

**APPROVED MINUTES
TIMBER ADVISORY COMMITTEE
NOVEMBER 9, 2005 MEETING**

The meeting was called to order by David J. Gau, Chairman, at 1:30 p.m. in Room 122, State Board of Equalization (BOE), 450 N Street, Sacramento, California, with the following in attendance. A quorum was present.

TIMBER ADVISORY
COMMITTEE (TAC) MEMBER

David J. Gau, Chair
Gerald D. Cochran, Vice-Chair/Secretary
Tim Holcomb
Marsha Wharff
Cris Andrews
Mike Mallory
Roy H. Richards, Jr.
Marty Olhiser
Chris Zimny

REPRESENTING

BOE
Assessor, Del Norte County
Assessor, El Dorado County
Assessor/Recorder/Clerk, Mendocino County
Assessor/Recorder, Shasta County
Assessor, Siskiyou County
Small-Scale Timber Owners
Large-Scale Timber Owners
CA Dept. of Forestry and Fire Protection

OTHERS IN ATTENDANCE

Tom Hudson
Steven Kamp
Tim Treichelt
John Davis
Jim Lehnus
Len Lindstrand
Paul Violett
Chris Freeman
Chuck Center
Linda Hill
Eric Huff
Jim Fleming
Bev Lauer
Carole Ruwart
Mickie Stuckey
Benjamin Tang
Mitchell Cari
Larry Fogerson
Mike Doyich
George Felix
Paula Montez

REPRESENTING

Board Member Bill Leonard's Office
Acting Board Member Betty Yee's Office
Board Member John Chiang's Office
Green Diamond Resources Co.
Green Diamond Resources Co.
Wm Beaty & Assoc.
Soper Wheeler Co.
PALCO
PALCO
Assessor, Humboldt County
CA Dept. of Forestry and Fire Protection
J.E. Fleming & Assoc.
Nevada County Assessor's Office
BOE, Legal Department
BOE, County Property Tax Division (CPTD)
BOE, CPTD, Timber Tax Section
BOE, CPTD, Timber Tax Section

Mr. Zimny had not been sworn in prior to this meeting; therefore, all votes recorded were for only those duly sworn in members.

1. Approval of June 7, 2005 Meeting Minutes

Tim Holcomb moved to approve the minutes from the June 7, 2005 meeting; Mike Mallory seconded the motion, which then passed without objection.

2. Harvest Value Discussion for Period January 1, 2006 – June 30, 2006

Mickie Stuckey asked to amend the agenda to: add a new item 2.b), Table M, Modified Harvest Values for TVA 8; move the former item 2.b), Table 1, Miscellaneous Harvest Values, to item 2.c); and move the former item 2.c), Committee Recommendation, to item 2.d). Mickie Stuckey advised the committee that BOE staff had received significant new sales information for TVAs 1, 2N and 8, which prompted the suggested change in agenda and new suggested values for each of those areas.

a. Tables G & S — Green and Salvage Values

Benjamin Tang gave an overview of general trends in the timber market. Benjamin Tang introduced staff's proposed changes to the October 13, 2005 suggested values for TVAs 1 and 2N, reflecting the additional sales information received by staff. Jerry Cochran asked for updated Sales Summary Tables to reflect the new sales for TVAs 1 and 2N. Staff provided the information verbally as timing did not allow for the completion of the tables for the meeting.

Marty Olhiser commented on the suggested value for RG3, TVA 1. He felt the suggested value should have been reduced by more than \$10/MBF based on the additional sales information of which he was aware. Chris Freeman of PALCO also felt the suggested value for RG3, TVA 1, was too high and discussed increased log and haul costs due to increased fuel costs. The impact of increased fuel costs was then discussed by the group. Mitchell Cari explained the valuation process that staff went through in determining the suggested value and pointed out that the revised weighted average was \$795/MBF, which was one indicator of value supporting the revised suggested value of \$790/MBF.

(The vote of the committee on this item is shown below, under item 2.b., as the committee chose to vote on both items at the same time as one item.)

b. Table M — Modified Harvest Values for TVA 8

Benjamin Tang introduced the staff's suggested modified values schedules for 2004 fire-killed timber in TVA 8 effective for October 1, 2005 through December 31, 2005 and January 1, 2006 through June 30, 2006. Benjamin Tang explained the reason for the suggested modified values was that, during 2004, a considerable volume of timber was damaged by fires that occurred in Northern California in TVA 8. Board staff received data regarding recent public timber sales from the fire-damaged areas of TVA 8; and, based on a market analysis of those data, staff was recommending that modified harvest values schedules be approved by the Board for fire-damaged timber harvested in TVA 8 during the fourth quarter of 2005 and the first through second quarters of 2006.

Jerry Cochran moved to approve Tables G and S, as amended by BOE staff, and the two Tables M (modified harvest values schedules for October 1, 2005 through December 31, 2005 and January 1, 2006 through June 30, 2006); Marsha Wharff seconded the motion, which then passed with a vote of six to two, with Roy Richards, Jr., and Marty Olhiser objecting.

c. Table 1 — Miscellaneous Harvest Values

Benjamin Tang provided a general overview of Table 1, Miscellaneous Harvest Values, and suggested changes from the previous schedule. Roy Richards, Jr., moved to approve the suggested values for Table 1; Jerry Cochran seconded the motion, which then passed without objection.

3. Other Business

a. Status of the *Timber and Timberland Values Manual* Project

Mickie Stuckey informed the committee that the manual would be discussed at the BOE's Property Tax Committee meeting on November 15, 2005 and that the Board Members would vote on whether to adopt the manual or not at that same BOE meeting. Mickie Stuckey also handed out hard copies of the draft manual and the formal issue paper that was submitted to the Board Members and was available on the BOE's website. Mickie Stuckey then thanked all parties who had participated in the lengthy interested parties' process for this manual. Several member of the committee and the audience commended staff for completing this project and allowing for their input.

b. California Board of Forestry and Fire Protection (CBF) Letter Regarding THP Costs and Fuel Hazard Reduction Costs.

Benjamin Tang provided copies of a letter received from the CBF during the timber manual interested parties' process regarding the two issues that the CBF requested be brought before the TAC. Benjamin Tang mentioned that the issue of the THP costs would be resolved by the Board Members at their November 15th meeting on the *Timber and Timberland Values Manual* and that staff believed that CBF's issue regarding fuel hazard reduction costs was resolved in the manual. There was general discussion on whether the TAC could act on a motion regarding the issues raised in CBF letter. The consensus of the TAC was to have the BOE staff write a letter to CBF addressing the issues presented in their letter.

c. Date of Next Meeting

The date for the next TAC meeting was tentatively set for May 24, 2006 at 9:30 a.m.

4. New Business

Eric Huff, California Board of Forestry and Fire Protection, asked about how the county deduction was originated and how it was computed. Mitchell Cari responded to both questions.

5. Adjourn

David Gau adjourned the meeting at 3:30 p.m.