DATE

IX. ADJOURNMENT

Revenue Advisory Committee

Draft Minutes

September 22, 2025

CLALLAM COUNTY REVENUE ADVISORY COMMITTEE
MINUTES OF September 22, 2025

MEETING OF THE REVENUE ADVISORY COMMITTEE (RAC)
Chair Connie Beauvais called the meeting to order at 2:35 p.m., September, 2025. Also present were Commissioner Johnson, Gregory Bellamy, Drew Rosanbalm, Noah Glaude, Michael Mingee, John Nutter, Michelle Olsen, Dan Huff, Sandra Lyons, Diana Reaume, Ashley Petersen (Alternate), Steve Burke, Ben Pacheco, and Scott Horton. David Bingham, Regan Nickels, Dave Gedlund, Janine Ledford and Nerissa Davis were absent.

APPROVAL OF AGENDA
ACTION TAKEN: Johnson moved to approve, Reaume seconded, mc

APPROVAL OF MINUTES
- August 18, 2025

ACTION TAKEN: Mingee moved to approve, Pacheco seconded, mc

PUBLIC COMMENT
- Ed Bowen, Clallam Bay, commented on business item regarding the appraisal process, taxing districts

BUSINESS ITEMS
a. Appraisal process - DNR

David Hurn, Department of Natural Resources provided an update on appraisal process. RAC Members held discussion.

b. Board of Natural Resources Report – Commissioner Johnson

Commissioner Johnson reported on the Board of Natural Resources.

c. Legal discussion

Beauvais commented that County legal is not available to attend an executive session today. Mingee commented that he asked the Chair to put this item on the agenda. He stated his concerns with the State of Washington Department of Natural Resources pausing timber sales. RAC Members held discussion.

FUTURE AGENDA ITEMS
- How the timber assess value is calculated each year
- Acreage map update

PUBLIC COMMENT
- Ed Bowen, Clallam Bay, commented on timber pause sales, Department of Natural Resources, taxing district,

NEXT MEETING – November 10, 2025 at 2:30 p.m.

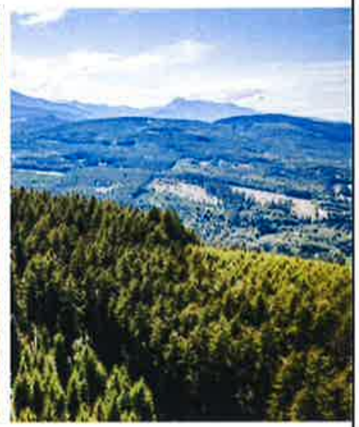
ADJOURNMENT - The meeting concluded at 4:24 p.m.

Revenue Advisory Committee

Doc Holliday Presentation
Earth Law

DNR Natural Climate Solutions Program- Opportunities in Clallam County

Brel Froebe
Bill Bryant



1

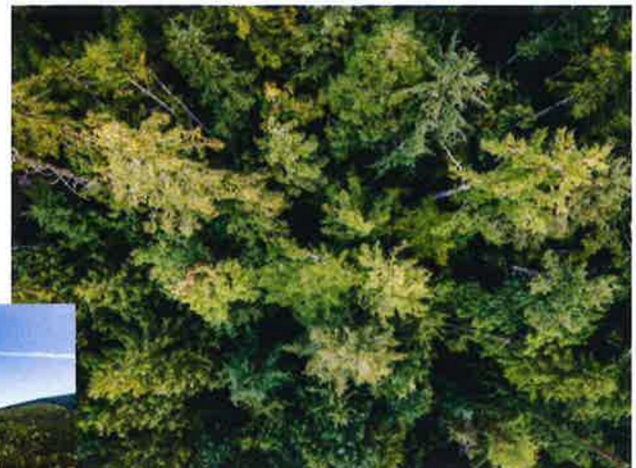
Structurally Complex Forests:

- Large Trees
- Canopy diversity
  - Range of heights, diameters and species
- Understory diversity
- Ecosystem legacies
  - Snags, large downed wood

2

Natural Climate Solutions -Opportunity For County

- Replacement lands are of **equal value:**
  - *Additional acres for beneficiary*
  - *Long term benefits*
- Reduces conversion risk
- Conservation benefits:
  - *Wildfire/drought resilience*
  - *Watershed health*
  - *Wildlife habitat*
  - *Carbon storage/sequestration*



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Clallam County 2023 NCS

- Shore Thing - 100 acres
- Power Plant - 69 acres

Thank you BOCC!

4

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Natural Climate Solutions Proviso

2025-2027 Budget Allocations

$23 million total allocated to support conservation efforts.

1. $10M for new forest conservation + replacement
2. $10M to replace encumbered lands (Clallam, Pacific, Skamania, Wahkiakum)
3. $3M for restoration thinning

5

5

2025 NCS Proviso

Exciting update from 2023: Cash for Counties!

Under the "Cash for Counties" provision, county governments can choose to receive part of the replacement value of mature forests in cash immediately. This way, essential services can receive funding immediately instead of waiting to receive this funding when replacement forestlands are ready for timber harvest.

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How valuation and "cash for counties" works

- Acreage valuation includes the raw land AND timber value. Though highly variable, DNR has estimated that these types of forests are valued at approximately $20-25,000 per acre.
- For "State Forestlands," i.e. forestlands in which county governments are the beneficiary, counties may utilize a "cash for counties" provision:
  - At least $12,000 per acre must be used to buy replacement lands. This ensures that counties are able to grow their trust holdings. Based on an average replacement cost of $6,000 per acre, $12,000 allows counties to receive approximately two acres of replacement land for each acre conserved, which is in alignment with recent DNR forestland purchases.
  - Counties can elect to receive any amount of the replacement value in excess of $12,000 per acre as cash upfront. This is in lieu of purchasing more replacement acres. The cash is then distributed to counties and their junior taxing districts in the same proportion as any other revenue received from DNR, as per RCW 79.64.110.
  - Using the $25,000 per acre estimate, a county could elect to receive up to $13,000 per acre in cash.

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How replacement lands work

- To replace State Forestlands (where the county is the beneficiary), DNR may look for replacement acres within that county. However, if a parcel is only 50 acres, it may not be possible to find 100 acres of replacement acres for sale in the same county that are logistically feasible for DNR to manage. DNR often prefers to buy larger parcels for management ease and access.

- If DNR purchases replacement lands outside of the original county, DNR will facilitate a "land pool" agreement. All of the counties will enter into an agreement with the county in which the replacement land is located. Replacement land revenue will be distributed to counties proportional to the value of the land being replaced.

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Example

- 1,000 acres are purchased in Clallam County to replace conserved parcels in Whatcom, Clallam, and Thurston.
- Whatcom's conserved parcel is valued at $3 million, Clallam's parcel at $2 million, and Thurston's at $1 million.
- As timber harvest occurs on those 1,000 acres, revenue will be distributed at a ratio of:
  3 (Whatcom) : 2 (Clallam) : 1 (Thurston)

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2025 NCS Proviso Timeline

- DNR received funds from the legislature in July 2025.
- County governments may send letters to DNR requesting specific parcels be considered for nomination. In fact, the Kitsap County Board of Commissioners has already sent such a letter.
- DNR will begin the process of identifying parcels of structurally complex, carbon dense forests for conservation with a total value of $10 million. DNR will notify counties once they have selected parcels within that county.
- Regardless of the trust beneficiary/ies associated with the lands proposed for conservation, the legislative body of the county where the parcels are located must send a letter of support to DNR and the Board of Natural Resources (BNR). It would be good for letters to indicate whether the county is interested in the "cash for counties" option.
- DNR will then purchase $10 million of replacement acres for the affected trusts.
- The final step is for the BNR to approve the conservation parcel boundaries.
- Trust beneficiaries will receive revenue from replacement lands as they are harvested. Counties can opt to receive immediate revenue using the "cash for counties" provision.

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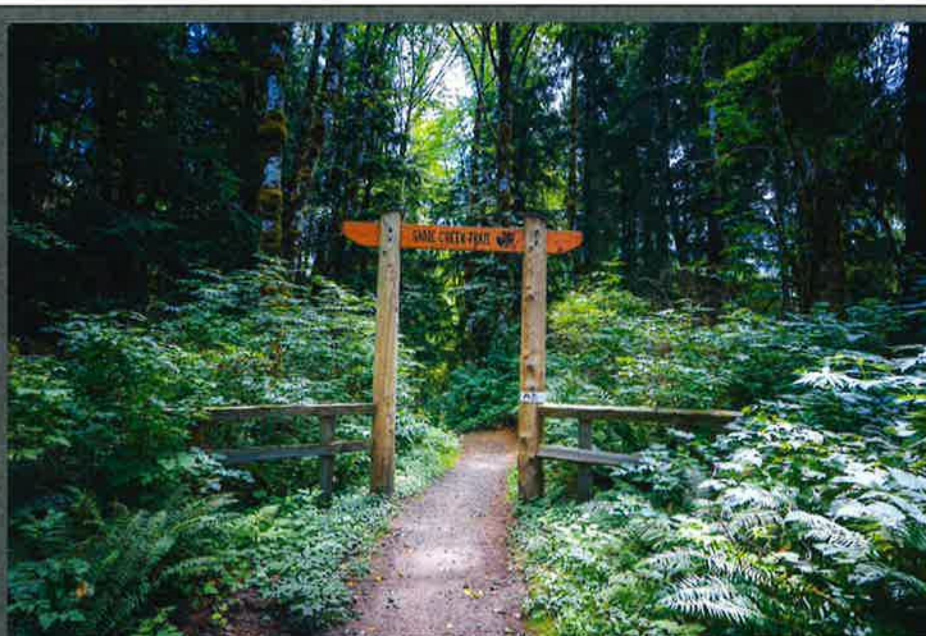

Doc Holliday U1

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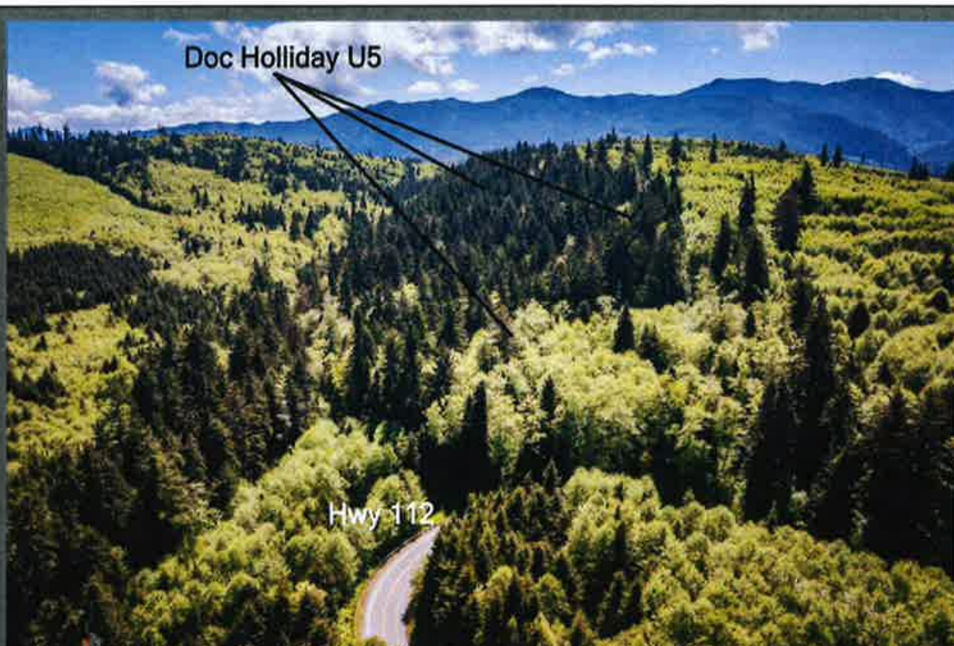

Doc Holliday U5

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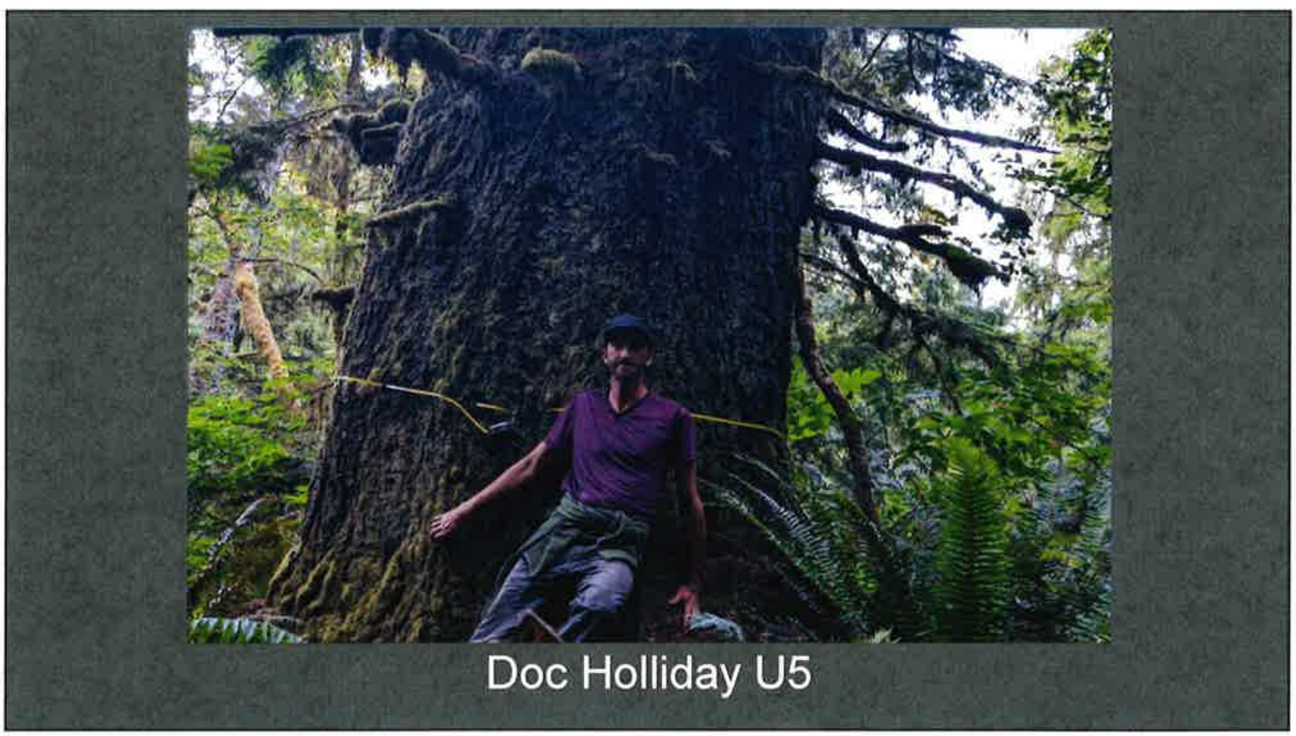

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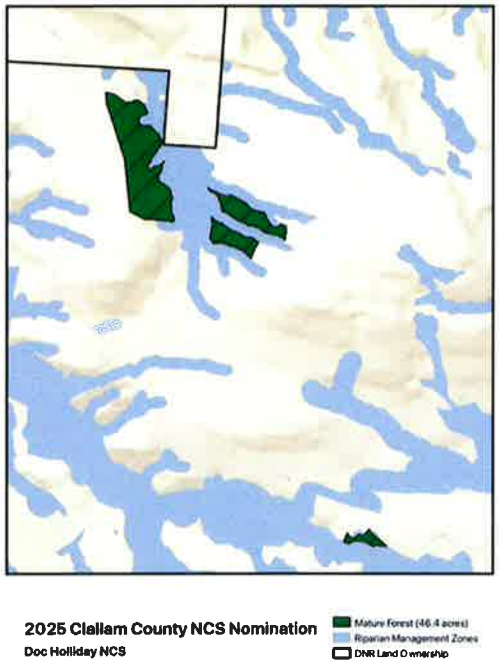
2025 Clallam County NCS Nomination
Doc Holliday NCS
Mature Forest (46.4 acres)
Riparian Management Zones
DNR Land Ownership

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Strait Of Juan de Fuca Hwy
112
Strait Of Juan de Fuca Hwy
112
Strait Of Juan de Fuca Hwy
Sadie Creek Campground
Google My Maps

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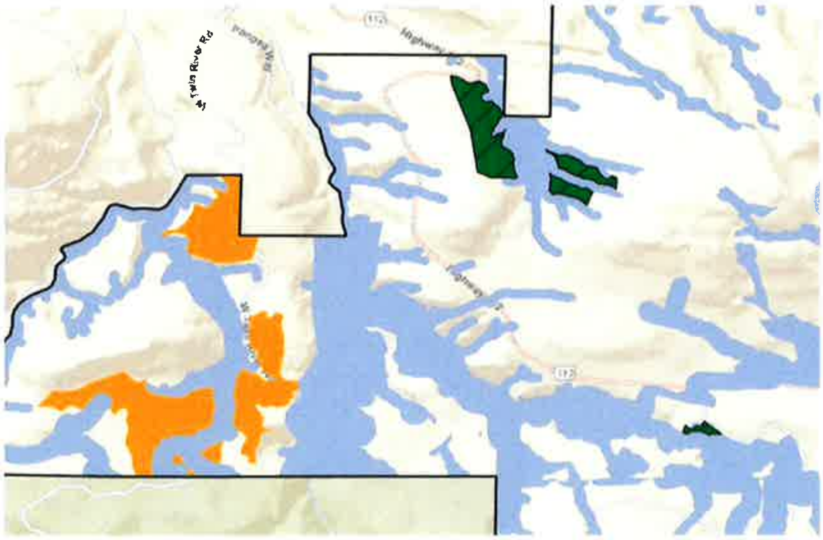

Orange = potential sales with same Junior Taxing Districts: Oasis and Double Down timber sales. Bruce Webster has agreed to switch Doc Holliday with a non-legacy forest sale of equal value.

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Doc Holliday auction price per unit (based on $270.12 per mbf)

Unit 1: $17,557.80 (NCS)

Unit 2: $63,208.08 (already logged)

Unit 3: $100,214.52 (already logged)

Unit 4: $56,725.20 (NCS)

Unit 5: $301,724.04 (NCS)

Unit 6: $73,742.76 (NCS)

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Distribution of Doc Holliday sale revenue

DNR -		$203,613.12
County –		$61,122.60
Junior taxing district distribution over 1%:		
Port Capital Improvement Fund -	$9,171.19	
Roads –	$64,642.13	
Library –		$24,368.15
313 School District Enrichment –	$89,206.19	
313 School District Capital Plan –	$15,867.24	
Fire 4 –		$88,222.80
Hospital 2 –		$63,153.49

TOTAL = 623,700

19

19

Distribution of Doc Holliday sale revenue from Units 2 and 3 (already logged)

DNR -		$53,352.12
County –		$16,065.59
Junior taxing district distribution over 1%:		
Port Capital Improvement Fund -	$2,403.05	
Roads –	$16,937.61	
Library –		$6,384.97
313 School District Enrichment –	$23,373.91	
313 School District Capital Plan –	$4,157.55	
Fire 4 –		$23,115.24
Hospital 2 –		$16,547.55
Other (totalling .63%) -	$1,031.10	

TOTAL = $163,422.60

20

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Benefits of NCS

Logging revenue from Doc Holliday Units 2 and 3 = $ 163,422.60 (est. based on total acreage)

Plus replacement sale for Units 1, 4, 5, and 6 logged at or around same time as when Doc Holliday would have been logged = $449,750

Total = the exact the same as if Doc Holliday were completely logged

Plus replacement lands under Natural Climate Solutions program. **This provides double the acres for greater future revenue.**

Plus cash for counties option if land per acre value exceeds $12,000/per acre

Plus Payment In Lieu of Tax (PILT) once NCS parcels are turned into an NRCA (**RCW 79.71.130**)

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Proposed action:

RAC send letter to BOCC asking that that they send letter to DNR nominating "Doc Holliday proposal" for NCS and asking DNR to work with logging company to find non-structurally complex replacement sale.

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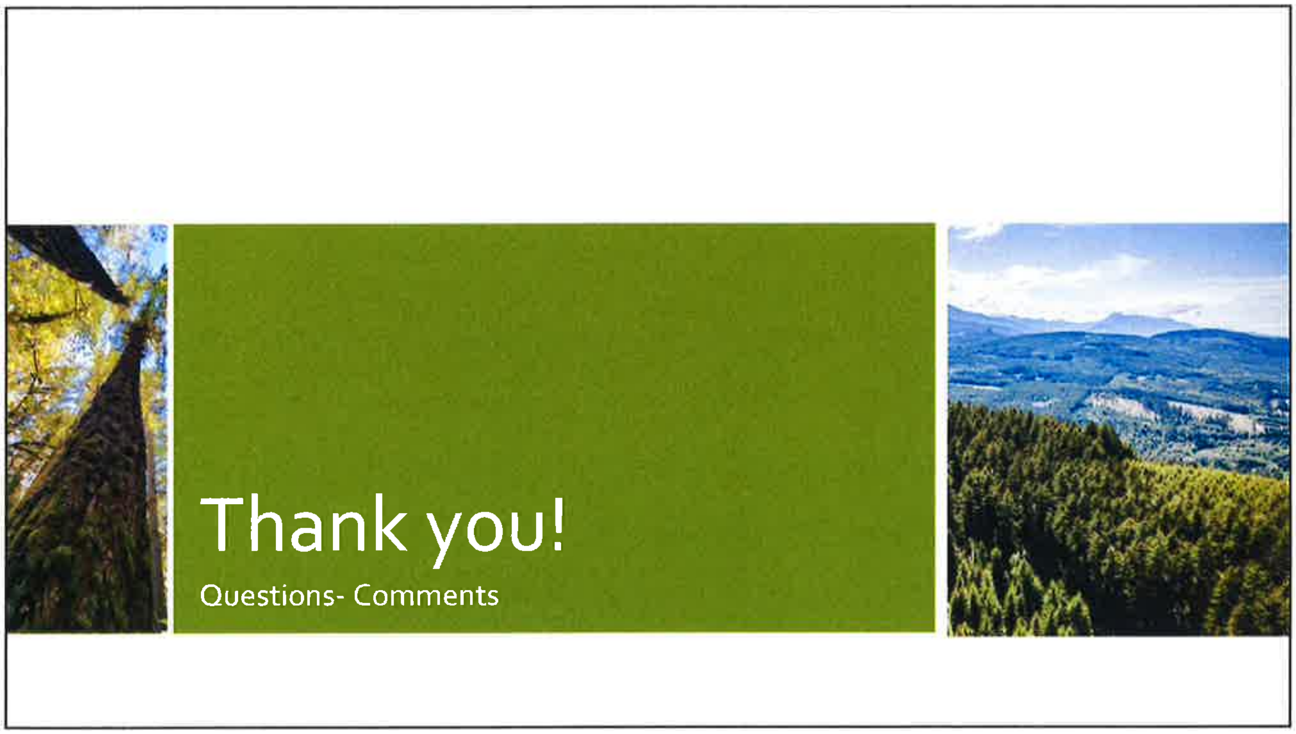

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RAC Meeting

Presentation

Jim Buck

RAC Meeting 11/10/25
Jim Buck
Added to the agenda packet on 11/7/25

REVENUE ADVISORY COMMITTEE MEETING NOVEMBER 10, 2025 JIM BUCK

LEGAL STATUS OF CLALLAM COUNTY FOREST BOARD TRUST LANDS

MY NAME IS JIM BUCK. I LIVE IN THE CLALLAM COUNTY, CRESCENT SCHOOL DISTRICT, FIRE DISTRICT #4, OLYMPIC MEDICAL CENTER, NORTH OLYMPIC LIBRARY, PORT DISTRICT, CONSERVATION AND WILLIAM SHORE POOL TAXING DISTRICTS.

EACH YEAR, CLALLAM COUNTY FOREST BOARD TRUST LANDS PROVIDE MILLIONS OF DOLLARS OF NON-TAX REVENUE TO HELP ALL OF OUR TAXPAYERS PAY FOR COUNTY SERVICES ME AND MY NEIGHBORS ENJOY.

I ADAMENTLY OPPOSE LEGACY FOREST DEFENSE COALITION'S (LFDCs) INTERFERENCE WITH THE DOC HALLIDAY TIMBER SALE AND ALL OTHER LFDC ACTIONS ON CLALLAM COUNTY FOREST BOARD TRUST LANDS.

LET ME EXPLAIN WHY.

HISTORY

In the 1930s, **Clallam County**, through tax foreclosures, **came to OWN** about 93,000acres of abandoned timberland.

> Session law of 1925 c130 s129 says, **"*where no bidder appears, the county shall acquire (OWN) title to the property thereto as absolutely as if purchased by an individual.*"**

These barren lands were incapable of producing tax revenue needed to fund county and local government services. The county did not have the staff, expertise or money to restore the land to produce the missing revenue.

THE LEGISLATURE’S SOLUTION

The Legislature **DEMANDED** the county **DEED** the tax foreclosed lands to the state to be restored to productivity. In return the state agreed to **HOLD THE LAND IN TRUST** so non-tax revenues generated **IN PERPETUITY** from future timber harvests would **HELP CLALLAM COUNTY TAXPAYERS** pay for their county services, school districts, libraries, fire departments, emergency responders and other junior taxing districts.

THE LEGISLATURE'S DEMAND

NOTE:
Section 3-b of Chapter 126 of the laws of 1935

1935 Session Laws, Chapter 126. section **3b** sets the terms of the trust:

*"If any lands heretofore acquired, or which may hereafter be acquired, by (Clallam County) through foreclosure of tax liens, or otherwise … the county shall, upon **DEMAND** by the state forest board, **DEED** such lands to the said board and … **SUCH LANDS SHALL BE HELD IN TRUST** and administered and protected by the said board under the provisions of chapter 154, Laws of 1923."*

THE DEED PART 1

CLALLAM COUNTY 169543
TO
STATE FOREST BOARD OF WASHINGTON

DEED

State Forest Board of Washington
Olympia, Washington

Port Angeles, Washington
May 8, 1936

NOTE DATE

Gentlemen:

The commissioners of Clallam County herewith deed, free from encumbrances, to the State Forest Board, State of Washington, in accordnace with provisions of Section 3-b of Chapter 126 of the Laws of Washington 1935, the following described lands acquired by Clallam County through foreclosure of tax liens.

"If any lands heretofore acquired, or which may hereafter be acquired, by any county through foreclosure of tax liens, or otherwise, come within the classification of lands described in Section 3 of Chapter 154 of the Laws of 1923, which can be used as state forest lands and if the state forest board deems such lands necessary for the purposes of this act, the counties shall, upon demand by the state forest board, deed such lands to the said board and said lands shall become a part of the state forest lands; and upon such deed being made the commissioner of public lands shall be notified and enter and note upon the records of his office such lands in accordance with the provisions of Section 9 of Chapter 154, Laws of 1923.

…

NOTE - … in accordance with provisions of **Section 3-b of Chapter 126** of the laws of 1935 **1st reference**.

… upon **DEMAND** by the state forest board, **DEED** such lands to said board (the state) …

THE DEED PART 2

"Such lands shall be held in trust and administered and protected by the said board under the provisions of chapter 154, Laws of 1923, or any amendments thereto. Any monies derived from the lease of such lands or from the sale of forest products, oils, gases, coal, minerals or fossils therefrom, shall be distributed as follows:

"(a) The expense incurred by the State for administration, reforestation and protection, shall be returned to the general fund of the state treasury.

"(b) Ten per centum thereof shall be placedin the forest development fund of the state treasury.

"(c) Any balance remaining shall be paid to the county in which the lands are located to be paid, distributed and prorated to the various funds in the same manner as general taxes are paid and distributed during the year of such payment. (Sec. 3-b of Chapter 126 of the Laws of Washington 1935)"

(1,481.76 acres)

Accepted:
State Forest Board
By Clarence D. Martin
Chairman
A. C. Martin
Secretary
Olympia, Washington

Arnold Levy
Chairman, Board of Commissioners
Hayes Evans
Clyde E. Shore

Such lands **SHALL BE HELD IN TRUST** and administered and protected by the said board

Any **BALANCE REMAINING SHALL BE PAID TO THE COUNTY** in which the lands are located to be paid **AND DISTRIBUTED TO THE VARIOUS FUNDS**…

NOTE - … in accordance with provisions of **Section 3-b of Chapter 126** of the laws of 1935… **2nd reference**

PORT ANGELES EVENING NEWS MAY 8, 1936

NOTE DATE

STATE ACQUIRES HUGE ACRES OF LOGGED-OFF LAND

CLALLAM COUNTY COMMISSIONERS TURN OVER 26,351 ACRES OF LOGGED-OFF TERRITORY FOR REFORESTATION PROGRAM

“Under a **r**ecent law set up by the State Legislature, county commissioners have the right to give **(DEED)** to the state any forest land which has been acquired by the county. **THE FOREST LAND WILL BE HELD IN TRUST BY THE STATE** and developed under the direction of the State Forest Board with the ultimate goal of bringing it back to productivity on a sustained yield basis .”

The state division of forestry plans a program of reforestation and care of the logged-off land with the goal of restoring it to timber production on a sustained yield basis in future years. **OF THE REVENUE DERIVED, THE COUNTY WILL REALIZE FROM 60% TO 80 %** in addition to indirect benefits from stabilized industry and payrolls brought by sustained yield.

DETAILS OF THE TRUST

Grantor (THE STATE DEMANDED Settlor) – Clallam County
Grantee – State of Washington via the State Legislature
Trustee – State Legislature
Trust Administrator – State Forestry Board (now DNR)
Trust Beneficiaries – Clallam County & Junior Taxing Districts
Land Ownership – The County Forest Board Trust
Trust Locus – County Forest Board Trust Lands – 94,323 acres
– County Forest Board Purchase Lands – 166 acres

Estimated Value - $2.3 billion
Average Annual Revenue since 2015 - $5,988,397
Average Percent Return to Beneficiaries- .24%

DO CLALLAM COUNTY FOREST BOARD TRUST LANDS “BELONG TO ALL OF US”?

NO!

DO CLALLAM COUNTY FOREST BOARD TRUST LANDS BELONG TO THE STATE?

NO!

Clallam County forest board trust lands, after being deeded to the state, **DO NOT BELONG TO ALL THE PEOPLE** of Washington, but for the specific benefit of Clallam County and its junior taxing districts as the designated trust beneficiaries.

WASHINGTON STATE’S TRUST OBLIGATIONS TO CLALLAM COUNTY PART 1

Here are the Explicit Trust Terms under which Clallam County deeded its lands to the State in accordance with the 1935 Session Laws.

1. Trust Purpose
    - Promote reforestation - **YES**
    - Generate revenue for county beneficiaries - **NO – POOR PERFORMANCE**
    - Sustain long-term forest productivity through sustainable harvest - **NO – EXCESSIVE HARVEST ROTATIONS AND ARREARAGE**

2. Revenue Distribution:
    - State recovers administrative costs - **YES**
    - 10% allocated to the Forest Development Fund -**YES**
    - **REMAINDER DISTRIBUTED TO COUNTIES AND JUNIOR TAXING DISTRICTS - NO – PERCENTAGE MISALLOCATED TO STATE SCHOOL 1 & 2 PROPERTY TAX**

WASHINGTON STATE'S TRUST OBLIGATIONS TO CLALLAM COUNTY PART 2

3. State's Fiduciary Duties:
   - Act in good faith for county beneficiaries. **NO – PAUSE, & DIVIDED LOYALTY TO NON-BENEFICARY INTERESTS**
   - Prudent trust management, act for the beneficiaries as you would for yourself. **NO – FAILURE TO MANAGE FOR BENEFICIARIES**
   - Ensure undivided loyalty to the county's interests. **NO - STATE & LFDC**
   - Prevent conflicts of interest where state goals may override county needs. **NO- TRUSTEE LEGISLATURE FAILS TO PROTECT TRUST, FAILS TO SUPERVISE COMMISSIONER OF PUBLIC LANDS**

4. Sustainable Management:
   - Maintain forest health and productivity. **NO - ARREARAGE**
   - Implement responsible logging practices. **NO – NP RULE**
   - Provide fire protection and reforestation measures. **YES**
   - Comply with federal and state forest practices. **NO – NP RULE**

LEGACY FOREST DEFENSE COALITON'S EFFORTS TO IMPEDE CLALLAM TRUST LAND OPERATIONS ARE A DIRECT ATTACK ON CLALLAM COUNTY TAXPAYERS AND OUR CLALLAM COUNTY TAX BASE.

WHAT DOES THIS MEAN TO ME AND MY 3,500 NEIGHBORS IN JOYCE? IT MEANS WE HAVE TO MAKE UP THE FOLLOWING:

DOC HALLIDAY SALE

The direct cash flow or financial impact to the Joyce Community attributed to the Doc Halliday sale.

- Crescent SD Enrichment - $54,661
- Crescent SD CP/Bonds - $12,775
- Fire District #4 General - $69,843

Immediate Total Impact - $137,279

8 SALE HARVEST PAUSE

The direct cash flow or financial impact to the Joyce Community attributed to the 8 SALE PAUSE.

- Crescent SD Enrichment & CP/Bonds - $504,678
- Fire District #4 General - $519,950

Immediate Total Impact - $1,024,618

We also get to pay our share of county, county road, Port of Port Angeles, North Olympic Library, William Shore Pool and portion of OMC located in the OMC taxing district.

WHAT DOES THIS MEAN TO CLALLAM COUNTY?

IT MEANS PEOPLE WHO DON'T LIVE HERE ARE WILLING TO SACRIFICE OUR QUALITY OF LIFE TO PURSUE THEIR ANTI-TIMBER INDUSTRY AGENDA WITHOUT SACRIFICING ANY OF THEIR OWN SERVICES.

THEIR EFFORTS TO STOP TRUST LAND TIMBER HARVESTS HAVE ALREADY HALTED SALES AND DELAYED VITAL CASH FLOW TO OUR TAXING DISTRICTS.

LFDC OBSTRUCTIONIST ACTIONS SEEK TO OVERTURN 80 YEARS OF SETTLED LAW AND WILL LEAD TO HIGHER TAXES OR FEWER COUNTY, SCHOOL, FIRE AND OTHER SERVICES THROUGHOUT THE COUNTY

RANT OF THE WEEK

PDN 10/11/2025

RANT TO THE Clallam County Commissioners for trying to raise

taxes again. We are being inundated with taxes and extra fees. And that doesn't even count the effects of inflation. What you need to do is spend less so you don't have to increase taxes any more.

THERE HAVE BEEN 10 REQUESTS FOR CLALLAM COUNTY TAX LEVY INCREASES SINCE FEBRUARY 2024. TAXPAYERS ARE GROWING TIRED OF INCESSANT REQUESTS FOR MORE MONEY WHEN THE COUNTY REFUSES TO FORCE THE STATE TO PROVIDE THE TRUST REVENUE IT PROMISED WHEN IT DEMANDED OUR LAND IN 1935. TAXES SHOULD ONLY BE RAISED WHEN ALL ALTERNATIVE REVENUE SOURCES ARE EXHAUSTED.

CONCLUSION

1. THE CLALLAM COUNTY REVENUE ADVISORY BOARD MUST ADVISE THE BOARD OF COMMISSIONERS TO COMPLETE THE DOC HALLIDAY CONTRACT.

2. THE CLALLAM COUNTY REVENUE ADVISORY BOARD MUST ADVISE THE BOARD OF COMMISSIONERS OF THE HARM RESULTING FROM THE TRUSTEE LEGISLATURE'S FAILURE TO CARRY OUT ITS COMMON LAW FIDUCIARY TRUST DUTIES TO CLALLAM COUNTY, ITS TAXPAYERS AND TRUST BENEFICIARIES.

3. THE CLALLAM COUNTY REVENUE ADVISORY BOARD SHOULD RECOMMEND THE BOARD OF COMMISSIONERS TAKE LEGAL ACTION ON BEHALF OF COUNTY TAXPAYERS TO ENFORCE THE TERMS OF THE COUNTY FOREST BOARD TRUST.

Revenue Advisory Committee

Doc Holliday Presentation

AFRc

Presentation updated on 10-31-25

Doc Holiday and the Trust Mandate

The Trust Mandate

- **DNR is the Trust Manager and has the following obligations:**
  - **Trust Duties of the Manager**
    - **Undivided Loyalty**
    - **Prudent Management**
    - **Preserve the Corpus of the Trust**
    - **Intergenerational Equity**
    - **Ensure the trust asset is productive**

The Trust Mandate

- **Duty of Undivided Loyalty**
  - “The trustee is under a duty to the beneficiary to administer the trust solely in the interest of the beneficiary.”
  - “A trustee must act with undivided loyalty to the trust beneficiaries, to the exclusion of all other interests …
  - It may not sacrifice this goal to pursue other objectives, no matter how laudable those objectives may be.”

The Trust Mandate

- **Duty of a Prudent Manager**
  - "The trustee is under a duty to the beneficiary in administering the trust to exercise such care and skill as a man of ordinary prudence would exercise in dealing with his own property."
  - "A trustee has a duty to manage trust assets prudently ...."

The Trust Mandate

- **Preserve the Corpus of the Trust**
  - Use reasonable care to protect the trust property from loss or damage
- **Intergenerational Equity**
  - Must consider the interests of successive (future) beneficiaries
- **Ensure the trust asset is productive**
  - Make trust property productive for the needs of the beneficiaries

Doc Holiday Timber Sale

- **Key Points**
  - Sold Sale
  - Only 40% DF – No significant "HQ"
  - 17% Red alder and 16% Hemlock
  - Biomass Accumulation Stage
  - Not Structurally Complex

ESTIMATED SALE VOLUMES AND QUALITY:

Species	Avg DBH	Ring Count	Total MBF	1P	2P	3P	SM	1S	2S	3S	4S	UT
				MBF by Grade								
Douglas fir	22.4	10	927						615	221	90	2
Red alder	16.3		383						127	68	167	24
Hemlock	17.9		372						218	105	43	6
Redcedar	20		330							298	32	
Spruce	29.4		294						262	28	1	2
Maple	12		3									3
Sale Total			2,309									

WASHINGTON STATE DEPARTMENT OF NATURAL RESOURCES

TIMBER NOTICE OF SALE

***SALE NAME**: DOC HOLLIDAY* ***AGREEMENT NO**: 30-103767*

AUCTION: August 28, 2024 starting at 10:00 a.m., Olympic Region Office, Forks, WA **COUNTY:** Clallam

SALE LOCATION: Sale located approximately 22 miles west of Port Angeles, WA

PRODUCTS SOLD AND SALE AREA: All timber, except trees marked with a band of blue paint, bounded out by leave tree area tags, any downed red cedar, or timber that has been on the ground for five years or more (five years is defined by more than 1.5 inches of sap rot); bounded by timber sale boundary tags, the PA-S-1100 road in Unit 1; timber sale boundary tags, timber type change, the PA-S-1100 and PA-S-1150 roads in Unit 2; timber sale boundary tags, timber type change in Unit 3; timber boundary tags in Unit 4, Unit 5 and Unit 6. All timber bounded by right of way boundary tags.

All forest products above located on part(s) of Sections 6 all in Township 30 North, Range 9 West, Sections 25 all in Township 31 North, Range 10 West, Sections 30 and 31 all in Township 31 North, Range 9 West, W.M., containing 75 acres, more or less.

CERTIFICATION: This sale is certified under the Sustainable Forestry Initiative® program Standard (cert no: BVC-SFIFM-018227)

ESTIMATED SALE VOLUMES AND QUALITY:

Species	Avg DBH	Ring Count	Total MBF	1P	2P	3P	SM	1S	2S	3S	4S	UT
				MBF by Grade								
Douglas fir	22.4	10	927						615	221	90	2
Red alder	16.3		383						127	68	167	24
Hemlock	17.9		372						218	105	43	6
Redcedar	20		330							298	32	
Spruce	29.4		294						262	28	1	2
Maple	12		3									3
Sale Total			2,309									

MINIMUM BID: $594,000.00 **BID METHOD:** Sealed Bids

PERFORMANCE SECURITY: $100,000.00 **SALE TYPE:** Lump Sum

EXPIRATION DATE: October 31, 2026 **ALLOCATION:** Export Restricted

BID DEPOSIT: $59,400.00 or Bid Bond. Said deposit shall constitute an opening bid at the appraised price.

HARVEST METHOD: Ground based 100%

Forest products sold under this contract shall be harvested and removed using ground based equipment. Nontethered self-leveling tracked equipment is limited to sustained slopes of 65 percent and less. Other ground based equipment is limited to tracked equipment on sustained slopes that are 45 percent and less. Rubber tired skidders are restricted unless approved by the Contract Administrator. Authority to use other

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Doc Holiday Timber Sale

- **Key Points**
  - G-091 Clause and Intent
  - RCW 79.15.140

Remember the Trust Mandate

G-091 Sale Area Adjustment

The Parties may agree to adjustments in the sale area boundary. The cumulative changes to the sale area during the term of the contract shall not exceed more than four percent of the original sale area. If the sale area is increased, the added forest products become a part of this contract. The State shall determine the volume added and shall calculate the increase to the total contract price using the rates set forth in clause G-101, G-102, or G-103. If the sale area is reduced, the State shall determine the volume to be reduced. The State shall calculate the reduction to the total contract price using the rates set forth in clause G-101, G-102, or G-103.

PDF **RCW 79.15.140**

Valuable materials contract—Impracticable to perform/cancellation—Substitute valuable materials.

(1) In the event that the department determines that regulatory requirements or some other circumstance beyond the control of both the department and the purchaser has made a valuable materials contract wholly or partially impracticable to perform, the department may cancel any portion of the contract which could not be performed. In the event of such a cancellation, the purchaser shall not be liable for the purchase price of any portions of the contract so canceled. Market price fluctuations shall not constitute an impracticable situation for valuable materials contracts.

(2) Alternatively, and notwithstanding any other provision in this title, the department may substitute valuable materials from another site in exchange for any valuable materials which the department determines have become impracticable to remove under the original contract. Any substituted valuable materials must belong to the identical trust involved in the original contract, and the substitute materials shall be determined by the department to have an appraised value that is not greater than the valuable materials remaining under the original contract. The substitute valuable materials and site shall remain subject to all applicable permitting requirements and the state environmental policy act, chapter 43.21C RCW, for the activities proposed at that site. In any such substitution, the value of the materials substituted shall be fixed at the purchase price of the original contract regardless of subsequent market changes. Consent of the purchaser shall be required for any substitution under this section.

[2003 c 334 s 364; 2001 c 250 s 18. Formerly RCW 79.01.238.]

“No Matter How Laudable”

- **CNW *v.* Franz Washington State Supreme Court Ruling**
  - **8 to 0 Unanimous Ruling In Favor of DNR and Intervenors**
  - ***Did not*** **change the nature or existence of the trust**
  - ***Did not*** **modify the beneficiaries of the trust**
  - ***Did not tell*** **DNR that it could not manage and sell timber to generate revenue**
  - **Plaintiffs never argued these were not trusts and that the court should overturn Skamania *v.* WA**

MYTH: The Supreme Court has redefined the trust mandate to account for broader public interests based on a Constitutional requirement that DNR state trust lands be managed to serve “all the people.”

FACT: The Supreme Court once again affirmed the Washington State Constitution and the Enabling Act of 1889 did in fact establish trusts for the benefit of defined beneficiaries, that the State is subject to the same fiduciary duties applicable to a private trustee, and that a requirement in the State Constitution that the lands be “held in trust for all the people” is exercised through timber harvests that generate revenue to support schools, universities, and other public services that benefit all Washingtonians.

MYTH: The decision gives DNR discretion to manage state trust lands to accommodate the interests and demands of the public, including anti-forestry groups and their members, at the expense of the beneficiaries.

FACT: The Supreme Court has ruled that DNR has a real, enforceable trust mandate to manage state trust lands with an undivided loyalty to the defined beneficiaries. The Court rejected the anti-forestry groups’ claims that DNR should have chosen other competing interests and public viewpoints to further reduce harvest levels at the expense of timber revenue to trust land beneficiaries.

MYTH: The Supreme Court found that DNR is not required to sell timber from state trust lands.

FACT: The Constitution and the Enabling Act have never been interpreted to require that trust lands be exclusively managed for timber production. DNR has a fiduciary obligation to manage the lands in a manner that generates revenue for the beneficiaries. The Supreme Court expressly stated that timber harvests enable DNR to make state lands productive, which aligns with its duties as a trustee. Until other uses meet or exceed the revenue generated from sustainable timber harvests on some of the most productive timberlands in the world, DNR has a fiduciary obligation to continue sustainably harvesting timber from state trust lands. State law (RCW 79.10.320) also requires that DNR “*shall manage the state-owned lands under its jurisdiction which are primarily valuable for the purpose of forest crops on a sustained-yield basis insofar as compatible with other statutory directives.*”

PURCHASERS ARE YOUR CUSTOMERS

- Without customers, the trust asset loses its value
    - Timber Harvest Creates multiple forms of economic activity
        - Direct: Loggers, Truckers, Mill Workers, Foresters, Silviculture Contractors
        - Indirect: Fuel suppliers, tire suppliers, mechanics,
        - Induced: Grocery stores, Restaurants, Teachers, Library Staff, Hospital Staff

QUESTIONS

- What Questions Do You Have?

- How to Contact Me

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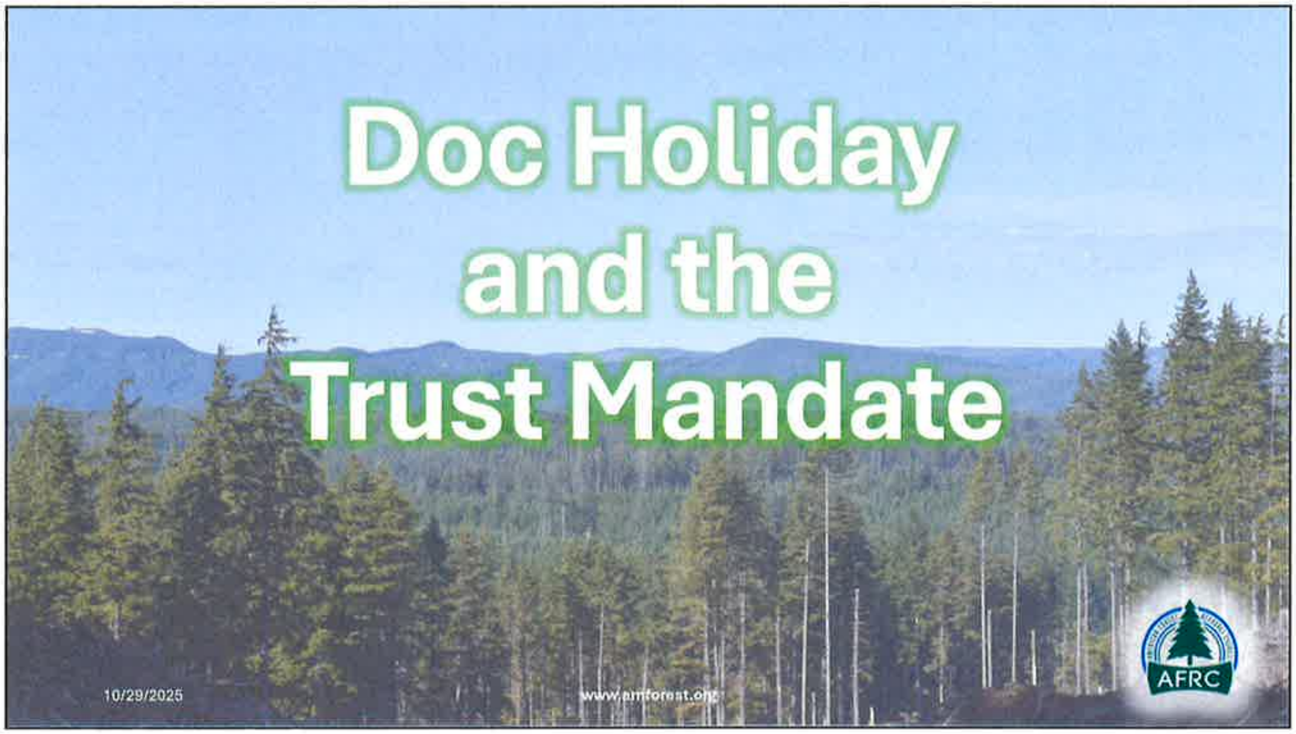
Doc Holiday
and the
Trust Mandate
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The Trust Mandate
➢DNR is the Trust Manager and has the following obligations:
❑Trust Duties of the Manager
○ Undivided Loyalty
○ Prudent Management
○ Preserve the Corpus of the Trust
○ Intergenerational Equity
○ Ensure the trust asset is productive
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The Trust Mandate

➢Duty of Undivided Loyalty

- ❑ "The trustee is under a duty to the beneficiary to administer the trust solely in the interest of the beneficiary."
- ❑ "A trustee must act with undivided loyalty to the trust beneficiaries, to the exclusion of all other interests ...
- ❑ It may not sacrifice this goal to pursue other objectives, no matter how laudable those objectives may be."

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The Trust Mandate

➢Duty of a Prudent Manager

- ❑ "The trustee is under a duty to the beneficiary in administering the trust to exercise such care and skill as a man of ordinary prudence would exercise in dealing with his own property."
- ❑ "A trustee has a duty to manage trust assets prudently ...."

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The Trust Mandate

- **Preserve the Corpus of the Trust**
  - Use reasonable care to protect the trust property from loss or damage
- **Intergenerational Equity**
  - Must consider the interests of successive (future) beneficiaries
- **Ensure the trust asset is productive**
  - Make trust property productive for the needs of the beneficiaries

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Doc Holiday Timber Sale

- **Key Points**
  - Sold Sale
  - Only 40% DF – No significant "HQ"
  - 17% Red alder and 16% Hemlock
  - Biomass Accumulation Stage
  - Not Structurally Complex

ESTIMATED SALE VOLUMES AND QUALITY:

Species	Avg DBH	Ring Count	Total MBF	1P	2P	3P	SM	1S	2S	3S	4S	UT
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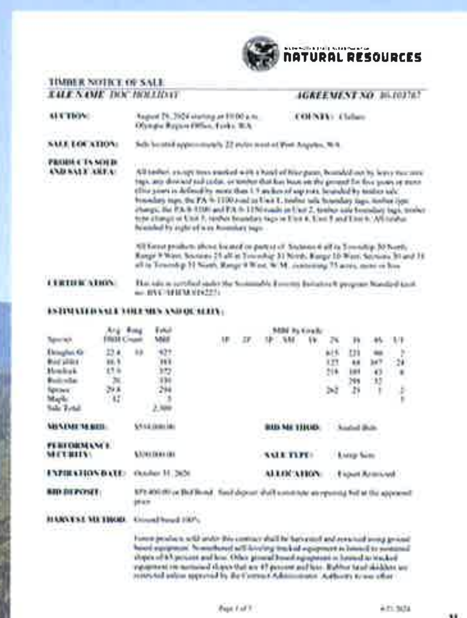

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Doc Holiday Timber Sale

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