Minnesota Forest Resources Council
Minutes
Northland Arboretum, Brainerd, MN
May 18, 2016

Members Present: Kathleen Preece (Chair), Forrest Boe, Janet Erdman, John Fryc, Darla Lenz, Bob Lintelmann, Bob Owens, Dave Parent, Shawn Perich, Susan Solterman Audette

Members Absent: Greg Bernu, Alan Ek, Shaun Hamilton, Gene Merriam, Tom McCabe, Deb Theisen, Wayne Brandt

Alternates Present: Jan Green (alternate for Gene Merriam), Ray Higgens (alternate for Wayne Brandt), Mark Weber (alternate for Greg Bernu)

Staff Present: Calder Hibbard, Lindberg Ekola, Rachael Nicoll, Taylor Pitel, Rob Slesak, Clarence Turner

Guests: Rich Baker (MN DNR), Tim Beyer (MN DNR), Ron Boillat (Sweetwater, Inc.), Jennifer Corcoran (MN DNR), Lauren Eichelberger (Sweetwater, Inc.), Amber Ellering (MN DNR), Dick Rossman (MN DNR), Dan Steward (BWSR)

Chair's Remarks
Kathleen Preece opened the meeting with a round of introductions. She noted that Shaun Hamilton will step down as MFRC Conservation Organizations Representative and Landscape Committee Chair after 16 years. Shaun could not attend the MFRC meeting, and he has accepted a position with the Western Rivers Conservancy in Washington.

Kathleen introduced the new Nonindustrial Private Forest Landowner representative, Janet Erdman. Janet is filling the vacant position left by Kathleen in 2015. Janet is a third generation family farm owner in Southeast Minnesota. She has a stewardship plan for her land, sensitive acreage placed in the Conservation Reserve Program, and is placing buffer strips around her creek. She is also a Master Gardener, Master Naturalist, Tree Care Advocate, Forest Pest First Detector, and a member of the Minnesota Women's Woodland Network.

Approval of Meeting Minutes*
Forrest Boe approved, and Dave Parent seconded, the meeting minutes. The minutes were unanimously approved.

Approval of Agenda*
John Fryc approved, and Dave Parent seconded, the draft meeting agenda. The agenda was unanimously approved.

Executive Director Remarks
Calder Hibbard shared that he and Kathleen met with DNR Commissioner Tom Landwehr and others from the Commissioner's Office to discuss the legitimacy of the shared services costs

charged to the MFRC in the current fiscal year. The legitimacy of leadership fees in particular was called into question. Calder explained that Kathleen Preece submitted a letter to the commissioner in February requesting a reduction in the shared services costs. However, the shared services fees were not altered. Forrest Boe noted that shared services costs fluctuate with budgets and FTEs, but he hopes it will remain relatively level into the future. Forrest's staff compared shared services costs charged by other administrations, and they might be more expensive.

Calder yielded his time to Rachael Nicoll who announced the release of the first edition of the new, quarterly MFRC newsletter on Earth Day, April 22. The newsletter will announce important Council and natural resources news items and other topics of interest. The first edition was sent to a list of over 780 people and new subscriptions were requested from several people. Kathleen Preece suggested that staff seek feedback and newsletter ideas from Council members, and Rachael replied that she will do that prior to the next edition in summer 2016. Bob Owens suggested highlighting a forest industry company in each edition of the newsletter so that it can be shared with organizations such as the Minnesota Chamber of Commerce.

Rachael noted that the release of the newsletter falls within the larger scope of the MFRC's communication strategy. To support this and other work, the council has hired a new student worker, Taylor Pitel. Taylor is a sophomore at the University of Minnesota, majoring in environmental science, policy, and management, and minoring in communications. Taylor will primarily support Rachael and the communications strategy, but her time will be spent across all MFRC program areas.

Calder asked Forrest to provide a legislative update. The legislative session has not concluded, so the next MFRC meeting will include a follow-up item. Forrest noted that the legislature will likely pass a tax bill which will include some positive amendments to the Sustainable Forest Incentive Act. These changes include increased monitoring and a requirement that landowners register forest management plans with the DNR.

Committee Reports

Personnel and Finance

Kathleen Preece reported that the committee has not met.

Site-Level

Kathleen Preece reported that the committee has not met.

Landscape Planning/Coordination

Lindberg Ekola reported that the committee met on April 27. Topics discussed by the committee included the request from the West Central Landscape Committee to select a liaison to the council to increase collaboration and communication, the MFRC strategic planning process, and supporting the update of the 25-year LSOHC vision. The committee also received an update on the North Central planning process. The second planning meeting is completed, and the process is on track.

Information Management Committee
Kathleen Preece reported that the committee has not met.

Written Communication to the MFRC
None.

Committee of the Whole: Strategic Planning/Direction
Kathleen Preece provided background information on the strategic planning process. Calder Hibbard noted that the strategic direction committee is soliciting feedback on the process and information needs from the full council. Calder spoke about the overall mission and role of the council and the first meeting of the strategic direction committee.

Calder requested feedback on the goals of the process. Dave Parent suggested including the term 'multiple use' in the list of goals. Bob Owens suggested that the goals should include promotion of markets and/or current utilizers in Minnesota. Calder explained that the committee plans to finish the majority of the process by the September MFRC meeting and will meet monthly. Kathleen was named chair, and Calder will act as co-facilitator in addition to an external, professional facilitator. Calder anticipates that this will be the most robust strategic planning since the early 2000s.

Kathleen explained that MFRC program managers will provide a review of each of their programs. The purpose of this is to provide background information and stimulate a discussion of needs to address and potential future work. Rob Slesak provided an overview of the Site-level Program, covering three primary areas: forest management guidelines, implementation monitoring, and research. Research activity has increased in prevalence recently. The guidelines are a major component of the program, but much of the work has been completed in this area.

New/ongoing work includes the guideline app for mobile devices, more effective and targeted outreach, database development, and a number of research projects. Susan Solterman Audette requested that Council members be contacted about potential LCCMR projects. Council members are willing to support projects and are interested in being engaged. Kathleen responded to a comment indicating concern that staff are pursing research projects without first seeking Council support. She mentioned that staff have communicated interest in increasing Council member engagement.

Lindberg Ekola provided an update of the Landscape Program. The program brings regional partners together to collaborate to promote sustainable forestry from the planning to policy level, working to balance competing objectives. Primary program areas are planning and coordination. Landscape management includes four interrelated phases: planning, coordination, implementation, and monitoring/evaluation.

Bob Owens asked how urban forestry fits into the goal of promoting and supporting cross-boundary projects. Lindberg responded that there are several ongoing projects, especially in the East Central and West Central Committees that are more connected to the metro area. The

program hasn't done a lot of work in the metro area, but much more can be done. Jan cautioned about the barriers in urban forest management. Lindberg agreed and said that we can overcome them by working together; this is the purpose of the council. Jan noted that metro issues draw a lot of attention, so the MFRC would have to remain strong in its message.

Calder spoke about the Policy Program. It has evolved over time and the council's emphasis on this program has increased. Recent work includes the forest industry competitiveness study and the Sustainable Forest Incentive Act stakeholder group. Calder also covered MFRC ancillary programs and groups, including the Information Management Committee, which provides policy oversight; the Research Advisory Committee, which identifies priority research needs; and the Interagency Information Cooperative, which coordinates forest resources data. Dave asked how the output from these groups feeds into the major MFRC programs. Calder responded that there may be some efficiencies from better linking these groups.

Calder explained that the committee will meet in June to develop and utilize decision criteria and rank/identify priority issues. The committee will conduct an organizational analysis in July and examine structural issues and make recommendations in August. A major portion of the two-day meeting in September will be devoted to reviewing a draft strategic plan.

Calder also requested feedback on an important consideration related to the process: should the committee first select priority issues (e.g., fragmentation, invasive species) or address organizational structural questions? In other words, should the committee determine an organizational structure to feed issues into, or determine important issues to work on with the MFRC's existing or a slightly modified structure? Shawn Perich said that the council needs to determine what it is as an organization and how to remain relevant before trying to pinpoint issues. Dave posed the question of whether the MFRC should react to 'hot issues' or focus on long-term sustainability. Susan commented that that the strategic planning process should address questions of meeting statutory requirements and remaining effective. The facilitator may have suggestions for the process as well. Susan added that she hasn't perceived any changes in the forest resources world that would alter the MFRC's relevancy. It may not be that the council is less relevant; its work may not be messaged properly. Jan noted that the MFRC came about from agitation from the public. This isn't the case anymore. This might be a sign of success, or perhaps a disconnect from the public.

Shawn suggested compiling a list of accomplishments. No one knows about the MFRC's work on buffers, and the council could have helped the governor during the creation of the 2015 Buffer Act. The MFRC needs to improve its communications. He suggested potentially hiring a communications specialist, and Dave Parent added that this work could potentially be done through a communications committee.

Calder also spoke about the engagement strategy. Susan suggested that a subset of the committee could work to develop a list of stakeholders. Rachael Nicoll noted that staff have compiled an audience profiles document that she will share with the strategic direction committee for review.

Finally, Calder asked for input on data needs. Dave Parent spoke about the term, 'overaged,' and its meaning and importance. Forrest suggested focusing the MFRC's efforts where it is required by statute. One important issue facing the citizens of Minnesota is clean water. The council should be a leader in addressing this issue. Forrest added that he wonders if the MFRC is the best entity to track and address issues such as climate change and invasive species beyond recognizing them and partnering with those that are working on them. Darla noted that questions are needed before identifying data needs. Jan commented that she is not sure how this is envisioned. This cannot just be a PR piece; it has to be information people can use. Bob suggested that an additional data need is how much of Minnesota's forest resources are being used to understand the gap between what is being managed for consumption and what is not.

Calder plans to meet with each Council member in the next month or two to understand and incorporate their perspectives. Kathleen added that today's discussion will inform the next meeting of the strategic direction committee. Ray Higgens commented that from his perspective as an outsider, the council is incredibly relevant. Minnesota has accomplished much of its forest resources sustainability objectives. According to Minnesota Forest Industry opinion polls, the public has been satisfied with forest management consistently since 1991. The fact that the MFRC isn't involved in any major fights is a sign of success. As an aside, Jan posed a question about how Council alternates are chosen. Kathleen replied that in the past, Council members have selected their own alternate, but perhaps this process should be formalized or documented. This fits into the strategic planning effort.

Development of a Coordinated Outreach Plan for Site-level Monitoring Results
Kathleen Preece explained that this agenda item came out of the MFRC March meeting presentation from Dick Rossman, DNR Division of Forestry BMP Program Coordinator. The presentation provoked questions related to the council's duty to provide advice and communicate about the monitoring program's successes. Rob Slesak noted that outreach efforts have expanded with the new monitoring program despite a lack of resources, but more can be done. However, the charge itself to report guideline implementation monitoring results is not entirely clear.

Rob asked Council members to think about desired outreach objectives and intended audiences. Jan Green asked how academics should be characterized as an intended audience. Rob requested feedback on a series of optional approaches to meeting outreach objectives. One objective is to improve utilization of data through training and collaborating with the Minnesota Forest Resources Partnership, among other options. A second objective is to increase awareness of guideline use, potentially using the new MFRC newsletter as one tool.

Jan commented that the MFRC wasn't consulted during the creation of the Buffer Act, but the council did not approach the Governor's office either. Shawn Perich pointed out the MFRC staff does not have a position dedicated to communications. Outreach opportunities may be missed or not done well. He is not sure that the MFRC is known outside of the forestry world. Forrest Boe suggested that the structure of the staff should be centered around the priorities/

objectives of the council. Perhaps, these have changed, and staff capacity should change accordingly. Rob added that connecting with the Clean Water Council will be critical.

Minnesota DNR Re-certification Audit Results

Forrest Boe introduced Tim Beyer, DNR Division of Forestry Forest Certification Program Consultant. Tim noted that there are over 200 indicators of responsible management between the two schemes (SFI,FSC) that the DNR is certified with. This year's DNR re-certification audit found non-conformance on three of the indicators, resulting in three Minor Corrective Action Requests (CAR's). Two of the CAR's were duplicative due to dual auditing through the Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI). Bob Owens asked if the cost of running a duel audit is less than running two separate audits. Tim replied that the difference is largely due to a reduction in staff time in administrating one dual audit, versus running two separate ones.

Tim provided information on criteria for Major and Minor Corrective Action Requests (CARS) and Observations. Tim commented that Observations and audits in general do not always need to be viewed negatively; they are always opportunities for improvement. Tim has found that they contribute to cross-discipline coordination. This year's findings included an Observation related to improving coordination and consultation efforts with the tribes. This could be achieved through Tribal tracking systems. Tim also mentioned that the certification report indicated DNR could be seen as supporting industry. He noted that a lot of coordination happening across the DNR is not always recognized by the auditors, but perhaps the DNR could do a better job communicating its open door policy.

Tim spoke about the department's internal audit process and how two Principles are worked through in detail each year to explore how well the department conforms to them. The FSC Indicators, environmental impact and management plans, were reviewed this year. In response to a question, Tim noted that national forest lands are not certified, but FSC is exploring this possibility through a pilot project. Bob asked if there is any documentation of what is certified in Minnesota and how that might translate to a greater marketing ability of certified forest products. Tim replied that Minnesota has eight million certified acres and approximately five million of those acres are DNR lands. The Minnesota DNR is the largest FSC certificate in the U.S. and the third or fourth largest SFI certificate. He added that industry partners could speak more to the marketing value of certification.

Tim also spoke about questions and concerns surrounding economic rotation ages of natural red pine stands and red pine plantations on non-School Trust Lands. They arose from recent reductions of rotation ages of red pine plantations on School Trust Lands. The decision of how to implement this policy on non-trust lands has not yet been made. The Forest Issues Resolution Staff Team (FIRST), is developing a frequently asked questions sheet to address some of the questions of how the decisions affect natural stands. The DNR received a CAR on how they will identify and assess the impacts of the changes of red pine plantation rotation ages. The certification team works together to address and correct nonconformances. The team found that the policy change would not have significant, widespread impacts in terms of water

quality, soil, threatened and endangered species, and age/size distribution of trees on the landscape. These evaluations are performed both at the landscape planning level and at the stand level and provide opportunities to discuss management strategies. The team is working to develop a response to the auditor.

There was also a question during the audit regarding the future identification of High Value Conservation Forests (HCVF) and potential tools to safeguard these areas before they are designated. Tim added that the HCVF Team is working to identify the process that will be used. Tim also spoke about biomass goals and the need to clarify and communicate them.

Tim provided a brief overview of the duplicative CAR's the DNR received on Spills. It is necessary to ensure the appropriate equipment is available to stop spills and clean them up. Dave Parent asked if the DNR is making an effort to ensure conformity with how counties regulate spills. Tim responded that they are not. They just want to make sure people have appropriate equipment. Tim commented that while the CAR was based on logging sites and potential fuel spills, they are also looking into how we address spills with pesticide use across the departments programs. The department permits the use of pesticides by private owners on public waters, but appropriate use needs to be assured to keep state lands certified. Susan Solterman Audette asked why pesticide use is an Observation. Tim replied that some of the pesticides used in Minnesota are on the prohibited list, but that list is still in limbo. The department needs to address whether they will stop using or permitting those pesticides (largely used to control aquatic invasive species), or seek a variance to continue to use them Tim added that another Observation was issues on how the department will continue to use the Office of the Legislative Auditor's DNR Forest Management Report to track progress.

Tim mentioned other efforts to improve protection of high conservation values, including his involvement on a team to assess how forest certification will affect drinking water. Bob asked if there are any sources of water in Minnesota that are on the water watch list, and Tim replied that he is not aware of any.

Northern Long-Eared Bat Update

Forrest Boe introduced Rich Baker, DNR Division of Ecological and Water Resources Endangered Species Coordinator, and Amber Ellering, DNR Division of Forestry Policy Analyst. Rich provided a brief overview of what 'take' is and defined the final 4(d) rule. The rule prohibits intentional take of northern long-eared bats (NLEBs) with several exceptions and prohibited incidental take inside of the White Nose Syndrome Buffer Zone if it occurs within a hibernaculum; if tree removal is within ¼ mile of an entrance to a known, occupied hibernaculum; or if tree removal cuts or destroys a known, occupied maternity roost tree or other trees within 150 feet of that tree during June and July. Rich noted that forest management activities would have been much more restricted without this rule.

The DNR has partnered with the USDI Fish and Wildlife services to document where roost trees and hibernacula are located. Rich provided a map of townships where NLEB is known to be located in Minnesota. This map will be updated annually. Dave Parent asked if they have more

specific locations than just what township they are located in, and Rich replied that this information is available. Shawn Perich asked if the bats roost in the same tree repeatedly. Rich replied that there is evidence to suggest this.

Rich spoke about ongoing research that was funded last July. The purpose of this and other pilot research is to understand the distribution of NLEB and the use and characterization of roost trees using acoustic surveys and radio tracking. Preliminary results show that female NLEBs showed no obvious preference of tree species for roost sites, most roost trees were in some state of decay but varied in size, and that females move around but generally stay in a relatively small area. Jan Green asked if this research uses a random sample of bats. Rich replied that they are trying to get a sample from across the state but are restricted to public and county lands. Bob Owens inquired if there are any areas set aside for the protection of bats. Rich replied that there is not. The bats are found all over the state, and they move around. Bob asked if they anticipate any off-limits areas for forest management. Rich replied that no management may occur within the areas designated by the final 4(d) rule.

Amber noted that white nose syndrome has been documented for the first time in Minnesota this year in the Lake Vermilion – Soudan Underground Mine State Park. State parks are working to contain the disease, but this appearance was not unexpected. Amber added that the Fish and Wildlife Service will not set aside critical habitat for NLEB under the federal Endangered Species Act (ESA). She explained that Minnesota is working to build a habitat conservation plan for forest management. This is necessary to comply with any future endangered species listing. The final 4(d) rule is a good policy, but it could be removed due to current lawsuits or an ESA uplisting. The conservation plan would allow the DNR and others to apply for an incidental take permit in the future for forest management activities. The DNR is still fairly early in the process of creating a plan, the Lake States Forest Management Habitat Conservation Plan, working with other states. The purpose of the plan is to allow for an uninterrupted flow of wood to forest industries, particularly during summer harvesting. No landowners will be compelled to enter into the plan before they are ready. Amber explained that additional engagement with the council and other partners will be necessary to enhance stakeholder participation. She anticipates having more information in the fall.

Shawn Perich asked where all of the hibernacula are located. Rich replied that they are difficult to locate, and the only way to detect them is to use radio tracking devices on bats, which has shortcomings. In response to a question, Rich said that there are plans to publish the NLEB research results.

Sweetwater Energy, Inc.

Kathleen Preece introduced Lauren Eichelberger, Sweetwater Energy Business Development Manager, and Ron Boillat, Sweetwater Energy Chief Deployment Officer, who joined the meeting via conference call. Lauren explained that Sweetwater Energy was founded in 2006 by a farmer who wanted to recycle biomass on his farm as fuel for his equipment. Sweetwater Energy uses several sources of biomass to extract lignin, cellulose, and hemicellulose using a patented process to convert sugars and lignin to higher value products, including those that

may replace petroleum and corn ethanol. Sweetwater Energy converts sugars extracted from hardwood biomass to GMO-free, sustainable alcohol that is used in commercial products such as cleaners and cosmetics. The hardwood lignin will be used to produce a high quality activated carbon. This product can be used as air and water filters at large scales. Sweetwater Energy plans to use the entirety of the biomass to replace fossil fuels. Ron added that Sweetwater Energy is interested in working with loggers in Minnesota to procure hardwood logs. The company uses about 150 dry tons a day and would process the logs to create clean wood chips.

Dave Parent asked how sensitive the feedstock is to wood quality. Ron responded the wood must be in decent condition. Susan Solterman Audette asked about the demand for non-GMO alcohol and what industries are actually demanding it. Ron replied that there is a demand from consumers for non-GMO products. There is a premium market for non-GMO products although Sweetwater Energy is not counting on the non-GMO market making these products for them. All other non-GMO alcohol is imported from other counties, which is expensive. Ron claimed that there is a lot of demand for it, but no cheap solutions exist. Sweetwater Energy Inc. is looking to fill this niche.

Jan Green asked about how integrated the DNR is into the supply plan. Ron replied that Sweetwater Energy had a conversation with the DNR, and they are not counting on the DNR to supply the wood. Private contractors have submitted a letter of intent, and other sources of wood are also available. Lauren added that Sweetwater Energy is interested in 'out of the box' ideas and is willing to collaborate. Mark Weber asked if there were hardwood species that Sweetwater Energy, Inc. will not use. Ron replied that they will use most hardwoods. They also hope to use conifers in the future and are doing pilot testing of these species.

Ray Higgins asked about the timeline and any potential barriers. Ron said that the timeframe is the same as previously stated and that the biggest barrier is the industry as a whole has not had a lot of successes. The ability to raise money is hard relative to the past, but Sweetwater Energy is making progress with its unique process. They are confident in their business.

Public Communications to the MFRC
None.

MFRC Member Comments
Forrest Boe presented an award to Calder Hibbard from the governor for Calder's 10 years of state service.

Kathleen Preece noted that the next MFRC meeting is July 20th at the Cloquet Forestry Center.

John Fryc moved, and Ray Higgins seconded, adjourning the meeting. The meeting was adjourned at 3:05 p.m.