

 **05hr_AC-Fo_Misc_pt05**



 Informational hearing May 23, 2006: Conservation easements

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Forestry...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (July 2013)

NATURAL RESOURCES – DEPARTMENTWIDE

Stewardship -- Forest Legacy Program

Motion:

Move to require DNR to expend at least \$12 million in Stewardship 2000 land or easement purchases for state forest acquisition or protection under the Forest Legacy Program

Note:

Under the Forest Legacy program, federal funding is available to acquire land or purchase easements to prevent forest land from being converted to non-forest use. State or local partners are required to provide at least 25% of the funds required for projects under this program. In order to participate, states are required to identify forest areas that may protect water quality, provide key wildlife habitat, offer outstanding recreational opportunities or scenic views, or contain historical sites. To date, DNR has identified four forest legacy areas that meet federal requirements. Forestry purchases within these boundaries would be eligible for federal matching grants. In 2000-01, the federal government made \$60 million available for grants under the Forest Legacy program.

MO# Gard/Kaufert

GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A
BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
WELCH	<input checked="" type="radio"/>	N	A

36. OPEN RECORDS REQUIREMENTS

Joint Finance/Legislature: Limit the effect of 1999 Act 88 provisions that allow an individual to elect to keep certain personal information obtained by DNR from being released to only apply to computerized lists, including those generated through the automated license issuance system (ALIS) and the boat, ATV, and snowmobile registration system (BATS).

[Act 16 Sections: 1066e thru 1066x]

37. FOREST LEGACY PROGRAM

Joint Finance: Require DNR to expend at least \$12 million from the Warren Knowles-Gaylord Nelson Stewardship 2000 program, either in land or easement purchases, as matching funds under the federal Forest Legacy Program.

Under the Forest Legacy program, federal funding is available to acquire land or purchase easements to prevent forest land from being converted to non-forest use. State or local partners are required to provide at least 25% of the funds required for projects under this program. In order to participate, states are required to identify forest areas that may protect water quality, provide key wildlife habitat, offer outstanding recreational opportunities or scenic views, or contain historical sites. To date, DNR has identified four forest legacy areas that meet federal requirements. Forestry purchases within these boundaries would be eligible for federal matching grants. In 2000-01, the federal government made \$60 million available for grants under the Forest Legacy program.

Senate: Delete the Joint Finance provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-50]: Reduce the \$12,000,000 figure in the bill by \$10 million by striking the "1", reducing the amount that DNR is required to expend from stewardship 2000 to not less than \$2,000,000.

[Act 16 Vetoed Section: 1034k]

38. GEOGRAPHICAL MANAGEMENT UNIT BOUNDARIES

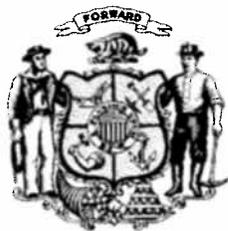
Joint Finance/Legislature: Require the Department of Natural Resources to manage the La Crosse-Bad Axe and Kickapoo River watersheds in the same geographical management unit. The Kickapoo River watershed is currently managed by DNR as part of the Lower Wisconsin Riverway geographical management unit.

Veto by Governor [B-81]: Delete provision.

[Act 16 Vetoed Section: 1042g]



WISCONSIN STATE LEGISLATURE



CONSERVATION EASEMENTS TO
PROTECT WORKING FORESTS

KATHRYN FERNHOLZ

DR. JEFF HOWE
DR. JIM L. BOWYER

FEBRUARY 23, 2006



DOVETAIL PARTNERS, INC.



Conservation Easements to Protect Working Forests

Introduction

Development pressures and rising taxes and land values are among the growing challenges facing forestland owners. Increasingly, it is financially difficult to keep large parcels of land intact.

According to the National Resources Inventory, the rate of development between 1997 and 2001 averaged 2.2 million acres per year. During that time period, 46% of the developed acres came from forestland and the rate of forest land development continued on an upward trend¹.

Under this development pressure, forested properties are being divided into smaller parcels, with some sold for development. Parcelization can lead to major change in how land is managed and can limit forestry activities as smaller properties become inefficient to manage economically. Additionally, this parcelization often leads to the fragmentation of forest cover and the resulting loss of wildlife habitats.

In recent years, one tool – the conservation easement – has come to the forefront of the race to protect land from development. A conservation easement is a tool that restricts land use conversion yet allows landowners to retain ownership and continue activities that fit their ownership objectives.

According to the National Land Trust Census,² there were more than 1,500 land trusts in the United States by mid-2003, many of which managed conservation easements. The total acreage protected by conservation easements in the United States increased 266% from 1998 to 2003, from 1.4 million to more than 5 million acres. The total number of conservation easements in 2003 was 17,847, up from 7,392 in 1998.

In many ways, conservation easements are considered a win-win for landowners, who are able to keep their land, and for public interests that want to see natural resources and resource assets that support industries such as farming and forestry protected for future generations. Nonetheless, even conservation easements have their critics. This report provides an introduction to easements and their potential benefits,

A present to the future

Love the land? Then help preserve it for the next generation

Sun, Dec. 18, 2005

As Will Rogers famously said, the trouble with land is they're not making any more of it.

In the north woods, land prices are rising as the population swells and people look for places to build vacation and retirement homes. Wall Street investment bankers are demanding that timber companies convert their vast land holdings into profit. And as cheap wood pulp from abroad depresses their revenues, it's hard for the companies to say no.

"It's the perfect storm," says Ron Nargang, director of the Nature Conservancy's Minnesota chapter.

Land previously used by the public for hunting and hiking and by birds and animals for habitat is disappearing fast.

<http://www.twincities.com/mld/twincities/sports/outdoors/13417028.htm>

¹ Natural Resources Inventory, 2001, http://www.nres.usda.gov/technical/land/nri01_nri01dev.html

² The National Land Trust Census, 2003, <http://www.lta.org/census/>

and examines some of the debate around the use of easements as a conservation tool for working forests.

Introduction to Conservation Easements

A conservation easement is a legal restriction that a landowner voluntarily places on his or her property to define and limit the type of development and activities that may take place there³. For a conservation easement to be eligible for federal tax benefits, an easement is required to address specific "conservation purposes". The Internal Revenue Service (IRS Code Section 170(h)) recognizes five legitimate conservation purposes: public recreation and/or education, protection of significant natural habitat, scenic enjoyment, uses pursuant to local governmental policy, and historic preservation⁴.

Key Points of Conservation Easements

- Voluntary
- Individually negotiated
- Legally binding
- Carries over to future landowners
- Land stays in private ownership
- Most are permanent
- Land stays on local tax rolls

The generic term "conservation easement"² encompasses a wide variety of easement types and programs. Generally speaking, conservation easements are voluntary, individually negotiated, legally binding for current and future landowners, and permanent. Land enrolled in an easement remains in private ownership and on the local tax rolls. That being said, it is important to emphasize that these easements are *individually negotiated* resulting in specific restrictions on development or allowable practices that vary between different easements, different land trusts, and different easement programs.

Application of Protection to Agricultural Land

The conservation easement has a longer history as a farmland and open space protection tool than as a forestland protection tool. Similar to other voluntary conservation programs such as forest certification, conservation easements, and the associated land trusts that hold the easements, grew out of concerns that regulation, zoning, and government planning processes inadequately protect open space and natural resource values⁵.

Conservation easements for farmland or suburban areas can have very different objectives and needs compared to easements for forestlands. Often those conservation values of forests that warrant protection through an easement require the protection of large tracts of forestland. Forest easements may need to cover thousands of acres to be effective at providing adequate forest habitat for wildlife that either utilize interior forest habitat or have a large home range. Providing this scale of protection is very challenging.

³ The Pacific Forest Trust. An Overview of Conservation Easements: Questions & Answers

⁴ ATTRA. Conservation Easements Resource Series. www.attra.neat.org

⁵ <http://www.stevesmall.com/art/articles/031223.html>

Not only is it financially difficult to fund conservation easements on this scale, but also it is increasingly difficult to find forest tracts of this size to protect.

Loss of Large Scale Forests

In the past decade large-scale tracts of forestland have grown increasingly costly for families and individuals to hold and increasingly lucrative to sell for development. These same economic pressures also apply to the forest industry which has historically been one of America's most stable ownerships of forestland. As a result, there has been a significant transfer in ownership of large-scale tracts of forestland during this period.

Several approaches have been pursued to mitigate the impacts of these economic pressures. The increase in Timber Investment Management Organizations (TIMOs) and Real Estate Investment Trusts (REITs) that own forestland are two examples of landownership changes that are taking place and impacting both forestlands and the forest industry. The acreage growth in TIMOs and REITs was 22% annually between 1987 and 2003. Consolidation has also been a significant trend. Between 1998 and 2003, 20 of the 40 publicly traded forest product companies merged, acquired, or divested land⁶.

As large landowners, including industrial landowners, explore the available options for their forestlands, conservation easements are increasingly viewed as a potential alternative to selling the land. Easements can offer economic gains through the sale or donation of the easement, resulting in income and/or tax deductions for qualifying easements.

Conservation Easement Programs

There are various existing conservation easement programs, but most are related to the protection of agricultural lands or perhaps wetlands rather than forestlands. Many of the working forest easements in the United States are negotiated and held by local land trusts and are not part of any larger national program. The exceptions are those linked to the Forest Legacy Program.

Forest Legacy Program

The most widely used and well-established program for protecting working forests with conservation easements is the Forest Legacy Program (FLP)⁷. Administered by the USDA Forest Service in cooperation with State Foresters, this program was established in the 1990 Farm Bill to "protect environmentally sensitive forest lands that are



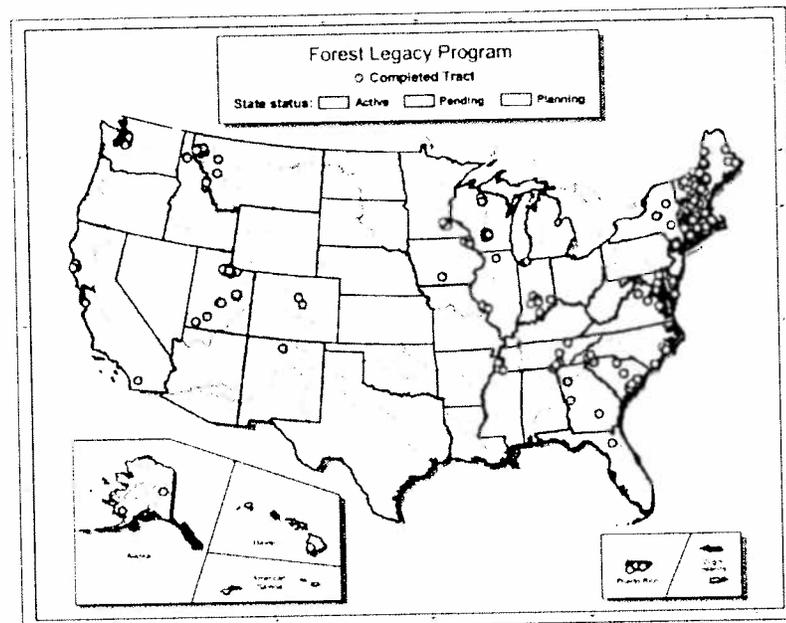
⁶ http://www.sfasu.edu/forestry/services/proceedings/carlton_owen_key_learnings.pdf

⁷ <http://www.fs.fed.us/spf/coop/programs/loa/flp.shtml>

threatened by conversion to development.⁸ The program is voluntary and focuses on working forests, meaning those “that provide forest products, water, fish and wildlife habitat and recreational opportunities.”

The Forest Legacy Program provides federal funding for both conservation easements and fee simple purchases, which must be matched with at least 25% non-federal dollars. There is a national competitive process between the states to nominate and select target areas to be protected. As of September 2005, 42 states were participating in the FLP with 279 tracts totaling more than a million acres protected.

The process of identifying potential Forest Legacy Areas involves coordination between the Forest Service and state-level interests to conduct an Assessment of Need. This assessment addresses a range of issues related to meeting the goals of the FLP, including: scenic values, fish and wildlife habitat, mineral resources, recreation, soils, forest products and timber management, watershed values, conversion threats, historic usage, current ownership patterns, cultural resources, geological features, and threatened and endangered species⁹. Public input related to decision-making is also considered.



Source: USDA Forest Service, NA FLP 2005.ppt

Information gained through the needs assessment process is used to identify high priority Forest Legacy Areas within each state and set specific goals and objectives to be accomplished by the state's Forest Legacy Program. After Forest Legacy Areas are established, landowners within the identified areas can apply to have their lands enrolled in the program.

When land is enrolled in the Forest Legacy Program there are several different ways in which an easement can be structured to accommodate the involvement of both federal and state funds as well as private interests. Under the State Grant Option, a state-based entity such as the Department of Natural Resources (DNR) can hold the easement. There

⁸ http://www.fs.fed.us/spf/coop/library/flp_overview.pdf

⁹ http://www.fs.fed.us/spf/coop/library/2003_flp_guidelines.pdf

is also a Federal Acquisition Option wherein the USDA Forest Service holds the interest in the land. Under the Forest Legacy Program, land trusts may only hold easements for lands donated as cost-share towards the program.

Examples of Forest Legacy Programs

Massachusetts

Massachusetts was the first state to complete and have an Assessment of Need approved. The Massachusetts Forest Legacy Program was approved in August 1993 with amendments made in 2001. The program currently has 2,999 acres enrolled with a total value of more than \$12 million dollars. A little more than \$5 million in federal Forest Legacy funds have been contributed to the program in Massachusetts.

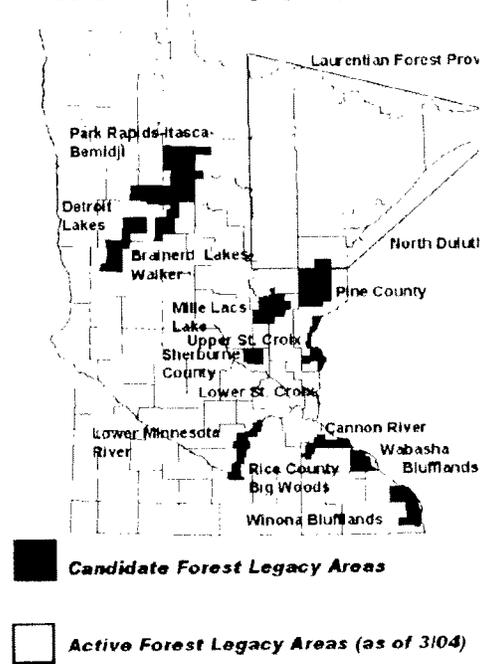
Maine

Maine has the largest Forest Legacy Program with more than 400,000 acres enrolled with a total value of almost \$58 million. The program was approved in 1994 and has utilized \$32.7 million in federal funds.

Minnesota

The program in Minnesota was approved in 2000 and has 1,171 acres enrolled and a total value of \$3.4 million. Federal contributions through December 2005 totaled \$2 million. A newly established Minnesota Forest Legacy Partnership involving the Blandin Foundation, The Nature Conservancy, The Conservation Fund, the Minnesota Department of Natural Resources, and a number of other public and private partners aims to dramatically increase the acreage enrolled in the coming years¹⁰.

Minnesota Forest Legacy Program



<http://www.dnr.state.mn.us/forestlegacy/map.html>

Challenges Facing Working Forest Conservation Easements

Land Valuation and Property Taxes

Conservation easements are often promoted as a mechanism for reducing the cost burden of owning property by potentially reducing property taxes. Although reduced property

¹⁰ <http://www.conservationfund.org/pagespinner.asp?article=3151&back=true>

taxes can be a powerful motivator for landowners, it can also be a point of concern for local governments and others that may not want to see the local tax base reduced. State laws related to real estate taxes often require assessors to consider conservation easements and the associated restrictions on land use. However, assessors are given considerable leeway in these considerations.

Several studies have been conducted to evaluate both the potential tax benefits for landowners with easements and the potential impacts on the local tax base. These studies show that conservation easements often result in no reduction in real estate taxes. After an easement is put in place, landowners may apply for a new tax assessment or enroll in a "current use" tax classification if the land previously was classified under a "highest and best use" category. Land that is already enrolled in current use or a special farm or forest tax classification rarely realizes a reduction in taxes after an easement.

A study conducted in 2001 in Wisconsin¹¹ found that local assessors generally were not considering conservation easements in their assessments. Even when easements were considered, they didn't generally result in lower tax assessments. In instances where taxes were reduced after establishing an easement, these reductions were correlated primarily with other changes in statewide tax law.

Another important consideration is the extent to which conservation easements can positively impact the costs of providing public services such as utilities, fire protection, and road maintenance. Since open space and protected lands do not make significant use of these services, well planned conservation easements can help concentrate the need for public services into a more manageable area.

The Need for Good Information

The Society of American Foresters (SAF) adopted a position statement on conservation easements in 2001¹². The SAF statement supports conservation easements as "one tool for ensuring sustainable forest management." However, the statement goes on to warn that easements are not appropriate for all forestlands and "should only be entered into with a full understanding of their consequences." The SAF asserts, "Foresters have a

Stakes are high as timber giant plans massive land sale
DANIEL CUSICK, GREENWIRE,
01/03/06

Private forest ownership in the United States is expected to continue on the path of radical transformation this year as large industrial owners of timberland quicken the pace of forest divestment -- a byproduct of industry consolidation and efforts to streamline operations.

All eyes are now on timber giant International Paper Co., whose sale of 6.8 million acres of timber holdings, much of it concentrated in the South and Great Lakes regions, has been described as a 21st century version of the Louisiana Purchase of 1803.

http://www.redlodgeclearinghouse.org/news/01_03_06_stakes.html

¹¹ Meyer, Ezra. 2001. The Impacts of Conservation Easements on Property Taxes in Wisconsin. Gathering Waters Conservancy. U of WI. 32pp
www.gatheringwaters.org/documents/The_Impacts_of_Cons_Easements_on_Property_Tax_in_WI.pdf

¹² Conservation Easements. A Position Statement of the Society of American Foresters. Dec. 9, 2001.
<http://www.safnet.org/policyandpress/pst/conservation.cfm>

responsibility to ensure that the landowners they are working with understand the benefits and restrictions of conservation easements.”

One of the most significant opportunities for fraud or misinformation during the development of a conservation easement arises during the land value appraisal. Property enrolled in a conservation easement is evaluated with “before” and “after” valuations. An appraiser first determines the value of the land and its potential use “before” the easement exists and then the value “after” the use of the land is restricted by the easement is also appraised. These values are determined by looking at comparable market sales and fair market values. For purposes of getting a higher payment for the easement or a larger tax deduction for an easement donation, landowners and appraisers have occasionally engaged in unethical appraisals. In response there have been calls for greater governmental regulation of appraisals and increased auditing¹³. For purposes of the Forest Legacy Program, the *Uniform Appraisal Standards for Federal Land Acquisition* is used.

Furthermore, to help address the need for reputable conduct in the creation and enforcement of conservation easements, the Land Trust Alliance (LTA) offers a Land Trust Accreditation Program¹⁴. The LTA promotes voluntary private land conservation and is the national convener for land trusts across the country¹⁵. The LTA’s Accreditation Program provides independent verification of the 42 practices included in the *Land Trust Standards and Practices*¹⁶. These practices provide an indication of “a land trust’s ability to operate in an ethical, legal and technically sound manner and ensure the long-term protection of land in the public interest.”⁷ The LTA requires its members to adopt the *Land Trust Standards and Practices*.

The Issue of Perpetuity

Critics of conservation easements often challenge the permanent nature of the restrictions. Arguably, permanently protecting a property or current land use could create long-term problems. What if the protected forest becomes an island surrounded by urban development? What if science discovers the land management stipulated in the easement is no longer appropriate? What if the landowner changes her mind? Generally, many of these concerns can be addressed in the negotiations of the easement language. Changes in forest science may be addressed by including guidance for periodic review and updating of the forest management plan. Changes of heart may be addressed through a “buyout clause” that outlines a process for the repayment of the easement and any additional penalties. Also, land trusts and other groups responsible for conservation easements implement mechanisms to evaluate candidate properties for eligibility and long-term conservation compatibility. It is important to recognize that federal tax benefits for conservation easements generally only apply to the donation of perpetual restrictions on the property. That being said, conservation easements do not necessarily

¹³ <http://www.stevesmall.com/art/articles/050415.html>

¹⁴ <http://www.lta.org/accreditation/>

¹⁵ <http://www.lta.org/aboutlta/index.html>

¹⁶ <http://www.lta.org/sp/>

protect land from being seized through eminent domain and federal and state laws allow for termination or modification of easements if the original conservation purposes can no longer be met¹⁷.

Monitoring and Enforcement of Conservation Easements

The monitoring and enforcement aspects of conservation easements can be a considerable challenge to their long-term viability and legitimacy. Conservation easements are legally binding agreements with strict guidance on what is and what is not allowed on the property. In the case of working forest easements, this guidance may include details related to how harvests may be conducted, what species and volumes can be harvested, what types of equipment are permitted, and how riparian areas and other resources are protected. Monitoring to this level of detail can be onerous for small land trusts or when lands under the easement are large, remote, or geographically dispersed. Land trusts have to secure adequate funding through fees or grants to support the monitoring and enforcement aspects of managing conservation easements. High quality monitoring and enforcement are important for protecting the reputation of conservation easements as effective conservation tools.

To help address the concerns about enforcement and to help assure that forestlands under easement practice responsible forestry, Working Forest Conservation Easements are increasingly being linked with forest certification programs. In addition to providing independent verification that the forest management meets endorsed standards of responsible forestry, the certification assessment and annual audits provide an additional mechanism to inspect and monitor the easement lands. A report prepared in 2004¹⁸ explored the relationship between forest certification and conservation easements and found several areas of commonality, including interest in balancing social, economic, and ecological interests, protecting the conservation interests of the landowner, use of professional foresters and forest management, and requirements for monitoring and auditing. The report concluded that, especially in terms of the annual monitoring and auditing aspects, certification and easements could be combined in ways that maintain the technical and legal requirements of each while potentially reducing costs and increasing credibility.

Posted on Wed, Nov 30, 2005

Deal protects Brainerd forest Development pressure would be relieved

BY DENNIS LIEN
Pioneer Press

About 3,100 acres of forest in the popular Brainerd lakes area of north-central Minnesota will be protected from development under a conservation easement finalized Tuesday between the Trust for Public Land and the Potlatch Corp.

Using state and federal money, the nonprofit organization bought the easement near the Crow Wing State Forest from Potlatch, an arrangement that bans development on the property, ensures continued access for hunters and hikers, and still allows the company to log it.

<http://www.twincities.com/mld/twincities-news-politics/13287496.htm>

¹⁷ http://www.farmlandinfo.org/documents/27762_ACE_07-04.pdf

¹⁸ Newson, Deanna. 2004. Forest Certification and Working Forest Conservation Easements: Common Elements and First Thoughts on a Combined System. 29pp <http://www.rainforest-alliance.org/programs/forestry/perspectives/documents/easementpaper-nov04.pdf>

Unique Challenges of Forest Easements

Developing working forest easements, especially for large tracts, present some unique challenges. In 2000 and 2001, the Land Trust Alliance convened practitioners and formed an Advisory Panel to identify some of these unique challenges and their potential solutions. The results of these discussions are available in a guidebook from the Land Trust Alliance¹⁹. The group found that some of the unique challenges of many working forest easements include the difficulty in: managing complex public and private partnerships, addressing public access interests, establishing and conducting a sufficient baseline inventory of the land and resources, enforcing the forest management plan, measuring the easements' benefits and impacts, determining appraisal values, and ensuring forest productivity²⁰.

The full report outlines many recommended strategies for addressing these challenges, including identifying key stakeholders, establishing a plan for communicating information about the project, creating a plan for public involvement to build support for the project, using Geographic Information Systems (GIS) to conduct inventory and data collection, and using aerial and satellite imagery for monitoring easement enforcement on large parcels.

The Bottom Line

Conservation easements are an effective tool for protecting and preserving working forests and associated natural resource values. They are legally binding, long lasting, and able to target specific threats such as land use conversion and development. However, it is often no easier to buy up all the development rights to those lands that society may want to protect than it is to buy up all the land itself. As experience with working forest conservation easements grows, information is increasingly available to demonstrate the benefits and fine-tune the implementation of these programs. The benefits of conservation easements may also be enhanced by using them in concert with the other tools available for rewarding, regulating, and recognizing responsible forest stewardship such as certification, green development, conservation land use planning, and forestry incentive programs.

¹⁹ Lind, Brenda. 2001. Working Forest Conservation Easements. Land Trust Alliance. 48pp
http://www.lta.org/publications/easement_lib.htm

²⁰ <http://www.privatelandownernetwork.org/plnpro/trendsinworkingforestees.pdf>

This report was prepared by
DOVETAIL PARTNERS, INC.

Dovetail Partners is a 501(c)(3) nonprofit corporation that collaborates to develop unique concepts, systems, programs, and models to foster sustainable forestry and catalyze responsible trade and consumption.

FOR MORE INFORMATION OR TO REQUEST
ADDITIONAL COPIES OF THIS REPORT, CONTACT
US AT:

INFO@DOVETAILINC.ORG

WWW.DOVETAILINC.ORG

651-762-4007

© 2006 Dovetail Partners, Inc.

This Dovetail Report is made possible through the generous support of the Blandin Foundation and its Vital Forests/Vital Communities Initiative. For more information, visit <http://www.blandinfoundation.org/>.



BLANDIN FOUNDATION™

Additional support comes from the Rockefeller Brothers Fund, Surdna Foundation, McKnight Foundation and individual donors.



DOVETAIL PARTNERS, INC.

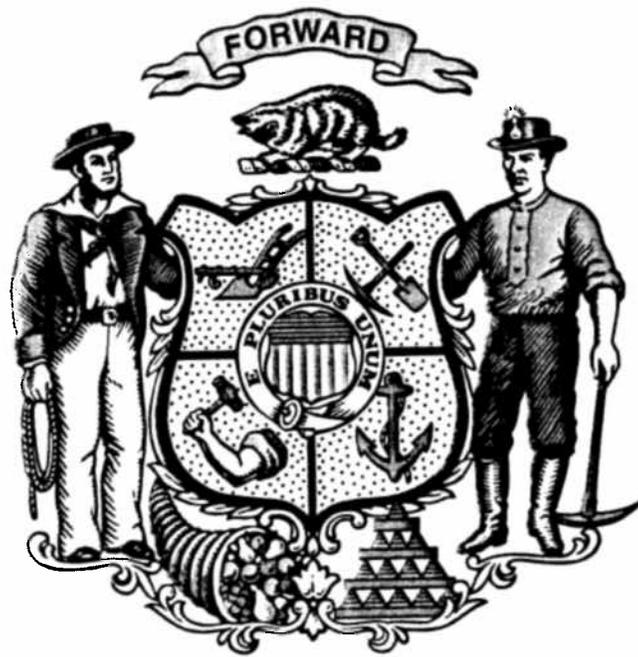
4801 N. Highway 61, Suite 108

White Bear Lake, MN 55110

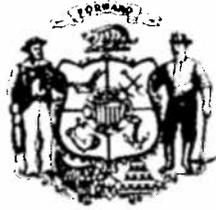
Phone: 651-762-4007

Fax: 651-762-9642

www.dovetailinc.org



THE STATE OF WISCONSIN



Governor James E. Doyle
115 East State Capitol
Madison, WI 53702

March 30, 2006

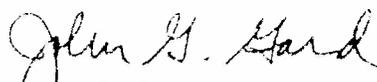
Dear Governor Doyle,

We are writing in response to yesterday's news that the state taxpayers will purchase 64,634 acres of land in northeastern Wisconsin from International Paper Company. The deal, which affects the future of 48 lakes and ponds and 70 miles of rivers and streams, marks one of the largest land purchases in Wisconsin history, according to officials from your Administration. You have authorized the expenditure of \$33 million of the taxpayer's stewardship funds to purchase a large portion of this scenic area, but it will not be owned by the state. Instead, the acquired land will be handed over to the Conservation Forestry, LLC, a timber investment fund based in Woburn, Massachusetts.

As state representatives, it is our duty to protect Wisconsin's precious natural resources and ensure that taxpayer dollars are spent wisely. Because this deal has been reached without consultation from us, and because it does not provide legislative oversight, we have some basic concerns. First is the issue of ownership. Taxpayer dollars are being used to purchase a very valuable, vast expanse of land that will be given to an out-of-state investment company. We question the notion of the state buying land of this amount it will not own. Second, fiscal responsibility should be addressed. It is our request to know whether the appropriate amount of stewardship taxpayer funds is being directed towards this purchase, considering the state will not own the land. Third, taxpayers have a reasonable expectation to know the economic impact of the deal. They deserve to know whether this is a good deal for the state, the value of the land and what the state is getting for millions of dollars of their stewardship funds.

We want to ensure the taxpayers of Wisconsin that their stewardship funds are being used appropriately and responsibly. Furthermore, the future of forestry, recreation, water quality and wildlife in the Northeast region will be greatly impacted by this agreement. The taxpayers of Wisconsin deserve answers to general questions surrounding the purchase.

Sincerely,


John G. Gard
Speaker of the Assembly


Rep. John Ainsworth
(R-Shawano)


Rep. Gary Bies
(R-Sister Bay)



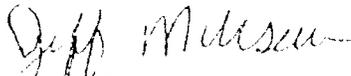
Rep. Don Friske
(R-Merrill)



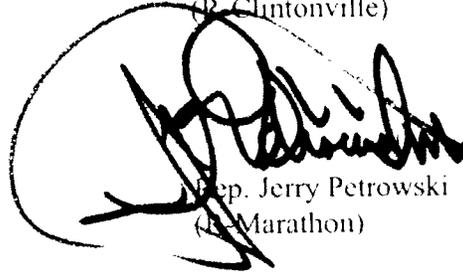
Rep. Jean Hundertmark
(R-Clintonville)



Rep. Dan Meyer
(R-Eagle River)



Rep. Jeff Mursau
(R-Crivitz)



Rep. Jerry Petrowski
(R-Marathon)



Rep. Mary Williams
(R-Medford)



May 12, 2006

Scott Hassett, Secretary
Department of Natural Resources
101 S. Webster St.
Madison, WI 53702

RE: Urgent Public Records Request

Dear Records Custodian:

This is a public records request pursuant to § 19.21, et seq., Stats. "Record," as used in this request, means any materials defined in § 19.32(2), Stats., including without limitation, e-mail messages.

The records being requested relate to the proposed agreement to acquire lands included in the Wild River Forest Legacy Project in conjunction with The Nature Conservancy and others from International Paper (69,000 acres), announced on or about March 29, 2006. (Proposed Acquisition) Attached is a listing of legal descriptions showing the location and size of each parcel that is part of the Proposed Acquisition. (Exhibit A)

Specifically, the records requested are:

1. All records that are communications among or between the Wisconsin Department of Natural Resources (DNR), Wisconsin Board of Commissions of Public Lands (BCPL), the Nature Conservancy, International Paper Co., Conservation Forestry LLC, 1000 Friends of Wisconsin and/or Forest Investment Associates regarding any aspect of the Proposed Acquisition.¹
2. All appraisals of the Proposed Acquisition or any portion of the Proposed Acquisition, whether the appraisal is for the value of the fee interest in the real estate or any lesser interest such as an easement, license, lease, etc.
3. All records kept by the DNR that contain any information about the DNR's activities in regard to evaluating whether the State of Wisconsin should acquire all or any of the property listed in Exhibit A or any part of the Proposed Acquisition.
4. Any records prepared by, or any consultant to, the DNR, BCPL, The Nature Conservancy, International Paper Co., Conservation Forestry LLC, 1000 Friends of Wisconsin, local county office administrators and staff, DNR regional offices and home computers of local game wardens, and/or Forest Investment Associates regarding any aspect of the Proposed Acquisition.
5. Any records of the Wisconsin Natural Resources Board or the BCPL regarding any aspect of the Proposed Acquisition.
6. Any records that are communications among or between any person serving in the capacity of an agent of the DNR (at any level), BCPL, the Office of the Wisconsin Governor and/or the Wisconsin Legislature regarding the Proposed Acquisition.

¹Names of governmental or private entities are intended to include their respective agents, officials and employees.

7. Any records showing application for or approval of the expenditure of any state resources, including without limitation, DNR, BCPL or other State employee staff time, consultants paid with State funds or state revenues (including borrowing authorized by the Knowles-Nelsen Stewardship Fund).

8. Any records showing or describing the nature of the property interest to be acquired by the State of Wisconsin in any or all of the property included in the Proposed Acquisition, i.e., terms of a conservation easements, limits on the State's use, ability of others such as Forest Investment Associates or Conservation Forestry, LLC to use or take timber from any of the land in the Proposed Acquisition, etc.

9. Any record containing information about the actual dollar cost to the State of Wisconsin if the State money used to pay for any or all of the Proposed Acquisition is borrowed pursuant to the Knowles-Nelsen Stewardship Fund. This means the cost, including interest, to pay back the money borrowed for the Proposed Acquisition.

10. Any record indicating which land, and the amount of land, if any, in the Proposed Acquisition that will be publicly-owned, meaning by the State of Wisconsin, versus privately owned.

11. Any record indicating the DNR, the Governor's Office or BCPL provided any evaluation of any or all property in the Proposed Acquisition to any timber investment fund or private entity interested in acquiring any or all property in the Proposed Acquisition except to Conservation Forestry, LLC of Woburn, Massachusetts and/or Forest Investment Associates of Atlanta, Georgia.

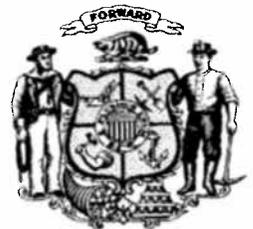
12. Any legal opinion that was rendered by any member of any state bar that came to be reviewed as part of this purchase., requested and reviewed as part of the acquisition of aforementioned property.

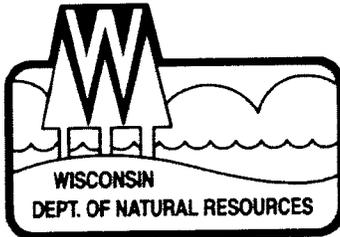
Each request is limited in time to five (5) years prior to the date of response to this request. The Requester asks to be informed as soon as the records are assembled for inspection. Please advise when and where these documents are available for review prior to making copies. Upon review you will be advised which records to make copies. Payment will be made for any copies requested in accordance with the law.

Sincerely,

Representative Sheryl Albers, Chair
Comm. on Property Rights and Land Management

cc. Governor Jim Doyle, Senator Schultz, Secretary Wisniewski, Secretary of State Douglas La Follette, DNR Northern and Northeast Regional Offices.





State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Jim Doyle, Governor
Scott Hassett, Secretary

101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-2621
FAX 608-267-3579
TTY Access via relay - 711

May 22, 2006

Honorable Sheryl Albers
State Representative, 50th District
15 North
State Capitol, 53708

SUBJECT: Open Records Request – Wild River Forest Legacy Proposed Acquisition

Dear Representative Albers:

I am responding to your public records request to Scott Hassett, Secretary of the Department of Natural Resources ("Department") to review public records under s. s. 19.35, et seq., Wis. Stats.

In particular, you requested the Department provide copies of public records pertaining to the Department's proposed Wild River Forest Legacy acquisition in conjunction with The Nature Conservancy and International Paper. You specifically requested records as defined by s. 19.32(2), Wis. Stats., regarding this purchase within five (5) years prior from the date of your request (dated May 12, 2006 and received May 15, 2006).

Given the expansive nature of your request and the desire to provide what we can before your public hearing on May 23rd, we are enclosing documents and information that were given to the Natural Resources Board in open session. Once all the records pertaining to your request have been compiled, inspected and evaluated for release, you will be advised of their availability or reasons for withholding pursuant to ss. 19.35(1)(a) and 19.85, Wis. Stats.

The Department anticipates that many of these documents may not be supplied immediately because this real estate transaction has not been closed. As with any real estate transaction - public or private - giving up a bargaining position could jeopardize the purchaser's financial interests. Please note that s. 19.35(1)(a), Wis. Stats., provides that the open meetings exemptions provided in s. 19.85, Stats., may be used as grounds for denying public access to a record if the Department makes a specific demonstration that there is a need to restrict public access at the time the request to copy a record is made. Pursuant to ss. 19.35(1)(a) and 19.85, Wis. Stats., the Department may be denying access to a significant majority of these records because competitive or bargaining reasons require keeping these records confidential at this time. The release of these documents could place the Department at a competitive disadvantage and jeopardize the state's interests and commitments since the transaction has not been finalized and consummated by all concerned parties. However, once this transaction has been consummated, all documents will be released.

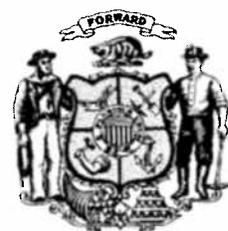
If you have any questions in the meantime, please feel free to contact me at (608) 266-0201.

Sincerely,

Richard E. Steffes
Natural Resources Real Estate Director



WISCONSIN STATE LEGISLATURE





Jim Doyle, Governor
Scott Hassett, Secretary

101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-2621
FAX 608-267-3579
TTY Access via relay - 711

May 23, 2006

Conservation Easements to Protect Working Forest Lands

Conservation easements are legal agreements entered into voluntarily by a property owner with the purpose of protecting ecologically, economically and/or socially significant areas occurring on a parcel of property. Property ownership allows the landowner to exercise a collection of rights such as the right to sell, lease and mortgage the property. With a working forest conservation easement, the forest owner sells some of the rights associated with landownership such as the right to subdivide and develop parcels, construct buildings, or prohibit public access for hunting and fishing.

The property owner receives compensation for the transfer of specific property rights, while maintaining the ability to manage the land sustainably to produce forest products. The public, in turn, pays only for those rights needed to protect important public values for the benefit of present and future generations.

Maintaining large blocks of working forest land is important to the health of Wisconsin's economy, our environment and the quality of life for our residents. Over the last decade well in excess of 90% of our large blocks of private industrial forest lands have changed hands, the majority of it at least twice! There is increasing pressure to subdivide these lands which, over time, will reduce and in some cases eliminate many of the important public benefits from these lands that we have long taken for granted.

Although in some circumstances fee title acquisition is the right approach to maximize public benefits, conservation easements are an excellent tool to effect protection for large blocks of working forest lands. Using conservation easements to protect these lands is a valuable tool for several reasons:

- Purchasing conservation easements for large working forests cost on average less than half the price of outright acquisition. This enables the public to more than double the land on which important public benefits can be protected.
- Conservation easements on large blocks of land keeps the land in private ownership, with property taxes being paid and little in the way of public services needing to be provided across that land base.
- These easements allow us to protect the *economic, ecological* and *social* values of the forest for the future while keeping the vast majority of this land in private ownership.

Economic Benefits:

- Sustaining working forests in Wisconsin are important to the state economy. There are 1,850 companies using raw wood products to support more than \$22 billion industry and more than 100,000 jobs.

- Acquiring easements on large blocks of working forest land assures these lands will continue to provide wood products and public access for recreation that together fuel the economy of both the forested areas of the state, and contributes significantly to the economy throughout the state, even in the southeast.
- In addition, Wisconsin households spend an estimated \$5.5 billion per year on goods and services associated with forest-based recreation. Forest product and forest-based recreation industries account for 12 percent of the gross state product and 18 percent of state jobs.
- Land on which these easements are purchased will continue to provide the pulpwood and sawlogs that feed local mills where they contribute to our economy and produce the products you and I use every day. Without these easements, these lands are under threat to be parcelized and fragmented, reducing or eliminating their capacity to be managed sustainably to produce forest products.

Ecological Benefits:

- Conservation easements assure that these lands will continue to produce clean water, critical wildlife habitat and scenic beauty for the benefit of generations to come.
- Conservation easements on large blocks of working forest land protect watersheds and helps maintain both water quality and quantity. They also offer a cost-effective way to protect remaining privately held wild lakes and river segments.
- Wildlife that depend on large unbroken blocks of forest are also guaranteed habitat for their future with these easements. For example, a number of neo-tropical migratory birds need large blocks of contiguous forest to thrive.

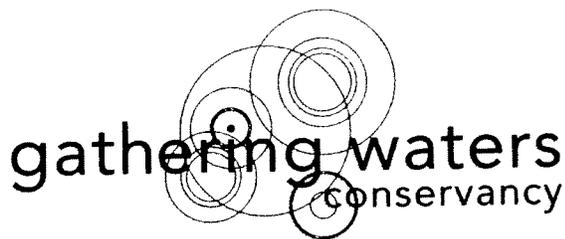
Social Benefits:

- These easements assure that these large blocks of land are open for public recreation such as hunting, fishing, snowmobiling, hiking, skiing and bird watching not only to current users but to their grandchildren and great grandchildren as well.
- Protecting these large blocks of land provides settings for recreational activities that require larger blocks of undeveloped space, which is becoming more difficult to find.
- These easements assure that those who can not afford access to private lands for recreation have a place to pursue their love for the outdoors.
- These easements help maintain the character and landscape of Northern Wisconsin.

Wild Rivers Legacy Forest:

- Purchase price of the land conservation portion of this project is \$39,075,000.
- Department of Natural Resources will purchase 5,610 outright and an easement covering an additional 59,024 for a total of 64,634 acres, to protect these environmentally important forestlands from being converted to non-forest uses as well as to preclude forest fragmentation.
- The purchase includes 5,610 acres along of state acquisition along the Pine and Popple Wild Rivers and a cluster of wild undeveloped lakes.
- The conservation easement includes 59,024 of both upland and lowland forests, including large blocks of hemlock-hardwood and northern hardwood forests.
- 48 undeveloped lakes and ponds.
- 70 miles of rivers and streams that contribute to water quality in Green Bay and the Great Lakes.
- Over nine miles of frontage on the Pine Wild River and three miles on the Popple Wild River.
- This land is highly productive forestland and produces both pulpwood and quality saw timber that is processed into high value furniture, cabinetry, and wood flooring.
- Predominant tree species are hard and soft maple, hemlock, red oak, basswood, white cedar, white ash, white birch, and yellow birch.
- The land borders the Nicolet National Forest, three county forests and DNR-owned lands.
- The land is important for maintaining important ecological values, including unique species of birds, furbearers and a number of rare species.
- The easement will ensure this land is forever open to the public for access for public outdoor recreational uses such as hunting, fishing, snowmobiling, hiking and bird watching.
- The area has a history of sustainable forest management dating back more than 80 years.





211 South Paterson Street • Suite 270 • Madison, WI 53703
ph 608.251.9131 • fx 608.663.5971 • www.gatheringwaters.org

JOINT COMMITTEE PUBLIC HEARING

Committee on Forestry Committee on Property Rights & Land Management

Testimony of Vicki Elkin
Executive Director of Gathering Waters Conservancy

Tuesday, May 23, 2006

My name is Vicki Elkin, and I am the Executive Director of Gathering Waters Conservancy. Thank you for the opportunity to testify before you today.

Gathering Waters Conservancy is a statewide umbrella group and service center for land trusts and conservation-minded landowners. We are private, non-profit and non-partisan. Our goal is to increase the amount of protected land in Wisconsin through private action.

Gathering Waters Conservancy represents a growing and vibrant community of land trusts. Land trusts are citizen-run, non-profit organizations that are dedicated to protecting the special places in their communities. These may be trails, picnic spots, historic farms, hunting grounds, and other places that are critical to the quality of life for people who live, work and play there.

The land trust movement has grown significantly in Wisconsin over the past decade. When Gathering Waters Conservancy started in 1994, there were only a handful of land trusts operating in the state. Now we represent over 50 organizations with a combined membership of 45,000 individuals and families.

People often ask what accounts for this dramatic growth. The answer is that the land trust movement is truly a movement. While Gathering Waters Conservancy may provide

advice and assistance in setting up and building a land trust, the impetus, energy and inspiration for starting and running a land trust is purely local.

Wisconsin's land trusts have protected roughly 150,000 acres – not including the “Wild Rivers Legacy Forest” project brokered by The Nature Conservancy. They have done so by partnering directly with private landowners. This is a point I want to emphasize. Land trusts are private organizations made up of ordinary – and oftentimes *extraordinary* – citizens. They work with individuals and families who love their land and voluntarily agree to set it aside for conservation. Land trusts may frequently *coordinate* with government but they are not an extension of government. In fact, many landowners work with us because we are an alternative to government.

Conservation easements account for about half of the land protected by land trusts. As you know, conservation easements are binding legal agreements that restrict the current and future uses of a property to protect its conservation values (such as wildlife habitat, wetlands, prime farmland, important forests, etc.). The most common restriction found in easements is a limitation on the amount and location of allowable development.

Landowners enter into an easement voluntarily but once signed, all current and future landowners are bound by the terms of the easement. The land remains in private ownership and runs with the land. The property also remains on the tax rolls. The easement holder, in our case the land trust, is responsible for monitoring and enforcing the easement over time.

I am happy to provide more information about the legal and technical aspects of easements. However, I think what I can add to this discussion is an understanding of why landowners are embracing and increasingly turning to easements as a way to protect their land -- and why this is a great deal for the public.

We get calls everyday at Gathering Waters from landowners who are relieved and excited to learn about easements. These are people who love their land and are concerned about

its future. Many of these landowners have devoted countless hours to restoring their land or they live on a century farm that has been in their families for generations or they understand that their land is a unique natural treasure worthy of preservation. Easements help them realize their dreams for their land.

Gathering Waters has collected about two dozen personal stories written by landowners about their motivations in placing an easement on their land. We've published these stories in this booklet called "In Their Own Words." I am very happy to share copies of "In Their Own Words" with you and would like to read briefly from just one story.

I think that this story exemplifies why easements are a win-win for all involved. The landowner continues to own the land and is responsible for its continued stewardship while the public benefits from having this 360-acre parcel forever maintained and managed as continuous forest.

Thank you again for the opportunity to testify. I am happy to answer any questions or provide you with additional information.





**Testimony Before the
Assembly Committee on Forestry
Committee on Property Rights and Land Management
May 23, 2006**

In Regards to Conservation Easements

Good morning. My name is Gene Francisco and I am the Executive Director of the Wisconsin Professional Loggers Association (WPLA) and the Timber Producers Association. I am here today to express our support for the use of conservation easements to protect working forests in Wisconsin.

Loggers and the forest industry in general depend upon working forests to provide a sustainable supply of raw materials to maintain our industry which ranks as the state's second largest industry sector. Conservation easements are a proven cost effective tool to maintain our working forests.

Less than ten years ago Wisconsin had over 1.1 million acres of industrial working forest land entered into the managed forest law (MFL). Today that acreage is closer to 900,000 acres. Each time a parcel of industrial forest land has been sold during that period a portion has been taken out of the MFL and developed as recreational property. In several instances the DNR has purchased part of the industrial forest land at a high initial cost to taxpayers along with significant annual costs for property taxes and staff to manage the forest land. The Knowles-Nelson Stewardship fund does not provide for the cost of maintaining and managing lands purchased through those funds.

On occasion the Department has negotiated to purchase the development and public access rights as well as a conservation easement that insures long term sustainable forest management for less than half the cost buying the forest land outright. Conservation easements are an outstanding example of the kind of public/private partnership government ought to be pursuing to protect our valuable natural resources and our economy.

Some would argue that there is no need to purchase the development and public access rights when it is likely that the land will remain in the managed forest law which in most cases is open to the public and subject to development restrictions. History shows that MFL is not necessarily a long term protection for our working forests. Are the approximately 200,000 acres of industrial working forest land that have been taken out of MFL in the past 10 years still available to provide raw materials to our industry? To put it into perspective, 200,000 acres of forest land is enough land to provide the annual raw material needs for the Park Falls paper mill which recently closed. Wouldn't it be good public policy to insure those resources remain available?

Equally important is what happens to the forest land when it is taken out of the MFL. For example, a little over 20 years ago when I was a DNR forester in Langlade County, American Can Company announced the sale of its lands which amounted to around 15,000 acres in Langlade County along the Wolf River. The forest land was prime hardwood that had been managed in the state tax law for around 30 years. The trees were just getting into marketable saw timber size. A land developer purchased the land, withdrew it from the state tax law and destructively cut the merchantable wood to recoup

his real estate costs. The land was then subdivided into 10, 20, 40 and 80 acre parcels and re-sold as hunting land making the developer a huge profit. Some of this land has been re-entered into the MFL, but the destructive cutting set forest management back 80 years. This scenario has been repeated over and over and continues today. If conservation easements were considered/available back then, reputable local Wisconsin companies like Kretz Lumber Company would be managing those lands today and the ecological condition would not have been set back 80 years but improved and sustained. If the DNR is going to continue a land acquisition program, conservation easements ought to be a high priority in that program. WPLA encourages you to find ways to increase the use of conservation easements to protect working forests as a cost effective alternative to public ownership. Thank you for the opportunity to offer our perspective. I would be happy to answer any questions.





The Nature Conservancy in Wisconsin
633 West Main Street
Madison, Wisconsin 53703

tel 608/251-8140
fax 608/251-8535
nature.org/wisconsin

Remarks by The Nature Conservancy before the Assembly Forestry and Land Management Committees May 23, 2006

By Todd Holschbach, Director of Government Relations, and
Matt Dallman Director of Conservation—Northern Wisconsin

Good morning Chairman Friske, Chairperson Albers and Committee members. Thank you for this opportunity to raise awareness of working forest conservation easements in Wisconsin.

My name is Todd Holschbach, I am Government Relations Director for The Nature Conservancy in Wisconsin. I am here today with Matt Dallman, the Conservancy's Director of Conservation for Northern Wisconsin. Matt is also Wisconsin's lead negotiator on the Wild Rivers Legacy Forest project.

First I will make brief remarks on the general topic of conservation easements and then Matt will talk a little about the working forest conservation easement included in the Wild Rivers Forest Legacy project.

The Nature Conservancy is a non-partisan, nonprofit land conservation organization with 22,000 members in Wisconsin. Our mission is to conserve the plants and animals that represent the diversity of life in Wisconsin. Our work is directed by the best biological and ecological science available.

One of The Nature Conservancy's trademarks is bringing together business and industry, government and generous private donations to achieve conservation in a way that also benefits taxpayers and the economy.

These partnerships are especially important at a time when unprecedented changes in forest ownership are occurring throughout the United States. In Wisconsin alone between 1997 and 2002, 94 per cent of industrial owned forest land changed hands. These changes often result in the loss of timber jobs and lost opportunities for outdoor recreation and conservation—changing the face of northern Wisconsin forever.

One innovative tool used by The Nature Conservancy and its partners to address this problem is the working forest conservation easement. It is a cost-effective investment for the state and taxpayers---it results in conservation of wildlife habitat, public access for recreational use and timber industry jobs. In recent years Wisconsin has benefited from the State's purchase of two similar conservation easements.

A conservation easement is a legal agreement where a landowner *voluntarily* agrees to donate or sell certain rights associated with his/her property, such as public access rights and development rights.

The landowner retains ownership of the property but greatly reduces the cost associated with owning the land.

A working-forest conservation easement's provisions ensure that the land keeps its timber production value by limiting how the land may be subdivided and developed.

The land remains in private ownership, thus keeping it on the tax rolls, but the restrictions placed on it by the easement remain with the property permanently, regardless of future ownership.

In July 2005, International Paper (IP) announced it would explore selling most of its land holdings throughout the United States, including more than 69,000 acres located in northeastern Wisconsin locally known for decades as the Goodman Forest. The vast forestland is contained in Florence, Forest and Marinette counties (**See map**).

The Goodman Forest is extraordinary in its conservation value. It contains major stretches of two state-designated Wild Rivers, important trout waters, and several undeveloped Wild Lakes. Its previous owners, International Papers and as far back as the Goodman family, managed the land sustainably---creating a rare uneven-age, hardwood forest.

Its working forest value and contribution to the local economy are of equal importance. Through a unique partnership led by The Nature Conservancy, the conservation, economic, and recreational values of the property will be secured for Wisconsin residents.

During the Fall of 2005 and in early 2006 The Nature Conservancy approached the State of Wisconsin and then a timber investment management organization to partner through an open and competitive, bid process to acquire the Goodman Forest from International Paper. The partnership was successful in the bidding process and will pay the fair market price of \$83.6 million as determined through certified appraisals.

It is important to mention here that, to the best of our knowledge, one other conservation group and no timber interests approached the State or The Nature Conservancy to partner on this project during this critical period leading up to the first round of bidding on the Goodman lands.

This historic public-private investment in our Northwoods is made possible by an innovative tool---as Todd discussed earlier--- called a *working forest conservation easement* (See Conservation Easement attachment). The Wild Rivers Legacy Forest working forest conservation easement maximizes taxpayers' investment by ensuring the conservation of wildlife habitat---while also securing long-term, sustainable timber management and jobs for northeast Wisconsin and permanent public access for outdoor recreation.

Before the Wild Rivers Legacy Forest easement, the state purchased two other, large working forest easements: one from an in-state company, Tomahawk Timberlands, and one from an out of state timber investment company, Plum Creek. The Wild Rivers easement at \$424 per acre compares well with the two previous easements.

Under this public-private partnership, the timber management companies maintain ownership of the land. However, through the sale of the conservation easement to the State and The Nature Conservancy, the land must be permanently kept in large, undeveloped parcels and must remain permanently open for public recreation--hunting, fishing, snowmobiling, hiking and more.

In this cost-effective relationship, the timber investment companies own only the value of the land they require for timber management. The State and The Nature Conservancy own only the value of the land that guarantees public access and keeps the land in large, undeveloped parcels. All partners pay for exactly what they want out of the property and not a penny more.

Requiring that this exceptional forest land be kept in large parcels and undeveloped ensures that the sustainable timber management potential and Wisconsin jobs are retained and that landscape-scale conservation is achieved.

The Wild Rivers Legacy Forest project exemplifies the power of the bipartisan Knowles-Nelson Stewardship Fund. The phrase win-win may often be overused, but in this case it is a perfect fit: Wisconsin taxpayers and generous private donors pay less than half of the total acquisition price but obtain permanent recreational access, long-term timber-job potential and landscape-scale conservation.

Thank you again for this opportunity to discuss how Wisconsin can benefit from the purchase of conservation easements.

Wild Rivers Legacy Forest:

- Purchase price of the land conservation portion of this project is \$39,075,000.
- Department of Natural Resources will purchase 5,610 outright and an easement covering an additional 59,024 for a total of 64,634 acres, to protect these environmentally important forestlands from being converted to non-forest uses as well as to preclude forest fragmentation.
- The purchase includes 5,610 acres along of state acquisition along the Pine and Popple Wild Rivers and a cluster of wild undeveloped lakes.
- The conservation easement includes 59,024 of both upland and lowland forests, including large blocks of hemlock-hardwood and northern hardwood forests.
- 48 undeveloped lakes and ponds.
- 70 miles of rivers and streams that contribute to water quality in Green Bay and the Great Lakes.
- Over nine miles of frontage on the Pine Wild River and three miles on the Popple Wild River.
- This land is highly productive forestland and produces both pulpwood and quality saw timber that is processed into high value furniture, cabinetry, and wood flooring.
- Predominant tree species are hard and soft maple, hemlock, red oak, basswood, white cedar, white ash, white birch, and yellow birch.
- The land borders the Nicolet National Forest, three county forests and DNR-owned lands.
- The land is important for maintaining important ecological values, including unique species of birds, furbearers and a number of rare species.
- The easement will ensure this land is forever open to the public for access for public outdoor recreational uses such as hunting, fishing, snowmobiling, hiking and bird watching.
- The area has a history of sustainable forest management dating back more than 80 years.



INTERNATIONAL PAPER

DAVE KLUESNER
REGIONAL PUBLIC
AFFAIRS MANAGER

16 NORTH CARROLL STREET
SUITE 800
MADISON, WI 53703-2716
PHONE 608 255 0231
FAX 608 255 0227

May 23, 2006

Chairman Friske, Chairperson Albers, members of the Assembly Committees on Forestry, and Property Rights & Land Management:

My name is David Kluesner. I am the Regional Public Affairs Manager for International Paper. I would like thank you for the opportunity to appear before you this morning.

As you are all aware, my company recently sold 69,000 acres of land in Florence, Forest and Marinette Counties to The Nature Conservancy. This sale was part of a broader, strategic realignment of International Paper's assets.

Our company had three objectives associated with this sale:

1. Maximize shareholder return.
2. Obtain a long-term agreement to supply fiber from these lands to our Quinnesec, Michigan, pulp and paper mill.
3. Protect one of the great hard wood resources in the United States.

Through this open-bid process, we were able to accomplish all of our goals.

Thank you for your interest in this matter.

About International Paper

Headquartered in Memphis, TN, International Paper businesses include paper, packaging and forest products. International Paper professional foresters and wildlife biologists manage forests with great care in compliance with the rigorous standards of the Sustainable Forestry Initiative® program. The SFI® program is an independent forest certification system that ensures the perpetual planting, growing and harvesting of trees while protecting biodiversity, wildlife, plants, soil, water and air quality. The company also has a long-standing policy of using no wood from endangered forests. On the Web at internationalpaper.com.

About Conservation Forestry, LLC

Conservation Forestry, LLC is a timber investment fund based in Woburn, Massachusetts with a strategy of investing in conservation related transactions while achieving its investment goals. On the Web at conservationforestry.net.

About Forest Investment Associates

Forest Investment Associates is in its twentieth year of providing investment management services to institutional and private investors in timberland. Operating out of its Atlanta, GA, headquarters, the staff of FIA manages timberland portfolios for major corporate pension plans, state and municipal retirement systems, charitable trusts and endowment funds. On the Web at forestinvest.com.

~ Most majority (90%+) was in MEL



Gary, Tim

From: Rosenak, Mary Jan
Sent: Wednesday, June 07, 2006 11:22 AM
To: Rep.Huebsch; Rep.Gard; Rep.Friske
Cc: 'Sheryl Albers'
Subject: Court asked to intervene on secret DNR Land Deal

Attachments: Court asked to interven on secret DNR Land Deal.doc

Media Advisory from Representative Sheryl K. Albers that went out today.

Mary Jan
Mary Jan Rosenak
Legislative Aide
Office of Representative Sheryl K. Albers
P.O. Box 8952
Madison, WI 53708
(608)266-8531 or toll-free (877)947-0050



Court asked to
interven on sec...

News Release



For more information, contact: State Representative Sheryl Albers
P.O. Box 8952
Madison, WI 53708
(608) 266-8531

June 7, 2006

FOR IMMEDIATE RELEASE

Court Asked to Intervene on Secret DNR Land Deal

State Capitol – Yesterday Representative Sheryl Albers (R—Reedsburg) filed a petition in Dane County Circuit Court asking the courts to direct the Department of Natural Resources (DNR) to comply with Wisconsin's Open Records laws – known as the Sunshine Act, after the agency turned down her request for information on a mammoth 69,000 acre forest land deal. A month ago, Albers requested documents shedding light on how a secret deal with one promoter could have occurred. Now it is up to the court to decide what to release under the freedom of Information Act she said.

“The DNR struck an exclusive non-competitive deal with an out of state real estate syndicate, totally ignoring better-qualified Wisconsin forestland companies,” Albers said. “A deal this big, and this unfair to Wisconsin companies, cannot stay hidden under a shroud of secrecy.”

According to Albers, DNR kept local companies and planning officials in the dark when the deal was hatched. The DNR's unilateral action “slams the door on local companies and planning officials left out of the land use process by the DNR. My goal is to shed light on a DNR process devoid of scrutiny and fairness,” she said.

“The Governor cannot say it is for local planning and then exclude local input as to impacts and then also cut state legislators out. Nor are his claims of promoting Wisconsin businesses legitimate when he and his agencies ignore them but offer an exclusive \$39 million financing package to out-of-staters who are their competitors,” said Albers. She added, “Attempting to hide behind claims of ‘confidentiality’ when such a large amount of cash is being put on the table doesn't look like sunshine.”

-end-





WISCONSIN LEGISLATIVE COUNCIL

*Terry C. Anderson, Director
Laura D. Rose, Deputy Director*

TO: REPRESENTATIVE SHERYL ALBERS

FROM: Rachel Letzing and Mark C. Patronsky, Senior Staff Attorneys

RE: Summary of Issues Raised Regarding the Wild Rivers Legacy Forest Program

DATE: June 8, 2006

At the request of Representative Albers, the following is a summary of issues raised at the joint informational hearing of the Assembly Forestry and Assembly Property Rights and Land Management committees that was held on May 23, 2006, regarding the proposed Wild Rivers Legacy Forest in northeast Wisconsin by the Department of Natural Resources (DNR) using funds from the stewardship program. The hearing focused on the acquisition of land and conservation easements. Issues described in this memorandum were raised both by committee members and by those presenting testimony to the committees.

Substantive Issues

- Concerns were expressed regarding the total price the state has agreed to pay for the fee title and easement on the Wild Rivers Legacy Forest properties. The state is committing two years of funding (fiscal years 2007 and 2008) from the land acquisition subprogram of the Stewardship Fund towards the purchase of the fee title and easement on the Wild Rivers properties. To that end, questions were raised about how the DNR determined the value of the fee title and easement properties it will acquire, how the properties' enrollment in the Managed Forest Land program affects the value of the properties, and what the total purchase price of the fee title and easement will be, considering the additional interest the state must pay with bonding.
- Certain issues were raised specifically regarding the ownership of the easement the state will purchase. These issues include the commitment of DNR staff resources to oversee the property subject to the easement to ensure that the terms of the easement are being followed, the expense to the state for enforcement should the terms of the easement be violated, and the

potential difficulty of enforcing sustainable forestry practices and timber management on land subject to the easement.

- Additional concerns were expressed regarding instances in which land or easements may have been purchased using Stewardship funds without requiring that the purchased land or easement be open to public access. According to the DNR, property purchased with stewardship money is typically required to allow public access, but in some instances, particularly on property in the Baraboo Hills, public access is not required.

Procedural Issues

- Private property owners with land adjoining the Wild Rivers properties were not given notice of the potential sale of that land. There appears to be concern that these owners should have been given notice about the sale and that the impending land transaction may adversely affect their properties.
- Other parties who were involved in the bidding process for the Wild Rivers properties feel they should have been informed that the state was interested in the Wild Rivers properties, told how much the state intended to offer for the land, and provided an opportunity to partner with the state on a bid. Further, there were parties who would have been interested in bidding on the Wild Rivers properties, but they apparently had no notice that these properties were for sale or that the state was interested in purchasing them, so had no opportunity to bid on the properties themselves or to partner with the state on a bid.
- There appears to be concern about the lack of legislative oversight of land purchases made with stewardship funds, particularly regarding large blocks of land.
- Concerns were expressed regarding the difficulty of finding appraisers with experience in valuing large land transactions, particularly when easements are involved.
- The land acquisition process did not take into account local land use plans or other local concerns and issues, and DNR's treatment of all negotiations and offers as confidential bypassed all potential local involvement.
- An issue arose regarding DNR records of land transactions, specifically whether DNR should be able to negotiate and discuss land transactions and subsequently purchase fee title or an easement without making this information available to the public. DNR kept the negotiations confidential even though it did not enter a confidentiality agreement with the seller of the land.

If you have any questions, please feel free to contact us directly at the Legislative Council staff offices.

REL:MCP;jal:tlu