

Forest Investment Council Meeting

Draft Minutes

Meeting Date: February 28, 2007
Location: Ministry of Forests and Range, 1520 Blanshard Street, Victoria
Attendees: Doug Konkin (Chair) Chris Trumpy (MOE)
Walter Matosevic (Canfor) Ric Slaco (Interfor)
Bruce MacNichol (West Fraser) Mike Lambert (ILMB)
Ken Baker (FII) Kevin Bromley (PwC)
Rick Brand (MOFR) Dave Bodak (MOFR)

Absent: Ian de la Roche (Forintek), Ian Brown (PwC)

1. Minutes of Previous Meeting/Draft Agenda

Minutes of the October 5, 2006 meeting were accepted.

Confirm Agenda – No items were added to the agenda

2. Action items from last meeting

Letter to Walter Matosevic was sent.

First Nations participation on FIC - FIC has received a formal request from the First Nation Summit Task Group to sit on the FIC. Glenn Williams of the Gitanyow First Nation name has been put forward.

Action: Rick Brand to send the FIC Terms of Reference to Glenn Williams. (done)
Rick Brand to contact Glenn Williams and set up a meeting with Doug Konkin prior to the next FIC get together to orient him to the FIA and expectations of the role and responsibilities of being a member of the FIC.

LBIP Brochure – LBIP brochure was finalized and sent out to LBIP recipients and ministries. Doug Konkin had not seen a final copy of the brochure.

Action: Dave Bodak provided Doug with a copy of the LBIP brochure March 12, 2007.

Forest Practices Board and EBM –Forest Practices Board has not been involved with EBM up to this point. It is anticipated that when EBM objectives are legislated, the Forest Practices Board would become involved.

Discussion on FIA eligibility of funding projects relating to EBM was had.

LBIP First Nations Information Sharing – Dave Bodak provided an overview of the LBIP First Nation information sharing process that has been revised. The information sharing process has been incorporated within the development of the Land Base Investment Rationales completed for each management unit.

Build with Wood Concept Paper –There is recognition that there is a need for clarity on the purpose of spending public funds for this initiative. Technical support for this initiative is a relatively minor expense; however the incorporation of the wood products into buildings is a huge investment pressure. The Olympic skating oval is receiving funding for the construction of an all wood roof. This is a very innovative project in that an all wood roof for a building such as this one has never been done and involves huge wooden spans.

3. Third Quarter Reports

LBIP – Kevin Bromley submitted the LBIP third quarter report. At this point, there are no major issues to report out on. Innovative projects and First Nations concerns are most notable as workload demands. PwC has implemented a web based tendering component to the Forest Investment Reporting System (FIR) for LBIP recipients

Doug Konkin advised members that PwC was the successful proponent in response to the Request for Proposal (RFP) for the renewal of the administration of the LBIP starting April 1, 2007. The new agreement is for 3 years with an option for a further 2 years.

Forest Science Program (FSP) – Kevin Bromley advised that the call for proposals for 2007-08 has been completed. Overall, the process went smoothly but there was a demand for more project funding than what is available.

LBIP Ministries Admin / CLUPE / TIP

Dave Bodak provided a handout for FIC members outlining progress to the 3rd quarter on expenditures and key accomplishments. Any issues or questions can be discussed with Dave and/or Rick Brand.

Forestry Innovation Investments (FII)

Ken Baker spoke to some of the FII accomplishments since the last meeting.

On November 10, the Minister signed the Letter of Expectation for FII which basically governs FII. The Letter of Expectation is posted on the FII website:

http://www.bcfii.ca/about_fii/pdf/Shareholders_Letter_of_Expectations.pdf

Prior to the Letter of Expectation, FII was governed by a contract with MoFR.

Canada Wood office opened in Korea (no staff from FII).

The BC Premier visited China. Project is ongoing to promote the use of wood roof trusses as an alternative to light steel trusses. This will expand to the use of wood in one floor of multi-storied buildings and then to incorporate the use of wood in more floors.

There is a bright spot in Japan that is providing some optimism for the BC wood market. The BC coast appears to be capturing more of a share of the post and beam market from the Scandinavian countries.

FII funded a mill recovery study of MPB killed timber. This report should be available soon. It is anticipated that an additional 4 studies will be considered for funding next fiscal year.

PwC has been engaged to review the FII call for proposal evaluation process. The review report will be presented by Doug Konkin at the next FII Board of Directors meeting.

Preliminary assessment of the report indicates that there are no major issues.

The recent FII call for proposal process received 68 proposals totalling approximately \$14.6 million. FII expects to be able to provide about \$11.6 million towards these proposed activities. FII also expects to fund about \$2.7 million worth of MPB related projects.

Currently funding a landscape project (Pacific Gateway Park) in southern China using pressure treated lumber. It is estimated that based on current lumber prices, there is the potential for a \$1.5 billion per year market for landscaping projects in China.

In Indonesia there is an expansion of providing wood framed low cost housing. In late November 2006 Britco Structures from Langley BC began delivering the first of some 300 houses purchased by a major NGO. In addition, Simon & Co. from Prince George has entered into a joint venture with an Indonesian firm to supply 267 wood frame houses, with the material originating in BC.

4. 2007-08 FIA Budget

Rick Brand spoke to the VRI strategy and business plan provided to FIC members. There were no concerns raised.

Mike Lambert spoke to the submission from ILMB to address data management issues. Past submissions to the provincial Treasury Board have not been successful in obtaining the funding needed for this initiative.

Ken Baker spoke to a proposal by BC Wood Specialties Group and Forintek Canada Corp. that funding be made available to a new *Specialty Wood Products Network*.

Doug Konkin and Rick Brand provided general overviews of each of the funding requests identified in the “summary table of funding pressures” sent out to each FIC member prior to the meeting.

Doug Konkin added one more to the list to deal with the Coast Revitalization Program; specifically an expansion of the tree breeding program, fertilization and site indices work.

Members provided their comments on the funding requests and the amount of funding they believed appropriate.

Doug Konkin will meet with the Minister to discuss. Based on the discussion with the FIC members and the Minister, Doug Konkin will make the final decision on the funding requests.

Action: Doug Konkin to follow up with the Grassland Ecosystem Restoration funding request to determine what may change to the initiative after 2007-08 based on climate change.

Final FIA Budget will be provided to FIC members.

5. Meeting Wrap Up

Next meeting will be October 4, 2007 to be held in Victoria, 1520 Blanshard, Executive Boardroom 3rd floor.

Meeting adjourned at 11:55 p.m.