

**NORTH CAROLINA SUSTAINABLE FORESTRY INITIATIVE  
STATE IMPLEMENTATION COMMITTEE  
North Carolina Forestry Association - Raleigh, NC – May 15, 2013**

**CONVENE NC SFI SIC MEETING AND INTRODUCTIONS**

Chair Jim Durham called the SFI-SIC meeting to order at 9:30 a.m. Members present for all or part of the meeting were:

Mike Adams	Rand Mathews	Greg Ricks
Scott Brewer	Chip Miller	Glen Sheehan
Jimmy Clay	Russ Newton	Scott Smearman
Joe Cox	Bob Ordnung	Jaime Teel
Tony Doster	Amy Phillips	Marshall Thompson
Ed Listerman	Ron Phillips	Matt Thuman
James Malphrus	Bernard Rose	

Others present for all or part of the meeting were:

Chris Brown	Jessica Knight	Bob Schaefer
Scott Bissette	Leslie McCormick	Jack Swanner
Sean Brogan	Barry New	
Tom Gerow	Don Roach	

**ANTITRUST COMPLIANCE STATEMENT**

Jim Durham reminded members that the meeting would be in full compliance with the NCFA's policy on antitrust compliance contained in the meeting materials.

**RECOGNITION OF PARTICIPATION OF QUORUM**

Jim Durham declared that a quorum was present at the meeting.

**MINUTES OF THE LAST MEETING**

Jim Durham asked members to review the minutes from the last meeting. On a motion and second to approve the minutes, they were approved as submitted.

**TREASURER'S REPORT – BERNARD ROSE**

Treasurer Bernard Rose updated the committee on the current finances by providing an overview and a three-page report. Rose commented that dues are starting to come in for the year. One grant has been paid while the other grants will be submitted over the next few months. The overall balance is \$72,000.

There was a brief discussion over the fact that the committee issues grants worth 100,000 for the year, but does not have that amount of money in its account at the outset of the year. There was some discussion about setting a minimum balance in the account, say 40% or \$55,000, but the committee believed the grant process would be spread evenly throughout the year so it should not be a problem. Rose also reviewed the dues structure for next year as it breaks out by company and acreage. The NC SFI SIC officers discussed the dues structure and thought that the structure should stay the same for 2014 even though there might be an increase in production and the amount of companies that are contributing to the committee since emerging companies are now joining the NC SFI SIC. It was noted that the NC SFI SIC dues are on the higher side for the Southeast states and that the dues may be adjusted in 2015 to be more in line with the region. The motion was made to keep the dues the same by Bernard Rose and seconded by Ed Listerman. It was approved unanimously.

The pages in the financial report are listed on 2-4 of these minutes.

	2013 Budget	2013 Actual
<b>Income</b>		
SIC Dues	\$140,000.00	\$8,490.39
Interest	\$550.00	\$126.88
<b>Total</b>	<b>\$140,550.00</b>	<b>\$8,617.27</b>
<b>Expense</b>		
<b>Administrative</b>		
NCFA	\$21,000.00	\$0.00
Misc Exp	\$250.00	\$0.00
Travel	\$1,500.00	\$0.00
Total	\$22,750.00	\$0.00
<b>Landowner Outreach</b>		
Landowner Guide	\$0.00	\$0.00
Tree Farm	\$0.00	\$0.00
Misc. Landowner Outreach	\$2,000.00	\$0.00
Total	\$2,000.00	\$0.00
<b>Training and Education</b>		
Logger Training	\$0.00	\$0.00
Silvicultural Contractor Training	\$0.00	\$0.00
Certified Logger Program	\$0.00	\$0.00
Total	\$0.00	\$0.00
<b>Information Resources</b>		
Promote SFI at NC Legislation	\$0.00	\$0.00
Certification Workshops	\$0.00	\$0.00
Purchase 1 Display/Materials	\$0.00	\$0.00
Scholarship	\$0.00	\$0.00
SFI Certification at Universities	\$0.00	\$0.00
NC SIC Website	\$1,000.00	\$39.90
Teachers Tour	\$0.00	\$0.00
Forestry Camp	\$0.00	\$0.00
Total	\$1,000.00	\$39.90
<b>Market Outreach</b>		
NC SIC Booths	\$2,150.00	\$0.00
Purchase Displays/Materials	\$2,250.00	\$1,040.81
Customer Communication	\$1,250.00	\$0.00
Recruitment	\$0.00	\$0.00
Total	\$5,650.00	\$1,040.81
<b>Grants Approved</b>		
LO Wake Soil & Water Conservation	\$1,700.00	\$1,700.00
IR FECV - Sustainable Teachers Academy	\$40,000.00	\$0.00
IR FECV - Forestry & Environmental Camp	\$10,000.00	\$0.00
IR FECV - NC Science Teachers	\$10,000.00	\$0.00
TE FECV - Skid Trail Rutting Video	\$15,000.00	\$0.00
LO NC Tree Farm - Landowner Outreach	\$10,000.00	\$0.00
LO NC Tree Farm - Stewardship	\$15,000.00	\$0.00
Total	\$101,700.00	\$1,700.00
<b>Inconsistent Practices</b>		
Monitor / Phone Lines / Reporting	\$3,000.00	\$586.47
Reporting	\$0.00	\$0.00
Consultants	\$3,000.00	\$0.00
Total	\$6,000.00	\$586.47
<b>Total Expenses</b>	<b>\$139,100.00</b>	<b>\$3,367.18</b>
Current Checking Account Balance	\$72,521.95	

2013 NC SIC Budget & Participants Allocation Review (for use on 2014 suggested assessment rate)

	SFI %			Non SFI % PEI	SFI \$		Non SFI % PEI	Totals		
	2013	Core	Secondary		Core	Secondary		\$	%	
NCFA Staff Support	\$21,000	100%			\$21,000	\$0	\$0	\$21,000	100%	
Inconsistent Practice Monitor	\$6,000	100%			\$6,000	\$0	\$0	\$6,000	100%	
Landowner Outreach	\$2,000	100%			\$2,000	\$0	\$0	\$2,000	100%	
Market Outreach	\$5,650	100%			\$5,650	\$0	\$0	\$5,650	100%	
Information Resources	\$1,000	100%			\$1,000	\$0	\$0	\$1,000	100%	
Travel & Misc/General	\$1,750	100%			\$1,750	\$0	\$0	\$1,750	100%	
Approved Grants	\$101,700	100%			\$101,700	\$0	\$0	\$101,700	100%	
					\$0			\$0	0%	
Total	\$139,100				\$139,100	\$0	\$0	\$139,100		
					Core & Secondary Totals					
					\$139,100					

	Totals	Unit Rate	Total SFI \$	Total PEI \$
Manufacturing	20,429,975 Tons**	\$0.0062	\$126,864	
Landowner (REIT)	985,270 Acres**	\$0.0124 *	\$12,236	
			\$139,100	\$0
				Budget Total \$139,100
* Landowner acreage rate is twice the tonnage rate currently.				
** Survey Numbers updated as of 04-11-13.				

Theoretical SFI Dues			
Manufacturing		Landowner	
Tons	\$/Yr.	Acres	\$/Yr.
100,000	\$1,000	50,000	\$600
500,000	\$3,000	100,000	\$1,200
1,000,000	\$6,000	200,000	\$2,500
2,000,000	\$12,000	300,000	\$3,700
3,000,000	\$19,000	500,000	\$6,200

**2013 NC SFI SIC Survey**

**SFI COMPANY ACRES & WOOD CONSUMPTION DATA FOR 2012**

**Please Respond by April 8, 2013**

	Survey Results	Dues Paid	
1	Domtar Paper Company, LLC (Marlboro Mill)	YES	NO
2	Domtar Paper Company, LLC (Plymouthl)	YES	NO
3	Domtar Paper Company, LLC (Kingsport)	YES	NO
4	ENVIVA LP	YES	NO
5	Canfor Southern Pine	YES	NO
6	Chatham Lumber Co	YES	NO
7	Culp Lbr. Co.	YES	NO
8	Edwards Wood Products	YES	NO
9	Evergreen Packaging	YES	NO
10	Forest Investment Associates	YES	NO
11	Georgia-Pacific	YES	NO
12	Hancock Forest Management	YES	NO
13	International Paper	YES	NO
14	J. W. Jones Lumber Co	YES	NO
15	Jordan Timberlands	YES	NO
16	KapStone - Charleston Kraft LLC	YES	NO
17	KapStone - Roanoke Rapids	YES	NO
18	Lampe & Malphrus Lumber Co.	YES	NO
19	Louisiana Pacific Corporation - Roaring River	YES	NO
20	Louisiana Pacific Corporation - Roxboro	YES	NO
21	Molpus Timberlands Management, LLC	YES	NO
22	Moncure Plywood LLC	YES	NO
23	NCSU Dept of Forestry and Envmt & Res	YES	NO
24	Parton Lumber Co	YES	NO
25	Resolute Forest Products	YES	NO
26	Resource Management Service	YES	NO
27	Rock Tenn CP LLC - South Carolina	YES	NO
28	Rock Tenn CP LLC - Virginia Mills	YES	NO
29	Southern Diversified Timber, LLC	YES	NO
30	Weyerhaeuser	YES	NO
		<b>Tons</b>	<b>Acres</b>
		<b>20,429,975</b>	<b>985,270</b>

## 6. SFI UPDATE – JIM DURHAM

### ➤ Grant Update

NC SFI SIC Chair Jim Durham reminded the committee that the Sustainable Teachers Academy will be held in New Bern and Asheville in June. As part of the grant, the NC SFI SIC has the opportunity to make a presentation to the teachers. Jim Durham volunteered to make the presentation in New Bern. Amy Phillips said that she could make the presentation in Asheville since she has done so in the past. There was also a discussion of exploring a give-away item such as a T-Shirt for the teachers from the NC SFI SIC.

Durham noted that the NCFA's Forestry & Environmental Camp took place in Greensboro in April and the camp for Wilmington is scheduled for October.

Durham also commented that progress has been made on the grant for the rutting video that will be featured in Module 14 of the ProLogger training.

Durham reminded the group that the deadline for all grants for 2014 is due by July 1 and the materials are online at [www.ncsfic.org](http://www.ncsfic.org).

### ➤ LEED Letter Update

Durham provided an update on the national letter that was sent to the U.S. Forest Service about the Mars Hill Station press release applauding its LEED certification. Durham noted that he did call his federal representatives and got a positive response on his input. He thanked any NC SFI SIC members who took the time to call their elected official.

### ➤ Natural Heritage Program Website

Durham reviewed the National Heritage Program website and wanted to point out that it can be useful in the pre-harvest planning. Tony Doster mentioned that he finds the site useful in identifying Tier I sites. The maps are useful in pointing out where sensitive areas where a particular species is "likely to occur" in a given area. Matt Thuman added that the site helps with adhering to the SFI principals. A side discussion grew out of this topic and Sean Brogan added that the NCFS is closely monitoring the issue of species protection and the idea of developing Best Management Practices for wildlife. This has begun in Florida already. Brogan is concerned that when dealing with groups that are litigators by nature, there often isn't the time to meet deadlines by court challenges. Brogan cautioned that in most cases, the species are aquatic in nature, and with forestry, that typically means the enforcement of some artificial buffer.

## 7. FORESTRY ISSUES UPDATE – TOM GEROW & SEAN BROGAN

### ➤ Issues update

Sean Brogan noted that the NCFS is looking at a three percent reduction in its overall budget, but he will not know for sure until the budget is finalized. Going forward, the NCFS does see growing opportunities to work with the military on different forestry projects.

### ➤ Sustainability Study

A request was made by RockTenn about what North Carolina has done recently in terms of a study on sustainability of the state's forests. Since we have some new companies coming into North Carolina, will they have an impact on the resource? Don Roach with the NCFS added that the state continues to monitor FIA data through annual reports that are tied to a seven-year cycle. North Carolina has completed nine cycles (15% of state is measured annually) of FIA data. The newest data (2012) will be available in June.

Jessica Knight with North Carolina State University Forestry Extension made a presentation on Fiber Analytics, which is a program that Extension maintains to provide information on the forest resource in the state and/or in a given area of the state. The program seeks to provide a demand/supply outlook that can be broken down to the county level. The website is: [go.ncsu.edu/fiberanalytics](http://go.ncsu.edu/fiberanalytics)

There was a healthy discussion on whether the NC SFI SIC should sponsor such a study through Forestry Extension by allotting funds out of the grant process. Some questioned whether other industries go through such exercises while others stated that the trees are renewable and there are changes all the time in the availability of the resource over stretches of time. Others made the point that the marketplace typically dictates the use of the resource and has an impact on its availability.

A benefit of the study would be to show that our forests are sustainable and maybe point to areas where the resource may be put under pressure by a growing marketplace. In the end, the committee decided that it would take a wait and see approach based on the latest information that is set to be released on the FIA data.

## **8. LEGISLATIVE UPDATE – BOB SCHAEFER**

The NCFA's Bob Schaefer reviewed the progress of House Bill 628, which passed the House earlier in the week and now goes to the Senate. Schaefer encouraged members to contact their Senator to ask them to support this legislation. Schaefer pointed out that the bill seeks to get equal treatment for SFI and American Tree Farm System wood that FSC wood receives. There is not argument over credits for steel and concrete compared to wood. The North Carolina Forestry Association **STRONGLY SUPPORTS House Bill 628, Protect/Promote NC Lumber**. The bill correctly identifies the Leadership in Energy and Environmental Design (LEED) standard as a discriminatory construction standard that refuses to recognize other certified systems such as the Sustainable Forestry Initiative (SFI) and the American Tree Farm System (ATFS) that are currently used by North Carolina landowners and manufacturers. As a result, the LEED standard discourages the use of North Carolina grown and manufactured products since less than one percent of the forests in North Carolina are under the LEED certification system, Forest Stewardship Council (FSC).

The NCFA is also working on language that will make improvements to the Present Use Value tax program. Specifically, the NCFA is looking for language that provides landowners some discretion in terms of timing with their forest management decisions set out in their forest management plan based on the marketplace. The new language also seeks to educate county tax assessors that the terms LLC do not necessarily remove a landowner from the program. This has been an issue in some areas.

Work continues to be done on working on the driveway permit issue. In some areas, loggers are asked to get a driveway access permit for whenever they are entering a state road from the woods. In other areas, it is not an issue. The NCFA is trying to work out a training program that will be accepted by the DOT and incorporated into the ProLogger training program.

## **9. MARKET OUTREACH/RECRUITMENT REPORT – RAND MATHEWS**

Rand Mathews updated the committee on the outreach activities. Three banners have been completed – one main banner and two side banners that were on display during the meeting. The subcommittee wants to create one more that showcases the SFI logo on different products. Rand also explained that he is getting calls from other SIC's about how the NC SFI SIC went forward with their banner projects. Rand also mention that he has a digital file of the brochure file that he can share with others when they are using the display.

## **10. INFORMATIONAL RESOURCES REPORT – TONY DOSTER**

Tony Doster provided a brief update on the status of the website.

## **11. INCONSISTENT PRACTICES REPORT – MATT THUMAN**

Matt Thuman provided a report on the Inconsistent Practices phone number. Steve Cox continues to serve as the IPM for the program. Steve had two valid calls. One concerned wood coming off of a golf course and another was about a concern about fire hazard from wood debris. Neither situations involved SFI companies. Tony Doster added that during his latest audit, he was told that two states were going to be given a non-compliance because they did not have an accepted version of North Carolina's Inconsistent Practices. Doster pointed out that the North Carolina program is working, acceptable to auditors and the program should be applauded. Thuman added that he would forward the latest FPG data once it was available.

## **12. LANDOWNER OUTREACH – LESLIE MCCORMICK**

### ➤ Tree Farm Update

Leslie McCormick provided the North Carolina Tree Farm Program update. The program has recently been granted C3 status, meaning it is now a non-profit group that can accept tax deductible donations. The program also has two inspector training workshops on the horizon, including one on June 4, 2013 in Kinston. Tree Farm is now accepting nominations for the North Carolina's Outstanding Tree Farmer of the Year Award for 2013 and the nomination period will end on July 19, 2013. The program also completed its participation in the national audit in April. Overall, the program expects a favorable audit after the inspector visited all 19 Tree Farms.

### ➤ Stewardship Forest Update

McCormick also updated the NC SFI SIC on the progress of the Tree Farm and Forest Stewardship MOU where Tree Farm is extending an invitation to join its program. There are over 1,900 Forest Stewardship landowners in North Carolina. The NC Tree Farm program has sent out 250 letters and then another 380 in May to Forest Stewardship landowners. So far, McCormick has heard back from 15 landowners. She plans on following up with the initial mailings and continue to mail to the rest of the Forest Stewardship membership. The response has not been great and there is some concern that the possibility of a fee being introduced at a later date for the American Tree Farm System may have discouraged some landowners. Future mailings will not include this note since the American Tree Farm System has decided against instituting a fee structure.

### **13. TRAINING AND EDUCATION REPORT – JACK SWANNER**

- ProLogger update  
There are over 1,400 ProLoggers in the program. At the time of the meeting, roughly 950 of those ProLoggers had taken the Module 13 continuing education module. A ProLogger base course was completed in Kinston where 40 new ProLoggers were added. Another course is scheduled for June in Winston-Salem.
- Module 14 Update  
The rutting video has already been shot in the east and the piedmont. There is one more portion that will be shot in the west region. Other topics for the module will include 1) Emergency Response, 2) Heads up for Safety, 3) Technologies, 4) ProLogger website, 5) Driveway installations.

The NCFA's Jack Swanner informed the committee that Bryan Hulka had submitted an additional power point presentation for the base ProLogger course that dealt with Threatened and Endangered Species. Swanner said the presentation is excellent and a valuable part of the base course.

Rand Mathews added that in the review of audits in other states there are still some basic things being neglected by the logging workforce. One such example was of oils spills – both minor and major. He encouraged that some of the basics be included in each module along with the new emerging topics.

It was also noted that in the proposed dues structure to be installed in 2014 for the NCFA, the ProLogger dues are scheduled to increase by \$10 to \$110. The NCFA's Board of Directors will be voting on that proposal in October of 2013.

### **14. NEW OR OTHER BUSINESS**

none

### **15. FUTURE MEETINGS**

August 21, 2013 – NCFA Office

November 13 – TBD

### **16. ADJOURN**

The meeting adjourned at 2:15 p.m.