

JOE HAMRICK

Interview 272b

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ABSTRACT: In this second interview with Jonathan Gerland, Joe Hamrick discusses managing the forestry practices and principles at Temple Inland in the late 1990's and early 2000's. He discusses the adoption and enforcement of practices that complied with the Sustainable Forestry Initiative and Forest Stewardship Council programs. Mr. Hamrick explains these terms and their impact on forest management at Temple Inland as well as his job, which was to explain the practices to both the forest personnel responsible for carrying them out and the sales force that was dealing with increasingly environmentally concerned customers. He talks about changes in the industry and the company and his views on the impact the sale of the land did have and will have on the land and the company.

Jonathan Gerland (hereafter JG): Okay, today is Thursday May 14, 2015 and my name is Jonathan Gerland. We are at The History Center and I'm with Joe Hamrick and we are going to do the second interview. We did one a couple of months ago so this will be a follow up on that. Maybe Joe, just to get us going, tell us what was going on with Temple Inland when you left Scrappin' Valley. What was going on with the business and maybe your job change?

Joe Hamrick (hereafter JH): Well, when I left Scrappin' Valley, that would have been 1996, to come to Diboll, that was when I first began my position as the manager of Forest Practices and Principles. And, that is when the company was trying to accommodate and essentially meet the standards of some forest certification schemes. And, I don't use the word scheme as a slight, but there were several options and I think in the previous interview I briefly mentioned that the pressure on forest products corporations to provide a certifiable product or a certified product, really came from the Home Depot's and the Lowe's of the world. So Temple Inland began investigating which of those standards might be best, might fit the company best, and ended up adopting the Sustainable Forestry Initiative, which is a...it is actually the forest products industry's standards. It is not an independent standard or at least it was not in the beginning. It has actually grown and evolved into something very similar to the Forest Stewardship Council Certification, which I also mentioned in the previous interview. So, we adopted SFI, is the acronym for Sustainable Forestry Initiative, and we began developing principles and criterion by which we managed the forest and could be measured annually, and essentially became an SFI Certified Company. And following that a bit later, which was not my job, it was actually Bill Goodrum's job I think initially, anyway, we also adopted an ISO standard. It is not a forest management standard as much as it is an environmental standard. An ISO is International Standards Organization and actually I think it's reversed, I think it...well I don't remember the actual acronym sequence but anyway it is just ISO, I-S-O. That is essentially a process standard by which you can create a management process that can be

quantified and measured annually and once you do that the system allows you to make adjustments to improve yourselves and your performance over time. So, between SFI and ISO the forest products side of our company became...I don't think we actually became a better steward, because honestly I think we were a great steward to begin with, but we became a company that could then brand our products with those things and perhaps make our customers a little more comfortable that everything we put on the store shelf came from a forest that was sustainably managed and well managed.

JG: And what was your particular role in that? What was your job, maybe your title, and then what did you actually do? What was your assignments?

JH: Well, there were a number of things going on at the time, but like I said my title was manager of Forest Practices and Principles and those Forest Practices and Principles were basically...

JG: Did you define them or were they already defined when you came?

JG: No, I was about to go there. The AF&PA, the American Forest and Paper Association, which is the lobby group for the entire industry actually created the standards and the criterion for SFI. So, each company was simply asked to adopt them, but in the early years there was a bit of flexibility in how you did that and certainly in how what you called that program. Everybody knew that our forest practices and principles was identical or at least in spirit it met the standards of SFI, but we chose to call it something different. But part of that was a reduced size clear-cut for aesthetic reasons. It was the implementation of stream side management zones, which we were already doing. It was the implementation of aesthetic management zones, which we were already doing. One program that we did not have officially in place, it actually was in place at almost a default, was our special places in the forest program, where we identified some very unique areas that had special conservation values, special recreation values, for whatever reason, those areas were officially recognized. They were never... before the program, no one would ever have harvested in those areas. Everyone knew they existed, it was just not formalized in any way, so that is one of the programs that was my responsibility to introduce and to essentially publicize. Part of my work also involved conveying what we were doing in the forest to our sales personnel. I was asked to give several presentations to our sales force, so that they understood what was going on in the forest itself to create the products they were selling, and to let them know that they could comfortably tell all of our customers and clients that we were doing the right thing in the woods and we were sustainably managing our forest in a very responsible way. Which, like I said, I think Temple was one of the best companies, certainly in the south, maybe in the entire country, in terms of its stewardship of the forest.

JG: So, you were the manager. Who...did you have anybody working directly under you? How did you manage it?

JH: Well that is an interesting question. I did not have... at that time there was no one actually working with me or for me. It was simply my job. I went to every regional office.

JG: Who did you answer to?

JH: I reported to Jack Sweeny, who was vice president of the Forest Division at the time. I went to and not just once, but on numerous occasions and almost year round, I would visit all of our regional offices and we would have meetings where I would discuss and convey our forest practices and principles to our forest division employees, and that included all of Texas, western Louisiana, northwest Georgia and east northeast Alabama, all of those regional offices and then ultimately...

JG: Would that be training? Were you training or what?

JH: Yes.

JG: Preaching, itinerant preacher [laughing]?

JH: Well, it may have been a little of both because it was not so much that anyone had to be convinced that these were good things to do, but quite honestly,...I mean they weren't whole heartedly embraced by some people, some forest managers. And that is no criticism of them, they just were more accustomed to a more industrialized forest with not less concern about the stewardship of the forest, but perhaps less concern about what Home Depot or Lowe's thought about that, if that makes sense.

JG: Okay, what about reasons, they saw it as industrial forest so I guess part of your job might have been explaining why we are doing it? Did they have...so I guess the Home Depot explanation didn't seem to matter to them much is what you're saying right or the fact that well their concerns about that?

JH: Well, I'm certainly not talking about all of our foresters, and like I said even those that may have felt that way, it wasn't necessarily a bad thing. I think that debate was an important one to have but I mean bottom line is...

JG: Was it a matter they were going to do the right thing regardless of what Home Depot or Lowe's thought?

JH: I think that is a very good point and that is perhaps what I was trying to say, yes. I mean they knew the company was always trying, at least in the best way we could, to do the right thing in terms of forest stewardship and natural resource stewardship, because we are not just talking about trees. We are talking about the soil, we are talking about water, we are talking about water quality, we are talking about aesthetics and maybe the aesthetics was one sticking point with a few foresters. But again, I don't want to over emphasize that. It wasn't that big a deal. But one of the things we did do, and we went above and beyond the requirements of SFI, is that we limited our clear-cut size to no

larger than 120 acres, and that was not always an easy thing to do because in many cases we had pine plantations that had reached their economic maturity, not necessarily their biological maturity, but it was time to harvest those trees and that original plantation may have been 400 acres. So, the other...

JG: How old would these plantations have been when this thing would have been implemented? Say a 400 acre pine plantation and now it is a challenge to get it to 120.

JH: A wide variety of ages because as...at that time the forest products industry, as now, is always looking for a shorter pine rotation and higher quality product at the end of that rotation, so we had plantations that were 60 plus years old that would be scheduled for harvest, but also plantations that might be 30 years old. So, it depended on the product needs of the mills. It depended on meeting all of the requirements of SFI and our forest practices and principles, so. The other complexity to this was not only the 120 acre harvest unit size, but there also was a...and forgive me I may...I think it was a five year adjacency rule, in other words once you harvested an area you could not harvest the area immediately adjacent to it for five years. And what that did was it allowed that first harvest to be replanted and to have some height growth so that it didn't look like a 240 acre clear-cut when you went to the second unit. Part of the way that we resolved that, at least to the best degree possible, was we bought some software that was developed specifically for scheduling forest or timber harvest under these same constraints and it was called REMSOFT and we purchased that product.

JG: So r-i-m or r-e-m?

JH: R-e-m-s-o-f-t, and it was a very, for its time it was a very, very, sophisticated computer program and essentially what it did, it was loaded with all of the data on our entire forest, but not just the metrics of the forest, in other words a particular stands age, its height, its DBH, the number of trees per acre, all of those kinds of measurements that you want to have on your forest. It also had a spatial side and was part of the new geographic information systems software that at the time was pretty new, and is today a standard in the industry, and something that everyone uses is GIS software. So we were perhaps a forerunner in using that technology and that software. But a good friend and co-worker named Eric Cox, he ran the program and for a number of years, for as long as I was manager of Forest Practices and Principles, Eric and I in the fall went to every regional office, and using REMSOFT we actually did, actually created the harvest schedule for that region for the next year so that we could empirically demonstrate and show by the output of that software that we were conforming and abiding by all of our forest practices and principles.

JG: Was it your job to police what was going on?

JH: No I don't think anyone ever felt that way and I don't think anyone ever, and certainly I was never, or Eric or anyone involved in it was ever accused of that. I think everyone did know and finally came to agree with SFI and understood that it really was not about us not having been doing a good job, it was really about giving confidence to

the consumer and to the general public and to environmental groups that the forest products industry was acting responsibly and was being a good steward of the resources that it owned. And I think everyone, you know, felt that way eventually. I don't think we were ever seen as a cop or the bad guys in the company. We did have some, it was difficult to get the most economically beneficial harvest schedule for the company every year because of the 120 acre and adjacency restrictions. That did limit our ability in some cases, not in every case but in some cases, to conduct a harvest that we would normally have conducted, meaning a much larger harvest of a particular unit and that sort of thing.

JG: Who would have been, and maybe that is not a correct term, but I think I'm hearing from you that as managing these forest practices and principles, your job was to take standards that were already defined and to make sure that everybody that was going to be working and having any job that connected with that, to know what they were, education, dissemination of information, working with that information and maybe giving reports based on this new software. But when it came down to like implementation, I guess who would that have been, and how did that fit in with your job? Say when it came down to maybe some conflicts with these needs, all these needs or desires that you mentioned, and I'm sure at some point they came into opposition of one another maybe and ultimately the need to meet certain production numbers? Is that too complicated a question? Do I need to rephrase it?

JH: No, I think, I mean I understand the question and it's an appropriate question and there was some tension there in terms of being able to provide to the mills the customary amount of raw materials that they were used to. But, that was really never limited.

JG: I know in the old days, even Temple's experience when they started the so-called selective harvest in the 1930's, it came down to, there was a story I think that Kenneth Nelson tells about Arthur Sr. came down from Texarkana and wanted to show some high ups, maybe even outside the company and others, kind of bragging on the program, and he knew this one section of forest that they had identified to be selectively harvested several years ago and they drove out to look at it and it was all cut away. Of course he called everybody together, and you know the way Kenneth told it was pretty funny, and finally the truth came out and the truth was because of the weather and other conditions the mill had to have some timber or it was going to have to lay people off. One of those kind of deals, the market was needing material, we didn't have any logs so we had to get these logs, so the story goes that, you know, he kind of scolded them a little bit but then they said make sure this never happens again and that was the end of the matter. So, those kinds of issues I guess. I'm sure that wasn't unique to the 1930's. Surely with the hunting clubs and all the different people that are doing all these jobs connected with the use of the forest, this multi...what is the term y'all use, the multi-use of the forest?

JH: Sure.

JG: It's here not just for timber production but it's for all these other things. It is for water and soil conservation and healthy air and healthy water and hunting and hiking trails. I know that was kind of a priority with lumber companies for a little while and it's

kind of gone away, but you know, you can't do all of it. It's just like you can't please everybody all the time.

JH: Well I ...

JG: What I'm hearing is that wasn't really your job to resolve any of those kinds of conflicts.

JH: Well no I think really those almost get resolved at the local level. I don't recall having any senior management involved in some of that, because here is thing with REMSOFT and with our harvesting scheduling process, you know, we met the volume requirements for the annual harvest. What you are talking about or what you've just described is really kind of a tactical issue. It's about okay, it's too wet to log in this flat woods area so we have got to go up here on top of this hill where it's a little higher, dryer and sandier but maybe that hilltop isn't where you really need to be logging, but it was always scheduled. It may not, in other words, it was part of the annual harvest, if that ever occurred it was part of the annual harvest. No one to my knowledge ever went outside the harvest areas that were scheduled and if they did they would have to ask permission of someone other than me. I might have been involved but I honestly don't even remember an occasion like that, at least not after the SFI was adopted by the company. Now prior to that I can remember some of that because, it involved Scrappin' Valley. The Evadale Mill at one time needed hardwood in a bad way and in a big way and it was a very wet season and one of the places they came and got that hardwood was from Scrappin' Valley. A beautiful hardwood, upland hardwood ridge of southern red oak and white oak and they clear cut it, so that was...

JG: Was that while you were there?

JH: Yes, that is while I was there and I was quite unhappy about that. So I can relate to the foresters. (laughter)

JG: Well I guess at some point that gets down to like Glen Chancellor, was he managing the forest at that time maybe?

JH: No.

JG: Or did it not even get to that level?

JH: I don't recall that it did, I really don't. Like I said the harvest schedule was set. It was firm.

JG: Who did you talk to when you wanted an answer?

JH: I talked to John Monk or Jack Sweeny or both.

JG: Okay, okay.

JH: John Monk was the general manager at the time.

JG: And what did they say, “Joe just do your job?”

JH: Pretty much! I guess, no, they were always helpful and always understanding, but it is something of a balancing act you know. You have to achieve the goals of SFI and Forest Practices and Principles, but you also have to meet the expectations of the mills and ultimately our shareholders and that sort of thing, but anyway it was...I don't recall any really serious conflicts of that nature.

JG: Okay, I think I asked probably all the specific questions about that. Is that what you were doing when you left Temple Inland?

JH: No, after...one of things that we haven't talked about, and I don't know that you have interviewed anybody, but with regards to our hardwood harvesting and management program.

JG: Yes, I wanted to get to that. Talk about...in fact a couple of days ago I found, someone with the company back in 2001 gave me the 2001 hardwood management plan. I made some notes from it and I meant to grab them this morning. If you saw me looking around while you were talking awhile ago, I was trying to find them, maybe it's best I don't have my notes here. But it was kind of interesting to read. But talk about what brought that about. I guess Temple never really had a “hardwood forester,” certainly not anyone college trained, until this time is that right?

JH: That is absolutely true and my understanding is that for all of those years, Mr. Temple himself, that is Arthur Temple Jr., had a moratorium on the harvest of any hardwoods, any bottom land hardwoods. I'm talking about riverine bottomland hardwood systems and of course that includes the Neches River and Boggy Slough and a lot of other hunting clubs that were almost exclusively...the membership was always exclusively company employees, that sort of thing. So, it was actually very controversial to begin the hardwood management program and Norman Davis was hired to implement that program and he came from Anderson-Tully. He was a hardwood forester by training and by experience. Anderson-Tully was one of the largest, maybe the largest, I don't know that for sure but they...I actually got to audit their forest after I left the company, so I know that it is a huge Mississippi alluvial valley forest. It is exclusively a hardwood forest, so that is the environment that Norman Davis came to Temple Inland from, and that was his experience. Norman actually wrote the hardwood management program and it limited...one of the things...I will back up...of course Norman would be a great person to interview here, but one of the things about harvesting hardwoods in the bottomlands is that the best way to do that is actually to allow it to regenerate naturally. So, what happens is once you've harvested the trees, that stump remains and that stump actually puts up sometimes numerous sprouts. And so it is called coppice sprouting and that is a natural phenomenon that occurs for many species, but it's the best way to regenerate a bottomland hardwood forest. So that is exactly what Norman proposed, was that we

create very small clear cuts in the bottoms to not exceed the 30 acres in size and they do not impair water quality in any way. In other words they can't be just beside the banks of a stream or a river or even an ephemeral pool in some cases. They are very carefully, the area to be harvested, was very carefully chosen with a lot of different criteria in how to do that, but that program was initiated probably I'm thinking in about 1993 or 4, and it had to be sold. Now you talk about something having to be sold. You were asking if whether or not I was kind of a salesman for SFI and Forest Practices and Principles. That really was never necessary, but it certainly was necessary for the hardwood program. It was disliked by...

JG: And what would be harvesting the bottomland hardwoods, where would that timber go? Was it for furniture making, was it for big lumber like dimension lumber or what?

JH: Well that was another controversial point because the bottomland hardwood forest was essentially a second forest. In other words most of east Texas was clear cut, by the forties and fifties certainly, but that started in the 1900's and you know that better than anyone.

JG: Diboll had a hardwood mill until 1954.

JH: Yes, and those harvests started in the bottoms. I actually have a map, an original map, not a copy but an original map from the 1880 census that shows where the forest types in east Texas were and where they were being harvested. In 1880 the only place that timber was being harvested in Texas was immediately adjacent to the rivers and to the major rivers, and of course that was a hardwood forest, and one of the first trees that everyone sought was cypress. So, anyway I mean the bottomland hardwood forest were the first forest to be harvested in east Texas. They worked their way out of the bottoms and onto the ridge tops where the pine was so then it became a pine industry, but originally at least in part hardwood. So, and it was never for the most part, at least on Temple properties, it was never cut again, so that forest was really a hundred year old forest in many places. And that is one of the problems is that once a bottomland hardwood forest gets that old many of the trees, not all, but many of the trees are hollow, they have red heart disease or other forest health problems, where they are really not merchantable or certainly not the entire tree. So to harvest this very old bottomland hardwood forest means that out of a 30 acre harvest not everything you remove is merchantable. Some of those trees, you know, just simply don't have any value because they are hollow. Now, they don't have any value economically, they have value from a wildlife standpoint certainly. But anyway, that was part of the problem and what Norman was proposing was that we essentially regenerate that hardwood forest into more of a commercial forest, but certainly his idea in the program even described, you know. The idea was not to eventually harvest all of the bottomlands. It was going to be a mosaic of small managed units among this far older forest. So, it was never intended to be clear-cut in any big way, it was a very light touch, but it was still a hard sale. Norman believed in the program, believed that it was the right thing to do.

JG: When was he hired, because you mentioned they started harvesting hardwoods again in the early 90's and he didn't come until a little later right?

JH: No, I think it honestly, I believe it took Norman about three years after his arrival to actually begin his first harvest. It was not something that just happened immediately. He didn't just...he wasn't hired and a month later began harvesting in the bottoms.

JG: So he was here then, in the early nineties?

JH: He was, yes.

JG: He wasn't hired new to do this?

JH: No he was, he was hired specifically for this purpose to write the program, to write the management program...

JG: Was it the 2001 program like a second go around, taking into account the fact of Evadale being sold?

JH: Yes, because, see Norman may have been here... when I came to Diboll in '96 Norman had to have been around for at least 4 years, so 1991-92, and again I may have digressed from one of your questions, but you know, the hardwood timber that was harvested, much of that did go. Much of that was high grade, well number one grade, it was furniture grade. It could be sold and turned into high-end hardwood products like furniture as you mentioned, but a lot of it had to be sold for ties for railroad ties and then a lot of it had to be, went to pulpwood, okay. And I'm talking about very large trees becoming pulpwood, because as I said earlier sometimes they were hollow, sometimes they were doughy, meaning they had soft heartwood, the only hard part of the tree was the cambium layer and so those trees, you know, went to pulpwood.

JG: I didn't interview Norman but I think that is who I spoke with, it was either him or Jeff Portwood at one time. I remember them saying that the quality of our second and third growth hardwoods in East Texas in general was pretty poor for dimension stuff overall.

JH: It is actually very poor and not just because of its age, it's also because it's a more rapid growing forest in the Deep South than it is in the north east where the primary hardwood market exists. Those are very slow growing trees obviously because they have a shorter growing season. It's a much colder climate and I think in some cases even, you know the site quality is not what it is in the south, but because those trees grow so slowly they are tighter grained, they are higher quality and that is where most of the "grade hardwood" in America comes from is the northeast and the northwest, not necessarily from the south, so this was kind of a new thin. But part of Norman's job was also to develop that market because the market itself didn't exist. We were sending hardwood grade logs to central Louisiana for sale and because...

JG: This is raw logs?

JH: Yes.

JG: You wouldn't have had anything to mill it or anything.

JH: That is right, because there were so few then and to be honest I've lost track. I don't know if that market has been more fully developed in the southwestern part of the forest, in Texas and Louisiana, in other words. But I mean at that time, when he first began, what grade logs came out of our hardwood bottoms had to go all the way to central Louisiana. I can't remember the name of the mill, to be merchandised.

JG: They had to go by rail huh?

JH: Yes, they did. Well, not in every case but in some cases they did.

JG: Ultimately I guess rail by some point and then go...well, would they have ever gone by water to this place in Louisiana was it on a river?

JH: No, not that I'm aware of.

JG: I know in the old days they used to float the logs in the water and sometimes float them on barges and stuff.

JH: I can tell you, you mentioned the 2001 kind of second phase of the hardwood program perhaps, to be honest I left December 14, 2000 so in 2001 I was gone.

JG: Okay, okay.

JH: But prior to my leaving Norman Davis left and went back to Anderson-Tully as a VP, so Norman left in 2000.

JG: Was his job eliminated is why he left?

JH: Oh no, no, no. I mean in fact that is when, and maybe I'm getting ahead of ourselves but I eventually became the manager of the selection forest or the natural forest. I don't know what it is called now, but essentially everything that wasn't an intensively managed pine plantation fell to the management of my group and that is after Norman left. One of the first things I did, was I hired Jeff Portwood and so after I left then Jeff became the manager of that program which included the bottomlands.

JG: Was any of what is now considered the Boggy Slough area, were those hardwood bottomlands ever harvested that you know of?

JH: Yes they were. It was probably not...I know that it was done in exactly the same way it would have been done anywhere else but it was also probably done with a bit more objection from senior managers and Mr. Temple himself. I don't think he ever embraced

the program. I think he kind of put up with it because he understood that it was a very light touch and also that it was a resource that the company owned that had never been merchandised so...

JG: So, how successful was it or maybe you weren't here to see it to have a long enough time.

JH: Well boy, it's a really tough question.

JG: And how do you measure success?

JH: Exactly, exactly! So economically did it increase revenue? Yes. Was the amount of revenue generated worth harvesting in a very sensitive ecological system? I don't know. And then also, you know, it was not just about retrieving the resource and turning that into money it was also about the future. It was also about creating not entirely, but in places within the bottomland hardwood system, these small areas of much higher quality hardwood for future sale. So, it wasn't just about creating immediate revenue it was also about okay, we've got an aging...foresters would like to call it decadent hardwood forest, you know, it's functioning ecologically as it should, it's beautiful, it's a great place to visit and be, it nurtures wildlife, it filters water, it does all these and serves all these wonderful ecological functions but it's also a resource. So, anyway I think the program was a success. It was certainly, I think, one of the lightest touches that any hardwood management program ever developed. It was a very, very, light touch.

JG: So, you were aware of other company's efforts in this regard?

JH: Well, those companies that specialized in hardwoods. See that is part of, as I said, Norman came from Anderson-Tully, that is all they managed was hardwood. They were a hardwood company. Every acre that they owned was in the Mississippi alluvial valley and it produced nothing but hardwood. So, and I'm really not familiar enough with, you know, IP [International Paper] lands, LP [Louisiana Paper] lands, Champion lands etc. to know how much true bottomland systems they had. I'm talking about riverine bottomland hardwood, not you know, streamside and riparian type systems that you find in the uplands so.

JG: Okay. I will try to find that sometime before you go here.

JH: That would be great. I would like to see it.

JG: My understanding of it was they were harvesting a good bit in the 90's. It gave some production numbers and it was predominately, I think it was 150,000 acres and they had specified 120,000 acres that could be managed and man the vast majority of it was hardwood bottomland. I mean it was bottomland hardwoods they were focused on. It gave harvest amounts and stuff and it was a lot more than what I had thought so. Anyway, with your connection and your story, what would be the best way, is it chronological now to get you to that change from the Forestry Practices and Principles to?

JH: Yes sure.

JG: I mean what was the progression and really not necessarily part of the story is from your perspective but because you were there. Tell a little bit about what the company was going through as you understood it and what you heard and what you understood some of the changes that were happening.

JH: Yes, well and actually now that I think of it I misspoke slightly earlier. Norman must have left in '99. I left in December 2000 like I said and I had been manager of the natural forest, operations manager was my official title of the natural forest.

JG: Were you the first manager of that?

JH: Yes.

JG: Okay well talk about that progression.

JH: Because that was actually... the catalyst was when Norman left the hardwood program was still ongoing and we hired Jeff Portwood to replace Norman, but at the same time the company decided, and I think rightly that they would combine anything that was...any part of our forest that was harvested selectively, in other words either in very, very small group selections or single tree selections etc. be placed in a single management group that could focus on that, because it's a very different type of management and it requires a different logging force. It requires a different type of forester. So the Selection Forest Group was created after Norman left and I was made the operations manager and essentially our group managed about 400,000 acres of forest and that included our entire bottomland hardwood forest but it also included all of the streamside management zones.

JG: Now you are talking even outside of Texas?

JH: Yes, I'm talking about on 2.2 million acres of ownership at that time that the company owned in Texas, Louisiana, Georgia and Alabama. So, yes this group I had people reporting to me who were in Georgia and in Alabama and in Louisiana. But essentially, you know, anything that was not an intensively managed, even aged pine plantation fell to the management of our group. We were never told to meet a certain volume annually. It was really about how do you retrieve some of the value, the economic value, in that forest while at the same time conserving its resource value, its ecological value, and in some cases, you know, the areas also included wildlife management areas. It included Scrappin' Valley. It included North and South Boggy Slough. It included anything that was set aside in that way. But to give you an example, I mean, that may sound hypocritical but it's not, because for instance an RCW [Red Cockaded Woodpecker] management, you know, they actually require a low basal area or a low density of mature trees, mature pine trees specifically. So, you can actually enhance woodpecker habitat, RCW habit by thinning. AMZ's, Aesthetic Management Zones,

which were left immediately beside the highway, those could be selectively harvested once the area behind it had enough height growth and density to actually begin looking like a forest again so there was some opportunity there. And, it was a time in 2000 particularly, all of 2000, it was 2000 was the year that GP [Georgia Pacific] announced, I think they sold in 2001 but I think in 2000 or maybe even '99 they announced the sale of their forest lands.

JG: Georgia Pacific?

JH: GP, yes. Prior to that there were a number of mostly smaller companies that were selling their forest and of course that was all tied to partly to Wall Street but also about the creation of Timberland Investment Management Organizations and Real Estate Investment Trust organizations, REIT's. You know, those entities had been created so that forest land owners could minimize their taxes essentially allowed them to make more money because there was not as great a tax liability or tax burden on those properties on those lands. So, a lot of companies began selling their forest in the mid 1990's. But it was really GP, I mean that was a huge forest, I forget how many millions of acres that was, but they sold that and they said, "Our core business is now manufacturing and that is what we are going to do." And that is what Wall Street seemed to want, that is what a lot of activist investors seemed to want and to be honest I saw the industry and even I think Temple Inland going down that road and it was part of the reason I resigned. I did not want to be a part of it. In 2000 we were already talking about "monetizing our forest," which essentially meant how do we get more money out of it but also there was discussion and a lot of talk even in 2000 about selling the forest and you know, I completely disagreed with that and I still do. And to be honest, I'm certainly no micro-economist but I wonder if ten, twenty, thirty years it may not even take that long or it may never happen, but I wonder if one day all of these forest products manufacturing companies that no longer own a forest, that were once fully integrated but now are simply manufacturers, I really wonder if one day they are not going to seriously regret selling those forests. They will never own another tree at the same cost basis. They will never be fully integrated. They will always be subject to market forces of, you know, how much that raw material cost them to get in the yard. I just, you know, I hated it. I thought it was a bad decision maybe for every forest products company at the time who was doing it but particularly for Temple Industries, or for Temple going all the way back to the Southern Pine Lumber Company and, you know, the birth of this company. I mean what a legacy, what a wonderfully managed forest, I mean from its beginning I think it was always done differently and better, the management of the forest.

JG: What about some of...kind of getting into more specifics, when you were with the natural forest group and you were over that program, would that be fair? Was it a program or a department?

JH: It was a department.

JG: A department okay. Talk about some of the management practices, you mentioned it was only very selectively harvested, talk about burning, fire, prescribed burns. Was that

done and was that something unique to just those lands? I mean you wouldn't do that to pine plantations would you?

JH: No, primarily the prescribed burning that occurred at that time was on the wildlife management areas and particularly any area that harbored or had RCW because they require, they evolved into a fire sub-climax ecosystem and they require or prefer a forested grassland rather than heavy understory and even a heavy mixed forest with a lot of canopy hardwoods in it, that sort of thing. So yes, I mean there was some prescribed fire but not as much as we would have liked. It is very labor intensive and it's very expensive but it's a great ecological tool and it's a great forest management tool as well. The company I'm with now, that is half of our business model is prescribed burning. We burn more than 5,000 acres annually for our clients. It is a wonderful tool. I wish we could have used it more at Temple than we did but we were just unable to. The other thing that you touched on that was very important is it did require a different logging force both in the types of equipment that they used but also different mentality among the logging force because, you know, when we did harvest within these areas they were and are sensitive for one reason or another. And you know, the logging force had to develop and kind of evolve a different mentality and we actually, not as often or as much as I would have liked, but we paid them a slightly higher premium, a slightly higher margin because it slowed their productivity down. So much easier to harvest if you are clear cutting because you don't have to worry about what you are running over or what tree might fall into another tree. That is a very rapid process is clear cutting, obviously, but when you are harvesting in an area that has a bunch of older growth timber and you are selecting single trees you have to watch where they fall. They have to be bucked or limbed where they fall. When you skid them out you have to be very careful about not damaging the base of other residual trees, you know knocking the bark off and getting down to the cambium you can actually kill the standing timber. You have to worry about compaction and site conditions a lot more because the remaining trees, often if it's wet weather conditions and you are in a clay type soil and you are compacting that soil around the surface roots of the remaining trees, you are likely damaging them pretty seriously too. So, it was a slower process, a more expensive process, but it was also a resource that was worth managing and as I said earlier in many cases really needed managing, would benefit from management, meaning the removal of trees, you know. The selection and carefully thought out removal of trees.

JG: Talk about, and you covered it at a high level, by that I mean a broad level, and so I don't necessarily want to have you restate what you already said because I thought you did a pretty good job at least, you were articulate anyways of why you left. But, talk about changes you might have seen now that you've had time to reflect on it, you mentioned that around 2000 or so you felt there were already considerations being given to selling the forest. But, you know, at the same time this is all relatively new, you know, of hardwood, we are going to harvest the hardwoods now, we're going to have a person, we're going to have a job, a person over that program, we're going to do a natural forest group, you know, again that is all fairly big changes I guess, not changes but something new than what they had done before. I hope I'm not mistaken but Glen Chancellor may have been the first college trained person who was over the forestry department. You

know, Dave Kenley was one of the earliest and he was a surveyor by profession, but he was over the, not necessarily even the land and timber at one time, it was the timber and land department and then later became land and timber and it took, part of that was just the bigger historical picture, you know, very few companies did that and some companies maybe even earlier than Temple started hiring graduate foresters. Temple was always very supportive of that and got in on it pretty quick and has done a lot for SFA's School of Forestry, of course. But you know, these are relatively new changes and I don't even really know the question to ask, but in that context was that something that could be seen as to make a more advantageous to be sold? Was it just not a consideration at all? It was just coincidental that all these changes were being made. I guess one question might be, do you know or think there was anything else behind some of those initiatives, more than just what was on the surface?

JH: Well it is just my opinion but yes I do. I mean it was never, other than the sale of the forest it was never vocalized, but I'm pretty certain, well maybe I shouldn't say that, yes it was vocalized. It just maybe, it was just at the time so that it wasn't something I think about a lot, but I mean there was constant pressure on everybody in the company, not just in forest but in manufacturing and in sales and on the paper side. I'm sure on the federal side everybody in the late nineties and early two-thousands was, at least before 9/11, was constantly being urged to generate more revenue, create more revenue. I always thought that was a Wall Street thing and I always thought that it was unwise to even...at that time and maybe even now short term profits was a focus, you know. Nobody I think was thinking as long term perhaps as they should or maybe that is too extreme. Some people were and some people weren't but you know, I think corporate America, generally, has kind of turned to greed. When I first began with the company I remember hearing Mr. Temple personally, on numerous occasions say, "Our greatest asset is our employees" and by the time I left and that was from 1983 on, so by the time I left in 2000 I never heard anybody say that anymore or frequently. And I think that essentially things had reversed and it was really about shareholders first, customers second and employees third, maybe even last. I don't think there was nearly the concern. Now the benefits were very generous, so I'm not saying that wasn't true, but there is.. the esprit de corps was gone or at least diminishing or maybe vanishing, you know. People in the company I don't think had the same loyalty or the same love of the company. I know I certainly didn't. I saw it changing and primarily as I said due to the discussions of the sale of the forest. I didn't want to be a part of that so I left.

JG: I remember reading in the Lufkin Newspaper '99 or 2000, somewhere in there where Kenny Jastrow was quoted as saying, it was in reaction to something, a rumor I guess about is Temple Inland going to be sold or something and they quoted him more or less as saying, "Well of course we are for sale, we are for sale everyday if the price is right," and of course that was kind of a dismissive way of doing away with that. But it kind of reminded me of a letter I came across yesterday at Stephen F. Austin University's collection of the Temple records, but Arthur Temple Sr. was reacting to a rumor in the late thirties that the Diboll operations, Southern Pine Lumber and the mill and all its timber was going to be sold to the Kurth interests and he was writing to a business associate basically saying no there is no truth to that rumor at this time. He later

explained that it came about through some meetings and the context was the Papermill and the need to have enough material for this new newsprint mill that was going there. The Temples had a big part ownership of that Papermill originally because a lot of the timber was mainly in timber resources that was going to go to that mill. Anyway it was a funny story he was telling, about how it started as a joke that one of the Kurths, I guess Earnest, had joked something about, "Well then we may just buy you out, buy out Diboll and all its operations" and that he went a step further and said well how much. And, anyway so Mr. Temple [Sr.] had to write a lot of letters to squash this rumor that had gotten around, but he did go as far as say they did come up with a price and then the Kurths said well that is ridiculously high and that is what Mr. Temple was trying to explain. Well, we set it high knowing that they wouldn't take it. Of course if they did take it we would be doing alright. But so, that is nothing new in business and that was even when the company was private, but certainly with the business changes and like you said the changes in corporate America and the law structures of these new things called REITS and all of that.

JH: Well I will say this I don't think...people can always say no to those kinds of things. When people use the argument that the company was sold because, you know, it was inevitable, the market forces demanded it etc., and so on, I mean, who knows who is right but I simply disagree with that. I think I would feel a lot better, you know, I loved this company. I didn't leave it because I was moving onto a higher salary and bigger and better things. I left it because it was no longer the company that I fell in love with. It was kind of a divorce I guess, but you know the people that say it was inevitable, the market forces etc. I just don't believe it. All it really would have required was the board of directors to have said no the employees are more important than Wall Street and Carl Icahn and corporate raiders and, you know, and our executives, you know, to say the same thing. I mean look around. Now the mills are GP [Georgia Pacific] you know. Who owns GP, Koch Industries? What is Koch Industries? It is the biggest conglomerate in the world. What was one of the criticisms of Temple Inland when it was being sold? It was a conglomerate, you know, how ironic. Now our mills are owned by the biggest conglomerate in the world, you know. Wall Street was saying no, find your core business, you know, do one thing and do it better than anybody else, you know. I just, I think that is bs. I think it's short sighted, I think it's all about greed and money and I wish our board of directors and our executives had stood up as one and faced north east and given Wall Street the middle finger salute!

JG: It is hard to come up with a follow up question. (laughter) Well, let me check my notes real quick. Let's see here. We talked about the natural forest group. I wanted to get that in. Yes, I think the first hardwood plant was 1990. There was some reference to that. I never had seen it but I have a little note here.

JH: Okay.

JG: Let me just give you the opportunity is there anything we haven't covered that you wanted to cover or any aspect you wanted to clarify? I know you mentioned a little bit

about the RCW and the military base and we will try to have an editorial note in there to bring that up to correctness but is there anything else?

JH: I can't think of a thing Jonathan. I appreciate the opportunity and have enjoyed doing this.

JG: Alright, well I thank you very much!

JH: Thank you.

END OF INTERVIEW