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June 14, 2011

John Donnelly  
Executive Director  
Wildlife Conservation Board  
1807 13<sup>th</sup> Street, Suite 103  
Sacramento, CA 95814

Dear John,

Thank you for providing Chris Bell's appraisal review on the proposed Usal / Shady Dell transaction. We do have some additional thoughts and questions.

While release of the appraisal review provides some useful insight into the methodology used and the allocation of value, we continue to recommend release of full appraisals in advance of the Department of General Services review and Board action.

After all, full appraisals are available to the public as soon as a given deal closes. Why allow questions to remain unanswered that could easily be put to rest by open review of a full appraisal before public action?

In these proposed transactions, for example:

1. To what degree is the appraisal relying on previous state funded conservation deals?
2. What subjective adjustments did the appraisal make for what sounds like two very disparate sets of comparables, with some of the comps apparently being for lands without any timber and perhaps in entirely different locations from these lands on the north coast?
3. Why does the appraisal appear to be silent on any discussion of the ultimate determinant of market value for development rights for the property - namely market demand for more than 200 remote Mendocino County lots (with the timber rights reserved in favor of a third party), and the cost of infrastructure to develop the property, any county imposed fire safety constraints, the cost of marketing lots, the time required to sell rural lots, and the associated carrying costs and time value of money required to support a sale process that would presumably take years?

Finally, disclosure in the appraisal review that 90% of the Usal transaction proceeds are devoted to purchasing development rights is surprising, given that this tract of land has yet to have any identified development threat now or any time in the foreseeable future.

We understand the substantial community support for Usal / Shady Dell that has built around the WCB's engagement. And, that the deal may well proceed as was proposed.

Beyond this transaction, however, we hope that our dialogue can serve as a catalyst for the WCB to begin a transformation of its forestry investment process. A real need exists for WCB to clarify, codify and make completely transparent the ecological objectives used for forestry investments beyond the current "ecological integrity and economic stability". The present process results in the WCB simply reactively buying what comes for sale, while the crucial rationale for these purchases remains a mystery that fails to explain or justify either the economic or ecological benefits to be achieved.

We appreciate your continued engagement on these important issues.

Sincerely,



Sandy Dean  
Chairman

Cc: Natural Resource Secretary John Laird  
John McCamman, Chairman, Wildlife Conservation Board  
Ana J. Matosantos, CA Director of Finance  
Jim Kellogg, Wildlife Conservation Board  
Karen Finn, Program Budget Manager  
Senator Noreen Evans  
Assemblyman Wes Chesbro