



**4FRI Stakeholder Group Meeting  
MINUTES**

Wednesday, April 22, 2020, 9 am – 12:25 pm  
ZOOM Audio Meeting

<https://nau.zoom.us/j/92771192452>

**In attendance:** Amy Waltz, Greg Smith, Brienne Pettit, Diane Vosick, Jeremy Kruger, Pascal Berlioux, Patrick Moore, Shaula Hedwall, Stephen Flora, Tim Reader, Tom Mackin, Eli Jensen, Anne Mottek, Cerissa Hoglander, Heather Provencio, Joe Miller, John Souther, Tabi Bolton, Jay Smith, John Hamill, Anthony Madrid, Alicyn Gitlin, Henry Provencio, Joel Jurgens, Aaron Green, Melanie Colavito, Kory Gibson, Lesley Yen, Justin Schofer, Loren Ebner, Mark Nigrelli, Nate Rees, Neil Chapman, Tracy Bazelman, TL Tanner, Victoria Payne, Wendy Jo Haskins, Todd Schulke, Chris Jones, Scott Lerich, Steve Rosenstock, Floyd Harden, Paul Summerfelt, Travis Woolley, James Johnson, Paul Chapman, Adam Cooley, Brad Worsley, Allen Reidhead, Tom Osterday, Randy Fuller, Robin Silver, Lisa McCauley. Minutes by Carol Covington.

**Minutes**

- **Approve minutes from the February 26, 2020 Stakeholder Group meeting –** Approved as presented.
- **Approve minutes from the March 24, 2020 Stakeholder Group meeting —** Approved as presented.

**Review action items from the March 24, 2020 Stakeholder Group meeting —**

<b>Action Item</b>	<b>Lead</b>	<b>Status</b>
1. Call out for Communication Workgroup Members		ongoing
2.		

**Call to the Public -** none

**Discussion of Economic Strategies**

Colorado Forest Business Fund presentation – Vosick offered a brief introduction of the Director. Tim Reader then presented an overview of the Colorado State Forest Service Forest Business Loan Fund: [Colorado Forest Business Fund](#). The program grew from a pilot program with modest funding. There was no plan for a sustained program at that time. However, interest was expressed in an ongoing program and that, leading to action by the state legislature and funders. They partner with a local council of governments. He reviewed the information presented on the website. They have loaned out between \$3-4 million and have used the initial \$750,000 investment to leverage other lenders.

He summarized where loans have been made, to whom, and generally what the purpose was. Illustrations are on the website. They rely on the council of governments to review and assess loan applications.

Q J Smith –What was the initial investment to get the fund into place?  
A – Initial investment \$750,000

Q Berlioux - Is the total lending of \$3 to 4 million a cumulated total for the duration of the program? How much money is loaned at any given time? How much is the fund capitalization? explain the kind of partners you are getting to invest.

A – We accept applications as we get them. Current portfolio stands at about \$5 million with a dozen companies being served now or in the past.

Q J Smith - Can you explain the kind of partners you are getting to invest.

A – Partners are those that the council of governments already has on hand. Examples include Conservation Fund, sustainability programs, private donors. Often it is accessing capital that is already out there that is often not made available for forest product investment.

Q Henry Provencio – Did you say the bulk of the money is coming from oil and gas revenues? Might a tax on recreational marijuana use be appropriate?

A – Yes. The investment has been critical from oil and gas industry. The recreational marijuana tax is something that he is not prepared to address.

Q J Smith – What is the average interest rate? How many defaults have you experienced?

A – No defaults. But they do ask the business to be transparent. If someone is having trouble, they need to convey that information. They also require co-signers. The interest rate is negotiated to suit an individual request. The rate is in keeping with that of other lending institutions.

Q Berlioux – How much money do you have to lend in total?

A – About \$700,000 depending on how much is repaid monthly.

### **USFS Update**

RFP Amendment #6 Summary – Kruger and Loren Ebner, Contract Officer with Forest Service.

[Presentation](#). Ebner reviewed the timeline of the RFP Phase 2. He summarized the primary elements of each of the amendments to date. Amendment 6 reflects a recent change allowing the Forest Service to engage in 20-year contracts. Under the multi-year authority, the acreage can be incrementally funded over time by issuance of Program Year Task Orders. A cancellation ceiling can be established for the entire 20-year contract period. Funding is dependent on the annual Federal budget.

Q Worsley – Some adjustments to biomass requirements?

A – David Lawrence responded. There is still a minimum threshold for on-site removal or disposal of slash. Everything else would have to be machine piled for the Forest Service to burn.

Q Vosick - Please elaborate on the cancellation ceiling. Is the contractor reimbursed for the full value of the contract if there is an interruption in wood supply or only for that particular task order for that year?

A – The cancellation ceiling is designed to protect the contractor in the event that the government cannot fulfill the contract and has to cancel. It is established for a full 20-year period but diminishes over time. That would be fine tuned with the contractor.

### **TNC recently published carbon work - Woolley [Presentation](#)**

Presentation will focus on work they did looking at restoration effects on soil, water, and tree growth over time. He described western forests at risk for fire and their research on the ground about how to appropriately manage such a threat to wildlife habitats and human life. Beyond this, they studied how forest restoration and the pace of restoration effects carbon outcomes.

Q Jones - Can we really expect Ponderosa to remain the dominant forest type going forward under the

various climate scenarios? What assumptions were used about forest type as the century progresses?  
A – We didn't examine that very closely in this study, but we did see that decrease in regeneration over time into the future. Research projections indicate that regeneration is pretty poor through climate change scenarios.

Q J Smith - Would you expect any changes in carbon storage with more mechanical treatments after 2030?  
A – Yes, however the study did not examine that.

Q Miller – Any ability/interest in extending modelling to other issues like water quantity/quality?  
A – We've done some studies previously regarding water quality and quantity. Certainly, wildfire does impact water.

Q Fleishman - Can this be re-run with different product mixes?  
A – Absolutely yes.

Q Lerich - Should we just let it all burn down? or is it more beneficial to manage it?  
A – Management is a better strategy.

Q Miller - Are there any stocks/flows or causal loop component of this modelling, or just spreadsheet?  
A – Harvesting wood products component was a simple spreadsheet.

**TNC/USGS restoration/soil water/growth research – Bradford - [Presentation](#)**

Summarized his study focused on understanding how vegetation and plants respond to drought. How does restoration promote resilience?

Q Mackin - Are slope and aspect taken into consideration?  
A – Yes, they are taken into consideration for modeling evaporation and transpiration rates.

Q J Smith - Have you quantified the water consumption rate per acre by each of the stand densities?  
A – We have done that though it wasn't a focus of this study.

Q Fleishman - Is this one harvest and done through the century?  
A – Assumption was that the condition would not change.

McCauley mentioned that forest restoration can help to deal with climate change through the end of the century.

**Priorities for Conservation Finance - Provencio**

Update on what Stakeholder Group has been doing focusing on conservation finance. They are exploring why the 14-15,000 harvest threshold has not been exceeded regionally. The group is exploring obstacles to increased production. He noted that this group has had two meetings. The PowerPoint describing forest management tools is posted on basecamp. The second meeting focused on critical funding needs. What the bottlenecks are keeping us from expanding production. Preparation of timber sales, planning for timber sales, or implementation of timber sales. What are the things we could change, or put a monetary value on? Who is benefiting to the extent that they might be willing to assist with financing for forest restoration and timber sales? Consensus of the group was to focus on biomass as one of the biggest challenges. The group plans to drill down on this topic. The next meeting is scheduled on May 7 at 10:30 am on Teams. Anyone who would like to participate is invited to do so. They will start matching up benefits with benefactors. Discussion of appropriate finance tool to discuss with benefactors. Further examine the delta,

the difference between what we expect to have and what we will need to cover the gap.

**Center for Biological Diversity (CBD) Notice of Intent (NOI) discussion – Robin Silver**

Silver attended the meeting to offer background and explanation of the NOI recently served to the USFS in protection of the Mexican spotted owl. He explained that after their successful negotiations in the first 4FRI objection process they realized that the recovery plan for the Mexican spotted owl is not being implemented by the Forest Service. There is no region-wide habitat monitoring taking place as the Forest Service had agreed to. That needs to happen. The only monitoring taking place is on individual projects, but not a region wide effort. In reviewing the Hassayampa project, they determined it is well below the minimums required. Owls need canopy and large trees. There was no requirement for canopy cover in the USFS monitoring plan. There were recommended minimums, not mandated. Projects are at minimums or below which is illegal. The Notice of Intent expires on June 2, thus, with no action by that time, a full-blown suit will be filed.

Q Lerich - What is the holdup on the USFS end and what is CBD doing to help USFS to overcome those issues?

A – This would be lawsuit #8 against the Forest Service regarding the Mexican spotted owl, so the Forest Service has a history of no action. CBD has the ability to threaten 4FRI but they are not going to do that. What they seek is to have the Forest Service manage the habitat for MSO. To date there has been no commitment by the USFS to budge on this. June 2 there will be an injunction filed which is not intended to stop thinning but will be focused on critical habitat for owls.

Q Miller – Are the requested dialogues going on?

A – Not as urgently as needed. June 2 is going to be here quickly.

Q Rosenstock - If you file do you intend that mechanical thinning should cease outside of PACs and Recovery Habitat? If not, what about use of roads that pass-through PAC and Recovery Habitat?

A – Outside of the PACs no, but for roads within PACs it depends on the site. In Prescott Forest there are 300' fire breaks going through some PACs. There should be no roads going through PACs without review.

Q Lerich - For the group, we heard again this morning how significantly endangered our fire adapted forests are, and about potential benefits of forest restoration work in relation to climate change. My question is this: Does the group think it is appropriate for a Law Firm (CBD) to participate in our 4FRI discussions when their primary reason for participating is to prevent our goals for forest restoration from being realized?

A – CBD is not a law firm. It is one of the original signers of 4FRI. There is a need to protect large fire-resistant trees, and a reason the guidelines were put in place. These guidelines need to be followed.

Q PChapman - So am I to understand that roads through PACs would possibly be closed for recreation and any log hauling?

A – New roads for recreation would be an issue, but haul roads, probably not dependent on safety of wildlife.

Q Worsley – The ripple effects of what you are trying to achieve may be more than you are intending. How can we help find a pragmatic solution to allow a fragile industry to continue? There is fear that new industry will be scared away by the impact of the NOI.

A – Your comments are well received by CBD. This NOI is very focused on the Mexican spotted owl. The work 4FRI does is very important. CBD is not looking for anything beyond the good science that is required from the Forest Service to protect the MSO. If there is something 4FRI can do to help move the Forest

Service along with enforcement of the monitoring, CBD would be grateful.

Q PChapman - What parameters on hand thinning and burning make it acceptable for use in PACs while not mechanical thinning?

A – Those limitations become a matter of the mechanics of hand thinning itself

Q Waltz - I have a question for the Forest Service: my understanding is that PACs do have proposed fire treatments in rim country planning. What is the impact of this NOI on the timelines/analysis and structure of the rim country planning?

A – Kruger responded that they anticipate no impacts of the NOI on the RFP timeline. They are continuing to collaborate. He suggested people reach out to Elaine Kohrman for additional information. Hedwall added that the Forest Service is working with Fish and Wildlife Service, Pacific Northwest Research Station, and Rocky Mountain Research Station to initiate the model for understanding habitat changes throughout. They are looking at the past 30 years of change. The effort to work on model building was to begin in April but the Covid19 situation has imposed a delay. Silver asserted that there should be no slow down on the work as long as progress is being made. He recognized Hedwall on her heroic work on this work.

**Industry updates – started at 11:30 due to early schedule**

Worsley – Getting inventory back up to par. Hoping for more inventory this year than last. They are up and going

Reidhead Tri Star – Mill is up and running, hoping for a good year. Covid19 has not impacted them much.

Cooley – They hope to begin operations again with about a month of biomass to grind out in the forest at this time. Their Heber operation may be back on line in May. They had run out of logs but hope to get going again soon. With the winter coming to an end, they are looking forward to ramping up activity.

Bolton, Campbell Global - Some markets seem to be slowing/on hold. Weather seems to finally be cooperating. Operating on three TNC SPAs.

**Working Group Updates – started at 11:36 due to early schedule**

- Final Environmental Impact Statement WG – Waltz – Re analyzing outcomes.
- Industry/Biomass WG – Worsley - No additional updates.
- Communication WG – Dubai - Call for new members to working group. Asked for newsletter articles May 15 deadline for June newsletter
- Multi-Party Monitoring Board WG – Woolley - Looking forward to a Stakeholder Group presentation in May from the MPMB
- Comprehensive Implementation WG – Mackin - No update.

**Stakeholder Disclosures** – None offered.

**Review Action Items**

Action Item	Lead	Status
1. Ask presenters to post on BaseCamp	Covington	
2. June newsletter ideas to Dubai by May 15	Dubay - ALL	
3. Multi Party Monitoring Board presentation at May meeting	Woolley	

**Adjourn**

Meeting adjourned at 12:25 pm.

---

**2020 Meeting Schedule** – these dates are posted on the 4FRI website.

- AZGFD Pinetop - 5/27, 7/22, 9/23, 11/18
- Coconino NF Supervisor's office - 6/24, 8/26, 10/28