

**MINUTES
BOARD OF REVIEW
January 5, 2012**

The Board of Review met on January 5, 2012, at the offices of Venable LLP, 575 7th St., NW, Washington, DC. The Board members present were Messrs. Parrish, Ethington and Hawks. Mr. Parrish chaired the meeting. Mr. Searles was present as Manager. Mr. Landry of Venable LLP was present as Counsel to the Board of Review. Messrs. McDaniel and Reck of the ALS staff were present.

I. SPIB DESIGN VALUE HEARING

At this meeting, the Board of Review reconvened its hearing on the proposed SPIB changes to its design values pursuant to Section 10.10 of the American Softwood Lumber Standard, P.S. 20-10. The Board had previously held an earlier hearing on October 20, 2011 on this issue and had informed all parties it would hold a second hearing on January 5, 2012 to afford affected parties the opportunity to review the materials and develop comments.

Approximately 90 people attended the Board hearing with an additional 25 people joining by telephone. A list of attendees is attached. During the hearing, the Board received comments and concerns from all that wished to speak or pose questions. A transcript was taken and will be available from Planet Depo, 1100 Connecticut Avenue, NW, Suite 900, Washington, DC 20036, phone 888-433-3767.

Near the conclusion of the hearing, a participant asked the Board to approve a privately-funded study to examine several statistical questions and assumptions involved in design value sampling and derivation. In Executive Session, the Board determined that the nature and scope of such a study were not clearly defined. If additional details were provided, the Board would determine the appropriateness of such a study and the vehicle, if any, for its consideration.

Upon conclusion of the submissions, the Board adjourned the hearing and took the matter under advisement. On January 11, 2012, after further deliberation, the Board rendered its decision. A copy of the Board ruling is appended to these minutes.

II. REGULAR QUARTERLY MEETING OF THE BOARD OF REVIEW

Chairman Parrish convened the regular meeting of the Board of Review and welcomed attendees. Mr. Landry advised participants of their responsibilities under the antitrust laws.

III MINUTES OF THE LAST MEETING

Chairman Parrish noted the minutes of the last meetings had been previously approved and distributed.

IV REVIEW OF MONITORING DATA ON SPRUCE-PINE-FIR (SPF)

The Board stated it had received monitoring data from NLGA concerning the SPF species grouping. The Board noted the Forest Products Laboratory letter of January 4, 2012 reviewing the SPF data which requested further clarification of the data. Mr Fantozzi stated that NGLA had received the FPL comments and was in the process of responding to the points. The Board in Executive Session tabled the review of its monitoring of data on SPF pending receipt of additional information from NLGA.

V. WEST COAST LUMBER INSPECTION BUREAU (WCLIB) REQUEST FOR MSR MACHINE APPROVAL

Chairman Parrish recognized Mr. DeVisser to address this item. Mr. DeVisser stated that WCLIB had requested approval of the Ecoustic Board Grader for the machine grading of lumber under the ALSC "Machine Graded Lumber Policy" noting the machine is manufactured by Calibre Equipment Limited, Wellington, New Zealand. He noted the FPL letter of December 21, 2011 that stated the WCLIB submission met the requirements of the ALSC Machine Graded Lumber Policy.

The Board in Executive Session reviewed the WCLIB proposal and unanimously approved the WCLIB request as submitted in its letter of December 15, 2011. In granting its approval the Board noted the following manufacturer operational restrictions which were in place on the Ecoustic Board Grader:

1. Maximum operating speed-240 boards per minute
2. Maximum width-14 inches
3. Maximum thickness-12 inches
4. Maximum length-28 feet
5. Lumber temperature – MC < 20%: -20° C to 50° C
– MC ≥ 20%: 0° C to 50° C

VI. WESTERN WOOD PRODUCTS ASSOCIATION (WWPA) REQUEST

Chairman Parrish recognized Mr. Binam. Mr. Binam stated that WWPA had requested a variance from monthly inspections at one WWPA mill to permit WWPA to attempt to develop a process and product quality control inspection program which under certain circumstances would not require monthly inspections. Mr. Binam reviewed the proposal

for those present noting that the request applied to one specific mill and that depending on the results of this experiment WWPA may further consider submitting such a process to the full ALSC for its consideration. The Board in Executive Session reviewed the WWPA request and unanimously approved the WWPA request as presented in its letter of December 1, 2012 to employ this inspection process and frequency at the specific mill on a trial basis.

VII. SOUTHERN PINE INSPECTION BUREAU (SPIB) REQUEST

Chairman Parrish recognized Mr. Browder. Mr. Browder stated that SPIB has submitted a sampling plan for determining design values for a thermally modified wood product. He noted the FPL letter of January 3, 2012 reviewing the sampling plan stating that FPL had raised several points. It was also noted that the proposed sampling plan did not comply with paragraph 129.2 of Supplement 8 of the SPIB rules. The Board tabled the item pending SPIB addressing the FPL concerns and other points raised.

VIII. TIMBER PRODUCTS INSPECTION (TP) REQUEST

Chairman Parrish recognized Mr. Conner. Mr. Conner stated that TP had submitted an Audited Stress Rating Program. Mr. Conner indicated this is a unique program to be used at mills that visually grade dimension lumber so that higher stress values may be claimed based on enhanced sampling and testing of production to confirm that the claimed values are appropriate. Several of those present requested clarification of the proposal. Mr. Conner further explained the proposal noting that it had not been tested in any mill to date. Many of those present felt the proposal was an interesting concept and warranted further discussion by the ALSC. The Board in Executive Session determined that this would constitute a major change to the mill supervision process which would require ALSC approval. The Board referred the request to the Chairman of the ALSC for further consideration.

IX. AGENCY AND LABORATORY ACCREDITATION FOR DENSIFIED FUEL PROGRAM

1. Canadian Mill Services Association (CMSA) Request

Chairman Parrish recognized Mr. McDaniel. Mr. McDaniel stated that CMSA had requested to be accredited to provide supervisory services to facilities that produce densified fuel. He indicated that the CMSA application was incomplete. The Board in Executive Session tabled the request pending receipt of additional information.

2. Carolina Inspection Service, Inc. (CIS) Request

Chairman Parrish recognized Mr. McDaniel. Mr. McDaniel stated that CIS had requested to be accredited to provide supervisory and certification services to facilities that produce densified fuel. He indicated that CIS had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the CIS email of December 27, 2011.

3. Conway & Robison, LLC (C&R) Request

Chairman Parrish recognized Mr. Robison. Mr. Robison gave a brief overview of the proposal stating that C&R had requested to be accredited to provide supervisory service to facilities that produce densified fuel. It was noted that C&R had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the C&R email of December 9, 2011.

4. Northeastern Lumber Manufacturers Association (NeLMA) Request

Chairman Parrish recognized Mr. Easterling. Mr. Easterling gave a brief overview of the proposal stating that NeLMA had requested to be accredited to provide supervisory service to facilities that produce densified fuel. It was noted that NeLMA had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the NeLMA email of December 21, 2011.

5. PFS Corporation (PFS) Request

Chairman Parrish recognized Mr. McDaniel. Mr. McDaniel stated that PFS had requested to be accredited to provide supervisory service to facilities that produce densified fuel. He indicated that PFS had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the PFS letter of December 28, 2011.

6. Pacific Lumber Inspection Bureau (PLIB) Request

Chairman Parrish recognized Mr. Fantozzi. Mr. Fantozzi gave a brief overview of the proposal stating that that PLIB had requested to be accredited to provide supervisory and certification services to facilities that produce densified fuel. It was noted that PLIB had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the PLIB letter of December 8, 2011.

7. Package Research Laboratory, LLC (PRL) Request

Chairman Parrish recognized Mr. Dixon. Mr. Dixon gave a brief overview of the proposal stating that PRL had requested to be accredited to provide supervisory service to facilities that produce densified fuel. It was noted that PRL had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the PRL letter of November 22, 2011.

8. Southern Pine Inspection Bureau (SPIB) Request

Chairman Parrish recognized Mr. Loy. Mr. Loy gave a brief overview of the proposal stating that SPIB had requested to be accredited to provide supervisory service to facilities that produce densified fuel. It was noted that SPIB had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the SPIB letter of December 8, 2011.

9. Timber Products Inspection (TP) Requests

a. Chairman Parrish recognized Mr. Moore. Mr. Moore gave a brief overview of the proposal stating that TP had requested to be accredited to provide supervisory service to facilities that produce densified fuel. It was noted that TP had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the TP application of November 9, 2011.

b. Mr. Moore stated that TP had requested laboratory accreditation to provide analysis of densified fuel. It was noted that TP had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the TP application of November 9, 2011.

10. University of Maine Request

Chairman Parrish recognized Mr. McDaniel. Mr. McDaniel stated that the University of Maine School of Forest Resources had requested laboratory accreditation to provide analysis of densified fuel. It was noted that the University of Maine had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the University of Maine School of Forest Resources letter of January 2, 2012.

11. West Coast Lumber Inspection Bureau (WCLIB) Request

Chairman Parrish recognized Mr. DeVisser. Mr. DeVisser gave a brief overview of the proposal stating that WCLIB had requested to be accredited to provide supervisory service to facilities that produce densified fuel. It was noted that WCLIB had furnished

the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the WCLIB letter of December 22, 2011.

12. Western Wood Products Association (WWPA) Request

Chairman Parrish recognized Mr. Binam. Mr. Binam gave a brief overview of the proposal stating that WWPA had requested to be accredited to provide supervisory service to facilities that produce densified fuel. It was noted that WWPA had furnished the required information. In Executive Session the Board reviewed the submission and unanimously approved the request as submitted in the WWPA email of December 22, 2011.

The accreditation of all of the above agencies and laboratories are subject to contracts being executed between the agencies, the laboratories and the ALSC.

X. REVIEW OF LUMBER AGENCY PERFORMANCE

The Board reviewed the performance of each agency accredited for lumber and HT only instructing the staff to continue its monitoring of each agency.

XI. REVIEW OF TREATED AGENCY PERFORMANCE

The Board reviewed the performance of each agency accredited for treated wood products and instructed the staff to continue its monitoring of each agency.

XII. REVIEW OF WOOD PACKAGING MATERIAL AGENCY PERFORMANCE

The Board reviewed each agency accredited for wood packaging material and instructed the staff to continue its monitoring of each agency.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Thomas D. Searles
Manager

AMERICAN LUMBER STANDARD COMMITTEE
BOARD OF REVIEW

In the Matter of the Submission of the Southern Pine Inspection
Bureau for Approval of Supplement 9.

This matter came before the Board of Review (the "Board") on the submission of the Southern Pine Inspection Bureau ("SPIB") for approval of proposed Supplement 9 to the 2002 Standard Grading Rules for Southern Pine Lumber containing revised design values for the major and minor species of Southern Pine (the "Submission").

The Board notes that the issue of the adequacy of design values for these species was originally raised in anecdotal information from outside parties in 2010, indicating that their testing of some Southern Pine lumber had resulted in breakage below the published values. SPIB developed a sampling and testing plan (the "Plan") to determine if there were grounds to believe that the resource had changed. The consideration of the Plan followed normal established procedures. The Plan was submitted to the Forest Products Laboratory ("FPL") for technical review and advice, the matter was noticed on the agenda of the Board's meeting, the agenda was sent to all members and alternates of the Committee and all other parties that had requested Board of Review agendas. The agenda noted that all background materials were available upon request. The Plan was a statistically appropriate approach based on a random sample of No. 2 2x4 lumber on a production-weighted basis from all producing regions. This Plan was approved by the Board on November 18, 2010.

SPIB and Timber Products Inspection ("TP") gathered a statistically valid sample and sent pieces for testing of MOE and MOR to the SPIB lab and pieces for testing of MOE and tension to the TP lab. Because of the magnitude of the indicated reductions in the design values based on the No. 2 2x4 testing, SPIB submitted an additional Sampling Plan on September 15, 2011, to evaluate a range of different sizes and grades (the "Matrix") which the Board approved after consultation with the FPL, notice to interested parties and an open meeting on October 20, 2011. The results and analysis is expected later in 2012.

The Submission was originally made to the Board by cover letter dated September 15, 2011. Because the Board was aware that the Submission was of great interest and concern to affected parties, it conducted a hearing on October 20, 2011 pursuant to Section 10.10 of the American Lumber Standard, Voluntary Product Standard 20-10 (the "Standard"), to allow presentations. Approximately 50 people attended that session. Prior to the hearing, the Board also determined that affected parties should have additional time to review the matter and make submissions. A

second hearing was duly noticed and held on January 5, 2012, at which approximately 90 people attended in person and another 25 by phone. All interested parties were afforded an opportunity to provide comments to the Board, in writing and in person or by phone.

In reviewing this Submission, the Board is subject to the provisions of the Standard, including Section 6.3.2.1 which provides in relevant part:

Development of design values – Design values contained in grading rules shall be developed in accordance with appropriate ASTM standards and other technically sound criteria. The National Institute of Standards and Technology, with the advice and counsel of the U.S. Forest Products Laboratory, shall be the final authority as to the appropriateness of such standards or criteria.

NIST has specifically approved ASTM D-1990 – “Standard Practice for Establishing the Allowable Properties for Visually-Graded Dimension Lumber from In-Grade Tests of Full-Size Specimens” as an appropriate standard for developing design values.

D-1990 contains restrictions on the use of data. For example, Section 7.2 provides in relevant part:

Grade – To adequately model grade performance, it is necessary to sample a minimum of two grades representative of the range of grade quality ... Grades sampled to model grade relationships shall be separated by no more than one intermediary grade and no more than one quarter of the total possible range ... in assumed bending GQI.

Similarly, Section 7.3 addresses width:

Width – In order to adequately develop the data for width, at least three widths per grade shall be tested, and the maximum difference in width between two adjacent widths shall be 4 in. (10 cm).

As noted above, the current phase of the testing performed by SPIB and Timber Products Inspection involved only No. 2 2x4's.

The Board is constrained by this controlling authority to decline to approve the proposed design values for grades and sizes of Southern Pine other than No. 2 2x4 at this time. In reaching this conclusion, the Board is mindful that testing is currently

underway on a full matrix sample consistent with Section 7.4 of the D-1990. The Board urges SPIB to proceed with all deliberate haste to complete this testing and analysis at the earliest opportunity.

ASTM D-1990 does contemplate the development of design values for a single size and species cell. (See, Section 4.2.) The information submitted on this size and grade did, in the Board's judgment, comport with D-1990 and applicable statistical principles. These No. 2 2x4 design values are approved with a recommended effective date of June 1, 2012, which will allow for their orderly implementation.

Although given the facts, circumstances and controlling authority of this particular matter, the Board did not approve design values for the other sizes and grades and has recommended a future effective date, **it cautions all interested parties to take note of all available information in making design decisions in the interim.** The values in the SPIB proposal represent approximately a 25-30% reduction. Many of the critics of the proposal acknowledged that some reductions were in order, albeit the magnitude of those reductions was disputed. **All design professionals are advised in the strongest terms by the Board to evaluate this information in formulating their designs in the interim period.**

The Board also wishes to commend the Southern Pine Inspection Bureau. The original testing did not contemplate the results that ensued nor was it designed to be a full matrix. Faced with sizable indicated reductions, SPIB felt obliged to expand the scope of its recommendations to other sizes and grades in an abundance of caution and in furtherance of its stewardship of the Southern Pine rules.

Dated: January 11, 2012

Attendees	Representing
Alderman, David	National Institute of Standards Technology
Aube, Peter	Potlatch Corp.
Bagwell, David	Attorney-at-Law
Balsano, Chuck	84 Lumber
Bazil, John	Morton Buildings
Bender, Don	ALSC Consumer Rep, WA State
Binam, Kevin	WWPA
Black, Thom	Stock Building Supply
Blenkhorn, Diana	Maritime Lumber Bureau
Brandt, Chris	Weyerhaeuser
Broadfoot, Larry	Tolko
Brodie, Furman	Charles Ingram Lumber Co.
Browder, Robert	SPIB
Bryant, Terry	Travis Lumber Co.
Burkholer, Mike	Ohio Timberland Products
Cabler, Steve	MiTek Industries, Inc.
Camp, Wade	RISI
Caron, Randy	NeLMA, ALS Chair
Cassidy, Mike	Truss Plate
Cheung, Kevin	WWPA
Conner, David	Timber Products Inspection
Conway, John	Conway & Robison
Coster, Rich	LMC
Dahlen, Joseph	Mississippi State University
Dentelbeck, Chuck	CLSAB
DeVisser, Don	WCLIB
Dixon, Dave	Package Research Laboratory
Dougal, Ed	Texas Forest Services
Douglas, Brad	AWC staff
Drake, Kerlin	Anthony Forest Products
Easterling, Jeff	NeLMA, ALS Chair
Ehrlich, Gary	NAHB
Ethington, Robert	ALSC
Evans, James	Forest Products Laboratory
Fahey, Dennis	North Star Forest Materials
Fantozzi, Jeff	Pacific Lumber Inspection Bureau
Freeman, Terry	Bibler Brothers Lumber Co.
Ferguson, Don	Morton Buildings
Gacek, Tony	NAHB
Gear, Ken	LBA
Glowinski, Robert	American Wood Council
Griffin, Helen	CWC
Grundahl, Kirk	Qualtim/Structural Bldg. Components Assn.
Hawks, Bill	ALSC
Henry, Glenn	Universal Forest Products
Hill, Martyn	Pagel, Davis & Hill
Hoban, Tim	Toll Brothers Inc.

Howell, Andrea	Weyerhaeuser
Jacobson, Marshall	Plum Creek
Jaffe, David	NAHB
Jones, David	Mississippi State University
Kaake, Cathy	SFPA
Kaardal, Randy	Hunter Litigation Chambers
Kelly, Kevin	NAHB
Kochkin, Vladimir	NAHB
Kretschmann, David	USDA FS Forest Products Lab (FPL)
Lehrman, Stephen (Legis. Asst.)	Office of Senator Mark Pryor
Lowe, Zachary	CLW, Inc.
Loy, Jim	Southern Pine Inspection Bureau
Martino, John	Defense Logistics Agency
McDaniel, John	ALSC
Millar, Sita	Mississippi State University
Morgan, Ken	Southern Pine Inspection Bureau
Moore, Frank	NLBMDA
Moore, Jay	TP
Ott, Kurt	84 Lumber
Parrish, Richard	ALSC
Peabody, Wayne	Universal Forest Products
Potter, Dean	K. Hovranian
Raven, Gary	Builders FirstSource
Reck, Russell	ALSC
Rey, Mark	Travis Lumber Co.
Robison, Jason	Conway & Robison
Rogers, Steve	Falcon Engineering
Rollins, Martin	HM Rollins Co.
Rousseau, Denis	Quebec Forest Industry Council
Rozek, Al	NLGA
Rutenberg, Barry	NAHB
Schenkel, Fred	Builders First Source
Scholl, Matthew	Georgia Pacific
Searles, Tom	ALSC
Seale, Dan (Roy)	Mississippi State University, Head of FP Dept.
Sebelius, John	US Forest Service
Shmulsky, Rubin	Mississippi State University, Head of FP Dept.
Sibert, Lon	Renewable Resource Associates
Smalley, Bryan	SLMA
Stroder, Steve	ProBuild, President of SBCA
Sutton, Ed	NAHB
Taylor, Robert	Weyerhaeuser
Thomas, Anderson	Shuqualak Lumber Company
Travis, Gilbert	Travis Lumber Co.
Travis, James	Travis Lumber Co.
Traylor, Clayton	Leading Builders

Wagner, Mitch	84 Lumber
Ward, Scott	Southern Components
Watson, Felicia	NAHB
Wheat, Daniel	ALSC Rep Engineers
Williams, Lauren	Associated Builders & Contractors
Williams, Ronnie	Timber Products Inspection
Woeste, Frank	ALSC Consumer Rep Alternate
Yeazel, Bryan	Stock Building Supply
Zega, Ron	Toll Brothers, Inc.