Paul Jannke of Forest Products Advisors LLC, formerly an economist with RISI, has been chosen as the keynote speaker for the Maine Forest Products Council annual meeting which will be held on September 20 and 21 at the Lucerne Inn.

Thanks to a generous contribution by Farm Credit of Maine, Jannke will join participants during Monday morning’s business meeting to give a presentation titled, North American Forest Products Markets- What Comes Next?. Jannke’s presentation will begin at 10:30 a.m. and will last until 12:00 noon and will include a period for questions and answers.

The presentation will be extremely pertinent to the current economic conditions that the forest products industry is facing. Paul will help us explore what market opportunities and conditions he sees coming in the months and years ahead in Maine and globally. Paul also plans to attend the reception on Sunday evening so he can meet members of the Council.

Paul is a Principal of Forest Economic Advisors LLC, the premier source for North American wood products analysis and information. In his capacity as an FEA Principal, he develops and implements the company’s business and operational strategies.

Paul’s true professional passion lies in analyzing the North American lumber markets. With 15 years’ experience studying lumber markets and providing reliable, insightful forecasts, Paul has become the industry’s top economic analyst.

Paul is the author of FEAs Monthly Lumber Report and Lumber Quarterly Forecasting Service publications. These publications are the industry’s

(Continued on page 3)

Bonded Worker Program Under Scrutiny in Maine

Allegations by a small group of Aroostook County loggers that employers of bonded Canadian logging workers are violating Maines’ unique Proof of Equipment ownership law as well as requirements of the federal H2A program have resulted in an extensive investigation by the Maine and US Departments of Labor. As of August 7, complaints filed have resulted in 38 employers undergoing simultaneous federal and state audits to verify compliance.

The allegations focus on recruitment and hiring practices required under the H2A program as well as the Maine requirement, in place since 2006, that contractors employing bonded workers must show proof that they own the logging equipment used by bonded employees.

At this point, we are not aware of any major violations across the industry. To date, we are only aware of one actual charge against a contractor alleging violation of the Proof of Equipment Ownership law.

For many years, the Forest Resources Association (FRA) and the MFPC have worked with ME and USDOL to assure employers understand and comply with the regulations. In recent years there has not been any indication from these agencies that there are any major compliance problems within the logging industry. FRA has agreed to provide administrative

(Continued on page 3)
President’s Message:

Ingredients for Legislative Success

Now that the Legislative Session is well behind us and we have had time to reflect on our successes, it may be timely to comment on what led to our positive results. Some of the reasons are very obvious such as having a great team in place at the Council with Patrick, James and Michele, and of course that includes assistance from lobbyists that represent our Council members. Having a membership and allied groups that follow the bills and show up to testify when needed is a big plus as well. But even with these components in place, our success isn’t always assured; other factors need to be in play as well.

It helped to have bills that were either patently unjust or that corrected an injustice. I have always believed the Legislature has excellent instincts to insure that the interests of Maine people are not over ridden. I would place the attempt to consolidate the natural resource agencies, DEP’s proposed changes to the Site Location Law, the several LURC bills and the climate and energy planning bill fit into one of these two categories.

It also helped to have a “The Huns are at the gate” type atmosphere in front of the Legislature. This year the poor economic conditions made most Legislators extremely sensitive to adding more cost and complexity to our bloated regulatory system without substantial justification.

It was very important to have Legislators that “championed” our causes. Yes, we can stalk the halls and hearing rooms with our loyal allies but having influential Legislators speak up for our positions was probably one of the most critical factors in our Legislative success.

The issues had to be understood without complex explanations from experts such as engineers or lawyers. There is no better way to obscure the salient facts than through excessively complex verbiage. We had our share of complex bills this year but were still able to communicate in an understandable way how these bills would impact us.

The questionable credibility of our adversaries’ arguments was important. I thought the old “the sky is falling” routine was over used. There are a lot of positive results in our forests and without verifiable evidence to the contrary, wholesale regulatory changes don’t pass the “straight face test.” Another aspect of some bills was to demand perfection for environmental concerns – a balanced approach just wasn’t part of the proposals.

Can Agencies, the Administration and Leadership shape the outcome of bills? Of course, but this year, our success was, in my view, determined by the other factors listed above. Can a different mix of factors create success for us? Yes, but we would be remiss to ignore what worked for us this year and build on those facets that can be repeated.
Keynote Speaker. (Cont. from page 1)

leading sources for forecasts and analysis of the North American lumber markets. He has co-authored numerous studies on the international lumber, timber, bioenergy, and panel industries.

Paul has presented at many international conferences on the markets for lumber, engineered wood products and structural panels and he is recognized as a leading expert in these areas.

Prior to joining FEA, Paul was Senior Vice President of Wood Products and Timber at RISI. In this role, he was responsible for RISI’s complete portfolio of wood products and timber information including newsletters, Forecasts, Commentaries, analytical research, data, and cost benchmarking.

Paul was a key player in RISI’s strategic development as Senior Vice President of their Wood and Timber division. He was responsible for expanding the geographic and product coverage of the company, including developing RISI’s timberland and bioenergy information, international plantation database, transaction price service, and GIS capabilities.

Before his work at RISI, Paul was a research economist at the Royal Swedish Academy of Sciences in Stockholm, Sweden, specializing in econometric modeling. Paul is an avid hockey player, cyclist and sailor and an aspiring surfer. He lives in Acton, Massachusetts with his wife, Julie, and two children, Helen and Sam.

Paul holds a master’s degree in economics from Boston University and bachelor’s degrees in economics and German from the University of Connecticut. For more information on Paul, or Forest Economic Advisors LLC, please visit, www.getfea.com.

Annual Meeting Agenda

Sunday:
Golf... 1 o’clock
Reception...5 o’clock

Monday:
7:00-8:00 a.m.- Breakfast
8:00 a.m. to 10:30 a.m. MFPC Business Meeting
10:30 a.m. to 12:00- Keynote Speech: Paul Jannke from Forest Economic Advisors, LLC
Presentation Title: North American Forest Products Markets- What Comes Next?
12:00- 1:00 p.m.- Working Lunch: Patrick Strauch and James Cote to discuss strategic plans for the Maine Forest Products Council
1:00 p.m.- Depart for tours:
Option 1: Verso's Bucksport Facility
Option 2: Green Lake Salmon Hatchery
1:30 p.m.-4:00 p.m.- Tours and discussions
4:30 p.m.- Return to Lucerne Inn
5:00 p.m.- Happy Hour

Bonded Labor. (Cont. from page 1)

structure and coordination for a Northeast Forest Employers Defense Coalition to engage legal counsel and representation for employers, as audits in both jurisdictions proceed. For more information contact Joel Swanton, FRA’s Northeast Region Manager. (745-2435)

For many generations, Maine loggers’ production has been supplemented by Canadian loggers who live much closer to many of the remote harvest areas near the Quebec border much farther away from US loggers’ home towns. In recent years a small but significant amount (20-30%) of Maine’s annual harvest has been produced by Canadian loggers. Over the years it has become more difficult to recruit Maine loggers to work in

(Continued on page 7)
**MFPC 2009 Summer Golf Tournament**

On behalf of the Maine Forest Products Council we would like to thank all who participated in this year’s Annual Summer Golf Tournament. We drew a crowd of 112 golfers and had over 48 sponsors to help make this the most successful golf tournament ever. Sponsors deserve an enormous amount of thanks for providing equipment showings, cart sponsorships, hole sponsorships, and prizes. The sponsors are listed on the next page.

The Council staff would especially like to extend special thanks to Brian Flewelling of Key Bank and Don White of Prentiss & Carlisle for helping Sue McCarthy with all the planning of the tournament. Also a special thanks goes to Dwain Allen of Moosehead Manufacturing and his wife Janet for supervising the hole and one for the golfers attempt at winning the 2009 GMC Sierra 4WD. There weren’t any truck winners this year but they were close at times.

Thanks to Brian Enman from the Bangor Municipal Golf Course for allowing us to play on a very wet golf course. We were very leery but the tournament went on as scheduled. We had a very warm day, one of the few that we have had this year. Thanks to all the golfers for staying on the cart path and helping to minimize the damage to the course. The golfers came in from playing 18 holes of golf, a little muddy but enjoyed the reception that was put on by the Fairways Grille.

Trophies, money and golf balls were passed out to the following winners.

**Net Team Winners**

1st Place- Norm Plourde, Ray Hews, Glenn Lamarr, Jeff Plourde 51 They each received $100 and a trophy.
2nd Place- Mike O’Connor, Kevin Dow, Lee Chick, Larry Philbrick 52. They each received $50
3rd Place- Travis Lynn, John Martin, Dean Heistand, ReJean Bedard 53. They each received a box of golf balls.
Gross Team Winners
1st Place- Jeff Bouchard, Harold Newman, Brian Bouchard, harold Bouchard 58. They each received $100 and a trophy.
2nd Place- Ken Lamond, Todd Noyes, Bruce Stewart, Ken Kelley 61. They each received $50
3rd Place- Mike Lane, Carlisle Tuggey, Jeff Teunisen, Steve Condon 62. They each received a box of golf balls.

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Thanks to everyone who had a part in this successful tournament.
Sponsorships needed for Annual meeting

Award Winning Sponsors (5 spots) ...................... $200.00
Breakfast Sponsor (1 spot) ............................... $300.00
Banquet Reception (3 spots) .................. $500.00

Do you have any Raffle Items to donate to the MFPC Auction??

The auction will be held at the Annual meeting after the Banquet on Monday, September 21. Some of the items will be auctioned off by the auctioneer and others will be included in the silent auction. We will take anything, please let Sue McCarthy know if you have any items.
Deer Wintering Area Management Guidelines Workshop a Success

On July 22, approximately 30 IFW regional biologists and members of the Maine Forest Products Council met in the Millinocket Region to discuss the current draft of Deer Wintering Area Management Guidelines. These guidelines were developed by the Department of Inland Fisheries and Wildlife as a follow up to the meetings and recommendations of the Northern and Eastern Maine Deer Task Force established in 2007, which was established to discuss the current and future condition of the deer herd in those regions.

The workshop, which consisted of tours into the Rockabema Stream deer wintering area and a lunch discussion at nearby Aerie Restaurant in Medway, was led by Scott Joachim and Dave Wilson from Katahdin Timberlands.

The day provided MFPC members with the opportunity to give their feedback and ask questions on the draft guidelines as well as to discuss scenarios currently happening on the ground.

The Board of Directors is expected to vote on an endorsement of these guidelines at the MFPC annual meeting on Monday, September 21. For more information on these guidelines, or to obtain a copy of the most recent draft, please contact James Cote.

Bonded Labor. ................. (Cont. from page 3)

these remote locations, far from their homes and families and beyond reasonable commuting distance.

This year only 477 bonds were applied for by the logging industry. Far fewer than that are currently working as many US workers have applied for these positions and been offered work and poor wood markets and weather have reduced demand for wood and delayed startup of summer operations.

But there is still a need for some bonded labor in some areas to meet the needs of the regions landowners and mills. Bottom line – Maine’s forest products industry continues to rely on both Maine and Canadian loggers to supply the wood necessary to keep the industry operating and contribute to Maine’s economy.
CLUP Public Hearings Tentatively Scheduled for September 28, 29, 30

On August 5, the Land Use Regulation Commission held their monthly meeting in Bangor, where they worked their way through a jam-packed agenda. Of particular interest to members of the Maine Forest Products Council was a discussion on LD 413, An Act to Clarify Land Use Planning in the Unorganized and Deorganized Townships, a bill we endorsed during the most recent legislative session and further discussions on the draft Comprehensive Land Use Plan.

Amy Mills from the Attorney General's Office was invited to the meeting for a discussion on the legal relevance of LD 413 to the Commission in the current comprehensive planning process. Mills told the LURC Commissioners that LD 413 was a piece of legislation intended to clarify the Commission's Purpose and Scope, and in the end, Commissioners would have to take it upon themselves to decide whether or not they had followed their statutory mandate.

MFPC had supported LD 413 due to concern that much of the input gathered at LURC's public workshops in the spring of 2008 was ignored due to staff’s narrow interpretation of their enabling statute, which they believed gave more weight to residents and visitors of Maine, rather than to residents and property owners of the LURC Jurisdiction.

Despite a strong letter on behalf of the Maine Forest Products Council asking for significant change to the draft plan, Commission unanimously decided that LD 413 had no impact on the direction of the current draft plan, and that it should continue on its path as is. Several legislators in attendance who sit on the Legislature's ACF Committee have indicated their concern with this decision and may seek legislative action during the next session.

Later in the day, Commissioners discussed several revised sections of the draft CLUP, including the Vision, Forest Resources, and Implementation chapters. Members Doug Denico, Sarah Medina, and Don White all participated in the discussion, and presented information on roads, recreation, and changing patterns of ownership that they had developed at the request of the Commission during a previous meeting.

The Commission also tentatively scheduled public hearings on the CLUP for September 28, 29, and 30. While locations and times have yet to be announced, we do know that they will take place in Augusta, Bangor and Presque Isle. It will be critical for members to participate in hearings. We will be sending out more information on the current draft and hearing agenda in coming weeks as they are released for public review.

Commissioners are expected to release the draft plan in its entirety and announce the formal public hearings schedule at their next meeting on Wednesday, September 2 in Bangor. For more information, please contact James Cote.

MFPC Calendar
August 26- LURC Open House in Greenville
August 27- LURC Open House in Rangeley
September 2- LURC Monthly Meeting in Bangor
September 8- AMC TIF Public Workshop in Greenville
September 9- AMC TIF Public Workshop in Brownville Junction
September 20 & 21- MFPC Annual Meeting
September 23- Legislature’s Cloture Date (new bill titles must be submitted)
September 28, 29, 30- LURC’s Public Hearings on the CLUP
October 7 & 8- MFPC Legislative Tour
Combined Heat and Power Stakeholder Group Convenes for First Time

MFPC was well represented at the first meeting of the Governor’s Office of OEIS Combined Heat and Power Stakeholder Group on Tuesday, August 11. Jim Robbins of Robbins Lumber, Don Tardie and Steve Schley of Maine Woods Company, Bruce Bornstein of Isakson’s Lumber, Glen Albee of Hancock Lumber, and Patrick Strauch of the Maine Forest Products Council all attended.

MFPC members emphasized the need to lower energy costs for our industry to survive, and the need to act quickly in changing policies and regulations that will allow of more self-generation of energy. Broadening our energy security is good, but many mills are in survival mode and a priority needs to be set to lower energy costs.

The agenda for a final report is aggressive and it will be important for MFPC members to prepare information in advance of the next meeting. Many of the utilities and energy companies were not as involved in the discussions, but it is anticipated that the challenging public policy issues will be discussed at the next meeting.

This stakeholder group is convening pursuant to LD 2149 “Resolve, To Encourage Renewable Energy and Energy Conservation in Maine” from the 123rd Legislature and LD 1044 “Resolve, To Promote Cogeneration of Energy at Maine Sawmills” from the 124th.

The stakeholder group is charged with making recommendations for eliminating barriers to, and creating incentives for, the installation of cogeneration systems that conserve energy through the reuse of waste heat. As a result, OEIS will issue a final report and specific recommendations to the Utilities and Energy Committee in February of 2010. The group intends to strive for a consensus report that will clearly define the technical background related to combined heat and power and waste heat recovery, examine incentives and policy mechanisms other states have implemented, and make recommendations pursuant to our directive.

Five meetings will be held before the end of November to define the terms, identify barriers, review potential incentives, develop consensus recommendations and review the final report.

For more information on this group, or to receive a schedule of meetings, please contact Patrick Strauch.

Draft Stream Crossing Standards Available for Review

DEP has recently released draft rules on stream crossing standards. You may recall that at the end of the legislative session LD 1333 (climate change legislation) became a bill of issues championed by the Conservation Law Foundation, Environment Northeast, NRCM and Maine Audubon. MFPC managed to defeat every provision of the bill until all that was left was the language submitted by Maine Audubon on culvert placement. DEP Commissioner Littell finally agreed to exempt forestry and agriculture from the new provisions of the bill in some of the last minutes of the session.

(Continued on page 10)
AMC Proposes a Tax Increment Financing Plan for Property in Piscataquis County

The Appalachian Mountain Club (AMC) has proposed a Tax Increment Financing Plan for property in Piscataquis County. AMC made their proposal public at a meeting of the Piscataquis County Commissioners on August 18th. Commissioners Thomas Lizotte and Frederick Trask were in attendance- Representatives for AMC included Walter Graff, Gerry Whiting (Project Director), and Bruce Glabe (Chief Financial Officer).

John Holden from Eaton Peabody Consulting Group was also in attendance and has been contracted to help the county commissioners navigate the process.

Walter Graff began the meeting with a brief overview and history of the AMC, and an outline of what they have done in the region to date. He also talked briefly about a successful capital campaign which is coming to an end, and has to date, raised a little over $40 million dollars.

Bruce Glabe then described the basic elements of why the AMC was asking for a TIF. He told the Commissioners that AMC does not plan to ask for a tax exemption in Maine, even though they are technically exempt. TIF money would be intended to go directly to the county for purposes of marketing nature-based tourism efforts. The TIF is expected to be a 30 year plan, and would generate approximately $20,000 annually for these purposes. The TIF district itself would surround the Roach Pond tract as well as the area surrounding the camps at Katahdin Iron Works.

Gerry Whiting then followed up with a brief presentation about where the money would be invested. $1.5 million will be invested into the Medawisla facility, $1.3 million would be invested into the Chairback facility, and some additional improvements would be made at Little Lyford. In total, the investment in taxable property on behalf of AMC would come in around $3 million dollars, producing the approximately $20,000 in tax revenue annually that the county would supposedly use for nature-based tourism marketing (these figures may change due to recently changed tax rates).

Public workshops will be held in Greenville on September 8th and Brownville Jct. on September 9th. A public hearing is tentatively scheduled for October 6th in the morning at the Piscataquis County Court House during the regularly scheduled meeting of the commissioners, and a final decision is expected around October 20th.

This proposal is timely due to the fact that a recent piece of legislation endorsed by the Maine Forest Products Council requires a stakeholder group to be put together to explore issues and concerns surrounding TIF’s in the Unorganized Territories. The group will begin meeting in coming weeks and will be organized by the Maine Revenue Service. The Maine Forest Products Council will have a landowner representative in the group and will report on its progress in future newsletters. Members who have an interest in learning more should contact Patrick Strauch.

Stream Crossings. . . . . . . (Cont. from page 10)

Upon reading the draft rules, it appears that they ignore the exemption created for forestry and agriculture. This may be partly due to the fact that DEP staff is reluctant to divide the rule into separate sections. As we reviewed the current rules it became apparent that there is room for interpretation concerning the existing exemptions and permit by rule requirements for forestry which are currently in law. While we stand on firm ground politically for our exemption from the rule making process, we need to make sure we also evaluate the technical changes that are being proposed by the DEP and clearly identify any economic or technical issues that will strengthen our case as the draft rules are presented to the Board of Environmental Protection and then finally to the Natural Resources Committee.

Patrick Strauch of MFPC and Tom Doak of SWOAM have both been invited to participate in the group reviewing these new standards. Interested members are also encouraged to get involved in the process.

The draft rules are available by contacting Patrick Strauch or James Cote at the Maine Forest Products Council. MFPC will continue to advocate for the forestry exemption and protect forestland owners and loggers, but also make sure regulators acknowledge the industry’s success in voluntarily dealing with stream crossing and other water quality issues.