

RY Timber presentation to CGWG on 1/14/15

Ed Regan and Scott Stern

RY operates 2 sawmills in Montana located at Livingston and at Townsend

At full production:

- Directly employ 220 people
 - o Livingston 105
 - o Townsend Corporate Headquarters employs balance
- Logging operations indirectly employ another 250-300
- Direct economic impact of operations = about \$50 million/yr.
 - o 20% is employee wages and benefits = \$10 million/yr.
 - o Expenditures for logs exceed \$30 million/yr.
 - o Supplies, materials, prop. tax, payroll taxes, and capital expenditures also enter the local economy directly.

Procuring Logs has become more difficult every year.

Current sawmill production is at about 75% of full production because of limited timber supply

Nine large lumber mills in Montana compete for a decreasing number of timber sales

- Private timber cannot support current milling capacity in Montana
- A large percentage of future timber supply will have to come from National Forests

Montana's nine National Forests need to provide 340 million board feet (mmbf) per year

- The nine National Forests:
 - o Annual growth = 1 billion board feet (bbf)
 - o Annual tree mortality approaches 500 mmbf
 - o Montana's sawmill capacity is about 440 mmbf (about 30% of USFS annual growth and mortality)

Montana's Sawmills:

- Can expect to purchase sawlogs from other sources outside of USFS
 - o Montana Dept. of State Lands contributes about 52 mmbf
 - o If BLM, tribal, and other private lands contribute about 50 mmbf
 - o Balance of 340 mmbf will be required from USFS
 - o This is only 23% of annual growth and mortality on USFS

Unfortunately USFS harvest in Region 1 (Montana & North Idaho) averaged only 102 mmbf over the past 10 year period. This is 1/3 of the amount that will be needed to sustain the industry.

USFS Nationwide Facts

- 1987 = 12 bbf
- 2013 = 2.6 bbf (20% of 1987)

RY Sawmills in Montana

- Need 68 mmbf per year (this is about 17000 log truck loads)
- Our working circle is about 400 miles and includes 3 states
- We manufacture enough lumber to construct 10,000+ homes/yr.
- RY manufactures about 25% of structural lumber originating in Montana
- USFS timber made up 1/3 of our 2014 log usage
- RY expects that it will need 60% USFS timber within two years

Solutions to USFS timber sale litigation in Montana

- Need a stop to frivolous lawsuits
 - o Remove non-profit groups from special treatment under EAJA
 - o Require bonds from litigants
 - o Require reimbursement for legal fees as percentage of argument success
(Win on 1 point out of 13, receive 1/13 reimbursement)
 - o Remove federal court appellate jurisdiction under Article 3 sec. 2
 - o National mandates that require treatments in National Forests
 - o Community based collaboration that can produce enough projects
- Delays from these lawsuits cause uncertainty and curtailments to companies dependent on USFS timber sales.
 - o Example: South Bridger contains 18% of next seasons anticipated log requirements for the Livingston sawmill (operating at 75% capacity)
- Stability in timber supply is the number one thing driving investment in sawmilling infrastructure and sawmill technological improvement in Montana

Notes:

Ron Yanke (founder of RY Timber) as conservationist and outdoorsman

- Land Exchanges
 - o Lost Creek
 - o Gallatin 2
 - o Watershed
- Other Lands that became public
 - o Ron previously owned and logged Rock Creek Ranch at Deer Lodge, a portion of which later became the Spotted Dog Wildlife Management Area under Montana FWP
- Other Conservationist contributions of Ron Yanke
 - o Board of Directors Peregrine Fund
 - o Rocky Mountain Elk Foundation contributions



In Memoriam: Ron Yanke 1935 – 2004



In the spring of 1984 at 5:30 a.m. I arrived at a Boise, Idaho, truck stop to meet with three men who would later join the Board of Directors of The Peregrine Fund—Ron Yanke, Tom Nicholson, and Jim Nelson. They got together there most every Tuesday morning to share news, laughs, and a life-long friendship among themselves and to see others who knew they would be there and had stopped by. As I learned over the following years it was a mixed lot of people at “breakfast,” from their trusted employees to the minister of Ron’s church, someone down on his luck, or maybe a would-be or sitting governor, congressman, or senator wanting their support. Or even someone like me from a nonprofit needing help in one form or another. You just never knew, but it was always enjoyable.

To build the World Center for Birds of Prey we needed access for heavy trucks across property owned by Ron, Tom, and their wives, Linda and Diana, respectively, as the bridge on the county road to our site was old and rickety and likely to collapse from the weight of a gravel or concrete truck. At my first “breakfast,” after a brief explanation of what we were doing and what we needed, they agreed with a handshake and laughingly suggested Jim should provide his earth-moving equipment as he had a construction company. During the following years we asked the three of them, along with their close friend, Harry Bettis, to join the Board and they all accepted. A hand to draw for, each an ace in his own right. None of them was a birds of prey enthusiast per se, but all liked what we do and our achievement of annual meaningful results.

These men, along with a few other Boise residents, several more who also joined our Board, formed the heart and soul of the community.

A few weeks ago Ron Yanke unexpectedly died. The world was a better place because of him and it is certainly poorer by his absence. Ron was a lanky, over six-foot tall man with an easy smile, quirky laugh, ready handshake, and a helping hand. After boarding an airplane in Guatemala, he had spoken with most everyone on it by the time it landed, even though most spoke another language. He was always there to help The Peregrine Fund and most every other worthy charitable organization or needy friend in the community. Most of his contributions were unknown and uncelebrated as publicity was not his motive. Few people beyond the benefactor knew of his generosity. I doubt he ever even thought of it as being a philanthropist. He was just being a good neighbor. Even his major business successes are not well known, such as when he and Tom Nicholson financed the beginning of Micron Technology and then later talked Jack Simplot into adding more money at another critical stage in the company's development. The multitude of business partnerships and ventures benefitting people and communities in Idaho and far beyond ranged from building white water rafts and knives to airplane charters, hotels, power plants, saw mills, and mines to ranches and farms.

Ron was in his third four-year term on our Board and had been its secretary for eight years. Despite his busy schedule he attended almost every Board meeting and seldom missed even an Executive Committee conference call. His fingerprints are all over the World Center from the front entry gate built and installed by Yanke Machine Shop (the business his family founded and Ron took over operation of at 18 when his father became ill) to the heating and air conditioning on many of the buildings placed and maintained by his company. He even hauled in large rocks to landscape the public interpretive center and placed them personally with his crane. There was the time he, Tom, and Jim organized and put on a barbeque during the Peregrine Victory Celebration for 1,000 people with Ron and Tom doing much of the cooking and serving themselves. Not to be forgotten are the 340 acres of land the two of them and their wives donated to "square up the boundary" of The Peregrine Fund property, creating a buffer around the birds and facilities from future potential development. Then there was the money they donated to help Jim Nelson pave the road and the modular home Ron donated that is our office and living quarters in Arizona for the condor releases, and the list goes on.

He was bigger than life and probably had more fun in his 68 years than most others might in several lifetimes. I doubt he ever missed a sunrise and probably seldom was in bed much before midnight. There was just too much to do that he enjoyed. We miss Ron and things will not be the same without him. Our deepest sympathy for those he has left behind, both family and close friends. He has a special place in our hearts and minds, now and always. His spirit soars with the falcons just beyond life's horizon. Thanks, Ron.

His word was his Bond
Key player in landmark project passes on
by Paul Queneau

YT Timber owner Ron Yanke, died recently from leukemia.

The man at the heart of the Watershed project—the largest land acquisition in Elk Foundation history —recently died from leukemia.

Ron Yanke, 68, was a shrewd businessman as well as a philanthropist, and his dealings with the Elk Foundation involved a little of both.

In 1999, the foundation approached him about selling 32,000 acres of forestlands his logging company owned above Anaconda, Montana. Yanke was interested in seeing the land transfer to public hands, and he understood the value the Anaconda community placed on the property. But he also wanted to harvest about 30 million board feet of timber off the land to keep his mills operating until the purchase was complete.

Alan Christensen, Elk Foundation's vice president of lands at the time of the purchase, worked extensively with Yanke to make the project happen.

“When I first met Ron, he generally wore Levis and a flannel shirt. He looked like a real, small-town local,” Christensen says. “He was very modest, and just easy to get to know.”

Beneath that unassuming exterior was a man of considerable means.

Besides YT Timber, Yanke also owned a variety of other businesses, including two Montana sawmills, a charter air service and a firefighting equipment company, among others. He is probably best known for being one of the original investors in Micron Technology, now the world's second-largest memory chip manufacturer and Idaho's biggest private-sector employer.

But Yanke's interests went beyond business. He sat on the board of the Peregrine Fund (a nonprofit dedicated to restoring wild peregrine falcon populations) and was an avid supporter of Boise State University athletics. Yanke grew up in Boise, Idaho, working at his father's machine shop, which he took over in 1973 after his father's death.

“He was a really humble guy, and he was just dead honest,” Christensen says. “If he committed to something, you shook hands on it, and it would happen.”

It was just this sort of integrity that helped see the Watershed project through.

Perhaps most importantly Yanke gave the Elk Foundation the flexibility to raise the money to pay the \$20 million price tag over four years.

“An appraisal is only good for a year, so he could have come back and said, ‘Well, we’re going to reappraise it,’ and then we would have had to pay more for it,” Christensen says. “But instead we locked in on a price built in the first appraisal.” The extra time also gave the foundation a chance to tap into mining mitigation funds to pay for a substantial portion of land.

After agreeing to sell to the foundation, Yanke also lived up to his commitment to log with wildlife values in mind.

“To cut 30 million (board) feet off of that ground and do it in a manner that everybody could live with took a lot of commitment from Ron, and he had a great forester working up there,” Christensen says.

In the summer of 2003, the Anaconda community and those involved in the Watershed project came together to celebrate the success of the project. Yanke spoke at the event, and it was the last time many people from the foundation saw him.

“(Watershed) was and still is the biggest land project the foundation ever did, and one which really worked in the favor of the organization,” Christensen says. “Ron is the guy who made it happen. That’s just as simple as you can make it.”

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