

Minutes: Board of Forestry Video Conference Meeting/Online via Zoom 8am – 4pm on Wednesday, February 28, 2024

Call to Order and Roll Call:

Board Members:

Helge Eng, State Forester (in-person)
Nathan Lojewski, Alaska Native Corporation (in-person)
Eric Nichols, Forest Industry Trade Assoc. (in-person)
Denise Herzog, Mining Organization (online)
Brian Kovol, Environmental (alternate Krista Scott – called-in late morning)
Keith Coulter, Non-Governmental Professional Forester (online)
Bill Morris, Non-Governmental Fish/Wildlife Biologist (online)
Jon Rusyniak, Recreation Organization (online)

Others:

Steve Connelly, DOF (in-person)
Jeff Hermanns, MHT (in-person)
Shannon Miller, DOF (in-person)
Jeremy Douse, DOF (online)
Ben Mulligan, ADF&G (online)
Karen Peterson, SE Conference (online)
Pat Palkovi, DOF (online)
Brock Tabor, DEC (online)
Mark Minnillo, ADF&G (online)
Greg Staunton, DOF (online)
Janelle Crocker, USFS (online)
Trevor Dobell, DOF (online)
Tessa Axelson, AFA (online)
Trevor Fulton, OPMP (online)
Kevin Meany, DOF (online)

Denise Herzog: Keith is on the line but having issues with audio.

Helge Eng: Will come back to Keith. We do not have a quorum and will continue with the back log of meeting minutes. I recommend that the Board reviews the meeting minutes and lets me know if there are any edits or corrections needed.

Nathan Lojewski: I saw a typo in reference to Skidder bridges.

Helge Eng: August 1st meeting?

Nathan Lojewski: The last one.

Helge Eng: Duly noted.

Helge Eng: for a quorum, we need 7 out of 8, every appointed seat needs to be here so without Brian or his alternate, we still do not have a quorum.

Review of public meeting notice and agenda

Agenda changes

- Robert Venable was originally scheduled at 8:25am but he has been redirected to other things so Karen Peterson will cover that item at 11am
- At 9am, I need to bow out for 45min and will hand it over to my Deputy Jeremy Douse.
- Ben Mulligan will cover ADF&G's agency budgets and legislation
- Trevor Fulton will be on at 2:30 with a Carbon Offset Update

Announcements:

Helge Eng: Any announcements? Hearing none, let's launch into our first agenda item. I think Eric brought up the notion of roads. Maintaining proposal roads following timber operations. I'll hand it to Greg and Pat to go give a background of FRPA to new board members and the overall roads issue.

FRPA Effectiveness Monitoring WG Meeting:

Shannon Miller (DOF/Board of Forestry Liaison)

- Meeting was held Oct 2023; this was the first meeting for a couple of years, and was only an hour-long meeting, the group went over different funding opportunities.
- Funding opportunities will be available within the next 6mo. There was an agreement that there would be communications amongst the team to make sure everyone is aware of the opportunities and when the grants are available to be applied for.
- Agreement that there is good coordination amongst the agencies
- Pat Palkovic provided a briefing of the DPO form

Eric Nichols - will the Board have an opportunity to see the form before it gets put into place?

Shannon Miller - it was emailed to the Board but will send it again to the group. Pat Palkovic will also be going over the changes to the DPO form later in the meeting.

- USFS provided overview of BMP Monitoring and provided summary of comments on 2021/2022 report; included a discussion USFS and their work on the buffer monitoring project that is ongoing and expect a research level white paper later this year
- Further discussions on DPOs and how important that good info needs to be input because that's the info that gets shared
- Updates 2024 priorities – good discussions but not really any consensus on what actions need to be taken and thinks that's a legacy for the meeting not happening for so long. Next meeting will be held in Oct. 2024.
- Ongoing coordination is necessary before that meeting happens.

Eric Nichols – No one wants a violation or citation, but he doesn't see training anymore from DOF. If we could see that, especially with new operators and employees, that would be very beneficial. Much rather see higher scores because people know what they need to do verses not knowing what they need to do.

Shannon Miller – We've also highlighted that within our report to the board the need for training.

Eric Nichols– Not just the DOF training but also for training for people in the field - the lower the better.

Helge Eng - Have those trainings happened in the past?

Jeff Hermanns – A long time ago

Eric Nichols— It was a big industry there was a lot more going on and FRPA hadn't been in place that long so it was something that was really needed so people tried to get in front of it and the requirements that would be here.

Helge Eng— Let's loop back to roll call and see if Brian Kovol or his alternate has joined us.

Krista Scott – I am alternat for Brian Kovol.

Helge- Keith, are you able to connect? Doesn't sound like it. You may be able to call in Keith, if you can hear us. The number is provided on the agenda. Pat, have you joined us and are you going to introduce the topic?

Pat Palkovic – yes.

Forest Access Roads:

Pat Palkovic - Forest Practices Forester for DOF, in S/E area and located in Juneau. At the last BOF meeting in Aug there were side discussions about roads and FRPA requirements, so she's been asked to give an overview of them. Provided definitions for permanent road means it will be left in place for at least 7 years, or temporary means that it will be left in place for a period of less than 7 years. Reviewed why it matters under 11 AAC 95.220(a)(7)(A) Detailed Plan of Operations requires whether the road will be permanent or temporary; it also affects structures used to cross waterbodies and how the adjacent roadway is constructed.

Eric Nichols – 25- and 50-year designation on flood levels seems a little subject to whomever is looking at it. I started in state of WA many years ago and we basically had charts that gave flood level / water flow based on acres of watershed and I think there are better / more scientific ways to look at this vs what you see on the ground there. With a decent contour map, you can pick up the acres on a watershed and equate that back into a diameter culvert. Finishing up Shelter Cove and DOT requires a 1,000-year flood level and I don't think you can calculate that in today's terms very well.

FRPA was written when we were going into first operations, old growth, large camps and I don't think this was written for precommercial thinning, second growth, or next rotational harvest. We're seeing these roads that have closed out aldered in, even 15 to 20 years, we now have an organic layer 8-10 inches deep on top of the rock that has contaminated the rock. Part of this is if we can figure out how to keep these roads open, especially in areas where you have a public there, then we can keep these roads open. The value of the young growth doesn't support what you're doing here in having to go back in and rebuild the roads. The economics doesn't allow you to do, if you have to upgrade structures. If the harvest is near a community... we've made some enemies here if we close out the roads, not allowing the community to go out and harvest for firewood when you have to close out the roads. I'm not saying FRPA is wrong, it's just time to take another look at it and what it was designed for. Second growth forest and requires revamping these roads, which results in about a brand-new road structure, which is just as expensive as your first road. Your 25 and 50 years, I think we can come up with a more scientific approach in sizing culverts so when you're changing from temporary to permanent, we're not discussing pulling up all the culverts.

Pat Palkovic – these are interesting points and wonder if this is something for Shannon to add to the um...

Eric Nichols – the DOF pushes landowners hard to close the roads out but so much money is put into these roads and they become a capital assets to the property. But you keep pushing landowners that they're taking risks if they don't close the roads. We were closing roads that don't even have culverts. The neighbors aren't getting anything out of it when they want to use the roads for harvesting. I'm not

saying DOF is interpreting the rules wrong, they were just written for something different and a much different environment from where we are today.

Pat Palkovic – Good points. If the operator or landowner notifies that the roads are temporary then that means the structures need to be removed but they can change to permanent, but that's what we're working with the regulations. The size of the culverts, sometimes on temporary short term, culverts aren't even used, just a French drain or short culverts are installed. There's a lot more to it than just culverts. And even DPO, the owner needs to provide 4 copies, because that's what we had late 70s, that's why it is still required. We don't technically need those copies, so more than one item that needs to be revisited to reflect the change with the time.

Eric Nichols – Protecting resources, we're all very concerned about protecting water resources, especially if we have a fisheries near/below our operating areas there, but we need to keep in mind what it is we are trying to protect. Would like to see some intermediate approach and figure out an in active status can be granted, vs basically if you can't put a grader on it, then it needs to be inactive status.

Pat Palkovic – Seasonal/temporary roads - maybe part of it is waiving some maintenance requirements with the knowledge that it's supposed to be just an in and out road. Maybe something with the landowner, we need to know if these in and out roads are suitable for longer term, they're not constructed to last.

Eric Nichols – I'm amazed at what lasts the test of time and what doesn't. What we're trying to do today, is build a timber base that we can grow timber on and we have to do it cost effectively. That means you've gotta grow the trees and spend a little more time on intensive forestry here. I also want you to understand that DOF roads aren't the best either and so it's gotta go both ways.

Helge Eng – for the Board to take another look at FRPA, suggestions from the board? Old growth / new growth?

Eric Nichols – these rules/regs came into play for basically old growth timber. Now, how do we protect the resource but in a cost-effective matter.

Helge Eng – I would think this Board has the most authoritative voice in convincing the legislature.

Eric Nichols – it's gotta come through the Board. I don't think we have a choice, more than anything else, we are charged with looking at FRPA and determining whether it is practical, cost effective, that's what the whole monitoring thing is about – is it effective for what we're doing out there.

Nathan Lojewski – doesn't a science or technical committee get spun up when we have things that need to be looked at/reviewed by the board?

Eric Nichols – the last time was over steep slopes, and we had a lot of complaints out of Petersburg. We put a workgroup together of operators, and scientific type folks. We looked at language of what may need to be done.

Jeremy Douse – reforestation was just done not that long ago for regions I and II, to essentially change those regulations.

Helge Eng – this is where the board can make a difference in a positive effect

Bill Morris – I absolutely support review by the board, even back in my ADF&G days, long ago, this has been an issue

Nathan Lojewski – I support looking at the current science and research and seeing where things stand.

Helge Eng – how do we go about setting up a scientific review

Steve Connelly – this is important, it's about access, without access you have no management.

Jeremy Douse – is there something official that needs to come from the board – science and technical workgroup for the issues? A letter or something from the board?

Helge Eng – that's what I was leading up to, a motion from the board to empower DOF to take action.

Keith Coulter – Please restate what the under arching goal is here

Helge Eng – responding to discussion on forest roads, the issue at hand seems to be the tension between the desire to keep as many roads open as possible for future management for both young growth, precommercial thinning, other silviculture, and access, and balancing it against a FRPA statute that is geared more toward an old growth model and is a bit dated. How will the board proceed in providing recommendations to the Gov and Legislature, and the solution seems to be a scientific and technical advisory committee and whether the board is interested in directing the DOF in putting together the committee in advising the board

Pat Palkovic – right now, the owner operator has the option to keep the road open as long as they want so long as they meet the requirement. What I heard Eric saying is that these standards didn't consider the effect of... like alders growing on the road... it's more looking at what's needed to keep the roads intact when they are left in inactive status.

Eric Nichols – I think we need a better definition of inactive. It's not necessarily inactive, it's when harvesting isn't being done. When we don't have commercial hauling for rock, timber, or whatever it is, how do we maintain these roads in a cost-effective manner, that allows the roads to remain open. If we're going to keep the industry, we've got to rotate these stands in a shorter period of time. I think when these were written, it was only looked at first growth harvest and that's what these things were put into place for.

Pat Palkovic – would it be like having a grader knock the vegetation down every year.

Eric Nichols – you can't economically afford it, especially in a remote place. If in a place like Ketchikan, you got roads to Ketchikan and maybe it's 1 and 5 years but it's not every year. The numbers just won't generate it and I'd like to see what the science says, let's at it from a scientific standpoint and look at the rules and regulations in other places and see how they handle how to maintain the grow period that's maybe 50 years long here.

Keith Coulter – Didn't the last time it was before the Board it boil down to definitions and how to get funding to continue maintenance for technically inactive road that's being used by firewood gatherers, hunters, fishers... I think it boiled down to money, at least from DOF's standpoint to conduct that maintenance to keep those roads stable.

Eric Nichols – I think that's part of it but the other part of it was the inactive status was the go-to point but now when we put it in inactive, we have to remove structures, the cost gets prohibitive when you try to maintain that road.

Pat Palkovic – It's always been that way but usually the temporary roads were built better vs seasonal temporary roads that are only intended to be there a very short period of time, when we give variations from the requirements for when structures are needed and when road maintenance is needed, this requires more of an evaluation of those roads when they are going to be left open for 7 years. So we've added in a new category of roads in a sense and formally to what's been done in the past when things were going gangbusters and had money to build good roads.

Eric Nichols – Don't you think these time periods are totally arbitrary and doesn't give you time to even give you the PCP status here. It's these technical things in the rules and regs that you've just given to the board, that we've gotta look at – 25 years, 50 years – that are written in the statute here, maybe these were totally arbitrary and written into the statute, but we need to look at those.

Greg Staunton – The terms were not arbitrary, the 7 years ties back to reforestation standard and the thought there was using the concept that you would have vegetation established that would minimize the movement and transportation of sediment, that's the nexus of the 7 years.

Eric Nichols – I agree that the 7 years was there for reforestation but that was the requirement within the FRPA that we get reforestation so many stems per acre out there. What's come out since is that we've seen what PCT can do for these stands. It's just further forest management that is being done or could be done today that wasn't contemplated at the time these rules were written. I believe DOF pushes the landowners to reduce their risk by closing their roads. I speak for the industry so I speak for not only old but young growth and trying to maintain a forest that's gonna have management to it and once we close those roads we don't have much management. I'd like to hear from the Trust, University, and other landowners and learn how they reduce their risks since they're a public agency and still maintain within the laws.

Greg Staunton – You bring up a good point as far as our objectives and what we need to do on the landscape. I'm just illustrating fundamentally forest practices was designed to minimize erosion and it's a short-term vs long-term concept. Construction permitting, the idea of moving any sediment is not acceptable. Whereas in our situation here, we're looking at a long-term timeframe and acknowledge for significant periods of time, nothing is going to be done on the landscape, we tolerate some sediment movement for a very brief period of time, and we are active on the site.

Eric Nichols – We have natural sediment constantly especially in Southeast Alaska. There's a degree of tolerance in there but if we go to inactive status we can also seed, there's other things we can do to help minimize potential sediment. A mudpuddle isn't necessarily a bad thing. It's basically a sediment trap. When I see a mudpuddle it's basically trapping some sediment before it goes off the road. But to try and put it back to brand new status, it's difficult and costly to do.

Helge Eng- For the record, I'm going to temporarily hand the reigns to Jeremy Douse. This is good discussion here and I would encourage the board to consider a motion to set out this advisory committee. For the record, I believe Board member Nichols asked for input from Mental Health Trust.

Jeremy Douse – Jeff, do you have any comments on this.

Jeff Hermann – It's a bit of a complex issue, for members of the board that may not have been around big production logging sites with landowners such as ourselves. We believe the roads that have been built on MHT lands since 1995 are in excess of \$60-\$70 million dollars value to the Trust. That's not insignificant. We haven't raised that much stumpage with all our timber sales. So we see the roads in value as equal to stumpage on our timber sales. If you have lands with no access, the value go down. I don't care if it's for whatever activities. A perfect example is Icy Bay, which was seen as a logging

operation out there and we took over where the oil industry was there before. Then the timber industry came in and built roads out there. And now, we're doing active mining exploration out there. It's an oversimplistic view that a road from timber sales is only going to be for timber. Things change. We do 10-year timber sales. Shelter Cove timber sale is a 10-year timber sale. The 7-year thing, temporary vs permanent doesn't work – I have 3 timber sales and they're all 10-year sales. Like Eric was saying, that's a technicality that needs to be fixed. New long-term timber sales are what make sense. We need to dive into the technical and engineering aspects of this and I'd like to be part of that group. If you build roads in limestone ground, it's not the same as building on other grounds. We're using roads that the USFS built in the 1960s and the roads are fine. You can have a rainstorm and there are puddles that afternoon but it doesn't mean that the integrity is compromised. There is a whole missing thing since it doesn't seem like there is any middle ground. Instead of requiring a ditchline and culvert, a little drivable waterboard right there is really all you need. And the whole risk analysis is complicated. All of our roads we build at Naukati, 36 miles of road, I just drove in January, and the tragic incident that happened with the landslides in November - it rained 6" one day and 4" the next, in the 36 miles I drove that day, there was no indication that there were issues with the roads. All that road was considered temporary. We put in log stringer bridges instead of culverts out there – in essence those are considered upgrades. I would encourage the board to form this committee and see what we can tweak this. You're talking about something that's potentially worth millions of dollars to us. We want to do intensive forest management into the future. If you have a 10-man crew and have to walk them in everyday – you add an hour onto each crew member everyday – and the cost for precommercial thinning has increased by 20%. We have a lot going on and want to do a lot of different activities. I get 10 calls a day for Naukati for people wanting access to firewood. I appreciate your time to listen to this.

Jeremy Douse – I guess the next thing here is to go back to the board and make a motion. If the board is willing to make a motion and vote on it for a science and technical committee, and implementation group or if we want to table it for later in the meeting.

Keith Coulter – It sounds like there are several questions floating around specific to this topic... several issues to be covered and not just this one.

Motion:

Eric Nichols – I'd like to make a motion - The board should review FRPA requirements for temporary roads, permanent roads, inactive roads and decide whether it's worth putting up a technical committee and the technical committee should take a look at the regulations and look at revising the FRPA standards if needed here.

Jeremy Douse – We have a motion. Is there further discussion? The first place to further refine this might be the Effectiveness Group, that could be where this motion goes from the board, they'd identify what statutes/regulations need to be addressed.

Bill Morris – If you'd like to amend the motion to include that, then I'd second the motion.

Jeremy Douse – Okay, with Eric's motion and the amendment to refine the question that needs to be answered, is there any other discussion from the board?

Eric Nichols – I don't want this to die with the Effectiveness Group since they are tasked with looking at the existing regulations and if they're effective for what they were written. I think the thing that we want to look at is the expansion of definitions and treatment of roads for long-term forest management here.

Jeremy Douse - That's a good point. Shannon, please capture that this is **not** just for whether the regulations are effective but updating them for current conditions.

Jeff Hermann– this was brought up in the effectiveness meeting last fall and Helge said that this needed to be brought to the board since it's more than effectiveness.

Jeremy Douse – (*Vote taken – motion passes*) All those in favor of the motion to send this to the Effectiveness Group to set up a technical committee

Funding, Legislation, and Regulations:

ADF&G – Bill Mulligan – no legislation that would impact habitat section duties and responsibilities. Continue to operate as we have. Budget wise, we haven't gotten any increments. We did get an increment to handle the merit increase, which is always a nice thing, so we don't have to absorb from our base budget. Staffing wise, not seeing an issue/overall trend of not being able to fill positions. Had some transition from our Kenai office and are in the process of bringing on board the new Habitat Biologist. Nothing that would impact our ability to do our jobs as far as implementing FRPA.

ADEC – Brock Tabor – DEC continues to maintain a .25 FTE for doing forest practices work, that is funded via our USEPA grant as we don't have designated funding from the legislature, nor do we anticipate it at this time. This allows me to review the various DPOs and limited field work – mostly limited to S/E but would like to expand that in the future. We're tracking SB72-outstanding national interest waters; HB357– a specific outstanding natural interest water for the Kuskokwim; and SB156-a bill related to cruise ships, bill would create wastewater infrastructure grant funding for communities but not related to forest practices. The only other legislative/regulatory is waters of the US. How it will affect our impact of our relationship with the EPA.

Eric Nichols – Have they determined the definition of wetlands in relation to the decision.

Brock Tabor – No they have not. We expect that sometime in 2024. I will report on that in our next meeting, unless something comes up and I'll send it up through the food chain.

Eric Nichols – Do you see that going away if there's no nexus?

Brock Tabor – hard to make any broad-based assumption at this time but we will comment on the rules accordingly.

DOF – Jeremy Douse – I will cover for the division. In terms of budget, what we're looking at in terms of CIPs we have additional funding for heavy equipment as we set up an equipment section and looking at moving some of our foresters off timber sales receipts and moving them to be funded through UGF, and using timber sales receipts for the maintenance of state forests. CIP for precommercial thinning for S/E and planting in northern and Southcentral areas. We are actively engaged in HB104 – act related to timber sales. The current CS version basically est. timber sales for salvage fire and pest mitigation, exempts expedited timber sale from 5-year schedule. The other thing it does is consolidates neg language to allow for sale for less than the appraised value when it mitigates. Currently in Senate Resources.

Denise Herzog– where are we on the timber grading? The last time it was supposed to go to the university but where do we stand on that?

Jeremy Douse – background - it was a bill that passed last year, passed by both bodies and signed into law last August. It's a DOF program but we're working with UA to set up a training program. Hired forest products specialist – Matt Labrenz. He met with other states that have similar programs to understand how they've set up their training. Shooting to have our first training this summer. We're looking to do a

mock training this spring and fully implement the training this summer. AHFC has recognized this and will allow mill operators that have gone through the training to use this lumber, and get traditional financing. That's powerful. Municipalities and Tribal Authorities to also write in exemptions to use these products.

FRPA Compliance Monitoring:

Shannon Miller – as a point of clarification, the DPOs aren't in the packet but were sent in a separate email to Board members.

Jeremy Douse – the intent was to clear up the language, make it a more usable form, and bring the maps up front.

Eric Nichols – can you put this in PDF so it's fillable so we can email around and collect signatures?

Pat Palkovic – intent is to continue to make it a fillable PDF.

Eric Nichols – can you click/sign so you don't have to print/scan.

Pat Palkovic – there are options depending on your version of the PDF. Sometimes there are issues because maps get sent separately but we like to have all info as one document.

Jeremy Douse – I wonder if we could use docuSign as an option.

Eric Nichols – it would be nice if it could be sent as one file as it goes from one person to the next.

Pat Palkovic – we can look into that more.

Jeff Hermann – Pat summed up the overall score of FRPA compliance. I guess I'd have to take a real disagreement since I think overall our score is exceptional. We've built over 50 miles of road and always in compliance.

Eric Nichols – If I look at it, I think the location of the roads helps there. Very few slides due to where we put the roads. There's also an opportunity for training for our operators.

Pat Palkovic – We're looking at doing agency and operator training this year. (Provided an example of our review of rating chart). Using charts as a guideline to keep uniformity.

Jeff Hermann – It's a paper exercise, not on-the-ground actual construction compliance. I believe forest practices are being properly instituted and the landowners / operators are in compliance.

Eric Nichols – It was pretty obvious to a lot of people that the implementation document was done well.

Pat Palkovic – getting a lot of calls about carbon credits. Operators need to be in compliance with state law.

Jeremy Douse – Carbon piece is separate to this so we don't want to confuse the issue.

Pat Palkovic – didn't mean it that way.

Annual FRPA Reports to the Board:

ADEC – Brock Tabor – Actively working with our counterparts to review DPOs as they come in and how projects relate to water supply and where other designated uses are of concern and we intend to continue our participation into the next year.

Jeremy Douse – reports are in your packets.

ADF&G – Ben Mulligan – on private and non-DNR public lands, habitat section reviewed/commented 20 DPOs, processed 32 renewals, and reviewed 5 change in operations. We issued fish habitat permits in 4 instances for bridge and culvert installation or removal, and also conducted forest site inspections – statewide (I’ve kinda combined everything in my report). On state land we reviewed and commented 12 BIF, 13 FLUP, and conducted 2 site inspections, and 6 fish habitat permits were issued. Our Douglas staff continued stream inspections and cataloging on Hoonah road system on a sustainable salmon fund grant, this work has been conducted under this grant for several years now working on Prince of Wales and now up north, and has resulted in miles of streams included or updated in the catalog. Helpful in timber planning, identifying whether streams are anadromous ahead of timber layout, which saves us a lot of time ahead of DPO reviews.

Eric Nichols - How much on the federal side? We’ve seen a huge reduction on timber sales on the federal side. Are you seeing a lot of reviews on their property?

Ben Mulligan – We have a MOU with the FS when it comes to title 16 and so for a lot of the fish passage structures the FS is installing or upgrading - we review a those and issue concurrence. As far as FS timber sales go, I’ve not seen an EIS recently. I know the FS is working on redoing the forest plan. Habitat will be providing comments on that. They have the landscape level analysis for Prince of Wales and Douglas area. I don’t know if people are familiar with those but they lay out a whole myriad of things as far as fish passage, stream restoration, timber harvest management, vegetation management, invasive species - and the FS basically pulls projects from that plan and we review those projects as they come up.

Eric Nichols – We had Sen. Murkowski down in the timber look at a buffer on a GNA sale that was FS. Discussion came up whether we need the same sort of buffers on YG as we do on OG, and the FS pretty much promised to look into that, and I haven’t seen anything come out of that. I don’t know if ADF&G has had any input on that.

Ben Mulligan – I have no knowledge of that and didn’t know if that was being considered.

Eric Nichols – It was when she was there but it may have dropped the minute she left.

Ben Mulligan – I’m going to inquire with the FS.

Eric Nichols – It will help as we’re looking at YG landscape assessments and the buffer requirements as we try to understand how we put more into the working forest side.

Jeremy Douse – I see Helge is back in the room, so I’ll had it back to him to run the meeting.

Helge Eng – Thanks Jeremy. We’re back to Jeremy for DOF’s report.

DNR/DOF – Jeremy Douse – Pat really hit on most of the FRPA items. 20 DPOs for harvest activities, 8 for reforestation and 35 renewals. We got 3 new foresters and 1 new equipment operator. DOF sold 28 individual timber sales representing 14.8 MMBF.

Eric Nichols – We purchased both GNA sales and I can't tell you how beneficial it is to have the state in the middle and it's a huge production to get those out so any help the state can do with GNAs will be beneficial to the industry in SE AK.

Jeremy Douse – that's the intent and what Helge has focused the intent, so we'll continue working with FS on that.

Eric Nichols – The other thing you're going to see is pressure on the utilization of state lands. We've come to the conclusion that FS is going to go away, at least in this administration. We've got to consolidate and figure out what we're going to use as state lands for a timber base and what we're not going to use. The state forest has to be used as timber for first priority. I've conversations from the commissioner down, as far as to consolidate and get state lands in larger operating blocks to make them more cost effective for the landowners. Southeast has too many state parcels that has nothing going on there. We've got to start protecting the timber base.

Nathan Lojewski - I'm curious about the GNA w/ BLM for fuels work.

Jeremy Douse – Just like the FS, BLM has the same authorization that's administered a little differently, but same concept operates off of federal land. One project in Glennallen - it's creating a number of CWPPs in in that area. Another one near Delta – Oregon lakes fire (2015), started on BLM land and moved to state land. Given nature of the fire, moved toward state interest. BLM approached the state and explained the opportunity to protect some of the resources there. There are logging roads out there, so basically widening those to use as a toehold for fire fighters there as fires progress north. We're looking at additional opportunities.

Helge Eng - Protecting timber land base in southeast is one of the things the division has been looking at for a long time and if the board is interested in making that recommendation it is welcome by the division and will help the industry going and help decision makers. If board members want to write a letter and make a recommendation, and to whom... raising it as a discussion item.

Eric Nichols – there is no place in US where there's so much broken up ownership. You have multiple state agencies that have separate designations. I think it's time that if we're going to grow timber down there we need the land base that hasn't been there in the past. I've talked to Stedman. I think a letter from the board would be very helpful. But helpful if DOF provides to the board education on what the timber management looks like out there.

Steve Connelly – DOF Coastal region forester - Greg Staunton (DOF) is reviewing state owned lands for inclusion in SE state forest.

Eric Nichols – it depends on how you manage the state forests. It has to have the focus of timber. We have a lot of state forests that aren't using those lands for timber. I like the idea that it's locked in, and forestry is the purpose of that long term. But the general public didn't feel like forestry was doing enough from forestry side. But the individual operator side is severely lacking private land. Every time we put more land in government side of things, we have 4-year swings depending on administration.

Helge Eng – Keith, what are your thoughts on a letter from the board emphasizing timber needs in the southeast.

Keith Coulter – I'm trying to understand how carbon impacts the lands. We need to figure out... carbon project people are not extraction people. They won't allow road building... no one has explained to me

how you manage a forest without cutting... I'm 30 years into this career and I don't understand how you manage a forest w/out tree cutting. My experience with carbon is that it'll be 5-8 acre lots... I have a lot of questions. I agree with Eric. I don't understand how this carbon thing is going to work. Most forests don't occur in an OG state and it seems like carbon is a hands off scenario, so I don't understand how timber will work with carbon.

Helge Eng – Trevor Fulton will present later today to answer questions about carbon.

Nathan Lojewski – it's a lot easier to manage lands if they're consolidated instead of a checkerboard, so it makes sense to consolidate, if the state is going to manage for forestry. Seeing the land swaps that MHT has done with the FS, takes a long time. But it seems like a good idea to look into it.

Eric Nichols – What I'd like to see is a map of southeast, because that's where most of my interest lies, showing different land interests out there. Not just state but what it's set aside for...

Helge Eng – okay, so state classification and state ownership. That's imminently doable. Anyone else on the board want to weigh in on that.

Eric Nichols – If you take over the money side of things, does it help the mining? Is there an impact or can you see an impact to mining to have larger blocks of land consolidated?

Denise Herzog – I think yes but mining in southeast is a little different, it's underground so there's a smaller footprint than what the forestry industry does. But yes, always, you need all sorts of permits from different agencies. Consolidation benefits all of us.

Eric Nichols - I know your subsurface but I see green creek expanding their surface area.

Denise Herzog – yes, for their tailings and stuff like that.

Eric Nichols – right.

Keith Coulter – when we talk about long term stuff, I don't see anything filling in behind the players in SE. We don't have anyone coming in behind these guys. My experience is on Afognak, it seems like if we're going to talk about consolidation making timber the primary focus on these parcels you're going to need to need to do more because environmental listening in are probably going to come at you so you need to understand how you're going to do it, what's it gonna look like, how will the state forest support that.

Helge Eng – my concern is that BOF and DOF need to work hand in glove and recognize that there are different uses and the state, is the land manager. The BOF has the opportunity for guiding and advising the commissioner and governor so what the board weighs in on it, the gov and co will look at it closely.

Eric Nichols – I agree 100%, Murkowski had a roundtable that I spoke at and it's the state that's going to hurt if we lose this industry, but also the landowners. It took a 50-year contract to start this industry in SE AK. I just came back from Eugene, OR and a brand new (inaudible) is \$2 million. You can't start a camp, a new operation in AK – you better have \$5-\$10 million and have some extra cash in hand and help from somebody. Bill Sack when he put the 2016 plan together said we have to maintain the industry. But that's all gone now. When you look at the first quarter report... the Tongass in region 10 was .0001. We've had no help from the federal side. When we started, we couldn't do that today. It's impossible to have the volume to support the industry. Something has to happen, and we have to have a larger land base.

Whether the state gets timber from the fed gov and put to state, but handwriting is on the wall. We're aging out and no one is coming behind us.

Keith Coulter – I don't want to hammer the carbon thing too much, but I see carbon as the thin end of the wedge, that is timber harvesting and how that can support the objectives of carbon seem to get married. I think that carbon thing is a proxy for non-timber use. I don't see how you manage a forest for any reason, including carbon, without harvesting.

Helge Eng – I wanted to add to the SE equation that the Gov stated in his state of the state address that he wants to grow the timber industry in AK to grow the industry for our economy and timber is sustainable and renewable. It is one of his highest priorities for his administration. The BOF will have a strong sized voice with going on record with that...

Letter to the Governor

Jeremy Douse – We didn't do the agenda item but hopefully everyone had a chance to go through it. Issues that we're talking about, SE timber, part of that is our commitment to support an industry with the land base we have to work with and continue to support the interior industry as well. We participated in making comments to FS on OG on all their national forest lands and provided our comments. Most state comments came from the division, although ADF&G and other agencies participated as well (through OPMP). The letter includes timber grading, which we've talked about, and adding staff. FRPA and its effectiveness. Are there any comments? What exists in the letter is what we've been talking about.

Eric Nichols – is there a point where DOF can do this in person verses a letter? It's critical that what you put together here is good, but I'm just concerned that it's just another report. It's critical to get this in front of the governor.

Jeremy Douse – I ask Helge that question and put it to the board.

Helge Eng - I think it's an excellent idea. I'd go further that a few DOF representatives could get this in front of the governor recognizing that it's his priorities.

Eric Nichols – this is where the hiccups come in government. But there's nothing like the top down to put everyone's priorities in the same place.

Helge Eng - I'd be happy to run the trap line on this if that's the pleasure of the board.

Denise Herzog - I think that's a good idea. We send what's basically the same letter every year and it would be good to do a face to face.

Nathan Lojewski – this letter doesn't have anything about land consolidating. This is also an issue that native corporations also face, split estate on their ownership. Some of the folks I work with would be interested in consolidating their land base if that helps. In the corporation side, you can't manage land without contractors coming in and doing the work for you. If there's no product coming out then you can't pay for it. It's a need not just for industry but other landowners – the state and corporations included.

Helge Eng – as a point of order, I'm assuming we need the board to approve this letter today or we'll be kicking it to the next board meeting.

Jeff Hermann – I would like to see a slight revision to this letter. It says that the Tongass continues to decrease but that doesn't capture where we're at, it's collapsed. If I were to read this letter, I wouldn't recognize where we are at today. I mean, it's collapsed.

Eric Nichols – and that's where I'd like to get the verbal before the governor. I'd hate to go back and wait another six months. Here's the letter and here's what we need to grow the industry. AFA took it to the governor and talked about the feds, he didn't want to hear about the feds but what the state could do. So we need to discuss what the state can do. That's where this letter needs to put our recommendations on what the state can do.

Motion:

Helge Eng – is there a motion to approve the letter as written and to present it to the governor, with one or more board members and if so, which.

Keith Coulter – I make a motion

Denise Herzog – I second

Helge Eng – (*Vote taken – motion passes*). Letter is approved. DOF will endeavor to get it to the governor in person accompanied by a member of the board, or more.

Eric Nichols – I would recommend Commissioner Boyle be there as well

Nathan Lojewski – Eric can speak well.

Eric Nichols – I think there should be one more too. Native corporation representative - Nathan would be great. Native corporations have a lot at stake.

**Motion revised to include Commissioner Boyle, Eric, and Nathan to present to the Governor.
Motion passes as amended.**

Denise Herzog – the letter didn't mention anything about the carbon stuff, and I know that's high on the governor's list. I share Keith's concerns about carbon, especially from a mining perspective and multiple use, and tying up the lands and stuff. I was wondering why there was nothing in the governor letter about carbon.

Helge Eng – From my point of view, it's not there yet. SB48 passed last year and became law. Trevor Fulton can expand on this at 230, but the State is still in the process of promulgating regulations, which will then be followed by requests for proposals and carbon projects. Nothing has happened as of yet.

Denise Herzog – Okay, thanks.

Nathan Lojewski – as far as carbon and concerns about locking up land, at least the projects that I've worked on, the majority of these are CA compliance projects. There's a requirement for 3rd party certification if you are harvesting and have a carbon project on your land. I don't even think that has to be within the project boundaries, it could be for harvesting outside the project boundaries. And there's a requirement to have FSC and SFI today and there's an expense, pretty big expense to the landowner, and a pretty big bureaucratic burden on the landowner. There's an option for a state government to certify that lands are sustainably managed. Throw it out there that the state has the DPO system where people who are commercially harvesting report their annual harvest and the state through the forest stewardship program can evaluate a landowner's sustainable harvest level and say yes their harvesting sustainably, or

no, and whether they are in compliance with the Forest Practices Act. That could meet the requirement for landowners that have carbon credit projects to make it easier for them to continue doing active management while they have a project.

Keith Coulter – that sustainable harvesting thing is horrible – who determines what may be market driven? Maybe the time to harvest is now and they clear cut a large percent of their acreage. Who's to say it's not sustainable? It just gets into a whole new ball of wax.

Nathan Lojewski - It's just an option, native reservations in the lower 48, the tribes have been able to use the BIA forest management planning and have the BIA certify that those tribes are harvesting sustainably. I think the definition of sustainable is probably set by the protocol of your carbon credit that you're using. For a lot of the AK projects, it's the CA Resources Board where that definition may come from.

Eric Nichols – I'm all for saving money. I don't particularly agree with everything coming from FFC.

Helge Eng – Trevor will have other information for us this afternoon.

Young growth small mill opportunities

Karen Petersen SE Conference (provided presentation)

Eric Nichols – how much use of pellets are in use in SE today?

Karen Petersen – that's one of the things that our business plan partner is taking a look at. He's interviewing box stores like Home Depot and Walmart. They are importing quite a bit of pellets that we don't really have a good grasp on. Another thing is animal bedding. I guess pellets absorb better than straw. We understand there's a wall of YG coming to SE AK and not a clear idea whether that material will be usable, that it's a waste to leave debris in the field and not use everything that comes off of a timber sale. So we want to possibly go to sawmills and collect their waste pile and go into the woods with our contractors and get the usable material out of that. For example, for a restoration project blow that to the forest floor. Get rid of that pile of cut down trees that impedes any kind of movement through the forest.

Eric Nichols – that's a broad statement that I don't agree with. I don't think it impedes the animals. Especially if you're doing full mechanized harvest.

Karen Petersen – I was referring to precommercial thinning

Eric Nichols – we get a push for using everything, but the economics don't work out, and so we don't do anything.

Karen Petersen – I understand that 100% but we've been having this conversation so that's the purpose of this demonstration project. The other is that the chipper that we're buying will be available for other entities for purchase.

Keith Coulter – if you go to the academic literature when these biomass projects are attached to a robust timber industry where they're a value-added project. Example of Idaho. It depends on the active timber sales and a road system that works.

Karen Petersen – I agree that this only works with a healthy timber industry our hope is that this will provide some revenue at the bottom end for material that comes from timber harvest that we can start helping people be a hair more profitable and also help offset fossil fuels. This only works hand in hand

with a robust timber industry. The folks that manufacture these small pellet mills are putting them in places similar to SE Alaska.

Keith Coulter – one of the concerns that I have is when you see the pellet bags at Home Depot, there's no guaranteed analysis on the bag. You don't have an understanding of what the pellet's made of, ash content...

Karen Petersen – the pellet fuels of the United States tests and grades – there is a grading level in the US.

Keith Coulter – how does this pellet compare to what you'd see in OR?

Karen Petersen – we don't know how our wood here in SE Alaska will perform.

Keith Coulter – once you come across a formulation that works, how can you guarantee that you can provide a steady supply of it.

Karen Petersen – I don't know anecdotally but this can be scaled with additional pellet mills

Eric Nichols – do you have the FS buy in that we need a robust timber industry in SE Alaska for the pellet mills to work?

Karen Petersen – they are one of the primary funders of this project. So I hope they buy in on the idea.

Forest Management MHT

Jeff Hermanns - Not much to update since last fall. Did sign an RSA w/ DOF to get assistance with projects in Seward, FBX, and Haines.

We're going to try to get a timber sale in Seward. Small projects but exciting.

This is probably Viking's last year of harvesting at Naukati. We're essentially at the end of that timber sale. Their looking at doing a young growth timber sale but that's market driven.

Hollis timber sale that we've planned has some inherited legal issues that we inherited from the FS, with an occupant that's not legal. We have to join with the State of Alaska because he's also trespassing the tidelands.

Eric Nichols – Can you speak of the DOT project?

Jeff Hermann – Very successful project that we implemented. \$6.2 million that the DOT had originally undertaken with a bridge going out to shelter cove. We're in the process of finishing up replacing bridges, surface material, culverts, and such. It's a real demonstration how the forest industry can do things a lot more effectively and cheaply than what our sister department can do. I think it's a model that should be put in front of the gov and the legislature and get support. Hoping to have a grand opening in May, get the gov out there with the different commissioners. It's a big thing for Ketchikan, I forget how many miles of road... 300 miles of road or something will be opened up to areas never accessed before and being able to haul into Ketchikan.

Eric Nichols – It's gonna change things a lot. Ketchikan has been road limited. You're gonna have 80 miles of FS road and other roads out there, 300 miles of road. FS is gonna build a new cabin out there, tourism is going to benefit out there. Then the question is maintenance in the future and the state of

Alaska. It's been under construction 7 or 8 years now. This opens it up and it will be interesting to see what comes of that.

Jeff Hermann – the other big announcement is that Sealaska has agreed to work with us to do precommercial thinning program. Gonna have to go through an RFP process. Hoping we get funding for this big precommercial thinning program. We have 60,000 acres of timber land between Icy Bay through southern Southeast and have a minimum of 3,000 acres that needs precommercial thinning right now. We want to do intensive forest management.

Keith Coulter – About the road in Ketchikan, I don't think we visited it when we were there. Was this a forest road converted into a highway?

Jeff Hermann – Portions of it were. Portions were brand new road that DOT constructed. Their costs ran way over. They kinda stepped back. We kinda raised our hand to do an RSA w/ DOT to build the road. They gave us \$6.2 million to do the work.

Keith Coulter – so was it built to a different standard?

Eric Nichols – there were timber sales on both section between Ketchikan and Shepard Cove. So the State went in and built 6 miles of road, they hooked these forest roads up and brought them up to standard, but it will need additional maintenance. This is the first segment to get to Canada -maybe 100 or 200 years out.

Helge Eng – For the second growth, how much do you have?

Jeff Hermann – we have a contract w/ Viking Timber for 20 MMBF... but as part of the project with Sealaska we'll get a lot more details on mapping about Sitka stands but when we did the trade with the FS everyone was focused on OG. That was the cache we were going after but the unexpected benefit was we inherited 2nd growth stands that a lot was already precommercial thinned.

Helge Eng – what age class is for the 20 MMBF?

Jeff Hermann – 60 years... a good 28-30 inches diameter.

Eric Nichols – the Trust has large land bases on road systems. The cost of logging camps has skyrocketed. As we go to these YG stands economics of the whole thing costs the whole thing, so if you have lands that are located next to the road system that have people that live in town and can help... it's a huge issue here. The Trust has 11,000 acres next to this new highway, the state has land there. If the goal is to meld enough landowners together to get a sustainable cut within the road system to a community will give a sustainable business model.

Jeff Hermann - Shelter Cove would be a good example to share with the governor as far as fractured landownership. We have significant holdings, the state has a bunch but it's within WL designation, this new highway goes through and leaves little strips of DOF and state land between the road and our significant holding up the road. We have some good maps.

Good Neighbor Authority Sales

Greg Staunton – DOF and FS noticed that we've had quite a bit of turn over since we started GNA and trying to educate within our agencies and what's been agreed to since we've started.

We have two GNAs in Southeast. Vallenar, both state and federal lands put together in a timber sale. Since we met last time, we extended the contract another year. It was expected to end in 2023, but we renewed according to our statute. No ops on federal side, only on state side. Mix of YG and OG sale. At this point the contract represents exactly what we presented we were going to do as far as the mix.

On Kosciusko, operations completed just prior to the last BOF meeting with respect to the timber harvest. The latter part of fall we worked with FS district engineering staff to put system roads into storage state and close temporary roads that were built by the purchaser to access the timber. We received input from the community out there that they wanted more access to the area on those roads and think what we've got there is as good if not better than what they've had in the past but that's not the perception of the community. Since we closed some of these temporary roads there's a perception that we were constraining life out there but based on the numbers we have not. We continue to consolidate records for the sale. The goal is to close the sale and move to restoration phase. There's a structure on how to do that in the GNA agreement.

Eric Nichols – how much road work has to be done?

Greg Staunton – there was revenue that came from the timber sale that we're trying to put to work. The problem is trying to find the right size project to match the funding but haven't gotten there yet.

Eric Nichols – one thing on the roads is that there is an aging community, and the roads are very important to the folks out there.

Greg Staunton – we've gotten that message from the community.

Helge Eng – we are continuing to look for GNA sales. Continue to make those available as feasible.

USFS Update

Janelle Crocker – The national old growth amendment NOI was published in December 2023. FS is in the process developing national level EIS statement and proposing to provide direction on OG on all 128-management plans. The proposed action includes an exemption for SE AK that small scale OG harvest that supports communities and local businesses will continue. We worked really hard to get that in... proposing no OG sales for only economic purposes but as we know the AK region is different and we do have a need for OG sales for economic reasons for communities. This proposal comes after EO 14072, issued in 2022, that required FS to inventory and identify OG forests. The threat analysis suggested that management activities may not be adequate to address disturbances of threats to ecosystems, watersheds, and OG (i.e., bugs and fire). The National Land Management amendment will establish consistent direction of management direction and provide guidance to threats posed by wildfire and other threats. Proposed to be completed in Jan 2025.

The Tongass Forest Plan revision will revise the 1997 plan. Will start with an assessment and the development of a new proposed plan. More opportunities for public engagement and will start this off in March. There will be more opportunities to engage as time moves on. NOI is expected in April.

The AK cabin project highlights local timber. The AK region received funding for cabin in the Tongass and Chugach National Forest to repair old and build 25 new ones. The project will use locally sourced materials where feasible.

Southeast AK sustainability strategy – In Aug the FS and SE Conf published an economic impact study for 2022, and it stated that staff and investment equaled \$1.9 million, 59 projects, and 22 new jobs.

Chugach spruce beetle strategic response – currently 5 contracts on the Chugach Nat'l Forest. 2023 the Chugach sold or permitted 2,800 cords resulting from acres treated.

Capitol Christmas Tree – AK has been chosen for the “people’s tree” for the capitol. Harvesting and delivering will be a well-coordinated effort and children from across AK will make ornaments.

State private and Tribal Forestry –FS appreciates the work with DOF. new funding and focus will benefit small communities in AK. The signing of AK local use lumber bill by the Gov highlights the cooperation we have and FS will continue to work w/ DOF and Cooperative Extension to make this successful.

Randy Moore announced that beginning March 10, Chad VanArmor will be acting as regional forester and expect to have a permanent regional forester announced in the next month or so.

Helge Eng – you mention that OG inventory indicated that there was not adequate OG to protect against bugs and wildfire, aren’t these agents part of the natural growth and renewal of forest ecosystems. Why do we need to interfere with natural processes?

Janelle Crocker – we’ve heard this and it may not relate exactly to the Alaska region. Our management practices in the past created a forest structure that wasn’t in the natural process. What we’re seeing is still some of that playing out but it’s not the only thing – climate conditions, hotter summers, our fire season starts in April so seeing how that will impact us. We need to keep that question in mind w/ how much we integrate the natural systems.

Eric Nichols – Your able to secure OG for small mill operators but didn’t for the transition to YG from the 2016 plan. From industry point we feel like FS has dropped down here. The continue manipulation outside AK for the Tongass. I’m not sure why you’re doing a new plan when you ignored the old one. I sat on the plan board. We had full consensus on what the plan was about but that plan was never implemented. \$1.9 million for SASS, destroyed an industry that was putting \$40 million/year so I’m not sure the benefit came to SE AK for what you did. The FS is not providing the value of timber that was agreed on and why is the FS not following the 2016 plan.

Janelle Crocker – this answer is probably going to be dissatisfying but let me start here... I appreciate that comment and we need to keep those lines of communication open. We have not been able to provide everything that you and other operators have needed but I want to continue developing this relationship because we need that for our BMP. I really hope you do engage in our planning efforts.

Eric Nichols – why should we... we spent a lot of time on this plan but FS hasn’t been a good partner on the other side of the table. You can’t change with every administrative change.

Janelle Crocker – in the eastern region we have a different industry. Operators want to have the projection of what they can do. FS is really doing the best they can to be good partners.

Eric Nichols – maybe you can pass this on to chad. I’ve asked for a 20-year plan. If you want any significant investment you have to show the public how you can amortize investment in Alaska.

Nathan Lojewski – one village I work with was really interested in the cabin project but when they looked at the specifications, there’s a pretty significant specifications and yellow cedar will need to be imported from elsewhere... it wasn’t attainable. The comment was that someone from WA was going to import the cabins.

Janelle Crocker – I will pass that along to the appropriate people because we would like to use local wood where we can so input like that is valuable.

Regional Forester Update - Coastal Region

Steve Connelly – Working on timber sales. SE area four active timber sales. Alcan sold to Viking, controversial. Working through comments/concerns. Scoping and editing Haines SF plan. Kenai and Kodiak, working on timber sales there. Low value and hard access make feasibility very difficult. Trying to help keep the logs going. Working with adjacent landowners. Mat-Su is similar to Kenai, timber isn't very valuable, and access is difficult, so it makes it tough for operators to be in there even if it's for free. Met w/AIDA for West Susitna access bridge and we're all for it. You get the bridge across... one of the things in the Mat-Su but it's in DOT hands now. All the areas are working on fuels projects, recruitment, etc...

Helge Eng – considering what's in it for the community is critical. Our relationship with MHT and effort doing together for economies of scale.

Nathan Lojewski – on the Kenai Pen are you selling green, salvage wood? Are you able to sell any of the beetle killed spruce?

Steve Connelly – it's green. Beetle kill is a little harder, with the access to it. Everything is going to the Mat-Su

Jeff Hermann – is the beetle kill stuff still good or is it garbage?

Helge Eng – down there it's a little far gone because it's been there for so long.

Norther Region Update

Kevin Meany – Recently hired DOF Northern Region Forester

Dave Rhodes FRPA Forester

Tok-Copper River Area:

- 2024 FYSTS forthcoming
- Highest demand for raw materials fuel wood followed by logs and biomass
- 1 negotiated 10-yr sale in Tok and 2 others in process of being completed
- 2 large sales were active this year
- DOF assisted ADF&G w/dozer work on roads and trails to access habitat

CWPP is being developed in the Copper River Basin to reduce Haz fuel loading and create potential biomass markets.

Fairbanks-Delta Area:

- Last auction in Delta area 1/12/24
- Goldstream Creek Bridge Closure in effect
- 3 new snow machines for spring field work
- BIF and decision and 3 draft FLUP concurrently for public and affected agencies' comments

Heavy Equipment:

- Acquired new and replacement pieces of heavy equipment

Public Comment:

Mariyam Medovaya – I am with Alaska Trails, a non-profit based in Anch. But statewide w/ a mission to build and maintain trails throughout the state. Would like to provide a key connection for the AK Long Trail which is a 500-mile system that will connect Seward and FBX. Mentioned in Tanana Valley State Forest Management Plan. The forest has unpaved forestry roads that provide opportunities for motorized

and nonmotorized recreationists. The TVSF will provide a key link for the AK Long Trail between Nenana to FBX. Currently the TVSF roads are not continuous and do not complete the route to FBX, to complete we need approx. 37 miles of multi-use forestry roads to be built. The AK Long Trail coalition is asking DOF to consider the trail as complementary to the forest. This will provide excellent recreation opportunities.

Tessa Axelson – Should I give my update now or let other members of the public speak.

Helge Eng – You're scheduled for 2:15 so let's wait until then.

Jeff Hermann – The SOA did a big drive to get comments on OG decision that the FS came out with. The meeting that they just had on the Thorne Bay 2nd growth sale and latest decision on Thomas Bay, they have no plan to have a 2nd growth timber sale. I think we need to have as big a drive on the 2nd growth comments as we did on the OG comments. It's going to harm anyone trying to do 2nd growth moving forward. I was shocked that when the FS came in and said for the Thorne Bay project, they were only looking at 160 acres moving forward, which is nothing. It's a serious thing for us since we want a 2nd growth timber sale program moving forward and we need the FS to really make that happen. I also want to give DOF kudos for the log deck I saw at Joe Young's place, it's the biggest I've seen him have. And the continue of roller chopping in Tok, it's long overdue and it's an incredible tool.

Helge Eng – Closing the public comment period.

Back to updates:

State Forest Management Plan

Trevor DoBell-Carlsson, DOF Cooperative Forestry Programs Manager & Forest Planner

Geneva Preston is the new Forest Planner

Between the two of us, we'll be working on carbon offset-related forest planning, content revisions/edition for State Forest Management Plan revisions

Tanana Valley State Forest Plan – went through process and waiting for LAW to confirm language for carbon offset projects. DOF to determine unit-by-unit or blanket eligibility for carbon offset projects. Expect completion in the next couple of months.

Haines State Forest Resource Management Area – amendment or revision, carbon off-set language, and whether to do unit-by-unit or blanket eligibility for carbon offset projects.

Eric Nichols – Can you explain what a carbon offset project will look like?

Trevor Dobell – We don't know what it will look like on a state forest yet but maybe the other Trevor will be able to answer.

Eric Nichols – the concern is that a carbon offset project will reduce the timber harvesting. We're very interested to see

Helge Eng – I think we all are, and to some extent is what the market will bear. The argument is that it's not an acre for acre for timber. For carbon offset projects, we should be able to take credit for our timber harvests that is so far below the annual level cut. So that we should be able to sell, so turning that, ongoing practice into a legally binding commitment.

Eric Nichols – can you take your rotten hemlock in Haines and convert that into nice thrifty plantations and use that as a carbon offset project?

Helge Eng – there are carbon offset reforestation projects, and we’re looking at that, not so much in Haines, but Mat-Su and Kenai, beetle kill areas. Hoping to have that pay for reforestation. It’s a hard question to answer because we haven’t gotten there yet. But we’ve all heard the Gov and we don’t have to choose – that’s his commitment.

Eric Nichols – If I were an environmental group, could I buy a timber sale and not harvest it?

Helge Eng – No to that hypothetical because the contract is to harvest. So if you don’t complete that in a timely period, it will revert.

Nathan Lojewski– It would never pass the test of the carbon credit program because you don’t have the control legal right – you’d only have for 5 years; you’d have to use the new legislation to do the lease for carbon.

Helge Eng – Fraught with the same argument because a lease holder cannot harvest timber on state lands.

Keith Coulter – my experience is that there’s always at least one consultant group that is interface with project and CA exchange. The state is building this on their own, but doesn’t it come down to the resources board on what you can and cannot do... you should already know what the parameters are and I wonder what the state knows on that.

Helge Eng – we’re aiming for the CA resources board, we’re aiming for the voluntary market

Trevor Fulton (carbon offset program manager) – we’ll be entering into voluntary market not the compliance market so we would be subject to the standards of the 3rd party entity / carbon registry. I plan on going into this this afternoon.

Alaska Forest Association Updates:

Tessa Axelson – Briefing Paper sent to the Board through Shannon. The Forest Assoc. represents membership since 1957, members are those that have an interest in the forest industry. Whatever visions cast for the lower 48 don’t match Alaska. There are no large-scale corporate holdings in Alaska. Our memberships are small or family-owned businesses. The forest products industry is diverse. You cannot be engaged in this industry unless you have supply. Supply continues to be an issue. You cannot make long-term decisions, on equipment for example, unless you know definitively what supply is. The vast majority of AK is held in federal ownership. That means we are highly dependent on the FS to supply wood. We are also reliant on other landowners like the State, MHT, the university, and also some native corporations. But the predominance of supply is through the federal FS. The FS has failed to provide the supply that is necessary for our industry that was is required for them to supply under the current plan. We’re waiting to see what the new plan will provide. Our membership will be watching that closely. Back in 2013, Bill Sack issued a memorandum that directed the FS to move from OG to YG. Based on that directive, members of AFA worked in good faith to go out and purchase FS timber sales and retooling, retraining, acquired equipment for this new approach at their own cost. Many members are facing complete closure to their businesses in 18mos to 2years. Since I’ve had the opportunity to speak with you all, we have a primary contractor, who’s been a previous member of AFA, that supports other operators, and it’s very likely that they will be going out of business since they do not have work to support their needs. They have hundreds of dollars in equipment and 20+ employees that are living/working in SE AK. I was interested to hear Janelle talk about the SASS grant initiative that came to AK. Interesting that there was \$1.9 million of investment and 22 new jobs. Eric mentioned this earlier, that across the state there is well over \$70 million direct investment from the forest products industry that goes into communities, hundreds of jobs at the local level that are supporting teachers, schools, infrastructure... we have to have

small business as a component of the fabric of our small communities. And while there are pieces of SASS working to do good things, we have to recognize that we can't have biomass if there isn't a timber industry to support biomass. We're not going to be able to augment the loss of 22 jobs on Prince of Wales Island and still have affordable energy cost. If you lose the largest consumer of energy on an island like Prince of Wales, the reality of cost that gets passed on to rate payers is extreme. We continue to need folks to hear that without supply our industry is challenged. We need all parts of industry in order for each of the components to continue to meet the needs of Alaskans. In 2023, our membership harvested about 56 MMBF of timber from multiple landownership groups in SE, a mix of OG and YG. Tongass accounted for 26.4% of the total volume. Under the Tongass Timber Reform Act, the FS is required to seek to meet the demands that industry has. Our concern is that the volume cut annually is 4x the volume of what is offered annually, and we have demand for our volume growing. To meet the needs of SE, we must see an increase in timber volume from the Tongass – which is unlikely based on politics at the national level and what we've heard from the FS. We continue working with DOF to move sales forward. Also trying to identify how we can move more federal land to state ownership and be creative about how we look at other lands to support the industry. As our industry moves forward... if our industry goes away, 70% of YG will be harvested by existing operators. When this goes away, you won't be able to stand up an industry for YG harvest at either the state or federal level. We're interested on how to keep this industry and dollars in our communities. As it relates to legislative issues, HB104 expedited timber sales, continue to watch. We also are watching the carbon discussions – what it means and what the projects look like. How will we ensure it's done in a way that allows for timber harvest? There's more information in the briefing paper.

Helge Eng – the University of Montana mentioned Alaska's timber industry to be \$100 million plus.

Eric Nichols – the other thing is that almost all of that money stays in SE

Tessa Axelson– we also use it to pay for great programs to pay for smart kids to go to our state universities

Helge Eng – jobs aren't just an average measure. The local effect can be monumental and have a very positive impact in a small village.

Carbon Offset Update:

Trevor Fulton (provided presentation)

Eric Nichols -is there a direct correlation between metric tons of carbon vs tons of biomass on an acre of forest land? Is that a direct mathematical equation?

Trevor Fulton – yes

Eric Nichols - So we can plot the carbon on a growth curve and look at where the mean annual increment in growth hits your max carbon production.

Trevor Fulton – yes, that's the work that needs to be done and needs to be proven to the carbon registries in order for them to issue carbon offset credits. It's very robust and involves setting a baseline and then calculating what's called additionality.

Eric Nichols – Do you know what warehouse did to generate credits for certain growth? How'd they'd get their additionality?

Trevor Fulton – I’m not familiar but my guess would be is that they limited their timber harvest. They can still conduct timber harvest, but they agree to limit it to something beneath their maximum harvest level would be. Threading the needle by what’s allowed by law, access, and demand and what they choose to harvest. That’s the general rule for IFM projects, unless you’re going to do precommercial thinning. There have been projects contemplating using fertilizer to increase growth – but I think a lot of the registries prohibit that kind of activity.

Eric Nichols – would that limiting harvest be a scenario where you have a target age of 34 years old in Doug Fir and hold it to 50-60 years old.

Trevor Fulton – extending rotation length would absolutely be a way of increasing additionality

Kevin Coulter – I have a criticism of the word choice of “manage” even your last example. After some period of time, you can’t expect a forested stand to just manage itself. It’s not going to continuously uptake carbon as the density of trees per acre or size trees increase per acre with no management step in there. No one has been able to explain to me how you manage a forest stand without cutting trees. A lot of the answers when speaking about managing for carbon is that you don’t need to manage the trees and the forest stand stay healthy and nothing gets removed, and that carbon is just a proxy for no management at all. We have to be careful with the term “manage” because I’m not sure what you’re talking about because a managed forest includes cutting trees.

Nathan Lojewski – this is specific to these improved forest management protocols when your talking about with mature forests, but all of them you agree to maintain a certain level of carbon on your acreage. So if you agree to maintain a certain amount you can cut the rest. What you’ve agreed to maintain are the credits you’ve been issued. So you can manage, but 3rd party certification is required on these scenarios, which makes it more complex.

Kevin Coulter – also I’ve seen limitation on the size and type of harvests. These carbon projects don’t stop there. There was just an article in the Society of American Foresters Bulletin on these things call natural asset companies, kinda in the same thread as these carbon projects, where they’re trying to sell everything – the birds, the bees, water, air – they’re trying to hang numbers on. When you say it’s complicated – it’s beyond complicated if you’re thinking about economies of scale, all these different polygons, where they’re at in the cycle, and trying to tease 1,000 MBF in a stand because that’s all your allowed to cut, all these layers and they get glossed over because everyone starts only looking at one of those layers.

Helge Eng – The more layers, the more that goes to it. I’d like to go back to the example of can you have your cake and eat it too? I think Nathan basically answered it. In Warehouses case, you agree to certain reduction in harvest intensity or rotation.

Eric Nichols – how do you do that and maintain your responsibility to your shareholders.

Nathan Lojewski – carbon credit doesn’t...

Helge Eng – Before we address that... In the case of the state forest the baseline is not what you’re currently doing, it’s what you can harvest on your annual level cut. So in the case of Tanana Valley State Forest if we’re already at 60 year rotation, our baseline and additionality, we’re already there. We’re turning a practice and intent into a legally binding contract. If our baseline is already there, we should be able to take credit at 60 years not 40-year rotation.

Nathan Lojewski – these are all defined by the set of rules you choose to do. Those 3rd party verifiers will audit you and turn that into the registry, the registry will then look at what's done and confirm you're following the rules, you can get credits issued.

Eric Nichols – can you do this over multiple rotations where you grow a tree and harvest and then 70% goes into a lumber product that goes into a house that's sequestered for the next 100 years. So if I have a 60 or 55 year guarantee, can I take that carbon that's sequestered into that lumber, plant a new stand and get the carbon credit from that?

Nathan Lojewski – most of the improved forest management projects are for a term. The CA resources board is 100 years from the last day of credit issuance. On the 101st year you can go cut it all. The American Carbon Registry protocol is a 40-year protocol. It depends upon the ruleset and most of the ruleset you get a deduction in your carbon issuance for those stored products. For woods that are turned into buildings that are going to be there for 50 years, they say that's already happening so that reduces your credit issuance and that's based off some formula that's written into that ruleset.

Eric Coulter – Europe is now acknowledging that is for carbon, and that offset to carbon. The more we grow, the faster we grow, the more lumber we produce, the more carbon we sequester.

Nathan Lojewski – I can't speak to that because I am not familiar with the European carbon credit protocol.

Eric Nichols – Okay

Nathan Lojewski - I'm familiar with the ones used in north America. Like I said, pick your protocol those are the rules you fall under.

Helge Eng – Warehouse example is more of where the Tanana Valley State Forest is, if your annual level cut is 60 years rotation, warehouse baseline requires them to give some up to get to 60. Whereas the Tanana Valley State Forest is already at an 80-year rotation, we're there. We should get paid for what we're doing.

Eric Nichols – I don't think you're on rotation anywhere because you're not harvesting your annual level max.

Nathan Lojewski –When you look at the AK Native Corp projects... Trevor went to the baseline chart, that's calculating your baseline. Legally you can harvest on a 60-year rotation, it's financially feasible to do it on a 60-year rotation, we have the social license to harvest at the 60-year rotation, and even though we're not doing it today, we can but we're at this carbon inventory. So they get issued that baseline between where they can and what they do. That's how the CA protocol has worked and what the Native Corps project s in this state have worked. Not all are CA protocol, there's a handful done under the volunteer market.

Eric Nichols - You can say that about Ahtna with a straight face.

Nathan Lojewski – That's what they demonstrated to the verifiers, the registry, and to the CA resources board and all three of them signed off on that project and issued them credits.

Eric Nichols – and you haven't answered my question.

Nathan Lojewski – there's some places you can make arguments and poke holes about how this works but it doesn't matter whether you agree or disagree, it's what's written down in those rules, that's how credits are issued.

Helge Eng – if Microsoft is willing to cough up cash, we'll take it.

Eric Nichols – it's crypto in my mind.

Jeff Hermann – how do you calculate how much carbon you're going to sell? How do you determine the level of your intended harvest? So you're saying you're not going to grow the industry? How is it 20 years from now you're going to say your not going to sell beyond this point? Because that's contrary to what I hear from the governor.

Helge Eng – It's getting into a pretty involved discussion, and we should have that but let's let Trevor finish.

Trevor Fulton – I wasn't sure if that's rhetorical. But it's the honor and the challenge for successfully managing the forest for the long-term to produce the benefit that you want whether that's for carbon or timber harvest, or both - and that's what you have to decide prior to entering into a long-term contract with these carbon registries. Once you're entered into it, these carbon credits are issued annually and changes can be made, it's not set in stone but it will impact how many credits are issued on an annual basis... so it's going to cost you money if you decide to increase harvest or there's proven leakage, or there's a reversal and decide to take a portion of your project area out of the registry... so there's flexibility there and I think there has to be when you're talking about a project that's minimum 40 years in length.

Keith Coulter – What do you do if they change the rules after the agreements made? What about climate influences...?

Trevor Fulton – It does happen and when it does, generally you're grandfathered in for the project term so if you're going through ACR you should be good for the project term. They do periodically make changes to the protocols and ACR is in the process of doing that right now. And when they do that usually it's to tighten them up, for greater integrity and quality carbon offsets. And if your project was issued under an older protocol, they may not be as attractive and fetch as high a price on the market, but you'll still be issued those credits as per your agreement per the registry.

Eric Nichols – so if I read you right, every year you're selling those credits... every year.

Trevor Fulton – correct

Eric Nichols – so discuss PCT and fertilization – I'm adding more carbon

Trevor Fulton – that sounds like an ideal scenario because if you're adding more carbon, then you're generating more additionality so that greater additionality, you're creating more credits. But I assume there's more to that question than that.

Eric Nichols – no, not really because as we get a smaller land base, we have to do more intensive land management and rotate those lands sooner here. So the way to do that is PCT and fertilization. Fertilization hasn't been used in AK at all so I would think that would have to be on the table at least. And a lot of stands, a lot of state stands, are not PCT automatically here. I would think you have to look at how do we grow more vs how do we cut less? Intensive management has to be something that we look at.

Trevor Fulton – absolutely agree. These carbon offset projects look at how do we increase carbon stocks year over year, we could look at silvicultural practices like precommercial thinning that can do that it's a win-win. Particularly if you're looking at the over 40-year project term. Because at the end of that 40 year, you're looking at harvestable timber.

Eric Nichols - looking at fertilizing a stand three times

Kevin Coulter – when can we look at a paper on what is going to be allowed in terms of harvesting, adjacency, active timber/harvesting. You can do this- you can't do that. It seems like there are no sideboards and maybe won't have that until something is signed off on but that may be too late. It seems like the board of forestry can provide comments.

Trevor Fulton – that's a good question and I am looking at it – something that stakeholders can look at but the problem I keep coming up against is that it seems like it is very project specific – it'll rely on a bunch of factors and tough to put something down into something that will actually stick. You can look at the carbon protocols and that'll give you some idea but usually those dos and don'ts are actually spelled out with the actual project plan. Prior to actually registering one of these projects there will be a BIF and part of that project will have a public review period and that will be the opportunity for stakeholders and the public can provide input on what it is where actually looking at.

Nathan Lojewski – there have been three things in my experience that you can pull from – 1) protocol where you register your carbon project under, 2) project developers – some of the developers have contractually prohibited landowner from harvesting during the development process, 3) sustainability requirement – if you're going to harvest it must be identified as sustainable.

Trevor Fulton – one of the revisions in ACR's IFM that's out for public comment would be tightening up their sustainability project right now

Jeff Hermann – do you have any ideas about their project size

Trevor Fulton – I have that on a future slide

Denise Herzog – do you have ideas on what projects would get selected? If I discover a greens creek underneath one of the carbon projects. It seems like that would be off limits for mineral explorations. This seems to me like it just sets up another park and we already have a lot of those in the state.

Trevor Fulton – that's a common concern and that's why in SB48, enabling legislation, explicitly states that these areas have to remain open for mineral entry and exploration. The intent with the bill explicitly laid out in statutory language is that these areas aren't closed out and turned into park areas. The areas have to remain open for general uses – fishing, hunting, other development activities as well including mineral development and exploration.

Eric Nichols – seems like the permit process would get much more complicated if you have a rolling carbon project with a lot of funding coming in and someone wants to come in and develop for minerals... I can't see a bunch of welcoming. It just doesn't seem those are the kinds of ...

Trevor Fulton – these agreements don't prevent the state from doing what it wants to do on our own land, but it does require the maintenance of carbon stocks. So if a large scale mine in a carbon project area, yeah, you would be looking at a loss of your carbon generation and may even enter into a reversal where you choose to take part of the lands out of the agreement. I don't think it would complicate the process

too much. I'm not trying to downplay, but it wouldn't be another layer if there were a viable deposit. With the BIF, one of the things the state will assess is potential for mineral deposit. So this is one of the things that will be looked at as we're deciding whether to go forward with one of these projects.

Keith Coulter – what would be a penalty for a reversal? It's a contractual thing. Is there a penalty.

Trevor Fulton – I don't think penalty but Nate, you've had some experience with reversals.

Nathan Lojewski – yes, there is a penalty. Typically, it depends on how far you are from credit issuance. For example, the CA resources board a reversal within 5 years, you have to pay back every credit, 1.5 times. So every credit you were issued you have to replace them with 1.5 credits by buying on the market credits for those that you reversed. As that project ages, you may get to 1:1 replacement. So it's a financial penalty. But if you find minerals under the project you can buy out all your credits and replace it.

Helge Eng – I think one of Keith's points is unintended, like wildfire. Were you talking about wildfire Keith?

Keith Coulter – that's one of my points and I think the other is security for rare-earth minerals. We decide to go after these minerals, so we don't have to buy from China, then the wildfire issue is another way we'll suffer. What happens if your carbon project burns up?

Trevor Fulton – another good point and good question. It is something accounted for by the registries and their called unintentional reversals and they include things like wildland fires, damage through flooding, and infestation – like spruce beetle. All those things are accounted for with a risk pool. You have to set aside in the range of 15-20% of those credits. An insurance policy and every credit through that registry gives up those credits and in the event of a catastrophic event, those buffer credits are essentially there to cover that loss. It's something that's accounted for in the carbon registry.

Denise Herzog – does this apply to MHT lands.

Trevor Fulton – they do, but they're not eligible through the state carbon offset program. MHT lands manage their own lands, so they are separate unless we wanted to partner and create an aggregate project.

Denise Herzog – one other thing, the mineral industry pays a significant production royalty to the state so any subsequent finding would be paid to the state and would help offset the carbon project.

Eric Nichols – it would be good to see those protocols and see what's allowed vs what's not allowed. If you could get your hands on those it would be good to see.

Trevor Fulton – I agree and look forward to getting there for you.

Nathan Lojewski – it might be good to get the ACR 40-year protocol

Trevor Fulton – that's the one that's been identified as the best fit for AK

Nathan Lojewski – it might be good to look at that to get an idea

Trevor Fulton – I'd be happy to share with the board some of the documents and protocol

Eric Nichols – maybe you can brief it so we can understand it in layman's terms

Jeff Hermann – you see big projects of 75,000 acres blocks vs scalpel and carving out. I look at all these second growth stands on all state lands and those are active growing forests and that's not going to affect your future timber harvest. How small will you cut this up.

Trevor Fulton – The direction I've been given is to seek out the larger opportunities. It was pitched as a significant revenue getter, and I don't think we'll get will the small areas.

Nathan Lojewski – I don't know about the ACR protocol but the CA protocol you're not allowed to scalpel out. They have a term called the logical management unit that you have to put everything in that unit in, so if you wanted to harvest some of that you wouldn't be issued those credits you might reserve them for timber harvest.

Jeff Hermann – how far out do you plan the state forest. Do you plan out the next 40 years planned out?

Trevor Fulton – just because something is enrolled carbon program, doesn't mean harvest can't occur it just means you're going to manage that harvest level

Helge Eng – so in the case of that 75,000 acres example, you can still harvest 130 acres. Because the growth on the remaining acres will vastly outgrow what you removed on the 130 acres. Therein lies the argument because we're so far below the annually allowable cut.

Keith Coulter – is there any indication – this is late in the game that AK is going after it – what's that going to do for price of carbon project? Is it going to be like SFI stuff? All that was too expensive 2x4 and no one bought it.

Trevor Fulton – in terms of what the market can sustain, well that entirely depends on market demand. And right now, the market projection is that there's a demand in the next 5-10 years and AK is getting into the game at the right time. It's important to note that the resources available with the land base at our disposal, we can affect the market with the offset price by bringing too many projects online. But overall, the demand growth is expected to far outpace this supply growth.

Keith Coulter – is there going to be fruition of effectiveness over the next 40 years if we're still burning fossil fuels and these carbon projects don't really do much of anything is their potential of a crash?

Trevor Fulton – when you're talking volunteering credits, there's always potential for a crash. We're not taking a lot of up-front risk; these are done on a commission basis and the contractor gets the benefit of the carbon but their taking the risk. I don't see it impacting the state in the near term but something to keep an eye on.

Other business:

Helge Eng – do we approve the minutes?

Shannon Miller – Jon had to sign off and so did Brian's alternate, Karen.

Helge Eng – I suggest our next meeting be Wednesday, August 28, 2024. It might be good to aim for an in-person meeting, perhaps in Fairbanks. At least one meeting every year in person. Hearing no objections, let's pencil in August 28, 2024. Anyone else?

Eric Nichols – I'd like to see the ACR protocol and meet with the governor, a report on the report. I have to say this was one of the better meetings and I appreciate all the comments.

Meeting Adjourned