



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

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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.

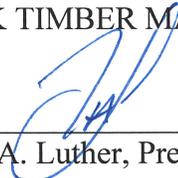
While our Plan describes the means for funding the acquisition, conserving areas for older forests, extending stream protections, ensuring recreation access, and demonstrating economic benefits, we believe there are additional opportunities for developing ecosystem services. We plan to continue the conversations 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 Indians<sup>1</sup> 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.

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<sup>1</sup> 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.<sup>1</sup>

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."<sup>2</sup> A wholly-owned Tribal charitable corporation, charitable association, or charitable trust should likewise be authorized to hold a conservation easement under Oregon law.<sup>3</sup>

### 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

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

<sup>2</sup> ORS §§ 97.740 and 271.715(3)(c).

<sup>3</sup> 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.<sup>4</sup>

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).

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<sup>4</sup> 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).

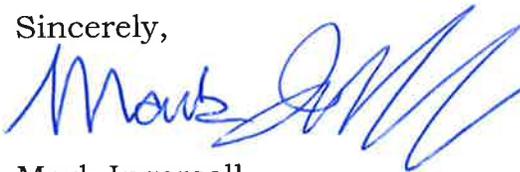
11. **Transfer Right:** The conservation agreement should specify that the Tribe may transfer the easement to a qualified entity under agreed upon circumstances.

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](http://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](http://www.oregon.gov/ODF)



"STEWARDSHIP IN FORESTRY"

November 10, 2016

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](mailto: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 "L".

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

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November 9, 2016

Lone Rock Timber Management  
Attn: Toby Luther, CEO  
2323 Old Hwy 99 South  
Roseburg, Oregon 97471  
[tluther@lrtc.com](mailto: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 cursive script, 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

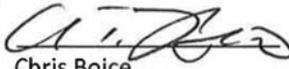
toward achieving that opportunity. We are grateful for their willingness to put this proposal together and look forward to working with them to see it successfully implemented.

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'.

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](http://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 100<sup>th</sup> 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

This institution is an equal opportunity provider and employer.

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](mailto: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

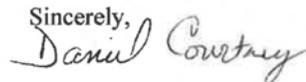
Cow Creek intends to participate as an investor in this land acquisition plan through its Economic Development Corporation. The Cow Creek Tribal Government also intends to serve in an advisory and support role to the conservation easement holder and land manager to ensure that the public benefits are 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

O F F I C E S

2 3 7 1

NE STEPHENS

S T R E E T

S U I T E 1 0 0

R O S E B U R G

O R E G O N

9 7 4 7 0

(541) 672-9405

F A X N U M B E R

(541) 673-0432

November 11, 2016

Lone Rock Forest Management  
Attn: Toby Luther, President/CEO  
P.O. Box 1127  
Roseburg, OR 97471  
[tluther@lrtc.com](mailto:tluther@lrtc.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).

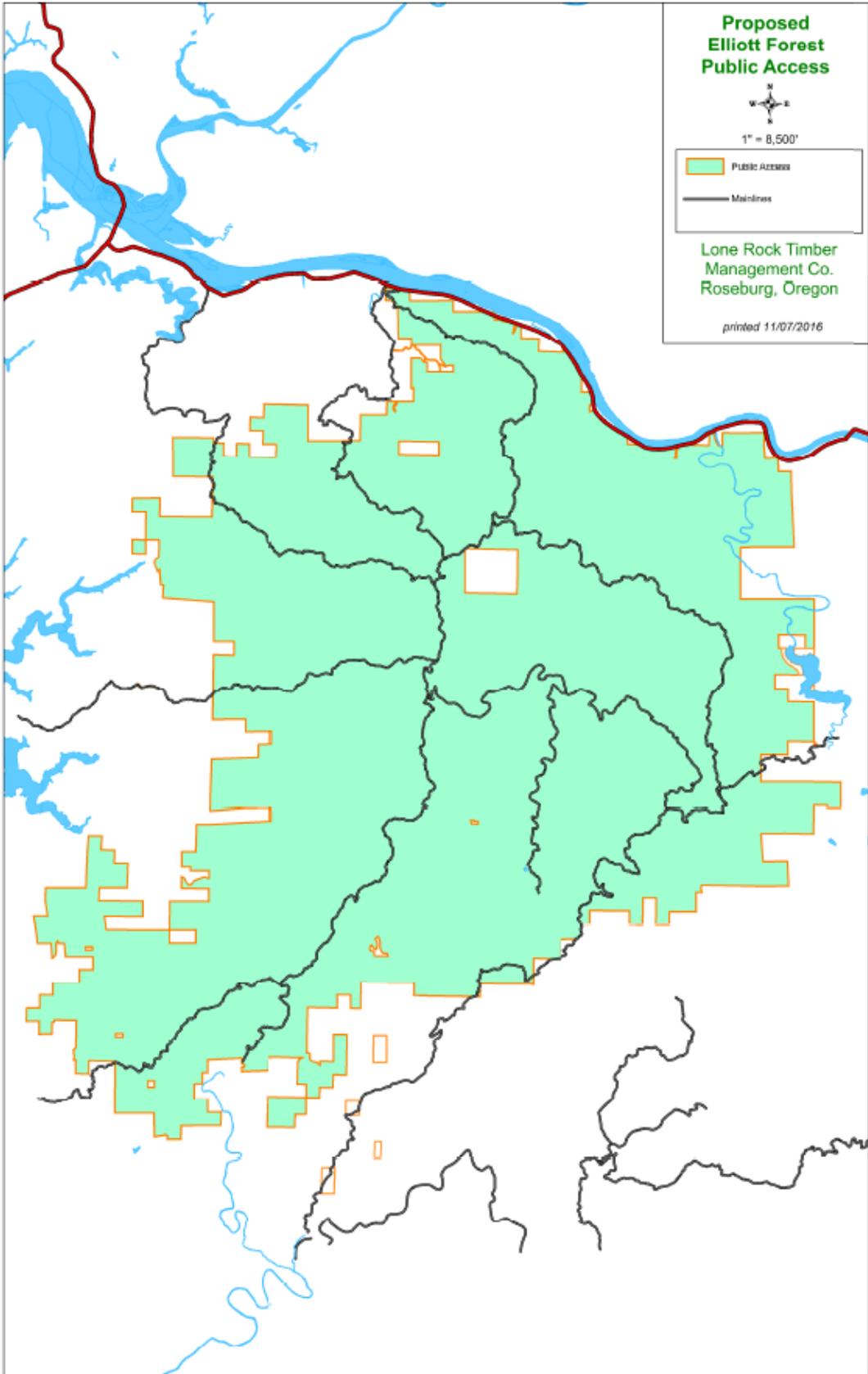
The easement will be perpetual, can only be transferred to qualified parties and a stewardship endowment will be provided. The final conservation easement will include an anti-merger clause, no special lender rights and prohibitions on subdivision, structures, transfer of water rights and extraction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

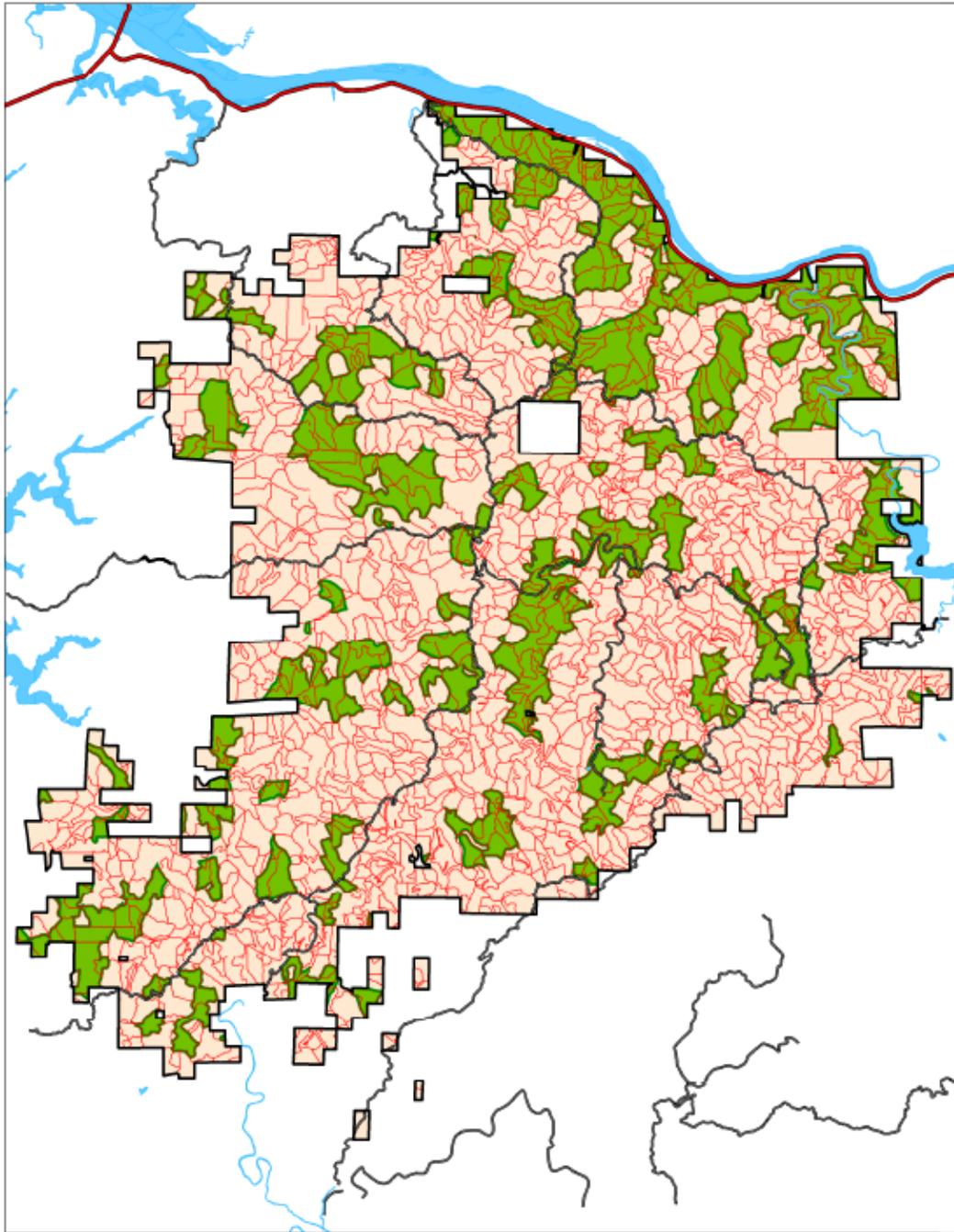
The conservation easement will be perpetual, can only be transferred to qualified parties and a stewardship endowment will be provided. The final conservation easement will include an anti-merger clause, no special lender rights and prohibitions on subdivision, structures, transfer of water rights and 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 <sup>a</sup>	Acres <sup>b</sup>
0-24 years <sup>c</sup>	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
<b>Total</b>	<b>20,766</b>

### Notes:

<sup>a</sup> Ages are 2016 ages based upon inventory provided by the DSL.

<sup>b</sup> 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.

<sup>c</sup> 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

