

**PACIFIC LUMBER INSPECTION BUREAU
DIRECTORS' MEETING**

June 25, 2019
The Kimpton RiverPlace Hotel
Portland, Oregon

The Pacific Lumber Inspection Bureau (PLIB) Board of Directors held a meeting at the Kimpton RiverPlace Hotel in Portland, Oregon on Tuesday, June 25, 2019 commencing at 10:18 a.m. Chairman Ken Thorlakson presided with the following Directors present:

Terri Adair	Tom Barclay	Dale Bartsch
Ryan Beaver	Paul Beltgens	John Blodgett
Jeff Brigge	Ashlee Cribb	Kyle Freres
Eric Fritch	Karl Hallstrom	Michael Kirkelie
Tyrone Konecny	Rod Lucas	Gerry Millman
Tom Parks	Christof Richter	Sam Sanders
Greg Smith	Jason Smith	Ross Stock
Craig Van Cott		

Directors Clement Frank, Scott Manke, and Brent Saunders were unable to attend. Frank Turnbull, Alternate Director, and staff members Jeff Fantozzi, President, Hannah Petersen, Secretary, and Skeet Rominger were also present.

1. Opening Remarks/Anti-Trust Statement – Chairman Thorlakson opened the meeting by welcoming the new Board of Directors. He reviewed the anti-trust statement included in the meeting book. There were no changes or new items added to the agenda.
2. Approval of the Minutes – The minutes of the December 6, 2018 and the June 4, 2019 Directors' Meetings were reviewed. *Upon motion duly made and seconded, the minutes of the December 6, 2018 and June 4, 2019 Board of Directors' Meetings were unanimously approved as distributed in the meeting book.*
3. Executive Committee Report – Chairman Thorlakson reported that the Executive Committee met twice since the January 1, 2019 merger, once by conference call on May 14, 2019 and once face to face on June 24, 2019 to review the operations of the Bureau, the financials, and other items for the June 25, 2019 Directors' meetings. He stated that EC recommendations would be presented during the discussion of the agenda items.
4. Election of Officers – Chairman Thorlakson called on Greg Smith, Chairman of the Nominating Committee. Mr. Smith reported that the Nominating Committee met on May 30, 2019 to discuss the nominees for Officers, the Executive Committee and other committees that may be needed. The Nominating Committee unanimously recommended the slate of officers presented in the meeting book for the 2019-2020 year. *Upon motion duly made and seconded, the following officers were unanimously elected for the ensuing year.*

Ken Thorlakson	Chairman
Rod Lucas	Vice-Chairman
Jeffrey Fantozzi	President
Tom Parks	Vice-President
Hannah Petersen	Secretary
Ryan Beaver	Treasurer

5. Installment of New Chairman - The Board of Directors then recognized the continued tenure of Mr. Thorlakson as Chairman.
6. Appointment of Executive Committee and other committees – Nominating Committee Chairman Greg Smith reported that the nominating committee, at its May 30 meeting, reviewed the Executive Committee members and unanimously recommended Ken Thorlakson, Rod Lucas, Terri Adair, Ryan Beaver, Tom Parks and John Blodgett, and Jeffrey Fantozzi (staff) to serve as the Executive Committee for the 2019-2020 year. *After further discussion and upon motion duly made and seconded, the Board appointed the following Directors as the Executive Committee for the ensuing year: Ken Thorlakson, Rod Lucas, Terri Adair, Ryan Beaver, Tom Parks and John Blodgett, and Jeffrey Fantozzi as staff.*

Mr. Greg Smith also reported that the Nominating Committee considered the formation of several other committees and recommended to the Executive Committee that a grade rule/technical committee, AITC committee and branding/marketing task group be considered.

After some discussion, and upon motion duly made and seconded, the Board of Directors formed a Grade and Technical Committee. It was suggested that the members of the Grade and Technical Committee need not be Directors but that it would be appropriate to have mill QC personnel who are well versed in the grade rules and technical issues as members of the committee. It was also suggested that the ALS representatives sit on the committee. The Board asked staff to send out a call for nominations for the committee. In addition, nominees from the floor were received for Clement Frank, Skeet Rominger, Jason Smith and Eric Fritch.

After some discussion, and upon motion duly made and seconded, the Board of Directors formed an AITC Committee. The Board instructed staff to send out an invitation to all AITC members to join the committee. In addition, PLIB technical staff will sit on the committee.

After some discussion and upon motion duly made and seconded, the Board of Directors formed a Branding Task Group and appointed Ross Stock, Ashlee Cribb, Greg Smith, Kyle Freres, and Craig Van Cott to the task group. The task group was instructed to work with staff and Timm Locke, marketing consultant, to form a cohesive branding message for PLIB, WCLIB and AITC across all media platforms including, but not limited to the websites, letterhead, business cards, promotional materials, etc.

7. Appointment of American Lumber Standards Committee members & Alternates – The Board discussed the Executive Committee's recommendation for the PLIB representatives on the American Lumber Standards Committee.

After some discussion, and upon motion duly made and seconded, the Board of Directors appointed Jason Smith, (skeet Rominger as alternate) and Jeffrey Fantozzi (Eric Fritch as alternate) as the PLIB representatives on the American Lumber Standards Committee.

8. Items from Previous Meetings and Ongoing Projects
 - i. NO. 1 & Better Test Program – Staff gave a brief history on the NO. 1 & BTR testing study. There is some concern over the wide variation of the percentage of Select Structural included in NO. 1 & BTR, and how that could affect the design values. Staff reported that the task group met in April 2019 and agreed to recommend monitoring the ratio of Select Structural in lumber stamped NO. 1 & BTR during regular grade surveys beginning January 2020. The task group's recommendation is slated for approval at the

November ALSC meeting, and if approved, will be reported annually to the ALSC Board of Review.

- ii. Succession Plan – Staff reported that prior to the merger, the PLIB Executive Committee had developed a draft Succession Plan, but that required further development. A revised plan will be presented to the Executive Committee for review when completed.
- iii. Oregon Department of Forestry Responsibly Sourced Program – Staff reported on the progress of the ODF Responsibly Sourced auditing program the Bureau has been developing with consultant, Rob Brooks. One member has signed up and completed the readiness audits in 2018. Staff noted that OFRI was originally going to take the lead in marketing the program and providing public information regarding LEED compliance, but their commitment has changed. As a result, the program is in flux. PLIB has been requested to fill the role. There was discussion on the program requirements and benefits, and it was noted that the program was mostly useful for companies who want to participate in green building projects. Staff asked for direction from the Board. During discussion the Board agree that PLIB lacks the expertise to provide information on sustainability and LEED requirements and it this responsibility should be handled by another organization. Staff will continue to give progress reports as the program continues to develop.

9. Membership and Subscriber Report – Chairman Thorlakson called the Board’s attention to the changes in the membership. One new member was placed before the Board for approval. *After some discussion and upon motion duly made and seconded, the following member was approved:*

<u>Mill</u>	<u>Location</u>	<u>Mill ID#</u>	<u>Effective Date</u>
BMC West LLC	Woodland, CA	C-302	March. 1, 2019

Four Californian mills, one Oregon mill and 16 European mills terminated service.

Three new HT subscribers and three new WPM subscribers were also recognized:

<u>New HT Subscriber</u>	<u>Location</u>	<u>HT ID#</u>	<u>Effective Date</u>
Sunrise Enterprises of Roseburg	Roseburg, OR	O-99	June 1, 2019
Salem Pallet Co. Inc.	Salem, OR	O-110	June 13, 2019
Lowes Resaw & Specialty Cuts	Dayton, OR	O-102	June 13, 2019

<u>New WPM Subscriber</u>	<u>Location</u>	<u>WPM ID#</u>	<u>Effective Date</u>
California Steel	San Bernardino, CA	17455P	Feb. 1, 2019
Denver Reel & Pallet	Denver, CO	109169	Feb. 1, 2019
Unical MRO	San Bernardino, CA	17120P	May 1, 2019

10. Report on Core Business Activities – Staff reported on the 2019 year-to-date activities and inspection results of the Grade Stamp Licensing Program, HT Program, WPM Program, and Glulam Program. Details of each program were noted in the slide presentation. There were no anomalies between PLIB and American Lumber Standard Committee (ALSC) and Canadian Lumber Standard Accreditation Board (CLSAB) survey results. Mr. Fantozzi noted that PLIB dropped the Densified Fuel program accreditation as of January 2019 due to lack of uptake. If interest in the program increases, PLIB will consider re-certifying.

11. Financial Review – Staff reviewed the Bureau's financial position regarding the following:
 - i. Review of the Financial Statement and Projections – A copy of the draft first quarter 2019 financial statement was provided in the meeting book. Highlights were presented in the slides. Staff reviewed the financial statements and revised projections, noting the anticipated loss due to the Canadian downturn and loss of European mills. The draft statement was accepted as presented. The Board confirmed that quarterly statements (as opposed to monthly) were sufficient and requested the completed second quarter statement and projections no later than August 31, 2019. The Board requested the Executive Committee meet to review the second quarter statement and the reserves.
 - ii. Reserves – The Board of Directors discussed the reserves in relation to the revised projection and determined that the Executive Committee should review the current reserves when they review the second quarter statement and consider new reserve guidelines based on the needs of the merged organization. There was discussion about the projected deficit and whether action should be taken now to adjust the dues and/or expenses in order to reduce the deficit. There was general agreement that 2019 was anticipated to be difficult year financially due to the merger and that we could not predict the sharp decline in Canadian production or loss of European members. Staff acknowledged that if all things were running smoothly there was probably one supervisor too many but due to health issues for two inspectors, the additional inspector has been needed to cover mills. There was general agreement that a dues increase should not be considered until the December meeting after there was a clearer picture of the projected financials. Staff was asked to separate out the merger costs from the general expenses for future financial statements. The Board agreed that the Executive Committee should consider a specific deficit and/or reserve level which would be a “trigger point” for taking action to prevent further losses. *Upon motion duly made and seconded, the Board requested the Executive Committee form a reserves plan based on the revised projections and second quarter statement and develop proposed actions to prevent unacceptable losses.*

12. Bank Resolution – Staff reviewed the proposed Bank resolution provided in the meeting book, noting that banks require a Board resolution every time accounts are open or closed. *Upon motion duly made and seconded the Board unanimously passed the following resolution:*

That the President, Secretary, and Treasurer are authorized to open and close such bank accounts as they deem appropriate. Such changes may be made on standard banking forms. The signature of any two of them shall be required to open or close an account. The signature of any two of them or any one of them and one other person (such as an additional staff person) that is selected by the President and Secretary shall be required to sign checks on behalf of the corporation.

13. Pension Report – Mr. Fantozzi reviewed the timeline for closing the WCLIB Defined Benefit Plan, noting that the plan should be terminated with all annuities purchased and lump sums distributed to all parties by September 1, 2019. Staff reported that the out of pocket costs above and beyond what was already in the holding account to purchase annuities and pay the lump sums should be less than anticipated and below \$100,0000. It was also noted that both the WCLIB 401k plan and PLIB pension plan were terminated as expected and funds rolled over to the new PLIB 401k plan. The information on the new PLIB 401k plan provided in the book was reviewed, noting that the plan is performing well. The report was accepted as presented.

14. Sale of the Tigard Office Building – The Executive Committee reported that they heard a proposal from Justin Poor with Commercial Integrity NW regarding the sale of the Tigard office building. The Executive Committee recommended to the Board that they authorize Mr. Poor to list the building at the proposed sale price and that staff proceed with the preparation of the building for sale. *Upon motion duly made and seconded, the Board of Directors moved to list for sale the office building located at 6980 SW Varns Street, Tigard, Oregon with Commercial Integrity NW at the price suggested by the realtor.*

15. AITC Report – The Board received a report on the business concerning the American Institute of Timber Construction (AITC). A brief history of the WCLIB/AITC relationship was included in the book. It was noted that the Board agreed to set up an AITC committee who will meet later this year and address technical concerns, website, knot surveys, cross-training of inspectors, and publication updates.

16. Report on Activities with Affiliated Organizations – Mr. Fantozzi gave a report on the activities of ALSC, CLSAB, NLGA, AWC and SEC. It was noted that ALSC lifted the probation on WCLIB effective May 1, 2019 and that port inspections, ALSC checks and surveys were coming back with good results overall. Mr. Fantozzi will be attending the ALSC Enforcement Subcommittee meeting later this year to address any lingering issues. It was also noted that the No. 2 lumber species monitoring program continues with no proposed changes.

17. New Business – Several items were brought to the agenda including:
 - i. Branding task group - addressed earlier in these minutes,
 - ii. Offer of assistance to COFI – Mr. Thorlakson spoke with an industry representative from COFI to discuss possible cooperative work opportunities. They agreed to meet later in the year to continue discussions.
 - iii. Grader Recognition Program – The Board would like to revisit beginning a grader recognition program and will task the grade/technical committee with developing the program.
 - iv. Vehicle policy – the Board discussed having staff develop a vehicle policy outlining use of company vehicles. Ashlee Cribb offered to share Roseburg Forest Product's policy as an example.
 - v. Compliance and Ethics committee – a motion came forward to form a compliance and ethics committee or to have a task group that worked with the Executive Committee on issues of compliance and ethics. *After some discussion, and upon motion duly made and seconded, the Board of Directors tasked the Executive Committee with forming a task group to review compliance and ethics.*

18. Next Meeting – The Board agreed to hold the next meeting in SeaTac, Washington in the afternoon of December 5th, 2019 at the Cedarbrook Lodge if the venue is available, with dinner to follow the meeting. Alternate dates were December 3rd and 4th. A conference call/web cast option will be made available for those unable to make the face to face meeting. Staff will provide the Board with details as soon as possible.

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There being no further business to come before the Board, the meeting was adjourned at 1:29 p.m. and immediately went into an Executive session (minutes kept separately).

Respectfully Submitted,

Hannah Petersen
Secretary

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ACTION ITEMS RESULTING FROM THE MEETING

- Send AITC members notice of the new AITC Committee and schedule a meeting of AITC Committee.
- Send second quarter financial statement to Board by August 31.
- Develop revised financial projection by August 31.
- Executive Committee to develop plan for reserves and a trigger/action point to prevent unacceptable losses.
- List Tigard office building for sale.
- Call meeting of the branding task group.
- Send members a notice on the new Grade and Technical Committee and request nominations for committee members.
- Staff to develop vehicle policy (Roseburg to provide example).
- Executive Committee to review formation of an ethics and compliance task group.
- Finalize venues and dates for December 2019, June 2020 and June 2021 Board of Directors' and Members' meetings.