



Oregon

Kate Brown, Governor

Department of State Lands

775 Summer Street NE, Suite 100

Salem, OR 97301-1279

(503) 986-5200

FAX (503) 378-4844

www.oregon.gov/dsl

STATE LAND BOARD

State Land Board

**December 13, 2016
10:00 am – 1:00 pm
Keizer Community Center
Iris B Conference Room
930 Chemawa Rd NE
Keizer, Oregon**

Kate Brown
Governor

Jeanne P. Atkins
Secretary of State

AGENDA

Ted Wheeler
State Treasurer

Consent Items

1. a. Request for approval of the minutes of the October 11, 2016 State Land Board meeting.
- b. Request for approval of a permanent bridge easement over the Willamette River on Broadway Street in Multnomah County.
- c. Request for approval of a permanent bridge easement over the Willamette River on Morrison Street in Multnomah County.
- d. Request for approval of a permanent bridge easement over the Willamette River on Burnside Street in Multnomah County.

Action Items

2. Report on the status of implementing the order of the State Land Board dated August 13, 2015 regarding the Common School Lands within the Elliott State Forest.
3. Other.

This meeting will be held in a facility that is accessible for persons with disabilities. If you need assistance to participate in this meeting due to a disability, please notify Lorna Stafford at (503) 986-5224 or lorna.stafford@state.or.us at least two working days prior to the meeting.

Public Testimony - The State Land Board places great value on information received from the public. The Board accepts both oral and written comments on **consent and action agenda items only**.

When providing testimony, please:

- Provide written summaries of lengthy, detailed information
- Recognize that substance, not length, determines the value of testimony or written information
- Endorse rather than repeat the testimony of others

Written comments may be submitted before or during the meeting for consideration by the Board. Please bring 10 copies for distribution. To speak at the meeting, you must sign in on the sheet provided at the information table located near the meeting room's entrance. The standard time limit is three minutes for each individual. The Board cannot accept testimony on a topic for which a public hearing has been held and the comment period has closed.



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State Land Board

Kate Brown

Governor

State Land Board

**Regular Meeting
December 13, 2016
Agenda Item 1b**

Jeanne P. Atkins

Secretary of State

Ted Wheeler

State Treasurer

SUBJECT

Request for approval of a permanent easement for an existing bridge on Broadway Street in Portland crossing the Willamette River in Multnomah County (Appendix A).

ISSUE

Whether the State Land Board should approve a request from Multnomah County for a permanent easement to operate, maintain, repair and replace an existing road bridge across the Willamette River in Multnomah County.

AUTHORITY

Article VIII, Section 5 of the Oregon Constitution; requiring the Land Board to “manage lands under its jurisdiction with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management.”

ORS 273.171; relating to the duties and authority of the Director.

OAR 141-122-0010 to 141-122-0120; establishing procedures for granting easements and rights-of-way on trust and non-trust lands and requiring Land Board approval of easements granted in perpetuity.

BACKGROUND

Multnomah County submitted a complete easement application for the bridge crossing. The application was circulated to adjoining property owners, various state and federal resource and permitting agencies, and tribal entities. No significant comments were received from the circulation.

The described bridge on Broadway Street has been in place since 1913 without authorization. This portion of the Willamette River is both navigable and tidally

influenced and therefore, state owned. This type of use on, or over a state-owned waterway requires an easement.

Multnomah County completed and returned the signed Certificate of Approval and Conveyance for the draft easement (Appendix B).

Pursuant to OAR 141-122-0060(7), a compensatory payment of \$100 is required for the easement area, which was paid on September 12, 2016.

RECOMMENDATION

The Department of State Lands recommends that the State Land Board approve the permanent easement to Multnomah County to operate, maintain, repair and replace a bridge on, over, under or across the Willamette River in Multnomah County.

APPENDICES

- A. Site map
- B. Draft easement (57301-EA)

State of Oregon
Department of State Lands



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APPENDIX A
Easement Application 57301-EA
Willamette River, Portland Or.
Multnomah County

-  Easement Request Area
-  DSL Properties

2014 Aerial Photo

This map depicts the approximate location and extent of a Department of State Lands Proprietary authorization for use. This product is for informational purposes only and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

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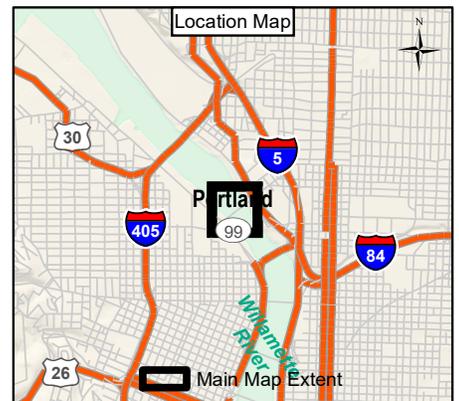


Feet



Map Projection:
Oregon Statewide Lambert
Datum NAD83
International Feet

State of Oregon
Department of State Lands
775 Summer St NE, Suite 100
Salem, OR 97301
503-986-5200
www.oregon.gov/DSL
Date: 11/10/2016



Grantor:

State of Oregon
Department of State Lands
775 Summer St. NE, Suite 100
Salem, OR 97301-1279

Grantee:

Multnomah County
Attn: Patrick Hinds
Land Use & Transportation Division, Bldg. #425
1620 SE 190th Ave.
Portland, OR 97223

After recording return original to:

Grantee

And return a copy to:

Grantor

**STATE OF OREGON
Department of State Lands**

**EASEMENT NO. 57301-EA
S&S Bridge – Broadway Bridge**

The STATE OF OREGON, by and through its Department of State Lands, GRANTOR, for and in consideration of \$100.00, hereby grants to GRANTEE,

NAME of GRANTEE:
Multnomah County

ADDRESS:
1403 SE Water Avenue
Portland, OR 97214-3333

an easement and right to construct, maintain, operate and replace a bridge, commonly known as the “Broadway Bridge”, over, upon, and across the following particularly described state owned property situated in Multnomah County, Oregon, more particularly described as follows:

A strip of land 110.00 feet in width lying between the Ordinary Low Water line of the easterly bank of the Willamette River and the Ordinary High Water line of the westerly Willamette River located in the Northwest One Quarter of Section 34, Township 1North, Range1East, of the Willamette Meridian, City of Portland, Multnomah County, Oregon said strip being approximately 30.00 feet on each side of the following described

centerline for the first approximately 65 feet of its length proceeding from the west bank, and 55.00 feet on each side of the centerline for the remainder, as shown on the attached Exhibit "A":

Beginning at a point on the centerline of the existing bridge deck, said point having a Northing of 687225.16 (Latitude of 45°31'51.893") and an Easting of 7644663.96 (longitude of -122°40'3:901");

thence N 53°01'53" E, along the centerline of the existing bridge deck, 944.00 feet to the Terminus Point of said centerline, having a Northing of 687792.86 (Latitude of 45°31'57.697") and Easting of 7645418.18 (longitude of -122°40'21.524").

Containing 2.18 acres or 94,960 square feet, more or less, and as shown on the attached Exhibit "A"; herein made a part of this document. In the event of a conflict or discrepancy between the Exhibit A map and the written legal description, the written legal description shall prevail.

TO HAVE AND TO HOLD the same unto GRANTEE in perpetuity, subject to the following conditions:

1. GRANTOR has the right to grant additional easements within the area authorized by this easement subject to the provisions of the administrative rules governing the granting of easements; provided GRANTOR shall not grant any easements or other interests to other parties that unreasonably interfere with the rights granted to GRANTEE under this easement.
2. GRANTEE shall obtain prior written approval from GRANTOR prior to:
 - a) Changing the type of use authorized by this easement;
 - b) Expanding the number of authorized developments or uses;
 - c) Changing the authorized area; and/or
 - d) Permitting other persons to utilize the easement for uses and developments requiring separate written authorization by GRANTOR pursuant to the administrative rules governing the granting of easements or other GRANTOR requirements.
3. Use of the easement area by the public shall be as provided in this Section:
 - a) The easement area shall remain open to the public for recreational and other non-proprietary uses unless restricted or closed to public entry by the State Land Board or GRANTOR.
 - b) Notwithstanding Section 3(a) above, GRANTEE shall have the right to control and restrict access by the public to or on any existing or new structure or facility located in the easement area that GRANTEE is responsible for maintaining, repairing, replacing or operating.
 - c) GRANTEE shall also have the right to control and restrict access to the public to areas immediately below, adjacent to and above the structure or facility as necessary for the maintenance, repair, replacement or safe operation of the structure or facility; and, subject to the provisions of OAR 141-122-0070(5), the

right to control and restrict access to the public to areas around the structure or facility as necessary for the maintenance, repair, replacement or safe operation of the structure or facility.

4. GRANTOR and/or its authorized representative(s) shall have the right to enter into and upon the easement area at any time for the purposes of inspection or management.
5. Except as expressly authorized in writing by the Department, GRANTEE shall not:
 - a) Cut, destroy or remove, or permit to be cut, destroyed or removed any vegetation, with the exception of vegetation trimming as needed for routine right-of-way maintenance; or
 - b) Remove any sand and gravel, or other mineral resources for commercial use or sale, that occur in the easement area except as expressly authorized in writing by GRANTOR.
6. GRANTEE shall compensate GRANTOR for the fair market value of any commercially valuable timber or sand and gravel resources in the easement area that must be removed during or after placement of the authorized use, or which cannot be developed because of the authorized use.
7. GRANTEE shall conduct all operations within the easement area in a manner that conserves fish and wildlife habitat; protects water quality; and does not exacerbate soil erosion, or the introduction or spread of noxious weeds or pests. Upon completion of construction, GRANTEE shall reclaim disturbed lands to a condition satisfactory to GRANTOR.
8. *Intentionally Omitted*
9. The right to use this easement shall automatically terminate if it, or the development authorized by GRANTOR, is not used within five (5) consecutive years of the date this easement was granted, pursuant to the provisions of the administrative rules governing the granting of easements.
10. Unless otherwise approved in writing by GRANTOR, GRANTEE shall remove all cables, pipes, conduits, roads, and other developments placed by GRANTEE on the easement, and shall restore the surface of the easement area to a condition satisfactory to GRANTOR within one (1) year following termination of use or expiration of this easement.
11. *Intentionally Omitted*
12. GRANTOR shall have the right to stop operation of the use authorized by this easement for noncompliance with the conditions of this easement, the provisions of the administrative rules governing the granting of easements, and/or any lawful requirement by a regulatory agency of this STATE; provided GRANTEE shall not be deemed in noncompliance under this easement unless such noncompliance continues for thirty (30)

days after receipt of written notice from GRANTOR specifying the noncompliance. If such noncompliance cannot be cured within thirty (30) day period, this provision shall be satisfied if GRANTEE commences correction within such period and thereafter proceeds in good faith and reasonable diligence to effect compliance as soon as possible.

13. If this easement authorizes the use of state-owned submerged and/or submersible land:

- a) Construction in navigable waters shall conform to the standards and specifications set by the U.S. Army Corps of Engineers and the U.S. Coast Guard for the use authorized by this easement.
- b) Any blasting which may be necessary, or in-water placement, maintenance, or repair of the authorized use shall be performed according to the laws of this STATE, including strict adherence to Oregon Department of Fish & Wildlife in-water work windows.

14. GRANTEE shall pay to GRANTOR the current market value, as determined by GRANTOR, for any unnecessary and non-approved damages to state-owned lands caused by construction or maintenance of the easement.

15. GRANTEE shall pay all assessments that may be legally charged on public lands which are levied against the property subject to this easement, whether or not such assessments have been levied against the easement area or STATE by the assessing agency.

16. GRANTEE shall use the authorized easement area only in a manner or for such purposes that assure fair and non-discriminatory treatment of all persons without respect to race, creed, color, religion, handicap, disability, age, gender or national origin.

17. This easement is freely transferable. However, no transfer may increase the burden on the easement area or detract from the value of the underlying state-owned land.

This easement does not convey an estate in fee simple of the lands used for a right-of-way. This grant is for an easement only, and title remains in the State of Oregon.

#6806711v10

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CERTIFICATE OF APPROVAL OF CONVEYANCE
(ORS 93.808)

Multnomah County, a political subdivision of the State of Oregon, Grantee, hereby approves and accepts, pursuant to ORS 93.808, the grant of an interest in real property from _____, Grantor, as described in the instrument to which this Certificate is attached.

A copy of this Certificate may be affixed to, and recorded with, the instrument described above.

DATED this ____ day of _____, 2016.

_____,
Grantee

By: _____

Name: _____

Title: _____

STATE OF OREGON)
) ss.
County of _____)

On this _____ day of _____, 2016, before me personally appeared _____, who being duly sworn stated that he/she is the _____ of _____, Grantee, and acknowledged the foregoing instrument to be the voluntary act of said Grantee and that he/she executed the foregoing instrument under authority granted by said Grantee.

NOTARY PUBLIC FOR OREGON
My commission Expires: _____



Oregon

Kate Brown, Governor

Department of State Lands

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State Land Board

Kate Brown

Governor

State Land Board

**Regular Meeting
December 13, 2016
Agenda Item 1c**

Jeanne P. Atkins

Secretary of State

Ted Wheeler

State Treasurer

SUBJECT

Request for approval of a permanent easement for an existing bridge on Morrison Street in Portland crossing the Willamette River in Multnomah County (Appendix A).

ISSUE

Whether the State Land Board should approve a request from Multnomah County for a permanent easement to operate, maintain, repair and replace an existing road bridge across the Willamette River in Multnomah County.

AUTHORITY

Article VIII, Section 5 of the Oregon Constitution; requiring the Land Board to “manage lands under its jurisdiction with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management.”

ORS 273.171; relating to the duties and authority of the Director.

OAR 141-122-0010 to 141-122-0120; establishing procedures for granting easements and rights-of-way on trust and non-trust lands and requiring Land Board approval of easements granted in perpetuity.

BACKGROUND

Multnomah County submitted a complete easement application for the bridge crossing. The application was circulated to adjoining property owners, various state and federal resource and permitting agencies, and tribal entities. No significant comments were received from the circulation.

The described bridge on Morrison Street has been in place since 1958 without authorization. This portion of the Willamette River is both navigable and tidally influenced and therefore state owned. This type of use on, or over a state-owned waterway requires an easement.

Multnomah County completed and returned the signed Certificate of Approval and Conveyance for the draft easement (Appendix B).

Pursuant to OAR 141-122-0060(7), a compensatory payment of \$100 is required for the easement area, which was paid on September 12, 2016.

RECOMMENDATION

The Department of State Lands recommends that the State Land Board approve the permanent easement to Multnomah County to operate, maintain, repair and replace a bridge on, over, under or across the Willamette River in Multnomah County.

APPENDICES

- A. Site Map
- B. Draft Easement (57304-EA)

State of Oregon
Department of State Lands



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APPENDIX A
Easement Application 57304-EA
Willamette River, Portland Or.
Multnomah County

-  Easement Request Area
-  DSL Properties

2014 Aerial Photo

This map depicts the approximate location and extent of a Department of State Lands Proprietary authorization for use. This product is for informational purposes only and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

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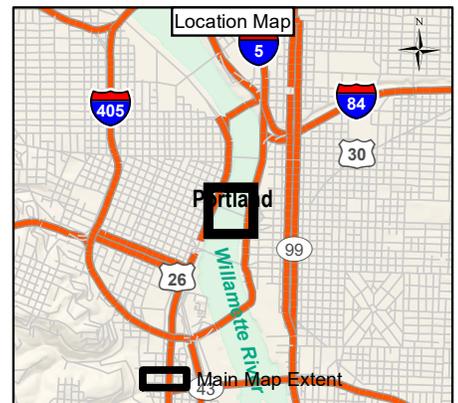


Feet



Map Projection:
Oregon Statewide Lambert
Datum NAD83
International Feet

State of Oregon
Department of State Lands
775 Summer St NE, Suite 100
Salem, OR 97301
503-986-5200
www.oregon.gov/DSL
Date: 11/10/2016



Grantor:

State of Oregon
Department of State Lands
775 Summer St. NE, Suite 100
Salem, OR 97301-1279

Grantee:

Multnomah County
Attn: Patrick Hinds
Land Use & Transportation Division, Bldg. #425
1620 SE 190th Ave.
Portland, OR 97223

After recording return original to:

Grantee

And return a copy to:

Grantor

**STATE OF OREGON
Department of State Lands**

**EASEMENT NO. 57304-EA
S&S Bridge – Morrison Bridge**

The STATE OF OREGON, by and through its Department of State Lands, GRANTOR, for and in consideration of \$100.00, hereby grants to GRANTEE,

NAME of GRANTEE:
Multnomah County

ADDRESS:
1403 SE Water Avenue
Portland, OR 97214-3333

an easement and right to construct, maintain, operate and replace a bridge, commonly known as the "Morrison Bridge", over, upon, and across the following particularly described property situated in Multnomah County, Oregon, more particularly described as follows:

A tract of land lying between the Ordinary High Water line of the easterly bank of the Willamette River and the Ordinary Low Water line of the westerly bank of the Willamette River located in the Northeast and northwest one quarters of Section 3, Township 1 South, Range 1 East, of the Willamette Meridian, City of Portland, Multnomah County, Oregon, said strip being more particularly described as follows:

Commencing at a point on the centerline of the existing bridge deck, said point having a Northing of 682539.53 (latitude of 45°31'05.891") and an Easting of 7645587.14 (longitude of -122°40'17.168'.');

thence S67°36'35"E. along the centerline of the existing bridge deck, 71.00 feet, more or less, to the Ordinary Low Water line of the westerly bank of the Willamette River and the TRUE POINT OF BEGINNING of said tract;

thence S23°04'43"W, along the Ordinary Low Water line of the westerly bank of the Willamette River, 95.00 feet

thence leaving said Ordinary Low Water Line S67°36'35"E, 795.00 feet;

thence S64°38'03"E, 233.00 feet more or less to the Ordinary High Water line of the easterly bank of the Willamette River;

thence N11°36'34"E, along the Ordinary High Water Line of the westerly bank of the Willamette River, 109.02 feet a point on the centerline of the existing bridge deck, said point having a Northing of 682129.23 (latitude of 45°31'02.105") and an Easting of 7646583.08 (longitude of -122°40'03.030");

thence continuing along said Ordinary High Water line N11°36'34"E, 108.98 feet;

thence leaving said Ordinary High Water line N80°31'57"W, 197.00 feet;

thence N67°36'35"W, 793.00 feet, more or less, to the Ordinary Low Water line of the westerly bank of the Willamette River;

thence S23°04'43"W, along said Ordinary Low Water line, 63.00 feet to the Point of Beginning,

Containing 3.79 acres or 165,092 square feet, more or less, and as shown on the attached Exhibit "A", herein made a part of this document. In the event of a conflict or discrepancy between the Exhibit A map and the written legal description, the written legal description shall prevail.

TO HAVE AND TO HOLD the same unto GRANTEE in perpetuity, subject to the following conditions:

1. GRANTOR has the right to grant additional easements within the area authorized by this easement subject to the provisions of the administrative rules governing the granting of easements; provided GRANTOR shall not grant any easements or other interests to other parties that unreasonably interfere with the rights granted to GRANTEE under this easement.

2. GRANTEE shall obtain prior written approval from GRANTOR prior to:
 - a) Changing the type of use authorized by this easement;
 - b) Expanding the number of authorized developments or uses;
 - c) Changing the authorized area; and/or
 - d) Permitting other persons to utilize the easement for uses and developments requiring separate written authorization by GRANTOR pursuant to the administrative rules governing the granting of easements or other GRANTOR requirements.

3. Use of the easement area by the public shall be as provided in this Section:
 - a) The easement area shall remain open to the public for recreational and other non-proprietary uses unless restricted or closed to public entry by the State Land Board or GRANTOR.
 - b) Notwithstanding Section 3(a) above, GRANTEE shall have the right to control and restrict access by the public to or on any existing or new structure or facility located in the easement area that GRANTEE is responsible for maintaining, repairing, replacing or operating.
 - c) GRANTEE shall also have the right to control and restrict access to the public to areas immediately below, adjacent to and above the structure or facility as necessary for the maintenance, repair, replacement or safe operation of the structure or facility; and, subject to the provisions of OAR 141-122-0070(5), the right to control and restrict access to the public to areas around the structure or facility as necessary for the maintenance, repair, replacement or safe operation of the structure or facility.

4. GRANTOR and/or its authorized representative(s) shall have the right to enter into and upon the easement area at any time for the purposes of inspection or management.

5. Except as expressly authorized in writing by the Department, GRANTEE shall not:
 - a) Cut, destroy or remove, or permit to be cut, destroyed or removed any vegetation, with the exception of vegetation trimming as needed for routine right-of-way maintenance; or
 - b) Remove any sand and gravel, or other mineral resources for commercial use or sale, that occur in the easement area except as expressly authorized in writing by GRANTOR.

6. GRANTEE shall compensate GRANTOR for the fair market value of any commercially valuable timber or sand and gravel resources in the easement area that must be removed during or after placement of the authorized use, or which cannot be developed because of the authorized use.

7. GRANTEE shall conduct all operations within the easement area in a manner that conserves fish and wildlife habitat; protects water quality; and does not exacerbate soil erosion, or the introduction or spread of noxious weeds or pests. Upon completion of construction, GRANTEE shall reclaim disturbed lands to a condition satisfactory to GRANTOR.

8. *Intentionally Omitted*

9. The right to use this easement shall automatically terminate if it, or the development authorized by GRANTOR, is not used within five (5) consecutive years of the date this easement was granted, pursuant to the provisions of the administrative rules governing the granting of easements.

10. Unless otherwise approved in writing by GRANTOR, GRANTEE shall remove all cables, pipes, conduits, roads, and other developments placed by GRANTEE on the easement, and shall restore the surface of the easement area to a condition satisfactory to GRANTOR within one (1) year following termination of use or expiration of this easement.

11. *Intentionally Omitted*

12. GRANTOR shall have the right to stop operation of the use authorized by this easement for noncompliance with the conditions of this easement, the provisions of the administrative rules governing the granting of easements, and/or any lawful requirement by a regulatory agency of this STATE; provided GRANTEE shall not be deemed in noncompliance under this easement unless such noncompliance continues for thirty (30) days after receipt of written notice from GRANTOR specifying the noncompliance. If such noncompliance cannot be cured within thirty (30) day period, this provision shall be satisfied if GRANTEE commences correction within such period and thereafter proceeds in good faith and reasonable diligence to effect compliance as soon as possible.

13. If this easement authorizes the use of state-owned submerged and/or submersible land:

- a) Construction in navigable waters shall conform to the standards and specifications set by the U.S. Army Corps of Engineers and the U.S. Coast Guard for the use authorized by this easement.
- b) Any blasting which may be necessary, or in-water placement, maintenance, or repair of the authorized use shall be performed according to the laws of this STATE, including strict adherence to Oregon Department of Fish & Wildlife in-water work windows.

14. GRANTEE shall pay to GRANTOR the current market value, as determined by GRANTOR, for any unnecessary and non-approved damages to state-owned lands caused by construction or maintenance of the easement.

15. GRANTEE shall pay all assessments that may be legally charged on public lands which are levied against the property subject to this easement, whether or not such assessments have been levied against the easement area or STATE by the assessing agency.

16. GRANTEE shall use the authorized easement area only in a manner or for such purposes that assure fair and non-discriminatory treatment of all persons without respect to race, creed, color, religion, handicap, disability, age, gender or national origin.

17. This easement is freely transferable. However, no transfer may increase the burden on the easement area or detract from the value of the underlying state-owned land.

This easement does not convey an estate in fee simple of the lands used for a right-of-way. This grant is for an easement only, and title remains in the State of Oregon.

#6806795v8

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CERTIFICATE OF APPROVAL OF CONVEYANCE
(ORS 93.808)

Multnomah County, a political subdivision of the State of Oregon, Grantee, hereby approves and accepts, pursuant to ORS 93.808, the grant of an interest in real property from _____, Grantor, as described in the instrument to which this Certificate is attached.

A copy of this Certificate may be affixed to, and recorded with, the instrument described above.

DATED this ____ day of _____, 2016.

_____,
Grantee

By: _____

Name: _____

Title: _____

STATE OF OREGON)
) ss.
County of _____)

On this _____ day of _____, 2016, before me personally appeared _____, who being duly sworn stated that he/she is the _____ of _____, Grantee, and acknowledged the foregoing instrument to be the voluntary act of said Grantee and that he/she executed the foregoing instrument under authority granted by said Grantee.

NOTARY PUBLIC FOR OREGON
My commission Expires: _____



Oregon

Kate Brown, Governor

Department of State Lands

775 Summer Street NE, Suite 100

Salem, OR 97301-1279

(503) 986-5200

FAX (503) 378-4844

www.oregon.gov/dsl

State Land Board

Kate Brown

Governor

State Land Board

**Regular Meeting
December 13, 2016
Agenda Item 1d**

Jeanne P. Atkins

Secretary of State

Ted Wheeler

State Treasurer

SUBJECT

Request for approval of a permanent easement for an existing bridge on Burnside Street in Portland crossing the Willamette River in Multnomah County (Appendix A).

ISSUE

Whether the State Land Board should approve a request from Multnomah County for a permanent easement to operate, maintain repair, and replace an existing road bridge across the Willamette River in Multnomah County.

AUTHORITY

Article VIII, Section 5 of the Oregon Constitution; requiring the Land Board to “manage lands under its jurisdiction with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management.”

ORS 273.171; relating to the duties and authority of the Director.

OAR 141-122-0010 to 141-122-0120; establishing procedures for granting easements and rights-of-way on trust and non-trust lands and requiring Land Board approval of easements granted in perpetuity.

BACKGROUND

Multnomah County submitted a complete easement application for the bridge crossing. The application was circulated to adjoining property owners, various state and federal resource and permitting agencies, and tribal entities. No significant comments were received from the circulation.

The described bridge on Burnside Street has been in place since 1926 without authorization. This portion of the Willamette River is both navigable and tidally influenced and therefore state owned. This type of use on, or over a state-owned waterway requires an easement.

Multnomah County completed and returned the signed Certificate of Approval and Conveyance for the draft easement (Appendix B).

Pursuant to OAR 141-122-0060(7), a compensatory payment of \$100 is required for the easement area, which was paid on September 12, 2016.

RECOMMENDATION

The Department of State Lands recommends that the State Land Board approve the permanent easement to Multnomah County to operate, maintain, repair and replace a bridge on, over, under or across the Willamette River in Multnomah County.

APPENDICES

- A. Site Map
- B. Draft Easement (57317-EA)

State of Oregon
Department of State Lands



APPENDIX A
Easement Application 57317-EA
Willamette River, Portland Or.
Multnomah County

-  Easement Request Area
-  DSL Properties

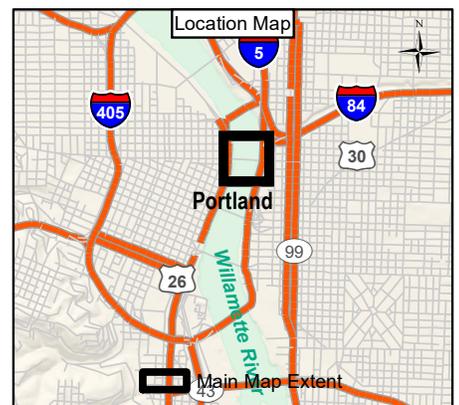
2014 Aerial Photo

This map depicts the approximate location and extent of a Department of State Lands Proprietary authorization for use. This product is for informational purposes only and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.



Map Projection:
Oregon Statewide Lambert
Datum NAD83
International Feet

State of Oregon
Department of State Lands
775 Summer St NE, Suite 100
Salem, OR 97301
503-986-5200
www.oregon.gov/DSL
Date: 11/10/2016



Grantor:

State of Oregon
Department of State Lands
775 Summer St. NE, Suite 100
Salem, OR 97301-1279

Grantee:

Multnomah County
Attn: Patrick Hinds
Land Use & Transportation Division, Bldg. #425
1620 SE 190th Ave.
Portland, OR 97223

After recording return original to:

Grantee

And return a copy to:

Grantor

**STATE OF OREGON
Department of State Lands**

**EASEMENT NO. 57317-EA
S&S Bridge – Burnside Bridge**

The STATE OF OREGON, by and through its Department of State Lands, GRANTOR, for and in consideration of \$100.00, hereby grants to GRANTEE,

NAME of GRANTEE:
Multnomah County

ADDRESS:
1403 SE Water Avenue
Portland, OR 97214-3333

an easement and right to construct, maintain, operate and replace a bridge, commonly known as the "Burnside Bridge", over, upon, and across the following particularly described property situated in Multnomah County, Oregon, more particularly described as follows:

A strip of land 141.00 feet in width lying between the Ordinary High Water Line of the easterly bank of the Willamette River and the Ordinary Low Water Line of the westerly bank of the Willamette River located in the Southeast One Quarter of Section 34, Township 1 North, Range 1 East, of the Willamette Meridian, City of Portland, Multnomah County, Oregon, said strip being 57.00 feet left and 84.00 feet right of the following described centerline:

Beginning at a point on the centerline of the existing bridge deck, said point having a Northing of 684269.60 (Latitude of 45°31'23.113") and an Easting of 7646136.357 (longitude of -122°40'10.109");

thence S 86°53'41" E, along the centerline of the existing bridge deck, 1070.00 feet to the Terminus Point of said centerline, having a Northing of 684211.64 (Latitude of 45°31'22.824") and an Easting of 7647204.79 (longitude of -127°39'55.085").

Containing 2.79 acres or 121,532.40 square feet, more or less, and as shown on the attached Exhibit "A"; herein made a part of this document. In the event of a conflict or discrepancy between the Exhibit A map and the written legal description, the written legal description shall prevail.

TO HAVE AND TO HOLD the same unto GRANTEE in perpetuity, subject to the following conditions:

1. GRANTOR has the right to grant additional easements within the area authorized by this easement subject to the provisions of the administrative rules governing the granting of easements; provided GRANTOR shall not grant any easements or other interests to other parties that unreasonably interfere with the rights granted to GRANTEE under this easement.
2. GRANTEE shall obtain prior written approval from GRANTOR prior to:
 - a) Changing the type of use authorized by this easement;
 - b) Expanding the number of authorized developments or uses;
 - c) Changing the authorized area; and/or
 - d) Permitting other persons to utilize the easement for uses and developments requiring separate written authorization by GRANTOR pursuant to the administrative rules governing the granting of easements or other GRANTOR requirements.
3. Use of the easement area by the public shall be as provided in this Section:
 - a) The easement area shall remain open to the public for recreational and other non-proprietary uses unless restricted or closed to public entry by the State Land Board or GRANTOR.
 - b) Notwithstanding Section 3(a) above, GRANTEE shall have the right to control and restrict access by the public to or on any existing or new structure or facility located in the easement area that GRANTEE is responsible for maintaining, repairing, replacing or operating.
 - c) GRANTEE shall also have the right to control and restrict access to the public to areas immediately below, adjacent to and above the structure or facility as necessary for the maintenance, repair, replacement or safe operation of the structure or facility; and, subject to the provisions of OAR 141-122-0070(5), the right to control and restrict access to the public to areas around the structure or facility as necessary for the maintenance, repair, replacement or safe operation of the structure or facility.

4. GRANTOR and/or its authorized representative(s) shall have the right to enter into and upon the easement area at any time for the purposes of inspection or management.
5. Except as expressly authorized in writing by the Department, GRANTEE shall not:
 - a) Cut, destroy or remove, or permit to be cut, destroyed or removed any vegetation, with the exception of vegetation trimming as needed for routine right-of-way maintenance; or
 - b) Remove any sand and gravel, or other mineral resources for commercial use or sale, that occur in the easement area except as expressly authorized in writing by GRANTOR.
6. GRANTEE shall compensate GRANTOR for the fair market value of any commercially valuable timber or sand and gravel resources in the easement area that must be removed during or after placement of the authorized use, or which cannot be developed because of the authorized use.
7. GRANTEE shall conduct all operations within the easement area in a manner that conserves fish and wildlife habitat; protects water quality; and does not exacerbate soil erosion, or the introduction or spread of noxious weeds or pests. Upon completion of construction, GRANTEE shall reclaim disturbed lands to a condition satisfactory to GRANTOR.
8. *Intentionally Omitted*
9. The right to use this easement shall automatically terminate if it, or the development authorized by GRANTOR, is not used within five (5) consecutive years of the date this easement was granted, pursuant to the provisions of the administrative rules governing the granting of easements.
10. Unless otherwise approved in writing by GRANTOR, GRANTEE shall remove all cables, pipes, conduits, roads, and other developments placed by GRANTEE on the easement, and shall restore the surface of the easement area to a condition satisfactory to GRANTOR within one (1) year following termination of use or expiration of this easement.
11. *Intentionally Omitted*
12. GRANTOR shall have the right to stop operation of the use authorized by this easement for noncompliance with the conditions of this easement, the provisions of the administrative rules governing the granting of easements, and/or any lawful requirement by a regulatory agency of this STATE; provided GRANTEE shall not be deemed in noncompliance under this easement unless such noncompliance continues for thirty (30) days after receipt of written notice from GRANTOR specifying the noncompliance. If such noncompliance cannot be cured within thirty (30) day period, this provision shall be

satisfied if GRANTEE commences correction within such period and thereafter proceeds in good faith and reasonable diligence to effect compliance as soon as possible.

13. If this easement authorizes the use of state-owned submerged and/or submersible land:

- a) Construction in navigable waters shall conform to the standards and specifications set by the U.S. Army Corps of Engineers and the U.S. Coast Guard for the use authorized by this easement.
- b) Any blasting which may be necessary, or in-water placement, maintenance, or repair of the authorized use shall be performed according to the laws of this STATE, including strict adherence to Oregon Department of Fish & Wildlife in-water work windows.

14. GRANTEE shall pay to GRANTOR the current market value, as determined by GRANTOR, for any unnecessary and non-approved damages to state-owned lands caused by construction or maintenance of the easement.

15. GRANTEE shall pay all assessments that may be legally charged on public lands which are levied against the property subject to this easement, whether or not such assessments have been levied against the easement area or STATE by the assessing agency.

16. GRANTEE shall use the authorized easement area only in a manner or for such purposes that assure fair and non-discriminatory treatment of all persons without respect to race, creed, color, religion, handicap, disability, age, gender or national origin.

17. This easement is freely transferable. However, no transfer may increase the burden on the easement area or detract from the value of the underlying state-owned land.

This easement does not convey an estate in fee simple of the lands used for a right-of-way. This grant is for an easement only, and title remains in the State of Oregon.

#6806840v8

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CERTIFICATE OF APPROVAL OF CONVEYANCE
(ORS 93.808)

Multnomah County, a political subdivision of the State of Oregon, Grantee, hereby approves and accepts, pursuant to ORS 93.808, the grant of an interest in real property from _____, Grantor, as described in the instrument to which this Certificate is attached.

A copy of this Certificate may be affixed to, and recorded with, the instrument described above.

DATED this ____ day of _____, 2016.

_____,
Grantee

By: _____

Name: _____

Title: _____

STATE OF OREGON)
) ss.
County of _____)

On this _____ day of _____, 2016, before me personally appeared _____, who being duly sworn stated that he/she is the _____ of _____, Grantee, and acknowledged the foregoing instrument to be the voluntary act of said Grantee and that he/she executed the foregoing instrument under authority granted by said Grantee.

NOTARY PUBLIC FOR OREGON
My commission Expires: _____



Oregon

Kate Brown, Governor

Department of State Lands

775 Summer Street NE, Suite 100
Salem, OR 97301-1279
(503) 986-5200
FAX (503) 378-4844
www.oregon.gov/dsl

State Land Board

Kate Brown
Governor

Jeanne P. Atkins
Secretary of State

Ted Wheeler
State Treasurer

State Land Board

Regular Meeting
December 13, 2016
Agenda Item 2

SUBJECT

Report on implementation of the State Land Board August 13, 2015 order regarding Common School Lands within the Elliott State Forest.

ISSUE

To provide an update on the status of identifying potential comprehensive ownership transferees for the Elliott property, and to request input and direction on proceeding with developing an offer of direct sale to the potential comprehensive ownership transferee and possible additional partners.

AUTHORITY

Oregon Constitution, Article VIII, Section 5, specifies that the State Land Board is responsible for managing Common School Fund lands.

ORS 273.041 to 273.071 authorizing the Department of State Lands to exercise the administrative functions of the State Land Board relating to the general powers and duties of Department and Board.

BACKGROUND

The Common School Fund lands within the Elliott State Forest were consolidated in the early 1900s to generate long-term funding for Oregon's K-12 public schools. These lands have been managed by the Department of Forestry under an agreement with the Department of State Lands. For many decades, until 2013, this arrangement contributed significant revenue to the Common School Fund through receipts from timber harvests.

Timber harvest revenues have declined considerably in recent years due to protection measures and environmental lawsuits regarding threatened species, primarily northern spotted owl, marbled murrelet, and Coho salmon (see Figure 1). From fiscal year 2013

thru 2015, losses from the Elliott exceeded \$4 million, and average annual deficits are projected to continue indefinitely under the status quo.

Revenue losses from this Common School Fund asset have been carefully evaluated for their effect on the Board's federal and constitutional obligations to the Common School Fund. Since the listing of the northern spotted owl in 1990, the marbled murrelet in 1992, and the Coho salmon in 1998 under the federal Endangered Species Act, there have been numerous attempts by the state to develop Habitat Conservation Plans to maintain adequate timber harvest levels to produce positive revenues for the Common School Fund. These efforts have failed to ensure adequate harvest levels because of restrictions requested by the National Marine Fisheries Service or constraints due to federal endangered species act litigation (See Figure 2). The Elliott State Forest Alternatives Project was undertaken in the spring of 2014 to examine a full range of alternatives available to the Land Board and Department for resolving this impasse.

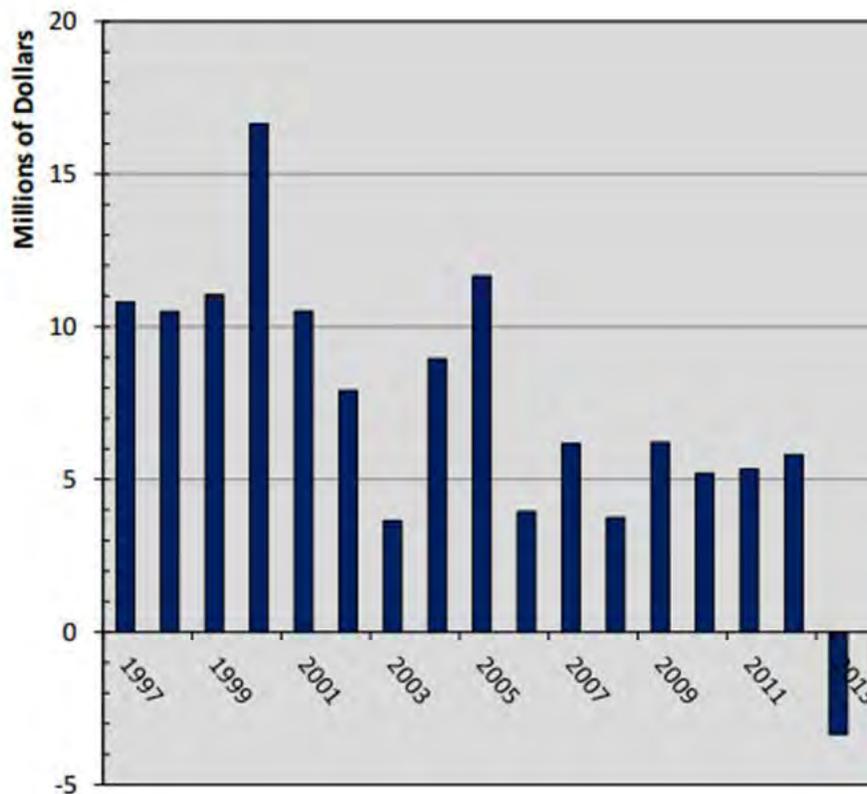


Figure 1. Net Revenue from Elliott State Forest (1997-2013)

Source: Oregon Department of Forestry data

During the implementation of the project, the Department sought out extensive public input from the spring of 2014 through August 2015, and completed thorough due diligence on a wide range of potential options for the Common School Fund trust lands within the Elliott State Forest. Public outreach included numerous interest-group work

sessions and individual public contacts. The project team sought ideas from education beneficiaries, conservation and land trust representatives, timber management interests, tribal governments, elected officials, economic and community development groups, and government agencies. Results of these efforts were summarized in the December 2014 and August 2015 State Land Board meeting agenda items.

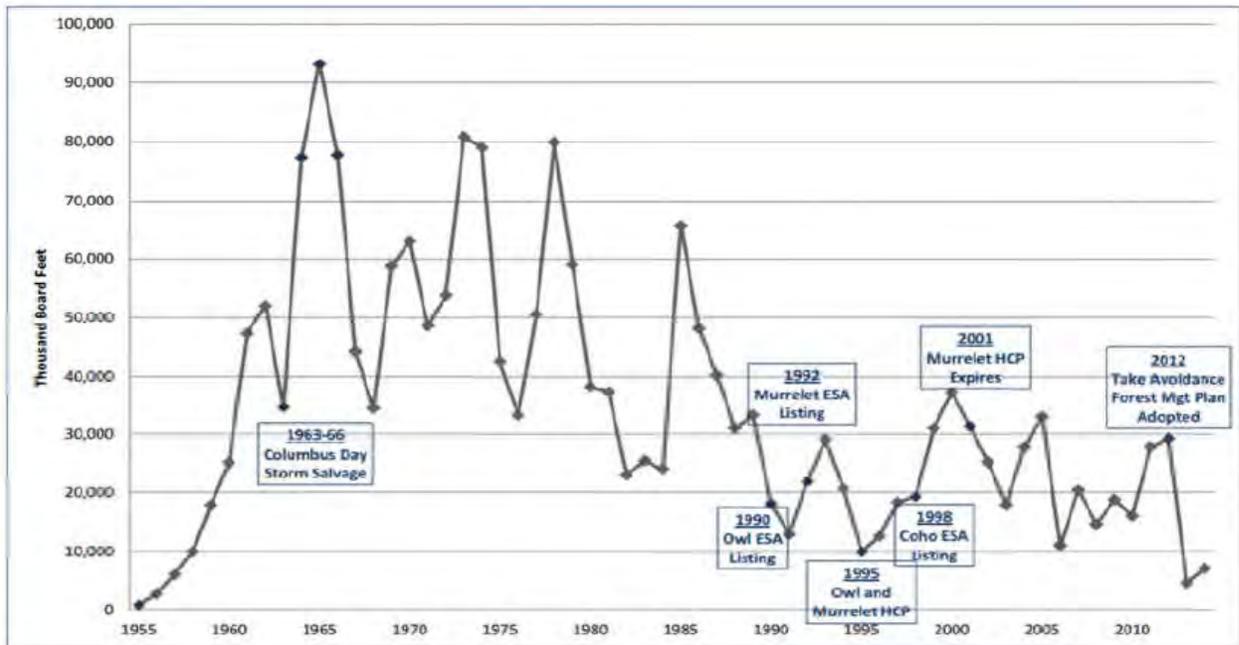


Figure 2. Estimated Timber Volume from Elliott State Forest (1955 to 2014)

Source: Oregon Department of Forestry data

In August 2015, upon completion of the Elliott State Forest Alternatives Project, the Board determined that transfer of the Elliott Property out of Common School Fund ownership was appropriate because it would be in the best interests of the Common School Fund and beneficiaries. The Board also found that a transfer at full fair market value would meet the Board’s trust obligations to the Common School Fund and beneficiaries.

At that time, the Board issued its Resolution and Order establishing the Elliott Property Comprehensive Ownership Transfer Opportunity and a transaction-specific methodology for due diligence called the “Protocol”, and directed the Department to implement the Protocol to identify potential comprehensive ownership transferees.

The Protocol has at its foundation five key, structural requirements for Proposed Acquisition Plans:

1. The plan must be for the purchase of the Elliott Property at fair market value in an all-cash closing with proceeds going to the corpus of the Common School Fund;
2. The plan must be for the acquisition of the entire Elliott Property;
3. The plan must be made by a lead participant with authority to accept an offer of direct sale in a single transaction;
4. The plan must include commitments with enforceable mechanisms to protect enhanced public benefits beyond those which are provided for under applicable law, and without subsidy or cost reduction from the fair market value price. These enhanced public benefits include the following:
 - a) Conserving public recreational access on at least 50% of the acreage;
 - b) Conserving the economic benefits by ensuring at least 40 jobs annually from the property for a period totaling 10 years;
 - c) Conserving older forest stands by protecting from harvest at least 25% of the acreage; and
 - d) Conserving high quality watersheds by providing riparian management areas of 120 feet or more on both sides of stream segments containing salmon, steelhead, or bull trout, and their transitional upstream reaches; and
5. The plan must be without any contingencies for the benefit of the transferee.

During the course of implementation, the Department has issued two supplements pursuant to Section 7 of the Protocol (references to the "Protocol" in this report are to either the initial Protocol or the combination of the Protocol and its supplements depending on context, all attached as Appendix A). In addition, to the extent necessary or appropriate under the Protocol to effectuate any determination by the Director described herein, this report is deemed by the Director to constitute a third supplement to the Protocol.

Since August 2015, the Department has taken specific steps in accordance with the Protocol¹:

- Held a project kickoff meeting on 9/17/2015;
- Received and answered questions related to the Protocol numerous times throughout the implementation period to date;
- Received forty-nine (49) Expressions of Interest by 12/15/2015 from parties electing to be eligible to submit a Proposed Acquisition Plan;
- Conducted a comprehensive timber and resource inventory of the property, shared on 4/5/2016;
- Conducted an extensive title review of the property, shared on 4/5/2016;
- Provided a tour of the property for participants on 5/11/2016; and

¹ Further documented on the website https://www.oregon.gov/dsl/Common_School_Fund_Property/Pages/Elliott-Opportunity---Project.aspx

- Contracted with multiple, certified, independent timberland appraisers to conduct a comprehensive appraisal of the property together with a determination of fair market value, shared on 7/27/2016.

DISCUSSION

On November 15, 2016, one Proposed Acquisition Plan was timely submitted under the Protocol (see Appendix B). The Plan was submitted by Lone Rock Timber Management Company, a Washington corporation, headquartered in Roseburg, Oregon (“Lone Rock”), as Lead Participant on behalf of itself, the Cow Creek Band of Umpqua Tribe of Indians, and the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians (“CTCLUSI”) with the support and advice of The Conservation Fund, Dr. John Gordon, the College of Forestry at Oregon State University, the Oregon Department of Forestry, the Confederated Tribes of Siletz Indians, and the Confederated Tribes of the Grand Ronde.

A primary goal of the Protocol, to successfully identify a potential comprehensive ownership transferee, has been accomplished through the timely submission of the Plan.

The Department has reviewed the Plan and found that it contains both clear demonstrations of financial viability as well as proposals for enforceable mechanisms for enhanced public benefits sufficient to demonstrate responsiveness:

- The Plan demonstrates adequate equity investment and financing to acquire the Elliott Property at the established fair market value price, in cash at closing.
- The Plan proposes enhanced public benefits as required by the Protocol that exceed those which are already provided under applicable law.
- The Plan recites enforceable mechanisms required for providing the enhanced public benefits in perpetuity.

A summary chart of the Department’s responsiveness analysis is attached. (see Appendix C)

The Plan, however, includes some gaps, uncertainties, and ambiguities, especially with respect to the enforceable mechanisms. Within the discretion provided under Section 7 of the Protocol, the Director of the Department has deemed the Plan responsive, despite these concerns. The Director’s rationale for deeming the Plan responsive includes the following:

1. Ensuring fairness between competitors is not an issue because only one plan was submitted;
2. The Board’s direction has placed a priority on moving forward in a timely fashion due to the ongoing economic losses associated with the property; and

3. The plan meets basic requirements of the Protocol and the gaps, uncertainties, and ambiguities, can and will be addressed prior to a future offer of direct sale and through subsequent purchase and sale agreement negotiations.

PLAN STRUCTURE AND FUNDING

The Plan proposes a structure and funding mechanism that would provide the fair market value of the property in cash at closing to transfer the property out of the Common School Fund to a private owner. In the Plan, the identified Lead Participant is Lone Rock. The proposed owner would be Elliott Forest LLC (to be formed as an Oregon limited liability company ("LLC")). The LLC would have two members at closing, Lone Rock and Umpqua Indian Development Corporation ("UIDC"), a federally chartered Section 17 corporation owned and operated by the Cow Creek Band of Umpqua Tribe of Indians, a federally recognized Indian Tribe.

The Plan proposes to meet the fair market value price of \$220,800,000 all in cash at closing with:

1. Equity investments of \$110.4 million in the LLC comprised of:
 - a) 87.03% equity contributed by Lone Rock Timber Management Company; and
 - b) 12.97% equity contributed by UIDC, with partial purchase rights in years 7 and 10.
2. Northwest Farm Credit Services, PCA, part of the Farm Credit System, to provide \$110.4 million in secured financing.

Interest was expressed for the CTCLUSI to hold a conservation easement as the enforceable mechanism for three of the four enhanced public benefits. The Lead Participant has also identified a diverse team of supporters and advisors including The Conservation Fund, Dr. John Gordon, the College of Forestry at Oregon State University, the Oregon Department of Forestry, the Confederated Tribes of Siletz Indians, and the Confederated Tribes of the Grand Ronde.

The Plan also expressed that the Lead Participant has established relationships with numerous other organizations and welcomes building and engaging in new relationships with additional stakeholders.

PUBLIC BENEFITS PROPOSED

The Plan proposes the enhanced public benefits required by the Protocol that exceed those currently required by applicable law, as follows:

1. As to Public Access,
 - a) The Plan proposes free, public recreation access in perpetuity on at least 41,250 acres (map shows public access on entire property) with the right to close certain areas at certain times.

- b) Proposed access would be consistent with Lone Rock's current recreation management practices including a possible permit system.
2. As to Economic Benefits, the Plan proposes to provide 40 jobs per year from the property over a period of 10 years.
3. As to Harvest Protection Areas,
 - a) The Plan proposes to manage 20,625 acres for older forest characteristics as Harvest Protection Areas by restricting them from commercial timber harvest.
 - b) Of these protected areas, 94.7% are in 100 years or older stands.
 - c) The Plan proposes that adjustments could be made to the Harvest Protection Areas in the future as stands develop in order to consolidate areas to be managed for older forest characteristics and reduce fragmentation.
4. As to Riparian Management Areas,
 - a) The Plan proposes to protect and enhance all streams where Coho salmon, steelhead, and bull trout occur on the property with 120 foot buffers.
 - b) The Plan proposes a 40 foot no-touch zone and two additional 40 foot zones with basal area restrictions proportional to those in the Oregon Forest Practices Act.

The Lead Participant is also interested in additional opportunities for developing ecosystem services and continuing conversations with others interested and experienced in diverse ecosystem service markets. Their expressed intent is "to explore those opportunities thoroughly with the hopes to implement projects we anticipate existing on this property."

Gaps, uncertainties, and ambiguities around the public benefits that require further definition prior to development of an offer of direct sale include the following:

- Details regarding floating public recreational access rights and landowner closure rights;
- Reassurances regarding compliance and means of public enforcement, especially related to the potential denial of public access through any permit system;
- Details regarding potential adjustments to Harvest Protection Areas and expectations around potential salvage operations in the event of a natural disaster; and
- Details regarding allowable activities in Riparian Management Areas including watershed improvement activities and potential salvage operations in the event of a natural disaster.

PROPOSED ENFORCEABLE MECHANISMS

The Plan proposes two types of enforcement mechanisms for securing the enhanced public benefits: a conservation easement for three of the four benefits and an easement in gross for the other. Both enforcement mechanisms are familiar and reliable structures for protecting property interests under Oregon law.

The Plan proposes to contain a public access easement within a conservation easement to be created pursuant to ORS 271.715 to 271.795. The same conservation easement would protect the Harvest Protection Areas and the Riparian Management Areas for those enhanced public benefits. The CTCLUSI has expressed interest in holding this conservation easement and appears to be proposed as the easement holder in the Plan.

Economic benefits are proposed to be enforced through an easement in gross instead of the suggested deed covenant. While the suggested structure for an easement in gross was provided in the Plan, a holder of these rights was not definitively identified. Gaps, uncertainties, and ambiguities around the conservation easement mechanism will need to be addressed during development of an offer of direct sale and negotiation of a purchase and sale agreement, and include the following:

1. Confirmation that there would be one conservation easement over the entire property addressing public recreational access, Harvest Protection Areas, and Riparian Management Areas;
2. Firm identification of the holder(s) of the conservation easement given that the CTCLUSI have only expressed an interest (as per the Plan) and many terms have not been finalized as between the LLC and the CTCLUSI, and such terms may be problematic for the state;
3. If proceeding with the CTCLUSI pursuant to their proposed letter of intent, or with another conservation easement holder with similar terms, additional issues to clarify include the following:
 - a) Details regarding a third-party enforcement right in the conservation easement, potentially held by the state;
 - b) Limitations in the conservation easement to address potential conflicts of interest such as the possibility that the easement holder might be compensated for its enforcement activities by the acquisition of land within the conservation easement;
 - c) Limitations in the conservation easement to address potential obstacles to enforcement that could arise due to sovereign immunity claimed by either a fee title or conservation easement holder;
4. Details regarding reporting processes under the conservation easement including the level of public involvement and oversight; and
5. Identifying a holder of the easement in gross appropriate to adequately address the economic benefits promised.

NEXT STEPS

As per the Protocol, the Department will now work towards developing an offer of direct sale, and that offer will seek to close the gaps, clarify the uncertainties, and resolve the ambiguities described above, all to the satisfaction of the state. Given these concerns,

and the fact that only one Plan was timely submitted, the Director will also instruct the Department to commence discussions with the potential comprehensive ownership transferee and possible additional partners prior to making an offer of direct sale. The Department expects to return to update the Board in February 2017, prior to making any offer of direct sale and prior to finalizing a purchase and sale agreement.

RECOMMENDATION

The Department recommends that the Land Board provide input and direction on proceeding with the development of an offer of direct sale for a comprehensive ownership transfer of the Elliott property, and on exploring options with the potential comprehensive ownership transferee and possible additional partners.

APPENDICIES

- A. The Protocol, plus two supplements
- B. The Plan
- C. Plan responsiveness evaluation

Transaction-Specific Protocol to Identify Potential Comprehensive Ownership Transferees For the Elliott Property

1. Summary of Transaction

This Protocol is part of conducting due diligence by the Department of State Lands (the “Department”) for the State Land Board (the “Board”) in connection with a potential offer of direct sale of the Common School lands within the Elliott State Forest (the “Elliott Property”). In this unique situation, due diligence includes identification of potential comprehensive ownership transferees through their competitive submissions of proposed acquisition plans. This Protocol has at its foundation five key, structural requirements that a responsive acquisition plan must adhere to and include, which are:

- A. The plan must be for the purchase of the Elliott Property at fair market value (the sales price determined by the Department’s appraisal process) in an all-cash closing, with the proceeds going to the corpus of the Common School Fund;
- B. The plan must be for the acquisition of the entire Elliott Property;
- C. The plan must be made by a lead person or entity with authority to accept an offer of direct sale (the entity may be a consortium, joint venture or partnership, but in such a case there must be a lead person with authority to act for the consortium, joint venture or partnership) – the Elliott Property will not be offered for sale in separate transactions;
- D. The plan must include commitments with enforceable mechanisms to protect enhanced public benefits above and beyond those which are already provided for under applicable federal, state, and local law, specifically (and at a minimum) including:
 - i. Conserving public recreational access on at least 50% of the acreage;
 - ii. Conserving the economic benefits from the Elliott Property by ensuring for a period totaling 10 years that at least 40 direct and

indirect full-time jobs (or their equivalent) are generated annually from activities including timber harvest, hauling, reforestation, support of recreation activities, infrastructure maintenance, and habitat restoration;

- iii. Conserving older forest stands by protecting from harvest at least 25% of the acreage; and
- iv. Conserving high quality watersheds by providing riparian management areas of 120 feet or more on both sides of all stream segments containing salmon, steelhead or bull trout and their transitional upstream reaches (to the next confluence, if the presence of these species does not end at a confluence); and

E. The plan must be without any contingencies for the benefit of the transferee.

These minimum levels of enhanced public benefits, intended to protect and conserve natural resources of the Elliott Property above and beyond that which is already provided for under applicable federal, state, and local law, are required in any responsive acquisition plan. A responsive acquisition plan offering higher, balanced levels of such benefits may be selected, at Board discretion, over plans offering minimum levels. These commitments must be memorialized through appropriate enforceable mechanisms recorded at closing. The enforceable mechanisms must not involve the Common School Fund or the Department. A responsive acquisition plan will need to identify other entities or agencies willing and able to enforce the commitments. There will be no discounting of the sales price for these commitments.

Further as to the financial terms, any purchase and sale agreement negotiated with a lead participant through this Protocol must be on the terms set forth in the responsive acquisition plan and must provide earnest money in an amount no less than 1% of the purchase price, paid directly to the corpus of the Common School Fund. Such earnest money is to be non-refundable (unless the deal includes a financing element predicated on state or federal appropriation, in which case the earnest money would become non-refundable on August 1, 2017). Closing would occur on or before December 29, 2017 (unless extended to December 31, 2018 by the timely payment to the corpus of the Common School Fund of an additional 1% of the purchase price as non-refundable earnest money).

In addition, any such comprehensive ownership transfer would be offered on an AS-IS basis, without representations or warranties by the State, and (as noted above) without contingencies for the benefit of the transferee. There is sufficient time between now and the negotiation of a purchase and sale agreement for any due diligence by participants.

If only a single potential comprehensive ownership transferee is identified through this Protocol (in other words, if only one responsive acquisition plan is timely received), the Department will make an offer of direct sale of the Elliott Property at the fair market value (as determined by the Department's appraisal process), such sale price being the Department estimate of value. If two or more potential comprehensive ownership transferees are identified through this Protocol (in other words, if multiple responsive acquisition plans are timely received), the Department will return to the Board for its selection, in its discretion, of the one to which the Department shall make an offer of direct sale of the Elliott Property at the fair market value (as determined by the Department's appraisal process), such price being the Department estimate of value, and its ranking of the others in order of desirability, in case the initial sale is not consummated (either through an inability to reach a purchase and sale agreement or a failure to close under a purchase and sale agreement). If no potential comprehensive ownership transferees are identified through this Protocol (in other words, if no responsive acquisition plans are timely received), then the Department will return to the Board for further instructions regarding ownership transfer, including as to whether to proceed with an ownership transfer that does not protect public benefits beyond the protections provided under applicable federal, state, and local law.

If an offer of direct sale contemplated above is not consummated (either through an inability to reach a purchase and sale agreement or a failure to close under a purchase and sale agreement), then the Department will proceed through the options described in detail in Section 6 below.

2. Expressions of Interest

By mid-September 2015, the Department will announce the Elliott Property Comprehensive Ownership Transfer Opportunity (the "Elliott Opportunity" or "Opportunity") and Protocol by various available means including publication, posting on its website (and creating a separate Elliott Opportunity webpage), email to all known parties interested in the Elliott Property, notice to state legislators, a press release, and a kickoff meeting (non-mandatory) on September 17, 2015, in

Salem and by telephone, at which the Department will distribute the Protocol packet (which will also be available online). Available background information about the Elliott Property will be posted on the Elliott Opportunity webpage. The kickoff meeting will be recorded and the audio file posted on the Elliott Opportunity webpage. Given the likely collaborative nature of this Opportunity, the Department recommends attendance at all meetings to receive information and promote conversation. Failure to attend any mandatory meeting, however, disqualifies a person or entity from being a lead participant (i.e., the one person or entity to whom an offer of sale would be made on behalf of itself or a consortium, joint venture or partnership).

The first required step for persons or entities interested in participating in this Opportunity will be to submit an expression of interest – a letter describing (a) who they are; (b) the nature of their interest; (c) their level of experience with activities relevant to the Opportunity; (d) particular interests they may have in the Elliott Property; and (e) attributes that may make them a good partner for inclusion in a consortium, joint venture or partnership submitting a proposed acquisition plan. All expressions of interest must be received by the Department by 5:00 pm Pacific Time on December 15, 2015. All expressions of interest will be posted on the Elliott Opportunity webpage. Only persons or entities who have timely submitted an expression of interest will be deemed participants in the Protocol going forward, and eligible to submit a proposed acquisition plan. In addition to the kickoff meeting in September, there will be a Question and Answer meeting on October 20, 2015 and a period for persons or entities to request clarification regarding the Opportunity and Protocol.¹ Questions and answers will be posted on the Elliott Opportunity webpage.

The goal of this Protocol is to identify a transferee to whom an offer of direct sale of the entire Elliott Property may be made. The Department recognizes, however, that a transaction of this size and complexity may best be accomplished through transfer to a consortium, joint venture or partnership of parties each with an interest in different areas of the Elliott Property or different aspects of ownership or control, or a joint venture or partnership formed by such parties. This Protocol hopes to provide the opportunity for generating such consortia, joint ventures or partnerships through sharing the expressions of interest and staging of participant meetings. Only the lead participant, however, will submit the proposed acquisition plan. Any resulting purchase and sale agreement would be with the lead

¹ For each question and answer period throughout this protocol, questions will be due to the Department single point of contact via email exactly one calendar week following the meeting and will be answered within one calendar week of the due date through posting on the Elliott Opportunity website.

participant. The Department understands that this shifts some of the potential organizational work to the participants; this is intentional.

3. Participation in Opportunity

All participants will be invited to attend four meetings, two mandatory and two non-mandatory. These meetings are: (a) a mandatory first meeting on January 28, 2016 to review the Opportunity and Protocol²; (b) a non-mandatory second meeting on April 5, 2016 to review the timber inventory and preliminary title report; (c) a non-mandatory Elliott Property tour on May 10-12, 2016 to visit the property; and (d) a mandatory meeting for announcement of the fair market value determination on July 27, 2016. Following each meeting, there will be a question and answer period for participants to request further clarification regarding those aspects of the Opportunity and Protocol. Questions and answers will be posted on the Elliott Opportunity webpage together with audio recordings of the first, second, and fourth meetings (not the tour).

One of the reasons for the meetings is to help participants meet each other and identify potential ways they might work together on a proposed acquisition plan. Given the tight timeframes, it is also recommended that participants move forward with any strategies, negotiations and planning as much as possible prior to the announcement of the fair market value.³

4. Fair Market Value Determination

The Department will obtain an independent appraisal of the Elliott Property, assuming a private-to-private transaction without restrictions other than legal requirements on a private buyer (e.g., Oregon Forest Practices Act, federal Endangered Species Act), and with no mineral rights transferred except for surface soil, sand, stone, and gravel available for use on the Elliott Property for building and maintaining roads and landings. An appraisal consultant has been retained by the Department to assist in the process and to review the appraisal. The appraisal methodology has been designed in conjunction with the consultant. First, a

² Additional details not known in September 2015 may be available at this meeting.

³ While not in any way indicating what the actual fair market value may be determined to be, a recent net present value analysis of various long-term management scenarios for the Elliott Property is posted on the Department's Elliott State Forest Alternatives Project website ([Evergreen Economics / LandVest Report - 12/1/2014](#)).

comprehensive timber inventory will be conducted.⁴ Then, two or three independent timberland appraisers will develop their individual determinations of value to Uniform Standards of Professional Appraisal Practice (USPAP) and Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA *aka* Yellow Book) specifications based on identical appraisal instructions and property data and including stand-level modeling. Finally, the consultant will conduct a Yellow Book compliant appraisal review to ensure USPAP and UASFLA compliance for the appraisals, and provide the Department with reconciliation to a single determination of fair market value, as necessary.

On or before July 27, 2016, the Department will announce the determination of fair market value of the Elliott Property. This critical piece of information will then allow participants to move forward with their strategies, negotiations and planning to create proposed acquisition plans for timely submission. This fair market value will be the Department's estimate of value at which the Elliott Property will be offered for direct sale, if a responsive comprehensive ownership transferee is identified and selected.

5. Proposed Acquisition Plans

Parties interested in submitting proposed acquisition plans will need to identify a lead participant with authority to accept an offer and act on behalf of itself or any consortium, joint venture or partnership, including by forming a new entity for such purpose. The lead participant will submit the proposed acquisition plan. It will be acceptable for parties to participate in multiple proposed acquisition plans. Plans may include non-participants for roles other than lead participant. Proposed acquisition plans must be received by the Department by 5:00 PM Pacific Time on November 15, 2016.⁵

To be considered responsive, an acquisition plan must include, among other things described elsewhere herein, (a) a detailed description of the participant (or participants and new non-participants, if a consortium, joint venture or partnership), (b) a detailed explanation of how the payment of fair market value at closing will be financed, and (c) a detailed explanation of the extent of

⁴ The timber inventory data would be made available to participants on or before April 5, 2016.

⁵ Acquisition plans must be submitted in a sealed envelope to the Department single point of contact. There will be no public opening of plans, but all plans will be available for inspection following Department deliberation. However, the Department will record and make available the identity of all lead participants after opening. Acquisition plans received after closing will be considered late and will be found non-responsive.

commitments and the specifics of the enforceable mechanisms to be recorded at closing, regarding the enhanced public benefits element of the comprehensive ownership transfer. In addition, for an acquisition plan to be deemed responsive, it must be accompanied by a deposit of \$100,000 in cash (to be applied towards the payment of fair market value or refunded).⁶

6. Next Steps after Plans Submitted to Department

If any proposed acquisition plans are submitted through this Protocol, the Department will review them and make the determination of whether or not they are responsive, under the criteria set forth in this Protocol. All responsive acquisition plans will be presented to the Board at its December 13, 2016 meeting.

If only a single potential comprehensive ownership transferee is identified through this Protocol (in other words, if only one responsive acquisition plan is timely received), the Department will make an offer of direct sale of the Elliott Property at the fair market value (as determined by the Department's appraisal process), such price being the Department estimate of value. If this sale is not consummated (either through an inability to reach a purchase and sale agreement or a failure to close under a purchase and sale agreement), then the Department will return to the Board for further instructions regarding ownership transfer, including as to whether to proceed with an ownership transfer that does not protect public benefits beyond the protections provided under applicable federal, state, and local law.

If two or more potential comprehensive ownership transferees are identified through this Protocol (in other words, if multiple responsive acquisition plans are timely received), the Department will return to the Board for its selection, in its discretion, of the one to which the Department is instructed to make an offer of direct sale of the Elliott Property at the fair market value (as determined by the Department's appraisal process), such price being the Department estimate of value. In addition, in this selection scenario, the Board will rank all of the responsive acquisition plans. If the initially selected sale opportunity is not consummated (either through an inability to reach a purchase and sale agreement or a failure to close under a purchase and sale agreement), then the Department will make an offer of direct sale of the Elliott Property at the fair market value (as determined by the Department's appraisal process), such price being the

⁶ Lead participants whose acquisition plan is not selected will be informed of this fact and their deposit will be returned.

Department estimate of value, to the next ranked option, and so on and so forth until, if none of the options are consummated, then the Department will return to the Board for further instructions regarding ownership transfer, including as to whether to proceed with an ownership transfer that does not protect public benefits beyond the protections provided under applicable federal, state, and local law.

If no potential comprehensive ownership transferees are identified through this Protocol (in other words, if no responsive acquisition plans are timely received), then the Department will return to the Board for further instructions regarding ownership transfer, including as to whether to proceed with an ownership transfer that does not protect public benefits beyond the protections provided under applicable federal, state, and local law.

7. General Terms and Conditions of this Protocol

If any situation or circumstance arises that has not been expressly or adequately addressed in this Protocol, the Director shall determine the appropriate action or response in her reasonable discretion and proceed with this Protocol as so modified. The Department may not have anticipated every possible scenario that may arise, and specifically desires that the Director be able to continue to move forward on the stated timeframes to the extent possible, acting in her reasonable discretion as so authorized by the Board.

All expressions of interest and proposed acquisition plans submitted through this Protocol are public record and are subject to public inspection following Department deliberation. Participants are and will be advised to consult with their own legal counsel regarding disclosure issues related to the Oregon Public Records Law (ORS 192.410 through 192.505). All expressions of interest and proposed plans submitted in response to this Protocol become the property of the Department.

This Protocol is governed by the laws of the State of Oregon. Venue for any administrative or judicial action relating to this Protocol is the Circuit Court of Marion County for the State of Oregon; provided, however, if a proceeding must be brought in a federal forum, then it must be brought and conducted solely and exclusively within the United States District Court for the District of Oregon.

Under this Protocol, the Department may reject any or all proposed acquisition plans in-whole or in-part, or may cancel this Protocol at any time when the

rejection or cancellation is in the best interest of the State or Department, as determined by the Department. Neither the State nor Department is liable to any participant for any loss or expense caused by or resulting from the delay, suspension, or cancellation of this Protocol, acceptance, or rejection of any proposed plan. Participants shall pay all of the costs in submitting expressions of interest and proposed acquisition plans.

The Department will designate an individual as a single point of contact for all matters related to this Protocol. Participants shall direct all communications related to any provision of this Protocol only to the single point of contact.

8. Schedule

The following table represents a tentative schedule of events per the Protocol above. All times are listed in Pacific Time. All dates listed are subject to change.

Event	Date	Time
Kickoff meeting (non-mandatory)	Thursday, September 17, 2015	10:00 AM
Question and answer meeting (non-mandatory)	Tuesday, October 20, 2015	10:00 AM
Questions due on the Opportunity and Protocol	Tuesday, October 27, 2015	10:00 AM
Expressions of interest are due	Tuesday, December 15, 2015	5:00 PM
First participants meeting (mandatory)	Thursday, January 28, 2016	10:00 AM
Questions due on the Opportunity and Protocol	Thursday, February 4, 2016	10:00 AM
Second participants meeting (non-mandatory)	Tuesday, April 5, 2016	10:00 AM
Questions due on inventory and preliminary title	Tuesday, April 12, 2016	10:00 AM
Elliott Property tour (non-mandatory)	Tuesday, May 10, 2016 – Thursday, May 12, 2016	
Questions due on Elliott Property tour	Thursday, May 19, 2016	10:00 AM
Fair market value announcement meeting (mandatory)	Thursday, July 28, 2016	10:00 AM
Questions due on fair market value	Thursday, August 4, 2016	10:00 AM
Proposed acquisition plans are due	Tuesday, November 15, 2016	5:00 PM
State Land Board meeting (if necessary)	Tuesday, December 13, 2016	10:00 AM
Offer made, if any (approx.)	Week of December 19, 2016	
Execution of purchase and sale agreement (approx.)	Week of February 27, 2017	
Closing (on or before)	Friday, December 29, 2017	5:00 PM
Optional Extension Closing (on or before)	Monday, December 31, 2018	5:00 PM

**Supplement to Transaction-Specific Protocol
to Identify Potential Comprehensive Ownership Transferees
For the Elliott Property**

1. Authority

Pursuant to the Resolution and Order adopted at its August 13, 2015 meeting (the “Resolution and Order”), the State Land Board (the “Board”) adopted the “Transaction-Specific Protocol to Identify Potential Comprehensive Ownership Transferees for the Elliott Property” and directed the Department of State Lands (the “Department”) to proceed as described in the Protocol in connection with a potential offer of direct sale of the Common School lands within the Elliott State Forest (the “Elliott Property”).

Under Section 7 of the Protocol, if any situation or circumstance arises that has not been expressly or adequately addressed in this Protocol, the Director shall determine the appropriate action or response in his reasonable discretion and proceed with this Protocol as so modified. The Department may not have anticipated every possible scenario that may arise, and specifically desires that the Director be able to continue to move forward on the stated timeframes to the extent possible, acting in his reasonable discretion as so authorized by the Board. This Supplement to the Protocol (this “Supplement”) constitutes such a determination by the Director.

Except as expressly addressed in this Supplement, the Protocol continues in full force and effect as adopted.

As used in this Supplement, the term “Participant” applies to a person or entity who has timely filed an expression of interest (an “Expression of Interest”), and to any other person or entity interested in or involved in participating in the Protocol, except that those Participants who have not timely submitted an Expression of Interest or have not been deemed to have attended a mandatory meeting are not eligible to be Lead Participants. A “Lead Participant” for purposes of this Supplement, is a Participant who submits a proposed acquisition plan (a “Plan”).

Terms defined in the Protocol have the same meaning in this Supplement, unless otherwise indicated to the contrary.

2. Minerals

In response to questions and concerns from Participants, the Department has modified its position on the status of mineral rights in connection with a potential offer of direct sale of the Elliott Property. Participants were concerned that access to minerals retained by the State could disrupt or limit funding for conservation easements. This potential impact was not intended, so the Department intends to fix this problem. For purposes of drafting Plans, Participants may assume that the Department will be willing to take action and to seek Board approval as appropriate, prior to closing

of any sale under the Protocol and this Supplement, to transfer such mineral rights that it owns¹ as will be subject to conservation easements (or other mechanisms) that prohibit mining of such subsurface minerals.

3. Additional Q&A Opportunity

The Protocol describes certain question and answer opportunities around official meetings (of which three have already occurred). The Department has consistently tried to follow the practice of not communicating with individual Participants in regards to the Protocol outside of official meetings to prevent and avoid the appearance of any sort of special treatment. The Department has, however, answered questions raised at the three official meetings, and has answered written questions posed during the scheduled opportunities after the meetings in writing and posted on the Elliott Opportunity webpage.

In the interest of fairness while also providing additional timely information to all Participants, the Department will continue with these practices throughout the implementation of the Protocol, but will also provide two additional question and answer meetings (August 30 and October 4, 2016) preceded by a period for questions submitted in writing, with answers to written questions to be posted on the Elliott Opportunity webpage.

4. Proposed Acquisition Plans and Responsiveness

(A) Term Sheet

The Protocol does not provide any particular form for the submission of a Plan by Participants. The Department has decided to create materials to assist Participants in preparing and submitting Plans. Exhibit A, attached hereto and incorporated herein by this reference, is an initial draft of a form of term sheet to be used as a framework for Plans.

In order to be deemed responsive, each and every Plan submitted must include a term sheet based on the final version of the term sheet (the "Term Sheet")² that will be provided on or before July 27, 2016. Such Term Sheet must be fully completed, with all necessary attachments and signed by the Lead Participant. The Term Sheet is intended to elicit sufficient information for the Department to make a determination of responsiveness and for the Board to select and rank Plans. To the extent the form of the Term Sheet does not provide a way to properly explain any aspect of a Plan, additional materials may be attached. In no event, however, will a Plan be deemed responsive unless it includes a fully-completed Term Sheet signed by the Lead Participant.

¹ The Common School Fund does not own the subsurface mineral rights for approximately 2,622 acres of the Elliott Property, as shown in the GIS Mapping Tool.

² The Department welcomes Participant comments on this draft term sheet if timely submitted in writing by May 19, 2016, in its continued work on finalizing the Term Sheet. The Department, however, shall have no obligation to post, incorporate, or respond to any such comments about the Term Sheet, which will be finalized in the Director's discretion.

Rather than reiterate here all information required in a fully-completed Term Sheet, the Department directs Participants to review the attached draft term sheet.

(B) Plan Funding

The Department recognizes that funding elements of a Plan may be complex. Evidence from a Lead Participant that it holds funds in escrow sufficient to pay the Fair Market Value Price for the Elliott Property would be one way to demonstrate responsiveness. Some Plans, however, may involve more complex financing arrangements, and evidence of responsiveness will necessarily be different and potentially more open to interpretation. (The "Fair Market Value Price" is the market value for the Elliott Property, as determined by the Department's appraisal process set forth more specifically in the Protocol.)

By way of example only, demonstrating responsiveness on funding may include a commitment letter or other communication from a lender concerning timely funding of all or a portion of the Fair Market Value Price, or a commitment letter or other communication from a funding partner to combine certain held funds with a timely capital campaign for a portion of the Fair Market Value Price. Such items will need to add up to the Fair Market Value Price for the Department to deem that Plan responsive as to funding.

The threshold for being deemed responsive by the Department in terms of funding will be that the information provided in the Plan is sufficient, on its face, to demonstrate the potential ability to timely pay at closing the Fair Market Value Price. The level of commitment expressed and the apparent likelihood of it materializing will no doubt be an important consideration for the Board when ranking responsive Plans. It is therefore incumbent upon Participants to not only meet the responsiveness threshold, but also to provide as much assurance on Plan funding as possible.

(C) Demonstrating Enhanced Public Benefits

The Department recognizes the difficulties inherent in demonstrating commitments that include enforcement mechanisms for the four enhanced public benefits described in the Protocol. Briefly, those four enhanced public benefits are:

1. Public recreational access
2. Economic benefits
3. Older forest stands
4. Riparian management areas

Conservation easements as provided for in ORS 271 are a commonly-used and understood vehicle to address protections for older forest stands and riparian management areas. While the Department does not require a Plan to use conservation easements for these two enhanced public benefits, doing

so is the simplest path to be deemed responsive on such elements, while allowing for alternatives if desired.

Enforceable mechanisms for public recreational access and economic benefits are not commonly used and the threshold for being deemed responsive on these elements will therefore be set at a basic level. Significant further work will likely be required on these elements after the Department has made an offer based on a Plan, but before a purchase and sale agreement can be executed. Plans that address these enhanced public benefits with a clear and convincing approach will likely fare better in the ranking of responsive Plans by the Board than those that leave questions unanswered as to implementation.

For each and every enhanced public benefit, the threshold for being deemed responsive by the Department will be that the information provided in the Plan is sufficient, on its face, to describe both the commitment to a level of enhanced public benefit and the mechanism to be recorded at closing to enforce that commitment. For public recreational access and economic benefits, that showing may be deemed responsive with a less complete concept as compared to what is necessary for older forest stands and riparian management areas.

(D) Review by Department

Upon timely submission of a Plan as provided in the Protocol (including the deposit of \$100,000 in immediately available funds), the Department will conduct its responsiveness review without further information from or communication with Participants after the deadline for Plan submittal, so it is advisable to make sure a Plan is effectively and clearly communicated as submitted.

(E) No Obligation

By submitting a Plan, the Lead Participant (and all other entities involved in such Plan) acknowledges that the submission of a Plan does not in any way create any obligation on the part of the State to make an offer of direct sale of the Elliott Property. Similarly, neither a Plan being deemed responsive by the Department and submitted to the Board, nor any information provided to the Board by the Department with such submittal, shall in any way create an obligation on the part of the State to make an offer of direct sale of the Elliott Property.

5. Selection and Ranking of Plans by the Board

The Department will submit all Plans it deems responsive to the Board in advance of its December 2016 meeting. If only one such Plan is received, no Board action will be required, and the Department will make an offer of direct sale to the Lead Participant. If there is more than one responsive Plan, the Board will consider each Plan in its totality, taking into account among a range of considerations, its opinion on the likelihood that a sale would be successfully consummated if an offer were made, and the quantity, quality and overall value of the four enhanced public benefits, individually and collectively.

The Board will then identify the Plan that it decides, in its discretion, to select as the Plan that it directs the Department to initially pursue by making an offer of direct sale to the Lead

Participant. The Board will also be asked to rank the other Plans in the order that it directs the Department to pursue if the initially selected sale opportunity is not consummated (either through an inability to reach a purchase and sale agreement or a failure to close under a purchase and sale agreement), and so on and so forth until either a sale opportunity is consummated or no responsive Plans remain unpursued, at which point, as set out in the Protocol, the Department would return to the Board for further instructions.

6. Next Steps

Upon receiving the Board's direction on multiple Plans, the Department will make an offer of direct sale to the Lead Participant of the identified Plan, on the terms set forth in the Protocol, this Supplement and the Plan itself. The Department and the Lead Participant will then attempt to reach agreement on a purchase and sale agreement for such a sale. In order to reach such an agreement, the Department will require legal opinions issued by Lead Participant counsel reasonably acceptable to the Department, in form and substance reasonably acceptable to the Department, that each of the documents to be recorded at closing against all or a portion of the Elliott Property in connection with the enhanced public benefits are enforceable in accordance with their terms, subject only to customary qualifications and specifically negotiated matters that do not materially affect the intended purpose of the document. Such opinions must be issued prior to the Department executing a purchase and sale agreement³.

If the parties do not enter into a purchase and sale agreement as described above within sixty (60) days of the date the direct offer of sale is made to the Lead Participant, unless such time period as expressly extended in advance in writing by the Department, such sale opportunity will be deemed unconsummated, and the Department will then proceed to pursue the next indicated Plan, if any, or as otherwise set forth in the Protocol and this Supplement. Furthermore, if at any time prior to the expiration of the negotiation period described above, the Department, in its discretion determines that the negotiations are at an impasse, the Department may give written notice of such impasse to the Lead Participant, stating the date (not less than 14 days after the date of such notice) by which a purchase and sale agreement as described above must be entered into or such sale will be deemed unconsummated and the Department will then proceed to pursue the next indicated Plan, if any, or as otherwise set forth in the Protocol and this Supplement. These same parameters shall apply to each successive sale opportunity.

If the initial sale opportunity is not consummated, the deadlines for closing set forth in the Protocol are partially adjusted as follows: (a) the special date for earnest money becoming non-refundable if a Plan is predicated on state or federal appropriation will not be extended; (b) the closing date and the extended closing date would be reset so that they would be no later than one year and two years after the date the offer of direct sale was made to the Lead Participant.

³ In clarification of the requirement in the Protocol that a Plan "must be without any contingencies for the benefit of the transferee," the Department will permit the inclusion of a pre-closing contingency to the effect that, if the sale is declared illegal pursuant to ORS 530.450, the purchaser shall be entitled to the return of all earnest monies, but shall not be entitled to any other compensation from the State.

The Lead Participant (and all other entities involved in such Plan) acknowledge, through the act of submitting a Plan, that receiving an offer of direct sale, negotiating for, or entering into a purchase and sale agreement does not in any way create any obligation on the part of the State other than as expressly provided in a fully-executed purchase and sale agreement.

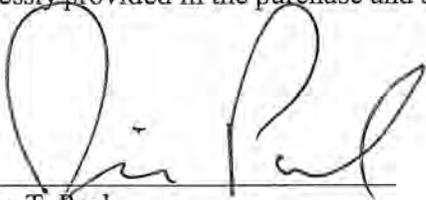
7. General Terms and Conditions of this Supplement

On or before July 27, 2016, the Department will issue another supplement to the Protocol providing, at a minimum, the final version of the Term Sheet as authorized by the Director. If any further situation or circumstance arises that has not been expressly or adequately addressed in the Protocol, this Supplement, or such supplement, the Director reserves the right to further supplement the Protocol.

All Plans submitted through the Protocol or this Supplement are public record and are subject to public inspection following Department deliberation. Participants are and will be advised to consult with their own legal counsel regarding disclosure issues related to the Oregon Public Records Law (ORS 192.410 through 192.505). All Plans submitted in response to the Protocol and this Supplement become the property of the Department.

The Protocol and this Supplement are governed by the laws of the State of Oregon. Venue for any administrative or judicial action relating to the Protocol or this Supplement is the Circuit Court of Marion County for the State of Oregon; provided, however, if a proceeding must be brought in a federal forum, then it must be brought and conducted solely and exclusively within the United States District Court for the District of Oregon.

Participants shall pay all of their costs in submitting Plans, as well as all of their costs in negotiating for a purchase and sale agreement (whether ever executed or not) and all of their costs related to their performance under the purchase and sale agreement (whether the transaction closes or not), except as expressly provided in the purchase and sale agreement to the contrary.



James T. Paul
Director
Department of State Lands

4/5/16

Date

Second Supplement to Transaction-Specific Protocol to Identify Potential Comprehensive Ownership Transferees For the Elliott Property

1. Authority

Pursuant to the Resolution and Order adopted at its August 13, 2015 meeting (the “Resolution and Order”), the State Land Board (the “Board”) adopted the “Transaction-Specific Protocol to Identify Potential Comprehensive Ownership Transferees for the Elliott Property” and directed the Department of State Lands (the “Department”) to proceed as described in the Protocol in connection with a potential offer of direct sale of the Common School lands within the Elliott State Forest (the “Elliott Property” or sometimes, the “Property”).

Under Section 7 of the Protocol, if any situation or circumstance arises that has not been expressly or adequately addressed in this Protocol, the Director shall determine the appropriate action or response in his reasonable discretion and proceed with this Protocol as so modified. The Department may not have anticipated every possible scenario that may arise, and specifically desires that the Director be able to continue to move forward on the stated timeframes to the extent possible, acting in his reasonable discretion as so authorized by the Board. On April 5, 2016, the Director issued a Supplement to Transaction-Specific Protocol to Identify Potential Comprehensive Ownership Transferees for the Elliott Property (the “First Supplement”). The First Supplement called out that another supplement would be issued on or before July 27, 2016. This Second Supplement to Transaction-Specific Protocol to Identify Potential Comprehensive Ownership Transferees for the Elliott Property (this “Second Supplement”) is such additional supplement and constitutes such a determination by the Director.

Except as expressly addressed in this Second Supplement, the Protocol and First Supplement continue in full force and effect as adopted. Terms defined in the Protocol and the First Supplement have the same meaning in this Second Supplement, unless otherwise indicated to the contrary.

2. Framework

This Second Supplement addresses further how to prepare Proposed Acquisition Plans and what happens after their submission. For purposes of this Second Supplement we will generally refer to a Proposed Acquisition Plan as simply a “Plan”. For a complete understanding prior to preparing and submitting a Plan, Participants should carefully review the Protocol and its clarification and supplementation by the First Supplement and this Second Supplement. Together,

these three documents describe the complete Protocol framework.

Furthermore, this Second Supplement both reiterates and expands on what happens after submission and through the execution of a purchase and sale agreement, if any is executed. Once such an agreement is fully executed, the contemplated transaction proceeds to closing (or not) in accordance with its terms.

The Protocol framework contemplates a possible contractual relationship between a Lead Participant and the State, to be established, if at all, through the full execution of a purchase and sale agreement. There will be and is no relationship between the State and any other Participants or entities involved in a Plan under the Protocol framework, whether or not such Participants are identified in a Plan and whether or not a Plan is ever submitted. The Protocol framework is designed for a Lead Participant to represent all such entities, and the Lead Participant therefore will need to enter into any agreements or understandings with such entities necessary to do so.

3. Term Sheet

In the First Supplement the Department circulated a draft term sheet. Since then the Department has worked towards simplifying the term sheet, for the benefit of all concerned. Attached hereto and incorporated herein as Exhibit A to this Second Supplement is the final form of term sheet (the “Term Sheet”) that must be used to submit a Plan. Rather than asking a lot of questions about how a Plan might address the various enhanced public benefit requirements and the enforceable mechanisms for such commitments, the Term Sheet presents assumptions of what would be acceptable to the State. A Plan is free to vary from these assumptions, and if it does so, then more information and explanation is required in order for the Plan to be deemed responsive. There will be, however, details (some purely ministerial and some not) that are not addressed in the Term Sheet, in order to minimize the cost and expense of submitting a Plan. These matters will be addressed after an offer of direct sale is made.

In order to be considered, a Plan must include each of the separate pages described in the Term Sheet. Each such page must be properly completed. If not, the Plan will be considered non-responsive. Further particulars about the submission of Plans, by Section of the Term Sheet, are:

Part One, Section A -- Entities. An entity (other than the Lead Participant) is

involved with the Plan if, at closing of the contemplated transactions, it will hold any interest in any portion of the Property, or have any rights or responsibilities concerning the Property identified in any encumbrance on any portion of the Property related to the enhanced public benefits.

By “full name and legal status” we mean the complete name of the entity, and its type and state of formation, such as XYZ, LLC, an Oregon limited liability company. By executing in “proper form”, we mean that the authorized representative signing for the Lead Participant is identified properly, such as Fred C. Dobbs, as manager of ABC, LLC, as manager of XYZ, LLC.

Part One, Section B -- Funding. The Protocol requires an all-cash purchase, because the Board is not willing to create risk to the Common School Fund of a potential default under any form of seller financing (and the myriad of complex legal issues that might arise under such a scenario). The State understands, however, that a Plan may involve third-party financing. If any such financing contemplates a trust deed or any other security interest on any portion of the Property, in order for such financing to be acceptable to the State it must be expressly subordinate to all the enforceable mechanisms for the enhanced public benefits, with no special lender rights vis-à-vis such benefits. The Lead Participant may modify the identified funding sources after submission or add additional sources, provided that such modifications do not materially alter any of the enforceable mechanisms, and that the Department approves such modification in its reasonable discretion.

Part Two, Section A – Public Access. If a Plan proposes less than full, open access at all times, it will need to describe how any such limitations will be established, monitored and enforced, as well as how such a program will be funded, along the lines of the earlier Questions and Answers on this subject, and the issues suggested in the first draft term sheet. The proposal will be deemed non-responsive if it contemplates any governmental body’s participation without such body being an entity involved in the Plan. Also, as noted in the earlier Questions and Answers, if a Plan contemplates closing off a portion of the Property at certain times the Plan still must provide access to 50% of the acreage at all times (the area encumbered by the easement in such a scenario must be greater than 50% of the Property by the amount available to be closed at certain times in order for the Plan to be found responsive).

Part Two, Section B – Economic Benefits. Direct and indirect jobs include timber harvest, hauling, processing, reforestation, support of recreational activities, infrastructure maintenance and habitat restoration. This does not include induced jobs associated with additional spending by workers employed in such jobs.

Part Two, Section C – Harvest Protection Areas. Activities needed to maintain older stands may involve long-term plans for developing ecological values through non-commercial thinning from below, control of exotic species, non-commercial management of forest fire fuel loads and artificial regeneration of dominant species.¹

¹Earlier, in our third set of Questions and Answers dated February 12, 2016 (Question 5.8), we were asked to comment on the following potential scenario:

Question 5.8: Will the acquisition plan be considered responsive if timber extraction is allowed in *all* parts of the Forest, subject to laws of general applicability such as the Endangered Species Act, provided that the approved harvest plan is designed to yield a long term net *increase* in the percentage of the Forest characterized as old growth forest? The harvest plan would be designed to maintain a percentage of old growth forest that never falls below the percentage of old growth forest existing at the time of sale. (Conservation Capital LLC)

Answer 5.8: This question is a great example of why we have not been more specific or directive in the Protocol. We welcome creative ideas like this. Such a proposed acquisition plan would need to establish how it would always maintain levels above the minimum, and how that would be monitored and enforced. If it did so, the plan would be deemed responsive by the Department as to this element.

If more than one responsive proposed acquisition plan is timely submitted, the State Land Board will prioritize and choose between them in its discretion. Differences between responsive plans on the percentage of old growth forest may be a basis for their prioritization and choice. The Protocol is designed to motivate Participants to put their best possible plans forward.

This Q&A provides a useful example for Part Two, Section C of the Term Sheet. In order for the submission of a Plan to be deemed responsive as to this enhanced public benefit using this concept, the Plan would need to explain its variance from the assumptions both as to protections and as to certain aspects of the enforceable mechanism (although it may still be a conservation easement). The mechanism would need to encumber the entire Property (not just 25%), and include its own forest management plan that sufficiently demonstrates that the design will accomplish the goals, and with adequate enforcement rights if they are not being met.

Part Two, Section D – Riparian Management Areas. The Department has already provided a GIS mapping tool that identifies where riparian management areas will need to be established. The width of such areas shall be established by measuring:

(1) a slope distance from the high water level of main channels; or (2) if the slope immediately adjacent to the stream channel is steep exposed soil, a rock bluff or talus slope, as a horizontal distance until the top of the exposed bank, bluff or talus slope is reached, then the remaining portion as a slope distance. Where wetlands or side channels extend beyond such areas, the areas shall be expanded as necessary to entirely include any stream-associated wetland or side channel.

All uses and restrictions in such areas must be designed to conserve high quality watersheds for the primary purpose of benefiting riparian function.

4. Plan Submission and Review

The Lead Participant shall submit its Plan in a sealed package marked “Confidential” and addressed to the Director at 775 Summer St. NE, Suite 100, Salem, OR 97301-1279 with the Lead Participant’s name and the label "Elliott Acquisition Plan" clearly visible on the outside of the package.

The Lead Participant shall submit within the sealed package an electronic copy of the Plan by USB drive, DVD, or CD formatted using Adobe Acrobat (pdf), Microsoft Word (docx), or Microsoft Excel (xlsx) together with the signed original paper documents.

The Plan may not be submitted through e-mail. It must be submitted by mail or via parcel carrier, or it may be hand delivered, and must be clearly labeled and submitted in a sealed envelope, package or box. Plans will be accepted, up to but not after 5:00 pm on Tuesday, November 15, 2016, during the Department’s normal Monday –Friday business hours of 8:00 am to 5:00 pm Pacific Time, except during State of Oregon holidays and other times when the Department is closed. Details on the \$100,000 submission deposit will be forthcoming on the web page.

Between submission of Plans and the making of an offer of direct sale by the Department there is to be no contact between Participants and the Department, and such contact is limited before submission by the structural constraints of the Protocol framework.

Given this framework, the Department has added two additional question and answer opportunities (beyond the originally scheduled period closing on August 4). Meetings will be held Tuesday, August 30 and Tuesday, October 4 to answer questions. Those unable to attend these meetings may submit questions in writing by those dates. Meeting notification will be provided electronically to Participants and as always all questions and answers will be made available on the website to all Participants.

There is no opportunity to modify a submitted Plan that is not deemed responsive, nor is there any opportunity to add to a Plan after submission to respond to someone else's Plan. It is therefore imperative that all Participants understand that they need to make the best possible proposal in any Plan submitted, to maximize the likelihood that the Board will select such Plan.

If a Plan proposes a coherent alternative to an assumption in the Term Sheet which meets the threshold requirement, but some details are not fully developed, the Plan will be deemed responsive by the Department. While such a Plan may be selected, those details will still need to be worked out to the State's satisfaction during the next phase of the Protocol framework, in order to lead to a purchase and sale agreement.

If a Plan is deemed not responsive by the Department, it is not submitted to the Board for its selection and ranking. The Department will submit all the Plans it deems responsive to the Board, in advance of its December 13, 2016 meeting. If there is one responsive Plan, the Department will make an offer of direct sale to its Lead Participant. As explained in both the Protocol and the First Supplement, if more than one such Plan is submitted, the Board will select and rank the responsive Plans in its discretion. The Board will then direct the Department to make an offer of direct sale to the Lead Participant of the Plan so selected (or the next-ranked Plan as already noted in the Protocol framework).

5. After a Direct Offer of Sale

Once an offer of direct sale has been made, the Department and the Lead Participant of the selected Plan will commence working out the remaining details in order to try and reach an agreement on a mutually acceptable form of purchase and sale agreement. The State will not accept terms that conflict with the Protocol framework or the Plan. For example, if a Plan did not call out a variation to the

assumption on type of enforceable mechanism, the State will not open that issue to negotiation.

Issues not raised by the Term Sheet or addressed in the Plan, however, will need to be negotiated at this time. For example, the State's assumption about the enforceable mechanism for forest protection and riparian management areas is that it will be a conservation easement, with certain terms required or prohibited as described in the Term Sheet. A responsive submittal must also describe who has the right to enforce the easement, e.g., the holder, the holder and a third-party, or the holder/third-party and the public, all as permitted by the statute. The State will then need to ensure that the method chosen and other details of the mechanism (such as how ongoing monitoring and enforcement is funded) work together to satisfy the State's interest in establishing an effective enforceable mechanism.

As noted in the First Supplement, part of the State's due diligence on the sufficiency of the enforceable mechanisms for the enhanced public benefits will be to require a legal enforceability opinion from Lead Participant's counsel, issued at closing in form and substance acceptable to the State.

It is expected that, in order for a Lead Participant to commit to matters intended to be undertaken by other entities included in the Plan, those entities will need to have entered into, or committed to enter into at closing, ancillary agreements with the Lead Participant. Such agreements may need to be referenced in the purchase and sale agreement, and may be attached as exhibits thereto.

All of the forms of enforceable mechanisms for the enhanced public benefits will be referenced in the purchase and sale agreement, and attached as exhibits. The purchase and sale agreement will necessarily require the recording of those documents at closing.

At no point prior to the full execution of a purchase and sale agreement is there any deal, and neither party will have any liability to the other based on any aspect of, or action under the Protocol framework. The State cannot compel a selected Lead Participant to purchase, nor can such Lead Participant compel the State to sell. Once a purchase and sale agreement is fully executed, the parties thereto will have contractual legal rights against each other going forward.

6. General Terms and Conditions of this Second Supplement

Second Supplement

The Director reserves the right to further supplement the Protocol. All Plans submitted through the Protocol, First Supplement or this Second Supplement are public record and are subject to public inspection following Department deliberation. Participants are and will be advised to consult with their own legal counsel regarding disclosure issues related to the Oregon Public Records Law (ORS 192.410 through 192.505). All Plans submitted in response to the Protocol, First Supplement and this Second Supplement become the property of the Department.

The Protocol, First Supplement and this Second Supplement are governed by the laws of the State of Oregon. Venue for any administrative or judicial action relating to the Protocol or this Supplement is the Circuit Court of Marion County for the State of Oregon; provided, however, if a proceeding must be brought in a federal forum, then it must be brought and conducted solely and exclusively within the United States District Court for the District of Oregon.

Participants shall pay all of their costs in submitting Plans, as well as all of their costs in negotiating for a purchase and sale agreement (whether ever executed or not) and all of their costs related to their performance under the purchase and sale agreement (whether the transaction closes or not), except as expressly provided in the purchase and sale agreement to the contrary.



James T. Paul
Director
Oregon Department of State Lands

7/26/2016
Date



LONE ROCK
RESOURCES



THE
CONSERVATION FUND



HAND DELIVERED

CONFIDENTIAL-- Elliott Forest Acquisition Plan—Lone Rock Timber Management Company Lead Participant

November 15, 2016

Jim Paul, Director
Oregon Department of State Lands
775 Summer St. NE, Ste 100
Salem, OR 97301-1279

RE: Elliott Forest Acquisition Plan—Lone Rock Timber Management Company Lead Participant

Mr. Paul:

Lone Rock Timber Management Company, The Cow Creek Band of Umpqua Tribe of Indians, The Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, with the support and advice of The Conservation Fund, Dr. John Gordon, the College of Forestry at Oregon State University, the Oregon Department of Forestry, The Confederated Tribes of Siletz Indians and The Confederated Tribes of the Grand Ronde respectfully submit this Elliott Forest Acquisition Plan. This is a Plan offered by Oregon Tribes, Oregonians, and an Oregon business to protect and use one of the most valuable assets in the State of Oregon. The required copies of the Plan are enclosed both in hard copy and electronic form.

The enclosed Plan is the outcome of a collaborative planning process which examined the social, ecological, and economical values of the Elliott Forest. Each participant in this planning process brings unique experiences and perspectives to this project reflective of the diverse opportunities provided by the Elliott Transfer Opportunity. Even with our individual goals and perspectives, there is a common objective each is working towards—to continue to see the Elliott Forest serve the State of Oregon for generations to come. Our combined expertise provides the wide range of skills and abilities needed to successfully meet the desired outcomes described by the Oregon Land Board.

Per the transaction specific protocol our Plan includes the purchase of the entire 82,500 acres of the Elliott Property at fair market value of \$220,800,000 (as determined by the Department of State Land's Appraisal process). Additionally, the Plan includes commitments with enforcement

Jim Paul, Director
Oregon Department of State Lands
November 15, 2016
Page 2

mechanisms to protect enhanced public benefits above and beyond those which are already provided for under applicable federal, state, and local law.

As demonstrated in the letters of support included in our Plan, our Plan is supported and endorsed by county governments, conservation groups, four western Oregon tribes, our local forest fire protection districts, and timber industry leaders. We have established relationships with numerous other organizations through this process and because of these relationships we feel we have developed a viable long-term solution to managing the Elliott Forest. We look forward to continuing those efforts and welcome building and engaging in new relationships with additional stakeholders.

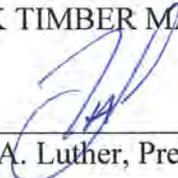
While our Plan describes the means for funding the acquisition, conserving areas for older forests, extending stream protections, ensuring recreation access, and demonstrating economic benefits, we believe there are additional opportunities for developing ecosystem services. We plan to continue the conversations we have started with others interested and experienced with diverse ecosystem service markets including carbon, water and wildlife habitats. It is our intent to explore those opportunities thoroughly with hopes to implement projects we anticipate existing on this property. Time limited our ability to explore and develop every opportunity. We look forward to that work ahead.

Our Plan reflects the unique nature of this entire process. We have proposed ways to meet the requirements of the Transaction Specific Protocol. Our ability to meet these defined benefits and identify more benefits will only improve over time. We look forward to facing those challenges and opportunities.

A check for the \$100,000 deposit is being separately couriered to the Oregon Department of Justice.

Thank you for this opportunity,

LONE ROCK TIMBER MANAGEMENT COMPANY

By: 
Toby A. Luther, President and CEO

2323 Old Highway 99 South
P. O. Box 1127
Roseburg, OR 97470-0257
Telephone: 541.673.0141 x402
E-Mail: TLuther@lrtc.com

TERM SHEET FOR ACQUISITION PLAN FOR THE ELLIOTT PROPERTY

DATE: NOVEMBER 15, 2016

Part One: Structure and Funding

A. Entities Involved in Plan

This Term Sheet for Acquisition Plan for the Elliott Property (the “**Term Sheet**” or “**Plan**”) is presented by Toby A. Luther (“**Lead Representative**”), who is the authorized representative and CEO of Lone Rock Timber Management Company, d/b/a Lone Rock Resources (the “**Lead Participant**”). Attached are separate Schedules (one per entity) identifying each entity involved in the Plan and its role in the Plan. Lead Participant, through its authorized Lead Representative, signed the Plan (on its identifying page) in proper form, such signature evidencing Lead Representative’s authority to submit the Plan for consideration on behalf of Lead Participant and all other participants involved in the Plan. Each Schedule includes additional attached materials describing each such participant, including its history, mission, experience and any other matters that may be relevant for consideration of the Term Sheet.

Schedules:

Schedule I.A.1: Lone Rock Timber Management Company, a Washington corporation headquartered in Roseburg, Oregon, Lead Participant and as Manager of Elliott Forest LLC, an Oregon limited liability company, that will be formed prior to closing to acquire the Elliott Forest.

Schedule I.A.2: Umpqua Indian Development Corporation, a federally chartered corporation owned and operated by the Cow Creek Band of Umpqua Tribe of Indians, a federally recognized Indian Tribe.

Schedule I.A.3: Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians¹ and is the entity expressing interest in holding the conservation easement.

Schedule I.A.4: The Conservation Fund, a nonprofit corporation.

Schedule I.A.5: John. C. Gordon.

Schedule I.A.6: College of Forestry at Oregon State University.

Schedule I.A.7: Oregon Department of Forestry.

Schedule I.A.8: Confederated Tribes of the Siletz Indians.

¹ The participating Confederated Tribes consists of three Tribes (four Bands): two bands of Coos Tribes, Hanis Coos (Coos Proper) and Miluk Coos; the Lower Umpqua Tribe; and, the Siuslaw Tribe.

Schedule I.A.9 Confederated Tribes of Grand Ronde Community of Oregon.

Schedule I.A.10 Douglas County Board of Commissioners.

Schedule I.A.11 Douglas Forest Protective Association.

Schedule I.A.12 Coos Forest Protective Association.

Schedule I.A.13 Roseburg Forest Products.

Schedule I.A.14 Northwest Farm Credit Services.

B. Funding of Plan

Attached as Schedule I.B is a description on how the purchase will be funded, including identification of sources and amounts that add up to the fair market value price. In addition to the information provided in Schedule I.A.14, Schedule I.B, by way of separate attachment, includes letters or equivalent explanations from each funding source describing each source's funding commitment and timing for funding.

Part Two: Enhanced Public Benefits

Attached are separate Schedules for each of the following described enhanced public benefits, with additional attachments as may be appropriate, providing the following requested information:

A. Public Recreation Access1

Schedule II.A identifies how many acres will be open to public recreational access at all times, in perpetuity. Lead Participant identified at least 41,250 acres to satisfy the minimum threshold for responsiveness.

The public access easement will be contained within a conservation easement created pursuant to Sections 271.715 to 271.795 of the Oregon Revised Statutes. *See, Schedules II.C and II.D.*

Included within Schedule II.A is a map, showing the location of all such public recreation access areas.

B. Economic Benefits

Schedule II.B identifies the direct and indirect jobs expected to be created by the Plan. Lead Participant identified at least 40 full-time jobs or the equivalent for ten (10) years to satisfy the minimum threshold for responsiveness.

Included with Schedule II.B, by way of separate attachment, is a draft copy of a proposed Easement in Gross with a description of such mechanism and an explanation as to its relationship to a deed covenant.

C. Harvest Protection Areas

Schedule II.C identifies how many acres will be protected from harvest, in perpetuity, except as otherwise required by law. Lead Participant identifies at least 20,625 acres to satisfy the minimum threshold for responsiveness.

The Plan contemplates protecting older stands within harvest protection areas by prohibiting any harvesting or other forest management activities except those needed to maintain older stands as set forth in Schedule II.C.

The Plan indicates who will have the right to enforce the conservation easement.

Further, included with Schedule II.C, as an attachment, is a map, showing the location of all such areas and a table describing the distribution of stand age.

D. Riparian Management Areas

The Department already provided stream maps identifying where such riparian management areas need to be located, in perpetuity, to satisfy the minimum threshold for responsiveness. Schedule II.D, Part One includes a map that identifies riparian management areas or additional dimensions, if any, for such areas contemplated in the Plan.

Schedule II.D, Part Two, describes the uses and restrictions on activities in such riparian management areas contemplated in the Plan that exceed those required under the Oregon Forest Practices Act, if such requirements were extended out to 120 feet.

The Plan indicates the holder of the conservation easement and how it will be enforced by the holder. Schedule II.C is a summary of the contemplated conservation easement and the identity of the parties responsible for enforcing the conservation easement.

E. Elliott State Forest Reciprocal Easement Agreement.

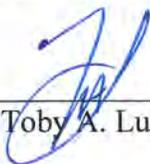
The State, acting by and through the Department of State Lands ("**DSL**") and the State, acting by and through its Department of Forestry ("**ODF**") has or proposes to put in place a reciprocal easement agreement ("**REA**") providing cross easement rights between the Elliott Forest and the adjacent property owned by ODF. A draft of that REA was provided. Sections I(9) and II(9) of the REA both state if the other party goes bankrupt or become insolvent, the easements benefitting that party's land can be canceled. This creates significant underwriting concerns for the project

lender. The project lender needs an assurance that if Elliott Forest LLC goes bankrupt the project lender can step in and take over the property without losing these cross easements rights. There are also provisions dealing with each party paying its share of the costs to maintain these easements. If one party does not pay, the other party can file a lien against the other owner's land. If the REA has been or will be recorded prior to closing (as opposed to at closing) then Elliott Forest LLC and the project lender will be seeking an estoppel certificate from the State stating that as of the date of closing of the purchase of the property there are no defaults under the REA.

Respectfully submitted as of November 15, 2016.

LEAD PARTICIPANT

Lone Rock Timber Management Company

By:  _____
Toby A. Luther, CEO

SCHEDULE I.A.1
(Lone Rock Timber Management Company)

DEAL STRUCTURE

LONE ROCK TIMBER MANAGEMENT COMPANY, a Washington corporation, d/b/a Lone Rock Resources, headquartered in Roseburg, Oregon, is the Lead Participant. If selected, it will proceed with the formation of ELLIOTT FOREST LLC as an Oregon limited liability company (“**Company**”), for the purpose of acquiring the Elliott Forest pursuant to the Protocol.

The Company will be managed by a single manager, Lone Rock Timber Management Company, a Washington corporation (“**Manager**”). The Manager will serve in two capacities on behalf of the Company. The Manager will be the manager of the Company for the purpose of making business decisions on behalf of the Company, and it will also manage the timberlands. There are major decisions (“**Major Decisions**”) the Manager does not have the authority to make without approval of the members of the Company (“**Members**”). The Manager is expressly given the authority to accept an offer of direct sale. The Members of the Company are as follows:

- Lone Rock Timber Management Company, a Washington corporation (“**Lone Rock**”), based in Roseburg, Oregon since 1950.
- Umpqua Indian Development Corporation, a federally chartered corporation owned and operated by the Cow Creek Band of Umpqua Tribe of Indians, a federally recognized Indian Tribe (“**Cow Creek**”)

The Members will contribute cash equity to the Company in exchange for ownership Units in the Company. Lone Rock has committed to, and its board of directors has approved, a contribution of 87.03% of the equity from its currently existing funding sources. Cow Creek has committed to, and its Council has approved, a contribution of 12.97%. Cow Creek will have minority interests in the Company, but will have rights to participate in votes on Major Decisions.

The Company will be formed to provide the capital to purchase the Elliott Forest and to take all actions that the landowner is required to take under the Transaction-Specific Protocol to Identify Potential Comprehensive Ownership Transferees for the Elliott Property (“**Protocol**”). Company intends to hold and manage the Elliott Forest for the indefinite future.

Lone Rock is a family-owned and professionally managed forest management company with a proud past and forward-looking future as a timberland owner and manager. Lone Rock owns and manages more than 129,000 acres of forestlands in southwest Oregon. Lone Rock’s mission is to manage its forestlands for the greatest enduring value to shareholders and partners while enhancing the environmental, social and economic integrity of its lands and communities. Lone Rock plants and grow trees, maintains healthy forest ecosystems, and harvests and sells timber to achieve that mission.

Fred Sohn, the founder of Lone Rock, emigrated from Germany as a young man in 1936, eventually making his way to the Pacific Northwest with his wife, Frances. In 1950, the Sohns built a sawmill on the banks of the South Umpqua River in Roseburg, Oregon. Fascinated with

technology, Fred hired talented individuals and used innovations to differentiate his company in the competitive world of post-World War II lumber manufacturing.

Over the next 50 years, Fred's passion for innovation changed mill production worldwide. Taking the unprecedented step of assembling an electronics research team, Fred created the industry's first fully-computerized sawmill and later patented 3-D Laser Scanning technology to maximize log recovery. Today, every production mill in the world relies on that computer technology.

Fred's zeal for innovation extended to forest management as well. In the 1970's, Lone Rock began buying cut-over timberlands and restoring them. Some of these lands are adjacent or in close proximity to the Elliott Forest. Fred hired his first forester at this time, and tasked him with improving the reforestation success and productivity of the land base. Investments in seedling quality, planting methodologies, seedling survival and nutrition were made in keeping with the company's culture of continued improvement.

Lands were acquired one small piece at a time until the late 1980's. The changes to the industry due to the listing of the Northern Spotted Owl caused many to leave the industry. While Fred and his company were not immune to the real economic challenges these changes brought about, his commitment to his employees, his community and his company would not allow him to quit. Fred doubled down and committed to owning and managing forest lands in southern Oregon. Major land acquisitions started in 1989 when 25,000 acres were purchased in north Douglas County. In 1994, another 5,000 acres were added in Coos County. Finally, Lone Rock added another 40,000 acres to its holdings when it joined three other family-owned forestry companies and formed a coalition to purchase the Medite Corporation located mainly in Jackson County. In less than 10 years, Lone Rock had more than doubled in size—in acres and in staff.

The 1990's were a time of other transitions as well. As Fred stepped away from active management of the company, two of Fred's five sons, Howard and Rick, moved into company leadership positions as the family and the company looked to the future. Continued investment in manufacturing were matched with significant efforts on the forestlands. Lone Rock was an early supporter of salmon habitat enhancement projects, partnering with state agencies to experiment with in-stream habitat projects. Lone Rock was an early supporter of the Oregon Plan for Salmon and Watersheds, and instrumental in the formation of the Umpqua Basin Watershed Council (now the Partnership for the Umpqua Rivers). Lone Rock's efforts and leadership were recognized by the Oregon Department of Forestry as "Operator of the Year" multiple times over the decade.

Transitions continued as a new century began. In 2001, the Sohn family moved away from its manufacturing foundation by selling the sawmill and veneer plant, and focused its efforts on its forestlands. The culture Fred established through investment in people, research, equipment, and technology has remained integral to the company's success. Today, Lone Rock provides professional management with integrated logging, roads and crews. In addition to forest management services, forest operations are accomplished with company employees as well through Lone Rock Logging Company. Lone Rock Logging has experienced operators and equipment capable of meeting a wide variety of forest management objectives.

Today, Lone Rock employs over 100 people in forest management and logging operations. Lone Rock maintains expertise in forest planning, GIS/mapping analysis, silviculture, forest engineering and road design, wildlife management, and logging administration. A separate entity, Lone Rock Logging, provides contemporary logging systems, road construction, and timber falling services. This combination of in-house forest management and logging operations expertise provides the skills needed to meet a wide variety of forest management objectives efficiently and effectively.

Rick Sohn's retirement as President in 2008 marked a successful transition to non-family leadership. Toby Luther was named President and Chief Executive Officer serving as the first non-family member to lead the company. The company's Board of Directors changed as well adding fourth-generation Sohn family members and expanding to include individuals with experience managing family businesses. The Board represents the family shareholders' interests in sustainable practices focused on long-term value for shareholders, employees, the lands and communities where it operates.

In 2016, Lone Rock Timber Management Company was certified to the Sustainable Forestry Initiative Forest Management Standards as verification of the company's commitment to sustainable forest management practices. Adding third party certification of its operations verifies Lone Rock's implementation of its sustainable forestry practices identifying areas of recognition as well as pushing for continued improvement.

Today, under the leadership of the Board of Directors and the President and Chief Executive Officer Toby A. Luther, Lone Rock is a balanced and diversified real estate and natural resource company with extensive experience managing timberland investment partnerships. Lone Rock has institutional investment partners looking to add to their portfolios with Lone Rock because of Lone Rock's people, performance, and vision.

Location

Lone Rock is located at 2323 Old Highway 99S, Roseburg, Oregon 97470 and has been on this property since 1950. The mailing address is PO Box 1127, Roseburg, OR 97470.

Awards & Recognition

Oregon Department of Forestry: Operator of the Year—Lone Rock Logging: 1998, 2003, 2013

Oregon Department of Forestry Merit Award "For Excellence in Road Design & Construction": 2001

Oregon Department of Fish and Wildlife and Oregon Department of Forestry "Fish and Wildlife Steward Award—Forest Lands": 1998

The key personnel of Lone Rock, and their biographies are on the following page of this Deal Structure.

KEY PERSONNEL

Toby A. Luther –

Toby A. Luther is the President/CEO of Lone Rock Timber Management Company. He joined Lone Rock in 2001 as the Chief Financial Officer and has also served in the capacity of Chief Operating Officer. Prior to joining Lone Rock, Mr. Luther was the Corporate Controller for a public timber company (1999-2001), which owned and operated approximately 600,000 acres of timberland in Oregon. Mr. Luther is also a CPA and worked as an auditor for Price Waterhouse Coopers LLP (1996-1999). During his tenure at Price Waterhouse Coopers LLP, Mr. Luther had an industry focus of forest products companies, both manufacturing and timberland owners.

Mark Kincaid –

Mark Kincaid is Vice President-Timber Operations for Lone Rock Timber Management Company. He joined Lone Rock in 1996 working in lands management and silviculture. During his tenure, Mr. Kincaid has worked in all parts of the organization leading to an understanding of the broad range of forest management activities the company performs. He is responsible for the day-to-day timber and lands management operations of Lone Rock. He has a forest management degree from Oregon State University.

Greg Byrne –

Greg Byrne is CFO/Vice President/Assistant Secretary of Lone Rock Timber Management Company. He joined Lone Rock in 2010, and has 25 years of experience, primarily in the forest products industry, as either a Chief Financial Officer or advisor. Prior to joining Lone Rock, Mr. Byrne was a principal of Rimrock Partners, providing companies with advisory services focused on business mergers & acquisitions, strategic analysis and financial analysis. Mr. Byrne has served as the Chief Financial Officer for three public and private forest products companies, with sales ranging from \$60 to \$220 million, and began his career with Coopers Lybrand, now Price Waterhouse Coopers.

Jami Seal –

Jami Seal is Vice President/Treasurer/Secretary of Lone Rock Timber Management Company. She joined Lone Rock in 2007 after beginning her career with Moss Adams, a regional accounting firm with substantial expertise in the forest products industry. The Sohn family recruited Mrs. Seal to manage the family's business office. From there, she was promoted into her current position. Mrs. Seal is a graduate of the University of Oregon.

Jake Gibbs –

Jake Gibbs is the Director of External Affairs for Lone Rock Timber Management Company. He joined Lone Rock in 1996 working with the silviculture staff. He has worked in all parts of the organization gaining experience with all aspects of contemporary forest management. Mr. Gibbs is responsible for Lone Rock's sustainability program as well as managing policy and regulatory affairs. He represents Lone Rock on several industry and community boards and associations. He has a Forestry Degree from Southern Illinois University-Carbondale.

SCHEDULE I.A.2

(Umpqua Indian Development Corporation, a federally chartered corporation owned and operated by the Cow Creek Band of Umpqua Tribe of Indians, a federally recognized Indian Tribe)

Full Name: Umpqua Indian Development Corporation (“**UIDC**”)

Type of Entity: UIDC is Federally Chartered Section 17 Corporation pursuant to (25 U.S.C § 477). UIDC and all of its business holdings are wholly Native American owned and operated by the Cow Creek Band of Umpqua Tribe of Indians. The Federal Charter was signed by the Assistant Secretary – Indian Affairs on May, 12 1998

Principle Office: UIDC is located within the Tribal Government Office Building at 2371 NE Stephens Street Suite 100 Roseburg Oregon 97470.

I. Background/History

From time immemorial, the Cow Creek Band of Umpqua Tribe of Indians (“**Cow Creek**”) lived and prospered in the river basins and forest lands of what is now southern Oregon. The ancestral homelands of the Tribe encompassed more than 6.2 million acres and consisted of high mountains, forested uplands, and thriving river basins that provided an abundance of resources to sustain Tribal members and their way of life.

The first known contact with Euro-Americans was in 1819 when fur trappers came into the area. Over the next few decades, the Cow Creek and their new neighbors lived relatively harmoniously. However, in 1846 settlers spurred by the Organic Act, which established the Oregon Territory intensified the migration of Euro-Americans to the Cow Creek homelands. This influx of settlement brought with it demonstrable changes to the land, water, and wildlife resources in the Tribe’s ancestral homelands. The discovery of gold in 1851 accelerated this ecological devastation and began a steady push to remove the Cow Creek people from their lands. Due to increased pressure from the federal government and the increasing number of settlers to the area, in 1853 the Tribe entered into a treaty with the United States in 1853 which resulted in the Cow Creek people becoming a landless tribe after ceding more than 800 square-miles of territory.

Over the next century, policies such as removal, allotment, assimilation, and ultimately termination eroded and strained the cultural and social traditions of the Cow Creek people. The Tribe was officially terminated in 1954. Despite termination of sovereign status by the federal government, Cow Creek Tribal members continued to work together to protect the environmental integrity of their homeland and fight for their rights as a sovereign Tribe. This effort was rewarded when the federal government restored their recognition of the Tribe’s sovereign status in 1982.

The Tribe is governed by an elected council known as the Tribal Board of Directors (the Board).

The Board operates under the authorities and enunciated powers set forth in the Cow Creek Tribal Constitution, duly adopted on July 9 1991.

On November 23, 1997 the Board petitioned the Secretary of the Interior to issue a federal charter of incorporation to the Tribe to establish a business corporation as authorized by Section 17 of the Indian Reorganization Act in order to serve the best interest of the Tribe, its members and its enterprises. The Umpqua Indian Development Corporation was federally chartered on May 12, 1998. UIDC is the Cow Creek's primary economic development engine.

Since the Cow Creek's Restoration Act did not restore any of the Cow Creek's ancestral lands, the Tribe has spent the past 34 years, pursuing a land restoration policy and economic development strategy that focuses on both direct purchase of land as well as seeking land repatriation through congressional acts. The Transaction-Specific Protocol to Identify Potential Comprehensive Ownership Transferee for the Elliott Property fits within the Tribe's long-term land acquisition, management, and investment strategies.

II. Mission

Cow Creek's mission is to uphold Tribal government, protect and preserve Tribal sovereignty, history, culture and the general welfare of the Tribal membership and to provide for the long term socio-economic needs of the Tribe and its members through economic development of Tribal lands. Cow Creek encourages and promotes a strong work ethic and personal independence for Tribal members while strongly upholding the "Government to Government" relationship with local, state and federal governments.

III. Location and Infrastructure

Cow Creek's Governmental Offices have undergone several different developments, and physical locations, since the Tribe's recognition in 1982. The current location for the office is at 2371 NE Stephens Street in Roseburg, Oregon. The Government office complex includes, a Tribal Clinic, the Housing program, Education program, Legal Department, Tribal Court, Natural Resources Department, Human Services Department, Accounting, UIDC, the Cow Creek Foundation, and others.

IV. Participatory Role

The Tribe via UIDC will participate as an investor in this land acquisition plan (see section V below). Cow Creek will also provide advisory support to the conservation easement holder and land manager to ensure that the public benefits are being met. Additionally, Cow Creek will work with the land manager to ensure that culture resources values are being addressed in accordance with State and federal cultural resource laws.

V. Economic Structure of the Plan/Commitment to the Plan

- i. UIDC commits, that, simultaneous with the Closing, UIDC shall purchase, or cause the purchase of, equity interests of Elliott Forest LLC. for an aggregate amount equal to 12.97 percent of Elliott Forest LLC. All of the equity will be contributed to Elliott Forest LLC on or before closing to permit payment of the

purchase price of \$220,800,000 for the Elliott Forest.

- ii. On the seventh (7th) anniversary of the acquisition of the Elliott Forest, UIDC shall have the right to purchase representative acres of the Elliott Forest property from the Elliott Forest LLC (Company).
- iii. Lands purchased by UIDC at year seven may be managed by UIDC under a Tribal Forest Management strategy.
- iv. At year 10 the Tribe may acquire additional acreage in lieu of its LLC interest in Elliott.

VI. Experience

UIDC is Cow Creek's primary economic development engine. Under its auspices, Cow Creek operates several businesses for the benefit of tribal members, local residents, and the surrounding community.

a. Fiscal/Economic Capacity

- i. ***Tribal Government*** - The Cow Creek Band of Umpqua Tribe of Indians is a federally recognized Tribe organized under the provisions of the Indian Reorganization Act of June 18, 1934. It provides services to approximately 1,733 members. The Tribal Government administers a variety of programs and services including but not limited to Health Care, Housing, Education, Legal, Natural Resource Management, Human Services, and Accounting/Budget Management.
- ii. ***Umpqua Indian Development Corporation***- UIDC is Federally Chartered Section 17 Corporation pursuant to (25 U.S.C § 477). UIDC Administrative Services Division is one of nine Federally Chartered Businesses within UIDC. The UIDC Administrative Services Division is made up of three departments. The Accounting Department, the Human Resources Department and the Information Technology Department. These departments provide all the administrative support for the other business holdings of the Cow Creek Band of the Umpqua Tribe of Indians. These businesses include:
 - Seven Feathers Casino Resort
 - Seven Feathers Truck and Travel Center
 - UIDC Hospitality Division
 - Seven Feathers RV Resort
 - Rivers West RV Park
 - Riverside Lodge
 - Holiday Inn Express
 - UIDC Property Division
 - Umpqua Construction Services
 - Nesika Health Group

- Canyon Cubbyholes
 - Anvil Northwest
 - K Bar Ranches
- iii. ***Umpqua Indian Utility Cooperative*** - The Umpqua Indian Utility Cooperative (“**UIUC**”) is the first utility in the Northwest both owned and operated by an Indian tribe. UIUC feeds BPA preference power to the Seven Feathers Hotel, Casino, and 24-Hour Restaurant, as well as the Seven Feathers Truck and Travel Center. The Umpqua Indian Utility Cooperative also handles, waste water treatment, and water transmission.
 - iv. ***Umpqua Business Center*** - The Umpqua Business Center (“**UBC**”), located in downtown Roseburg, Oregon was established in 2011 as a Business Incubator, a place for entrepreneurs to get their feet, and their business, on the ground. Douglas County has been hit hard in the past couple of years with the recession, and the UBC represents a way for the Tribe to give back to the community by helping the local economy recover.
 - v. ***Cow Creek Umpqua Indian Foundation*** - The Cow Creek Umpqua Indian Foundation (“**CCUIF**”) started as a concept in 1997, when the Seven Feathers Casino Resort was built. The arrangement with the establishment of the business was that six percent of the revenue generated from the Casino would be dedicated to philanthropic purposes.

b. Economic Highlights

- i. The Cow Creek Umpqua Indian Foundation has donated \$15.5 million to charities and nonprofits in the seven-county service area since 1997.
- ii. The Tribe is the second largest employer in Douglas County.
- iii. Tribal revenues support approximately 1,733 tribal members, 1,081 employees, and provide many indirect jobs to the local community.
- iv. Most of the revenues generated by the Tribe stay within the Tribe’s seven-county service area in Oregon (Coos, Deschutes, Douglas, Jackson, Josephine, Klamath, and Lane).
- v. Tribal business have made a positive impact across many service and government sectors. The sectors that benefitted the most included: natural resources, services, retail & wholesale trade, transportation, warehousing, and utilities.

c. Natural Resource Management Capacity

- i. Cow Creek’s natural resources mission is “to protect and enhance Tribal lands, natural resources on these lands, and the Tribe’s aboriginal and cultural heritage, ensuring that all natural and cultural resources are managed in a sustainable, well balanced manner that reflects the ecological, cultural, and economic priorities of the Cow Creek Band of Umpqua Tribe of Indians.”

- ii. Cow Creek has expertise in the following areas: Forestry, GIS/Mapping, Fisheries Science and Management, Wildlife Science and Management, Water Quality, Environmental Quality, Wetlands Management, Ecology, and Cultural Resource Management.

VII. Importance of Tribal Involvement

Because they have lived there since time immemorial and intend to stay for many generations to come, the Cow Creek people are dedicated to sustaining and protecting the region's natural resources, economy and society. The Tribe's role as stewards of the land is deeply engrained within the culture and traditions of the Cow Creek people, and not restricted to only those lands under their direct ownership. The Tribe is culturally obligated to engage and assist in the environmental protection of ancestral lands and the preservation of cultural sites throughout its ancestral territory. Cow Creek is well known for:

- Working with diverse stakeholders to develop collaborative solutions to complex natural resource issues within the Rogue and Umpqua Basins.
- Enlisting the help of the scientific community on a regular and frequent basis and applies the latest scientific findings quickly and meaningfully on the land.
- Maintaining a high level of inventory and monitoring, and continually adapts its management actions to become more effective.
- Managing for specific outcomes, in an integrated way, not by individual input targets that may or may not produce the desired outcomes.
- Having a very robust water and environmental quality monitoring program designed to assure that all ecological targets are met.
- Measuring environmental variables (water quality, stream conditions, and wildlife populations) before and after timber harvest so it knows the effects of their actions.
- The Tribe has been on the land since time immemorial and will be there forever. This long-term relationship compels it to honor its sacred responsibility to the land and reject short-term results and ephemeral and harmful fads. Tribal lifeway's are bound to the land.
- The Tribe is committed to maintaining the ecological conditions necessary to promote habitat for late seral and old growth dependent species, while maintaining a balance of other seral stages.

VIII. Compliance with Transaction-Specific Protocol

The Elliott Forest LLC. Proposal meets both state and federal environmental laws and goals while producing higher volumes of timber and revenue to local communities. Harnessing the lessons from existing Tribal forest management in Oregon and across the country, the Elliott State Forest would be managed using modern ecological prescriptions with a holistic understanding of the social, ecological and economic needs of Oregon's rural counties and communities.

As a member participant in Elliott Forest LLC the Tribe/UIDC ensures that the proposal meets the following criteria specified in the Transaction Specific Protocol:

- A. The plan includes the purchase of the Elliott Property at fair market value of

\$220,800,000(as determined by the Department of State Land's Appraisal process) in an all-cash closing, with the proceeds going to the corpus of the Common School Fund;

- B. The plan includes the acquisition of the entire Elliott Property;
- C. The plan has been developed by LONE ROCK TIMBER MANAGEMENT COMPANY with authority to accept an offer of direct sale on behalf of Elliott Forest LLC;
- D. The plan includes commitments with enforceable mechanisms to protect enhanced public benefits above and beyond those which are already provided for under applicable federal, state, and local law, specifically (and at a minimum) including:
 - a. Conserving public recreational access on at least 50% of the acreage;
 - b. Conserving the economic benefits from the Elliott Property by ensuring for a period totaling 10 years that at least 40 direct and indirect full-time jobs (or their equivalent) are generated annually from activities including timber harvest, hauling, reforestation, support of recreation activities, infrastructure maintenance and habitat restoration;
 - c. Conserving older forest stands by protecting from harvest at least 25% of the acreage; and
 - d. Conserving high quality watersheds by providing riparian management areas of 120 feet or more on both sides of all stream segments containing salmon, steelhead or bull trout and their transitional upstream reaches (to the next confluence, if the presence of these species does not end at a confluence); and
- E. The plan has been written without any contingencies for the benefit of the transferee.

SCHEDULE I.A.3

**(Confederated Tribe of the Coos Lower Umpqua and Siuslaw Indians (CTLUSI) –
Conservation Easement Holder)**
(attached hereto)



**CONFEDERATED TRIBES OF
COOS, LOWER UMPQUA AND SIUSLAW INDIANS**
TRIBAL GOVERNMENT OFFICES

1245 Fulton Ave. • Coos Bay, OR 97420 • (541) 888-9577 • 1-888-280-0726
General Office Fax: (541) 888-2853 • Administration Fax: (541) 888-0302

November 11, 2016

Mr. Toby A. Luther
President/Chief Executive Officer
Lone Rock Timber Management Company
P.O. Box 1127
Roseburg, OR 97470

SENT VIA EMAIL

RE: Letter of Intent – Elliott Transfer Opportunity

Dear Mr. Luther;

The Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians (“Tribe”) is pleased to submit this Letter of Intent (“LOI”) with respect to Lone Rock Timber Management Company’s (“Lone Rock”) “Elliott Transfer Opportunity” proposal to the Oregon State Land Board. Specifically, the Tribe is interested in holding and managing the conservation easement for the Elliott Property, including support and management of any multi-stakeholder advisory board established for the management of the property.

Background

Stewardship is a way of life for the Tribe and has been for thousands of years. The modern-day Elliott State Forest lies at the heart of our Tribe’s ancestral territory, which encompasses approximately 1.6 million acres of resource-rich lands lying along the Oregon coast, from Tenmile Creek (Lane County) in the north to Whisky Run Creek (Coos County) in the south, and extending inland to encompass the Coast Range. Our ancestors were the stewards and caretakers of all these lands since time immemorial, and continued in that role until the late 1850s when our people were rounded up, imprisoned, and removed from our lands under force of arms.

Historical events beginning in 1855 and lasting through 1875 displaced our ancestors many times. Many Coos were forcibly removed from their homelands in an effort by the U.S. military to prevent what they believed to be an inevitable uprising of the area natives. By force or through unkept promise, nearly all were removed from the places where our people were created: only a

handful allowed to stay. Those fortunate or strong enough to overcome the displacement, disease, starvation, and mistreatment inflicted on them by the U.S. Government survived and eventually returned to their homelands following the closure of the Alsea sub-agency in 1875. When they returned to their lands they found that their villages and numerous significant cultural resources were substantially degraded or destroyed in the wake of European settlements. Displaced and now homeless, the surviving tribal members submitted claims for properties, some within what is now the Elliott State Forest. Only a handful of the submitted claims were honored. The Tribe as a whole was left with only broken promises, including a Treaty that Congress never ratified. To this day, the Tribe has not received any compensation for their stolen lands.

After more than a century of struggle and sacrifice, however, Congress extended Federal recognition to our Tribe in 1984. 25 U.S.C. § 714a. Since restoration, Council members and staff have worked diligently to restore Tribe's rights, privileges and sovereignty for future generations. We continue to rebuild our relationship with our lands, resources and our distinct cultures.

Organizational and Technical Capacity

Our Tribe operates under a modern system of government and administration, with thriving commercial operations which employ hundreds of members and non-members in living wage jobs across our five-county service area in southwestern Oregon (Coos, Curry, Douglas, Lane, Lincoln). Through our Department of Culture and Natural Resources ("Department"), we resume our roles of stewards and caretakers of the lands and resources that were once managed by our ancestors. The Department embraces our Tribe's lessons and lifeways to protect, inform, and enhance the lives of our people, the health of our environment, and the sustainability of our community by striving to ensure the economic, environmental, cultural, and social needs of the Tribe are secured and sustained through implementation of holistic natural resource management strategies.

The Department brings an established natural and cultural resource management capacity to hold and implement a conservation easement for the Elliott State Forest to ensure protection of riparian buffers, harvest protection areas and public access. In addition to a chief executive officer and a culture and natural resource department director, the Tribe employs a full staff of professionals in the fields of biology, air and water protection, cultural resources protection, archeology, forestry and a full service GIS/Planning Department. Our forester, biologist, and water protection specialists would provide critical, proven expertise to the administration and management of a conservation easement for the Elliott Property. Their aptitude for integrating the knowledge of the past with modern natural resource management techniques renders the Tribe uniquely qualified to serve this important role.

In terms of both historical justice and modern technical capability, it is both appropriate and fitting that our Tribe resume our ancestors' stewardship role over these lands and waters as sole holders of a perpetual conservation easement covering not less than 41,250 acres of public access and 20,625 acres of harvest protection areas and riparian management areas within the modern-day Elliott State Forest, and which provides adequate landowner funding in perpetuity to meet all the Tribe's stewardship obligations and duties.

Legal Capacity

The Tribe's Constitution and laws recognize the jurisdiction and authority of the Tribal Government over all the Tribe's territories, and to persons, property, and activities thereon to the fullest extent permitted by law.

Federal law recognizes the authority of the Tribe to purchase, take by gift or bequest, or to otherwise, own, hold, manage, operate, and dispose of property of every description, real and personal. This authority may be exercised by the Tribal Government *qua* government, or by a wholly-owned corporate business enterprise of the Tribe such as the Blue Earth Federal Corporation.¹

Oregon law recognizes the authority of the Tribe to acquire and/or hold nonpossessory conservation easements in order to impose limitations or affirmative obligations, the "purposes of which include retaining or protecting natural, scenic, or open space values of real property, ensuring its availability for agricultural, forest, recreational, or open space use, protecting natural resources, maintaining or enhancing air or water quality, or preserving the historical, architectural, archaeological, or cultural aspects of real property."² A wholly-owned Tribal charitable corporation, charitable association, or charitable trust should likewise be authorized to hold a conservation easement under Oregon law.³

Provisions of Conservation Easement

The Tribe's role and responsibilities in oversight, management, and enforcement of the Public Recreation Access, Harvest Protection Areas and Riparian Management Areas of the subject property would be set forth in a conservation easement, which would be executed between the Tribe and Lone Rock ("Conservation Easement Agreement"). Terms of the Conservation

¹ 25 U.S.C. § 714a; Sec. 17 of the Indian Reorganization Act, *codified as amended at* 25 U.S.C. § 477.

² ORS §§ 97.740 and 271.715(3)(c).

³ ORS § 271.715(3)(b).

Easement and any other agreements would be subject to approval by referendum vote of the Tribe's membership and by vote of the Tribal Council.

We recognize that the specific details of the conservation easement would be developed post-award and recorded at closing against all affected areas of the subject property. The following terms and conditions are intended to provide the Lead Participant and each entity involved in the Acquisition Plan for the Elliott Property with the Tribe's basic expectations for the proposed terms for the conservation easement, and the Tribe expects to address each of them in more detail in any final, substantive agreement:

1. **Management Responsibilities:** As holder of a conservation easement, the Tribe would be responsible for the development of monitoring plans, regular site monitoring visits (including the production of the annual monitoring reports), responding to landowners' questions about the easement, maintaining positive relationships with landowners, landowner education, building relationships with new landowners, ensuring easement violations are resolved, responding to landowner requests to exercise reserved rights, and amending the easement when necessary. These responsibilities extend in perpetuity.

The Tribe supports the concept of a multi-stakeholder advisory board associated with the conservation easement. The Tribe anticipates providing support and management for any such advisory board, including consideration of board input in the exercise of the Tribe's duties as holder of the conservation easement.

2. **Funding:** Guaranteed sources of funding, both for regular and exceptional costs, must exist to fund the Tribe's duties and responsibilities in perpetuity.

The Tribe has a professional, paid staff that will provide substantial value toward the management of the property (as opposed to volunteers utilized by some land trusts). This is particularly important given the substantial public scrutiny that is expected with the transfer of the Elliott Property out of state ownership.

The Tribe is interested in discussing the potential to receive lands (either immediately or in the future) as partial compensation for stewardship responsibilities associated with the conservation easement.

The Tribe reserves the right to pursue additional funding opportunities related to the Elliott Property that are consistent with the terms and conditions of the conservation easement.

3. **Baseline Condition Report:** The Baseline Condition Report should be completed by a contractor selected by the Tribe at Lone Rock's expense prior to the execution of the conservation easement.

Lone Rock would be responsible for meeting all requirements of the Innocent Landowner Defense to Comprehensive Environmental Response, Compensation and Liability Act liability, including but not limited to the completion of a Phase I ESA, and would provide the Tribe with a reliance letter or its equivalent. Any substantive agreements would ensure compensation for costs associated with any responses required by the Tribe under the "All Appropriate Inquires" rule.⁴

4. **Annual Operations Plan:** Owner to provide Tribe each year with an annual operations plan.

5. **Public Notice:** Best practices for conservation easements include provisions for public notice through signage. A term of the conservation easement should include provisions for the installation of signage (in an amount to be determined by the parties), to notify the public of the property's conserved status, provide notice as to the identity of the easement holder (if desired), and provide supplemental notice to prospective purchasers, lessees and other users of the property concerning conservation easement restrictions.

Lone Rock shall also ensure perpetual funding for professional land surveying or boundary work necessary to describe and locate physical and legal boundaries of protected areas.

6. **Tribal Governmental Access:** The conservation easement must provide access to tribal personnel and contractors to facilitate monitoring and to ensure compliance with conservation easement terms of the easement.

7. **Tribal Public Access:** The conservation easement should facilitate the exercise of hunting, gathering, and recreational access for members of the Tribe.

Whether as part of the conservation easement, or under separate agreement, the Tribe wishes to negotiate preferred hunting, gathering and recreational rights and privileges for members and their invitees on forest property not protected by conservation easement.

8. **Educational Opportunities:** The conservation easement should facilitate conservation-related educational opportunities for colleges and public schools, with the Tribe developing and managing those opportunities and access (subject to mutually agreed terms).

⁴ See, e.g. 40 CFR Part 312.

Whether as part of the conservation easement, or under separate agreement, the Tribe also wishes to develop and manage conservation-related educational opportunities associated with the entire property, including lands outside of Harvest Protection Areas and Riparian Management Areas.

9. **Liability:** The conservation easement must limit the liability of the Tribe (and of Tribal Officials, Officers and Employees) solely to disputes regarding the duties set forth in the conservation easement, and in an amount not to exceed the Tribe's liability insurance coverage. The conservation easement must also provide that Lone Rock will indemnify and hold harmless the Tribe from any third-party claims not arising from its obligations under the easement.

10. **Termination:** The conservation agreement should specify that the Tribe may terminate its obligations as the conservation easement holder in the event of material breach by Lone Rock (or subsequent owners).

11. **Transfer Right:** The conservation agreement should specify that the Tribe may transfer the easement to a qualified entity under agreed upon circumstances.

12. **Right of First Refusal:** The Tribe requests the right of first refusal should Lone Rock decide to sell or otherwise dispose of any of the subject property.

13. **Other Terms:** The Tribe agrees that the conservation easement may include an anti-merger clause, no special lender rights and prohibitions on subdivision, structures, transfer of water rights and extraction of minerals.

We welcome the opportunity to discuss or provide additional detail to these terms. We are confident that this will be a productive partnership and welcome the opportunity to work with Lone Rock on this project.

Sincerely,



Mark Ingersoll
Chairman
Tribal Council

SCHEDULE I.A.4 **(The Conservation Fund)**

The Conservation Fund (“**Fund**”) is a registered 501(c)(3) nonprofit corporation, formed in the state of Maryland. At the Fund, we make conservation work for America. By creating solutions that make environmental and economic sense, we are redefining conservation to demonstrate its essential role in our future prosperity. Since our founding in 1985 we have protected more than 7.8 million acres across America by working to restore nature, providing refuge for wildlife and creating economic and recreation opportunities for people. We have conserved over 96,000 acres in Oregon alone, including more than 79,000 acres of forests.

The Conservation Fund will play the role of conservation advisor to Lone Rock Timber Management Company and the consortium of western Oregon tribes on the Elliott State Forest Transfer of Ownership Opportunity.

Oregon Staff

Tom Pinit, Associate, Conservation Ventures

Tom, who has 13 years of environmental consulting and social entrepreneurship experience, supports The Conservation Fund’s conservation real estate and loan practices in the Pacific Northwest. He also supports The Fund’s green business lending, habitat mitigation and working forest operations practices across the country. Tom serves on the board of directors for the Coalition of Oregon Land Trusts and Washington Association of Land Trusts.

Prior to joining The Conservation Fund in 2013, Tom worked in private environmental consulting, completing environmental cleanup, natural resource permitting and recycled water projects for both industrial and municipal clients.

Tom has a bachelor’s degree in Chemical Engineering from Columbia University and a Master of Environmental Studies from the University of Oregon.

Evan Smith, Senior Vice President, Conservation Ventures

Evan oversees programs that invest in green business and working forests to generate both economic and environmental return, giving an entrepreneurial twist to classic conservation. Since joining The Conservation Fund in 1995, Evan has worked to demonstrate that nonprofits can successfully acquire and sustainably manage large tracts of forestland, most recently through launch of the Working Forest Fund.

He serves on the board of directors for the Natural Capital Investment Fund (Investment Committee vice-chair), Coalition of Oregon Land Trusts, Walker Range Fire Protection Association, as well as the Committee for Family Forestlands for the Oregon Board of Forestry and the Advisory Council for the College of Forestry at Oregon State University.

Evan is a frequent speaker on conservation finance topics. He holds a bachelor’s degree in Geology and a master’s of Forestry from Yale University.

Relevant Oregon Project Examples

Cascade-Siskiyou National Monument

Encompassing a diverse array of habitat types, from the high, dry deserts of the Great Basin to the wet, lower-elevation forests of the Pacific Coast, Oregon's Cascade-Siskiyou National Monument stretches across more than 54,000 acres in southwest Oregon, just north of the Oregon/California border. Located at the crossroads of the Cascade, Klamath and Siskiyou mountain ranges, this is the first national monument created solely for its biological diversity—and there's a lot of it. Often called the "Galapagos of North America," this rugged region is home to more than 3,500 plant and animal species, many found only here. Visitors are welcome to explore the monument's rugged backcountry, and the best way to do so is on the Pacific Crest National Scenic Trail, a 2,650-mile trail extending from Mexico to Canada.

Beginning in 2012, The Conservation Fund and the Bureau of Land Management (BLM), which manages the monument, endeavored to protect the largest remaining privately held property within the monument's boundary, approximately 6,600 acres owned originally by Forest Capital Partners and later the Hancock Timber Resource Group. The Conservation Fund began purchasing land from Hancock Timber and transferring it in phases to BLM for permanent protection, as funding became available. In March 2015, we completed the final transfer to the BLM, preserving the entire inholding and a popular stretch of the Pacific Crest National Scenic Trail. This project received overwhelming support from Congress, which provided funding through the federal Land and Water Conservation Fund (LWCF), Hancock Timber Resource Group, the Pacific Crest Trail Association and Friends of Cascade-Siskiyou National Monument.

This collaborative conservation effort will enhance habitat connectivity for wildlife and expand public recreational access in the monument. Recreation opportunities include hiking, camping, fishing, horseback riding, fishing, hunting, cycling and various winter sports. It will also allow the BLM to eliminate much of the fragmentation within the monument, enabling better stewardship and landscape-level protection of at-risk lands.

Gilchrist State Forest

In Klamath County, Oregon, about 45 miles south of the town of Bend, a former timber company town and forest have a new lease on life as Oregon's first new state forest in more than 60 years. The Gilchrist State Forest, named for the timber family that owned the property for most of the 20th century, was dedicated in June 2010. The new state forest owes its creation to creative funding partnerships between the Oregon Department of Forestry (ODF), U.S. Forest Service-Forest Legacy Program, Oregon Lottery and The Conservation Fund. The state purchased the initial 43,000 acres of former Gilchrist Timber Company land in 2009 with \$15 million in Lottery-backed bonds.

In 2015, The Conservation Fund was instrumental in helping the ODF ultimately add 29,000 acres—bringing the forest to a total of 72,000 acres. The ODF will manage the land to provide a range of long-term benefits, including wildlife habitat, timber harvesting and public access for recreation.

Fragmentation is emerging as a major threat to private forestlands in Oregon and elsewhere. The

commitment to create the new state forest kept intact land that otherwise would likely have been sold in many smaller parcels, with lost opportunities for multi-use forest management. The ODF will manage the land to provide a broad range of benefits over the long term, including wildlife habitat, timber harvesting that will provide jobs and revenue to support local government services, and public access for recreation.

New Carissa Oil Spill Natural Resource Damage Mitigation

As part of the New Carissa Natural Resource Damage Restoration Plan, The Conservation Fund acquired 4,400 acres of occupied and recruitment marbled murrelet habitat near the Siletz River from Forest Capital Partners and Plum Creek. The timberlands were transferred to the Confederated Tribes of Siletz Indians, subject to conservation easements jointly held by Oregon Department of Fish and Wildlife and the U.S. Fish and Wildlife Service, ensuring the mitigation habitat is permanently protected even while the land provides property taxes, jobs, and timber harvest opportunities in support of local communities.

Pacific Connector Gas Pipeline Third-Party Mitigation

The Conservation Fund has been retained by Pacific Connector Gas Pipeline (PCGP) to provide third-party mitigation implementation agent services to identify and acquire habitat for marbled murrelet and northern spotted owl in western Oregon. The Fund's advisory services focus on land acquisition and conservation support as part of the development and implementation of a Compensatory Mitigation Plan for the project. Our role does not include assessing the project's impact or advising on the permitting.

While exact acreage needs are still being determined by the US Fish & Wildlife Service and PCGP, we have begun the process to identify and evaluate high quality habitat tracts and are meeting with forestland owners, public agencies, and conservation groups to develop a prioritized list of potential acquisitions. In particular, we are seeking tracts with high-quality occupied or suitable habitat, preferably adjoining other protected habitat. While proximity to the pipeline route is a positive factor, habitat quality will ultimately determine acquisition priority.

THE
CONSERVATION FUND

4039 N. Mississippi, #308
Portland, OR 97227
www.conservationfund.org

Mr. Jake Gibbs
Director of External Affairs
Lone Rock Resources
PO Box 1127
Roseburg, OR 97470

Dear Mr. Gibbs:

The Conservation Fund is a national environmental nonprofit committed to helping make conservation work for America by integrating environmental protection and economic development. Our unique dual mission supports projects with multiple benefits, including fish and wildlife habitat, water quality, public access, natural resource jobs, and rural economies. We have conserved over 96,000 acres in Oregon, including special places like the Gilchrist State Forest and Cascade-Siskiyou National Monument.

While we regret the unfortunate circumstances that have forced the sale of the Elliott State Forest, we appreciate the effort that has been made to protect environmental and public benefits while meeting the fiduciary responsibilities of the Common School Fund for the future education of Oregon children. We support the consortium led by Lone Rock Resources and including The Cow Creek Band of Umpqua Tribe of Indians and The Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians in its proposal to conserve the Elliott State Forest.

The Conservation Fund looks forward to working collaboratively with you to advance meaningful conservation of the Elliott State Forest and to support the communities that depend on this incredible resource.

Sincerely yours,



Evan Smith, SVP
Conservation Ventures



Tom Pinit
Conservation Ventures Associate

SCHEDULE I.A.5

(JOHN C. GORDON)

Dr. Gordon is Pinchot Professor Emeritus of Forestry and Environmental Studies at the Yale School of Forestry and Environmental Studies, where he was Dean from 1983-1992, and again in 1997-98. Before that he was Head and Professor, Department of Forest Science, Oregon State University, Professor of Forestry at Iowa State University, and Principal Plant Physiologist at the Pioneering Project in Wood Formation, USDA Forest Service, Rhinelander, Wisconsin. He has a B.S. (forest management) and a Ph.D. (plant physiology and silviculture) from Iowa State University, and has been a Fulbright Scholar in Finland (University of Helsinki) and India (Bangalore).

He is the principal and sole proprietor of John Gordon Consultant, a Portland, Oregon, firm. He is also chairman and founding partner in the Candlewood Timber Group, a sustainable forestry company with operations and substantial forest holdings in Northwest Argentina. His primary expertise is in the biological basis of forest productivity, the management of research, and forest policy and management.

Dr. Gordon has consulting experience with public and private organizations, including forest products firms, the Intertribal Timber Council and several individual tribes, the World Bank and the United Nations Development Programme.

He has authored, coauthored or edited over 100 papers and books, and has overseas experience in a variety of places, including India, Pakistan, China, Costa Rica, Brazil, Argentina, Finland and Scotland. In 2005 he was awarded the Gifford Pinchot Medal by the Society of American Foresters.

Dr. Gordon has and will continue to advise Lone Rock Timber Management Company, the Cow Creek Band of Umpqua Tribe of Indians and others involved in the Proposal for Acquiring the Elliott Forest on forest management and conservation values and strategies.

EXHIBIT I.A.6
College of Forestry
(attached hereto)



College of Forestry – Office of the Dean
Oregon State University, 109 Richardson Hall, Corvallis, OR 97331-5704
Phone 541-737-1585 | Fax 541-737-2906 | www.forestry.oregonstate.edu

November 14, 2016

Jim Paul, Director
Oregon Department of State Lands
775 Summer St. NE, Ste. 100
Salem, OR 97301-1279

Dear Director Paul,

I am pleased to write this letter on behalf of the College of Forestry at Oregon State University expressing our support and willingness to assist Lone Rock Timber Management Company to implement the terms and conditions set forth in the Company's Elliott Forest acquisition plan submitted in response to the State Land Board's call for proposals. While we have not engaged in the framing of the proposal, we see many opportunities to partner with the Company and its partners over time in ways that will leverage the expertise and strengths of our College to provide credible, timely, and highly relevant science that will benefit land management objectives and the public interest.

As an example, our College will engage to help Lone Rock and its partners evaluate and use IMPLAN or an equivalent model to demonstrate and document direct and indirect employment maintained or created based on projected harvest outputs. Our faculty possess the expertise to provide this type of independent review function, and we will work with the company to establish a structure for this service to occur for the requisite 10-year term.

The College of Forestry has a long history of managing the Macdonald-Dunn Forest, the most heavily used recreation forest in the state with an active timber management program. We believe we have the expertise to understand, manage and enhance the public amenity values of the forest while meeting the economic goals.

Please feel free to contact Geoff Huntington, our Director of Strategic Initiatives, if there are questions or additional opportunities that you would like to discuss as this process unfolds. Thank you for the opportunity to engage.

Sincerely,

Thomas Maness
Cheryl Ramberg-Ford and Allyn C. Ford Dean
and Director of the Forest Research Laboratory

c: Jake Gibbs, Director – External Affairs, Lone Rock Timber Management Company
Geoff Huntington, Director – Strategic Initiatives, College of Forestry, Oregon State University
Toby Luther, President and CEO, Lone Rock Timber Management Company
Kristina McNitt, President, Oregon Forest & Industries Council
Jock Mills, Director – Government Relations, Oregon State University
Ed Ray, President, Oregon State University

EXHIBIT I.A.7
(Oregon Department of Forestry)
(attached hereto)



Oregon

Kate Brown, Governor

Department of Forestry
State Forester's Office
2600 State Street
Salem, OR 97310-1336
503-945-7200
FAX 503-945-7212
www.oregon.gov/ODF

November 10, 2016



OREGON DEPARTMENT OF FORESTRY

Jim Paul, Director
Department of State Lands
775 Summer Street NE, Suite 100
Salem, OR 97301-1279

Dear Mr. Paul,

As stated previously, the Department of Forestry (ODF) is interested in continuing to be involved in the land acquisition solution related to the Elliott State Forest. As the long-time manager of the forest, and through decades of implementing the policy direction of the State Land Board, ODF has a genuine interest in the future of these lands. We have appreciated the ongoing working partnership established with Department of State Lands and the State Land Board, and remain interested in the continued stewardship and sustainable forest management of the Elliott State Forest.

Under the leadership of Lone Rock Resources, a promising and perhaps unique collaboration is forming that includes Tribes, conservation advisors and support from interested counties. Lone Rock Resources contacted ODF about playing a role in the land acquisition. ODF supports the willingness of this collaboration. We remain interested in serving an appropriate role to help it be successful in a manner that aligns with the goals and mandates of the agency.

Sincerely,

Peter Daugherty
Oregon State Forester

CC: Tom Imeson, Chair - Oregon Board of Forestry
Nancy Hirsch, ODF Deputy State Forester
Liz Dent, ODF State Forests Division Chief
Jake Gibbs, Director of External Affairs - Lone Rock Timber Resources

SCHEDULE I.A.8
(Confederated Tribes of the Siletz Indians)

(attached hereto)



**Confederated Tribes of Siletz Indians
Tribal Council**

P.O. Box 549 Siletz, Oregon 97380
(541) 444-8203 • 1-800-922-1399 ext. 1203 • FAX: (541) 444-8325

November 7, 2016

Lone Rock Timber Management Company
Attn: Toby Luther, President/CEO
P.O. Box 1127
Roseburg, Oregon 97471
tluther@lrtc.com

VIA U.S. MAIL AND EMAIL

Re: Expression of Intent – Lone Rock’s Proposal for Elliott Property

Dear Mr. Luther:

This constitutes the Confederated Tribes of Siletz Indians’ (Siletz Tribe’s) Expression of Intent to work with the Lone Rock Management Consortium for the Elliott Property Comprehensive Ownership Transfer Opportunity pursuant to the Transaction-Specific Protocol to Identify Potential Comprehensive Ownership Transferees for the Elliott Property, Section 2.

Specifically, we would like to participate in an advisory and oversight role for the lands identified as providing public benefits, in order to ensure the conservation of the Elliott for all generations to come. The Siletz Tribe’s interest in the Elliott stems from our desire to protect and use the land as we have since time immemorial.

We are a federally recognized Indian Tribal Government, headquartered in Siletz, OR. The Siletz Tribe is one of nine tribes in Oregon. We have slightly over 5,100 members currently, and are governed by an elected Tribal Council of which I am the Chairman. The Siletz Tribe is committed to being a steward of the land that is now Oregon, as it has been for millennia, and to ensuring the health and welfare of its members and neighbors through opportunities like those presented in the Protocol.

By Treaty Agreement and approved Federal Indian Policy for Western Oregon, all the Native people from within the area encompassed by the Elliot State Forest were to be removed to and confederated with the other Tribes upon the Siletz Reservation, beginning in 1855. As far as Treaty agreements and Federal Policy were carried out, that is exactly what happened, though a few individuals were able to avoid being brought to the reservation, or left it, over time.



The Siletz Tribe is eager to participate with you and other willing partners with a similar vision for stewardship and conservation to acquire the Elliott. The Siletz Tribe is committed to ensure the Elliott is protected and responsibly utilized into the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Alfred Lane, III". The signature is fluid and cursive, with a large initial "A" and a long, sweeping underline.

Alfred Lane, III
Tribal Vice-Chairman

SCHEDULE I.A.9
Confederated Tribes of Grand Ronde
(attached hereto)



The Confederated Tribes of the Grand Ronde Community of Oregon

Natural Resources
Phone (503) 879-2424
1-800 422-0232
Fax (503) 879-5622

47010 SW Hebo Road
Grand Ronde, OR 97347

November 9, 2016

Lone Rock Timber Management
Attn: Toby Luther, CEO
2323 Old Hwy 99 South
Roseburg, Oregon 97471
tluther@lrtc.com

VIA U.S. MAIL AND EMAIL

Re: Expression of Interest – Lone Rock's Proposal for Elliott Property

Dear Mr. Luther,

We appreciate your invitation to participate in the ownership transfer opportunity of the Elliott State Forest. The transfer of lands out of public ownership has raised issues concerning the protection of important tribal resources. Grand Ronde is very interested in ensuring there is an effective process for both the transfer of these lands and the continued management.

Specifically, we would like to participate in an advisory and oversight role for the lands identified as providing public benefits, in order to ensure the conservation of the Elliott for generations to come.

The Confederated Tribes of the Grand Ronde is eager to participate with you and other willing partners with a similar vision for stewardship and conservation to acquire the Elliott. We are committed to ensure the Elliott is protected and responsibly utilized into the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Y. Wilson".

Mr. Michael Y. Wilson
Natural Resources Division Manager
Confederated Tribes of the Grand Ronde

EXHIBIT I.A.10
Douglas County Board of Commissioners
(attached hereto)



**DOUGLAS COUNTY
BOARD OF COMMISSIONERS**

CHRIS BOICE SUSAN MORGAN TIM FREEMAN

1036 SE Douglas Ave., Room 217 • Roseburg, Oregon 97470

November 9, 2016

Mr. Jim Paul, Director Oregon
Department of State Lands 775
Summer St. NE, Ste. 100 Salem OR
97301

RE: Elliott Transfer Opportunity

Mr. Paul:

The Douglas County Commissioners have been participating in the process put in place by the Oregon Land Board to address the inability of the Elliott State Forest to meet its fiduciary responsibilities. We have attended the meetings required by the Protocol and reviewed the materials and requirements of the transaction. We remain frustrated with the entire process and are curious to see how it all works out.

To our pleasant surprise, we have been informed of a proposal from Lone Rock Timber Management Company, the Cow Creek Band of Umpqua Tribes of Indians, The Conservation Fund, Dr. John Gordon and other parties capable of meeting all the requirements of this transaction. This coalition brings a wide variety of experience, leadership and capabilities together to acquire and manage this property. We are supportive of their proposal and are committed to working with them to see it succeed.

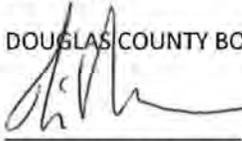
We share the desire of the Land Board and others to see the public benefits currently provided by the Elliott State Forest to continue into the future. We are especially interested in this venture's ability to maintain or enhance job opportunities in our region. Knowing the parties involved in this proposal and their proven commitment to their employees and the communities where they live and operate, we are confident we will see economic benefits from this proposal. We would be willing to work with them to ensure this benefit is met and reported out. We understand they have proposed an easement in gross and we are interested in holding that easement or working with them to secure an appropriate party to do so.

The Douglas County Commissioners recognize the opportunity a working Elliott Forest provides to our community and our region. The proposal from Lone Rock and The Cow Creeks represents a viable path

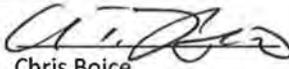
toward achieving that opportunity. We are grateful for their willingness to put this proposal together and look forward to working with them to see it successfully implemented.

Sincerely,

DOUGLAS COUNTY BOARD OF COMMISSIONERS



Tim Freeman, Chair



Chris Boice



Susan Morgan

Information (541) 440-4201 • Fax (541) 440-4391

Recycled Paper

SCHEDULE I.A.11

Douglas Forest Protective Association

(attached hereto)

ERIC GEHRKE
President

DARIN McMICHAEL
Vice-President

JILL MILLER
Secretary-Treasurer

MELVIN THORNTON
District Manager

Douglas Forest Protective Association

BOARD OF DIRECTORS

Bill Arsenault - Paradise Creek Ranch
Phil Adams - Roseburg Forest Products
Rick Barnes - Nickel Mountain LLC
Dan Dawson - Dawson Ranch
Eric Gehrke - Weyerhaeuser Co.
Jake Gibbs - Lone Rock Timber Co.
Darin McMichael - Silver Butte Timber Co.
Fred Arnold - FIA Timber Growth Master LLC
Mike Ritchie - Labrie Ranch & Seed
Steve Weber - Seneca Jones Timber Co.
Paul Zolezzi - Rocking C Ranch LLC



HEADQUARTERS

1758 NE Airport Road
Roseburg, Oregon 97470
(541) 672-6507
Fax: (541) 440-3424
www.dfpa.net

November 3, 2016

Jim Paul, Director
Department of State Lands
775 Summer St. NE
Suite 100
Salem, OR 97301-1279

Director Jim Paul,

I would like to take this opportunity to provide some thoughts regarding a local timber company that will be providing a proposal on the Elliott State Forest.

First, I will give you a little information on my background to provide some insight to my comments. I am the District Manager for the Douglas Forest Protective Association (DFPA) located in Douglas County, Oregon. We provide wildland fire protection for about 1.6 million acres of forest land, which includes private, state, county, and BLM lands. I have been in the wildland fire suppression business since 1971 and have worked for DFPA for 45+ years.

Lone Rock Timber Company have owned land and operated mills in Douglas County for many years. I would consider them one of the more progressive companies, always providing leadership for changes in society and within the industry itself.

I have been directly involved with Lone Rock since my career started with DFPA. They were always responsible operators and landowners. They take fire suppression and prevention seriously. Again, they have led the way in many occasions.

An example would be when their foresters and logging supervisors were testing their crews for deploying fire hose on a cable logging operation. They designed a hose reel that would set at their landing ready to go if a fire happened. The hose reel had enough hose to reach any part of their operation if a fire should ever happen, and they would practice deploying the hose to be sure that the crew knew exactly how to deploy it in the event of a fire. This practice/training continues even today

and shows the importance and belief that Lone Rock Timber Company applies to fire suppression and prevention.

Lone Rock has been and continues to participate as a member of the Douglas Forest Protective Association and has had a Board member representing them for many years. This commitment to the "Complete and Coordinated" fire protection program in Oregon has not only benefited the landowners in Douglas County but landowners statewide.

Lone Rock is one of the companies in southern Oregon that is able to, and does provide critical firefighting resources. They invest many hours of training and experience to their personnel so they are able to fight fire aggressively on their own lands, but also on any lands within southern Oregon. They spend hours in the classroom learning about fire behavior and fire line safety. They also invest time in their people getting first hand training on fires and prescribed burns.

They are the only major landowner in southern Oregon, maybe all of Oregon that still have their own trained and highly skilled professional fallers. Here at the DFPA, they are normally our first call for help with falling a dangerous tree on a fire.

They participate in the local Landowner Activation Plan (LAP) providing patrols and firefighting resources during lightning busts and periods of high fire danger. During the 2015 fire season, when firefighting resources were short in supply and fires were burning uncontrolled across the state, Lone Rock Timber Company, along with other landowners, provided resources- at their own expense- for a Quick Response Task Force. They provided equipment, Fallers, and overhead to initial attack any new fires that occurred across the District regardless of the landowner!

They also invest considerable dollars in maintaining a large fire cache that includes pumps, fire hoses, fittings, and fire tools to assist in fires that occur. A fire cache is a continuing investment that costs thousands of dollars annually, even if it isn't used. Fortunately, Lone Rock Timber understands the value in stocking and maintaining a viable and ready supply of firefighting equipment in the event of a fire happening,

I would certainly think that a company that values fire prevention and readiness would be the type of an organization that the state of Oregon, as well as the local community, would benefit in obtaining the Elliott lands. They are a top-notch organization that is considerate of the community and quite frankly are actually of part of the community!

Thanks,



Melvin Thornton
District Manager
Douglas Forest Protective Association
1758 NE Airport Rd.
Roseburg, OR 97470

(541) 672-6507

EXHIBIT I.A.12
Coos Forest Protective Association
(attached hereto)

MARK WALL, PRESIDENT

JAKE GIBBS, VICE-PRESIDENT

JOHN BAGOY, SECRETARY-TREASURER
MIKE ROBISON, DISTRICT MANAGER

Coos Forest Protective Association

DIRECTORS

JIM CARR
WILL CHANDLER
VIRGIL FRAZIER
JAKE GIBBS
JEFF MILLER
MARK WALL
BOB WALLIS
CHARLIE WATERMAN

63612 Fifth Road



Coos Bay, Oregon 97420



TELEPHONE
(541) 267-3161

FAX
(541) 266-8452

Jim Paul
Director, Division of State Lands

November 3, 2016

Dear Mr. Paul,

I am the District Manager for Coos Forest Protective Association (CFPA) and I am writing in regards to Lone Rock Timber Management Company's proposal to purchase the Elliott Forest. CFPA provides wildland fire protection on State, Private, and BLM lands within the CFPA district boundaries. This encompasses approximately 1.5 million acres of land in Coos, Curry and western Douglas Counties.

Lone Rock Timber Management Company has been an active member of our Association since the 1970's and has held a Board of Director position with CFPA since 1996. As a member, Lone Rock Timber Management Company shares common fire protection/prevention goals/objectives of CFPA, Oregon Department of Forestry (ODF) and the State of Oregon. Lone Rock Timber Management Company trains all employees in basic fire suppression safety, conducts annual fire prevention and education programs and actively participates with CFPA on any fire on or near their landownership. With the addition of the Elliott land base, Lone Rock Timber Management Company would add employees to their workforce that would further enhance our ability to call upon them for assistance as a partner in the complete and coordinated fire protection system of Oregon.

As a representative on the CFPA Board, Lone Rock Timber Management Company helps guide CFPA in budget preparation and approval, protection level studies and formation of an efficient fire protection model for all landowners within the CFPA district. Lone Rock Timber Management Company's membership and Board of Director participation with CFPA adds value to our District, ODF, landowners and the general public in the State of Oregon.

The State of Oregon and our local coastal communities would be well served to have Lone Rock Timber Management Company as the new owner of the Elliott Forest. Thank you for your consideration on this very important matter.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michael E. Robison". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael E. Robison
District Manager
Coos Forest Protective Association

SCHEDULE I.A.13
Roseburg Forest Products
(attached hereto)



November 14, 2016

RE: Letter in Support of Elliott State Forest Acquisition Proposal

Oregon State Land Board,

This letter is written in support of the proposal to acquire the Elliott State Forest offered by Lone Rock Timber Management Company, the Cow Creek Band of Umpqua Tribe of Indians, and the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians with participation from the Conservation Fund and others. On numerous occasions, Roseburg Forest Products has publically stated that this land was intended to provide timber resources through active management, whether in public or private ownership. Through this management, the forest supports rural communities with jobs in the woods, mills, and throughout the local area as well as currently supporting the Common School Fund.

Historically, Roseburg has been a significant purchaser of timber sales from the Elliott. The Elliott has been and still is a critical part of the wood supply needed to operate our plywood mill in Coquille as well as a key source for our other Oregon mills in Dillard and Riddle. Combined, our Oregon mills provide over 2,000 full-time, family wage jobs.

Like Roseburg, Lone Rock is a family-owned company based in Oregon that has been operating sustainably for decades. We believe this long-term, local commitment to sustainable land management practices and local communities is an important aspect for consideration in this sale. Likewise, the Cow Creek Tribe has a long history of commitment to land stewardship and is well-known for their efforts to improve and strengthen our local communities.

Roseburg supports the proposal by this coalition because we recognize their capacity and experience managing timberlands, their proven commitment to local rural communities, and the public benefits and local jobs that will come from their management. We ask that you take these factors into consideration upon your deliberation.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Grady Mulbery', written over a light blue horizontal line.

B. Grady Mulbery, President and CEO
Roseburg Forest Products

P.O. Box 1088 • Roseburg, OR 97470 • Office: 541.679.3311 • Toll Free: 800.245.1115 • Fax: 541.679.2543 • www.Roseburg.com

SCHEDULE I.A.14
(Northwest Farm Credit Services)
(attached hereto)



Forest Products
2001 S. Flint Road
Spokane, WA 99224
Voice 509.340.5623 Toll Free 800-838-4374 Fax 509.340.5625

November 14, 2016

Lone Rock Timber Management Company
ATTN: Greg Byrne
PO Box 1127
Roseburg, OR 97470

Mr. Byrne:

Northwest Farm Credit Services, PCA (NWFC) is part of the Farm Credit System, which is a nationwide network of lending institutions and specialized service organizations that are owned by its customers to serve rural America. The Farm Credit System celebrated their 100th anniversary serving agriculture this year. As a whole, the system has over \$300 billion in assets and is largely penetrated in the Forest Products industry with approximately 6 percent of the total loan volume nationwide. NWFC is a direct lending entity within the Farm Credit System with nearly \$10.6 billion in assets serving Alaska, Washington, Oregon, Idaho, and Montana. NWFC has experienced consistent and growing loan volume and earnings for many years and has permanent capital in excess of 16%. Forest Products is the largest industry segment NWFC finances, with approximately 12% of the total loan volume. Direct lending to the forest products industry includes long-term loans for timberland acquisitions, intermediate lending for milling and processing equipment, and revolving lines of credit to support the financing of accounts receivable and inventories.

NWFC has financed the timber and timberland needs of Lone Rock Timber Management Company and related entities (Lone Rock) since 2001. Northwest Farm Credit Services currently has a lending relationship with Lone Rock, which is in good standing.

NWFC has provided a commitment to Lone Rock Timber Management Company for \$110.4 million to provide financing, in part, to acquire approximately 82,500 acres of Common School lands within the Elliot State Forest, if Lone Rock's proposal to the Oregon State Land Board is selected. This commitment is subject to typical conditions for a loan of this size and nature. We understand you will submit this letter in connection with your proposal. Please contact me at (800) 838-4374 if you have questions.

Best regards,

A handwritten signature in blue ink that reads "Suann Harris".

Suann Harris
Relationship Manager, VP – Forest Products

11/16/16 10:00 AM C:\Users\cburnett\Desktop\1 TERM SHEET FOR ACQUISITION OF THE ELLIOTT FORESTV5_CB3.docx

Here to Help You Grow

SCHEDULE I.B

(Funding of Plan)

Part One: Description of Funding Structure

The purchase price for the Elliott Forest is **\$220,800,000**.

Lone Rock Timber Management Company has more than a 15-year history with Northwest Farm Credit (“NWFC”). NWFC will provide **\$110,400,000** in secured financing. NWFC will take a first lien on the Elliott Forest to secure repayment of the indebtedness that will be subordinate to the conservation easement and the employment easement without special lender rights. The Company will provide the balance of the purchase price of **\$110,400,000** from equity investments by the two members of the Company.

All of the equity and all of the funds loaned by NWFC will be contributed to the Company on or before closing to permit payment of the purchase price of **\$220,800,000** for the Elliott Forest.

Funds have been included in the project budget to provide an initial endowment to the holder of the conservation easement.

Commitments for funding have been obtained from NWFC and from the two members of the Company. All commitments are backed by currently-existing and readily-available funding sources.

Part Two: Funding Commitment Letters

Part 2: Informational letter from Sources of Funding

See Section I.A.1 for Lead Participant.

See Section I.A.14 for NWFCs.

See the following for UIDC:



November 9, 2016

Lone Rock Timber Management
Attn: Toby Luther, CEO
2323 Old Hwy 99 South
Roseburg, Oregon 97471
tluther@lrteo.com

GOVERNMENT

VIA U.S. MAIL AND EMAIL

Re: Expression of Intent – Lone Rock’s Proposal for Elliott Property

OFFICES

To Mr. Luther:

2 3 7 1

This letter constitutes the Cow Creek Band of Umpqua Tribe of Indians’ (Cow Creek) Expression of Intent to purchase the Elliott State Forest in partnership with you pursuant to the Elliott Property Comprehensive Ownership Transfer Opportunity.

NE STEPHENS

Cow Creek is a federally recognized Indian Tribe, headquartered in Roseburg, Oregon. Cow Creek is one of nine Tribes in Oregon. We provide services to approximately 1,700 members across a seven county service area in Oregon and throughout the United States. We are deeply engrained in our communities and we have a vested interest in ensuring that these communities prosper.

STREET

Because we have lived in Oregon for time immemorial and want to contribute in planning for future generations, the Cow Creek people are dedicated to sustaining and protecting the region’s natural resources, economy, and society. The Tribe’s role as stewards of the land is deeply engrained within the culture and traditions of the Tribe - not restricted to only those lands under their direct ownership. This partnership would give us the opportunity to work with you to continue this commitment to this community and the State of Oregon.

SUITE 100

ROSEBURG

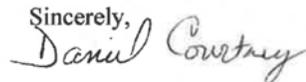
Cow Creek intends to participate as an investor in this land acquisition plan through its Economic Development Corporation. The Cow Creek Tribal Government also intends to serve in an advisory and support role to the conservation easement holder and land manager to ensure that the public benefits are being met to the fullest extent. Additionally, the Tribe is committed to working with the land manager and other Tribal governments to ensure that culture resource values are being protected in accordance with State and federal cultural resource laws.

OREGON

9 7 4 7 0

We look forward to this opportunity to work with you in this unique partnership to assist our state in its goal of maximizing revenues for the Common School Fund as well as protect an important natural resource through the responsible management and ownership of this historically valuable land for generations to come.

(541) 672-9405

Sincerely,


FAX NUMBER

Daniel Courtney, Chairman
Cow Creek Band of Umpqua Tribe of Indians

(541) 673-0432



GOVERNMENT

OFFICES

2371

NE STEPHENS

STREET

SUITE 100

ROSEBURG

OREGON

97470

(541) 672-9405

FAX NUMBER

(541) 673-0432

November 11, 2016

Lone Rock Forest Management
Attn: Toby Luther, President/CEO
P.O. Box 1127
Roseburg, OR 97471
tluther@lrco.com

RE: Commitment to invest in Elliot Forest LLC.

Dear Mr. Luther:

This letter agreement sets forth the commitment of the Umpqua Indian Development Corporation (UIDC) ("Investor"), to purchase certain equity interests of Elliot Forest LLC, an Oregon corporation ("Company").

Commitment. Investor hereby commits, that, simultaneous with the Closing, Investor shall purchase, or cause the purchase of, equity interests of Company for an aggregate amount equal to 12.9 percent of Company. All of the equity will be contributed to the Company on or before closing to permit payment of the purchase price of \$220,800,000 for the Elliott Forest.

Conditions. Investor's obligation to satisfy the Commitment shall be subject to the execution and delivery of the Operations Agreement by the Company and there being no amendment to the Operations Agreement that has not been approved in writing in accordance with the terms of the Operations Agreement.

Sincerely,

John McCafferty
Business Operations Officer
Umpqua Indian Development Corporation

SCHEDULE II.A
(Public Recreation Access with Map)

The proposed conservation easement will provide, in perpetuity, access to the public for recreation activities on a minimum of 41,250 acres located within the current described Elliott Forest property consistent with Lead Participant's current recreation management practices. Lead Participant's current practice is to allow free public recreation access to the majority of its forest holdings. Permitted recreation activities include, but are not limited to, hiking, hunting (where each individual is responsible for appropriate hunting licenses and associated tags), fishing (where each individual is responsible for appropriate fishing licenses and associated tags), firewood cutting in designated areas, horseback riding, non-motorized bicycle riding and off-highway vehicle use in designated areas. Restricted activities include the removal of mushrooms, ferns, cedar boughs, bear grass or other minor forest products without additional landowner permissions. Any environmental, cultural or civil surveys and data collection require additional landowner permissions.

The landowner will provide a report, no more frequently than annually, describing public recreation access compliance. The means for demonstrating compliance may include systems similar to Oregon Department of Fish and Wildlife Travel Management Plans where roads and access points are marked for public recreation access. The landowner may implement a permit system to document public recreation use and provide communications with the public about current activities on the property. The landowner may implement an administrative fee structure compliant with the requirements of ORS 105.672 through 105.696.

The landowner reserves the right to close the property to public recreation access or limit access to portions of the property for reasons including, but not limited to, the following: weather conditions pose an unreasonably high safety risk to life or property; ongoing forest management activities; protection of wildlife or habitat; conservation or protection of ecosystems; or, best practices of forest management during fire season.

Enforcement

Each of these conditions will be enforced by the holder of the conservation easement consistent with Sections 271.715 to 271.795 of the Oregon Revised Statutes (CONSERVATION AND HIGHWAY SCENIC PRESERVATION EASEMENTS).

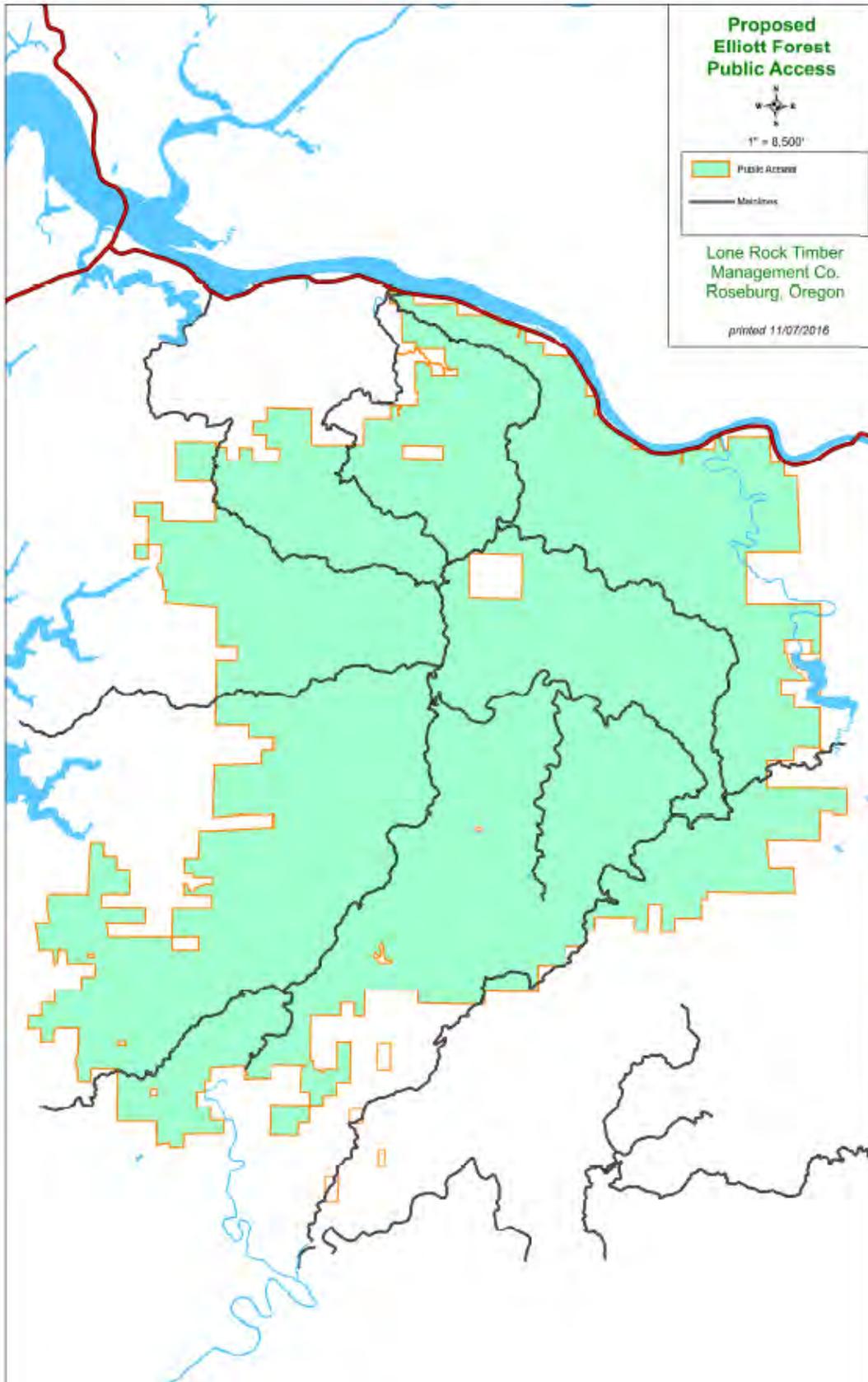
The easement will be perpetual, can only be transferred to qualified parties and a stewardship endowment will be provided. The final conservation easement will include an anti-merger clause, no special lender rights and prohibitions on subdivision, structures, transfer of water rights and extraction of minerals.

We propose to include the public recreation access easement within the Conservation Easement. We are confident that public access for recreational purposes is an enforceable right and obligation within a conservation easement pursuant to ORS 271.715 (1) which provides that a conservation easement means a property interest that assures availability of natural, scenic, or open spaces for recreational use. We assume recreational use in the statute contemplates use by the public.

There are three principal advantages of including the public recreation access easement within the conservation easement. The first is efficiency in that it can be included within the conservation easement eliminating the need for an additional document and additional easement holders. The second is that it provides the enforceability of the interest within the statutory framework of ORS 271.715 – 271.795, and particularly ORS 271.745 that provides a conservation easement is valid notwithstanding "outmoded common law defenses that could impede the use of easements for conservation or preservation ends." Third, it gives flexibility as to who will be the beneficiary and allows the grantor to provide a party other than the holder a "third-party right of enforcement." For example, if the "Holder" is a land trust, the State could have a third-party right of enforcement if it was determined that the State wanted such right.

Map

Attached to this Schedule is a map derived from the DSL-supplied Elliott Geodatabase, which was verified with the Douglas County and Coos County assessor parcel data and the GIS tool Elliott Forest Tax Lot Boundary, showing the location of all such public recreation access areas.



SCHEDULE II.B
(Economic Benefits)

Part One: Description of the Direct and Indirect Jobs Expected to be created by the Plan

Forest management activities will result in at least 40 direct and indirect employment opportunities including but not limited to jobs associated with forest management, forest planning, wildlife management, timber harvest, hauling, processing, reforestation, support of recreational activities, infrastructure maintenance and habitat restoration.

To demonstrate maintenance and creation of direct and indirect jobs associated with forest management from the property, a commonly used and well respected input-output model is anticipated to be used. The IMPLAN model is commonly used by academia, government agencies and economic development organizations to determine the impacts of economic activity, including forest management, at various scales including local community scale.

For the purposes of reporting economic outputs to the local economy by way of jobs, we will work with the College of Forestry at Oregon State University (see Schedule I.A.6) to quantify job outputs using IMPLAN or a similar accredited input/output model. An annual report will be provided for ten years documenting the jobs in the local economy attributed to forest management.

Part Two: Written Explanation and Sample Employment Monitoring Easement - in Gross

Written Explanation of Easement in Gross

The Protocol contemplates a deed covenant to address the requirement for direct and indirect jobs that will be created by the Company as a result of its ownership, operation and management of the Elliott Forest.

“Covenants” are a type of contractual arrangement that, if validly reached, are enforceable by a court. There are two major categories of covenants in the law governing real property transactions—covenants running with the land and covenants of title.

Title to the land is presumably not the focus of the State’s requirement, and therefore, presumably the State is interested in a covenant running with the land. A covenant running with the land means future owners of the land are obligated to comply with the covenant even though they did not sign the covenant or agree to its terms.

Therefore, in its purest sense, the State, by referencing a deed covenant, is seeking an agreement that will be binding on the purchaser of the Elliott Forest and on any future owners of the Elliott Forest, even if those future owners are not parties to the agreement.

Easements also run with the land. An easement, for example, that permits one landowner to walk across a particular portion of the property of an adjoining landowner to gain access to the street would run with the land. Subsequent owners of both parcels would take title, subject to that easement.

Because both a covenant in a deed and a covenant in an easement are covenants that run with the land and are binding on future owners, Company is proposing an easement to assure the State of its rights to enter the Elliott Forest and enforce its audit and other rights.

An easement “in gross” may require some explanation. Normally, with an easement, there is a burdened property and a benefitted property. Let’s say Owner A and Owner B are neighbors and Owner A gives Owner B a driveway easement across Owner A’s property to access a public street. This would be a customary easement and Owner B’s property would be the benefitted property and Owner A’s property would be the burdened property. The law in Oregon provides if there is no benefitted property and only a burdened property then it is an easement in gross.

When Pacific Power has an easement to run a power line across an owner’s land then that owner’s land is the burdened property but there is no neighboring property that is benefitted so it is an easement in gross. We have the same circumstances here, the right of the State to come onto the Elliott Forest land to verify who is working there (the Elliott Forest is the burdened property) creates a burden but there is no benefitted property.

Because the covenant relating to job creation has a term of 10 years, it is preferable from a title perspective to have the covenant in a separate easement rather than created by a reservation in the deed from the State so that at the end of 10 years a title company will be able to eliminate

the easement in future conveyances and title insurance policies because it will have expired by its own terms. Ownership of the property is created by the deed, and if the 10 year covenant is embedded within the deed, then title commitments for all future loans and conveyances will make reference to the deed even though one portion of it (the 10 year employment covenant) will have expired. It becomes a much more complicated process to convince future buyers and lenders that one portion of the deed has expired, while other portions have not. That is the reason for including the “deed covenant” in a separate easement in gross rather than in the deed of conveyance itself.

Whether these audit and access rights are created in the deed or in the easement, the enforcement rights are identical.

AFTER RECORDING, RETURN TO:

**DRAFT—FOR DEMONSTRATION PURPOSES ONLY
EMPLOYMENT MONITORING EASEMENT – IN GROSS**

THIS EMPLOYMENT MONITORING EASEMENT – IN GROSS (“**Easement**”) is made and entered into effective this ____ day of _____, 2017 (“**Effective Date**”), by and between ELLIOTT FOREST LLC, an Oregon limited liability company (“**Grantor**”), and [_____] (“**Easement Holder**”).

RECITALS

A. Grantor was formed to invest in, own and ultimately dispose of timberlands owned by the state of Oregon (“**State**”). The Elliott State Forest Alternatives Project began in the spring of 2014 and was completed in August of 2015 by resolution of the State Land Board of the State. The project was undertaken to address the problem of reduced state of Oregon Common School Fund timber revenues due to protected species policies and regulations. The Department of State Land was ordered to implement the Elliott Property Comprehensive Ownership Transfer Opportunity pursuant to a Resolution and Order of the State Land Board of the State signed by the Governor of the State on August 13, 2015. Grantor was formed to acquire the Elliott State Forest timberlands which are referred to in this Easement as the “**Property**.” The Property is legally described in Schedule 2 attached hereto and by reference incorporated herein.

B. Prior to the execution and delivery of this Easement, State sold the Property to Grantor and this Easement is granted and recorded consistent with the Elliott Property Comprehensive Ownership Transfer Opportunity.

C. The purpose of this Easement is to identify the direct and indirect jobs that are expected to be created by Grantor as a result of its ownership, operation and management of the Property. Grantor has identified at least forty (40) Full-Time Jobs or the equivalent for ten (10) years.

D. This Easement is intended to be enforceable against Grantor and the Property by the Easement Holder for a period of ten (10) years.

AGREEMENT

NOW, THEREFORE, based upon the foregoing Recitals and the mutual covenants

hereinafter set forth, Grantor and Easement Holder agree, as follows:

1. **Definitions.** For the purpose of this Easement, terms using initial capital letters that are not otherwise defined shall have the meanings given to them in Schedule 1 attached hereto and by reference incorporated herein.

2. **Employment.** Grantor has identified the required jobs pursuant to an IMPLAN or similar input/output model analysis. This jobs requirement consists of not less than forty (40) Full-Time Jobs or a combination of Full-Time Jobs and part-time jobs which equal not less than forty (40) Full-Time Jobs. Upon thirty (30) days' prior written request by Easement Holder to Grantor, Grantor will provide a copy of the IMPLAN or a similar acceptable input/output model analysis and any updates to the same since the last analysis was preformed, which Grantor shall certify to be true and accurate. Grantor will not be required to report more than one time each calendar year. The types of jobs created may vary from time to time such that there may be more employees performing certain types of jobs and less employees performing others as long as the IMPLAN analysis supports an aggregate total of the jobs of at least 40 Full-Time Jobs. If at least (40) Full-Time Jobs are not supported at any time by the most current IMPLAN analysis then Easement Holder and Grantor agree to meet and approve a plan to increase Full-Time Jobs to meet such threshold and each party agrees to exercise good faith efforts to approve and implement that plan.

3. **Number of Jobs.** It is understood that the minimum number of Full-Time Jobs may vary from time to time during the Term and that as long as the IMPLAN analysis supports an average number of Full-Time Jobs during the Term that meets the minimums set forth in Section 2, then Grantor shall be deemed to be in compliance with this Easement.

4. **Term.** This Easement shall have a term of ten (10) years commencing on the Effective Date and ending ten (10) years thereafter (the "**Term**").

5. **Independent Auditor.** Easement Holder may retain an independent third-party auditor to audit the employment records of Grantor four (4) times during the Term to verify the required job creation and the maintenance of those jobs during the Term as set forth in Section 2 and to enter the Property to verify such employment (hereinafter the "**Permitted Activities**"). Grantor agrees to reimburse Easement Holder for the cost of the independent third-party auditor not to exceed **\$5,000** for any such audit. Harvest levels are reported to the Oregon Department of Revenue for tax purposes each year by Grantor and Grantor will upon request share those reports with Easement Holder with the goal of eliminating the need for the audits if Easement Holder is satisfied that the harvest amounts and other management activities sufficiently support the employment requirements in this Easement.

6. **Right of Entry.** Subject to the terms and conditions of this Easement and subject to providing ten- (10-) business days' advance written notice to Grantor, Easement Holder and its independent auditors shall have the right to enter onto the Property for the purpose of the Permitted Activities. Grantor hereby grants and conveys to Easement Holder an easement in gross over, across and under the Property for the purpose of the Permitted Activities.

7. **Compliance with Laws.** The exercise of these rights by Easement Holder and Easement Holder's independent auditor, agents, consultants and contractors shall be subject to any

terms, conditions or restrictions of law and recorded restrictions against the Property, and Easement Holder and Easement Holder's independent auditor, agents, consultants and contractors shall comply with the recorded restrictions against the Property and with all applicable laws and regulations now or hereafter enacted or promulgated when engaged in their activities at the Property.

8. **Lien-Free Completion.** Following reimbursement by Grantor, Easement Holder shall promptly pay any and all sums owed to its independent auditor and any cost or expense arising out of the Permitted Activities and shall not permit or suffer any contractor's liens or other liens to attach to the Property.

9. **Indemnity.** Easement Holder shall indemnify, defend and hold Grantor and its managers, members employees, agents and representatives harmless from and against any and all costs, damages, liabilities, claims (including construction liens) and expenses (including attorney fees and costs) that arise out of the Permitted Activities or the entry of Easement Holder or Easement Holder's agents, consultants and contractors onto the Property pursuant to this Easement, except this indemnity shall not extend to those matters arising out of Grantor's negligence or intentional misconduct.

10. **Counterparts/Facsimile Signatures.** The parties agree that this Easement may be transmitted between them by facsimile machine or e-mail. The parties intend the faxed or e-mailed signatures to constitute original signatures and that faxed or e-mailed agreement, containing the signatures (original, fax or e-mail) of all the parties, is binding on the parties. This Easement may be executed in two or more identical counterparts which, together, shall be deemed to be one original.

11. **Governing Law.** This Easement shall be governed by the laws of the state of Oregon.

[Signature page follows]

[Signature page to Easement]

IN WITNESS WHEREOF, Grantor and Easement Holder executed this Easement with the intent that it be effective as of the Effective Date.

GRANTOR:

EASEMENT HOLDER:

ELLIOTT FOREST LLC, an Oregon limited liability company

[_____]

By: Lone Rock Timber Management Company, a Washington corporation, its Manager

By: _____

Name: _____

Title: _____

By: _____
Toby A. Luther, CEO and President

STATE OF OREGON)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2017, by Toby A. Luther as CEO and President of Lone Rock Timber Management Company, a Washington corporation, as Manager of Elliott Forest LLC, an Oregon limited liability company, on behalf of the limited liability company.



Notary Public
Print Name _____
My commission expires _____

STATE OF OREGON)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2017, by _____
_____, as _____ of
[_____].



Notary Public
Print Name _____
My commission expires _____

SCHEDULE 1

DEFINITIONS

“**Easement Holder**” has the meaning set forth in the preamble to this Easement.

“**Easement**” has the meaning set forth in the preamble to this Easement.

“**Effective Date**” has the meaning set forth in the preamble to this Easement.

“**Full-Time Jobs**” shall mean regular full-time employment with Grantor or any other person or company for employees meeting a minimum of 37.5 work hours per work week with customary adjustments for vacation, sick leave, family leave, medical leave, and similar time off. Part time employees may be counted and their hours shall be added as full time equivalents is.

“**Grantor**” has the meaning set forth in the preamble to this Easement.

“**IMPLAN**” means a macroeconomic analysis (input-output analysis) used to estimate annual effects on jobs which was originally (1976) designed under the direction of the USDA Forest Service (IMPact analysis for PLANning). It is currently used by multiple agencies/companies (e.g., BLM, EPA, Bureau of Economic Analysis, Federal Reserve, FEMA, Ernst & Young, CH2M). The IMPLAN will be based on annual harvest production using published values or contracts values with a recognized forest economist to verify (or Oregon State University).

“**Permitted Activities**” has the meaning set forth in Section 5.

“**Property**” has the meaning set forth in Section A of the Recitals.

“**State**” has the meaning set forth in Section A of the Recitals.

“**Term**” has the meaning set forth in Section 3.

SCHEDULE 2

**Legal Description
Elliott State Forest**

[Legal description to tie to legal description for public access areas]

SCHEDULE II.C (Harvest Protection Areas)

Part One: Identification of Harvest Protection Areas

The proposed conservation easement will, in perpetuity, ensure a minimum of 20,625 acres will be managed for older forest characteristics by restricting commercial harvest except when needed to maintain or enhance older forest characteristics. Areas to be included in the conservation easement may include: (i) older forest stands and adjacent younger stands identified as providing or having potential to provide habitat, refuges or potential dispersion corridors for late-seral dependent wildlife species including but not limited to the northern spotted owl and marbled murrelet; (ii) stands of older forests, or younger forests with high wildlife value capable of providing connectivity of older forest habitats across the landscape; and (iii) areas having high conservation and/or cultural value.

The Plan includes an initial draft concept map identifying a minimum of 20,625 acres to be managed for older forest characteristics and restricted from commercial harvest. Adjustments to the initial map may be made in the future, no more frequently than once every five (5) years, as the landowner develops a more robust inventory of the property. Adjustments may be made to consolidate areas to be managed for older forest characteristics to improve utilization of late seral wildlife species and to reduce fragmentation impacts. At no time will less than 20,625 acres be conserved for older forest characteristics. The landowner will provide, no more frequently than annually, a map illustrating a minimum of 20,625 acres conserved for older forest characteristics and any changes from the previous year's map will be highlighted.

Landowner may, in the course of typical forest management activities, find it necessary to selectively remove individual or small groups of trees to access other portions of the Property. Individual trees within the conservation area may be used for tailholds, guy line anchors or other purposes to safely perform management activities.

In the event of a natural disaster, salvage operations compliant with state and federal regulations may occur followed by appropriate reforestation actions intended to meet objectives of older forest characteristics.

Part Two: Summary of Conservation Easement

Each of these conditions will be enforced by the holder of the conservation easement consistent with Sections 271.715 to 271.795 of the Oregon Revised Statutes (CONSERVATION AND HIGHWAY SCENIC PRESERVATION EASEMENTS).

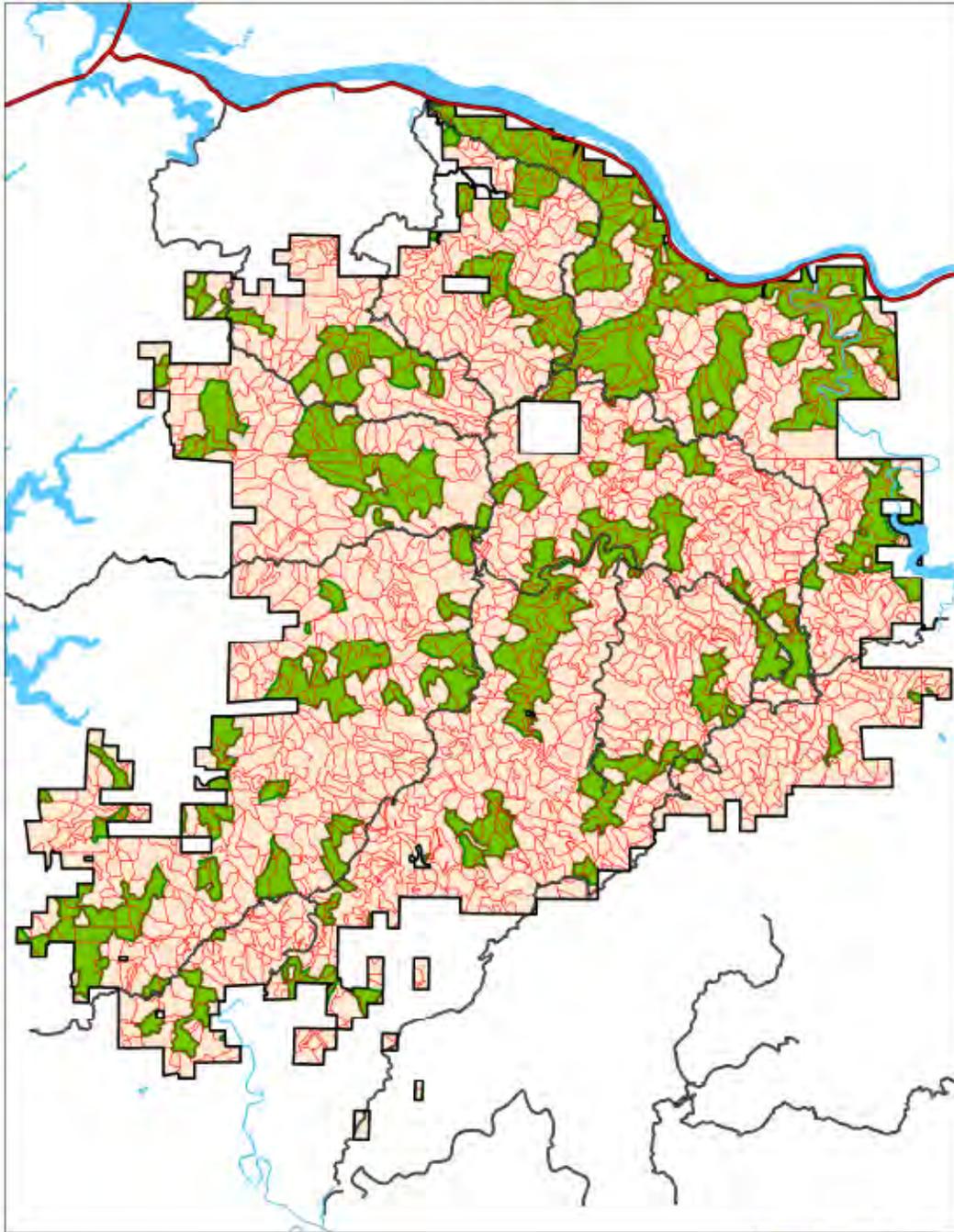
The conservation easement will be perpetual, can only be transferred to qualified parties and a stewardship endowment will be provided. The final conservation easement will include an anti-merger clause, no special lender rights and prohibitions on subdivision, structures, transfer of water rights and extraction of minerals.

Part Three: Map of Harvest Protection Areas

Attached to this Schedule is a map derived from the DSL-supplied Elliott Geodatabase, which was verified with the GIS tool StandLayer 2016, showing the location of the Harvest Protection Areas. A table describing the distribution of stand age (in 25-year intervals) for stands in the Harvest Protection Areas is also attached.

Lone Rock Timber
Management Co.
Roseburg, Oregon

Proposed Elliott Forest Reserve Areas



printed 11/07/2016 1" = 8,000'

Harvest Protection Areas

Age Class ^a	Acres ^b
0-24 years ^c	196
25-49 years	428
50-74 years	132
75-99 years	336
100-124 years	5,861
125-149 years	11,848
150-174 years	1,528
175-199 years	379
200-224 years	0
225-249 years	59
Total	20,766

Notes:

^a Ages are 2016 ages based upon inventory provided by the DSL.

^b Acres are based upon stand boundaries as provided by the DSL.

Minor editing to the stand boundaries found that 40 acres of stands in the 0-49 year old age class actually have an average age of 133.

^c The 0-24 year age class includes 173 acres considered 0 years old in the stand boundaries provided by the DSL. Further review of these stands indicate the average age of these stands is approximately 105 years old.

SCHEDULE II.D
(Riparian Management Areas)

Part One: Riparian Management Areas

See attached Map.

Part Two: Statement Letter Regarding Protection of Riparian Management Areas through Conservation Easement

Riparian management areas for Coho salmon, steelhead and bull trout

The proposed conservation easement is designed to guide the protection and/or enhancement of all streams where Coho salmon, steelhead and bull trout occur within the Elliot Forest. The conservation easement will ensure streams with Coho salmon, steelhead and bull trout (“SSBT”) will have stream buffers measuring a minimum of 120 feet slope distance either side of the stream. If the slope immediately adjacent to the stream channel is steep exposed soil, a rock bluff or talus slope, horizontal distance will be measured until the top of the exposed bank, bluff or talus slope is reached, then the remaining portion of the 120’ riparian management area will be measured as a slope distance. If SSBT fish use does not end at a stream confluence, the 120 foot buffer will extend upstream to the next stream confluence.

The objectives of the SSBT Riparian Management Area are to:

- Maintain or enhance where appropriate the distribution, diversity, and complexity of watershed and landscape scale features to ensure protection of the aquatic systems to which species, populations and communities are uniquely adapted.
- Maintain or enhance where appropriate spatial and temporal connectivity within and between watersheds. Lateral, longitudinal, and drainage network connections include floodplains, wetlands, upslope areas, headwater tributaries, and intact refugia.
- Maintain or enhance where appropriate the physical integrity of the aquatic system, including shorelines, banks, and stream bottom configurations.
- Maintain or enhance where appropriate water quality necessary to support healthy riparian, aquatic, and wetland ecosystems.
- Ensure water quality remains within the range that maintains the biological, physical, and chemical integrity of the system and benefits survival, growth, reproduction, and migration of individuals composing aquatic and riparian communities.
- Maintain or enhance where appropriate the sediment regime under which aquatic ecosystems evolved. Elements of the sediment regime include the timing, volume, rate, and character of sediment input, storage, and transport.
- Maintain or enhance where appropriate in-stream flows sufficient to create and sustain riparian, aquatic, and wetland habitats and to retain patterns of sediment, nutrient, and wood routing.
- Maintain or enhance where appropriate the timing, variability, and duration of floodplain

inundation and water table elevation in meadows and wetlands.

- Maintain or enhance where appropriate the species composition and structural diversity of plant communities in riparian areas and wetlands to provide adequate summer and winter thermal regulation, nutrient filtering, appropriate the rates of surface erosion, bank erosion, and channel migration and to support amounts and distributions of coarse woody debris sufficient to sustain physical complexity and stability.
- Maintain or enhance where appropriate habitat to support well-distributed populations of native plants, invertebrate, and vertebrate riparian-dependent species.
- Maintain or enhance where appropriate habitat to support culturally significant plants, invertebrates, and vertebrate riparian-dependent species.
- Maintain or enhance where appropriate existing uses for cultural and recreational access.
- Maintain and/or enhance tree growth and development of legacy components (i.e. larger trees, snags, and downed woody debris).

Implementation: All management activities within 120 feet of either side of a SSBT stream will intend to meet with conservation easement objectives. A 40 foot no-touch zone will be applied to all SSBT bearing streams. The remaining 80' will be divided into two 40' sections. These areas will proportionally meet or exceed 2016 proposed basal area requirement changes for SSBT streams in the Oregon Forest Practices Act.

To ensure that management of SSBT Riparian Management Areas meet the objectives, management direction will be developed and set forth in a Conservation Easement to guide management activities in these stream-side zones. The management direction will guide timber harvest activities, road maintenance and management, recreation and cultural uses, fire and fuels, watershed restoration activities, and other management activities in such a manner as to help meet SSBT Riparian Management Area objectives.

Monitoring and Enforcement: The conservation easement holder in coordination with the landowner shall develop a monitoring strategy to ensure attainment of SSBT Riparian Management Area objectives.

Coordination/Cooperation: The land manager may work with Watershed Groups (Coos Watershed, Partnership for Umpqua Rivers, etc.), and other private contractors to conduct activities within the riparian areas as appropriate.

The landowner will provide a map of the qualified streams, no more frequently than annually, to the holder of the conservation easement. In the event of natural disaster, salvage operations compliant with state and federal regulations may occur with associated reforestation activities.

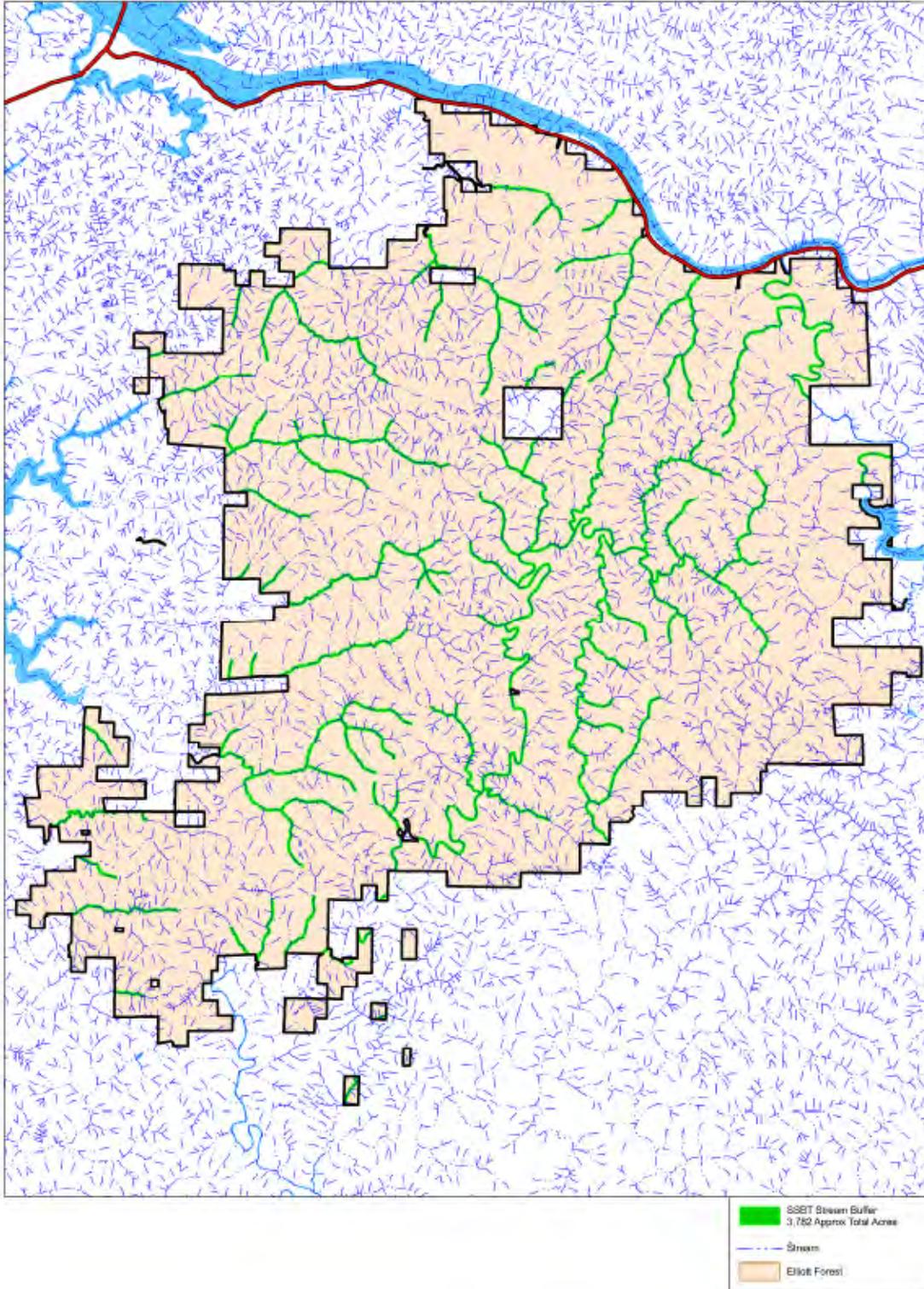
Enforcement

Each of these conditions will be enforced by the holder of the conservation easement consistent with Sections 271.715 to 271.795 of the Oregon Revised Statutes (CONSERVATION AND HIGHWAY SCENIC PRESERVATION EASEMENTS).

The easement will be perpetual, can only be transferred to qualified parties and a stewardship

endowment will be provided. The final conservation easement will include an anti-merger clause, no special lender rights and prohibitions on subdivision, structures, transfer of water rights and extraction of minerals.

Proposed Elliott SSBT Stream Buffers



General Requirements

Responsiveness Requirement	Finding
Plan is for acquisition of entire Elliott. (Protocol)	Responsive; Plan is for transfer of entire 82,500 acres.
Lead Participant submitted an expression of interest. (Protocol)	Responsive.
Plan includes a fully completed term sheet in form provided. (1st Supplement; 2nd Supplement)	Responsive.
Lead Participant attended mandatory meetings. (Protocol)	Responsive.
Plan identifies a single transferee. (Protocol)	Responsive; Plan proposes single transferee, Elliott Forest LLC.
Plan made by single lead person or entity with authority to accept offer of direct sale, with plan and term sheet signed by Lead Participant. (Protocol; 1st Supplement; Term Sheet ¹)	Responsive; Lone Rock has been granted authority to accept offer by UIDC, and LLC structure contemplates such authority.
Plan has detailed description of participants, and identifies each entity involved in the Plan and its role on separate pages (one per entity). (Protocol; Term Sheet)	Deemed Responsive; Plan attaches fourteen items of varying degrees of commitment and relevance, but with some gaps, uncertainties, and/or ambiguities (such as no firm identification of easement holders).
Plan fully describes entities that will hold property interest at closing. (2nd Supplement)	Deemed Responsive; Plan describes ownership of fee title, but with some gaps, uncertainties, and/or ambiguities (such as no firm identification of easement holders).
Plan submitted by Lead Participant in a sealed package marked "confidential," with an electronic copy of the plan, and labeled in a certain way. (Protocol; 2nd Supplement)	Responsive.
Plan accompanied by a deposit of \$100,000. (Protocol)	Responsive.
Plan received by 5pm on 11/15. (Protocol)	Responsive.

¹ All references to the Term Sheet are references to Exhibit A to the Second Supplement

Funding Requirements

Responsiveness Requirement	Finding
Plan describes in 500 words or less how the purchase would be funded, identifying sources and amounts that add up to fair market value price. (Term Sheet)	Responsive.
Plan is for the purchase of Elliott at fair market value in all-cash closing. (Protocol)	Responsive.
Plan has explanation of how payment at closing will be financed, demonstrates potential ability to pay FMV at closing, and has commitment letter from funding partner(s). (Protocol; 1st Supplement; Term Sheet)	Responsive; Plan has commitment letters from UIDC and the Cow Creek Band of Umpqua Tribe of Indians for their equity investment and a commitment letter from NWFC for its financing.
Plan indicates subordination of any security interest re financing to the enforceable mechanisms for enhanced public benefits. (2nd Supplement)	Responsive; Plan proposes a first lien by NWFC that will be subordinate to the conservation easement and the employment easement without special lender rights.
Plan is without contingencies for benefit of transferee. (Protocol)	Responsive; Plan proposes no contingencies for benefit of transferee; the Reciprocal Easement Agreement item has been previously discussed and vetted in the Q & A.

Enhanced Public Benefit / Public Recreation Access Requirements

Responsiveness Requirement	Finding
<p>Plan provides public recreation access to 50% of acreage at all times, and if closures are proposed, the easement encumbers greater than 50% of the property to make up for potential closures. (Protocol; 2nd Supplement)</p>	<p>Deemed Responsive; Plan proposes closures for a nonexclusive list of reasons, but indicates inclusion of entire 82,500 acres under the conservation easement for purposes of recreational access and recites that they will never go below 50%, but with some gaps, uncertainties, and/or ambiguities (such as the extent and nature of potential closures).</p>
<p>Plan must describe how any limitations to public access will be established, monitored, and enforced as well as how such a program will be funded. (2nd Supplement)</p>	<p>Deemed Responsive; Plan recites certain limitations to public access, but with some gaps, uncertainties, and/or ambiguities (such as the details of the establishment, monitoring, and enforcement of said limitations and the funding plans for such a program).</p>
<p>Plan includes enforceable mechanism for public recreation access in perpetuity. If enforceable mechanism deviates from assumed public access easement (enforceable by public, recorded at closing), plan describes such mechanism and explain any differences. (Protocol; 1st Supplement; Term Sheet)</p>	<p>Deemed Responsive; Plan recites that public recreation access easement will be included in the conservation easement (which can serve as a public access easement if properly constructed), but with some gaps, uncertainties, and/or ambiguities (such as no firm indication of easement holder; ambiguity as to whom the proposed compliance report will be provided; ambiguity as to how the public may enforce the easement; whether any defenses, including standing or sovereign immunity, will be waived to allow for enforcement by the public; and the forums in which enforcement may occur).</p>

Enhanced Public Benefit: Economic Benefits Requirements

Responsiveness Requirement	Finding
Plan provides for economic benefits for 40 jobs annually over 10 years, not including induced jobs associated with additional spending by workers employed in such jobs. (Protocol, 2nd Supplement)	Responsive; Plan recites commitments for such job levels.
Plan includes enforceable mechanism for economic benefits. If enforceable mechanism for economic benefits deviates from assumed deed restriction, Plan must describe such mechanism and explain the differences. (Protocol; 1st Supplement; Term Sheet)	Deemed Responsive; Plan describes an easement in gross, which is different than the assumed deed restriction, but describes the mechanism and explains the differences (although, as intended, details still need to be developed, including a firm identification of easement holder).

Enhanced Public Benefit: Harvest Protection Areas Requirements

Responsiveness Requirement	Finding
<p>Plan provides for protecting 25% of older forest stands from harvest (i.e. prohibiting commercial harvesting or other forest management activities, except those needed to maintain stands, unless otherwise described). (Protocol)</p>	<p>Deemed Responsive; Plan provides for Harvest Protection Areas on 20,625 acres with 94.7% in 100 year or older stands, but with some gaps, uncertainties, and/or ambiguities (such as potential plan adjustments including expectations around potential salvage operations in the event of a natural disaster).</p>
<p>Plan addresses maintenance of levels of Harvest Protection Areas above minimums if timber harvest is allowed in all parts of the property and demonstrates how forest management plan would accomplish protection goals with adequate enforcement. (2nd Supplement; Term Sheet)</p>	<p>Deemed Responsive; Plan proposes a Harvest Protection Area adjustment mechanism and recites commitment to no less than 20,625 of areas conserved for older forest characteristics, but with some gaps, uncertainties, and/or ambiguities (such as how the management plan would accomplish protection goals with adequate enforcement).</p>
<p>Plan provides for enforceable mechanism for harvest protection areas in perpetuity, assumed to be a conservation easement (recorded at closing, with anti-merger clause, no special lender rights and prohibitions on subdivision, structures, transfer of water rights and extraction of minerals), indicating who may enforce the easement. If a different mechanism is contemplated, Plan must describe and explain mechanism. (Term Sheet)</p>	<p>Responsive; Plan proposes conservation easement, but with some gaps, uncertainties, and/or ambiguities (such as no firm identification of easement holder and other specifics of the conservation easement).</p>
<p>Plan includes attached map, derived from GIS StandLayer 2016, showing location and current tree age composition of all such areas (Term Sheet)</p>	<p>Responsive.</p>

Enhanced Public Benefit: Riparian Management Areas Requirements

Responsiveness Requirement	Finding
<p>Plan establishes Riparian Management Areas designed to conserve high quality watershed for benefiting riparian function. Areas must be established using prescribed measurements with 120 foot buffers on fish streams identified by Department. Any additional areas or additional dimensions for such areas contemplated in Plan must be identified. (Protocol; 2nd Supplement; Term Sheet)</p>	<p>Deemed Responsive; Plan proposes Riparian Management Areas and objectives for these areas, but with some gaps, uncertainties, and/or ambiguities (such as the specifics of the uses and restrictions in 40 to 120 foot areas). Plan does not identify any additional areas.</p>
<p>Plan describes uses and restrictions on activities in such areas contemplated in the Plan that exceed those required under Oregon Forest Practices Act, if such requirements were extended out to 120 feet. (Term Sheet)</p>	<p>Deemed Responsive; Plan identifies 40 foot no-touch zone, and generally states that the remaining 80 feet will proportionally meet proposed 2016 stream requirement in Oregon Forest Practices Act; but with some gaps, uncertainties and/or ambiguities (such as the specifics of uses and restrictions in 40 to 120 foot areas including watershed improvement activities and potential salvage operations in the event of a natural disaster).</p>
<p>Plan provides for an enforceable mechanism for riparian management areas in perpetuity, assumed to be a conservation easement (recorded at closing, with anti-merger clause, not special lender rights and prohibitions on subdivision, structures, transfer of water rights and extraction of minerals), indicating who may enforce the easement. If a different mechanism is contemplated, Plan must describe and explain mechanism. (Term Sheet)</p>	<p>Deemed Responsive; Plan proposes conservation easement, but with some gaps, uncertainties, and/or ambiguities (such as no firm identification of easement holder and other specifics of the conservation easement).</p>