Trust Land Transfer Proviso
Phase 2 Work Group

Best Interests of the Trusts Analysis

Meeting 4.1 | April 29, 2022

WASHINGTON STATE DEPARTMENT OF
NATURAL RESOURCES

TLT Work Group Discussion: What we Heard

Productivity

- Articulate site index information and pre-valuation numbers

- Identify non-timber land productivity assessment process

- Include analysis on whether other internal DNR programs could be a good fit for parcel rather than TLT

Operability

- Two types of operability assessment (quantitative and qualitative)

- Articulate operability issues and concerns in more detail and break out by quantitative and qualitative

Valuation

- Clarity on pre-valuation process vs. formal appraisal

- Clarity on appraisal considerations defining trust value (revenue potential over time) versus fair market value at a specific moment in time

TLT Work Group Discussion: Process Change Ideas

Quantitative assessment
(Productivity and operability assessment)

- Articulate site index information in more detail (identify soil, tree species, and other features)

- Identify and articulate productivity assessment to be utilized for non-forest lands

- Better articulate operability issues impacting the parcel (in other words, the number of acres in riparian management zones and inoperable areas)

- Provide more detail on "back of the napkin" valuation exercise

Qualitative assessment

- Policy risks/landscape risk
  - Qualify difficulty in harvesting timber

- Environmental Pressure

- Social Pressure

- Governance

- Add Land use analysis – Identify future trends/development pressure

Create a robust and transparent "Best Interests of the Trusts" analysis process that articulates this information

TLT Work Group Discussion: Process Change Ideas

Appraisal procedure

"Market value is the present value of anticipated future benefits"

- Articulate when formal appraisal is completed and who does it

- Articulate appraiser analysis criteria

  - Location, asset class, trust, acres, value (land and improvements), projected future cash flow for dispositions and acquisitions

  - Fair market value: Most probable sale price, typical buyer and typical purchaser, knowledgeable, no duress

  - Identify possible obstacles capturing full market value for the trust beneficiary during appraisal (extraordinary assumptions, highest and best use, and so forth)