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The Development of Timberland as a Financial Investment: Implications for Forest Ownership and Conservation

BY JAMES (JIM) A. RINEHART

In an article in the December 2004 *Journal of Forestry*, John Beuter and Ralph Alig quoted a landowner as saying, "With what you have to pay for timberland these days, you can't afford to use it to grow timber." This has become increasingly true of late, as competition for timberland causes investors to push assumptions to the limit and to seek value wherever they can find it. The greatest threat to forestland has moved from overly intense management to developed uses, otherwise known as "Higher and Better Use" or HBU. This article examines the change in ownership of timberland over the last 20 years and the rise of timberland as an institutional investment class where it was once held largely by forest products companies for its strategic value. The discussion will focus on the following:

- The current national distribution of timberland ownership among ownership classes;
- A description of the various private ownership classes;
- The change in relative importance of these classes of ownership over time; and
- Implications for the future of forest ownership and conservation in the United States and the Pacific Northwest.

Figure 1. U.S. and PNW Public and Private Forest Ownership (PNW includes OR, WA, ID and AK)

Ownership	Acres	U.S. %	PNW %
National Forest	147,000,000	19.6	
Other Public	170,000,000	22.7	
Total Public	317,000,000	42.3	70.1
Forest Industry	68,000,000	9.1	
Other Private	363,000,000	48.6	
Total Private	431,000,000	57.7	29.9
ALL OWNERS	**748,000,000**	**100**	**100**

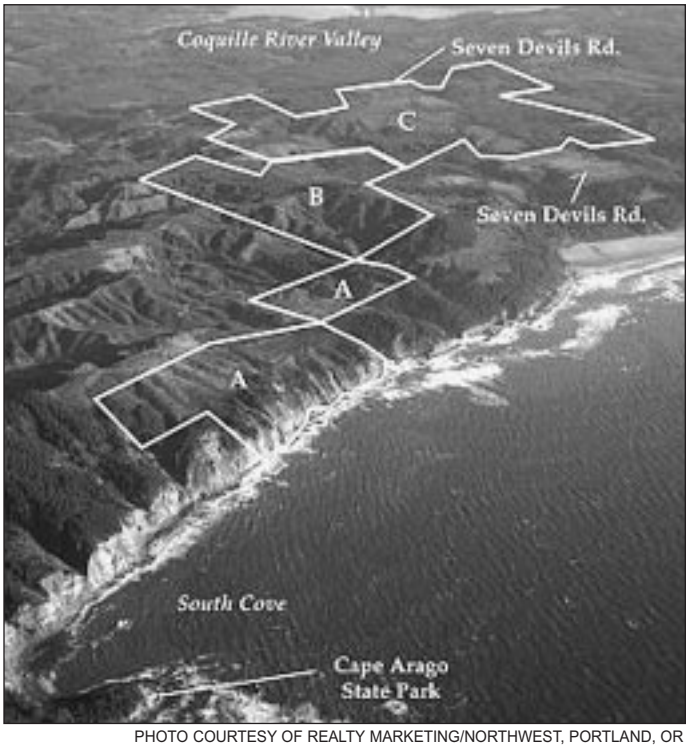

PHOTO COURTESY OF REALTY MARKETING/NORTHWEST, PORTLAND, OR

This photo shows the 2,547-acre Seven Devils Coastal Tree Farm in Coos County, Oregon, offered in auction as three separate parcels. This type of parcelization frequently occurs as forest products companies sell timberland to financial investors, or as financial investors sell timberland for retail use.

Distribution of forestland ownership

Figure 1 represents the distribution of U.S. forestland among ownership categories. Note that the Pacific Northwest is more heavily weighted to public ownership due to its national forests.

With regard to changes in ownership and impacts on commercial markets for timber and timberland, most recent activity has been in the private sector. Within this sector,

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Timberland as a Financial Investment

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increased competition from developed use can lead to loss of both commercial and public forest values. Western states are buffered against this by the high public forest component. Still, with 30 percent or more of forest cover in private ownership, the Pacific Northwest in general is susceptible to forest loss through fragmentation and development as a competitive investment environment seeks return wherever it can be found.

Ownership Size

Forests come under greatest threat when ownerships change. Figure 2 divides U.S. private forestland ownerships into two classes: large and small. At 5,000 acres or less, the important ownership change is intergenerational transfer. In this category, ownerships are entering their fourth or fifth generations and keeping the forest in the family is a challenge due to poor planning, lack of family involvement, focus on financial motives, and other reasons.

At 5,000 acres and up, the most important change is a shift from strategic owners—that is, the forest products industry—to financial investors. These owners, by nature and definition, are also driven largely by financial motives.

Note that the large category represents less than one quarter of one percent of total owners, but one-third of private forestland, and nearly all the landscape-level private forestland. This applies for the most part across the country, including the Pacific Northwest, presenting the most efficient policy and conservation target. Programs targeting few owners with many acres are simply easier to administer.

This article focuses on large owners and examines their behavior over the last 20 years. It is important to note that each shift in ownership within this class results in an increasingly lower focus on long-term forest values.

Figure 2. U.S. Ownership (Distribution by Size)

	Size Class	Acres	%	Owners	%
LARGE	100,000+	65,000,000	17.62	60	0.00%
	5,000-100,000	59,370,000	16.09	2,350	0.02%
SMALL	1,000-5,000	14,843,000	4.02	21,135	0.22%
	<1,000	29,753,000	62.27	9,580,400	99.76%
	TOTAL	368,966,000	100.00	9,603,945	100.00%

Categories of large private ownership

Large private owners are defined as follows:

Forest Products Industry. The traditional large landowners, vertically integrated to accommodate a high degree of raw material self-sufficiency for their lumber or paper mills. Examples include Weyerhaeuser Company and International Paper.

TIMOs (Timberland Investment Management Organizations). Private companies acting as investment managers for institutional clients, primarily pension funds, endowments and wealthy individuals. Timberlands are owned as illiquid direct investments or partnership shares, generally in separate accounts, but frequently in pooled funds. Examples include The Campbell Group, The Hancock Timber Resource Group and Forest Capital Partners.

REITS and MLPs (Real Estate Investment Trusts and Master Limited Partnerships). Companies focusing mostly or exclusively on timberland ownership with a high degree of liquidity through the public trading of shares on a stock exchange. Examples include Rayonier, Plum Creek and Potlatch. At press time, Longview Fibre was converting to a REIT.

Private Investors. Privately held companies or individuals, frequently family ownerships, generally focusing exclusively on timberland ownership and the sale of logs. Can be oriented to long-term ownership (Port Blakely Tree Farms) or short-term ownership frequently resulting in fragmentation and development (Barrs & Glawson, Georgia).

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Society of American Foresters
4033 S.W. Canyon Rd. • Portland, OR 97221 • 503-224-8046 • FAX 503-226-2515
rasor@safnwo.org • michele@safnwo.org • www.forestry.org

Editor: Lori Rasor • **Assistant:** Michele Docy

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Next Issue: International Markets' Influence on Western Forests

Arbitrage Investors. Large-scale highly sophisticated "Wall Street" style investors operating hedge funds and partnerships with very large pools of capital, often multiple billions of dollars. Short-term in nature with a view to acquiring entire companies and quickly selling off assets. Examples include Madison Dearborn Partners, who recently acquired Boise Cascade, and Cerberus Capital, who recently purchased the paper division of Mead-Westvaco.

Transaction Conservation. Transaction-oriented, nonprofit conservation organizations that have traditionally acquired small parcels for preservation, but are now turning to larger acquisitions of working forests or of working forest easements. Conservation organizations have the potential to resolve or attenuate forest loss through the large-scale acquisition of working forest easements in partnership with financial investors. Examples include Cascade Land Conservancy, Pacific Forest Trust, Trust for Public Land, The Nature Conservancy and The Conservation Fund.

The evolution of timberland as a financial investment

Large-scale change generally takes place gradually, building speed and momentum as the conditions underlying it develop. This is true of the shift in ownership of industrial timberlands. It has taken two decades for financial investors to dominate timberland ownership, with most of that change occurring since 1996. The remainder of this article describes the three phases that characterize shifting ownership.

PHASE I: 1983 to 1995 Life Was Easy!

- Plenty of Land
- Low Competition
- Expected Returns of 8.0% on Average
- Counter-cyclical to the Stock Market

The switch from strategic to financial investors started almost inadvertently in the early 1980s when agricultural lenders, including John Hancock Mutual Life Insurance Company and 1st Atlanta Bank of Atlanta, and their institutional investment clients found themselves with a growing portfolio of timberland and other agricultural assets through a series of loan foreclosures. These "investments" did well enough that these institutions began to promote timberland investment as a new financial asset class.

Applying portfolio theory to their new funds, they were able to demonstrate that not only did timberland yield attractive risk adjusted returns, but that historical timber returns were counter-cyclical to the stock market, making timberland investing a perfect diversification strategy. With the usual splitting and shifting of organizations, the Hancock and 1st Atlanta timber groups gave rise to Hancock Timber Resource Group, PruTimber, Wachovia Timberlands, Forest Investment Associates and several others. Timberland Investment Management Organizations, TIMOs for short, developed substantial presence. Today, Boston and Atlanta remain the primary geographic centers of the timberland investment industry.

TIMOs were not the only financial timberland investors at that time. In 1985, Sir James Goldsmith bought Crown Zellerbach and several other large timber-owning forest products companies, spinning off processing and marketing businesses and retaining timberland for arbitrage. This type of investor will return vigorously to the scene 20 years later.

Markets were imperfect during this first phase and economic conditions were favorable. Demand was high, Japan was rapidly expanding its economy, there was a perception of supply shortfall, and stumpage prices were increasing in real terms at the rate of 1.5 percent per year compounded. Most important, there was very little competition and investors were able to acquire timberland and associated assets for timber value alone. Other values, even development potential, came along without cost. Projected returns were about eight percent on average, net of inflation, very attractive for what appeared to be a low-risk investment.

When the spotted owl was listed in June of 1990, investment performance rose even higher. Western supply dropped by 50 percent, mills started to panic and prices shot up, generating big payoffs for private landowners and solidifying TIMOs as competent institutional investment managers. Some early investors saw 25 percent returns or higher.

But there was a downside. As more investors were attracted to the market, they began to expect higher than "expected" returns, something the asset couldn't support for long. The success and maturation of the asset class began to create its own difficulties.

At the outset of this activity, some industry professionals with an eye to conservation promoted TIMOs as precisely what western states needed—a long-term, patient owner on a renewable asset that performed very well if managed with wisdom and patience, but was at the same time subject to degradation if managed solely for short-term gain. Pension funds were debt-averse and had no need for near-term income, content to see their investment capital appreciate. That view was correct at the time, until the market began to tighten.

By the end of 1995, we had a new eco-friendly asset class with a $5 billion portfolio poised for disappointment.

PHASE II: 1996 to 2000 Not So Easy After All

- Demand Down + Supply Up = Lower Prices
- Competition from REITs, MLPs and Private Investors
- Wall Street says: "Unlock Timberland Value"

The industry story was now one of supply. Mills had closed in the West and capacity had moved to the South, taking demand with it. The Japanese economy had failed and western timber prices had plummeted. Plantation technology had advanced and there was a "Wall of Wood" coming from every direction—the South, the Northwest, Canada, Australia, New Zealand and South America.

At the same time, there were more investors buying timberland, forcing timberland prices higher in the face of declining income. This was a classic disconnect between value and revenue.

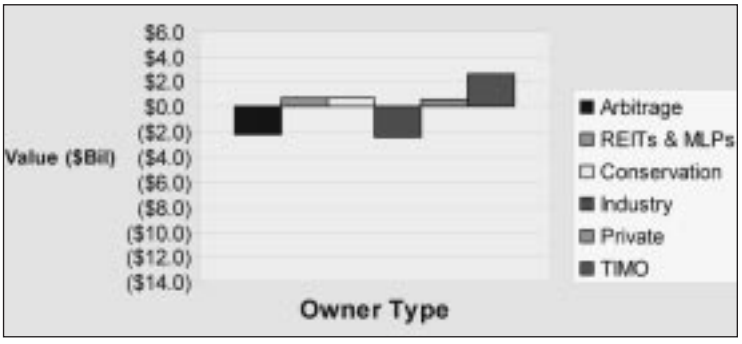
And pressure was mounting on the forest products industry to increase current return on equity. Timberland, with much of its value in the form of capital appreciation, just wasn't performing in the short term for public

companies. This resulted in marching orders from Wall Street to "unlock timberland value," i.e., sell it. Forest products companies found they could deliver greater value to their shareholders by selling their timberland to an investor with a lower cost of capital from whom they could in turn buy back raw material. The traditional need for raw material self sufficiency was replaced by the realization that one needn't own the forest in order to have it.

The separation of timber ownership from processing was in full swing and the forest products industry became net sellers.

Figure 3 illustrates this point. Note that what the forest products industry lost, TIMOs gained. Note also that Arbitrage investors were net sellers as well. Sir James Goldsmith, who acquired his portfolio in 1985, sold it all in 1996. The "Arbs" will surface again.

Figure 3. Change in Portfolio Value, 1996-2000



Now a new class of investor is entering the scene. In addition to TIMOs, the asset class began to attract so-called "pure-play" publicly traded corporate-style investors, Master Limited Partnerships and Real Estate Investment Trusts (REITs).

The problem with TIMOs is a lack of liquidity. Once an investor buys in, it is difficult to exit. REITs and MLPs, with shares publicly traded in the stock market, resolve that issue. The problems they face, however, are similar to that faced by publicly traded forest products companies—pressure to always generate high and steady current income in order to maintain share value.

Crown Pacific, a classic example of this, was a company that built a portfolio of approximately one million acres over a 10-year period and went bankrupt in December of 2004. During much of their tenure, as debt mounted and markets fell, they developed a reputation for over-harvesting and fire sales in order to make their debt service and earnings goals.

There have been other notable failures that have touched the West: Strategic Timber Trust and U.S. Timberlands are two more would-be big successes that have cost investors a lot of money and the landscape a lot of trees.

Most REITs and MLPs have failed, but not all. Plum Creek Timber Company is the largest timberland owner in the United States with roughly eight million acres of land. Rayonier is another big player with a substantial western presence. Both are REITs. Potlatch has converted to a REIT, as has Longview Fibre. Thus far, these companies have been successful, but their future in the eyes of some professionals is dubious. Both REITs and MLPs are subject to current earnings pressures, and both Plum Creek and Rayonier have recently created real estate divisions to enable them to find full value for their investors.

Another substantial buyer in the market is the so-called Private Investor. These are not to be confused with the typical small landowner and consist of 10 or fewer wealthy investors and their co-investors with a penchant for quick action and high risk. In the South they are known as "pin-hookers" for their strategy of buying and quickly reselling, generally fragmenting larger ownerships in the process.

Some private investors have proven themselves excellent managers. Port Blakely Tree Farms and Merrill & Ring, both private investors based in Seattle, have always been known for careful stewardship.

In addition, conservation organizations such as Cascade Land Conservancy, The Trust for Public Land, The Conservation Fund and The Nature Conservancy have become increasingly active on a landscape level.

Phase II ends with the forest products industry downsizing their portfolio by $2.5 billion and TIMOs adding an equivalent amount to theirs.

PHASE III: 2001 to Current Here Come the Arbs!

- The Tech Bust
- Too Much Capital
- Too Few Acres to Buy
- Expected Returns Decline to 6%
- Large-Scale Arbitrage

It is interesting to observe that around 2002 to 2003, it looked like things might improve. Investors, impatient with poor returns, were beginning to put pressure on their managers to become more realistic in their assumptions and to pay less. A correction seemed imminent. But then the tech bubble burst, the stock market declined dramatically, and institutional capital began seeking a new home. Five to six percent returns from timber suddenly looked attractive as a safe place to park capital. So instead of demanding higher returns and lower prices, investors capitulated to low yield, with the caveat that managers must aggressively seek value wherever it could be found. Today, TIMOs and other investors are awash with cheap capital and once again we have a sellers market, and continuing pressure on parcelization and development.

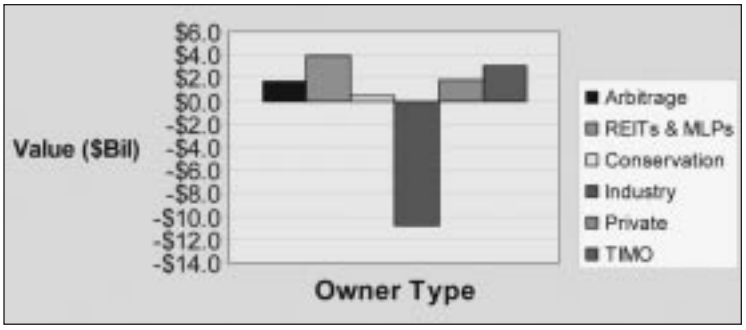
Figure 4 illustrates the market profile by the end of 2004 and the likely condition for the foreseeable future.

Private investors have always been a factor, but never so much as now. The buyers referred to as pinhookers in Phase II accounted for 27.9 percent of the $5.0 billion that traded in 2004.

And again, a new investor has entered the scene. More precisely, an old investor has returned. Recall Sir James Goldsmith in the mid-1980s. Sir James died years ago, but his successors are back. These are very large arbitrage specialists who acquire companies whole, then actively spin off assets in transactions engineered to generate the highest possible return. They are highly leveraged, very sophisticated investors with little patience and little concern for sustainable forest management. Rapid

turnover is their primary driver. Just in the last year, there have been two such mega deals for Boise Cascade and Mead Westvaco, for a total of three million acres.

Figure 4. Change in Portfolio Value, 2001-2004



Madison Dearborn Partners, the buyers of Boise Cascade, almost immediately sold all of the former Boise timberlands to Forest Capital Partners for $1.65 billion. Cerberus Capital, the buyers of the Mead-Westvaco paper division, recently sold 650,000 acres to Plum Creek for $345 million and the balance to Tolleson Investments for $165 million.

Today, a buyer who bids only on timber cannot hope to compete, and "Higher and Better Use," otherwise known as HBU or Real Estate, has become a large component of return.

Conservation in the future: It's the HBU

- Direct Partnerships with Financial Investors
- More Conservation Capital
- Faster Capital Deployment
- Focus on Conservation
- Seek Low-Cost Partners

For conservation advocates, the increasing competition among institutional and private investors over the last few years has taken the focus off forest management and put it squarely on fragmentation and development and on keeping forests intact as working forests. In order to do this, however, transaction conservation organizations must behave more efficiently than they have in the past. They must think more like financial investors, and, in fact, partner with them through efficient use of landscape-level working forest easements. In this way, transaction conservation can invest with the financial buyer at the wholesale level, rather than employ its traditional retail strategy of acquiring small conservation components after the larger transaction has been done. Conservation organizations have a relatively lower cost of capital than financial investors. Properly applied, this can result in a competitive advantage that will attract TIMOs to partner with them and allow scarce conservation capital to go farther.

The following suggests ways in which policy makers and the conservation community might increase their effectiveness:

- Relationships with TIMOs should be developed. They have a focus on managing working forests and conservation can partner with them. Other investment vehicles and fragmentation specialists are less attractive.
- More funding must be made available to conservation and it must have the capability of rapid deployment. If conservation is to partner with financial investors, their capital must be deployed alongside that of their partners in order to achieve parity of risk and to align interests.
- Conservation should focus on the conservation components of transactions rather than on the acquisition of the commercial component. The commercial component is best left to the financial partner. They are better able to manage for financial return, particularly when the conservation component determines the course of management events.
- Conservation must find those partners with the lowest cost of capital. With a surfeit of six percent capital available, it makes no sense to partner with someone who needs 12 percent.

Conclusion

Increased population, expansion of communities, demand for space for homes and recreational property, and the ever-increasing pressure to generate investment return cause the future of working small private and industrial forests to be uncertain. Industry is faced with a diminution of their resource base and conservation must be more creative than ever in raising large sums of capital to combat pressures on forest fragmentation. On the other hand, increased global warming and loss of biodiversity may result in economic markets for ecosystem services, creating new products to help the forest compete. One thing is certain: The future is unknowable and the economics of forest ownership will be different a decade from now. ◆

James (Jim) A. Rinehart is principal, R&A Investment Forestry, San Francisco, Calif. He can be reached at 415-561-3301 or rinehart@investmentforestry.com.

Timberlands Ownership in an International Context

BY DENNIS NEILSON

Most of the transactions in the global timberlands business, which is valued at US$500 billion by Goldman Sachs, a global investment banking and securities firm, occur in North America, and especially in the United States.

However, timberlands are also big business in a number of other countries. Some trends in other countries have mirrored those in the USA, while other trends have been region-specific.

The historic growth of timberlands ownership by forest products companies has been common in many countries, including Finland, Brazil Chile, New Zealand and South Africa. Included in this phase from the 1960s to 2000 was the investment by large United States companies to the southern hemisphere, including Weyerhaeuser and International Paper (IP). However, there has been a more recent exit from ownership by companies, especially in Finland, Sweden, New Zealand and South Africa.

Sellers have been local companies as well as U.S. companies. For instance, in 2005, IP sold all of its 820,000 acres of timberlands in New Zealand, and in early 2006, Weyerhaeuser announced its intention to sell out of its New Zealand holdings. As in the United States, the buyers of overseas assets had until recently been mostly U.S. institutions, especially TIMOs, and one REIT—Rayonier—in New Zealand and Australia.

DANA, a New Zealand-based consulting and investment firm that tracks international timberlands industry and investment trends, has identified the U.S. TIMO ownership of 1.1 million acres in New Zealand and 1.6 million acres in nine other countries. TIMOs own or control about 60 percent of the total New Zealand plantation estate. But, in a "coals to Newcastle twist," Australian and New Zealand pension funds have recently been investing (through TIMOs) in U.S. timberlands assets, as have Danish investors.

In addition, some companies are exiting their "old world" timberland holdings and expanding their new world assets. The Finnish company Stora Enso (SEO) is leading the way, with productivity of its new land far outweighing the productivity of the land it has sold. Figure 1 illustrates the expected trend for SEO. It will likely have less than 50 percent of the *actual* area in timberlands in 2013, compared with 2003, but more than twice the "equivalent Northern Hemisphere" area it had in 2003, when tree growth productivity differences are included.

And, as in the United States, the often aggressive bidding by these institutions has held up timberlands values perhaps beyond their natural levels.

The original motivation of U.S. institutions to buy overseas was the promise of higher returns in countries with fast-growing plantations, which offsets country risk, while also spreading risk.

The first overseas transaction by a TIMO was in New Zealand in 1992 by the then RII (now Global Forest Partners). Since then many TIMOs have gone international. Some of these moves had been spectacularly successful, e.g., investment returns from the early acquisitions in New Zealand. But since then, there have been mixed results as exchange rate volatility, shipping costs and intense international competition in the wood markets have lowered returns in some regions.

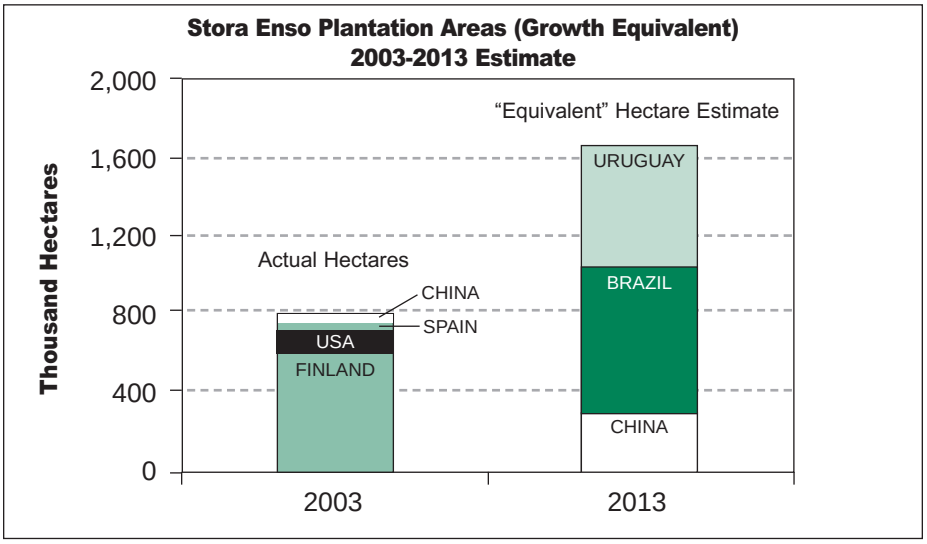
Also, as in the USA, there has been a recent interest of large infrastructure and hedge funds in the timberlands business. Until 2005, these had not occurred overseas. Koch Industries, which bought Georgia Pacific in 2005, was reported to have been close to bidding on a company with more than 500,000 acres in the Southern Hemisphere before this asset was snapped up by (yet another) private fund. And in 2005, a Deutshe Bank Asset Management fund purchased a 230,000-acre Southern Hemisphere asset at valuation that appears to have been over the top of what even TIMOs could or would pay.

Many companies with timberlands and other assets in North America have had mixed share price performances over the last several years, but one Canadian-listed company, Sinoforest, with more than one million acres of timberland in China, is on a roll. Its share price is up 75 percent in the last six months. Prices of timber in China are very high and increasing.

Increased returns from Higher and Better Use (HBU) land can also be identified in other countries. For instance, one 250,000-acre transaction in New Zealand in 2003 was almost totally driven by HBU opportunities, turning forestland into farmland and other uses. In 2006, one company is converting land with 15-year-old trees on it into farmland, using new specialized wood mulching equipment.

Trends in international timber-

Figure 1.



lands investing are changing. In the 1990s and even into the 2000s, New Zealand was the darling of the then fledgling TIMO industry. But changed circumstances are now discouraging investment. Australia then became popular in the late 1990s, but a lack of opportunities has slowed deals there. The Hancock Natural Resources Group is a big owner there, with GMO Renewable Resources also involved.

Uruguay is now the new hot country, with Spanish, Finnish and North American companies and TIMOs (including GMO, Global Forest Partners and Regions Morgan Keegan Timberland Group) and funds (including the Harvard Endowment Fund) seeking the promise of high returns. However, Uruguay's land values are rapidly escalating, with plantation land prices several times higher than were even five years ago.

International timberland investors are now also looking more closely at the generally shunned African continent, and 2006-07 should see South African Airways well patronized by North American, Japanese and other timberland investment company executives. Very large sales could occur 2006-07, as one owner of almost two million acres has announced that it plans to exit the business. Eastern Europe also beckons, although the super-profits that could have been made in the late 1990s and early 2000s have probably been partially tied up.

With the low-hanging fruit well picked over now, even more exotic places are under investigation. One 50,000-acre tract in Cambodia is being considered by several companies from at least five countries in early 2006. It may not be a bad deal, with land rentals at $2-5 per acre per year, which is paid only when the crop is harvested. New infrastructure could transform returns in Laos.

The Cambodian land rentals mentioned above compare with land rentals now being paid by an army of thousands of Australian retail timberland investors or their (listed) investment company partners, who are paying over US$100 per acre per year to rent land to grow basically the same type of crop with the wood destined for the same Asian markets. This tax-driven "Managed Investment Scheme" or MIS new land expansion program is almost unique to Australia, but has resulted in more than 1.2 million acres of farmland being planted in eucalyptus trees in the last decade.

However, these huge land rental payments are not stopping the Australian "mom and pop" investors. In 2005-2006 alone, they have invested over US$550 million to plant more than 200,000 new land acres of fast-growing hardwoods for pulpwood crops. Their ultimate profitability may be another story, as is the case with many tax-driven programs.

Japanese paper companies are on the lookout for more than 200,000 extra acres of land in overseas countries to supplement their existing 535,000 acres of offshore timberlands. Most likely this will be found in Africa and Southeast Asia, as plantation land in Australia and Chile has become too expensive for them.

In summary, international investment trends in timberlands often mirror those in the United States, but with some different motivations and twists and turns. U.S. corporations and TIMOs-REITs have built up an increasing portfolio of investments in Oceania and selected Latin American countries. But as acquisition opportunities within North America shrink, more U.S.-based timberlands owners will look offshore to new and perhaps more risky locations, in spite of a variety of country risk issues. These may challenge all but the most resilient of investors. ◆

Dennis Neilson is director, DANA Limited, Rotorua, New Zealand. He can be reached at dana@dana.co.nz.

Shifting Forest Ownership Patterns: What it Means for Industry Foresters

BY RICHARD N. SMITH

As more forestland moves from being owned by forest products companies to being held by financially oriented buyers, the question on the minds of many foresters is: "What does this mean for me?"

During the last decade, integrated forest products companies have been scaling back their forestry operations—the result being fewer career advancement opportunities for foresters, more challenging work environments and sagging levels of job satisfaction. As these companies increasingly sell their lands to real estate investment trusts (REITs) and timberland investment management organizations (TIMOs), many of the foresters I know say they are confused and disillusioned by the direction the profession is taking.

With that in mind, the question I believe they should be asking is: "What behaviors and skills do I need to exhibit and demonstrate to succeed in this new and emerging environment?"

As someone who has worked for both integrated forest products companies and in the forest investment business for many years, here's how I might address that question.

Behaviors

For the most part, the days of internal forestry specialization may be over unless you work in a private, integrated company that has made a long-term commitment to both forestry and manufacturing. That means foresters need to make a choice—generalist or specialist—and understand the consequences.

In my experience, REITs and TIMOs are not forestry-driven organizations. They are investment and financially driven entities, which means, as a general rule, they do not directly employ as many specialized forestry experts to advise them on every aspect of their operations as traditional, integrated forest products companies once did. With a few exceptions, they tend to build core forest management functions in-house and acquire specialized silvicultural, research and systems expertise from service providers. Consequently, if you are a silviculturalist, a biometrician, a forestry information systems expert, a forest engineer, a geneticist or a wildlife biologist, your options for being employed by a REIT or TIMO organization may be more limited than would have been the case in the previous land ownership paradigm.

If working for such a firm interests you, however, broadening your credentials and resume to include and reflect experience in other forestry disciplines may be wise. Alternatively, joining one of the forestry-consulting firms that are blossoming around the REIT and TIMO industries, or starting your own firm, may be appealing options.

REITs and TIMOs generally rely on well-rounded foresters to oversee their lands, so if you are a traditional field forester/generalist, your career options may be bright in the new ownership environment. However, to capitalize on available opportunities, one must demonstrate knowledge about every aspect of operating a forest—from growing trees in a cost effective manner to selling them for the highest possible price—because REITs and TIMOs generally look for people who have market knowledge, communications skills and leadership presence.

Just to emphasize this last point, working for a TIMO or REIT is an entrepreneurial undertaking. Sophisticated investors who invest through TIMOs and who own REIT shares value people who make and save them money…and who perform their duties as if they are making and saving it for themselves (TIMO and REIT compensation systems are often set up to encourage such behavior). Among other things, this means managing costs and quantifying the benefits of all activities in a financial sense (establishing the likely return on investment from a thinning or fertilization application). It means streamlining decision making by avoiding bureaucratic processes (empire building is a career killer). It means emphasizing creativity and flexibility in addressing day-to-day problems and challenges. Finally, it means prioritizing activities in an investment context by defining risks and opportunities, developing plans, taking action, assessing the results and

learning from successes and failures. In short, it means being an investment disciplined forester.

To behave this way, senior-level TIMO and REIT foresters must have a broader perspective on things like supply, demand and pricing dynamics. They also must understand the specific relationship between their actions and the financial goals and objectives of their clients and investors.

Finally, because they tend to run leaner than most integrated forest products companies, TIMOs and REITs place a very high premium on operational efficiency. Finding new and better ways to operate forests can mean the difference between out-performing and under-performing a client or investor's benchmark (the tools used to measure their financial performance against the broader market—like a REIT's stock price or the NCREIF Timberland Index). Innovation and technology have to be priorities, and TIMO and REIT foresters have to be comfortable operating in an environment that sometimes can be fluid and chaotic.

Skills

TIMO and REIT foresters must be able to build and manage financially focused operating budgets because they are charged with reaching annual profit and loss targets. They also are regularly asked to analyze acquisition and disposition opportunities and to manage related due diligence processes. Consequently, they must have knowledge of accounting, the ability to analyze financial data and projections, and the ability to operate in a balance sheet context.

TIMO and REIT foresters must embrace technology because the need to be more efficient and cost effective is driving those who manage forests on behalf of investment-oriented owners to not only use it, but to envision new ways of using it. While basic forestry research may not be getting the same amount of attention from REITs and TIMOs as was the case when most private, industrial forestland was owned by integrated companies, such organizations are leading the way in terms of finding systems and approaches that allow foresters to practice every aspect of their daily activities more efficiently. The innovations are coming in everything from telecommunications and remote inventory proofing to timber security and regulatory compliance. TIMO and REIT foresters have to be committed to using technology and innovation to gain a competitive edge.

TIMO and REIT foresters must have strong negotiation skills because they are directly tasked with structuring and executing contracts and agreements with a wide range of groups and individuals, from wood buyers and transaction partners to governmental agencies and conservation organizations. In many instances, this work is done with little direct involvement, oversight or support from upper management or legal staff. As a result, negotiation skills are almost a pre-requisite for anyone who wants to manage a lot of land for a forest investment-oriented entity.

TIMO and REIT foresters must have an understanding of HBU values because the need to capture non-timber revenue and returns is increasingly a major priority for their investors and clients (some even argue that TIMOs and REITs are becoming more like land companies than they are forestry companies). No forester wants to sell land, particularly to a developer, but given the narrow goals and priorities of most TIMO and REIT investors, there is often no choice. That means foresters who are managing their lands need to have the ability to recognize, quantify, market and capture HBU values. This can include selling land not only to those who would build on it, but also land and conservation easements to public agencies and environmental organizations.

Finally, TIMO and REIT foresters must have presentation skills and a strong public presence because few such organizations employ communications professionals at the regional or local levels. In most instances, their area foresters fill this role and must be adept at a range of related functions, from public speaking and news media relations to working with both friendly and hostile community groups. For foresters, many of whom went into the profession for the solitude it historically provided, these responsibilities can prove challenging. However, they are of growing importance because at the end of the day, the actions, behaviors and sensitivities of field foresters can dictate the extent to which a TIMO or REIT has a social license to conduct business, which can have a direct, long-term impact on its financial performance.

So back to the original question: What does this mean? For an experienced forester, it probably means adjusting to changes in forest ownership patterns will require some additional growth and expansion of one's credentials and professional capabilities. For a new forester, especially someone still in forestry school, it means that understanding the art and science of business, of law, of finance and of societal and personal interaction will be as important to one's future career success as understanding the traditional biological sciences associated with the profession.

In closing, the new world is a challenging place for foresters. As daunting as it may seem, however, it will present new and exciting opportunities for those who are willing to expand their view of what it means to be a forester. ◆

Richard N. Smith is a forester and president of Forest Systems, a firm based in North Easton, Massachusetts, that provides a range of consulting and forest management advisory services to major forest owners and investors. He previously headed the Hancock Timber Resource Group. He can be reached at rsmith@forestsystems.com.

Advice from a TIMO Forester

Jerry Anderson, a forester for Forest Capital Partners in Monmouth, Ore., and a former Oregon SAF chair, offers the following advice to foresters:

- Have a diverse skill set (generalists advance, specialists are let go to pursue their consulting careers).
- Understand financial analysis (time-value of money, budgeting, etc.).
- Learn about markets and the affect they have on forestry.
- Know how individual silviculture treatments affect future stand values.
- Be willing to embrace change (forestlands will continue to change hands).

Jerry Anderson can be reached at janderson@forestcap.com.

Who Owns Washington's Working Forestland?

BY ARA ERICKSON

Washington's approximately 22 million acres of forestland[1] are managed and owned by a variety of government entities, companies, individuals, and other partnerships and organizations. Roughly 55 percent of the state's forestland is in western Washington and 45 percent is in eastern Washington (see Table 1). Approximately 43 percent of forestland is privately owned, while 57 percent is under public ownership and/or management[1, 2, 3, 4, 5] (see Tables 1 and 2). Of the privately owned land, industrial owners and non-industrial owners own approximately three to five million acres of forestland each; this large range is due to different definitions used to distinguish industrial from non-industrial owners and the type of data used to calculate these values.

Distinguishing between forestland and non-forestland, private and public, and industrial and non-industrial is pertinent to the discussion of private forest landownership. Not all forestland is functioning, or has the potential to function, as a *working forest.* The USDA's Forest Inventory Analysis (FIA) program estimates that 80 percent of Washington's forestland could be classified as timberland[2]: able to produce more than 20 million cubic board feet per year. Based on *Washington's Public and Private Forests*, which used FIA data from 1989-1991, the most recent fully inventoried dataset currently available, approximately 17.3 million acres of the 22 million acres of forestland are classified as timberland.

Definitions distinguishing between industrial and non-industrial owners are varied: Industrial landowners hold more than 5,000 total acres[4], more than 1,000 total acres, operate wood-using facilities[2], harvest a minimum amount of board feet per year, and/or are incorporated or are a business entity. In many cases, non-industrial owners are defined as simply the inverse of industrial.

The Problem

Without fully understanding the complexity surrounding ownership definitions, programs and policies cannot be successfully directed at appropriate ownership groups. Additionally, a common understanding of what characterizes a working forest is necessary. Other methods of differentiating between forestland and potential working forestland base could be useful; for example, taking into consideration not only growing potential, but overall land base, neighboring land uses and the like.

The Different Pictures of Private Ownership

The following section illustrates just a few examples of the variability in currently available private forest landownership data. Much of the data must be viewed and used with caution; for example, the most recent FIA annual survey for Washington is only 30 percent complete. The only complete data source is from the early 1990s. Table 1 shows forestland ownership according to 2004 FIA data[1].

Washington State University (WSU) Extension Bulletin *Washington's Forest Products Industry: Current Conditions and Forecast 2004*[3] reports that the state's forestlands total 23 million acres; 14.7 public and 8.3 private. The difference between these reports is likely WSU's inclusion of tribal lands in the public category, as compared to tribal lands being considered private lands in the FIA reported data.

The WSU report states that slightly more than half of the private lands are in industrial forestland ownership—managed primarily for timber production—and the other half are owned by non-industrial or other private business entities. However, WFPA reports in their recent *Forest Facts and Figures*[5]—based on 1997 Resource Planning Act (RPA) Assessment and 2000-2001 FIA interim data—that 59 percent of private land is owned by industrial owners and 41 percent is owned by non-industrial owners. Once again, the difference in these reported numbers is likely due to a difference in semantics: WSU defines industrial owners as "primarily managing for timber production," while WFPA defines industrial owners as "companies or individuals operating

Table 1. Forestland ownership, Forest Inventory Analysis Annual Inventory, 2004

Ownership	Entire State (acres)	*Western Washington (acres)*	*Eastern Washington (acres)*
Public	12,574,566	6,857,951	5,716,616
Private	9,406,718	5,357,056	4,049,662
Total	21,981,284	12,215,007	9,766,277

Note: Tribal lands are considered private.

Data source: Forest Inventory Analysis program's *forest inventory mapmaker web-application* available on the internet at www.ncrs2.fs.fed.us/4801/fiadb/ index.htm.

Table 2. Washington's Public and Private Forests, 1997.

	Forestland			Timberland	
Ownership	Acres	percent		Acres	percent
Entire State					
Total	20,894,000			16,083,000	
Public	11,148,000	53 percent		7,129,000	44 percent
Private	9,746,000	47 percent		8,954,000	56 percent
Forest Industry	*4,805,000*	*49 percent of private land*		*4,610,000*	*51 percent of private land*
Other Private	*4,941,000*	*51 percent of private land*		*4,344,000*	*49 percent of private land*
Western Washington					
Western WA total	11,877,000			9,581,000	
Public	6,067,000	51 percent		3,871,000	40 percent
Private	5,810,000	49 percent		5,710,000	60 percent
Forest Industry	*3,785,000*	*65 percent of private land*		*3,732,000*	*65 percent of private land*
Other Private	*2,025,000*	*35 percent of private land*		*1,978,000*	*35 percent of private land*
Eastern Washington					
Eastern WA total	9,017,000			6,502,000	
Public	5,081,000	56 percent		3,258,000	50 percent
Private	3,936,000	44 percent		3,244,000	50 percent
Forest Industry	*1,020,000*	*26 percent of private land*		*878,000*	*27 percent of private land*
Other Private	*2,916,000*	*74 percent of private land*		*2,366,000*	*73 percent of private land*

Forestland: At least 10 percent stocked by live trees or land formerly having such tree cover and not currently developed for non-forest use. The minimum area recognized is one acre.
Forest Industry: private land owned by companies, with or without wood processing facilities, growing timber for industrial use.
Other Private: private land not owned by forest industry, including tribal, farmer-owned and miscellaneous private lands.

wood-using plants and/or companies or individuals with statewide holding totaling 1,000 or more acres."

Another data source for land ownership information is *Washington's Public and Private Forests*[2], which relied on the 1989-1991 FIA data. The data (see Table 2) in this publication was used for the basis of the calculations for the often-referenced Washington Department of Natural Resources' *Our Changing Nature*[6], as well as many other publications that address forest ownership, health and status.

Many people would argue that ownership information is much better assessed using parcel-level data rather than point-level data; all of the data presented thus far are based on some variation of the FIA data, either the periodic, interim or annual data from different years, which comes from fixed points on a 3.4-mile grid across the state. Parcel-level data allows a more complete picture and description of working forestlands and actual ownership patterns, and could answer questions similar to the following: How many people own one parcel of land? How many acres of industrial land are in a certain geographic area? How many parcels make up one large area of contiguous forest?

A Small Forest Landowner Database, created in 2001 for the Washington Department of Natural Resources by the University of Washington, College of Forest Resources' Rural Technology Initiative, was a first attempt at gaining a more precise idea of where small forest landowners live and own land in Washington. This database was built from county parcel data, and assumed that the designation of tax status alone would distinguish forest landowners across the state; rather, many non-industrial forestlands are classified as open space or undeveloped lands rather than designated commercial forest or timberland. Thus, the database produced an estimate that appears far too low for small forest landownership across the state. Further work with the database showed that by including remotely-sensed information to detect forest cover, the actual amount of small forestland owned parcels increased almost two-fold.

Although the 2001 database is limited, it does provide spatial estimates of forest ownership patterns, which are difficult to achieve with FIA points, and actual numbers of owners rather than just area figures. Drawing from this database, it can be estimated that there are approximately 60 large industrial owners (vertically integrated forest products companies and those who own more than 5,000 acres across the state) and somewhere between 30,000 and 50,000 non-industrial owners (those who own less than 5,000 acres across the state). For more information about this database, see article by Luke Rogers elsewhere in this publication.

A Proposed Solution

First, a distinction must be made between working and non-working forestlands: Non-working forests could be considered any forestland where forestry operations are specifically prohibited or are smaller than some minimum size, perhaps one acre; working forests would be all other forestland. This acreage requirement is subject to further refinement based on contiguity. Working forests operate best when they are surrounded by other working forests. A broader definition of *forestland use*, rather than forest cover, would be appropriate. Forestland use could be described as large contiguous areas of forested land, perhaps incorporating certain compatible non-forest uses, such as scattered houses, roads and other open space. Programs could then be targeted at specific locations where forestland use is present, rather than at a lone tract of forestland where the potential for a working forest is slim.

The diagram in Figure 1 depicts a

proposed method for distinguishing among the different forest landowner types, as discussed in the following paragraphs.

Distinguishing between public and private lands could be based on the requirement of public land being in the public domain, meaning the general public has common ownership of it. Private land would be any land not in the public domain; this includes tribal land since tribal lands are neither owned as "commons" nor are they bound by public land laws and regulations.

A simple distinction between industrial and non-industrial owners is needed: industrial lands are owned by commodity-producing forest products companies, while non-industrial lands are owned by everyone else. This is different than the now outmoded "NIPF" distinction that has been used to describe small forest owners; rather, non-industrial owners would include large corporations, private investors, TIMOs, REITs, MLPs, family forests, conservation groups and other forest landowners.

After distinguishing between industrial and non-industrial forest landowners, there are two categories: large and small. Rather than basing our distinctions on names and titles, the differentiation between industrial and non-industrial would be based on a measurable distinction, allowing for more appropriately directed and easily implemented programs and policies. Albeit somewhat arbitrary, 5,000 acres could be the distinguishing size. The DNR Small Forest Landowner Office directs its programs to landowners with less than 5,000 acres; thus, most of the family forests would fall in the "small" category. Conservation groups, TIMOs, REITs, MLPs, tribes and large private investors would most likely fall into the "large" category based on an assumption that it makes little financial sense for most of these groups to own less than 5,000 acres. There is some chance, however, that conservation groups and tribal land would amount to less than 5,000 acres, and that family forest owners could own more than 5,000 acres; therefore, these final owner categories are not necessarily directly tied to the "large" and "small" categories at all times.

Figure 1. A Proposed Method for Distinguishing among Forest Landowners

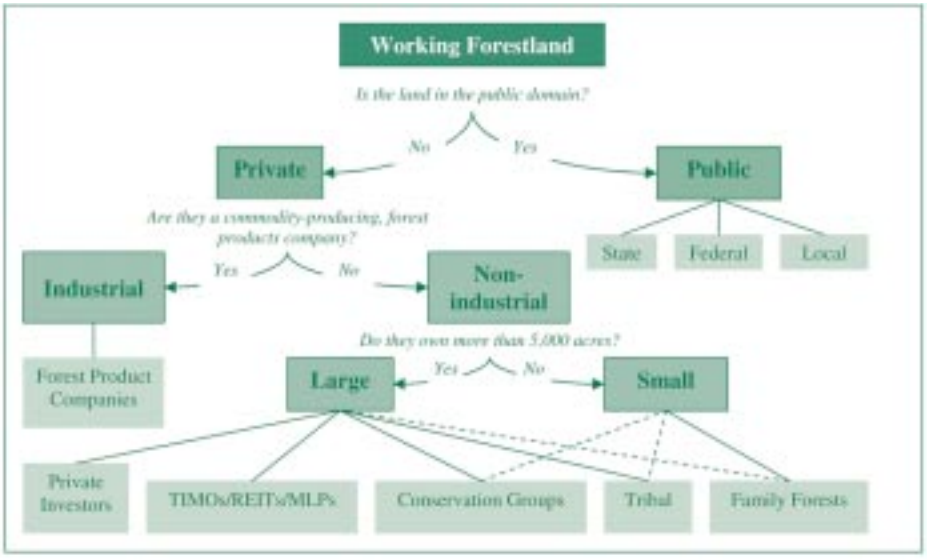


Table 3. A Current Estimate of Forestland (in Acres) by Ownership in Washington State

Forestland: 22,000,000			
Public: 12,600,000	Private: 9,400,000		
	Industrial: 2,900,000	Non-industrial: 6,500,000	
		Large: 3,300,000	Small: 3,200,000

Table 3 shows estimated acres of forestland in the above-discussed ownership categories, based on a combination of the 2004 FIA data, 2001 Small Forest landowner Database, and assumptions of actual numbers of small forest landowners and acreages owned.

Summary

Washington's private working forests are owned by industrial forest product companies, large publicly traded and other investment-type companies, families, conservation groups, tribes, and various other individuals and groups. Before successful programs and policies are developed to assist or conserve working forestlands, it is necessary to determine the appropriate definition of working forestland and ownership categories. As more new non-industrial owners enter the forestry field, it is pertinent to be able to distinguish between the traditional commodity-producing companies and these other private enterprises. ◆

Ara Erickson is a research consultant with the Rural Technology Initiative at the University of Washington's College of Forest Resources. She can be reached at 206-543-7418 or arake@u.washington.edu. A version of this paper was originally written as part of a series of working papers for the Northwest Environmental Forum, which can be found at www.nwenvironmentalforum.org.

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Who Owns Washington's Forestlands? A Spatial Database for Analyzing Land-Use Patterns and Trends

BY LUKE ROGERS

To better understand the spatial distribution, demographics and economics associated with Washington state's family forestlands, the University of Washington and the Family Forest Foundation—with funding from the USDA Forest Service—are creating a seamless statewide parcel-based database. This database will further the understanding of statewide land use issues by spatially locating specific land uses and the relationship of those lands to other geographic features. Previous work has suggested that many small forestland parcels are located in the wildland-urban interface, which has implications for fish habitat, fire risk, land-use conversion and environmental services.

It is estimated that there are between 22,000 (1.6 million acres) and 96,000 (4.2 million acres) family forest landowners in Washington state[1,2]. These ownerships are disproportionately vulnerable to impacts that can result from "broad brush" or "one-size-fits-all" regulatory approaches due to their small scale and location[3,4]. Family forests also face challenges in restricted markets and pressure to convert to often more profitable non-forestland uses. When these lands are converted, the public values they provide such as clean air and water, fish and wildlife habitat, biodiversity, flood control, carbon sequestration and contributions to local cultures and economies are lost forever.

The Washington State Family Forest Database project will set the foundation for analysis of the family forest demographic through the development of an interactive spatial database of all small private forest ownerships within the state. Such a dataset will facilitate the assessment of family forest impacts on local and state economies, and provide information on potential challenges and opportunities that family forest owners face in marketing their forest products and environmental services. The database project will make it practical to assess the costs and benefits of alternative long-term management plans toward identification of policy options that protect environmental values while keeping family forests economically viable.

In 2001, the Rural Technology Initiative (RTI) began this work by assembling the Washington State Department of Natural Resources Small Forest Landowner Database from county tax records to create the first spatially explicit database of family forest parcel information. At the time, very few of Washington's counties had Geographic Information Systems (GIS), making spatial location of the parcels problematic and labor-intensive. Legal description information from the county assessors was used to geo-locate each individual parcel from the tabular tax records to a specific township, range and section. Although this information was very coarse, it presented us for the first time with a picture of the unique spatial distribution and geographic relevance of family forests in Washington state.

For example, while the 2001 database had limitations, it demonstrated the significance of family forests in relation to salmon habitat zones and the wildland-urban interface. On the westside, family forests are almost exclusively located in the critical salmon habitat zone below 1,500 feet elevation, and on the eastside, family forests are often found along major transportation corridors where working forests border rural residences.

In the past few years, most of Washington state's 39 counties have acquired software for managing spatial information and are choosing to manage their counties parcel data in a GIS. With this proliferation of GIS-based parcel data, a new opportunity exists to create a seamless statewide parcel database to look at statewide land use issues that will improve tremendously upon the 2001 database project. However, many challenges remain. Each county stores their GIS data in a unique way, across myriad data storage formats and with diverse sets of land use classifications

and other attributes. Combining these individual county tax parcel databases into a single statewide dataset will mean dealing with county borders where parcels may not align, rectifying owners across county lines and normalizing county assessor tax classification schemes into a common format. This is a difficult, but worthy task, the success of which could influence future viability of family forests in Washington state.

The first phase of the project, which is expected to be completed in mid-2007, involves establishing relationships with each of Washington's 39 counties, developing protocols for integrating county data into the seamless database, and creating an access portal and mechanism for future updates. Once completed the new family forest database will help to better detail dynamic and evolving land-use challenges and facilitate a more explicit understanding of family forest relationships to surrounding geographic and cultural features. ◆

Luke Rogers is a geographic information scientist and forest engineer working on quantifying the social, economic and ecological values of family forestlands for the Rural Technology Initiative at the University of Washington in Seattle. He can be reached at 206-543-7418 or lwrogers@u.washington.edu.

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Our Voice

Our Voice is a column for students that will appear in every issue of the Western Forester. *The intent is to provide students with a venue to present their thoughts and views on a variety of topics related to forestry and SAF, and to provide a communications link where professional members can learn what is on the minds of students and our future leaders.*

Active Forest Management Needs a Voice

BY JUDD LEHMAN

The foreword of the recent SAF Volunteer Organizational Structure Task Force Report states that the forestry profession is undergoing the most profound changes in its history, and that other organizations are beginning to exert far more influence on forest policy than does SAF.

Many laws effectively overlap each other and make practical forest management difficult to achieve on public lands. The initiative process has allowed for multiple ballot measures in Oregon alone that would limit forest management options for private forest managers. With public opinion deciding many forest management decisions, it is past time that professional forestry finds a voice to better explain active forest management to the average citizen. I have a lot to learn given the fact that I am a forestry student, but my youth means that I have recent experience as an uninformed, but very interested person in forestry issues, and what the general public commonly thinks of forestry.

The majority of easily accessible information is not adequate for the job of creating an informed public that can make decisions on forestry issues. The most accessible information on forestry is on advocacy sites on the Internet. These sites do an excellent job of making their view of forestry issues look credible and honorable, and they are the first thing to pop up when controversial words such as "salvage" are typed into a search engine like Google. The print media, particularly newspapers, are another major output of forestry-related information. The incessant coverage of the recently published study from Oregon State University is a prime example of how newspaper articles can misrepresent a forestry issue to the public and give active forest management a black eye.

Fueling the negative opinions of active forest management presented in the media are two things: (1) the lack of accessible, objective information; and (2) the public's perceived lack of credibility in the profession of forestry.

It is vital to the future of SAF and the forestry profession—more so than retaining forestry students like me in SAF—that these two issues are resolved. What need is there for a professional society if there is not a public perception of credibility in the profession? If SAF takes on this task, the credibility of foresters in the future will be better, and SAF membership will be more attractive to new members, students and professionals alike.

It will be a long and difficult path to head down because trust is not earned overnight. Just as in any situation where trust is sought, it is gained with commitment, dedication and follow-through. Let's grab the reins and direct our own future. ◆

About the Author

Judd Lehman, from Trail, Ore., is working toward a Bachelor's of Science degree in Forest Management at Oregon State University. His career goals are to someday have enough experience and knowledge to be in a position to use his skills to manage mass acreage of forestland for the benefit of society. He worked last summer on the OSU student logging crew and is planning on taking an internship this summer somewhere in the Pacific Northwest.

Judd is the chair of the student chapter of the Society of American Foresters at OSU and is proud to be a student at the OSU College of Forestry. "I grew up in the woods of southern Oregon, but did not get the desire to be a forester until just a few years ago. I am very active in SAF and hope to start an educational forestry magazine sometime next year."

He can be reached at lehmanj@onid.orst.edu.

About Oregon State University

The College of Forestry at Oregon State University is one of the world's premier education, research and outreach institutions that focuses on the broad areas and issues related to forest resources. Through its six undergraduate degree programs in Forest Engineering, Forest Resources and Wood Science and Engineering, the College of Forestry prepares students to understand the complexity of forests and the economic and social systems that depend upon them.

The College also jointly offers an interdisciplinary undergraduate degree in Natural Resources and several interdisciplinary graduate programs. With about 14,000 acres of land, College Forests are used as living laboratories where active forest management practices provide teaching, research and demonstration opportunities.

The College of Forestry is the second smallest college in the university with approximately 470 undergraduates and 160 graduates. This provides the small college/family atmosphere that the college is famous for. The current enrollment of 624 students is the largest since 1981.

To learn about the College of Forestry's undergraduate degree programs and receive the free DVD: "Get the big picture and make a world of difference," send your name and mailing address to dvdinfo@oregonstate.edu.

How to be a Mentor

BY DICK HOPKINS

I have taught Forestry/Natural Resources at Green River Community College for a dozen years and had a contracting business (Mineral Creek Foresters) for a dozen before that. I have been training and teaching for a while, although I do not claim to be an expert on the topic of mentoring. Mentoring is not exclusive to schools, work, SAF, scouts or any other group; rather, it is necessary for all of us in this world.

Upon reflection, the process of mentoring is focused on two things: 1) Many people were kind enough to teach me, and I believe I have an obligation to cycle that kindness and knowledge; and 2) I get an uplifting feeling when someone understands or does a process correctly for the first time. I receive a personal reward when understanding occurs.

Here are some points to consider regarding mentoring:

- Don't make assumptions when you meet a new employee, student or co-worker.
- Every person is important and has an important contribution to make.
- Be honest.
- Persistence and repetition help to reinforce ideas, concepts and actions.
- Draw on a person's strengths to improve deficiencies.
- Make the time to help.
- Always be professional, usually be amicable, and be tough when necessary.
- A question often requires six or seven parts to answer—an explanation, a demonstration of the process, questioning to ensure understanding, hand-off or allow the individual to solve the problem, watch, comment with a compliment, and start over if necessary.

These points are what a parent does and also represents how I wish to be treated when I am in a new situation. It seems to all boil down to kindness and making the time to help. ◆

Dick Hopkins is an instructor at Green River Community College in Auburn, Wash. He received the 2005 SAF Carl Alwin Schenck award in recognition of his outstanding performance in the field of forestry education. He can be reached at 253-833-9111 x4509 or dhopkins@greenriver.edu.

We Remember

Kenneth E. Beil

Kenneth E. Beil passed away December 15, 2005. Mr. Beil graduated from the University of Washington in 1942 with a degree in logging engineering and was a member of Xi Sigma Pi Forestry Honorary. He served with the Navy Seabees in World War II in the South Pacific. He was a licensed land surveyor and real estate broker.

Mr. Beil began his career as a fire lookout on Mt. Adams in Washington state. He worked for Rayonier, Inc. in Forks and Hoquiam in 1946-48. From 1948-1953 he was employed by the Corps of Army Engineers based at Fort Lewis, Wash. He then worked as a logging engineer with Nettleton Lumber Company of Seattle from 1953-59. From 1959-66, Mr. Beil was vice president and consulting division manager for Greenacres Consulting Foresters in Seattle. In 1966, he co-founded International Forestry Consultants, Inc., which is still in business.

During his career, Mr. Beil conducted forestry feasibility studies and inventories throughout the western U.S., Hawaii, Canada, Liberia, Austria, Western Samoa, French Guiana, Dominica, Guatemala, Mexico, Nicaragua, Costa Rica, Peru, Bolivia, Chile and Indonesia. He served as an arbitrator and expert witness on forestry issues, conducted forest appraisals and established management systems for sustainable forestry on lands owned by nonresident owners. He retired in 1995.

He was first vice president of the Association of Consulting Foresters in 1982-84 and a long-time member of the Society of American Foresters. Throughout his life he enjoyed Husky football, tennis, golf, skiing, bridge and recreational traveling throughout the world. He was an award-winning rose gardener.

Grant Sharpe 1925-2006

Grant Sharpe of Port Ludlow died peacefully of age-related causes on January 17, 2006. He was raised in Washington state from 1926 on and felt himself a true Northwestern native, although he was born in Kentfield, Calif. in 1925. He lived as a boy in Silverton, Wash., where his deep interest in plants and animals began.

He attended Bothell High School, then joined the U.S. Navy immediately on graduation in 1943, serving in the South Pacific Theater on the CVE Marcus Island until its decommissioning in the Boston Navy Yard in April 1946. On returning to civilian life, Mr. Sharpe worked briefly on one end of a "misery whip," logging Douglas-fir north of Seattle.

Taking full advantage of the G.I. Bill, he entered the College of Forestry at the University of Washington, eventually choosing outdoor recreation as his major. After earning his Ph.D. in 1955, he was offered a position at the University of Michigan teaching dendrology and fire management. For the next 13 years, during summer break, he worked as a seasonal ranger-naturalist, initiating and upgrading interpretative programs in Glacier, Olympic, Shenandoah, Crater Lake, Acadia and Mt. Rainier national parks.

Grant and Wenonah Finch Sharpe, who married in 1948, created flower guides for each of these parks. They also collaborated on three college texts: *Introduction to Forestry*, *Environmental Interpretation* and *Park Management* in various editions. In 1967, Mr. Sharpe returned to Seattle and his alma mater where he continued to mentor scores of graduate students, many of whom worked in interpretive or managerial positions in parks and forests in North America and beyond.

During the mid-1960s and early 1970s, with assistance from the National Park Service, he organized and led international short courses for managers of national parks, forests and equivalent reserves. He was a Golden Member of the Society of American Foresters.

Summers in the 1970s and 1980s were partly devoted to cruising in a 42-foot Matthews, starting two of his sons on boating careers. Mr. Sharpe also served as commander of the Possession Sound Power Squadron in 1988. In 1990, he and Nonie retired to Mats Mats Bay near Port Ludlow, where as a forester he became active on the Greenbelt Committee. He also took great pleasure in working with the Trails Committee to plan and lay out an interpretive trail beside Ludlow Falls, one of the many interpretive trails he put in place during his career. He was particularly proud of the Hall of Mosses Trail in the rainforest of Olympic National Park.

Scott W. Haupt

Siskiyou Chapter OSAF member Scott Haupt died December 17, 2005, after a long battle with a brain tumor. He graduated from Texas A&M University with a bachelor's degree in forestry and received his master's degree in forestry from Penn State University. He began his professional career with the USDA Forest Service in Idaho and then worked for the Bureau of Indian Affairs in Everett, Wash. In 1990, he moved to Medford, Ore., to work for the Bureau of Land Management, where he worked until he passed away.

Mr. Haupt excelled in the position of silvicultural prescription forester where he wrote detailed forest management plans for some of the most complex forest ecosystems in the Pacific Northwest. His silvicultural prescriptions proved to be a model for the Applegate Adaptive Management Area and have left thousands of acres of southwestern Oregon forests in a healthier and ecologically sustainable condition.

He joined SAF in 1974 and was an active member of the Siskiyou Chapter, serving as secretary for many years, a position he held up to the time of his passing. ◆

Calendar of Events

UNIVERSITY-SPONSORED EVENTS

Course	Dates	Sponsor	Location
Sale Area Layout and Harvesting Institute	April 18-May 5	OSU	Corvallis, OR
Selling Forest Products	April 20-21	OSU	Corvallis, OR
Advanced GIS Applications Natural Resources	May 25-26	OSU	Corvallis, OR
Using GPS	June 2	UID	Moscow, ID
Managing for Biological Diversity in Northwest Forests	June 6-8	OSU	Portland, OR
Using GPS	June 10	UID	Coeur d'Alene, ID
Pruning for White Pine Blister Rust	June 16	UID	Coeur d'Alene, ID

OTHER EVENTS

Oregon Small Woodlands Association annual meeting, April 19-21, World Forestry Center, Portland, OR. Contact: Mike Gaudern at oswaed@oswa.org or 503-588-1813.

Brazil Forestry Study Tour, April 23-30 and April 30-May 7, Curitiba, Brazil. Contact: Mark Willhite at www.world-forestinvestment.com or 503-695-6419.

Intro to ArcPad 6, April 24-25, Missoula, MT and Post Falls, ID. Contact: Electronic Data.

Basic Terra Sync, April 26-28, Post Falls, ID. Contact: Electronic Data.

Oregon SAF annual meeting, April 26-28, Southwestern Oregon Community College, Coos Bay, OR. Contact: Shaun Harkins at shaun.harkins@plumcreek.com or 541-267-1855.

Professional Timber Cruising Seminar, May 10-11, Beaverton, OR. Contact: Atterbury.

Coastal Resource Management Technology Transfer Conference, May 16, Kelso, WA. Contact: WFCA.

SuperAce 06 Seminar, May 17, Beaverton, OR. Contact: Atterbury.

Joint Inland Empire SAF/Washington Farm Forestry Association/ Association of Consulting Foresters annual meeting, June 8-10, Washington Center of the Community College, Spokane, WA. Contact: Phil Anderson at jkanderson@plix.com or 509-684-8550 or visit www.iesaf.org.

Western Mensurationists Meeting, June 18-20, The River Lodge, Fortuna, CA. Contact: WFCA.

Forestry Leadership Youth Summer Camp, June 18-24, Magness Memorial Tree Farm, Wilsonville, OR. Contact: Rick Zenn at rzenn@world-forestry.org or 503-488-2103.

Natural Resources Youth Camp, June 25-July 1, Cispus Learning Center, Randle, WA. Contact: www.nryc.org/default.htm..

Contact Information

Atterbury: Atterbury Consultants, 3800 SW Cedar Hills Blvd., #120, Beaverton, OR 97005; 503-646-5395; jaschenbach@atterbury.com; www.atterbury.com.

Electronic Data: Electronic Data Solutions, PO Box 31, Jerome, ID 83338; 208-324-8006; wwwelecdata.com/training.html

OSU: OSU College of Forestry Outreach Education Office, Peavy Hall 202, Corvallis, OR 97331-5707; 541-737-2329; http://outreach.cof.orst.edu/.

UID: University of Idaho Extension, 1000 West Hubbard , Suite 140, Coeur d'Alene, ID 83815, 208-446-1680; cschnepf@uidaho.edu.

WFCA: Western Forestry and Conservation Association, 4033 SW Canyon Rd., Portland, OR 97221, 503-226-4562; richard@westernforestry.org; www.westernforestry.org.

Send calendar items to the editor, *Western Forester,* 4033 SW Canyon Rd., Portland, OR 97221; fax 503-226-2515; rasor@safnwo.org. The deadline for the May/June 2006 issue is April 17, 2006.

Panorama to Host IESAF Meeting

You are invited to attend the 2006 Inland Empire Society of American Foresters annual meeting June 8-10 at the Washington Center of the Community College of Spokane.

The Panorama Chapter of the Inland Empire Society is hosting this meeting in cooperation with Washington Farm Forestry Association and Association of Consulting Foresters of America.

The meeting theme, fire disturbance regimes, will be explored through informative speaker sessions and field trips. The meeting begins with an icebreaker and barbeque Thursday evening featuring music and poetry by the Don McClure family. Friday, June 9, will be an information-packed day featuring speakers talking about a range of fire disturbance related topics culminating in our awards banquet Friday evening.

Saturday, June 10 activities start with the annual IESAF business meeting and breakfast. Following the business meeting you will have a choice of two field tours. The first tour will visit the Sherwood Demonstration Forest near Chewelah, Wash., to view and discuss a range of silvicultural practices that can be applied by private forest owners in the Inland Empire. The second tour will visit the Rafter-Seven Ranch near Springdale, Wash., to view 20 years of active management of root disease problems and overstocked, stagnated stands using thinning from below, shelterwood and seed tree regeneration systems and silvicultural burning.

Additional information on the program, accommodations, fees and registration forms are available at the Inland Empire Society of American Foresters website at www.iesaf.org. This information was mailed to IESAF members in March.

This meeting will provide an excellent start to the summer season and a tremendous opportunity to mingle with colleagues and private forest landowners. Be sure to put the June 8-10 Inland Empire Society meeting on your calendar today. ◆

Summit Explores Shifting Forests

Forestry companies are selling their timberland throughout the United States and the world in response to increasing pressure for shareholder return, competition in the global market place and consolidation in the industry. There are huge ramifications for not only the forest products industry, but also forest management, biodiversity, forest integrity and forest-dependent communities. These issues will be explored at the World Forestry Center in Portland, Ore., during the September 11-13 "Who Will Own the Forest?" Summit. Forest industry analysts, timber investment organizations, forestry leaders, land management communities and conservation groups are expected to attend.

A recent *Wall Street Journal* article highlighted the interest in timberlands as an alternative investment, but also noted that this capital inflow to timberlands is "pushing up prices and lowering expected returns." Indeed, there are growing concerns that timberland may be over-priced and that a bubble may even be forming. At the same time, there is increasing awareness amongst land managers and communities that they need to more closely monitor the impact on biodiversity, forest management and fragmentation. Some of these timberlands are being converted to "higher and better use"—non-forestry purposes—raising many questions about social responsibility regarding the use of the land. These questions, and many others, will be discussed at the Portland Summit.

"This has become the premiere event for discussing the implications of this dramatic shift in forest lands across the United States and elsewhere," states Sara Wu, director of the World Forest Institute, which organizes the event. "We're still in the planning stages of assembling a stellar roster of speakers, but we can promise that it will be interesting—this land shift is still a relatively new trend, so there's plenty of new developments and opinions to discuss."

For additional information on the summit, contact Sara Wu at 503-488-2130 or swu@worldforestry.org. ◆

SAF Fellow Selection Process Changed

BY RICK BARNES

SAF honors those members who have provided outstanding contributions to the Society and to the forestry profession with the title of Fellow. The goal of the Society is to recognize approximately five percent of its members with this honor.

The Fellow category of membership has been under discussion by Council for a number of years. The two main issues driving this discussion have been that many of the state societies have reached the five percent cap, and there was a concern that the system did not allow for a careful review of nominees to assure that they met the criteria established for Fellows. At the Council meeting last December, Council considered recommendations from the House of Society Delegates and the Committee on Professional Recognition and amended the bylaws to substantially revise how future Fellows will be chosen. Following are the new guidelines and procedures for the selection of Fellows.

District Fellow Committees Formed

Beginning this year, Fellow candidates will be determined by a District Fellows Committee, which will be established in each SAF voting district. Each District Fellows Committee will consist of at least five Fellows, one from each of the state, multi-state or intrastate societies in the district. The committee will include at least one Fellow elected in each of the preceding three decades and at least one woman Fellow.

The Council representative for each voting district will appoint the initial members (and chair) of the District Fellows Committee to staggered terms of one to five years. In each succeeding year, the Council representative will appoint any needed replacement Fellows (with assigned terms) to the committee. The terms will coincide with the calendar year. No Fellow may serve more than one consecutive five-year term. The process to select these committees is currently underway in both District 1 (Washington State, Inland Empire and Alaska) and District 2 (Oregon.)

The District Fellows Committees will remain continuously active and meet by telephone conference calls as necessary. It will seek out potential candidates for Fellow from among the voting district members, compile background information on candidates, evaluate candidates against the criteria for Fellow, and recommend to the Council voting district representative nominees from those found qualified. There is not a limit on the number of Fellows that can be nominated from each district.

Each Council voting district representative then forwards completed nomination packets to the National Office.

Criteria

Fellows must demonstrate both of the following: (1) a strong continuing commitment through direct SAF volunteer activities; and (2) exemplary action, sustained leadership and advancement of the forestry profession in at least one of the following areas: application of forestry; education; public policy; research; or technology transfer.

Nomination Procedures

The District Fellows Committee will forward all nomination packets to the respective Council member by July 1. Packets received after this date will be held for the following year. Council members forward nomination packets to the executive vice-president by August 1 to allow Council to act on the nominations at its October meeting. Incomplete packets will be returned to the District Fellows Committee.

Nomination packets must contain all of the following documents:

- A consent form, signed by the nominee and the District Fellows Committee;
- Three letters of recommendation in support of the Fellow nomination;
- Completed biographical and professional information form; and
- A recent photograph of the nominee.

Although this new process is different, it continues to provide full opportunity for members to nominate Fellow candidates, and also provides a good process for review by Fellow peers.

Questions about the Fellows nomination packets can be directed to Barbara Weitzer at the SAF National Office at 240-644-6698, toll free at 866-897-8720 x121or weitzerb@safnet.org, or visit the members' only section at www.safnet.org. ◆

Rick Barnes is District 2 Council representative. He can be reached at 541-673-1208 or rbarnes@barnesinc.com. District 1 Council representative Kirk David can be reached at 208-666-8626 or kdavid@idl.state.id.us.

Policy Scoreboard

Editor's Note: To keep SAF members informed of state society policy activities, Policy Scoreboard is a regular feature in the Western Forester. *The intent is to provide a brief explanation of the policy activity—you are encouraged to follow up with the listed contact person for detailed information.*

New IESAF Position Statements Triggered During Leadership Conference with Montana SAF. The Inland Empire SAF and Montana SAF are developing joint position statements on: (1) salvage logging; and (2) forest products industry infrastructure. The two executive committees encouraged development of these statements when they met independently during a leadership training session attended by 45 SAF members at Lubrecht Experimental Forest near Missoula in late January. SAF Vice President John McMahon was the featured speaker in an excellent program filled with many forestry leaders in the region. It was encouraging that so many young foresters were interested in SAF leadership. Contact: Jay O'Laughlin, IESAF Policy chair, 208-885-5776; jayo@uidaho.edu.

Information Luncheon for Idaho Legislators. Inland Empire SAF and Intermountain SAF helped sponsor a luncheon for legislators and other state officials and an information forum in Boise. Approximately 40 legislators attended. The main feature of the program was a new 8-1/2 minute DVD "Idaho's Working Forests: Keeping the Miracle Useable, Renewable and Beautiful." It was prepared by the Idaho Forest Products Commission, whose mission includes dissemination of information on forest resource management (see www.idahoforests.org). Following that brief virtual tour of Idaho's forests, your correspondent moderated a panel of forestry organization representatives who replied to many excellent questions from legislators. Contact: Jay O'Laughlin, IESAF Policy chair, 208-885-5776; jayo@uidaho.edu.

OSAF Members Endorse Old-Growth Position Statement. In late 2005 the OSAF Executive Committee approved a new position statement on "Managing Mature and Old-Growth Forests," which also was endorsed by OSAF members with a 96 percent approval rate. Although member votes are not required under SAF guidelines, OSAF now takes this step with most of its statewide positions to strengthen member awareness and support. The OSAF statement has prompted interest in a similar position on old-growth that may be drafted by the national SAF Committee on Forest Policy later in 2006.

Members are encouraged to use OSAF's position statements to help convey their professional forestry views to key decision makers and the interested public. All active position statements are posted at www.forestry.org, and draft positions under consideration can be found in the "members only" section of the OSAF site. Contact: Paul Adams, OSAF Policy chair, 541-737-2946; paul.adams@oregonstate.edu.

Forest Recovery Issue Heats Up. In early 2006 many SAF members in the region were surprised to see and hear major news headlines about an OSU study titled "Post-wildfire Logging Hinders Regeneration and Increases Fire Risk." The study was published in the journal *Science,* including an early online version, and advance notice to media outlets by the journal led to news coverage before most OSU forestry faculty and federal cooperators were aware of the publication. The issue grew further as several OSU faculty and agency scientists requested that the journal delay publication until perceived shortcomings in the peer review process were addressed. In addition, the BLM temporarily suspended funding for the study as concerns about several potential research contract violations were addressed by OSU.

The OSU study controversy overlaps the discussion of recently proposed legislation (e.g., H.R. 4200 and S. 2079) to deal with the unique management issues that follow wildfires and other catastrophic events. The national SAF office has been actively promoting key post-catastrophe recovery concepts on Capitol Hill and with the news media, including providing fact sheets and testimony at Congressional hearings. SAF members are encouraged to use these materials to help inform their own representatives and the interested public about this important issue. Further information can be found at www.safnet.org/policyandpress/forestrecovery.cfm. Contact: Paul Adams, OSAF Policy chair, 541-737-2946; paul.adams@oregonstate.edu. ◆

Classified Ads

HELP WANTED

We are looking for a receptionist/log clerk/bookkeeper. 20-30 hours per week in modern office in Kirkland, Washington. Call 425-820-3420 and ask for Tom.

Classified advertising rates are 75 cents per word with a minimum $25 charge and are perfect for job positions, equipment for sale and general forestry-related announcements. Contact Lori Rasor at 503-224-8046 or rasor@safnwo.org by April 17 to reserve your space in the next issue.

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