

**Forest Resource Trust Advisory Committee
Meeting Minutes
October 11, 2007**

Members Present:

Mike Atkinson, Mike Haasken, Mike Heath, and Patrik Norris.

Members absent:

John Breese, Douglass Fitting, Rick Fletcher, Tom Stoops, Ilene Waldorf, Matt Delaney, Ken Everett, Jim Johnson, and Sara Vickerman.

ODF staff present:

Mike Cafferata, Jim Cathcart, Linda Price, Lanny Quackenbush, and Steve Vaught.

Agenda Items:

1. Call to Order / Introductions / Welcome Attending Public
2. Review / Approval of June 7, 2007 Meeting Minutes
3. Draft Administrative Rules – Implementation of House Bill 2293
 - Rules for Implementing the Cost Share Program
 - Amend Administrative Rules For The Stand Establishment Program To Generalize The Program As The Loan Program Inclusive Of Other Eligible Forest Management Practices Beyond Stand Establishment.
 - Recommendation and Rule for Expanding the Eligibility of the Loan Program to Other Private and Local Government Ownerships
4. Progress Report – Stand Establishment Program
5. Update – Forest Resource Trust Fund Balance – Available Funds
6. Committee Changes
7. Member Roundtable – Announcements / Information Sharing
8. Next Meeting

Meeting:

1. Call to Order / Introductions / Welcome Attending Public:

- Pat Norris, Chairman, called to order the meeting of the Forest Resource Trust Advisory Committee at 1:30 p.m. on October 11, 2007 in the Oregon Department of Forestry's Tillamook Room, Building C, 2600 State Street, Salem, Oregon.
- Although there were no members of the public present, a letter from Portland's Metro Regional Parks and Greenspaces was distributed to the committee. The letter written by Kathryn T. Holleran, a Natural Resources Steward, supports HB 2293 saying she is interested in finding out if Metro lands might qualify for funding by the Trust. The committee believes lands outside the urban growth like those owned by Metro would become eligible for loan program funds should the Board accept the committee's recommendation to the Board to adopt an administrative rule expanding eligibility to the loan program to other qualified private and local government landowners.

2. Review / Approval of June 7, 2007 Meeting Minutes:

The committee approved the minutes.

3. Draft Administrative Rules – Implementation of House Bill 2293: Jim Cathcart led the discussion and review of the draft rules which he prepared with color coding (see Attachment 1). Jim incorporated the changes discussed at today's meeting and will send the revised rules to the committee by e-mail. General comments and recommendations included:

- Need to make sure all rule references are corrected and use new numbers. Staff will do this when new numbers and old numbers are approved by the Archives Division.
- The order of some of the rules has been changed for better flow. Rules for both programs are at the beginning, followed by rules for the existing loan program and one rule for the new cost share program has been added at the end.
- Should defined terms listed in the Rules definitions section be referenced with the use of upper case letters for the first letter in each word of the defined term (common in legal documents), by italicizing the term, or the use of some other method to clearly identify the defined term, and then use the identifying convention in each instance where the term appears in the Rules? Staff will review this to ensure that guidance by the Archives Division is followed and make necessary revisions.
- Terms that are currently defined in the loan program contract have been added to the rules as advised by the Attorney General's office. When terms are defined in the rules, they will be removed from the loan program contract.
- A new rule "State Forester Exceptions to these Rules" generated some discussion:
 - (a) Delete paragraphs 1 and 2 (or a, b) from the rule as there is no need to call out specific exceptions. The specific exceptions that were deleted pertained to assisting with a landowner's reforestation obligation under the Oregon Forest

Practices Act as well as excepting projects that result in a non-forest condition important for wildlife and biodiversity (e.g., oak savanna).

- (b) However, retain paragraph 3 (or c) related to approving projects that require an exception to the rules. The intent here is to give the Department and landowners the same flexibility like the flexibility that a “Plan for Alternate Practice” gives the Department and landowners under the Oregon Forest Practices Act. That is, obtain a higher resource condition or outcome as a result of granting the exception than otherwise could occur had the exception not been granted. – When the resource condition can be achieved.
- In the rule “Eligible Landowners and Land”, discussion included:
 - (a) Paragraph 2 was added to include “other qualified private and local government forestland owners” to those eligible to receive funds under the loan program.
 - (b) Paragraph 3(c) was revised to say that eligible forestland could be inside the urban growth boundaries or residential zones, if such lands are specifically zoned for parks and greenspace. The committee recommended this revision be removed meaning that eligible forestland will continue to be located outside the urban growth boundaries or residential zones, as identified in the county comprehensive plans.
 - (c) Throughout this rule, there seems to be some conflict in terms saying for eligible forestlands there can be “no timber harvest” or “no tree cutting” restrictions and at the same time saying Metro lands may qualify when the primary objective for Metro lands is for parks and greenspace; not timber management and harvest. It was felt that keeping to the restriction that lands within an urban growth boundary are not eligible for Forest Resource Trust programs in part addressed this. In general, forest landowners are free to manage for objectives other than timber as long as there is no legal restriction that prevents or prohibits all timber harvest activity since timber harvest still may be a necessary tool for meeting non-timber management objectives.
- In the rule “Repaying Trust Funds”, paragraph (4) was revised per the Advisory Committee discussion at an earlier meeting and as advised by the Attorney General’s office so that a final “clear cut” harvest only covering a portion of the project area does not trigger full repayment. Instead, the rule change calls for a pro-rated repayment of the principal and interest based on the proportion of the project area clear cut.
- The rule “Adequately Stocked Forest Stand” will be repealed because the Attorney General’s office advised us that after the stand is certified as free-to-grow, we cannot require the stand be managed at higher standards than required by the Forest Practices Act. Also, management standards are included in field guidance and the loan contract.
- The new Cost-Share Program rule was added to the end of the loan program rules and is purposely non-specific. Unlike the loan program, procedures for the cost-share program will be in guidance instead of in rule. Use of the words “shall” and “may” in this rule was

discussed. Staff will consult with Archives Division and revise the rule to use the term they recommend.

- In Chapter 629 Forest Practices Administration, the rule “Suspension of the Reforestation Rules” was written for the Forest Resource Trust Program. Jim had suggested revising paragraph 2(B), however the committee decided not to pursue this revision at this time; instead the proposed revision can wait until the Reforestation Rules in the Oregon Forest Practices Act (OAR Chapter 629, Division 610) are proposed for revision.

4. Progress Report – Stand Establishment Program – Jim Cathcart reported:

- With the end of the summer sign-up window, there were four new signups (132 acres) with a combined budget of \$179,000 committed. This leaves the Klamath Cogeneration Project Fund with approximately \$390,000 remaining for additional projects.
- Projects in the pipeline – one qualified for project plan development (31 acres) and 6 new applications for a total of 169 acres are being reviewed.
- Several projects totaling about 41 acres qualified but later the owners withdrew their applications for various reasons including one landowner who objected to carbon rights retained by the Trust.
- 4 applications are on hold due to various reasons including ownership issues.
- New applications are being accepted and reviewed all year.

5. Update – Forest Resource Trust Fund Balance – Available Funds – This item was not covered.

6. Committee Changes – Discussion included:

- Patrik Norris is resigning as Chair of this committee effective January 2008 (following the next meeting of this committee). He is regretfully closing the Portland branch office of his bank and will transfer to their San Francisco office sometime early next year. He has enjoyed his work with this committee starting in 1996 and will miss working with this committee especially as the Chair. Jim Cathcart commented that under Pat’s leadership, the Forest Resource Trust has benefited and also that he personally has enjoyed working with Pat. The committee members and staff will miss him.
- Patrik said that in addition to the Chair needing to be filled, the committee needs more members who are interested in participating at the meetings. He offered to seek out some financial professionals who might consider replacing him on the committee. The committee agreed that would help to ensure that financial representative is replaced. Patrik mentioned past committee participant Wayne Hazlet of First Interstate, and suggested Kevin Berquist of Wells Fargo or a representative from the Bank of America Forest Products Team as possible candidates. He will talk to them and bring more information to the next meeting.
- The committee agreed there is a need to fill spots especially representatives from Oregon Small Woodlands Association (OSWA) and other non industrial private forestland owners. Jim Cathcart said he has talked with Mike Gaudern from OSWA about this need and he will look for possible replacements. Before doing that, staff will also contact advisory committee members who have not participated much recently to determine their interest in continuing or resigning.

- Committee Changes will be included in the agenda for the next meeting.
- Jim mentioned that although he had accepted another position, he changed his mind and will remain as the Trust manager.

7. Member Roundtable – Information Sharing: None to report.

8. Next Meeting: Thursday, January 17, 2008, from 10-3, here at Salem Headquarters, Bldg. D, Santiam Room. Lunch will be provided. Meeting Adjourned at 4:30 p.m.