

RAYONIER INC  
Form DEF 14A  
April 03, 2017  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of**  
**the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**RAYONIER INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

## Edgar Filing: RAYONIER INC - Form DEF 14A

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(4) Date Filed:

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Rayonier Inc.

2017 NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT

**Thursday, May 18, 2017**

**4:00 p.m., Eastern Time**

**DoubleTree Hotel Jacksonville Riverfront**

**1201 Riverplace Blvd.**

**Jacksonville, Florida 32207**

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**Notice of 2017 Annual Meeting of Shareholders**

April 3, 2017

Dear Shareholder,

You are cordially invited to attend Rayonier Inc.'s 2017 Annual Meeting of Shareholders to be held on Thursday, May 18, 2017, at 4:00 p.m., local time, at the DoubleTree Hotel Jacksonville Riverfront, 1201 Riverplace Boulevard, Jacksonville, Florida 32207. At the meeting, our shareholders will be asked to:

Elect the nine (9) director nominees named in the Proxy Statement to terms expiring in 2018;

Approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in the accompanying Proxy Statement;

Recommend, on a non-binding advisory basis, whether the vote on our named executive officers' compensation should occur every one, two or three years;

Approve the material terms under the Rayonier Non-Equity Incentive Plan, as amended, for purposes of Section 162(m) of the Internal Revenue Code;

Approve the material terms under the Rayonier Incentive Stock Plan, as amended, for purposes of Section 162(m) of the Internal Revenue Code;

Approve an Annual Limit on Awards to Non-Employee Directors under the Rayonier Incentive Stock Plan;

Ratify the appointment of Ernst & Young, LLP as our independent registered public accounting firm for 2017; and

Transact any other matters as may properly come before the meeting.

Shareholders of record at the close of business on March 17, 2017, are entitled to vote at the annual meeting and any postponement or adjournment thereof.

Once again, we are pleased to utilize the Securities and Exchange Commission (SEC) rules allowing us to furnish our proxy materials to you over the internet. We believe this allows us to provide the information you need in a more timely, efficient and cost-effective manner.

As always, your vote is very important. We urge you to please vote by internet, telephone or mail as soon as possible to ensure your vote is recorded promptly, even if you plan to attend the Annual Meeting.

Very truly yours,

**David L. Nunes**

*President and Chief Executive Officer*

**Mark R. Bridwell**

*Vice President, General Counsel and Corporate Secretary*

**REVIEW THE PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:**

**VIA THE INTERNET**

Visit [www.proxyvote.com](http://www.proxyvote.com)

**BY TELEPHONE**

Call the telephone number on your proxy card, voting instruction form or notice

**BY MAIL**

Sign, date and return your proxy card or voting instruction form

**IN PERSON**

Attend the Annual Meeting in Jacksonville, FL

*See page 52 for details*

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 18, 2017: This Notice of Annual Meeting of Shareholders and Proxy Statement and the 2016 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).**

Rayonier Inc.      225 Water Street      Suite 1400      Jacksonville, FL 32202  
Telephone (904) 357-9100      Fax (904) 357-9851

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**Table of Contents****2017 PROXY SUMMARY**

*This summary highlights information contained elsewhere in this Notice of Annual Meeting of Shareholders and Proxy Statement or in our corporate governance documents published on our website at [www.rayonier.com](http://www.rayonier.com). We encourage you to read this Notice of Annual Meeting of Shareholders and Proxy Statement in its entirety before voting. Throughout, the terms we, us, our, the Company, and Rayonier refer to Rayonier Inc.*

<p><b>\$212.0M</b></p> <p>Net Income Attributable to Rayonier</p> <p>(359% increase over 2015)</p>	<p><b>\$1.73</b></p> <p>EPS</p> <p>(368% increase over 2015)</p>	<p><b>\$217.8M</b></p> <p>Net Income</p> <p>(396% increase over 2015)</p>	<p><b>\$203.8M</b></p> <p>Cash Provided by Operating Activities</p> <p>(15% increase over 2015)</p>
<p><b>\$69.1M*</b></p> <p>Adjusted Net Income</p> <p>(36% increase over 2015)</p>	<p><b>\$0.56*</b></p> <p>Adjusted EPS</p> <p>(40% increase over 2015)</p>	<p><b>\$239.7M*</b></p> <p>Adjusted EBITDA</p> <p>(15% increase over 2015)</p>	<p><b>\$144.3M*</b></p> <p>CAD</p> <p>(23% increase over 2015)</p>

**COMPANY PERFORMANCE HIGHLIGHTS**

We are pleased with our strong performance in 2016 as well as the progress we made in furthering our strategic objectives. We achieved a number of significant milestones during the course of the year, in large part due to the continuing leadership of our executive officers and Board of Directors ( Board ), as well as the dedication and hard work of our employees. Key highlights of 2016 include:

Repositioned our Pacific Northwest portfolio through the acquisition of 61,000 acres of well-stocked, mature timberlands and the concurrent disposition of 55,000 acres of predominantly pre-merchantable timber;

In total, acquired 111,000 acres of high-quality timberlands in the U.S. for \$366.5 million, thereby improving our long-term sustainable yield and cash flow potential;

In total, completed Large Dispositions totaling 117,000 acres and \$250 million, the proceeds of which were used (or remain available to use) for capital allocation purposes;

Completed a recapitalization of our New Zealand joint venture, thereby lowering our overall cost of debt and increasing our equity stake in the JV from 65% to 77%;

Closed on a new 10-year, \$300 million dollar incremental term loan with a weighted average interest rate of approximately 2.8% (including the impact of interest rate swaps and estimated patronage payments), resulting in no significant debt maturities until 2022 and a weighted average debt maturity of 7 years;

Implemented an internal restructuring and changes to our legacy defined-benefit pension plan, resulting in projected annual cost savings of approximately \$5 million;

Made significant progress on the Wildlight mixed-use community development project north of Jacksonville, which we expect will add significant value to our surrounding HBU land portfolio over time;

Announced the consolidation of three offices into one newly-constructed headquarters building to be located in Wildlight and scheduled for completion in Summer 2017; and

Returned \$122.8 million to shareholders through dividends of \$1.00 per share.

#### SHAREHOLDER ENGAGEMENT

We value shareholder engagement and each year interact with and seek input from our shareholders through various shareholder outreach activities. In 2016, our key shareholder engagement activities included five investor road shows, eight investor conferences, an Investor Day and our 2016 Annual Meeting of Shareholders ( 2016 Annual Meeting ). These engagement activities are informative and help us to better understand our shareholders' views and perspectives on our financial performance, business strategy, capital allocation strategy and public disclosures. We welcome investor input and we invite shareholder feedback. Our Investor Relations department is the point of contact for shareholder interaction with the Company. Shareholders may also access investor information about the Company in the Investor Relations section of our website ([www.rayonier.com](http://www.rayonier.com)).

\* Reconciliation of these non-GAAP financial measures can be found in Appendix C.

**Table of Contents****CORPORATE GOVERNANCE HIGHLIGHTS**

Rayonier's commitment to good corporate governance is integral to our business, the key elements of which are below:

+ Annual election of directors	+ Annual review of Board skills, characteristics and experiences	+ Majority voting of all directors	+ Diversity reflected in Board composition
+ 8 of our 9 director nominees are independent	+ Separation of Board Chairman and CEO	+ Annual Board member independence evaluations	+ Policy prohibiting hedging or pledging of our shares by executives and directors
+ Comprehensive Code of Conduct and Corporate Governance Guidelines	+ Board participation in executive succession planning	+ Regular executive sessions of Board and Board Committees	+ Compensation claw-back policy

**PROPOSAL NO. 1 - ELECTION OF DIRECTORS**

Important information about the experience, qualifications, attributes and skills of each of the director nominees can be found beginning on page 5. Our Board recommends that you vote **FOR** each of the director nominees.

							OTHER PUBLIC	
							COMMITTEE	
							MEMBERSHIPS	
							CO. BOARDS	

<b>Dod A. Fraser</b>							
<b>Scott R. Jones</b>	58	2014	President of Forest Capital Partners	X	Chair	X	None
<b>Bernard Lanigan, Jr.</b>	69	2015	Founder, Chairman and CEO of Southeast Asset Advisors, Inc.;	X	X	X	2
			Founder and Chairman of Lanigan & Associates, P.C.				
<b>Blanche L. Lincoln</b>	56	2014	Founder and Principal of Lincoln Policy Group	X	X	X	1
<b>V. Larkin Martin</b>	53	2007	Managing Partner of Martin Farm;	X	X	Chair	1
			Vice President of The Albemarle Corporation				
<b>David L. Nunes</b>	55	2014	President and CEO of Rayonier Inc.				None
<b>Andrew G. Wiltshire</b>	59	2015	Founding Partner of Folium Capital LLC; Principal in the management and governance of private orchard and farming companies located in New Zealand	X	X	X	None
<b>Number of Committee Meetings in 2016</b>					<b>9</b>	<b>5</b>	<b>3</b>

AC Audit Committee      CC Compensation and Management Development Committee  
 NGC Nominating & Corporate Governance Committee

## PROPOSAL NO. 2 - NON-BINDING ADVISORY VOTE ON SAY ON PAY

Our shareholders have the opportunity to cast a non-binding advisory vote on the compensation of our named executive officers, as set forth in Proposal No. 2 starting on page 14. Last year, our shareholders expressed a high level of support for the compensation of our named executive officers, with 97.4% of the votes cast in favor of our compensation programs and practices. Accordingly, the Compensation and Management Development Committee ( Compensation Committee ) continued in 2016 to consistently adhere to its pay-for-performance philosophy and compensation program. Please refer to our Compensation Discussion and Analysis on page 15 for a detailed description of our compensation programs and practices. Our Board recommends that you vote **FOR** the non-binding advisory vote of the compensation of our named executive officers.

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**PROPOSAL NO. 3 - NON-BINDING ADVISORY VOTE ON SAY ON FREQUENCY**

Our shareholders have the opportunity to cast a non-binding advisory vote, pursuant to Section 14A of the Securities Exchange Act, as to how often the Company should include a say-on-pay proposal in our proxy statement. Please refer to page 33 for additional information. Our Board recommends that you vote to hold a non-binding advisory vote on our named executive officers compensation every year.

**PROPOSAL NO. 4 - APPROVE THE RAYONIER NON-EQUITY INCENTIVE PLAN, AS AMENDED, FOR PURPOSES OF SECTION 162(m) OF THE INTERNAL REVENUE CODE**

Shareholders are being asked to approve, pursuant to Section 162(m) of the Internal Revenue Code of 1986, the material terms under the Rayonier Non-Equity Incentive Plan, as amended by our Compensation Committee on February 23, 2017.

The purpose of the Rayonier Non-Equity Incentive Plan is to provide a vehicle through which the Compensation Committee makes cash incentive awards to key personnel. The Rayonier Non-Equity Incentive Plan is implemented through bonus programs that may be adopted periodically by the Compensation Committee in its discretion. Please refer to page 34 for additional information. Our Board recommends that you vote **FOR** the Rayonier Non-Equity Incentive Plan, as amended, for purposes of Section 162(m) of the Internal Revenue Code.

**PROPOSAL NO. 5 - APPROVE THE RAYONIER INCENTIVE STOCK PLAN, AS AMENDED, FOR PURPOSES OF SECTION 162(m) OF THE INTERNAL REVENUE CODE**

Shareholders are being asked to approve, pursuant to Section 162(m) of the Internal Revenue Code of 1986, the material terms under the Rayonier Incentive Stock Plan, as amended by our Compensation Committee on February 23, 2017. **We are not seeking approval of any additional shares for issuance under the Rayonier Incentive Stock Plan.** The purpose of the Rayonier Incentive Stock Plan is to attract and retain highly qualified employees and directors and to motivate and reward performance that will lead to sustained increases in shareholder value. The Rayonier Incentive Stock Plan furthers opportunities for share ownership by the Company's employees in order to increase their proprietary interest in the Company and, as a result, their interest in the Company's long-term success and their commitment to creating shareholder value. Please refer to page 38 for additional information. Our Board recommends that you vote **FOR** the Rayonier Incentive Stock Plan, as amended, for purposes of Section 162(m) of the Internal Revenue Code.

**PROPOSAL NO. 6 - APPROVE AN ANNUAL LIMIT ON AWARDS TO NON-EMPLOYEE DIRECTORS UNDER THE RAYONIER INCENTIVE STOCK PLAN, AS AMENDED**

Shareholders are being asked to approve an annual limit on the number of shares of stock that may be awarded to non-employee directors under the Rayonier Incentive Stock Plan, as set forth in Proposal 6 on page 44. Our Board recommends that you vote **FOR** an annual limit on awards to non-employee directors under the Rayonier Incentive Stock Plan, as amended.

**PROPOSAL NO. 7 - RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We are seeking shareholder ratification for the appointment of Ernst & Young, LLP to serve as our independent registered public accounting firm for 2017. Please refer to page 45 for additional information. Our Board recommends that you vote **FOR** the ratification of Ernst & Young, LLP to serve as our independent registered public accounting firm for 2017.

## HELPFUL INFORMATION & ONLINE RESOURCES

Beginning on page 51, you will find answers to frequently asked questions about proxy materials, voting, our annual meeting and company filings and reports.

2017 Proxy Statement

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**PROPOSAL NO. 1 ELECTION OF DIRECTORS**

**ELECTION PROCESS**

The Board is responsible for establishing overall corporate strategy and for overseeing management and the ultimate performance of the Company. The Board held eleven (11) meetings during fiscal year 2016. During fiscal year 2016, all directors attended at least 75% of the combined total of all Board meetings and all meetings of committees of the Board of which the director was a member. The Nominating and Corporate Governance Committee ( Nominating Committee ) of the Board has nominated the persons whose names are set forth below, all of whom are current directors. In the absence of a vote by a signed proxy, shares represented by the proxy will be voted FOR the election of each of these nominees to the Board.

**DIRECTOR QUALIFICATIONS**

We believe the members of our Board have the proper mix of relevant experience and expertise given the Company's businesses and REIT structure, together with a level of demonstrated integrity, judgment, leadership and collegiality, to effectively advise and oversee management in executing our strategy. There are no specific minimum qualifications for director nominees other than, as required by our Corporate Governance Principles, no director nominee may stand for election after he or she has reached the age of 72. However, in identifying or evaluating potential nominees, it is the policy of our Nominating Committee to seek individuals who have the knowledge, experience, diversity and personal and professional integrity to be most effective, in conjunction with the other Board members, in collectively serving the long-term interests of our shareholders. The criteria for Board membership are periodically evaluated by the Nominating Committee, taking into account the Company's strategy, geographic markets, regulatory environment and other relevant business factors, as well as changes in applicable laws or listing standards.

**DIRECTOR NOMINATIONS**

Shareholders are being asked to vote on the election of nine (9) directors to serve until the 2018 Annual Meeting of Shareholders and until their successors are duly elected and qualified. The Board has no reason to believe that any nominee will be unable to serve as a director. If, however, a nominee should be unable to serve at the time of the Annual Meeting, shares of Rayonier common stock ( Common Shares ) properly represented by valid proxies will be voted in connection with the election of a substitute nominee recommended by the Board. Alternatively, the Board may either allow the vacancy to remain unfilled until an appropriate candidate is located or may reduce the authorized number of directors to eliminate the unfilled seat.

If any incumbent nominee for director should fail to receive the required affirmative vote of a majority of the votes cast with regard to his or her election, our Corporate Governance Principles require the director to tender his or her resignation to the Board. The Nominating Committee would then consider such resignation and make a recommendation to the Board as to whether to accept or reject the resignation. The Company would publicly disclose the Board's decision and rationale within 90 days after receipt of the tendered resignation.